

Delaware Public Employees' Retirement System

— a component unit of the State of Delaware

Thirty-Eighth Comprehensive Annual Financial Report

Presented By The
DPERS Board of Pension Trustees
For the Fiscal Year Ended June 30

2009

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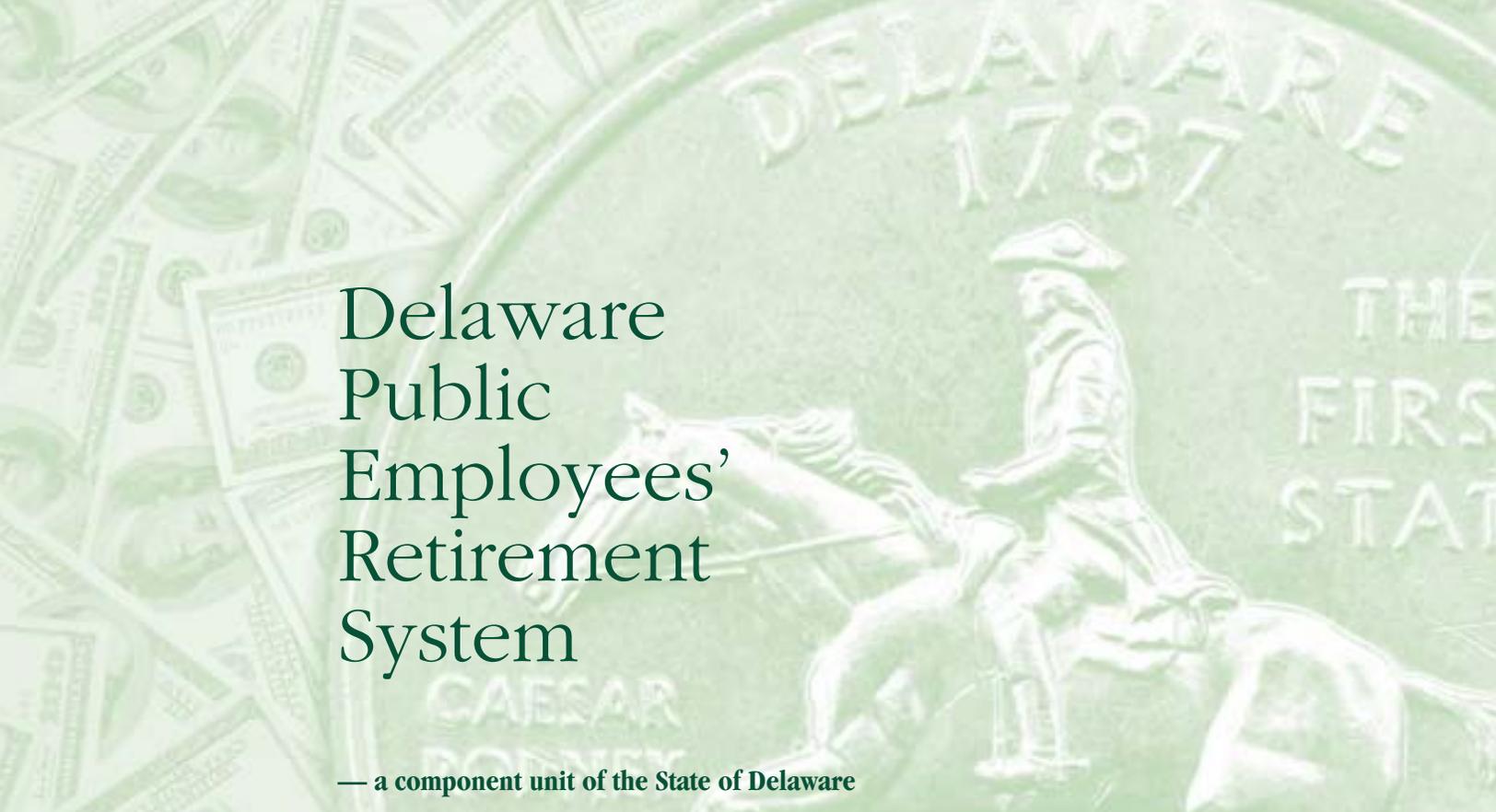
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Delaware Public Employees' Retirement System

— a component unit of the State of Delaware

Thirty-Eighth Comprehensive Annual Financial Report

Presented By The DPERS Board of Pension Trustees
and Prepared by the Office of Pensions
Fiscal Year Ended June 30, 2009

State Employees' Pension Plan

Special Fund

New State Police Pension Plan

Judiciary Pension Plans

County & Municipal Police and Firefighters' Plans

County & Municipal Other Employees' Pension Plan

Delaware Volunteer Firemen's Fund

Diamond State Port Corporation Pension Plan

County & Municipal Police and Firefighters' COLA Fund

Post-Retirement Increase Fund

Delaware Local Government Retirement Investment Pool

Closed State Police Pension Plan

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Delaware Public Employees' Retirement System



— a component unit of the State of Delaware

Introductory Section

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Delaware Public Employees' Retirement System

For its Comprehensive
Annual Financial Report for the
Fiscal Year Ended June 30, 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.



Phil L. Post
President

Jeffrey R. Enner
Executive Director



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 AND
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November 19, 2009

The Honorable Jack A. Markell
 and
 Members of the 145th General Assembly

Dear Governor and Members of the General Assembly:

The Board of Pension Trustees for the Delaware Public Employees' Retirement System (DPERS or the System) is proud to present its 38th Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009.

This report provides information on nine plans/funds [State Employees', Special Fund, New State Police, Judiciary, County & Municipal Police and Firefighters', County & Municipal Other Employees', Delaware Volunteer Firemen's Fund, Diamond State Port Corporation, and Closed State Police] plus three commingled investment funds [County & Municipal Police and Firefighters' COLA (COLA Fund), Post-Retirement Increase (PRI) and Delaware Local Government Retirement Investment Pool (DELRIP)]. Responsibility for both the accuracy of the data and the completeness and fairness of presentation rests with the State Board of Pension Trustees (Board). To the best of our knowledge and belief, the enclosed data are accurate in all material respects and present fairly the System's financial position and operational results for the Fiscal Year ended June 30, 2009.

This year the System continued to confront extremely volatile market conditions. The global financial crisis affected all parts of the financial marketplace, resulting in the near collapse of the markets. Not since the Great Depression of the 1930's had the financial system faced such a crisis. The markets saw failures of the financial system at every level as housing values declined, foreclosures increased, and bond portfolios became illiquid. These events further stressed the financial system, leading to a severely weakened banking system, a liquidity crisis, massive deleveraging both individually and corporately, rising unemployment, an ever increasing federal deficit coupled with declining dollar values. The Board and its Investment Committee responded to these events by positioning the fund defensively to reduce downside risk. It took action to provide liquidity by increasing the cash

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position of the portfolio, which provided operating funds for DPERS' future obligations. Additionally, DPERS liquidated certain bond portfolios to provide cash for opportunistic investments, which might arise during the financial crisis.

The fund's decline of 15.8% outperformed equity market indexes such as the S&P 500 which declined by 26.2% during the Fiscal Year. Compared to other public funds with greater than \$5 billion in assets, DPERS' performance ranked in the top quartile for the one, three and five year periods and in the top 5% for the 10 year period ending June 30, 2009. The Board, its Investment Committee and staff will continue to actively monitor and proactively manage the System during these difficult times in a manner fully consistent with its fiduciary duty to the System's beneficiaries.

The Management's Discussion and Analysis (MD&A), located in the Financial Section of this report, provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The System was established on June 11, 1970, with the incorporation of the State Employees', Judiciary, Closed State Police, and Retired & Disabled Teachers Pension Plans. The State Employees' and the Judiciary Plans were changed to actuarial reserve funding shortly thereafter. The Closed State Police Pension Plan remains a pay-as-you-go plan. Fiscal Year 1994 was the last year the Retired & Disabled Teachers' Pension Plan had members entitled to benefits.

When calendar year 1971 ended, the four pension plans totaled \$14.7 million in assets with 2,766 pensioners. The State's contribution was 13.1% of payroll. At the end of Fiscal Year 2009, pensioners numbered 23,127; monies from the nine plans/funds and three pension commingled investment funds totaled \$5.8 billion. The State's contribution rate for the State Employees' Plan for Fiscal Year 2009 was 5.7% of payroll. Employer rates in the other plans that the Board administers range from 6.4% to 27.2% of covered payroll. Benefit coverage varies by plan as shown on pages 30-33. Benefit coverage has been regularly improved to maintain a very competitive position versus similar plans in other states. The majority of beneficiaries' pension benefits are well funded, with 88% of the System's total membership covered by plans with a funded ratio greater than 95%. The funding status of each plan is detailed on pages 45-47.

Major Accomplishments

Best Practices – The Board, with the help of its legal counsel and various Committee members, continued its “Best Practices Review” during Fiscal Year 2009. Now in its fifth year, the process provides the benefit of annually comparing reviews of the System's operations and efficiency with similar public pension funds. Those reviews indicate the System continues to compare favorably or very favorably with its peers. The Board promoted Trustee training opportunities including special presentations by a leading economist and the investment advisor. In addition, with the help of outside legal counsel, the Board continued its review of the structure of the System and each of its nine plans/funds as established in the Delaware Code for compliance with the Internal Revenue Code and its rules, regulations, and interpretive opinions. See the Tax Status update in Note 7 to the financial statements on page 44 for more details.

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Major Accomplishments (continued)

Enhanced Professional Review – Also as a result of the ongoing Best Practices Review, the Board added to its complement of professional resources. The Board engaged professional consultants and outside legal counsel to provide specialized advice in reviewing investment contracts, monitoring securities litigation, and measuring investment performance.

Reducing Risk – In response to the uncertain economic conditions, the Board continued to refrain from securities lending and reduced enhanced collateral-based active allocation funds from the System's managed commingled funds. It continued to increase the cash position of the fund and retain that cash in more conservative Government Securities cash funds. The Board also reduced credit bond and derivative exposure. The Board continues to diversify the portfolio and increased the allocation to alternative investments to 23.3% from 18.1%.

Local Government Participation – Membership in the County & Municipal plans continues to grow. New members include the Town of Lewes, Town of Seaford, and Town of Bridgeville.

GFOA Certificate of Achievement – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DPERS for its comprehensive annual financial report (CAFR) for the Fiscal Year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This is the thirteenth consecutive year that DPERS has received a Certificate of Achievement. DPERS believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Public Pension Coordinating Council Award – The Public Pension Coordinating Council (PPCC) granted the System the Public Pension Standards Award for 2008. This is the sixth consecutive year the award has been received. The PPCC is a coalition of National Association of State Retirement Administrators (NASRA), National Council on Teacher Retirement (NCTR), and National Conference on Public Employee Retirement Systems (NCPERS). The major PPCC goal is to promote excellence in plan design and administration among state and local public retirement systems. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration and serve as a benchmark by which all defined benefit public plans should be measured. Public Pension Standards include: comprehensive benefit programs, funding adequacy, receipt of GFOA award in current year, independent actuarial valuation, independent audit review resulting in an unqualified opinion from the auditor, independent investment performance evaluation, adoption of written fiduciary standards by Board and Investment Committee, and communications with membership.

Technology Upgrades – The System is implementing a new financial reporting system for Fiscal Year 2010. Also, installation of an upgrade to the existing PeopleSoft human resource system is to be completed in the second quarter of Fiscal Year 2010.

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Investments and Economic Climate

Global markets witnessed unprecedented volatility over the course of Fiscal Year 2009. The selling pressures that were apparent in the markets in 2008 gathered momentum in 2009 culminating in waves of selling that drove securities prices sharply lower. Investors who had aggressively used leverage were forced to unwind their positions into markets that were becoming increasingly illiquid. A sharp deterioration in credit quality resulted in severe markdowns of credit instruments bringing into question the solvency of banks and other financial intermediaries. It became apparent that there were major flaws in the way credit instruments were rated and valued. With capital positions under extreme pressure and growing concerns about the viability of counterparties, banks and other intermediaries stopped extending credit, even within the overnight interbank markets. These forces resulted in the failure of Lehman Brothers in September of 2008 and confirmed the worst fears of market participants. The failure of Lehman triggered a sharp acceleration in selling pressure and securities prices moved sharply lower.

After a partial recovery in December of 2008, selling resumed in earnest in January of 2009, as market participants began to anticipate a nationalization of the banking system and an economic contraction that would rival the worst experience in the postwar era. By March of 2009, global equity markets had declined more than 50% from the highs reached in the fall of 2007 and credit instruments, with the exception of US Government obligations, were trading at record lows. During the late winter and early spring the rate of deterioration in reported economic data began to slow. While still decidedly negative, the slowing in the rate of decline of key economic indicators offered investors some hope. The massive stimulus package, government support for the banking system, and the liquidity injections by the Federal Reserve appeared to staunch the decline and set the stage for a potential resumption of economic growth. Securities prices rallied sharply and ended the fiscal year well off their lows, but down sharply from June of 2008. As a reference point, the Russell 3000, a broad measure of the US stock market returned (26.6%) for the fiscal year while the MSCI All-Country World ex-USA index, a widely used reference for international markets, returned (30.9%).

During this tumultuous year several significant actions were taken to alter the asset mix and risk exposure of the System's investment portfolio. During the first half of the year most investment actions were a continuation of the investment strategy implemented in Fiscal Year 2008. Those actions were characterized by increasing caution, risk reduction, and the liquidation of holdings with exposure to the more troubled areas of the securities markets. By the late fall and early winter, the focus shifted toward the potential return opportunities presented by sharply lower prices and the market inefficiencies resulting from the indiscriminate selling across a broad range of securities.

For a further discussion of portfolio diversification and investment strategy, see the Investment Section beginning on page 59 of this report.

The System's investment activity is governed by the "prudent person rule," a fiduciary standard, which applies to anyone with System authority. Fiduciaries must discharge their duties solely in the interest of System participants and beneficiaries and with the degree of diligence, care, and skill which prudent men and women would ordinarily exercise under similar circumstances.

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Members of the 145th General Assembly
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Investments and Economic Climate (continued)

The Board's investment policy is summarized on pages 65-66. Investment constraints are outlined in the investment policy established by the Board, including the appropriate degree of risk. Investment managers are hired to execute the investment policy and have full discretion for investment decisions within statutory authority, Board policy, and their respective guidelines. A list of the investment managers under contract with the System as of June 30, 2009, may be found on page 72 of this report. A summary of the total System's asset allocation can be found on page 71.

Funding Status

A pension plan is well funded when it has sufficient assets invested to meet all expected future obligations to participants. The greater the level of funding, the larger the ratio of assets to actuarial accrued liability. Four of the plans/funds included in the System – the State Employees', New State Police, and County & Municipal Police & Firemen's Plans and Special Fund – have funded ratios greater than 95% of the actuarial accrued liability. The combined total membership of those plans represents 88.1% of the total System. Of the remaining plans, two are making annual contributions at the actuarially determined rates to reach full funding and the Closed State Police Pension Plan remains a pay-as-you-go plan.

This report includes the current funded status of the pension plans and a description of the plan actuarial methods and remaining amortization periods as part of the Notes to the Financial Statements. This disclosure gives the reader the current status of each plan's funding level, while the Schedule of Funding Progress contained in the Required Supplementary Information provides the long-term trend data over a ten-year period. The actuarial method for calculating accrued liability for all plans is Entry Age Normal with the objective of maintaining employer contributions approximately level as a percent of member payroll. A detailed discussion of funding method is provided in the Actuarial Section of this report which begins on page 77.

Internal Controls

System internal accounting controls are designed to reasonably assure the safekeeping of assets and the reliability of financial reporting. Control procedures and responsibilities are well documented both in writing and with graphic flowcharts. These are reviewed and updated annually. The Audit Committee, a committee appointed by the Board, monitors operations and controls throughout the year. An independent auditing firm audits the System's basic financial statements annually and reports any findings to the Audit Committee and the Board.

Professional Services

Professional consultants are appointed by the Board to perform ongoing services essential to the effective and efficient operation of the System. An opinion on the System's basic financial statements from the independent auditors, KPMG LLP, is included in the Financial Section of this report. Cheiron, Inc., is retained to perform actuarial valuations for the System. The Northern Trust Company

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Professional Services (continued)

is the global custodian for the System. Ashford Consulting Group, Inc., serves as the System's investment advisor. Ashford provides the Board with periodic investment performance updates and provides the Investment Committee and the Board with ongoing market insights, asset allocation recommendations, investment manager research, manager recommendations, performance and attribution analysis, and additional investment related services.

Acknowledgments

The preparation of this report reflects the combined efforts of the System staff under the direction of the Board. Specific sections and overall editing include contributions from various Board committees and professional consultants.

The Board appreciates the contributions made by the late Dr. William Markell, who served on the Audit Committee for 26 years and passed away on March 11, 2009. His superior insight and knowledge will be missed. The Board thanks Elva B. Ferrari, who resigned from the Investment Committee after fifteen years of service, and Jan M. King who resigned from the Board of Trustees after fourteen years of service. Jan remains an active member of the Investment Committee. The Board also thanks former ex-officio members Richard S. Cordrey and Jennifer W. Davis for their dedication and service.

The Board welcomes the addition of Suzanne B. Grant, a former Vice President of Salomon Smith Barney, Consulting Group, to the Board of Pension Trustees. The Board also welcomes George J. Saxon, who serves as Chairman of the Investment Committee. His extensive investment management experience will be a great addition. The Board welcomes Robert B. Brereton, MD and Aydin Z. Bill, MD to the Medical Committee. Both Dr. Brereton and Dr. Bill bring extensive knowledge and medical experience to the Medical Committee. Dr. Brereton will serve as chair of the the Medical Committee. Finally, the board welcomes Dr. Araya Debessay and Susan Herrmann to the Audit Committee who bring extensive compliance and accounting knowledge to the Audit Committee.

The Board thanks the many people who work so diligently to assure the successful operation and financial soundness of the Delaware Public Employees' Retirement System. These include the Pension Office staff; the Director of the Office of Management & Budget, who provides administrative supervision to the Pension Office; other State support personnel; professional consultants; members of the Investment, Medical, and Audit Committees; and the Pension Advisory Council.

Respectfully submitted,



Philip S. Reese, Chair
Board of Pension Trustees

Board of Pension Trustees, Board Committees, & Professional Consultants

Board of Pension Trustees

Philip S. Reese, Chair

*Former Vice President Corporate
Development and Treasurer*
Conectiv

Robert W. Allen

President
Allen Petroleum

Nancy J. Shevock

Former Director
Delaware Transit Corporation

Helen R. Foster, J.D.

President
CTW & Consulting Associates, LLC

Suzanne B. Grant

Former Vice President
Salomon Smith Barney, Consulting Group

Ex-Officio Board Members

Gary M. Pfeiffer

State Secretary of Finance

Ann S. Visalli

Director, Office of Management & Budget

Executive Secretary to the Board and Pension Administrator

David C. Craik

Legal Counsel

Cynthia L. Collins, Esq.

Deputy Attorney General

Investment Committee

George J. Saxon, Chair

Jan M. King
Clark Phippen
Philip S. Reese
Mark E. Stalnecker
A. Dale Stratton

Audit Committee

Joel S. Poorman, Chair

Robert W. Allen
Araya Debessay, Ph.D.
Mark Finfrock
Susan Herrmann
Harold D. Smith, II

Medical Committee

Robert B. Brereton, M.D., Chair

Aydin Z. Bill, M.D.
Vincent DelDuca, Jr., M.D.
Robert W. Frelick, M.D.
Albert Gelb, M.D.
G. Dean MacEwen, M.D.
Charles S. Riegel, M.D.
William D. Shellenberger, M.D.
Phyllis M. Smoyer, M.D.

Pension Advisory Council

James B. Testerman, Chair

Member, Delaware State Education Assoc.

Consulting Actuary

Cheiron, Inc.

Investment Advisor

Ashford Consulting Group, Inc.

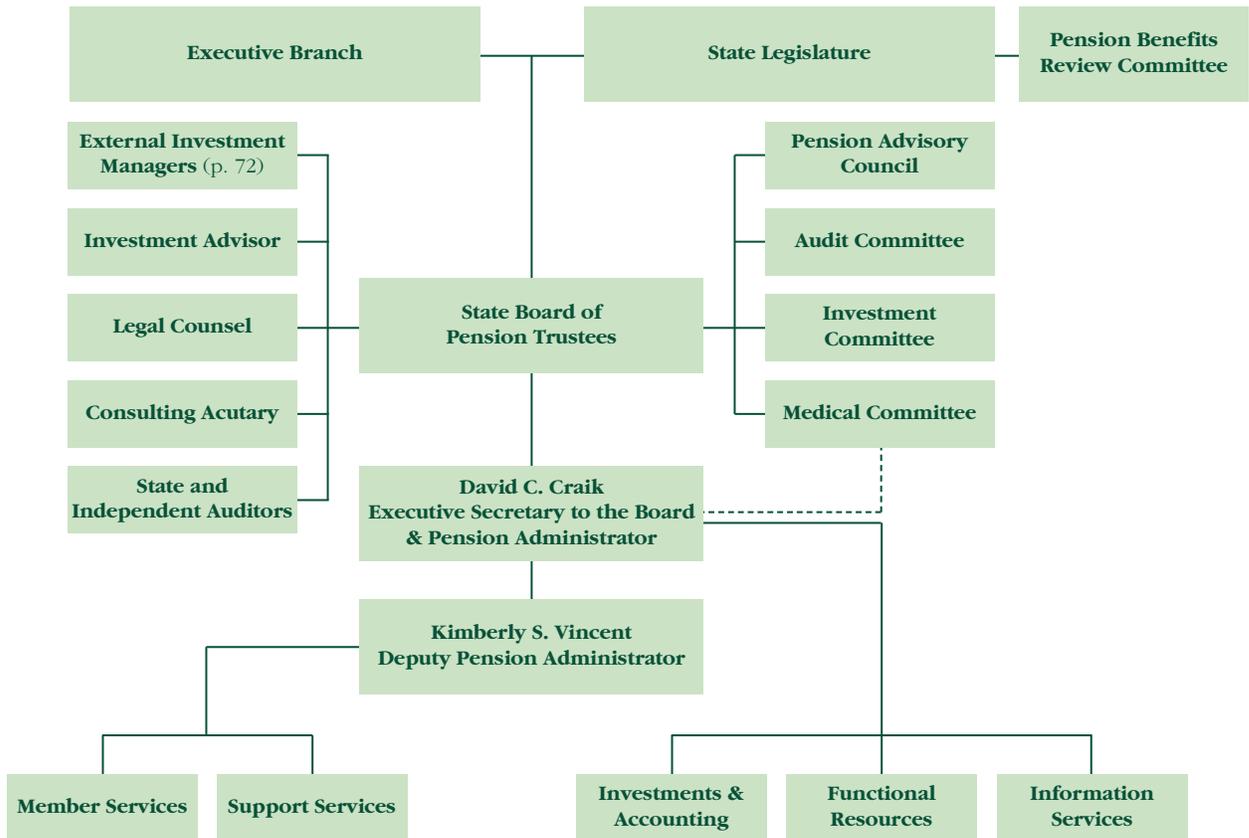
Independent Auditors

KPMG LLP

Global Custody Bank

Northern Trust Co.

Organizational Chart



Management Team:

- Investments & Accounting:** Wade Sallings, *Pension Cash/Debt Manager*
- Functional Resources:** Joanna M. Adams, *Strategic Information Systems Manager*
- Information Services - Applications:** Ralph Ball, *Strategic Information Systems Project Leader*
- Information Services - Systems:** Robert Eckstine, *Strategic Information Systems Project Leader*
- Member Services:** Kim Vincent, *Deputy Pension Administrator*
- Support Services:** Terri L. Timmons, *Office Manager*

Highlights of Board Activities

The Board of Pension Trustees (Board) – comprised of five members appointed by the Governor and confirmed by the Senate, and two ex-officio members – is responsible for the general administration of these plans/funds:

- State Employees' Pension Plan
- Special Fund
- New State Police Pension Plan
- Judiciary Pension Plans (Closed and Revised)
- County & Municipal Police and Firefighters' Pension Plans
- County & Municipal Other Employees' Pension Plan
- Delaware Volunteer Firemen's Fund
- Diamond State Port Corporation Pension Plan
- Closed State Police Pension Plan.

The following retirement funds/plans have been established under the custody of the Board for investment purposes only:

- County & Municipal Police and Firefighters' COLA Fund
- Post-Retirement Increase Fund
- Delaware Local Government Retirement Investment Pool.

In addition to its general administrative responsibilities, the Board is responsible for these specific functions:

- Maintain and oversee the investment of the Delaware Public Employees' Retirement System (System) and the Delaware OPEB Fund Trust (OPEB)
- Appoint an independent actuary to perform annual actuarial valuations used as the basis for contributions to the System
- Control and manage State pension payments
- Hear appeals from State Pension Office decisions regarding eligibility for pension benefits
- Adopt rules and regulations for the general administration of State pension plans
- Prepare and publish an annual report to the Governor and General Assembly
- To contract with State agencies and others for assistance in the general administration and the investing or advising as to the investment of pension system and OPEB assets
- Determine interest rates to be credited to members' contributions and rates to be charged on repayment of contributions previously withdrawn.

The day-to-day administration of these plans/funds is performed by the State Pension Office, which also determines the eligibility of individual employees for pension benefits. The Pension Administrator reports to the Director of the Office of Management & Budget and also serves as Executive Secretary to the Board.

The Medical Committee of the Board is comprised of nine medical doctors, all retired from private practice. It evaluates and makes recommendations concerning the medical condition of applicants for and recipients of disability pensions. The Medical Committee meets monthly and reviews the

Highlights of Board Activities (continued)

files of individuals who elected to remain in the disability pension program offered prior to January 1, 2006. Other disability cases are now determined by the State's insurance carrier.

The six-person Audit Committee of the Board monitors operations and internal controls throughout the year to identify issues requiring Board and Pension Office action. They are responsible for interfacing with the Delaware Auditor of Accounts and the independent auditing firm to assure System compliance with generally accepted accounting practices and principles.

The Investment Committee of the Board is currently comprised of six members. This Committee operates within the investment guidelines established by the Board. The Committee establishes policies to meet these objectives and monitors these policies with the assistance of the Investment Advisor. The Committee also reviews prospective risk levels and rates of return of all classes of assets. Hence, the Committee assures investment diversification by selecting managers who demonstrate different management styles and asset class expertise. Most importantly, the Committee closely monitors the performance of all investment managers, not only in relation to specific absolute objectives, but also in relation to other fund managers following the same investment objectives. Further discussion of the Investment Committee's activities may be found in the Investment Section of this report beginning on page 59.

The Board retains Ashford Consulting Group, Inc., as investment advisor for the System. Ashford provides a variety of services to the System including: investment manager and custody contract negotiations, investment manager searches, performance analysis/attribution, and investment policy and asset allocation recommendations. The firm is prohibited by contract terms from managing any of the System's assets. A list of investment managers under contract with the System as of June 30, 2009, may be found on page 72 of this report.

The Board retains the firm of Cheiron, Inc., to provide professional actuarial and consulting services. Such services include the preparation of comprehensive actuarial valuations and reports, analysis of the costs and other aspects of proposed changes in pension provisions, general consulting advice, and background information on other public pension plans.

The Department of Justice assigns a Deputy Attorney General to serve as general counsel to the Board. The Deputy deals with legal questions involving interpretation and administration of pension laws, advises the Board in connection with appeals hearings, works with the Board on drafting legislation and regulations, and negotiates contracts.

The major activities of the Board and its committees during the 12-month period July 2008 through June 2009 were:

- As part of its continuing best practices review, continued to retain additional outside counsel to ensure full compliance with the IRS Code. Outside counsel was also retained for the purpose of drafting and reviewing alternative investment contracts.
- Held regular monthly meetings and met with representatives of investment management firms and the custodial bank on a regular basis
- Held hearings for individual plan members who appealed decisions of the Pension Office, including eligibility of individual employees for disability pension benefits, or questioned the Board's interpretation of State pension laws
- Participated in meetings with the Governor's staff, members of the General Assembly, officials of State agencies and school districts, the Pension Advisory Council, representatives of employee organizations, and other interested parties.



Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2008

Presented to

Delaware Public Employees' Retirement System

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style with a large, prominent 'A' and 'W'.

Alan H. Winkle
Program Administrator

2009 Legislation Affecting Pensions

Senate Bill 135

(77 Del. Laws, C167)

This Bill protects the retirement benefits of those State Troopers who take military leave prior to retirement. The employee will not realize a reduction in pension benefits because of a reduction in their State salary during a period of time that might fall in their final average compensation.

House Bill 126

(77 Del. Laws, C66)

This bill eliminates language in the Delaware Code that prohibits a judge of the State of Delaware from receiving a State pension upon appointment as a federal Judge.

House Bill 290

(77 Del. Laws, C84)

Sections 85, 86, and 87 of the Appropriation Act pertain to the calculation of an employee's final average compensation in the State Employees Pension Plan, Closed State Police Pension Plan, and the New State Police Pension Plan given the salary reduction for Fiscal Year 2010. An employee retiring in Fiscal Year 2010 will have their final average compensation computed as if there was no salary reduction. Section 55 of the Appropriation Act reverts \$7 million from the County/Municipal Police and Firefighters' COLA Fund to the State's General Fund in Fiscal Year 2010.

Delaware
Public
Employees'
Retirement
System



— a component unit of the State of Delaware

Financial Section



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Independent Auditors' Report

Members of the Board of Pension Trustees
Delaware Public Employees' Retirement System:

We have audited the accompanying statement of plan net assets of the Delaware Public Employees' Retirement System (the System) as of June 30, 2009 and the related statements of changes in plan net assets for the year then ended. 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. The accompanying summarized comparative financial information has been derived from the Delaware Public Employees' Retirement System's June 30, 2008 financial statements and, in our report dated October 20, 2008, we expressed an unqualified opinion on those financial statements.

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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 the Delaware Public Employees' Retirement System as of June 30, 2009 and its changes in plan net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2009 on our consideration of the 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

KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative



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 financial statements include summarized prior year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2008, from which such summarized information was derived.

The information in the Management's Discussion and Analysis, Schedule of Funding Progress, and Schedule of Employer Contributions, on pages 20-23 and 45-50, are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. 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 this information and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule of Administrative Expenses, Schedule of Investment Expenses and the Schedule of Plan Net Assets and Changes in Plan Net Assets for the Delaware Local Government Investment Pool are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory, Investment, Actuarial and Statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory, Investment, Actuarial and Statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

November 18, 2009

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Delaware Public Employees' Retirement System's (System) financial performance and provides an overview of the System's financial activities for the Fiscal Year ended June 30, 2009. It is intended to be a narrative supplement to the System's financial statements, which begin on page 24 of this report.

Financial Highlights

The following financial highlights occurred during the Fiscal Year ended June 30, 2009, versus Fiscal Year 2008:

- Plan net assets of all the pension funds administered by the System decreased by \$1,301.2 million
- Fiscal Year 2009 covered payrolls totaled \$1,899.6 million. Employer contributions decreased 2.0% while member pension contributions increased 1.7%. Employer contributions decreased due to a reduction in some employer contribution rates. Member contributions increased due to a rise in the number of active employees.
- Net investment earnings (net increase/(decrease) in fair value, plus investment earnings, less investment-related expenses) decreased by \$1,002.3 million as a result of a (15.8%) investment return for Fiscal Year 2009
- Transfer of assets outside the System decreased to \$7.4 million from \$61.3 million because in Fiscal Year 2008 assets previously invested in the system were transferred to the Delaware OPEB Fund Trust
- Pension benefits paid to retirees and beneficiaries increased \$23.1 million bringing the total benefit payments to \$400.2 million. The moderate increase was due to a net increase of 2.9% in the number of retirees.
- Refunds of contributions paid to former members upon termination of employment increased from \$3.3 million to \$3.5 million
- Administrative expenses (including special project expenses) increased by 9.7% compared to Fiscal Year 2008. The increase is largely attributable to the Human Resources Upgrade project. Compared to Fiscal Year 2008, personnel costs decreased 1.9% primarily due to unfilled positions. (See Schedule 3 on page 52 for more details.)

Using this Financial Report

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the System's ongoing plan perspective. This financial report consists of two financial statements and two required schedules of historical trend information. The Statement of Plan Net Assets and Statement of Changes in Plan Net Assets (pages 24-27) provide information about the activities of the nine individual pension plans/funds administered and the three funds managed, as well as comparative summary information about these activities for the System as a whole.

The Schedule of Funding Progress (pages 45-47) includes historical trend information about the actuarially funded status of each plan from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Employer Contributions (pages 48-50) presents historical trend information about the annual required contributions of employers and the contributions made by employers in relation to this requirement. These schedules provide information that contributes to understanding the changes over time in the funded status of the plans.

Net Assets

(dollar values expressed in thousands)

Fiscal Years Ended June 30,	2009	2008	Increase/ (Decrease) Amount	Increase/ (Decrease) Percent
Cash and Investments at Fair Value	\$ 5,782,458	\$ 7,140,717	\$ (1,358,259)	(19.0%)
Receivables	405,477	41,283	364,194	882.2%
Total Assets	\$ 6,187,935	\$ 7,182,000	\$ (994,065)	(13.8%)
Total Liabilities	\$ 393,055	\$ 85,891	\$ 307,164	357.6%
Total Plan Net Assets	\$ 5,794,880	\$ 7,096,109	\$ (1,301,229)	(18.3%)

Changes in Net Assets

(dollar values expressed in thousands)

Fiscal Years Ended June 30,	2009	2008	Increase/ (Decrease) Amount	Increase/ (Decrease) Percent
Additions:				
Employer Contributions	\$ 181,485	\$ 185,204	\$ (3,719)	(2.0%)
Transfer of Contributions from PRI Fund	39,334	47,416	(8,082)	(17.0%)
Transfer of Assets from Outside the System	2,968	10,192	(7,224)	(70.9%)
Member Contributions	54,374	53,468	906	1.7%
Other	40	38	2	5.3%
Net Investment Earnings (Losses)	(1,117,424)	(115,138)	(1,002,286)	(870.5%)
Net Securities Lending Income	-	1,585	(1,585)	(100.0%)
TOTAL ADDITIONS	\$ (839,223)	\$ 182,765	\$ (1,021,988)	(559.2%)
Deductions:				
Transfer of Contributions from PRI Fund	\$ 39,334	\$ 47,416	\$ (8,082)	(17.0%)
Transfer of Assets Outside the System	7,371	61,339	(53,968)	(88.0%)
Pension Payments	400,206	377,118	23,088	6.1%
Refunds of Contributions to Members	3,450	3,336	114	3.4%
Burial Benefit Payments	5,085	4,839	246	5.1%
Administration Expenses:				
General Administrative Expenses	4,887	5,096	(209)	(4.1%)
Best Practices Review	118	34	84	247.1%
Imaging System Installation	2	762	(760)	(99.7%)
Financial Reporting System	10	86	(76)	(88.4%)
Human Resource Upgrade Project	1,543	-	1,543	100.0%
Total Administrative Expenses	\$ 6,560	\$ 5,978	\$ 582	9.7%
TOTAL DEDUCTIONS	\$ 462,006	\$ 500,026	\$ (38,020)	(7.6%)
INCREASE/(DECREASE) IN PLAN NET ASSETS	\$ (1,301,229)	\$ (317,261)	\$ (983,968)	(310.1%)

Analysis of Net Assets

The System was created to provide retirement, survivor, and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the various plans, refunds of member contributions to terminated employees, and the cost of administering the System. Combined plan net assets decreased by \$1,301.2 million during Fiscal Year 2009. The year's investment return of (15.8%) is the primary reason for this year's reduction in total plan net assets.

Employer contributions decreased approximately \$3.7 million primarily due to a reduction in some employer contribution rates. Member contributions increased by approximately \$.9 million due to an increase in the number of active employees primarily in the County & Municipal plans. Transfers from outside the System decreased by approximately 70.9% due to fewer investments from local governments participating in the Delaware Retirement Investment Pool (DELRIIP). Transfers from the Post-Retirement Increase Fund (PRI) decreased by approximately \$8.1 million reflecting fewer post-retirement increases granted by legislation in previous fiscal years.

Transfers of Assets Outside the System include transfers from the County & Municipal Police and Firefighters' COLA Fund (COLA Fund) to individual participating entities, and the withdrawal of a local government from the Delaware Retirement Investment Pool (DELRIIP). Pension benefit payments increased by approximately 6.1% as a result of a 2.9% increase in the number of retirees over Fiscal Year 2008.

Total administrative expenses (including special projects) increased 9.7% primarily due to an upgrade of our Human Resources System.

Historical Trends

Accounting standards require that the Statement of Plan Net Assets reports asset values at fair value and includes only benefits and refunds due plan members and beneficiaries and accrued investment and administrative expenses as of the reporting date. Information regarding the long-term actuarial funding status of the pension funds is provided in the Schedule of Funding Progress (pages 45-47). The asset value stated in the Schedule of Funding Progress is the actuarial value of assets as determined by calculating the ratio of market value to book value of assets over a five-year period. The actuarial assumptions used in the most recent valuation are identified, along with the Current Funded Status of the Plans, within the Notes to the Financial Statements (pages 37-38). Annual required contributions of employers and contributions made by employers in relation to the required contributions are provided in the Schedule of Employer Contributions (pages 48-50). This schedule indicates whether employers are meeting their responsibilities to provide financial resources to the plans.

Statement of Plan Net Assets

as of June 30, 2009 with Comparative Totals for June 30, 2008

(expressed in thousands)

	State Employees' Plan	Special Fund	New State Police Plan	Judiciary Pension Plans	County & Municipal Police and Firefighters' Plans	County & Municipal Other Employees' Plan
Assets:						
Cash & Cash Equivalents	\$ 377,817	\$ 28	\$ 12,935	\$ 2,742	\$ 6,836	\$ 862
Receivables:						
Accrued Investment Income	15,475	1	493	107	230	29
Pending Trade Sales	348,809	26	11,942	2,531	6,311	796
Employer Contributions	6,767	-	430	150	1,240	960
Member Contributions	3,358	-	216	17	314	40
Total Receivables:	\$ 374,409	\$ 27	\$ 13,081	\$ 2,805	\$ 8,095	\$ 1,825
Investments at Fair Value:						
Domestic Fixed Income	477,613	36	16,352	3,466	8,642	1,090
Domestic Equities	795,181	60	27,224	5,771	14,387	1,815
Pooled Equity & Fixed Income	1,521,275	114	52,082	11,040	27,525	3,471
Alternative Investments	1,258,562	95	43,088	9,134	22,771	2,872
Foreign Fixed Income	112,138	8	3,839	814	2,029	256
Foreign Equities	842,500	64	28,844	6,114	15,244	1,923
Total Investments:	\$ 5,007,269	\$ 377	\$ 171,429	\$ 36,339	\$ 90,598	\$ 11,427
TOTAL ASSETS:	\$ 5,759,495	\$ 432	\$ 197,445	\$ 41,886	\$ 105,529	\$ 14,114
Liabilities:						
Pending Purchases Payable	361,833	27	12,388	2,626	6,547	826
Benefits Payable	877	-	13	-	18	8
Accrued Investment Expenses	3,394	-	116	25	61	8
Accrued Administrative Expenses	731	-	9	1	12	6
TOTAL LIABILITIES:	\$ 366,835	\$ 27	\$ 12,526	\$ 2,652	\$ 6,638	\$ 848
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND POOL PARTICIPANTS:						
	\$ 5,392,660	\$ 405	\$ 184,919	\$ 39,234	\$ 98,891	\$ 13,266

The notes to the financial statements are an integral part of this Statement.

(A schedule of funding progress for each plan is presented on pages 45-47)

Delaware Volunteer Firemen's Fund	Diamond State Port Corporation Plan	County & Municipal Police and Firefighters' COLA Fund	Post- Retirement Increase Fund	Delaware Local Gov't Retirement Investment Pool	Closed State Police Plan	Totals as of June 30,	
						2009	2008
\$ 802	\$ 806	\$ 703	\$ 198	\$ 1,913	\$ 765	\$ 406,407	\$ 382,187
-	30	28	7	76	-	16,476	17,230
-	744	649	182	1,768	-	373,758	10,540
-	58	-	1,675	-	-	11,280	9,782
-	17	-	-	-	1	3,963	3,731
\$ -	\$ 849	\$ 677	\$ 1,864	\$ 1,844	\$ 1	\$ 405,477	\$ 41,283
5,018	1,019	888	250	2,419	-	516,793	652,491
3,591	1,696	1,479	416	4,028	-	855,648	1,207,490
-	3,245	2,829	796	7,705	-	1,630,082	2,270,134
-	2,684	2,341	658	6,374	-	1,348,579	1,281,254
-	239	208	58	567	-	120,156	127,469
2,032	1,797	1,567	441	4,267	-	904,793	1,219,692
\$ 10,641	\$ 10,680	\$ 9,312	\$ 2,619	\$ 25,360	\$ -	\$ 5,376,051	\$ 6,758,530
\$ 11,443	\$ 12,335	\$ 10,692	\$ 4,681	\$ 29,117	\$ 766	\$ 6,187,935	\$ 7,182,000
-	772	673	189	1,832	-	387,713	79,293
11	3	-	-	-	5	935	584
-	7	6	2	18	-	3,637	5,355
-	4	-	-	-	7	770	659
\$ 11	\$ 786	\$ 679	\$ 191	\$ 1,850	\$ 12	\$ 393,055	\$ 85,891
\$ 11,432	\$ 11,549	\$ 10,013	\$ 4,490	\$ 27,267	\$ 754	\$ 5,794,880	\$ 7,096,109

Statement of Changes in Plan Net Assets

for the fiscal year ended June 30, 2009 with Comparative Totals for June 30, 2008

(expressed in thousands)

	State Employees' Plan	Special Fund	New State Police Plan	Judiciary Pension Plans	County & Municipal Police and Firefighters' Plans	County & Municipal Other Employees' Plan
Additions:						
Contributions:						
Employer Contributions	\$ 96,576	\$ -	\$ 6,791	\$ 2,549	\$ 12,007	\$ 2,293
Transfer of Contributions from PRI Fund	38,835	-	205	294	-	-
Transfer of Assets from Outside the System	-	-	-	-	-	-
Member Contributions	45,899	-	3,422	304	3,852	481
Other	-	-	40	-	-	-
Total Contributions:	\$ 181,310	\$ -	\$ 10,458	\$ 3,147	\$ 15,859	\$ 2,774
Investments:						
Investment Income	87,428	8	2,783	603	1,300	166
Net Depreciation in Fair Value	(1,120,066)	(103)	(35,658)	(7,723)	(16,658)	(2,122)
Total Investment Income/(Loss):	\$ (1,032,638)	\$ (95)	\$ (32,875)	\$ (7,120)	\$ (15,358)	\$ (1,956)
Less Investment Manager/Advisor Fees	(15,135)	(1)	(490)	(102)	(235)	(30)
Less Investment Administrative Expenses	(490)	-	(17)	(3)	(8)	(1)
Net Investment Earnings/(Loss):	\$ (1,048,263)	\$ (96)	\$ (33,382)	\$ (7,225)	\$ (15,601)	\$ (1,987)
Total Net Securities Lending Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ADDITIONS	\$ (866,953)	\$ (96)	\$ (22,924)	\$ (4,078)	\$ 258	\$ 787
Deductions:						
Transfer of Contributions from PRI Fund	-	-	-	-	-	-
Transfer of Assets Outside the System	-	-	-	-	-	-
Pension Payments	369,243	78	3,662	2,643	1,054	164
Refunds of Contributions to Members	3,072	-	63	15	177	34
Burial Benefit Payments	4,966	35	14	-	-	-
Administrative Expenses	6,148	3	71	8	110	62
TOTAL DEDUCTIONS	\$ 383,429	\$ 116	\$ 3,810	\$ 2,666	\$ 1,341	\$ 260
NET INCREASE (DECREASE)	\$ (1,250,382)	\$ (212)	\$ (26,734)	\$ (6,744)	\$ (1,083)	\$ 527
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:						
BALANCE BEGINNING OF YEAR	\$ 6,643,042	\$ 617	\$ 211,653	\$ 45,978	\$ 99,974	\$ 12,739
BALANCE END OF YEAR	\$ 5,392,660	\$ 405	\$ 184,919	\$ 39,234	\$ 98,891	\$ 13,266

The notes to the financial statements are an integral part of this Statement.

Delaware Volunteer Firemen's Fund	Diamond State Port Corporation Plan	County & Municipal Police and Firefighters' COLA Fund	Post-Retirement Increase Fund	Delaware Local Gov't Retirement Investment Pool	Closed State Police Plan	Totals as of June 30,	
						2009	2008
\$ 1,108	\$ 694	\$ -	\$37,692	\$ -	\$ 21,775	\$ 181,485	\$ 185,204
-	-	-	-	-	-	39,334	47,416
-	-	2,963	-	5	-	2,968	10,192
185	211	-	-	-	20	54,374	53,468
-	-	-	-	-	-	40	38
\$ 1,293	\$ 905	\$ 2,963	\$37,692	\$ 5	\$ 21,795	\$ 278,201	\$ 296,318
377	169	157	42	432	24	93,489	109,510
(1,714)	(2,166)	(2,010)	(533)	(5,504)	-	(1,194,257)	(202,022)
\$ (1,337)	\$ (1,997)	\$ (1,853)	\$ (491)	\$ (5,072)	\$ 24	\$ (1,100,768)	\$ (92,512)
-	(30)	(28)	(7)	(75)	-	(16,133)	(22,120)
-	(1)	(1)	-	(2)	-	(523)	(506)
\$ (1,337)	\$ (2,028)	\$ (1,882)	\$ (498)	\$ (5,149)	\$ 24	\$ (1,117,424)	\$ (115,138)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,585
\$ (44)	\$ (1,123)	\$ 1,081	\$37,194	\$ (5,144)	\$ 21,819	\$ (839,223)	\$ 182,765
-	-	-	39,334	-	-	39,334	47,416
-	-	3,045	-	4,326	-	7,371	61,339
1,487	270	-	-	-	21,605	400,206	377,118
65	24	-	-	-	-	3,450	3,336
-	-	-	-	-	70	5,085	4,839
45	43	-	-	-	70	6,560	5,978
\$ 1,597	\$ 337	\$ 3,045	\$39,334	\$ 4,326	\$ 21,745	\$ 462,006	\$ 500,026
\$ (1,641)	\$ (1,460)	\$ (1,964)	\$ (2,140)	\$ (9,470)	\$ 74	\$ (1,301,229)	\$ (317,261)
\$ 13,073	\$13,009	\$11,977	\$ 6,630	\$ 36,737	\$ 680	\$ 7,096,109	\$ 7,413,370
\$ 11,432	\$11,549	\$10,013	\$ 4,490	\$ 27,267	\$ 754	\$ 5,794,880	\$ 7,096,109

Notes to Financial Statements
June 30, 2009**1. Plan Descriptions and Contribution Information**

The following State-sponsored plans/funds (the Plans) are established in the Delaware Code:

- State Employees' Pension Plan
- Special Fund
- New State Police Pension Plan
- Judiciary Pension Plans (Closed and Revised)
- County & Municipal Police and Firefighters' Pension Plans
- County & Municipal Other Employees' Pension Plan
- Delaware Volunteer Firemen's Fund
- Diamond State Port Corporation Plan
- Closed State Police Pension Plan.

With the exception of the Diamond State Port Corporation Pension Plan, the General Assembly is responsible for setting benefits and contributions and amending plan provisions; administrative rules and regulations are adopted and maintained by the Board. The Board of Directors for the Diamond State Port Corporation is responsible for setting benefits and contributions and amending their plan provisions.

The management of all the Plans and Funds in the System is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex-officio members. The daily operation of the System is the responsibility of the Office of Pensions. Although most of the assets of the Plans and Funds are commingled for investment purposes, each Plan's or Fund's assets may be used only for the payment of benefits to the members of that Plan or Fund in accordance with the terms of that Plan or Fund. Although separate financial statements are presented for the System as a whole, the System is also considered a component unit of the State of Delaware financial reporting entity.

The Board's oversight includes management of investment funds and pools included in the System, the Post-Retirement Increase Fund, the County & Municipal Police & Firefighters' COLA Fund, and the Delaware Local Government Investment Pool. These funds are commingled for investment purposes. These funds are more fully explained in Note 2 to the financial statements.

As of June 30, 2009, the date of the most recent actuarial valuation, employee membership data related to each of the Plans was as follows:

Plan	Retirees Beneficiaries Currently Receiving Benefits	(1)Terminated Employees Entitled to Benefits But Not Receiving Them Yet	Active Participants	Total Membership	Participating Employers
State Employees'	20,846	1,813	35,430	58,089	1
Special	18	-	-	18	N/A
New State Police	88	7	652	747	1
Judiciary	40	-	55	95	1
County & Municipal Police & Firefighters'	44	15	954	1,013	28
County & Municipal Other Employees'	30	7	429	466	31
Delaware Volunteer Firemen's	1,477	71	5,074	6,622	63
Diamond State Port Corporation	35	4	279	318	1
Closed State Police	549	-	5	554	1
Total Membership:	23,127	1,917	42,878	67,922	127

(1) Includes individuals on long-term disability.

The following are brief descriptions of the individual plans in effect as of June 30, 2009. For a more complete description, please refer to the respective plan documents.

State Employees' Pension Plan

Plan Description and Eligibility: The State Employees' Pension Plan is a cost-sharing single employer defined benefit plan that covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities.

Service Benefits: Final average monthly compensation multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997, plus final average compensation multiplied by 1.85% and multiplied by years of credited service after December 31, 1996, subject to minimum limitations. For this plan, final average monthly compensation is the monthly average of the highest three years of compensation.

Vesting: 5 years of credited service.

Retirement: Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service at any age.

Disability Benefits: Same as Service Benefits. Employee must have 5 years of credited service. In lieu of disability pension benefits, over 90% of the members of this plan opted into a disability insurance program offered by the State effective January 1, 2006.

Survivor Benefits: If employee is receiving a pension, the eligible survivor receives 50% of pension (or 75% with 3% reduction of benefit); if employee is active with at least 5 years of credited service, eligible survivor receives 75% of the benefit the employee would have received at age 62.

Contributions:

Employer - determined by Board of Pension Trustees.

Member - 3% of earnings in excess of \$6,000.

Burial Benefit: \$7,000 per member.

Special Fund

Plan Description and Eligibility: The Special Fund provides certain benefits granted to individuals identified through legislation passed by the General Assembly.

Service Benefits: Defined by special legislation.

Vesting: Defined by special legislation.

Retirement: Defined by special legislation.

Disability Benefits: Defined by special legislation.

Survivor Benefits: Same as State Employees' Plan.

Contributions: Employer contributions are actuarially determined and fully funded in advance by the General Assembly.

Burial Benefit: \$7,000 per member.

New State Police Pension Plan

Plan Description and Eligibility: The New State Police Pension Plan is a single-employer defined benefit plan that covers all State police officers appointed on or after July 1, 1980.

Service Benefits: 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting: 10 years of credited service at age 62.

Retirement: Age 55 with 10 years of credited service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits:

Duty - Total Disability - 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.

Duty - Partial Disability - calculated the same as Service Benefits, subject to minimum 50% of final average compensation.

Non-Duty - Same as Service Benefits.

Survivor Benefits: If employee is receiving a pension, the eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 75% of compensation.

Contributions:

Employer - determined by Board of Pension Trustees.

Member - 7% of compensation.

Burial Benefit: \$7,000 per member.

Judiciary Pension Plans (Closed and Revised)

Plan Description and Eligibility: The Closed Judiciary Pension Plan is a single-employer defined benefit plan that covers members of State Judiciary appointed before July 1, 1980.

The Revised Judiciary Pension Plan is a single-employer defined benefit plan that covers members of State Judiciary appointed on or after July 1, 1980 or members appointed before July 1, 1980 who accept the provisions of this Plan.

Assets of one plan can be used to satisfy the liabilities of the other plan.

Service Benefits:

Closed - 3% of final average compensation multiplied by years of credited service, subject to maximum and minimum limitations.

Revised - 1/24th of final average monthly compensation multiplied by years of service up to 12 years, plus 1/48th of final average monthly compensation, multiplied by years of service from 13 to 24 years, subject to maximum limitations.

For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting: 12 years of credited service.

Retirement:

Closed - Age 65 with 12 years of credited service, or any age with 24 years of credited service.

Revised - Age 62 with 12 years of credited service, or any age with 24 years of credited service.

Disability Benefits: Same as Service Benefits.

Survivor Benefits:

Closed - If employee is receiving a pension, then eligible survivor receives 2/3 of pension; if employee is active with 12 years of credited service, then eligible survivor receives 2/3 of pension the employee would have been eligible to receive.

Revised - If employee is receiving a pension, the eligible survivor receives 50% of pension (or 75% with 3% reduction of benefit); if employee is active with at least 5 years of credited service, eligible survivor receives 75% of the benefit the employee would have received at age 62.

Contributions:

Employer - determined by Board of Pension Trustees.

Member - Closed - \$500 per year for the first 25 years of service.

Member - Revised - 3% of earnings that exceed \$6,000 per year, plus 2% of earnings that exceed the Social Security Wage Base for the first 24 years of service.

Burial Benefit: Not applicable.

County & Municipal Police and Firefighters' Pension Plans

Plan Description and Eligibility: County & Municipal Police and Firefighters' Pension Plan, both FICA and Non-FICA, are cost-sharing multiple-employer defined benefit plans that cover police officers and firefighters employed by a county or municipality of the State which has become part of the Plan.

Service Benefits: 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting: 5 years of credited service.

Retirement: Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits:

Duty - Total Disability - 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.

Duty - Partial Disability - calculated the same as Service Benefits, subject to minimum 50% of final average compensation.

Non-Duty - Same as Service Benefits.

Survivor Benefits: If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

Contributions:

Employer - determined by Board of Pension Trustees.

Member - 7% of compensation.

Burial Benefit: Not applicable.

County & Municipal Other Employees' Pension Plan

Plan Description and Eligibility: County & Municipal Other Employees' Pension Plan is a cost-sharing multiple-employer defined benefit plan that covers employees of counties or municipalities which have become part of the Plan.

Service Benefits: 1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan, final average monthly compensation is the monthly average of the highest five years of compensation.

Vesting: 5 years of credited service.

Retirement: Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service.

Disability Benefits: Same as Service Benefits. Employee must have 5 years of credited service.

Survivor Benefits: If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

Contributions:

Employer - determined by Board of Pension Trustees.

Member - 3% of earnings in excess of \$6,000.

Burial Benefit: Not applicable.

Delaware Volunteer Firemen's Fund

Plan Description and Eligibility: The Delaware Volunteer Firemen's Fund is a cost-sharing length of service award plan that covers all actively participating volunteers of fire departments, ladies auxiliaries, or ambulance organizations within the State of Delaware.

Service Benefits: \$5 multiplied by years of credited service (not to exceed 25 years) per month.

Vesting: 10 years of credited service.

Retirement: Age 60 with 10 years credited service.

Disability Benefits: Not applicable.

Survivor Benefits: Not applicable.

Contributions:

Employer - determined by Board of Pension Trustees.

Volunteer Member - \$60 per member per calendar year.

Burial Benefit: Not applicable.

Diamond State Port Corporation Plan

Plan Description and Eligibility: The Diamond State Port Corporation Pension Plan is a single-employer defined benefit plan which covers all employees of the Diamond State Port Corporation.

Service Benefits: 1.75% of final average monthly compensation multiplied by the years of credited service (not to exceed 30 years). For this plan, final average monthly compensation is the monthly average of the highest consecutive five years of compensation within the last ten years of employment.

Vesting: 5 years of credited service.

Retirement: Age 65 with 5 years of credited service; or age (not less than 55 years) plus credited service equals 90.

Disability Benefits: Same as Service Benefits. Employee must have 15 years of credited service.

Survivor Benefits: If employee is receiving a pension, the eligible survivor receives 50% of pension; if employee is active with at least 15 years of credited service, then eligible survivor receives 50% of pension the employee would have received at age 65.

Contributions:

Employer - determined by the Board of Pension Trustees.

Member - 2% of compensation.

Burial Benefit: Not applicable.

Closed State Police Pension Plan

Plan Description and Eligibility: The Closed State Police Pension Plan is a single-employer defined benefit plan that covers all State police officers appointed before July 1, 1980.

Service Benefits: 50% of monthly salary.

Vesting/Retirement: 20 years of credited service or age 55.

Disability Benefits:

Duty - 75% of monthly salary.

Non-Duty - Same as Service Benefits.

Survivor Benefits: If employee is active or is receiving a service or service-related disability pension, the eligible survivor receives 75% of pension; if employee is receiving a non-service related disability pension, eligible survivor receives 50% of pension.

Contributions:

Employer - The Closed State Police Plan is funded on a pay-as-you-go basis.

Member - 5% of salary with 20 years or less of credited service; 2% of salary with over 20 years credited service.

Burial Benefit: \$7,000 per member.

2. Fund Descriptions and Contributions

County & Municipal Police and Firefighters' COLA Fund

During 1990, the State of Delaware passed legislation which established a mechanism for funding post-retirement increases granted by employers who participate in the County & Municipal Police and Firefighters' Pension Plans. This mechanism allows the State to appropriate funds to a separate COLA Fund managed by the Board of Pension Trustees (Board). The funds are generated by a 0.25% tax on the value of insurance premiums written within the State. The proceeds of the tax are transferred to the State and local governments on a per member basis. In 1994, the New State Police Plan began receiving funding for post-retirement increases from the Post-Retirement Increase Fund. Since that time, funds calculated for the State Police membership were re-directed into the COLA Fund. In accordance with 18 *Del. C.* §708(c), when a participating employer grants a post-retirement increase for a plan outside of the DPERS County & Municipal Plans, funds are transferred from the COLA Fund to the employer. These increases are not the responsibility of DPERS. The participating employer must provide funds to match the State's contribution.

Post-Retirement Increase Fund

The State of Delaware passed legislation which established a mechanism for funding ad hoc post-retirement increases granted by the General Assembly to members retired under the State Employees' Plan, the New State Police Plan, and the Judiciary Plans (Closed and Revised) beginning in Fiscal Year 1994. The mechanism allows the State to appropriate actuarially determined employer contributions to a separate Post-Retirement Increase Fund (PRI) managed by the Board. The actuary uses the current actuarial assumptions, methods, and population data to calculate the estimated additional liability resulting from the potential benefit increases. The schedule of Plan Actuarial Methods on page 38 displays the actuarial assumptions of the Plans as of the June 30, 2009 valuation date. When the Legislature grants an ad hoc post-retirement adjustment, funds are transferred from this PRI Fund on a monthly basis based on a five-year actuarial funding schedule to the appropriate pension plan from which the additional benefits are disbursed. For the Fiscal Year ended June 30, 2009, \$39.3 million was transferred to the appropriate plans in the System.

No post-retirement increase was granted by the General Assembly in Fiscal Year 2008 or 2009. As of June 30, 2009, previously granted post-retirement increases have outstanding liabilities totaling \$40.3 million, which will be funded by the State and transferred to the appropriate plans over the remaining two fiscal years as follows:

Fiscal Year 2010	\$ 26,457,000
Fiscal Year 2011	\$ 13,825,000

The Board adopts actuarially determined funding for the Post-Retirement Increase Fund. Funding for Fiscal Year 2009 was 2.2% of covered payroll. Funding for Fiscal Year 2010 will be 1.4%.

Local Government Retirement Investment Pool

In June 1996, the State of Delaware established the Delaware Local Government Retirement Investment Pool (DEL RIP) in the custody of the Board to allow local governments within the State of Delaware the option to pool their pension assets with the System for investment purposes. The DEL RIP is an external investment pool that allows local governments to potentially maximize

their rate of return and reduce administrative expenses related to the investment of funds. Participation in the pool is voluntary. There were three participating entities in DELRIP as of June 30, 2009, which comprise the pool in its entirety: Sussex County and the Towns of Elsmere and Newport. There were four participating entities as of June 30, 2008; during Fiscal Year 2009, the City of Dover withdrew from participation in the DELRIP.

DELRIP is subject to the oversight of the System's Investment Committee and not subject to the regulatory oversight of the Securities and Exchange Commission (SEC). The System has not provided or obtained any legally binding guarantees during the year to support the value of shares. The fair value of the shares in the pool is determined in the same manner as the value of the Master Trust shares (see page 36). Since this pool is a portion of the total System, the same accounting and investment policies described in the following financial footnotes apply.

3. Summary of Significant Accounting Policies

The accompanying financial statements of the Delaware Public Employees' Retirement System (DPERS or the System) have been prepared in conformity with Accounting Principles Generally Accepted in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The accompanying financial statements present the System's legal entity as a whole, which includes its blended component unit, the First State Independence Fund I, LLC (the Fund), a hedge fund-of-funds. Component units are entities for which the System is considered to be financially accountable. Financial accountability is defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Board of Pension Trustees of the System manages the Fund. The System is the sole member of the Fund. The operations of the Fund are governed by the Board, including the determination of authorized investments for the Fund. Daily operation of the Fund is the responsibility of the State of Delaware Office of Pensions.

The Fund was formed on June 25, 2008 and commenced operations on July 1, 2008. The Fund was formed for the object and purpose of increasing the investment return on assets of the pension plans of DPERS. The net assets of the Fund, as of June 30, 2009, are included in Alternative Investments on the Statement of Plan Net Assets. The income, realized gains and losses, and expenses of the Fund, for the year ended June 30, 2009, are included in the respective sections of the Statement of Changes in Plan Net Assets. The System directly bears all administrative expenses of the Fund (accounting, legal, organizational) from its resources. The System's investment in the Fund at June 30, 2009 had an original cost basis of \$198.1 million and a fair value of \$174.5 million.

The Fund was audited separately for its fiscal year ended December 31, 2008. Audited statements are available upon request from the State of Delaware Office of Pensions.

Basis of Accounting

The financial statements are presented on the accrual basis. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan or Fund.

The accompanying financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

Method Used to Estimate Values

Management of the System has made certain estimates and assumptions relative to the reporting of assets and liabilities, and the disclosure of contingent assets and liabilities, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Readily priced investments are reported at fair value by the custodian bank under the direction of the Board. The custodian utilizes multiple valuation services to reach its fair value determination. Investments for which market quotations are not readily available (“alternative investments”) are valued in good faith at fair value of the underlying investments by the investment managers after giving consideration to operating performance, comparable sales, fund raising values, or other pertinent information. These net asset values are reviewed by Pension Office staff and its investment advisor; both management and the custodian receive periodic and audited annual financial reports from the alternative fund managers.

Investments in venture capital and other alternative assets tend to be illiquid and the underlying assets are generally not publicly-traded companies. The net asset value is a practical expedient for fair value. Because of the inherent uncertainty in valuing privately held securities, the net asset fair value may differ from the values that would have been used had a ready market for such securities existed, and the difference can be material. Accordingly, the realized value received upon the sale of the asset may differ from the recorded fair value.

Investments

All of the investment assets of the Plans and Funds, with the exception of the Closed State Police Pension Plan (which is a pay-as-you-go plan) and the Delaware Volunteer Firemen’s Fund (which is a length of service award plan), are pooled and invested in a common Master Trust. Each of the Plans or Funds described herein shares in the Master Trust based on funds contributed and earnings/ (losses) allocated.

Investments are presented at fair value. Fair values are determined by quoted market prices based on national exchanges when available. Pooled investments represent allocations to commingled equity, bond, and cash funds. Alternative investments are presented at net asset value and include non-traditional investments, some of which may be illiquid, such as limited partnerships, venture capital funds, or private LLCs. Alternative investment values of \$1,348.6 million (23.3% of the net asset value as of June 30, 2009) are valued based on estimated fair value amounts established by valuation committees. Most of these investments are reported on a one-quarter lag adjusted for cash flows as of June 30, 2009.

Pooled investments are funds wherein the System owns units or shares of commingled assets. As of June 30, 2009, the fair value of these investments totalled \$1,630.1 million. The asset allocation was \$4.0 million cash & equivalents, \$624.1 million domestic fixed income, \$775.4 million domestic equity, and \$226.6 million international equity.

At the close of the fiscal year, a separate account was maintained in a short-term investment fund to meet the cash-flow and investment needs of the Closed State Police Plan. The Delaware Volunteer Firemen's Fund was separately invested in a short-term investment fund, and in domestic equity, domestic fixed income, and international stock index funds.

Administrative Expenses

General expenses for the administration of the System are budgeted and approved as part of the annual State budget process and are paid from the assets of the System. Expenses for some professional services, including outside legal counsel, auditor, investment manager, investment advisor, and actuarial services are paid directly from the System. In addition, the Board reviews and approves proposals for one-time, special projects as they arise.

4. Current Funded Status of the Plans

The funded status of each pension plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

(dollar values expressed in thousands)

Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annualized Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
State Employees'	30-Jun-2009	\$ 6,744,050	\$ 6,827,006	\$ 82,956	98.8%	\$ 1,753,129	4.7%
Special	30-Jun-2009	516	399	(117)	129.3%	N/A	N/A
New State Police	30-Jun-2009	229,457	241,251	11,794	95.1%	50,425	23.4%
Judiciary	30-Jun-2009	49,036	57,799	8,763	84.8%	9,814	89.3%
County & Municipal Police and Firefighters'	30-Jun-2009	119,712	122,573	2,861	97.7%	55,478	5.2%
County & Municipal Other Employees'	30-Jun-2009	15,074	16,787	1,713	89.8%	19,046	9.0%
Diamond State Port Corporation	30-Jun-2009	14,353	16,284	1,931	88.1%	11,071	17.4%
Closed State Police+	30-Jun-2009	727	306,904	306,177	0.2%	619	49,463.2%
						Active Members	UAAL Per Active Member**
Delaware Volunteer Firemen's	30-Jun-2009	\$ 13,241	\$ 26,562	\$ 13,321	49.8%	\$ 5,074	\$ 2,625

+ *The Closed State Police Plan is a pay-as-you-go plan.*

++ *Not expressed in thousands.*

The Schedules of Funding Progress, presented on pages 45-47 as required supplementary information (RSI) following the Notes to the Financial Statements, present multi-year trend information and demonstrate whether the actuarial values of plan assets are increasing or decreasing relative to the actuarial accrued liability (AAL) for benefits over the previous ten-year period.

5. Plan Actuarial Methods

The chart shown below summarizes the actuarial assumptions and methods used to determine the funded status of the plans and is presented as of the last actuarial valuation date, June 30, 2009.

Plan	State Employees'	Special	New State Police	Judiciary	Closed State Police
Valuation Date	30-Jun-2009	30-Jun-2009	30-Jun-2009	30-Jun-2009	30-Jun-2009
Actuarial Cost Method	Entry Age Normal	N/A	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Closed for Plan Bases and Open for Aggregate Gain/Loss	N/A	Level Percent Closed	Level Percent Closed	Level Dollar Closed
Remaining Amortization Period	20.0 ⁽¹⁾ years	N/A	20.0 ⁽¹⁾ years	12.9 ⁽¹⁾ years	28 years
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:					
Investment rate of return	8.0%	8.0%	8.0%	8.0%	8.0%
Projected Salary Increases ¹	4.3% to 10.1%	N/A	4.8% to 16.7%	4.3% to 13.1%	4.8% to 5.3%
Cost-of-living adjustments	Ad hoc	Ad hoc	Ad hoc	Ad hoc	Based on CPI

Plan	County & Municipal Police and Firefighters'	County & Municipal Other Employees'	Delaware Volunteer Firemen's	Diamond State Port Corporation
Valuation Date	30-Jun-2009	30-Jun-2009	30-Jun-2009	30-Jun-2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Open	Level Percent Open	Level Dollar Closed	Level Percent Closed
Remaining Amortization Period	10 years	10 years	19 years	16 years
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	8.0%	8.0%	8.0%	8.0%
Projected Salary Increases ¹	4.3% to 15.7%	4.3% to 10.1%	N/A	4.8%
Cost-of-living adjustments	Ad hoc	Ad hoc	Ad hoc	Ad hoc

(1) Excludes liability and amortization payments due to cost-of-living adjustments. This liability is funded from the Post-Retirement Increase Fund. Each COLA is funded over 5 years.

6. Deposits and Investments

Investment Policy

There are no State statutes limiting allowable investments for the System. The investment decisions are dictated by the prudent person rule and the internal investment guidelines established by the Board as outlined below:

- Allocate a minimum of 20% of assets to fixed income investments such as bonds, cash equivalents, and certain real estate investments
- Maintain a widely diversified portfolio, to minimize the risk of overexposure in any one-market segment or investment style
- Monitor the performance of all investment managers using specific benchmarks
- Control exposure in illiquid asset classes
- Review, re-examine, and reconfirm the operation of results of the investment process regularly
- Identify new long-term opportunities for risk reduction and improved investment returns
- Review actuarial assumptions to ensure consistency with capital markets expectations.

For the Fiscal Year ended June 30, 2009, management of the System believes it has operated in all material respects in accordance with these policies.

Securities Lending

The System entered into a contract with its custodian in Fiscal Year 2007 to participate in its securities lending program. The objective of securities lending is to earn income through a conservatively operated and well-controlled program. In December 2007, the investment Committee and Board voted to withdraw from the securities lending program, primarily because of concern for current market conditions and counterparty risk. The System intends to return to the program at some time in the future when market conditions are deemed to be more favorable.

Investments

The following is a listing of fixed income investments and cash equivalents and related maturity schedule which shows the System's exposure to interest rate risk as of June 30, 2009. It is the System's policy to classify corporate convertible bonds as equity securities on the Statement of Net Assets on pages 24-25 because these securities generally convert to preferred equity interests upon maturity. Corporate convertible bonds in the amount of \$571.1 million have been included in the chart below as they have maturity dates and are exposed to interest rate risk.

Investment Maturities (in Years)

(expressed in thousands)

Investment Type	Fair Value	Less than 1	1 - 6	6 - 10	10 +
Asset Backed Securities	\$ 9,451	\$ -	\$ -	\$ 1,005	\$ 8,446
Bank Loans	86,180	3,381	74,074	8,725	-
Cash Equivalents	330,359	330,359	-	-	-
Commercial Mortgage-Backed	8,578	-	-	26	8,552
Corporate Bonds	437,661	9,384	134,276	136,990	157,011
Corporate Convertible Bonds	571,075	21,816	389,896	39,946	119,417
Government Agencies	20,113	-	3,817	16,296	-
Government Bonds	33,465	9,265	7,422	8,040	8,738
Municipal/Provincial Bonds	21,599	7,703	8,513	1,477	3,906
Non-Government Backed C.M.O.s	19,902	194	221	-	19,487
Pooled Investments	624,030	-	-	620,203	3,827
Total:	\$ 2,162,413	\$ 382,102	\$ 618,219	\$ 832,708	\$ 329,384

Interest Rate Risk

The State has delegated investment policy for the System to the Board and its Committees. The Investment Committee sets its own guidelines in conjunction with the Board to manage and review the System's exposure to fluctuating interest rates. Interest rate risk is a consideration when establishing and reviewing investment manager guidelines and asset allocation. Both topics are included in the statement of Investment Policies and Objectives which are published on the System's web site.

Custodial Credit Risk

Of the System's \$406.4 million bank balance, there are two accounts which are uninsured and uncollateralized. Pooled deposits of \$1.8 million are held by the State Treasurer's Office. The balance of \$404.6 million represents deposits in short-term investments as of June 30, 2009 held by The Northern Trust Co., the custodial bank.

Credit Risk

The System's general investment policy is to apply the prudent-person rule to all risks incurred by the fund: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The System has no investment policy that would further limit its investment choices related to credit risk. As of June 30, 2009, the System's fixed income investments and cash equivalents had the following credit risk characteristics:

Moody's Ratings or Comparable	Percent of Total Fund	Market Value (expressed in thousands)
AAA to A	19.1%	\$1,106,378
BBB to B	10.1%	586,008
CCC to C	1.1%	65,152
Less than C	0.1%	8,367
Not Rated	6.9%	396,508
Total:	37.3%	\$2,162,413

Investment Concentration Risk

As of June 30, 2009, the System held no concentration of investments in an individual issuer in excess of 5% of the fair value of the System's net assets.

Management Fees

The System paid \$25.0 million and \$20.1 million in management fees to the venture capital limited partnerships for the Fiscal Years ended June 30, 2009 and 2008, respectively. These fees are netted against investment income. Management fees charged at the underlying fund level for the investments held by the First State Independence Fund I, LLC ranged from 1% to 2% of net assets, plus a performance fee of 20% on positive investment earnings, which were netted against earnings.

Investment Commitments

The System has commitments to invest up to an additional \$634.3 million in venture capital limited partnerships in varying amounts as of June 30, 2009, to be drawn down, as called upon at any time during the term of each partnership, which is usually a ten-year period. Generally, these commitments are self-funding, in that the capital calls are met using cash flows generated by the existing venture capital/limited partnerships as managers in this asset class realize the proceeds of their investments.

Foreign Investments

Foreign investments include equity securities, bonds, and cash and cash equivalents. The following is a listing of foreign assets included in the Statement of Plan Net Assets as of June 30, 2009. The listing includes \$9.2 million of investments of domestic issuers which have been classified as domestic on the Statement of Plan Net Assets, but are denominated in a foreign currency.

Currency Risk

(expressed in thousands)

Currency	Fair Value in U.S. Dollars	Equities	Fixed Income	Cash and Cash Equivalents
Australian dollar	\$ 29,277	\$ 19,777	\$ 9,500	\$ -
Brazilian real	7,836	-	7,836	-
British pound sterling	65,564	64,224	1,212	128
Canadian dollar	50,531	22,355	27,803	373
Danish krone	9,661	9,661	-	-
Euro	200,600	186,759	8,651	5,190
Hong Kong dollar	44,408	44,336	-	72
Indonesian rupiah	3,628	-	3,628	-
Japanese yen	59,328	55,868	-	3,460
Mexican peso	8,088	-	7,974	114
New Zealand dollar	12,151	-	12,151	-
Norwegian krone	19,297	13,992	5,305	-
Singapore dollar	20,890	17,391	3,456	43
South Korean won	5,087	5,087	-	-
Swedish krona	15,606	15,606	-	-
Swiss franc	43,620	43,820	-	(200)
Thai baht	9,336	3,168	6,086	82
United Arab Emirates dirham	815	815	-	-
Total Foreign Currencies	605,723	502,859	93,602	9,262
Foreign issued investments denominated in U.S. Dollars	437,688	401,934	35,754	-
Pooled international investments denominated in U.S. Dollars	226,697	226,697	-	-
Total:	\$ 1,270,108	\$ 1,131,490	\$ 129,356	\$ 9,262

Derivatives

Derivatives are instruments (securities or contracts) whose value is dependent on such things as stock or bond prices, interest rate levels, or currency exchange rates. In June 1994, the Board adopted a formal written policy on the use of derivatives which is reviewed periodically. This policy, as amended, was incorporated in the formalized investment policy adopted by the Board during Fiscal Year 2007 and reviewed during Fiscal Year 2008. Some selected managers are permitted to use derivatives. In every case, the types of derivatives used and limits on their use are stated in the manager's contract and are monitored on an ongoing basis. Derivatives serve a variety of useful purposes for the System, including the reduction of foreign exchange risk, the minimization of transaction costs and as a means of implementing value added strategies to enhance returns. So-called "exotic" derivatives are not used. If the use of derivatives in a portfolio strategy results in some leverage, that leverage is never permitted to expose the Fund to a loss greater than the amount committed to that strategy.

The following lists principal categories of derivatives and their uses during the year:

Category	Purpose
Foreign exchange forward contracts	Hedge currency risk of investments denominated in foreign currencies; enhance return
Exchange traded futures contracts	Reduce transaction costs; hedge equity market risk; control fixed income; counterbalance portfolio duration; enhance return
Exchange traded options contracts	Enhance return; reduce transaction costs
Asset backed securities	Enhance return
Total return equity swaps	Hedge equity market risk exposure

Generally, derivatives are subject both to market risk and counterparty risk. The derivatives utilized by the System typically have no greater risk than their physical counterparts, and in many cases are offset by exposures elsewhere in the portfolio (for example, a short S&P 500 futures contract partially hedging a long position in S&P 500 securities). Counterparty risk, the risk that the "other party" to a contract will default, is managed by utilization of exchange traded futures and options where practical (in which case the futures exchange is the counterparty and guarantees performance) and by careful screening of counterparties where use of exchange traded products is impractical or uneconomical.

Derivative securities are priced and accounted for at their fair value. For exchange traded securities such as futures and options, closing prices from the securities exchanges are used. For fixed income derivatives such as collateralized mortgage obligations (CMOs), commercial pricing services (where available) or bid-side prices from a broker/dealer are used. Foreign exchange contracts are valued at the price at which the transaction could be settled by offset in the forward markets.

The Investment Committee monitors the System's derivative holdings on a regular basis to ensure that the derivatives used by managers of the System will not have a material adverse impact on its financial condition.

Risk and Uncertainty

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk inherent in investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could affect the amounts reported in the statement of plan net assets.

The actuarial accrued plan liabilities are measured based on assumptions pertaining to the interest rates, inflation rates and employee demographic behavior in future years. While these assumptions have been chosen after review of past history of the covered participants, it is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

7. Tax Status

The System currently operates seven of its plans as tax qualified governmental retirement plans under the Internal Revenue Code (IRC). The System has completed an in depth review of its seven qualified retirement plans, the Firemen's Fund and the Special Fund, as established in the Delaware Code, for compliance with the IRC and its rules, regulations and interpretive opinions. The System believes that the plans are designed and are currently being operated in compliance with the applicable requirements of the IRC. The Internal Revenue Service (IRS) has established a new program whereby governmental plans, like other tax qualified section 401(a) plans, may request a determination letter as to whether the form of the plan document satisfies the applicable tax qualification requirements. Under the new staggered determination letter process, governmental plans seeking determination letters ("Determination Letters") had to file requests to the IRS during Cycle C, which ran from February 1, 2008, through January 31, 2009.

On September 19, 2008, the System submitted its seven tax qualified plans to the IRS for review during Cycle C, and requested the IRS provide Determination Letters that its plans are appropriately designed and operating in accordance with applicable sections of the IRC as tax qualified government retirement plans. The IRS is currently reviewing the plans. Management will amend plan language or any operational procedures, as necessary, to be in compliance with the IRC.

In 2008, the Delaware Volunteer Firemen's Fund was redesigned as a length of service award plan under IRC section 457(e)(11). The System applied for a Private Letter Ruling seeking a determination that the Volunteer Firemen's Fund had been designed and was currently being operated in compliance with the applicable requirements of IRC section 457(e)(11). The System received a favorable Private Letter Ruling from the IRS on January 13, 2009. Additionally, the separate Special Fund with 18 beneficiaries, whose benefits are funded by the Delaware General Assembly, will be submitted for review by the IRS during the Cycle C process. Management will amend plan language or operational procedures, as necessary, to comply with any issues identified by the IRS.

Required Supplementary Information

Schedule 1 - Schedule of Funding Progress

*(dollar values expressed in thousands)**(unaudited)*

Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annualized Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
State Employees'	30-Jun-2009	\$ 6,744,050	\$ 6,827,006	\$ 82,956	98.8%	\$ 1,753,129	4.7%
	30-Jun-2008	6,751,949	6,549,856	(202,093)	103.1%	1,711,473	(11.8%)
	30-Jun-2007	6,437,916	6,208,025	(229,891)	103.7%	1,654,609	(13.9%)
	30-Jun-2006	5,998,746	5,901,072	(97,674)	101.7%	1,589,185	(6.1%)
	30-Jun-2005	5,660,057	5,572,719	(87,338)	101.6%	1,471,931	(5.9%)
	30-Jun-2004	5,387,560	5,229,927	(157,633)	103.0%	1,399,279	(11.3%)
	30-Jun-2003	5,125,442	4,794,944	(330,498)	106.9%	1,355,800	(24.4%)
	30-Jun-2002	4,956,156	4,521,732	(434,424)	109.6%	1,351,112	(32.2%)
	30-Jun-2001	4,759,031	4,232,244	(526,787)	112.4%	1,270,632	(41.5%)
	30-Jun-2000	4,409,079	3,769,596	(639,483)	117.0%	1,198,626	(53.4%)
Special	30-Jun-2009	\$ 516	\$ 399	\$ (117)	129.3%	\$ N/A	N/A
	30-Jun-2008	614	492	(122)	124.8%	N/A	N/A
	30-Jun-2007	673	530	(143)	127.0%	N/A	N/A
	30-Jun-2006	758	704	(54)	107.7%	N/A	N/A
	30-Jun-2005	855	791	(64)	108.1%	N/A	N/A
	30-Jun-2004	933	785	(148)	118.9%	N/A	N/A
	30-Jun-2003	1,009	768	(241)	131.4%	N/A	N/A
	30-Jun-2002	1,832	742	(1,090)	246.9%	N/A	N/A
	30-Jun-2001	1,866	993	(873)	187.9%	N/A	N/A
	30-Jun-2000	1,834	834	(1,000)	219.9%	N/A	N/A
New State Police	30-Jun-2009	\$ 229,457	\$ 241,251	\$ 11,794	95.1%	\$ 50,425	23.4%
	30-Jun-2008	216,368	214,921	(1,447)	100.7%	47,971	(3.0%)
	30-Jun-2007	194,560	195,811	1,251	99.4%	46,924	2.7%
	30-Jun-2006	169,824	170,877	1,053	99.4%	43,579	2.4%
	30-Jun-2005	150,209	149,657	(552)	100.4%	39,645	(1.4%)
	30-Jun-2004	134,507	128,932	(5,575)	104.3%	36,718	(15.2%)
	30-Jun-2003	120,457	106,272	(14,185)	113.3%	31,778	(44.6%)
	30-Jun-2002	109,615	91,928	(17,687)	119.2%	30,281	(58.4%)
	30-Jun-2001	99,138	80,040	(19,098)	123.9%	27,624	(69.1%)
	30-Jun-2000	86,810	68,367	(18,443)	127.0%	25,558	(72.2%)

Required Supplementary Information (continued)

Schedule 1 - Schedule of Funding Progress (continued)

(dollar values expressed in thousands)
(unaudited)

Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annualized Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Judiciary	30-Jun-2009	\$ 49,036	\$ 57,799	\$ 8,763	84.8%	\$ 9,814	89.3%
	30-Jun-2008	47,209	55,856	8,647	84.5%	9,689	89.2%
	30-Jun-2007	43,050	53,686	10,636	80.2%	9,825	108.3%
	30-Jun-2006	38,407	50,177	11,770	76.5%	9,397	125.3%
	30-Jun-2005	35,112	44,079	8,967	79.7%	8,475	105.8%
	30-Jun-2004	32,841	38,864	6,023	84.5%	7,672	78.5%
	30-Jun-2003	30,961	32,319	1,358	95.8%	7,173	18.9%
	30-Jun-2002	29,049	30,122	1,073	96.4%	7,329	14.6%
	30-Jun-2001	27,231	29,635	2,404	91.9%	6,371	37.7%
	30-Jun-2000	24,884	28,108	3,224	88.5%	5,794	55.6%
County & Municipal Police and Firefighters'	30-Jun-2009	\$ 119,712	\$ 122,573	\$ 2,861	97.7%	\$ 55,478	5.2%
	30-Jun-2008	102,423	103,911	1,488	98.6%	49,328	3.0%
	30-Jun-2007	87,395	89,022	1,627	98.2%	45,059	3.6%
	30-Jun-2006	72,120	72,832	712	99.0%	38,342	1.9%
	30-Jun-2005	59,711	61,335	1,624	97.4%	33,389	4.9%
	30-Jun-2004	48,893	45,204	(3,689)	108.2%	27,930	(13.2%)
	30-Jun-2003	41,228	36,698	(4,530)	112.3%	24,128	(18.8%)
	30-Jun-2002	35,053	30,344	(4,709)	115.5%	21,342	(22.1%)
	30-Jun-2001	29,389	29,465	76	99.7%	19,605	0.4%
	30-Jun-2000	23,496	23,582	86	99.6%	18,011	0.5%
County & Municipal Other Employees'	30-Jun-2009	\$ 15,074	\$ 16,787	\$ 1,713	89.8%	\$ 19,046	9.0%
	30-Jun-2008	12,980	14,308	1,328	90.7%	18,632	7.1%
	30-Jun-2007	10,405	11,578	1,173	89.9%	16,183	7.2%
	30-Jun-2006	8,529	9,222	693	92.5%	13,027	(5.3%)
	30-Jun-2005	7,048	6,722	(326)	104.8%	9,737	(3.3%)
	30-Jun-2004	4,275	3,340	(935)	128.0%	7,474	(12.5%)
	30-Jun-2003	3,602	3,332	(270)	108.1%	6,209	(4.3%)
	30-Jun-2002	3,033	2,816	(217)	107.7%	2,545	(8.5%)
	30-Jun-2001	2,794	2,962	168	94.3%	2,292	7.3%
	30-Jun-2000	2,410	2,604	194	92.5%	2,004	9.7%

Required Supplementary Information (continued)

Schedule 1 - Schedule of Funding Progress (continued)

(dollar values expressed in thousands)
(unaudited)

Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annualized Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Diamond State Port Corporation	30-Jun-2009	\$ 14,353	\$ 16,284	\$ 1,931	88.1%	\$ 11,071	17.4%
	30-Jun-2008	13,391	14,139	748	94.7%	10,270	7.3%
	30-Jun-2007	11,911	13,604	1,693	87.6%	11,213	15.1%
	30-Jun-2006	10,361	12,738	2,377	81.3%	11,130	21.4%
	30-Jun-2005	8,948	9,732	784	91.9%	9,248	8.5%
	30-Jun-2004	8,140	9,049	909	90.0%	8,950	10.2%
	30-Jun-2003	7,328	7,056	(272)	103.9%	8,636	(0.1%)
	30-Jun-2002	6,675	6,617	(58)	100.9%	9,354	(0.6%)
	30-Jun-2001	6,044	5,618	(426)	107.6%	8,788	(4.8%)
	30-Jun-2000	5,188	5,222	34	99.3%	7,715	0.4%
Closed State Police+	30-Jun-2009	\$ 727	\$ 306,904	\$ 306,177	0.2%	\$ 619	49,463.2%
	30-Jun-2008	618	299,912	299,294	0.2%	1,152	25,980.4%
	30-Jun-2007	514	297,183	296,669	0.2%	1,695	17,502.6%
	30-Jun-2006	1,663	294,149	292,486	0.6%	1,912	15,297.4%
	30-Jun-2005	749	283,902	283,153	0.3%	2,579	10,979.2%
	30-Jun-2004	2,979	285,044	282,065	1.0%	2,608	10,815.4%
	30-Jun-2003	2,322	318,250	315,928	0.7%	2,869	11,011.8%
	30-Jun-2002	2,036	318,687	316,651	0.6%	3,105	10,198.1%
	30-Jun-2001	1,749	306,194	304,445	0.6%	3,247	9,376.2%
	30-Jun-2000	1,468	302,795	301,327	0.5%	3,888	7,750.2%
						Active Members	++UAAL Per Active Member
Delaware	30-Jun-2009	\$ 13,241	\$ 26,562	\$ 13,321	49.8%	\$ 5,074	\$ 2,625
Volunteer	30-Jun-2008	12,972	25,719	12,747	50.4%	5,066	2,516
Firemen's	30-Jun-2007	12,225	24,809	12,584	49.3%	5,170	2,434
	30-Jun-2006	11,340	23,925	12,585	47.4%	5,160	2,439
	30-Jun-2005	10,665	22,913	12,248	46.5%	5,106	2,399
	30-Jun-2004	10,121	21,950	11,829	46.1%	5,055	2,340
	30-Jun-2003	9,644	15,619	5,975	61.7%	4,933	1,211
	30-Jun-2002	9,333	14,940	5,607	62.5%	4,856	1,155
	30-Jun-2001	9,022	13,837	4,815	65.2%	4,769	1,010
	30-Jun-2000	8,412	13,703	5,291	61.4%	4,579	1,155

+ The Closed State Police Plan is a pay-as-you-go plan.

++Not expressed in thousands

Required Supplementary Information (continued)

Schedule 2 - Schedule of Employer Contributions

(dollar values expressed in thousands)
(unaudited)

Plan	Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
State Employees'*	30-Jun-2009	\$ 96,576	100.0%
	30-Jun-2008	101,660	100.0%
	30-Jun-2007	97,000	100.0%
	30-Jun-2006	91,013	100.0%
	30-Jun-2005	70,638	100.0%
	30-Jun-2004	57,459	100.0%
	30-Jun-2003	40,175	100.0%
	30-Jun-2002	18,148	100.0%
	30-Jun-2001	20,542	100.0%
	30-Jun-2000	43,433	100.0%
Special	30-Jun-2009	\$ -	N/A
	30-Jun-2008	-	N/A
	30-Jun-2007	-	N/A
	30-Jun-2006	-	N/A
	30-Jun-2005	-	N/A
	30-Jun-2004	-	N/A
	30-Jun-2003	-	N/A
	30-Jun-2002	-	N/A
	30-Jun-2001	-	N/A
	30-Jun-2000	-	N/A
New State Police*	30-Jun-2009	\$ 6,791	100.0%
	30-Jun-2008	6,643	100.0%
	30-Jun-2007	6,334	100.0%
	30-Jun-2006	5,276	100.0%
	30-Jun-2005	3,785	100.0%
	30-Jun-2004	3,125	100.0%
	30-Jun-2003	2,786	100.0%
	30-Jun-2002	2,476	100.0%
	30-Jun-2001	2,480	100.0%
	30-Jun-2000	2,585	100.0%

* Annual Required Contributions do not include Post-Retirement Increase funding (see Note 2 to the Basic Financial Statements).

Required Supplementary Information (continued)

Schedule 2 - Schedule of Employer Contributions (continued)

(dollar values expressed in thousands)
(unaudited)

Plan	Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
Judiciary*	30-Jun-2009	\$ 2,549	100.0%
	30-Jun-2008	2,644	100.0%
	30-Jun-2007	2,495	100.0%
	30-Jun-2006	2,002	100.0%
	30-Jun-2005	1,391	100.0%
	30-Jun-2004	1,235	100.0%
	30-Jun-2003	1,342	100.0%
	30-Jun-2002	1,399	100.0%
	30-Jun-2001	1,333	100.0%
	30-Jun-2000	1,666	100.0%
County & Municipal Police and Firefighters'	30-Jun-2009	\$ 12,007	100.0%
	30-Jun-2008	6,246	100.0%
	30-Jun-2007	5,780	100.0%
	30-Jun-2006	5,488	100.0%
	30-Jun-2005	5,627	100.0%
	30-Jun-2004	3,179	100.0%
	30-Jun-2003	2,931	100.0%
	30-Jun-2002	2,779	100.0%
	30-Jun-2001	2,664	100.0%
	30-Jun-2000	2,771	100.0%
County & Municipal Other Employees'	30-Jun-2009	\$ 2,293	100.0%
	30-Jun-2008	1,492	100.0%
	30-Jun-2007	820	100.0%
	30-Jun-2006	734	100.0%
	30-Jun-2005	2,271	100.0%
	30-Jun-2004	321	100.0%
	30-Jun-2003	248	100.0%
	30-Jun-2002	92	100.0%
	30-Jun-2001	165	100.0%
	30-Jun-2000	352	100.0%

* Annual Required Contributions do not include Post-Retirement Increase funding
(see Note 2 to the Basic Financial Statements).

Required Supplementary Information (continued)

Schedule 2 - Schedule of Employer Contributions (continued)

(dollar values expressed in thousands)
(unaudited)

Plan	Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
Delaware Volunteer Firemen's	30-Jun-2009	\$ 1,604	69.1%
	30-Jun-2008	1,553	67.3%
	30-Jun-2007	1,528	64.0%
	30-Jun-2006	1,464	61.4%
	30-Jun-2005	1,403	57.7%
	30-Jun-2004	694	100.0%
	30-Jun-2003	667	100.0%
	30-Jun-2002	586	100.0%
	30-Jun-2001	618	100.0%
	30-Jun-2000	645	100.0%
Diamond State Port Corporation	30-Jun-2009	\$ 694	100.0%
	30-Jun-2008	715	100.0%
	30-Jun-2007	626	100.0%
	30-Jun-2006	703	100.0%
	30-Jun-2005	352	100.0%
	30-Jun-2004	346	100.0%
	30-Jun-2003	333	100.0%
	30-Jun-2002	341	100.0%
	30-Jun-2001	386	100.0%
	30-Jun-2000	389	100.0%
Closed State Police	30-Jun-2009	\$ 26,423	82.4%
	30-Jun-2008	25,337	83.9%
	30-Jun-2007	24,912	76.9%
	30-Jun-2006	24,623	83.9%
	30-Jun-2005	24,358	69.9%
	30-Jun-2004	27,747	70.2%
	30-Jun-2003	27,654	68.0%
	30-Jun-2002	27,831	64.0%
	30-Jun-2001	27,709	62.0%
	30-Jun-2000	28,208	57.5%

* Annual Required Contributions do not include Post-Retirement Increase funding
(see Note 2 to the Basic Financial Statements).

Delaware
Public
Employees'
Retirement
System



— a component unit of the State of Delaware

Supporting Schedules

Schedule 3 – Schedule of Administration Expenses

(dollar values expressed in thousands)

		Fiscal 2009	Fiscal 2008	Change	
				Dollars	Percent
Personnel Services:	Salaries	\$ 2,073	\$ 2,128	\$ (55)	(2.6%)
	Fringe Benefits	942	945	(3)	(0.3%)
	Total Personnel Services:	\$ 3,015	\$ 3,073	\$ (58)	(1.9%)
Professional Services:	Actuarial	165	142	23	16.2%
	Audit	192	146	46	31.5%
	Legal	96	136	(40)	(29.4%)
	Medical Services	12	19	(7)	(36.8%)
	State Agency Support Services	25	22	3	13.6%
	Other Professional Services	13	5	8	160.0%
	Total Professional Services:	\$ 503	\$ 470	\$ 33	7.0%
Communication:	Printing	118	84	34	40.5%
	Telephone	16	19	(3)	(15.8%)
	Postage	152	169	(17)	(10.1%)
	Travel	30	25	5	20.0%
	Other Communications	34	35	(1)	(2.9%)
	Total Communications:	\$ 350	\$ 332	\$ 18	5.4%
Data Processing:	Contracting Services	97	229	(132)	(57.6%)
	Training	-	13	(13)	(100.0%)
	Maintenance	294	298	(4)	(1.3%)
	Equipment - Hardware	13	49	(36)	(73.5%)
	Equipment - Software	40	74	(34)	(45.9%)
	Total Data Processing:	\$ 444	\$ 663	\$ (219)	(33.0%)
Rental:	Equipment Leasing	5	6	(1)	(16.7%)
	Fleet Services	7	7	-	0.0%
	Office Space	527	513	14	2.7%
Total Rentals:	\$ 539	\$ 526	\$ 13	2.5%	
Miscellaneous:	Supplies and Equipment	20	22	(2)	(9.1%)
	Maintenance	3	2	1	50.0%
	Continuing Education	1	3	(2)	(66.7%)
	Other Miscellaneous	12	5	7	140.0%
	Total Miscellaneous:	\$ 36	\$ 32	\$ 4	12.5%
General Administration Expenses:	\$ 4,887	\$ 5,096	\$ (209)	(4.1%)	
Special Projects:	Best Practices Review	118	34	84	247.1%
	Imaging System Installation	2	762	(760)	(99.7%)
	Financial Reporting System	10	86	(76)	(88.4%)
	Human Resources Upgrade Project	1,543	-	1,543	100.0%
	Total Special Projects:	\$ 1,673	\$ 882	\$ 791	89.7%
Grand Total Administration Expenses:	\$ 6,560	\$ 5,978	\$ 582	9.7%	

See accompanying independent auditors report.

Schedule 4 – Schedule of Investment Expenses

(dollar values expressed in thousands)

	Fiscal 2009	Fiscal 2008	Change	
			Dollars	Percent
Custody Fees	\$ 175	\$ 175	\$ -	0.0%
Investment Manager/Advisor Fees	15,958	21,945	(5,987)	(27.3%)
Pension Office Support Staff	523	506	17	3.4%
Total Investment Expenses:	\$ 16,656	\$ 22,626	\$ (5,970)	(26.4%)

See accompanying independent auditors report.

Schedule of Plan Net Assets
of the Delaware Local Government Retirement Investment Pool
as of June 30, 2009 with Comparative Totals for June 30, 2008

(expressed in thousands)

	Sussex County Government	Town of Elsmere	City of Dover	Town of Newport	Totals as of June 30	
					2009	2008
Assets:						
Cash & Cash Equivalents	\$ 1,673	\$ 146	\$ -	\$ 94	\$ 1,913	\$ 1,914
Receivables:						
Accrued Investment Income	66	6	-	4	76	90
Pending Trade Sales	1,546	135	-	87	1,768	55
Total Receivables:	\$ 1,612	\$ 141	\$ -	\$ 91	\$ 1,844	\$ 145
Investments at Fair Value:						
Domestic Fixed Income	2,115	185	-	119	2,419	3,391
Domestic Equities	3,522	307	-	199	4,028	6,275
Pooled Equity & Fixed Income	6,737	588	-	380	7,705	11,797
Alternative Investments	5,574	486	-	314	6,374	6,658
Foreign Fixed Income	496	43	-	28	567	662
Foreign Equities	3,731	325	-	211	4,267	6,338
Total Investments:	\$ 22,175	\$ 1,934	\$ -	\$ 1,251	\$ 25,360	\$ 35,121
Total Assets:	\$ 25,460	\$ 2,221	\$ -	\$ 1,436	\$ 29,117	\$ 37,180
Liabilities:						
Pending Purchases Payable	1,602	140	-	90	1,832	412
Accrued Investment Expenses	16	1	-	1	18	28
Accrued Administrative Expenses	-	-	-	-	-	3
Total Liabilities:	\$ 1,618	\$ 141	\$ -	\$ 91	\$ 1,850	\$ 443
Net Assets Held in Trust for Pool Participants						
	\$ 23,842	\$ 2,080	\$ -	\$ 1,345	\$ 27,267	\$ 36,737

See accompanying independent auditors' report.

Schedule of Changes in Plan Net Assets
of the Delaware Local Government Retirement Investment Pool
for the Fiscal Year Ended June 30, 2009
with Comparative Totals for June 30, 2008

(expressed in thousands)

	Sussex County Government	Town of Elsmere	City of Dover	Town of Newport	Totals as of June 30	
					2009	2008
Additions						
Contributions:						
Transfer of Assets from Outside the System	\$ -	\$ -	\$ 5	\$ -	\$ 5	\$ 7,287
Total Contributions:	\$ -	\$ -	\$ 5	\$ -	\$ 5	\$ 7,287
Investments:						
Investment Income	374	36	-	22	432	828
Net appreciation (depreciation) in fair value	(4,768)	(467)	-	(269)	(5,504)	(1,006)
Total Investment Earnings (Losses):	\$ (4,394)	\$ (431)	\$ -	\$ (247)	\$ (5,072)	\$ (178)
Less Investment Manager/Advisor Fees	(65)	(6)	-	(4)	(75)	(166)
Less Investment Administrative Expenses	(2)	-	-	-	(2)	(4)
Net Investment Income:	\$ (4,461)	\$ (437)	\$ -	\$ (251)	\$ (5,149)	\$ (348)
Total Net Securities Lending Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12
Total Additions	\$ (4,461)	\$ (437)	\$ 5	\$ (251)	\$ (5,144)	\$ 6,951
Deductions:						
Transfer of Assets Outside the System	\$ -	\$ 186	\$ 4,140	\$ -	\$ 4,326	\$ 24,090
Total Deductions	\$ -	\$ 186	\$ 4,140	\$ -	\$ 4,326	\$ 24,090
Net Increase /(Decrease)	\$ (4,461)	\$ (623)	\$ (4,135)	\$ (251)	\$ (9,470)	\$ (17,139)
Net Assets Held in Trust for Pool Participants:						
Balance Beginning of Year	\$ 28,303	\$ 2,703	\$ 4,135	\$ 1,596	\$ 36,737	\$ 53,876
Balance End of Year	\$ 23,842	\$ 2,080	\$ -	\$ 1,345	\$ 27,267	\$ 36,737

See accompanying independent auditors report.



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**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***

Members of the Board of Pension Trustees
 Delaware Public Employees' Retirement System:

We have audited the financial statements of the Delaware Public Employees' Retirement System (the System) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 18, 2009. 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's 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 System in a separate letter dated November 18, 2009.

This report is intended solely for the information and use of management, the Board of Pension Trustees, Secretary of Finance, Office of the Controller General, Office of the Attorney General, Office of the Governor, and the Office of the Management and Budget and is not intended to be and should not be used by anyone other than these specified parties. However, under 29 Del C., Section 10002(d), this report is public and its distribution is not limited.

KPMG LLP

November 18, 2009

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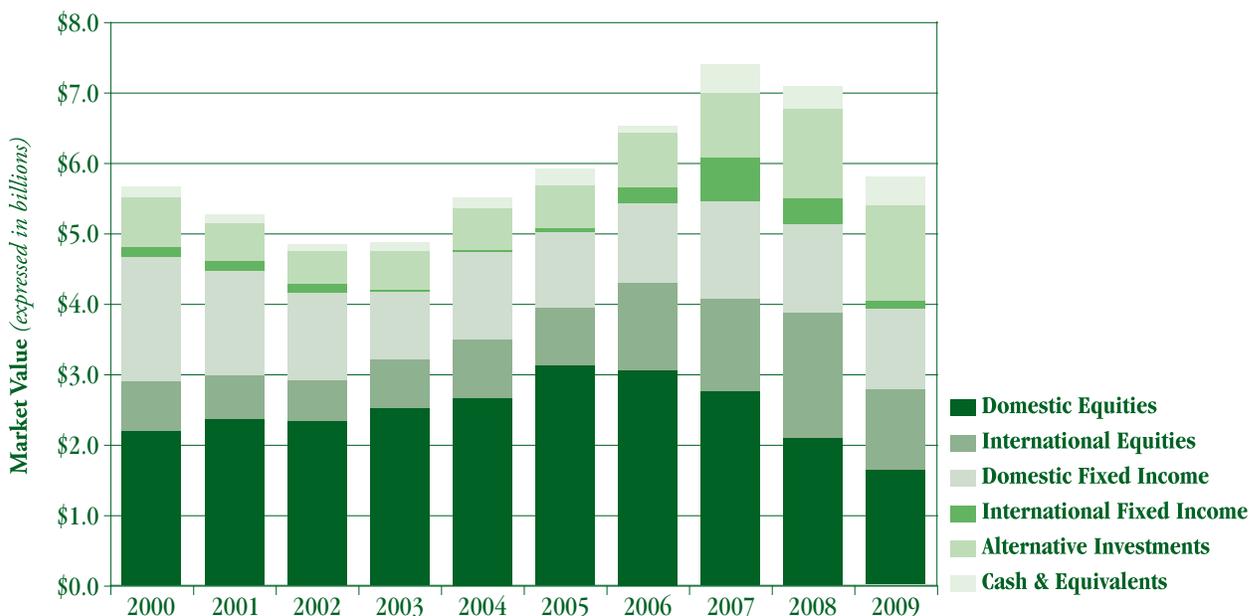
Delaware
Public
Employees'
Retirement
System



— a component unit of the State of Delaware

Investment Section

Ten-Year Investment Comparison



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Domestic Equities	\$ 2,197.6	\$ 2,371.0	\$ 2,340.5	\$ 2,520.7	\$ 2,655.7	\$ 3,119.6	\$ 3,053.9	\$ 2,758.4	\$ 2,095.1	\$ 1,632.9
International Equities	702.3	607.3	577.1	697.2	839.2	817.0	1,242.4	1,312.3	1,778.8	1,134.9
Domestic Fixed Income	1,761.4	1,483.8	1,234.8	950.8	1,242.3	1,084.2	1,137.7	1,386.4	1,266.6	1,148.4
International Fixed Income	152.9	147.8	132.1	28.8	27.6	54.4	227.4	627.2	353.1	121.5
Alternative Investments	708.0	549.2	480.9	559.9	607.3	615.1	775.2	919.9	1,281.3	1,348.6
Cash & Short Term	141.6	121.5	92.3	123.3	149.1	237.7	90.4	402.0	314.3	398.7
	\$ 5,663.8	\$ 5,280.6	\$ 4,857.7	\$ 4,880.7	\$ 5,521.2	\$ 5,928.0	\$ 6,527.0	\$ 7,406.2	\$ 7,089.2	\$ 5,785.0

Note: For this section, Pooled Investments are included in their respective equity and fixed income asset classes and, therefore, are different from the categories used in the Financial Section on pages 24-25. In addition, the market value of investments represented in this section includes accrued interest, investment sales pending, and investment purchases pending, as indicated in the Financial Section on pages 24-25. Alternative investments include real estate of \$13.1M and \$15.8M for the years 2008 and 2009 respectively.

Reconciliation to Plan Net Assets

(expressed in millions)

Total Investment Portfolio Value	\$ 5,785.0
Receivables	
Employer Contributions	11.2
Member Contributions	4.0
Liabilities	
Benefits Payable	(0.9)
Accrued Investment Expenses	(3.6)
Accrued Administration Expenses	(0.8)
Net Assets Held in Trust	\$ 5,794.9



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 STATE BOARD OF PENSION TRUSTEES
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August 18, 2009

Dear Board Members, Participants, and Beneficiaries:

The Board of Pension Trustees' Investment Committee (Committee) oversees the investment of the retirement funds of the Delaware Public Employees' Retirement System (System). The Committee's investment oversight includes the nine plans/funds [State Employees', Special, New State Police, Judiciary, County & Municipal Police and Firefighters', County & Municipal Other Employees', Delaware Volunteer Firemen's, Diamond State Port Corporation, and Closed State Police] that the Board of Pension Trustees (Board) administers and the three commingled pension investment funds [County & Municipal Police/Firefighters' COLA, Post-Retirement Increase (PRI), Delaware Local Government Retirement Investment Pool (DEL RIP)] that the Board manages. The Committee consists of six members appointed by the Board. The Committee seeks to achieve the following investment objectives established by the Board:

- To realize a real return of 3% per year over long periods
- To manage portfolio risk so as to limit downside price fluctuation of the total System portfolio
- To realize as high a rate of total return as possible consistent with the above.

While not governed by mandated target asset allocations, investment decisions are shaped by the Board's internal investment guidelines which provide for a minimum of 20% of the total assets of the System to be invested in fixed income investments, such as bonds and cash equivalents. This guideline is monitored with the assistance of the Investment Advisor. The Committee continuously reviews expected rates of return and risk levels for all marketable asset classes and seeks to construct portfolios consistent with the System's return objectives and risk management guidelines. The Committee strives for appropriate investment diversification by allocating funds across a variety of asset classes and by selecting managers whose demonstrated performance reflects different management styles and asset class expertise. The performance of all investment managers is closely monitored, not only in relation to specific absolute objectives, but also in relation to other fund managers following the same or similar investment objectives.

Board Members, Participants and Beneficiaries

Page 2

August 18, 2009

The past fiscal year has been a trying time for the global economy and every type of investment with the lone exception of the highest quality fixed income instruments, mainly US Treasury bonds, notes and bills. Overseeing large pools of investment assets, such as those of the System, through such markets presented significant challenges in the face of extreme volatility and the drying up of liquidity across global capital markets.

Through this tumultuous year, the System's Investment Committee met 17 times and closely monitored asset prices and the global economic crisis as it unfolded. Decisive actions were taken several times through the year, initially in recommending to the Board defensive moves to help mitigate downside risk, and later in recommending the re-deployment of accumulated liquidity reserves to take advantage of the return opportunities presented by sharply lower asset prices. These actions are discussed in more detail in the discussion of investment activity that follows.

The System's investment portfolio declined 15.8% in fiscal year 2009. This compares with a return of (18.8%) for the median fund in the Trust Universe Comparison Service (TUCS) universe of public funds with assets greater than \$5.0 billion. The System's results place it among the top 25% of funds in this universe for the fiscal year. The total System's annualized returns for the last 5, 10 and 15 years are 3.6%, 4.2% and 8.3%, respectively. The System's long term performance ranks in the top quartile of the TUCS universe for the 3, 5 and 10 year periods ending June 30, 2009. These results were achieved with a risk profile that was significantly lower than the median for the universe reflecting the System's longstanding focus on risk management. For the period ending June 30, 2009, the System's net assets decreased by \$1.3 billion, with investment related losses comprising \$1.1 billion of the decline in value.

Investment markets suffered significant losses during the fiscal year with the lone exception of US Government debt obligations which were buoyed by the global flight to safety and liquidity. The Russell 3000, a broad measure of the domestic stock market, declined 42% through the end of February, but ended the fiscal year down 26.6% as shares staged a partial rebound from the March lows. International stock markets were weaker than the domestic market. The MSCI All-Country World ex-USA index was down 46% at its low, but ended the fiscal year with a decline of 30.9% as foreign shares also rallied from the March lows. Corporate bonds followed a pattern similar to stocks and declined sharply. The broad Barclays Capital Universal bond index gained 4.9% for the year as the strength in US Treasury obligations more than offset the sharp declines in other index components including corporate bonds and mortgage related securities.

The System's fiscal year return of (15.8%), while disappointing, compares favorably with the investment results achieved by the majority of institutional investors. The favorable relative return is attributable to sound advice from the System's Investment Advisor, as well as diligent risk management and timely decision making on the part of the Investment Committee and the Board of Trustees within the framework of the investment policy and guidelines that govern the System's activities. While the markets' rebound from the March lows has been encouraging, the global market

Board Members, Participants and Beneficiaries

Page 3

August 18, 2009

collapse, the severe economic contraction, and the unprecedented response on the part of governments and central banks has created enormous uncertainty around the future path of global economic growth and the outlook for global capital markets as we enter fiscal year 2010. In the face of these uncertainties we will continue to rely on the investment principles and risk management guidelines that have served us well in the past and do our best to execute a sound investment strategy for the benefit of all the System's stakeholders.

On behalf of the committee, we thank Elva B. Ferrari who resigned after nearly fifteen years of service to the Investment Committee and Jan M. King who stepped down from her long held role as Investment Committee chair, but who remains an active member of the Investment Committee. We thank our dedicated professional staff at the Office of Pensions, our Investment Advisor, our custodian bank, and our money managers, who all work diligently to ensure the successful operation of the Board of Pension Trustees' Investment Committee.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G. J. Saxon". The signature is stylized with a large initial "G" and a long horizontal stroke at the end.

George J. Saxon, Chair
Board of Pension Trustees'
Investment Committee

Investment Activity and Economic Climate

Global investment markets witnessed unprecedented volatility over the course of Fiscal Year 2009. The selling pressures that were apparent in 2008 as the result of deteriorating economic conditions and the revaluation of mortgage related securities gathered momentum in 2009 culminating in waves of selling that drove securities prices sharply lower. Investors who had aggressively used leverage were forced to unwind their positions into markets that were becoming increasingly illiquid. A sharp deterioration in credit quality resulted in severe markdowns of credit instruments bringing into question the solvency of banks and other financial intermediaries. It became apparent that there were major flaws in the way credit instruments were rated and valued. With their capital positions under extreme pressure and growing concerns about the viability of their counterparties, banks and other intermediaries stopped extending credit, even within the overnight interbank markets. These forces resulted in the failure of Lehman Brothers in September of 2008 and confirmed the worst fears of market participants. The failure of Lehman triggered a sharp acceleration in selling pressure and securities prices moved sharply lower. After a partial recovery in December of 2008, selling resumed in earnest in January of 2009 as market participants began to anticipate a nationalization of the banking system and an economic contraction that would rival the worst experience in the postwar era. By March of 2009, global equity markets had declined more than 50% from the highs reached in the fall of 2007 and credit instruments, with the exception of US Government obligations, were trading at record lows. During the late winter and early spring the rate of deterioration in reported economic data began to slow. While still decidedly negative, the slowing in the rate of decline of key economic indicators offered investors some hope that the massive stimulus package, government support for the banking system, and the liquidity injections by the Federal Reserve would staunch the decline and set the stage for a resumption of economic growth. Securities prices rallied sharply and ended the fiscal year well off their lows, but down sharply from June of 2008. As a reference point, the Russell 3000, a broad measure of the US stock market returned (26.6%) for the fiscal year while the MSCI All-Country World ex-USA index, a widely used reference for international markets, was down 30.9%.

During this tumultuous year several significant actions were taken to alter the asset mix and risk exposure of the System's investment portfolio. During the first half of the year most actions were a continuation of the investment strategy implemented in Fiscal Year 2008 and was characterized by increasing caution, risk reduction, and the liquidation of holdings with exposure to the more troubled areas of the securities markets. By the late fall and early winter, the focus shifted toward the potential return opportunities presented by sharply lower prices and the market inefficiencies resulting from the indiscriminate selling across a broad range of securities.

The System's portfolio entered Fiscal Year 2009 with a 4.4% cash position and estimated total fund risk exposures lower than the prior year. Exposure to equity markets was below benchmark weight and long term norms. In July, a hedged equity program was funded by liquidating a portion of the portfolio's long equity exposure. This had the effect of further lowering exposure to the equity market while preserving the ability to add to return through security selection. A bond manager was terminated owing to concerns about the viability of the firm's investment strategy in this environment. Anticipating increasing risk in capital markets, allocations to a balanced account manager and an international equity manager were significantly reduced. The net effect of these actions was a large addition to the Fund's liquidity position and a further reduction in equity exposure as the result of the hedged equity program. In August, an active bond manager was terminated to reduce credit exposure and to build additional liquidity. In September, equity exposure was further reduced with the proceeds allocated to cash reserves. By the end of September, the

System's cash position represented 14.7% of total assets and estimated total fund risk exposures were down sharply from the start of the fiscal year.

As the selling pressure accelerated dramatically in September, October, and November, sharply lower valuations across a wide range of securities and asset classes offered indications that attractive return opportunities were emerging. At the same time, indicators of stress in the credit markets began to ease somewhat, suggesting that the government response to the crisis and the aggressive actions taken by the Federal Reserve were beginning to have a favorable impact. The Investment Committee and its advisor began to cautiously evaluate investment opportunities which were viewed as relatively low risk commitments. In December, a new strategy focused on senior secured bank loans was funded from the liquidity reserve. In March, a portion of the allocation to convertible bonds was shifted to a global equity manager and to a natural resource oriented strategy following a sharp recovery in convertible bond prices and valuations. In April, a new credit oriented strategy was funded to take advantage of opportunities in the bond markets. In May, exposure to equities was increased further with allocations to an S&P index fund and a large value index strategy. These actions, along with price appreciation in stocks and bonds, had the effect of reducing cash reserves to 6.9% of total system assets at fiscal year end in comparison with peak levels exceeding 15% of assets in the fall of 2008.

The actions taken during the year provided a degree of protection to the portfolio during the sharp sell offs that occurred in the fall of 2008 and again in the winter of 2009, assured sufficient liquidity to meet the System's obligations during a period of uncertainty, and positioned the portfolio to take advantage of investment opportunities that may arise in a recovery. Given the breadth and magnitude of the global market sell off, returns for the year were still negative. The investment return of (15.8%) for the fiscal year, while disappointing, ranks among the top quartile of public funds with assets greater than \$5.0 billion and reflects the positive contribution from the actions discussed above. On a longer term basis the System continues to rank comfortably in the first quartile of the public fund universe for the 3, 5, and 10 year periods ending June 30, 2009 with returns of (1.2%), 3.6%, and 4.2%, respectively.

Investment Philosophy and Objectives

In the investment of public funds, adequate funding of employee pensions is a paramount concern. Excessive risk taking could jeopardize that funding. An appropriate balance must be struck between risks taken and returns sought to ensure the long-term health and affordability of the plans involved. For more than 30 years, the System has been managed to control the extent of downside risk to which assets are exposed while maximizing the potential for long-term gain.

Specific investment objectives are:

- Achieve a real return objective (DPERS return less CPI) of 3% over long periods (approximately 15 years)
- Manage portfolio risk by controlling downside price fluctuations of the Fund in any 12-month period
- Maximize total investment returns, consistent with Board objectives.

To achieve these objectives, these investment guidelines are employed:

- Allocate a minimum of 20% of assets to fixed income investments such as bonds, cash equivalents, and certain real estate investments

- Maintain a widely diversified portfolio, to minimize the risk of overexposure in any one-market segment or investment style
- Monitor the performance of all investment managers using specific benchmarks
- Control exposure in illiquid asset classes
- Review, re-examine, and reconfirm the operation of results of the investment process regularly
- Identify new long-term opportunities for risk reduction and improved investment returns
- Review actuarial assumptions to ensure consistency with capital markets expectations.

Investment Process

While the objectives and policies have been repeatedly reaffirmed, the implementation process undergoes continuous evolution. The increasing volume of investment information and the complexities of the global marketplace necessitate the continuous review of data, trends, and markets. Ongoing enhancements are employed in every aspect of investment management, from asset allocation decisions to manager selection and performance measurement.

General Management

During each year the Committee, with Board of Pension Trustees' (Board) oversight, carries out a number of general management practices to assure that the appropriate policies, controls, and resources are in place. Areas that are reviewed at least annually include:

- Investment objectives and policies based on an analysis of cash flow and liabilities
- Management tools for decision making
- Long-term risk and return levels for various investment options
- Manager organization, performance, transaction costs, fees and expenses, proxy voting procedures, and adherence to investment philosophy
- System performance versus externally measured universes of similar funds
- Internal and external audits
- Contacts with other leading state investment funds to compare management practices
- Policy objectives and performance of alternative investments (including limited partnerships, and private LLCs).

Investment Results

In Fiscal Year 2009, the investment process experienced:

- A time-weighted total return of (15.8%) based on market values
- Benefit and expense payments exceeded net employer and member contributions by \$179.4 million
- Net investment losses of \$1.1 billion (investment losses less investment expenses)
- Decrease in fair market value of investment portfolio from \$7.1 billion to \$5.8 billion
- Overall volatility well below that of an all common stock portfolio.

Total Investment Rates of Return for the Last Ten Years

Total Investment Portfolio				
	Fair Value <i>(in millions)</i>	Fair Value Annual Rate of Return	Annual Consumer Price Index	Real Rate of Return
2000	\$5,663.8	16.8%	3.7%	13.1%
2001	\$5,280.6	(5.1%)	3.3%	(8.4%)
2002	\$4,857.7	(6.3%)	1.0%	(7.3%)
2003	\$4,880.7	3.4%	2.2%	1.2%
2004	\$5,521.2	16.3%	3.2%	13.1%
2005	\$5,928.0	10.0%	2.5%	7.5%
2006	\$6,527.0	12.4%	4.3%	8.1%
2007	\$7,406.0	15.9%	2.9%	13.0%
2008	\$7,089.2	(1.3%)	4.5%	(5.8%)
2009	\$5,785.0	(15.8%)	(1.4%)	(14.4%)
Five Year		3.6%	2.5%	1.1%
Ten Year		4.2%	2.6%	1.6%
Fifteen Year		8.3%	2.5%	5.8%

Periods Ending June 30, 2009 <i>(All Returns Greater Than One Year Are Annualized)</i>			
	Five Years	Ten Years	Fifteen Years
Total System Return	3.6%	4.2%	8.3%
S&P 500 Index % Return	(2.2%)	(2.2%)	6.9%
Excess Return vs. S&P 500 Index	5.8%	6.4%	1.4%
Relative Risk vs. S&P 500 Index	60.3%	59.0%	57.7%

Funds are invested for long-term results and each single year's returns must be viewed in relation to longer periods.

One investment objective is to achieve an annualized rate of total return over any 15-year period that is at least 3 percentage points greater than inflation. The most recent 15-year result is a real rate of return of 5.8% (8.3% System return less 2.5% CPI) measured on a time-weighted basis. During this period, risk, as measured by relative volatility, was approximately 57.7% of the level that would have been experienced by a fund invested 100% in the S&P 500. The real rate of return from such a 100% stock portfolio would have been 4.4% (6.9% S&P 500 less 2.5% CPI). These are not typical real rates of return and should not be expected going forward. The last 15 years encompassed periods of exceptional returns in both the bond and stock markets.

Comparative Investment Results

	1 Year	3 Year	5 Year	10 Year
Domestic Equities ⁽¹⁾	(26.6%)	(6.3%)	0.7%	2.1%
S&P 500	(26.2%)	(8.2%)	(2.2%)	(2.2%)
Russell 3000 Index	(26.6%)	(8.3%)	(1.8%)	(1.5%)
ML All Convertibles	(18.8%)	(4.3%)	(0.4%)	1.7%
Global Equities ⁽²⁾	(26.8%)	(6.8%)	1.2%	2.3%
MSCIAC World Index	(29.3%)	(7.0%)	1.1%	(0.2%)
International Equities ⁽³⁾	(14.3%)	(0.3%)	6.0%	6.1%
MSCI EAFE Index	(31.4%)	(8.0%)	2.3%	1.2%
Jefferies Global Converts ex US	(8.8%)	1.5%	4.5%	5.9%
Fixed Income & Cash ⁽⁴⁾	(0.7%)	3.9%	4.4%	6.2%
Barclays Government/Corporate Index	5.3%	6.2%	4.8%	5.9%
Alternative Strategies ⁽⁵⁾	(4.9%)	4.0%	6.2%	3.0%
60% S&P 500 Index/35% BC Government/ Corporate Index/5% Treasury Bills	(14.4%)	(2.6%)	0.6%	1.0%
Total System	(15.8%)	(1.2%)	3.6%	4.2%
60% S&P 500 Index/35% BC Government/ Corporate Index/5% Treasury Bills	(14.4%)	(2.6%)	0.6%	1.0%
Delaware Volunteer Firemen's Fund ⁽⁶⁾	(9.5%)			
38% Russell 3000/20% MSCI All-Country World ex-USA/40% Barclays Universal/ 2% 90-Day Treasury Bills	(14.3%)			
Consumer Price Index ⁽⁷⁾	(1.4%)	1.9%	2.5%	2.6%

(1) Includes domestic convertible securities and real estate investment; includes pooled domestic allocation portfolios.

(2) Includes pooled global allocation portfolios.

(3) Includes international convertible securities.

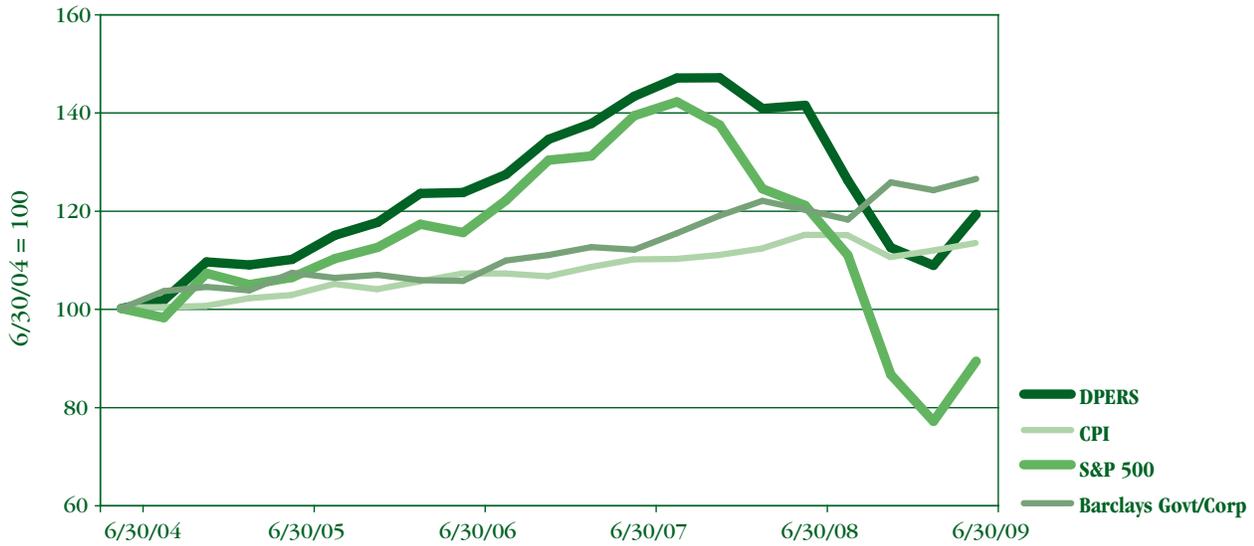
(4) Includes managed futures.

(5) Includes private equity and other non-marketable investments. All returns are on a lagged basis.

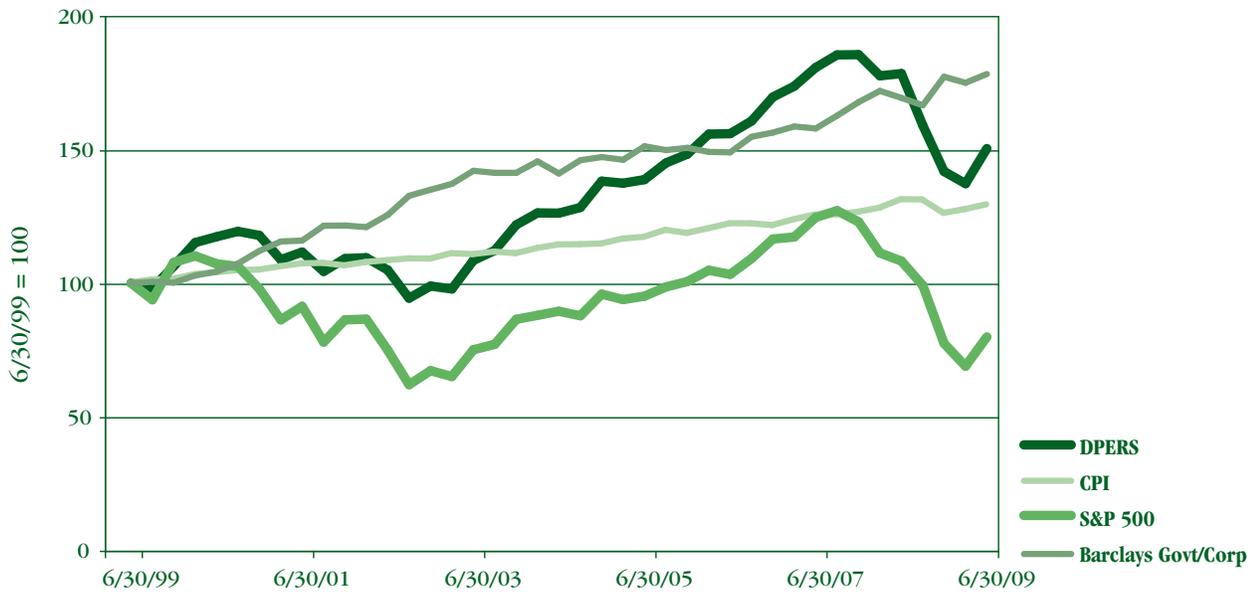
(6) Delaware Volunteer Firemen's Fund investments are invested separately from the other plans of DPERS.

(7) The Total System benchmark is a return of 3% greater than CPI over any 15 year period.

Total Return Performance Comparison - 5 Years



Total Return Performance Comparison - 10 Years



List of Largest Assets Directly Held as of June 30, 2009

(excludes investments in pooled vehicles)

Equities (Includes Convertibles)	Market Value	% of Total Fund	Shares/PAR (\$)
Exxon Mobil Corporation	\$ 20,123,314	0.35%	287,846 shares
MetroPCS Communications Corporation	18,608,711	0.32%	1,398,100 shares
Petroleo Brasileiro SA Petrobras ADR	17,215,698	0.30%	420,100 shares
Teva Pharmaceutical Financial Corp. Debt Convertible	13,314,375	0.23%	\$ 11,835,000 Par (\$)
Schlumberger Limited	11,738,407	0.20%	216,936 shares
Amazon.com Incorporated	10,647,659	0.18%	\$ 10,475,000 Par (\$)
Goldcorp Incorporated Convertible Bond	10,514,921	0.18%	547,900 shares
Vale SA ADR	9,659,477	0.17%	290,540 shares
Cameron International Corporation	9,687,090	0.17%	340,000 shares
Diamond Offshore Drilling Incorporated	9,326,515	0.16%	111,500 shares
	<u>\$130,836,167</u>	<u>2.26%</u>	
Bonds	Market Value	% of Total Fund	Par (\$)
Inter-American Development Bank 6.00% 12/15/2017	\$ 11,277,453	0.20%	\$ 17,750,000
Telefonica Emisiones Sau Senior Note 7.045% 6/20/2036	7,973,010	0.14%	\$ 7,195,000
Province of British Columbia 6.25% 12/1/09	7,703,201	0.13%	\$ 8,740,000
Barclays Financial 4.160% 2/22/2010	5,895,747	0.10%	\$ 200,000,000
Canada Government 4.250% 9/01/2009	5,775,863	0.10%	\$ 6,665,000
Federal Republic of Brazil 6.00% 12/31/2040	5,466,878	0.09%	\$ 10,750,000
Georgia-Pacific Corporation 7.375% 12/01/2025	5,432,750	0.09%	\$ 7,010,000
Kingdom of Norway 4.25% 05/19/2017	5,066,087	0.09%	\$ 31,875,000
AT&T Incorporated 6.50 % 9/01/2037	4,677,829	0.08%	\$ 4,775,000
Queensland Government 6.00% 6/14/2011	<u>4,323,101</u>	<u>0.07%</u>	\$ 5,185,000
Total	<u>\$ 63,591,919</u>	<u>1.09%</u>	

Asset Allocation

Funds are deployed in diverse asset classes offering the desired risk and return characteristics in an effort to achieve stated investment objectives. The accompanying table shows the most recent five-year history and trends in asset allocation. For these asset classifications, the Pooled Equity and Fixed Income accounts are included in their respective equity and fixed income asset classes and, therefore, are different from the asset classes used in the financial section on pages 24-25.

	2009	2008	2007	2006	2005
Domestic Equities	28.2%	29.5%	37.3%	46.8%	52.6%
International Equities	19.6%	25.1%	17.7%	19.0%	13.8%
Domestic Fixed Income	19.9%	17.9%	18.7%	17.4%	18.3%
International Fixed Income	2.1%	5.0%	8.5%	3.5%	0.9%
Alternative Investment	23.3%	18.1%	12.4%	11.9%	10.4%
Cash and Equivalents	6.9%	4.4%	5.4%	1.4%	4.0%

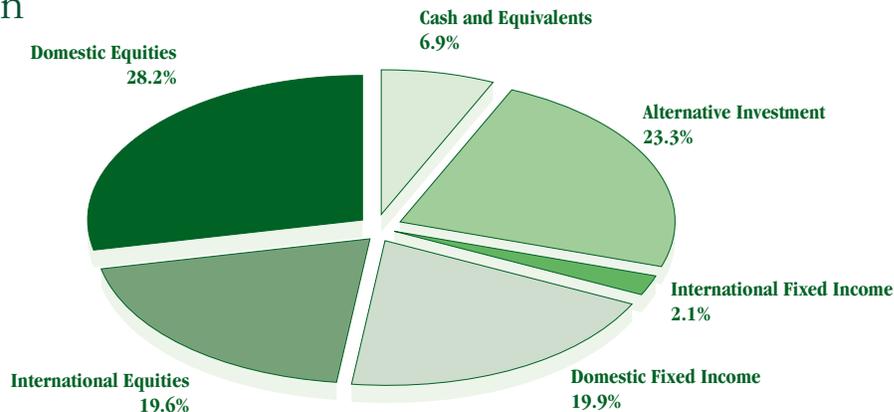
Individual investment managers are selected for each asset class based on a rigorous set of performance and organizational criteria. In addition to a proven track record of managing a given class of assets, they must have a clearly stated and consistently applied investment policy and decision-making process, continuity of personnel, and a well-defined plan for retaining key personnel and controlling growth.

All investment managers are expected to maintain those organizational criteria in order to continue as managers. During the fiscal year, four domestic fixed income managers, two domestic equity managers and one international equity manager were hired. Two domestic equity managers and two international equity managers were given additional funds. Two fixed income managers and an international equity manager were terminated, the services of a transition manager were utilized in the termination of one of the fixed income managers. A domestic convertible manager, an international convertible manager and an international equity manager had their assets under management reduced.

In the area of pooled assets, a portion of the System’s domestic tactical asset allocation was reduced and the global tactical asset allocation was reduced and restructured. In the area of alternative investments, the System entered into seven new partnerships with existing managers, one partnership with a new manager and hired a manager to manage a fund of funds hedge strategy.

Asset Allocation

as of June 30, 2009



At the end of the fiscal year, the money managers of the System and their responsibilities were:

Investment Manager	Responsibility	Fiscal Year Retained
Domestic Equities		
INTECH	Equities	2005
Mellon Capital Management	Equities	1984
Oaktree Capital Management	Convertible Securities	1995
OFI Institutional Asset Management	Equities	1982
Rutabaga Capital Management	Equities	2007
T. Rowe Price Associates	Equities	1971
Vanguard Total Market Stock Index Fund	Equities	2009
International Equities		
Axiom International Investors LLC	International Equities	2007
Baillie Gifford	International Equities	2008
Dodge and Cox Funds	International Equities	2007
Mellon Capital Management	International Equities	1997
Mercator Asset Management	International Equities	2004
Oaktree Capital Management	International Convertible Securities	1995
Vanguard International Total Stock Index Fund	International Equities	2009
Domestic Fixed Income		
Loomis Sayles & Company LP	Fixed Income	1999
Mellon Capital Management	Fixed Income	1984
Oaktree Capital Management	Fixed Income	2009
T. Rowe Price Associates	Fixed Income	1996
Vanguard Total Bond Market Index Fund	Fixed Income	2009
Alternative Investments		
Accel Partners	Venture Capital	1984
Accel-KKR Company	Venture Capital	2002
Allegis Capital	Venture Capital	2005
Advanced Technology Ventures	Venture Capital	1990
Angelo, Gordon & Co	Hedge Fund	2007
Barlow Partners	Hedge Fund	2009
The Carlyle Group	Private Equity	1996
Carlyle/Riverstone	Venture Capital	2006
Centerbridge Credit Partners L.P.	Hedge Fund	2009
Cherry Tree Ventures	Venture Capital	1984
Farallon Capital	Hedge Fund	2008
Flagship/One Liberty Ventures	Venture Capital	1982
IDG-Accel	Venture Capital	2006
Liquid Realty	Real Estate	2008
MeriTech Capital Partners	Venture Capital	1997
Oaktree Capital Management	Distressed Debt; Emerging Markets	1998
ONSET Enterprise Associates	Venture Capital	1990
Pecks Management Partners	Private Equity	1986
Spectra Enterprise Associates	Venture Capital	1987
Summit Ventures	Venture Capital	1989
T. Rowe Price Associates	Distressed Debt	1989
Trident Capital	Venture Capital	2000
Weston Presidio Capital	Venture Capital	1996
Cash & Short-Term		
Northern Trust	Cash & Equivalents	2007

Investment Summary and Schedule of Investment Fees

(dollar values expressed in millions)

	Market Value as of June 30, 2009	Percent of Total Investment Assets	Total Fiscal Year 2009 Investment Fees	Basis Points
Equities				
Domestic Equities	\$ 1,632.9	28.2%	\$ 5.8	
International Equities	1,134.9	19.6%	4.3	
Sub-Total	\$ 2,767.8	47.8%	\$ 10.1	
Fixed Income				
Domestic Fixed Income	\$ 1,148.4	19.9%	\$ 0.9	
International Fixed Income	121.5	2.1%	1.3	
Sub-Total	\$ 1,269.9	22.0%	\$ 2.2	
Other Asset Allocations				
Alternative Investment	\$ 1,348.6	23.3%	\$ 1.5	
Cash & Short Term	398.7	6.9%	0.0	
Sub-Total	\$ 1,747.3	30.2%	\$ 1.5	
Investment Services				
Custodian/Investment Advisor Fees	\$ -	-	\$ 2.3	
Pension Office Support Staff Expenses	-	-	0.6	
Sub-Total	\$ -	-	\$ 2.9	
	<u>\$ 5,785.0</u>	<u>100.0%</u>	<u>\$ 16.7</u>	<u>29 bp</u>

* Other fees include Alternative Investment fees detailed on page 41. These fees have been excluded from the table above and the basis points calculation since they have already been netted from income. Basis point calculation is the weighted average based on the quarterly fund valuations.

Glossary of Terms Used

Fair Value (Market Value):

The value at which an investment could be sold in a transaction between a willing buyer and a willing seller. All assets with regularly traded markets are shown at the fair value as determined by the custodian bank based on quoted market values. All other assets are adjusted to market value monthly except venture capital which is adjusted at least quarterly based on individual partnership procedures, and any private placement or partnership participation where values are supplied periodically by the respective management organizations in accordance with established procedures.

Time-Weighted Total Return:

The measure used for judging investment management of the System. It is based on market value and minimizes or eliminates any distortion in the rate of return caused by the timing of cash flows into or out of the System.

Alternative Investments:

Alternative Investments include non-traditional investments, some of which may be illiquid, such as limited partnerships, real estate and private LLCs.

Schedule of Broker Commissions

The System has no commission recapture, directed payment, or “soft dollar” arrangements; however, such arrangements may exist between brokers and investment managers. Broker selection is the responsibility of individual investment managers.

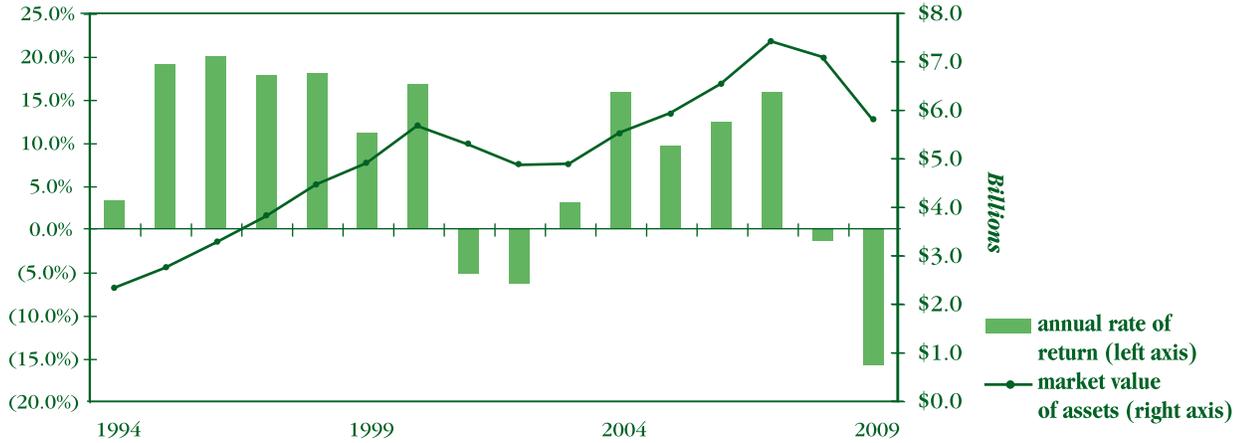
The following is a list of brokers who received \$10,000 or more in commissions during Fiscal Year 2009.

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
Merrill Lynch	6,565,820	\$0.02	\$ 102,760,641	\$ 126,340
Investment Technology Group Inc	7,072,182	\$0.02	70,054,590	117,487
JP Morgan	9,494,330	\$0.01	112,101,027	90,726
UBS	11,116,035	\$0.01	76,519,960	85,288
Citigroup	9,934,246	\$0.01	151,124,703	80,492
Morgan Stanley	3,168,177	\$0.02	44,321,944	62,499
Goldman Sachs & Company	5,076,877	\$0.01	75,974,861	61,936
Credit Suisse First Boston	3,480,967	\$0.02	76,185,961	58,394
Liquidnet	3,723,501	\$0.01	28,195,421	51,501
Jefferies & Company	3,947,728	\$0.01	46,383,540	45,377
Weeden & Co	2,061,895	\$0.02	28,164,423	41,113
Autranet Inc Equity Trades	874,578	\$0.04	14,285,657	34,983
Knight Securities L.P.	1,250,432	\$0.02	14,875,279	29,717
Union Bank of Swit	1,316,770	\$0.02	46,308,001	29,110
Sanford Bernstein	1,790,349	\$0.02	42,515,885	28,811
Deutsche Bank	1,836,153	\$0.01	35,946,025	24,138
Citation Group	786,476	\$0.03	4,942,555	23,594
Stifel Nicolaus and Company	565,800	\$0.04	17,278,554	20,472
Societe Generale	1,076,808	\$0.02	14,370,389	20,299
Cantor Fitzgerald & Co	787,529	\$0.03	14,478,234	19,688
Brockhouse & Cooper Montreal	4,358,800	\$0.00	48,704,469	19,489
Barclays Capital	925,053	\$0.02	17,931,533	16,061
Credit Lyonnais	5,097,155	\$0.00	7,370,236	15,163
Bloomberg Tradebook LLC	352,400	\$0.04	5,263,095	14,096
Instinet	747,881	\$0.02	13,885,105	13,935
Keefe Bruyette And Wood	818,359	\$0.02	9,179,234	13,819
Cheuvreux De Virieu Paris	317,170	\$0.04	9,286,746	13,630
Robert W. Baird & Company	483,526	\$0.03	6,278,471	13,535
Macquarie Securities	711,156	\$0.02	6,235,687	12,308
Jonestrading Inst Serv	476,074	\$0.03	6,719,744	11,902
Sidoti & Company LLC	398,234	\$0.03	3,034,781	11,667
Raymond James	300,600	\$0.04	9,530,709	11,465
Scotia Capital Markets Toronto	266,700	\$0.04	1,056,899	11,240
CIBC World Markets Corp.	365,800	\$0.03	7,108,559	10,375
RBC Capital Markets Corporation	406,200	\$0.03	6,873,975	10,307
Smith Barney Shearson Inc	950,381	\$0.01	37,065,123	10,284
Lynch Jones & Ryan	815,300	\$0.01	26,718,996	10,153
Rosenblatt Securities LLC	512,870	\$0.02	20,292,062	10,146
All Others (123 Brokers Not Listed)	22,968,733	\$0.01	238,653,849	327,994
Totals	117,199,045		\$1,497,976,923	\$1,609,534
Average Commission, Per Share		\$0.01		

Delaware Public Employees' Retirement System

Annual Market Value of Fund and Rate of Return

For the 15-Year Period 1994-2009



This section was prepared by the Pension Office staff with input from the Board of Pension Trustees, the Investment Committee, and the Investment Advisor.

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Delaware
Public
Employees'
Retirement
System



— a component unit of the State of Delaware

Actuarial Section



Classic Values, Innovative Advice

August 26, 2009

Board of Pension Trustees
 Delaware Public Employees' Retirement System
 McArdle Building
 860 Silver Lake Blvd., Suite 1
 Dover, DE 19904-2402

Dear Board Members:

At your request, we have prepared our annual actuarial valuations of each of the funded pension plans administered by the Board as of June 30, 2009. The results of these valuations are contained in the enclosed exhibits. Any distribution of the exhibits must be in their entirety, including this cover letter, unless prior written consent is obtained.

Funding Objective

The funding objective of the System is to establish contribution rates that, over time, will remain level as a percent of payroll. In order to achieve this, we developed a contribution rate that will provide for current cost (i.e., normal cost expressed as a level percent of payroll) plus level percent of payroll amortizations of each layer of the unfunded liability over a specified period. In addition, unfunded liabilities due to cost-of-living adjustments to retirees are funded through a schedule of future transfers from the Post-Retirement Increase Fund.

To our knowledge, the State has consistently funded the full amounts required based on the actuarial valuations and specific statutory provisions.

Assumptions and Methods

The actuarial assumptions and methods used in these valuations are based on the prior actuary's experience study completed during the fiscal year ended June 30, 2004. The Board set the investment return assumption based on advice from its investment consultant.

We believe that all costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations) and which, in combination, offer our best estimate of anticipated experience affecting the System. Nevertheless, the emerging costs will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statement

1750 Tysons Boulevard, Suite 1100, McLean, VA 22102

Tel: 703.893.1456

Fax: 703.893.2006

www.cheiron.us



Board of Pension Trustees
August 26, 2009
Page 2



No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Reliance on Others

In performing this analysis, we relied on data and other information provided by the Delaware State Pension Office. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Supporting Schedules

Cheiron is responsible for providing all figures from 2006 forward in the following schedules of the Financial Section: Membership Data, Current Funded Status of the Plans, Plan Actuarial Methods, Schedule of Funding Progress and Schedule of Employer Contributions. In addition, we were responsible for the 2006 and later information provided in the following schedules found in the Actuarial Section: Actuarial Assumptions and Methods, Schedule of Active Member Valuation Data, Solvency Test, and Analysis of Financial Experience for the State Employees' Pension Plan.

Certification

I believe the State's pension plans are adequately and appropriately financed, in that the contributions are determined and funded on a level cost as a percentage of payroll basis using reasonable actuarial methods and assumptions.

I hereby certify that, to the best of my knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Guides to Professional Conduct, Amplifying Opinions, and Supporting Recommendations and Interpretations of the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,
Cheiron

A handwritten signature in black ink that reads "Fiona E. Liston".

Fiona E. Liston, FSA, EA
Consulting Actuary

Actuarial Assumptions and Methods

Asset Valuation Method

The market value of assets, representing the realizable value of the assets on a particular day, is not necessarily an appropriate value for the purpose of setting contribution rates. This is because funding will take place over a long period of time during which market values can be expected to fluctuate significantly from year to year. If market values were used to develop contribution rates, the resulting contribution rates would also fluctuate from year to year.

In order to produce a stable pattern of contribution rates, market values are adjusted to remove some of the volatility. The actuarial value of assets is equal to 1/5th of the market value plus 4/5th of the expected value, where the expected value is equal to last year's actuarial value and subsequent cash flows into and out of the fund accumulated with interest at the valuation rate of 8.0% per annum.

Funding Method

We used the Aggregate Entry Age Normal Method to determine costs for all plans. Under an Entry Age method, a total contribution rate is determined which consists of two elements, the normal cost rate and the unfunded liability rate (UAL). In addition, the overall contribution rate includes a provision for the plan's expenses.

For each State plan, an Entry Age Normal cost rate is determined for a typical member of each respective plan. This rate represents the member's expected future employer-paid normal costs divided by his expected future salary.

In addition to contributions required to meet the normal cost, contributions are required to meet each plan's unfunded actuarial liability. Actuarial liability equals the present value of future benefits less the present value of future normal costs and future employee contributions. The unfunded liability is the total actuarial liability for all members less the actuarial value of the System's assets.

A portion of the unfunded liability will be paid through future, scheduled transfers from the Post-Retirement Increase Fund. These transfers will cover the liability increases due to the cost of living increases granted on July 1, 2005, and July 1, 2006. The remaining unfunded actuarial liability will be amortized in layers for the Judiciary Plan, over an open 20 year period for the State Employees' Plan and State Police Plan and over a closed period of 18 years for the Volunteer Firemen's Plan and over an open 15 years for the Diamond State Port Corporation plan through the unfunded liability amortization component of the total contribution.

Actuarial Assumptions

The actuarial assumptions for the actuarial valuations are based on the experience study completed by the prior actuary in 2004. Differences between assumed and actual experience (actuarial gains and losses) are part of the unfunded actuarial liabilities. The following significant assumptions were used in the actuarial valuations as of July 1, 2009:

1. Rate of return on investments:
8.0% compounded annually (adopted 2004).
2. Salary increases attributable to inflation:
3.75% compounded annually (adopted 2004).
3. Salary increases attributable to merit and productivity:
Increases for State Employees ranging from 0.50% to 6.14% per year (adopted 2004).
4. Mortality:
Rates of mortality vary by plan and gender. For retirees, assumption anticipates future improvements in mortality through the use of a projection scale (adopted 2004).
Sample retiree mortality rates from the State Employees plan are as follows:

Age	2004 Rate		Projection Scale	
	Male	Female	Male	Female
35	0.18%	0.06%	0.50%	1.10%
40	0.25%	0.09%	0.80%	1.50%
45	0.35%	0.14%	1.30%	1.60%
50	0.48%	0.21%	1.80%	1.70%
55	0.61%	0.30%	1.90%	0.80%
60	0.90%	0.49%	1.60%	0.50%

Active employee mortality rates from the State Employees plan are for males, 95% of the RP-2000 RE Mortality Table, and for females, 80% of the RP-2000 RE Mortality Table.

5. Rates of termination of service, disablement, and retirement:
Based on the results of the Experience Study completed in 2004 (adopted 2004).
6. Aggregate active member payroll: 3.75% annually (adopted 2004).

Summary of Plan Provisions and Changes in Plan Provisions

The plans valued are those described on pages 30-33 of the Financial Section.

There were no changes in plan provisions this year.

Schedule of Active Member Valuation Data

Plan	Fiscal Year Ended	Number of Members	Annualized Covered Payroll <i>(expressed in thousands)</i>	Annual Average Pay	% Increase in Average Pay
State Employees'	30-Jun-2009	35,430	\$ 1,753,129	\$ 49,481	0.5%
	30-Jun-2008	34,764	1,711,473	49,231	2.3%
	30-Jun-2007	35,062	1,654,609	48,135	1.9%
	30-Jun-2006	34,313	1,589,185	46,314	5.0%
	30-Jun-2005	33,379	1,471,931	44,098	2.4%
	30-Jun-2004	32,498	1,399,279	43,057	1.2%
	30-Jun-2003	31,877	1,355,800	42,532	0.6%
	30-Jun-2002	31,951	1,351,112	42,287	6.5%
	30-Jun-2001	31,989	1,270,632	39,721	5.2%
	30-Jun-2000	31,740	1,198,626	37,764	6.1%
Special	The Special Fund has no Active Members				
New State Police	30-Jun-2009	652	\$ 50,425	\$ 77,339	5.0%
	30-Jun-2008	651	47,971	73,688	1.1%
	30-Jun-2007	644	46,924	72,863	5.8%
	30-Jun-2006	633	43,579	68,845	5.9%
	30-Jun-2005	610	39,645	64,992	4.6%
	30-Jun-2004	591	36,718	62,129	13.2%
	30-Jun-2003	579	31,778	54,884	0.2%
	30-Jun-2002	553	30,281	54,758	6.8%
	30-Jun-2001	539	27,624	51,250	5.7%
	30-Jun-2000	527	25,558	48,497	6.4%
Judiciary	30-Jun-2009	55	\$ 9,814	\$ 178,436	(0.6%)
	30-Jun-2008	54	9,689	179,426	0.4%
	30-Jun-2007	55	9,825	178,636	4.6%
	30-Jun-2006	55	9,397	170,854	6.8%
	30-Jun-2005	53	8,475	159,906	8.4%
	30-Jun-2004	52	7,672	147,539	4.9%
	30-Jun-2003	51	7,173	140,647	1.7%
	30-Jun-2002	50	7,329	138,283	8.5%
	30-Jun-2001	49	6,371	127,420	7.8%
	30-Jun-2000	48	5,794	118,245	0.1%
County & Municipal	30-Jun-2009	954	\$ 55,478	\$ 58,153	2.1%
Police and Firefighters'	30-Jun-2008	866	49,328	56,961	3.8%
	30-Jun-2007	821	45,059	54,883	4.9%
	30-Jun-2006	733	38,342	52,308	5.7%
	30-Jun-2005	675	33,389	49,465	(0.3%)
	30-Jun-2004	563	27,930	49,609	15.6%
	30-Jun-2003	562	24,128	42,932	1.6%
	30-Jun-2002	505	21,342	42,261	4.1%
	30-Jun-2001	483	19,605	40,590	3.4%
30-Jun-2000	459	18,011	39,240	4.9%	

Schedule of Active Member Valuation Data (continued)

Plan	Fiscal Year Ended	Number of Members	Annualized Covered Payroll (expressed in thousands)	Annual Average Pay	% Increase in Average Pay
County & Municipal	30-Jun-2009	429	\$ 19,046	\$ 44,396	1.7%
Other Employees'	30-Jun-2008	427	18,632	43,635	8.4%
	30-Jun-2007	402	16,183	40,256	7.8%
	30-Jun-2006	349	13,027	37,327	20.8%
	30-Jun-2005	315	9,737	30,911	(8.6%)
	30-Jun-2004	221	7,474	33,819	10.6%
	30-Jun-2003	203	6,209	30,586	8.2%
	30-Jun-2002	90	2,545	28,278	4.9%
	30-Jun-2001	85	2,292	26,965	(0.4%)
	30-Jun-2000	74	2,004	27,081	9.5%
Closed State Police	30-Jun-2009	5	\$ 619	\$ 123,800	7.5%
	30-Jun-2008	10	1,152	115,200	1.9%
	30-Jun-2007	15	1,695	113,000	6.4%
	30-Jun-2006	18	1,912	106,222	3.0%
	30-Jun-2005	25	2,579	103,160	6.8%
	30-Jun-2004	27	2,608	96,593	7.7%
	30-Jun-2003	32	2,869	89,656	15.5%
	30-Jun-2002	40	3,105	77,625	7.6%
	30-Jun-2001	45	3,247	72,156	5.8%
	30-Jun-2000	57	3,888	68,211	3.8%
Diamond State Port Corporation	30-Jun-2009	279	\$ 11,071	\$ 39,681	8.6%
	30-Jun-2008	281	10,270	36,548	(3.5%)
	30-Jun-2007	296	11,213	37,882	(3.7%)
	30-Jun-2006	283	11,130	39,329	13.5%
	30-Jun-2005	267	9,248	34,637	0.2%
	30-Jun-2004	259	8,950	34,556	4.4%
	30-Jun-2003	261	8,636	33,088	(1.0%)
	30-Jun-2002	280	9,354	33,407	3.4%
	30-Jun-2001	272	8,788	32,309	(4.9%)
	30-Jun-2000	227	7,715	33,987	(7.9%)
Delaware Volunteer Firemen's	30-Jun-2009	5,074	\$ -	\$ -	-
	30-Jun-2008	5,066	-	-	-
	30-Jun-2007	5,170	-	-	-
	30-Jun-2006	5,160	-	-	-
	30-Jun-2005	5,106	-	-	-
	30-Jun-2004	5,055	-	-	-
	30-Jun-2003	4,933	-	-	-
	30-Jun-2002	4,856	-	-	-
	30-Jun-2001	4,769	-	-	-
	30-Jun-2000	4,579	-	-	-

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

Plan	Fiscal Year Ended	Added to Rolls		Removed from Rolls	
		Additions	Annual Allowance (expressed in thousands)	Deletions	Annual Allowances (expressed in thousands)
State Employees'	30-Jun-2009	1,330	\$ 31,401	750	\$ 8,613
	30-Jun-2008	1,363	29,455	680	7,497
	30-Jun-2007	1,182	27,078	707	6,110
	30-Jun-2006	1,465	-	731	-
Special	30-Jun-2009	1	\$ 4	6	\$ 22
	30-Jun-2008	-	-	2	4
	30-Jun-2007	-	1	3	29
	30-Jun-2006	-	-	2	-
New State Police	30-Jun-2009	18	\$ 1,006	1	\$ 40
	30-Jun-2008	12	613	1	39
	30-Jun-2007	12	634	-	-
	30-Jun-2006	9	-	1	-
Judiciary	30-Jun-2009	4	\$ 378	2	\$ 158
	30-Jun-2008	2	153	3	148
	30-Jun-2007	1	30	1	45
	30-Jun-2006	1	-	-	-
County & Municipal Police and Firefighters'	30-Jun-2009	8	\$ 252	0	\$ -
	30-Jun-2008	5	132	1	7
	30-Jun-2007	6	192	1	21
	30-Jun-2006	3	-	1	-
County & Municipal Other Employees'	30-Jun-2009	6	\$ 75	0	\$ -
	30-Jun-2008	3	17	-	-
	30-Jun-2007	6	40	2	10
	30-Jun-2006	-	-	-	-
Delaware Volunteer Firemen's	30-Jun-2009	104	\$ 114	61	\$ 51
	30-Jun-2008	123	132	48	41
	30-Jun-2007	111	131	56	46
	30-Jun-2006	96	-	57	-
Diamond State Port Corporation	30-Jun-2009	2	\$ 12	0	\$ -
	30-Jun-2008	1	3	1	14
	30-Jun-2007	8	52	2	38
	30-Jun-2006	4	-	1	-
Closed State Police	30-Jun-2009	12	\$ 1,403	10	\$ 385
	30-Jun-2008	13	1,115	13	437
	30-Jun-2007	6	840	10	235
	30-Jun-2006	20	-	19	-

One year of information will be added to this schedule in each of the next three years until the recommended six-year history is presented.

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls (continued)

Plan	Fiscal Year Ended	On Roll at Year End			
		Year End Total	Annual Allowance (expressed in thousands)	Average Annual Allowance	% Change in Annual Allowance
State Employees'	30-Jun-2009	20,846	\$ 374,950	\$ 18,071	6.5%
	30-Jun-2008	20,266	352,161	17,450	6.6%
	30-Jun-2007	19,583	330,203	16,862	6.8%
	30-Jun-2006	19,108	309,235	16,231	-
Special	30-Jun-2009	18	\$ 70	\$ 3,929	(20.5%)
	30-Jun-2008	23	89	3,866	(4.3%)
	30-Jun-2007	25	93	3,735	(23.1%)
	30-Jun-2006	28	121	3,907	-
New State Police	30-Jun-2009	88	\$ 4,069	\$ 47,317	31.2%
	30-Jun-2008	71	3,102	43,701	22.7%
	30-Jun-2007	60	2,529	42,150	33.5%
	30-Jun-2006	48	1,895	39,473	-
Judiciary	30-Jun-2009	40	\$ 2,618	\$ 65,471	9.2%
	30-Jun-2008	38	2,399	63,122	0.2%
	30-Jun-2007	39	2,394	61,382	(0.6%)
	30-Jun-2006	39	2,409	61,770	-
County & Municipal Police and Firefighters'	30-Jun-2009	44	\$ 1,151	\$ 26,176	28.1%
	30-Jun-2008	36	899	24,979	16.1%
	30-Jun-2007	32	774	24,201	28.1%
	30-Jun-2006	27	604	22,388	-
County & Municipal Other Employees'	30-Jun-2009	30	\$ 216	\$ 7,218	53.7%
	30-Jun-2008	24	141	5,871	14.6%
	30-Jun-2007	21	123	5,877	32.3%
	30-Jun-2006	17	93	5,487	-
Delaware Volunteer Firemen's	30-Jun-2009	1,477	\$ 1,459	\$ 994	4.5%
	30-Jun-2008	1,434	1,397	977	7.0%
	30-Jun-2007	1,359	1,305	961	6.9%
	30-Jun-2006	1,304	1,221	937	-
Diamond State Port Corporation	30-Jun-2009	35	\$ 273	\$ 7,817	5.0%
	30-Jun-2008	33	261	7,897	(3.7%)
	30-Jun-2007	33	271	8,215	5.4%
	30-Jun-2006	27	257	9,524	-
Closed State Police	30-Jun-2009	549	\$ 22,602	\$ 41,170	4.7%
	30-Jun-2008	547	21,584	39,459	3.2%
	30-Jun-2007	547	20,906	38,219	3.0%
	30-Jun-2006	551	20,301	36,979	-

Solvency Test

(dollar values expressed in thousands)

Plan	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
		Active Member Contributions (1)	Retirants & Beneficiaries (2)	Active Member Employer Financed Contributions (3)		(1)	(2)	(3)
State Employees'	30-Jun-2009	\$ 508,790	\$ 3,608,850	\$ 2,709,366	\$ 6,744,050	100%	100%	97%
	30-Jun-2008	470,813	3,390,993	2,688,050	6,751,949	100%	100%	108%
	30-Jun-2007	444,376	3,182,382	2,581,267	6,437,916	100%	100%	109%
	30-Jun-2006	434,605	2,982,471	2,484,996	5,998,746	100%	100%	104%
	30-Jun-2005	414,001	2,702,359	2,456,359	5,660,057	100%	100%	104%
	30-Jun-2004	396,614	2,437,522	2,395,791	5,387,560	100%	100%	107%
	30-Jun-2003	375,385	2,025,080	2,394,479	5,125,442	100%	100%	114%
	30-Jun-2002	361,334	1,768,363	2,392,035	4,956,156	100%	100%	118%
	30-Jun-2001	343,466	1,597,526	2,291,252	4,759,031	100%	100%	123%
	30-Jun-2000	325,684	1,453,396	1,990,516	4,409,079	100%	100%	132%
Special	30-Jun-2009	\$ -	\$ 399	\$ -	\$ 516	-	129%	-
	30-Jun-2008	-	492	-	614	-	125%	-
	30-Jun-2007	-	530	-	673	-	127%	-
	30-Jun-2006	-	704	-	758	-	108%	-
	30-Jun-2005	-	791	-	855	-	108%	-
	30-Jun-2004	-	785	-	933	-	119%	-
	30-Jun-2003	-	768	-	1,009	-	131%	-
	30-Jun-2002	-	742	-	1,832	-	247%	-
	30-Jun-2001	-	993	-	1,866	-	188%	-
	30-Jun-2000	-	834	-	1,834	-	220%	-
New State Police	30-Jun-2009	\$ 38,619	\$ 47,700	\$ 154,932	\$ 229,457	100%	100%	92%
	30-Jun-2008	35,707	36,474	142,740	216,368	100%	100%	101%
	30-Jun-2007	31,979	29,887	133,945	194,560	100%	100%	99%
	30-Jun-2006	28,551	22,373	119,953	169,824	100%	100%	99%
	30-Jun-2005	25,260	16,667	107,730	150,209	100%	100%	101%
	30-Jun-2004	22,194	13,036	93,702	134,507	100%	100%	106%
	30-Jun-2003	19,405	7,808	79,059	120,457	100%	100%	118%
	30-Jun-2002	16,838	5,057	70,033	109,615	100%	100%	125%
	30-Jun-2001	14,571	2,909	62,560	99,138	100%	100%	131%
	30-Jun-2000	12,600	1,495	54,272	86,810	100%	100%	134%

Solvency Test (continued)*(dollar values expressed in thousands)*

Plan	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
		Active Member Contributions (1)	Retirants & Beneficiaries (2)	Active Member Employer Financed Contributions (3)		(1)	(2)	(3)
Judiciary	30-Jun-2009	\$ 4,816	\$ 22,315	\$ 30,668	\$ 49,036	100%	100%	71%
	30-Jun-2008	4,382	20,398	31,076	47,209	100%	100%	72%
	30-Jun-2007	3,984	19,998	29,704	43,050	100%	100%	64%
	30-Jun-2006	3,473	20,741	25,963	38,407	100%	100%	55%
	30-Jun-2005	3,126	19,624	21,329	35,112	100%	100%	58%
	30-Jun-2004	2,763	18,817	17,284	32,841	100%	100%	65%
	30-Jun-2003	2,498	18,447	11,374	30,961	100%	100%	88%
	30-Jun-2002	2,300	15,705	12,117	29,049	100%	100%	91%
	30-Jun-2001	1,932	16,622	11,081	27,231	100%	100%	78%
	30-Jun-2000	1,803	14,727	11,578	24,884	100%	100%	72%
County & Municipal Police and Firefighters'	30-Jun-2009	\$ 24,808	\$ 13,383	\$ 84,382	\$ 119,712	100%	100%	97%
	30-Jun-2008	20,669	10,380	72,862	102,423	100%	100%	98%
	30-Jun-2007	17,135	9,072	62,815	87,395	100%	100%	97%
	30-Jun-2006	13,965	6,992	51,875	72,120	100%	100%	99%
	30-Jun-2005	11,441	6,519	43,375	59,711	100%	100%	96%
	30-Jun-2004	9,334	5,656	30,214	48,893	100%	100%	112%
	30-Jun-2003	7,682	2,928	26,088	41,228	100%	100%	117%
	30-Jun-2002	6,114	1,838	22,392	35,053	100%	100%	121%
	30-Jun-2001	4,748	1,950	22,767	29,389	100%	100%	100%
	30-Jun-2000	3,287	643	19,652	23,496	100%	100%	100%
County & Municipal Other Employees'	30-Jun-2009	\$ 2,172	\$ 2,091	\$ 12,524	\$ 15,074	100%	100%	86%
	30-Jun-2008	1,756	1,302	11,250	12,980	100%	100%	88%
	30-Jun-2007	1,303	1,136	9,139	10,405	100%	100%	87%
	30-Jun-2006	1,005	860	7,357	8,529	100%	100%	91%
	30-Jun-2005	773	876	5,073	7,048	100%	100%	91%
	30-Jun-2004	626	649	2,065	4,275	100%	100%	145%
	30-Jun-2003	502	499	2,331	3,602	100%	100%	112%
	30-Jun-2002	314	355	2,147	3,033	100%	100%	110%
	30-Jun-2001	283	283	1,923	2,794	100%	100%	93%
	30-Jun-2000	227	185	2,192	2,410	100%	100%	91%

Solvency Test (continued)*(dollar values expressed in thousands)*

Plan	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets			
		Active Member Contributions (1)	Retirants & Beneficiaries (2)	Active Member Employer Financed Contributions (3)		(1)	(2)	(3)	
Delaware	30-Jun-2009	\$ 4,702	\$ 12,050	\$ 9,810	\$ 13,241	100%	71%	-	
Volunteer	30-Jun-2008	4,531	11,513	9,675	12,972	100%	73%	-	
Firemen's	30-Jun-2007	4,474	10,709	9,626	12,225	100%	72%	-	
	30-Jun-2006	4,299	9,925	9,701	11,340	100%	71%	-	
	30-Jun-2005	4,105	9,435	9,373	10,665	100%	70%	-	
	30-Jun-2004	3,918	8,842	9,190	10,121	100%	70%	-	
	30-Jun-2003	3,660	7,946	4,013	9,644	100%	75%	-	
	30-Jun-2002	3,419	7,574	3,947	9,333	100%	78%	-	
	30-Jun-2001	2,308	7,186	4,343	9,022	100%	93%	-	
	30-Jun-2000	2,784	6,887	3,757	8,412	100%	82%	-	
	Diamond State Port Corporation	30-Jun-2009	\$ 2,528	\$ 2,658	\$ 11,098	\$ 14,353	100%	100%	83%
		30-Jun-2008	2,181	2,576	9,382	13,391	100%	100%	92%
30-Jun-2007		1,905	2,689	9,010	11,911	100%	100%	81%	
30-Jun-2006		1,718	2,498	8,522	10,361	100%	100%	72%	
30-Jun-2005		1,476	2,126	6,130	8,948	100%	100%	87%	
30-Jun-2004		1,217	2,057	5,775	8,140	100%	100%	84%	
30-Jun-2003		1,105	1,461	4,490	7,328	100%	100%	106%	
30-Jun-2002		997	1,252	4,368	6,675	100%	100%	101%	
30-Jun-2001		670	913	4,035	6,044	100%	100%	111%	
30-Jun-2000		626	584	4,012	5,188	100%	100%	99%	
Closed State Police	30-Jun-2009	\$ 519	\$ 302,526	\$ 3,859	\$ 727	100%	-	-	
	30-Jun-2008	515	292,027	7,370	618	100%	-	-	
	30-Jun-2007	752	285,795	10,636	514	68%	-	-	
	30-Jun-2006	863	281,515	11,771	1,663	100%	-	-	
	30-Jun-2005	1,168	266,344	16,390	749	64%	-	-	
	30-Jun-2004	1,200	267,614	16,230	2,979	100%	1%	-	
	30-Jun-2003	1,376	290,867	26,007	2,322	100%	-	-	
	30-Jun-2002	1,643	288,736	28,308	2,036	100%	-	-	
	30-Jun-2001	2,757	274,477	28,960	1,749	63%	-	-	
	30-Jun-2000	3,248	264,722	34,825	1,468	45%	-	-	

Analysis of Financial Experience for the State Employees' Pension Plan

Gains/(Losses) in Accrued Liability During Years Ended June 30, Resulting from Differences Between Assumed Experience and Actuarial Experience

(expressed in thousands)

Type of Activity	Gain/(Loss) for the Fiscal Years Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003*
Investment Income/(Loss) on Actuarial Assets	\$ (337,848)	\$ (27,225)	\$ 120,673	\$ 33,600	\$ (12,887)	\$ (34,720)	\$ (118,978)
Combined Liability Experience	31,060	(44,449)	(19,423)	(44,930)	(15,530)	(53,146)	23,631
(Loss)/Gain During Year from Financial Experience	(306,788)	(71,674)	101,250	(11,330)	(28,417)	(87,866)	(95,347)
Non-Recurring Items	-	-	-	1,923**	244	(137,125)	(42,713)
Composite (Loss)/Gain During Year	\$ (306,788)	\$ (71,674)	\$ 101,250	\$ (9,407)	\$ (28,173)	\$ (224,991)	\$ (138,060)

* Certain information from Fiscal Year 2003 has been revised.

** PRI of 2% funded from PRI fund (\$51.6 million loss) and impact of removing disability from pension plan (\$52.8 million gain)

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Delaware
Public
Employees'
Retirement
System



— a component unit of the State of Delaware

Statistical Section

About the Statistical Section

This section provides the reader with detailed information about the economic and demographic trends experienced over the past ten years in the System:

Schedule of Principal Participating Employers lists the entities that make up at least 50% of the System's two multiple-employer plans (County Municipal Police & Firefighter and County & Municipal Other Employees').

Schedules of Additions by Source and Deductions by Type display for each plan the changes in plan net assets as a result of payments made to and by the System.

Schedule of Benefit Deductions by Type identifies the type of payments made to beneficiaries and to former employees.

Schedule of Retired Members by Type of Benefit by Plan identifies the range of benefit payments made to retirees sorted by plan and type of retirement for the current fiscal year.

Schedule of Average Benefit Payments by Plan presents the average monthly benefit paid as of June 30, 2009, for plans that calculate benefits based on years of service or salary.

Schedule of Participating Employers lists all the current participating entities in the plans and funds within the System.

Principal Participating Employers in Multiple-Employer Plans of the Delaware Public Employees' Retirement System

Current Year and Nine Years Ago

County & Municipal Police and Firefighters' Plan	2009		2000	
	# of Participants	% of total	# of Participants	% of total
City of Wilmington Police/Fire	312	32.8%	168	36.6%
New Castle County Police/Fire	258	27.0%	165	35.9%
City of Dover Police	92	9.6%	80	17.5%
All Others	292	30.6%	46	10.0%
	954	100.0%	459	100.0%

County & Municipal Other Employees' Plan	2009		2000	
	# of Participants	% of total	# of Participants	% of total
City of Milford	80	18.6%	-	0.0%
Kent Conservation District	63	14.7%	-	0.0%
Sussex Conservation District	28	6.5%	21	28.4%
Town of Georgetown	26	6.1%	20	27.0%
City of New Castle	23	5.4%	19	25.6%
Town of Bethany Beach	22	5.1%	-	0.0%
City of Harrington	20	4.7%	9	12.2%
All Others	167	38.9%	5	6.8%
	429	100.0%	74	100.0%

Schedule of Additions by Source

(dollar values expressed in thousands)

Plan	Fiscal Year Ended June 30,	Employer Contributions	Transfer of Contributions From PRI Fund	Transfer of Assets from Outside the System	Member Contributions	Other	Net Investment Income	Net Increase/ (Decrease) in Fair Value of Investments	Total Additions	Employer Contributions As a Percent of Covered Payroll
State Employees'	2009	\$ 96,576	38,835	-	45,899	-	71,803	(1,120,066)	\$ (866,953)	5.5%
	2008	101,660	46,856	-	45,761	-	82,719	(193,188)	83,808	6.1%
	2007	97,000	45,110	-	42,856	-	90,768	851,864	1,127,598	5.9%
	2006	91,013	38,306	-	41,139	-	64,309	602,359	837,126	6.1%
	2005	70,638	33,839	-	37,857	-	62,423	437,425	642,182	4.9%
	2004	57,459	27,790	1,500	36,007	-	100,682	631,656	855,094	4.2%
	2003	40,175	25,878	-	35,130	-	102,753	39,077	243,013	2.9%
	2002	18,148	31,994	-	33,477	-	128,548	(429,051)	(216,884)	1.4%
	2001	20,542	38,191	-	31,888	-	153,955	(429,538)	(184,962)	1.7%
	2000	43,433	33,498	-	29,659	-	148,995	641,970	897,555	3.9%
Special	2009	\$ -	-	-	-	-	7	(103)	\$ (96)	-
	2008	-	-	-	-	-	8	(3)	5	-
	2007	-	-	-	-	-	10	107	117	-
	2006	-	-	-	-	-	8	83	91	-
	2005	-	-	-	-	-	9	69	78	-
	2004	-	-	-	-	-	17	115	132	-
	2003	-	-	-	-	-	19	18	37	-
	2002	-	-	-	-	-	49	(165)	(116)	-
	2001	-	-	-	-	-	63	(175)	(112)	-
	2000	-	-	-	-	-	64	280	344	-
New State Police	2009	\$ 6,791	205	-	3,422	40	2,276	(35,658)	\$ (22,924)	13.5%
	2008	6,643	210	-	3,221	37	2,567	(6,308)	6,370	14.3%
	2007	6,334	202	-	3,191	26	2,639	24,960	37,352	13.5%
	2006	5,276	135	-	2,881	22	1,810	16,276	26,400	12.8%
	2005	3,785	81	-	2,636	36	1,650	10,681	19,334	10.0%
	2004	3,125	36	-	2,436	14	2,500	15,065	23,176	9.0%
	2003	2,786	30	-	2,337	10	2,392	1,278	8,833	8.3%
	2002	2,476	35	-	2,112	7	2,781	(9,075)	(1,664)	8.2%
	2001	2,480	29	-	1,710	19	3,118	(8,643)	(1,287)	8.9%
	2000	2,585	24	-	1,294	20	2,857	12,117	18,897	10.0%

Schedule of Deductions by Type

(dollar values expressed in thousands)

Plan	Fiscal Year Ended June 30,	Transfer of Contributions from PRI Fund	Transfer of Assets Outside the System	Benefit Payments	Refund of Contributions	Burial Benefit Payments	Administrative Expenses	Total Deductions	Total Change in Net Assets
State Employees'	2009	\$ -	-	369,243	3,072	4,966	6,148	\$ 383,429	\$ (1,250,382)
	2008	-	-	348,070	2,955	4,735	5,613	361,373	(277,565)
	2007	-	-	327,825	3,164	4,142	5,005	340,135	787,463
	2006	-	-	300,321	2,880	4,779	4,511	312,491	524,635
	2005	-	-	271,281	2,408	4,454	4,210	282,353	359,829
	2004	-	1,500	243,238	2,333	4,479	4,372	255,922	599,172
	2003	-	-	217,126	2,653	4,060	4,954	228,793	14,220
	2002	-	-	194,824	2,409	4,003	4,441	205,677	(422,561)
	2001	-	-	175,312	2,485	3,632	4,658	186,087	(371,049)
	2000	-	-	159,122	2,376	3,573	4,140	169,211	728,344
Special	2009	\$ -	-	78	-	35	3	\$ 116	\$ (212)
	2008	-	-	91	-	13	4	108	(103)
	2007	-	-	102	-	49	-	151	(34)
	2006	-	-	129	-	28	1	158	(67)
	2005	-	-	122	-	14	3	139	(61)
	2004	-	-	119	-	21	3	143	(11)
	2003	-	750	121	-	35	3	909	(872)
	2002	-	-	143	-	21	4	168	(284)
	2001	-	-	135	-	24	5	164	(276)
	2000	-	-	133	-	12	4	149	195
New State Police	2009	\$ -	-	3,662	63	14	71	\$ 3,810	\$ (26,734)
	2008	-	-	2,882	14	7	72	2,975	3,395
	2007	-	-	2,245	15	-	64	2,324	35,028
	2006	-	-	1,723	44	-	60	1,827	24,573
	2005	-	-	1,254	99	-	61	1,414	17,920
	2004	-	-	922	75	-	53	1,050	22,126
	2003	-	-	689	102	-	62	853	7,980
	2002	-	-	367	87	-	56	510	(2,174)
	2001	-	-	289	33	-	48	370	(1,657)
	2000	-	-	166	56	-	40	262	18,635

Schedule of Additions by Source (continued from page 94)

(dollar values expressed in thousands)

Plan	Fiscal Year Ended June 30,	Employer Contributions	Transfer of Contributions From PRI Fund	Transfer of Assets from Outside the System	Member Contributions	Other	Net Investment Income	Net Increase/ (Decrease) in Fair Value of Investments	Total Additions	Employer Contributions As a Percent of Covered Payroll
Judiciary	2009	\$ 2,549	294	-	304	-	498	(7,723)	\$ (4,078)	26.0%
	2008	2,644	350	-	338	-	593	(1,775)	2,150	28.0%
	2007	2,495	337	-	342	-	591	5,616	9,381	25.4%
	2006	2,002	307	-	320	-	4,179	3,768	6,808	22.1%
	2005	1,391	294	-	275	-	386	2,678	5,024	17.0%
	2004	1,235	253	-	249	-	612	3,817	6,166	16.8%
	2003	1,342	244	-	563	-	620	302	3,071	18.2%
	2002	1,399	293	-	251	-	745	(2,459)	229	19.3%
	2001	1,333	306	-	206	-	869	(2,421)	293	20.5%
	2000	1,666	251	-	183	-	821	3,528	6,449	23.1%
County & Municipal	2009	\$ 12,007	-	-	3,852	-	1,057	(16,658)	\$ 258	21.6%
	2008	6,246	-	-	3,270	-	1,177	(2,776)	7,917	13.6%
Police and Firefighters'	2007	5,780	-	-	2,877	-	1,141	10,972	20,770	12.8%
	2006	5,488	-	-	2,348	-	759	6,556	15,151	13.8%
	2005	5,627	-	-	2,003	-	649	4,110	12,389	12.4%
	2004	3,179	-	-	1,696	-	900	5,193	10,698	11.9%
	2003	2,931	-	-	1,546	-	805	567	5,849	12.1%
	2002	2,779	-	-	1,404	-	856	(2,729)	2,310	13.4%
	2001	2,664	-	-	1,265	-	886	(2,417)	2,398	14.3%
	2000	2,771	-	-	973	-	739	3,022	7,505	14.3%
County & Municipal	2009	\$ 2,293	-	-	481	-	135	(2,122)	\$ 787	12.0%
	2008	1,492	-	-	451	-	145	(328)	1,760	6.2%
Other Employees'	2007	820	-	-	366	-	134	1,421	2,741	5.1%
	2006	734	-	-	291	-	81	778	1,892	5.6%
	2005	2,271	-	-	215	-	76	362	2,924	4.9%
	2004	321	-	-	168	-	79	461	1,029	3.8%
	2003	248	-	-	259	-	71	48	626	3.2%
	2002	92	-	-	57	-	76	(246)	(21)	3.6%
	2001	165	-	-	53	-	85	(233)	70	3.7%
	2000	352	-	-	46	-	77	292	767	4.6%

Schedule of Deductions by Type (continued from page 95)

(dollar values expressed in thousands)

Plan	Fiscal Year Ended June 30,	Transfer of Contributions from PRI Fund	Transfer of Assets Outside the System	Benefit Payments	Refund of Contributions	Burial Benefit Payments	Administrative Expenses	Total Deductions	Total Change in Net Assets
Judiciary	2009	\$ -	-	2,643	15	-	8	\$ 2,666	\$ (6,744)
	2008	-	-	2,340	-	-	9	2,349	(199)
	2007	-	-	2,403	-	-	13	2,416	6,964
	2006	-	-	2,346	-	-	10	2,356	4,452
	2005	-	-	2,209	-	-	9	2,218	2,806
	2004	-	-	2,177	60	-	8	2,245	3,921
	2003	-	-	1,971	-	-	10	1,981	1,090
	2002	-	-	1,907	-	-	8	1,915	(1,686)
	2001	-	-	1,949	-	-	8	1,957	(1,664)
	2000	-	-	1,642	-	-	8	1,650	4,799
County & Municipal	2009	\$ -	-	1,054	177	-	110	\$ 1,341	\$ (1,083)
	2008	-	-	836	267	-	96	1,199	6,718
Police and Firefighters'	2007	-	-	715	128	-	84	927	19,843
	2006	-	-	567	153	-	87	807	14,344
	2005	-	-	524	235	-	76	835	11,554
	2004	-	-	447	48	-	60	555	10,143
	2003	-	-	244	105	-	67	416	5,433
	2002	-	-	163	122	-	49	334	1,976
	2001	-	-	151	20	-	94	265	2,133
	2000	-	-	69	50	-	38	157	7,348
County & Municipal	2009	\$ -	-	164	34	-	62	\$ 260	\$ 527
	2008	-	-	133	22	-	53	208	1,552
Other Employees'	2007	-	-	113	74	-	40	227	2,514
	2006	-	-	94	41	-	43	178	1,714
	2005	-	-	84	13	-	30	127	2,797
	2004	-	-	61	19	-	29	109	920
	2003	-	-	52	41	-	26	119	507
	2002	-	-	41	21	-	15	77	(98)
	2001	-	-	26	9	-	21	56	14
	2000	-	-	21	3	-	16	40	727

Schedule of Additions by Source (continued from page 96)

(dollar values expressed in thousands)

Plan	Fiscal Year Ended June 30,	Employer Contributions	Transfer of Contributions From PRI Fund	Transfer of Assets from Outside the System	Member Contributions	Other	Net Investment Income	Net Increase/ (Decrease) in Fair Value of Investments	Total Additions	Employer Contributions As a Percent of Covered Payroll
Delaware	2009	\$ 1,108	-	-	185	-	377	(1,714)	\$ (44)	-
Volunteer	2008	1,045	-	-	200	-	142	140	1,527	-
Firemen's	2007	978	-	-	198	-	167	1,590	2,933	-
	2006	899	-	-	203	-	120	1,100	2,322	-
	2005	810	-	-	213	-	116	772	1,911	-
	2004	694	-	-	208	-	188	1,132	2,222	-
	2003	667	-	-	210	-	193	102	1,172	-
	2002	586	-	-	209	-	240	(797)	238	-
	2001	618	-	-	205	-	291	(783)	331	-
	2000	645	-	-	203	-	282	1,198	2,328	-
Diamond	2009	\$ 694	-	-	211	-	138	(2,166)	\$ (1,123)	6.3%
State Port	2008	715	-	-	203	-	156	(378)	696	7.0%
	2007	626	-	-	209	-	158	1,465	2,458	5.6%
	2006	703	-	-	226	-	109	967	2,005	6.4%
	2005	352	-	-	173	-	98	662	1,285	4.0%
	2004	346	-	-	164	-	150	898	1,558	4.2%
	2003	333	-	-	170	-	143	73	719	3.9%
	2002	341	-	-	157	-	166	(538)	126	4.2%
	2001	386	-	-	154	-	185	(504)	221	4.9%
	2000	389	-	-	143	-	164	684	1,380	5.3%
Closed	2009	\$ 21,775	-	-	20	-	24	-	\$ 21,819	-
State Police	2008	21,267	-	-	24	1	98	-	21,390	-
	2007	19,159	-	-	35	1	227	-	19,422	-
	2006	20,655	-	-	43	1	78	-	20,777	-
	2005	17,020	-	-	49	1	79	-	17,149	-
	2004	19,420	-	6	53	-	51	-	19,530	-
	2003	17,845	-	757	65	-	63	-	18,730	-
	2002	17,805	-	-	64	-	109	-	17,978	-
	2001	17,174	-	-	69	2	234	-	17,479	-
	2000	16,208	-	-	93	2	198	-	16,501	-

Schedule of Deductions by Type (continued from page 97)

(dollar values expressed in thousands)

Plan	Fiscal Year Ended June 30,	Transfer of Contributions from PRI Fund	Transfer of Assets Outside the System	Benefit Payments	Refund of Contributions	Burial Benefit Payments	Administrative Expenses	Total Deductions	Total Change in Net Assets
Delaware	2009	\$ -	-	1,487	65	-	45	\$ 1,597	\$ (1,641)
Volunteer	2008	-	-	1,393	62	-	38	1,493	34
Firemen's	2007	-	-	1,294	72	-	26	1,392	1,541
	2006	-	-	1,230	56	-	25	1,311	1,011
	2005	-	-	1,172	43	-	20	1,235	676
	2004	-	-	1,108	31	-	17	1,156	1,066
	2003	-	-	1,057	48	-	18	1,123	49
	2002	-	-	1,018	44	-	17	1,079	(841)
	2001	-	-	971	55	-	22	1,048	(717)
	2000	-	-	920	29	-	22	971	1,357
Diamond	2009	\$ -	-	270	24	-	43	\$ 337	\$ (1,460)
State Port	2008	-	-	267	16	-	35	318	378
	2007	-	-	269	13	-	32	313	2,145
	2006	-	-	239	24	-	26	289	1,716
	2005	-	-	212	21	-	99	332	953
	2004	-	-	199	23	-	30	252	1,306
	2003	-	-	170	24	-	28	222	497
	2002	-	-	185	15	-	27	227	(101)
	2001	-	-	98	8	-	53	159	62
	2000	-	-	75	12	-	17	104	1,276
Closed	2009	\$ -	-	21,605	-	70	70	\$ 21,745	\$ 74
State Police	2008	-	-	21,106	-	84	58	21,248	142
	2007	-	-	20,343	-	40	50	20,433	(1,011)
	2006	-	-	19,676	-	121	54	19,851	926
	2005	-	-	19,234	-	133	46	19,413	(2,264)
	2004	-	-	18,901	3	63	50	19,017	513
	2003	-	-	18,429	-	77	59	18,565	165
	2002	-	-	17,705	-	56	17	17,778	200
	2001	-	-	17,040	-	54	63	17,157	322
	2000	-	-	16,078	-	30	51	16,159	342

Schedule of Benefit Deductions by Type

(dollar values expressed in thousands)

Plan	Fiscal Year Ended June 30	Benefit Deductions			Total	Refund Deductions		Total
		Service	Survivor	Disability		Death Refunds	Separation Refunds	
State Employees'	2009	\$ 321,214	25,791	22,238	\$ 369,243	\$ 426	\$ 2,646	\$ 3,072
	2008	300,964	24,430	22,676	348,070	441	2,514	2,955
	2007	281,194	23,346	23,284	327,824	591	2,572	3,164
	2006	255,291	21,931	23,099	300,321	367	2,513	2,880
	2005	229,908	20,211	21,162	271,281	349	2,059	2,408
	2004	205,416	18,560	19,262	243,238	278	2,055	2,333
	2003	182,615	16,986	17,525	217,126	549	2,104	2,653
	2002	162,843	16,130	15,851	194,824	332	2,077	2,409
	2001	146,079	14,858	14,375	175,312	373	2,112	2,485
	2000	132,568	13,587	12,967	159,122	205	2,171	2,376
Special	2009	\$ 38	33	7	\$ 78	\$ -	\$ -	\$ -
	2008	45	39	7	91	-	-	-
	2007	48	47	7	102	-	-	-
	2006	61	61	7	129	-	-	-
	2005	62	54	6	122	-	-	-
	2004	63	50	6	119	-	-	-
	2003	61	55	5	121	-	-	-
	2002	82	56	5	143	-	-	-
	2001	70	57	8	135	-	-	-
	2000	73	52	8	133	-	-	-
New State Police	2009	\$ 2,655	198	809	\$ 3,662	\$ -	\$ 63	\$ 63
	2008	1,882	196	804	2,882	-	14	14
	2007	1,499	177	569	2,245	-	15	15
	2006	1,076	140	507	1,723	-	44	44
	2005	646	111	497	1,254	-	99	99
	2004	439	74	409	922	-	75	75
	2003	294	69	326	689	-	102	102
	2002	172	42	153	367	-	87	87
	2001	44	26	219	289	-	33	33
	2000	-	19	147	166	-	56	56
Judiciary	2009	\$ 2,028	501	114	\$ 2,643	\$ -	\$ 15	\$ 15
	2008	1,731	495	114	2,340	-	-	-
	2007	1,761	528	114	2,403	-	-	-
	2006	1,729	505	112	2,346	-	-	-
	2005	1,605	494	110	2,209	-	-	-
	2004	1,598	472	107	2,177	60	-	60
	2003	1,407	459	105	1,971	-	-	-
	2002	1,341	452	114	1,907	-	-	-
	2001	1,497	351	101	1,949	-	-	-
	2000	1,236	298	108	1,642	-	-	-

Schedule of Benefit Deductions by Type (continued)

(dollar values expressed in thousands)

Plan	Fiscal Year Ended June 30	Benefit Deductions			Total	Refund Deductions		Total
		Service	Survivor	Disability		Death Refunds	Separation Refunds	
County & Municipal Police and Firefighters'	2009	\$ 745	60	249	\$ 1,054	\$ -	\$ 177	\$ 177
	2008	617	60	159	836	-	267	267
	2007	499	61	155	715	-	128	128
	2006	365	59	143	567	3	150	153
	2005	323	57	144	524	-	235	235
	2004	227	56	164	447	-	48	48
	2003	85	55	104	244	-	105	105
	2002	71	26	66	163	-	122	122
	2001	72	32	47	151	-	20	20
	2000	-	32	37	69	-	50	50
County & Municipal Other Employees'	2009	\$ 143	4	17	\$ 164	\$ 6	\$ 28	\$ 34
	2008	112	4	17	133	-	22	22
	2007	93	3	17	113	7	67	74
	2006	81	-	13	94	-	41	41
	2005	72	-	12	84	-	13	13
	2004	49	-	12	61	-	19	19
	2003	40	-	12	52	-	41	41
	2002	28	-	13	41	-	21	21
	2001	21	-	5	26	-	9	9
	2000	19	-	2	21	-	3	3
Delaware Volunteer Firemen's	2009	\$ 1,483	4	-	\$ 1,487	\$ 13	\$ 52	\$ 65
	2008	1,393	-	-	1,393	10	52	62
	2007	1,294	-	-	1,294	-	72	72
	2006	1,230	-	-	1,230	-	56	56
	2005	1,172	-	-	1,172	-	43	43
	2004	1,108	-	-	1,108	-	31	31
	2003	1,057	-	-	1,057	-	48	48
	2002	1,018	-	-	1,018	-	44	44
	2001	971	-	-	971	-	55	55
	2000	920	-	-	920	-	29	29
Diamond State Port Corporation	2009	\$ 181	43	46	\$ 270	\$ -	\$ 24	\$ 24
	2008	175	43	49	267	-	16	16
	2007	171	37	61	269	3	10	13
	2006	167	14	58	239	1	23	24
	2005	142	7	63	212	2	19	21
	2004	134	11	54	199	5	18	23
	2003	108	11	51	170	3	21	24
	2002	96	11	78	185	4	11	15
	2001	59	11	28	98	1	7	8
	2000	51	11	13	75	5	7	12

Schedule of Benefit Deductions by Type (continued)*(dollar values expressed in thousands)*

Plan	Fiscal Year Ended June 30	Benefit Deductions			Total	Refund Deductions		Total
		Service	Survivor	Disability		Death Refunds	Separation Refunds	
Closed State	2009	\$ 15,249	3,162	3,194	\$ 21,605	\$ -	\$ -	\$ -
Police	2008	14,960	3,025	3,121	21,106	-	-	-
	2007	14,385	2,905	3,053	20,343	-	-	-
	2006	13,881	2,783	3,012	19,676	-	-	-
	2005	13,693	2,537	3,004	19,234	-	-	-
	2004	13,496	2,446	2,959	18,901	-	3	3
	2003	13,090	2,345	2,994	18,429	-	-	-
	2002	12,635	2,111	2,959	17,705	-	-	-
	2001	12,002	2,131	2,907	17,040	-	-	-
	2000	11,352	1,928	2,798	16,078	-	-	-

Schedule of Retired Members by Type of Benefit by Plan*As of June 30, 2009*

	Amount of Monthly Benefit	Number of Retirants	Type of Retirement		
			Service	Survivor	Disability
State Employees'	Deferred	1,813	-	-	-
	\$1 - 499	4,765	2,407	1,569	789
	500-999	4,578	3,040	910	628
	1,000 - 1,499	3,399	2,692	381	326
	1,500 - 1,999	2,337	2,054	144	139
	2,000 - 2,499	1,800	1,643	72	85
	2,500 - 2,999	1,340	1,265	29	46
	over \$3,000	2,627	2,547	30	50
Special	Deferred	-	-	-	-
	\$1 - 499	15	6	9	-
	500-999	2	-	1	1
	over \$1,000	1	1	-	-
New State Police	Deferred	7	-	-	-
	\$1 - 499	1	1	-	-
	500-999	-	-	-	-
	1,000 - 1,499	1	-	-	1
	1,500 - 1,999	2	1	1	-
	2,000 - 2,499	7	4	-	3
	2,500 - 2,999	16	10	3	3
	over \$3,000	61	49	2	10

Schedule of Retired Members by Type of Benefit by Plan (continued)

As of June 30, 2009

	Amount of Monthly Benefit	Number of Retirants	Type of Retirement		
			Service	Survivor	Disability
Judiciary	Deferred	-	-	-	-
	\$1 - 499	-	-	-	-
	500-999	-	-	-	-
	1,000 - 1,499	1	-	1	-
	1,500 - 1,999	1	-	1	-
	2,000 - 2,499	2	-	2	-
	2,500 - 2,999	5	1	4	-
	over \$3,000	31	23	6	2
County & Municipal	Deferred	15	-	-	-
Police and	\$1 - 499	1	1	-	-
Firefighters'	500-999	2	2	-	-
	1,000 - 1,499	6	1	1	4
	1,500 - 1,999	8	3	2	3
	2,000 - 2,499	12	9	-	3
	2,500 - 2,999	11	11	-	-
	over \$3,000	4	3	-	1
County & Municipal	Deferred	7	-	-	-
Other Employees'	\$1 - 499	15	12	1	2
	500-999	13	12	-	1
	1,000 - 1,499	1	1	-	-
	1,500 - 1,999	-	-	-	-
	over \$2,000	1	1	-	-
Delaware Volunteer	Deferred	71	-	-	-
Firemen's	\$1 - 74	617	617	-	-
	75 - 99	394	394	-	-
	over \$100	466	465	1	-
Diamond State Port	Deferred	4	-	-	-
Corporation	\$1 - 499	17	12	5	-
	500-999	10	6	2	2
	1,000 - 1,499	7	4	1	2
	1,500 - 1,999	1	1	-	-
	over \$2,000	-	-	-	-
Closed State Police	Deferred	-	-	-	-
	\$1 - 499	-	-	-	-
	500-999	-	-	-	-
	1,000 - 1,499	-	-	-	-
	1,500 - 1,999	6	1	5	-
	2,000 - 2,499	67	-	60	7
	2,500 - 2,999	92	55	30	7
	over \$3,000	384	313	11	60

Schedule of Average Benefit Payments by Plan

The following schedules are presented only for those plans with retirees and/or beneficiaries as of June 30, 2009, whose benefits are based on years of service or salary. Accordingly, the Special Pension Plan is not included.

Credited Service	2009 State Employees' Pension Plan			2009 New State Police Pension Plan		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
Less than 5 years						
Average Monthly Benefit	\$ 667	\$ 396	\$ 910	\$ 5	\$ 3,258	\$ 2,579
Average Final Salary	\$ 16,561	\$ -	\$ 53,206	\$ 14,160	\$ -	\$ 46,507
Number of Active Retirees	30	80	1	1	2	2
5 - 9.99 years						
Average Monthly Benefit	\$ 380	\$ 256	\$ 300	\$ -	\$ 2,743	\$ 2,656
Average Final Salary	\$ 37,815	\$ -	\$ 25,206	\$ -	\$ -	\$ 42,454
Number of Active Retirees	913	363	452	-	2	4
10 - 14.99 years						
Average Monthly Benefit	\$ 556	\$ 356	\$ 526	\$ 2,017	\$ 2,851	\$ 2,554
Average Final Salary	\$ 35,903	\$ -	\$ 29,069	\$ 99,999	\$ -	\$ 45,164
Number of Active Retirees	1,294	502	485	1	1	3
15 - 19.99 years						
Average Monthly Benefit	\$ 423	\$ 482	\$ 828	\$ 3,250	\$ 1,650	\$ 4,465
Average Final Salary	\$ 37,402	\$ -	\$ 32,702	\$ 69,986	\$ -	\$ 59,956
Number of Active Retirees	2,295	572	439	8	1	5
20 - 24.99 years						
Average Monthly Benefit	\$ 1,704	\$ 636	\$ 1,172	\$ 3,621	\$ -	\$ 6,757
Average Final Salary	\$ 39,014	\$ -	\$ 35,670	\$ 79,583	\$ -	\$ 79,867
Number of Active Retirees	2,455	538	334	37	-	3
25 - 29.99 years						
Average Monthly Benefit	\$ 1,832	\$ 856	\$ 1,717	\$ 5,909	\$ -	\$ -
Average Final Salary	\$ 44,319	\$ -	\$ 34,557	\$ 87,345	\$ -	\$ -
Number of Active Retirees	3,114	394	230	18	-	-
30 - 34.99 years						
Average Monthly Benefit	\$ 2,517	\$ 1,168	\$ 2,250	\$ -	\$ -	\$ -
Average Final Salary	\$ 48,794	\$ -	\$ 51,778	\$ -	\$ -	\$ -
Number of Active Retirees	3,814	432	87	-	-	-
35 - 39.99 years						
Average Monthly Benefit	\$ 3,266	\$ 1,547	\$ 2,949	\$ -	\$ -	\$ -
Average Final Salary	\$ 58,795	\$ -	\$ 46,545	\$ -	\$ -	\$ -
Number of Active Retirees	1,398	196	28	-	-	-
40 years and over						
Average Monthly Benefit	\$ 3,594	\$ 1,845	\$ 2,571	\$ -	\$ -	\$ -
Average Final Salary	\$ 55,284	\$ -	\$ 32,935	\$ -	\$ -	\$ -
Number of Active Retirees	335	58	7	-	-	-

Schedule of Average Benefit Payments by Plan (continued)

Credited Service	2009 Judiciary Pension Plan			2009 County & Municipal Police and Firefighters' Pension Plan		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
Less than 5 years						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ 56	\$ 1,588	\$ 1,460
Average Final Salary	\$ -	\$ -	\$ -	\$ 42,000	\$ -	\$ 27,400
Number of Active Retirees	-	-	-	1	2	1
5 - 9.99 years						
Average Monthly Benefit	\$ 6,566	\$ -	\$ 5,439	\$ -	\$ -	\$ 1,537
Average Final Salary	\$ 121,230	\$ -	\$ 121,230	\$ -	\$ -	\$ 39,420
Number of Active Retirees	1	-	1	-	-	2
10 - 14.99 years						
Average Monthly Benefit	\$ 4,602	\$ 2,290	\$ 4,076	\$ 757	\$ -	\$ 2,185
Average Final Salary	\$ 101,257	\$ -	\$ 79,846	\$ 39,844	\$ -	\$ 48,635
Number of Active Retirees	6	4	1	2	-	4
15 - 19.99 years						
Average Monthly Benefit	\$ 6,283	\$ -	\$ -	\$ 2,279	\$ -	\$ 1,834
Average Final Salary	\$ 84,657	\$ -	\$ -	\$ 66,018	\$ -	\$ 45,619
Number of Active Retirees	5	-	-	6	-	2
20 - 24.99 years						
Average Monthly Benefit	\$ 7,868	\$ 2,905	\$ -	\$ 2,608	\$ -	\$ 2,019
Average Final Salary	\$ 98,655	\$ -	\$ -	\$ 56,749	\$ -	\$ 49,333
Number of Active Retirees	8	4	-	21	-	2
25 - 29.99 years						
Average Monthly Benefit	\$ 9,296	\$ 3,694	\$ -	\$ -	\$ 1,800	\$ -
Average Final Salary	\$ 106,491	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	3	5	-	-	1	-
30 - 34.99 years						
Average Monthly Benefit	\$ 8,301	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Salary	\$ 118,522	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	1	-	-	-	-	-
35 - 39.99 years						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-
40 years and over						
Average Monthly Benefit	\$ -	\$ 4,739	\$ -	\$ -	\$ -	\$ -
Average Final Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	1	-	-	-	-

Schedule of Average Benefit Payments by Plan (continued)

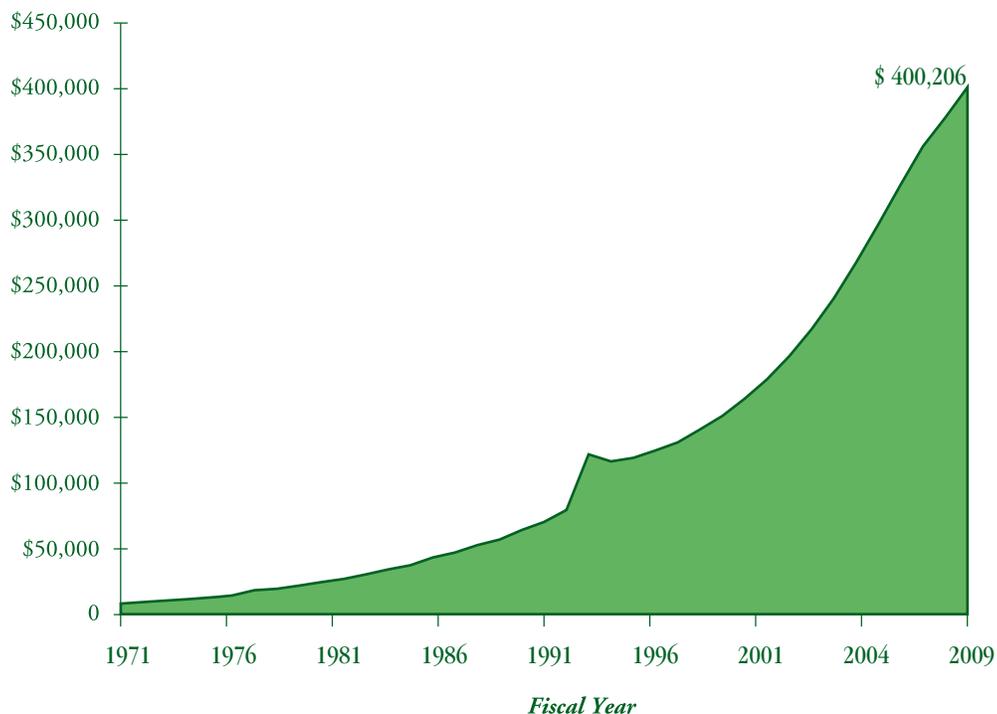
Credited Service	2009 County & Municipal Other Employees' Pension Plan			2009 Delaware Volunteer Firemen's Pension Plan		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
Less than 5 years						
Average Monthly Benefit	\$ 279	\$ 361	\$ -	\$ -	\$ -	\$ -
Average Final Salary	\$ 23,366	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	1	1	-	-	-	-
5 - 9.99 years						
Average Monthly Benefit	\$ 195	\$ -	\$ 184	\$ -	\$ -	\$ -
Average Final Salary	\$ 25,682	\$ -	\$ 24,070	\$ -	\$ -	\$ -
Number of Active Retirees	7	-	1	-	-	-
10 - 14.99 years						
Average Monthly Benefit	\$ 579	\$ -	\$ 375	\$ 57	\$ -	\$ -
Average Final Salary	\$ 39,966	\$ -	\$ 24,099	\$ -	\$ -	\$ -
Number of Active Retirees	7	-	1	618	-	-
15 - 19.99 years						
Average Monthly Benefit	\$ 689	\$ -	\$ -	\$ 84	\$ -	\$ -
Average Final Salary	\$ 27,489	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	8	-	-	392	-	-
20 - 24.99 years						
Average Monthly Benefit	\$ 662	\$ -	\$ 851	\$ 109	\$ -	\$ -
Average Final Salary	\$ 20,969	\$ -	\$ 24,241	\$ -	\$ -	\$ -
Number of Active Retirees	2	-	1	254	-	-
25 - 29.99 years						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ 125	\$ 125	\$ -
Average Final Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	212	1	-
30 - 34.99 years						
Average Monthly Benefit	\$ 1,039	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Salary	\$ 24,683	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	1	-	-	-	-	-
35 - 39.99 years						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-
40 years and over						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-

Schedule of Average Benefit Payments by Plan (continued)

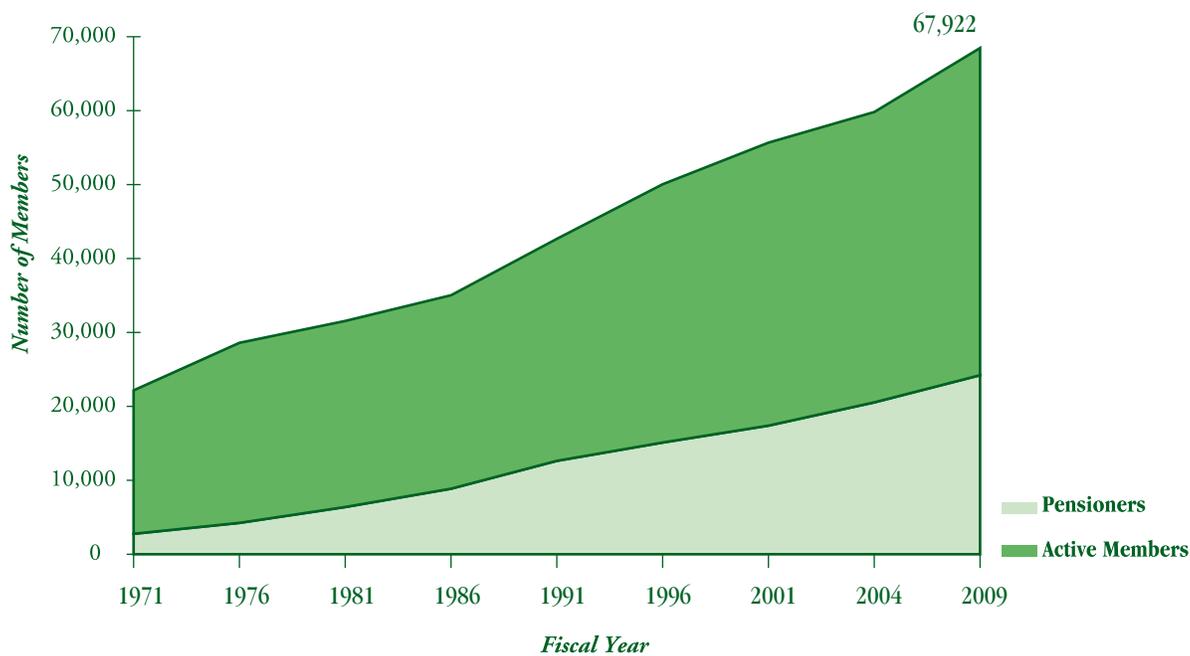
Credited Service	2009 Diamond State Port Corporation Pension Plan			2009 Closed State Police Pension Plan		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
Less than 5 years						
Average Monthly Benefit	\$ -	\$ 443	\$ -	\$ -	\$ 2,553	\$ 2,855
Average Final Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,172
Number of Active Retirees	-	8	-	-	2	3
5 - 9.99 years						
Average Monthly Benefit	\$ 333	\$ -	\$ -	\$ -	\$ 2,397	\$ 3,141
Average Final Salary	\$ 23,196	\$ -	\$ -	\$ -	\$ -	\$ 25,793
Number of Active Retirees	3	-	-	-	3	20
10 - 14.99 years						
Average Monthly Benefit	\$ 436	\$ -	\$ -	\$ -	\$ 2,406	\$ 3,354
Average Final Salary	\$ 51,500	\$ -	\$ -	\$ -	\$ -	\$ 28,825
Number of Active Retirees	8	-	-	-	9	25
15 - 19.99 years						
Average Monthly Benefit	\$ 795	\$ -	\$ 968	\$ -	\$ 3,077	\$ 3,873
Average Final Salary	\$ 45,938	\$ -	\$ 38,047	\$ -	\$ -	\$ 47,695
Number of Active Retirees	8	-	3	-	7	16
20 - 24.99 years						
Average Monthly Benefit	\$ 996	\$ -	\$ -	\$ 3,283	\$ 2,521	\$ 4,765
Average Final Salary	\$ 38,105	\$ -	\$ -	\$ 63,167	\$ -	\$ 51,154
Number of Active Retirees	1	-	-	307	82	10
25 - 29.99 years						
Average Monthly Benefit	\$ 853	\$ -	\$ -	\$ 4,169	\$ 2,399	\$ -
Average Final Salary	\$ 37,626	\$ -	\$ -	\$ 84,568	\$ -	\$ -
Number of Active Retirees	2	-	-	49	3	-
30 - 34.99 years						
Average Monthly Benefit	\$ -	\$ -	\$ 917	\$ 4,827	\$ -	\$ -
Average Final Salary	\$ -	\$ -	\$ 34,260	\$ 99,394	\$ -	\$ -
Number of Active Retirees	-	-	1	13	-	-
35 - 39.99 years						
Average Monthly Benefit	\$ 1,892	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Salary	\$ 44,144	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	1	-	-	-	-	-
40 years and over						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-

Total Benefit Payments Chart

expressed in thousands



Total Membership Chart



Schedule of Participating Employers

State Employees' Pension Plan (established 1970)

State of Delaware, which includes:
 State of Delaware Charter Schools (1996)
 Delaware National Guard
 Delaware Solid Waste Authority (1986)
 Delaware State University
 Delaware Technical & Community College
 University of Delaware (excluding most faculty and designated professional staff)

Closed State Police Plan (established 1970)

Delaware State Police (Appointed before July 1, 1980)

New State Police Plan (established 7/1980)

Delaware State Police (Appointed after July 1, 1980)

Judiciary Pension Plans (established 1970)

Appointed members of the State Judiciary

Diamond State Port Corporation Plan (established 1996)

Diamond State Port Corporation Employees

County & Municipal Police and Firefighters' Plans

Town of Bethany Beach (7/2006)
 Town of Bridgeville (2/2009)
 Town of Camden (7/2003)
 Town of Cheswold (9/2002)
 Town of Clayton (7/2006)
 Town of Dagsboro (7/1989)
 Town of Delmar (7/1990)
 Town of Dewey Beach (5/1991)
 City of Dover (7/1985)
 Town of Felton (1/2001)
 Town of Fenwick Island (8/2007)
 Town of Georgetown (7/1990)
 City of Harrington (7/1989)
 Town of Laurel (1/2006)
 Town of Lewes (7/2008)
 Town of Middletown (1/2007)
 City of Milford (1/2005)
 Town of Millsboro (7/1999)
 Town of Milton (10/2003)
 City of New Castle (7/1995)
 New Castle County (2/1993)
 Town of Newport (8/2005)
 Town of Ocean View (5/2003)
 Town of Rehoboth Beach (4/2005)
 Town of Seaford (12/2008)
 Town of South Bethany (7/2005)
 City of Wilmington (8/1991)
 Town of Wyoming (5/2003)

County & Municipal Other Employees' Plan

Town of Bethany Beach (7/2006)
 Town of Camden (10/2006)
 Town of Cheswold (9/2002)
 Cheswold Fire Company (7/2007)
 Town of Clayton (7/2004)
 Delaware City Fire Company (7/2002)
 Elsmere Fire Company (8/2007)
 Felton Fire Company (7/2000)
 Town of Felton (4/2006)
 Five Points Fire Company (10/2007)
 Town of Georgetown (7/1990)
 Good-Will Fire Company (7/2002)
 City of Harrington (7/2002)
 Harrington Fire Company (7/1999)
 Kent Conservation District (11/2002)
 Lewes Fire Company (7/2002)
 City of Milford (1/2005)
 Mill Creek Fire Company (1/2007)
 Town of Millsboro (7/1999)
 Millville Fire Company (11/2003)
 Town of Milton (10/2003)
 City of New Castle (7/1995)
 Town of Newport (7/2004)
 Town of Ocean View (5/2003)
 Port Penn Fire Co. (11/2003)
 Riverfront Development Corp. (7/2006)
 Town of South Bethany (5/2003)
 Seaford Fire Company (1/2009)
 Sussex Conservation District (7/1987)
 Townsend Fire Company (7/1999)
 Volunteer Hose Co. of Middletown (5/1998)
 Town of Wyoming (5/2003)

Delaware Local Gov't Retirement Investment Pool

Town of Elsmere (3/2002)
 Town of Newport (2/2005)
 Sussex County Government (12/1996)

County & Municipal COLA Fund

City of Dover (1991)
 Town of New Castle (1996)
 New Castle County (1993)
 City of Wilmington (1992)

Delaware Volunteer Firemen's Pension Plan (established 1987)

Aetna Hose, Hook & Ladder Co. & Auxiliary
 Brandywine Hundred Fire Co. & Auxiliary
 Christiana Fire Co. & Auxiliary
 Claymont Fire Co. & Auxiliary
 Cranston Heights Fire Co. & Auxiliary
 Delaware City Fire Co. & Auxiliary
 Elsmere Fire Co. & Auxiliary
 Five Points Fire Co. No. 1 & Auxiliary
 Good-Will Fire Co. & Auxiliary
 Hockessin Fire Co. & Auxiliary
 Holloway Terrace Fire Co. & Auxiliary
 Mill Creek Fire Co. & Auxiliary
 Minquadale Fire Co. & Auxiliary
 Minquas Fire Co. & Auxiliary
 Odessa Fire Co. & Auxiliary
 Talleyville Fire Co. & Auxiliary
 Townsend Fire Co. & Auxiliary
 Volunteer Hose Co.
 Wilmington Manor Fire Co. & Auxiliary
 Port Penn Volunteer Fire Co. & Auxiliary
 Belvedere Fire Co. & Auxiliary
 Bowers Fire Co. & Auxiliary
 Camden-Wyoming Fire Co. & Auxiliary
 Carlisle Fire Co. & Auxiliary
 Cheswold Fire Co. & Auxiliary
 Citizens Hose Co. No. 1 & Auxiliary
 Clayton Fire Co. & Auxiliary
 Robbins Hose Fire Co.
 Farmington Fire Co. & Auxiliary
 Felton Community Fire Co. & Auxiliary
 Frederica Fire Co. & Auxiliary

Harrington Fire Co. & Auxiliary
 Hartly Fire Co. & Auxiliary
 Houston Fire Co. & Auxiliary
 Leipsic Fire Co. & Auxiliary
 Little Creek Fire Co. & Auxiliary
 Magnolia Fire Co. & Auxiliary
 Marydel Fire Co. & Auxiliary
 South Bowers Fire Co. & Auxiliary
 Smyrna American Legion Ambulance
 Bethany Beach Fire Co. & Auxiliary
 Blades Fire Co. & Auxiliary
 Bridgeville Fire Co. & Auxiliary
 Dagsboro Fire Co. & Auxiliary
 Delmar Fire Co. & Auxiliary
 Ellendale Fire Co. & Auxiliary
 Frankford Fire Co. & Auxiliary
 Georgetown Fire Co. & Auxiliary
 Greenwood Fire Co. & Auxiliary
 Gumboro Fire Co. & Auxiliary
 Indian River Fire Co. & Auxiliary
 Laurel Fire Co. & Auxiliary
 Lewes Fire Co.
 Millsboro Fire Co. & Auxiliary
 Millville Fire Co. & Auxiliary
 Milton Fire Co. & Auxiliary
 Rehoboth Beach Fire Co. & Auxiliary
 Seaford Fire Co. & Auxiliary
 Selbyville Fire Co. & Auxiliary
 Memorial Fire Co. & Auxiliary
 Roxana Fire Co. & Auxiliary
 Mid-Sussex Rescue Squad
 Georgetown Volunteer Ambulance Service

Pension Office Programmatic Goal is to maintain comprehensive and responsive systems for benefits and funds management, which helps retain a quality workforce and provides a secure and supportive retirement commitment.

