

## **San Bernardino 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 3, 2014*

*Board of Retirement  
San Bernardino County Employees' Retirement Association  
348 West Hospitality Lane, Third Floor  
San Bernardino, CA 92415-0014*

*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 information on which our calculations were based was prepared by SBCERA and the financial information was provided by the Retirement Association. 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 completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. 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 the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.*

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

*Sincerely,*

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

By:

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

*JZR/hy*

*John Monroe, ASA, EA, MAAA  
Vice President and Actuary*

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## SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association

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### PURPOSE AND SCOPE

This report has been prepared by Segal Consulting to present an actuarial valuation of the San Bernardino 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, terminated vested members, and 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.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the system'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.

Please note that the Actuarial Standards Board has adopted a revised Actuarial Standard of Practice (ASOP) No. 4 that provides guidelines for actuaries to follow when measuring pension obligations. For a plan such as that offered by the Retirement Association that may use undesignated excess earnings to provide supplemental benefits, the valuation report must indicate that the impact of any such future use of undesignated excess earnings on the future financial condition of the plan has not been explicitly measured or otherwise reflected in the valuation.

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In 2002, the Board of Retirement elected to amortize the Association's unfunded actuarial accrued liability as of June 30, 2002 over a declining 20-year period. Any change in unfunded actuarial accrued liability that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation after June 30, 2002 is amortized over its own declining 20-year period. Effective with the June 30, 2012 valuation, any change in unfunded actuarial accrued liability that arises due to plan

## SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association

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amendments is amortized over its own declining 15-year period (with the exception of a change due to retirement incentives, which is amortized over its own declining period of up to 5 years).

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.

### SIGNIFICANT ISSUES IN THIS VALUATION

The following key findings were the result of this actuarial valuation

- Ref: Pg. 81*

➤ The results of this valuation reflect changes in the actuarial assumptions as recommended by Segal and adopted by the Board for the June 30, 2014 valuation. These changes were documented in our Actuarial Experience Study and are also outlined in Section 4, Exhibit V of this report. These assumption changes resulted in an increase in the average employer contribution rate of 3.06% of payroll and an increase in the average member rate of 0.69% of payroll.
- Ref: Pg. 16*

➤ These assumption changes include that we no longer develop the investment return assumption as net of administrative expenses, and instead include an explicit administrative expense load of 0.60% of payroll. The administrative expense load has been allocated to both the employer and member rates based on the components of the total average contribution rate before expenses for the employer and member. This results in an explicit administrative expense load of 0.43% and 0.17% of payroll allocated to the employer and the member rates, respectively. All contribution rates shown in this report reflect these explicit loadings for administrative expenses.
- Ref: Pg. 10*

➤ The market value of assets earned a return of 12.20% for the July 1, 2013 to June 30, 2014 plan year. The actuarial value of assets earned a return of 7.26% for the same period due to the deferral of most of the current year investment gains and the recognition of prior investment gains and losses. This resulted in an actuarial loss when measured against the assumed rate of return for 2013-2014 of 7.75%. This actuarial investment loss increased the average employer contribution rate by 0.20% of payroll.
- Ref: Pg. 70*

➤ The ratio of the actuarial value of assets to actuarial accrued liabilities increased from 79.3% to 80.0%. The Association's Unfunded Actuarial Accrued Liability (UAAL) increased from \$1.88 billion as of June 30, 2013 to \$1.94 billion as of June 30, 2014. The increase in the UAAL is mainly due to the changes in actuarial assumptions, offset to some degree by lower than expected individual salary increases. A reconciliation of the Association's unfunded actuarial accrued liability is provided in Section 3, Exhibit I.
- Ref: Pg. 56*

➤ The recommended average employer contribution rate increased from 24.73% of payroll as of June 30, 2013 to 27.27% of payroll (see Charts 14a and 14b) in the June 30, 2014 valuation. This increase was mainly the result of the changes in actuarial assumptions, offset to some degree by lower than expected individual salary increases.
- Ref: Pg. 21*

➤ The recommended average employer contribution rate increased from 24.73% of payroll as of June 30, 2013 to 27.27% of payroll (see Charts 14a and 14b) in the June 30, 2014 valuation. This increase was mainly the result of the changes in actuarial assumptions, offset to some degree by lower than expected individual salary increases.

## SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association

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*Ref: Pg. 22*

- The recommended average member contribution rate increased from 10.51% of payroll in the June 30, 2013 valuation to 11.06% of payroll in the June 30, 2014 valuation. This increase was mainly the result of changes in actuarial assumptions. A reconciliation of the recommended average member contribution rate is provided in Chart 16.

*Ref: Pg. 5*

- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gain as of June 30, 2014 is \$244 million as compared to an unrecognized loss of \$100 million in the June 30, 2013 valuation. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years. This means that if the plan earns the assumed rate of investment return of 7.50% per year (net of investment expense) on a **market value** basis then the deferred gains will be recognized over the next few years as shown in the footnote on Chart 7.
- The June 30, 2014 unrecognized investment gain of \$244 million represents about 3% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$244 million market gains is expected to have an impact on the Association's future funded ratio and the aggregate employer contribution rate. This potential impact may be illustrated as follows:
  - If the deferred gains were recognized immediately in the actuarial value of assets, the funded ratio would increase from 80.0% to 82.5%.
  - If the deferred gains were recognized immediately in the actuarial value of assets, the aggregate employer contribution rate would decrease from 27.27% to 25.87%.
- The actuarial 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.

*Ref: Pg. 23*

*Ref: Pg. 69-71*

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. It is important to note that the new GASB rules only redefine pension expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices. Because Statement 68 is not effective until the fiscal year ending June 30, 2015 for SBCERA employer reporting, we have continued to include financial reporting information in this report in accordance with Statement 27. Financial reporting information for Statement 67 is provided in a separate report that follows this report.

## **SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association**

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### Impact of Future Experience on Contribution Rates

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

- Difference between actual experience and anticipated experience;
- Changes in actuarial assumptions or methods;
- Changes in statutory provisions; and
- Difference between the contribution rates determined by the valuation and those adopted by the Board.

**SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association**

**Summary of Key Valuation Results (all dollar amounts in thousands)**

	June 30, 2014		June 30, 2013	
<b>Employer Contribution Rates:</b>	Total Rate	Estimated Annual Amount <sup>(1)</sup>	Total Rate	Estimated Annual Amount <sup>(1)</sup>
County General Tier 1	22.49%	\$181,987	20.24%	\$174,645
County General Tier 2	19.39	17,373	18.02	4,121
County Safety Tier 1	49.09	91,736	43.15	84,820
County Safety Tier 2	42.25	4,258	37.02	534
County combined	26.95	295,354	24.37	264,120
Superior Court Tier 1	23.89	13,855	21.75	12,617
Superior Court Tier 2	20.79	585	19.53	39
South Coast Air Quality Management District (SCAQMD) Tier 1	30.19	20,178	27.76	20,930
South Coast Air Quality Management District (SCAQMD) Tier 2	26.43	331	25.36	58
Other General Tier 1	33.31	12,348	29.91	12,408
Other General Tier 2	29.77	817	25.44	94
Other Safety Tier 1	69.01	1,868	59.65	1,908
Other Safety Tier 2	58.61	293	50.73	61
All employers combined	27.27	345,629	24.73	312,235
<b>Average Member Contribution Rates<sup>(2)</sup>:</b>		Estimated		Estimated
	Total Rate	Annual Amount <sup>(1)</sup>	Total Rate	Annual Amount <sup>(1)</sup>
County General Tier 1	11.00%	\$ 89,012	10.35%	\$89,307
County General Tier 2	8.40	7,526	7.88	1,802
County Safety Tier 1	12.98	24,256	12.06	23,706
County Safety Tier 2	15.22	1,534	13.75	198
County combined	11.16	122,328	10.61	115,013
Superior Court Tier 1	10.86	6,298	10.26	5,952
Superior Court Tier 2	8.40	236	7.88	16
South Coast Air Quality Management District (SCAQMD) Tier 1	9.66	6,457	9.21	6,944
South Coast Air Quality Management District (SCAQMD) Tier 2	7.97	100	7.83	18
Other General Tier 1	11.06	4,100	10.53	4,368
Other General Tier 2	9.29	255	7.20	27
Other Safety Tier 1	13.82	374	13.05	418
Other Safety Tier 2	12.82	64	11.56	14
All employers combined	11.06	140,212	10.51	132,770

<sup>(1)</sup> Based on projected annual compensation for each valuation date.

<sup>(2)</sup> The refundability factors as of June 30, 2014 are 1.08 for General Tier 1 and 1.03 for Safety Tier 1 compared to 1.10 for General Tier 1 and 1.03 for Safety Tier 1 as of June 30, 2013. See Appendix A and B for the individual member contribution rates.

**SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association**

**Summary of Key Valuation Results (all dollar amounts in thousands)**

	June 30, 2014	June 30, 2013
<b>Funded Status:</b>		
Actuarial accrued liability (AAL) <sup>(1)</sup>	\$9,694,825	\$9,088,636
Actuarial value of assets (AVA) <sup>(2)(3)</sup>	\$7,751,309	\$7,204,918
Market value of assets (MVA)	\$7,995,071	\$7,104,554
Funded ratio on AVA basis (AVA/AAL)	79.95%	79.27%
Funded ratio on MVA basis (MVA/AAL)	82.47%	78.17%
Unfunded actuarial accrued liability (UAAL) on AVA basis	\$1,943,516	\$1,883,718
Unfunded actuarial accrued liability (UAAL) on MVA basis	\$1,699,754	\$1,984,082
<b>Key Assumptions:</b>		
Interest rate	7.50%	7.75%
Inflation rate	3.25%	3.50%
Salary increases (excluding merit)	3.75%	4.00%

<sup>(1)</sup> Includes liabilities held for Survivor Benefit and Burial Allowance reserves. For June 30, 2014 those amounts are \$33,758 and \$825, respectively. The AAL for retirement plan benefits is \$9,660,242 as of June 30, 2014.

<sup>(2)</sup> Includes assets held for Survivor Benefit and Burial Allowance reserves. For June 30, 2014 those amounts are \$53,391 and \$825, respectively. The AVA for retirement plan benefits is \$7,697,093 as of June 30, 2014.

<sup>(3)</sup> The June 30, 2014 and June 30, 2013 actuarial value of assets exclude \$5.9 million and \$5.8 million, respectively. These amounts represent the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.

## SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association

### Summary of Key Valuation Demographic and Financial Data

	June 30, 2014	June 30, 2013	Percentage Change
<b>Active Members:</b>			
Number of members	19,497	19,401	0.5%
Average age	44.7	44.8	N/A
Average service	11.3	11.3	N/A
Projected total compensation	\$1,267,666,810	\$1,262,751,964	0.4%
Average projected compensation	\$65,019	\$65,087	-0.1%
<b>Retired Member and Beneficiaries:</b>			
Number of members:			
Service retired	7,681	7,296	5.3%
Disability retired	1,474	1,444	2.1%
Beneficiaries <sup>(1)</sup>	1,463	1,433	2.1%
Total	10,618	10,173	4.4%
Average age	68.6	68.5	N/A
Average monthly benefit <sup>(2)</sup>	\$3,128	\$3,037	3.0%
<b>Vested Terminated Members:</b>			
Number of vested terminated members <sup>(3)</sup>	4,356	3,921	11.1%
Average age	45.8	45.8	N/A
<b>Summary of Financial Data (dollar amounts in thousands):</b>			
Market value of assets	\$7,995,071	\$7,104,554	12.5%
Return on market value of assets	12.20%	14.62%	N/A
Actuarial value of assets	\$7,751,309	\$7,204,918	7.6%
Return on actuarial value of assets	7.26%	5.71%	N/A
Valuation value of assets <sup>(4)</sup>	\$7,756,386	\$7,209,814	7.6%
Return on valuation value of assets	7.26%	5.71%	N/A

(1) Excludes beneficiaries that are only receiving Survivor Benefit amounts.

(2) Excludes monthly benefits for Supplemental Disability and Survivor Benefit.

(3) Includes terminated members due a refund of member contributions plus accumulated interest.

(4) The June 30, 2014 and June 30, 2013 valuation value of assets include \$5.9 million and \$5.8 million, respectively. These amounts represent the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.

**SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association**

**A. MEMBER DATA (ALL EMPLOYERS COMBINED)**

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated 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 ten valuations can be seen in this chart.*

**CHART 1**  
**Member Population: 2005 – 2014**

<b>Year Ended June 30</b>	<b>Active Members</b>	<b>Vested Terminated Members<sup>(1)</sup></b>	<b>Retired Members and Beneficiaries</b>	<b>Ratio of Non-Actives to Actives</b>
2005	17,607	2,436	6,904	0.53
2006	18,347	2,774	7,261	0.55
2007	18,945	3,084	7,617	0.56
2008	19,414	3,430	7,971	0.59
2009	18,955	3,635	8,519	0.64
2010	19,520	3,635	8,843	0.64
2011	19,258	3,723	9,265	0.67
2012	19,306	3,782	9,736	0.70
2013	19,401	3,921	10,173	0.73
2014	19,497	4,356	10,618	0.77

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

**SECTION 2: Valuation Results for the San Bernardino 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 19,497 active members with an average age of 44.7, average years of service of 11.3 years and average projected compensation of \$65,019. The 19,401 active members in the prior valuation had an average age of 44.8, average service of 11.3 years and average compensation of \$65,087.

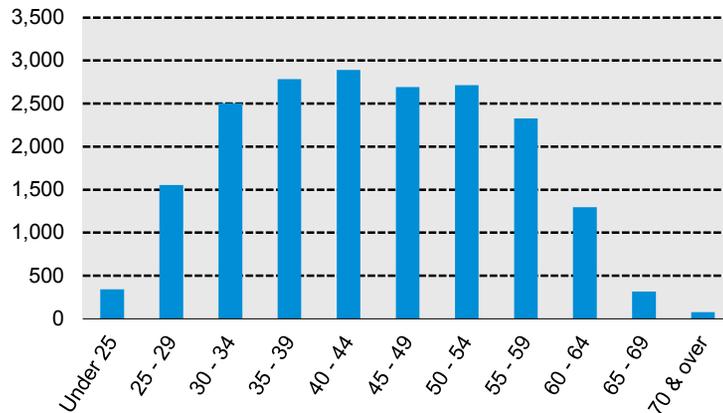
Among the active members, there were none with unknown age information.

**Inactive Members**

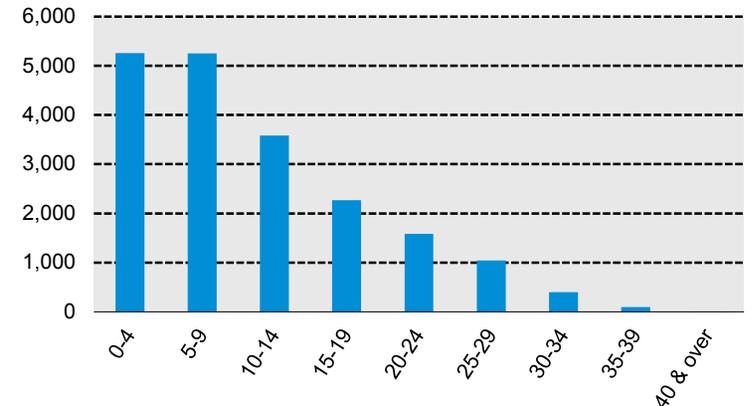
In this year's valuation, there were 4,356 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 3,921 in the prior valuation.

*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**



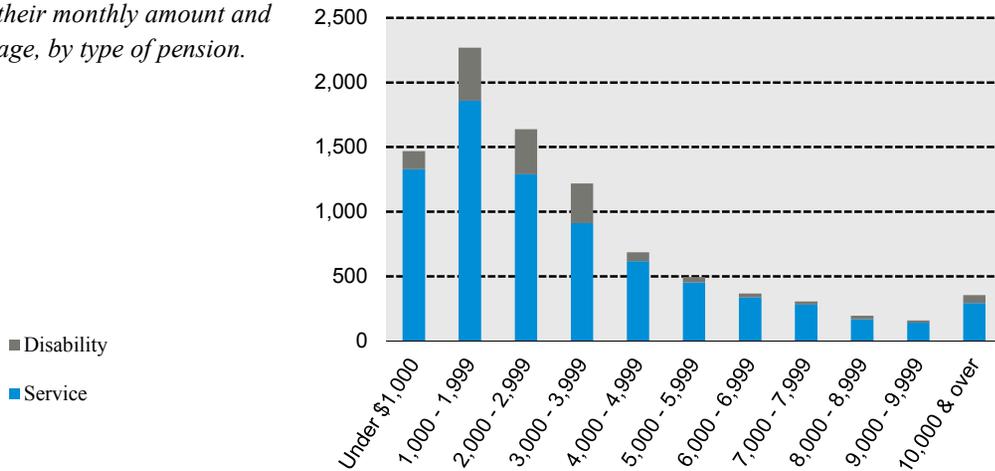
**SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association**

**Retired Members and Beneficiaries**

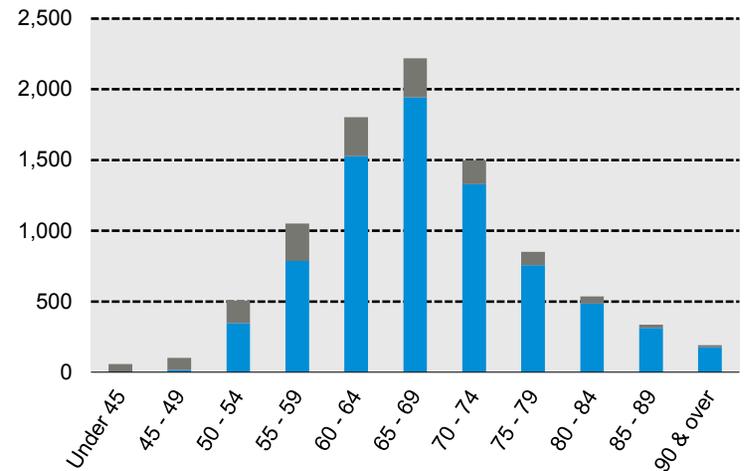
As of June 30, 2014, 9,155 retired members and 1,463 beneficiaries were receiving total monthly benefits of \$33,217,549. For comparison, in the previous valuation, there were 8,740 retired members and 1,433 beneficiaries receiving monthly benefits of \$30,897,028. These monthly benefits exclude benefits for Supplemental Disability and Survivor Benefit.

*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 by Type and by Monthly Amount as of June 30, 2014**



**CHART 5**  
**Distribution of Retired Members by Type and by Age as of June 30, 2014**



**SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association**

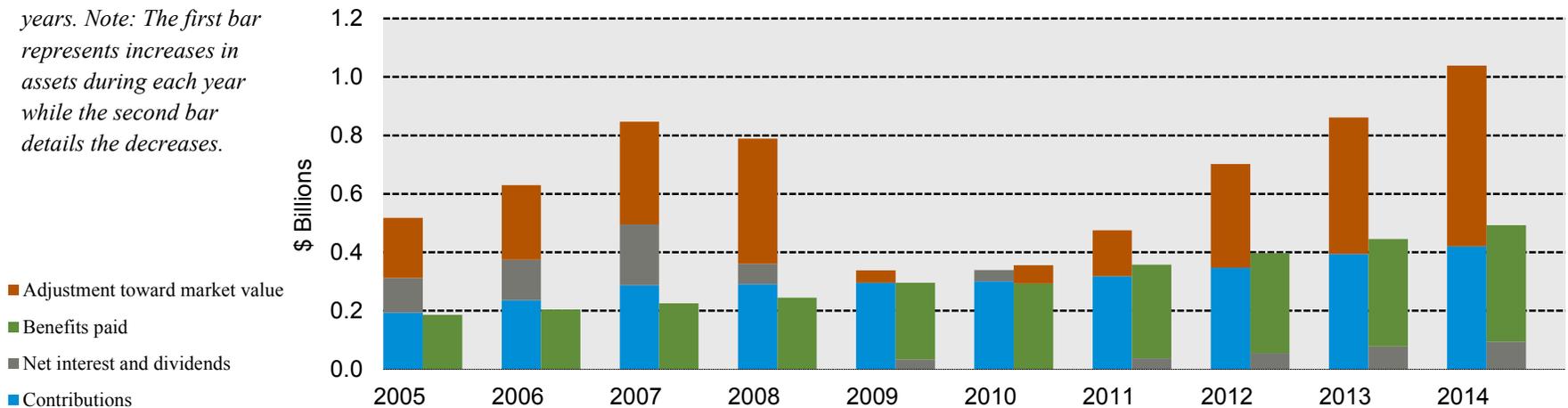
**B. FINANCIAL INFORMATION**

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

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, E and F.

*The chart depicts the components of changes in the actuarial value of assets over the last ten 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, 2005 – 2014**



## SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

### CHART 7 Actuarial Value of Assets

1. Market value of assets			\$7,995,070,539
2. Calculation of unrecognized return <sup>(1)</sup>	Original Amount	Unrecognized Return	
(a) Year ended June 30, 2014 <sup>(2)</sup>	\$316,679,078	\$253,343,262	
(b) Year ended June 30, 2013 <sup>(2)</sup>	425,010,217	255,006,130	
(c) Year ended June 30, 2012 <sup>(2)</sup>	(444,010,514)	(177,604,206)	
(d) Combined net deferred loss <sup>(3)</sup>	(347,932,968)	<u>(86,983,242)</u>	
(e) Total unrecognized return <sup>(4)</sup>			\$243,761,944
3. Actuarial value of assets: (1) – (2e)			\$7,751,308,595
4. Actuarial value as a percentage of market value			97.0%
5. Non-valuation reserves and designations:			
(a) Burial allowance reserve			<u>\$825,407</u>
6. Preliminary Valuation value of assets (3) – (5a)			\$7,750,483,188
7. Valuation value of assets <sup>(5)</sup>			<u>\$7,756,386,089</u>

<sup>(1)</sup> Total return minus expected return on a market value basis.

<sup>(2)</sup> Recognition at 20% per year over five years.

<sup>(3)</sup> Net deferred loss as of June 30, 2011 was combined and will be recognized over four years.

<sup>(4)</sup> Deferred return amount as of June 30, 2014 recognized in each of the next four years

(i)	Amount Recognized during 2014/2015	\$27,447,486
(ii)	Amount Recognized during 2015/2016	59,535,756
(iii)	Amount Recognized during 2016/2017	148,337,859
(iv)	Amount Recognized during 2017/2018	<u>63,335,815</u>
		\$243,761,944

<sup>(5)</sup> Includes \$5.9 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.

**SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association**

**CHART 8**

**Allocation of Valuation Value of Assets as of June 30, 2014**

The calculation of the valuation value of assets from June 30, 2013 to June 30, 2014 by employer categories is provided below:

	General			
	County	Superior Court	SCAQMD	Others
1 Allocated Valuation Value of Assets as of Beginning of Plan Year	\$4,589,864,013	\$241,738,166	\$506,060,358	\$162,313,504
2 Allocated Valuation Value of Assets as of Beginning of Plan Year Including Future County Safety Contributions	4,589,864,013	241,738,166	506,060,358	162,313,504
3 Member Contributions	57,233,912	2,120,554	4,133,700	1,053,374
4 Employer Contributions	180,588,154	15,263,069	20,614,021	13,850,741
5 Benefit Payments Excluding Burial Allowance Reserve	248,953,441	9,693,858	24,856,831	9,113,351
6 Subtotal (Item 2+3+4-5)	\$4,578,732,637	\$249,427,931	\$505,951,248	\$168,104,268
7 Weighted Average Fund Balance	4,584,298,323	245,583,049	506,005,803	165,208,886
8 Earnings Allocated in Proportion to Item 7	332,734,560	17,824,749	36,726,584	11,991,084
9 Allocated Valuation Value of Assets as of End of Plan Year	\$4,911,467,197	\$267,252,680	\$542,677,832	\$180,095,352
10 Allocated Valuation Value of Assets as of End of Plan Year Including Future County Safety Contributions	\$4,911,467,197	\$267,252,680	\$542,677,832	\$180,095,352

*Note: Results may not add due to rounding.*

## SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association

### CHART 8 (continued)

#### Allocation of Valuation Value of Assets as of June 30, 2014

The calculation of the valuation value of assets from June 30, 2013 to June 30, 2014 by employer categories is provided below:

	Safety		Withdrawn Employers <sup>(1)</sup>	Survivor Benefit Reserve	Total
	County	Others			
1 Allocated Valuation Value of Assets as of Beginning of Plan Year	\$1,623,784,101	\$24,862,553	\$5,373,805	\$50,051,071	\$7,204,047,571
2 Allocated Valuation Value of Assets as of Beginning of Plan Year Including Future County Safety Contributions	1,629,550,984 <sup>(2)</sup>	24,862,553	5,373,805	50,051,071	7,209,814,454
3 Member Contributions	24,285,535	441,435	0	592,488	89,860,998
4 Employer Contributions	88,484,299	2,257,836	8,680,177	592,103	330,330,400
5 Benefit Payments Excluding Burial Allowance Reserve	100,961,373	1,953,660	460,981	1,784,482	397,777,978
6 Subtotal (Item 2+3+4-5)	\$1,635,592,562	\$25,608,164	\$13,593,001	\$49,451,180	\$7,226,460,992
7 Weighted Average Fund Balance	1,629,688,332	25,235,359	9,483,403	49,751,126	7,215,254,281
8 Earnings Allocated in Proportion to Item 7	118,284,979	1,831,616	688,318	3,940,307 <sup>(3)</sup>	524,022,197
9 Allocated Valuation Value of Assets as of End of Plan Year	\$1,753,877,541	\$27,439,780	\$14,281,319	\$53,391,487	\$7,750,483,188
10 Allocated Valuation Value of Assets as of End of Plan Year Including Future County Safety Contributions	\$1,759,780,442 <sup>(4)</sup>	\$27,439,780	\$14,281,319	\$53,391,487	\$7,756,386,089

<sup>(1)</sup> *Withdrawn employers include San Bernardino International Airport Authority, Inland Valley Development Agency and Rim of the World Recreation & Park District.*

<sup>(2)</sup> *Includes \$5.8 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.*

<sup>(3)</sup> *Actual Earnings for Survivor Benefit Reserve.*

<sup>(4)</sup> *Includes \$5.9 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.*

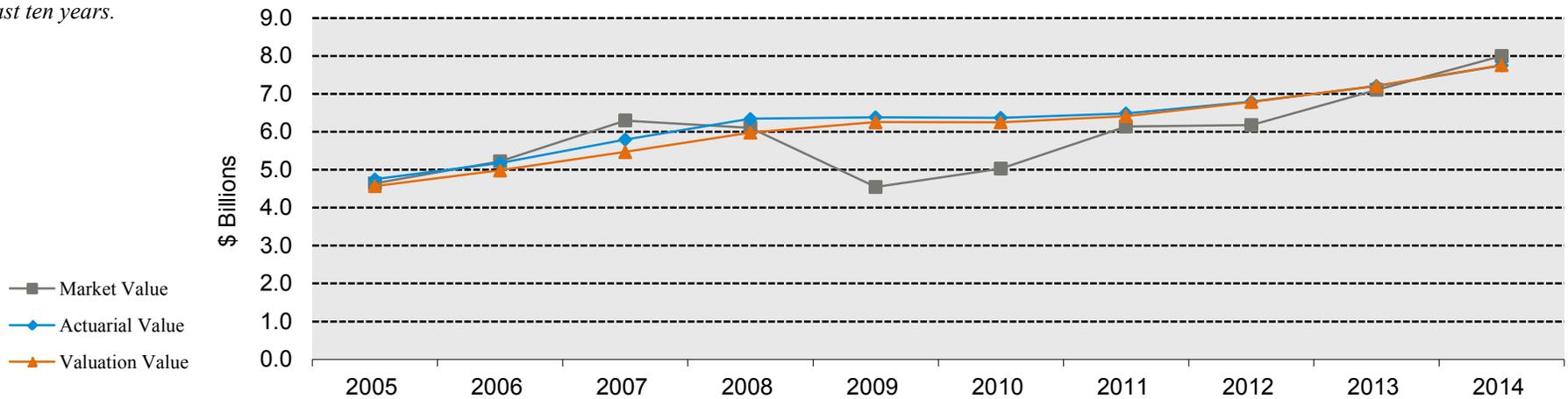
*Note: Results may not add due to rounding.*

**SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association**

The market value, actuarial value and valuation value of assets are representations of SBCERA'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 value of assets is significant because SBCERA'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 the market value, actuarial value and valuation value over the past ten years.*

**CHART 9**  
**Market Value, Actuarial Value and Valuation Value of Assets for Years Ended June 30, 2005 – 2014**



**SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association**

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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 gain is \$241.5 million, a \$35.1 million loss from investments, a \$227.7 million gain from lower than expected individual salary increases and a \$48.9 million gain from all other sources. 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 10**  
**Actuarial Experience for Year Ended June 30, 2014**

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1. Net gain/(loss) from investments*	(\$35,160,000)
2. Net gain/(loss) from lower than expected individual salary increases	227,699,000
3. Net gain/(loss) from other experience**	<u>48,914,000</u>
4. Net experience gain/(loss): (1) + (2) + (3)	<u>\$241,453,000</u>

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\* Details in Chart 11

\*\* See Section 3, Exhibit I. Does not include the effect of plan, assumption or method changes, if any.

**SECTION 2: Valuation Results for the San Bernardino 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 the SBCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.75% for the 2013/2014 plan year (based on the June 30, 2013 actuarial valuation). The actual rate of return on the valuation value of assets for the 2013/2014 plan year was 7.26%.

Since the actual return for the year was less than the assumed return, the SBCERA experienced an actuarial loss on the valuation value of assets during the year ended June 30, 2014 with regard to its investments.

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

**CHART 11**

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

	<b>Market Value</b>	<b>Actuarial Value</b>	<b>Valuation Value</b>
1. Value of investment return	\$868,148,759	\$524,022,197	\$524,022,197
2. Average value of assets	7,115,737,820	7,216,102,438	7,215,254,281
3. Rate of return: (1) ÷ (2)	12.20%	7.26%	7.26%
4. Assumed rate of return	7.75%	7.75%	7.75%
5. Expected return: (2) x (4)	\$551,469,681	\$559,247,939	\$559,182,207
6. Actuarial gain/(loss): (1) – (5)	<u>\$316,679,078</u>	<u>(\$35,225,742)</u>	<u>(\$35,160,010)</u>

## SECTION 2: Valuation Results for the San Bernardino 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 an actuarial, valuation, and market value basis for the last ten years.

### CHART 12

#### Investment Return – Market Value, Actuarial Value and Valuation Value: 2005 – 2014

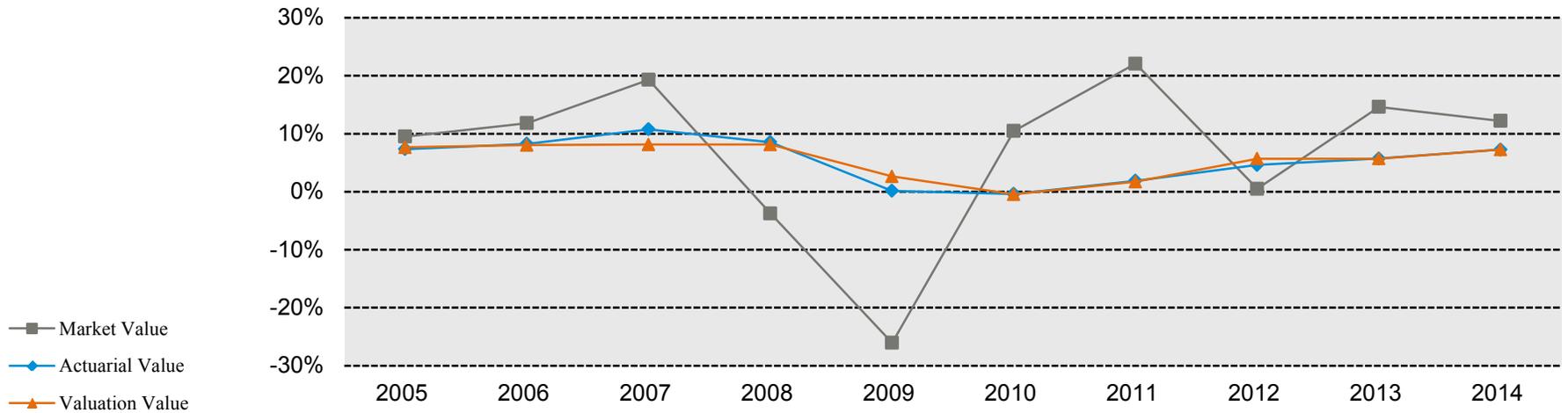
Year Ended June 30	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2005	\$402,389,480	9.51%	\$324,332,271	7.33%	\$324,332,271	7.66%
2006	550,324,264	11.83%	393,715,657	8.26%	369,893,881	8.05%
2007	1,013,956,342	19.31%	560,254,777	10.76%	408,269,118	8.13%
2008	(236,343,803)	-3.74%	497,334,680	8.54%	447,385,275	8.13%
2009	(1,594,063,075)	-26.04%	8,853,979	0.14%	159,672,616	2.64%
2010	476,972,282	10.49%	(24,237,257)	-0.38%	(28,227,423)	-0.45%
2011	1,109,874,395	22.07%	120,048,766	1.89%	108,235,350	1.72%
2012	31,767,425	0.52%	299,992,593	4.62%	365,138,308	5.69%
2013	904,479,788	14.62%	388,686,270	5.71%	388,686,270	5.71%
2014	868,148,759	12.20%	524,022,197	7.26%	524,022,197	7.26%
Total	\$3,527,505,857		\$3,093,003,933		\$3,067,407,863	
Five-Year Average Return		11.70%		3.94%		4.11%
Ten-Year Average Return		6.35%		5.17%		5.25%

Note: Each year's yield is weighted by the average asset value in that year.

**SECTION 2: Valuation Results for the San Bernardino 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.

**CHART 13**  
**Market, Actuarial, and Valuation Rates of Return for Years Ended June 30, 2005 - 2014**



## SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association

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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:

- the extent of 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 \$276,613,000. This gain is mainly the result of lower individual salary increases than expected. See Section 3, Exhibit I for a detailed development of the Unfunded Actuarial Accrued Liability.

## SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association

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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. Please note that the normal cost rate for County General and Superior Court members is a combined rate based on the members at both employers.

#### *Contribution to the Unfunded Actuarial Accrued Liability (UAAL)*

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the combined annual inflation rate and "across the board" increases of 3.75%. The June 30, 2002 UAAL is being recognized over a 20-year declining period effective June 30, 2002. The change in unfunded liability that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation is amortized over its own declining 20-year period. Effective with the June 30, 2012 valuation, any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with the exception of retirement incentives which are amortized over its own declining period of up to 5 years). Please note that all pre-January 1, 1996 retirees and beneficiaries are included as County members only for purposes of this calculation.

The recommended employer contributions are provided on Chart 14. Chart 14a shows the employer rates in the June 30, 2014 valuation. Chart 14b shows the employer rates in the June 30, 2013 valuation. Please note that the employer rates provided in this report exclude any debt payments associated with any pension obligation bonds.

## SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association

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### Member Contributions

#### *Tier 1 Members*

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/100 of Final Average Salary. That age is 55 for General members and 50 for Safety members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Accumulation includes semi-annual crediting of interest at the lesser of the assumed investment earning rate or the six-month T-bill rate. Any difference between the assumed investment earning rate and the actual interest crediting rate will be credited to the annuity reserve. The member contribution rates on a refundable basis are provided in Appendix A. Appendix B contains the member contribution rates on a nonrefundable basis. Please note that the member rates provided in the report are the full rate before reflecting any employer pickup.

#### *Tier 2 Members*

Pursuant to Section 7522.30(a) of the Government Code, General Tier 2 and Safety Tier 2 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 the requirements of Section 7522.30(e). Also of note is that based on our discussions with SBCERA, we have reflected the discretion made recently available by Section 31620.5(a) of AB 1380 to no longer round the Tier 2 member contribution rates to the nearest one quarter of one percent as was previously required by CalPEPRA. This is consistent with established practice for the Tier 1 plans and should

**SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association**

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allow for exactly one-half of the normal cost for the Tier 2 plans to be paid by the employees and one-half by the employers. In addition, Section 31620.5(b) of AB 1380 also confirms that the “one percent rule” under Section 7522.30(d) does not apply. This Section formerly limited the circumstances under which the Tier 2 member rate would change.

The member contribution rates on a refundable basis are provided in Appendix A. Appendix B contains the member contribution rates on a nonrefundable basis.

Administrative Expense

The Board adopted an explicit administrative expense assumption of 0.60% of payroll as of June 30, 2014. This explicit administrative expense is allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member. This results in an administrative expense load shown in the following table:

**Allocation of Administrative Expense Load of 0.60% of Payroll**

<u>Component</u>	<u>% of Payroll</u>
Employer Basic Normal Cost Rate	0.17%
Employer Basic UAAL Rate	0.26%
Member Basic Rate	0.17%

This allocation is based on the following total average contribution rates before including administrative expenses:

	<u>Total Average Rate Before Administrative Expense</u>	<u>Weighting</u>	<u>Total Loading</u>
Employer Total	26.84%	71.1%	0.43%
Member	10.89%	<u>28.9%</u>	<u>0.17%</u>
		100.0%	0.60%

Note that the employer Normal Cost rate has been increased by the same percent of payroll as the member rate with the remaining employer loading allocated to the employer UAAL rate. The administrative expense load has been added to the Basic rates.

## SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association

**CHART 14a**  
**Recommended Employer Contribution Rates**

	June 30, 2014 Actuarial Valuation					
	Basic		COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
<b>County General Tier 1</b>						
Normal Cost	9.82%	\$79,463	1.68%	\$13,594	11.50%	\$93,057
UAAL	6.17%	49,927	4.82%	39,003	10.99%	88,930
Total Contribution	15.99%	\$129,390	6.50%	\$52,597	22.49%	\$181,987
<b>County General Tier 2</b>						
Normal Cost	6.90%	\$6,182	1.50%	\$1,344	8.40%	\$7,526
UAAL	6.17%	5,528	4.82%	4,319	10.99%	9,847
Total Contribution	13.07%	\$11,710	6.32%	\$5,663	19.39%	\$17,373
<b>County Safety Tier 1</b>						
Normal Cost	18.71%	\$34,964	3.35%	\$6,260	22.06%	\$41,224
UAAL	12.71%	23,752	14.32%	26,760	27.03%	50,512
Total Contribution	31.42%	\$58,716	17.67%	\$33,020	49.09%	\$91,736
<b>County Safety Tier 2</b>						
Normal Cost	12.15%	\$1,225	3.07%	\$309	15.22%	\$1,534
UAAL	12.71%	1,281	14.32%	1,443	27.03%	2,724
Total Contribution	24.86%	\$2,506	17.39%	\$1,752	42.25%	\$4,258
<b>All County Members</b>						
Normal Cost	11.12%	\$121,834	1.96%	\$21,507	13.08%	\$143,341
UAAL	7.35%	80,488	6.52%	71,525	13.87%	152,013
Total Contribution	18.47%	\$202,322	8.48%	\$93,032	26.95%	\$295,354
<b>Superior Court Tier 1</b>						
Normal Cost	9.82%	\$5,695	1.68%	\$974	11.50%	\$6,669
UAAL	9.59%	5,562	2.80%	1,624	12.39%	7,186
Total Contribution	19.41%	\$11,257	4.48%	\$2,598	23.89%	\$13,855
<b>Superior Court Tier 2</b>						
Normal Cost	6.90%	\$194	1.50%	\$43	8.40%	\$237
UAAL	9.59%	270	2.80%	78	12.39%	348
Total Contribution	16.49%	\$464	4.30%	\$121	20.79%	\$585
<b>SCAQMD Tier 1</b>						
Normal Cost	9.95%	\$6,650	1.78%	\$1,189	11.73%	\$7,839
UAAL	13.25%	8,856	5.21%	3,483	18.46%	12,339
Total Contribution	23.20%	\$15,506	6.99%	\$4,672	30.19%	\$20,178
<b>SCAQMD Tier 2</b>						
Normal Cost	6.53%	\$82	1.44%	\$18	7.97%	\$100
UAAL	13.25%	166	5.21%	65	18.46%	231
Total Contribution	19.78%	\$248	6.65%	\$83	26.43%	\$331

\*Amounts are in thousands and are based on June 30, 2014 projected compensation (also in thousands) as shown on page 18. The Basic Normal Cost and UAAL rates shown for each cost group include an explicit administrative expense of 0.17% and 0.26% of payroll, respectively.

**SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association**

**CHART 14a (continued)  
Recommended Employer Contribution Rates**

	June 30, 2014 Actuarial Valuation					
	Basic		COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
<b>Other General Tier 1</b>						
Normal Cost	10.95%	\$4,059	1.88%	\$697	12.83%	\$4,756
UAAL	15.60%	5,783	4.88%	1,809	20.48%	7,592
Total Contribution	26.55%	\$9,842	6.76%	\$2,506	33.31%	\$12,348
<b>Other General Tier 2</b>						
Normal Cost	7.65%	\$210	1.64%	\$45	9.29%	\$255
UAAL	15.60%	428	4.88%	134	20.48%	562
Total Contribution	23.25%	\$638	6.52%	\$179	29.77%	\$817
<b>Other Safety Tier 1</b>						
Normal Cost	19.73%	\$534	3.49%	\$94	23.22%	\$628
UAAL	28.40%	769	17.39%	471	45.79%	1,240
Total Contribution	48.13%	\$1,303	20.88%	\$565	69.01%	\$1,868
<b>Other Safety Tier 2</b>						
Normal Cost	10.33%	\$52	2.49%	\$12	12.82%	\$64
UAAL	28.40%	142	17.39%	87	45.79%	229
Total Contribution	38.73%	\$194	19.88%	\$99	58.61%	\$293
<b>All Employers Combined</b>						
Normal Cost	10.99%	\$139,310	1.94%	\$24,579	12.93%	\$163,889
UAAL	8.08%	102,464	6.26%	79,276	14.34%	181,740
Total Contribution	19.07%	\$241,774	8.20%	\$103,855	27.27%	\$345,629

\*Amounts are in thousands and are based on June 30, 2014 projected compensation (also in thousands) shown below. The Basic Normal Cost and UAAL rates shown for each cost group include an explicit administrative expense of 0.17% and 0.26% of payroll, respectively.

County General Tier 1	\$809,197
County General Tier 2	89,595
County Safety Tier 1	186,875
County Safety Tier 2	10,080
Superior Court Tier 1	57,996
Superior Court Tier 2	2,814
SCAQMD Tier 1	66,838
SCAQMD Tier 2	1,251
Other General Tier 1	37,071
Other General Tier 2	2,741
Other Safety Tier 1	2,709
Other Safety Tier 2	500
Total	\$1,267,667

## SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association

**CHART 14b**  
**Recommended Employer Contribution Rates**

	June 30, 2013 Actuarial Valuation					
	Basic		COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
<b>County General Tier 1</b>						
Normal Cost	8.54%	\$73,689	1.56%	\$13,461	10.10%	\$87,150
UAAL	5.72%	49,356	4.42%	38,139	10.14%	87,495
Total Contribution	14.26%	\$123,045	5.98%	\$51,600	20.24%	\$174,645
<b>County General Tier 2</b>						
Normal Cost	6.70%	\$1,532	1.18%	\$270	7.88%	\$1,802
UAAL	5.72%	1,308	4.42%	1,011	10.14%	2,319
Total Contribution	12.42%	\$2,840	5.60%	\$1,281	18.02%	\$4,121
<b>County Safety Tier 1</b>						
Normal Cost	16.91%	\$33,240	2.97%	\$5,838	19.88%	\$39,078
UAAL	11.13%	21,878	12.14%	23,864	23.27%	45,742
Total Contribution	28.04%	\$55,118	15.11%	\$29,702	43.15%	\$84,820
<b>County Safety Tier 2</b>						
Normal Cost	11.21%	\$162	2.54%	\$36	13.75%	\$198
UAAL	11.13%	160	12.14%	176	23.27%	336
Total Contribution	22.34%	\$322	14.68%	\$212	37.02%	\$534
<b>All County Members</b>						
Normal Cost	10.02%	\$108,623	1.81%	\$19,605	11.83%	\$128,228
UAAL	6.71%	72,702	5.83%	63,190	12.54%	135,892
Total Contribution	16.73%	\$181,325	7.64%	\$82,795	24.37%	\$264,120
<b>Superior Court Tier 1</b>						
Normal Cost	8.54%	\$4,954	1.56%	\$905	10.10%	\$5,859
UAAL	9.03%	5,238	2.62%	1,520	11.65%	6,758
Total Contribution	17.57%	\$10,192	4.18%	\$2,425	21.75%	\$12,617
<b>Superior Court Tier 2</b>						
Normal Cost	6.70%	\$13	1.18%	\$3	7.88%	\$16
UAAL	9.03%	18	2.62%	5	11.65%	23
Total Contribution	15.73%	\$31	3.80%	\$8	19.53%	\$39
<b>SCAQMD Tier 1</b>						
Normal Cost	8.61%	\$6,492	1.62%	\$1,221	10.23%	\$7,713
UAAL	12.96%	9,771	4.57%	3,446	17.53%	13,217
Total Contribution	21.57%	\$16,263	6.19%	\$4,667	27.76%	\$20,930
<b>SCAQMD Tier 2</b>						
Normal Cost	6.73%	\$15	1.10%	\$3	7.83%	\$18
UAAL	12.96%	29	4.57%	11	17.53%	40
Total Contribution	19.69%	\$44	5.67%	\$14	25.36%	\$58

\*Amounts are in thousands and are based on June 30, 2013 projected compensation (also in thousands) as shown on page 20.

## SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association

**CHART 14b (continued)**  
**Recommended Employer Contribution Rates**

	June 30, 2013 Actuarial Valuation					
	Basic		COLA		Total	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
<b>Other General Tier 1</b>						
Normal Cost	9.87%	\$4,095	1.80%	\$746	11.67%	\$4,841
UAAL	14.01%	5,812	4.23%	1,755	18.24%	7,567
Total Contribution	23.88%	\$9,907	6.03%	\$2,501	29.91%	\$12,408
<b>Other General Tier 2</b>						
Normal Cost	6.14%	\$23	1.06%	\$4	7.20%	\$27
UAAL	14.01%	52	4.23%	15	18.24%	67
Total Contribution	20.15%	\$75	5.29%	\$19	25.44%	\$94
<b>Other Safety Tier 1</b>						
Normal Cost	17.47%	\$559	3.01%	\$96	20.48%	\$655
UAAL	24.78%	793	14.39%	460	39.17%	1,253
Total Contribution	42.25%	\$1,352	17.40%	\$556	59.65%	\$1,908
<b>Other Safety Tier 2</b>						
Normal Cost	9.51%	\$12	2.05%	\$2	11.56%	\$14
UAAL	24.78%	30	14.39%	17	39.17%	47
Total Contribution	34.29%	\$42	16.44%	\$19	50.73%	\$61
<b>All Employers Combined</b>						
Normal Cost	9.88%	\$124,786	1.79%	\$22,585	11.67%	\$147,371
UAAL	7.48%	94,445	5.58%	70,419	13.06%	164,864
Total Contribution	17.36%	\$219,231	7.37%	\$93,004	24.73%	\$312,235

\*Amounts are in thousands and are based on June 30, 2013 projected compensation (also in thousands) shown below:

County General Tier 1	\$862,867
County General Tier 2	22,870
County Safety Tier 1	196,569
County Safety Tier 2	1,442
Superior Court Tier 1	58,007
Superior Court Tier 2	198
SCAQMD Tier 1	75,397
SCAQMD Tier 2	226
Other General Tier 1	41,486
Other General Tier 2	369
Other Safety Tier 1	3,200
Other Safety Tier 2	121
Total	\$1,262,752

## SECTION 2: Valuation Results for the San Bernardino 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 Average Employer Contribution

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

#### CHART 15

#### Reconciliation of Recommended Average Employer Contribution from June 30, 2013 to June 30, 2014 (Dollar Amounts in Thousands)

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

	Contribution Rate	Estimated Annual Dollar Cost <sup>(1)</sup>
<b>Recommended Average Employer Contribution Rate in June 30, 2013 Valuation</b>	24.73%	\$312,235
Effect of investment loss <sup>(2)</sup>	0.20%	2,535
Effect of lower than expected individual salary increases for actives	-1.29%	-16,353
Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll	0.59%	7,479
Effect of difference between actual and expected contributions	0.18%	2,282
Effect of other experience (gains)/losses <sup>(3)</sup>	-0.20%	-1,336
Effect of other changes in actuarial assumptions <sup>(4)</sup>	<u>3.06%</u>	<u>38,787</u>
<b>Total change</b>	<u>2.54%</u>	<u>\$33,394</u>
<b>Recommended Average Employer Contribution Rate in June 30, 2014 Valuation</b>	27.27%	\$345,629

<sup>(1)</sup> Based on projected compensation for each valuation date shown.

<sup>(2)</sup> Return on the valuation value of assets of 7.26% was less than the 7.75% assumed rate of return.

<sup>(3)</sup> Other differences in actual versus expected experience. Estimated annual dollar cost also reflects the change in projected compensation from the prior valuation.

<sup>(4)</sup> Assumption changes based on June 30, 2014 Review of Economic Assumptions and Actuarial Experience Study. This includes an explicit administrative expense load of 0.43% of payroll that has been allocated to the employer contribution rate.

**SECTION 2: Valuation Results for the San Bernardino 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 Average Member Contribution Rate**

The chart below details the changes in the recommended average 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 16**

**Reconciliation of Recommended Average Member Contribution from June 30, 2013 to June 30, 2014 (Dollar Amounts in Thousands)**

	Contribution Rate	Estimated Annual Dollar Cost <sup>(1)</sup>
<b>Recommended Average Member Contribution Rate in June 30, 2013 Valuation</b>	10.51%	\$132,770
Effect of changes in actuarial assumptions <sup>(2)</sup>	0.69%	8,745
Effect of other changes including demographic profile of employee group <sup>(3)</sup>	<u>-0.14%</u>	<u>-1,303</u>
<b>Total change</b>	<u>0.55%</u>	<u>\$7,442</u>
<b>Recommended Average Member Contribution Rate in June 30, 2014 Valuation</b>	11.06%	\$140,212

<sup>(1)</sup> Based on projected compensation for each valuation date shown.

<sup>(2)</sup> Assumption changes based on June 30, 2014 Review of Economic Assumptions and Actuarial Experience Study. This includes an explicit administrative expense load of 0.17% of payroll that has been allocated to the member contribution rate.

<sup>(3)</sup> Other differences in actual versus expected experience. Estimated annual dollar cost also reflects the change in projected compensation from the prior valuation.

## SECTION 2: Valuation Results for the San Bernardino County Employees' Retirement Association

### E. INFORMATION REQUIRED BY GASB 27

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

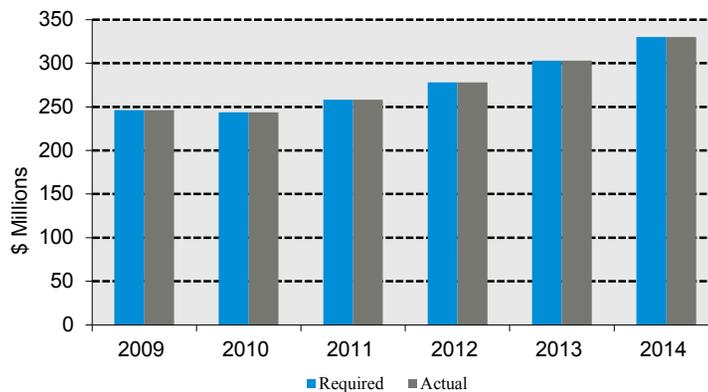
Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of GASB reporting requirements. Chart 17 below presents a graphical representation of this information 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 standards. High ratios indicate a well-funded plan with assets sufficient to cover the Plan's actuarial 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 changes.

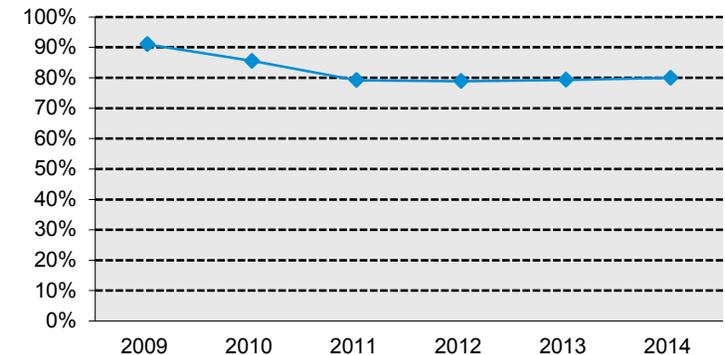
The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III and IV.

*These graphs show key GASB factors.*

**CHART 17**  
**Required Versus Actual Contributions**



**CHART 18**  
**Funded Ratio (Actuarial Value of Assets Compared to Actuarial Accrued Liability)**



## SECTION 2: Valuation Results for the San Bernardino 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 SBCERA, the current AVR is about 6.3. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 6.3% of one-year's payroll. Since SBCERA amortizes actuarial gains and losses over a period of 20 years, there would be a 0.5% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

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

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

For SBCERA, the current LVR is about 7.6. This is about 21% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long-term.

### CHART 19

#### Volatility Ratios for Years Ended June 30, 2009 – 2014

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2009	3.7	5.7
2010	4.0	6.0
2011	4.9	6.6
2012	4.9	6.8
2013	5.6	7.2
2014	6.3	7.6

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

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
i. County General Tier 1**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	13,352	14,544	-8.2%
Average age	46.2	45.4	N/A
Average service	12.1	11.1	N/A
Projected total compensation	\$809,196,993	\$862,866,670	-6.2%
Projected average compensation	\$60,605	\$59,328	2.2%
Account balances	\$723,426,342	\$720,151,018	0.5%
Total active vested members	10,836	11,163	-2.9%
<b>Vested terminated members:<sup>(1)</sup></b>	3,530	3,300	7.0%
<b>Retired members:</b>			
Number in pay status	6,076	5,796	4.8%
Average age	69.8	69.8	N/A
Average monthly benefit	\$2,944	\$2,873	2.5%
<b>Disabled members:</b>			
Number in pay status	763	752	1.5%
Average age	65.0	64.5	N/A
Average monthly benefit <sup>(2)</sup>	\$2,024	\$1,982	2.1%
<b>Beneficiaries in pay status:</b>			
Number in pay status	1,079	1,103	-2.2%
Average age	74.0	73.9	N/A
Average monthly benefit <sup>(3)</sup>	\$1,372	\$1,354	1.3%

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(2)</sup> Excludes Supplemental Disability Benefit amounts.

<sup>(3)</sup> Excludes Survivor Benefit amounts.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
ii. County General Tier 2**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2014</b>	<b>2013</b>	
<b>Active members in valuation:</b>			
Number	1,916	628	205.1%
Average age	36.3	36.6	N/A
Average service	0.7	0.3	N/A
Projected total compensation	\$89,594,780	\$22,870,267	291.8%
Projected average compensation	\$46,761	\$36,418	28.4%
Account balances	\$4,139,915	\$457,331	805.2%
Total active vested members	12	2	500.0%
<b>Vested terminated members:<sup>(1)</sup></b>	170	17	900.0%
<b>Retired members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(2)</sup>	N/A	N/A	N/A
<b>Beneficiaries in pay status:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(2)</sup> Excludes Supplemental Disability Benefit amounts.

<sup>(3)</sup> Excludes Survivor Benefit amounts.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
iii. County Safety Tier 1**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2014</b>	<b>2013</b>	
<b>Active members in valuation:</b>			
Number	1,999	2,098	-4.7%
Average age	41.3	40.7	N/A
Average service	14.1	13.4	N/A
Projected total compensation	\$186,874,923	\$196,568,566	-4.9%
Projected average compensation	\$93,484	\$93,693	-0.2%
Account balances	\$189,825,136	\$187,548,126	1.2%
Total active vested members	1,798	1,850	-2.8%
<b>Vested terminated members:<sup>(1)</sup></b>	171	156	9.6%
<b>Retired members:</b>			
Number in pay status	738	697	5.9%
Average age	63.92	63.8	N/A
Average monthly benefit	\$6,403	\$6,319	1.3%
<b>Disabled members:</b>			
Number in pay status	642	621	3.4%
Average age	61.44	61	N/A
Average monthly benefit	\$4,706	\$4,521	4.1%
<b>Beneficiaries:</b>			
Number in pay status	280	237	18.1%
Average age	66.6	66.2	N/A
Average monthly benefit	\$2,402	\$2,225	8.0%

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
iv. County Safety Tier 2**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	144	26	453.8%
Average age	29.9	28.7	N/A
Average service	0.9	0.4	N/A
Projected total compensation	\$10,079,818	\$1,441,532	599.2%
Projected average compensation	\$69,999	\$55,444	26.3%
Account balances	\$818,032	\$47,605	1,618.4%
Total active vested members	0	0	N/A
<b>Vested terminated members:<sup>(1)</sup></b>	0	0	N/A
<b>Retired members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
<b>Beneficiaries:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
v. Superior Court Tier 1**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	825	889	-7.2%
Average age	46.4	45.6	N/A
Average service	13.2	12.3	N/A
Projected total compensation	\$57,996,350	\$58,007,246	0.0%
Projected average compensation	\$70,299	\$65,250	7.7%
Account balances	\$53,897,135	\$53,579,834	0.6%
Total active vested members	727	751	-3.2%
<b>Vested terminated members:<sup>(1)</sup></b>	143	132	8.3%
<b>Retired members:</b>			
Number in pay status	201	177	13.6%
Average age	64.4	63.5	N/A
Average monthly benefit	\$3,763	\$3,673	2.5%
<b>Disabled members:</b>			
Number in pay status	20	20	0.0%
Average age	54.6	53.6	N/A
Average monthly benefit <sup>(2)</sup>	\$2,321	\$2,284	1.6%
<b>Beneficiaries:</b>			
Number in pay status	12	9	33.3%
Average age	59.3	55.6	N/A
Average monthly benefit <sup>(3)</sup>	\$1,467	\$1,515	-3.2%

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(2)</sup> Excludes Supplemental Disability Benefit amounts.

<sup>(3)</sup> Excludes Survivor Benefit amounts.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
vi. Superior Court Tier 2**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	64	3	2033.3%
Average age	37.2	33.4	N/A
Average service	0.8	0.3	N/A
Projected total compensation	\$2,814,001	\$197,886	1322.0%
Projected average compensation	\$43,969	\$65,962	-33.3%
Account balances	\$179,157	\$3,833	4574.1%
Total active vested members	2	0	N/A
<b>Vested terminated members:<sup>(1)</sup></b>	7	0	N/A
<b>Retired members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(2)</sup>	N/A	N/A	N/A
<b>Beneficiaries:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(2)</sup> Excludes Supplemental Disability Benefit amounts.

<sup>(3)</sup> Excludes Survivor Benefit amounts.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
vii. SCAQMD Tier 1**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	679	709	-4.2%
Average age	50.7	50.0	N/A
Average service	18.3	17.6	N/A
Projected total compensation	\$66,837,878	\$75,397,352	-11.4%
Projected average compensation	\$98,436	\$106,343	-7.4%
Account balances	\$47,236,100	\$45,857,706	3.0%
Total active vested members	642	620	3.5%
<b>Vested terminated members:<sup>(1)</sup></b>	110	106	3.8%
<b>Retired members:</b>			
Number in pay status	404	392	3.1%
Average age	69.2	68.8	N/A
Average monthly benefit	\$4,663	\$4,469	4.3%
<b>Disabled members:</b>			
Number in pay status	24	26	-7.7%
Average age	68.2	68.0	N/A
Average monthly benefit <sup>(2)</sup>	\$3,139	\$3,070	2.2%
<b>Beneficiaries:</b>			
Number in pay status	71	66	7.6%
Average age	73.0	71.9	N/A
Average monthly benefit <sup>(3)</sup>	\$1,764	\$1,700	3.8%

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(2)</sup> Excludes Supplemental Disability Benefit amounts.

<sup>(3)</sup> Excludes Survivor Benefit amounts.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
viii. SCAQMD Tier 2**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	18	4	350.0%
Average age	36.4	36.6	N/A
Average service	0.7	0.4	N/A
Projected total compensation	\$1,250,669	\$225,839	453.8%
Projected average compensation	\$69,482	\$56,460	23.1%
Account balances	\$57,492	\$5,909	873.0%
Total active vested members	0	0	N/A
<b>Vested terminated members:<sup>(1)</sup></b>	0	0	N/A
<b>Retired members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(2)</sup>	N/A	N/A	N/A
<b>Beneficiaries:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(2)</sup> Excludes Supplemental Disability Benefit amounts.

<sup>(3)</sup> Excludes Survivor Benefit amounts.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
ix. Other General Tier 1**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	404	455	-11.2%
Average age	46.9	46.7	N/A
Average service	12.1	11.1	N/A
Projected total compensation	\$37,070,867	\$41,485,925	-10.6%
Projected average compensation	\$91,760	\$91,178	0.6%
Account balances	\$25,564,798	\$26,266,407	-2.7%
Total active vested members	328	346	-5.2%
<b>Vested terminated members:<sup>(1)</sup></b>	190	174	9.2%
<b>Retired members:</b>			
Number in pay status	221	199	11.1%
Average age	66.2	65.9	N/A
Average monthly benefit	\$3,308	\$3,234	2.3%
<b>Disabled members:</b>			
Number in pay status	14	14	0.0%
Average age	59.9	58.9	N/A
Average monthly benefit <sup>(2)</sup>	\$2,591	\$2,545	1.8%
<b>Beneficiaries:</b>			
Number in pay status	18	16	12.5%
Average age	69.3	69.4	N/A
Average monthly benefit <sup>(3)</sup>	\$1,286	\$1,272	1.1%

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(2)</sup> Excludes Supplemental Disability Benefit amounts.

<sup>(3)</sup> Excludes Survivor Benefit amounts.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
x. Other General Tier 2**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2014</b>	<b>2013</b>	
<b>Active members in valuation:</b>			
Number	56	9	522.2%
Average age	41.6	38.7	N/A
Average service	0.6	0.3	N/A
Projected total compensation	\$2,741,134	\$368,778	643.3%
Projected average compensation	\$48,949	\$40,975	19.5%
Account balances	\$124,212	\$10,026	1138.9%
Total active vested members	0	0	N/A
<b>Vested terminated members:<sup>(1)</sup></b>			
	0	0	N/A
<b>Retired members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(2)</sup>	N/A	N/A	N/A
<b>Beneficiaries:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(2)</sup> Excludes Supplemental Disability Benefit amounts.

<sup>(3)</sup> Excludes Survivor Benefit amounts.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
xi. Other Safety Tier 1**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	33	34	-2.9%
Average age	42.1	42.0	N/A
Average service	11.2	11.2	N/A
Projected total compensation	\$2,709,122	\$3,200,472	-15.4%
Projected average compensation	\$82,095	\$94,132	-12.8%
Account balances	\$3,628,422	\$3,837,067	-5.4%
Total active vested members	28	30	-6.7%
<b>Vested terminated members:<sup>(1)</sup></b>	18	17	5.9%
<b>Retired members:</b>			
Number in pay status	19	14	35.7%
Average age	60.3	61.1	N/A
Average monthly benefit	\$5,498	\$6,347	-13.4%
<b>Disabled members:</b>			
Number in pay status	11	11	0.0%
Average age	59.8	58.8	N/A
Average monthly benefit	\$4,099	\$4,024	1.9%
<b>Beneficiaries:</b>			
Number in pay status	2	1	100.0%
Average age	62.2	70.9	N/A
Average monthly benefit	\$1,592	\$88	1709.1%

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
xii. Other Safety Tier 2**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	7	2	250.0%
Average age	27.2	24.8	N/A
Average service	0.3	0.1	N/A
Projected total compensation	\$500,276	\$121,431	312.0%
Projected average compensation	\$71,468	\$60,715	17.7%
Account balances	\$16,902	\$2,120	697.3%
Total active vested members	0	0	N/A
<b>Vested terminated members:<sup>(1)</sup></b>			
	0	0	N/A
<b>Retired members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
<b>Beneficiaries:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT A**

**Table of Plan Coverage  
xiii. Withdrawn Other General Employers<sup>(1)</sup>**

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	0	0	N/A
Average age	N/A	N/A	N/A
Average service	N/A	N/A	N/A
Projected total compensation	N/A	N/A	N/A
Projected average compensation	N/A	N/A	N/A
Account balances	N/A	N/A	N/A
Total active vested members	0	0	N/A
<b>Vested terminated members:<sup>(2)</sup></b>	17	19	-10.5%
<b>Retired members:</b>			
Number in pay status	22	21	4.8%
Average age	64.4	63.6	N/A
Average monthly benefit	\$1,721	\$1,747	-1.5%
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A
<b>Beneficiaries:</b>			
Number in pay status	1	1	0.0%
Average age	58.6	57.6	N/A
Average monthly benefit <sup>(4)</sup>	\$1,658	\$1,642	1.0%

<sup>(1)</sup> Includes San Bernardino International Airport Authority, Inland Valley Development Agency and Rim of the World Recreation & Park District.

<sup>(2)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(3)</sup> Excludes Supplemental Disability Benefit amounts.

<sup>(4)</sup> Excludes Survivor Benefit amounts.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**i. County General Tier 1**

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	61	2	--	--	--	--	--	--	--
	\$37,299	\$37,343	\$35,936	--	--	--	--	--	--	--
25 - 29	731	516	211	4	--	--	--	--	--	--
	48,453	48,256	48,743	\$58,616	--	--	--	--	--	--
30 - 34	1,543	570	819	152	2	--	--	--	--	--
	53,762	48,979	56,920	54,802	\$44,500	--	--	--	--	--
35 - 39	1,898	432	800	529	135	2	--	--	--	--
	58,356	50,383	60,898	60,130	61,533	\$79,692	--	--	--	--
40 - 44	2,044	361	622	545	401	110	5	--	--	--
	61,015	47,676	61,577	64,407	65,384	68,637	\$66,540	--	--	--
45 - 49	1,912	248	468	473	378	269	72	3	1	--
	62,325	50,180	59,890	64,345	68,613	64,993	63,188	\$81,630	\$44,791	--
50 - 54	1,979	193	412	451	321	312	216	69	4	1
	64,064	52,750	60,087	62,276	64,958	69,116	75,373	69,116	58,956	\$58,833
55 - 59	1,810	135	332	401	308	266	171	140	55	2
	65,837	58,856	63,943	61,780	64,363	66,748	72,455	80,177	71,290	51,419
60 - 64	1,040	76	212	230	159	163	125	52	21	2
	64,554	52,540	60,667	62,669	64,696	65,601	65,650	91,983	84,358	63,427
65 - 69	267	15	74	66	54	30	21	6	1	--
	63,123	76,492	61,318	58,887	61,247	74,532	60,493	59,239	113,291	--
70 & over	65	2	15	18	16	10	3	1	--	--
	59,914	40,457	53,319	63,476	60,739	64,466	69,252	46,913	--	--
Total	13,352	2,609	3,967	2,869	1,774	1,162	613	271	82	5
	\$60,605	\$49,776	\$59,543	\$62,117	\$65,272	\$67,199	\$70,534	\$79,056	\$74,224	\$57,705

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**ii. County General Tier 2**

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	179	179	--	--	--	--	--	--	--	--
	\$44,190	\$44,190	--	--	--	--	--	--	--	--
25 - 29	481	481	--	--	--	--	--	--	--	--
	46,230	46,230	--	--	--	--	--	--	--	--
30 - 34	382	380	2	--	--	--	--	--	--	--
	45,604	45,531	\$59,583	--	--	--	--	--	--	--
35 - 39	260	259	--	1	--	--	--	--	--	--
	47,321	47,376	--	\$33,094	--	--	--	--	--	--
40 - 44	212	209	3	--	--	--	--	--	--	--
	46,934	46,559	73,098	--	--	--	--	--	--	--
45 - 49	157	156	1	--	--	--	--	--	--	--
	46,692	46,617	58,452	--	--	--	--	--	--	--
50 - 54	121	121	--	--	--	--	--	--	--	--
	47,461	47,461	--	--	--	--	--	--	--	--
55 - 59	82	82	--	--	--	--	--	--	--	--
	49,466	49,466	--	--	--	--	--	--	--	--
60 - 64	38	38	--	--	--	--	--	--	--	--
	61,480	61,480	--	--	--	--	--	--	--	--
65 - 69	4	4	--	--	--	--	--	--	--	--
	76,995	76,995	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>1,916</b>	<b>1,909</b>	<b>6</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
	<b>\$46,761</b>	<b>\$46,708</b>	<b>\$66,152</b>	<b>\$33,094</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**iii. County Safety Tier 1**

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	37	37	--	--	--	--	--	--	--	--
	\$68,094	\$68,094	--	--	--	--	--	--	--	--
25 - 29	181	90	91	--	--	--	--	--	--	--
	75,771	69,660	\$81,815	--	--	--	--	--	--	--
30 - 34	332	52	234	46	--	--	--	--	--	--
	84,566	71,818	86,304	\$90,136	--	--	--	--	--	--
35 - 39	361	16	158	137	49	1	--	--	--	--
	90,241	74,266	87,122	92,595	\$99,082	\$82,841	--	--	--	--
40 - 44	374	4	98	97	141	33	1	--	--	--
	96,381	83,543	90,580	94,284	100,251	104,640	\$101,558	--	--	--
45 - 49	343	2	41	58	78	101	60	3	--	--
	102,068	65,258	89,261	93,250	98,966	106,180	116,509	\$125,564	--	--
50 - 54	252	6	24	28	36	58	85	14	1	--
	106,031	80,340	101,115	98,314	99,834	102,228	115,257	117,765	\$89,508	--
55 - 59	89	--	12	9	10	26	25	7	--	--
	102,113	--	106,503	95,177	101,785	97,187	106,106	108,008	--	--
60 - 64	24	--	3	2	7	5	6	1	--	--
	103,865	--	106,343	116,599	100,509	99,780	108,810	85,202	--	--
65 - 69	6	1	--	2	1	--	--	2	--	--
	105,222	60,000	--	136,407	129,174	--	--	84,673	--	--
<b>Total</b>	<b>1,999</b>	<b>208</b>	<b>661</b>	<b>379</b>	<b>322</b>	<b>224</b>	<b>177</b>	<b>27</b>	<b>1</b>	<b>--</b>
	<b>\$93,484</b>	<b>\$70,762</b>	<b>\$87,694</b>	<b>\$93,671</b>	<b>\$99,858</b>	<b>\$103,639</b>	<b>\$114,093</b>	<b>\$112,445</b>	<b>\$89,508</b>	<b>--</b>

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**iv. County Safety Tier 2**

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	47	47	--	--	--	--	--	--	--	--
	\$66,481	\$66,481	--	--	--	--	--	--	--	--
25 - 29	49	49	--	--	--	--	--	--	--	--
	67,262	67,262	--	--	--	--	--	--	--	--
30 - 34	24	24	--	--	--	--	--	--	--	--
	69,353	69,353	--	--	--	--	--	--	--	--
35 - 39	8	8	--	--	--	--	--	--	--	--
	74,073	74,073	--	--	--	--	--	--	--	--
40 - 44	4	4	--	--	--	--	--	--	--	--
	69,344	69,344	--	--	--	--	--	--	--	--
45 - 49	2	2	--	--	--	--	--	--	--	--
	74,950	74,950	--	--	--	--	--	--	--	--
50 - 54	6	6	--	--	--	--	--	--	--	--
	97,307	97,307	--	--	--	--	--	--	--	--
55 - 59	3	3	--	--	--	--	--	--	--	--
	95,316	95,316	--	--	--	--	--	--	--	--
60 - 64	1	1	--	--	--	--	--	--	--	--
	105,274	105,274	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>144</b>	<b>144</b>	<b>--</b>							
	<b>\$69,999</b>	<b>\$69,999</b>	<b>--</b>							

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014  
By Age and Years of Service  
v. Superior Court Tier 1**

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	1	1	--	--	--	--	--	--	--	--
	\$45,916	\$45,916	--	--	--	--	--	--	--	--
25 - 29	43	19	24	--	--	--	--	--	--	--
	51,212	47,917	\$53,821	--	--	--	--	--	--	--
30 - 34	94	17	62	15	--	--	--	--	--	--
	56,185	55,018	56,279	\$57,120	--	--	--	--	--	--
35 - 39	115	28	43	35	9	--	--	--	--	--
	62,938	62,613	61,465	63,413	\$69,132	--	--	--	--	--
40 - 44	118	10	50	35	15	5	3	--	--	--
	70,829	76,315	74,566	66,514	68,675	\$65,006	\$61,077	--	--	--
45 - 49	133	13	42	29	22	14	12	1	--	--
	71,348	72,365	72,375	72,846	73,531	63,635	65,252	\$104,627	--	--
50 - 54	134	8	30	28	18	25	19	5	1	--
	73,072	106,587	63,419	79,431	72,826	65,307	73,863	69,547	\$117,677	--
55 - 59	111	2	19	21	15	18	14	17	5	--
	84,210	89,185	73,672	89,035	94,966	70,152	94,339	90,173	71,700	--
60 - 64	61	6	12	5	15	6	11	6	--	--
	83,253	58,852	80,470	109,095	86,989	69,232	73,702	113,874	--	--
65 - 69	11	--	5	2	3	1	--	--	--	--
	75,039	--	73,013	73,079	86,902	53,505	--	--	--	--
70 & over	4	--	2	1	1	--	--	--	--	--
	84,806	--	71,499	49,364	146,864	--	--	--	--	--
Total	825	104	289	171	98	69	59	29	6	--
	\$70,299	\$64,739	\$65,633	\$72,232	\$78,753	\$66,380	\$76,290	\$92,019	\$79,363	--

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**vi. Superior Court Tier 2**

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	5	5	--	--	--	--	--	--	--	--
	\$38,504	\$38,504	--	--	--	--	--	--	--	--
25 - 29	14	14	--	--	--	--	--	--	--	--
	35,054	35,054	--	--	--	--	--	--	--	--
30 - 34	14	14	--	--	--	--	--	--	--	--
	51,647	51,647	--	--	--	--	--	--	--	--
35 - 39	5	5	--	--	--	--	--	--	--	--
	42,520	42,520	--	--	--	--	--	--	--	--
40 - 44	11	11	--	--	--	--	--	--	--	--
	34,065	34,065	--	--	--	--	--	--	--	--
45 - 49	7	7	--	--	--	--	--	--	--	--
	49,062	49,062	--	--	--	--	--	--	--	--
50 - 54	4	3	--	1	--	--	--	--	--	--
	54,806	57,315	--	\$47,279	--	--	--	--	--	--
55 - 59	2	2	--	--	--	--	--	--	--	--
	63,302	63,302	--	--	--	--	--	--	--	--
60 - 64	2	2	--	--	--	--	--	--	--	--
	65,546	65,546	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>64</b>	<b>63</b>	<b>--</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
	<b>\$43,969</b>	<b>\$43,916</b>	<b>--</b>	<b>\$47,279</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**vii. SCAQMD Tier 1**

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	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
25 - 29	17	10	7	--	--	--	--	--	--	--
	\$77,813	\$78,183	\$77,283	--	--	--	--	--	--	--
30 - 34	50	8	40	2	--	--	--	--	--	--
	88,598	99,369	86,435	\$88,780	--	--	--	--	--	--
35 - 39	68	9	40	15	4	--	--	--	--	--
	92,836	105,952	83,590	100,854	\$125,714	--	--	--	--	--
40 - 44	55	6	24	16	7	2	--	--	--	--
	94,553	80,537	100,987	91,816	97,808	\$69,905	--	--	--	--
45 - 49	79	3	19	19	9	13	16	--	--	--
	95,692	100,245	87,732	92,186	105,430	101,613	\$98,167	--	--	--
50 - 54	132	2	11	17	6	24	58	14	--	--
	100,790	56,535	91,143	91,836	103,151	102,659	104,072	\$107,755	--	--
55 - 59	158	4	16	11	7	31	52	29	7	1
	107,123	83,232	91,961	109,441	92,490	108,078	108,237	116,566	\$103,692	\$184,874
60 - 64	92	--	8	5	2	11	43	22	1	--
	102,206	--	75,819	75,605	94,380	111,974	103,244	111,731	100,357	--
65 - 69	21	1	3	5	1	7	4	--	--	--
	88,091	103,865	54,568	103,699	74,408	85,740	97,317	--	--	--
70 & over	7	1	1	1	--	2	1	1	--	--
	75,642	65,082	99,053	110,219	--	69,152	55,346	61,492	--	--
Total	679	44	169	91	36	90	174	66	8	1
	\$98,436	\$89,301	\$87,431	\$95,415	\$101,830	\$102,725	\$104,134	\$112,251	\$103,275	\$184,874

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**viii. SCAQMD Tier 2**

Age	Total	Years of Service							
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39
Under 25	1 \$39,028	1 \$39,028	--	--	--	--	--	--	--
25 - 29	2 63,505	2 63,505	--	--	--	--	--	--	--
30 - 34	8 67,716	8 67,716	--	--	--	--	--	--	--
35 - 39	3 71,241	3 71,241	--	--	--	--	--	--	--
40 - 44	1 138,077	1 138,077	--	--	--	--	--	--	--
45 - 49	1 66,992	1 66,992	--	--	--	--	--	--	--
50 - 54	1 68,011	1 68,011	--	--	--	--	--	--	--
55 - 59	1 56,101	1 56,101	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--
Total	18 \$69,482	18 \$69,482	--	--	--	--	--	--	--

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**ix. Other General Tier 1**

Age	Total	Years of Service							
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	
Under 25	--	--	--	--	--	--	--	--	--
25 - 29	25	18	7	--	--	--	--	--	--
	\$64,009	\$62,090	\$68,944	--	--	--	--	--	--
30 - 34	42	15	26	1	--	--	--	--	--
	80,005	79,846	80,036	\$81,577	--	--	--	--	--
35 - 39	48	14	23	9	2	--	--	--	--
	85,499	87,397	76,996	106,699	\$74,586	--	--	--	--
40 - 44	64	15	28	16	3	2	--	--	--
	89,325	78,246	86,270	108,212	89,271	\$64,174	--	--	--
45 - 49	47	9	16	10	4	8	--	--	--
	105,368	133,403	98,480	78,880	89,763	128,516	--	--	--
50 - 54	72	10	17	18	7	11	6	3	
	91,434	91,984	85,224	101,421	78,055	91,144	\$91,475	\$97,068	
55 - 59	62	5	13	7	15	12	8	2	
	103,545	143,475	85,512	101,614	105,427	99,081	114,884	95,010	
60 - 64	36	5	12	6	3	3	6	1	
	100,784	119,503	115,807	92,919	83,660	134,041	56,033	94,207	
65 - 69	8	1	4	2	--	--	--	1	
	88,267	27,203	71,269	163,894	--	--	--	66,073	
<b>Total</b>	<b>404</b>	<b>92</b>	<b>146</b>	<b>69</b>	<b>34</b>	<b>36</b>	<b>20</b>	<b>7</b>	
	\$91,760	\$88,860	\$86,034	\$101,221	\$92,788	\$104,171	\$90,206	\$91,643	

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**x. Other General Tier 2**

Age	Total	Years of Service						
		0-4	5-9	10-14	15-19	20-24	25-29	30-34
Under 25	4	4	--	--	--	--	--	--
	\$39,288	\$39,288	--	--	--	--	--	--
25 - 29	4	4	--	--	--	--	--	--
	46,419	46,419	--	--	--	--	--	--
30 - 34	8	8	--	--	--	--	--	--
	46,975	46,975	--	--	--	--	--	--
35 - 39	15	15	--	--	--	--	--	--
	44,200	44,200	--	--	--	--	--	--
40 - 44	3	3	--	--	--	--	--	--
	34,238	34,238	--	--	--	--	--	--
45 - 49	8	8	--	--	--	--	--	--
	84,869	84,869	--	--	--	--	--	--
50 - 54	6	6	--	--	--	--	--	--
	55,042	55,042	--	--	--	--	--	--
55 - 59	7	7	--	--	--	--	--	--
	30,321	30,321	--	--	--	--	--	--
60 - 64	1	1	--	--	--	--	--	--
	35,339	35,339	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	56	56	--	--	--	--	--	--
	\$48,949	\$48,949	--	--	--	--	--	--

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**xi. Other Safety Tier 1**

Age	Total	Years of Service					
		0-4	5-9	10-14	15-19	20-24	25-29
Under 25	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
25 - 29	3	2	1	--	--	--	--
	\$75,313	\$73,388	\$79,165	--	--	--	--
30 - 34	5	1	4	--	--	--	--
	61,765	71,045	59,445	--	--	--	--
35 - 39	5	--	5	--	--	--	--
	64,139	--	64,139	--	--	--	--
40 - 44	7	--	2	3	--	2	--
	100,270	--	111,716	\$105,750	--	\$80,603	--
45 - 49	5	--	1	--	--	3	1
	99,741	--	79,767	--	--	81,725	\$173,762
50 - 54	6	1	1	1	1	1	1
	86,520	60,000	53,716	82,098	\$125,627	107,274	90,404
55 - 59	2	1	--	--	1	--	--
	66,975	60,000	--	--	73,949	--	--
60 - 64	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
<b>Total</b>	<b>33</b>	<b>5</b>	<b>14</b>	<b>4</b>	<b>2</b>	<b>6</b>	<b>2</b>
	<b>\$82,095</b>	<b>\$67,564</b>	<b>\$71,040</b>	<b>\$99,837</b>	<b>\$99,788</b>	<b>\$85,609</b>	<b>\$132,083</b>

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of June 30, 2014**

**By Age and Years of Service**

**xii. Other Safety Tier 2**

Age	Total	Years of Service					
		0-4	5-9	10-14	15-19	20-24	25-29
Under 25	3 \$68,963	3 \$68,963	--	--	--	--	--
25 - 29	2 75,973	2 75,973	--	--	--	--	--
30 - 34	2 70,720	2 70,720	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--
55 - 59	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--
Total	7 \$71,468	7 \$71,468	--	--	--	--	--

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT C**

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

	<b>Active Members</b>	<b>Vested Terminated Members<sup>(1)</sup></b>	<b>Pensioners</b>	<b>Disableds<sup>(2)</sup></b>	<b>Beneficiaries</b>	<b>Total</b>
Number as of June 30, 2013	19,401	3,921	7,296	1,444	1,433	33,495
New members	1,644	117	0	0	114	1,875
Terminations	-647	647	0	0	0	0
Contribution refunds	-397	-155	0	0	0	-552
Retirements	-502	-108	610	0	0	0
New disabilities	-29	-2	-32	63	0	0
Return to work	57	-54	-3	0	0	0
Died with or without beneficiary	-30	-10	-191	-33	-84	-348
Data adjustments	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Number as of June 30, 2014	19,497	4,356	7,681	1,474	1,463	34,471

<sup>(1)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(2)</sup> As of June 30, 2014 includes 350 members receiving an ordinary disability and 1,124 members receiving a duty disability.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT D**

**Summary Statement of Income and Expenses on Actuarial Value of Assets**

	Year Ended June 30, 2014	Year Ended June 30, 2013
<b>Contribution income:</b>		
Employer contributions	\$330,330,400	\$303,080,499
Employee contributions	<u>89,860,998</u>	<u>91,055,576</u>
Total contribution income	\$420,191,398	\$394,136,075
<b>Investment income:</b>		
Interest, dividends and other income	\$38,768,675	\$29,930,407
Adjustment toward market value <sup>(1)</sup>	618,690,308	466,691,338
Less investment and administrative fees	<u>-133,436,786</u>	<u>-108,115,475</u>
Net investment income	\$524,022,197	\$388,506,270
<b>Total income available for benefits</b>	<b>\$944,213,595</b>	<b>\$782,642,345</b>
<b>Less benefit payments</b>	<b>-\$397,823,478</b>	<b>-\$367,396,205</b>
<b>Change in reserve for future benefits</b>	<b>\$546,390,117</b>	<b>\$415,246,140</b>

<sup>(1)</sup> Equals the "non-cash" earnings on investments implicitly included in the Actuarial Value of Assets.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT E**

**Summary Statement of Net Assets ("Fiduciary Net Position")**

	Year Ended June 30, 2014	Year Ended June 30, 2013
<b>Cash equivalents</b>	\$888,333,709	\$1,004,327,339
<b>Accounts receivable:</b>		
Securities sold	\$82,317,554	\$163,495,492
Accrued interest and dividends	2,835,859	1,582,390
Employee and employer contributions	30,434,692	16,631,798
Other	<u>2,933,471</u>	<u>3,439,566</u>
Total accounts receivable	\$118,521,576	\$185,149,246
<b>Investments:</b>		
Equities	\$794,722,945	\$647,297,944
Fixed income	923,469,579	565,350,000
Real estate	535,447,303	531,433,993
Other	4,944,390,645	4,470,870,921
Investments received on securities lending	<u>45,784,364</u>	<u>98,196,222</u>
Total investments at market value	<u>\$7,243,814,836</u>	<u>\$6,313,149,080</u>
<b>Total assets</b>	\$8,250,670,121	\$7,502,625,665
<b>Liabilities:</b>		
Securities lending	-\$46,040,396	-\$98,688,732
Payable for securities purchased	-132,793,676	-121,524,062
Securities options payable	-21,193,805	-122,888,782
Mortgage notes payable	-45,501,693	-45,802,138
Accrued expenses	<u>-10,070,012</u>	<u>-9,168,091</u>
Total liabilities	-\$255,599,582	-\$398,071,805
<b>Net assets at market value</b>	<u>\$7,995,070,539</u>	<u>\$7,104,553,860</u>
<b>Net assets at actuarial value</b>	<u>\$7,751,308,595</u>	<u>\$7,204,918,478</u>
<b>Net assets at valuation value <sup>(1)</sup></b>	<u>\$7,756,386,089</u>	<u>\$7,209,814,454</u>

<sup>(1)</sup> Includes \$5.9 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT F**

**Development of the Fund Through June 30, 2014**

<b>Year Ended June 30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Other Contributions</b>	<b>Net Investment Return<sup>(1)</sup></b>	<b>Benefit Payments</b>	<b>Actuarial Value of Assets at End of Year</b>
2005	\$161,906,350	\$31,806,101	\$0	\$324,332,271	-\$185,967,691	\$4,750,229,011
2006	197,342,596	38,367,614	0	393,715,657	-203,887,582	5,175,767,296
2007	229,856,532	47,004,698	10,000,000	560,254,777	-225,483,274	5,797,400,029
2008	241,721,392	49,480,584	0	497,334,680	-244,405,820	6,341,530,865
2009	246,232,150	49,550,489	0	8,853,979	-262,779,370	6,383,388,113
2010	243,772,596	56,985,679	0	-24,237,257	-292,676,769	6,367,232,362
2011	258,128,093	59,611,897	0	120,048,766	-320,514,561	6,484,506,557
2012	278,090,808	68,630,635	0	299,992,593	-341,728,255	6,789,492,338
2013	303,080,499	91,055,576	0	388,686,270	-367,396,205	7,204,918,478
2014	330,330,400	89,860,998	0	524,022,197	-397,823,478	7,751,308,595

<sup>(1)</sup> Net of investment fees and administrative expenses.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT G**

**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.

	<b>Total SBCERA (\$ in 000s)<sup>(1)</sup></b>	
	<b>June 30, 2014</b>	<b>June 30, 2013</b>
<u>Assets</u>		
1 Total valuation value of assets	\$7,702,995 <sup>(2)</sup>	\$7,159,764 <sup>(3)</sup>
2 Present value of future contributions by members	1,091,084	1,001,520
3 Present value of future employer contributions for:		
a. entry age normal cost	1,366,387	1,198,797
b. unfunded actuarial accrued liability	1,957,247	1,891,257
4 Total current and future assets	<u>\$12,117,713</u>	<u>\$11,251,338</u>
<u>Liabilities</u>		
5 Present value of benefits for retirees and beneficiaries	\$4,845,121	\$4,375,544
6 Present value of benefits for active members	6,912,102	6,576,123
7 Present value of benefits for vested terminated members <sup>(4)</sup>	360,490	299,671
8 Total liabilities	<u>\$12,117,713</u>	<u>\$11,251,338</u>

<sup>(1)</sup> Excludes assets and liabilities for Survivor Benefit, Burial Allowance and Excess Earnings reserves.

<sup>(2)</sup> Includes \$5.9 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer as of June 30, 2014.

<sup>(3)</sup> Includes \$5.8 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer as of June 30, 2013.

<sup>(4)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT H**

**Summary of Allocated Reserves**

<b>Reserves</b>	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Member deposit reserve <sup>(1)</sup>	\$1,200,775,858	\$1,157,215,624
Current service reserve <sup>(1)</sup>	1,981,392,687	1,850,525,583
Contra account <sup>(1)</sup>	(1,909,880,452)	(1,730,942,713)
Pension reserve <sup>(1)</sup>	3,506,563,808	3,255,044,777
Cost-of-living reserve <sup>(1)</sup>	1,468,123,518	1,345,342,272
Annuity reserve <sup>(1)</sup>	1,440,931,311	1,267,682,734
Supplemental disability reserve <sup>(1)</sup>	9,184,971	9,128,223
Survivor benefit reserve <sup>(1)</sup>	53,391,487	50,051,071
Valuation reserves <sup>(2)</sup>	\$7,750,483,188	\$7,204,047,571
Burial allowance reserve <sup>(3)</sup>	\$825,407	\$870,907
Restricted balance reserved for deficiencies <sup>(3)</sup>	0	0
Additional contingency reserve <sup>(3)</sup>	0	0
Undesignated excess earnings <sup>(3)</sup>	0	0
Total reserves	\$7,751,308,595	\$7,204,918,478
Net unrecognized gains/(losses)	243,761,944	(100,364,618)
Net market value	\$7,995,070,539	\$7,104,553,860

<sup>(1)</sup> Included in valuation value of assets.

<sup>(2)</sup> The June 30, 2014 and June 30, 2013 values exclude \$5.9 million and \$5.8 million, respectively. These amounts represent the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.

<sup>(3)</sup> Not included in valuation value of assets.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT I**

**Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2014**

1.	Unfunded actuarial accrued liability at beginning of year <sup>(1)</sup>		\$1,891,257,000
2.	Total normal cost at middle of year		278,304,000
3.	Expected employer and member contributions <sup>(2)</sup>		-451,447,000
4.	Interest for whole year on (1) and half year on (2) + (3)		<u>148,882,000</u>
5.	Expected unfunded actuarial accrued liability before plan changes		<u>\$1,866,996,000</u>
6.	Actuarial (gain)/loss due to all changes		
	(a) Investment return	\$35,160,000	
	(b) Actual contributions less than expected	32,440,000	
	(c) Lower than expected individual salary increases	-227,699,000	
	(d) Other experience	-81,354,000	
	(e) Changes in actuarial assumptions	<u>331,704,000</u>	
	(f) Total changes		<u>\$90,251,000</u>
7.	Unfunded actuarial accrued liability at end of year <sup>(1)</sup>		<u>\$1,957,247,000</u>

Note: The "Net gain/(loss) from other experience" of \$48,914,000 shown in Section 2, Chart 10 is equal to the sum of items 6(b) and 6(d).

<sup>(1)</sup> Excludes Survivor Benefit Reserve which had a surplus of assets over liabilities of \$13,307,000 at the beginning of the year and \$19,633,000 at the end of the year. Beginning of the year and end of the year values are reduced by \$5,766,883 and \$5,902,901, respectively. These amounts represent the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District Transfer.

<sup>(2)</sup> Excludes contributions made to the Survivor Benefit Reserve during the year ended June 30, 2014.

Note: Results include three withdrawn employers as of June 30, 2014.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT J**

**Table of Amortization Bases**

	<b>Date Established</b>	<b>Source</b>	<b>Initial Amount</b>	<b>Outstanding Balance</b>	<b>Years Remaining</b>	<b>Annual Payment</b>
<b>County General</b>	June 30, 2002	Restart Amortization	\$59,439,000	\$47,324,000	8	\$6,942,000
	June 30, 2003	Actuarial (Gain)/Loss	246,112,000	207,767,000	9	27,554,000
	June 30, 2004	Actuarial (Gain)/Loss	132,439,000	116,829,000	10	14,180,000
	June 30, 2004	POB Credit	(306,658,000)	(270,513,000)	10	(32,833,000)
	June 30, 2005	Actuarial (Gain)/Loss	58,743,000	53,913,000	11	6,049,000
	June 30, 2005	Assumption Change	55,627,000	51,051,000	11	5,728,000
	June 30, 2006	Actuarial (Gain)/Loss	(12,586,000)	(11,876,000)	12	(1,242,000)
	June 30, 2007	Actuarial (Gain)/Loss	(32,324,000)	(31,212,000)	13	(3,062,000)
	June 30, 2008	Actuarial (Gain)/Loss	(10,022,000)	(9,841,000)	14	(911,000)
	June 30, 2008	Assumption Change	(9,277,000)	(9,101,000)	14	(843,000)
	June 30, 2009	Actuarial (Gain)/Loss	116,693,000	115,837,000	15	10,176,000
	June 30, 2010	Actuarial (Gain)/Loss	283,409,000	283,250,000	16	23,708,000
	June 30, 2011	Actuarial (Gain)/Loss	169,715,000	170,148,000	17	13,620,000
	June 30, 2011	Assumption Change	199,335,000	199,841,000	17	15,997,000
	June 30, 2012	Actuarial (Gain)/Loss	70,313,000	70,642,000	18	5,426,000
	June 30, 2012	Burial Allowance Method Change	2,392,000	2,408,000	18	185,000
	June 30, 2013	Actuarial (Gain)/Loss	36,166,000	36,299,000	19	2,684,000
	June 30, 2014	Actuarial (Gain)/Loss	(143,442,000)	(143,442,000)	20	(10,235,000)
	June 30, 2014	Assumption Change	186,163,000	<u>186,163,000</u>	20	<u>13,283,000</u>
<b>Subtotal</b>				\$1,065,487,000		\$96,406,000

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT J**

**Table of Amortization Bases (continued)**

	<b>Date Established</b>	<b>Source</b>	<b>Initial Amount</b>	<b>Outstanding Balance</b>	<b>Years Remaining</b>	<b>Annual Payment</b>
<b>Superior Court</b>	June 30, 2002	Restart Amortization	\$3,493,000	\$2,783,000	8	\$408,000
	June 30, 2003	Actuarial (Gain)/Loss	14,458,000	12,214,000	9	1,620,000
	June 30, 2004	Actuarial (Gain)/Loss	6,840,000	6,035,000	10	732,000
	June 30, 2005	Actuarial (Gain)/Loss	3,451,000	3,168,000	11	355,000
	June 30, 2005	Assumption Change	3,269,000	2,992,000	11	336,000
	June 30, 2006	Actuarial (Gain)/Loss	4,889,000	4,611,000	12	482,000
	June 30, 2007	Actuarial (Gain)/Loss	4,076,000	3,929,000	13	386,000
	June 30, 2008	Actuarial (Gain)/Loss	729,000	718,000	14	66,000
	June 30, 2008	Assumption Change	(1,520,000)	(1,515,000)	14	(140,000)
	June 30, 2009	Actuarial (Gain)/Loss	6,270,000	6,222,000	15	547,000
	June 30, 2010	Actuarial (Gain)/Loss	10,935,000	10,939,000	16	916,000
	June 30, 2011	Actuarial (Gain)/Loss	8,620,000	8,647,000	17	692,000
	June 30, 2011	Assumption Change	10,323,000	10,348,000	17	828,000
	June 30, 2012	Actuarial (Gain)/Loss	3,000	0	18	0
	June 30, 2012	Burial Allowance Method Change	68,000	68,000	18	5,000
	June 30, 2013	Actuarial (Gain)/Loss	(2,565,000)	(2,573,000)	19	(190,000)
	June 30, 2014	Actuarial (Gain)/Loss	(5,786,000)	(5,786,000)	20	(413,000)
	June 30, 2014	Assumption Change	10,501,000	<u>10,501,000</u>	20	<u>749,000</u>
<b>Subtotal</b>				\$73,301,000		\$7,379,000

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT J**

**Table of Amortization Bases (continued)**

	<b>Date Established</b>	<b>Source</b>	<b>Initial Amount</b>	<b>Outstanding Balance</b>	<b>Years Remaining</b>	<b>Annual Payment</b>
<b>Other General</b>	June 30, 2002	Restart Amortization	\$13,036,000	\$10,361,000	8	\$1,520,000
	June 30, 2003	Actuarial (Gain)/Loss	9,507,000	8,015,000	9	1,063,000
	June 30, 2004	Actuarial (Gain)/Loss	5,542,000	4,888,000	10	593,000
	June 30, 2005	Actuarial (Gain)/Loss	6,630,000	6,085,000	11	683,000
	June 30, 2005	Assumption Change	(490,000)	(454,000)	11	(51,000)
	June 30, 2006	Actuarial (Gain)/Loss	2,390,000	2,236,000	12	234,000
	June 30, 2007	Actuarial (Gain)/Loss	1,995,000	1,938,000	13	190,000
	June 30, 2008	Actuarial (Gain)/Loss	4,106,000	4,017,000	14	372,000
	June 30, 2008	Assumption Change	(278,000)	(281,000)	14	(26,000)
	June 30, 2009	Actuarial (Gain)/Loss	5,568,000	5,524,000	15	485,000
	June 30, 2010	Actuarial (Gain)/Loss	11,345,000	11,336,000	16	949,000
	June 30, 2011	Actuarial (Gain)/Loss	9,098,000	9,114,000	17	730,000
	June 30, 2011	Assumption Change	8,263,000	8,283,000	17	663,000
	June 30, 2012	Actuarial (Gain)/Loss	2,766,000	2,774,000	18	213,000
	June 30, 2012	Burial Allowance Method Change	71,000	68,000	18	5,000
	June 30, 2013	Actuarial (Gain)/Loss	4,155,000	4,175,000	19	309,000
	June 30, 2014	Actuarial (Gain)/Loss	(6,086,000)	(6,086,000)	20	(434,000)
	June 30, 2014	Assumption Change	7,714,000	<u>7,714,000</u>	20	<u>550,000</u>
<b>Subtotal</b>				\$79,707,000		\$8,048,000

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT J**

**Table of Amortization Bases (continued)**

	<b>Date Established</b>	<b>Source</b>	<b>Initial Amount</b>	<b>Outstanding Balance</b>	<b>Years Remaining</b>	<b>Annual Payment</b>
<b>SCAQMD</b>	June 30, 2002	Restart Amortization	\$18,462,000	\$14,703,000	8	\$2,157,000
	June 30, 2003	Actuarial (Gain)/Loss	27,792,000	23,465,000	9	3,112,000
	June 30, 2004	Actuarial (Gain)/Loss	24,821,000	21,950,000	10	2,664,000
	June 30, 2004	POB Credit	(46,375,000)	(40,998,000)	10	(4,976,000)
	June 30, 2005	Actuarial (Gain)/Loss	11,432,000	10,521,000	11	1,180,000
	June 30, 2005	Assumption Change	(3,613,000)	(3,325,000)	11	(373,000)
	June 30, 2006	Actuarial (Gain)/Loss	(1,328,000)	(1,262,000)	12	(132,000)
	December 31, 2006	UAAL Prepayment	(10,000,000)	(9,559,000)	12.5	(967,000)
	June 30, 2007	Actuarial (Gain)/Loss	12,093,000	11,682,000	13	1,146,000
	June 30, 2008	Actuarial (Gain)/Loss	16,095,000	15,789,000	14	1,462,000
	June 30, 2008	Assumption Change	1,425,000	1,403,000	14	130,000
	June 30, 2009	Actuarial (Gain)/Loss	8,947,000	8,884,000	15	780,000
	June 30, 2010	Actuarial (Gain)/Loss	34,808,000	34,792,000	16	2,912,000
	June 30, 2011	Actuarial (Gain)/Loss	26,766,000	26,824,000	17	2,147,000
	June 30, 2011	Assumption Change	21,411,000	21,462,000	17	1,718,000
	June 30, 2012	Actuarial (Gain)/Loss	6,060,000	6,089,000	18	468,000
	June 30, 2012	Burial Allowance Method Change	131,000	122,000	18	9,000
	June 30, 2013	Actuarial (Gain)/Loss	4,599,000	4,611,000	19	341,000
	June 30, 2014	Actuarial (Gain)/Loss	(39,137,000)	(39,137,000)	20	(2,792,000)
	June 30, 2014	Assumption Change	19,750,000	<u>19,750,000</u>	20	<u>1,409,000</u>
<b>Subtotal</b>				\$127,766,000		\$12,395,000

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT J**

**Table of Amortization Bases (continued)**

	<b>Date Established</b>	<b>Source</b>	<b>Initial Amount</b>	<b>Outstanding Balance</b>	<b>Years Remaining</b>	<b>Annual Payment</b>
<b>County Safety</b>	June 30, 2002	Restart Amortization	\$(60,995,000)	\$(48,556,000)	8	\$(7,123,000)
	June 30, 2003	Actuarial (Gain)/Loss	217,129,000	183,307,000	9	24,310,000
	June 30, 2004	Actuarial (Gain)/Loss	79,018,000	69,839,000	10	8,477,000
	June 30, 2004	POB Credit	(152,154,000)	(134,464,000)	10	(16,320,000)
	June 30, 2005	Actuarial (Gain)/Loss	40,502,000	37,158,000	11	4,169,000
	June 30, 2005	Assumption Change	(13,211,000)	(12,124,000)	11	(1,360,000)
	June 30, 2006	Actuarial (Gain)/Loss	(10,481,000)	(9,888,000)	12	(1,034,000)
	June 30, 2007	Actuarial (Gain)/Loss	6,795,000	6,567,000	13	644,000
	June 30, 2008	Actuarial (Gain)/Loss	7,882,000	7,743,000	14	717,000
	June 30, 2008	Assumption Change	(932,000)	(920,000)	14	(85,000)
	June 30, 2009	Actuarial (Gain)/Loss	66,962,000	66,483,000	15	5,841,000
	June 30, 2010	Actuarial (Gain)/Loss	112,338,000	112,284,000	16	9,398,000
	June 30, 2011	Actuarial (Gain)/Loss	106,078,000	106,347,000	17	8,513,000
	June 30, 2011	Assumption Change	71,626,000	71,811,000	17	5,748,000
	June 30, 2012	Actuarial (Gain)/Loss	41,280,000	41,471,000	18	3,186,000
	June 30, 2012	Burial Allowance Method Change	343,000	338,000	18	26,000
	June 30, 2013	Actuarial (Gain)/Loss	37,563,000	37,705,000	19	2,788,000
	June 30, 2014	Actuarial (Gain)/Loss	(37,823,000)	(37,823,000)	20	(2,699,000)
	June 30, 2014	Assumption Change	105,421,000	<u>105,421,000</u>	20	<u>7,522,000</u>
<b>Subtotal</b>				\$602,699,000		\$52,718,000

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT J**

**Table of Amortization Bases (continued)**

	<b>Date Established</b>	<b>Source</b>	<b>Initial Amount</b>	<b>Outstanding Balance</b>	<b>Years Remaining</b>	<b>Annual Payment</b>
<b>Other Safety</b>	June 30, 2002	Restart Amortization	\$2,742,000	\$2,181,000	8	\$320,000
	June 30, 2003	Actuarial (Gain)/Loss	949,000	783,000	9	104,000
	June 30, 2004	Actuarial (Gain)/Loss	910,000	805,000	10	98,000
	June 30, 2004	Plan Change	1,245,000	1,096,000	10	133,000
	June 30, 2005	Actuarial (Gain)/Loss	50,000	46,000	11	5,000
	June 30, 2005	Assumption Change	(95,000)	(93,000)	11	(10,000)
	June 30, 2006	Actuarial (Gain)/Loss	187,000	179,000	12	19,000
	June 30, 2007	Actuarial (Gain)/Loss	703,000	688,000	13	68,000
	June 30, 2007	Plan Change	586,000	561,000	13	55,000
	June 30, 2008	Actuarial (Gain)/Loss	663,000	651,000	14	60,000
	June 30, 2008	Assumption Change	(110,000)	(101,000)	14	(9,000)
	June 30, 2009	Actuarial (Gain)/Loss	1,703,000	1,680,000	15	148,000
	June 30, 2010	Actuarial (Gain)/Loss	1,467,000	1,478,000	16	124,000
	June 30, 2011	Actuarial (Gain)/Loss	596,000	610,000	17	49,000
	June 30, 2011	Assumption Change	1,276,000	1,272,000	17	102,000
	June 30, 2012	Actuarial (Gain)/Loss	1,587,000	1,597,000	18	123,000
	June 30, 2012	Burial Allowance Method Change	5,000	14,000	18	1,000
	June 30, 2013	Actuarial (Gain)/Loss	(472,000)	(478,000)	19	(35,000)
	June 30, 2014	Actuarial (Gain)/Loss	(386,000)	(386,000)	20	(28,000)
	June 30, 2014	Assumption Change	1,884,000	<u>1,884,000</u>	20	<u>134,000</u>
<b>Subtotal</b>				\$14,467,000		\$1,461,000

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT J**

**Table of Amortization Bases (continued)**

	<b>Date Established</b>	<b>Source</b>	<b>Initial Amount</b>	<b>Outstanding Balance</b>	<b>Years Remaining</b>	<b>Annual Payment</b>
<b>Combined</b>	June 30, 2002	Restart Amortization	\$36,177,000	\$28,796,000	8	\$4,224,000
	June 30, 2003	Actuarial (Gain)/Loss	515,947,000	435,551,000	9	57,763,000
	June 30, 2004	Actuarial (Gain)/Loss	249,570,000	220,346,000	10	26,744,000
	June 30, 2004	POB Credit	(505,187,000)	(445,975,000)	10	(54,129,000)
	June 30, 2004	Plan Change	1,245,000	1,096,000	10	133,000
	June 30, 2005	Actuarial (Gain)/Loss	120,808,000	110,891,000	11	12,441,000
	June 30, 2005	Assumption Change	41,487,000	38,047,000	11	4,270,000
	June 30, 2006	Actuarial (Gain)/Loss	(16,929,000)	(16,000,000)	12	(1,673,000)
	December 31, 2006	UAAL Prepayment	(10,000,000)	(9,559,000)	12.5	(967,000)
	June 30, 2007	Actuarial (Gain)/Loss	(6,662,000)	(6,408,000)	13	(628,000)
	June 30, 2007	Plan Change	586,000	561,000	13	55,000
	June 30, 2008	Actuarial (Gain)/Loss	19,453,000	19,077,000	14	1,766,000
	June 30, 2008	Assumption Change	(10,692,000)	(10,515,000)	14	(973,000)
	June 30, 2009	Actuarial (Gain)/Loss	206,143,000	204,630,000	15	17,977,000
	June 30, 2010	Actuarial (Gain)/Loss	454,302,000	454,079,000	16	38,007,000
	June 30, 2011	Actuarial (Gain)/Loss	320,873,000	321,690,000	17	25,751,000
	June 30, 2011	Assumption Change	312,234,000	313,017,000	17	25,056,000
	June 30, 2012	Actuarial (Gain)/Loss	122,009,000	122,573,000	18	9,416,000
	June 30, 2012	Burial Allowance	3,010,000	3,018,000	18	231,000
	June 30, 2013	Actuarial (Gain)/Loss	79,446,000	79,739,000	19	5,897,000
	June 30, 2014	Actuarial (Gain)/Loss	(232,660,000)	(232,660,000)	20	(16,601,000)
	June 30, 2014	Assumption Change	331,433,000	<u>331,433,000</u>	20	<u>23,647,000</u>
<b>Grand Total*</b>				\$1,963,427,000		\$178,407,000

\* Excludes three withdrawn employers as of June 2014. Using ongoing valuation assumptions, their UAAL as of the June 30, 2014 was \$(6,180,000) with \$(8,793,000) due to an actuarial gain and \$271,000 due to a loss from changes in actuarial assumptions in their UAAL during 2013/2014. The \$5.9 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District Transfer has been reflected in this Exhibit.

### SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

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#### EXHIBIT K

#### 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 limit of \$160,000 indexed for inflation. That limit is \$205,000 for 2013 and \$210,000 for 2014. Normal Retirement Age is generally age 62 for these purposes. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after-tax contributions. Limits are also affected by the "grandfather" election under Section 415(b)(10).

For non-Tier 2 members, benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m) of the IRC and Section 7522.43 of PEPRA.

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contribution 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 San Bernardino County Employees' Retirement Association**

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**EXHIBIT L**

**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;
- (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 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.

**SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association**

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**Unfunded Actuarial Accrued Liability:**

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan.

**Amortization of the Unfunded Actuarial Accrued Liability:**

Payments made over a period of years equal in value to the Plan's unfunded 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 market gains and losses to avoid significant swings in the value of assets from one year to the next.

## SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

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### EXHIBIT I

#### Summary of Actuarial Valuation Results

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

1. Retired members as of the valuation date (including 1,463 beneficiaries in pay status)	10,618
2. Members inactive during year ended June 30, 2014 with vested rights	4,356
3. Members active during the year ended June 30, 2014	19,497

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The actuarial factors as of the valuation date are as follows (amounts in 000s):

1. Normal cost	\$304,101
2. Present value of future benefits	12,117,713
3. Present value of future normal costs	2,457,471
4. Actuarial accrued liability*	9,660,242
Retired members and beneficiaries	\$4,845,121
Inactive members with vested rights	360,490
Active members	4,454,631
5. Valuation value of assets** (\$7,995,071 at market value as reported by Retirement Association)	7,702,995
6. Unfunded actuarial accrued liability	\$1,957,247

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\* Excludes liabilities held for Survivor Benefit, Burial Allowance and Excess Earnings reserves.

\*\* Excludes assets held for Survivor Benefit, Burial Allowance and Excess Earnings reserves. Includes \$5.9 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.

Note: Results include three withdrawn employers as of June 30, 2014.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**EXHIBIT I (continued)**

**Summary of Actuarial Valuation Results**

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The determination of the recommended average employer contribution is as follows  
(amounts in 000s):

	<b>Dollar Amount</b>	<b>% of Payroll</b>
1. Total normal cost	\$304,101	23.99%
2. Expected employee contributions	<u>-140,212</u>	<u>-11.06%</u>
3. Employer normal cost: (1) + (2)	\$163,889	12.93%
4. Amortization of unfunded actuarial accrued liability	<u>181,740</u>	<u>14.34%</u>
5. Total recommended average employer contribution: (3) + (4)	\$345,629	27.27%
8. Projected compensation	\$1,267,667	

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*Note: Results exclude three withdrawn employers.*

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT II**

**Supplementary Information Required by GASB 27 – Schedule of Employer Contributions**

<b>Plan Year Ended June 30</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions<sup>(3)</sup></b>	<b>Percentage Contributed</b>
2009	\$246,232,000	\$246,232,000	100.0%
2010	243,773,000	243,773,000	100.0%
2011	258,128,000	258,128,000	100.0%
2012	278,091,000	278,091,000	100.0%
2013	303,080,000 <sup>(1)</sup>	303,080,000	100.0%
2014	330,330,400 <sup>(2)</sup>	330,330,400	100.0%

<sup>(1)</sup> Due to the three-year phase-in of the effect of the changes in actuarial assumptions from the June 30, 2011 valuation, this was determined using an amortization period of 20.95 years (an amortization period of up to 30 years is allowed by GASB).

<sup>(2)</sup> Due to the three-year phase-in of the effect of the changes in actuarial assumptions from the June 30, 2012 valuation, this was determined using an amortization period of 17.58 years (an amortization period of up to 30 years is allowed by GASB).

<sup>(3)</sup> Includes contributions required for the Survivor Benefit, employer paid member contributions, UAAL prepayments, golden handshake payments, funds deposited by employers for purchase of service credit, payments made by withdrawn employers and member paid employer contributions.

*Note: Please refer to last paragraph on page iii regarding the inclusion of GASB 27 information in this report.*

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT III**

**Supplementary Information Required by GASB 27 – Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets<sup>(1)</sup> (a)</b>	<b>Actuarial Accrued Liability ("AAL")<sup>(2)</sup> (b)</b>	<b>Unfunded/ (Overfunded) AAL ("UAAL") (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Projected Total Compensation (c)</b>	<b>UAAL as a Percentage of Projected Total Compensation [(b) - (a)] / (c)</b>
06/30/2009	\$6,383,388,113	\$7,013,534,026	\$630,145,913	91.02%	\$1,226,431,276	51.38%
06/30/2010 <sup>(3)</sup>	6,367,232,362	7,444,986,223	1,077,753,861	85.52%	1,250,192,961	86.21%
06/30/2011	6,484,506,557	8,189,645,890	1,705,139,333	79.18%	1,244,554,740	137.01%
06/30/2012	6,789,492,338	8,606,576,657	1,817,084,319	78.89%	1,260,309,037	144.18%
06/30/2013 <sup>(4)</sup>	7,204,918,478	9,088,635,907	1,883,717,429	79.27%	1,262,751,964	149.18%
06/30/2014 <sup>(5)</sup>	7,751,308,595	9,694,825,407	1,943,516,812	79.95%	1,267,666,810	153.31%

(1) *Includes assets for Survivor Benefit, Burial Allowance, General Retiree Subsidy, and Excess Earnings reserves.*

(2) *Includes liabilities held for Survivor Benefit, Burial Allowance, General Retiree Subsidy, and Excess Earnings reserves.*

(3) *Does not reflect the transfer of \$40.6 million from the General Retiree Subsidy reserve to the Current Service reserve.*

(4) *Does not reflect \$5.8 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.*

(5) *Does not reflect \$5.9 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.*

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT IV**

**Supplementary Information Required by GASB 27**

<b>Valuation Date</b>	June 30, 2014
<b>Actuarial Cost Method</b>	Entry Age Actuarial Cost Method
<b>Amortization Method</b>	Level percent of payroll (3.75% payroll growth assumed)
<b>Remaining Amortization Period</b>	20 years for all UAAL prior to June 30, 2002. Any changes in UAAL after June 30, 2002 are amortized over a 20-year closed period effective with each valuation. Effective June 30, 2011, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with each valuation. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years).
<b>Asset Valuation Method</b>	Market value of assets less unrecognized returns from each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four years from that date.
<b>Actuarial Assumptions:</b>	
Investment Rate of Return*	7.50%, net of pension plan investment expense, including inflation
Administrative Expense	0.60% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
Projected Salary Increases**	General: 4.60% to 13.75%; Safety: 4.55% to 13.75%.
Cost of Living Adjustments	2.00% (actual increases contingent upon CPI increases with a 2% maximum).
<b>Plan Membership:</b>	
Retirees and Beneficiaries receiving benefits***	10,618
Terminated plan members entitled to, but not yet receiving benefits	4,356
Active plan members	<u>19,497</u>
Total	<u>34,471</u>

\* Includes inflation at 3.25%.

\*\* Includes inflation at 3.25%, "across the board" increases of 0.50%, plus merit and promotional increases. See Exhibit V for these increases.

\*\*\* Excludes beneficiaries that are only receiving Survivor Benefit payments.

## SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

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### EXHIBIT V

#### Actuarial Assumptions and Methods

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Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 2 members.

#### Actuarial Assumptions

##### **Mortality Rates:**

*Healthy:* For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020.

For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 with ages set back two years for males and one year for females.

*Disabled:* For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 with ages set forward seven years for males and set forward eight years for females.

For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 with ages set forward two years.

*Beneficiaries:* Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who is receiving a service (non-disability) retirement.

The RP-2000 mortality tables projected with Scale BB to 2011 and adjusted as shown above reasonably reflects the projected future mortality experience as of the measurement date. The additional projection to 2020 is a provision for future mortality improvement.

*Member Contribution Rates:* For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 weighted 30% male and 70% female.

For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 with ages set back two years for males and set back one year for females weighted 85% male and 15% female.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Termination Rates Before Retirement:**

Age	Rate (%) Mortality			
	General		Safety	
	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	0.06	0.04
40	0.10	0.07	0.09	0.06
45	0.14	0.11	0.12	0.10
50	0.20	0.16	0.18	0.15
55	0.34	0.25	0.27	0.22
60	0.59	0.41	0.48	0.37
65	1.00	0.76	0.82	0.68
70	1.64	1.32	1.32	1.17

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

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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

Age	Rate (%) Disability	
	General <sup>(1)</sup>	Safety <sup>(2)</sup>
25	0.03	0.26
30	0.04	0.30
35	0.07	0.48
40	0.09	0.72
45	0.19	0.98
50	0.31	2.09
55	0.44	4.70
60	0.65	6.60
65	1.02	0.00
70	1.26	0.00

<sup>(1)</sup> 50% of General disabilities are assumed to be service connected (duty) disabilities and the other 50% are assumed to be non-service connected (ordinary) disabilities.

<sup>(2)</sup> 100% of Safety disabilities are assumed to be service connected (duty) disabilities.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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

Years of Service	Rate (%)	
	Withdrawal*	
	General	Safety
Less than 1	15.00	4.25
1	10.00	3.50
2	8.00	3.25
3	7.00	2.50
4	5.00	2.00
5	4.75	1.75
6	4.50	1.50
7	4.25	1.40
8	4.00	1.30
9	3.75	1.20
10	3.75	1.20
11	3.75	1.10
12	3.50	1.10
13	3.50	1.00
14	3.25	1.00
15	3.25	1.00
16	3.00	1.00
17	3.00	1.00
18	2.75	1.00
19	2.75	1.00
20 or more	2.50	1.00

\*Refer to the next table that contains rates for electing a refund of contributions upon withdrawal. No withdrawal is assumed after a member is first assumed to retire.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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

Years of Service	Rate (%)			
	Electing a Refund of Contributions upon Termination			
	General		Safety	
	Rate if Elected Refundable Contributions	Rate if Elected Refundable Contributions	Rate if Elected Non-refundable Contributions	Rate if Elected Non-refundable Contributions
Less than 5	100.00	100.00	100.00	100.00
5	40.00	20.00	25.00	12.50
6	40.00	20.00	25.00	12.50
7	40.00	20.00	25.00	12.50
8	40.00	20.00	25.00	12.50
9	40.00	20.00	25.00	12.50
10	40.00	20.00	25.00	12.50
11	40.00	20.00	25.00	12.50
12	40.00	20.00	15.00	7.50
13	40.00	20.00	15.00	7.50
14	40.00	20.00	15.00	7.50
15	40.00	20.00	15.00	7.50
16	40.00	20.00	10.00	5.00
17	40.00	20.00	10.00	5.00
18	40.00	20.00	5.00	2.50
19	40.00	20.00	5.00	2.50
20 or more	20.00	10.00	0.00	0.00

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Retirement Rates:**

Age	Rates (%)			
	General Tier 1 (\$31676.15)	General Tier 2 (\$7522.20(a))	Safety Tier 1 (\$31664.1)	Safety Tier 2 (\$7522.25(d))
45	0.00	0.00	1.00	0.00
46	0.00	0.00	1.50	0.00
47	0.00	0.00	2.00	0.00
48	0.00	0.00	2.00	0.00
49	0.00	0.00	8.00	0.00
50	2.50	0.00	10.00	4.00
51	2.50	0.00	8.00	3.00
52	3.50	2.00	12.00	4.00
53	3.50	2.00	13.00	5.00
54	4.00	2.00	13.00	10.00
55	5.00	4.50	22.00	20.00
56	6.00	4.50	20.00	20.00
57	6.00	6.00	20.00	22.00
58	8.00	7.00	20.00	25.00
59	12.00	8.00	20.00	25.00
60	15.00	9.00	25.00	25.00
61	17.00	12.00	25.00	25.00
62	19.00	20.00	25.00	25.00
63	19.00	20.00	30.00	25.00
64	25.00	20.00	30.00	25.00
65	35.00	25.00	100.00	100.00
66	30.00	30.00	100.00	100.00
67	30.00	30.00	100.00	100.00
68	30.00	30.00	100.00	100.00
69	30.00	30.00	100.00	100.00
70	30.00	50.00	100.00	100.00
71	20.00	50.00	100.00	100.00
72	20.00	50.00	100.00	100.00
73	20.00	50.00	100.00	100.00
74	20.00	50.00	100.00	100.00
75	100.00	100.00	100.00	100.00

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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

For deferred vested members, we make the following retirement assumption:

General Age: 58

Safety Age: 52

We assume that 40% of future General deferred vested members and 50% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocals, we assume 5.25% compensation increases per annum.

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**Future Benefit Accruals:**

1.0 year of service per year.

**Unknown Data for Members:**

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

**Definition of Active Members:**

All active members of SBCERA as of the valuation date.

**Percent Married:**

70% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement.

**Age of Spouse:**

Female (or male) spouses are 3 years younger (or older) than their spouses.

**Supplemental Disability Benefit:**

30% of future General service connected (duty) disableds are assumed to be eligible for this benefit; 75% of future General non-service connected (ordinary) disableds are assumed to be eligible for this benefit

**Net Investment Return:**

7.50%, net of investment expenses.

**Administrative Expenses:**

0.60% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses) for the employer and member.

**Employee Contribution Crediting Rate:**

3.25% (Actual rate is based on six-month Treasury rate).

**Consumer Price Index:**

Increase of 3.25% per year; retiree COLA increases due to CPI are limited to maximum of 2.00% per year.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Leave Cashouts:** No leave cashouts are assumed to occur during the member's final average earnings period above what the member cashes out on an annual basis.

**Salary Increases:**

<b>Annual Rate of Compensation Increase</b>		
Inflation: 3.25% per year; plus "across the board" salary increases of 0.50% per year; plus the following promotional and merit increases:		
<b>Years of Service</b>	<b>General</b>	<b>Safety</b>
Less than 1	10.00%	10.00%
1	8.00	7.50
2	4.50	4.00
3	4.00	3.75
4	3.50	3.50
5	3.00	3.25
6	2.25	3.00
7	1.75	2.50
8	1.50	1.75
9	1.25	1.50
10	1.10	1.40
11	1.00	1.30
12	0.95	1.20
13	0.90	1.15
14	0.85	1.10
15	0.85	1.05
16	0.85	1.00
17	0.85	0.95
18	0.85	0.90
19	0.85	0.85
20 and Over	0.85	0.80

**Increase in Internal Revenue Code**

**Section 401(a)(17) Compensation Limit:** Increase of 3.25% per year from the valuation date.

**Increase in Section 7522.10**

**Compensation Limit:** Increase of 3.25% per year from the valuation date.

## SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

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### Actuarial Methods

<b>Actuarial Cost Method:</b>	Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formulas have always been in effect (i.e., "replacement life").
<b>Actuarial Value of Assets:</b>	Market value of assets less unrecognized returns from each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized over a five-year period. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four years from that date.
<b>Valuation Value of Assets:</b>	The Actuarial Value of Assets reduced by the value of the Burial Allowance Reserve, Undesignated Excess Earnings Reserve, Restricted Balance Reserved for Deficiencies, and Additional Contingency Reserve. It includes the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District Transfer.
<b>Amortization Policy:</b>	<p>20 years for all UAAL prior to June 30, 2002. Any changes in UAAL after June 30, 2002 are amortized over a 20-year closed period effective with each valuation. The UAAL (i.e., the difference between the Actuarial Accrued Liability and the Valuation Value of Assets), as of June 30, 2011 shall continue to be amortized over separate 20-year period amortization layers based on the valuations during which each separate layer was previously established.</p> <p>Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of 20 years.</p> <p>Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 20 years.</p>

## SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

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Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis:

- a. With the exception noted in b., below, the increase in UAAL as a result of any plan amendments will be amortized over a period of 15 years;
- b. The increase in UAAL resulting from a temporary retirement incentive, including the impact of benefits resulting from additional service permitted in Section 31641.04 of the 1937 CERL (Golden Handshake), will be funded over a period of up to 5 years.

UAAL shall be amortized over “closed” amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.

UAAL shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.

If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus), such surplus and any subsequent surpluses will be amortized over an “open” amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized over 20 years as the first of a new series of amortization layers.

These amortization policy components will apply separately to each of SBCERA's UAAL cost sharing groups.

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### **Changes in Actuarial Assumptions and Methods:**

Based on the actuarial experience study, the following actuarial assumptions were changed. Previously these assumptions were as follows:

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):**

**Mortality Rates:**

*Healthy:* For All General Members: RP-2000 Combined Healthy Mortality Table set back two years.  
For All Safety Members: RP-2000 Combined Healthy Mortality Table set back three years.

*Disabled:* For All General Members: RP-2000 Combined Healthy Mortality Table set forward four years for males and set forward five years for females.  
For All Safety Members: RP-2000 Combined Healthy Mortality Table set forward one year.

*Member Contribution Rates:* For All General Members: RP-2000 Combined Healthy Mortality Table set back two years weighted 30% male and 70% female.  
For All Safety Members: RP-2000 Combined Healthy Mortality Table set back three years weighted 85% male and 15% female.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):**

**Termination Rates Before Retirement:**

Age	Rate (%) Mortality			
	General		Safety	
	Male	Female	Male	Female
25	0.04	0.02	0.04	0.02
30	0.04	0.02	0.04	0.02
35	0.06	0.04	0.06	0.03
40	0.10	0.06	0.09	0.06
45	0.13	0.09	0.12	0.09
50	0.19	0.14	0.17	0.13
55	0.29	0.22	0.27	0.20
60	0.53	0.39	0.47	0.35
65	1.00	0.76	0.88	0.67

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

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):**

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

<u>Age</u>	<u>Rate (%)</u> <u>Disability</u>	
	<u>General<sup>(1)</sup></u>	<u>Safety<sup>(2)</sup></u>
25	0.03	0.26
30	0.04	0.36
35	0.07	0.58
40	0.10	0.88
45	0.20	1.15
50	0.31	2.00
55	0.44	4.00
60	0.65	5.60
65	1.05	2.40
70	1.34	0.00

<sup>(1)</sup> 50% of General disabilities are assumed to be service connected (duty) disabilities and the other 50% are assumed to be non-service connected (ordinary) disabilities.

<sup>(2)</sup> 100% of Safety disabilities are assumed to be service connected (duty) disabilities.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):**

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

Rate (%)		
Withdrawal (< 5 Years of Service)		
Years of Service	General	Safety
0	16.00	4.50
1	10.00	3.75
2	8.50	3.25
3	7.00	2.75
4	5.50	2.25
Withdrawal (5+ Years of Service)*		
Age	General	Safety
20	5.50	2.25
25	5.50	2.25
30	5.50	2.10
35	5.20	1.55
40	4.40	1.10
45	3.55	1.00
50	2.80	0.40
55	2.20	0.00
60	1.70	0.00
65	1.20	0.00
70	1.00	0.00

\* For General members, 40% of terminating members will choose a refund of contributions and 60% will choose a deferred vested benefit.

For Safety members, 25% of terminating members will choose a refund of contributions and 75% will choose a deferred vested benefit.

No withdrawal is assumed after a member is first assumed to retire.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):**

**Retirement Rates:**

Age	Rates (%)			
	General Tier 1 (\$31676.15)	General Tier 2 (\$7522.20(a))	Safety Tier 1 (\$31664.1)	Safety Tier 2 (\$7522.25(d))
45	0.00	0.00	1.00	0.00
46	0.00	0.00	1.00	0.00
47	0.00	0.00	1.00	0.00
48	0.00	0.00	2.00	0.00
49	0.00	0.00	6.00	0.00
50	3.00	0.00	10.00	4.00
51	3.00	0.00	8.00	3.00
52	4.00	2.00	10.00	3.00
53	4.00	2.00	13.00	5.00
54	5.00	3.00	13.00	10.00
55	6.00	5.00	20.00	18.00
56	7.00	5.00	20.00	20.00
57	7.00	6.00	20.00	22.00
58	9.00	7.00	20.00	25.00
59	13.00	8.00	20.00	25.00
60	16.00	10.00	20.00	25.00
61	18.00	12.50	20.00	25.00
62	20.00	20.00	20.00	25.00
63	20.00	20.00	20.00	25.00
64	25.00	20.00	20.00	25.00
65	30.00	25.00	100.00	100.00
66	30.00	30.00	100.00	100.00
67	30.00	30.00	100.00	100.00
68	30.00	30.00	100.00	100.00
69	35.00	30.00	100.00	100.00
70	35.00	50.00	100.00	100.00
71	20.00	50.00	100.00	100.00
72	20.00	50.00	100.00	100.00
73	20.00	50.00	100.00	100.00
74	20.00	50.00	100.00	100.00
75	100.00	100.00	100.00	100.00

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):**

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

For deferred vested members, we make the following retirement assumption:

General Age: 58

Safety Age: 52

We assume that 40% of future deferred vested members will continue to work for a reciprocal employer. For reciprocals, we assume 5.25% compensation increases per annum.

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**Supplemental Disability Benefit:**

25% of future General service connected (duty) disableds are assumed to be eligible for this benefit; 75% of future General non-service connected (ordinary) disableds are assumed to be eligible for this benefit.

**Net Investment Return:**

7.75%, net of investment and administration expenses.

**Employee Contribution  
Crediting Rate:**

3.50% (Actual rate is based on six-month Treasury rate).

**Consumer Price Index:**

Increase of 3.50% per year; retiree COLA increases due to CPI are limited to maximum of 2.00% per year.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Changes in Actuarial Assumptions and Methods – Prior Assumptions (continued):**

**Salary Increases:**

<b>Annual Rate of Compensation Increase</b>		
Inflation: 3.50% per year; plus “across the board” salary increases of 0.50% per year; plus the following promotional and merit increases:		
<b>Years of Service</b>	<b>General</b>	<b>Safety</b>
Less than 1	10.00%	10.00%
1	7.00	7.00
2	4.25	4.25
3	3.75	3.75
4	3.25	3.50
5	2.75	3.00
6	2.00	2.50
7	1.50	2.00
8	1.25	1.50
9	1.00	1.25
10	0.95	1.20
11	0.90	1.15
12	0.85	1.10
13	0.80	1.05
14	0.75	1.00
15	0.75	0.95
16	0.75	0.90
17	0.75	0.85
18	0.75	0.80
19	0.75	0.75
20 and Over	0.75	0.75

**Increase in Internal Revenue Code**

**Section 401(a)(17) Compensation Limit:** Increase of 3.5% per year from the valuation date.

**Increase in Section 7522.10**

**Compensation Limit:** Increase of 3.5% per year from the valuation date.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**EXHIBIT VI**

**Summary of Plan Provisions**

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This exhibit summarizes the major provisions of the SBCERA included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions. Unless otherwise noted, all plan provisions shown below apply to both Tier 1 and Tier 2 members.

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<b>Membership Eligibility:</b>	All permanent employees of the County of San Bernardino or another participating employer working 20 hours per week or more must become a member of SBCERA subject to classification below:
<i>General</i>	All employees not eligible for Safety.
<i>Safety</i>	Employees in law enforcement and fire suppression.
<i>Tier 1</i>	All members with membership dates before January 1, 2013.
<i>Tier 2</i>	All members with membership dates on or after January 1, 2013.

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**Final Compensation for Benefit Determination:**

<i>Tier 1</i>	Highest consecutive twelve months of compensation earnable (FAS1)(§31462.1).
<i>Tier 2</i>	Highest consecutive thirty-six months of pensionable compensation (FAS3)(§7522.32).

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**Compensation Limit:**

<i>Tier 1</i>	For members with membership dates on or after July 1, 1996, Compensation Earnable is limited to Internal Revenue Code Section 401(a)(17). The limit for the Plan Year beginning July 1, 2014 is \$260,000. The limit is indexed for inflation on an annual basis.
<i>Tier 2</i>	Pensionable Compensation is limited to \$138,077 for 2014. The limit is indexed for inflation on an annual basis.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**Service Requirement:**

Eligibility:

<i>General Tier 1</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 2</i>	Age 52 with 5 years of service (§7522.20(a)) or age 70 regardless of service (§31672.3).
<i>Safety Tier 1</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 Tier 2</i>	Age 50 with 5 years of service (§7522.25(a)) or age 70 regardless of service (§31672.3).

**Benefit Formula:**

<i>General Tier 1 (§31676.15)</i>	<u>Retirement Age</u>	<u>Benefit Formula</u>
	50	1.49% x FAS1 x Years of Service
	55	2.00% x FAS1 x Years of Service
	60	2.62% x FAS1 x Years of Service
	62	2.82% x FAS1 x Years of Service
	65	3.13% x FAS1 x Years of Service
<i>General Tier 2 (§7522.20(a))</i>	52	1.00% x FAS3 x Years of Service
	55	1.30% x FAS3 x Years of Service
	60	1.80% x FAS3 x Years of Service
	62	2.00% x FAS3 x Years of Service
	65	2.30% x FAS3 x Years of Service
	67	2.50% x FAS3 x Years of Service

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**Benefit Formula:**

	<u>Retirement Age</u>	<u>Benefit Formula</u>
<i>Safety Tier 1 (§31664.1)</i>	50 and later	3.00% x FAS1 x Years of Service
<i>Safety Tier 2 (§7522.25(d))</i>	50	2.00% x FAS3 x Years of Service
	55	2.50% x FAS3 x Years of Service
	57 and later	2.70% x FAS3 x Years of Service

**Maximum Benefit:**

<i>Tier 1</i>	100% of Final Compensation (§31676.15), (§31664.1)
<i>Tier 2</i>	There is no final compensation limit on the maximum retirement benefit.

**Ordinary Disability:**

<i>Eligibility</i>	Five years of service (§31720).
<i>Benefit Formula</i>	For members entering before January 1, 1981, 1.8% per year of service (in most cases a minimum of 33% of compensation) (§31727.3, §31727, and §31727.2). For members entering on or after January 1, 1981, 20% of final compensation, plus 2% of final average compensation for each year of service in excess of five years, up to a maximum of 40%. Members can instead receive 100% of service retirement benefit, if greater.

**Line-of-Duty Disability:**

<i>Eligibility</i>	No age or service requirements (§31720).
<i>Benefit</i>	50% of Final Compensation or 100% of service retirement benefit, if greater (§31727.4).

#### SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

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##### Supplemental Disability:

<i>Eligibility</i>	Must be a General member and incapable of gainful employment.
<i>Benefit</i>	\$300 per month payable as long as the member is incapable of gainful employment. This benefit is not considered when calculating Cost-of-Living increases.

---

##### Death Before Retirement:

<i>Less than Five Years of Service</i>	Refund of employee contributions with interest, plus one month's compensation for each year of service to a maximum of six months' compensation (§31781); 50% of Final Compensation payable to spouse (or child) if service-connected death (§31787).
<i>Five or More Years of Service</i>	60% of the greater of Service Retirement or Ordinary Disability retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of above.  An additional lump sum payment of one-year of compensation is paid if Line-of-Duty death for Safety member (§31787.6).

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##### Death After Retirement:

<i>Service Retirement or Ordinary Disability Retirement</i>	60% of member's unmodified allowance continued to eligible spouse (§31760.1).
<i>Line-of-Duty Disability</i>	100% of member's allowance continued to eligible spouse (§31786).  An additional lump sum benefit of \$750 is payable to the member's beneficiary for all post-retirement deaths (§31789.1).  In addition, the Board of Retirement approved a discretionary \$250 post-retirement lump sum death benefit (i.e., burial allowance) pursuant to §31789.13. This benefit is funded from undesignated excess earnings and is subject at all times to the availability of funds in the Burial Allowance reserve. This benefit is not valued in the actuarial valuation.

#### SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

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##### **Withdrawal Benefits:**

*Less than Five Years of Service* Refund of accumulated employee contributions with interest (§31628) or entitled to earned benefits commencing anytime after eligible to retire (§31629.5) if eligible for benefits at a reciprocal system.

*Five or More Years of Service* If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700). Service for eligibility includes service credited as an employee of a reciprocal system.

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

Future changes based on the Consumer Price Index to a maximum of 2% per year, excess "banked." There is a one-time 7% increase at retirement for members hired before August 19, 1975.

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##### **Employer Contributions:**

Determined based on the actuarial methods described in Exhibit V.

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##### **Member Contributions:**

Please refer to page Appendix A for the specific rates.

##### **General Tier 1:**

*Basic* Entry age based rates that provide for an average annuity at age 55 equal to  $\frac{1}{100}$  of FAS1 (§31621.6).

*Cost-of-Living* Entry age based rates that provide for one-half of future Cost-of-Living costs.

##### **Safety Tier 1:**

*Basic* Entry age based rates that provide for an average annuity at age 50 equal to  $\frac{1}{100}$  of FAS1 (§31639.25).

*Cost-of-Living* Entry age based rates that provide for one-half of future Cost-of-Living costs.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

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**General Tier 2:** Non-entry age based rates that provide for 50% of total Normal Cost Rate.

**Safety Tier 2:** Non-entry age based rates that provide for 50% of total Normal Cost Rate.

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**Other Information:** Tier 1 members with 30 or more years of service are exempt from paying member contributions (§31625.2, §31625.3).

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**Plan Changes:** There have been no changes in plan provisions since the previous valuation.

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

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

**Appendix A**

**Member Contribution Rates (Refundable Basis)**

**General Tier 1 Members' Contribution Rates (Refundable Basis) from the June 30, 2014 Actuarial Valuation  
Expressed as a Percentage of Monthly Compensation**

<u>Entry Age</u>	<u>General Basic</u>	<u>General Total</u>	<u>Entry Age</u>	<u>General Basic</u>	<u>General Total</u>
16	6.83%	8.44%	36	9.45%	11.69%
17	6.94%	8.58%	37	9.62%	11.90%
18	7.05%	8.71%	38	9.78%	12.10%
19	7.17%	8.86%	39	9.96%	12.33%
20	7.28%	9.00%	40	10.14%	12.55%
21	7.40%	9.15%	41	10.33%	12.78%
22	7.52%	9.30%	42	10.52%	13.02%
23	7.64%	9.44%	43	10.71%	13.26%
24	7.77%	9.61%	44	10.91%	13.50%
25	7.89%	9.76%	45	11.11%	13.75%
26	8.02%	9.92%	46	11.31%	14.00%
27	8.15%	10.08%	47	11.50%	14.24%
28	8.29%	10.25%	48	11.66%	14.44%
29	8.42%	10.41%	49	11.77%	14.57%
30	8.56%	10.59%	50	11.85%	14.67%
31	8.70%	10.76%	51	11.92%	14.76%
32	8.84%	10.93%	52	11.99%	14.85%
33	8.99%	11.12%	53	11.80%	14.61%
34	9.14%	11.31%	54 & Over	11.48%	14.21%
35	9.29%	11.49%			

Interest: 7.50%  
 COLA: 2.00%  
 Administrative Expense: 0.17% of payroll added to Basic rates.  
 COLA Loading Factor: 24.16% applied to Basic rates prior to adjustment for administrative expenses.  
 Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2020 with Scale BB weighted 30% Male and 70% Female.  
 Salary Increase: See Exhibit V.  
 Note: These rates are determined before any pickups by the employer.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

**Safety Tier 1 Members' Contribution Rates (Refundable Basis) from the June 30, 2014 Actuarial Valuation  
Expressed as a Percentage of Monthly Compensation**

<u>Entry Age</u>	<u>Safety Basic</u>	<u>Safety Total</u>	<u>Entry Age</u>	<u>Safety Basic</u>	<u>Safety Total</u>
16	7.83%	10.94%	36	11.02%	15.42%
17	7.96%	11.12%	37	11.21%	15.69%
18	8.10%	11.32%	38	11.40%	15.95%
19	8.23%	11.50%	39	11.59%	16.22%
20	8.37%	11.70%	40	11.79%	16.50%
21	8.51%	11.89%	41	11.98%	16.77%
22	8.66%	12.10%	42	12.11%	16.95%
23	8.81%	12.31%	43	12.20%	17.08%
24	8.96%	12.53%	44	12.28%	17.19%
25	9.11%	12.74%	45	12.36%	17.30%
26	9.27%	12.96%	46	12.44%	17.42%
27	9.44%	13.20%	47	12.55%	17.57%
28	9.60%	13.42%	48	12.39%	17.35%
29	9.77%	13.66%	49 & Over	12.05%	16.87%
30	9.95%	13.92%			
31	10.12%	14.16%			
32	10.30%	14.41%			
33	10.47%	14.65%			
34	10.65%	14.90%			
35	10.83%	15.15%			

Interest: 7.50%  
 COLA: 2.00%  
 Administrative Expense: 0.17% of payroll added to Basic rates.  
 COLA Loading Factor: 40.56% applied to Basic rates prior to adjustment for administrative expenses.  
 Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2020 with Scale BB, set back two years for males and one year for females, weighted 85% Male and 15% Female.  
 Salary Increase: See Exhibit V.  
 Note: These rates are determined before any pickups by the employer.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

---

**Tier 2 Members' Contribution Rates (Refundable Basis) from the June 30, 2014 Actuarial Valuation  
Expressed as a Percentage of Monthly Compensation**

	<b>Basic</b>	<b>COLA</b>	<b>Total</b>
County General and Superior Court	6.90%	1.50%	8.40%
County Safety	12.15%	3.07%	15.22%
SCAQMD	6.53%	1.44%	7.97%
Other General	7.65%	1.64%	9.29%
Other Safety	10.33%	2.49%	12.82%

The Tier 2 member contribution rate is 50% of the Normal Cost rate. The Basic rates shown above also includes an administrative expense load of 0.17% of payroll.

Note: It is our understanding that in the determination of pension benefits under the CalPEPRA formulas for Tier 2 members, the maximum compensation that can be taken into account for 2014 is \$138,077. (reference: Section 7522.10). This amount 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 San Bernardino County Employees' Retirement Association**

**Appendix B**

**Member Contribution Rates (Nonrefundable Basis)**

**General Tier 1 Members' Contribution Rates (Nonrefundable Basis) from the June 30, 2014 Actuarial Valuation  
Expressed as a Percentage of Monthly Compensation**

<u>Entry Age</u>	<u>General Basic</u>	<u>General Total</u>	<u>Entry Age</u>	<u>General Basic</u>	<u>General Total</u>
16	6.32%	7.81%	36	8.75%	10.82%
17	6.43%	7.94%	37	8.91%	11.02%
18	6.53%	8.06%	38	9.06%	11.20%
19	6.64%	8.20%	39	9.22%	11.42%
20	6.74%	8.33%	40	9.39%	11.62%
21	6.85%	8.47%	41	9.56%	11.83%
22	6.96%	8.61%	42	9.74%	12.06%
23	7.07%	8.74%	43	9.92%	12.28%
24	7.19%	8.90%	44	10.10%	12.50%
25	7.31%	9.04%	45	10.29%	12.73%
26	7.43%	9.19%	46	10.47%	12.96%
27	7.55%	9.33%	47	10.65%	13.19%
28	7.68%	9.49%	48	10.80%	13.37%
29	7.80%	9.64%	49	10.90%	13.49%
30	7.93%	9.81%	50	10.97%	13.58%
31	8.06%	9.96%	51	11.04%	13.67%
32	8.19%	10.12%	52	11.10%	13.75%
33	8.32%	10.30%	53	10.93%	13.53%
34	8.46%	10.47%	54 & Over	10.63%	13.16%
35	8.60%	10.64%			

Interest: 7.50%  
 COLA: 2.00%  
 Administrative Expense: 0.17% of payroll added to Basic rates.  
 COLA Loading Factor: 24.16% applied to Basic rates prior to adjustment for administrative expenses.  
 Refundability Factor: 1.08  
 Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2020 with Scale BB weighted 30% Male and 70% Female.  
 Salary Increase: See Exhibit V.  
 Note: These rates are determined before any pickups by the employer.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

---

**Safety Tier 1 Members' Contribution Rates (Nonrefundable Basis) from the June 30, 2014 Actuarial Valuation  
Expressed as a Percentage of Monthly Compensation**

<u>Entry Age</u>	<u>Safety Basic</u>	<u>Safety Total</u>	<u>Entry Age</u>	<u>Safety Basic</u>	<u>Safety Total</u>
16	7.60%	10.62%	36	10.70%	14.97%
17	7.73%	10.80%	37	10.88%	15.23%
18	7.86%	10.99%	38	11.07%	15.49%
19	7.99%	11.17%	39	11.25%	15.75%
20	8.13%	11.36%	40	11.45%	16.02%
21	8.26%	11.54%	41	11.63%	16.28%
22	8.41%	11.75%	42	11.76%	16.46%
23	8.55%	11.95%	43	11.84%	16.58%
24	8.70%	12.17%	44	11.92%	16.69%
25	8.84%	12.37%	45	12.00%	16.80%
26	9.00%	12.58%	46	12.08%	16.91%
27	9.17%	12.82%	47	12.18%	17.06%
28	9.32%	13.03%	48	12.03%	16.84%
29	9.49%	13.26%	49 & Over	11.70%	16.38%
30	9.66%	13.51%			
31	9.83%	13.75%			
32	10.00%	13.99%			
33	10.17%	14.22%			
34	10.34%	14.47%			
35	10.51%	14.71%			

Interest: 7.50%  
 COLA: 2.00%  
 Administrative Expense: 0.17% of payroll added to Basic rates.  
 COLA Loading Factor: 40.56% applied to Basic rates prior to adjustment for administrative expenses.  
 Refundability Factor: 1.03  
 Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2020 with Scale BB, set back two years for males and one year for females, weighted 85% Male and 15% Female.  
 Salary Increase: See Exhibit V.  
 Note: These rates are determined before any pickups by the employer.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

---

**Tier 2 Members' Contribution Rates (Nonrefundable Basis) from the June 30, 2014 Actuarial Valuation  
Expressed as a Percentage of Monthly Compensation**

	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
County General and Superior Court	6.33%	1.37%	7.70%
County Safety	11.74%	2.96%	14.70%
SCAQMD	5.98%	1.32%	7.30%
Other General	7.01%	1.49%	8.50%
Other Safety	9.98%	2.40%	12.38%

Note: It is our understanding that in the determination of pension benefits under the CalPEPRA formulas for Tier 2 members, the maximum compensation that can be taken into account for 2014 is \$138,077. (reference: Section 7522.10). This amount should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference: Section 7522.10(d))



**San Bernardino County Employees'  
Retirement Association  
Survivor Benefit Valuation**

**Review of Contribution Rate and Funded Status  
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 3, 2014

*Board of Retirement  
San Bernardino County Employees' Retirement Association  
348 West Hospitality Lane, 3<sup>rd</sup> Floor  
San Bernardino, California 92415-0014*

*Dear Members of the Board:*

*We are pleased to submit our Survivor Benefit Valuation as of June 30, 2014. It summarizes the actuarial data used in the valuation and establishes the funding requirements for fiscal 2015-2016.*

*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 information on which our calculations were based was prepared by SBCERA and the financial information was provided by the Retirement Association. 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 completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. 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 the 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*

By:

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

*John Monroe, ASA, EA, MAAA  
Vice President and Actuary*

AW/gxk

## SECTION 1

### VALUATION SUMMARY

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## SECTION 2

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## SECTION 1: Valuation Summary for SBCERA Survivor Benefit Valuation

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### CONTRIBUTION RECOMMENDATIONS AND FUNDED STATUS

- The results of this valuation reflect changes in the actuarial assumptions as recommended in our Actuarial Experience Study and adopted by the Board for the June 30, 2014 valuation.
- The following table summarizes the biweekly pay period contribution rate recommendations for the employers and the members:

	General Employers	Estimated Annual Amount	General Members	Estimated Annual Amount
Current Contribution Rate	\$1.85	\$829,000	\$1.85	\$829,000
Recommended Contribution Rate	\$1.72	\$774,000	\$1.72	\$774,000

- The decrease in the contribution rates is primarily due to the changes in actuarial assumptions.
- We have continued to exclude any potential liabilities associated with current or future terminated vested members in the valuation. This change was made after discussions with SBCERA and is consistent with how these benefits have historically been administered.
- The Board has elected to include the Survivor Benefit Valuation in the regular valuation process. Therefore, the Actuarial Valuation and Review will include the Survivor Benefit liabilities and normal cost and the valuation assets will include the Survivor Benefit Reserve. We will continue to issue this separate report for the Survivor Benefit as the contribution rate structure is different and there are special assumptions used only for this valuation.
- The following table compares the reserves and liabilities for the Survivor Benefit as of June 30, 2014:

1. June 30, 2014 Reserves	\$53,391,000
2. June 30, 2014 Actuarial Accrued Liabilities:	
Current Recipients	24,791,000
Future Recipients	8,967,000
Total	33,758,000
3. Liabilities minus Reserves (2) – (1)	-\$19,633,000
4. Funded Ratio (1) ÷ (2)	158.2%

## **SECTION 2: Review of Actuarial Assumptions for SBCERA Survivor Benefit Valuation**

---

### **A. INTRODUCTION**

The Survivor Benefit program was adopted by the County (in January 1976) and South Coast Air Quality District (in February 1977) to replace similar benefits once provided by Social Security. These benefits are provided only to eligible beneficiaries of members who are General active employees. The cost of the program is equally shared between the employers and the active employee members.

The contribution rates are calculated to provide for the ongoing cost of benefits, plus any amounts necessary to recognize any shortfall of reserves relative to the actuarial accrued liabilities.

A summary of the Survivor Benefit provisions is displayed in Exhibit I.

**SECTION 2: Review of Actuarial Assumptions for SBCERA Survivor Benefit Valuation**

---

**B. REVIEW OF EXPERIENCE AND RECOMMENDATIONS**

Exhibit II provides a summary of the actuarial assumptions used in this actuarial valuation. The Board adopted these assumptions as part of the 2014 Actuarial Experience Study and Review of Economic Assumptions. Additional assumptions are necessary for this valuation because the benefit amount varies depending upon the number and type of survivors receiving it.

Assumptions regarding the number and type of beneficiaries for future deaths were derived from 2013 U.S. Census data. Separate assumptions were developed for married versus non-married members. Those assumptions can be found in Exhibit II.

The following table provides a summary of the number and type of beneficiaries as of June 30, 2014.

---

**CHART 1**  
**Table of Coverage**

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<b>SBCERA Survivor Benefit Recipients as of June 30, 2014</b>	<b>Death Before 4/2/1994</b>	<b>Death 4/2/1994 or Later</b>
1. Surviving spouse caring for one child OR two children only	0	22
2. Surviving spouse caring for two or more children OR three or more children	0	12
3. One child only OR each of two dependent parents age 62	0	19
4. Widow or widower age 62 (no child) or in deferred status	75	190
5. Widow or widower age 60 (no child)	0	68
6. Total	75	311

<b>SBCERA Covered Members as of June 30, 2014</b>	<b>As of June 30, 2014</b>
1. Active members	17,314

---

### SECTION 3: Valuation Results for SBCERA Survivor Benefit Valuation

---

#### A. INTRODUCTION

The funding of the Survivor Benefit comes from the following sources:

1. The Survivor Benefit Reserve, which equals \$53,391,000 as of June 30, 2014; and
2. Equal contributions from employers and members.

The following table provides the funded status of the Survivor Benefit as of June 30, 2014:

1. June 30, 2014 Reserves	\$53,391,000
2. June 30, 2014 Actuarial Accrued Liabilities:	
Current Recipients	24,791,000
Future Recipients	8,967,000
Total	33,758,000
3. Liabilities minus Reserves	-\$19,633,000
4. Funded Ratio (1./2.)	158.2%

The contribution requirements are determined based on the Entry Age Actuarial Cost Method. Based on advice received from SBCERA's legal counsel, the Excess of Assets over the Actuarial Accrued Liability (Item 3 in the above table) can no longer be used to reduce the contribution rates. This is because CalPEPRA requires contributions be at least equal to the Normal Cost unless the provisions of Section 7522.52 are met. It is our understanding that those provisions are currently not met and it is not anticipated they will be met in the future. The employer and member contribution rates are derived on the following page.

### SECTION 3: Valuation Results for SBCERA Survivor Benefit Valuation

---

#### B. CONTRIBUTION REQUIREMENTS

1. Biweekly Entry Age Normal Cost per Active Member	\$3.44
2. Employer Portion (50% of (1))	\$1.72
3. Member Portion (50% of (1))	\$1.72
4. Estimated Annual Employer Contribution	\$774,000
5. Estimated Annual Member Contribution	\$774,000

*Note: Contributions include an adjustment to account for contributions being made throughout the year.*

## SECTION 4: Supporting Exhibits for SBCERA Survivor Benefit Valuation

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### EXHIBIT I

#### Plan Summary for SBCERA Survivor Benefit

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<b>Covered Members:</b>	This plan provides a survivor benefit for active general members who die prior to retirement or disability and have been a member continuously for not less than 18 months immediately prior to death. All General active employees at SBCERA are eligible for this benefit.
<b>Member Contribution Rate:</b>	50% of benefit cost, charged to all active General members
<b>Employer Contribution Rate:</b>	50% of benefit cost

**Table of Benefits for Members with Death Date on or After 4/1/1994**

---

<b><u>Member's Survivor(s)</u></b>	<b><u>Monthly Allowance</u></b>
Surviving spouse caring for one child	\$1,390
Surviving spouse caring for two or more children	\$1,622
One child only	\$ 695
Two children only (divided between children)	\$1,390
Three children only (divided between children)	\$1,622
Widow or widower age 60 (no children)	\$ 663
Widow or widower age 62 or older (no children)	\$ 768
Each of two dependent parents age 62 or older	\$ 695
One dependent parent only, age 62 or older	\$ 795
One-time burial allowance	\$ 255

**SECTION 4: Support Exhibits for SBCERA Survivor Benefit Valuation**

**EXHIBIT II**

**Actuarial Assumptions/Methods for SBCERA Survivor Benefit**

**Actuarial Assumptions**

The actuarial assumptions used in this valuation are:

- Those used in the SBCERA June 30, 2014 actuarial valuation report; and
- The following assumptions derived from 2013 U.S. Census data.

Member's Age at Death	Percent Married	Not Married No Child	Not Married One Child	Not Married 2+ Child	Married No Child	Married One Child	Married 2+ Child	Children's Age	
								Child 1	Child 2
Under 25	18%	65%	11%	6%	8%	6%	4%	3	1
25-34	49%	34%	7%	10%	15%	12%	22%	6	4
35-44	65%	21%	6%	8%	12%	15%	38%	10	8
45-54	64%	30%	4%	2%	34%	15%	15%	14	12
55-59	61%	38%	1%	0%	55%	4%	2%	18	16
60-64	61%	38%	1%	0%	55%	4%	2%	21	19
65-74	61%	40%	0%	0%	59%	1%	0%	N/A	N/A
75+	40%	60%	0%	0%	40%	0%	0%	N/A	N/A
Total	56%	26%	4%	4%	33%	9%	14%	N/A	N/A

*Child payments are assumed to end when the child reaches age 22.*

*Widows or widowers are assumed to start payment at age 62 (or later if they are caring for an eligible child).*

**Actuarial Methods**

**Actuarial Cost Method:**

Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as though the current benefit accrual rate had always been in effect, (i.e., "replacement life").

**Actuarial Value of Assets:**

Survivor Benefit Reserve value as of valuation date.

**SECTION 4: Support Exhibits for SBCERA Survivor Benefit Valuation**

**Amortization Policy:** If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus), such surplus and any subsequent surpluses will be amortized over an “open” amortization period of 30 years. However, since the provisions of Section 7522.52 have not been met, the surplus has not been amortized. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized over 20 years as the first of a new series of amortization layers. Other parameters of the amortization policy follow those established for SBCERA’s other retirement benefits, with the exception that a level dollar methodology will be used instead of level percent of payroll.

**Changes in Actuarial Assumptions and Methods:** Based on the actuarial experience study, the following actuarial assumptions were changed. Previously these assumptions were as follows:

- Those used in the SBCERA June 30, 2013 actuarial valuation report; and
- The following assumptions derived from 1998 U.S. Census data.

Member’s Age at Death	Percent Married	Not Married No Child	Not Married One Child	Not Married 2+ Child	Married No Child	Married One Child	Married 2+ Child	Children’s Age	
								Child 1	Child 2
Under 25	33%	61%	3%	3%	25%	3%	5%	3	1
25-34	67%	27%	3%	3%	36%	12%	19%	6	4
35-44	75%	19%	3%	3%	36%	15%	24%	9	7
45-54	76%	18%	3%	3%	36%	15%	25%	12	10
55-59	78%	18%	2%	2%	36%	16%	26%	16	14
60-64	78%	18%	2%	2%	36%	16%	26%	20	18
65-74	67%	27%	3%	3%	36%	12%	19%	N/A	N/A
75+	43%	51%	3%	3%	30%	5%	8%	N/A	N/A
Total	68%	26%	3%	3%	36%	12%	20%	N/A	N/A

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November 3, 2014

Board of Retirement  
San Bernardino County Employees' Retirement Association  
348 West Hospitality Lane, 3<sup>rd</sup> Floor  
San Bernardino, CA 92415-0014

**Re: South Coast Air Quality Management District (SCAQMD) Pick-up Contributions for Tier 1 Members**

Dear Members of the Board:

As requested, we have determined the SCAQMD Tier 1 member and employer contribution rates after taking into account the employer contribution pick-up arrangement for two groups of employees: (1) Non-Office, Clerical & Maintenance employees (Non-OCM), and (2) Office, Clerical & Maintenance employees (OCM).

It is our understanding that Tier 1 members with more than 30 years of service are exempt from paying member contributions. As directed by SBCERA, we have excluded these members from these pick-up calculations.

To determine the employer rate we take the average contribution rate pick-up, reduce it for nonrefundability (since the employer is paying it and therefore it becomes nonrefundable), and add that rate to the employer contribution rate in the June 30, 2014 valuation. We have produced three employer rates, one for the Non-OCM pre-7/1/1979 hires (including some select Non-OCM post-7/1/1979 hires), one for the Non-OCM post-7/1/1979 hires, and one rate for the OCM post-7/1/1979 hires. We have not provided employer rates for OCM hires before 7/1/1979 as all of those employers have at least 30 years of service, and so no longer make member contributions. The General Tier 1 nonrefundability factor changed from last year's value of 1.10 to a new value of 1.08 due to the new assumptions reflected in the June 30, 2014 valuation.

In addition to the rates described in this letter, it is our understanding that the SCAQMD has agreed with certain employee groups that new employees hired on or after July 1, 2012 will pay the full employee contribution without any employer pick-up. For these employee groups, the rates described in this letter will not apply, as the employer and employee rates described in the actuarial valuation will be applicable without modification.

**NON-OCM EMPLOYEES**

We understand that the SCAQMD will pick-up contributions for Non-OCM pre-7/1/1979 hires (and some select Non-OCM post-7/1/1979 hires) up to a rate of 11.34% and contributions for post-7/1/1979 hires up to a rate of 6.49%. Since all Non-OCM post-7/1/1979 members pay at

least a 6.49% contribution rate, all Non-OCM post-7/1/1979 members contribution rates will be reduced by 6.49% (note that this excludes the Non-OCM post-7/1/1979 members that are included in the Non-OCM pre-7/1/1979 group). For the Non-OCM pre-7/1/1979 members (and post-7/1/1979 members included in this group) all member contribution rates will be reduced by up to 11.34%. Note that an additional 3.25% member contribution rate is added to the resulting member contribution rate determined above after pick-ups.

For Non-OCM post-7/1/1979 hires the employer contribution rate is 33.19% ( $30.19\% + ((6.49\% - 3.25\%) / 1.08)$ ). Please note that 30.19% is the SCAQMD Tier 1 contribution rate in the June 30, 2014 valuation and the 1.08 factor is the General Tier 1 member nonrefundability factor. For Non-OCM pre-7/1/1979 hires (including those select Non-OCM post-7/1/1979 hires) the employer contribution rate is 37.30% ( $30.19\% + ((10.93\% - 3.25\%) / 1.08)$ ). The factors are the same as above except we had to derive an average member contribution rate to be picked up for the Non-OCM pre-7/1/1979 hires (including those select post-7/1/1979 hires). That average rate was 10.93%.

### OCM EMPLOYEES

We understand that the SCAQMD will pick-up contributions for OCM pre-7/1/1979 hires up to a rate of 11.34% and contributions for OCM post-7/1/1979 hires up to a rate of 6.49%. Since all OCM post-7/1/1979 members pay at least a 6.49% contribution rate, all OCM post-7/1/1979 members contribution rates will be reduced by 6.49%. For the OCM pre-7/1/1979 members, no pick-up calculation is necessary since all of these members have more than 30 years of service. Note that there is no additional 3.25% member contribution for OCM employees.

For OCM post-7/1/1979 hires the employer contribution rate is 36.20% ( $30.19\% + (6.49\% / 1.08)$ ). The factors are the same as above except that the additional 3.25% member contribution rate was excluded.

### SUMMARY

The following table\* summarizes the employer contribution rates for the SCAQMD Tier 1 Members:

	SCAQMD Tier 1		
	Non-OCM		OCM
	Post 7/1/1979	Pre- 7/1/1979	Post- 7/1/1979
<b>Employer Contribution</b>	30.19%	30.19%	30.19%
<b>Employer Pick-Up</b>	3.00%	7.11%	6.01%
<b>Net Employer Contribution</b>	33.19%	37.30%	36.20%

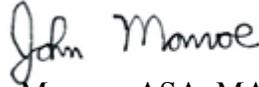
\* Not applicable to those employee groups that have agreed to require employees hired on or after July 1, 2012 to pay the full employee contribution.

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.

Respectfully submitted,



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



John Monroe, ASA, MAAA, EA  
Vice President and Actuary

AW/gxk



**San Bernardino County Employees'  
Retirement Association**  
Governmental Accounting Standards (GAS) 67  
Actuarial Valuation 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 3, 2014*

*Board of Retirement  
San Bernardino County Employees' Retirement Association  
348 West Hospitality Lane, Third Floor  
San Bernardino, CA 92415-0014*

*Dear Board Members:*

*We are pleased to submit this Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2014. It contains various information that will need to be disclosed in order to comply with GAS 67.*

*This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Association. The census and financial information on which our calculations were based was prepared by SBCERA. 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; and changes in plan provisions or applicable law.*

*The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. 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 the 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 expectations for the Association.*

*We look forward to reviewing this report with you and to answering any questions.*

*Sincerely,*

*Segal Consulting, a Member of The Segal Group, Inc.*

By:

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

*John Monroe, ASA, EA, MAAA  
Vice President and Actuary*

*AW/*

## SECTION 1

### VALUATION SUMMARY

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## SECTION 2

### GASB 67 INFORMATION

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## **SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association**

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### **Purpose**

This report has been prepared by Segal Consulting to present certain disclosure information required by Statement No. 67 of the Governmental Accounting Standards Board as of June 30, 2014. This valuation is 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, and 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.

### **Significant Issues in Valuation Year**

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

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. Statement 67 is effective with the year ending June 30, 2014 for Plan reporting and Statement 68 is effective for fiscal years beginning after June 15, 2014 (2014/15) for employer reporting. The information contained in this valuation is intended to be used (along with other information) in order to comply with Statement 67.
- It is important to note that the new GASB rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices.
- When measuring pension liability GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as SBCERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as SBCERA's Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.

## SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association

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- The Total Pension Liability (TPL) and the Plan's Fiduciary Net Position include liabilities and assets held for Survivor Benefit and Burial Allowance reserves. In the case of the Burial Allowance, the TPL only includes a liability up to the amount in the Burial Allowance Reserve. This is because we understand that the Burial Allowance is a nonvested benefit and once the reserve is depleted no further benefits would need to be paid.
- The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NPL decreased from \$1.98 billion as of June 30, 2013 to \$1.70 billion as of June 30, 2014 due to the 12.20% return on the market value of assets during 2013/2014 that exceeded the assumed return of 7.75%. Changes in these values during the last fiscal year ending June 30, 2014 can be found in Exhibit 3. In particular, the June 30, 2014 NPL was measured using the new actuarial assumptions and the NPL would have been lower by about \$329 million if measured using the old assumptions.
- The NPLs measured as of June 30, 2014 and 2013 have been determined from the actuarial valuations as of June 30, 2014 and June 30, 2013, respectively.
- The discount rates used to determine the TPL and NPL as of June 30, 2014 and 2013 were 7.50% and 7.75%, respectively, following the same assumptions used by the Association in the funding valuations as of the same dates. Details on the derivation of the discount rates can be found in Exhibits 5 and 6 of Section 2. Various other information that is required to be disclosed can be found throughout Exhibits 1 through 4 in Section 2.

**SECTION 1: Valuation Summary for the San Bernardino County Employees' Retirement Association**

**Summary of Key Valuation Results**

	<b>2014</b>	<b>2013</b>
<b>Disclosure elements for fiscal year ending June 30:</b>		
Service cost <sup>(1)</sup>	\$271,473,405	\$273,020,175
Total pension liability	9,694,825,407	9,088,635,907
Plan fiduciary net position	7,995,070,539	7,104,553,860
Net pension liability	1,699,754,868	1,984,082,047
<b>Schedule of contributions for fiscal year ending June 30:</b>		
Actuarially determined contributions	\$278,352,174	\$248,840,990
Actual contributions	278,352,174	248,840,990
Contribution deficiency (excess)	0	0
<b>Demographic data for plan year ending June 30:</b>		
Number of retired members and beneficiaries	10,618	10,173
Number of vested terminated members <sup>(2)</sup>	4,356	3,921
Number of active members	19,497	19,401
<b>Key assumptions as of June 30:</b>		
Investment rate of return	7.50%	7.75%
Inflation rate	3.25%	3.50%
Projected salary increases <sup>(3)</sup>	General: 4.60% to 13.75% and Safety: 4.55% to 13.75%	General: 4.75% to 14.00% and Safety: 4.75% to 14.00%

<sup>(1)</sup> Please note that service cost is always based on the previous year's assumptions, meaning both values are based on those assumptions shown as of June 30, 2013.

<sup>(2)</sup> Includes terminated members due a refund of member contributions plus accumulated interest.

<sup>(3)</sup> Includes inflation at 3.25% (3.50% for the June 30, 2013 valuation) plus real across-the-board salary increase of 0.50% plus merit and promotional increases.

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT 1**

**General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Cost-Sharing Pension Plan**

**Plan Description**

*Plan administration.* The San Bernardino County Employees' Retirement Association (SBCERA) was established by the County of San Bernardino in 1945. SBCERA is governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq), the California Public Employees' Pension Reform Act of 2013 (CalPEPRA), and the regulations, procedures, and policies adopted by SBCERA's Board of Retirement. SBCERA is a cost-sharing multiple employer defined benefit public employee Retirement Association whose main function is to provide service retirement, disability, death and survivor benefits to the General and Safety members employed by the County of San Bernardino. SBCERA also provides retirement benefits to the employee members for 16 other employers which are members of SBCERA.

The management of SBCERA is vested with the SBCERA Board of Retirement. The Board consists of eleven trustees. Of the eleven members, two are alternates. Four trustees are appointed by the San Bernardino County Board of Supervisors; two General member trustees are elected by the General members; two Safety member trustees (including one alternate) are elected by the Safety members; two Retired member trustees (including one alternate) are elected by the Retired members; and the San Bernardino County Treasurer serves as an ex-officio member. Board members serve three-year terms, with the exception of the County Treasurer, who serves during his tenure in office.

*Plan membership.* At June 30, 2014, pension plan membership consisted of the following:

	Tier 1			Tier 2			Total
	General	Safety	Sub-Total	General	Safety	Sub-Total	
Active employees - vested	12,533	1,826	14,359	14	0	14	14,373
Active employees - nonvested	2,727	206	2,933	2,040	151	2,191	5,124
Inactive plan members or beneficiaries currently receiving benefits							
Retirees currently receiving benefits	7,745	1,410	9,155	0	0	0	9,155
Beneficiaries and dependents currently receiving benefits	1,181	282	1,463	0	0	0	1,463
Inactive plan members entitled to but not yet receiving benefits							
Inactive members eligible for, but not yet receiving benefits	2,002	127	2,129	1	0	1	2,130
Inactive members eligible for refund value of account only <sup>1</sup>	1,988	62	2,050	176	0	176	2,226
<b>Total</b>	<b>28,176</b>	<b>3,913</b>	<b>32,089</b>	<b>2,231</b>	<b>151</b>	<b>2,382</b>	<b>34,471</b>

<sup>1</sup> Inactive members with less than 5 years of service are entitled to withdraw their refundable contributions made, together with accumulated interest only.

## SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association

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*Benefits provided.* SBCERA provides service retirement, disability, death and survivor benefits to eligible employees. Generally, any employee of the County of San Bernardino or participating employers who is appointed to a regular position whose service is greater than fifty percent of the full standard of hours required by a participating SBCERA employer (e.g. 20 hours per week or more) must become a member of SBCERA effective on the first day of employment. There are separate retirement benefits for General and Safety member employees. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General Members.

There are currently two tiers applicable to both General and Safety members. Members with membership dates before January 1, 2013 are included in General Tier 1 or Safety Tier 1. Any new member who becomes a member on or after January 1, 2013 is designated as General Tier 2 or Safety Tier 2 and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (CalPEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197.

General members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 52 and have acquired five or more years of retirement service credit.

Safety members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50, and have acquired five or more years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General Tier 1 benefit is calculated pursuant to the provisions of California Government Code of Section 31676.15. The monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from Section 31676.15. General Tier 2 benefit is calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety Tier 1 benefit is calculated pursuant to the provisions of California Government Code Section 31664.1. The monthly allowance is equal to 3% of final compensation times years of accrued retirement service credit times age factor from Section 31664.1. Safety Tier 2 benefit is calculated pursuant to the provisions found in California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

## **SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

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For Tier 1 members, the maximum monthly retirement allowance is 100% of final compensation. There is no final compensation limit on the maximum retirement benefit for Tier 2 members.

The maximum amount of compensation earnable that can be taken into account for 2014 for Tier 1 members with membership dates on or after July 1, 1996 is \$260,000. The maximum amount of pensionable compensation for Tier 2 members that can be taken into account for 2014 is equal to \$138,077. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

Final average compensation consists of the highest 12 consecutive months for Tier 1 members and the highest 36 consecutive months for Tier 2 members

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date or at least two years prior to the date of death and has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

SBCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County Area, is capped at 2.0%.

The County of San Bernardino and participating employers contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from SBCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2014 for 2013-2014 (based on the June 30, 2012 valuation) was 23.08% of compensation.

All members are required to make contributions to SBCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2014 for 2013-2014 (based on the June 30, 2012 valuation) was 10.58% of compensation.

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT 2**

**Net Pension Liability**

The components of the net pension liability are as follows:

	June 30, 2014	June 30, 2013
Total pension liability	\$9,694,825,407	\$9,088,635,907
Plan fiduciary net position	<u>-7,995,070,539</u>	<u>-7,104,553,860</u>
Net pension liability	\$1,699,754,868	\$1,984,082,047
Plan fiduciary net position as a percentage of the total pension liability	82.47%	78.17%

The net pension liability was measured as of June 30, 2014 and 2013 and determined based upon the Plan fiduciary net position (plan assets) and total pension liability from actuarial valuations as of June 30, 2014 and 2013, respectively.

*Actuarial assumptions.* The total pension liabilities as of June 30, 2014 and June 30, 2013 were determined by actuarial valuations as of June 30, 2014 and June 30, 2013, respectively. The actuarial assumptions used in this June 30, 2014 valuation were based on the results of an experience study for the period from July 1, 2010 through June 30, 2013. They are the same as the assumptions used in the June 30, 2014 funding actuarial valuation for SBCERA. The assumptions are outlined on page 11 of this report. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	General: 4.60% to 13.75% and Safety: 4.55% to 13.75%, varying by service, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Administrative expenses	0.60% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
Mortality	Mortality rates are based on the RP-2000 Combined Healthy mortality table projected 20 years using Projection Scale BB. For healthy General members, no adjustments are made. For healthy Safety members, ages are set back two years for males and one year for females. For disabled General members, ages are set forward seven years for males and set forward eight years for females. For disabled Safety members, ages are set forward two years for males and females.

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

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Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service retirement.

Other assumptions                      Same of those used in June 30, 2014 actuarial valuation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The June 30, 2014 and June 30, 2013 target allocations (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumptions are summarized in the following tables:

**June 30, 2014**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. Equity	5.00%	5.94%
Small Cap U.S. Equity	2.00%	6.50%
Developed International Equity	6.00%	6.87%
Emerging Market Equity	6.00%	8.06%
U.S. Core Fixed Income	2.00%	0.69%
High Yield/Credit Strategies	13.00%	3.10%
Global Core Fixed Income	1.00%	0.30%
Emerging Market Debt	6.00%	4.16%
Real Estate	9.00%	4.96%
Cash & Equivalents	2.00%	-0.03%
International Credit	10.00%	6.76%
Absolute Return	13.00%	2.88%
Real Assets	6.00%	6.85%
Long/Short Equity	3.00%	4.86%
Private Equity	<u>16.00%</u>	9.64%
<b>Total</b>	<b>100.00%</b>	

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

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**June 30, 2013**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equity	11.00%	6.69%
Developed International Equity	7.00%	6.96%
Emerging Market Equity	4.00%	9.25%
U.S. Core Fixed Income	6.00%	1.38%
High Yield/Credit Strategies	13.00%	4.08%
Global Core Fixed Income	10.00%	1.53%
Emerging Market Debt	6.00%	4.68%
Real Estate	9.00%	5.40%
Cash & Equivalents	2.00%	0.76%
Absolute Return	7.00%	3.73%
Real Assets	9.00%	5.42%
Private Equity	<u>16.00%</u>	10.84%
<b>Total</b>	100.00%	

*Discount rate:* The discount rates used to measure the total pension liability were 7.50% as of June 30, 2014 and 7.75% as of June 30, 2013, respectively. The projection of cash flows used to determine the discount rates assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2014 and June 30, 2013.

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

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*Sensitivity of the June 30, 2014 net pension liability to changes in the discount rate.* The following presents the net pension liability as of June 30, 2014, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<b>1.00% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1.00% Increase (8.50%)</b>
Net pension liability as of June 30, 2014	\$3,003,860,941	\$1,699,754,868	\$619,734,864

*Sensitivity of the June 30, 2013 net pension liability to changes in the discount rate.* The following presents the net pension liability as of June 30, 2013, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<b>1.00% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1.00% Increase (8.75%)</b>
Net pension liability as of June 30, 2013	\$3,190,414,137	\$1,984,082,047	\$982,657,777

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT 3**

**Schedules of Changes in Net Pension Liability – Last Two Fiscal Years**

	<b>2014</b>	<b>2013</b>
<b>Total pension liability</b>		
Service cost	\$271,473,405	\$273,020,175
Interest	709,992,812	673,932,152
Change of benefit terms	0	0
Differences between expected and actual experience	-306,201,239	-97,496,872
Changes of assumptions	328,748,000	0
Benefit payments, including refunds of member contributions	<u>-397,823,478</u>	<u>-367,396,205</u>
<b>Net change in total pension liability</b>	<b>\$606,189,500</b>	<b>\$482,059,250</b>
<b>Total pension liability – beginning</b>	<u>9,088,635,907</u>	<u>8,606,576,657</u>
<b>Total pension liability – ending (a)</b>	<u><b>\$9,694,825,407</b></u>	<u><b>\$9,088,635,907</b></u>
<b>Plan fiduciary net position</b>		
Contributions – employer	\$330,330,400	\$303,080,499
Contributions – member	89,860,998	91,055,576
Net investment income	877,018,498	912,309,930
Benefit payments, including refunds of member contributions	-397,823,478	-367,396,205
Administrative expense	-6,386,420	-6,258,237
Other expenses	<u>-2,483,319</u>	<u>-1,571,905</u>
<b>Net change in plan fiduciary net position</b>	<b>\$890,516,679</b>	<b>\$931,219,658</b>
<b>Plan fiduciary net position – beginning</b>	<u>7,104,553,860</u>	<u>6,173,334,202</u>
<b>Plan fiduciary net position – ending (b)</b>	<u>\$7,995,070,539</u>	<u>\$7,104,553,860</u>
<b>Net pension liability – ending (a) – (b) = (c)</b>	<u><b>\$1,699,754,868</b></u>	<u><b>\$1,984,082,047</b></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	82.47%	78.17%
<b>Covered employee payroll (d)</b>	\$1,262,751,964	\$1,260,309,037
<b>Plan net pension liability as percentage of covered employee payroll (c) / (d)</b>	134.61%	157.43%

**Notes to Schedule:**

*Benefit changes:*

All members with membership dates on or after January 1, 2013 enter the new tiers created by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA).

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT 4**

**Schedule of Contributions – Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>Actuarially Determined Contributions<sup>(1)</sup></b>	<b>Contributions in Relation to the Actuarially Determined Contributions<sup>(1)</sup></b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2005	\$96,345,872	\$96,345,872	\$0	\$943,545,971	10.21%
2006	129,077,654	129,077,654	0	968,674,295	13.33%
2007	164,992,436	164,992,436	0	1,028,730,826	16.04%
2008	162,619,197	162,619,197	0	1,102,150,627	14.75%
2009	166,081,964	166,081,964	0	1,219,561,653	13.62%
2010	163,959,509	163,959,509	0	1,226,431,276	13.37%
2011	180,755,714	180,755,714	0	1,250,192,961	14.46%
2012	210,000,343	210,000,343	0	1,244,554,740	16.87%
2013	248,840,990	248,840,990	0	1,260,309,037	19.74%
2014	278,352,174	278,352,174	0	1,262,751,964	22.04%

<sup>(1)</sup>The Board has approved all contribution rates recommended by the actuary. Actuarially determined contributions include contributions required for the survivor benefit, and excludes employer paid member contributions, UAAL prepayments, golden handshake payments, funds deposited for purchase of service credit, payments made by withdrawn employers, member paid employer contributions and member contributions.

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

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**Notes to Exhibit 4**

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**Methods and assumptions used to establish  
"actuarially determined contribution" rates:**

<b>Valuation date</b>	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
<b>Actuarial cost method</b>	Entry Age Actuarial Cost Method
<b>Amortization method</b>	Level percent of payroll (3.75% payroll growth assumed)
<b>Remaining amortization period</b>	20 years for all UAAL prior to June 30, 2002. Any changes in UAAL after June 30, 2002 are amortized over a 20-year closed period effective with each valuation. Effective June 30, 2011, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with each valuation. Any change in unfunded actuarial accrued liability that arises due to plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years).
<b>Asset valuation method</b>	Market value of assets less unrecognized returns from each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four years from that date.
<b>Other information:</b>	All members with membership dates on or after January 1, 2013 enter the Tier 2 created by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA).

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**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

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	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<b>Actuarial assumptions:</b>		
Investment rate of return	7.50%, net of pension plan investment expenses, including inflation	7.75%, net of pension plan administration and investment expenses, including inflation
Inflation rate	3.25%	3.50%
Real across-the-board salary increase	0.50%	0.50%
Projected salary increases*	General: 4.60% to 13.75% and Safety: 4.55% to 13.75%	General: 4.75% to 14.00% and Safety: 4.75% to 14.00%
Administrative Expenses	0.60% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.	Offset to investment return
Cost of living adjustments	2.00% (actual increases contingent upon CPI increases with a 2% maximum)	2.00% (actual increases contingent upon CPI increases with a 2% maximum)
Other assumptions	Same as those used in the June 30, 2014 funding actuarial valuation	Same as those used in the June 30, 2013 funding actuarial valuation

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*\*Includes inflation at 3.25% as of June 30, 2014 and 3.50% as of June 30, 2013 plus real across-the-board salary increase of 0.50% plus merit and promotional increases.*

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT 5**

**Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2014**

(\$ in millions)

Year Beginning July 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2014	\$7,995	\$458	\$468	\$7	\$598	\$8,575
2015	8,575	468	485	7	641	9,192
2016	9,192	465	521	8	685	9,814
2017	9,814	455	557	8	730	10,434
2018	10,434	451	596	8	775	11,056
2019	11,056	451	636	8	820	11,683
2020	11,683	451	677	9	865	12,314
2021	12,314	452	720	9	911	12,947
2022	12,947	446	765	9	956	13,575
2023	13,575	366	810	10	999	14,119
2039	18,705	99	1,491	18	1,345	18,642
2040	18,642	91	1,520	18	1,339	18,533
2041	18,533	84	1,547	19	1,330	18,381
2042	18,381	76	1,569	20	1,317	18,185
2043	18,185	70	1,587	20	1,301	17,948
2053	14,497	35	1,487	30	1,027	14,043
2063	10,443	43	1,022	43	742	10,162
2073	9,690	62	472	62	708	9,926
2083	15,473	89	107	89	1,156	16,522
2093	31,092	129	9	129	2,332	33,415
2103	64,024	187	0	187	4,802	68,826
2113	131,954	270	0	270	9,897	141,850
2123	271,961	389	0	389	20,397	292,358
2129	419,717	486	0 *	486	31,479	451,196
2130	451,196					
2130 Discounted Value:	103 **					

\* Less than \$1 million, when rounded.

\*\* \$451,196 million when discounted with interest at the rate of 7.50% per annum has a value of \$103 million as of June 30, 2014.

## SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association

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### EXHIBIT 5

#### Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2014

(\$ in millions) - continued

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Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Certain years have been omitted from the table.
- (3) Column (a): Except for the "discounted value" shown for 2130, none of the projected beginning plan fiduciary net position amounts shown have been adjusted for the time value of money.
- (4) Column (b): Projected total contributions include employee and employer normal cost rates applied to closed group projected payroll (based on covered active members as of June 30, 2014), plus employer contributions to the unfunded actuarial accrued liability. Contributions are assumed to occur halfway through the year, on average.
- (5) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2014. The projected benefit payments are assumed to occur halfway through the year, on average and reflect the cost of living increase assumptions used in the June 30, 2014 valuation report.
- (6) Column (d): Projected administrative expenses are assumed to be 0.6% of projected payroll and are assumed to occur halfway through the year, on average.
- (7) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.50% per annum.
- (8) As illustrated in this Exhibit, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.50% per annum was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

**SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association**

**EXHIBIT 6**

**Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2013**

(\$ in millions)

Year Beginning July 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2013	\$7,105	\$426	\$431	\$8	\$552	\$7,644
2014	7,644	436	451	8	593	8,213
2015	8,213	444	486	9	636	8,799
2016	8,799	446	523	9	680	9,393
2017	9,393	441	562	10	725	9,987
2018	9,987	441	602	10	769	10,585
2019	10,585	442	645	10	814	11,186
2020	11,186	442	688	11	859	11,788
2021	11,788	443	733	11	904	12,391
2022	12,391	438	780	12	949	12,986
2038	17,352	64	1,451	22	1,295	17,239
2039	17,239	57	1,478	23	1,285	17,080
2040	17,080	50	1,501	23	1,271	16,876
2041	16,876	43	1,520	24	1,255	16,630
2042	16,630	37	1,533	25	1,235	16,343
2052	12,468	3	1,387	38	916	11,963
2062	7,635	0	915	56	557	7,222
2072	4,621	0	402	82	341	4,477
2082	4,495	0	87	122	341	4,627
2092	6,704	0	7	180	512	7,028
2102	10,950	0	0	267	838	11,520
2112	18,440	0	0	395	1,414	19,459
2122	32,006	0	0	585	2,458	33,879
2124	35,872	0	0 *	633	2,756	37,994
2125	37,994					
2125 Discounted Value:	9 **					

\* Less than \$1 million, when rounded.

\*\* \$37,994 million when discounted with interest at the rate of 7.75% per annum has a value of \$9 million as of June 30, 2013.

## SECTION 2: GASB Information for San Bernardino County Employees' Retirement Association

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### EXHIBIT 6

#### Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2013

(\$ in millions) - continued

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Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Certain years have been omitted from the table.
- (3) Column (a): Except for the "discounted value" shown for 2125, none of the projected beginning plan fiduciary net position amounts shown have been adjusted for the time value of money.
- (4) Column (b): Projected total contributions include employee and employer normal cost rates applied to closed group projected payroll (based on covered active members as of June 30, 2013), plus employer contributions to the unfunded actuarial accrued liability. Contributions are assumed to occur halfway through the year, on average.
- (5) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2013. The projected benefit payments are assumed to occur halfway through the year, on average and reflect the cost of living increase assumptions used in the June 30, 2013 valuation report.
- (6) Column (d): Projected administrative expenses are calculated assuming a 4.00% increase every year from the actual amount of \$7,830,142 reported in June 30, 2012 CAFR. Administrative expenses are assumed to occur halfway through the year, on average.
- (7) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.75% per annum.
- (8) As illustrated in this Exhibit, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.75% per annum was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2013 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

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