



**Sacramento County Employees'
Retirement System,
Sacramento, California**

*A Pension Trust Fund for the
County of Sacramento and Member Special Districts*

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2000

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Sacramento County Employees' Retirement System, Sacramento, California

(A Pension Trust Fund for the
County of Sacramento and Member Special Districts)

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2000

Mission Statement

*We are dedicated to providing quality services
and managing system assets in a prudent manner.*

Issued by:
John R. Descamp
Chief Executive Officer

Steven A. Grimshaw
Chief Operations Officer

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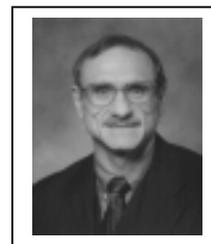
Introductory Section

Sacramento County Employees' Retirement System

Letter of Transmittal

December 15, 2000

Board of Retirement
Sacramento County Employees' Retirement System
980 9th Street, Suite 750
Sacramento, CA 95814



John R. Descamp
Chief Executive Officer

Dear Board Members,

As Chief Executive Officer of the Sacramento County Employees' Retirement System ("SCERS" or the "System"), I am pleased to present this Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000.

The System

SCERS is a public employees' retirement system enacted, managed and administered in accordance with provisions of the County Employees' Retirement Law of 1937 (California Government Code Section 31450, et seq). The purpose of which is to provide retirement, disability and survivors' benefits to participants of the System. In accordance with Section 31500 of that law, SCERS was created by ordinance adopted by the Sacramento County Board of Supervisors on April 30, 1941 and was effective July 1, 1941. Article XVI, Section 17 of the constitution of the State of California establishes that the Board of Retirement shall have plenary authority and fiduciary responsibility for investment of monies and administration of the System. At June 30, 2000, participating local government employers consisted of the County of Sacramento and 11 special districts.

The Comprehensive Annual Financial Report

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with the management of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System.

The CAFR is divided into five sections.

- The Introductory Section contains a letter of transmittal, a list of Board of Retirement members, an organization chart for SCERS, a list of participating employers, and a list of professional consultants used by the System.
- The Financial Section presents the Independent Auditor's Report, the financial statements, notes and required supplemental information.
- The Investment Section contains the Chief Investment Officer's Report, summarizing the investment policy and asset allocation, and includes a listing of investment professionals currently under contract with SCERS. In addition, this section contains current and historical investment results, a listing of the top ten holdings at June 30, 2000 and a schedule of manager's fees.
- The Actuarial Section provides the independent actuary's certification, a summary of actuarial assumptions and methods, and various actuarial statistics.

- The Statistical Section contains significant detailed information pertaining to the administration of the System.

I trust that readers of this Report and participants of the System will find this information helpful in understanding SCERS and its commitment to financial integrity and participant service.

SCERS Mission Statement and Core Values

We are dedicated to providing quality services and managing system assets in a prudent manner. In carrying out our mission we will:

- Act as fiduciaries for the members, retirees and beneficiaries.
- Take responsibility for cost effective operations and minimize employer contributions.
- Display competency, courtesy and respect.
- Continue our professional growth through education and training.
- Plan strategically for the future.

Accounting System and Reports

Management of SCERS is responsible for establishing and maintaining internal controls designed to ensure that SCERS' assets are protected from loss, theft, or misuse. Responsibility for the accuracy, completeness, and fair presentation of the information, and all disclosures, rests with SCERS' management. Macias, Gini & Company, LLP, a certified public accounting firm, has completed their audit of the financial statements and related disclosures. The financial audit provides assurance about whether SCERS' financial statements are presented in conformity with generally accepted accounting principles and are free from material misstatement. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

This report has been prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

Financial and Economic Summary and SCERS Investments

During the fiscal year ended June 30, 2000, the U.S. economy achieved a remarkable record of continued strong growth with reasonably low inflation. Real gross domestic product rose 6.1% from the year-ago level, while the consumer price index rose 3.7% during the 12-month period ending June 30. Although rising inflation remained under control, the unemployment rate declined to 4.0% in June.

The domestic equity and international equity markets were quite volatile and domestic fixed income markets displayed increasing concerns of the economy overheating. To control inflation the Federal Reserves' monetary policies and activities were well received by the financial markets.

For SCERS, our diversified portfolio was well positioned, yielding double-digit investment returns. Total fund return was 9.8% for the year. Our portfolio included domestic equity, international equity, domestic fixed income, international fixed income and real estate investments. Specific returns by component were: domestic equity 9.4%; international equity 18.3%; domestic and international fixed income (combined performance) 5.1% and real estate 12.7%.

Revenues

SCERS revenue comes from the earnings of the investment portfolio and the collection of employer and employee contributions. Gross revenue for the fiscal year ended June 30, 2000 and June 30, 1999 amounted to \$399,380,360 and \$445,237,056, respectively. The fair value

of the investment portfolio, net of related liabilities reached \$3.7 billion, an increase of \$284.5 million over the previous year. An explanation of investment policies, investment strategies and the portfolio's composition is included in the Investment Section of this report.

Contributions and Investment Earnings (in millions)

Revenues – Additions to Plan Net Assets	2000	1999	Increase (Decrease) Amount	Increase (Decrease) Percentage
Employer	\$ 42.02	\$ 46.75	\$ (4.73)	(10.12%)
Members	30.02	30.39	(.37)	(1.22%)
Gross Investment Income	327.34	368.10	(40.76)	(11.07%)
Total	399.38	445.24	(45.86)	(10.30%)

Expenses

SCERS was created to provide lifetime retirement benefits, survivor benefits and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, as designated by the plan, the refund of contributions to terminated employees and the cost of administering the system. Benefit payments and other expenses were consistent with the prior year and increased by \$8,885,373 or 11% percent.

Benefit Payments and other Expenses (in millions)

Expenses – Deductions in Plan Net Assets	2000	1999	Increase (Decrease) Amount	Increase (Decrease) Percentage
Service Retirement, Death and Disability Benefits Paid	\$ 89.30	\$ 80.61	\$ 8.69	10.78%
Retired Members Death Benefits	.29	.10	.19	190.0%
Health & Dental Benefits	6.95	5.97	.98	16.42%
Refunds Paid	3.18	3.31	(.13)	(3.93%)
Administrative	3.60	3.36	.24	7.14%
Total	103.32	93.35	9.97	10.68%

Actuarial Funding Status

SCERS' funding objective is to meet long-term benefit promises by retaining a well-funded plan status and obtaining superior investment returns while minimizing employer contributions. Employer contributions remain approximately level as a percent of member payroll. The greater the level of overall plan funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is that the benefits earned by participants are funded during their working careers and not by future generations of taxpayers. At the present time, SCERS enjoys a funding ratio in excess of 100%.

SCERS engages an independent actuarial consulting firm, William M. Mercer, Incorporated, to conduct annual actuarial valuations. Recommendations are presented to the Board of Retirement for consideration. Triennially, an analysis is made of the appropriateness of all economic and non-economic assumptions. The last triennial analysis was performed as of June 30, 1998 and the Board adopted certain changes to non-economic assumptions.

The actuarial accrued liability of SCERS at June 30, 2000 and June 1999 amount to \$3,111,760,000 and \$2,734,548,000 respectively. The net actuarial value of assets at June 30, 2000 and June 30, 1999 amounted to \$3,427,348,000 and \$3,017,639,000 respectively.

Major Initiatives and Significant Events

During the current fiscal year the System continued to implement elements of the strategic plan and also addressed new issues which arose during the year. Following are the major initiatives and significant events which occurred:

- ✓ Continued implementation of long range strategic action plans.
- ✓ Published inaugural edition of SCERS "Comprehensive Annual Financial Report." Submitted to Government Finance Officers Association for certification.
- ✓ Produced and distributed Volume 2 of "The Latest Wrinkle" and "The Finish Line" newsletters to retired and active members.
- ✓ Improved and expanded information provided in SCERS "Retirement Handbook." Distributed to active membership via U.S. Mail.
- ✓ Improved and expanded information provided in SCERS "Member's Annual Statement," and distributed to active, deferred and reciprocal membership via U.S. Mail.
- ✓ Improved and expanded information provided on SCERS web site and introduced Retirement Planning Benefit Calculator.
- ✓ Provided retiree first checks on average one processing day after statutory minimum.
- ✓ Doubled burial benefit provided to SCERS retirees from \$2,000 to \$4,000.
- ✓ Improved information collected in GRA (SCERS member information file).
- ✓ Achieved 15.4% investment return for calendar year 1999, 16.6% annualized return for the last 3 years and 17.5% annualized return for 5 years, net of fees and expenses.
- ✓ Completed the re-balancing of the asset allocation to the Board's new targets.
- ✓ Hired a second core domestic equity real estate manager.
- ✓ Hired two new international equity managers and one emerging markets manager to implement revised investment strategy.
- ✓ Rewrote and adopted revised proxy voting guidelines.

Acknowledgements

The compilation of this report reflects the combined effort of SCERS' staff under the leadership of the Board of Retirement. It is intended to provide complete and reliable information and reflect the Board's responsible stewardship.

On behalf of the Board of Retirement, I take this opportunity to thank the staff and SCERS' professional advisors for their commitment to SCERS and its participants.

Copies of this report are available at SCERS, 980 9th Street, Suite 750, Sacramento, California 95814 and on the System's web site.

Respectfully submitted,



John R. Descamp
Chief Executive Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento County Employees' Retirement System, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

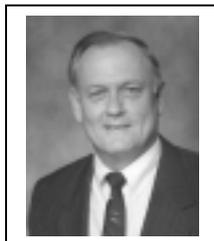
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Essler
Executive Director

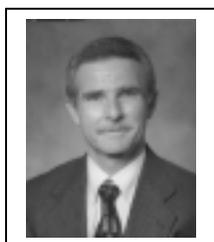
Sacramento County Employees' Retirement System Board of Retirement Members



President
Jan Hoganson
Elected by safety members
Present term expires:
December 31, 2000



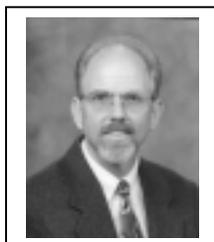
Vice President
Ronald Suter
Elected by miscellaneous
Present term expires:
December 31, 2000



**Ex-Officio
Director of Finance**
Mark Norris
Member mandated by law



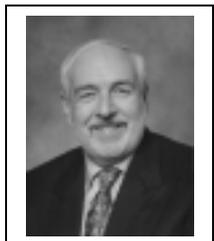
Trustee
William Cox
Elected by retired members
Present term expires:
December 31, 2001



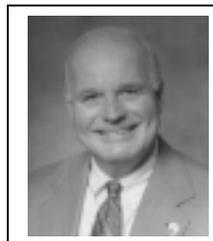
Trustee
Keith DeVore
Elected by miscellaneous
Present term expires:
December 31, 2001



Trustee
James A. Diepenbrock
Appointed by Board of
Supervisors
Present term expires:
June 30, 2003



Trustee
Winston Hickox
Appointed by Board of
Supervisors
Present term expires:
June 30, 2003



Trustee
John B. Kelly
Appointed by Board of
Supervisors
Present term expires:
December 31, 2000

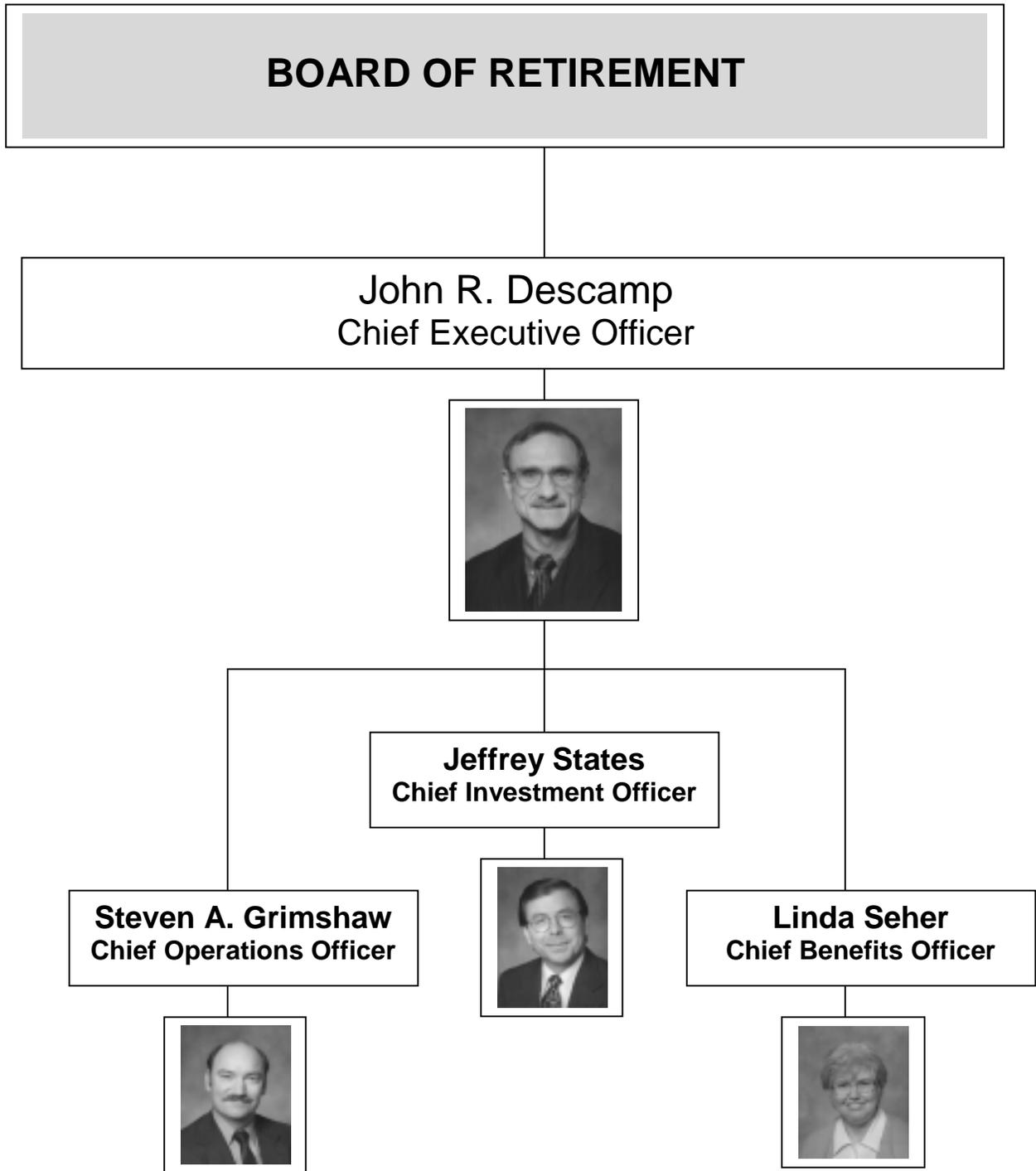


Trustee
Robert Woods
Appointed by Board of
Supervisors
Present term expires:
June 30, 2001



Alternate Trustee
James C. Crump, Jr.
Elected by safety members
Present term expires:
December 31, 2000

**Sacramento County Employees' Retirement System
Organization Chart**



Participating Employers

<u>Employer</u>	<u>Date Entered System</u>	<u>Date of Termination</u>
County of Sacramento	July 1, 1941	
Elected Officials: Board of Supervisors Sheriff Assessor District Attorney	July 1, 1941	
U.C. Davis Medical Center	July 1, 1941	
Sacramento County Fire District	March 1, 1957	
Sunrise Recreation and Park District	August 1, 1961	
Fair Oaks Cemetery District	March 1, 1962	
Carmichael Recreation and Park District	January 1, 1967	
Florin Fire District	July 1, 1974	June 30, 1996
Mission Oaks Recreation and Park District	February 1, 1976	
Sacramento Employment Training Agency (SETA)	June 1, 1979	
Orangevale Recreation and Park District	March 3, 1987	
Elk Grove Cemetery District	April 28, 1987	
Galt-Arno Cemetery District	July 1, 1987	

Professional Consultants

Auditor

Macias, Gini & Company, LLP
Certified Public Accountants
3927 Lennane Drive, Suite 200
Sacramento, CA 95834-1922

Actuary

William M. Mercer, Inc.
3 Embarcadero Center, Suite 1500
San Francisco, CA 94111

Custodian

State Street California, Inc.
1001 Marina Village Parkway, 3rd Floor
Alameda, CA 94501

Legal Counsel

County of Sacramento
Office of the County Counsel
700 H Street, Suite 2650
Sacramento, CA 95814

Knox, Lemmon & Anapolsky, LLP
One Capitol Mall, Suite 700
Sacramento, CA 95814

Nossaman, Guthner, Knox & Elliot, LLP
50 California Street, 34th Floor
San Francisco, CA 94111-4712

Investment Consultant

William M. Mercer Investment Consulting
777 South Figueroa Street, Suite 2000
Los Angeles, CA 90017

Investment Managers

Alliance Capital Management
1345 Avenue of the Americas
New York, NY 10105

Independence Investment Associates
53 State Street - 28th Floor
Boston, MA 02109

Nicholas-Applegate Capital Management
600 West Broadway, 29th Floor
San Diego, CA 92101-5402

Oppenheimer Capital Management
1345 Avenue of the Americas
New York, NY 10105

Trinity Investment Management
12835 East Arapahoe Road
Englewood, CO 80112

Investment Managers – (cont.)

Deutsche Asset Management
130 Liberty Street
New York, NY 10006

Capital Guardian Trust Company
1 Market Steuart Tower, Suite 1800
San Francisco, CA 94105-1409

Bank of Ireland Asset Management
MGM Plaza
2425 Colorado Avenue, Suite 212
Santa Monica, CA 90404

Capital International, Inc.
11100 Santa Monica Blvd., 15th Floor
Los Angeles, CA 90025

Lincoln Capital Management
200 South Wacker Drive, Suite 2100
Chicago, IL 60606

Bradford & Marzec, Inc.
333 South Hope Street, Suite 4050
Los Angeles, CA 90071

Payden & Rygel
333 South Grand Avenue, Suite 3250
Los Angeles, CA 90071

David L. Bonuccelli & Associates
818 University Avenue
Sacramento, CA 95825

G.E. Capital Investment Advisors
444 Market Street
San Francisco, CA 94111

PM Realty Advisors
800 Newport Center, Suite 300
Newport Beach, CA 92660

Heitman/JMB Advisors
180 North LaSalle Street
Chicago, IL 60601-2886

LaSalle Advisors, Inc.
200 East Randolph
Chicago, IL 60601

Lend Lease Real Estate Investments
One Front Street, Suite 1100
San Francisco, CA 94111

TCW Realty Advisors
865 South Figueroa Street
Los Angeles, CA 90017-2543

A schedule of manager fees is located on page 49 in the investment section.

Financial Section



Partners
Kenneth A. Macias
Ernest J. Gini
Kevin J. O'Connell

3927 Lennane Drive
Suite 200
Sacramento, CA 95834-1922
916•928•4600
916•928•2755 FAX
www.maciasgini.com

To the Board of Retirement of
Sacramento County Employees'
Retirement System
Sacramento, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of plan net assets of Sacramento County Employees' Retirement System (System) as of June 30, 2000, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the system as of June 30, 1999, were audited by other auditors whose report dated January 13, 2000, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the System as of June 30, 2000, and the changes in plan net assets for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued our report dated December 1, 2000, on our consideration of the System's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other data included in this report, designated as the investment, actuarial and statistical sections in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on such data.

Macias, Gini & Company LLP

Certified Public Accountants
Sacramento, California
December 1, 2000

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET ASSETS

AS OF JUNE 30, 2000 and 1999

	2000	1999
Assets		
Cash invested with Sacramento County Treasurer	\$ 672,891	\$ 1,429,319
Short-term cash investment funds	137,328,285	133,755,106
Cash and short-term investments	138,001,176	135,184,425
Receivables		
Notes	1,366,341	1,280,834
Securities sold	19,941,021	51,088,550
Accrued investment income	16,343,910	20,658,623
Employee and employer contributions	3,725,330	1,136,529
Other	13,100	13,100
Total receivables	41,376,602	74,177,636
Investments, at fair value		
United States government obligations	302,818,562	200,741,374
Domestic corporate bonds	639,025,263	451,604,133
International bonds	29,653,543	41,342,651
Common and preferred stock – domestic	1,494,543,928	1,785,898,846
Common and preferred stock – international	389,468,172	499,802,782
International equity index fund	336,439,299	
Real estate equity	303,624,697	270,071,715
Real estate mortgage loans	117,734,533	73,267,444
Securities lending collateral	452,551,581	346,197,323
Total investments	4,065,859,578	3,668,926,268
Equipment & fixtures – (net of accumulated depreciation of \$119,605 in 2000, \$95,396 in 1999)	133,679	127,221
Prepaid dental	127,108	121,474
Total assets	4,245,498,143	3,878,537,024
Liabilities		
Accounts payable	5,127,452	5,734,807
Due to other governments		15,095,392
Investment trades payable	33,191,297	85,550,064
Mortgages payable	73,404,050	29,350,667
Warrants payable	1,310,907	1,201,837
Securities lending liability	452,551,581	346,197,323
Total liabilities	565,585,287	483,130,090
Net assets held in trust for pension benefits (A schedule of funding progress for the system is presented on page 36)	\$ 3,679,912,856	\$3,395,406,934

The notes to financial statements are an integral part of this statement.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN PLAN NET ASSETS FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

	2000	1999
Additions		
Contributions		
Employer	\$ 42,023,885	\$ 46,745,055
Employee	30,017,703	30,385,361
Total contributions	72,041,588	77,130,416
Investment income		
From investment activities		
Net appreciation		
in fair value of investments – securities	200,834,972	264,478,864
Net appreciation / (depreciation)		
in fair value of investments – real estate	13,175,597	(3,165,087)
Interest	72,963,430	59,268,768
Dividends	24,838,429	26,628,152
Real estate	13,357,443	19,123,565
Net income from investment activities	325,169,871	366,334,262
From securities lending activities		
Securities lending income	21,221,388	16,768,047
Securities lending expense:		
Borrower rebate expense	(19,445,214)	(15,084,663)
Security lending management fees	(169,378)	(54,723)
Net income from securities lending	1,606,796	1,628,661
Other income	562,105	143,717
Investment fees and expenses	(11,548,986)	(7,358,171)
Net investment income	315,789,786	360,748,469
Total additions	387,831,374	437,878,885
Deductions		
Benefits paid	89,596,727	80,711,354
Withdrawal of contributions	3,181,009	3,306,391
Retiree health insurance	5,462,582	4,556,806
Retiree dental insurance	1,483,069	1,415,938
Administrative and other expenses	3,602,065	3,363,183
Total deductions	103,325,452	93,353,672
Net increase	284,505,922	344,525,213
Net assets held in trust for pension benefits, beginning	3,395,406,934	3,050,881,721
Net assets held in trust for pension benefits, ending	\$3,679,912,856	\$ 3,395,406,934

The notes to financial statements are an integral part of this statement.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

NOTE 1 - PLAN DESCRIPTION

The Sacramento County Employees' Retirement System (System) is the administrator of a multiple employer cost sharing public employee retirement system (PERS) which operates under the County Employees' Retirement Law of 1937. The System was created by resolution of the Board of Supervisors on July 1, 1941, to provide retirement, disability, and death benefits for qualified employees of Sacramento County and participating special districts. A nine member Board of Retirement manages the System.

At June 30, 2000, participating local government employers consisted of the County of Sacramento and 11 special districts.

The membership consists of the following categories:

- ◆ Safety First Tier - includes employees whose principal duties consist of law enforcement or fire suppression work or who occupy positions designated by law as safety positions who have a membership date prior to June 25, 1995.
- ◆ Safety Second Tier - includes employees whose principal duties consist of law enforcement or fire suppression work or who occupy positions designated by law as safety positions who have a membership date on or after June 25, 1995.
- ◆ Miscellaneous First Tier - includes all members other than safety who have a membership date prior to September 27, 1981.
- ◆ Miscellaneous Second Tier - includes all members other than safety who have a membership date on or after September 27, 1981 and prior to June 27, 1993 who elected not to become members of miscellaneous third tier.
- ◆ Miscellaneous Third Tier - includes all members other than safety who have a membership date on or after June 27, 1993 and those miscellaneous second tier members who elected to become members of this class.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

Membership and contribution data is based on the July 1, 2000 and 1999 actuarial reports. At June 30, the System's membership consisted of:

	<u>2000</u>	<u>1999</u>
Retirees and beneficiaries currently receiving benefits:		
Miscellaneous – Service	3,381	3,271
Miscellaneous – Beneficiary	726	686
Disability Miscellaneous – Ordinary	326	324
Disability Miscellaneous – Duty	178	175
Safety – Service	556	540
Safety - Beneficiary	150	137
Disability Safety - Ordinary	20	24
Disability Safety - Duty	<u>151</u>	<u>146</u>
Total Retired	<u>5,488</u>	<u>5,303</u>
Terminated employees entitled to benefits but not yet receiving them:		
	<u>1,828</u>	<u>1,739</u>
Current Members:		
Vested		
Miscellaneous Tier 1	1,487	1,623
Miscellaneous Tier 2	500	520
Miscellaneous Tier 3	4,187	4,014
Safety Tier 1	1,115	1,097
Safety Tier 2	<u>252</u>	<u>264</u>
Subtotal	<u>7,541</u>	<u>7,518</u>
Non-vested		
Miscellaneous Tier 1	6	4
Miscellaneous Tier 2	5	17
Miscellaneous Tier 3	4,032	3,172
Safety Tier 1	47	123
Safety Tier 2	<u>604</u>	<u>520</u>
Subtotal	<u>4,694</u>	<u>5,836</u>
Total Current Members	<u>12,235</u>	<u>11,354</u>

Pension Benefits

The System's benefits are established by statutes and provide for retirement, death and disability benefits. All permanent full-time or part-time employees of the County or member

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

districts are eligible to participate in the System. Upon reaching five years of service, participants have earned the right to receive a retirement benefit, subject to certain restrictions if retirement is prior to attaining age 50 or if less than 10 years service has been achieved. Retirement benefits for each tier are as follows:

1) Members covered under Safety Tier 1, who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 4 percent annually. Final-average salary is the member's average salary for the highest twelve consecutive months of credited service.

2) Members covered under Safety Tier 2, who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 2 percent annually. Final-average salary is the member's average salary for the highest thirty-six consecutive months of credited service.

3) Members covered under Miscellaneous Tier 1, who retire at age 50 are entitled to a retirement benefit, payable monthly for life, which is equal to 1.1 percent of their final-average salary for each year of credited service. It includes a cost of living adjustment of up to 4 percent annually. Final-average salary is the member's average salary for the highest twelve consecutive months of credited service.

4) Members covered under Miscellaneous Tier 2, who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 1.1 percent of their final-average salary for each year of credited service. There is no cost of living adjustment. Final-average salary is the member's average salary for the highest thirty-six consecutive months of credited service.

5) Members covered under Miscellaneous Tier 3, who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 1.1 percent of their final-average salary for each year of credited service. It includes a cost of living adjustment of up to 2 percent annually. Final-average salary is the member's average salary for the highest thirty-six consecutive months of credited service.

The retirement benefit of Safety Tier 1 and 2 and Miscellaneous Tier 1, 2 and 3 members who retire after age 50 is increased by an age factor.

Member Termination

Upon separation from the System, members' accumulated contributions are refundable with interest accrued through the prior June 30, or December 31. Interest on member accounts is credited semiannually on June 30, and December 31. Withdrawal of such accumulated contributions results in forfeiture of the related vested benefits.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

Financing

Benefits payable by the System are financed through contributions of members, the County of Sacramento or member districts as employers, and earnings from investments. Member contributions are required by law. Contribution rates, which are actuarially determined, are based on age at entry into the System (a single rate is used for members entering the System after January 1, 1975). County and member districts contributions are actuarially determined to provide for the balance of contributions needed. This rate includes an additional amount required to partially fund the annual cost of living increases for retired members of the Miscellaneous Tier 1, Tier 3 and Safety categories. All contribution rates are reviewed and revised annually. The authority for both benefit provisions and contribution obligations is derived from the County Employees' Retirement Act of 1937, Section 31450 et seq. of the California Government Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting

The System has adopted GASB Statement 25 as its source of accounting and reporting principles and prepares its financial statements on the accrual basis. GASB Statement 25 requires that investments be valued at their fair value, which results in the recognition of fair value gains and losses when they occur. Member and employer contributions are recognized as revenues in the period in which member services are performed. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investment purchases and sales are recorded on the trade date.

Fixed Assets

Equipment and fixtures are generally stated at historical cost. Depreciation is provided for fixed assets using the straight-line method over a useful life of five, eight or ten years. Costs of assets sold or retired (and the related amount of accumulated depreciation for assets) are removed from the accounts in the year of sale or retirement. Any resulting gain or loss is included in the operating statement of the System.

Valuation of Investments

Quoted market prices are used to report investments. The fair value of the real estate trust holdings has been determined using industry standard appraisal techniques and assumptions. The trust managers using appraisals, which are updated annually, determine the fair value of these trusts. Real estate mortgage loans have been reported at fair value. Cash deposited in

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

the Sacramento County Treasurer's pool is stated at fair value. The value of the System's pool shares is determined on an amortized cost basis, which may be different than fair value.

Short Term Investments

Short-term investments are highly liquid investments, which are expected to be utilized by the System within 30-90 days. These investments may include securities, which have a maturity in excess of 90 days but are readily marketable. They are reported at fair value.

Real Estate Mortgage Loans

Real estate mortgage loans are stated at remaining principal balance, less discounts, and are collateralized by deeds of trust on real property. Real estate mortgage loans are administered and serviced internally, with a small portion serviced by a company independent of the System.

Reclassifications

Certain 1999 amounts have been reclassified to conform to current year presentation.

NOTE 3 - CASH AND INVESTMENTS

The System has deposits in various cash and investment pools. The Sacramento County Treasurer manages the primary cash and investment pool. The System's share of the Treasurer's cash and investment pool is separately accounted for and interest earned, net of related expenses, is apportioned quarterly based on the relationship of its average daily cash balance to the total of the pooled cash and investments.

Interest earned but not received from the County at year-end is reported as a component of interest and dividends receivable on the balance sheet. Cash included within the Sacramento County Treasurer's cash and investment pool is described in the County's Comprehensive Annual Financial Report.

State statutes permit the System to participate in securities lending transactions, and the System has, pursuant to a Securities Lending Authorization Agreement, authorized State Street Bank and Trust Company ("State Street") to act as agent in lending the System's securities to broker-dealers and banks pursuant to a form of loan agreement.

During the fiscal year, State Street lent, on behalf of the System, certain securities held by State Street as custodian and received, as collateral, United States and foreign currency cash, securities issued or guaranteed by the United States government, sovereign debt of foreign countries and irrevocable bank letters of credit. State Street did not have the ability to pledge or sell collateral securities absent borrower default. Borrowers were required to deliver collateral for each loan equal to not less than 102% and 105% of the fair value of the loaned domestic and international securities, respectively. In accordance with GASB 28, securities lending

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

collateral reported in the Statement of Plan Net Assets represents only cash collateral invested in the lending agent's cash collateral investment pool.

The System did not impose any restrictions during the fiscal year on the amount of the loans that State Street made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from default of the borrowers or State Street.

During the fiscal years ended June 30, 2000 and 1999, the System and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. For the fiscal years ended June 30, 2000 and 1999, the collective investment pool had an average duration of 74 days and 76 days, respectively. At June 30, 2000 and 1999, the collective investment pool had an average weighted maturity of 485 days and 416 days, respectively. Because the loans were terminable at will, the maturities of the securities on loan did not generally match the maturities of the investments made with cash collateral. At year end, the System has no credit risk exposure to borrowers as the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. Furthermore, the lending agreement with the custodian requires the custodian to indemnify the System if the borrower fails to return the securities. The collateral held and the fair value of securities on loan for the System as of June 30, 2000 were \$452,551,581 and \$442,914,503. The collateral held and the fair value of securities on loan for the System as of June 30, 1999 were \$346,197,323 and \$339,453,072, respectively.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

Additional information regarding the cash collateral investment pool (the Fund) follows:

- a. Method for Determining Fair Value. The fair value of investments held by the Fund is based upon valuations provided by a recognized pricing service.
- b. Policy for Utilizing Amortized Cost Method. Because the Fund does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, State Street has valued the Fund's investments at fair value for reporting purposes.
- c. Regulatory Oversight. The Fund is not registered with the Securities and Exchange Commission. State Street, and consequently the investment vehicles it sponsors (including the Fund), are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Systems position in the Fund is not the same as the value of the Fund shares.

Cash collateral and related securities on loan at June 30, 2000 and 1999, were as follows:

	2000	
<u>Security Description</u>	<u>Cash Collateral Value</u>	<u>Fair Values of Securities on Loan</u>
U.S. Government and Agency	\$304,596,881	\$299,489,182
Domestic Equity	99,091,408	96,212,088
Domestic Fixed Income	6,209,130	6,087,208
International Equity	<u>42,654,162</u>	<u>41,126,025</u>
Totals	<u>\$452,551,581</u>	<u>\$442,914,503</u>

	1999	
<u>Security Description</u>	<u>Cash Collateral Value</u>	<u>Fair Values of Securities on Loan</u>
U.S. Government and Agency	\$196,301,016	\$193,252,135
Domestic Equity	105,390,609	103,755,195
Domestic Fixed Income	4,236,870	4,144,934
International Equity	38,985,399	37,077,682
International fixed Income	<u>1,283,429</u>	<u>1,223,126</u>
Totals	<u>\$346,197,323</u>	<u>\$339,453,072</u>

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

Cash and Cash Equivalents

At June 30, 2000 and 1999, the fair value of the System's cash and cash equivalents were \$137,328,285 and \$133,755,106, respectively. The total cash and cash equivalents consisted of investments in the State Street Short-Term Investment Fund (STIF) and cash with foreign banks which are included within the category "Short-term cash investment funds" on the Statement of Plan Net Assets. The STIF is designed to provide qualified benefit plans with a readily accessible investment vehicle that may be accessed on a daily basis. The STIF pool is limited to investing in securities that are rated A-1 by Moody's Investors Services and P-1 by Standard & Poor's Corporation at the time of issuance. Most investments range in maturity from overnight to 90 days with up to 20% of the Fund's value eligible for investment between 90 days and 13 months. The average maturity was 70 days at June 30, 2000, and net assets invested with STIF from all participating custodial clients of State Street were \$27.4 billion on that date.

Categories of Investment Risk

The investments of the System are governed primarily by an investment authority known as the "prudent person rule". The prudent person rule, as set forth in Section 31595 of the California Government Code, establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the System. The System's investments are categorized to give an indication of the level of risk assumed by the System at year-end.

Generally accepted accounting principles define three levels of credit risk for securities:

- 1) Securities that are insured or registered, or for which the securities are held by the System or its agent in the System's name.
- 2) Securities that are uninsured and unregistered and are held by the counterparty's trust department or agent in the System's name.
- 3) Securities that are uninsured and unregistered and held by the counterparty, or by its trust department or agent, but not in the System's name.

In accordance with GASB Statement No. 3 disclosure requirements, securities on loan, securities lending collateral, cash held in the County Treasurer's investment pool, international equity index fund investments, real estate mortgage loans and real estate equity investments are not categorized.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

For financial reporting purposes, the System's investments are categorized below to provide an indication of the level of custodial credit risk assumed by the System at June 30, 2000 and 1999.

	June 30, 2000	
	Category 1	Fair Value
Investments		
Common stock – domestic	\$1,398,331,840	\$1,398,331,840
Common stock – international	348,342,147	348,342,147
Domestic bonds	636,267,435	636,267,435
International bonds	<u>29,653,543</u>	<u>29,653,543</u>
Total investments	<u>2,412,594,965</u>	<u>2,412,594,965</u>
Investments not considered securities for the purposes of custodial risk classification:		
Cash held in county investment pool		672,891
Short-term investments with fiscal agents		137,328,285
International equity index fund		336,439,299
Real estate mortgage loans		117,734,533
Real estate equity investments		303,624,697
Securities lending collateral		452,551,581
Securities on loan, collateralized with cash		<u>442,914,503</u>
Total deposits and investments		<u>\$4,203,860,754</u>
Reconciliation of domestic bonds:		
United States Government Obligations		\$ 3,329,380
Domestic Corporate Bonds		<u>632,938,055</u>
Total		<u>\$ 636,267,435</u>
Short-term cash investment funds as shown on the Statement of Plan Net Assets are as follows:		
Cash invested in State Street STIF account		\$ 135,387,674
Cash with Foreign Banks		<u>1,940,611</u>
Short-term cash investment funds		<u>\$ 137,328,285</u>

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

	June 30, 1999	
	Category 1	Fair Value
Investments		
Common stock – domestic	\$1,682,143,651	\$1,682,143,651
Common stock – international	462,725,100	462,725,100
Domestic bonds	454,948,438	454,948,438
International bonds	<u>40,119,525</u>	<u>40,119,525</u>
Total investments	<u>2,639,936,714</u>	<u>2,639,936,714</u>
Investments not considered securities for the purposes of custodial risk classification:		
Cash held in county investment pool		1,429,319
Short-term investments with fiscal agents		133,755,106
Real estate mortgage loans		73,267,444
Real estate equity investments		270,071,715
Securities lending collateral		346,197,323
Securities on loan, collateralized with cash		<u>339,453,072</u>
Total deposits and investments		<u>\$3,804,110,693</u>
Reconciliation of domestic bonds:		
United States Government Obligations		\$ 7,489,239
Domestic Corporate Bonds		<u>447,459,199</u>
Total		<u>\$ 454,948,438</u>
Short-term cash investment funds as shown on the Statement of Plan Net Assets are as follows:		
Cash invested in State Street STIF account		\$ 130,083,050
Cash with Foreign Banks		<u>3,672,056</u>
Short-term cash investment funds		<u>\$ 133,755,106</u>

For the fiscal years ended June 30, 2000 and 1999, there were no violations of State statutes or System policy in pooled investments.

Except for real estate mortgage loans, real estate and cash invested with the Sacramento County Treasurer, the System's cash and investments are held by a custodial bank. There are no investments that represent 5 percent or more of the System's net assets.

Derivatives

The System, through its external investment managers, holds investments in certain floating rate notes. At June 30, 2000, the System's investment in these instruments totaled \$13,921,000.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

NOTE 4 - FIXED ASSETS

A summary of fixed assets transactions for the years ended June 30, 2000 and 1999, follows:

	<u>Equipment</u>
Balance, July 1, 1998	\$ 222,617
Additions	-
Retirements	-
	222,617
Less: accumulated depreciation	(95,396)
Balance, June 30, 1999	<u>\$ 127,221</u>
Balance, July 1, 1999	\$ 222,617
Additions	30,667
Retirements	-
	253,284
Less: accumulated depreciation	(119,605)
Balance, June 30, 2000	<u>\$ 133,679</u>

NOTE 5 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The obligation to contribute to the plan is pursuant to Section 31584 of the County Employees' Retirement Law of 1937. The System's funding policy provides for periodic contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Members of the System are required to contribute between 2.89% and 11.77% of their annual covered salary. Each employer of the System is obligated by state law to make all required contributions to the plan, these rates range from 3.24% to 28.01% of covered payroll. The required contributions include current service cost, and amortization of prior service cost over an initial amortization period of 30 years. There is currently 22 years remaining in the amortization period of prior service cost.

Level percentage of payroll employer contribution rates are determined using the entry age normal funding method. The System also uses this actuarial method to amortize the unfunded liability, if applicable.

Contributions for the year ending June 30, 2000 and 1999 totaled \$72,041,588 and \$77,130,416, respectively. Included in this total are employer contributions of \$42,023,885 and 46,745,055, and member contributions of \$30,017,703 and \$30,385,361, in 2000 and 1999, respectively, which were made in accordance with actuarially determined contribution requirements based on an actuarial valuation performed at July 1, 1998 and July 1, 1997, respectively.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

NOTE 6 – RESERVES

Member and employer contributions are allocated to various legally required reserve accounts based on actuarial determinations. County, member, and retirement allowance reserves are fully funded.

Descriptions of the purpose for each reserve and designated accounts are provided below.

The reserve for employee contributions includes:

- ◆ contributions from plan members,
- ◆ contributions from terminated members,
- ◆ a cost-of-living provision,
- ◆ contributions representing members who have bought back prior years' service credits for prior service in certain public agencies,
- ◆ contributions made by former employees who have not yet applied for their retirement benefits.

The reserve for employer contributions includes:

- ◆ employer contributions to the System for active members,
- ◆ a cost-of-living provision.

The reserve for retirees includes:

- ◆ amounts transferred from member contributions (annuity),
- ◆ amounts transferred from employer contributions (pension) made in prior years for active members upon retirement,
- ◆ a cost-of-living provision.

The retiree death benefit reserve includes excess earnings of the System allocated to provide a burial allowance to retirees.

The 401h reserve includes transfers made by the System from excess earnings to fund a health and dental subsidy for retirees.

The *Net Assets Available for Benefits* statement located on page 32 provides a detailed reconciliation of ending reserve balances.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

NET ASSETS AVAILABLE FOR BENEFITS AS OF JUNE 30,

	<u>2000</u>	1999 (Restated see page 33)
Employee reserves, July 1	\$ 362,074,223	\$ 331,622,642
Contributions	30,017,703	30,385,361
Withdrawal	(3,181,009)	(3,306,391)
Transfers	(25,391,423)	(22,790,170)
Interest crediting	28,594,018	26,162,781
Employee reserves, June 30	<u>392,113,512</u>	<u>362,074,223</u>
Employer reserves, July 1	1,289,944,499	1,218,890,653
Contributions	42,023,885	46,745,055
Benefits paid	(278,472)	
Transfers	(97,873,353)	(73,422,426)
Transfers to offset future employee contributions	5,136,509	
Transfers to offset future employer contributions	71,100,000	
Transfer for employee COLA supplement		7,600,000
Interest crediting	101,095,994	90,131,217
Employer reserves, June 30	<u>1,411,149,062</u>	<u>1,289,944,499</u>
Retiree reserves, July 1	1,052,758,241	959,229,922
Benefits paid	(89,025,255)	(80,616,354)
Transfers	123,264,776	96,212,596
Interest crediting	87,136,800	77,932,077
Retiree reserves, June 30	<u>1,174,134,562</u>	<u>1,052,758,241</u>
Retiree death benefit reserves, July 1	5,585,829	2,093,040
Benefits paid	(293,000)	(95,000)
Transfer to increase burial allowance to \$2,000		3,191,169
Transfer to increase burial allowance to \$4,000	5,600,000	
Interest crediting	663,806	396,620
Retiree death benefit reserves, June 30	<u>11,556,635</u>	<u>5,585,829</u>
401 h reserve, July 1	7,251,000	7,976,000
County advance funding for subsequent years	9,015,019	4,992,637
Retiree health insurance	(5,462,582)	(4,556,806)
Retiree dental insurance	(1,483,069)	(1,415,938)
Interest crediting	194,632	255,107
401 h reserve, June 30	<u>9,515,000</u>	<u>7,251,000</u>
Contingency reserves, July 1	218,213,124	62,342,455
Addition to provide a 2.5% reserve		15,585,614
Addition to maintain 2.5% reserve	9,174,028	19,035,357
Addition to provide for litigation or legislation liabilities		121,249,698
Contingency reserves, June 30	<u>227,387,152</u>	<u>218,213,124</u>
Total reserved	<u>3,225,855,923</u>	<u>2,935,826,916</u>
Amount in excess of reserved benefits & contingencies	454,056,933	459,580,018
Net assets available for benefits, at fair value	<u>\$ 3,679,912,856</u>	<u>\$ 3,395,406,934</u>

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

NOTE 7 – RECLASSIFICATION OF: BEGINNING RESERVE BALANCES

Certain employer reserve balances at June 30, 1999 were reclassified to reflect transfers recommended by the actuary and approved by the Board but not reported by the System. In addition, retiree reserve balances at July 1, 1998 were reclassified to properly reflect the transfer of cost of living reserves.

NOTE 8 - OTHER BENEFITS

In addition to providing pension benefits, the System provides certain health care and dental insurance subsidies for retired members. These benefits are provided under provisions of Internal Revenue Code Section 401 (h) that allows for the System to fund a health benefit out of excess earnings of the fund. Members are eligible for these benefits upon retirement and after meeting the minimum qualifications. This is not a vested benefit and is subject to the availability of excess earnings from the System. The cost of the retiree health care and dental insurance subsidy is recognized as an expense of the System in the year the benefit is paid. For the years ended June 30, 2000 and 1999 those costs were \$5,462,582 and \$4,556,806 for health insurance and \$1,483,069 and \$1,415,938 for dental insurance for a total of \$6,945,651 and \$5,972,744, respectively.

NOTE 9 - SYSTEM EMPLOYEES RETIREMENT PLAN

The System has 26 permanent employees including the chief executive officer. These employees are considered County employees for hiring, benefit and salary purposes. All of these employees are members of the System.

NOTE 10 - PLAN TERMINATION

The System is administered in accordance with the provisions of California Government Code Section 31450 et seq. California Government Code Section 31483 allows the governing body of the County or special district, through the adoption of an ordinance or resolution, to terminate the applicability of the plan to employees of the County or district whose services commence after a given future date.

NOTE 11 – LEASE OBLIGATIONS

A commitment under an operating lease agreement for office facilities provides for minimum future rental payments as of June 30, 2000, as follows:

Year ending <u>June 30:</u>	
2001	\$178,817
2002	<u>134,113</u>
Total minimum rentals	<u>\$312,930</u>

Rental expenditures during fiscal year ended June 30, 2000 and 1999 were \$160,543 and \$124,267, respectively.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

NOTE 12 – CONTINGENCY TRANSFERS

The contingency reserve was established, pursuant to California Government Code Section 31592.2 at a minimum of 1% of the total assets of the Fund. It was created to serve as a reserve against deficiencies in interest earnings in other years, losses on investments and other contingencies. The Board elected to augment the contingency reserves by \$121,249,698 to provide for liabilities arising out of anticipated litigation or legislation. . In addition, based upon the Retirement Board's decision on December 10, 1999, an increase in the allocation of \$9,174,028 was made to the contingency reserve to maintain the balance at 2.5% of total assets. At June 30, 2000 and 1999, the contingency reserves were \$227,387,152 and \$218,213,124, respectively.

NOTE 13 – CONTINGENCIES

Litigation – SCERS, as well as other 1937 Retirement Act Systems (the Act), are being challenged in court cases regarding the August 14, 1997, California Supreme Court decision in the Ventura County Deputy Sheriff's Association v. the (Ventura) Board of Retirement. This suit changed a previously accepted construction of the statutory framework governing the compensation subject to inclusion in the calculation of pensions under the Act. Under this change, nearly all cash remuneration received is included in the computation of final compensation. The issue of retroactivity has not yet been decided and is under discussion with SCERS' attorneys and with attorneys representing the various plaintiffs. A new hearing has been scheduled for July 1, 2001.

SCERS, its attorneys, or actuaries have not yet determined the final impact of the Ventura decision. However, it is possible that the Ventura decision will cause a material unfunded liability.

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

FUNDING PROGRESS

Six-year schedule of funding progress about the System is presented herewith as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Schedule I - Schedule of funding progress: (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Over funded) AAL	Funded Ratio	Annual Covered Payroll	Unfunded/ (Over funded) AAL as a Percentage of Covered Payroll
<u>July 1</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
1995 *	\$1,767,064	\$1,835,864	\$68,800	96.25%	\$405,284	17.0%
1996	1,956,715	1,987,230	30,515	98.46	417,603	7.3
1997	2,238,557	2,226,440	(12,117)	100.54	419,467	(2.9)
1998	2,600,547	2,409,642	(190,905)	107.92	470,385	(40.6)
1999	3,017,639	2,734,548	(283,091)	110.35	502,325	(56.4)
2000	3,427,348	3,111,760	(315,588)	110.10	559,047	(56.5)

* These totals include the effect of Pension Obligation Bond funding.

Schedule II - Schedule of employer contributions:

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1995	\$48,626,035	100.0%
1996	35,643,177	100.0
1997	44,760,183	100.0
1998	43,108,885	100.0
1999	46,745,055	100.0
2000	42,023,885	100.0

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) (Continued)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

Schedule III – Significant actuarial assumptions:

The following significant actuarial assumptions presented in the required supplementary schedules were determined as part of the actuarial valuation dated July 1, 2000. Additional information used in this actuarial valuation is as follows:

Actuarial cost method:	Entry age normal
Amortization method:	Level percent open
Remaining amortization period:	22 years
Asset valuation method:	5-year smooth fair value

<u>Actuarial assumptions:</u>	
Investment rate of return	8.00%
Projected salary increases *	5.55

* Includes inflation @ 4.25% and merit & longevity adjustment of 1.3%.

<u>Assumed post retirement benefit increase:</u>	
Miscellaneous Tier 1	4.00%
Miscellaneous Tier 2	0.00
Miscellaneous Tier 3	2.00
Safety Tier 1	4.00
Safety Tier 2	2.00

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OTHER SUPPLEMENTAL INFORMATION

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
 OTHER SUPPLEMENTAL INFORMATION
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 and 1999

Schedule I – Administrative expenses:

Type of expense	<u>2000</u>	<u>1999</u>
Salaries and benefits	\$ 1,464,159	\$ 1,418,423
Professional fees	634,020	753,372
Equipment purchases and maintenance	155,414	110,426
Rent and lease expense	170,880	155,031
Other administrative expenses	<u>1,177,592</u>	<u>925,931</u>
Total administrative expenses	<u>\$ 3,602,065</u>	<u>\$ 3,363,183</u>

Schedule II – Investment fees and expenses:

Type of investment expense	<u>2000</u>	<u>1999</u>
Domestic equity managers	\$ 3,611,814	\$ 2,650,597
International equity managers	3,182,564	1,076,442
Bond managers	2,052,697	1,010,946
Real estate managers	1,591,517	1,190,109
Custodian fees	889,144	965,317
Actuarial fees	43,793	60,000
Investment consulting fees	177,457	125,000
Other professional fees	<u>0</u>	<u>279,760</u>
Total investment fees and expenses	<u>\$11,548,986</u>	<u>\$ 7,358,171</u>

Schedule III – Payments to consultants:

Type of consulting expense	<u>2000</u>	<u>1999</u>
William M. Mercer:		
Actuarial fees	\$ 43,793	\$ 60,000
Investment consulting fees	<u>177,457</u>	<u>125,000</u>
Total consulting fees	<u>\$ 221,250</u>	<u>\$ 185,000</u>

Investment Section

Sacramento County Employees' Retirement System

Chief Investment Officer's Report on Investment Activity

December 13, 2000



Dear Members of the Board,

Introduction

SCERS total fund return for the twelve-month period ending June 30, 2000 was 9.6% net of manager fees. This return is above the actuarial assumed rate of return of 8.0%. The one-year return benefited from the strong returns of the international equity asset class return of 17.8% and the 64.3% return of small cap domestic equity. All asset classes had positive returns for the one-year period. On a peer comparison this placed SCERS in the 47th percentile of all public funds compared to the TUCS Public Fund Universe. William Mercer Investment Consulting, Inc. utilizing information provided by SCERS custodian bank and investment managers prepares the investment returns. Return calculations were prepared using a time-weighted rate of return based on the fair rate of return in accordance with AIMR performance presentation standards with exception of the Bonuccelli mortgage portfolio. Returns for the mortgage portfolio only reflect the income earned from the investment since the holdings are not marked-to-market.

General Information

SCERS uses external investment managers to invest its assets. As of June 30, 2000 there are a total of fourteen investment managers investing fifteen separate portfolios. SCERS has one investment in an international equity emerging markets commingled fund managed by Capital International. In addition, nine investments are held in commingled real estate funds. A list of the managers and commingled trust funds is on the following page. SCERS also hires professional investment consultants and legal counsel that along with investment and accounting staff, closely monitor the activity of the managers and assist the Board in developing and implementing investment policy.

During the past year SCERS has proceeded to implement the changes to the asset allocation adopted in June of 1999. Two investment manager searches were completed in the fall of 1999 for international equity managers for the developed and emerging markets. As a result of the searches two investment managers were hired to investment money in portfolios with EAFE mandates and an investment was made in a commingled emerging markets growth fund. A second core equity real estate manager was hired in the spring of 2000 after a manager search. In addition to the investment manager hires the investment portfolios were re-balanced to bring the asset allocation in line with the investment policy target allocations.

SCERS Investment Objectives

SCERS investment objectives as set forth in the Board's Investment Policy and Objectives, adopted on June 24, 1999 are:

1. Provide for Present and Future Benefit Payments - The overall objective of SCERS is to invest pension assets, solely in the interest of providing benefits to the participants and their beneficiaries, while attempting to minimize the employer contributions and defraying the administrative costs. The investment of contributions and other fund assets in accordance with the investment policy described herein will accomplish this and maintain adequate funding of SCERS' liabilities over time.

The goal of the Board is to design an investment portfolio that will achieve and exceed the annualized actuarial assumed rate of 8% over a market cycle of three to five years. The Board strives to achieve this level of return with a high level of certainty and with an acceptable level of risk.

2. Make Prudent Investments - With care, skill, prudence and diligence the Board will strive to produce an investment return based on levels of liquidity and investment risk that are prudent and reasonable under present circumstances. Such circumstances may change over time.

3. Diversify the Assets - The Board will diversify the investments of the Fund to maximize the investment return with acceptable investment risk.

4. Create Reasonable Pension Investments Relative to Other Pension Funds - The pension investment program must operate in compliance with all applicable State and Federal laws and regulations concerning the investment of pension assets. SCERS judges its selection of investment vehicles and policies against other private and public pension funds, with special emphasis on comparisons with public funds.

5. Establish Policy and Objective Review Process - Annually, SCERS will conduct a formal review of its Investment Policy and Objectives and will develop an updated financial projection at least every five years.

Summary of Proxy Voting Guidelines and Procedures

As a fiduciary SCERS Board has an obligation to manage the retirement system's assets in the best interest of the plan participants. The Board has established a Proxy Voting & Corporate Governance Policy. This policy provides guidance to the Chief Investment Officer for voting proxies and acting on corporate action issues such as mergers. For the fiscal year ending June 30, 2000 all proxies that were received were voted in accordance with the Board's policy with the assistance of research and analysis provided by The Proxy Monitor.

Summary of Asset Allocation

The Board develops the strategic asset allocation with the assistance of an external investment consultant. The investment consultant is Thomas Lightvoet, Mercer Investment consulting, Inc. The intent of the asset allocation policy is to ensure that investments are diversified in a manner that achieves the desired rate of investment return with an acceptable investment risk. The actual and policy allocation for each asset class is shown in the pie chart on the following page. The actual allocation of the investments by investment manager also is included. The capital

market assumptions adopted along with the asset allocation give SCERS an expected 8.55% annualized total rate of return over the next ten years with a standard deviation of returns of 11.71%.

Summary of Investment Results

The returns for the capital markets and SCERS major benchmark indices are shown on the following page. For the twelve-month period ending June 30, 2000 the domestic equity market benchmark Russell 3000 index return is 9.6%, the Lehman Aggregate bond index return is 4.6% and the Morgan Stanley Capital Markets International Europe, Australia, Far East (MSCI EAFE) index return is 17.2%. The NCREIF real estate benchmark return is 12.6% for the fiscal year. SCERS total return net of manager fees for the fiscal year is 9.6%. For the last five years the annualized rate of return for the fund is 15.2%.

Beginning in this fiscal year the investment policy divides domestic equity investments into two asset classes, large capitalization (large cap) managers and small capitalization (small cap) investments. The investment return of each asset class is compared to a specified equity market benchmark index. The benchmark for large cap is the Russell 1000 index and the benchmark for small cap is the Russell 2000 index. The large cap equity investment return of 3.8% trailed the Russell 1000 index return of 9.2% by 5.4%. The small cap equity investment return of 64.3% exceeded the Russell 2000 index return of 14.3% by 50%. The large cap equity return ranked in the 59th percentile in the Mercer large cap equity universe. The small cap equity return ranked in the 10th percentile in the Mercer small cap equity universe.

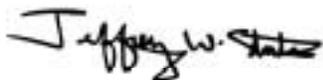
On a combined basis the investment return for domestic equity of 9.2% is under the Russell 3000 index return of 9.6%. Compared to the Mercer Equity Universe SCERS combined domestic equity return is in the 61st percentile for the one-year period. SCERS active investment managers had difficulty equaling index performance because a small group of large cap growth and technology stocks have significantly out performed the rest of the equity market and pulled the indexes higher. The annualized domestic equity return over the past three years is 17.3% and for five years is 21.1%. These double-digit returns are reflective of the strong returns provided by the US equity markets over most of the past decade.

The International equity return is 17.8% for the last year, exceeding the returns of the MSCI EAFE benchmark by 0.6%. This asset class, which uses both passive and active management, has consistently beaten the benchmark over one, three, five and longer time periods, as shown on the table of investment results. For the last year SCERS peer ranking is in the 69th percentile in the Mercer International Equity Universe. The below median peer ranking for the year is primarily the result of the high percentage of SCERS international equity assets that are indexed to the MSCI EAFE index and the timing of the investment in the emerging markets. The emerging markets have returned a negative 4.7% since the inception date of February 1, 2000.

SCERS fixed income managers have consistently managed to perform at or better than the benchmark Lehman Aggregate Bond index. For the one-year period the combined returns of the three managers is 5.0% compared to a benchmark return of 4.6%. On an annualized basis over the last five years the fixed income return is 6.5%. The five-year return for the benchmark is 6.2%. SCERS one year peer ranking in the Mercer Fixed Income Universe is in the 27th percentile.

SCERS invests just slightly more than 8% of its assets in equity real estate. These investments include one actively managed separate account that is invested solely in multi-tenant commercial

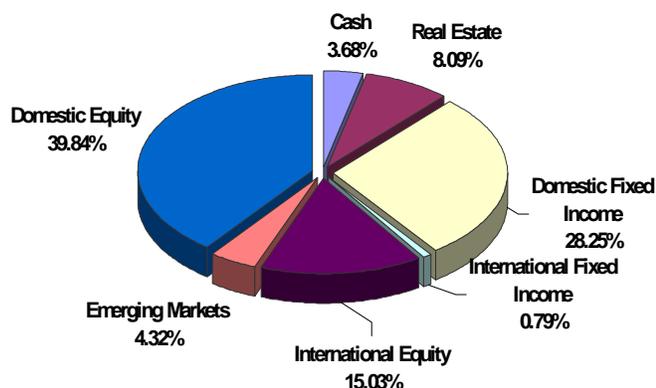
real estate properties and nine investments that are in commingled trusts. A second separate account investment manager has been hired and will be investing up to \$100 million in additional investments during the next eighteen months. Real estate investments are made to improve overall investment diversification and to reduce performance volatility. In the last year the real estate investments returned 12.7% compared favorably to the return of the NCREIF benchmark index of 12.6%. Over a three-year period the annualized return of 13.8% trailed the NCREIF index return of 14.8%. Compared to the Mercer Real Estate Universe SCERS ranks in the 34th percentile for the last year.

A handwritten signature in black ink that reads "Jeffrey W. States". The signature is written in a cursive, slightly slanted style.

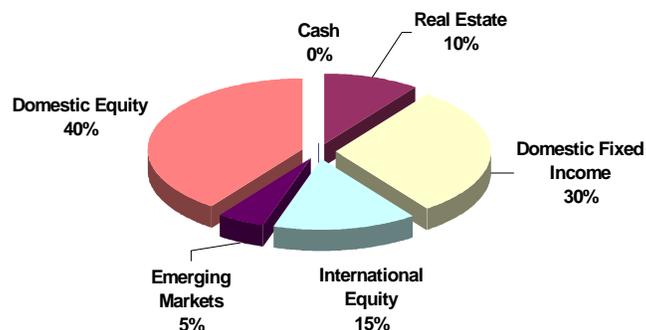
Jeffrey W. States
Chief Investment Officer

Asset Allocation

2000 SCERS Actual Asset Allocation



Target Asset Allocation



Dom Eq = Domestic Equity / Inter Eq = International Equity / Dom F I = Domestic Fixed Income / Inter F I = International Fixed Income / R E = Real Estate / Cash = Cash

The 2000 Actual Asset Allocation is based upon the Investment Summary

Investment Professionals at June 30, 2000

Investment Managers

EQUITY-DOMESTIC

Alliance Capital Management
 Independence Investment Assoc.
 Nicholas Applegate Capital Mgmt.
 Openheimer Capital Mgmt.
 Trinity Investment Management

FIXED INCOME

Lincoln Capital Management
 Bradford & Marzec, Inc.
 Payden & Rygel
 David L. Bonuccelli & Assoc.

REAL ESTATE

G.E. Capital Investment
 PMRealty Advisors

Commingled Trusts

Heitman Real Estate Fund III
 Heitman Real Estate Fund V
 JMB Real Estate Trust IV
 JMB Real Estate Fund V
 La Salle Fund III
 La Salle Fund IV
 Lend Lease Core Property Trust
 TCW Realty IV
 TCW Realty VI

EQUITY-INTERNATIONAL

Deutsche Asset Management
 Capital Guardian Trust Company
 Bank of Ireland Asset Management
 Capital International, Inc.

Real Estate Legal Counsel

Knox, Lemmon & Anapolsky, LLP
 Nossaman, Guthner, Knox & Elliot, LLP

Proxy Advisor

The Proxy Monitor

Investment Consultant

William M. Mercer Investment Consulting

Investment Summary

<u>Equity</u>	<u>Fair Value at 06/30/00</u>	<u>Percentage of Total Fair Value</u>
Domestic		
Alliance-Russell 3000 Index	\$ 762,855,908	20.34%
Alliance-Russell 1000 Value Index	152,180,010	4.06
Independence-Growth	257,264,772	6.86
Nicholas Applegate-Small Cap	128,705,991	3.43
Oppenheimer-CORE	98,759,038	2.63
Trinity-Value	<u>94,778,209</u>	<u>2.52</u>
Total Domestic Equity	<u>1,494,543,928</u>	<u>39.84</u>
International		
Deutsche Asset Management - EAFE Index	174,254,577	4.65
Capital Guardian Trust - EAFE Index	232,825,011	6.21
Capital International - Emerging Markets	162,184,722	4.32
Bank of Ireland Asset Management – EAFE	<u>156,643,161</u>	<u>4.18</u>
Total International Equity	<u>725,907,471</u>	<u>19.36</u>
Total Equities	<u>2,220,451,399</u>	<u>59.20</u>
Fixed Income		
Domestic		
Lincoln Capital-Index Salomon BIG	548,964,636	14.63
Bradford & Marzec-Salomon BIG	340,903,395	9.09
Payden & Rygel-Merrill 1-3	51,975,794	1.39
Bonuccelli-Commercial Mortgage	<u>117,734,533</u>	<u>3.14</u>
Total Domestic Fixed	<u>1,059,578,358</u>	<u>28.25</u>
International		
Bradford & Marzec-Salomon BIG	17,840,717	.48
Payden & Rygel-Merrill 1-3	<u>11,812,826</u>	<u>.31</u>
Total International Fixed	<u>29,653,543</u>	<u>.79</u>
Total Fixed Income	<u>1,089,231,901</u>	<u>29.04</u>
Real Estate		
GE Capital-Separate	274,234,817	7.30
Commingled Trusts	<u>29,389,880</u>	<u>.78</u>
Total Real Estate ¹	<u>303,624,697</u>	<u>8.08</u>
Total Investments at Fair Value	3,613,307,997	96.32
Cash (Unallocated)	<u>138,001,176</u>	<u>3.68</u>
Total Cash & Investments	<u>3,751,309,173</u>	<u>100.00%</u>
Other Assets		
Receivables	41,376,602	
Fixed Assets	133,679	
Prepaid Dental	127,108	
Securities lending collateral	<u>452,551,581</u>	
Total Assets	<u>4,245,498,143</u>	
Liabilities		
Investment Trades Payable	33,191,297	
Mortgages Payable	73,404,050	
Other Liabilities	6,438,359	
Securities lending liability	<u>452,551,581</u>	
Net Assets held in Trust for Pension Benefits	<u>\$ 3,679,912,856</u>	

1. The GE Capital account includes investments made using \$73.4 million from loan proceeds.

Investment Results¹

Domestic Equity	Current Year	Annualized	
	Ending June 30, 2000	3 Year	5 Year
Total Domestic Equity	9.4%	17.5%	21.3%
Mercer Equity Universe Median	14.1%	17.5%	20.7%
Benchmark: Russell 3000 Index	9.6%	19.2%	22.8%
International Equity			
Total International Equity	18.3%	10.1%	12.7%
Mercer International Equity Universe Median	26.0%	13.9%	15.4%
Benchmark: MSCI EAFE Index	17.2%	10.2%	11.3%
Fixed Income			
Total Fixed Income	5.1%	6.5%	6.7%
Mercer Fixed Income Universe Median	4.3%	5.9%	6.4%
Benchmark: Lehman Brothers Aggregate	4.6%	6.0%	6.2%
Real Estate			
Total Real Estate	12.7%	13.8%	11.6%
Mercer Real Estate Universe Median	10.9%	14.6%	12.5%
Benchmark: NCREIF Classic Property Index	12.6%	14.8%	13.1%
Total Fund			
Sacramento Total Fund	9.8%	13.3%	15.5%
Mercer Balanced Fund Median Universe ²	12.9%	14.7%	16.2%
Benchmark: Asset Allocation Weightings ³	9.9%	14.4%	15.9%

Notes:

- Returns were prepared by William Mercer Investment Consulting, Inc., and shown on a gross of fee basis.
- The Mercer 40/30/20/10 Balanced Universe is comprised of 40% managed domestic equity funds, 30% managed fixed income funds, 20% international equity funds and 10% real estate funds. Prior to January 1, 2000, the Benchmark Universe consisted of 47% managed domestic equity funds, 23% managed fixed income funds, 15% international equity funds and 15% real estate funds.
- The Benchmark consists of 35% Russell 3000, 5% Russell 2000, 30% Lehman Brothers Aggregate Bond Index, 15% MSCI EAFE index, 5% MSCI Emerging Markets Free and 10% NCREIF Classic Property Index. Prior to January 1, 2000 the Benchmark consisted of 47% Russell 3000, 23% Salomon smith Barney Broad Investment Grade bond Index, 15% MSCI EAFE and 15% NCREIF.

Return calculations were prepared using a time-weighted rate of return based on the fair rate of return in accordance with AIMR performance presentation standards.

Schedule of Manager Fees

<u>Manager</u>	<u>Total</u>	<u>Category Total</u>
<i>Equity-Domestic</i>		
Alliance Capital Management	\$ 269,288	
Independence Investment Associates	250,000	
Nicholas Applegate	1,898,250	
Oppenheimer Capital Management	813,152	
Trinity Investment Management	<u>381,124</u>	
		<u>3,611,814</u>
<i>Equity-International</i>		
Bankers Trust Investment Management	500,346	
Bank of Ireland	341,460	
Capital Guardian	1,047,626	
Morgan Grenfell, Inc.	313,026	
Schroder Capital Management	<u>980,106</u>	
		<u>3,182,564</u>
<i>Fixed Income</i>		
Lincoln Capital Management	257,915	
Bradford & Marzec	1,044,740	
Payden & Rygel	118,077	
David L. Bonuccelli & Associates	<u>631,965</u>	
		<u>2,052,697</u>
<i>Real Estate</i>		
G.E. Capital Investment Advisors	<u>1,591,517</u>	
Total Manager Fees	<u>10,438,592</u>	
<i>Other Professional Fees</i>		
State Street Bank – Custodian & Securities Lending Fees	889,144	
William Mercer Consulting – Investment Consulting	<u>221,250</u>	
Total Investment Fees and Expenses	<u>\$ 11,548,986</u>	

Ten Largest Stock Holdings (by Fair Value) As of June 30, 2000

<u>Rank</u>	<u>Shares</u>	<u>Security Name</u>	<u>Fair Value</u>
1.	837,140	General Electric	\$ 44,368,420
2.	674,000	CISCO Systems, Inc.	42,841,125
3.	311,400	Intel Corp.	41,630,288
4.	356,088	Exxon Mobile Corp.	27,952,908
5.	340,600	Microsoft Corp.	27,248,000
6.	448,930	Citigroup Inc.	27,048,033
7.	531,250	Pfizer Inc.	25,500,000
8.	225,374	Oracle	18,945,502
9.	163,200	International Business Machines	17,880,600
10.	4,142,876	Vodafone Airtouch	<u>16,745,963</u>
Total of Ten Largest Stock Holdings			<u>\$ 290,160,839</u>

Ten Largest Bond Holdings (by Fair Value) As of June 30, 2000

<u>Rank</u>	<u>Par</u>	<u>Security Name</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Fair Value</u>
1.	25,588,000	US Treasury Bonds	8.750%	5/15/17	\$ 32,192,775
2.	20,263,000	US Treasury Bonds	6.250%	5/15/30	21,257,103
3.	18,172,000	US Treasury Notes	6.000%	8/15/09	18,027,169
4.	17,440,000	US Treasury Notes	6.625%	4/30/02	17,494,413
5.	15,419,000	FNMA Debenture	6.625%	9/15/09	14,891,362
6.	10,940,000	US Treasury Bonds	12.750%	11/15/10	13,994,667
7.	13,940,000	FHLMC Debenture	6.875%	1/15/05	13,852,875
8.	9,630,000	US Treasury Bonds	12.000%	8/15/13	13,002,041
9.	11,788,000	US Treasury Notes	5.875%	11/15/04	11,616,720
10.	10,027,000	US Treasury Bonds	7.250%	8/15/22	<u>11,270,950</u>
Total Largest Bond Holdings					<u>\$167,600,075</u>

Note: The above schedules do not include funds invested in commingled trust funds or cash in the custodians short term investment fund.

A complete list of the portfolio's holdings is available upon request.

Schedule of Equity Brokerage Fees FYE June 30, 2000

<u>Brokerage Firm</u>	<u>Commission per share</u>	<u>Total Commission</u>	<u>Shares Traded</u>
ABG SECURITIES AS (STOCKHOLM)	0.07045	2,541.72	36,079
ABN AMRO AUSTRALIA LIMITED	0.04688	473.52	10,100
ABN AMRO CHICAGO CORPORATION	0.05215	4,683.00	89,800
ABN AMRO EQUITIES UK LTD LONDON	0.01728	268.28	15,527
ABN AMRO SECURITIES (USA) INC	0.03086	6,077.31	196,900
ABN AMRO SECURITIES	0.00355	201.50	56,710
ABN AMRO	0.00914	3,190.35	348,883
ABN AMRO,HOARE GOVETTE	0.25422	5,757.99	22,650
ADAMS HARKNESS + HILL,INC	0.05578	753.00	13,500
ALFRED BERG-LONDON	0.17218	282.37	1,640
ALLEN & COMPANY INCORPORATED	0.05676	7,890.00	139,000
ALPHA MANAGEMENT INC	0.06000	720.00	12,000
ARCHIPELAGO BCC CAPITAL CLEAR	0.06000	318.00	5,300
AUTRANET,INC.	0.03770	1,150.00	30,500
BANC AMERICA SECURITY MONTGOMERY	0.05175	12,114.68	234,078
BANCBOSTON ROBERTSON STEPHENS	0.05000	3,125.00	62,500
BANCO SANTANDER (GBL)	0.10178	225.25	2,213
BANK AM BELLEVUE	4.75712	8,872.02	1,865
BANK JULIUS BAER AND CO.LTD.	2.48870	1,281.68	515
BANK JULIUS BAR FRANKFURT	0.31335	2,958.06	9,440
BARING SECURITIES (HONG KONG)	0.02535	557.71	22,000
BEAR STEARNS + CO INC	0.05079	24,641.00	485,200
BEAR STEARNS NY	0.04851	800.39	16,500
BEAR STEARNS SECS	0.40726	154.76	380
BEAR STEARNS SECURITIES CORP	0.05176	75,000.22	1,449,100
BEAR STEARNS SECURITIES	0.04751	332.54	7,000
BEAR STEARNS	0.06000	102.60	1,710
BERNSTEINSANFORD C + CO INC	0.05445	13,450.00	247,000
BHF SECURITIES CORPORATION	0.00861	122,457.14	14,225,305
BISHOP ROSEN	0.06000	1,200.00	20,000
BNY CLEARING SERVICES LLC	0.06000	260.76	4,346
BRADFORD,J.C. + CO	0.06000	3,000.00	50,000
BREAN MURRAY	0.06000	1,020.00	17,000
BRIDGE TRADING	0.05848	9,644.00	164,900
BROADCORTCAPITAL (THRU ML)	0.05627	4,524.00	80,400
BROCKHOUSE + COOPER INC MONTREAL	0.01228	478.41	38,950
BROCKHOUSE + COOPER, INC.	0.01437	320.48	22,296
BROCKHOUSE AND COOPER	0.00542	115.52	21,300
BROWN BROTHERS HARRIMAN & CO	0.05360	5,210.00	97,200
BT ALEX BROWN	0.06000	156.00	2,600
B-TRADE SERVICES LLC	0.02182	5,333.82	244,491
BUCKINGHAM RESEARCH GROUP	0.06000	1,800.00	30,000
BUNTING WARBURG INC	0.04093	1,109.29	27,100
C.L.KING & ASSOCIATES	0.05000	1,000.00	20,000
CANADIAN IMPERIAL BANK OF COMMERCE	0.04066	11,651.77	286,600
CANTOR FITZGERALD + CO	0.07967	533.76	6,700
CANTOR FITZGERALD + CO.	0.03680	3,577.00	97,200
CANTOR FITZGERALD + CO., INC.	0.04681	15,876.94	339,198
CAPITAL INSTITUTIONAL SERVICES	0.06000	372.00	6,200
CAZENOVE + CO	0.01486	13,474.39	906,611
CAZENOVE ASIA LIMITED	0.03322	199.32	6,000
CAZENOVE INCORPORATED	0.02627	911.68	34,710
CAZENOVE	0.01874	412.19	22,000
CHARLES SCHWAB & CO., INC.	0.03042	21,600.00	710,000
CHARTERHOUSE TILNEY SECS	0.03657	496.30	13,571
CHARTERHOUSE TILNEY SECURITIES LTD	0.01269	14,503.34	1,142,900
CI NORDICSECURITIES AB	0.11325	486.96	4,300
CIBC WOODGUNDY	0.05000	1,100.00	22,000
CIBC WORLD MARKETS CORP	0.04307	37,269.02	865,363
CITATION GROUP	0.05113	5,870.00	114,800
CITIBANK,N.A.	0.05000	25.00	500
COMMERZBANK AG	0.08870	9,659.67	108,900
COMMERZBANK CAPITAL MARKETS CORP.	0.15457	4,173.49	27,000
COMMERZBANK	0.13435	9,780.85	72,799
CORRESPONDENT SERVICES, INC	0.05206	3,280.00	63,000
COUNTY NATWEST SECURITIES LTD	0.01283	7,427.30	578,700

<u>Brokerage Firm</u>	<u>Commission per share</u>	<u>Total Commission</u>	<u>Shares Traded</u>
CREDIT AGRI INDOSUEZ CHEUVREUX	0.03632	117.67	3,240
CREDIT AGRICOLE INDOSUEZ (PARIS)	0.06375	224.01	3,514
CREDIT AGRICOLE INDOSUEZ CHEUVREUX	0.09679	15,063.86	155,640
CREDIT AGRICOLE INDOSUEZ	0.29476	2,641.04	8,960
CREDIT AGRICOLE SECURITIES	0.16015	1,540.05	9,616
CREDIT LYONNAIS HONGKONG	0.03430	1,680.46	49,000
CREDIT LYONNAIS SECS	0.02502	13,801.01	551,679
CREDIT LYONNAIS SECURITIES(USA) INC	0.01400	7,179.97	513,000
CREDIT LYONNAIS SECURITIES	0.03456	414.74	12,000
CREDIT LYONNAIS SECURITIES(ASIA)	0.01017	6,316.37	620,900
CREDIT SUISSE FIRST BOSTON EQ.(EUR)	0.09498	8,238.73	86,745
CREDIT SUISSE FIRST BOSTON EQUITIES	0.03463	580.37	16,760
CREDIT SUISSE FIRST BOSTON LONDON	0.01883	254.25	13,500
CREDIT SUISSE FIRST BOSTON	0.04588	1,944.21	42,375
CS FIRST BOSTON (HONG KONG) LIMITED	0.02532	2,357.90	93,140
CS FIRST BOSTON (JAPAN) LIMITED	0.02798	363.74	13,000
CS FIRST BOSTON AUSTRALIA EQUITIES	0.01001	2,906.71	290,300
CS FIRST BOSTON CORPORATION	0.05014	69,590.98	1,388,040
CS FIRST BOSTON EQUITIES (EUR) LTD	0.10165	7,777.22	76,511
CSFB	0.05087	10,506.19	206,540
DAIWA SB CAPITAL	0.00447	71.54	16,000
DAIWA SECURITES SB CAPITAL MA	0.04112	164.49	4,000
DAVIS, MENDEL AND REGENSTEIN	0.06000	900.00	15,000
DB CLEARING SERVICES	0.05023	8,615.00	171,500
DEUTSCHE BANK A.G.	0.01745	211.15	12,100
DEUTSCHE BANK AG LONDON	0.03136	3,237.95	103,247
DEUTSCHE BANK AG	0.06680	654.66	9,800
DEUTSCHE BANK SECS	0.02213	104.00	4,700
DEUTSCHE BANK SECURITIES INC	0.01066	750.66	70,450
DEUTSCHE BANK SECURITIES	0.01338	1,423.21	106,331
DEUTSCHE BANK	0.01070	741.61	69,287
DEUTSCHE MORGAN GRENPELL (LONDON)	0.02789	15,425.59	553,030
DEUTSCHE MORGAN GRENPELL	0.06169	148.05	2,400
DEUTSCHE SECURITIES AUST (SYDNEY)	0.01164	227.00	19,500
DIRECT BROKERAGE SERVICE	0.06000	1,098.00	18,300
DLJ INTERNATIONAL SECURITIES	0.00720	509.07	70,700
DLJ SECS	0.00433	259.68	60,020
DONALDSON, LUFKIN + JENRETTE SECS	0.05471	23,028.55	420,920
DONALDSONLUFKIN + JENRETTE SEC CORP	0.04943	27,268.82	551,660
DRESDNER KLEINWORT BENSON ASIA LTD	0.01215	6,671.83	549,221
DRESDNER SECURITIES (USA) INC.	0.05000	15.00	300
ERNST + CO	0.06000	5,586.00	93,100
EXANE S.A.	0.25375	10,744.42	42,343
FACTSET DATA SYSTEMS (BEAR STEARNS)	0.06000	3,900.00	65,000
FAHNESTOCK + CO.	0.06000	522.00	8,700
FIDELITY CAPITAL MARKETS	0.05000	1,915.00	38,300
FIRST CLEARING CORP	0.06000	120.00	2,000
FIRST UNION CAPITAL MARKETS	0.06000	1,104.00	18,400
FLEETBOSTON ROBERTSON STEPHENS INC	0.05000	970.00	19,400
FLEMING MARTIN LONDON UK	0.01013	111.41	11,000
FOX PITT KELTON INC	0.69797	453.68	650
GARBAN CORPORATES, INC	0.06000	1,200.00	20,000
GENESIS MERCHANT GROUP SECURITIES	0.06000	11,700.00	195,000
GERARD KLAUER MATTISON + CO	0.05551	21,831.00	393,300
GOLDMAN SACHS (JAPAN) LTD.	0.04084	17,068.31	417,893
GOLDMAN SACHS + CO	0.04534	83,910.07	1,850,679
GOLDMAN SACHS ASIA FINANCE	0.01421	4,091.40	288,000
GOLDMAN SACHS INTERNATIONAL LONDON	0.02246	9,898.89	440,775
GOLDMAN SACHS INTERNATIONAL	0.01756	1,447.20	82,434
GOLDMAN SACHS INTL FINANCE LONDON	0.03163	4,818.16	152,326
GOLDMAN SACHS INTL LTD	0.05341	470.00	8,800
GOLDMAN SACHS	0.01114	122.50	11,000
GOODBODY STOCKBROKERS	0.01890	2,224.17	117,650
GRUNTAL +CO.	0.06000	438.00	7,300
GS2 SECURITIES INC	0.06000	1,500.00	25,000
HENDERSONCROSTHWAIT INSTL BROK LTD	0.10550	4.22	40
HENDERSONCROSTHWAITE LIMITED	0.01263	230.18	18,222
HENDERSONCROSTHWAITE	0.09838	7.87	80
HERZOG HEINE GEDULD INC	0.05603	10,590.00	189,000
HOARE GOVETT SECURITIES LIMITED	0.00737	1,958.65	265,600
HOARE GOVETT SECURITIES	0.02228	657.37	29,500

<u>Brokerage Firm</u>	<u>Commission per share</u>	<u>Total Commission</u>	<u>Shares Traded</u>
HOENIG + COMPANY INC	0.05534	2,638.92	47,682
HSBC BANKPLC	0.01508	381.31	25,294
HSBC INVESTMENT BANK PLC	0.02841	43,083.66	1,516,262
HSBC INVESTMENT LTD	0.00481	143.72	29,900
HSBC JAMES CAPEL	0.03118	93.55	3,000
HSBC SECURITIES (JAMES CAPEL)	0.01251	137.64	11,000
HSBC SECURITIES INC	0.00956	240.79	25,200
HSBC	0.03018	3,781.07	125,300
INDOSUEZ WI CARR SECS HONG KONG LTD	0.01784	1,338.18	75,000
INDOSUEZ WI CARR SECURITIES LIMITED	0.01142	68.49	6,000
INDOSUEZ WI CARR SECURITIES LTD	0.01135	102.18	9,000
ING BANK	0.02264	181.11	8,000
ING BARING SECURITIES (JAPAN)	0.03010	180.59	6,000
ING BARING SECURITIES	0.02574	2,080.13	80,810
ING BARINGS SEC LTD	0.05535	182.64	3,300
INSTINET CORP	0.02167	214.58	9,900
INSTINET	0.03414	68,379.07	2,002,979
INTERMOBILIARE SECURITIES SIM SPA	0.05027	541.39	10,770
INVEMED ASSOCS. (THRU BEAR STEARNS)	0.06000	9,000.00	150,000
INVESTMENT TECHNOLOGY GROUP INC.	0.02362	210,109.62	8,895,692
ISI GROUPINC	0.06000	1,200.00	20,000
J B WERE AND SON	0.01323	2,542.36	192,200
J B WERE & SON,TR A/C,MELBOURNE/LOND	0.02282	136.90	6,000
JAMES CAPEL PACIFIC LTD., TOKYO	0.00756	3,687.50	488,000
JANNEY MONTGOMERY, SCOTT	0.05118	870.00	17,000
JARDINE FLEMING SECURITIES LIMITED	0.00729	1,701.99	233,500
JARDINE FLEMING SECURITIES LTD	0.03669	12,023.49	327,734
JB WERE +SON LTD LDN	0.04070	2,079.69	51,100
JEFFERIES+ CO	0.03620	15,743.85	434,913
JONES + ASSOCIATES	0.04460	16,619.00	372,600
JOSEPHTHAL LYON + ROSS	0.05250	2,100.00	40,000
JP MORGAN LONDON	0.01494	226.01	15,130
JP MORGAN SECURITIES INC SL	0.13852	491.74	3,550
JP MORGAN SECURITIES INC.	0.09487	835.42	8,806
JP MORGAN SECURITIES LIMITED	0.30299	11,895.24	39,260
JULIUS BAER SECURITIES	0.20064	782.50	3,900
JULIUS BAER/BANK JULIUS BAER	0.66266	603.02	910
KLEINWORTBENSON INC	0.05270	7,852.13	148,992
KLEINWORTBENSON SECS	0.02917	504.51	17,297
KLEINWORTBENSON SECURITIES LIMITED	0.02301	15,547.47	675,733
KNIGHT SECURITIES L.P.	0.06000	4,800.00	80,000
KNIGHT SECURITIES	0.05419	1,680.00	31,000
LAZARD FRERES & CO.	0.06000	4,200.00	70,000
LEERINK SWANN & CO	0.05000	1,435.00	28,700
LEHMAN BROS INC.	0.04710	58,794.21	1,248,197
LEHMAN BROS INTL EUROPE	0.01428	248.44	17,400
LEHMAN BROTHERS INTERNATIONAL (EUR)	0.08254	3,891.55	47,149
LEHMAN BROTHERS JAPAN INC, TOKYO	0.09056	7,996.53	88,300
LEHMAN BROTHERS	0.07801	152.11	1,950
LEVESQUE BEAUBIEN GEOFFRION	0.04131	86.76	2,100
LEWCO SECS AGENT FOR HAMBRE.+QUIST	0.05711	11,400.00	199,600
LEWCO SECS AGENT FOR WERTHEIM SHCR.	0.05276	14,832.00	281,100
LEWCO SECURITIES AGENT/CHASE H&Q	0.05707	2,334.00	40,900
LYNCH JONES AND RYAN INC	0.05000	750.00	15,000
MACQUARIEEQUITIES LIMITED (SYDNEY)	0.04836	406.21	8,400
MACQUARIEINVESTMENT	0.02174	4,564.63	210,000
MAXUS CORP	0.06000	300.00	5,000
MCDONALD + CO	0.06000	3,713.40	61,890
MERRILL LYNCH EQUITIES (SYDNEY)	0.02335	2,528.48	108,300
MERRILL LYNCH FAR EAST LTD	0.00225	58.43	26,000
MERRILL LYNCH INTERNATIONAL	0.02874	33,121.25	1,152,280
MERRILL LYNCH JAPAN INCORPORATED	0.01434	3,215.25	224,280
MERRILL LYNCH PIERCE FENNER + SMITH	0.05346	78,233.52	1,463,383
MERRILL LYNCH	0.03163	1,686.95	53,340
METZLER SEEL	0.15922	3,418.52	21,470
MIDWEST RESEARCH MAXXUS GROUP	0.06000	480.00	8,000
MORGAN GRENFELL AND CO LIMITED	0.03713	1,088.12	29,307
MORGAN KEEGAN & CO INC	0.06000	600.00	10,000
MORGAN STANLEY + CO INTL	0.09997	540.84	5,410
MORGAN STANLEY AND CO, INC	0.03546	72,400.07	2,041,863
MORGAN STANLEY AND CO. INTERNATIONAL	0.04305	13,258.56	307,952

<u>Brokerage Firm</u>	<u>Commission per share</u>	<u>Total Commission</u>	<u>Shares Traded</u>
MORGAN STANLEY ASIA LTD	0.00415	2,603.84	627,000
MORGAN STANLEY JAPAN LTD	0.04303	6,897.61	160,300
MORGAN STANLEY SECURITIES LIMITED	0.09044	9,517.55	105,231
MORGAN STANLEY	0.23489	1,541.12	6,561
MORGAN STANLEY TRUST CO., LONDON	0.01621	183.16	11,300
MORGAN, J.P., SECURITIES INC	0.04457	15,427.64	346,182
NATIONAL FINANCIAL SERVICES CORP.	0.04000	1,400.00	35,000
NATIONSBANC MONTGOMERY SEC LLC/S.F.	0.05111	6,348.00	124,200
NEEDHAM + COMPANY	0.06000	1,830.00	30,500
NESBITT BURNS	0.04031	568.36	14,100
NEUBERGER+ BERMAN	0.06000	2,520.00	42,000
NOMURA INTERNATIONAL PLC	0.02816	2,134.59	75,800
NOMURA SECURITIES CO., LTD.	0.01757	6,075.57	345,842
NOMURA SECURITIES INTL INC	0.03564	29.94	840
O NEIL, WILLIAM AND CO. INC/BCC CLRG	0.06000	4,032.00	67,200
ORD MINNETT GROUP LIMITED (SYDNEY)	0.01147	1,657.29	144,550
ORD MINNETT	0.01275	2,517.27	197,500
ORKLA SECS UK LTD	0.11773	452.80	3,846
PACIFIC CREST SECURITIES	0.06000	3,000.00	50,000
PAINE WEBBER INCORPORATED	0.05282	34,857.90	659,918
PANMURE GORDON & CO LTD	0.04438	26.63	600
PANMURE GORDON	0.03724	356.00	9,560
PAULSEN, DOWLING SECURITIES INC.	0.06000	120.00	2,000
PETERS + CO LIMITED	0.05000	1,250.00	25,000
PETERS + CO	0.04071	2,690.64	66,100
PICTET AND CIE	3.07786	1,108.03	360
PRUDENTIAL SECURITIES INCORPORATED	0.05675	40,972.02	721,967
QUAKER SECURITIES INC	0.02000	4,929.00	246,450
RABO SECURITIES NV AMSTERDAM	0.11968	645.06	5,390
RBC DOMINION SECURITIES CORP	0.04141	1,117.94	27,000
RBC DOMINION SECURITIES CORPORATION	0.05000	600.00	12,000
RBC DOMINION SECURITIES	0.04003	288.19	7,200
ROBERT FLEMING + CO LIMITED LONDON	0.06083	133.82	2,200
ROBERT FLEMING + CO LTD	0.01207	5,892.35	488,100
ROBERT FLEMING SECURITIES LIMITED	0.00878	121.12	13,800
ROBERT FLEMING	0.01619	2,631.59	162,526
ROBERT W BAIRD & CO., INCORPORATED	0.06000	1,761.00	29,350
ROBERTSONSTEPHENS + CO L P	0.05000	1,665.00	33,300
ROBINSON HUMPHREY	0.05412	2,024.00	37,400
ROCHDALE SEC CORP.(CLS THRU 443)	0.05817	4,776.00	82,100
RUSSELL FRANK SECURITIES INC	0.05000	820.00	16,400
SALOMAN BROS	0.14835	1,251.34	8,435
SALOMON BROS HONG KONG	0.00907	1,985.89	219,000
SALOMON BROTHERS ASIA LIMITED	0.02699	8,969.51	332,281
SALOMON BROTHERS INC, NY	0.02607	1,903.30	73,000
SALOMON BROTHERS INTERNATIONAL	0.01697	23,005.30	1,355,456
SALOMON BROTHERS NY	0.00796	151.26	19,000
SALOMON SMITH BARNEY AUSTRALIA	0.03767	177.05	4,700
SALOMON SMITH BARNEY INC	0.05103	66,270.45	1,298,658
SALOMON SMITH BARNEY	0.02357	407.69	17,300
SBC WARBURG AUSTRALIA LTD	0.01494	1,259.17	84,300
SBC WARBURG LONDON	0.03853	10,438.83	270,900
SCHRODER + CO	0.14606	1,335.53	9,144
SCHRODER SECS INTL	0.04402	444.58	10,100
SCHRODER SECURITIES LONDON	0.03330	254.75	7,650
SCHRODER SECURITIES LTD	0.01665	3,029.99	181,942
SCHRODERSSECURITIES LTD (SSL)	0.01070	627.24	58,623
SCOTIA CAPITAL MARKETS (USA) INC	0.04028	809.53	20,100
SCOTIA MCLEOD	0.03995	1,190.59	29,800
SG COWEN SECURITIES CORP	0.05259	30,925.50	588,050
SG SECURITIES HK	0.01398	321.62	23,000
SK INTERNATIONAL SECURITIES	0.05268	1,080.00	20,500
SKANDINAVISKA ENSKILDA BANKEN LONDON	0.08035	104.46	1,300
SOCIETE GENERALE HONG KONG	0.01317	197.57	15,000
SOCIETE GENERALE SECS	0.01545	1,313.02	85,000
SOCIETE GENERALE SECURITIES CORP	0.00464	1,615.95	348,600
SOUNDVIEWTECHNOLOGY GROUP INC	0.05958	1,990.00	33,400
SOUTHWESTSECURITIES, INC.	0.06000	1,812.00	30,200
SPEAR, LEEDS & KELLOGG	0.03075	43,019.00	1,399,200
STANDARD + POORS SECURITIES INC	0.05310	10,270.00	193,400
STANDARD + POORS SECURITIES	0.05000	695.00	13,900

<u>Brokerage Firm</u>	<u>Commission per share</u>	<u>Total Commission</u>	<u>Shares Traded</u>
STANDARD CHARTERED BANK	0.00178	309.49	174,000
STATE STREET BROKERAGE SERVICES	0.01894	1,583.70	83,611
SUNTRUST EQUITABLE SECURITIES CORP	0.06000	174.00	2,900
SVENSKA HANDELSBANKEN	0.03778	2,455.51	65,000
TEATHER AND GREENWOOD	0.02680	1,399.22	52,200
THOMAS WEISEL PARTNERS	0.05000	4,895.00	97,900
TORONTO DOMINION SECURITIES INC	0.04062	1,308.09	32,200
UBS AG LONDON	0.09972	9,126.18	91,517
UBS AG	0.03256	3,867.34	118,769
UBS WARBURG LLC	0.05903	4,728.44	80,106
WARBG WARBURG DILLON READ LLC	0.01323	4,711.11	356,200
WARBURG DILLON READ (ASIA) LTD	0.02625	1,144.61	43,600
WARBURG DILLON READ (FRANCE)	0.03341	1,039.03	31,100
WARBURG DILLON READ (HK) LTD	0.00613	343.40	56,000
WARBURG DILLON READ (JAPAN)	0.01205	361.49	30,000
WARBURG DILLON READ EQUITIES (MELB)	0.01431	2,154.19	150,546
WARBURG DILLON READ LLC	0.00752	30,765.85	4,092,983
WARBURG DILLON READ SECURITIES CO	0.00834	969.49	116,252
WARBURG DILLON READ SECURITIES	0.03542	283.36	8,000
WARBURG DILLON READ	0.01741	19,261.96	1,106,515
WARBURG DILLON REED	0.00887	13,390.43	1,509,151
WARBURG SECURITIES (JAPAN) INC	0.01612	6,224.29	386,112
WARBURG SECURITIES	0.02063	21,702.85	1,052,031
WEEDEN + CO.	0.05537	28,601.00	516,500
WESTMINSTER RESEARCH ACCOCIATION	0.05634	4,620.00	82,000
WILLAMS DE BROE PIC	0.02582	80.47	3,117
WILLIAMS CAPITAL GROUP (THE)	0.05706	582.00	10,200
		<u>\$ 2,275,851.13</u>	<u>81,970,555</u>

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Actuarial Section

December 7, 2000

Board of Retirement
Sacramento County Employees'
Retirement System
980 - 9th Street, Suite 750
Sacramento, California 95814

Dear Members of the Board:

We are pleased to present the actuarial valuation for the Sacramento County Employees' Retirement System prepared as of June 30, 2000 by William M. Mercer, Incorporated. The report includes:

- (1) a determination of the recommended employer contribution rates. These rates are to be effective July 1, 2001;
- (2) a determination of the recommended member contribution rates, also to be effective on July 1, 2001;
- (3) a determination of the funded status as of June 30, 2000; and
- (4) financial reporting and disclosure information pursuant to applicable accounting standards.

This report conforms with the requirements of the governing state and local statutes, accounting rules, and generally accepted actuarial principles and practices.

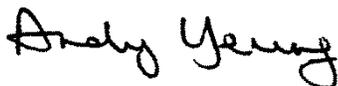
This report reflects the impact on funding status and contribution rates of the Retirement Board's expansion of the pay items includable in Earnable Compensation in response to the 1997 California Supreme Court decision in the Ventura County Deputy Sheriff's Association vs. Board of Retirement, Ventura County Employees' Retirement Association. This report assumes no retroactive application of the Ventura decision.

We have calculated the employer and member contribution rates assuming:

- The Reserve for Interest Fluctuations is retained at 2.5%;
- \$5.1 million and \$71.1 million will be transferred from excess earnings so that member and employer contribution rates will be maintained at the level established at the June 30, 1999 valuation.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Sincerely,

A handwritten signature in black ink that reads "Andy Yeung". The letters are cursive and connected.

Andy Yeung, ASA, EA, MAAA

A handwritten signature in black ink that reads "Drew James". The signature is highly stylized and cursive.

Drew James, FSA, EA, MAAA

Actuary's Certification Letter



The annual actuarial valuation required for the Sacramento County Employees' Retirement System has been prepared as of June 30, 2000 by William M. Mercer, Incorporated. In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to determine a sound value for the System's assets, liability and future contribution requirements. Our calculations are based upon member data and unaudited financial information provided to us by the System's staff. This data has not been audited by us, but it has been reviewed and found to be consistent, both internally and with prior years' data.

The contribution requirements are determined as a percentage of payroll. The primary funding objective of the System is to determine employer rates required to provide for both normal cost and a contribution to amortize the unfunded actuarial accrued liability. The amortization period for the unfunded actuarial accrued liability is 22 years as of June 30, 2000. The contribution to the unfunded actuarial accrued liability (which is currently negative for the County, resulting in a rate credit) is calculated to remain level as a percentage of future payroll (including projected payroll for future members). Payments (credits) will increase at a rate of 4.25% per year. The period for amortizing the unfunded actuarial accrued liability is set by the Board of Retirement.

The County issued Pension Obligation Bonds on July 5, 1995 to fully fund its unfunded actuarial accrued liability calculated as of June 30, 1994. Districts did not participate in the bond issue.

Contribution levels are recommended by the Actuary and adopted by the Board each year. The ratio of Actuarial Value of Assets to Actuarial Accrued Liabilities decreased from 110.4% to 110.1% during the year.

There were no changes in the actuarial assumptions or methods used in the determination of actuarial present values this year.

In our opinion, the combined operation of the assumptions and methods applied in this valuation fairly represent past and anticipated future experience of the System and meet the parameters required by GASB Statement 25.

A list of the supporting schedules we prepared for inclusion in the Actuarial and Financial Sections of the System's CAFR report is provided below:

- (1) Schedule of Active Member Valuation Data
- (2) Retirees and Beneficiaries Added to and Removed From Retiree Payroll
- (3) Schedule of Average Benefit Payments for Retirees and Beneficiaries
- (4) Schedule of Funding Progress
- (5) Solvency Tests
- (6) Actuarial Analysis of Financial Experience

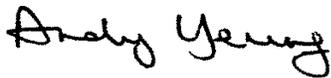
Future contribution requirements may differ from those determined in the valuation because of:

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

This report reflects the impact on funding status and contribution rates of the Retirement Board's expansion of the pay items includable in Earnable Compensation in response to the 1997 California Supreme Court decision in the Ventura County Deputy Sheriff's Association vs. Board of Retirement, Ventura County Employees' Retirement Association. This report assumes no retroactive application of the Ventura decision.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

William M. Mercer, Incorporated



Andy Yeung, ASA, EA, MAAA

Date: 12/7/2000



Drew James, FSA, EA, MAAA

Date: 12/7/2000

Summary of Actuarial Assumptions and Methods

The following assumptions were recommended by the actuary and have been adopted by the Board for the June 30, 2000 valuations.

Assumption:

Valuation Interest Rate & Rate of Return on Investment	8.00%
Inflation Assumption	4.25%
Cost of Living Adjustment	4% for Tier 1 General and Safety members 0% for Tier 2 General members 2% for Tier 3 General and Tier 2 Safety members
Interest Rate Credited to Active member accounts	8.00%

Post-Retirement Mortality

(a) Service

Males 1994 Male Group Annuity Mortality Table set back one year

Females 1994 Female Group Annuity Mortality Table with no set back

Safety 1994 Male Group Annuity Mortality Table with no set back

(b) Disability

General 1981 General Disability Mortality Table with no set back

Safety 1981 Safety Disability Mortality Table set back one year

(c) For Employee Contribution Rate Purposes

General 1994 Male Group Annuity Mortality Table with a three year set back

Safety 1994 Male Group Annuity Mortality Table with no set back

Pre-Retirement Mortality	Based upon the 6/30/98 Experience Analysis
Withdrawal Rates	Based upon the 6/30/98 Experience Analysis
Disability Rates	Based upon the 6/30/98 Experience Analysis
Service Retirement Rates	Based upon the 6/30/98 Experience Analysis
Salary Scales	Total increases of 5.55% per year reflecting 4.25% for inflation and approximately 1.30% for merit and longevity
Assets	Valued at Five Year Smoothed Fair Value
Percentage of Members Married at Retirement	70% for male members and 50% for female members
Terminated Members Eligible for Reciprocal Benefits	60%

Funding Method and Amortization of Actuarial Gains or Losses

The County's liability is being funded on the Entry Age Normal Method with an Unfunded Actuarial Accrued Liability (UAAL). The current amortization period for the UAAL is 22 years following June 30, 2000.

Summary of Plan Provisions

Benefit Sections 31676.1 and 31664 of the 1937 County Act

Briefly summarized below are the major provisions of the County Employees Retirement Law of 1937, as amended through June 30, 2000 that are applicable to Sacramento County Employees' Retirement System.

Membership

General employees entering after September 27, 1981 become members of Tier 2 or Tier 3. Safety members entering after June 24, 1995 become members of Tier 2. All others are covered by Tier 1 provisions.

Final Average Salary (FAS)

Final average salary is defined as the highest 12 consecutive months of compensation earnable for Tier 1 and highest 36 consecutive months for Tier 2 and Tier 3.

Return of Contributions

If a member should resign or die before becoming eligible for retirement, his or her contributions plus interest will be refunded. In lieu of receiving a return of contributions, a member with five or more years of service may elect to leave his or her contributions on deposit and receive a deferred vested benefit when eligible for retirement.

Service Retirement Benefit

Members with 10 years of service who have attained the age of 50 are eligible to retire. Members with 30 years of service (20 years for Safety), regardless of age, are eligible to retire.

The benefit expressed as a percentage of monthly FAS per year of service, depending on age at retirement, is illustrated below for typical ages. For members integrated with Social Security, the benefit is reduced by one-third of the percentage shown below times the first \$350 of monthly FAS per year of service after January 1, 1956.

Age	General	Safety
50	1.18%	2.00%
55	1.49%	2.62%
60	1.92%	2.62%
65 and over	2.43%	2.62%

Disability Benefit

Members with five years of service, regardless of age, are eligible for non-service connected disability.

For Tier 1 General members, the benefit is 1.5% (1.8% for Tier 1 Safety members) of FAS for each year of service. If this benefit does not equal one-third of FAS, the benefit is increased by the same percentage of FAS for the years which would have been credited to age 65 (age 55 for Safety members), but the total benefit in this case cannot be more than one-third of FAS.

For Tier 2 and Tier 3 members, the benefit is 20% of FAS for the first five years of service plus 2% for each additional year for a maximum of 40% of FAS.

If the disability is service connected, the member may retire regardless of length of service, with a benefit of 50% of FAS.

Death Benefit (Before Retirement)

In addition to the return of contributions, a death benefit is payable to the member's beneficiary or estate equal to one month's salary for each completed year of service under the retirement system, based on the final year's average salary, but not to exceed six (6) months' salary.

If a member dies while eligible for service retirement or non-service connected disability, the spouse receives 60% of the allowance that the member would have received for retirement on the day of his or her death.

If a member dies in the performance of duty, the spouse receives 50% of the member's final average salary.

Death Benefit (After Retirement)

If a member dies after retirement, a lump sum amount of \$2,000 is paid to the beneficiary or estate. The Board is considering as a part of this valuation to provide for an increase in the \$2,000 death benefit.

If the retirement was for service connected disability, 100% of the member's allowance as it was at death is continued to the surviving spouse for life.

If the retirement was for other than service connected disability, 60% of the member's allowance is continued to the spouse for life.

Maximum Benefit

The maximum benefit payable to a member or beneficiary is 100% of FAS.

Cost of Living

The maximum increase in retirement allowance is 4% per year for Tier 1 General and Safety members, 2% for Tier 2 Safety members and, effective April 1, 1993, 2% for Tier 3 members. Tier 2 General members have no cost of living benefit. The cost of living increases are based on the change in the Consumer Price Index for the calendar year prior to the April 1 effective date.

Contribution Rates

Basic member contribution rates are based on the age nearest birthday at entry into the System (single rate for entrants after January 1, 1975). The rates are such as to provide an average annuity at age 60 equal to 1/240 of FAS for General members and at age 50 equal to 1/200 of FAS for Safety members. For members integrated with Social Security, the above contributions are reduced by one-third of that portion of such contribution payable with respect to the first \$350 of monthly salary. Cost of living rates are designed to pay for one quarter of the future cost of living costs. Member contributions are refundable upon termination from the System.

The Employer rates are actuarially determined to provide for the balance of the contributions needed to fund the benefits promised under the Retirement System.

Schedule of Active Member Valuation Data

Valuation Date	Plan Type	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay *
6/30/95	General	8,973	\$ 335,175,000	\$ 37,354	4.01%
	Safety	1,488	70,108,000	47,116	5.71%
	Total	10,461	\$ 405,283,000	\$ 38,742	4.37%
6/30/96	General	8,860	\$ 329,019,000	\$ 37,135	-0.58%
	Safety	1,896	88,584,000	46,722	-0.84%
	Total	10,756	\$ 417,603,000	\$ 38,825	0.21%
6/30/97	General	8,684	\$ 328,676,000	\$ 37,848	1.92%
	Safety	1,863	90,791,000	48,734	4.31%
	Total	10,547	\$ 419,467,000	\$ 39,771	2.44%
6/30/98	General	8,866	\$ 367,781,000	\$ 41,482	9.60%
	Safety	1,935	102,604,000	53,025	8.81%
	Total	10,801	\$ 470,385,000	\$ 43,550	9.50%
6/30/99	General	9,350	\$ 400,287,000	\$ 42,811	3.20%
	Safety	2,004	102,038,000	50,917	-3.98%
	Total	11,354	\$ 502,325,000	\$ 44,242	1.59%
6/30/00	General	10,217	\$441,118,000	\$ 43,175	0.85%
	Safety	2,018	117,930,000	58,439	14.77%
	Total	12,235	\$559,048,000	\$ 45,693	3.28%

* Reflects the increase in average salary for members at the beginning of the year versus those at the end of the year, it does not reflect the average salary increases received by members who worked the full year.

Retirees and Beneficiaries Added to and Removed from Retiree Payroll

Plan Year Ending	At Beginning of Year	Added During Year	Removed During Year	At End of Year	Annual Retiree Payroll (In Thousands)	% Increase in Annual Retiree Payroll	Average Annual Allowance
06/30/95	4,130	N/A	N/A	4,387	\$ 61,140	11.09%	\$ 13,937
06/30/96	4,387	N/A	N/A	4,502	65,098	6.47	14,460
06/30/97	4,502	320	176	4,646	70,716	8.63	15,221
06/30/98	4,646	394	156	4,884	78,762	11.38	16,127
06/30/99	4,884	573	154	5,303	85,698	8.81	16,160
06/30/00	5,303	377	192	5,488	91,391	6.64	16,653

N/A – Not Available

Schedule of Funding Progress (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (I) (a)	Actuarial Accrued Liability (AAL) - Entry Age (ii) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
06/30/95	\$1,767,064	\$1,835,864	\$ 68,800	96.3%	\$405,284	17.0%
06/30/96	1,956,715	1,987,230	30,515	98.5	417,603	7.3
06/30/97	2,238,557	2,226,440	(12,117)	100.5	419,467	(2.9)
06/30/98	2,600,547	2,409,642	(190,905)	107.9	470,385	(40.6)
06/30/99	3,017,639	2,734,548	(283,091)	110.4	502,325	(56.4)
06/30/00	3,427,348	3,111,760	(315,588)	110.1	559,047	(56.5)

(i) Excludes accounts payable.

(ii) Includes reserve for interest fluctuations, retiree health benefit reserve, retiree death benefit reserve and amount over reserved benefits.

Solvency Tests (in thousands)

Valuation Date	Active Member Contributions	Retired/Vested Members	Active Members (Employer Financed Portion)		Actuarial Value of Assets	Active Member Contributions	Retired/Vested Members	Active Members (Employer Financed Portion)
				Total				
06/30/95	\$213,766	\$ 848,904	\$ 773,194	\$1,835,864	\$1,767,064	100%	100%	91%
06/30/96	244,228	892,185	850,817	1,987,230	1,956,715	100	100	96
06/30/97	260,787	975,206	990,447	2,226,440	2,238,557	100	100	100
06/30/98	285,779	1,043,514	1,080,349	2,409,642	2,600,547	100	100	100
06/30/99	327,347	1,122,054	1,285,147	2,734,548	3,017,639	100	100	100
06/30/00	345,065	1,239,894	1,526,801	3,111,760	3,427,348	100	100	100

Events affecting year to year comparability:

06/30/95 - Inflation assumption dropped from 4.5% to 4.25%; Modification in non-economic assumptions. Included \$533,034 of Pension Obligation Bonds issued on July 5, 1995.

06/30/98 - Salary increase assumption increased from 5.5% to 5.55%. Modification in non-economic assumptions. Liability as a result of Ventura Court decision was included.

06/30/99 - No change in assumptions.

06/30/00 - No change in assumptions.

Actuarial Analysis of Financial Experience (in millions)

	Plan Years ending 6/30					
	2000	1999	1998	1997	1996	1995
Prior Valuation Unfunded Actuarial Accrued Liability	(\$283)	(\$191)	(\$12)	\$31	\$ 69	\$533
Salary Increase Greater (Less) than Expected	46	(93)	(29)			
Asset Return Less (Greater) than Expected	(6)	(11)	(205)			
Other Experience	(2)	(18)	55			
Liability from Ventura Court Decision			95			
Actuarial Value of Assets Method Change	-	-	-			
Economic and Non-Economic Assumption Changes	-	-	21			
Data Corrections	-	30 *	-			
Transfer from Excess Earnings	(71)	-	(116)			
Consolidated changes (detail unavailable)	-	-	-	(43)	(38)	(464)
Ending Unfunded Actuarial Accrued Liability	(\$316)	(\$283)	(\$191)	(\$12)	\$ 31	\$ 69

* Includes \$24 million in Recognition of Sick Leave Service in Valuation and \$6 million in Loss from Retirements.

NEW PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT

GENERAL TIER 1 MALE MEMBERS

Age	SVC RET	WITH 0<=X<1	WITH 1<=X<2	WITH 2<=X<3	WITH 3<=X<4	WITH 4<=X<5	WITH 5<=X	TERM Vested	Non-Duty Disab.	Duty Disab.	Non-Duty Death	Duty Death
20	0.000000	0.104000	0.104000	0.104000	0.104000	0.104000	0.104000	0.015000	0.000000	0.000100	0.000545	0.000100
21	0.000000	0.101000	0.101000	0.101000	0.101000	0.101000	0.096536	0.015000	0.000000	0.000100	0.000570	0.000100
22	0.000000	0.098000	0.098000	0.098000	0.098000	0.098000	0.089072	0.015000	0.000000	0.000100	0.000598	0.000100
23	0.000000	0.095000	0.095000	0.095000	0.095000	0.095000	0.079619	0.015000	0.000000	0.000100	0.000633	0.000100
24	0.000000	0.092000	0.092000	0.092000	0.092000	0.092000	0.070529	0.015000	0.000000	0.000100	0.000671	0.000100
25	0.000000	0.090000	0.090000	0.090000	0.090000	0.090000	0.061803	0.015000	0.002500	0.000100	0.000711	0.000100
26	0.000000	0.085000	0.085000	0.085000	0.085000	0.085000	0.053441	0.015000	0.002500	0.000100	0.000749	0.000100
27	0.000000	0.080000	0.080000	0.080000	0.080000	0.080000	0.045444	0.015000	0.002500	0.000100	0.000782	0.000100
28	0.000000	0.075000	0.075000	0.075000	0.075000	0.075000	0.039881	0.015000	0.002500	0.000100	0.000811	0.000100
29	0.000000	0.070000	0.070000	0.070000	0.070000	0.070000	0.033985	0.015000	0.002500	0.000100	0.000838	0.000100
30	0.000000	0.066000	0.066000	0.066000	0.066000	0.066000	0.034344	0.015000	0.002500	0.000100	0.000862	0.000100
31	0.000000	0.062000	0.062000	0.062000	0.062000	0.062000	0.034703	0.015000	0.002500	0.000100	0.000883	0.000100
32	0.000000	0.057000	0.057000	0.057000	0.057000	0.057000	0.035063	0.015000	0.002500	0.000100	0.000902	0.000100
33	0.000000	0.053000	0.053000	0.053000	0.053000	0.053000	0.035422	0.015000	0.002500	0.000100	0.000912	0.000100
34	0.000000	0.048000	0.048000	0.048000	0.048000	0.048000	0.035781	0.015000	0.002500	0.000100	0.000913	0.000100
35	0.000000	0.046000	0.046000	0.046000	0.046000	0.046000	0.036141	0.012500	0.002500	0.000199	0.000915	0.000098
36	0.000000	0.044000	0.044000	0.044000	0.044000	0.044000	0.040065	0.012500	0.002500	0.000198	0.000927	0.000098
37	0.000000	0.041000	0.041000	0.041000	0.041000	0.041000	0.042453	0.012500	0.002500	0.000297	0.000958	0.000098
38	0.000000	0.038000	0.038000	0.038000	0.038000	0.038000	0.034675	0.012500	0.002500	0.000370	0.001010	0.000098
39	0.000000	0.035000	0.035000	0.035000	0.035000	0.035000	0.027634	0.012500	0.002500	0.000516	0.001075	0.000097
40	0.000000	0.028955	0.028955	0.028955	0.028955	0.028955	0.020604	0.012500	0.002500	0.000635	0.001153	0.000097
41	0.000000	0.026240	0.026240	0.026240	0.026240	0.026240	0.014579	0.012500	0.002500	0.000656	0.001243	0.000092
42	0.000000	0.023526	0.023526	0.023526	0.023526	0.023526	0.009561	0.012500	0.002500	0.000730	0.001346	0.000091
43	0.000000	0.020811	0.020811	0.020811	0.020811	0.020811	0.007443	0.012500	0.002500	0.000885	0.001454	0.000090
44	0.000000	0.018097	0.018097	0.018097	0.018097	0.018097	0.005500	0.012500	0.002500	0.000977	0.001568	0.000090
45	0.000000	0.016616	0.016616	0.016616	0.016616	0.016616	0.003730	0.010833	0.002500	0.001145	0.001697	0.000089
46	0.000000	0.014770	0.014770	0.014770	0.014770	0.014770	0.003508	0.009167	0.002900	0.001319	0.001852	0.000085
47	0.000000	0.012924	0.012924	0.012924	0.012924	0.012924	0.003052	0.007500	0.003363	0.001425	0.002042	0.000084
48	0.000000	0.011077	0.011077	0.011077	0.011077	0.011077	0.002725	0.005833	0.003684	0.001680	0.002260	0.000084
49	0.000000	0.010154	0.010154	0.010154	0.010154	0.010154	0.002415	0.004167	0.003996	0.001955	0.002501	0.000083
50	0.041766	0.010190	0.010190	0.010190	0.010190	0.010190	0.002119	0.002500	0.004475	0.002160	0.002773	0.000083
51	0.035907	0.009704	0.009704	0.009704	0.009704	0.009704	0.001839	0.002000	0.004763	0.002470	0.003088	0.000083
52	0.026016	0.009219	0.009219	0.009219	0.009219	0.009219	0.001574	0.015000	0.005215	0.002800	0.003455	0.000083
53	0.021441	0.008734	0.008734	0.008734	0.008734	0.008734	0.001352	0.010000	0.005270	0.002900	0.003854	0.000083
54	0.025442	0.008249	0.008249	0.008249	0.008249	0.008249	0.001137	0.005000	0.005386	0.003100	0.004278	0.000084
55	0.056044	0.007842	0.007842	0.007842	0.007842	0.007842	0.000000	0.000000	0.005389	0.003300	0.004758	0.000087
56	0.066486	0.007351	0.007351	0.007351	0.007351	0.007351	0.000000	0.000000	0.005396	0.003500	0.005322	0.000088
57	0.076671	0.006861	0.006861	0.006861	0.006861	0.006861	0.000000	0.000000	0.005365	0.003800	0.006001	0.000089
58	0.097931	0.006371	0.006371	0.006371	0.006371	0.006371	0.000000	0.000000	0.005656	0.004100	0.006774	0.000089
59	0.120894	0.005881	0.005881	0.005881	0.005881	0.005881	0.000000	0.000000	0.005880	0.004400	0.007623	0.000090
60	0.152506	0.005500	0.005500	0.005500	0.005500	0.005500	0.000000	0.000000	0.006036	0.004800	0.008576	0.000094
61	0.260757	0.005000	0.005000	0.005000	0.005000	0.005000	0.000000	0.000000	0.006124	0.005300	0.009663	0.000095
62	0.347504	0.005000	0.005000	0.005000	0.005000	0.005000	0.000000	0.000000	0.006145	0.005900	0.010911	0.000095
63	0.347628	0.004500	0.004500	0.004500	0.004500	0.004500	0.000000	0.000000	0.006454	0.006500	0.012335	0.000096
64	0.359971	0.004500	0.004500	0.004500	0.004500	0.004500	0.000000	0.000000	0.006756	0.007100	0.013914	0.000096
65	0.416859	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.007050	0.007700	0.015629	0.000099
66	0.447836	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.007337	0.008300	0.017462	0.000100
67	0.478813	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.007545	0.009000	0.019391	0.000100
68	0.547215	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.007901	0.009700	0.021354	0.000100
69	0.684018	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.008257	0.010400	0.023364	0.000100
70	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

NEW PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT

GENERAL TIER 1 FEMALE MEMBERS

Age	SVC RET	WITH 0<=X<1	WITH 1<=X<2	WITH 2<=X<3	WITH 3<=X<4	WITH 4<=X<5	WITH 5<=X	TERM Vested	Non-Duty Disab.	Duty Disab.	Non-Duty Death	Duty Death
20	0.000000	0.125000	0.125000	0.125000	0.125000	0.125000	0.125000	0.015000	0.000000	0.000000	0.000305	0.000000
21	0.000000	0.115000	0.115000	0.115000	0.115000	0.115000	0.115000	0.015000	0.000000	0.000000	0.000308	0.000000
22	0.000000	0.106000	0.106000	0.106000	0.106000	0.106000	0.106000	0.015000	0.000000	0.000000	0.000311	0.000000
23	0.000000	0.098000	0.098000	0.098000	0.098000	0.098000	0.098000	0.015000	0.000000	0.000000	0.000313	0.000000
24	0.000000	0.093000	0.093000	0.093000	0.093000	0.093000	0.093000	0.015000	0.000000	0.000000	0.000313	0.000000
25	0.000000	0.090000	0.090000	0.090000	0.090000	0.090000	0.085803	0.015000	0.000100	0.000100	0.000313	0.000000
26	0.000000	0.088000	0.088000	0.088000	0.088000	0.088000	0.078606	0.015000	0.000100	0.000100	0.000316	0.000000
27	0.000000	0.086000	0.086000	0.086000	0.086000	0.086000	0.071409	0.015000	0.000100	0.000100	0.000324	0.000000
28	0.000000	0.084000	0.084000	0.084000	0.084000	0.084000	0.061371	0.015000	0.000100	0.000100	0.000338	0.000000
29	0.000000	0.082000	0.082000	0.082000	0.082000	0.082000	0.051970	0.015000	0.000100	0.000100	0.000356	0.000000
30	0.000000	0.075902	0.075902	0.075902	0.075902	0.075902	0.043205	0.015000	0.000196	0.000100	0.000377	0.000000
31	0.000000	0.071098	0.071098	0.071098	0.071098	0.071098	0.035078	0.015000	0.000196	0.000100	0.000401	0.000000
32	0.000000	0.066294	0.066294	0.066294	0.066294	0.066294	0.027587	0.015000	0.000196	0.000100	0.000427	0.000000
33	0.000000	0.061491	0.061491	0.061491	0.061491	0.061491	0.020996	0.015000	0.000289	0.000099	0.000454	0.000000
34	0.000000	0.056687	0.056687	0.056687	0.056687	0.056687	0.014907	0.015000	0.000285	0.000098	0.000482	0.000000
35	0.000000	0.047894	0.047894	0.047894	0.047894	0.047894	0.009322	0.012500	0.000239	0.000182	0.000514	0.000000
36	0.000000	0.045233	0.045233	0.045233	0.045233	0.045233	0.008347	0.012500	0.000313	0.000180	0.000550	0.000000
37	0.000000	0.040798	0.040798	0.040798	0.040798	0.040798	0.007117	0.012500	0.000386	0.000179	0.000593	0.000000
38	0.000000	0.036364	0.036364	0.036364	0.036364	0.036364	0.006039	0.012500	0.000447	0.000175	0.000643	0.000000
39	0.000000	0.032816	0.032816	0.032816	0.032816	0.032816	0.005174	0.012500	0.000504	0.000171	0.000701	0.000000
40	0.000000	0.029264	0.029264	0.029264	0.029264	0.029264	0.004452	0.012500	0.000951	0.000198	0.000763	0.000000
41	0.000000	0.027543	0.027543	0.027543	0.027543	0.027543	0.003779	0.012500	0.001363	0.000194	0.000826	0.000000
42	0.000000	0.025821	0.025821	0.025821	0.025821	0.025821	0.003158	0.012500	0.001740	0.000252	0.000888	0.000000
43	0.000000	0.024100	0.024100	0.024100	0.024100	0.024100	0.002766	0.012500	0.002296	0.000286	0.000943	0.000000
44	0.000000	0.022378	0.022378	0.022378	0.022378	0.022378	0.002373	0.012500	0.002901	0.000306	0.000992	0.000000
45	0.000000	0.021500	0.021500	0.021500	0.021500	0.021500	0.001979	0.011193	0.003555	0.000383	0.001046	0.000000
46	0.000000	0.020604	0.020604	0.020604	0.020604	0.020604	0.001979	0.009886	0.004387	0.000430	0.001111	0.000000
47	0.000000	0.019708	0.019708	0.019708	0.019708	0.019708	0.001979	0.008580	0.005280	0.000446	0.001196	0.000000
48	0.000000	0.018813	0.018813	0.018813	0.018813	0.018813	0.001979	0.007273	0.005492	0.000567	0.001297	0.000000
49	0.000000	0.017917	0.017917	0.017917	0.017917	0.017917	0.001979	0.005966	0.005654	0.000698	0.001408	0.000000
50	0.070172	0.018438	0.018438	0.018438	0.018438	0.018438	0.001979	0.004659	0.005764	0.000842	0.001536	0.000000
51	0.049065	0.017468	0.017468	0.017468	0.017468	0.017468	0.001979	0.003778	0.005824	0.001024	0.001686	0.000000
52	0.040816	0.016498	0.016498	0.016498	0.016498	0.016498	0.001979	0.002979	0.005832	0.001175	0.001864	0.000000
53	0.047218	0.015527	0.015527	0.015527	0.015527	0.015527	0.001979	0.002914	0.005895	0.001327	0.002051	0.000000
54	0.053994	0.014557	0.014557	0.014557	0.014557	0.014557	0.001979	0.002816	0.005958	0.001486	0.002241	0.000000
55	0.085279	0.013723	0.013723	0.013723	0.013723	0.013723	0.000000	0.002687	0.006021	0.001651	0.002466	0.000000
56	0.121555	0.012743	0.012743	0.012743	0.012743	0.012743	0.000000	0.002705	0.006085	0.001821	0.002755	0.000000
57	0.148736	0.011272	0.011272	0.011272	0.011272	0.011272	0.000000	0.002708	0.005000	0.001998	0.003139	0.000000
58	0.142848	0.009802	0.009802	0.009802	0.009802	0.009802	0.000000	0.002445	0.005000	0.001902	0.003612	0.000000
59	0.158030	0.008822	0.008822	0.008822	0.008822	0.008822	0.000000	0.002195	0.005000	0.001799	0.004154	0.000000
60	0.150332	0.008000	0.008000	0.008000	0.008000	0.008000	0.000000	0.001728	0.005000	0.001690	0.004773	0.000000
61	0.215369	0.007000	0.007000	0.007000	0.007000	0.007000	0.000000	0.001301	0.005000	0.001574	0.005476	0.000000
62	0.314700	0.006000	0.006000	0.006000	0.006000	0.006000	0.000000	0.000915	0.005000	0.001451	0.006271	0.000000
63	0.279036	0.004950	0.004950	0.004950	0.004950	0.004950	0.000000	0.000656	0.005000	0.001645	0.007179	0.000000
64	0.284421	0.003690	0.003690	0.003690	0.003690	0.003690	0.000000	0.000351	0.005000	0.001846	0.008194	0.000000
65	0.600000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.005000	0.002054	0.009286	0.000000
66	0.472883	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.005000	0.002224	0.010423	0.000000
67	0.561759	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.005000	0.002395	0.011574	0.000000
68	0.642011	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.005000	0.002395	0.012648	0.000000
69	0.802513	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.005000	0.002395	0.013665	0.000000
70	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

NEW PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT

GENERAL TIER 2 & 3 MALE MEMBERS

Age	SVC RET	WITH 0<=X<1	WITH 1<=X<2	WITH 2<=X<3	WITH 3<=X<4	WITH 4<=X<5	WITH 5<=X	TERM Vested	Non-Duty Disab.	Duty Disab.	Non-Duty Death	Duty Death
20	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.085148	0.181681	0.000000	0.000100	0.000545	0.000100
21	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.082692	0.164748	0.000000	0.000100	0.000570	0.000100
22	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.080236	0.147815	0.000000	0.000100	0.000598	0.000100
23	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.076349	0.130882	0.000000	0.000099	0.000633	0.000100
24	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.072553	0.113949	0.000000	0.000098	0.000671	0.000100
25	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.060899	0.097016	0.000100	0.000097	0.000711	0.000100
26	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.049644	0.080083	0.000100	0.000096	0.000749	0.000100
27	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.038789	0.063150	0.000100	0.000095	0.000782	0.000100
28	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.033903	0.063150	0.000097	0.000201	0.000811	0.000100
29	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.025615	0.046217	0.000095	0.000308	0.000838	0.000100
30	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.020000	0.040000	0.000184	0.000414	0.000862	0.000100
31	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.019000	0.030000	0.000179	0.000521	0.000883	0.000100
32	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.018000	0.030000	0.000174	0.000500	0.000902	0.000100
33	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.018000	0.030000	0.000244	0.000500	0.000912	0.000100
34	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.018000	0.030000	0.000226	0.000500	0.000913	0.000100
35	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.018000	0.020000	0.000209	0.000500	0.000915	0.000100
36	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.017971	0.020000	0.000256	0.000500	0.000927	0.000100
37	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.018191	0.020000	0.000291	0.000500	0.000958	0.000100
38	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.017523	0.020000	0.000763	0.000500	0.001010	0.000100
39	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.016855	0.020000	0.001373	0.000500	0.001075	0.000100
40	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.016187	0.020000	0.001561	0.000500	0.001153	0.000100
41	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.015519	0.020000	0.001749	0.000500	0.001243	0.000100
42	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.014851	0.020000	0.001937	0.000500	0.001346	0.000100
43	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.014071	0.020000	0.002124	0.000500	0.001454	0.000100
44	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.013292	0.020000	0.002312	0.000500	0.001568	0.000100
45	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.012512	0.020000	0.002500	0.000500	0.001697	0.000100
46	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.011733	0.020000	0.002900	0.000537	0.001852	0.000100
47	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.010953	0.020000	0.003273	0.000626	0.002042	0.000100
48	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.010953	0.020000	0.003465	0.000715	0.002260	0.000100
49	0.000000	0.093194	0.074641	0.055000	0.047500	0.027500	0.010953	0.020000	0.003622	0.000809	0.002501	0.000100
50	0.017772	0.093194	0.074641	0.055000	0.047500	0.027500	0.010500	0.020000	0.003901	0.000872	0.002773	0.000100
51	0.019366	0.093194	0.074641	0.055000	0.047500	0.027500	0.010000	0.020000	0.003982	0.000974	0.003088	0.000100
52	0.017201	0.093194	0.074641	0.055000	0.047500	0.027500	0.009500	0.020000	0.004166	0.001081	0.003455	0.000100
53	0.012452	0.093194	0.074641	0.055000	0.047500	0.027500	0.009000	0.020000	0.004343	0.001182	0.003854	0.000100
54	0.012683	0.093194	0.074641	0.055000	0.047500	0.027500	0.008500	0.020000	0.004601	0.001330	0.004278	0.000100
55	0.061350	0.093194	0.074641	0.055000	0.047500	0.027500	0.008000	0.020000	0.004801	0.001486	0.004758	0.000100
56	0.057670	0.093194	0.074641	0.055000	0.047500	0.027500	0.007500	0.020000	0.005052	0.001652	0.005322	0.000100
57	0.048674	0.093194	0.074641	0.055000	0.047500	0.027500	0.007000	0.020000	0.005333	0.001875	0.006001	0.000100
58	0.061315	0.093194	0.074641	0.055000	0.047500	0.027500	0.006500	0.020000	0.005621	0.002069	0.006774	0.000100
59	0.074737	0.093194	0.074641	0.055000	0.047500	0.027500	0.006000	0.020000	0.005842	0.002271	0.007623	0.000100
60	0.104188	0.093194	0.074641	0.055000	0.047500	0.027500	0.005500	0.020000	0.005994	0.002531	0.008576	0.000100
61	0.176226	0.093194	0.074641	0.055000	0.047500	0.027500	0.005000	0.020000	0.006079	0.002855	0.009663	0.000100
62	0.232506	0.093194	0.074641	0.055000	0.047500	0.027500	0.005000	0.020000	0.006097	0.003245	0.010911	0.000100
63	0.197703	0.093194	0.074641	0.055000	0.047500	0.027500	0.004500	0.020000	0.006413	0.003552	0.012335	0.000100
64	0.174398	0.093194	0.074641	0.055000	0.047500	0.027500	0.004500	0.020000	0.006723	0.003856	0.013914	0.000100
65	0.647439	0.093194	0.074641	0.055000	0.047500	0.027500	0.000000	0.020000	0.007027	0.004155	0.015629	0.000100
66	0.591409	0.093194	0.074641	0.055000	0.047500	0.027500	0.000000	0.020000	0.007325	0.004449	0.017462	0.000100
67	0.535379	0.093194	0.074641	0.055000	0.047500	0.027500	0.000000	0.020000	0.007545	0.004793	0.019391	0.000100
68	0.611862	0.093194	0.074641	0.055000	0.047500	0.027500	0.000000	0.020000	0.007901	0.005166	0.021354	0.000100
69	0.764828	0.093194	0.074641	0.055000	0.047500	0.027500	0.000000	0.020000	0.008257	0.005539	0.023364	0.000100
70	1.000000	0.093194	0.074641	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

NEW PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT

GENERAL TIER 2 & 3 FEMALE MEMBERS

Age	SVC RET	WITH 0<=X<1	WITH 1<=X<2	WITH 2<=X<3	WITH 3<=X<4	WITH 4<=X<5	WITH 5<=X	TERM Vested	Non-Duty Disab.	Duty Disab.	Non-Duty Death	Duty Death
20	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.125000	0.140000	0.000000	0.000000	0.000305	0.000000
21	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.114000	0.130000	0.000000	0.000000	0.000308	0.000000
22	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.103000	0.120000	0.000000	0.000000	0.000311	0.000000
23	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.095440	0.103580	0.000000	0.000000	0.000313	0.000000
24	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.087057	0.087160	0.000000	0.000000	0.000313	0.000000
25	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.077852	0.070740	0.000099	0.000090	0.000313	0.000000
26	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.074771	0.054320	0.000098	0.000090	0.000316	0.000000
27	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.071320	0.037900	0.000098	0.000090	0.000324	0.000000
28	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.060013	0.035504	0.000094	0.000090	0.000338	0.000000
29	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.049681	0.033109	0.000090	0.000090	0.000356	0.000000
30	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.040324	0.030713	0.000173	0.000082	0.000377	0.000000
31	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.031943	0.028317	0.000165	0.000082	0.000401	0.000000
32	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.024537	0.025921	0.000157	0.000082	0.000427	0.000000
33	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.023831	0.026214	0.000268	0.000082	0.000454	0.000000
34	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.022230	0.025959	0.000301	0.000082	0.000482	0.000000
35	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.019735	0.020000	0.000333	0.000200	0.000514	0.000000
36	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.020380	0.020000	0.000487	0.000200	0.000550	0.000000
37	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.019953	0.020000	0.000663	0.000200	0.000593	0.000000
38	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.020000	0.020000	0.000739	0.000200	0.000643	0.000000
39	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.020000	0.020000	0.000796	0.000200	0.000701	0.000000
40	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.020000	0.020000	0.000835	0.000145	0.000763	0.000000
41	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.020000	0.020000	0.000855	0.000145	0.000826	0.000000
42	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.019649	0.020000	0.000941	0.000193	0.000888	0.000000
43	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.017321	0.020000	0.001011	0.000241	0.000943	0.000000
44	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.014993	0.020000	0.001050	0.000289	0.000992	0.000000
45	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.012666	0.015000	0.001057	0.000123	0.001046	0.000000
46	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.010338	0.015000	0.001088	0.000158	0.001111	0.000000
47	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.008011	0.015000	0.001072	0.000193	0.001196	0.000000
48	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.007461	0.015000	0.001372	0.000246	0.001297	0.000000
49	0.000000	0.105000	0.085000	0.053750	0.050000	0.035000	0.006912	0.015000	0.001652	0.000298	0.001408	0.000000
50	0.053412	0.105000	0.085000	0.053750	0.050000	0.035000	0.006363	0.015000	0.001956	0.000605	0.001536	0.000000
51	0.034547	0.105000	0.085000	0.053750	0.050000	0.035000	0.006000	0.015000	0.002286	0.000912	0.001686	0.000000
52	0.026487	0.105000	0.085000	0.053750	0.050000	0.035000	0.006000	0.015000	0.002641	0.001219	0.001864	0.000000
53	0.029899	0.105000	0.085000	0.053750	0.050000	0.035000	0.006000	0.015000	0.003081	0.001526	0.002051	0.000000
54	0.033405	0.105000	0.085000	0.053750	0.050000	0.035000	0.006000	0.015000	0.003555	0.001833	0.002241	0.000000
55	0.062389	0.105000	0.085000	0.053750	0.050000	0.035000	0.006000	0.015000	0.004147	0.002140	0.002466	0.000000
56	0.087090	0.105000	0.085000	0.053750	0.050000	0.035000	0.006021	0.015000	0.004784	0.002216	0.002755	0.000000
57	0.104467	0.105000	0.085000	0.053750	0.050000	0.035000	0.005577	0.015000	0.005467	0.002293	0.003139	0.000000
58	0.120436	0.105000	0.085000	0.053750	0.050000	0.035000	0.005408	0.015000	0.005839	0.002293	0.003612	0.000000
59	0.157390	0.105000	0.085000	0.053750	0.050000	0.035000	0.005370	0.015000	0.006208	0.002293	0.004154	0.000000
60	0.123163	0.105000	0.085000	0.053750	0.050000	0.035000	0.004833	0.010000	0.006577	0.002339	0.004773	0.000000
61	0.204107	0.105000	0.085000	0.053750	0.050000	0.035000	0.004591	0.010000	0.006944	0.002385	0.005476	0.000000
62	0.400000	0.105000	0.085000	0.053750	0.050000	0.035000	0.004246	0.010000	0.007404	0.002430	0.006271	0.000000
63	0.313004	0.105000	0.085000	0.053750	0.050000	0.035000	0.003756	0.010000	0.008345	0.002476	0.007179	0.000000
64	0.328051	0.105000	0.085000	0.053750	0.050000	0.035000	0.003180	0.010000	0.009342	0.002522	0.008194	0.000000
65	0.750000	0.105000	0.085000	0.053750	0.050000	0.035000	0.000000	0.010000	0.010395	0.002568	0.009286	0.000000
66	0.498575	0.105000	0.085000	0.053750	0.050000	0.035000	0.000000	0.010000	0.011505	0.002568	0.010423	0.000000
67	0.606109	0.105000	0.085000	0.053750	0.050000	0.035000	0.000000	0.010000	0.012670	0.002568	0.011574	0.000000
68	0.692696	0.105000	0.085000	0.053750	0.050000	0.035000	0.000000	0.010000	0.013286	0.002568	0.012648	0.000000
69	0.865870	0.105000	0.085000	0.053750	0.050000	0.035000	0.000000	0.010000	0.013901	0.002568	0.013665	0.000000
70	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

NEW PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT

SAFETY MEMBERS

Age	SVC RET	WITH 0<=X<1	WITH 1<=X<2	WITH 2<=X<3	WITH 3<=X<4	WITH 4<=X<5	WITH 5<=X	TERM Vested	Non-Duty Disab.	Duty Disab.	Non-Duty Death	Duty Death
20	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.007000	0.050000	0.000000	0.000516	0.000545	0.000200
21	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.007000	0.050000	0.000000	0.000602	0.000570	0.000200
22	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.007000	0.050000	0.000000	0.000689	0.900598	0.000200
23	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.007000	0.050000	0.000000	0.000668	0.000633	0.000200
24	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.007000	0.050000	0.000000	0.000727	0.000671	0.000200
25	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.007000	0.050000	0.000200	0.001020	0.000711	0.000200
26	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.007000	0.050000	0.000200	0.001183	0.000749	0.000200
27	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006792	0.014180	0.000300	0.001332	0.000782	0.000200
28	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006531	0.013866	0.000300	0.001639	0.000811	0.000200
29	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006269	0.013553	0.000400	0.001974	0.000838	0.000200
30	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006008	0.013239	0.000400	0.002035	0.000862	0.000200
31	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006000	0.013926	0.000500	0.002493	0.000883	0.000200
32	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006000	0.012612	0.000500	0.002862	0.000902	0.000200
33	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006000	0.011504	0.000600	0.003111	0.000912	0.000200
34	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006000	0.010395	0.000600	0.003492	0.000913	0.000200
35	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006000	0.009639	0.000700	0.003866	0.000915	0.000200
36	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.006000	0.008882	0.000800	0.004366	0.000927	0.000200
37	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.005913	0.008126	0.000900	0.004991	0.000958	0.000200
38	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.005366	0.007369	0.001000	0.005353	0.001010	0.000200
39	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.004818	0.006613	0.001100	0.005764	0.001075	0.000200
40	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.004271	0.005856	0.001200	0.005540	0.001153	0.000200
41	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.003724	0.005100	0.001300	0.005198	0.001243	0.000200
42	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.003176	0.004343	0.001400	0.004953	0.001346	0.000200
43	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.002553	0.003587	0.001500	0.005418	0.001454	0.000200
44	0.000000	0.060000	0.025000	0.020000	0.020000	0.010000	0.001930	0.002830	0.001700	0.005823	0.001568	0.000200
45	0.002000	0.060000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002074	0.001900	0.006764	0.001697	0.000300
46	0.004000	0.060000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002262	0.002100	0.007735	0.001852	0.000300
47	0.007500	0.060000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002450	0.002300	0.008737	0.002042	0.000300
48	0.014579	0.060000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002460	0.002500	0.009500	0.002260	0.000300
49	0.028317	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002470	0.002800	0.010000	0.002501	0.000300
50	0.050891	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.003100	0.010000	0.002773	0.000300
51	0.049332	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.003400	0.010000	0.003088	0.000300
52	0.052117	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.003700	0.010000	0.003455	0.000300
53	0.063780	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.004100	0.010000	0.003854	0.000300
54	0.062414	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.004400	0.010000	0.004278	0.000300
55	0.325482	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.004800	0.010000	0.004758	0.000400
56	0.331457	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.005200	0.012993	0.005322	0.000400
57	0.233186	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.005600	0.016390	0.006001	0.000400
58	0.205955	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.006000	0.019926	0.006774	0.000400
59	0.217589	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.002500	0.006400	0.023851	0.007623	0.000400
60	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

Statistical Section

Schedule of Participating Employers and Active Members June 30, 1995 to 2000

SCERS Member Agency	Plan	6/30/00	6/30/99	6/30/98	6/30/97	6/30/96	6/30/95
Carmichael Recreation and Park District	General	18	18	20	20	20	20
	Safety						
Elk Grove Cemetery	General	1	1	1			
	Safety						
Fair Oaks Cemetery	General	4	4	5	5	4	4
	Safety						
Florin Fire	General					4	4
	Safety					85	89
Galt-Arno Cemetery	General	2	2	3	1	1	
	Safety						
Mission Oaks Recreation and Park District	General	12	12	12	12	12	13
	Safety						
Orangevale Recreation and Park District	General	14	14	13	10	10	11
	Safety						
Sacramento County Fire	General						
	Safety	9	9	10	10	10	11
S.E.T.A.	General	409	455	345	257	193	210
	Safety						
Sunrise Recreation and Park District	General	28	28	27	26	27	25
	Safety						
UC Davis	General	2	3	3	3	3	3
	Safety						
Board of Supervisors	General	5	5	5	5	5	5
	Safety						
Auditor	General					1	1
Sheriff	Safety	1	1	1	1	1	1
Assessor	General	1	1	1	1	1	1
District Attorney	General	1	1	1	1	1	1
Total Special District Members	General	497	534	436	341	281	298
	Safety	10	10	11	11	96	101
Sacramento County Members	General	9,720	8,816	8,771	8,343	8,579	8,675
	Safety	2,008	1,994	1,924	1,852	1,800	1,387
Total Members	General	10,217	9,350	8,866	8,684	8,860	8,973
	Safety	2,018	2,004	1,935	1,863	1,896	1,488
	Total	12,235	11,354	10,801	10,547	10,756	10,461

Data source for 6/30/99 and 6/30/98 from SCERS Actuarial Report for June 30, 1999 and 1998, respectively.
Data source for 6/30/00 and 6/30/97-6/30/95 from SCERS audited financial statements.

Schedule of Revenue by Source (in thousands)

Year Ending	Member Contributions	Employer Contributions			
		Dollars	% of Annual Covered Payroll	Investment Income (Net)	Total
6/30/1995	\$20,867	\$ 48,626	11.99	\$175,810	\$245,303
6/30/1996	24,395	*568,677	136.17	322,841	915,913
6/30/1997	27,233	44,760	10.67	438,167	510,160
6/30/1998	29,930	43,109	9.16	464,511	537,550
6/30/1999	30,385	46,745	9.30	360,748	437,878
6/30/2000	30,018	42,024	7.52	315,790	387,832

Schedule of Expenses by Type (in thousands)

Year Ending	Benefits Paid				Admin. Expenses	Refunds	Total
	Service	Survivor Benefits	Retiree Death Benefits	Health and Dental Benefits			
6/30/1995	**\$56,858			\$5,693	\$1,627	\$1,258	\$65,436
6/30/1996	**61,720			5,828	1,981	1,353	70,882
6/30/1997	66,314	\$ 942	\$120	5,868	2,300	2,020	77,564
6/30/1998	72,748	1,166	106	5,981	2,868	2,460	85,329
6/30/1999	79,426	1,190	95	5,973	3,363	3,306	93,353
6/30/2000	88,103	1,200	293	6,946	3,602	3,181	103,325

*This total includes the effect of Pension Obligation Bond funding of prior years' liabilities by Sacramento County (\$533,034,360).

** Detail unavailable.

Schedule of Retiree Members by Type of Benefit at June 30, 2000

General (Misc.) Members

	Monthly Allowances				Average Benefit
	Count	Basic	COL	Total	
Service Retirement					
Unmodified	2,947	\$2,914,195	\$976,086	\$3,890,281	\$1,320
Option 1	215	185,593	48,155	233,748	1,087
Option 2, 3 & 4	219	171,802	38,297	210,099	959
Total	3,381	3,271,590	1,062,538	4,334,128	1,282
Ordinary Disability					
Unmodified	291	194,062	82,992	277,054	952
Option 1	23	11,437	5,385	16,822	731
Option 2, 3 & 4	12	7,110	2,786	9,896	825
Total	326	212,609	91,163	303,772	932
Duty Disability					
Unmodified	168	170,645	83,681	254,326	1,514
Option 1	6	7,873	1,592	9,465	1,577
Option 2, 3 & 4	4	3,958	1,824	5,782	1,445
Total	178	182,476	87,097	269,573	1,514
Beneficiary					
Total	726	333,284	181,898	515,182	710
Total (All Groups)	4,611	\$3,999,959	\$1,422,696	\$5,422,655	\$1,176

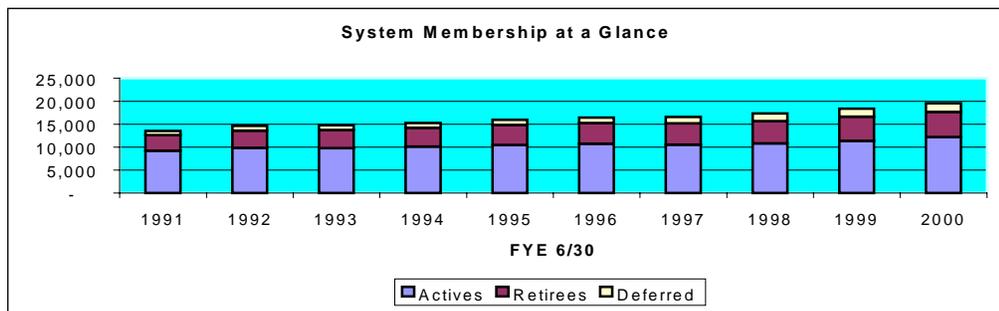
Safety Members

	Monthly Allowances				Average Benefit
	Count	Basic	COL	Total	
Service Retirement					
Unmodified	519	\$1,224,628	\$248,263	\$1,472,891	\$2,838
Option 1	18	43,258	11,897	55,155	3,064
Option 2, 3 & 4	19	40,495	9,907	50,402	2,653
Total	556	1,308,381	270,067	1,578,448	2,839
Ordinary Disability					
Unmodified	19	21,687	11,839	33,526	1,765
Option 1	-	-	-	-	-
Option 2, 3 & 4	1	1,434	228	1,662	1,662
Total	20	23,121	12,067	35,188	1,759
Duty Disability					
Unmodified	143	264,606	98,203	362,809	2,537
Option 1	6	10,284	2,940	13,224	2,204
Option 2, 3 & 4	2	2,850	471	3,321	1,661
Total	151	277,740	101,614	379,354	2,512
Beneficiary					
Total	150	131,641	68,670	200,311	1,335
Total (All Groups)	877	\$1,740,883	\$452,418	\$2,193,301	\$2,501

Schedule of Average Benefit Payments for Retirees and Beneficiaries

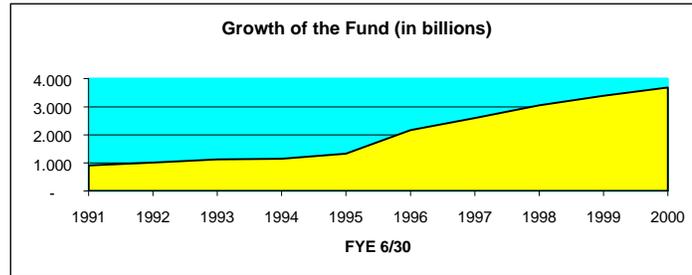
Retirement Effective Dates <u>7/01/94 to 6/30/00</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30&over</u>
Period 7/1/94–6/30/95:							
Average Monthly Benefit	\$1,505	\$1,248	\$1,037	\$823	\$652	\$573	\$610
Number of Active Retirants	1,337	1,103	877	627	328	82	33
Period 7/1/95–6/30/96:							
Average Monthly Benefit	1,501	1,283	1,114	893	697	633	478
Number of Active Retirants	1,430	1,121	875	649	317	82	28
Period 7/1/96–6/30/97:							
Average Monthly Benefit	1,539	1,404	1,151	950	760	651	485
Number of Active Retirants	1,501	1,092	902	683	337	104	27
Period 7/1/97–6/30/98:							
Average Monthly Benefit	1,659	1,472	1,228	1,007	858	698	482
Number of Active Retirants	1,633	1,043	962	700	366	147	33
Period 7/1/98–6/30/99:							
Average Monthly Benefit	1,639	1,552	1,313	1,079	923	727	579
Number of Active Retirants	1,667	1,262	979	744	432	179	40
Period 7/1/99–6/30/00:							
Average Monthly Benefit	1,821	1,675	1,381	1,180	947	729	2,125
Number of Active Retirants	1,528	1,249	965	840	561	282	75

Growth of System Membership



FYE 6/30	Members	Retirees	Deferred	Total
1991	9,234	3,379	900	13,513
1992	9,868	3,710	1,033	14,611
1993	9,812	3,935	1,023	14,770
1994	10,110	4,130	1,040	15,280
1995	10,462	4,387	1,099	15,948
1996	10,756	4,502	1,152	16,410
1997	10,547	4,646	1,383	16,576
1998	10,801	4,884	1,658	17,343
1999	11,354	5,303	1,739	18,396
2000	12,235	5,488	1,828	19,551

Growth of the Fund



FYE 6/30	Total Assets (in Billions)
1991	\$0.905
1992	1.010
1993	1.118
1994	1.141
1995	1.321
1996	2.166
1997	2.599
1998	3.051
1999	3.395
2000	3.680

Schedule of Employer Contribution Rates

Actuarial Report for Year Ending	<u>County</u>					<u>Special Districts</u>		
	<u>General</u>			<u>Safety</u>		<u>General</u>		<u>Safety</u>
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 1	Tier 3	Tier 1
6/30/1997	8.14%	5.33%	6.77%	19.92%	14.63%	17.04%	16.59%	25.97%
6/30/1998	6.43	3.40	5.02	17.96	13.42	14.44	15.40	23.80
6/30/1999	5.85	2.91	4.55	14.57	10.30	14.58	14.91	20.45
6/30/2000	5.89	2.94	4.56	14.56	10.29	14.63	14.54	20.64

Source: Actuarial Balance Sheet
Composite contribution rates unavailable prior to 6/30/97.

Schedule of Administrative Expenses

Type of Expense	<u>6/30/00</u>	<u>6/30/99</u>	<u>6/30/98</u>	<u>6/30/97</u>	<u>6/30/96</u>	<u>6/30/95</u>
Salaries and Benefits	\$1,464,159	\$1,418,423	\$1,300,446	\$1,004,357	\$ 746,709	\$ 695,783
Professional Fees	634,020	753,372	783,323	568,322	667,455	452,081
Equipment Purchases and Maintenance	155,414	110,426	109,086	256,523	64,952	70,049
Rent and Lease Expense	170,880	155,031	150,555	68,608	66,143	65,749
Other Administrative Expenses	<u>1,177,592</u>	<u>925,931</u>	<u>525,025</u>	<u>612,140</u>	<u>437,415</u>	<u>340,761</u>
TOTAL	<u>\$3,602,065</u>	<u>\$3,363,183</u>	<u>\$2,868,435</u>	<u>\$2,509,950</u>	<u>\$1,982,674</u>	<u>\$1,624,423</u>

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