



City of Phoenix Employees' Retirement Systems (COPERS)



Popular Annual Financial Report
For the Fiscal Year Ended June 30, 2011

City of Phoenix Employees' Retirement Systems

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To Our Members

We are pleased to present to you our seventh annual popular financial report. This report is intended to provide a summary of annual financial information in an easily understandable format that supplements our more thorough Comprehensive Annual Financial Report (CAFR).

Data presented in this report was derived from our CAFR, which was prepared in accordance with Generally Accepted Accounting Principles. The CAFR provides in-depth information about the financial, investment and actuarial aspects of the retirement plan. The CAFR is available at www.phoenix.gov/phxcopers.html, by phone at (602) 534-4400 or by email at copers@phoenix.gov.

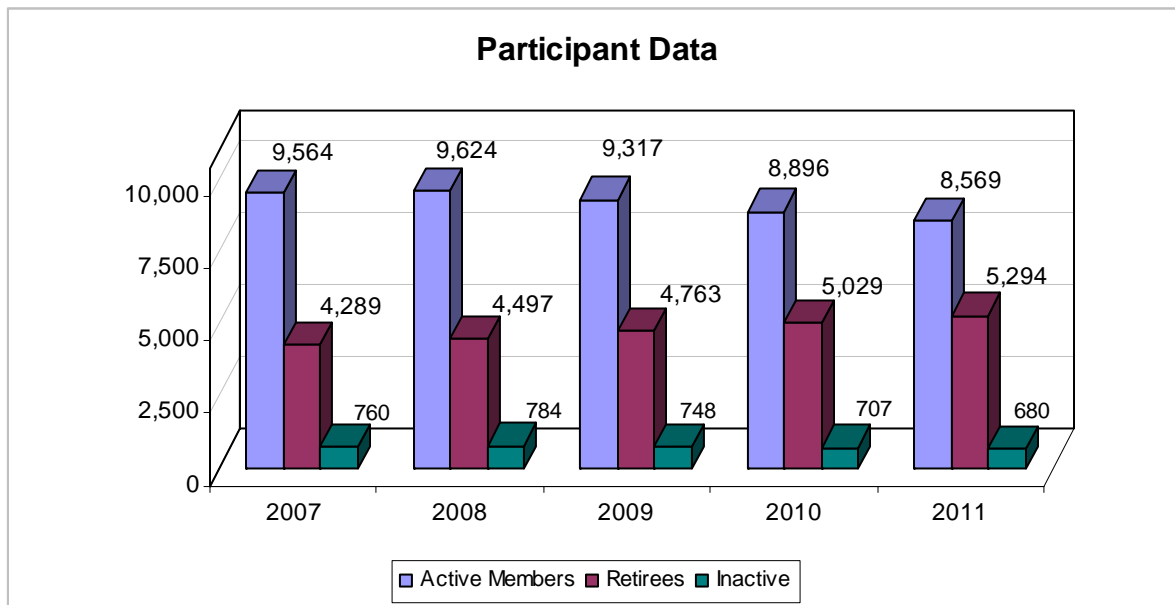
About COPERS

The City of Phoenix Employees' Retirement Systems (COPERS) is a defined benefit, single-employer plan established in 1953 to provide lifetime retirement benefits, survivor and disability benefits for the City's general municipal employees.

Membership

City of Phoenix full-time permanent employees become members of COPERS on their date of employment. Sworn Police employees, Firefighters, Mayor and City Council are covered by statewide retirement systems.

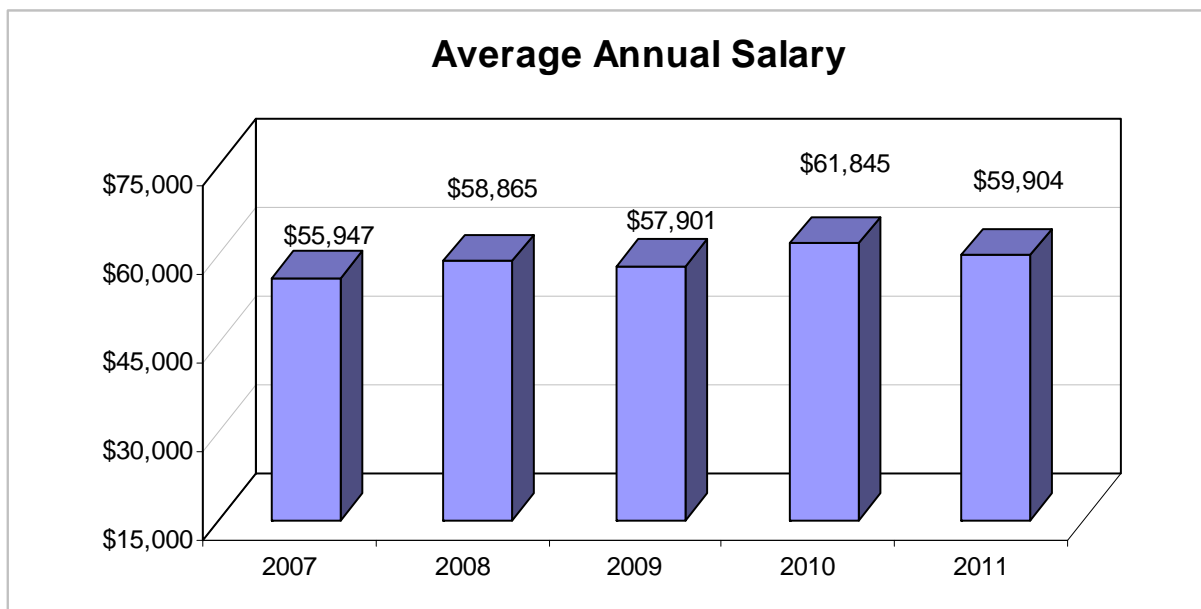
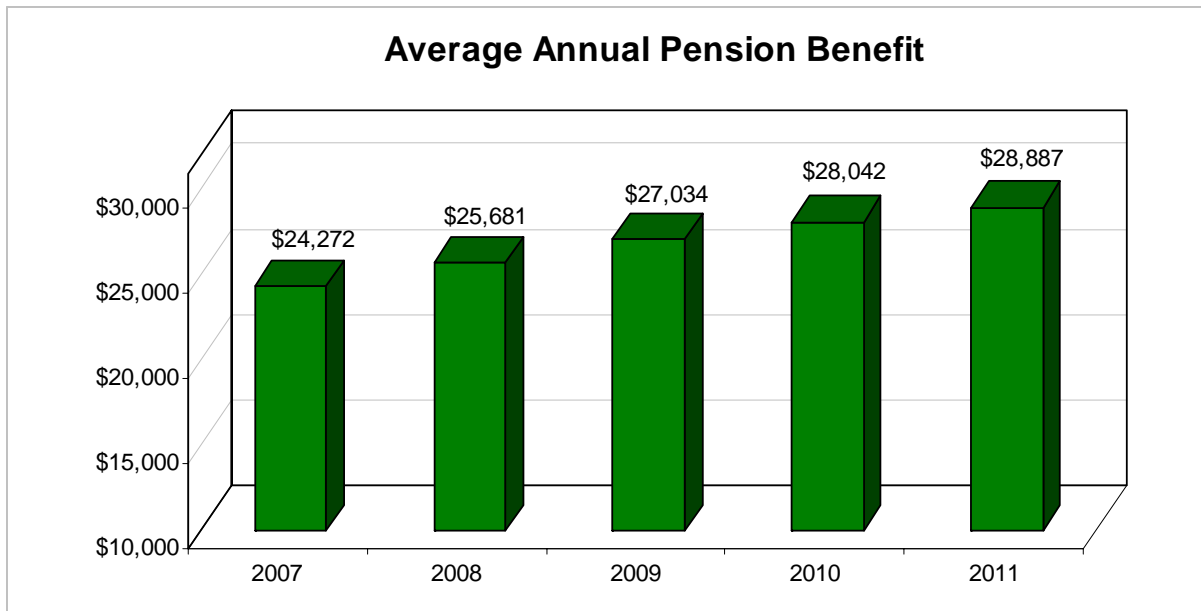
As of June 30, 2011, COPERS had 8,569 active members, 5,294 retired members and 680 inactive members.



Retirement Eligibility

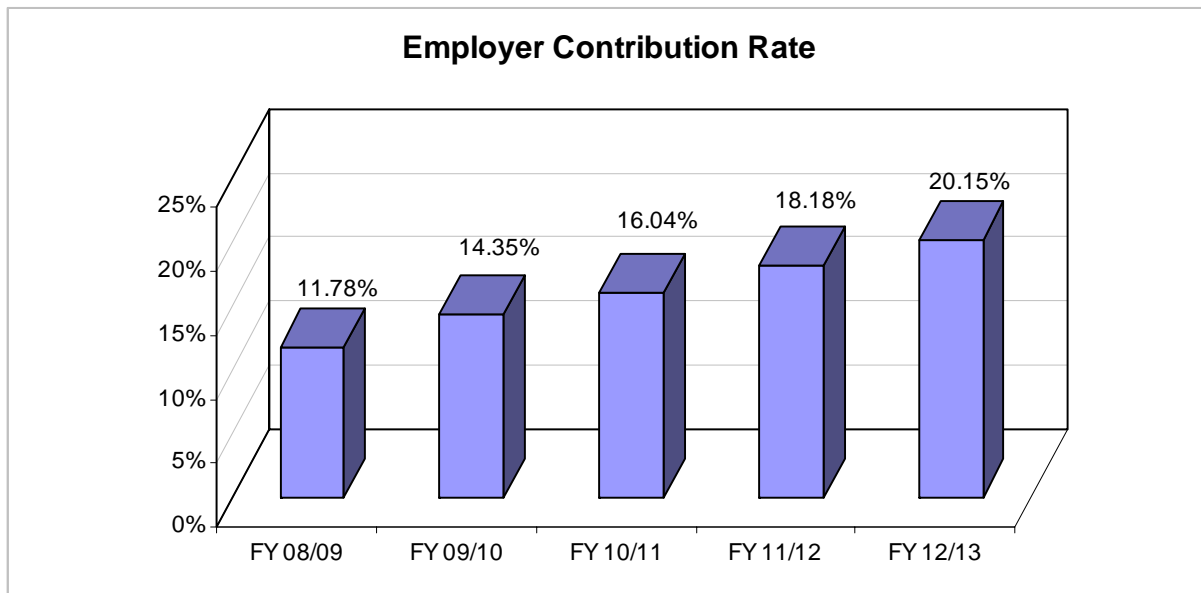
Members are eligible for retirement benefits at age 60 with ten or more years of service credit; age 62 with five or more years of service credit; or where age and years of service credit equal 80.

The benefit is based on 2% of final average salary multiplied by the first 32.5 years of service credit, 1% in excess of 32.5 to 35.5 years and 0.5% thereafter. A deferred pension is available at age 62 for members who have five or more years of service credit at time of separation and leave their accumulated contributions in COPERS. The charts below represent the average pension benefit of current retirees and the average annual salary of active members as of the end of each of the last five fiscal years.



Contributions

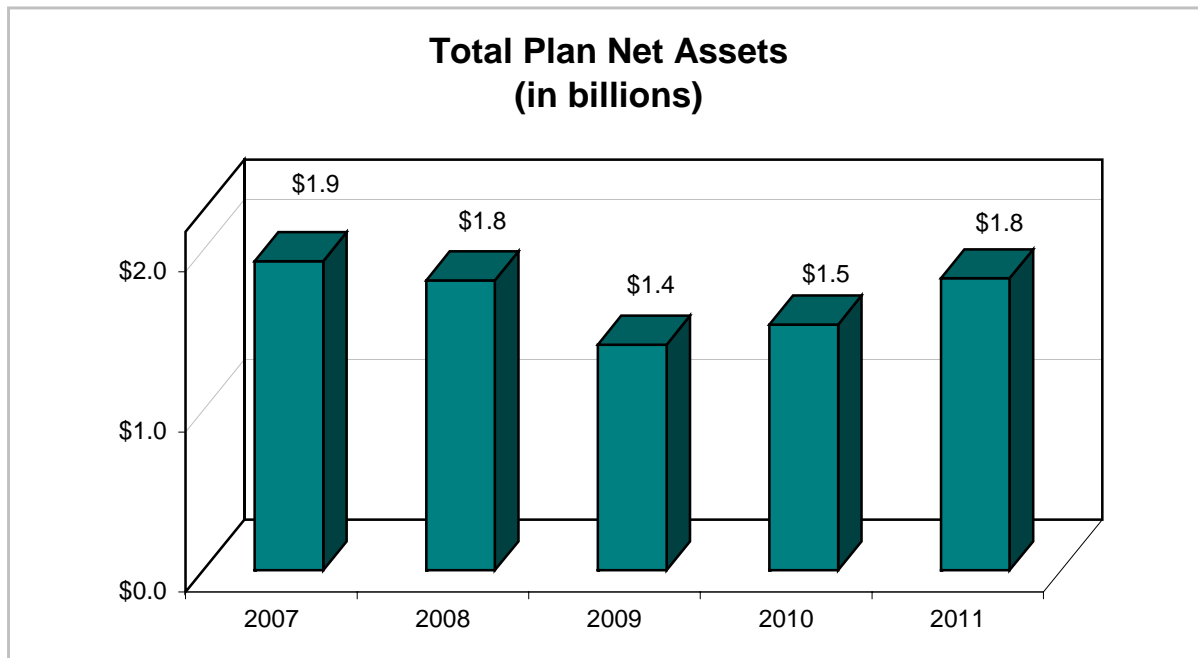
Members of COPERS contribute 5% of their gross pay on a pre-tax basis. Employee contributions are made through payroll deductions each pay period. The City of Phoenix contributes an amount based on an actuarial valuation.



Plan Net Assets

The Statement of Plan Net Assets presents the Plan's assets and liabilities and the resulting net assets, which are held in trust for pension benefits. This statement reflects a year-end snap shot of the Plans' investments along with cash, receivables and other assets and liabilities.

A summary of COPERS net assets held for benefits on June 30, 2011 and 2010, is shown on the following page. As of June 30, 2011, COPERS net assets were 1,824,207,000.



**Statements of Plan Net Assets
June 30, 2011 and 2010
(in thousands)**

	2011	2010	Change	% Change
Cash & Cash Equivalents	\$ 51,998	\$ 58,099	\$ (6,101)	(10.5%)
Total Receivables	62,795	53,530	9,265	17.3%
Total Investments	<u>1,990,630</u>	<u>1,746,428</u>	<u>244,202</u>	14.0%
Total Assets	2,105,423	1,858,057	247,366	13.3%
Total Liabilities	<u>281,216</u>	<u>322,883</u>	<u>(41,667)</u>	(12.9%)
COPERS' Net Assets	<u>\$ 1,824,207</u>	<u>\$ 1,535,174</u>	<u>\$ 289,033</u>	18.8%

Changes in Plan Net Assets

The Statement of Changes in Plan Net Assets provides the reader with the Plan's additions and deductions. The statements provide the net increases or decreases realized during the years.

COPERS' is funded through a combination of employer contributions, member contributions, inter-system transfers and investment earnings.

As of June 30, 2011, \$1,824,207 in Plan Net Assets are held in Trust for the payment of pension benefits. This amount represents an increase of 18.8% from June 30, 2010. The increase is attributable primarily to gains experienced in the financial markets, which impacted COPERS' investment performance.

Statements of Changes in Plan Net Assets For the Fiscal Years Ended June 30, 2011 and 2010

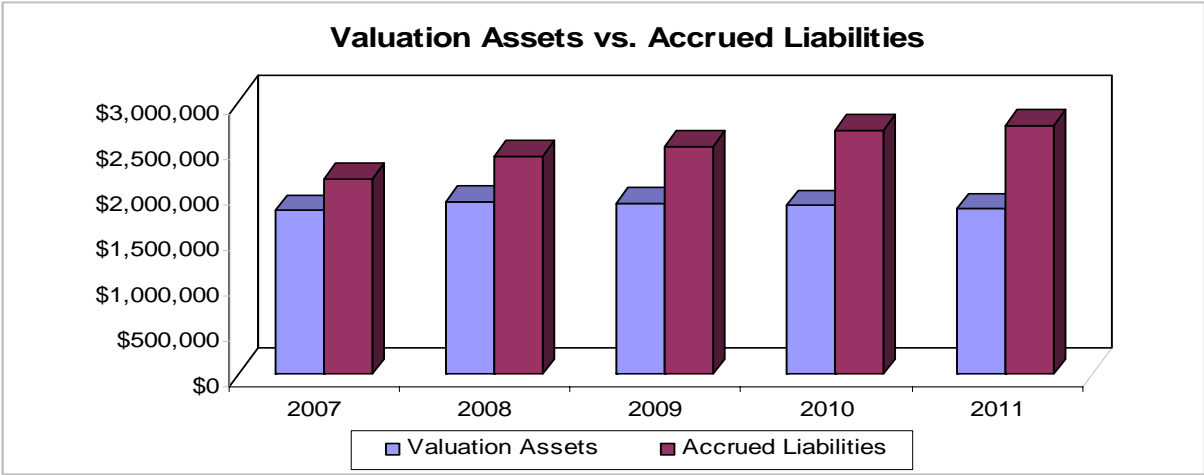
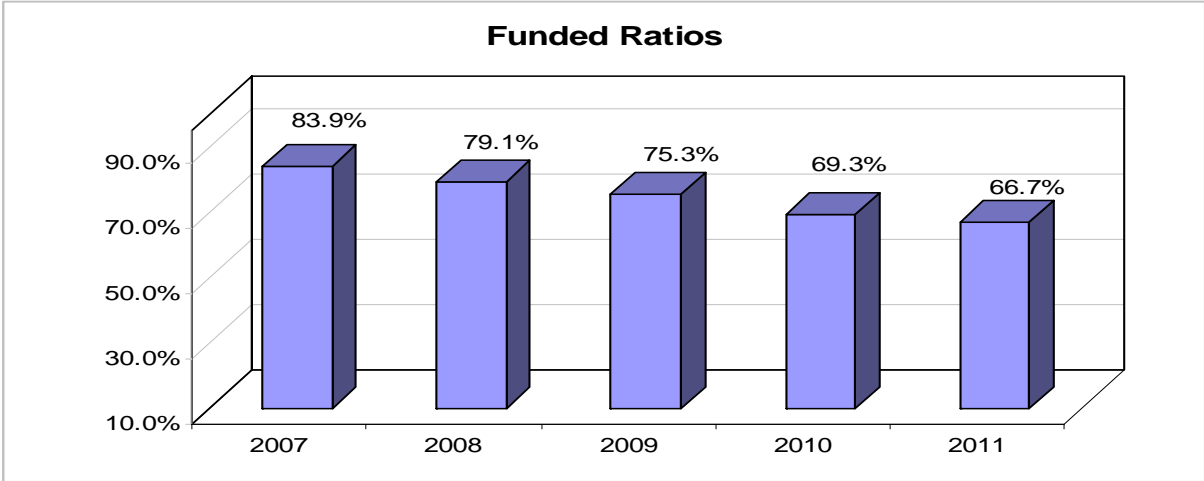
(in thousands)

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>% Change</u>
Additions				
Employer Contributions	\$ 90,965	\$ 86,241	\$ 4,724	5.5%
Members' Contributions	28,648	30,240	(1,592)	(5.3%)
Inter-System Transfers	4,999	4,619	380	8.2%
Net Investment Income	314,830	142,076	172,754	121.6%
Net Securities Lending Income	1,106	940	166	17.7%
Total	<u>440,548</u>	<u>264,116</u>	<u>176,432</u>	66.8%
Deductions				
Benefit Payments	\$145,922	\$133,522	\$12,400	9.3%
Refunds	2,470	2,877	(407)	(14.1%)
Inter-System Transfers	2,872	1,699	1,173	69.0%
Administrative Expense	251	402	(151)	(37.6%)
Total	<u>151,515</u>	<u>138,500</u>	<u>13,015</u>	9.4%
Net Change in Assets	<u>289,033</u>	<u>125,616</u>	<u>163,417</u>	130.1%
Beginning Net Assets	<u>1,535,174</u>	<u>1,409,558</u>	<u>125,616</u>	8.9%
Ending Net Assets	<u>\$ 1,824,207</u>	<u>\$ 1,535,174</u>	<u>\$ 289,033</u>	18.8%



Funded Ratio

The funded ratio is an actuarial estimate which measures the ratio of assets to liabilities. For the June 30, 2011 valuation, the actuary determined COPERS' funded ratio was 66.7%, down from 69.3% the previous year.



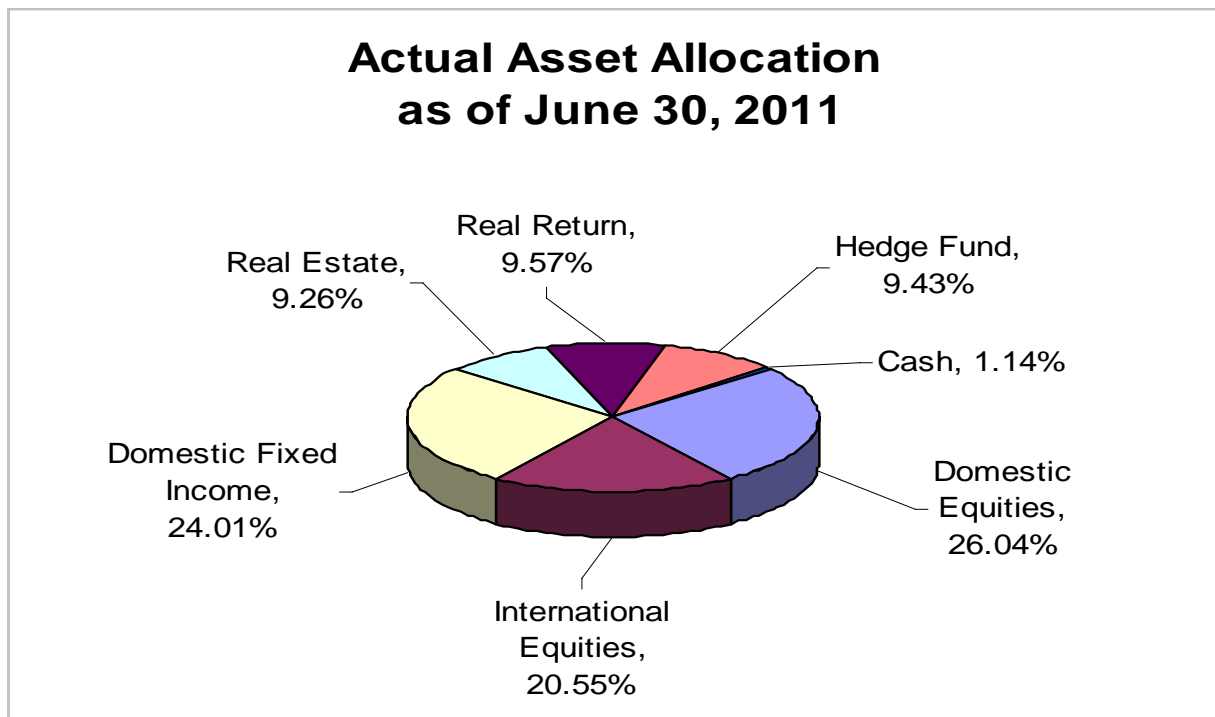
Investments

For the fiscal year ended June 30, 2011, the Plan's investment portfolio produced a return of 21.3%. The chart below summarizes investment performance.



Schedule of Investment Results For the Fiscal Years Ended June 30, 2011

	1-Year	Annualized	
		3-Years	5-Years
Total Portfolio:			
COPERS	21.3%	2.1%	3.3%
Target Benchmark	20.7%	1.2%	3.3%
R.V. Kuhns All Pension Median Plans \$1B - \$5B	21.2%	4.5%	5.0%



Award

The City of Phoenix Employees' Retirement Systems Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2010, received an Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association (GFOA) of the United States and Canada.

This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. To receive this award a government unit must publish a PAFR in which the content conforms to program standards of creativity, presentation, understandability, and reader appeal.

This award is valid for a period of one year. COPERS has received the Award for Outstanding Achievement for each of the last six consecutive years.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**City of Phoenix
Employees' Retirement System
Arizona**

for the Fiscal Year Ended

June 30, 2010



Linda C. Davison
President

Jeffrey L. Esser
Executive Director