Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2009

Fresno County Employees' Retirement Association

A Component Unit of the County of Fresno
Fresno, CA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

ISSUED BY

ROBERTO L. PEÑA
RETIREMENT ADMINISTRATOR

BECKY VAN WYK, CPA
ASSISTANT RETIREMENT ADMINISTRATOR

FCERA

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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FRESNO, CALIFORNIA 93721-2515
www.FCERA.org

A COMPONENT UNIT OF THE COUNTY OF FRESNO

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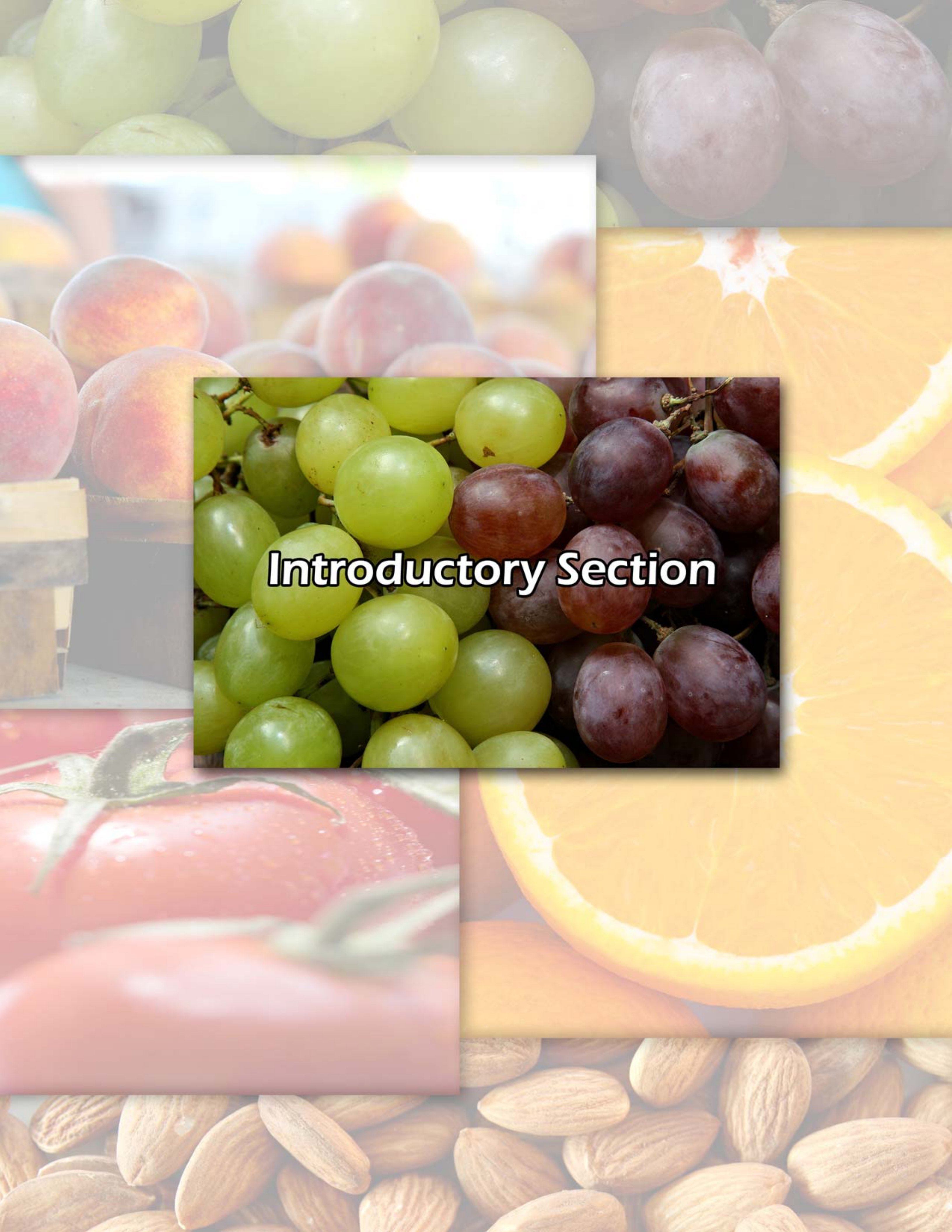


FCERA

Roberto L. Peña
Retirement Administrator

December 2, 2009

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

Dear Board Members:

As the Retirement Administrator of the Fresno County Employees' Retirement Association (FCERA), I am pleased to present this Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2009 and 2008.

The CAFR is intended to provide users and/or stakeholders with a comprehensive and accurate review of the year's operations as well as reliable information for making responsible management decisions, determining compliance with legal requirements and demonstrating the stewardship of FCERA. The management of FCERA is responsible for both the accuracy of the data and the completeness and fairness of the presentation of financial information, including all disclosures.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. FCERA's MD&A can be found immediately following the Report of the Independent Auditor.

FCERA AND ITS SERVICES

FCERA is a public employee retirement system established by the Board of Supervisors of the County of Fresno on January 1, 1945 to provide retirement, disability, death and survivor benefits for its members under the California State Government Code, Section 31450 etc. seq. (County Employees Retirement Law of 1937). Currently, County of Fresno (including Superior Court of California – County of Fresno) and three other participating agencies are members of FCERA. The participating agencies include:

- Clovis Veterans Memorial District
- Fresno-Madera Area Agency on Aging
- Fresno Mosquito and Vector Control

FCERA is governed by the California Constitution, the County Employees Retirement Law of 1937, and the regulations, procedures and policies adopted by FCERA's Board. The Fresno County Board of Supervisors may also adopt resolutions, as permitted by the County Employees Retirement Law of 1937, which may affect benefits of FCERA's members.

The Plan is administered by the Board of Retirement of the Fresno County Employees' Retirement Association (Board), which consists of nine members and a retiree alternate. The Board is responsible for establishing policies governing the administration of the retirement plan, determining benefit allowances, and managing the investments of the system's assets. The Board oversees the Retirement Administrator and FCERA staff in the performance of their duties in accordance with the County Employees Retirement Law of 1937 and the bylaws, procedures, and policies adopted by FCERA's Board.

FCERA MISSION STATEMENT AND CORE VALUES

FCERA is to administer the retirement benefits for the members and beneficiaries of FCERA in a prudent, accurate, cost-effective and timely manner and to administer the investment funds of FCERA in a cost-effective manner that achieves FCERA's investment and funding objectives within prudent levels of risk. In carrying out its mission, FCERA will:

- Carry out all of its activities in a manner consistent with the fiduciary duties set out in laws that govern fiduciaries.
- Carry out all of its activities in accordance with the highest degree of honesty and integrity.
- Work with true professionals that operate at the forefront of their respective fields.
- Instill confidence in the membership and stakeholders through timely and responsive service.
- Work together as a team to solve members' problems and overcome challenges as they arise.
- Aim to respond to member needs in a timely and consistent manner and ensure the security of their benefits.
- Provide continuous and effective education of members and stakeholders.

FINANCIAL INFORMATION

Responsibility for the accuracy, completeness, fair presentation of information and all disclosures in the report rests with FCERA's management. In addition, management is also responsible for establishing and maintaining an internal control structure designed to ensure that FCERA's financial reporting is accurate and reliable.

Brown Armstrong Paulden McCown Starbuck Thornburgh Xin & Keeter Acccountancy Corporation (Brown Armstrong) provides financial statement independent audit services to FCERA. The independent financial audit states that FCERA's financial statements are presented in accordance with generally accepted accounting principles and are free of material misstatements. There are sufficient internal accounting controls to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules.

The accompanying financial statements and transactions are prepared on the accrual basis of accounting. Revenues are taken into account when earned, regardless of the date of collection and expenses are recorded when the corresponding liabilities are incurred, regardless of when the payment is made.

INVESTMENTS

The Board of Retirement adopted an investment policy that provides a framework for the management of FCERA's investments, including FCERA's investment objectives and the duties of the investment managers, custodian and investment consultant.

A pension fund's strategic asset allocation policy, implemented in a consistent and disciplined manner is generally recognized to have the most impact on a fund's investment performance. The asset allocation process determines a fund's optimal long-term asset class mix (target allocation) which is expected to achieve a specific set of investment objectives. FCERA employs a long-term investment strategy based on the target allocation. This long term view is reflected through the choice of investments including asset classes such as Domestic & International Equities including Emerging Markets; Domestic, Global & Opportunistic Fixed Income; Real Assets that includes Real Estate, Infrastructure, Commodities and Treasury Inflation Protected Securities (TIPS); Alternative Investments, Term Asset-Backed Securities Loan Facility (TALF) and Hedge Funds.

Under this policy the Board operates under a standard of care in California commonly knows as the "prudent person rule" which requires that the Board discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

The rule requires the Board to diversify the investments of the fund, unless it is clearly prudent not to do so under the circumstances. The Board therefore makes basic policy decisions with respect to the fund, including, but not limited to, the allocation of assets to various investment classes. The Board delegates much discretion to professional investment advisors to execute investment policy subject only to policy and guidelines provided by the Board.

An asset liability study was prepared by investment consultant, Wurts & Associates (Wurts) and presented and approved by the Board in August 2008. The asset liability study evaluated the asset allocation and expected returns necessary to meet long term liabilities of the Plan. The study called for a 52% allocation to equities, 21% to fixed income, 11% to real assets, 9% to hedge funds and 7% to private equities investments. However, the collapse of the financial markets soon after August 2008 brought about changes in the capital markets that resulted in the revision of this asset allocation, which resulted in a decrease to the hedge fund allocation from 9% to 4%, a 5% allocation to TALF, and a switch from infrastructure to a passive commodities mandate under the real assets allocation.

In August 2008, the Board selected Foster Pepper LLP as the new Investment Counsel, replacing Seyfarth Shaw and in September 2008 the Board elected to renew the services of Wurts & Associates as Investment Consultants for the plan.

During the 2009 fiscal year the Board selected and committed $40 million to TIPS with State Street Global Advisors in December 2008, $60 million each to Loomis Sayles & Company and Standish Mellon Asset Management Company for the Opportunistic Fixed Income mandate, $30 million to Opportunistic Real Estate with Colony Capital, another $30 million to Value-Added Real Estate with Realty Associates, $40 million each to Grosvenor and Common Sense Investment Management for the Hedge Fund of Funds mandate, $30 million to a Secondary Private Equity mandate with Landmark Partners, $30 million to Angelo, Gordon & Company in a Distressed Debt mandate, $60 million to PIMCO and $40 million to Metropolitan West in a TALF mandate and $150 million to Mondrian Investment Group in an International Small Cap mandate.

For the fiscal year ended June 30, 2009, FCERA's investment portfolio experienced a return, net of fees, of -16.5% compared to a return of -5.4% for the year ended June 30, 2008. FCERA's annualized investment rates of return over the last three and five years, net of fees, were -2.1% and 3.1%, respectively. Please review the Investment Section of this report for more information on FCERA's investments.

ACTUARIAL FUNDING STATUS

FCERA's funding objective is to meet long-term benefit promises by implementing an actuarially prudent funding plan, as well as to obtain excellent investment returns consistent with our assumptions and parameters of what constitute prudent risk. The greater the overall plan funding status, the larger the ratio of assets available to pay for the liabilities created by the benefits accrued to date.

Pursuant to provisions in the County Employees Retirement Law of 1937, FCERA engages an independent actuarial firm to perform an actuarial valuation of the system annually. Additionally, every three years, the actuary performs a detailed study of the system's economic and non-economic assumptions and makes recommendations to FCERA's Board on the basis of factors such as the experience of the Plan members, the Plan's asset allocation and the economic environment.

Each triennial experience review serves as the basis for changes in member and employer contribution rates necessary to properly fund the retirement system. While the economic and non-economic assumptions may be updated at the time each triennial experience study is performed, economic assumptions may be reviewed annually. The next triennial experience study, scheduled to be presented to the Board in early 2010, will cover the three year period from July 1, 2006 through June 30, 2009.

The actuarial valuation as of June 30, 2008 completed by The Segal Company, determined the funding status, the ratio of plan assets to plan liabilities, to be 82.0% using approved assumptions, a slight decreased from the 82.9% on June 30, 2007. The Board's funding policy uses a five-year smoothing technique to help level the potential wide swings from year to year in investments and a Market Value of Assets (MVA) Corridor to avoid the smoothed Actuarial Value of Assets (AVA) from getting too far away from the MVA and limits the AVA to be no greater than 120% and no less than 80% of the MVA.

However, at a recent Special Board meeting on August 21, 2009, the Board of Retirement expanded the MVA Corridor range by adopting 130%-70% limits for the difference between the AVA and MVA. A more detailed discussion of funding is provided in the Actuarial Section of this report.

BUDGET

The Board of Retirement approves FCERA's annual administrative budget. The County Employees Retirement Law of 1937 limits FCERA's annual administrative budget to eighteen hundredth of one percent (.18%) of the plan's total assets. FCERA's administrative expenses have historically been well below the statutory limitation. For the years ended June 30, 2009 and 2008, administrative expenses were within the established budget by the Board of Retirement at about .14% and .11% of total assets for each year, respectively.

SIGNIFICANT EVENTS AND INITIATIVES

Among the most noteworthy and significant events FCERA worked on during the fiscal year are:

- Completed two of the five business initiatives approved by the Board and included in the Strategic and Business Planning document; the Internal Investment Position feasibility project and the Information Technology (IT) Roadmap/Assessment project. The implementation of the new Investment Position is scheduled for the 2010-11 budget year. A partial list of the IT project initiatives, include the implementation of a new General Ledger System, replacement of the Pension Administrative system, implementation of an Electronic Document Management system. The other three business initiatives, Member Service Quality Measurement project, Accounting Software project and Stakeholders Relations program are slated for completion during the 2010 calendar year.
- Developed, approved and implemented a new Interest Crediting and Undistributed Earnings Policy. The Interest Crediting requires the implementation of a "Contra Tracking Account" to track any shortfalls of available earnings required to credit full interest to valuation reserves and the Undistributed Earnings establishes an order for applying undistributed earnings to the reserves for the funding of current and/or future additional benefits under the Settlement Agreement.

- Initiated implementation of the revised Asset Allocation through a number of searches and selections of investment managers on and existing investment mandates throughout the fiscal year. More detailed information on the asset mandate changes is included in the Investment section of this letter.
- Enhanced access to Board meetings through the implementation of an audio archive that provides interested parties with the ability to listen to Board discussions and presentations from their own computers.
- Completed and issued a revised active member handbook. Issued a new separate handbook for the retiree population after recognizing the need for more specialized and detailed retirement information for the retiree population.
- The lawsuit filed by the County of Fresno against the FCERA Board of Retirement seeking a change in the method of calculating final compensation was finalized July 5, 2007, appealed thereafter and in a May 4, 2007 opinion, the decision was affirmed by the Court of Appeal. As a result of the court's decision on this matter, the Board agreed to change the method of calculating final compensation from the highest 26 non-consecutive pay periods to 365 consecutive days, which became to be known as the Final Compensation Recalculation project. The project is now completed with about 4,330 final compensation and retirement benefit recalculations prepared with underpayments of $1,208,145 including interest paid to members while collection of overpayments totaling $1,712,815 will continue for several years based upon the repayment agreements in place between the Association and retirees.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FCERA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the twelfth consecutive year that the System has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, of which the contents conform to the program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The compilation of this report reflects the combined effort of the Retirement Association office staff. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of FCERA's investment portfolio.

I would like to take this opportunity to thank each member for their confidence in FCERA during the past year. I also want to express my thanks to the Board of Retirement for their dedicated effort in supporting FCERA through the past year. Likewise, I also want to thank our consultants and staff for their commitment to FCERA and for their diligent work to assure FCERA's continued successful operation.

Respectfully submitted,

Roberto L. Peña

Roberto L. Peña
Retirement Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fresno County

Employees' Retirement Association

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
THE BOARD OF RETIREMENT

ADMINISTRATOR
ROBERTO L. PEÑA
Retirement Administrator

CHAIRMAN
ALAN CADE, Jr.
General Member - Elected by General Members
Present term expires December 31, 2009

VICE CHAIRPERSON
EULALIO GOMEZ
Safety Member - Elected by Safety Members
Present term expires December 31, 2011

MEMBER
MICHAEL CARDENAS, CPA
Qualified Elector - Appointed by Board of Supervisors
Present term expires December 31, 2011

MEMBER
NICK CORNACCHIA
Qualified Elector - Appointed by Board of Supervisors
Present term expires December 31, 2011

MEMBER
VICKI CROW, CPA
Auditor-Controller/Treasurer-Tax Collector
Ex-Officio Trustee

MEMBER
JAMES E. HACKETT
General Member - Elected by General Members
Present term expires December 31, 2010

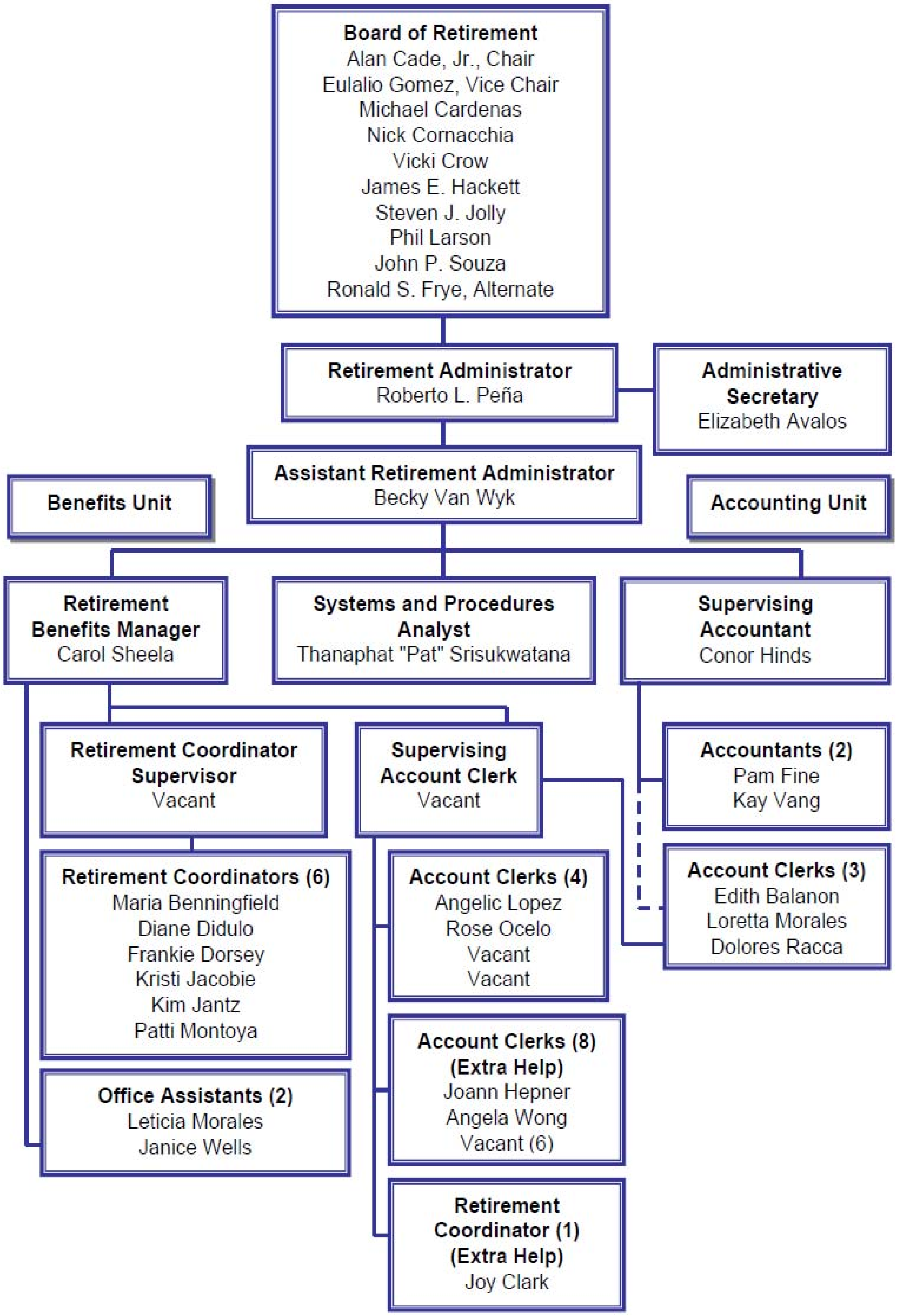
MEMBER
STEVEN JOLLY
Qualified Elector - Appointed by Board of Supervisors
Present term expires December 31, 2009

MEMBER
PHIL LARSON
Qualified Elector - Appointed by Board of Supervisors
Present term expires December 31, 2010

MEMBER
JOHN P. SOUZA
Retired Member – Elected by Retirees
Present term expires December 31, 2010

ALTERNATE RETIRED MEMBER
RONALD S. FRYE
Alternate Retired Member - Elected by Retirees
Present term expires December 31, 2010

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ADMINISTRATIVE ORGANIZATIONAL CHART



Total number of permanent positions authorized - 25
Total number of extra-help positions authorized - 9
Total Number of positions authorized - 34

List of Professional Consultants

CONSULTING SERVICES

Actuary

Segal Company

Auditor

Brown Armstrong

Commission Recapture Services

Lynch, Jones & Ryan

Custodian Bank

State Street Bank & Trust

Investment Consultant

Wurts & Associates

Legal Counsel

Richard H. Chasen
Harvey Leiderman, Reed Smith LLP
Joseph J. Tabacco, Jr., Berman, Devalerio, Pease, Tabacco, Burt & Pucillo
Rafael Stone, Foster Pepper PLLC
Bryan C. Vess APC
Mitch Whitehead, Seyfarth Shaw LLP
County Counsel

Securities Lending

State Street Global Advisors

INVESTMENT MANAGERS

Domestic Bonds

BlackRock Financial Management Inc.
Bradford & Marzec, Inc.
Loomis Sayles
Western Asset Management Company
State Street Global Advisors (TIPS)
Standish Mellon Asset Management Company, LLC

INVESTMENT MANAGERS
(continued)

Global Bonds

Grantham, Mayo, Van Otterloo & Co.

Domestic Stocks

Aronson, Johnson & Ortiz, LP
Brandywine Asset Management, Inc.
INTECH
Kalmar Management
State Street Global Advisors
Wellington Management Company, LLP.

International Stocks

Mondrian Emerging
Oechsle International
Templeton Investment Counsel, Inc.

Private Markets Investment

BCI Growth V, LP
Hamilton Lane
JMB Advisory Corporation
Invesco
JE Robert Company, Inc.
Landmark Partners, Inc
Lone Star Management Co. IV, Ltd.
New Mountain Capital, LLC
Sentinel Real Estate Corporation
TA Associates Realty
TCW Shop III/IV
The Blackstone Group
Warburg, Pincus and Co.

Cash Equitization Strategy (Overlay)

State Street Global Advisors
JP Morgan Futures Inc.

A schedule of manager fees is located on page 60 of the Investment Section.

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

Audit Committee and Board of Retirement
Fresno County Employees' Retirement Association
Fresno, California

We have audited the accompanying Statement of Plan Net Assets of the Fresno County Employees Retirement Association (FCERA) as of June 30, 2009 and 2008 and the related Statement of Changes in Plan Net Assets for the years then ended. These financial statements are the responsibility of FCERA management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, in Fiscal Year 2009, FCERA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of FCERA as of June 30, 2009 and 2008 and its changes in fiduciary net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Required Supplementary Information as listed in the table of contents is presented for purposes of additional analysis, as required by GASB, and is not a required part of the basic financial statements. This information is the responsibility of FCERA's management. Such information has been subjected to the auditing procedures applied by us in the audit of the Fiscal Year 2009 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the Fiscal Year 2009 basic financial statements taken as a whole. The Other Supplementary Information as listed in the table of contents, and the Investment, Actuarial and Statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of FCERA. The Other Supplementary Information as listed in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not audit the information contained in the Investment, Actuarial and Statistical sections and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2009, on our consideration of FCERA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
November 23, 2009

Fresno County Employees' Retirement Association
Management's Discussion and Analysis

Our discussion and analysis of the financial performance of the Fresno County Employees' Retirement (FCERA) provides an overview of the financial activities for the fiscal years ended June 30, 2009 and 2008. Please read it in conjunction with the Letter of Transmittal in the Introductory Section of FCERA's Comprehensive Annual Financial Report, and the Financial Statements, which follow this discussion.

Financial Highlights

- Net assets held in trust by FCERA, as reported on the *Statement of Plan Net Assets*, totaled $2,261,912,000 as of June 30, 2009. Net assets decreased by $464,693,000, or 17%, consistent with economic and market conditions throughout the year. Net assets totaled $2,726,605,000 as of June 30, 2008. Financial and economic factors are also discussed in the Letter of Transmittal from the Retirement Administrator and in the Investment Section of this report.
- The *Statement of Changes in Plan Net Assets* reflects $302,978,000 in subtractions to plan net assets for June 30, 2009, primarily due to a decrease in the fair value of the investments. Employer contributions totaled $113,959,000, or 76.7%, of the total contributions of $148,521,000. Employee contributions of $34,562,000 represented 23.3% of the total contributions received. Interest and other income added $68,617,000, with net income from securities lending adding $3,646,000. At June 30, 2008, $59,334,000 in subtractions to plan net assets was reported. The net decrease was comprised of $264,694,000 depreciation in the fair value of the investments, employer and employee contributions of $127,577,000. Interest and other income added $87,654,000.
- The *Statement of Changes in Plan Net Assets* for June 30, 2009 reflects total deductions from plan net assets of $161,715,000. Benefit payments of $155,783,000 comprised 96.3% of the total deductions, with refunds of contributions in the amount of $2,077,000 and administrative fees totaling $3,855,000 representing 1.3% and 2.4%, respectively, of the total deductions. The June 30, 2008 total deductions from the plan net assets were $152,713,000 with benefit payments of $143,072,000 comprised 93.7% and refunds of contributions in the amount of $6,072,000 and administrative fees totaling $3,569,000 representing 4.0% and 2.3%, respectively, of the total deductions.
- FCERA invests the retirement funds through a variety of investment managers and private markets. Investment profits and/or losses are allocated semi-annually based upon the fund reserve balances at the end of the prior six-month period.

Using this Comprehensive Annual Financial Report and Financial Statements

This Comprehensive Annual Financial Report includes two financial statements. The *Statement of Plan Net Assets* provides a snapshot of account balances at the end of the year. This statement reports the assets available for future payments to members and any current liabilities that are owed at this time. These assets, less liabilities, provide a clear picture of the amount of funds that are available for future payments. The *Statement of Changes in Plan Net Assets*, on the other hand, provides a view of current year additions and deductions to the Plan.

Both statements are in compliance with Governmental Accounting Standard Board (GASB) Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for*

Using this Comprehensive Annual Financial Report and Financial Statements (Continued)

Defined Contribution Plans; GASB Statement 28, *Accounting and Financial Reporting for Securities Lending Transactions*; GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* and GASB Statement 40, *Deposit and Investment Risk Disclosures.* Management considered GASB Statement 55 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB 56 *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* when drafting the current Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets for fiscal year ending June 30, 2009.

These statements provide standards regarding certain disclosures and the use of accounting principles by State and Local Governments. FCERA complies with all material requirements of these pronouncements.

The Statement of Plan Net Assets and Statement of Changes in Plan Net Assets

The most important question asked about FCERA's financial condition is, "Do we have sufficient assets to pay the benefits that have been promised to the membership?" The financial statements report information about FCERA's activities in a way that helps answer this question. The actuarial valuation prepared for the one year period ended June 30, 2008 reported the funding ratio as 82.0%, a decrease of .9% from the funding ratio of 82.9% included in the valuation report as of June 30, 2007. The funding ratio indicates that at June 30, 2008 we have about $0.82 for each $1.00 of liability. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid and all investment gains and losses are shown at transaction date, not settlement date. Further, both realized and unrealized gains and losses on investments are presented and all capital assets (property and equipment) are depreciated over their estimated useful lives.

These two financial statements report FCERA's net assets – the difference between assets and liabilities – as one way to measure the Plan's financial position. Over time, increases and decreases in FCERA's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other factors, such as market conditions, to assess FCERA's overall health.

FCERA's Net Assets

FCERA's net assets decreased 17% in 2009, from a beginning value of $2,726,605,000 to $2,261,912,000. The decrease was primarily due to the net depreciation in the fair value of investments held by FCERA. The net assets for June 30, 2008 had decreased $212,047,000, 7.2% from the June 30, 2007 balance of $2,938,652,000, primarily due to decreases in the net fair value of investments held by FCERA during that period. Investment trades receivable and payable at June 30, 2009 decreased 21.1% to $116,198,000 and 24.9% to $149,153,000, respectively, over the June 30, 2008 balances of $147,230,000 and $198,589,000, due to less

FCERA's Net Assets (Continued)

outstanding trades at year end 2009. The cash collateral payable for securities lending decreased 20.8% from $357,748,000 to $283,498,000 from June 30, 2008. The June 30, 2008 balance of cash collateral payable for securities lending had decreased 19.7%, or $87,700,000 from the June 30, 2007 balance of $445,448,000.

(The following table presents the net assets amounts at end of fiscal years 2009, 2008 and 2007, expressed in thousands).

	2009	2008	2007	Increase/ (Decease) 2009-2008	Increase/ (Decease) 2008-2007
Current and other assets	$ 2,694,940	$ 3,284,001	$ 3,578,592	$ (589,061)	$ (294,591)
Capital assets	2,216	2,405	2,454	(189)	(49)
Total assets	2,697,156	3,286,406	3,581,046	(589,250)	(294,640)
Other liabilites					
Total liabilities	435,244	559,801	642,394	(124,557)	(82,593)
Net assets	$ 2,261,912	$ 2,726,605	$ 2,938,652	$ (464,693)	$ (212,047)

Changes to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and through earnings on investments. During the year ended June 30, 2009, total additions to plan net assets decreased 410.6% from the prior year, to a negative $302,978,000, primarily due to the decrease in net investment income. During the year ended June 30, 2008, total additions to plan net assets decreased approximately 110.9% from the prior year, to a negative $59,334,000, with the majority of the difference resulting from the decrease in net investment income. Total contributions increased 16.4% for the year ended June 30, 2009, due to the increase in the employer contribution rates. For the year ended June 30, 2008 contributions had increased 23.2% over the prior year. The following table (presented in thousands), displays summary data on the changes in Plan

	2009	2008	2007	Increase/ (Decrease) 2009-2008	Increase/ (Decrease) 2008-2007
Additions:					
Contributions	$ 148,521	$ 127,577	$ 103,525	$ 20,944	$ 24,052
Net investment income/(loss)	(451,499)	(186,911)	442,355	(264,588)	(629,266)
Total Additions/ (Subtractions)	(302,978)	(59,334)	545,880	(243,644)	(605,214)
Deductions:					
Benefits paid	157,860	149,144	133,593	8,716	15,551
Administrative costs	3,855	3,569	3,299	286	270
Total Deductions	161,715	152,713	136,892	9,002	15,821
Increase/(decrease) in net assets	(464,693)	(212,047)	408,988	(252,646)	(621,035)
Net assets, beginning of year	2,726,605	2,938,652	2,529,664	(212,047)	408,988
Net assets, end of year	$ 2,261,912	$ 2,726,605	$ 2,938,652	$ (464,693)	$ (212,047)

Changes to Plan Net Assets (Continued)

The primary deductions of the Plan include the payment of benefits to members and beneficiaries, the refund of contributions to former members, and the cost of administering the retirement plan. Deductions for fiscal year 2009 totaled $161,715,000, an increase of 5.9% over 2008. Deductions for fiscal year 2008 totaled $152,713,000, an increase of 11.6% over the 2007 amount of $136,892,000.

Administrative expenses are approved in an annual budget by FCERA's Board and represented 0.14% of the total assets in 2009 and 0.11% and 0.09% of total assets in 2008 and 2007, respectively. Under the California State Government Code, Section 31580.2, administration expenses incurred in any given year shall not exceed 0.18% of the total assets of the retirement system. FCERA has consistently met its budgets and continues to expect to do so.

The total deductions in plan net assets of $161,715,000 during 2009 combined with the contributions of $148,521,000 and the net investment loss of $451,499,000, which are depicted on page 17, account for the net decrease in plan assets of $464,693,000 in 2009.

Reporting FCERA's Fiduciary Responsibilities

FCERA is a fiduciary for the County of Fresno public employee retirement system. Accordingly, FCERA is responsible for these assets under our trust arrangement, and they can only be used for trust beneficiaries and payment of plan expenses. FCERA is responsible for ensuring that the assets reported in our financial statements are used for their intended purposes of paying retirement and disability benefits to the employees of the County of Fresno and its member employers.

The Retirement Fund As A Whole

Although the fund's combined net assets decreased during the past year, management believes, and actuarial studies concur, that FCERA is in a financial position to meet its obligations to the retired and current employees of Fresno County and the other member employers. The current financial position results from a very strong and diversified investment program in prior years, cost control, and strategic planning. Management believes there will continue to be sufficient assets to meet all benefit obligations.

Contacting FCERA's Financial Management

This financial report is designed to provide the Retirement Board, our membership, employers, taxpayers, investment managers and creditors with a general overview of FCERA's finances and to show FCERA's accountability for the funds under its stewardship.

Contacting FCERA's Financial Management (Continued)

Questions about any of the information provided in this report or requests for additional financial information should be addressed to:

FCERA
1111 H Street
Fresno, CA 93721-2515

Respectfully submitted,

Becky Van Wyk

Becky Van Wyk, CPA, CGFM
Assistant Retirement Administrator

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2009 AND 2008
(Amounts expressed in thousands)

	2009	2008
ASSETS:		
Cash and cash equivalents with fiscal agents (Note 3)	$ 108,045	$ 106,615
Securities lending investments pool:		
Short term investments	283,498	75,127
Long term investments	-	282,621
	283,498	357,748
Receivables:		
Investment trades receivable (Note 4)	116,198	147,230
Interest and dividends receivable	6,717	7,923
Contributions and other receivables	6,502	7,656
Securities lending receivable	339	1,041
Total receivables	129,756	163,850
Investments, at fair value (Note 3):		
U.S. Government and agencies fixed income	253,413	288,433
Domestic fixed income	388,164	341,393
Foreign fixed income	130,071	135,693
Domestic equity	741,841	998,606 [1]
International equity	397,021	551,448
Mortgages	72,481	105,607
Private markets and alternative investments	190,326	234,463
Total investments	2,173,317	2,655,643
Prepaid expenses	324	145
Capital assets (Note 5)		
Depreciable, net	2,216	2,405
Total capital assets, net	2,216	2,405
Total assets	2,697,156	3,286,406
LIABILITIES:		
Investment trades payable (Note 4)	149,153	198,589
Cash collateral payable for securities lending (Note 3)	283,498	357,748
Accounts payable	2,509	2,781
Securities lending bank and broker fees	84	683
Total liabilities	435,244	559,801
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (Note 6)	$ 2,261,912	$ 2,726,605

[1] Effective with fiscal year ended June 30, 2008, the domestic equity index fund is combined with domestic equity.

The accompanying notes are an integral part of these financial statements.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008
(Amounts expressed in thousands)

	2009	2008
ADDITIONS:		
Contributions:		
Employers	$ 113,959	$ 97,305
Plan members	34,562	30,272
Total contributions	148,521	127,577
Investment (loss)/income:		
From investment activities		
Net (depreciation) in fair value of investments	(513,670)	(264,694)
Interest	36,781	39,752
Dividends	27,102	35,389
Private markets	4,418	11,159
Net (loss) from investment activities	(445,369)	(178,394)
From securities lending activities		
Securities lending income	6,926	18,174
Securities lending expenses		
Borrower rebate expenses	(2,407)	(14,015)
Security lending management fees	(873)	(838)
Net income from securities lending activities	3,646	3,321
Miscellaneous income	316	1,354
Investment expenses	(10,092)	(13,192)
Net investment (loss)	(451,499)	(186,911)
Total (subtractions)	(302,978)	(59,334)
DEDUCTIONS:		
Benefits and refunds paid to plan members and beneficiaries	157,860	149,144
Administrative expenses	3,855	3,569
Total deductions	161,715	152,713
NET (DECREASE)	(464,693)	(212,047)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
BEGINNING OF YEAR	2,726,605	2,938,652
END OF YEAR	$ 2,261,912	$ 2,726,605

The accompanying notes are an integral part of these financial statements.

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Fresno County Employees' Retirement Association (FCERA) is provided for general information purposes only. FCERA is governed by the Board of Retirement (Board) under the 1937 County Employees Retirement Law (1937 Act). Members should refer to the 1937 Act for more complete information.

General

The FCERA is a contributory defined benefit plan initially organized under the provisions of the 1937 Act on January 1, 1945. It provides benefits upon retirement, death or disability of members. FCERA is a cost-sharing, multiple-employer plan that includes substantially all full-time employees and permanent part-time employees who work 50% or more for the County of Fresno (County), including the Superior Court of California-County of Fresno, Clovis Veterans Memorial District, Fresno-Madera Area Agency on Aging and Fresno Mosquito Vector Control. An employee becomes eligible for membership commencing with the pay period following the date of employment in a permanent position.

FCERA membership at June 30, 2009 and 2008 is as follows:

	2009	2008
Retirees and beneficiaries receiving benefits	5,283	5,030
Terminated employees entitled to benefits but not yet receiving them (Deferred Members)	1,533	1,605
Current employees:		
Vested:		
General Tier 1	4,425	4,549
General Tier 2	7	6
General Tier 3	44	41
Safety Tier 1	718	725
Nonvested:		
General Tier 1	1,251	1,512
General Tier 2	128	115
General Tier 3	588	506
Safety Tier 1	142	167
Safety Tier 2	62	65
Total current employees	7,365	7,686
Total membership	14,181	14,321

NOTE 1 - **DESCRIPTION OF THE PLAN (Continued)**

Benefit Provisions

The Board under the provisions of the 1937 Act administers benefit provisions. Benefits are based upon a combination of age, years of service, average monthly salary for the highest paid year of employment, the benefit tier, membership classification (general or safety) and the option selected by the participant. Disability and death benefits are additionally based upon whether the disability was service connected or not and whether the death occurred before or after retirement. Retirement benefit payments consist of regular retirement benefits, cost of living benefits, supplemental cost of living benefits, supplemental benefits or supplemental annuity benefits and health benefits. The supplemental cost of living and health benefits (non vested) are subject to annual approval by the Board.

On June 18, 2007, the current Safety Tier II offered under Government Code section 32664.2 became mandatory for any new employee in a Safety job classification covered by a collective bargaining agreement negotiated by Service Employees International Union (SEIU).

The County of Fresno adopted a new retirement tier for General members (General Tier III) under Government Code Section 31676.15, effective December 31, 2007. General Tier II members represented by SEIU were automatically transferred to General Tier III effective December 31, 2007. General Tier III membership is mandatory for some bargaining units within the County of Fresno.

Administration

The management of FCERA is vested in the Board, which is composed of the following nine members and two alternate members:

1. County Treasurer,
2. Two active members of FCERA elected by the general members,
3. One active member of FCERA elected by the safety members,
4. One retired member of FCERA elected by the retired members,
5. Four members appointed by the County Board of Supervisors. These members shall be qualified electors of the County who are not connected with County government in any capacity, except one may be a County Supervisor,

NOTE 1 - **DESCRIPTION OF THE PLAN (Continued)**

Administration (Continued)

6. One alternate member of FCERA from the safety members who represents one of the other safety classifications not represented by the Board member who received the highest number of votes during the election, and

7. One alternate member of FCERA elected by the retired members.

Administrative expenses are financed through the investment earnings of plan assets.

NOTE 2 **- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Fresno County Employees' Retirement Association (FCERA) is the public employee retirement system established by the County on January 1, 1945, and administered by the Board of Retirement to provide retirement, disability, death and survivor benefits for its employees under the 1937 Act. FCERA is a component unit of the County of Fresno and is included in the County's Basic Financial Statements as a pension trust fund.

Basis of Accounting

FCERA's financial statements are prepared using the accrual basis of accounting. Investment income is recognized when it is earned and expenses are recognized in the period in which they are incurred. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds of prior contributions are recognized when due and payable under the provisions of the Plan.

Deposits and Investments

Cash and cash equivalents with fiscal agent include deposits in the County Treasurer's commingled cash and investment pool and investments held by the custodian bank. Investments with the custodian bank are comprised of foreign currencies, cash held in a short-term investment fund and other short-term, highly liquid investments. Short-term investments considered cash equivalents are recorded at cost, which approximates fair value. The County Treasurer's commingled cash and investment pool operates in accordance with appropriate state laws and regulations and is governed by an investment policy formally adopted by the County. (Please refer to the Comprehensive Annual Financial Report prepared by the County of Fresno for additional information on the County Treasurer's commingled cash and investment pool.)

NOTE 2 **- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deposits and Investments (Continued)

Plan investments are reported at fair value. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by the real estate investment funds, futures investment managers, and alternative investment managers (see Note 3). All investment purchases and sales are recorded on the trade date.

Capital Assets

Capital assets are valued at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of three years for computer equipment, five years for office equipment, ten years for furniture, fifteen years for Wyatt Software (pensions system) and thirty years for buildings. Depreciation expense is reported as part of administrative expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Implementation of New Accounting Pronouncement

For the year ended June 30, 2009, FCERA adopted Governmental Accounting Standards Board's (GASB) Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, the Statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local government financial statements into GASB's authoritative literature. FCERA also adopted GASB's Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards,* the Statement addresses three issues formerly only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature – related party transactions, going concern considerations and subsequent events.

NOTE 3 – **DEPOSITS AND INVESTMENTS**

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest, or delegate FCERA to invest the assets of FCERA through the purchase, holding, or sale of any form or type of instrument, or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has established an investment policy that places limits on the compositional mix of cash, fixed income and equity

NOTE 3 – **DEPOSITS AND INVESTMENTS (Continued)**

securities, alternative investments, and real estate investments. FCERA currently employs external investment managers to manage its assets subject to the guidelines of the investment policy.

GASB Statement No. 40 establishes and modifies disclosure requirements associated with investment risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

Custodial credit risk - deposits. This type of risk associated with deposits is the risk that in the event of a failure in a depository financial institution, a government will not be able to recover its deposits or recover collateral securities that are in the possession of an outside party. FCERA does not have a policy for managing custodial credit risk. As of June 30, 2009, all domestic deposits were insured, registered and held by the custodian bank in FCERA's name. FCERA held foreign currencies deposits at June 30, 2009 with a United States Dollar value of $1,030 of which $0 is subject to custodial credit risk since the deposits were registered or held in FCERA's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. FCERA's investments are not subject to custodial credit risk because investments are insured and registered in FCERA's name. FCERA's investment policy does not limit the amount of securities that can be held by counterparties.

Credit risk. Credit risk is the risk that an issuer or other counter party to a debt instrument will not fulfill its obligations. This risk is measured by the assignment of ratings by nationally recognized statistical rating organizations. FCERA has adopted policies specific to each investment manager to manage credit risk. In general fixed income securities should be well diversified to avoid undue exposure to any single economic sector, industry or individual security. The County of Fresno's external investment pool is unrated for credit risk purposes.

The credit ratings disclosed on page 27 were obtained from Moody's rating agencies as of June 30, 2009 and June 30, 2008.

(Amounts expressed in thousands)

NOTE 3 – **DEPOSITS AND INVESTMENTS (Continued)**

Investment Type		Minimum Policy Rating	Exempt from Disclosure	Aaa/ P1	Baa	Caa	Not Rated
			Rating at Year End June 30, 2009				
Securities lending - investments							
Corporate fixed income	$ 218,494	Aaa/ P1	$ -	$ 218,494	$ -	$ -	$ -
Repurchase agreements	65,004	Aaa/ P1	-	17,010	-	-	47,994
Subtotal	283,498		-	235,504	-	-	47,994
US Government and agencies							
US treasury notes	118,027	N/A	118,027	-	-	-	-
Federal agency securities	135,386	B3	-	109,072	57	-	26,257
Subtotal	253,413		118,027	109,072	57	-	26,257
Domestic fixed income	388,164	B3	-	164,143	109,913	7,312	106,796
Mortgages	72,481	B3	-	66,136	4,738	1,498	109
Foreign fixed income	63,208	B3	-	43,329	15,333	57	4,489
Global Bond Fund	66,863	AA	-	66,863	-	-	-
	$ 1,127,627		$ 118,027	$ 685,047	$ 130,041	$ 8,867	$ 185,645

Investment Type		Minimum Policy Rating	Exempt from Disclosure	Aaa/ P1	Baa	Caa	Not Rated
			Rating at Year End June 30, 2008				
Securities lending - investments							
Asset backed security	$ 43,931	Aaa/ P1	$ -	$ 14,272	$ -	$ -	$ 29,659
Corporate fixed income	203,775	Aaa/ P1	-	203,775	-	-	-
Repurchase agreements	110,042	Aaa/ P1	-	110,042	-	-	-
Subtotal	357,748		-	328,089	-	-	29,659
US Government and agencies							
US treasury notes	49,145	N/A	49,145	-	-	-	-
Federal agency securities	239,288	B3	-	190,876	-	-	48,412
Subtotal	288,433		49,145	190,876	-	-	48,412
Domestic fixed income	341,393	B3	-	102,113	233,890	3,506	1,884
Mortgages	105,607	B3	-	58,997	-	-	46,610
Foreign fixed income	56,540	B3	-	37,307	11,116	42	8,075
Global Bond Fund	79,153	AA	-	79,153	-	-	-
	$ 1,228,874		$ 49,145	$ 796,535	$ 245,006	$ 3,548	$ 134,640

(Amounts expressed in thousands)

NOTE 3 – **DEPOSITS AND INVESTMENTS (Continued)**

Interest rate risk. Interest rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. FCERA has not adopted a policy to manage interest rate risk. FCERA selected the segmented time distribution method for the following investments subject to interest rate risk at June 30, 2009 and June 30, 2008.

		Remaining Maturity in Months at June 30, 2009			
Investment Type		Less than 12 months	13 to 60 months	61 to 120 months	More than 120 months
Securities lending - investments					
Corporate fixed income	$ 218,494	$ 218,494	$ -	$ -	$ -
Repurchase agreements	65,004	65,004	-	-	-
Subtotal	283,498	283,498	-	-	-
US Government and agencies					
US Treasury notes	118,027	-	13,564	29,770	74,693
Federal agency securities	135,386	-	29,032	23,121	83,233
Subtotal	253,413	-	42,596	52,891	157,926
Domestic fixed income	388,164	4,700	62,114	87,521	233,829
Mortgages	72,481	-	-	951	71,530
Foreign fixed income	63,208	-	31,640	23,669	7,899
Global Bond Fund	66,863	-	-	-	66,863
Total Investments	$ 1,127,627	$ 288,198	$ 136,350	$ 165,032	$ 538,047

		Remaining Maturity in Months at June 30, 2008			
Investment Type		Less than 12 months	13 to 60 months	61 to 120 months	More than 120 months
Securities lending - investments					
Asset backed securities	$ 43,931	$ 43,931	$ -	$ -	$ -
Corporate fixed income	203,775	203,775	-	-	-
Repurchase agreements	110,042	45,125	64,917	-	-
Subtotal	357,748	292,831	64,917	-	-
US Government and agencies					
US Treasury notes	49,145	786	13,958	2,284	32,117
Federal agency securities	239,288	-	109	1,491	237,688
Subtotal	288,433	786	14,067	3,775	269,805
Domestic fixed income	341,393	12,034	68,005	50,256	211,098
Mortgages	105,607	-	1,584	-	104,023
Foreign fixed income	56,540	3,684	19,813	17,923	15,120
Global Bond Fund	79,153	-	-	-	79,153
Total Investments	$ 1,228,874	$ 309,335	$ 168,386	$ 71,954	$ 679,199

(Amounts expressed in thousands)

NOTE 3 – **DEPOSITS AND INVESTMENTS (Continued)**

At June 30, 2009, FCERA has $19,408 invested in the County of Fresno external investment pool, which has a dollar weighted average maturity of 583 days, compared to $30,872, and a dollar weighted average maturity of 806 days at June 30, 2008.

At June 30, 2009, FCERA has $66,863 invested in a global bond fund, which has a weighted average maturity of 7.5 years, compared to $79,153 with a weighted average maturity of 9.18 years at June 30, 2008.

Concentration of credit risk. This is the risk of loss attributed to the concentration of the government's investment in a single issuer. FCERA's investment policy does not permit any one manager to invest more than five percent of the market value of its portion of the portfolio in any one issue, with the exception of investments issued by the US Government and its agencies. As of June 30, 2009 no investments in any one issuer is greater than five percent of total investments. Investment managers authorized to invest in below investment grade securities are limited to holding no more than 20% of their portfolio market value in such securities.

Foreign currency risk. This is the risk that FCERA will not be able to recover the value of its investment in local currency when the exchange value of the currency lowers. FCERA has not adopted a policy to manage the foreign currency risk. As of June 30, 2009, FCERA's investment in foreign currency was as follows:

Currency	Fair Market Value
Australian Dollar	$ 59
British Pound Sterling	127
Euro	503
Japanese Yen	287
New Zealand Dollar	53
Other Foreign Currency	1
Total Foreign Currency	$ 1,030

Foreign currency table expressed in US Dollars and thousands

Derivatives. FCERA, through its external investment managers, enters into forward foreign currency contracts to hedge against changes in the fair values of foreign bonds and equity securities, primarily denominated in European and Asian currencies. It is possible that, due to foreign exchange fluctuations, FCERA may be exposed to a potential loss. At June 30, 2009, FCERA has approximately $37 million of its $397 million international equity portfolio hedged through the use of such forward foreign currency contracts. At June 30, 2008, approximately $31 million of FCERA's $551 million international equity portfolio was hedged through the use of such forward foreign currency contracts.

NOTE 3 – **DEPOSITS AND INVESTMENTS (Continued)**

FCERA could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. FCERA anticipates that counterparties will be able to satisfy their obligations under the contracts. FCERA's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures, including requirements for collateral at certain defined levels.

Securities Lending. The Board authorized FCERA, through its custodian bank, to enter into securities lending transactions, whereby securities owned by FCERA are loaned on a short-term basis to various banks and brokers. Securities on loan include domestic and international stocks, US government agency and domestic bonds. All securities on loan must be collateralized at 102% of the market value of the loaned securities, except for non-United States based equities which are initially collateralized at 105%. Collateral may take the form of cash, commercial paper, certificates of deposit, bankers' acceptances, repurchase and reverse repurchase agreements, obligations issued or guaranteed as to interest and principal by the United States Government (or agencies or instrumentalities thereof), bank time deposits, variable rate demand notes, State Street Bank and Trust Company money market mutual fund and any common trust fund maintained by a bank or other financial institution or any commingled or pooled trust.

The lending agreement places no restriction on the amount of loans that can be made. FCERA's lending agent is authorized to invest and reinvest cash collateral, but it is not expressly permitted to pledge or sell securities collateral without borrower default. FCERA's agent invests cash collateral in individual securities and the securities are held by the trustee in FCERA's name. The maturities of the investments made with the cash collateral generally match the maturities of their securities on loan.

Securities on Loan - At year end, FCERA had no credit risk exposure to borrowers because the collateral received exceeded the amount owed to borrowers. As of June 30, 2009 there were no violations of the securities lending provisions and no losses resulted within the securities lending program due to borrower default.

Reinvestment of Collateral - FCERA is subject to credit risk through the reinvestment of collateral cash which FCERA received at the time securities were placed on loan. The risk can include the devaluation of the underlying securities where the collateral has been reinvested. As of June 30, 2009, FCERA believes that if a borrower of a loaned security called on its collateral that it would be reasonably possible that devaluation would be experienced and due to market conditions FCERA would encounter difficulty finding a buyer to take on the reinvested security and thus making it uncertain when the collateral would become available.

(Amounts expressed in thousands)

NOTE 3 – **DEPOSITS AND INVESTMENTS (Continued)**

FCERA is unable to quantify the dollar devaluation that would have existed if collateral had been called upon. Income from these transactions is reported on the statement of changes in plan net assets. Securities on loan are reported at fair value on the statement of plan net assets. The carrying values of the securities lending investment pool for 2009 and 2008 were $283,498 and $357,748 respectively. The fair values of loaned securities were as follows:

	June 30, 2009	June 30, 2008
Domestic equity	$ 119,016	$ 262,731
International equity	32,735	28,306
Total equity on loan	151,575	291,037
US government and agencies	82,265	36,934
Domestic bonds	40,929	16,986
Total bonds on loan	123,370	53,920
Total stocks and bonds on loan	$ 274,945	$ 344,957

Highly Sensitive Investments. FCERA utilizes investments that are highly sensitive to interest rate changes in its actively managed fixed income portfolio. Highly sensitive investments include mortgage-backed securities, asset-backed securities and collateralized mortgage obligations. FCERA's investment portfolio contains certain variable rate notes and collateralized mortgage obligations. At June 30, 2009 and 2008, FCERA had approximately $95,137 and $139,281 in these investments, respectively. A detail of these investments are listed below:

Investment Type	June 30, 2009	June 30, 2008
Variable Rate Notes	$ 22,656	$ 33,674
Collateralized Mortgage Obligations	72,481	105,607
Forward Foreign Currency	36,883	30,706
Total	$ 132,020	$ 169,987

NOTE 4 - **INVESTMENT TRADES RECEIVABLE AND PAYABLE**

Investment trades receivable and payable include forward currency contracts, and sales and purchases of investments. Forward currency contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

NOTE 4 - **INVESTMENT TRADES RECEIVABLE AND PAYABLE (Continued)**

At June 30, 2009, forward foreign currency contracts receivable and payable totaled $36,883 and $36,935, respectively. At June 30, 2008, forward foreign currency contracts receivable and payable totaled $30,706 and $30,886, respectively.

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(Amounts expressed in thousands)

NOTE 5 – **CAPITAL ASSETS**

The following is a summary of changes in capital assets for the fiscal years ended June 30, 2009 and 2008:

	Balance July 1, 2008	Additions	Dispositions	Balance June 30, 2009
Capital assets, depreciated:				
Computer hardware/software	$ 921	$ 7	$ (87)	$ 841
Furniture and fixtures	187	-	(24)	163
Equipment	68	-	(4)	64
Building	2,103	-	-	2,103
Total capital assets, depreciable	3,279	7	(115)	3,171
Less accumulated depreciation for:				
Computer hardware/software	(442)	(76)	74	(444)
Furniture and fixtures	(77)	(15)	14	(78)
Equipment	(69)	(12)	4	(77)
Building	(286)	(70)	-	(356)
Total accumulated depreciation	(874)	(173)	92	(955)
Total capital assets, depreciated, net	2,405	(166)	(23)	2,216
Total capital assets, net	$ 2,405	$ (166)	$ (23)	$ 2,216
Depreciation charged for the current year totaled:		$ 173		

	Balance July 1, 2007	Additions	Dispositions	Balance June 30, 2008
Capital assets, depreciated:				
Computer hardware/software	$ 794	$ 121	$ 6	$ 921
Furniture and fixtures	187	-	-	187
Equipment	68	-	-	68
Building	2,103	-	-	2,103
Total capital assets, depreciable	3,152	121	6	3,279
Less accumulated depreciation for:				
Computer hardware/software	(370)	(66)	(6)	(442)
Furniture and fixtures	(57)	(20)	-	(77)
Equipment	(55)	(14)	-	(69)
Building	(216)	(70)	-	(286)
Total accumulated depreciation	(698)	(170)	(6)	(874)
Total capital assets, depreciated, net	2,454	(49)	-	2,405
Total capital assets, net	$ 2,454	$ (49)	$ -	$ 2,405
Depreciation charged for the current year totaled:		$ 170		

NOTE 6 - **CONTRIBUTIONS AND RESERVES**

Contributions

Contributions are made by the members and the employers at rates recommended by FCERA's independent actuary and approved by the Board and the County Board of Supervisors. Employee contribution rates vary according to age, classification (safety or general), and benefit tier and are designed to provide funding for approximately one-fourth of the regular retirement benefits and one-half of all cost of living benefits. Members are required to contribute between 3.76% and 12.62% of their annual covered salary. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act.

Interest is credited to member contributions every six months based on the prior six months ending balance. Members are not permitted to borrow their contributions. Upon termination of employment, members may withdraw their contributions by requesting a refund of their accumulated contributions and interest. Effective January 1, 2003, member contributions are no longer forfeited to FCERA if the member does not request a refund within five years of terminating membership. New state laws allow nonvested members to leave their contributions on deposit with FCERA without establishing reciprocity. These members receive interest on their contributions and may withdraw their contributions and interest at any time.

Employer contribution rates are determined pursuant to Section 31453 of the 1937 Act and are designed to provide funding for the remaining regular retirement and cost of living benefits, as well as all regular disability and survivor's benefits.

Contribution rates are actuarially determined using the entry age normal method and consist of normal cost (the estimated amount necessary to finance benefits earned by employees during the current year) and, beginning in 1980, the unfunded actuarial accrued liability was amortized over a 30 year period. Effective with the valuation completed for June 30, 2002, the amortization period was modified to allow a 30 year amortization period for changes in the unfunded actuarial accrued liability that result from plan amendments and a fifteen year amortization period for all other changes in the unfunded actuarial accrued liability. Details of funding progress, annual required contributions and percentage of contributions made by the employers are presented in the required supplementary information schedules on page 45.

Benefits attributable to employers' contributions do not become vested until completion of five years of credited service. A member may receive a regular retirement allowance after attaining age 50 provided that such member has attained at least 10 years of credited service; or at any age after 30 years of service for a general member and 20 years of service for a safety member.

(Amounts expressed in thousands)

NOTE 6 – **CONTRIBUTIONS AND RESERVES (Continued)**

Reserves and Designations

Net assets held in trust for pension benefits are segregated into members and employers' accumulated contributions (both employees and employers reserves as authorized by the 1937 Act) reserves established by the Board and undistributed earnings. The Board has established reserves for various benefit payments pursuant to the 1937 Act, and it has designated an account for market stabilization.

The amounts and changes in reserves and designations for the year ended June 30, 2009 consist of the following:

	Balance July 1, 2008	Increase (Decrease) In Plan Net Assets	Net Transfers	Balance June 30, 2009
Reserves:				
Members' accumulated contributions	$ 335,820	$ 32,484	$ (12,145)	$ 356,159
Current service reserve	697,636	75,978	(44,074)	729,540
Annuity pension reserve	113,706	(17,671)	25,420	121,455
Current service pension reserve	696,706	(70,744)	141,019	766,981
Settlement annuity pension reserve	316,883	(15,830)	53,806	354,859
Settlement benefit reserve	101,587	(8,103)	8,126	101,610
Cost of living adjustment reserve	518,246	6,501	54,872	579,619
Supplemental cost of living reserve	7,728	(1,311)	-	6,417
Survivors' death benefit reserve	1,010	(989)	63	84
Retiree health benefit reserve	52,845	(6,352)	-	46,493
Retiree health benefit reserve (VS)	30,832	(3,302)	2,450	29,980
Contingency reserve	69,900	-	(47,281)	22,619
Designated for market stabilization	(216,294)	-	(462,279)	(678,573)
Undistributed earnings	-	(455,354)	455,354	-
Contra Tracking Account[1]	-	-	(175,331)	(175,331)
Net assets held in trust for Pension benefits	$ 2,726,605	$ (464,693)	$ -	$ 2,261,912

[1] Effective fiscal year end June 30, 2009 the Contra Tracking Account has been added which represents the amount of interest credited to the reserve accounts that has not been paid for out of current or excess earnings.

(Amounts expressed in thousands)

NOTE 6 - **CONTRIBUTIONS AND RESERVES (Continued)**

Reserves and Designations (Continued)

The amounts and changes in reserves and designations for the year ended June 30, 2008 consist of the following:

	Balance July 1, 2007	Increase (Decrease) In Plan Net Assets	Net Transfers	Balance June 30, 2008
Reserves:				
Members' accumulated contributions	$ 323,110	$ 24,199	$ (11,489)	$ 335,820
Current service reserve	668,261	64,398	(35,023)	697,636
Annuity pension reserve	106,720	(16,622)	23,608	113,706
Current service pension reserve	634,829	(64,659)	126,536	696,706
Settlement annuity pension reserve	283,538	(13,671)	47,016	316,883
Settlement benefit reserve	101,788	(8,339)	8,138	101,587
Cost of living adjustment reserve	461,899	4,767	51,580	518,246
Supplemental cost of living reserve	8,589	(1,466)	605	7,728
Survivors' death benefit reserve	1,817	(936)	129	1,010
Retiree health benefit reserve	54,599	(6,089)	4,335	52,845
Retiree health benefit reserve (VS)	31,476	(3,150)	2,506	30,832
Contingency reserve	15,964	-	53,936	69,900
Designated for market stabilization	246,062	-	(462,356)	(216,294)
Undistributed earnings	-	(190,479)	190,479	-
Net assets held in trust for pension benefits	$ 2,938,652	$ (212,047)	$ -	$ 2,726,605

Members' accumulated contributions include all member contributions net of refunds and benefits paid to members. At retirement, member balances are transferred to the *annuity* and *settlement annuity pension reserves* and the *cost of living adjustment reserve*. Employers' contributions are paid into *current service reserve, settlement annuity reserve* and *cost of living reserve*. The employer current service and settlement annuity contributions are combined in the *current service reserve*, although tracked separately within the *current service reserve* balance. When an employee retires, the employer portion of their accumulated contributions for current service and settlement annuity are transferred from the *current service reserve* into the *current service pension reserve* and *the settlement annuity pension reserve. Undistributed earnings* are credited with all investment income and charged with investment and other fees. Transfers from undistributed earnings to other reserves are made twice a year.

NOTE 6 - **CONTRIBUTIONS AND RESERVES (Continued**)

Reserves and Designations (Continued)

Historically, the Board has authorized that an annual rate equal to the actuarial rate of return be apportioned as the interest. Effective July 1, 2007, the Board adopted a new interest crediting policy which implements the following objectives: 1) maintains consistency between the reserving structure accounts and the actuarial funding policies of FCERA, 2) assures that the reserve values track the market value of assets over the long term and 3) to the extent possible, maintain reasonable stability in the both interest crediting and contribution rates by avoiding charging short-term losses to reserves. This policy resulted in interest apportionments of $112,497,000 for the December 31, 2008 interest-crediting period and $117,041,000 for the June 30, 2009 interest-crediting period. The semi-annual rates of interest for the two periods were 4% and 4%, respectively. Any additional transfers out of undistributed earnings are made in accordance with the authorization of the Board. No additional transfers were made in fiscal year ended June 30, 2009.

The *survivor's death benefit reserve* is credited with balances transferred from members' accumulated contributions and the employer *current service reserve,* in those instances where the survivor of an active deceased member is entitled to continuation benefits. The *current service reserve* consists of current service and settlement annuity contributions (which are tracked separately within the *current service reserve*). Lump sum survivor benefits are paid directly from *members' accumulated contributions* and the *current service reserve.* Pension and disability benefits are paid from *the annuity pension reserve, current service* and *settlement annuity pension reserves* and *cost of living adjustment reserve*.

Both the *retiree health benefit* and the *supplemental cost of living reserves* are non-valuation reserves approved annually by the Board. Non-valuation reserves are under the control of the Board of Retirement and are not available to fund vested benefits of the plan. The *retiree health benefit reserve* was initiated in 1987 to establish funds for payment of supplemental benefits which would provide retirees additional monies with the expectation (but not the requirement) that the funds be used to offset the cost of health insurance premiums. Effective with the actuarial valuation completed for the year ended June 30, 2003, the retiree health benefit reserve was apportioned into two reserves, the retiree health benefit reserve and the retiree health benefit reserve (VS) to more clearly account for the liability associated with additional health benefits granted

NOTE 6 - **CONTRIBUTIONS AND RESERVES (Continued)**

Reserves and Designations (Continued)

as part of the Settlement Agreement negotiated between the County of Fresno and certified employee organizations in December 2000.

The supplemental cost of living reserve was established in 1990 to provide additional benefits for eligible members. The benefit was adopted annually under Government Code Section 31874.3 to provide purchasing power protection to those retirees whose accumulated excess cost of living credits exceeds 25%, therefore the affected members changed each year. The *supplemental cost of living reserve* balance reflects Board approved transfers from *undistributed earnings*. Analysis of the expenditures of this reserve indicated that sufficient funding was unavailable to continue the benefit past August 2005. Thus, the Board of Retirement authorized transfers sufficient to provide funds to continue the benefit at levels in existence at June 30, 2006.

The *supplemental benefit reserve* was established to account for the benefit increase given to retirees or the beneficiaries of retirees who retired prior to January 1, 2001, as part of the Settlement Agreement approved December 2000.

The *supplemental annuity benefit* reserve was established to account for the benefit increase given to members who retired on or after January 1, 2001 as part of the Settlement Agreement approved December 2000.

The designation for market stabilization serves to spread unanticipated market gains and losses over a five-year period and represents a portion of the variance between net investment earnings and actuarial expectations based on the assumed rate of returns.

FCERA maintains a Statutory Contingency Reserve based on 1% of the total valuation account reserve balances. As part of the Interest Credit policy modified by the Board in September 2008, the Board established an additional Board Contingency Reserve of up to 2% of the total Plan Net Assets. Funding of this additional reserve is subject to Board approval.

The Contra Tracking Account represents interest that has been credited to the reserve accounts that was not available to be paid out of the current or excess earnings. A balance in this account is the result of the application of the Board's full interest crediting policy and will be replenished in subsequent periods when there are sufficient earnings.

NOTE 7 – **ACTUARIAL VALUATIONS**

Pursuant to provisions in the County Employees Retirement Law of 1937, FCERA engages an independent actuarial firm to perform an annual actuarial valuation. An experience study is performed every three (3) years (i.e., triennial experience study). The economic and non-economic assumptions are updated at the time each triennial experience study is performed. Triennial experience studies serve as the basis for assumptions required in developing employer and member contribution rates necessary to properly fund the system. FCERA periodically hires an independent actuarial firm to audit the results of the valuations. New assumptions were adopted by the Board of Retirement for the June 30, 2008 actuarial valuation based on
the results of the June 30, 2006 triennial non-economic Experience Study and the June 30, 2007 Economic Assumptions Study.

Funded Status as of the Most Recent Actuarial Valuation Date
(Dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Unfunded AAL Percentage of Covered Payroll
June 30, 2008	$2,812,423	$3,429,990	$617,567	82.0%	$424,083	145.6%

1. Actuarial Cost Method: Entry Age Normal Cost Funding Method

2. Actuarial Asset Valuation Method: Five-year smoothed method based on the difference between expected and actual return on the market value of assets for the 10 six-month periods as of the valuation date. The smoothing method was adopted effective for the June 30, 1998 valuation.

3. Inflation: 4.0% per annum

4. Investment Rate of Return: 8.00% effective annual interest rate, net of both investment and administrative expenses. This rate was adopted for the June 30, 2007 valuation.

Additional Funding Progress data provided in the Required Supplementary Information section on page 45.

(Amounts expressed in thousands)

NOTE 7 – **ACTUARIAL VALUATIONS (Continued)**

5. Projected Salary Increases:	General Members: Salary increases range from 4.90% to 10.00% based on years of service (merit ranges from 0.90% to 6.00%; plus 3.75% inflation plus 0.25% "across the board" salary increase). Safety Members: Salary increases range from 5.25% to 10.00% based on years of service (merit ranges from 1.25% to 6.00%; plus 3.75% inflation plus 0.25% "across the board" salary increase). These rates were adopted for the June 30, 2007 valuation.
6. Post-retirement Benefit Increases:	The Cost of Living Adjustment (COLA) is applied in accordance with changes to the CPI but limited to a maximum of 3% per year. A supplemental COLA may be provided to certain members to limit the loss of purchasing power to no more than 25%. Post-retirement benefit increase of 3% per year is assumed for the valuation in accordance with the benefits provided. These adjustments, which are based on the Consumer Price Index, are assumed payable each year in the future as they are equal to the expected increase in the Consumer Price Index of 3.0% per year. This rate was adopted for the June 30, 1978.
7. Amortization method and Period:	25 years (declining) for UAAL established as of June 30, 2003 plus 15 years (declining) for UAAL and change in actuarial assumptions established on each subsequent valuation. The increase in UAAL due to benefit improvements is amortized over 30 years. The Plan selects a closed method.

NOTE 7 – **ACTUARIAL VALUATIONS (Continued)**

The latest actuarial valuation decreased the County normal cost rate from 17.74% to 17.70% of payroll primarily due to assumption changes. The County's required contribution rate to finance the UAAL increased from 10.65% to 12.23% of payroll. There is an increase in the total required contribution rate from the prior valuation of 1.54%, from 28.39% to 29.93% of payroll.

NOTE 8 – **COMMITMENTS AND CONTINGENCIES**

Capital Commitments

FCERA invests in real estate and private equity partnerships. Each partnership's investment activity is controlled by a general partner and defined in the prospectus and Commitment Agreement. The Commitment Agreement defines the period of the investment which is typically five to ten years and the capital commitment. The Board of Retirement approves the capital commitment at the time the partnership agreement is approved.

As of June 30, 2009, outstanding capital commitments to the various partnerships, as approved by the Board, totaled $447,500. Subsequent to June 30, 2009, FCERA funded $382,206 of these capital commitments.

NOTE 9 - **LITIGATION BY FCERA AGAINST ITS FORMER ACTUARY**

In April, 2003, FCERA's Board entered into a written contract with Public Pension Professionals, Inc. for actuarial services. Public Pension Professionals, Inc. and its primary actuary, Ira M. Summer (collectively, PPP), continued to provide actuarial services to FCERA until early 2007, at which time the Board terminated the engagement. During the period of their engagement, among other tasks, PPP prepared the Fiscal Year 2002, 2003, 2004 and 2005 actuarial valuations necessary for the conduct of FCERA's business. As part of the valuation process, PPP each year recommended employer and employee contribution rates to go into effect at the commencement of the following fiscal year, as necessary to properly fund the retirement system.

In 2006, the Board retained an independent actuarial firm to perform an audit of PPP's June 30, 2005 actuarial valuation. This audit was conducted in the ordinary course of the Board's administration of FCERA, not in response to any specific concern about PPP's actuarial services.

NOTE 9 - **LITIGATION BY FCERA AGAINST ITS FORMER ACTUARY (Continued)**

On August 11, 2006, the independent actuarial firm identified several questionable practices and errors by PPP, the most significant of which was PPP's inclusion of a portion of the system's unfunded actuarial accrued liability in member contribution rates.

Upon discovering the facts and completing its legal and actuarial review, the Board terminated PPP and implemented a process to make corrections. This correction process included adjusting rates prospectively as well as making retroactive adjustments, which, among other things, required refunds totaling $4,587 to FCERA members.

On May 1, 2007, FCERA filed suit against Public Pension Professionals, Inc. for professional negligence and breach of contract, and against Ira M. Summer for professional negligence (Fresno County Superior Court Case No. 07CECG01382). FCERA's complaint seeks an unspecified amount of damages, according to proof at trial.

Trial is currently scheduled for June 7, 2010.

Related Insurance Coverage Dispute

PPP had a professional liability insurance policy with Evanston Insurance Company. PPP tendered FCERA's suit to Evanston, which agreed to defend against FCERA's claims, subject to a reservation of rights, on June 15, 2007.

On April 22, 2009, Evanston filed an action against PPP seeking a judicial declaration terminating its ongoing defense duty and declaring that it has no indemnity obligation for FCERA's claims against PPP (United States District Court, Northern District of California, Case No: C09-01755 CW). Evanston filed a First Amended Complaint on June 24, 2009 adding FCERA as a defendant in this action. Evanston's First Amended Complaint contends there is no coverage because "all of the acts, errors or omissions alleged in the FCERA Action are alleged to have occurred prior to the Policy's retroactive date" of November 16, 2006.

No trial date has been set on the Evanston's claims.

NOTE 10 – **NORTH CENTRAL FIRE PROTECTION DISTRICT LITIGATION**

The North Central Fire Protection District ("District") was an employer plan sponsor that had participated in the Fresno County Employees' Retirement Association (FCERA) continuously since electing to join in 1963. The retirement benefits that the

NOTE 10 – **NORTH CENTRAL FIRE PROTECTION DISTRICT LITIGATION (Continued)**

District's employees earned with FCERA are funded with employer and employee contributions and investment returns on those contributions.

In early 2007, the District entered into an agreement with the City of Fresno relating to fire protection services. As part of that process, all of the District's employees terminated their employment with the District and became employees of the City of Fresno. Thus, the District no longer had any payroll, but continued to exist as an entity with assets.

Ordinarily, the required employer contributions to FCERA are translated into percentage rates to be applied against the projected payrolls of each employer. The employers' contribution rates are generally comprised of a "normal cost" portion, representing the anticipated contributions attributable to the service of employees for the coming year, and a "UAAL" portion, representing a portion of the gains or losses in the system attributable to the service of employees in all cumulative past years.

Because the District no longer had any payroll, FCERA could no longer collect amounts from the District to pay for the District's share of the retirement system's UAAL as a percentage of payroll. Accordingly, the FCERA Board of Retirement worked with its actuary to determine the amount that FCERA should collect from the District to cover the District's share of FCERA's UAAL.

After an open and deliberative process, on June 18, 2008 the Board determined that the District's required contribution to FCERA was $5,117,000 as of June 30, 2007, and that interest at 8% per annum should run from July 1, 2007 until the District satisfied its obligation in full. The Board further determined that that the amount owing from the District would be subject to future adjustments based on future changes to FCERA's UAAL. On June 20, 2008, the Board sent an invoice to the District, and demanded payment by no later than June 30, 2008.

On August 5, 2008, the District filed a Complaint for Declaratory Relief in Fresno Superior Court, seeking a judicial declaration that FCERA had no authority to collect any amount from the District. On September 4, 2008, FCERA filed an Answer and a Cross-Complaint, which sought a declaration that FCERA was entitled to collect from the District the amounts it had demanded.

FCERA and the District resolved their claims by settlement agreement dated August 6, 2009. Under the settlement agreement, the District agreed to pay FCERA $9 million in full and final satisfaction of its obligations to FCERA, as follows: $5 million on or before

NOTE 10 – **NORTH CENTRAL FIRE PROTECTION DISTRICT LITIGATION (Continued)**

August 11, 2009, and another $4 million on or before July 1, 2010. The District timely made its $5 million payment. Pursuant to the settlement agreement, the Court will retain jurisdiction over the parties until the District has made its remaining $4 million payment. Once that payment as been timely made, both parties will dismiss all claims in this matter.

NOTE 11 – **SUBSEQUENT EVENTS**

Pending sale of Fresno Station Business Center

The FCERA Administration building and the Fresno Station Business Center (FSBC) currently reside on the same lot, purchased by FCERA in August 2002. In August 2007, the Board of Retirement elected to "split the lot" and place the FSBC on the market. In May 2008, as a result of a request for proposal process, the Board selected Colliers Tingey as the Real Estate Agent to represent FCERA in the sale of the FSBC. On April 15, 2009, the Board accepted an offer by BNR Properties to purchase the FSBC subject to completion of the lot split and successful negotiation of an agreement for additional parking. As of the date of publication of this CAFR, the lot split and parking agreement are still pending

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FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION)
JUNE 30, 2009 AND 2008
(Amounts expressed in thousands)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Assets (AVA)	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3)/(5)
6/30/03 [1]	$ 1,922,149 [2]	$ 1,953,490	$ 31,341 [1]	98.9%	$ 341,981	9.2% [1]
6/30/04 [1]	1,977,097 [2]	2,017,971	40,874	98.0%	337,614	12.1%
6/30/05 [3]	2,044,389 [1]	2,233,594 [1,3]	189,205 [1,3]	91.5% [1]	351,049	53.9% [3]
6/30/06	2,398,454	2,803,990	405,536	85.5%	376,270	107.8%
6/30/07	2,610,269 [4]	3,149,570	539,301	82.9%	404,277	133.4%
6/30/08	2,812,423	3,429,990	617,567	82.0%	424,083	145.6%

1 Results were prepared by FCERA's prior actuary and disclosed in the June 30, 2006 CAFR.

2 Actuarial Value of Assets in the Solvency Test, located on page 70, includes the total plan assets for all years. The Summary of Funding Progress shown here reports only the employer's assets for the years 2002, 2003 and 2004, amounts will therefore not be consistent between the Solvency Test and the Summary of Funding Progress schedules.

3 Before the Board amended its funding policy to eliminate the requirement that one-half of the Cost of Living Adjustments UAAL be paid by members. After the amendment, the AAL was $2,545,620, the AVA was $2,270,141, the funded percentage was 89.2% and UAAL was $275,479.

4 Assets decreased by $3,169 for a net overpayment of member contributions discounted.

Actuarial reviews are performed annually effective with the year ended June 30, 2003.
Source: Schedule prepared by The Segal Company.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Amounts expressed in thousands)

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2004	$ 44,939	85.67% [1]
2005	56,296	100.00%
2006	56,664	100.00%
2007	69,997	100.00%
2008	97,305	100.00%
2009	113,959	100.00%

1 On March 23, 2004, the County of Fresno issued Pension Obligation Bonds, which paid off a portion of the estimated Unfunded Actuarial Accrued Liability. The proceeds of the Pension Obligation Bonds ($398,010) are included in the Actuarial Value of Assets as of June 30, 2003.

(Amounts expressed in thousands)

LATEST ACTUARIAL VALUATION METHODS

Valuation date	June 30, 2008
Actuarial cost method	Entry age normal funding method
Amortization method	Level percent of payroll for total unfunded liability – The Plan selects a closed method
Remaining amortization period	25 years for plan amendments 15 years for all other adjustments to the unfunded actuarial accrued liability
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	8.00% (compounded semi-annually, 4.0% real return, 3.75% inflation; real across-the-board salary increases .25%)
Projected salary increases	Rates vary by service type:
- General Members:	Salary increases range from 4.90% to 10.00% (merit ranges from 0.90% to 6.00%; plus 3.75% inflation plus 0.25% "across the board" salary increase).
- Safety Members:	Salary increases range from 5.25% to 10.00% (merit ranges from 1.25% to 6.00%; plus 3.75% inflation plus 0.25% "across the board" salary increase).
Cost of living adjustments	0 – 3% (tied to the change in Consumer Price Index)

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Personnel Services		
Salaries and Benefits	$ 1,756,812	$ 1,704,559
Total Personnel Services	1,756,812	1,704,559
Office Expenses		
Election Expenses	-	14,663
Office Supplies	99,983	61,773
Postage	37,533	41,209
Telephone	3,769	3,309
Utilities	22,841	21,320
Total Office Expenses	164,126	142,274
Other Services and Charges		
Bad Debt	5,192	-
Interest Refunded - Overpayment Policy	115,548	175,896
Insurance Other	165,487	162,757
Maintenance	31,284	30,452
Professional and Specialized Services	1,108,991	892,297
Disability Expenses	158,584	96,445
Data Processing Services	125,716	149,049
Transportation, Travel, and Education - Staff	11,185	17,265
Transportation, Travel, and Education - Board	38,169	27,500
Total Other Services and Charges	1,760,156	1,551,661
Depreciation	173,875	170,173
Total Administrative Expenses	$ 3,854,969	$ 3,568,667

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ADMINISTRATIVE BUDGET ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Approved Budget	Final Budget	Fiscal Year Expenditures	Percentage Expended
Personnel Services				
Salaries	$ 1,439,603	$ 1,439,603	$ 1,149,427	79.84%
Benefits	709,620	709,620	607,385	85.59%
Total Personnel Services	2,149,223	2,149,223	1,756,812	81.74%
Professional Services				
Actuarial [1]	90,000	90,000	177,729	197.48%
Legal Counsel	405,000	405,000	484,347	119.59%
Professional Services - Disability	149,774	149,774	158,584	105.88%
Other Professional Services	532,157	532,157	285,042	53.56%
Pensions System Maintenance	152,748	152,748	161,873	105.97%
Total Professional Services	1,329,679	1,329,679	1,267,575	95.33%
Travel, Transportation, and Education				
Transportation, Travel, and Education - Board	44,200	44,200	38,169	86.36%
Transportation, Travel, and Education - Staff	26,960	26,960	11,185	41.49%
Total Travel, Transportation, and Education	71,160	71,160	49,354	69.36%
Other				
Bad Debt Expenditures	-	-	5,192	N/A
Data Processing	141,485	141,485	125,716	88.85%
Depreciation [2]	-	-	173,875	N/A
Insurance	191,841	191,841	165,487	86.26%
Interest Paid - Overpayment Policy	-	-	115,548	N/A
Maintenance	36,369	36,369	31,284	86.02%
Office Supplies	153,976	153,976	164,126	106.59%
Total Other	523,671	523,671	781,228	149.18%
Capital Assets [2]	125,600	125,600	-	0.00%
Total Administrative Expenditures	$ 4,199,333	$ 4,199,333	$ 3,854,969	91.80%

[1] Excludes annual valuation costs which are included as part of investment expenses.

[2] Capital Assets are included in the adopted Administrative Budget when purchased. However, the costs are recognized as a result of the depreciation process.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Investment Manager Fees	$ 9,294,996	$ 12,219,526
Custodial Service Fees	116,227	162,854
Actuarial Valuation Fees [1]	58,000	148,000
Executive Office Operation	239,227	205,475
Due Diligence Travel	3,125	5,770
Futures Commission Expense	-	24,600
Investment Legal Fees	73,437 [2]	227,093 [2]
Investment Consultant	306,727 [2]	198,167 [2]
Subtotal Investment Expenses	10,091,739	13,191,485
Securities Lending Expenses	3,280,471	14,853,128
Total Investment Expenses	$ 13,372,210	$ 28,044,613

[1] Actuarial Valuation Fees are the fees for producing the Actuarial Valuation Report.

[2] Investment Legal Fees, Investment Consultant Fees, Custodial Service Fees, and Actuarial Valuation Fees can also be found on page 50 as Payments to Consultants.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Disability Attorney Fees	$ 46,070	$ 19,988
Retirement Board Attorney Fees	484,347	330,095
Disability Medical, Investigation, and Copying Fees	112,514	76,457
Other Professional Expenses	50,502	64,151
Audit Fees	106,266	60,119
Actuarial Consulting Fees (non-actuary study costs)	177,729	157,307
Actuarial Report Fees	58,000	148,000
Investment Legal Fees	73,437 [1]	227,093 [1]
Custodial Fees	116,227	162,854
Investment Consultant	306,727 [1]	198,167 [1]
Data Processing Fees	125,716	149,049
Total Payments to Consultants	$ 1,657,535	$ 1,593,280

Refer to page 60 for information on fees paid to investment managers.

[1] Investment Legal Fees, Investment Consultant Fees, Custodial Service Fees, and Actuarial Valuation Fees can also be found on page 49 as Investment Expenses.

Investment Section

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El Segundo, California 90245

WURTS ASSOCIATES

Telephone: 310.297.1777
Facsimile: 310.297.0878

October 8, 2009

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

Performance Summary

After a 5.4% loss net of fees for the fiscal year ending June 30, 2008, FCERA's investment portfolio returned -16.5% net of fees for the fiscal year ending June 30, 2009. This performance ranked them in the 48th percentile in the Independent Consultants Cooperative Public Funds Universe (ICC). Over the past fiscal year we have experienced an unprecedented market environment that has affected the entire global economy. Virtually every asset class experienced significant losses, except for fixed income markets which posted a 6.1% return, primarily driven by the rush to government bonds.

The FCERA portfolio outperformed the Fund's Policy by 1.2%and outperformed the Median Public Fund in the ICC Universe benchmark by 0.1%. On a relative basis, the FCERA portfolio performed in-line with its peer group and was able to slightly outperform the Policy Index. However, the financial crisis experienced over the past fiscal year caused a collapse in equities and hindered the portfolio's performance as a result. FCERA's domestic equity allocation returned -26.1% while the international equity allocation had a one year return of -27.2%. These two asset classes make up more than half of the total Plan's allocation and as result FCERA's performance was hampered.

For the last three years ending June 30, 2009, the FCERA investment portfolio has an average annualized return of -2.1% net of fees and outperformed the Policy benchmark by 90 basis points and the Median Public Fund by 20 basis points. These results ranked FCERA's investment portfolio in the 46th percentile among its peers. Over the five-year period ending June 30, 2009, the portfolio returned 3.1% net of fees. This return earned FCERA a ranking in the 24th percentile. In computing individual manager returns Wurts & Associates employs the industry standard approach of computing a true dollar-weighted rate of return.

Compliance Review

During the year, Franklin Templeton violated their investment guidelines twice, once during the third and fourth quarter of 2008 by holding securities that changed their country assignment to countries outside that of the index. These securities were sold as soon as possible after the country assignment change was announced.

Institutional Investment Consultants
Seattle and Los Angeles

Plan Structure Review

FCERA has taken a number of actions regarding the Plan over the past fiscal year, primarily due to the new asset allocation that was adopted as a result of the Asset-Liability study presented in August of 2008. The adopted asset allocation increased expected returns while decreasing expected volatility and improving the Plan's funded status. This will be achieved by decreasing fixed income and allocating more to alternatives and real asset classes. In November of 2008, Artisan Partners was terminated as a result of professional departures, poor performance, and the effort to consolidate managers. These funds were then transferred to Kalmar Investments to consolidate the small cap growth mandate.

The first search conducted as a result the newly adopted mix was for a TIPs mandate, which is part of the real assets allocation. The mandate was indexed with State Street Global Advisors, as it provided a low cost, low tracking error option and was funded in February of 2009. In April 2009, Bradford & Marzec was terminated primarily due to poor long-term performance and in an overall effort to consolidate managers. The Bradford & Marzec assets were used to fund the new opportunistic fixed income managers, Loomis Sayles and Standish Mellon. Some assets were transferred in-kind to save on transaction costs, while the remaining assets were liquidated to cash.

Below is the new asset allocation versus the actual allocation as of June 30, 2009.

Asset Class	Target Allocation	Actual Allocation
Cash	0%	2.1%
Fixed Income	26%	36.9%
Large Cap Equity	24%	25%
Small Cap Equity	8%	8%
International Equity	20%	17.7%
Real Assets	11%	5%
Private Equity	7%	4.7%
Hedge Funds	4%	0.6%

All of us here at Wurts and Associates appreciate the opportunity to assist the FCERA Board in meeting the Plan's investment objectives. We look forward to continuing to assist FCERA with implementing the new asset allocation and providing guidance to help navigate ever-changing capital markets.

Sincerely,

Jeffrey MacLean
Chief Executive Officer

FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION
GENERAL INFORMATION

The goal of the Fresno County Employees’ Retirement Association (“Association”) is to provide retirement compensation, death benefits, and disability benefits to its members. The Association should meet this goal through prudent investment of employee and employer contributions.

The County Employees’ Retirement Law of 1937 governs the Association. California Public Law (including Sections 31594 and 31595) also regulates Association action. Section 31594 and 31595 are especially important because they provide for prudent person governance of the plan. These laws do not specify the type, amount, and quality of plan investments. Rather, these laws guide the Association to make investments assumed to be in the best interest of the plan’s beneficiaries. Such decisions should be consistent with the decisions of other investors possessing similar information.

The Retirement Board (“Board”) has exclusive control of the investment of the employees’ retirement fund. The assets of the Association are trust funds and shall be held for the exclusive purposes of providing benefits to its members in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the Association. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest the assets of the fund through the purchase, holding, or sale of any form or type of investment financial instrument, or financial transaction when prudent in the informed opinion of the Board.

The officers and employees of the Board shall discharge their duties to the Association as follows:

- The Board will act solely in the interest of and for exclusive purposes of providing benefits to participants and their beneficiaries. The Board will keep employer contributions to the Association at a minimum level. The Board will also pay reasonable expenses required to administer the plan.

- The Board will act like a prudent person under equivalent circumstances and having similar goals. Attention to care, skill, prudence, and diligence is of utmost importance when acting on behalf of the Association.

- The Board shall diversify the Association’s investments to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. The diversification of the Association’s portfolio is displayed in the tables and graphs included in the following pages.

The Association’s assets are exclusively managed by external, professional investment management firms. The Board closely monitors the performance of the managers with the assistance of an external investment consultant.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF INVESTMENT OBJECTIVES

The Association's primary objective is to efficiently allocate and manage the assets dedicated to the payment of retirement and disability benefits. While recognizing the importance of "preservation of capital", the Association also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns in the long run.

To accomplish its investment objectives, the Association has established a series of procedures and guidelines. The procedures, grouped together as the Investment Policy, serve to guide the Association's investment program. The procedures also help to define the responsibilities of the Board members as they relate to the investment process.

The policy drives the investment actions of the Association. This policy considers various mixes of different investment asset class risk and return expectations for each mixed-class portfolio current and projected plan liabilities. The policy places responsibility for proxy voting with its equity investment managers.

The Investment Results on page 57 are based on time-weighted rate of return using fair value and are annualized for three and five years. All other information is reported at fair value.

TARGET AND ACTUAL ASSET ALLOCATIONS
AS OF JUNE 30, 2009

The Board reviews the Association's investment results each quarter. Periodically, the Board reviews the asset allocation, taking into consideration the latest actuarial study. Based on this review, the Board adopts an asset allocation mix with the goal of helping the Association achieve a fully funded status. Each asset class has a target allocation. The Association treats these targets as long-term funding objectives. Adhering to these targets allows the Association to keep investment risk at a manageable level and minimizes investment costs.

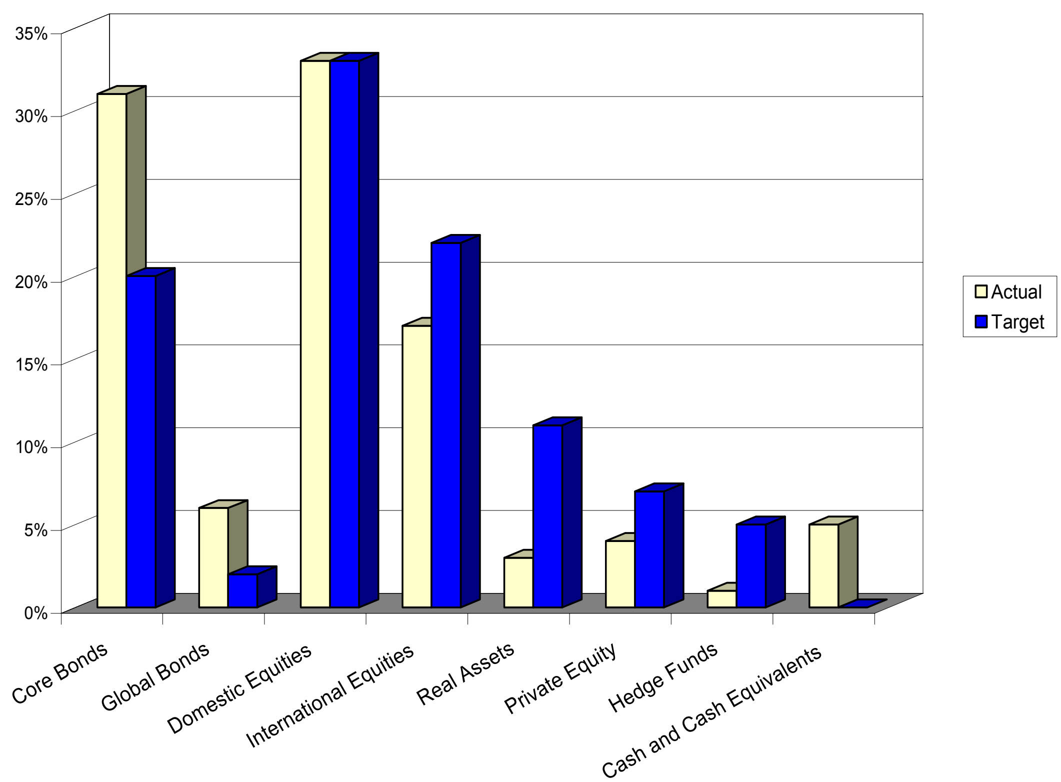
One keystone of asset allocation is diversification among asset classes. Diversification helps to maintain risk at a tolerable level. Therefore, the Board reviews the investment performance and volatility of each asset class on a regular basis over various time periods (quarterly, annually, multi-years) to ensure that the current allocation continues to meet the Association's needs.

Over time, the Board implements the asset allocation plan by hiring investment managers to invest assets on behalf of the Association, subject to investment guidelines incorporated into each firm's investment management contract.

The information provided below and on subsequent pages is a representation of FCERA's financial statements. Individually, they may not tie to the investment consultant's report on pages 51 and 52 of this CAFR due to the different reporting methodologies used by the investment consultant and FCERA.

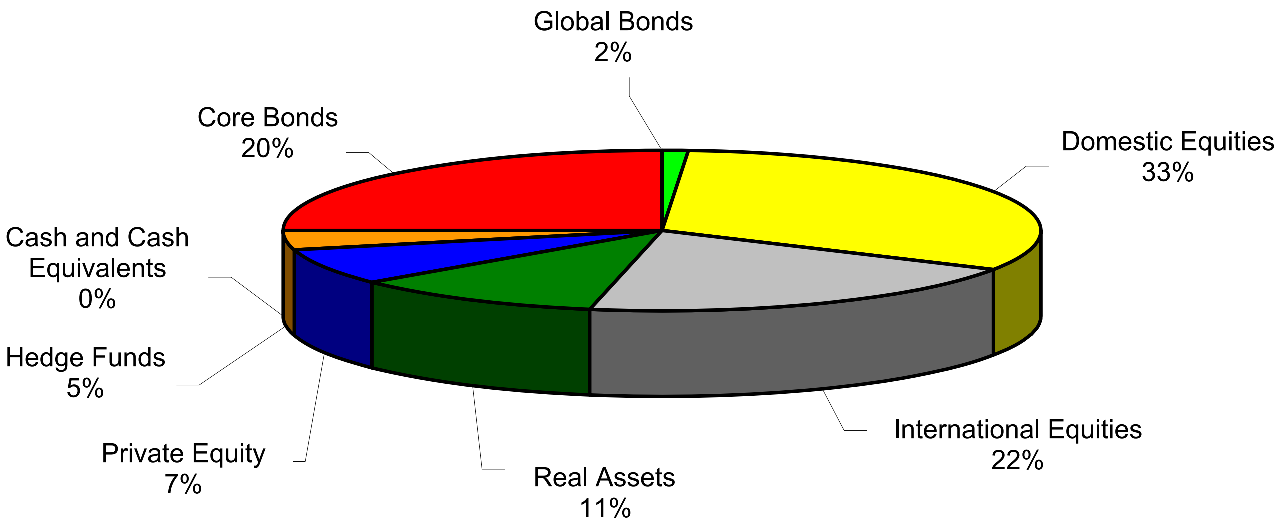
For example, the investment consultant reports cash held with investment managers as part of the investment manager's investment portfolio not as cash and cash equivalents as reported on the Investment Summary.

The 2008 - 2009 target and actual asset allocations are presented in the following graphs and charts:

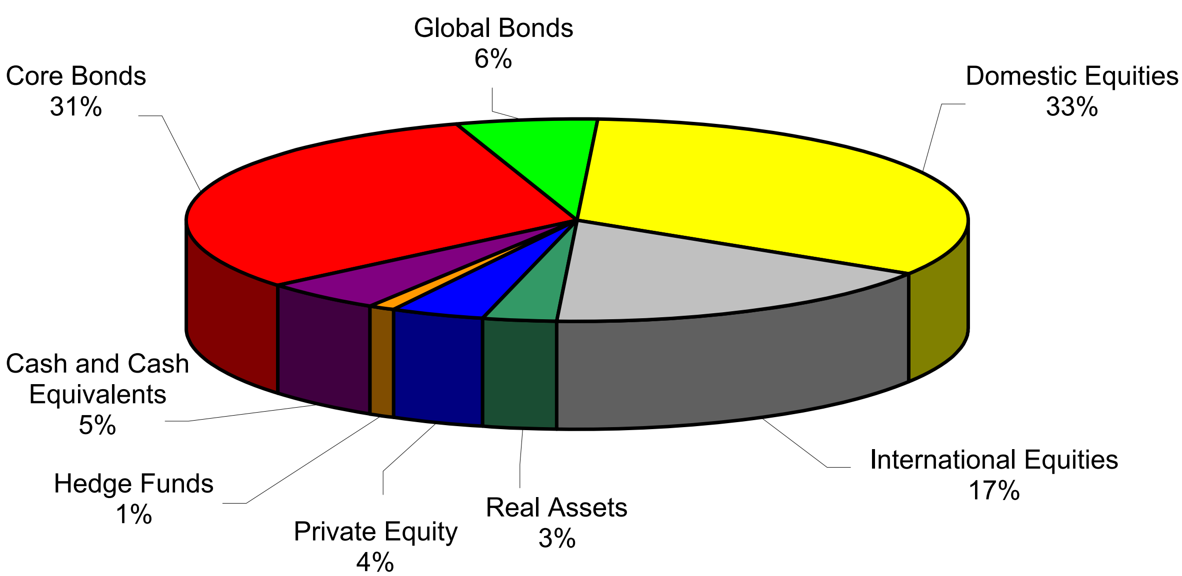


FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TARGET AND ACTUAL ASSET ALLOCATIONS (Continued)
AS OF JUNE 30, 2009

Target Percentages



Actual Percentages



FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT RESULTS
AS OF JUNE 30, 2009

Investments	Current Year	3-Year Return	5-year Return
Fixed Income			
Domestic	4.6%	5.2%	5.2%
Benchmark : LB Aggregate Index	6.1%	6.4%	5.0%
Domestic Opportunistic	3.6% [5]	0.0% [5]	0.0% [5]
Benchmark : BC Aggregate + 300 BPS	1.7%	0.0%	0.0%
TIPS Index Fund	0.7% [4]	0.0% [4]	0.0% [4]
BC US TIPS	0.7%	0.0%	0.0%
Global	-13.0%	-0.5%	2.4%
Benchmark : JPM Global GBI T/U	4.8%	7.9%	6.1%
Equities			
Domestic Large Capital Value	-27.7%	-10.1%	-1.0%
Benchmark: Russell 1000 Value	-29.0%	-11.1%	-2.1%
Domestic Large Capital	-26.1%	-8.2%	-2.1%
Benchmark: S & P 500 Index	-26.2%	-8.2%	-2.2%
Domestic Large Capital Growth	-23.5%	-5.9%	-1.2%
Benchmark: S & P Citi Growth Index	-24.1%	-5.1%	-2.4%
Domestic Large Capital Growth	-24.5%	0.0% [3]	0.0% [3]
Benchmark: Russell 1000 Growth	-24.5%	0.0%	0.0%
Domestic Small Capital Growth	-24.5%	-6.1%	0.0% [1]
Benchmark: Russell 2000 Growth	-24.8%	-7.8%	0.0%
Domestic Small Capital Value	-27.7%	-13.4%	-4.2%
Benchmark : Russell 2000 Value	-25.2%	-12.1%	-2.3%
Emerging Markets Equity	-22.7%	5.5%	0.0% [2]
Benchmark: MSCI Emerging Markets Free	-27.8%	3.3%	0.0%
International Equity	-29.3%	-7.1%	2.9%
Benchmark : MSCI EAFE	-31.0%	-7.5%	2.8%
Private Markets			
Real Estate	-28.7%	-2.3%	8.1%
Benchmark : NCREIF Classic Property	-19.6%	1.0%	7.6%
Alternative Investments	-22.5%	0.5%	8.1%
Benchmark : S&P 500 + 4.47%	-22.6%	-4.0%	2.2%
Cash, Custodial and Investment Pool			
Cash	1.9%	3.7%	3.5%
Benchmark: 90-Day Treasury Bill	1.0%	3.2%	3.2%
Total Fund	-16.2%	-1.8%	3.4%

Notes:

Real Estate is net of fees and lagged one quarter. Other investments are gross of fees.

Investment results were prepared using a time-weighted rate of returned based on the market rate of return.

[1] There were no 5-year results for Domestic Small Capital Growth because the mandate was funded on November 2004.

[2] There were no 5-year results for Emerging Market Equity because the mandate was funded on November 2005.

[3] There were no 3-year or 5-year results because the mandate was funded on April 2008.

[4] The return for current year is for the quarter ended 06/30/09. There were no 3-year or 5-year results because the mandate was funded on February 2009.

[5] The returns reported for current year are for partial quarter ended 06/30/09. There were no 3-year or 5-year results because the mandate was funded on May 2009.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT SUMMARY
AS OF JUNE 30, 2009
(Amounts expressed in thousands)

	Fair Value	Actual Percentages	Target Percentages
Investments			
Domestic Bonds[1]	$ 460,645	20.19%	20.00%
Global Bonds[2]	130,071	5.70%	2.00%
US Government and Agencies	253,413	11.11%	0.00%
Total Bonds	844,129	37.00%	22.00%
Domestic Stocks	741,841	32.52%	33.00%
International Stocks	397,021	17.40%	22.00%
Total Stocks	1,138,862	49.92%	55.00%
Private Markets			
Real Assets	68,086	2.98%	11.00%
Private Equity	106,638	4.67%	7.00%
Hedge Funds	13,809	0.61%	5.00%
Real Estate (Station Building)	1,793	0.08%	0.00%
Total Investments	2,173,317	95.26%	100.00%
Cash and Cash Equivalents			
Cash Held in County Investment Pool	19,408	0.85%	0.00%
Cash Held in Checking Account	139	0.01%	0.00%
Short Term Investment with Fiscal Agent	88,498	3.88%	0.00%
Total Cash and Cash Equivalents	108,045	4.74%	0.00%
Total Investment, Cash and Cash Equivalents	$ 2,281,362	100.00%	100.00%

[1] Includes mortgages.

[2] Includes foreign bonds.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
AS OF JUNE 30, 2009

LARGEST BOND HOLDINGS (By Fair Value)

Par	Name	Yield	Maturity Date	Fair Value
$ 7,481,346	WA MORTGAGE BACKED	5.140%	N/A	$ 84,456,915
674,400	EB OPPORTUNISTIC FUND	6.470%	N/A	73,469,138
9,743,432	GMO GLOBAL BOND FUND III	10.500%	12/31/2099	66,839,945
17,695,000	US TREASURY N/B	3.520%	05/15/2019	17,113,001
12,300,000	BRS5TRHL4 CDS USD RV	0.000%	12/11/2009	12,507,496
10,800,000	BRS628UC8 IRS USD RV	0.000%	01/08/2010	10,800,000
10,500,000	BRS7REN18 IRS USD RF	0.000%	01/30/2014	10,294,849
9,500,000	BRS6J4SV0 IRS USD RF	0.000%	02/14/2010	9,700,487
8,800,000	BRS7T3CS3 IRS USD RF	0.000%	02/11/2011	8,889,473
8,500,000	FNMA TBA	4.370%	12/01/2099	8,652,735
$ 95,994,178	Total			$ 302,724,039

LARGEST STOCK HOLDINGS (By Fair Value)

Shares	Name	Fair Value
8,698,335	MONDRIAN EMERGING MARKET FUND	$ 138,739,378
630,045	SSGA FUNDS	116,261,653
3,364,402	RUSSELL 1000 GROWTH SL	79,191,293
2,446,669	TREASURY INFLATION PROTEC FUND	45,698,892
351,818	EXXON MOBIL CORP	24,595,596
407,311	AT&T INC	10,117,605
85,700	CHEVRON CORP	5,677,625
100,000	ISHARES TR	5,669,000
32,700	GOLDMAN SACHS GROUP INC	4,821,288
79,900	JOHNSON & JOHNSON	4,538,320
16,196,880	Total	$ 435,310,650

A complete list of portfolio holdings is available upon request.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FEES
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Investment Managers' Fees		
Domestic Equity Managers:		
Aronson, Johnson and Ortiz	$ 423,298	$ 621,100
Artisan Partners	196,790	634,831
Brandywine Asset Management	378,710	529,779
Intech S&P Barra Growth	595,881	775,806
Kalmar Management	607,441	560,711
State Street Global Advisors	65,457	16,146
TCW Concentrated Core	-	168,141
Wellington Management Company	383,534	589,975
Total Domestic Equity Managers	2,651,111	3,896,489
International Equity Managers:		
Mondrian Emerging	862,349	1,266,762
Oechsle International	733,879	1,072,242
Templeton Investment	734,392	1,115,664
Total International Equity Managers	2,330,620	3,454,668
Domestic Fixed Income Managers:		
BlackRock Financial Management, Inc.	490,662	497,143
Bradford and Marzec, Inc.	355,551	444,616
Grantham, Mayo & Van Otterloo	271,721	310,727
Loomis Sayles	394,180	373,451
Standish Mellon	52,708	-
Western Asset Management	340,018	464,460
Total Domestic Fixed Income Managers	1,904,840	2,090,397
Private Market Managers:		
Alternative Investments	1,589,170	1,905,350
Real Estate	769,255	820,126
Total Private Market Managers	2,358,425	2,725,476
Cash Overlay		
State Street Global Advisors	50,000	52,496
Total Cash Overlay Managers	50,000	52,496
Total Investment Managers' Fees	$ 9,294,996	$ 12,219,526
Other Investment Expenses		
Securities Lending Expense	$ 3,280,471	$ 14,853,128
Due Diligence Travel	3,125	5,770
Custodial Service Fees	116,227	162,854
Actuarial Valuation Fees	58,000	148,000
Executive Office Operation	239,227	205,475
Futures Commission Expense	-	24,600
Consulting and Legal Fees	380,164	425,260
Total Other Investment Expenses	$ 4,077,214	$ 15,825,087

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF COMMISSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions per Share	Percentage of Commissions
Avian Securities	351,200	$ 7,024	$ 0.0200	0.61%
Baird, Robert W. & Company Inc	172,180	7,713	0.0448	0.67%
Bank Of America Intl Ny (United States)	46,400	1,902	0.0410	0.17%
Bank Of America Securities LLC	147,887,232	6,198	0.0000	0.54%
Bank Of New York Brussels	1,111,255	4,530	0.0041	0.39%
Barclays Capital Inc/Le	1,020,029	15,549	0.0152	1.35%
Baypoint Trading LLC	129,416	4,410	0.0341	0.38%
Bloomberg Trade Book LLC	293,000	2,573	0.0088	0.22%
Bnp Paribas Peregrine Securities	53,600	1,475	0.0275	0.13%
Bnp Paribus Securities Corp	85,900	1,718	0.0200	0.15%
Bny Convergex	21,080,287	15,102	0.0007	1.32%
Bny Convergex LJR	2,973,274	89,321	0.0300	7.79%
Boenning & Scattergood Inc	79,100	1,780	0.0225	0.15%
B-Trade Services LLC	1,898,961	37,979	0.0200	3.31%
Cantor Fitzgerald & Co	860,992	19,770	0.0230	1.72%
Capital Institutional Svcs Inc Equities	8,043,593	54,237	0.0067	4.73%
Citi Group Global Markets Inc	105,013,197	21,119	0.0002	1.84%
Citi Group Global Markets Limited	126,353,137	6,110	0.0000	0.53%
Cowen Andcompany, LLC	213,102	8,267	0.0388	0.72%
Craig - Hallum	386,410	3,864	0.0100	0.34%
Credit Agricole Indosuez Cheuvreux	115,229	1,354	0.0117	0.12%
Credit Suisse Securities (Europe) Ltd	202,020	2,088	0.0103	0.18%
Credit Suisse Securities (USA) LLC	623,781,237	54,643	0.0001	4.76%
Deutsche Bank Securities Inc	918,422,499	34,916	0.0000	3.04%
Dougherty Company	42,930	1,750	0.0408	0.15%
Dowling & Partners	37,700	1,438	0.0381	0.12%
Fidelity Capital Markets	776,500	15,410	0.0198	1.34%
Fox Pitt Kelton Inc	164,600	6,161	0.0374	0.54%
Friedman Billings & Ramsey	55,994	2,146	0.0383	0.19%
Goldman Sachs & Co	193,426,906	88,997	0.0005	7.76%
Goldman Sachs International	1,795,123	19,250	0.0107	1.68%
Guzman & Co	767,600	14,575	0.0190	1.27%
Hibernia Southcoast Capital Inc	86,420	1,763	0.0204	0.15%
Instinet	1,451,000	23,117	0.0159	2.02%
Investment Technology Group Inc	1,651,545	23,684	0.0143	2.06%
Isi Group Inc	587,714	1,420	0.0024	0.12%
Janney Montgomery, Scott Inc	96,230	2,566	0.0267	0.22%
Jefferies & Company Inc	8,174,666	33,875	0.0041	2.95%
Jefferies International Ltd	77,790	1,511	0.0194	0.13%
Jnk Securities Inc	78,400	1,568	0.0200	0.14%
Johnson Rice & Co	126,330	4,751	0.0376	0.41%
Jones Trading Institutional Services LLC	1,004,868	23,215	0.0231	2.02%
JP Morgan Clearing Corp	17,534,473	35,942	0.0020	3.13%

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions per Share	Percentage of Commissions
JP Morgan Securities Inc	7,787,980	$ 38,308	$ 0.0049	3.34%
JP Morgan Securities Limited	75,680	1,288	0.0170	0.11%
Keefe Bruyette & Woods Inc	102,210	3,559	0.0348	0.31%
Keybanc Capital Markets Inc	2,687,650	2,069	0.0008	0.18%
Knight Securities	707,076	14,928	0.0211	1.30%
Leerink Swann And Company	59,275	2,492	0.0420	0.22%
Lehman Brothers Inc	94,790,198	10,634	0.0000	0.93%
Liquidnet Inc	1,102,690	20,528	0.0186	1.79%
Merrill Lynch,Pierce,Fenner & Smith, Inc	75,445,280	45,135	0.0006	3.93%
Midwest Research Securities	64,260	2,554	0.0398	0.23%
Ml Professional Clearing Corp	421,750	8,435	0.0200	0.74%
Morgan Joseph & Co Inc	50,930	2,037	0.0400	0.18%
Morgan Stanley Co Inc	137,221,137	41,703	0.0003	3.64%
Murphy & Durieu	53,100	1,195	0.0225	0.10%
National Financial Services Corp	1,143,440	2,397	0.0021	0.21%
Needham & Company	40,040	1,684	0.0420	0.15%
Northland Securities Inc	126,460	1,264	0.0100	0.11%
Oppenheimer & Co Inc	943,313	3,964	0.0420	0.35%
Pershing LLC	11,773,479	25,817	0.0022	2.25%
Pipeline Trading Systems LLC	189,300	2,072	0.0109	0.18%
Princeton Securities	213,490	2,135	0.0100	0.19%
Pulse Trading LLC	349,065	5,366	0.0154	0.47%
Raymond James And Associates Inc	90,385	3,615	0.0400	0.32%
Rbc Capital Markets	12,651,849	6,331	0.0005	0.55%
Rosenblatt Securities LLC	726,041	12,582	0.0173	1.10%
Roth Capital Partners LLC	158,650	1,587	0.0100	0.14%
Sandler Oneill & Part Lp	30,400	1,340	0.0441	0.12%
Sanford C. Bernstein Ltd	233,893	3,104	0.0133	0.27%
Sanford Cbernstein Co LLC	1,223,204	14,852	0.0121	1.29%
Scott & Stringfellow, Inc	1,938,280	6,357	0.0033	0.55%
Sg Americas Securities, LLC	216,600	2,392	0.0110	0.21%
Stanford Group Company	1,025,950	10,736	0.0105	0.94%
Stephens Inc	117,060	4,992	0.0426	0.43%
Stifel Nicolaus & Co Inc	107,078	4,309	0.0402	0.38%
Thomas Weisel Partners LLC	977,107	12,442	0.0127	1.08%
Ubs Ag	1,031,207,000	4,733	0.0000	0.41%
Ubs Ag London	334,224,492	3,127	0.0000	0.27%
Ubs Securities Asia Ltd	400,862	2,317	0.0058	0.21%
Ubs Securities LLC	23,607,186	42,508	0.0018	3.71%
Wachovia Capital Markets, LLC	8,878,100	1,770	0.0002	0.15%
Weeden & Co	1,019,608	17,224	0.0169	1.50%
William Blair & Company, LLC	130,800	5,128	0.0392	0.45%
Other	11,051,676,614	39,450	0.0000	3.45%
	14,994,499,001	$ 1,147,241	$ 0.0001	100.00%

Actuarial Section

THE SEGAL COMPANY
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June 2, 2009

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

Re: Actuarial Valuation for the Fresno County Employees' Retirement Association

Dear Members of the Board:

The Segal Company prepared the June 30, 2008 actuarial valuation of the Fresno County Employees' Retirement Association. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

As part of the June 30, 2008 actuarial valuation, The Segal Company (Segal) conducted an examination of all participant data for reasonableness. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the Association's financial statements. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the total return at market value and the expected investment return over a five-year period.

One of the funding objectives of the Plan is to establish rates which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL).

The UAAL is amortized as a level percentage of payroll over a declining 25-year period for UAAL established as of the June 30, 2003 valuation and a 15-year period for UAAL established on each subsequent valuation. The progress being made towards meeting the funding objective through June 30, 2008 is illustrated in the Schedule of Funding Progress.

A listing of supporting schedules Segal prepared for inclusion in the actuarial, statistical, and financial sections of the Association's CAFR is provided below:

1. Solvency test;

2. Actuarial Analysis of Financial Experience; and

3. Schedule of Funding Progress.

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on the June 30, 2006 Experience Analysis or in conjunction with the June 30, 2008 actuarial valuation. It is our opinion that the assumptions used in the June 30, 2008 valuation produce results, which, in the aggregate, reflect the future experience of the Plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The next experience analysis is due to be performed as of June 30, 2009.

In the June 30, 2008 valuation, the ratio of the valuation assets to actuarial accrued liabilities decreased from 82.9% to 82.0%. The employer's rate has increased from 28.39% of payroll to 29.93% of payroll, while the employee's rate has decreased from 8.39% of payroll to 8.04% of payroll.

The undersigned are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,

Paul Angelo, FSA, EA, MAAA, FCA	Andy Yeung, ASA, EA, MAAA
Senior Vice President & Actuary	Vice President & Associate Actuary

MYM/kek
Enclosures

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The Entry Age Normal Actuarial Cost Method was used in conjunction with the following actuarial assumptions. The Unfunded Actuarial Accrued Liability (UAAL) established as of the June 30, 2003 valuation is being amortized over a declining 30-year period with 25 years remaining as of June 30, 2008. 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 is amortized over a separate 15-year declining period. The increase in UAAL due to benefit improvements is amortized over 30 years. The following interest rate assumptions along with the post retirement and pre-retirement demographic experiences are based on the plan's actuarial experience through June 30, 2008. The actuarial valuation report as of June 30, 2008 was approved and adopted by the Fresno County Board of Retirement on December 17, 2008.

1. Investment Rate of Return:	8.00% per annum
2. Interest Credited to Employee Accounts:	Nominal rate of 3.00% per annum, compounded semiannually
3. Inflation:	3.75% per annum
4. Salary Scale:	
- General Members:	Salary increases range from 4.90% to 10.00% based on years of service (merit ranges from 0.90% to 6.00%; plus 3.75% inflation plus 0.25% "across the board" salary increase).
- Safety Members:	Salary increases range from 5.25% to 10.00% based on years of service (merit ranges from 1.25% to 6.00%; plus 3.75% inflation plus 0.25% "across the board" salary increase).
5. Asset Valuation:	Smoothed market value
6. Spouses and Dependents:	80% of male active members and 55% of female active members assumed married at retirement, with wives assumed three years younger than husbands
7. Rates of Termination of Employment:	0.00% to 11.00%, depending on age, gender and service classification

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS (Continued)

8. Years of Life Expectancy After Retirement:	
- General Members:	RP – 2000 Healthy Annuitant Mortality with adjustment for white collar workers
- Safety Members:	RP – 2000 Healthy Annuitant Mortality with adjustment for blue collar workers set back two years
9. Years of Life Expectancy After Disability:	RP - 2000 Disabled Annuitant Mortality set back one year for General members and two years for Safety members
10. Life Expectancy After Retirement for Employee Contribution Rate Purposes:	
- General Members:	RP - 2000 Healthy Annuitant Mortality with adjustment for white collar workers weighted 1/3 male and 2/3 female
- 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
11. Reciprocity Assumption:	40% of General members and 55% of Safety members who terminate with a vested benefit are assumed to enter a reciprocal system
12. Vested Terminations:	Varies by age and years of service
13. Service and Disability Retirements:	Varies by tier of membership and by age
14. Gains & Losses:	25 years (declining) for UAAL established as of June 30, 2003 plus 15 years (declining) for UAAL and change in actuarial assumptions established on each subsequent valuation. The increase in UAAL due to benefit improvements is amortized over 30 years.

Note: Information compiled from Actuarial Report prepared by The Segal Company as of June 30, 2008. Please refer to page 46 for the latest actuarial valuation methods.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Plan Type	Number	Annual Payroll (in thousands)	Average Monthly Salary	% Increase in Average Salary
6/30/2003 [1]	General	6,660	$ 286,279	$ 3,582	6.2%
	Safety	939	55,702	4,943	6.7%
	Total	7,599	$ 341,981	$ 3,750	6.4%
6/30/2004 [1]	General	6,534	$ 283,136	$ 3,611	1.0%
	Safety	911	54,478	4,983	1.0%
	Total	7,445	$ 337,614	$ 3,774	1.0%
6/30/2005 [1]	General	6,671	$ 295,741	$ 3,694	2.3%
	Safety	963	55,309	4,786	-4.0%
	Total	7,634	$ 351,050	$ 3,832	1.5%
6/30/2006 [2]	General Tier 1	6,559	$ 310,007	$ 3,938	6.6%
	General Tier 2 [3]	140	5,024	2,990	100.0%
	Safety Tier 1	973	60,661	5,195	8.5%
	Safety Tier 2 [3]	14	578	3,442	100.0%
		7,686	$ 376,270	$ 4,016	4.8%
6/30/2007 [2]	General Tier 1	6,537	$ 328,403	$ 4,186	6.3%
	General Tier 2 [3]	300	10,965	3,046	1.9%
	Safety Tier 1	934	63,392	5,656	8.9%
	Safety Tier 2 [3]	31	1,516	4,079	18.5%
		7,802	$ 404,276	$ 4,318	7.5%
6/30/2008 [2]	General Tier 1	6,117	$ 329,751	$ 4,492	7.3%
	General Tier 2 [3]	123	6,640	4,498	47.7%
	General Tier 3 [4]	547	19,601	2,986	100.0%
	Safety Tier 1	888	64,592	6,061	7.2%
	Safety Tier 2 [3]	65	3,499	4,486	10.0%
		7,740	$ 424,083	$ 4,566	5.7%

[1] Information compiled from annual Actuarial Reports prepared by Public Pension Professionals dated June 30, 2003, 2004 and 2005.
[2] Information compiled from annual Actuarial Reports prepared by The Segal Company dated June 30, 2006, 2007 and 2008.
[3] New benefit tier effective September 2005.
[4] New benefit tier effective December 2007.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM RETIREE PAYROLL

Year	Number at Beginning of Year	Number Added to Rolls	Allowances Added	Number Removed From Rolls	Allowances Removed	Number at End of Year	Annual Allowance (in thousands)	Percent Increase in Annual Allowance	Average Annual Allowance (in thousands)	Percent Increase in Average Annual Allowance
2003-04	4,003	335	N/A	104	N/A	4,234	$ 106,247	14.58%	$ 25	8.33%
2004-05	4,234	285	N/A	118	N/A	4,401	114,376	7.65%	26	3.59%
2005-06	4,401	316	N/A	107	N/A	4,610	120,230	5.12%	26	0.35%
2006-07	4,610	315	N/A	146	N/A	4,779	130,568	8.60%	27	4.75%
2007-08	4,779	400	N/A	149	N/A	5,030	142,136	8.86%	28	3.44%
2008-09	5,030	393	$ 7,370	140	$ 1,051	5,283	154,794	8.91%	29	3.68%

N/A = Data not available

SCHEDULE OF FUNDING PROGRESS
(Amounts expressed in thousands)

The funding ratios are based on the Entry Age Normal cost funding method

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Unfunded AAL Percentage of Covered Payroll
June 30, 2003	$ 1,922,149 [2]	$ 1,953,490	$ 31,341 [1]	98.9%	$ 341,981	9.2% [1]
June 30, 2004	1,977,097 [2]	2,017,971	40,874	98.0%	337,614	12.1%
June 30, 2005	2,044,389 [1]	2,233,594 [1, 3]	189,205 [1, 3]	91.5% [1]	351,049	53.9% [3]
June 30, 2006	2,398,454	2,803,990	405,536	85.5%	376,270	107.8%
June 30, 2007	2,610,269 [4]	3,149,570	539,301	82.9%	404,277	133.4%
June 30, 2008	2,812,423	3,429,990	617,567	82.0%	424,083	145.6%

[1] Includes a correction to amount reported at June 30, 2006.

[2] Actuarial Value of Assets on the Solvency Test includes the total plan assets for all years. The Schedule of Funding Progress shown here and on page 45 reports only the employers' assets for the years 2002, 2003 and 2004, amounts will therefore not be consistent between the Solvency Test Schedule and the Schedule of Funding Progress.

[3] Before the Board amended its funding policy to eliminate the requirement that one half of the Cost of Living Adjustments UAAL be paid by members. After the amendment, the AAL was $2,545,620, the AVA was $2,270,141, the funded percentage was 89.2% and the UAAL was $275,479.

[4] Assets decreased by $3,169 for the net overpayment of member contributions discounted to June 30, 2007.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF ANALYSIS OF FINANCIAL EXPERIENCE
(Amounts expressed in thousands)

	Changes to UAAL	2008
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))	42,388
5	Expected unfunded actuarial accrued liability at end of year	562,780
6	Actuarial (gain)/loss due to all changes:	
	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	8,057
	e. Subtotal	37,899
	Other Changes	
	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	3,634
	h. Subtotal	16,888
7	Actual unfunded actuarial accrued liability at end of year (5)+(6e)+(6h).	$ 617,567

Note: Information prepared by The Segal Company.

	Changes to UAAL	2007
1	Unfunded actuarial accrued liability at beginning of year	$ 405,536
2	Gross Normal Cost payable at middle of year	93,442
3	Actual employer and member contributions	(103,525)
4	Interest (full year on (1) plus half year on (2)+(3))	32,681
5	Expected unfunded actuarial accrued liability at end of year	428,134
6	Actuarial (gain)/loss due to all changes:	
	a. Gain from investment return	(42,823)
	b. Change in actuarial assumptions	108,905
	c. Higher than expected salary increase	56,450
	d. Net over/(under) payment of member contributions	3,169
	e. Implementation of General Tier 3	333
	f. Other experience (gain)/loss	(14,867)
	g. Subtotal	111,167
7	Actual unfunded actuarial accrued liability at end of year (5)+(6g).	$ 539,301

Note: Information prepared by The Segal Company.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SOLVENCY TEST
(Amounts expressed in thousands)

	Actuarial Accrued Liabilities (AAL) for				Portion of Accrued Liabilities Covered by Reported Assets		
Valuation Date	Active Member Contributions [d] (1)	Vested, Retirants and Beneficiaries (2)	Active Members Employer Financed (3)	Actuarial Value of Assets (AVA)	Active Member Contributions (1)	Vested, Retirants and Beneficiaries (2)	Active Members Employer Financed (3)
June 30, 2003 (a)	$ 266,798	$ 1,217,965	$ 728,912	$ 1,806,494 (b)	100%	100%	44%
June 30, 2004 (a)	$ 275,678	$ 1,254,674	$ 750,455	$ 2,265,388 (b)	100%	100%	98%
June 30, 2005 (c)	$ 285,576	$ 1,415,822	$ 532,196	$ 2,044,389	100%	100%	64%
June 30, 2006	$ 301,758	$ 1,515,599	$ 986,633	$ 2,398,454	100%	100%	59%
June 30, 2007	$ 330,610	$ 1,710,524	$ 1,108,436	$ 2,610,269 (e)	100%	100%	51%
June 30, 2008	$ 335,820	$ 1,895,024	$ 1,199,146	$ 2,812,423	100%	100%	48%

(a) Results prepared by the Association's prior actuary and disclosed in the June 30, 2006 CAFR.
(b) Actuarial Value of Assets in the Solvency Test includes the total plan assets for all years. This differs from the Schedule of Funding Progress which reports only the employers' assets for the years 2002, 2003 and 2004, amounts will therefore not be consistent between Solvency Test Schedule and the Schedule of Funding Progress.
(c) Before the Board amended its funding policy to eliminate the requirement that one half of the Cost of Living Adjustments UAAL be paid by members. After the amendment, the AAL was $2,545,620 and the AVA was $2,270,141.
(d) Equal to the total balance (in market value) of the reserve account maintained for member contributions.
(e) Assets decreased by $3,169 for the net overpayment of member contributions discounted to June 30, 2007.

Note: UAAL means Unfunded Actuarial Accrued Liability.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE
(Amounts expressed in thousands)

Age	Total Terminations	Ordinary Death	Duty Death	Total Disability
General Members - Male				
20	0.05000	0.00000	0.00000	0.00010
30	0.05000	0.00040	0.00000	0.00020
40	0.04500	0.00090	0.00000	0.00050
50	0.03400	0.00200	0.00000	0.00310
60	0.02000	0.00560	0.00000	0.00920
General Members - Female				
20	0.07000	0.00000	0.00000	0.00010
30	0.07000	0.00030	0.00000	0.00020
40	0.04900	0.00060	0.00000	0.00100
50	0.03400	0.00160	0.00000	0.00180
60	0.02000	0.00470	0.00000	0.00420
Safety Members - Male				
20	0.04000	0.00000	0.00100	0.00010
30	0.03700	0.00040	0.00100	0.00200
40	0.02700	0.00130	0.00100	0.00600
50	0.01000	0.00210	0.00100	0.01200
60	0.00000	0.00640	0.00100	0.01200
Safety Members - Female				
20	0.04000	0.00000	0.00100	0.00010
30	0.03700	0.00020	0.00100	0.00200
40	0.02700	0.00070	0.00100	0.00600
50	0.01000	0.00170	0.00100	0.01200
60	0.00000	0.00380	0.00100	0.01200

Note: Information compiled from Actuarial Report prepared by The Segal Company dated June 30, 2008. Assumptions for separation from active service are based on combined tiers with the exception of service retirement.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE (Continued)
(current assumptions)

Age	Service Retirement
General Tier 1 - Male	
50	0.04000
55	0.07000
60	0.30000
65	0.43000
70	1.00000
General Tier 1 - Female	
50	0.04000
55	0.10000
60	0.22000
65	0.30000
70	1.00000
General Tier 2 - Male and Female	
50	0.03000
55	0.08400
60	0.15000
65	0.35000
70	1.00000
General Tier 3 - Male and Female	
50	0.03000
55	0.08400
60	0.19200
65	0.43300
70	1.00000
Safety Tiers 1 and 2 - Male and Female	
50	0.05000
55	0.45000
60	1.00000
65	1.00000
70	1.00000

Note: Information compiled from Actuarial Report prepared by The Segal Company dated June 30, 2008. Assumptions for separation from active service are based on combined tiers with the exception of service retirement.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PROPORTION OF WITHDRAWALS FROM ACTIVE SERVICE
(current assumptions)

Years of Service	Refunds	Deferred Vested
0	85.00%	15.00%
1	85.00%	15.00%
2	85.00%	15.00%
3	85.00%	15.00%
4	85.00%	15.00%
5	30.00%	70.00%
6	30.00%	70.00%
7	30.00%	70.00%
8	30.00%	70.00%
9	30.00%	70.00%
10	30.00%	70.00%
11	30.00%	70.00%
12	30.00%	70.00%
13	30.00%	70.00%
14	30.00%	70.00%
15	30.00%	70.00%
16	30.00%	70.00%
17	30.00%	70.00%
18	30.00%	70.00%
19	30.00%	70.00%
20 or more	30.00%	70.00%

Note: Probability of refunds by age are not available. Refunds are more closely associated with years of service. Information compiled from Actuarial Report prepared by The Segal Company dated June 30, 2008.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
YEARS OF LIFE EXPECTANCY AFTER SERVICE RETIREMENT
(current assumptions)

Age	Years of Life Expectancy
General Members - Male	
50	31.20
60	22.10
70	14.00
80	7.60
90	3.50
100	1.80
110	1.50
General Members - Female	
50	33.80
60	24.50
70	16.20
80	9.50
90	4.80
100	2.80
110	1.70
Safety Members - Male	
50	31.10
60	22.00
70	14.20
80	8.10
90	4.00
100	2.00
110	1.50
Safety Members - Female	
50	34.40
60	25.10
70	16.70
80	10.10
90	5.30
100	3.10
110	1.80

Note: Information provided by The Segal Company.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
YEARS OF LIFE EXPECTANCY AFTER DISABILITY RETIREMENT
(current assumptions)

Age	Years of Life Expectancy	
General Members	**Male**	**Female**
20	30.60	47.00
30	27.30	40.30
40	23.20	33.00
50	18.20	25.40
60	13.80	18.70
70	9.70	13.00
80	6.20	8.30
90	3.70	4.90
100	1.90	3.00
110	1.50	1.70
Safety Members	**Male**	**Female**
20	30.90	47.60
30	27.70	41.00
40	23.70	33.80
50	18.70	26.10
60	14.20	19.30
70	10.10	13.50
80	6.50	8.70
90	3.90	5.20
100	2.00	3.10
110	1.50	1.80

Note: Information provided by The Segal Company.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUMMARY OF MAJOR PLAN PROVISIONS

1. ELIGIBILITY

First day of pay period following date of employment.

2. DEFINITION OF SALARY

- Tier 1 and 2
  Highest 365 consecutive days of compensation earnable.

- Tier 3
  Highest three-year average final compensation earnable.

3. SERVICE RETIREMENT

- Tier 1
  General offers 2.5% at age 55, Government Code Section 31676.12, 31676.14 and 31627.
  Safety offers 2.5% at age 50, Government Code Section 31664 and 31627.

- Tier 2
  General offers 2% at age 55, Government Code Section 31676.16.
  Safety offers 2.29% at age 50, Government Code Section 31664.2.

- Tier 3
  General offers 2% at age 55, Government Code Section 31676.15.

- Early retirement

  Age 50 with 10 years of service, or any age with 30 years of service for General, or any age with 20 years of service for Safety.

- Benefit

  2.5% times final average salary per year of service for General and Safety Tier 1.

  2.0% times final average salary per year of service for General Tier 2 and Tier 3.

  2.29% times final average salary per year of service for Safety Tier 2.

- Benefit Adjustments

  Reduced for retirement before 55 and 50 for General and Safety Tier 1, respectively; 2.5% benefit formulas.

  Increased for retirement after 55 and 50 for General and Safety Tier 1, respectively; 2.5% benefit formulas respectively.

  Reduced for retirement before 55 for General Tier 2 and 3, and increased after 55; 2.0% benefit formulas.

  Increased for retirement after 50 for Safety Tier 2 and reduced before 50; 2.29% benefit formulas.

4. DISABILITY RETIREMENT

- Non-service connected

  1.5% for General and 1.8% for Safety of final average salary per year of service, with a maximum of 33.33% if projected service is used (age 65 for General, age 55 for Safety), or service retirement benefit (if eligible).

- Service-connected

  Greater of 50% of final average salary or service retirement benefit (if eligible).

5. DEATH BEFORE RETIREMENT

- Refund of contributions plus 1/12th of monthly salary per year of service, maximum of six months' salary.

- If eligible for non-service connected disability or service retirement

    - 60% of member's accrued allowance.

- If service-connected

    - 50% of final compensation or 100% of service retirement, if eligible.

6. DEATH AFTER RETIREMENT

- Service retirement or ordinary disability

    - 60% of member's allowance payable to an eligible spouse.

- Service disability

    - 100% of member's allowance payable to an eligible spouse.

7. VESTING

- After five years of service.

- Must leave contributions on deposit.

8. MEMBERS' CONTRIBUTIONS

Based on entry age.

9. COST-OF-LIVING

Maximum 3% COLA for all members.

Note: Information for the Summary of Major Plan Provisions was compiled from the Actuarial Report prepared by The Segal Company dated June 30, 2008, except for information related to Non-Service Connected Disability (item 4 on the preceding page) which The Segal Company provided separately.


Statistical Section

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TABLE OF CHANGES IN PLAN NET ASSETS
Fiscal Years Ended 2000 through 2009
(Amounts expressed in thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Additions										
Employer Contributions	$ -	$ -	$ 7,780	$ 33,583	$ 442,950 [1]	$ 56,343	$ 56,664	$ 69,997	$ 97,305	$ 113,959
Member Contributions	9,198	9,973	14,434	19,974	18,239	24,261	30,570	33,528	30,272	34,562
Net Investment Income/Loss	133,170	(33,930)	(63,285)	27,390 [3]	238,877	235,406	229,767	442,355	(186,911)	(451,499)
Total Additions	142,368	(23,957)	(41,071)	80,947 [3]	700,066	316,010	317,001	545,880	(59,334)	(302,978)
Deductions [2]										
Total Benefit Expense	52,223	63,881	81,784	92,887	107,052	115,129	120,993	131,480	143,072	155,783
Administrative Expense	867	2,235	1,544	2,059	2,001	2,484	2,865	3,298	3,569	3,855
Refunds	2,275	1,146	870	904	941	1,403	1,185	2,114	6,072	2,077
Total Deductions	55,365	67,262	84,198	95,850	109,994	119,016	125,043	136,892	152,713	161,715
Change in Plan Net Assets	$ 87,003	$ (91,219)	$ (125,269)	$ (14,903)	$ 590,072	$ 196,994	$ 191,958	$ 408,988	$ (212,047)	$ (464,693)

[1] Includes proceeds from Pension Obligation Bonds.

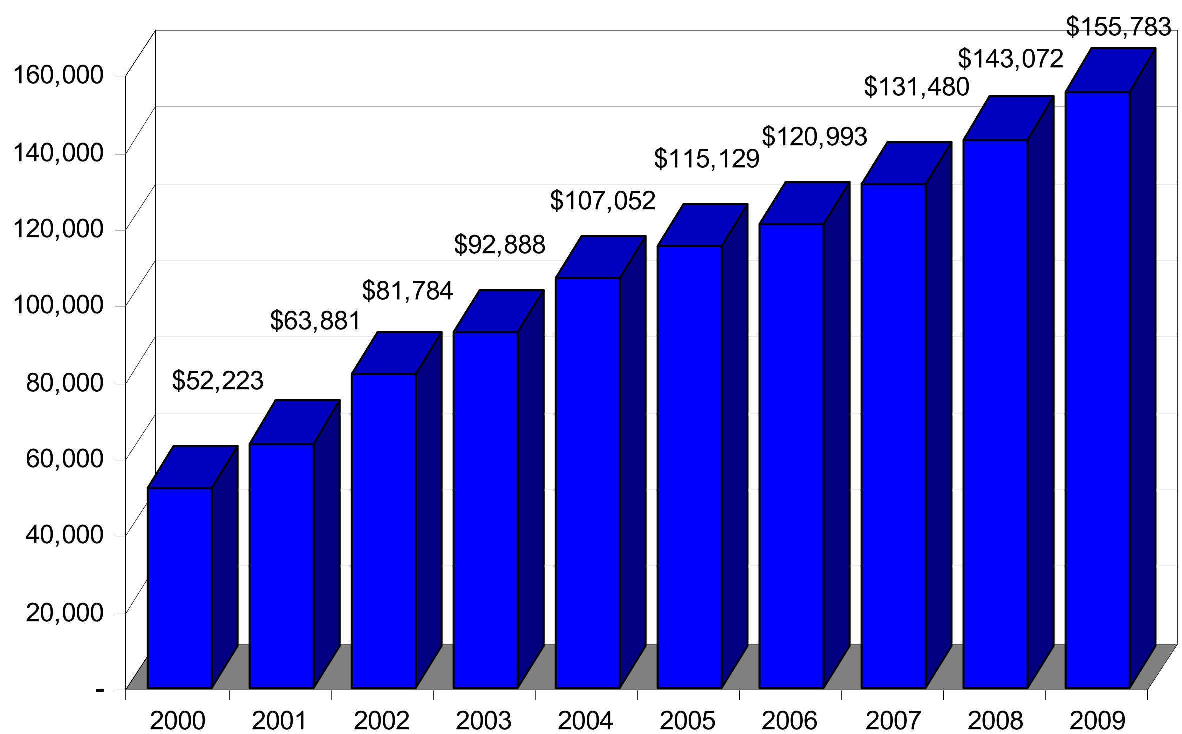
[2] See page 89 for detailed information on Benefit and Refund deductions by type.

[3] Amounts revised from prior year (2003) Comprehensive Annual Financial Report.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF BENEFIT EXPENSES BY TYPE
(Amounts expressed in thousands)

	SERVICE		SURVIVOR		DISABILITIES		
YEAR END	GENERAL	SAFETY	GENERAL	SAFETY	GENERAL	SAFETY	TOTAL [1]
2000	42,909	8,530		784			52,223
2001	52,480	10,529		872			63,881
2002	65,113	15,378		1,293			81,784
2003	72,875	18,710		1,303			92,888
2004	83,795	22,012		1,245			107,052
2005	90,517	23,233		1,379			115,129
2006	96,590	23,148		1,255			120,993
2007	100,807	20,542	$ 1,369	446	$ 3,952 [2]	$ 4,364 [2]	131,480
2008	110,819	21,074	1,312	459	4,489	4,919	143,072
2009	120,975	23,014	1,398	470	4,771	5,155	155,783

BENEFIT EXPENSES

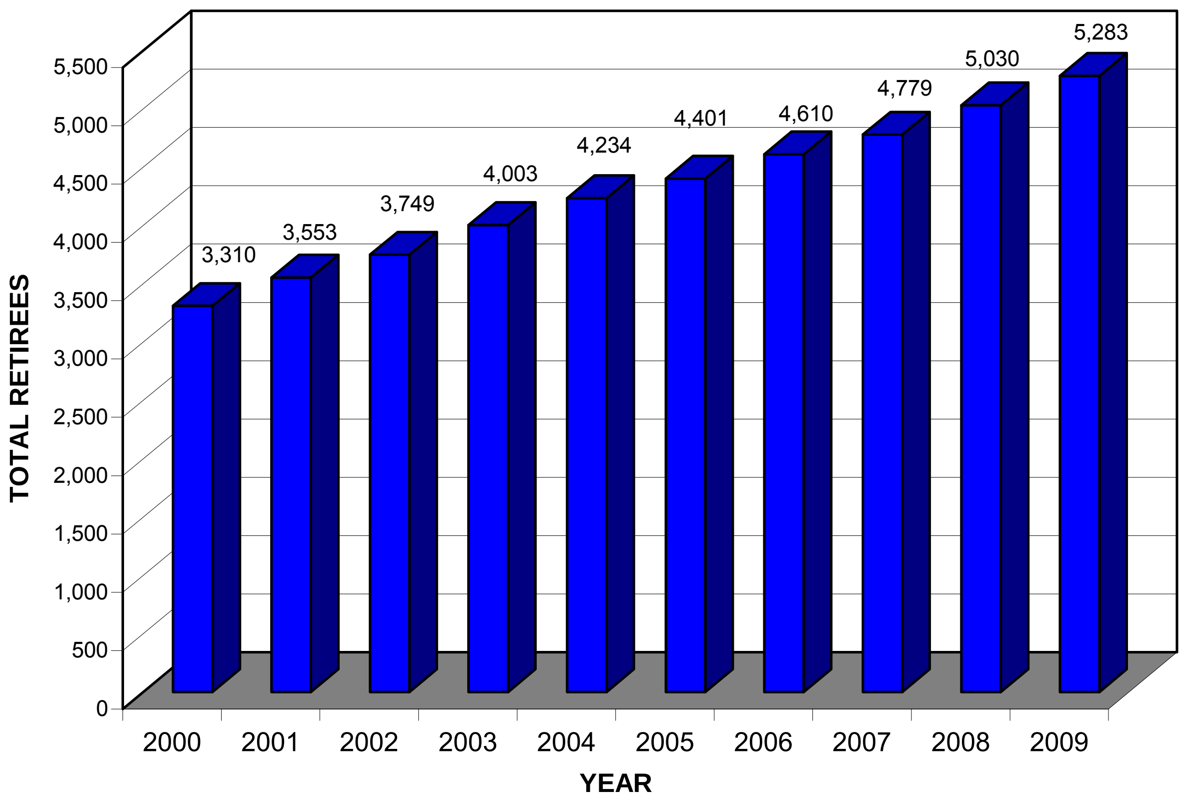


[1] Total Benefit Expenses are the actual expenses paid and will not equal Total Average Annual Benefits reported on page 82.

[2] Effective fiscal year ended June 30, 2007, Disability Benefit Expenses are reported separately from Service Retirement Benefit Expenses.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT

YEAR END	GENERAL	SAFETY	SURVIVOR	TOTAL
2000	2,897	338	75	3,310
2001	3,089	390	74	3,553
2002	3,235	435	79	3,749
2003	3,435	488	80	4,003
2004	3,635	516	83	4,234
2005	3,770	543	88	4,401
2006	3,956	565	89	4,610
2007	4,094	591	94	4,779
2008	4,303	631	96	5,030
2009	4,519	663	101	5,283



FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION OF RETIRED MEMBERS

Valuation Date [5]	Plan type	Annual [4] Number	Total Average [3] Annual Benefits	Annual Average Benefits	Average Monthly Benefits	% Change in Average Benefits
6/30/2000	General	2,901	$ 38,686,107	$ 13,335	$ 1,111.25	7.5%
	Safety	330	7,581,842	22,975	1,914.58	15.7%
	Total	3,231	$ 46,267,949	$ 36,310	$ 3,025.83	12.5%
6/30/2002 [1]	General	3,287	$ 66,423,696	$ 20,208	$ 1,684.00	51.5%
	Safety	426	16,261,272	38,172	3,181.00	66.1%
	Total	3,713	$ 82,684,968	$ 58,380	$ 4,865.00	60.8%
6/30/2003 [2]	General	3,549	$ 76,488,048	$ 21,552	$ 1,796.00	6.7%
	Safety	476	17,638,656	37,056	3,088.00	-2.9%
	Total	4,025	$ 94,126,704	$ 58,608	$ 4,884.00	0.4%
6/30/2004	General	3,848	$ 87,041,760	$ 22,620	$ 1,885.00	5.0%
	Safety	483	21,677,040	44,880	3,740.00	21.1%
	Total	4,331	$ 108,718,800	$ 67,500	$ 5,625.00	15.2%
6/30/2005	General	3,929	$ 91,278,528	$ 23,232	$ 1,936.00	2.7%
	Safety	489	19,182,492	39,228	3,269.00	-12.6%
	Total	4,418	$ 110,461,020	$ 62,460	$ 5,205.00	-7.5%
6/30/2006	General	4,020	$ 97,474,788	$ 24,247	$ 2,021.00	4.4%
	Safety	559	21,225,900	37,971	3,164.00	-3.2%
	Total	4,579	$ 118,700,688	$ 62,218	$ 5,185.00	-0.4%
6/30/2007	General Tier 1	4,224	$ 106,296,432	$ 25,165	$ 2,097.00	3.8%
	General Tier 2	2	69,984	34,992	2,916.00	N/A
	Safety Tier 1	605	23,674,392	39,131	3,261.00	3.1%
	Total	4,831	$ 130,040,808	$ 99,288	$ 8,274.00	59.6%
6/30/2008	General Tier 1	4,405	$ 116,801,232	$ 26,516	$ 2,210.00	5.4%
	General Tier 2	2	72,600	36,300	3,025.00	3.7%
	Safety Tier 1	639	26,198,856	41,000	3,417.00	4.8%
	Total	5,046	$ 143,072,688	$ 103,816	$ 8,652.00	4.6%

[1] Source: Biennial actuary reports through June 30, 2002.
[2] Source: Annual actuary reports commencing after June 30, 2002.
[3] Total Average Annual Benefits will not equal the Actual Total Benefit Expense reported on page 80.
[4] Total Annual Membership provided by the Actuary will not equal the Actual Membership reported on page 81.
[5] FCERA will display nine years of valuation data at June 30, 2009 rather than display ten years due to Biennial Actuary reporting prior to June 30, 2003.

Note: See page 83 for information organized by years of credited service in five year increments.

Note: Effective with fiscal year ended June 30, 2007 the schedule has been expanded to display membership by benefit tier.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF AVERAGE BENEFIT PAYMENTS BY YEARS OF CREDITED SERVICE

	Years of Credited Service						
Retirement Effective Date	0-4	5-9	10-14	15-19	20-24	25-29	30 and over
Period 7/1/2007 to 6/30/2008							
Average monthly benefit	$502	$1,365	$1,865	$2,668	$3,280	$4,657	$6,170
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	15	27	52	62	42	41	54
Period 7/1/2006 to 6/30/2007							
Average monthly benefit	$332	$967	$1,525	$2,235	$2,642	$4,266	$5,325
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	7	26	58	47	33	33	51
Period 7/1/2005 to 6/30/2006							
Average monthly benefit	$474	$846	$1,754	$2,531	$2,518	$4,146	$4,841
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	10	34	59	65	31	28	40
Period 7/1/2004 to 6/30/2005							
Average monthly benefit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Period 7/1/2003 to 6/30/2004							
Average monthly benefit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Period 7/1/2002 to 6/30/2003							
Average monthly benefit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Period 7/1/2001 to 6/30/2002							
Average monthly benefit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Period 7/1/2000 to 6/30/2001							
Average monthly benefit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Period 7/1/1999 to 6/30/2000							
Average monthly benefit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Period 7/1/1998 to 6/30/1999							
Average monthly benefit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: N/A means that information is not available.
Note: Data for average monthly benefit, final average salary, and number of retired members will be available for years beginning July 1, 2005.
Source: Information provided by The Segal Company.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF ACTIVE AND DEFERRED MEMBERS

Date	Plan Type	Active Vested	Active Nonvested	Total Active Members	Deferred Members
6/30/2000	General	3,674	2,691	6,365	
	Safety	614	304	918	
	Total	4,288	2,995	7,283	1,326
6/30/2001	General	3,466	3,083	6,549	
	Safety	641	301	942	
	Total	4,107	3,384	7,491	1,353
6/30/2002	General	3,566	3,299	6,865	
	Safety	630	293	923	
	Total	4,196	3,592	7,788	1,467
6/30/2003	General	3,600	3,054	6,654	
	Safety	605	328	933	
	Total	4,205	3,382	7,587	1,376
6/30/2004	General	3,385	3,242	6,627	
	Safety	581	345	926	
	Total	3,966	3,587	7,553	1,378
6/30/2005	General	4,203	2,537	6,740	
	Safety	664	303	967	
	Total	4,867	2,840	7,707	1,464
6/30/2006	General	4,535	2,144	6,679	
	Safety	710	287	997	
	Total	5,245	2,431	7,676	1,514
6/30/2007	General	4,707	2,108	6,815	1,465
	Safety	723	284	1,007	133
	Total	5,430	2,392	7,822	1,598
6/30/2008	General	4,596	2,133	6,729	1,466
	Safety	725	232	957	139
	Total	5,321	2,365	7,686	1,605
6/30/2009	General	4,476	1,967	6,443	1,403
	Safety	718	204	922	130
	Total	5,194	2,171	7,365	1,533

Note: Effective with fiscal year ended June 30, 2007, Deferred Members column is classified between General and Safety.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF PRINCIPAL PARTICIPATING EMPLOYERS
Current Year and Nine Years Ago

	2009			2000		
Participating Employers	Covered Employees	Rank	Percent of Total System	Covered Employees	Rank	Percent of Total System
County of Fresno	7,317	1	99.35%	7,189	1	98.71%
Fresno-Madera Area Agency on Aging	31	2	0.42%	29	3	0.40%
Clovis Veterans Memorial District	9	3	0.12%	4	5	0.05%
Fresno Mosquito and Vector Control	8	4	0.11%	10	4	0.14%
Fresno County Office of Education	-	-	-	3	6	0.04%
North Central Fire Protection District [1]	-	-	-	48	2	0.66%
Total	7,365		100.00%	7,283		100.00%

[1] North Central Fire Protection District withdrew active membership from the Retirement Plan as of August 31, 2007.

Note: See page 86 Schedule of Participating Employers and Active Members for covered employees from 2000 through 2008.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
County of Fresno										
General Members	6,395	6,681	6,762	6,623	6,684	6,571	6,596	6,807	6,494	6,312
Safety Members	922	957	968	957	927	889	893	884	902	877
Total	7,317	7,638	7,730	7,580	7,611	7,460	7,489	7,691	7,396	7,189
Participating Agencies (General Members)										
Clovis Veterans Memorial District	9	8	5	6	4	3	4	3	4	4
Fresno County Office of Education	0	0	0	0	1	1	1	1	1	3
Fresno Mosquito and Vector Control	8	7	8	8	9	9	10	10	10	10
Fresno-Madera Area Agency on Aging	31	33	35	37	36	36	36	37	34	29
North Central Fire Protection	0	0	5	5	6	7	7	7	6	7
Total	48	48	53	56	56	56	58	58	55	53
Participating Agencies (Safety Members)										
North Central Fire Protection	0	0	39	40	40	37	40	39	40	41
Total	0	0	39	40	40	37	40	39	40	41
Total Active Members										
General Members	6,443	6,729	6,815	6,679	6,740	6,627	6,654	6,865	6,549	6,365
Safety Members	922	957	1,007	997	967	926	933	923	942	918
Total	7,365	7,686	7,822	7,676	7,707	7,553	7,587	7,788	7,491	7,283

Note: North Central Fire Protection District withdrew active membership from the Retirement Plan as of August 31, 2007.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF EMPLOYER'S CONTRIBUTION RATES

Effective Dates			General			Safety		Actuarial Report for Year Ended
			Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	
July 1, 2008	to	June 30, 2009	26.71%	24.86%	22.86% [4]	38.56%	35.84%	06/30/07 [1]
July 1, 2007	to	June 30, 2008	23.36%	23.36%	21.80% [4]	31.34%	29.37%	06/30/06 [1]
July 1, 2006	to	June 30, 2007	18.37%	N/A	N/A	20.76%	N/A	06/30/05 [1]
July 1, 2005	to	June 30, 2006	14.14%	N/A	N/A	25.02%	N/A	06/30/04 [1]
July 1, 2004	to	June 30, 2005	15.71%	N/A	N/A	21.23%	N/A	06/30/03 [1]
July 1, 2003	to	June 30, 2004	15.38%	N/A	N/A	20.75%	N/A	06/30/02 [1]
July 1, 2002	to	June 30, 2003	7.20%	N/A	N/A	24.88%	N/A	06/30/00 [1]
October 1, 2001	to	June 30, 2002	0.00% [3]	N/A	N/A	21.87% [2, 3]	N/A	06/30/00
July 1, 2000	to	September 30, 2001	0.00% [3]	N/A	N/A	0.00% [3]	N/A	06/30/98
June 28, 1999	to	June 30, 2000	0.00% [3]	N/A	N/A	0.00% [3]	N/A	06/30/98

[1] Non aggregate rates are reported in the valuation prepared for these years only.
[2] The employer contribution rates reflect the aggregate rates as provided by Actuary.
[3] Employer rates were reduced through the use of undistributed earnings.
[4] Tier 3 rates went into effect starting pay period beginning December 31, 2007.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

Monthly Benefit Amount	Members receiving a benefit	Type of Retirement[1]							Option Selected[2]					
		1	**2**	**3**	**4**	**5**	**6**	**7**	**U**	**1**	**2**	**3**	**4**	**D**
$ 1 - 500	289	258	5	3	1	7	1	14	194	8	74	4	1	8
501 - 1,000	720	609	37	6	5	31	2	30	561	27	103	16	2	11
1,001 - 1,500	878	757	48	23	4	23	2	21	696	35	107	32	0	8
1,501 - 2,000	693	610	27	26	4	9	3	14	567	24	82	15	1	4
2,001 - 3,000	1092	941	15	104	8	7	8	9	939	37	81	26	0	9
3,001 - 4,000	615	557	4	41	6	5	2	0	531	19	52	11	0	2
4,001 - 5,000	390	377	1	11	0	0	1	0	332	11	33	13	0	1
5,001 - 6,000	261	255	0	6	0	0	0	0	233	8	19	0	0	1
Over 6,000	345	336	1	7	0	0	0	1	310	5	27	3	0	0
Totals	**5,283**	**4,700**	**138**	**227**	**28**	**82**	**19**	**89**	**4,363**	**174**	**578**	**120**	**4**	**44**

Notes:

[1] Type of Retirement

1 = Normal retirement
2 = Non service connected disability
3 = Service connected disability
4 = Beneficiary payment - normal retirement
5 = Survivor non service connected disability
6 = Survivor service connected disability
7 = Ex spouses

[2] Option Selected:

U = Unmodified: Eligible Surviving Spouse receives 60% continuance.
The following options reduce the retired member's monthly benefit:
1 = Beneficiary receives funds remaining in member's account.
2 = Beneficiary receives 100% continuance of member's reduced monthly benefit.
3 = Beneficiary receivies 50% continuance of member's reduced monthly benefit.
4 = Multiple beneficiaries receive a continuance calculated by Retirement Board's actuary.
D = Beneficiary receives disability retirement continuance for eligible active member death.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF BENEFITS AND REFUND DEDUCTIONS FROM PENSION PLAN NET ASSETS BY TYPE
Last Ten Fiscal Years
(Amounts expressed in Thousands)

Type of Benefit	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Service Benefits										
General	$ 42,909	$ 52,480	$ 65,113	$ 72,875	$ 83,795	$ 90,517	$ 96,590	$ 100,807	$ 110,819	$ 120,975
Safety	8,530	10,529	15,378	18,710	22,012	23,233	23,148	20,542	21,074	23,014
Service Connected Disability [1]										
General								2,178	2,278	2,447
Safety								4,212	4,763	4,999
Non-Service Connected Disability [1]										
General								1,774	2,210	2,324
Safety								152	156	156
Non-Service Connected Disability Continuance										
General								923	1,000	1,070
Safety								129	133	135
Service Connected Disability Continuance										
General								136	141	142
Safety								317	327	335
Active Death Benefits [2]	784	872	1,293	1,303	1,245	1,379	1,255	310	171	186
Total Benefits	$ 52,223	$ 63,881	$ 81,784	$ 92,888	$ 107,052	$ 115,129	$ 120,993	$ 131,480	$ 143,072	$ 155,783
Type of Refund [3]										
Death								$ 205	$ 345	$ 304
Miscellaneous - UAAL [4]								-	4,140	13
Separation	$ 2,275	$ 1,146	$ 870	$ 904	$ 941	$ 1,403	$ 1,185	1,909	1,587	1,760
Total refunds	$ 2,275	$ 1,146	$ 870	$ 904	$ 941	$ 1,403	$ 1,185	$ 2,114	$ 6,072	$ 2,077

[1] Prior to fiscal year 2007, all Disability Benefits were reported with Service Benefits.
[2] Prior to fiscal year 2007, Active Death Benefits included survivor continuances for service connected disability and non-service connected benefits. Beginning in 2007, survivor continuance for service connected disability and non-service connected disability benefits are reported separately.
[3] Prior to fiscal year 2007, data was not available to categorize refunds.
[4] UAAL means Unfunded Actuarial Accrued Liability.

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