

Employee Retirement Systems Overview

Fairfax County employee retirement systems include the Uniformed Retirement System (Fund 600), the Fairfax County Employees' Retirement System (Fund 601), and the Police Officers Retirement System (Fund 602). Each of these systems is funded from employees' contributions based on a fixed percentage of pay, County contributions based on a variable percentage of employee pay as determined by actuarial analysis, and return on investments. In order to assure the continued soundness of each fund, an actuarial valuation is conducted annually and, if appropriate, an adjustment is made to the employer's contribution rate.

For the Uniformed Retirement Trust Fund, the employer's contribution comes from two sources: Agency 89, Employee Benefits, in the County's General Fund, for uniformed public safety employees in General Fund agencies and Fund 120, E-911, for the non-administrative staff in the Public Safety Communications Center (PSCC). For the Fairfax County Employees' Retirement Trust Fund, the employer's contribution comes from two sources: Agency 89, Employee Benefits, for County employees and Fairfax County Public Schools (FCPS) for school employees. For the Police Officers Retirement Trust Fund, the full amount of the employer's contribution comes from Agency 89, Employee Benefits, in the County's General Fund.

The employer's contribution rate for FY 2007 for each of the three funds are as follows:

Fund	FY 2006 Rates (%)	FY 2007 Advertised Rates (%)	Percentage Point Change (%)	Net General Fund Impact
Uniformed	24.92	26.01	1.09	\$1,435,928
Employees'	8.24	9.25	1.01	\$3,022,109
Police Officers	18.44	19.55	1.11	<u>\$1,019,300</u>
Total				\$5,477,337

Following the current effective actuarial funding policy, contribution rates are adjusted only to fund approved benefit enhancements, and to recognize funding adjustments required when the funding ratio falls below 90 percent or rises above 120 percent. In addition, a five-year experience study was performed in FY 2006 concurrent with the June 30, 2005 valuation to analyze economic and demographic assumptions. As a result of the study, several assumption changes were made which impacted the employer contribution rates:

- ◆ The employer contribution rate for the Uniformed system is required to increase by 1.09 percentage points due to changes in demographic assumptions based on the five-year experience study comparing actual experience to actuarial assumptions to ensure the plan is being valued appropriately.
- ◆ The employer contribution rate for the Employees' system is required to increase by 1.01 percentage points. Based on the June 30, 2005 valuation, the employer contribution rate decreased by 0.15 percentage points because the funding ratio increased, but still remained below the 90 percent threshold. However, this decrease was offset by an increase of 1.16 percentage points due to changes in demographic assumptions based on the five-year experience study comparing actual experience to actuarial assumptions to ensure the plan is being valued appropriately.
- ◆ The employer contribution rate for the Police Officers system is required to increase by 1.11 percentage points. An increase of 0.46 percentage points is based on a retiree cost of living increase benefit enhancement approved by the system's Board of Trustees effective July 1, 2005. An additional increase of 0.65 percentage points is due to changes in demographic assumptions based on the five-year experience study comparing actual experience to actuarial assumptions to ensure the plan is being valued appropriately.

It should be noted that the Police Officers and Uniformed systems retain funding ratios within the 90 to 120 percent corridor at 91.0 and 92.3 percent, respectively. The funding ratio for the Employees' system increased to 85.6 percent, but still remains below the corridor. For more information on the General Fund impact of these employer contribution rate changes, please refer to the Agency 89, Employee Benefits, narrative in the Nondepartmental program area section of Volume 1.

Employee Retirement Systems Overview

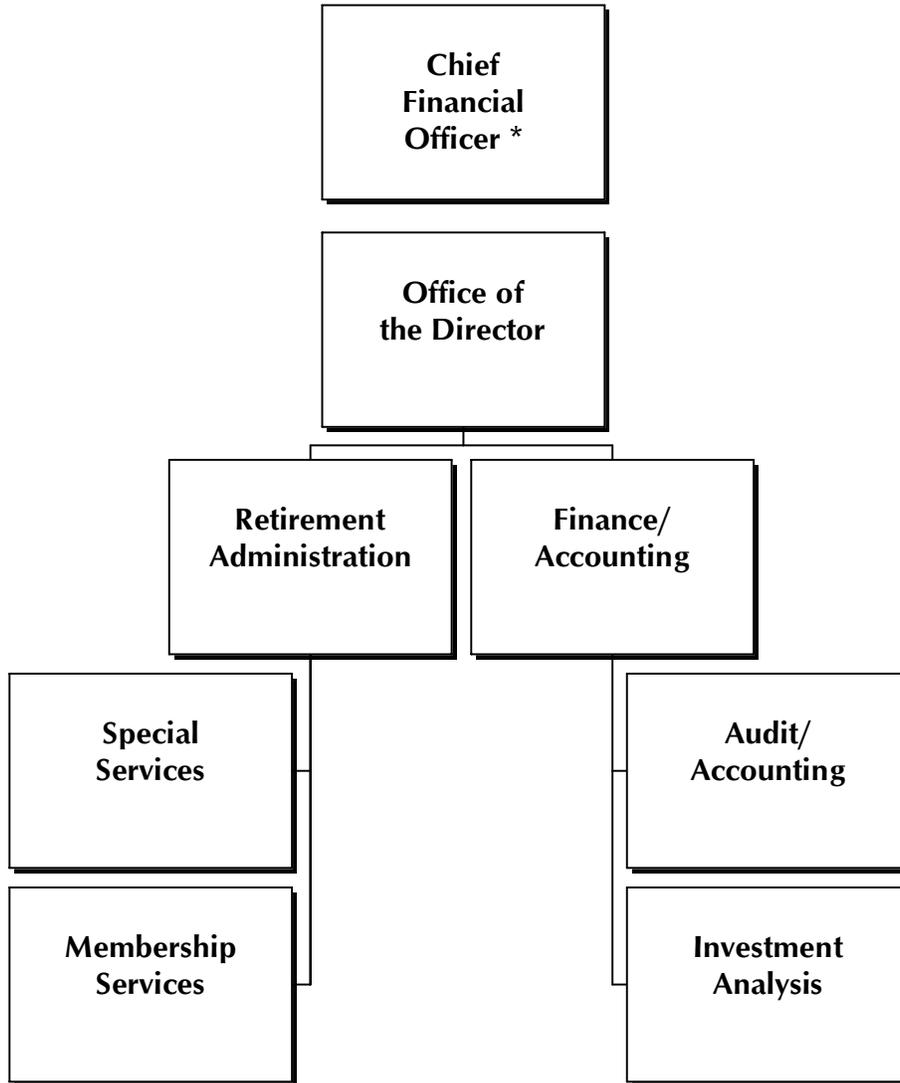
The following table displays relevant information about each retirement system:

EMPLOYEES COVERED					
Uniformed Retirement	Fairfax County Employees' Retirement			Police Officers Retirement	
Fire and Rescue Personnel; Uniformed Office of Sheriff employees; Game and Animal Wardens; Helicopter Pilots; Non-administrative staff in the Public Safety Communications Center.	County employees not covered under Uniformed or Police Officers System; certain FCPS employees including food service, custodial, bus drivers, part-time and substitute teachers, maintenance staff.			Fairfax County Police Officers.	
CONDITIONS OF COVERAGE					
Uniformed Retirement	Fairfax County Employees' Retirement			Police Officers Retirement	
At age 55 with 6 years of service or after 25 years of service.	At age 65 with 5 years of service or earlier when age and years of service combined equal 80 or, for reduced "early retirement" benefits, 75. Not before age 50.			At age 55 or after 20 years of police service if hired before 7/1/81; or 25 years of service if hired on or after 7/1/81.	
EMPLOYEE CONTRIBUTION					
	Uniformed Retirement		Fairfax County Employees' Retirement		Police Officers Retirement
	Plan A	Plan B	Plan A	Plan B	
Up to Wage Base	4.00%	7.08%	4.00%	5.33%	12.00% of Pay
Above Wage Base	5.33%	8.83%	5.33%	5.33%	
Plan C	4.00%				
Plan D	7.08%				
EMPLOYER CONTRIBUTION					
Rate Structure / FY 2007					
Uniformed Retirement	Fairfax County Employees' Retirement			Police Officers Retirement	
26.01% \$39,690,793	County 9.25% / \$41,016,851 Schools 9.25% / \$15,112,500			19.55% \$19,360,390	

Employee Retirement Systems Overview

INVESTMENT MANAGERS AS OF JUNE 30, 2005		
Uniformed Retirement	Fairfax County Employees' Retirement	Police Officers Retirement
<ul style="list-style-type: none"> ▪ Barclays Global Investors ▪ Brandywine Asset Management ▪ Cohen & Steers Capital Management ▪ Harbourvest Partners ▪ J.L Kaplan Associates ▪ JP Morgan Investment Management ▪ Lazard Asset Management ▪ Marathon Asset Management ▪ Pacific Investment Management Co. ▪ Pantheon Ventures ▪ Payden & Rygel Investment Counsel ▪ Peregrine Capital Management ▪ Standish Mellon Asset Management ▪ State Street Global Advisors ▪ Trust Company of the West ▪ UBS Realty Advisors ▪ Wasatch Advisors 	<ul style="list-style-type: none"> ▪ Barclays Global Investors ▪ Brandywine Asset Management ▪ Bridgewater Associates ▪ The Clifton Group ▪ Cohen & Steers Capital Management ▪ DePrince, Race & Zollo ▪ DSI International Management ▪ Enhanced Investment Technologies ▪ JP Morgan Investment Management ▪ Julius Baer Investment Management ▪ LSV Asset Management ▪ MacKay Shields ▪ Peregrine Capital Management ▪ Post Advisory Group ▪ Sands Capital Management ▪ Shenkman Capital Management ▪ Standish Mellon Asset Management ▪ Thompson Horstmann and Bryant ▪ Robert E. Torray & Co. ▪ Trust Company of the West ▪ Wanger Asset Management 	<ul style="list-style-type: none"> ▪ Capital Guardian Trust Co. ▪ Cohen & Steers Capital Management ▪ Dodge & Cox Investment Managers ▪ Janus Capital ▪ Oak Associates ▪ Pacific Investment Management Co. ▪ Peregrine Capital Management ▪ Standish Mellon Asset Management ▪ Systematic Financial Management ▪ Robert E. Torray & Co. ▪ Trust Company of the West ▪ Veredus Asset Management

Retirement Administration Agency



* The Chief Financial Officer has a liaison role for strategic direction and oversight of this agency; however, for budget purposes, that position and associated funding are reflected within the Department of Management and Budget.

Retirement Administration Agency

Mission

As an agent of the Boards of Trustees of the Employees', Police Officers, and Uniformed Retirement Systems, the mission of the Retirement Administration Agency is to administer the Systems according to the terms established by the County of Fairfax and to do so in a manner that:

- ◆ Safeguards and invests the assets of the Systems;
- ◆ Maximizes cost effectiveness of the retirement programs by optimizing long-term investment returns within an acceptable level of variation in required funding and by maintaining efficient administrative operations;
- ◆ Maximizes the value of retirement plans in retaining County personnel through communications, education and counseling programs and by providing quality service;
- ◆ Fulfills the obligations of the Systems to retirees by providing timely and accurate payments and by providing quality service; and
- ◆ Provides technical support and advice to County management and the Board of Supervisors regarding retirement benefits.

Focus

The Retirement Administration Agency contributes to the County's Corporate Stewardship through sound management of County resources and assets. To accomplish its specific mission, the Retirement Agency will focus on:

- ◆ Support for the Boards of Trustees;
- ◆ Services to active employees and retirees;
- ◆ Accurate accounting and control of plan assets;
- ◆ Accuracy of data;
- ◆ Cost efficiency of processes; and
- ◆ Investment return and risk control.

Under the direction of the Boards of Trustees for the Police Officers Retirement, Fairfax County Employees' Retirement, and Uniformed Retirement Systems, the Retirement Administration Agency processes benefit payments to eligible Fairfax County retirees and beneficiaries. The agency also processes payments for the retiree health benefit subsidy from Fund 500, Retiree Health Benefits, and provides counseling and comprehensive information pertaining to benefits to active and retired County employees.

THINKING STRATEGICALLY

Strategic issues for the Department include:

- Re-evaluating investment strategies in response to volatile capital markets and an uncertain economic environment;
- Monitoring the success of the corridor policy to make certain that plans are adequately funded for the long term; and
- Reviewing processes to identify opportunities to streamline operations and improve efficiency of services.

Retirement Administration Agency

The agency receives revenues from various sources, including employee and employer contributions to the various retirement systems, employee payback, and return on investments, to finance the three Employee Retirement Systems. Employee contributions are based on a fixed percentage of pay and employer contributions are based on a variable percentage of employee pay as determined by actuarial analysis. For the Uniformed Retirement System, employer contributions come from two sources: Agency 89, Employee Benefits, in the County's General Fund, for uniformed public safety employees in General Fund agencies and Fund 120, E-911, for the non-administrative staff in the Public Safety Communications Center (PSCC). For the Employees' Retirement System, employer contributions come from Agency 89, Employee Benefits, for County employees and Fairfax County Public Schools (FCPS) for school employees. Employer contributions for the Police Officer Retirement System come solely from Agency 89, Employee Benefits, in the County's General Fund. Adjustments are made to the employer's contribution rate only to fund approved benefit enhancements and to recognize funding adjustments required when the funding ratio falls out of the 90 to 120 percent funding corridor. Some revenues are also generated through employee payback, a process by which employees who have left the County can make a "payback" contribution and return to their previous standing in the retirement system upon their return to County employment. Additionally, significant revenues are achieved through returns on fund investments. Revenue projections are based on an assumed actuarial rate of return of 7.5 percent. An actuarial valuation is conducted annually for each of the three funds to assure the continued soundness of the retirement systems. In addition, an experience study - which compares actual experience to actuarial assumptions, both economic and demographic - is conducted once every five years to ensure that the plan is being valued appropriately. Such an experience study was conducted in FY 2006. As a result of the study, several assumption changes were made which impacted the employer contribution rates in FY 2007.

New Initiatives and Recent Accomplishments in Support of the Fairfax County Vision

 Exercising Corporate Stewardship	Recent Success	FY 2007 Initiative
Achieved strong investment returns in FY 2005: <ul style="list-style-type: none"> ▪ Employees' System 13.6% ▪ Police Officers System 9.6% ▪ Uniformed System 11.0% 	<input checked="" type="checkbox"/>	
Advise and support the Boards of Trustees in the development and implementation of investment strategies designed to improve risk adjusted returns and to minimize the long-term funding required to provide competitive retirement benefits.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Upgrade and/or replace databases and processing systems required to maintain records, calculate benefits, and issue benefit payments.		<input checked="" type="checkbox"/>

Retirement Administration Agency

Budget and Staff Resources

Agency Summary ¹				
Category	FY 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan
Authorized Positions/Staff Years				
Regular	22/ 22	23/ 23	24/ 24	24/ 24
Expenditures:				
Personnel Services	\$5,021,218	\$5,677,146	\$6,161,146	\$7,246,565
Operating Expenses	192,268,429	220,398,328	221,900,271	239,914,154
Capital Equipment	0	0	0	0
Total Expenditures	\$197,289,647	\$226,075,474	\$228,061,417	\$247,160,719

¹ The table above includes all of the three County retirement funds (Funds 600, 601, and 602) as well as the Retiree Health Benefits Fund (Fund 500) which are administered by this Agency and to which all costs of agency administration are apportioned. Further details on Fund 500, including the fund statement, may be found under the Internal Service Fund section in this volume.

Position Summary		
<p><u>OFFICE OF THE DIRECTOR</u></p> <p>1 Executive Director 1 Administrative Assistant II</p> <p><u>RETIREMENT ADMINISTRATION</u></p> <p>1 Deputy Director 1 Administrative Assistant I</p>	<p><u>Special Services</u></p> <p>1 Programmer Analyst III 1 Programmer Analyst II 1 Information Officer II</p> <p><u>Membership Services</u></p> <p>1 Accountant II 1 Management Analyst II 4 Retirement Counselors 1 Administrative Assistant III 4 Administrative Assistants II</p>	<p><u>FINANCE/ACCOUNTING</u></p> <p>2 Investment Managers</p> <p><u>Audit/Accounting</u></p> <p>1 Accountant II¹ 1 Administrative Assistant IV</p> <p><u>Investment Analysis</u></p> <p>1 Senior Investment Manager 1 Investment Analyst</p>
<p><u>TOTAL POSITIONS</u> 24 Positions / 24.0 Staff Years</p>		

¹1/1.0 SYE Accountant II is financed by Fund 500, Retiree Health Benefits. All remaining 23/23.0 SYE positions are financed jointly by the three retirement trust funds (Fund 600, Fund 601, and Fund 602).

FY 2007 Funding Adjustments

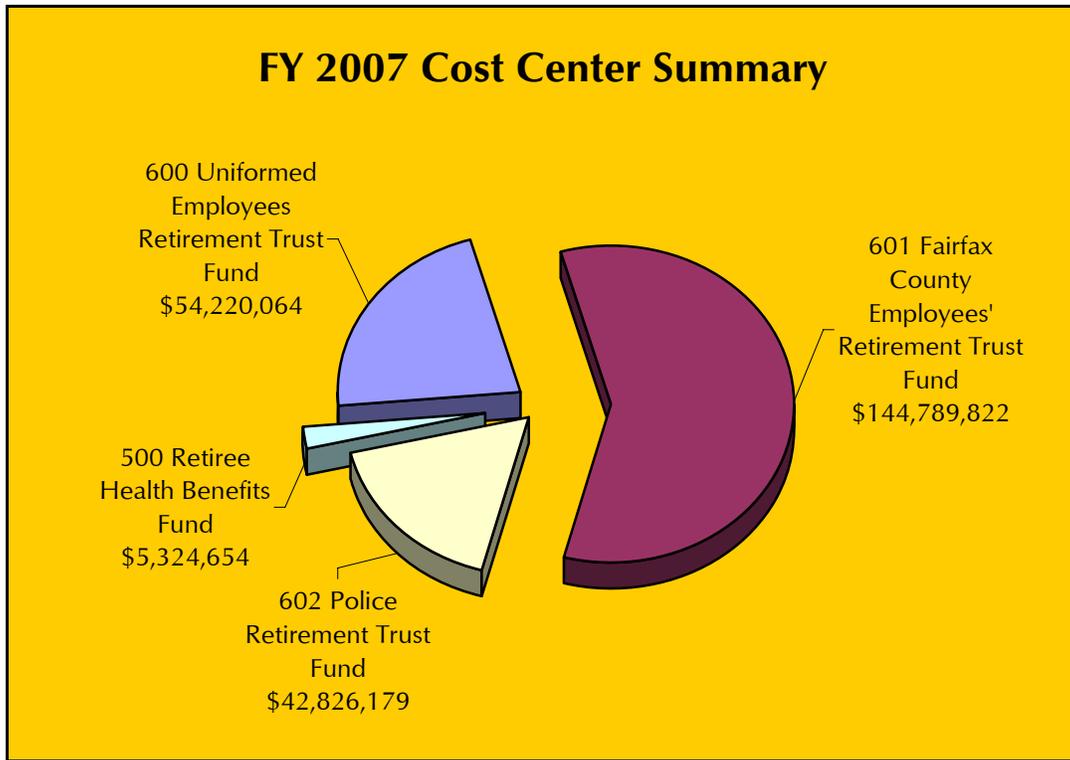
The following funding adjustments from the FY 2006 Revised Budget Plan are necessary to support the FY 2007 program:

- ◆ **Employee Compensation** **\$183,179**
 An increase of \$183,179 in Personnel Services includes salary adjustments necessary to support the County's compensation program, including an increase of \$2,679 associated with the 1/1.0 SYE position supported by Fund 500, Retiree Health Benefits.
- ◆ **Retiree Health Subsidy Payments** **\$902,240**
 An increase of \$902,240 in Personnel Services associated with retiree health benefit payments. For further information please refer to Fund 500, Retiree Health Benefits, in the Internal Service Fund section of Volume 2.
- ◆ **Benefit Payments** **\$18,339,410**
 An increase of \$18,339,410 in Operating Expenses reflects increased payments of \$18,159,438 to retirees due to a higher number of retirees and higher individual payment levels, an increase in the allowance for refunds of \$13,000 based on projected turnover of active members, and an increase in payments to beneficiaries of \$166,972.

Retirement Administration Agency

- ◆ **Investment Management Fees** **\$1,167,032**
An increase of \$1,167,032 in Operating Expenses reflects an increase in investment management fees due to the projected growth in assets and the investment strategies adopted by the Boards of Trustees.
- ◆ **Audit Fees** **\$28,019**
An increase of \$28,019 in Operating Expenses as a result of increased fees for the annual audit of financial reports.
- ◆ **Consulting Fees** **\$13,523**
An increase of \$13,523 in Operating Expenses due to increased investment consulting expenses associated with the contracts with outside consultants for the Police Officers and Uniformed Systems.
- ◆ **Actuarial Services** **(\$39,881)**
A decrease of \$39,881 in Operating Expenses due to lower actuarial costs as a result of an experience study conducted in FY 2006 that is only performed every five years.
- ◆ **Banking Services** **(\$50,000)**
A decrease of \$50,000 in Operating Expenses for custodial banking services due to renegotiation of contracts.
- ◆ **Travel** **\$11,400**
An increase of \$11,400 in Operating Expenses due to increased travel related to trustee education and training.
- ◆ **Software Maintenance and Development** **\$28,633**
An increase of \$28,633, primarily due to the implementation of a new software assurance program and County mainframe computer charges based on prior year usage of mainframe applications and agency specific applications operated from the County mainframe.
- ◆ **Other Operating Expenses** **\$17,690**
A net increase of \$17,690 in all other Operating Expenses.
- ◆ **Carryover Adjustments** **(\$1,501,943)**
A decrease of \$1,501,943 as a result of one time funding at the *FY 2005 Carryover Review*.

Retirement Administration Agency



Changes to FY 2006 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2006 Revised Budget Plan since passage of the FY 2006 Adopted Budget Plan. Included are all adjustments made as part of the FY 2005 Carryover Review and all other approved changes through December 31, 2005:

- ◆ **Position Adjustments** **\$0**
 In FY 2006, the County Executive approved the redirection of 1/1.0 SYE position to the Finance/Accounting division to provide advice and recommendations to the Board of Trustees on investment policy and strategy and to implement and oversee the system's investment portfolio.
- ◆ **Carryover Adjustments** **\$1,985,943**
 As part of the *FY 2005 Carryover Review*, the Board of Supervisors approved an increase of \$484,000 to increase subsidy amounts by 25 percent effective January 1, 2006 as a result of the implementation of the new Medicare Part D prescription drug program. The cost of the increase is expected to be fully offset by revenues received from the Centers for Medicare and Medicaid Services. For further information, please refer to Fund 500, Retiree Health Benefits, in the Internal Service Fund section of Volume 2. In addition, the Board of Supervisors approved encumbered carryover of \$1,501,943 in Operating Expenses to cover the cost of a new pension administration system.

Key Performance Measures

Objectives

- ◆ To maintain at 100 percent the number of retiree benefit payments processed on time.
- ◆ To achieve at least a 7.5 percent return on investment over rolling three year periods.
- ◆ To achieve realized return on investment commensurate with the S&P 500 Index and the Lehman Brothers Aggregate Bond Index.

Retirement Administration Agency

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate/Actual	FY 2006	FY 2007
Output:					
Members: Fairfax County Employees (1)	18,608	18,447	18,686 / 19,346	18,938	19,989
Members: Uniformed	2,403	2,437	2,485 / 2,497	2,535	2,601
Members: Police Officers	1,922	2,008	2,040 / 2,018	2,073	2,079
Return on investment: Fairfax County Employees	\$97,159,091	\$329,845,783	\$138,769,311 / \$282,233,800	\$159,935,982	\$178,540,179
Return on investment: Uniformed	\$36,447,345	\$98,067,456	\$52,456,259 / \$82,806,493	\$59,572,839	\$66,394,070
Return on investment: Police Officers	\$25,914,598	\$94,681,757	\$46,461,410 / \$65,054,840	\$52,822,997	\$57,553,118
Efficiency:					
Cost per member: Fairfax County Employees	\$41	\$44	\$47 / \$53	\$56	\$60
Cost per member: Uniformed	\$101	\$108	\$119 / \$87	\$105	\$114
Cost per member: Police Officers	\$121	\$111	\$132 / \$117	\$140	\$152
Investment costs as a percent of assets: Fairfax County Employees (2)	0.44%	0.49%	0.50% / 0.47%	0.61%	0.58%
Investment costs as a percent of assets: Uniformed	0.44%	0.53%	0.58% / 0.49%	0.70%	0.64%
Investment costs as a percent of assets: Police Officers	0.45%	0.52%	0.54% / 0.51%	0.70%	0.66%
Service Quality:					
Percent of retiree checks issued within schedule time frame: Fairfax County Employees	100%	100%	100% / 100%	100%	100%
Percent of retiree checks issued within schedule time frame: Uniformed	100%	100%	100% / 100%	100%	100%
Percent of retiree checks issued within schedule time frame: Police Officers	100%	100%	100% / 100%	100%	100%
Return compared to assumed actuarial rate (7.5%): Fairfax County Employees	5.88%	18.42%	7.50% / 13.55%	7.50%	7.50%
Return compared to assumed actuarial rate (7.5%): Uniformed	5.92%	15.02%	7.50% / 10.97%	7.50%	7.50%
Return compared to assumed actuarial rate (7.5%): Police Officers	4.63%	16.07%	7.50% / 9.63%	7.50%	7.50%
Large cap domestic equity return compared to S&P 500 Index: S&P 500 Index	0.26%	19.11%	NA / 6.32%	NA	NA

Retirement Administration Agency

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate/Actual	FY 2006	FY 2007
Service Quality:					
Large cap domestic equity return compared to S&P 500 Index: Fairfax County Employees	3.86%	20.83%	NA / 3.32%	NA	NA
Large cap domestic equity return compared to S&P 500 Index: Uniformed	1.71%	18.48%	NA / 8.17%	NA	NA
Large cap domestic equity return compared to S&P 500 Index: Police Officers	5.40%	18.72%	NA / 3.29%	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index: Lehman Aggregate Bond Index	10.40%	0.32%	NA / 6.80%	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index: Fairfax County Employees	12.36%	6.14%	NA / 10.55%	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index: Uniformed	10.48%	0.87%	NA / 7.55%	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index: Police Officers	9.77%	1.68%	NA / 7.25%	NA	NA
Outcome:					
Percent of retiree payments processed on time: Fairfax County Employees	100%	100%	100% / 100%	100%	100%
Percent of retiree payments processed on time: Uniformed	100%	100%	100% / 100%	100%	100%
Percent of retiree payments processed on time: Police Officers	100%	100%	100% / 100%	100%	100%
Deviation from actuarial rate of return (total plan): Fairfax County Employees	(1.6%)	10.9%	0.0% / 6.1%	0.0%	0.0%
Deviation from actuarial rate of return (total plan): Uniformed	(1.6%)	7.5%	0.0% / 3.5%	0.0%	0.0%

Retirement Administration Agency

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate/Actual	FY 2006	FY 2007
Outcome:					
Deviation from actuarial rate of return (total plan): Police Officers	(2.9%)	8.6%	0.0% / 2.1%	0.0%	0.0%
Deviation from S&P 500 (large cap equities): Fairfax County Employees	3.6%	1.7%	0.0% / (3.0%)	0.0%	0.0%
Deviation from S&P 500 (large cap equities): Uniformed	1.5%	(0.6%)	0.0% / 1.9%	0.0%	0.0%
Deviation from S&P 500 (large cap equities): Police Officers	5.1%	(0.4%)	0.0% / (3.0%)	0.0%	0.0%
Deviation from Lehman Aggregate (fixed income): Fairfax County Employees	2.0%	5.8%	0.0% / 3.8%	0.0%	0.0%
Deviation from Lehman Aggregate (fixed income): Uniformed	0.1%	0.6%	0.0% / 0.8%	0.0%	0.0%
Deviation from Lehman Aggregate (fixed income): Police Officers	(0.6%)	1.4%	0.0% / 0.5%	0.0%	0.0%

(1) This indicator was previously reported separately as number of retirees and number of active members. Beginning in FY 2001, these indicators were combined and are now shown as the total number of members.

(2) This indicator was previously reported as investment costs as a percentage of earnings. However, beginning in FY 2001, the indicator was revised and now reflects the costs as a percentage of assets.

Performance Measurement Results

For the second year in a row, investment returns for each of the three retirement systems were above the long-term average rate of 7.5 percent assumed for actuarial purposes. Returns were 13.6 percent for the Employees' system, 9.6 percent for the Police Officers system, and 11.0 percent for the Uniformed system in FY 2005. These returns were achieved in a year in which returns in the capital markets were positive, but where the major U.S. stock and bond indices returned mid-single digits. The S&P 500 index was up 6.3 percent and the Lehman Brothers Aggregate Bond Index was up 6.8 percent. The diversification strategies of the three different systems contributed to the total returns achieved. U.S. Small Cap stocks with a return of 9.4 percent outperformed the large-cap S&P 500 and non-U.S. stocks in developed markets returned 14.1 percent. Stocks in emerging market countries returned 34.9 percent. Real estate returns were also strong, with private real estate returning 16.0 percent and equity real estate (REITs) returning 32.6 percent.

These overall returns in the capital markets and each system's asset allocation strategy, combined with the value added by the investment management firms employed by each system, resulted in the strong investment results for FY 2005. The return for the Employees' system also benefited substantially from exposure to alternative markets and absolute return strategies, with returns on those portfolios of 32.3 percent and 29.6 percent, respectively.

In the universe of public funds used to assess relative performance, results for the Employees' system were exceptional, placing in the top 10th percentile for the one-, three-, five-, and 10-year periods ending June 30, 2005. Returns for the Uniformed system were also strong relative to other public funds, ranking in the 38th percentile for the year. The returns for the Police Officers system were slightly below the median public fund and ranked in the 60th percentile for the year.

Retirement Administration Agency

FUND STATEMENT

Fund Type G60, Pension Trust Funds

Fund 600, Uniformed Retirement

	FY 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan
Beginning Balance	\$755,288,695	\$805,644,042	\$836,684,846	\$890,502,712
Revenue:				
Employer Contributions	\$27,192,791	\$33,207,127	\$33,207,127	\$39,690,793
Employee Contributions	7,774,572	8,369,903	8,369,903	8,788,398
Employee Payback	179,227	63,000	63,000	63,000
Return on Investments ¹	37,515,302	59,572,839	59,572,839	66,394,070
Total Realized Revenue	\$72,661,892	\$101,212,869	\$101,212,869	\$114,936,261
Unrealized Gain (Loss) ²	46,572,124	\$0	\$0	\$0
Total Revenue	\$119,234,016	\$101,212,869	\$101,212,869	\$114,936,261
Total Available	\$874,522,711	\$906,856,911	\$937,897,715	\$1,005,438,973
Expenditures:				
Administrative Expenses	\$632,361	\$785,522	\$1,010,742	\$815,773
Investment Services ¹	4,982,513	5,380,928	5,380,928	5,460,291
Payments to Retirees Beneficiaries	31,250,190	39,978,284	39,978,284	46,835,775
Refunds	428,024	572,049	572,049	642,225
Total Expenditures	\$37,837,865	\$47,169,783	\$47,395,003	\$54,220,064
Total Disbursements	\$37,837,865	\$47,169,783	\$47,395,003	\$54,220,064
Ending Balance³	\$836,684,846	\$859,687,128	\$890,502,712	\$951,218,909

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$1,280,932.65 has been reflected as an increase to FY 2005 revenues and expenditures to record gross income and expenditures associated with securities lending transactions per GASB 28. The audit adjustment has been included in the FY 2005 Comprehensive Annual Financial Report (CAFR). Details of the FY 2005 audit adjustment will be included in the FY 2006 Third Quarter Package.

² Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

³ The Uniformed Retirement Fund maintains fund balances at adequate levels relative to projected requirements. The fund balance fluctuates annually primarily due to interest on investments.

Retirement Administration Agency

FUND STATEMENT

Fund Type G60, Pension Trust Funds

**Fund 601, Fairfax County
Employees' Retirement**

	FY 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan
Beginning Balance	\$2,067,515,324	\$2,173,249,219	\$2,307,321,603	\$2,411,182,865
Revenue:				
County Employer Contributions	\$34,314,915	\$37,061,273	\$37,061,273	\$41,016,851
County Employee Contributions	19,605,406	20,858,780	20,858,780	21,907,719
School Employer Contributions	12,643,198	12,982,800	12,982,800	15,112,500
School Employee Contributions	7,446,167	8,111,747	8,111,747	8,517,334
Employee Payback	512,181	480,000	480,000	500,000
Return on Investments ¹	217,409,392	159,935,982	159,935,982	178,540,179
Total Realized Revenue	\$291,931,259	\$239,430,582	\$239,430,582	\$265,594,583
Unrealized Gain (Loss) ²	68,128,266	\$0	\$0	\$0
Total Revenue	\$360,059,525	\$239,430,582	\$239,430,582	\$265,594,583
Total Available	\$2,427,574,849	\$2,412,679,801	\$2,546,752,185	\$2,676,777,448
Expenditures:				
Administrative Expenses	\$1,804,200	\$2,253,391	\$3,272,663	\$2,391,877
Investment Services ¹	13,408,816	12,740,658	12,740,658	13,643,462
Payments to Retirees Beneficiaries	96,335,124	112,518,518	112,518,518	121,711,119
Refunds	2,159,306	2,533,481	2,533,481	2,539,364
Refunds	6,545,800	4,504,000	4,504,000	4,504,000
Total Expenditures	\$120,253,246	\$134,550,048	\$135,569,320	\$144,789,822
Total Disbursements	\$120,253,246	\$134,550,048	\$135,569,320	\$144,789,822
Ending Balance³	\$2,307,321,603	\$2,278,129,753	\$2,411,182,865	\$2,531,987,626

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$3,303,857.92 has been reflected as an increase to FY 2005 revenues and expenditures to record gross income and expenditures associated with securities lending transactions per GASB 28. The audit adjustment has been included in the FY 2005 Comprehensive Annual Financial Report (CAFR). Details of the FY 2005 audit adjustment will be included in the FY 2006 Third Quarter Package.

² Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

³ The Employees' Retirement Fund maintains fund balances at adequate levels relative to projected requirements. The fund balance fluctuates annually primarily due to interest on investments.

Retirement Administration Agency

FUND STATEMENT

Fund Type G60, Pension Trust Funds

Fund 602, Police Retirement

	FY 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan
Beginning Balance	\$679,147,572	\$717,606,487	\$735,092,033	\$774,143,952
Revenue:				
Employer Contributions	\$14,901,070	\$17,473,164	\$17,473,164	\$19,360,390
Employee Contributions	9,913,553	9,403,117	9,403,117	9,873,273
Employee Payback	17,330	30,000	30,000	25,000
Return on Investments ¹	45,307,626	52,822,997	52,822,997	57,553,118
Total Realized Revenue	\$70,139,579	\$79,729,278	\$79,729,278	\$86,811,781
Unrealized Gain (Loss) ²	\$21,487,394	\$0	\$0	\$0
Total Revenue	\$91,626,973	\$79,729,278	\$79,729,278	\$86,811,781
Total Available	\$770,774,545	\$797,335,765	\$814,821,311	\$860,955,733
Expenditures:				
Administrative Expenses	\$556,681	\$759,060	\$1,016,511	\$780,207
Investment Services ¹	5,144,007	4,751,106	4,751,106	4,935,971
Payments to Retirees	27,750,271	32,608,028	32,608,028	34,717,374
Beneficiaries	1,492,113	1,775,714	1,775,714	1,866,627
Refunds	739,440	526,000	526,000	526,000
Total Expenditures	\$35,682,512	\$40,419,908	\$40,677,359	\$42,826,179
Total Disbursements	\$35,682,512	\$40,419,908	\$40,677,359	\$42,826,179
Ending Balance³	\$735,092,033	\$756,915,857	\$774,143,952	\$818,129,554

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$1,740,180.35 has been reflected as an increase to FY 2005 revenues and expenditures to record gross income and expenditures associated with securities lending transactions per GASB 28. The audit adjustment has been included in the FY 2005 Comprehensive Annual Financial Report (CAFR). Details of the FY 2005 audit adjustment will be included in the FY 2006 Third Quarter Package.

² Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

³ The Police Retirement Fund maintains fund balances at adequate levels relative to projected requirements. The fund balance fluctuates annually primarily due to interest on investments.