



Mendocino County Employees' Retirement Association

**Actuarial Valuation and Review
as of June 30, 2014**

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 17, 2014

*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, 2014. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2015/2016 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 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; changes in 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.

The actuarial calculations were directed under our supervision. 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: 
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Senior Vice President and Actuary*


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JRC/gxk

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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, 2014. 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, 2014, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2014, 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, 2014 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 25 years remaining as of June 30, 2014. 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, as are assumption and method changes). The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2015 through June 30, 2016.

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:

- Ref: Pg. 52*
- The results of this valuation reflect changes in the actuarial assumptions as recommended by Segal Consulting and adopted by the Board on October 15, 2014. These changes were documented in our Actuarial Experience Study report dated October 7, 2014 and are also outlined in Section 4, Exhibit V of this report. Note in particular that the assumed net investment return was reduced from 7.75% to 7.25%.
 - Effective September 17, 2014, the Board adopted Resolution No. 2014-04 pertaining to the amount of cost-of-living adjustments (COLA) that will continue to a qualified spouse/domestic partner of a member who elected the unmodified option, upon the death of the member. The Resolution addresses MCERA's current practice of continuing 100% of the COLA benefit to the survivor upon the member's death for a member who retired for service or non-service connected disability and chose the unmodified option at retirement. The Resolution states that this practice will no longer be continued to survivor benefits after the effective date of the Resolution. Specifically, only 60% of the COLA benefit (instead of the current 100%) will be continued to survivors of members who retire after September 17, 2014. The results of this valuation reflect a change in the method we used to determine the cost of the COLA for survivors of retirees who started receiving benefits prior to the September 17, 2014 effective date. This change was necessary because, in previous valuations, it was assumed that only 60% of the COLA benefit would be continued to the survivors.
- Ref: Pg. 50*
- In the June 30, 2013 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities was 74.2%. In this June 30, 2014 valuation, this funding ratio has decreased to 69.3%. On a market value basis, the funded ratio increased from 75.1% to 75.7%.
- Ref: Pg. 42*
- The Association's unfunded actuarial accrued liability (UAAL) as of June 30, 2013 was \$131,684,255. In this year's valuation, the UAAL has increased to \$179,573,042. 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 26.00% of payroll to 33.38% of payroll. The reasons for the change include losses from (a) the anticipated one-year delay in the future from implementing contribution rates in the June 30, 2014 valuation, (b) amortizing the prior year's UAAL over a smaller than expected projected total payroll, (c) the changes in actuarial assumptions, and (d) the change in the method used to value 100% of the COLA continuing to survivors of members who elected the unmodified option prior to September 17, 2014. These losses were partially offset by a gains from (e) changes in membership demographics, (f) higher than expected return on investments

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

(after smoothing), (g) lower than expected salary increases for active members, and (h) other actuarial gains. A reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 14).

As directed by the Board, and after further discussion with MCERA staff, we have provided in a separate letter the contribution rates for the employer assuming that the Board would agree to phase-in the contribution rate impact due to the change in actuarial assumptions and method reflected for the first time in this valuation (i.e., items (c) and (d)) over a phase-in period of either two or three years.

Ref: Pg. 20

- The aggregate member rate calculated in this valuation has increased from 9.30% of payroll to 10.15% of payroll. The reasons for the increase are the changes in the actuarial assumptions offset somewhat by a change in the 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, 2014. These rates are provided in Appendix A of this report.

Ref: Pg. 5

- As indicated in Section 2, Subsection B (see Chart 7), the total unrecognized investment gain as of June 30, 2014 is \$33.0 million (note that in the previous valuation, this amount was a deferred gain of \$584,000). 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 that if the Association earns the assumed net rate of investment return of 7.25% per year on a **market value** basis, it will result in investment gains on the actuarial value of assets after June 30, 2014.

The deferred gains of \$33.0 million represent 7.5% of the market value of assets as of June 30, 2014. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$33.0 million market gain is expected to have an 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 69.3% to 75.7%.
- 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 33.38% to about 28.0% of payroll.

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

- The actuarial valuation report as of June 30, 2014 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 67 is effective with the fiscal year ending June 30, 2014 for Plan reporting. Statement 68 is effective with the fiscal year ending June 30, 2015 for employer reporting. The information needed to comply with Statements 67 and 68 will be provided in separate reports.

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, 2014		June 30, 2013	
Employer Contribution Rates:				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
General Tier 1	32.96%	\$350,000	25.22%	\$268,000
General Tier 2/Tier 3	30.19	10,991,000	24.07	8,763,000
General Tier 4	26.32	1,896,000	20.26	1,459,000
Safety Tier 1	62.53	42,000	46.55	32,000
Safety Tier 2	54.16	4,118,000	40.31	3,065,000
Safety Tier 3	44.19	371,000	33.71	283,000
Probation Tier 1		Not Calculated ⁽²⁾		
Probation Tier 2	33.41	832,000	24.90	620,000
Probation Tier 3	24.17	49,000	18.14	37,000
All Categories Combined	33.38	18,649,000	26.00	14,527,000
Average Member Contribution Rates:				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
General Tier 1	1.27%	\$14,000	1.18%	\$13,000
General Tier 2/Tier 3	10.50	3,823,000	9.58	3,488,000
General Tier 4	7.16	516,000	7.02	506,000
Safety Tier 1	0.00	0	0.00	0
Safety Tier 2	11.64	885,000	10.13	770,000
Safety Tier 3	10.63	89,000	12.26	103,000
Probation Tier 1		Not Calculated ⁽²⁾		
Probation Tier 2	13.16	328,000	11.79	294,000
Probation Tier 3	8.55	18,000	9.83	20,000
All Categories Combined	10.15	5,673,000	9.30	5,194,000
Funded Status:				
Actuarial Accrued Liability (AAL) ⁽³⁾		\$584,428,884		\$510,461,279
Valuation Value of Assets (VVA) ⁽⁴⁾		404,855,842		378,777,024
Market Value of Assets (MVA)		442,308,448		383,196,817
Funded Percentage on VVA Basis		69.3%		74.2%
Funded Percentage on MVA Basis		75.7%		75.1%
Unfunded Actuarial Accrued Liability (UAAL) on VVA Basis		\$179,573,042		\$131,684,255
Unfunded Actuarial Accrued Liability (UAAL) on MVA Basis		142,120,436		127,264,462
Key Economic Assumptions:				
Interest Rate		7.25%		7.75%
Inflation Rate		3.25%		3.50%
Across-the-Board Salary Increase		0.50%		0.50%

(1) Based on June 30, 2014 projected annual compensation.

(2) There were no Probation Tier 1 active members reported for the June 30, 2014 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, 2014	June 30, 2013	Percentage Change
Active Members:			
Number of Members	1,081	1,072	0.8%
Average Age	47.3	48.2	N/A
Average Service	9.8	10.2	N/A
Projected Total Compensation	\$55,876,248	\$56,463,983	-1.0%
Average Projected Compensation	\$51,689	\$52,672	-1.9%
Retired Members and Beneficiaries:			
Number of Members:			
Service Retired	1,012	973	4.0%
Disability Retired	172	170	1.2%
Beneficiaries	144	144	0.0%
Total	1,328	1,287	3.2%
Average Age	68.3	68.1	N/A
Average Monthly Benefit	\$1,708	\$1,661	2.8%
Vested Terminated Members:			
Number of Vested Terminated Members	394	345	14.2%
Average Age	48.3	48.2	N/A
Summary of Financial Data:			
Market Value of Assets	\$442,308,448	\$383,196,817	15.4%
Return on Market Value of Assets*	18.10%	14.44%	N/A
Actuarial Value of Assets	\$409,284,122	\$382,612,375	7.0%
Return on Actuarial Value of Assets	9.54%	6.95%	N/A
Valuation Value of Assets	\$404,855,842	\$378,777,024	6.9%
Return on Valuation Value of Assets	9.48%	6.90%	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 18.07% as of June 30, 2014 and 14.52% as of June 30, 2013.

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 nine valuations can be seen in this chart.

CHART 1
Member Population: 2006 – 2014⁽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
2014	1,081	394	1,328	1.59

⁽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 1,081 active members with an average age of 47.3 years, average years of service of 9.8, and average compensation of \$51,689. The 1,072 active members in the prior valuation had an average age of 48.2 years, average service of 10.2 years, and average compensation of \$52,672.

Inactive Members

In this year's valuation, there were 394 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 345 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, 2014

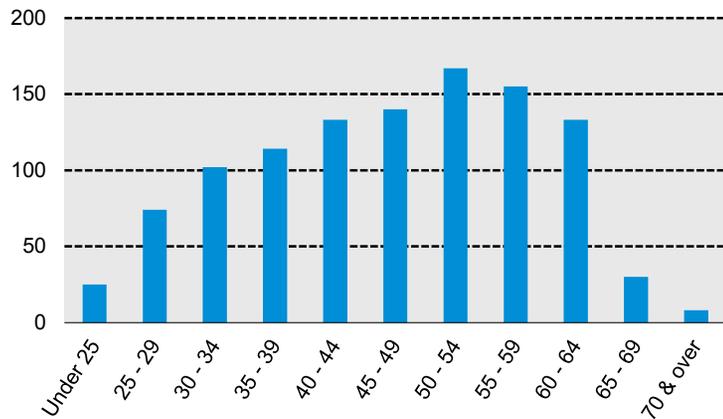
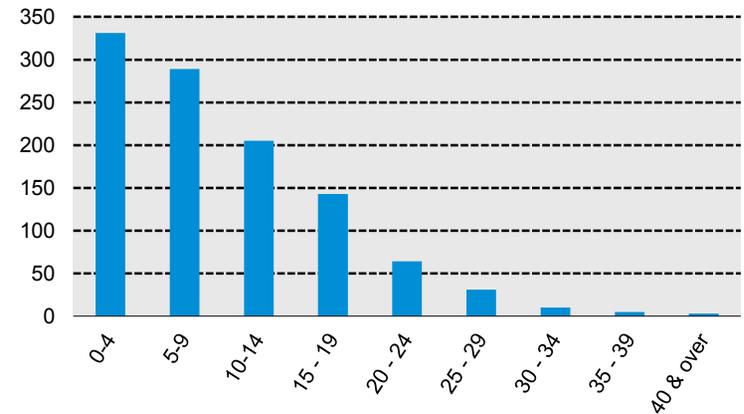


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2014



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

Retired Members and Beneficiaries

As of June 30, 2014, 1,184 retired members and 144 beneficiaries were receiving total monthly benefits of \$2,268,742. For comparison, in the previous valuation, there were 1,143 retired members and 144 beneficiaries receiving monthly benefits of \$2,137,776.

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, 2014

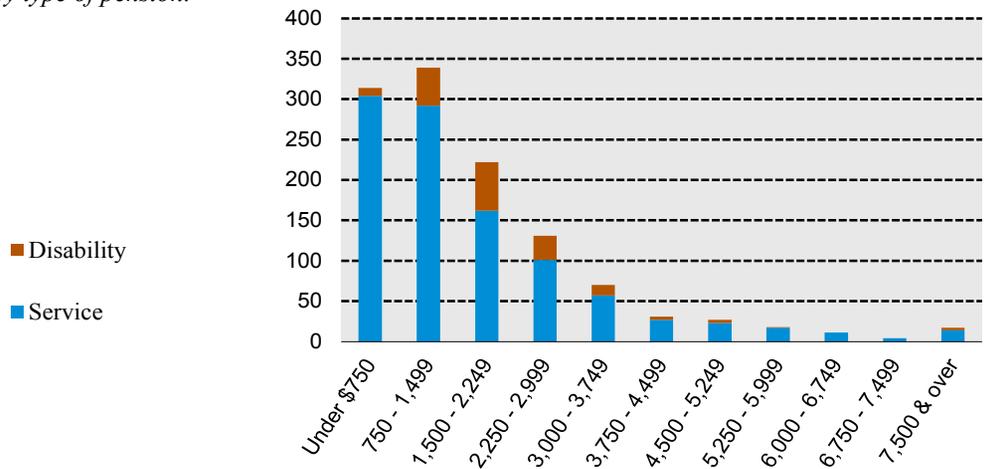
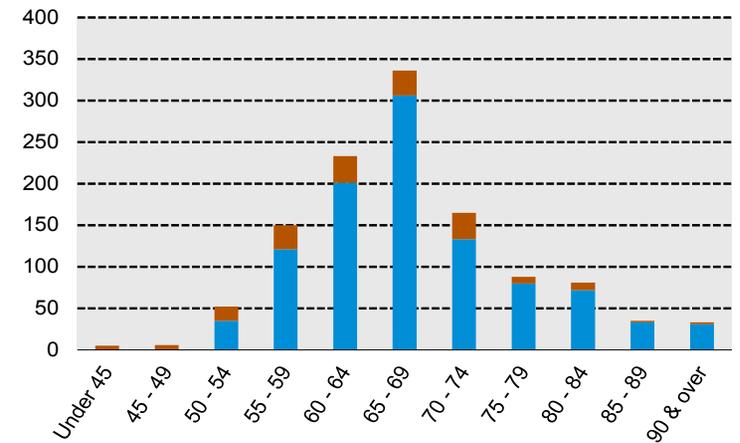


CHART 5

Distribution of Retired Members (Excl. Beneficiaries) by Type and by Age as of June 30, 2014



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

B. FINANCIAL INFORMATION

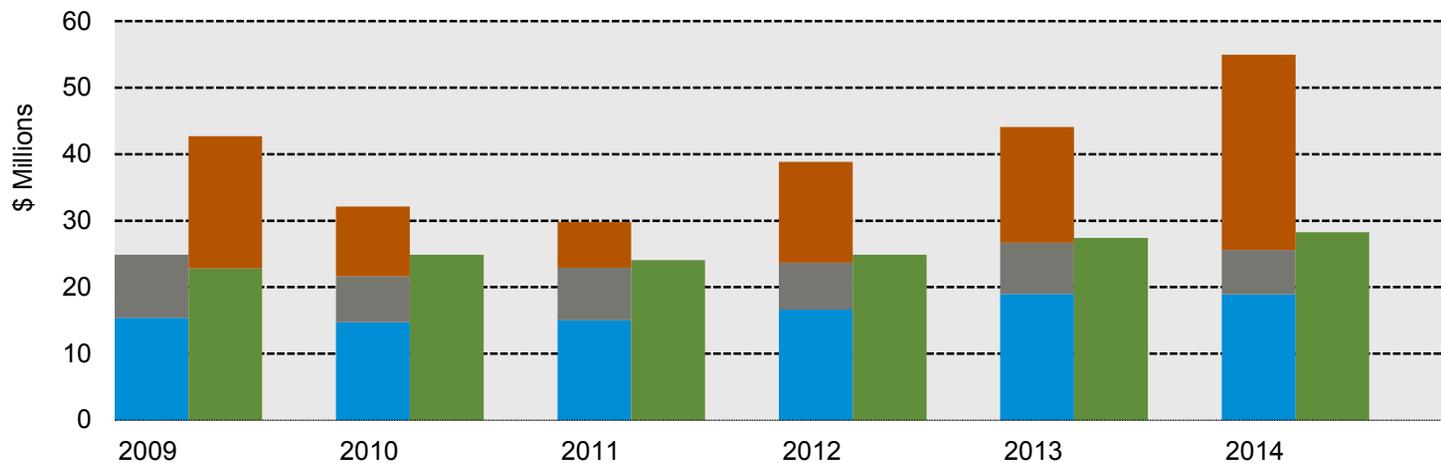
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

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.

- Adjustment toward market value
- Benefits paid
- Net interest and dividends
- Net contributions

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2009 through 2014



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.

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

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2014

	Actual Market Return (net)	Expected Market Return (net)	Investment Gain / (Loss)	Deferred Factor	Deferred Return	
1. Market value of assets:					\$442,308,448	
2. Calculation of deferred return:						
(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		25%	\$612,836
(e) Year ended June 30, 2012	(4,078,489)	27,196,991	(31,275,480)		40%	(12,510,192)
(f) Year ended June 30, 2013	48,890,492	26,235,422	22,655,070		60%	13,593,042
(g) Year ended June 30, 2014	68,494,950	29,334,150	39,160,800		80%	<u>31,328,640</u>
(h) Total unrecognized return*						\$33,024,326
3. Preliminary actuarial value of assets: (1) - (2h)					\$409,284,122	
4. Adjustment to be within 25% corridor of market value					\$0	
5. Final actuarial value of assets: (3) + (4)					\$409,284,122	
6. Actuarial value as a percentage of market value: (5) ÷ (1)					92.5%	
7. Non-pension reserves:** Contingency reserve					\$4,428,280	
8. Valuation value of assets***: (5) - (7)					\$404,855,842	

⁽¹⁾ Based on action taken by the Board in 2012, the total deferred return through June 30, 2011 of \$2,451,350 has been recognized in four level amounts, with one year of recognition remaining after the June 30, 2014 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):

6/30/2015	\$6,720,916
6/30/2016	6,108,078
6/30/2017	12,363,174
6/30/2018	<u>7,832,160</u>
Total	\$33,024,326

** Effective with the June 30, 2012 valuation, the only reserve excluded in the valuation value of assets is the Contingency Reserve, so any balance in the Retiree Health Insurance Reserve would be used to determine the proportion of the valuation value of assets for each of the membership groups.

*** It should be noted that the valuation value of assets for each of the General, Safety, and Probation membership groups has generally been calculated in proportion to the book value reserves maintained by MCERA for those three membership groups.

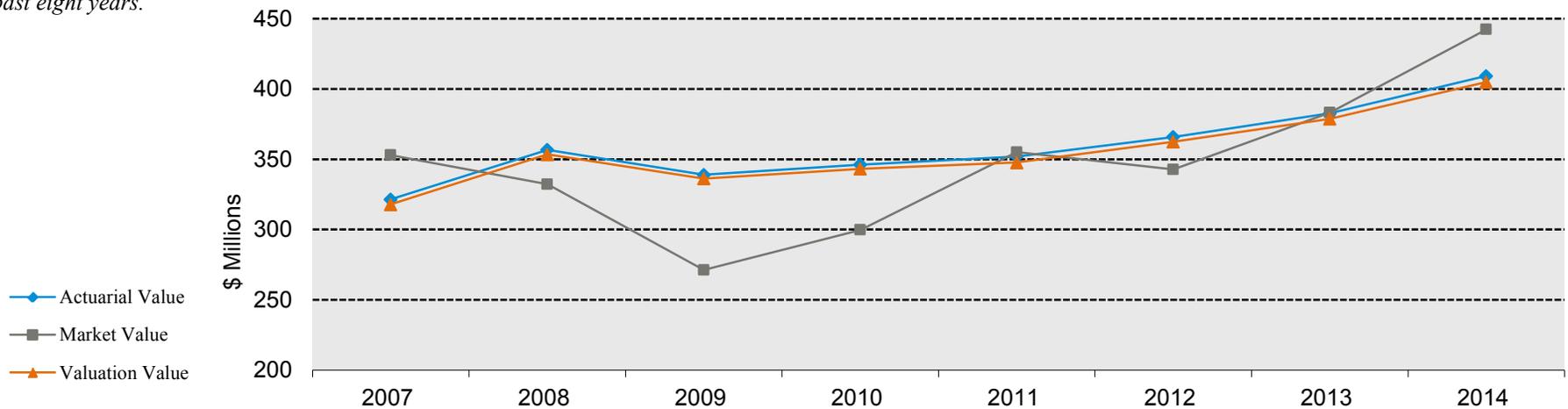
SECTION 2: Valuation Results for the Mendocino County Employees' Retirement Association

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 eight years.

CHART 8

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2007 – 2014



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 gain was \$13.5 million, a net gain of \$6.5 million from investments and a gain of \$7.0 million from all other sources. The net experience variation from individual sources other than investments was 1.2% 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, 2014

1. Net gain from investments ⁽¹⁾	\$(6,470,521)
2. Net gain from other experience ⁽²⁾	<u>(7,073,852)</u>
3. Net experience gain: (1) + (2)	\$(13,544,373)

⁽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, 2013 valuation. The actual rate of return on a valuation basis for the 2014 plan year was 9.48%.

Since the actual return for the year was more than the assumed return, MCERA experienced an actuarial gain during the year ended June 30, 2014 with regard to its investments.

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

**CHART 10
Investment Experience for Year Ended June 30, 2014
Valuation Value, Actuarial Value, and Market Value of Assets**

	Valuation Value	Actuarial Value	Market Value
1. Actual return	\$35,462,137	\$36,055,066	\$68,494,950
2. Average value of assets	\$374,085,365	\$377,920,716	\$378,505,158
3. Actual rate of return: (1) ÷ (2)	9.48%	9.54%	18.10%
4. Assumed rate of return	7.75%	7.75%	7.75%
5. Expected return: (2) x (4)	\$28,991,616	\$29,288,855	\$29,334,150
6. Actuarial gain/(loss): (1) – (5)	<u>\$6,470,521</u>	<u>\$6,766,211</u>	<u>\$39,160,800</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 eight years.

Based on recommendations adopted by the Board on October 15, 2014, we have lowered the assumed long-term rate of return to 7.25% for the June 30, 2014 valuation.

CHART 11

Investment Return – Valuation Value, Actuarial Value and Market Value: 2007 – 2014*

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%
2014	35,462,137	9.48%	36,055,066	9.54%	68,494,950	18.10%
Five-Year Average Return		N/A		6.08%		13.72%
Eight-Year Average Return		N/A		6.46%		6.95%

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

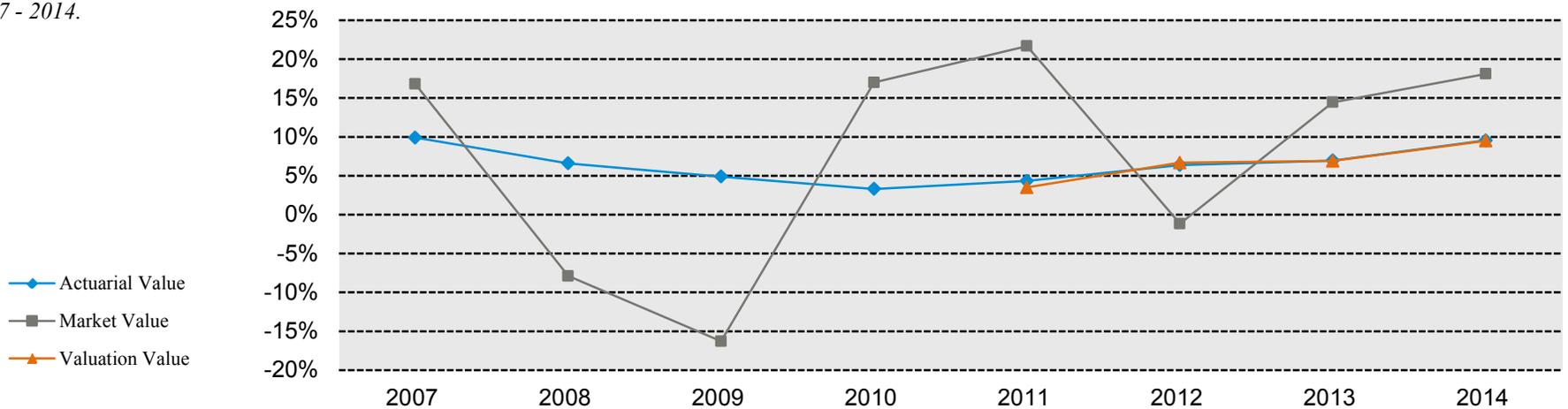
** The rates of return have been calculated on a dollar-weighted basis. It is our understanding that MCERA's investment consultant calculates rates of return on a time-weighted basis, which can produce different results.

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 - 2014.

CHART 12
Market, Actuarial and Valuation Value Rates of Return for Years Ended June 30, 2007 - 2014



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 gain from this other experience for the year ended June 30, 2014 amounted to \$7.0 million which is 1.2% 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 3.75% (i.e., 3.25% 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 25 years remaining as of June 30, 2014). 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

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 2015/2016 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, 2014 for the fiscal year 2015/2016. This adjustment is reflected in the UAAL portion of the June 30, 2014 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).

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, 2014			June 30, 2013				
	BASIC	COLA	TOTAL	BASIC AND COLA COMBINED				
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾		
General Tier 1 Members								
Normal Cost	10.46%	\$111	3.34%	\$36	13.80%	\$147	11.98%	\$127
UAAL	<u>13.72%</u>	<u>146</u>	<u>5.44%</u>	<u>57</u>	<u>19.16%</u>	<u>203</u>	<u>13.24%</u>	<u>141</u>
Total Contribution	24.18%	\$257	8.78%	\$93	32.96%	\$350	25.22%	\$268
General Tier 2 / Tier 3 Members								
Normal Cost	8.39%	\$3,055	2.64%	\$961	11.03%	\$4,016	10.83%	\$3,943
UAAL	<u>13.72%</u>	<u>4,995</u>	<u>5.44%</u>	<u>1,980</u>	<u>19.16%</u>	<u>6,975</u>	<u>13.24%</u>	<u>4,820</u>
Total Contribution	22.11%	\$8,050	8.08%	\$2,941	30.19%	\$10,991	24.07%	\$8,763
General Tier 4 Members								
Normal Cost	7.16%	\$516	0.00%	\$0	7.16%	\$516	7.02%	\$506
UAAL	<u>13.72%</u>	<u>988</u>	<u>5.44%</u>	<u>392</u>	<u>19.16%</u>	<u>1,380</u>	<u>13.24%</u>	<u>953</u>
Total Contribution	20.88%	\$1,504	5.44%	\$392	26.32%	\$1,896	20.26%	\$1,459
Safety Tier 1 Members								
Normal Cost	20.59%	\$14	8.38%	\$6	28.97%	\$20	25.10%	\$17
UAAL	<u>19.04%</u>	<u>13</u>	<u>14.52%</u>	<u>9</u>	<u>33.56%</u>	<u>22</u>	<u>21.45%</u>	<u>15</u>
Total Contribution	39.63%	\$27	22.90%	\$15	62.53%	\$42	46.55%	\$32
Safety Tier 2 Members								
Normal Cost	14.36%	\$1,092	6.24%	\$474	20.60%	\$1,566	18.86%	\$1,434
UAAL	<u>19.04%</u>	<u>1,447</u>	<u>14.52%</u>	<u>1,105</u>	<u>33.56%</u>	<u>2,552</u>	<u>21.45%</u>	<u>1,631</u>
Total Contribution	33.40%	\$2,539	20.76%	\$1,579	54.16%	\$4,118	40.31%	\$3,065

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, 2014				June 30, 2013			
	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	10.63%	\$89	0.00%	\$0	10.63%	\$89	12.26%	\$103
UAAL	<u>19.04%</u>	<u>160</u>	<u>14.52%</u>	<u>122</u>	<u>33.56%</u>	<u>282</u>	<u>21.45%</u>	<u>180</u>
Total Contribution	29.67%	\$249	14.52%	\$122	44.19%	\$371	33.71%	\$283
Probation Tier 1 Members								
Normal Cost								
UAAL					Not Calculated*			
Total Contribution								
Probation Tier 2 Members								
Normal Cost	13.14%	\$327	4.65%	\$116	17.79%	\$443	16.59%	\$413
UAAL	<u>12.52%</u>	<u>312</u>	<u>3.10%</u>	<u>77</u>	<u>15.62%</u>	<u>389</u>	<u>8.31%</u>	<u>207</u>
Total Contribution	25.66%	\$639	7.75%	\$193	33.41%	\$832	24.90%	\$620
Probation Tier 3 Members								
Normal Cost	8.55%	\$18	0.00%	\$0	8.55%	\$18	9.83%	\$20
UAAL	<u>12.52%</u>	<u>25</u>	<u>3.10%</u>	<u>6</u>	<u>15.62%</u>	<u>31</u>	<u>8.31%</u>	<u>17</u>
Total Contribution	21.07%	\$43	3.10%	\$6	24.17%	\$49	18.14%	\$37

* There were no Probation Tier 1 active members reported for the June 30, 2014 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, 2014						June 30, 2013	
	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	9.35%	\$5,222	2.85%	\$1,593	12.20%	\$6,815	11.75%	\$6,563
UAAL	<u>14.47%</u>	<u>8,086</u>	<u>6.71%</u>	<u>3,748</u>	<u>21.18%</u>	<u>11,834</u>	<u>14.25%</u>	<u>7,964</u>
Total Contribution	23.82%	\$13,308	9.56%	\$5,341	33.38%	\$18,649	26.00%	\$14,527

⁽¹⁾ Amounts are based on the following June 30, 2014 projected annual compensation:

General Tier 1	\$1,063,211
General Tier 2 / Tier 3	36,407,022
General Tier 4	7,201,851
Safety Tier 1	67,955
Safety Tier 2	7,602,476
Safety Tier 3	838,651
Probation Tier 1	0
Probation Tier 2	2,490,342
Probation Tier 3	<u>204,740</u>
Total	\$55,876,248

Note that a breakdown of the employer minimum dollar contribution to amortize the UAAL by membership group (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, 2014		
	Estimated UAAL Annual Amount ⁽¹⁾		
	BASIC	COLA	TOTAL
General Members			
County	\$5,736	\$2,274	\$8,010
Courts	364	144	508
Cemetery District	<u>29</u>	<u>11</u>	<u>40</u>
Total	\$6,129	\$2,429	\$8,558
Safety Members			
County	<u>\$1,620</u>	<u>\$1,236</u>	<u>\$2,856</u>
Total	\$1,620	\$1,236	\$2,856
Probation Members			
County	<u>\$337</u>	<u>\$83</u>	<u>\$420</u>
Total	\$337	\$83	\$420
All Members Combined			
County	\$7,693	\$3,593	\$11,286
Courts	364	144	508
Cemetery District	<u>29</u>	<u>11</u>	<u>40</u>
Total	\$8,086	\$3,748	\$11,834

⁽¹⁾ Amounts are based on the following June 30, 2014 projected annual compensation:

General County	\$41,811,479
General Courts	2,651,761
General Cemetery District	208,844
Safety County	8,509,082
Probation County	<u>2,695,082</u>
Total	\$55,876,48

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

The employer contribution rates as of June 30, 2014 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, 2013 to June 30, 2014

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, 2013	26.00%	\$14,527,000
Effect of actuarial experience during fiscal year 2014:		
1. Effect of change in membership demographics	(0.28)%	\$(156,000)
2. Effect of anticipated one-year delay in the future from implementing contribution rates in June 30, 2014 valuation	0.50%	279,000
3. Effect of investment gain	(0.89)%	(497,000)
4. Effect of lower than expected salary increases for actives	(0.52)%	(291,000)
5. Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll	0.69%	386,000
6. Effect of other experience gain	(0.25)%	(141,000)
7. Effect of change in actuarial assumptions	7.05%	3,939,000
8. Effect of change in method to value 100% of the COLA continuing to survivors of members who elected the unmodified option prior to September 17, 2014 ⁽²⁾	1.08%	603,000
Subtotal	7.38%	\$4,122,000
Recommended Contribution Rate as of June 30, 2014	33.38%	\$18,649,000

⁽¹⁾ Based on June 30, 2014 projected compensation.

⁽²⁾ For practical purposes, we have determined the effect for members who elected the unmodified option prior to June 30, 2014, rather than September 17, 2014.

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

The member contribution rates as of June 30, 2014 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, 2013 to June 30, 2014

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, 2013	9.30%	\$5,194,000
Effect of actuarial experience during fiscal year 2014:		
1. Effect of change in membership demographics	(0.06)%	\$(34,000)
2. Effect of changes in actuarial assumptions	0.91%	513,000
Subtotal	0.85%	\$479,000
Average Contribution Rate as of June 30, 2014	10.15%	\$5,673,000

* Based on June 30, 2014 projected compensation.

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

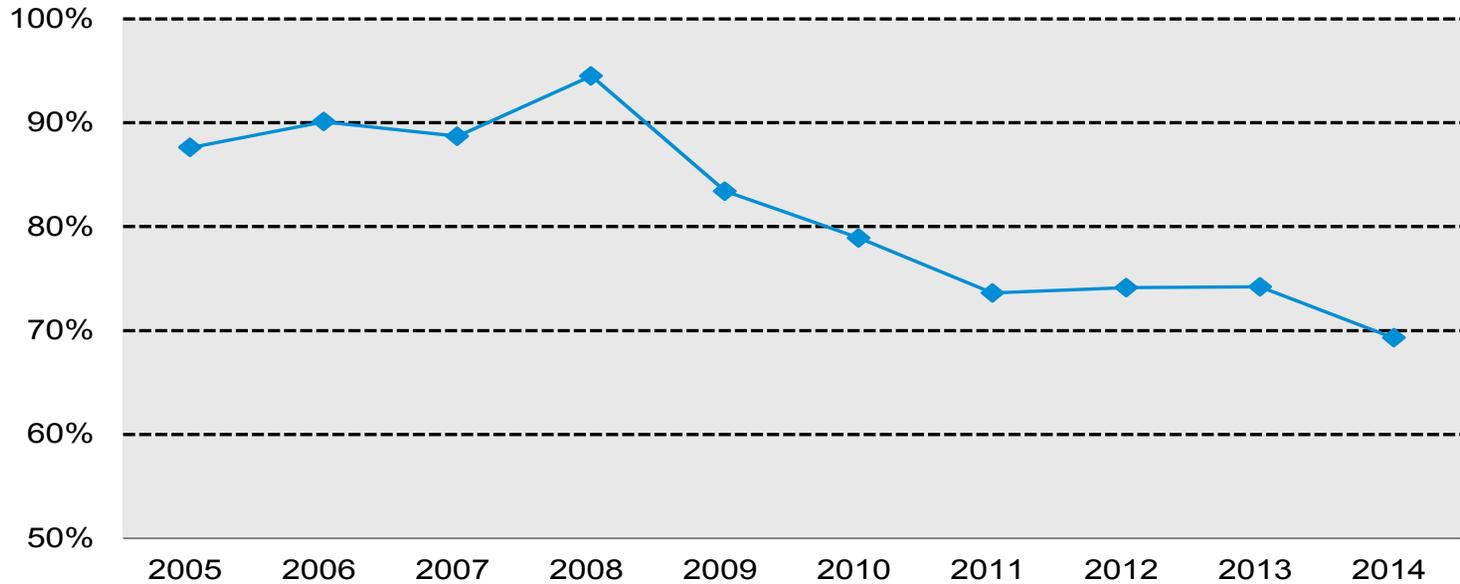
E. FUNDED RATIO

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The chart below depicts a history of the funded ratios for this plan.

CHART 16

Funded Ratio for Plan Years Ending June 30, 2005 – 2014



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 7.9. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 7.9% of one-year's payroll. Since MCERA amortizes actuarial gains and losses over an 18-year period, there would be a 0.6% 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 10.5. This is about 33% 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 17
Volatility Ratios for Years Ended June 30, 2009 – 2014*

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
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
2014	7.9	10.5

* 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
	2014	2013	
Active members in valuation			
Number	15	22	-31.8%
Average age	59.5	57.1	N/A
Average service	32.1	29.4	N/A
Projected total compensation	\$1,063,211	\$1,536,871	-30.8%
Projected average compensation	\$70,881	\$69,858	1.5%
Member account balances	\$2,920,057	\$3,665,405	-20.3%
Total active vested members	15	22	-31.8%
Vested terminated members			
Number	7	9	-22.2%
Average age	59.4	59.8	N/A
Retired members			
Number in pay status	337	351	-4.0%
Average age	74.4	74.3	N/A
Average monthly benefit	\$2,206	\$2,096	5.2%
Disabled members			
Number in pay status	32	34	-5.9%
Average age	70.1	69.9	N/A
Average monthly benefit	\$1,875	\$1,804	3.9%
Beneficiaries			
Number in pay status	80	84	-4.8%
Average age	79.5	78.9	N/A
Average monthly benefit	\$1,212	\$1,182	2.5%

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
	2014	2013	
Active members in valuation			
Number	709	811	-12.6%
Average age	49.9	49.5	N/A
Average service	11.1	10.2	N/A
Projected total compensation	\$36,407,022	\$41,524,694	-12.3%
Projected average compensation	\$51,350	\$51,202	0.3%
Member account balances	\$37,660,732	\$38,416,748	-2.0%
Total active vested members	591	644	-8.2%
Vested terminated members			
Number	312	288	8.3%
Average age	49.3	48.8	N/A
Retired members			
Number in pay status	573	523	9.6%
Average age	65.3	64.7	N/A
Average monthly benefit	\$1,235	\$1,183	4.4%
Disabled members			
Number in pay status	81	79	2.5%
Average age	61.0	60.5	N/A
Average monthly benefit	\$1,510	\$1,468	2.9%
Beneficiaries			
Number in pay status	34	29	17.2%
Average age	62.5	61.1	N/A
Average monthly benefit	\$888	\$843	5.3%

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
	2014	2013	
Active members in valuation			
Number	176	61	188.5%
Average age	40.2	41.8	N/A
Average service	0.7	0.3	N/A
Projected total compensation	\$7,201,851	\$2,450,828	193.9%
Projected average compensation	\$40,920	\$40,178	1.8%
Member account balances	\$304,314	\$42,594	614.5%
Total active vested members	0	0	N/A
Vested terminated members			
Number	28	1	2700%
Average age	44.3	21.2	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
	2014	2013	
Active members in valuation			
Number*	129	123	4.9%
Average age	43.5	44.0	N/A
Average service	12.5	12.5	N/A
Projected total compensation	\$8,509,082	\$8,169,530	4.2%
Projected average compensation	\$65,962	\$66,419	-0.7%
Member account balances	\$6,880,199	\$6,204,494	10.9%
Total active vested members	104	106	-1.9%
Vested terminated members			
Number	38	41	-7.3%
Average age	43.1	43.0	N/A
Retired members			
Number in pay status	73	71	2.8%
Average age	65.2	63.9	N/A
Average monthly benefit	\$2,836	\$2,721	4.2%
Disabled members			
Number in pay status	56	54	3.7%
Average age	65.8	66.5	N/A
Average monthly benefit	\$3,079	\$3,029	1.7%
Beneficiaries			
Number in pay status	29	30	-3.3%
Average age	68.9	68.2	N/A
Average monthly benefit	\$1,511	\$1,490	1.4%

* Includes 18 Safety Tier 3 members as of June 30, 2014 and 8 as of June 30, 2013.

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
	2014	2013	
Active members in valuation			
Number*	52	55	-5.5%
Average age	42.0	41.7	N/A
Average service	9.6	8.5	N/A
Projected total compensation	\$2,695,082	\$2,782,060	-3.1%
Projected average compensation	\$51,828	\$50,583	2.5%
Member account balances	\$3,238,955	\$2,906,700	11.4%
Total active vested members	40	40	0.0%
Vested terminated members			
Number	9	6	50.0%
Average age	37.3	41.5	N/A
Retired members			
Number in pay status	29	28	3.6%
Average age	63.2	62.9	N/A
Average monthly benefit	\$2,718	\$2,668	1.9%
Disabled members			
Number in pay status	3	3	0.0%
Average age	54.8	53.8	N/A
Average monthly benefit	\$1,906	\$1,859	2.5%
Beneficiaries			
Number in pay status	1	1	0.0%
Average age	64.8	63.8	N/A
Average monthly benefit	\$495	\$483	2.5%

* Includes 5 Probation Tier 3 members as of June 30, 2014 and 3 as of June 30, 2013.

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, 2014**

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	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--
50 - 54	2 \$76,002	--	--	--	--	--	--	2 \$76,002	--
55 - 59	6 80,574	--	--	1 \$37,145	--	--	--	3 96,485	2 \$78,422
60 - 64	7 61,109	--	--	1 62,428	--	--	--	1 59,696	5 61,128
65 - 69	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--
Total	15 \$70,881	--	--	2 \$49,787	--	--	--	6 \$83,526	7 \$66,069

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, 2014**

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	--	--	--	--	--	--	--
	\$38,930	\$38,930	--	--	--	--	--	--	--
25 - 29	24	17	6	1	--	--	--	--	--
	45,908	47,248	\$43,573	\$37,145	--	--	--	--	--
30 - 34	50	21	24	5	--	--	--	--	--
	48,245	45,337	50,081	51,643	--	--	--	--	--
35 - 39	71	20	26	16	9	--	--	--	--
	47,545	42,194	49,655	51,172	\$46,891	--	--	--	--
40 - 44	85	12	32	25	12	4	--	--	--
	51,239	47,720	48,509	54,462	48,789	\$70,840	--	--	--
45 - 49	93	13	29	27	11	12	1	--	--
	50,789	48,462	49,036	48,373	57,564	57,291	\$44,517	--	--
50 - 54	117	11	37	28	25	7	8	1	--
	53,523	50,105	48,071	58,385	55,281	44,931	61,873	\$106,083	--
55 - 59	123	11	37	27	27	13	7	1	--
	53,912	63,454	49,587	49,824	57,011	58,008	59,103	46,081	--
60 - 64	108	6	37	31	15	14	5	--	--
	51,537	54,327	50,440	51,973	46,547	56,924	53,499	--	--
65 - 69	26	2	8	7	5	3	1	--	--
	54,612	48,550	51,470	56,230	58,159	58,858	50,081	--	--
70 & over	7	--	4	2	1	--	--	--	--
	52,111	--	47,391	54,048	67,121	--	--	--	--
Total	709	118	240	169	105	53	22	2	--
	\$51,350	\$48,040	\$49,207	\$52,512	\$53,506	\$56,849	\$57,764	\$76,082	--

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, 2014**

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	14	14	--	--	--	--	--	--	--
	\$34,885	\$34,885	--	--	--	--	--	--	--
25 - 29	31	31	--	--	--	--	--	--	--
	40,049	40,049	--	--	--	--	--	--	--
30 - 34	32	32	--	--	--	--	--	--	--
	38,551	38,551	--	--	--	--	--	--	--
35 - 39	19	19	--	--	--	--	--	--	--
	37,868	37,868	--	--	--	--	--	--	--
40 - 44	21	21	--	--	--	--	--	--	--
	39,814	39,814	--	--	--	--	--	--	--
45 - 49	12	12	--	--	--	--	--	--	--
	35,671	35,671	--	--	--	--	--	--	--
50 - 54	22	22	--	--	--	--	--	--	--
	47,976	47,976	--	--	--	--	--	--	--
55 - 59	14	14	--	--	--	--	--	--	--
	45,220	45,220	--	--	--	--	--	--	--
60 - 64	9	9	--	--	--	--	--	--	--
	45,015	45,015	--	--	--	--	--	--	--
65 - 69	1	1	--	--	--	--	--	--	--
	80,374	80,374	--	--	--	--	--	--	--
70 & over	1	1	--	--	--	--	--	--	--
	80,647	80,647	--	--	--	--	--	--	--
Total	176	176	--	--	--	--	--	--	--
	\$40,920	\$40,920	--	--	--	--	--	--	--

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, 2014**

iv. Safety 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	4	4	--	--	--	--	--	--
	\$44,036	\$44,036	--	--	--	--	--	--
25 - 29	10	8	2	--	--	--	--	--
	51,747	49,357	\$61,309	--	--	--	--	--
30 - 34	13	9	4	--	--	--	--	--
	52,792	47,822	63,975	--	--	--	--	--
35 - 39	15	3	7	2	3	--	--	--
	62,134	48,479	59,227	\$77,089	\$72,604	--	--	--
40 - 44	22	--	4	8	10	--	--	--
	69,429	--	61,306	64,810	76,373	--	--	--
45 - 49	31	--	2	8	13	5	2	1
	74,249	--	58,562	66,585	70,743	\$88,097	\$88,496	\$114,785
50 - 54	19	1	5	4	3	2	3	1
	74,660	77,858	69,810	59,588	65,864	72,860	96,992	118,998
55 - 59	8	--	4	2	--	--	2	--
	61,069	--	56,613	54,982	--	--	76,069	--
60 - 64	6	--	1	1	2	1	1	--
	65,494	--	70,007	59,557	66,669	54,233	75,831	--
65 - 69	1	--	--	--	--	--	--	1
	67,955	--	--	--	--	--	--	67,955
70 & over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	129	25	29	25	31	8	8	3
	\$65,962	\$48,987	\$62,102	\$64,528	\$72,004	\$80,055	\$86,992	\$100,580

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, 2014**

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	--	--	--	--	--	--
	\$40,644	\$40,644	--	--	--	--	--	--
25 - 29	9	7	2	--	--	--	--	--
	43,007	42,003	\$46,523	--	--	--	--	--
30 - 34	7	1	5	1	--	--	--	--
	51,092	47,143	51,441	\$53,297	--	--	--	--
35 - 39	9	--	6	3	--	--	--	--
	48,547	--	45,300	55,043	--	--	--	--
40 - 44	5	1	1	2	1	--	--	--
	54,914	40,851	59,987	61,062	\$51,608	--	--	--
45 - 49	4	--	--	--	3	1	--	--
	52,228	--	--	--	51,883	\$53,264	--	--
50 - 54	7	--	2	3	--	2	--	--
	58,514	--	53,201	55,295	--	68,656	--	--
55 - 59	4	--	2	--	1	--	1	--
	57,205	--	50,885	--	43,057	--	\$83,995	--
60 - 64	3	1	1	--	1	--	--	--
	67,983	52,846	42,859	--	108,243	--	--	--
65 - 69	2	--	1	--	1	--	--	--
	53,157	--	52,901	--	53,413	--	--	--
70 & over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	52	12	20	9	7	3	1	--
	\$51,828	\$43,012	\$49,298	\$56,270	\$58,853	\$63,525	\$83,995	--

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: 6/30/2009</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>							
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>							
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>							
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
<i>Valuation date: 6/30/2014</i>							
Average Monthly Benefit of Retirees	\$1,928	\$1,916	\$1,433	\$1,575	\$1,668	\$1,517	\$1,481
Number of Retirees	411	318	155	112	90	50	48
Average Monthly Benefit of Beneficiaries	\$1,265	\$1,228	\$1,064	\$954	\$1,786	\$1,300	\$699
Number of Beneficiaries	41	39	22	19	8	9	6

⁽¹⁾ Information as of 6/30/2009 - 6/30/2010 has been extracted from the previous actuary's valuation reports.

Note: Final Average Salary is not available.

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, 2014**

i. General Males

Age	Years in Retirement							
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 45	1	--	1	--	--	--	--	--
	\$886	--	\$886	--	--	--	--	--
45 - 49	1	1	--	--	--	--	--	--
	17,447	17,447	--	--	--	--	--	--
50 - 54	13	11	2	--	--	--	--	--
	14,263	13,851	16,528	--	--	--	--	--
55 - 59	50	28	17	2	1	1	1	--
	15,769	16,927	13,476	\$15,874	\$22,480	\$15,935	\$15,242	--
60 - 64	84	42	24	14	1	2	1	--
	21,775	25,247	21,932	11,285	19,059	19,371	26,573	--
65 - 69	121	44	46	15	13	2	--	1
	24,650	23,926	32,956	13,264	11,230	24,997	--	\$18,968
70 - 74	60	8	15	16	10	8	1	2
	23,753	16,562	33,137	22,393	23,793	17,552	24,067	17,470
75 - 79	41	3	5	10	9	7	6	1
	20,457	21,210	12,007	26,290	19,183	26,075	10,131	36,198
80 - 84	38	1	3	4	11	12	5	2
	21,316	6,653	9,987	6,058	24,589	32,311	13,016	12,944
85 & over	36	3	3	--	3	4	7	16
	18,337	12,236	7,271	--	8,143	17,559	24,769	20,848
Total	445	141	116	61	48	36	21	22
	\$21,434	\$21,251	\$25,123	\$16,953	\$18,604	\$24,600	\$17,387	\$20,435

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, 2014**

ii. General Females

Age	Years in Retirement							
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 45	2	1	--	1	--	--	--	--
	\$14,532	\$19,936	--	\$9,128	--	--	--	--
45 - 49	3	1	1	--	--	1	--	--
	19,135	18,087	21,296	--	--	\$18,022	--	--
50 - 54	43	31	7	2	2	1	--	--
	11,066	9,666	11,480	21,831	15,627	20,937	--	--
55 - 59	90	47	37	4	--	1	1	--
	14,491	15,175	12,960	21,600	--	17,052	\$7,955	--
60 - 64	154	76	48	23	5	1	1	--
	20,289	26,821	15,412	8,027	22,081	23,497	27,873	--
65 - 69	165	72	59	22	10	1	1	--
	18,982	22,849	20,007	9,392	7,554	14,445	9,936	--
70 - 74	78	22	28	10	10	8	--	--
	16,278	20,310	15,156	23,290	10,704	7,316	--	--
75 - 79	51	3	4	18	8	13	3	2
	12,645	13,447	12,454	14,856	10,817	12,282	3,201	\$15,756
80 - 84	50	3	6	5	12	13	6	5
	14,902	10,817	18,272	14,468	20,000	14,009	13,245	5,819
85 & over	56	4	2	5	7	10	12	16
	14,368	16,894	18,225	15,716	8,986	20,564	15,880	10,180
Total	691	260	192	90	54	49	24	23
	\$16,752	\$20,468	\$16,258	\$13,129	\$13,216	\$14,284	\$13,558	\$9,717

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, 2014**

iii. Safety

Age	Years in Retirement							
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 45	6	3	3	--	--	--	--	--
	\$26,851	\$31,584	\$22,118	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
50 - 54	18	12	3	1	1	1	--	--
	29,265	30,968	26,417	\$25,332	\$27,619	\$22,941	--	--
55 - 59	16	11	3	1	1	--	--	--
	53,374	67,754	21,492	29,801	14,419	--	--	--
60 - 64	24	3	12	1	4	2	--	2
	32,998	16,163	48,541	15,318	16,338	20,492	--	\$19,664
65 - 69	39	4	7	12	10	2	3	1
	28,278	15,372	43,957	26,577	25,383	25,516	\$28,271	25,070
70 - 74	31	1	5	4	9	3	7	2
	28,265	21,470	29,659	35,060	28,945	27,835	24,973	23,694
75 - 79	13	--	4	1	1	4	2	1
	40,380	--	49,086	30,471	32,420	37,646	37,689	39,743
80 - 84	10	1	--	1	3	1	1	3
	23,285	9,044	--	16,416	24,453	38,434	16,799	26,265
85 & over	1	--	--	--	--	--	1	--
	8,454	--	--	--	--	--	8,454	--
Total	158	35	37	21	29	13	14	9
	\$32,146	\$38,633	\$39,052	\$27,453	\$25,086	\$29,806	\$25,732	\$25,592

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, 2014**

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	--	--	--	--
	\$26,120	--	--	\$26,120	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
50 - 54	1	1	--	--	--	--	--	--
	27,629	\$27,629	--	--	--	--	--	--
55 - 59	7	4	3	--	--	--	--	--
	32,325	46,186	\$13,844	--	--	--	--	--
60 - 64	12	6	5	1	--	--	--	--
	28,901	26,959	32,146	24,333	--	--	--	--
65 - 69	10	4	3	3	--	--	--	--
	36,280	20,365	59,434	34,346	--	--	--	--
70 - 74	1	--	1	--	--	--	--	--
	23,641	--	23,641	--	--	--	--	--
75 - 79	1	1	--	--	--	--	--	--
	7,170	7,170	--	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
85 & over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	33	16	12	5	--	--	--	--
	\$30,923	\$28,922	\$33,684	\$30,698	--	--	--	--

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

EXHIBIT E

Reconciliation of Member Data – June 30, 2013 to June 30, 2014

	Active Members	Vested Terminated Members	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2013	1,072	345	973	170	144	2,704
New members	157	0	0	0	7	164
Terminations – with vested rights	-58	58	0	0	0	0
Contributions refunds	-35	-10	0	0	0	-45
Retirements	-51	-18	69	0	0	0
New disabilities	-3	-2	-4	9	0	0
Return to work	4	-4	0	0	0	0
Died with or without beneficiary	-5	0	-25	-7	-7	-44
Data adjustments	0	25*	-1	0	0	24
Number as of June 30, 2014	1,081	394	1,012	172	144	2,803

* Includes 25 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,	
	2014	2013
Contribution Income:		
Employer Contributions	\$14,324,752	\$14,260,473
Employee Contributions	<u>4,575,895</u>	<u>4,712,593</u>
Contribution Income	\$18,900,647	\$18,973,066
Investment Income:		
Interest, Dividends and Other Income	\$7,178,116	\$8,348,620
Adjustment Toward Market Value	29,380,192	17,407,964
Less Investment Expenses	<u>(503,242)</u>	<u>(632,406)</u>
Net Investment Income	<u>\$36,055,066</u>	<u>\$25,124,178</u>
Total Income Available for Benefits	\$54,955,713	\$44,097,244
Less Benefit Payments:		
Benefit Payments and Refunds	\$(27,353,529)	\$(26,573,554)
Administrative Expenses	<u>(930,437)</u>	<u>(829,999)</u>
Net Benefit Payments	\$(28,283,966)	\$(27,403,553)
Change in Reserve for Future Benefits	\$26,671,747	\$16,693,691

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

EXHIBIT G

Summary Statement of Assets

ASSETS	Year Ended June 30,	
	2014	2013
Cash and Cash Equivalents	\$4,966,310	\$2,144,879
Accounts Receivable:		
Employer Contributions	\$328,334	\$233,170
Member Contributions	<u>104,280</u>	<u>81,192</u>
Total Accounts Receivable	\$432,614	\$314,362
Other Assets	6,468	13,162
Investments:		
Public Equity Securities	\$52,733,876	\$42,628,539
Real Estate and Real Estate Partnerships	37,533,201	33,858,779
Mutual Funds	<u>347,155,558</u>	<u>304,575,349</u>
Total Investments at Market Value	<u>\$437,422,635</u>	<u>\$381,062,667</u>
Total Assets	\$442,828,027	\$383,535,070
Less Liabilities:		
Accounts Payable	\$(204,392)	\$(114,416)
Accrued Expenses and Other Liabilities	<u>(315,187)</u>	<u>(223,837)</u>
Total Liabilities	\$(519,579)	\$(338,253)
NET ASSETS		
Net Assets at Market Value	<u>\$442,308,448</u>	<u>\$383,196,817</u>
Net Assets at Actuarial Value	<u>\$409,284,122</u>	<u>\$382,612,375</u>
Net Assets at Valuation Value	<u>\$404,855,842</u>	<u>\$378,777,024</u>

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	\$255,019,760	\$149,836,082	\$404,855,842
2. Present value of future contributions by members	24,328,389	7,093,005	31,421,394
3. Present value of future employer contributions for:			
a. entry age normal cost	28,707,043	9,027,537	37,734,580
b. unfunded actuarial accrued liability	122,179,002	57,394,040	179,573,042
4. Total current and future assets	\$430,234,194	\$223,350,664	\$653,584,858
Liabilities			
5. Present value of benefits already granted	\$217,844,644	\$150,032,771	\$367,877,415
6. Present value of benefits to be granted to present non-retired members	212,389,550	73,317,893	285,707,443
7. Total liabilities	\$430,234,194	\$223,350,664	\$653,584,858

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

EXHIBIT I

Development of Unfunded Actuarial Accrued Liability as of June 30, 2014

1. Unfunded actuarial accrued liability at beginning of year:	\$131,684,255
2. Gross normal cost at beginning of year	11,762,194
3. Actual employer and member contributions	(18,900,647)
4. Interest (whole year on (1) + (2) plus half year on (3))	<u>10,384,700</u>
5. Expected unfunded actuarial accrued liability at end of year*	\$134,930,502
6. Actuarial (gain)/loss due to all changes:**	
a. Gain from investments as recognized on June 30, 2014	\$(6,470,521)
b. Gain from lower than expected salary increases for actives	(3,764,190)
c. Other experience gain	(3,309,662)
d. Change in actuarial assumptions	50,169,918
e. Change in method to value 100% of the COLA continuing to survivors of members who elected the unmodified option prior to September 17, 2014	<u>8,016,995</u>
f. Subtotal	\$44,642,540
7. Actual unfunded actuarial accrued liability at end of year (5) + (6f)	\$179,573,042

* Includes a contribution loss of \$1.3 million due to scheduled one-year delay in implementing contribution rates in the June 30, 2013 valuation.

** The "net gain from other experience" of \$7,073,852 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	\$99,602,520	25	\$5,988,620
Experience Loss	6/30/2013	18	1,308,206	1,305,534	17	102,645
Experience Gain	6/30/2014	18	(10,922,004)	(10,922,004)	18	(823,263)
Change in Assumptions/Method	6/30/2014	18	41,158,191	<u>41,158,191</u>	18	<u>3,102,361</u>
Total				\$131,144,241		\$8,370,363
Safety						
Combined Base	6/30/2012	27	\$24,941,466	\$25,740,690	25	\$1,547,664
Experience Loss	6/30/2013	18	2,713,369	2,707,827	17	212,897
Experience Gain	6/30/2014	18	(489,900)	(489,900)	18	(36,927)
Change in Assumptions/Method	6/30/2014	18	13,983,439	<u>13,983,439</u>	18	<u>1,054,023</u>
Total				\$41,942,056		\$2,777,657
Probation						
Combined Base	6/30/2012	27	\$5,075,598	\$5,238,240	25	\$314,950
Experience Gain	6/30/2013	18	(964,299)	(962,329)	17	(75,661)
Experience Gain	6/30/2014	18	(834,449)	(834,449)	18	(62,898)
Change in Assumptions/Method	6/30/2014	18	3,045,283	<u>3,045,283</u>	18	<u>229,543</u>
Total				\$6,486,745		\$405,394
Total						
Combined Base	6/30/2012	27	\$126,527,019	\$130,581,450	25	\$7,851,234
Experience Loss	6/30/2013	18	3,057,276	3,051,032	17	239,881
Experience Gain	6/30/2014	18	(12,246,353)	(12,246,353)	18	(923,088)
Change in Assumptions/Method	6/30/2014	18	58,186,913	<u>58,186,913</u>	18	<u>4,385,927</u>
Total				\$179,573,042		\$11,553,954

* Level percentage of payroll.

Note: The equivalent single amortization period is about 23 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 \$210,000 for 2014 and 2015. 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)	1,328
2. Members inactive during year ended June 30, 2014 with vested rights	394
3. Members active during the year ended June 30, 2014	1,081

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

1. Normal cost*	\$12,488,000
2. Present value of future benefits	653,584,858
3. Present value of future normal costs	69,155,974
4. Actuarial accrued liability**	584,428,884
Retired members and beneficiaries	\$367,877,415
Inactive members with vested rights	30,994,798
Active members	185,556,671
5. Valuation value of assets** (\$442,308,448 at market value as reported by Retirement Association)	404,855,842
6. Unfunded actuarial accrued liability	\$179,573,042

* Rounded, based on estimated annual amounts provided in Section 2, Chart 13A.

** Excludes non-pension reserves.

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	\$12,488,000	22.35%
2. Expected employee contributions	<u>-5,673,000</u>	<u>-10.15%</u>
3. Employer normal cost: (1) + (2)	\$6,815,000	12.20%
4. Amortization of unfunded actuarial accrued liability	<u>11,834,000*</u>	<u>21.18%</u>
5. Total recommended average employer contribution: (3) + (4)	\$18,649,000	33.38%
6. Projected compensation	\$55,876,248	

* Based on the total annual payment in Section 3, 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.

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

EXHIBIT II

History of Employer Contributions ⁽¹⁾

Plan Year Ended June 30	Actuarially Determined Employer Contributions (ADEC)⁽²⁾	Actual Contributions	Percentage Contributed
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%
2014	14,324,752	14,324,752	100%

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

⁽²⁾ Prior to plan year ending June 30, 2014, this amount was the Annual Required Contribution (ARC).

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

EXHIBIT III

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)
6/30/2009	\$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
6/30/2014	404,855,842	584,428,884	179,573,042	69.3	55,876,248	321.4

⁽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, 2014
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 25 years remaining as of June 30, 2014). 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	7.25%
Inflation rate	3.25%
Real across-the-board salary increase	0.50%
Projected salary increases**	4.25% to 8.75%
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	1,328
Terminated members entitled to, but not yet receiving benefits	394
Active members	<u>1,081</u>
Total	2,803

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

** Includes inflation at 3.25% 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 Members and
All Beneficiaries:*

For all members and all beneficiaries: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back one year for males and with no setback for females.

Disabled Members:

For all members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set forward four years for both males and females.

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 projected with Scale BB to 2020, set back one year for males and with no setback for females, weighted 30% male and 70% female.

For Safety and Probation members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back one year for males and with no setback 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	0.02
35	0.07	0.04	0.07	0.04
40	0.10	0.07	0.10	0.07
45	0.13	0.11	0.13	0.11
50	0.19	0.16	0.19	0.16
55	0.30	0.25	0.30	0.25
60	0.53	0.41	0.53	0.41
65	0.90	0.76	0.90	0.76

⁽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	0.10	0.10
25	0.01	0.13	0.13
30	0.01	0.18	0.18
35	0.02	0.53	0.53
40	0.13	1.05	1.05
45	0.38	1.40	1.40
50	0.53	2.25	2.25
55	0.58	2.75	2.75
60	0.63	0.00	0.00

⁽¹⁾ 40% of General disabilities are assumed to be service connected disabilities. The other 60% 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	18.00	13.50	13.50
1	16.00	11.50	11.50
2	14.00	9.50	9.50
3	12.00	7.50	7.50
4	10.00	5.50	5.50

Age	Rate (%)		
	Termination (5+ Years of Service) ⁽²⁾		
	General	Safety	Probation
20	6.50	5.00	5.00
25	6.50	4.70	4.70
30	6.50	4.20	4.20
35	6.50	3.70	3.70
40	6.50	3.20	3.20
45	6.50	2.70	2.70
50	6.50	1.30	1.30
55	5.90	0.20	0.20
60	4.90	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	6.00	0.00	8.00	3.00	5.00	4.00
51	6.00	0.00	8.00	3.00	5.00	4.00
52	6.00	6.00	8.00	3.00	5.00	4.00
53	6.00	3.00	8.00	3.00	5.00	4.00
54	6.00	3.00	8.00	3.00	5.00	4.00
55	10.00	5.00	9.00	4.00	24.00	14.00
56	10.00	5.00	9.00	6.00	24.00	25.00
57	10.00	5.00	10.00	7.00	24.00	25.00
58	10.00	5.00	20.00	9.00	24.00	25.00
59	10.00	5.00	30.00	30.00	24.00	25.00
60	12.00	6.00	100.00	100.00	100.00	100.00
61	20.00	9.00	100.00	100.00	100.00	100.00
62	26.00	12.00	100.00	100.00	100.00	100.00
63	20.00	14.00	100.00	100.00	100.00	100.00
64	20.00	12.00	100.00	100.00	100.00	100.00
65	45.00	32.00	100.00	100.00	100.00	100.00
66	45.00	32.00	100.00	100.00	100.00	100.00
67	45.00	32.00	100.00	100.00	100.00	100.00
68	45.00	32.00	100.00	100.00	100.00	100.00
69	45.00	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, 4.25% 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:

75% 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:

7.25% per annum.

**Employee Contribution
Crediting Rate:**

7.25% per annum.

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

Consumer Price Index: Increase of 3.25% 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: 3.25%; 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

Changes in Actuarial Assumptions: Based on the June 30, 2014 Actuarial Experience Study, the following actuarial assumptions were changed. Previously, these assumptions were as follows:

Post-Retirement Mortality Rates

Healthy:

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

Disabled:

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

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

Employee Contribution Rates:

For General members: RP-2000 Combined Healthy Mortality Table for Males and Females, set back two years for males and set back one 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 one year for females, weighted 80% male and 20% female.

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

Changes in Actuarial Assumptions: (continued)

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

Changes in Actuarial Assumptions: (continued)

Termination Rates Before Retirement (continued):

Age	Rate (%)		
	General⁽¹⁾	Disability	Probation⁽²⁾
	Safety⁽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

Changes in Actuarial Assumptions: (continued)

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

Changes in Actuarial Assumptions: (continued)

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

Changes in Actuarial Assumptions: (continued)

**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.

Percent Married:

80% of male members; 50% of female members.

Net Investment Return:

7.75% per annum.

**Employee Contribution
Crediting Rate:**

7.75% per annum.

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).

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

Changes in Actuarial Assumptions: (continued)

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%

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, 2014. 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	$(2.29\% \times \text{FAS1} - 1/3 \times 2.29\% \times \$350 \times 12) \times \text{Yrs}$
	55 or later	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
<i>Safety Tier 2 (§31664.2)</i>	50	$(2.29\% \times \text{FAS3} - 1/3 \times 2.29\% \times \$350 \times 12) \times \text{Yrs}$
	55 or later	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$

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 – 1/3 x 2.00% x \$350 x 12) x Yrs
	55 or later	(2.62% x FAS1 – 1/3 x 2.62% x \$350 x 12) x Yrs
<i>Probation Tier 2 (§31664)</i>	50	(2.00% x FAS3 – 1/3 x 2.00% x \$350 x 12) x Yrs
	55 or later	(2.62% x FAS3 – 1/3 x 2.62% x \$350 x 12) x Yrs
<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% of Final Compensation 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.

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

Member Contributions: (continued)

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 non-CalPEPRA members with 30 or more years of service are exempt from paying member contributions.

Plan Amendment:

None during July 1, 2013 to June 30, 2014.

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 parties 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, 2014 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	3.77%	5.65%	1.31%	1.97%	5.08%	7.62%
16	3.77%	5.65%	1.31%	1.97%	5.08%	7.62%
17	3.83%	5.74%	1.33%	2.00%	5.16%	7.74%
18	3.89%	5.84%	1.35%	2.03%	5.24%	7.87%
19	3.96%	5.94%	1.38%	2.07%	5.34%	8.01%
20	4.03%	6.05%	1.41%	2.11%	5.44%	8.16%
21	4.10%	6.15%	1.43%	2.14%	5.53%	8.29%
22	4.17%	6.25%	1.45%	2.18%	5.62%	8.43%
23	4.24%	6.36%	1.48%	2.22%	5.72%	8.58%
24	4.31%	6.47%	1.50%	2.25%	5.81%	8.72%
25	4.39%	6.58%	1.53%	2.29%	5.92%	8.87%
26	4.46%	6.69%	1.55%	2.33%	6.01%	9.02%
27	4.53%	6.80%	1.58%	2.37%	6.11%	9.17%
28	4.61%	6.92%	1.61%	2.41%	6.22%	9.33%
29	4.69%	7.03%	1.63%	2.45%	6.32%	9.48%
30	4.77%	7.15%	1.66%	2.49%	6.43%	9.64%
31	4.85%	7.27%	1.69%	2.53%	6.54%	9.80%
32	4.93%	7.39%	1.71%	2.57%	6.64%	9.96%
33	5.01%	7.51%	1.75%	2.62%	6.76%	10.13%
34	5.09%	7.63%	1.77%	2.66%	6.86%	10.29%
35	5.17%	7.76%	1.80%	2.70%	6.97%	10.46%
36	5.26%	7.89%	1.83%	2.75%	7.09%	10.64%
37	5.35%	8.02%	1.86%	2.79%	7.21%	10.81%
38	5.43%	8.15%	1.89%	2.84%	7.32%	10.99%
39	5.52%	8.28%	1.92%	2.88%	7.44%	11.16%

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, 2014 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	5.61%	8.42%	1.95%	2.93%	7.56%	11.35%
41	5.71%	8.56%	1.99%	2.98%	7.70%	11.54%
42	5.80%	8.70%	2.02%	3.03%	7.82%	11.73%
43	5.89%	8.84%	2.05%	3.08%	7.94%	11.92%
44	5.99%	8.99%	2.09%	3.13%	8.08%	12.12%
45	6.09%	9.14%	2.12%	3.18%	8.21%	12.32%
46	6.20%	9.30%	2.16%	3.24%	8.36%	12.54%
47	6.30%	9.45%	2.19%	3.29%	8.49%	12.74%
48	6.41%	9.62%	2.23%	3.35%	8.64%	12.97%
49	6.53%	9.79%	2.27%	3.41%	8.80%	13.20%
50	6.64%	9.96%	2.31%	3.47%	8.95%	13.43%
51	6.77%	10.15%	2.36%	3.54%	9.13%	13.69%
52	6.90%	10.35%	2.40%	3.60%	9.30%	13.95%
53	7.05%	10.57%	2.45%	3.68%	9.50%	14.25%
54	7.21%	10.81%	2.51%	3.77%	9.72%	14.58%
55	7.27%	10.91%	2.53%	3.80%	9.80%	14.71%
56	7.33%	10.99%	2.55%	3.83%	9.88%	14.82%
57	7.33%	11.00%	2.55%	3.83%	9.88%	14.83%
58	7.34%	11.01%	2.55%	3.83%	9.89%	14.84%
59 & Over	7.29%	10.93%	2.54%	3.81%	9.83%	14.74%

Interest: 7.25% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back 1 year for males and with no setback for females, weighted 30% male and 70% female
 Salary Increase: Inflation (3.25%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 34.83%

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, 2014 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	3.61%	5.42%	1.26%	1.89%	4.87%	7.31%
16	3.61%	5.42%	1.26%	1.89%	4.87%	7.31%
17	3.67%	5.51%	1.28%	1.92%	4.95%	7.43%
18	3.74%	5.61%	1.30%	1.95%	5.04%	7.56%
19	3.80%	5.70%	1.33%	1.99%	5.13%	7.69%
20	3.87%	5.80%	1.35%	2.02%	5.22%	7.82%
21	3.93%	5.90%	1.37%	2.05%	5.30%	7.95%
22	4.00%	6.00%	1.39%	2.09%	5.39%	8.09%
23	4.07%	6.10%	1.41%	2.12%	5.48%	8.22%
24	4.14%	6.21%	1.44%	2.16%	5.58%	8.37%
25	4.21%	6.31%	1.47%	2.20%	5.68%	8.51%
26	4.28%	6.42%	1.49%	2.24%	5.77%	8.66%
27	4.35%	6.53%	1.51%	2.27%	5.86%	8.80%
28	4.43%	6.64%	1.54%	2.31%	5.97%	8.95%
29	4.50%	6.75%	1.57%	2.35%	6.07%	9.10%
30	4.57%	6.86%	1.59%	2.39%	6.16%	9.25%
31	4.65%	6.97%	1.62%	2.43%	6.27%	9.40%
32	4.73%	7.09%	1.65%	2.47%	6.38%	9.56%
33	4.81%	7.21%	1.67%	2.51%	6.48%	9.72%
34	4.89%	7.33%	1.70%	2.55%	6.59%	9.88%
35	4.97%	7.45%	1.73%	2.59%	6.70%	10.04%
36	5.05%	7.57%	1.76%	2.64%	6.81%	10.21%
37	5.13%	7.70%	1.79%	2.68%	6.92%	10.38%
38	5.21%	7.82%	1.81%	2.72%	7.02%	10.54%
39	5.30%	7.95%	1.85%	2.77%	7.15%	10.72%

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, 2014 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	5.39%	8.08%	1.87%	2.81%	7.26%	10.89%
41	5.47%	8.21%	1.91%	2.86%	7.38%	11.07%
42	5.57%	8.35%	1.94%	2.91%	7.51%	11.26%
43	5.66%	8.49%	1.97%	2.96%	7.63%	11.45%
44	5.75%	8.63%	2.01%	3.01%	7.76%	11.64%
45	5.85%	8.77%	2.03%	3.05%	7.88%	11.82%
46	5.95%	8.92%	2.07%	3.11%	8.02%	12.03%
47	6.05%	9.07%	2.11%	3.16%	8.16%	12.23%
48	6.15%	9.23%	2.14%	3.21%	8.29%	12.44%
49	6.26%	9.39%	2.18%	3.27%	8.44%	12.66%
50	6.37%	9.56%	2.22%	3.33%	8.59%	12.89%
51	6.49%	9.74%	2.26%	3.39%	8.75%	13.13%
52	6.62%	9.93%	2.31%	3.46%	8.93%	13.39%
53	6.73%	10.09%	2.34%	3.51%	9.07%	13.60%
54	6.80%	10.20%	2.37%	3.55%	9.17%	13.75%
55	6.83%	10.24%	2.38%	3.57%	9.21%	13.81%
56	6.83%	10.25%	2.38%	3.57%	9.21%	13.82%
57	6.81%	10.22%	2.37%	3.56%	9.18%	13.78%
58	7.05%	10.57%	2.45%	3.68%	9.50%	14.25%
59 & Over	7.29%	10.93%	2.54%	3.81%	9.83%	14.74%

Interest: 7.25% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back 1 year for males and with no setback for females, weighted 30% male and 70% female
 Salary Increase: Inflation (3.25%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 34.83%

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, 2014 Actuarial Valuation(as a percentage of eligible payroll)*

	Basic Only	Total
	<u>Eligible Pay</u>	<u>Eligible Pay</u>
All General Tier 4 Members	7.16%	7.16%

Interest:	7.25% per annum
COLA:	0%
Mortality:	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back 1 year for males and with no setback for females, weighted 30% male and 70% female
Salary Increase:	Inflation (3.25%) + 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 2014 is equal to \$115,064. (For an employer that is not enrolled in Social Security, the maximum amount is 120% of \$115,064, or \$138,077.) (reference: Section 7522.10.) These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (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, 2014 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	4.92%	7.38%	1.03%	2.35%	5.95%	9.73%
16	4.92%	7.38%	1.03%	2.35%	5.95%	9.73%
17	5.00%	7.50%	1.07%	2.42%	6.07%	9.92%
18	5.09%	7.63%	1.12%	2.49%	6.21%	10.12%
19	5.17%	7.75%	1.16%	2.55%	6.33%	10.30%
20	5.25%	7.88%	1.20%	2.62%	6.45%	10.50%
21	5.34%	8.01%	1.25%	2.69%	6.59%	10.70%
22	5.43%	8.14%	1.30%	2.76%	6.73%	10.90%
23	5.52%	8.28%	1.35%	2.84%	6.87%	11.12%
24	5.61%	8.41%	1.40%	2.91%	7.01%	11.32%
25	5.70%	8.55%	1.45%	2.99%	7.15%	11.54%
26	5.79%	8.69%	1.50%	3.06%	7.29%	11.75%
27	5.89%	8.83%	1.55%	3.14%	7.44%	11.97%
28	5.99%	8.98%	1.60%	3.22%	7.59%	12.20%
29	6.08%	9.12%	1.65%	3.29%	7.73%	12.41%
30	6.18%	9.27%	1.71%	3.37%	7.89%	12.64%
31	6.28%	9.42%	1.76%	3.46%	8.04%	12.88%
32	6.39%	9.58%	1.82%	3.54%	8.21%	13.12%
33	6.49%	9.73%	1.87%	3.62%	8.36%	13.35%
34	6.59%	9.89%	1.93%	3.71%	8.52%	13.60%
35	6.70%	10.05%	1.99%	3.80%	8.69%	13.85%
36	6.81%	10.22%	2.05%	3.89%	8.86%	14.11%
37	6.93%	10.39%	2.11%	3.98%	9.04%	14.37%
38	7.04%	10.56%	2.17%	4.07%	9.21%	14.63%
39	7.16%	10.74%	2.24%	4.17%	9.40%	14.91%

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, 2014 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	7.29%	10.93%	2.31%	4.27%	9.60%	15.20%
41	7.41%	11.12%	2.37%	4.37%	9.78%	15.49%
42	7.55%	11.33%	2.45%	4.49%	10.00%	15.82%
43	7.69%	11.54%	2.52%	4.60%	10.21%	16.14%
44	7.86%	11.79%	2.61%	4.74%	10.47%	16.53%
45	8.00%	12.00%	2.69%	4.85%	10.69%	16.85%
46	8.08%	12.12%	2.73%	4.91%	10.81%	17.03%
47	8.12%	12.18%	2.75%	4.95%	10.87%	17.13%
48	8.13%	12.19%	2.76%	4.95%	10.89%	17.14%
49 & over	8.07%	12.11%	2.73%	4.91%	10.80%	17.02%

Interest: 7.25% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back 1 year for males and with no setback for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.25%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 53.99%

* 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, 2014 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	4.72%	7.08%	0.92%	2.19%	5.64%	9.27%
16	4.72%	7.08%	0.92%	2.19%	5.64%	9.27%
17	4.80%	7.20%	0.96%	2.26%	5.76%	9.46%
18	4.88%	7.32%	1.00%	2.32%	5.88%	9.64%
19	4.96%	7.44%	1.05%	2.39%	6.01%	9.83%
20	5.04%	7.56%	1.09%	2.45%	6.13%	10.01%
21	5.13%	7.69%	1.14%	2.52%	6.27%	10.21%
22	5.21%	7.82%	1.18%	2.59%	6.39%	10.41%
23	5.30%	7.95%	1.23%	2.66%	6.53%	10.61%
24	5.39%	8.08%	1.28%	2.73%	6.67%	10.81%
25	5.47%	8.21%	1.32%	2.80%	6.79%	11.01%
26	5.56%	8.34%	1.37%	2.87%	6.93%	11.21%
27	5.65%	8.48%	1.42%	2.95%	7.07%	11.43%
28	5.75%	8.62%	1.47%	3.02%	7.22%	11.64%
29	5.84%	8.76%	1.52%	3.10%	7.36%	11.86%
30	5.93%	8.90%	1.57%	3.18%	7.50%	12.08%
31	6.03%	9.04%	1.63%	3.25%	7.66%	12.29%
32	6.13%	9.19%	1.68%	3.33%	7.81%	12.52%
33	6.23%	9.34%	1.73%	3.41%	7.96%	12.75%
34	6.33%	9.49%	1.79%	3.49%	8.12%	12.98%
35	6.43%	9.65%	1.84%	3.58%	8.27%	13.23%
36	6.54%	9.81%	1.90%	3.67%	8.44%	13.48%
37	6.65%	9.97%	1.96%	3.75%	8.61%	13.72%
38	6.76%	10.14%	2.02%	3.84%	8.78%	13.98%
39	6.87%	10.31%	2.08%	3.94%	8.95%	14.25%

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, 2014 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	6.99%	10.49%	2.14%	4.03%	9.13%	14.52%
41	7.11%	10.67%	2.21%	4.13%	9.32%	14.80%
42	7.25%	10.87%	2.28%	4.24%	9.53%	15.11%
43	7.37%	11.06%	2.35%	4.34%	9.72%	15.40%
44	7.48%	11.22%	2.41%	4.43%	9.89%	15.65%
45	7.54%	11.31%	2.44%	4.48%	9.98%	15.79%
46	7.56%	11.34%	2.45%	4.49%	10.01%	15.83%
47	7.54%	11.31%	2.44%	4.48%	9.98%	15.79%
48	7.80%	11.70%	2.58%	4.69%	10.38%	16.39%
49 & over	8.07%	12.11%	2.73%	4.91%	10.80%	17.02%

Interest: 7.25% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back 1 year for males and with no setback for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.25%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 53.99%

* 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, 2014 Actuarial Valuation
(as a percentage of eligible payroll)***

	Basic Only	Total
	<u>Eligible Pay</u>	<u>Eligible Pay</u>
All Safety Tier 3 Members	10.63%	10.63%

Interest:	7.25% per annum
COLA:	0%
Mortality:	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back 1 year for males and with no setback for females, weighted 80% male and 20% female
Salary Increase:	Inflation (3.25%) + 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 2014 is equal to \$115,064. (For an employer that is not enrolled in Social Security, the maximum amount is 120% of \$115,064, or \$138,077.) (reference: Section 7522.10.) These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (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, 2014 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	4.92%	7.38%	2.26%	3.39%	7.18%	10.77%
16	4.92%	7.38%	2.26%	3.39%	7.18%	10.77%
17	5.00%	7.50%	2.29%	3.44%	7.29%	10.94%
18	5.09%	7.63%	2.33%	3.50%	7.42%	11.13%
19	5.17%	7.75%	2.37%	3.56%	7.54%	11.31%
20	5.25%	7.88%	2.41%	3.62%	7.66%	11.50%
21	5.34%	8.01%	2.45%	3.68%	7.79%	11.69%
22	5.43%	8.14%	2.49%	3.74%	7.92%	11.88%
23	5.52%	8.28%	2.53%	3.80%	8.05%	12.08%
24	5.61%	8.41%	2.57%	3.86%	8.18%	12.27%
25	5.70%	8.55%	2.61%	3.92%	8.31%	12.47%
26	5.79%	8.69%	2.66%	3.99%	8.45%	12.68%
27	5.89%	8.83%	2.70%	4.05%	8.59%	12.88%
28	5.99%	8.98%	2.75%	4.12%	8.74%	13.10%
29	6.08%	9.12%	2.79%	4.19%	8.87%	13.31%
30	6.18%	9.27%	2.83%	4.25%	9.01%	13.52%
31	6.28%	9.42%	2.88%	4.32%	9.16%	13.74%
32	6.39%	9.58%	2.93%	4.40%	9.32%	13.98%
33	6.49%	9.73%	2.98%	4.47%	9.47%	14.20%
34	6.59%	9.89%	3.03%	4.54%	9.62%	14.43%
35	6.70%	10.05%	3.07%	4.61%	9.77%	14.66%
36	6.81%	10.22%	3.13%	4.69%	9.94%	14.91%
37	6.93%	10.39%	3.18%	4.77%	10.11%	15.16%
38	7.04%	10.56%	3.23%	4.85%	10.27%	15.41%
39	7.16%	10.74%	3.29%	4.93%	10.45%	15.67%

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, 2014 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	7.29%	10.93%	3.35%	5.02%	10.64%	15.95%
41	7.41%	11.12%	3.40%	5.10%	10.81%	16.22%
42	7.55%	11.33%	3.47%	5.20%	11.02%	16.53%
43	7.69%	11.54%	3.53%	5.30%	11.22%	16.84%
44	7.86%	11.79%	3.61%	5.41%	11.47%	17.20%
45	8.00%	12.00%	3.67%	5.51%	11.67%	17.51%
46	8.08%	12.12%	3.71%	5.56%	11.79%	17.68%
47	8.12%	12.18%	3.73%	5.59%	11.85%	17.77%
48	8.13%	12.19%	3.73%	5.60%	11.86%	17.79%
49 & over	8.07%	12.11%	3.71%	5.56%	11.78%	17.67%

Interest: 7.25% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back 1 year for males and with no setback for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.25%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 45.90%

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, 2014 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	4.72%	7.08%	2.17%	3.25%	6.89%	10.33%
16	4.72%	7.08%	2.17%	3.25%	6.89%	10.33%
17	4.80%	7.20%	2.20%	3.30%	7.00%	10.50%
18	4.88%	7.32%	2.24%	3.36%	7.12%	10.68%
19	4.96%	7.44%	2.27%	3.41%	7.23%	10.85%
20	5.04%	7.56%	2.31%	3.47%	7.35%	11.03%
21	5.13%	7.69%	2.35%	3.53%	7.48%	11.22%
22	5.21%	7.82%	2.39%	3.59%	7.60%	11.41%
23	5.30%	7.95%	2.43%	3.65%	7.73%	11.60%
24	5.39%	8.08%	2.47%	3.71%	7.86%	11.79%
25	5.47%	8.21%	2.51%	3.77%	7.98%	11.98%
26	5.56%	8.34%	2.55%	3.83%	8.11%	12.17%
27	5.65%	8.48%	2.59%	3.89%	8.24%	12.37%
28	5.75%	8.62%	2.64%	3.96%	8.39%	12.58%
29	5.84%	8.76%	2.68%	4.02%	8.52%	12.78%
30	5.93%	8.90%	2.73%	4.09%	8.66%	12.99%
31	6.03%	9.04%	2.77%	4.15%	8.80%	13.19%
32	6.13%	9.19%	2.81%	4.22%	8.94%	13.41%
33	6.23%	9.34%	2.86%	4.29%	9.09%	13.63%
34	6.33%	9.49%	2.91%	4.36%	9.24%	13.85%
35	6.43%	9.65%	2.95%	4.43%	9.38%	14.08%
36	6.54%	9.81%	3.00%	4.50%	9.54%	14.31%
37	6.65%	9.97%	3.05%	4.58%	9.70%	14.55%
38	6.76%	10.14%	3.10%	4.65%	9.86%	14.79%
39	6.87%	10.31%	3.15%	4.73%	10.02%	15.04%

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, 2014 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	6.99%	10.49%	3.21%	4.81%	10.20%	15.30%
41	7.11%	10.67%	3.27%	4.90%	10.38%	15.57%
42	7.25%	10.87%	3.33%	4.99%	10.58%	15.86%
43	7.37%	11.06%	3.39%	5.08%	10.76%	16.14%
44	7.48%	11.22%	3.43%	5.15%	10.91%	16.37%
45	7.54%	11.31%	3.46%	5.19%	11.00%	16.50%
46	7.56%	11.34%	3.47%	5.21%	11.03%	16.55%
47	7.54%	11.31%	3.46%	5.19%	11.00%	16.50%
48	7.80%	11.70%	3.58%	5.37%	11.38%	17.07%
49 & over	8.07%	12.11%	3.71%	5.56%	11.78%	17.67%

Interest: 7.25% per annum
 COLA: 3.00%
 Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back 1 year for males and with no setback for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.25%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit V)
 COLA Loading Factor: 45.90%

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, 2014 Actuarial Valuation
(as a percentage of eligible payroll)***

	Basic Only	Total
	<u>Eligible Pay</u>	<u>Eligible Pay</u>
All Probation Tier 3 Members	8.55%	8.55%

Interest: 7.25% per annum
 COLA: 0%
 Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back 1 year for males and with no setback for females, weighted 80% male and 20% female
 Salary Increase: Inflation (3.25%) + 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 2014 is equal to \$115,064. (For an employer that is not enrolled in Social Security, the maximum amount is 120% of \$115,064, or \$138,077.) (reference: Section 7522.10.) These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference: Section 7522.10(d).)*

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