District of Columbia Retirement Board

a Pension Trust Fund of the District of Columbia

Comprehensive Annual Financial Report

for the fiscal year ended September 30, 2010

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For the fiscal year ended September 30, 2010

Prepared by the District of Columbia Retirement Board's Finance Department
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www.dcrb.dc.gov

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March 31, 2011

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

Dear Board Members:

I am pleased to present the Comprehensive Annual Financial Report ("CAFR") of the District of Columbia Retirement Board ("DCRB") for the fiscal year ending September 30, 2010.

CAFR Transmittal

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

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

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

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

DCRB's mission is to prudently invest the pension assets of the police officers, firefighters, and teachers of the District of Columbia, while providing those employees with total retirement services.

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

History and Legislative Background

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

The following year, the District of Columbia ("District") passed the "Police Officers, Firefighters and Teachers Retirement Benefit Replacement Plan Act of 1998" (the "Replacement Plan Act") which established retirement plans for pension benefits accrued after June 30, 1997. To facilitate the effective monitoring of the retirement system, the Reform Act and the Replacement Plan Act require that DCRB publish an annual report for each fiscal year. The DCRB Comprehensive Annual Financial Report (CAFR) fulfills that requirement.

The District's "Office of Financial Operations and Systems Reorganization Act of 2004", transferred the responsibility for administering the retirement programs for the District's police officers, firefighters and teachers to DCRB. At that time, cooperation with the U.S. Treasury Department's Office of D.C. Pensions ("ODCP") and the District, ensured the transition of Benefits Administration from the District's Office of Pay and Retirement Services ("OPRS") to DCRB.

Profile of the Plans

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

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

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

Plan Management, Performance and Investments

In order to minimize administrative expenses while providing a broad range of investment options that are economically feasible, the assets of the Plans are comingled for investment. The investment returns of the Fund are calculated based on the fair value of the assets. DCRB seeks long-term investment returns in excess of the actuarial investment rate of return assumption at a level of risk commensurate with the expected levels of returns and consistent with sound and responsible investment practices set by the Trustees. DCRB, working closely with investment consultants and with input from its actuary, selects the optimal asset allocation policy which best reflects the risk tolerance and investment goals for the Fund.

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

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

Asset Class	Performance Benchmark	Weight
U.S. Equities	Russell 3000 Index	40%
Non-U.S. Equities	MSCI All Country World Index (ACWI) ex-U.S. Index	20%
Fixed Income	Barclays Capital U.S. Universal Bond Index	25%
Alternative Investments	60% Cambridge Associates U.S. Private Equity Index / 40% 1-Month LIBOR	10%
Real Estate	80% NCREIF Property Index / 20% Wilshire Real Estate Securities Index	5%

As of September 30, 2010, the Fund's total assets were $4.24 billion after the payment of all benefits and all other administrative expenses, an increase of approximately $500 million compared to the end of FY 2009. Over the fiscal year, the Fund generated a gross return of 10.3%, performing in line with The Total Fund Benchmark. The relative outperformance of the Non-U.S. Equities, Fixed Income, and Alternative Investments segments was entirely offset by sub-par returns in the Real Estate program and an overweight to Coash and Cash Equivalents, which caused a drage on total fund performance in the rising market environment.

Over the longer term, the Fund has underperformed the Total Fund Benchmark, with the Fund returning an annualized 3.4% for the 10-year period ended September 30, 2010, versus 4.0% for the Total Fund Benchmark. However, the Fund has outperformed its actuarial return target for the 28-year period since its inception in October 1982. Over this period, the Fund generated an annualized return of 9.1%.

During FY 2010, $71.0 million in pension benefits were paid out of the Fund and approximately $132.0 million in employer contributions and $62.0 million in employee contributions were deposited into the Fund.

As of September 30, 2010, the Plans had 14,950 members, of whom 4,493 were retirees and survivors who receive monthly pension payments, and 10,457 of whom were active members.

Summary of Financial Information

DCRB management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded on an accrual basis in accordance with Generally Accepted Accounting Pricnicples ("GAAP"), and that financial statements conform to the Governmental Accounting Standards Board ("GASB") and The American Institute of Certified Public Accountants ("AICPA") reporting standards and Government Finance Officers' Association ("GFOA") guidelines.

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

We believe the internal controls in effect during the fiscal year ended September 30, 2010 adequately safeguarded the Fund's assets and provided reasonable assurance regarding the proper recording of financial transactions.

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

The *Management's Discussion and Analysis* provides a narrative introduction and overview of DCRB's financial statements. It is contained within the *Financial Section* and serves to supplement the *Introductory Section* of the Comprehensive Annual Financial Report, as well as the financial statements, notes to the fianancial statements, required supplementary informantion and supplementary information within the *Financial Section*.

Plan Funding

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

GASB Statement No. 50 requires funds using the Aggregate Actuarial Cost method to disclose funding status information based on the Entry Age Normal ("EAN") method. As of October 1, 2010, the Plan's funded ratio was 111.0%, based on the EAN method. Funding status and employer contributions are presented as Required Supplementary Information within the *Financial Section* of the report. The *Management's Discussion and Analysis* section, has a more in-depth discussion of DCRB's funded status.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") Awarded a Certificate of Achievement for Excellence in Financial Reporting to DCRB for its comprehensive annual financial report for the fiscal year ended September 30, 2009. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

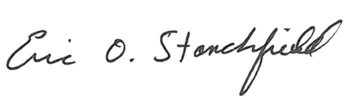
DCRB received the Public Pension Coordinating Council's ("PPCC") Public Pension Standards 2010 Award in recognition of meeting professional standards for plan design and administration. The PPCC is a national confederation of state retirement associations whose standards are widely recognized benchmarks for public pension systems in the areas of plan design, funding, actuarial and financial audits, as well as member communications.

Acknowledgements

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

If you have any questions regarding this Comprehensive Annual Financial Report (CAFR) of the District of Columbia Retirement Board for the fiscal year ending September 30, 2010, please direct them to my office at any time.

Respectfully submitted,



Eric O. Stanchfield,
Executive Director

Thomas R. Anderson,
Acting Chief Financial Officer

Lyle M. Blanchard,
Sergeant-at-Arms
Council Appointee
Term:
11/15/2002-01/27/2013

Joseph M. Bress

Council Appointee
Term:
01/28/2009 - 01/27/2012

Diana K. Bulger

Mayoral Appointee
Term:
03/2/2008 - 01/27/2011

Joseph W. Clark,
Treasurer
Mayoral Appointee
Term:
03/13/2008 - 01/27/2011

Barbara Davis Blum

Mayoral Appointee
Term:
06/12/2000 - 01/27/2012

Deborah Hensley

Elected Active Teacher
Term:
01/28/2009 - 01/27/2013

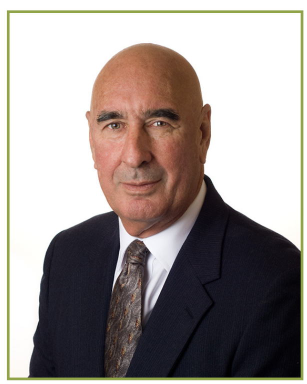
Judith C. Marcus,
Parliamentarian
Elected Retired Teacher
Term:
01/28/1998 - 01/27/2014

Darrick O. Ross,
Chairman
Elected Active Police
Term:
01/28/1999 - 01/27/2015

Edward C. Smith

Elected Active Firefighter
Term:
01/28/2009 - 01/27/2013

George R. Suter,
Secretary
Elected Retired Police
Term:
01/28/1998 - 01/27/2013

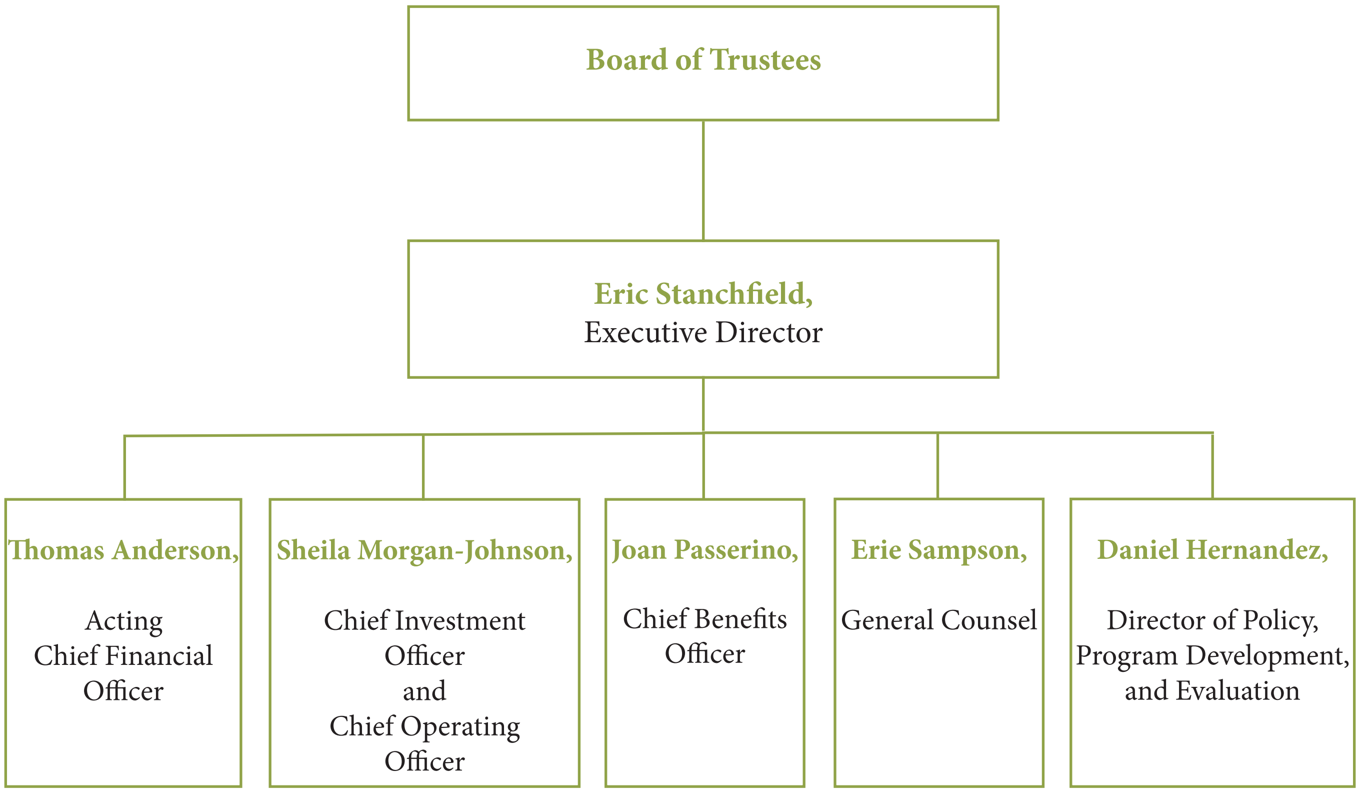


Thomas N. Tippett

Elected Retired Firefighter
Term:
03/21/2005 - 01/27/2012

Michael J. Warren

Council Appointee
Term:
03/11/2005 - 01/27/2011



Auditor
Clifton Gunderson, LLP

Actuary:
Cavanaugh Mcdonald Consulting, LLC

Investment Advisors:
Watson Wyatt Investment Counsulting, Inc.
Meketa Investment Group
Plexus Group
Ennis, Kenupp & Associaties, Inc.
The Townsend Group

Certificate of Achievement for Excellence in Financial Reporting

Presented to

District of Columbia Retirement Board

For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2009

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

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

President

Executive Director

Public Pension Coordinating Council

Recognition Award for Funding
2010

Presented to

District of Columbia Retirement Board

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator

Financial Section

Clifton Gunderson LLP
Certified Public Accountants & Consultants

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

We have audited the accompanying statements of net assets of the District of Columbia Teachers' Retirement Fund and the District of Columbia Police Officers and Firefighters' Retirement Fund (the Total Fund), Pension Trust Funds of the Government of the District of Columbia (the District), as of September 30, 2010 and 2009, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, these financial statements only present the Total Fund and do not purport to, and do not, present the financial position of the Government of the District of Columbia as of September 30, 2010 and 2009, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the District of Columbia Teachers' Retirement Fund and the District of Columbia Police Officers and Firefighters' Retirement Fund as of September 30, 2010 and 2009, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Audit Standards, we have also issued a report dated December 21, 2010, on our consideration of the Total Fund's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 18 through 23 and the schedules of funding progress and employer contributions on pages 39 and 40 are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 41 through 43 is for the purpose of additional analysis and is not a required part of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The Introductory Section on pages 1 through 14, the Investment section on pages 45 through 49, the Actuarial Section on pages 51 through 69, the Statistical Section on pages 71 through 86, and the Additional Disclosures on pages 89 through 95 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Clifton Gunderson LLP

Baltimore, Maryland
December 21, 2010

Member of HLB International

Management's Discussion and Analysis

This discussion and analysis provides an overview of the financial activities of the District of Columbia Teachers' Retirement Fund ("TRF") and Police Officers and Firefighters' Retirement Fund ("POFRF"), for the fiscal years ended September 30, 2010 and 2009, which collectively will be referred to as "the District Retirement Funds". This discussion and analysis should be read in conjunction with the financial statements, the notes to the financial statements, the required supplementary information and the supplementary information provided in this report.

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

Effective October 1, 2005, the Board entered into a Memorandum of Understanding ("MOU") with the District of Columbia and the United States Department of the Treasury (the "U.S. Treasury") to administer the pension benefits for all retirees, survivors and beneficiaries that are the financial responsibility of the District of Columbia (service earned after July 1, 1997) and the Federal Government (service earned before July 1, 1997). In addition to the Board's administrative duties, the U.S. Treasury also provides certain administrative services related to the administration of pension benefits. The administrative costs incurred while administering the pension benefits are shared by the DCRB and the U.S. Treasury in accordance with a MOU that is agreed to annually between the two parties.

Overview of the Financial Statements and Schedules

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

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

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

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

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

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

Financial Highlights

The TRF financial highlights for fiscal year 2010 are:

- Net assets held in trust for pension benefits as of September 30, 2010 were $1.3 billion anannual increase of $113.1 million or 9.4%.

- The investment income net of investment expenses for fiscal year 2010 was $125.8 million, a gain of 10.6%.

- The Fund's share of administrative expenditures for fiscal year 2010 was $2.3 million, equivalent to 18 basis points of assets under management.

- The Board's funding objective is to meet long-term pension benefit obligations. As of October 1, 2009, the date of the latest actuarial valuation, TRF's funded ratio was 110.8%. In general, this means that for each dollar's worth of future pension liability, the TRF has accumulated over $1.11 to meet that obligation. This actuarial report indicated that if future activity proceeds according to assumptions, the TRF has accumulated sufficient assets to pay all pension liabilities for active members and retirees. The plans funded ratio increased 2.6% over the prior year. As of October 1, 2008, the actuarial valuation indicated a funded ratio of 108.2% for the TRF.

- Revenues (additions to plan net assets) for fiscal year 2010 were $156.4 million, which consists of member contributions of $29.9 million, net income from investment activities of $125.8 million, and other income totaling $0.7 million. Additions to the plan net assets for fiscal year 2009 totaled ($12.2) million, comprised of $24.9 million in employee contributions, $37.9 million in net losses from investment activities, and $0.8 million in other income. The District of Columbia government did not make an employer contribution to the TRF for fiscal year 2010 and 2009 because of its well funded status.

- Expenses (deductions from plan net assets) increased $2.1 million from $41.2 million during fiscal year 2009 to $43.3 million in fiscal year 2010, or 5.2%. This increase relates primarily to pension benefit payments, which increased $4.1 million or 12.2% from 2009 to 2010. Refunds of member contributions decreased by $1.9 million, or 36.5%, from 2009 to 2010. Administrative expenses decreased slightly compared to the prior year.

The POFRF financial highlights for fiscal year 2010 are:

- Net assets held in trust for pension benefits as of September 30, 201010 were $2.9 billion, an annual increase of $400.7 million or 15.9%.

- The investment income net of investment expenses for fiscal year 2010 was $270.3 million, a gain of 10.6%.

- The Fund's share of administrative expenditures for fiscal year 2010 was $5.2 million, equivalent to 18 basis points of assets under management.

- The Board's funding objective is to meet long-term pension benefit obligations. As of October 1, 2009, the date of the latest actuarial valuation, POFRF's funded ratio was 100.7%. In general, this means that for each dollar's worth of future pension liability, the POFRF has accumulated approximately $1.01 to meet that obligation. This actuarial report indicated that if future activity proceeded according to assumptions, the POFRF has accumulated sufficient assets to pay all pension liabilities for active members and retirees. The plans funded ratio increased 0.9% over the prior year. As of October 1, 2008, the actuarial valuation indicated a funded ratio of 99.8%.

- Revenues (additions to plan net assets) for fiscal year 2010 were $435.7 million, which consists of member contributions of $31.6 million, employer contributions of $132.3 million, net income from investment activities of $270.3 million, and $1.6 million in other income. Additions to the plan net assets for fiscal year 2009 totaled $79.4 million, comprised of $29.9 million in employee contributions, $106.0 million of employer contributions, $58.2 million in a net loss from investment activities, and $1.7 million in other income.

- Expenses (deductions from plan net assets) increased $3.9 million from $31.1 million during fiscal year 2009 to $35.0 million in fiscal year 2010, or 12.6%. This increase consists primarily of increases in pension benefit payments of $3.3 million from $24.6 million in fiscal year 2009 to $27.9 million in fiscal year 2010. Additionally, administrative expenses increased $0.2 million from $4.9 million in fiscal year 2009 to $5.1 million in fiscal year 2010 and refunds of member contributions increased $0.4 million from $1.6 million in fiscal year 2009 to $2.0 million in fiscal year 2010.

Summary of Financial Information

The following Condensed Statement of Net Assets and Changes in Net Assets presents financial information, with dollar amounts in the thousands, for the combined TRF and POFRF and compares fiscal years 2010, 2009 and 2008.

Condensed and Combined Statements of Net Assets

	2010	2009	2008	Amount Increase / (Decrease) from 2009 to 2010	Percent Increase/(Decrease) from 2009 to 2010
Assets					
Cash and short-term investments	$224,620	$226,115	$75,115	$(1,495)	-1%
Receivables	229,131	136,521	450,311	92,610	68%
Investments at fair value	4,174,478	3,684,946	3,846,252	489,532	13%
Collateral from securties lending	515,203	470,807	468,962	44,396	9%
Capital assets	16	22	40	(6)	-27%
Total assets	5,143,448	4,518,411	4,840,680	625,037	14%
Liabilities					
Other payables	6,172	15,441	12,376	(9,269)	-60%
Investment commitments payable	374,502	291,257	624,862	83,245	29%
Obligations under securities lending	519,562	482,328	468,962	37,234	8%
Total liabilities	900,236	789,026	1,106,200	111,210	14%
Net assets	$4,243,212	$3,729,385	$3,734,480	$513,827	14%

Condensed and Combined Statements of Changes in Net Assets

	2010	2009	2008	Amount Increase (Decrease) from 2009 to 2010	Percent Increase/(Decrease) from 2009 to 2010
Employer contributions	$132,300	$106,000	$143,000	$26,300	25%
Employee contributions	61,547	54,807	57,637	6,740	12%
Net investment income/(loss)	396,033	(96,103)	(779,230)	492,136	512%
Other Income	2,250	2,473	2,942	(223)	-9%
Total additions	592,130	67,177	(575,651)	524,953	781%
Benefit payments	65,483	58,101	48,984	7,382	13%
Refunds	5,348	6,927	7,072	(1,579)	-23%
Administrative expenses	7,472	7,244	5,186	228	3%
Total deductions	78,303	72,272	61,242	6,031	8%
Net change in net assets	$513,827	$(5,095)	$(636,893)	$518,922	10,185%

Analysis of Financial Information

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

Additions to Net Assets (Revenues)

As noted, the reserves needed to finance retirement benefits are accumulated primarily through the collection of member and employer contributions, and through investment income (net of investment expenses). Revenues for the year ended September 30, 2010, represented an increase in net assets of $592.1 million, which included $396.0 million of net income on investments and $193.8 million of contributions. For fiscal year 2009, revenues represented an increase in net assets of $67.2 million, which included $96.1 million of net investment losses and $160.8 million of contributions. The fiscal year 2009 investment returns improved significantly from the fiscal year 2008 net investment loss of $779.2 million.

Total revenues for fiscal year 2010 increased by $525.0 million compared to the prior year, mainly due to the significant improvement in investment returns in fiscal year 2010.

Retirement contributions from members and employers comprised $193.8 million of the additions in fiscal year 2010 compared to $160.8 million in fiscal year 2009. A portion of this increase was the result of an increase of $6.7 million in member contributions, or 12.3%. Member contributions include amounts paid by members for future retirement benefits. The increase in member contributions is the result of an increase in the District Retirement Funds' active members from 10,389 to 10,457, annual increases in pay and a one-time payment for payroll increases that were retroactive back to 2007. The retroactive increases were negotiated as part of new Teachers contract.

The fiscal year 2010 employer contribution is derived from the contribution rate calculated in the actuary's report for the period ended October 1, 2008. The fiscal year 2010 employer contribution increased to $132.3 million from $106.0 million in fiscal year 2009 for an increase of $26.3 million. The most significant factor in this increase was the lower than expected asset value of the District Retirement Funds which were caused by lower than expected market returns and recognition of past gains. For the period ended October 1, 2008, the actuarially-determined rate of return on the value of District Retirement Funds' assets was 4.6% which was below the assumed rate of 7.00%.

Other income totaled $2.3 million in fiscal year 2010, reflecting a $0.2 million decrease from the $2.5 million received in fiscal year 2009. Other income consists mainly of reimbursements from the US Treasury for administrative expenses.

Deductions from Net Assets (Expenses)

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

Expenses for the year ended September 30, 2010 totaled $78.3 million, an increase of 8.3% over fiscal year 2009. In fiscal year 2009 expenses increased by 18.0% when compared to fiscal year 2008, from $61.2 million in 2008 to $72.3 million in fiscal year 2009. Pension benefits paid on behalf of current retirees and beneficiaries comprise approximately 85-90% of the expenses reported in each of these years and accounted for a significant portion of the increases.

Pension benefits for fiscal year 2010 increased by $7.4 million over the fiscal year 2009 level, or 12.7%. This increase reflects the combination of a net growth of 6.5% in the number of retirees and beneficiaries receiving benefits coupled with COLA adjustments, an overall increase in the final average salary for new retirees and the changing demographics of the retiree population. Defined benefit pension payments are based on a formula determined by the years of contributing service and the final average salary. Pension benefits for fiscal year 2009 reflect similar increases, rising $9.1 million, or 18.6%, over fiscal year 2008 levels.

Refunds of member accounts are at the discretion of the member, and vary from year to year. In fiscal year 2010, members elected refunds totaled $5.3 million, which represents a decrease of $1.6 million or 22.8% from fiscal year 2009. Refunds issued in fiscal year 2009 totaled $6.9 million representing a $0.2 million decrease over the 2008 level of $7.1 million.

DCRB has consistently managed its administrative expense budget with no material variances between planned and actual expenditures in either fiscal year 2010 or 2009. Administrative expenses for fiscal year 2010 totaled $7.5 million, an increase of $0.2 million from the fiscal year 2009 expenditures of $7.3 million.

Funding Status

As previously noted, the District Retirement Funds' net investment income for the year ended September 30, 2010 represented a gain of $397.4 million, or 10.6%. The DCRB is a well funded yet immature system as a result of the 1999 asset split with the United States Treasury in which Treasury assumed responsibility for all benefit obligations prior to June 30, 1997. As with all immature systems, a higher percentage of benefits are funded by current contributions. As the system matures, investment income will provide a greater percentage of the funds necessary to pay retirement benefits. Therefore, the long-term rate of investment return is critical to DCRB's long-term funding status.

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

The reality of actuarial smoothing techniques is that the fair value (market value) of assets may be significantly different from funding value (actuarial value) of assets at a given point in time. This means that in periods of extended market decline the fair value of assets will usually be less than the funding, or actuarial value of assets. This was the case with DCRB during the significant market downturn in 2008 and 2009 and the moderate recovery in 2010. Conversely, during periods of extended market gains where the actual return exceed the assumed return, the fair value of assets will usually be greater than the funding, or actuarial value of assets.

At October 1, 2009, the date of the latest actuarial valuation, the actuarial value of net assets set aside to pay defined benefit pension benefits was $1,445.0 million for the TRF and $3,048.4 million for the POFRF for a total of $4,493.4 million. The fair value of these defined benefit assets at September 30, 2009 included on the financial statements of DCRB was $1,204.4 million for the TRF and $2,525.0 million for the POFRF for a total of $3,729.4 million. Therefore, when viewing the actuarial funding status, the market value of assets would provide an inferior funding position to the actuarial value of assets as of the October 1, 2009 valuation. Again, it is important to note that during years when the actual rate of return on investments significantly exceeds the assumed rate of return on investment the actuarial value of assets can be less than the market value of pension assets, making the funding status seem less favorable than the actual market values would have indicated.

Financial Analysis Summary

Net assets may serve over time as a useful indication of DCRB's financial position. At the close of both the fiscal year 2010 and 2009, the net assets of DCRB totaled $4.2 billion and $3.7 billion, respectively. These net assets are available to meet DCRB's ongoing obligations to plan participants and their beneficiaries. DCRB has weathered the financial storm over the past 3 years and remains a well funded plan with a funding status as of October 1, 2009, the date of the most recent actuarial valuation, of 103.7% for the District Retirement Funds.

Additional Information

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

Statment of Net Assets

(Dollar amounts in thousands)

	2010			2009		
	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total
ASSETS						
Cash and short-term investments	$69,514	$155,106	$224,620	$72,758	$153,357	$226,115
Due from Federal Government	409	912	1,321	732	1,540	2,272
Investment sales proceeds receivable	63,986	142,772	206,758	36,278	76,465	112,743
Accrued interest & dividends receivable	3,838	8,564	12,402	3,376	7,116	10,492
Employee contributions receivable	1,419	1,622	3,041	1,292	1,503	2,795
Contribution receivable - District of Columbia	5,609	-	5,609	8,219	-	8,219
Investments at fair value:						
Domestic equity	506,224	1,129,539	1,635,763	434,543	915,914	1,350,457
International equity	238,030	531,118	769,148	227,277	479,047	706,324
Fixed income	299,138	667,467	966,605	286,894	604,705	891,599
Real estate	58,349	130,194	188,543	61,988	130,657	192,645
Private equity	190,146	424,273	614,419	175,020	368,901	543,921
Total investments at fair value	1,291,887	2,882,591	4,174,478	1,185,722	2,499,224	3,684,946
Collateral from securities lending transactions at fair value	162,369	352,834	515,203	153,109	317,698	470,807
Capital assets, net	5	11	16	7	15	22
Total assets	1,599,036	3,544,412	5,143,448	1,461,493	3,056,918	4,518,411
LIABILITIES						
Accounts payable and other liabilities	1,242	2,730	3,972	1,127	2,374	3,501
Due to Federal Government	102	216	318	108	227	335
Benefits payable	-	-	-	3,371	2,271	5,642
Due to District of Columbia Government	582	1,300	1,882	1,921	4,042	5,963
Investment commitments payable	115,898	258,604	374,502	93,719	197,538	291,257
Obligations under securities lending	163,742	355,820	519,562	156,856	325,472	482,328
Total liabilities	281,566	618,670	900,236	257,102	531,924	789,026
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,317,470	$2,925,742	$4,243,212	$1,204,391	$2,524,994	$3,729,385

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

Statment of Changes in Net Assets
(Dollar amounts in thousands)

	2010			2009		
	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total
ADDITIONS						
Contributions:						
District Government	$ -	$132,300	$132,300	$ -	$106,000	$106,000
District employees	29,940	31,607	61,547	24,907	29,900	54,807
Total contributions	29,940	163,907	193,847	24,907	135,900	160,807
Investment income:						
Net appreciation/(depreciation) in fair value of investments	72,809	156,515	229,324	(64,382)	(112,327)	(176,709)
Interest and dividends	56,495	121,648	178,143	28,867	59,116	87,983
Total gross investment income (loss)	129,304	278,163	407,467	(35,515)	(53,211)	(88,726)
Less:						
Investment expenses	4,197	9,282	13,479	3,963	8,299	12,262
Net investment income/(loss)	125,107	268,881	393,988	(39,478)	(61,510)	(100,988)
Securities lending income	1,028	2,210	3,238	2,796	5,726	8,522
Less: securities lending expense	379	814	1,193	1,193	2,444	3,637
Net securities lending income	649	1,396	2,045	1,603	3,282	4,885
Total net investment income/(loss)	125,756	270,277	396,033	(37,875)	(58,228)	(96,103)
Other income	695	1,555	2,250	793	1,680	2,473
Total additions	156,391	435,739	592,130	(12,175)	79,352	67,177
DEDUCTIONS						
Benefit payments	37,611	27,872	65,483	33,532	24,569	58,101
Refunds	3,374	1,974	5,348	5,316	1,611	6,927
Administrative expenses	2,327	5,145	7,472	2,340	4,904	7,244
Total deductions	43,312	34,991	78,303	41,188	31,084	72,272
Change in Net Assets	113,079	400,748	513,827	(53,363)	48,268	(5,095)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	1,204,391	2,524,994	3,729,385	1,257,754	2,476,726	3,734,480
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	$1,317,470	$2,925,742	$4,243,212	$1,204,391	$2,524,994	$3,729,385

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

Note 1: Organization

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

The National Capital Revitalization and Self-Government Improvement Act of 1997 ("the Revitalization Act", Title XI of the Balanced Budget Act of 1997, Pub. L. 105-33) transferred significant assets and liabilities of the District Retirement Funds to the Federal Government. The Revitalization Act transferred to the Federal Government the liability for retirement benefits for employee service credit earned prior to July 1, 1997, by participants of the District Retirement Funds. The assets transferred to the Federal Government were intended to partially fund this liability.

On September 18, 1998, the Council of the District of Columbia (the Council) enacted the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 ("the Replacement Act"). The Replacement Act established the pension benefits for employee service earned after June 30, 1997, and provided for full funding of these benefits on an actuarially sound basis.

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

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

Note 2: Fund Administration and Description

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

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

Police Officers and Fire Fighters' Retirement Fund

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

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

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

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

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

Members with permanent, service-related disabilities with less than 26 years and eight months of service receive benefits equal to two-thirds of average base pay. Members with 26 years and eight months to 28 years of service receive 2.5% of average base pay multiplied by the number of years of service. Members with more than 28 years of service receive benefits equal to 70% of average base pay.

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

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

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

Benefits are also provided to certain survivors of active, retired or terminated vested members. Members who retired after February 15, 1980 receive annual benefit increases proportional to changes in the Consumer Price Index.

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

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

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

Teachers' Retirement Fund

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

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

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

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

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

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

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

at age 62 with 5 years of service;
at age 60 with 20 years of service; and
at age 55 with 30 years of service;
or at any age with 30 years of service, if hired by the school system on or afterNovember 1, 1996.

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

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

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

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

TRF	**2010**	**2009**
Retirees and survivors receiving benefits (post June 30, 1997)	2,941	2,770
Active plan members	4,749	4,601
Vested terminations	720	617
Total participants	8,410	7,988

POFRF	**2010**	**2009**
Retirees and survivors receiving benefits (post June 30, 1997)	1,552	1,449
Active plan members	5,708	5,788
Vested terminations	125	105
Total participants	7,385	7,342

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

The District is required to contribute the amounts necessary to finance the plan benefits of its members through annual contributions at actuarially determined amounts in accordance with the provisions of the Replacement Act. The amount of the District contributions for fiscal years 2010 and 2009 were equal to the amounts computed, if any, by the Board's independent actuary.

Note 3: Summary of Significant Accounting Policies

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized by the District Retirement Funds at the time compensation is paid to fund members. Employer contributions to the District Retirement Funds are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement plan's commitment.

The accounting and reporting policies of the District Retirement Funds conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government organizations. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during thereporting period. Actual results could differ from those estimates.

GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* requires that the two District Retirement Funds, be shown separately in the Combining Financial Statements as they are legally separate plans. To meet this requirement, plan assets and liabilities, where possible, were specifically identified to a fund. Assets and liabilities that were not specifically identifiable to a fund were allocated based on the net asset values of each individual fund.

GASB Statement 50, *Pension Disclosures*, established the standards for enhancing footnote disclosures for pension plans consistent with standards under GASB Statements 43 and 45.

GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets,* provides authoritative guidance related to the accounting and financial reporting of intangible assets, including internally developed software. GASB Statement 51 was effective for periods beginning after June 15, 2009. As of September 30, 2010 the District Retirement Funds do not have any intangible assets that are required to be reported in accordance with GASB Statement 51.

GASB Statement 53, Accounting and Financial Reporting for Derivative Instruments, established the standards for recognizing, measuring, and disclosing information regarding derivative instruments and transactions. GASB Statement 53 was implemented for the year ended September 30, 2010.

Federal Income Tax Status – The District Retirement Funds are qualified plans under section 401(a) of the Internal Revenue Code and are exempt from federal income taxes under section 501(a).

Method Used to Value Investments – Investments are reported at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. All investments, with the exception of real estate and private equity, are valued based on closing market prices or broker quotes. Securities not having a quoted market price have been valued based on yields currently available on comparable securities of issuers with similar credit ratings.

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

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

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

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

Investment Expenses – The District of Columbia Appropriation Act authorized Fund earnings to be used for investment expenses incurred in managing the assets and administering the Fund. The total investment expenses borne by the District Retirement Funds was $13,478,613 in 2010 and $12,261,344 in 2009.

Note 4: Investments

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

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

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

(Dollars in thousands)	2010	2009
Cash and short-term investments	$224,620	$226,115
Investments at fair value:		
Domestic equity	1,635,763	1,350,457
International equity	769,148	706,324
Fixed income	966,605	891,599
Real estate	188,543	192,645
Private equity	614,419	543,921
Total investments at fair value	4,174,478	3,684,946
Total	$4,399,098	$3,911,061

Debt Instruments – As of September 30, 2010, the Investment Pool held the following debt instruments:

(Dollars in thousands)

Investment Type	Fair Value	% of Segment	Duration	Rating*
Agency	$63,466	7%	4.95	AAA
Asset Backed	49,085	5%	2.51	A-
CMBS	16,268	2%	3.15	AAA
CMO	37,932	4%	9.49	AA-
Corporate	314,956	33%	4.32	BBB+
Foreign	17,825	2%	2.04	BBB
Mortgage Pass-Through	166,784	17%	3.62	NR
Municipal	15,038	2%	12.70	AA+
US Treasury	169,967	18%	7.89	NR
Yankee	109,352	11%	4.99	AA
Other	5,932	1%	N/A	NR
Total Fixed Income	$966,605	100%		

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

(Dollars in thousands)

Investment Type	Fair Value	% of Segment	Duration	Rating*
Agency	$83,064	9%	3.58	AAA
Asset Backed	57,098	6%	2.59	A
CMBS	35,976	4%	6.05	A
CMO	33,570	4%	6.32	BB
Corporate	245,551	28%	3.29	A-
Foreign	22,903	3%	2.97	A
Mortgage Pass-Through	205,949	23%	1.81	NR
Municipal	11,824	1%	14.06	AA
US Treasury	126,707	14%	5.45	NR
Yankee	66,649	7%	3.58	AA
Other	2,308	0%	N/A	NR
Total Fixed Income	$891,599	100%		

* Using quality ratings provided by Standard & Poor's

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

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

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

As of September 30, 2010, the Investment Pool held investments that were denominated in a currency other than the United States Dollar, as summarized below:

(Dollars in thousands)

	Asset Class					
	Cash	Equities	Fixed Income	Private Equity	Swaps	Total
Australian Dollar	$453	$28,453	$1,342	$-	$(104)	$30,144
Canadian Dollar	177	19,790	5,372	-	-	25,339
Swiss Franc	181	33,173	-	-	-	33,354
Danish Krone	130	3,088	-	-	-	3,218
Euro	1,359	240,615	18,714	12,524	-	273,212
Pound Sterling	574	78,055	4,779	-	-	83,408
Hong Kong Dollar	76	39,345	-	-	-	39,421
Israeli Shekel	50	2,847	-	-	-	2,897
Japanese Yen	478	126,885	3,466	-	-	130,829
South Korean Won	-	4,054	-	-	-	4,054
Norwegian Krone	134	5,572	-	-	-	5,706
New Taiwan Dollar	-	-	-	-	-	-
New Zealand Dollar	47	97	-	-	-	144
Swedish Krona	98	23,833	-	-	-	23,931
Singapore Dollar	191	6,663	-	-	-	6,854
South African Rand	-	-	-	-	-	-
Mexican Peso	25	-	-	-	123	148
Brazilian Real	-	-	-	-	656	656
Total Foreign	$3,973	$612,470	$33,673	$12,524	$675	$663,315

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

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

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

During 2010 and 2009, the master custodian, at the direction of the Board, loaned certain of the District Retirement Funds' equity and fixed income securities for which it received collateral in the form of United States and foreign currency cash, securities issued or guaranteed by the United States government, the sovereign debt of foreign countries and irrevocable bank letters of credit. This collateral could not be pledged or sold unless the borrower defaulted on the loan. Borrowers were required to deliver and maintain collateral for each loan in an amount equal to (i) at least 102% of the market value of the loaned security in the United States; or (ii) 105% of the market value of the loaned securities in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States.

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

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

There was no involuntary participation in an external investment pool by the Quality D Fund and there was no income from one fund that was assigned to another fund by the master custodian during 2010 or 2009.

During 2010 and 2009, the Board did not restrict the amount of the loans that the master custodian made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon and there were no losses resulting from a default of the borrowers or the master custodian during 2010 and 2009.

The Quality D Fund invests cash collateral from loans of U.S. and non-U.S. equities, U.S. corporate fixed income securities, U.S. Government securities and sovereign debt. It had a weighted average maturity of 44.24 days and an average expected maturity of 216.27 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made withcash collateral. Investments are restricted to issuers with a short-term credit rating not lower than A1/P1, or long-term ratings not lower than A-/A3, or the equivalent thereof. The Quality D Fund may invest in other investment vehicles managed by the master custodian provided they conform to fund guidelines.

On September 30, 2010 and 2009, the Board had no credit risk exposure to borrowers.

As of September 30, 2010 the fair value of securities on loan was $505,146,361. Associated collateral totaling $519,562,273 was comprised of cash which was invested in the Quality D Fund. As of September 30, 2010 the invested cash collateral had a fair value of $515,203,003.

As of September 30, 2009 the fair value of securities on loan was $468,081,000. Associated collateral totaling $482,328,000 was comprised of cash which was invested in the Quality D Fund. As of September 30, 2009 the invested cash collateral had a fair value of $470,807,000.

During the fiscal year ended September 30, 2010 and 2009, market value of the shares in the Quality D Fund purchased with cash collateral by the lending agent was less than the cost, resulting in an unrealized loss of $4,359,270 and $11,521,000, respectively.

Net security lending income is composed of three components: gross income, broker rebates, and agent fees. Gross income is equal to earnings on cash collateral received in a security lending transaction. A broker rebate is the cost of using that cash collateral. Agent fees represent the fees paid to the agent for administering the lending program. Net security lending income is equal to gross income less broker rebates and agent fees. Security lending income for fiscal year 2010 and 2009 was recorded on a cash basis which approximated the accrual basis. The Fund's share of securities lending income and expense are on page 33.

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

During 2010 and 2009, the District Retirement Funds, in accordance with the policy of the Board, and through the District Retirement Funds' investment managers who have full discretion over investment decisions, invested in various derivative instruments either to increase potential earnings or to hedge against potential losses. See page 36 for a list of the derivatives aggregated by type and see below for a description of these derivatives.

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

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

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

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

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

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

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

Swaps represent an agreement between two or more parties to exchange a sequence of cash flows during a predetermined timeframe. The District Retirement Funds utilize swaps for several different reasons: to manage interest rate fluctuations, to protect against a borrower default, and to gain market exposure without having to actually own the asset.

The District Retirement Funds may manage credit exposure through the use of credit default swaps. A credit default swap (CDS) is a contract whereby the credit risk associated with an investment is transferred by entering into an agreement with another party who, in exchange for periodic fees, agrees to make payments in the event of a default or other predetermined credit event. One of the main advantages of a CDS is that it allows for exposure to credit risk while limiting exposure to other risks such as interest rate and currency risk.

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

The following is a list of derivatives aggregated by type as of September 30, 2010:

	Changes in Fair Value (4)		Fair Value at September 30, 2010		
Type of Derivative	Classification	Amount (1)	Classification	Amount (2)	Notional (3)
Credit Default Swaps	Investment Inc.	772,427	Swaps	2,639,516	95,278,119
Fixed Income Futures Long	Investment Inc.	3,675,520	Futures	-	54,600,000
Fixed Income Futures Short	Investment Inc.	(4,132,561)	Futures	-	(27,200,000)
Fixed Income Options Written	Investment Inc.	2,118,009	Options	(722,835)	(184,100,000)
Foreign Currency Options Bought	Investment Inc.	(572,588)	Options	-	-
Foreign Currency Options Written	Investment Inc.	92,652	Options	-	-
Futures Options Written	Investment Inc.	485,751	Options	-	-
FX Forwards	Investment Inc.	(718,618)	LT Instruments	(1,745,175)	66,643,843
Index Futures Long	Investment Inc.	2,178,964	Futures	-	20,455
Interest Rate Swaps	Investment Inc.	(522,727)	Swaps	675,311	79,060,000
Rights	Investment Inc.	(3,052,785)	Common Stock	-	-
TBA Transactions Long	Investment Inc.	6,624,925	LT Instruments	(345,116)	153,800,000
TBA Transactions Short	Investment Inc.	38,192	LT Instruments	-	-
Warrants	Investment Inc.	(64,071)	Common Stock	88,375	-
Grand Totals		6,923,090		590,076	

(1) Negative values (in brackets) refer to losses

(2) Negative values refer to liabilities

(3) Notional may be a dollar amount or size of underlying for futures and options, negative values refer to short positions

(4) Excl. futures margin payments

Note 5: Commitments

As of September 30, 2010, the District Retirement Funds have entered into investment funding commitments related to alternative investments to fund an additional $216 million at some future date.

Note 6: Actuarial Information

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

The funded status of each plan as of October 1, 2009, the most recent actuarial valuation date, is as follows:

(Dollars in thousands)

Plan	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Ratio of AVA to AAL	Annual Covered Payroll	UAAL as a % of Annual Covered Payroll
Teachers	$1,445,000	$1,304,500	$(140,500)	110.8%	$336,600	-41.74%
Fire & Police	3,048,400	3,027,900	(20,500)	100.7%	436,100	-4.70%

The funded status of each plan as of October 1, 2008 is as follows:

(Dollars in thousands)

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

Fiscal year 2010 employer contributions required and contributions made are as follows:

(Dollars in thousands)	Based on Actuarial Valuation Date October 1	Annual Required Contribution	Percentage Contributed
Teachers	2008	$-	n/a
Fire and Police	2008	132,300	100.0%

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

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

*As of the date of the audit report, the latest actuarial valuation available was as of October 1, 2009.

The calculation of the actuarial value of assets includes a smoothing of investment gains and losses over a seven year period. For the year ended September 30, 2010 and 2009 the District Retirement Funds experienced an investment gain of 10.6% and an investment loss of 2.2%, respectively. The impact of these investment losses will be recognized over the next seven years and could have an impact on the funding ratio in the future.

See Required Supplementary Information (RSI) on page 40 for a 6-year schedule of employer contributions.

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

	2009*	2008
Actuarial cost method for contributions	Aggregate	Aggregate
Actuarial cost method for accrued liabilities	Entry Age Normal	Entry Age Normal
Amortization method	Not applicable	Not applicable
Remaining amortization period	Not applicable	Not applicable
Asset valuation method	Actuarial value: 1/7 excess earnings subtracted from expected actuarial value, limited to an 80% to 120% corridor around market value	Actuarial value: 1/7 excess earnings subtracted from expected actuarial value
Actuarial assumptions:		
Investment rate of return	7%	7%
Projected salary increases:		
Police Officers and Fire Fighters	4.80-10.00%	5.30-10.00%
Teachers	5.00-8.90%	5.00-8.90%
Includes inflation at	4%	4%
Cost-of-living adjustments (COLAs)	4%	4%
COLAs for Post November 10, 1996 hires	Limited to 3.00%	Limited to 3.00%

Note 7: Contribution Receivable - Disctrict of Columbia

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

The actuary used the Entry Age Normal method to estimate the amount receivable from the District of Columbia. The total actuarial impact including interest through October 1, 2011 is estimated to be approximately $9,000,000. The District of Columbia has accrued for this amount in its government-wide financial statements as of September 30, 2010. The Board and the District of Columbia agreed to amortize this balance over three years with payments to begin in fiscal year 2010. As of September 30, 2010 and 2009 the balance was $5,609,000 and $8,219,000, respectively. Two payments of $3 million were received on October 30, 2010 and 2009.

*As of the date of the audit report, the latest actuarial valuation available was as of October 1, 2009.

Schedule of Funding Progress
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	EAN Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percent of Payroll
10/1/2004	2,644	-	-	-	-	-
10/1/2005	3,038	-	-	-	-	-
10/1/2006	3,483	3,565	82	98%	673	12%
10/1/2007	4,069	3,899	(170)	104%	771	-22%
10/1/2008	4,380	4,277	(103)	102%	781	-13%
10/1/2009*	4,493	4,332	(161)	104%	773	-21%

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

*As of the date of the audit report, the latest actuarial valuation available was as of October 1, 2009.

Schedule of Employer Contributions
(Dollar amounts in thousands)

TEACHERS' RETIREMENT FUND

Fiscal Year	Annual Required Contributions	Percentage Contributions
2010	$-	100%
2009	-	100%
2008	14,600	100%
2007	16,500	100%
2006	9,200	100%
2005	2,900	100%

POLICE OFFICERS AND FIRE FIGHTERS' RETIREMENT FUND

Fiscal Year	Annual Required Contributions	Percentage Contributions
2010	$132,300	100%
2009	106,000	100%
2008	137,000	100%
2007	140,100	100%
2006	117,500	100%
2005	112,100	100%

Schedule of Administrative Expenses

	2010	2009
Personnel Services		
Salaries	$3,262,848	$2,888,707
Fringe benefits	907,006	716,247
Total personnel services	4,169,854	3,604,954
Non-personnel services		
Professional services:		
Legal counsel	36,902	246,282
Auditing services	66,000	66,000
Actuarial services	107,573	92,796
Investment advisors and consultants	12,233,789	11,138,012
Consultants and contracts	2,329,026	2,371,368
Office supplies	119,814	119,979
Telephone	12,696	16,791
Rent	1,418,772	1,378,513
Office support	113,747	60,080
Travel	45,397	66,767
Printing	34,867	19,110
Insurance	130,761	110,853
Postage	9,880	73,262
Dues and membership	51,136	59,861
Depreciation	6,328	18,278
Furniture and equipment	65,075	62,990
Total non-personnel services	16,781,763	15,900,942
Total administrative expenses	20,951,617	19,505,896
Investment expenses	(13,478,613)	(12,261,344)
Net administrative expenses	$7,473,004	$7,244,552

Schedule of Investment Expenses

	2010	2009
Investment managers*	$11,979,562	$10,675,572
Investment administrative expense	789,928	735,424
Investment consultants	454,896	531,241
Investment custodian	254,227	319,107
Total investment expenses	$13,478,613	$12,261,344

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

Schedule of Payments to Consultants

Professional/Consultant	Nature of Service	2010	2009
Administrative Consultants			
MTG Management Consultants LLC	Information technology consulting	$645,598	$525,817
U.S. Treasury Office of D.C. Pensions	Benefit payment processing	633,222	588,323
Robert Half International, Inc.	Information technology consulting	142,443	19,499
NGEN, LLC	Information technology consulting	122,743	99,231
Newlin LLC	Accounting & audit consulting	115,588	108,299
EFI Actuaries	Actuarial services	74,793	92,796
Clifton Gunderson	Financial audit	66,000	66,000
HCL America, Inc.	Information technology consulting	49,034	-
Morgan, Lewis & Brokius	Legal counsel	33,534	144,080
Cavanaugh Macdonald Consulting	Actuarial services	32,780	-
Efusion Consulting, LLC	Information technology consulting	28,000	-
Oldaker, Belair & Wittie, LLP	Legal counsel	27,810	32,445
Groom Law Group	Legal counsel	22,900	37,550
Projility, Inc.	Information technology consulting	20,000	-
Buch Construction, Inc.	Building improvement	17,917	-
DC Net	City-wide fiber optic network	14,535	-
Graves, Horton, Askew & Johns	Legal counsel	14,003	-
Nupulse Technologies, Inc.	Information technology consulting	12,097	-
EDAC Systems, Inc.	Information technology consulting	11,744	-
AON Consulting	Insurance consulting	8,000	-
HBP, Inc.	Graphic design for publications	7,648	
Cooperative Personnel Service	Human resource consulting	6,035	-
DLT Solutions	Information technology consulting	5,894	-
Phoenix Graphics	Graphic design for publications	1,600	-
AES Electrical, Inc.	Electrical systems consulting	283	-
Document Systems, Inc.	Information technology consulting	-	586,703
Marc A. Rigrodsky	Legal counsel	-	64,652
American Arbitration Association	Board elections	-	33,128
True Ballot, Inc	Board elections	-	21,842
CostTrend Consulting	Contract and accounting systems consulting	-	15,978
Total administrative consultants		2,114,201	2,436,343
Investment Consulting			
Watson Wyatt & Company	Traditional investment consulting	216,563	286,458
Meketa Investment Group	Traditional investment consulting	73,333	-
Plexus Group	Traditional investment consulting	25,000	25,000
Ennis, Knupp & Associates, Inc.	Asset liability study	-	76,450
The Townsend Group	Traditional investment consulting	140,000	143,333
Total investment consultants		454,896	531,241
Total payments to consultants		$2,569,097	$2,967,584

Investment Section

Report on Investment Activity

Prepared by Sheila Morgan-Johnson
Chief Investment Officer

Introduction

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

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

Investment Objectives and Policies

DCRB seeks long-term investment returns in excess of the actuarial investment assumption at a level of risk commensurate with the expected levels of return and consistent with sound and responsible investment practices. The assumed actuarial investment rate is currently set at 7.0%, net of investment management fees and administrative expenses. In addition to exceeding the actuarial return target over the long term, a secondary return objective is to exceed the annualized total return of DCRB's strategic asset allocation policy benchmark (the "Total Fund Benchmark"). As of September 30, 2010, the Total Fund Benchmark consisted of the following:

Asset Class	Performance Benchmark	Weight
U.S. Equities	Russell 3000 Index	40%
Non-U.S. Equities	MSCI All Country World Index (ACWI) ex-U.S.	20%
Fixed Income	Barclays Capital U.S. Universal Bond Index	25%
Alternative Investments	60% Cambridge Associates U.S. Private Equity Index / 40% 1-Month LIBOR	10%
Real Estate	80% NCREIF ODCE Index / 20% Wilshire Real Estate Securities Index	5%

As a long-term investor, DCRB believes that it can generate the highest risk-adjusted returns through a diversified portfolio with an emphasis on equity investments. Although equities may have a greater volatility than other asset classes in the short-term, if properly diversified, they are likely to yield higher returns in the long-term. In addition, while DCRB generally believes in the value of active management, it has pursued passive investment strategies (e.g., index funds) in more efficient markets, where active managers have a lower likelihood of generating returns in excess of their benchmarks.

FY 2010 Global Market Review

Following a strong rally in global capital markets during the second half of FY 2009, markets continued their upward trend during the first two quarters of FY 2010. The third quarter of FY 2010 saw a sharp reversal of this positive trend, with investors becoming increasingly worried about the sustainability of the global recovery, particularly in light of the sovereign debt crisis in Greece and other troubled European economies. However, equity markets rose again sharply during the fourth quarter of FY 2010, as fears of a double-dip receded in anticipation of new monetary stimulus provided by the Federal Reserve.

In terms of the cumulative performance over FY 2010, the Russell 3000 Index, an index measuring the performance of the 3,000 largest U.S. companies based on total market capitalization and that represents approximately 98% of the investable U.S. equity market, increased 11.0%. Non-U.S. equities markets, as measured by the MSCI All Country World Index ex U.S., rose 8.4%, partially aided by the appreciation of non-

U.S. currencies vs. the U.S. dollar. Within the non-U.S. equities segment, emerging markets once again outperformed developed markets, generating a positive return of 20.2% vs. 3.3% (in U.S. dollar terms). Over the same period, the Barclays Capital U.S. Universal Bond Index, a broad measure of U.S. fixed income markets, appreciated 8.9%.

FY 2010 Investment Results

As of September 30, 2010, the Fund's total assets were $4.24 billion after the payment of all benefits and all other administrative expenses, an increase of approximately $500 million compared to the end of FY 2009. Over the fiscal year, the Fund generated a gross return of 10.3%, performing in line with the Total Fund Benchmark. The relative outperformance of the Non-U.S. Equities, Fixed Income, and Alternative Investments segments was entirely offset by sub-par returns in the Real Estate program and an overweight to Cash and Cash Equivalents, which caused a drag on total fund performance in the rising market environment.

Over the longer term, the Fund has underperformed the Total Fund Benchmark, with the Fund returning an annualized 3.4% for the 10-year period ended September 30, 2010, versus 4.0% for the Total Fund Benchmark. However, the Fund has outperformed its actuarial return target for the 28-year period since its inception in October 1982. Over this period, the Fund generated an annualized return of 9.1%.

Presented in the table on the following page are the gross returns for the Fund and for each asset class over the one, three, five, and ten-year time periods as of September 30, 2010. The returns were calculated by the Board's custodian bank, State Street, and are time-weighted returns computed in conformance with the CFA Institute's Global Investment Performance Standards (GIPS). Benchmark returns are presented below each asset class for relative performance comparison purposes.

Asset Allocation

During FY 2010, DCRB maintained its strategic asset allocation targets, which are based on an asset/liability study conducted by Watson Wyatt in FY 2003. The study was most recently reviewed by Ennis Knupp in FY 2009. The current asset class targets are as follows:

Asset Class	Target Allocation	Allowable Range	Actual Allocation 9/30/2010
U.S. Equities	40.0%	35.0% - 45.0%	36.0%
Non-U.S. Equities	20.0%	15.0% - 25.0%	18.4%
Fixed Income*	25.0%	20.0% - 30.0%	24.2%
Real Estate	5.0%	2.0% - 8.0%	4.5%
Alternative Investments	10.0%	7.0% - 13.0%	14.5%
Cash and Cash Equivalents	0.0%	-	2.3%

*Includes private infrastructure investments (1.4%).

As of September 30, 2010, five out of six asset classes were within their respective target allocation ranges. The Alternative Investments asset class exceeded its target allocation range by 1.5%. The overweight was driven by two factors: 1) strong performance by Bridgewater, DCRB's multi-strategy hedge fund manager and 2) funding of private equity commitments made in prior years. In October 2010, Bridgewater made a significant profit distribution to DCRB, which brought the actual allocation to within 1% of the target.

Report on Investment Activity

In June 2010, DCRB retained Meketa Investment Group as its general investment consultant. Meketa, which replaces Towers Watson, is currently reviewing the Fund's strategic asset allocation policy. As a result, DCRB's asset allocation targets and allowable ranges may be revised during FY 2011. In addition, DCRB is currently in the process of conducting a search for a real assets consultant.

There were no investment manager changes during FY 2010.

Gross Annualized Returns
For Periods Ended September 30, 2010

Asset Class	1-Year	3-Year	5-Year	10-Year
Total Fund	**10.3%**	**-3.6%**	**2.9%**	**3.4%**
Total Fund Benchmark[1]	*10.4%*	*-1.9%*	*4.3%*	*4.0%*
Actuarial Assumed Rate of Return	*7.0%*	*7.2%*	*7.2%*	*7.2%*
U.S. Equities	**11.0%**	**-7.1%**	**0.6%**	**0.8%**
Russell 3000 Index	*11.0%*	*-6.6%*	*0.9%*	*0.1%*
Non-U.S. Equities	**8.8%**	**-6.3%**	**4.8%**	**3.5%**
MSCI All Country World Index (ACWI) ex U.S.[2]	*7.6%*	*-7.4%*	*4.2%*	*3.7%*
Fixed Income	**11.5%**	**6.6%**	**5.9%**	**7.0%**
Barclays Capital U.S. Universal Index[3]	*8.9%*	*7.3%*	*6.2%*	*6.4%*
Alternative Investments	**17.1%**	**2.8%**	**5.5%**	**0.1%**
60% Cambridge Associates U.S. Private Equity Index / 40% 1-Month LIBOR[4]	*11.4%*	*0.3%*	*8.6%*	*6.9%*
Real Estate	**-6.0%**	**-15.7%**	**-3.8%**	**-1.0%**
80% NCREIF ODCE Index / 20% Wilshire U.S. Real Estate Securities Index[5]	*11.8%*	*-3.3%*	*4.1%*	*7.5%*
Cash and Cash Equivalents	**0.2%**	**1.8%**	**3.1%**	**2.8%**
3-month U.S. Treasury Bills	*0.1%*	*1.1%*	*2.6%*	*2.6%*

[1] The Total Fund Benchmark currently is a composite of 40% Russell 3000 Index, 20% MSCI All Country World Index ex U.S., 25% Barclays Capital U.S. Universal Bond Index, 6% Cambridge Associates U.S. Private Equity Index, 4% 1-Month LIBOR, 4% NCREIF ODCE Index, 1% Wilshire U.S. Real Estate Securities Index. **From 4/1/03 to 3/31/06:** 40% Russell 3000 Index, 20% MSCI EAFE Index, 25% Lehman Brothers Aggregate Bond Index, 10% Cambridge Associates U.S. Private Equity Index, 5% NCREIF Property Index. **From 6/30/99 to 3/31/03:** 43.7% Russell 3000 Index, 20% MSCI EAFE Index, 30.3% Lehman Brothers Aggregate Bond Index, 5% Cambridge Associates U.S. Private Equity Index, 1% 3-month U.S. Treasury Bills.

[2] Prior to 4/1/06, MSCI EAFE Index.

[3] Prior to 4/1/06, Lehman Brothers Aggregate Bond Index.

[4] Prior to 4/1/06, Cambridge Associates U.S. Private Equity Index.

[5] Prior to 10/01/2009, 80% NCREIF Property Index, 20% Wilshire U.S. Real Estate Securities Index. Prior to 4/1/06, NCREIF Property Index.

Note: All returns are calculated using time-weighted rates of return.

List of Largest Assets Held

Top 10 Public Equity Holdings
As of September 30, 2010

Rank	Security Name	Shares	Market Value
1	APPLE INC	102,508	$29,086,645
2	EXXON MOBIL CORP	339,611	$20,984,564
3	GOOGLE INC	35,433	$18,630,317
4	MICROSOFT CORP	757,768	$18,557,738
5	VISA INC	245,529	$18,232,984
6	QUALCOMM INC	402,678	$18,168,831
7	AMAZON.COM INC	113,700	$17,857,722
8	COCA COLA CO/THE	249,887	$14,623,387
9	PFIZER INC	824,571	$14,157,884
10	BANK OF AMERICA CORP	1,048,490	$13,745,704

Top 10 Fixed Income Holdings
As of September 30, 2010

Rank	Security Name	Quality Rating	Par Value	Interest Rate	Maturity Date	Market Value
1	FNMA TBA OCT 30 SINGLE FAM	AAA	$52,300,000	4.500%	12/3/2103	$54,457,375
2	FNMA TBA SINGLE FAMILY NOV 30	AAA	$37,000,000	4.000%	12/3/2103	$37,925,000
3	US TREASURY N/B	AAA	$28,900,000	3.625%	8/16/2023	$31,781,041
4	FNMA OCT TBA TBAXXX	AAA	$28,700,000	4.000%	12/3/2103	$29,498,147
5	WI TREASURY SEC	AAA	$29,230,000	1.250%	10/1/2019	$29,184,343
6	US TREASURY N/B	AAA	$26,500,000	3.375%	11/16/2023	$28,547,655
7	UNITED STATES TREAS NTS	AAA	$22,430,000	2.750%	2/16/2023	$23,269,331
8	FNMA POOL 725423	AAA	$16,674,373	5.500%	5/2/2038	$17,915,447
9	FNMA TBA OCT 30 SINGLE FAM	AAA	$13,100,000	6.000%	12/3/2103	$14,070,186
10	TREASURY BILL	AAA	$12,373,000	0.151%	10/15/2014	$12,372,531

Schedule of Fees and Commissions

For FY 2010, DCRB paid the following fees and commissions:

Expense Category	Amount	Basis points
Investment Managers*	$11,979,562	28 bps
Investment Consultants	$454,896	1 bp
Investment Custodian	$254,227	1 bp
Brokerage Commissions**	$1,758,378	4 bps

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

** Includes separate account relationships only.

Investment Summary

Asset Class	Market Value $(000)	% of Fund
U.S. Equities	$1,527,773	36.0%
Non-U.S. Equities	$782,901	18.4%
Fixed Income	$1,028,725	24.2%
Alternative Investments	$615,588	14.5%
Real Estate	$192,224	4.5%
Cash and Cash Equivalents	$96,544	2.3%
Total	**$4,243,755**	**100.0%**

Actuarial Section

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

January 4, 2011

Board Members
District of Columbia Retirement Board
900 7th Street NW, Suite 200
Washington, DC 20001
RE: Actuarial Certification of October 1, 2010 Valuation for D.C. Retirement Board

Dear Board Members:

Cavanaugh Macdonald Consulting, LLC, under contract with the District of Columbia Retirement Board (DCRB), performed actuarial valuations of the D.C. Police Officers' and Fire Fighters' Retirement Plan and the D.C. Teachers' Retirement Plan as of October 1,2010. The date of the most recent valuation prior to this, performed by the previous actuary, was October 1, 2009. Valuations are conducted annually for DCRB. In this study, we relied on participant and financial data supplied by DCRB staff, the D.C. Office of Pay and Retirement Services, and the U.S. Department of the Treasury. We examined such data for reasonableness and consistency.

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

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

We reviewed and accepted the economic and demographic actuarial assumptions selected by the previous actuary as appropriate for Plan funding. Those assumptions were based on the results of an analysis of the Plan's experience performed for the years 2002 through 2006. The assumptions, approved by the Board and used in this most recent valuation, produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis is expected to cover the years 2006 through 2010.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedule of Funding Progress and the employer contributions shown in the Schedule of Employer Contributions in the Financial Section. The historical information is for years prior to our tenure with DCRB. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in the subject valuation report.

Respectfully Submitted,

Thomas J. Cavanaugh, FSA, FCA, EA, MAAA
Chief Executive Officer

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

TJC/EJK:kc

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Required Actuarial Certification Under District of Columbia Code §1-907

(in millions of dollars)

Certification	Code Section	Teachers	Police	Fire	Police/Fire Combined	Total District
FY 2012 Normal Contribution Rate	1-907.03(a)(3)(A)	0.0%	26.4%	30.3%	27.5%	14.7%
Estimated FY 2012 Covered Payroll	N/A	$405.0	$325.7	$139.4	$465.1	$870.1
FY 2012 District Payment before 1-907.02 (c)	N/A	$0.0	$85.8	$42.2	$128.0	$128.0
FY 2010 Shortfall/Overpayment	1-907.02 (c)	$0.0	($9.8)	($1.6)	($11.4)	($11.4)
FY 2012 District Payment	N/A	$0.0	$76.0	$40.6	$116.7	$116.7
Present Value of Future Benefits	1-907.03(a)(3)(8)	$1,671.2	$3.525.1	$1,612.3	$5,137.4	$6,808.6
Current Value of Assets	1-907.03(a)(3)(C)	$1,314.4	$2,103.0	$817.8	$2,920.8	$4,235.2
Actuarial Value of Assets	1-907.03(a)(3)(D)	$1,571.0	$2,457.8	$961.0	$3,418.8	$4,989.8

Actuarial Assumptions (as selected by the previous actuary)

The non-economic assumptions used for the valuation represent the actuary's best estimates of the future experience for the plans. Upon review of recommended economic assumptions, the Board elected to choose an inflation assumption slightly more conservative than the previous actuary's recommended rate. All assumptions are scheduled to be reviewed during the current fiscal year.

Contribution Adjustment for Teachers Corrections

		Teachers	Police	Fire	Police/Fire Combined	Total District
FY 2012 District Payment from above		$-	$76.0	$40.6	$116.7	$116.7
Additional Payment for Teachers Corrections		$3.0	$-	$-	$-	$3.0
Total Payment for FY2012		$3.0	$76.0	$40.6	$116.7	$119.7

Thomas J. Cavanaugh

01/04/2011

Thomas J. Cavanaugh, FSA, FCA, EA, MAAA

The asumptions used in the actuarial valuation were adopted by DCRB on the date of the most recent experience study, November 21, 2007. The assumptions adopted by DCRB are as follow:

Vavluation Date: All assets and liabilities are computed as of October 1, 2010. Demographic information was collected as of June 30, 2010.

Investment rate of return: 7.00% per annum, compounded annually (net of administrative expenses).

Inflation Assumption: 4.25% per year.

Payroll Growth Assumption:: 4.75% per year.

Percent Married: 64% of Teachers are assumed to be married and 80% of Police Officers and Firefighters are assumed to be married, with the wife 3 years younger than the husband. Active members are assumed to have one dependent child aged 10.

Actuarial Method for Contributions: Aggregate Cost Method.

Actuarial Method for Accrued Liabilities:: Entry Age Normal Cost Method.

Assets: The method of valuing assets is intended to recognize a "smoothed" market value of assets. Under this method, the difference between actual return on market value from investment experience and the expected return on market value is recognized over a seven-year period. The actuarial value of assets is constrained to an 80% to 120% corridor around market value of assets. In addition, there is an adjustment made for the effect of the adjustment pursuant to D.C. Code §1-907.02(c).

Withdrawal Assumption: For Teachers, it was assumed that 35% of the vested members who terminate elect to withdraw their contributions while the remaining 65% elect to leave their contributions in the plan in order to be eligible for a benefit at their retirement date. For Police Officers and Firefighters, it was assumed that 80% of the vested members who terminate elect to withdraw their contributions while the remaining 20% elect to leave their contributions in the plan.

Other Assumptions: To value the pre-retirement death benefit for Police Officers and Firefighters, the benefit form for all retirements (normal or disabled) is assumed to be a 67.8% Joint and Survivor annuity for all participants (based on 40% of average pay survivor benefits). One-fourth of all Police Officer and Firefighter active deaths are assumed to occur in the line of duty.

Cost of Living Adjustment: The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 4.25% per year.

Teachers

Salary Increases: Representative values of the assumed annual rates of future salary increases are as follows and include inflation at 4.75% per annum:

Pay Increase Assumptions for an Individual Member

Years of Service	Merit & Seniority	Inflation & Productivity (Economy)	Total Increase (Next Year)
5	4.00%	4.75%	8.75%
10	3.0	4.75	7.75
15	0.5	4.75	5.25
20	0.2	4.75	4.95
25	0.2	4.75	4.95
30	0.2	4.75	4.95
35	0.2	4.75	4.95

Separations from Active Service: Representative values of the assumed annual rates of withdrawal, service retirement, and disability are shown in the following tables:

Percent of Members Separating Within the Next Year

	Withdrawal			Service Retirement			
Sample Ages	0 to 3 yrs of service	4 to 9 yrs of service	10 & up yrs of service	Under 30 yrs of service	30 & up yrs of service (hired before 11/1/1996)	30 & up yrs of service (hired after 11/1/1996)	Disability Retirement
20	25.00%	18.00%	0.00%				0.03%
25	23.5	16	0				0.03
30	22	14	3.5				0.06
35	20.5	12	3.5				0.09
40	19	10	3.5				0.13
45	17.5	8	3.5				0.2
50	16	8	3.5	0.50%	0.50%	10.00%	0.32
55	14.5	8	3.5	8	35	35	0.55
60	13	8	3.5	25	25	25	0.57
62	0	0	0	25	25	25	
65				20	20	20	
70				20	20	20	

Mortality: The UP-1994 Table with Projection Scale AA is used for healthy active members, retirees, and beneficiaries. The following disability mortality table is used for disabled retirees.sability are shown in the following tables:

Disabled Retiree Mortality

Sample Ages	Males	Females
20	2.40%	2.40%
30	2.4	2.4
40	2.4	2.4
50	2.45	2.4
60	2.59	2.4
70	3.81	2.4
80	7.21	4.14
90	13.16	10
100	27.29	23.78

Police Officers

Salary Increases: Police Officers are assumed to receive a longevity increase of 5%, 10%, 15%, and 20% applied to individual base pay after 15, 20, 25, and 30 years of service. These are approximated by increases of 3.5% to final average salary. Representative values of the assumed annual rates of future salary increases are as follows and include inflation at 4.75% per annum:

	Pay Increase Assumptions for an Individual Member		
Years of Service	Merit & Seniority	Inflation & Productivity (Economy)	Total Increase (Next Year)
5	3.56%	4.75%	8.31%
10	2.58	4.75	7.33
15	2.31	4.75	7.06
20	2.5	4.75	7.25
25	1.1	4.75	5.85
30	0.5	4.75	5.25
35	0	4.75	4.75

Seperations from Active Service: Representative values of the assumed annual rates of withdrawal, service retirement, and disability are shown in the following tables:

Percent of Members Separating Within the Next Year					
	Withdrawal (3 years of service & up)[1]			Disability Retirement[3]	
Sample Ages	Males	Females	Service Retirement[2]	Males	Females
20	6.00%	2.50%		0.22%	0.44%
25	6	2.5		0.22	0.44
30	3.5	2		0.29	0.58
35	2	2		0.43	0.85
40	1.75	1.75	15.00%	0.63	1.25
45	1.5	1.5	15	0.98	1.96
50	1.25	1.25	22	1.63	3.25
55	1	1	22	2.89	5.78
60	0	0	100	4.13	8.25

[1]Males of any age with less than 3 years of service have a 10% withdrawal assumption. Females of any age with less than 3 years of service have an 8% withdrawal assumption.

[2]At 31 years of service, half of all eligible active members are assumed to retire.

[3]It is assumed that 75% of the disabilities are due to accidents in the line of duty and the "percent of disability" is assumed to be 100%.

Mortality: The UP-1994 Table with Projection scale AA set forward 3 years is used for healthy active members and the UP-1994 Table with Projection Scale AA set forward 2 years is used for retirees and beneficiaries. The following disability mortality table is used for disabled retirees.

Disabled Retiree Mortality		
Sample Ages	Males	Females
20	0.90%	0.56%
30	0.9	0.56
40	0.9	0.56
50	0.9	0.56
60	1.3	0.83
70	2.64	1.71
80	6.5	4.23
90	15.68	12.21
100	57.84	56.11

Firefighters

Salary Increases: Representative values of the assumed annual rates of future salary increases are as follows and include inflation at 4.75% per annum:

Pay Increase Assumptions for an Individual Member

Years of Service	Merit & Seniority	Inflation & Productivity (Economy)	Total Increase (Next Year)
5	2.50%	4.75%	7.25%
10	2.5	4.75	7.25
15	2.5	4.75	7.25
20	2.5	4.75	7.25
25	2.5	4.75	7.25
30	2.5	4.75	7.25
35	2.5	4.75	7.25

Separations from Active Service: Representative values of the assumed annual rates of withdrawal, service retirement, and disability are shown in the following tables:

Percent of Members Separating Within the Next Year

Sample Ages	Withdrawal (2 years of service & up)[1]	Disability Retirement[2]	Years of Service	Service Retirement[3]
20	2.80%	0.14%	20	12.00%
25	1.87	0.14	25	12
30	1.24	0.19	30	25
35	0.83	0.28	35	35
40	0.55	0.41		
45	0.37	0.65		
50	0.25	1.07		
55	0	1.91		
60	0	2.72		

[1]Members of any age with less than 2 years of service have a 9% withdrawal assumption.

[2]It is assumed that 75% of the disabilities are due to accidents in the line of duty and the "percent of disability" is assumed to be 100%.

[3]100% of active members are assumed to retire at age 60.

Mortality: The UP-1994 Table with Projection Scale AA set forward 3 years is used for healthy active members and the UP-1994 Table with Projection Scale AA set forward 2 years is used for retirees and beneficiaries. The following disability mortality table is used for disabled retirees.

Disabled Retiree Mortality

Sample Ages	Males	Females
20	0.90%	0.56%
30	0.9	0.56
40	0.9	0.56
50	0.9	0.56
60	1.3	0.83
70	2.64	1.71
80	6.5	4.23
90	15.68	12.21
100	57.84	56.11

District of Columbia Teachers' Retirement Plan

Effective Date: Established on July 1, 1997. The Treasury Department is responsible for paying all benefits accrued before this date.

Definitions

Affiliated Employers
District of Columbia Public Schools, Public Charter Schools.

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

Service Credit
One year of school service is given for each year of employment with DCPS. After years of service are accrued, additional service may be purchased or credited for service outside of DCPS.

Average Salary
Highest 36 consecutive months of pay, divided by three.

Vested
Members who accrue five or more years of Service Credit are vested for benefits. If these members leave service they may leave their Member Contribution Accounts with the Plan for a future benefit when reaching eligibility (deferred vested in this report).

Contributions

Member Contributions
Members hired before November 1, 1996 are required to contribute 7% of annual pay. Members hired on or after November 1, 1996 contribute 8% of annual pay. Members can also make voluntary post-tax contributions of up to 10% of annual pay towards an annuity in addition to any vested pension. Interest is not credited to each Member's accumulated contributions.

Refund of Member Contributions
In the event a member leaves service for a reason other than death or retirement, member contribution accounts are refunded upon request.

Service Retirement

Eligibility
The Age and Service Credit requirements to be eligible for a full Service Retirement are listed below:

Members hired before November 1, 1996

Age	Service Credit
55	30, including 5 years school service
60	20, including 5 years school service
62	5 years school service

Members hired on and after November 1, 1996

Age	Service Credit
Any Age	30, including 5 years school service
60 2	0, including 5 years school service
62	5 years school service

Benefit
For members hired before November 1, 1996:

- 1.5% of Average Salary times service up to 5 years, plus
- 1.75% of Average Salary times service between 5 and 10 years, plus
- 2.0% of Average Salary times service over 10 years.

For members hired on or after November 1, 1996:

- 2.0% of Average Salary times service.

All members receive a minimum benefit of 1.0% of Average Salary plus $25 for each year of service.

Involuntary Service Retirement

Eligibility
The Age and Service Credit requirements to be eligible for a Reduced Service Retirement are listed below:

All Members, regardless of date of hire

Age	Service Credit
Any Age	25, including 5 years school service
50	20, including 5 years school service

Benefit
Service Retirement Benefit reduced by 1/6% per month (or 2% per year) that date of retirement precedes age 55.

Disability Retirement

Eligibility
Active members with five or more years of school service credit are covered (vested) for disability retirement. To be eligible, the member must be found to be totally and permanently disabled (mentally or physically) from regular and gainful employment.

Benefit
Equal to Service Retirement benefit. Minimum benefit is the lesser of a) or b):

a) 40% of Average Salary

b) Calculated benefit amount by projecting service to age 60.

Survivor Benefits

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

Benefit
Refund of member contributions.

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

Benefit
55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b):

a) 55% of 40% of Average Salary

b) 55% of the calculated benefit amount by projecting service to age 60.

Spouse and Dependent Children
Eligibility
Death before retirement and married for at least two years, or have a child by the marriage. Children must be unmarried and under age 18, or 22 if full-time student. Also, any dependent child because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

Spouse Benefit
55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b):

a) 55% of 40% of Average Salary

b) 55% of the calculated benefit amount by projecting service to age 60.

Child Benefit
A benefit per child equal to the smallest of a) or b) or c):

a) 60% of Average Salary divided by the number of eligible children

b) $6,024* (if hired before 1/1/1980), $5,820* (if hired between 1/1/1980 and 10/31/1996), or $5,700* (if hired on or after 11/1/1996) per child

c) $18,072* (if hired before 1/1/1980), $17,460* (if hired between 1/1/1980 and 10/31/1996), or $17,460* (if hired on or after 11/1/1996) divided by the number of children.

Dependent Children Only
Eligibility
Children must be unmarried and under age 18, or 22 if full-time student. Also, any dependent child because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

Benefit
A benefit per child equal to the smallest of a) or b) or c):

d) 75% of Average Salary divided by the number of eligible children

e) $7,356* (if hired before 1/1/1980), $7,092* (if hired between 1/1/1980 and 10/31/1996), or $6,912* (if hired on or after 11/1/1996) per child

f) $22,068* (if hired before 1/1/1980), $21,276* (if hired between 1/1/1980 and 10/31/1996), or $20,736* (if hired on or after 11/1/1996) divided by the number of children.

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

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

Benefit
55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b):

a) 55% of 40% of Average Salary

b) 55% of the calculated benefit amount by projecting service to age 60.

Deferred Vested Retirement

Eligibility
Active members with five or more years of school service credit .

Benefit
Benefit is calculated in the same manner as Service Retirement benefit and may be collected starting at age 62.

Options
Retirement and disability benefits are payable for the life of the retired member. Optional reduced benefits may be elected at the time of retirement to provide for continuation of a reduced benefit amount to a designated beneficiary. Optional forms include:

a) Reduced Annuity with a Maximum Survivor Annuity (to Spouse) Reduced benefit paid to member so that upon member's death, the spouse will receive 55% of the unreduced normal life annuity. Member's benefit is reduced by 2.5% of retirement benefit, up to $3,600, plus 10% of any retirement benefit over $3,600.

b) Reduced Annuity with a Partial Survivor Annuity (to Spouse) Reduced benefit paid to member so that upon member's death, the spouse will receive a partial annuity that can range from $1 up to 55% of the unreduced normal life annuity amount. Member's benefit is reduced by the same amount as option a, multiplied by the ratio of the chosen benefit percent to the maximum benefit percent (55%).

c) Reduced Annuity with a Life Insurance Benefit Member elects a life insurance amount, payable in a lump sum to designated beneficiary upon member's death.

d) Reduced Annuity with a Survivor Annuity to a Person with an Insurable Interest A 55% joint and survivor annuity where the original benefit is reduce by 10% plus an additional 5% for each full 5 years, up to 25 years, that the designated beneficiary is younger than the member. Maximum reduction is 40% for any beneficiary who is 25 or more years younger than the member.

Cost of Living Adjustments

Each year on March 1st, benefits which have been paid for at least twelve months proceeding March 1st are increased. The increase is equal to the annual CPI. COLA's are included in benefit payments on and after April 1st.

For members hired on or after November 1, 1996, the cost of living increase is limited to 3% per year. In addition, cost of living adjustments do not apply to retirement benefit payments resulting from voluntary contributions.

District of Columbia Police Officers and Firefighters' Retirement Plan

Effective Date
Established on July 1, 1997. The Treasury Department is responsible for paying all benefits accrued before this date.

Definitions

Affiliated Employers
District of Columbia Police Officers and Firefighters, except Police cadets.

Covered Members
All employees of DC Police Department and Fire Department become members on their first day of active duty. Membership is not automatic for uniformed EMT Firefighters.

Service Credit
One year of service is given for each year of employment with DCPD or DCFD. Additional service may be purchased or credited for lateral transfer service, EMT service, prior military service, and certain civilian service.

Average Salary
For members hired before February 15, 1980, the highest 12 consecutive months of pay. For members hired on or after February 15, 1980, the highest 36 consecutive months of pay, divided by 3.

Vested
Members who accrue five or more years of Service Credit are vested for benefits. If these members leave service they may leave their Member Contribution Accounts with the Plan for a future benefit when reaching eligibility (deferred vested in this report).

Contributions

Member Contributions
Members hired before November 10, 1996 contribute 7.0% of salary. Members hired on or after November 10, 1996 contribute 8.0% of salary. Member contributions, together with any purchased service credit payments, are credited to individual Member Contribution Accounts. No interest is accrued on contributions.

Refund of Member Contributions
In the event a member leaves service for a reason other than death or retirement, member contribution accounts are refunded upon request.

Service Retirement

Eligibility
The Age and Service Credit requirements to be eligible for a full Service Retirement are listed below:

Members hired before November 10, 1996

Age	Service Credit
Any age	20 (only if hired before 2/15/1980)
50	25 years departmental service
60	5 years departmental service

Members hired on and after November 10, 1996

Age	Service Credit
Any age	25 years departmental service
60	5 years departmental service

Benefit
For members hired before November 10, 1996:

- 2.5% of Average Salary times departmental service up to 25 years (20 years if hired before 2/15/1980), plus

- 3.0% of Average Salary times departmental service over 25 years (or 20), plus

- 2.5% of Average Salary times purchased or credited service.

For members hired on or after November 10, 1996:

- 2.5% of Average Salary times total service.

All members are subject to a maximum benefit of 80% of Average Salary.

Provisions Interpreted for Valuation Purposes

Service-Related Disability Retirement

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

Benefit
For members hired before February 15, 1980:

2.5% of Average Salary times total years of service, subject to a minimum of 66-2/3% of Average Salary and a maximum of 70% of Average Salary.

For members hired on or after February 15, 1980:

70% of final pay times percentage of disability, subject to a minimum of 40% of final pay.

Nonservice-related Disability Retirement

Eligibility
Active members with five or more years of departmental service are covered (vested) for disability retirement. To be eligible, the member must be found to be totally and permanently disabled (mentally or physically) from regular and gainful employment.

Benefit
For members hired before February 15, 1980:

2.0% of Average Salary times total years of service, subject to a minimum of 40% of Average Salary and a maximum of 70% of Average Salary.

For members hired on or after February 15, 1980:

70% of final pay times percentage of disability, subject to a minimum of 30% of final pay.

Survivor Benefits

Lump Sum
Eligibility
Death before retirement without an eligible spouse or child.

Benefit
Refund of member contributions according to plan order of precedence.

Lump Sum - Death in Line of Duty
Eligibility
Death occurring in the line of duty, not resulting from willful misconduct.

Benefit
$50,000

Spouse Only - Death in Line of Duty
Eligibility
Member killed in line of duty, after December 29, 1993.

Benefit
100% of final pay.

Spouse Only - Death Not in Line of Duty
Eligibility
Member death, not in line of duty, after December 29, 1993. If retired, must be married for at least one year or have a child by the marriage.

Benefit 40% of the greater of a) or b):

a) Average Salary

b) Salary for step 6 salary class 1 of the DC Police and Fireman's Salary Act in effect, adjusted for cost-of-living increases if death occurs after retirement.

Benefit cannot be higher than rate of pay at death (or retirement if death occurs after retirement).

Spouse & Dependent Children
Eligibility
Member death, not in line of duty, after December 29, 1993. If retired, must be married for at least one year or have a child by the marriage. Children must be unmarried and under age 18, or 22 if full-time student. Also, any dependent child because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

Spouse Benefit
40% of the greater of a) or b):

a) Average Salary

b) Salary for step 6 salary class 1 of the DC Police and Fireman's Salary Act in effect, adjusted for cost-of-living increases if death occurs after retirement.

Benefit cannot be higher than rate of pay at death (or retirement if death occurs after retirement).

Child Benefit
A benefit per child equal to the smallest of a) or b) or c):

a) 60% of Average Salary divided by the number of eligible children

b) $3,552* (if hired before 11/1/1996) or $3,480* (if hired on or after 11/1/1996) per child

c) $10,656* (if hired before 11/1/1996) or $10,490* (if hired on or after 11/1/1996) divided by the number of children.

Dependent Children Only
Eligibility
Children must be unmarried and under age 18, or 22 if full-time student. Also, any dependent child because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

Benefit
75% of Average Salary divided by the number of eligible children, adjusted for cost-of-living increases.

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

Deferred Vested Retirement

Eligibility
Active members with five or more years of departmental service.

Benefit
Benefit is calculated in the same manner as Service Retirement benefit and may be collected starting at age 55.

Options
Retirement and disability benefits are payable for the life of the retired member. This includes an unreduced joint and survivor annuity as defined above in the "Survivor Benefits – Spouse and Dependent Children" section.

An optional reduced benefit may be elected at the time of retirement to provide for an additional survivor benefit to a designated beneficiary. Member's original annuity is reduced by 10% and that amount is added to the survivor's benefit. If the designated beneficiary is more than five years younger than the member, the additional amount will be reduced by 5% for each full five years that the beneficiary is younger than the member, subject to a maximum of 40%.

Cost of Living Adjustments
Each year on March 1st, benefits which have been paid for at least twelve months proceeding March 1st are increased. The increase is equal to the annual CPI. COLA's are included in benefit payments on and after April 1st.

For members hired on or after November 10, 1996, the cost of living increase is limited to 3% per year. Members (not beneficiaries) hired before February 15, 1980, will receive equalization pay, which is defined as the percentage increase as active employees' salary increases.

District of Columbia Teachers' Retirement Plan

Valuation Date	Number	Annual Payroll	Annual Average Pay	% increase in Average Pay
October 1, 2010	4,749	$337,516,000	$71,071	-3%
October 1, 2009	4,601	336,600,000	73,158	-2%
October 1, 2008	4,821	359,100,000	74,487	50%
October 1, 2007	5,027	249,900,000	49,712	-22%
October 1, 2006	5,088	322,300,000	63,345	11%
October 1, 2005	5,707	325,800,000	57,088	-6%
October 1, 2004	5,564	$338,900,000	$60,909	10%

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

Valuation Date	Number	Annual Payroll	Annual Average Pay	% increase in Average Pay
October 1, 2010	3,915	$296,837,000	$75,820	-2%
October 1, 2009	4,014	310,700,000	77,404	1%
October 1, 2008	3,928	301,700,000	76,808	13%
October 1, 2007	3,844	261,000,000	67,898	2%
October 1, 2006	3,747	250,600,000	66,880	2%
October 1, 2005	3,741	245,400,000	65,597	18%
October 1, 2004	3,726	$206,900,000	$55,529	0%

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

Valuation Date	Number	Annual Payroll	Annual Average Pay	% increase in Average Pay
October 1, 2010	1,793	$127,017,000	$70,840	0%
October 1, 2009	1,774	125,400,000	70,688	2%
October 1, 2008	1,733	120,000,000	69,244	7%
October 1, 2007	1,706	110,300,000	64,654	-3%
October 1, 2006	1,509	100,400,000	66,534	5%
October 1, 2005	1,481	93,900,900	63,404	14%
October 1, 2004	1,460	$81,100,000	$55,548	2%

Fiscal Year Ended	Plan	New Members Added Number	New Members Added Annual Allowances	Members Removed Number	Members Removed Annual Allowances	Changes due to Plan Amendments	Rolls at End of Year Number	Rolls at End of Year Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowances
9/30/2010	Teachers	203	$4,225	32	$337	$1,489	2,941	$37,254	16.76%	$12,667
	Fire/Police	127	3,511	24	208	3,003	1,552	28,717	27.04%	18,503
9/30/2009	Teachers	406	7,361	27	281	(70)	2,770	31,907	28.16%	11,519
	Fire/Police	193	2,639	108	2,727	(563)	1,449	22,605	-2.80%	15,601
9/30/2008	Teachers	63	939	36	193	429	2,391	24,897	4.95%	10,413
	Fire/Police	78	5,349	28	133	(1,229)	1,364	23,257	20.69%	17,050
9/30/2007	Teachers	230	3,564	41	241	2,879	2,364	23,721	35.40%	10,034
	Fire/Police	153	3,180	45	171	2,476	1,314	19,270	39.78%	14,665
9/30/2006	Teachers	199	2,935	39	262	582	2,175	17,520	22.82%	8,055
	Fire/Police	166	2,892	15	68	550	1,207	13,786	32.40%	11,422
9/30/2005	Teachers	274	3,714	22	109	412	2,015	14,264	39.20%	7,079
	Fire/Police	97	1,814	23	87	413	1,056	10,412	25.89%	9,860
9/30/2004	Teachers	383	3,433	96	226	43	1,763	10,247	46.44%	5,812
	Fire/Police	173	$1,864	485	$778	$354	982	$8,271	21.07%	$8,423

District of Columbia Teacher's Retirement Fund
(in thousands of dollars)

Valuation Date	**October 1,2010**	**October 1,2009**
Total Number of Active Members	4,749	4,601
Total Annual Covered Payroll	$337,516	$336,600
Number of Retired Members and Survivors	2,941	2,770
Annual Retirement Benefits	$37,254	$31,877
Assets:		
Actuarial Value	$1,570,968	$1,444 ,972
Market Value	$1,314,357	$1 ,204,393
Liabilities:		
Present Value of Future Benefits	$1,671,184	$1,567,548
Present Value of Future Employee Contributions	$214,146	$195,100
Present Value of Future District Contributions	$0	$0
Present Value of Future Salaries	$2,784,739	$2,534,903
Funding Ratios :		
Based on Actuarial Value	118.27%	110.77%
Based on Market Value	98.95%	92.33%
Contributions for Fiscal Year Ending:	**10/1/2012**	**10/1/2011**
Normal Contribution Rate	0.00%	0.00%
Estimated Fiscal Year End Covered Payroll	$405,020	$352,600
Fiscal Year District Payment before 1-907.02(c)	$0	$0
Shortfall/Overpayment	$0	$0
Fiscal Year District Payment	$0	$0
Additional Payment for Teachers Data Corrections	$2,983	$2,983
Total Payment for Fiscal Year	$2,983	$2,983

District of Columbia Police Officers and Firefighters' Retirement Fund
(in thousands of dollars)

Valuation Date	**October 1,2010**	**October 1,2009**
Number of Active Police Officers	3,915	4,014
Annual Covered Payroll	$296,837	$310,700
Number of Active Firefighters	1,793	1,774
Annual Covered Payroll	$127,017	$125,400
Total Number of Active Members	5,708	5,788
Total Annual Covered Payroll	$423,854	$436,100
Number of Retired Members and Survivors	1,552	1,449
Annual Retirement Benefits	$28,718	$22,411
Assets:		
Actuarial Value	$3,418,796	$3,032,094
Market Value	$2,920,790	$2,524,995
Liabilities:		
Present Value of Future Benefits	$5,137,409	$4,963,814
Present Value of Future Employee Contributions	$366,691	$388,100
Present Value of Future District Contributions	$1,352,151	$1,543,820
Present Value of Future Salaries	$4,873,161	$5,267,241
Funding Ratios :		
Based on Actuarial Value	107.96%	100.66%
Based on Market Value	92.23%	83.39%
Contributions for Fiscal Year Ending:	**10/1/2012**	**10/1/2011**
Normal Contribution Rate	27.53%	28.96%
Estimated Fiscal Year End Covered Payroll	$465,077	$456,800
Fiscal Year District Payment before 1-907.02(c)	$128,039	$131,600
Shortfall/Overpayment	($11,375)	($4,400)
Fiscal Year District Payment	$116,664	$127,200

Accrued Liabilities Under Entry Age Normal Method

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

Present Value of Future District Benefits
As of October 1, 2010
(in thousands of dollars)

	Teachers	Police	Fire	Total
Active Present Value of Future Benefits	$1,048,930	$3,089,137	$1,464,933	$5,603,000
Inactive Present Value of Future Benefits				
Service Retirees	$534,549	$261,815	$110,320	$906,684
Disabled Retirees	38,293	147,642	26,023	211,958
Beneficiaries	5,617	17,297	6,977	29,891
Terminations	43,795	9,232	4,033	57,060
Total Inactives	$622,254	$435,986	$147,353	$1,205,593
Total Present Value of Future Benefits	$1,671,184	$3,525,123	$1,612,286	$6,808,593

Accrued Liabilities for District Benefits
As of October 1, 2010
(in thousands of dollars)

	Teachers	Police	Fire	Total
Actuarial Accrued Liability (AAL)	$1,328,299	$2,270,630	$896,200	$4,495,128
Actuarial Value of Assets (AVA)	$1,570,968	$2,457,752	$961,044	$4,989,764
Market Value of Assets (MVA)	$1,314,357	$2,102,969	$817,821	$4,235,147
AVA Funding Ratio (AVA/AAL)	118.27%	108.24%	107.24%	111.00%
MVA Funding Ratio (MVA/AAL)	98.95%	92.62%	91.25%	94.22%

Solvency Test
(in thousands of dollars)

	Aggregate Accrued Liabilities For*				Portion of Accrued Liabilities Covered by Reported Asset		
Valuation Date	(1) Active Member Contributions	(2) Retirees, Survivors and Inactive Members	(3) Active Members (Employer Financed Portion)	Reported Assets	(1)	(2)	(3)
District of Columbia Teachers' Retirement Plan							
10/1/2006	$273,887	$624,110	$2,667,041	$3,621,500	100.0%	100.0%	100.0%
10/1/2007	303,059	805,475	2,790,093	4,405,200	100.0%	100.0%	100.0%
10/1/2008	332,834	851,489	3,092,491	3,734,700	100.0%	100.0%	82.5%
10/1/2009	335,481	995,361	3,001,587	3,743,000	100.0%	100.0%	80.4%
10/1/2010	136,055	622,253	569,991	1,314,357	100.0%	100.0%	97.6%
District of Columbia Police Officers and Firefighters' Retirement Plan							
10/1/2006	$273,887	$624,110	$2,667,041	$3,621,500	100.0%	100.0%	100.0%
10/1/2007	303,059	805,475	2,790,093	4,405,200	100.0%	100.0%	100.0%
10/1/2008	332,834	851,489	3,092,491	3,734,700	100.0%	100.0%	82.5%
10/1/2009	335,481	995,361	3,001,587	3,743,000	100.0%	100.0%	80.4%
10/1/2010	211,961	583,338	2,371,531	2,920,790	100.0%	100.0%	89.6%

*Prior to 10/1/2010, the results are shown in aggregate and were reported by the prior actuary.

Statistical Section

The *Statistical Section* incorporates information from DCRB's internal sources, the Independent Auditors Report, and the Actuarial Valuation, for the last ten years ended September 30, 2010. The historical and statistical data presented is considered useful in evaluating how the condition of the plans have changed over time.

Financial Trend Data presents

Changes of Net Assets
Schedule of Investment Expenses
Schedule of Administrative Expenses

Revenue Capacity

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

Demographic Information

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

District of Columbia Teachers' Retirement Fund (in thousands of dollars)	2001	2002	2003
Additions			
Contributions:			
District Government	$200	$-	$-
District employees	24,047	25,374	26,047
Total Contributions	24,247	25,374	26,047
Total net investment income/(loss)	(104,536)	(65,976)	121,326
Other income	-	-	-
Total Additions	(80,289)	(40,602)	147,373
Deductions			
Benefit payments	2,600	3,800	5,100
Refunds*	N.A.	N.A.	N.A.
Administrative expenses	822	989	978
Total Deductions	3,422	4,789	6,078
Changes in Net Assets	(83,711)	(45,391)	141,295
Net assets held in trust for pension benefits, beginning of year	862,465	778,754	733,363
Net assets hend in trust for pension benefits, end of year	$778,754	$733,363	$874,658

*Refunds were included in Benefit Payments prior to 2009.

2004	2005	2006	2007	2008	2009	2010
$-	$9,200	$15,500	$14,600	$6,000	$-	$-
26,283	24,778	25,807	26,793	25,919	24,907	29,940
26,283	33,978	41,307	41,393	31,919	24,907	29,940
102,890	137,333	120,114	217,731	(259,309)	(37,875)	125,756
-	-	-	740	990	793	695
129,173	171,311	161,421	259,864	(226,400)	(12,175)	156,391
8,600	20,869	23,793	25,801	30,692	33,532	37,611
N.A.	N.A.	N.A.	N.A.	N.A.	5,316	3,374
942	2,210	1,010	2,901	2,919	2,340	2,327
9,542	23,079	24,803	28,702	33,611	41,188	43,312
119,631	148,232	136,618	231,162	(260,011)	(53,363)	113,079
874,658	994,289	1,142,521	1,286,603	1,517,765	1,257,754	1,204,391
$994,289	$1,142,521	$1,279,139	$1,517,765	$1,257,754	$1,204,391	$1,317,470

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

*Refunds were included in Benefit Payments prior to 2009.

2004	2005	2006	2007	2008	2009	2010
$96,700	$112,100	$117,500	$140,100	$137,000	$106,000	$132,300
20,847	23,804	25,142	27,489	31,718	29,900	31,607
117,547	135,904	142,642	167,589	168,718	135,900	163,907
165,374	235,515	212,089	400,433	(516,438)	(58,228)	270,277
-	-	-	1,383	1,952	1,680	1,555
282,921	371,419	354,731	569,406	(345,768)	79,352	435,739
7,903	13,564	15,795	20,587	25,364	24,569	27,872
N.A	N.A.	N.A	N.A	N.A	1,611	1,974
1,537	3,789	1,817	5,421	5,750	4,904	5,145
9,440	17,353	17,612	26,008	31,114	31,084	34,991
273,481	354,066	337,119	543,397	(376,882)	48,268	400,748
1,345,545	1,619,026	1,973,092	2,310,211	2,853,608	2,476,726	2,524,994
$1,619,026	$1,973,092	$2,310,211	2,853,608	$2,476,726	$2,524,994	$2,925,742

Schedule of Investment Expenses

	2001	2002	2003	2004
Investment Managers*	$4,260,893	$4,526,156	$4,526,156	$6,017,494
Investment Administrative Expenses	N.A.	N.A.	N.A.	N.A.
Investment Consultants	388,000	414,833	414,833	338,750
Investment Custodian	503,908	465,160	465,160	540,307
Total Investment Expenses	**$5,152,801**	**$5,406,149**	**$5,406,149**	**$6,896,551**

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

** Investment Administrative Expenses not included prior to 2007

	2005	2006	2007	2008	2009	2010
	$7,950,600	$10,010,063	$11,585,638	$14,299,838	$10,675,572	$11,979,562
	N.A.	N.A.	N.A.	650,278	735,424	789,928
	338,333	347,917	380,516	494,500	531,241	454,896
	726,099	822,081	957,515	485,384	319,107	254,227
	$9,015,032	**$11,180,061**	**$12,923,669**	**$15,930,000**	**$12,261,344**	**$13,478,613**

Schedule of Administrative Expenses

	2001	2002	2003	2004
Personnel services				
Salaries	$873,249	$1,045,971	$1,045,971	$1,138,702
Fringe Benefits	107,568	147,123	147,123	160,101
Total Personnel Services	980,818	1,193,094	1,193,094	1,298,803
Non-Personnel Services				
Professional services				
Legal Counsel	45,693	22,864	22,864	33,473
Auditing Services	45,825	46,182	46,182	46,182
Actuarial Services	30,375	25,225	25,225	51,661
Investment Advisors and Consultants	4,764,801	5,381,333	5,381,333	6,896,551
Consultants and Contracts	470,882	71,447	71,447	33,540
Office Supplies	73,585	97,326	97,326	95,279
Telephone	976	6,239	6,239	6,659
Rent	211,504	215,599	215,599	224,863
Office Support	332	38,336	38,336	37,494
Travel	55,161	75,791	75,791	87,641
Printing	17,065	16,859	16,859	13,977
Insurance	1,547	153,627	153,627	161,377
Postage	13,156	25,075	25,075	23,860
Dues and Membership	8,594	11,010	11,010	10,545
Depreciation	-	-	-	-
Furniture and Equipment	27,339	66,268	66,268	15,404
Total Non-Personnel Services	5,766,833	6,253,180	706,130	677,098
Total Administrative Expenses	$6,747,651	$7,446,274	$1,899,224	$1,975,901

2005	2006	2007	2008	2009	2010
$1,348,189	$2,386,718	$2,314,202	$2,757,520	$2,888,707	$3,262,848
206,533	380,237	417,026	504,836	716,247	907,006
1,554,722	2,766,955	2,731,228	3,262,356	3,604,954	4,169,854
242,182	208,123	199,219	341,083	246,282	36,902
48,532	51,620	54,371	98,053	66,000	66,000
46,799	46,149	78,084	100,197	92,796	107,573
9,015,032	11,180,061	12,923,669	12,392,908	11,138,012	12,233,789
432,864	1,421,340	3,103,663	2,763,644	2,371,368	2,329,026
143,955	101,676	117,832	130,619	119,979	119,814
15,569	33,771	20,603	32,673	16,791	12,696
183,249	1,012,781	1,196,975	1,282,134	1,378,513	1,418,772
9,584	214,813	184,963	101,728	60,080	113,747
111,396	87,815	96,054	89,320	66,767	45,397
33,297	56,167	40,579	56,551	19,110	34,867
114,746	117,213	57,259	119,921	110,853	130,761
33,926	46,516	36,163	54,721	73,262	9,880
12,280	13,270	15,228	17,007	59,861	51,136
-	-	-	-	18,278	6,328
790,062	200,286	72,501	99,779	62,990	65,075
11,233,473	14,791,601	18,197,162	17,680,338	15,900,942	16,781,763
$12,788,195	$17,558,556	$20,928,390	$20,942,694	$19,505,896	$20,951,617

District of Columbia Teachers' Retirement Fund
(in thousands of dollars)

Fiscal Year	Employee Contribution	Employer Contribution	Securities Lending Income, Interest, & Dividends	Net Appreciation (Depreciation) in Fair Value of Investments	Securities Lending, Investment, and Administrative Expenses	Total
2010	$29,940	$0	$57,523	$72,809	($6,208)	$154,064
2009	24,907	-	31,663	(64,382)	(6,703)	(14,515)
2008	25,919	6,000	44,433	(294,079)	(11,594)	(229,321)
2007	26,793	14,600	47,745	183,224	(15,399)	256,963
2006	25,807	15,500	44,505	86,084	(11,485)	160,411
2005	24,778	9,200	37,254	106,378	(8,509)	169,101
2004	26,283	-	25,580	80,836	(4,468)	128,231
2003	26,047	-	22,074	101,914	(3,640)	146,395
2002	25,374	-	24,242	(86,692)	(4,515)	(41,591)
2001	$24,047	$200	$31,112	($129,875)	($6,595)	$(81,111)

District of Columbia Police Officers and Firefighters Retirement Fund
(in thousands of dollars)

Fiscal Year	Employee Contribution	Employer Contribution	Securities Lending Income, Interest, & Dividends	Net Appreciation (Depreciation) in Fair Value of Investments	Securities Lending, Investment, and Administrative Expenses	Total
2010	$31,607	$132,300	$123,858	$156,515	$(13,686)	430,594
2009	29,900	106,000	64,842	(112,327)	(13,967)	74,448
2008	31,718	137,000	90,333	(585,796)	(50,137)	(376,882)
2007	27,489	140,100	89,841	335,005	(49,038)	543,397
2006	25,142	117,500	83,495	148,175	(37,193)	337,119
2005	23,804	112,100	63,686	182,608	(28,132)	354,066
2004	20,847	96,700	41,696	129,427	(15,189)	273,481
2003	19,867	68,900	33,247	151,584	(11,633)	261,965
2002	19,390	74,600	35,226	(129,669)	(9,788)	(10,241)
2001	$16,832	$49,000	$44,214	$(182,944)	$(12,292)	$(85,190)

District of Columbia Teachers Retirement Fund
(in thousands of dollars)

Fiscal Year	Benefits*	Refunds Separation	Refunds Death	Total
2010	$37,611	$3,175	$199	$40,985
2009	33,532	4,901	415	38,848
2008	25,238	5,077	376	30,691
2007	21,733	3,907	161	25,801
2006	15,900	7,608	285	23,793
2005	12,400	8,440	29	20,869
2004	8,600	-	-	8,600
2003	5,100	-	-	5,100
2002	3,800	-	-	3,800
2001	$2,600	$ -	$ -	$2,600

District of Columbia Police Officers and Firefighters' Retirement Fund
(in thousands of dollars)

Fiscal Year	Benefits*	Refunds Separation	Refunds Death	Total
2010	$27,872	$1,974	$-	$29,846
2009	24,569	1,611	-	26,180
2008	25,364	1,610	8	26,982
2007	20,587	1,695	125	22,407
2006	15,795	2,741	54	18,590
2005	13,564	3,979	1	17,544
2004	7,903	-	-	7,903
2003	6,091	-	-	6,091
2002	3,222	-	-	3,222
2001	$2,838	$ -	$ -	2,838

*Benefit payment detail not available at the time of this report.

(in millions of dollars)

	Annual Salaries of Active Members			Annual Retirement Benefits for Retirees & Beneficiaries		
Fiscal Year	**Teachers**	**Police Officers and Fire Fighters**	**Total**	**Teachers**	**Police Officers and Fire Fighters**	**Total**
2010	$338	$424	$762	$37	$28	$65
2009	337	436	773	32	22	54
2008	359	422	781	25	22	47
2007	349	371	720	24	19	43
2006	322	351	673	16	13	29
2005	326	339	665	14	10	24
2004	339	288	627	11	8	19
2003	339	275	614	7	7	14
2002	241	253	494	5	3	8
2001	$334	$231	$565	$3	$2	$5

(in millions of dollars)

	Teachers' Retirement Fund		Police Officers' and Firefighters' Retirement Fund		Total Fund	
Year Ending	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
September 30, 2010	$-	100%	$132	100%	$132	100%
September 30, 2009	-	100%	106	100%	106	100%
September 30, 2008	6	100%	137	100%	143	100%
September 30, 2007	15	100%	140	100%	155	100%
September 30, 2006	17	100%	118	100%	135	100%
September 30, 2005	9	100%	112	100%	121	100%
September 30, 2004	3	100%	97	100%	00	100%
September 30, 2003	-	100%	69	100%	69	100%
September 30, 2002	1	100%	61	100%	62	100%
September 30, 2001	$ 7	100%	47	100%	$54	100%

Schedule of Average Benefit By Type

District of Columbia Teachers' Retirement Plan*

Fiscal Year	Number of Retirees	Average Benefit Amount	Number of Beneficiaries	Average Benefit Amount	Number of Disabled	Average Benefit Amount	Total Number	Total Average Benefit Amount
2010	2,737	$12,533	90	$4,749	114	$22,140	2,941	$12,667
2009	2,581	11,640	84	4,542	105	13,838	2,770	11,508
2008	2,216	10,489	76	4,299	99	12,383	2,391	10,371
2007	2,192	9,989	82	4,003	90	11,314	2,364	9,832
2006	2,017	7,493	71	4,442	87	7,219	2,175	7,382
2005	1,867	6,548	67	3,499	81	6,233	2,015	6,434
2004	1,639	5,273	58	2,825	66	21,841	1,763	5,813
2003	1,287	4,244	127	1,751	62	21,176	1,476	4,741
2002	1,010	3,235	-	-	52	22,322	1,062	4,170
2001	785	$2,382	-	$ -	44	$2,228	829	$2,374

District of Columbia Police Officers and Firefighters' Retirement Plan*

Fiscal Year	Number of Retirees	Average Benefit Amount	Number of Beneficiaries	Average Benefit Amount	Number of Disabled	Average Benefit Amount	Total Number	Total Average Benefit Amount
2010	1,039	$18,170	209	$8,031	304	$26,841	1,552	$18,503
2009	957	16,573	196	7,104	296	16,916	1,449	15,362
2008	887	15,383	182	6,797	295	17,408	1,364	14,676
2007	808	13,296	217	4,960	289	16,575	1,314	12,641
2006	715	9,074	229	4,122	263	16,125	1,207	9,671
2005	678	7,818	176	3,800	202	14,001	1,056	8,331
2004	623	6,428	181	3,529	178	20,380	982	8,423
2003	548	5,176	592	1,735	154	19,273	1,294	5,280
2002	520	2,876	-	-	158	10,928	678	4,753
2001	452	$2,307	-	$ -	133	$9,475	585	$3,937

*Information regarding average years of credited service and average monthly benefit amounts were not available at the time of this report.

Fiscal Year	Active Teachers	Active Police Officers and Firefighters	Active Subtotal	Retired Members, Beneficiaries, Disabled Teachers	Retired Members, Beneficiaries, Disabled Police Officers and Firefighters	Retired Members, Beneficiaries, Disabled Subtotal	Total
2010	4,749	5,708	10,457	2,941	1,552	4,493	14,950
2009	4,601	5,788	10,389	2,770	1,449	4,219	14,608
2008	4,821	5,661	10,482	2,391	1,364	3,755	14,237
2007	5,027	5,550	10,577	2,364	1,314	3,678	14,255
2006	5,088	5,256	10,344	2,175	1,207	3,382	13,726
2005	5,707	5,222	10,929	2,015	1,056	3,071	14,000
2004	5,564	5,186	10,750	1,763	982	2,745	13,495
2003	6,145	4,971	11,116	1,476	1,294	2,770	13,886
2002	6,558	4,816	11,374	1,062	678	1,740	13,114
2001	6,703	4,920	11,623	829	585	1,414	13,037

District of Columbia Teachers' Retirement Plan

Amount of Monthy Benefit	Number of Benefits Recipients	Type of Retirement						
		A	B	C	D	E	F	G
$1-250	27	15	0	0	0	9	1	2
251-500	71	47	0	0	2	15	6	1
501-750	104	56	2	0	4	26	15	1
751-1,000	38	0	0	0	17	12	7	2
1,001-1,250	98	41	0	0	7	24	24	2
1,251-1,500	162	55	2	0	25	38	39	3
1,501-1,750	130	55	1	0	32	34	7	1
1,751-2,000	180	80	1	0	63	30	6	0
2,001-3,000	1,194	862	27	1	246	50	8	0
3,001-4,000	2,349	2,220	27	1	81	18	2	0
4,001-5,000	1,208	1,175	17	0	14	2	0	0
5,001-6,000	347	335	8	0	3	1	0	0
6,001-7,000	75	70	3	0	0	2	0	0
7,001-8,000	32	31	1	0	0	0	0	0
8,001-9,000	8	7	0	0	0	1	0	0
9,001-10,000	9	8	1	0	0	0	0	0
over $10,000	7	7	0	0	0	0	0	0
Total	**6,039**	**5,064**	**90**	**2**	**494**	**262**	**115**	**12**

Type of Retirement:

A - Retired From Affiliate or Resignation
B - Termination - Early Involuntary
C - Partial Total Disabilty
D - Disabled not in the Line of Duty
E - Survivor of Retired Teacher
F - Survivor of Active Teacher
G - Ex-Spouse (QDRO)

		Option Selected			
Amount of Monthy Benefit	**Number of Benefits Recipients**	**1**	**2**	**3**	**4**
$1-250	16	16	0	0	0
251-500	56	49	7	0	0
501-750	77	67	10	0	0
751-1,000	71	51	17	3	0
1,001-1,250	48	36	11	1	0
1,251-1,500	81	56	23	1	1
1,501-1,750	88	74	11	2	1
1,751-2,000	135	119	16	0	0
2,001-3,000	1,074	865	204	5	0
3,001-4,000	2,284	1,753	524	5	2
4,001-5,000	1,191	948	238	5	0
5,001-6,000	340	268	72	0	0
6,001-7,000	75	63	12	0	0
7,001-8,000	32	29	3	0	0
8,001-9,000	7	5	2	0	0
9,001-10,000	9	8	1	0	0
over $10,000	7	5	2	0	0
Total	**5,591**	**4,412**	**1,153**	**22**	**4**

Option Selected:

1 - Unreduced Annuity

2 - Reduced Annuity with Survivor Option

3 - Reduced Annuity with Life Insurance Benefit

4 - Reduced Annuity with Insurable Interest

District of Columbia Police Officers and Firefighters' Retirement Plan

Amount of Monthy Benefit	Number of Benefits Recipients	Type of Retirement A	B	C	D	E	F	G
$1-250	12	0	0	0	0	8	0	4
251-500	98	2	0	0	0	85	3	8
501-750	32	4	0	1	0	5	0	22
751-1,000	34	1	0	1	0	8	0	24
1,001-1,250	46	2	0	1	1	6	0	36
1,251-1,500	45	4	0	5	8	1	0	27
1,501-1,750	117	5	0	26	11	46	0	29
1,751-2,000	298	21	0	31	61	158	1	26
2,001-3,000	1,833	410	0	163	90	1,139	0	31
3,001-4,000	2,158	1,371	0	649	10	121	3	4
4,001-5,000	1,391	1,034	0	285	38	29	4	1
5,001-6,000	699	596	0	84	10	8	1	0
6,001-7,000	368	334	0	27	4	2	1	0
7,001-8,000	168	160	0	6	1	1	0	0
8,001-9,000	77	72	0	4	1	0	0	0
9,001-10,000	49	47	0	1	0	1	0	0
over $10,000	84	74	0	3	1	6	0	0
Total	**7,509**	**4,137**	**0**	**1,287**	**236**	**1,624**	**13**	**212**

<u>Type of Retirement:</u>

A - Retired From Affiliate or Resignation
B - Termination - Early Involuntary
C - Partial Total Disabilty
D - Disabled not in the Line of Duty
E - Survivor of a Retired Police Officer or Firefighter
F- Sruvivor of a Active Police Officer or Firefighter
G - Ex-Spouse (QDRO)

		Option Selected			
Amount of Monthy Benefit	**Number of Benefits Recipients**	**1**	**2**	**3**	**4**
$1-250	0	0	0	0	0
251-500	2	2	0	0	0
501-750	5	5	0	0	0
751-1,000	2	2	0	0	0
1,001-1,250	4	3	0	1	0
1,251-1,500	16	6	0	10	0
1,501-1,750	40	14	0	26	0
1,751-2,000	108	76	1	30	1
2,001-3,000	652	570	0	82	0
3,001-4,000	2,070	2,042	3	25	0
4,001-5,000	1,342	1,299	0	43	0
5,001-6,000	683	640	3	40	0
6,001-7,000	362	340	0	22	0
7,001-8,000	166	158	0	8	0
8,001-9,000	75	71	0	4	0
9,001-10,000	48	46	0	2	0
over $10,000	76	72	0	4	0
Total	**5,651**	**5,346**	**7**	**297**	**1**

Option Selected:

1 - Police Officer or Firefighter without 10% reduction

2 - Police Officer or Firefighter 10% reduction

3 - Police Officer or Firefighter hired after 02/15/80 without 10% reduction

4 - Police Officer or Firefighter hired after 02/15/80 10% reduction

Additional Disclosures

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

Description	Interest Rate	Maturity Date	Activity Units	Cost of Asset	Current Value	Gains/(Losses)
Interest Bearing Cash			2,673	$3,186,851,289	$3,186,851,289	$-
Total Interest Bearing Cash				3,186,851,289	3,186,851,289	-
U.S. Government Securities						
FNMA	5%	12/1/2099	28	263,624,104	266,905,477	3,281,373
FNMA	5%	12/1/2099	27	253,524,461	253,539,613	15,152
FNMA	5%	12/1/2099	34	492,488,968	490,835,265	(1,653,703)
FNMA	5%	12/1/2099	20	278,972,094	283,232,969	4,260,875
FNMA	6%	12/1/2099	21	794,496,500	794,796,307	299,807
FNMA	6%	12/1/2099	43	593,741,844	596,269,102	2,527,258
FNMA	6%	12/1/2099	27	682,798,023	684,237,701	1,439,678
FNMA	6%	12/1/2099	26	766,556,031	768,606,714	2,050,683
FNMA	6%	12/1/2099	32	568,633,141	566,497,958	(2,135,183)
FNMA	6%	12/1/2099	21	546,258,031	548,797,621	2,539,590
FNMA	6%	12/1/2099	27	446,412,484	446,137,800	(274,684)
FNMA	6%	12/1/2099	19	290,070,252	289,884,332	(185,920)
FNMA	6%	12/1/2099	16	224,385,360	224,429,094	43,734
FNMA	6%	12/1/2099	16	324,478,547	323,480,774	(997,773)
FNMA	6%	12/1/2099	19	331,141,562	331,867,539	725,977
FNMA	6%	12/1/2099	22	456,030,390	456,035,507	5,117
FNMA	6%	12/1/2099	10	312,948,750	312,955,557	6,807
GNMA	6%	12/1/2099	12	267,351,406	267,571,797	220,391
GNMA	6%	12/1/2099	6	258,970,000	258,878,125	(91,875)
GNMA	6%	12/1/2099	8	260,178,750	259,776,445	(402,305)
GNMA	6%	12/1/2099	26	520,514,453	520,286,758	(227,695)
GNMA	6%	12/1/2099	7	315,170,000	314,561,250	(608,750)
US Treasury NTS	5%	8/15/2017	40	416,000,151	415,227,678	(772,473)
US Treasury N/B	3%	3/31/2013	16	467,027,831	467,950,071	922,240
Total U.S. Government Securities			523	10,131,773,133	10,142,761,454	10,988,321
Corporate Debt Instruments - All other						
Interest Rate Swap	5%	9/17/2010	2	227,136,434	229,116,001	1,979,567
Interest Rate Swap	1%	9/17/2010	2	231,310,448	229,863,939	(1,446,509)
Interest Rate Swap	5%	3/14/2010	3	209,408,360	209,459,066	50,706
Interest Rate Swap	1%	3/14/2010	3	208,443,522	208,925,942	482,420
Total Corporate Debt Instruments- All Other			10	876,298,764	877,364,948	1,066,184
Corporate Stock - Common						
Bridgewater Pure Alpha Fund I			2	$200,000,000	$206,757,267	$6,757,267
Total Corporate Stock - Common				200,000,000	206,757,267	6,757,267
Other						
Interest Rate Swap				295,800,000	298,170,058	2,370,058
Interest Rate Swap				296,169,850	298,776,156	2,606,306
Total Other				591,969,850	596,946,214	4,976,364
Registered Investment Company						
Pimco FDS PAC Investment Management			7	227,615,460	229,170,237	1,554,777
Total Registered Investment Company				227,615,460	229,170,237	1,554,777
Total Reportable Transactions				$15,214,508,496	$15,239,851,409	$25,342,913
Total Non-Reportable Transactions				$22,239,143,161	$22,389,468,308	$150,325,147

State Street Corporation

Consolidated Statement of Condition

(in millions of dollars, except for share amounts)

	December 31, 2010	September 30, 2010	December 31, 2009
Assets			
Cash and due from banks	**$3,615**	$4,583	$2,641
Interest-bearing deposits with banks	**22,234**	24,560	26,632
Securities purchased under resale agreements	**2,928**	3,941	2,387
Trading account assets	**479**	1,485	148
Investment securities available for sale	**81,881**	80,719	72,699
Investment securities held to maturity	**12,249**	17,577	20,877
Loans and leases (net of allowance of $100, $101 and $79)	**11,857**	13,665	10,729
Premises and equipment	**1,843**	1,835	1,953
Accrued income receivable	**1,733**	1,767	1,497
Goodwill	**5,597**	5,521	4,550
Other intangible assets	**2,593**	2,812	1,810
Other assets	**13,800**	14,499	12,023
Total assets	**$160,809**	$172,964	$157,946
Liabilities			
Deposits:			
Noninterest-bearing	**$17,464**	$17,313	$11,969
Interest-bearing -- U.S.	**6,957**	9,823	5,956
Interest-bearing -- Non-U.S.	**74,228**	77,898	72,137
Total deposits	**98,649**	105,034	90,062
Securities sold under repurchase agreements	**7,599**	8,671	10,542
Federal funds purchased	**7,748**	5,308	4,532
Other short-term borrowings	**8,694**	13,657	20,200
Accrued expenses and other liabilities	**11,779**	14,152	9,281
Long-term debt	**8,553**	8,573	8,838
Total liabilities	**143,022**	155,395	143,455
Shareholders' Equity			
Preferred stock, no par: authorized 3,500,000; none issued			
Common stock, $1 par: authorized 750,000,000 shares;			
502,064,454, 502,029,493 and 495,365,571, shares issued	**502**	502	495
Surplus	**9,356**	9,310	9,180
Retained earnings	**8,634**	8,556	7,071
Accumulated other comprehensive loss	**(689)**	(782)	(2,238)
Treasury stock (at cost 420,016, 437,953 and 431,832 shares)	**(16)**	(17)	(17)
Total shareholders' equity	**17,787**	17,569	14,491
Total liabilities and shareholders' equity	**$160,809**	$172,964	$157,946

Administrative Contractual Vendors	FY 2010 Expenditures		FY 2010 Expenditures
IBEW Headquarters Building, LLC.	$1,433,800	American Arbitration Association	$20,000
MTG Management Consultants, LLC.	645,598	Projility, Inc.	20,000
NGEN, LLC.	128,614	Buch Construction, Inc.	17,917
AON Risk Services, Inc.	122,743	Evestment Alliance, LLC.	16,500
Newlin, LLC.	115,588	KOFAX, Inc.	15,912
Robert Half International, Inc.	142,443	District of Columbia Agencies - OCTO	14,535
Ed Friend, Inc.	74,793	Graves, Horton, Askew & Johns	14,003
Clifton Gunderson, LLP.	66,000	DLT Solutions, Inc.	5,894
HCL America, Inc.	49,034	Nu-Pulse Technologies	12,097
Wilshire Associates, Inc.	36,000	AON Consulting	8,000
Morgan, Lewis & Bockius, LLP.	33,534	Avitecture, Inc.	7,995
Cavanaugh Macdonald Cunsulting	32,780	HBP, Inc.	7,648
EFUSION Consulting, LLC	28,000	The Hartford Insurance	7,544
Oldaker, Belair & Wittie, LLP.	27,810	EDAC Systems, Inc.	11,744
Groom Law Group	22,900	Cooperative Personnel Service	6,035
Dell Computer Corporation	$22,726	Bloomberg Finance, LP.	$5,750

Administrative Non-Contractual Vendors			
Washington Metro Transit Authority	$39,633	Americom Telehpone Systems, Inc.	$10,482
Staples, Inc.	28,355	BCE Corporation of Rockville	7,040
InterPark	23,300	BALMER, Inc.	6,784
Sharp Electronics Corporation	18,515	Iron Mountain	6,525
Verizon Federal, Inc.	13,433	Pitney Bowes Global Financial	5,400
Kastle Systems	13,274	Deli Group T/A Washington Deli	$5,197
Joe Ragans	$12,441		

Traditional Investment Managers			
PIMCO	$1,376,317	Mazam Capital Management	$602,268
Goldman Sachs Asset Management	1,170,569	McKinley Capital Management, Inc.	397,446
LSV Aset Management	919,952	LSV Emerging Markets Equity Fund	493,479
Gryphon International Investment	1,034,534	BlackRock Securities	729,075
Sound Shore LG CAP Value	813,276	PIMCO Liquidating Fund	65,332
EACM Advisors, LLC.	731,987	Western Assets Index Plus	28,652
Thompson Siegel & Walmsley	1,209,161	Alliance Index Fund	$87,532
Sands Capital Management, Inc.	$657,338		

Other Investment Advisers			
Watson Wyatt Investment Consulting	$216,563	Meketa Investment Group	$73,333
The Townsend Group	$140,000	Plexus Group, Inc.	$25,000

Trustees			
Deborah Hensley	$9,989	Edward Smith	$8,947
Barbara Davis-Blum	9,989	Thomas N. Tippett	8,273
Joseph W. Clark	9,989	George Suter	6,925
Darrick Ross	9,928	Diana Bulger	5,944
Lyle Blanchard	9,438	Joseph M. Bress	$5,577
Judith Marcus	$9,254		

Additional Disclosures

Names and Addresses of the Board of Trustees

Judith Marcus:

Date	Service Provider	Activity	Purpose of Activity
12/9/2009	Mid-Atlantic Plan Sponsors (MAPS)	Lunch	Updates on investment outlook
04/21-22/10	Various	Public Funds Roundtable sponsored by Institutional Investor Institute	Continuing education
06/10-11/10	Various	Mid-Atlantic Plan Sponsors (MAPS) conference	Continuing education

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