

Fresno County Employees' Retirement
Association

*Actuarial Valuation and Review
as of June 30, 2006*

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April 26, 2007

*Board of Retirement
Fresno County Employees' Retirement Association
1111 "H" Street
Fresno, CA 93721*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2006. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2007-2008 and analyzes the preceding year's experience.

The census and financial information were prepared by FCERA. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. In our opinion, the combined operation of the assumptions and the methods applied in this valuation fairly represent past and anticipated future experience of the Association and meet the parameters required by GASB Statement 25. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate.

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

Sincerely,

THE SEGAL COMPANY

By:

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

SUV/hy

*Andy Yeung, ASA, MAAA, EA
Associate Actuary*

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SECTION 1: Valuation Summary for the Fresno County Employees' Retirement Association

Purpose

This report has been prepared by The Segal Company to present a valuation of the Fresno County Employees' Retirement Association as of June 30, 2006. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement. In particular, benefits adopted by the County for General Tier 2 members under Section 31676.16 and Safety Tier 2 under Section 31664.2 have been included in this valuation.
- The characteristics of covered active members, inactive vested members, retired members and beneficiaries as of June 30, 2006, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2006, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. that the Board has adopted for the June 30, 2006 valuation.

The Fresno County Employees' Retirement Association's basic financial goal is to establish contributions that fully fund the Association's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the Association's staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with prior year's information.

Please note that as part of this valuation, we have identified three areas where future refinements to the membership database will result in a more accurate determination of the liabilities. However, including these refinements should not have a material impact on the employer or the member rates.

- The Association is in the process of recalculating the final average salaries for certain retirees pursuant to a Court decision. As a result of those recalculations, benefits for some retirees have been increased while for others benefits have been

SECTION 1: Valuation Summary for the Fresno County Employees' Retirement Association

decreased. Those retirees whose benefits have been increased may be entitled to lump sum retroactive payments while those retirees whose benefits have been decreased may have to repay the overpaid benefits over a number of months. The retroactive payments that were processed in June 2006 were not separately identified in the original data received for the actuarial valuation.

- As a result of the change in the Board's funding policy on member COLA UAAL contributions (see below), the Association will refund any member COLA UAAL contributions made during the last several years.
- Retirees who have chosen the temporary annuity option will have their survivor continuance benefits determined based on the original unmodified benefits (i.e., before the temporary annuity option adjustments). Even though the Association has provided us with paper copies of the original unmodified benefit calculations, the electronic database maintained by the Association does not contain such information.

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a payment or credit to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have continued with the Board's funding policy to amortize the Association's outstanding balance of the unfunded actuarial accrued liability (UAAL) established as of June 30, 2003 over a declining 27-year period. Any new UAAL established on each subsequent actuarial valuation after the June 30, 2003 valuation as a result of actuarial gains or losses has been amortized over a separate 15-year declining period. The aggregate employer contribution rate calculated using the above amortization periods is 24.63% of payroll.

In this valuation, we have applied the 8.16% net interest rate and 4.00% inflation assumptions adopted by the Board for the June 30, 2006 valuation. As the service retirement benefits for members of General Tier 2 are significantly different from those of General Tier 1, we are recommending a new set of retirement age assumptions that have been determined, in part, by incorporating the retirement age assumptions currently used by another 1937 Act system that provides benefits under Section 31676.16. Please note that we have also considered modifying the retirement age assumptions for members of Safety Tier 2 to reflect the lower service retirement benefits from those of Safety Tier 1; however, our analysis showed that costs were not materially different when we introduced likely changes in retirement age assumptions for Safety Tier 2. For that reason, we are recommending the same Safety Tier 1 retirement age assumptions for Safety Tier 2. The other assumptions used in this valuation are the same as those that used in the June 30, 2005 valuation.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2007 through June 30, 2008.

SECTION 1: Valuation Summary for the Fresno County Employees' Retirement Association

Significant Issues in Valuation Year

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

- In the June 30, 2005 valuation, the ratio of the valuation value of assets to the actuarial accrued liabilities was 91.5%. That funded ratio was calculated by excluding certain assets and liabilities determined by the Association's prior actuary to be payable by the member for one-half of the Cost-of-Living Adjustment (COLA) UAAL.

Subsequent to the adoption of the June 30, 2005 actuarial valuation, the Board of Retirement amended its funding policy so that the one-half of the COLA UAAL that was previously paid by the members would now be paid by the employer. That increased the employer UAAL by about \$86.3 million as of June 30, 2005. The funded ratio as of June 30, 2005 after the amendment in the funding policy was 89.2%.

In this June 30, 2006 valuation, the funding ratio has decreased to 85.5%.

- Reference:* Pg. 33 ➤ The Association's UAAL as of June 30, 2005 was \$189.2 million before and \$275.5 million after the above mentioned funding policy amendment. In this year's valuation, the UAAL has increased to \$405.5 million.
- Reference:* Pg. 17 ➤ The aggregate employer rate calculated in this valuation has increased from 18.76% of payroll to 24.63% of payroll. The reasons for this change are: (i) differences in actuarial methods and programs between Segal and the Association's prior actuary identified in the June 30, 2005 audit and the associated change in funding policy to charge the employer for the payment of one-half of the COLA UAAL that was previously paid by the members, (ii) lower than expected return on investments (based on valuation value of assets), (iii) one year delay in implementing employer and employee contribution rates and phase-in of employee rates calculated in the June 30, 2005 valuation, (iv) increase in normal cost rate due to demographic changes and (v) actuarial gains and losses. A reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15).
- Reference:* Pg. 18 ➤ The aggregate member rate (after reflecting the change in funding policy to charge the employer for the payment of one-half of the COLA UAAL that was previously paid by the member) calculated in this valuation has decreased from 7.54% of payroll to 7.48% of payroll. The reasons for this change are: (i) differences in actuarial methods and programs between Segal and the Association's prior actuary identified in the June 30, 2005 audit and (ii) changes in membership demographics. Please also note that as a result of implementing the funding policy change recently adopted by the Board of Retirement to "depool" the Tier 1 and Tier 2 as well as the General and Safety member rates, there are reductions in the General Tier 1 member rates and associated increases in member rates for all other tiers. A reconciliation of the Association's aggregate member rate is provided in Section 2, Subsection D (see Chart 16).

SECTION 1: Valuation Summary for the Fresno County Employees' Retirement Association

- As a result of the depooling of the General Tier 1 and Safety Tier 1 member rates, the Safety Tier 1 member rates have increased by about 1.0% of payroll while the General Tier 1 rates have decreased by about 0.2% of payroll.
- Please note that the total basic General Tier 1 member rate is composed of a rate to pay the Regular benefit under Section 31676.14 and a rate to pay the Settlement benefit. Based on documents we recently received from the Association, the total basic rate for Regular plus Settlement benefits was specified as part of a Board of Supervisor Resolution which stated, in part, that the total basic rate for General members would be an amount equal to 1/160 of the member's projected final average salary at age 55 for each year of service. Upon reviewing the Resolution with the Association, it also became clear that the basic rate for the Regular benefit should have been established under Section 31621.3 (that provides an amount equal to 1/240 of the member's projected final average salary at age 55) instead of Section 31621.5 (that provides an amount equal to 1/200 of the member's projected final average salary at age 60) as assumed by the Association's prior actuary in the previous valuations.

However, as the total basic rate for Regular plus Settlement benefits provided by the prior actuary in the previous valuations followed the total basic rate formula in the Board of Supervisor Resolution, correcting the basic Regular benefit rate should have no impact on the total basic rate, only the allocation between Regular and Settlement benefits.

Reference: Pg. 66 ➤ The employer and member rates developed in this valuation have been determined with respect to only the Regular and the Settlement benefits. Assets and liabilities associated with the non-vested supplemental benefits (i.e., discretionary purchasing power and additional retiree health benefits) have been excluded. However, a comparison of the reserve maintained by the Board for the non-vested supplemental benefits and the annual cash payment requirement is provided in Appendix B.

Reference: Pg. 6 ➤ As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gains as of June 30, 2006 is \$66.8 million. These investment gains will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will offset any investment losses that may occur after June 30, 2006. This implies that if the Association earns the assumed net rate of investment return of 8.16% per year on a **market value** basis, it will result in investment gains on the actuarial value of assets in the next few years. So, if the actual market return is equal to the assumed 8.16% rate and all other actuarial assumptions are met, the contribution requirements would decrease in each of the next few years.

SECTION 1: Valuation Summary for the Fresno County Employees' Retirement Association

Impact of Future Experience on Contribution Rates

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) difference between the contribution rates determined by the valuation and those adopted by the Board.

SECTION 1: Valuation Summary for the Fresno County Employees' Retirement Association

Summary of Key Valuation Demographic and Financial Data

	June 30, 2006		June 30, 2005	
Employer Contribution Rates:				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate ⁽²⁾	Estimated Annual Amount ⁽¹⁾⁽²⁾
General Tier 1	23.36%	\$72,418,000	18.37%	\$56,948,000
General Tier 2	21.15%	\$1,063,000	18.37%	\$923,000
Safety Tier 1	31.34%	\$19,011,000	20.76%	\$12,593,000
Safety Tier 2	29.37%	\$170,000	20.76%	\$120,000
All Categories Combined	24.63%	\$92,662,000	18.76%	\$70,584,000
Average Member Contribution Rates:				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate ⁽³⁾	Estimated Annual Amount ⁽¹⁾
General Tier 1	7.32%	\$22,693,000	7.58%	\$23,499,000
General Tier 2	4.87%	\$245,000	4.47%	\$225,000
Safety Tier 1	8.54%	\$5,180,000	7.60%	\$4,610,000
Safety Tier 2	7.43%	\$43,000	6.11%	\$35,000
All Categories combined	7.48%	\$28,161,000	7.54%	\$28,369,000
Funded Status:				
Actuarial accrued liability ⁽⁴⁾	\$2,803,990,000		\$2,233,593,602 ⁽⁶⁾	
Valuation value of assets ⁽⁵⁾	\$2,398,454,407		2,044,389,208 ⁽⁶⁾	
Funded percentage	85.54%		91.53% ⁽⁶⁾	
Unfunded Actuarial Accrued Liability	\$405,535,593		\$189,204,394 ⁽⁶⁾	
Key Economic Assumptions:				
Interest rate	8.16%		8.16%	
Inflation rate	4.00%		4.00%	
Across-the-board salary increase	0.00%		0.00%	

(1) Based on June 30, 2006 projected annual compensation.

(2) Before the Board amended its funding policy to eliminate the requirement that one-half of the COLA UAAL be paid by members.

(3) After the amendment to the Board's funding policy described in (2).

(4) Excludes liabilities for non-vested supplemental benefits.

(5) Excludes non-valuation reserves.

(6) Before the amendment to the Board's funding policy as described in (2). After the amendment, the AAL was \$2,545,620,039, the VVA was \$2,270,140,670, the funded percentage was 89.18% and the UAAL was \$275,479,369.

SECTION 1: Valuation Summary for the Fresno County Employees' Retirement Association

Summary of Key Valuation Demographic and Financial Data

	June 30, 2006	June 30, 2005	Percentage Change
Active Members:			
Number of members	7,686	7,644	0.6%
Average age	43.3	43.1	N/A
Average service	9.9	9.7	N/A
Projected total compensation ⁽¹⁾	\$376,270,000	\$351,564,000	7.0%
Average projected compensation ⁽¹⁾	\$48,955	\$45,992	6.4%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	3,736	3,637	2.7%
Disability retired	288	272	5.9%
Beneficiaries	555	509	9.0%
Total	4,579	4,418	3.6%
Average age	68.0	68.2	N/A
Average monthly benefit ⁽²⁾	\$2,160	\$2,102	2.8%
Vested Terminated Members:			
Number of vested terminated members ⁽³⁾	1,333	1,326	0.5%
Average age	48.0	48.5	N/A
Summary of Financial Data:			
Market value of assets	\$2,529,664,106	\$2,337,706,244	8.2%
Return on market value of assets	9.78%	10.97%	N/A
Actuarial value of assets	\$2,462,840,662	\$2,337,310,664	5.4%
Return on actuarial value of assets	6.92%	4.80%	N/A
Valuation value of assets	\$2,398,454,407	\$2,270,140,670 ⁽⁴⁾	5.7%
Return on valuation value of assets	6.91%	4.79%	N/A

(1) *The compensation as of June 30, 2005 assumed members would not receive any salary increases until after the end of 2005/2006. The compensation as of June 30, 2006 assumed members would receive salary increases of about one-half of the inflation plus merit assumptions during 2006/2007.*

(2) *Benefits include regular and settlement benefits but exclude non-vested supplemental benefits.*

(3) *Includes members who left their contributions on deposit even though they have less than five years of service.*

(4) *After the amendment to the Board's funding policy to eliminate the requirement that one-half of the COLA UAAL be paid by members.*

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

A. MEMBER DATA

The actuarial valuation and review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past two valuations can be seen in this chart.

CHART 1
Member Population: 2005 – 2006

Year Ended June 30	Active Members	Vested Terminated Members*	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2005	7,644	1,326	4,418	0.75
2006	7,686	1,333	4,579	0.77

**Includes terminated members due a refund of member contributions*

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 7,686 active members with an average age of 43.3 years, average years of service of 9.9 and average compensation of \$48,955. The 7,644 active members in the prior valuation had an average age of 43.1 years, average service of 9.7 and average compensation of \$45,992.

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

Inactive Members

In this year's valuation, there were 1,333 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 1,326 in the prior valuation

These graphs show a distribution of active members by age and by years of service.

CHART 2
Distribution of Active Members by Age as of June 30, 2006

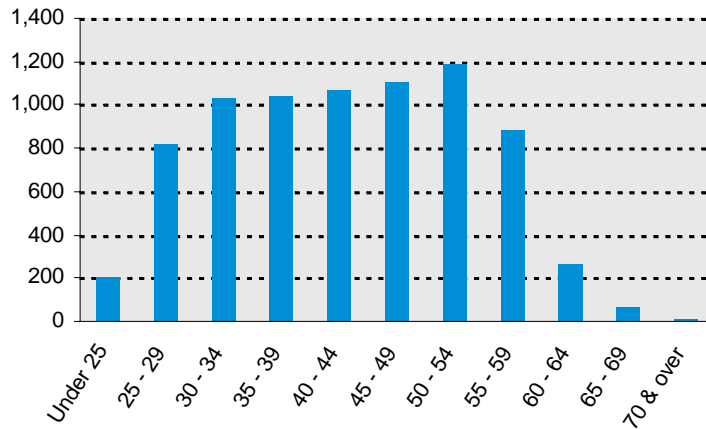
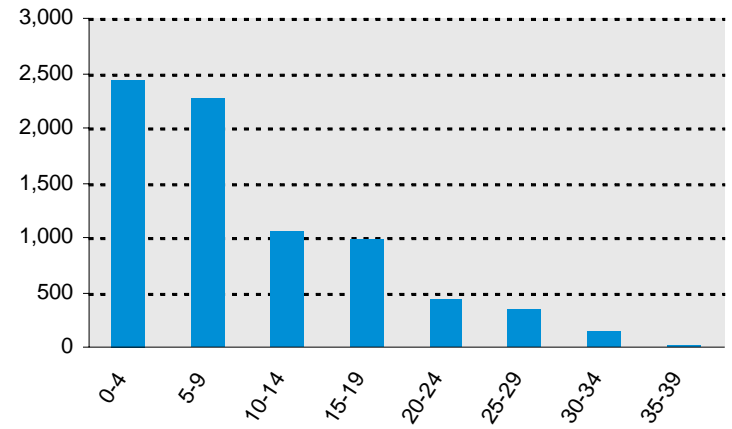


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2006



SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

Retired Members and Beneficiaries

As of June 30, 2006, 4,024 retired members and 555 beneficiaries were receiving total monthly benefits of \$9,892,000. For comparison, in the previous valuation, there were 3,909 retired members and 509 beneficiaries receiving monthly benefits of \$9,286,000. These monthly benefits exclude non-vested supplemental benefits (i.e., discretionary purchasing power and additional health benefits).

These graphs show a distribution of the current retired members based on their monthly amount and age, by type of pension.

CHART 4
Distribution of Retired Members (Excl. Beneficiaries) by Type and by Monthly Amount as of June 30, 2006

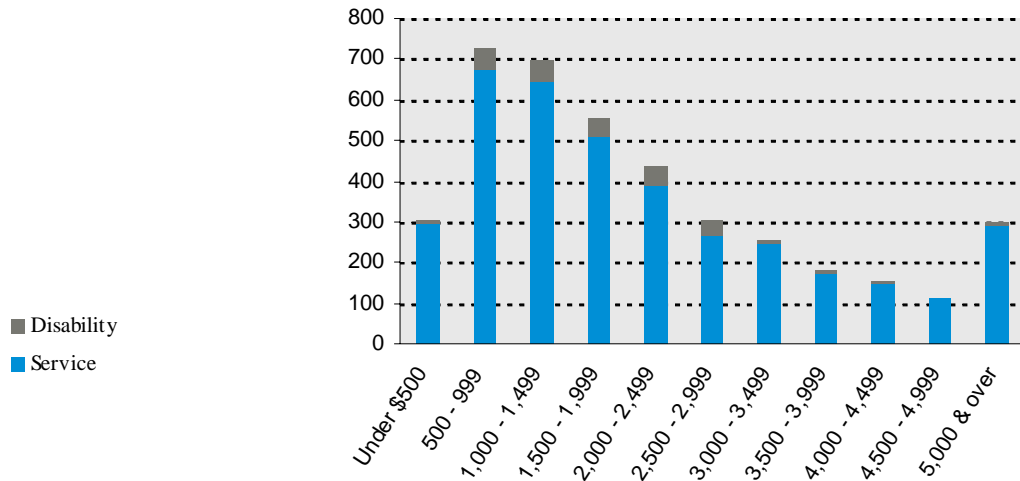
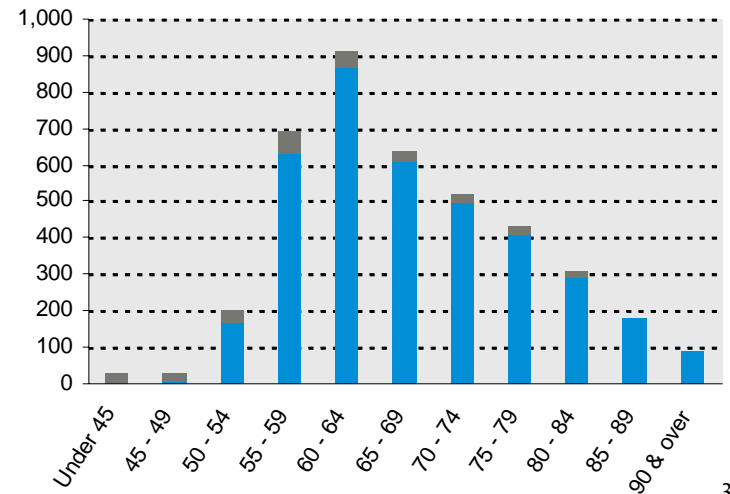


CHART 5
Distribution of Retired Members (Excl. Beneficiaries) by Type and by Age as of June 30, 2006



SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

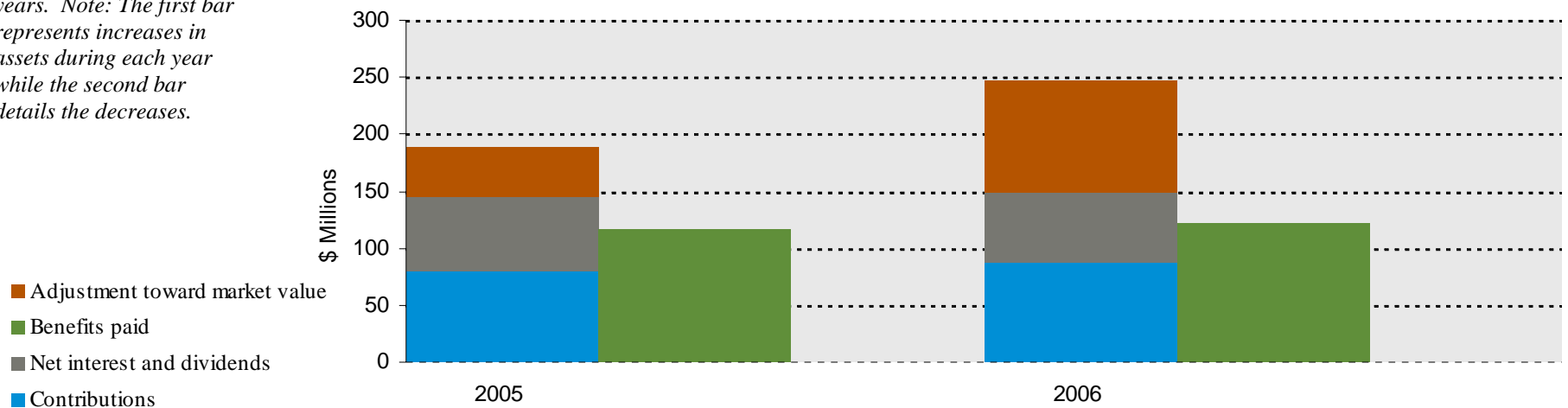
B. FINANCIAL INFORMATION

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

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the “non-cash” earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

The chart depicts the components of changes in the actuarial value of assets over the last two years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2005 through 2006



SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

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

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

The determination of the Actuarial Value of Assets is provided on the following page.

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2006

Six Month Period		Total Actual	Expected Market	Investment	Deferred	Deferred
From	To	Market	Return (net)	Gain (Loss)	Factor	Return
		Return (net)				
1/1/2002	6/30/2002	\$(24,877,578)	\$66,203,647	\$(91,081,225)	0.1	(\$9,108,123)
7/1/2002	12/31/2002	(99,885,623)	62,186,834	(162,072,457)	0.2	(32,414,491)
1/1/2003	6/30/2003	125,217,882	57,386,728	67,831,154	0.3	20,349,346
7/1/2003	12/31/2003	203,061,365	61,561,683	141,499,682	0.4	56,599,873
1/1/2004	6/30/2004	33,814,444	76,748,061	(42,933,617)	0.5	(21,466,809)
7/1/2004	12/31/2004	196,928,404	85,270,526	111,657,878	0.6	66,994,727
1/1/2005	6/30/2005	35,994,354	92,429,093	(56,434,739)	0.7	(39,504,317)
7/1/2005	12/31/2005	154,920,275	93,175,742	61,744,533	0.8	49,395,626
1/1/2006	6/30/2006	71,982,120	98,673,662	(26,691,542)	0.9	(24,022,388)

The chart shows the determination of the actuarial value of assets as of the valuation date.

1. Total Deferred Return ⁽¹⁾	\$66,823,444
2. Net Market Value	2,529,664,106
3. Actuarial Value of Assets (Item 2 – Item 1)	2,462,840,662
4. Actuarial Value of Assets – Corridor Limits:	
a. Lower Limit – 80% of Net Market Value	2,023,731,285
b. Upper Limit – 120% of Net Market Value	3,035,596,927
5. Actuarial Value of Assets (within corridor)	2,462,840,662
6. Non-valuation reserves and designations:	
a. Reserve for Interest Fluctuations (Contingency Reserve), Limited to No Less Than \$0	0
b. Supplemental COLA	9,296,598
c. Retiree Health Insurance	55,089,657
d. Subtotal	\$64,386,255
7. Valuation Value of Assets (Item 5 – Item 6d)	\$2,398,454,407

⁽¹⁾ The amounts of deferred return available in each subsequent valuation are as follows:

6/30/2007	\$9,812,056
6/30/2008	\$44,551,554
6/30/2009	\$13,761,864
6/30/2010	\$1,367,124
6/30/2011	(\$2,669,154)

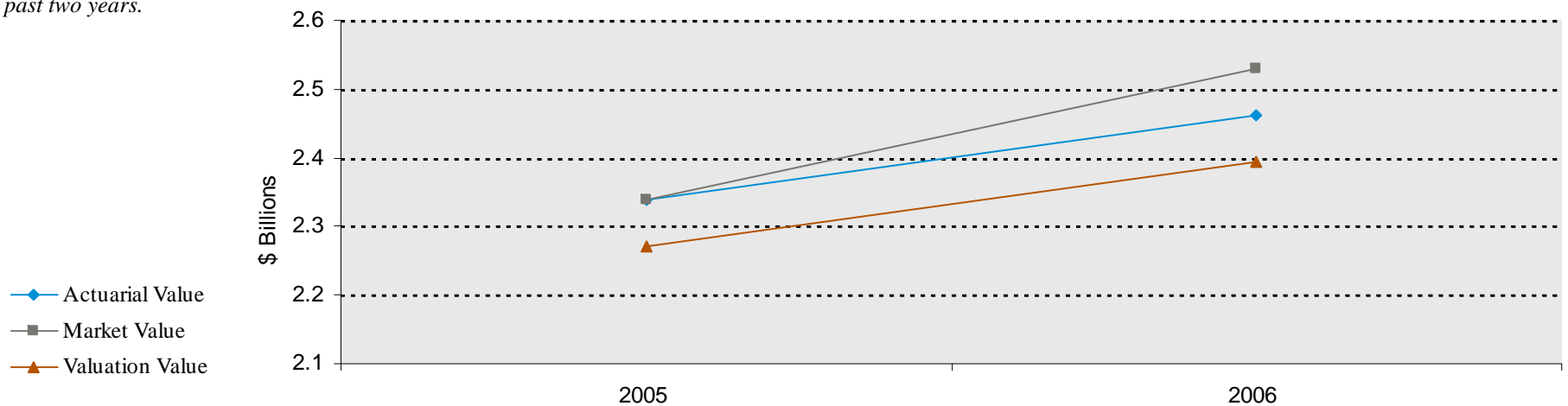
SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

The market value, actuarial value, and valuation value of assets are representations of the FCERA's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves. The valuation asset value is significant because FCERA's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in market value, actuarial value and valuation value over the past two years.

CHART 8

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2005 – 2006



SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will

return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total experience loss was \$30.3 million, a loss of \$28.3 million from investments and a loss of \$2.1 million from all other sources. The net experience variation from individual sources other than investments was 0.07% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9
Actuarial Experience for Year Ended June 30, 2006

1. Net gain/(loss) from investments ⁽¹⁾	-\$28,252,000
2. Net gain/(loss) from other experience ⁽²⁾	<u>-2,076,000</u>
3. Net experience gain/(loss): (1) + (2)	-\$30,328,000

⁽¹⁾ Details in Chart 10.

⁽²⁾ See Section 3, Exhibit H.

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the FCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 8.16%. The actual rate of return on a valuation basis for the 2005/2006 plan year was 6.91%.

Since the actual return for the year was less than the assumed return, the FCERA experienced an actuarial loss during the year ended June 30, 2006 with regard to its investments.

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

CHART 10

Investment Experience for Year Ended June 30, 2006 – Valuation Value and Actuarial Value of Assets

	Valuation Value	Actuarial Value
1. Actual return	\$155,867,582	\$160,474,530
2. Average value of assets	2,256,363,748	2,319,838,398
3. Actual rate of return: (1) ÷ (2)	6.91%	6.92%
4. Assumed rate of return	8.16%	8.16%
5. Expected return: (2) x (4)	184,119,282	189,298,813
6. Actuarial gain/(loss): (1) – (5)	<u>-\$28,251,700</u>	<u>-\$28,824,283</u>

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial, valuation, and market basis for the last two years.

CHART 11

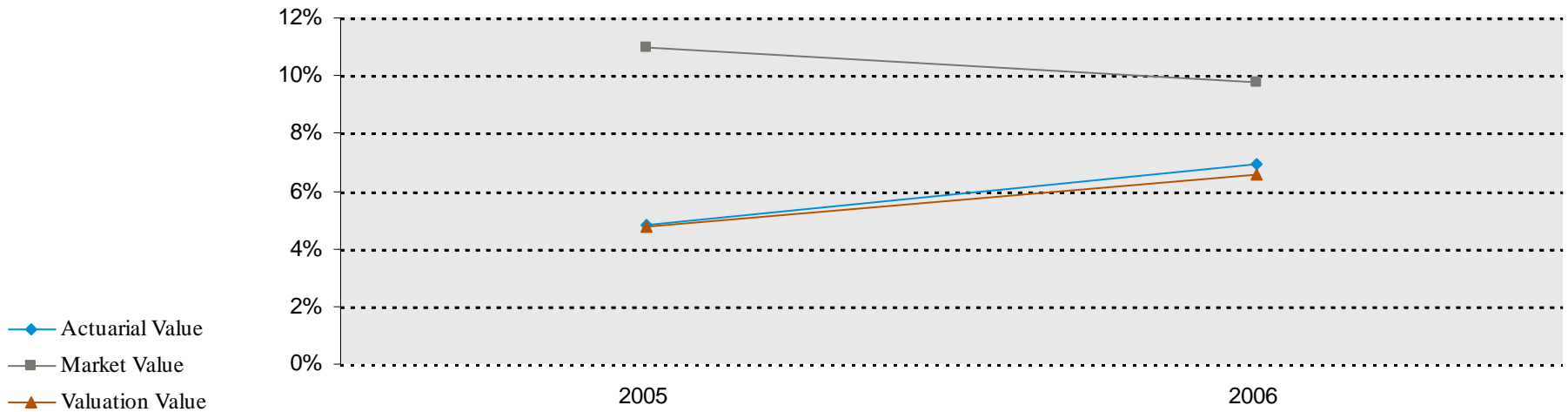
Investment Return – Actuarial Value, Valuation Value and Market Value: 2005 - 2006

Year Ended June 30	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2005	\$104,235,839	4.79%	\$107,850,996	4.80%	\$232,922,758	10.97%
2006	155,867,582	6.91%	160,474,530	6.92%	226,902,394	9.78%

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

CHART 12
Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2005 - 2006



SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- actual turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),

- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2006 amounted to \$2.1 million which is 0.07% of the actuarial accrued liability. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded

Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual inflation rate of 4.00% (i.e., 4.00% inflation plus 0.00% real across-the-board salary increase). The UAAL established as of the June 30, 2003 valuation is being amortized over a declining 27-year period. Any new UAAL established on each subsequent valuation after June 30, 2003 as a result of actuarial gains or losses has been amortized over a separate 15-year declining period.

The recommended employer contributions are provided on Chart 13.

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively.

The basic contribution rate for the Regular benefit is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to $1/240$ of Final Average Salary for General Tier 1, $1/120$ of Final Average Salary for General Tier 2 and $1/200$ of Final Average Salary for Safety Tiers 1 and 2. That age is 55 for all General Tier 1, 60 for all General Tier 2, and 50 for Safety Tiers 1 and 2. In addition, as a result of the Ventura Settlement, General Tier 1 and Safety Tier 1 members are required to make additional basic contributions in order to receive the Settlement Benefit. The total basic Regular plus Settlement rate for General Tier 1 is $1/160$ of Final Average Salary at retirement age 55 for General Tier 1 and $1/160$ of Final Average Salary at retirement age 50 for Safety Tier 1.

It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Accumulation includes semi-annual crediting of interest at the assumed investment earning rate.

The member contribution rates are provided in Appendix A.

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

	June 30, 2006						June 30, 2005	
	REGULAR		SETTLEMENT		TOTAL		REGULAR & SETTLEMENT	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
General Tier 1 Members								
Normal Cost	12.26%	\$38,007	3.40%	\$10,540	15.66%	\$48,547	14.43%	\$44,734
UAAL	<u>6.69%</u>	<u>20,739</u>	<u>1.01%</u>	<u>3,132</u>	<u>7.70%</u>	<u>23,871</u>	<u>3.94%</u>	<u>12,214</u>
Total Contribution	18.95%	\$58,746	4.41%	\$13,672	23.36%	\$72,418	18.37%	\$56,948
General Tier 2 Members								
Normal Cost	13.19%	\$663	0.26%	\$13	13.45%	\$676	14.43%	\$725
UAAL	<u>6.69%</u>	<u>336</u>	<u>1.01%</u>	<u>51</u>	<u>7.70%</u>	<u>387</u>	<u>3.94%</u>	<u>198</u>
Total Contribution	19.88%	\$999	1.27%	\$64	21.15%	\$1,063	18.37%	\$923
Safety Tier 1 Members								
Normal Cost	17.69%	\$10,731	3.50%	\$2,123	21.19%	\$12,854	19.67%	\$11,932
UAAL	<u>9.99%</u>	<u>6,060</u>	<u>0.16%</u>	<u>97</u>	<u>10.15%</u>	<u>6,157</u>	<u>1.09%</u>	<u>661</u>
Total Contribution	27.68%	\$16,791	3.66%	\$2,220	31.34%	\$19,011	20.76%	\$12,593
Safety Tier 2 Members								
Normal Cost	19.04%	\$110	0.18%	\$1	19.22%	\$111	19.67%	\$114
UAAL	<u>9.99%</u>	<u>58</u>	<u>0.16%</u>	<u>1</u>	<u>10.15%</u>	<u>59</u>	<u>1.09%</u>	<u>6</u>
Total Contribution	29.03%	\$168	0.34%	\$2	29.37%	\$170	20.76%	\$120
All Categories Combined								
Normal Cost	13.16%	\$49,511	3.37%	\$12,677	16.53%	\$62,188	15.28%	\$57,505
UAAL	<u>7.23%</u>	<u>27,193</u>	<u>0.87%</u>	<u>3,281</u>	<u>8.10%</u>	<u>30,474</u>	<u>3.48%</u>	<u>13,079</u>
Total Contribution	20.39%	\$76,704	4.24%	\$15,958	24.63%	\$92,662	18.76%	\$70,584

**Amounts are in thousands and are based on June 30, 2006 projected annual compensation (also in thousands):*

General Tier 1	\$310,007
General Tier 2	5,024
Safety Tier 1	60,661
Safety Tier 2	578
Total Compensation	<u>\$376,270</u>

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

CHART 14

Breakdown of Employer Contribution Rate Into Basic and COLA

	June 30, 2006				June 30, 2005	
	General		Safety		General	Safety
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 1</u>	<u>Tier 1</u>
Normal Cost						
Regular - Basic	10.06%	11.00%	14.22%	15.44%	9.50%	13.84%
Regular - COLA	2.20%	2.19%	3.47%	3.60%	1.90%	3.11%
Section 6	3.13%	0.00%	3.26%	0.00%	2.76%	2.48%
Section 8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Section 9	0.27%	0.26%	0.24%	0.18%	0.27%	0.24%
UAAL						
Regular - Basic	1.55%	1.55%	0.71%	0.71%	2.54%	-0.51%
Regular - COLA	5.14%	5.14%	9.28%	9.28%	0.64%	2.53%
Section 6	0.75%	0.75%	-0.10%	-0.10%	0.52%	-1.18%
Section 8	0.04%	0.04%	0.04%	0.04%	0.07%	0.07%
Section 9	0.22%	0.22%	0.22%	0.22%	0.17%	0.18%

Note: Please refer to Section 4, Exhibit V for definition of Regular and Settlement Sections 6, 8 and 9 benefits.

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

The employer contribution rates as of June 30, 2006 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Employer Contribution

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

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

CHART 15

Reconciliation of Recommended Employer Contribution from June 30, 2005 to June 30, 2006 (Dollars in Thousands)

	Contribution Rate	Estimated Amount ⁽¹⁾
Recommended Contribution Rate as of June 30, 2005	18.76%	\$70,584
Effect of actuarial experience during 2005/2006:		
1. Effect of changes in methods and funding policy ⁽²⁾	4.26%	\$16,029
2. Effect of investment loss on valuation value of assets	0.68%	2,559
3. Effect of one year delay in implementing employer and employee contribution rates and phase-in of employee rates calculated in June 30, 2005 valuation ⁽³⁾	0.44%	1,656
4. Effect of demographic changes (increase in normal cost rate)	0.53%	1,994
5. Effect of other experience (gain)/loss	-0.04%	-160
Subtotal	5.87%	\$22,078
Recommended Contribution Rate as of June 30, 2006	24.63%	\$92,662

⁽¹⁾ Based on June 30, 2006 projected annual compensation.

⁽²⁾ Differences in actuarial methods and programs between Segal and the Association's prior actuary identified in the June 30, 2005 audit (2.07% of payroll) and the associated change in funding policy that now charges the employer for the payment of one-half of the COLA UAAL that was previously paid by the members (2.19% of payroll).

⁽³⁾ The rate impact from the employer was about 0.25% of payroll and from the employee was about 0.19% of payroll.

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

The member contribution rates as of June 30, 2006 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Member Contribution Rate

The chart below details the changes in the recommended member contribution rate from the prior valuation to the current year's valuation. Please note that the June 30, 2005 member rate has been adjusted to reflect the change in funding policy to charge the employer for the payment of one-half of the COLA UAAL that was previously paid by the member.

CHART 16
Reconciliation of Recommended Member Contribution from June 30, 2005 to June 30, 2006 (Dollar Amounts in Thousands)

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

	Contribution Rate	Estimated Amount ⁽¹⁾
Average Contribution Rate as of June 30, 2005	7.54%	\$28,369
1. Effect of change in actuarial methods and programs	-0.13%	-489
2. Effect of demographic changes	0.07%	281
Average Contribution Rate as of June 30, 2006	7.48%	\$28,161

⁽¹⁾Based on June 30, 2006 projected compensation.

SECTION 2: Valuation Results for the Fresno County Employees' Retirement Association

E. INFORMATION REQUIRED BY GASB

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

Critical information to GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 17 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

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

These graphs show key GASB factors.

CHART 17
Required Versus Actual Contributions

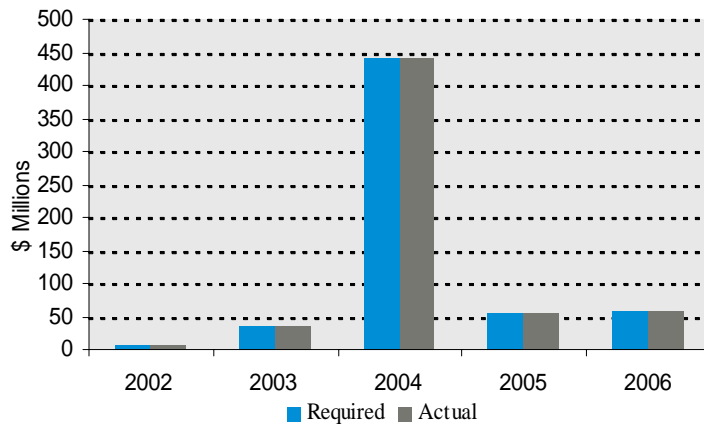
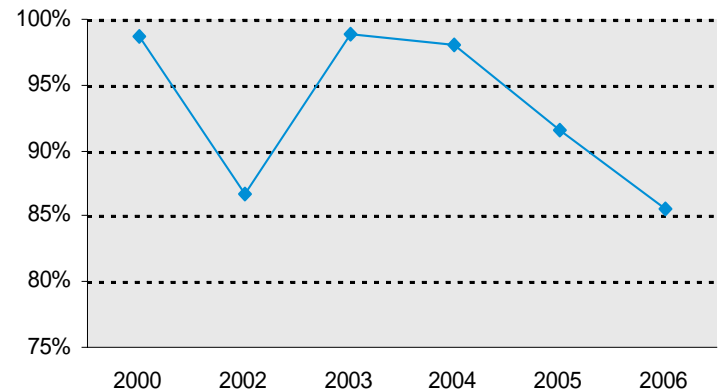


CHART 18
Funded Ratio



SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

i. General Tier 1

Category	Year Ended June 30		Change From Prior Year
	2006	2005	
Active members in valuation			
Number	6,559	6,679	-1.8%
Average age	44.0	43.7	N/A
Average service	9.9	9.6	N/A
Projected total compensation ⁽¹⁾	\$310,006,779	\$296,046,064	4.7%
Projected average compensation ⁽¹⁾	\$47,264	\$44,325	6.6%
Member account balances	\$152,825,676	\$141,681,553	7.9%
Vested terminated members			
Number	1,243	1,238	0.4%
Average age	48.3	48.7	N/A
Retired members			
Number in pay status	3,362	3,284	2.4%
Average age	68.4	68.6	N/A
Average monthly benefit ⁽²⁾	\$2,160	\$2,092	3.3%
Disabled members			
Number in pay status	175	181	-3.3%
Average age	64.3	64.9	N/A
Average monthly benefit ⁽²⁾	\$1,572	\$1,443	8.9%
Beneficiaries			
Number in pay status	483	464	4.1%
Average age	73.0	72.8	N/A
Average monthly benefit ⁽²⁾	\$1,213	\$1,195	1.5%

⁽¹⁾ The compensation as of June 30, 2005 assumed members would not receive any salary increases until after the end of 2005/2006. The compensation as of June 30, 2006 assumed members would receive salary increases of about one-half of the inflation plus merit assumptions during 2006/2007.

⁽²⁾ Benefits include regular and settlement benefits but exclude non-vested supplemental benefits.

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

ii. General Tier 2

Category	Year Ended June 30		Change From Prior Year
	2006	2005	
Active members in valuation			
Number	140		N/A
Average age	38.7		N/A
Average service	3.1		N/A
Projected total compensation ⁽¹⁾	\$5,023,513		N/A
Projected average compensation ⁽¹⁾	\$35,882		N/A
Member account balances	\$755,392		N/A
Vested terminated members			
Number	1		N/A
Average age	35.8		N/A
Retired members			
Number in pay status	0		0.0%
Average age	N/A		N/A
Average monthly benefit	0		0.0%
Disabled members			
Number in pay status	0		0.0%
Average age	N/A		N/A
Average monthly benefit	0		0.0%
Beneficiaries			
Number in pay status	0		0.0%
Average age	N/A		N/A
Average monthly benefit	0		0.0%

⁽¹⁾ The compensation as of June 30, 2006 assumed members would receive salary increases of about one-half of the inflation plus merit assumptions during 2006/2007.

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

iii. Safety Tier 1

Category	Year Ended June 30		Change From Prior Year
	2006	2005	
Active members in valuation			
Number	973	965	0.8%
Average age	39.5	39.0	N/A
Average service	10.6	10.2	N/A
Projected total compensation ⁽¹⁾	\$60,661,433	\$55,518,004	9.3%
Projected average compensation ⁽¹⁾	\$62,345	\$57,532	8.4%
Member account balances	\$37,555,761	\$33,064,275	13.6%
Vested terminated members			
Number	89	88	1.1%
Average age	44.0	46.0	N/A
Retired members			
Number in pay status	374	353	5.9%
Average age	64.2	64.8	N/A
Average monthly benefit ⁽²⁾	\$3,497	\$3,663	-4.5%
Disabled members			
Number in pay status	113	91	24.2% ⁽³⁾
Average age	54.3	54.3	N/A
Average monthly benefit ⁽²⁾	\$2,931	\$2,571	14.0%
Beneficiaries			
Number in pay status	72	45	60% ⁽³⁾
Average age	64.6	67.2	N/A
Average monthly benefit ⁽²⁾	\$1,802	\$1,599	12.7%

⁽¹⁾ The compensation as of June 30, 2005 assumed members would not receive any salary increases until after the end of 2005/2006. The compensation as of June 30, 2006 assumed members would receive salary increases of about one-half of the inflation plus merit assumptions during 2006/2007.

⁽²⁾ Benefits include regular and settlement benefits but exclude non-vested supplemental benefits.

⁽³⁾ Includes adjustments to membership classifications from General to Safety.

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

iv. Safety Tier 2

Category	Year Ended June 30		Change From Prior Year
	2006	2005	
Active members in valuation			
Number	14		N/A
Average age	28.9		N/A
Average service	0.4		N/A
Projected total compensation ⁽¹⁾	\$578,356		N/A
Projected average compensation ⁽¹⁾	\$41,311		N/A
Member account balances	\$15,136		N/A
Vested terminated members			
Number	0		0.0%
Average age	N/A		N/A
Retired members			
Number in pay status	0		0.0%
Average age	N/A		N/A
Average monthly benefit	0		0.0%
Disabled members			
Number in pay status	0		0.0%
Average age	N/A		N/A
Average monthly benefit	0		0.0%
Beneficiaries			
Number in pay status	0		0.0%
Average age	N/A		N/A
Average monthly benefit	0		0.0%

⁽¹⁾ The compensation as of June 30, 2006 assumed members would receive salary increases of about one-half of the inflation plus merit assumptions during 2006/2007.

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2006**

i. General Tier 1

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	156	153	3	--	--	--	--	--	--	--
	\$28,856	\$28,762	\$33,641	--	--	--	--	--	--	--
25 - 29	659	511	147	1	--	--	--	--	--	--
	37,406	36,954	\$38,926	\$44,792	--	--	--	--	--	--
30 - 34	831	366	435	29	1	--	--	--	--	--
	44,182	40,485	47,016	48,417	\$41,656	--	--	--	--	--
35 - 39	826	274	332	170	50	--	--	--	--	--
	46,638	42,581	48,333	50,561	44,278	--	--	--	--	--
40 - 44	889	232	285	176	162	32	2	--	--	--
	48,121	43,855	48,031	50,933	51,076	\$49,997	\$38,968	--	--	--
45 - 49	955	197	254	148	202	100	53	1	--	--
	50,570	44,621	47,686	52,131	54,506	58,317	52,479	\$53,235	--	--
50 - 54	1,072	170	251	153	199	120	131	46	2	--
	50,938	44,464	50,609	47,469	52,181	53,627	56,925	58,709	\$51,798	--
55 - 59	839	99	175	147	147	91	98	75	7	--
	51,628	45,520	47,583	47,610	50,560	55,277	58,939	65,366	48,976	--
60 - 64	257	40	83	37	56	27	10	2	2	--
	50,206	49,864	49,590	49,948	48,580	56,422	56,713	40,780	25,921	--
65 - 69	63	8	22	15	7	5	2	3	1	--
	51,184	42,576	48,630	58,801	65,801	37,893	48,923	54,112	21,880	--
70 & over	12	2	4	1	5	--	--	--	--	--
	41,149	38,133	49,789	40,594	35,554	--	--	--	--	--
Total	6,559	2,052	1,991	877	829	375	296	127	12	--
	\$47,264	\$40,551	\$47,483	\$49,893	\$51,526	\$54,960	\$56,613	\$62,206	\$43,346	--

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2006**

ii. General Tier 2

Age	Total	Years of Service							
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	14	14	--	--	--	--	--	--	--
	\$26,019	\$26,019	--	--	--	--	--	--	--
25 - 29	26	23	3	--	--	--	--	--	--
	30,806	30,455	\$33,492	--	--	--	--	--	--
30 - 34	19	15	4	--	--	--	--	--	--
	38,345	38,342	38,357	--	--	--	--	--	--
35 - 39	20	12	8	--	--	--	--	--	--
	33,934	30,380	39,264	--	--	--	--	--	--
40 - 44	18	12	4	2	--	--	--	--	--
	41,823	42,076	35,948	\$52,057	--	--	--	--	--
45 - 49	17	10	6	--	--	1	--	--	--
	33,340	33,368	32,188	--	--	\$39,979	--	--	--
50 - 54	15	8	4	3	--	--	--	--	--
	48,104	39,139	71,806	40,405	--	--	--	--	--
55 - 59	7	5	1	1	--	--	--	--	--
	38,711	31,363	74,183	39,979	--	--	--	--	--
60 - 64	2	2	--	--	--	--	--	--	--
	25,839	25,839	--	--	--	--	--	--	--
65 - 69	2	--	2	--	--	--	--	--	--
	43,628	--	43,628	--	--	--	--	--	--
70 & Over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	140	101	32	6	--	1	--	--	--
	\$35,882	\$33,313	\$42,300	\$44,218	--	\$39,979	--	--	--

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2006**

iii. Safety Tier 1

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	27	27	--	--	--	--	--	--	--
	\$41,459	\$41,459	--	--	--	--	--	--	--
25 - 29	130	105	24	1	--	--	--	--	--
	52,368	49,601	\$63,908	\$66,065	--	--	--	--	--
30 - 34	184	69	92	23	--	--	--	--	--
	59,894	52,359	64,255	65,058	--	--	--	--	--
35 - 39	198	40	70	66	22	--	--	--	--
	62,338	53,692	63,356	66,156	\$63,359	--	--	--	--
40 - 44	156	17	34	38	58	9	--	--	--
	65,140	52,612	63,118	64,812	68,661	\$75,146	--	--	--
45 - 49	128	6	11	19	48	29	15	--	--
	67,856	53,125	60,887	62,347	65,283	76,212	\$77,918	--	--
50 - 54	97	1	4	11	24	14	34	9	--
	73,014	47,940	63,127	70,149	67,874	75,341	76,485	\$80,663	--
55 - 59	41	6	8	10	6	3	5	2	1
	62,823	41,274	62,541	63,098	64,907	59,972	75,355	62,639	\$125,390
60 - 64	11	--	6	2	2	--	--	--	1
	71,845	--	64,515	56,196	66,665	--	--	--	157,483
65 - 69	1	--	--	1	--	--	--	--	--
	74,860	--	--	74,860	--	--	--	--	--
70 & Over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	973	271	249	171	160	55	54	11	2
	\$62,345	\$50,172	\$63,598	\$65,298	\$66,635	\$74,930	\$76,779	\$77,386	\$141,436

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2006**

iv. Safety Tier 2

Age	Years of Service						
	Total	0-4	5-9	10-14	15-19	20-24	25-29
Under 25	4	4	--	--	--	--	--
	\$44,046	\$44,046	--	--	--	--	--
25 - 29	7	7	--	--	--	--	--
	42,911	42,911	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
35 - 39	1	1	--	--	--	--	--
	35,368	35,368	--	--	--	--	--
40 - 44	1	1	--	--	--	--	--
	33,461	33,461	--	--	--	--	--
45 - 49	1	1	--	--	--	--	--
	32,966	32,966	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
55 - 59	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
70 & Over	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
Total	14	14	--	--	--	--	--
	\$41,311	\$41,311	--	--	--	--	--

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT C

Reconciliation of Member Data – June 30, 2005 to June 30, 2006

	Active Members	Vested Terminated Members	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2005	7,644	1,326	3,637	272	509	13,388
New members	612	0	0	0	0	612
Terminations – with vested rights	-140	140	0	0	0	0
Contributions Refunds	-282	-20	0	0	0	-302
Retirements	-177	-88	265	0	0	0
New disabilities	-3	-12	-20	35	0	0
Return to work	47	-47	0	0	0	0
Died with or without beneficiary	-8	-2	-152	-20	51	-131
Data adjustments	-7	36	6	1	-5	31
Number as of June 30, 2006	7,686	1,333	3,736	288	555	13,598

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30,	
	2006	2005
Contribution income:		
Employer contributions	\$56,663,565	\$56,342,754
Employee contributions	<u>30,569,992</u>	<u>24,260,905</u>
Contribution income	\$87,233,557	\$80,603,659
Investment income:		
Interest, dividends and other income	\$75,008,628	\$75,708,000
Adjustment toward market value	98,559,225	43,509,978
Less investment and administrative fees	<u>-13,093,323</u>	<u>-11,366,982</u>
Net investment income	<u>160,474,530</u>	<u>107,850,996</u>
Total income available for benefits	\$247,708,087	\$188,454,655
Less benefit payments:		
Service retirement	-\$109,886,053	-\$104,032,223
Death payments	-825,243	-903,125
Supplemental cost of living	-1,749,130	-1,982,138
Members refunds	-1,185,450	-1,403,294
Health insurance subsidies	<u>-8,532,214</u>	<u>-8,211,320</u>
Benefit payments	-\$122,178,089	-\$116,532,099
Change in reserve for future benefits	\$125,529,998	\$71,922,556

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT E

Summary Statement of Assets

	Year Ended June 30,	
	2006	2005
Cash equivalents	\$80,352,760	\$110,887,969
Accounts receivable:		
Investment trades	\$37,303,546	\$171,515,829
Interest and dividends	6,511,681	7,526,367
Contributions and others	3,454,492	8,027,597
Securities lending	<u>1,408,220</u>	<u>594,852</u>
Total accounts receivable	48,677,938	187,664,644
Investments:		
Equities	\$1,506,544,101	\$1,334,475,124
Fixed income	696,350,853	731,766,505
Real estate	147,104,881	15,094,486
Securities lending collateral	356,419,305	335,184,509
Capital assets	2,572,720	2,673,070
Others	<u>165,136,121</u>	<u>181,075,870</u>
Total investments at market value	<u>2,874,127,981</u>	<u>2,600,269,564</u>
Total assets	<u>\$3,003,158,679</u>	<u>\$2,898,822,177</u>
Less accounts payable:		
Investment trades	-\$110,706,430	-\$220,550,382
Cash collateral payable for securities lending	-356,419,305	-335,184,509
Securities lending bank and broker fees	-1,292,966	-488,572
Others	<u>-5,075,872</u>	<u>-4,892,470</u>
Total accounts payable	-\$473,494,573	-\$561,115,933
Net assets at market value	<u>\$2,529,664,106</u>	<u>\$2,337,706,244</u>
Net assets at actuarial value	<u>\$2,462,840,662</u>	<u>\$2,337,310,664</u>
Net assets at valuation value	<u>\$2,398,454,407</u>	<u>\$2,270,140,670</u>

Note: Results may not total properly due to rounding.

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT F

Actuarial Balance Sheet

An overview of your Plan’s funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that will be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the “liability” of the Plan.

Second, we determine how this liability will be met. These actuarial “assets” include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments.

Actuarial Balance Sheet (Dollar Amounts in Thousands)

Assets	<u>Total</u>
1. Total valuation assets	\$2,398,454
2. Present value of future contributions by members	\$213,819
3. Present value of future employer contributions for:	
a. entry age normal cost	\$425,405
b. unfunded actuarial accrued liability	\$405,536
4. Total current and future assets	<hr/> \$3,443,214
Liabilities	
5. Present value of benefits already granted	\$1,397,291
6. Present value of benefits to be granted	\$2,045,923
7. Total liabilities	<hr/> \$3,443,214

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2006

	Reserves
Used in Development of Valuation Value of Assets	
<i>Regular Valuation Reserves</i>	
Members' Accumulated Contributions	\$ 278,610,900
Current Service Reserve	507,530,158
Annuity Pension Reserve	97,328,408
Current Service Pension Reserve	575,568,171
Cost of Living Reserve	424,095,426
Survivors' Death Benefit Reserve	2,498,077
Subtotal	\$ 1,885,631,140
<i>Settlement Reserves (Section 6)</i>	
Supplemental Annuity Reserve	\$ 249,459,727
Members' Accumulated Contributions	18,308,027
Current Service Reserve	111,968,597
Annuity Pension Reserve	1,090,699
Subtotal	\$ 380,827,050
<i>Supplemental Benefit Reserve (Section 8)</i>	\$ 100,568,033
<i>Retiree Health Insurance Reserve (Section 9)</i>	\$ 31,428,184
Total	\$2,398,454,407
Not Used in Development of Valuation Value of Assets	
<i>Other Supplemental COLA</i>	\$ 9,296,598
<i>Contingency Reserve (Limited to No Less Than \$0)</i>	0
<i>Retiree Health Insurance Reserves</i>	55,089,657
<i>Market Stabilization Reserve</i>	66,823,444
Total	\$ 131,209,699
Grand Total	\$ 2,529,664,106

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability as of June 30, 2006

	(Dollar amounts in Thousands)
1 Unfunded actuarial accrued liability at beginning of year	
a. Calculated by the Association's prior actuary	\$189,200
b. Adjustments to UAAL identified in Segal's 2005 audit	72,435
c. COLA UAAL previously paid by members	<u>86,275</u>
d. Subtotal	\$347,910
2 Gross Normal Cost payable at middle of year	86,186
3 Actual employer and member contributions	-87,234
4 Interest (full year on (1d) plus half year on (2) + (3))	<u>28,346</u>
5 Expected unfunded actuarial accrued liability at end of year	\$375,208
6 Actuarial (gain)/loss due to all changes:	
a. Loss from investment	\$28,252
b. Other experience (gain)/loss	<u>2,076</u>
c. Subtotal	\$30,328
7 Actual unfunded actuarial accrued liability at end of year (5) + (6c)	\$405,536

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar indexed for inflation. That limit is \$175,000 for 2006 and \$180,000 for 2007. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must generally be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

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

Contributions rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

EXHIBIT J

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future net, in this case, of investment and administrative expenses.
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the level cost allocated to the current year of service.

Actuarial Accrued Liability For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners:

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded (Overfunded) Actuarial Accrued Liability:

The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan. There are many approaches to paying off the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the Fresno County Employees' Retirement Association

**Amortization of the Unfunded
(Overfunded) Actuarial
Accrued Liability:**

Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

EXHIBIT I

Supplementary Information Required by GASB – Schedule of Employer Contributions (Dollar Amounts in Millions)

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2001 ⁽¹⁾	\$0	\$0	100.0%
2002 ⁽¹⁾	8	8	100.0%
2003 ⁽¹⁾	34	34	100.0%
2004 ⁽¹⁾	443 ⁽²⁾	443 ⁽²⁾	100.0%
2005 ⁽¹⁾	56	56	100.0%
2006 ⁽¹⁾	57	57	100.0%

⁽¹⁾ Source: June 30, 2006 CAFR.

⁽²⁾ The employer contributions for 2004 include \$398 million in proceeds from Pension Obligation Bonds issued by Fresno County in March 2004. The regular contributions totaled \$45 million.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Funding Progress (Dollar Amounts in Thousands)

Actuarial Valuation Date	Valuation Value of Assets⁽¹⁾ (a)	Actuarial Accrued Liability (AAL)⁽²⁾ (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) [(b) - (a)] / (c)
6/30/2000 ⁽¹⁾	\$1,698,282	\$1,719,905	\$21,623	98.7	\$273,426	7.9
6/30/2002 ⁽¹⁾	1,674,900	1,932,300	257,400	86.7	326,975	78.7
6/30/2003 ⁽¹⁾	1,922,149	1,953,490	30,841	98.9	341,981	9.0
6/30/2004 ⁽¹⁾	1,977,097	2,017,971	40,874	98.0	337,614	12.1
6/30/2005 ⁽²⁾	2,044,389	2,233,594	189,205	91.5	351,049	53.9
6/30/2006	2,398,454	2,803,990	405,536	85.5	376,270	107.8

⁽¹⁾ Source: June 30, 2006 CAFR.

⁽²⁾ Before the Board amended its funding policy to eliminate the requirement that one-half of the COLA UAAL be paid by members. After the amendment, the AAL was \$2,545,620, the VVA was \$2,270,141, the funded percentage was 89.2% and the UAAL was \$275,479.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

EXHIBIT III

Supplementary Information Required by GASB

Valuation date	June 30, 2006
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period	27 years (declining) for UAAL established as of June 30, 2003 plus 15 years (declining) for UAAL established on each subsequent valuation.
Asset valuation method	The Actuarial Value of Assets is determined by phasing in any difference between the actual and the expected market return over 10 six-month interest crediting periods. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
Actuarial assumptions:	
Investment rate of return	8.16%
Inflation rate	4.00%
Real across-the-board salary increase	0.00%
Projected salary increases*	General: 4.75% to 9.00% and Safety: 5.00% to 6.00%
Cost of living adjustments	3.00% of retirement income
Plan membership:	
Retired members and beneficiaries receiving benefits	4,579
Terminated members entitled to, but not yet receiving benefits	1,333
Active members	<u>7,686</u>
Total	13,598

* Includes inflation at 4.00% plus real across-the-board salary increase of 0.00% plus merit and longevity increases. See Exhibit IV for these increases.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

EXHIBIT IV

Actuarial Assumptions and Actuarial Cost Method

Post – Retirement Mortality Rates:

Healthy:

For General Members and all Beneficiaries: RP-2000 Healthy Annuitant Mortality, with adjustment for white collar workers.

For Safety Members: RP-2000 Healthy Annuitant Mortality, with adjustment for blue collar workers.

Disabled:

For General and Safety Members: RP-2000 Disabled Annuitant Mortality.

Employee Contribution Rates:

For General members: RP-2000 Healthy Annuitant Mortality, with adjustment for white collar workers weighted 1/3 male and 2/3 female.

For Safety members: RP-2000 Healthy Annuitant Mortality, with adjustment for blue collar workers, weighted 5/6 male and 1/6 female.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Termination Rates Before Retirement:

Age	Rate (%)			
	Mortality			
	General ⁽¹⁾		Safety ⁽²⁾	
	Male	Female	Male	Female
25	0.11	0.03	0.10	0.03
30	0.12	0.04	0.12	0.03
35	0.22	0.07	0.20	0.06
40	0.30	0.10	0.28	0.08
45	0.42	0.16	0.40	0.13
50	0.60	0.24	0.56	0.20
55	0.54	0.35	0.72	0.28
60	0.66	0.56	0.00	0.00
65	1.16	0.91	0.00	0.00

⁽¹⁾ All pre-retirement deaths are assumed to be non-service connected.

⁽²⁾ Rates shown are for non-service deaths. Rates for service connected deaths are 0.10% for all ages (males and females)

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Termination Rates Before Retirement (Continued):

Age	Rate (%)		
	Disability		
	General ⁽¹⁾		Safety ⁽²⁾
	Male	Female	Male and Female
20	0.01	0.01	0.06
25	0.02	0.02	0.10
30	0.02	0.02	0.16
35	0.03	0.03	0.29
40	0.05	0.05	0.49
45	0.09	0.08	0.77
50	0.17	0.14	1.23
55	0.29	0.21	1.75
60	0.39	0.31	0.00

⁽¹⁾ One-third of General disabilities are assumed to be duty disabilities. The other two-third are assumed to be ordinary disabilities.

⁽²⁾ 100% of Safety disabilities are assumed to be duty disabilities.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Termination Rates Before Retirement (Continued):

Total Termination			
Age	General		Safety
	Male	Female	Male and Female
20	7.50	8.40	7.01
25	6.80	7.56	5.13
30	6.30	6.96	5.93
35	5.80	6.36	3.93
40	5.30	5.76	2.07
45	4.80	5.16	0.80
50	4.30	4.56	0.33
55	3.80	3.96	0.00
60	3.30	3.36	0.00

Proportion of Total Termination Assumed to Receive Refunds and Deferred Vested Benefit (%)		
Years of Service	Refunds	Deferred Vested Benefits
0-4	100.00	0.00
5-9	25.00	75.00
10-14	16.70	83.30
15-19	10.00	90.00
20 or more	0.00	100.00

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Retirement Rates:

Age	Rate(%)			
	General Tier 1 - Male	General Tier 1 - Female	General Tier 2 – Male & Female*	Safety Tiers 1 & 2 Male and Female
50	5.00	4.00	3.00	6.00**
51	3.00	4.00	3.00	7.00
52	3.00	4.00	3.60	8.00
53	3.00	4.00	3.60	15.00
54	4.50	4.00	4.20	25.00
55	6.00	10.00	8.40	50.00
56	10.00	10.00	10.00	25.00
57	15.00	10.00	10.00	25.00
58	20.00	15.00	10.00	40.00
59	25.00	17.50	10.00	40.00
60	30.00	20.00	15.00	100.00
61	30.00	20.00	15.00	100.00
62	50.00	40.00	25.00	100.00
63	30.00	20.00	24.00	100.00
64	30.00	20.00	24.00	100.00
65	40.00	45.00	35.00	100.00
66	40.00	30.00	34.00	100.00
67	40.00	30.00	34.00	100.00
68	60.00	30.00	35.00	100.00
69	80.00	30.00	35.00	100.00
70	100.00	100.00	100.00	100.00

* Determined, in part, by incorporating the retirement age assumptions currently used by another 1937 Act System that provides benefits under Section 31676.16.

**The retirement rates for Safety Tiers 1 and 2 are 3% for ages 45 through 49.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

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

For current deferred vested members, retirement assumptions are as follows:

General: Age 63
Safety: Age 55

We assume that 50% of future General and Safety deferred vested members will continue to work for a reciprocal employer. For these members, we assume 4.75% and 5.00% compensation increases per annum for General and Safety members, respectively.

Future Benefit Accruals:

1.0 year of service per year of employment.

Annual Leave Conversion:

The following assumptions for service converted from unused annual leave at retirement are used:

New Annual Leave Plan:

60 hours per year of service.

Annual Leave Plan II:

30 hours per year of service.

Vacation/Sick Leave Plans:

20 hours per year of service for General and 30 hours per year of service for Safety.

Annual Leave IV Plan or

the Old Annual Leave Plan:

Based on actual hours in a member's frozen time off bank.

Unknown Data for Members:

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

**Inclusion of Deferred Vested
Members:**

All deferred vested members are included in the valuation.

Percent Married:

90% of male members; 50% of female members.

Age of Spouse:

Wives are 3 years younger than their husbands.

Net Investment Return:

8.16%, net of administration and investment expenses

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

**Employee Contribution
Crediting Rate:**

3.00%, compounded semi-annually.

Consumer Price Index:

Increase of 4.00% per year, retiree COLA increases due to CPI subject to a 3% maximum change per year for all General and Safety.

Salary Increases:

Annual Rate of Compensation Increase		
Inflation: 4.00%; an additional 0.00% “across the board” salary increases (other than inflation); plus the following Merit and Longevity increases based on age.		
Service	General	Safety
0	5.00%	2.00%
1	5.00%	2.00%
2	5.00%	2.00%
3	5.00%	2.00%
4	5.00%	2.00%
5	0.75%	2.00%
6	0.75%	2.00%
7	0.75%	2.00%
8 or more	0.75%	1.00%

Actuarial Value of Assets:

The Actuarial Value of Assets is determined by phasing in any difference between actual and expected market return over 10 six-month interest crediting periods.

Valuation Value of Assets:

The Actuarial Value of Assets reduced by the value of the non-valuation reserves.

Actuarial Cost Method:

Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member’s hire date. Normal cost and Actuarial Accrued Liability are calculated on an individual basis and is based on costs allocated as a level percentage of compensation.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

EXHIBIT V

Summary of Plan Provisions

This exhibit summarizes the major provisions of the FCERA included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:

	Membership with FCERA usually begins with the first day of the pay period following the date of appointment to a permanent position of at least 50% full-time.
<i>General and Safety Tier 1</i>	All General and Safety members hired on or before June 30, 2005 and General and Safety members of certain bargaining units hired after June 30, 2005.
<i>General and Safety Tier 2</i>	General and Safety members of certain bargaining units hired after June 30, 2005 and those Tier 1 members hired on or before June 30, 2005 who elect to transfer to Tier 2.

Final Compensation for Benefit Determination:

<i>General and Safety Tiers 1 & 2</i>	Highest consecutive twelve months of compensation earnable (§31462.1) (FAS1).
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Service: Years of service (Yrs).

Service Retirement Eligibility:

<i>General</i>	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).
<i>Safety</i>	Age 50 with 10 years of service, or after 20 years, regardless of age (§31663.25).

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Benefit Formula:

	Retirement Age	Benefit Formula
<i>General Tier 1</i>	50	$(1.86\% \times \text{FAS1} - 1/3 \times 1.86\% \times \$350 \times 12) \times \text{Yrs}$
<i>Regular benefit under §31676.14 and</i>	55	$(2.50\% \times \text{FAS1} - 1/3 \times 2.50\% \times \$350 \times 12) \times \text{Yrs}$
<i>Settlement benefit under §31627</i>	60 or later	$(3.27\% \times \text{FAS1} - 1/3 \times 3.27\% \times \$350 \times 12) \times \text{Yrs}$

	Retirement Age	Benefit Formula
<i>General Tier 2 (§31676.16)</i>	50	$(1.43\% \times \text{FAS1} - 1/3 \times 1.43\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(2.00\% \times \text{FAS1} - 1/3 \times 2.00\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.26\% \times \text{FAS1} - 1/3 \times 2.26\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.37\% \times \text{FAS1} - 1/3 \times 2.37\% \times \$350 \times 12) \times \text{Yrs}$
	63 or later	$(2.42\% \times \text{FAS1} - 1/3 \times 2.42\% \times \$350 \times 12) \times \text{Yrs}$

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	Retirement Age	Benefit Formula
<i>Safety Tier 1</i>	50	$(2.50\% \times \text{FAS1} - 1/3 \times 2.50\% \times \$350 \times 12) \times \text{Yrs}$
<i>Regular benefit under §31664 and Settlement benefit under §31627</i>	55 or later	$(3.27\% \times \text{FAS1} - 1/3 \times 3.27\% \times \$350 \times 12) \times \text{Yrs}$
<i>Safety Tier 2 (§31664.2)</i>	50	$(2.29\% \times \text{FAS1} - 1/3 \times 2.29\% \times \$350 \times 12) \times \text{Yrs}$
	55 or later	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
Maximum Benefit:	100% of Highest Average Compensation (§31676.14, §31676.16, §31664 and §31664.2).	

Ordinary Disability:

General Tier 1 and Tier 2

Eligibility

Five years of service (§31720).

Benefit Formula

2.25% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 62, but the total benefit cannot be more than one-third of Final Compensation. The service retirement benefit is paid, if greater.

Safety Tier 1 and Tier 2

Eligibility

Five years of service (§31720).

Benefit Formula

2.25% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but the total benefit cannot be more than one-third of Final Compensation. The service retirement benefit is paid, if greater.

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Line-of-Duty Disability:

All Members

Eligibility

No age or service requirements (§31720).

Benefit Formula

50% of the Final Compensation or 100% of Service Retirement benefit, if greater (§31727.4).

Pre-Retirement Death:

All Members

Eligibility

None.

Basic lump sum benefit

Refund of employee contributions with interest, plus one month's compensation for each year of service, to a maximum of six months' compensation (§31781).

Death in line of duty

50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787).

OR

Vested Members

Eligibility

Five years of service.

Basic benefit

60% of the greater of Service or Ordinary Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of the basic lump sum benefit above.

Death in line of duty

50% of Final compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787).

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Death After Retirement:

All Members

Service or

Ordinary Disability Retirement

60% of member's unmodified allowance continued to eligible spouse (§31760.1). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1) or at least two years prior to the date of death and has attained age 55 on or prior to the date of death (§31786.1).

Line-of-Duty Disability

100% of member's allowance continued to eligible spouse (§31786).

Withdrawal Benefits:

Less than Five Years of Service

Refund of accumulated employee contributions with interest, or earned benefit at age 70 (§31628). Effective January 1, 2003, a member may also elect to leave contributions on deposit in the retirement fund (§31629.5).

Five or More Years of Service

If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700).

Post-retirement

Cost-of-Living Benefits:

General and Safety Tiers 1 & 2

Future changes based on Consumer Price Index to a maximum of 3% per year; excess "banked" (§31870.1).

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Conversion of Annual Leave

General members

Annual Leave Plan II	Members who entered the plan after October 10, 1983 but prior to December 13, 1998 and in bargaining groups who have agreed to this plan may convert hours in excess of 400 hours.
New Annual Leave Plan	Members who entered the plan on or before October 10, 1983 and in bargaining groups who have agreed to this plan may convert hours in excess of 1,100 hours.
Vacation/Sick Leave Plans	Members who entered the plan on or after December 14, 1998 and in bargaining groups who have agreed to these plans may convert all accrued sick leave hours to service upon retirement.
Annual Leave IV Plan or the Old Annual Leave Plan	Members hired on or after October 10, 1983 or prior to that date, respectively, and who are in bargaining groups who have agreed to these plans, management or are unrepresented will convert any frozen hours balance to service at retirement.

Safety members

Annual Leave Plan II	Members who entered the plan after October 10, 1983 but prior to December 13, 1998 and in bargaining groups who have agreed to this plan may convert hours in excess of 400 hours.
New Annual Leave Plan	Members who entered the plan on or before October 10, 1983 and in bargaining groups who have agreed to this plan may convert hours in excess of 1,100 hours.
Vacation/Sick Leave Plans	Members who entered the plan on or after December 14, 1998 and in bargaining groups who have agreed to these plans may convert all accrued sick leave hours to service.
Annual Leave IV Plan or the Old Annual Leave Plan	Members hired on or after October 10, 1983 or prior to that date, respectively, and who are in bargaining groups who have agreed to these plans, management or are unrepresented will convert any frozen hours balance to service at retirement.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

County Contributions: The amortization period for Unfunded Actuarial Accrued Liability established as of June 30, 2003 is amortized over a declining 27-year period. The amortization period for UAAL established on each subsequent valuation is a declining 15-year period.

Ventura Settlement Benefits:

Section 6 For Tier 1 members retiring on or after January 1, 2001 – This is the difference between the regular plus settlement benefits and the regular benefit (i.e., Section 31676.14 for General Tier 1 and Section 31664 for Safety Tier 1)

Section 8 For Tier 1 members who retired prior to January 1, 2001 - \$15 per month per year of service, up to a maximum monthly benefit of \$450.

Section 9 All retired members are entitled to a \$3 per month per year of service benefit. Future increase in this benefit will be tied to the amount of future undistributed earnings. For the purpose of this valuation, it is assumed that there will be no future increase in the amount of benefit.

Non-Vested Supplemental Benefit: Non-vested discretionary purchasing power and additional retiree health benefits are also paid to eligible retirees and beneficiaries. These benefits and the associated reserves have been excluded from the development of employer and member contribution rates in this valuation.

Member Contributions: Please refer to Appendix A for specific rates.

General Tier 1

Regular Basic Provide for an average annuity at age 55 equal to 1/240 of FAS1 (§31621.3).

Regular Plus Settlement Basic Provide for an average annuity at age 55 equal to 1/160 of FAS1 (§31627).

Cost-of-Living Provide for one-half of future Cost-of-Living costs.

General Tier 2

Basic Provide for an average annuity at age 60 equal to 1/240 of FAS1 (§31621.4).

Cost-of-Living Provide for one-half of future Cost-of-Living costs.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Safety Tier 1

<i>Regular Basic</i>	Provide for an average annuity at age 50 equal to 1/200 of FAS1 (§31639.5).
<i>Regular Plus Settlement Basic</i>	Provide for an average annuity at age 50 equal to 1/160 of FAS1 (§31627).
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

Safety Tier 2

<i>Basic</i>	Provide for an average annuity at age 50 equal to 1/200 of FAS1 (§31639.5).
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

Other Information: Safety members with 30 or more years of service are exempt from paying member contributions. The same applies for General members hired on or before March 7, 1973.

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

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Appendix A

Member Contribution Rates

Comparison of Total Member Rate⁽¹⁾ from June 30, 2006 (New) and June 30, 2005 (Current) Valuations

General Tier 1				General Tier 2			
Entry Age	Current	New	Change	Entry Age	Current	New	Change
25	6.42%	6.21%	-0.21%	25	3.65%	4.00%	0.35%
35	7.76%	7.51%	-0.25%	35	4.42%	4.84%	0.42%
45	9.39%	9.10%	-0.29%	45	5.32%	5.83%	0.51%

Safety Tier 1				Safety Tier 2			
Entry Age	Current	New	Change	Entry Age	Current	New	Change
25	7.35%	8.30%	0.95%	25	5.88%	7.20%	1.32%
30	7.98%	9.03%	1.05%	30	6.39%	7.82%	1.43%
35	8.71%	9.84%	1.13%	35	6.97%	8.53%	1.56%

⁽¹⁾ Contributions for the first \$350 of monthly payroll are based on 2/3 of the above rates.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

**General Tier 1 Members' Contribution Rates based on the June 30, 2006
Actuarial Valuation as a percentage of payroll**

Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Basic Settlement First \$350 per month	Basic Settlement Over \$350 per month	COLA Settlement First \$350 per month	COLA Settlement Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
15	1.51%	2.27%	0.93%	1.40%	0.94%	1.40%	0.37%	0.55%	3.75%	5.62%
16	1.51%	2.27%	0.93%	1.40%	0.94%	1.40%	0.37%	0.55%	3.75%	5.62%
17	1.55%	2.32%	0.96%	1.43%	0.90%	1.35%	0.35%	0.53%	3.76%	5.63%
18	1.57%	2.36%	0.97%	1.45%	0.88%	1.31%	0.35%	0.52%	3.77%	5.64%
19	1.61%	2.41%	0.99%	1.49%	0.84%	1.26%	0.33%	0.50%	3.77%	5.66%
20	1.64%	2.46%	1.01%	1.52%	0.81%	1.21%	0.32%	0.48%	3.78%	5.67%
21	1.67%	2.50%	1.03%	1.54%	0.82%	1.24%	0.32%	0.49%	3.84%	5.77%
22	1.70%	2.55%	1.05%	1.57%	0.84%	1.26%	0.33%	0.50%	3.92%	5.88%
23	1.73%	2.60%	1.07%	1.60%	0.86%	1.28%	0.34%	0.50%	4.00%	5.98%
24	1.77%	2.65%	1.09%	1.63%	0.87%	1.31%	0.34%	0.52%	4.07%	6.11%
25	1.80%	2.70%	1.11%	1.66%	0.88%	1.33%	0.35%	0.52%	4.14%	6.21%
26	1.84%	2.76%	1.13%	1.70%	0.90%	1.35%	0.35%	0.53%	4.22%	6.34%
27	1.87%	2.81%	1.15%	1.73%	0.93%	1.38%	0.37%	0.54%	4.32%	6.46%
28	1.91%	2.86%	1.18%	1.76%	0.94%	1.41%	0.37%	0.56%	4.40%	6.59%
29	1.95%	2.92%	1.20%	1.80%	0.95%	1.43%	0.37%	0.56%	4.47%	6.71%

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Basic Settlement First \$350 per month	Basic Settlement Over \$350 per month	COLA Settlement First \$350 per month	COLA Settlement Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
30	1.98%	2.97%	1.22%	1.83%	0.97%	1.46%	0.38%	0.58%	4.55%	6.84%
31	2.02%	3.03%	1.24%	1.87%	0.99%	1.49%	0.39%	0.59%	4.64%	6.98%
32	2.06%	3.09%	1.27%	1.90%	1.01%	1.51%	0.40%	0.60%	4.74%	7.10%
33	2.10%	3.15%	1.29%	1.94%	1.03%	1.54%	0.41%	0.61%	4.83%	7.24%
34	2.14%	3.21%	1.32%	1.98%	1.05%	1.57%	0.41%	0.62%	4.92%	7.38%
35	2.18%	3.27%	1.34%	2.01%	1.07%	1.60%	0.42%	0.63%	5.01%	7.51%
36	2.22%	3.33%	1.37%	2.05%	1.08%	1.62%	0.43%	0.64%	5.10%	7.64%
37	2.27%	3.40%	1.40%	2.10%	1.09%	1.64%	0.43%	0.65%	5.19%	7.79%
38	2.31%	3.46%	1.42%	2.13%	1.12%	1.68%	0.44%	0.66%	5.29%	7.93%
39	2.35%	3.53%	1.45%	2.18%	1.14%	1.71%	0.45%	0.67%	5.39%	8.09%
40	2.40%	3.60%	1.48%	2.22%	1.16%	1.74%	0.46%	0.69%	5.50%	8.25%
41	2.45%	3.67%	1.51%	2.26%	1.18%	1.77%	0.47%	0.70%	5.61%	8.40%
42	2.50%	3.75%	1.54%	2.31%	1.20%	1.80%	0.47%	0.71%	5.71%	8.57%
43	2.55%	3.82%	1.57%	2.35%	1.21%	1.83%	0.48%	0.72%	5.81%	8.72%
44	2.61%	3.91%	1.61%	2.41%	1.24%	1.86%	0.49%	0.73%	5.95%	8.91%
45	2.66%	3.99%	1.64%	2.46%	1.26%	1.90%	0.50%	0.75%	6.06%	9.10%
46	2.72%	4.08%	1.68%	2.51%	1.29%	1.93%	0.51%	0.76%	6.20%	9.28%
47	2.79%	4.19%	1.72%	2.58%	1.31%	1.96%	0.52%	0.77%	6.34%	9.50%
48	2.87%	4.30%	1.77%	2.65%	1.32%	1.99%	0.52%	0.78%	6.48%	9.72%
49	2.95%	4.43%	1.82%	2.73%	1.35%	2.02%	0.53%	0.80%	6.65%	9.98%

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Basic Settlement First \$350 per month	Basic Settlement Over \$350 per month	COLA Settlement First \$350 per month	COLA Settlement Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
50	2.94%	4.41%	1.81%	2.72%	1.49%	2.23%	0.59%	0.88%	6.83%	10.24%
51	2.93%	4.40%	1.81%	2.71%	1.48%	2.22%	0.58%	0.88%	6.80%	10.21%
52	2.92%	4.38%	1.80%	2.70%	1.48%	2.22%	0.58%	0.88%	6.78%	10.18%
53	2.91%	4.36%	1.79%	2.69%	1.47%	2.20%	0.58%	0.87%	6.75%	10.12%
54	2.90%	4.35%	1.79%	2.68%	1.46%	2.20%	0.58%	0.87%	6.73%	10.10%
55	2.90%	4.35%	1.79%	2.68%	1.46%	2.19%	0.58%	0.86%	6.73%	10.08%
56	2.90%	4.35%	1.79%	2.68%	1.46%	2.19%	0.58%	0.86%	6.73%	10.08%
57	2.90%	4.35%	1.79%	2.68%	1.46%	2.19%	0.58%	0.86%	6.73%	10.08%
58	2.90%	4.35%	1.79%	2.68%	1.46%	2.19%	0.58%	0.86%	6.73%	10.08%
59	2.90%	4.35%	1.79%	2.68%	1.46%	2.19%	0.58%	0.86%	6.73%	10.08%

Interest: 8.16% per annum
 COLA: 3.00%
 Mortality: RP-2000 Healthy Annuitant Mortality, with adjustment for white collar workers weighted 1/3 male and 2/3 female
 Salary Increase: Inflation (4.00%) + Across-the-Board Increase (0.00%) + Merit (See Exhibit IV)
 COLA Loading Factor 61.62% for Regular Benefits, 39.44% for Settlement Benefits.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

General Tier 2 Members' Contribution Rates based on the June 30, 2006 Actuarial Valuation as a percentage of payroll

Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
15	1.39%	2.08%	1.04%	1.55%	2.43%	3.63%
16	1.39%	2.08%	1.04%	1.55%	2.43%	3.63%
17	1.39%	2.08%	1.04%	1.55%	2.43%	3.63%
18	1.39%	2.08%	1.04%	1.55%	2.43%	3.63%
19	1.39%	2.08%	1.04%	1.55%	2.43%	3.63%
20	1.39%	2.08%	1.04%	1.55%	2.43%	3.63%
21	1.41%	2.12%	1.05%	1.58%	2.46%	3.70%
22	1.45%	2.17%	1.08%	1.62%	2.53%	3.79%
23	1.47%	2.21%	1.10%	1.65%	2.57%	3.86%
24	1.50%	2.25%	1.12%	1.68%	2.62%	3.93%
25	1.53%	2.29%	1.14%	1.71%	2.67%	4.00%
26	1.56%	2.34%	1.16%	1.75%	2.72%	4.09%
27	1.59%	2.38%	1.19%	1.78%	2.78%	4.16%
28	1.62%	2.43%	1.21%	1.81%	2.83%	4.24%
29	1.65%	2.48%	1.23%	1.85%	2.88%	4.33%

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Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
30	1.68%	2.52%	1.25%	1.88%	2.93%	4.40%
31	1.71%	2.57%	1.28%	1.92%	2.99%	4.49%
32	1.75%	2.62%	1.31%	1.96%	3.06%	4.58%
33	1.78%	2.67%	1.33%	1.99%	3.11%	4.66%
34	1.81%	2.72%	1.35%	2.03%	3.16%	4.75%
35	1.85%	2.77%	1.38%	2.07%	3.23%	4.84%
36	1.89%	2.83%	1.41%	2.11%	3.30%	4.94%
37	1.92%	2.88%	1.43%	2.15%	3.35%	5.03%
38	1.95%	2.93%	1.46%	2.19%	3.41%	5.12%
39	1.99%	2.99%	1.49%	2.23%	3.48%	5.22%
40	2.03%	3.04%	1.52%	2.27%	3.55%	5.31%
41	2.07%	3.10%	1.55%	2.31%	3.62%	5.41%
42	2.11%	3.16%	1.57%	2.36%	3.68%	5.52%
43	2.15%	3.22%	1.60%	2.40%	3.75%	5.62%
44	2.19%	3.28%	1.63%	2.45%	3.82%	5.73%
45	2.23%	3.34%	1.66%	2.49%	3.89%	5.83%
46	2.27%	3.41%	1.69%	2.55%	3.96%	5.96%
47	2.31%	3.47%	1.72%	2.59%	4.03%	6.06%
48	2.36%	3.54%	1.76%	2.64%	4.12%	6.18%
49	2.41%	3.61%	1.80%	2.69%	4.21%	6.30%

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
50	2.45%	3.68%	1.83%	2.75%	4.28%	6.43%
51	2.51%	3.76%	1.87%	2.81%	4.38%	6.57%
52	2.57%	3.85%	1.92%	2.87%	4.49%	6.72%
53	2.63%	3.94%	1.96%	2.94%	4.59%	6.88%
54	2.69%	4.04%	2.01%	3.02%	4.70%	7.06%
55	2.77%	4.16%	2.07%	3.11%	4.84%	7.27%
56	2.76%	4.14%	2.06%	3.09%	4.82%	7.23%
57	2.75%	4.13%	2.05%	3.08%	4.80%	7.21%
58	2.74%	4.11%	2.05%	3.07%	4.79%	7.18%
59	2.73%	4.10%	2.04%	3.06%	4.77%	7.16%
Interest:	8.16% per annum					
COLA:	3.00%					
Mortality:	RP-2000 Healthy Annuitant Mortality, with adjustment for white collar workers weighted 1/3 male and 2/3 female					
Salary Increase:	Inflation (4.00%) + Across-the-Board Increase (0.00%) + Merit (See Exhibit IV)					
COLA Loading Factor	74.64% for Regular Benefits					

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Safety Tier 1 Members' Contribution Rates based on the June 30, 2006
Actuarial Valuation as a percentage of payroll**

Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Basic Settlement First \$350 per month	Basic Settlement Over \$350 per month	COLA Settlement First \$350 per month	COLA Settlement Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
15	2.25%	3.38%	1.90%	2.85%	0.57%	0.85%	0.36%	0.54%	5.08%	7.62%
16	2.25%	3.38%	1.90%	2.85%	0.57%	0.85%	0.36%	0.54%	5.08%	7.62%
17	2.25%	3.38%	1.90%	2.85%	0.57%	0.85%	0.36%	0.54%	5.08%	7.62%
18	2.25%	3.38%	1.90%	2.85%	0.57%	0.85%	0.36%	0.54%	5.08%	7.62%
19	2.25%	3.38%	1.90%	2.85%	0.57%	0.85%	0.36%	0.54%	5.08%	7.62%
20	2.25%	3.38%	1.90%	2.85%	0.57%	0.85%	0.36%	0.54%	5.08%	7.62%
21	2.29%	3.44%	1.93%	2.90%	0.57%	0.86%	0.36%	0.55%	5.15%	7.75%
22	2.33%	3.50%	1.97%	2.95%	0.59%	0.88%	0.37%	0.56%	5.26%	7.89%
23	2.37%	3.56%	2.00%	3.00%	0.59%	0.89%	0.37%	0.57%	5.33%	8.02%
24	2.41%	3.62%	2.03%	3.05%	0.61%	0.91%	0.39%	0.58%	5.44%	8.16%
25	2.46%	3.69%	2.08%	3.11%	0.61%	0.92%	0.39%	0.58%	5.54%	8.30%
26	2.50%	3.75%	2.11%	3.16%	0.63%	0.94%	0.40%	0.60%	5.64%	8.45%
27	2.54%	3.81%	2.14%	3.22%	0.63%	0.95%	0.40%	0.60%	5.71%	8.58%
28	2.59%	3.88%	2.19%	3.27%	0.65%	0.97%	0.41%	0.62%	5.84%	8.74%
29	2.63%	3.94%	2.22%	3.32%	0.66%	0.99%	0.42%	0.63%	5.93%	8.88%
30	2.67%	4.01%	2.25%	3.38%	0.67%	1.00%	0.43%	0.64%	6.02%	9.03%
31	2.72%	4.08%	2.30%	3.44%	0.68%	1.02%	0.43%	0.65%	6.13%	9.19%
32	2.77%	4.15%	2.34%	3.50%	0.69%	1.04%	0.44%	0.66%	6.24%	9.35%
33	2.81%	4.22%	2.37%	3.56%	0.70%	1.05%	0.44%	0.67%	6.32%	9.50%
34	2.86%	4.29%	2.41%	3.62%	0.71%	1.07%	0.45%	0.68%	6.43%	9.66%
35	2.91%	4.37%	2.46%	3.69%	0.73%	1.09%	0.46%	0.69%	6.56%	9.84%

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Basic Settlement First \$350 per month	Basic Settlement Over \$350 per month	COLA Settlement First \$350 per month	COLA Settlement Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
36	2.96%	4.44%	2.50%	3.75%	0.74%	1.11%	0.47%	0.70%	6.67%	10.00%
37	3.01%	4.52%	2.54%	3.81%	0.75%	1.13%	0.48%	0.72%	6.78%	10.18%
38	3.07%	4.60%	2.59%	3.88%	0.77%	1.15%	0.49%	0.73%	6.92%	10.36%
39	3.12%	4.68%	2.63%	3.95%	0.78%	1.17%	0.50%	0.74%	7.03%	10.54%
40	3.17%	4.76%	2.68%	4.02%	0.79%	1.19%	0.50%	0.76%	7.14%	10.73%
41	3.23%	4.85%	2.73%	4.09%	0.81%	1.21%	0.51%	0.77%	7.28%	10.92%
42	3.29%	4.94%	2.78%	4.17%	0.83%	1.24%	0.53%	0.79%	7.43%	11.14%
43	3.33%	4.99%	2.81%	4.21%	0.83%	1.25%	0.53%	0.79%	7.50%	11.24%
44	3.36%	5.04%	2.84%	4.25%	0.84%	1.26%	0.53%	0.80%	7.57%	11.35%
45	3.40%	5.10%	2.87%	4.30%	0.85%	1.27%	0.54%	0.81%	7.66%	11.48%
46	3.43%	5.15%	2.89%	4.35%	0.86%	1.29%	0.55%	0.82%	7.73%	11.61%
47	3.47%	5.20%	2.93%	4.39%	0.87%	1.30%	0.55%	0.83%	7.82%	11.72%
48	3.50%	5.25%	2.95%	4.43%	0.87%	1.31%	0.55%	0.83%	7.87%	11.82%
49	3.54%	5.31%	2.99%	4.48%	0.89%	1.33%	0.57%	0.84%	7.99%	11.96%

Interest: 8.16% per annum
 COLA: 3.00%
 Mortality: RP-2000 Healthy Annuitant Mortality, with adjustment for blue collar workers weighted 5/6 male and 1/6 female
 Salary Increase: Inflation (4.00%) + Across-the-Board Increase (0.00%) + Merit (See Exhibit IV)
 COLA Loading Factor 84.39% for Regular Benefits, 63.51% for Settlement Benefits.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Appendix A

Member Contribution Rates (Continued)

**Safety Tier 2 Members' Contribution Rates based on the June 30, 2006
Actuarial Valuation as a percentage of payroll**

Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
15	2.25%	3.38%	2.14%	3.21%	4.39%	6.59%
16	2.25%	3.38%	2.14%	3.21%	4.39%	6.59%
17	2.25%	3.38%	2.14%	3.21%	4.39%	6.59%
18	2.25%	3.38%	2.14%	3.21%	4.39%	6.59%
19	2.25%	3.38%	2.14%	3.21%	4.39%	6.59%
20	2.25%	3.38%	2.14%	3.21%	4.39%	6.59%
21	2.29%	3.44%	2.18%	3.27%	4.47%	6.71%
22	2.33%	3.50%	2.22%	3.33%	4.55%	6.83%
23	2.37%	3.56%	2.25%	3.39%	4.62%	6.95%
24	2.41%	3.62%	2.29%	3.44%	4.70%	7.06%
25	2.46%	3.69%	2.34%	3.51%	4.80%	7.20%
26	2.50%	3.75%	2.38%	3.57%	4.88%	7.32%
27	2.54%	3.81%	2.42%	3.62%	4.96%	7.43%
28	2.59%	3.88%	2.46%	3.69%	5.05%	7.57%
29	2.63%	3.94%	2.50%	3.75%	5.13%	7.69%
30	2.67%	4.01%	2.54%	3.81%	5.21%	7.82%
31	2.72%	4.08%	2.59%	3.88%	5.31%	7.96%
32	2.77%	4.15%	2.63%	3.95%	5.40%	8.10%
33	2.81%	4.22%	2.67%	4.01%	5.48%	8.23%
34	2.86%	4.29%	2.72%	4.08%	5.58%	8.37%
35	2.91%	4.37%	2.77%	4.16%	5.68%	8.53%

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Age	Basic Regular First \$350 per month	Basic Regular Over \$350 per month	COLA Regular First \$350 per month	COLA Regular Over \$350 per month	Combined First \$350 per month	Combined Over \$350 per month
36	2.96%	4.44%	2.82%	4.22%	5.78%	8.66%
37	3.01%	4.52%	2.86%	4.30%	5.87%	8.82%
38	3.07%	4.60%	2.92%	4.38%	5.99%	8.98%
39	3.12%	4.68%	2.97%	4.45%	6.09%	9.13%
40	3.17%	4.76%	3.01%	4.53%	6.18%	9.29%
41	3.23%	4.85%	3.07%	4.61%	6.30%	9.46%
42	3.29%	4.94%	3.13%	4.70%	6.42%	9.64%
43	3.33%	4.99%	3.17%	4.75%	6.50%	9.74%
44	3.36%	5.04%	3.20%	4.79%	6.56%	9.83%
45	3.40%	5.10%	3.23%	4.85%	6.63%	9.95%
46	3.43%	5.15%	3.26%	4.90%	6.69%	10.05%
47	3.47%	5.20%	3.30%	4.95%	6.77%	10.15%
48	3.50%	5.25%	3.33%	4.99%	6.83%	10.24%
49	3.54%	5.31%	3.37%	5.05%	6.91%	10.36%
Interest:			8.16%	per annum		
COLA:			3.00%			
Mortality:			RP-2000 Healthy Annuitant Mortality, with adjustment for blue collar workers weighted 5/6 male and 1/6 female			
Salary Increase:			Inflation (4.00%) + Across-the-Board Increase (0.00%) + Merit (See Exhibit IV)			
COLA Loading Factor			95.11%			

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Appendix B

Non-Valuation Reserves and Benefits

The Board of Retirement has established a Supplemental COLA Reserve and a Retiree Health Insurance Reserve to pay non-vested discretionary purchasing power and additional retiree health benefits. As requested by the Association, we have provided below a table of the anticipated cash payments and determined the sufficiency of current reserves to make those payments. Please note that in determining the sufficiency of the reserves, we assume no new excess earnings transfers will be made by the Board.

Supplemental COLA Benefit ^{(1) (2)}

Total Present Value of Benefits as of June 30, 2006:	\$8,839,009
Reserve ⁽³⁾ as of June 30, 2006:	\$9,296,598

As the present value of benefits is less than the reserve as of June 30, 2006, it is anticipated that the reserve will be sufficient to pay the current benefit for the remaining lifetime of the current recipients.

Retiree Health Insurance Benefit ⁽¹⁾

Total Present Value of Benefits as of June 30, 2006:	\$92,669,874
Reserve ⁽³⁾ as of June 30, 2006:	\$55,089,657

It is anticipated that the current reserve will be sufficient to pay the current benefit only through the year 2018-2019.

Period	Payment (undiscounted)
2006 - 2007	\$6,042,778
2007 - 2008	6,181,152
2008 - 2009	6,323,535
2009 - 2010	6,492,910
2010 - 2011	6,676,243
2011 - 2012	6,866,657
2012 - 2013	7,080,842
2013 - 2014	7,294,190
2014 - 2015	7,498,826
2015 - 2016	7,694,782
2016 - 2017	7,882,777
2017 - 2018	8,057,035
2018 - 2019*	4,769,018

*Payment will only be paid for part of the year.

⁽¹⁾ Assuming no change in the level of benefit provided as of June 30, 2006.

⁽²⁾ Including only those members receiving the benefits as of June 30, 2006.

⁽³⁾ Based on actuarial value of assets.

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Appendix C

Amortization Schedule for UAAL

General – Regular Benefits	Outstanding Balance as of June 30, 2006	Years Remaining as of June 30, 2006	Payment as of June 30, 2006
June 30, 2003	\$57,137,457	27	\$3,510,240
June 30, 2004	\$(46,881,833)	13	\$(4,709,983)
June 30, 2005	\$163,827,542	14	\$15,559,030
June 30, 2006	\$74,355,835	15	\$6,709,127

General – Settlement Benefits	Outstanding Balance as of June 30, 2006	Years Remaining as of June 30, 2006	Payment as of June 30, 2006
June 30, 2003	\$108,602,998	27	\$6,672,025
June 30, 2004	\$(52,198,311)	13	\$(5,244,103)
June 30, 2005	\$10,642,462	14	\$1,010,736
June 30, 2006	\$8,282,685	15	\$747,347

SECTION 4: Reporting Information for the Fresno County Employees' Retirement Association

Safety – Regular Benefits	Outstanding Balance as of June 30, 2006	Years Remaining as of June 30, 2006	Payment as of June 30, 2006
June 30, 2003	\$19,547,876	27	\$1,200,924
June 30, 2004	\$(10,130,961)	13	\$(1,017,807)
June 30, 2005	\$28,116,429	14	\$2,670,273
June 30, 2006	\$36,122,657	15	\$3,259,348

Safety – Settlement Benefits	Outstanding Balance as of June 30, 2006	Years Remaining as of June 30, 2006	Payment as of June 30, 2006
June 30, 2003	\$17,558,079	27	\$1,078,681
June 30, 2004	\$(8,296,613)	13	\$(833,519)
June 30, 2005	\$(8,035,906)	14	\$(763,186)
June 30, 2006	\$6,885,605	15	\$621,288

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