Sacramento County Employees' Retirement System

Actuarial Valuation and Review as of June 30, 2010

SEGAL

The Segal Company
100 Montgomery Street, Suite 500 San Francisco, CA 94104
T 415.263.8200 F 415.263.8290 www.segalco.com

November 24, 2010

Board of Retirement
Sacramento County Employees' Retirement System
980 9th Street, Suite 1800
Sacramento, CA 95814

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2010. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2011-2012 and analyzes the preceding year's experience. In this valuation, we have excluded $77.0 million in unallocated earnings that the Board decided to allocate to the Contingency Reserve.

The census information on which our calculations were based was prepared by the SCERS and the financial information was provided by the Retirement System. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Retirement are reasonably related to the experience of and the expectations for the Plan. The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: Paul Angelo | Andy Yeung

Paul Angelo, FSA, EA, MAAA
Senior Vice President and Actuary

Andy Yeung, ASA, EA, MAAA
Vice President and Associate Actuary

MYM/

SECTION 1

VALUATION SUMMARY

SECTION 2

VALUATION RESULTS

SECTION 3

SUPPLEMENTAL INFORMATION

SECTION 4

REPORTING INFORMATION

SEGAL

Purpose

This report has been prepared by The Segal Company to present a valuation of the Sacramento County Employees' Retirement System as of June 30, 2010. The valuation was performed to determine whether the asset and contribution levels will be sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement System, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2010, provided by the Retirement System;
- The assets of the Plan as of June 30, 2010, provided by the Retirement System;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation is to establish contributions which fully fund the System's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the System's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the System's staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with prior year's information. With the exception of the new 7.75% investment return assumption, we have used all the actuarial assumptions used in the June 30, 2009 valuation in this valuation.

The contribution requirements are determined as a percentage of payroll. The System's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have applied the policy adopted by the Board at the October 5, 2010 meeting (1) to amortize the unfunded actuarial accrued liability (UAAL) established as a result of the 2010 Early Retirement Incentive Program for the Sacramento County Law Enforcement Managers Association (LEMA) members over a 10-year period beginning June 30, 2010 and (2) to amortize the System's remaining UAAL as of June 30, 2010 over a declining 25-year period beginning June 30, 2010. Had the Board not taken this action, the System's entire UAAL as of June 30, 2010 would have been amortized over a declining 23-year period beginning June 30, 2010. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2011 through June 30, 2012.

Significant Issues in Valuation Year

- In this valuation, we have excluded $77.0 million in unallocated earnings that the Board decided to allocate to the Contingency Reserve.
- In preparing the original June 30, 2009 valuation, we assumed that Safety and Miscellaneous members represented by the Sacramento County Deputy Sheriffs' Association (DSA) would be paying half rates in the 2010/2011 fiscal year. Subsequent to the adoption of the rates in the June 30, 2009 valuation report, we were requested by the System to prepare revised contribution rates to reflect the agreement by the DSA members to pay three-quarter rates for the 2010/2011 fiscal year. In this report, we have further adjusted the contribution rates to reflect that the DSA members have agreed to pay full rates for the 2011/2012 fiscal year.

  In preparing the member rates in prior valuations, we have taken into account the offset available from the reserve carried by the Board to reduce part of the COLA contributions. That rate offset is calculated at each June 30 valuation date after reducing the reserve by the amount required to buydown part of the member COLA rate in the last valuation. The remaining reserve is used to determine a new rate offset which is calculated based on the proportion of the payroll from members paying half-rate versus full-rate reported on that June 30 valuation date. In particular, the new rate offset is calculated as a percent of the member's basic rate so that for members in the same tier, the rate offset for members paying full-rate is double the rate offset for members paying half-rate.

  When we prepared additional employer and employee rates to reflect DSA members paying three-quarter rates, we did not recalculate the employee rate offset to reflect the dilution of the credit that would result from the DSA members paying the higher three-quarter rates for the 2010/2011 fiscal year, because doing that would also change the rate offset for other members paying either half-rate or full-rate who were not part of that negotiation. However, the higher drawdown from the reserve required to sustain the increased rate offset (as a result of DSA members paying three-quarter rates for the 2010/2011 fiscal year) is reflected in the balance in the reserve used in this valuation to reduce COLA contributions.

  In this year's valuation, we have calculated the rate offset reflecting the higher proportion of members paying full-rate and the dilution of the credit is the primary reason for the relatively significant increase in the member rates especially for Safety Tier 1.
- Please note that the contribution rates included in this report for June 30, 2009 have not been updated to reflect the payment of three-quarter rates for the 2010/2011 fiscal year. However, for informational purposes, we have included the impact of the change in the employer and member rates from half rates to three-quarter rates in Section 2, Subsection D (see Charts 14 and 15). In addition, about 500 Safety Tier 2 non-DSA members who were reported as paying half rates as of June 30, 2009 are now reported as paying full rates as of June 30, 2010.

Reference: *Pg. 18*

- The aggregate employer rate decreased from 22.34% of payroll to 21.87%. The reasons for this change in contribution rate are lower than expected salary increases during 2009/2010, lower than expected cost-of-living increases for retirees during 2009/2010, DSA members paying full rate (from half to three-quarter and from three-quarter to full) and increasing the amortization period to 25 years, offset to some degree by lower than expected returns on investments (after "smoothing"), the change in investment return assumption and increase in UAAL rate due to lower than expected increase in payroll. A reconciliation of the System's aggregate employer rate is provided in Section 2, Subsection D (see Chart 14).

Reference: *Pg. 38*

- The ratio of the actuarial value of assets to actuarial accrued liabilities increased from 86.0% to 87.0%. The System's unfunded actuarial accrued liability decreased from $931.8 million as of June 30, 2009 to $928.7 million as of June 30, 2010. The change in the UAAL is mainly due to lower than expected salary increases during 2009/2010, lower than expected cost-of-living increases for retirees during 2009/2010 and other experience gains (including layoffs) offset to some degree by investment returns (after "smoothing") lower than the 7.875% and the change in investment return assumption. A reconciliation of the System's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.

Reference: *Pg. 19*

- The aggregate member rate calculated in this valuation has increased from 4.95% of payroll to 6.20% of payroll. The change in member rate is due to the change in member population for the June 30, 2010 valuation, DSA members paying full rate, change in investment return assumption and the depletion of the reserve carried by the Board to reduce part of the COLA contributions. A reconciliation of the System's aggregate member rate is provided in Section 2, Subsection D (see Chart 15).

Reference: *Pg. 45*

- The results of this valuation reflect the change in the investment return assumption adopted by the Board for the June 30, 2010 valuation. The Board also approved increasing the amortization period to 25 years. A description of the actuarial assumptions and methods can be found in Section 4, Exhibit IV of this report.

Reference: *Pg. 6*

- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment loss as of June 30, 2010 is $1,236.0 million. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes over the next six years. That means if the System earns the assumed rate of investment return of 7.75% per year on a market value basis, there will be investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed rate of 7.75% and all the other actuarial assumptions are met, the employer contribution requirements would increase in each of the next few years.

- The unrecognized investment losses represent 25% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the $1,236.0 million market losses is expected to have a significant impact on the System's future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:
  - If the deferred losses were recognized immediately in the valuation value of assets, the funded percentage would decrease from 87.0% to 70.5%.
  - If the deferred losses were recognized immediately in the valuation value of assets, the aggregate employer contribution rate would increase from 21.87% of payroll to 29.89% of payroll.
- The actuarial valuation report as of June 30, 2010 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

Impact of Future Experience on Contribution Rates

Future contribution requirements may differ from those determined in the valuation because of:

- difference between actual experience and anticipated experience;
- changes in actuarial assumptions or methods;
- changes in statutory provisions; and
- difference between the contribution rates determined by the valuation and those adopted by the Board.

Summary of Key Valuation Results

	June 30, 2010		June 30, 2009	
Employer Contribution Rates (Dollar amounts in thousands):	Total Rate[1]	Estimated Annual Amount[2]	Total Rate[3]	Estimated Annual Amount[2]
Miscellaneous Tier 1	18.37%	$5,102	18.36%	$5,114
Miscellaneous Tier 2	15.64%	1,035	15.75%	1,043
Miscellaneous Tier 3	18.76%	130,033	18.86%	130,873
Safety Tier 1	37.09%	22,083	39.07%	23,250
Safety Tier 2	32.88%	41,349	34.66%	43,584
All Categories Combined	21.87%	$199,602	22.34%	$203,864
Aggregate Member Contribution Rates (Dollar amounts in thousands):	Total Rate[1]	Estimated Annual Amount[2]	Total Rate[3]	Estimated Annual Amount[2]
All Categories Combined	6.20%	$56,589	4.95%	$45,180
Individual Member Contribution Rates:	Total Rate[4]	Per Member Annual Amount[5]	Total Rate[4]	Per Member Annual Amount[5]
Miscellaneous Tier 1	5.11%	$3,842	4.93%	$3,703
Miscellaneous Tier 2	3.70%	2,373	3.62%	2,321
Miscellaneous Tier 3	5.02%	3,135	4.91%	3,066
Safety Tier 1	14.00%	15,018	12.30%	13,194
Safety Tier 2	11.58%	9,679	10.94%	9,142
Funded Status (Dollar Amounts in thousands):				
Actuarial accrued liability[6]	$7,145,726		$6,661,993	
Actuarial value of assets[6]	6,216,994		5,730,215	
Funded percentage	87.0%		86.0%	
Unfunded actuarial accrued liability	$928,732		$931,778	
Key Assumptions:				
Interest rate	7.75%		7.875%	
Inflation rate	3.50%		3.50%	
Real across-the-board salary increase	0.25%		0.25%	

(1) *Reflects DSA members and about 500 Safety Tier 2 non-DSA members contributing at full rates.*
(2) *Based on June 30, 2010 projected annual compensation.*
(3) *Reflects DSA members and about 500 Safety Tier 2 non-DSA members contributing at half rates.*
(4) *Based on single full-rates payable by members who enter on or after January 1, 1975.*
(5) *Based on average projected annual compensation for members in each respective tier.*
(6) *Includes non-valuation reserves and designations.*

Summary of Key Valuation Demographic and Financial Data

	June 30, 2010	June 30, 2009	Percentage Change
Active Members:			
Number of members	13,340	14,796	-9.8%
Average age	45.8	44.8	N/A
Average service	11.4	10.3	N/A
Projected total compensation	$912,728,578	$968,129,528	-5.7%
Average projected compensation	$68,420	$65,432	4.6%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	6,434	6,080	5.8%
Disability retired	701	702	-0.1%
Beneficiaries	1,211	1,186	2.1%
Total	8,346	7,968	4.7%
Average age	68.6	68.5	N/A
Average monthly benefit	$2,588	$2,558	1.2%
Vested Terminated Members:			
Number of terminated vested members[1]	2,740	2,818	-2.8%
Average age	46.6	46.1	N/A
Summary of Financial Data (dollar amounts in thousands):			
Market value of assets	$4,980,962	$4,407,858	13.0%
Return on market value of assets	13.71%	-22.81%	N/A
Actuarial value of assets	$6,216,994	$5,730,215	8.5%
Return on actuarial value of assets	9.08%	-3.27%	N/A
Valuation value of assets	$6,118,741	$5,706,261	7.2%
Return on valuation value of assets	7.83%	0.16%	N/A

(1) *Includes terminated members due a refund of member contributions.*

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past nine valuations can be seen in this chart.

CHART 1

Member Population: 2002 – 2010

Year Ended June 30	Active Members	Vested Terminated Members*	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2002	14,033	1,994	5,742	0.55
2003	14,133	1,885	5,882	0.55
2004	13,672	2,110	6,291	0.61
2005	13,728	2,135	6,784	0.65
2006	14,412	2,192	7,108	0.65
2007	14,716	2,437	7,464	0.67
2008	15,180	2,661	7,709	0.68
2009	14,796	2,818	7,968	0.73
2010	13,340	2,740	8,346	0.83

**Includes terminated members due a refund of member contributions*

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year’s valuation, there were 13,340 active members with an average age of 45.8, average years of service of 11.4 years and average compensation of $68,420. The 14,796 active members in the prior valuation had an average age of 44.8, average service of 10.3 years and average compensation of $65,432.

Inactive Members

In this year’s valuation, there were 2,740 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,818 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2

Distribution of Active Members by Age as of June 30, 2010

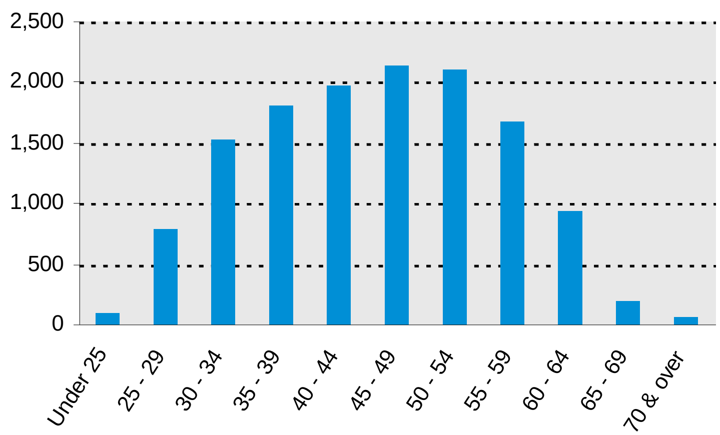
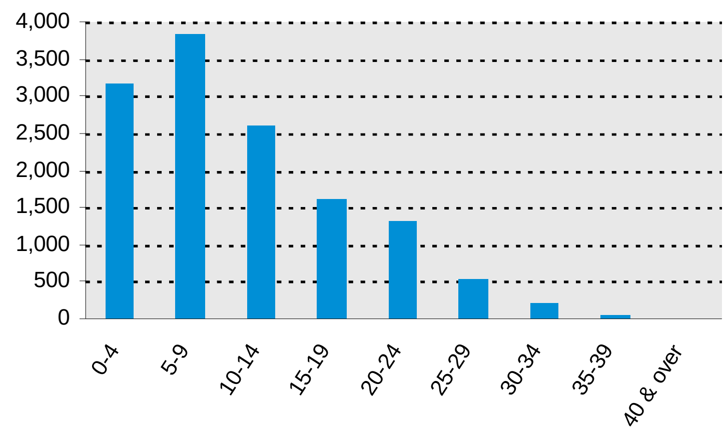


CHART 3

Distribution of Active Members by Years of Service as of June 30, 2010



Retired Members and Beneficiaries

As of June 30, 2010, 7,135 retired members and 1,211 beneficiaries were receiving total monthly benefits of $21,601,045. For comparison, in the previous valuation, there were 6,782 retired members and 1,186 beneficiaries receiving monthly benefits of $20,381,344.

These graphs show a distribution of the current retired members and beneficiaries based on their monthly amount and age, by type of pension.

CHART 3

Distribution of Retired Members and Beneficiaries by Type and by Monthly Amount as of June 30, 2010

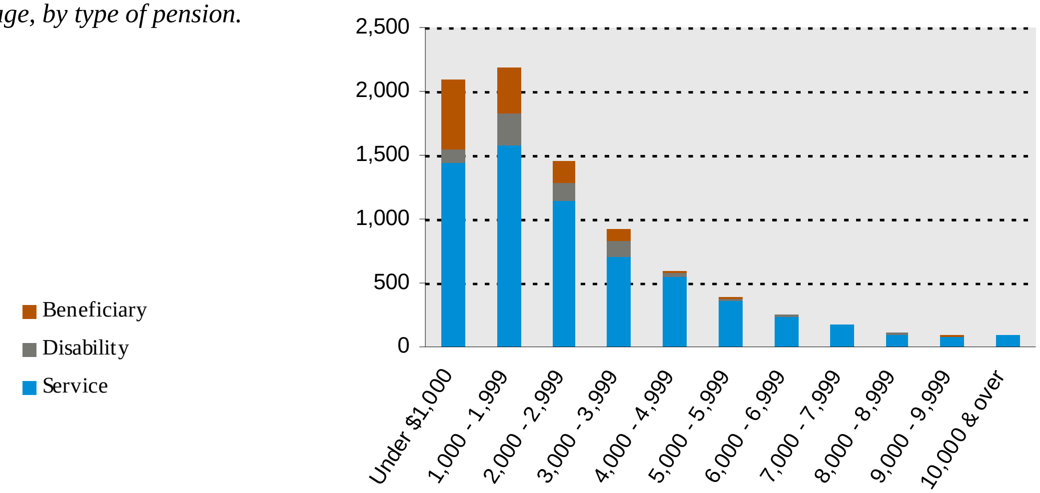
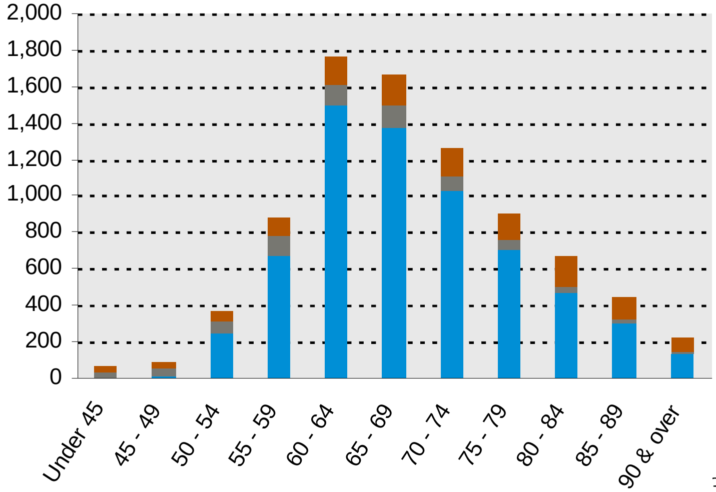


CHART 4

Distribution of Retired Members and Beneficiaries by Type and by Age as of June 30, 2010



B. FINANCIAL INFORMATION

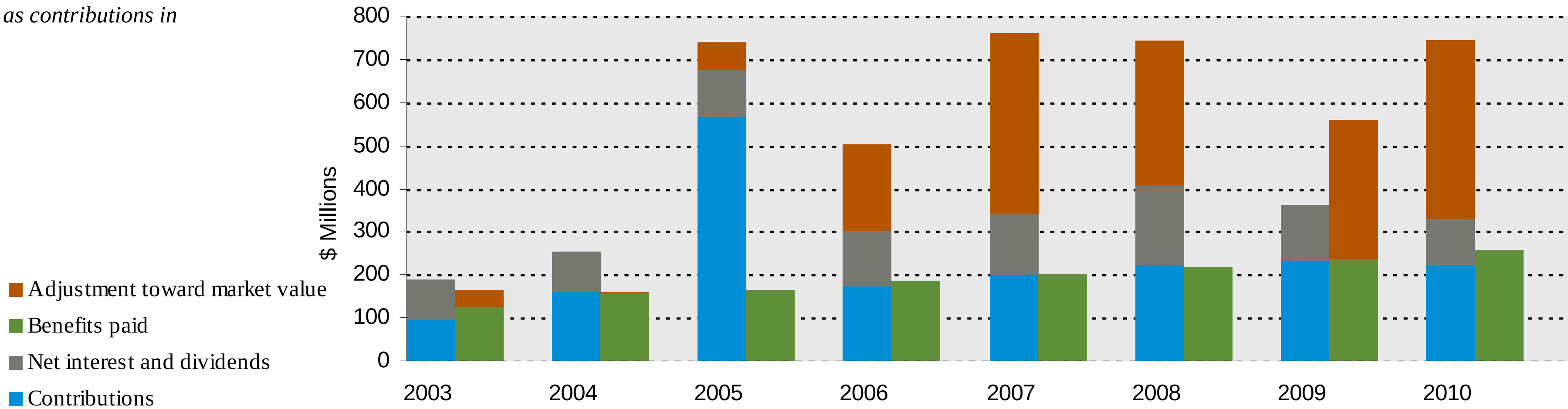
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the "non-cash" earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

The chart depicts the components of changes in the actuarial value of assets over the last eight years. Note: The first bar represents increases in assets during each year while the second bar details the decreases. POB proceeds were included as contributions in 2005.

CHART 5

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2003 - 2010



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets does not have an impact on the actuarial value of assets.

The determination of the Actuarial and Valuation Value of Assets is provided on the following page.

In developing the actuarial value of assets as of June 30, 2010, we have used the investment gains/losses from the prior five years. The investment gain for the year ending June 30, 2010 was calculated by comparing the actual market return against an expected market return of 7.875% per annum used in the June 30, 2009 valuation. As adopted by the Board, any investment gains/losses established after July 1, 2008 will be recognized over a seven-year period and the deferred return will be further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.

CHART 7 - Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2010

The chart shows the determination of the actuarial and the valuation value of assets as of the valuation date.

From	To	Contributions	Benefits	Market Value	Average Market Value
7/2005	6/2006	$174,666,832	$182,983,796	$5,090,929,000	$4,627,908,014
7/2006	6/2007	199,676,048	200,430,640	5,975,862,000	5,151,956,900
7/2007	6/2008	219,196,650	218,068,237	5,736,329,000	6,044,702,267
7/2008	6/2009	231,634,350	235,677,778	4,407,858,000	5,807,291,027
7/2009	6/2010	219,555,464	258,023,786	4,980,962,000	4,462,064,342

From	To	Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return
7/2005	6/2006	$522,801,468	$358,662,871	$164,138,597	0.000	$0
7/2006	6/2007	885,687,592	399,276,660	486,410,932	0.200	97,282,186
7/2007	6/2008	(240,661,413)	468,464,426	(709,125,838)	0.400	(283,650,335)
7/2008	6/2009	(1,324,427,572)	457,324,168	(1,781,751,740)	0.714	(1,272,679,815)
7/2009	6/2010	611,572,322	351,387,567	260,184,755	0.857	223,015,504

1.	Total Deferred Return[1]	($1,236,032,459)
2.	Net Market Value	4,980,962,000
3.	Actuarial Value of Assets (Item 2 – Item 1)	6,216,994,459
4.	Actuarial Value as a Percentage of Market Value (Before Corridor: Item 3 / Item 2)	124.8%
5.	Actuarial Value of Assets – Corridor Limits:	
	a. Lower Limit – 70% of Net Market Value	3,486,673,400
	b. Upper Limit – 130% of Net Market Value	6,475,250,600
6.	Actuarial Value of Assets (within corridor)	6,216,994,459
7.	Non-valuation reserves and designations:	
	a. Contingency Reserve	76,991,416
	b. Retirees Health Benefit Reserve	1,567,036
	c. Other Non-Valuation Reserves	0
	d. Subtotal	$78,558,452
8.	Preliminary Valuation Value of Assets (Item 6 – Item 7d)	6,138,436,007
9.	Adjustment to Preliminary Valuation Value of Assets	
	a. Balance of transfer to offset member COLA rate	30,398,000[2]
	b. Surplus/(deficit) for withdrawn employers (preliminary)[3]	(10,702,575)
	c. Subtotal	$19,695,425
10.	Final Valuation Value of Assets (Item 8 – Item 9c)	6,118,740,582

(1) *The amounts of deferred return that will be recognized in each subsequent valuation are as follows:*

6/30/2011	$(261,909,694)	6/30/2014	$(217,366,712)
6/30/2012	$(359,191,880)	6/30/2015	$(217,366,712)
6/30/2013	$(217,366,712)	6/30/2016	$37,169,251

(2) *Before reflecting a reduction of $446,000 for the additional COLA rate buydown required when DSA members are changed from half rate to ¾ rate for fiscal year 2010/2011 after completion of the June 30, 2009 valuation.*

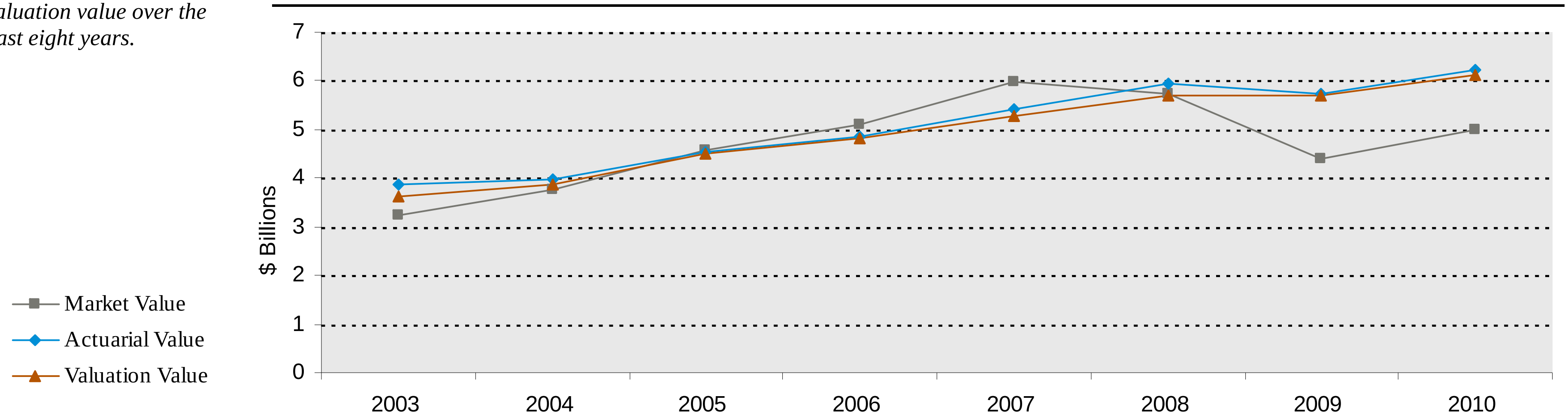
(3) *Based on the latest estimate available as of June 30, 2007.*

The market value, actuarial value, and valuation value of assets are representations of SCERS' financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves. The valuation asset value is significant because SCERS' liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in market value, actuarial value and valuation value over the past eight years.

CHART 8

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2003 – 2010



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The net experience gain was $165.0 million, $2.7 million loss from investments and $167.7 million gain from all other sources. The net experience variation from individual sources other than investments was 2.3% of the actuarial accrued liability. An explanation of the experience variation is provided on page 12 and in Section 3, Exhibit H. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2010

1.	Net loss from investments[1]	-$2,688,000
2.	Net gain from other experience[2]	167,689,000
3.	Net experience gain: (1) + (2)	$165,001,000

[1] Details in Chart 10.
[2] Details in Section 3, Exhibit H.

Investment Rate of Return
A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on SCERS' investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.875% (based on June 30, 2009 valuation). The actual rate of return on a valuation basis for the 2009/2010 plan year was 7.83%.

Since the actual return for the year was less than the assumed return, SCERS experienced an actuarial loss during the year ended June 30, 2010 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10

Investment Experience for Year Ended June 30, 2010 – Valuation Value of Assets

		Valuation Value
1.	Actual return	$450,949,000
2.	Average value of assets	5,760,467,000
3.	Actual rate of return: (1) ÷ (2)	7.83%
4.	Assumed rate of return	7.875%
5.	Expected return:	453,637,000
6.	Actuarial gain/(loss): (1) – (5)	-$2,688,000

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial, valuation, and market basis for the last seven years.

Based on this experience and future expectations, we have lowered the investment return assumption of 7.875% to 7.75% for the June 30, 2010 valuation.

CHART 11

Investment Return – Actuarial Value, Valuation Value and Market Value: 2004 – 2010

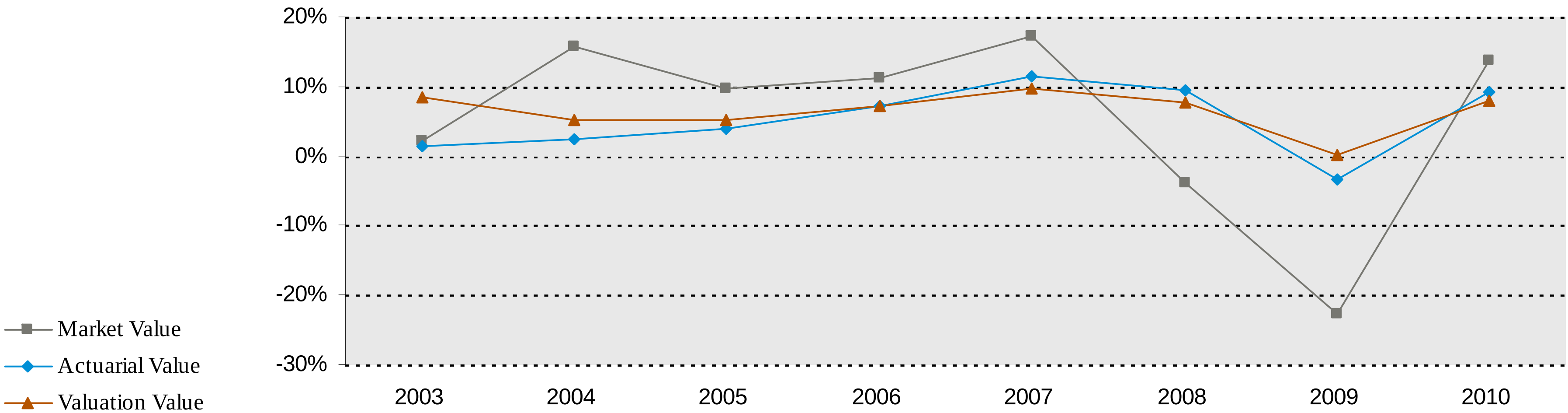
Year Ended June 30	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2004	$193,128,000	5.24%	$89,988,000	2.30%	$518,587,000	15.75%
2005	$227,539,000	5.26%	$171,384,000	3.88%	$414,220,000	9.82%
2006	$329,339,000	7.24%	$326,688,000	7.13%	$522,803,000	11.30%
2007	$470,717,000	9.65%	$558,262,000	11.37%	$885,687,000	17.19%
2008	$413,272,000	7.72%	$523,169,000	9.56%	($240,661,000)	(3.98%)
2009	$9,241,000	0.16%	($196,500,000)	(3.27%)	($1,324,428,000)	(22.81%)
2010	$450,949,000	7.83%	$525,248,000	9.08%	$611,573,000	13.71%
Seven-Year Average Return		6.12%		5.61%		4.90%

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2003 - 2010.

CHART 12

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2003 – 2010



SEGAL

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation.

These include:

- actual turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2010 amounted to $167.7 million which is 2.3% of the actuarial accrued liability. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability, and the breakdown of the actuarial gain/loss from other experience.

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost	The annual contribution rate that, if paid annually from a member’s first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member’s compensation.
Contribution to the Unfunded Actuarial Accrued Liability (UAAL)	The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual inflation rate of 3.75% (i.e., 3.50% inflation plus 0.25% real across-the-board salary increase). The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period beginning June 30, 2010. The remaining UAAL is being recognized over a declining 25-year period. The recommended employer contributions are provided on Chart 13.

Member Contributions	Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/240 of Final Average Salary for Miscellaneous members and 1/100 of Final Average Salary for Safety members. That age is 55 for all General and 50 for all Safety members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Accumulation includes semi-annual crediting of interest at the assumed investment earning rate. For members paying half rates, their rates should be exactly one-half of the rates described above. The member contribution rates are provided in Appendix A.

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

County Only[3]	June 30, 2010 Actuarial Valuation[1]		June 30, 2009 Actuarial Valuation[2]	
Miscellaneous – Tier 1 Members	Rate	Estimated Annual Amount[4]	Rate	Estimated Annual Amount[4]
Normal Cost	13.58%	$3,619	13.29%	$3,541
UAAL	4.53%	1,206	4.86%	1,295
Total Contribution	18.11%	$4,825	18.15%	$4,836
Miscellaneous – Tier 2 Members				
Normal Cost	11.10%	$735	10.89%	$721
UAAL	4.53%	300	4.86%	322
Total Contribution	15.63%	$1,035	15.75%	$1,043
Miscellaneous – Tier 3 Members				
Normal Cost	13.96%	$92,630	13.74%	$91,170
UAAL	4.53%	30,043	4.86%	32,248
Total Contribution	18.49%	$122,673	18.60%	$123,418
Safety Tier 1 Members				
Normal Cost	23.99%	$14,149	28.14%	$16,596
UAAL	12.92%	7,621	10.81%	6,376
Total Contribution	36.91%	$21,770	38.95%	$22,972
Safety Tier 2 Members				
Normal Cost	19.96%	$25,100	23.85%	$29,991
UAAL	12.92%	16,249	10.81%	13,593
Total Contribution	32.88%	$41,349	34.66%	$43,584
All Categories Combined				
Normal Cost	15.45%	$136,233	16.11%	$142,019
UAAL	6.29%	55,419	6.11%	53,834
Total Contribution	21.74%	$191,652	22.22%	$195,853

(1) *Reflects DSA members and about 500 Safety Tier 2 non-DSA members contributing at full rates.*
(2) *Reflects DSA members and about 500 Safety Tier 2 non-DSA members contributing at half rates.*
(3) *Based on June 30, 2010 projected annual payroll, see page 17.*
(4) *Includes Superior Court.*

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

District Only	June 30, 2010 Actuarial Valuation[1]		June 30, 2009 Actuarial Valuation[2]	
Miscellaneous – Tier 1 Members	Rate	Estimated Annual Amount[3]	Rate	Estimated Annual Amount[3]
Normal Cost	13.56%	$154	13.10%	$148
UAAL	10.89%	123	11.48%	130
Total Contribution	24.45%	$277	24.58%	$278
Miscellaneous – Tier 3 Members				
Normal Cost	14.05%	$4,147	13.78%	$4,067
UAAL	10.89%	3,213	11.48%	3,388
Total Contribution	24.94%	$7,360	25.26%	$7,455
Safety Tier 1 Members				
Normal Cost	23.27%	$129	22.23%	$124
UAAL	33.03%	184	27.63%	154
Total Contribution	56.30%	$313	49.86%	$278
All Categories Combined				
Normal Cost	14.20%	$4,430	13.91%	$4,339
UAAL	11.28%	3,520	11.77%	3,672
Total Contribution	25.48%	$7,950	25.68%	$8,011
County and District Categories Combined				
Normal Cost	15.41%	$140,663	16.04%	$146,358
UAAL	6.46%	58,939	6.30%	57,506
Total Contribution	21.87%	$199,602	22.34%	$203,864

[1] *Reflects DSA members and about 500 Safety Tier 2 non-DSA members contributing at full rates.*
[2] *Reflects DSA members and about 500 Safety Tier 2 non-DSA members contributing at half rates.*
[3] *Based on June 30, 2010 projected annual payroll, see page 17.*

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

June 30, 2010 projected annual payroll used in developing employer contribution rates on the two previous pages

	County*	District	Total
Miscellaneous Tier 1	$26,646	$1,133	$27,779
Miscellaneous Tier 2	6,618	0	6,618
Miscellaneous Tier 3	663,536	29,512	693,048
Subtotal	$696,800	$30,645	$727,445
Safety Tier 1	$58,978	$556	$59,534
Safety Tier 2	125,749	0	125,749
Subtotal	$184,727	$556	$185,283
Total	$881,527	$31,201	$912,728

** Includes Superior Court.*

The chart reconciles the contribution rate from the prior valuation to the amount determined in this valuation.

The contribution rates as of June 30, 2010 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution Rate
The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

CHART 14

Reconciliation of Average Recommended Employer Contribution Rate from June 30, 2009 to June 30, 2010 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost[1]
Average Recommended Contribution Rate as of June 30, 2009, After Reflecting Members Paying Half and Full Rates (with DSA Members Paying Half Rates)	22.34%	$203,864
Effect of change in DSA members' contribution rates from half rates to ¾ rates	-0.44%	(4,016)
Average Recommended Contribution Rate as of June 30, 2009, After Reflecting Members Paying Half and Full Rates (with DSA Members Paying ¾ Rates)	21.90%	$199,848
Effect of investment losses	0.02%	182
Effect of difference in actual versus expected individual salary increase[2]	-0.41%	(3,742)
Effect of difference in actual versus expected COLA increase for retirees	-0.52%	(4,746)
Effect of increase in UAAL rate from lower than expected increase in total payroll	0.63%	5,750
Effect of change in investment return assumption	1.21%	11,044
Effect of the Early Retirement Incentive Program for LEMA members	0.05%	497
Effect of demographic changes and other actuarial (gains)/losses	-0.03%	(287)
Subtotal	0.95%	8,698
Effect of change in DSA members' contribution rates from ¾ rates to full rates	-0.44%	(4,016)
Effect of change in Safety Tier 2 non-DSA members' contribution rates from half rates to full rates	-0.20%	(1,825)
Effect of increasing amortization period to 25 years	-0.34%	(3,103)
Subtotal	-0.98%	(8,944)
Average Recommended Contribution Rate as of June 30, 2010, After Reflecting Members Paying Half and Full Rates (with DSA Members Paying Full Rates)	21.87%	$199,602

(1) *Based on June 30, 2010 projected annual payroll of $912,728,000.*
(2) *Higher than expected salary increases from Safety were offset entirely by lower than expected salary increases for Miscellaneous.*

The member contribution rates as of June 30, 2010 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution Rate
The chart below details the changes in the recommended member contribution rate from the prior valuation to the current year's valuation.

The chart reconciles the member contribution rate from the prior valuation to the amount determined in this valuation.

CHART 15
Reconciliation of Average Recommended Member Contribution Rate from June 30, 2009 to June 30, 2010 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Amount[1]
Average Recommended Contribution Rate as of June 30, 2009, After Reflecting Members Paying Half and Full Rates (with DSA Members Paying Half Rates)	4.95%[2]	$45,180
Effect of change in DSA members' contribution rates from half rates to ¾ rates	0.40%	3,651
Average Recommended Contribution Rate as of June 30, 2009, After Reflecting Members Paying Half and Full Rates (with DSA Members Paying ¾ Rates)	5.35%[2]	$48,831
Effect of change in DSA members' contribution rates from ¾ rates to full rates	0.40%	3,651
Effect of change in Safety Tier 2 non-DSA members' contribution rates from half rates to full rates	0.21%	1,917
Effect of change in investment return assumption	0.19%	1,734
Effect of reduction in the reserve carried by the Board to reduce part of the COLA contributions	0.08%	730
Effect of changes in member population	-0.03%	(274)
Average Recommended Contribution Rate as of June 30, 2010, After Reflecting Members Paying Half and Full Rates (with DSA Members Paying Full Rates)	6.20%[2]	$56,589

[1] Based on June 30, 2010 projected compensation of $912,728,000.

[2] Rates have been adjusted to reflect a reserve carried by the Board to reduce part of the COLA contributions.

E. INFORMATION REQUIRED BY GASB

Governmental Accounting Standards Board (GASB) reporting provides standardized information for comparative purposes regarding governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 16 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan that is well positioned to pay benefits when they are due. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits I, II, and III.

These graphs show key GASB factors. Pension Obligation Bond proceeds were included in both required and actual contributions in 2005.

CHART 16

Required Versus Actual Contributions

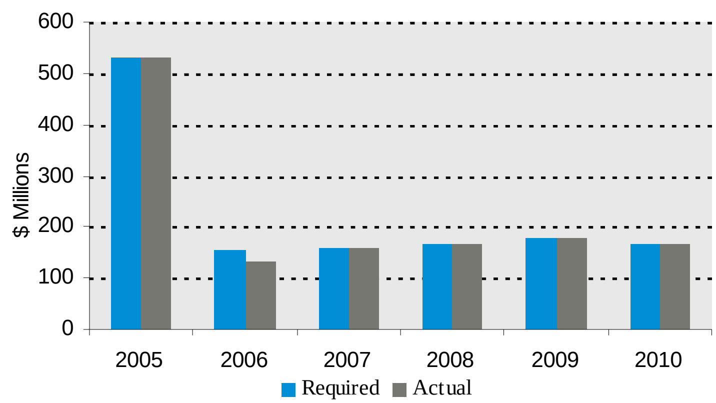


CHART 17

Funded Ratio

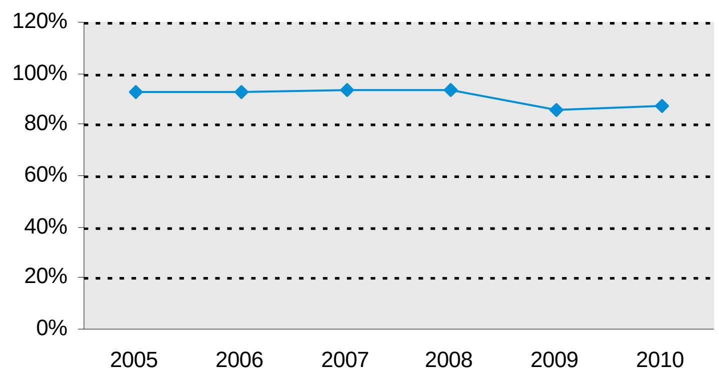


EXHIBIT A

Table of Plan Coverage

i. Miscellaneous Tier 1

	Year Ended June 30		
Category	**2010**	**2009**	**Change From Prior Year**
Active members in valuation			
Number	363	446	-18.6%
Average age	57.4	56.8	N/A
Average service	30.6	30.1	N/A
Projected total compensation[(1),(2)]	\$27,779,236	\$34,195,572	-18.8%
Projected average compensation	\$76,527	\$76,672	-0.2%
Account balances	\$54,856,557	\$66,158,931	-17.1%
Total active vested members	362	444	-18.5%
Vested terminated members			
Number	129	150	-14.0%
Average age	59.5	58.8	N/A
Retired members			
Number in pay status	3,247	3,232	0.5%
Average age	72.2	71.8	N/A
Average monthly benefit	\$2,688	\$2,637[(3)]	1.9%
Disabled members			
Number in pay status	252	267	-5.6%
Average age	72.0	71.4	N/A
Average monthly benefit	\$1,795	\$1,786[(3)]	0.5%
Beneficiaries			
Number in pay status	735	745	-1.3%
Average age	75.7	75.4	N/A
Average monthly benefit	\$1,333	\$1,302[(3)]	2.4%

[(1)] *Projected compensation was calculated by increasing the annualized compensation earned during 2009-2010 by 3.75%.*

[(2)] *For members without a salary reported for the June 30, 2010 valuation, we have assigned them an annual salary of \$76,775.*

[(3)] *For purposes of this display, average monthly benefit amounts include adjustment to reflect COLA that is paid for a partial year starting with April 1 following the valuation date.*

EXHIBIT A

Table of Plan Coverage

ii. Miscellaneous Tier 2

Category	Year Ended June 30 2010	Year Ended June 30 2009	Change From Prior Year
Active members in valuation			
Number	101	109	-7.3%
Average age	52.0	51.6	N/A
Average service	20.1	19.3	N/A
Projected total compensation[(1),(2)]	$6,617,716	$7,144,868	-7.4%
Projected average compensation	$65,522	$65,549	0.0%
Account balances	$6,432,587	$6,890,566	-6.6%
Total active vested members	101	109	-7.3%
Vested terminated members			
Number	270	286	-5.6%
Average age	53.1	52.4	N/A
Retired members			
Number in pay status	238	219	8.7%
Average age	66.0	65.8	N/A
Average monthly benefit	$925	$868	6.6%
Disabled members			
Number in pay status	34	37	-8.1%
Average age	62.8	63.3	N/A
Average monthly benefit	$948	$931	1.8%
Beneficiaries			
Number in pay status	35	32	9.4%
Average age	67.1	65.2	N/A
Average monthly benefit	$464	$437	6.2%

(1) Projected compensation was calculated by increasing the annualized compensation earned during 2009-2010 by 3.75%.

(2) For members without a salary reported for the June 30, 2010 valuation, we have assigned them an annual salary of $65,363.

EXHIBIT A

Table of Plan Coverage

iii. Miscellaneous Tier 3

	Year Ended June 30		
Category	**2010**	**2009**	**Change From Prior Year**
Active members in valuation			
Number	10,848	11,899	-8.8%
Average age	46.3	45.3	N/A
Average service	10.4	9.2	N/A
Projected total compensation[(1),(2)]	$693,048,065	$726,159,913	-4.6%
Projected average compensation	$63,887	$61,027	4.7%
Account balances	$382,413,690	$366,620,234	4.3%
Total active vested members	7,878	7,765	1.5%
Vested terminated members			
Number	1,945	1,976	-1.6%
Average age	45.9	45.2	N/A
Retired members			
Number in pay status	1,816	1,545	17.5%
Average age	65.6	65.3	N/A
Average monthly benefit	$1,760	$1,643[(3)]	7.1%
Disabled members			
Number in pay status	177	164	7.9%
Average age	59.8	59.7	N/A
Average monthly benefit	$1,448	$1,440[(3)]	0.6%
Beneficiaries			
Number in pay status	173	153	13.1%
Average age	60.2	60.0	N/A
Average monthly benefit	$786	$769[(3)]	2.2%

(1) Projected compensation was calculated by increasing the annualized compensation earned during 2009-2010 by 3.75%.

(2) For members without a salary reported for the June 30, 2010 valuation, we have assigned them an annual salary of $64,325.

(3) For purposes of this display, average monthly benefit amounts include adjustment to reflect COLA that is paid for a partial year starting with April 1 following the valuation date.

EXHIBIT A

Table of Plan Coverage

iv. Safety Tier 1

Category	Year Ended June 30: 2010	Year Ended June 30: 2009	Change From Prior Year
Active members in valuation			
Number	548	593	-7.6%
Average age	47.6	47.1	N/A
Average service	20.6	20.0	N/A
Projected total compensation[(1),(2)]	$59,534,067	$62,474,332	-4.7%
Projected average compensation	$108,639	$105,353	3.1%
Account balances	$65,292,305	$66,058,433	-1.2%
Total active vested members	548	593	-7.6%
Vested terminated members			
Number	139	155	-10.3%
Average age	48.2	47.6	N/A
Retired members			
Number in pay status	962	919	4.7%
Average age	63.9	63.6	N/A
Average monthly benefit	$5,568	$5,600[(3)]	-0.6%
Disabled members			
Number in pay status	207	203	2.0%
Average age	61.8	61.0	N/A
Average monthly benefit	$3,741	$3,712[(3)]	0.8%
Beneficiaries			
Number in pay status	246	235	4.7%
Average age	65.9	66.2	N/A
Average monthly benefit	$2,490	$2,410[(3)]	3.3%

[(1)] Projected compensation was calculated by increasing the annualized compensation earned during 2009-2010 by 3.75%.

[(2)] For members without a salary reported for the June 30, 2010 valuation, we have assigned them an annual salary of $108,938.

[(3)] For purposes of this display, average monthly benefit amounts include adjustment to reflect COLA that is paid for a partial year starting with April 1 following the valuation date.

EXHIBIT A

Table of Plan Coverage

v. Safety Tier 2

Category	Year Ended June 30 2010	Year Ended June 30 2009	Change From Prior Year
Active members in valuation			
Number	1,480	1,749	-15.4%
Average age	38.8	37.1	N/A
Average service	10.2	8.4	N/A
Projected total compensation[(1),(2)]	$125,749,494	$138,154,844	-9.0%
Projected average compensation	$84,966	$78,991	7.6%
Account balances	$62,870,547	$55,732,767	12.8%
Total active vested members	1,293	1,228	5.3%
Vested terminated members			
Number	257	251	2.4%
Average age	38.1	37.3	N/A
Retired members			
Number in pay status	171	165	3.6%
Average age	64.1	63.7	N/A
Average monthly benefit	$4,142	$4,118[(3)]	0.6%
Disabled members			
Number in pay status	31	31	0.0%
Average age	53.2	52.3	N/A
Average monthly benefit	$2,633	$2,472[(3)]	6.5%
Beneficiaries			
Number in pay status	22	21	4.8%
Average age	51.9	56.9	N/A
Average monthly benefit	$2,368	$2,084[(3)]	13.6%

[(1)] *Projected compensation was calculated by increasing the annualized compensation earned during 2009-2010 by 3.75%.*

[(2)] *For members without a salary reported for the June 30, 2010 valuation, we have assigned them an annual salary of $85,075.*

[(3)] *For purposes of this display, average monthly benefit amounts include adjustment to reflect COLA that is paid for a partial year starting with April 1 following the valuation date.*

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service

i. Miscellaneous Tier 1

		Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	16	- -	1	- -	- -	1	13	1	- -	- -
	$64,565	- -	$41,089	- -	- -	$30,170	$71,188	$36,341	- -	- -
50 - 54	84	- -	- -	- -	2	5	32	40	5	- -
	70,359	- -	- -	- -	$45,454	48,180	66,296	76,385	$80,290	- -
55 - 59	173	- -	1	- -	5	8	34	104	21	- -
	80,780	- -	91,807	- -	73,367	83,617	71,349	87,352	63,660	- -
60 - 64	77	1	- -	4	2	2	19	29	20	- -
	79,503	$88,863	- -	$58,167	62,577	55,355	83,487	87,315	72,297	- -
65 - 69	9	- -	- -	1	- -	- -	1	3	2	2
	64,489	- -	- -	78,555	- -	- -	64,252	65,385	56,197	$64,522
70 & over	4	- -	- -	- -	- -	- -	- -	1	2	1
	39,748	- -	- -	- -	- -	- -	- -	37,895	39,614	41,868
Total	363	1	2	5	9	16	99	178	50	3
	$76,527	$88,863	$66,448	$62,244	$64,766	$65,670	$71,952	$83,947	$67,517	$56,971

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service

ii. Miscellaneous Tier 2

		Years of Service							
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35 & over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	1	- -	- -	- -	1	- -	- -	- -	- -
	$52,936	- -	- -	- -	$52,936	- -	- -	- -	- -
40 - 44	15	- -	- -	- -	13	2	- -	- -	- -
	66,673	- -	- -	- -	68,903	$52,178	- -	- -	- -
45 - 49	25	- -	- -	2	12	8	3	- -	- -
	57,404	- -	- -	$28,056	65,128	54,597	$53,559	- -	- -
50 - 54	30	- -	- -	2	10	14	4	- -	- -
	66,918	- -	- -	58,447	70,776	67,979	57,797	- -	- -
55 - 59	16	- -	- -	1	6	6	3	- -	- -
	59,492	- -	- -	26,615	60,852	69,483	47,748	- -	- -
60 - 64	11	- -	- -	- -	6	5	- -	- -	- -
	88,033	- -	- -	- -	82,699	94,434	- -	- -	- -
65 – 69	1	- -	- -	- -	- -	1	- -	- -	- -
	48,178	- -	- -	- -	- -	48,178	- -	- -	- -
70 & Over	2	- -	- -	- -	2	- -	- -	- -	- -
	76,815	- -	- -	- -	76,815	- -	- -	- -	- -
Total	101	- -	- -	5	50	36	10	- -	- -
	$65,522	- -	- -	$39,924	$69,058	$67,502	$53,511	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service

iii. Miscellaneous Tier 3

		Years of Service							
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35 & over**
Under 25	94	92	2	- -	- -	- -	- -	- -	- -
	$39,018	$39,016	$39,113	- -	- -	- -	- -	- -	- -
25 - 29	654	507	144	3	- -	- -	- -	- -	- -
	48,538	47,650	51,413	$60,645	- -	- -	- -	- -	- -
30 - 34	1,173	596	485	92	- -	- -	- -	- -	- -
	55,392	52,886	57,771	59,093	- -	- -	- -	- -	- -
35 - 39	1,351	454	563	296	35	3	- -	- -	- -
	62,157	57,091	62,865	67,074	$74,197	$70,138	- -	- -	- -
40 - 44	1,539	379	527	370	196	65	2	- -	- -
	65,271	55,725	63,545	71,084	74,456	74,265	$60,730	- -	- -
45 - 49	1,729	332	444	367	291	253	39	3	- -
	67,051	57,222	61,702	70,317	73,489	75,739	74,884	$88,055	- -
50 - 54	1,813	271	430	368	332	272	134	6	- -
	69,310	58,143	61,037	66,343	75,062	82,650	85,047	74,227	- -
55 - 59	1,411	198	328	319	223	229	103	10	1
	67,321	56,990	60,074	65,600	71,310	74,664	86,241	109,976	$92,378
60 - 64	839	116	209	192	133	133	51	4	1
	67,261	64,493	60,433	64,928	72,814	70,812	83,589	107,839	57,547
65 – 69	190	26	57	54	19	26	7	1	- -
	64,100	60,306	61,320	62,407	68,198	71,661	65,539	128,162	- -
70 & Over	55	6	16	18	11	4	- -	- -	- -
	55,366	67,005	43,614	57,042	58,820	67,874	- -	- -	- -
Total	10,848	2,977	3,205	2,079	1,240	985	336	24	2
	$63,887	$54,349	$60,702	$67,236	$73,407	$76,478	$83,461	$98,700	$74,963

SEGAL

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service

iv. Safety Tier 1

		Years of Service							
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35 & Over**
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	33	- -	- -	8	24	1	- -	- -	- -
	$101,395	- -	- -	$86,557	$106,430	$99,261	- -	- -	- -
40 - 44	138	- -	- -	11	72	54	1	- -	- -
	108,335	- -	- -	97,794	105,812	113,930	$103,798	- -	- -
45 - 49	219	- -	- -	11	60	112	35	1	- -
	112,237	- -	- -	101,718	105,117	111,741	129,249	$115,173	- -
50 - 54	120	- -	2	8	20	48	39	3	- -
	106,892	- -	$96,380	84,485	93,876	107,090	117,608	117,947	- -
55 - 59	28	- -	- -	2	4	12	8	2	- -
	100,007	- -	- -	90,566	79,885	96,123	114,992	113,061	- -
60 - 64	6	- -	- -	1	1	1	2	1	- -
	94,812	- -	- -	109,042	153,786	89,592	82,713	51,026	- -
65 - 69	4	- -	- -	- -	3	1	- -	- -	- -
	115,477	- -	- -	- -	117,178	110,373	- -	- -	- -
Total	548	- -	2	41	184	229	85	7	- -
	$108,639	- -	$96,380	$93,979	$104,251	$110,307	$121,172	$106,595	- -

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service

v. Safety Tier 2

		Years of Service							
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35 & Over**
Under 25	6	6	- -	- -	- -	- -	- -	- -	- -
	$63,534	$63,534	- -	- -	- -	- -	- -	- -	- -
25 - 29	139	73	65	1	- -	- -	- -	- -	- -
	72,945	65,621	$80,806	$96,557	- -	- -	- -	- -	- -
30 - 34	361	58	257	44	2	- -	- -	- -	- -
	76,515	64,961	76,867	89,062	$90,389	- -	- -	- -	- -
35 - 39	418	18	165	217	18	- -	- -	- -	- -
	88,496	67,752	82,202	94,334	96,556	- -	- -	- -	- -
40 - 44	282	9	69	137	62	5	- -	- -	- -
	90,617	60,706	86,018	90,434	99,989	$96,725	- -	- -	- -
45 - 49	150	9	34	53	31	22	1	- -	- -
	91,442	88,416	78,282	92,094	99,090	101,281	$78,041	- -	- -
50 - 54	65	5	12	18	13	10	4	3	- -
	92,893	103,862	92,876	90,231	84,136	89,710	121,107	$101,579	- -
55 - 59	47	7	11	9	4	9	4	3	- -
	88,938	93,008	88,477	93,138	86,977	81,060	102,172	77,128	- -
60 - 64	11	1	4	3	1	2	- -	- -	- -
	92,828	106,018	103,773	101,083	82,210	57,268	- -	- -	- -
65 - 69	1	1	- -	- -	- -	- -	- -	- -	- -
	106,018	106,018	- -	- -	- -	- -	- -	- -	- -
Total	1,480	187	617	482	131	48	9	6	- -
	$84,966	$68,895	$80,503	$92,369	$97,052	$92,771	$107,906	$89,354	- -

EXHIBIT C

Reconciliation of Member Data – June 30, 2009 to June 30, 2010

	Active Members	Vested Terminated Members[1]	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2009	14,796	2,818	6,080	702	1,186	25,582
New members	76	50	0	0	87	213
Terminations – with vested rights	-55	55	0	0	0	0
Contributions refunds	-1,094	-66	0	0	0	-1,160
Retirements	-352	-106	458	0	0	0
New disabilities	-18	-2	-7	27	0	0
Return to work	3	-3	0	0	0	0
Deaths	-16	-5	-123	-30	-56	-230
Data adjustments	0	-1	26	2	-6	21
Number as of June 30, 2010	13,340	2,740	6,434	701	1,211	24,426

[1] *Includes terminated members due a refund of member contributions.*

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2010		Year Ended June 30, 2009	
Contribution income:				
Employer contributions	$167,142,000		$177,011,000	
Employee contributions	52,413,000		54,623,000	
Net contribution income		$219,555,000		$231,634,000
Investment income:				
Interest, dividends and other income	$139,532,000		$152,112,000	
Recognition of capital appreciation	416,394,000		-324,700,000	
Less investment and administrative fees	-30,678,000		-23,911,000	
Net investment income		525,248,000		-196,499,000
Total income available for benefits		$744,803,000		$35,135,000
Less benefit payments:				
Benefits paid	$253,092,000		$232,376,000	
Withdrawal of contributions	4,932,000		3,302,000	
Net benefit payments		$258,024,000		$235,678,000
Change in reserve for future benefits		$486,779,000		-$200,543,000

Note: Results may be slightly off due to rounding.

EXHIBIT E
Summary Statement of Assets

	Year Ended June 30, 2010		Year Ended June 30, 2009	
Cash equivalents		$342,665,000		$445,424,000
Accounts receivable:				
Securities sold	$104,856,000		$57,561,000	
Accrued investment income	21,092,000		28,517,000	
Employee and employer contributions	6,911,000		5,234,000	
Total accounts receivable		132,859,000		91,312,000
Investments:				
Equities	$2,944,400,000		$2,435,675,000	
Opportunities	265,001,000		182,461,000	
Fixed income investments	1,052,402,000		934,666,000	
Real estate	590,038,000		621,648,000	
Securities lending collateral	561,201,000		539,207,000	
Total investments at market value		5,413,042,000		4,713,657,000
Other assets		33,826,000		40,244,000
Total assets		$5,922,392,000		$5,290,637,000
Less accounts payable:				
Accounts payable and other liabilities	-$30,253,000		-$18,256,000	
Investment trades, mortgages, and warrants payable	-349,976,000		-325,316,000	
Securities lending liability	-561,201,000		-539,207,000	
Total accounts payable		-$941,430,000		-$882,779,000
Net assets at market value		$4,980,962,000		$4,407,858,000
Net assets at actuarial value		$6,216,994,000		$5,730,215,000
Net assets at valuation value		$6,118,741,000		$5,706,261,000

Note: Results may be slightly off due to rounding.

EXHIBIT F

Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that will be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the "liability" of the Plan.

Second, we determine how this liability will be met. These actuarial "assets" include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments.

Actuarial Balance Sheet (Dollar Amounts in Thousands)

Assets	Basic	Cola	Total
1. Total valuation assets			
a. Valuation value assets	$4,198,842	$1,919,899	$6,118,741
b. Balance of transfer to offset member COLA rate	0	30,398	30,398
c. Retiree health benefit reserve	1,567	0	1,567
d. Adjustment to 1a. for surplus/(deficit) for withdrawn employers (preliminary)*	-10,703	0	-10,703
e. Contingency Reserve	76,991	0	76,991
2. Present value of future contributions by members	351,487	122,523	474,010
3. Present value of future employer contributions for:			
a. Entry age normal cost	$952,947	$149,278	$1,102,225
b. Unfunded actuarial accrued liability	794,487	134,245	928,732
4. Total current and future assets	$6,365,618	$2,356,343	$8,721,961
Liabilities			
5. Present value of retirement allowances payable to present retired members	$2,058,355	$1,294,937	$3,353,292
6. Present value of retirement allowances to be granted	4,239,408	1,061,406	5,300,814
7. Retiree health benefit reserve	1,567	0	1,567
8. Surplus/(deficit) for withdrawn employers (preliminary)*	-10,703	0	-10,703
9. Contingency Reserve	76,991	0	76,991
10. Total liabilities	$6,365,618	$2,356,343	$8,721,961

**Based on the latest estimate available as of June 30, 2007.*

Note: Results may be slightly off due to rounding.

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2010

Reserves

Included in Valuation Value of Assets	
Employee reserve	$648,595,045
Employer reserve	2,358,614,455
Retiree reserve	3,116,520,006
Retiree death benefit reserve	14,706,501
Subtotal: Preliminary Valuation Value of Assets *	6,138,436,007
Not Included in Valuation Value of Assets	
Retiree health benefit reserve	$1,567,036
Contingency Reserve	76,991,416
Subtotal: Actuarial Value of Assets	$6,216,994,459
Market stabilization reserve	-1,236,032,459
Total Market Value of Assets	$4,980,962,000

* *Please note that the final Valuation Value of Assets (i.e. $6,118,740,582) is calculated by taking the preliminary Valuation Value of Assets and adjusting that for the balance of transfer to offset member COLA rate and surplus/(deficit) for withdrawn employers.*

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2010 (Continued) – Change in Reserves

	Balance at 06/30/2009	Interest Credited	Contributions	Benefits	Transfers	Balance at 06/30/2010
Employee Reserve	$634,272,063	$14,240,907	$52,413,571	$(4,931,963)	$(47,399,533)	$648,595,045
Employer Reserve	2,232,274,517	184,169,386	167,141,893	(361,201)	(224,610,140)	2,358,614,455
Retiree Reserve	2,848,040,553	248,654,969	0	(252,185,189)	272,009,673	3,116,520,006
Death Benefit Reserve	14,061,231	1,190,703	0	(545,433)	0	14,706,501
Subtotal	$5,728,648,364	$448,255,965	$219,555,464	$(258,023,786)	$0	$6,138,436,007
Contingency Reserve	$0	$76,991,416	$0	$0	$0	$76,991,416
Retiree Health Benefit Reserve	1,567,036	0	0	0	0	1,567,036
Subtotal	$1,567,036	$76,991,416	$0	$0	$0	$78,558,452
Total Allocated Reserves	$5,730,215,400	$525,247,381	$219,555,464	$(258,023,786)	$0	$6,216,994,459
Market Stabilization Reserve	$(1,322,357,400)	$86,324,941	$0	$0	$0	$(1,236,032,459)
Net Market Value of Assets	$4,407,858,000	$611,572,322	$219,555,464	$(258,023,786)	$0	$4,980,962,000

Note: Results may be slightly off due to rounding.

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2010 (Continued) – Summary of Earnings

	Per Excess Earnings Policy
Earnings from July 1, 2009 to June 30, 2010	$611,572,322
Contingency Reserve	0
Subtotal:	$611,572,322
Amounts Credited for:	
Market Stabilization Reserve	$(86,324,941)
Regular Interest Crediting	(448,255,965)
Subtotal	$(534,580,906)
Net Earnings	$76,991,416
Amount Credited Under Excess Earnings Policy for:	
Contingency Reserve	$76,991,416
Board Provided Supplemental Benefits	0
Amount Over Reserved Benefits	0
Employer Reserves	0
Member Future COLA Contribution Offset	0
Subtotal	$76,991,416
Remaining Excess Earnings	$0

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2010

1.	Unfunded actuarial accrued liability at beginning of year		$931,778,000
2.	Total normal cost at middle of year		202,098,000
3.	Actual employer and member contributions		-219,555,000
4.	Interest		66,907,000
5.	Expected unfunded actuarial accrued liability		$981,228,000
6.	Actuarial (gain)/loss due to all changes:		
	(a) Investment return	$2,688,000	
	(b) Salary increases less than expected[1],[2]	-55,208,000	
	(c) COLA increases less than expected for retirees[1]	-71,184,000	
	(d) Other experience gain, including layoffs[1]	-41,297,000	
	(e) Change in investment return assumption	108,458,000	
	(f) Impact of Early Retirement Incentive Program for LEMA members	4,047,000	
	(g) Total changes		-$52,496,000
7.	Unfunded actuarial accrued liability at end of year		$928,732,000

[1] *The sum of 6(b), 6(c) and 6(d) is equal to the net gain of $167.7 million shown in Section 2, Chart 9.*

[2] *Higher than expected salary increases from Safety were offset entirely by lower than expected salary increase for Miscellaneous.*

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar amount indexed for inflation. That limit is $195,000 for 2010 and 2011. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contributions rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

EXHIBIT J
Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age; and

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the level cost allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan. There is a wide range of approaches to recognizing the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded (Overfunded) Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the market value gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Supplementary Information Required by GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2005	$529,618,069*	$529,618,069*	100.0%
2006	154,052,000	132,708,000	86.1%**
2007	156,804,528	156,804,528	100.0%
2008	167,054,356	167,054,356	100.0%
2009	177,011,005	177,011,005	100.0%
2010	167,141,893	167,141,893	100.0%

* *Includes proceeds from Pension Obligation Bonds.*

** *Caused by the phase-in of the employer rates adopted by the Board in the June 30, 2004 actuarial valuation.*

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) [(b) - (a)] / (c)
6/30/2005	$4,530,583,000	$4,860,882,000	$330,299,000	93.2	$722,015,000	45.7
6/30/2006	4,848,953,000	5,214,915,000	365,962,000	93.0	782,572,000	46.8
6/30/2007	5,406,461,000	5,788,336,000	381,875,000	93.4	832,484,000	45.9
6/30/2008	5,930,758,000	6,363,355,000	432,597,000	93.2	902,971,000	47.9
6/30/2009	5,730,215,000	6,661,993,000	931,778,000	86.0	968,130,000	96.2
6/30/2010	6,216,994,000	7,145,726,000	928,732,000	87.0	912,728,000	101.8

* *Includes contingency reserve and retiree health benefit reserve.*

EXHIBIT III

Supplementary Information Required by GASB

Valuation date	June 30, 2010
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period	25 years (declining) with 25 years remaining as of June 30, 2010 for all UAAL. The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period, beginning June 30, 2010.
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a five year period. Unrecognized return established after July 1, 2008 is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	7.75%
Inflation rate	3.50%
Real across-the-board salary increase	0.25%
Projected salary increases*	5.14% to 11.55% for Miscellaneous; 3.75% to 9.76% for Safety
Cost of living adjustments	3.40% of Miscellaneous and Safety Tier 1 retirement income, 2.00% of Miscellaneous Tier 3 and Safety Tier 2 retirement income, and 0.00% of Miscellaneous Tier 2 retirement income.
Plan membership:	
Retired members and beneficiaries receiving benefits	8,346
Terminated members entitled to, but not yet receiving benefits	2,740
Active members	13,340
Total	24,426

* *Includes inflation at 3.50%, plus real across-the-board salary increase of 0.25%, plus merit and longevity increases. See Exhibit IV for these increases.*

EXHIBIT IV

Actuarial Assumptions/Methods

Post – Retirement Mortality Rates:

Healthy:	For Miscellaneous Members: 1994 Group Annuity Mortality Table set back one year.
	For Safety Members: 1994 Group Annuity Mortality Table set back one year.
Disabled:	For Miscellaneous Members: 1981 Miscellaneous Disability Mortality Table set back three years.
	For Safety members: 1994 Group Annuity Mortality Table set back one year.
Member Contribution Rates:	For Miscellaneous members, 1994 Group Annuity Mortality Table set back one year weighted 40% male and 60% female.
	For Safety members, 1994 Group Annuity Mortality Table set back one year weighted 75% male and 25% female.

Termination Rates Before Retirement:

	Rate (%) Mortality			
	Miscellaneous		Safety	
Age	Male	Female	Male	Female
25	0.06	0.03	0.06	0.03
30	0.08	0.03	0.08	0.03
35	0.08	0.04	0.08	0.04
40	0.10	0.07	0.10	0.07
45	0.15	0.09	0.15	0.09
50	0.23	0.13	0.23	0.13
55	0.40	0.21	0.40	0.21
60	0.71	0.39	0.71	0.39
65	1.29	0.76	1.29	0.76

All Miscellaneous pre-retirement deaths are assumed to be non-duty. For Safety, 25% pre-retirement deaths are assumed to be non-duty and the rest are assumed to be duty.

Termination Rates Before Retirement (continued):

	Rate (%) Disability	
Age	Miscellaneous[1]	Safety[2]
20	0.00	0.20
25	0.01	0.20
30	0.03	0.26
35	0.06	0.42
40	0.10	0.56
45	0.17	0.72
50	0.26	0.92
55	0.42	1.90
60	0.80	0.00

(1) 20% of Miscellaneous disabilities are assumed to be duty disabilities. The other 80% are assumed to be non-duty disabilities.

(2) 80% of Safety disabilities are assumed to be duty disabilities. The other 20% are assumed to be non-duty disabilities.

Termination Rates Before Retirement (continued):

Rate (%)

Withdrawal (< 5 Years of Service)

Years of Service	Miscellaneous	Safety
0	15.00	10.00
1	9.00	6.00
2	8.00	5.00
3	6.00	4.00
4	5.00	3.00

Withdrawal (5+ Years of Service) *

Age	Miscellaneous	Safety
20	5.10	3.00
25	4.85	3.00
30	4.60	3.00
35	4.35	2.70
40	3.80	2.20
45	2.90	1.70
50	2.02	0.00
55	1.58	0.00
60	0.00	0.00

** 50% of the Miscellaneous members and 40% of the Safety members are assumed to elect a refund of contribution balance while the remaining 50% and 60% of Miscellaneous and Safety members, respectively, are assumed to elect a deferred retirement benefit. No withdrawal is assumed after a member is assumed to retire.*

Retirement Rates:

	Rate (%)		
Age	Miscellaneous Tier 1	Miscellaneous Tiers 2 & 3	Safety
50	6.00	3.00	30.00
51	5.00	2.00	20.00
52	5.00	2.00	20.00
53	5.00	4.00	30.00
54	9.00	5.00	30.00
55	10.00	6.00	30.00
56	12.00	8.00	30.00
57	16.00	10.00	30.00
58	25.00	20.00	30.00
59	27.00	20.00	30.00
60	29.00	22.00	100.00
61	32.00	23.00	100.00
62	41.00	41.00	100.00
63	46.00	46.00	100.00
64	48.00	48.00	100.00
65	52.00	52.00	100.00
66	46.00	46.00	100.00
67	52.00	52.00	100.00
68	60.00	60.00	100.00
69	75.00	75.00	100.00
70	100.00	100.00	100.00

Retirement Age and Benefit for Deferred Vested Members:	For deferred vested members, we make the following retirement assumption: Miscellaneous Age: 59 Safety Age: 54 We assume that 55% of future Miscellaneous and 65% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocals, we assume 5.65% compensation increases per annum.
Future Benefit Accruals:	1.0 year of service per year for the full-time employees. Continuation of current partial service accrual for part-time employees.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Percent Married:	80% of male members; 55% of female members.
Age of Spouse:	Female (or male) spouses are 3 years younger (or older) than their spouses.
Service From Unused Sick Leave Conversion:	The following assumptions for service converted from unused sick leave as a percentage of service at retirement are used: Service Retirements: Miscellaneous: 1.5% Safety: 2.0% Disability Retirements: Miscellaneous: 0.0% Safety: 0.0% Pursuant to Section 31641.01, the cost of this benefit will be charged only to employers and will not affect member contribution rates.

Net Investment Return: 7.75%; net of administration and investment expenses.

Employee Contribution Crediting Rate[1]: 3.50% (assumed rate of inflation); compounded semi-annually.

Cost-of-Living Adjustment for Retirees: Miscellaneous and Safety Tier 1 benefits are assumed to increase at 3.40% per year. Miscellaneous Tier 3 and Safety Tier 2 benefits are assumed to increase at 2.0% per year. Miscellaneous Tier 2 receive no COLA increases.

Salary Increases:

Annual Rate of Compensation Increase (%)

Inflation: 3.50%, plus "across the board" salary increases of 0.25% per year; plus the following merit and longevity increases.

Age	Miscellaneous	Safety
20	7.80	6.01
25	5.13	5.12
30	3.73	3.97
35	3.17	2.78
40	2.66	2.24
45	2.36	1.86
50	2.00	1.74
55	1.58	1.64
60	1.39	0.00

[1] *The new policy is to credit the member contribution account with interest up to the current 5-year Treasury rate, if such earnings are available. However, the difference in earnings between the 5-year Treasury rate and the target crediting rate will be applied to the other valuation reserves so that the overall valuation reserve target crediting rate is maintained at 7.75%.*

Actuarial Value of Assets:	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a five year period. Unrecognized return established after July 1, 2008 is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.
Valuation Value of Assets:	Actuarial value of assets reduced by the value of the non-valuation reserves and designations.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an aggregate basis by taking the Present Value of Future Normal Costs divided by the Present Value of Future Salaries to obtain a normal cost rate. This normal cost rate is then multiplied by the total current salaries. The total Unfunded Actuarial Accrued Liability is amortized over a declining 25-year period.
Changes in Actuarial Assumptions:	The following are changes in actuarial assumptions since the previous actuarial valuation.
Net Investment Return:	7.875%; net of administrative an investment expenses.

EXHIBIT V
Summary of Plan Provisions

This exhibit summarizes the major provisions of the SCERS included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:	Membership with SCERS usually begins with the employment by the County or member District as a permanent full-time or part-time employee as provided in the County's or the District salary resolution.
Miscellaneous Tier 1	All Miscellaneous members hired prior to September 27, 1981.
Miscellaneous Tier 2 and Tier 3	All Miscellaneous members hired on or after September 27, 1981. Membership into Tier 2 or Tier 3 is determined by date of hire and by bargaining unit.
Safety Tier 1 and Tier 2	Membership into Tier 1 or Tier 2 for Safety employee is determined by date of hire and by bargaining unit.
Final Compensation for Benefit Determination:	
Miscellaneous and Safety Tier 1	Highest consecutive 1 year (12 months) of compensation earnable (§31462.1) (FAS1)
Miscellaneous Tier 2 and Tier 3 and Safety Tier 2	Highest consecutive 3 years (36 months) of compensation earnable. (§31462) (FAS3)
Service:	Years of service. (Yrs)
Service Retirement Eligibility:	
General	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age (§31672).
Safety	Age 50 with 10 years of service, or after 20 years of Safety service, regardless of age (§31663.25).

Benefit Formula:

	Retirement Age	Benefit Formula
Miscellaneous Tier 1 (§31676.14)	50	(1.48%xFAS1 – 1/3x1.48%x$350x12)xYrs
	55	(1.95%xFAS1 – 1/3x1.95%x$350x12)xYrs
	60	(2.44%xFAS1 – 1/3x2.44%x$350x12)xYrs
	62	(2.61%xFAS1 – 1/3x2.61%x$350x12)xYrs
	65	(2.61%xFAS1 – 1/3x2.61%x$350x12)xYrs

	Retirement Age	Benefit Formula
Miscellaneous Tier 2 and Tier 3	50	(1.48%xFAS3 – 1/3x1.48%x$350x12)xYrs
(§31676.14)	55	(1.95%xFAS3 – 1/3x1.95%x$350x12)xYrs
	60	(2.44%xFAS3 – 1/3x2.44%x$350x12)xYrs
	62	(2.61%xFAS3 – 1/3x2.61%x$350x12)xYrs
	65	(2.61%xFAS3 – 1/3x2.61%x$350x12)xYrs

	Retirement Age	Benefit Formula
Safety Tier 1 (§31664.1)	50	(3%xFAS1-1/3x3%x$350x12)xYrs
	55	(3%xFAS1-1/3x3%x$350x12)xYrs
	60	(3%xFAS1-1/3x3%x$350x12)xYrs
Safety Tier 2 (§31664.1)	50	(3%xFAS3-1/3x3%x$350x12)xYrs
	55	(3%xFAS3-1/3x3%x$350x12)xYrs
	60	(3%xFAS3-1/3x3%x$350x12)xYrs

Maximum Benefit: 100% of Highest Average Compensation (§31676.14, §31676.1, §31664.1)

Additional Benefit Information:

- For Miscellaneous members of the following Districts, benefits accrued before June 29, 2003 will continue to be calculated using §31676.1.
    1. Fair Oaks Cemetery District
    2. Galt Arno Cemetery District

Non-duty Disability:

Miscellaneous and Safety Tier 1

Eligibility	Five years of service (§31720).
Benefit Formula	1.5% per year of service for Miscellaneous Tier 1 and 1.8% per year of service for Safety Tier 1. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65 for Miscellaneous Tier 1 and 55 for Safety Tier 1, but the total benefit cannot be more than one-third of Final Compensation (§31727 and §31727.2). The Service Retirement benefit is payable, if greater.

Miscellaneous Tier 2, Tier 3, and Safety Tier 2

Eligibility	Five years of service (§31720).
Benefit Formula	20% of Final Compensation for the first five years of service plus 2% for each year of additional service for a maximum of 40% of Final Compensation (§31727.7). The Service Retirement benefit is payable, if greater.

Line-of-Duty Disability:

All Members

Eligibility	No age or service requirements (§31720).
Benefit Formula	50% of the Final Compensation or 100% of Service Retirement benefit, if greater (§31727.4).

Pre-Retirement Death:

All Members	
Eligibility	No age or service requirements.
Benefit	Refund of employee contributions with interest plus one month's compensation for each year of service to a maximum of six month's compensation (§31781).
Death in Line-of-Duty	50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787).
	OR
Vested Members	
Eligibility	Five years of service.
Benefit	60% of the greater of Service or Ordinary Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of above.
Death in Line-of-Duty	50% of Final compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787).

Death After Retirement:

All Members	
Service Retirement or Non-Duty Disability	60% of member's unmodified allowance continued to eligible spouse (§31760.1). An additional $4,000 lump sum benefit is payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1).
Line-of-Duty Disability	100% of member's allowance continued to eligible spouse (§31786). An additional $4,000 lump sum benefit is payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1).

Withdrawal Benefits:

Less than Five Years of Service	Refund of accumulated employee contributions with interest, or earned benefit at age 70 (§31628). Effective January 1, 2003, a member may also elect to leave their contributions on deposit in the retirement fund (§31629.5).
Five or More Years of Service	If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700).

Post-retirement Cost-of-Living Benefits:

Miscellaneous and Safety Tier 1	Future changes based on Consumer Price Index to a maximum of 4% per year, excess "banked." (§31870.3)
Miscellaneous Tier 3 and Safety Tier 2	Future changes based on Consumer Price Index to a maximum of 2% per year, excess "banked." (§31870)

Note: There is no cost-of-living benefit for Miscellaneous Tier 2.

Member Contributions:	Please refer to Appendix A for the specific rates.
Miscellaneous Tier 1	
Basic	Provide for an average annuity at age 55 equal to 1/240 of FAS1. (§31621.3)
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.
Miscellaneous Tier 2	
Basic	Provide for an average annuity at age 55 equal to 1/240 of FAS3. (§31621.3)
Cost-of-Living	None.
Miscellaneous Tier 3	
Basic	Provide for an average annuity at age 55 equal to 1/240 of FAS3. (§31621.3)
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.
Safety Tier 1 and Tier 2	
Basic	Provide for an average annuity at age 50 equal to 1/100 of FAS1 (FAS3 for Tier 2). (§31639.25)
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.

Note: The above rates are known as full rates. For members paying half rates, their rates should be one-half of the rates provided in this report. In addition, for members entering the plan on or after January 1, 1975, they pay a rate based on a single entry age (§31621.11 and §31639.26).

Other Information:	Safety members with 30 or more years of service are exempt from paying member contributions. The same applies for Miscellaneous members hired on or before March 7, 1973.

NOTE: *The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the System should find the plan summary not in accordance with the actual provisions, the System should alert the actuary so they can both be sure the proper provisions are valued.*

Appendix A

Member Contribution Rates

Comparison of Member Rate(*, **) from June 30, 2009 and June 30, 2010 Valuation

	June 30, 2010			June 30, 2009			
Miscellaneous	Basic	COLA	Total	Basic	COLA	Total	Increase/(Decrease) in Rate
Tier 1	3.90%	1.22%	5.12%	3.81%	1.12%	4.93%	0.19%
Tier 2	3.70%	0.00%	3.70%	3.62%	0.00%	3.62%	0.08%
Tier 3	3.70%	1.32%	5.02%	3.62%	1.29%	4.91%	0.11%
Safety	Basic	COLA	Total	Basic	COLA	Total	Increase/(Decrease) in Rate
Tier 1	9.51%	4.61%	14.12%	9.28%	3.02%	12.30%	1.82%
Tier 2	9.02%	2.58%	11.60%	8.80%	2.14%	10.94%	0.66%

* *For members paying half rates, their rates should be exactly one-half of rates described above.*

** *Members who enter on or after 1/1/1975 contribute as indicated above and all others contribute the rate at their respective entry ages.*

Appendix A
Member Contribution Rates (Continued)

Miscellaneous Members’ Contribution Rates from the June 30, 2010 Actuarial Valuation

	Basic Only				COLA Only				Total			
	First $350 of Monthly Salary		Salary in Excess of $350		First $350 of Monthly Salary		Salary in Excess of $350		First $350 of Monthly Salary		Salary in Excess of $350	
Entry Age	Tier 1	Tier 2 & 3	Tier 1	Tier 2 & 3	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3
16	2.45%		3.67%		0.77%		1.15%		3.22%		4.82%	
17	2.45%		3.68%		0.77%		1.16%		3.22%		4.84%	
18	2.46%		3.69%		0.77%		1.16%		3.23%		4.85%	
19	2.46%		3.69%		0.77%		1.16%		3.23%		4.85%	
20	2.46%		3.69%		0.77%		1.16%		3.23%		4.85%	
21	2.46%		3.69%		0.77%		1.16%		3.23%		4.85%	
22	2.46%		3.69%		0.77%		1.16%		3.23%		4.85%	
23	2.46%		3.69%		0.77%		1.16%		3.23%		4.85%	
24	2.46%		3.69%		0.77%		1.16%		3.23%		4.85%	
25	2.47%		3.70%		0.77%		1.16%		3.24%		4.86%	
26	2.47%		3.71%		0.77%		1.16%		3.24%		4.87%	
27	2.48%		3.72%		0.78%		1.17%		3.26%		4.89%	
28	2.49%		3.74%		0.78%		1.17%		3.27%		4.91%	
29	2.50%		3.75%		0.79%		1.18%		3.29%		4.93%	
30	2.51%		3.77%		0.79%		1.18%		3.30%		4.95%	
31	2.53%		3.79%		0.79%		1.19%		3.32%		4.98%	
32	2.54%		3.81%		0.80%		1.20%		3.34%		5.01%	
33	2.55%		3.83%		0.80%		1.20%		3.35%		5.03%	
34	2.57%		3.85%		0.81%		1.21%		3.38%		5.06%	
35	2.59%		3.88%		0.81%		1.22%		3.40%		5.10%	
36	2.60%	2.47%	3.90%	3.70%	0.81%	0.88%	1.22%	1.32%	3.41%	3.35%	5.12%	5.02%
37	2.62%		3.93%		0.82%		1.23%		3.44%		5.16%	
38	2.64%		3.96%		0.83%		1.24%		3.47%		5.20%	
39	2.65%		3.98%		0.83%		1.25%		3.48%		5.23%	
40	2.67%		4.01%		0.84%		1.26%		3.51%		5.27%	
41	2.70%		4.05%		0.85%		1.27%		3.55%		5.32%	
42	2.72%		4.08%		0.85%		1.28%		3.57%		5.36%	
43	2.74%		4.11%		0.86%		1.29%		3.60%		5.40%	
44	2.77%		4.15%		0.87%		1.30%		3.64%		5.45%	
45	2.79%		4.18%		0.87%		1.31%		3.66%		5.49%	
46	2.81%		4.22%		0.89%		1.33%		3.70%		5.55%	
47	2.83%		4.25%		0.89%		1.33%		3.72%		5.58%	
48	2.86%		4.29%		0.90%		1.35%		3.76%		5.64%	
49	2.89%		4.33%		0.91%		1.36%		3.80%		5.69%	
50	2.92%		4.38%		0.92%		1.38%		3.84%		5.76%	
51	2.95%		4.42%		0.93%		1.39%		3.88%		5.81%	
52	2.97%		4.46%		0.93%		1.40%		3.90%		5.86%	
53	3.01%		4.51%		0.95%		1.42%		3.96%		5.93%	

Appendix A
Member Contribution Rates (Continued)

Miscellaneous Members' Contribution Rates from the June 30, 2010 Actuarial Valuation

	Basic Only				COLA Only				Total			
	First $350 of Monthly Salary		Salary in Excess of $350		First $350 of Monthly Salary		Salary in Excess of $350		First $350 of Monthly Salary		Salary in Excess of $350	
Entry Age	Tier 1	Tier 2 & 3	Tier 1	Tier 2 & 3	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3
54	3.04%		4.56%		0.95%		1.43%		3.99%		5.99%	
55	3.04%		4.56%		0.95%		1.43%		3.99%		5.99%	
56	3.04%		4.56%		0.95%		1.43%		3.99%		5.99%	
57	3.04%		4.56%		0.95%		1.43%		3.99%		5.99%	
58	3.04%		4.56%		0.95%		1.43%		3.99%		5.99%	
59 & Over	3.04%		4.56%		0.95%		1.43%		3.99%		5.99%	

The rates above are full contribution rates expressed as a percentage of salary based upon the following interest and salary scale assumptions. Members who enter prior to 1/1/1975 contribute on the basis of their actual entry age and all others contribute on the basis of a single entry age of 36.

Interest:	7.75% per annum	
COLA:	Tier 1:	3.40%
	Tier 2:	0.00%
	Tier 3:	2.00%
Mortality:	1994 Group Annuity Mortality Table set back one year weighted 40% male and 60% female.	
Salary increase:	Inflation (3.50%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV).	
COLA Loading Factor*:	Tier 1:	31.40%
	Tier 3:	35.60%

* Factors have been adjusted to reflect a reserve carried by the Board to reduce part of the COLA contributions.

Non-Refundability factor:

Tier 1:	99.96%
Tier 2:	99.40%
Tier 3:	96.38%

Appendix A

Member Contribution Rates (Continued)

Safety Members' Contribution Rates from the June 30, 2010 Actuarial Valuation

	Basic Only				COLA Only				Total			
	First $350 of Monthly Salary		Salary in Excess of $350		First $350 of Monthly Salary		Salary in Excess of $350		First $350 of Monthly Salary		Salary in Excess of $350	
Entry Age	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2
18	6.24%		9.36%		3.03%		4.54%		9.27%		13.90%	
19	6.25%		9.37%		3.03%		4.54%		9.28%		13.91%	
20	6.25%		9.38%		3.03%		4.55%		9.28%		13.93%	
21	6.25%		9.37%		3.03%		4.54%		9.28%		13.91%	
22	6.24%		9.36%		3.03%		4.54%		9.27%		13.90%	
23	6.25%		9.37%		3.03%		4.54%		9.28%		13.91%	
24	6.25%		9.37%		3.03%		4.54%		9.28%		13.91%	
25	6.26%		9.39%		3.03%		4.55%		9.29%		13.94%	
26	6.27%		9.41%		3.04%		4.56%		9.31%		13.97%	
27	6.29%		9.43%		3.05%		4.57%		9.34%		14.00%	
28	6.31%		9.47%		3.06%		4.59%		9.37%		14.06%	
29	6.34%	6.01%	9.51%	9.02%	3.07%	1.72%	4.61%	2.58%	9.41%	7.73%	14.12%	11.60%
30	6.37%		9.55%		3.09%		4.63%		9.46%		14.18%	
31	6.41%		9.61%		3.11%		4.66%		9.52%		14.27%	
32	6.45%		9.67%		3.13%		4.69%		9.58%		14.36%	
33	6.49%		9.74%		3.15%		4.72%		9.64%		14.46%	
34	6.54%		9.81%		3.17%		4.76%		9.71%		14.57%	
35	6.59%		9.88%		3.19%		4.79%		9.78%		14.67%	
36	6.65%		9.97%		3.22%		4.83%		9.87%		14.80%	
37	6.70%		10.05%		3.25%		4.87%		9.95%		14.92%	
38	6.76%		10.14%		3.28%		4.92%		10.04%		15.06%	
39	6.83%		10.24%		3.31%		4.96%		10.14%		15.20%	
40	6.89%		10.33%		3.34%		5.01%		10.23%		15.34%	
41	6.95%		10.43%		3.37%		5.06%		10.32%		15.49%	
42	7.02%		10.53%		3.40%		5.10%		10.42%		15.63%	
43	7.09%		10.63%		3.43%		5.15%		10.52%		15.78%	
44	7.16%		10.74%		3.47%		5.21%		10.63%		15.95%	
45	7.23%		10.85%		3.51%		5.26%		10.74%		16.11%	
46	7.31%		10.96%		3.54%		5.31%		10.85%		16.27%	
47	7.39%		11.08%		3.58%		5.37%		10.97%		16.45%	
48	7.46%		11.19%		3.61%		5.42%		11.07%		16.61%	
49 & Over	7.54%		11.31%		3.65%		5.48%		11.19%		16.79%	

The rates above are full contribution rates expressed as a percentage of salary based upon the following interest and salary scale assumptions. Members who enter prior to 1/1/1975 contribute on the basis of their actual entry age and all others contribute on the basis of a single entry age of 29.

Interest:	7.75% per annum	
COLA:	Tier 1:	3.40%
	Tier 2:	2.00%
Mortality:	1994 Group Annuity Mortality Table set back one year weighted 75% male and 25% female.	
Salary increase:	Inflation (3.50%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV).	
COLA Loading Factor*:	Tier 1:	48.48%
	Tier 2:	28.64%

* Factors have been adjusted to reflect a reserve carried by the Board to reduce part of the COLA contributions.

Non-Refundability factor:

Tier 1:	99.10%
Tier 2:	96.86%

5110582v1/05750.002