

Mendocino County Employees' Retirement Association

**Actuarial Valuation and Review
as of June 30, 2013**



This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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November 25, 2013

*Board of Retirement
Mendocino County Employees' Retirement Association
625-B Kings Court
Ukiah, CA 95482-5027*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2013. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2014/2015 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices, at the request of the Board to assist in administering the Plan. The census and financial information on which our calculations were based were prepared by MCERA. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

We are Members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. 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 are reasonably related to the experience of and the expectations for the Plan.

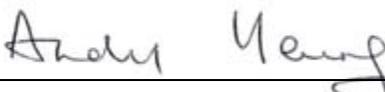
We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of the Segal Group, Inc.

By: 

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



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

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SECTION 1

VALUATION SUMMARY

Purpose.....	i
Significant Issues in Valuation Year ...	ii
Summary of Key Valuation Results ...	vi
Summary of Key Valuation Demographic and Financial Data...	vii

SECTION 2

VALUATION RESULTS

A. Member Data	1
B. Financial Information	4
C. Actuarial Experience	7
D. Employer and Member Contributions	12
E. Information Required by GASB ..	21
F. Volatility Ratios.....	22

SECTION 3

SUPPLEMENTAL INFORMATION

EXHIBIT A Table of Plan Coverage	
i. General Tier 1	23
ii. General Tiers 2 and 3.....	24
iii. General Tier 4.....	25
iv. Safety Tiers 1, 2, and 3	26
v. Probation Tiers 1, 2, and 3	27
EXHIBIT B Members in Active Service and Projected Average Compensation	
i. General Tier 1	28
ii. General Tiers 2 and 3.....	29
iii. General Tier 4.....	30
iv. Safety Tiers 1, 2, and 3	31
v. Probation Tiers 1, 2, and 3	32
EXHIBIT C Schedule of Average Benefit Payment Amounts.....	33
EXHIBIT D Average Annual Benefit of Retired Members and Beneficiaries	
i. General Males.....	34
ii. General Females	35
iii. Safety.....	36
iv. Probation.....	37
EXHIBIT E Reconciliation of Member Data	38
EXHIBIT F Summary Statement of Income and Expenses - Actuarial Value Basis ...	39
EXHIBIT G Summary Statement of Assets	40
EXHIBIT H Actuarial Balance Sheet.....	41
EXHIBIT I Development of Unfunded Actuarial Accrued Liability	42
EXHIBIT J Table of Amortization Bases	43
EXHIBIT K Section 415 Limitations	44
EXHIBIT L Definitions of Pension Terms	45

SECTION 4

REPORTING INFORMATION

EXHIBIT I Summary of Actuarial Valuation Results.....	47
EXHIBIT II Supplementary Information Required by GASB – Schedule of Employer Contributions.....	49
EXHIBIT III Supplementary Information Required by GASB – Schedule of Funding Progress.....	50
EXHIBIT IV Supplementary Information Required by GASB	51
EXHIBIT V Actuarial Assumptions and Actuarial Cost Method.....	52
EXHIBIT VI Summary of Plan Provisions	59
Appendix A Member Contribution Rates	
General Tier 1	66
General Tier 2 and Tier 3	68
General Tier 4	70
Safety Tier 1.....	71
Safety Tier 2	73
Safety Tier 3.....	75
Probation Tier 1	76
Probation Tier 2	78
Probation Tier 3	80

SECTION 1: Valuation Summary for the Mendocino County Employees' Retirement Association

Purpose

This report has been prepared by Segal Consulting to present a valuation of the Mendocino County Employees' Retirement Association as of June 30, 2013. 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 Association, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, retired members and beneficiaries as of June 30, 2013, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2013, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. that the Board has adopted for the June 30, 2013 valuation.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the Association's liabilities, and that, 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 Association's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the Association'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 Association's employer rates provide for both normal cost and a payment or credit to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have applied the Board's funding policy to amortize the outstanding balance of the Association's unfunded actuarial accrued liability (UAAL) from the June 30, 2012 valuation over a declining period, with 26 years remaining as of June 30, 2013. In addition, any new UAAL established after June 30, 2012 has been amortized over separate layers with different amortization periods depending on the source of the layer (gains and losses are amortized over 18 years). The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2014 through June 30, 2015.

SECTION 1: Valuation Summary for the Mendocino County Employees' Retirement Association

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- On April 17, 2013, the Board adopted changes to MCERA's actuarial funding policy resulting from the discussion provided in our letter dated March 7, 2013. One of the changes adopted by the Board was to amortize the outstanding balance of the Association's UAAL from the June 30, 2012 valuation over a declining period, with 26 years remaining as of June 30, 2013. Any new UAAL established after June 30, 2012 has been amortized over separate layers with different amortization periods depending on the source of the layer (gains and losses are amortized over 18 years).

Also, under the Board's funding policy adopted on April 17, in addition to the UAAL contribution rate, an amortization amount equal to the UAAL contribution rate times the covered payroll (as estimated in the actuarial valuation that establishes such UAAL contribution rate) will be calculated for each employer. The final UAAL payment by each employer will be equal to the UAAL contribution rate times the actual covered payroll or the above amortization amount, if greater. This means that starting with fiscal year 2014/2015, UAAL contribution amounts will be equal to the greater of the UAAL contribution rates developed in Section 2, Chart 13A of this valuation times the actual fiscal year 2014/2015 payroll, or the estimated UAAL annual contribution amounts provided in Section 2, Chart 13B of this valuation. To facilitate the calculation of the minimum UAAL dollar contribution amount, we have provided in Chart 13B a breakdown of the estimated UAAL annual contribution amounts by employer (i.e., County of Mendocino, Mendocino County Superior Court, and Russian River Cemetery District).

On June 19, 2013, the Board adopted an additional change to the actuarial funding policy to anticipate the contribution rate impact that would result from the lag between the date of the actuarial valuation and the date of the contribution rate implementation. In general, the contribution rates determined in an actuarial valuation will apply to the fiscal year beginning 12 months after the valuation date. In compliance with the change in the funding policy, the employer contribution rates developed in this valuation have been adjusted to anticipate the delay in implementing the change in the employer contribution rates determined as of June 30, 2013 for the fiscal year 2014/2015. This adjustment is reflected in the UAAL portion of the June 30, 2013 employer rates.

- As discussed in our letter dated November 28, 2012, we requested information required to study patterns of vacation cash outs both during employment and during the final salary averaging period for new retirees. This should allow us to determine in our next triennial experience study as of June 30, 2014 if an assumption to anticipate additional vacation cash outs during the final salary averaging period would be warranted. Based on a recent conversation with MCERA staff, we understand that the pensionable earnings information requested is not currently available from MCERA's payroll system.

SECTION 1: Valuation Summary for the Mendocino County Employees' Retirement Association

We will continue to work with MCERA staff prior to the 2014 experience study to determine what kind of information might be available to allow us to evaluate the need for a vacation cash out assumption as part of that study.

Ref: Pg. 50

- In the June 30, 2012 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities was 74.1%. In this June 30, 2013 valuation, this funding ratio has increased to 74.2%. On a market value basis, the funded ratio increased from 70.1% to 75.1%.

Ref: Pg. 42

- The Association's unfunded actuarial accrued liability (UAAL) as of June 30, 2012 was \$126,527,019. In this year's valuation, the UAAL has increased to \$131,684,255. A reconciliation of the Association's UAAL is provided in Section 3, Exhibit I.

Ref: Pg. 19

- The aggregate employer rate calculated in this valuation has increased from 25.48% of payroll to 26.28% of payroll. The reasons for the change include losses from (a) the scheduled one-year delay in the past from implementing contribution rates in the June 30, 2012 valuation, (b) the anticipated one-year delay in the future from implementing contribution rates in the June 30, 2013 valuation, (c) lower than expected return on investments (after smoothing), (d) amortizing the prior year's UAAL over a smaller than expected projected total payroll, and (e) other actuarial losses. These losses were partially offset by a gain from lower than expected salary increases for active members. A reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 14).

Ref: Pg. 20

- The aggregate member rate calculated in this valuation has increased from 9.60% of payroll to 9.62% of payroll. The reason for the increase is a change in membership demographics. A reconciliation of the Association's aggregate member rate is provided in Section 2, Subsection D (see Chart 15).

The individual member rates have been updated to reflect the valuation as of June 30, 2013. These rates are provided in Appendix A of this report.

Note that based on our discussions with MCERA, we have used the discretion made recently available by AB 1380 to no longer round the General Tier 4/Safety Tier 3/Probation Tier 3 member's contribution rates to the nearest ¼% as previously required by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA). This should allow for exactly one-half of the Normal Cost to be paid by each of the employee and employer covered under CalPEPRA plans.

Ref: Pg. 5

- As indicated in Section 2, Subsection B (see Chart 7), the total unrecognized investment gain as of June 30, 2013 is \$584,000 (note that in the previous valuation, this amount was a deferred loss of \$23.2 million). This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. This implies

SECTION 1: Valuation Summary for the Mendocino County Employees' Retirement Association

that if the Association earns the assumed net rate of investment return of 7.75% per year on a **market value** basis, it will result in investment gains on the actuarial value of assets after June 30, 2013.

The deferred gains of \$584,000 represent 0.2% of the market value of assets as of June 30, 2013. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$584,000 market gain is expected to have a slight impact on the Association's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

- If the deferred gains were recognized immediately, and assuming further that the balance in the Contingency Reserve would be included as valuation value of assets, the funded percentage would increase from 74.2% to 75.1%.
 - If the deferred gains were recognized immediately, and assuming further that the balance in the Contingency Reserve would be included as valuation value of assets, the aggregate employer rate would decrease from 26.28% to about 25.7% of payroll.
- The footnote in Chart 7 shows that under the asset smoothing method the \$584,000 in net deferred gains will be recognized in the next four years, but in a very non-level (uneven) pattern. In particular, there will be losses of \$1.1 million recognized in each of the next two years, followed by another loss of \$1.7 million, and then a relatively large gain of \$4.5 million, so as to ultimately recognize all of the current total net deferred gains of \$584,000. This means that, absent any new gains or losses in the future, there will be three more years of increases in the employer contribution rate followed by a one-year decrease before the \$584,000 in net deferred gains are full recognized.
- In keeping with model actuarial practice for this situation, and similar to the action taken by the Board in 2012, effective July 1, 2013, the asset smoothing method could be modified by combining the net deferred gains of \$584,000 from the current valuation into a single four-year smoothing "layer" and thereby recognizing those net deferred gains of \$584,000 over the next four years in four level amounts of approximately \$146,000 in each year. This would reduce the volatility associated with the current pattern of the deferred gain/loss recognition and thereby result in more stable funded ratios (on an actuarial value basis) and more level employer contribution rates.

Please note that this change would have no impact on the current June 30, 2013 valuation results as the total amount of unrecognized gains as of June 30, 2013 remain unchanged. Also, note that we recommend using a four-year smoothing period for the combined deferred gains as that will complete the recognition of those net gains over the same time period as under the current separate smoothing layers. We will provide more discussion of this policy option during our presentation of the June 30, 2013 valuation.

SECTION 1: Valuation Summary for the Mendocino County Employees' Retirement Association

- The actuarial valuation report as of June 30, 2013 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.
- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. It is important to note that the new GASB rules only redefine pension expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices. Because these new Statements are not effective until the fiscal year ending June 30, 2014 for Plan reporting and the fiscal year ending June 30, 2015 for employer reporting, the financial reporting information in this report continues to be in accordance with Statements 25 and 27.

Impact of Future Experience on Contribution Rates

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

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

SECTION 1: Valuation Summary for the Mendocino County Employees' Retirement Association

Summary of Key Valuation Results

	June 30, 2013		June 30, 2012	
Employer Contribution Rates:				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
General Tier 1	25.22%	\$388,000	24.27%	\$373,000
General Tier 2/Tier 3	24.07	9,995,000	23.45	9,738,000
General Tier 4	20.26	497,000	19.80	485,000
Safety Tier 1	46.55	33,000	43.32	31,000
Safety Tier 2	40.31	3,110,000	37.33	2,880,000
Safety Tier 3	33.71	129,000	30.20	116,000
Probation Tier 1		Not Calculated ⁽²⁾		
Probation Tier 2	24.90	663,000	27.59	735,000
Probation Tier 3	18.14	22,000	22.66	27,000
All Categories Combined	26.28	14,837,000	25.48	14,385,000
Average Member Contribution Rates:				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
General Tier 1	2.90%	\$45,000	2.89%	\$44,000
General Tier 2/Tier 3	9.73	4,040,000	9.69	4,024,000
General Tier 4	7.02	172,000	7.25	178,000
Safety Tier 1	0.00	0	0.00	0
Safety Tier 2	10.29	794,000	10.26	792,000
Safety Tier 3	12.26	47,000	11.50	44,000
Probation Tier 1		Not Calculated ⁽²⁾		
Probation Tier 2	12.06	321,000	12.09	322,000
Probation Tier 3	9.83	12,000	11.50	14,000
All Categories Combined	9.62	5,431,000	9.60	5,418,000
Funded Status:				
Actuarial Accrued Liability (AAL) ⁽³⁾		\$510,461,279		\$489,014,364
Valuation Value of Assets (VVA) ⁽⁴⁾		378,777,024		362,487,345
Market Value of Assets (MVA)		383,196,817		342,736,812
Funded Percentage on VVA Basis		74.2%		74.1%
Funded Percentage on MVA Basis		75.1%		70.1%
Unfunded Actuarial Accrued Liability (UAAL) on VVA Basis		\$131,684,255		\$126,527,019
Unfunded Actuarial Accrued Liability (UAAL) on MVA Basis		127,264,462		146,277,552
Key Economic Assumptions:				
Interest Rate		7.75%		7.75%
Inflation Rate		3.50%		3.50%
Across-the-Board Salary Increase		0.50%		0.50%

(1) Based on June 30, 2013 projected annual compensation.

(2) There were no Probation Tier 1 active members reported for the June 30, 2013 valuation.

(3) Excludes liabilities held for non-valuation reserves.

(4) Excludes Contingency Reserve.

SECTION 1: Valuation Summary for the Mendocino County Employees' Retirement Association

Summary of Key Valuation Demographic and Financial Data

	June 30, 2013	June 30, 2012	Percentage Change
Active Members:			
Number of members	1,072	1,069	0.3%
Average age	48.2	48.7	N/A
Average service	10.2	10.6	N/A
Projected total compensation	\$56,463,983	\$56,596,088	(0.2)%
Average projected compensation	\$52,672	\$52,943	(0.5)%
Retired Members and Beneficiaries:			
Number of members:			
Service retired	973	905	7.5%
Disability retired	170	170	0.0%
Beneficiaries	144	142	1.4%
Total	1,287	1,217	5.8%
Average age	68.1	68.1	N/A
Average monthly benefit	\$1,661	\$1,610	3.2%
Vested Terminated Members:			
Number of vested terminated members	345	356	(3.1)%
Average age	48.2	48.9	N/A
Summary of Financial Data:			
Market value of assets	\$383,196,817	\$342,736,812	11.8%
Return on market value of assets*	14.44%	(1.16)%	N/A
Actuarial value of assets	\$382,612,375	\$365,918,684	4.6%
Return on actuarial value of assets	6.95%	6.38%	N/A
Valuation value of assets	\$378,777,024	\$362,487,345	4.5%
Return on valuation value of assets	6.90%	6.69%	N/A

* The rates of return have been calculated on a dollar-weighted basis. It is our understanding that MCERA's investment consultant calculates rates of return on a time-weighted basis, which can produce different results. The rates of return determined by the investment consultant were 14.52% as of June 30, 2013 and (1.04)% as of June 30, 2012

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

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-E.

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

CHART 1
Member Population: 2006 – 2013⁽¹⁾

Year Ended June 30	Active Members	Vested Terminated Members⁽²⁾	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2006	1,312	445	853	0.99
2007	1,395	407	907	0.94
2008	1,410	411	962	0.97
2009	1,369	412	1,008	1.04
2010	1,254	395	1,083	1.18
2011	1,129	389	1,129	1.34
2012	1,069	356	1,217	1.47
2013	1,072	345	1,287	1.52

⁽¹⁾ Information prior to 2011 has been extracted from the previous actuary's past valuation reports.

⁽²⁾ Includes pending withdrawals and pending disabilities prior to 2011.

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 1,072 active members with an average age of 48.2 years, average years of service of 10.2, and average compensation of \$52,672. The 1,069 active members in the prior valuation had an average age of 48.7 years, average service of 10.6 years, and average compensation of \$52,943.

Inactive Members

In this year's valuation, there were 345 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 356 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, 2013

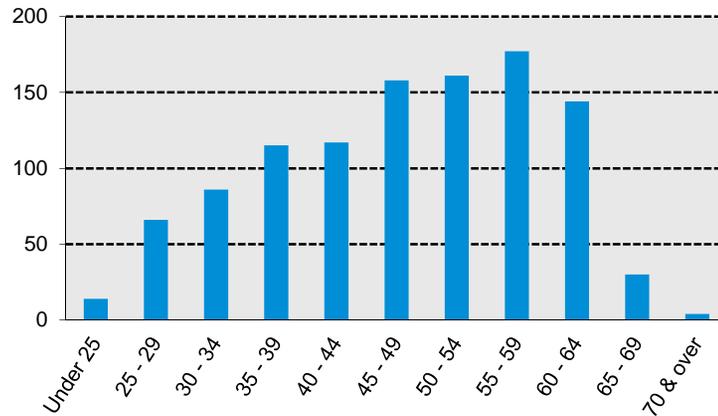
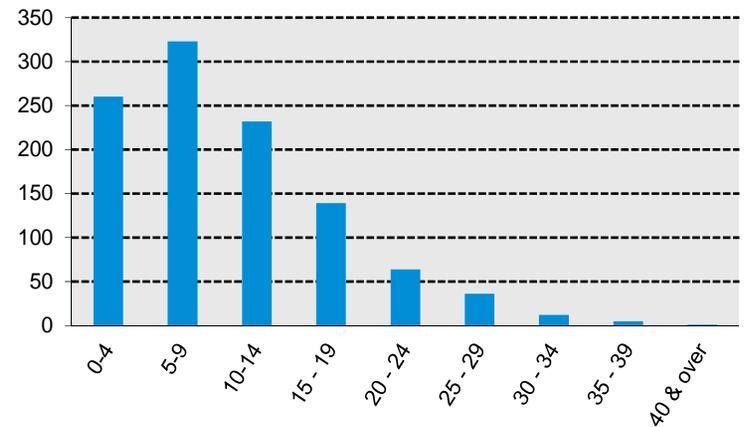


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2013



SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

Retired Members and Beneficiaries

As of June 30, 2013, 1,143 retired members and 144 beneficiaries were receiving total monthly benefits of \$2,137,776. For comparison, in the previous valuation, there were 1,075 retired members and 142 beneficiaries receiving monthly benefits of \$1,958,913.

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

CHART 4

Distribution of Retired Members (Excl. Beneficiaries) by Type and by Monthly Amount as of June 30, 2013

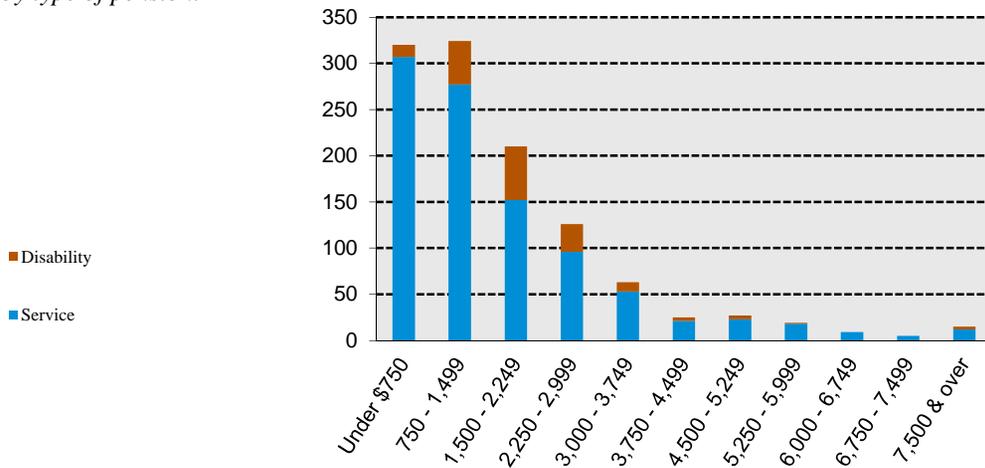
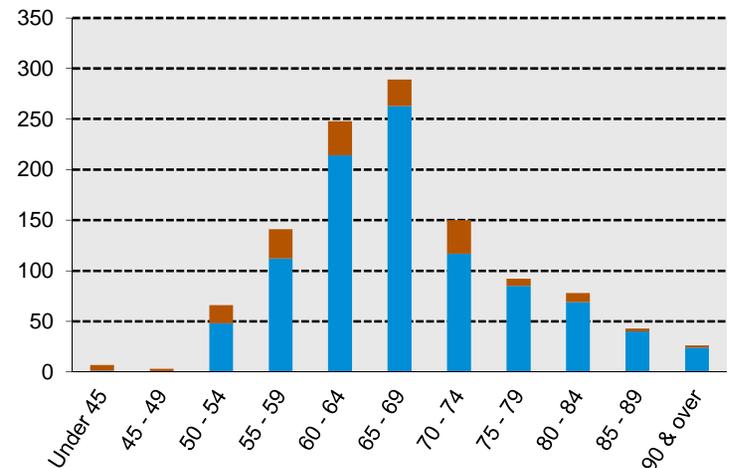


CHART 5

Distribution of Retired Members (Excl. Beneficiaries) by Type and by Age as of June 30, 2013



SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

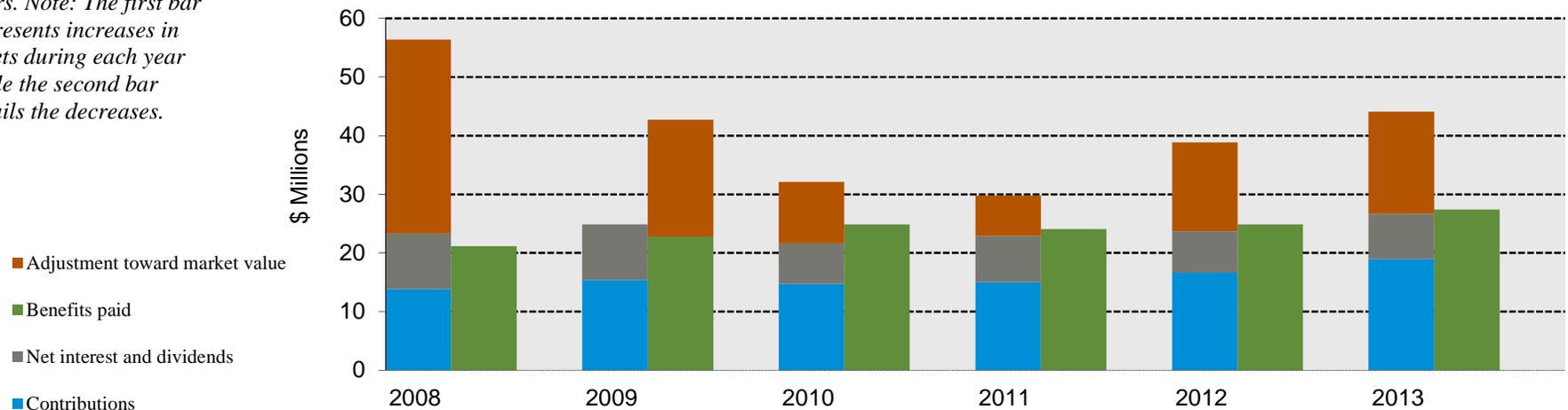
B. FINANCIAL INFORMATION

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 F and G.

The chart depicts the components of changes in the actuarial value of assets over the last six years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2008 through 2013



SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

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 has no immediate effect on the actuarial value.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2013

1. Market value of assets:					\$383,196,817	
2. Calculation of deferred return:	Actual Market <u>Return (net)</u>	Expected Market <u>Return (net)</u>	Investment <u>Gain / (Loss)</u>	Deferred <u>Factor</u>	Deferred <u>Return</u>	
(a) Year ended June 30, 2008	\$(15,554,126)	\$28,043,159	\$(43,597,285)	see footnote (1) below		
(b) Year ended June 30, 2009	(51,892,628)	26,211,450	(78,104,078)			
(c) Year ended June 30, 2010	38,132,500	21,358,039	16,774,461			
(d) Year ended June 30, 2011	64,075,101	23,640,399	40,434,702		50%	\$1,225,674
(e) Year ended June 30, 2012	(4,078,489)	27,196,991	(31,275,480)		60%	(18,765,288)
(f) Year ended June 30, 2013	48,890,492	26,235,422	22,655,070		80%	<u>18,124,056</u>
(g) Total unrecognized return*						\$584,442
3. Preliminary actuarial value of assets: (1) - (2g)					\$382,612,375	
4. Adjustment to be within 25% corridor of market value					\$0	
5. Final actuarial value of assets: (3) + (4)					\$382,612,375	
6. Actuarial value as a percentage of market value: (5) ÷ (1)					99.8%	
7. Non-pension reserves:**						
Contingency reserve					\$3,835,351	
8. Valuation value of assets: (5) - (7)					\$378,777,024	

⁽¹⁾ Based on action taken by the Board in 2012, the total deferred return through June 30, 2011 has been recognized in four level amounts, with two years of recognition remaining after the June 30, 2013 valuation.

*The amount of deferred return that will be recognized in each subsequent valuation is as follows (note: amounts may not total exactly due to rounding):

6/30/2014	\$(1,111,244)
6/30/2015	(1,111,244)
6/30/2016	(1,724,082)
6/30/2017	<u>4,531,014</u>
Total	\$584,442

** After prior consultation with outside tax counsel effective with the June 30, 2012 valuation, the Board has designated the \$658,654 allocated to the Retirees Health Insurance Reserve as a valuation reserve and so will serve to reduce the UAAL in the June 30, 2012 and subsequent valuations.

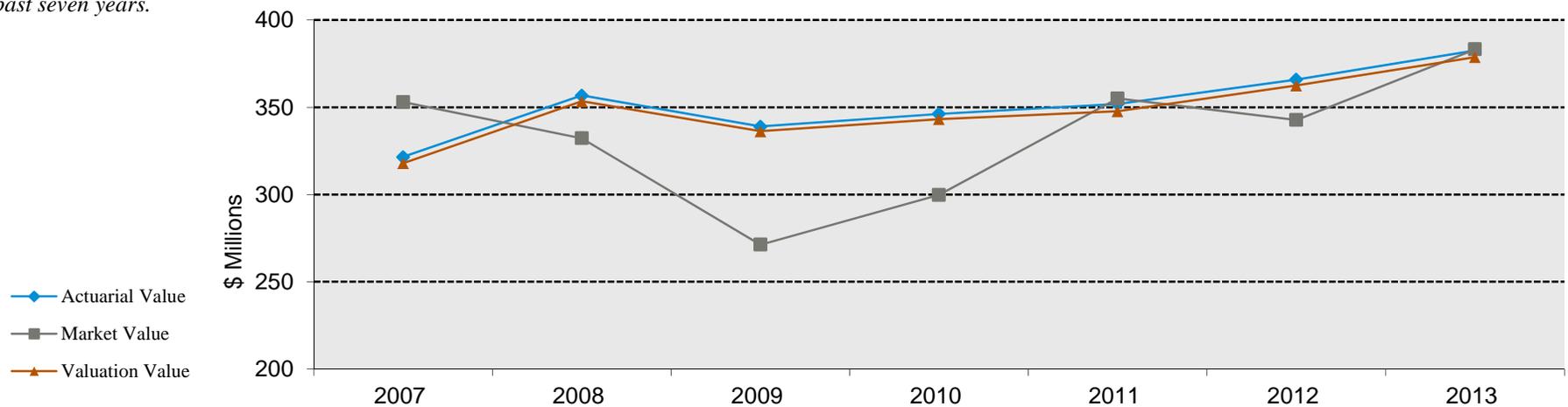
The chart shows the determination of the actuarial value of assets as of the valuation date.

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

The market value, actuarial value, and valuation value of assets are representations of MCERA'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 MCERA'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 seven years.

CHART 8
Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2007 – 2013



SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

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 \$2.0 million, a net loss of \$3.0 million from investments and a gain of \$1.0 million from all other sources. The net experience variation from individual sources other than investments was 0.2% of the actuarial accrued liability. 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, 2013

1. Net loss from investments ⁽¹⁾	\$3,045,922
2. Net gain from other experience ⁽²⁾	<u>(1,006,652)</u>
3. Net experience loss: (1) + (2)	\$2,039,270

⁽¹⁾ Details in Chart 10.

⁽²⁾ See Section 3, Exhibit I.

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

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 MCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.75% for the June 30, 2012 valuation. The actual rate of return on a valuation basis for the 2013 plan year was 6.90%.

Since the actual return for the year was less than the assumed return, MCERA experienced an actuarial loss during the year ended June 30, 2013 with regard to its investments.

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

CHART 10
Investment Experience for Year Ended June 30, 2013
Valuation Value, Actuarial Value, and Market Value of Assets

	Valuation Value	Actuarial Value	Market Value
1. Actual return	\$24,720,166	\$25,124,178	\$48,890,492
2. Average value of assets	358,272,102	361,703,441	338,521,569
3. Actual rate of return: (1) ÷ (2)	6.90%	6.95%	14.44%
4. Assumed rate of return	7.75%	7.75%	7.75%
5. Expected return: (2) x (4)	27,766,088	28,032,017	26,235,422
6. Actuarial gain/(loss): (1) – (5)	<u>\$(3,045,922)</u>	<u>\$(2,907,839)</u>	<u>\$22,655,070</u>

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

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 a valuation, actuarial, and market value basis for the last seven years.

Based on recommendations previously adopted by the Board, we have maintained the assumed long-term rate of return of 7.75% for the June 30, 2013 valuation.

CHART 11

Investment Return – Valuation Value, Actuarial Value and Market Value: 2007 – 2013*

Year Ended June 30	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return**	
	Amount	Percent	Amount	Percent	Amount	Percent
2007	N/A	N/A	N/A	9.90%	\$50,991,137	16.80%
2008	N/A	N/A	N/A	6.60%	(28,174,415)	(7.90)%
2009	N/A	N/A	N/A	4.90%	(53,511,078)	(16.30)%
2010	N/A	N/A	N/A	3.30%	44,658,046	17.00%
2011	\$11,895,661	3.50%	\$14,809,915	4.33%	64,075,101	21.68%
2012	22,982,960	6.69%	22,205,173	6.38%	(4,078,489)	(1.16)%
2013	24,720,166	6.90%	25,124,178	6.95%	48,890,492	14.44%
Seven-Year Average Return		N/A		6.03%		5.45%

* Information prior to 2011 has been extracted from the previous actuary's past valuation reports.

** The rates of return have been calculated on a dollar-weighted basis. It is our understanding that MCERA's investment consultant calculates rates of return on a time-weighted basis, which can produce different results.

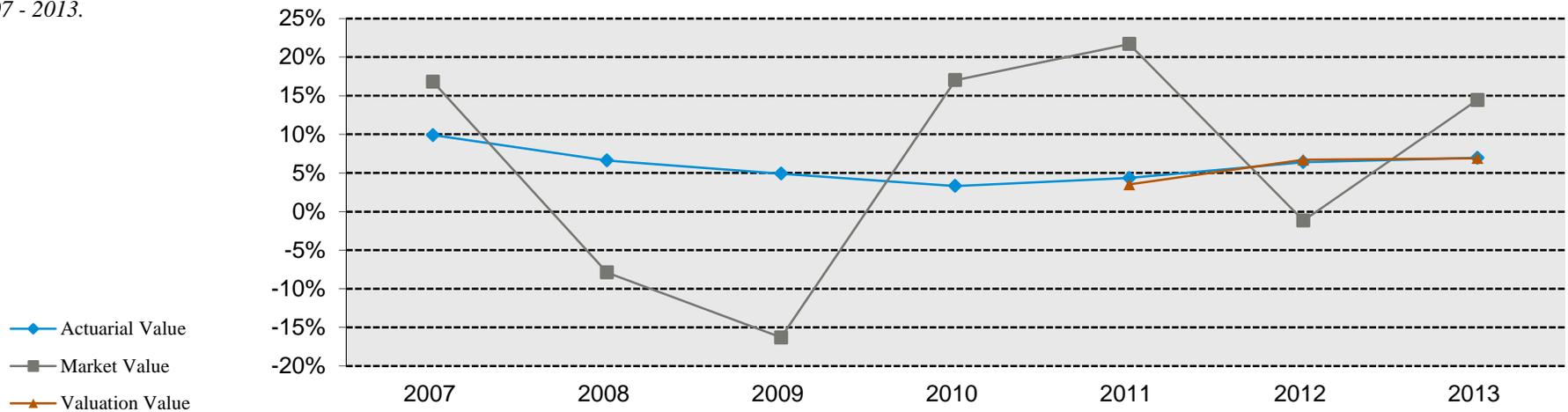
SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

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 2007 - 2013.

CHART 12

Market, Actuarial and Valuation Value Rates of Return for Years Ended June 30, 2007 - 2013



SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

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 loss from this other experience for the year ended June 30, 2013 amounted to \$1.0 million which is 0.2% of the actuarial accrued liability. See Exhibit I for a detailed development of the Unfunded Actuarial Accrued Liability.

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

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 earnings rate. The contribution (or rate credit in the case of a negative UAAL) 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 rate of 4.00% (i.e., 3.50% inflation plus 0.50% across-the-board salary increase).

Prior to July 1, 2012, the total UAAL was being amortized on a 30-year decreasing period, with 27 years remaining as of June 30, 2012 (and 26 years remaining as of June 30, 2013). On or after July 1, 2012, any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are amortized over separate decreasing 5-year periods; assumption and method changes are amortized over separate decreasing 18-year periods; and experience gains/losses are also amortized over separate decreasing 18-year periods.

Also, under the Board's funding policy adopted on April 17, 2013, in addition to the UAAL contribution rate, an amortization amount equal to the UAAL contribution rate times the covered payroll (as estimated in the actuarial valuation that establishes such UAAL contribution rate) will be calculated for each employer. The final UAAL payment by each employer will be equal to the UAAL contribution rate times the actual covered payroll or the above amortization amount, if greater. This means that

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

starting with fiscal year 2014/2015, UAAL contribution amounts will be equal to the greater of the UAAL contribution rates developed in Section 2, Chart 13A of this valuation times the actual fiscal year 2014/2015 payroll, or the estimated UAAL annual contribution amounts provided in Section 2, Chart 13B of this valuation. To facilitate the calculation of the minimum UAAL dollar contribution amount, we have provided in Chart 13B a breakdown of the estimated UAAL annual contribution amounts by employer (i.e., County of Mendocino, Mendocino County Superior Court, and Russian River Cemetery District).

On June 19, 2013 the Board adopted an additional change to the actuarial funding policy to anticipate the contribution rate impact that would result from the lag between the date of the actuarial valuation and the date of the contribution rate implementation. In general, the contribution rates determined in an actuarial valuation will apply to the fiscal year beginning 12 months after the valuation date. In compliance with the change in the funding policy, the employer contribution rates developed in this valuation have been adjusted to anticipate the delay in implementing the change in the employer contribution rates determined as of June 30, 2013 for the fiscal year 2014/2015. This adjustment is reflected in the UAAL portion of the June 30, 2013 employer rates.

The recommended employer contribution rates are provided on Chart 13A. The minimum amounts required from each employer to amortize their UAAL are provided in Chart 13B.

Member Contributions:

*General Tiers 1, 2, and 3,
Safety Tiers 1 and 2, and
Probation Tiers 1 and 2*

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 Tier 1-3 members and for Safety and Probation Tier 1-2 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 1/100 of Final Average Salary. That age is 60 for General members and 50 for Safety and Probation members. It is assumed that contributions are made annually

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

at the same rate, starting at entry age. In addition to the basic contributions, members pay one-half of the total normal cost necessary to fund cost-of-living benefits. Following practices established by the Association's previous actuary prior to the June 30, 2011 valuation, we have also included a 1.63% of pay offset to the Safety member rates, which is picked up by the County. **No** other subsidies have been reflected in the member contribution rates.

*General Tier 4,
Safety Tier 3, and
Probation Tier 3*

Pursuant to Section 7522.30(a) of the Government Code, General Tier 4, Safety Tier 3, and Probation Tier 3 members are required to contribute at least 50% of the Normal Cost rate. In addition, there are certain additional requirements that would have to be met such as requiring the new employees to pay the contribution rate of "similarly situated employees", if it is greater. (reference: Section 7522.30(c).) We further understand that different rules may have to be applied for collectively bargained employees, non-represented, managerial or other supervisory employees. (reference: section 7522.30(e).) In preparing the Normal Cost rates in this report, we have assumed that exactly 50% of the Normal Cost would be paid by the new members and we have taken into account in this valuation only the requirements of Section 7522.30(c), but not requirements of Section 7522.30(e).

Also of note is that based on our discussions with MCERA, we have used the discretion made recently available by AB 1380 to no longer round the member's contribution rates to the nearest 1/4% as previously required by CalPEPRA. This should allow for exactly one-half of the Normal Cost to be paid by each of the employee and employer under the CalPEPRA plans.

Accumulation for all members includes semi-annual crediting of interest at the assumed investment earnings rate.

The member contribution rates are provided in Appendix A.

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

CHART 13A

Recommended Employer Contribution Rates (Estimated Annual Amounts in \$000's)

	June 30, 2013			June 30, 2012				
	BASIC	COLA		TOTAL	BASIC AND COLA COMBINED			
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
General Tier 1 Members								
Normal Cost	9.15%	\$141	2.83%	\$43	11.98%	\$184	11.88%	\$183
UAAL	<u>10.20%</u>	<u>156</u>	<u>3.04%</u>	<u>48</u>	<u>13.24%</u>	<u>204</u>	<u>12.39%</u>	<u>190</u>
Total Contribution	19.35%	\$297	5.87%	\$91	25.22%	\$388	24.27%	\$373
General Tier 2 / Tier 3 Members								
Normal Cost	8.43%	\$3,501	2.40%	\$996	10.83%	\$4,497	11.06%	\$4,593
UAAL	<u>10.20%</u>	<u>4,235</u>	<u>3.04%</u>	<u>1,263</u>	<u>13.24%</u>	<u>5,498</u>	<u>12.39%</u>	<u>5,145</u>
Total Contribution	18.63%	\$7,736	5.44%	\$2,259	24.07%	\$9,995	23.45%	\$9,738
General Tier 4 Members								
Normal Cost	7.02%	\$172	0.00%	\$0	7.02%	\$172	7.41%	\$182
UAAL	<u>10.20%</u>	<u>250</u>	<u>3.04%</u>	<u>75</u>	<u>13.24%</u>	<u>325</u>	<u>12.39%</u>	<u>303</u>
Total Contribution	17.22%	\$422	3.04%	\$75	20.26%	\$497	19.80%	\$485
Safety Tier 1 Members								
Normal Cost	18.21%	\$13	6.89%	\$5	25.10%	\$18	25.02%	\$18
UAAL	<u>11.33%</u>	<u>8</u>	<u>10.12%</u>	<u>7</u>	<u>21.45%</u>	<u>15</u>	<u>18.30%</u>	<u>13</u>
Total Contribution	29.54%	\$21	17.01%	\$12	46.55%	\$33	43.32%	\$31
Safety Tier 2 Members								
Normal Cost	13.34%	\$1,029	5.52%	\$426	18.86%	\$1,455	19.03%	\$1,468
UAAL	<u>11.33%</u>	<u>874</u>	<u>10.12%</u>	<u>781</u>	<u>21.45%</u>	<u>1,655</u>	<u>18.30%</u>	<u>1,412</u>
Total Contribution	24.67%	\$1,903	15.64%	\$1,207	40.31%	\$3,110	37.33%	\$2,880

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

CHART 13A

Recommended Employer Contribution Rates (Estimated Annual Amounts in \$000's) - continued

	June 30, 2013						June 30, 2012	
	BASIC		COLA		TOTAL		BASIC AND COLA COMBINED	
	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>
Safety Tier 3 Members								
Normal Cost	12.26%	\$47	0.00%	\$0	12.26%	\$47	11.90%	\$46
UAAL	<u>11.33%</u>	<u>43</u>	<u>10.12%</u>	<u>39</u>	<u>21.45%</u>	<u>82</u>	<u>18.30%</u>	<u>70</u>
Total Contribution	23.59%	\$90	10.12%	\$39	33.71%	\$129	30.20%	\$116
Probation Tier 1 Members								
Normal Cost								
UAAL					Not Calculated*			
Total Contribution								
Probation Tier 2 Members								
Normal Cost	12.55%	\$334	4.04%	\$108	16.59%	\$442	16.63%	\$443
UAAL	<u>8.11%</u>	<u>216</u>	<u>0.20%</u>	<u>5</u>	<u>8.31%</u>	<u>221</u>	<u>10.96%</u>	<u>292</u>
Total Contribution	20.66%	\$550	4.24%	\$113	24.90%	\$663	27.59%	\$735
Probation Tier 3 Members								
Normal Cost	9.83%	\$12	0.00%	\$0	9.83%	\$12	11.70%	\$14
UAAL	<u>8.11%</u>	<u>9</u>	<u>0.20%</u>	<u>1</u>	<u>8.31%</u>	<u>10</u>	<u>10.96%</u>	<u>13</u>
Total Contribution	17.94%	\$21	0.20%	\$1	18.14%	\$22	22.66%	\$27

* There were no Probation Tier 1 active members reported for the June 30, 2013 valuation.

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

CHART 13A

Recommended Employer Contribution Rates (Estimated Annual Amounts in \$000's) - continued

	June 30, 2013						June 30, 2012	
	BASIC		COLA		TOTAL		BASIC AND COLA COMBINED	
	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>
All Members Combined								
Normal Cost	9.30%	\$5,249	2.79%	\$1,578	12.09%	\$6,827	12.30%	\$6,947
UAAL	<u>10.25%</u>	<u>5,791</u>	<u>3.94%</u>	<u>2,219</u>	<u>14.19%</u>	<u>8,010</u>	<u>13.18%</u>	<u>7,438</u>
Total Contribution	19.55%	\$11,040	6.73%	\$3,797	26.28%	\$14,837	25.48%	\$14,385

⁽¹⁾ Amounts are based on the following June 30, 2013 projected annual compensation:

General Tier 1	\$1,536,871
General Tier 2 / Tier 3	41,524,694
General Tier 4	2,450,828
Safety Tier 1	71,044
Safety Tier 2	7,715,329
Safety Tier 3	383,157
Probation Tier 1	0
Probation Tier 2	2,662,533
Probation Tier 3	<u>119,527</u>
Total	\$56,463,983

Note that a breakdown of the employer minimum dollar contribution to amortize the UAAL by membership (General/Safety/Probation) and employer (County of Mendocino/Mendocino County Superior Court/Russian River Cemetery District) is provided on the next page.

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

CHART 13B

Recommended Minimum Dollar Employer Contribution To Amortize the UAAL (Estimated Annual Amounts in \$000's)

	June 30, 2013		
	Estimated UAAL Annual Amount ⁽¹⁾		
	BASIC	COLA	TOTAL
General Members			
County	\$4,346	\$1,297	\$5,643
Courts	274	82	356
Cemetery District	<u>21</u>	<u>7</u>	<u>28</u>
Total	\$4,641	\$1,386	\$6,027
Safety Members			
County	<u>\$925</u>	<u>\$827</u>	<u>\$1,752</u>
Total	\$925	\$827	\$1,752
Probation Members			
County	<u>\$225</u>	<u>\$6</u>	<u>\$231</u>
Total	\$225	\$6	\$231
All Members Combined			
County	\$5,496	\$2,130	\$7,626
Courts	274	82	356
Cemetery District	<u>21</u>	<u>7</u>	<u>28</u>
Total	\$5,791	\$2,219	\$8,010

⁽¹⁾ Amounts are based on the following June 30, 2013 projected annual compensation:

General County	\$42,617,361
General Courts	2,686,638
General Cemetery District	208,394
Safety County	8,169,530
Probation County	<u>2,782,060</u>
Total	\$56,463,983

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

The employer contribution rates as of June 30, 2013 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 Employer Contribution

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

CHART 14

Reconciliation of Recommended Employer Contribution from June 30, 2012 to June 30, 2013

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

	Contribution Rate	Estimated Amount ⁽¹⁾
Recommended Contribution Rate as of June 30, 2012	25.48%	\$14,385,000
Effect of actuarial experience during fiscal year 2013:		
1. Effect of scheduled one-year delay in the past from implementing contribution rates in June 30, 2012 valuation	0.15%	\$85,000
2. Effect of anticipated one-year delay in the future from implementing contribution rates in June 30, 2013 valuation	0.05%	28,000
3. Effect of investment loss	0.41%	232,000
4. Effect of lower than expected salary increases for actives	(0.71)%	(401,000)
5. Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll	0.56%	316,000
6. Effect of other experience loss	0.34%	192,000
Subtotal	0.80%	\$452,000
Recommended Contribution Rate as of June 30, 2013	26.28%	\$14,837,000

⁽¹⁾ Based on June 30, 2013 projected compensation.

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

The member contribution rates as of June 30, 2013 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 Member Contribution Rate

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

CHART 15
Reconciliation of Recommended Member Contribution from June 30, 2012 to June 30, 2013

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

	Contribution Rate	Estimated Amount*
Average Contribution Rate as of June 30, 2012	9.60%	\$5,418,000
Effect of actuarial experience during fiscal year 2013:		
1. Effect of change in membership demographics	0.02%	\$13,000
Subtotal	0.02%	\$13,000
Average Contribution Rate as of June 30, 2013	9.62%	\$5,431,000

* Based on June 30, 2013 projected compensation.

SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

E. INFORMATION REQUIRED BY 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 the 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 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 valuation value of assets to the actuarial accrued liabilities of the plan as calculated under the 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 funded ratio as of June 30, 2012 was 74.1%. This year's funded ratio increased to 74.2%.

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

These graphs show key GASB factors.

CHART 16
Required Versus Actual Contributions

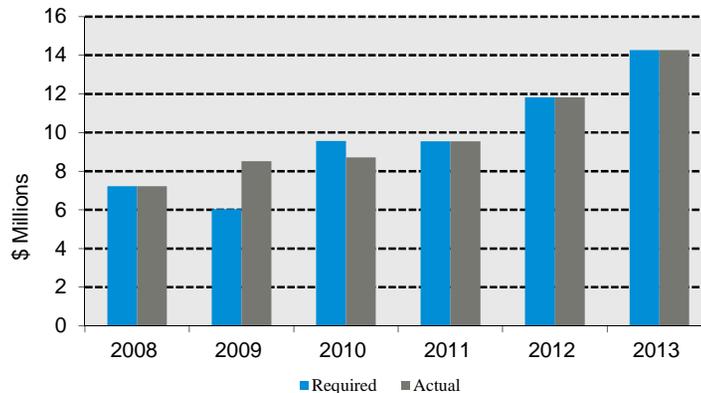
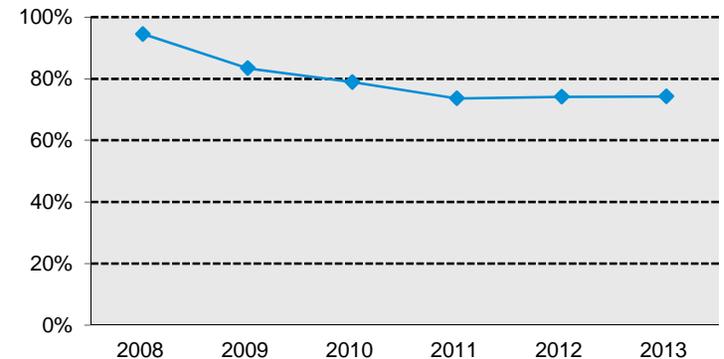


CHART 17
Funded Ratio



SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For MCERA, the current AVR is about 6.8. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 6.8% of one-year's payroll. Since MCERA amortizes actuarial gains and losses over an 18-year period, there would be a 0.5% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For MCERA, the current LVR is about 9.0. This is about 32% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long-term.

This chart shows how the asset and liability volatility ratios have varied over time.

CHART 18
Volatility Ratios for Years Ended June 30, 2008 – 2013*

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2008	4.7	5.3
2009	3.8	5.6
2010	4.3	6.3
2011	5.5	7.4
2012	6.1	8.6
2013	6.8	9.0

* Information prior to 2011 has been derived based on information from the previous actuary's past valuation reports.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

i. General Tier 1

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	22	28	(21.4)%
Average age	57.1	56.8	N/A
Average service	29.4	27.4	N/A
Projected total compensation	\$1,536,871	\$1,887,504	(18.6)%
Projected average compensation	\$69,858	\$67,411	3.6%
Member account balances	\$3,665,405	\$4,303,142	(14.8)%
Total active vested members	22	28	(21.4)%
Vested terminated members			
Number	9	11	(18.2)%
Average age	59.8	60.0	N/A
Retired members			
Number in pay status	351	368	(4.6)%
Average age	74.3	73.8	N/A
Average monthly benefit	\$2,096	\$1,951	7.4%
Disabled members			
Number in pay status	34	37	(8.1)%
Average age	69.9	69.3	N/A
Average monthly benefit	\$1,804	\$1,714	5.3%
Beneficiaries			
Number in pay status	84	89	(5.6)%
Average age	78.9	79.3	N/A
Average monthly benefit	\$1,182	\$1,175	0.6%

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

ii. General Tiers 2 and 3

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	811	867	(6.5)%
Average age	49.5	49.4	N/A
Average service	10.2	9.8	N/A
Projected total compensation	\$41,524,694	\$43,962,923	(5.5)%
Projected average compensation	\$51,202	\$50,707	1.0%
Member account balances	\$38,416,748	\$37,648,826	2.0%
Total active vested members	644	660	(2.4)%
Vested terminated members			
Number	288	293	(1.7)%
Average age	48.8	49.3	N/A
Retired members			
Number in pay status	523	454	15.2%
Average age	64.7	64.1	N/A
Average monthly benefit	\$1,183	\$1,147	3.1%
Disabled members			
Number in pay status	79	77	2.6%
Average age	60.5	60.2	N/A
Average monthly benefit	\$1,468	\$1,421	3.3%
Beneficiaries			
Number in pay status	29	24	20.8%
Average age	61.1	60.7	N/A
Average monthly benefit	\$843	\$805	4.7%

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

iii. General Tier 4

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	61	N/A	N/A
Average age	41.8	N/A	N/A
Average service	0.3	N/A	N/A
Projected total compensation	\$2,450,828	N/A	N/A
Projected average compensation	\$40,178	N/A	N/A
Member account balances	\$42,594	N/A	N/A
Total active vested members	0	N/A	N/A
Vested terminated members			
Number	1	N/A	N/A
Average age	21.2	N/A	N/A
Retired members			
Number in pay status	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Disabled members			
Number in pay status	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	N/A	N/A	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

iv. Safety Tiers 1, 2, and 3

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	123*	120	2.5%
Average age	44.0	44.3	N/A
Average service	12.5	12.8	N/A
Projected total compensation	\$8,169,530	\$8,021,174	1.8%
Projected average compensation	\$66,419	\$66,843	(0.6)%
Member account balances	\$6,204,494	\$6,081,102	2.0%
Total active vested members	106	102	3.9%
Vested terminated members			
Number	41	45	(8.9)%
Average age	43.0	43.8	N/A
Retired members			
Number in pay status	71	54	31.5%
Average age	63.9	64.7	N/A
Average monthly benefit	\$2,721	\$2,916	(6.7)%
Disabled members			
Number in pay status	54	54	0.0%
Average age	66.5	66.0	N/A
Average monthly benefit	\$3,029	\$2,889	4.8%
Beneficiaries			
Number in pay status	30	27	11.1%
Average age	68.2	68.1	N/A
Average monthly benefit	\$1,490	\$1,454	2.5%

* Includes 8 Safety Tier 3 members.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT A

**Table of Plan Coverage
v. Probation Tiers 1, 2, and 3**

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	55*	54	1.9%
Average age	41.7	42.7	N/A
Average service	8.5	9.6	N/A
Projected total compensation	\$2,782,060	\$2,724,487	2.1%
Projected average compensation	\$50,583	\$50,453	0.3%
Member account balances	\$2,906,700	\$3,056,690	(4.9)%
Total active vested members	40	39	2.6%
Vested terminated members			
Number	6	7	(14.3)%
Average age	41.5	45.4	N/A
Retired members			
Number in pay status	28	29	(3.4)%
Average age	62.9	62.7	N/A
Average monthly benefit	\$2,668	\$2,308	15.6%
Disabled members			
Number in pay status	3	2	50.0%
Average age	53.8	52.4	N/A
Average monthly benefit	\$1,859	\$1,300	43.0%
Beneficiaries			
Number in pay status	1	2	(50.0)%
Average age	63.8	61.5	N/A
Average monthly benefit	\$483	\$592	(18.4)%

* Includes 3 Probation Tier 3 members.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2013**

i. General Tier 1

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--
40 - 44	1 \$64,374	--	--	1 \$64,374	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--
50 - 54	6 70,801	--	--	--	--	2 \$61,949	2 \$76,455	2 \$74,001	--
55 - 59	9 68,958	--	--	1 \$37,234	--	1 73,337	--	5 78,213	2 \$59,495
60 - 64	6 71,177	--	1 \$62,693	--	--	--	--	2 58,427	3 82,506
65 - 69	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--
Total	22 \$69,858	--	1 \$62,693	2 \$50,804	--	3 \$65,745	2 \$76,455	9 \$72,880	5 \$73,301

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2013**

ii. General Tiers 2 and 3

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	5	5	--	--	--	--	--	--	--
	\$37,961	\$37,961	--	--	--	--	--	--	--
25 - 29	37	28	9	--	--	--	--	--	--
	41,717	40,749	\$44,730	--	--	--	--	--	--
30 - 34	60	28	24	6	2	--	--	--	--
	47,796	47,846	47,246	\$50,535	\$45,470	--	--	--	--
35 - 39	81	22	31	21	7	--	--	--	--
	49,844	43,619	54,592	49,976	47,987	--	--	--	--
40 - 44	87	18	26	27	11	4	1	--	--
	49,522	43,560	45,583	52,640	55,016	\$66,862	\$45,320	--	--
45 - 49	110	15	38	29	17	8	3	--	--
	50,544	47,180	51,770	49,728	51,812	52,345	47,726	--	--
50 - 54	127	22	39	28	21	9	7	1	--
	53,682	48,409	46,629	63,467	53,257	51,218	67,325	\$106,338	--
55 - 59	146	19	44	36	24	16	6	1	--
	53,798	65,642	47,209	52,049	54,706	59,538	57,430	46,235	--
60 - 64	125	8	45	38	18	10	6	--	--
	52,248	54,214	52,957	50,839	47,296	57,655	59,081	--	--
65 - 69	30	2	12	10	2	3	1	--	--
	55,273	42,656	46,255	60,622	81,584	66,391	49,254	--	--
70 & over	3	--	2	--	1	--	--	--	--
	52,213	--	44,680	--	67,282	--	--	--	--
Total	811	167	270	195	103	50	24	2	--
	\$51,202	\$47,623	\$49,276	\$53,359	\$52,679	\$57,510	\$58,670	\$76,286	--

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2013**

iii. General Tier 4

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	6	6	--	--	--	--	--	--	--
	\$34,458	\$34,458	--	--	--	--	--	--	--
25 - 29	10	10	--	--	--	--	--	--	--
	37,674	37,674	--	--	--	--	--	--	--
30 - 34	7	7	--	--	--	--	--	--	--
	42,665	42,665	--	--	--	--	--	--	--
35 - 39	5	5	--	--	--	--	--	--	--
	30,653	30,653	--	--	--	--	--	--	--
40 - 44	6	6	--	--	--	--	--	--	--
	41,963	41,963	--	--	--	--	--	--	--
45 - 49	9	9	--	--	--	--	--	--	--
	31,129	31,129	--	--	--	--	--	--	--
50 - 54	7	7	--	--	--	--	--	--	--
	47,912	47,912	--	--	--	--	--	--	--
55 - 59	6	6	--	--	--	--	--	--	--
	40,569	40,569	--	--	--	--	--	--	--
60 - 64	4	4	--	--	--	--	--	--	--
	56,810	56,810	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
70 & over	1	1	--	--	--	--	--	--	--
	77,448	77,448	--	--	--	--	--	--	--
Total	61	61	--	--	--	--	--	--	--
	\$40,178	\$40,178	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2013**

iv. Safety Tiers 1, 2, and 3

Age	Years of Service							
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 25	1	1	--	--	--	--	--	--
	\$46,410	\$46,410	--	--	--	--	--	--
25 - 29	10	7	3	--	--	--	--	--
	49,642	46,382	\$57,249	--	--	--	--	--
30 - 34	10	3	7	--	--	--	--	--
	54,966	47,006	58,377	--	--	--	--	--
35 - 39	21	1	8	5	7	--	--	--
	67,952	55,525	57,318	\$71,510	\$79,340	--	--	--
40 - 44	17	--	3	8	5	1	--	--
	65,337	--	58,943	63,674	67,184	\$88,593	--	--
45 - 49	35	3	4	7	12	5	4	--
	71,883	55,112	69,366	62,854	72,811	78,590	\$91,606	--
50 - 54	14	1	3	2	3	2	2	1
	76,674	71,598	73,128	56,352	66,580	73,053	108,864	\$106,170
55 - 59	10	--	4	2	1	--	3	--
	63,604	--	56,749	55,344	69,839	--	76,172	--
60 - 64	5	1	--	1	1	1	--	1
	62,790	68,676	--	60,397	59,297	54,537	--	71,044
65 - 69	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	123	17	32	25	29	9	9	2
	\$66,419	\$51,367	\$60,613	\$63,628	\$72,204	\$75,799	\$90,296	\$88,607

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2013**

v. Probation Tiers 1, 2, and 3

Age	Total	Years of Service						
		0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 25	2	2	--	--	--	--	--	--
	\$39,492	\$39,492	--	--	--	--	--	--
25 - 29	9	7	2	--	--	--	--	--
	42,341	40,218	\$49,772	--	--	--	--	--
30 - 34	9	2	6	1	--	--	--	--
	47,258	43,733	47,404	\$53,438	--	--	--	--
35 - 39	8	1	4	3	--	--	--	--
	49,657	46,614	47,345	53,753	--	--	--	--
40 - 44	6	1	1	3	1	--	--	--
	52,750	39,672	57,386	55,766	\$52,142	--	--	--
45 - 49	4	1	--	--	2	1	--	--
	51,241	47,153	--	--	52,185	\$53,440	--	--
50 - 54	7	--	2	3	1	1	--	--
	57,295	--	51,263	53,922	54,935	81,836	--	--
55 - 59	6	1	3	--	1	--	1	--
	53,334	50,808	48,069	--	43,153	--	\$81,836	--
60 - 64	4	--	2	--	2	--	--	--
	64,224	--	51,461	--	76,989	--	--	--
65 - 69	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	55	15	20	10	7	2	1	--
	\$50,583	\$42,148	\$49,019	\$54,376	\$58,368	\$67,638	\$81,836	--

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT C

Schedule of Average Benefit Payment Amounts ⁽¹⁾

	Number of Years Since Retirement						
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Over
<i>Valuation date: 6/30/2008</i>							
Average Monthly Benefit of Retirees and Beneficiaries	\$1,687	\$1,262	\$1,302	\$1,533	\$1,177	\$1,150	\$1,120
Number of Retirees and Beneficiaries	356	183	141	103	85	70	22
<i>Valuation date: 6/30/2009</i>							
Average Monthly Benefit of Retirees and Beneficiaries	\$1,707	\$1,296	\$1,361	\$1,473	\$1,337	\$1,135	\$1,229
Number of Retirees and Beneficiaries	371	190	154	117	80	62	34
<i>Valuation date: 6/30/2010</i>							
Average Monthly Benefit of Retirees and Beneficiaries	\$1,699	\$1,363	\$1,361	\$1,429	\$1,280	\$1,324	\$1,123
Number of Retirees and Beneficiaries	387	243	152	123	82	57	39
<i>Valuation date: 6/30/2011</i>							
Final Average Salary	Not Available						
Average Monthly Benefit of Retirees	\$1,872	\$1,637	\$1,454	\$1,502	\$1,433	\$1,501	\$981
Number of Retirees	351	236	137	111	74	51	33
Average Monthly Benefit of Beneficiaries	\$1,043	\$1,172	\$864	\$1,380	\$1,402	\$1,069	\$947
Number of Beneficiaries	45	35	20	15	9	5	7
<i>Valuation date: 6/30/2012</i>							
Final Average Salary	Not Available						
Average Monthly Benefit of Retirees	\$1,841	\$1,752	\$1,420	\$1,462	\$1,640	\$1,336	\$1,356
Number of Retirees	382	277	132	99	85	62	38
Average Monthly Benefit of Beneficiaries	\$1,167	\$1,230	\$806	\$1,385	\$1,324	\$1,150	\$975
Number of Beneficiaries	44	42	19	14	8	8	7
<i>Valuation date: 6/30/2013</i>							
Final Average Salary	Not Available						
Average Monthly Benefit of Retirees	\$1,874	\$1,870	\$1,391	\$1,480	\$1,706	\$1,377	\$1,458
Number of Retirees	407	300	148	106	86	52	44
Average Monthly Benefit of Beneficiaries	\$1,207	\$1,236	\$882	\$1,248	\$1,442	\$1,177	\$871
Number of Beneficiaries	46	38	19	20	7	8	6

⁽¹⁾ Information as of 6/30/2008 - 6/30/2010 has been extracted from the previous actuary's valuation reports.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT D

**Average Annual Benefit of Retired Members and Beneficiaries
By Age, Years in Retirement as of June 30, 2013**

i. General Males

Age	Years in Retirement							
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 45	2	--	1	1	--	--	--	--
	\$4,885	--	\$864	\$8,905	--	--	--	--
45 - 49	1	1	--	--	--	--	--	--
	17,021	\$17,021	--	--	--	--	--	--
50 - 54	21	16	2	1	1	--	1	--
	15,101	14,867	16,125	10,195	\$21,932	--	\$14,871	--
55 - 59	46	27	17	1	--	1	--	--
	17,162	18,903	14,279	20,779	--	\$15,546	--	--
60 - 64	97	48	31	13	3	2	--	--
	23,224	26,281	23,758	11,791	21,226	18,899	--	--
65 - 69	102	37	33	21	5	4	1	1
	22,390	24,132	29,417	11,666	9,563	21,364	23,480	\$18,416
70 - 74	54	10	15	13	9	6	--	1
	22,941	15,818	34,867	19,756	18,909	18,989	--	16,689
75 - 79	45	4	2	11	13	8	7	--
	20,100	14,901	8,743	26,252	15,769	29,898	13,492	--
80 - 84	38	1	3	4	8	16	4	2
	20,033	759	9,856	21,393	23,110	24,443	11,068	12,567
85 & over	32	3	3	--	2	3	5	16
	18,343	9,572	9,572	--	9,276	26,171	24,823	20,241
Total	438	147	107	65	41	40	18	20
	\$20,917	\$21,438	\$24,130	\$16,451	\$17,367	\$24,038	\$16,732	\$19,204

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT D

**Average Annual Benefit of Retired Members and Beneficiaries
By Age, Years in Retirement as of June 30, 2013**

ii. General Females

Age	Total	Years in Retirement						
		0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 45	2	1	1	--	--	--	--	--
	\$20,113	\$19,450	\$20,777	--	--	--	--	--
45 - 49	3	2	--	--	1	--	--	--
	15,220	14,039	--	--	\$17,582	--	--	--
50 - 54	42	31	7	1	2	1	--	--
	11,005	9,374	13,807	\$24,037	15,246	\$20,426	--	--
55 - 59	86	47	33	4	1	1	--	--
	14,520	14,737	13,664	20,197	16,636	7,761	--	--
60 - 64	153	74	56	18	3	1	1	--
	20,186	27,540	14,271	7,500	22,114	22,924	\$27,061	--
65 - 69	142	64	54	14	9	--	1	--
	16,260	18,049	17,746	9,753	5,470	--	9,694	--
70 - 74	72	19	17	17	11	7	1	--
	17,227	23,004	16,977	19,893	9,897	7,890	12,352	--
75 - 79	51	7	5	14	9	13	2	1
	12,432	13,502	18,888	13,649	11,720	9,270	3,625	\$20,769
80 - 84	55	5	5	3	17	11	11	3
	15,902	18,954	19,000	12,882	19,761	14,148	10,123	14,436
85 & over	56	3	4	5	9	6	11	18
	13,606	13,302	19,876	7,963	13,295	28,037	13,845	9,029
Total	662	253	182	76	62	40	27	22
	\$16,171	\$19,329	\$15,843	\$12,949	\$13,713	\$13,767	\$11,852	\$10,300

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT D

**Average Annual Benefit of Retired Members and Beneficiaries
By Age, Years in Retirement as of June 30, 2013**

iii. Safety

Age	Total	Years in Retirement						
		0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 45	5	1	3	1	--	--	--	--
	\$21,838	\$37,468	\$21,579	\$6,985	--	--	--	--
45 - 49	1	--	--	--	1	--	--	--
	22,382	--	--	--	\$22,382	--	--	--
50 - 54	17	13	1	1	1	1	--	--
	30,886	32,067	36,835	24,714	26,945	\$19,691	--	--
55 - 59	17	8	5	3	1	--	--	--
	45,101	70,742	27,662	12,967	23,559	--	--	--
60 - 64	27	4	11	4	5	1	1	1
	33,702	25,586	53,888	10,917	22,726	19,350	\$9,599	\$28,584
65 - 69	36	4	9	13	3	3	3	1
	30,150	20,340	33,647	32,726	28,769	25,109	29,929	24,340
70 - 74	29	2	4	3	7	4	6	3
	27,404	14,767	44,571	16,361	29,560	27,118	22,970	28,198
75 - 79	12	--	3	1	2	4	2	--
	30,653	--	21,324	29,728	26,924	36,728	36,690	--
80 - 84	10	1	1	--	3	--	2	3
	22,809	8,823	16,016	--	28,950	--	15,967	28,155
85 & over	1	--	--	--	--	--	1	--
	8,248	--	--	--	--	--	8,248	--
Total	155	33	37	26	23	13	15	8
	\$31,081	\$37,647	\$37,669	\$23,789	\$26,976	\$28,442	\$23,385	\$27,748

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT D

**Average Annual Benefit of Retired Members and Beneficiaries
By Age, Years in Retirement as of June 30, 2013**

iv. Probation

Age	Total	Years in Retirement						
		0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 45	1	--	1	--	--	--	--	--
	\$25,483	--	\$25,483	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
50 - 54	5	5	--	--	--	--	--	--
	22,873	\$22,873	--	--	--	--	--	--
55 - 59	7	6	1	--	--	--	--	--
	37,745	40,079	23,739	--	--	--	--	--
60 - 64	7	4	3	--	--	--	--	--
	23,752	19,064	30,003	--	--	--	--	--
65 - 69	10	4	6	--	--	--	--	--
	36,882	23,584	45,746	--	--	--	--	--
70 - 74	1	--	1	--	--	--	--	--
	23,064	--	23,064	--	--	--	--	--
75 - 79	1	1	--	--	--	--	--	--
	6,995	6,995	--	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
85 & over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	32	20	12	--	--	--	--	--
	\$30,288	\$26,621	\$36,398	--	--	--	--	--

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT E

Reconciliation of Member Data – June 30, 2012 to June 30, 2013

	Active Members	Vested Terminated Members	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2012	1,069	356	905	170	142	2,642
New members	132	0	0	0	12	144
Terminations – with vested rights	-39	39	0	0	0	0
Contributions refunds	-29	-18	0	0	0	-47
Retirements	-58	-37	95	0	0	0
New disabilities	-4	0	-1	5	0	0
Return to work	3	-3	0	0	0	0
Died with or without beneficiary	-2	0	-26	-5	-10	-43
Data adjustments	0	8*	0	0	0	8
Number as of June 30, 2013	1,072	345	973	170	144	2,704

* Includes 7 members entitled to a refund only.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT F

Summary Statement of Income and Expenses - Actuarial Value Basis

	Year Ended June 30,	
	2013	2012
Contribution Income:		
Employer Contributions	\$14,260,473	\$11,811,076
Employee Contributions	<u>4,712,593</u>	<u>4,840,275</u>
Contribution Income	\$18,973,066	\$16,651,351
Investment Income:		
Interest, Dividends and Other Income	\$8,348,620	\$7,370,993
Adjustment Toward Market Value	17,407,964	15,150,454
Less Investment Expenses	<u>(632,406)</u>	<u>(316,274)</u>
Net Investment Income	<u>\$25,124,178</u>	<u>\$22,205,173</u>
Total Income Available for Benefits	\$44,097,244	\$38,856,524
Less Benefit Payments:		
Benefit Payments and Refunds	\$(26,573,554)	\$(24,180,110)
Administrative Expenses	<u>(829,999)</u>	<u>(698,463)</u>
Net Benefit Payments	\$(27,403,553)	\$(24,878,573)
Change in Reserve for Future Benefits	\$16,693,691	\$13,977,951

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT G

Summary Statement of Assets

ASSETS	Year Ended June 30,	
	2013	2012
Cash and Cash Equivalents	\$2,144,879	\$2,354,860
Accounts Receivable:		
Employer Contributions	\$233,170	\$204,466
Member Contributions	<u>81,192</u>	<u>75,196</u>
Total Accounts Receivable	\$314,362	\$279,662
Other Assets	13,162	3,786
Investments:		
Public Equity Securities	\$42,628,539	\$ -
Real Estate and Real Estate Partnerships	33,858,779	-
Mutual Funds	<u>304,575,349</u>	<u>340,497,907*</u>
Total Investments at Market Value	<u>\$381,062,667</u>	<u>\$340,497,907</u>
Total Assets	<u>\$383,535,070</u>	<u>\$343,136,215</u>
Less Liabilities:		
Accounts Payable	\$(114,416)	\$(142,052)
Accrued Expenses and Other Liabilities	<u>(223,837)</u>	<u>(257,351)</u>
Total Liabilities	\$(338,253)	\$(399,403)
NET ASSETS		
Net Assets at Market Value	<u>\$383,196,817</u>	<u>\$342,736,812</u>
Net Assets at Actuarial Value	<u>\$382,612,375</u>	<u>\$365,918,684</u>
Net Assets at Valuation Value	<u>\$378,777,024</u>	<u>\$362,487,345</u>

* Further breakdown not available from draft financial statements received.

Note: Results may not total properly due to rounding.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT H

Actuarial Balance Sheet

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

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

Actuarial Balance Sheet

Assets	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
1. Total valuation assets	\$241,236,525	\$137,540,499	\$378,777,024
2. Present value of future contributions by members	25,396,149	8,035,540	33,431,689
3. Present value of future employer contributions for:			
a. entry age normal cost	33,038,148	10,280,042	43,318,190
b. unfunded actuarial accrued liability	92,999,649	38,684,606	131,684,255
4. Total current and future assets	<u>\$392,670,471</u>	<u>\$194,540,687</u>	<u>\$587,211,158</u>
Liabilities			
5. Present value of benefits already granted	\$185,668,475	\$127,187,513	\$312,855,988
6. Present value of benefits to be granted to present non-retired members	207,001,996	67,353,174	274,355,170
7. Total liabilities	<u>\$392,670,471</u>	<u>\$194,540,687</u>	<u>\$587,211,158</u>

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT I

Development of Unfunded Actuarial Accrued Liability as of June 30, 2013

1. Unfunded actuarial accrued liability at beginning of year:	\$126,527,019
2. Gross normal cost at beginning of year	12,083,893
3. Actual employer and member contributions	(18,973,066)
4. Interest (whole year on (1) + (2) plus half year on (3))	<u>10,007,139</u>
5. Expected unfunded actuarial accrued liability at end of year*	\$129,644,985
6. Actuarial (gain)/loss due to all changes:**	
a. Loss from investments as recognized on June 30, 2013	\$3,045,922
b. Gain from lower than expected salary increases for actives	(5,243,161)
c. Other experience loss	<u>4,236,509</u>
d. Subtotal	\$2,039,270
7. Actual unfunded actuarial accrued liability at end of year (5) + (6d)	\$131,684,255

* Includes a contribution loss of \$1.1 million due to one-year delay in implementing contribution rates in the June 30, 2012 valuation.

** The "net gain from other experience" of \$1,006,652 from Chart 9 is equal to the sum of items 6b and 6c.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT J

Table of Amortization Bases

Type	Date Established	Initial Years	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment*
General						
Combined Base	6/30/2012	27	\$96,509,955	\$98,111,724	26	\$5,906,962
Experience Loss	6/30/2013	18	1,308,206	<u>1,308,206</u>	18	<u>100,553</u>
Total				\$99,419,930		\$6,007,515
Safety						
Combined Base	6/30/2012	27	\$24,941,466	\$25,355,418	26	\$1,526,561
Experience Loss	6/30/2013	18	2,713,369	<u>2,713,369</u>	18	<u>208,558</u>
Total				\$28,068,787		\$1,735,119
Probation						
Combined Base	6/30/2012	27	\$5,075,598	\$5,159,837	26	\$310,656
Experience Gain	6/30/2013	18	(964,299)	<u>(964,299)</u>	18	<u>(74,119)</u>
Total				\$4,195,538		\$236,537
Total						
Combined Base	6/30/2012	27	\$126,527,019	\$128,626,979	26	\$7,744,179
Experience Loss	6/30/2013	18	3,057,276	<u>3,057,276</u>	18	<u>234,992</u>
Total				\$131,684,255		\$7,979,171

* Level percentage of payroll.

Note: The equivalent single amortization period is about 26 years.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT K

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 limit of \$160,000 indexed for inflation. That limit is \$205,000 for 2013 and \$210,000 for 2014. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must generally be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits for members in non-CalPEPRA tiers 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.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

EXHIBIT L

Definitions of Pension Terms

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

Assumptions or Actuarial

Assumptions:

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

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age; and
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

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

Actuarial Accrued Liability

For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability

For Pensioners:

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

Unfunded (Overfunded) 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 are many approaches to paying off the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the Mendocino County Employees' Retirement Association

**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 capital gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1. Retired members as of the valuation date (including 144 beneficiaries in pay status)	1,287
2. Members inactive during year ended June 30, 2013 with vested rights	345
3. Members active during the year ended June 30, 2013	1,072

The actuarial factors as of the valuation date are as follows:

1. Normal cost		\$12,257,877
2. Present value of future benefits		587,211,158
3. Present value of future normal costs		76,749,879
4. Actuarial accrued liability*		510,461,279
Retired members and beneficiaries	\$312,855,988	
Inactive members with vested rights	26,017,705	
Active members	171,587,586	
5. Valuation value of assets* (\$383,196,817 at market value as reported by Retirement Association)		378,777,024
6. Unfunded actuarial accrued liability		\$131,684,255

* Excludes non-pension reserves and designations.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended average employer contribution is as follows:

	Dollar Amount	% of Payroll
1. Total normal cost	\$12,257,877	21.71%
2. Expected employee contributions	<u>-5,430,703</u>	<u>-9.62%</u>
3. Employer normal cost: (1) + (2)	\$6,827,174	12.09%
4. Amortization of unfunded actuarial accrued liability	<u>8,007,403*</u>	<u>14.19%</u>
5. Total recommended average employer contribution: (3) + (4)	\$14,834,577	26.28%
6. Projected compensation	\$56,463,983	

* Based on the total annual payment in Section 4, Exhibit J plus an amount associated with the anticipated contribution rate impact resulting from the 12-month lag between the date of the valuation and the date of the contribution rate implementation.

Note: Due to rounding, the dollar amounts shown above may not exactly match the estimated annual amounts provided in Section 2, Chart 13A.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Employer Contributions⁽¹⁾

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2008	\$7,232,000	N/A	100%
2009	6,046,000	N/A	141%
2010	9,571,000	N/A	91%
2011	9,553,955	\$9,553,955	100%
2012	11,811,076	11,811,076	100%
2013	14,260,473	14,260,473	100%

⁽¹⁾ Information prior to 2011 has been extracted from the previous actuary's past valuation reports.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

EXHIBIT III

Supplementary Information Required by GASB – Schedule of Funding Progress⁽¹⁾

Actuarial Valuation Date	Valuation Value of Assets⁽²⁾ (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Covered Payroll⁽³⁾ (c)	UAAL as a Percentage of Covered Payroll (%) [(b) - (a)] / (c)
6/30/2008	\$353,420,714	\$373,832,395	\$20,411,681	94.5%	\$70,880,333	28.8%
6/30/2009	336,262,500	403,195,980	66,933,480	83.4	72,235,097	92.7
6/30/2010	343,201,920	434,986,533	91,784,613	78.9	69,004,002	133.0
6/30/2011	347,731,607	472,644,283	124,912,676	73.6	64,143,765	194.7
6/30/2012	362,487,345	489,014,364	126,527,019	74.1	56,596,088	223.6
6/30/2013	378,777,024	510,461,279	131,684,255	74.2	56,463,983	233.2

⁽¹⁾ Information prior to 2011 has been extracted from the previous actuary's past valuation reports.

⁽²⁾ Excludes assets for non-valuation reserves.

⁽³⁾ Beginning 6/30/2011, payroll includes a projection for expected salary increases during the year following the valuation date under the actuarial assumptions used in the valuation.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

EXHIBIT IV

Supplementary Information Required by GASB

Valuation date	June 30, 2013
Actuarial cost method	Entry Age Cost Method (individual basis)
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period*	Prior to July 1, 2012, the total UAAL was being amortized on a 30-year decreasing period, with 27 years remaining as of June 30, 2012 (and 26 years remaining as of June 30, 2013). On or after July 1, 2012, any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are amortized over separate decreasing 5-year periods; assumption and method changes are amortized over separate decreasing 18-year periods; and experience gains/losses are also amortized over separate decreasing 18-year periods.
Asset valuation method	Market Value of Assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 25% of the market value. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
Actuarial assumptions:	
Investment rate of return	7.75%
Inflation rate	3.50%
Real across-the-board salary increase	0.50%
Projected salary increases**	4.50% to 9.00%
Cost of living adjustments	3.00% of retirement income for General Tiers 1, 2, and 3, Safety Tiers 1 and 2, and Probation Tiers 1 and 2
Plan membership:	
Retired members and beneficiaries receiving benefits	1,287
Terminated members entitled to, but not yet receiving benefits	345
Active members	<u>1,072</u>
Total	2,704

* In addition to the UAAL contribution rate, a minimum amortization amount is prescribed, as detailed in Section 2, subsection D.

** Includes inflation at 3.50% plus real across-the-board salary increase of 0.50% plus merit and longevity increases. See Exhibit V for these increases.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method

Post-Retirement Mortality Rates

Healthy:

For General members and all beneficiaries: RP-2000 Combined Healthy Mortality Table for Males and Females, set back 2 years for males and set back 1 year for females.

For Safety and Probation members: RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females.

Disabled:

For General members: RP-2000 Combined Healthy Mortality Table for Males and Females, set forward 2 years.

For Safety and Probation members: RP-2000 Combined Healthy Mortality Table for Males and Females, set forward 4 years.

The tables shown above were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a review of mortality experience as of the measurement date.

Employee Contribution Rates:

For General members: RP-2000 Combined Healthy Mortality Table for Males and Females, set back 2 years for males and set back 1 year for females, weighted 30% male and 70% female.

For Safety and Probation members: RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Termination Rates Before Retirement:

Age	Rate (%)			
	Death			
	General ⁽¹⁾		Safety and Probation ⁽²⁾	
	Male	Female	Male	Female
25	0.04	0.02	0.04	0.02
30	0.04	0.02	0.04	0.03
35	0.06	0.04	0.08	0.05
40	0.10	0.06	0.11	0.08
45	0.13	0.10	0.15	0.12
50	0.19	0.16	0.21	0.19
55	0.29	0.24	0.36	0.31
60	0.53	0.44	0.67	0.58
65	1.00	0.86	1.27	1.10

⁽¹⁾ 10% of General deaths are assumed to be service connected deaths. The other 90% are assumed to be non-service connected deaths.

⁽²⁾ 50% of Safety and Probation deaths are assumed to be service connected deaths. The other 50% are assumed to be non-service connected deaths.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Termination Rates Before Retirement (continued):

Age	General⁽¹⁾	Rate (%)	
		Disability	
		Safety⁽²⁾	Probation⁽²⁾
20	0.01	0.20	0.20
25	0.02	0.23	0.23
30	0.02	0.34	0.34
35	0.03	0.52	0.52
40	0.06	1.14	1.14
45	0.33	1.62	1.62
50	0.53	2.48	2.48
55	0.61	3.00	3.00
60	0.74	0.00	0.00

⁽¹⁾ 50% of General disabilities are assumed to be service connected disabilities. The other 50% are assumed to be non-service connected disabilities.

⁽²⁾ 90% of Safety and Probation disabilities are assumed to be service connected disabilities. The other 10% are assumed to be non-service connected disabilities.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Termination Rates Before Retirement (continued):

Years of Service	Rate (%)		
	Termination (Less Than 5 Years of Service) ⁽¹⁾		
	General	Safety	Probation
0	14.50	11.00	11.00
1	11.50	9.50	9.50
2	10.50	7.50	7.50
3	9.50	6.50	6.50
4	8.50	5.50	5.50

Age	Rate (%)		
	Termination (5+ Years of Service) ⁽²⁾		
	General	Safety	Probation
20	4.50	5.00	5.00
25	4.50	4.70	4.70
30	4.50	3.90	3.90
35	4.50	3.50	3.50
40	4.50	3.20	3.20
45	4.50	2.40	2.40
50	4.50	1.10	1.10
55	3.30	0.20	0.20
60	2.20	0.00	0.00

⁽¹⁾ 85% of all terminated members will choose a refund of contributions and 15% will choose a deferred vested benefit. No termination is assumed after a member is eligible for retirement.

⁽²⁾ 25% of all terminated members will choose a refund of contributions and 75% will choose a deferred vested benefit. No termination is assumed after a member is eligible for retirement.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Retirement Rates:

Age	Rate (%)					
	General Tiers 1, 2, & 3	General Tier 4	Safety Tiers 1 & 2	Safety Tier 3	Probation Tiers 1 & 2	Probation Tier 3
50	5.00	0.00	5.00	3.00	5.00	4.00
51	5.00	0.00	5.00	3.00	5.00	4.00
52	5.00	6.00	5.00	3.00	5.00	4.00
53	5.00	3.00	5.00	3.00	5.00	4.00
54	5.00	3.00	5.00	3.00	5.00	4.00
55	7.00	5.00	6.31	4.00	28.00	14.00
56	7.00	5.00	7.50	6.00	28.00	25.00
57	7.00	5.00	10.00	7.00	28.00	25.00
58	7.00	5.00	12.50	9.00	28.00	25.00
59	7.00	5.00	37.50	30.00	28.00	25.00
60	10.00	6.00	100.00	100.00	100.00	100.00
61	15.00	9.00	100.00	100.00	100.00	100.00
62	20.00	12.00	100.00	100.00	100.00	100.00
63	15.00	14.00	100.00	100.00	100.00	100.00
64	15.00	12.00	100.00	100.00	100.00	100.00
65	38.00	32.00	100.00	100.00	100.00	100.00
66	38.00	32.00	100.00	100.00	100.00	100.00
67	38.00	32.00	100.00	100.00	100.00	100.00
68	38.00	32.00	100.00	100.00	100.00	100.00
69	38.00	32.00	100.00	100.00	100.00	100.00
70	100.00	100.00	100.00	100.00	100.00	100.00

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

**Retirement Age and Benefit for
Deferred Vested Members:**

For deferred vested members, retirement age assumptions are as follows:

General Age:	60
Safety and Probation Age:	55

For future deferred vested members who terminate with less than five years of service and are not vested, it is assumed they will retire at age 70 if they decide to leave their contributions on deposit.

It is assumed that 60% of future deferred vested members will continue to work for a reciprocal employer. For reciprocals, 4.50% compensation increases per annum are assumed.

Future Benefit Accruals:

1.0 year of service per year of employment plus 0.019 years of additional service to anticipate conversion of unused sick leave for each year of employment, for members expected to retire directly from active employment and to receive a service retirement benefit.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

**Inclusion of Deferred Vested
Members:**

All deferred vested members are included in the valuation.

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 spouse.

Net Investment Return:

7.75% per annum.

**Employee Contribution
Crediting Rate:**

7.75% per annum.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Consumer Price Index: Increase of 3.50% per year, retiree COLA increases due to CPI for General Tiers 1, 2, and 3, Safety Tiers 1 and 2, and Probation Tiers 1 and 2 subject to a 3% maximum change per year (no COLA increases for General Tier 4, Safety Tier 3, or Probation Tier 3).

Salary Increases: **Annual Rate of Compensation Increase (%)**
 Inflation: 3.50%; plus an additional 0.50% “across the board” salary increases (other than inflation); plus the following Merit and Promotional increases based on years of service.

Years of Service	General	Safety and Probation
0-1	5.00%	5.00%
1-2	3.75%	3.75%
2-3	3.50%	3.00%
3-4	2.75%	2.25%
4-5	2.25%	1.00%
5+	0.50%	0.50%

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 the actual and expected returns on a market value basis and is recognized over a five year period. The actuarial value of assets cannot be less than 75% or greater than 125% of the market value of assets.

Valuation Value of Assets: The Actuarial Value of Assets reduced by the value of the non-valuation reserves.

Actuarial Cost Method: Entry Age 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 individual basis where the Entry Age Normal Cost for each membership tier is calculated as the sum of the individual Normal Costs for members in the membership tier.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of MCERA included in the valuation as of June 30, 2013. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:	Membership with MCERA usually begins with the first day of the pay period following the date of entrance into service.
<i>General Tier 1</i>	All General members appointed to a permanent position of four-fifths time, or more, in service of the County of Mendocino or in the service of a participating District, who were hired prior to July 1, 1984.
<i>General Tier 2</i>	General Tier 2 has been replaced by General Tier 3.
<i>General Tier 3</i>	All General members appointed to a permanent position of four-fifths time, or more, in service of the County of Mendocino or in the service of a participating District, who were hired on or after July 1, 1984 and prior to January 1, 2013.
<i>General Tier 4</i>	All General members appointed to a permanent position of four-fifths time, or more, in service of the County of Mendocino or in the service of a participating District, who were hired on or after January 1, 2013.
<i>Safety Tier 1</i>	All employees appointed to a position in active law enforcement who were hired prior to June 1, 1982.
<i>Safety Tier 2</i>	All employees appointed to a position in active law enforcement who were hired on or after June 1, 1982 and prior to January 1, 2013.
<i>Safety Tier 3</i>	All employees appointed to a position in active law enforcement who were hired on or after January 1, 2013.
<i>Probation Tier 1</i>	All employees appointed to positions with specific job classifications within the Departments of Probation, Juvenile Hall, and Social Services who were hired prior to July 1, 1984.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Membership Eligibility: (continued)

<i>Probation Tier 2</i>	All employees appointed to positions with specific job classifications within the Departments of Probation, Juvenile Hall, and Social Services who were hired on or after July 1, 1984 and prior to January 1, 2013.
<i>Probation Tier 3</i>	All employees appointed to positions with specific job classifications within the Departments of Probation, Juvenile Hall, and Social Services who were hired on or after January 1, 2013.

Final Compensation for Benefit Determination:

<i>General Tier 1, Safety Tier 1, and Probation Tier 1</i>	Highest consecutive twelve months of compensation earnable (§31462.1) (FAS1).
<i>General Tiers 2 and 3, Safety Tier 2, and Probation Tier 2</i>	Highest consecutive thirty-six months of compensation earnable (§31462) (FAS3).
<i>General Tier 4, Safety Tier 3, and Probation Tier 3</i>	Highest consecutive thirty-six months of pensionable compensation (§7522.10(c), §7522.32, §7522.34) (FAS3).

Service: Years of service (Yrs).

Service Retirement Eligibility:

<i>General Tiers 1, 2, and 3</i>	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).
<i>General Tier 4</i>	Age 52 with 5 years of service, or age 70 regardless of service (§7522.20(a)).
<i>Safety and Probation Tiers 1 and 2</i>	Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25).
<i>Safety and Probation Tier 3</i>	Age 50 with 5 years of service, or age 70 regardless of service (§7522.25(d)).

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Benefit Formula:

	Retirement Age	Benefit Formula
<i>General Tier 1 (§31676.12)*</i>	50	$(1.34\% \times \text{FAS1} - 1/3 \times 1.34\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.77\% \times \text{FAS1} - 1/3 \times 1.77\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.34\% \times \text{FAS1} - 1/3 \times 2.34\% \times \$350 \times 12) \times \text{Yrs}$
	62 or later	$(2.62\% \times \text{FAS1} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
<i>General Tier 2 and General Tier 3 (§31676.12)*</i>	50	$(1.34\% \times \text{FAS3} - 1/3 \times 1.34\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.77\% \times \text{FAS3} - 1/3 \times 1.77\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.34\% \times \text{FAS3} - 1/3 \times 2.34\% \times \$350 \times 12) \times \text{Yrs}$
	62 or later	$(2.62\% \times \text{FAS3} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
<i>General Tier 4 (§7522.20(a))</i>	52	$1.00\% \times \text{FAS3} \times \text{Yrs}$
	55	$1.30\% \times \text{FAS3} \times \text{Yrs}$
	60	$1.80\% \times \text{FAS3} \times \text{Yrs}$
	62	$2.00\% \times \text{FAS3} \times \text{Yrs}$
	65	$2.30\% \times \text{FAS3} \times \text{Yrs}$
	67 or later	$2.50\% \times \text{FAS3} \times \text{Yrs}$

** For members in Bargaining Groups 01 and 101 who have service prior to October 1, 2003 and who have not purchased this service to be covered under Section 31676.12, their prior service will be covered under Section 31676.11 for Tier 1 and 31676.1 for Tier 2 and Tier 3. For all other Bargaining Groups, the prior service date is January 1, 2002 (instead of October 1, 2003).*

	Retirement Age	Benefit Formula
<i>Safety Tier 1 (§31664.2)</i>	50	$(2.29\% \times \text{FAS1} \times \text{Yrs} - 1/3 \times 2.29\% \times \$350 \times 12)$
	55 or later	$(3.00\% \times \text{FAS1} \times \text{Yrs} - 1/3 \times 3.00\% \times \$350 \times 12)$
<i>Safety Tier 2 (§31664.2)</i>	50	$(2.29\% \times \text{FAS3} \times \text{Yrs} - 1/3 \times 2.29\% \times \$350 \times 12)$
	55 or later	$(3.00\% \times \text{FAS3} \times \text{Yrs} - 1/3 \times 3.00\% \times \$350 \times 12)$

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Benefit Formula: (continued)

	Retirement Age	Benefit Formula
<i>Safety Tier 3 (§7522.25(d))</i>	50	2.00% x FAS3 x Yrs
	55	2.50% x FAS3 x Yrs
	57 or later	2.70% x FAS3 x Yrs
<i>Probation Tier 1 (§31664)</i>	50	(2.00% x FAS1 x Yrs – 1/3 x 2.00% x \$350 x 12)
	55 or later	(2.62% x FAS1 x Yrs – 1/3 x 2.62% x \$350 x 12)
<i>Probation Tier 2 (§31664)</i>	50	(2.00% x FAS3 x Yrs – 1/3 x 2.00% x \$350 x 12)
	55 or later	(2.62% x FAS3 x Yrs – 1/3 x 2.62% x \$350 x 12)
<i>Probation Tier 3 (§7522.25(d))</i>	50	2.00% x FAS3 x Yrs
	55	2.50% x FAS3 x Yrs
	57 or later	2.70% x FAS3 x Yrs

Maximum Benefit:

<i>General Tiers 1, 2, and 3, Safety Tiers 1 and 2, and Probation Tiers 1 and 2</i>	100% of Highest Average Compensation (§31676.12, §31664.2, and §31664).
<i>General Tier 4, Safety Tier 3, and Probation Tier 3</i>	None (§7522.20(a) and §7522.25(d)).

Non-Service Connected Disability:

<i>Eligibility</i>	Five years of service (§31720).
<i>Benefit Formula</i>	1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 62 for General members and to 55 for Safety and Probation members, but the total benefit cannot be more than one-third of Final Compensation (§31727.1 and §31727.2).

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Service Connected Disability:

All Members

Eligibility

No age or service requirements (§31720).

Benefit Formula

50% of the Final Compensation or 100% of Service Retirement benefit, if greater (§31727.4).

Pre-Retirement Death:

All Members

Eligibility

None.

Basic lump sum 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.

Basic benefit

60% of the greater of Service Retirement or Non-Service Connected Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of the basic lump sum benefit 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).

** In this summary, continuance benefit payable to spouse is also available to eligible domestic partner.*

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Death After Retirement:

All Members

Service or Non-Service

Connected Disability Retirement

60% of member's unmodified allowance continued to eligible spouse (§31760.1). 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).

Service Connected 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).

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:

*General Tiers 1, 2, and 3,
Safety Tiers 1 and 2,
and Probation Tiers 1 and 2*

Future changes based on Consumer Price Index to a maximum of 3% per year; excess "banked" (§31870.1)

*General Tier 4, Safety Tier 3,
and Probation Tier 3*

None.

Member Contributions:

Please refer to Appendix A for specific rates.

General Tier 1

Basic

Provide for an average annuity at age 60 equal to 1/100 of FAS1 (§31621.2).

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

Member Contributions: (continued)

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

General Tier 2 and General Tier 3

Basic Provide for an average annuity at age 60 equal to 1/100 of FAS3 (§31621.2).

Cost-of-Living Provide for one-half of future Cost-of-Living costs.

General Tier 4

50% of the total Normal Cost rate.

Safety Tier 1 and Probation Tier 1

Basic Provide for an average annuity at age 50 equal to 1/100 of FAS1 (§31639.25).

Cost-of-Living Provide for one-half of future Cost-of-Living costs. Safety Tier 1 cost-of-living member rates are offset by 1.63% of pay, which is picked up by the County.

Safety Tier 2 and Probation Tier 2

Basic Provide for an average annuity at age 50 equal to 1/100 of FAS3 (§31639.25).

Cost-of-Living Provide for one-half of future Cost-of-Living costs. Safety Tier 2 cost-of-living member rates are offset by 1.63% of pay, which is picked up by the County.

Safety Tier 3 and Probation Tier 3

50% of the total Normal Cost rate.

Other Information:

All members with 30 or more years of service are exempt from paying member contributions.

Plan Amendment:

All members with membership dates on or after January 1, 2013 enter either General Tier 4, Safety Tier 3, or Probation Tier 3.

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

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates

**General Tier 1 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation
(as a percentage of payroll)**

Entry Age	Basic Only		COLA Only		Total	
	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54
15	3.33%	5.00%	1.15%	1.72%	4.48%	6.72%
16	3.33%	5.00%	1.15%	1.72%	4.48%	6.72%
17	3.40%	5.10%	1.17%	1.76%	4.57%	6.86%
18	3.46%	5.19%	1.19%	1.79%	4.65%	6.98%
19	3.53%	5.29%	1.21%	1.82%	4.74%	7.11%
20	3.59%	5.39%	1.24%	1.86%	4.83%	7.25%
21	3.66%	5.49%	1.26%	1.89%	4.92%	7.38%
22	3.73%	5.59%	1.28%	1.92%	5.01%	7.51%
23	3.80%	5.70%	1.31%	1.96%	5.11%	7.66%
24	3.87%	5.80%	1.33%	2.00%	5.20%	7.80%
25	3.94%	5.91%	1.35%	2.03%	5.29%	7.94%
26	4.01%	6.02%	1.38%	2.07%	5.39%	8.09%
27	4.09%	6.13%	1.41%	2.11%	5.50%	8.24%
28	4.16%	6.24%	1.43%	2.15%	5.59%	8.39%
29	4.23%	6.35%	1.46%	2.19%	5.69%	8.54%
30	4.31%	6.47%	1.49%	2.23%	5.80%	8.70%
31	4.39%	6.58%	1.51%	2.27%	5.90%	8.85%
32	4.47%	6.70%	1.54%	2.31%	6.01%	9.01%
33	4.55%	6.82%	1.57%	2.35%	6.12%	9.17%
34	4.63%	6.95%	1.59%	2.39%	6.22%	9.34%
35	4.71%	7.07%	1.62%	2.43%	6.33%	9.50%
36	4.80%	7.20%	1.65%	2.48%	6.45%	9.68%
37	4.89%	7.33%	1.68%	2.52%	6.57%	9.85%
38	4.97%	7.46%	1.71%	2.57%	6.68%	10.03%
39	5.06%	7.59%	1.74%	2.61%	6.80%	10.20%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**General Tier 1 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation (continued)
(as a percentage of payroll)**

Entry Age	Basic Only		COLA Only		Total	
	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54
40	5.15%	7.73%	1.77%	2.66%	6.92%	10.39%
41	5.24%	7.86%	1.81%	2.71%	7.05%	10.57%
42	5.33%	8.00%	1.83%	2.75%	7.16%	10.75%
43	5.43%	8.15%	1.87%	2.81%	7.30%	10.96%
44	5.53%	8.29%	1.90%	2.85%	7.43%	11.14%
45	5.63%	8.44%	1.94%	2.91%	7.57%	11.35%
46	5.73%	8.60%	1.97%	2.96%	7.70%	11.56%
47	5.83%	8.75%	2.01%	3.01%	7.84%	11.76%
48	5.95%	8.92%	2.05%	3.07%	8.00%	11.99%
49	6.05%	9.08%	2.09%	3.13%	8.14%	12.21%
50	6.17%	9.26%	2.13%	3.19%	8.30%	12.45%
51	6.30%	9.45%	2.17%	3.25%	8.47%	12.70%
52	6.43%	9.64%	2.21%	3.32%	8.64%	12.96%
53	6.57%	9.86%	2.26%	3.39%	8.83%	13.25%
54	6.73%	10.09%	2.31%	3.47%	9.04%	13.56%
55	6.80%	10.20%	2.34%	3.51%	9.14%	13.71%
56	6.85%	10.28%	2.36%	3.54%	9.21%	13.82%
57	6.87%	10.31%	2.37%	3.55%	9.24%	13.86%
58	6.89%	10.33%	2.37%	3.56%	9.26%	13.89%
59 & Over	6.85%	10.27%	2.36%	3.54%	9.21%	13.81%

Interest: 7.75% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table for Males and Females, set back 2 years for males and set back 1 year for females, weighted 30% male and 70% female
 Salary Increase: Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 34.43%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**General Tier 2 and Tier 3 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation
(as a percentage of payroll)**

<u>Entry Age</u>	<u>Basic Only</u>		<u>COLA Only</u>		<u>Total</u>	
	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>
15	3.19%	4.79%	1.10%	1.65%	4.29%	6.44%
16	3.19%	4.79%	1.10%	1.65%	4.29%	6.44%
17	3.25%	4.88%	1.12%	1.68%	4.37%	6.56%
18	3.31%	4.97%	1.14%	1.71%	4.45%	6.68%
19	3.38%	5.07%	1.17%	1.75%	4.55%	6.82%
20	3.44%	5.16%	1.19%	1.78%	4.63%	6.94%
21	3.51%	5.26%	1.21%	1.81%	4.72%	7.07%
22	3.57%	5.35%	1.23%	1.84%	4.80%	7.19%
23	3.63%	5.45%	1.25%	1.88%	4.88%	7.33%
24	3.70%	5.55%	1.27%	1.91%	4.97%	7.46%
25	3.77%	5.66%	1.30%	1.95%	5.07%	7.61%
26	3.84%	5.76%	1.32%	1.98%	5.16%	7.74%
27	3.91%	5.87%	1.35%	2.02%	5.26%	7.89%
28	3.98%	5.97%	1.37%	2.06%	5.35%	8.03%
29	4.05%	6.08%	1.39%	2.09%	5.44%	8.17%
30	4.13%	6.19%	1.42%	2.13%	5.55%	8.32%
31	4.21%	6.31%	1.45%	2.17%	5.66%	8.48%
32	4.28%	6.42%	1.47%	2.21%	5.75%	8.63%
33	4.35%	6.53%	1.50%	2.25%	5.85%	8.78%
34	4.43%	6.65%	1.53%	2.29%	5.96%	8.94%
35	4.51%	6.77%	1.55%	2.33%	6.06%	9.10%
36	4.59%	6.89%	1.58%	2.37%	6.17%	9.26%
37	4.68%	7.02%	1.61%	2.42%	6.29%	9.44%
38	4.76%	7.14%	1.64%	2.46%	6.40%	9.60%
39	4.85%	7.27%	1.67%	2.50%	6.52%	9.77%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**General Tier 2 and Tier 3 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation (continued)
(as a percentage of payroll)**

Entry Age	Basic Only		COLA Only		Total	
	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54
40	4.93%	7.40%	1.70%	2.55%	6.63%	9.95%
41	5.02%	7.53%	1.73%	2.59%	6.75%	10.12%
42	5.11%	7.66%	1.76%	2.64%	6.87%	10.30%
43	5.20%	7.80%	1.79%	2.69%	6.99%	10.49%
44	5.29%	7.94%	1.82%	2.73%	7.11%	10.67%
45	5.39%	8.08%	1.85%	2.78%	7.24%	10.86%
46	5.49%	8.23%	1.89%	2.83%	7.38%	11.06%
47	5.59%	8.38%	1.93%	2.89%	7.52%	11.27%
48	5.69%	8.54%	1.96%	2.94%	7.65%	11.48%
49	5.80%	8.70%	2.00%	3.00%	7.80%	11.70%
50	5.91%	8.87%	2.03%	3.05%	7.94%	11.92%
51	6.03%	9.04%	2.07%	3.11%	8.10%	12.15%
52	6.15%	9.23%	2.12%	3.18%	8.27%	12.41%
53	6.26%	9.39%	2.15%	3.23%	8.41%	12.62%
54	6.33%	9.50%	2.18%	3.27%	8.51%	12.77%
55	6.37%	9.55%	2.19%	3.29%	8.56%	12.84%
56	6.38%	9.57%	2.19%	3.29%	8.57%	12.86%
57	6.37%	9.55%	2.19%	3.29%	8.56%	12.84%
58	6.60%	9.90%	2.27%	3.41%	8.87%	13.31%
59 & Over	6.85%	10.27%	2.36%	3.54%	9.21%	13.81%

Interest: 7.75% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table for Males and Females, set back 2 years for males and set back 1 year for females, weighted 30% male and 70% female
 Salary Increase: Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 34.43%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**General Tier 4 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation
(as a percentage of eligible payroll)***

	Basic Only	Total
	<u>Eligible Pay</u>	<u>Eligible Pay</u>
All General Tier 4 Members	7.02%	7.02%

Interest:	7.75% per annum
COLA:	0%
Mortality:	RP-2000 Combined Healthy Mortality Table for Males and Females, set back 2 years for males and set back 1 year for females, weighted 30% male and 70% female
Salary Increase:	Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
COLA Loading Factor:	0%

* It is our understanding that in the determination of pension benefits under the CalPEPRA formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700. (For an employer that is not enrolled in Social Security, the maximum amount is \$136,440 or 120% of the Social Security Taxable Wage Base.) (reference: Section 7522.10.) These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013. (reference: Section 7522.10(d).)

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Safety Tier 1 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation
(as a percentage of payroll)**

<u>Entry Age</u>	<u>Basic Only</u>		<u>COLA Only*</u>		<u>Total</u>	
	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>
15	4.36%	6.54%	0.59%	1.70%	4.95%	8.24%
16	4.36%	6.54%	0.59%	1.70%	4.95%	8.24%
17	4.44%	6.66%	0.63%	1.76%	5.07%	8.42%
18	4.52%	6.78%	0.67%	1.82%	5.19%	8.60%
19	4.61%	6.91%	0.72%	1.89%	5.33%	8.80%
20	4.69%	7.03%	0.76%	1.95%	5.45%	8.98%
21	4.77%	7.16%	0.80%	2.02%	5.57%	9.18%
22	4.86%	7.29%	0.84%	2.08%	5.70%	9.37%
23	4.95%	7.42%	0.89%	2.15%	5.84%	9.57%
24	5.03%	7.55%	0.93%	2.21%	5.96%	9.76%
25	5.12%	7.68%	0.98%	2.28%	6.10%	9.96%
26	5.21%	7.82%	1.02%	2.35%	6.23%	10.17%
27	5.31%	7.96%	1.07%	2.42%	6.38%	10.38%
28	5.40%	8.10%	1.12%	2.49%	6.52%	10.59%
29	5.49%	8.24%	1.17%	2.57%	6.66%	10.81%
30	5.59%	8.39%	1.22%	2.64%	6.81%	11.03%
31	5.69%	8.53%	1.27%	2.71%	6.96%	11.24%
32	5.79%	8.68%	1.32%	2.79%	7.11%	11.47%
33	5.89%	8.84%	1.37%	2.87%	7.26%	11.71%
34	5.99%	8.99%	1.42%	2.95%	7.41%	11.94%
35	6.10%	9.15%	1.48%	3.03%	7.58%	12.18%
36	6.21%	9.32%	1.53%	3.12%	7.74%	12.44%
37	6.32%	9.48%	1.59%	3.20%	7.91%	12.68%
38	6.43%	9.65%	1.64%	3.28%	8.07%	12.93%
39	6.55%	9.83%	1.71%	3.38%	8.26%	13.21%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Safety Tier 1 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation (continued)
(as a percentage of payroll)**

Entry Age	Basic Only		COLA Only*		Total	
	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54
40	6.67%	10.01%	1.77%	3.47%	8.44%	13.48%
41	6.80%	10.20%	1.83%	3.56%	8.63%	13.76%
42	6.93%	10.40%	1.90%	3.67%	8.83%	14.07%
43	7.08%	10.62%	1.98%	3.78%	9.06%	14.40%
44	7.23%	10.85%	2.05%	3.89%	9.28%	14.74%
45	7.37%	11.06%	2.12%	4.00%	9.49%	15.06%
46	7.45%	11.18%	2.16%	4.06%	9.61%	15.24%
47	7.50%	11.25%	2.19%	4.10%	9.69%	15.35%
48	7.51%	11.27%	2.19%	4.11%	9.70%	15.38%
49 & over	7.47%	11.21%	2.17%	4.08%	9.64%	15.29%

Interest: 7.75% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 50.92%

* COLA rate is offset by 1.63%, which is picked up by the County.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Safety Tier 2 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation
(as a percentage of payroll)**

<u>Entry Age</u>	<u>Basic Only</u>		<u>COLA Only*</u>		<u>Total</u>	
	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>
15	4.17%	6.26%	0.49%	1.56%	4.66%	7.82%
16	4.17%	6.26%	0.49%	1.56%	4.66%	7.82%
17	4.25%	6.38%	0.53%	1.62%	4.78%	8.00%
18	4.33%	6.49%	0.57%	1.67%	4.90%	8.16%
19	4.41%	6.61%	0.62%	1.74%	5.03%	8.35%
20	4.49%	6.73%	0.66%	1.80%	5.15%	8.53%
21	4.57%	6.85%	0.70%	1.86%	5.27%	8.71%
22	4.65%	6.98%	0.74%	1.92%	5.39%	8.90%
23	4.73%	7.10%	0.78%	1.99%	5.51%	9.09%
24	4.82%	7.23%	0.82%	2.05%	5.64%	9.28%
25	4.91%	7.36%	0.87%	2.12%	5.78%	9.48%
26	4.99%	7.49%	0.91%	2.18%	5.90%	9.67%
27	5.08%	7.62%	0.96%	2.25%	6.04%	9.87%
28	5.17%	7.75%	1.00%	2.32%	6.17%	10.07%
29	5.26%	7.89%	1.05%	2.39%	6.31%	10.28%
30	5.35%	8.03%	1.09%	2.46%	6.44%	10.49%
31	5.45%	8.17%	1.15%	2.53%	6.60%	10.70%
32	5.55%	8.32%	1.20%	2.61%	6.75%	10.93%
33	5.64%	8.46%	1.24%	2.68%	6.88%	11.14%
34	5.74%	8.61%	1.29%	2.75%	7.03%	11.36%
35	5.84%	8.76%	1.34%	2.83%	7.18%	11.59%
36	5.95%	8.92%	1.40%	2.91%	7.35%	11.83%
37	6.05%	9.08%	1.45%	2.99%	7.50%	12.07%
38	6.16%	9.24%	1.51%	3.08%	7.67%	12.32%
39	6.27%	9.41%	1.56%	3.16%	7.83%	12.57%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Safety Tier 2 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation (continued)
(as a percentage of payroll)**

Entry Age	Basic Only		COLA Only*		Total	
	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54
40	6.39%	9.59%	1.62%	3.25%	8.01%	12.84%
41	6.51%	9.77%	1.68%	3.34%	8.19%	13.11%
42	6.64%	9.96%	1.75%	3.44%	8.39%	13.40%
43	6.77%	10.15%	1.82%	3.54%	8.59%	13.69%
44	6.87%	10.30%	1.87%	3.61%	8.74%	13.91%
45	6.93%	10.40%	1.90%	3.67%	8.83%	14.07%
46	6.96%	10.44%	1.91%	3.69%	8.87%	14.13%
47	6.95%	10.43%	1.91%	3.68%	8.86%	14.11%
48	7.21%	10.81%	2.04%	3.87%	9.25%	14.68%
49 & over	7.47%	11.21%	2.17%	4.08%	9.64%	15.29%

Interest: 7.75% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 50.92%

* COLA rate is offset by 1.63%, which is picked up by the County.

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Safety Tier 3 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation
(as a percentage of eligible payroll)***

	Basic Only	Total
	<u>Eligible Pay</u>	<u>Eligible Pay</u>
All Safety Tier 3 Members	12.26%	12.26%

Interest: 7.75% per annum
 COLA: 0%
 Mortality: RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 0%

* It is our understanding that in the determination of pension benefits under the CalPEPRA formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700. (For an employer that is not enrolled in Social Security, the maximum amount is \$136,440 or 120% of the Social Security Taxable Wage Base.) (reference: Section 7522.10.) These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013. (reference: Section 7522.10(d).)

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Probation Tier 1 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation
(as a percentage of payroll)**

<u>Entry Age</u>	<u>Basic Only</u>		<u>COLA Only</u>		<u>Total</u>	
	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>
15	4.36%	6.54%	1.92%	2.88%	6.28%	9.42%
16	4.36%	6.54%	1.92%	2.88%	6.28%	9.42%
17	4.44%	6.66%	1.95%	2.93%	6.39%	9.59%
18	4.52%	6.78%	1.99%	2.98%	6.51%	9.76%
19	4.61%	6.91%	2.03%	3.04%	6.64%	9.95%
20	4.69%	7.03%	2.06%	3.09%	6.75%	10.12%
21	4.77%	7.16%	2.10%	3.15%	6.87%	10.31%
22	4.86%	7.29%	2.14%	3.21%	7.00%	10.50%
23	4.95%	7.42%	2.17%	3.26%	7.12%	10.68%
24	5.03%	7.55%	2.21%	3.32%	7.24%	10.87%
25	5.12%	7.68%	2.25%	3.38%	7.37%	11.06%
26	5.21%	7.82%	2.29%	3.44%	7.50%	11.26%
27	5.31%	7.96%	2.33%	3.50%	7.64%	11.46%
28	5.40%	8.10%	2.37%	3.56%	7.77%	11.66%
29	5.49%	8.24%	2.41%	3.62%	7.90%	11.86%
30	5.59%	8.39%	2.46%	3.69%	8.05%	12.08%
31	5.69%	8.53%	2.50%	3.75%	8.19%	12.28%
32	5.79%	8.68%	2.55%	3.82%	8.34%	12.50%
33	5.89%	8.84%	2.59%	3.89%	8.48%	12.73%
34	5.99%	8.99%	2.63%	3.95%	8.62%	12.94%
35	6.10%	9.15%	2.68%	4.02%	8.78%	13.17%
36	6.21%	9.32%	2.73%	4.10%	8.94%	13.42%
37	6.32%	9.48%	2.78%	4.17%	9.10%	13.65%
38	6.43%	9.65%	2.83%	4.24%	9.26%	13.89%
39	6.55%	9.83%	2.88%	4.32%	9.43%	14.15%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Probation Tier 1 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation (continued)
(as a percentage of payroll)**

Entry Age	Basic Only		COLA Only		Total	
	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54
40	6.67%	10.01%	2.93%	4.40%	9.60%	14.41%
41	6.80%	10.20%	2.99%	4.49%	9.79%	14.69%
42	6.93%	10.40%	3.05%	4.57%	9.98%	14.97%
43	7.08%	10.62%	3.11%	4.67%	10.19%	15.29%
44	7.23%	10.85%	3.18%	4.77%	10.41%	15.62%
45	7.37%	11.06%	3.24%	4.86%	10.61%	15.92%
46	7.45%	11.18%	3.28%	4.92%	10.73%	16.10%
47	7.50%	11.25%	3.30%	4.95%	10.80%	16.20%
48	7.51%	11.27%	3.31%	4.96%	10.82%	16.23%
49 & over	7.47%	11.21%	3.29%	4.93%	10.76%	16.14%

Interest: 7.75% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 43.98%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Probation Tier 2 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation
(as a percentage of payroll)**

<u>Entry Age</u>	<u>Basic Only</u>		<u>COLA Only</u>		<u>Total</u>	
	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>
15	4.17%	6.26%	1.83%	2.75%	6.00%	9.01%
16	4.17%	6.26%	1.83%	2.75%	6.00%	9.01%
17	4.25%	6.38%	1.87%	2.81%	6.12%	9.19%
18	4.33%	6.49%	1.90%	2.85%	6.23%	9.34%
19	4.41%	6.61%	1.94%	2.91%	6.35%	9.52%
20	4.49%	6.73%	1.97%	2.96%	6.46%	9.69%
21	4.57%	6.85%	2.01%	3.01%	6.58%	9.86%
22	4.65%	6.98%	2.05%	3.07%	6.70%	10.05%
23	4.73%	7.10%	2.08%	3.12%	6.81%	10.22%
24	4.82%	7.23%	2.12%	3.18%	6.94%	10.41%
25	4.91%	7.36%	2.16%	3.24%	7.07%	10.60%
26	4.99%	7.49%	2.19%	3.29%	7.18%	10.78%
27	5.08%	7.62%	2.23%	3.35%	7.31%	10.97%
28	5.17%	7.75%	2.27%	3.41%	7.44%	11.16%
29	5.26%	7.89%	2.31%	3.47%	7.57%	11.36%
30	5.35%	8.03%	2.35%	3.53%	7.70%	11.56%
31	5.45%	8.17%	2.39%	3.59%	7.84%	11.76%
32	5.55%	8.32%	2.44%	3.66%	7.99%	11.98%
33	5.64%	8.46%	2.48%	3.72%	8.12%	12.18%
34	5.74%	8.61%	2.53%	3.79%	8.27%	12.40%
35	5.84%	8.76%	2.57%	3.85%	8.41%	12.61%
36	5.95%	8.92%	2.61%	3.92%	8.56%	12.84%
37	6.05%	9.08%	2.66%	3.99%	8.71%	13.07%
38	6.16%	9.24%	2.71%	4.06%	8.87%	13.30%
39	6.27%	9.41%	2.76%	4.14%	9.03%	13.55%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Probation Tier 2 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation (continued)
(as a percentage of payroll)**

<u>Entry Age</u>	<u>Basic Only</u>		<u>COLA Only</u>		<u>Total</u>	
	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>	<u>First \$161.54</u>	<u>Over \$161.54</u>
40	6.39%	9.59%	2.81%	4.22%	9.20%	13.81%
41	6.51%	9.77%	2.87%	4.30%	9.38%	14.07%
42	6.64%	9.96%	2.92%	4.38%	9.56%	14.34%
43	6.77%	10.15%	2.97%	4.46%	9.74%	14.61%
44	6.87%	10.30%	3.02%	4.53%	9.89%	14.83%
45	6.93%	10.40%	3.05%	4.57%	9.98%	14.97%
46	6.96%	10.44%	3.06%	4.59%	10.02%	15.03%
47	6.95%	10.43%	3.06%	4.59%	10.01%	15.02%
48	7.21%	10.81%	3.17%	4.75%	10.38%	15.56%
49 & over	7.47%	11.21%	3.29%	4.93%	10.76%	16.14%

Interest: 7.75% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 43.98%

SECTION 4: Reporting Information for the Mendocino County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Probation Tier 3 Members' Contribution Rates - Based on the June 30, 2013 Actuarial Valuation
(as a percentage of eligible payroll)***

	Basic Only	Total
	<u>Eligible Pay</u>	<u>Eligible Pay</u>
All Probation Tier 3 Members	9.83%	9.83%

Interest:	7.75% per annum
COLA:	0%
Mortality:	RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
Salary Increase:	Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
COLA Loading Factor:	0%

* It is our understanding that in the determination of pension benefits under the CalPEPRA formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700. (For an employer that is not enrolled in Social Security, the maximum amount is \$136,440 or 120% of the Social Security Taxable Wage Base.) (reference: Section 7522.10.) These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013. (reference: Section 7522.10(d).)

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