

Fresno County Employees' Retirement Association

***Actuarial Valuation and Review
as of June 30, 2008***

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December 8, 2008

*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, 2008. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2009-2010 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. The undersigned are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

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*

MYM/hy

*Andy Yeung, ASA, MAAA, EA
Vice President and 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, 2008. 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;
- The characteristics of covered active members, inactive vested members, retired members and beneficiaries as of June 30, 2008, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2008, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation is to establish contributions which 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.

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 25-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 and change in actuarial assumptions has been amortized over a separate 15-year declining period. The increase in UAAL due to benefit improvements (such as moving some members from General Tier 2 to Tier 3) is amortized over 30 years.

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

Please note that the Actuarial Standards Board has recently adopted a revised Actuarial Standard of Practice (ASOP) No. 4 that provides guidelines that actuaries have to follow when selecting actuarial assumptions. For a plan such as that offered by the Retirement Association that may utilize excess earnings to provide contribution rate offsets and additional settlement and non-statutory benefits, we are required to indicate in the valuation report that the possible impact of any such application of future excess earnings on the future financial condition of the plan has not been explicitly measured in the valuation.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2009 through June 30, 2010.

Significant Issues in Valuation Year

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

- Reference:* Pg. 33 > After crediting interest to the various reserve accounts and reestablishing the 1% Statutory Contingency Reserve, there is a balance of \$42.6 million remaining in "Available Earnings." The Board decided to use this Available Earnings to establish an additional Board Contingency Reserve of up to 2% to offset deferred market value losses not yet recognized in the development of the June 30, 2008 Actuarial Value of Assets (see additional discussion below).
- Reference:* Pg. 34 > In this June 30, 2008 valuation, the funding ratio has decreased from 82.9% to 82.0%, and the UAAL has increased from \$539.3 million to \$617.6 million. A reconciliation of the Association's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.
- Reference:* Pg. 16 > The aggregate employer rate calculated in this valuation has increased from 28.39% of payroll to 29.93% of payroll. The reasons for this change are: (i) slightly higher than expected return on investments (based on valuation value of assets), (ii) one year delay in implementing employer and employee contribution rates calculated in the June 30, 2007 valuation, (iii) salary increases greater than expected, (iv) change in FCERA's data to include 120 deferred members who were previously reported as terminated and not entitled to a retirement benefit, and (v) other actuarial gains and losses. A reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15).

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

- Reference:* Pg. 17
- The aggregate member rate calculated in this valuation has decreased from 8.39% of payroll to 8.04% of payroll. The reasons for this change are: (i) change in membership demographics and (ii) elimination of a 0.43% of payroll rate for General Tier 1 members (0.33% average rate over all payroll) to repay undercontributions that were identified during the COLA UAAL correction project. A reconciliation of the Association's aggregate member rate is provided in Section 2, Subsection D (see Chart 16).
- Reference:* Pg. 34
- In the valuation as of June 30, 2006, we identified three areas where future refinements to the membership database would result in a more accurate determination of the liabilities. Two of those were already addressed in the June 30, 2007 valuation. For the June 30, 2008 valuation, the Association has addressed the last outstanding issue.
 - Retirees who have chosen the temporary annuity option have their survivor continuance benefits determined based on the original unmodified benefits (i.e., before the temporary annuity option adjustments). The electronic database provided by the Association prior to the June 30, 2007 valuation did not contain the original unmodified benefit amount. We received the original unadjusted continuance benefits this year and have used those in the valuation as of June 30, 2008.
- Reference:* Pg. 71
- The employer and member rates developed in this valuation have been determined only with respect to 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. 5
- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment loss as of June 30, 2008 is \$216.3 million. These investment losses 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 gains that may occur after June 30, 2008. This implies that if the Association earns the assumed net rate of investment return of 8.00% per year on a **market value** basis, it will result in investment losses on the actuarial value of assets in the next few years. So, if the actual market return is equal to the assumed 8.00% rate and all other actuarial assumptions are met, the contribution requirements would increase in each of the next few years. The impact of the recognition of the deferred investment loss will be reduced somewhat because the Board decided to apply the \$42.6 million in remaining Available Earnings to establish an additional Board Contingency Reserve that would be available to offset the \$216.3 million in the future.

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

Reference: Pg. 74

- In preparing the breakdown of the total costs of the General Tier 1 plan into the cost to provide the “Regular” and the “Settlement” benefits, we have followed the Association’s practice of allocating the cost to provide a benefit under Section 31676.12 as the cost for the “Regular” benefit and allocating the difference between this “Regular” benefit cost and the cost to provide a benefit under Section 31676.14 plus Section 31627 as the “Settlement” benefit. In particular, this means that the difference between benefits under Sections 31676.12 and 31676.14 is considered “Settlement” and so under the Settlement Agreement could be funded out of future undistributed earnings. We are pointing this out because, based on discussions with Counsel, the Agreement might not be clear as to what should be considered the “Settlement” benefit. This means we will require guidance from the Board if and when the Board considers the use of any future undistributed earnings to pay the cost of the “Settlement” benefit.
- The actuarial valuation report as of June 30, 2008 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

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 Results

	June 30, 2008		June 30, 2007	
Employer Contribution Rates:				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
General Tier 1	27.82%	\$91,737,000	26.71%	\$88,077,000
General Tier 2	25.64%	\$1,703,000	24.86%	\$1,650,000
General Tier 3	24.36%	\$4,775,000	22.86%	\$4,481,000
Safety Tier 1	42.19%	\$27,252,000	38.56%	\$24,906,000
Safety Tier 2	41.21%	\$1,442,000	35.84%	\$1,254,000
All categories combined	29.93%	\$126,909,000	28.39%	\$120,368,000
Average Member Contribution Rates:				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate ⁽²⁾	Estimated Annual Amount ⁽¹⁾
General Tier 1	7.88%	\$25,984,000	8.34%	\$27,501,000
General Tier 2	5.46%	\$363,000	5.50%	\$365,000
General Tier 3	6.07%	\$1,190,000	5.87%	\$1,151,000
Safety Tier 1	9.70%	\$6,265,000	9.72%	\$6,278,000
Safety Tier 2	8.39%	\$294,000	8.14%	\$285,000
All categories combined	8.04%	\$34,096,000	8.39%	\$35,580,000
Funded Status:				
Actuarial accrued liability ⁽³⁾	\$3,429,990,000		\$3,149,570,000	
Valuation value of assets ⁽⁴⁾	\$2,812,423,000		\$2,610,269,000 ⁽⁵⁾	
Funded percentage	82.0%		82.9%	
Unfunded actuarial accrued liability	\$617,567,000		\$539,301,000 ⁽⁵⁾	
Key Economic Assumptions:				
Interest rate	8.00%		8.00%	
Inflation rate	3.75%		3.75%	
Across-the-board salary increase	0.25%		0.25%	

(1) Based on June 30, 2008 projected annual compensation.

(2) Includes additional 0.43% due to underpayment of General Tier 1 member contributions.

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

(4) Excludes non-valuation reserves: supplemental COLA, contingency reserve and retiree health insurance reserve.

(5) After decreasing assets by \$3,169,000 for a net overpayment of member contributions discounted to June 30, 2007.

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

Summary of Key Valuation Demographic and Financial Data

	June 30, 2008	June 30, 2007	Percentage Change
Active Members:			
Number of members	7,740	7,802	-0.8%
Average age	43.4	43.2	N/A
Average service	10.0	9.8	N/A
Projected total compensation	\$424,083,302	\$404,277,000	4.9%
Average projected compensation	\$54,791	\$51,817	5.7%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	4,183	4,001	4.5%
Disability retired	313	306	2.3%
Beneficiaries	550	524	5.0%
Total	5,046	4,831	4.5%
Average age	68.1	68.1	N/A
Average monthly benefit ⁽¹⁾	\$2,363	\$2,243	5.3%
Vested Terminated Members:			
Number of vested terminated members ⁽²⁾	1,541	1,393	10.6%
Average age	47.5	47.9	N/A
Summary of Financial Data:			
Market value of assets	\$2,726,605,343	\$2,938,652,293 ⁽³⁾	-7.2%
Return on market value of assets	-6.51%	17.46%	N/A
Actuarial value of assets	\$2,942,899,807	\$2,692,591,031 ⁽³⁾	9.3%
Return on actuarial value of assets	10.14%	10.61%	N/A
Valuation value of assets	\$2,812,423,157	\$2,613,438,213 ⁽³⁾	7.6%
Return on valuation value of assets	8.17%	9.95%	N/A

⁽¹⁾ Benefits include regular and settlement benefits but exclude non-vested supplemental benefits.

⁽²⁾ Includes members who left their contributions on deposit even though they have less than five years of service.

⁽³⁾ Does not reflect reduction of \$3,169,000 for net overpayment of member contributions discounted to June 30, 2007.

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 four valuations can be seen in this chart.

CHART 1
Member Population: 2005 – 2008

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
2007	7,802	1,393	4,831	0.80
2008	7,740	1,541	5,046	0.85

**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 7,740 active members with an average age of 43.4 years, average years of service of 10.0 and average compensation of \$54,791. The 7,802 active members in the prior valuation had an average age of 43.2 years, average service of 9.8 and average compensation of \$51,817.

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

Inactive Members

In this year's valuation, there were 1,541 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 1,393 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, 2008

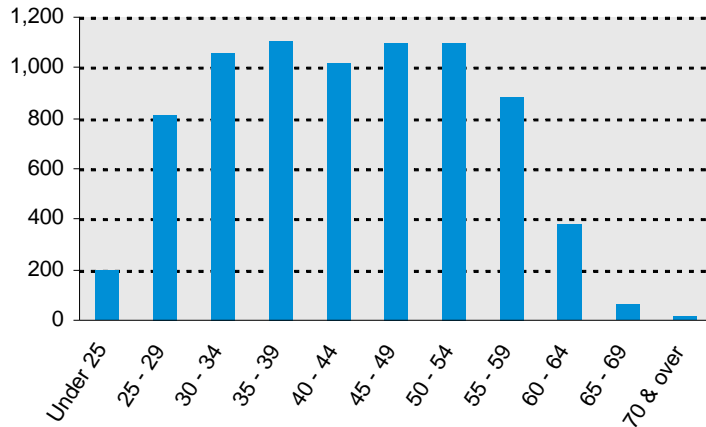
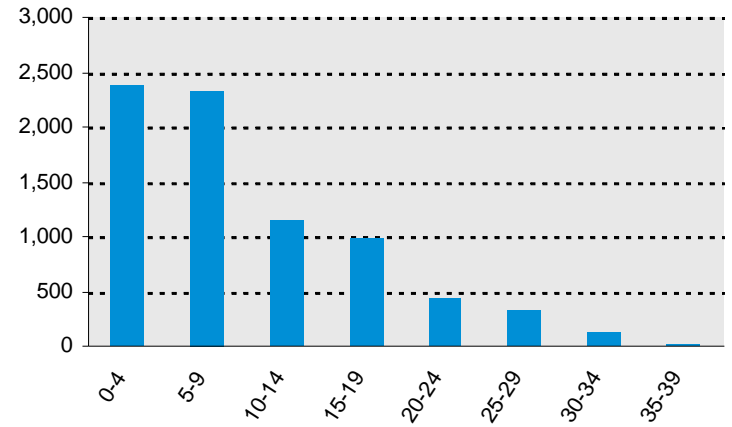


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2008



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

Retired Members and Beneficiaries

As of June 30, 2008, 4,496 retired members and 550 beneficiaries were receiving total monthly benefits of \$11,924,483. For comparison, in the previous valuation, there were 4,307 retired members and 524 beneficiaries receiving monthly benefits of \$10,836,000. 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, 2008

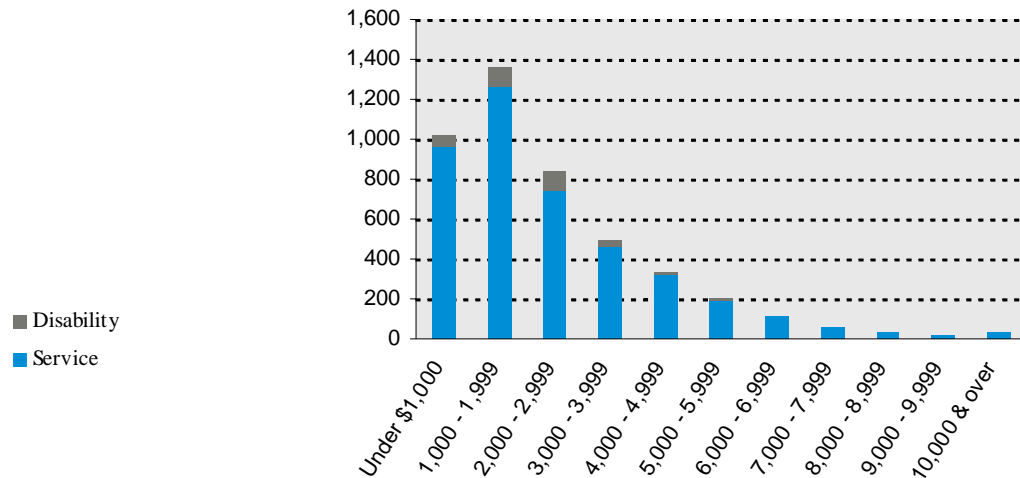
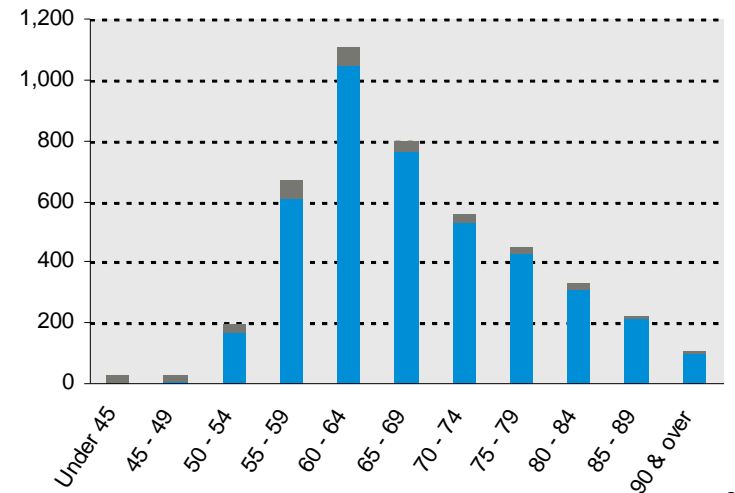


CHART 5
Distribution of Retired Members (Excl. Beneficiaries) by Type and by Age as of June 30, 2008



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.

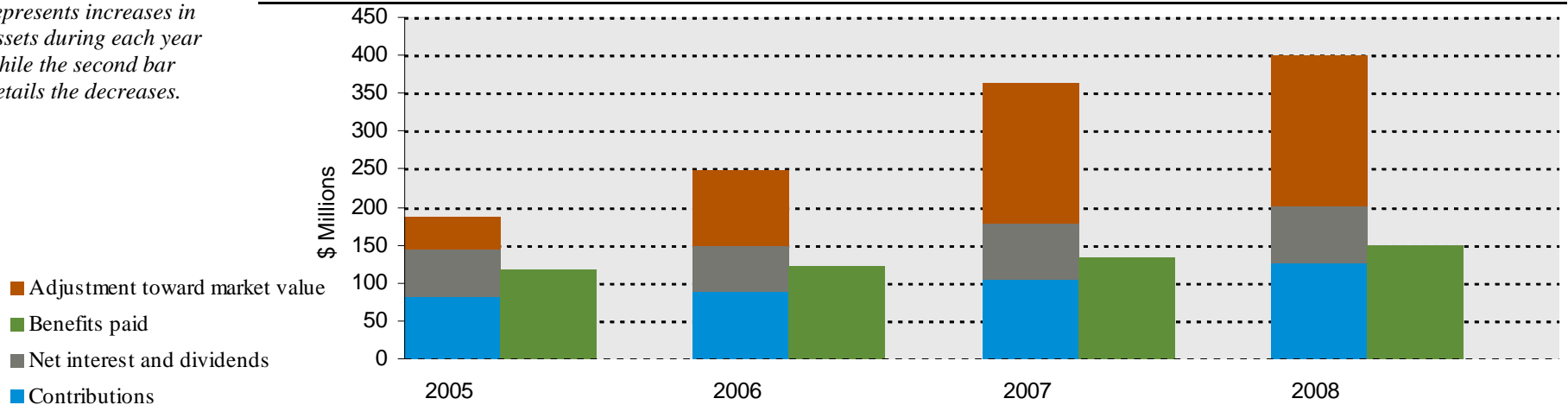
It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single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

The chart depicts the components of changes in the actuarial value of assets over the last four 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 2008



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

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2008

Six Month Period		Total Actual	Expected Market	Investment	Deferred	Deferred
From	To	Market	Return (net)	Gain (Loss)	Factor	Return
		Return (net)				
7/1/2003	12/31/2003	\$203,061,365	\$61,561,683	\$141,499,682	0.0	\$ -
1/1/2004	6/30/2004	33,814,444	76,748,061	(42,933,617)	0.1	(4,293,362)
7/1/2004	12/31/2004	196,928,404	85,270,526	111,657,878	0.2	22,331,576
1/1/2005	6/30/2005	35,994,354	92,429,093	(56,434,739)	0.3	(16,930,422)
7/1/2005	12/31/2005	154,920,275	93,175,742	61,744,533	0.4	24,697,813
1/1/2006	6/30/2006	71,982,120	98,673,662	(26,691,542)	0.5	(13,345,771)
7/1/2006	12/31/2006	257,896,965	100,922,267	156,974,698	0.6	94,184,819
1/1/2007	6/30/2007	181,159,138	110,636,787	70,522,351	0.7	49,365,645
7/1/2007	12/31/2007	13,492,805	117,309,620	(103,816,815)	0.8	(83,053,452)
1/1/2008	6/30/2008	(203,972,361)	117,417,984	(321,390,346)	0.9	(289,251,311)

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

1. Total Deferred Return ⁽¹⁾	\$(216,294,465)
2. Net Market Value	2,726,605,343
3. Actuarial Value of Assets (Item 2 – Item 1)	2,942,899,807
4. Actuarial Value of Assets – Corridor Limits:	
a. Lower Limit – 80% of Net Market Value	2,181,284,274
b. Upper Limit – 120% of Net Market Value	3,271,926,411
5. Actuarial Value of Assets (within corridor)	2,942,899,807
6. Non-valuation reserves and designations:	
a. Reserve for Interest Fluctuations (Contingency Reserve), Limited to No Less Than \$0	27,265,053
b. Board Contingency Reserve/Undistributed Earnings (“Available Earnings”)	42,636,128
c. Supplemental COLA	7,730,143
d. Retiree Health Insurance	52,845,326
e. Subtotal	<u>\$130,476,650</u>
7. Valuation Value of Assets (Item 5 – Item 6e)	<u>\$2,812,423,157</u>

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

6/30/2009	\$(25,780,158)
6/30/2010	\$(38,174,898)
6/30/2011	\$(42,211,177)
6/30/2012	\$(77,989,197)
6/30/2013	\$(32,139,035)

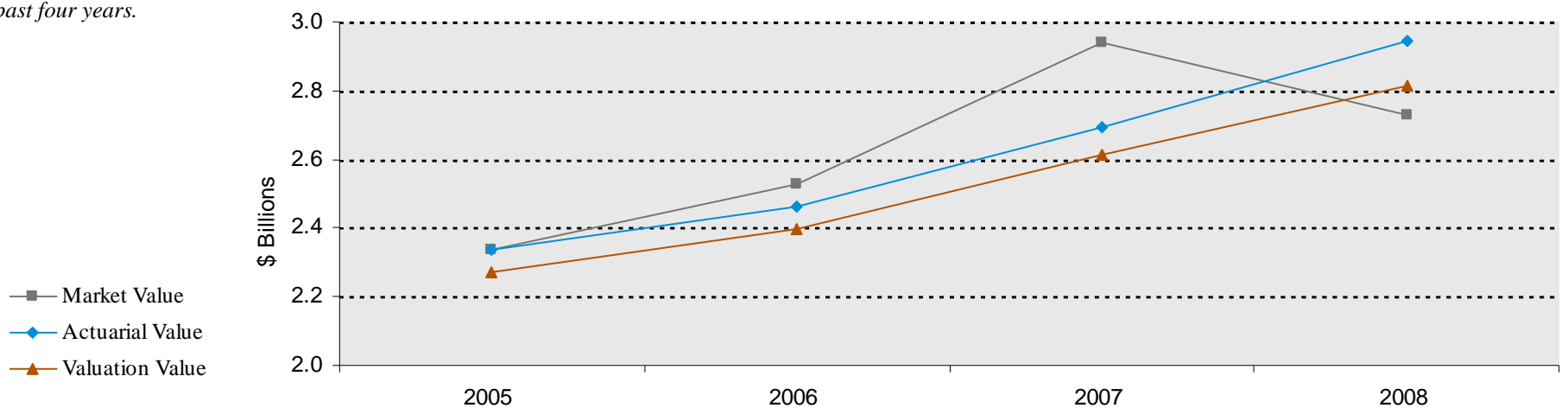
Note: Results may not total properly due to rounding.

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 four years.

CHART 8
Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2005 – 2008



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 \$37.9 million, a gain of \$4.5 million from investments and a loss of \$42.4 million from all other sources. This does not include an additional \$13.3 million increase in UAAL from reclassifying terminated members to deferred members entitled to a benefit and \$3.6 million increase in UAAL from recalculating the continuance benefits for members who elected the temporary annuity option. The net experience variation from individual sources other than investments was 1.2% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

CHART 9

Actuarial Experience for Year Ended June 30, 2008

1. Net gain/(loss) from investments ⁽¹⁾	\$4,483,000
2. Net gain/(loss) from other experience ⁽²⁾	<u>(42,382,000)</u>
3. Net experience gain/(loss): (1) + (2)	\$(37,899,000)

⁽¹⁾ Details in Chart 10.

⁽²⁾ See Section 3, Items (6b) through (6d) in Exhibit H.

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

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 8.00% (based on June 30, 2007 valuation). The actual rate of return on a valuation basis for the 2007/2008 plan year was 8.17%.

Since the actual return for the year was more than the assumed return, the FCERA experienced an actuarial gain during the year ended June 30, 2008 with regard to its investments.

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

CHART 10
Investment Experience for Year Ended June 30, 2008 – Valuation Value of Assets

	Valuation Value
1. Actual return	\$212,997,330
2. Average value of assets	2,606,432,020
3. Actual rate of return: (1) ÷ (2)	8.17%
4. Assumed rate of return	8.00%
5. Expected return: (2) x (4)	208,514,562
6. Actuarial gain/(loss): (1) – (5)	<u>\$4,482,769</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 four years.

CHART 11

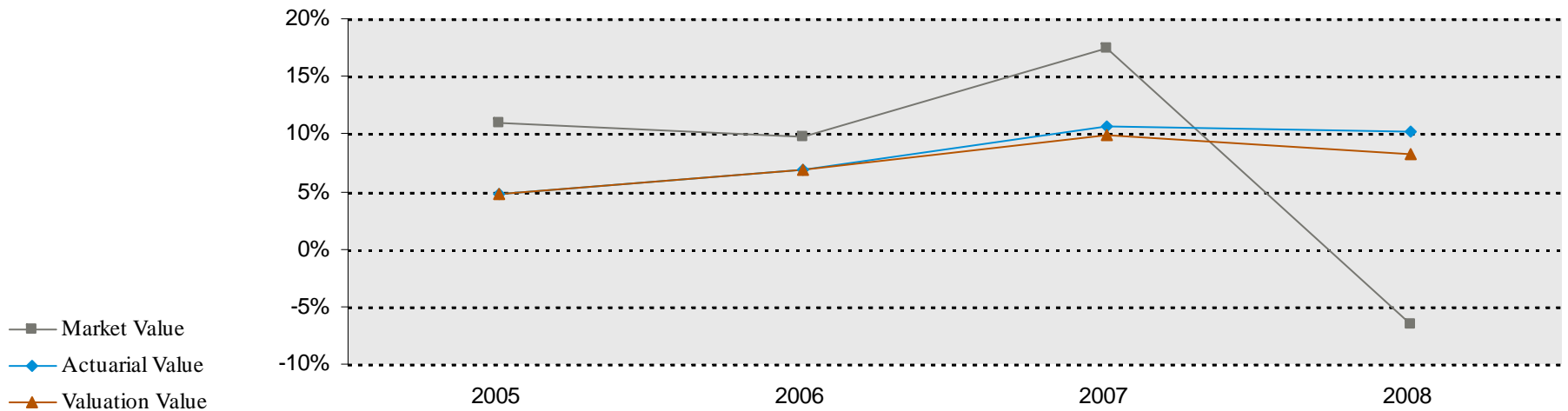
Investment Return – Actuarial Value, Valuation Value and Market Value: 2005 – 2008

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%
2007	237,613,613	9.95%	259,818,285	10.61%	439,056,103	17.46%
2008	212,997,330	8.17%	271,876,171	10.14%	(190,479,656)	(6.51%)

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 - 2008



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 loss from this other experience for the year ended June 30, 2008 amounted to \$42.4 million which is 1.2% 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., 3.75% inflation plus 0.25% real across-the-board salary increase). The UAAL established as of the June 30, 2003 valuation is being amortized over a declining 25-year period. Any new UAAL established on each subsequent valuation after June 30, 2003 as a result of actuarial gains or losses and changes in actuarial assumptions has been amortized over a separate 15-year declining period. The increase in UAAL due to benefit improvements is amortized over 30 years.

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 1/200 of One-Year Average Final Compensation for General Tiers 1 and 2, 1/200 of Three-Year Average Final Compensation for General Tier 3 and 1/200 of One-Year Average Final Compensation for Safety Tiers 1 and 2. That age is 60 for all General Tiers 1 and 2, 55 for all General Tier 3 and 50 for Safety Tiers 1 and 2. In addition, as a result of the Settlement Agreement, 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 is 1/160 of One-Year Average Final Compensation at retirement age 55 for General Tier 1 and 1/160 of One-Year Average Final Compensation 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, 2008						June 30, 2007	
	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	12.87%	\$42,439	3.93%	\$12,959	16.80%	\$55,398	16.84%	\$55,530
UAAL	<u>8.78%</u>	<u>28,952</u>	<u>2.24%</u>	<u>7,387</u>	<u>11.02%</u>	<u>36,339</u>	<u>9.87%</u>	<u>32,547</u>
Total Contribution	21.65%	\$71,391	6.17%	\$20,346	27.82%	\$91,737	26.71%	\$88,077
General Tier 2 Members								
Normal Cost	14.38%	\$955	0.24%	\$16	14.62%	\$971	14.99%	\$995
UAAL	<u>8.78%</u>	<u>583</u>	<u>2.24%</u>	<u>149</u>	<u>11.02%</u>	<u>732</u>	<u>9.87%</u>	<u>655</u>
Total Contribution	23.16%	\$1,538	2.48%	\$165	25.64%	\$1,703	24.86%	\$1,650
General Tier 3 Members								
Normal Cost	13.07%	\$2,562	0.27%	\$53	13.34%	\$2,615	12.99%	\$2,546
UAAL	<u>8.78%</u>	<u>1,721</u>	<u>2.24%</u>	<u>439</u>	<u>11.02%</u>	<u>2,160</u>	<u>9.87%</u>	<u>1,935</u>
Total Contribution	21.85%	\$4,283	2.51%	\$492	24.36%	\$4,775	22.86%	\$4,481
Safety Tier 1 Members								
Normal Cost	19.76%	\$12,763	3.88%	\$2,507	23.64%	\$15,270	23.85%	\$15,405
UAAL	<u>16.99%</u>	<u>10,981</u>	<u>1.55%</u>	<u>1,001</u>	<u>18.55%</u>	<u>11,982</u>	<u>14.71%</u>	<u>9,501</u>
Total Contribution	36.75%	\$23,744	5.43%	\$3,508	42.19%	\$27,252	38.56%	\$24,906
Safety Tier 2 Members								
Normal Cost	22.48%	\$787	0.18%	\$6	22.66%	\$793	21.13%	\$739
UAAL	<u>16.99%</u>	<u>595</u>	<u>1.55%</u>	<u>54</u>	<u>18.55%</u>	<u>649</u>	<u>14.71%</u>	<u>515</u>
Total Contribution	39.47%	\$1,382	1.73%	\$60	41.21%	\$1,442	35.84%	\$1,254
All Categories Combined								
Normal Cost	14.03%	\$59,506	3.67%	\$15,541	17.70%	\$75,047	17.74%	\$75,215
UAAL	<u>10.10%</u>	<u>42,832</u>	<u>2.13%</u>	<u>9,030</u>	<u>12.23%</u>	<u>51,862</u>	<u>10.65%</u>	<u>45,153</u>
Total Contribution	24.13%	\$102,338	5.80%	\$24,571	29.93%	\$126,909	28.39%	\$120,368

*Amounts are in thousands and are based on June 30, 2008 projected annual compensation (also in thousands):

General Tier 1	\$329,752
General Tier 2	6,640
General Tier 3	19,601
Safety Tier 1	64,592
Safety Tier 2	3,499
Total Compensation	<u>\$424,084</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, 2008					June 30, 2007				
	General			Safety		General			Safety	
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2
Normal Cost										
Regular - Basic	10.54%	12.10%	10.85%	15.86%	18.27%	10.68%	12.42%	10.44%	15.99%	17.02%
Regular - COLA	2.33%	2.34%	2.26%	3.89%	4.21%	2.33%	2.37%	2.30%	3.92%	3.90%
Section 6	3.63%	0.00%	0.00%	3.65%	0.00%	3.52%	0.00%	0.00%	3.67%	0.00%
Section 8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Section 9	0.30%	0.18%	0.23%	0.24%	0.18%	0.31%	0.20%	0.25%	0.27%	0.21%
UAAL										
Regular – Basic	5.17%	5.17%	5.17%	5.88%	5.88%	2.00%	2.00%	2.00%	2.22%	2.22%
Regular – COLA	3.61%	3.61%	3.61%	11.12%	11.12%	5.91%	5.91%	5.91%	11.57%	11.57%
Section 6	1.95%	1.95%	1.95%	1.26%	1.26%	1.67%	1.67%	1.67%	0.63%	0.63%
Section 8	0.01%	0.01%	0.01%	0.01%	0.01%	0.04%	0.04%	0.04%	0.04%	0.04%
Section 9	0.28%	0.28%	0.28%	0.28%	0.28%	0.25%	0.25%	0.25%	0.25%	0.25%

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, 2008 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, 2007 to June 30, 2008 (Dollars in Thousands)

	Contribution Rate	Estimated Amount ⁽¹⁾
Recommended Contribution Rate as of June 30, 2007	28.39%	\$120,368
Effect of actuarial experience during 2007/2008:		
1. Effect of investment gain on valuation value of assets	-0.09%	-\$382
2. Effect of one year delay in implementing employer and employee contribution rates calculated in June 30, 2007 valuation	0.44%	1,846
3. Effect of salary increases greater than expected during 2007/2008	0.37%	1,569
4. Effect of reclassification of terminated members to deferred members entitled to a benefit	0.28%	1,187
5. Effect of liability for new retirees higher than expected	0.25%	1,060
6. Effect of refinement of data to calculate continuance benefits for members who elected the temporary annuity option	0.07%	297
7. Effect of other experience (gain)/loss	0.22%	964
Subtotal	1.54%	\$6,541
Recommended Contribution Rate as of June 30, 2008	29.93%	\$126,909

⁽¹⁾ Based on June 30, 2008 projected annual compensation of \$424,084.

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

The member contribution rates as of June 30, 2008 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.

CHART 16
Reconciliation of Recommended Member Contribution from June 30, 2007 to June 30, 2008 (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, 2007	8.39%	\$35,580
1. Effect of elimination of rate for repayment of undercontributions for General Tier 1 members	-0.33%	-1,399
2. Effect of demographic changes	-0.02%	-85
Average Contribution Rate as of June 30, 2008	8.04%	\$34,096

⁽¹⁾ Based on June 30, 2008 projected compensation of \$424,084.

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

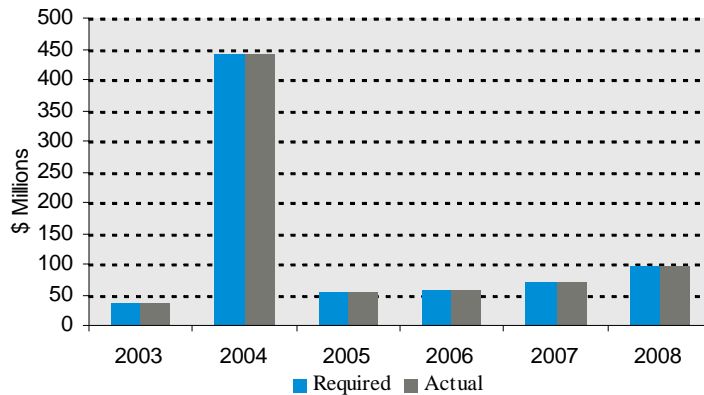
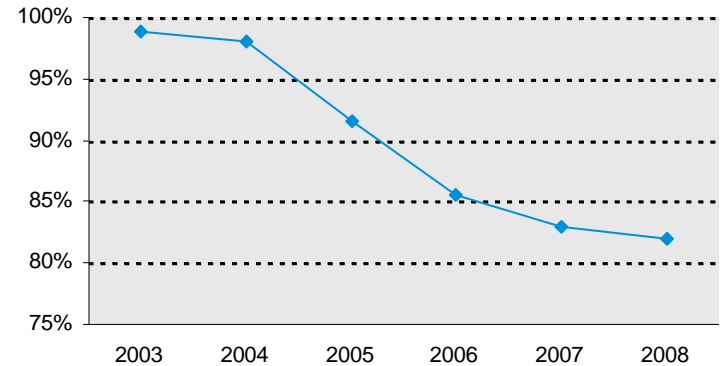


CHART 18
Funded Ratio



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
	2008	2007	
Active members in valuation			
Number	6,117	6,537	-6.4%
Average age	44.8	44.1	N/A
Average service	10.8	10.0	N/A
Projected total compensation ⁽¹⁾	\$329,751,680	\$328,402,533	0.4%
Projected average compensation ⁽¹⁾	\$53,907	\$50,237	7.3%
Member account balances	\$177,167,612	\$166,988,993	6.1%
Vested terminated members			
Number	1,398	1,296	7.9%
Average age	48.1	48.2	N/A
Retired members			
Number in pay status	3,744	3,590	4.3%
Average age	68.5	68.5	N/A
Average monthly benefit ⁽²⁾	\$2,353	\$2,230	5.5%
Disabled members			
Number in pay status	190	187	1.6%
Average age	65.9	65.4	N/A
Average monthly benefit ⁽²⁾	\$1,580	\$1,515	4.3%
Beneficiaries			
Number in pay status	471	447	5.4%
Average age	73.5	73.7	N/A
Average monthly benefit ⁽²⁾	\$1,324	\$1,273	4.0%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation by one-half of the inflation plus across-the-board salary increase plus merit.

⁽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
	2008	2007	
Active members in valuation			
Number	123	300 ⁽²⁾	-59.0%
Average age	39.7	35.9	N/A
Average service	1.8	2.0	N/A
Projected total compensation ⁽¹⁾	\$6,639,503	\$10,964,638	-39.4%
Projected average compensation ⁽¹⁾	\$53,980	\$36,549	47.7%
Member account balances	\$573,316	\$1,014,605	-43.5%
Vested terminated members			
Number	7	6	16.7%
Average age	42.8	48.2	N/A
Retired members			
Number in pay status	2	2	0.0%
Average age	61.3	60.3	N/A
Average monthly benefit	\$3,025	\$2,916	3.7%
Disabled members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	0	0	0.0%
Beneficiaries			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	0	0	0.0%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation by one-half of the inflation plus across-the-board salary increase plus merit.

⁽²⁾ Based on bargaining unit codes U02, U03, U04, U12, U22, U31, and U36, it was anticipated that 230 out of the 300 members would transfer to Tier 3 effective December 2007. Their projected payroll was \$7,544,308 on June 30, 2007.

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

EXHIBIT A

Table of Plan Coverage

iii. General Tier 3

Category	Year Ended June 30		Change From Prior Year
	2008	2007	
Active members in valuation			
Number	547	0	N/A
Average age	35.2	N/A	N/A
Average service	1.6	N/A	N/A
Projected total compensation ⁽¹⁾	\$19,600,926	N/A	N/A
Projected average compensation ⁽¹⁾	\$35,834	N/A	N/A
Member account balances	\$1,444,370	N/A	N/A
Vested terminated members			
Number	1	0	N/A
Average age	30.2	N/A	N/A
Retired members			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	0	0	N/A
Disabled members			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	0	0	N/A
Beneficiaries			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	0	0	N/A

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation by one-half of the inflation plus across-the-board salary increase plus merit.

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

EXHIBIT A

Table of Plan Coverage

iv. Safety Tier 1

Category	Year Ended June 30		Change From Prior Year
	2008	2007	
Active members in valuation			
Number	888	934	-4.9%
Average age	40.6	40.0	N/A
Average service	11.7	11.1	N/A
Projected total compensation ⁽¹⁾	\$64,592,080	\$63,391,979	1.9%
Projected average compensation ⁽¹⁾	\$72,739	\$67,871	7.2%
Member account balances	\$39,888,153	\$39,925,257	-0.1%
Vested terminated members			
Number	134	91	47.3%
Average age	42.4	44.8	N/A
Retired members			
Number in pay status	437	409	6.8%
Average age	64.0	64.1	N/A
Average monthly benefit ⁽²⁾	\$3,849	\$3,682	4.5%
Disabled members			
Number in pay status	123	119	3.4%
Average age	55.7	55.2	N/A
Average monthly benefit ⁽²⁾	\$2,811	\$2,717	3.5%
Beneficiaries			
Number in pay status	79	77	2.6%
Average age	66.4	65.0	N/A
Average monthly benefit ⁽²⁾	\$1,968	\$1,865	5.5%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation by one-half of the inflation plus across-the-board salary increase plus merit.

⁽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

v. Safety Tier 2

Category	Year Ended June 30		Change From Prior Year
	2008	2007	
Active members in valuation			
Number	65	31	109.7%
Average age	30.1	28.1	N/A
Average service	1.2	0.9	N/A
Projected total compensation ⁽¹⁾	\$3,499,113	\$1,517,511	130.6%
Projected average compensation ⁽¹⁾	\$53,833	\$48,952	10.0%
Member account balances	\$301,660	\$94,196	220.2%
Vested terminated members			
Number	1	0	N/A
Average age	28.6	N/A	N/A
Retired members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	0	0	0.0%
Disabled members			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	0	0	0.0%
Beneficiaries			
Number in pay status	0	0	0.0%
Average age	N/A	N/A	N/A
Average monthly benefit	0	0	0.0%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation by one-half of the inflation plus across-the-board salary increase plus merit.

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, 2008**

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	105	105	--	--	--	--	--	--	--	--
	\$34,362	\$34,362	--	--	--	--	--	--	--	--
25 - 29	517	395	119	3	--	--	--	--	--	--
	42,108	41,296	\$44,598	\$50,175	--	--	--	--	--	--
30 - 34	759	298	422	39	--	--	--	--	--	--
	49,108	45,039	51,548	53,796	--	--	--	--	--	--
35 - 39	834	215	386	184	49	--	--	--	--	--
	53,726	48,087	54,223	60,237	\$50,101	--	--	--	--	--
40 - 44	787	158	281	176	150	21	1	--	--	--
	55,007	49,835	53,322	58,451	59,528	\$55,556	\$50,078	--	--	--
45 - 49	902	146	233	185	215	87	35	1	--	--
	56,566	48,418	54,549	57,902	59,439	63,475	61,893	\$64,062	--	--
50 - 54	965	108	236	151	166	122	138	43	1	--
	57,789	47,994	53,702	55,918	57,765	69,162	61,861	65,858	\$70,109	--
55 - 59	822	68	194	126	164	113	83	64	10	--
	59,149	52,476	56,311	54,954	58,614	62,816	64,952	68,271	73,251	--
60 - 64	348	29	102	75	65	43	17	12	5	--
	56,027	50,068	49,941	62,592	53,020	67,482	56,813	63,003	37,419	--
65 - 69	64	12	27	11	6	5	2	--	1	--
	51,561	49,257	52,399	54,844	44,367	56,690	38,544	--	64,062	--
70 & over	14	2	5	1	4	1	--	--	1	--
	56,868	62,837	62,711	32,630	49,397	48,992	--	--	77,710	--
Total	6,117	1,536	2,005	951	819	392	276	120	18	--
	\$53,907	\$45,276	\$52,920	\$57,865	\$57,723	\$64,947	\$62,272	\$66,844	\$62,860	--

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, 2008**

ii. General Tier 2

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	4	4	--	--	--	--	--	--	--
	\$45,084	\$45,084	--	--	--	--	--	--	--
25 - 29	24	23	1	--	--	--	--	--	--
	51,236	51,200	\$52,077	--	--	--	--	--	--
30 - 34	22	22	--	--	--	--	--	--	--
	50,245	50,246	--	--	--	--	--	--	--
35 - 39	22	18	2	1	1	--	--	--	--
	56,441	55,554	63,417	\$70,482	\$44,404	--	--	--	--
40 - 44	6	6	--	--	--	--	--	--	--
	58,449	58,449	--	--	--	--	--	--	--
45 - 49	19	18	1	--	--	--	--	--	--
	50,042	50,618	39,689	--	--	--	--	--	--
50 - 54	12	10	1	1	--	--	--	--	--
	70,062	62,145	144,133	75,161	--	--	--	--	--
55 - 59	10	9	1	--	--	--	--	--	--
	57,917	59,422	44,373	--	--	--	--	--	--
60 - 64	4	3	1	--	--	--	--	--	--
	40,246	37,393	48,808	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
70 & Over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	123	113	7	2	1	--	--	--	--
	\$53,980	\$53,040	\$65,131	\$72,821	\$44,404	--	--	--	--

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, 2008**

iii. General Tier 3

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	71	71	--	--	--	--	--	--	--	--
	\$30,523	\$30,523	--	--	--	--	--	--	--	--
25 - 29	145	142	3	--	--	--	--	--	--	--
	34,940	34,953	\$34,355	--	--	--	--	--	--	--
30 - 34	108	100	8	--	--	--	--	--	--	--
	37,852	37,449	42,897	--	--	--	--	--	--	--
35 - 39	62	54	8	--	--	--	--	--	--	--
	38,368	37,701	42,876	--	--	--	--	--	--	--
40 - 44	57	45	8	4	--	--	--	--	--	--
	35,541	33,019	37,851	\$59,293	--	--	--	--	--	--
45 - 49	43	36	6	1	--	--	--	--	--	--
	34,987	34,166	39,594	36,884	--	--	--	--	--	--
50 - 54	31	24	5	--	2	--	--	--	--	--
	35,667	35,146	37,116	--	\$38,291	--	--	--	--	--
55 - 59	18	16	1	1	--	--	--	--	--	--
	42,390	41,536	35,827	62,624	--	--	--	--	--	--
60 - 64	11	11	--	--	--	--	--	--	--	--
	42,106	42,106	--	--	--	--	--	--	--	--
65 - 69	1	--	1	--	--	--	--	--	--	--
	38,447	--	38,447	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	547	499	40	6	2	--	--	--	--	--
	\$35,834	\$35,267	\$39,737	\$56,113	\$38,291	--	--	--	--	--

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, 2008**

iv. 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	4	4	--	--	--	--	--	--	--
	\$50,071	\$50,071	--	--	--	--	--	--	--
25 - 29	101	78	23	--	--	--	--	--	--
	58,267	54,096	\$72,411	--	--	--	--	--	--
30 - 34	157	42	100	15	--	--	--	--	--
	69,486	57,685	73,926	\$72,930	--	--	--	--	--
35 - 39	185	24	80	70	11	--	--	--	--
	72,546	54,107	73,975	77,964	\$67,899	--	--	--	--
40 - 44	166	9	32	59	62	4	--	--	--
	74,822	53,998	67,641	76,168	79,548	\$86,000	--	--	--
45 - 49	135	7	19	19	50	27	13	--	--
	77,863	57,356	77,103	74,581	74,667	85,651	\$90,926	--	--
50 - 54	87	--	5	7	25	13	29	8	--
	83,636	--	65,170	66,009	73,938	88,837	91,273	\$104,768	--
55 - 59	37	4	6	5	14	2	3	2	1
	76,741	52,688	72,305	78,776	78,614	99,784	78,821	67,586	\$129,138
60 - 64	14	--	2	8	3	1	--	--	--
	70,956	--	59,160	72,551	75,181	69,116	--	--	--
65 - 69	2	--	--	2	--	--	--	--	--
	67,771	--	--	67,771	--	--	--	--	--
70 & Over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	888	168	267	185	165	47	45	10	1
	\$72,739	\$54,996	\$72,972	\$75,861	\$76,284	\$86,811	\$90,343	\$97,332	\$129,138

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, 2008**

v. Safety Tier 2

Age	Years of Service						
	Total	0-4	5-9	10-14	15-19	20-24	25-29
Under 25	17	17	--	--	--	--	--
	\$50,848	\$50,848	--	--	--	--	--
25 - 29	26	26	--	--	--	--	--
	55,637	55,637	--	--	--	--	--
30 - 34	9	9	--	--	--	--	--
	48,473	48,474	--	--	--	--	--
35 - 39	6	6	--	--	--	--	--
	47,060	47,060	--	--	--	--	--
40 - 44	3	3	--	--	--	--	--
	60,806	60,806	--	--	--	--	--
45 - 49	2	2	--	--	--	--	--
	74,968	74,968	--	--	--	--	--
50 - 54	2	2	--	--	--	--	--
	68,585	68,585	--	--	--	--	--
55 - 59	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
70 & Over	--	--	--	--	--	--	--
	--	--	--	--	--	--	--
Total	65	65	--	--	--	--	--
	\$53,833	\$53,833	--	--	--	--	--

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

EXHIBIT C

Reconciliation of Member Data – June 30, 2007 to June 30, 2008

	Active Members	Vested Terminated Members	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2007	7,802	1,393	4,001	306	524	14,026
New members	533	0	0	0	0	533
Terminations – with vested rights	-155	155	0	0	0	0
Contributions refunds	-235	-31	0	0	0	-266
Retirements	-200	-81	281	0	0	0
New disabilities	-6	-2	-4	12	0	0
Return to work	10	-10	0	0	0	0
Died with or without beneficiary	-9	-4	-103	-7	28	-95
Data adjustments	0	121*	8	2	-2	129
Number as of June 30, 2008	7,740	1,541	4,183	313	550	14,327

* Previously reported as terminated non-vested and reclassified as deferred vested members entitled to a vested retirement benefit

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,	
	2008	2007
Contribution income:		
Employer contributions	\$97,305,345	\$69,996,591
Employee contributions	<u>30,271,857</u>	<u>33,528,144</u>
Contribution income	\$127,577,202	\$103,524,735
Investment income:		
Interest, dividends and other income	\$90,975,032	\$90,270,568
Adjustment toward market value	197,661,292	184,585,894
Less investment and administrative fees	<u>-16,760,153</u>	<u>-15,038,177</u>
Net investment income	<u>271,876,171</u>	<u>259,818,285</u>
Total income available for benefits	\$399,453,373	\$363,343,020
Less benefit payments:		
Service retirement	-\$131,265,098	-\$119,850,689
Death payments	-1,101,299	-1,180,861
Supplemental cost of living	-1,466,039	-1,597,165
Members refunds	-6,072,397	-2,112,627
Health insurance subsidies	<u>-9,239,764</u>	<u>-8,851,308</u>
Benefit payments	-\$149,144,596	-\$133,592,651
Change in reserve for future benefits	\$250,308,776	\$229,750,369

Note: Does not reflect reduction of \$3,169,000 for net overpayment of member contributions discounted to June 30, 2007.

Results may not total properly due to rounding.

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

EXHIBIT E

Summary Statement of Assets

	Year Ended June 30,	
	2008	2007
Cash equivalents	\$106,760,844	\$154,228,885
Accounts receivable:		
Investment trades	\$147,229,738	\$110,066,140
Interest and dividends	7,922,515	7,550,675
Contributions and others	7,655,976	15,250,092
Securities lending	<u>1,041,081</u>	<u>1,933,042</u>
Total accounts receivable	163,849,309	134,799,949
Investments:		
Equities	\$1,550,053,792	\$1,853,717,358
Fixed income	765,518,313	728,699,279
Real estate	105,607,492	103,897,729
Securities lending collateral	357,748,067	445,448,537
Capital assets	2,405,436	2,453,804
Others	<u>234,462,928</u>	<u>157,801,716</u>
Total investments at market value	<u>3,015,796,028</u>	<u>3,292,018,422</u>
Total assets	\$3,286,406,181	\$3,581,047,256
Less accounts payable:		
Investment trades	-\$198,588,488	-\$179,298,842
Cash collateral payable for securities lending	-357,748,067	-445,448,537
Securities lending bank and broker fees	-682,924	-1,801,106
Others	<u>-2,781,361</u>	<u>-15,846,478</u>
Total accounts payable	-\$559,800,839	-\$642,394,962
Net assets at market value	<u>\$2,726,605,343</u>	<u>\$2,938,652,293</u>
Net assets at actuarial value	<u>\$2,942,899,807</u>	<u>\$2,692,591,031</u>
Net assets at valuation value	<u>\$2,812,423,157</u>	<u>\$2,613,438,213</u>

Note: June 30, 2007 values do not reflect reduction of \$3,169,000 for net overpayment of member contributions discounted to June 30, 2007.

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 the 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	Regular	Section 6	Section 8	Section 9	Total
1. Total valuation assets	\$2,210,778	\$469,226	\$101,587	\$30,832	\$2,812,423
2. Present value of future contributions by members	\$203,642	\$67,134	\$0	\$0	\$270,776
3. Present value of future employer contributions for:					
a. entry age normal cost	\$432,424	\$96,449	\$0	\$7,968	\$536,841
b. unfunded actuarial accrued liability	\$466,127	\$131,809	\$616	\$19,015	\$617,567
4. Total current and future assets	\$3,312,971	\$764,618	\$102,203	\$57,815	\$4,237,607
Liabilities					
5. Present value of benefits already granted	\$1,355,547	\$226,500	\$102,203	\$30,815	\$1,715,065
6. Present value of benefits to be granted - deferred members	\$130,043	\$47,232	\$0	\$2,684	\$179,959
- active members	\$1,827,381	\$490,886	\$0	\$24,316	\$2,342,583
7. Total liabilities	\$3,312,971	\$764,618	\$102,203	\$57,815	\$4,237,607

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

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2008

	Reserves
Used in Development of Valuation Value of Assets	
<i>Regular Valuation Reserves</i>	
Members' Accumulated Contributions	\$306,953,114
Current Service Reserve	577,436,079
Annuity Pension Reserve	110,934,228
Current Service Pension Reserve	696,705,589
Cost of Living Reserve	517,740,202
Survivors' Death Benefit Reserve	1,009,476
Subtotal	<u>\$2,210,778,688</u>
<i>Settlement Reserves (Section 6)</i>	
Supplemental Annuity Reserve	\$317,617,258
Members' Accumulated Contributions	28,866,723
Current Service Reserve	120,468,097
Annuity Pension Reserve	2,273,446
Subtotal	<u>\$469,225,524</u>
<i>Supplemental Benefit Reserve (Section 8)</i>	
	\$101,586,718
<i>Retiree Health Insurance Reserve (Section 9)</i>	
	<u>\$30,832,227</u>
Total	<u>\$2,812,423,157</u>
Not Used in Development of Valuation Value of Assets	
<i>Supplemental COLA</i>	
	\$7,730,143
<i>Retiree Health Insurance Reserves</i>	
	52,845,326
<i>Contingency Reserve</i>	
	27,265,053
<i>Board Contingency Reserve/Undistributed Earnings ("Available Earnings")</i>	
	42,636,128
<i>Market Stabilization Reserve</i>	
	<u>(216,294,465)</u>
Total	\$(85,817,815)
Grand Total	\$2,726,605,343

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

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability as of June 30, 2008

	(Dollar amounts in Thousands)
1 Unfunded actuarial accrued liability at beginning of year	\$539,301
2 Gross Normal Cost payable at middle of year	108,668
3 Actual employer and member contributions	-127,577
4 Interest (full year on (1) plus half year on (2) + (3))	<u>42,388</u>
5 Expected unfunded actuarial accrued liability at end of year	\$562,780
6 Actuarial (gain)/loss due to all changes:	
<u>Experience (gain)/loss</u>	
a. Gain from investment return	-\$4,483
b. Higher than expected salary increase	22,384
c. Higher than expected liability for new retirees	11,941
d. Other experience (gain)/loss	<u>8,057</u>
e. Subtotal	\$37,899
<u>Other changes</u>	
f. Reclassification of terminated members to deferred members entitled to a benefit	13,254
g. Refinement of data to calculate continuance benefits for members who elected the temporary annuity option	<u>3,634</u>
h. Subtotal	\$16,888
7 Actual unfunded actuarial accrued liability at end of year (5) + (6e) + (6h)	\$617,567

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 \$185,000 for 2008 and \$195,000 for 2009. 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 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; and
- (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 gains and losses on the market value of assets 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
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%
2007	70	70	100.0%
2008	97	97	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) (a) - (b)	Funded Ratio (%) (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) [(a) - (b)] / (c)
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
6/30/2007	2,610,269 ⁽³⁾	3,149,570	539,301	82.9	404,277	133.4
6/30/2008	2,812,423	3,429,990	617,567	82.0	424,083	145.6

⁽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.

⁽³⁾ After decreasing assets by \$3,169 for a net overpayment of member contributions discounted to June 30, 2007.

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

EXHIBIT III

Supplementary Information Required by GASB

Valuation date	June 30, 2008
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period	25 years (declining) for UAAL established as of June 30, 2003 plus 15 years (declining) for UAAL and change in actuarial assumption established on each subsequent valuation. The increase in UAAL due to benefit improvements is amortized over 30 years.
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	8.00%
Inflation rate	3.75%
Real across-the-board salary increase	0.25%
Projected salary increases*	General: 4.90% to 10.00% and Safety: 5.25% to 10.00%
Cost of living adjustments	3.00% of retirement income
Plan membership:	
Retired members and beneficiaries receiving benefits	5,046
Terminated members entitled to, but not yet receiving benefits	1,541
Active members	<u>7,740</u>
Total	14,327

* Includes inflation at 3.75% plus real across-the-board salary increase of 0.25% 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 set back two years.

Disabled:

For General Members: RP-2000 Disabled Annuitant Mortality set back one year.

For Safety Members: RP-2000 Disabled Annuitant Mortality set back two years.

*Employee Contribution Rates
and Optional Benefits:*

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

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

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

Please note that in determining optional benefits for disabled members the RP-2000 Disabled Annuitant Mortality Table set back one year for General members and set back two years for Safety members is used instead.

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	0.04	0.02	0.04	0.02
30	0.04	0.03	0.04	0.02
35	0.06	0.05	0.09	0.04
40	0.09	0.06	0.13	0.07
45	0.13	0.10	0.16	0.12
50	0.20	0.16	0.21	0.17
55	0.33	0.26	0.33	0.24
60	0.56	0.47	0.64	0.38
65	1.11	0.87	1.23	0.80

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

⁽²⁾ Rates shown are for non-service deaths. An additional 0.10% per year is used to predict service connected death for Safety members (male and female).

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	0.01
25	0.01	0.01	0.10
30	0.02	0.02	0.20
35	0.02	0.06	0.37
40	0.05	0.10	0.60
45	0.18	0.14	0.82
50	0.31	0.18	1.20
55	0.44	0.26	2.36
60	0.92	0.42	1.20

⁽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):

Rate (%)
Total Termination (< 5 Years of Service)

Years of Service	General		Safety
	Male	Female	Male and Female
0	10.00	11.00	9.00
1	7.00	9.00	6.00
2	7.00	7.00	5.00
3	6.00	6.00	4.00
4	6.00	6.00	4.00

Rate (%)
Total Termination (5+ Years of Service)

Age	General		Safety
	Male	Female	Male and Female
20	5.00	7.00	4.00
25	5.00	7.00	4.00
30	5.00	7.00	3.70
35	4.70	6.10	3.20
40	4.50	4.90	2.70
45	4.20	4.20	1.60
50	3.40	3.40	1.00
55	2.40	2.40	0.00
60	2.00	2.00	0.00

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

Termination Rates Before Retirement (Continued):

**Proportion of Total Termination Assumed to
Receive Refunds and Deferred Vested Benefits (%)**

Years of Service	Refunds	Deferred Vested Benefits
0-4	85.00	15.00
5-9	30.00	70.00
10-14	30.00	70.00
15-19	30.00	70.00
20 or more	30.00	70.00

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	General Tier 3 Male & Female	Safety Tiers 1 and 2 Male & Female
45	0.00	0.00	0.00	0.00	1.00
46	0.00	0.00	0.00	0.00	1.00
47	0.00	0.00	0.00	0.00	1.00
48	0.00	0.00	0.00	0.00	1.00
49	0.00	0.00	0.00	0.00	3.00
50	4.00	4.00	3.00	3.00	5.00
51	4.00	4.00	3.00	3.00	6.00
52	4.00	4.00	3.60	3.60	9.00
53	4.00	4.00	3.60	3.60	14.00
54	4.00	4.00	4.20	4.20	25.00
55	7.00	10.00	8.40	8.40	45.00
56	11.00	12.00	10.00	10.00	35.00
57	16.00	12.00	10.00	10.00	25.00
58	20.00	15.00	10.00	10.00	30.00
59	25.00	16.00	10.00	15.00	40.00
60	30.00	22.00	15.00	19.20	100.00
61	30.00	25.00	15.00	19.20	100.00
62	34.00	40.00	25.00	34.20	100.00
63	34.00	25.00	24.00	23.70	100.00
64	34.00	22.00	24.00	23.70	100.00
65	43.00	30.00	35.00	43.30	100.00
66	48.00	35.00	34.00	33.30	100.00
67	53.00	40.00	34.00	33.30	100.00
68	60.00	45.00	35.00	40.00	100.00
69	70.00	50.00	35.00	46.70	100.00
70	100.00	100.00	100.00	100.00	100.00

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

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

General: Age 58
Safety: Age 55

We assume that 40% of future General and 55% of future Safety deferred vested members will continue to work for a reciprocal employer. For these members, we assume 4.90% and 5.25% 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:

40 hours per year of service.

Annual Leave Plan II:

25 hours per year of service.

Vacation/Sick Leave Plans:

20 hours per year of service for General and 45 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:

80% of male members; 55% of female members.

Age of Spouse:

Wives are 3 years younger than their husbands.

Net Investment Return:

8.00%, net of administration and investment expenses

**Employee Contribution
Crediting Rate:**

3.00%, compounded semi-annually.

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

Consumer Price Index: Increase of 3.75% per year, retiree COLA increases due to CPI subject to a 3.00% maximum change per year for all General and Safety.

Salary Increases:

Annual Rate of Compensation Increase		
Inflation: 3.75%; an additional 0.25% “across the board” salary increases (other than inflation); plus the following Merit and Longevity increases based on service.		
Service	General	Safety
0	6.00%	6.00%
1	5.50%	5.00%
2	5.25%	3.50%
3	5.00%	3.50%
4	4.75%	3.50%
5	1.50%	3.50%
6	1.25%	3.50%
7	1.00%	3.50%
8 or more	0.90%	1.25%

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.

Changes in Actuarial Assumptions: There have been no changes in actuarial assumptions since the previous actuarial valuation.

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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.
<i>General Tier 3</i>	General members of certain bargaining units hired after December 17, 2007 and those eligible Tier 2 members hired on or before December 17, 2007 who elect to transfer to Tier 3.

Final Compensation for Benefit Determination:

<i>General and Safety Tiers 1 & 2</i>	Highest one-year average final compensation (§31462.1) (FAS1).
<i>General Tier 3</i>	Highest three-year average final compensation (§31462) (FAS3).

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).

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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 §31676.12 and</i>	55	$(2.50\% \times \text{FAS1} - 1/3 \times 2.50\% \times \$350 \times 12) \times \text{Yrs}$
<i>Settlement benefit under §31676.14 and §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	$(2.42\% \times \text{FAS1} - 1/3 \times 2.42\% \times \$350 \times 12) \times \text{Yrs}$
	Retirement Age	Benefit Formula
<i>General Tier 3 (§31676.15)</i>	50	$(1.49\% \times \text{FAS3} - 1/3 \times 1.49\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(2.00\% \times \text{FAS3} - 1/3 \times 2.00\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.62\% \times \text{FAS3} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.82\% \times \text{FAS3} - 1/3 \times 2.82\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(3.13\% \times \text{FAS3} - 1/3 \times 3.13\% \times \$350 \times 12) \times \text{Yrs}$

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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, §31676.15, §31664 and §31664.2).

Ordinary Disability:

General Tier 1, Tier 2 and Tier 3

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).

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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 Tiers 1, 2 & 3 and

Safety Tiers 1 & 2

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

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

Conversion of Annual Leave

General members

Annual Leave Plan II (5Y)	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 (5Y)	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 (5Q, 5S and 5W)	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 (5O)	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 (5Y)	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 (5Y)	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 (5Q, 5S and 5W)	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.

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Annual Leave IV Plan or the Old Annual Leave Plan (50)	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.
County Contributions:	The amortization period for Unfunded Actuarial Accrued Liability established as of June 30, 2003 is amortized over a declining 25-year period. The amortization period for Unfunded Actuarial Accrued Liability established as a result of the Tier 3 benefit improvement is amortized over 30 years. The amortization period for UAAL established on each subsequent valuation as a result of actuarial gains or losses and changes in actuarial assumptions 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 31676.12 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.
<i>General Tier 1</i>	
<i>Regular Basic</i>	Provide for an average annuity at age 60 equal to 1/200 of FAS1 (§31621.5).
<i>Regular Plus Settlement Basic</i>	Provide for an average annuity at age 55 equal to 1/160 of FAS1 (§31627).
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

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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.

General Tier 3

Basic Provide for an average annuity at age 55 equal to 1/200 of FAS3 (§31621.6 and §31630).
Cost-of-Living Provide for one-half of future Cost-of-Living costs.

Safety Tier 1

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

Safety Tier 2

Basic Provide for an average annuity at age 50 equal to 1/200 of FAS1 (§31639.5).
Cost-of-Living 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, 2008 (New) and June 30, 2007 (Current) Valuations

General Tier 1				General Tier 2			
Entry Age	Current ⁽²⁾	New	Change	Entry Age	Current	New	Change
25	7.28%	6.84%	-0.44%	25	4.42%	4.45%	0.03%
35	8.57%	8.12%	-0.45%	35	5.25%	5.29%	0.04%
45	10.23%	9.77%	-0.46%	45	6.26%	6.30%	0.04%

General Tier 3			
Entry Age	Current	New	Change
25	5.28%	5.39%	0.11%
35	6.27%	6.40%	0.13%
45	7.55%	7.71%	0.16%

Safety Tier 1				Safety Tier 2			
Entry Age	Current	New	Change	Entry Age	Current	New	Change
25	9.47%	9.44%	-0.03%	25	8.12%	8.21%	0.09%
30	10.23%	10.20%	-0.03%	30	8.77%	8.87%	0.10%
35	11.10%	11.06%	-0.04%	35	9.52%	9.62%	0.10%

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

⁽²⁾ Includes an additional contribution of 0.43% of all payroll for repayment of undercontributions from General Tier 1 members.

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Appendix A

Member Contribution Rates (Continued)

**General Tier 1 Members' Contribution Rates based on the June 30, 2008
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	1.70%	2.55%	1.07%	1.61%	0.78%	1.17%	0.34%	0.51%	3.89%	5.84%
16	1.70%	2.55%	1.07%	1.61%	0.78%	1.17%	0.34%	0.51%	3.89%	5.84%
17	1.73%	2.60%	1.09%	1.64%	0.79%	1.19%	0.35%	0.52%	3.96%	5.95%
18	1.76%	2.64%	1.11%	1.67%	0.81%	1.21%	0.35%	0.53%	4.03%	6.05%
19	1.79%	2.69%	1.13%	1.70%	0.82%	1.23%	0.36%	0.54%	4.10%	6.16%
20	1.82%	2.74%	1.15%	1.73%	0.83%	1.25%	0.37%	0.55%	4.17%	6.27%
21	1.86%	2.79%	1.17%	1.76%	0.85%	1.27%	0.37%	0.56%	4.25%	6.38%
22	1.89%	2.84%	1.19%	1.79%	0.86%	1.29%	0.38%	0.57%	4.32%	6.49%
23	1.92%	2.89%	1.21%	1.82%	0.88%	1.32%	0.39%	0.58%	4.40%	6.61%
24	1.96%	2.94%	1.24%	1.86%	0.89%	1.34%	0.39%	0.59%	4.48%	6.73%
25	1.99%	2.99%	1.26%	1.89%	0.91%	1.36%	0.40%	0.60%	4.56%	6.84%
26	2.03%	3.04%	1.28%	1.92%	0.92%	1.38%	0.41%	0.61%	4.64%	6.95%
27	2.06%	3.09%	1.31%	1.96%	0.94%	1.41%	0.41%	0.62%	4.72%	7.08%
28	2.10%	3.15%	1.33%	1.99%	0.95%	1.43%	0.42%	0.63%	4.80%	7.20%
29	2.14%	3.20%	1.35%	2.02%	0.97%	1.46%	0.43%	0.64%	4.89%	7.32%
30	2.17%	3.26%	1.37%	2.06%	0.99%	1.48%	0.43%	0.65%	4.96%	7.45%
31	2.21%	3.32%	1.40%	2.10%	1.00%	1.51%	0.44%	0.66%	5.05%	7.59%
32	2.25%	3.37%	1.42%	2.13%	1.02%	1.53%	0.45%	0.67%	5.14%	7.70%

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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	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
33	2.29%	3.43%	1.45%	2.17%	1.04%	1.56%	0.46%	0.69%	5.24%	7.85%
34	2.33%	3.49%	1.47%	2.21%	1.06%	1.59%	0.47%	0.70%	5.33%	7.99%
35	2.37%	3.55%	1.50%	2.25%	1.08%	1.62%	0.47%	0.71%	5.42%	8.13%
36	2.41%	3.61%	1.52%	2.28%	1.10%	1.65%	0.48%	0.72%	5.51%	8.26%
37	2.45%	3.68%	1.55%	2.32%	1.12%	1.68%	0.49%	0.74%	5.61%	8.42%
38	2.49%	3.74%	1.57%	2.36%	1.14%	1.71%	0.50%	0.75%	5.70%	8.56%
39	2.54%	3.81%	1.61%	2.41%	1.16%	1.74%	0.51%	0.77%	5.82%	8.73%
40	2.58%	3.87%	1.63%	2.45%	1.18%	1.78%	0.52%	0.78%	5.91%	8.88%
41	2.63%	3.94%	1.66%	2.49%	1.21%	1.81%	0.53%	0.80%	6.03%	9.04%
42	2.67%	4.01%	1.69%	2.54%	1.23%	1.85%	0.54%	0.81%	6.13%	9.21%
43	2.72%	4.08%	1.72%	2.58%	1.26%	1.89%	0.55%	0.83%	6.25%	9.38%
44	2.77%	4.16%	1.75%	2.63%	1.29%	1.94%	0.57%	0.85%	6.38%	9.58%
45	2.82%	4.23%	1.79%	2.68%	1.33%	1.99%	0.59%	0.88%	6.53%	9.78%
46	2.87%	4.31%	1.82%	2.73%	1.37%	2.05%	0.60%	0.90%	6.66%	9.99%
47	2.93%	4.39%	1.85%	2.78%	1.41%	2.12%	0.62%	0.93%	6.81%	10.22%
48	2.99%	4.48%	1.89%	2.83%	1.45%	2.18%	0.64%	0.96%	6.97%	10.45%
49	3.05%	4.57%	1.93%	2.89%	1.50%	2.25%	0.66%	0.99%	7.14%	10.70%
50	3.11%	4.66%	1.97%	2.95%	1.43%	2.14%	0.63%	0.94%	7.14%	10.69%
51	3.18%	4.77%	2.01%	3.01%	1.34%	2.02%	0.59%	0.89%	7.12%	10.69%
52	3.25%	4.88%	2.05%	3.08%	1.25%	1.87%	0.55%	0.82%	7.10%	10.65%
53	3.33%	4.99%	2.11%	3.16%	1.15%	1.72%	0.51%	0.76%	7.10%	10.63%
54	3.41%	5.11%	2.15%	3.23%	1.03%	1.54%	0.45%	0.68%	7.04%	10.56%

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
55	3.40%	5.10%	2.15%	3.22%	1.03%	1.54%	0.45%	0.68%	7.03%	10.54%
56	3.39%	5.08%	2.14%	3.21%	1.03%	1.54%	0.45%	0.68%	7.01%	10.51%
57	3.37%	5.06%	2.13%	3.20%	1.03%	1.54%	0.45%	0.68%	6.98%	10.48%
58	3.35%	5.03%	2.12%	3.18%	1.03%	1.54%	0.45%	0.68%	6.95%	10.43%
59	3.32%	4.98%	2.10%	3.15%	1.03%	1.54%	0.45%	0.68%	6.90%	10.35%

Interest: 8.00% 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 (3.75%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV)
 COLA Loading Factor: 63.22% for Regular Benefits, 43.98% 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, 2008
Actuarial Valuation as a percentage of payroll**

Age	Basic Regular	Basic Regular	COLA	COLA	Combined	Combined
	First \$350 per month	Over \$350 per month	Regular First \$350 per month	Regular Over \$350 per month	First \$350 per month	Over \$350 per month
15	1.42%	2.12%	1.11%	1.67%	2.53%	3.79%
16	1.42%	2.12%	1.11%	1.67%	2.53%	3.79%
17	1.44%	2.16%	1.13%	1.70%	2.57%	3.86%
18	1.47%	2.20%	1.15%	1.73%	2.62%	3.93%
19	1.49%	2.24%	1.17%	1.76%	2.66%	4.00%
20	1.52%	2.28%	1.19%	1.79%	2.71%	4.07%
21	1.55%	2.32%	1.21%	1.82%	2.76%	4.14%
22	1.58%	2.36%	1.24%	1.86%	2.82%	4.22%
23	1.60%	2.40%	1.26%	1.89%	2.86%	4.29%
24	1.63%	2.45%	1.28%	1.92%	2.91%	4.37%
25	1.66%	2.49%	1.31%	1.96%	2.97%	4.45%
26	1.69%	2.53%	1.33%	1.99%	3.02%	4.52%
27	1.72%	2.58%	1.35%	2.03%	3.07%	4.61%
28	1.75%	2.62%	1.37%	2.06%	3.12%	4.68%
29	1.78%	2.67%	1.40%	2.10%	3.18%	4.77%

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
30	1.81%	2.72%	1.42%	2.13%	3.23%	4.85%
31	1.84%	2.76%	1.45%	2.17%	3.29%	4.93%
32	1.87%	2.81%	1.47%	2.21%	3.34%	5.02%
33	1.91%	2.86%	1.50%	2.25%	3.41%	5.11%
34	1.94%	2.91%	1.53%	2.29%	3.47%	5.20%
35	1.97%	2.96%	1.55%	2.33%	3.52%	5.29%
36	2.01%	3.01%	1.58%	2.37%	3.59%	5.38%
37	2.04%	3.06%	1.61%	2.41%	3.65%	5.47%
38	2.08%	3.12%	1.63%	2.45%	3.71%	5.57%
39	2.11%	3.17%	1.66%	2.49%	3.77%	5.66%
40	2.15%	3.23%	1.69%	2.54%	3.84%	5.77%
41	2.19%	3.28%	1.72%	2.58%	3.91%	5.86%
42	2.23%	3.34%	1.75%	2.63%	3.98%	5.97%
43	2.27%	3.40%	1.78%	2.67%	4.05%	6.07%
44	2.31%	3.46%	1.81%	2.72%	4.12%	6.18%
45	2.35%	3.53%	1.85%	2.77%	4.20%	6.30%
46	2.39%	3.59%	1.88%	2.82%	4.27%	6.41%
47	2.44%	3.66%	1.92%	2.88%	4.36%	6.54%
48	2.49%	3.73%	1.95%	2.93%	4.44%	6.66%
49	2.54%	3.81%	1.99%	2.99%	4.53%	6.80%

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	2.59%	3.89%	2.03%	3.05%	4.62%	6.94%
51	2.65%	3.97%	2.08%	3.12%	4.73%	7.09%
52	2.71%	4.07%	2.13%	3.19%	4.84%	7.26%
53	2.77%	4.16%	2.18%	3.27%	4.95%	7.43%
54	2.84%	4.26%	2.23%	3.35%	5.07%	7.61%
55	2.83%	4.25%	2.23%	3.34%	5.06%	7.59%
56	2.82%	4.24%	2.22%	3.33%	5.04%	7.57%
57	2.81%	4.22%	2.21%	3.31%	5.02%	7.53%
58	2.79%	4.19%	2.19%	3.29%	4.98%	7.48%
59	2.77%	4.15%	2.17%	3.26%	4.94%	7.41%

Interest: 8.00% 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 (3.75%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV)
 COLA Loading Factor: 78.57% for Regular Benefits

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

Appendix A

Member Contribution Rates (Continued)

General Tier 3 Members' Contribution Rates based on the June 30, 2008 Actuarial Valuation as a percentage of payroll

Age	Basic Regular	Basic Regular	COLA	COLA	Combined	Combined
	First \$350 per month	Over \$350 per month	Regular First \$350 per month	Regular Over \$350 per month	First \$350 per month	Over \$350 per month
15	1.89%	2.84%	1.18%	1.77%	3.07%	4.61%
16	1.89%	2.84%	1.18%	1.77%	3.07%	4.61%
17	1.93%	2.89%	1.20%	1.80%	3.13%	4.69%
18	1.96%	2.94%	1.22%	1.83%	3.18%	4.77%
19	1.99%	2.99%	1.24%	1.86%	3.23%	4.85%
20	2.03%	3.04%	1.27%	1.90%	3.30%	4.94%
21	2.06%	3.10%	1.29%	1.93%	3.35%	5.03%
22	2.10%	3.15%	1.31%	1.96%	3.41%	5.11%
23	2.14%	3.21%	1.33%	2.00%	3.47%	5.21%
24	2.17%	3.26%	1.35%	2.03%	3.52%	5.29%
25	2.21%	3.32%	1.38%	2.07%	3.59%	5.39%
26	2.25%	3.38%	1.41%	2.11%	3.66%	5.49%
27	2.29%	3.44%	1.43%	2.14%	3.72%	5.58%
28	2.33%	3.50%	1.45%	2.18%	3.78%	5.68%
29	2.37%	3.56%	1.48%	2.22%	3.85%	5.78%

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

Age	Basic Regular	Basic Regular	COLA	COLA	Combined	Combined
	First \$350 per month	Over \$350 per month	Regular First \$350 per month	Regular Over \$350 per month	First \$350 per month	Over \$350 per month
30	2.41%	3.62%	1.51%	2.26%	3.92%	5.88%
31	2.45%	3.68%	1.53%	2.29%	3.98%	5.97%
32	2.50%	3.74%	1.55%	2.33%	4.05%	6.07%
33	2.54%	3.81%	1.59%	2.38%	4.13%	6.19%
34	2.58%	3.88%	1.61%	2.42%	4.19%	6.30%
35	2.63%	3.94%	1.64%	2.46%	4.27%	6.40%
36	2.68%	4.01%	1.67%	2.50%	4.35%	6.51%
37	2.72%	4.09%	1.70%	2.55%	4.42%	6.64%
38	2.77%	4.16%	1.73%	2.59%	4.50%	6.75%
39	2.82%	4.23%	1.76%	2.64%	4.58%	6.87%
40	2.87%	4.31%	1.79%	2.69%	4.66%	7.00%
41	2.93%	4.39%	1.83%	2.74%	4.76%	7.13%
42	2.98%	4.47%	1.86%	2.79%	4.84%	7.26%
43	3.04%	4.56%	1.89%	2.84%	4.93%	7.40%
44	3.10%	4.65%	1.93%	2.90%	5.03%	7.55%
45	3.17%	4.75%	1.97%	2.96%	5.14%	7.71%
46	3.23%	4.85%	2.01%	3.02%	5.24%	7.87%
47	3.30%	4.95%	2.06%	3.09%	5.36%	8.04%
48	3.34%	5.01%	2.08%	3.12%	5.42%	8.13%
49	3.35%	5.03%	2.09%	3.13%	5.44%	8.16%

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

Age	Basic Regular	Basic Regular	COLA	COLA	Combined	Combined
	First \$350 per month	Over \$350 per month	Regular First \$350 per month	Regular Over \$350 per month	First \$350 per month	Over \$350 per month
50	3.34%	5.01%	2.08%	3.12%	5.42%	8.13%
51	3.32%	4.98%	2.07%	3.10%	5.39%	8.08%
52	3.29%	4.94%	2.05%	3.08%	5.34%	8.02%
53	3.42%	5.13%	2.13%	3.20%	5.55%	8.33%
54	3.55%	5.32%	2.21%	3.32%	5.76%	8.64%

Interest: 8.00% 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 (3.75%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV)
 COLA Loading Factor: 62.34% 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, 2008
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	2.40%	3.60%	2.09%	3.13%	0.60%	0.90%	0.39%	0.59%	5.48%	8.22%
16	2.40%	3.60%	2.09%	3.13%	0.60%	0.90%	0.39%	0.59%	5.48%	8.22%
17	2.44%	3.66%	2.12%	3.18%	0.61%	0.91%	0.40%	0.60%	5.57%	8.35%
18	2.48%	3.71%	2.15%	3.23%	0.62%	0.93%	0.41%	0.61%	5.66%	8.48%
19	2.51%	3.77%	2.19%	3.28%	0.63%	0.94%	0.41%	0.62%	5.74%	8.61%
20	2.55%	3.83%	2.22%	3.33%	0.64%	0.96%	0.42%	0.63%	5.83%	8.75%
21	2.59%	3.89%	2.25%	3.38%	0.65%	0.97%	0.43%	0.64%	5.92%	8.88%
22	2.63%	3.95%	2.29%	3.43%	0.66%	0.99%	0.43%	0.64%	6.01%	9.01%
23	2.67%	4.01%	2.32%	3.48%	0.67%	1.00%	0.43%	0.65%	6.09%	9.14%
24	2.71%	4.07%	2.36%	3.54%	0.68%	1.02%	0.44%	0.66%	6.19%	9.29%
25	2.76%	4.14%	2.39%	3.59%	0.69%	1.03%	0.45%	0.68%	6.29%	9.44%
26	2.80%	4.20%	2.43%	3.65%	0.70%	1.05%	0.46%	0.69%	6.39%	9.59%
27	2.84%	4.27%	2.47%	3.71%	0.71%	1.07%	0.47%	0.70%	6.49%	9.75%
28	2.89%	4.33%	2.51%	3.76%	0.72%	1.08%	0.47%	0.71%	6.59%	9.88%
29	2.93%	4.40%	2.55%	3.82%	0.73%	1.10%	0.48%	0.72%	6.69%	10.04%
30	2.98%	4.47%	2.59%	3.88%	0.75%	1.12%	0.49%	0.73%	6.81%	10.20%
31	3.03%	4.54%	2.63%	3.95%	0.76%	1.14%	0.49%	0.74%	6.91%	10.37%
32	3.08%	4.62%	2.67%	4.01%	0.77%	1.15%	0.50%	0.75%	7.02%	10.53%
33	3.13%	4.69%	2.72%	4.08%	0.78%	1.17%	0.51%	0.77%	7.14%	10.71%
34	3.18%	4.77%	2.76%	4.14%	0.79%	1.19%	0.52%	0.78%	7.25%	10.88%

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

Age	Basic Regular	Basic Regular	COLA Regular	COLA Regular	Basic Settlement	Basic Settlement	COLA Settlement	COLA Settlement	Combined	Combined
	First \$350 per month	Over \$350 per month	First \$350 per month	Over \$350 per month	First \$350 per month	Over \$350 per month	First \$350 per month	Over \$350 per month	First \$350 per month	Over \$350 per month
35	3.23%	4.85%	2.81%	4.21%	0.81%	1.21%	0.53%	0.79%	7.38%	11.06%
36	3.29%	4.93%	2.86%	4.29%	0.82%	1.23%	0.54%	0.81%	7.51%	11.26%
37	3.35%	5.02%	2.91%	4.36%	0.84%	1.26%	0.55%	0.82%	7.65%	11.46%
38	3.41%	5.12%	2.97%	4.45%	0.85%	1.28%	0.56%	0.84%	7.79%	11.69%
39	3.48%	5.22%	3.02%	4.53%	0.87%	1.30%	0.57%	0.85%	7.94%	11.90%
40	3.55%	5.32%	3.09%	4.63%	0.89%	1.33%	0.58%	0.87%	8.11%	12.15%
41	3.63%	5.44%	3.15%	4.73%	0.91%	1.36%	0.59%	0.89%	8.28%	12.42%
42	3.64%	5.46%	3.16%	4.74%	0.91%	1.36%	0.59%	0.89%	8.30%	12.45%
43	3.65%	5.48%	3.17%	4.76%	0.91%	1.37%	0.59%	0.89%	8.32%	12.50%
44	3.66%	5.50%	3.19%	4.78%	0.92%	1.37%	0.60%	0.90%	8.37%	12.55%
45	3.68%	5.52%	3.19%	4.79%	0.92%	1.38%	0.60%	0.90%	8.39%	12.59%
46	3.70%	5.54%	3.21%	4.82%	0.92%	1.39%	0.61%	0.91%	8.44%	12.66%
47	3.72%	5.58%	3.23%	4.85%	0.93%	1.40%	0.61%	0.91%	8.49%	12.74%
48	3.71%	5.56%	3.22%	4.83%	0.93%	1.39%	0.61%	0.91%	8.47%	12.69%
49	3.68%	5.51%	3.19%	4.79%	0.92%	1.38%	0.60%	0.90%	8.39%	12.58%

Interest: 8.00% per annum
 COLA: 3.00%
 Mortality: RP-2000 Healthy Annuitant Mortality set back two years, with adjustment for blue collar workers weighted 5/6 male and 1/6 female
 Salary Increase: Inflation (3.75%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV)
 COLA Loading Factor: 86.90% for Regular Benefits, 65.32% 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, 2008
Actuarial Valuation as a percentage of payroll**

Age	Basic Regular	Basic Regular	COLA	COLA	Combined	Combined
	First \$350 per month	Over \$350 per month	Regular	Regular	First \$350 per month	Over \$350 per month
15	2.40%	3.60%	2.36%	3.54%	4.76%	7.14%
16	2.40%	3.60%	2.36%	3.54%	4.76%	7.14%
17	2.44%	3.66%	2.40%	3.60%	4.84%	7.26%
18	2.48%	3.71%	2.43%	3.65%	4.91%	7.36%
19	2.51%	3.77%	2.47%	3.71%	4.98%	7.48%
20	2.55%	3.83%	2.51%	3.77%	5.06%	7.60%
21	2.59%	3.89%	2.55%	3.82%	5.14%	7.71%
22	2.63%	3.95%	2.59%	3.88%	5.22%	7.83%
23	2.67%	4.01%	2.63%	3.94%	5.30%	7.95%
24	2.71%	4.07%	2.67%	4.00%	5.38%	8.07%
25	2.76%	4.14%	2.71%	4.07%	5.47%	8.21%
26	2.80%	4.20%	2.75%	4.13%	5.55%	8.33%
27	2.84%	4.27%	2.79%	4.19%	5.63%	8.46%
28	2.89%	4.33%	2.84%	4.26%	5.73%	8.59%
29	2.93%	4.40%	2.89%	4.33%	5.82%	8.73%
30	2.98%	4.47%	2.93%	4.40%	5.91%	8.87%
31	3.03%	4.54%	2.98%	4.47%	6.01%	9.01%
32	3.08%	4.62%	3.03%	4.54%	6.11%	9.16%
33	3.13%	4.69%	3.07%	4.61%	6.20%	9.30%
34	3.18%	4.77%	3.13%	4.69%	6.31%	9.46%

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
35	3.23%	4.85%	3.18%	4.77%	6.41%	9.62%
36	3.29%	4.93%	3.23%	4.85%	6.52%	9.78%
37	3.35%	5.02%	3.29%	4.94%	6.64%	9.96%
38	3.41%	5.12%	3.35%	5.03%	6.76%	10.15%
39	3.48%	5.22%	3.42%	5.13%	6.90%	10.35%
40	3.55%	5.32%	3.49%	5.24%	7.04%	10.56%
41	3.63%	5.44%	3.57%	5.35%	7.20%	10.79%
42	3.64%	5.46%	3.58%	5.37%	7.22%	10.83%
43	3.65%	5.48%	3.59%	5.39%	7.24%	10.87%
44	3.66%	5.50%	3.60%	5.40%	7.26%	10.90%
45	3.68%	5.52%	3.62%	5.43%	7.30%	10.95%
46	3.70%	5.54%	3.63%	5.45%	7.33%	10.99%
47	3.72%	5.58%	3.66%	5.49%	7.38%	11.07%
48	3.71%	5.56%	3.65%	5.47%	7.36%	11.03%
49	3.68%	5.51%	3.61%	5.42%	7.29%	10.93%
Interest:	8.00% per annum					
COLA:	3.00%					
Mortality:	RP-2000 Healthy Annuitant Mortality set back two years, with adjustment for blue collar workers weighted 5/6 male and 1/6 female					
Salary Increase:	Inflation (3.75%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV)					
COLA Loading Factor:	98.35% for Regular Benefits					

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 taxable 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, 2008:	\$7,060,197
Reserve ⁽³⁾ as of June 30, 2008:	\$7,730,143

As the present value of benefits is less than the reserve as of June 30, 2008, 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, 2008:	\$105,506,186
Reserve ⁽³⁾ as of June 30, 2008:	\$52,845,326

It is anticipated that the current reserve will be sufficient to pay the current benefit only through the year 2017-2018.

Period	Payment (undiscounted)
2008 - 2009	\$6,653,616
2009 - 2010	6,899,861
2010 - 2011	7,137,468
2011 - 2012	7,381,793
2012 - 2013	7,626,514
2013 - 2014	7,862,070
2014 - 2015	8,081,875
2015 - 2016	8,298,181
2016 - 2017	8,497,774
2017 - 2018*	8,473,153

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

⁽¹⁾ Assuming no change in the level of benefit provided as of June 30, 2008.

⁽²⁾ Including only those members receiving the benefits as of June 30, 2008.

⁽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, 2008	Years Remaining as of June 30, 2008	Payment as of June 30, 2008
June 30, 2003	\$58,932,183	25	\$3,725,752
June 30, 2004	\$(44,252,557)	11	\$(5,029,081)
June 30, 2005	\$156,653,490	12	\$16,607,463
June 30, 2006	\$71,889,308	13	\$7,158,449
June 30, 2006	\$346,020	28	\$20,479
June 30, 2007	\$57,709,113	14	\$5,429,042
June 30, 2008	\$37,435,443	15	\$3,343,846

General – Settlement Benefits	Outstanding Balance as of June 30, 2008	Years Remaining as of June 30, 2008	Payment as of June 30, 2008
June 30, 2003	\$114,776,775	25	\$7,256,303
June 30, 2004	\$(49,270,870)	11	\$(5,599,388)
June 30, 2005	\$10,176,426	12	\$1,078,844
June 30, 2006	\$8,007,932	13	\$797,398
June 30, 2007	\$36,438,011	14	\$3,427,942
June 30, 2008	\$11,510,769	15	\$1,028,176

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Safety – Regular Benefits	Outstanding Balance as of June 30, 2008	Years Remaining as of June 30, 2008	Payment as of June 30, 2008
June 30, 2003	\$20,161,887	25	\$1,274,655
June 30, 2004	\$(9,562,785)	11	\$(1,086,762)
June 30, 2005	\$26,885,204	12	\$2,850,209
June 30, 2006	\$34,924,398	13	\$3,477,632
June 30, 2007	\$29,725,853	14	\$2,796,489
June 30, 2008	\$25,279,442	15	\$2,258,035

Safety – Settlement Benefits	Outstanding Balance as of June 30, 2008	Years Remaining as of June 30, 2008	Payment as of June 30, 2008
June 30, 2003	\$18,595,180	25	\$1,175,606
June 30, 2004	\$(7,831,313)	11	\$(889,990)
June 30, 2005	\$(7,684,012)	12	\$(814,613)
June 30, 2006	\$6,657,197	13	\$662,897
June 30, 2007	\$5,218,739	14	\$490,958
June 30, 2008	\$4,845,166	15	\$432,785

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

Appendix D

Schedule of UAAL and Associated Funded Ratios (Dollar Amounts in Thousands)

	Regular Benefit	Settlement Benefit	Total
AAL	\$2,676,905	\$753,085	\$3,429,990
UAAL	\$466,127	\$151,440	\$617,567
Funded Ratio	82.6%	79.9%	82.0%

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