

**TULARE COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**

**REPORT ON THE
ACTUARIAL VALUATION
AS OF JUNE 30, 2006**

Revised as of December 14, 2006

December 14, 2006

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, 2006. 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 black ink, appearing to read "Harold A. Loeb", is written over a thin vertical red line.

Harold A. Loeb, A.S.A., E.A., M.A.A.A.
Principal and Consulting Actuary

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Section 1: Executive Summary

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

<u>Item</u>	<u>Actuarial Valuation as of</u>		<u>Change Between Years</u>	
	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>Amount</u>	<u>Percent</u>
Contribution Summary: June 30, 2005				
Results are Shown Pre-2005 Benefit Improvements*				
Average Employer Contribution Rate	8.79%	10.75%	1.96%	22.3%
Estimated Employer Contributions	\$14,487,000	\$20,096,000	\$5,609,000	38.7%
Average Member Contribution Rate	6.92%	7.97%	1.05%	15.2%
Estimated Member Contributions	\$11,404,000	\$14,612,000	\$3,208,000	28.1%
Contribution Summary: June 30, 2005				
Results are Shown Post-2005 Benefit Improvements*				
Average Employer Contribution Rate	9.74%	10.75%	1.01%	10.4%
Estimated Employer Contributions	\$16,051,000	\$20,096,000	\$4,045,000	25.2%
Average Member Contribution Rate	7.93%	7.97%	0.04%	0.5%
Estimated Member Contributions	\$12,807,000	\$14,612,000	\$1,805,000	14.1%
Value of Assets				
Market Value of Assets	\$794,746,750	\$892,299,684	\$97,552,934	12.3%
Rate of Return for Last 12 Months	9.93%	13.76%	3.83%	38.6%
Actuarial Value of Assets	\$681,618,145	\$729,898,582	\$48,280,437	7.1%
Rate of Return for Last 12 Months	4.53%	8.77%	4.24%	93.7%
GASB No. 25 Funded Status				
Actuarial Accrued Liability	\$714,656,078	\$792,843,643	\$78,187,565	10.9%
Unfunded Actuarial Accrued Liability/(Surplus)	\$33,037,933	\$62,945,061	\$29,907,128	90.5%
Funded Ratio	95.4%	92.10%	(3.30)%	(3.5)%

* Weighted by June 30, 2006 payroll.

Section 1: Executive Summary

<u>Item</u>	<u>Actuarial Valuation as of</u>		<u>Change Between Years</u>	
	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>Amount</u>	<u>Percent</u>
Summary of Data				
Active Participants	3,897	4,295	398	10.2%
Participants with Deferred Benefits	1,222	1,593	371	30.4%
Retired Participants and Beneficiaries	<u>1,808</u>	<u>1,840</u>	<u>32</u>	1.8%
Total	6,927	7,728	801	11.6%
Retired Participant Statistics				
Total Annual Allowance	\$27,865,789	\$28,704,234	\$838,445	3.0%
Average Annual Allowance	\$15,412	\$15,600	\$188	1.2%
Active Participant Statistics				
Total Annual Compensation	\$164,777,131	\$186,948,702	\$22,171,571	13.5%
Average Annual Compensation	\$42,283	\$43,527	\$1,244	2.9%
Average Age	43.25	42.69	(0.56)	(1.3)%
Average Service	8.71	8.13	(0.58)	(6.6)%
Key Assumptions				
Interest rate	7.90%	7.90%	0.00%	0.0%
Inflation	4.00%	4.00%	0.00%	0.0%

Purpose

This report has been prepared by Buck Consultants to present the results of the June 30, 2006 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

The actuarial assumptions have been changed as outlined in our separate experience study report. No changes in actuarial methods have been made since last year. This valuation reflects the improvement in General member benefits to the 2.0% at age 57 formula under Government Code Section 31676.12. A separate letter was sent to the Board to communicate the impact on contribution rates on that benefit improvement.

Contribution Rates

During the year, the return on the actuarial value of assets was 8.77%, 0.87% greater than the actuarial assumption of 7.90%. This gain was offset by a loss on the actuarial liability resulting primarily from corrections to data provided for participants with deferred vested benefits. Improvements in General members' benefits for future service, effective July 1, 2005, added 1.12% to the employer contribution. Overall, the 8.79% employer contribution rate as of June 30, 2005 increased to 10.75% as of June 30, 2006.

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

Section 1: Executive Summary

Asset Returns

During the twelve months ended June 30, 2006, the Association assets had an investment return of 13.76% on a market value basis and 8.77% on an actuarial value basis, compared to the actuarial assumption of 7.90%.

Funding Ratio - GASB 25

The Governmental Accounting Standards Board Statement No. 25 (GASB 25) requires that the funding progress be shown based on the same funding method which was used to develop the system's contribution requirements, the Entry Age Normal Cost funding method. The funding ratio decreased from 95.4% on June 30, 2005 to 92.1% on June 30, 2006.

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.

Section 1: Executive Summary

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%.

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. The net market value of assets was \$892,299,684 and the net current actuarial value of assets under this method was \$729,898,582, not including the Supplemental Retiree Benefit Reserve or the Contingency Reserve.

Actuarial Balance Sheet

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

Interest Crediting Policy

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

Section 2: Assets

Assets

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

Financial Exhibits

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

Exhibit 2.2 presents a statement of changes in net Plan assets

Exhibit 2.3 presents the derivation of the Actuarial Value of Assets

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

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

Market Value of Assets

Represents the fair market value of assets as of June 30, 2006 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 \$892,299,684 and the net current actuarial value of assets under this method was \$729,898,582, 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, 2006, the Association assets had an investment return of 13.76% on a market value basis and 8.77% 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, 2006

	<u>Jun 30 '06</u>
	<u>Combined</u>
ASSETS	
Current Assets	
Checking/Savings	
1110 · Cash in County Treasury	6,027,315.45
1120 · Cash in Custodial Account	1,829.68
1130 · Short Term Investments	10,233,760.05
1140 · Securities Lending Collateral	<u>68,606,526.53</u>
Total Checking/Savings	84,869,431.71
Other Current Assets	
1310 · Fixed Income - Market	218,962,327.65
1340 · Equities - Market	545,579,948.82
1370 · Real Estate - Market	7,660,691.62
1375 · Real Estate - REIT	63,912,528.04
1385 –Hedge Funds	42,678,850.46
1386 – Private Equity	<u>3,978,686.13</u>
Total Other Current Assets	<u>882,773,032.72</u>
Total Current Assets	967,642,464.43
Fixed Assets	
1509 · Building and Improvements	854,497.53
1510 · Office Equipment & Computer Sys	184,051.91
1511 · Allowance for Depreciation	-274,134.39
1514 · Land	<u>370,345.69</u>
Total Fixed Assets	1,134,760.74
Other Assets	
1610 · Prepaid Interest-Bond Purchases	0.00
1710 · Open Trades Sales	13,792,623.88
1730 · Investment Income Receivable	2,669,181.25
1750 · Members Contribution Receivable	847,274.70
1770 · County Contribution Receivable	82,043.76
1780 · Advances Rec- Holding Corp	<u>1,340,591.00</u>
Total Other Assets	<u>18,731,714.59</u>
TOTAL ASSETS	<u><u>987,508,939.76</u></u>

EXHIBIT 2.1 – STATEMENT OF PLAN NET ASSETS

AS OF JUNE 30, 2006

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

2000 - Accounts Payable	0.00
2010 - Sec Lndg Collateral Payable	68,606,526.53
2020 - Open Trades - Purchases	22,847,540.52
2030 - Accounts Payable - Inv	717,860.85
2040 - Refunds Payable	1,605,730.96
2050 - Other Payables	0.00
2100 - Advances Payable-TCERA	<u>37,180.23</u>

Total Other Current Liabilities 93,814,839.09

Total Current Liabilities 93,814,839.09

Long Term Liabilities

2060 - Accrual For Benefits At Termination	53,825.38
2070 - Advances Payable - TCERA	<u>1,340,591.00</u>

Total Long Term Liabilities 1,394,416.38

Total Liabilities 95,209,255.47

Equity

3110 - Member Deposit Reserve	173,237,155.36
3120 - Other Reserves - Unapportioned	-0.02
3210 - County Advanced Reserves	
3210.1 - County Advanced Reserves	340,305,092.94
3210.2 - Ventura Settlement	0.00
3310 - Retiree Reserves	217,470,275.55
3320 - Supp. Retiree Benefit Reserve	100,162,540.72
3410 - Contingency Reserve	9,189,024.13
3510 - Market Stabilization	53,049,537.00
3810 - Income Summary Account	0.00
3900 - Retained earnings	-90,780,272.10
Net Income	<u>89,666,330.71</u>

Total Equity 892,299,684.29

TOTAL LIABILITIES & EQUITY 987,508,939.76

Section 2: Assets

EXHIBIT 2.2 – STATEMENT OF CHANGES IN PLAN NET ASSETS

Ordinary Income/Expense		
Income		
	4110 · Interest Income (TCERA & TCERA Prop)	9,380,224.52
	4120 · Dividend Income	6,160,936.61
	4130 · Real Estate Income	3,662,130.72
	4140 · Other Investment Income	1,682,129.27
	4200 · Lease Payments from TCERA	49,561.80
	4220 · Tax Reclaim Income	0.00
	4310 · Commission Rebates	39,668.37
	4410 · Securities Lending Income	3,005,869.69
	4510 · Realized Gains/Losses	54,303,091.59
	4610 · Employee Contributions	13,395,806.29
	4620 · County Contributions	12,442,923.40
	Total Income	104,122,342.26
Expense		
	5110 · Benefit Payments	33,399,124.94
	5120 · Refunds	3,484,983.79
	5210 · Investment Management Fees	3,063,570.63
	5250 · Inv.Consultant/Custodial Fees	319,841.20
	5270 · Securities Lending Expense	2,752,546.32
	5275 · Real Estate Investment Expense	0.00
	5276 · Real Estate Mgr Fees	0.00
	5280 · Other Investment Expense	718,268.20
	5310 · Legal Fees	0.00
	5410 · Actuarial Study Fees	56,000.00
	5420 · Ret. Information System Exp.	0.00
	5450 · Compensated Benefit Expense	12,571.87
	5500 · Administrative Expense	1,052,066.82
	5750 · TCERA Property Admin. Expense	22,646.46
	5910 · Depreciation of Fixed Assets	41,419.15
	Total Expense	44,923,039.38
	Net Ordinary Income	59,199,302.88
Other Income/Expense		
Other Income		
	4520 · Unrealized Gains/Losses	30,412,376.66
	5000 · Adjusted	54,651.17
	Total Other Income	30,467,027.83
	Net Other Income	30,467,027.83
	Net Income	89,666,330.71

Section 2: Assets

EXHIBIT 2.3 – ACTUARIAL VALUE OF ASSETS

1.	Six Month Period From	Six Month Period To	Actual Investment Return	Expected Investment Return	Additional Earnings	Portion Deferred	Deferred Return	
	07/01/01	12/01/01	(5,682,065)	27,323,397	(33,005,462)	0%	0	
	01/01/02	06/01/02	(23,759,891)	26,755,202	(50,515,093)	10%	(5,051,509)	
	07/01/02	12/01/02	(40,109,257)	25,704,631	(65,813,888)	20%	(13,162,778)	
	01/01/03	06/01/03	55,640,621	23,769,387	31,871,234	30%	9,561,370	
	07/01/03	12/01/03	78,936,619	25,212,810	53,723,809	40%	21,489,524	
	01/01/04	06/01/04	27,755,083	27,934,765	(179,683)	50%	(89,841)	
	07/01/04	12/01/04	65,274,654	28,985,535	36,289,119	60%	21,773,471	
	01/01/05	06/01/05	12,962,718	31,132,549	(18,169,831)	70%	(12,718,881)	
	07/01/05	12/01/05	65,516,363	31,179,963	34,336,400	80%	27,469,120	
	01/01/06	06/01/06	37,530,222	33,331,266	4,198,956	90%	3,779,061	
	Total							53,049,537
2.	Market Value of Assets as of June 30, 2006							892,299,684
3.	Preliminary Actuarial Value of Assets as of June 30, 2006: (2)-(1)							839,250,147
4.	Corridor Around Market Value							
	Minimum of 80% of Market Value							713,839,747
	Maximum of 120% of Market Value							1,070,759,621
5.	Final Actuarial Value of Assets as of June 30, 2006							839,250,147
6.	Non-Valuation Reserves and Designations:							
	Supplemental Retiree Benefit Reserve							100,162,541
	Reserve for Interest Fluctuation (Contingency Reserve)							<u>9,189,024</u>
	Total							109,351,565
7.	Valuation Assets as of June 30, 2006: (5)-(6)							729,898,582

Section 2: Assets

EXHIBIT 2.4 – ASSET GAIN/LOSS

	<u>Market Value</u>	<u>Actuarial Value</u>
Total as of June 30, 2005	\$ 794,746,750	\$ 681,618,145
Changes During the Year		
County Contributions	12,442,923	12,442,923
Member Contributions	13,395,806	13,395,806
Benefit Payments	(33,399,125)	(33,399,125)
Refunds	(3,484,984)	(3,484,984)
Investment Expenses	(7,907,551)	(7,907,551)
Administrative Expenses	(1,064,639)	(1,064,639)
Investment Return	117,570,504	68,298,007
Total assets as of June 30, 2006	\$ 892,299,684	\$ 729,898,582
Expected Investment Return	\$ 62,348,701	\$ 53,411,541
Expected Assets	\$ 846,050,071	\$ 723,984,306
Asset Gain/Loss	\$ 46,249,613	\$ 5,914,276
Gross Return	\$ 117,570,504	\$ 68,298,007
Net of Expenses	\$ 108,598,314	\$ 59,325,817
Gross of Expenses	14.98%	10.17%
Net of Expenses	13.76%	8.77%

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%
Compounded Average*	13.53%	6.68%	3.4%

* 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, 2006, the date of the valuation. The present value of supplemental benefits is shown at reserve values (items 6 to 12 in Exhibit 3.1).

Section 3: Liabilities

Actuarial Accrued Liability

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

Unfunded Actuarial Accrued Liability

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

Actuarial Gain and Loss

The difference between the UAAL and the expected UAAL is an actuarial gain or loss. The actuarial gain and loss is comprised of two components: a liability gain and loss (from other sources, such as salary growth, turnover and retirement patterns and life expectancies different than expected) and an asset gain or loss (from investment experience different than 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 applies). Benefit is subject to a vesting schedule of 50% after 10 years of service, uniformly grading up to 100% at 20

Section 3: Liabilities

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)	\$ 839,250,147
2. Present value of future contributions by members	108,570,596
3. Present value of future employer contributions for normal cost	106,975,901
4. Present value of other future employer contributions (UAAL)	62,945,061
5. Total actuarial assets	\$ 1,117,741,705
<u>LIABILITIES</u>	
6. Present value of retirement allowances payable to retired members and their survivors	\$ 352,122,301
7. Present value of service retirement allowances payable to presently active members and their survivors	451,324,211
8. Present value of allowances payable to current and future vested terminated members and their survivors	118,083,035
9. Present value of disability retirement allowances payable to presently active members and their survivors	46,475,478
10. Present value of death benefits payable on behalf of presently active members	11,553,851
11. Present value of members' contributions to be returned upon withdrawal	28,831,264
12. Special Reserves	109,351,565
13. Total actuarial liabilities	\$ 1,117,741,705

EXHIBIT 3.2 – ACTUARIAL ACCRUED LIABILITY

14. Present value of future benefits (items 6 to 11)	\$ 1,008,390,140
15. Present value of future contributions by members and employers (items 2 and 3)	215,546,497
16. Actuarial accrued liability (item 14 minus item 15)	792,843,643
17. Actuarial value of assets (excluding special reserves)	729,898,582
18. Unfunded actuarial accrued liability (UAAL) (item 16 minus item 17)	\$ 62,945,061
19. Funded ratio	92.1%

Section 3: Liabilities

EXHIBIT 3.3 – ACTUARIAL GAIN AND LOSS

1.	Unfunded actuarial accrued liability as of July 1, 2005		\$	33,037,933
2.	Change due to contributions:			
	(a) Normal cost	\$	25,375,769	
	(b) Interest on (a)		1,002,343	
	(c) Interest on (1)		2,609,997	
	(d) Contributions (member and employer)		(25,838,729)	
	(e) Interest on (d)		(1,020,630)	
	(f) Net change: (a)+(b)+(c)+(d)+(e)			\$ 2,128,750
3.	Expected unfunded actuarial accrued liability: (1)+(2)		\$	35,166,683
4.	Change due to actuarial (gain)/loss from asset sources:		\$	(5,914,276)
5.	Liability (gain)/loss and change in actuarial assumptions			24,885,237
6.	Change in plan provisions – 31676.12			8,807,417
7.	Change in actuarial methods			-
8.	Unfunded actuarial accrued liability as of June 30, 2006: (3)+(4)+(5)+(6)+(7)		\$	62,945,061

EXHIBIT 3.4 – SUPPLEMENTAL RETIREE BENEFITS RESERVE

We show below the June 30, 2006 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, 2006
Level One		
1.	Current Retirees	\$ 39,932,812
2.	Inactive Members	4,766,415
3.	Active members	40,296,011
4.	Subtotal	\$ 84,995,238
Level Two		
5.	Supplemental COLA for those who have lost at least 15% of Purchasing Power	\$ 3,780,677
Level Three		
6.	Supplemental Spousal Death Benefit	\$ 0
7.	Total SRBR Combined Liability: (4)+(5)+(6)	\$ 88,775,915
8.	Supplemental Retiree Benefits Reserve (SRBR)	\$ 100,162,541
9.	Net Reserve: (8)-(7)	\$ 11,386,626

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 percentage are:

	<u>Tier 1</u>	<u>Tiers 2 and 3</u>
2005		
Before improvement	58.59%	21.75%
After improvement	63.51%	21.82%
2006	63.24%	22.01%

Section 4: Member Contribution Rates

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

2005: Pre-Improvements	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	4.20%	6.75%	2.41%	9.52%

2005: Post-Improvements	Average Member Basic and Cost of Living Contribution Rates			
	General		Safety	
	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>
Recommended Rates	4.28%	7.80%	2.41%	9.52%

2006: New	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	4.33%	7.80%	2.44%	9.55%

Recommended employee rates at sample ages are shown below.

Section 4: Member Contribution Rates

RECOMMENDED MEMBER CONTRIBUTION RATES

Sample General Member Contribution Rates* Benefits Under Section 31676.12				
	Basic	With 3% Automatic Cost of Living Increases	Basic	With 2% Automatic Cost of Living Increases
Entry	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 2 & 3</u>
<u>Age</u>				
25	2.87%	4.68%	5.50%	6.71%
35	3.52%	5.75%	6.74%	8.22%
45	4.26%	6.95%	8.05%	9.82%

*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*				
	Basic	With 3% Automatic Cost of Living Increases	Basic	With 2% Automatic Cost of Living Increases
Entry	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 2 & 3</u>
<u>Age</u>				
25	4.01%	6.55%	7.68%	9.37%
35	4.62%	7.54%	8.71%	10.63%
45	5.00%	8.16%	9.42%	11.49%

*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%	1.01%	1.51%	38	2.50%	3.75%	1.58%	2.37%
17	1.63%	2.44%	1.03%	1.54%	39	2.55%	3.83%	1.61%	2.42%
18	1.66%	2.49%	1.05%	1.57%	40	2.61%	3.91%	1.65%	2.47%
19	1.69%	2.54%	1.07%	1.61%	41	2.67%	4.00%	1.69%	2.53%
20	1.73%	2.60%	1.09%	1.64%	42	2.73%	4.09%	1.73%	2.59%
21	1.77%	2.65%	1.12%	1.68%	43	2.79%	4.18%	1.76%	2.64%
22	1.80%	2.70%	1.14%	1.71%	44	2.81%	4.22%	1.78%	2.67%
23	1.84%	2.76%	1.16%	1.75%	45	2.84%	4.26%	1.80%	2.69%
24	1.88%	2.82%	1.19%	1.78%	46	2.87%	4.30%	1.81%	2.72%
25	1.91%	2.87%	1.21%	1.81%	47	2.89%	4.34%	1.83%	2.74%
26	1.95%	2.93%	1.23%	1.85%	48	2.92%	4.38%	1.85%	2.77%
27	1.99%	2.99%	1.26%	1.89%	49	2.95%	4.42%	1.87%	2.80%
28	2.03%	3.05%	1.28%	1.93%	50	2.97%	4.46%	1.88%	2.82%
29	2.07%	3.11%	1.31%	1.97%	51	3.00%	4.50%	1.90%	2.85%
30	2.12%	3.18%	1.34%	2.01%	52	3.03%	4.54%	1.92%	2.87%
31	2.16%	3.24%	1.37%	2.05%	53	3.05%	4.58%	1.93%	2.90%
32	2.21%	3.31%	1.40%	2.09%	54	3.09%	4.63%	1.95%	2.93%
33	2.25%	3.38%	1.42%	2.14%	55	3.11%	4.67%	1.97%	2.95%
34	2.30%	3.45%	1.45%	2.18%	56	3.14%	4.71%	1.99%	2.98%
35	2.35%	3.52%	1.49%	2.23%	57	3.17%	4.75%	2.00%	3.00%
36	2.39%	3.59%	1.51%	2.27%	58	3.20%	4.80%	2.02%	3.04%
37	2.45%	3.67%	1.55%	2.32%	59+	3.23%	4.84%	2.04%	3.06%

* 63.24% 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%	0.67%	1.01%	38	4.78%	7.17%	1.05%	1.58%
17	3.12%	4.68%	0.69%	1.03%	39	4.89%	7.33%	1.08%	1.61%
18	3.19%	4.78%	0.70%	1.05%	40	4.99%	7.49%	1.10%	1.65%
19	3.25%	4.87%	0.72%	1.07%	41	5.10%	7.65%	1.12%	1.68%
20	3.31%	4.97%	0.73%	1.09%	42	5.19%	7.79%	1.14%	1.71%
21	3.38%	5.07%	0.74%	1.12%	43	5.27%	7.90%	1.16%	1.74%
22	3.45%	5.18%	0.76%	1.14%	44	5.31%	7.97%	1.17%	1.75%
23	3.52%	5.28%	0.77%	1.16%	45	5.37%	8.05%	1.18%	1.77%
24	3.59%	5.39%	0.79%	1.19%	46	5.41%	8.12%	1.19%	1.79%
25	3.67%	5.50%	0.81%	1.21%	47	5.47%	8.20%	1.20%	1.80%
26	3.74%	5.61%	0.82%	1.23%	48	5.51%	8.27%	1.21%	1.82%
27	3.82%	5.73%	0.84%	1.26%	49	5.57%	8.35%	1.23%	1.84%
28	3.89%	5.84%	0.86%	1.29%	50	5.62%	8.43%	1.24%	1.86%
29	3.97%	5.96%	0.87%	1.31%	51	5.67%	8.50%	1.25%	1.87%
30	4.05%	6.08%	0.89%	1.34%	52	5.72%	8.58%	1.26%	1.89%
31	4.14%	6.21%	0.91%	1.37%	53	5.77%	8.66%	1.27%	1.91%
32	4.23%	6.34%	0.93%	1.40%	54	5.83%	8.74%	1.28%	1.92%
33	4.31%	6.47%	0.95%	1.42%	55	5.88%	8.82%	1.29%	1.94%
34	4.40%	6.60%	0.97%	1.45%	56	5.93%	8.90%	1.31%	1.96%
35	4.49%	6.74%	0.99%	1.48%	57	5.99%	8.98%	1.32%	1.98%
36	4.59%	6.88%	1.01%	1.51%	58	6.21%	9.32%	1.37%	2.05%
37	4.68%	7.02%	1.03%	1.55%	59+	6.45%	9.68%	1.42%	2.13%

* 22.01% 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%	1.51%	2.27%	35	3.08%	4.62%	1.95%	2.92%
21	2.45%	3.67%	1.55%	2.32%	36	3.11%	4.66%	1.97%	2.95%
22	2.50%	3.75%	1.58%	2.37%	37	3.13%	4.70%	1.98%	2.97%
23	2.56%	3.83%	1.62%	2.42%	38	3.16%	4.73%	2.00%	2.99%
24	2.61%	3.92%	1.65%	2.48%	39	3.18%	4.77%	2.01%	3.02%
25	2.67%	4.01%	1.69%	2.54%	40	3.21%	4.81%	2.03%	3.04%
26	2.73%	4.10%	1.73%	2.59%	41	3.23%	4.85%	2.04%	3.07%
27	2.80%	4.20%	1.77%	2.66%	42	3.26%	4.88%	2.06%	3.09%
28	2.87%	4.30%	1.81%	2.72%	43	3.28%	4.92%	2.07%	3.11%
29	2.94%	4.40%	1.86%	2.78%	44	3.31%	4.96%	2.09%	3.14%
30	2.96%	4.44%	1.87%	2.81%	45	3.33%	5.00%	2.11%	3.16%
31	2.98%	4.47%	1.88%	2.83%	46	3.36%	5.04%	2.12%	3.19%
32	3.01%	4.51%	1.90%	2.85%	47	3.39%	5.08%	2.14%	3.21%
33	3.03%	4.55%	1.92%	2.88%	48	3.41%	5.12%	2.16%	3.24%
34	3.06%	4.58%	1.94%	2.90%	49+	3.44%	5.16%	2.18%	3.26%

* 63.24% 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%	1.01%	1.51%	35	5.81%	8.71%	1.28%	1.92%
21	4.69%	7.03%	1.03%	1.55%	36	5.85%	8.78%	1.29%	1.93%
22	4.79%	7.18%	1.05%	1.58%	37	5.90%	8.85%	1.30%	1.95%
23	4.90%	7.34%	1.08%	1.62%	38	5.95%	8.92%	1.31%	1.96%
24	5.00%	7.51%	1.10%	1.65%	39	5.99%	8.99%	1.32%	1.98%
25	5.12%	7.68%	1.13%	1.69%	40	6.04%	9.06%	1.33%	1.99%
26	5.24%	7.85%	1.15%	1.73%	41	6.09%	9.13%	1.34%	2.01%
27	5.36%	8.04%	1.18%	1.77%	42	6.14%	9.21%	1.35%	2.03%
28	5.46%	8.19%	1.20%	1.80%	43	6.19%	9.28%	1.36%	2.04%
29	5.53%	8.30%	1.22%	1.83%	44	6.23%	9.35%	1.37%	2.06%
30	5.58%	8.36%	1.23%	1.84%	45	6.28%	9.42%	1.38%	2.07%
31	5.62%	8.43%	1.24%	1.86%	46	6.33%	9.50%	1.39%	2.09%
32	5.67%	8.50%	1.25%	1.87%	47	6.38%	9.57%	1.40%	2.11%
33	5.71%	8.57%	1.26%	1.89%	48	6.62%	9.94%	1.46%	2.19%
34	5.76%	8.64%	1.27%	1.90%	49+	6.88%	10.32%	1.51%	2.27%

* 22.01% 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 8.77%, 0.87% greater than the actuarial assumption of 7.90%. Offsetting this gain was loss in actuarial liability resulting from corrections to the data for terminated vested members. Benefit improvements for General members, effective June 30, 2005, added 1.12% to the employer contribution. Overall, there was an increase in the calculated County contribution rate from 8.79% as of June 30, 2005 pre-benefit improvements to 9.74% as of June 30, 2005 post-benefit improvements to 10.75% as of June 30, 2006.

:

June 30, 2005 Recommended Employer Rate	8.79%
Changes during the year due to:	
Change in plan provision – 31676.12	1.12%
Asset gain	(0.27)%
Change in actuarial liability	1.11%
Total changes	1.96%
June 30, 2006 Recommended Employer Rate	10.75%

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)

2005: Pre-Improvements	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	7.34%	6.90%	6.92%	6.11%	6.95%	6.16%
UAAL Amortization	<u>(1.03)</u>	<u>1.50</u>	<u>(1.03)</u>	<u>1.50</u>	<u>(1.03)</u>	<u>1.50</u>
Total Cost	6.31%	8.40%	5.89%	7.61%	5.92%	7.66%
Safety						
Normal Cost	16.94%	18.94%	13.32%	12.22%	13.60%	12.66%
UAAL Amortization	<u>0.06</u>	<u>3.28</u>	<u>0.06</u>	<u>3.28</u>	<u>0.06</u>	<u>3.28</u>
Total Cost	17.00%	22.22%	13.38%	15.50%	13.66%	15.94%
*Weighted by June 30, 2005 payroll.						
Average Rate for Total Group:			Current	7.02%		
			Recommended	8.79%		

2005: Post-Improvements	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	7.34%	7.39%	6.92%	6.92%	6.95%	6.95%
UAAL Amortization	<u>(1.03)</u>	<u>1.81</u>	<u>(1.03)</u>	<u>1.81</u>	<u>(1.03)</u>	<u>1.81</u>
Total Cost	6.31%	9.20%	5.89%	8.73%	5.92%	8.76%
Safety						
Normal Cost	16.94%	18.94%	13.32%	12.22%	13.60%	12.66%
UAAL Amortization	<u>0.06</u>	<u>3.28</u>	<u>0.06</u>	<u>3.28</u>	<u>0.06</u>	<u>3.28</u>
Total Cost	17.00%	22.22%	13.38%	15.50%	13.66%	15.94%
*Weighted by June 30, 2005 payroll.						
Average Rate for Total Group:			Current	7.02%		
			Recommended	9.74%		

Section 5: Employer Contribution Rates

NORMAL COST AND UAAL RATE BREAKDOWN (% OF PAYROLL CONTINUED)

2006: New	Current and Recommended Contribution Rate Breakdown					
	Tier 1 Members		Tier 2 & 3 Members		All Members	
	<u>Current</u>	<u>Recommended*</u>	<u>Current</u>	<u>Recommended*</u>	<u>Current</u>	<u>Recommended *</u>
General						
Normal Cost	7.39%	7.50%	6.92%	6.89%	6.95%	6.93%
UAAL Amortization	<u>1.81</u>	<u>2.72</u>	<u>1.81</u>	<u>2.72</u>	<u>1.81</u>	<u>2.72</u>
Total Cost	9.20%	10.22%	8.73%	9.61%	8.76%	9.65%
Safety						
Normal Cost	18.94%	18.68%	12.22%	12.30%	12.66%	12.67%
UAAL Amortization	<u>3.28</u>	<u>4.68</u>	<u>3.28</u>	<u>4.68</u>	<u>3.28</u>	<u>4.68</u>
Total Cost	22.22%	23.36%	15.50%	16.98%	15.94%	17.35%
*Weighted by June 30, 2006 payroll.						
Average Rate for Total Group:				Current	9.74%	
				Recommended	10.75%	

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

Section 5: Employer Contribution Rates

2005: Pre-Improvements		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		685,000	643,000	9,200,000	8,123,000	9,885,000	8,766,000
UAAL Amortization		(96,000)	140,000	(1,369,000)	1,994,000	(1,465,000)	2,134,000
Total Cost		589,000	783,000	7,831,000	10,117,000	8,420,000	10,900,000
Safety							
Normal Cost		250,000	280,000	2,801,000	2,569,000	3,051,000	2,849,000
UAAL Amortization		1,000	48,000	13,000	690,000	14,000	738,000
Total Cost		251,000	328,000	2,814,000	3,259,000	3,065,000	3,587,000
*Weighted by June 30, 2005 payroll.							
Total Contribution for Total Group:					Current	11,485,000	
					Recommended	14,487,000	

2005: Post-Improvements		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		685,000	689,000	9,200,000	9,200,000	9,885,000	9,889,000
UAAL Amortization		(96,000)	169,000	(1,369,000)	2,406,000	(1,465,000)	2,575,000
Total Cost		589,000	858,000	7,831,000	11,606,000	8,420,000	12,464,000
Safety							
Normal Cost		250,000	280,000	2,801,000	2,569,000	3,051,000	2,849,000
UAAL Amortization		1,000	48,000	13,000	690,000	14,000	738,000
Total Cost		251,000	328,000	2,814,000	3,259,000	3,065,000	3,587,000
*Weighted by June 30, 2005 payroll.							
Total Contribution for Total Group:					Current	11,485,000	
					Recommended	16,051,000	

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

Section 5: Employer Contribution Rates

2006: New		Current and Recommended Contribution Breakdown *					
		Tier 1 Members		Tier 2 & 3 Members		All Members	
		<u>Current</u>	<u>Recommended</u>	<u>Current</u>	<u>Recommended</u>	<u>Current</u>	<u>Recommended</u>
General							
Normal Cost		689,000	713,000	9,200,000	10,380,000	9,889,000	11,093,000
UAAL Amortization		169,000	259,000	2,406,000	4,098,000	2,575,000	4,357,000
Total Cost		858,000	972,000	11,606,000	14,478,000	12,464,000	15,450,000
Safety							
Normal Cost		280,000	287,000	2,569,000	3,106,000	2,849,000	3,393,000
UAAL Amortization		48,000	72,000	690,000	1,182,000	738,000	1,254,000
Total Cost		328,000	359,000	3,259,000	4,287,000	3,587,000	4,646,000
*Weighted by June 30, 2006 payroll.							
Total Contribution for Total Group:					Current	16,051,000	
					Recommended	20,096,000	

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, 2006 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 15 years from June 30, 2006.

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

December 14, 2006

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, 2006. 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, 2006, 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 in 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,



Harold A. Loeb, A.S.A., E.A., M.A.A.A.
Principal and Consulting Actuary

Section 7: GASB Disclosures and CAFR Information

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

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

EXHIBIT 7.2 – GASB 25 SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/00	20,790	100%
6/30/01	18,872	100%
6/30/02	6,186	100%
6/30/03	5,245	100%
6/30/04	9,595	100%
6/30/05	10,502	100%
6/30/06	12,443	100%

Section 7: GASB Disclosures and CAFR Information

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

Plan Year Ending	Actuarial (Gains)/Losses			Changes in Plan Provisions	Changes in Assumptions/ Methods	Total (Gain)/Loss
	Asset Sources	Liability Sources	Total			
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

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

EXHIBIT 7.4 - RETIREE AND BENEFICIARY EXPERIENCE

Plan Year Ending	At Beginning of Year	At End of Year	Retiree Payroll	% Increase in Retiree Payroll	Average Annual Allowances
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

**EXHIBIT 7.5 - SOLVENCY TEST
(Dollars In Thousands)**

Valuation Date	Actuarial Accrued Liabilities For			Actuarial Accrued Liabilities	Valuation Assets	Portion of Accrued Liabilities Covered by Valuation Assets		
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members			(1)	(2)	(3)
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%

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, 2006 (MARKET VALUE)		IBBOTSON-SINQUEFIELD REAL RATE OF RETURN (1926 – 2005)	TARGET WEIGHTED RETURN
	Target	Actual		
Equity	60%	68.6%	7.1%	4.26%
Fixed Income/Bonds	30%	22.3%	2.6%	0.78%
Real Estate	10%	7.2%	4.0%	0.40%
Short Term	<u>0%</u>	<u>1.9%</u>	0.7%	<u>0.00%</u>
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, 2006 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, 2006 actuarial valuation of the Association was based on the following data. For comparison, we also show a summary of the June 30, 2005 statistical information.

SUMMARY OF RETIRED MEMBERSHIP			
	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>Percentage Change During the Period</u>
GENERAL			
Number	1,535	1,560	1.6%
Total Annual Allowance	20,946,816	21,505,897	2.7%
Average Total Monthly Allowance	1,137	1,149	1.1%
SAFETY			
Number	273	280	2.6%
Total Annual Allowance	6,918,973	7,198,337	4.0%
Average Total Monthly Allowance	2,112	2,142	1.4%
TOTAL			
Number	1,808	1,840	1.8%
Total Annual Allowance	27,865,789	28,704,234	3.0%
Average Total Monthly Allowance	1,284	1,300	1.2%

SUMMARY OF INACTIVE MEMBERSHIP*			
	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>Percentage Change During the Period</u>
GENERAL			
Number	1,132	1,434	26.7%
SAFETY			
Number	90	159	76.7%
TOTAL			
Number	1,222	1,593	30.4%

*Includes unclaimed accounts.

Section 9: Member Data

SUMMARY OF ACTIVE MEMBERSHIP			
	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>Percentage Change During the Period</u>
GENERAL TIER 1			
Number	179	175	(2.2)%
Annual Payroll*	9,327,015	9,507,964	1.9%
Average Monthly Salary	4,342	4,528	4.3%
Average Age	55.28	56.18	1.6%
Average Service	26.83	27.74	3.4%
GENERAL TIER 2 & 3			
Numbers	3,296	3,628	10.1%
Annual Payroll*	132,944,149	150,653,330	13.3%
Average Monthly Salary	3,361	3,460	2.9%
Average Age	43.15	42.64	(1.2)%
Average Service	7.55	7.04	(6.8)%
SAFETY TIER 1			
Number	20	20	0.0%
Annual Payroll*	1,477,786	1,537,679	4.1%
Average Monthly Salary	6,157	6,407	4.1%
Average Age	53.95	54.50	1.0%
Average Service	27.90	28.95	3.8%
SAFETY TIER 2 & 3			
Number	402	472	17.4%
Annual Payroll*	21,028,181	25,249,729	20.1%
Average Monthly Salary	4,359	4,458	2.3%
Average Age	38.19	37.56	(1.6)%
Average Service	9.17	8.38	(8.6)%
TOTAL			
Number	3,897	4,295	10.2%
Annual Payroll*	164,777,131	186,948,702	13.5%
Average Monthly Salary	3,524	3,627	2.9%
Average Age	43.25	42.69	(1.3)%
Average Service	8.71	8.13	(6.7)%

* 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, 2006
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	45,448	0	45,448
50-54	0	1	1	2	2	11	7	24
	0	53,400	40,040	51,463	60,343	61,516	46,900	55,085
55-59	1	1	2	3	1	10	17	35
	34,401	60,621	82,797	74,914	156,106	64,137	64,814	68,133
60-64	0	0	0	1	0	4	14	19
	0	0	0	59,095	0	73,956	62,664	64,853
65-69	0	0	0	0	0	0	1	1
	0	0	0	0	0	0	46,000	46,000
70 & Over	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Total	1	2	3	6	3	27	39	81
	34,401	57,011	68,545	64,461	92,264	63,139	60,344	62,664

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2006
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	1	13	1	15
	0	0	0	0	34,090	47,381	60,090	47,342
50-54	0	2	0	1	5	17	6	31
	0	46,385	0	61,027	46,950	47,356	73,873	52,801
55-59	0	2	0	0	6	12	11	31
	0	61,380	0	0	53,749	41,254	36,098	43,141
60-64	0	0	1	2	0	4	8	15
	0	0	73,257	57,747	0	39,329	43,619	46,335
65-69	0	0	0	0	0	1	0	1
	0	0	0	0	0	24,515	0	24,515
70 & Over	0	0	0	0	0	1	0	1
	0	0	0	0	0	28,297	0	28,297
Total	0	4	1	3	12	48	26	94
	0	53,883	73,257	58,840	49,278	44,295	48,052	47,151

Section 9: Member Data

AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY OF ACTIVE GENERAL MEMBERS AS OF JUNE 30, 2006 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	2	0	0	0	0	0	0	2
	25,031	0	0	0	0	0	0	25,031
20-24	40	0	0	0	0	0	0	40
	29,654	0	0	0	0	0	0	29,654
25-29	109	22	0	0	0	0	0	131
	37,850	40,074	0	0	0	0	0	38,223
30-34	86	38	8	0	0	0	0	132
	41,141	40,307	46,292	0	0	0	0	41,213
35-39	67	38	23	0	0	0	0	128
	43,650	45,219	45,281	0	0	0	0	44,409
40-44	62	36	24	15	2	0	0	139
	50,491	48,904	46,485	54,753	51,274	0	0	49,859
45-49	35	44	15	27	10	1	0	132
	38,621	48,447	54,556	64,421	61,025	36,144	0	50,663
50-54	39	43	26	31	19	9	0	167
	55,266	49,693	51,693	51,967	68,363	56,464	0	54,217
55-59	42	42	18	18	10	2	0	132
	52,792	62,641	54,821	58,592	55,087	137,118	0	58,445
60-64	17	18	11	10	5	2	0	63
	45,667	44,751	54,291	67,619	50,529	47,507	0	50,840
65-69	2	5	4	2	2	0	0	15
	29,594	77,062	45,529	32,579	100,497	0	0	59,518
70 & Over	2	1	2	1	1	0	0	7
	96,425	33,097	46,677	56,549	102,927	0	0	68,397
Total	503	287	131	104	49	14	0	1,088
	43,157	48,834	49,994	57,925	63,656	65,255	0	48,097

Section 9: Member Data

AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY OF ACTIVE GENERAL MEMBERS AS OF JUNE 30, 2006 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	3	0	0	0	0	0	0	3
	22,692	0	0	0	0	0	0	22,692
20-24	145	1	0	0	0	0	0	146
	27,237	28,644	0	0	0	0	0	27,247
25-29	257	70	1	0	0	0	0	328
	33,361	35,209	24,359	0	0	0	0	33,728
30-34	178	143	25	0	0	0	0	346
	37,133	38,430	43,781	0	0	0	0	38,149
35-39	140	129	49	15	0	0	0	333
	35,935	38,911	38,051	36,975	0	0	0	37,446
40-44	110	104	62	36	8	0	0	320
	38,107	39,224	39,410	40,716	53,195	0	0	39,393
45-49	109	117	57	42	21	9	0	355
	37,925	41,142	46,712	44,318	43,966	51,359	0	41,850
50-54	86	96	49	39	17	4	0	291
	39,286	45,329	42,595	42,912	52,103	81,683	0	43,654
55-59	62	81	63	40	14	6	0	266
	43,228	41,817	38,371	41,779	43,219	40,264	0	41,363
60-64	22	40	22	28	7	4	0	123
	39,516	39,935	41,017	46,391	40,385	33,223	0	41,331
65-69	4	12	3	4	1	1	0	25
	41,038	46,214	50,455	42,383	62,618	22,824	0	45,002
70 & Over	2	1	0	0	1	0	0	4
	33,602	27,071	0	0	74,094	0	0	42,092
Total	1,118	794	331	204	69	24	0	2,540
	35,525	40,074	41,232	42,622	47,233	49,428	0	38,710

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE SAFETY MEMBERS
AS OF JUNE 30, 2006
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	1	2
	0	0	0	0	0	65,807	133,639	99,723
50-54	0	0	0	0	3	3	3	9
	0	0	0	0	79,129	70,701	87,257	79,029
55-59	0	0	0	0	1	3	4	8
	0	0	0	0	58,516	57,394	83,050	70,362
60-64	0	0	0	0	0	1	0	1
	0	0	0	0	0	64,076	0	64,076
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	4	8	8	20
	0	0	0	0	73,976	64,271	90,951	76,884

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE SAFETY MEMBERS
AS OF JUNE 30, 2006
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	41	0	0	0	0	0	0	41
	42,472	0	0	0	0	0	0	42,472
25-29	50	17	0	0	0	0	0	67
	44,988	50,823	0	0	0	0	0	46,469
30-34	34	48	6	0	0	0	0	88
	47,862	53,654	57,378	0	0	0	0	51,670
35-39	18	45	26	10	0	0	0	99
	52,414	53,517	55,627	60,492	0	0	0	54,575
40-44	12	21	14	23	8	0	0	78
	51,757	50,828	55,236	65,639	68,286	0	0	57,920
45-49	2	13	4	17	9	1	0	46
	54,462	56,204	54,017	60,773	66,515	71,047	0	59,967
50-54	8	6	5	4	11	5	0	39
	59,173	51,530	48,859	61,429	61,887	69,334	0	58,974
55-59	3	4	0	2	2	1	0	12
	52,894	66,543	0	72,203	56,577	66,027	0	62,370
60-64	0	1	1	0	0	0	0	2
	0	71,225	49,189	0	0	0	0	60,207
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	168	155	56	56	30	7	0	472
	47,164	53,498	54,883	63,176	64,628	69,106	0	53,495

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED GENERAL MEMBERS
AS OF JUNE 30, 2006
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	2	4	0	0	0	0	0	6
	13,906	14,498	0	0	0	0	0	14,301
45-49	3	3	1	1	0	0	0	8
	13,856	5,213	6,260	5,016	0	0	0	8,560
50-54	51	6	3	0	0	0	0	60
	11,535	10,823	7,261	0	0	0	0	11,250
55-59	112	58	6	3	1	2	0	182
	15,152	10,446	14,692	7,691	3,627	4,766	0	13,337
60-64	154	91	29	5	3	3	2	287
	19,665	14,185	9,316	14,252	4,593	6,689	7,398	16,409
65-69	96	80	44	22	2	1	1	246
	21,044	15,379	11,301	10,995	11,016	8,298	6,809	16,369
70-74	15	69	73	51	27	5	2	242
	10,680	14,749	16,189	10,238	11,639	8,483	6,291	13,434
75-79	3	9	51	68	48	11	4	194
	11,545	24,923	14,532	16,394	10,576	9,846	5,129	14,182
80-84	1	2	8	29	62	51	12	165
	11,921	3,565	7,488	16,205	14,407	9,513	5,401	12,073
85 & Over	0	0	3	5	41	76	45	170
	0	0	14,700	19,893	12,450	8,309	5,180	8,933
Total	437	322	218	184	184	149	66	1,560
	17,414	14,021	13,351	13,846	12,310	8,760	5,343	13,786

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED SAFETY MEMBERS
AS OF JUNE 30, 2006
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	10	4	4	0	0	0	0	18
	21,297	20,645	19,548	0	0	0	0	20,763
45-49	2	2	4	1	0	0	0	9
	18,986	22,559	18,910	24,053	0	0	0	20,309
50-54	17	4	7	2	2	1	0	33
	23,761	21,396	19,147	22,481	28,008	17,289	0	22,479
55-59	35	7	6	3	1	0	0	52
	44,094	23,861	23,460	22,651	21,657	0	0	37,321
60-64	25	24	20	2	1	0	2	74
	39,672	28,509	20,588	19,149	1,528	0	13,385	29,113
65-69	1	5	12	9	3	1	5	36
	12,186	35,412	21,668	19,765	17,764	19,968	12,725	21,223
70-74	0	1	9	7	4	4	1	26
	0	11,083	27,722	29,126	26,683	11,238	18,459	24,408
75-79	0	0	0	5	2	4	4	15
	0	0	0	16,361	12,195	10,868	7,909	12,087
80-84	0	0	0	1	1	1	5	8
	0	0	0	564	16,218	22,066	14,699	14,043
85 & Over	0	0	0	0	0	2	7	9
	0	0	0	0	0	14,444	11,968	12,518
Total	90	47	62	30	14	13	24	280
	35,580	26,653	21,773	21,313	19,988	13,587	12,407	25,708

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED GENERAL AND SAFETY MEMBERS
AS OF JUNE 30, 2006
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	12	8	4	0	0	0	0	24
	20,065	17,571	19,548	0	0	0	0	19,148
45-49	5	5	5	2	0	0	0	17
	15,908	12,151	16,380	14,535	0	0	0	14,780
50-54	68	10	10	2	2	1	0	93
	14,591	15,052	15,581	22,481	28,008	17,289	0	15,234
55-59	147	65	12	6	2	2	0	234
	22,043	11,891	19,076	15,171	12,642	4,766	0	18,667
60-64	179	115	49	7	4	3	4	361
	22,459	17,174	13,917	15,651	3,827	6,689	10,392	19,013
65-69	97	85	56	31	5	2	6	282
	20,952	16,558	13,523	13,541	15,065	14,133	11,739	16,989
70-74	15	70	82	58	31	9	3	268
	10,680	14,697	17,455	12,518	13,580	9,707	10,347	14,499
75-79	3	9	51	73	50	15	8	209
	11,545	24,923	14,532	16,392	10,640	10,118	6,519	14,032
80-84	1	2	8	30	63	52	17	173
	11,921	3,565	7,488	15,683	14,436	9,755	8,136	12,165
85 & Over	0	0	3	5	41	78	52	179
	0	0	14,700	19,893	12,450	8,467	6,094	9,114
Total	527	369	280	214	198	162	90	1,840
	20,516	15,630	15,216	14,893	12,853	9,148	7,227	15,600

Section 9: Member Data

SUMMARY OF ANNUAL RETIREMENT ALLOWANCES

AS OF JUNE 30, 2006

GENERAL MEMBERS

	<u>Number</u>	<u>Annual Allowance</u>
Service		
Males	520	\$ 9,622,311
Females	675	8,109,493
Total	<u>1,195</u>	<u>\$ 17,731,804</u>
Disability		
Males	47	\$ 706,863
Females	70	832,321
Total	<u>117</u>	<u>\$ 1,539,184</u>
Beneficiaries		
Males	59	\$ 399,132
Females	189	1,835,777
Total	<u>248</u>	<u>\$ 2,234,909</u>
Total	<u>1,560</u>	<u>\$ 21,505,897</u>

SAFETY MEMBERS

	<u>Number</u>	<u>Annual Allowance</u>
Service		
Males	142	\$ 4,435,190
Females	15	448,735
Total	<u>157</u>	<u>\$ 4,883,925</u>
Disability		
Males	65	\$ 1,439,134
Females	15	269,699
Total	<u>80</u>	<u>\$ 1,708,833</u>
Beneficiaries		
Males	1	\$ 3,938
Females	42	601,641
Total	<u>43</u>	<u>\$ 605,579</u>
Total	<u>280</u>	<u>\$ 7,198,337</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	<p>Early retirement</p> <p>Age 50 and 10 years or 30 years for General and 20 years for Safety.</p> <p>Benefit</p> <p>General Members: 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.</p> <p>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.</p> <p>Safety Members: Benefits under Section 31664: 2% of final average salary times years of service times factor in the table on the following page.</p>

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	1.0000
52	.8346	.7816	.7454	1.0000
53	.8850	.8181	.7882	1.0000
54	.9399	.8556	.8346	1.0000
55	1.0000	.8954	.8850	1.0000
56	1.0447	.9382	.9399	1.0000
57	1.1048	.9846	1.0000	1.0000
58	1.1686	1.0350	1.0447	1.0000
59	1.2365	1.0899	1.1048	1.0000
60	1.3093	1.1500	1.1686	1.0000
61	1.3608	1.1947	1.2365	1.0000
62	1.4123	1.2548	1.3093	1.0000
63	1.4638	1.3186	1.3093	1.0000
64	1.5153	1.3865	1.3093	1.0000
65	1.5668	1.4593	1.3093	1.0000

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

Section 10: Summary of Major Plan Provisions

Supplemental Retiree Benefits Reserve

Level One

A monthly benefit of up to \$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 based on the retirement option elected by the retiree.

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.

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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.

Section 11: Glossary of Terms

<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.
<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.