

Imperial County Employees' Retirement System

*Actuarial Valuation and Review  
as of June 30, 2007*

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*March 10, 2008*

*Board of Retirement  
Imperial County Employees' Retirement System  
940 West Main Street, Suite 105  
El Centro, CA 92243-2839*

*Dear Board Members:*

*We are pleased to submit this Actuarial Valuation and Review as of June 30, 2007. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2008-2009 and analyzes the preceding year's experience.*

*The census and financial information were prepared by ICERS. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.*

*This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. In our opinion, the combined operation of the assumptions and the methods applied in this valuation fairly represent past and anticipated future experience of the System and meet the parameters required by GASB Statement 25. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate.*

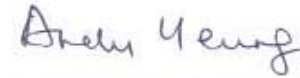
*We look forward to reviewing this report at your next meeting and to answering any questions.*

*Sincerely,*

*THE SEGAL COMPANY*

By: 

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



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

*SUV/hy*

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## SECTION 1: Valuation Summary for the Imperial County Employees' Retirement System

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### Purpose

This report has been prepared by The Segal Company to present a valuation of the Imperial County Employees' Retirement System as of June 30, 2007. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement System, as administered by the Board of Retirement.
- The characteristics of covered active members, inactive vested members, retired members and beneficiaries as of June 30, 2007, provided by the Retirement System;
- The assets of the Plan as of June 30, 2007, provided by the Retirement System;
- 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, 2007 valuation. As instructed by the System, there is a new assumption to anticipate that final average salary will increase by 1% for conversion of eligible sick leave for General members.

The Imperial County Employees' Retirement System's basic financial goal is to establish contributions that fully fund the System's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the System's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the System's staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with prior year's information.

The contribution requirements are determined as a percentage of payroll. The System's employer rates provide for both normal cost and a payment or credit to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have continued with the Board's funding policy to amortize the System's outstanding balance of the unfunded actuarial accrued liability (UAAL) over a declining 24-year period. The aggregate employer contribution rate, assuming payment at the end of each pay period, calculated using the above amortization period is 12.87% of payroll.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2008 through June 30, 2009.

## SECTION 1: Valuation Summary for the Imperial County Employees' Retirement System

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### Significant Issues in Valuation Year

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

(Reference: Page 28)

- In this June 30, 2007 valuation, the ratio of the valuation value of assets to the actuarial accrued liabilities has decreased from 97.1% to 96.1%. In this valuation, the System's UAAL has increased from \$11.7 million to \$16.9 million. A reconciliation of the change in UAAL is provided in Section 3, Exhibit H.

(Reference: Page 16)

- The aggregate employer rate calculated in this valuation has increased from 11.44% of payroll to 12.87% of payroll. The employer rates include the payment of the Regular benefit plus an amount required to pay the outstanding balance of one-third of the UAAL for the Safety members' Supplemental benefit determined in the June 30, 2006 valuation. The reasons for this change are: (i) differences in methods and procedures between Segal and the System's prior actuary, (ii) lower than expected return on investments (based on valuation value of assets), (iii) new assumption to anticipate conversion of sick leave to final average salary for General members, (iv) salary increases greater than expected and (v) actuarial gains and losses. A reconciliation of the System's aggregate employer rate is provided in Section 2, Subsection D, Chart 14.
- In the last valuation, members' rates (before any buy down from non-valuation reserves) were calculated to include the payment of one-half of the COLA UAAL for the Regular benefit. As instructed by the System, all the COLA UAAL associated with the Regular benefit is now charged only to the employer.

(Reference: Page 17)

- The aggregate member rate calculated in this valuation has increased from 7.99% of payroll to 8.60% of payroll. The reasons for this change are: (i) changes in membership demographics for Regular benefit, (ii) new assumption to anticipate conversion of sick leave to final average salary for General members on Regular benefit, (iii) differences in methods and procedures between Segal and the System's prior actuary for Supplemental benefit and (iv) change in membership demographics for Supplemental benefit. A reconciliation of the System's aggregate member rate is provided in Section 2, Subsection D, Chart 15.

(Reference: Page 6)

- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gains as of June 30, 2007 is \$38.2 million. These investment gains will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will offset any investment losses that may occur after June 30, 2007. This implies that if the System earns the assumed net rate of investment return of 7.90% per year on a **market value** basis, it will result in investment gains on the actuarial value of assets in the next few years. So, if the actual market return is equal to the assumed 7.90% rate the System will show investment gains.

## SECTION 1: Valuation Summary for the Imperial County Employees' Retirement System

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### Impact of Future Experience on Contribution Rates

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

- 1) differences 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 Imperial County Employees' Retirement System**

**Summary of Key Valuation Results**

	June 30, 2007		June 30, 2006	
		Estimated		Estimated
<b>Employer Contribution Rates:</b>	Total Rate	Annual Amount <sup>(1)</sup>	Total Rate	Annual Amount <sup>(1)</sup>
General <sup>(2)</sup>	11.68%	\$7,403,000	10.54%	\$6,680,000
Safety	18.05%	\$2,619,000	15.36% <sup>(3)</sup>	\$2,228,000
All Categories Combined	12.87%	\$10,022,000	11.44%	\$8,908,000
<b>Average Member Contribution Rates:</b>	Total Rate	Estimated Annual Amount <sup>(1)</sup>	Total Rate	Estimated Annual Amount <sup>(1)</sup>
General (Average Entry Age: 33)	7.03%	\$4,456,000	6.87% <sup>(4)</sup>	\$4,354,000
Safety (Average Entry Age: 28)	15.45%	\$2,241,000	12.89% <sup>(3),(5)</sup>	\$1,870,000
All Categories combined	8.60%	\$6,697,000	7.99%	\$6,224,000
<b>Funded Status:</b>				
Actuarial accrued liability	\$437,816,000		\$401,985,000	
Valuation value of assets <sup>(6)</sup>	\$420,938,000		\$390,297,000 <sup>(7)</sup>	
Funded percentage	96.1%		97.1%	
Unfunded Actuarial Accrued Liability	\$16,878,000		\$11,688,000 <sup>(7)</sup>	
<b>Key Economic Assumptions:</b>				
Interest rate	7.90%		7.90%	
Inflation rate	4.00%		4.00%	
Across-the-board salary increase	0.00%		0.00%	

(1) Based on June 30, 2007 projected annual compensation.

(2) Effective June 30, 2007, contribution rates for all General are determined on a combined basis as they now have the same benefit.

(3) Includes 1.18% of payroll paid by the County to fund one-third of the UAAL for the Supplemental benefit for Safety members.

(4) After reflecting a transfer of one year's Employee Regular COLA contribution relief (\$1,156,029) made by the Board in December 2006.

(5) After reflecting a transfer of one year's Employee Regular COLA contribution relief (\$218,135) made by the Board in December 2006.

(6) Excludes non-valuation reserves.

(7) Includes transfers of \$1,972,259 and \$101,449 made by the Board in December 2006 for Supplemental contribution contribution relief.

**SECTION 1: Valuation Summary for the Imperial County Employees' Retirement System**

**Summary of Key Valuation Demographic and Financial Data**

	June 30, 2007	June 30, 2006	Percentage Change
<b>Active Members:</b>			
Number of members	1,795	1,745	2.9%
Average age	41.2	41.3	N/A
Average service	9.0	9.2	N/A
Projected total compensation	\$77,886,000	\$71,731,000	8.6%
Average projected compensation	\$43,391	\$41,107	5.6%
<b>Retired Member and Beneficiaries:</b>			
Number of members: <sup>(1)</sup>			
Service retired	530	495	7.1%
Disability retired	122	120	1.7%
Beneficiaries	140	136	2.9%
Total	792	751	5.5%
Average age	68.1	68.0	N/A
Average monthly benefit	\$1,784	\$1,704	4.7%
<b>Vested Terminated Members:</b>			
Number of vested terminated members <sup>(1), (2)</sup>	238	243	-2.1%
Average age	45.4	45.3	N/A
<b>Summary of Financial Data:</b>			
Market value of assets	\$512,849,306	\$443,830,054	15.6%
Return on market value of assets	16.30%	9.05%	N/A
Actuarial value of assets	\$474,692,459	\$429,633,580	10.5%
Return on actuarial value of assets	11.25%	10.13%	N/A
Valuation value of assets	\$420,937,920	\$388,224,673 <sup>(3)</sup>	8.4%
Return on valuation value of assets	7.71%	7.60%	N/A

<sup>(1)</sup> For June 30, 2006, members with both General and Safety service were counted once in each of the General and Safety categories. For June 30, 2007, these members were only counted once based on their latest membership category.

<sup>(2)</sup> Includes members who left their contributions on deposit even though they have less than five years of service.

<sup>(3)</sup> Excludes transfers of \$1,972,259 and \$101,449 made by the Board in December 2006 for Supplemental contribution relief.



**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

**A. MEMBER DATA**

The actuarial valuation and review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

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

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

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

**CHART 1**  
**Member Population: 2005 – 2007**

<b>Year Ended June 30</b>	<b>Active Members</b>	<b>Vested Terminated Members<sup>(1),(2)</sup></b>	<b>Retired Members and Beneficiaries<sup>(2)</sup></b>	<b>Ratio of Non-Actives to Actives</b>
2005	1,674	235	699	0.56
2006	1,745	243	751	0.57
2007	1,795	238	792	0.57

<sup>(1)</sup> Excludes terminated members due a refund of member contributions

<sup>(2)</sup> For June 30, 2005 and 2006, members with both General and Safety service were counted once in each of the General and Safety categories. For June 30, 2007, these members were only counted once based on their latest membership category.

**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

**Active Members**

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 1,795 active members with an average age of 41.2 years, average years of service of 9.0 and average compensation of \$43,391. The 1,745 active members in the prior valuation had an average age of 41.3 years, average service of 9.2 and average compensation of \$41,107.

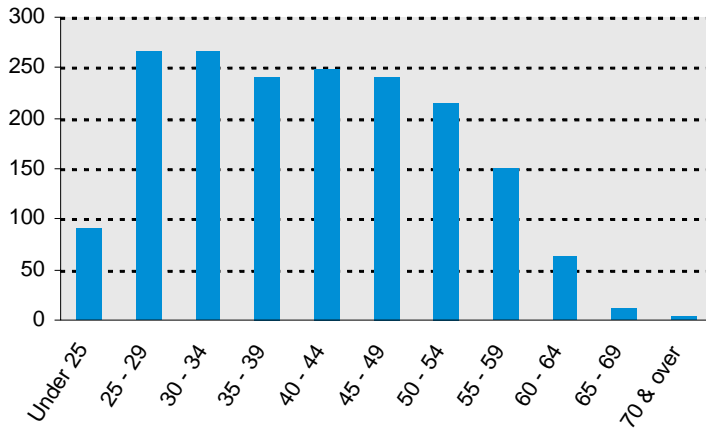
Among the active members, there were none with unknown age.

**Inactive Members**

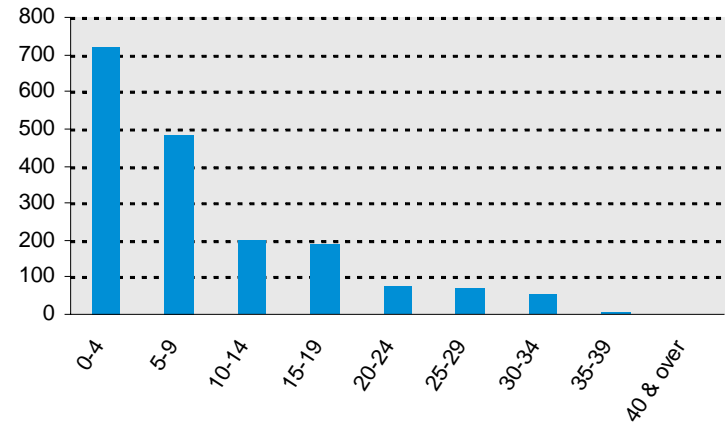
In this year's valuation, there were 238 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 243 in the prior valuation.

*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, 2007**



**CHART 3**  
**Distribution of Active Members by Years of Service as of June 30, 2007**



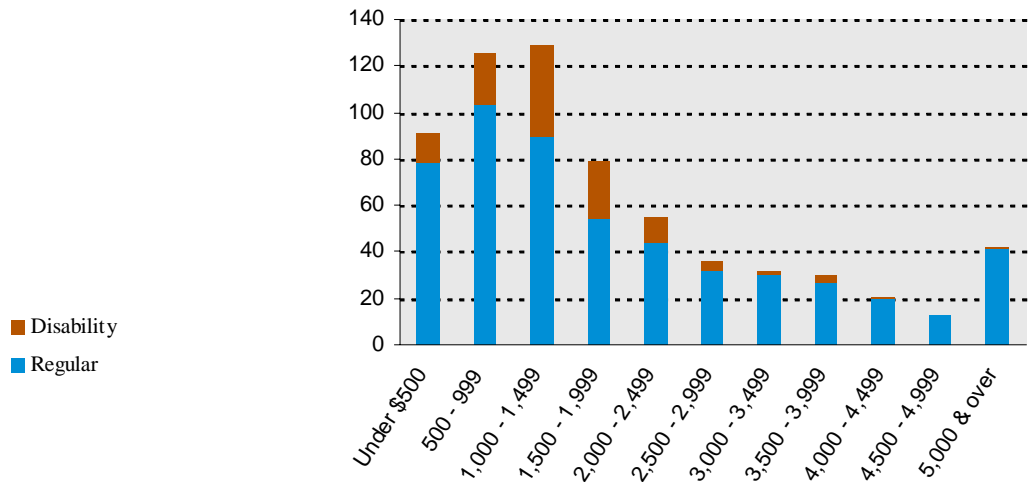
**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

**Retired Members and Beneficiaries**

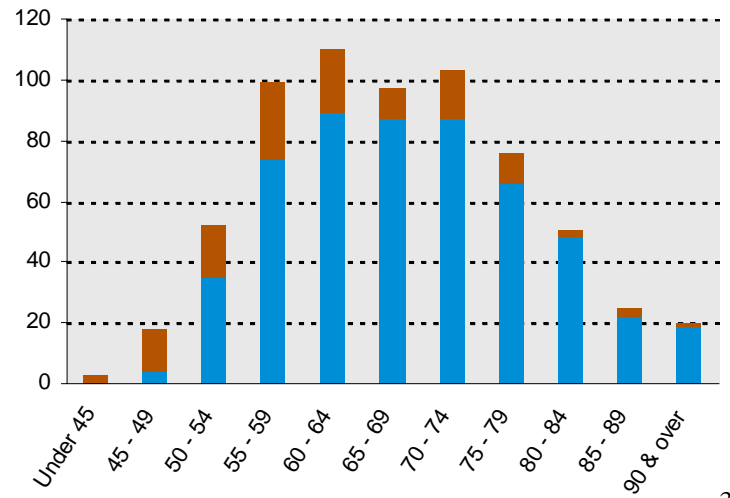
As of June 30, 2007, 652 retired members and 140 beneficiaries were receiving total monthly benefits of \$1,413,000. For comparison, in the previous valuation, there were 615 retired members and 136 beneficiaries receiving monthly benefits of \$1,280,000.

*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, 2007**



**CHART 5**  
**Distribution of Retired Members (Excl. Beneficiaries) by Type and by Age as of June 30, 2007**



**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

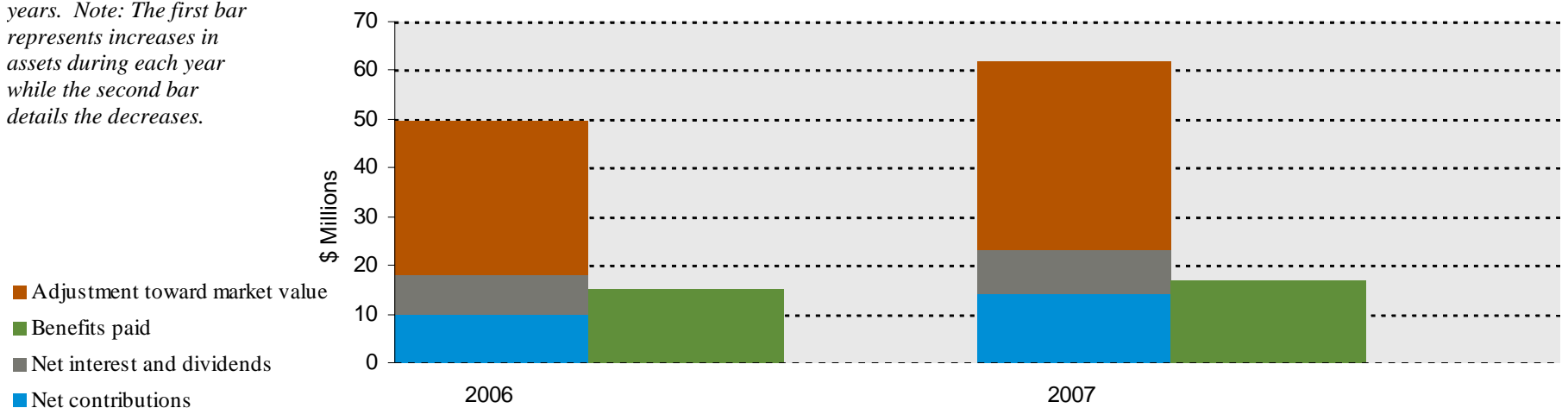
**B. FINANCIAL INFORMATION**

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

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

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

**CHART 6**  
**Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2006 through 2007**



## SECTION 2: Valuation Results for the Imperial County Employees' Retirement System

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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 of assets.

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

**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

**CHART 7**

**Determination of Actuarial Value of Assets for Year Ended June 30, 2007 (As Prepared by ICERS)**

Six Month Period		Total Actual	Expected Market	Investment	Deferred	Deferred
From	To	Market	Return (net)	Gain (Loss)	Factor	Return
		Return (net)	Return (net)	Gain (Loss)	Factor	Return
7/1/2003	12/31/2003	\$40,599,244	\$13,135,308	\$27,463,935	0.2	\$5,492,787
1/1/2004	6/30/2004	14,624,632	14,725,804	(101,172)	0.3	(30,352)
7/1/2004	12/31/2004	30,720,352	14,779,562	15,940,790	0.4	6,376,316
1/1/2005	6/30/2005	2,285,289	15,902,712	(13,617,423)	0.5	(6,808,712)
7/1/2005	12/31/2005	23,532,615	15,907,546	7,625,070	0.6	4,575,042
1/1/2006	6/30/2006	13,529,915	16,719,746	(3,189,832)	0.7	(2,232,882)
7/1/2006	12/31/2006	37,046,933	17,160,720	19,886,213	0.8	15,908,970
1/1/2007	6/30/2007	35,064,900	18,536,370	16,528,530	0.9	14,875,677
1. Total Deferred Return <sup>(1)</sup>						\$38,156,847
2. Net Market Value						512,849,306
3. Actuarial Value of Assets (Item 2 – Item 1)						474,692,459
4. Actuarial Value of Assets – Corridor Limits:						
a. Lower Limit – 80% of Net Market Value						410,279,445
b. Upper Limit – 120% of Net Market Value						615,419,167
5. Actuarial Value of Assets (within corridor)						474,692,459
6. Non-valuation reserves and designations:						
a. Member and Retiree Non-Valuation Reserves						9,544,802
b. Contingency Reserve						8,876,601
c. Employee Benefit Enhancement						-
d. Employee COLA Contribution Relief						773,232
e. Unallocated Earnings						34,539,312
f. Fixed Asset Reserve						20,592
g. Subtotal						53,754,539
7. Valuation Value of Assets (Item 5 – Item 6g)						\$420,937,920

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

Note: Results may not total exactly due to rounding.

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

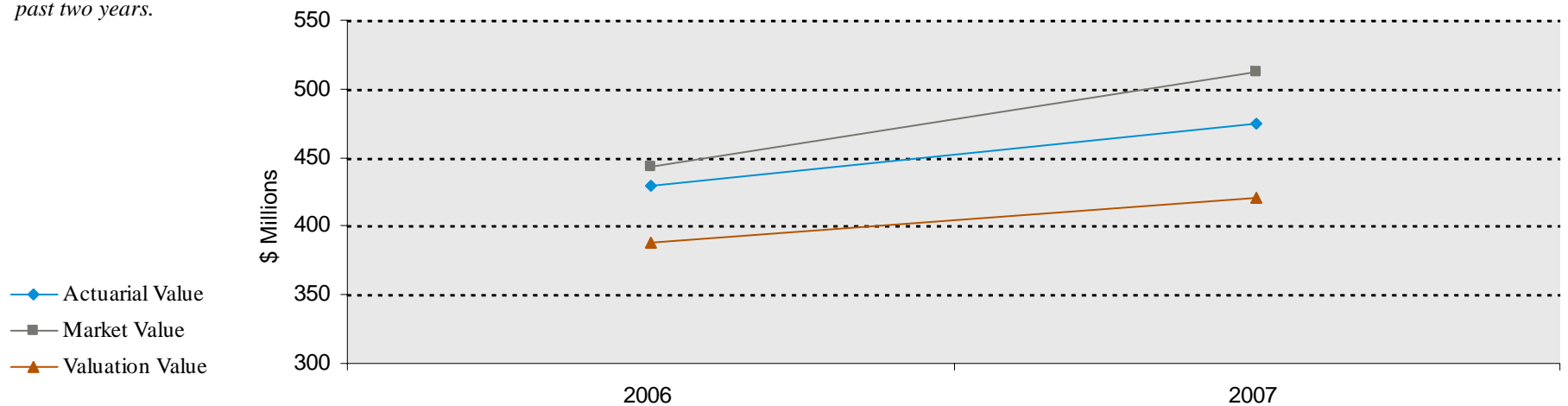
6/30/2008	\$14,107,223
6/30/2009	\$8,624,552
6/30/2010	\$6,808,254
6/30/2011	\$6,963,965
6/30/2012	\$1,652,853

## SECTION 2: Valuation Results for the Imperial County Employees' Retirement System

The market value, actuarial value, and valuation value of assets are representations of the ICERS' 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 ICERS' 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 two years.*

**CHART 8**  
**Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2006 – 2007**



**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

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**C. ACTUARIAL EXPERIENCE**

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

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will

return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

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

The total experience loss was \$11.2 million - a loss of \$0.7 million from investments, a loss of \$11.7 million from higher than expected salary increases and a gain of \$1.3 million from all other sources. The net experience variation from individual sources other than investments and salary increases was 0.3% 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.*

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**CHART 9**  
**Actuarial Experience for Year Ended June 30, 2007**

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1. Net loss from investments <sup>(1)</sup>	\$745,000
2. Net loss from higher than expected salary increase	\$11,686,000
3. Net gain from other experience	<u>-\$1,267,000</u>
4. Net experience loss: (1) + (2) + (3)	\$11,164,000

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<sup>(1)</sup> Details in Chart 10.



**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

**Investment Rate of Return**

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the ICERS' investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.90%. The actual rate of return on a valuation basis for the 2006/2007 plan year was 7.71%.

Since the actual return for the year was less than the assumed return, ICERS experienced an actuarial loss during the year ended June 30, 2007 with regard to its investments.

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

**CHART 10**

**Investment Experience for Year Ended June 30, 2007 – Market Value, Actuarial Value and Valuation Value of Assets**

	<b>Market Value</b>	<b>Actuarial Value</b>	<b>Valuation Value</b>
1. Actual return	\$72,111,833	\$48,151,460	\$29,938,368
2. Average value of assets	442,283,764	428,087,290	388,402,319
3. Actual rate of return: (1) ÷ (2)	16.30%	11.25%	7.71%
4. Assumed rate of return	7.90%	7.90%	7.90%
5. Expected return: (2) x (4)	34,940,417	33,818,896	30,683,783
6. Actuarial gain/(loss): (1) – (5)	<u>37,171,416</u>	<u>14,332,564</u>	<u>-745,415</u>

**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

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

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**CHART 11**

**Investment Return – Market Value, Actuarial Value and Valuation Value: 2006 - 2007**

Year Ended June 30	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2006	\$37,062,530	9.05%	\$39,770,549	10.13%	\$27,431,156	7.60%
2007	\$72,111,833	16.30%	48,151,460	11.25%	29,938,368	7.71%

**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

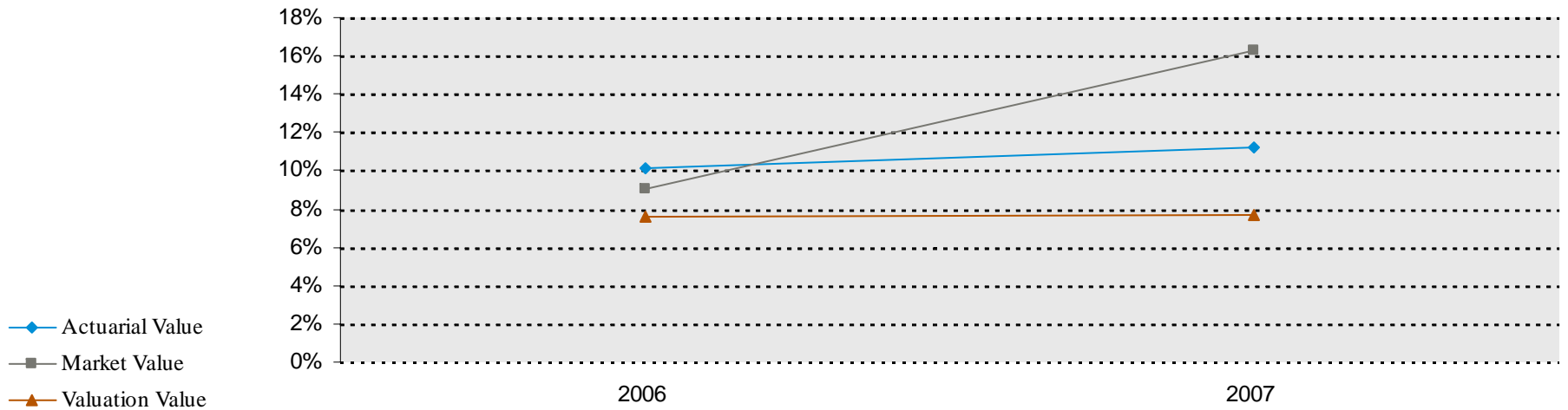
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Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan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

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**CHART 12**  
**Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2006 - 2007**

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## SECTION 2: Valuation Results for the Imperial County Employees' Retirement System

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### **Other Experience**

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

- actual turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),

- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2007 amounted to \$10.4 million which is 2.4% of the actuarial accrued liability. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

## SECTION 2: Valuation Results for the Imperial County Employees' Retirement System

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### D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

*Normal Cost*

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.

*Contribution to the Unfunded*

*Actuarial Accrued Liability (UAAL)*

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual wage inflation rate of 4.00% (i.e., 4.00% price inflation plus 0.00% real across-the-board salary increase). The UAAL associated with the Regular benefit is being amortized over a declining 24-year period. The UAAL associated with the payment of one-third of the UAAL for the Supplemental benefit for Safety members established in the June 30, 2006 valuation is also being amortized over a declining 24-year period.

The recommended employer contributions are provided on Chart 13.

## SECTION 2: Valuation Results for the Imperial County Employees' Retirement System

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### Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively.

The basic contribution rate for the Regular benefit 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 1/120 of Final Average Salary for General and 1/100 of Final Average Salary for Safety. That age is 55 for all General and 50 for all Safety.

It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions for the Regular benefit, members pay one-half of the total normal cost necessary to fund their cost-of-living Regular benefit. Accumulation includes semi-annual crediting of interest at the assumed investment earning rate.

Members pay the additional Normal Cost attributable to the difference between the Regular and Supplemental benefits. In addition, members also pay for the cost of any unfunded actuarial accrued liability attributable to the difference between the Regular and Supplemental benefits.

The member contribution rates are provided in Appendix A.

**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

**CHART 13**

**Recommended Employer Contribution Rates (Dollar Amounts in Thousands)**

	June 30, 2007						June 30, 2006	
	BASIC		COLA		TOTAL		TOTAL	
	<u>Rate</u>	<u>Estimated Annual Amount<sup>(1)</sup></u>	<u>Rate</u>	<u>Estimated Annual Amount<sup>(1)</sup></u>	<u>Rate</u>	<u>Estimated Annual Amount<sup>(1)</sup></u>	<u>Rate</u>	<u>Estimated Annual Amount<sup>(1)</sup></u>
General Members <sup>(2)</sup>								
Normal Cost	9.77%	\$6,192	1.18%	\$748	10.95%	\$6,940	10.13%	\$6,420
UAAL	<u>-1.29%</u>	<u>-818</u>	<u>2.02%</u>	<u>1,281</u>	<u>0.73%</u>	<u>463</u>	<u>0.41%</u>	<u>260</u>
Total Contribution	8.48%	\$5,374	3.20%	\$2,029	11.68%	\$7,403	10.54%	6,680
Safety Members								
Normal Cost	13.18%	\$1,912	1.86%	\$270	15.04%	\$2,182	13.85%	\$2,009
UAAL <sup>(3)</sup>	<u>0.55%</u>	<u>80</u>	<u>2.46%</u>	<u>357</u>	<u>3.01%</u>	<u>437</u>	<u>1.51%</u>	<u>219</u>
Total Contribution	13.73%	\$1,992	4.32%	\$627	18.05%	\$2,619	15.36%	\$2,228
All Categories Combined								
Normal Cost	10.40%	\$8,104	1.31%	1,018	11.71%	\$9,122	10.82%	\$8,429
UAAL	<u>-0.95%</u>	<u>-738</u>	<u>2.10%</u>	<u>1,638</u>	<u>1.16%</u>	<u>900</u>	<u>0.62%</u>	<u>479</u>
Total Contribution	9.45%	\$7,366	3.41%	\$2,656	12.87%	\$10,022	11.44%	\$8,908

(1) Amounts are in thousands and are based on June 30, 2007 projected annual compensation (also in thousands):

General	\$63,379
Safety	14,507
Total	\$77,886

(2) Effective June 30, 2007, contribution rates for all General are determined on a combined basis as they now have the same benefit.

(3) Includes rates paid by the County to fund one-third of the UAAL for the Supplemental benefit for Safety members determined in the June 30, 2006 valuation.

**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

The employer contribution rates as of June 30, 2007 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, 2006 to June 30, 2007**

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

	General Contribution Rate	Safety Contribution Rate	Total Contribution Rate
Recommended Contribution Rate as of June 30, 2006	10.54%	15.36%	11.44%
Effect of actuarial experience during 2006/2007:			
1. Effect of difference in methods and procedures between Segal and the System's prior actuary	0.38% <sup>(1)</sup>	0.93% <sup>(2)</sup>	0.48% <sup>(3)</sup>
2. Effect of investment loss	0.06%	0.06%	0.06%
3. Effect of salary increases greater than expected	0.69%	1.81%	0.91%
4. Effect of other experience (gain)/loss	-0.14%	-0.11%	-0.14%
5. Effect of assumed conversion of sick leave to final average salary for General members	0.15%	0.00%	0.12%
Subtotal	1.14%	2.69%	1.43%
Recommended Contribution Rate as of June 30, 2007	11.68%	18.05%	12.87%

<sup>(1)</sup> Of this increase, 0.22% is an interest adjustment to reflect the payment of member contributions at the end of every pay period.

<sup>(2)</sup> Of this increase, 0.31% is an interest adjustment to reflect the payment of member contributions at the end of every pay period.

<sup>(3)</sup> Of this increase, 0.24% is an interest adjustment to reflect the payment of member contributions at the end of every pay period.



**SECTION 2: Valuation Results for the Imperial County Employees' Retirement System**

The member contribution rates as of June 30, 2007 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.

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

**CHART 15**  
**Reconciliation of Recommended Member Contribution from June 30, 2006 to June 30, 2007**

	General Contribution Rate	Safety Contribution Rate	Total Contribution Rate
Average Contribution Rate as of June 30, 2006	6.87%	12.89%	7.99%
1. Effect of difference in methods and procedures between Segal and the System's prior actuary on Supplemental benefit	0.03%	1.31%	0.27%
2. Effect of change in active member demographics on Regular benefit	0.11%	0.28%	0.14%
3. Effect of change in active member demographics for Supplemental benefit	-0.07%	0.97%	0.13%
4. Effect of assumed conversion of sick leave to final average salary for General members on Regular benefit	0.09%	0.00%	0.07%
Subtotal	0.16%	2.56%	0.61%
Average Contribution Rate as of June 30, 2007	7.03%	15.45%	8.60%

## SECTION 2: Valuation Results for the Imperial County Employees' Retirement System

### E. INFORMATION REQUIRED BY GASB

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

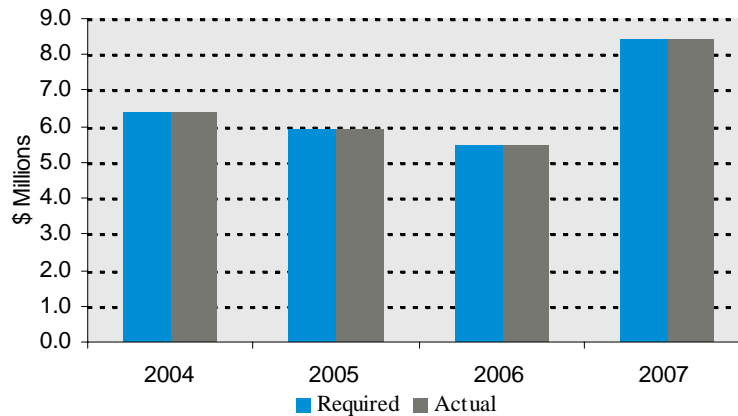
Critical information to GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 17 below presents a graphical representation of this information for the Plan.

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

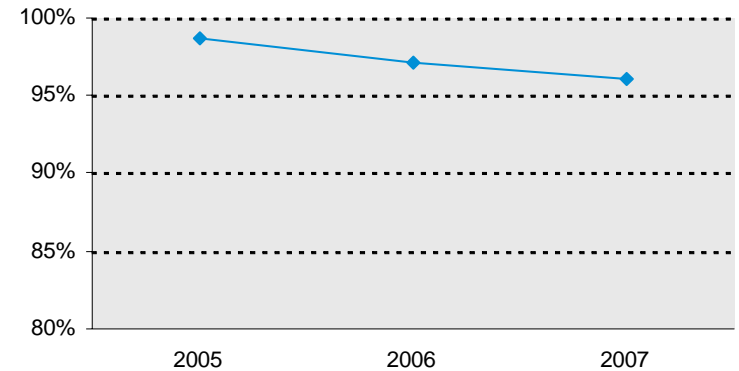
The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits I, II, and III.

*These graphs show key GASB factors.*

**CHART 16**  
**Required Versus Actual Contributions**



**CHART 17**  
**Funded Ratio**



**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**i. General**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2007</b>	<b>2006</b>	
<b>Active members in valuation</b>			
Number	1,499	1,460	2.7%
Average age	41.9	41.9	N/A
Average service	8.8	9.0	N/A
Projected total compensation	\$63,379,408	\$58,177,024	8.9%
Projected average compensation	\$42,281	\$39,847	6.1%
Member account balances	\$53,002,410	\$52,863,286	0.3%
<b>Vested terminated members<sup>(1)</sup></b>			
Number	196	204	-3.9%
Average age	46.5	46.2	N/A
<b>Retired members<sup>(1)</sup></b>			
Number in pay status	454	426	6.6%
Average age	70.0	70.4	N/A
Average monthly benefit	\$1,823	\$1,722	5.9%
<b>Disabled members<sup>(1)</sup></b>			
Number in pay status	76	74	2.7%
Average age	64.5	64.0	N/A
Average monthly benefit	\$1,173	\$1,140	2.9%
<b>Beneficiaries<sup>(1)</sup></b>			
Number in pay status	116	112	3.6%
Average age	73.0	72.7	N/A
Average monthly benefit	\$824	\$764	7.9%

<sup>(1)</sup> For June 30, 2006, members with both General and Safety service were counted once in each of the General and Safety categories. For June 30, 2007, these members were only counted once based on their latest membership category.

**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**ii. Safety**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2007</b>	<b>2006</b>	
<b>Active members in valuation</b>			
Number	296	285	3.9%
Average age	37.9	38.0	N/A
Average service	9.9	10.0	N/A
Projected total compensation	\$14,506,670	\$13,553,873	7.0%
Projected average compensation	\$49,009	\$47,557	3.1%
Member account balances	\$21,134,852	\$19,955,794	5.9%
<b>Vested terminated members<sup>(1)</sup></b>			
Number	42	39	7.7%
Average age	40.3	40.7	N/A
<b>Retired members<sup>(1)</sup></b>			
Number in pay status	76	69	10.1%
Average age	60.9	60.6	N/A
Average monthly benefit	\$3,626	\$3,825	-5.2%
<b>Disabled members<sup>(1)</sup></b>			
Number in pay status	46	46	0.0%
Average age	56.2	55.5	N/A
Average monthly benefit	\$1,981	\$1,885	5.1%
<b>Beneficiaries<sup>(1)</sup></b>			
Number in pay status	24	24	0.0%
Average age	66.0	66.3	N/A
Average monthly benefit	\$1,412	\$1,299	8.7%

<sup>(1)</sup> For June 30, 2006, members with both General and Safety service were counted once in each of the General and Safety categories. For June 30, 2007, these members were only counted once based on their latest membership category.

**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation  
By Age, Years of Service as of June 30, 2007**

**i. General**

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	63	63	--	--	--	--	--	--	--	--
	\$28,880	\$28,880	--	--	--	--	--	--	--	--
25 - 29	214	177	37	--	--	--	--	--	--	--
	31,918	31,033	\$36,149	--	--	--	--	--	--	--
30 - 34	207	120	81	6	--	--	--	--	--	--
	37,145	33,029	42,639	\$45,316	--	--	--	--	--	--
35 - 39	202	78	81	29	14	--	--	--	--	--
	41,672	34,945	44,711	49,890	\$44,536	--	--	--	--	--
40 - 44	209	65	59	35	40	8	2	--	--	--
	42,664	34,838	38,901	56,013	49,184	\$42,966	\$42,744	--	--	--
45 - 49	205	53	57	28	38	16	12	1	--	--
	45,431	36,540	43,496	49,028	57,557	46,988	43,549	\$63,175	--	--
50 - 54	185	36	44	30	27	11	20	17	--	--
	49,622	46,181	46,009	53,937	56,480	46,130	50,906	48,497	--	--
55 - 59	139	27	18	21	17	12	14	24	6	--
	51,995	39,882	45,043	44,081	58,966	53,069	60,042	58,594	\$87,980	--
60 - 64	59	7	11	7	16	6	5	5	1	1
	52,164	53,352	38,808	40,834	59,847	69,921	48,249	48,333	31,880	\$99,612
65 - 69	12	1	3	2	4	1	--	1	--	--
	58,919	61,191	57,431	40,276	74,999	34,507	--	58,488	--	--
70 & over	4	0	1	1	0	1	--	1	--	--
	50,193	0	61,191	28,764	0	31,211	--	79,605	--	--
Total	1,499	627	392	159	156	55	53	49	7	1
	\$42,281	\$34,093	\$42,558	\$50,257	\$54,891	\$49,546	\$51,095	\$54,564	\$79,966	\$99,612

**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation  
By Age, Years of Service as of June 30, 2007**

**ii. Safety**

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	27	26	1	--	--	--	--	--	--
	\$37,622	\$37,365	\$44,285	--	--	--	--	--	--
25 - 29	53	37	16	--	--	--	--	--	--
	41,377	39,832	44,951	--	--	--	--	--	--
30 - 34	59	18	34	7	--	--	--	--	--
	45,777	40,287	47,191	\$53,027	--	--	--	--	--
35 - 39	38	5	17	14	2	--	--	--	--
	48,413	44,071	46,036	51,279	\$59,419	--	--	--	--
40 - 44	39	3	9	10	13	4	--	--	--
	50,319	38,372	47,419	50,748	54,460	\$51,273	--	--	--
45 - 49	35	--	8	4	9	10	4	--	--
	55,856	--	49,437	52,826	61,396	55,931	\$59,070	--	--
50 - 54	30	1	3	4	5	4	9	4	--
	60,402	33,090	49,100	52,798	57,376	51,650	68,214	\$78,270	--
55 - 59	11	2	1	1	3	1	1	1	1
	69,857	85,365	58,863	52,501	58,016	54,902	57,429	72,559	\$127,394
60 - 64	4	--	--	--	2	--	2	--	--
	64,866	--	--	--	75,553	--	54,179	--	--
65 - 69	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
70 & Over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	296	92	89	40	34	19	16	5	1
	\$49,009	\$40,323	\$46,955	\$51,789	\$58,571	\$53,995	\$63,499	\$77,128	\$127,394

**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT C**

**Reconciliation of Member Data – June 30, 2006 to June 30, 2007**

	<b>Active Members</b>	<b>Vested Terminated Members</b>	<b>Pensioners</b>	<b>Disableds</b>	<b>Beneficiaries</b>	<b>Total</b>
Number as of June 30, 2006	1,745	243*	495*	120*	136*	2,739
New members	239	0	0	0	0	239
Terminations – with vested rights	-35	35	0	0	0	0
Contributions Refunds	-115	-5	0	0	0	-120
Retirements	-35	-10	45	0	0	0
New disabilities	-3	-2	-2	7	0	0
Return to work	1	-1	0	0	0	0
Died with or without beneficiary	-2	-1	-12	-6	4**	-17
Data adjustments	0	-21	4	1	0	-16
Number as of June 30, 2007	1,795	238*	530	122	140	2,825

\* For June 30, 2006, members with both General and Safety service were counted once in each of the General and Safety categories. For June 30, 2007, these members were only counted once based on their latest membership category.

\*\* This is the net increase in the number of beneficiaries after subtracting the number of beneficiaries who died during the year.

**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT D**

**Summary Statement of Income and Expenses on an Actuarial Value Basis**

	Year Ended June 30,	
	2007	2006
<b>Contribution income:</b>		
Employer contributions	\$8,409,794	\$5,487,243
Employee contributions	5,576,845	4,348,821
Miscellaneous ICERS adjustment	<u>-117,836</u>	-
Contribution income	\$13,868,803	9,836,064
<b>Investment income:</b>		
Interest, dividends and other income	\$12,915,001	\$11,678,741
Adjustment toward market value	38,791,257	31,766,262
Less investment and administrative fees	<u>-3,554,798</u>	<u>-3,674,454</u>
Net investment income	<u>48,151,460</u>	<u>39,770,549</u>
<b>Total income available for benefits</b>	<b>\$62,020,263</b>	<b>\$49,606,613</b>
<b>Less benefit payments:</b>		
Service retirement	-16,083,360	-\$14,147,768
Death payments	-105,825	-108,951
Members refunds	-774,483	-724,534
Miscellaneous ICERS adjustment	<u>2,284</u>	-
Benefit payments	-\$16,961,384	-\$14,981,253
<b>Change in reserve for future benefits</b>	<b>\$45,058,879</b>	<b>\$34,625,360</b>



**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT E**

**Summary Statement of Assets**

	Year Ended June 30,	
	2007	2006
<b>Cash equivalents</b>	\$1,901,772	\$2,281,239
<b>Accounts receivable:</b>		
Contributions	\$364,626	\$295,280
Interest and dividends	1,010,571	1,322,573
Receivables	10,006,588	2,531,145
Others	<u>21,499</u>	<u>3,025</u>
Total accounts receivable	11,403,284	4,152,023
<b>Investments:</b>		
Short term	\$7,856,912	\$8,479,892
Fixed income	120,324,524	164,549,711
Equities	169,879,920	241,772,964
Barclays	172,314,279	50,570,330
Real estate	21,099,254	-
Others	<u>26,710,582</u>	<u>-</u>
Total investments at market value	<u>518,185,471</u>	<u>465,372,897</u>
<b>Total assets</b>	\$531,490,527	\$471,806,159
<b>Less accounts payable:</b>		
Investment payables	-\$18,213,772	-\$27,488,586
Account payable	-390,621	-452,366
Others	<u>-36,828</u>	<u>-35,153</u>
Total accounts payable	-\$18,641,221	-\$27,976,105
<b>Net assets at market value</b>	<u>\$512,849,306</u>	<u>\$443,830,054</u>
<b>Net assets at actuarial value</b>	<u>\$474,692,459</u>	<u>\$429,633,580</u>
<b>Net assets at valuation value</b>	<u>\$420,937,920</u>	<u>\$388,224,673<sup>(1)</sup></u>

*Note: Results may not total properly due to rounding*

*(1) Before reflecting any transfers made by the Board to buy down member contribution rates.*

**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT F**

**Actuarial Balance Sheet**

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

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

<b>Assets</b>	<b><u>Regular (\$000)</u></b>	<b><u>Supplemental (\$000)</u></b>	<b><u>Total (\$000)</u></b>
1. Total valuation assets	\$390,256	\$30,682	\$420,938
2. Present value of future contributions by members			
a. entry age normal cost	\$53,896	\$11,731	\$65,627
b. unfunded actuarial accrued liability	\$0	\$2,924	\$2,924
3. Present value of future employer contributions for:			
a. entry age normal cost	\$49,970	\$0	\$49,970
b. unfunded actuarial accrued liability	\$11,500	\$2,454	\$13,954
4. Total current and future assets	\$505,622	\$47,791	\$553,413
<b>Liabilities</b>			
5. Present value of benefits already granted	\$178,222	\$10,987	\$189,209
6. Present value of benefits to be granted	\$327,400	\$36,804	\$364,204
7. Total liabilities	\$505,622	\$47,791	\$553,413

**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT G**

**Summary of Reported Asset Information as of June 30, 2007**

	Regular Reserves	Supplemental Reserves	Total Reserves
<b>Included in Valuation Value of Assets</b>			
Members' deposit reserves	\$60,646,128	\$2,858,611	\$63,504,739
Members' interest reserves	8,313,858	65,555	8,379,413
Employer's advance reserves	144,719,265	26,114,453	170,833,718
Service pension reserves (members' contributions)	40,250,130	377,270	40,627,400
Service pension reserves (employer's contributions)	109,671,227	1,191,641	110,862,868
Disability pension reserves (members' contributions)	4,229,618	38,434	4,268,052
Disability pension reserves (employer's contributions)	18,296,935	35,519	18,332,454
Survivors' death benefit reserve	2,264,555	0	2,264,555
Death benefit reserve	1,864,721	0	1,864,721
<b>Total</b>	<b>\$390,256,437</b>	<b>\$30,681,483</b>	<b>\$420,937,920</b>
<b>Excluded from Valuation Value of Assets</b>			
Member and retiree non-valuation reserves			\$9,544,802
Contingency reserve			8,876,601
Employee benefit enhancement			-
Employee COLA contribution relief			773,232
Unallocated earnings			34,539,312
Fixed asset reserve			20,592
Market stabilization reserve			38,156,847
<b>Total</b>			<b>\$91,911,386</b>
<b>Grand Total</b>			<b>\$512,849,306</b>

**SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System**

**EXHIBIT H**

**Development of Unfunded Actuarial Accrued Liability as of June 30, 2007**

	(Dollar amounts in Thousands)
1 Unfunded actuarial accrued liability at beginning of year	
a. Calculated by the System's prior actuary <sup>(i)</sup>	\$11,688
b. Adjustment to UAAL due to difference in methods and procedures between Segal and the System's prior actuary	<u>-4,175</u>
c. Subtotal	\$7,513
2 Gross Normal Cost payable at middle of year	15,664
3 Actual employer and member contributions plus transfers made from non-valuation reserves to buy down member contribution rates	-19,736
4 Interest	<u>528</u>
5 Expected unfunded actuarial accrued liability at end of year	\$3,969
6 Actuarial (gain)/loss due to all changes:	
a. Loss from investment	\$745
b. Higher than expected salary increase	11,686
c. Assumed conversion of sick leave to final average salary for General members	1,563
d. Benefit improvement for General Unit I and K members	182
e. Other experience (gain)/loss	<u>-1,267</u>
f. Subtotal	\$12,909
7 Actual unfunded actuarial accrued liability at end of year (5) + (6f)	\$16,878

(i) Includes transfers of \$1,972 and \$101 made by the Board in December 2006 for Supplemental contribution relief.

### SECTION 3: Supplemental Information for the Imperial County Employees' Retirement System

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#### EXHIBIT I

#### Section 415 Limitations

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar indexed for inflation. That limit is \$180,000 for 2007 and \$185,000 for 2008. 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 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 Imperial County Employees' Retirement System**

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**EXHIBIT J**

**Definitions of Pension Terms**

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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 net, in this case, of investment and administrative expenses.
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

**Normal Cost:**

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

**Actuarial Accrued Liability For Actives:**

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

**Actuarial Accrued Liability For Pensioners:**

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

**Unfunded (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 Imperial County Employees' Retirement System**

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**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 Imperial County Employees' Retirement System**

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**EXHIBIT I**

**Supplementary Information Required by GASB – Schedule of Employer Contributions (Dollar Amounts in Millions)**

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<b>Plan Year Ended June 30</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2004 <sup>(1)</sup>	6	6	100.0%
2005 <sup>(1)</sup>	6	6	100.0%
2006 <sup>(1)</sup>	5	5	100.0%
2007	8	8	100.0%

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<sup>(1)</sup> Source: Prior actuary's June 30, 2006 valuation report.



**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

**EXHIBIT II**

**Supplementary Information Required by GASB – Schedule of Funding Progress (Dollar Amounts in Thousands)**

<b>Actuarial Valuation Date</b>	<b>Valuation Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (%) (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (%) [(b) - (a)] / (c)</b>
6/30/2005 <sup>(1)</sup>	\$361,353	\$366,158	\$4,805	98.7	\$67,042	7.2
6/30/2006 <sup>(1)</sup>	390,297 <sup>(2)</sup>	401,985	11,688	97.1	71,731	16.3
6/30/2007	420,938	437,816	16,878	96.1	77,886	21.7

<sup>(1)</sup> Source: Prior actuary's June 30, 2006 valuation report.

<sup>(2)</sup> Includes transfers of \$1,972,259 and \$101,449 made by the Board in December 2006.

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

**EXHIBIT III**

**Supplementary Information Required by GASB**

<b>Valuation date</b>	June 30, 2007
<b>Actuarial cost method</b>	Entry Age Normal Cost Method
<b>Amortization method</b>	Level percent of payroll for total unfunded liability
<b>Remaining amortization period</b>	24 years (declining) for UAAL over period ending June 30, 2031
<b>Asset valuation method</b>	The Actuarial Value of Assets is determined by phasing in any difference between the actual and the expected market return over 10 six-month interest crediting periods. 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	7.90%
Inflation rate	4.00%
Real across-the-board salary increase	0.00%
Projected salary increases*	General: 4.50% to 6.75% and Safety: 4.25% to 10.00%
Cost of living adjustments	2.00% of retirement income

**Plan membership:**

Retired members and beneficiaries receiving benefits	792
Terminated members entitled to, but not yet receiving benefits	238
Active members	<u>1,795</u>
Total	2,825

\* Includes inflation at 4.00% plus real across-the-board salary increase of 0.00% plus merit and longevity increases. See Exhibit IV for these increases.

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**EXHIBIT IV**

**Actuarial Assumptions and Actuarial Cost Method**

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**Post – Retirement Mortality Rates:**

*Healthy:*

For General Members and all Beneficiaries: RP-2000 Combined Healthy Annuitant Mortality, with adjustment for white collar workers.

For Safety Members: RP-2000 Combined Healthy Annuitant Mortality, with adjustment for blue collar workers.

*Disabled:*

For General and Safety Members: RP-2000 Disabled Annuitant Mortality.

*Employee Contribution Rates:*

For General members: RP-2000 Combined Healthy Annuitant Mortality, with adjustment for white collar workers, weighted 1/3 male and 2/3 female.

For Safety members: RP-2000 Combined Healthy Annuitant Mortality, with adjustment for blue collar workers, weighted 4/5 male and 1/5 female.

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**Termination Rates Before Retirement:**

<b>Rate (%)</b>					
<b>Mortality</b>					
<b>General <sup>(1)</sup></b>			<b>Safety</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>	<b>Male <sup>(2)</sup></b>	<b>Female <sup>(2)</sup></b>	<b>Male/Female <sup>(3)</sup></b>
25	0.04	0.02	0.04	0.02	0.07
30	0.04	0.03	0.07	0.03	0.08
35	0.06	0.05	0.11	0.05	0.09
40	0.09	0.06	0.14	0.09	0.11
45	0.13	0.10	0.18	0.14	0.16
50	0.20	0.16	0.24	0.20	0.26
55	0.33	0.26	0.42	0.28	0.44
60	0.56	0.47	0.00	0.00	0.00
65	1.11	0.87	0.00	0.00	0.00

<sup>(1)</sup> All pre-retirement deaths are assumed to be non-service connected.

<sup>(2)</sup> Rates shown are for non-service connected deaths.

<sup>(3)</sup> Rates shown are for service-connected deaths.

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**Termination Rates Before Retirement (Continued):**

Age	Rate (%)				
	Disability				
	General-Non-Service		General-Service		Safety <sup>(1)</sup>
	Male	Female	Male	Female	Male and Female
20	0.000	0.000	0.000	0.000	0.015
25	0.000	0.000	0.000	0.000	0.015
30	0.010	0.009	0.030	0.027	0.105
35	0.022	0.029	0.066	0.088	0.510
40	0.034	0.043	0.102	0.128	0.840
45	0.074	0.059	0.222	0.175	1.215
50	0.122	0.079	0.366	0.236	2.115
55	0.166	0.101	0.498	0.304	0.000
60	0.214	0.117	0.643	0.351	0.000

<sup>(1)</sup> 100% of Safety disabilities are assumed to be service-connected disabilities.

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**Termination Rates Before Retirement (Continued):**

<b>Rate (%)</b>			
<b>Total Termination</b>			
<b>Age</b>	<b>General</b>		<b>Safety</b>
	<b>Male</b>	<b>Female</b>	<b>Male and Female</b>
20	30.0	19.0	16.3
25	22.0	15.0	12.3
30	16.5	11.5	8.8
35	11.5	9.5	6.3
40	8.0	7.5	4.3
45	5.5	6.0	2.8
50	3.5	4.5	0.0
55	2.0	3.0	0.0
60	0.0	0.0	0.0

<b>Proportion of Total Termination Assumed to Receive Refunds and Deferred Vested Benefit (%)</b>		
<b>Years of Service</b>	<b>Refunds</b>	<b>Deferred Vested Benefits</b>
0-4	100.00	0.00
5-9	25.00	75.00
10-14	16.70	83.30
15-19	10.00	90.00
20 or more	0.00	100.00

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**Retirement Rates:**

Age	Rate(%)		
	General		Safety
	Male	Female	Male and Female
46	0.00	0.00	2.00
47	0.00	0.00	2.00
48	0.00	0.00	2.00
49	0.00	0.00	5.00
50	4.00	3.80	10.00
51	3.50	3.80	10.00
52	3.50	3.80	20.00
53	3.50	3.80	20.00
54	3.50	3.80	20.00
55	12.00	10.00	20.00
56	8.00	6.50	25.00
57	9.50	7.00	25.00
58	11.00	7.50	10.00
59	12.50	8.00	10.00
60	15.00	9.00	100.00
61	15.00	11.00	100.00
62	25.00	15.00	100.00
63	25.00	15.00	100.00
64	25.00	15.00	100.00
65	42.50	25.00	100.00
66	60.00	30.00	100.00
67	70.00	40.00	100.00
68	90.00	50.00	100.00
69	90.00	50.00	100.00
70	100.00	100.00	100.00

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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

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

General: Age 60  
Safety: Age 50

We assume that 50% of future General and Safety deferred vested members will continue to work for a reciprocal employer. For these members, projected salary is calculated based on ICERS' salary increase assumption.

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**Future Benefit Accruals:**

1.0 year of service per year of employment.

**Terminal Pay Conversions:**

The following assumptions for service converted from unused vacation, holiday compensation time and sick leave at retirement are used:

General:

Average vacation and holiday pay cash-outs at retirement of 12 hours per year of service, up to a maximum of 2 weeks of base pay. Also, there is an additional assumption of 1% increase in final average salary to anticipate the cash-out of 15% sick leave at retirement.

Safety:

Average vacation and holiday pay cash-outs at retirement of 15 hours per year of service, up to a maximum of 3½ weeks of base pay.

**Sick Leave Conversion:**

Conversion of 24 hours for General (36 hours for Safety) for each year of service.

**Unknown Data for Members:**

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

**Inclusion of Deferred Vested  
Members:**

All deferred vested members are included in the valuation.

**Percent Married:**

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

**Age of Spouse:**

Wives are 4 years younger than their husbands.

**Net Investment Return:**

7.90%, net of administration and investment expenses



**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**Employee Contribution  
Crediting Rate:**

7.90% (7.75% compounded semi-annually). 4% per year for those who terminate employment and take a refund of their contributions.

**Consumer Price Index:**

Increase of 4.00% per year, retiree COLA increases due to CPI subject to a 2% maximum change per year for all General and Safety.

**Salary Increases:**

Annual Rate of Compensation Increase

Inflation: 4.00%; an additional 0.00% “across the board” salary increases (other than inflation); plus the following Merit and Promotion increases based on age.

Years of Service	General	Safety
0	2.75%	6.00%
1	2.75%	6.00%
2	2.75%	6.00%
3	2.75%	6.00%
4	2.75%	2.50%
5	2.75%	2.50%
6	2.75%	2.50%
7	2.75%	2.50%
8	2.75%	2.50%
9	2.75%	2.50%
10	2.75%	2.50%
11	2.75%	2.50%
12	2.75%	0.25%
13	2.75%	0.25%
14	2.75%	0.25%
15 or more	0.50%	0.25%

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**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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<b>Actuarial Value of Assets:</b>	The Actuarial Value of Assets is determined by phasing in any difference between actual and expected market return over 10 six-month interest crediting periods. Actuarial value of assets must fall within a corridor of 20% of the market value of assets.
<b>Valuation Value of Assets:</b>	The Actuarial Value of Assets reduced by the value of the non-valuation reserves.
<b>Actuarial Cost Method:</b>	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.
<b>Changes in Actuarial Assumptions:</b>	The following assumption was changed from the prior valuation. Previously, the assumption was as follows:
<b>Terminal Pay Conversions:</b>	The following assumptions for service converted from unused vacation, holiday compensation time and sick leave at retirement are used:
General:	Average vacation and holiday pay cash-outs at retirement of 12 hours per year of service, up to a maximum of 2 weeks of base pay.

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**EXHIBIT V**

**Summary of Plan Provisions**

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

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**Membership Eligibility:**

	Membership with ICERS usually begins with the first day of the pay period following the date of appointment to a full-time position of at least 30 hours per week.
<i>General</i>	All General members terminated before July 1, 2005 will receive the General Regular Benefit. All other General members will receive the Regular plus Supplemental Benefit.
<i>Safety</i>	All Safety members will receive the Regular plus Supplemental Benefit.

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**Final Compensation for Benefit Determination:**

Highest consecutive twelve months of compensation earnable (§31462.1) (FAS1).

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**Service:** Years of service (Yrs).

---

**Service Retirement Eligibility:**

<i>General</i>	Age 50 with 10 years of service, or after 30 years, regardless of age or age 70 regardless of service (§31672).
<i>Safety</i>	Age 50 with 10 years of service, or after 20 years, regardless of age or age 60 regardless of service (§31663.25).

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**Benefit Formula:**

	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>General Regular (§31676.11)</i>	50	1.24% x FAS1 x Yrs
	55	1.67% x FAS1 x Yrs
	60	2.18% x FAS1 x Yrs
	65 or later	2.61% x FAS1 x Yrs
	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>General Regular Plus Supplemental (§31676.14)</i>	50	1.48% x FAS1 x Yrs
	55	1.95% x FAS1 x Yrs
	60	2.44% x FAS1 x Yrs
	65 or later	2.61% x FAS1 x Yrs
	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>Safety Regular (§31664)</i>	50	2.00% x FAS1 x Yrs
	55 or later	2.62% x FAS1 x Yrs
	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>Safety Regular Plus Supplemental (§31664.1)</i>	50	3.00% x FAS1 x Yrs
	55 or later	3.00% x FAS1 x Yrs
<b>Maximum Benefit:</b>	100% of Highest Average Compensation (§31676.11, §31676.14, §31664 and §31664.1).	

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**Non-Service Connected Disability:**

All Members

*Eligibility*

Five years of service (§31720).

*Benefit Formula*

20% of Final Compensation for the first five years of service plus 2% for each year of additional service for a maximum of 40% of Final Compensation (§31727.7).

The service retirement benefit is paid, if greater.

---

**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 months' 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 or Ordinary 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).

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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Safety Members

*Eligibility* None.  
*Violent Death* Lump sum of twelve months compensation.

---

**Death After Retirement:**

All Members

*Service or Non-Service  
Connected Disability Retirement* 60% of member's unmodified allowance continued to eligible spouse (§31760.1) and \$5,000 lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1) or at least two years prior to the date of death and has attained age 55 on or prior to the date of death (§31786.1).  
*Line-of-Duty Disability* 100% of member's allowance continued to eligible spouse (§31786).

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**Withdrawal Benefits:**

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

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**Post-retirement  
Cost-of-Living Benefits:**

*General and Safety* Future changes based on Consumer Price Index to a maximum of 2% per year; excess "banked" (§31870).

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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**Compensation Earnable:**

Includes base pay plus uniform allowance, shift differential, on-call pay, bilingual pay, training officer stipend, bomb stipend, EMT/paramedic stipend, firefighters in lieu of holiday pay, resident duty pay, educational allowance, one-time bonus, annual buyback vacation (Dept. heads only), staff stipend, in lieu of mileage, and sick leave buyback.

Certain vacation, holiday compensation time, and sick leave which are earned but not used may also be added to compensation earnable.

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**County Contributions**

**(Regular Benefit):**

The Unfunded Actuarial Accrued Liability associated with the Regular Benefit is amortized over a declining 24-year period as of June 30, 2007.

**County Contributions**

**(Safety Supplemental Benefit):**

The Unfunded Actuarial Accrued Liability associated with the Supplemental UAAL relief for Safety members is amortized over a declining 24-year period as of June 30, 2007.

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**Member Contributions:**

Please refer to Appendix A for specific rates.

*General*

*Basic Regular Benefit*

Provide for an average annuity at age 55 equal to 1/120 of FAS1 (§31621.1).

*Cost-of-Living Regular Benefit*

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

*Supplemental*

Members pay the additional Normal Cost attributable to the difference between the Regular and Supplemental benefits. In addition, members also pay for the cost of any unfunded actuarial accrued liability attributable to the difference between the Regular and Supplemental benefits.

*Employer Pickup*

3% of pay.

*Safety*

*Basic Regular Benefit*

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

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

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<p><i>Cost-of-Living Regular Benefit</i></p> <p><i>Supplemental</i></p>	<p>Provide for one-half of future Cost-of-Living costs.</p> <p>Members pay the additional Normal Cost attributable to the difference between the Regular and Supplemental benefits. In addition, members also pay for the cost of any unfunded actuarial accrued liability attributable to the difference between the Regular and Supplemental benefits.</p>
<p><i>Employer Pickup</i></p>	<p>3% of pay.</p>
<hr/>	
<p><b>Other Information:</b></p>	<p>Safety members with 30 or more years of service are exempt from paying member contributions. The same applies for General members hired on or before March 7, 1973.</p>
<hr/>	
<p><b>Plan Changes:</b></p>	<p>The following plan provisions were changed from the prior valuation. Previously, the provisions were as follows:</p>
<p><b>Membership Eligibility:</b></p>	<p>Membership with ICERS usually begins with the first day of the pay period following the date of appointment to a full-time position of at least 30 hours per week.</p>
<p><i>General</i></p>	<p>All General members terminated before July 1, 2005 and active General members of Bargaining Units I (Sheriff Association) and K (Public Safety Supervisory Unit) will receive the General Regular Benefit. All other General members will receive the Regular plus Supplemental Benefit.</p>
<p><b>Non-Service Connected Disability:</b></p>	
<p><u><i>General Members</i></u></p>	
<p><i>Eligibility</i></p>	<p>Five years of service (§31720).</p>
<p><i>Benefit Formula</i></p>	<p>For all members of Bargaining Units I (Sheriff's Association) and K (Public Safety Supervisory Unit) who were hired prior to April 2003: the greater of (i) and (ii):</p> <p>(i) 1.5% of Final Compensation multiplied by service</p> <p>(ii) 1.5% of Final Compensation multiplied by service projected to age 65, but not more than 1/3 of Final Compensation</p> <p>For all other General members: 20% of Final Compensation for the first five years of service plus 2% for each year of additional service for a maximum of 40% of Final Compensation (§31727.7).</p>



#### SECTION 4: Reporting Information for the Imperial County Employees' Retirement System

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The service retirement benefit is paid, if greater.

Safety Members

Eligibility

Five years of service (§31720).

Benefit Formula

For all members of Bargaining Units I (Sheriff's Association) and K (Public Safety Supervisory Unit) who were hired prior to April 2003: the greater of (i) and (ii):

(i) 1.8% of Final Compensation multiplied by service

(ii) 1.8% of Final Compensation multiplied by service projected to age 55, but not more than 1/3 of Final Compensation

For all other Safety members: 20% of Final Compensation for the first five years of service plus 2% for each year of additional service for a maximum of 40% of Final Compensation (§31727.7).

The service retirement benefit is paid, if greater.

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

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

**Appendix A**

**Member Contribution Rates**

Comparison of Total Member Rate from June 30, 2007 (New) and June 30, 2006 (Current) Valuations

General Members – Current <sup>(1)</sup>					
Entry Age	Basic	COLA	Supplemental	Pickup	Total
25	6.17%	1.17%	1.18%	(3.00%)	5.52%
35	7.63%	1.45%	1.18%	(3.00%)	7.26%
45	8.82%	1.68%	1.18%	(3.00%)	8.68%
General Members - New					
Entry Age	Basic	COLA	Supplemental	Pickup	Total
25	6.23%	1.28%	1.14%	(3.00%)	5.65%
35	7.70%	1.59%	1.14%	(3.00%)	7.43%
45	8.90%	1.83%	1.14%	(3.00%)	8.87%
Safety Members - Current <sup>(1)</sup>					
Entry Age	Basic	COLA	Supplemental	Pickup	Total
25	8.10%	2.03%	5.09%	(3.00%)	12.22%
35	10.15%	2.54%	5.09%	(3.00%)	14.78%
45	11.39%	2.85%	5.09%	(3.00%)	16.33%
Safety Members – New					
Entry Age	Basic	COLA	Supplemental	Pickup	Total
25	8.10%	2.29%	7.37%	(3.00%)	14.76%
35	10.15%	2.86%	7.37%	(3.00%)	17.38%
45	11.39%	3.21%	7.37%	(3.00%)	18.97%

<sup>(1)</sup> Contribution rates adjusted by COLA rate relief for Regular benefit and UAAL rate relief for Supplemental benefit.

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

**Appendix A**

**Member Contribution Rates (Continued)**

**General Members' Contribution Rates based on the June 30, 2007  
Actuarial Valuation as a percentage of payroll**

Age	Basic	COLA	Supplemental	Pickup	Total
15	5.19%	1.07%	1.14%	-3.00%	4.40%
16	5.19%	1.07%	1.14%	-3.00%	4.40%
17	5.30%	1.09%	1.14%	-3.00%	4.53%
18	5.40%	1.11%	1.14%	-3.00%	4.65%
19	5.51%	1.13%	1.14%	-3.00%	4.78%
20	5.63%	1.16%	1.14%	-3.00%	4.93%
21	5.74%	1.18%	1.14%	-3.00%	5.06%
22	5.87%	1.21%	1.14%	-3.00%	5.22%
23	5.99%	1.23%	1.14%	-3.00%	5.36%
24	6.11%	1.26%	1.14%	-3.00%	5.51%
25	6.23%	1.28%	1.14%	-3.00%	5.65%
26	6.36%	1.31%	1.14%	-3.00%	5.81%
27	6.49%	1.34%	1.14%	-3.00%	5.97%
28	6.63%	1.37%	1.14%	-3.00%	6.14%
29	6.77%	1.39%	1.14%	-3.00%	6.30%
30	6.91%	1.42%	1.14%	-3.00%	6.47%
31	7.06%	1.45%	1.14%	-3.00%	6.65%
32	7.21%	1.48%	1.14%	-3.00%	6.83%
33	7.37%	1.52%	1.14%	-3.00%	7.03%
34	7.53%	1.55%	1.14%	-3.00%	7.22%
35	7.70%	1.59%	1.14%	-3.00%	7.43%
36	7.87%	1.62%	1.14%	-3.00%	7.63%
37	8.05%	1.66%	1.14%	-3.00%	7.85%

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

Age	Basic	COLA	Supplemental	Pickup	Total
38	8.25%	1.70%	1.14%	-3.00%	8.09%
39	8.46%	1.74%	1.14%	-3.00%	8.34%
40	8.67%	1.78%	1.14%	-3.00%	8.59%
41	8.72%	1.79%	1.14%	-3.00%	8.65%
42	8.76%	1.80%	1.14%	-3.00%	8.70%
43	8.81%	1.81%	1.14%	-3.00%	8.76%
44	8.85%	1.82%	1.14%	-3.00%	8.81%
45	8.90%	1.83%	1.14%	-3.00%	8.87%
46	8.94%	1.84%	1.14%	-3.00%	8.92%
47	8.99%	1.85%	1.14%	-3.00%	8.98%
48	9.02%	1.86%	1.14%	-3.00%	9.02%
49	9.03%	1.86%	1.14%	-3.00%	9.03%
50	9.03%	1.86%	1.14%	-3.00%	9.03%
51	9.03%	1.86%	1.14%	-3.00%	9.03%
52	9.02%	1.86%	1.14%	-3.00%	9.02%
53	8.99%	1.85%	1.14%	-3.00%	8.98%
54	8.99%	1.85%	1.14%	-3.00%	8.98%

Interest: 7.90% per annum  
 COLA: 2.00%  
 Mortality: RP-2000 Combined Healthy Annuitant Mortality, with adjustment for white collar workers weighted 1/3 male and 2/3 female  
 Salary Increase: Inflation (4.00%) + Across-the-Board Increase (0.00%) + Merit (See Exhibit IV)  
 COLA Loading Factor 20.59% for Regular Benefits

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

**Appendix A**

**Member Contribution Rates (Continued)**

**Safety Members' Contribution Rates based on the June 30, 2007  
Actuarial Valuation as a percentage of payroll**

Age	Basic	COLA	Supplemental	Pickup	Total
15	6.97%	1.97%	7.37%	-3.00%	13.31%
16	6.97%	1.97%	7.37%	-3.00%	13.31%
17	6.97%	1.97%	7.37%	-3.00%	13.31%
18	6.97%	1.97%	7.37%	-3.00%	13.31%
19	7.12%	2.01%	7.37%	-3.00%	13.50%
20	7.27%	2.05%	7.37%	-3.00%	13.69%
21	7.43%	2.10%	7.37%	-3.00%	13.90%
22	7.59%	2.14%	7.37%	-3.00%	14.10%
23	7.76%	2.19%	7.37%	-3.00%	14.32%
24	7.92%	2.23%	7.37%	-3.00%	14.52%
25	8.10%	2.29%	7.37%	-3.00%	14.76%
26	8.27%	2.33%	7.37%	-3.00%	14.97%
27	8.46%	2.39%	7.37%	-3.00%	15.22%
28	8.64%	2.44%	7.37%	-3.00%	15.45%
29	8.84%	2.49%	7.37%	-3.00%	15.70%
30	9.04%	2.55%	7.37%	-3.00%	15.96%
31	9.24%	2.61%	7.37%	-3.00%	16.22%
32	9.45%	2.67%	7.37%	-3.00%	16.49%
33	9.68%	2.73%	7.37%	-3.00%	16.78%
34	9.91%	2.80%	7.37%	-3.00%	17.08%
35	10.15%	2.86%	7.37%	-3.00%	17.38%
36	10.41%	2.94%	7.37%	-3.00%	17.72%

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

Age	Basic	COLA	Supplemental	Pickup	Total
37	10.68%	3.01%	7.37%	-3.00%	18.06%
38	10.98%	3.10%	7.37%	-3.00%	18.45%
39	11.06%	3.12%	7.37%	-3.00%	18.55%
40	11.15%	3.15%	7.37%	-3.00%	18.67%
41	11.21%	3.16%	7.37%	-3.00%	18.74%
42	11.24%	3.17%	7.37%	-3.00%	18.78%
43	11.28%	3.18%	7.37%	-3.00%	18.83%
44	11.32%	3.19%	7.37%	-3.00%	18.88%
45	11.39%	3.21%	7.37%	-3.00%	18.97%
46	11.50%	3.24%	7.37%	-3.00%	19.11%
47	11.31%	3.19%	7.37%	-3.00%	18.87%
48	11.12%	3.14%	7.37%	-3.00%	18.63%
49	10.94%	3.09%	7.37%	-3.00%	18.40%

Interest: 7.90% per annum  
 COLA: 2.00%  
 Mortality: RP-2000 Combined Healthy Annuitant Mortality, with adjustment for blue collar workers weighted 4/5 male and 1/5 female  
 Salary Increase: Inflation (4.00%) + Across-the-Board Increase (0.00%) + Merit (See Exhibit IV)  
 COLA Loading Factor 28.21% for Regular Benefits

**SECTION 4: Reporting Information for the Imperial County Employees' Retirement System**

**Appendix B**

**Schedule of Additional (non-ICERS) Employer Contributions**

As requested by ICERS, we have provided the following additional employer contributions made by the employer to other outside parties. These rates are provided by the employer and we have not audited them against any other sources.

The County's total contributions toward retirement benefits include the contributions shown in this report which are paid to ICERS, along with payments to holders of Pension Obligation Bonds issued by the County in 1997 and 2002, and contributions toward medical health premiums of some former County employees. According to information supplied by the County, these contributions were projected to be made at the following percentage of covered payroll:

Plan Year Ending June 30	Pension Obligation Bonds		
	General	Safety	Retiree Medical
2009	6.3707%	5.0392%	5.0800%
2008	6.7200%	5.2690%	5.0800%
2007	8.7040%	5.9880%	5.0800%
2006	8.7760%	5.7790%	5.0800%
2005	8.7010%	5.9030%	3.4340%

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