



Public Pension
Professionals, Inc.

Kern County Employees' Retirement Association

Actuarial Valuation as of December 31, 2003



April 2004



Actuaries you can understand

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Section <h1 style="font-size: 48px; margin: 0;">1</h1>	<h1 style="font-size: 48px; margin: 0;">Highlights</h1>
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This report presents the results of the December 31, 2003 actuarial valuation of the Kern County Employees' Retirement Association (KCERA). Results from the prior valuation are shown for comparison. All dollar amounts are in millions.

December 31, 2002 December 31, 2003

Recommended Contribution Rates (as a percentage of pay)

General – County	14.56%*	13.73%
General – Districts Electing MOU	15.88%	17.93%
General – Districts Not Electing MOU	14.26%	17.17%
Safety	31.83%*	24.31%
Total Plan	18.74%	16.45%

Funded Status – Regular Benefits

Actuarial Accrued Liability	\$1,899.0	\$2,059.3
Actuarial Value of Assets	\$1,570.3	\$1,927.6
UAAL	\$328.8	\$131.7
Funded Percentage	83%	93%

Funded Status – SRBR

Present Value of Approved Benefits	\$60.0	\$ 59.8
Actuarial Value of Assets	\$91.6	\$ 93.9
UAAL	(\$31.6)	(\$ 34.1)
Funded Percentage	153%	157%

Key Assumptions

Interest Rate	8.0%	8.0%
Inflation	4.0%	4.0%

* Kern County issued Pension Obligation Bonds (POBs) in early 2003, prior to the beginning of Fiscal Year 2003-2004. Upon receipt of the POB proceeds, the County contribution rates for Fiscal Year 2003-2004 were reduced to 10.96% for General and 21.03% for Safety.



Section 2 Board Summary

This actuarial valuation report has been prepared primarily to review KCERA's funded status and determine the contributions required of the Plan Members and Participating Employers. This is done annually by taking a snapshot of the Plan on the basis of the plan provisions, plan membership, and investments as of the end of each plan year.

A. Major Events

The major events affecting the contribution rates and funded position of the Plan primarily fall into four categories:

- Investments,
- Demographics,
- Assumptions and Methodology, and
- Benefits.

Investments

Empirical evidence suggests that over 90% of the return achieved by a portfolio is due to the allocation of assets within that portfolio. As of December 31, 2003, KCERA's target asset allocation was:

Domestic Equities	35%
International Equities	20%
Fixed Income	35%
Real Estate	5%
Alternative Investments	5%
Cash & Equivalents	0%

The investment markets began to turn around in 2003. During the year ended December 31, 2003, Plan investments earned a return on a market value basis of approximately 25.5%. This return was significantly better than the 8.00% return assumed. This resulted in an actuarial gain to the Retirement Plan due to investments of approximately \$252.3 million on a market-value basis.

KCERA uses an asset smoothing method to determine contribution rates and the Plan's funded position. This method spreads market gains greater than the assumed rate (or less than the assumed rate) over a five year period. Using the asset smoothing method, KCERA assets achieved a return for the fiscal year of

approximately 6.0% due to the spreading of previous losses into the current year. This resulted in an actuarial loss of approximately \$45.7 million.

Detailed information regarding plan investments is shown in the Asset Information subsection in the Technical Information section of the report.

Demographics

The number of active members increased by 0.6% from 8,055 to 8,104, while the average pay increased by 2.4% from \$3,568 per month to \$3,654 per month. This resulted in an increase in total covered payroll of approximately 3.0%.

The number of retired members and beneficiaries receiving pension checks increased from 4,516 to 4,657, while the average monthly benefit check went from \$1,457 to \$1,564. This combination increased monthly payments from KCERA by approximately 10.7%.

Assumptions and Methodology

No changes have been made since the prior valuation.

Benefits

No changes have been made since the prior valuation.

Pension Obligation Bonds

During the early part of 2003, the County took advantage of the low interest rate environment and issued Pension Obligation Bonds (POBs). The proceeds from these bonds (approximately \$285 million) paid off a significant portion of the County's Unfunded Actuarial Accrued Liability.

To help the County issue POBs for the length of period that it considered optimal, KCERA changed the amortization period for outstanding Unfunded Actuarial Accrued Liability in this valuation to 25 years. In addition, KCERA allowed the amortization payments related to the change in funding method described above to begin with the December 31, 2003 valuation.

B. Benefit Terminology

For purposes of this analysis, we will be distinguishing between several types of benefits provided to KCERA members under the plan provisions adopted by the County and those provided under Article 5.5. In order to limit the repetition of benefit descriptions and sources of payments, we will refer to these benefits by the following names:

- **SRBR Benefits** – These are the Supplemental Retiree Benefit Reserve benefits provided under Article 5.5. These will include both Approved Benefits and Future Benefits.
 - **Approved Benefits** – These are the SRBR benefits that have already been approved by the Retirement Board. They include all Tier I, Tier II and Death Benefits, as well as the Tier III benefits approved through December 31, 2003.
 - **Future Benefits** – These are the SRBR benefits expected to be approved in future years in order to maintain the 80% purchasing power goal.
- **Regular Benefits** - The benefits provided under the non-SRBR section of KCERA. These will include both Basic Benefits and COLA Benefits.
 - **Basic Benefits** – All formula benefits provided under the Regular portion of KCERA. These include service retirement benefits, survivor continuance, disability benefits, and refunds of member contributions. Basic Benefits do not include cost-of-living adjustments.
 - **COLA Benefits** – These are the cost-of-living adjustments provided under the Regular portion of KCERA. They include cost-of-living increases paid on service retirement benefits, disability benefits and survivor benefits.

C. Funded Position

Regular Benefits

The primary target liability for KCERA is the Actuarial Accrued Liability for Regular Plan Benefits. The **Actuarial Accrued Liability (AAL)** is the portion of the Present Value of Benefits attributed to the past. In other words,

- If current plan benefits had always been in place, and
- If the current assumptions had always been in place, and
- If the plan had always been funded under the current funding method, and
- If plan experience had always matched the assumptions, then

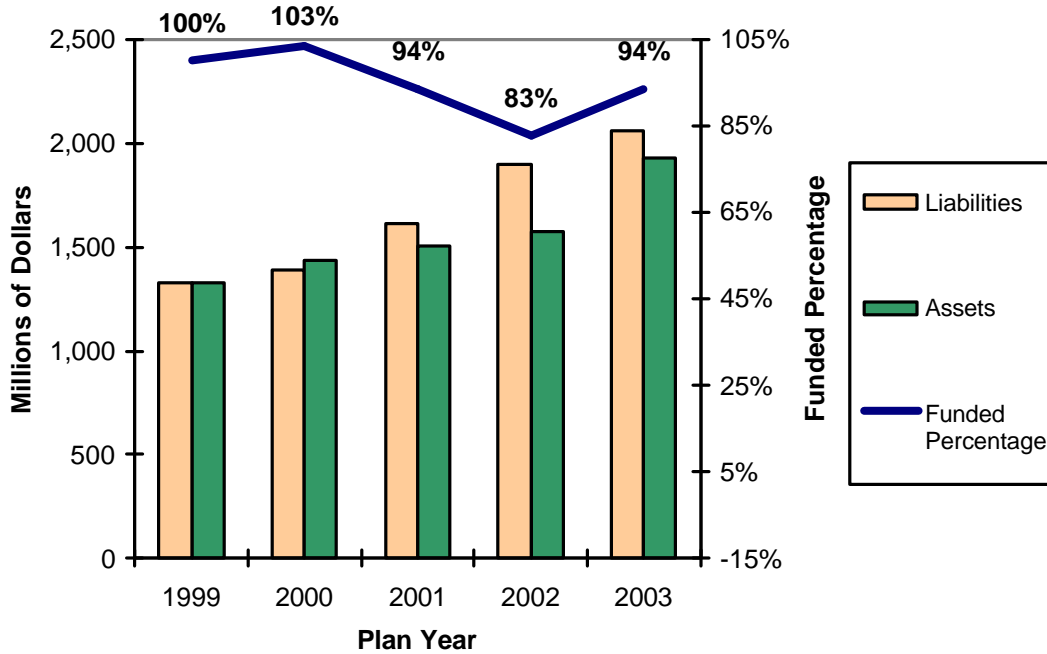
The Actuarial Value of Assets would be equal to the Actuarial Accrued Liability. It is the value often used as a funding target.

The Plan's funded percentage for Regular Benefits is 93.6%. It is calculated by dividing the Actuarial Value of Assets (\$1,927.6 million) by the Actuarial Accrued Liability (\$2,059.3 million).

History of Funded Position

Dollar amounts in Millions	Actuarial Accrued Liability	Actuarial Value of Assets	Funded Percentage
2003	\$2,059.3	\$1,927.6	93.6%
2002	\$1,899.0	\$1,570.3	82.7%
2001	\$1,612.0	\$1,508.3	93.6%
2000	\$1,389.0	\$1,434.9	103.3%
1999	\$1,324.7	\$1,325.9	100.1%

History of Funded Position

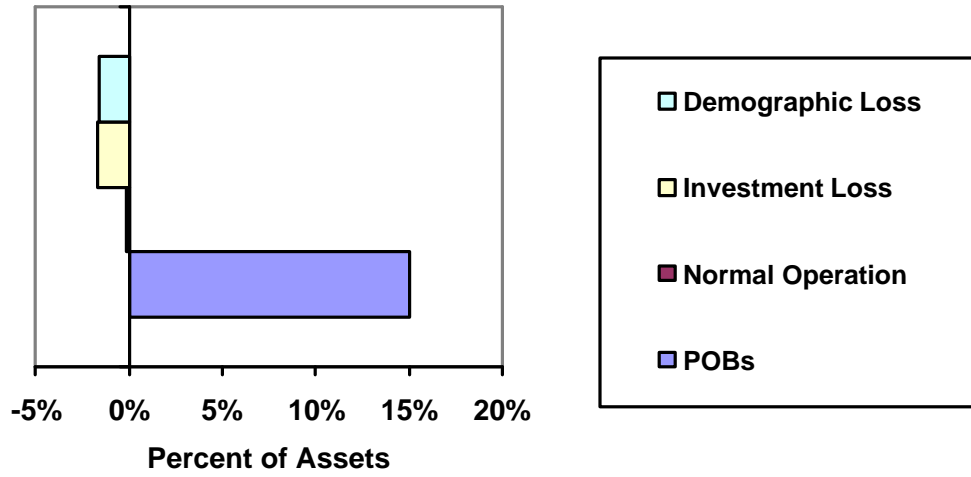


Impact of Major Events

The funded percentage increased from 82.7% in 2002 to 93.6% in 2003. The most significant reasons for this increase were.

- Contribution of the proceeds of the County's Pension Obligation Bonds increased the funded percentage by 15.0%.
- Normal operation of plan decreased the funded percentage by 0.1%.
- Investment losses decreased the funded percentage by 1.7%.
- Demographic losses decreased the funded percentage by 1.6%.

Impact of Major Events on Funded Percentage



Background information on the development of these funded percentages is included in the Technical Information section later in this report.

Supplemental Retiree Benefit Reserves

KCERA operates under Article 5.5 of the County Employees Retirement Law of 1937. This article governs the crediting of interest to reserves and the allocation of Undistributed Earnings. Undistributed Earnings are the amount that remains after earnings have been used to credit interest to the Plan's reserves. They are generally thought of as earnings in excess of those assumed to be earned under the actuarial valuation.

The SRBR currently provides four categories of supplemental retiree benefits:

- Tier 1 - \$35.50 per month payable to retirees who were members of KCERA on or before July 1, 1994.
- Tier 2 – Three additional monthly stipends payable to retirees:
 - \$1.372 per year of service for Members who retired prior to 1985. This was granted July 1, 1994.
 - \$5.470 per year of service for Members who retired prior to 1985. This was granted July 1, 1996.
 - \$10.276 per year of service for Members who retired prior to 1981. This was granted July 1, 1997.
- Tier 3 – Additional benefits to maintain 80% purchasing power protection.
- Death Benefit – A one-time payment of \$1,000 to a Member's beneficiary is made upon the death of the Member.

In addition, the KCERA Board has set aside a portion of the SRBR Reserve to help pay for an additional 0.5% cost of living adjustment adopted under the Ventura Settlement.

By their very nature, Undistributed Earnings are produced on an inconsistent basis and cannot be counted on to appear in any single period. Because of this, the funding for SRBR Benefits is set up differently than funding for Regular Benefits. Undistributed Earnings are the only source of funding for these benefits. For this reason, KCERA compares the SRBR Reserve against three liability measures to understand its short-term, medium-term and long-term funding position. All of these funding targets are based on the Present Value of Benefits for SRBR Benefits.

The **Present Value of Benefits (PVB)** represents the amount of money, at the valuation date, which would be sufficient to pay for all SRBR Benefits for all current Plan Members if all plan assumptions are met in future years. In other words,

- If Plan Assets are equal to the Present Value of Benefits, and
- If current plan benefits remain in place, and
- If there are no new Plan Members, and
- If plan experience in all future years matches the assumptions, then

There will be enough money to pay for all approved and future SRBR benefits for all Plan Members and their beneficiaries for the rest of their lives without another dollar being added to the SRBR Reserve from Undistributed Earnings.

Approved Benefits

Approved Benefits are the SRBR benefits that have already been approved by the Retirement Board. They include all Tier I, Tier II and Death Benefits, as well as the Tier III benefits approved through December 31, 2003. The Present Value of Approved Benefits is the short-term funding target for the SRBR.

The Plan's funded percentage for Approved SRBR Benefits is 156.9%. It is calculated by dividing the Actuarial Value of Assets (\$93.9 million) by the Present Value of Approved SRBR Benefits (\$59.8 million).

The funded percentage is developed in the following table:

1. Present Value of Approved Benefits

a. Death Benefits	2,387,602
b. SRBR1	26,605,776
c. SRBR2	17,438,652
d. SRBR3	<u>13,366,548</u>
e. Total	59,798,578

2. Available SRBR Reserves

a. Total SRBR	157,611,826
b. 0.5% COLA Account	<u>63,737,289</u>
c. Available SRBR Reserve	93,874,537

3. Funded Percentage 156.9%

Target Liabilities

In 2001, KCERA did an extensive review of the benefits provided through the SRBR and the financial strength of the SRBR. The Board decided to use a target based on a combination of Approved and Projected SRBR Benefits. The target liability is the Present Value of Benefits for Tier I, Tier II and Death Benefits. For Tier III Benefits, the target liability is the Present Value of projected payments for the twenty-year period beginning with the valuation date.

On this basis, the Plan's funded percentage for Target SRBR Benefits is 111.5%. It is calculated by dividing the Actuarial Value of Assets (\$93.9 million) by the Present Value of Target SRBR Benefits (\$93.9 million).

The funded percentage is developed in the following table:

1. Present Value of Target Liabilities

a. Death Benefits	2,387,602
b. SRBR1	26,605,776
c. SRBR2	17,438,652
d. SRBR3	<u>37,785,303</u>
e. Total	84,217,333

2. Available SRBR Reserves

a. Total SRBR	157,611,826
b. 0.5% COLA Account	<u>63,737,289</u>
c. Available SRBR Reserve	93,874,537

3. Funded Percentage	111.5%
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Total Benefits

KCERA's long-term funding target for the SRBR is based on the Present Value of all SRBR Benefits. The Plan's funded percentage for All SRBR Benefits is 62.3%. It is calculated by dividing the Actuarial Value of Assets (\$93.9 million) by the Present Value of all SRBR Benefits (\$150.5 million).

The funded percentage is developed in the following table:

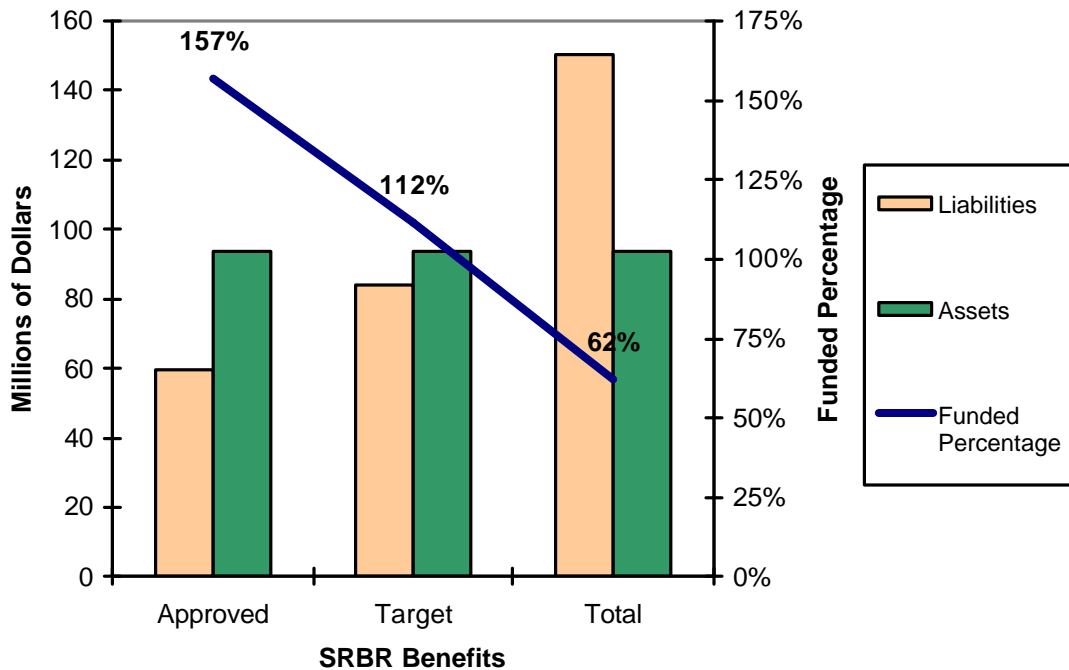
1. Present Value of SRBR Benefits

a. Approved Benefits	59,798,578
b. Future Benefits	<u>90,749,596</u>
c. Total	150,548,174

2. Available SRBR Reserves

a. Total SRBR	157,611,826
b. 0.5% COLA Account	<u>63,737,289</u>
c. Available SRBR Reserve	93,874,537

3. Funded Percentage 62.3%



D. Contribution Rates

Each year, recommended contribution rates are determined separately for members and employers. Member contribution rates are calculated as a percentage of the member's pay, on the basis of the member's age at entry into System, the classification of the member, the Plan's economic assumptions and the member's life expectancy at the retirement age specified for this purpose in the County Employees Retirement Law of 1937 (1937 Act). A list of the member rates by age at entry for each of the classifications is included in the Technical Information section at the back of this report.

Employer contributions are determined as the sum of two elements: the Normal Cost and an Amortization of the Unfunded Actuarial Accrued Liability.

The **Normal Cost (NC)** is the portion of the Present Value of Benefits attributed to the current year. In other words,

- If current plan benefits had always been in place, and
- If the current assumptions had always been in place, and
- If plan experience had always matched the assumptions, then

A contribution equal to the Normal Cost would be sufficient to keep the plan right on target, at 100% funding.

In the normal course of operating a retirement plan, there are a number of reasons why the plan may be someplace other than at 100% funding.

- **Plan Amendments** – These are changes in the benefits that are to be paid to plan members, such as the improvement to the 2.5% COLA.
- **Assumption Changes** – Periodically, the plan actuaries and trustees adjust their expectation for the future. This has occurred last year when they changed the demographic assumptions.
- **Methodology Changes** – Every few years, the actuary recommends a refinement in its actuarial methodology. This occurred last year with a change in the method used to allocate plan liabilities and a refinement in the smoothing method used to determine the actuarial value of assets.
- **Gain or Loss** – Each year actual plan experience is different than the experience expected under the plan assumptions. When actual experience reduces the Unfunded Actuarial Accrued Liability, it is called a gain. When plan experience increases the Unfunded Actuarial Accrued Liability, it is called a loss.

The amount that the funding is off target is added to the NC (when behind target) or reduced from the NC (when ahead of target) over a series of years.

Changes in the UAAL due to Golden Handshakes are amortized as a level percentage of payroll over a three-year period beginning with the valuation following the Golden Handshake. All other changes in UAAL are amortized as a level percentage of payroll over a 24-year period beginning with this valuation.

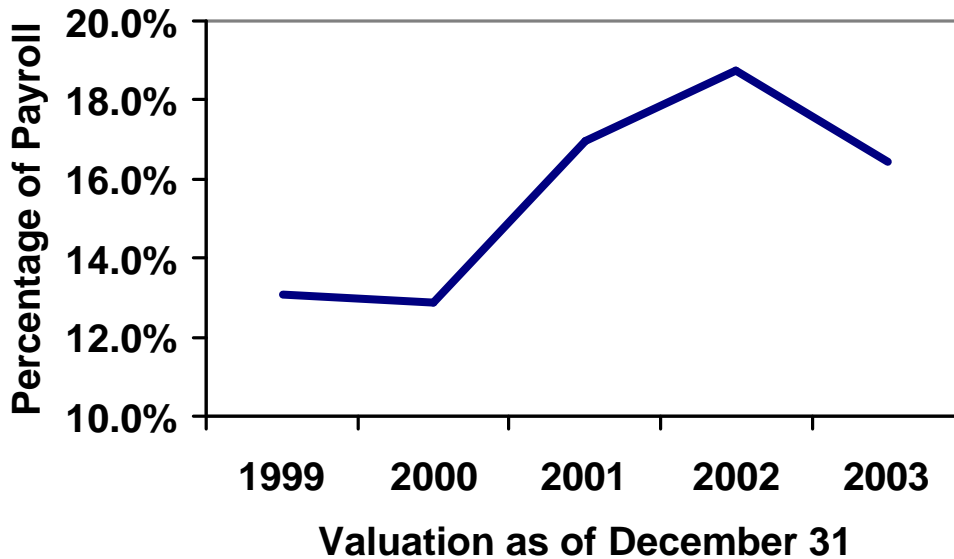
History of Contribution Rates

The average contribution rate for the 2004-2005 Fiscal Year will be approximately 16.45% of covered payroll. The rates, broken down by classification for the past few years are shown in the table below.

Valuation as of	General – County	General – District Full Pickup	General – District Electing MOU	General – District Not Electing MOU	Safety	All Members
12/31						
2003	13.73%	18.25%	17.93%	17.17%	24.31%	16.45%
2002	14.56%*	N/A	15.88%	14.26%	31.83%*	18.74%
2001	13.28%	N/A	17.82%	13.68%	27.66%	16.96%
2000	12.29%	N/A	15.04%	9.51%	14.66%	12.89%
1999	11.60%	N/A	13.92%	9.90%	17.05%	13.09%

* Kern County issued Pension Obligation Bonds (POBs) in early 2003, prior to the beginning of Fiscal Year 2003-2004. Upon receipt of the POB proceeds, the County contribution rates for Fiscal Year 2003-2004 were reduced to 10.96% for General and 21.03% for Safety

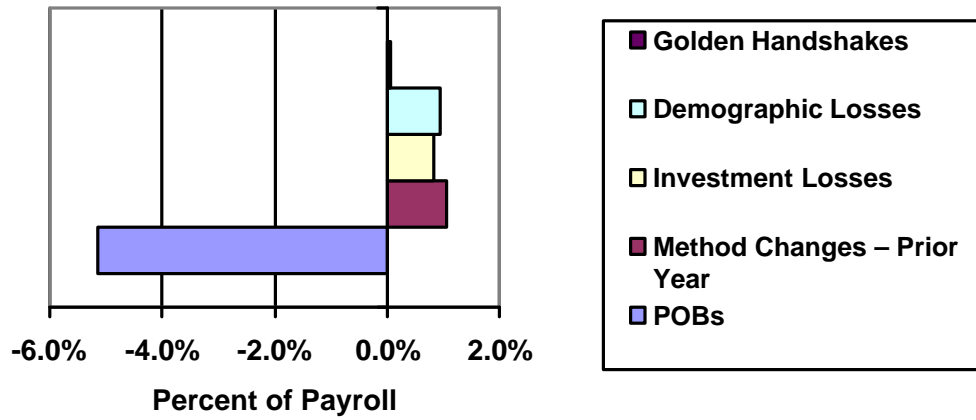
History of Contribution Rates

Average Contribution Rates**Impact of Major Events**

The average Employer Contribution rate decreased from 18.74% of pay for Fiscal Year 2003-2004 to 16.45% of pay for Fiscal Year 2004-2005. This is the first decrease in contribution rates in several years and can largely be attributed to the following events.

- Contribution of the proceeds from the County's issuance of Pension Obligation Bonds decreased the contribution rate by 5.1% of pay.
- Changes in funding methodology in the prior valuation increased the contribution rate by 1.1% of pay.
- Investment losses raised the contributions by 0.8% of pay.
- Demographic losses raised the contribution rate by 0.9% of pay.

Impact of Major Events on Employer Contribution Rate



Background information on the development of these contribution rates is included in the Technical Information section later in this report.

Section

3

Accounting Information

Accounting standards for governmental entities are set by the Governmental Accounting Standards Board (GASB). Statement Number 25 (GAS25) describes the disclosure requirements for the financial statements of the Kern County Employees' Retirement Association (KCERA). These include a Schedule of Funding Progress and a Schedule of Employer Contributions.

The disclosure requirements for the County's financial statements are described in Statement Number 27 (GAS27). These include the development of the Annual Pension Cost and the Net Pension Obligation.

A. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / (c))
12/31/95	\$ 920,750	\$ 952,880	\$ 32,130	96.6%	\$ 270,454	11.9%
12/31/96	1,003,076	1,029,574	26,498	97.4%	273,351	9.7%
12/31/97	1,113,914	1,140,019	26,105	97.7%	266,640	9.8%
12/31/98	1,203,670	1,179,753	(23,917)	102.0%	282,251	-8.5%
12/31/99	1,325,928	1,324,662	(1,266)	100.1%	297,738	-0.4%
12/31/00	1,434,873	1,388,984	(45,889)	103.3%	283,283	-16.2%
12/31/01	1,508,291	1,611,960	103,669	93.6%	333,791	31.1%
12/31/02	1,570,278	1,899,031	328,753	82.7%	344,871	95.3%
12/31/03	1,927,585	2,059,286	131,701	93.6%	353,444	37.3%

Information in the above schedule for Plan Years ended December 31, 1999 and before is based on information prepared by Watson Wyatt Worldwide. All dollar amounts are in thousands.

Section 4 Technical Information

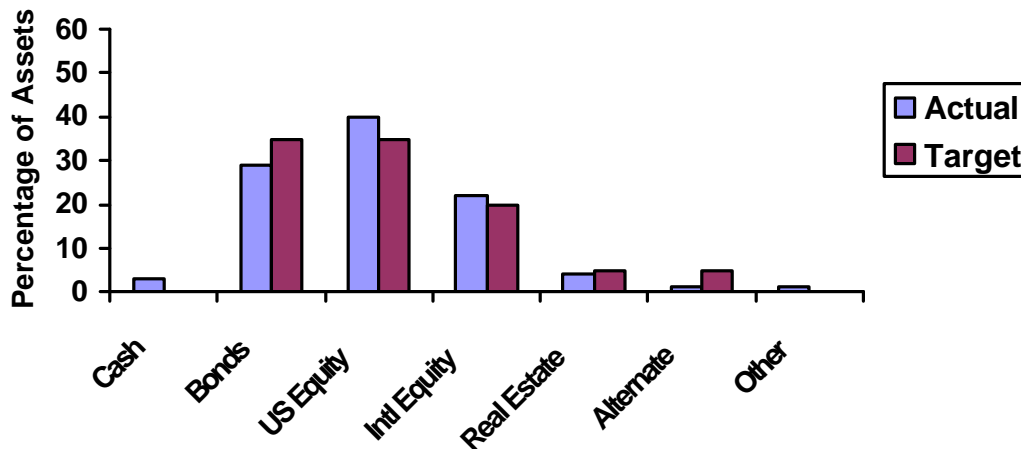
A. Asset Information

Net Plan Assets at Market Value as of December 31, 2003

Amounts may not add exactly due to rounding.

	Actual		Target	
	\$000's	%	\$000's	%
Cash and Cash Equivalents	\$ 59,326	3%	\$0	0%
Fixed Income	581,840	29%	705,683	35%
Domestic Equity	800,879	40%	705,683	35%
International Equity	447,619	22%	403,247	20%
Real Estate	80,858	4%	100,812	5%
Alternative Investments	21,256	1%	100,812	5%
Other Assets	24,458	1%	0	0%
Net Assets	\$2,016,236	100%	\$2,016,236	100%

Asset Allocation



Development of Actuarial Value of Assets

Development of Unexpected Gain (Loss) for the Six-Month Periods Ended in 2003

For the Six-Month Period Ended	June 30, 2003	December 31, 2003
1. Market Value of Assets - Beginning of Period	\$ 1,384,882,245	\$ 1,782,946,667
2. Contributions	295,135,493	50,051,399
3. Benefit Payments	(48,275,833)	(49,472,104)
4. Assumed Interest on items (1), (2) and (3)	<u>60,332,483</u>	<u>71,329,453</u>
5. Expected Value of Assets at End of Period	1,692,074,389	1,854,855,415
6. Actual Market Value of Assets at End of Period	<u>1,782,946,667</u>	<u>2,016,236,085</u>
7. Gain (Loss) for Plan Year = (6) - (5)	90,872,279	161,380,670

Amounts may not add due to rounding

Development of Unrecognized Gain (Loss)

Six-Month Period Ended	Unexpected Gain (Loss)	Percent Not Yet Phased In	Gain (Loss) Excluded
12/31/2003	\$ 161,380,670	90%	\$ 145,242,603
6/30/2003	90,872,279	80%	72,697,823
12/31/02	(123,962,078)	70%	(86,773,454)
6/30/02	(120,467,583)	60%	(72,280,550)
12/31/01	(79,583,764)	50%	(39,791,882)
6/30/01	(111,199,696)	40%	(44,479,879)
12/31/00	N/A	30%	N/A
6/30/00	N/A	20%	N/A
12/31/99	N/A	10%	N/A
<i>Total</i>			\$(25,385,339)

Development of Actuarial Value of Assets

1. Market Value of Assets as December 31	\$	2,016,236,085
2. Unrecognized Gain (Loss)		<u>(25,385,339)</u>
3. Preliminary Actuarial Value: (1) – (2)		2,041,621,424
4. Corridor Around Market Value		
(a) Minimum = 80% of Market		1,612,988,868
(b) Maximum = 120% of Market		2,419,483,302
5. Gross Actuarial Value of Assets	\$	2,041,621,424

Allocation of Actuarial Value of Assets for Valuation Purposes

	December 31, 2002	December 31, 2003
Basic		
General Members	696,490,054	802,789,424
District Members	31,305,435	34,006,905
Safety Members	<u>480,998,389</u>	<u>588,638,689</u>
Subtotal	1,208,793,877	1,425,435,018
Cost-of-Living		
General Members	182,219,599	239,904,309
District Members	7,817,843	8,570,945
Safety Members	<u>137,106,479</u>	<u>189,936,965</u>
Subtotal	327,143,922	438,412,219
Total		
Valuation Reserves	1,535,937,799	1,863,847,237
SRBR		
Special 1/2% Allocation	64,420,254	63,737,289
Remaining SRBR	<u>93,335,372</u>	<u>93,874,537</u>
Subtotal	157,755,626	157,611,826
Contingency Reserve	(31,834,731)	20,162,361
Total Actuarial		
Value of Assets	1,661,858,694	2,041,621,424

Amounts may not add exactly due to rounding.

Reconciliation of Assets for the Year Ended December 31, 2003

	Market Value	Actuarial Value
Beginning of Year	\$1,384,882,245	\$1,507,068,249
Contributions – Employers	333,948,029	333,948,029
Contributions – Members	11,238,863	11,238,863
Gross Investment Income	392,420,298	104,771,760
Investment Expenses	(5,305,393)	n/a
Benefits paid to participants	(97,747,937)	(89,979,644)
Administrative Expenses	(3,200,020)	(3,200,020)
End of Year	\$2,016,236,085	\$1,863,847,237
Estimated Return (net of expenses)	25.45%	6.21%

Amounts may not add exactly due to rounding.

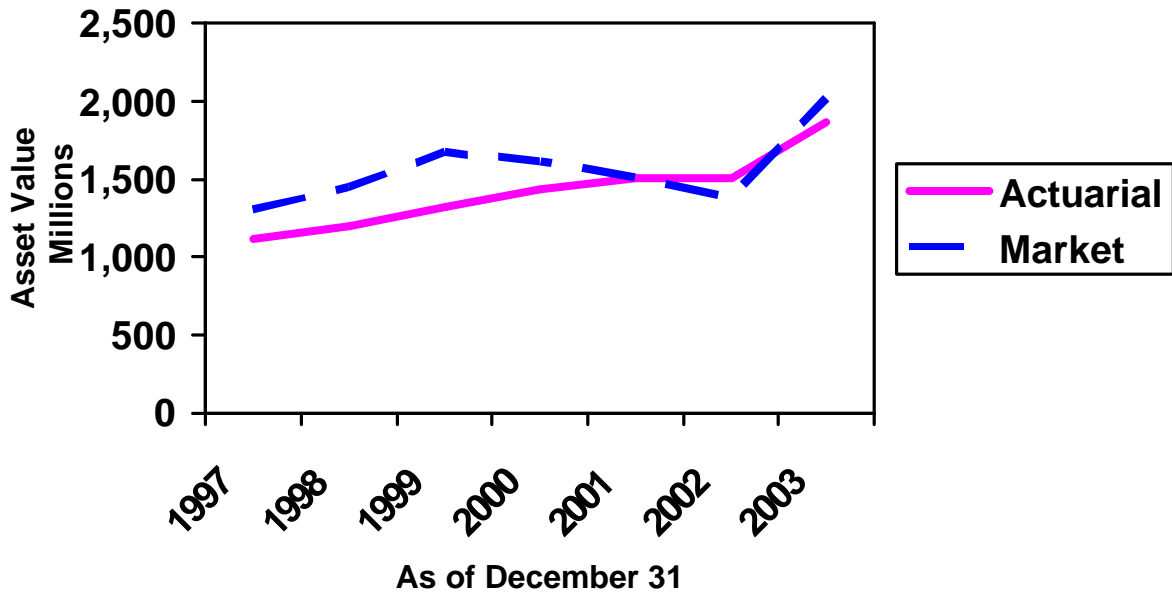
The Market Value of Assets includes all plan assets including those allocated to the Supplemental Retiree Benefit Reserve and the Contingency Reserve. The Actuarial Value of Assets includes only those assets that are taken into account in determining employer contribution rates. These exclude the Supplemental Retiree Benefit Reserve and the Contingency Reserve.

Historical Asset Values

Asset Values as of December 31

Year	Market Value	Actuarial Value
2003	\$2,016,236,085	\$ 1,863,847,237
2002	\$1,384,882,245	\$ 1,507,068,249
2001	\$1,511,318,766	\$ 1,508,291,483
2000	\$1,618,685,190	\$ 1,434,872,718
1999	\$1,673,422,215	\$ 1,325,928,243
1998	\$1,449,358,816	\$ 1,203,670,449
1997	\$1,306,925,405	\$ 1,113,914,418

Comparison of Asset Values



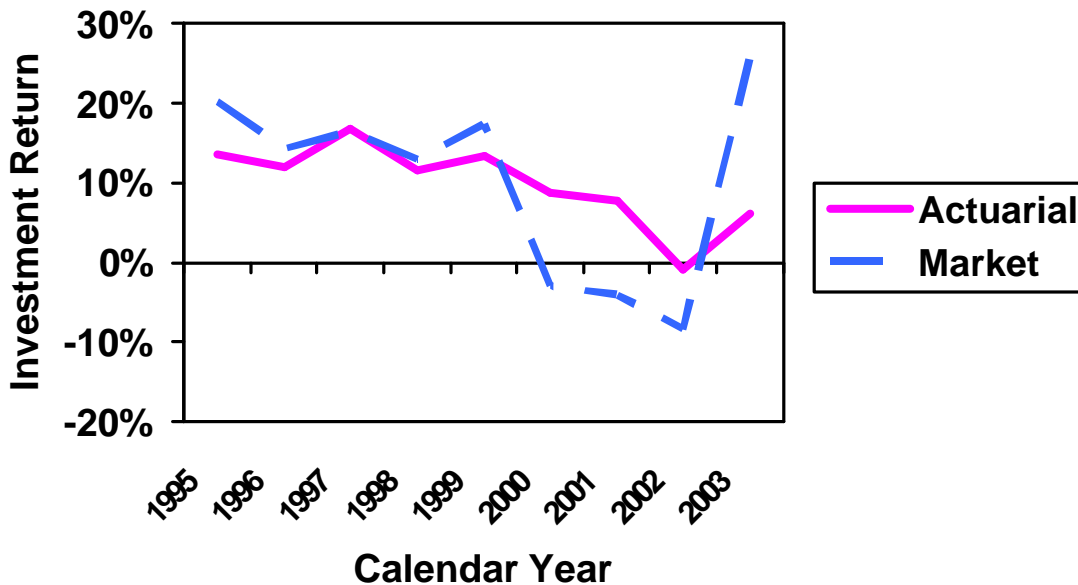
The Market Value of Assets includes all plan assets including those allocated to the Supplemental Retiree Benefit Reserve and the Contingency Reserve. The Actuarial Value of Assets includes only those assets that are taken into account in determining employer contribution rates. These exclude the Supplemental Retiree Benefit Reserve and the Contingency Reserve.

Historical Rates of Investment Return

Estimated Investment Return for the Year Ended December 31

Year	Market Value	Actuarial Value
2003	25.45%	6.21%
2002	-8.37%	-0.81%
2001	-4.08%	7.67%
2000	-2.92%	8.69%
1999	17.41%	13.29%
1998	12.93%	11.54%
1997	16.46%	16.75%
1996	14.26%	11.95%
1995	20.24%	13.46%

Comparison of Investment Return



The estimated rates of investment return for the years 1995 through 1999 are taken from the reports of the prior actuary, and have been calculated gross of investment expenses. The rates of return for the years 2000 through 2002 have been calculated net of investment fees.

Statement of Reserves and Fund Balances

	December 31, 2002	December 31, 2003
Member Deposit Reserves		
General Members	116,698,430	117,517,017
District Members	9,734,782	10,183,868
Safety Members	<u>57,879,851</u>	<u>54,460,260</u>
Subtotal	184,313,063	182,161,145
Employers Advance Reserves		
General Members	251,950,842	345,595,923
District Members	10,430,142	12,280,332
Safety Members	<u>187,812,755</u>	<u>277,443,007</u>
Subtotal	450,193,739	635,319,262
Cost-of-Living Reserves		
General Members	182,219,599	239,904,309
District Members	7,817,843	8,570,945
Safety Members	<u>137,106,479</u>	<u>189,936,965</u>
Subtotal	327,143,922	438,412,219
Retired Member Reserves		
General Members*	327,840,782	339,676,485
District Members*	11,140,510	11,542,705
Safety Members	<u>235,305,783</u>	<u>256,735,422</u>
Subtotal	574,287,075	607,954,612
Supplemental Retiree Benefit Reserves		
Remaining SRBR	93,335,372	93,874,537
Special 1/2% Account	<u>64,420,254</u>	<u>63,737,289</u>
Subtotal	157,755,626	157,611,826
Contingency Reserve	(31,834,731)	20,162,361
Market Stabilization Reserve	(276,976,449)	(25,385,339)
Total Fund Balance	1,384,882,245	2,016,236,085

* The allocation of Member Deposit Reserves, Employers Advance Reserves and Cost of Living Reserves was supplied by KCERA. KCERA also split the Retired Member Reserves between General and Safety Members. The allocation of Retired Member Reserves between General and District Members for 1999 was performed by the prior actuary. The allocation of Retired Member Reserves between General and District Members for 2002 and 2003 were calculated to be the same ratio as the 1999 split.

B. Liability Information

Present Value of Projected Benefits

	Basic	COLA	Total
1. Retirees and Beneficiaries			
A. General			
i. County			
a. Regular Benefits	371,860,356	166,291,632	538,151,988
b. Golden Handshake	<u>204,420</u>	<u>46,860</u>	<u>251,280</u>
c. All Benefits	372,064,776	166,338,492	538,403,268
ii. Districts	<u>15,303,456</u>	<u>6,207,708</u>	<u>21,511,164</u>
iii. Total	387,368,232	172,546,200	559,914,432
B. Safety			
a. Regular Benefits	305,996,436	142,561,188	448,557,624
b. Golden Handshake	<u>138,504</u>	<u>36,624</u>	<u>175,128</u>
c. All Benefits	<u>306,134,940</u>	<u>142,597,812</u>	<u>448,732,752</u>
C. All Retirees and Beneficiaries	693,503,172	315,144,012	1,008,647,184
2. Terminated Members			
A. General			
i. County			
a. Deferred Vested	38,765,733	9,648,238	48,413,971
b. Pending Refunds	<u>712,437</u>	<u>0</u>	<u>712,437</u>
c. All General	39,478,170	9,648,238	49,126,408
ii. Districts*	<u>0</u>	<u>0</u>	<u>0</u>
iii. Total	39,478,170	9,648,238	49,126,408
B. Safety			
a. Deferred Vested	7,208,286	1,971,437	9,179,723
b. Pending Refunds	<u>62,769</u>	<u>0</u>	<u>62,769</u>
c. All Safety	7,271,055	1,971,437	9,242,492
C. All Terminated Members	46,749,225	11,619,675	58,368,900
3. Active Members			
A. General			
i. County	607,934,988	156,334,236	764,269,224
ii. Districts	<u>42,571,263</u>	<u>10,921,508</u>	<u>53,492,771</u>
iii. Total	650,506,251	167,255,744	817,761,995
B. Safety	<u>421,353,497</u>	<u>119,336,428</u>	<u>540,689,925</u>
C. All Active Members	1,071,859,748	286,592,172	1,358,451,920
4. All Members			
A. General			
i. County			
a. Regular Benefits	1,019,273,514	332,274,106	1,351,547,620
b. Golden Handshake	<u>204,420</u>	<u>46,860</u>	<u>251,280</u>
c. All Benefits	1,019,477,934	332,320,966	1,351,798,900
ii. Districts	<u>57,874,719</u>	<u>17,129,216</u>	<u>75,003,935</u>
iii. Total	1,077,352,653	349,450,182	1,426,802,835
B. Safety			
a. Regular Benefits	734,620,988	263,869,053	998,490,041
b. Golden Handshake	<u>138,504</u>	<u>36,624</u>	<u>175,128</u>
c. All Benefits	<u>734,759,492</u>	<u>263,905,677</u>	<u>998,665,169</u>
C. All Retirees and Beneficiaries	1,812,112,145	613,355,859	2,425,468,004

Actuarial Accrued Liability

	Basic	COLA	Total
1. Retirees and Beneficiaries			
A. General			
i. County			
a. Regular Benefits	371,860,356	166,291,632	538,151,988
b. Golden Handshake	<u>204,420</u>	<u>46,860</u>	<u>251,280</u>
c. All Benefits	372,064,776	166,338,492	538,403,268
ii. Districts	<u>15,303,456</u>	<u>6,207,708</u>	<u>21,511,164</u>
iii. Total	387,368,232	172,546,200	559,914,432
B. Safety			
a. Regular Benefits	305,996,436	142,561,188	448,557,624
b. Golden Handshake	<u>138,504</u>	<u>36,624</u>	<u>175,128</u>
c. All Benefits	<u>306,134,940</u>	<u>142,597,812</u>	<u>448,732,752</u>
C. All Retirees and Beneficiaries	693,503,172	315,144,012	1,008,647,184
2. Terminated Members			
A. General			
i. County			
a. Deferred Vested	38,765,733	9,648,238	48,413,971
b. Pending Refunds	<u>712,437</u>	<u>0</u>	<u>712,437</u>
c. All General	39,478,170	9,648,238	49,126,408
ii. Districts*	<u>0</u>	<u>0</u>	<u>0</u>
iii. Total	39,478,170	9,648,238	49,126,408
B. Safety			
a. Deferred Vested	7,208,286	1,971,437	9,179,723
b. Pending Refunds	<u>62,769</u>	<u>0</u>	<u>62,769</u>
c. All Safety	7,271,055	1,971,437	9,242,492
C. All Terminated Members	46,749,225	11,619,675	58,368,900
3. Active Members			
A. General			
i. County	456,813,953	119,613,355	576,427,308
ii. Districts	<u>30,794,080</u>	<u>7,516,281</u>	<u>38,310,361</u>
iii. Total	487,608,033	127,129,636	614,737,669
B. Safety	<u>295,327,432</u>	<u>82,204,766</u>	<u>377,532,198</u>
C. All Active Members	782,935,465	209,334,402	992,269,867
4. All Members			
A. General			
i. County			
a. Regular Benefits	868,152,479	295,553,225	1,163,705,704
b. Golden Handshake	<u>204,420</u>	<u>46,860</u>	<u>251,280</u>
c. All Benefits	868,356,899	295,600,085	1,163,956,984
ii. Districts	<u>46,097,536</u>	<u>13,723,989</u>	<u>59,821,525</u>
iii. Total	914,454,435	309,324,074	1,223,778,509
B. Safety			
a. Regular Benefits	608,594,923	226,737,391	835,332,314
b. Golden Handshake	<u>138,504</u>	<u>36,624</u>	<u>175,128</u>
c. All Benefits	<u>608,733,427</u>	<u>226,774,015</u>	<u>835,507,442</u>
C. All Retirees and Beneficiaries	1,523,187,862	536,098,089	2,059,285,951

Entry Age Total Normal Cost

In Dollars	Basic	COLA	Total
1. General	28,370,222	6,954,647	35,324,869
2. Safety	<u>15,328,658</u>	<u>4,441,615</u>	<u>19,770,273</u>
3. All Members	43,698,880	11,396,262	55,095,142

As a Percent of Pay	Basic	COLA	Total
1. General	10.53%	2.58%	13.11%
2. Safety	18.26%	5.29%	23.56%
3. All Members	12.36%	3.22%	15.59%

C. Funded Percentage

Basic Benefits

	General – County	General – Districts	Safety
1. Actuarial Accrued Liability			
a. Regular Benefits	868,152,479	46,097,536	608,594,923
b. Golden Handshakes	<u>204,420</u>	<u>0</u>	<u>138,504</u>
c. Total	868,356,899	46,097,536	608,733,427
2. Actuarial Value of Assets	802,789,424	34,006,905	588,638,689
3. Unfunded Actuarial Accrued Liability			
a. Regular Benefits	65,363,055	12,090,631	19,956,233
b. Golden Handshakes	<u>204,420</u>	<u>0</u>	<u>138,504</u>
c. Total	65,567,475	12,090,631	20,094,737
4. Funded Percentage	92.4%	73.8%	96.7%

COL Benefits

	General – County	General – Districts	Safety
1. Actuarial Accrued Liability			
a. Regular Benefits	295,553,225	13,723,989	226,737,391
b. Golden Handshakes	<u>46,860</u>	<u>0</u>	<u>36,624</u>
c. Total	295,600,085	13,723,989	226,774,015
2. Actuarial Value of Assets	274,782,102	9,817,007	217,550,400
3. Unfunded Actuarial Accrued Liability			
a. Regular Benefits	20,771,123	3,906,982	9,186,991
b. Golden Handshakes	<u>46,860</u>	<u>0</u>	<u>36,624</u>
c. Total	20,817,983	3,906,982	9,223,615
4. Funded Percentage	93.0%	71.5%	95.9%

Total Regular Benefits

	General – County	General – Districts	Safety
1. Actuarial Accrued Liability			
a. Regular Benefits	1,163,705,704	59,821,525	835,332,314
b. Golden Handshakes	<u>251,280</u>	<u>0</u>	<u>175,128</u>
c. Total	1,163,956,984	59,821,525	835,507,442
2. Actuarial Value of Assets	1,077,571,526	43,823,912	806,189,089
3. Unfunded Actuarial Accrued Liability			
a. Regular Benefits	86,134,179	15,997,613	29,143,225
b. Golden Handshakes	<u>251,280</u>	<u>0</u>	<u>175,128</u>
c. Total	86,385,459	15,997,613	29,318,353
4. Funded Percentage	92.6%	73.3%	96.5%

Changes in Funded Percentage

As of Prior Valuation **82.7%**

Changes in Funded Percentage due to:

<i>Pension Obligation Bond</i>	15.0%
<i>Normal Operation</i>	(0.1%)
<i>Investment Losses</i>	(1.7%)
<i>Demographic Losses</i>	(1.6%)
<i>Golden Handshakes</i>	<u>(0.0%)</u>
Total Changes	10.9%

As of Current Valuation **93.6%**

D. Supplemental Retiree Benefit Reserve

Present Value of Projected Benefits

Approved Benefits

	Death Ben	SRBR1	SRBR2	SRBR3	Total
Active Members	697,007	9,205,128			9,902,135
Deferred Vested Members	81,191	1,516,908			1,598,099
Retirees and Beneficiaries	<u>1,609,404</u>	<u>15,883,740</u>	<u>17,438,652</u>	<u>13,366,548</u>	<u>48,298,344</u>
Total	2,387,602	26,605,776	17,438,652	13,366,548	59,798,578

Future Benefits

	Death Ben	SRBR1	SRBR2	SRBR3	Total
Active Members				47,859,837	47,859,837
Deferred Vested Members				1,772,335	1,772,335
Retirees and Beneficiaries				<u>47,117,424</u>	<u>47,117,424</u>
Total	0	0	0	90,749,596	90,749,596

Available Reserves

Available Reserves

Total SRBR	157,611,826
Additional 0.5% COLA Account	<u>63,737,289</u>
Available SRBR	93,874,537

As part of a court settlement, the County has increased the maximum cost-of-living increase that can be provided from Regular Plan reserves from the prior level of 2% per year, up to 2.5% per year. This benefit increase will be partly funded using money set aside for this purpose within the Supplemental Retiree Benefit Reserve by the Retirement Board.

Projected Cash Flow

Calendar Year	Projected SRBR3 Payments
2004	2,103,756
2005	2,203,260
2006	2,309,544
2007	2,425,800
2008	2,550,408
2009	2,688,468
2010	2,836,860
2011	2,993,520
2012	3,157,812
2013	3,366,936
2014	3,665,712
2015	4,077,660
2016	4,597,488
2017	5,214,156
2018	6,065,664
2019	7,071,072
2020	8,041,272
2021	8,972,100
2022	9,855,708
2023	10,684,596

Present Value of Projected 20-Year Cash Flow: \$37,785,303

E. Employer Contribution Rates

Basic Benefits

	General – County	General – District Full Pickup	General – Districts Electing MOU	General – District Not Electing MOU	Safety
1. Total Normal Cost					
a. Dollars	26,296,855	453,486	349,818	1,270,063	15,328,658
b. Percent of Pay	10.53%	10.53%	10.53%	10.53%	18.26%
2. Projected Employee Contributions					
a. Dollars	3,997,605	0	10,682	131,304	1,276,290
b. Percent of Pay	1.60%	0.00%	0.32%	1.09%	1.52%
3. Employer Normal Cost					
a. Dollars	22,299,250	453,486	339,136	1,138,759	14,052,368
b. Percent of Pay	8.93%	10.53%	10.20%	9.44%	16.74%
4. Amortization of Unfunded Actuarial Accrued Liability					
a. Dollars	4,215,202	167,621	129,303	469,451	1,313,802
b. Percent of Pay	1.69%	3.89%	3.89%	3.89%	1.57%
5. Employer Contribution					
a. Dollars	26,514,452	621,107	468,439	1,608,210	15,366,170
b. Percent of Pay	10.61%	14.42%	14.10%	13.33%	18.31%

Overall Average Rate = 12.61%



COL Benefits

	General – County	General – District Full Pickup	General – Districts Electing MOU	General – District Not Electing MOU	Safety
1. Total Normal Cost					
a. Dollars	6,446,384	111,167	85,754	311,342	4,441,615
b. Percent of Pay	2.58%	2.58%	2.58%	2.58%	5.29%
2. Projected Employee Contributions					
a. Dollars	0	0	0	0	0
b. Percent of Pay	0.00%	0.00%	0.00%	0.00%	0.00%
3. Employer Normal Cost					
a. Dollars	6,446,384	111,167	85,754	311,342	4,441,615
b. Percent of Pay	2.58%	2.58%	2.58%	2.58%	5.29%
4. Amortization of Unfunded Actuarial Accrued Liability					
a. Dollars	1,333,125	54,165	41,783	151,699	595,245
b. Percent of Pay	0.53%	1.26%	1.26%	1.26%	0.71%
5. Employer Contribution					
a. Dollars	7,779,509	165,332	127,537	463,041	5,036,860
b. Percent of Pay	3.11%	3.84%	3.84%	3.84%	6.00%

Overall Average Rate = 3.84%

Total Contribution Rates

	General – County	General – District Full Pickup	General – Districts Electing MOU	General – District Not Electing MOU	Safety
1. Total Normal Cost					
a. Dollars	32,743,239	564,653	435,572	1,581,405	19,770,273
b. Percent of Pay	13.11%	13.11%	13.11%	13.11%	23.56%
2. Projected Employee Contributions					
a. Dollars	3,997,605	0	10,682	131,304	1,276,290
b. Percent of Pay	1.60%	0.00%	0.32%	1.09%	1.52%
3. Employer Normal Cost					
a. Dollars	28,745,634	564,653	424,890	1,450,101	18,493,983
b. Percent of Pay	11.51%	13.11%	12.79%	12.02%	22.04%
4. Amortization of Unfunded Actuarial Accrued Liability					
a. Dollars	5,548,326	221,786	171,086	621,150	1,909,046
b. Percent of Pay	2.22%	5.15%	5.15%	5.15%	2.27%
5. Employer Contribution					
a. Dollars	34,293,960	786,439	595,976	2,071,251	20,403,029
b. Percent of Pay	13.73%	18.25%	17.93%	17.17%	24.31%

Overall Average Rate = 16.45%

The County's required contribution for Fiscal Year 2004-2005 shown above will be reduced by \$102,295 due to maximum benefit limitations imposed by Section 415 of the Internal Revenue Code.



Changes in Average Contribution Rate

As of Prior Valuation		18.74%
Changes in Average Contribution Rate due to:		
Pension Obligation Bond	(5.14%)	
Method Changes – Prior Year	1.06%	
Investment Losses	0.81%	
Demographic Losses	0.93%	
Golden Handshakes	<u>0.05%</u>	
Total Changes	(2.29%)	
As of Current Valuation		16.45%

F. Summary of Major Plan Provisions – General Members

Membership: Employment (at least 50% of full-time) with County or participating District. Enter on first day of the first pay period after entrance into service.

Final Average Salary (FAS): Highest one-year average

Service Retirement

Code Section: 31676.14

Eligibility: 10 years of service and age 50, or 30 years of service regardless of age, or age 70 regardless of service.

Benefit: 1.667% of FAS per year of service times RAF

Retirement Age Factor (RAF): Adjustment factor for benefit commencing at age other than 52. Sample factors:

Age	Factor
50	.8850
55	1.1686
60	1.4638
65	1.5668

Integration with Social Security: Benefits based on first \$350 of monthly FAS are reduced by 1/3. Benefits for some District members are not integrated with Social Security.

Maximum Benefit: 100% of FAS

Normal Form of Benefit: Life annuity; 60% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Nonservice Connected Disability

Eligibility:	5 years of service.
Disabled Definition:	Unable to perform their own job.
Benefit:	20% of FAS, plus 2% of FAS for each year of service in excess of 5, but not more than 40% of FAS
Normal Form of Benefit:	Life annuity; 60% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Service Connected Disability

Eligibility:	First day of work
Disabled Definition:	Disability is substantially caused by employment and unable to perform their own job.
Benefit:	50% of salary, but not less than Service Retirement benefit (if eligible at time of commencement).
Normal Form of Benefit:	Life annuity; 100% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Nonservice Connected Death

Before eligible for Nonservice Connected Disability or Service Retirement:	Refund of employee contributions with interest, plus 1 month's salary for each year of service (maximum 6 months' salary).
After eligible for Nonservice Connected Disability or Service Retirement:	60% of Nonservice Connected Disability Benefit or Service Retirement Benefit the member would have received for retirement on day of death payable to

surviving eligible spouse for the life of the spouse. If there is no surviving spouse, the benefit is paid to eligible children.

Service Connected Death

Eligibility:	First day of work
Benefit:	50% of salary, but not less than Service Retirement benefit (if eligible at time of commencement).
Normal Form of Benefit:	Life annuity to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Deferred Service Retirement

Eligibility:	5 years of service
Additional requirement:	Must leave contributions on deposit
Benefit:	Same as service retirement benefit
FAS:	If reciprocity provisions apply, includes compensation earned at reciprocal agency.
Normal Form of Benefit:	Same as service retirement benefit

Withdrawal

Eligibility:	First day of work
Other Requirement:	Forfeits right to receive other benefit from retirement system.
Benefit:	Accumulated contributions with interest
Form of Benefit:	Lump sum

Cost of Living Benefits

Timing:	Annually, effective April 1 based on change in Consumer Price Index for the preceding calendar year.
Maximum:	2.5% per year.

Member Contributions

Basic:	Contribution is set by a table adopted by the Retirement Board designed to be sufficient to provide an average annuity, at age 55, equal to 1/120 of the final compensation of members.
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COLA:	None
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Percentage of Full Contribution Payable by Member:	<p>For County employees (and employees of Districts adopting the MOU) hired on or after Payroll Period 97-14:</p> <ul style="list-style-type: none"> • 100% of the Full Contribution Rate for their first 5 years of service. • No employee contributions are required after attaining 5 years of service.
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For County employees (and employees of Districts adopting the MOU) hired before Payroll Period 97-14:

- 50% of the Full Contribution Rate for their first 5 years of service.
- No employee contributions are required after attaining 5 years of service.

For employees of Districts not adopting the MOU, 50% of Full Contribution Rate for first 30 years of service.

Integration with Social Security:

Members integrated with Social Security pay 2/3 of the full rate on first \$350 of pay each month.

Other Provisions:

Rates based on age at entry into System.

G. Member Contribution Rates – General Members

Member contribution rates are calculated as a percentage of the member's pay, on the basis of the member's age at entry into System, the classification of the member, the Plan's economic assumptions and the member's life expectancy at the retirement age specified for this purpose in the County Employees Retirement Law of 1937 (1937 Act). The recommended contribution rates for General Members are presented below.

Proposed Full Member Contribution Rates (Integrated)

Age	Rate on First Compensation		Age	Rate on First Compensation	
	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month		Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	3.44%	5.16%	38	4.77%	7.16%
21	3.50%	5.25%	39	4.86%	7.30%
22	3.57%	5.35%	40	4.96%	7.43%
23	3.63%	5.45%	41	5.05%	7.58%
24	3.70%	5.55%	42	5.15%	7.73%
25	3.77%	5.65%	43	5.26%	7.88%
26	3.84%	5.76%	44	5.37%	8.05%
27	3.91%	5.86%	45	5.48%	8.22%
28	3.98%	5.97%	46	5.61%	8.41%
29	4.05%	6.08%	47	5.75%	8.62%
30	4.13%	6.19%	48	5.90%	8.85%
31	4.20%	6.30%	49	5.90%	8.85%
32	4.28%	6.42%	50	5.90%	8.85%
33	4.36%	6.53%	51	5.90%	8.85%
34	4.44%	6.65%	52	5.90%	8.85%
35	4.52%	6.78%	53	5.90%	8.85%
36	4.60%	6.90%	54	5.90%	8.85%
37	4.69%	7.03%			

Proposed Full Member Contribution Rates (Non-Integrated)

Contribution		Contribution	
Age	Rate	Age	Rate
20	5.16%	38	7.16%
21	5.25%	39	7.30%
22	5.35%	40	7.43%
23	5.45%	41	7.58%
24	5.55%	42	7.73%
25	5.65%	43	7.88%
26	5.76%	44	8.05%
27	5.86%	45	8.22%
28	5.97%	46	8.41%
29	6.08%	47	8.62%
30	6.19%	48	8.85%
31	6.30%	49	8.85%
32	6.42%	50	8.85%
33	6.53%	51	8.85%
34	6.65%	52	8.85%
35	6.78%	53	8.85%
36	6.90%	54	8.85%
37	7.03%		

H. Summary of Major Plan Provisions – Safety Members

Membership: Employment (at least 50% of full-time) with County. Enter on first day of the first pay period after entrance into service.

Final Average Salary (FAS): Highest one-year average

Service Retirement

Code Section: 31664.1 effective January 1, 2001.

Eligibility: 10 years of service and age 50, or 20 years of service regardless of age.

Benefit: 3.000% of FAS per year of service times RAF

Retirement Age Factor (RAF): Adjustment factor for benefit commencing at age other than 50.
Sample factors:

Age	Factor
45	.7805
50	1.0000
55	1.0000

Integration with Social Security: Benefits based on first \$350 of monthly FAS are reduced by 1/3.

Maximum Benefit: 100% of FAS

Normal Form of Benefit: Life annuity; 60% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Nonservice Connected Disability

Eligibility:	5 years of service.
Disabled Definition:	Unable to perform their own job.
Benefit:	20% of FAS, plus 2% of FAS for each year of service in excess of 5, but not more than 40% of FAS
Normal Form of Benefit:	Life annuity; 60% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Service Connected Disability

Eligibility:	First day of work
Disabled Definition:	Disability is substantially caused by employment and unable to perform their own job.
Benefit:	50% of salary, but not less than Service Retirement benefit (if eligible at time of commencement).
Normal Form of Benefit:	Life annuity; 100% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Nonservice Connected Death

Before eligible for Nonservice Connected Disability or Service Retirement:	Refund of employee contributions with interest, plus 1 month's salary for each year of service (maximum 6 months' salary).
After eligible for Nonservice Connected Disability or Service Retirement:	60% of Nonservice Connected Disability Benefit or Service Retirement Benefit the member would have received for

Retirement: retirement on day of death payable to surviving eligible spouse for the life of the spouse. If there is no surviving spouse, the benefit is paid to eligible children.

Service Connected Death

Eligibility: First day of work

Benefit: 50% of salary, but not less than Service Retirement benefit (if eligible at time of commencement).

Normal Form of Benefit: Life annuity to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Deferred Service Retirement

Eligibility: 5 years of service

Additional requirement: Must leave contributions on deposit

Benefit: Same as service retirement benefit

FAS: If reciprocity provisions apply, includes compensation earned at reciprocal agency.

Normal Form of Benefit: Same as service retirement benefit

Withdrawal

Eligibility: First day of work

Other Requirement: Forfeits right to receive other benefit from retirement system.

Benefit: Accumulated contributions with interest

Form of Benefit: Lump sum

Cost of Living Benefits

Timing:	Annually, effective April 1 based on change in Consumer Price Index for the preceding calendar year.
Maximum:	2.5% per year.

Member Contributions

Basic:	Contribution is set by a table adopted by the Retirement Board designed to be sufficient to provide an average annuity, at age 50, equal to 1/100 of the final compensation of members.
COLA:	None
Percentage of Full Contribution Payable by Member:	<p>For County employees hired on or after Payroll Period 97-14:</p> <ul style="list-style-type: none">• 100% of the Full Contribution Rate for their first 5 years of service.• No employee contributions are required after attaining 5 years of service. <p>For County employees hired before Payroll Period 97-14:</p> <ul style="list-style-type: none">• 50% of the Full Contribution Rate for their first 5 years of service.• No employee contributions are required after attaining 5 years of service.
Integration with Social Security:	Members integrated with Social Security pay 2/3 of the full rate on first \$350 of pay each month.
Other Provisions:	Rates based on age at entry into System.

I. Member Contribution Rates – Safety Members

Member contribution rates are calculated as a percentage of the member's pay, on the basis of the member's age at entry into System, the classification of the member, the Plan's economic assumptions and the member's life expectancy at the retirement age specified for this purpose in the County Employees Retirement Law of 1937 (1937 Act). The recommended contribution rates for Safety Members are presented below.

Proposed Full Member Contribution Rates (Integrated)

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	5.06%	7.59%	35	6.47%	9.71%
21	5.14%	7.71%	36	6.60%	9.90%
22	5.22%	7.83%	37	6.73%	10.09%
23	5.30%	7.96%	38	6.87%	10.30%
24	5.39%	8.08%	39	7.02%	10.53%
25	5.48%	8.21%	40	7.03%	10.55%
26	5.56%	8.35%	41	7.05%	10.58%
27	5.65%	8.48%	42	7.07%	10.60%
28	5.75%	8.62%	43	7.08%	10.63%
29	5.84%	8.76%	44	7.10%	10.65%
30	5.94%	8.91%	45	7.12%	10.68%
31	6.04%	9.06%	46	7.13%	10.70%
32	6.14%	9.21%	47	7.15%	10.73%
33	6.25%	9.37%	48	7.17%	10.75%
34	6.36%	9.54%	49	7.18%	10.78%

Proposed Full Member Contribution Rates (Non-Integrated)

Contribution		Contribution	
Age	Rate	Age	Rate
20	7.59%	35	9.71%
21	7.71%	36	9.90%
22	7.83%	37	10.09%
23	7.96%	38	10.30%
24	8.08%	39	10.53%
25	8.21%	40	10.55%
26	8.35%	41	10.58%
27	8.48%	42	10.60%
28	8.62%	43	10.63%
29	8.76%	44	10.65%
30	8.91%	45	10.68%
31	9.06%	46	10.70%
32	9.21%	47	10.73%
33	9.37%	48	10.75%
34	9.54%	49	10.78%

J. Summary of Actuarial Assumptions and Funding Methods

This actuarial valuation report has been prepared in accordance with generally accepted actuarial principles and practices. The major assumptions and methods used in this valuation are as follows:

Economic Assumptions

Interest:	8.0% per year.
Salary Increase – Total Payroll:	4.0 % per year
Salary Increase – Individual:	Rates varying by service, as shown in Schedule 1.
Inflation:	4.0% per year.
Employee Contribution Interest Crediting Rate:	8.0% per year.

Demographic Assumptions

Post-retirement mortality:

- **Service Retirement - General:** RP-2000 Healthy Annuitant Mortality, with adjustment for white collar workers. Life expectancies are shown in Schedules 2.
- **Service Retirement - Safety:** RP-2000 Healthy Annuitant Mortality, with adjustment for blue collar workers. Life expectancies are shown in Schedules 3.
- **Disability Retirement:** RP-2000 Disabled Annuitant Mortality. Life expectancies are shown in Schedules 4.
- **Spouse:** RP-2000 Healthy Annuitant Mortality, with adjustment for white collar workers.

<i>Withdrawal (termination with refund of member contributions):</i>	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety).
<i>Vested Termination (termination with retirement pension deferred to age 60):</i>	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety). Members are assumed to join a reciprocal agency immediately after termination.
<i>Pre-retirement mortality:</i>	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety). Separate rates for ordinary death, service related death, and death while eligible.
<i>Service Disability:</i>	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety).
<i>Ordinary Disability:</i>	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety).
<i>Service Retirement:</i>	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety).
<i>Form of Payment:</i>	Life annuity for single members. 60% contingent annuity for married members (100% contingent annuity if receiving service-related disability). SRBR benefits for married members are all assumed to be paid as a 60% contingent annuity.
<i>Percentage Married at Retirement:</i>	80% of male active members and 50% of female active members assumed married at retirement.
<i>Benefit Eligibility:</i>	For decrement purposes, all active members are considered potentially eligible for all benefits without regard to service requirements. The demographic decrements take the eligibility requirements into account.

Spouse Ages

For active members reaching retirement, wives are assumed to be four years younger than husbands.

Where spousal information was included for retirees, that information was used. If the age of the spouse was not provided, we have assumed that all spouses are still alive, and that female spouses are four years younger than their husbands.

Actuarial Methods

Funding Method:

Entry Age Funding Method, with costs allocated as a level percent of salary.

Amortization Period:

The Unfunded Actuarial Accrued Liability due to the change in funding method is amortized as a level percentage of payroll over a 24-year period beginning with the December 31, 2003 valuation.

The Unfunded Actuarial Accrued Liability due to all other sources is amortized as a level percentage of payroll over a 24-year period beginning with the December 31, 2003 valuation.

Additional UAAL incurred through the granting of Golden Handshake agreements was amortized over a three-year period from the year in which they were granted.

Actuarial Value of Assets:

The market value of assets is adjusted to recognize, over a five-year period, investment earnings greater than (or less than) the assumed investment return.

Details are shown in the Asset Information Section of the report.

The actuarial value, market value and book value are net of amounts allocated to the Supplemental Retiree Benefit Reserve and the Contingency Reserve.

Data Sources

Asset Data:

The asset information is taken directly from statements furnished by the Retirement Office and used without audit.

Member Data:

The member data is supplied by the Retirement Office. It is reviewed for reasonableness and consistency, but no audit was performed. Public Pension Professionals is not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Schedule 1

Assumed Rate of Salary Increase

Years of Service	General Members	Safety Members
0	8.00%	7.50%
1	8.00%	7.50%
2	8.00%	7.50%
3	8.00%	7.50%
4	8.00%	7.50%
5	8.00%	7.50%
6	4.75%	7.50%
7	4.75%	7.50%
8	4.75%	7.50%
9	4.75%	7.50%
10 or more	4.75%	5.25%

Schedule 2
Life Expectancies at Sample Ages
Nondisabled General Members

Age	Male	Female	Age	Male	Female
20	58.04	63.01	70	14.48	16.98
21	57.09	62.03	71	13.76	16.23
22	56.15	61.05	72	13.04	15.26
23	55.21	60.06	73	12.35	14.54
24	54.26	59.08	74	11.67	13.84
25	53.32	58.10	75	11.02	13.16
26	52.38	57.12	76	10.38	12.49
27	51.43	56.13	77	9.77	11.84
28	50.49	55.15	78	9.18	11.21
29	49.54	54.17	79	8.61	10.59
30	48.60	53.19	80	8.06	10.00
31	47.66	52.21	81	7.54	9.43
32	46.72	51.23	82	7.04	8.87
33	45.80	50.26	83	6.56	8.34
34	44.88	49.29	84	6.11	7.84
35	43.96	48.32	85	5.69	7.35
36	43.06	47.35	86	5.29	6.90
37	42.16	46.39	87	4.92	6.47
38	41.26	45.42	88	4.58	6.08
39	40.37	44.46	89	4.26	5.72
40	39.49	43.51	90	3.97	5.38
41	38.61	42.55	91	3.72	5.08
42	37.73	41.60	92	3.49	4.81
43	36.85	40.65	93	3.28	4.57
44	35.99	39.70	94	3.09	4.36
45	35.13	38.76	95	2.93	4.17
46	34.27	37.83	96	2.78	4.01
47	33.43	36.89	97	2.65	3.86
48	32.59	35.96	98	2.53	3.72
49	31.75	35.04	99	2.43	3.59
50	30.93	34.12	100	2.33	3.47
51	30.11	33.20	101	2.25	3.33
52	29.29	32.28	102	2.19	3.19
53	28.46	31.37	103	2.14	3.05
54	27.62	30.46	104	2.11	2.91
55	26.77	29.55	105	2.09	2.78
56	25.91	28.65	106	2.08	2.65
57	25.05	27.76	107	2.08	2.54
58	24.19	26.88	108	2.08	2.44
59	23.32	26.00	109	2.08	2.35
60	22.46	25.13	110	2.07	2.28
61	21.61	24.27	111	2.07	2.21
62	20.76	23.42	112	2.05	2.16
63	19.93	22.57	113	2.04	2.11
64	19.11	21.74	114	2.01	2.06
65	18.30	20.91	115	1.96	2.00
66	17.51	20.10	116	1.87	1.91
67	16.74	19.30	117	1.74	1.77
68	15.97	18.51	118	1.52	1.54
69	15.22	17.74	119	1.15	1.16

General Members – RP-2000 Healthy Mortality, with adjustment for white collar

Schedule 3
Life Expectancies at Sample Ages
Nondisabled Safety Members

Age	Male	Female	Age	Male	Female
20	56.26	61.99	70	13.31	15.77
21	55.31	61.00	71	12.66	15.05
22	54.36	60.02	72	12.03	14.36
23	53.42	59.03	73	11.41	13.69
24	52.47	58.04	74	10.81	13.03
25	51.52	57.06	75	10.23	12.40
26	50.57	56.07	76	9.66	11.77
27	49.62	55.08	77	9.12	11.17
28	48.67	54.10	78	8.60	10.57
29	47.72	53.11	79	8.09	10.00
30	46.77	52.13	80	7.61	9.43
31	45.82	51.15	81	7.15	8.89
32	44.88	50.16	82	6.71	8.37
33	43.95	49.19	83	6.29	7.87
34	43.02	48.21	84	5.89	7.40
35	42.10	47.23	85	5.52	6.95
36	41.18	46.26	86	5.17	6.53
37	40.27	45.29	87	4.83	6.14
38	39.36	44.32	88	4.53	5.78
39	38.46	43.35	89	4.24	5.45
40	37.56	42.38	90	3.98	5.15
41	36.67	41.42	91	3.74	4.88
42	35.78	40.45	92	3.52	4.64
43	34.89	39.49	93	3.32	4.42
44	34.01	38.54	94	3.14	4.23
45	33.13	37.58	95	2.97	4.05
46	32.26	36.63	96	2.82	3.89
47	31.39	35.69	97	2.69	3.75
48	30.53	34.74	98	2.57	3.62
49	29.68	33.80	99	2.47	3.49
50	28.83	32.86	100	2.37	3.37
51	27.99	31.93	101	2.29	3.24
52	27.16	30.99	102	2.23	3.10
53	26.32	30.05	103	2.18	2.96
54	25.49	29.12	104	2.14	2.82
55	24.67	28.19	105	2.12	2.69
56	23.84	27.27	106	2.12	2.57
57	23.02	26.36	107	2.12	2.46
58	22.21	25.45	108	2.11	2.36
59	21.40	24.56	109	2.11	2.28
60	20.61	23.69	110	2.11	2.20
61	19.82	22.83	111	2.10	2.14
62	19.05	21.98	112	2.09	2.09
63	18.28	21.16	113	2.07	2.04
64	17.53	20.34	114	2.04	2.00
65	16.79	19.55	115	1.98	1.94
66	16.06	18.76	116	1.90	1.86
67	15.35	17.99	117	1.76	1.73
68	14.65	17.24	118	1.53	1.51
69	13.97	16.49	119	1.15	1.15

Safety Members – RP-2000 Healthy Mortality, with adjustment for blue collar



Schedule 4

Life Expectancies at Sample Ages
Disabled General and Safety Members

Age	Male	Female	Age	Male	Female
20	30.81	46.81	70	9.81	12.98
21	30.51	46.16	71	9.43	12.46
22	30.20	45.50	72	9.05	11.96
23	29.89	44.84	73	8.69	11.47
24	29.57	44.17	74	8.33	11.00
25	29.24	43.50	75	7.99	10.53
26	28.90	42.82	76	7.65	10.09
27	28.55	42.14	77	7.33	9.65
28	28.20	41.45	78	7.02	9.23
29	27.84	40.76	79	6.72	8.81
30	27.47	40.06	80	6.43	8.42
31	27.09	39.36	81	6.16	8.03
32	26.70	38.65	82	5.89	7.66
33	26.31	37.93	83	5.63	7.29
34	25.90	37.22	84	5.38	6.94
35	25.49	36.49	85	5.14	6.61
36	25.07	35.76	86	4.90	6.28
37	24.63	35.03	87	4.66	5.97
38	24.19	34.28	88	4.41	5.67
39	23.73	33.54	89	4.16	5.39
40	23.27	32.78	90	3.90	5.12
41	22.79	32.03	91	3.65	4.87
42	22.31	31.26	92	3.43	4.63
43	21.81	30.49	93	3.23	4.40
44	21.30	29.72	94	3.04	4.20
45	20.78	28.94	95	2.88	4.02
46	20.25	28.15	96	2.73	3.85
47	19.73	27.38	97	2.60	3.71
48	19.23	26.62	98	2.49	3.58
49	18.73	25.88	99	2.38	3.46
50	18.25	25.15	100	2.29	3.33
51	17.78	24.44	101	2.21	3.20
52	17.32	23.74	102	2.15	3.07
53	16.86	23.06	103	2.10	2.93
54	16.42	22.39	104	2.06	2.79
55	15.98	21.73	105	2.05	2.66
56	15.55	21.09	106	2.04	2.54
57	15.12	20.46	107	2.04	2.43
58	14.69	19.83	108	2.04	2.34
59	14.27	19.22	109	2.04	2.25
60	13.86	18.62	110	2.03	2.18
61	13.44	18.02	111	2.03	2.11
62	13.03	17.43	112	2.02	2.06
63	12.61	16.85	113	2.00	2.02
64	12.20	16.27	114	1.97	1.98
65	11.80	15.70	115	1.93	1.93
66	11.39	15.14	116	1.85	1.85
67	10.99	14.58	117	1.72	1.72
68	10.59	14.04	118	1.50	1.50
69	10.20	13.50	119	1.14	1.14

Disabled Members – RP-2000 Disabled Mortality



Actuaries you can understand

Schedule 5

Probability of Separation from Active Service
(Number separating at each age per 10,000 working at that age)

General Members - Male

Age	Ordinary	Vested	Ordinary	Service	Death	Ordinary	Service	Service
	Withdrawal				While			
	(Refund)	Termination	Death	Death	Eligible	Disability	Disability	Retirement
20	1,050	200	10	-	-	-	-	-
21	1,087	200	10	-	-	-	-	-
22	1,122	200	10	-	-	-	-	-
23	1,156	200	10	-	-	-	-	-
24	1,188	200	11	-	-	-	-	-
25	1,217	200	11	-	-	2	3	-
26	1,245	200	11	-	-	2	3	-
27	1,269	200	11	-	-	2	3	-
28	1,292	200	11	-	-	2	3	-
29	1,311	200	12	-	-	2	3	-
30	1,327	200	12	-	-	2	3	-
31	1,341	200	14	-	-	3	5	-
32	1,351	200	16	-	-	3	5	-
33	1,358	200	18	-	-	3	5	-
34	1,361	200	20	-	-	4	6	-
35	1,361	200	22	-	-	4	6	-
36	1,358	200	24	-	-	5	8	-
37	1,351	200	25	-	-	5	8	-
38	1,341	200	27	-	-	6	9	-
39	1,327	200	29	-	-	7	11	-
40	1,311	200	30	-	-	8	13	-
41	1,291	200	32	-	-	10	14	-
42	1,268	200	34	-	-	11	17	-
43	1,243	200	36	-	-	13	19	-
44	1,215	200	39	-	-	14	22	-
45	1,185	200	42	-	-	16	24	-
46	1,152	200	45	-	-	18	27	-
47	1,118	200	49	-	-	20	30	-
48	1,081	200	52	-	-	22	33	-
49	1,043	200	56	-	-	24	36	-
50	1,004	200	60	-	-	26	39	500
51	964	200	60	-	-	28	42	400
52	923	200	59	-	-	30	45	400
53	882	200	57	-	-	34	51	400
54	840	200	56	-	-	38	57	400
55	798	200	54	-	-	42	63	1,200
56	756	200	54	-	-	47	71	900
57	714	200	55	-	-	52	78	1,200
58	673	200	57	-	-	57	86	1,400
59	633	200	61	-	-	61	92	1,600
60	593	200	66	-	-	65	98	2,000
61	555	200	73	-	-	70	105	2,500
62	517	200	82	-	-	74	111	2,500
63	481	200	92	-	-	77	116	2,500
64	446	200	104	-	-	81	122	2,500
65	-	-	116	-	-	-	-	3,000
66	-	-	130	-	-	-	-	3,000
67	-	-	144	-	-	-	-	3,000
68	-	-	158	-	-	-	-	3,000
69	-	-	174	-	-	-	-	3,000
70	-	-	-	-	-	-	-	10,000

Schedule 6

Probability of Separation from Active Service
 (Number separating at each age per 10,000 working at that age)

General Members - Female

Age	Ordinary	Vested	Ordinary	Service	Death	Ordinary	Service	Service
	Withdrawal				Termination			
	(Refund)		Death	Death	Eligible	Disability	Disability	Retirement
20	930	190	3	-	-	1	1	-
21	965	190	3	-	-	1	1	-
22	1,000	190	3	-	-	1	1	-
23	1,034	190	3	-	-	1	1	-
24	1,067	190	3	-	-	1	1	-
25	1,099	190	3	-	-	2	2	-
26	1,130	190	3	-	-	2	2	-
27	1,159	190	3	-	-	2	2	-
28	1,187	190	3	-	-	2	2	-
29	1,213	190	4	-	-	2	2	-
30	1,238	190	4	-	-	2	3	-
31	1,260	190	4	-	-	2	3	-
32	1,280	190	5	-	-	2	3	-
33	1,298	190	6	-	-	2	3	-
34	1,313	190	6	-	-	2	3	-
35	1,327	190	7	-	-	4	6	-
36	1,337	190	8	-	-	6	8	-
37	1,345	190	8	-	-	7	11	-
38	1,351	190	9	-	-	9	13	-
39	1,353	190	9	-	-	10	16	-
40	1,353	190	10	-	-	12	18	-
41	1,351	190	11	-	-	13	20	-
42	1,345	190	12	-	-	14	22	-
43	1,337	190	14	-	-	16	23	-
44	1,326	190	15	-	-	17	25	-
45	1,313	190	16	-	-	18	27	-
46	1,297	190	18	-	-	19	29	-
47	1,279	190	19	-	-	20	31	-
48	1,259	190	21	-	-	22	32	-
49	1,236	190	23	-	-	23	34	-
50	1,211	190	24	-	-	24	36	500
51	1,185	190	25	-	-	24	37	500
52	1,156	190	27	-	-	25	37	500
53	1,126	190	29	-	-	25	38	500
54	1,095	190	32	-	-	26	38	500
55	1,062	190	35	-	-	26	39	600
56	1,028	190	39	-	-	26	40	800
57	993	190	43	-	-	27	40	1,000
58	957	190	47	-	-	27	41	1,200
59	921	190	51	-	-	28	41	1,400
60	884	190	56	-	-	28	42	1,700
61	847	190	61	-	-	28	43	2,000
62	810	190	67	-	-	29	43	3,000
63	772	190	74	-	-	29	44	3,000
64	735	190	82	-	-	30	44	3,000
65	-	-	91	-	-	30	45	3,000
66	-	-	101	-	-	-	-	3,000
67	-	-	112	-	-	-	-	3,000
68	-	-	124	-	-	-	-	3,000
69	-	-	137	-	-	-	-	3,000
70	-	-	-	-	-	-	-	10,000

Schedule 7

Probability of Separation from Active Service

(Number separating at each age per 10,000 working at that age)

Safety Members

Age	Ordinary Withdrawal (Refund)	Vested Termination	Ordinary Death	Service Death	Death While Eligible	Ordinary Disability	Service Disability	Service Retirement
20	300	70	9	2	-	-	3	-
21	305	70	9	2	-	-	5	-
22	309	70	10	2	-	-	7	-
23	314	70	10	2	-	-	9	-
24	318	70	10	2	-	-	11	-
25	323	70	10	2	-	-	13	-
26	328	70	10	2	-	-	16	-
27	333	70	10	2	-	-	19	-
28	338	70	10	2	-	-	22	-
29	343	70	11	2	-	-	25	-
30	348	70	12	2	-	-	28	-
31	353	70	13	2	-	-	32	-
32	359	70	15	2	-	-	36	-
33	364	70	17	2	-	-	40	-
34	370	70	18	2	-	-	44	-
35	375	70	20	2	-	-	48	-
36	381	70	22	2	-	-	54	-
37	386	70	24	2	-	-	60	-
38	392	70	25	2	-	-	66	-
39	398	70	27	2	-	-	72	-
40	404	70	28	2	-	-	78	-
41	410	70	30	2	-	-	90	-
42	416	70	32	2	-	-	102	-
43	423	70	34	2	-	-	114	-
44	429	70	37	2	-	-	126	-
45	435	70	39	2	-	-	138	100
46	442	70	42	2	-	-	150	50
47	448	70	45	2	-	-	162	50
48	455	70	49	2	-	-	174	100
49	462	70	52	2	-	-	186	200
50	469	70	56	2	-	-	198	1,000
51	476	70	59	2	-	-	216	600
52	483	70	63	2	-	-	234	700
53	490	70	66	2	-	-	252	800
54	498	70	69	2	-	-	270	1,500
55	-	-	72	2	-	-	288	2,500
56	-	-	77	2	-	-	306	2,500
57	-	-	82	2	-	-	324	2,500
58	-	-	89	2	-	-	342	2,500
59	-	-	97	2	-	-	360	2,500
60	-	-	-	-	-	-	-	10,000

K. Member Information

Active Participants

General Members

County	December 31, 2002	December 31, 2003
Number	6,042	6,062
Average Age	44.8	45.3
Average Service	9.7	10.2
Percent Male	29.9%	29.5%
Average Annual Pay	\$40,217	\$41,358
Total Covered Payroll	\$242,991,199	\$250,714,654
Valuation Payroll	\$242,007,710	\$249,818,742

Districts Electing MOU

	December 31, 2002	December 31, 2003
Number	137	138
Average Age	46.3	46.8
Average Service	10.5	11.3
Percent Male	73.7%	73.9%
Average Annual Pay	\$51,360	\$55,300
Total Covered Payroll	\$7,036,417	\$7,631,344
Valuation Payroll	\$7,036,417	\$7,631,344

Districts Not Electing MOU

	December 31, 2002	December 31, 2003
Number	235	246
Average Age	41.4	41.5
Average Service	6.1	6.5
Percent Male	66.0%	65.9%
Average Annual Pay	\$46,954	\$49,163
Total Covered Payroll	\$11,034,188	\$12,094,102
Valuation Payroll	\$11,006,766	\$12,065,531

Total General

	December 31, 2002	December 31, 2003
Number	6,414	6,446
Average Age	44.7	45.2
Average Service	9.6	10.1
Percent Male	32.2%	31.8%
Average Annual Pay	\$40,702	\$41,955
Total Covered Payroll	\$261,061,804	\$270,440,100
Valuation Payroll	\$260,050,893	\$269,515,617

Safety Members

	December 31, 2002	December 31, 2003
Number	1,641	1,658
Average Age	40.5	40.4
Average Service	12.2	12.1
Percent Male	82.8%	82.5%
Average Annual Pay	\$51,072	\$51,189
Total Covered Payroll	\$83,809,133	\$84,871,617
Valuation Payroll	\$82,585,316	\$83,928,766

Total Active Members

	December 31, 2002	December 31, 2003
Number	8,055	8,104
Average Age	43.9	44.2
Average Service	10.2	10.5
Percent Male	42.5%	42.2%
Average Annual Pay	\$42,815	\$43,844
Total Covered Payroll	\$344,870,937	\$355,311,717
Valuation Payroll	\$342,636,209	\$353,444,383

Terminated Vested Participants

General Members

	<i>December 31, 2002</i>	<i>December 31, 2003</i>
Number	759	787
Average Age	46.6	46.9
Average Service	15.2	15.3
Percent Male	42.2%	41.2%

Safety Members

	<i>December 31, 2002</i>	<i>December 31, 2003</i>
Number	93	102
Average Age	43.3	43.4
Average Service	16.0	16.1
Percent Male	76.3%	74.5%

All Members

	<i>December 31, 2002</i>	<i>December 31, 2003</i>
Number	852	889
Average Age	46.6	46.9
Average Service	15.3	15.4
Percent Male	45.9%	45.0%

Terminated Participants with Pending Refunds

General Members

	<i>December 31, 2002</i>	<i>December 31, 2003</i>
Number	191	138
Average Age	38.6	37.5
Percent Male	27.2%	24.6%

Safety Members

	<i>December 31, 2002</i>	<i>December 31, 2003</i>
Number	21	12
Average Age	31.6	32.4
Percent Male	90.5%	91.7%

All Members

	<i>December 31, 2002</i>	<i>December 31, 2003</i>
Number	212	150
Average Age	37.9	37.1
Percent Male	33.5%	30.0%

Retired Participants

General Members

Service Retirements and Beneficiaries ***December 31, 2002*** ***December 31, 2003***

Number	2,947	2,983
Average Age	71.2	71.2
Percent Male	35.2%	35.0%
Average Monthly Benefit*	\$1,141	\$1,215

Disabled ***December 31, 2002*** ***December 31, 2003***

Number	551	593
Average Age	61.4	61.4
Percent Male	35.8%	34.9%
Average Monthly Benefit*	\$1,087	\$1,144

Total General ***December 31, 2002*** ***December 31, 2003***

Number	3,498	3,576
Average Age	69.6	69.6
Percent Male	35.3%	35.0%
Average Monthly Benefit*	\$1,132	\$1,203

*excludes SRBR amounts

Safety Members

Service Retirements and Beneficiaries ***December 31, 2002*** ***December 31, 2003***

Number	647	695
Average Age	65.4	65.3
Percent Male	74.5%	74.5%
Average Monthly Benefit*	\$2,759	\$2,979

Disabled ***December 31, 2002*** ***December 31, 2003***

Number	371	386
Average Age	58.2	58.7
Percent Male	72.5%	72.8%
Average Monthly Benefit*	\$2,243	\$2,356

Total Safety ***December 31, 2002*** ***December 31, 2003***

Number	1,018	1,081
Average Age	62.8	63.0
Percent Male	73.8%	73.9%
Average Monthly Benefit*	\$2,571	\$2,757

*excludes SRBR amounts

Total Members

Service Retirements and Beneficiaries ***December 31, 2002*** ***December 31, 2003***

Number	3,594	3,678
Average Age	70.2	70.1
Percent Male	42.3%	42.4%
Average Monthly Benefit*	\$1,432	\$1,548

Disabled ***December 31, 2002*** ***December 31, 2003***

Number	922	979
Average Age	60.1	60.4
Percent Male	50.5%	49.8%
Average Monthly Benefit*	\$1,552	\$1,622

Total Retirees ***December 31, 2002*** ***December 31, 2003***

Number	4,516	4,657
Average Age	68.1	68.1
Percent Male	44.0%	44.0%
Average Monthly Benefit*	\$1,457	\$1,564

*excludes SRBR amounts

Reconciliation of Participants

General Members

	<u>Actives</u>	<u>Terminated Vested</u>	<u>Terminated Pending Refund</u>	<u>Service Retirees and Benefic.</u>	<u>Disability Retirees and Benefic.</u>
As of December 31, 2002	6,414	759	n/a	2,947	551
New Hires/Rehires	443	(4)			
Net Transfers to Safety	(4)				
Terminated Non-vested / Refund	(224)		110		
Vested Terminations	(56)	56			
Suspended	(1)	1			
Service Retirements	(77)	(47)		124	
Disability Retirements	(43)				43
Active Deaths	(6)				
Deaths Or Ceased Payments				(105)	(21)
Beneficiaries Of Retirees Who Died				31	6
Other		22	28	(14)	14
As of December 31, 2003	6,446	787	138	2,983	593

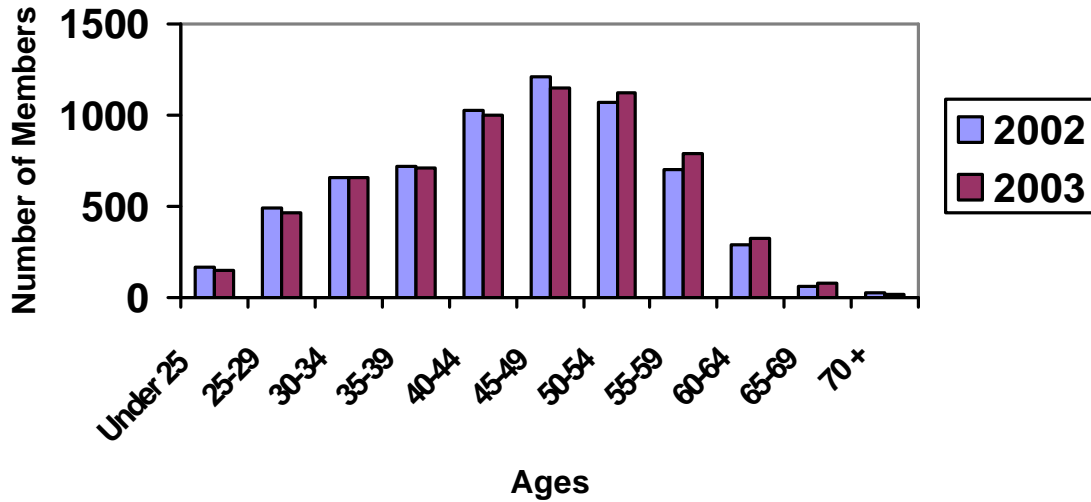
Safety Members

	<u>Actives</u>	<u>Terminated Vested</u>	<u>Terminated Pending Refund</u>	<u>Service Retirees and Beneficiaries</u>	<u>Disability Retirees and Beneficiaries</u>
As of December 31, 2002	1,641	93	n/a	647	371
New Hires/Rehires	101				
Net Transfers From General	4				
Terminated Non-vested / Refund	(19)		9		
Vested Terminations	(8)	8			
Suspended	(1)				
Service Retirements	(52)	(4)		56	
Disability Retirements	(8)				8
Active Deaths	(1)				
Deaths Or Ceased Payments				(11)	(6)
Beneficiaries Of Retirees Who Died				15	3
Other	1	5	3	(12)	10
As of December 31, 2003	1,658	102	12	695	386

Active General Members by Age and Service as of December 31, 2003

Service >>	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30 +	Total
Age Under									
25	52	93	2	0	0	0	0	0	147
25-29	95	321	46	0	0	0	0	0	462
30-34	73	384	158	41	0	0	0	0	656
35-39	56	269	190	149	43	0	0	0	707
40-44	48	272	217	224	163	75	1	0	1,000
45-49	41	198	219	269	197	169	60	2	1,155
50-54	32	204	197	202	157	166	107	47	1,122
55-59	20	123	135	130	132	93	79	79	791
60-64	3	45	62	78	62	30	18	27	325
65-69	4	5	20	16	14	8	3	4	74
70 +	0	4	1	5	2	1	3	1	17
Total	424	2,918	1,247	1,114	770	542	271	160	6,446

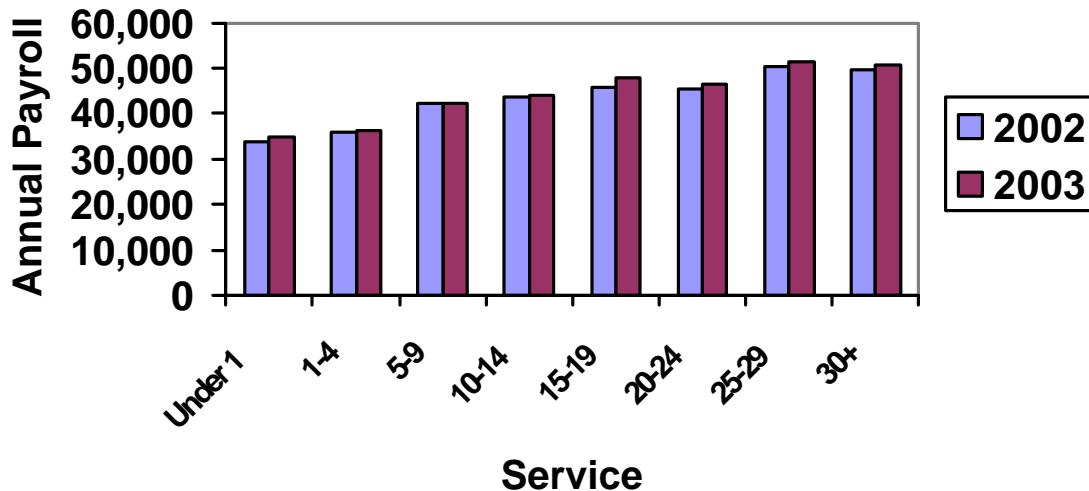
Active General Members by Age



Average Annual Compensation for General Members by Age and Service as of December 31, 2003

Service >>	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30 +	Total
Age Under									
25	28,233	26,362	28,273	0	0	0	0	0	27,051
25-29	31,990	34,835	36,262	0	0	0	0	0	34,392
30-34	34,556	37,613	42,388	40,910	0	0	0	0	38,629
35-39	35,601	36,486	41,254	44,281	40,342	0	0	0	39,575
40-44	35,158	36,102	42,657	45,557	45,571	39,243	40,209	0	41,380
45-49	36,586	35,494	43,214	44,297	49,837	48,086	45,271	34,238	43,841
50-54	42,012	40,464	41,297	42,753	50,987	48,337	55,172	44,660	45,325
55-59	44,424	37,464	44,656	44,866	49,058	49,489	52,544	55,490	46,739
60-64	42,715	41,839	43,254	41,634	43,148	41,002	37,863	48,050	42,536
65-69	56,504	49,236	38,291	41,072	48,862	37,751	57,432	45,006	43,697
70 +	0	37,401	44,560	30,396	46,057	34,014	77,186	103,517	47,491
Total	34,901	36,434	42,211	43,915	47,938	46,609	51,278	50,826	41,955

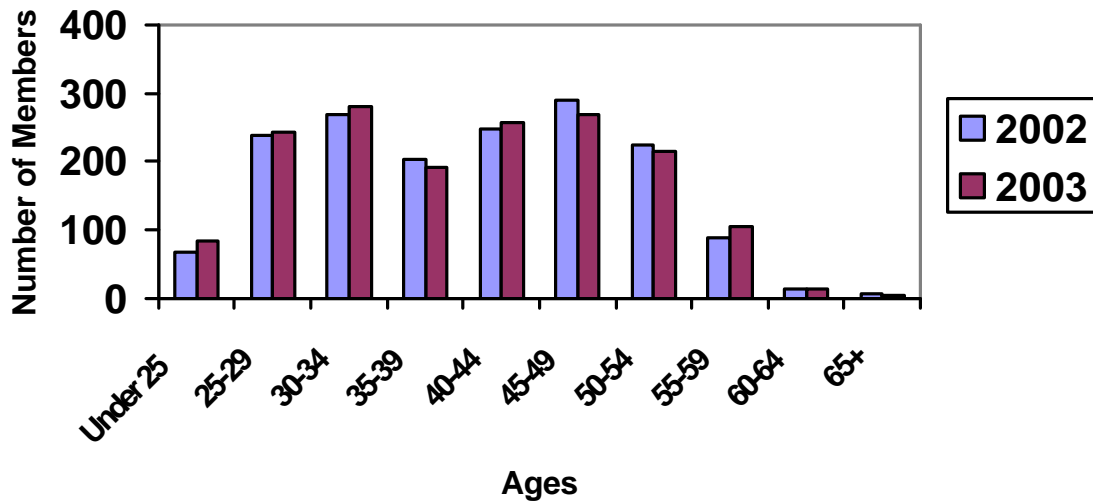
General Member Pay by Service



Active Safety Members by Age and Service as of December 31, 2003

<u>Service</u> >>	<u>Under</u> 1	1-4	5-9	10-14	15-19	20-24	25-29	30 +	Total
<u>Age</u> <u>Under</u> 25	35	47	1	0	0	0	0	0	83
25-29	34	141	67	0	0	0	0	0	242
30-34	11	111	134	25	0	0	0	0	281
35-39	5	36	65	60	23	1	0	0	190
40-44	4	13	44	59	90	46	1	0	257
45-49	1	6	20	32	50	99	60	0	268
50-54	0	1	12	12	42	41	84	23	215
55-59	1	3	11	9	18	23	23	17	105
60-64	1	4	3	3	2	0	0	0	14
65-69	0	0	0	1	2	0	0	0	3
70 +	0	0	0	0	0	0	0	0	0
Total	92	362	357	201	227	210	168	41	1,658

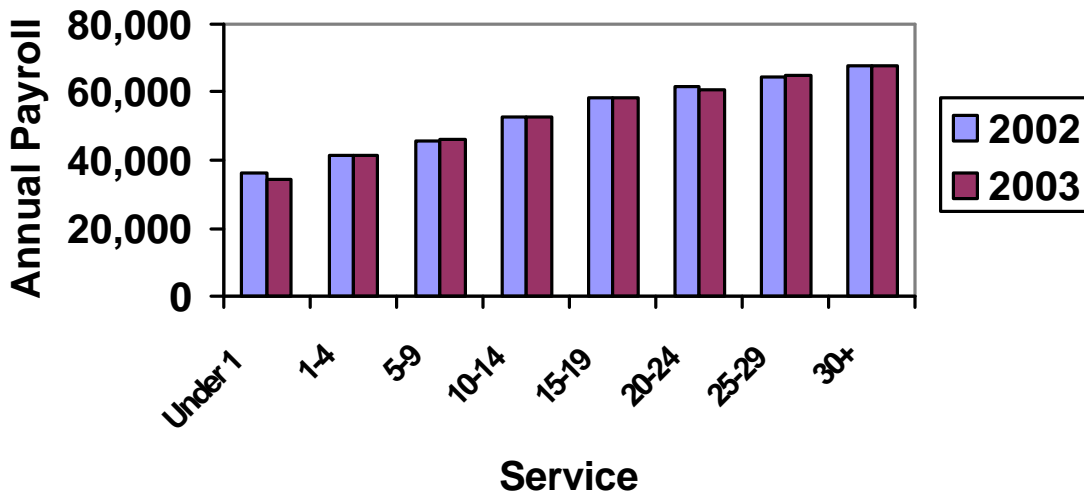
Active Safety Members by Age



Average Annual Compensation for Safety Members by Age and Service as of December 31, 2003

Service	Under									
>>	1	1-4	5-9	10-14	15-19	20-24	25-29	30 +	Total	
Age										
Under										
25	34,626	39,977	45,373	0	0	0	0	0	37,786	
25-29	33,119	40,808	44,350	0	0	0	0	0	40,709	
30-34	35,351	42,840	47,314	49,293	0	0	0	0	45,254	
35-39	32,174	43,372	45,688	55,254	60,643	39,576	0	0	49,692	
40-44	39,236	39,376	46,670	53,163	59,464	62,185	54,944	0	54,966	
45-49	35,836	39,608	46,198	54,526	58,260	60,906	66,837	0	59,310	
50-54	0	37,601	42,784	47,811	58,230	60,055	64,885	68,263	60,712	
55-59	29,797	38,612	42,864	49,952	52,312	58,772	60,784	66,416	56,068	
60-64	31,321	45,207	48,039	40,841	41,520	0	0	66,410	44,874	
65-69	0	0	0	49,480	43,358	0	0	0	45,399	
70 +	0	0	0	0	0	0	0	0	0	
Total	34,148	41,528	46,030	52,857	58,223	60,685	64,961	67,452	51,189	

Safety Member Pay by Service



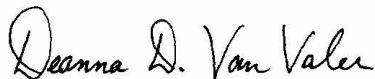
L. Actuarial Certification

The valuation has been conducted in accordance with generally accepted actuarial principles and practices.

The actuarial assumptions employed in the development of the recommended contribution rates were selected to be individually reasonable (taking into account the experience of the Plan and reasonable expectations) and which, in combination, offer the actuary's best estimate of anticipated experience under the Plan.



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April 2004