

Employee Retirement Systems Overview

Fairfax County employee retirement systems include the Fairfax County Employees' Retirement System (Fund 73000, formerly Fund 601), the Uniformed Retirement System (Fund 73010, formerly Fund 600), and the Police Officers Retirement System (Fund 73020, formerly 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 contribution rate.

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 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 40090, E-911, for the non-administrative staff in the Department of Public Safety Communications. 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.

On March 18, 2002 the Board of Supervisors adopted a corridor approach to employer contributions. The corridor approach adds further stability to the employer contribution rates and continues to adequately fund the retirement systems. In the corridor method of funding, a fixed contribution rate is assigned to each system and the County contributes at the fixed rate unless the system's funding ratio falls outside the pre-selected corridor of 90-120 percent or if benefit enhancements are approved. At the Board of Supervisors' direction, staff conducted a comprehensive examination of the corridor policy in FY 2010 and concluded that the corridor approach should be maintained, as it has cushioned the County from dramatic rate increases in the past and is currently providing insulation from the global financial crisis. However, recognizing the difficult economic environment and the impact on investment returns, it is unlikely that the funding ratios for the three systems will increase significantly over the next few years based on the current corridor parameters. Consequently, the corridor will remain at 90-120 percent, as codified in the Fairfax County Code, but every effort will be made to gradually move towards a narrower corridor of 95-105 percent. This solution will allow the County to maintain the flexibility afforded by the current policy with the understanding that increasing contributions to the retirement systems, when feasible from a budgetary perspective, will improve the systems' financial position. At a future date, when the funding ratios of the systems have risen above 95 percent, consideration will be given to formally revising the corridor to 95-105 percent.

A Deferred Retirement Option Plan (DROP) was added as a benefit enhancement for members of the Uniformed and Police Officers Retirement Systems in FY 2004 and was added for members of the Employees' Retirement System in FY 2006.

Retirees are eligible to receive a Cost-of-Living Adjustment (COLA) composed of a base COLA which is the lesser of the Consumer Price Index (CPI) for the 12 months ending on the previous year's March 31, or 4.0 percent. If certain conditions are met, an additional 1.0 percent COLA can be awarded at the discretion of each retirement system's Board of Trustees. This additional ad-hoc COLA results in an increase in the employer contribution rate. Staff reviewed the ad-hoc COLA policy at the Board of Supervisors' direction in FY 2010 and concluded that it is important for an individual Board of Trustees to maintain the discretion to grant an ad-hoc COLA for its retirees and that the criteria used to grant a COLA among the three systems be consistent. However, it was determined that the financial conditions that must be met in order for a Board of Trustees to consider granting an ad-hoc COLA should be strengthened, especially since the granting of such a COLA impacts the employer contribution rates and,

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thus, requires County funding. As a result, the Fairfax County Code was changed to require that the retirement system must have an actuarial surplus - demonstrated by having a funding ratio exceeding 100 percent - before an ad-hoc COLA can be considered.

As directed by the Board of Supervisors, the Department of Human Resources contracted with a benefits consultant to conduct a comprehensive review of the retirement plans. The consultant's report was presented in February and March 2012. Based on the results of this study, the Board of Supervisors adopted several modifications to the retirement systems, which apply only to new employees who are hired on or after January 1, 2013. These changes include:

- Increasing the minimum retirement age for normal service retirement from 50 to 55 in the Employees' system;
- Increasing the rule of 80 (age plus years of service) to the rule of 85 in the Employees' system;
- Placing a cap on the use of sick leave for purposes of determining retirement eligibility and benefits at 2,080 hours for all three retirement systems; and
- For the DROP program, removing the pre-Social Security supplement from balances accumulated during the DROP period in the Employees' and Uniformed systems. It should be noted that, as members of the Police Officers system do not participate in Social Security, they do not receive a pre-Social Security supplement.

No changes were made to benefits for current employees. The savings resulting from these changes will first be incorporated in the employer contribution rates for FY 2015.

Funding Status

The global financial crisis during FY 2009 resulted in significant losses in the value of the invested assets of all three retirement systems. Capital markets rebounded significantly in FY 2010 and FY 2011, and the retirement systems achieved strong positive results for each year. The investment returns for FY 2012 were mixed, as the Employees' system continued to achieve strong investment returns while the Uniformed and Police Officers systems incurred small losses. The FY 2012 investment results and demographic experience affected the funding ratios as demonstrated in the table below. It should be noted that the table below displays the corridor funding ratios, which have been adjusted to reflect the unfunded liability already being amortized as a result of benefit changes and ad hoc retiree COLAs that were adopted since the corridor method was established.

	June 30, 2011	June 30, 2012
Employees'	72.5%	73.1%
Uniformed	82.2%	81.1%
Police Officers	83.3%	82.9%

Employer Contribution Rates

Following the actuarial funding policy currently in effect, contribution rates are adjusted only to fund approved benefit enhancements, to acknowledge changes in actuarial assumptions, both financial and demographic, and to recognize funding adjustments required when the funding ratio falls below 90 percent or rises above 120 percent.

Though the funding ratio of the Employees' system increased, the employer contribution rate must be increased due to growth in unfunded liabilities as reflected in the FY 2012 actuarial valuation. The

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funding ratios for the Uniformed system and the Police Officers system declined, and the employer contribution rates for both systems must be increased as a result of investment returns that fell short of the long-term target of 7.5 percent.

The proposed FY 2014 employer contribution rates for each of the three retirement systems, as well as the cost impact to the General Fund as a result of adjustments, are as follows:

	FY 2013 Rates (%)	FY 2014 Rates (%)	Percentage Point Change (%)	Net General Fund Impact
Employees'	19.05	19.30	0.25	\$835,202
Uniformed	35.00	36.43	1.43	\$2,016,792
Police Officers	33.15	33.87	0.72	<u>\$751,510</u>
Total				\$3,603,504

- ◆ The employer contribution rate for the Employees' system is required to increase by 0.25 percentage points based on FY 2012 experience as reflected in the annual actuarial valuation.
- ◆ The employer contribution rate for the Uniformed system is required to increase by 1.43 percentage points based on FY 2012 experience as reflected in the annual actuarial valuation.
- ◆ The employer contribution rate for the Police Officers system is required to increase by 0.72 percentage points based on FY 2012 experience as reflected in the annual actuarial valuation.

It should also be noted that, in line with the recommendation to move gradually to a 95-105 percent corridor and in recognition of the need to increase the employer contribution rates in order to improve the systems' financial position, a change to the amortization schedule was initiated in FY 2011. Prior to FY 2011, if the funding ratio fell below 90 percent, the unfunded actuarial accrued liability (UAAL) below 90 percent was amortized over 15 years in order to get back to a 90 percent level. For FY 2011, the employer contribution rates were increased to allow for an amortization to a 91 percent level, in accordance with the phased approach to move towards the 95 percent target. For FY 2014, this change has been maintained to continue to allow for an amortization to a 91 percent level.

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.

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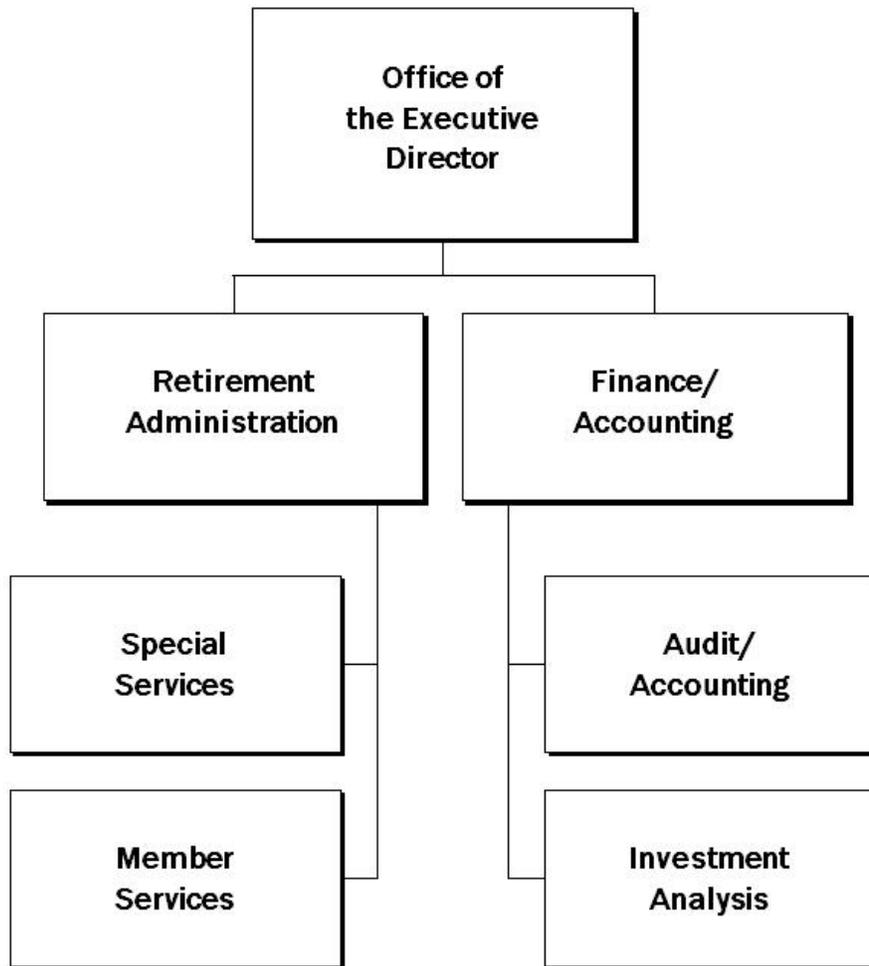
The following table displays relevant information about each retirement system:

EMPLOYEES COVERED							
Uniformed Retirement	Fairfax County Employees' Retirement				Police Officers Retirement		
Fire and Rescue Personnel; Uniformed Sheriff's Office employees; Animal Control Officers; Helicopter Pilots; Non-administrative staff in the Department of Public Safety Communications.	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 if hired before 1/1/13; or 85 if hired on or after 1/1/13. Not before age 50 if hired before 1/1/13; or age 55 if hired on or after 1/1/13. For reduced "early retirement" benefits, when age and years of service combined equal 75.				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 CONTRIBUTIONS (% of Pay)							
	Uniformed Retirement		Fairfax County Employees' Retirement				Police Officers Retirement
	Plan A	Plan B	Plan A	Plan B	Plan C	Plan D	
Up to Wage Base	4.00%	7.08%	4.00%	5.33%	4.00%	5.33%	10.00%
Above Wage Base	5.75%	8.83%	5.33%	5.33%	5.33%	5.33%	
Plan C	4.00%						
Plan D	7.08%						
FY 2014 EMPLOYER CONTRIBUTIONS (% of Pay)							
Uniformed Retirement	Fairfax County Employees' Retirement				Police Officers Retirement		
36.43%	19.30%				33.87%		

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INVESTMENT MANAGERS AS OF JUNE 30, 2012		
Uniformed Retirement	Fairfax County Employees' Retirement	Police Officers Retirement
<ul style="list-style-type: none"> ▪ Acadian Asset Management ▪ Advisory Research ▪ Artha Capital ▪ Artio Global Investors ▪ Ashmore Investment Management ▪ BlackRock, Inc. ▪ Bluecrest Capital ▪ BNY Mellon ▪ Brandywine Global Investment Management ▪ Bridgewater Associates ▪ The Clifton Group ▪ Cohen & Steers Capital Management ▪ DoubleLine Capital ▪ FrontPoint Partners ▪ Gramercy Advisors ▪ Gresham Investment Management ▪ Harbourvest Partners ▪ JP Morgan Investment Management ▪ King Street Capital ▪ Marathon Asset Management ▪ NCM Capital Management ▪ Optima Management ▪ Orbimed Advisors ▪ Pacific Investment Management Co. ▪ Pantheon Ventures ▪ UBS Realty Advisors ▪ Victory Capital Management ▪ Wellington Management Company 	<ul style="list-style-type: none"> ▪ Artio Global Investors ▪ BlackRock, Inc. ▪ BNY Mellon ▪ Brandywine Global Investment Management ▪ Bridgewater Associates ▪ The Clifton Group ▪ Cohen & Steers Capital Management ▪ Columbia Wanger Asset Management ▪ Dearborn Partners ▪ DePrince, Race & Zollo ▪ DoubleLine Capital ▪ Eagle Trading ▪ Enhanced Investment Technologies ▪ FrontPoint Partners ▪ Gramercy Advisors ▪ JP Morgan Investment Management ▪ LSV Asset Management ▪ MacKay Shields ▪ Marathon Asset Management ▪ Pacific Investment Management Co. ▪ Post Advisory Group ▪ Pzena Investment Management ▪ Sands Capital Management ▪ Shenkman Capital Management ▪ Stark Investments ▪ Trust Company of the West 	<ul style="list-style-type: none"> ▪ Acadian Asset Management ▪ AQR Capital Management ▪ BlackRock, Inc. ▪ Bluecrest Capital ▪ BNY Mellon ▪ Bridgewater Associates ▪ The Clifton Group ▪ Cohen & Steers Capital Management ▪ Dodge & Cox Investment Managers ▪ DoubleLine Capital ▪ FrontPoint Partners ▪ Gramercy Advisors ▪ Grantham, Mayo, Van Otterloo ▪ King Street Capital ▪ Loomis Sayles ▪ McKinley Capital Management ▪ MetWest Asset Management ▪ Oaktree Capital Management ▪ Pacific Investment Management Co. ▪ Pzena Investment Management ▪ Starboard

Retirement Administration Agency



Mission

As an agent of the Boards of Trustees of the Employees', Uniformed, and Police Officers 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.

Retirement Administration Agency

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 Administration 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 Fairfax County Employees', Police Officers, 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 and provides counseling and comprehensive information pertaining to benefits to active and retired County employees.

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. For the Employees' Retirement System,

employer contributions come from Agency 89, Employee Benefits, for County employees and from Fairfax County Public Schools (FCPS) for school employees. For the Uniformed Retirement System, employer contributions come from two sources: Agency 89, Employee Benefits, for uniformed public safety employees in General Fund agencies and Fund 40090, E-911, for the non-administrative staff in the Department of Public Safety Communications. Employer contributions for the Police Officers 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, to acknowledge changes in actuarial assumptions, both financial and demographic, and to recognize funding adjustments required when the funding ratio falls out of the 90 to 120 percent funding corridor. It should be noted that staff conducted a comprehensive examination of the corridor policy in FY 2010 and concluded that the corridor approach should be maintained. However, recognizing the difficult economic environment and the impact on investment returns, it is unlikely that the funding ratios for the three systems will increase significantly over the next few years based on the current corridor parameters. Consequently, the corridor will remain at 90-120 percent, as codified in the Fairfax County Code, but every effort will be made to gradually move towards a narrower corridor of 95-105 percent. At a future date, when the

**The Retirement Administration Agency supports
the following County Vision Element:**



Exercising Corporate Stewardship

Retirement Administration Agency

funding ratios of the systems have risen above 95 percent, consideration will be given to formally revising the corridor to 95-105 percent.

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. Experience studies of each System were last conducted in FY 2011. The assumption changes adopted by the Boards of Trustees as a result of those studies were incorporated in the actuarial valuations for FY 2011 and their impacts were included in the employer contribution rates beginning in FY 2013.

Budget and Staff Resources

Category	FY 2012 Actual	FY 2013 Adopted	FY 2013 Revised	FY 2014 Advertised
FUNDING				
Expenditures:				
Personnel Services	\$2,720,438	\$2,956,855	\$2,956,855	\$3,083,494
Operating Expenses	348,766,490	402,185,475	402,185,475	432,433,442
Capital Equipment	9,062	0	0	0
Total Expenditures	\$351,495,990	\$405,142,330	\$405,142,330	\$435,516,936
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)				
Regular	25 / 25	25 / 25	25 / 25	25 / 25
<hr/>				
<u>OFFICE OF THE DIRECTOR</u>	<u>Special Services</u>	<u>FINANCE/ACCOUNTING</u>		
1 Executive Director	1 Programmer Analyst III	1 Financial Specialist IV		
1 Administrative Assistant IV	1 Programmer Analyst II	<u>Audit/Accounting</u>		
	1 Communications Specialist II	1 Accountant I		
<u>RETIREMENT ADMINISTRATION</u>	<u>Membership Services</u>	<u>Investment Analysis</u>		
1 Deputy Director	1 Management Analyst III	1 Chief Investment Officer		
2 Administrative Assistants II	1 Management Analyst II	3 Senior Investment Managers		
	1 Financial Specialist II	1 Investment Analyst		
	3 Retirement Counselors			
	4 Administrative Assistants V			
<hr/>				
<u>TOTAL POSITIONS¹</u>				
25 Positions / 25.0 FTE				

¹ It should be noted that 1/1.0 FTE Accountant III resides in the Retirement Administration Agency, but is accounted for and financed by Fund 73030, OPEB Trust Fund. The 25/25.0 SYE positions shown above are financed jointly by the three retirement trust funds (Fund 73000, Fund 73010, and Fund 73020).

Retirement Administration Agency

FY 2014 Funding Adjustments

The following funding adjustments from the FY 2013 Adopted Budget Plan are necessary to support the FY 2014 program:

- ◆ **Employee Compensation** **\$25,990**
An increase of \$25,990 in Personnel Services reflects the full year impact of the FY 2013 2.5 percent performance-based scale and salary increase, effective January 2013, for non-uniformed employees. It should be noted that no funding is included for additional employee compensation for this agency in FY 2014.

- ◆ **Fringe Benefits** **\$99,700**
A net increase of \$99,700 in Personnel Services is primarily attributable to increases in employer retirement contribution rates and health insurance expenses, based on actual enrollment and premium increases.

- ◆ **Other Post-Employment Benefits** **\$949**
An increase of \$949 in Personnel Services reflects required adjustments associated with providing Other Post-Employment Benefits (OPEBs) to retirees, including the Retiree Health Benefits Subsidy. Before FY 2011, costs related to these benefits were paid solely by the General Fund; however, these costs are now spread across funds in order to more appropriately reflect benefit-related expenses for the employees within each fund. For more information on Other Post-Employment Benefits, please refer to Fund 73030, OPEB Trust Fund, in Volume 2 of the FY 2014 Advertised Budget Plan.

- ◆ **Benefit Payments** **\$27,586,000**
An increase of \$27,586,000 in Operating Expenses reflects increased payments of \$24,721,000 to retirees due to a higher number of retirees and higher individual payment levels, an increase in payments to beneficiaries of \$535,000, and an increase of \$2,330,000 in the allowance for refunds based on projected turnover of active members. It should be noted that, since benefits are pre-funded during an employee's active career, the employer contribution rates as calculated through the actuarial valuation process already reflect the increased level of benefit payments.

- ◆ **Investment Management Fees** **\$2,443,894**
An increase of \$2,443,894 in Operating Expenses reflects an increase in investment management fees due to anticipated gain in assets and the investment strategies adopted by the Boards of Trustees.

- ◆ **Other Operating Expenses** **\$218,073**
A net increase of \$218,073 in all other Operating Expenses reflects the net impact of several adjustments.

Changes to FY 2013 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2013 Revised Budget Plan since passage of the FY 2013 Adopted Budget Plan. Included are all adjustments made as part of the FY 2012 Carryover Review, and all other approved changes through December 31, 2012:

- ◆ There have been no adjustments to this agency since approval of the FY 2013 Adopted Budget Plan.

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Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate
	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate/Actual	FY 2013
Retirement Administration Agency				
Percent of retiree payments processed on time: Fairfax County Employees	100%	100%	100% / 100%	100%
Percent of retiree payments processed on time: Uniformed	100%	100%	100% / 100%	100%
Percent of retiree payments processed on time: Police Officers	100%	100%	100% / 100%	100%
Deviation from actuarial rate of return (total plan): Fairfax County Employees	17.7%	16.1%	0.0% / 1.0%	0.0%
Deviation from actuarial rate of return (total plan): Uniformed	8.0%	16.7%	0.0% / (7.8%)	0.0%
Deviation from actuarial rate of return (total plan): Police Officers	13.3%	17.7%	0.0% / (8.1%)	0.0%
Deviation from S&P 500 (large cap equities): Fairfax County Employees	7.3%	2.3%	0.0% / (4.8%)	0.0%
Deviation from S&P 500 (large cap equities): Uniformed	1.3%	5.4%	0.0% / 8.1%	0.0%
Deviation from S&P 500 (large cap equities): Police Officers	6.2%	2.0%	0.0% / 1.1%	0.0%
Deviation from Barclays Capital Aggregate (fixed income): Fairfax County Employees	21.5%	18.9%	0.0% / 13.0%	0.0%
Deviation from Barclays Capital Aggregate (fixed income): Uniformed	11.3%	7.6%	0.0% / (0.2%)	0.0%
Deviation from Barclays Capital Aggregate (fixed income): Police Officers	12.7%	10.3%	0.0% / 0.2%	0.0%

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2014/advertised/pm/73010.pdf

Performance Measurement Results

During FY 2012, markets continued to be volatile with returns fluctuating significantly month by month. The rates of return were mixed across the three systems. The Employees' system, with significant exposure to the fixed income markets and less exposure to equities, returned 8.3 percent. The Uniformed system returned a negative 0.5 percent and the Police Officers system returned a negative 0.6 percent. To provide a context for these returns, the median return in the BNY Mellon public fund universe was 1.1 percent. To put these returns in the context of the capital markets, for the year ending June 30, 2012, the S&P 500 Index rose 5.4 percent and the Barclay's Aggregate Bond Index rose 7.5 percent. However, reflecting the crisis in Europe, non-U.S. equities fell by 13.4 percent in the developed markets and 14.4 percent in the emerging markets. The commodity index also declined by over 14 percent.

In addition to comparing one-year returns to general market results, they should also be considered over multi-year periods relative to the returns achieved by other public pension plans. For the last three-year period, all three systems had very strong results relative to their peers across the country and were in the top quartile of the BNY Mellon public plan universe. The Employees' system was in the 2nd percentile and returned 19.3 percent per year, the Police Officers system placed in the 9th percentile and returned 13.5 percent per year, and the Uniformed system placed in the 13th percentile and returned 13.1 percent per year. The dispersion of investment results among the three systems over this period is attributable to

Retirement Administration Agency

differences in the systems' asset allocation strategies and the varying degrees to which each system's investment management firms added value.

While FY 2012 results were mixed, the very high investment returns achieved over the last three years have strengthened the financial position of the systems, and the shortfalls resulting from the impact of the global financial crisis on FY 2009 results have now been fully included in the actuarial funding ratios and contribution requirements. Employer contribution rates and funding ratios are calculated based on a number of actuarial assumptions, including an actuarially determined rate of return. The actuarial rate of return uses a smoothing methodology to phase in total recognition of a given year's returns above or below the long-term expected rate of 7.5 percent. This smoothing is done to mitigate volatility in funding requirements, recognizing the cyclical nature of capital market returns. However, this smoothing process does not include the impact of any liability gains or losses, which are determined by comparing actual experience, such as rates of retirement and death, against actuarial assumptions. Funding policy and calculations include an average compound return of 7.5 percent over the long term. Including the results through FY 2012, the actual compound annual returns achieved since 1981, the earliest date for which data is available, have been 10.3 percent for the Employees' system, 9.3 percent for the Uniformed system, and 10.0 percent for the Police Officers system.

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FUND STATEMENT

Fund 73000, Fairfax County Employees' Retirement

	FY 2012 Actual	FY 2013 Adopted Budget Plan	FY 2013 Revised Budget Plan	FY 2014 Advertised Budget Plan
Beginning Balance	\$2,984,863,644	\$3,106,128,833	\$3,172,646,122	\$3,302,709,173
Revenue:				
County Employer Contributions	\$82,935,389	\$84,978,779	\$84,978,779	\$99,331,566
County Employee Contributions	22,905,459	23,548,813	23,548,813	23,238,040
School Employer Contributions	31,838,392	28,275,105	28,275,105	33,050,727
School Employee Contributions	8,685,187	9,830,915	9,830,915	9,701,177
Employee Payback	111,429	300,000	300,000	150,000
Return on Investments ¹	172,228,519	231,929,513	231,929,513	243,681,230
Total Realized Revenue	\$318,704,375	\$378,863,125	\$378,863,125	\$409,152,740
Unrealized Gain/(Loss) ^{1,2}	\$91,122,021	\$0	\$0	\$0
Total Revenue	\$409,826,396	\$378,863,125	\$378,863,125	\$409,152,740
Total Available	\$3,394,690,040	\$3,484,991,958	\$3,551,509,247	\$3,711,861,913
Expenditures:				
Administrative Expenses ¹	\$2,726,027	\$3,217,620	\$3,217,620	\$3,419,496
Investment Services ¹	15,941,815	16,526,454	16,526,454	18,888,344
Payments to Retirees	195,335,182	219,849,000	219,849,000	238,677,000
Beneficiaries	4,259,397	4,927,000	4,927,000	5,120,000
Refunds	3,781,497	4,280,000	4,280,000	6,450,000
Total Expenditures	\$222,043,918	\$248,800,074	\$248,800,074	\$272,554,840
Total Disbursements	\$222,043,918	\$248,800,074	\$248,800,074	\$272,554,840
Ending Balance ³	\$3,172,646,122	\$3,236,191,884	\$3,302,709,173	\$3,439,307,073

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$45,375,287.52 have been reflected as an increase to FY 2012 revenue, primarily associated with adjustments necessary to record a net gain from the unrealized appreciation of investments, as well as to record interest and dividend revenue in the proper fiscal period. In addition, audit adjustments in the amount of \$18,320.32 have been reflected as an increase to FY 2012 expenditures in order to appropriately account for administrative expenses and investment management fees. The audit adjustments have been included in the FY 2012 Comprehensive Annual Financial Report (CAFR). Details of the FY 2012 audit adjustments will be included in the FY 2013 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.

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FUND STATEMENT

Fund 73010, Uniformed Retirement

	FY 2012 Actual	FY 2013 Adopted Budget Plan	FY 2013 Revised Budget Plan	FY 2014 Advertised Budget Plan
Beginning Balance	\$1,220,411,972	\$1,284,296,711	\$1,208,858,858	\$1,276,679,877
Revenue:				
Employer Contributions	\$50,351,335	\$51,124,073	\$51,124,073	\$54,325,025
Employee Contributions	10,488,780	10,732,294	10,732,294	10,989,176
Employee Payback	114,317	100,000	100,000	100,000
Return on Investments ¹	94,700,309	96,297,748	96,297,748	94,707,791
Total Realized Revenue	\$155,654,741	\$158,254,115	\$158,254,115	\$160,121,992
Unrealized Gain/(Loss) ^{1,2}	(\$93,496,370)	\$0	\$0	\$0
Total Revenue	\$62,158,371	\$158,254,115	\$158,254,115	\$160,121,992
Total Available	\$1,282,570,343	\$1,442,550,826	\$1,367,112,973	\$1,436,801,869
Expenditures:				
Administrative Expenses ¹	\$835,550	\$1,091,426	\$1,091,426	\$1,179,844
Investment Services ¹	4,915,144	6,803,670	6,803,670	6,877,639
Payments to Retirees	66,621,257	80,844,000	80,844,000	83,459,000
Beneficiaries	740,346	754,000	754,000	878,000
Refunds	599,188	940,000	940,000	850,000
Total Expenditures	\$73,711,485	\$90,433,096	\$90,433,096	\$93,244,483
Total Disbursements	\$73,711,485	\$90,433,096	\$90,433,096	\$93,244,483
Ending Balance ³	\$1,208,858,858	\$1,352,117,730	\$1,276,679,877	\$1,343,557,386

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$31,100,719.61 have been reflected as an increase to FY 2012 revenue, primarily associated with adjustments necessary to record a net decrease in the unrealized depreciation of investments, as well as to record interest and dividend revenue in the proper fiscal period. In addition, audit adjustments in the amount of \$198,369.32 have been reflected as an increase to FY 2012 expenditures in order to appropriately account for administrative expenses and investment management fees. The audit adjustments have been included in the FY 2012 Comprehensive Annual Financial Report (CAFR). Details of the FY 2012 audit adjustments will be included in the FY 2013 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 73020, Police Retirement

	FY 2012 Actual	FY 2013 Adopted Budget Plan	FY 2013 Revised Budget Plan	FY 2014 Advertised Budget Plan
Beginning Balance	\$1,035,145,961	\$1,085,005,955	\$1,017,445,487	\$1,076,170,734
Revenue:				
Employer Contributions	\$31,700,690	\$32,593,928	\$32,593,928	\$34,992,420
Employee Contributions	10,071,779	10,396,921	10,396,921	10,555,783
Employee Payback	37,289	0	0	0
Return on Investments ¹	35,721,407	81,643,558	81,643,558	79,806,888
Total Realized Revenue	\$77,531,165	\$124,634,407	\$124,634,407	\$125,355,091
Unrealized Gain/(Loss) ^{1,2}	(\$39,491,052)	\$0	\$0	\$0
Total Revenue	\$38,040,113	\$124,634,407	\$124,634,407	\$125,355,091
Total Available	\$1,073,186,074	\$1,209,640,362	\$1,142,079,894	\$1,201,525,825
Expenditures:				
Administrative Expenses ¹	\$650,328	\$897,026	\$897,026	\$951,444
Investment Services	2,689,203	5,015,134	5,015,134	5,023,169
Payments to Retirees	49,087,112	56,164,000	56,164,000	59,442,000
Beneficiaries	2,956,043	3,323,000	3,323,000	3,541,000
Refunds	357,901	510,000	510,000	760,000
Total Expenditures	\$55,740,587	\$65,909,160	\$65,909,160	\$69,717,613
Total Disbursements	\$55,740,587	\$65,909,160	\$65,909,160	\$69,717,613
Ending Balance ³	\$1,017,445,487	\$1,143,731,202	\$1,076,170,734	\$1,131,808,212

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$19,058,118.86 have been reflected as an increase to FY 2012 revenue, primarily associated with adjustments necessary to record a net decrease in the unrealized depreciation of investments, as well as to record interest and dividend revenue in the proper fiscal period. In addition, an audit adjustment in the amount of \$4,206.46 has been reflected as an increase to FY 2012 expenditures in order to appropriately account for administrative expenses and investment management fees. The audit adjustments have been included in the FY 2012 Comprehensive Annual Financial Report (CAFR). Details of the FY 2012 audit adjustments will be included in the FY 2013 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.