

Summary of Valuation Results

	June 30, 2004	June 30, 2005
County Contribution Rate	18.11%	19.78%
County Contribution Dollars	\$48.4 million	\$53.0 million
Actuarial Accrued Liability	\$1.579 billion	\$1.688 billion
Actuarial Value of Assets	\$1.379 billion	\$1.444 billion
Unfunded Actuarial Liability	\$200 million	\$244 million
Funded Ratio	87.4%	85.6%

Summary of Valuation Results

	June 30, 2004	June 30, 2005
Active Participants	4,503	4,505
Deferred Participants	717	757
Retired Participants	2,440	2,561
Active member compensation	\$267.0 million	\$267.8 million
Active member average age	44.3 years	44.4 years
Active member average service	10.2 years	10.3 years
Retiree Payroll	\$52.3 million	\$58.8 million

Major Findings of Actuarial Valuation

- Salary increases for active members were lower than expected
- Market return was 9.9%, higher than assumed 8.16%
- Actuarial (smoothed) return was 5.0%, lower than assumed 8.16%
- Deferred asset losses from prior years still played a significant roll in employer contribution rate increase. As of June 30, 2005, there is a deferred asset gains of \$32.3 million on a smoothed asset basis

Recent History of Funded Status

Date/Event	Liability Changes	Asset Changes	UAAL (Surplus)	Funded Ratio
12/31/1998			\$11.9 million	98.7%
12/31/1999			\$(0.9) million	100.1%
12/31/2000			\$(25.6) million	102.2%
2% at 57 General	\$16.5 million	\$16.5 million	\$(25.6) million	102.2%
3% at 55 Safety	\$11.9 million	\$11.9 million	\$(25.6) million	102.2%
One Year FAS	\$26.5 million	\$1.2 million	\$(0.3) million	100.0%
12/31/2000				100.0%
Asset returns		\$(58.0) million		
Change asset method		\$24.3 million		
Salary losses	\$13.1 million			
Other demographic losses	\$21.2 million			
12/31/2002			\$67.6 million	95.0%

Santa Barbara County

EMPLOYEES' RETIREMENT SYSTEM

Recent History of Funded Status

Date/Event	Liability Changes	Asset Changes	UAAL (Surplus)	Funded Ratio
Asset returns		\$10.8 million		
Change assumptions	\$23.4 million			
Retiree losses	\$11.5 million			
Demographic experience	\$6.4 million			
Interest and contribution timing	\$10.0 million			
6/30/2003			\$108.2 million	92.6%
Interest and contribution timing	\$4.1 million			
Asset returns		\$(62.3) million		
Salary losses for new retirees	\$9.7 million			
Demographic losses	\$15.2 million			
6/30/2004			\$199.6 million	87.4%

Recent History of Funded Status

Date/Event	Liability Changes	Asset Changes	UAAL (Surplus)	Funded Ratio
Interest and contribution timing	\$4.2 million			
Asset returns		\$(41.5) million		
Demographic gains	\$(1.5) million			
6/30/2005			\$243.8 million	85.6%

Santa Barbara County

EMPLOYEES' RETIREMENT SYSTEM

Recent History of Contribution Rates

Date	Employer Normal Cost	Employer UAAL	Employer Total	Member
12/31/1994 Valuation			17.70%	3.57%
12/31/1995 Valuation			18.43%	3.73%
12/31/1996 Valuation	11.76%	5.20%	16.96%	3.92%
12/31/1997 Valuation	11.48%	6.25%	17.73%	4.18%
12/31/1998 Valuation	12.13%	1.03%	13.16%	4.86%
12/31/1999 Valuation	12.09%	(0.09)%	12.00%	5.11%
12/31/2000 Valuation	11.22%	(2.54)%	8.68%	5.08%
12/31/2000 Valuation *	11.87%	0.08%	11.95%	5.77%
12/31/2002 Valuation	11.63%	2.29%	13.92%	6.42%
6/30/2003 Valuation	11.56%	3.65%	15.21%	6.59%
6/30/2004 Valuation	11.48%	6.63%	18.11%	6.75%
6/30/2005 Valuation	11.38%	8.40%	19.78%	6.90%
6/30/2006 Valuation**			20.26%	
6/30/2007 Valuation**			19.80%	

Santa Barbara County

EMPLOYEES' RETIREMENT SYSTEM

Recent History of Contribution Rates,(continued)

Date	Employer Normal Cost	Employer UAAL	Employer Total	Member
6/30/2008 Valuation**			18.90%	
6/30/2009 Valuation**			18.75%	
* After benefit improvement				
** Reflects only asset returns				

5 - Year Asset Smoothing

<u>Year</u>	<u>Additional Earnings</u>	<u>Portion Deferred</u>	<u>Deferred Earnings</u>
2001	(99,716,309)	10%	(9,971,631)
2002	(195,741,314)	30%	(58,722,394)
1/1/2003 to 6/30/2003	58,169,090	50%	29,084,545
7/1/2003 to 6/30/2004	88,162,058	60%	52,897,235
7/1/2004 to 6/30/2005	23,807,978	80%	<u>19,046,382</u>
Total			\$32,334,137

Santa Barbara County

EMPLOYEES' RETIREMENT SYSTEM

Year ending June 30	Return on market value	Increase in CPI
1988	1.9%	4.0%
1989	17.6%	5.2%
1990	10.8%	4.7%
1991	9.7%	4.7%
1992	18.5%	3.1%
1993	13.2%	3.0%
1994	-0.7%	2.5%
1995	17.7%	3.0%
1996	15.6%	2.8%
1997	19.9%	2.3%
1998	18.9%	1.7%
1999	10.5%	2.0%
2000	6.4%	3.7%
2001	-4.3%	3.3%
2002	-5.4%	1.1%
2003	4.6%	2.1%
2004	15.7%	3.3%
2005	9.9%	2.5%
18-Year Compound Average	9.7%	3.1%

Santa Barbara County

EMPLOYEES' RETIREMENT SYSTEM

TOTAL EMPLOYER CONTRIBUTION RATES – RECOMMENDED

	GENERAL			SAFETY	SAFETY & PROBATION	APCD	
	Plan 5A	Plan 2	Plan 5B	Plan 4A	Plan 4B	Plan 1	Plan 2
Normal Cost	9.31%	2.79%	9.43%	18.96%	15.76%	11.32%	11.23%
UAAL	6.20	6.20	6.20	14.77	14.77	7.04	7.04
Total	15.51%	8.99%	15.63%	33.73%	30.53%	18.36%	18.27%

Recommended Average Rate for Total Group:

Normal Cost	11.38%
UAAL	8.40
Total	<u>19.78%</u>