Cheiron, the actuary for SDCERS, recently advised the Board of Administration of a clarification in their June 30, 2006 actuarial evaluations for the City of San Diego (City), the Unified Port of San Diego (Port), and the San Diego County Regional Airport Authority (Airport). Table I-4 of these actuarial evaluations lists the items comprising the change in the Unfunded Actuarial Liability (UAL) from the last valuation date (June 30, 2005) to the current valuation date (June 30, 2006). One of the items in this list is the degree to which purchased service credits (PSC) impacted the UAL for that year. What was reported in the initial valuations was the UAL attributable to PSCs fully paid for by current active participants from inception of the program through June 30, 2006, instead of just the preceding one year. This had the effect of overstating the UAL change due to PSC, while understating the UAL change associated with overall liability gains. These items offset each other, however, with the total UAL change correctly reported.

Cheiron has sent replacement pages to correct this issue. The UAL change due to purchase service credit was reduced, with an offsetting increase to the UAL change due to overall liability gain. The total change in UAL remains the same for each of the three actuarial evaluations. A second table in the actuarial report, noted below, contains this same data and was also updated.

In all three plans, this clarification has no impact on any other actuarial valuation results reported, including the calculated contribution rates, Governmental Accounting Standards Board determinations, UAL disclosures, and Plan funding ratios.

In the June 30, 2006 actuarial valuations on the SDCERS website, you will find updated schedules reflecting the correction on the following pages:

- **City of San Diego**
  - Table I-4 on page 4; Table III-4 on page 31

- **Unified Port District of San Diego**
  - Table I-4 on page 4, Table III-3 on page 24

- **San Diego County Regional Airport Authority**
  - Table I-4 on page 4, Table III-3 on page 23