

Tulare County Employees' Retirement Association

**Report on the
Actuarial Valuation
As of June 30, 2007**



1801 Century Park East, Suite 500
Los Angeles, CA 90067

November 7, 2007

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, 2007. 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.

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,

A handwritten signature in dark ink, reading "Charlie E. Chittenden". The signature is written in a cursive style with a large initial "C".

Charlie Chittenden, FSA, EA, MAAA
Director, Retirement

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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, 2006</u>	<u>June 30, 2007</u>	<u>Amount</u>	<u>Percent</u>
Contribution Summary*				
Average Employer Contribution Rate	10.75%	9.86%	-0.89%	-8.3%
Estimated Employer Contributions	\$20,096,000	\$20,195,000	\$99,000	0.5%
Average Member Contribution Rate	7.97%	8.02%	0.05%	0.6%
Estimated Member Contributions	\$14,612,000	\$16,108,000	\$1,496,000	10.2%
Value of Assets				
Market Value of Assets	\$892,299,684	\$1,050,428,442	\$158,128,758	17.7%
Rate of Return for Last 12 Months	13.76%	18.35%	4.59%	33.4%
Actuarial Value of Assets**	\$729,898,582	\$800,967,495	\$71,068,913	9.7%
Rate of Return for Last 12 Months	8.77%	10.48%	1.71%	19.4%
GASB No. 25 Funded Status				
Actuarial Accrued Liability	\$792,843,643	\$846,029,756	\$53,186,113	6.7%
Unfunded Actuarial Accrued Liability/(Surplus)	\$62,945,061	\$45,062,261	(\$17,882,800)	-28.4%
Funded Ratio	92.1%	94.7%	2.6%	2.8%
Summary of Data				
Active Participants	4,295	4,498	203	4.7%
Participants with Deferred Benefits	1,593	1,710	117	7.3%
Retired Participants and Beneficiaries	1,840	1,913	73	4.0%
Total	7,728	8,121	393	5.1%
Retired Participant Statistics				
Total Annual Allowance	\$28,704,234	\$31,013,646	\$2,309,412	8.0%
Average Annual Allowance	\$15,600	\$16,212	\$612	3.9%
Active Participant Statistics				
Total Annual Compensation	\$186,948,702	\$204,802,798	\$17,854,096	9.6%
Average Annual Compensation	\$43,527	\$45,532	\$2,005	4.6%
Average Age	42.65	42.36	-0.29	-0.7%
Average Service	8.10	7.92	-0.18	-2.2%
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, 2007 payroll.

** Net of Supplemental Retiree Benefit Reserve and Contingency Reserve

Section 1: Executive Summary

Purpose

This report has been prepared by Buck Consultants to present the results of the June 30, 2007 actuarial valuation of the Tulare County Employees' Retirement Association. 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 10.48%, 2.58% greater than the actuarial assumption of 7.90%. In addition, there was a slight gain on the actuarial liability, resulting in a decrease in the calculated County contribution rate from 10.75% as of June 30, 2006 to 9.86% as of June 30, 2007.

The contribution rates reflect the economic and non-economic assumptions recommended in the June 30, 2005 Experience Study.

Asset Returns

During the twelve months ended June 30, 2007, the Association assets had an investment return of 18.35% on a market value basis and 10.48% 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 increased from 92.1% on June 30, 2006 to 94.7% on June 30, 2007.

Noneconomic Assumptions

A triannual experience study of the members of the Association was performed at the time of the June 30, 2005 valuation. At that time, we analyzed the plan experience during the three-year period from July 1, 2002 through June 30, 2005 regarding service retirements, deaths, disabilities and terminations of employment, and compared the number of actual terminations to the incidence expected using the then prior actuarial assumptions. Where the results differed materially, we recommended modifying the assumptions. We will continue to use these new actuarial assumptions until the next experience analysis, which is due to be performed at the time of the June 30, 2008 actuarial valuation.

Economic Assumptions

In order 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 is comprised of inflation and the real rate of return. In addition, we have assumed future salary increases are comprised of 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% produces an effective rate of 7.90%.

Section 1: Executive Summary

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 5-year period, calculated semi-annually and subject to a 20% corridor. The net market value of assets was \$1,050,428,442 and the net current actuarial value of assets under this method was \$800,967,495, 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, a key component in the determination of the Association's funding status.
Financial Exhibits	<p>Exhibit 2.1 presents a statement of Plan Net Assets at Market Value</p> <p>Exhibit 2.2 presents a statement of changes in Plan Net Assets</p> <p>Exhibit 2.3 presents the derivation of the Actuarial Value of Assets</p> <p>Exhibit 2.4 presents the derivation of the Asset Gain and Loss for the year</p> <p>Exhibit 2.5 presents the historical returns on the Association's Assets</p>
Market Value of Assets	Represents the fair market value of assets as of June 30, 2007 as reported by the Trustee.
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 5-year period. The net market value of assets was \$1,050,428,442 and the net current actuarial value of assets under this method was \$800,967,495, 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, 2007, the Association assets had an investment return of 18.35% on a market value basis and 10.48% 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, 2007

	<u>June 30 2007</u>
	<u>Combined</u>
ASSETS	
Current Assets	
Checking/Savings	
1110 · Cash in County Treasury	\$ 4,415,048.15
1120 · Cash in Custodial Account	61,436.14
1130 · Short Term Investments	23,900,938.26
1140 · Securities Lending Collateral	107,380,946.31
Total Checking/Savings	\$ 135,758,368.58
Other Current Assets	
1310 · Fixed Income - Market	\$ 243,024,580.74
1340 · Equities - Market	635,781,703.84
1370 · Real Estate - Market	
1371 · Accrued Performance Fees	-686,955.00
1370 · Real Estate - Market - Other	15,349,217.84
Total 1370 · Real Estate - Market	\$ 14,662,262.84
1375 - Real Estate - REIT	\$ 82,964,798.72
1385 –Hedge Funds	48,649,477.12
1386 – Private Equity	10,875,005.09
1390 – Futures Overlay	2,903,717.11
Total Other Current Assets	\$ 1,038,861,545.46
Total Current Assets	\$ 1,174,619,914.32
Fixed Assets	
1509 · Building and Improvements	\$ 950,000.00
1510 · Office Equipment & Computer Sys	200,609.88
1511 · Allowance for Depreciation	-310,842.81
1514 · Land	650,000.00
Total Fixed Assets	\$ 1,489,767.07
Other Assets	
1610 · Prepaid Interest-Bond Purchases	\$ 41,019,784.34
1710 · Open Trades Sales	1,699,705.53
1730 · Investment Income Receivable	-494,652.94
1750 · Members Contribution Receivable	944,270.32
1770 · County Contribution Receivable	41,119.04
1780 · Advances Rec- Holding Corp	1,280,591.00
Total Other Assets	\$ 44,490,817.29
TOTAL ASSETS AT MARKET VALUE	\$ 1,220,600,498.68

Section 2: Assets

EXHIBIT 2.1 – STATEMENT OF PLAN NET ASSETS AS OF JUNE 30, 2007

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

2010 · Sec Lndg Collateral Payable	\$	107,380,946.31
2020 · Open Trades - Purchases		58,586,004.15
2030 · Accounts Payable - Inv		749,729.21
2040 · Refunds Payable		2,075,677.80
2100 · Advances Payable-TCERA		38,747.90

Total Other Current Liabilities \$ **168,831,105.37**

Total Current Liabilities \$ **168,831,105.37**

Long Term Liabilities

2060 · Accrual For Benefits At Termination	\$	60,359.91
2070 · Advances Payable - TCERA		1,280,591.00

Total Long Term Liabilities \$ **1,340,950.91**

Total Liabilities \$ **170,172,056.28**

Equity

3110 · Member Deposit Reserve	\$	175,586,993.05
3120 · Other Reserves - Unapportioned		0.01
3210 · County Advanced Reserves		
3210.1 · County Advanced Reserves		<u>351,554,041.60</u>
Total 3210 · County Advanced Reserves	\$	351,554,041.60
3310 · Retiree Reserves	\$	245,500,451.35
3320 · Supp. Retiree Benefit Reserve		102,744,466.12
3410 · Contingency Reserve		10,266,350.38
3510 · Market Stabilization		102,175,531.00
3900 · Retained earnings		-95,528,149.22
Net Income		<u>158,128,758.11</u>

Total Equity \$ **1,050,428,442.40**

TOTAL LIABILITIES & EQUITY \$ **1,220,600,498.68**

Section 2: Assets

EXHIBIT 2.2 – STATEMENT OF CHANGES IN PLAN NET ASSETS

Ordinary Income/Expense		
Income		
4110 · Interest Income (TCERA & TCERA Prop)	\$	8,570,437.53
4120 · Dividend Income		7,633,191.32
4130 · Real Estate Income		8,277,296.81
4140 · Other Investment Income		6,612.09
4200 · Lease Payments from TCERA		49,561.80
4220 · Tax Reclaim Income		0.00
4310 · Commission Rebates		37,387.74
4410 · Securities Lending Income		3,488,842.14
4510 · Realized Gains/Losses		52,995,954.63
4610 · Employee Contributions		15,619,521.92
4620 · County Contributions		17,975,005.28
Total Income	\$	<u>114,653,811.26</u>
Expense		
5110 · Benefit Payments	\$	35,328,187.11
5120 · Refunds		3,425,206.71
5210 · Investment Management Fees		3,540,350.42
5250 · Inv.Consultant/Custodial Fees		298,574.87
5270 · Securities Lending Expense		3,284,453.24
5275 · Real Estate Investment Expense		0.00
5276 · Real Estate Mgr Fees		0.00
5280 · Other Investment Expense		10,855.80
5310 · Legal Fees		0.00
5410 · Actuarial Study Fees		46,010.00
5420 · Ret. Information System Exp.		0.00
5450 · Compensated Benefit Expense		6,534.53
5500 · Administrative Expense		1,238,715.80
5750 · TCERA Property Admin. Expense		27,970.15
5910 · Depreciation of Fixed Assets		36,708.42
Total Expense	\$	<u>47,243,567.05</u>
Net Ordinary Income	\$	67,410,244.21
Other Income/Expense		
Other Income		
4520 · Unrealized Gains/Losses	\$	30,412,376.66
5000 · Adjusted		54,651.17
Total Other Income	\$	<u>30,467,027.83</u>
Net Other Income	\$	<u>30,467,027.83</u>
Net Income	\$	<u><u>89,666,330.71</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>
07/01/02	12/31/02	(40,109,257)	25,704,631	(65,813,888)	0%	0
01/01/03	06/30/03	55,640,621	23,769,387	31,871,234	10%	3,187,123
07/01/03	12/31/03	78,936,619	25,212,810	53,723,809	20%	10,744,762
01/01/04	06/30/04	27,755,083	27,934,765	(179,683)	30%	(53,905)
07/01/04	12/31/04	65,274,654	28,985,535	36,289,119	40%	14,515,648
01/01/05	06/30/05	12,962,718	31,132,549	(18,169,831)	50%	(9,084,915)
07/01/05	12/31/05	65,516,363	31,179,963	34,336,400	60%	20,601,840
01/01/06	06/30/06	37,530,222	33,331,266	4,198,956	70%	2,939,270
07/01/06	12/31/06	92,320,721	34,876,170	57,444,551	80%	45,955,641
01/01/07	06/30/07	70,966,904	38,054,052	32,912,851	90%	29,621,567
1. Total deferred return						118,427,031
2. Market Value of Assets as of June 30, 2007						\$1,050,428,442
3. Preliminary Actuarial Value of Assets as of June 30, 2007 (2) – (1)						932,001,411
4. Corridor around Market Value						932,001,411
80% corridor minimum						840,342,754
120% corridor maximum						1,260,514,131
5. Final Actuarial Value of Assets as of June 30, 2007						\$ 932,001,411
6. Non-valuation reserves and designations:						
Supplemental Retiree Benefit Reserve						108,769,525
Reserve for Interest Fluctuation (Contingency Reserve)						22,264,391
Total						131,033,917
7. Valuation Assets as of June 30, 2007 (5) – (6)						\$ 800,967,495

Section 2: Assets

EXHIBIT 2.4 – ASSET GAIN/LOSS

	<u>Market Value</u>	<u>Actuarial Value</u>
Total as of June 30, 2006	\$ 892,299,684	\$ 729,898,582
Changes During the Year		
County Contributions	17,975,005	17,975,005
Member Contributions	15,619,522	15,619,522
Benefit Payments	(35,322,187)	(35,322,187)
Refunds	(3,431,207)	(3,431,207)
Investment Expenses	(8,379,485)	(8,379,485)
Administrative Expenses	(1,245,250)	(1,245,250)
Investment Return	172,912,360	85,852,515
Total assets as of June 30, 2007	\$ 1,050,428,442	\$ 800,967,495
Expected Investment Return	\$ 70,287,900	\$ 57,458,213
Expected Assets	\$ 957,428,717	\$ 782,197,928
Asset Gain/Loss	\$ 92,999,725	\$ 18,769,567
Gross Return	\$ 172,912,360	\$ 85,852,515
Net of Expenses	\$ 163,287,625	\$ 76,227,780
Gross of Expenses	19.54%	11.88%
Net of Expenses	18.35%	10.48%

Section 2: Assets

EXHIBIT 2.5 – HISTORICAL RETURNS ON ASSOCIATION ASSETS

Year Ended <u>June 30,</u>	Annualized Rate of Return at <u>Market Value</u>	Annualized Rate of Return at <u>Actuarial Value</u>	Increase in Consumer Price <u>Index**</u>
2004	17.00%	6.77%	3.3%
2005	9.93%	4.53%	2.5%
2006	13.76%	8.77%	4.3%
2007	18.35%	10.48%	2.7%
Compounded Average*	14.71%	7.62%	3.2%

* Since 2004

** 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 of 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, 2007, the date of the valuation. The present value of supplemental benefits are shown at their 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. For this purpose, payroll is assumed to increase 3.75%.

Actuarial Gain and Loss

The difference between the UAAL and the expected UAAL is an actuarial gain or loss. The actuarial gain or loss is made up of two components: a liability gain or 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: \$16.00 per month for each of the first 20 years of service (some benefit grandfathering)

Section 3: Liabilities

applies). 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)	\$ 932,001,411
2. Present value of future contributions by members	119,566,026
3. Present value of future employer contributions for normal cost	117,130,821
4. Present value of other future employer contributions (UAAL)	45,062,261
5. Total actuarial assets	\$ 1,213,760,520
<u>LIABILITIES</u>	
6. Present value of retirement allowances payable to retired members and their survivors	\$ 377,086,300
7. Present value of service retirement allowances payable to presently active members and their survivors	483,066,492
8. Present value of allowances payable to current and future vested terminated members and their survivors	128,625,124
9. Present value of disability retirement allowances payable to presently active members and their survivors	50,724,631
10. Present value of death benefits payable on behalf of presently active members	12,373,166
11. Present value of members' contributions to be returned upon withdrawal	30,850,890
12. Special Reserves	22,264,391
13. SRBR	108,769,525
14. Miscellaneous Liabilities	0
15. Total actuarial liabilities	\$ 1,213,760,520

EXHIBIT 3.2 – ACTUARIAL ACCRUED LIABILITY

16. Present value of future benefits (items 6 to 11)	\$ 1,082,726,603
17. Present value of future contributions by members and employers (items 2 and 3)	236,696,847
18. Actuarial accrued liability (item 16 minus item 17)	846,029,756
19. Actuarial value of assets (excluding special reserves)	800,967,495
20. Unfunded actuarial accrued liability (UAAL) (item 18 minus item 19)	\$ 45,062,261
21. Funded ratio	94.70%

Section 3: Liabilities

EXHIBIT 3.3 – ACTUARIAL GAIN AND LOSS

1.	Unfunded actuarial accrued liability as of July 1, 2006		\$	62,945,061
2.	Change due to contributions:			
	(a) Normal cost	\$	30,313,690	
	(b) Interest on (a)		1,197,391	
	(c) Interest on (1)		4,972,660	
	(d) Contributions (member and employer)		(33,594,527)	
	(e) Interest on (d)		(1,326,984)	
	(f) Net change: (a)+(b)+(c)+(d)+(e)			\$ 1,562,229
3.	Expected unfunded actuarial accrued liability: (1)+(2)		\$	64,507,290
4.	Change due to actuarial (gain)/loss from asset sources:		\$	(18,769,567)
5.	Liability (gain)/loss and change in actuarial assumptions			(675,462)
6.	Change in actuarial methods			-
7.	Unfunded actuarial accrued liability as of June 30, 2007: (3)+(4)+(5)+(6)+(7)		\$	45,062,261

EXHIBIT 3.4 – SUPPLEMENTAL RETIREE BENEFITS RESERVE

We show below the June 30, 2007 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, 2007
Level One	
1. Current Retirees	\$ 41,962,173
2. Inactive Members	4,766,222
3. Active members	40,264,148
4. Subtotal	\$ 86,722,543
Level Two	
5. Supplemental COLA for those who have lost at least 15% of Purchasing Power	\$ 3,617,578
Level Three	
6. Supplemental Spousal Death Benefit	\$ 0
7. Total SRBR Combined Liability: (4)+(5)+(6)	\$ 90,340,121
8. Supplemental Retiree Benefits Reserve (SRBR)	\$ 108,769,525
9. Net Reserve: (8)-(7)	\$ 18,429,404

Section 4: Member Contribution Rates

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' normal contribution rates. The current cost-of-living percentages are:

	<u>Tier 1</u>	<u>Tiers 2 and 3</u>
2006	63.24%	22.01%
2007	61.73%	22.15%

Section 4: Member Contribution Rates

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

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	4.22%	7.79%	1.88%	9.66%

Recommended employee rates at sample ages are shown below.

RECOMMENDED MEMBER CONTRIBUTION RATES

Sample General Member Contribution Rates* Benefits Under Section 31676.12				
<u>Entry Age</u>	Basic	With 3% Automatic Cost-of-Living Increases	Basic	With 2% Automatic Cost-of-Living Increases
	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 2 & 3</u>
25	2.87%	4.64%	5.50%	6.72%
35	3.52%	5.69%	6.74%	8.23%
45	4.26%	6.89%	8.05%	9.83%

*These are the full rates payable by the member. Contribution rates for the first \$350 of monthly salary are one-third lower for members covered by Social Security.

Sample Safety Member Contribution Rates*				
<u>Entry Age</u>	Basic	With 3% Automatic Cost-of-Living Increases	Basic	With 2% Automatic Cost-of-Living Increases
	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 2 & 3</u>
25	4.01%	6.49%	7.68%	9.38%
35	4.62%	7.47%	8.71%	10.64%
45	5.00%	8.09%	9.42%	11.51%

*These are the full rates payable by the member. Contribution rates for the first \$350 of monthly 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' CONTRIBUTION RATES (expressed as a percentage of monthly compensation) Benefits Under Section 31676.12

Entry Age	Basic		Cost-of-Living*		Entry Age	Basic		Cost-of-Living*	
	First \$350	Over \$350	First \$350	Over \$350		First \$350	Over \$350	First \$350	Over \$350
16	1.59%	2.39%	0.98%	1.48%	38	2.50%	3.75%	1.54%	2.31%
17	1.63%	2.44%	1.01%	1.51%	39	2.55%	3.83%	1.57%	2.36%
18	1.66%	2.49%	1.02%	1.54%	40	2.61%	3.91%	1.61%	2.41%
19	1.69%	2.54%	1.04%	1.57%	41	2.67%	4.00%	1.65%	2.47%
20	1.73%	2.60%	1.07%	1.60%	42	2.73%	4.09%	1.69%	2.52%
21	1.77%	2.65%	1.09%	1.64%	43	2.79%	4.18%	1.72%	2.58%
22	1.80%	2.70%	1.11%	1.67%	44	2.81%	4.22%	1.73%	2.61%
23	1.84%	2.76%	1.14%	1.70%	45	2.84%	4.26%	1.75%	2.63%
24	1.88%	2.82%	1.16%	1.74%	46	2.87%	4.30%	1.77%	2.65%
25	1.91%	2.87%	1.18%	1.77%	47	2.89%	4.34%	1.78%	2.68%
26	1.95%	2.93%	1.20%	1.81%	48	2.92%	4.38%	1.80%	2.70%
27	1.99%	2.99%	1.23%	1.85%	49	2.95%	4.42%	1.82%	2.73%
28	2.03%	3.05%	1.25%	1.88%	50	2.97%	4.46%	1.83%	2.75%
29	2.07%	3.11%	1.28%	1.92%	51	3.00%	4.50%	1.85%	2.78%
30	2.12%	3.18%	1.31%	1.96%	52	3.03%	4.54%	1.87%	2.80%
31	2.16%	3.24%	1.33%	2.00%	53	3.05%	4.58%	1.88%	2.83%
32	2.21%	3.31%	1.36%	2.04%	54	3.09%	4.63%	1.91%	2.86%
33	2.25%	3.38%	1.39%	2.09%	55	3.11%	4.67%	1.92%	2.88%
34	2.30%	3.45%	1.42%	2.13%	56	3.14%	4.71%	1.94%	2.91%
35	2.35%	3.52%	1.45%	2.17%	57	3.17%	4.75%	1.96%	2.93%
36	2.39%	3.59%	1.48%	2.22%	58	3.20%	4.80%	1.98%	2.96%
37	2.45%	3.67%	1.51%	2.27%	59	3.23%	4.84%	1.99%	2.99%

* 61.73% of basic rates

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' CONTRIBUTION RATES (expressed as a percentage of monthly compensation) Benefits Under Section 31676.12

Entry Age	Basic		Cost-of-Living*		Entry Age	Basic		Cost-of-Living*	
	First \$350	Over \$350	First \$350	Over \$350		First \$350	Over \$350	First \$350	Over \$350
16	3.06%	4.59%	0.68%	1.02%	38	4.78%	7.17%	1.06%	1.59%
17	3.12%	4.68%	0.69%	1.04%	39	4.89%	7.33%	1.08%	1.62%
18	3.19%	4.78%	0.71%	1.06%	40	4.99%	7.49%	1.11%	1.66%
19	3.25%	4.87%	0.72%	1.08%	41	5.10%	7.65%	1.13%	1.69%
20	3.31%	4.97%	0.73%	1.10%	42	5.19%	7.79%	1.15%	1.73%
21	3.38%	5.07%	0.75%	1.12%	43	5.27%	7.90%	1.17%	1.75%
22	3.45%	5.18%	0.76%	1.15%	44	5.31%	7.97%	1.18%	1.77%
23	3.52%	5.28%	0.78%	1.17%	45	5.37%	8.05%	1.19%	1.78%
24	3.59%	5.39%	0.80%	1.19%	46	5.41%	8.12%	1.20%	1.80%
25	3.67%	5.50%	0.81%	1.22%	47	5.47%	8.20%	1.21%	1.82%
26	3.74%	5.61%	0.83%	1.24%	48	5.51%	8.27%	1.22%	1.83%
27	3.82%	5.73%	0.85%	1.27%	49	5.57%	8.35%	1.23%	1.85%
28	3.89%	5.84%	0.86%	1.29%	50	5.62%	8.43%	1.24%	1.87%
29	3.97%	5.96%	0.88%	1.32%	51	5.67%	8.50%	1.26%	1.88%
30	4.05%	6.08%	0.90%	1.35%	52	5.72%	8.58%	1.27%	1.90%
31	4.14%	6.21%	0.92%	1.38%	53	5.77%	8.66%	1.28%	1.92%
32	4.23%	6.34%	0.94%	1.40%	54	5.83%	8.74%	1.29%	1.94%
33	4.31%	6.47%	0.95%	1.43%	55	5.88%	8.82%	1.30%	1.95%
34	4.40%	6.60%	0.97%	1.46%	56	5.93%	8.90%	1.31%	1.97%
35	4.49%	6.74%	0.99%	1.49%	57	5.99%	8.98%	1.33%	1.99%
36	4.59%	6.88%	1.02%	1.52%	58	6.21%	9.32%	1.38%	2.06%
37	4.68%	7.02%	1.04%	1.55%	59+	6.45%	9.68%	1.43%	2.14%

* 22.15% of basic rates

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' CONTRIBUTION RATES (expressed as a percentage of monthly compensation) Benefits Under Section 31664

Entry Age	Basic		Cost-of-Living*		Entry Age	Basic		Cost-of-Living*	
	First \$350	Over \$350	First \$350	Over \$350		First \$350	Over \$350	First \$350	Over \$350
20	2.39%	3.59%	1.48%	2.22%	35	3.08%	4.62%	1.90%	2.85%
21	2.45%	3.67%	1.51%	2.27%	36	3.11%	4.66%	1.92%	2.88%
22	2.50%	3.75%	1.54%	2.31%	37	3.13%	4.70%	1.93%	2.90%
23	2.56%	3.83%	1.58%	2.36%	38	3.16%	4.73%	1.95%	2.92%
24	2.61%	3.92%	1.61%	2.42%	39	3.18%	4.77%	1.96%	2.94%
25	2.67%	4.01%	1.65%	2.48%	40	3.21%	4.81%	1.98%	2.97%
26	2.73%	4.10%	1.69%	2.53%	41	3.23%	4.85%	1.99%	2.99%
27	2.80%	4.20%	1.73%	2.59%	42	3.26%	4.88%	2.01%	3.01%
28	2.87%	4.30%	1.77%	2.65%	43	3.28%	4.92%	2.02%	3.04%
29	2.94%	4.40%	1.81%	2.72%	44	3.31%	4.96%	2.04%	3.06%
30	2.96%	4.44%	1.83%	2.74%	45	3.33%	5.00%	2.06%	3.09%
31	2.98%	4.47%	1.84%	2.76%	46	3.36%	5.04%	2.07%	3.11%
32	3.01%	4.51%	1.86%	2.78%	47	3.39%	5.08%	2.09%	3.14%
33	3.03%	4.55%	1.87%	2.81%	48	3.41%	5.12%	2.10%	3.16%
34	3.06%	4.58%	1.89%	2.83%	49+	3.44%	5.16%	2.12%	3.19%

* 61.73% of basic rates

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' CONTRIBUTION RATES (expressed as a percentage of monthly compensation) Benefits Under Section 31664

Entry Age	Basic		Cost-of-Living*		Entry Age	Basic		Cost-of-Living*	
	First \$350	Over \$350	First \$350	Over \$350		First \$350	Over \$350	First \$350	Over \$350
20	4.59%	6.88%	1.02%	1.52%	35	5.81%	8.71%	1.29%	1.93%
21	4.69%	7.03%	1.04%	1.56%	36	5.85%	8.78%	1.30%	1.94%
22	4.79%	7.18%	1.06%	1.59%	37	5.90%	8.85%	1.31%	1.96%
23	4.90%	7.34%	1.09%	1.63%	38	5.95%	8.92%	1.32%	1.98%
24	5.00%	7.51%	1.11%	1.66%	39	5.99%	8.99%	1.33%	1.99%
25	5.12%	7.68%	1.13%	1.70%	40	6.04%	9.06%	1.34%	2.01%
26	5.24%	7.85%	1.16%	1.74%	41	6.09%	9.13%	1.35%	2.02%
27	5.36%	8.04%	1.19%	1.78%	42	6.14%	9.21%	1.36%	2.04%
28	5.46%	8.19%	1.21%	1.81%	43	6.19%	9.28%	1.37%	2.06%
29	5.53%	8.30%	1.22%	1.84%	44	6.23%	9.35%	1.38%	2.07%
30	5.58%	8.36%	1.24%	1.85%	45	6.28%	9.42%	1.39%	2.09%
31	5.62%	8.43%	1.24%	1.87%	46	6.33%	9.50%	1.40%	2.10%
32	5.67%	8.50%	1.26%	1.88%	47	6.38%	9.57%	1.41%	2.12%
33	5.71%	8.57%	1.26%	1.90%	48	6.62%	9.94%	1.47%	2.20%
34	5.76%	8.64%	1.28%	1.91%	49+	6.88%	10.32%	1.52%	2.29%

* 22.15% of basic rates

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 10.48%, 2.58% greater than the actuarial assumption of 7.90%. In addition to this gain, there was a slight gain in actuarial liability resulting in a decrease in the calculated County contribution rate from 10.75% as of June 30, 2006 to 9.86% as of June 30, 2007.

The average employer contribution rate decreased from 10.75% as of June 30, 2006 to 9.86% as of June 30, 2007 for the following reasons:

June 30, 2006 Recommended Employer Rate	10.75%
Changes during the year due to:	
Asset gain/loss	(0.87)%
Change in actuarial liability	(0.02)%
Total changes	(0.89)%
June 30, 2007 Recommended Employer Rate	9.86%

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)

	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	7.50%	7.29%	6.89%	6.79%	6.93%	6.82%
UAAL Amortization	<u>2.72</u>	<u>2.15</u>	<u>2.72</u>	<u>2.15</u>	<u>2.72</u>	<u>2.15</u>
Total Cost	10.22%	9.44%	9.61%	8.94%	9.65%	8.97%
Safety						
Normal Cost	18.68%	18.16%	12.30%	12.44%	12.67%	12.69%
UAAL Amortization	<u>4.68</u>	<u>2.06</u>	<u>4.68</u>	<u>2.06</u>	<u>4.68</u>	<u>2.06</u>
Total Cost	23.36%	20.22%	16.98%	14.50%	17.35%	14.75%
*Weighted by June 30, 2007 payroll.						
Average Rate for Total Group:				Current	10.75%	
				Recommended	9.86%	

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

	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	713,000	674,000	10,380,000	11,128,000	11,093,000	11,802,000
UAAL Amortization	259,000	199,000	4,098,000	3,524,000	4,257,000	3,723,000
Total Cost	972,000	872,000	14,478,000	14,652,000	15,450,000	15,524,000
Safety						
Normal Cost	287,000	253,000	3,106,000	3,766,000	3,393,000	4,019,000
UAAL Amortization	72,000	29,000	1,182,000	624,000	1,054,000	653,000
Total Cost	359,000	281,000	4,287,000	4,390,000	4,646,000	4,671,000
*Weighted by June 30, 2007 payroll.						
Total Contribution for Total Group:				Current	20,096,000	
				Recommended	20,195,000	

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, 2007 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

Actuary's Certification Letter

November 7, 2007

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

Re: *Actuarial Certification of the Tulare County Employees' Retirement Association*

Members of the Board:

Buck Consultants, LLC is the Consulting Actuary for the Tulare County Employees' Retirement Association. The date of the most recent actuarial valuation was June 30, 2007. 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, 2007, 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 five 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. 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, 2005 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, 2008.

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 Statement No. 25.

Respectfully submitted,



Charlie Chittenden, FSA, EA, MAAA
Director, Retirement

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	45,062	94.7%	204,803	22.0%

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

EXHIBIT 7.2 – GASB 25 SCHEDULE OF EMPLOYER CONTRIBUTIONS (\$ IN THOUSANDS)

<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%

Section 7: GASB Disclosures and CAFR Information

EXHIBIT 7.3 - ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE (\$ 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>			
6/30/2005	\$22,213	\$ -	\$22,213	\$ 0	\$26,116 *	\$48,329
6/30/2006	(5,914)	24,885	18,971	8,807	0	27,778
6/30/2007	(18,770)	(675)	(19,445)	0	0	(19,495)

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

EXHIBIT 7.4 - RETIREE AND BENEFICIARY EXPERIENCE

<u>Plan Year Ending</u>	<u>Number at Beginning of Year</u>	<u>Number at End of Year</u>	<u>Total Retiree Allowance</u>	<u>% Increase in Annual Allowance</u>	<u>Average Annual Allowance</u>
6/30/2005	1,728	1,808	\$27,866,000	10.5%	\$15,412
6/30/2006	1,808	1,840	\$28,704,000	3.0%	\$15,600
6/30/2007	1,840	1,913	\$31,014,000	8.0%	\$16,212

EXHIBIT 7.5 - SOLVENCY TEST (\$ 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>
6/30/2005	\$138,507	\$336,726	\$239,423	\$714,656	\$681,618	100%	100%	86.2%
6/30/2006	173,237	352,122	267,485	792,844	729,899	100%	100%	76.5%
6/30/2007	175,587	377,086	293,357	846,030	800,967	100%	100%	84.6%

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

In connection with the June 30, 2005 actuarial valuation, we compared the expected number of terminations from active service to the number actually experienced during the three-year period beginning July 1, 2002 and ending June 30, 2005. Based on this comparison and the trends observed over the prior years, the probabilities of separation were adjusted accordingly.

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, 2007 (MARKET VALUE)		IBBOTSON- SINQUEFIELD REAL RATE OF RETURN (1926 – 2005)	TARGET WEIGHTED RETURN
	Target	Actual		
Equity	60%	69.5%	7.1%	4.26%
Fixed Income/Bonds	30%	20.0%	2.6%	0.78%
Real Estate	10%	8.0%	4.0%	0.40%
Short Term	0%	2.5%	0.7%	0.00%
Total	100%	100%		5.44%

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 5.50% (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 15 years from the June 30, 2007 valuation date.

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 with a 120%/80% corridor around market 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 < 3	Withdrawal svc 3 to 4	Withdrawal svc 4 to 5	Withdrawal svc>5	Ordinary Disability	Duty Disability	Service	Terminated Vested
20	0.00000	0.00000	0.15000	0.09000	0.09000	0.10000	0.00000	0.00000	0.00000	0.04125
21	0.00050	0.00010	0.15000	0.09000	0.09000	0.10000	0.00000	0.00010	0.00000	0.04125
22	0.00050	0.00010	0.15000	0.09000	0.09000	0.10000	0.00000	0.00010	0.00000	0.04125
23	0.00050	0.00010	0.15000	0.09000	0.09000	0.10000	0.00000	0.00010	0.00000	0.04125
24	0.00050	0.00010	0.15000	0.09000	0.09000	0.10000	0.00000	0.00010	0.00000	0.04125
25	0.00070	0.00010	0.15000	0.09000	0.09000	0.09800	0.00010	0.00010	0.00000	0.04125
26	0.00070	0.00010	0.15000	0.09000	0.09000	0.09600	0.00010	0.00010	0.00000	0.04125
27	0.00070	0.00010	0.15000	0.09000	0.09000	0.09400	0.00010	0.00010	0.00000	0.04125
28	0.00069	0.00010	0.15000	0.09000	0.09000	0.09200	0.00010	0.00010	0.00000	0.04125
29	0.00068	0.00010	0.15000	0.09000	0.09000	0.09000	0.00010	0.00010	0.00000	0.04125
30	0.00076	0.00010	0.15000	0.09000	0.09000	0.09000	0.00020	0.00010	0.00000	0.04125
31	0.00075	0.00010	0.15000	0.09000	0.09000	0.08500	0.00020	0.00010	0.00000	0.04125
32	0.00075	0.00010	0.15000	0.09000	0.09000	0.08000	0.00020	0.00010	0.00000	0.04125
33	0.00081	0.00010	0.15000	0.09000	0.09000	0.07500	0.00020	0.00010	0.00000	0.04125
34	0.00080	0.00010	0.15000	0.09000	0.09000	0.07000	0.00020	0.00010	0.00000	0.04125
35	0.00087	0.00009	0.15000	0.09000	0.09000	0.04400	0.00030	0.00010	0.00000	0.04125
36	0.00093	0.00009	0.15000	0.09000	0.09000	0.04000	0.00030	0.00020	0.00000	0.04125
37	0.00091	0.00009	0.15000	0.09000	0.09000	0.03600	0.00030	0.00020	0.00000	0.04125
38	0.00088	0.00019	0.15000	0.09000	0.09000	0.03300	0.00040	0.00020	0.00000	0.04125
39	0.00086	0.00019	0.15000	0.09000	0.09000	0.02900	0.00040	0.00030	0.00000	0.04125
40	0.00090	0.00018	0.09000	0.08000	0.07500	0.02700	0.00040	0.00040	0.00000	0.04125
41	0.00087	0.00018	0.09000	0.08000	0.07500	0.02600	0.00050	0.00050	0.00000	0.04125
42	0.00087	0.00018	0.09000	0.08000	0.07500	0.02400	0.00050	0.00060	0.00000	0.04000
43	0.00086	0.00018	0.09000	0.08000	0.07500	0.02200	0.00060	0.00070	0.00000	0.03750
44	0.00090	0.00018	0.09000	0.08000	0.07500	0.02000	0.00060	0.00080	0.00000	0.03500
45	0.00087	0.00018	0.09000	0.08000	0.07500	0.01800	0.00080	0.00100	0.00000	0.03125
46	0.00086	0.00018	0.09000	0.08000	0.07500	0.01700	0.00090	0.00120	0.00000	0.02875
47	0.00089	0.00018	0.09000	0.08000	0.07500	0.01700	0.00100	0.00140	0.00000	0.02500
48	0.00180	0.00018	0.09000	0.08000	0.07500	0.01600	0.00110	0.00160	0.00000	0.02125
49	0.00149	0.00018	0.09000	0.08000	0.07500	0.01500	0.00120	0.00180	0.00000	0.02125
50	0.00185	0.00018	0.09000	0.08000	0.07500	0.01400	0.00140	0.00200	0.04000	0.01875
51	0.00240	0.00018	0.09000	0.08000	0.07500	0.01300	0.00160	0.00250	0.04000	0.01625
52	0.00230	0.00018	0.09000	0.08000	0.07500	0.01200	0.00180	0.00300	0.04000	0.01250
53	0.00240	0.00018	0.09000	0.08000	0.07500	0.01100	0.00200	0.00350	0.04000	0.01250
54	0.00253	0.00027	0.09000	0.08000	0.07500	0.01000	0.00220	0.00400	0.06000	0.01250
55	0.00260	0.00028	0.09000	0.08000	0.07500	0.00900	0.00240	0.00450	0.10000	0.01250
56	0.00270	0.00028	0.09000	0.08000	0.07500	0.00900	0.00260	0.00500	0.09000	0.01250
57	0.00280	0.00037	0.09000	0.08000	0.07500	0.00800	0.00280	0.00550	0.10000	0.01250
58	0.00290	0.00037	0.09000	0.08000	0.07500	0.00800	0.00300	0.00600	0.11000	0.00875
59	0.00300	0.00037	0.09000	0.08000	0.07500	0.00700	0.00320	0.00650	0.14000	0.00875
60	0.00310	0.00048	0.09000	0.08000	0.07500	0.00600	0.00340	0.00700	0.16000	0.00500
61	0.00319	0.00048	0.09000	0.08000	0.07500	0.00500	0.00360	0.00750	0.20000	0.00500
62	0.00373	0.00057	0.09000	0.08000	0.07500	0.00500	0.00380	0.00800	0.45000	0.00500
63	0.00438	0.00057	0.09000	0.08000	0.07500	0.00500	0.00400	0.00850	0.24000	0.00500
64	0.00507	0.00057	0.09000	0.08000	0.07500	0.00500	0.00420	0.00900	0.27000	0.00500
65	0.00589	0.00070	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.29000	0.00000
66	0.00676	0.00070	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.30000	0.00000
67	0.00769	0.00080	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.35000	0.00000
68	0.00980	0.00080	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.40000	0.00000
69	0.01030	0.00090	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.60000	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 < 3	Withdrawal svc 3 to 5	Withdrawal svc>5	Ordinary Disability	Duty Disability	Service	Terminated Vested
20	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
21	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
22	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
23	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
24	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
25	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.01625
26	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.01875
27	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.02125
28	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.02375
29	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.02625
30	0.00040	0.00010	0.13000	0.09000	0.08000	0.00005	0.00010	0.00000	0.02625
31	0.00040	0.00010	0.13000	0.09000	0.07000	0.00005	0.00010	0.00000	0.02750
32	0.00040	0.00010	0.13000	0.09000	0.06000	0.00005	0.00010	0.00000	0.02750
33	0.00050	0.00010	0.13000	0.09000	0.05000	0.00005	0.00010	0.00000	0.02875
34	0.00050	0.00010	0.13000	0.09000	0.05000	0.00005	0.00010	0.00000	0.02875
35	0.00050	0.00009	0.13000	0.09000	0.04700	0.00035	0.00010	0.00000	0.02875
36	0.00050	0.00009	0.13000	0.09000	0.04300	0.00035	0.00010	0.00000	0.02875
37	0.00050	0.00009	0.13000	0.09000	0.03900	0.00035	0.00010	0.00000	0.02875
38	0.00060	0.00009	0.13000	0.09000	0.03600	0.00055	0.00010	0.00000	0.02875
39	0.00060	0.00009	0.13000	0.09000	0.03300	0.00055	0.00010	0.00000	0.02750
40	0.00070	0.00009	0.09000	0.08000	0.03000	0.00060	0.00010	0.00000	0.02750
41	0.00080	0.00009	0.09000	0.08000	0.02900	0.00065	0.00010	0.00000	0.02625
42	0.00080	0.00009	0.09000	0.08000	0.02900	0.00070	0.00010	0.00000	0.02625
43	0.00090	0.00009	0.09000	0.08000	0.02800	0.00070	0.00010	0.00000	0.02625
44	0.00090	0.00009	0.09000	0.08000	0.02700	0.00075	0.00020	0.00000	0.02500
45	0.00100	0.00009	0.09000	0.08000	0.02500	0.00080	0.00020	0.00000	0.02500
46	0.00100	0.00009	0.09000	0.08000	0.02300	0.00090	0.00030	0.00000	0.02375
47	0.00120	0.00009	0.09000	0.08000	0.02100	0.00100	0.00030	0.00000	0.02250
48	0.00120	0.00009	0.09000	0.08000	0.01900	0.00120	0.00040	0.00000	0.02250
49	0.00140	0.00009	0.09000	0.08000	0.01800	0.00130	0.00050	0.00000	0.02250
50	0.00150	0.00009	0.09000	0.08000	0.01400	0.00140	0.00060	0.06000	0.02125
51	0.00170	0.00009	0.09000	0.08000	0.01300	0.00300	0.00070	0.06000	0.02000
52	0.00180	0.00009	0.09000	0.08000	0.01200	0.00320	0.00080	0.06000	0.02000
53	0.00200	0.00009	0.09000	0.08000	0.01100	0.00340	0.00100	0.06000	0.01875
54	0.00220	0.00009	0.09000	0.08000	0.01000	0.00380	0.00110	0.06000	0.01750
55	0.00240	0.00009	0.09000	0.08000	0.01000	0.00420	0.00120	0.08000	0.01500
56	0.00260	0.00010	0.09000	0.08000	0.00800	0.00440	0.00130	0.08000	0.01250
57	0.00280	0.00010	0.09000	0.08000	0.00700	0.00460	0.00140	0.09000	0.01000
58	0.00300	0.00010	0.09000	0.08000	0.00600	0.00480	0.00150	0.10000	0.00750
59	0.00320	0.00010	0.09000	0.08000	0.00500	0.00500	0.00160	0.12000	0.00625
60	0.00340	0.00019	0.09000	0.08000	0.00500	0.00520	0.00180	0.15000	0.00375
61	0.00360	0.00019	0.09000	0.08000	0.00500	0.00540	0.00200	0.20000	0.00250
62	0.00390	0.00019	0.09000	0.08000	0.00500	0.00580	0.00220	0.29000	0.00125
63	0.00420	0.00019	0.09000	0.08000	0.00500	0.00600	0.00240	0.25000	0.00125
64	0.00450	0.00019	0.09000	0.08000	0.00500	0.00620	0.00260	0.29000	0.00000
65	0.00480	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.31000	0.00000
66	0.00510	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.35000	0.00000
67	0.00540	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.40000	0.00000
68	0.00570	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.45000	0.00000
69	0.00600	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.50000	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 8.3 – PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE SAFETY MEMBERS CURRENT ASSUMPTIONS

Age	Ordinary Death	Duty Death	Withdrawal svc<5	Withdrawal svc >5	Ordinary Disability	Duty Disability	Service	Terminated Vested
20	0.00030	0.00052	0.07000	0.06000	0.00000	0.00110	0.00000	0.00000
21	0.00030	0.00052	0.07000	0.06000	0.00000	0.00120	0.00000	0.02500
22	0.00030	0.00052	0.07000	0.06000	0.00000	0.00130	0.00000	0.02500
23	0.00030	0.00052	0.07000	0.06000	0.00000	0.00150	0.00000	0.02500
24	0.00030	0.00052	0.07000	0.06000	0.00000	0.00180	0.00000	0.02500
25	0.00038	0.00052	0.07000	0.05800	0.00050	0.00230	0.00000	0.02500
26	0.00038	0.00052	0.07000	0.05800	0.00050	0.00280	0.00000	0.02500
27	0.00038	0.00052	0.07000	0.05700	0.00050	0.00320	0.00000	0.02500
28	0.00038	0.00052	0.07000	0.05700	0.00050	0.00320	0.00000	0.02500
29	0.00038	0.00052	0.07000	0.05500	0.00050	0.00400	0.00000	0.02500
30	0.00038	0.00052	0.07000	0.05200	0.00070	0.00500	0.00000	0.02500
31	0.00044	0.00052	0.07000	0.04800	0.00070	0.00570	0.00000	0.02500
32	0.00044	0.00052	0.07000	0.04500	0.00070	0.00600	0.00000	0.02500
33	0.00044	0.00052	0.07000	0.04100	0.00070	0.00620	0.00000	0.02500
34	0.00050	0.00060	0.07000	0.03700	0.00070	0.00640	0.00000	0.02500
35	0.00058	0.00060	0.07000	0.03400	0.00090	0.00640	0.00000	0.02500
36	0.00058	0.00060	0.07000	0.03100	0.00090	0.00650	0.00000	0.02500
37	0.00064	0.00068	0.07000	0.02700	0.00090	0.00660	0.00000	0.02500
38	0.00064	0.00068	0.07000	0.02300	0.00090	0.00670	0.00000	0.02500
39	0.00070	0.00068	0.07000	0.01900	0.00090	0.00670	0.00000	0.02500
40	0.00070	0.00075	0.07000	0.01500	0.00120	0.00680	0.00000	0.02250
41	0.00076	0.00075	0.07000	0.01100	0.00120	0.00690	0.00000	0.02000
42	0.00076	0.00075	0.07000	0.01000	0.00120	0.00690	0.00000	0.01750
43	0.00082	0.00082	0.07000	0.01000	0.00140	0.00700	0.00000	0.01500
44	0.00090	0.00082	0.07000	0.01000	0.00160	0.00710	0.00000	0.01500
45	0.00096	0.00090	0.07000	0.01000	0.00190	0.00980	0.00625	0.01500
46	0.00104	0.00090	0.07000	0.01000	0.00210	0.00980	0.00625	0.01500
47	0.00110	0.00097	0.07000	0.01000	0.00260	0.00980	0.01250	0.01500
48	0.00124	0.00097	0.07000	0.01000	0.00300	0.00980	0.01875	0.01500
49	0.00138	0.00105	0.07000	0.01000	0.00350	0.00980	0.01875	0.01500
50	0.00152	0.00112	0.07000	0.00000	0.00400	0.01000	0.06000	0.00000
51	0.00160	0.00120	0.07000	0.00000	0.00440	0.01250	0.05000	0.00000
52	0.00174	0.00127	0.07000	0.00000	0.00490	0.01500	0.05000	0.00000
53	0.00182	0.00135	0.07000	0.00000	0.00540	0.01750	0.05000	0.00000
54	0.00196	0.00142	0.07000	0.00000	0.00580	0.02000	0.05000	0.00000
55	0.00218	0.00150	0.07000	0.00000	0.00650	0.02250	0.30250	0.00000
56	0.00240	0.00157	0.07000	0.00000	0.00750	0.02380	0.20250	0.00000
57	0.00262	0.00165	0.07000	0.00000	0.00840	0.02510	0.20250	0.00000
58	0.00284	0.00172	0.07000	0.00000	0.00960	0.02650	0.25250	0.00000
59	0.00306	0.00180	0.07000	0.00000	0.01100	0.02810	0.30375	0.00000
60	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	1.00000	0.00000
62	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	1.00000	0.00000
64	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	1.00000	0.00000
66	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	1.00000	0.00000
68	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	1.00000	0.00000
70	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, 2007 actuarial valuation of the Association was based on the following data. For comparison, we also show a summary of the June 30, 2006 statistical information.

SUMMARY OF RETIRED MEMBERSHIP			
	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>Percentage Change During the Period</u>
GENERAL			
Number	1,560	1,617	3.7%
Total Annual Allowance	\$21,505,897	\$23,155,063	7.7%
Average Total Monthly Allowance	\$1,149	\$1,193	3.8%
SAFETY			
Number	280	296	5.7%
Total Annual Allowance	\$7,198,337	\$7,858,583	9.2%
Average Total Monthly Allowance	\$2,142	\$2,212	3.3%
TOTAL			
Number	1,840	1,913	4.0%
Total Annual Allowance	\$28,704,234	\$31,013,646	8.0%
Average Total Monthly Allowance	\$1,300	\$1,351	3.9%

SUMMARY OF INACTIVE MEMBERSHIP*			
	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>Percentage Change During the Period</u>
GENERAL			
Number	1,434	1,539	7.3%
SAFETY			
Number	159	171	7.5%
TOTAL			
Number	1,593	1,710	7.3%

*Includes unclaimed accounts.

Section 9: Member Data

SUMMARY OF ACTIVE MEMBERSHIP			
	<u>June 30, 2006</u>	<u>June 30, 2007</u>	Percentage Change During the Period
GENERAL TIER 1			
Number	175	157	(10.3)%
Annual Payroll*	\$9,507,964	\$9,242,195	(2.8)%
Average Monthly Salary	\$4,528	\$4,906	8.3%
Average Age	56.18	56.91	1.3%
Average Service	27.74	29.05	4.7%
GENERAL TIER 2 & 3			
Numbers	3,628	3,757	3.6%
Annual Payroll*	\$150,653,330	\$163,895,080	8.8%
Average Monthly Salary	\$3,460	\$3,635	5.1%
Average Age	42.64	42.47	(0.4)%
Average Service	7.04	7.04	0.0%
SAFETY TIER 1			
Number	20	16	(20.0)%
Annual Payroll*	\$1,537,679	\$1,390,929	(9.5)%
Average Monthly Salary	\$6,407	\$7,244	13.1%
Average Age	54.50	54.81	0.6%
Average Service	28.95	30.88	6.7%
SAFETY TIER 2 & 3			
Number	472	568	20.3%
Annual Payroll*	\$25,249,729	\$30,274,594	19.9%
Average Monthly Salary	\$4,458	\$4,442	(0.4)%
Average Age	37.56	37.26	(0.8)%
Average Service	8.38	7.22	(13.8)%
TOTAL			
Number	4,295	4,498	4.7%
Annual Payroll*	\$186,948,702	\$204,802,798	9.6%
Average Monthly Salary	\$3,627	\$3,794	4.6%
Average Age	42.69	42.36	(0.8)%
Average Service	8.13	7.92	(2.6)%

* 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, 2007
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	2	0	2
	0	0	0	0	0	47,274	0	47,274
50-54	0	0	0	0	3	7	6	16
	0	0	0	0	61,618	61,032	56,817	59,561
55-59	1	0	0	1	1	9	21	33
	37,952	0	0	78,643	129,967	84,145	62,534	70,215
60-64	0	0	0	1	1	3	12	17
	0	0	0	67,182	42,505	89,446	71,026	72,373
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	1	1
	0	0	0	0	0	0	48,246	48,246
Total	1	0	0	2	5	21	40	69
	37,952	0	0	72,913	71,465	73,686	63,867	67,293

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2007
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	8	0	8
	0	0	0	0	0	47,521	0	47,521
50-54	1	1	0	1	3	16	7	29
	25,748	33,182	0	69,227	46,947	54,703	71,060	56,609
55-59	0	3	0	0	2	10	15	30
	0	65,849	0	0	34,080	45,720	50,136	49,165
60-64	0	0	1	2	4	1	10	18
	0	0	77,180	61,291	61,667	54,816	51,325	56,361
65-69	0	0	0	0	0	1	1	2
	0	0	0	0	0	25,740	32,648	29,194
70 & Over	0	0	0	0	0	1	0	1
	0	0	0	0	0	29,331	0	29,331
Total	1	4	1	3	9	37	33	88
	25,748	57,682	77,180	63,936	50,630	49,257	54,405	52,261

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2007
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	3	0	0	0	0	0	0	3
	24,562	0	0	0	0	0	0	24,562
20-24	33	1	0	0	0	0	0	34
	29,990	55,261	0	0	0	0	0	30,733
25-29	124	20	0	0	0	0	0	144
	40,717	40,148	0	0	0	0	0	40,638
30-34	98	31	6	0	0	0	0	135
	43,562	44,326	54,507	0	0	0	0	44,224
35-39	68	45	23	1	0	0	0	137
	47,217	48,319	47,571	56,041	0	0	0	47,703
40-44	60	36	31	9	2	0	0	138
	48,430	50,912	51,010	53,231	56,377	0	0	50,085
45-49	47	42	14	28	10	1	0	142
	41,569	53,516	51,427	58,923	72,121	37,952	0	51,623
50-54	50	38	25	24	19	12	0	168
	58,620	51,316	59,321	67,956	67,165	50,297	0	58,778
55-59	42	37	19	15	11	6	0	130
	61,101	59,328	51,537	56,496	68,478	98,833	0	61,033
60-64	14	21	13	8	8	3	0	67
	51,589	49,705	51,692	59,130	61,061	92,315	0	54,873
65-69	4	7	3	2	2	0	0	18
	42,541	39,821	48,440	48,977	103,299	0	0	49,932
70 & Over	1	2	1	1	0	0	0	5
	24,746	104,813	68,087	30,041	0	0	0	66,500
Total	544	280	135	88	52	22	0	1,121
	45,710	50,588	52,371	59,823	68,432	68,703	0	50,343

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2007
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	1	0	0	0	0	0	0	1
	24,047	0	0	0	0	0	0	24,047
20-24	152	0	0	0	0	0	0	152
	29,980	0	0	0	0	0	0	29,980
25-29	288	90	0	0	0	0	0	378
	34,821	36,837	0	0	0	0	0	35,301
30-34	172	153	24	0	0	0	0	349
	37,279	41,939	39,584	0	0	0	0	39,480
35-39	148	142	52	11	0	0	0	353
	37,811	41,744	41,701	40,920	0	0	0	40,063
40-44	95	114	53	35	8	0	0	305
	40,787	39,873	39,890	43,650	44,173	0	0	40,707
45-49	98	122	62	39	21	9	0	351
	43,260	41,844	52,441	45,169	51,838	46,368	0	45,195
50-54	70	115	54	45	16	11	0	311
	39,887	47,206	45,105	44,617	55,972	69,838	0	46,071
55-59	60	79	56	42	15	4	0	256
	40,694	46,357	41,652	47,596	47,367	39,760	0	44,160
60-64	16	52	32	23	12	5	0	140
	41,969	42,307	41,807	43,375	51,288	40,233	0	43,025
65-69	3	18	8	4	2	1	0	36
	30,476	41,774	48,313	32,872	47,638	43,380	0	41,667
70 & Over	0	3	1	0	0	0	0	4
	0	33,520	78,517	0	0	0	0	44,769
Total	1,103	888	342	199	74	30	0	2,636
	36,925	42,177	44,020	44,600	50,794	52,971	0	40,766

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE SAFETY MEMBERS
AS OF JUNE 30, 2007
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	1	0	1
	0	0	0	0	0	67,632	0	67,632
50-54	0	0	0	0	2	2	6	10
	0	0	0	0	88,331	69,744	94,179	88,122
55-59	0	0	0	0	0	1	3	4
	0	0	0	0	0	110,533	87,740	93,438
60-64	0	0	0	0	0	0	1	1
	0	0	0	0	0	0	68,320	68,320
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	0	0	0	0	2	4	10	16
	0	0	0	0	88,331	79,413	89,661	86,933

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE SAFETY MEMBERS
AS OF JUNE 30, 2007
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	46	0	0	0	0	0	0	46
	44,175	0	0	0	0	0	0	44,175
25-29	98	12	0	0	0	0	0	110
	46,399	51,069	0	0	0	0	0	46,908
30-34	53	41	6	0	0	0	0	100
	46,910	54,756	56,418	0	0	0	0	50,697
35-39	30	37	30	2	0	0	0	99
	47,594	54,405	57,043	54,616	0	0	0	53,145
40-44	16	20	23	14	16	1	0	90
	55,636	52,036	55,158	61,739	69,408	66,675	0	58,234
45-49	10	7	12	15	14	1	0	59
	52,275	51,882	59,178	60,338	68,763	79,129	0	60,050
50-54	11	0	8	2	9	4	0	34
	73,271	0	50,603	64,008	62,256	74,726	0	64,648
55-59	11	4	3	1	3	3	0	25
	58,028	66,628	52,914	54,729	62,594	61,468	0	59,619
60-64	2	2	1	0	0	0	0	5
	45,348	69,790	48,770	0	0	0	0	55,809
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	277	123	83	34	42	9	0	568
	48,524	54,315	55,915	60,629	67,174	69,901	0	53,300

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED GENERAL MEMBERS
AS OF JUNE 30, 2007
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	2	3	0	0	0	0	0	5
	16,110	13,288	0	0	0	0	0	14,417
45-49	6	2	2	0	0	0	0	10
	12,474	13,137	5,682	0	0	0	0	11,248
50-54	53	7	5	1	0	0	0	66
	11,440	10,274	9,215	5,116	0	0	0	11,052
55-59	99	48	9	5	0	2	0	163
	14,075	9,955	11,720	11,807	0	4,909	0	12,550
60-64	179	99	28	7	3	3	1	320
	19,879	14,946	8,763	9,146	4,731	6,890	4,792	16,834
65-69	98	92	51	21	2	0	2	266
	23,404	16,168	12,381	10,152	25,621	0	8,731	17,648
70-74	17	57	75	56	26	5	2	238
	11,890	14,848	16,553	11,487	11,547	9,522	8,756	13,859
75-79	4	14	50	66	47	12	5	198
	22,999	12,996	14,630	14,360	10,285	8,776	4,770	12,958
80-84	2	2	9	39	61	49	11	173
	25,220	3,649	12,794	19,959	15,364	10,923	4,553	14,299
85 & Over	0	0	1	5	41	76	55	178
	0	0	16,446	15,731	14,661	9,872	5,993	9,978
Total	460	324	230	200	180	147	76	1,617
	18,051	14,255	13,671	13,947	13,263	9,993	5,833	14,320

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED SAFETY MEMBERS
AS OF JUNE 30, 2007
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	3	0	0	0	0	19
	22,572	20,345	19,344	0	0	0	0	21,125
45-49	5	1	5	2	0	0	0	13
	19,761	24,204	21,233	19,722	0	0	0	20,663
50-54	18	1	8	1	2	0	0	30
	23,698	23,626	20,233	21,324	28,713	0	0	23,027
55-59	34	10	6	4	0	1	0	55
	43,625	27,068	26,952	24,252	0	17,808	0	36,917
60-64	25	27	18	2	2	0	2	76
	42,242	32,188	19,401	24,991	18,872	0	13,787	31,443
65-69	2	5	12	9	5	1	4	38
	15,651	32,202	24,594	17,210	14,141	20,567	14,436	20,825
70-74	0	1	9	12	2	3	2	29
	0	31,853	29,176	31,606	25,054	20,929	13,402	28,049
75-79	0	0	1	4	5	7	4	21
	0	0	24,268	14,708	16,399	9,080	8,146	12,440
80-84	0	0	0	0	1	0	4	5
	0	0	0	0	16,705	0	15,545	15,777
85 & Over	0	0	0	0	1	2	7	10
	0	0	0	0	581	14,877	14,638	13,280
Total	92	53	62	34	18	14	23	296
	35,615	29,117	22,887	23,552	17,515	13,891	13,450	26,549

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED GENERAL AND SAFETY MEMBERS
AS OF JUNE 30, 2007
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	10	11	3	0	0	0	0	24
	21,280	18,420	19,344	0	0	0	0	19,727
45-49	11	3	7	2	0	0	0	23
	15,786	16,825	16,790	19,722	0	0	0	16,569
50-54	71	8	13	2	2	0	0	96
	14,548	11,943	15,995	13,220	28,713	0	0	14,794
55-59	133	58	15	9	0	3	0	218
	21,629	12,905	17,813	17,338	0	9,209	0	18,697
60-64	204	126	46	9	5	3	3	396
	22,619	18,641	12,926	12,667	10,387	6,890	10,788	19,638
65-69	100	97	63	30	7	1	6	304
	23,249	16,994	14,708	12,270	17,421	20,567	12,534	18,045
70-74	17	58	84	68	28	8	4	267
	11,890	15,141	17,905	15,037	12,512	13,799	11,079	15,400
75-79	4	14	51	70	52	19	9	219
	22,999	12,996	14,819	14,380	10,873	8,888	6,270	12,909
80-84	2	2	9	39	62	49	15	178
	25,220	3,649	12,794	19,959	15,386	10,923	7,484	14,341
85 & Over	0	0	1	5	42	78	62	188
	0	0	16,446	15,731	14,326	10,000	6,969	10,154
Total	552	377	292	234	198	161	99	1,913
	20,978	16,344	15,628	15,343	13,650	10,331	7,603	16,212

Section 9: Member Data

SUMMARY OF ANNUAL RETIREMENT ALLOWANCES AS OF JUNE 30, 2007

GENERAL MEMBERS

	<u>Number</u>	<u>Annual Allowance</u>
Service		
Males	537	\$ 10,408,778
Females	703	8,682,850
Total	<u>1,240</u>	<u>\$ 19,091,628</u>
Disability		
Males	49	\$ 766,672
Females	75	933,418
Total	<u>124</u>	<u>\$ 1,700,090</u>
Beneficiaries		
Males	65	\$ 437,130
Females	188	1,926,215
Total	<u>253</u>	<u>\$ 2,363,345</u>
Total	<u>1,617</u>	<u>\$ 23,155,063</u>

SAFETY MEMBERS

	<u>Number</u>	<u>Annual Allowance</u>
Service		
Males	152	\$ 4,885,350
Females	15	488,446
Total	<u>167</u>	<u>\$ 5,373,796</u>
Disability		
Males	66	\$ 1,497,322
Females	18	353,307
Total	<u>84</u>	<u>\$ 1,850,629</u>
Beneficiaries		
Males	1	\$ 4,017
Females	44	630,141
Total	<u>45</u>	<u>\$ 634,158</u>
Total	<u>296</u>	<u>\$ 7,858,583</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 \$350 of monthly final average salary are reduced by 1/3.

Section 10: Summary of Major Plan Provisions

Death Before Retirement

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.

If eligible for nonservice connected disability or service retirement the benefit is 60% of member's accrued allowance.

If service connected death, the benefit is 50% of salary.

Death After Retirement

For service retirement or nonservice connected disability, the benefit is 60% of member's allowance payable to an eligible spouse.

For service connected disability, the benefit is 100% of member's allowance payable to an eligible spouse.

\$5,000 lump sum benefit payable to member's beneficiary.

Vesting

After five years of Service

Must leave contributions on deposit.

Member Contributions

Based on entry age. Members with 30 or more years of continuous service do not pay member contributions.

Maximum Benefit

100% of final average salary

Cost-Of-Living Benefits

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.

Section 10: Summary of Major Plan Provisions

Supplemental Retiree Benefits Reserve

Level One

A monthly benefit of up to \$320 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 \$320 Full Benefit	Years of Service	% of \$320 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 a rate equal to 50% of the benefit paid to the 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 \$320 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.

Section 10: Summary of Major Plan Provisions

The following table provides the benefit increases available under the Level Two Supplemental COLA:

Initial Retirement Date	Level Two Supplemental COLA Benefit
Tier 1: Section 31870.1	
Maximum Annual COLA – 3%	
On or Before 4/1/1974	51.0%
4/2/1974 to 4/1/1975	48.5
4/2/1975 to 4/1/1976	41.0
4/2/1976 to 4/1/1977	33.5
4/2/1977 to 4/1/1978	30.0
4/2/1978 to 4/1/1979	26.0
4/2/1979 to 4/1/1980	21.5
4/2/1980 to 4/1/1981	13.5
4/2/1981 to 4/1/1982	1.0
4/2/1982 or later	0.0
Tier 2 & 3: Section 31870	
Maximum Annual COLA – 2%	
On or Before 4/1/1981	39.5%
4/2/1981 to 4/1/1982	26.0
4/2/1982 to 4/1/1983	18.0
4/2/1983 to 4/1/1984	14.0
4/2/1984 to 4/1/1985	14.0
4/2/1985 to 4/1/1986	11.5
4/2/1986 to 4/1/1987	9.0
4/2/1987 to 4/1/1988	7.5
4/2/1988 to 4/1/1989	5.0
4/2/1989 to 4/1/1990	2.0
4/2/1990 or later	0.0

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.