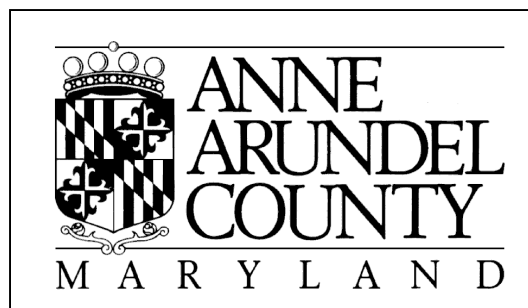


**Anne Arundel County
Retirement and Pension System**

Comprehensive Annual Financial Report

Pension Trust Funds of Anne Arundel County, Maryland

For the Year Ended December 31, 2009



**Anne Arundel County
Retirement and Pension System**

Comprehensive Annual Financial Report
Pension Trust Funds of Anne Arundel County, Maryland
For the Year Ended December 31, 2009

Prepared by:
The Anne Arundel County Office of Finance
44 Calvert Street
Annapolis MD 21401

Anne Arundel County Retirement and Pension System

Comprehensive Annual Financial Report

For the Year Ended December 31, 2009

Table of Contents

Introductory Section

<i>Letter of Transmittal</i>	1
<i>GFOA Certificate of Achievement</i>	3
<i>Organizational Chart</i>	4

Financial Section

<i>Independent Auditor's Reports</i>	5
<i>Management Discussion and Analysis</i>	9
<i>Basic Financial Statements</i>	
Combining Statement of Plan Net Assets	14
Combining Statement of Changes in Plan Net Assets	15
Notes to the Basic Financial Statements	16
<i>Required Supplementary Information</i>	
Schedules of Funding Progress for Single Employer Defined Benefit Pension Plans	25
Schedule of Employer Contributions	26
Notes to Required Supplementary Information	27
<i>Supplementary Schedules</i>	
Schedule of Administrative Expenses	29
Schedule of Investment Expense	29
Schedule of Payments to Consultants	29

Investment Section

<i>Investment Review</i>	31
<i>Investment Summary Table</i>	34
<i>Investment Policy Statement</i>	36
<i>Summary Schedule of Fees and Commissions</i>	38
<i>Investment Managers Guidelines and Exemptions</i>	40
<i>Schedule of Largest Assets Held</i>	42

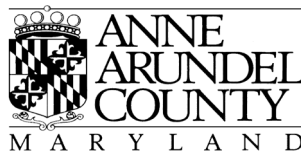
Actuarial Section

<i>Statement from the Actuary</i>	43
<i>Employees' Retirement Plan</i>	44
<i>Police Service Retirement Plan</i>	54
<i>Fire Service Retirement Plan</i>	62
<i>Detention Officers' and Deputy Sheriffs' Retirement Plan</i>	70

Statistical Section

<i>Statement of Changes in Plan Net Assets for Each Plan</i>	79
<i>Schedule of Additions by Source for Each Plan</i>	83
<i>Schedule of Expenses by Type for Each Plan</i>	87
<i>Average Benefit Payments for Each Plan</i>	91
<i>Schedule of Members by Years of Service for Each Plan</i>	95
<i>Summary of Current Active Members and DROP Members by Years of Service and Plan</i>	99
<i>Schedule Of Current Active DROP Members by Year of Entry</i>	100
<i>Schedule of Retirees by Attained Age and Type of Retirement</i>	101
<i>Active Employees by Plan</i>	102
<i>History of Operating Revenues and Expenses</i>	103
<i>History of Plan Net Assets and Liabilities</i>	104

Introductory Section



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ARUNDEL CENTER
P.O. BOX 2700
ANNAPOLIS, MARYLAND 21404-2700

Fax:
(410) 222-1354

May 7, 2010

Dear Board of Trustees and Members of the
Anne Arundel County Retirement and Pension System

I am pleased to present to you the Anne Arundel County Retirement and Pension System (the "System") Comprehensive Annual Financial Report, for the year ended December 31, 2009. This financial report is a historical perspective of benefits, services, and fiscal activities of the System. The purpose of this report is to provide you, the plan participants and other interested parties, with sufficient information to evaluate the performance of the System during the plan year.

Plan History

County employees participate in four single-employer defined benefit pension plans. The County plans were established under authority created by County Charter and legislation. In December 1996, the County passed legislation creating the Anne Arundel County Retirement and Pension System, a corporation that is an agency in the executive branch of County government, effective February 1, 1997. At that date, all net assets of pension trust funds were transferred to the System.

Major Initiatives

In 2004 the Board of Trustees of the System adopted a formal statement of funding objectives, policy, and strategy. The Statement of Investment Policy and Objectives was designed to clearly communicate the directives of the Trustees of the System to all interested parties. This investment policy applies to the funds of the System on an aggregate basis. The Policy Statement sets forth how each fund manager shall be governed and details specific investment guidelines relating to each of the fund managers.

In early 2005, an asset allocation study was conducted with the goal of optimizing the System's funds risk/reward profile in the context of achieving its funding goals. On the basis of this study, the Board elected to increase and to implement the System's funds allocation to diversifying asset classes, such as Private Equity and Absolute Return. In 2006, the System further refined the allocation of funds. The evaluation of investment manager performance is an ongoing effort.

In 2007, the Board adopted a new Asset Allocation Policy allowing the system to capture additional market opportunities. This new policy decreased the System's allocation to US domiciled assets by 5%, implicitly diversifying out of the System's overweight to the US dollar. Also, the new policy increased the System's target allocation to Alternative Assets by 13%. This included a 2% increase to Private Markets, a 3% increase to Absolute Return, and a new 8% allocation to Global Asset Allocation.

In 2008, funding of commitments to Private Markets continued to be implemented with the hiring of one new investment manager. Some minor re-allocations were executed to satisfy cash balance requirements; with allocations to existing managers remaining basically stable. Also, an experience and assumption study was conducted by the actuary to review the experience of plans during 2002 to 2006 and the findings were adopted by the Board.

During 2009, the Board approved a rebalancing program for its investment portfolio. This rebalancing involved shifting funds from some of the current managers to other managers, the addition of a new manager to purchase senior bank loans and the raising of additional cash.

Funding Status

The overall funded ratios for the Employees' Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan, and the Detention Officers' and Deputy Sheriffs' Retirement Plan at December 31, 2009 were 86.8%, 88.7%, 91.9% and 75.9%, respectively.

Investment Performance

The average investment returns for the Employees' Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan, and the Detention Officers' and Deputy Sheriffs' Retirement Plan on a market value basis for the year ended December 31, 2009 were 16.3%, 15.7%, 16.5% and 16.0%, respectively. On an actuarial basis, the average investment returns for the Employees' Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan, and the Detention Officers' and Deputy Sheriffs' Retirement Plan were 7.7%, 7.7%, 7.6%, and 7.4%, respectively.

System Organization and Management

The Board of Trustees is responsible for reviewing the investment program; approving policies, objectives, and guidelines; and reviewing the financial performance of the System in relation to expectations. The Board also appoints the investment committee to make specific recommendations as to asset allocation and investment strategies. The Investment Committee works with an investment consultant (currently New England Pension Consultants) to establish strategies and conduct searches for appropriate investment managers. The Board has final approval for all manager selections and policy changes.

The Board also selects the custodian bank that administers the Plans (currently State Street Bank & Trust), the actuary (Bolton Partners PC), and the independent auditors (Clifton Gunderson LLP). The Secretary of the Board of Trustees is responsible for daily administrative decisions and the Anne Arundel County Office of Personnel and Office of Finance carry out these administrative actions, including transmittal of contributions and funding the payment of benefits and other administrative expenses. Additional details regarding investment professionals who provide services to the System are included in the Investment Section later in this report.

Financial Management

The financial statements and supplemental information and schedules included in this report are the responsibility of System management and have been prepared in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as pronounced and adopted by the Governmental Accounting Standards Board. I urge you to read the Management Discussion and Analysis, Basic Financial Statements, and Notes to the Basic Financial Statements to better understand the results of the System during 2008.

Independent Audit

The System is audited annually. For the year ended December 31, 2009, Clifton Gunderson LLP, an independent firm of Certified Public Accountants, conducted the audit. Refer to Independent Auditors' Report for the audit opinion.

Internal Accounting Control

Management is responsible for maintaining a system of adequate internal controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as needed to maintain accountability for assets and to permit preparation of the combining financial statements. We believe the internal controls in effect during the year ended December 31, 2009, adequately safeguard the assets and provide reasonable assurance regarding the proper recording of financial transactions.

Awards and Acknowledgments

Staff in Anne Arundel County's Office of Finance prepared this financial report of the System. It is intended to provide complete and reliable information as a basis for making management decisions, determining compliance with legal provisions, and as a means of determining responsible stewardship for the assets contributed by the members and their employers. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the Anne Arundel County Retirement and Pension System for its comprehensive annual financial report for the year ended December 31, 2008. This report is being sent to the Board of Trustees and other interested parties.

Sincerely,

Richard K. Drain
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Anne Arundel County
Retirement and Pension System
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

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



A stylized, handwritten signature in black ink.

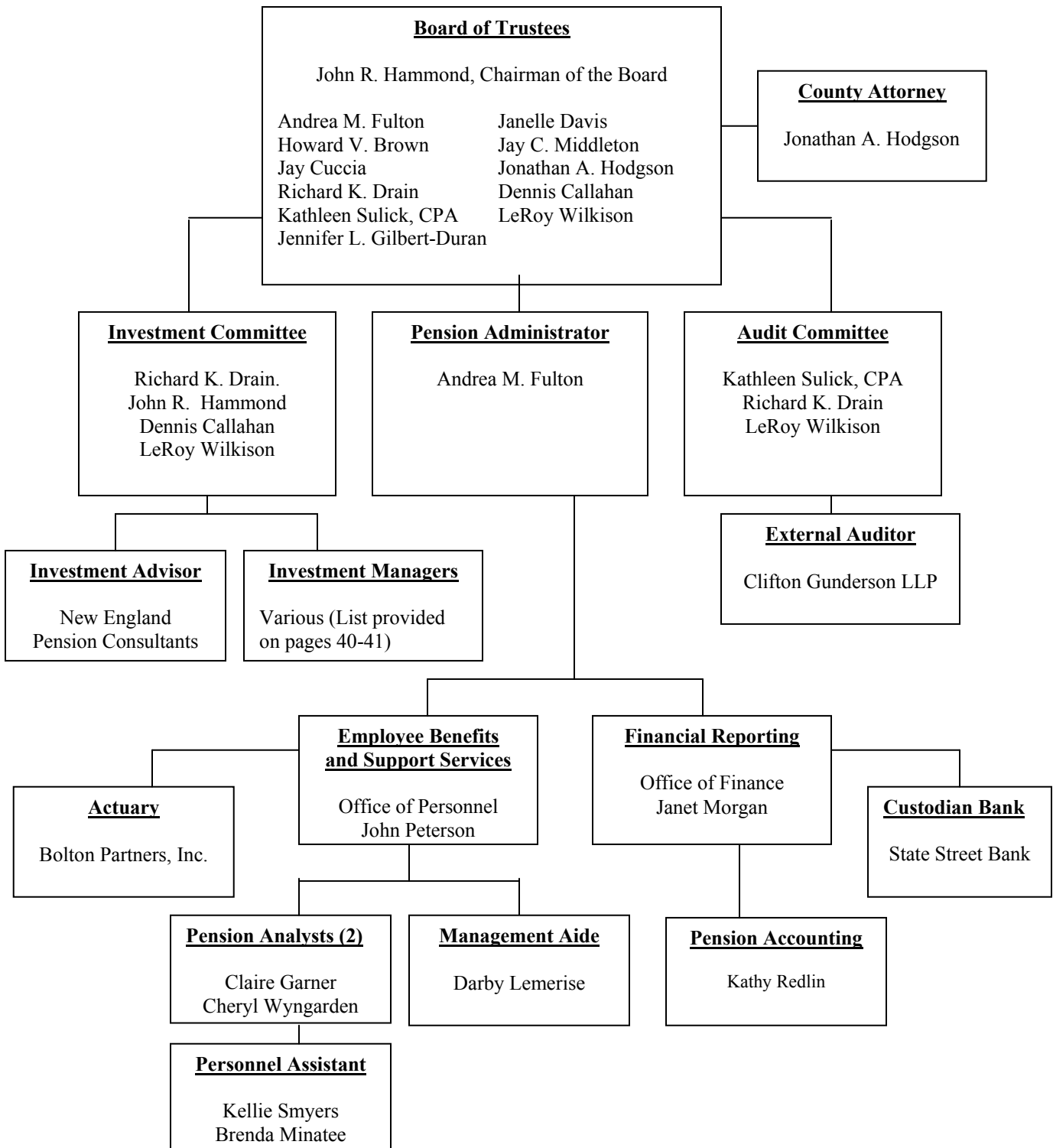
President

A handwritten signature in black ink that reads "Jeffrey R. Enen".

Executive Director

Anne Arundel County Retirement and Pension System

Organizational Chart



Financial Section

Independent Auditor's Report

The Board of Trustees
Anne Arundel County Retirement and Pension System
Annapolis, Maryland

We have audited the accompanying basic financial statements of Anne Arundel County Retirement and Pension System (the System), a pension trust fund of Anne Arundel County, Maryland, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of Anne Arundel County Retirement and Pension System as of December 31, 2009, and the changes in its plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2010 on our consideration of Anne Arundel County Retirement and Pension System's internal control over financial reporting and on our tests 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 of 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 on 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 audit.

The Management's Discussion and Analysis and Supplemental Schedules of Funding Progress for Single Employer Defined Benefit Pension Plans and Employer Contributions as referenced in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory, Investment, Actuarial and Statistical Sections, as well as the schedule of administrative expenses, schedule of investment expense and schedule of payments to consultants are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of administrative expenses, schedule of investment expenses and schedule of payments to consultants have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The Introductory, Investment, Actuarial and Statistical Sections listed in the table of contents 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
May 7, 2010

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Board of Trustees
Anne Arundel County Retirement and Pension System
Annapolis, Maryland

We have audited the basic financial statements of Anne Arundel County Retirement and Pension System (the System), a pension trust fund of Anne Arundel County, Maryland, as of and for the year ended December 31, 2009 and have issued our report thereon dated May 7, 2010. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in a normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the System's financial statements that is more than inconsequential will not be prevented or detected by the System's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the System's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Anne Arundel County Retirement and Pension System in a separate letter dated May 7, 2010.

This report is intended solely for the information and use of the Audit Committee, the Board of Trustees, management and other oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Baltimore, Maryland
May 7, 2010

To introduce readers of the financial report of the Anne Arundel County Retirement and Pension System (the System), we, as Management, are pleased to provide this discussion and analysis of financial activities for the year ended December 31, 2009. Please read it in conjunction with the rest of the report, which consists of the basic financial statements, including the notes thereto, and required supplementary information (RSI), and supplementary schedules. Comparable amounts from the year ended December 31, 2008 have been provided herein to enhance comparability.

The System has the fiduciary responsibility to administer four single-employer defined benefit pension plans for certain County employees: the Employees' Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan and the Detention Officers' and Deputy Sheriffs' Retirement Plan.

Financial Highlights

Total Plan net assets increased \$155.3 million in 2009. This was a start to recovering from the asset decline of \$474.9 million experienced in 2008. Contributions were increased 15.2% to \$55.2 million over \$47.9 in 2008 but still lag behind \$70.8 million required for benefit payments. The 2009 total return of 17.5% compares to a loss of 30.4% for 2008. Investment returns, as in prior years, drive the overall health of the System.

The System paid \$70.8 million in benefits in 2009, compared with \$73.6 million paid in 2008. The net decrease of \$2.8 million was due in part to a decrease of \$9.3 million in Deferred Retirement Option Program (DROP) payouts offset by \$6.5 of additional benefit payments due to an increase in plan participants. Participant and employee contributions during 2009 totaled \$55.2 million. Of this total, employer contributions of \$44.7 million were \$6.3 million higher than in 2008. This 16.4% increase reflects the larger Actuarial Recommended Contribution which was the result of the 2008 investment losses.

Employee's Retirement Plan - In 2009 net assets increased by \$55.2 million, an increase of 15.2%. This is in line with the performance of the total System and reflects normal growth of both contributions and benefit payments. Various administrative expenses were \$487,143.

Police Service Retirement Plan - In 2009 net assets increased by \$42.5 million, or 13.9%. The \$14.5 million in contributions was an increase of \$2.0 million, while benefit payments decreased \$1.7 million to \$22.2 million, as a result of the lower DROP payments. Various administrative expenses were \$406,518.

Fire Service Retirement Plan - In 2009 net assets increased by \$46.1 million, a 15.9% increase. Contributions increased by \$1.8 million to \$15.0 million and, due to the decline in DROP payouts, benefit payments decreased \$3.6 million, or 16.7%. Various administrative expenses were \$379,081.

Detention Officers' and Deputy Sheriffs' Retirement Plan. - In 2009 net assets increased by \$11.4 million, or 20.5%. Contributions increased \$639,260 or 13.5% to \$5.4 million while benefits increased \$423,464 to \$3.5 million or 13.7%, in line with contributions. Various administrative expenses were \$75,803.

Overview of the Basic Financial Statements

In this financial report, the basic financial statements consist of the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets with accompanying Notes. The financial statements present information in separate columns for each of the four single-employer defined benefit pension plans as of December 31, 2009 with combined comparative information as of December 31, 2008. The Statement of Plan Net Assets presents the financial position of the Plans. The financial position is comprised of assets, primarily consisting of investments; less liabilities, which are amounts owed to settle investment transactions, accounts payable, and securities lending obligations. The difference between assets and liabilities is net assets, which represents the amount of resources available to pay future benefits to retirees and their beneficiaries.

Investments consist of domestic and foreign debt obligations, domestic and foreign equities, real estate, insurance company contracts, absolute return funds, private equity, and portable alpha strategy. The System has a

securities lending program to enhance its investment return. The assets and liabilities arising from the program are equal, netting to no additional Plan liability. In accordance with generally accepted accounting principles, the liability for future benefit payments is not reported in these financial statements; rather, the statements refer readers to the Schedule of Funding Progress, which presents an estimate of the actuarial accrued liability.

The Statement of Changes in Plan Net Assets presents the additions to and deductions from the four Plans' net assets during the year. Each Plan receives contributions from participants and the County, as well as income or losses from investments and related activity. The primary deductions are the payment of benefits, which are the Plans' primary objective. Deductions also include refunds to members who leave the Plans as well as administrative expenses. Administrative expenses are allocated monthly to each Plan based on its relative percentage of the total investments.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements are an integral part of the statements. These notes provide background and more detail about the information in the financial statements. Among other matters, the notes describe the System's purpose and its membership; the significant accounting policies used to prepare the basic financial statements; the nature of the four Plans, including the membership and benefit provisions and contribution requirements; the System's investment authority and policies; how investments and related documentation are safeguarded; and selected details about various investment activity and balances.

Required Supplementary Information

To provide actuarially determined information about the Plans, this report includes schedules of historical trend information in the Required Supplementary Information (RSI) section. The Schedule of Funding Progress and the Schedule of Employer Contributions provide actuarial information to help the reader understand the changes in the actuarial funding and funded status of the Plans over time. Please note that the actuarial information is based on assumptions about future events, and therefore, the figures presented are estimates.

The Schedule of Funding Progress provides information about the progress made to accumulate sufficient assets to pay benefits when due. It presents the funded status of the Plans by comparing the actuarial value of the assets to the actuarial accrued liability. The Schedule of Employer Contributions presents information about the County's annual required contributions and the contributions actually made to display the performance of the funding of the Plans. The schedules present information for the most recent six years.

Summary and Analysis of Financial Information

The following Condensed Statement of Plan Net Assets and Changes in Plan Net Assets presents financial information, with dollar amounts in millions for the System comparing 2009 and 2008.

Condensed Statement of Plan Net Assets (in millions)

	<u>December 2009</u>	<u>December 2008</u>	<u>Change in Dollars</u>	<u>Percentage change</u>
Assets				
Cash and short-term investments	\$ 43.2	\$ 46.4	\$ (3.2)	(6.9) %
Securities lending collateral	89.8	96.1	(6.3)	(6.6) %
Receivables	13.1	16.5	(3.4)	(20.6) %
Investments at fair value and deposits	<u>1,126.9</u>	<u>986.2</u>	<u>140.7</u>	14.3 %
Total assets	<u>1,273.0</u>	<u>1,145.2</u>	<u>127.8</u>	11.2 %
Liabilities				
Investments settlements and other	13.6	34.8	(21.2)	(60.9) %
Securities lending obligations	<u>89.8</u>	<u>96.1</u>	<u>(6.3)</u>	(6.6) %
Total liabilities	<u>103.4</u>	<u>130.9</u>	<u>(27.5)</u>	(21.0) %
Net assets available for benefits	<u>\$ 1,169.6</u>	<u>\$ 1,014.3</u>	<u>\$ 155.3</u>	<u>15.3 %</u>

Condensed Statement of Changes in Plan Net Assets (in millions)

	<u>December 2009</u>	<u>December 2008</u>	<u>Change in Dollars</u>	<u>Percentage change</u>
Additions				
Employer contributions	\$44.7	\$38.4	\$ 6.3	16.4 %
Participant contributions	10.5	9.5	1.0	10.5 %
Investment income	<u>172.2</u>	<u>(448.0)</u>	<u>620.2</u>	138.4%
Total additions	<u>227.4</u>	<u>(400.1)</u>	<u>627.5</u>	156.8%
Deductions				
Benefit payments and refunds	70.8	73.6	(2.8)	(3.8)%
Administrative expenses	<u>1.3</u>	<u>1.2</u>	<u>(0.1)</u>	8.3%
Total deductions	<u>72.1</u>	<u>74.8</u>	<u>(2.7)</u>	(3.6)%
Net change in net assets	155.3	(474.9)	630.2	132.7%
Net assets available, Jan. 1	<u>1,014.3</u>	<u>1,489.2</u>		
Net assets available, Dec. 31	<u>\$ 1,169.6</u>	<u>\$ 1,014.3</u>		

Comparative investment returns are displayed by investment type in the following table. The table also shows each category's relative percent of the System's investment portfolio.

<u>Investment Type</u>	<u>2009 Percent of Investments</u>	<u>2008 Percent of Investments</u>	<u>2009 Annual Investment Return</u>	<u>2008 Annual Investment Return</u>
Cash & cash equivalents	3.7%	4.5%	0.9%	2.2%
Domestic equity	25.7	30.5	33.7	(41.2)
International equity pools	13.3	10.5	29.9	(43.8)
Int'l. emerging market equity	0	2.6	-	(60.9)
Domestic fixed income	22.2	21.8	18.2	(8.5)
Global assets & pools	18.0	9.3	14.4	(23.2)
Private markets	2.4	2.6	(4.0)	0.6
Real Estate	3.3	6.4	(38.7)	(14.7)
Stable value pooled investments	3.1	3.7	5.7	7.2
Absolute return	5.7	5.9	10.5	(16.3)
Portable Alpha	2.6	2.2	40.4	(53.5)
Totals	<u>100%</u>	<u>100.0%</u>	17.5%	(30.4)%

The System's funding objective is to meet long-term benefit promises through contributions and investment income. The funding ratio, which is the actuarial value of assets divided by the actuarial accrued liability, is an estimate of how well the System is meeting that objective. A higher funded ratio indicates that the Plan is better funded. As of December 31, 2009 and 2008 the funded ratios were 88.0% and 87.0%, respectively.

The System paid \$70.8 million in retirement benefits and refunds to 2,401 participants and beneficiaries during 2009, compared to \$73.6 million in 2008 to 2,285 persons. This reflects an average of \$29,485 per person in 2009, compared to an average of \$32,206 in 2008.

The System received \$10.5 million in monthly contributions from 3,996 active participants during 2009. In 2008, \$9.5 million was received from 4,087 active participants. The employer contributions were \$44.7 million in 2009, compared to \$38.4 million in 2008. Employer contributions for the calendar year are based on the prior year actuarial recommended contribution, which is divided by 12 and provided to the respective Plans on a monthly basis. The County contributed 100 percent of the annual required contribution for 2009. Administrative costs for 2009 were approximately \$1.3 million for 6,777 participants or an average cost of \$199 per person. This was a 13.7% increase in administrative costs from 2008 of \$1.2 million for 6,715 participants, an average of \$175 per person.

Overall Analysis of Financial Position

The financial position of the System began to rebound during 2009 due to the improving market conditions which result in the overall actuarial funding ratio increasing to 88% from 87% in 2008. The actuarial value of the assets is determined by spreading the asset gain or loss over a five year period. However, a difference continues to exist between the market value and the actuarial value of the assets. Accordingly, the System's funding ratio at 2009 based on the market values of the assets is 71%. Management understands the importance of maintaining a well funded Pension System and intends to fully fund the actuarially required contribution levels. System evaluations are ongoing to improve the funding levels.

Requests for information

This Comprehensive Annual Financial Report provides a general overview of the System's finances. If you have questions concerning this report or need additional financial information, please contact the Office of Personnel, 2660 Riva Road, Annapolis, Maryland, 21401.

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Anne Arundel County Retirement and Pension System
Combining Statement of Plan Net Assets
December 31, 2009 (with December 31, 2008 Combined Comparative Totals)

	<i>Employees' Retirement Plan</i>	<i>Police Service Retirement Plan</i>	<i>Fire Service Retirement Plan</i>	<i>Detention Officers' and Deputy Sheriffs' Retirement Plan</i>	<i>2009 Combined Total</i>	<i>2008 Combined Total</i>
ASSETS						
Investments at market value:						
Cash and temporary investments	\$ 15,454,324	\$ 12,851,883	\$ 12,401,606	\$ 2,475,736	\$ 43,183,549	\$ 46,430,993
U. S. Government obligations	5,719,735	4,758,037	4,589,407	916,375	15,983,554	8,432,659
Corporate obligations	41,886,351	34,843,715	33,608,815	6,710,728	117,049,609	150,312,139
Fixed income mutual funds (pools)	45,342,920	37,719,108	36,382,301	7,264,515	126,708,844	66,776,012
Global assets and pools	75,396,311	62,719,420	60,496,573	12,079,452	210,691,756	96,299,069
Domestic equity	107,608,130	89,515,247	86,342,726	17,240,197	300,706,300	315,336,199
International equity pools	55,638,202	46,283,375	44,643,041	8,913,951	155,478,569	134,792,844
Private markets	10,062,770	8,370,848	8,074,176	1,612,184	28,119,978	26,848,049
Portable Alpha	10,894,099	9,062,401	8,741,219	1,745,374	30,443,093	22,822,533
Real estate investment pools	13,856,183	11,526,449	11,117,939	2,219,938	38,720,509	65,682,823
Aetna insurance pooled fixed income	12,873,787	10,709,230	10,329,683	2,062,545	35,975,245	38,192,988
Absolute Return funds	23,904,624	19,885,378	19,180,618	3,829,826	66,800,446	60,472,211
Total investments	418,637,436	348,245,091	335,908,104	67,070,821	1,169,861,452	1,032,398,519
Collateral from securities lending transactions:	32,140,244	26,736,288	25,788,724	5,149,278	89,814,534	96,123,513
Receivables						
Employer contributions	1,423,170	1,132,333	1,184,751	389,869	4,130,123	3,323,954
Participant contributions	591,196	220,287	255,055	102,345	1,168,883	743,968
Accrued interest and dividends	862,231	717,257	691,840	138,142	2,409,470	2,922,840
Investment sales proceeds	1,939,541	1,613,433	1,556,251	310,739	5,419,964	9,459,435
Total receivables	4,816,138	3,683,310	3,687,897	941,095	13,128,440	16,450,197
Deposits on hand	13,856	152,435	60,893	-	227,184	220,462
Total assets	455,607,674	378,817,124	365,445,618	73,161,194	1,273,031,610	1,145,192,691
LIABILITIES						
Accounts payable	276,675	230,156	221,999	44,327	773,157	689,629
Investment commitments payable	4,602,988	3,829,057	3,693,351	737,457	12,862,853	34,040,674
Obligation for collateral received under securities lending transactions	32,140,244	26,736,288	25,788,724	5,149,278	89,814,534	96,123,513
Total liabilities	37,019,907	30,795,501	29,704,074	5,931,062	103,450,544	130,853,816
Net assets held in trust for pension benefits	\$ 418,587,767	\$ 348,021,623	\$ 335,741,544	\$ 67,230,132	\$ 1,169,581,066	\$ 1,014,338,875

(Schedule of funding progress for each Plan is presented on page 25)

Accompanying notes to the basic financial statements are an integral part of this statement.

Anne Arundel County Retirement and Pension System
Combining Statement of Changes in Plan Net Assets
For the Year Ended December 31, 2009 (with December 31, 2008 Combined Comparative Totals)

	<i>Employees' Retirement Plan</i>	<i>Police Service Retirement Plan</i>	<i>Fire Service Retirement Plan</i>	<i>Detention Officers' and Dep. Sheriffs' Retirement Plan</i>	<i>2009 Combined Total</i>	<i>2008 Combined Comparative Total</i>
ADDITIONS						
Contributions						
Employer	\$ 15,246,252	\$ 12,428,136	\$ 12,701,160	\$ 4,348,914	\$ 44,724,462	\$ 38,407,374
Participants	5,085,885	2,024,825	2,346,754	1,029,277	10,486,741	9,525,558
Total contributions	20,332,137	14,452,961	15,047,914	5,378,191	55,211,203	47,932,932
Investment income						
Net appreciation (depreciation) in market value of investments	53,390,072	44,382,861	42,635,885	8,475,586	148,884,404	(477,126,675)
Interest income	6,878,838	4,392,534	4,660,147	823,591	16,755,110	19,357,469
Dividend income	3,742,698	3,126,270	2,986,756	587,276	10,443,000	13,932,384
Income (loss) from investment activities	64,011,608	51,901,665	50,282,788	9,886,453	176,082,514	(443,836,822)
Less investment expense	1,534,879	1,293,730	1,200,198	233,663	4,262,470	5,455,878
Net income (loss) from investing activities	62,476,729	50,607,935	49,082,590	9,652,790	171,820,044	(449,292,700)
Securities lending activities:						
Securities lending income	226,784	189,553	180,769	35,484	632,590	5,379,513
Securities lending expenses:						
Borrower rebates	46,210	38,624	36,835	7,230	128,899	3,552,501
Management fees	54,193	45,296	43,197	8,479	151,165	548,221
Total securities lending expenses	100,403	83,920	80,032	15,709	280,064	4,100,722
Net income from securities lending	126,381	105,633	100,738	19,775	352,527	1,278,791
Total Investment Income (Loss)	62,603,110	50,713,568	49,183,327	9,672,565	172,172,570	(448,013,909)
Total additions	82,935,247	65,166,529	64,231,241	15,050,756	227,383,773	(400,080,977)
DEDUCTIONS						
Benefit payments	27,267,923	22,214,203	17,785,497	3,525,414	70,793,037	73,590,104
Administrative expenses	487,143	406,518	379,081	75,803	1,348,545	1,180,297
Total deductions	27,755,066	22,620,721	18,164,578	3,601,217	72,141,582	74,770,401
Net increases (decreases)	55,180,181	42,545,808	46,066,663	11,449,539	155,242,191	(474,851,378)
Net assets, January 1	363,407,586	305,475,815	289,674,881	55,780,593	1,014,338,875	1,489,190,253
Net assets December 31	\$ 418,587,767	\$ 348,021,623	\$ 335,741,544	\$ 67,230,132	\$ 1,169,581,066	\$ 1,014,338,875

Accompanying notes to the basic financial statements are an integral part of this statement.

1 Summary of Significant Accounting Policies

The Anne Arundel County Retirement and Pension System (System) administers four defined benefit pension plans – the Employees’ Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan, and the Detention Officers’ and Deputy Sheriffs’ Retirement Plan. Although the assets of the Plans are commingled for investment purposes, each Plan’s assets may be used only for the payment of benefits to the members of that Plan, in accordance with its terms. The System was established as an Agency in the Executive branch of Anne Arundel County, Maryland (the County) and has the powers and privileges of a corporation to the extent permitted by law. The System is reported as Pension Trust Funds in the County’s Comprehensive Annual Financial Report. The Board of Trustees is comprised of representatives from the Executive branch of the County, participating employee groups, and two from outside County government.

A Basis of Presentation - The accounts of the System are organized on the basis of separate pension trust funds for each Plan, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, additions, and deductions. Pension trust funds are accounted for and reported in this manner because capital maintenance is critical.

B Basis of Accounting - The basic financial statements were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County’s contribution to each Plan is recognized when due and the County has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

The accounting and reporting policies conform to accounting principles generally accepted in the United States of America as applicable to government organizations. The preparation of financial statements in conformity with these principles 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 the reporting period. Actual results could differ from those estimates.

C Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on periodic independent appraisals. Investments that do not have an established market, such as Private Markets, are reported at estimated fair values. The fair value of private equities are based on management’s valuation of estimates and assumptions from information and representations provided by the respective general partners, in the absence of readily ascertainable market values. There are no investments with parties or in entities related to the County.

D Administrative Expenses - The administrative expenses of the System are charged to the respective Plans on the basis of its percentage ownership in the System’s net assets. Expenses are paid either by the County or from a separate cash account held by the custodian. Because of the commingled nature of funds, payments may be from either investment earnings or contributions. The total administrative expenses incurred during the year ended December 31, 2009 were \$1,348,545, of which approximately \$599,172 was paid by and reimbursed to the County. The System is administered by employees within the County’s Office of Personnel and Office of Finance. Some administrative costs are allocated to the Pension Trust Fund; however certain administrative costs are paid by the County’s General Fund.

E Income Taxes - The System qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is exempt from income taxation as allowed by Section 501(a) of the IRC.

F Use of Estimates - The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and related notes. Actual results could differ from those estimates.

G Comparative Financial Information - The financial statements include prior year combined comparative information for the System, but not at the individual Plan level, which is required by generally accepted accounting principles. Accordingly, these financial statements should be read in conjunction with the System's audited financial report from 2008, from which the combined prior year amounts were derived.

2 General Description of the System

A Covered Membership - Membership in each plan consisted of the following as of December 31, 2009, the date of the latest actuarial valuation:

	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Plan	Total
Retirees and beneficiaries receiving payments	1,270	571	414	146	2,401
Terminated Plan members entitled to but not yet receiving payments	257	-	-	15	272
Deferred Retirement Option (DROP)	-	45	63	-	108
Active Plan members	2,278	587	757	374	3,996
Total	<u>3,805</u>	<u>1,203</u>	<u>1,234</u>	<u>535</u>	<u>6,777</u>

B Plan Description, Contribution Information and Vesting - The following description of the System provides only general information. Participants should refer to the most recent Summary Plan Description booklets for a more complete description of the respective Plan's provisions.

Employees' Retirement Plan

Plan Description: The Employees' Retirement Plan is a single-employer defined benefit pension plan that covers all full-time general employees of the County who are not included in any other pension plan, as well as employees of Anne Arundel Economic Development Corporation. The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries pursuant to two separate benefit structures: Tier I and Tier II. Cost-of-living adjustments (COLAs) are also provided pursuant to County legislation.

Contributions: Contribution rates for participants are established through County legislation. Employees who elect to be in Tier I are required to contribute 4 percent of their annual covered salary. Tier II employees are not required nor permitted to make contributions. The County provided monthly contributions to the Plan based on the 2009 annual recommended contribution of \$15,246,252, as determined by the Plan's consulting actuary.

Cliff Vesting: Participants will be fully vested after their fifth year of service. Termination prior to the fifth year will result in the return of all employee contributions, if applicable, plus 4.25 percent interest per annum with no additional benefits available.

Police Service Retirement Plan

Plan Description: The Police Service Retirement Plan is a single-employer defined benefit pension plan that covers the following classes of workers: Police Officer, Police Sergeant, Police Lieutenant, Police Captain, Police Major, Deputy Police Chief, and (by election) the Chief of Police. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. COLA's are also provided pursuant to County legislation.

Contributions: Contribution rates for participants are established through County legislation. Plan participants are required to contribute 6 percent of their annual covered salary. The County provided monthly contributions to the Plan based on the 2009 annual recommended contribution of \$12,428,136, as determined by the Plan's consulting actuary.

Cliff Vesting: Participants hired on or after February 25, 2002 will be fully vested on the earlier of their attainment of age 50 and completion of their fifth year of service, or their completion of 20 years of service. Participants hired before February 25, 2002 will be fully vested on the earlier of their attainment of age 50 or completion of 20 years of service. Termination prior to attainment of Normal Retirement will result in the return of all employee contributions, if applicable, plus 3 percent interest per annum with no additional benefits available.

Fire Service Retirement Plan

Plan Description: The Fire Service Retirement Plan is a single-employer defined benefit pension plan that covers the following classes of workers: Fire Fighter II, Fire Fighter III, Fire Fighter Cardiac Rescue Technician, Fire Fighter/Emergency Medical Technician-Paramedic, Fire Lieutenant, Fire Captain, Fire Battalion Chief, Fire Division Chief, Fire Deputy Chief, and (by election) the Fire Administrator. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. COLA's are also provided pursuant to County legislation.

Contributions: Contribution rates for participants are established through County legislation. Plan participants are required to contribute 5 percent of their annual covered salary. The County provided monthly contributions to the Plan based on the 2009 annual recommended contribution of \$12,701,160, as determined by the Plan's consulting actuary.

Cliff Vesting: Participants who retire on or after July 1, 2002 will be fully vested on the earlier of their attainment of age 50 and completion of their fifth year of service or their completion of 20 years of service. Participants who retire prior to July 1, 2002 will be fully vested on the earlier of their attainment of age 50 and completion of 5 years of service. Termination prior to attainment of Normal Retirement will result in the return of all employee contributions, if applicable, plus 3 percent interest per annum with no additional benefits available.

Detention Officers' and Deputy Sheriffs' Retirement Plan

Plan Description: The Detention Officers' and Deputy Sheriffs' Retirement Plan is a single-employer defined benefit pension plan that covers the following classes of workers: Detention Officer I, Detention Officer II, Detention Officer III, Correctional Program Specialist I, Correctional Program Specialist II, Criminal Justice Program Supervisor, Security Administrator, Correctional Facility Administrator, Assistant Correctional Facility Administrator, Deputy Sheriff I, Deputy Sheriff II, Deputy Sheriff III, Deputy Sheriff IV, and (by election) the Superintendent of Detention Facilities. The plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. COLA's are also provided pursuant to County legislation.

Contributions: Contribution rates for participants are established through County legislation. Plan participants are required to contribute 5 percent of their annual covered salary. The County provided monthly contributions to the Plan based on the 2009 annual recommended contribution of \$4,348,914, as determined by the Plan's consulting actuary.

Cliff Vesting: Participants will be fully vested on the attainment of age 50 and completion of their fifth year of service. Termination prior to attainment of Normal Retirement will result in the return of all employee contributions, if applicable, plus 4.25 percent interest per annum with no additional benefits available.

C Legislative Changes

Bill No. 58-07 eliminated the income earnings cap in the Fire Service Retirement Plan; the Police Service Retirement Plan, and the Detention Officers' and Deputy Sheriffs' Retirement Plan. In addition, the contribution percentage for Category I participants of the Police Service Retirement Plan was reduced from 6% to 5%.

Bill No. 74-09 allowed a 3.0% increase for non-represented employees covered by the Employee, Police, and Fire Plans to be applied to the calculation of fiscal year 2010 average basic pay. For represented members of

the Fire Plan the calculation will be based on 5.0%. The bill further clarifies limits for entry into the DROP and reduces the guaranteed effective annual interest rate from 8.0% to 4.25% for those entering on or after July 1, 2009.

Bill No. 78-09 provided for an assumed increase of 4.0% for fiscal year 2010 for Detention Officer and Detention Corporal members of the Detention Officers' & Sheriffs Plan in determining the final average basic pay.

3 Funded Status and Funding Progress—Pension Plans

The funded status of each plan as of December 31, 2009, the most recent actuarial valuation date, is as follows :

	<i>(A)</i> <i>Actuarial</i> <i>Value</i> <i>of Assets</i>	<i>(B)</i> <i>Actuarial</i> <i>Accrued</i> <i>Liability (AAL)</i>	<i>(B-A)</i> <i>Unfunded</i> <i>AAL</i> <i>(UAAL)</i>	<i>(A/B)</i> <i>Funded</i> <i>Ratio</i>	<i>(C)</i> <i>Covered</i> <i>Payroll</i>	<i>((A-B)/C)</i> <i>UAAL as a</i> <i>percentage of</i> <i>Covered</i> <i>Payroll</i>
Employee's Plan	\$519,556,093	\$598,841,131	\$79,285,038	86.8%	\$126,030,706	62.9%
Police Service Plan	432,176,036	487,458,733	55,282,697	88.7%	42,499,380	130.1%
Fire Service Plan	418,191,046	455,154,200	36,963,154	91.9%	49,064,454	75.3%
Det.Officers'& Sheriffs Pla	84,490,610	111,255,025	26,764,415	75.9%	20,203,895	132.5%

The schedules of funding progress, included as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

	Employees Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriff's Retirement Plan
Actuarial valuation date	12/31/2009	12/31/2009	12/31/2009	12/31/2009
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization Period	Remaining amort. per. 24- 30 yrs. average 27 yrs, closed	Remaining amort. per. 24- 30 yrs. average 27 yrs, closed	Remaining amort. per. 23- 30 yrs. average 27 yrs, closed	Remaining amort. per. 24- 30 yrs. average 27 yrs, closed
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return	4.5%	4.5%	4.5%	4.5%
Inflation Rate	3.5%	3.5%	3.5%	3.5%
Projected salary increases	Varies by age (4.0%-7.0%)	Varies by age (4.5%-6.5%)	Varies by age (4.5%-7.0%)	Varies by age (4.5%-6.5%)
Cost of living adjustments	3.0% pre-2/97 2.1% post-2/97	3.5% pre-2/97 2.1% post-2/97	3.5% pre-2/97 2.1% post-2/97	3.5% pre-2/97 2.1% post-2/97

4 Investments

A Investments Authorized - The System is authorized to invest in U.S. Government securities, insurance company general accounts, commercial paper, money market mutual funds, corporate bonds, common and international stocks, limited partnerships, absolute return funds, private equity, as well as mortgage participation's and real estate. State statutes do not prohibit the System from participating in securities lending transactions. (See Note 5 to the basic financial statements for additional information concerning the System's security lending transactions.)

B Custodial Credit Risk, Deposits - Custodial credit risk for deposits is the risk that the System will not be able to recover, in the event of the failure of a depository financial institution or will not be able to recover collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either a counterparty or the counterparty's trust department or agent but not in the System's name. As of December 31, 2009 there were no investments that met the criteria. Custodial credit risk for investments is discussed further in Note 5. The System's Investment Policy Statement (IPS) does not address custodial credit risk.

C Concentration Risk - Concentration risk is the risk of loss to the System attributed to the magnitude of the System's investment in a single issuer. As of December 31, 2009 there was no exposure to a single issuer greater than 5.0% of the plan net assets excluding investment pools. The IPS sets maximum concentration limits by asset type and style.

D Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The fair value of fixed income (debt) securities is affected by increases and declines in interest rates. These investments may also have embedded call features allowing the issuer to redeem part or all of the issue prior to maturity at a pre-set price. In addition, debt issues may have interest rates that vary according to a pre-determined external index (such as the London Inter-Bank Offered Rate) or a pre-determined step-up in the interest rate at a pre-determined date(s). The IPS sets limits on floating rates for mortgage backed securities and establishes limits on the average duration of some investment types. The County has no formal policy providing any additional guidance or limits affecting the System's interest rate exposure.

The following table uses the *Segmented Time Distribution* method to display the System's debt holdings by maturity term and investment type. Some issues within the categories agencies/instrumentalities, corporate bonds, collateralized mortgage obligations, and other asset-backed securities have variable rate features. The total fair value of these securities was \$14,645,871 as of December 31, 2009.

		Investment Maturities (in Years)			
		Less than			
<u>Investment Type</u>	<u>Fair Value</u>	<u>1 year</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>over 10</u>
U.S. Treasuries	\$ 15,983,553	\$ 5,499,567	\$ 1,721,527	\$ 1,168,030	\$ 7,594,429
Agency/Instrumentalities	21,278,052	-	3,363,791	577,535	17,336,727
Corporate Bonds	75,014,473	47,880	42,023,354	25,965,259	6,977,981
Bond Mutual Funds	126,708,844	-	125,822,162	886,681	-
Collateralized Mrtg Obligations	9,072,374	-	-	-	9,072,374
Other Asset-Backed Securities	4,893,495	324,400	523,179	892,056	3,153,860
Foreign and Yankee Bonds	6,791,215	-	3,457,515	2,727,732	605,969
Totals	\$ 259,742,007	\$ 5,871,847	\$ 176,911,528	\$ 32,217,293	\$ 44,741,338

The segmented time distribution table includes issues with call features and assumes that these issues will be held to maturity. The total fair market value of callable securities totals \$52,482,784 with call dates ranging from January 1, 2010, for continuously callable issues, to December 15, 2031. Stated call prices are generally at par. The

callable holdings include issues with floating interest rates which have a market value of \$11,394,915.

E Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. Debt securities are rated by Nationally Recognized Statistical Rating Organizations to provide purchasers with an opinion of the capability and willingness of a borrower to re-pay its debt. The following table displays the System's debt holdings and quality ratings from Standard & Poor's and Moody's with the highest rating in each asset type listed first. The Investment Policy Statement provides guidelines to all fixed income managers related to allowable quality ratings. The County has no additional formal policy related to the credit ratings of the System's investments.

<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>
Agency/Instrumentalities	AAA	Aaa	4.46	Yankee & Foreign Gov	AAA	Aaa	0.31
"	NR	NR	2.13	Issued Debt	AA	Aa	0.21
Collateralized Mort. Oblig.	AAA	Aaa	0.35	"	AA	A	0.03
"	AAA	Aa	0.24	"	A	A	0.18
"	AAA	A	0.21	"	A	Baa	0.03
"	AAA	Ba	0.13	"	A	NR	0.02
"	AAA	NR	0.10	"	BBB	A	0.05
"	AA	Aa	0.08	"	BBB	Baa	0.51
"	AA	A	0.07	"	B	B	0.26
"	A	Aaa	0.05	"	B	NR	0.31
"	A	B	0.09	"	CCC	Caa	0.02
"	BBB	Baa	0.02	"	NR	NR	0.18
"	BB	Ba	0.06	Corporate Bonds	AA	Aa	0.27
"	BB	B	0.07	"	AA	A	0.18
"	B	A	0.05	"	A	Aa	0.34
"	B	Baa	0.01	"	A	A	1.79
"	B	Ba	0.06	"	A	Baa	0.24
"	B	Caa	0.21	"	A	Ba	0.15
"	B	NR	0.04	"	BBB	A	0.17
"	CCC	Baa	0.05	"	BBB	Baa	1.64
"	CCC	Ba	0.16	"	BBB	Ba	0.08
"	CCC	B	0.38	"	BBB	B	0.49
"	CCC	Caa	0.02	"	BBB	NR	0.11
"	CCC	Ca	0.11	"	BB	Baa	0.39
"	CCC	NR	0.09	"	BB	Ba	1.73
"	D	Ca	0.02	"	BB	B	1.99
"	NR	Aaa	0.03	"	BB	NR	0.23
"	NR	A	0.02	"	B	Ba	0.60
"	NR	B	0.04	"	B	B	8.41
"	NR	Ca	0.04	"	B	Caa	1.75
Other Asset-backed	AAA	Aaa	0.40	"	CCC	B	1.67
Obligations	AA	Aa	0.08	"	CCC	Ca	0.02
"	BBB	Baa	0.12	"	CCC	Caa	0.04
"	BBB	NR	0.10	"	C	Ca	0.05
"	BBB	Ba	0.02	"	NR	B	0.40
"	BB	Ba	0.22	"	NR	NR	0.09
"	BB	B	0.02	Mutual Funds	NR	NR	39.24
"	BB	NR	0.05	Guaranteed Invest Contracts	NR	NR	11.14
"	B	B	0.24	Short Term Investment Pools	NR	NR	13.37
"	B	Caa	0.13				
"	CCC	NR	0.09				
"	NR	Aaa	0.06				

F Foreign Currency Risk - The investment policy recognizes the value of global diversification. A maximum of 51% in international/global exposure is allowed. The System retains six managers for global and international equity and fixed income exposure. These managers may also purchase or sell currency on a spot basis and may enter into forward exchange contracts on currency provided that the use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of securities transactions.

There is potential risk with exposure to foreign currency relating to potential unfavorable fluctuation of exchange rates compared with the U.S. Dollar. The System's direct exposure to foreign currency was zero as of December 31, 2009. International/global equities and fixed income assets totaled \$366,170,325 in fair market value, managed in pooled funds as of December 31, 2009 as compared to \$231,091,913 as of December 31, 2008.

5 Securities Lending

The Board of Trustees authorizes the System to lend securities held by the custodian, State Street Bank and Trust Company, to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian lends securities, of the type on loan at year-end, for collateral in the form of cash or other securities of 102 percent for domestic securities and 105 percent for international. Cash collateral received by the System with respect to these transactions is invested at the direction of the Board of Trustees in the State Street Bank and Trust Company Quality Funds for Short-Term Investment (STIF), a pooled investment vehicle. Government Accounting Standards Board Statement No. 31 requires certain information in connection with the STIF investments which is provided below.

The fair value of the investments held by the STIF is based upon valuation provided by a recognized pricing service. Because the STIF does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, State Street Bank and Trust Company has valued the STIF investments at fair value for reporting purposes. The STIF is not registered with the Securities and Exchange Commission. State Street Bank and Trust Company, and consequently the investment vehicle it sponsors (including the STIF) are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the System's position in the STIF is not the same as the value of the STIF shares. There was no involuntary participation in an external investment pool by the System for the year ended December 31, 2009. No income from one STIF was assigned to another STIF by State Street Bank and Trust Company during the year ended December 31, 2009.

At year-end, the System had no credit risk exposure to borrowers because the amount of collateral held by the System was greater than the value of securities on loan. The cash and securities collateral held as of December 31, 2009 were \$89,814,533 and \$205,391 respectively totaling \$90,019,924. The market value of securities on loan for the System as of December 31, 2009 was \$87,124,518.

The System did not impose any restrictions during the year on the amount of the loans that the custodian made on its behalf. Moreover, there were no losses during the year resulting from a default of the borrowers or custodian.

All security loans can be terminated on demand by either the System or the borrower, although the average term of the loans is generally one week. Cash collateral received was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in the STIF, a pooled investment vehicle. As of December 31, 2009, the STIF had an average duration of 47 days and a weighted average maturity of 57 days. The relationship between the maturities of the STIF and the System's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the System cannot determine. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The System cannot pledge or sell collateral securities received unless the borrower defaults. The System's ownership value is \$1,425 greater than the value of the shares

6 Financial Instruments With Off-Balance Sheet Risk

Mortgage-Backed Securities - A mortgage-backed security depends on the underlying pool of mortgage loans to provide the cash flow to make principal and interest payments on the security. A decline in interest rates

can result in prepayments, which reduce the fair value of the security. If homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on investment would be higher than anticipated. A collateralized mortgage obligation (CMO) is a mortgage-backed security that is comprised of classes or tranches of bonds. Each class is structured to achieve a specific level of cash flow based on the prepayment assumptions assigned to the underlying mortgage pool.

The System invests in mortgage-backed securities to enhance fixed income returns. Mortgage-backed securities are subject to credit risk, the risk that the borrowers will be unable to meet their obligations. These securities are also subject to prepayment risk, which is the risk that a payment will be made in excess of the regularly scheduled principal payment. Prepayment risk is comprised of two risks: call risk, (the risk that prepayments will occur when interest rates have declined), and extension risk, (the risk that prepayments will not be made when interest rates have increased.) As of December 31, 2009, the fair value of government mortgage-backed securities was \$21,278,052, asset-backed securities was \$4,893,495, and CMO's was \$9,072,374.

7 **Contingencies**

Certain legal proceedings are pending against the System arising from its normal activities that, based on the facts presently available and the advice of legal counsel, management believes will not have a material adverse effect on the System's financial condition upon settlement.

8 **Commitments**

The System has committed to fund various private equity investments totaling \$80.0 million at December 31, 2009, of which \$48.0 million remains unfunded. The expected funding dates for these commitments extend through 2023.

Anne Arundel County Retirement and Pension System
Required Supplementary Information
Schedule of Funding Progress for Single Employer Defined Benefit Pension Plans
December 31, 2004 through 2009

As of December 31,	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded AAL (UAAL)	(A/B) Funded Ratio	(C) Covered Payroll	((A-B)/C) UAAL as a Percentage of Covered Payroll
EMPLOYEES' RETIREMENT PLAN						
2004	\$395,501,876	\$405,171,824	\$9,669,948	97.6	\$103,105,736	9.4
2005	422,234,496	439,232,326	16,997,830	96.1	107,290,189	15.8
2006	456,656,849	481,971,630	25,314,781	94.7	116,709,102	21.7
2007	492,788,674	526,341,482	33,552,808	93.6	117,222,681	28.6
2008	488,275,803	568,194,980	79,919,177	85.9	124,803,488	64.0
2009	519,556,093	598,841,131	79,285,038	86.8	126,030,706	62.9
POLICE SERVICE RETIREMENT PLAN						
2004	\$337,113,153	\$346,154,153	\$9,041,000	97.4	\$33,530,370	27.0
2005	360,268,341	376,560,903	16,292,562	95.7	36,694,307	44.4
2006	389,877,885	401,698,105	11,820,220	97.1	37,805,038	31.3
2007	417,278,055	433,667,102	16,389,047	96.2	41,011,366	40.0
2008	408,261,502	463,681,196	55,419,694	88.0	41,508,547	133.5
2009	432,176,036	487,458,733	55,282,697	88.7	42,499,380	130.1
FIRE SERVICE RETIREMENT PLAN						
2004	\$313,478,279	\$326,860,256	\$13,381,977	95.9	\$34,871,614	38.4
2005	340,274,675	355,786,396	15,511,721	95.6	38,592,322	40.2
2006	368,413,752	383,694,268	15,280,516	96.0	43,527,351	35.1
2007	395,884,441	413,815,087	17,930,646	95.7	43,941,526	40.8
2008	390,551,359	436,520,858	45,969,499	89.5	48,824,352	94.2
2009	418,191,046	455,154,200	36,963,154	91.9	49,064,454	75.3
DETENTION OFFICERS' AND DEPUTY SHERIFFS' RETIREMENT PLAN						
2004	\$52,200,204	\$60,272,753	\$8,072,549	86.6	\$15,355,590	52.6
2005	58,379,332	69,092,726	10,713,394	84.5	16,794,068	63.8
2006	66,233,757	75,946,236	9,712,479	87.2	17,367,873	55.9
2007	74,355,736	88,795,551	14,439,815	83.7	18,122,458	79.7
2008	76,525,847	98,485,152	21,959,305	77.7	19,785,653	111.0
2009	84,490,610	111,255,025	26,764,415	75.9	20,203,895	132.5

Accompanying Notes to the Required Supplementary Information are an integral part of this schedule.

Anne Arundel County Retirement and Pension System
Required Supplementary Information
Schedule of Employer Contributions
For the Years Ended December 31, 2004 through 2009

<i>For the Year Ended December 31,</i>	<i>Annual Required Contribution</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
EMPLOYEES' RETIREMENT PLAN			
2004	\$8,610,774	\$8,610,774	100.00
2005	10,013,619	10,015,144	100.02
2006	10,755,168	10,755,168	100.00
2007	11,778,948	11,778,948	100.00
2008	12,906,750	12,906,755	100.00
2009	15,246,258	15,246,252	100.00
POLICE SERVICE RETIREMENT PLAN			
2004	\$8,834,748	\$8,834,748	100.00
2005	8,930,263	8,931,530	100.01
2006	9,611,544	9,611,544	100.00
2007	9,997,308	9,997,308	100.00
2008	10,522,666	10,522,660	100.00
2009	12,428,140	12,428,136	100.00
FIRE SERVICE RETIREMENT PLAN			
2004	\$9,006,192	\$9,006,192	100.00
2005	10,015,826	10,016,964	100.01
2006	10,481,244	10,481,244	100.00
2007	10,959,888	10,959,888	100.00
2008	11,189,712	11,189,718	100.00
2009	12,701,160	12,701,160	100.00
DETENTION OFFICERS' AND DEPUTY SHERIFFS' RETIREMENT PLAN			
2004	\$3,072,600	\$3,072,600	100.00
2005	3,191,433	3,191,610	100.01
2006	3,462,366	3,462,366	100.00
2007	3,600,894	3,600,894	100.00
2008	3,788,256	3,788,260	100.00
2009	4,348,917	4,348,914	100.00

Accompanying Notes to the Required Supplementary Information are an integral part of this schedule.

1 Description of Schedule of Funding Progress

The Schedule of Funding Progress summarizes the actuarial value of the System's assets and actuarial liabilities as of December 31, 2009 and each of the five preceding years. The data presented in the schedule was obtained from the System's independent actuary's annual valuation report for each year presented.

The schedule is presented to provide a consistent basis for measuring the System's annual progress toward funding its actuarial accrued liability in accordance with its actuarial funding method. The primary measure of funding progress is the System's funded ratio (i.e., actuarial value of assets expressed as a percentage of the actuarial accrued liability). Analyzing this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the pension plan.

The Schedule of Funding Progress also discloses the relation between the System's covered payroll (i.e., all elements included in compensation paid to active members on which contributions are based) and the unfunded portion of its actuarial accrued liability as of December 31, 2009 and the five preceding years. This relationship, expressed as a ratio, is a measure of the significance of the unfunded actuarial accrued liability relative to the capacity to pay all contributions required to fund the liability. Generally, the smaller the percentage, the stronger the pension plan.

The actuarial value of assets is determined by spreading the asset gain or loss over a five year period. For the year ended December 31, 2009 the System experienced an investment gain of 17.5%.

2 Actuarial Methods and Assumptions

The following table presents the actuarial methods and assumptions used to compute the pension contribution requirements as of the latest actuarial valuation.

	<u>Employees Retirement Plan</u>	<u>Police Service Retirement Plan</u>	<u>Fire Service Retirement Plan</u>	<u>Detention Officers' and Deputy Sheriff's Retirement Plan</u>
Actuarial valuation date	12/31/2009	12/31/2009	12/31/2009	12/31/2009
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization Period	Remaining amort. per. 24-30 yrs. average 27 yrs, closed	Remaining amort. per. 24-30 yrs. average 27 yrs, closed	Remaining amort. per. 23-30 yrs. average 27 yrs, closed	Remaining amort. per. 24-30 yrs. average 27 yrs, closed
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return	4.5%	4.5%	4.5%	4.5%
Inflation Rate	3.5%	3.5%	3.5%	3.5%
Projected salary increases	Varies by age (4.0%-7.0%)	Varies by age (4.5%-6.5%)	Varies by age (4.5%-7.0%)	Varies by age (4.5%-6.5%)
Cost of living adjustments	3.0% pre-2/97 2.1% post-2/97	3.5% pre-2/97 2.1% post-2/97	3.5% pre-2/97 2.1% post-2/97	3.5% pre-2/97 2.1% post-2/97

3 Change in Actuarial Methods and Assumptions

There were no changes in Actuarial Methods and Assumptions recommended for the 2010 valuation.

4 Significant Legislative Changes 2000 to 2009

A review of past legislative actions that made significant changes to the Plans revealed the following four County Council Bills.

Bill No. 80-00, a recodification effective February 25, 2002, impacted all four Plans. For the Employees' Retirement Plan, the bill allowed a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap and normal retirement was changed to the earlier of 30 years of service or age 60.

For the Police Service Retirement Plan, the bill allowed a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap. Normal retirement was changed to the earlier of 20 years of service or age 50 with 5 years of service. Tier 2 benefits were eliminated. The bill also implemented the Deferred Retirement Option Program (DROP), a voluntary program that provides an alternative way to earn and receive retirement benefits.

In the Fire Service Retirement Plan, the bill allowed a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap. Normal retirement was changed to the earlier of 20 years of service or age 50 with 5 years of service. Tier 2 benefits were eliminated. The bill also implemented the Deferred Retirement Option Program (DROP), a voluntary program that provides an alternative way to earn and receive retirement benefits. The DROP was retroactive to January 1, 2001.

In the Detention Officers' and Deputy Sheriffs' Retirement Plan, the bill allowed a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap. Tier Two benefits were eliminated, early retirement factors were changed and a death benefit was added.

Bill No. 32-04 implemented provisions of the County labor contracts and included two material changes to this Plan. Section 6-102 redefined participants in the Plan so that one group can be afforded different benefits. Section 6-201 provides a "20 and out" benefit to uniformed Detention Officers & Deputy Sheriffs.

Bill No. 66-05 implemented changes in collective bargaining negotiations, added re-employment provisions, and clarified taxation status of contributions and certain calculations. The major item effecting funding reduced the participant contribution to 5% from 6% retroactive to July 14, 2005 for category II members of the Police Service Plan. Category II is comprised of Police Sergeant, Police Lieutenant, Police Captain, Police Major, Deputy Police Chief and the Chief of Police by election.

Bill No. 58-07 eliminated the income earnings cap in the Fire Service Retirement Plan; the Police Service Retirement Plan, and the Detention Officers' and Deputy Sheriffs' Retirement Plan. In addition, the contribution percentage for Category I participants of the Police Service Retirement Plan was reduced from 6% to 5%.

Bill No. 74-09 allowed a 3.0% increase for non-represented employees covered by the Employee, Police, and Fire Plans to be applied to the calculation of fiscal year 2010 average basic pay. For represented members of the Fire Plan the calculation will be based on 5.0%. The bill further clarifies limits for entry into the DROP and reduces the guaranteed effective annual interest rate from 8.0% to 4.25% for those entering on or after July 1, 2009.

Bill No. 78-09 provided for an assumed increase of 4.0% for fiscal year 2010 for Detention Officer and Detention Corporal members of the Detention Officers' & Sheriffs Plan in determining the final average basic pay.

Schedule of Administrative Expenses

Professional Services

Actuarial	\$ 150,965
Benefit payment processing	50,331
Insurance service fees	33,042
Audit	30,325
Investment consulting fees	276,459
Legal counsel	17,886
Manager Admin	153,732
	<u>712,740</u>

Miscellaneous: County paid

Supplies	11,391
Postage	16,742
Printing	18,394
Bonding & legal services	440
Medical evaluations	6,071
Training & memberships	1,073
Indirect costs paid to County	542,504
	<u>596,615</u>

Communication

Telephone	2,557
Travel & meals	3,161
	<u>5,718</u>

Miscellaneous: system paid

Prudential administration	3,950
Tax withholding expenses	29,522
	<u>33,472</u>

Total Administrative Costs \$ 1,348,545

Schedule of Investment Expenses

Management Fees

Aetna/ING Investment Mgmt	\$ 469,331
Buckhead Capital	353,558
Chartwell Investment Partners	395,855
Dupont	28,125
GlobeFlex	36,753
ING "Separate"	444,489
Penn Capital	358,259
Quellos Private Capital	140,000
Sands Capital Management	69,683

Management Fees (continued)

Southeastern Asset Management	303,773
State Street Global Advisors	255,632
W.R. Huff & Associates	6,040
Wellington Trust Company	442,451
Western Asset Management	260,858
Westwood	403,546
	<u>3,968,353</u>

Custodial Fees

State Street Bank & Trust	294,117
Total Investment Expense	\$ <u><u>4,262,470</u></u>

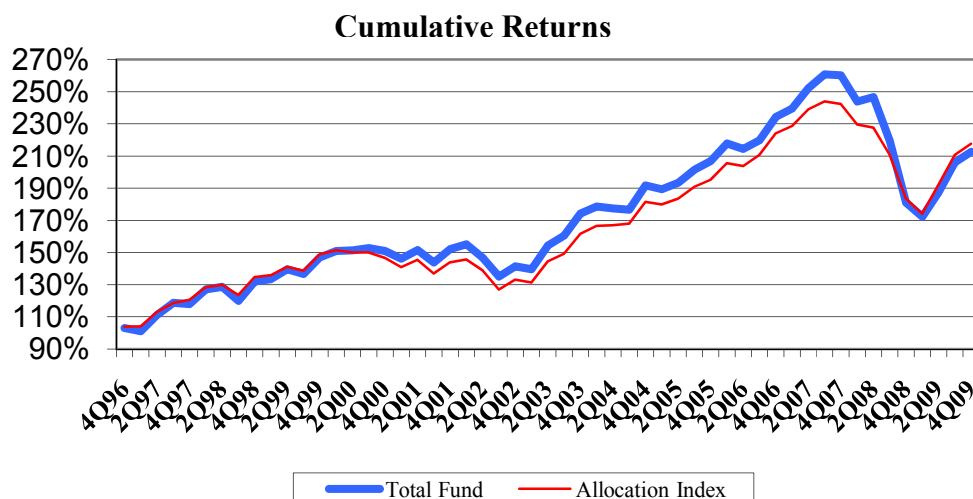
Schedule of Payments to Consultants

<i>Company</i>	<i>Fee</i>	<i>Nature of Service</i>
Aetna	\$ 33,042	Insurance Services
ADP	\$ 50,331	Benefit Payment Processing
Bolton Partners, Inc.	\$ 150,965	Actuarial Services
Clifton Gunderson	\$ 30,325	Audit Services
New England Pension Consultants	\$ 276,459	Investment Consulting Services
Other	\$ 171,618	Legal Services & Miscellaneous

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Investment Section

The following is a review of investment activity of the System with discussion and comparisons to general investment market trends. New England Pension Consultants (NEPC), the Investment Advisor, prepared this review using information provided by State Street Bank, the Custodian Bank.



Calendar year 2009 was the eleventh consecutive year the System's investment portfolio has been overseen by the Board of Trustees. NEPC continues to act as the System's pension and investment consultant. In 2009 the Fund added Loomis Sayles & Co. in the high yield/opportunistic credit space, and liquidated Sands Capital Management and GlobeFlex Capital, L.P. in the domestic and international equity space, respectively.

Market Commentary

The rebound of risky investments in 2009 has proven to be remarkably robust and broad-based. Nevertheless, the recent upbeat returns still leave markets well short of their late-2007 highs, and merely moderate the pain stemming from the worst decade on record for the S&P 500—even worse than the 1930s. In the near-term, the current momentum in equity markets can persist for several quarters as companies post favorable earnings relative to depressed prior year results and government spending stimulates growth. Further positives for markets include the onset of economic growth in most countries—albeit modest in the developed world—and the moderation of key “fear indicators” such as the VIX (S&P 500 volatility index) and the difference in yield between LIBOR and short Treasuries (the so-called “TED spread”), both of which have returned to pre-crisis levels.

Longer-term, massive U.S. government debt issuance will put pressure on the dollar, particularly relative to the currencies of more rapidly growing and financially healthier emerging economies. There is also the potential for event risk, such as a sovereign default (i.e. Portugal and Greece), creating short-term volatility in global markets. There is some concern that the expansion of the Federal Reserve balance sheet and sizeable U.S. government budget deficits may spark inflation in the medium-term. However, with continued high unemployment and excess productive capacity, inflation is not expected to be a significant problem in 2010.

Global Equity Markets

The S&P 500 finished up 26.4% for the year, an amazing result after the year began with a continuation of the sharp dive set in motion by the Lehman bankruptcy. Since March 9, however, investors once again flocked to risky assets and equity markets were obvious beneficiaries. Just as with the steep decline, the strong rally in the markets was sentiment-driven, as the lowest quality stocks—i.e., those with high debt and low profits—soared. This junk rally ended in September, when investors appeared to refocus on fundamentals. The fourth quarter concluded with positive single-digit returns. Large caps beat small caps; growth beat value. Technology and materials were the best performing sectors, while telecom and utilities lagged.

Global equity markets followed a similar path throughout the year. International developed markets finished up 2.2% in the fourth quarter rounding out a 31.8% calendar year return. Performance within the financials, technology, and materials sectors led the way for the year. Japanese equity markets continued to lag, posting a negative 2.8% return during the quarter and a 6.3% return for the year, significantly trailing global indices.

Anne Arundel County Retirement and Pension System
Investment Review
For the year ended December 31, 2009

Developing economies continued to experience strong growth and returns during the quarter and year. Country selection proved to be critical to investment success in this area as Brazil and most Asian economies outperformed during 2009. Since emerging market stocks hit their low point in October 2008, they have more than doubled. Improving fundamentals, a declining dollar, and strong asset flows have fueled the rise, resulting in a 78.5% return for the investment category in 2009.

Equity Index Returns (12/31/09)				
Global Equity	Quarter	1 Year	3 Yrs	5 Yrs
MSCI World	4.1%	30.0%	-5.6%	2.0%
US Equity				
S&P 500	6.0%	26.4%	-5.6%	0.4%
Dow Jones Industrial Average	8.1%	43.9%	-2.1%	0.9%
NASDAQ Composite	6.9%	22.7%	-3.1%	1.9%
Russell 1000 Growth	7.9%	37.2%	-1.9%	1.6%
Russell 1000 Value	4.2%	19.7%	-9.0%	-0.3%
Russell 2000	3.9%	27.2%	-6.1%	0.5%
Russell 2000 Growth	4.1%	34.5%	-4.0%	0.9%
Russell 2000 Value	3.6%	20.6%	-8.2%	0.0%
International Equity				
MSCI EAFE	2.2%	31.8%	-6.0%	3.5%
MSCI Emerging Markets Free	8.5%	78.5%	5.1%	15.5%
MSCI Europe	3.2%	35.8%	-6.1%	3.9%
MSCI UK	7.0%	43.3%	-7.1%	2.4%
MSCI Japan	-2.8%	6.3%	10.4%	-3.7%
MSCI Far East	-1.7%	10.4%	10.3%	-1.0%

Global Fixed Income Markets

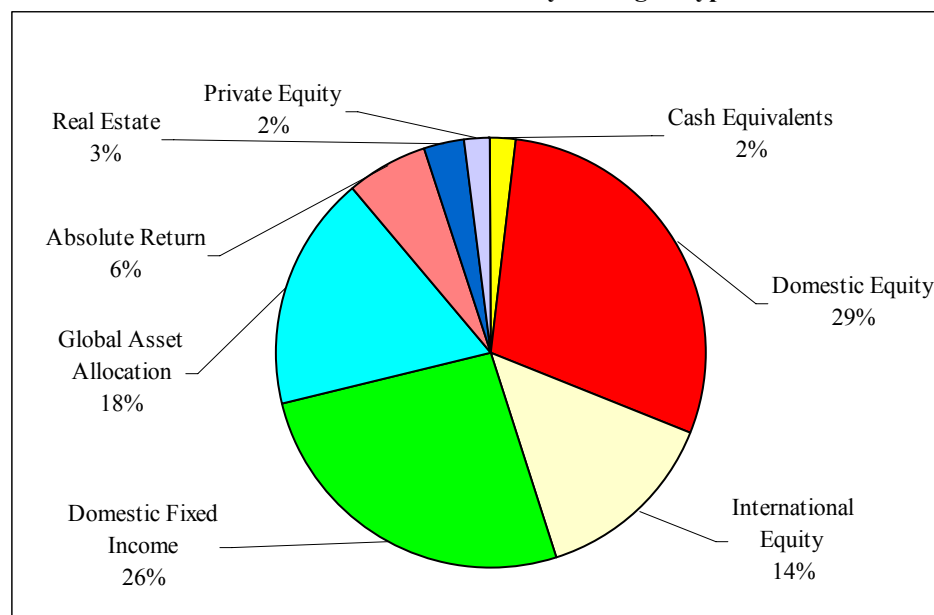
The rally in credit-related fixed income markets continued in the fourth quarter while interest rates rose in the belly and long end of the yield curve, eroding returns in Treasuries and other government-backed debt. The Barclays Capital Aggregate Index returned 5.9% for the year, led by investment grade credit and mortgage-backed securities, which were driven by the Federal Reserve's MBS purchasing program (set to expire in March 2010). Returns continued to be dramatic in below investment grade bonds, where the lowest rated sectors performed best. CCC rated bonds returned 90.7% in 2009, while BBs returned 46.1%. Bank loans, as measured by the CSFB Leveraged Loan Index, returned 44.9% in 2009. The expiration of Fed programs coupled with a forecasted record Treasury issuance in 2010 has led to some concerns about the future direction of the bond market, despite the good results in 2009.

Fixed Income Index Returns (12/31/09)				
Global Fixed Income	Quarter	1 Year	3 Yrs	5 Yrs
Citi World Gov. Bond	-1.9%	2.6%	8.1%	4.5%
JPM EMBI Global Diversified	1.6%	29.8%	6.6%	8.0%
Domestic Fixed Income				
BC Aggregate	0.2%	5.9%	6.0%	5.0%
BC Government	-1.0%	-2.2%	6.1%	4.9%
BC US Credit	1.0%	16.0%	5.7%	4.7%
BC Mortgage Backed	0.6%	5.8%	7.1%	5.8%
BC Govt/Credit	-0.2%	4.5%	5.8%	4.7%
BC TIPS	1.8%	11.4%	6.7%	4.6%
BC High Yield	6.2%	58.2%	6.0%	6.5%
CSFB Leveraged Loan	3.7%	44.9%	1.7%	3.6%
91 Day Treasury Bills	0.0%	0.2%	2.4%	3.0%
10-Year Bond Yields	Dec-09	Jun-09	Mar-09	Dec-08
US	3.3%	3.5%	2.8%	2.2%
Europe	3.2%	3.4%	3.0%	3.0%
UK	3.6%	3.7%	3.2%	3.0%
Japan	1.3%	1.4%	1.2%	1.2%

Growth of Assets and Asset Allocation

As of December 31, 2009, the Anne Arundel County Pension System net assets stood at \$1.17 billion, up from \$1.01 billion at the end of 2008, an increase of \$155.2 million. During the past year, the System experienced a net \$16.9 million in cash outflows, and gains on investment of \$172.1 million. At December 31, 2009, the System's assets were in compliance with Policy and were allocated as follows:

12/31/2009 Asset Allocation by Manager Type



Investment Performance

For the year ending December 31, 2009, the System gained 17.5%, ranking in the 58th percentile of all public funds in the Independent Consultants' Cooperative Universe. Returns for the longer-term periods were also affected by the recent performance. The System had an average annual return of -3.1% for the trailing three-year period, which ranked in the 93rd percentile of public funds, and 2.2% for the trailing 5-year period, which ranked in the 91st percentile of public funds. All performance returns are gross-of-fees and are calculated using the time-weighted rate of return method.

For the coming year, NEPC has recommend changes to the Plan's 2010 target asset allocation that will help to dampen the volatility and increase the consistency of the Plan's returns going forward while taking advantage of the current opportunities. This will be achieved through a rebalancing of the equity and fixed income allocations.

The following table summarizes investment holdings as of December 31, 2009, displaying fair market value and percent of the total value compared with the prior year data.

	2009		2008	
	Fair Value	Percentage of Total Fair Value	Fair Value	Percentage of Total Fair Value
Cash and temporary investments	\$ 43,183,549	3.7	\$ 46,430,993	4.5
Domestic fixed income	259,742,007	22.2	225,520,810	21.8
Domestic equity	300,706,300	25.7	315,336,199	30.5
Global fixed asset allocation and pools	210,691,756	18.0	96,299,069	9.3
International equity investment pools	155,478,569	13.3	134,792,844	13.1
Private Markets	28,119,978	2.4	26,848,049	2.6
Real estate investment pools	38,720,509	3.3	65,682,823	6.4
Stable Value Aetna insurance pools	35,975,245	3.1	38,192,988	3.7
Absolute Return funds	66,800,446	5.7	60,472,211	5.9
Portable Alpha	30,443,093	2.6	22,822,533	2.2
	<u>\$1,169,861,452</u>	<u>100.0</u>	<u>\$1,032,398,519</u>	<u>100.0</u>

Anne Arundel County Retirement and Pension System
Investment Review
For the year ended December 31, 2009

Asset Type and Percent of Portfolio at 12/31/09	-----Time Weighted Rate of Return-----			Notes
	Last Year	Last 3 Years	Last 5 Years	
Equity 41.6%				
Russell 2000 ® Benchmark	27.2	(6.1)	0.5	
S&P 500 Benchmark	26.4	(5.6)	0.4	
Domestic Equity Composite	33.7	(4.6)	0.4	
MSCI EAFE	31.8	(6.0)	3.5	
International Equity Composite	29.9	(7.3)	3.3	
MSCI Emerging Markets Free	70.4	0.1	14.4	
International Emerging Markets Composite	78.5	5.1	15.5	
Total Equity	35.4	(4.6)	2.4	
Fixed Income/ Stable Value 25.3%				
Barclays Capital Bond Aggregate Benchmark	5.9	6.0	5.0	
U.S. Fixed Composite	18.2	4.2	4.2	
Total Fixed Income	18.2	4.2	4.2	
Real Estate (R.E.) 3.3%				
Nat'l. Council R.E. Invest. Fiduciaries Benchmark	(16.9)	(3.4)	4.7	
Real Estate Composite	(38.7)	(14.2)	(2.6)	
Global Asset Allocation 18.0%				
T-Bills + 4%	4.2	6.4	7.0	
65% MSCI ACWI/35% BC Agg	25.0	(0.1)	4.5	
GAA Composite	14.4	0.5	N/A	A
Absolute Return Funds 5.7%				
T-Bills + 4%	4.2	6.4	7.0	
Absolute Return Composite	10.5	(0.7)	2.5	B
Private Equity Funds 2.4%				
Private Equity 11%	11.0	11.0	11.0	
Private Equity Composite	(4.0)	5.5	N/A	C
Cash Equivalents 3.7%				
90 Day T-bills Benchmark	0.2	2.4	3.0	
Cash Account	0.9	2.8	3.3	
Total Fund Composite Return	17.5	(3.1)	2.2	

Notes: A. Inception first quarter 2007 B. Inception third quarter 2004 C. Inception fourth quarter 2005

The following is a summary of the investment policies governing the assets of the System.

Investment Objectives

The Trustees of the Anne Arundel County Retirement System (System) seek to maintain the annual rate of pension contributions based on accepted actuarial practices, at a stable or declining percent of payroll. The Trustees also seek to maintain the funded ratio (market value of assets/actuarial value of benefits earned to date as measured by the Accrual Benefit Obligation) at a target level of 115% and in no event less than 100% in any given year. The System must remain capable of paying all benefits earned by employees. This principle is paramount and will not be compromised. Prudence is thus a mandatory factor in all decisions relating to the System. The disposition of the System's assets shall be made solely in the interest of the participants and their beneficiaries of the pension plan for exclusive purposes of providing benefits to such participants and their beneficiaries. Investments shall be made in a cost efficient manner, and reflect current industry best practices. The System return requirements are articulated in three separate ways:

- Nominal returns – 9.75% per year providing a buffer over the 8.0% actuarially required return.
- Real returns – 4.5% above the Consumer Price Index.
- Relative returns – Total return shall rank in the top half of the appropriate public fund universe. Risk-adjusted returns should also rank in the top half of the same universe. Returns for investment managers shall exceed their respective benchmarks, as well as rank in the top half of the appropriate universe of managers adhering to the same investment strategy.

The Board further recognizes that the return targets described herein may not be achieved in any single year. Instead, a longer-term horizon of 3-7 years shall be used in measuring the long-term success of the Fund. While the Board expects that returns will vary over time, the Fund shall have a risk tolerance consistent with that of other funds created for similar purposes, and the assets of the Fund shall be invested accordingly.

General Investment Policy

The System operates under the “Prudent Person” rule used herein meaning that in investing the governing authorities of the systems, funds, and plans shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of investments entrusted to it not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

Investments are made in full accordance with any and all applicable Maryland statutes, as well as any other applicable legislation or regulation, state, federal or otherwise. The roles and responsibilities of the Board of Trustees, the Investment Committee, the Investment Consultant, the Investment Managers and the Custodian are clearly defined. The Board has established a diversified portfolio to meet the System's return requirements. The table below summarizes the target asset allocation

Asset Class	Market Value Target (%)	Minimum Exposure (%)	Maximum Exposure (%)
Domestic Equity	20	10	30
International Equity	15	2	28
Domestic Fixed Income	25	15	35
Private Markets	7	0	15
Absolute Return	5	0	10
Real Estate	5	0	10
Global Asset Allocation (GAA)	20	10	30
Cash	3	0	10

The Chair of the Investment Committee reviews the asset allocation at least quarterly to determine if the asset allocation is consistent with the exposure ranges described herein. The Chair of the Investment Committee directs investment managers to transfer funds to rebalance the asset allocation as necessary with subsequent Board notification. The System shall strive to maintain a neutral bias with respect to Style Allocation (Growth versus Value) in its equity

investments. The Chair of the Investment Committee, as part of the normal rebalancing responsibilities, shall use appropriate judgment and care when rebalancing portfolios. Market conditions and transaction costs are considered.

Each separate account investment manager must comply with the quality and diversification requirements stated in the investment policy. Investment managers have detailed reporting requirements and must certify policy compliance on a quarterly basis. Permissible derivative uses are hedging, creation of permitted market exposures, and management of country and asset allocation exposure.

Proxy Voting

The Board of Trustees delegates proxy voting responsibility to its investment managers. Investment managers are required to report to the Board on an annual basis summarizing proxy voting over the previous fiscal year. The report must detail any changes that have occurred in the manager's proxy voting policies, and note any instances where proxies were not voted in accordance with the best interest of the System's beneficiaries.

Investment Manager Fees

The following table presents investments managers' fees paid by asset class.

<u>Asset Class</u>	<u>Assets Managed (Includes Cash)</u>	<u>Fees Paid</u>
Domestic equity	\$ 308,318,513	\$ 1,970,904
International equity	155,478,569	292,385
Domestic fixed income	200,752,240	625,157
Global assets	210,456,642	442,451
Other	123,169,735	*
Private equity	28,119,979	168,125
Real estate	38,720,509	*
Stable value insurance account	104,845,263	469,331
Total Investment Managers' Fees		3,968,353
Other Investment Service Fees:		
Custodial fees		294,117
Total Investment Expenses		\$ 4,262,470

*Fees net to fund assets. Not available as discrete amounts.

Brokerage Commissions

Broker's commissions on investment transactions, excluding mutual funds, for the year ended December 31, 2009 totaled \$781,510. Brokerage firms receiving more than \$6,000 in fees are listed below.

<u>Brokerage Firms</u>	<u>Fees Paid</u>	<u>Brokerage Firms</u>	<u>Fees Paid</u>
Liquidnet, Inc.	\$ 67,828	Jones Trading	14,783
State Street Global Markets	52,614	Stifel Nicolaus & Co., Inc.	14,614
Goldman Sachs & Co.	43,380	Raymond James & Assoc., Inc.	12,855
Knight Securities	33,562	Weeden & Co., LP	11,643
J P Morgan Securities	29,853	Baird, Robert W., & Co. Inc.	11,499
Investment Technology Group	28,216	Keybank Capital Markets Inc.	10,592
Instinet	26,137	Piper Jaffray	9,323
Credit Suisse Securities (USA)	23,806	BNY ConvergeX Group	9,210
UBS Securities LLC	22,861	Leerink Swann & Company	8,798
Citigroup Global Markets, Inc.	22,187	SG Americas Securities, LLC	8,390
Capital Institutional Services	21,676	Cantor Fitzgerald	7,929
Merrill Lynch	18,346	BMO Capital Markets	7,836
ISI Group	17,206	Cowen and Company, LLC	7,808
Jefferies & Co., Inc.	16,869	RBC Capital Markets	7,069
Oppenheimer & Co., Inc.	16,248	Morgan Stanley	7,063
Barclays Capital	15,778	Sanford C. Bernstein Co., LLC	6,631
Deutsche Bank Securities	15,578	Suntrust Capital Markets, Inc.	6,587
Macquarie Equities New York	14,944	Wachovia Capital Markets, LLC	6,210

Brokerage Commissions

The Investment Policy Statement requires that each manager shall provide an annual commission report to the Investment Committee and Investment Consultant within forty-five (45) days of the end of each calendar year. The report shall cover all trades executed during the prior year and should include a discussion of the firm's policy for selecting brokers, reviewing brokers, and negotiating brokerage commissions. This should include identification of any situations where the investment manager has a financial interest in brokers used to execute trades in the portfolio as well as a list of all broker-dealers used by the firm. Actual commission expenses are to be compared to the prior year. If the firm has a system for monitoring total transaction costs (commissions plus market impact), a copy of this analysis should be provided. If no such system is being used, the commission report should include a complete explanation of how the firm monitors selected brokers for best execution.

Anne Arundel County Retirement and Pension System
Investment Managers Guidelines and Exemptions for the year ended December 31, 2009

<u>Manager Name</u>	<u>Asset Class</u>	<u>Long-term Benchmark</u>	<u>Style Benchmark</u>	<u>Peer Group Universe</u>	<u>Guideline Exemptions</u>
Bridgewater Associates, Inc.	Global Asset Allocation	T-Bills + 4%	T-Bills + 4%	Absolute Return Managers (low volatility HFOF managers)	None
Buckhead Capital	U. S. Small Cap Value Equity	Russell 2000 Index	Russell 2000 Value	U. S. Small Cap Value Equity	None
Chartwell Investment Partners	U.S. Small Cap Growth Equity	Russell 2000 Index	Russell 2000 Growth	U.S. Small Cap Growth Equity	None
DuPont Capital Management	Private Equity Fund of Funds	11% Annualized Compound Return	11% Annualized Compound Return	Private Equity Managers	None
Gottex Fund Management	Portable Alpha, Large Cap Equities	S&P 500	S&P 500	Portable Alpha Managers	Note A
Grantham, Mayo Van Otterloo	International Small Cap Equity	S & P Citigroup EMI World, Excluding U.S., Index	S & P Citigroup EMI World, Excluding U.S., Index	International Developed Equity	None
HRJ Capital	Private Equity Distressed Debt	11% Annualized Compound Return	11% Annualized Compound Return	Private Equity Managers	None
ING Clarion Partners	Real Estate	NCREIF Property Index	NCREIF Property Index	Real Estate Managers	None
ING Investment Management, Inc.	Core Fixed Income	Barclays Capital Aggregate Bond Index	Barclays Capital Aggregate Bond Index	Core Fixed Income Managers	None
ING Investment Management, Inc.	U.S. Large Cap Growth Equity`	Russell 1000 Index	Russell 1000 Growth	U.S. Large Cap Growth Equity	None
K2 Advisors	Absolute Return	91-day T-Bills plus 4% Index	91-day T-bills plus 4% Index	Absolute Return Strategy Managers	Note A
Lexington Partners	Private Equity Secondaries	11% Constant Return	11% Constant Return	Private Equity Managers	None
Loomis Sayles & Co.	US High Yield Fixed Income/ Opportunistic Credit	S&P/LSTA Leveraged Loan Index	S&P/LSTA Leveraged Loan Index	Senior Bank Loan Managers	None
Mariner Select Ltd Partnership	Absolute Return	91 Day T-Bills plus 4% Index	91 Day T-Bills plus 4% Index	Absolute Return Strategy Managers	Note A
Marvin & Palmer Associates	Emerging Markets Equity	MSCI Emerging Markets Free	MSCI Emerging Markets Free	Emerging Markets Equity Managers	None
Newstone Capital Partners	Private Equity Distressed Debt	11% Annualized Compound Return	11% Annualized Compound Return	Private Equity Managers	None
Penn Capital	US High Yield Fixed Income	BC High Yield Index	BC High Yield Index	High Yield Bond Managers	None

Anne Arundel County Retirement and Pension System
Investment Managers Guidelines and Exemptions for the year ended December 31, 2009

<u>Manager Name</u>	<u>Asset Class</u>	<u>Long-term Benchmark</u>	<u>Style Benchmark</u>	<u>Peer Group Universe</u>	<u>Guideline Exemptions</u>
Quellos Private Capital II, LP Quellos Private Capital III, LP	Private Equity Fund of Funds	11% Annualized Compound Return	11% Annualized Compound Return	Private Equity Managers	None
Siguler Guff DOF III	Private Equity Distressed Debt	11% Annualized Compound Return	11% Annualized Compound Return	Private Equity Managers	None
Southeastern Asset Management	U.S. Large Cap Value Equity	Russell 1000 Index	Russell 1000 Value Index	U.S. Large Cap Value Equity	Note B
State Street Global Advisors	Int'l Developed Market Equity	S&P Citigroup PMI World – excluding US – Index	S&P Citigroup PMI World – Excluding US – Index	International Developed Equity	None
TCW/Crescent Mezzanine Partners, LP	Private Equity Mezzanine Debt	11% annualized compound return	11% annualized compound return	Private Equity Managers	None
W.R. Huff Asset Management Co.	High Yield Fixed Income	BC High Yield Index	BC High Yield Index	High Yield Fixed Income Managers	Note C
Wellington Management Company	Global Asset Allocation – Investment Opportunity Fund	S&P Citigroup PMI World – ex. US - Index	65% MSCI ACWI/35% BC Aggregate	Balanced Managers	None
Western Asset Management	Core Fixed Income	Barclays Capital Aggregate Bond Index	Barclays Capital Aggregate Bond Index	Core Fixed Income Managers	Note D
Westwood Management Corp.	U.S. Large Cap Value Equity	Russell 1000 Index	Russell 1000 Value Index	U.S. Large Cap Value Equity	None

Note A: 1. Exempt from adhering to the CFA Institute Performance Presentation Standards.

Note B: 1. May hold up to 10% of their portfolio in any one security.
2. May provide audited performance data in lieu of returns that adhere to the CFA Institute Performance Presentation Standards, but must provide all disclosures and footnotes required by the CFA Institute regarding performance calculation.
3. Is exempt from being required to hold at least 25 stocks in their portfolio.
4. For securities held in the Anne Arundel County Pension and Retirement System portfolio, Southeastern may own up to 20% of the outstanding market capitalization of a given company across all of their portfolios. If Southeastern owns more than this 20% limit for any security within the Anne Arundel County Pension and Retirement System portfolio, the Investment Committee Chairman and Investment Consultant of the Anne Arundel County Pension and Retirement System must be notified immediately for approval to continue holding the security, which may or may not be granted, depending on prevailing conditions.
5. Southeastern may hold up to 10% of their portfolio in American Depositary Receipts (ADR's). With prior Board approval, Southeastern may hold up to 20% of the portfolio in ADR's.

Note C: 1. Up to 7.5% of the portfolio may be invested in a single security (at market).
2. A minimum of 30 securities must be held in the portfolio at all times.
3. For securities held in the Anne Arundel County Pension and Retirement System portfolio, W. R. Huff may own up to 25% of a company's bond issues across all of their portfolios. If W.R. Huff owns more than this 25% limit for any security within the Anne Arundel County Pension and Retirement System portfolio, the Investment Committee Chairman and Investment Consultant of the Anne Arundel County Pension and Retirement System must be notified immediately for approval to continue holding the security, which may or may not be granted, depending on prevailing conditions.
4. Fund is in liquidation with remaining securities scheduled to be liquidated in early 2010 which overrides previously stated guidelines.

Note D: 1. Exempt from receiving at least two competitive offers on the same or similar securities prior to purchasing new issue mortgage back securities.

Anne Arundel County Retirement and Pension System

Schedule of Largest Assets Held

December 31, 2009

Largest Stock Holdings (By Fair Value)

Rank	Shares	Company	Fair Value
1	33,500	DirectTV	\$ 7,010,170
2	165,330	Microsoft Corp	6,059,278
3	144,140	Cisco Sys Inc	5,377,882
4	57,700	Philip Morris Intl Ord Shr	4,279,272
5	119,010	Oracle Corp	4,041,983
6	93,000	Pfizer Inc	3,870,832
7	18,024	Apple Inc	3,800,541
8	28,900	JPMorgan Chase & Co	3,562,785
9	13,300	Apache Corp	3,549,048
10	76,000	Disney Walt Co	3,534,600

Note: This list does not include investments in stock investment pools
A complete list of portfolio holding is available upon request.

Largest Bond Holdings (By Fair Value)

Rank	Par	Description	Fair Value
1	4,050,000	U S Treasury Bonds 4.500% due 8/15/2039	\$ 3,958,227
2	3,500,000	U S Treasury Bills due 3/25/2010	3,499,636
3	2,247,987	FNMA Pool 889802 5.000% due 7/1/2037	2,311,336
4	2,100,000	FNMA TBA Jan 30 Single Fam 6.000% due 1/1/2040	2,224,026
5	2,030,000	Federal National Mortgage Assn 6.250% due 2/1/2011	2,132,657
6	2,000,000	U S Treasury Bills due 2/4/2010	1,999,931
7	1,800,000	FNMA TBA Jan 30 Single Fam 5.000% due 1/1/2040	1,846,962
8	1,466,000	U S Treasury N/B 4.375% due 11/15/2039	1,403,241
9	1,126,477	Fed NM LN PC Pool 1G2324 5.550% due 11/1/2037	1,194,156
10	1,100,000	GNMA II TBA Jan 30 Jumbos 5.000% due 1/1/2040	1,130,426

Note: A complete list of portfolio holdings is available upon request.

Actuarial Section

Board of Trustees
Anne Arundel County Retirement and Pension System
Annapolis, Maryland

Dear Members of the Board of Trustees

We prepared annual actuarial valuations as of January 1, 2010 for the Anne Arundel County Retirement and Pension System. The system consists of the following plans, each of which is valued separately:

- Employees' Retirement Plan
- Police Service Retirement Plan
- Fire Service Retirement Plan
- Detention Officers' and Deputy Sheriffs' Retirement Plan

The contributions determined in these valuations are for the Fiscal year ending June 30, 2011. The valuations are based on employee and financial data, which were provided by the County Office of Personnel and County Office of Finance, respectively. We have performed limited tests for consistency and reasonableness and have not found any material problems with the data.

All costs, liabilities and other factors under the Plans were determined in accordance with generally accepted actuarial principals and procedures. The funding method used in the actuarial valuations is the projected unit credit cost method. This objective of this funding method is to produce level contributions as a percentage of payroll as long as the average age of the population does not change. The funding objective of the System is to meet long-term benefit promises through contributions and investment income. The funding ratio, which is the actuarial value of assets divided by the actuarial accrued liability, is an estimate of how well the System is meeting the objective. The ratio for all four plans decreased.

The valuations are based on a closed group of members; no new hires are assumed. In addition, the valuations assume the plans will remain in effect on an ongoing basis. The actuarial value of assets is determined by spreading the asset gain or loss over a 5-year period.

The actuarial assumptions and methods used for these valuations meet the parameters set forth in the Governmental Accounting Standards Board (GASB) Statement No. 25, Financial Reporting for Defined Benefit Pension Plans.

We have included the following supporting schedules: Actuarial Basis, Schedule of Member Valuation Data, Schedule of Funding Progress, Summary of Plan Provisions, Summary of Major Legislative changes, a Solvency Test, and Analysis of Financial Experience.



Thomas B. Lowman, FSA
Bolton Partners, Inc.

April 20, 2010
Date

A. Method Used for Funding Purposes

This valuation was performed using the projected unit credit cost method. The contribution equals the sum of the normal cost and the amount necessary to amortize any actuarial gains/(losses) over a 30-year period. Amortization payments increase 3.5% per year.

B. Asset Valuation Method

The actuarial value of assets is determined by spreading the asset gain or loss over a 5-year period. The asset gain or loss is the amount by which the actual investment return differs from the expected asset return. The method was phased in over a 5-year period beginning with 1994 returns. The Actuarial Value of Assets recognizes adjustments resulting from an audit.

There is a six-month lag between the valuation and the fiscal year. The 2010 valuation determines the County contributions due for the fiscal year ending June 30, 2011. Contributions made between the valuation date and the beginning of the next fiscal year (January 1, 2010 to June 30, 2010) have not been treated as assets in the current valuation.

C. Valuation Procedures

Tier One active participants who terminate prior to age 40 are assumed to elect to receive a refund of employee contributions with interest. Employees who terminate at or after age 40 are assumed to receive their vested benefit at normal retirement date.

D. Actuarial Assumptions (Employees' Plan)

The following assumptions were used in valuing the liabilities and benefits under the Plan for purposes of determining contributions and liabilities under GASB. These assumptions are used for all members eligible to receive benefits under the Employees' Plan provisions.

<i>Economic</i>	
Investment Return	8.0% compounded annually net of investment expenses (3.5% inflation and 4.5% real return)
Salary Increases	A graded schedule is used. See Earnings Progression Table.
Cost of Living Adjustment	Benefits accrued before Bill 88-96 are assumed to increase by 3.0% of the original benefit each year from retirement. Benefits accrued after Bill 88-96 are assumed to increase by 2.1% of current benefit each year from retirement.
<i>Other</i>	
Mortality	Healthy: RP-2000 Blue Collar Mortality Table projected to 2010 (using Male Scale AA). Disabled: RP-2000 Blue Collar Mortality Table projected to 2010 (using Male Scale AA), set forward nine years.
Withdrawal	See Table of Sample Rates.
Disability	See Table of Sample Rates. 10% of disablement is assumed to be duty-related.

Administrative Expenses \$481,000 for FY2011 and \$545,000 for FY2010 (average of actual expenses for the two years preceding the valuation date).

Retirement Rates ¹	<u>Service</u>			
	<u>Age</u>	<u>20</u>	<u>30</u>	<u>31</u>
	50	5%	40%	40%
	55	7%	30%	5%
	60	20%	20%	20%
	65	50%	50%	50%

Percentage Married Males – 70%; Females – 70%

Age Difference Males are assumed to be four years older than their spouses.

Military Service Active liabilities are loaded by 1.0% to account for future crediting of military service.

Disability Leave Service credit for benefit formula purposes is increased by 1.5% to account for disability leave which is converted to service credit at retirement.

The Tier 1 service cap of 60% is valued as 62% to account for Disability and Military service credit not being limited by the 30-year cap on service.

Attained Age	Table of Sample Mortality Rates			
	Healthy Mortality		Disabled Mortality	
	Males	Females	Males	Females
20	.03%	.02%	.03%	.02%
25	.03	.02	.09	.04
30	.07	.03	.13	.07
35	.10	.05	.16	.11
40	.13	.08	.21	.16
45	.16	.12	.32	.22
50	.20	.17	.61	.36
55	.35	.26	1.14	.84
60	.70	.47	2.04	1.56
65	1.35	.99	3.39	2.68

Attained Age	Table of Sample Decrement Rates		
	Percentage		
	Disablement	Withdrawal	
		Males	Females
20	.026%	12.47%	21.57%
25	.026	9.97	18.12
30	.026	6.78	13.34
35	.040	4.37	9.05
40	.080	3.48	7.48
45	.134	2.40	5.95
50	.216	0.45	1.11
55	.355	0.29	0.71
60	.530	0.00	0.00
64	.721	0.00	0.00

¹ 100% at age 68.

Earnings Progression	
Attained Age	Percentage Increase at Attained Age
20	7.0%
25	6.5
30	6.0
35	5.5
40	5.0
45	4.5
50	4.0
55	4.0

E. Actuarial Assumptions (Retirement Plan for Appointed and Elected Officials)

The following assumptions were used in valuing the liabilities and benefits under the Plan for purposes of determining contributions and liabilities under GASB. These assumptions are only used to value the benefits provided by the Retirement Plan for Appointed and Elected Officials which was frozen February 1, 1994. This is a small portion of the Employees' Retirement Plan.

<i>Economic</i>	
Investment Return	8.0% compounded annually net of investment expenses (3.5% inflation and 4.5% real return)
Salary Increases	None. Benefits have been frozen effective February 1, 1994.
Cost of Living	The benefits are assumed to increase by 3.0% of the original benefit each year from retirement.
<i>Other</i>	
Mortality	RP-2000 Blue Collar Mortality Table projected to 2010 (using Male Scale AA).
Withdrawal	None.
Disability	None.
Retirement Rates	100% at age 60. If active with over 16 years of service, the earlier of current age plus 5 years and age 60.

Anne Arundel County Retirement and Pension System
Employees' Retirement Plan - Schedules of Member Valuation Data
December 31, 2009

Active Members

Valuation Date	Number	Annual Payroll (Jan. 1 Rate)	Average Annual Pay	% Increase in Average Pay
January 1, 2001	2,283	88,927,130	38,952	4.7%
January 1, 2002	2,481	100,417,059	40,474	3.9%
January 1, 2003	2,315	101,172,221	43,703	8.0%
January 1, 2004	2,239	100,944,238	45,085	3.2%
January 1, 2005	2,217	103,105,736	46,507	3.2%
January 1, 2006	2,225	107,290,189	48,220	3.7%
January 1, 2007	2,338	116,709,102	49,917	3.5%
January 1, 2008	2,284	117,222,681	51,323	2.8%
January 1, 2009	2,312	124,803,488	53,981	5.2%
January 1, 2010	2,278	126,030,706	55,325	2.5%

Members With Deferred Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/00 to 12/31/00	100	30	(11)	119
1/1/01 to 12/31/01	119	31	(1)	149
1/1/02 to 12/31/02	149	9	(31)	127
1/1/03 to 12/31/03	127	82	(4)	205
1/1/04 to 12/31/04	205	22	(10)	217
1/1/05 to 12/31/05	217	37	(22)	232
1/1/06 to 12/31/06	232	20	(12)	240
1/1/07 to 12/31/07	240	42	(22)	260
1/1/08 to 12/31/08	260	37	(40)	257
1/1/09 to 12/31/09	257	25	(25)	257

Members Receiving Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/00 to 12/31/00	624	64	(10)	678
1/1/01 to 12/31/01	678	56	(30)	704
1/1/02 to 12/31/02	704	113	(23)	794
1/1/03 to 12/31/03	794	90	(36)	848
1/1/04 to 12/31/04	848	90	(27)	911
1/1/05 to 12/31/05	911	93	(22)	982
1/1/06 to 12/31/06	982	109	(22)	1,069
1/1/07 to 12/31/07	1,069	102	(28)	1,143
1/1/08 to 12/31/08	1,143	82	(31)	1,194
1/1/09 to 12/31/09	1,194	93	(17)	1,270

Summary of Retirees and Beneficiaries Added to and Removed from Rolls

Year Ending	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase in Average Annual Allowance	Average Annual Allowance
	Number	Annual Allowance ¹	Number	Annual Allowance	Number	Annual Allowance		
12/31/2006	109	\$3,576,394	22	\$400,214	1,069	\$21,649,834	7.65%	\$20,252
12/31/2007	102	2,170,425	28	306,253	1,143	23,514,006	1.58%	20,572
12/31/2008	82	2,955,585	31	523,131	1,194	25,946,460	5.63%	21,731
12/31/2009	93	1,846,297	17	157,628	1,270	27,635,129	0.13%	21,760

¹ Includes COLA's

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Unfunded AAL (UAAL)	(3) Actuarial Accrued Liability (AAL)	(4) Funded Ratio (1) ÷ (3)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (2) ÷ (5)
1/1/93	\$127,316,645	\$26,254,068	\$153,570,713	82.9%	\$66,236,134	39.6%
1/1/94	146,310,144	26,804,749	173,114,893	84.5%	67,987,153	39.4%
1/1/95 ¹	158,437,212	18,728,958	177,166,170	89.4%	72,811,217	25.7%
1/1/96 ²	176,801,858	23,788,900	200,590,758	88.1%	73,841,336	32.2%
1/1/97	214,676,343	24,353,891	239,030,234	89.8%	78,200,977	31.1%
1/1/98 ³	235,935,651	16,452,008	252,387,659	93.5%	82,842,730	19.9%
1/1/99	258,183,198	16,182,891	274,366,089	94.1%	87,089,448	18.6%
1/1/00 ⁴	282,462,621	15,746,760	298,209,381	94.7%	89,714,539	17.6%
1/1/01 ⁴	302,805,427	36,506,591	339,312,018	89.2%	88,927,130	41.1%
1/1/02	321,443,897	36,352,728	357,796,625	89.8%	100,417,059	36.2%
1/1/03	335,539,414	36,932,955	372,472,369	90.1%	101,172,221	36.5%
1/1/04 ⁵	367,756,502	(215,150)	367,541,352	100.1%	100,944,238	(0.2)%
1/1/05	395,501,876	9,669,948	405,171,824	97.6%	103,105,736	9.4%
1/1/06	422,234,496	16,997,830	439,232,326	96.1%	107,290,189	15.8%
1/1/07	456,656,849	25,314,781	481,971,630	94.7%	116,709,102	21.7%
1/1/08 ⁶	492,788,674	23,821,217	516,609,891	95.4%	117,222,681	20.3%
1/1/08 ⁷	492,788,674	33,552,808	526,341,482	93.6%	117,222,681	28.6%
1/1/09	488,275,803	79,919,177	568,194,980	85.9%	124,803,488	64.0%
1/1/10	519,556,093	79,285,038	598,841,131	86.8% ^a	126,030,706	62.9%

¹Revised asset valuation method

²Revised plan provisions and actuarial assumptions

³Revised actuarial assumptions and 2.5% A&E DB benefit

⁴Revised plan provisions

⁵Revised funding method

⁶Prior to assumption changes

⁷After assumption changes

Analysis of the dollar amounts of plan assets, Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability in isolation can be misleading. Expressing the assets as a percentage of the Actuarial Accrued Liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in Unfunded Actuarial Accrued Liability and annual covered payroll are both affected by inflation. Expressing the Unfunded Actuarial Accrued Liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

^aThe funded ratio as of 1/1/2010 would decrease to 70.1% if all losses were fully recognized.

Tier One Members

<i>Compensation</i>	For purposes of the pension plan, compensation is the regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.																						
<i>Final Earnings</i>	The average of highest 3 consecutive years of the last 5 years of compensation.																						
<i>Eligibility Requirements</i>	Full-time general employees of the County will be eligible to participate in the pension plan upon hire.																						
<i>Employee Contributions</i>	4% of compensation.																						
<i>Retirement Date</i>																							
Normal Retirement	The first of the month coincident with or next following the participant's 60 th birthday or, if earlier, when the participant has 30 years of service.																						
Early Retirement	Reduced benefits are available the first of any month coincident with or next following the completion of 20 years of continuous service, provided the participant is at least age 50.																						
Postponed Retirement	A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.																						
<i>Retirement Benefits</i>																							
Normal Retirement	2.0% of final earnings for each year of service (maximum 60% plus 2% times unused disability credit and pre-employment military service credit).																						
Early Retirement	Same as normal retirement, but reduced actuarially for early commencement.																						
	<table> <tr> <th><u>Years Early</u></th><th><u>Reduction Factor</u></th></tr> <tr><td>1</td><td>2%</td></tr> <tr><td>2</td><td>5%</td></tr> <tr><td>3</td><td>9%</td></tr> <tr><td>4</td><td>14%</td></tr> <tr><td>5</td><td>20%</td></tr> <tr><td>6</td><td>28%</td></tr> <tr><td>7</td><td>36%</td></tr> <tr><td>8</td><td>44%</td></tr> <tr><td>9</td><td>52%</td></tr> <tr><td>10</td><td>60%</td></tr> </table>	<u>Years Early</u>	<u>Reduction Factor</u>	1	2%	2	5%	3	9%	4	14%	5	20%	6	28%	7	36%	8	44%	9	52%	10	60%
<u>Years Early</u>	<u>Reduction Factor</u>																						
1	2%																						
2	5%																						
3	9%																						
4	14%																						
5	20%																						
6	28%																						
7	36%																						
8	44%																						
9	52%																						
10	60%																						
<i>Disability</i>																							
Eligibility	Totally and permanently disabled (except as the result of actions specified in the County code). To receive duty-related disability benefits, there is no service requirement. Five years of service are required to receive non-duty benefits.																						
Duty-Related	The greater of the accrued benefit or 66-2/3% of final earnings, payable immediately, unreduced.																						
Non-Duty	The greater of the accrued benefit or 25% of final earnings, payable immediately, unreduced.																						

Termination of Employment

Less than 5 years of service	Return of employee contributions with 4.25% interest.
5 years of service	At the discretion of the employee, either a return of contributions with interest or the accrued normal retirement benefit taking into account final earnings and service at date of termination, payable at normal retirement date.

Death Benefits

Married and eligible for early retirement	The greatest of: • \$10 per month • 50% of the accrued benefit • The accrued benefit, reduced actuarially for early commencement and the joint and 100% survivor form.
Unmarried or not eligible for early retirement	Return of employee contributions with 4.25% interest plus a lump sum of 50% of final earnings.

Cost of Living Increase

(simple, for benefits accrued as of 1/31/97)	Retiree benefits are adjusted each year. The revised benefit amount is the lesser of: • Prior year benefit plus base benefit multiplied by increase in the CPI for March preceding increase to CPI for March in year preceding increase. • Benefit increased by 3% of initial benefit.
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Cost of Living Increase

(compound, for benefits accrued after 1/31/97)	Retiree benefits are adjusted each year. The revised benefit amount is the lesser of: • Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year. • Benefit increased by 2.5%. Benefit payments can be reduced or increased. However, the amount can never be less than the initial benefit amount.
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Tier Two Members

Compensation

For purposes of the pension plan, compensation is the regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.

Final Earnings

The average of highest 3 consecutive years of the last 5 years of compensation.

Eligibility Requirements

Full-time general employees of the County will be eligible to participate in the pension plan upon hire. Members can elect to join Tier One.

Employee Contributions

No employee contributions required or allowed.

Retirement Date

Normal Retirement	The first of the month coincident with or next following the participant's 60 th birthday or, if earlier, when the participant has 30 years of service.
Early Retirement	Reduced benefits are available the first of any month coincident with or next following the completion of 20 years of continuous service, provided the participant is at least age 50.
Postponed Retirement	A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.

Retirement Benefits

Normal Retirement	1.0% of final earnings for each year of service.
Early Retirement	Same reduction factors as Tier 1.
Postponed Retirement	Same as normal retirement, but based on continued accrual past normal retirement date.

Normal form of Payment

Monthly life annuity.

Disability

Eligibility	Totally and permanently disabled (except as the result of actions specified in the County Code). To receive duty-related disability benefits, there is no service requirement. Five years of service are required to receive non-duty benefits.
Duty-Related	The greater of the accrued benefit or 66-2/3% of final earnings, payable immediately, unreduced.
Non-duty	The greater of the accrued benefit or 25% of final earnings, payable immediately, unreduced.

Termination of Employment

Less than 5 years of service	No benefit is payable.
5 years of service	The accrued normal retirement benefit taking into account final earnings and service at date of termination, payable at normal retirement date.

Death benefits

Married and eligible for early retirement	The greatest of: • \$10 per month • 50% of the accrued benefit • The accrued benefit, reduced actuarially for early commencement and the joint and 100% survivor form.
Unmarried or not eligible for early retirement	A lump sum of 50% of final earnings.

Cost of Living Increase (compound)

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year.
- Benefit increased by 2.5%.

Benefit payments can be reduced or increased. However, the amount can never be less than the initial benefit amount.

Solvency Test

2001 to 2010

Actuarial Valuation Date	Active Member Contribution (1)	Retirees and Beneficiaries Inactive and Pay- Status Members (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
01/01/2001	41,406,031	111,719,124	186,186,863	302,805,427	100%	100%	80.4%
01/01/2002	44,309,682	121,204,179	192,282,764	321,443,897	100%	100%	81.1%
01/01/2003	45,678,833	150,497,365	176,296,171	335,539,414	100%	100%	79.1%
01/01/2004	47,751,449	163,182,780	156,607,123	367,756,502	100%	100%	100.1%
01/01/2005	49,689,830	197,181,410	158,300,584	395,501,876	100%	100%	93.9%
01/01/2006	50,870,066	224,477,149	163,885,111	422,234,496	100%	100%	89.6%
01/01/2007	52,535,798	257,120,315	172,315,517	456,656,849	100%	100%	85.3%
01/01/2008	52,839,596	289,584,191	183,917,695	492,788,674	100%	100%	81.8%
01/01/2009	54,817,303	315,594,769	197,782,908	488,275,803	100%	100%	59.6%
01/01/2010	58,025,700	333,890,452	206,924,979	519,556,093	100%	100%	61.7%

Analysis of Financial Experience

Reasons for Change in the Unfunded Accrued Liability

The unfunded accrued liability decreased from \$79,919,177 to \$79,285,038. The increase is due to lower than expected COLA increases and other demographic changes. The funded status increased from 85.9% to 86.8%

Reasons for Change in Contribution Rates

The employer contribution rate increased from 13.7% for the fiscal year ending June 30, 2010 to 13.9% for the fiscal year ending June 30, 2011. The increase of 0.2% is due to the following reasons:

Pay Increases	0.1%
Investment Loss/(Gain)	0.1%
New Entrants/Change in Normal cost	0.0%
COLA's	-0.5%
Expenses	-0.1%
Demographics and Other Changes	0.6%
Total	0.2%

Anne Arundel County Retirement and Pension System
Employees' Retirement Plan – Summary of Major Legislative Changes
December 31, 2009

County Council Bill No. 36-89	Effective 7/1/89
	Pension benefits and vesting provisions were improved. The accrual percentage per year of service was increased from 1.8% to 2.0%, permitting accrual of the maximum 60% benefit in 30 years instead of 33-1/3.
	Full vesting was granted after 5 years of service. The old provisions used a graded scale granting 75% vesting after 10 years, climbing to 100% vesting after 15 years.
County Council Bill No. 34-92	Effective 6/1/92 through 8/31/92
	Participants age 50 or older with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2% for each year of credited service. The additional amount could be taken as a pension increase, a lump sum, or as a temporary supplement to age 62. Appropriate actuarial adjustments apply.
State House Bill No. 687	Effective 7/1/90
	County employees were given the opportunity to apply for credit under the County's plan for previous service with the State of Maryland (or a political subdivision of the State).
County Council Bill No. 90-93	Effective 12/22/93
	Plan participants are required to pay the full actuarial value of service purchases. Purchases can only be made at retirement. To be eligible, an employee must have 60 months of County service. Existing plan participants must be notified of their right to purchase service under existing law.
County Council Bill No. 82-94	Effective 10/31/94
	Transfers assets from general employees plan to A&E plan for participants who have transferred between these two plans.
County Council Bill No. 88-96	Effective 12/4/96
	The previous method of calculating cost of living increase will only apply to benefits accrued as of 1/31/97. The cost of living increase for future benefits is a compound increase equal to 60% of the annual change in the CPI, not to exceed 2.5%. Employees hired, or rehired, on or after 12/4/96 will be Tier Two employees and will have different benefits than current employees.
County Council Bill No. 41-99	Effective 6/15/99
	Employees paid under the deputy sheriff employees pay schedule become Tier Two members of the Detention Center Plan effective as of January 1, 1999. Service credited under the Employees' Plan will count as credited service in the Detention Center Plan and no future benefit will be paid from the Employees' Plan. Assets are transferred from the Employees' Plan to the Detention Center Plan in an amount equal to the projected unit credit accrued liability in the Employees' Plan.
Recodification	Effective 2/25/2002
	Allows a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap. Normal retirement was changed to the earlier of 30 years of service or age 60.
County Council Bill No. 74-09	Effective 12/11/2009.
	For non-represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 3% for determining the final average basic pay.

A. Method Used for Funding Purposes

This valuation was performed using the projected unit credit cost method. The contribution equals the sum of the normal cost and the amount necessary to amortize any actuarial gains/(losses) over a 30-year period. Amortization payments increase 3.5% per year.

B. Asset Valuation Method

The actuarial value of assets is determined by spreading the asset gain or loss over a 5-year period. The asset gain or loss is the amount by which the actual investment return differs from the expected asset return. The method was phased in over a 5-year period beginning with 1994 returns. The Actuarial Value of Assets recognizes adjustments resulting from the final prior year's audit.

There is a six-month lag between the valuation and the fiscal year. The 2010 valuation determines the County contributions due for the fiscal year ending June 30, 2011. Contributions made between the valuation date and the beginning of the next fiscal year (January 1, 2010 to June 30, 2010) have not been treated as assets in the current valuation.

C. Valuation Procedures

Generally, the plan provides a 100% survivor benefit to the spouse at the time of the retiree's death. This allows for post retirement marriages. We have valued the forms of payment originally coded in the data or based this on marital status at time of retirement (generally a 100% survivor benefit but not always).

D. Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the Plan for purposes of determining contributions and liabilities under GASB. These assumptions are used for all members eligible to receive benefits under the Police Service Retirement Plan provisions.

<i>Economic</i>	
Investment Return	8.0% compounded annually net of investment expenses (3.5% inflation and 4.5% real return)
Salary Increases	A graded schedule is used. See Earnings Progression Table.
Cost of Living Adjustment	Benefits accrued before Bill 88-96 are assumed to increase by 3.5% of the original benefit each year from retirement. Benefits accrued after Bill 88-96 are assumed to increase by 2.1% of current benefit each year from retirement.
<i>Other</i>	
Mortality	Healthy: RP-2000 Blue Collar Mortality Table projected to 2010 (by Male Scale AA). Disabled: RP-2000 Blue Collar Mortality Table projected to 2010 (by Male Scale AA), set forward five years.
Withdrawal	See Table of Sample Rates.
Disability	See Table of Sample Rates. 75% of disablement is assumed to be duty-related.
Administrative Expenses	\$404,000 for FY2011 and \$452,000 for FY2010 (average of actual expenses for the two years preceding the valuation date).
Prudential Benefits	Our calculations reflect that some benefits have already been purchased.

Retirement Rates

Sample Rates:

<u>Age</u>	<u>Service</u>				
	<u>20</u>	<u>22</u>	<u>24</u>	<u>27</u>	<u>30</u>
40	26.40%	10.00%	18.33%	10.00%	10.00%
45	18.34%	10.00%	18.33%	10.00%	10.00%
50	36.66%	50.00%	58.33%	50.00%	100.00%
55	100.00%	100.00%	100.00%	100.00%	100.00%

Percentage Married

Males – 85%; Females – 85%

Age Difference

Males are assumed to be four years older than their spouses.

Military Service

Active liabilities are loaded by 3.25% to account for future crediting of military service.

Disability Leave

Service credit for benefit formula purposes is increased by 1.75% to account for disability leave, which is converted, to service credit at retirement.

Attained Age	Table of Sample Mortality Rates			
	Healthy Mortality		Disabled Mortality	
	Males	Females	Males	Females
20	.03%	.02%	.03%	.02%
25	.03	.02	.07	.03
30	.07	.03	.10	.05
35	.10	.05	.13	.08
40	.13	.08	.17	.12
45	.16	.12	.21	.17
50	.20	.17	.35	.24
55	.35	.26	.68	.46
60	.70	.47	1.32	.99
65	1.35	.99	2.32	1.77

Attained Age	Table of Sample Decrement Rates	
	Percentage	
	Disability	Withdrawal
20	0.245%	5.31%
25	0.245	4.25
30	0.245	3.19
35	0.362	2.13
40	0.747	1.28
45	1.250	0.64
50	1.839	0.00
55	0.000	0.00
60	0.000	0.00
64	0.000	0.00

Earnings Progression	
Attained Age	Percentage Increase at Attained Age
20	6.5%
25	6.5
30	6.0
35	5.5
40	5.0
45	4.5
50	4.5

Anne Arundel County Retirement and Pension System
Police Service Retirement Plan – Schedules of Member Valuation Data
December 31, 2009

Active Members

Valuation Date	Number	Annual Payroll	Average Annual Pay	% Increase in Average Pay
January 1, 2001	633	28,535,848	45,080	9.20%
January 1, 2002	637	31,105,473	48,831	8.30%
January 1, 2003 ¹	652	33,459,024	51,318	5.10%
January 1, 2004 ²	610	31,915,536	52,321	2.00%
January 1, 2005 ³	631	33,530,370	53,138	1.60%
January 1, 2006 ⁴	642	36,694,307	57,156	7.56%
January 1, 2007 ⁵	640	37,805,038	59,070	3.35%
January 1, 2008 ⁶	658	41,011,336	62,327	5.51%
January 1, 2009 ⁷	627	41,508,547	66,202	6.22%
January 1, 2010 ⁸	632	42,499,380	67,246	1.58%

¹ Includes 25 participants in DROP.

² Includes 55 participants in DROP.

³ Includes 60 participants in DROP.

⁴ Includes 58 participants in DROP.

⁵ Includes 51 participants in DROP.

⁶ Includes 47 participants in DROP.

⁷ Includes 34 participants in DROP.

⁸ Includes 45 participants in DROP.

Members Receiving Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/99 to 12/31/99	318	15	(2)	331
1/1/00 to 12/31/00	331	31	(7)	355
1/1/01 to 12/31/01	355	26	(9)	372
1/1/02 to 12/31/02	372	24	(4)	392
1/1/03 to 12/31/03	392	24	(5)	411
1/1/04 to 12/31/04	411	18	(2)	427
1/1/05 to 12/31/05	427	29	(4)	452
1/1/06 to 12/31/06	452	38	(12)	478
1/1/07 to 12/31/07	478	40	(7)	511
1/1/08 to 12/31/08	511	50	(8)	553
1/1/09 to 12/31/09	553	30	(12)	571

Summary of Retirees and Beneficiaries Added to and Removed from Rolls

Year Ending	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase in Average Annual Allowance	Average Annual Allowance
	Number	Annual Allowance ¹	Number	Annual Allowance	Number	Annual Allowance		
12/31/2006	38	\$1,864,403	12	\$360,477	478	\$17,008,081	3.73%	\$35,582
12/31/2007	40	1,914,977	7	211,751	511	18,711,306	2.91%	36,617
12/31/2008	50	2,367,778	8	359,448	553	20,719,636	2.32%	37,468
12/31/2009	30	1,788,475	12	391,958	571	22,116,153	3.37%	38,732

¹ Includes COLA's

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Unfunded AAL (UAAL)	(3) Actuarial Accrued Liability (AAL)	(4) Funded Ratio (1) ÷ (3)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (2) ÷ (5)
1/1/93	\$113,956,307	\$18,631,007	\$132,587,314	85.9%	\$19,199,394	97.0%
1/1/94	129,215,918	19,021,794	148,237,712	87.2%	19,495,610	97.6%
1/1/95 ¹	139,659,200	31,572,272	171,231,472	81.6%	21,326,197	148.0%
1/1/96 ²	155,398,630	30,875,191	186,273,821	83.4%	22,058,471	140.0%
1/1/97	17,630,685	31,524,295	206,154,980	84.7%	21,633,977	145.7%
1/1/98 ³	192,151,789	31,510,057	223,661,846	85.9%	23,327,935	135.1%
1/1/99	212,252,477	31,995,957	244,248,434	86.9%	25,658,546	124.7%
1/1/00	235,557,469	32,449,508	268,006,977	87.9%	26,840,786	120.9%
1/1/01 ⁴	252,149,932	35,868,050	288,017,982	87.5%	28,535,848	125.7%
1/1/02	268,703,856	36,293,986	304,997,842	88.1%	31,105,473	116.7%
1/1/03	281,967,318	36,668,475	318,635,793	88.5%	33,459,024	109.6%
1/1/04 ⁵	311,371,499	14,184,341	325,555,840	95.6%	31,915,536	44.4%
1/1/05	337,113,153	9,041,000	346,154,153	97.4%	33,530,370	27.0%
1/1/06	360,268,341	16,292,562	376,560,903	95.7%	36,694,307	44.4%
1/1/07	389,877,885	11,820,220	401,698,105	97.1%	37,805,038	31.3%
1/1/08 ⁶	417,278,055	15,975,209	433,253,264	96.3%	41,011,366	39.0%
1/1/08 ⁷	417,278,055	16,389,047	433,667,102	96.2%	41,011,366	40.0%
1/1/09	408,261,502	55,419,694	463,681,196	88.0%	41,508,547	133.5%
1/1/10	432,176,036	55,282,697	487,458,733	88.7% ^a	42,499,380	130.1%

¹Revised asset valuation method and COLA interpretation

²Revised plan provisions and actuarial assumptions

³Revised actuarial assumptions

⁴Revised plan provisions

⁵Revised funding method

⁶Prior to assumption and plan changes

⁷After assumption and plan changes

Analysis of the dollar amounts of plan assets, Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability in isolation can be misleading. Expressing the assets as a percentage of the Actuarial Accrued Liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in Unfunded Actuarial Accrued Liability and annual covered payroll are both affected by inflation. Expressing the Unfunded Actuarial Accrued Liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

^aThe funded ratio as of 1/1/2010 would decrease to 71.5% if all losses were fully recognized.

<i>Compensation</i>	For purposes of the pension plan, compensation is the regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.
<i>Final Earnings</i>	The average of highest 3 consecutive years of the last 5 years of compensation.
<i>Eligibility Requirements</i>	Full-time employees occupying the classes of work listed below and making contributions to the plan will be eligible to participate in the pension plan upon hire: • Police Officer • Police Sergeant • Police Lieutenant • Police Captain • Police Major • Deputy Police Chief • Chief of Police, by election
<i>Employee Contributions</i>	5% of compensation.
<i>Retirement Date</i>	
Normal Retirement	The first of the month coincident with or next following the participant's 50 th birthday with 5 years of service or the completion of 20 years of service. For those hired prior to February 25, 2002, the five years of service is not required.
Postponed Retirement	A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.
<i>Retirement Benefits</i>	
Normal Retirement	2.5% of final earnings for each year of service up to 20 years plus 2.0% of final earnings per year of service in excess of 20 years (maximum 70% plus 2% times unused disability credit and pre-employment military service credit).
Postponed Retirement	Same as normal retirement, but based on continued accrual past normal retirement date.
<i>Normal Form of Payment</i>	For single participants, monthly life annuity with payments guaranteed for 5 years. For married participants, unreduced 100% joint and survivor annuity with payments guaranteed for 5 years.
<i>Disability</i>	
Eligibility	Totally and permanently disabled (except as the result of activities specified in the County code) regardless of length of service.
Duty-Related	The greater of the accrued benefit or 66-2/3% of final earnings, payable immediately, unreduced.
Non-Duty	The greater of the accrued benefit or 20% of final earnings, payable immediately, unreduced.
<i>Termination of Employment</i>	
Less than 20 years of service	Return of employee contributions with 3.00% interest.

Death Benefits

Married and eligible
for retirement

Duty-Related: Greater of accrued benefit or 66-2/3% of final earnings.
 Non-duty Related: Accrued Benefit.

Unmarried or not
eligible for retirement

Return of employee contributions with 3.00% interest.

***Cost of Living Increase (for
benefits accrued as of
1/31/97)***

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Base benefit multiplied by ratio of current 12 month average CPI to 12 month average CPI at retirement.
- Prior year benefit increased by 4%.

***Cost of Living Increase (for
benefits accrued after
1/31/97)***

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year.
- Prior year Benefit increased by 2.5%.

**Deferred Retirement
Option Program (DROP)**

Allows accumulation of pension after 20 years of County service. DROP period must be between 3 and 5 years.

Solvency Test

2001 to 2010

Actuarial Valuation Date	Active Member Contribution (1) ¹	Retirees and Beneficiaries Inactive and Pay- Status Members (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
01/01/2001	16,460,010	140,990,477	130,567,495	252,149,932	100%	100%	72.5%
01/01/2002	17,063,875	157,661,880	130,272,087	268,703,856	100%	100%	72.1%
01/01/2003	17,905,001	169,590,397	131,140,395	281,967,318	100%	100%	72.0%
01/01/2004	18,600,457	183,863,447	123,091,936	311,371,499	100%	100%	88.5%
01/01/2005	19,504,325	193,958,675	132,691,153	337,113,153	100%	100%	93.2%
01/01/2006	17,307,619	211,322,531	147,930,753	360,268,341	100%	100%	89.0%
01/01/2007	18,309,729	231,512,770	151,875,606	389,877,885	100%	100%	92.2%
01/01/2008	19,041,581	256,380,618	158,244,903	417,278,055	100%	100%	89.6%
01/01/2009	19,699,084	286,232,025	157,750,087	408,261,502	100%	100%	64.9%
01/01/2010	19,761,988	303,531,019	164,165,725	432,176,036	100%	100%	66.3%

Analysis of Financial Experience

Reasons for Change in the Unfunded Accrued Liability

The unfunded accrued liability decreased from \$55,419,694 to \$55,282,697. The decrease is partly due to lower than expected COLA increases and other demographic changes. The funded status increased from 88.0% to 88.7%

Reasons for Change in Contribution Rates

The employer contribution rate increased from 32.7% for the fiscal year ending June 30, 2010 to 34.2% for the fiscal year ending June 30, 2011. The increase of 1.5% is due to the following reasons:

Pay Increases	0.1%
Investment Loss/(Gain)	0.2%
New Entrants/Change in Normal cost	1.4%
Expenses	-0.1%
COLA's	-0.5%
Demographics and Other Changes	0.4%
Total	1.5%

¹ Does not include contribution balances for any participants currently in DROP

County Council Bill No. 48-89	Effective 9/13/89
	The previously combined Police and Fire plan was separated into distinct plans for each group.
	The reduction for retirement prior to age 50 was changed to 0.2% per month from 0.3% per month.
County Council Bill No. 34-92	Effective 6/1/92 through 8/31/92
	Participants age 50 or with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2.5% of final earnings for the first 20 years of service, plus 1/12 of 2% of final earnings for each additional year of service. The additional amount could be taken as a pension increase, a lump sum, or as a temporary supplement to age 62. Appropriate actuarial adjustments apply.
County Council Bill No. 66-92	Effective 7/2/92
	The plan was amended to allow normal, unreduced retirement after 20 years of service.
	Employee contributions were increased to 6% from 5%.
	Participants under age 50 were not allowed to retire and receive retirement incentives (under Bill No, 34-92) in addition to unreduced retirement. They could either retire early with the incentives, or normally without the incentives.
State House Bill No. 687	Effective 7/1/90
	County employees were given the opportunity to apply for credit under the County's plan for previous service with the State of Maryland (or a political subdivision of the State).
County Council Bill No. 88-96	Effective 12/4/96
	The previous method of calculating cost of living increase will only apply to benefits accrued as of 1/31/97. The cost of living increase for future benefits is a compound increase equal to 60% of the annual change in the CPI, not to exceed 2.5%. Employees hired, or rehired, on or after 12/4/96 will be Tier Two employees and will have different benefits than current employees.
Recodification	Effective 2/25/2002
	Allows a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap. Normal Retirement was changed to the earlier of 20 years of service or age 50 with 5 years of service. Elimination of Tier 2 benefits. Implemented a Deferred Retirement Option Program (DROP), a voluntary program that provides an alternative way to earn and receive retirement benefits.
County Council Bill No. 66-05	Effective 10/10/2005
	Reduced the contribution percentage for Category II participants from 6% to 5%.
County Council Bill No. 58-07	Effective 10/11/2007
	Reduced the contribution percentage for Category I participants from 6% to 5%.
County Council Bill 74-09	Effective 12/11/2009.
	For non-represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 3% for determining the average basic pay. Clarified the limits on those entering DROP. The effective annual interest rate for the DROP account changed from 8% to 4.25% for those entering DROP on or after July 1, 2009.

A. Method Used for Funding Purposes

This valuation was performed using the projected unit credit cost method. The contribution equals the sum of the normal cost and the amount necessary to amortize any actuarial gains/(losses) over a 30-year period. Amortization payments increase 3.5% per year.

B. Asset Valuation Method

The actuarial value of assets is determined by spreading the asset gain or loss over a 5-year period. The asset gain or loss is the amount by which the actual investment return differs from the expected asset return. The method was phased in over a 5-year period beginning with 1994 returns. The Actuarial Value of Assets recognizes adjustments resulting from an audit.

There is a six month lag between the valuation and the fiscal year. The 2010 valuation determines the County contribution due for the fiscal year ending June 30, 2011. Contributions made between the valuation date and the beginning of the next fiscal year (January 1, 2010 to June 30, 2010) have not been treated as assets in the current valuation.

C. Valuation Procedures

Generally, the plan provides a 100% survivor benefit to the spouse at the time of the retiree's death. This allows for post retirement marriages. We have valued the forms of payment originally coded in the data or based this on marital status at time of retirement (generally a 100% survivor benefit but not always).

D. Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the Plan for purposes of determining contributions and liabilities under GASB. These assumptions are used for all members eligible to receive benefits under the Fire Plan provisions.

<i>Economic</i>	
Investment Return	8.0% compounded annually net of investment expenses (3.5% inflation and 4.5% real return)
Salary Increases	A graded schedule is used. See Earnings Progression Table.
Cost of Living Adjustment	Benefits accrued before Bill 88-96 are assumed to increase by 3.5% of the original benefit each year from retirement. Benefits accrued after Bill 88-96 are assumed to increase by 2.1% of current benefit each year from retirement.
<i>Other</i>	
Mortality	Healthy: RP-2000 Blue Collar Mortality Table projected to 2010 (using Male Scale AA). Disabled: RP-2000 Blue Collar Mortality Table projected to 2010 (using Male Scale AA), set forward five years.
Withdrawal	See Table of Sample Rates.
Disability	See Table of Sample Rates. 75% of disablement is assumed to be duty-related.
Administrative Expenses	\$374,000 for FY2011 and \$422,000 for FY2010 (average of actual expenses for the two years preceding the valuation date).
Prudential Benefits	Our calculations reflect that some benefits have already been purchased.

Retirement Rates

Sample Rates:

	<u>Service</u>						
<u>Age</u>	<u>20</u>	<u>22</u>	<u>24</u>	<u>27</u>	<u>30</u>	<u>32</u>	<u>34</u>
40	7.50%	10.00%	18.33%	10.00%	50.00%	50.00%	100.00%
45	7.50%	10.00%	18.33%	10.00%	50.00%	50.00%	100.00%
50	18.00%	20.00%	58.33%	50.00%	50.00%	50.00%	100.00%
55	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	100.00%
59	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Percentage Married

Males – 85%; Females – 85%

Age Difference

Males are assumed to be four years older than their spouses.

Military Service

Active liabilities are loaded by 3.25% to account for future crediting of military service.

Disability Leave

Service credit for benefit formula purposes is increased by 1.75% to account for disability leave, which is converted, to service credit at retirement.

Attained Age	Table of Sample Mortality Rates			
	Healthy Mortality		Disabled Mortality	
	Males	Females	Males	Females
20	.03%	.02%	.03%	.02%
25	.03	.02	.07	.03
30	.07	.03	.10	.05
35	.10	.05	.13	.08
40	.13	.08	.17	.12
45	.16	.12	.21	.17
50	.20	.17	.35	.24
55	.35	.26	.68	.46
60	.70	.47	1.32	.99
65	1.35	.99	2.32	1.77

Attained Age	Table of Sample Decrement Rates	
	Percentage	
	Disability	Withdrawal
20	0.245%	5.18%
25	0.245	4.01
30	0.245	2.62
35	0.362	1.72
40	0.747	1.14
45	1.250	0.63
50	1.839	0.00
55	0.000	0.00
60	0.000	0.00
65	0.000	0.00

Earnings Progression	
Attained Age	Percentage Increase at Attained Age
20	7.0%
25	6.5
30	6.0
35	5.5
40	5.0
45	4.5
50	4.5

Anne Arundel County Retirement and Pension System
Fire Service Retirement Plan – Schedules of Member Valuation Data
December 31, 2009

Active Members

Valuation Date	Number	Annual Payroll	Average Annual Pay	% Increase in Average Pay
January 1, 2001	607	27,373,670	45,097	5.4%
January 1, 2002	625 ¹	30,548,866	48,878	8.4%
January 1, 2003	619 ²	32,000,686	51,697	5.8%
January 1, 2004	599 ³	31,463,220	52,526	1.6%
January 1, 2005	672 ⁴	34,871,614	51,892	(1.2%)
January 1, 2006	722 ⁵	38,592,322	53,452	3.0%
January 1, 2007	811 ⁶	43,527,351	53,671	0.4%
January 1, 2008	770 ⁷	43,941,526	57,067	6.3%
January 1, 2009	845 ⁸	48,824,352	57,780	1.2%
January 1, 2010	820 ⁹	49,064,454	59,835	3.6%

¹ Includes 35 members in DROP.

² Includes 64 members in DROP.

³ Includes 103 members in DROP.

⁴ Includes 109 members in DROP.

⁵ Includes 106 members in DROP.

⁶ Includes 93 members in DROP.

⁷ Includes 61 members in DROP.

⁸ Includes 36 members in DROP.

⁹ Includes 63 members in DROP.

Members Receiving Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/99 to 12/31/99	194	13	(9)	198
1/1/00 to 12/31/00	198	9	(3)	204
1/1/01 to 12/31/01	204	17	(2)	219
1/1/02 to 12/31/02	219	19	(4)	234
1/1/03 to 12/31/03	234	21	(1)	254
1/1/04 to 12/31/04	254	24	(8)	270
1/1/05 to 12/31/05	270	26	(3)	293
1/1/06 to 12/31/06	293	48	(9)	332
1/1/07 to 12/31/07	332	42	(10)	364
1/1/08 to 12/31/08	364	45	(4)	405
1/1/09 to 12/31/09	405	13	(4)	414

Summary of Retirees and Beneficiaries Added to and Removed from Rolls

Year Ending	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase in Average Annual Allowance	Average Annual Allowance
	Number	Annual Allowance ¹	Number	Annual Allowance	Number	Annual Allowance		
12/31/2006	48	\$1,893,236	9	\$240,230	332	\$11,419,267	3.19%	\$34,395
12/31/2007	42	1,968,498	10	178,384	364	13,209,380	5.51%	36,290
12/31/2008	45	2,033,100	4	116,736	405	15,125,744	2.92%	37,348
12/31/2009	13	859,830	4	124,348	414	15,861,226	2.58%	38,312

¹ Includes COLA's

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Unfunded AAL (UAAL)	(3) Actuarial Accrued Liability (AAL)	(4) Funded Ratio (1) ÷ (3)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (2) ÷ (5)
1/1/93	\$94,708,110	\$21,695,880	\$116,403,990	81.4%	\$20,147,064	107.7%
1/1/94	105,242,325	22,150,952	127,393,277	82.6%	20,930,014	105.8%
1/1/95 ¹	116,229,573	32,918,933	149,148,506	77.9%	22,499,901	146.3%
1/1/96 ²	131,283,387	32,914,231	164,197,618	80.0%	22,476,551	146.4%
1/1/97	149,030,187	33,562,970	182,593,157	81.6%	22,760,946	147.5%
1/1/98 ³	166,272,032	28,978,353	195,250,385	85.2%	24,008,491	120.7%
1/1/99	185,328,626	29,363,810	214,692,436	46.3%	24,874,704	118.0%
1/1/00	207,721,341	29,712,456	237,433,797	87.5%	25,551,279	116.3%
1/1/01 ⁴	225,133,219	39,498,937	264,632,156	85.1%	27,373,670	144.3%
1/1/02	241,162,428	39,924,293	281,086,721	85.8%	30,548,866	130.7%
1/1/03	256,190,269	40,287,968	296,478,237	86.4%	32,000,686	125.9%
1/1/04	286,763,188	15,137,045	301,900,234	95.0%	31,463,220	48.1%
1/1/05	313,478,279	13,381,977	326,860,256	95.9%	34,871,614	38.4%
1/1/06	340,274,675	15,511,721	355,786,396	95.6%	38,592,322	40.2%
1/1/07	368,413,752	15,280,517	383,694,268	96.0%	43,527,351	35.1%
1/1/08 ⁵	395,884,441	18,467,029	414,351,470	95.5%	43,941,526	42.0%
1/1/08 ⁶	395,884,441	17,930,646	413,815,087	95.7%	43,941,526	40.8%
1/1/09	390,551,359	45,969,499	436,520,858	89.5%	48,824,352	94.2%
1/1/10	418,191,046	36,963,154	455,154,200	91.9% ^a	49,064,454	75.3%

¹Revised asset valuation method and COLA interpretation

²Revised plan provisions and actuarial assumptions

³Revised actuarial assumptions

⁴Revised plan provision

⁵Prior to assumption changes

⁶After assumption changes

Analysis of the dollar amounts of plan assets, Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability in isolation can be misleading. Expressing the assets as a percentage of the Actuarial Accrued Liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in Unfunded Actuarial Accrued Liability and annual covered payroll are both affected by inflation. Expressing the Unfunded Actuarial Accrued Liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

^aThe funded ratio as of 1/1/2010 would decrease to 73.9% if all losses were fully recognized.

<i>Compensation</i>	For purposes of the pension plan, compensation is the regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.
<i>Final Earnings</i>	The average of highest 3 consecutive years of the last 10 years of compensation.
<i>Eligibility Requirements</i>	Full-time employees occupying the classes of work listed below and making contributions to the plan will be eligible to participate in the pension plan upon hire: • Fire Fighter II • Fire Fighter III • Fire Fighter/Cardiac Rescue Technician • Fire Fighter/Emergency Medical Technician Paramedic • Fire Lieutenant • Fire Captain • Fire Battalion Chief • Fire Division Chief • Deputy Fire Chief • Fire Chief, by election
<i>Employee Contributions</i>	5% of compensation.
<i>Retirement Date</i>	
Normal Retirement	The first of the month coincident with or next following the participant's 50 th birthday and 5 years of service or the completion of 20 years of service.
Postponed Retirement	A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.
<i>Retirement Benefits</i>	
Normal Retirement	2.5% of final earnings for each year of service up to 20 years plus 2.0% of final earnings per year of service in excess of 20 years (maximum 70% plus 2% times unused disability credit and pre-employment military service credit.)
Postponed Retirement	Same as normal retirement, but based on continued accrual past normal retirement date.
<i>Normal Form of Payment</i>	For single participants, monthly life annuity with payments guaranteed for 5 years. For married participants, unreduced 100% joint and survivor annuity with payments guaranteed for 5 years.
<i>Disability</i>	
Eligibility	Totally and permanently disabled (except as the result of activities specified in the Country code) regardless of length of service.
Duty-Related	The greater of the accrued benefit or 66-2/3% of final earnings, payable immediately, unreduced.

Termination of Employment

Return of employee contributions with 3.00% interest.

Death Benefits

Married

Duty-Related:

Greater of accrued benefit or 66-2/3% of final earnings.

Non-duty Related:

Accrued Benefit.

Unmarried

Return of employee contributions with 3.00% interest.

Cost of Living Increase (for benefits accrued as of 1/31/97)

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Base benefit multiplied by ratio of current 12 month average CPI to 12 month average CPI at retirement.
- Prior year benefit increased by 4%.

Benefit payments can be reduced or increased. However, the amount can never be less than the initial benefit amount.

Cost of Living Increase (for benefits accrued after 1/31/97)

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year.
- Prior year Benefit increased by 2.5%.

Benefit payments can be reduced or increased. However, the amount can never be less than the initial benefit amount.

Deferred Retirement Option Program (DROP)

Allows accumulation of pension after 20 years of County service. DROP period must be between 3 and 5 years.

Solvency Test

2001 to 2010

Actuarial Valuation Date	Active Member Contribution (1) ¹	Retirees and Beneficiaries Inactive and Pay- Status Members (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
01/01/2001	18,423,733	80,220,043	165,988,380	225,133,219	100%	100%	76.2%
01/01/2002	17,271,015	89,282,049	174,533,657	241,162,428	100%	100%	77.1%
01/01/2003	17,874,473	100,771,355	177,832,409	256,190,269	100%	100%	77.3%
01/01/2004	18,501,046	114,331,831	169,067,357	286,763,188	100%	100%	91.0%
01/01/2005	19,654,724	126,074,578	181,130,954	313,478,279	100%	100%	92.6%
01/01/2006	20,610,737	139,896,281	195,279,378	340,274,675	100%	100%	92.1%
01/01/2007	16,552,044	163,245,791	203,896,433	368,413,752	100%	100%	92.5%
01/01/2008	18,136,682	199,472,219	196,206,186	395,884,441	100%	100%	90.9%
01/01/2009	20,084,128	222,938,946	193,497,784	390,551,359	100%	100%	76.2%
01/01/2010	19,643,430	231,194,224	204,316,546	418,191,046	100%	100%	81.9%

Analysis of Financial Experience

Reasons for Change in the Unfunded Accrued Liability

The unfunded accrued liability decreased from \$45,969,499 to \$36,963,154. The decrease is partly due to lower than expected COLA increases and other demographic changes. The funded status increased from 89.5% to 91.9%

Reasons for Change in Contribution Rates

The employer contribution rate increased from 29.1% for the fiscal year ending June 30, 2010 to 30.7% for the fiscal year ending June 30, 2011. The increase of 1.6% is due to the following reasons:

Pay Increases	1.3%
Investment Loss/(Gain)	0.2%
New Entrants/Change in Normal cost	1.2%
COLA's	-0.3%
Expense Load	-0.1%
Demographics and Other Changes	-0.7%
Total	1.6%

¹ Does not include contribution balances for any participants currently in DROP

Anne Arundel County Retirement and Pension System
Fire Service Retirement Plan - Summary of Major Legislative Changes
December 31, 2009

County Council Bill No. 48-89	Effective 9/13/89
	The previously combined Police and Fire plan was separated into distinct plans for each group.
	The reduction for retirement prior to age 50 was changed to 0.2% per month from 0.3% per month.
County Council Bill No. 34-92	Effective 6/1/92 through 8/31/92
	Participants age 50 or with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2.5% of final earnings for the first 20 years of service, plus 1/12 of 2% of final earnings for each additional year of service. The additional amount could be taken as a pension increase, a lump sum, or as a temporary supplement to age 62. Appropriate actuarial adjustments apply.
State House Bill No. 687	Effective 7/1/90
	County employees were given the opportunity to apply for credit under the County's plan for previous service with the State of Maryland (or a political subdivision of the State).
County Council Bill No. 88-96	Effective 12/4/96
	The previous method of calculating cost of living increase will only apply to benefits accrued as of 1/31/97. The cost of living increase for future benefits is a compound increase equal to 60% of the annual change in the CPI, not to exceed 2.5%. Employees hired, or rehired, on or after 12/4/96 will be Tier Two employees and will have different benefits than current employees.
County Council Bill No. 80-00 Recodification	Effective 2/25/2002 ²
	Allows a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap. Normal Retirement was changed to the earlier of 20 years of service or age 50 with 5 years of service. Elimination of Tier 2 benefits. Implemented a Deferred Retirement Option Program (DROP), a voluntary program that provides an alternative way to earn and receive retirement benefits.
County Council Bill 74-09	Effective 12/11/2009
	For non-represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 3% for determining the final average basic pay. For represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 5% for determining the final average basic pay.

² 1/1/2001 Retroactive DROP date

A. Method Used for Funding Purposes

This valuation was performed using the projected unit credit cost method (adopted July 1, 2003). The contribution equals the sum of the normal cost and the amount necessary to amortize any actuarial gains/(losses) over a 30-year period. Amortization payments increase 3.5% per year.

B. Asset Valuation Method

The actuarial value of assets is determined by spreading the asset gain or loss over a 5-year period. The asset gain or loss is the amount by which the actual investment return differs from the expected asset return. The method was phased in over a 5-year period beginning with 1994 returns.

There is a six-month lag between the valuation and the fiscal year. The 2010 valuation determines the County contribution due for the fiscal year ending June 30, 2011. Contributions made between the valuation date and the beginning of the next fiscal year (January 1, 2010 to June 30, 2010) have not been treated as assets in the current valuation.

C. Valuation Procedures

None

D. Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the Plan for purposes of determining contributions and liabilities under GASB. These assumptions are used for all members eligible to receive benefits under the Detention Officers and Deputy Sheriffs' Retirement Plan provisions.

Economic

Investment Return	8.0% compounded annually net of investment expenses (3.5% inflation and 4.5% real return)
Salary Increases	A graded schedule is used. See Earnings Progression Table.
Cost of Living Adjustment	Benefits accrued before Bill 88-96 are assumed to increase by 3.5% of the original benefit each year from retirement. Benefits accrued after Bill 88-96 are assumed to increase by 2.1% of current benefit each year from retirement.

Other

Mortality	Healthy: RP-2000 Blue Collar Mortality Table projected to 2010 (using Male Scale AA). Disabled: RP-2000 Blue Collar Mortality Table projected to 2010 (using Male Scale AA), set forward five years.
Withdrawal	See Table of Sample Rates.
Disability	See Table of Sample Rates. 75% of disablement is assumed to be duty-related.
Administrative Expenses	\$74,000 for FY2011 and \$78,000 for FY2010 (average of actual expenses for the two years preceding the valuation date).

Retirement Rates (Category I)

Age	Annual Rate				
	Service				
	<u>20</u>	<u>22</u>	<u>24</u>	<u>27</u>	<u>30</u>
40	25%	10%	10%	10%	10%
45	25%	10%	10%	10%	10%
50	50%	50%	50%	50%	100%
55	100%	100%	100%	100%	100%

Retirement Rates (Category II)

Age/Service	Annual Rate
At 20 years of service	5%
Between 20 years and age 50	2%
50	30%
51-59	20%
60	100%
Rate is 100% after age 50 if at least 30 years of service have been accrued.	

Percentage Married

Males – 85%; Females – 85%

Age Difference

Males are assumed to be four years older than their spouses.

Military Service

Active liabilities are loaded by 3.25% to account for future crediting of military service.

Disability Leave

Service credit for benefit formula purposes is increased by 1.75% to account for disability leave which is converted to service credit at retirement.

In addition, it is assumed that participants with 30 or more years of service will have credit for 1 year of combined Disability Leave and Military Service.

Attained Age	Table of Sample Rates			
	Healthy Mortality		Disabled Mortality	
	Males	Females	Males	Females
20	.03%	.02%	.03%	.02%
25	.03	.02	.07	.03
30	.07	.03	.10	.05
35	.10	.05	.13	.08
40	.13	.08	.17	.12
45	.16	.12	.21	.17
50	.20	.17	.35	.24
55	.35	.26	.68	.46
60	.70	.47	1.32	.99
65	1.35	.99	2.32	1.77

Attained Age	Table of Sample Decrement Rates		
	Percentage		
	Disability	Withdrawal	
		Males	Females
20	0.144%	12.38%	18.75%
25	0.144	8.98	14.06
30	0.144	6.81	11.25
35	0.213	4.95	8.44
40	0.440	3.41	6.19
45	0.735	1.86	3.94
50	1.082	0.00	0.00
55	0.000	0.00	0.00
60	0.000	0.00	0.00
64	0.000	0.00	0.00

Anne Arundel County Retirement and Pension System
 Detention Officers' and Deputy Sheriffs' Retirement Plan – Schedules of Member Valuation Data
 December 31, 2009

Earnings Progression	
Attained Age	Percentage Increase at Attained Age
20	6.50%
25	6.50
30	6.00
35	5.75
40	5.25
45	4.75
50	4.75

Active Members

Valuation Date	Number	Annual Payroll	Average Annual Pay	% Increase in Average Pay
January 1, 1999	305	9,570,569	31,379	1.8%
January 1, 2000	363	11,893,991	32,766	4.4%
January 1, 2001	359	12,302,830	34,270	4.6%
January 1, 2002	368	13,565,333	36,862	7.6%
January 1, 2003	371	14,690,339	39,597	7.4%
January 1, 2004	365	15,396,301	42,182	6.5%
January 1, 2005	347	15,355,590	44,252	4.9%
January 1, 2006	365	16,794,068	46,011	4.0%
January 1, 2007	359	17,367,873	48,378	5.1%
January 1, 2008	357	18,122,458	50,763	4.9%
January 1, 2009	373	19,785,653	53,045	4.5%
January 1, 2010	374	20,203,895	54,021	1.8%

Members With Deferred Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/97 to 12/31/97	1	0	0	1
1/1/98 to 12/31/98	1	3	0	4
1/1/99 to 12/31/99	4	1	(1)	4
1/1/00 to 12/31/00	4	5	(1)	8
1/1/01 to 12/31/01	8	3	0	11
1/1/02 to 12/31/02	11	4	(9)	6
1/1/03 to 12/31/03	6	3	(1)	8
1/1/04 to 12/31/04	8	3	0	11
1/1/05 to 12/31/05	11	3	(1)	13
1/1/06 to 12/31/06	13	3	(1)	15
1/1/07 to 12/31/07	15	1	0	16
1/1/08 to 12/31/08	16	2	(2)	16
1/1/09 to 12/31/09	16	1	(2)	15

Anne Arundel County Retirement and Pension System
 Detention Officers' and Deputy Sheriffs' Retirement Plan – Schedules of Member Valuation Data
 December 31, 2009

Members Receiving Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/96 to 12/31/96	19	5	(1)	23
1/1/97 to 12/31/97	23	6	1	28
1/1/98 to 12/31/98	28	2	(1)	29
1/1/99 to 12/31/99	29	4	1	33
1/1/00 to 12/31/00	33	12	(2)	43
1/1/01 to 12/31/01	43	6	0	49
1/1/02 to 12/31/02	49	6	(1)	54
1/1/03 to 12/31/03	54	10	0	64
1/1/04 to 12/31/04	64	17	0	81
1/1/05 to 12/31/05	81	13	(2)	92
1/1/06 to 12/31/06	92	14	0	106
1/1/07 to 12/31/07	106	13	0	119
1/1/08 to 12/31/08	119	16	(2)	133
1/1/09 to 12/31/09	133	14	(1)	146

Summary of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Ending	Number	Annual Allowance ¹	Number	Annual Allowance	Number	Annual Allowance	% Increase in Average Annual Allowance	Average Annual Allowance
12/31/2006	14	\$364,032	0	\$0	106	\$2,362,870	5.08%	\$22,291
12/31/2007	13	426,794	0	0	119	2,789,664	5.17%	23,443
12/31/2008	16	441,233	2	32,949	133	3,197,948	2.57%	24,045
12/31/2009	14	358,390	1	9,828	146	3,546,510	1.02%	24,291

¹ Includes COLA's

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Unfunded AAL (UAAL)	(3) Actuarial Accrued Liability (AAL)	(4) Funded Ratio (1) ÷ (3)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (2) ÷ (5)
1/1/93	\$7,777,884	\$4,176,385	\$11,954,269	65.1%	\$4,345,260	96.1%
1/1/94	9,603,702	4,505,576	14,109,278	68.1%	4,958,132	90.9%
1/1/95 ¹	11,070,799	4,131,535	15,202,334	72.8%	5,360,094	77.1%
1/1/96 ²	13,072,486	4,505,892	17,578,378	74.4%	5,836,784	77.2%
1/1/97	15,453,183	4,588,055	20,041,238	77.1%	5,790,550	79.2%
1/1/98 ³	18,096,275	4,104,819	22,201,094	81.5%	8,632,870	47.5%
1/1/99	21,543,373	4,152,095	25,695,468	83.8%	9,570,569	43.4%
1/1/00 ⁴	27,204,448	5,473,313	32,677,761	83.3%	11,893,991	46.0%
1/1/01 ⁴	31,116,751	5,661,165	36,777,916	84.6%	12,302,830	46.0%
1/1/02	34,742,230	5,711,531	40,453,761	85.9%	13,565,333	42.1%
1/1/03 ⁵	38,889,689	8,245,799	47,135,488	82.5%	14,690,339	56.1%
1/1/04	45,710,154	7,174,384	52,884,538	86.4%	15,396,301	46.6%
1/1/05	52,200,204	8,072,549	60,272,753	86.6%	15,355,590	52.6%
1/1/06 ⁶	58,379,332	10,713,394	69,092,726	84.5%	16,794,068	63.8%
1/1/07	66,233,757	9,712,479	75,946,236	87.2%	17,367,873	55.9%
1/1/08 ⁷	74,355,736	13,061,602	87,417,338	85.1%	18,122,458	72.1%
1/1/08 ⁸	74,355,736	14,439,815	88,795,551	83.7%	18,122,458	79.7%
1/1/09	76,525,847	21,959,305	98,485,152	77.7%	19,785,653	111.0%
1/1/10	84,490,610	26,764,415	111,255,025	75.9% ^a	20,203,895	132.5%

¹Revised asset valuation method

²Revised plan provisions and actuarial assumptions

³Revised actuarial assumptions

⁴Revised plan provisions

⁵Revised funding method

⁶Revised plan provisions and actuarial assumptions

⁷Prior to assumption changes

⁸After assumption changes

Analysis of the dollar amounts of plan assets, Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability in isolation can be misleading. Expressing the assets as a percentage of the Actuarial Accrued Liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in Unfunded Actuarial Accrued Liability and annual covered payroll are both affected by inflation. Expressing the Unfunded Actuarial Accrued Liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

^aThe funded ratio as of 1/1/2010 would decrease to 60.6% if all losses were fully recognized.

<i>Compensation</i>	For purposes of the pension plan, compensation is the regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.
<i>Final Earnings</i>	The average of highest 3 consecutive years of the last 5 years of compensation.
<i>Eligibility Requirements</i>	Permanent employees who work at least 50% of the time specified for their position. They are either Category I or Category II
Category I	• Detention Officer • Detention Corporal • Detention Sergeant • Detention Lieutenant • Detention Captain • Detention Sheriff I, II, III, and IV
Category II	• Correctional Program Specialist I and II • Criminal Justice Program Supervisor • Correctional Facility Administrator • Assistant Correctional Facility Administrator • Superintendent of Detention Facilities, by election
<i>Employee Contributions</i>	5% of compensation.
<i>Retirement Date</i>	
Normal Retirement	Category I: The first of the month coincident with or next following the participant's 50th birthday and five years of service or 20 years of service whichever comes first. Category II: The first of the month coincident with or next following the participant's 50th birthday and five years of service.
Early Retirement	Reduced benefits are available the first of any month coincident with or next following the completion of 20 years of continuous service for Category II.
Postponed Retirement	A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.
<i>Retirement Benefits</i>	
Normal Retirement	2.5% of final earnings for each year of service up to 20 years plus 2.0% of final earnings per year of service in excess of 20 years (maximum 70% plus 2% times unused disability credit and pre-employment military service credit)
Early Retirement	Same as normal retirement but reduced for early commencement.
Postponed Retirement	Same as normal retirement, but based on continued accrual past normal retirement date.
<i>Normal Form of Payment</i>	Monthly life annuity with payments guaranteed for 5 years.

Disability

Eligibility	Totally and permanently disabled (except as the result of activities specified in the County code) regardless of length of service.
Duty-Related	The greater of the accrued benefit or 66-2/3% of final earnings, payable immediately, unreduced.
Non-Duty	The greater of the accrued benefit or 20% of final earnings, payable immediately, unreduced.

Termination of Employment

Less than 5 years of service	Return of employee contributions with 4.25% interest.
5 years of service or more	At the discretion of the employee, either a return of contributions with interest or the accrued normal retirement taking into account final earnings and service at date of termination, payable at normal retirement date.

Death Benefits

Married and eligible for retirement	Duty-Related: Greater of accrued benefit or 66-2/3% of final earnings. Non-duty Related: Accrued Benefit.
Unmarried or not eligible for retirement	Return of employee contributions with 4.25% interest.

***Cost of Living Increase
 (simple, for benefits accrued
 as of 1/31/97)***

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit plus base benefit multiplied by increase in current CPI from CPI for prior year.
- Benefit increased by 4% of original benefit.

***Cost of Living Increase
 (compound, for benefits
 accrued after 1/31/97)***

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year.
- Prior year Benefit increased by 2.5%.

Solvency Test

2001 to 2010

Actuarial Valuation Date	Active Member Contribution (1)	Retirees and Beneficiaries Inactive and Pay- Status Members (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
01/01/2001	4,015,794	11,751,069	21,011,053	31,116,751	100%	100%	73.1%
01/01/2002	4,882,365	13,089,569	22,481,827	34,742,230	100%	100%	74.6%
01/01/2003	5,105,832	14,383,130	27,646,526	38,889,689	100%	100%	70.2%
01/01/2004	5,744,543	17,546,625	29,593,370	45,710,154	100%	100%	75.8%
01/01/2005	6,117,371	22,450,982	31,704,400	52,200,204	100%	100%	74.5%
01/01/2006	6,595,639	26,899,045	35,598,042	58,379,332	100%	100%	69.9%
01/01/2007	7,106,372	30,095,327	38,744,537	66,233,757	100%	100%	74.9%
01/01/2008	7,597,158	38,734,008	42,464,385	74,355,736	100%	100%	66.0%
01/01/2009	8,270,983	43,352,591	46,861,578	76,525,847	100%	100%	53.1%
01/01/2010	9,015,467	48,652,402	53,587,156	84,490,610	100%	100%	50.1%

Analysis of Financial Experience

Reasons for Change in the Unfunded Accrued Liability

The unfunded accrued liability increased from \$21,959,305 to \$26,764,415. The increase is due in part to investment results, data corrections and other demographic changes. The funded status decreased from 77.7% to 75.9%

Reasons for Change in Contribution Rates

The employer contribution rate increased from 23.7% for the fiscal year ending June 30, 2010 to 25.4% for the fiscal year ending June 30, 2011. The increase of 1.7% is due to the following reasons:

Pay Increases	0.1%
Investment Loss/(Gain)	0.1%
New Entrants/Change in Normal cost	0.1%
Mortality Table Update	0.2%
COLA's	-0.3%
Demographics and Other Changes	1.5%

Anne Arundel County Retirement and Pension System
 Detention Officers' and Deputy Sheriffs' Retirement Plan – Summary of Major Legislative Changes
 December 31, 2008

County Council Bill No. 34-92	Effective 6/1/92 through 8/31/92
	Participants age 50 or with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2.5% of final earnings for the first 20 years of service, plus 1/12 of 2% of final earnings for each additional year of service. The additional amount could be taken as a pension increase, a lump sum, or as a temporary supplement to age 62. Appropriate actuarial adjustments apply.
State House Bill No. 687	Effective 7/1/90
	County employees were given the opportunity to apply for credit under the County's plan for previous service with the State of Maryland (or a political subdivision of the State).
County Council Bill 90-93	Effective 12/22/93
	Plan participants are required to pay the full actuarial value for service purchases. Purchases can only be made at retirement. To be eligible, an employee must have 60 months of County service. Existing plan participants must be notified of their right to purchase service under existing law.
County Council Bill No. 94-93	Effective 11/19/93
	All current and future employees shall be 100% vested after 5 years of Credited service.
County Council Bill No. 88-96	Effective 12/4/96
	The previous method of calculating cost of living increase will only apply to benefits accrued as of 1/31/97. The cost of living increase for future benefits is a compound increase equal to 60% of the annual change in the CPI, not to exceed 2.5%. Employees hired, or rehired, on or after 12/4/96 will be Tier Two employees and will have different benefits than current employees.
County Council Bill No. 41-99	Effective 6/15/99
	Employees paid under the deputy sheriff employees pay schedule become members of the Detention Center Plan effective as of January 1, 1999. Service credited under the Employees' Plan will count as credited service in the Detention Center plan and no future benefit will be paid from the Employees' Plan. Assets are transferred from the Employees' Plan to the Detention Center Plan in an amount equal to the projected unit credit accrued liability in the Employees' Plan.
Recodification	Effective 2/25/2002
	Allows a benefit based on disability leave service and pre-plan military service to be credited over the 70% cap. Elimination of Tier Two benefits. Changed early retirement factors. Added a death benefit.
County Council Bill No. 32-04	Effective 7/1/2004
	Allows retirement after 20 years of service for "Category I" participants. Changes vesting for new hires from 5 years to 20 years. Provides for employees contributions to be made on a pre-tax ("pick up") basis.
County Council Bill No. 74-09	Effective 12/11/2009
	For non-represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 3% for determining the final average basic pay. For D3 and S2 members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 4% for determining the final average basic pay.
County Council Bill No. 78-09	Effective 11/16/2009
	For D1 and D2 members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 4% for determining the final average basic pay.

Statistical Section

Anne Arundel County Retirement and Pension System

Statement of Changes in Plan Net Assets - Employees' Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
ADDITIONS										
Contributions:										
Employer	\$ 3,632,560	\$ 3,242,598	\$ 6,102,597	\$ 7,036,915	\$ 8,610,774	\$ 10,015,144	\$ 10,755,168	\$ 11,778,948	\$ 12,906,750	\$ 15,246,252
Participant	2,812,900	3,295,023	3,609,997	3,856,604	3,971,341	4,124,898	4,376,510	4,412,061	4,630,624	5,085,885
Total contributions	6,445,460	6,537,621	9,712,594	10,893,519	12,582,115	14,140,042	15,131,678	16,191,009	17,537,374	20,332,137
Total investment income (loss)	10,140,119	85,279	(26,472,412)	69,329,609	36,395,650	28,970,375	55,739,853	52,269,375	(159,154,283)	62,603,110
Total Additions	16,585,579	6,622,900	(16,759,818)	80,223,128	48,977,765	43,110,417	70,871,531	68,460,384	(141,616,909)	82,935,247
DEDUCTIONS										
Benefit payments and refunds	9,293,361	10,352,710	11,742,170	13,848,357	15,934,324	17,748,296	19,733,152	22,800,104	25,276,047	27,267,923
Administrative expenses	551,801	523,900	520,695	463,779	426,963	458,806	508,917	531,801	426,611	487,143
Total deductions	9,845,162	10,876,610	12,262,865	14,312,136	16,361,287	18,207,102	20,242,069	23,331,905	25,702,658	27,755,066
Net increases (decreases)	6,740,417	(4,253,710)	(29,022,683)	65,910,992	32,616,478	24,903,315	50,629,462	45,128,479	(167,319,568)	55,180,181
Net assets, January 1	338,071,733	344,814,821	340,561,111	311,538,428	377,449,420	410,065,898	434,969,213	485,598,675	530,727,154	363,407,586
Transfers	2,671	-	-	-	-	-	-	-	-	-
Net assets, December 31	<u>\$ 344,814,821</u>	<u>\$ 340,561,111</u>	<u>\$ 311,538,428</u>	<u>\$ 377,449,420</u>	<u>\$ 410,065,898</u>	<u>\$ 434,969,213</u>	<u>\$ 485,598,675</u>	<u>\$ 530,727,154</u>	<u>\$ 363,407,586</u>	<u>\$ 418,587,767</u>

Anne Arundel County Retirement and Pension System

Statement of Changes in Plan Net Assets - Police Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
ADDITIONS										
Contributions:										
Employer	\$ 4,697,078	\$ 5,117,827	\$ 7,657,091	\$ 8,229,336	\$ 8,834,748	\$ 8,931,530	\$ 9,611,544	\$ 9,997,308	\$ 10,522,656	\$ 12,428,136
Participant	<u>1,622,094</u>	<u>1,804,728</u>	<u>1,851,146</u>	<u>1,825,584</u>	<u>1,725,839</u>	<u>1,848,116</u>	<u>1,925,644</u>	<u>2,005,960</u>	<u>1,910,671</u>	<u>2,024,825</u>
Total contributions	6,319,172	6,922,555	9,508,237	10,054,920	10,560,587	10,779,646	11,537,188	12,003,268	12,433,327	14,452,961
 Total investment income (loss)	<u>8,610,347</u>	<u>1,250,186</u>	<u>(22,613,492)</u>	<u>59,799,163</u>	<u>31,546,774</u>	<u>25,061,802</u>	<u>48,252,499</u>	<u>42,938,230</u>	<u>(136,630,639)</u>	<u>50,713,568</u>
Total Additions	<u>14,929,519</u>	<u>8,172,741</u>	<u>(13,105,255)</u>	<u>69,854,083</u>	<u>42,107,361</u>	<u>35,841,448</u>	<u>59,789,687</u>	<u>54,941,498</u>	<u>(124,197,312)</u>	<u>65,166,529</u>
 DEDUCTIONS										
Benefit payments and refunds	10,124,510	9,154,510	9,863,985	11,220,998	11,812,788	13,986,960	15,638,571	21,008,831	23,872,491	22,214,203
Administrative expenses	<u>467,089</u>	<u>426,159</u>	<u>460,107</u>	<u>399,045</u>	<u>366,223</u>	<u>401,094</u>	<u>431,925</u>	<u>443,634</u>	<u>358,812</u>	<u>406,518</u>
Total deductions	<u>10,591,599</u>	<u>9,580,669</u>	<u>10,324,092</u>	<u>11,620,043</u>	<u>12,179,011</u>	<u>14,388,054</u>	<u>16,070,496</u>	<u>21,452,465</u>	<u>24,231,303</u>	<u>22,620,721</u>
Net increases (decreases)	4,337,920	(1,407,928)	(23,429,347)	58,234,040	29,928,350	21,453,394	43,719,191	33,489,032	(148,428,615)	42,545,808
Net assets, January 1	287,579,779	291,917,698	290,509,770	267,080,423	325,314,463	355,242,813	376,696,207	420,415,398	453,904,430	305,475,815
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, December 31	<u>\$ 291,917,699</u>	<u>\$ 290,509,770</u>	<u>\$ 267,080,423</u>	<u>\$ 325,314,463</u>	<u>\$ 355,242,813</u>	<u>\$ 376,696,207</u>	<u>\$ 420,415,398</u>	<u>\$ 453,904,430</u>	<u>\$ 305,475,815</u>	<u>\$ 348,021,623</u>

Anne Arundel County Retirement and Pension System

Statement of Changes in Plan Net Assets - Fire Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
ADDITIONS										
Contributions:										
Employer	\$ 4,188,007	\$ 4,123,841	\$ 7,366,648	\$ 7,991,349	\$ 9,006,192	\$ 10,016,964	\$ 10,481,244	\$ 10,959,888	\$ 11,189,712	\$ 12,701,160
Participant	<u>1,305,968</u>	<u>1,395,504</u>	<u>1,413,426</u>	<u>1,352,179</u>	<u>1,324,760</u>	<u>1,496,252</u>	<u>1,741,476</u>	<u>1,889,083</u>	<u>2,033,588</u>	<u>2,346,754</u>
Total contributions	5,493,975	5,519,345	8,780,074	9,343,528	10,330,952	11,513,216	12,222,720	12,848,971	13,223,300	15,047,914
 Total investment income (loss)	<u>7,468,715</u>	<u>(244,979)</u>	<u>(19,979,206)</u>	<u>53,948,794</u>	<u>28,734,931</u>	<u>23,343,883</u>	<u>44,928,717</u>	<u>41,080,254</u>	<u>(127,885,708)</u>	<u>49,183,327</u>
Total Additions	<u>12,962,690</u>	<u>5,274,366</u>	<u>(11,199,132)</u>	<u>63,292,322</u>	<u>39,065,883</u>	<u>34,857,099</u>	<u>57,151,437</u>	<u>53,929,225</u>	<u>(114,662,408)</u>	<u>64,231,241</u>
DEDUCTIONS										
Benefit payments and refunds	5,402,567	5,126,326	5,926,519	6,448,118	8,107,661	9,186,241	15,570,004	19,299,469	21,339,616	17,785,497
Administrative expenses	<u>406,193</u>	<u>377,710</u>	<u>400,145</u>	<u>359,046</u>	<u>340,521</u>	<u>364,848</u>	<u>416,838</u>	<u>415,672</u>	<u>330,485</u>	<u>379,081</u>
Total deductions	<u>5,808,760</u>	<u>5,504,036</u>	<u>6,326,664</u>	<u>6,807,164</u>	<u>8,448,182</u>	<u>9,551,089</u>	<u>15,986,842</u>	<u>19,715,141</u>	<u>21,670,101</u>	<u>18,164,578</u>
Net increases (decreases)	7,153,930	(229,670)	(17,525,796)	56,485,158	30,617,701	25,306,010	41,164,595	34,214,085	(136,332,509)	46,066,663
Net assets, January 1	248,821,376	255,975,306	255,745,636	238,219,840	294,704,998	325,322,699	350,628,709	391,793,304	426,007,390	289,674,881
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, December 31	<u>\$ 255,975,306</u>	<u>\$ 255,745,636</u>	<u>\$ 238,219,840</u>	<u>\$ 294,704,998</u>	<u>\$ 325,322,699</u>	<u>\$ 350,628,709</u>	<u>\$ 391,793,304</u>	<u>\$ 426,007,389</u>	<u>\$ 289,674,881</u>	<u>\$ 335,741,544</u>

Anne Arundel County Retirement and Pension System

Statement of Changes in Plan Net Assets - Detention Officers' and Deputy Sheriffs' Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
ADDITIONS										
Contributions:										
Employer	\$ 1,832,275	\$ 2,169,465	\$ 2,827,281	\$ 3,030,140	\$ 3,072,600	\$ 3,191,610	\$ 3,462,366	\$ 3,600,894	\$ 3,788,256	\$ 4,348,914
Participant	591,305	627,129	692,972	751,071	771,879	795,363	860,542	881,978	950,675	1,029,277
Total contributions	<u>2,423,580</u>	<u>2,796,594</u>	<u>3,520,253</u>	<u>3,781,211</u>	<u>3,844,479</u>	<u>3,986,973</u>	<u>4,322,908</u>	<u>4,482,872</u>	<u>4,738,931</u>	<u>5,378,191</u>
Total investment income (loss)	<u>960,347</u>	<u>(10,969)</u>	<u>(2,895,130)</u>	<u>8,338,642</u>	<u>4,698,719</u>	<u>3,925,218</u>	<u>7,814,479</u>	<u>7,292,557</u>	<u>(24,343,278)</u>	<u>9,672,565</u>
Total Additions	<u>3,383,927</u>	<u>2,785,625</u>	<u>625,123</u>	<u>12,119,853</u>	<u>8,543,198</u>	<u>7,912,191</u>	<u>12,137,387</u>	<u>11,775,429</u>	<u>(19,604,347)</u>	<u>15,050,756</u>
DEDUCTIONS										
Benefit payments and refunds	776,649	964,092	1,059,063	1,219,336	1,487,245	1,847,932	2,112,241	2,644,842	3,101,950	3,525,414
Administrative expenses	<u>53,561</u>	<u>52,855</u>	<u>58,522</u>	<u>55,475</u>	<u>54,396</u>	<u>61,554</u>	<u>71,158</u>	<u>75,560</u>	<u>64,389</u>	<u>75,803</u>
Total deductions	<u>830,210</u>	<u>1,016,947</u>	<u>1,117,585</u>	<u>1,274,811</u>	<u>1,541,641</u>	<u>1,909,486</u>	<u>2,183,399</u>	<u>2,720,402</u>	<u>3,166,339</u>	<u>3,601,217</u>
Net increases (decreases)	2,553,717	1,768,678	(492,462)	10,845,042	7,001,557	6,002,705	9,953,988	9,055,027	(22,770,686)	11,449,539
Net assets, January 1	31,863,027	34,416,744	36,185,422	35,692,960	46,538,002	53,539,559	59,542,264	69,496,252	78,551,279	55,780,593
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, December 31	<u>\$ 34,416,744</u>	<u>\$ 36,185,422</u>	<u>\$ 35,692,960</u>	<u>\$ 46,538,002</u>	<u>\$ 53,539,559</u>	<u>\$ 59,542,264</u>	<u>\$ 69,496,252</u>	<u>\$ 78,551,279</u>	<u>\$ 55,780,593</u>	<u>\$ 67,230,132</u>

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Employees' Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Employer Data</u>										
Contributions	\$ 3,632,560	\$ 3,242,598	\$ 6,102,597	\$ 7,036,915	\$ 8,610,774	\$ 10,015,144	\$ 10,755,168	\$ 11,778,948	\$ 12,906,750	\$ 15,246,252
% of Covered Payroll	(4.1)	(3.2)	(6.0)	(7.0)	(8.4)	(9.3)	(9.2)	(10.0)	(10.3)	(12.1)
<u>Participant Data</u>										
Contributions	<u>2,812,900</u>	<u>3,295,023</u>	<u>3,609,997</u>	<u>3,856,604</u>	<u>3,971,341</u>	<u>4,124,898</u>	<u>4,376,510</u>	<u>4,412,061</u>	<u>4,630,624</u>	<u>5,085,885</u>
Total contributions	<u>6,445,460</u>	<u>6,537,621</u>	<u>9,712,594</u>	<u>10,893,519</u>	<u>12,582,115</u>	<u>14,140,042</u>	<u>15,131,678</u>	<u>16,191,009</u>	<u>17,537,374</u>	<u>20,332,137</u>
Total investment income (loss)	<u>10,140,119</u>	<u>85,279</u>	<u>(26,472,412)</u>	<u>69,329,609</u>	<u>36,395,650</u>	<u>28,970,375</u>	<u>55,739,853</u>	<u>52,269,375</u>	<u>(159,154,283)</u>	<u>62,603,110</u>
Total Additions	<u>\$ 16,585,579</u>	<u>\$ 6,622,900</u>	<u>\$ (16,759,818)</u>	<u>\$ 80,223,128</u>	<u>\$ 48,977,765</u>	<u>\$ 43,110,417</u>	<u>\$ 70,871,531</u>	<u>\$ 68,460,384</u>	<u>\$ (141,616,909)</u>	<u>\$ 82,935,247</u>

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Police Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Employer Data</u>										
Contributions	\$ 4,697,078	\$ 5,117,827	\$ 7,657,091	\$ 8,229,336	\$ 8,834,748	\$ 8,931,530	\$ 9,611,544	\$ 9,997,308	\$ 10,522,656	\$ 12,428,136
% of Covered Payroll	(16.5)	(16.5)	(22.9)	(25.8)	(26.3)	(24.3)	(25.4)	(24.4)	(25.4)	(29.2)
<u>Participant Data</u>										
Contributions	<u>1,622,094</u>	<u>1,804,728</u>	<u>1,851,146</u>	<u>1,825,584</u>	<u>1,725,839</u>	<u>1,848,116</u>	<u>1,925,644</u>	<u>2,005,960</u>	<u>1,910,671</u>	<u>2,024,825</u>
Total contributions	6,319,172	6,922,555	9,508,237	10,054,920	10,560,587	10,779,646	11,537,188	12,003,268	12,433,327	14,452,961
Total investment income (loss)	<u>8,610,347</u>	<u>1,250,186</u>	<u>(22,613,492)</u>	<u>59,799,163</u>	<u>31,546,774</u>	<u>25,061,802</u>	<u>48,252,499</u>	<u>42,938,229</u>	<u>(136,630,639)</u>	<u>50,713,568</u>
Total Additions	<u>\$ 14,929,519</u>	<u>\$ 8,172,741</u>	<u>\$ (13,105,255)</u>	<u>\$ 69,854,083</u>	<u>\$ 42,107,361</u>	<u>\$ 35,841,448</u>	<u>\$ 59,789,687</u>	<u>\$ 54,941,497</u>	<u>\$ (124,197,312)</u>	<u>\$ 65,166,529</u>

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Fire Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Employer Data</u>										
Contributions	\$ 4,188,007	\$ 4,123,841	\$ 7,366,648	\$ 7,991,349	\$ 9,006,192	\$ 10,016,964	\$ 10,481,244	\$ 10,959,888	\$ 11,189,712	\$ 12,701,160
% of Covered Payroll	(15.3)	(13.5)	(23.0)	(25.4)	(25.8)	(26.0)	(24.1)	(24.9)	(22.9)	(25.9)
<u>Participant Data</u>										
Contributions	<u>1,305,968</u>	<u>1,395,504</u>	<u>1,413,426</u>	<u>1,352,179</u>	<u>1,324,760</u>	<u>1,496,252</u>	<u>1,741,476</u>	<u>1,889,083</u>	<u>2,033,588</u>	<u>2,346,754</u>
Total contributions	5,493,975	5,519,345	8,780,074	9,343,528	10,330,952	11,513,216	12,222,720	12,848,971	13,223,300	15,047,914
Total investment income (loss)	<u>7,468,715</u>	<u>(244,979)</u>	<u>(19,979,206)</u>	<u>53,948,794</u>	<u>28,734,931</u>	<u>23,343,883</u>	<u>44,928,717</u>	<u>41,080,256</u>	<u>(127,885,708)</u>	<u>49,183,327</u>
Total Additions	<u>\$ 12,962,690</u>	<u>\$ 5,274,366</u>	<u>\$ (11,199,132)</u>	<u>\$ 63,292,322</u>	<u>\$ 39,065,883</u>	<u>\$ 34,857,099</u>	<u>\$ 57,151,437</u>	<u>\$ 53,929,227</u>	<u>\$ (114,662,408)</u>	<u>\$ 64,231,241</u>

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Detention Officers' and Deputy Sheriffs' Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Employer Data</u>										
Contributions	\$ 1,832,275	\$ 2,169,465	\$ 2,827,281	\$ 3,030,140	\$ 3,072,600	\$ 3,191,610	\$ 3,462,366	\$ 3,600,894	\$ 3,788,256	\$ 4,348,914
% of Covered Payroll	(14.9)	(16.0)	(19.2)	(19.7)	(20.0)	(19.0)	(19.9)	(19.9)	(19.1)	(21.5)
<u>Participant Data</u>										
Contributions	<u>591,305</u>	<u>627,129</u>	<u>692,972</u>	<u>751,071</u>	<u>771,879</u>	<u>795,363</u>	<u>860,542</u>	<u>881,978</u>	<u>950,675</u>	<u>1,027,277</u>
Total contributions	2,423,580	2,796,594	3,520,253	3,781,211	3,844,479	3,986,973	4,322,908	4,482,872	4,738,931	5,376,191
Total investment income (loss)	<u>960,347</u>	<u>(10,969)</u>	<u>(2,895,130)</u>	<u>8,338,642</u>	<u>4,698,719</u>	<u>3,925,218</u>	<u>7,814,479</u>	<u>7,292,557</u>	<u>(24,343,278)</u>	<u>9,672,565</u>
Total Additions	<u>\$ 3,383,927</u>	<u>\$ 2,785,625</u>	<u>\$ 625,123</u>	<u>\$ 12,119,853</u>	<u>\$ 8,543,198</u>	<u>\$ 7,912,191</u>	<u>\$ 12,137,387</u>	<u>\$ 11,775,429</u>	<u>\$ (19,604,347)</u>	<u>\$ 15,048,756</u>

Anne Arundel County Retirement and Pension System

Schedule of Expenses by Type - Employees' Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Retirement Benefits	\$ 8,864,300	\$ 9,793,487	\$ 11,379,642	\$ 13,443,700	\$ 15,421,929	\$ 17,115,761	\$ 19,269,278	\$ 22,419,239	\$ 24,981,888	\$ 26,707,107
Refunds	429,061	559,223	362,528	404,657	512,394.8	632,535	463,874	380,865	294,159	560,816
Administrative	<u>551,801</u>	<u>523,900</u>	<u>520,695</u>	<u>463,779</u>	<u>426,963</u>	<u>458,806</u>	<u>508,917</u>	<u>531,801</u>	<u>426,611</u>	<u>487,143</u>
Total Expenses	\$ <u><u>9,845,162</u></u>	\$ <u><u>10,876,610</u></u>	\$ <u><u>12,262,865</u></u>	\$ <u><u>14,312,136</u></u>	\$ <u><u>16,361,287</u></u>	\$ <u><u>18,207,102</u></u>	\$ <u><u>20,242,069</u></u>	\$ <u><u>23,331,905</u></u>	\$ <u><u>25,702,658</u></u>	\$ <u><u>27,755,066</u></u>

Anne Arundel County Retirement and Pension System

Schedule of Expenses by Type - Police Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Retirement Benefits	\$ 9,966,015	\$ 9,039,098	\$ 9,688,203	\$ 11,065,345	\$ 11,728,309	\$ 12,870,535	\$ 13,180,043	\$ 15,661,838	\$ 17,240,916	\$ 19,638,650
Refunds	158,495	115,412	175,782	155,653	84,479	131,954	67,412	808,927	1,056,383	540,887
DROP payments	-	-	-	-	-	984,471	2,391,116	4,538,066	5,575,192	2,034,666
Administrative	<u>467,089</u>	<u>426,159</u>	<u>460,107</u>	<u>399,045</u>	<u>366,223</u>	<u>401,094</u>	<u>431,925</u>	<u>443,634</u>	<u>358,812</u>	<u>406,518</u>
Total Expenses	<u>\$ 10,591,599</u>	<u>\$ 9,580,669</u>	<u>\$ 10,324,092</u>	<u>\$ 11,620,043</u>	<u>\$ 12,179,011</u>	<u>\$ 14,388,054</u>	<u>\$ 16,070,496</u>	<u>\$ 21,452,465</u>	<u>\$ 24,231,303</u>	<u>\$ 22,620,721</u>

NOTE: DROP plan initiated 2002. First eligible payments made 2005.

Anne Arundel County Retirement and Pension System

Schedule of Expenses by Type - Fire Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Retirement Benefits \$	5,315,613	\$ 5,124,513	\$ 5,892,220	\$ 6,317,162	\$ 7,511,880	\$ 8,460,438	\$ 10,464,329	\$ 12,059,353	\$ 13,057,997	\$ 14,975,604
Refunds	86,954	1,813	34,299	130,956	595,781	235,129	477,530	455,933	545,079	847,725
DROP payments	-	-	-	-	-	490,674	4,628,145	6,784,183	7,736,540	1,962,168
Administrative	<u>406,193</u>	<u>377,710</u>	<u>400,145</u>	<u>359,046</u>	<u>340,521</u>	<u>364,848</u>	<u>416,838</u>	<u>415,672</u>	<u>330,485</u>	<u>379,081</u>
Total Expenses	<u>5,808,760</u>	<u>\$ 5,504,036</u>	<u>\$ 6,326,664</u>	<u>\$ 6,807,164</u>	<u>\$ 8,448,182</u>	<u>\$ 9,551,089</u>	<u>\$ 15,986,842</u>	<u>\$ 19,715,141</u>	<u>\$ 21,670,101</u>	<u>\$ 18,164,578</u>

NOTE: DROP plan initiated 2001. First eligible payments made 2005.

Anne Arundel County Retirement and Pension System

Schedule of Expenses by Type - Detention Officers' and Deputy Sheriffs' Retirement Plan

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Retirement Benefits	\$ 655,843	\$ 862,136	\$ 971,137	\$ 1,131,705	\$ 1,413,696	\$ 1,770,524	\$ 2,085,412	\$ 2,573,235	\$ 3,017,953	\$ 3,435,870
Refunds	120,806	101,956	87,926	87,631	73,549	77,408	26,829	71,607	83,997	89,544
Administrative	<u>53,561</u>	<u>52,855</u>	<u>58,522</u>	<u>55,475</u>	<u>54,396</u>	<u>61,554</u>	<u>71,158</u>	<u>75,560</u>	<u>64,389</u>	<u>75,803</u>
Total Expenses	\$ <u>830,210</u>	\$ <u>1,016,947</u>	\$ <u>1,117,585</u>	\$ <u>1,274,811</u>	\$ <u>1,541,641</u>	\$ <u>1,909,486</u>	\$ <u>2,183,399</u>	\$ <u>2,720,402</u>	\$ <u>3,166,339</u>	\$ <u>3,601,217</u>

Anne Arundel County Retirement and Pension System
Average Benefit Payments - Employees' Plan
Retirement Effective Dates for the last Eight Fiscal Years Ended June 30, and the Six Months Ended December 31, 2009

	Years of Credited Service						
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	Over 30
Retirement Effective Dates							
Period 7/1/2001 to 6/30/2002							
Average monthly benefit	\$211	\$380	\$969	\$1,758	\$1,808	\$2,244	\$2,537
Average final average salary	\$44,455	\$34,210	\$34,521	\$55,434	\$53,590	\$49,492	\$53,115
Number of retired members	2	5	12	10	9	16	24
Period 7/1/2002 to 6/30/2003							
Average monthly benefit	\$365	\$985	\$1,056	\$1,130	\$1,831	\$2,147	\$2,406
Average final average salary	\$33,315	\$49,483	\$47,967	\$40,886	\$51,895	\$48,583	\$51,460
Number of retired members	1	13	8	13	10	24	21
Period 7/1/2003 to 6/30/2004							
Average monthly benefit	\$2,098	\$1,366	\$1,304	\$1,121	\$1,830	\$2,396	\$2,465
Average final average salary	\$39,499	\$62,285	\$41,813	\$39,481	\$44,800	\$52,567	\$46,982
Number of retired members	1	8	10	14	13	22	19
Period 7/1/2004 to 6/30/2005							
Average monthly benefit	\$0	\$813	\$1,310	\$1,415	\$1,958	\$2,180	\$2,369
Average final average salary	\$97,635	\$41,792	\$63,733	\$46,316	\$56,906	\$49,898	\$53,077
Number of retired members	1	15	9	10	18	21	16
Period 7/1/2005 to 6/30/2006							
Average monthly benefit	\$0	\$794	\$1,004	\$1,706	\$2,001	\$2,953	\$2,770
Average final average salary	\$0	\$47,803	\$45,160	\$53,932	\$56,340	\$64,247	\$60,415
Number of retired members	0	11	9	12	18	14	21
Period 7/1/2006 to 6/30/2007							
Average monthly benefit	\$0	\$777	\$1,589	\$1,378	\$2,877	\$2,507	\$3,264
Average final average salary	\$0	\$52,105	\$50,901	\$42,480	\$73,032	\$56,572	\$69,784
Number of retired members	0	13	18	15	8	25	24
Period 7/1/2007 to 6/30/2008							
Average monthly benefit	\$0	\$351	\$1,044	\$1,935	\$2,341	\$2,755	\$2,986
Average final average salary	\$0	\$36,688	\$58,916	\$60,032	\$63,835	\$63,422	\$62,363
Number of retired members	0	9	14	13	15	20	19
Period 7/1/2008 to 6/30/2009							
Average monthly benefit	\$0	\$753	\$1,301	\$1,521	\$2,697	\$2,602	\$2,805
Average final average salary	\$0	\$73,930	\$33,899	\$51,788	\$76,461	\$62,998	\$59,919
Number of retired members	0	12	7	14	10	22	17
Period 7/1/2009 to 12/31/2009							
Average monthly benefit	\$0	\$289	\$1,502	\$1,525	\$2,539	\$2,184	\$2,615
Average final average salary	\$0	\$32,066	\$54,305	\$50,315	\$77,001	\$52,573	\$56,929
Number of retired members	0	5	7	4	6	4	9

Anne Arundel County Retirement and Pension System
Average Benefit Payments - Police Service Retirement Plan
Retirement Effective Dates for the last Eight Fiscal Years Ended June 30, and the Six Months Ended December 31, 2009

	Years of Credited Service						
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	Over 30
Retirement Effective Dates							
Period 7/1/2001 to 6/30/2002							
Average monthly benefit	\$0	\$1,878	\$2,507	\$1,775	\$2,701	\$3,057	\$3,365
Average final average salary	\$0	\$47,607	\$50,344	\$51,712	\$62,349	\$64,447	\$78,198
Number of retired members	0	3	2	1	7	7	12
Period 7/1/2002 to 6/30/2003							
Average monthly benefit	\$0	\$0	\$0	\$2,058	\$2,690	\$2,932	\$3,773
Average final average salary	\$52,592	\$0	\$50,284	\$57,889	\$60,994	\$69,378	\$78,486
Number of retired members	1	0	1	2	9	12	15
Period 7/1/2003 to 6/30/2004							
Average monthly benefit	\$0	\$1,715	\$2,754	\$2,201	\$2,877	\$3,213	\$3,702
Average final average salary	\$0	\$49,393	\$52,009	\$55,196	\$64,350	\$73,510	\$77,452
Number of retired members	0	2	2	4	20	18	3
Period 7/1/2004 to 6/30/2005							
Average monthly benefit	\$2,188	\$2,805	\$2,940	\$2,699	\$3,020	\$3,551	\$3,217
Average final average salary	\$42,402	\$51,796	\$55,349	\$64,376	\$66,186	\$70,989	\$73,777
Number of retired members	1	2	2	3	5	4	1
Period 7/1/2005 to 6/30/2006							
Average monthly benefit	\$0	\$1,800	\$3,129	\$2,922	\$3,120	\$4,573	\$3,626
Average final average salary	\$0	\$53,170	\$58,662	\$63,068	\$69,536	\$95,691	\$75,990
Number of retired members	0	2	2	5	4	2	1
Period 7/1/2006 to 6/30/2007							
Average monthly benefit	\$0	\$2,914	\$3,209	\$3,227	\$2,844	\$3,622	\$0
Average final average salary	\$0	\$56,366	\$61,475	\$75,359	\$69,795	\$68,279	\$0
Number of retired members	0	3	3	3	7	3	0
Period 7/1/2007 to 6/30/2008							
Average monthly benefit	\$0	\$0	\$2,747	\$2,936	\$3,808	\$0	\$3,512
Average final average salary	\$0	\$0	\$66,441	\$74,480	\$84,145	\$0	\$70,082
Number of retired members	0	0	6	7	3	0	2
Period 7/1/2008 to 6/30/2009							
Average monthly benefit	\$0	\$2,085	\$3,552	\$3,341	\$3,705	\$0	\$0
Average final average salary	\$0	\$60,471	\$68,090	\$75,440	\$80,116	\$0	\$0
Number of retired members	0	2	3	3	5	0	0
Period 7/1/2009 to 12/31/2009							
Average monthly benefit	\$0	\$0	\$3,679	\$3,863	\$4,166	\$5,008	\$0
Average final average salary	\$0	\$0	\$69,648	\$94,631	\$82,390	\$94,661	\$0
Number of retired members	0	0	2	1	1	2	0

Anne Arundel County Retirement and Pension System
Average Benefit Payments - Fire Service Retirement Plan
Retirement Effective Dates for the last Eight Fiscal Years Ended June 30, and the Six Months Ended December 31, 2009

	Years of Credited Service						
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	Over 30
Retirement Effective Dates							
Period 7/1/2001 to 6/30/2002							
Average monthly benefit	\$0	\$0	\$2,479	\$2,831	\$3,009	\$3,599	\$2,978
Average final average salary	\$0	\$0	\$48,027	\$52,242	\$58,739	\$70,021	\$67,109
Number of retired members	0	0	4	4	2	3	31
Period 7/1/2002 to 6/30/2003							
Average monthly benefit	\$0	\$0	\$2,765	\$2,589	\$2,943	\$3,054	\$3,415
Average final average salary	\$0	\$0	\$52,707	\$59,350	\$65,446	\$70,964	\$71,946
Number of retired members	0	0	1	3	3	16	32
Period 7/1/2003 to 6/30/2004							
Average monthly benefit	\$0	\$2,160	\$2,673	\$3,183	\$2,662	\$3,082	\$3,161
Average final average salary	\$0	\$41,297	\$50,258	\$59,401	\$71,795	\$70,448	\$71,990
Number of retired members	0	1	2	4	14	22	5
Period 7/1/2004 to 6/30/2005							
Average monthly benefit	\$2,198	\$2,531	\$3,177	\$2,872	\$2,828	\$3,558	\$3,547
Average final average salary	\$41,922	\$47,808	\$58,111	\$61,731	\$63,996	\$70,439	\$62,884
Number of retired members	1	1	1	3	9	6	5
Period 7/1/2005 to 6/30/2006							
Average monthly benefit	\$0	\$0	\$2,707	\$3,322	\$2,722	\$0	\$0
Average final average salary	\$0	\$0	\$50,949	\$63,177	\$60,683	\$0	\$0
Number of retired members	0	0	3	1	5	0	0
Period 7/1/2006 to 6/30/2007							
Average monthly benefit	\$0	\$2,373	\$0	\$2,689	\$2,857	\$5,063	\$4,064
Average final average salary	\$0	\$44,472	\$0	\$61,380	\$62,573	\$92,680	\$78,725
Number of retired members	0	1	0	2	3	1	3
Period 7/1/2007 to 6/30/2008							
Average monthly benefit	\$0	\$0	\$0	\$0	\$3,560	\$3,424	\$0
Average final average salary	\$0	\$0	\$0	\$0	\$75,334	\$65,838	\$0
Number of retired members	0	0	0	0	3	1	0
Period 7/1/2008 to 6/30/2009							
Average monthly benefit	\$2,394	\$0	\$0	\$4,415	\$3,380	\$0	\$0
Average final average salary	\$47,082	\$0	\$0	\$83,123	\$79,240	\$0	\$0
Number of retired members	1	0	0	1	2	0	0
Period 7/1/2009 to 12/31/2009							
Average monthly benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average final average salary	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Number of retired members	0	0	0	0	0	0	0

Anne Arundel County Retirement and Pension System
Average Benefit Payments - Detention Officers' and Deputy Sheriffs' Retirement Plan
Retirement Effective Dates for the last Eight Fiscal Years Ended June 30, and the Six Months Ended December 31, 2009

	Years of Credited Service						
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	Over 30
Retirement Effective Dates							
Period 7/1/2001 to 6/30/2002							
Average monthly benefit	\$0	\$0	\$1,889	\$0	\$0	\$2,601	\$0
Average final average salary	\$0	\$0	\$39,426	\$0	\$0	\$52,436	\$0
Number of retired members	0	0	1	0	0	2	0
Period 7/1/2002 to 6/30/2003							
Average monthly benefit	\$1,623	\$637	\$2,291	\$1,955	\$1,989	\$2,542	\$0
Average final average salary	\$32,136	\$37,096	\$47,664	\$47,980	\$58,616	\$47,507	\$0
Number of retired members	1	1	2	2	1	1	0
Period 7/1/2003 to 6/30/2004							
Average monthly benefit	\$0	\$814	\$2,475	\$2,225	\$1,996	\$0	\$0
Average final average salary	\$0	\$31,855	\$45,217	\$56,103	\$45,092	\$0	\$0
Number of retired members	0	5	1	1	2	0	0
Period 7/1/2004 to 6/30/2005							
Average monthly benefit	\$0	\$1,236	\$1,621	\$2,054	\$2,203	\$2,462	\$0
Average final average salary	\$0	\$40,444	\$49,883	\$48,002	\$52,641	\$47,374	\$0
Number of retired members	0	5	3	3	7	1	0
Period 7/1/2005 to 6/30/2006							
Average monthly benefit	\$0	\$1,718	\$1,286	\$2,581	\$2,037	\$3,980	\$0
Average final average salary	\$0	\$43,851	\$49,151	\$48,139	\$56,919	\$76,537	\$0
Number of retired members	0	3	3	2	2	1	0
Period 7/1/2006 to 6/30/2007							
Average monthly benefit	\$0	\$842	\$1,271	\$2,294	\$3,104	\$2,883	\$0
Average final average salary	\$0	\$46,190	\$48,635	\$60,229	\$80,300	\$55,999	\$0
Number of retired members	0	2	2	4	4	2	0
Period 7/1/2007 to 6/30/2008							
Average monthly benefit	\$0	\$1,165	\$0	\$0	\$3,524	\$4,263	\$0
Average final average salary	\$0	\$44,257	\$0	\$0	\$75,510	\$86,111	\$0
Number of retired members	0	9	0	0	5	1	0
Period 7/1/2008 to 6/30/2009							
Average monthly benefit	\$0	\$782	\$1,963	\$2,997	\$4,341	\$3,434	\$3,935
Average final average salary	\$0	\$48,249	\$67,568	\$71,019	\$94,610	\$73,170	\$70,905
Number of retired members	0	3	3	4	2	1	2
Period 7/1/2009 to 12/31/2009							
Average monthly benefit	\$0	\$1,488	\$1,139	\$2,519	\$0	\$0	\$0
Average final average salary	\$0	\$45,493	\$54,385	\$64,507	\$0	\$0	\$0
Number of retired members	0	4	1	2	0	0	0

Anne Arundel County Retirement and Pension System

Schedule of Members by Years of Service - Employees' Retirement Plan

For the Last Ten Years Ended December 31

<i>Years of Credited Service</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
0 to 4	657	873	744	650	667	646	750	747	807	755
5 to 9	339	432	373	392	389	447	485	465	421	451
10 to 14	503	450	382	350	296	250	267	283	286	291
15 to 19	295	293	321	377	376	402	357	307	273	233
20 to 24	252	249	239	217	214	211	203	225	281	287
25 to 29	176	202	199	183	193	180	177	167	136	146
30 and over	<u>61</u>	<u>72</u>	<u>57</u>	<u>70</u>	<u>82</u>	<u>89</u>	<u>98</u>	<u>90</u>	<u>108</u>	<u>115</u>
Total members	2,283	2,571	2,315	2,239	2,217	2,225	2,337	2,284	2,312	2,278
Average years of service	12.00	11.50	11.90	12.26	12.38	12.19	11.62	11.59	11.58	11.97
Average age	44.94	44.83	45.36	45.95	46.22	46.35	46.12	46.39	46.88	47.44
Average salary	\$ 38,952	\$ 40,474	\$ 43,703	\$ 45,085	\$ 46,507	\$ 48,220	\$ 49,940	\$ 51,323	\$ 53,981	\$ 55,325

Anne Arundel County Retirement and Pension System

Schedule of Members by Years of Service - Police Service Retirement Plan

For the Last Ten Years Ended December 31

<i>Years of Credited Service</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
0 to 4	176	172	155	102	121	146	143	158	168	166
5 to 9	128	155	168	185	179	154	154	135	101	110
10 to 14	149	124	146	129	116	109	132	145	156	151
15 to 19	58	71	65	83	108	131	112	127	112	101
20 to 24	83	68	57	40	28	24	29	32	43	50
25 to 29	28	33	29	13	17	18	16	11	11	6
30 and over	<u>11</u>	<u>14</u>	<u>7</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>
Total members	633	637	627	555	571	584	589	611	593	587
Average years of service	11.40	11.50	10.75	10.83	10.67	10.60	10.69	10.69	10.72	10.61
Average age	36.95	37.00	36.48	36.83	36.85	36.76	36.88	36.88	37.12	37.04
Average salary	\$ 45,080	\$ 48,831	\$ 50,722	\$ 51,228	\$ 51,757	\$ 55,693	\$ 58,051	\$ 60,948	\$ 64,867	\$ 65,534

Anne Arundel County Retirement and Pension System

Schedule of Members by Years of Service - Fire Service Retirement Plan

For the Last Ten Years Ended December 31

<i>Years of Credited Service</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
0 to 4	113	91	104	76	168	223	307	297	400	323
5 to 9	84	122	88	90	84	98	83	92	69	133
10 to 14	133	119	113	125	105	80	115	85	89	82
15 to 19	88	108	139	132	123	118	109	106	116	100
20 to 24	81	63	42	33	43	54	69	96	98	93
25 to 29	90	77	62	38	38	38	28	20	19	20
30 and over	<u>18</u>	<u>10</u>	<u>7</u>	<u>2</u>	<u>2</u>	<u>5</u>	<u>7</u>	<u>13</u>	<u>18</u>	<u>6</u>
Total members	607	590	555	496	563	616	718	709	809	757
Average years of service	14.77	13.90	13.48	12.98	11.41	10.73	9.53	10.22	9.54	9.81
Average age	39.80	39.27	39.11	38.97	37.79	37.17	36.15	36.75	36.13	36.58
Average salary	\$ 45,097	\$ 48,443	\$ 50,710	\$ 50,872	\$ 49,847	\$ 51,305	\$ 51,463	\$ 55,461	\$ 56,834	\$ 57,714

Anne Arundel County Retirement and Pension System

Schedule of Members by Years of Service - Detention Officers' and Deputy Sheriffs' Retirement Plan

For the Last Ten Years Ended December 31

<i>Years of Credited Service</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
0 to 4	209	209	141	121	110	127	102	94	114	122
5 to 9	71	74	137	138	132	130	144	101	84	73
10 to 14	42	46	51	60	60	55	58	107	110	112
15 to 19	26	27	24	19	20	33	37	40	49	49
20 to 24	8	8	15	22	19	15	13	4	8	9
25 to 29	3	4	3	5	5	4	3	8	6	6
30 and over	-	-	-	-	1	1	2	3	2	3
Total members	359	368	371	365	347	365	359	357	373	374
Average years of service	6.33	6.70	7.30	7.99	8.50	8.36	8.82	9.16	9.16	6.92
Average age	39.38	40.27	41.45	42.03	42.70	42.40	42.45	43.19	43.19	43.85
Average salary	\$ 33,922	\$ 36,862	\$ 39,597	\$ 42,182	\$ 44,252	\$ 46,011	\$ 48,378	\$ 50,763	\$ 53,045	\$ 54,021

Anne Arundel County Retirement and Pension System

Summary of Current Active Members and DROP Members by Years of Service and Plan

For the Year Ended December 31, 2009

Years of Credited Service	<i>Employees' Retirement Plan</i>	<i>Police Service Retirement Plan</i>	<i>Fire Service Retirement Plan</i>	<i>Officers' and Deputy Sheriffs' Retirement Plan</i>	<i>Total</i>
0-4	755	166	323	122	1,366
5-9	451	110	133	73	767
10-14	291	151	82	112	636
15-19	233	101	100	49	483
20-24	287	50	93	9	439
25-29	146	6	20	6	178
30+	<u>115</u>	<u>3</u>	<u>6</u>	<u>3</u>	<u>127</u>
Total Current Active Members	<u><u>2,278</u></u>	<u><u>587</u></u>	<u><u>757</u></u>	<u><u>374</u></u>	<u><u>3,996</u></u>
20-24	N/A	13	10	N/A	23
25-29	N/A	19	21	N/A	40
30+	N/A	<u>13</u>	<u>32</u>	N/A	<u>45</u>
Total Current Active DROP Members		<u><u>45</u></u>	<u><u>63</u></u>		<u><u>108</u></u>

Anne Arundel County Retirement and Pension System

Schedule of Current Active DROP Members by Year of Entry

For the Last Five Years Ended December 31

	<i>Police Service Retirement Plan</i>	<i>Fire Service Retirement Plan</i>	<i>Total</i>
2005	1	4	5
2006	5	9	14
2007	11	5	16
2008	6	8	14
2009	22	32	54
	<u>45</u>	<u>58</u>	<u>103</u>

- Notes:
- 1) The Employee's Retirement Plan does not provide a DROP.
 - 2) The Police Service Retirement Plan DROP was initiated in 2002.
 - 3) The Fire Service Retirement Plan DROP was initiated in 2001.
 - 4) The Detention Officers' and Deputy Sheriffs' Retirement Plan does not provide a DROP.
 - 5) Actuarial data is based on preliminary employee information which therefore, does not agree with the final census data reflected above.

Anne Arundel County Retirement and Pension System

Schedule of Retirees by Attained Age and Type of Retirement

For the Year Ended December 31, 2009

<u>Age Group</u>	<u>Normal Retirement</u>	<u>Early Retirement</u>	<u>Service Connected Disability</u>	<u>Non-Service Connected Disability</u>	<u>Total</u>
20-29	-	-	12	1	13
30-34	-	-	28	4	32
35-39	16	-	45	7	68
40-44	141	-	56	11	208
45-49	312	-	60	10	382
50-54	450	54	25	6	535
55-59	260	31	13	7	311
60-64	553	-	4	3	560
65-69	103	-	2	1	106
70-74	16	-	-	-	16
75-79	6	-	-	-	6
80-84	-	-	-	-	-
85 & up	3	-	-	-	3
Total Members	<u>1,860</u>	<u>85</u>	<u>245</u>	<u>50</u>	<u>2,240</u>

Anne Arundel County Retirement and Pension System

Active Employees by Plan

Last Ten Fiscal Years Ending June 30

Retirement Plan	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Employees' Retirement Plan	2,074	2,143	2,181	2,199	2,132	2,046	2,073	2,117	2,114	1,942
Police Service Retirement Plan	886	895	895	1,047	1,037	904	921	923	933	938
Fire Service Retirement Plan	633	643	654	654	675	721	833	833	860	861
Detention Officers and Deputy Sheriffs' Retirement Plan	<u>404</u>	<u>434</u>	<u>434</u>	<u>434</u>	<u>409</u>	<u>408</u>	<u>409</u>	<u>415</u>	<u>415</u>	<u>412</u>
Total	<u><u>3,997</u></u>	<u><u>4,115</u></u>	<u><u>4,164</u></u>	<u><u>4,334</u></u>	<u><u>4,253</u></u>	<u><u>4,079</u></u>	<u><u>4,236</u></u>	<u><u>4,288</u></u>	<u><u>4,322</u></u>	<u><u>4,153</u></u>

Anne Arundel County Retirement and Pension System

History of Operating Revenues and Expenses

For the Last Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES										
Employer Contributions	\$ 14,349,920	\$ 14,653,731	\$ 23,953,617	\$ 26,287,740	\$ 29,524,314	\$ 32,155,248	\$ 34,310,322	\$ 36,337,038	\$ 38,407,374	\$ 44,724,462
Participant Contributions	6,332,267	7,122,384	7,567,541	7,785,438	7,793,819	8,264,629	8,904,172	9,189,082	9,525,558	9,525,558
Investment Income	27,179,528	1,079,517	(71,960,240)	191,416,208	101,376,074	81,301,278	156,735,548	143,580,417	(448,013,909)	172,172,570
Total Revenues	\$ 47,861,715	\$ 22,855,632	\$ (40,439,082)	\$ 225,489,386	\$ 138,694,207	\$ 121,721,155	\$ 199,950,042	\$ 189,106,537	\$ (400,080,977)	\$ 226,422,590
EXPENSES										
Benefits and Refunds	\$ 25,597,087	\$ 25,597,638	\$ 28,591,737	\$ 32,736,809	\$ 37,342,018	\$ 42,769,429	\$ 53,053,968	65,753,246	73,590,104	70,793,037
Administrative Expenses	1,478,644	1,380,624	1,439,469	1,277,345	1,188,103	1,286,302	1,428,838	1,466,667	1,180,297	1,348,545
Total Expenses	\$ 27,075,731	\$ 26,978,262	\$ 30,031,206	\$ 34,014,154	\$ 38,530,121	\$ 44,055,731	\$ 54,482,806	\$ 67,219,913	\$ 74,770,401	\$ 72,141,582
COVERED PAYROLL										
Annual Covered Payroll	<u>157,139,478</u>	<u>175,636,731</u>	<u>181,322,270</u>	<u>179,719,295</u>	<u>186,863,310</u>	<u>199,370,886</u>	<u>215,409,364</u>	<u>220,298,031</u>	<u>234,922,040</u>	<u>237,798,435</u>
Total Covered Payroll	\$ 157,139,478	\$ 175,636,731	\$ 181,322,270	\$ 179,719,295	\$ 186,863,310	\$ 199,370,886	\$ 215,409,364	\$ 220,298,031	\$ 234,922,040	\$ 237,798,435
Employer Contributions as a Percent of Covered Payroll	<u>9.13</u>	<u>8.34</u>	<u>13.21</u>	<u>14.63</u>	<u>15.80</u>	<u>16.13</u>	<u>15.93</u>	<u>16.49</u>	<u>16.35</u>	<u>18.81</u>

Anne Arundel County Retirement and Pension System

History of Plan Net Assets and Liabilities

For the Ten Years Ended December 31

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Net Assets Fair Market Value	<u>927,908,681</u>	<u>\$ 923,001,939</u>	<u>\$ 852,531,651</u>	<u>\$ 1,044,006,884</u>	<u>\$ 1,144,170,969</u>	<u>\$ 1,221,836,393</u>	<u>\$ 1,367,303,629</u>	<u>\$ 1,489,190,253</u>	<u>\$ 1,014,338,875</u>	<u>\$ 1,169,581,066</u>
Actuarial Accrued Liability (AAL)	928,740,072	\$ 984,334,949	\$ 1,034,721,887	\$ 1,047,886,964	\$ 1,138,458,986	\$ 1,240,672,351	\$ 1,343,310,239	\$ 1,462,619,222	\$ 1,566,882,186	\$ 1,652,709,089
Actuarial Value of Assets (AVA)	<u>811,205,329</u>	<u>866,052,411</u>	<u>912,586,690</u>	<u>1,011,601,334</u>	<u>1,098,293,512</u>	<u>1,181,256,844</u>	<u>1,281,182,243</u>	<u>1,380,306,906</u>	<u>1,363,614,511</u>	<u>1,454,413,785</u>
Unfunded Actuarial Liability (UAL)	<u>117,534,743</u>	<u>\$ 118,282,538</u>	<u>\$ 122,135,197</u>	<u>\$ 36,285,621</u>	<u>\$ 40,165,474</u>	<u>\$ 59,515,507</u>	<u>\$ 62,127,996</u>	<u>\$ 74,934,851</u>	<u>\$ 203,267,675</u>	<u>\$ 198,295,304</u>
Funded Ratio (AVA/AAL)	<u>87.34%</u>	<u>87.98%</u>	<u>88.20%</u>	<u>96.54%</u>	<u>96.47%</u>	<u>95.21%</u>	<u>95.38%</u>	<u>94.37%</u>	<u>87.03%</u>	<u>88.00%</u>

**Prepared by
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