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Tulare County Employees' Retirement Association

**Report on the Actuarial
Valuation as of June 30, 2010**

**TULARE COUNTY
EMPLOYEES' RETIREMENT
ASSOCIATION**

**REPORT ON THE
ACTUARIAL VALUATION
AS OF JUNE 30, 2010**

November 17, 2010

Board of Retirement
Tulare County Employees'
Retirement Association
136 N. Akers
Visalia, CA 93291

Members of the Board:

We are pleased to present our report on the actuarial valuation of the Tulare County Employees' Retirement Association as of June 30, 2010. The actuarial valuation is based on unaudited financial information and member data provided by the Retirement Association and summarized in this report.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures, using an actuarial cost method which we believe is reasonable. This report fully and fairly discloses the actuarial position of the plan.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and reasonable expectations, and represent our best estimate of the anticipated experience under the plan. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Section 8.

I am an Enrolled Actuary and a Member of the American Academy of Actuaries. I meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice.

We look forward to discussing this report with the Board and wish to express our appreciation for the invaluable cooperation extended to us by the Retirement Staff during the course of this study.

Respectfully submitted,



Charlie Chittenden, FSA, EA, MAAA
Principal and Consulting Actuary

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Section 1: Executive Summary

The table below summarizes the principal results from the current and the prior valuations.

<u>Item</u>	<u>Actuarial Valuation as of</u>		<u>Change Between Years</u>	
	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>Amount</u>	<u>Percent</u>
Contribution Summary*				
Average Employer Contribution Rate	10.67%	12.39%	1.72%	16.1%
Estimated Employer Contributions	\$24,259,000	\$26,992,000	\$2,733,000	11.3%
Average Member Contribution Rate	7.67%	7.80%	0.13%	1.7%
Estimated Member Contributions	\$16,958,000	\$16,778,000	(\$180,000)	-1.1%
Value of Assets				
Market Value of Assets	\$760,959,057	\$833,327,605	\$72,368,548	9.5%
Rate of Return for Last 12 Months	-20.79%	10.29%	31.09%	N/A
Actuarial Value of Assets	\$919,178,551	\$946,640,331	\$27,461,780	3.0%
Rate of Return for Last 12 Months	5.09%	3.62%	-1.47%	-28.9%
GASB No. 25 Funded Status				
Actuarial Accrued Liability	\$996,746,659	\$1,033,210,615	\$36,463,956	3.7%
Unfunded Actuarial Accrued Liability/(Surplus)	\$77,568,108	\$86,570,284	\$9,002,176	11.6%
Funded Ratio	92.20%	91.60%	-0.60%	-0.7%
Summary of Data				
Active Participants	4,436	4,241	-195	-4.4%
Participants with Deferred Benefits	1,829	1,766	-63	-3.4%
Retired Participants and Beneficiaries	<u>2,099</u>	<u>2,181</u>	<u>82</u>	3.9%
Total	8,364	8,188	-176	-2.1%
Retired Participant Statistics				
Total Annual Allowance	\$37,485,607	\$41,495,219	\$4,009,612	10.7%
Average Annual Allowance	\$17,859	\$19,026	\$1,167	6.5%
Active Participant Statistics				
Total Annual Compensation	\$227,305,938	\$217,811,354	(\$9,494,584)	-4.2%
Average Annual Compensation	\$51,241	\$51,358	\$117	0.2%
Average Age	42.87	43.16	0.29	0.7%
Average Service	8.62	9.36	0.74	8.6%
Key Assumptions				
Interest rate	7.75%	7.75%	0.00%	0.0%
Inflation	4.00%	4.00%	0.00%	0.0%

* Weighted by June 30, 2010 payroll.

Section 1: Executive Summary

Purpose

Buck Consultants has prepared this report to present the results of the June 30, 2010 actuarial valuation of the Tulare County Employees' Retirement Association (the "System"). The main purposes of the report are to:

1. Review the experience of the System over the past year and identify reasons for changes in costs;
2. Recommend economic assumptions to be used in computing System liabilities and costs;
3. Calculate the annual contribution required to fund the System in accordance with actuarial principles;
4. Project any emerging trends in Association costs;
5. Present items required for disclosure under Statement No. 25 of the Governmental Accounting Standards Board (GASB).

Significant Changes Since Last Year

No changes in actuarial methods have been made since last year.

Contribution Rates

During the year, the return on the actuarial value of assets was 3.62%, 4.28% less than the actuarial assumption of 7.90%. In addition, there was a gain on the actuarial liability in fiscal 2010. The net result is an increase in the recommended County contribution rate from 10.67% as of June 30, 2009, to 12.39% as of June 30, 2010.

The contribution rates reflect the economic and non-economic assumptions recommended in the June 30, 2009, Experience Study.

Asset Returns

During the twelve months ended June 30, 2010, the Association assets had an investment return of 10.29% on a market value basis and 3.62% on an actuarial value basis, compared to the actuarial assumption of 7.90%.

Section 1: Executive Summary

Funding Ratio - GASB 25

The Governmental Accounting Standards Board Statement No. 25 (GASB 25) requires that the funding progress be shown based on the same funding method which was used to develop the system's contribution requirements, the Entry Age Normal Cost funding method. The funding ratio decreased from 92.2% on June 30, 2009, to 91.6% on June 30, 2010.

Noneconomic Assumptions

A triennial experience study of the members of the Association was performed at the time of the June 30, 2009, valuation. At that time, we analyzed the plan experience during the three-year period from July 1, 2005, through June 30, 2008, regarding service retirements, deaths, disabilities and terminations of employment, and compared the number of actual terminations to the incidence expected using the prior actuarial assumptions. Where the results differed materially, we recommended and the Board approved modifying the assumptions. We anticipate that we will use these new actuarial assumptions until the next experience analysis, which is due to be performed at the time of the June 30, 2011, actuarial valuation.

We have reflected both age and service in determining eligibility for applying the decrements.

Economic Assumptions

To ensure that the same inflationary expectations are consistently included in all of the economic assumptions, we have used a building block approach in developing these assumptions. That is, we assumed that the investment return earned over the long-term comprises inflation and the real rate of return. In addition, we have assumed future salary increases comprise inflation, merit and longevity increases.

Inflation Assumption

We recommend that the current 4.00% long-term level of inflation be continued.

Investment Return Assumption

Based upon future anticipated long-term returns on the Association's targeted asset mixes, we also recommend that the 3.75% future real rate of return be continued. In combination, these assumptions equate to a 7.75% long-term investment return assumption. Since interest is credited semi-annually, the nominal rate of 3.875%

Section 1: Executive Summary

produces an effective annual rate of 7.90%.

Salary Increase Assumption

We incorporated the same inflation assumption, 4.00%, into the recommended long-term salary increase assumption. The overall effect of the merit and longevity increases is to add approximately 1.50% to the total salary increase assumption.

Actuarial Value of Assets

The Board has adopted an actuarial value of assets method that recognizes the difference between expected and actual market returns, net of expenses, over a 10-year period. The net market value of assets was \$833,327,605 and the net current actuarial value of assets under this method was \$946,640,331, not including the Supplemental Retiree Benefit Reserve or the Contingency Reserve.

Actuarial Balance Sheet

The actuarial balance sheet compares the present value of all future benefits anticipated to be paid for the current membership with the sources of funds to be used to provide these benefits. It illustrates that if recommended contribution levels made in the future prove out over time, current assets plus future employer and member contributions will be adequate to meet future benefit payments for the current membership.

Interest Crediting Policy

The Retirement Board has adopted an interest crediting policy following the provisions of Section 5.5 of the 1937 Act. The target interest rate for reserves is the actuarially assumed rate. Reserves are first credited with the rate of return on the actuarial value of assets each six months, but no more than the actuarial assumption. Next, any actuarially determined returns in excess of the actuarial assumption are split 50-50 between the regular reserves and the Supplemental Retiree Benefits Reserve.

Section 2: Assets

Assets

The following discussion focuses on the assets of the Tulare County Employees' Retirement Association, which is a key component in the determination of the Association's funding status.

Financial Exhibits

Exhibit 2.1 presents a statement of net Plan assets at Market Value

Exhibit 2.2 presents a statement of changes in net Plan assets

Exhibit 2.3 presents the derivation of the Actuarial Value of Assets

Exhibit 2.4 presents the derivation of the asset gain and loss for the year

Exhibit 2.5 presents the historical returns on the Association's assets

Market Value of Assets

Represents the fair market value of assets as of June 30, 2010 as reported by the System.

Actuarial Value of Assets

The Board has adopted an actuarial value of assets method that recognizes the difference between expected and actual market returns, net of expenses, over a 10-year period. The net market value of assets was \$833,327,605 and the net current actuarial value of assets under this method was \$946,640,331, not including the Supplemental Retiree Benefit Reserve or the Contingency Reserve.

Valuation Assets

Represents the actuarial value of the fund, less the value of any special reserves that have been set aside for benefits that are to be funded outside the actuarially determined contribution rates. As of the valuation date, there are two special reserves: the Supplemental Retiree Benefits Reserve and the Contingency Reserve.

Asset Returns

During the twelve months ended June 30, 2010, the Association assets had an investment return of 10.29% on a market value basis and 3.62% on an actuarial value basis, compared to the actuarial assumption of 7.90%.

Section 2: Assets

EXHIBIT 2.1 – STATEMENT OF PLAN NET ASSETS AS OF JUNE 30, 2010

	<u>June 30 2010</u>
ASSETS	<u>Combined</u>
Current Assets	
Checking/Savings	
1110 · Cash in County Treasury	4,028,223.31
1120 · Cash in Custodial Account	3,134,708.68
1130 · Short Term Investments	13,386,595.94
1140 · Securities Lending Collateral	46,580,251.44
1150 · Impaired Assets	70,454.99
Total Checking/Savings	<u>67,200,234.36</u>
Other Current Assets	
1310 · Fixed Income - Market	236,273,515.82
1340 · Equities - Market	453,912,038.98
1370 · Real Estate - Market	
1371 · Accrued Performance Fees	-686,955.00
1370 · Real Estate - Market - Other	11,352,985.98
Total 1370 · Real Estate - Market	10,666,030.63
1375 - Real Estate - REIT	68,525,610.43
1385 –Hedge Funds	30,782,896.31
1386 – Private Equity	20,614,780.57
1390 – Futures Overlay	3,507,835.98
Total Other Current Assets	<u>824,282,708.72</u>
Total Current Assets	891,482,943.08
Fixed Assets	
1501 · Building and Improvements	972,530.75
1505 · Office Equipment & Computer Sys	239,715.83
1506 · Project in Process CPAS	483,156.00
1511 · Allowance for Depreciation	-388,559.09
1512 · Land	650,000.00
Total Fixed Assets	<u>1,956,843.49</u>
Other Assets	
1710 · Open Trades Sales	34,287,960.36
1730 · Investment Income Receivable	2,434,809.44
1735 · Real Estate Income Receivable	6,270.00
1750 · Members Contribution Receivable	550,340.88
1770 · County Contribution Receivable	36,762.46
1780 · Advances Rec- Holding Corp	920,591.00
Total Other Assets	<u>38,236,734.14</u>
TOTAL ASSETS	<u><u>931,676,520.71</u></u>

Section 2: Assets

EXHIBIT 2.1 – STATEMENT OF PLAN NET ASSETS AS OF JUNE 30, 2010

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 · Accounts Payable	32,931.48
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Other Current Liabilities

2010 · Sec Lndg Collateral Payable	46,580,251.44
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2020 · Open Trades - Purchases	47,834,537.22
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2030 · Accounts Payable - Inv	879,887.04
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2040 · Refunds Payable	1,710,533.74
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2050 · Other Payables	187,624.50
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2100 · Advances Payable-TCERA	23,209.63
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Total Other Current Liabilities	97,216,043.57
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Total Current Liabilities	97,248,975.05
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Long Term Liabilities

2060 · Accrual For Benefits At Termination	74,734.33
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2070 · Advances Payable - TCERA	920,591.00
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Total Long Term Liabilities	995,325.33
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Total Liabilities	98,244,300.38
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Equity

3110 · Member Deposit Reserve	223,372,679.45
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3120 · Other Reserves - Unapportioned	-180,252.76
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3210 · County Advanced Reserves	
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3210.1 · County Advanced Reserves	409,629,715.54
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Total 3210 · County Advanced Reserves	409,629,715.54
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3310 · Retiree Reserves	313,681,994.04
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3320 · Supp. Retiree Benefit Reserve	120,492,921.41
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3410 · Contingency Reserve	26,451,705.49
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3510 · Market Stabilization	-260,257,353.00
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3900 · Retained earnings	-71,982,298.26
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Net Income	72,223,108.42
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Total Equity	833,432,220.33
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TOTAL LIABILITIES & EQUITY	931,676,520.71
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Section 2: Assets

EXHIBIT 2.2 – STATEMENT OF CHANGES IN PLAN NET ASSETS

Ordinary Income/Expense	
Income	
4110 · Interest Income (TCERA & TCERA Prop)	5,494,135.87
4120 · Dividend Income	6,399,878.47
4130 · Real Estate Income	3,101,325.09
4140 · Other Investment Income	60,470.73
4200 · Lease Payments from TCERA	49,561.80
4310 · Commission Rebates	6,950.98
4410 · Securities Lending Income	172,782.69
4510 · Realized Gains/Losses	53,926,353.04
4530 · Gn/Ls Disposal of Fixed Asset	-5,258.88
4610 · Employee Contributions	18,330,593.87
4620 · Employer Contributions	25,339,346.31
Total Income	<u>112,876,139.97</u>
Expense	
5110 · Benefit Payments	46,073,058.72
5120 · Refunds	3,271,978.89
5210 · Investment Management Fees	2,632,652.03
5250 · Inv.Consultant/Custodial Fees	343,733.24
5270 · Securities Lending Expense	14,854.13
5275 · Real Estate Investment Expense	0.00
5276 · Real Estate Mgr Fees	0.00
5280 · Other Investment Expense	56,958.34
5310 · Legal Fees	0.00
5410 · Actuarial Study Fees	49,377.00
5420 · Ret. Information System Exp.	0.00
5450 · Compensated Benefit Expense	-8,142.06
5500 · Administrative Expense	1,572,260.34
5750 · TCERA Property Admin. Expense	41,380.40
5910 · Depreciation of Fixed Assets	43,665.78
Total Expense	<u>54,091,776.81</u>
Net Ordinary Income	58,784,363.16
Other Income/Expense	
Other Income	
4520 · Unrealized Gains/Losses	13,436,470.06
4525 · Unrealized Gains/Losses – Build/Land	0.00
5000 · Other Income	2,275.20
Total Other Income	<u>13,438,745.26</u>
Net Other Income	<u>13,438,745.26</u>
Net Income	<u><u>72,223,108.42</u></u>

Section 2: Assets

EXHIBIT 2.3 – ACTUARIAL VALUE OF ASSETS

<u>Six Month Period From</u>	<u>Six Month Period To</u>	<u>Total Actual Market Return (net)</u>	<u>Expected Market Return (net)</u>	<u>Investment Gain (Loss)</u>	<u>Deferred Factor</u>	<u>Deferred Return</u>
07/01/05	12/31/05	65,516,363	31,179,963	34,336,400	0	0
01/01/06	06/30/06	37,530,222	33,331,266	4,198,956	0.10	419,896
07/01/06	12/31/06	92,320,721	34,876,170	57,444,551	0.20	11,488,910
01/01/07	06/30/07	70,966,904	38,054,052	32,912,851	0.30	9,873,855
07/01/07	12/31/07	(8,184,032)	41,163,240	(49,347,273)	0.40	(19,738,909)
01/01/08	06/30/08	(73,673,654)	40,424,031	(114,097,685)	0.50	(57,048,842)
07/01/08	12/31/08	(206,287,879)	37,876,305	(244,164,185)	0.80	(195,331,348)
01/01/09	06/30/09	5,932,310	29,502,818	(23,570,509)	0.85	(20,034,932)
07/01/09	12/31/09	111,719,499	29,390,608	82,328,891	0.90	74,096,002
01/01/10	06/30/10	(33,675,854)	33,673,605	(67,349,458)	0.95	(63,981,985)
1. Total deferred return						(260,257,353)
2. Market Value of Assets as of June 30, 2010*						833,327,605
3. Actuarial Value of Assets including Reserves as of June 30, 2010 (2) – (1)						1,093,584,958
4. Non-valuation reserves and designations:						
Supplemental Retiree Benefit Reserve						120,492,921
Reserve for Interest Fluctuation (Contingency Reserve)						26,451,705
Total						146,944,627
5. Final Actuarial Value of Assets excluding Reserves as of June 30, 2010 (3) – (4)						946,640,331

* The market value of assets is equal to the total equity amount on page 7 (\$833,432,220.33) plus adjustments since the August 20 date of interest approval and posting.

Section 2: Assets

EXHIBIT 2.4 – ASSET GAIN/LOSS

		<u>Market Value</u>		<u>Actuarial Value</u>
Total as of June 30, 2009	\$	760,959,057	\$	919,178,551
Changes During the Year				
Employer Contributions		25,339,346		25,339,346
Member Contributions		18,330,594		18,330,594
Benefit Payments		(46,073,059)		(46,073,059)
Refunds		(3,271,979)		(3,271,979)
Investment Expenses		(3,097,575)		(3,097,575)
Administrative Expenses		(1,564,118)		(1,564,118)
Investment Return		82,705,339		37,798,571
Total assets as of June 30, 2010	\$	833,327,605	\$	946,640,331
Expected Investment Return	\$	59,891,599	\$	72,390,939
Expected Assets	\$	815,175,559	\$	985,894,392
Asset Gain/(Loss)	\$	18,152,046	\$	(39,254,061)
Gross Return	\$	82,705,338	\$	37,798,571
Net of Expenses	\$	78,043,645	\$	33,136,878
Gross of Expenses		10.94%		4.14%
Net of Expenses		10.29%		3.62%

Section 2: Assets

EXHIBIT 2.5 – HISTORICAL RETURNS ON ASSOCIATION ASSETS

Year Ended June 30,	Annualized Rate of Return at Market Value	Annualized Rate of Return at Actuarial Value	Increase in Consumer Price Index**
2006	13.76%	8.77%	4.30%
2007	18.35%	10.48%	2.70%
2008	-7.80%	10.12%	5.00%
2009	-20.79%	5.09%	-1.40%
2010	10.29%	3.62%	1.10%
Compound Average*	1.64%	7.58%	2.31%

* Since 2006

** Based on All Urban Consumer - U.S. City Average, June indices

Section 3: Liabilities

Liabilities	This section focuses on the Association's actuarial liabilities and the cost components that are derived from those liabilities.
Actuarial Value of Assets	Represents the amount of assets already accumulated by the Association at Actuarial Value (item 1 in Exhibit 3.1).
Present Value of Future Member Contributions	Represents the present value of the contributions anticipated to be received in the future from the current members (item 2 in Exhibit 3.1).
Present Value of Future Employer Normal Cost Contributions	Represents the present value of future employer normal costs with respect to current members (item 3 in Exhibit 3.1).
Unfunded Actuarial Accrued Liability (Surplus)	Represents the difference between the present value of the benefits to be paid from the Association and the total of the existing assets plus the present value of the future normal costs and future member contributions. In the text we will abbreviate it as UAAL. The UAAL is amortized as a level percentage of payroll over a rolling 15-year period.
Total Actuarial Assets	Represents the total of all current assets at actuarial value plus the value of all future member and employer contributions for normal cost plus current and future employer costs to amortize the UAAL (item 5 in Exhibit 3.1).
Present Value of Benefits	The valuation determines the amount and timing of all future payments that will be made by the Association. For active members, the present value of benefits includes the value of all benefits earned to date and all benefits to be earned in the future. For all members, the present value of benefits includes the value of benefits payable to members and survivors over their remaining lifetimes. The present value is then determined by discounting these payments at the assumed interest rate to June 30, 2010, the date of the valuation. The present value of supplemental benefits is shown at reserve values (items 6 to 12 in Exhibit 3.1).

Section 3: Liabilities

Actuarial Accrued Liability

Employer contributions have been determined under the Entry Age Normal Actuarial Cost Method, permitted by Government Code Section 31453.5. The Entry Age Normal method defines the Normal Cost as the level percentage of salary necessary to fund the projected future benefit over the period from the date of entry to the date of separation from active service. The Actuarial Accrued Liability is the cost allocated to years prior to the actuarial valuation date; it is the excess of the total value of benefits over the value of future member contributions and the value of future employer Normal Costs. The difference between the Actuarial Accrued Liability and the actuarial value of assets is called the Unfunded Actuarial Accrued Liability.

Unfunded Actuarial Accrued Liability

The valuation compares the actuarial value of assets to the Actuarial Accrued Liabilities. The shortfall, if any, is called the Unfunded Actuarial Accrued Liability (UAAL) and is amortized as a level percentage of payroll over a rolling 15-year period.

Actuarial Gain and Loss

The difference between the UAAL and the expected UAAL is an actuarial gain or loss. The actuarial gain and loss comprises two components: a liability gain and loss (from other sources, such as salary growth, turnover and retirement patterns and life expectancies different from expected) and an asset gain or loss (from investment experience different from expected).

Funded Ratio

Measures the portion of the AAL already funded by the current assets at actuarial value.

Supplemental Retiree Benefits Reserve (Article 5.5)

The financial provisions of Article 5.5 of the 1937 Act have been adopted by the County. This Article provides that a specific portion of the Association's investment earnings be allocated to a Supplemental Retiree Benefits Reserve (SRBR). Amounts allocated to the SRBR are to be used for the benefit of retired members and beneficiaries pursuant to Government Code Section 31618.

Level One: \$18.00 per month for each of the first 20 years of service (some benefit grandfathering applies).

Section 3: Liabilities

Benefit is subject to a vesting schedule of 50% after 10 years of service, uniformly grading up to 100% at 20 years of service.

Level Two: 85% Purchasing Power COLA based on COLA accumulation banks.

We have made the following assumptions in our valuation of the Level Two benefits.

- Future increases in the CPI will be sufficient to trigger the automatic COLA guaranteed under the Tier the member is in (that is 3% for Tier 1 and 2% for Tier 2). Liabilities will be greater if future increases are in excess of the guaranteed COLA.
- This higher cost exposure would be offset (fully or partially) by any future excess earnings that are credited to the SRBR. We did not assume any offset of the purchasing power by benefits received under Level One.

Level Three: 60% survivor benefit for retirees who marry after retirement, have been married for at least two years at time of death to a spouse, at least age 55 at time of retiree's death and if the member elected the Unmodified Allowance retirement option.

Section 3: Liabilities

EXHIBIT 3.1 – ACTUARIAL BALANCE SHEET

<u>ASSETS</u>	
1. Actuarial value of assets (including special reserves)	\$ 1,093,584,958
2. Present value of future contributions by members	123,583,559
3. Present value of future employer contributions for normal cost	133,883,159
4. Present value of other future employer contributions (UAAL)	86,570,284
5. Total actuarial assets	\$ 1,437,621,960
<u>LIABILITIES</u>	
6. Present value of retirement allowances payable to retired members and their survivors	\$ 506,035,102
7. Present value of service retirement allowances payable to presently active members and their survivors	524,133,593
8. Present value of allowances payable to current and future vested terminated members and their survivors	157,865,976
9. Present value of disability retirement allowances payable to presently active members and their survivors	70,454,308
10. Present value of death benefits payable on behalf of presently active members	16,207,660
11. Present value of members' contributions to be returned upon withdrawal	15,980,695
12. Special Reserves	26,451,705
13. SRBR	120,492,921
14. Miscellaneous Liabilities	0
15. Total actuarial liabilities	\$ 1,437,621,960

EXHIBIT 3.2 – ACTUARIAL ACCRUED LIABILITY

16. Present value of future benefits (items 6 to 11)	\$ 1,290,677,333
17. Present value of future contributions by members and employers (items 2 and 3)	257,466,718
18. Actuarial accrued liability (item 16 minus item 17)	1,033,210,615
19. Actuarial value of assets (excluding special reserves)	946,640,331
20. Unfunded actuarial accrued liability (UAAL) (item 18 minus item 19)	\$ 86,570,284
21. Funded ratio	91.60%

Section 3: Liabilities

EXHIBIT 3.3 – ACTUARIAL GAIN AND LOSS

1.	Unfunded actuarial accrued liability as of July 1, 2009		\$	77,568,108
2.	Change due to contributions:			
	(a) Normal cost	\$	36,850,960	
	(b) Interest on (a)		1,455,613	
	(c) Interest on (1)		6,127,881	
	(d) Contributions (member and employer)		(40,449,224)	
	(e) Interest on (d)		<u>(1,597,744)</u>	
	(f) Net change: (a)+(b)+(c)+(d)+(e)		\$	2,387,485
3.	Expected unfunded actuarial accrued liability: (1)+(2)		\$	79,955,593
4.	Change due to actuarial (gain)/loss from asset sources		\$	39,254,061
5.	Liability (gain)/loss			<u>(32,639,370)</u>
6.	Unfunded actuarial accrued liability as of June 30, 2010: (3)+(4)+(5)		\$	86,570,284

EXHIBIT 3.4 – SUPPLEMENTAL RETIREE BENEFITS RESERVE

We show below the June 30, 2010, present value of the supplemental retiree benefits payable on behalf of all currently retired members and future retired members from the current active and inactive membership.

Present Value of Benefits For		June 30, 2010
Level One		
1.	Current Retirees	\$ 54,760,768
2.	Inactive Members	6,689,486
3.	Active members	<u>48,316,096</u>
4.	Subtotal	\$ 109,766,350
Level Two		
5.	Supplemental COLA for those who have lost at least 15% of Purchasing Power	\$ 2,398,035
Level Three		
6.	Supplemental Spousal Death Benefit	\$ 767,047
7.	Total SRBR Combined Liability: (4)+(5)+(6)	\$ 112,931,432
8.	Supplemental Retiree Benefits Reserve (SRBR)	\$ 120,492,921
9.	Net Reserve: (8)-(7)	\$ 7,561,489

Section 4: Member Contribution Rates

A summary of the current and recommended average employee contribution rates is provided below.

Member Contributions

This section focuses on the determination of the member contribution rates to the Association.

Member Basic Contributions

Government Code Sections 31621.5 (Tier 1) and 31621.2 (Tiers 2 and 3) set forth the basis for the determination of the normal rates of contribution for General members. Government Code Section 31639.5 (Tier 1) and 31639.25 (Tier 2 and Tier 3) set forth the basis for the normal rates of contribution for Safety members.

The law further provides that the contribution rates of members will be based on the age nearest birthday at the time of entrance into the Retirement Association. Section 31453 states that no adjustment will be included in the rates of contribution for time prior to the effective date of any revisions.

Member Basic Contributions are based on entry age into the Association and the following actuarial assumptions:

1. Actuarial investment return (7.90%)
2. Salary increase (average of 5.50%)
3. Life expectancy

The basic employee contribution rates for General members were calculated on a unisex basis using the RP-2000 Healthy Annuitant Mortality Table (weighted 1/3 male and 2/3 female), with adjustment for white-collar workers. The Safety basic employee rates were based upon the RP-2000 Healthy Annuitant Mortality Table (weighted 5/6 male and 1/6 female), with adjustment for blue-collar workers.

Cost-of-Living Contributions

The employee portion of the cost-of-living provision is expressed as a percentage of the employees' contribution rates ignoring the cost-of-living provision. The percentages are:

	<u>Tier 1</u>	<u>Tiers 2 and 3</u>
2009 Actual	52.38%	23.31%
2010 Recommended	35.85%	16.09%

Section 4: Member Contribution Rates

A summary of the current and recommended average employee contribution rates is provided below:

2009 Actual	Average Member Basic and Cost of Living Contribution Rates			
	General		Safety	
	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>
Recommended Rates	4.28%	6.99%	1.28%	9.68%

2010 Recommended	Average Member Basic and Cost of Living Contribution Rates			
	General		Safety	
	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>
Recommended Rates	3.88%	7.48%	4.60%	8.93%

Section 4: Member Contribution Rates

Recommended employee rates at sample ages are shown below.

RECOMMENDED MEMBER CONTRIBUTION RATES

Sample General Member Contribution Rates* Benefits Under Section 31676.12				
	Basic	With 3% Automatic Cost of Living Increases	Basic	With 2% Automatic Cost of Living Increases
Entry Age	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 2 & 3</u>
25	2.87%	3.90%	5.50%	6.38%
35	3.52%	4.78%	6.74%	7.82%
45	4.26%	5.79%	8.05%	9.35%

*These are the full rates payable by the member. Contribution rates for the first \$161.54 of bi-weekly salary are one-third lower for members covered by Social Security.

Sample Safety Member Contribution Rates*				
	Basic	With 3% Automatic Cost of Living Increases	Basic	With 2% Automatic Cost of Living Increases
Entry Age	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 2 & 3</u>
25	4.01%	5.45%	7.68%	8.92%
35	4.62%	6.28%	8.71%	10.11%
45	5.00%	6.79%	9.42%	10.94%

*These are the full rates payable by the member. Contribution rates for the first \$161.54 of bi-weekly salary are one-third lower for members covered by Social Security.

The following pages set forth the complete set of members' contribution rates with and without the automatic cost of living benefit. The interest rate, mortality table, inflation rate and cost of living benefit are indicated on the bottom of the table.

Section 4: Member Contribution Rates

GENERAL TIER 1 MEMBERS' RECOMMENDED CONTRIBUTION RATES (expressed as a percentage of bi-weekly compensation) Benefits Under Section 31676.12

Entry Age	Total		Entry Age	Total	
	First \$161.54	Over \$161.54		First \$161.54	Over \$161.54
16	2.16%	3.25%	38	3.40%	5.09%
17	2.21%	3.31%	39	3.46%	5.20%
18	2.26%	3.38%	40	3.55%	5.31%
19	2.30%	3.45%	41	3.63%	5.43%
20	2.35%	3.53%	42	3.71%	5.56%
21	2.40%	3.60%	43	3.79%	5.68%
22	2.45%	3.67%	44	3.82%	5.73%
23	2.50%	3.75%	45	3.86%	5.79%
24	2.55%	3.83%	46	3.90%	5.84%
25	2.59%	3.90%	47	3.93%	5.90%
26	2.65%	3.98%	48	3.97%	5.95%
27	2.70%	4.06%	49	4.01%	6.00%
28	2.76%	4.14%	50	4.03%	6.06%
29	2.81%	4.22%	51	4.08%	6.11%
30	2.88%	4.32%	52	4.12%	6.17%
31	2.93%	4.40%	53	4.14%	6.22%
32	3.00%	4.50%	54	4.20%	6.29%
33	3.06%	4.59%	55	4.22%	6.34%
34	3.12%	4.69%	56	4.27%	6.40%
35	3.19%	4.78%	57	4.31%	6.45%
36	3.25%	4.88%	58	4.35%	6.52%
37	3.33%	4.99%	59	4.39%	6.58%

The employee portion of the cost-of-living provision is 35.85% of the employee's normal contribution rate.

Interest:	7.90%
Inflation:	4.00%
COLA:	3.00%
Mortality:	RP 2000 Healthy Annuitant Mortality, with white collar adjustment (weighted 1/3 male and 2/3 female)

Section 4: Member Contribution Rates

GENERAL TIER 2 AND TIER 3 MEMBERS' RECOMMENDED CONTRIBUTION RATES (expressed as a percentage of bi-weekly compensation) Benefits Under Section 31676.12

Entry Age	Total		Entry Age	Total	
	First \$161.54	Over \$161.54		First \$161.54	Over \$161.54
16	3.55%	5.33%	38	5.55%	8.32%
17	3.62%	5.43%	39	5.68%	8.51%
18	3.70%	5.55%	40	5.79%	8.70%
19	3.77%	5.65%	41	5.92%	8.88%
20	3.84%	5.77%	42	6.03%	9.04%
21	3.92%	5.89%	43	6.12%	9.17%
22	4.01%	6.01%	44	6.16%	9.25%
23	4.09%	6.13%	45	6.23%	9.35%
24	4.17%	6.26%	46	6.28%	9.43%
25	4.26%	6.38%	47	6.35%	9.52%
26	4.34%	6.51%	48	6.40%	9.60%
27	4.43%	6.65%	49	6.47%	9.69%
28	4.52%	6.78%	50	6.52%	9.79%
29	4.61%	6.92%	51	6.58%	9.87%
30	4.70%	7.06%	52	6.64%	9.96%
31	4.81%	7.21%	53	6.70%	10.05%
32	4.91%	7.36%	54	6.77%	10.15%
33	5.00%	7.51%	55	6.83%	10.24%
34	5.11%	7.66%	56	6.88%	10.33%
35	5.21%	7.82%	57	6.95%	10.42%
36	5.33%	7.99%	58	7.21%	10.82%
37	5.43%	8.15%	59+	7.49%	11.24%

The employee portion of the cost-of-living provision is 16.09% of the employee's normal contribution rate.

Interest:	7.90%
Inflation:	4.00%
COLA:	2.00%
Mortality:	RP 2000 Healthy Annuitant Mortality, with white collar adjustment (weighted 1/3 male and 2/3 female)

Section 4: Member Contribution Rates

SAFETY TIER 1 MEMBERS' RECOMMENDED CONTRIBUTION RATES (expressed as a percentage of bi-weekly compensation) Benefits Under Section 31664

Entry Age	Total		Entry Age	Total	
	First \$161.54	Over \$161.54		First \$161.54	Over \$161.54
20	3.25%	4.88%	35	4.18%	6.28%
21	3.33%	4.99%	36	4.22%	6.33%
22	3.40%	5.09%	37	4.25%	6.38%
23	3.48%	5.20%	38	4.29%	6.43%
24	3.55%	5.33%	39	4.32%	6.48%
25	3.63%	5.45%	40	4.36%	6.53%
26	3.71%	5.57%	41	4.39%	6.59%
27	3.80%	5.71%	42	4.43%	6.63%
28	3.90%	5.84%	43	4.46%	6.68%
29	3.99%	5.98%	44	4.50%	6.74%
30	4.02%	6.03%	45	4.52%	6.79%
31	4.05%	6.07%	46	4.56%	6.85%
32	4.09%	6.13%	47	4.61%	6.90%
33	4.12%	6.18%	48	4.63%	6.96%
34	4.16%	6.22%	49+	4.67%	7.01%

The employee portion of the cost-of-living provision is 35.85% of the employee's normal contribution rate.

Interest:	7.90%
Inflation:	4.00%
COLA:	3.00%
Mortality:	RP 2000 Healthy Annuitant Mortality, with blue collar adjustment (weighted 5/6 male and 1/6 female)

Section 4: Member Contribution Rates

SAFETY TIER 2 AND TIER 3 MEMBERS' RECOMMENDED CONTRIBUTION RATES (expressed as a percentage of bi-weekly compensation) Benefits Under Section 31664

Entry Age	Total		Entry Age	Total	
	First \$161.54	Over \$161.54		First \$161.54	Over \$161.54
20	5.33%	7.99%	35	6.74%	10.11%
21	5.44%	8.16%	36	6.79%	10.19%
22	5.56%	8.34%	37	6.85%	10.27%
23	5.69%	8.52%	38	6.91%	10.36%
24	5.80%	8.72%	39	6.95%	10.44%
25	5.94%	8.92%	40	7.01%	10.52%
26	6.08%	9.11%	41	7.07%	10.60%
27	6.22%	9.33%	42	7.13%	10.69%
28	6.34%	9.51%	43	7.19%	10.77%
29	6.42%	9.64%	44	7.23%	10.85%
30	6.48%	9.71%	45	7.29%	10.94%
31	6.52%	9.79%	46	7.35%	11.03%
32	6.58%	9.87%	47	7.41%	11.11%
33	6.63%	9.95%	48	7.69%	11.54%
34	6.69%	10.03%	49+	7.99%	11.98%

The employee portion of the cost-of-living provision is 16.09% of the employee's normal contribution rate.

Interest:	7.90%
Inflation:	4.00%
COLA:	2.00%
Mortality:	RP 2000 Healthy Annuitant Mortality, with blue collar adjustment (weighted 5/6 male and 1/6 female)

Section 5: Employer Contribution Rates

Employer Contributions

This section focuses on the determination of the employer contribution rates to the Association.

Employer Contribution rates

Employer contributions have been determined under the Entry Age Normal Actuarial Cost Method, permitted by Government Code Section 31453.5. The Entry Age Normal method defines the Normal Cost as the level percentage of salary necessary to fund the projected future benefit over the period from the date of entry to the date of separation from active service. The Actuarial Accrued Liability is the cost allocated to years prior to the actuarial valuation date; it is the excess of the total value of benefits over the value of future member contributions and the value of future Normal Costs. The difference between the Actuarial Accrued Liability and the plan assets is called the Unfunded Actuarial Accrued Liability and is funded (amortized) as a level percentage of payroll over a rolling 15-year period.

The contribution rates reflect the current economic and noneconomic assumptions. During the year, the return on the actuarial value of assets was 3.62%, 4.28% less than the actuarial assumption of 7.90%., in addition there was a slight gain in actuarial liability which resulted in an overall increase in the recommended County contribution rate from 10.67% as of June 30, 2009, to 12.39% as of June 30, 2010.

The average employer contribution rate increased from 10.67% as of June 30, 2009, to 12.39% as of June 30, 2010, for the following reasons:

June 30, 2009, Recommended Employer Rate	10.67%
Changes during the year due to:	
Asset gain/loss	1.50%
Change in actuarial liability	0.22%
Change in actuarial assumptions	0.00%
Total changes	1.72%
June 30, 2010, Recommended Employer Rate	12.39%

The following charts specify the recommended employer contributions and components thereof (expressed as a level percentage of payroll) for this valuation. A breakdown between normal cost and UAAL is provided.

Section 5: Employer Contribution Rates

NORMAL COST AND UAAL RATE BREAKDOWN (% OF PAYROLL)

2009	Current and Recommended Contribution Rate Breakdown					
	Tier 1 Members		Tier 2 & 3 Members		All Members	
	<u>Current</u>	<u>Recommended*</u>	<u>Current</u>	<u>Recommended*</u>	<u>Current</u>	<u>Recommended*</u>
General						
Normal Cost	6.50%	6.42%	7.50%	6.98%	7.46%	6.96%
UAAL Amortization	<u>1.97%</u>	<u>2.40%</u>	<u>1.97%</u>	<u>2.40%</u>	<u>1.97%</u>	<u>2.40%</u>
Total Cost	8.47%	8.82%	9.47%	9.38%	9.43%	9.36%
Safety						
Normal Cost	18.97%	20.19%	12.03%	12.02%	12.25%	12.23%
UAAL Amortization	<u>6.34%</u>	<u>2.96%</u>	<u>6.34%</u>	<u>2.96%</u>	<u>6.34%</u>	<u>2.96%</u>
Total Cost	25.31%	23.15%	18.37%	14.98%	18.59%	15.19%
*Weighted by June 30, 2009 payroll.						
Average Rate for Total Group:				Current	11.37%	
				Recommended	10.67%	

2010: New	Current and Recommended Contribution Rate Breakdown					
	Tier 1 Members		Tier 2 & 3 Members		All Members	
	<u>Current</u>	<u>Recommended*</u>	<u>Current</u>	<u>Recommended*</u>	<u>Current</u>	<u>Recommended*</u>
General						
Normal Cost	6.42%	7.75%	6.98%	6.50%	6.96%	6.54%
UAAL Amortization	<u>2.40%</u>	<u>2.95%</u>	<u>2.40%</u>	<u>2.95%</u>	<u>2.40%</u>	<u>2.95%</u>
Total Cost	8.82%	10.70%	9.38%	9.45%	9.36%	9.49%
Safety						
Normal Cost	20.19%	20.46%	12.02%	13.49%	12.23%	13.61%
UAAL Amortization	<u>2.96%</u>	<u>8.31%</u>	<u>2.96%</u>	<u>8.31%</u>	<u>2.96%</u>	<u>8.31%</u>
Total Cost	23.15%	28.77%	14.98%	21.80%	15.19%	21.92%
*Weighted by June 30, 2010 payroll.						
Average Rate for Total Group:				Current	10.67%	
				Recommended	12.39%	

Section 5: Employer Contribution Rates

NORMAL COST AND UAAL RATE BREAKDOWN (BY \$ AMOUNT)

2009	Current and Recommended Contribution Breakdown *					
	Tier 1 Members		Tier 2 & 3 Members		All Members	
	<u>Current</u>	<u>Recommended</u>	<u>Current</u>	<u>Recommended</u>	<u>Current</u>	<u>Recommended</u>
General						
Normal Cost	477,000	471,000	12,653,000	11,776,000	13,130,000	12,247,000
UAAL Amortization	144,000	176,000	3,324,000	4,049,000	3,468,000	4,225,000
Total Cost	621,000	647,000	15,977,000	15,825,000	16,598,000	16,472,000
Safety						
Normal Cost	251,000	267,000	6,008,000	6,003,000	6,259,000	6,270,000
UAAL Amortization	84,000	39,000	3,166,000	1,478,000	3,250,000	1,517,000
Total Cost	335,000	306,000	9,174,000	7,481,000	9,509,000	7,787,000
*Weighted by June 30, 2009 payroll.						
Total Contribution for Total Group:				Current	26,107,000	
				Recommended	24,259,000	

2010: New	Current and Recommended Contribution Breakdown *					
	Tier 1 Members		Tier 2 & 3 Members		All Members	
	<u>Current</u>	<u>Recommended</u>	<u>Current</u>	<u>Recommended</u>	<u>Current</u>	<u>Recommended</u>
General						
Normal Cost	471,000	454,000	11,776,000	10,475,000	12,247,000	10,929,000
UAAL Amortization	176,000	173,000	4,049,000	4,754,000	4,225,000	4,927,000
Total Cost	647,000	627,000	15,825,000	15,229,000	16,472,000	15,856,000
Safety						
Normal Cost	267,000	184,000	6,003,000	6,732,000	6,270,000	6,916,000
UAAL Amortization	39,000	75,000	1,478,000	4,147,000	1,517,000	4,222,000
Total Cost	306,000	258,000	7,481,000	10,878,000	7,787,000	11,136,000
*Weighted by June 30, 2010 payroll.						
Total Contribution for Total Group:				Current	24,259,000	
				Recommended	26,992,000	

Section 5: Employer Contribution Rates

Tulare County Employees' Retirement Association
Recommended Employer Contribution rates from the June 30, 2010 Actuarial Valuation
Rates to be Effective July 1, 2011

General – Includes 31676.12 Benefits	Tier 1	Tiers 2 & 3	Total
Aggregate Normal Cost Rate	7.75%	6.50%	6.54%
Rate on first \$161.54 of Biweekly Compensation	5.29%	4.46%	4.48%
Rate on Biweekly Compensation in excess of first \$161.54	7.93%	6.69%	6.73%
Aggregate UAAL Rate	2.95%	2.95%	2.95%
Rate on first \$161.54 of Biweekly Compensation	2.01%	2.03%	2.03%
Rate on Biweekly Compensation in excess of first \$161.54	3.02%	3.04%	3.04%
Total Rate	10.70%	9.45%	9.49%
Rate on first \$161.54 of Biweekly Compensation	7.30%	6.49%	6.51%
Rate on Biweekly Compensation in excess of first \$161.54	10.95%	9.73%	9.77%

Safety	Tier 1	Tiers 2 & 3	Total
Aggregate Normal Cost Rate	20.46%	13.49%	13.61%
Rate on first \$161.54 of Biweekly Compensation	13.86%	9.20%	9.26%
Rate on Biweekly Compensation in excess of first \$161.54	20.78%	13.81%	13.94%
Aggregate UAAL Rate	8.31%	8.31%	8.31%
Rate on first \$161.54 of Biweekly Compensation	5.63%	5.67%	5.67%
Rate on Biweekly Compensation in excess of first \$161.54	8.44%	8.51%	8.51%
Total Rate	28.77%	21.80%	21.92%
Rate on first \$161.54 of Biweekly Compensation	19.49%	14.87%	14.93%
Rate on Biweekly Compensation in excess of first \$161.54	29.22%	22.32%	22.45%

Section 5: Employer Contribution Rates

Tulare County Employees' Retirement Association
Recommended Employer Contribution rates from the June 30, 2010 Actuarial Valuation
Rates to be Effective July 1, 2011

General and Safety - Includes 31676.12 Benefits	Tier 1	Tiers 2 & 3	Total
Aggregate Normal Cost Rate	9.44%	8.15%	8.19%
Rate on first \$161.54 of Biweekly Compensation	6.11%	5.40%	5.41%
Rate on Biweekly Compensation in excess of first \$161.54	9.67%	8.40%	8.44%
Aggregate UAAL Rate	3.66%	4.22%	4.20%
Rate on first \$161.54 of Biweekly Compensation	2.36%	2.75%	2.74%
Rate on Biweekly Compensation in excess of first \$161.54	3.75%	4.35%	4.33%
Aggregate Rate	13.10%	12.37%	12.39%
Rate on first \$161.54 of Biweekly Compensation	8.47%	8.15%	8.15%
Rate on Biweekly Compensation in excess of first \$161.54	13.42%	12.75%	12.77%

General and Safety - Includes 31676.12 Benefits	Tier 1	Tiers 2 & 3	Total
Aggregate Normal Cost Dollars	638,134	17,202,969	17,841,103
Dollars on first \$161.54 of Biweekly Compensation	26,706	937,799	964,505
Dollars on Biweekly Compensation in excess of first \$161.54	611,428	16,265,170	16,876,598
Aggregate UAAL Dollars	247,656	8,907,133	9,154,789
Dollars on first \$161.54 of Biweekly Compensation	10,300	477,781	488,081
Dollars on Biweekly Compensation in excess of first \$161.54	237,356	8,429,352	8,666,708
Aggregate Dollars	885,790	26,110,102	26,995,892
Dollars on first \$161.54 of Biweekly Compensation	37,006	1,415,580	1,452,586
Dollars on Biweekly Compensation in excess of first \$161.54	848,784	24,694,522	25,543,306

Section 5: Employer Contribution Rates

Tulare County Employees' Retirement Association
Recommended Employer Contribution rates from the June 30, 2010 Actuarial Valuation
Rates to be Effective July 1, 2011

Strathmore Public Utility District – Includes 31676.12 Benefit	Tier 1	Tiers 2 & 3	Total
Aggregate Normal Cost Rate	7.75%	6.50%	6.54%
Rate on first \$161.54 of Biweekly Compensation	5.29%	4.46%	4.48%
Rate on Biweekly Compensation in excess of first \$161.54	7.93%	6.69%	6.73%
Aggregate UAAL Rate	5.33%	5.33%	5.33%
Rate on first \$161.54 of Biweekly Compensation	3.60%	3.60%	3.60%
Rate on Biweekly Compensation in excess of first \$161.54	5.40%	5.40%	5.40%
Total Rate	13.08%	11.83%	11.87%
Rate on first \$161.54 of Biweekly Compensation	8.89%	8.06%	8.08%
Rate on Biweekly Compensation in excess of first \$161.54	13.33%	12.09%	12.13%

Section 6: Recommendations

Recommendations

We recommend that the current inflation rate assumption remain at 4.00% and the current investment return assumption remain at 7.90%.

We recommend that the Board adopt the member and employer contribution rates as of June 30, 2010, as shown in the prior sections. These rates, which reflect the current economic assumptions, are based on the Entry Age Normal Actuarial Cost Method and the actuarial value of assets, with an unfunded Actuarial Accrued Liability amortized as a level percentage of payroll over a rolling 15-year period.

This combination of assumptions and methods reflects our best judgment of future long-term experience for the Association.

Section 7: GASB Disclosures and CAFR Information



A Xerox Company

November 17, 2010

Board of Retirement
Tulare County
Employees' Retirement Association
136 N. Akers
Visalia, CA 93291

Members of the Board:

Buck Consultants, LLC is the Consulting Actuary for the Tulare County Employees' Retirement Association (TCERA). The date of the most recent actuarial valuation was June 30, 2010. In each actuarial study, we conduct an examination of all participant data for reasonableness.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the unfunded actuarial accrued liability (UAAL). As of June 30, 2010, the remaining amortization period for the UAAL was 15 years. The funding objective of the Plan is to establish contribution rates that, over time, will remain as a level percentage of payroll and will fully fund the liability for each participant by the participant's retirement date.

For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account the expected market value, and spread all gains and losses (returns above or below expected returns) over ten years. The Association's financial statements are audited by an outside auditor.

Our firm has prepared all of the schedules presented in the actuarial report. TCERA staff members extract, summarize, and reformat our schedules for the Comprehensive Annual Financial Report. The actuarial assumptions shown in the schedules were selected by Buck as being appropriate for use under the Plan and Buck is solely responsible for the trend schedules presented in this report. An analysis of the Plan's noneconomic experience was performed as of June 30, 2009 to establish the validity of these assumptions. The assumptions used this valuation produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis is due to be performed as of June 30, 2011.

We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statements No. 25 and 43, to the extent applicable. I am an Enrolled Actuary and a Member of the American Academy of Actuaries. I meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice.

Respectfully submitted,

A handwritten signature in cursive script, reading "Charlie E. Chittenden".

Charlie Chittenden, FSA, EA, MAAA
Principal and Consulting Actuary

Section 7: GASB Disclosures and CAFR Information

GASB and CAFR Information	This section focuses on the required GASB disclosures and the required CAFR information.
GASB 25 Schedule of Funding Progress	GASB 25 established reporting and disclosures for defined benefit pension plans. The required Schedule of Funding Progress shows a historical comparison of the Association's assets and liabilities, using the same actuarial method used for funding the Association.
GASB 25 Schedule of Employer Contributions	The required Schedule of Employer Contributions compares the actual employer contributions to the "Annual Required Contributions" (ARC). The ARC is the employer contribution determined under GASB 25 standards (normal cost and amortization of unfunded actuarial accrued liabilities) using the actuarial funding method used for funding the Association.
Actuarial Analysis of Financial Experience	The annual CAFR requires the disclosure of historical sources of actuarial gains and losses.
Retiree and Beneficiary Experience	The annual CAFR requires the disclosure of historical summary data for retired members.
Solvency Test	The annual CAFR requires the disclosure of a "Solvency Test." This test compares actuarial assets to actuarial accrued liabilities, applying assets to active member contributions first, then to inactive and retired members and then to the remaining active member liabilities.

Section 7: GASB Disclosures and CAFR Information

EXHIBIT 7.1 – GASB 25 SCHEDULE OF FUNDING PROGRESS (\$ in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets*</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
6/30/00	517,197	470,141	(47,056)	110.0%	143,211	(32.9)%
6/30/01	574,417	491,228	(83,189)	116.9%	142,970	(58.2)%
6/30/02	612,469	561,377	(51,092)	109.1%	158,263	(32.3)%
6/30/03	634,249	608,505	(25,744)	104.2%	162,397	(15.9)%
6/30/04	665,244	649,649	(15,595)	102.4%	158,032	(9.9)%
6/30/05	681,618	714,656	33,038	95.4%	164,777	20.1%
6/30/06	729,899	792,844	62,945	92.1%	186,949	33.7%
6/30/07	800,967	846,030	45,063	94.7%	204,803	22.0%
6/30/08	879,051	946,414	67,363	92.9%	226,836	29.7%
6/30/09	919,179	996,747	77,568	92.2%	227,306	34.1%
6/30/10	946,640	1,033,211	86,570	91.6%	217,811	39.7%

*Amounts prior to 6/30/05 supplied by previous actuaries.

EXHIBIT 7.2 – GASB 25 SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/00	20,790	100%
6/30/01	18,872	100%
6/30/02	6,186	100%
6/30/03	5,245	100%
6/30/04	9,595	100%
6/30/05	10,502	100%
6/30/06	12,443	100%
6/30/07	17,975	100%
6/30/08	22,692	100%
6/30/09	22,431	100%
6/30/10	25,339	100%

Section 7: GASB Disclosures and CAFR Information

EXHIBIT 7.3 - ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE (DOLLARS IN THOUSANDS)

<u>Plan Year Ending</u>	<u>Actuarial (Gains)/Losses</u>			<u>Changes in Plan Provisions</u>	<u>Changes in Assumptions/Methods</u>	<u>Total (Gain)/Loss</u>
	<u>Asset Sources</u>	<u>Liability Sources</u>	<u>Total</u>			
6/30/2007	(18,770)	(675)	(19,445)	0	0	(19,495)
6/30/2008	(17,758)	64,991	47,233	0	(21,636)	25,597
6/30/2009	178,344	(16,730)	161,614	0	(153,681)	7,933
6/30/2010	39,254	(32,639)	6,615	0	0	6,615

* Includes liability (gain)/loss and changes in assumptions

EXHIBIT 7.4 - RETIREE AND BENEFICIARY EXPERIENCE

<u>Plan Year Ending</u>	<u>At Beginning of Year</u>	<u>At End of Year</u>	<u>Retiree Payroll</u>	<u>% Increase in Retiree Payroll</u>	<u>Average Annual Allowances</u>
6/30/2007	1,840	1,913	\$31,014,000	8.0%	\$16,212
6/30/2008	1,913	2,007	\$34,244,000	10.4%	\$17,062
6/30/2009	2,007	2,099	\$37,486,000	9.5%	\$17,859
6/30/2010	2,099	2,181	\$41,495,000	10.7%	\$19,026

EXHIBIT 7.5 - SOLVENCY TEST (Dollars In Thousands)

<u>Valuation Date</u>	<u>Actuarial Accrued Liabilities For</u>			<u>Actuarial Accrued Liabilities</u>	<u>Valuation Assets</u>	<u>Portion of Accrued Liabilities Covered by Valuation Assets</u>		
	<u>(1) Active Member Contributions</u>	<u>(2) Retirees and Beneficiaries</u>	<u>(3) Active Members</u>			<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
6/30/2007	175,587	377,086	293,357	846,030	800,967	100%	100%	84.6%
6/30/2008	207,652	415,349	323,413	946,414	879,051	100%	100%	79.2%
6/30/2009	208,638	453,205	334,904	996,747	919,179	100%	100%	76.8%
6/30/2010	223,373	506,035	303,803	1,033,211	946,640	100%	100%	71.5%

Section 8: Summary of Actuarial Assumptions

Actuarial Assumptions

This section focuses on the actuarial assumptions used to perform the valuation.

Actuarial Assumptions

To carry out an actuarial valuation of the assets and liabilities of the Association, the actuary must first adopt assumptions with respect to each of the following items:

Noneconomic assumptions

- ◆ The probabilities of members separating from active service on account of nonvested and vested withdrawal, retirement for service, death and disability, and
- ◆ The mortality rates to be experienced among retired persons.

Economic assumptions

- ◆ Interest earnings to be realized on the funds over many years in the future, and
- ◆ The relative increases in a member's salary from the date of the valuation to the date of separation from active service.

Noneconomic Assumptions

Rates of Separation from Active Service

We performed an experience study for the period from July 1, 2005, to June 30, 2008. On the basis of this study we adjusted the probabilities of separation from service. These adjusted probabilities were incorporated in our 2008 and 2009 valuation, and we continue to use them in this 2010 valuation.

A complete list of the current rates of separation from active service can be found in Exhibits 8.1 – 8.6. These rates should be viewed in the aggregate rather than examining each of them separately. This is due to the interdependency of the rates. For example, if turnover were to increase, there would be fewer retirements.

Section 8: Summary of Actuarial Assumptions

Economic Assumptions

Inflation

In setting the economic assumptions, we take a building block approach. Specifically, we first look at the rate of inflation, which underlies both the total rate of return and the salary scale assumptions. To aid us in determining an appropriate inflation rate for the Association, we have reviewed long-term historical inflation averages, recent trends, and the assumptions adopted by other public retirement systems. It should be noted that we have placed more emphasis on long-term historical averages and long-term future predictions than on the more recent, short-term trends. This helps to minimize fluctuations, which are more apparent in short term trends.

The rate of inflation is an important assumption used in valuing the Association's liabilities. This assumption underlies both the investment return assumption and the salary increase assumption. These in turn directly impact the employer and employee contribution rates.

If the pattern of inflation during the last 90-year period is analyzed, it may be extrapolated that the current low rates will not continue into the future indefinitely.

Because of the cyclical nature of inflation and the long-term nature of the Association's liabilities, we believe that it is appropriate to assume that the average inflation rate to be experienced over the next 30 to 50 years (which is approximately the lifetime of the Association's present obligations) will be between 3.50% and 4.50%.

Based on the information presented in the economic assumption section of our experience study, we recommend that the current inflation rate assumption remain at 4.00%.

Section 8: Summary of Actuarial Assumptions

Economic Assumptions

Real Rate of Return

Secondly, we review the anticipated real rate of return on investments. The real rate of return is dependent on the anticipated returns on classes of investments and the asset allocation of the Association's funds. To develop the individual real rates of return, we utilize various empirical studies. By applying the results of these studies to the Association's target asset allocation, we develop the real rate of return. This rate may then be adjusted for any known or anticipated changes in the economy that may occur. Using this building block approach, we then combine the underlying inflation assumption with the real rate of return to develop the total rate of return assumption (interest rate assumption).

The first step in developing a real rate of return is to analyze how the Association's assets are allocated among the various investment classes. Based on this information, we can then apply the anticipated rate of return to the respective classes and develop an overall estimated real rate of return. The Association's target and actual asset allocations are shown in the table below.

There have been numerous studies performed which analyze the expected long-term real rates of return for use in asset allocation models. Roger Ibbotson and Rex A. Sinquefeld produced one of these studies for the period 1926-2005 called *Stocks, Bonds and Inflation: Simulations of the Future*. The results of this study are presented below.

ASSET CLASS	ASSET ALLOCATION AS OF June 30, 2010 (MARKET VALUE)		IBBOTSON- SINQUEFIELD REAL RATE OF RETURN (1926 – 2005)	TARGET WEIGHTED RETURN
	Target	Actual		
Equity	60%	65.3%	7.1%	4.64%
Fixed Income/Bonds	30%	25.6%	2.6%	0.67%
Real Estate	10%	8.5%	4.0%	0.34%
Short Term	0%	0.6%	0.7%	0.00%
Total	100%	100%		5.65%

Section 8: Summary of Actuarial Assumptions

Economic Assumptions

Real Rate of Return (continued)

Applying the Association's target asset allocation to the real rates of return in the table produces a real rate of return of approximately 5.65% (assuming an equal proportion of government and corporate bonds). This rate, however, should be adjusted to reflect administrative expenses and potential adverse future experience.

After making this adjustment, we believe that a real rate of return of 3.75% provides a reasonable degree of conservatism when used with a 4.00% inflation rate. Thus, we feel that the 7.90% investment return assumption should be continued.

Salary Scale

The salary scale assumption is developed in a similar manner. The inflation rate is combined with merit and longevity increases to produce a total salary scale assumption.

Merit and Longevity Increases

The merit and longevity component of the total salary scale assumption reflects increases in members' salaries due to promotions, advances in pay grades, etc. These increases are dependent on an individual's membership and are graded downward as members age.

The overall effect of the merit and longevity increases is to add approximately 1.50% to the total salary scale assumption.

Section 8: Summary of Actuarial Assumptions

The Entry Age Normal Actuarial Cost Method was used in conjunction with the following actuarial assumptions. The UAAL is being funded as a level percentage of payroll over a rolling 15 year period.

1. Interest: 7.90% per annum (7.75% compounded semi-annually).
2. Interest Credited to Employee Accounts: 7.90% per annum (7.75% compounded semi-annually).
3. Inflation: 4.00% per annum.
4. Asset Valuation: Smoothed actuarial value.
5. Salary Scale: See Exhibit 8.7
6. Spouses and Dependents: 88% of General male, 65% of General female and 100% of Safety employees assumed married at retirement, with wives assumed three years younger than husbands.
7. Rates of Termination of Employment: See Exhibits 8.1 – 8.3
8. Years of Life Expectancy After Retirement (Exhibit 8.4):
 - RP-2000 Healthy Annuitant Mortality Table with adjustment for white-collar workers for General members.
 - RP-2000 Healthy Annuitant Mortality Table with adjustment for blue-collar workers for Safety members.
9. Years of Life Expectancy After Disability Retirement (Exhibits 8.5 and 8.6):
 - RP-2000 Disabled Annuitant Mortality Table

Section 8: Summary of Actuarial Assumptions

10. Life Expectancy After Retirement for Employee Contribution Rate Purposes
- The basic employee contribution rates for General members were calculated on a unisex basis using the RP-2000 Healthy Annuitant Mortality Table (weighted 1/3 male and 2/3 female), with adjustment for white-collar workers.
 - The basic employee contribution rates for Safety members were based upon the RP-2000 Healthy Annuitant Mortality Table (weighted 5/6 male and 1/6 female), with adjustment for blue-collar workers.
11. Reciprocity Assumption: 50% of members who terminate with a vested benefit are assumed to enter a reciprocal system.
12. Deferral Age for Vested Terminations: Age 55 for General members; age 50 for Safety members.

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.1 – PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE GENERAL MEMBERS - MALES CURRENT ASSUMPTIONS

Age	Ordinary Death	Duty Death	Withdrawal svc < 2	Withdrawal svc 2 to 3	Withdrawal svc 3 to 5	Withdrawal svc>5	Ordinary Disability	Duty Disability	Service	Terminated Vested
20	0.00000	0.00000	0.07500	0.15000	0.09000	0.10000	0.00000	0.00000	0.00000	0.12375
21	0.00050	0.00010	0.07500	0.15000	0.09000	0.10000	0.00000	0.00010	0.00000	0.12375
22	0.00050	0.00010	0.07500	0.15000	0.09000	0.10000	0.00000	0.00010	0.00000	0.12375
23	0.00050	0.00010	0.07500	0.15000	0.09000	0.10000	0.00000	0.00010	0.00000	0.12375
24	0.00050	0.00010	0.07500	0.15000	0.09000	0.10000	0.00000	0.00010	0.00000	0.12375
25	0.00070	0.00010	0.07500	0.15000	0.09000	0.09800	0.00010	0.00010	0.00000	0.12375
26	0.00070	0.00010	0.07500	0.15000	0.09000	0.09600	0.00010	0.00010	0.00000	0.12375
27	0.00070	0.00010	0.07500	0.15000	0.09000	0.09400	0.00010	0.00010	0.00000	0.12375
28	0.00069	0.00010	0.07500	0.15000	0.09000	0.09200	0.00010	0.00010	0.00000	0.12375
29	0.00068	0.00010	0.07500	0.15000	0.09000	0.09000	0.00010	0.00010	0.00000	0.12375
30	0.00076	0.00010	0.07500	0.15000	0.09000	0.09000	0.00020	0.00010	0.00000	0.12375
31	0.00075	0.00010	0.07500	0.15000	0.09000	0.08500	0.00020	0.00010	0.00000	0.12375
32	0.00075	0.00010	0.07500	0.15000	0.09000	0.08000	0.00020	0.00010	0.00000	0.12375
33	0.00081	0.00010	0.07500	0.15000	0.09000	0.07500	0.00020	0.00010	0.00000	0.12375
34	0.00080	0.00010	0.07500	0.15000	0.09000	0.07000	0.00020	0.00010	0.00000	0.12375
35	0.00087	0.00009	0.07500	0.15000	0.09000	0.04400	0.00030	0.00010	0.00000	0.12375
36	0.00093	0.00009	0.07500	0.15000	0.09000	0.04000	0.00030	0.00020	0.00000	0.12375
37	0.00091	0.00009	0.07500	0.15000	0.09000	0.03600	0.00030	0.00020	0.00000	0.12375
38	0.00088	0.00019	0.07500	0.15000	0.09000	0.03300	0.00040	0.00020	0.00000	0.12375
39	0.00086	0.00019	0.07500	0.15000	0.09000	0.02900	0.00040	0.00030	0.00000	0.12375
40	0.00090	0.00018	0.04500	0.09000	0.07500	0.02700	0.00040	0.00040	0.00000	0.12375
41	0.00087	0.00018	0.04500	0.09000	0.07500	0.02600	0.00050	0.00050	0.00000	0.12375
42	0.00087	0.00018	0.04500	0.09000	0.07500	0.02400	0.00050	0.00060	0.00000	0.12000
43	0.00086	0.00018	0.04500	0.09000	0.07500	0.02200	0.00060	0.00070	0.00000	0.11250
44	0.00090	0.00018	0.04500	0.09000	0.07500	0.02000	0.00060	0.00080	0.00000	0.10500
45	0.00087	0.00018	0.04500	0.09000	0.07500	0.01800	0.00080	0.00100	0.00000	0.09375
46	0.00086	0.00018	0.04500	0.09000	0.07500	0.01700	0.00090	0.00120	0.00000	0.08625
47	0.00089	0.00018	0.04500	0.09000	0.07500	0.01700	0.00100	0.00140	0.00000	0.07500
48	0.00180	0.00018	0.04500	0.09000	0.07500	0.01600	0.00110	0.00160	0.00000	0.06375
49	0.00149	0.00018	0.04500	0.09000	0.07500	0.01500	0.00120	0.00180	0.00000	0.06375
50	0.00185	0.00018	0.04500	0.09000	0.07500	0.01400	0.00140	0.00200	0.02000	0.05625
51	0.00240	0.00018	0.04500	0.09000	0.07500	0.01300	0.00160	0.00250	0.02000	0.04875
52	0.00230	0.00018	0.04500	0.09000	0.07500	0.01200	0.00180	0.00300	0.02000	0.03750
53	0.00240	0.00018	0.04500	0.09000	0.07500	0.01100	0.00200	0.00350	0.02000	0.03750
54	0.00253	0.00027	0.04500	0.09000	0.07500	0.01000	0.00220	0.00400	0.03000	0.03750
55	0.00260	0.00028	0.04500	0.09000	0.07500	0.00900	0.00240	0.00450	0.05000	0.03750
56	0.00270	0.00028	0.04500	0.09000	0.07500	0.00900	0.00260	0.00500	0.04500	0.03750
57	0.00280	0.00037	0.04500	0.09000	0.07500	0.00800	0.00280	0.00550	0.05000	0.03750
58	0.00290	0.00037	0.04500	0.09000	0.07500	0.00800	0.00300	0.00600	0.05500	0.02625
59	0.00300	0.00037	0.04500	0.09000	0.07500	0.00700	0.00320	0.00650	0.07000	0.02625
60	0.00310	0.00048	0.04500	0.09000	0.07500	0.00600	0.00340	0.00700	0.08000	0.01500
61	0.00319	0.00048	0.04500	0.09000	0.07500	0.00500	0.00360	0.00750	0.10000	0.01500
62	0.00373	0.00057	0.04500	0.09000	0.07500	0.00500	0.00380	0.00800	0.22500	0.01500
63	0.00438	0.00057	0.04500	0.09000	0.07500	0.00500	0.00400	0.00850	0.12000	0.01500
64	0.00507	0.00057	0.04500	0.09000	0.07500	0.00500	0.00420	0.00900	0.13500	0.01500
65	0.00589	0.00070	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.14500	0.00000
66	0.00676	0.00070	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.15000	0.00000
67	0.00769	0.00080	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.17500	0.00000
68	0.00980	0.00080	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.20000	0.00000
69	0.01030	0.00090	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.30000	0.00000
70	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.2 – PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE GENERAL MEMBERS - FEMALES CURRENT ASSUMPTIONS

Age	Ordinary Death	Duty Death	Withdrawal svc<1	Withdrawal svc 1 to 3	Withdrawal svc 3 to 5	Withdrawal svc>5	Ordinary Disability	Duty Disability	Service	Terminated Vested
20	0.00200	0.00010	0.06500	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.04875
21	0.00200	0.00010	0.06500	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.04875
22	0.00020	0.00010	0.06500	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.04875
23	0.00020	0.00010	0.06500	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.04875
24	0.00020	0.00010	0.06500	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.04875
25	0.00040	0.00010	0.06500	0.13000	0.09000	0.09000	0.00010	0.00010	0.00000	0.04875
26	0.00040	0.00010	0.06500	0.13000	0.09000	0.09000	0.00010	0.00010	0.00000	0.05625
27	0.00040	0.00010	0.06500	0.13000	0.09000	0.09000	0.00010	0.00010	0.00000	0.06375
28	0.00040	0.00010	0.06500	0.13000	0.09000	0.09000	0.00010	0.00010	0.00000	0.07125
29	0.00040	0.00010	0.06500	0.13000	0.09000	0.09000	0.00010	0.00010	0.00000	0.07875
30	0.00040	0.00010	0.06500	0.13000	0.09000	0.08000	0.00010	0.00010	0.00000	0.07875
31	0.00040	0.00010	0.06500	0.13000	0.09000	0.07000	0.00010	0.00010	0.00000	0.08250
32	0.00040	0.00010	0.06500	0.13000	0.09000	0.06000	0.00010	0.00010	0.00000	0.08250
33	0.00050	0.00010	0.06500	0.13000	0.09000	0.05000	0.00010	0.00010	0.00000	0.08625
34	0.00050	0.00010	0.06500	0.13000	0.09000	0.05000	0.00010	0.00010	0.00000	0.08625
35	0.00050	0.00009	0.06500	0.13000	0.09000	0.04700	0.00070	0.00010	0.00000	0.08625
36	0.00050	0.00009	0.06500	0.13000	0.09000	0.04300	0.00070	0.00010	0.00000	0.08625
37	0.00050	0.00009	0.06500	0.13000	0.09000	0.03900	0.00070	0.00010	0.00000	0.08625
38	0.00060	0.00009	0.06500	0.13000	0.09000	0.03600	0.00110	0.00010	0.00000	0.08625
39	0.00060	0.00009	0.06500	0.13000	0.09000	0.03300	0.00110	0.00010	0.00000	0.08250
40	0.00070	0.00009	0.04500	0.09000	0.08000	0.03000	0.00120	0.00010	0.00000	0.08250
41	0.00080	0.00009	0.04500	0.09000	0.08000	0.02900	0.00130	0.00010	0.00000	0.07875
42	0.00080	0.00009	0.04500	0.09000	0.08000	0.02900	0.00140	0.00010	0.00000	0.07875
43	0.00090	0.00009	0.04500	0.09000	0.08000	0.02800	0.00140	0.00010	0.00000	0.07875
44	0.00090	0.00009	0.04500	0.09000	0.08000	0.02700	0.00150	0.00020	0.00000	0.07500
45	0.00100	0.00009	0.04500	0.09000	0.08000	0.02500	0.00160	0.00020	0.00000	0.07500
46	0.00100	0.00009	0.04500	0.09000	0.08000	0.02300	0.00180	0.00030	0.00000	0.07125
47	0.00120	0.00009	0.04500	0.09000	0.08000	0.02100	0.00200	0.00030	0.00000	0.06750
48	0.00120	0.00009	0.04500	0.09000	0.08000	0.01900	0.00240	0.00040	0.00000	0.06750
49	0.00140	0.00009	0.04500	0.09000	0.08000	0.01800	0.00260	0.00050	0.00000	0.06750
50	0.00150	0.00009	0.04500	0.09000	0.08000	0.01400	0.00280	0.00060	0.03000	0.06375
51	0.00170	0.00009	0.04500	0.09000	0.08000	0.01300	0.00300	0.00070	0.03000	0.06000
52	0.00180	0.00009	0.04500	0.09000	0.08000	0.01200	0.00320	0.00080	0.03000	0.06000
53	0.00200	0.00009	0.04500	0.09000	0.08000	0.01100	0.00340	0.00100	0.03000	0.05625
54	0.00220	0.00009	0.04500	0.09000	0.08000	0.01000	0.00380	0.00110	0.03000	0.05250
55	0.00240	0.00010	0.04500	0.09000	0.08000	0.01000	0.00420	0.00120	0.04000	0.04500
56	0.00260	0.00010	0.04500	0.09000	0.08000	0.00800	0.00440	0.00130	0.04000	0.03750
57	0.00280	0.00010	0.04500	0.09000	0.08000	0.00700	0.00460	0.00140	0.04500	0.03000
58	0.00300	0.00010	0.04500	0.09000	0.08000	0.00600	0.00480	0.00150	0.05000	0.02250
59	0.00320	0.00010	0.04500	0.09000	0.08000	0.00500	0.00500	0.00160	0.06000	0.01875
60	0.00340	0.00019	0.04500	0.09000	0.08000	0.00500	0.00520	0.00180	0.07500	0.01125
61	0.00360	0.00019	0.04500	0.09000	0.08000	0.00500	0.00540	0.00200	0.10000	0.00750
62	0.00390	0.00019	0.04500	0.09000	0.08000	0.00500	0.00580	0.00220	0.14500	0.00375
63	0.00420	0.00019	0.04500	0.09000	0.08000	0.00500	0.00600	0.00240	0.12500	0.00375
64	0.00450	0.00019	0.04500	0.09000	0.08000	0.00500	0.00620	0.00260	0.14500	0.00000
65	0.00480	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.15500	0.00000
66	0.00510	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.17500	0.00000
67	0.00540	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.20000	0.00000
68	0.00570	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.22500	0.00000
69	0.00600	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.25000	0.00000
70	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000

EXHIBIT 8.3 – PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE

Section 8: Summary of Actuarial Assumptions

SAFETY MEMBERS CURRENT ASSUMPTIONS

Age	Ordinary Death	Duty Death	Withdrawal svc < 1	Withdrawal svc 1 to 5	Withdrawal svc >5	Ordinary Disability	Duty Disability	Service	Terminated Vested
20	0.00030	0.00052	0.04667	0.07000	0.06000	0.00000	0.00110	0.00000	0.00000
21	0.00030	0.00052	0.04667	0.07000	0.06000	0.00000	0.00120	0.00000	0.03333
22	0.00030	0.00052	0.04667	0.07000	0.06000	0.00000	0.00130	0.00000	0.03333
23	0.00030	0.00052	0.04667	0.07000	0.06000	0.00000	0.00150	0.00000	0.03333
24	0.00030	0.00052	0.04667	0.07000	0.06000	0.00000	0.00180	0.00000	0.03333
25	0.00038	0.00052	0.04667	0.07000	0.05800	0.00050	0.00230	0.00000	0.03333
26	0.00038	0.00052	0.04667	0.07000	0.05800	0.00050	0.00280	0.00000	0.03333
27	0.00038	0.00052	0.04667	0.07000	0.05700	0.00050	0.00320	0.00000	0.03333
28	0.00038	0.00052	0.04667	0.07000	0.05700	0.00050	0.00320	0.00000	0.03333
29	0.00038	0.00052	0.04667	0.07000	0.05500	0.00050	0.00400	0.00000	0.03333
30	0.00038	0.00052	0.04667	0.07000	0.05200	0.00070	0.00500	0.00000	0.03333
31	0.00044	0.00052	0.04667	0.07000	0.04800	0.00070	0.00570	0.00000	0.03333
32	0.00044	0.00052	0.04667	0.07000	0.04500	0.00070	0.00600	0.00000	0.03333
33	0.00044	0.00052	0.04667	0.07000	0.04100	0.00070	0.00620	0.00000	0.03333
34	0.00050	0.00060	0.04667	0.07000	0.03700	0.00070	0.00640	0.00000	0.03333
35	0.00058	0.00060	0.04667	0.07000	0.03400	0.00090	0.00640	0.00000	0.03333
36	0.00058	0.00060	0.04667	0.07000	0.03100	0.00090	0.00650	0.00000	0.03333
37	0.00064	0.00068	0.04667	0.07000	0.02700	0.00090	0.00660	0.00000	0.03333
38	0.00064	0.00068	0.04667	0.07000	0.02300	0.00090	0.00670	0.00000	0.03333
39	0.00070	0.00068	0.04667	0.07000	0.01900	0.00090	0.00670	0.00000	0.03333
40	0.00070	0.00075	0.04667	0.07000	0.01500	0.00120	0.00680	0.00000	0.03000
41	0.00076	0.00075	0.04667	0.07000	0.01100	0.00120	0.00690	0.00000	0.02667
42	0.00076	0.00075	0.04667	0.07000	0.01000	0.00120	0.00690	0.00000	0.02333
43	0.00082	0.00082	0.04667	0.07000	0.01000	0.00140	0.00700	0.00000	0.02000
44	0.00090	0.00082	0.04667	0.07000	0.01000	0.00160	0.00710	0.00000	0.02000
45	0.00096	0.00090	0.04667	0.07000	0.01000	0.00190	0.00980	0.00417	0.02000
46	0.00104	0.00090	0.04667	0.07000	0.01000	0.00210	0.00980	0.00417	0.02000
47	0.00110	0.00097	0.04667	0.07000	0.01000	0.00260	0.00980	0.00833	0.02000
48	0.00124	0.00097	0.04667	0.07000	0.01000	0.00300	0.00980	0.01250	0.02000
49	0.00138	0.00105	0.04667	0.07000	0.01000	0.00350	0.00980	0.01250	0.02000
50	0.00152	0.00112	0.04667	0.07000	0.00000	0.00400	0.01000	0.04000	0.00000
51	0.00160	0.00120	0.04667	0.07000	0.00000	0.00440	0.01250	0.03333	0.00000
52	0.00174	0.00127	0.04667	0.07000	0.00000	0.00490	0.01500	0.03333	0.00000
53	0.00182	0.00135	0.04667	0.07000	0.00000	0.00540	0.01750	0.03333	0.00000
54	0.00196	0.00142	0.04667	0.07000	0.00000	0.00580	0.02000	0.03333	0.00000
55	0.00218	0.00150	0.04667	0.07000	0.00000	0.00650	0.02250	0.20167	0.00000
56	0.00240	0.00157	0.04667	0.07000	0.00000	0.00750	0.02380	0.13500	0.00000
57	0.00262	0.00165	0.04667	0.07000	0.00000	0.00840	0.02510	0.13500	0.00000
58	0.00284	0.00172	0.04667	0.07000	0.00000	0.00960	0.02650	0.16833	0.00000
59	0.00306	0.00180	0.04667	0.07000	0.00000	0.01100	0.02810	0.20250	0.00000
60	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
61	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
62	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
63	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
64	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
65	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
66	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
67	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
68	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
69	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
70	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.4 – YEARS OF LIFE EXPECTANCY AFTER SERVICE RETIREMENT CURRENT ASSUMPTIONS

Age	General		Safety		Age	General		Safety	
	Male	Female	Male	Female		Male	Female	Male	Female
20	58.04	63.01	56.26	61.99	55	26.77	29.55	24.67	28.19
21	57.09	62.03	55.31	61.00	56	25.91	28.65	23.84	27.27
22	56.15	61.05	54.36	60.02	57	25.05	27.76	23.02	26.36
23	55.21	60.07	53.42	59.03	58	24.19	26.88	22.21	25.45
24	54.26	59.08	52.47	58.04	59	23.32	26.00	21.40	24.56
25	53.32	58.10	51.52	57.06	60	22.46	25.13	20.61	23.69
26	52.38	57.12	50.57	56.07	61	21.61	24.27	19.82	22.83
27	51.43	56.13	49.62	55.09	62	20.76	23.42	19.05	21.98
28	50.49	55.15	48.67	54.10	63	19.93	22.57	18.28	21.16
29	49.54	54.17	47.72	53.11	64	19.11	21.74	17.53	20.34
30	48.60	53.19	46.77	52.13	65	18.31	20.91	16.79	19.55
31	47.66	52.21	45.82	51.15	66	17.51	20.10	16.06	18.76
32	46.72	51.23	44.88	50.16	67	16.74	19.30	15.35	17.99
33	45.80	50.26	43.95	49.19	68	15.97	18.51	14.66	17.24
34	44.88	49.29	43.02	48.21	69	15.22	17.74	13.97	16.49
35	43.96	48.32	42.10	47.23	70	14.48	16.98	13.31	15.77
36	43.06	47.35	41.18	46.26	71	13.76	16.23	12.66	15.06
37	42.16	46.39	40.27	45.29	72	13.04	15.26	12.03	14.36
38	41.26	45.43	39.36	44.32	73	12.35	14.54	11.41	13.69
39	40.37	44.46	38.46	43.35	74	11.67	13.84	10.81	13.03
40	39.49	43.51	37.56	42.38	75	11.02	13.16	10.23	12.40
41	38.61	42.55	36.67	41.42	76	10.38	12.49	9.66	11.77
42	37.73	41.60	35.78	40.45	77	9.77	11.84	9.12	11.17
43	36.85	40.65	34.89	39.49	78	9.18	11.21	8.60	10.57
44	35.99	39.70	34.01	38.54	79	8.61	10.59	8.09	10.00
45	35.13	38.76	33.13	37.59	80	8.06	10.00	7.61	9.43
46	34.27	37.83	32.26	36.63	81	7.54	9.43	7.15	8.89
47	33.43	36.89	31.39	35.69	82	7.04	8.87	6.71	8.37
48	32.59	35.96	30.53	34.74	83	6.56	8.34	6.29	7.87
49	31.75	35.04	29.68	33.80	84	6.11	7.84	5.89	7.40
50	30.93	34.12	28.83	32.86	85	5.69	7.35	5.52	6.95
51	30.11	33.20	27.99	31.93	86	5.29	6.90	5.17	6.53
52	29.29	32.28	27.16	30.99	87	4.92	6.47	4.83	6.14
53	28.46	31.37	26.32	30.05	88	4.58	6.08	4.53	5.78
54	27.62	30.46	25.49	29.12	89	4.26	5.72	4.24	5.45
					90	3.97	5.38	3.98	5.15

General Males: RP 2000 Mortality Table for Males, with white collar adjustment, and no setback

General Females: RP 2000 Mortality Table for Females, with white collar adjustment, and no setback

Safety Males: RP 2000 Mortality Table for Males, with blue collar adjustment, and no setback

Safety Females: RP 2000 Mortality Table for Females, with blue collar adjustment, and no setback

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.5 – YEARS OF LIFE EXPECTANCY AFTER DISABILITY RETIREMENT GENERAL MEMBERS – CURRENT ASSUMPTIONS

Age	Years of Life Expectancy		Age	Years of Life Expectancy	
	Male	Female		Male	Female
20	31.51	47.16	55	15.98	21.73
21	30.51	46.16	56	15.55	21.09
22	30.20	45.50	57	15.12	20.46
23	29.89	44.84	58	14.70	19.83
24	29.57	44.17	59	14.27	19.22
25	29.24	43.50	60	13.86	18.62
26	28.90	42.82	61	13.44	18.02
27	28.55	42.14	62	13.03	17.43
28	28.20	41.45	63	12.62	16.85
29	27.84	40.76	64	12.21	16.27
30	27.47	40.06	65	11.80	15.70
31	27.09	39.36	66	11.39	15.14
32	26.71	38.65	67	10.99	14.58
33	26.31	37.94	68	10.59	14.04
34	25.90	37.22	69	10.20	13.50
35	25.49	36.49	70	9.81	12.98
36	25.07	35.76	71	9.43	12.46
37	24.63	35.03	72	9.05	11.96
38	24.19	34.28	73	8.69	11.47
39	23.73	33.54	74	8.33	11.00
40	23.27	32.79	75	7.99	10.53
41	22.80	32.03	76	7.65	10.09
42	22.31	31.26	77	7.33	9.65
43	21.81	30.49	78	7.02	9.23
44	21.30	29.72	79	6.72	8.81
45	20.78	28.94	80	6.43	8.42
46	20.25	28.15	81	6.16	8.03
47	19.73	27.38	82	5.89	7.66
48	19.23	26.62	83	5.63	7.29
49	18.73	25.88	84	5.38	6.94
50	18.25	25.15	85	5.14	6.61
51	17.78	24.44	86	4.90	6.28
52	17.32	23.74	87	4.66	5.97
53	16.86	23.06	88	4.41	5.67
54	16.42	22.39	89	4.16	5.39
			90	3.90	5.12

Males: RP 2000 Disabled Annuitant Mortality Table for Males, and no setback

Females: RP 2000 Disabled Annuitant Mortality Table for Females, and no setback

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.6 – YEARS OF LIFE EXPECTANCY AFTER DISABILITY RETIREMENT SAFETY MEMBERS – CURRENT ASSUMPTIONS

Age	Years of Life Expectancy		Age	Years of Life Expectancy	
	Male	Female		Male	Female
20	33.51	49.16	55	16.86	23.06
21	32.51	48.16	56	16.42	22.39
22	31.51	47.16	57	15.98	21.73
23	30.51	46.16	58	15.55	21.09
24	30.20	45.50	59	15.12	20.46
25	29.89	44.84	60	14.70	19.83
26	29.57	44.17	61	14.27	19.22
27	29.24	43.50	62	13.86	18.62
28	28.90	42.82	63	13.44	18.02
29	28.55	42.14	64	13.03	17.43
30	28.20	41.45	65	12.62	16.85
31	27.84	40.76	66	12.21	16.27
32	27.47	40.06	67	11.80	15.70
33	27.09	39.36	68	11.39	15.14
34	26.71	38.65	69	10.99	14.58
35	26.31	37.94	70	10.59	14.04
36	25.90	37.22	71	10.20	13.50
37	25.49	36.49	72	9.81	12.98
38	25.07	35.76	73	9.43	12.46
39	24.63	35.03	74	9.05	11.96
40	24.19	34.28	75	8.69	11.47
41	23.73	33.54	76	8.33	11.00
42	23.27	32.79	77	7.99	10.53
43	22.80	32.03	78	7.65	10.09
44	22.31	31.26	79	7.33	9.65
45	21.81	30.49	80	7.02	9.23
46	21.30	29.72	81	6.72	8.81
47	20.78	28.94	82	6.43	8.42
48	20.25	28.15	83	6.16	8.03
49	19.73	27.38	84	5.89	7.66
50	19.23	26.62	85	5.63	7.29
51	18.73	25.88	86	5.38	6.94
52	18.25	25.15	87	5.14	6.61
53	17.78	24.44	88	4.90	6.28
54	17.32	23.74	89	4.66	5.97
			90	4.41	5.67

Males: RP 2000 Disabled Annuitant Mortality Table for Males, with a 2-year setback

Females: RP 2000 Disabled Annuitant Mortality Table for Females, with a 2-year setback

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.7 – SALARY INCREASE ASSUMPTION

Years of Service	General Members	Safety Members
0	6.00%	6.25%
1	6.00%	6.25%
2	6.00%	6.25%
3	6.00%	6.25%
4	6.00%	6.25%
5	6.00%	6.25%
6	6.00%	6.25%
7	6.00%	6.25%
8	6.00%	6.25%
9	6.00%	6.25%
10	6.00%	6.25%
11	6.00%	6.25%
12	6.00%	6.25%
13	6.00%	6.25%
14	6.00%	6.25%
15	6.00%	6.25%
16	4.50%	6.25%
17	4.50%	6.25%
18	4.50%	6.25%
19	4.50%	6.25%
20 or more	4.50%	4.50%

Note: Salary scale assumption reflects 4.00% for inflation and graded merit and longevity.

Section 9: Member Data

The June 30, 2010, actuarial valuation of the Association was based on the following data. For comparison, we also show a summary of the June 30, 2009, statistical information.

SUMMARY OF RETIRED MEMBERSHIP			
	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>Percentage Change During the Period</u>
GENERAL			
Number	1,778	1,846	3.8%
Total Annual Allowance	\$28,171,440	\$31,098,752	10.4%
Average Total Monthly Allowance	1,320	1,404	6.4%
SAFETY			
Number	321	335	4.4%
Total Annual Allowance	\$9,314,167	\$10,396,467	11.6%
Average Total Monthly Allowance	2,418	2,586	7.0%
TOTAL			
Number	2,099	2,181	3.9%
Total Annual Allowance	\$37,485,607	\$41,495,219	10.7%
Average Total Monthly Allowance	\$1,488	\$1,585	6.6%

SUMMARY OF INACTIVE MEMBERSHIP*			
	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>Percentage Change During the Period</u>
GENERAL			
Number	1,620	1,549	-4.4%
SAFETY			
Number	209	217	3.8%
TOTAL			
Number	1,829	1,766	-3.4%

*Includes unclaimed accounts.

Section 9: Member Data

SUMMARY OF ACTIVE MEMBERSHIP			
	<u>June 30, 2009</u>	<u>June 30, 2010</u>	Percentage Change During the Period
GENERAL TIER 1			
Number	114	94	(17.5)%
Annual Payroll*	\$7,330,825	\$5,862,660	(20.0)%
Average Monthly Salary	\$5,359	\$5,197	(3.0)%
Average Age	57.83	58.17	0.6%
Average Service	29.41	29.88	1.6%
GENERAL TIER 2 & 3			
Numbers	3,475	3,319	(4.5)%
Annual Payroll*	\$168,713,137	\$161,150,572	(4.5)%
Average Monthly Salary	\$4,046	\$4,046	0.0%
Average Age	43.59	43.94	0.8%
Average Service	8.07	8.87	9.9%
SAFETY TIER 1			
Number	14	10	(28.6)%
Annual Payroll*	\$1,323,032	\$897,763	(32.1)%
Average Monthly Salary	\$7,875	\$7,481	(5.0)%
Average Age	56.79	56.92	0.2%
Average Service	31.21	31.22	0.0%
SAFETY TIER 2 & 3			
Number	833	818	(1.8)%
Annual Payroll*	\$49,938,944	\$49,900,359	(0.1)%
Average Monthly Salary	\$4,996	\$5,084	1.8%
Average Age	37.57	38.10	1.4%
Average Service	7.67	8.70	13.4%
TOTAL			
Number	4,436	4,241	(4.4)%
Annual Payroll*	\$227,305,938	\$217,811,354	(4.2)%
Average Monthly Salary	\$4,270	\$4,280	0.2%
Average Age	42.87	43.16	0.7%
Average Service	8.62	9.36	8.5%

* Represents the annualization of active members' pay rates on June 30.

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2010
TIER 1 – MALES**

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	4	4
	0	0	0	0	0	0	51,885	51,885
55-59	0	0	0	0	1	1	15	17
	0	0	0	0	45,871	40,716	71,716	68,372
60-64	0	0	0	1	1	1	9	12
	0	0	0	44,483	92,012	149,360	89,630	91,043
65-69	0	0	0	0	0	0	2	2
	0	0	0	0	0	0	59,936	59,936
70 & Over	0	0	0	0	0	0	1	1
	0	0	0	0	0	0	52,270	52,270
Total	0	0	0	1	2	2	31	36
	0	0	0	44,483	68,941	95,038	72,971	73,181

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2010
TIER 1 – FEMALES**

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
50-54	0	1	0	1	1	1	14	18
	0	38,826	0	50,184	40,895	39,856	53,669	51,174
55-59	0	1	0	4	1	3	18	27
	0	56,865	0	57,541	74,753	47,959	63,458	61,033
60-64	0	0	0	0	0	2	6	8
	0	0	0	0	0	74,545	43,849	51,523
65-69	0	0	0	1	0	1	3	5
	0	0	0	83,304	0	34,449	43,052	49,382
70 & Over	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Total	0	2	0	6	2	7	41	58
	0	47,845	0	60,609	57,824	52,468	55,753	55,657

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2010
TIER 2 & 3 – MALES**

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	33	1	0	0	0	0	0	34
	31,717	40,556	0	0	0	0	0	31,977
25-29	61	10	1	0	0	0	0	72
	46,048	46,731	45,980	0	0	0	0	46,142
30-34	84	36	6	0	0	0	0	126
	52,484	50,838	51,574	0	0	0	0	51,970
35-39	52	42	13	5	0	0	0	112
	48,604	58,047	51,225	62,613	0	0	0	53,075
40-44	33	33	25	12	0	0	0	103
	44,421	61,300	60,472	55,753	0	0	0	55,045
45-49	47	38	13	16	15	0	0	129
	53,644	58,307	55,292	60,332	81,587	0	0	59,262
50-54	35	35	37	13	19	6	0	145
	51,601	58,579	56,058	61,824	74,196	58,757	0	58,596
55-59	35	24	28	16	12	14	1	130
	54,577	61,600	66,943	60,087	72,161	82,706	43,624	63,783
60-64	17	21	16	9	10	5	0	78
	74,269	58,440	53,357	56,982	69,404	105,724	0	65,115
65-69	6	9	4	2	1	0	0	22
	90,011	48,916	58,379	88,305	50,646	0	0	65,504
70 & Over	3	1	2	1	0	0	0	7
	74,693	29,193	34,783	32,103	0	0	0	50,706
Total	406	250	145	74	57	25	1	958
	50,546	56,960	57,636	59,920	74,459	81,562	43,624	56,242

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2010
TIER 2 & 3 – FEMALES**

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	68	1	0	0	0	0	0	69
	31,040	40,577	0	0	0	0	0	31,179
25-29	224	50	1	0	0	0	0	275
	39,140	38,933	37,044	0	0	0	0	39,095
30-34	188	136	39	1	0	0	0	364
	40,794	46,947	48,541	42,172	0	0	0	43,927
35-39	110	106	90	15	0	0	0	321
	42,949	46,215	47,981	45,798	0	0	0	45,572
40-44	79	73	86	30	5	0	0	273
	40,704	46,239	44,268	44,332	52,971	0	0	43,930
45-49	71	73	81	43	28	6	0	302
	51,035	46,771	46,369	51,510	53,738	45,072	0	48,953
50-54	47	87	85	49	31	15	2	316
	45,820	44,738	51,768	53,962	51,089	55,747	56,100	49,438
55-59	40	51	67	35	15	13	0	221
	41,564	51,436	45,974	48,193	65,434	72,301	0	49,657
60-64	28	44	43	33	18	4	2	172
	42,895	46,344	48,172	43,969	53,403	45,416	62,648	46,691
65-69	6	12	10	4	10	2	0	44
	40,813	38,921	48,338	75,016	52,990	59,254	0	48,722
70 & Over	0	1	3	0	0	0	0	4
	0	42,232	53,483	0	0	0	0	50,670
Total	861	634	505	210	107	40	4	2,361
	41,084	45,938	47,539	49,314	54,448	58,668	59,374	45,434

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE SAFETY MEMBERS
AS OF JUNE 30, 2010
TIER 1 – TOTAL**

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
50-54	2	0	0	0	0	0	0	2
	72,361	0	0	0	0	0	0	72,361
55-59	2	0	0	0	0	2	2	6
	65,828	0	0	0	0	104,201	108,902	92,977
60-64	2	0	0	0	0	0	0	2
	97,590	0	0	0	0	0	0	97,590
65-69	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
70 & Over	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Total	6	0	0	0	0	2	2	10
	78,593	0	0	0	0	104,201	108,902	89,776

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE SAFETY MEMBERS
AS OF JUNE 30, 2010
TIER 2 & 3 – TOTAL**

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	38	0	0	0	0	0	0	38
	46,971	0	0	0	0	0	0	46,971
25-29	149	27	0	0	0	0	0	176
	52,044	62,302	0	0	0	0	0	53,618
30-34	109	32	8	0	0	0	0	149
	53,246	65,046	69,927	0	0	0	0	56,676
35-39	69	25	39	4	0	0	0	137
	54,809	66,259	72,546	73,491	0	0	0	62,493
40-44	46	15	35	17	11	0	0	124
	57,209	67,988	69,764	67,242	81,316	0	0	65,571
45-49	32	6	18	8	22	1	0	87
	59,863	70,960	69,819	73,847	83,153	107,613	0	70,412
50-54	18	2	8	6	5	3	0	42
	59,755	64,199	62,087	76,363	80,784	107,917	0	68,727
55-59	26	6	6	1	6	3	1	49
	68,545	64,809	67,487	59,729	74,358	102,792	83,811	70,898
60-64	6	2	3	2	1	0	0	14
	70,970	62,758	69,779	48,961	65,687	0	0	66,020
65-69	0	1	1	0	0	0	0	2
	0	58,042	72,946	0	0	0	0	65,494
70 & Over	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Total	493	116	118	38	45	7	1	818
	54,677	65,229	70,094	69,571	80,880	105,677	83,811	61,003

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED GENERAL MEMBERS
AS OF JUNE 30, 2010
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	3	1	1	0	0	0	0	5
	14,578	16,083	14,415	0	0	0	0	14,847
45-49	2	3	1	1	0	0	0	7
	21,102	16,460	12,997	6,776	0	0	0	15,908
50-54	43	7	3	2	0	0	0	55
	16,144	11,082	5,642	7,276	0	0	0	14,604
55-59	114	48	10	2	0	0	1	175
	18,793	12,443	10,436	4,808	0	0	4,749	16,333
60-64	203	124	44	9	2	1	1	384
	23,068	16,021	11,712	14,544	7,421	4,082	5,979	19,116
65-69	137	141	74	26	7	3	4	392
	21,535	22,973	12,557	10,652	17,068	4,529	7,760	19,285
70-74	34	90	69	44	19	2	2	260
	16,234	19,864	16,780	12,928	11,288	12,398	10,305	16,640
75-79	1	15	62	56	50	28	8	220
	25,887	10,075	17,778	14,857	12,847	10,883	10,013	14,266
80-84	2	2	9	45	56	43	14	171
	41,333	12,947	17,984	15,900	17,941	12,845	10,012	15,690
85 & Over	1	0	5	4	26	64	77	177
	40,498	0	7,094	11,763	15,573	16,549	8,007	12,450
Total	540	431	278	189	160	141	107	1,846
	20,845	18,401	14,571	13,768	15,004	13,891	8,404	16,847

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED SAFETY MEMBERS
AS OF JUNE 30, 2010
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	8	8	1	0	0	0	0	17
	22,177	23,248	22,671	0	0	0	0	22,710
45-49	7	5	2	4	1	0	0	19
	20,532	21,871	23,809	21,159	27,071	0	0	21,705
50-54	19	4	2	4	1	0	0	30
	29,364	22,043	22,686	23,606	32,695	0	0	27,286
55-59	21	21	6	7	3	0	1	59
	51,043	30,286	24,397	18,227	25,988	0	19,459	35,243
60-64	18	33	6	8	1	0	0	66
	55,638	45,875	19,792	28,485	24,376	0	0	43,733
65-69	4	16	23	18	4	0	3	68
	15,937	45,399	30,867	22,433	13,454	0	13,301	29,376
70-74	0	1	7	16	8	3	7	42
	0	20,171	42,058	27,744	21,799	20,602	15,967	26,344
75-79	0	0	0	7	6	3	2	18
	0	0	0	19,574	33,372	16,658	13,577	23,021
80-84	0	0	0	0	2	4	3	9
	0	0	0	0	37,309	14,608	11,233	18,528
85 & Over	0	0	0	0	1	1	5	7
	0	0	0	0	635	18,254	21,938	18,369
Total	77	88	47	64	27	11	21	335
	39,171	37,272	29,471	23,738	24,659	17,133	16,270	31,034

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED GENERAL AND SAFETY MEMBERS
AS OF JUNE 30, 2010
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	11	9	2	0	0	0	0	22
	20,104	22,452	18,543	0	0	0	0	20,923
45-49	9	8	3	5	1	0	0	26
	20,658	19,842	20,205	18,283	27,071	0	0	20,145
50-54	62	11	5	6	1	0	0	85
	20,196	15,068	12,460	18,163	32,695	0	0	19,080
55-59	135	69	16	9	3	0	2	234
	23,809	17,874	15,671	15,245	25,988	0	12,104	21,101
60-64	221	157	50	17	3	1	1	450
	25,720	22,296	12,681	21,105	13,073	4,082	5,979	22,726
65-69	141	157	97	44	11	3	7	460
	21,376	25,258	16,898	15,471	15,754	4,529	10,135	20,777
70-74	34	91	76	60	27	5	9	302
	16,234	19,867	19,109	16,879	14,403	17,320	14,709	17,989
75-79	1	15	62	63	56	31	10	238
	25,887	10,075	17,778	15,381	15,046	11,442	10,726	14,928
80-84	2	2	9	45	58	47	17	180
	41,333	12,947	17,984	15,900	18,609	12,995	10,227	15,832
85 & Over	1	0	5	4	27	65	82	184
	40,498	0	7,094	11,763	15,020	16,575	8,857	12,675
Total	617	519	325	253	187	152	128	2,181
	23,132	21,601	16,725	16,290	16,398	14,126	9,694	19,026

Section 9: Member Data

SUMMARY OF ANNUAL RETIREMENT ALLOWANCES AS OF JUNE 30, 2010

GENERAL MEMBERS

	<u>Number</u>	<u>Annual Allowance</u>
Service		
Males	615	\$ 13,824,135.36
Females	832	12,293,889.60
Total	<u>1,447</u>	<u>\$ 26,118,024.96</u>
Disability		
Males	53	\$ 897,017.28
Females	87	1,365,337.32
Total	<u>140</u>	<u>\$ 2,262,354.60</u>
Beneficiaries		
Males	62	\$ 459,892.92
Females	197	2,258,479.92
Total	<u>259</u>	<u>\$ 2,718,372.84</u>
Total	<u>1,846</u>	<u>\$ 31,098,752.40</u>

SAFETY MEMBERS

	<u>Number</u>	<u>Annual Allowance</u>
Service		
Males	179	\$ 6,878,002.92
Females	22	692,653.44
Total	<u>201</u>	<u>\$ 7,570,656.36</u>
Disability		
Males	67	\$ 1,621,537.56
Females	19	372,709.80
Total	<u>86</u>	<u>\$ 1,994,247.36</u>
Beneficiaries		
Males	3	\$ 22,249.56
Females	45	809,313.60
Total	<u>48</u>	<u>\$ 831,563.16</u>
Total	<u>335</u>	<u>\$ 10,396,466.88</u>

Section 10: Summary of Major Plan Provisions

Eligibility	First pay period following date of employment.
Final Average Salary	Highest 12 consecutive months of compensation earnable for Tier 1 members and highest 36 consecutive months of compensation earnable for Tier 2 and Tier 3 members.
Service Retirement	Early retirement Age 50 and 10 years or 30 years for General and 20 years for Safety. Benefit <i>General Members:</i> For service prior to July 1, 2005: Benefits under Section 31676.11 (Tier 1) and Section 31676.1 (Tier 2 and Tier 3): 1/60 of final average salary times years of service times factor in the table on the following page. For service after June 30, 2005: Benefits under Section 31676.12 (all Tiers): 1/50 of final average salary times years of service times factor in the table on the following page. <i>Safety Members:</i> Benefits under Section 31664: 2% of final average salary times years of service times factor in the table on the following page.

Section 10: Summary of Major Plan Provisions

Benefit Factors	General	General	General	Safety
	Tier 1	Tiers 2 & 3	All Tiers	
<u>Age</u>	<u>31676.11</u>	<u>31676.1</u>	<u>31676.12</u>	<u>31664</u>
41				.6258
42				.6625
43				.7004
44				.7397
45				.7805
46				.8226
47				.8678
48				.9085
49				.9522
50	.7454	.7091	.6681	1.0000
51	.7882	.7457	.7056	1.0516
52	.8346	.7816	.7454	1.1078
53	.8850	.8181	.7882	1.1692
54	.9399	.8556	.8346	1.2366
55	1.0000	.8954	.8850	1.3099
56	1.0447	.9382	.9399	1.3099
57	1.1048	.9846	1.0000	1.3099
58	1.1686	1.0350	1.0447	1.3099
59	1.2365	1.0899	1.1048	1.3099
60	1.3093	1.1500	1.1686	1.3099
61	1.3608	1.1947	1.2365	1.3099
62	1.4123	1.2548	1.3093	1.3099
63	1.4638	1.3186	1.3093	1.3099
64	1.5153	1.3865	1.3093	1.3099
65	1.5668	1.4593	1.3093	1.3099

Non Service Connected Disability Retirement 20% if 5 years of service plus 2% for each of the next ten years or service retirement benefit (if eligible).

Service Connected Disability Retirement Greater of 50% of final average salary or service retirement benefit (if eligible).

Integration with Social Security All members are integrated with Social Security. Benefits based on the first \$161.54 of bi-weekly final average salary are reduced by 1/3.

Section 10: Summary of Major Plan Provisions

Death Before Retirement	<p>If nonservice connected before eligible to retire, this benefit is a refund of contributions plus 1/12 of last year's salary per year of service up to 6 years.</p> <p>If eligible for nonservice connected disability or service retirement the benefit is 60% of member's accrued allowance.</p> <p>If service connected death, the benefit is 50% of salary.</p>
Death After Retirement	<p>For service retirement or nonservice connected disability, the benefit is 60% of member's allowance payable to an eligible spouse.</p> <p>For service connected disability, the benefit is 100% of member's allowance payable to an eligible spouse.</p> <p>\$5,000 lump sum benefit payable to member's beneficiary.</p>
Vesting	<p>After five years of Service</p> <p>Must leave contributions on deposit.</p>
Member Contributions	<p>Based on entry age. Members with 30 or more years of service do not pay member contributions.</p>
Maximum Benefit	<p>100% of final average salary</p>
Cost-Of-Living Benefits	<p>Payable April 1. Up to 3% COLA for Tier 1 members (2% for Tier 2 and Tier 3 members), depending on CPI (Los Angeles–Riverside–Orange) changes for the prior calendar year.</p>

Section 10: Summary of Major Plan Provisions

Supplemental Retiree Benefits Reserve

Level One

A monthly benefit of up to \$360 is provided for members with 20 or more years of service. For members with less than 20 years of service, the benefit is provided in the following schedule:

Years of Service	% of \$360 Full Benefit	Years of Service	% of \$360 Full Benefit
Less than 10	0.00%	15	75.0%
10	50.0%	16	80.0%
11	55.0%	17	85.0%
12	60.0%	18	90.0%
13	65.0%	19	95.0%
14	70.0%	20 +	100.0%

Only years of service with Tulare County are considered. After a member's death, a continuance will be paid to an eligible spouse at one half of the amount payable to the retired member.

The changing of the SRBR benefits created the possibility that some of the current retirees would receive a lower benefit. This possibility was avoided by setting the new SRBR benefit to be no less than the prior benefit.

Level Two

In addition to the \$360 benefit described above, the Board authorized that the SRBR provide a supplemental COLA for retirees and beneficiaries who have lost at least 15% of their purchasing power as measured by their COLA banks.

This program is designed to maintain retiree purchasing power at a minimum of 85% of its original value. For example, Tier 1 members, who retired on or before April 1, 1974, have lost 66% of their original purchasing power (as measured by their COLA bank). These members would receive a Level Two benefit equal to 51% (66% minus 15%) of their benefit.

Level Three

60% survivor benefits to a spouse not married to the member at retirement. To be eligible this spouse must be at least age 55 at the date of the retired members death, be married for at least two years and the member must have elected the Unmodified Allowance retirement option.

Section 11: Glossary of Terms

Following is a glossary of some of the commonly used actuarial terms.

<i>Actuarial Accrued Liability</i>	The portion, as determined by a particular cost method, of the total present value of benefits that is attributable to past service credit.
<i>Actuarial Gain (Loss)</i>	A measure of the difference between actual and expected experience based upon a set of actuarial assumptions. Examples include higher than expected salary increases (loss) and a higher return on fund assets than anticipated (gain).
<i>Actuarial Present Value</i>	Also referred to as the present value of benefits. It is the value, as of a specified date, of an amount payable in the future, where the amount has been adjusted to reflect both the time value of money and the probability that the payment is actually made.
<i>Amortization or UAAL Payment</i>	That portion of the pension plan contribution which is designed to pay off (amortize) the unfunded actuarial accrued liability in a systematic fashion. Equivalently, it is a series of periodic payments required to pay off a debt.
<i>Annual Amount</i>	Estimated contributions due for the year in order to ensure the orderly funding of the pension plan (equal to the contribution rate multiplied by the annual payroll). The annual amount is comprised of normal cost and UAAL payments.
<i>Entry Age Actuarial Cost Method</i>	This method assumes that the annual costs are the level premiums needed from entry age until retirement age to fund the ultimate retirement benefit. These premiums are expressed as a percentage of salary. The portion of this actuarial present value allocated to a valuation year is called the normal cost.
<i>Final Average Salary</i>	The average amount of compensation earned over a specified number of consecutive months preceding retirement during which compensation was highest.
<i>Funding Policy</i>	The policy for the amounts and timing of contributions to be made by the employer, members and any other sources to provide the benefits promised by the pension plan.

Section 11: Glossary of Terms

<i>Noneconomic Actuarial Assumptions</i>	Probabilities that members will separate from active service for causes such as retirement, disability, death and withdrawal, as well as rates of post-retirement mortality. The probabilities reflect the experience of the Association membership.
<i>Normal Cost</i>	The ongoing annual cost allocated to the system by a particular actuarial cost method for providing benefits (future cost). Normal cost payments are made during the working lifetime of the member.
<i>Unfunded Actuarial Accrued Liability</i>	The excess of the actuarial accrued liability over the actuarial value of assets.
<i>Vested Benefit</i>	The benefit an employee is entitled to even if the employee separates from active service prior to normal retirement age.