Sacramento County Employees' Retirement System

Actuarial Valuation and Review as of June 30, 2005

SEGAL

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November 14, 2005

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, 2005. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2006-2007 and analyzes the preceding year's experience.

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.

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

Sincerely,

THE SEGAL COMPANY

By:

Paul Angelo, FSA, MAAA	*Drew James, FSA, MAAA*	*Andy Yeung, ASA, MAAA*
Vice President and Actuary	*Actuary*	*Associate Actuary*

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SECTION 1

VALUATION SUMMARY

SECTION 2

VALUATION RESULTS

SECTION 3

SUPPLEMENTAL INFORMATION

SECTION 4

REPORTING INFORMATION

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, 2005. The valuation was performed to determine whether the assets and contributions are 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, 2005, provided by the Retirement System;
- The assets of the Plan as of June 30, 2005, provided by the Retirement System;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Sacramento County Employees' Retirement System's basic financial goal 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.

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 continued with the Board's funding policy to amortize the System's entire unfunded actuarial accrued liability as of June 30, 2005 over a declining 28-year period. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2006 through June 30, 2007.

Significant Issues in Valuation Year

- The aggregate employer rate increased from 17.72% of payroll (before the reflection of the second and final rate increase as a result of the two-year phase-in) to 19.65%.

  The reasons for this change are: (i) increase of 2.85% from the second and final year of the two-year phase-in rate increase brought by assumption changes we recommended in the June 30, 2004 experience study; (ii) decrease of 2.00% from assumption changes adopted by the Board for the June 30, 2005 valuation, (iii) decrease of 0.37% from the use of the Contingency Reserve (1% of Assets) to credit interest; (iv) increase of 1.25% due to lower than expected return on investments (after "smoothing") and (v) increase of 0.20% from other actuarial gains/losses. A reconciliation of the System's aggregate employer rate is provided in Section 2, Subsection D (see Chart 14).
- The ratio of the valuation value of assets to actuarial accrued liabilities decreased from 93.3% to 93.2%. The System's unfunded actuarial accrued liability has changed from $314.5 million as of June 30, 2004 to $330.3 million as of June 30, 2005. This increase is mainly due to actual investment return (after "smoothing") less than the 7.75% investment return assumed in the current valuation in projecting the valuation value of assets. A reconciliation of the System's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.
- The aggregate member rate calculated in this valuation has decreased from 4.95% of payroll to 4.68% of payroll. The change in member rate is primarily due to the change in actuarial assumptions adopted by the Board for the June 30, 2005 valuation and change in membership demographics. A reconciliation of the System's aggregate member rate is provided in Section 2, Subsection D (see Chart 15).
- The annual inflation assumption used in this valuation is 3.50% (down from last year's assumption of 4.00%) and the Tier 1 post-retirement annual cost-of-living adjustment is 3.40% (down from last year's assumption of 3.50%). The contribution rate impact of the assumption changes is a net reduction of 2.00% of payroll for the employer and 0.32% for the member. The impact of these changes are provided in Section 2, Subsection D (see Charts 14 and 15). A description of these assumptions can be found in Section 4, Exhibit IV.
- As instructed by the Retirement System, we have included the liability as well as the reserve set aside to pay the $4,000 retiree death benefit in this valuation. In prior valuations, this death benefit liability and reserve were not included.
- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gain as of June 30, 2005 is $45.9 million. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will serve to offset any investment losses that may occur after June 30, 2005.

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
- difference between the contribution rates determined by the valuation and those adopted by the Board.

Summary of Key Valuation Results

	June 30, 2005		June 30, 2004	
Employer Contribution Rates (Dollar amounts in thousands):		Estimated		Estimated
	Total Rate	Annual Amount[1]	Total Rate	Annual Amount[1]
Miscellaneous Tier 1	16.27%	$8,635	15.43%	$ 8,189
Miscellaneous Tier 2	13.13%	2,756	11.49%	2,411
Miscellaneous Tier 3	16.16%	79,615	14.17%	69,832
Safety Tier 1	35.24%	23,461	33.29%	22,165
Safety Tier 2	30.84%	27,353	28.57%	25,340
All Categories Combined	19.65%	$141,820	17.72%	$127,937
Member Contribution Rates:		Per Member		Per Member
	Total Rate[2]	Annual Amount[3]	Total Rate[2]	Annual Amount[3]
Miscellaneous Tier 1	4.84%	$3,088	5.51%	$3,516
Miscellaneous Tier 2	3.57%	1,997	3.63%	2,030
Miscellaneous Tier 3	4.67%	2,189	4.79%	2,246
Safety Tier 1	11.58%	9,140	12.46%	9,833
Safety Tier 2	10.57%	6,016	10.75%	6,117
Funded Status (Dollar Amounts in thousands) [4]:				
Actuarial accrued liability[5]	$4,860,882		$4,694,009	
Actuarial value of assets	4,530,583		4,379,514	
Funded percentage	93.2%		93.3%	
Unfunded Actuarial Accrued Liability	$ 330,299		$ 314,495	
Key Assumptions:				
Interest rate	7.75%		7.75%	
Inflation rate	3.50%		4.00%	
Real across-the-board salary increase	0.25%		0.25%	

(1) *Based on June 30, 2005 projected annual compensation.*

(2) *Based on single full-rates payable by members who enter on or after January 1, 1975.*

(3) *Based on average projected annual compensation for members in each respective tier.*

(4) *June 30, 2004 assets have been adjusted to include $420,874,000 in receivable contributions from Pension Obligation Bonds issued on July 1, 2004 and October 20, 2004.*

(5) *Includes non-valuation reserves and designations.*

Summary of Key Valuation Demographic and Financial Data

	June 30, 2005	June 30, 2004	Percentage Change
Active Members:			
Number of members	13,728	13,672	0.4%
Average age	44.0	44.0	N/A
Average service	9.7	9.7	N/A
Projected total compensation	$722,014,178	$714,069,415	1.1%
Average projected compensation	$52,594	$52,229	0.7%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	5,039	4,584	9.9%
Disability retired	691	675	2.4%
Beneficiaries	1,054	1,032	2.1%
Total	6,784	6,291	7.8%
Average age	68.0	68.1	N/A
Average monthly benefit	$2,106	$2,008	4.9%
Vested Terminated Members:			
Number of terminated vested members(1)	2,135	2,110	1.2%
Average age	46.6	46.5	N/A
Summary of Financial Data (dollar amounts in thousands)**:**			
Market value of assets(2)	$4,576,444	$4,182,539	9.4%
Return on market value of assets	9.82%	15.75%	N/A
Actuarial value of assets(2)	$4,530,583	$4,379,514	3.4%
Return on actuarial value of assets	3.88%	2.30%	N/A
Valuation value of assets(2)	$4,495,679	$4,288,455	4.8%
Return on valuation value of assets	5.26%	5.24%	N/A

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

(2) *June 30, 2004 assets have been adjusted to include $420,874,000 in receivable contributions from Pension Obligation Bonds issued on July 1, 2004 and October 20, 2004.*

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 four valuations can be seen in this chart.

CHART 1

Member Population: 2002 – 2005

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

**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 13,728 active members with an average age of 44.0, average years of service of 9.7 years and average compensation of $52,594. The 13,672 active members in the prior valuation had an average age of 44.0, average service of 9.7 years and average compensation of $52,229.

Among the active members, there were none with unknown age.

Inactive Members

In this year's valuation, there were 2,135 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,110 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, 2005

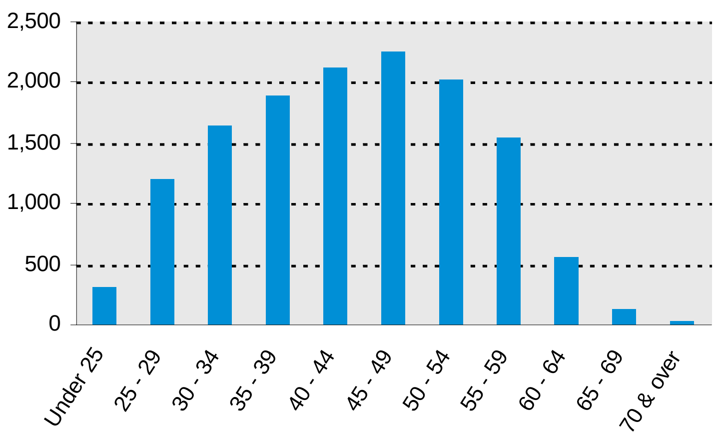
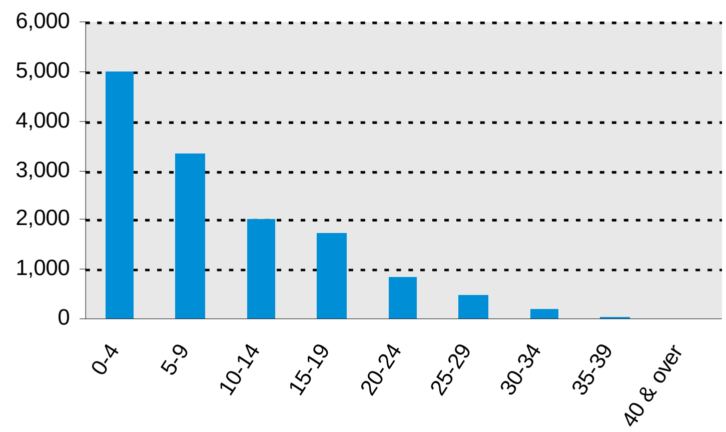


CHART 3

Distribution of Active Members by Years of Service as of June 30, 2005



Retired Members and Beneficiaries

As of June 30, 2005, 5,730 retired members and 1,054 beneficiaries were receiving total monthly benefits of $14,171,776. For comparison, in the previous valuation, there were 5,259 retired members and 1,032 beneficiaries receiving monthly benefits of $12,632,244.

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

CHART 4

Distribution of Retired Members and Beneficiaries by Type and by Monthly Amount as of June 30, 2005

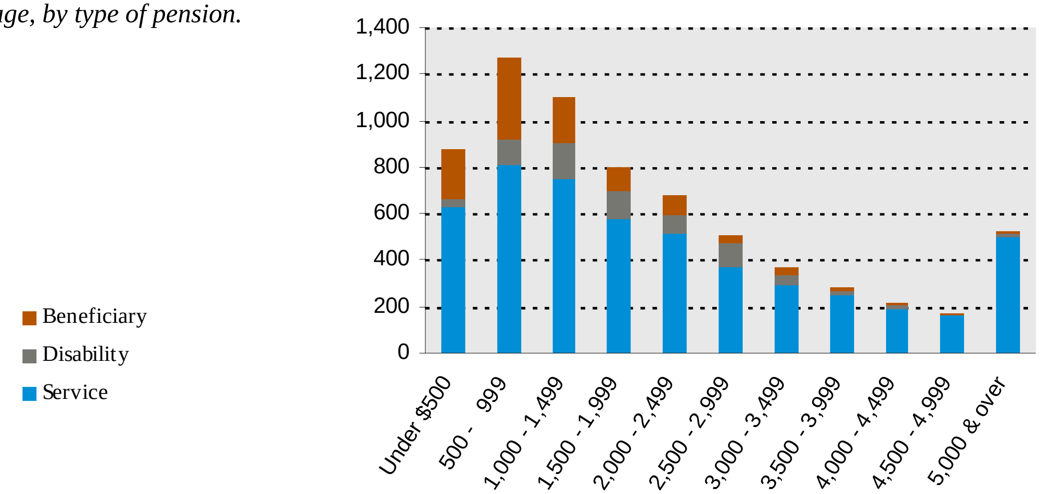
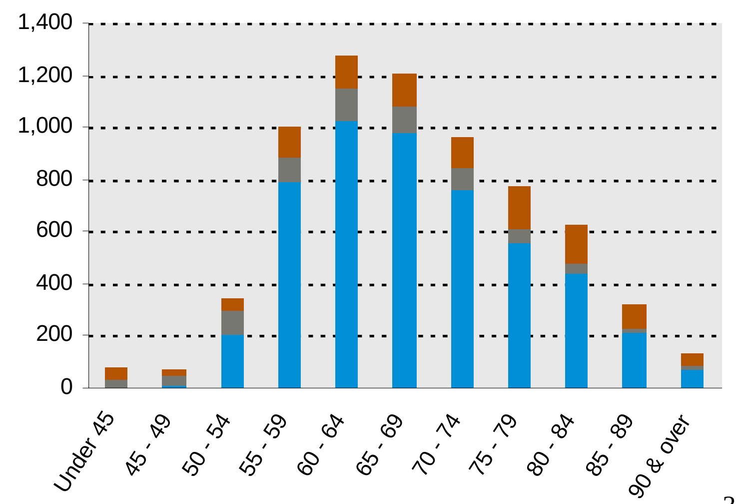


CHART 5

Distribution of Retired Members and Beneficiaries by Type and by Age as of June 30, 2005



B. FINANCIAL INFORMATION

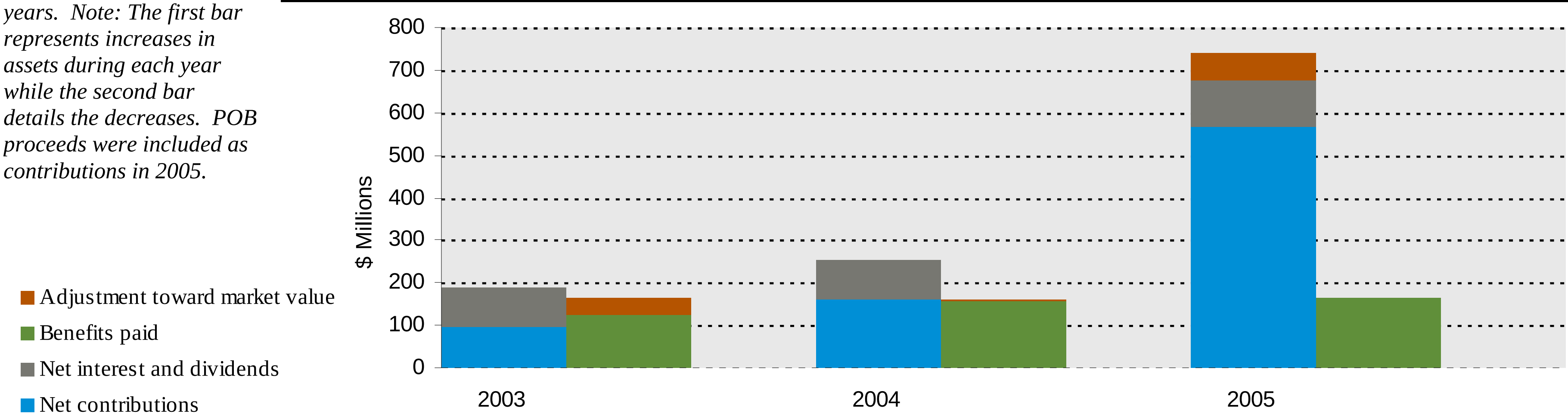
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

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 three 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 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2003 - 2005



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, 2005, we have utilized the investment gains/losses from the prior five years. The investment gain for the year ending June 30, 2005 was calculated by comparing the actual market return against an expected market return of 8% per annum. The 7.75% assumed return adopted by the Board in the June 30, 2004 valuation will be used in setting interest crediting benchmark beginning with fiscal year 2005/2006.

CHART 7 - Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2005

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

From	To	Contributions	Benefits	Market Value	Average Market Value
7/2000	6/2001	$73,322,363	$108,998,139	$3,432,825,810	$3,681,477,927
7/2001	6/2002	82,978,888	116,980,868	3,199,234,414	3,437,241,772
7/2002	6/2003	96,540,617	126,021,157	3,238,826,044	3,209,898,370
7/2003	6/2004	162,007,721	157,755,337	3,761,664,994	3,291,717,325
7/2004	6/2005	566,534,348 (1)	165,974,515	4,576,444,496	4,217,141,165

From	To	Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return
7/2000	6/2001	$(211,411,270)	$294,518,234	$(505,929,504)	0.00	$0
7/2001	6/2002	(199,589,416)	274,979,342	(474,568,758)	0.25(2)	(93,678,472)
7/2002	6/2003	69,072,170	256,791,870	(187,719,700)	0.40	(75,087,880)
7/2003	6/2004	518,586,566	263,337,386	255,249,180	0.60	153,149,508
7/2004	6/2005	414,219,669	337,371,293	76,848,376	0.80	61,478,701

1.	Total Deferred Return	45,861,857
2.	Net Market Value	4,576,444,496
3.	Actuarial Value of Assets	4,530,582,639
4.	Actuarial Value of Assets – Corridor Limits:	
	a. Lower Limit – 80% of Net Market Value	3,661,155,597
	b. Upper Limit – 120% of Net Market Value	5,491,733,395
5.	Actuarial Value of Assets (within corridor)	4,530,582,639
6.	Non-valuation reserves and designations:	
	a. Contingency Reserve (1% of Assets)	0
	b. Retirees Health Benefit Reserve	1,570,509
	c. Other Non-Valuation Reserves	0
	d. Subtotal	1,570,509
7.	Preliminary Valuation Value of Assets (Item 5 – Item 6)	4,529,012,130
8.	Adjustment to Preliminary Valuation Value of Assets	
	a. Balance of transfer to offset member COLA rate	42,070,737
	b. Surplus/(deficit) for withdrawn employers (preliminary) (3)	(8,738,016)
	c. Subtotal	33,332,721
9.	Final Valuation Value of Assets (Item 7 – Item 8)	4,495,679,409

(1) *Includes proceeds from Pension Obligation Bonds issued by the County and Sacramento Metro Fire District.*

(2) *The remaining investment gain/loss for 2001/2002 plan year at June 30, 2005, after taking into account the 120% corridor on June 30, 2002 is $374,713,887 and is amortized over 4 years in equal payments.*

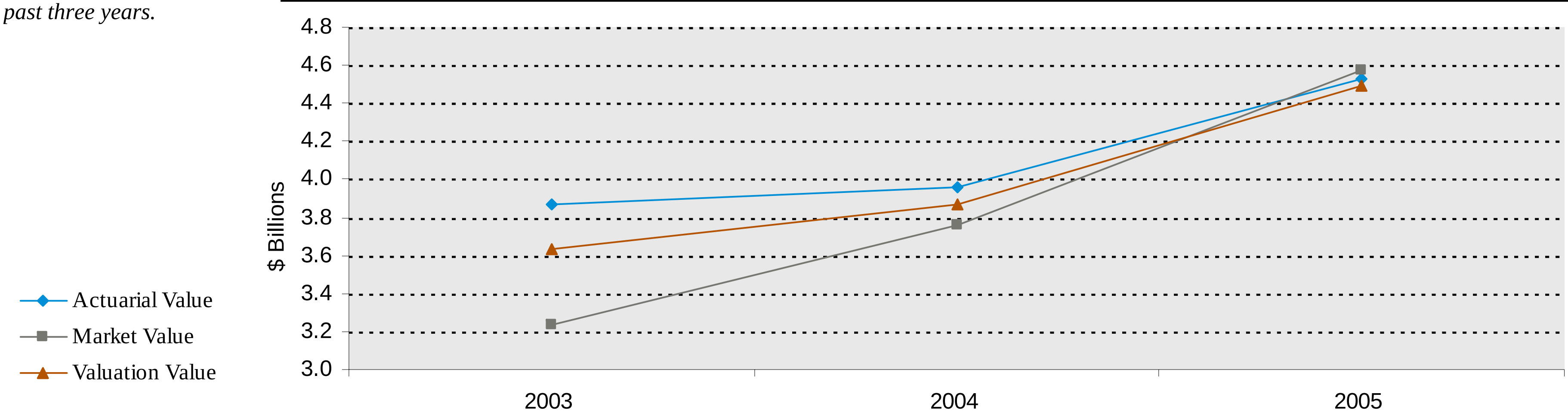
(3) *Based on the latest estimate available as of June 30, 2004.*

The market value, actuarial value, and valuation value of assets are representations of SCERS's 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's 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 three years.

CHART 8

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2003 – 2005



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 total experience loss was $71.8 million, $107.5 million loss from investments and $35.7 million gain from all other sources. The net experience variation from individual sources other than investments was 0.7% 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, 2005

1.	Net loss from investments[1]	-$107,498,000
2.	Net gain from other experience[2]	35,681,000
3.	Net experience loss: (1) + (2)	-$71,817,000

[1] *Details in Chart 10. This is a net amount after taking into consideration a transfer of $45,285,892 from the Contingency Reserve (1% of assets) to offset part of the investment loss.*

[2] *Excludes a loss of $47.9 million due to the one-year delay in implementing the contribution rate calculated in the prior valuation.*

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 the SCERS's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.75% (based on June 30, 2004 valuation). The actual rate of return on a valuation basis for the 2004/2005 plan year was 5.26%.

Since the actual return for the year was less than the assumed return, the SCERS experienced an actuarial loss during the year ended June 30, 2005 with regard to its investments.

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

CHART 10

Investment Experience for Year Ended June 30, 2005 – Valuation Value of Assets

	Valuation Value
1. Actual return	$ 227,539,000
2. Average value of assets	4,326,080,000
3. Actual rate of return: (1) ÷ (2)	5.26%
4. Assumed rate of return	7.75%
5. Expected return:	335,037,000
6. Actuarial gain/(loss): (1) – (5)	-$107,498,000

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 two years.

Based on the June 30, 2005 review of economic assumptions, we have maintained the investment return assumption at 7.75%.

CHART 11

Investment Return – Actuarial Value, Valuation Value and Market Value: 2004 - 2005

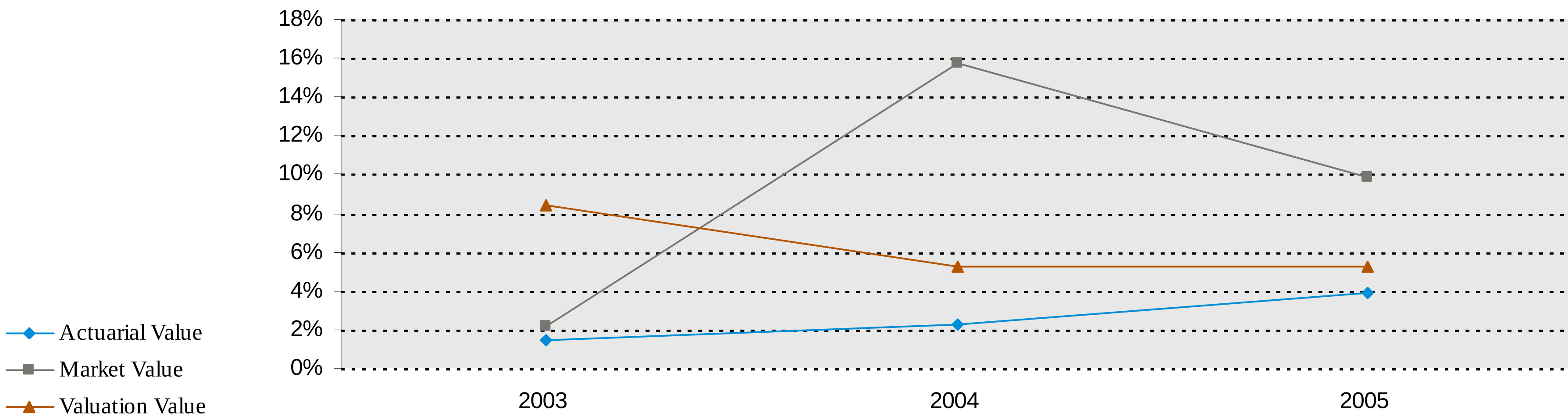
Year Ended June 30	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2004	$193,128,000	5.24%	$89,988,000	2.30%	$518,587,000	15.75%
2005	$227,539,000	5.26%	$171,384,000	3.88%	$414,220,000	9.82%

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 - 2005.

CHART 12

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2003 – 2005



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, 2005 amounted to $35.7 million which is 0.7% 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 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 Association) 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 current UAAL is being recognized over a declining 28-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 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 provided in Appendix A.

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

County Only	June 30, 2005 Actuarial Valuation		June 30, 2004 Actuarial Valuation	
Miscellaneous – Tier 1 Members	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
Normal Cost	14.46%	$7,474	16.14%	$8,342
UAAL	1.64%	846	-0.85%	-442
Total Contribution	16.10%	$8,320	15.29%	$7,900
Miscellaneous – Tier 2 Members				
Normal Cost	11.50%	$2,413	12.47%	$2,617
UAAL	1.64%	343	-0.98%	-206
Total Contribution	13.14%	$2,756	11.49%	$2,411
Miscellaneous – Tier 3 Members				
Normal Cost	14.24%	$67,193	15.18%	$71,629
UAAL	1.64%	7,722	-1.24%	-5,872
Total Contribution	15.88%	$74,915	13.94%	$65,757
Safety Tier 1 Members				
Normal Cost	29.60%	$19,465	32.16%	$21,148
UAAL	5.58%	3,671	1.07%	705
Total Contribution	35.18%	$23,136	33.23%	$21,853
Safety Tier 2 Members				
Normal Cost	25.26%	$22,403	26.68%	$23,662
UAAL	5.58%	4,950	1.89%	1,678
Total Contribution	30.84%	$27,353	28.57%	$25,340
All Categories Combined				
Normal Cost	17.02%	$118,948	18.24%	$127,398
UAAL	2.51%	17,532	-0.60%	-4,137
Total Contribution	19.53%	$136,480	17.64%	$123,261

* *Based on June 30, 2005 projected annual payroll, see page 17.*

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

District Only	June 30, 2005 Actuarial Valuation		June 30, 2004 Actuarial Valuation	
Miscellaneous – Tier 1 Members	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
Normal Cost	14.33%	$198	16.01%	$222
UAAL	8.45%	117	4.86%	67
Total Contribution	22.78%	$315	20.87%	$289
Miscellaneous – Tier 3 Members				
Normal Cost	14.11%	$2,940	15.05%	$3,135
UAAL	8.45%	1,760	4.51%	940
Total Contribution	22.56%	$4,700	19.56%	$4,075
Safety Tier 1 Members				
Normal Cost	23.35%	$191	25.27%	$206
UAAL	16.36%	134	12.92%	106
Total Contribution	39.71%	$325	38.19%	$312
All Categories Combined				
Normal Cost	14.45%	$3,329	15.44%	$3,563
UAAL	8.73%	2,011	4.80%	1,113
Total Contribution	23.18%	$5,340	20.24%	$4,676
County and District Categories Combined				
Normal Cost	16.94%	$122,277	18.14%	$130,961
UAAL	2.71%	19,543	-0.42%	-3,024
Total Contribution	19.65%	$141,820	17.72%	$127,937

* *Based on June 30, 2005 projected annual payroll, see page 17.*

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

June 30, 2005 projected annual payroll used in developing employer contribution rates on the two previous pages

	County	District	Total
Miscellaneous Tier 1	$51,684	$1,385	$53,069
Miscellaneous Tier 2	20,985	0	20,985
Miscellaneous Tier 3	471,862	20,833	492,695
Subtotal	$544,531	$22,218	$566,749
Safety Tier 1	$65,760	$817	$66,577
Safety Tier 2	88,689	0	88,689
Subtotal	$154,449	$817	$155,266
Total	$698,980	$23,035	$722,015

The contribution rates as of June 30, 2005 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

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

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

CHART 14

Reconciliation of Average Recommended Employer Contribution from June 30, 2004 to June 30, 2005 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost[1]
Average Recommended Contribution Rate as of June 30, 2004, After Reflecting Members Paying Half and Full Rates	17.72%	$ 127,937
Effect of investment losses[2]	0.88%	6,284
Effect of changes in economic assumptions on June 30, 2005	-2.00%	(14,281)
Effect of phase-in of employer's contribution rate impact due to changes in economic and non-economic assumptions on June 30, 2004	2.85%	20,351
Effect of other actuarial (gains)/losses[3]	0.20%	1,529
Subtotal	1.93%	$13,883
Average Recommended Contribution Rate as of June 30, 2005, After Reflecting Members Paying Half and Full Rates	19.65%	$141,820

(1) *Based on June 30, 2005 projected annual payroll of $722,015,000.*

(2) *This is a net amount after taking into consideration a transfer of $45,285,892 from the Contingency Reserve (1% of assets) to offset 0.37% of the rate increase due to investment loss.*

(3) *Net impact of other experience deviations shown on page 12, plus delay in implementation of the contribution rate calculated in the June 30, 2004 valuation.*

The member contribution rates as of June 30, 2005 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 from the prior valuation to the amount determined in this valuation.

CHART 15

Reconciliation of Average Recommended Member Contribution from June 30, 2004 to June 30, 2005 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Amount[1]
Average Recommended Contribution Rate as of June 30, 2004, After Reflecting Members Paying Half and Full Rates	4.95%[2]	$35,740
Effect of changes in demographic profile of member group	0.05%	361
Effect of changes in economic assumptions on June 30, 2005	-0.32%	(2,310)
Total change	-0.27%	($1,949)
Average Recommended Contribution Rate as of June 30, 2005, After Reflecting Members Paying Half and Full Rates	4.68%[2]	$33,791

[1] *Based on June 30, 2005 projected compensation of $722,015,000.*

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

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of 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 with assets sufficient to pay most benefits. 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. POB proceeds were included in both required and actual contributions in 2005.

CHART 16

Required Versus Actual Contributions

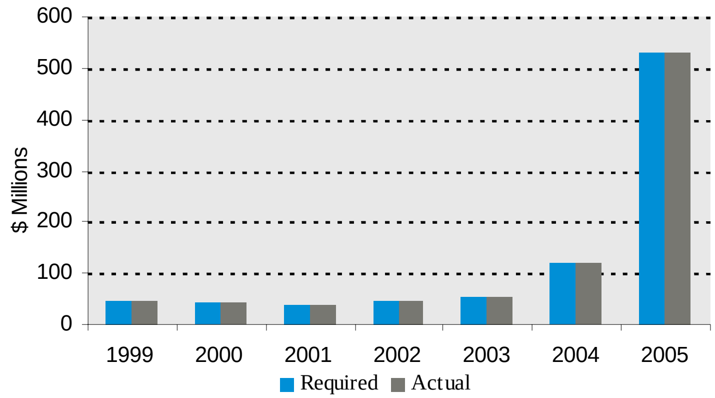


CHART 17

Funded Ratio

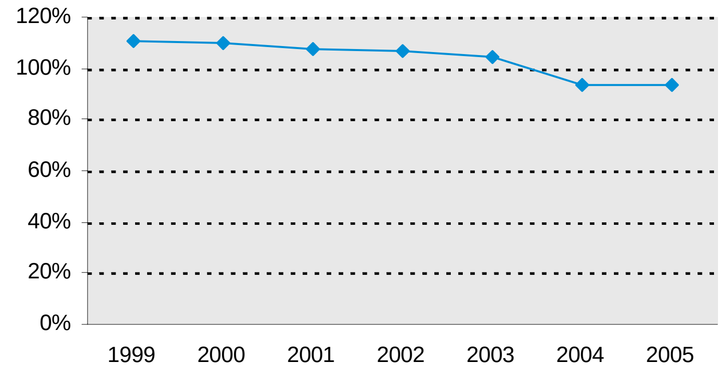


EXHIBIT A

Table of Plan Coverage

i. Miscellaneous Tier 1

Category	Year Ended June 30 2005	Year Ended June 30 2004	Change From Prior Year
Active members in valuation			
Number	814	992	-17.9%
Average age	54.7	54.6	N/A
Average service	27.7	27.2	N/A
Projected total compensation[(1) (2)]	$53,069,114	$62,866,732	-15.6%
Projected average compensation	$65,195	$63,374	2.9%
Account balances	$103,905,793	$117,818,721	-11.8%
Total active vested members	813	990	-17.9%
Vested terminated members			
Number	263	312	-15.7%
Average age	56.0	55.3	N/A
Retired members			
Number in pay status	3,190	3,023	5.5%
Average age	70.9	70.9	N/A
Average monthly benefit	$2,081	$1,951	6.7%
Disabled members			
Number in pay status	329	327	0.6%
Average age	69.0	68.4	N/A
Average monthly benefit	$1,620	$1,573	3.0%
Beneficiaries			
Number in pay status	748	741	0.9%
Average age	73.8	73.3	N/A
Average monthly benefit	$1,108	$1,107	0.1%

(1) *Projected compensation was calculated by increasing the annualized compensation earned during 2004-2005 by 3.75%.*

(2) *For members without a salary reported for the June 30, 2005 valuation, we have assigned them an annual salary of $64,000.*

EXHIBIT A

Table of Plan Coverage

ii. Miscellaneous Tier 2

Category	Year Ended June 30 2005	Year Ended June 30 2004	Change From Prior Year
Active members in valuation			
Number	366	386	-5.2%
Average age	48.7	47.9	N/A
Average service	15.8	14.8	N/A
Projected total compensation[(1)] [(2)]	$20,984,643	$21,567,912	-2.7%
Projected average compensation	$57,335	$55,875	2.6%
Account balances	$18,559,429	$17,821,764	4.1%
Total active vested members	366	386	-5.2%
Vested terminated members			
Number	327	340	-3.8%
Average age	49.5	48.9	N/A
Retired members			
Number in pay status	152	129	17.8%
Average age	64.8	64.9	N/A
Average monthly benefit	$671	$628	6.8%
Disabled members			
Number in pay status	36	38	-5.3%
Average age	59.0	58.4	N/A
Average monthly benefit	$919	$895	2.7%
Beneficiaries			
Number in pay status	27	27	0.0%
Average age	62.9	62.3	N/A
Average monthly benefit	$457	$494	-7.5%

[(1)] Projected compensation was calculated by increasing the annualized compensation earned during 2004-2005 by 3.75%.

[(2)] For members without a salary reported for the June 30, 2005 valuation, we have assigned them an annual salary of $57,000.

EXHIBIT A

Table of Plan Coverage

iii. Miscellaneous Tier 3

Category	Year Ended June 30 2005	Year Ended June 30 2004	Change From Prior Year
Active members in valuation			
Number	10,198	10,006	1.9%
Average age	44.3	44.0	N/A
Average service	7.9	7.6	N/A
Projected total compensation[(1) (2)]	$492,694,909	$478,587,139	2.9%
Projected average compensation	$48,313	$47,830	1.0%
Account balances	$251,634,938	$234,970,045	7.1%
Total active vested members	5,926	5,317	11.5%
Vested terminated members			
Number	1,293	1,215	6.4%
Average age	44.8	44.5	N/A
Retired members			
Number in pay status	856	669	28.0%
Average age	64.1	64.4	N/A
Average monthly benefit	$1,268	$1,155	9.8%
Disabled members			
Number in pay status	123	117	5.1%
Average age	58.5	57.7	N/A
Average monthly benefit	$1,345	$1,279	5.2%
Beneficiaries			
Number in pay status	86	78	10.3%
Average age	57.8	54.9	N/A
Average monthly benefit	$714	$709	0.7%

(1) Projected compensation was calculated by increasing the annualized compensation earned during 2004-2005 by 3.75%.

(2) For members without a salary reported for the June 30, 2005 valuation, we have assigned them an annual salary of $50,000.

EXHIBIT A

Table of Plan Coverage

iv. Safety Tier 1

Category	Year Ended June 30 2005	Year Ended June 30 2004	Change From Prior Year
Active members in valuation			
Number	829	913	-9.2%
Average age	45.0	44.7	N/A
Average service	17.7	17.4	N/A
Projected total compensation(1) (2)	$66,576,564	$71,317,473	-6.6%
Projected average compensation	$80,309	$78,113	2.8%
Account balances	$70,814,649	$74,907,840	-5.5%
Total active vested members	828	906	-8.6%
Vested terminated members			
Number	162	161	0.6%
Average age	45.4	45.0	N/A
Retired members			
Number in pay status	711	648	9.7%
Average age	62.8	62.8	N/A
Average monthly benefit	$4,737	$4,562	3.8%
Disabled members			
Number in pay status	185	178	3.9%
Average age	58.9	57.8	N/A
Average monthly benefit	$3,096	$3,005	3.0%
Beneficiaries			
Number in pay status	182	177	2.8%
Average age	64.3	64.2	N/A
Average monthly benefit	$2,029	$2,026	0.1%

(1) *Projected compensation was calculated by increasing the annualized compensation earned during 2004-2005 by 3.75%.*

(2) *For members without a salary reported for the June 30, 2005 valuation, we have assigned them an annual salary of $79,000.*

EXHIBIT A

Table of Plan Coverage

v. Safety Tier 2

Category	Year Ended June 30 2005	Year Ended June 30 2004	Change From Prior Year
Active members in valuation			
Number	1,521	1,375	10.6%
Average age	35.0	35.0	N/A
Average service	6.3	6.1	N/A
Projected total compensation[(1) (2)]	$88,688,948	$79,730,159	11.2%
Projected average compensation	$58,310	$57,986	0.6%
Account balances	$29,698,462	$25,049,075	18.6%
Total active vested members	795	692	14.9%
Vested terminated members			
Number	90	82	9.8%
Average age	36.6	36.7	N/A
Retired members			
Number in pay status	130	115	13.0%
Average age	61.3	60.8	N/A
Average monthly benefit	$3,513	$3,462	1.5%
Disabled members			
Number in pay status	18	15	20.0%
Average age	51.4	52.3	N/A
Average monthly benefit	$2,090	$2,017	3.6%
Beneficiaries			
Number in pay status	11	9	22.2%
Average age	60.3	59.2	N/A
Average monthly benefit	$1,801	$1,740	3.5%

[(1)] *Projected compensation was calculated by increasing the annualized compensation earned during 2004-2005 by 3.75%.*

[(2)] *For members without a salary reported for the June 30, 2005 valuation, we have assigned them an annual salary of $60,000.*

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2005
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	15	- -	- -	- -	1	13	1	- -	- -	- -
	$51,236	- -	- -	- -	$26,670	$54,666	$31,224	- -	- -	- -
45 - 49	111	- -	- -	- -	6	41	56	8	- -	- -
	58,008	- -	- -	- -	40,523	54,238	61,536	$65,752	- -	- -
50 - 54	301	- -	- -	4	9	64	168	54	2	- -
	65,471	- -	- -	$57,641	56,182	60,922	69,309	61,217	$60,910	- -
55 - 59	291	- -	3	3	4	42	101	108	28	2
	69,267	- -	$51,164	43,062	51,677	63,539	73,851	68,845	70,109	$70,785
60 - 64	81	1	2	1	3	10	27	21	14	2
	64,445	$4,633	40,313	44,738	68,455	62,094	67,794	62,466	73,110	48,974
65 - 69	10	- -	- -	- -	1	- -	4	3	2	- -
	50,815	- -	- -	- -	31,167	- -	53,782	46,508	61,167	- -
70 & over	5	- -	- -	- -	- -	1	1	2	1	- -
	54,000	- -	- -	- -	- -	46,055	94,263	39,340	51,001	- -
Total	814	1	5	8	24	171	358	196	47	4
	$65,195	$4,633	$46,823	$50,561	$50,779	$59,468	$69,050	$65,291	$69,824	$59,879

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2005
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	3	- -	- -	3	- -	- -	- -	- -	- -
	$45,409	- -	- -	$45,409	- -	- -	- -	- -	- -
35 - 39	34	- -	1	26	7	- -	- -	- -	- -
	49,423	- -	$17,583	$51,244	$47,206	- -	- -	- -	- -
40 - 44	84	- -	2	40	37	5	- -	- -	- -
	57,612	- -	25,135	56,163	61,398	$54,181	- -	- -	- -
45 - 49	95	- -	1	42	42	10	- -	- -	- -
	59,332	- -	39,533	59,109	60,914	55,598	- -	- -	- -
50 - 54	79	- -	2	24	42	11	- -	- -	- -
	58,391	- -	28,802	59,268	57,098	66,799	- -	- -	- -
55 - 59	53	- -	1	20	22	9	1	- -	- -
	60,757	- -	22,273	58,855	62,546	59,803	$106,513	- -	- -
60 - 64	12	- -	- -	3	6	2	1	- -	- -
	48,314	- -	- -	54,340	52,621	42,019	16,977	- -	- -
65 – 69	5	- -	- -	3	2	- -	- -	- -	- -
	46,938	- -	- -	57,119	31,667	- -	- -	- -	- -
70 & Over	1	- -	- -	1	- -	- -	- -	- -	- -
	44,631	- -	- -	44,631	- -	- -	- -	- -	- -
Total	366	- -	7	162	158	37	2	- -	- -
	$57,335	- -	$26,752	$56,643	$58,948	$59,025	$61,746	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2005
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	230	224	6	- -	- -	- -	- -	- -	- -
	$22,295	$21,884	$37,623	- -	- -	- -	- -	- -	- -
25 - 29	855	730	125	- -	- -	- -	- -	- -	- -
	33,986	32,609	42,026	- -	- -	- -	- -	- -	- -
30 - 34	1,135	708	383	42	2	- -	- -	- -	- -
	43,208	39,118	49,801	$52,243	$38,703	- -	- -	- -	- -
35 - 39	1,396	667	444	220	63	2	- -	- -	- -
	48,109	41,184	52,719	57,335	56,672	$49,643	- -	- -	- -
40 - 44	1,623	585	438	308	254	38	- -	- -	- -
	49,496	39,495	52,891	55,812	58,114	55,525	- -	- -	- -
45 - 49	1,734	524	453	338	282	133	4	- -	- -
	52,448	41,474	50,210	57,621	63,853	65,703	$61,596	- -	- -
50 - 54	1,491	408	400	287	264	122	10	- -	- -
	52,875	41,928	51,347	56,397	61,477	66,393	67,502	- -	- -
55 - 59	1,130	284	292	219	218	110	5	2	- -
	53,812	41,683	51,349	59,347	59,121	68,262	91,136	$63,036	- -
60 - 64	451	111	137	75	94	31	3	- -	- -
	53,784	45,639	54,098	55,686	58,424	60,346	80,072	- -	- -
65 – 69	119	34	41	22	13	8	1	- -	- -
	47,346	36,765	54,654	44,699	52,964	50,541	67,063	- -	- -
70 & Over	34	10	10	7	5	1	1	- -	- -
	44,043	25,097	42,783	67,182	54,712	37,504	37,337	- -	- -
Total	10,198	4,285	2,729	1,518	1,195	445	24	2	- -
	$48,313	$38,324	$51,112	$56,843	$60,240	$64,874	$71,737	$63,036	- -

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2005
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	39	- -	10	28	1	- -	- -	- -	- -
	$71,470	- -	$60,412	$75,273	$75,544	- -	- -	- -	- -
30 - 34	153	1	9	84	58	1	- -	- -	- -
	77,384	$45,693	68,753	75,970	81,296	$78,599	- -	- -	- -
35 - 39	240	- -	12	64	130	33	1	- -	- -
	80,218	- -	77,145	73,107	80,781	92,980	$77,830	- -	- -
40 - 44	233	- -	10	21	73	96	33	- -	- -
	82,545	- -	66,071	71,855	76,032	86,547	97,108	- -	- -
45 - 49	104	- -	4	9	22	38	29	2	- -
	82,873	- -	71,613	67,852	74,475	80,865	96,671	$103,466	- -
50 - 54	51	- -	3	4	8	8	17	9	2
	80,545	- -	93,101	88,826	80,230	68,896	80,494	90,922	$46,750
55 - 59	8	- -	1	1	2	2	1	1	- -
	86,637	- -	88,519	88,504	80,548	87,219	85,218	95,318	- -
60 - 64	1	- -	- -	- -	- -	- -	- -	1	- -
	44,425	- -	- -	- -	- -	- -	- -	44,425	- -
65 - 69	39	- -	10	28	1	- -	- -	- -	- -
	71,470	- -	60,412	75,273	75,544	- -	- -	- -	- -
Total	829	1	49	211	294	178	81	13	2
	$80,309	$45,693	$70,686	$74,557	$79,197	$85,696	$93,080	$89,613	$46,750

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2005
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	88	87	1	- -	- -	- -	- -	- -	- -
	$30,075	$29,773	$56,334	- -	- -	- -	- -	- -	- -
25 - 29	340	286	53	1	- -	- -	- -	- -	- -
	47,279	43,933	64,880	$71,475	- -	- -	- -	- -	- -
30 - 34	462	193	255	14	- -	- -	- -	- -	- -
	61,087	51,792	67,492	72,568	- -	- -	- -	- -	- -
35 - 39	307	82	166	54	5	- -	- -	- -	- -
	66,273	58,890	66,675	75,850	$70,604	- -	- -	- -	- -
40 - 44	158	45	60	32	20	1	- -	- -	- -
	62,733	48,060	65,896	69,981	74,789	$60,184	- -	- -	- -
45 - 49	78	16	18	17	12	13	2	- -	- -
	67,544	55,630	67,830	66,234	71,793	80,793	$59,804	- -	- -
50 - 54	55	9	11	6	13	10	6	- -	- -
	67,443	62,303	65,908	68,054	67,635	66,117	79,155	- -	- -
55 - 59	27	8	3	4	3	1	7	1	- -
	72,405	76,135	74,353	72,746	58,779	69,698	75,515	$57,188	- -
60 - 64	6	- -	- -	1	2	1	2	- -	- -
	92,438	- -	- -	68,742	77,149	154,093	88,749	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	1,521	726	567	129	55	26	17	1	- -
	$58,310	$47,111	$66,836	$72,223	$71,276	$76,748	$76,508	$57,188	- -

EXHIBIT C

Reconciliation of Member Data – June 30, 2004 to June 30, 2005

	Active Members	Vested Former Members	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2004	13,672	2,110	4,584	675	1,032	22,073
New members	1,111	92	0	0	80	1,283
Terminations – with vested rights	-186	186	0	0	0	0
Contributions refunds	-502	-73	0	0	0	-575
Retirements	-420	-86	506	0	0	0
New disabilities	-5	-6	-7	18	0	0
Return to work	74	-74	0	0	0	0
Deaths	-17	-13	-129	-19	-58	-236
Data adjustments	1	-1	85	17	0	102
Number as of June 30, 2005	13,728	2,135	5,039	691	1,054	22,647

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2005		Year Ended June 30, 2004*	
Contribution income:				
Employer contributions	$529,618,069**		$119,144,097	
Employee contributions	36,916,279		42,863,624	
Net contribution income		$566,534,348		$162,007,721
Investment income:				
Interest, dividends and other income	$129,294,093		$111,800,477	
Recognition of capital appreciation	64,489,546		-3,125,346	
Less investment and administrative fees	-22,401,148		-18,686,994	
Net investment income		171,382,491		89,988,137
Total income available for benefits		$737,916,839		$251,995,858
Less benefit payments:				
Benefits paid	$162,509,223		$141,454,185	
Retroactive benefits	0		807,341	
Withdrawal of contributions	3,463,035		3,989,918	
Retiree health insurance	2,257		10,547,981	
Retiree dental insurance	0		1,763,253	
Net benefit payments		$165,974,515		$158,562,678
Change in reserve for future benefits		$571,942,324		$93,433,180

** Before adjustments to include receivable contributions from Pension Obligation Bonds.*

***Includes proceeds from Pension Obligation Bonds.*

EXHIBIT E

Summary Statement of Assets

	Year Ended June 30, 2005		Year Ended June 30, 2004*	
Cash equivalents		$248,269,403		$208,185,262
Accounts receivable:				
Securities sold	$62,896,998		$93,442,767	
Accrued investment income	14,610,212		14,643,879	
Employee and employer contributions	7,749,462		5,401,530	
Total accounts receivable		85,256,672		113,488,176
Investments:				
Equities	$2,790,530,419		$2,380,617,346	
Fixed income investments	1,244,064,171		1,032,626,282	
Real estate	506,538,289		359,043,822	
Securities lending collateral	569,815,899		432,733,273	
Total investments at market value		5,110,948,778		4,205,020,723
Other assets		4,438,901		1,895,062
Total assets		$5,448,913,754		$4,528,589,223
Less accounts payable:				
Accounts payable and other liabilities	-$22,140,580		-$27,496,810	
Investment trades, mortgages, and warrants payable	-280,512,779		-303,198,993	
Retroactive benefits payable	0		-3,495,153	
Securities lending liability	-569,815,899		-432,733,273	
Total accounts payable		-$872,469,258		-$766,924,229
Net assets at market value		$4,576,444,496		$3,761,664,994
Net assets at actuarial value		$4,530,582,639		$3,958,640,315
Net assets at valuation value		$4,495,679,409		$3,867,580,437

* *Before adjustments to include receivable contributions from Pension Obligation Bonds.*

Note: Results may be slightly off due to rounding.

EXHIBIT F
Actuarial Balance Sheet

An overview of your 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	$3,038,390	$1,457,289	$4,495,679
b. Balance of transfer to offset member COLA rate	0	42,071	42,071
c. Non-valuation reserves	1,571	0	1,571
d. Adjustment to 1a. for surplus/(deficit) for withdrawn employers (preliminary)*	-8,738	0	-8,738
2. Present value of future contributions by members	231,935	64,637	$296,572
3. Present value of future employer contributions for:			
a. Entry age normal cost	866,792	161,451	1,028,243
b. Unfunded actuarial accrued liability	330,555	-256	330,299
4. Total current and future assets	$4,460,505	$1,725,192	$6,185,697
Liabilities			
5. Present value of retirement allowances payable to present retired members	$1,327,342	$873,820	$2,201,162
6. Present value of retirement allowances to be granted	3,140,330	851,372	3,991,702
7. Non-valuation reserves	1,571	0	1,571
8. Surplus/(deficit) for withdrawan employers (preliminary)*	-8,738	0	-8,738
9. Total liabilities	$4,460,505	$1,725,192	$6,185,697

**Based on the latest estimate available as of June 30, 2004.*

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2005

Reserves

Included in Valuation Value of Assets	
Employee reserve	$ 537,994,276
Employer reserve	1,887,086,173
Retiree reserve	2,091,018,882
Retiree death benefit reserve	12,912,799
Subtotal: Preliminary Valuation Value of Assets *	$4,529,012,130
Not Included in Valuation Value of Assets	
Retiree health benefit reserve	$ 1,570,509
Contingency reserve (1% of assets)	0
Subtotal: Actuarial Value of Assets	$4,530,582,639
Market stabilization reserve	45,861,857
Total Market Value of Assets	$4,576,444,496

* *Please note that the final Valuation Value of Assets (i.e. $4,495,679,409) 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, 2005 (Continued) – Change in Reserves

	Balance at 06/30/2004	Interest Credited	Contributions	Benefits	Transfers	Balance at 06/30/2005
Employee Reserve	$528,600,970	$25,843,324	$36,916,279	-$3,463,035	-$49,903,262	$537,994,276
Employer Reserve	$1,490,758,625	$89,037,455	$529,618,069	-$284,520	-$222,043,456	1,887,086,173
Retiree Reserve	$1,879,628,282	$101,143,398	$0	-$161,699,516	$271,946,718	2,091,018,882
Death Benefit Reserve*	0	0	0	0	12,912,799	12,912,799
Subtotal	$3,898,987,877	$216,024,177	$566,534,348	-$165,447,071	$12,912,799	$4,529,012,130
Contingency Reserve (1% of Assets)	$45,285,892	-$45,285,892	$0	$0	$0	$0
Board Policy Contingency Reserve (1.5% of Assets)	0	0	0	0	0	0
Retiree Health Benefit Reserve	1,572,766	0	0	-2,257	0	1,570,509
Death Benefit Reserve *	12,793,780	644,206	0	-525,187	-12,912,799	0
Subtotal	$59,652,438	-$44,641,686	$0	-$527,444	-$12,912,799	$1,570,509
Total Allocated Reserves	$3,958,640,315	$171,382,491	$566,534,348	-$165,974,515	$0	$30,582,639
Market Stabilization Reserve	-$196,975,321	$242,837,178	$0	$0	$0	45,861,857
Net Market Value of Assets	$3,761,664,994	$414,219,669	$566,534,348	-$165,974,515	$0	$4,576,444,496

* *This reserve is included in the June 30, 2005 Valuation Value of Assets.*

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2005 (Continued) – Summary of Earnings

	Per Excess Earnings Policy
Earnings from July 1, 2004 to June 30, 2005	$414,219,669
Contingency Reserve (1% of Assets)	45,285,892
Subtotal:	$459,505,561
Amounts Credited for:	
Market Stabilization Reserve	-$242,837,178
Regular Interest Crediting	-216,668,383
Subtotal	-$459,505,561
Net Earnings	$0
Amount Credited Under Excess Earnings Policy for:	
Reserve for Interest Fluctuation (in Excess of 1% Contingency Reserve)	$0
Board Provided Supplemental Benefits	0
Amount Over Reserved Benefits	0
Employer Reserves	0
Member Future COLA Contribution Offset	0
Subtotal	$0
Remaining Excess Earnings	$0

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2005

1.	Unfunded actuarial accrued liability at beginning of year[1]		$314,495,000
2.	Total normal cost at middle of year		172,011,000
3.	Actual employer and member contributions[2]		-145,660,000
4.	Interest		21,905,000
5.	Expected unfunded actuarial accrued liability[3]		$362,751,000
6.	Actuarial (gain)/loss due to all changes:		
	(a) Investment return	$107,498,000	
	(b) Change in actuarial assumptions	-102,680,000	
	(c) Salary increase less than expected[4]	-35,360,000	
	(d) COLA increase less than expected for Tier 1 retirees[4]	-41,549,000	
	(e) Other experience loss[4]	41,228,000	
	(f) Excess of Death Benefit Reserve over actuarial accrued liability	-$1,589,000	
	(g) Total changes		-32,452,000
7.	Unfunded actuarial accrued liability at end of year		$330,299,000

(1) *Adjusted to include $420,000,000 in receivable contributions from Pension Obligation Bonds issued on July 1, 2004 by County and $874,000 in receivable contributions from Pension Obligation Bonds issued on October 20, 2004 by Sacramento Metro Fire.*

(2) *Excludes County and Sacramento Metro Fire Pension Obligation Bonds.*

(3) *Includes a $47.9 million increase in UAAL due to the delay until June 30, 2005 in implementation of the contribution rate calculated in the June 30, 2004 valuation.*

(4) *The sum of 6(c), 6(d) and 6(e) is equal to the net gain of $35.7 million shown in Section 2, Chart 9.*

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 indexed for inflation. That limit is $170,000 for 2005 and $175,000 for 2006. 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;

(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 the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
1999	$ 46,745,055	$ 46,745,055	100.0%
2000	42,023,885	42,023,885	100.0%
2001	40,358,154	40,358,154	100.0%
2002	44,547,261	44,547,261	100.0%
2003	52,840,790	52,840,790	100.0%
2004	119,114,097	119,114,097	100.0%
2005	529,618,069*	529,618,069*	100.0%

* *Includes proceeds from Pension Obligation Bonds.*

EXHIBIT II

Supplementary Information Required by the 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)
6/30/1996	$1,956,715,000	$1,987,230,000	$30,515,000	98.5	$417,603,000	7.3
6/30/1997	2,238,557,000	2,226,440,000	(12,117,000)	100.5	419,467,000	-2.9
6/30/1998	2,600,547,000	2,409,642,000	(190,905,000)	107.9	470,385,000	-40.6
6/30/1999	3,017,639,000	2,734,548,000	(283,091,000)	110.4	502,325,000	-56.4
6/30/2000	3,427,348,000	3,111,760,000	(315,588,000)	110.1	559,047,000	-56.5
6/30/2001	3,718,198,000	3,451,864,000	(266,334,000)	107.7	634,798,000	-42.0
6/30/2002	3,839,081,000	3,586,250,000	(252,831,000)	107.1	695,259,000	-36.4
6/30/2003**	4,284,400,000	4,108,294,000	(176,106,000)	104.3	733,296,000	-24.0
6/30/2004**	4,379,514,000	4,694,009,000	314,495,000	93.3	714,069,415	44.0
6/30/2005	4,530,583,000	4,860,882,000	330,299,000	93.2	722,015,000	45.7

* *Includes contingency reserve (1% of assets), retiree health benefit reserve, retiree death benefit reserve and amount over reserved benefits.*

** *Includes receivable contributions from Pension Obligation Bonds.*

EXHIBIT III

Supplementary Information Required by the GASB

Valuation date	June 30, 2005
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period	28 years (declining) for all UAAL
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 its recognized over a five year period. The actuarial value is further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.75%
Inflation rate	3.50%
Real across-the-board salary increase	0.25%
Projected salary increases*	4.95% to 11.55% for Miscellaneous; 3.75% to 9.65% 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	6,784
Terminated members entitled to, but not yet receiving benefits	2,135
Active members	13,728
Total	22,647

* *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.
	For Safety Members: 1994 Group Annuity Mortality Table.
Disabled:	For Miscellaneous Members: 1981 Miscellaneous Disability Mortality Table set back two years.
	For Safety members: 1994 Group Annuity Mortality Table.
Employee Contribution Rate:	For Miscellaneous members, 1994 Group Annuity Mortality Table weighted 40% male and 60% female.
	For Safety members, 1994 Group Annuity Mortality Table weighted 75% male and 25% female.

Termination Rates Before Retirement:

	Rate (%) Mortality			
	Miscellaneous		Safety	
Age	Male	Female	Male	Female
25	0.07	0.03	0.07	0.03
30	0.08	0.04	0.08	0.04
35	0.09	0.05	0.09	0.05
40	0.11	0.07	0.11	0.07
45	0.16	0.10	0.16	0.10
50	0.26	0.14	0.26	0.14
55	0.44	0.23	0.44	0.23
60	0.80	0.44	0.80	0.44
65	1.45	0.86	1.45	0.86

All pre-retirement deaths are assumed to be non-service connected.

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	0.13	0.56
45	0.22	0.72
50	0.32	0.92
55	0.48	1.30
60	0.82	0.00

(1) 15% of Miscellaneous disabilities are assumed to be duty disabilities. The other 85% are assumed to be ordinary disabilities.
(2) 85% of Safety disabilities are assumed to be duty disabilities. The other 15% are assumed to be ordinary disabilities.

Termination Rates Before Retirement (continued):

Rate (%)

Withdrawal (< 5 Years of Service)

Years of Service	Miscellaneous	Safety
0	13.00	8.00
1	7.00	4.00
2	6.00	3.00
3	5.00	2.00
4	4.00	2.00

Withdrawal (5+ Years of Service) *

Age	Miscellaneous	Safety
20	4.00	2.00
25	4.00	2.00
30	4.00	2.00
35	4.00	1.80
40	3.00	1.50
45	2.30	1.20
50	1.80	0.00
55	1.50	0.00
60	0.00	0.00

** 25% of the members are assumed to elect a refund of contribution balance while the remaining 75% are assumed to elect a deferred retirement benefit. No withdrawal is assumed after a member is eligible for retirement.*

Retirement Rates:

	Rate (%)		
Age	Miscellaneous Tier 1	Miscellaneous Tiers 2 & 3	Safety
50	6.00	3.00	33.00
51	6.00	3.00	25.00
52	6.00	3.00	25.00
53	6.00	5.00	33.00
54	9.00	6.00	33.00
55	10.00	8.00	50.00
56	11.00	10.00	50.00
57	15.00	13.00	50.00
58	23.00	22.00	50.00
59	26.00	22.00	50.00
60	28.00	23.00	100.00
61	31.00	27.00	100.00
62	40.00	47.00	100.00
63	45.00	56.00	100.00
64	45.00	56.00	100.00
65	52.00	71.00	100.00
66	46.00	54.00	100.00
67	52.00	58.00	100.00
68	60.00	66.00	100.00
69	75.00	83.00	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: 58 Safety Age: 55 We assume that 55% of future Miscellaneous and 65% of future Safety deferred vested members are reciprocal. For reciprocals, we assume 5.45% 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; 50% 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: 1.0% 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: 7.75%; 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	5.90
25	5.10	4.90
30	3.50	3.80
35	2.90	2.60
40	2.30	2.00
45	2.00	1.50
50	1.70	1.50
55	1.30	1.50
60	1.20	0.00

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 its recognized over a five year period. The actuarial value is further adjusted, if necessary, to be within 20% of the market value.
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 28-year period.

Changes in Actuarial Assumptions: Based on the June 30, 2005 review of economic assumptions, two assumptions were changed. Previously, those assumptions were as follows:

Cost-of-Living Adjustment for Retirees: Miscellaneous and Safety Tier 1 benefits were assumed to increase at 3.50% per year.

Salary Increases:

Annual Rate of Compensation Increase (%)

Inflation: 4.00%, plus the following Merit and Longevity

Age	Miscellaneous	Safety
20	7.80	5.90
25	5.10	4.90
30	3.50	3.80
35	2.90	2.60
40	2.30	2.00
45	2.00	1.50
50	1.70	1.50
55	1.30	1.50
60	1.20	0.00

There are assumed to be 0.25% “across the board” salary increases (other than inflation).

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 (§31676.14)	50	(1.48%xFAS3 – 1/3x1.48%x$350x12)xYrs
	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 Asno Cemetery District
    3. University of California Davis

Ordinary Disability:

<u>*Miscellaneous and Safety Tier 1*</u>	
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).
<u>*Miscellaneous Tier 2, Tier 3, and Safety Tier 2*</u>	
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).

Line-of-Duty Disability:

<u>*All Members*</u>	
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	Any service.
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 or Ordinary Disability Retirement	60% of member's unmodified allowance continued to eligible spouse (§31760.1). $4,000 lump sum benefit 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).

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 calculated for members paying 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 principle 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, 2004 and June 30, 2005 Valuation

	June 30, 2004			June 30, 2005			
Miscellaneous	Basic	COLA	Total	Basic	COLA	Total	Increase/(Decrease) in Rate
Tier 1	3.83%	1.68%	5.51%	3.75%	1.09%	4.84%	-0.67%
Tier 2	3.63%	0.00%	3.63%	3.57%	0.00%	3.57%	-0.06%
Tier 3	3.63%	1.16%	4.79%	3.57%	1.10%	4.67%	-0.12%
Safety	Basic	COLA	Total	Basic	COLA	Total	Increase/(Decrease) in Rate
Tier 1	9.38%	3.08%	12.46%	9.16%	2.42%	11.58%	-0.88%
Tier 2	8.88%	1.87%	10.75%	8.71%	1.86%	10.57%	-0.18%

* *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, 2005 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
20	2.32%		3.48%		0.67%		1.01%		2.99%		4.49%	
21	2.32%		3.48%		0.67%		1.01%		2.99%		4.49%	
22	2.32%		3.48%		0.67%		1.01%		2.99%		4.49%	
23	2.32%		3.48%		0.67%		1.01%		2.99%		4.49%	
24	2.33%		3.49%		0.68%		1.02%		3.01%		4.51%	
25	2.33%		3.50%		0.68%		1.02%		3.01%		4.52%	
26	2.34%		3.52%		0.68%		1.02%		3.02%		4.54%	
27	2.35%		3.53%		0.69%		1.03%		3.04%		4.56%	
28	2.37%		3.55%		0.69%		1.03%		3.06%		4.58%	
29	2.38%		3.57%		0.69%		1.04%		3.07%		4.61%	
30	2.39%		3.59%		0.69%		1.04%		3.08%		4.63%	
31	2.41%		3.61%		0.70%		1.05%		3.11%		4.66%	
32	2.43%		3.64%		0.71%		1.06%		3.14%		4.70%	
33	2.44%		3.67%		0.71%		1.07%		3.15%		4.74%	
34	2.46%		3.69%		0.71%		1.07%		3.17%		4.76%	
35	2.48%		3.72%		0.72%		1.08%		3.20%		4.80%	
36	2.50%	2.38%	3.75%	3.57%	0.73%	0.73%	1.09%	1.10%	3.23%	3.11%	4.84%	4.67%
37	2.52%		3.78%		0.73%		1.10%		3.25%		4.88%	
38	2.54%		3.82%		0.74%		1.11%		3.28%		4.93%	
39	2.57%		3.85%		0.75%		1.12%		3.32%		4.97%	
40	2.59%		3.89%		0.75%		1.13%		3.34%		5.02%	
41	2.62%		3.92%		0.76%		1.14%		3.38%		5.06%	
42	2.64%		3.96%		0.77%		1.15%		3.41%		5.11%	
43	2.67%		4.00%		0.77%		1.16%		3.44%		5.16%	
44	2.69%		4.04%		0.79%		1.18%		3.48%		5.22%	
45	2.72%		4.08%		0.79%		1.19%		3.51%		5.27%	
46	2.75%		4.12%		0.80%		1.20%		3.55%		5.32%	
47	2.78%		4.17%		0.81%		1.21%		3.59%		5.38%	
48	2.81%		4.21%		0.82%		1.23%		3.63%		5.44%	
49	2.84%		4.26%		0.83%		1.24%		3.67%		5.50%	
50	2.87%		4.30%		0.83%		1.25%		3.70%		5.55%	
51	2.90%		4.35%		0.85%		1.27%		3.75%		5.62%	
52	2.94%		4.40%		0.85%		1.28%		3.79%		5.68%	
53	2.97%		4.45%		0.87%		1.30%		3.84%		5.75%	

Appendix A

Member Contribution Rates (Continued)

Miscellaneous Members' Contribution Rates from the June 30, 2005 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	3.00%		4.51%		0.87%		1.31%		3.87%		5.82%	
55	3.00%		4.51%		0.87%		1.31%		3.87%		5.82%	
56	3.00%		4.51%		0.87%		1.31%		3.87%		5.82%	
57	3.00%		4.51%		0.87%		1.31%		3.87%		5.82%	
58	3.00%		4.51%		0.87%		1.31%		3.87%		5.82%	
59 & Over	3.00%		4.51%		0.87%		1.31%		3.87%		5.82%	

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 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:	29.10%
	Tier 3:	30.68%

Non-Refundability factor:

Tier 1:	99.87%
Tier 2:	98.99%
Tier 3:	97.31%

Appendix A
Member Contribution Rates (Continued)

Safety Members' Contribution Rates from the June 30, 2005 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
20	5.97%		8.96%		1.58%		2.37%		7.55%		11.33%	
21	5.97%		8.96%		1.58%		2.37%		7.55%		11.33%	
22	5.97%		8.96%		1.58%		2.37%		7.55%		11.33%	
23	5.98%		8.97%		1.58%		2.37%		7.56%		11.34%	
24	5.99%		8.99%		1.59%		2.38%		7.58%		11.37%	
25	6.01%		9.01%		1.59%		2.38%		7.60%		11.39%	
26	6.03%		9.04%		1.59%		2.39%		7.62%		11.43%	
27	6.05%		9.07%		1.60%		2.40%		7.65%		11.47%	
28	6.07%		9.11%		1.61%		2.41%		7.68%		11.52%	
29	6.11%	5.81%	9.16%	8.71%	1.61%	1.24%	2.42%	1.86%	7.72%	7.05%	11.58%	10.57%
30	6.14%		9.22%		1.63%		2.44%		7.77%		11.66%	
31	6.19%		9.28%		1.63%		2.45%		7.82%		11.73%	
32	6.23%		9.35%		1.65%		2.47%		7.88%		11.82%	
33	6.28%		9.42%		1.66%		2.49%		7.94%		11.91%	
34	6.34%		9.50%		1.67%		2.51%		8.01%		12.01%	
35	6.39%		9.59%		1.69%		2.54%		8.08%		12.13%	
36	6.46%		9.68%		1.71%		2.56%		8.17%		12.24%	
37	6.52%		9.78%		1.73%		2.59%		8.25%		12.37%	
38	6.59%		9.88%		1.74%		2.61%		8.33%		12.49%	
39	6.66%		9.99%		1.76%		2.64%		8.42%		12.63%	
40	6.73%		10.09%		1.78%		2.67%		8.51%		12.76%	
41	6.80%		10.20%		1.80%		2.70%		8.60%		12.90%	
42	6.88%		10.32%		1.82%		2.73%		8.70%		13.05%	
43	6.96%		10.43%		1.84%		2.76%		8.80%		13.19%	
44	7.04%		10.56%		1.86%		2.79%		8.90%		13.35%	
45	7.12%		10.68%		1.89%		2.83%		9.01%		13.51%	
46	7.21%		10.81%		1.91%		2.86%		9.12%		13.67%	
47	7.30%		10.95%		1.93%		2.90%		9.23%		13.85%	
48	7.38%		11.08%		1.95%		2.93%		9.33%		14.01%	
49 & Over	7.47%		11.21%		1.97%		2.96%		9.44%		14.17%	

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 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:	26.45%
	Tier 2:	21.36%

Non-Refundability factor:

Tier 1:	98.69%
Tier 2:	97.44%

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