June 28, 2007

Mr. Michael Nehf
Executive Director
Georgia Public School Employees' Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318-7778

Dear Mr. Nehf:

Enclosed are 40 bound copies and one unbound copy of the "Georgia Public School Employees' Retirement System Report of the Actuary on the Valuation Prepared as of June 30, 2006".

Based on a monthly benefit accrual rate of $14.00, the valuation indicates that employer contributions for the fiscal year ending June 30, 2009 of $1,534,302 or $40.82 per active member are sufficient to support the benefits of the System. The increase in the annual required contribution for each $0.50 increase in the monthly benefit accrual rate from $14.00, is $2,663,000.

The valuation takes into account the effect of all amendments to the System enacted through the 2006 session of the General Assembly.

Please let us know if there are any questions concerning the report.

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA	Cathy Turcot
President	Managing Director

EAM:mjn

Enclosure

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EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

GEORGIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

REPORT OF THE ACTUARY ON THE VALUATION PREPARED AS OF JUNE 30, 2006

June 28, 2007

Board of Trustees
Georgia Public School Employees' Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318

Members of the Board:

Section 47-4-60 of the law governing the operation of the Georgia Public School Employee' Retirement System provides that the employer contribution shall be actuarially determined and approved by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2006. Based on a monthly benefit accrual rate of $14.00, the valuation indicates that annual employer contributions of $1,534,302 or $40.82 per active member for the fiscal year ending June 30, 2009 are sufficient to support the benefits of the System.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. Since the previous valuation, the method for determining the actuarial value of assets has been changed from a method that recognizes asset gains or losses over a five-year period to a method that recognizes asset gains or losses over a seven-year period. The valuation takes into account the effect of all amendments to the System enacted through the 2006 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is negative and being amortized as a level dollar per active member within a 20-year period.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Managing Director

EAM:mjn/kc

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GEORGIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
REPORT OF THE ACTUARY
ON THE VALUATION
PREPARED AS OF JUNE 30, 2006

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below:

Valuation Date	**June 30, 2006**	**June 30, 2005**
Number of active members	37,587	36,704
Retired members and beneficiaries:		
Number	13,014	12,675
Annual allowances[1]	$ 44,266,003	$ 41,316,366
Assets:		
Market Value	$ 743,689,000	$ 737,930,000
Actuarial Value	766,277,000	753,767,000
Unfunded actuarial accrued liability	$ (74,625,572)	$ (82,727,435)
Amortization period (years)	20	30
For Fiscal Year Ending	**June 30, 2009**	**June 30, 2008**
Employer contribution rate per active member:		
Normal	$ 237.64	$ 232.64
Accrued liability	(196.82)	(190.84)
Total	$ 40.82	$ 41.80
Annual Required Employer Contribution (ARC)[2]:		
Normal	$ 8,932,175	$ 8,538,819
Accrued liability	(7,397,873)	(7,004,591)
Total	$ 1,534,302	$ 1,534,228

1 Does not include increases in benefit accrual rate effective after the valuation date. The results of the valuation have been adjusted to include these increases.

2 The ARC is in addition to any administrative expense allotments that are contributed to the System.

2. The valuation takes into account the effect of amendments of the System enacted through the 2006 session of the General Assembly. The major benefit and contribution provisions of the System as reflected in the valuation are summarized in Schedule F. There have been no changes since the previous valuation.
3. Since the previous valuation, the method for determining the actuarial value of assets has been changed from a method that recognizes asset gains or losses over a five-year period to a method that recognizes asset gains or losses over a seven-year period. Schedule D of this report outlines the full set of actuarial assumptions and methods used to prepare the current valuation.
4. The entry age actuarial cost method was used to prepare the valuation. Schedule E contains a brief description of this method.
5. Comments on the valuation results as of June 30, 2006 are given in Section IV, and further discussion of the contributions is set out in Section V.

SECTION II - MEMBERSHIP

1. Data regarding the membership of the System for use as a basis of the valuation were furnished by the Retirement System office. The valuation included 37,587 active members.
2. The following table shows the number of retired members and beneficiaries on the roll as of June 30, 2006, together with the amount of their annual allowances payable under the System as of that date.

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS AND BENEFICIARIES ON THE ROLL AS OF JUNE 30, 2006

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES*
Service Retirements	11,269	$ 38,233,656
Disability Retirements	1,045	4,561,272
Beneficiaries of Deceased Members	700	1,471,075
Total	13,014	$ 44,266,003

*The allowances do not reflect the increases in benefit accrual rates after the valuation date.

SECTION III - ASSETS

1. The retirement law provides for the maintenance of two funds for the purpose of recording the financial transactions of the System; namely, the Annuity Savings Fund and the Pension Accumulation Fund.

(a) Annuity Savings Fund

The Annuity Savings Fund is the fund to which are credited all contributions made by members together with regular interest thereon. When a member retires, or if a death benefit allowance becomes payable to his beneficiary, his accumulated contributions are transferred from the Annuity Savings Fund to the Pension Accumulation Fund. The portion of the allowance which these contributions provide is then paid from the Pension Accumulation Fund. On June 30, 2006 the value of assets credited to the Annuity Savings Fund amounted to $20,892,000.

(b) Pension Accumulation Fund

The Pension Accumulation Fund is the fund to which all income from investments and all contributions made by employers of members of the System and by the State for members of local retirement funds are credited. All retirement allowance and death benefit allowance payments are disbursed from this fund. Upon the retirement of a member, or upon his death if a death benefit allowance is payable, his accumulated contributions are transferred from the Annuity Savings Fund to this fund to provide the member-contributed portion of the allowance. On June 30, 2006 the market value of assets credited to the Pension Accumulation Fund amounted to $722,797,000.

2. As of June 30, 2006 the total market value of assets amounted to $743,689,000 as reported by the Auditor of the System. The actuarial value of assets used for the current valuation was $766,277,000. Schedule B shows the development of the actuarial value of assets as of June 30, 2006.

3. Schedule C shows receipts and disbursements of the System for the two years preceding the valuation date and a reconciliation of the fund balances at market value.

SECTION IV – COMMENTS ON VALUATION

1. Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2006. The valuation was prepared in accordance with the actuarial assumptions and methods set forth in Schedule D and the actuarial cost method which is described in Schedule E.

2. The valuation balance sheet shows that the System has total prospective liabilities of $743,987,814, of which $428,542,992 is for the prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits, and $315,444,822 is for the prospective benefits payable on account of present active members. Against these liabilities, the System has total present assets for valuation purposes of $766,277,000 as of June 30, 2006. The difference of ($22,289,186) between the total liabilities and the total present assets represents the present value of contributions to be made in the future. Of this amount, $6,885,360 is the present value of future contributions expected to be made by or on behalf of members, and the balance of ($29,174,546) represents the present value of future contributions payable by the employers to the Pension Accumulation Fund.

3. The employer's contributions to the System consist of normal contributions and accrued liability contributions. The valuation indicates that annual employer normal contributions at the rate of $237.64 per active member are required to provide the currently accruing benefits of the System.

4. Prospective normal contributions at the rate of $237.64 have a present value of $45,451,026. When this amount is subtracted from ($29,174,546), which is the present value of the total future contributions to be made by the employers, the result is a prospective unfunded actuarial accrued liability of ($74,625,572).

SECTION V – CONTRIBUTIONS PAYABLE BY EMPLOYERS

1. The contributions of employers consist of a normal contribution and an accrued liability contribution as determined by actuarial valuation.
2. The normal contribution rate is calculated as the level dollar which, if applied for the average member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf. On the basis of the valuation, the normal contribution rate was determined to be $237.64 per active member, or $8,932,175 based on 37,587 active members as of June 30, 2006.
3. The accrued liability contribution is the level annual amount which will be sufficient to amortize the unfunded actuarial accrued liability within 20 years following the valuation date. The annual accrued liability contribution determined on this basis by the June 30, 2006 valuation is ($7,397,873), or ($196.82) per active member.
4. The following table summarizes the employer contribution rates which were determined by the June 30, 2006 valuation and are recommended for use

ANNUAL REQUIRED EMPLOYER CONTRIBUTION (ARC)
FOR FISCAL YEAR ENDING JUNE 30, 2009

CONTRIBUTION	PER ACTIVE MEMBER	ANNUAL AMOUNT
Normal	$ 237.64	$ 8,932,175
Accrued Liability	(196.82)	(7,397,873)
Total	$ 40.82	$ 1,534,302

5. Schedule H shows the allocation of the annual required contribution for fiscal year 2008/2009 by school system.

6. The increase in the annual required contribution for each $0.50 increase in the monthly benefit accrual rate from $14.00, is $2,663,000.

SECTION VI – ACCOUNTING INFORMATION

1. Governmental Accounting Standards Board Statements 25 and 27 set forth certain items of required supplementary information to be disclosed in the financial statements of the System and the employer. One such item is a distribution of the number of employees by type of membership, as follows:

NUMBER OF ACTIVE AND RETIRED MEMBERS
AS OF JUNE 30, 2006

GROUP	NUMBER
Retirees and beneficiaries currently receiving benefits	13,014
Terminated employees entitled to benefits but not yet receiving benefits	45,026
Active plan members	37,587
Total	95,627

2. Another such item is the schedule of funding progress as shown below.

SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
6/30/2001	$ 708,391	$ 613,347	$ (95,044)	115.5%	N/A	N/A
6/30/2002	727,529	630,295	(97,234)	115.4	N/A	N/A
6/30/2003	734,879	664,207	(70,672)	110.6	N/A	N/A
6/30/2004	743,815	666,883	(76,932)	111.5	N/A	N/A
6/30/2005*	753,767	671,040	(82,727)	112.3	N/A	N/A
6/30/2006	766,277	691,651	(74,626)	110.8	N/A	N/A

All figures prior to 6/30/2005 were reported by prior actuarial firm.
*Reflects increase in benefit accrual rate from $13.50 to $14.00.

3. The following shows the schedule of employer contributions (all dollar amounts are in thousands).

Year Ending	Annual Required Contribution	Percentage Contributed
6/30/2001	$ 12,874	132%
6/30/2002	11,623	100
6/30/2003	4,121	86
6/30/2004	833	100
6/30/2005	833	100
6/30/2006	3,634	100

All figures prior to 6/30/2005 were reported by the prior actuarial firm.

4. Following is the calculation of the annual pension cost and net pension obligation for the fiscal year ending June 30, 2006.

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending June 30, 2006

(a)	Employer annual required contribution	$ 3,634,000
(b)	Interest on net pension obligation	(1,281,000)
(c)	Adjustment to annual required contribution	(2,343,000)
(d)	Annual pension cost (a) + (b) – (c)	$ 4,696,000
(e)	Employer contributions made for fiscal year ending 06/30/06	3,638,000
(f)	Increase (decrease) in net pension obligation (d) – (e)	$ 1,058,000
(g)	Net pension obligation beginning of fiscal year	(17,084,000)
(h)	Net pension obligation end of fiscal year (f) + (g)	$ (16,026,000)

TREND INFORMATION
(Dollar amounts in thousands)

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2004*	$ 1,242	67%	$ (18,265)
June 30, 2005	2,014	41	(17,084)
June 30, 2006	4,696	77	(16,026)

*Reported by prior actuarial firm.

5. The annual required contribution (ARC) of the employer in dollars, determined in accordance with the parameters of GASB 25/27 is shown below. The accrued liability rate is based on amortization of the unfunded accrued liability of ($74,625,572) within a 20-year period from the valuation date.

2008/2009 FISCAL YEAR
ANNUAL REQUIRED CONTRIBUTION (ARC)
BASED ON THE VALUATION AS OF JUNE 30, 2006

ANNUAL REQUIRED CONTRIBUTION (ARC)	AMOUNT
Normal	$ 8,932,175
Accrued Liability	(7,397,873)
Total	$ 1,534,302

6. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2006. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2006
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	20 years
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases*	N/A
Cost-of-living adjustments	3% Annually
*Includes inflation at	3.75%

SECTION VII – EXPERIENCE

1. The last experience investigation was prepared for the four-year period ending June 30, 2004, and based on the results of the investigation, new rates of separation and mortality were adopted by the Board on April 20, 2006. The next experience investigation will be prepared for the period July 1, 2004 through June 30, 2009.

2. The following table shows the estimated gain or loss from various factors that resulted in an increase of $8,101,863 in the unfunded accrued liability from ($82,727,435) to ($74,625,572) during the fiscal year ending June 30, 2006.

ANALYSIS OF THE INCREASE IN UNFUNDED ACCRUED LIABILITY
(in thousands of dollars)

ITEM	AMOUNT OF INCREASE/ (DECREASE)
Interest (7.50%) added to previous unfunded accrued liability	$ (6,204.6)
Accrued liability contribution	6,961.2
Experience:	
Valuation asset growth	7,359.0
Pensioners' mortality	1,146.2
Turnover and retirements	(1,717.5)
New entrants	4,151.6
Method changes	(3,594.0)
Amendments	0.0
Assumption changes	0.0
Total	$ 8,101.9

SCHEDULE A

VALUATION BALANCE SHEET
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF
THE GEORGIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AS OF JUNE 30, 2006

	ACTUARIAL LIABILITIES		
(1)	Present value of prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits		
	- Service and disability benefits	$ 385,659,485	
	- Death and survivor benefits	16,616,547	
	- Deferred vested benefits	26,266,960	
	Total		$ 428,542,992
(2)	Present value of prospective benefits payable on account of present active members		315,444,822
(3)	TOTAL ACTUARIAL LIABILITIES		$ 743,987,814
	PRESENT AND PROSPECTIVE ASSETS		
(4)	Actuarial value of assets		$ 766,277,000
(5)	Present value of total future contributions = (3)-(4)	$ (22,289,186)	
(6)	Present value of future member contributions		6,885,360
(7)	Present value of future employer contributions = (5)-(6)	$ (29,174,546)	
(8)	Employer normal contribution rate	$237.64	
(9)	Present value of future membership service	191,260	
(10)	Prospective normal contributions = (8) x (9)		45,451,026
(11)	Prospective unfunded actuarial accrued liability contributions = (7)-(10)		(74,625,572)
(12)	TOTAL PRESENT AND PROSPECTIVE ASSETS		$ 743,987,814

SCHEDULE B

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

(1)	Actuarial Value Beginning of Year		$ 753,767,000
(2)	Market Value End of Year		$ 743,689,000
(3)	Market Value Beginning of Year		$ 737,930,000
(4)	Cash Flow		
	(a)	Contributions	$ 5,018,000
	(b)	Benefit Payments and Expenses	(43,820,000)
	(c)	Net: (4)(a) + (4)(b)	$ (38,802,000)
(5)	Investment Income		
	(a)	Market Total: (2) – (3) – (4)(c)	$ 44,561,000
	(b)	Assumed Rate	7.50%
	(c)	Amount for Immediate Recognition: [(1) x (5)(b)] + [(4)(c) x (5)(b) x 0.5]	$ 55,077,000
	(d)	Amount for Phased-In Recognition: (2) – (1) – (4)(c) - (5)(c)	(26,353,000)
(6)	Phased-In Recognition of Investment Income		
	(a)	Current Year: (5)(d) / 7	$ (3,765,000)
	(b)	First Prior Year	0
	(c)	Second Prior Year	0
	(d)	Third Prior Year	0
	(e)	Fourth Prior Year	0
	(f)	Fifth Prior Year	0
	(g)	Sixth Prior Year	0
	(h)	Total Recognized Investment Gain	$ (3,765,000)
(7)	Actuarial Value End of Year: (1) + (4)(c) + (5)(c) + (6)(h)		$ 766,277,000
(8)	Difference Between Market & Actuarial Values: (2) – (7)		$ (22,588,000)
(9)	Rate of Return on Actuarial Value		6.99%

SCHEDULE C

SUMMARY OF RECEIPTS AND DISBURSEMENTS
(Market Value)

	YEAR ENDING	
Receipts for the Year	June 30, 2006 ($1,000's)	June 30, 2005 ($1,000's)
Contributions:		
Members	$ 1,380	$ 1,352
Employer	3,638	840
Subtotal	$ 5,018	$ 2,192
Investment Earnings	44,561	53,970
Administrative Expense Allowance	588	588
TOTAL	$ 50,167	$ 56,750
Disbursements for the Year		
Benefit Payments	$ 43,504	$ 41,016
Refunds to Members	316	287
Administration Expense	588	588
TOTAL	$ 44,408	$ 41,891
Excess of Receipts over Disbursements	$ 5,759	$ 14,859
Reconciliation of Asset Balances		
Asset Balance as of the Beginning of Year	$ 737,930	$ 723,071
Excess of Receipts over Disbursements	5,759	14,859
Asset Balance as of the End of Year	$ 743,689	$ 737,930
Rate of Return	6.20%	7.67%

SCHEDULE D

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

Adopted by the Board April 20, 2006, with the exception of the valuation interest rate, which was adopted June 16, 2005.

VALUATION INTEREST RATE: 7.50% per annum, compounded annually.

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of separation before service retirement are as follows:

Annual Rates of Withdrawal

	Years of Service		
Age	0-4	5-9	10 & Over
		Males	
20	36.0%		
25	31.0	19.0%	
30	28.0	16.0	13.0%
35	27.0	15.0	9.0
40	24.0	14.0	8.0
45	21.0	12.5	7.0
50	19.5	11.0	6.5
55	16.0	9.0	6.0
		Females	
20	36.0%		
25	28.0	18.0%	
30	24.0	16.0	11.0%
35	20.0	14.0	10.0
40	19.0	12.5	9.0
45	17.5	11.0	8.0
50	16.0	9.5	7.0
55	13.0	8.0	6.0

Age	Annual Rates of Death		Disability
	Males	Females	
20	0.06%	0.03%	0.00%
25	0.08	0.03	0.00
30	0.08	0.04	0.00
35	0.10	0.06	0.01
40	0.15	0.08	0.02
45	0.23	0.11	0.07
50	0.40	0.17	0.17
55	0.71	0.29	0.45
60	1.29	0.58	0.70
65	2.17	1.08	0.00

RETIREMENT:

Age	Annual Rate	Age	Annual Rate
60	17%	68	25%
61	17	69	25
62	26	70	28
63	18	71	28
64	21	72	28
65	32	73	28
66	25	74	28
67	25	75 & Over	100

DEATHS AFTER RETIREMENT: The 1994 Group Annuity Table set forward four years for males and set forward two years for females is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disability Mortality Table set forward 5 years for males is used for the period after disability retirement. Representative values of the assumed annual rates of mortality for service retirements and beneficiaries are as follows:

Age	Men	Women	Age	Men	Women
40	0.146%	0.083%	65	2.173%	1.076%
45	0.233	0.111	70	3.405	1.651
50	0.398	0.173	75	5.586	2.837
55	0.709	0.292	80	8.961	4.915
60	1.294	0.583	85	13.945	8.402

ASSETS: Actuarial value, as developed in Schedule B. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 1/7 of the difference between market value and expected actuarial value.

VALUATION METHOD: Entry age actuarial cost method. See Schedule E for a brief description of this method.

SCHEDULE E

ACTUARIAL COST METHOD

1. The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future (currently 7.50%), of each member's expected benefits at retirement or death is determined, based on age, service and sex. The calculations take into account the probability of a member's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his terminating with a service, disability or survivor's benefit. The present value of the expected benefits payable on account of the active members is added to the present value of the expected future payments to retired members, beneficiaries and members entitled to deferred vested benefits to obtain the present value of all expected benefits payable from the System on account of the present group of members and beneficiaries.

2. The employer contributions required to support the benefits of the System are determined following a level funding approach, and consist of a normal contribution and an unfunded actuarial accrued liability contribution.

3. The normal contribution is determined using the entry age actuarial cost method. Under this method, a calculation is made to determine the level amount which, if applied for the average member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.

4. The unfunded actuarial accrued liability contributions are determined by subtracting the present value of prospective employer normal contributions and member contributions, together with the current actuarial value of assets, from the present value of expected benefits to be paid from the System.

SCHEDULE F

SUMMARY OF MAIN SYSTEM PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES

Normal Retirement Benefit

Eligibility	Age 65 and 10 years of creditable service.
Benefit	Monthly benefit is $14.00 multiplied by years of creditable service. A one-time 1.75% increase is made at time of retirement. In addition, the retirement allowance of each retiree will be subject to a cost-of-living adjustment of 1-1/2% each January 1 and July 1.

Early Retirement Benefit

Eligibility	Age 60 and 10 years of creditable service.
Benefit	Accrued benefit reduced by 6% for each year member is under age 65.

Disability Retirement Benefit

Eligibility	15 years of service.
Benefit	Accrued benefit payable immediately.

Deferred Vested Retirement Benefit

Eligibility	10 years of service. Member contributions not withdrawn.
Benefit	Accrued benefit deferred to age 65 or reduced benefit payable at age 60.

Termination Benefit	If a member dies in service or his service is terminated for reasons other than retirement, he or his beneficiary is entitled to a return of the member's accumulated contributions.
Optional Forms of Benefit	(1) Life annuity. Guaranteed payment of accumulated member contributions. (2) Joint and survivorship annuity. (3) Certain and life annuity.
Contributions	Members contribute $4 per month. Employer contributions are actuarially determined and approved and certified by the Board.

SCHEDULE G

NUMBER OF ACTIVE MEMBERS
BY AGE AND SERVICE AS OF JUNE 30, 2006

Attained Age	*Years of Service*									
	Under 1	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 & Up**	**Total**
Under 25	154	320	14	0	0	0	0	0	0	488
25 to 29	219	643	185	3	0	0	0	0	0	1,050
30 to 34	304	1,199	526	109	6	0	0	0	0	2,144
35 to 39	427	1,771	1,176	268	105	10	0	0	0	3,757
40 to 44	433	2,194	1,740	715	315	104	19	0	0	5,520
45 to 49	376	2,032	1,729	935	517	212	93	10	0	5,904
50 to 54	335	1,648	1,372	830	657	320	198	62	4	5,426
55 to 59	292	1,696	1,340	751	687	435	317	124	41	5,683
60 to 64	199	1,263	1,084	557	375	282	241	135	53	4,189
65 to 69	82	715	686	263	168	105	83	67	39	2,208
70 & Up	32	328	420	201	93	49	42	30	23	1,218
Total	2,853	13,809	10,272	4,632	2,923	1,517	993	428	160	37,587

Average Age: 50.0
Average Service: 7.9

SCHEDULE G
(Continued)

NUMBER OF RETIRED MEMBERS AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	0	$ 0	$ 0
50 – 54	0	0	0
55 – 59	0	0	0
60 – 64	1,028	2,514,489	2,446
65 – 69	2,389	7,020,057	2,938
70 – 74	2,570	8,472,227	3,297
75 – 79	2,248	8,147,125	3,624
80 – 84	1,577	6,105,425	3,872
85 – 89	961	3,943,072	4,103
90 – 94	405	1,671,333	4,127
95 & Over	91	359,928	3,955
Total	11,269	$ 38,233,656	$ 3,393

NUMBER OF BENEFICIARIES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	163	$ 272,788	$ 1,674
50 – 54	63	119,066	1,890
55 – 59	45	75,162	1,670
60 – 64	50	98,145	1,963
65 – 69	72	148,217	2,059
70 – 74	79	184,067	2,330
75 – 79	95	238,076	2,506
80 – 84	61	175,666	2,880
85 – 89	43	103,663	2,411
90 – 94	13	30,546	2,350
95 & Over	16	25,679	1,605
Total	700	$ 1,471,075	$ 2,102

SCHEDULE G
(Continued)

NUMBER OF DISABLED RETIREES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	27	$ 95,648	$ 3,543
50 – 54	66	246,108	3,729
55 – 59	142	586,900	4,133
60 – 64	274	1,157,945	4,226
65 – 69	254	1,139,081	4,485
70 – 74	156	704,110	4,514
75 – 79	71	346,476	4,880
80 – 84	32	169,053	5,283
85 – 89	20	100,978	5,049
90 – 94	3	14,973	4,991
95 & Over	0	0	0
Total	1,045	$ 4,561,272	$ 4,365