Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2011

Fresno County Employees' Retirement Association

A Component Unit of the County of Fresno
Fresno, California

Acknowledgement

Cover photos of Double Moon Bridge - Japanese Garden at Woodward Regional Park, Old Fresno Water Tower and Fresno Convention Center provided by FCERA staff member, Marta Gonzalez

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

ISSUED BY

BECKY VAN WYK, CPA
ASSISTANT RETIREMENT ADMINISTRATOR

FCERA

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
1111 H STREET
FRESNO, CALIFORNIA 93721-2515
www.FCERA.org

A COMPONENT UNIT OF THE COUNTY OF FRESNO

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December 14, 2011

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

Dear Board Members:

As the Assistant 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, 2011 and 2010.

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, Fresno County (including Superior Court of California – County of Fresno) and three other participating agencies are active members of FCERA. The participating agencies include:

Clovis Veterans Memorial District
Fresno-Madera Area Agency on Aging
Fresno Mosquito Abatement 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 of Retirement. 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's mission 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 Accountancy 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. FCERA's management is responsible for providing sufficient internal accounting controls to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules. Although there are built-in controls to assure reasonable reporting, these controls have inherent limitations and do rely on human diligence. Because of these inherent limitations, the internal controls are not exact in their nature, which may lead to the risk that errors or misstatements may occur but may not be identified immediately. FCERA's management believes it has prudent controls in place to reduce the inherent risk within its financial reporting and accounting systems.

The accompanying financial statements and transactions are prepared on the accrual basis of accounting. Revenues are recognized when earned, regardless of the date of collection and expenses are recognized when incurred, regardless of when a corresponding 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, 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 Board delegates much discretion to professional investment advisors to execute investment policy subject only to policy and guidelines provided by the Board.

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 current asset allocation calls for a 53% allocation to equities, 22% to fixed income, 14% to real assets, 7% to private equities and 4% to hedge funds.

During the 2011 fiscal year, the Board selected Systematic Financial Management to actively manage a small cap value mandate, and Waddell & Reed and Winslow Capital

Management to actively manage the large cap growth mandate previously managed by Intech and SSgA Russell 1000 Index Fund. The Board also committed an additional $37 million to Invesco Real Estate Fund and $30 million to Kolbert, Kravis, Roberts & Company (KKR) for the mezzanine debt mandate.

For the fiscal year ended June 30, 2011, FCERA's investment portfolio experienced a return, net of fees, of 22.3% compared to a return of 15.7% for the year ended June 30, 2010. FCERA's annualized investment rates of return over the last three and five years, net of fees, were 5.8% and 5.8%, 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.

A new triennial experience study for the three year period from July 1, 2006 through June 30, 2009 was performed and presented to the Board in June 2010. The recommended demographic and economic assumptions were approved by the Board for inclusion in the June 30, 2010 Actuarial Valuation. The demographic assumptions included changes to the retirement, disability and mortality rates while the economic assumptions included changes to the inflation rate and the assumed rate of return.

The actuarial valuation as of June 30, 2010 completed by The Segal Company, determined the funding status, the ratio of plan assets to plan liabilities, to be 72.9% using approved assumptions, decreased from the 78.6% on June 30, 2009. 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 130% and no less than 70% of the MVA.

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, 2011 and 2010, administrative expenses were within the established budget by the Board of Retirement at about .11% and .12% 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 implementation of the new General Ledger System and started working on the Pension Administration System replacement, two of the Information Technology (IT) project initiatives included in FCERA's Strategic and Business Planning document.
- A Retirement Coordinator Supervisor was hired. This new position is expected to result in operational efficiencies and further retirement career growth.
- Continued implementation of the revised Asset Allocation through a number of searches and investment manager selections for new 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 and in the Investment Section of the CAFR.
- Implementation of a Document Imaging System of Administrative Records program to reduce the space needed for record retention and to reduce the time spent researching these records.

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, 2010. This was the fourteenth consecutive year that FCERA 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,

Becky Van Wyk

Becky Van Wyk, CPA
Assistant 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, 2010

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

Linda C. Davison

President

Jeffrey R. Esser

Executive Director

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
THE BOARD OF RETIREMENT
As of June 30, 2011

CHAIRMAN
ALAN CADE JR. *
Elected by General Members
Present term expires December 31, 2013

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

MEMBER
STEVEN JOLLY
Appointed by Board of Supervisors
Present term expires December 31, 2012

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

MEMBER
FRANZ CRIEGO **
Elected by General Members
Present term expires December 31, 2012

MEMBER
PHIL LARSON
Appointed by Board of Supervisors
Present term expires December 31, 2011

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

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

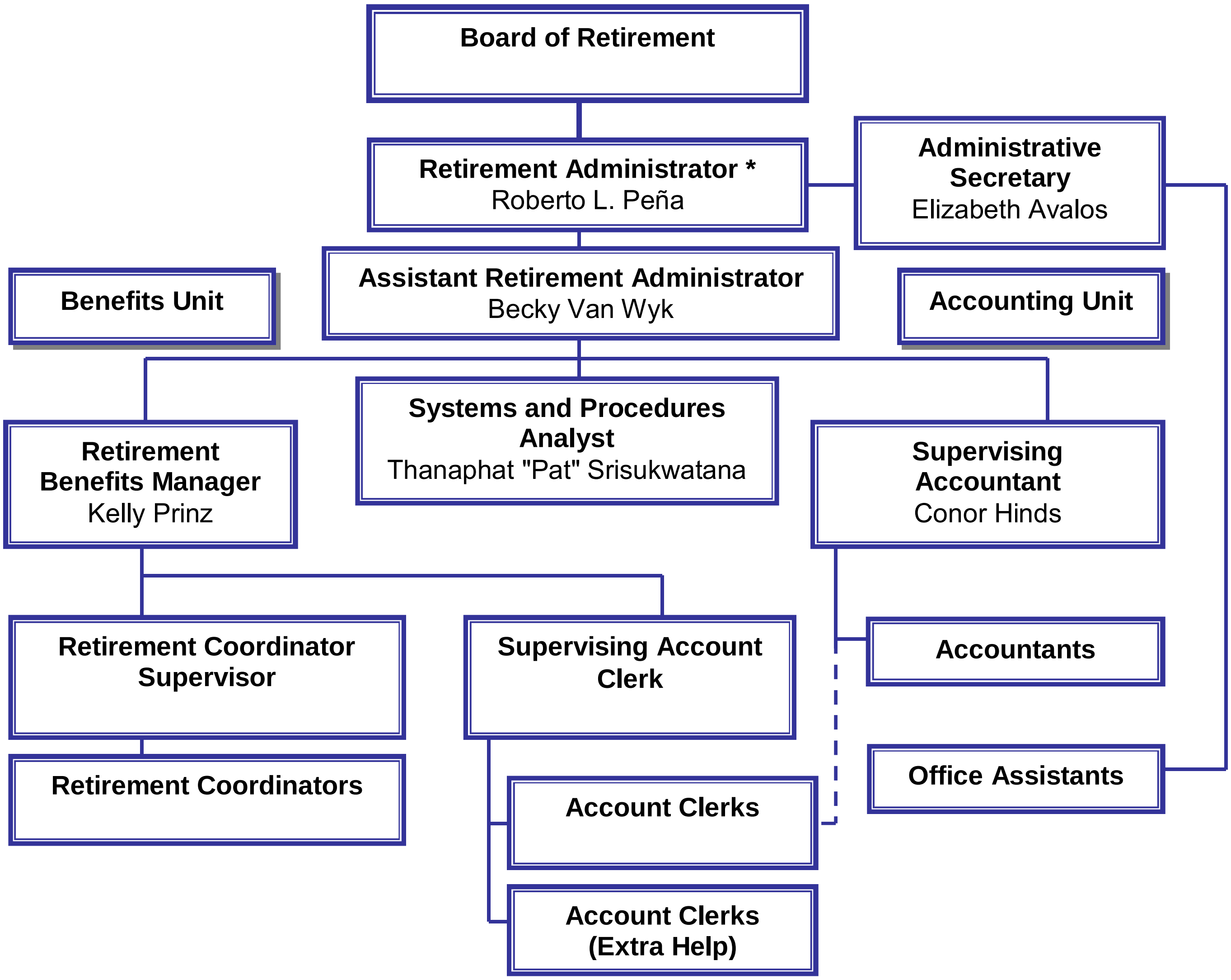
MEMBER
JOHN P. SOUZA
Elected by Retirees
Present term expires December 31, 2013

ALTERNATE RETIRED MEMBER
REGINA WHEELER
Alternate Retired Member - Elected by Retirees
Present term expires December 31, 2013

* Alan Cade, Jr. resigned as Chair of the Board of Retirement on September 28, 2011.

** Franz Criego was elected Chair of the Board of Retirement on October 5, 2011 for the remainder of calendar year 2011.

INTRODUCTION
ADMINISTRATIVE ORGANIZATIONAL CHART
As of June 30, 2011



* The position of Retirement Administrator is currently vacant as of November 11, 2011.
Total number of permanent positions authorized - 25
Total number of extra-help positions authorized - 2
Total Number of positions authorized - 27

List of Professional Consultants

CONSULTING SERVICES

Actuary
The Segal Company

Auditor
Brown Armstrong

Commission Recapture Services
BNY ConvergEx

Custodian Bank
State Street Bank & Trust

Investment Consultant
Wurts & Associates

Legal Counsel
Bernstein Litowitz Berger & Grossmann LP
Cohen Milstein
Harvey Leiderman, Reed Smith LLP
Joseph J. Tabacco, Jr., Berman Devalerio
Rafael Stone, Foster Pepper PLLC
County Counsel

Securities Lending
State Street Global Advisors

INVESTMENT MANAGERS

Domestic Bonds
BlackRock Financial Management Inc.
Loomis Sayles
MetWest TALF
PIMCO TALF
Standish Mellon Asset Management
Company, LLC
State Street TIPS Index Fund
Western Asset Management Company

Global Bonds
Grantham, Mayo, Van Otterloo & Co.

INVESTMENT MANAGERS (continued)

Domestic Stocks
Aronson, Johnson & Ortiz, LP
INTECH
Kalmar Investments
State Street Global Advisors
Systematic Financial Management
Waddell & Reed Investment Management
Wellington Management Company, LLP
Winslow Capital Management

International Stocks
Mondrian Investment Partners
Oechsle International
Research Affiliates
Templeton Investment Counsel, Inc.

Private Markets Investment
Angelo Gordon
BCI Growth V, LP
Blackrock Institutional Trust Company
Common Sense Investment Management
Grosvenor Capital Management
Hamilton Lane
Landmark Partners, Inc
Lone Star Management Co. IV, Ltd.
New Mountain Capital, LLC
TCW Shop III/IV
The Blackstone Group
Warburg, Pincus and Co.

Real Estate Investments
Colony Capital
Invesco Core Real Estate
JMB Advisory Corporation
JE Robert Company, Inc.
Sentinel Real Estate Corporation
TA Associates Realty

A schedule of manager fees is located on page 57 of the Investment Section.

FINANCIAL SECTION

BROWN
ARMSTRONG
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PUBLIC
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FAX 626.240.0922

BROWN ARMSTRONG
Certified Public Accountants

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, 2011 and 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FCERA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of FCERA as of June 30, 2011 and 2010, 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of funding progress and employer contributions be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of the financials report for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The Other Supplementary Information and the Introductory, Investment, Actuarial and Statistical sections as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory, Investment, Actuarial and Statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011, on our consideration of FCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Connie Perez

Bakersfield, California
December 14, 2011

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, 2011 and 2010. 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 $3,167,177,000 as of June 30, 2011. Net assets increased by $580,489,000, or 22.4%, consistent with economic and market conditions throughout the year. Net assets totaled $2,586,687,000 as of June 30, 2010. 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 $767,005,000 in additions to plan net assets for June 30, 2011, primarily due to an increase in the fair value of the investments. Employer contributions totaled $130,290,000, or 80.6% of the total contributions of $161,583,000. Employee contributions of $31,293,000 represented 19.4% of the total contributions received. Interest and other income added $70,439,000, with net income from securities lending adding $1,215,000. At June 30, 2010, $499,786,000 in additions to plan net assets was reported. The net increase was comprised of $288,857,000 appreciation in the fair value of the investments, along with employer and employee contributions of $158,347,000, and interest and other income in the amount of $64,258,000.
- The *Statement of Changes in Plan Net Assets* for June 30, 2011 reflects total deductions from plan net assets of $186,515,000. Benefit payments of $180,363,000 comprised 96.7% of the total deductions, with refunds of contributions in the amount of $2,044,000 and administrative fees totaling $4,108,000 representing 1.1% and 2.2%, respectively, of the total deductions. The June 30, 2010 total deductions from the plan net assets were $175,011,000 with benefit payments of $169,526,000 comprised 96.9% and refunds of contributions in the amount of $1,915,000 and administrative fees totaling $3,570,000 representing 1.1% and 2.0%, 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.
- FCERA finalized the sale of the Fresno Station Business Center on January 31, 2011 to the Ellis Family Partnership III, for a total consideration of $775,000.

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 Generally Accepted Accounting Principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB).

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, 2010 reported the funding ratio as 72.9%, a decrease of 5.7% from the funding ratio of 78.6% included in the valuation report as of June 30, 2009. The funding ratio indicates that at June 30, 2010 we have about $0.73 for each $1.00 of liability.

The decrease to the funding ratio is primarily the result of investment losses, lower than expected salary increases and other experience gains and losses that occur naturally due to variations in the actual experience of the system when compared to what was expected (estimated). Additional information can be found in the Actuarial Valuation prepared for the year ended June 30, 2010 which is available on FCERA's website.

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 increased 22.4% in 2011, from a beginning value of $2,586,687,000 to $3,167,177,000. The increase was primarily due to the net appreciation in the fair value of investments held by FCERA. The net assets for June 30, 2010 increased $324,775,000, 14.4% from the June 30, 2009 balance of $2,261,912,000, primarily due to increases in the net fair value of investments held by FCERA during that period. Investment trades receivable and payable at June 30, 2011 increased 35.4% to $70,436,000 and 26.4% to $94,267,000, respectively, over the June 30, 2010 balances of $52,030,000 and $74,600,000, due to an increase in outstanding trades at year end 2011. The cash collateral payable for securities lending increased 14.5% from $219,010,000 to $250,675,000 from June 30, 2010. The June 30, 2010 balance of cash collateral payable for securities lending had decreased 22.7%, or $64,489,000 from the June 30, 2009 balance of $283,498,000.

(Amounts expressed in thousands)

FCERA's Net Assets (Continued)

The following table presents the net assets at the end of fiscal years 2011, 2010 and 2009.

	2011	2010	2009	Increase/ (Decease) 2011-2010	Increase/ (Decease) 2010-2009
Current and other assets	$ 3,513,028	$ 2,881,482	$ 2,694,940	$ 631,546	$ 186,542
Capital assets	2,533	2,193	2,216	340	(23)
Total assets	3,515,561	2,883,675	2,697,156	631,886	186,519
Other liabilites					
Total liabilities	348,384	296,988	435,244	51,396	(138,256)
Net assets	$ 3,167,177	$ 2,586,687	$ 2,261,912	$ 580,490	$ 324,775

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, 2011, total additions to plan net assets increased from the prior year, in the amount of $767,005, primarily due to the increase in net investment income. Additions increased during the year ended June 30, 2010 in the amount of $499,786 from the previous year mainly due to an increase in investment income, directly related to the balance of investments at the beginning of the year and the rate of return afforded by the various markets during the year. Total contributions increased 2.0% for the year ended June 30, 2011, due to the increase in the employer contribution rates. For the year ended June 30, 2010, contributions had increased 6.6% over the prior year. The following table displays summary data on the changes in plan net assets.

	2011	2010	2009	Increase/ (Decrease) 2011-2010	Increase/ (Decrease) 2010-2009
Additions:					
Contributions	$ 161,583	$ 158,347	$ 148,521	$ 3,236	$ 9,826
Net investment income/(loss)	605,422	341,439	(451,499)	263,983	792,938
Total Additions/(Subtractions)	767,005	499,786	(302,978)	267,219	802,764
Deductions:					
Benefits paid	180,363	169,526	155,783	10,837	13,743
Refunds of contributions	2,044	1,915	2,077	129	162
Administrative costs	4,108	3,570	3,855	538	(285)
Total Deductions	186,515	175,011	161,715	11,504	13,620
Increase/(decrease) in net assets	580,490	324,775	(464,693)	255,715	789,468
Net assets, beginning of year	2,586,687	2,261,912	2,726,605	324,775	(464,693)
Net assets, end of year	$ 3,167,177	$ 2,586,687	$ 2,261,912	$ 580,490	$ 324,775

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 2011 totaled $186,515, an increase of 6.6% over 2010. Deductions for fiscal year 2010 totaled $175,011, an increase of 8.2% over the 2009 amount of $161,715.

Administrative expenses are approved in an annual budget by FCERA's Board and represented 0.12% of the total assets in 2011 and 0.12% and 0.14% of total assets in 2010 and 2009, respectively. Under the California State Government Code, Section 31580.2, administrative expenses incurred in any given year shall not exceed 0.18% of the total assets of the retirement system. FCERA's expenditures were higher than anticipated this year, due to legal fees incurred for filing of the Tax Determination Letter and Voluntary Compliance Program with the Internal Revenue Service, costs related to the actuarial audit and additional expenses for the disability applications.

The total deductions in plan net assets of $186,515 during 2011 combined with the contributions of $161,583 and the net investment gain of $605,422, which are depicted on page 17, account for the net increase in plan assets of $580,490 in 2011.

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.

Potential Changes

GASB has distributed an exposure draft document that will dramatically change the way our financial report will look in the future, if the GASB's proposals become final standards. For plans such as ours, a "cost - sharing multiple employer plan," GASB is proposing that the unfunded actuarially accrued liability, based on an updated set of calculations, would be reported on the face of our plan sponsors' statements of fiduciary net assets, but not on FCERA's statements, on our employers' statements. In essence, FCERA would report to our employers their share of the unfunded liability. This may cause great concern to our employers.

Potential Changes (continued)

One of the potential outcomes is also a break in the linkage between a required contribution calculated by our actuary and the amount that has been funded by our employers and active employees. Under the preliminary view, the assets of FCERA would continue to be reported at the plan level. The views have been met with a significant amount of discussion, even in the mainstream media including The Wall Street Journal and The New York Times. Our administration, our consultants and our member associations including the State Association of County Retirement Systems (SACRS) are following the GASB's deliberations very closely. SACRS and our consultants recently testified at a public hearing in San Francisco in front of the GASB to give their views. It is expected that the GASB will deliberate toward a standard that may be issued in late 2011, with implementation in 2012. We will keep our employers informed as developments warrant.

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.

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
Assistant Retirement Administrator

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2011 AND 2010
(Amounts expressed in thousands)

	2011	2010
ASSETS:		
Cash and cash equivalents with fiscal agents	$ 99,860	$ 58,533
Securities lending investments pool:		
Short term investments	250,675	219,010
	250,675	219,010
Receivables:		
Investment income receivables	79,289	58,468
Administrative receivables	84	15,234
Contributions receivables	8,222	6,924
Securities lending receivables	126	122
Total receivables	87,721	80,748
Investments, at fair value:		
U.S. Government and agencies fixed income	291,221	181,676
Domestic fixed income	419,471	443,010
Foreign fixed income	73,342	70,807
Domestic equity	953,831	810,716
International equity	728,060	543,399
Mortgages	43,193	44,152
Credit default/interest rate swaps	(574)	(882)
Foreign exchange forward contracts	3	40
Rights - international equity	20	47
REITs	11,750	5,663
Private markets and alternative investments	554,300	424,300
Total investments	3,074,617	2,522,928
Prepaid expenses	155	263
Capital assets		
Nondepreciable	502	97
Depreciable, net	2,031	2,096
Total capital assets, net	2,533	2,193
Total assets	3,515,561	2,883,675
LIABILITIES:		
Investment accounts payable	94,267	74,611
Cash collateral payable for securities lending	250,675	219,010
Administrative accounts payable	3,403	3,319
Securities lending bank and broker fees	39	48
Total liabilities	348,384	296,988
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 3,167,177	$ 2,586,687

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, 2011 AND 2010
(Amounts expressed in thousands)

	2011	2010
ADDITIONS:		
Contributions:		
Employers	$ 130,290	$ 126,138
Plan members	31,293	32,209
Total contributions	161,583	158,347
Investment income:		
From investment activities		
Net appreciation in fair value of investments	548,702	288,857
Interest	27,367	32,038
Dividends	24,316	20,801
Private markets	18,402	10,853
Net income from investment activities	618,787	352,549
From securities lending activities		
Securities lending income	1,827	1,629
Securities lending expenses		
Borrower rebate expenses	(331)	(332)
Security lending management fees	(281)	(250)
Net income from securities lending activities	1,215	1,047
Miscellaneous income	354	567
Investment expenses	(14,934)	(12,724)
Net investment income	605,422	341,439
Total additions	767,005	499,786
DEDUCTIONS:		
Benefits paid to plan members and beneficiaries	180,363	169,526
Refunds of member contributions	2,044	1,915
Administrative expenses	4,108	3,570
Total deductions	186,515	175,011
NET INCREASE	580,490	324,775
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
BEGINNING OF YEAR	2,586,687	2,261,912
END OF YEAR	$ 3,167,177	$ 2,586,687

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

(Amounts expressed in thousands)

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, 2011 and 2010 is as follows:

	2011	2010
Retirees and beneficiaries receiving benefits	5,769	5,509
Terminated employees entitled to benefits but not yet receiving them (Deferred Members)	1,451	1,515
Current employees:		
Vested:		
General Tier 1	4,478	4,477
General Tier 2	26	11
General Tier 3	77	48
Safety Tier 1	724	733
Safety Tier 2	8	-
Nonvested:		
General Tier 1	559	867
General Tier 2	141	123
General Tier 3	674	578
Safety Tier 1	7	40
Safety Tier 2	30	39
Total current employees	6,724	6,916
Total membership	13,944	13,940

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). Mandatory Tier II extended to senior management and unrepresented employees with membership date on or after August 27, 2007.

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. General Tier II membership is mandatory for elected officials, department head, senior management, management and unrepresented employees effective with a membership date on or after August 27, 2007.

Administration

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

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,

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

Administration (Continued)

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,

6. 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 Pronouncements

For the year ended June 30, 2010, FCERA adopted Governmental Accounting Standards Board's (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets;* the statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. FCERA also adopted GASB's Statement No. 53, *Accounting and Financial Reporting for Derivative Investments;* the statement provides guidance on how to measure, recognize and disclose derivative investments within the financial statements.

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 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.

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

GASB Statement No. 40 and Statement No. 53 detail the disclosure requirements associated with FCERA's deposits, investments and derivatives. The statements identify the following risks: 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, 2011, all domestic deposits were insured, registered and held by the custodian bank in FCERA's name. FCERA held foreign currencies deposits at June 30, 2011 with a United States Dollar value of $2,346, 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 counterparty 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 25 were obtained from Moody's rating agency as of June 30, 2011.

(Amounts expressed in thousands)

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

Investment Type		Minimum Policy Rating	Exempt from Disclosure	Rating at Year End June 30, 2011: Aaa/ P1	Baa	Caa	Not Rated
Securities lending - investments							
Quality D Investment Fund	$ 250,675	Aaa/ P1	$ -	$ 250,675	$ -	$ -	$ -
Subtotal	250,675		-	250,675	-	-	-
US Government and agencies							
US treasury notes	197,717	N/A	197,717	-	-	-	-
Federal agency securities	93,504	B3	-	64,656	-	-	28,848
Subtotal	291,221		197,717	64,656	-	-	28,848
Domestic fixed income	325,631	B3	-	62,028	135,384	1,750	126,469
Mortgages	43,193	B3	-	25,368	1,433	2,986	13,406
Foreign fixed income	73,332	B3	-	40,364	25,995	1,251	5,722
Opportunistic Fixed Income Fund	93,269	AA	-	93,269	-	-	-
Global Bond Fund	10	AA	-	-	-	-	10
	$ 1,077,331		$ 197,717	$ 536,360	$ 162,812	$ 5,987	$ 174,455

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, 2011.

Investment Type		Remaining Maturity in Months at June 30, 2011: Less than 12 months	13 to 60 months	61 to 120 months	More than 120 months
Securities lending - investments					
Quality D Investment Fund	$ 250,675	$ 250,675	$ -	$ -	$ -
Subtotal	250,675	250,675	-	-	-
US Government and agencies					
US Treasury notes	73,655	994	16,077	23,981	32,603
Federal agency securities	93,504	-	6,265	8,166	79,073
Subtotal	167,159	994	22,342	32,147	111,676
Domestic fixed income	325,631	3,780	64,380	88,232	169,239
Mortgages	43,193	-	-	118	43,075
Foreign fixed income	73,332	6,794	25,162	25,695	15,681
Global Bond Fund	10	-	-	-	10
Opportunistic Fixed Income Fund	93,269	923	28,513	35,815	28,018
TIPS Index Fund	124,062	-	46,646	40,848	36,568
Total Investments	$ 1,077,331	$ 263,166	$ 187,043	$ 222,855	$ 404,267

(Amounts expressed in thousands)

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

At June 30, 2011, FCERA has $27,252 invested in the County of Fresno external investment pool, which has a dollar weighted average maturity of 960 days, compared to $12,798, and a dollar weighted average maturity of 708 days at June 30, 2010.

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, 2011, no investments in any one issuer are 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, 2011, FCERA's investment in foreign currency was as follows:

Currency		Fair Market Value
Australian Dollar	$	62
Canadian Dollar		21
Danish Krone		248
Euro Currency		822
Hong Kong Dollar		40
Japanese Yen		414
Mexican Peso		75
Norwegian Krone		134
Other Foreign Currencies		30
Pound Sterling		410
Swedish Krona		33
Swiss Franc		56
Total Foreign Currency	$	2,345

Foreign currency table expressed in US Dollars and thousands

(Amounts expressed in thousands)

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

Derivatives. The investment derivatives schedule below reports the fair value and notional value of the derivatives held by FCERA at June 30, 2011. For reporting purposes, FCERA's derivatives are classified as investment 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, 2011, FCERA has approximately $14,000 of its $728,000 international equity portfolio hedged through the use of such forward foreign currency contracts. At June 30, 2010, approximately $7,000 of FCERA's $543,000 international equity portfolio was hedged through the use of such forward foreign currency contracts.

Investment Derivatives

	June 30, 2011		Changes in Fair Value for 2011
Investment Derivatives	**Notional**	**Fair Value**	**Fair Value**
Credit Default Swaps	$ 11,363	$ 106	$ 18
Interest Rate Swaps	48,002	(679)	(8)
Fixed Income Futures	12,549	-	920
Options	6,361	7	124
FX Forwards	13,417	3	(390)
Rights	139	20	366
Grand Totals	**$ 91,831**	**$ (543)**	**$ 1,030**

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. At June 30, 2011, FCERA did not hold any collateral to offset potential risks it may encounter through counterparty transactions.

(Amounts expressed in thousands)

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

FCERA's counterparty exposure is detailed in the following schedule:

Counterparty Credit Risk

Counterparty Credit Ratings

Ratings	Credit Default Swaps	Interest Rate Swaps	Forward Foreign Currency Contracts	Total
Aa3	$ 20	$ 10	$ 12	$ 42
Aa2	11	-	-	11
Aa1	283	6	67	356
Subtotal Investments in Assets Position	314	16	79	409
Investments in Liability Position	(205)	(696)	(77)	(978)
Total Investments in Asset / (Liability) Position	**$ 109**	**$ (680)**	**$ 2**	**$ (569)**

At June 30, 2011, FCERA was exposed to Foreign Currency Risk related to its investments in equity rights and forward contracts denominated in foreign currencies.

Foreign Currency Risks at fair value

		Forward Currency Contracts		
Currency Name	Equities	Net Receivables	Net Payables	Total Exposure
Canadian Dollar	$ -	$ 20	(13)	$ 7
Euro	20	17	(5)	32
Japanese Yen	-	(37)	8	(29)
Pound Sterling	-	(8)	21	13
Total	**$ 20**	**$ (8)**	**$ 11**	**$ 23**

The derivative securities included as equities above consist of rights. Foreign currency forward contracts are commitments to purchase or sell a stated amount of foreign currency at a specific future date.

Interest rate risk applies to derivatives such as Fixed Income Options, Credit Default Swaps and Interest Rate Swaps. At June 30, 2011, FCERA was exposed to the following interest rate risk on its investments in these securities. The table on the following page displays the maturity periods of these derivative investments.

(Amounts expressed in thousands)

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

Interest Rate Risk for Derivatives

		Investment Maturities (in months)				
Investment Types	**Fair Value**	Less than 12	13 to 60	61 to 120	More than 120	Total
Credit Default Swaps	$ 109	$ (4)	$ 111	$ (19)	$ 21	$ 109
Interest Rate Swaps	(680)	-	(219)	16	(477)	(680)
Forward FX Contracts	2	2	-	-	-	2
Total	**$ (569)**	**$ (2)**	**$ (108)**	**$ (3)**	**$ (456)**	**$ (569)**

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, 2011, 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, 2011, 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 2011 and 2010 were $250,675 and $219,010, respectively. The fair values of loaned securities were as follows:

	June 30, 2011	June 30, 2010
Domestic equity	$ 138,526	$ 113,620
International equity	20,691	7,544
Total equity on loan	159,217	121,164
US government and agencies	55,186	56,151
Domestic bonds	32,013	35,184
Total bonds on loan	87,199	91,335
Total equities and bonds on loan	$ 246,416	$ 212,499

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, 2011 and 2010, FCERA had approximately $72,208 and $70,230 in these investments, respectively.

Investment Type	June 30, 2011	June 30, 2010
Asset Backed / Variable Rate Notes	$ 29,015	$ 26,078
Collateralized Mortgage Obligations	43,193	44,152
Forward Foreign Currency	14,282	7,233
Total	$ 86,490	$ 77,463

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. At June 30, 2011, forward foreign currency contracts receivable and payable totaled $14,282 and $14,279, respectively. At June 30, 2010, forward foreign currency contracts receivable and payable totaled $7,233 and $7,194, 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, 2011 and 2010:

	Balance July 1, 2010	Additions	Dispositions/ Reclassifications	Balance June 30, 2011
Capital assets, depreciated:				
Computer hardware/software	$ 841	$ 97	$ -	$ 938
Furniture and fixtures	164	-	-	164
Equipment	75	6	-	81
Building	2,103	-	-	2,103
Total capital assets, depreciable	3,183	103	-	3,286
Less accumulated depreciation for:				
Computer hardware/software	(516)	(77)	-	(593)
Furniture and fixtures	(86)	(16)	-	(102)
Equipment	(59)	(5)	-	(64)
Building	(426)	(70)	-	(496)
Total accumulated depreciation	(1,087)	(168)	-	(1,255)
Total capital assets, depreciated, net	2,096	(65)	-	2,031
Total capital assets, net	$ 2,096	$ (65)	$ -	$ 2,031
Depreciation charged for the current year and included in administrative expenses totaled:		$ 168		

	Balance July 1, 2009	Additions	Dispositions/ Reclassifications	Balance June 30, 2010
Capital assets, depreciated:				
Computer hardware/software	$ 841	$ -	$ -	$ 841
Furniture and fixtures	163	21	(20)	164
Equipment	64	18	(7)	75
Building	2,103	-	-	2,103
Total capital assets, depreciable	3,171	39	(27)	3,183
Less accumulated depreciation for:				
Computer hardware/software	(444)	(72)	-	(516)
Furniture and fixtures	(78)	(16)	8	(86)
Equipment	(77)	(1)	19	(59)
Building	(356)	(70)	-	(426)
Total accumulated depreciation	(955)	(159)	27	(1,087)
Total capital assets, depreciated, net	2,216	(120)	-	2,096
Total capital assets, net	$ 2,216	$ (120)	$ -	$ 2,096
Depreciation charged for the current year and included in administrative expenses totaled:		$ 159		

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 3.79% and 12.58% 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 against 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 survivors' 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 41.

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)**

Reserved and Designated Accounts of Net Assets Held in Trust for Pension Benefits

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

The sum of all the reserve balances may not tie directly to the total of Net Assets Held in Trust for Pension Benefits due to rounding. The beginning balances for the Members' Accumulated Contributions and Current Service Reserve at July 1, 2010 are different from amounts reported at June 30, 2010. The amounts were deemed immaterial and correction for the non reported transfers was made at July 1, 2010. The amounts and changes in reserves and designations for the year ended June 30, 2011 consist of the following:

	Balance July 1, 2010	Increase (Decrease) In Plan Net Assets	Net Transfers	Balance June 30, 2011
Reserves:				
Members' accumulated contributions	$ 369,420	$ 29,249	$ (20,003)	$ 378,666
Current service reserve	787,238	98,219	(23,713)	861,744
Annuity pension reserve	127,583	(19,961)	25,951	133,573
Current service pension reserve	830,847	(84,411)	148,617	895,053
Settlement annuity pension reserve	390,349	(20,768)	56,388	425,969
Settlement benefit reserve	101,905	(7,539)	8,162	102,528
Cost of living adjustment reserve	643,031	(2,825)	69,753	709,959
Supplemental cost of living reserve	5,262	(1,188)	2	4,076
Survivors' death benefit reserve	3,814	(1,097)	289	3,006
Retiree health benefit reserve	39,874	(6,889)	-	32,985
Retiree health benefit reserve (VS)	28,898	(3,613)	2,287	27,572
Contingency reserve	-	-	-	-
Designated for market stabilization	(441,494)	-	457,129	15,635
Undistributed earnings	-	601,313	(601,313)	-
Contra Tracking Account	(300,040)	-	(123,549)	(423,589)
Net assets held in trust for pension benefits	$ 2,586,687	$ 580,490	$ -	$ 3,167,177

(Amounts expressed in thousands)

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

Reserved and Designated Accounts of Net Assets Held in Trust for Pension Benefits (continued)

The amounts and changes in reserves and designations for the year ended June 30, 2010 consist of the following:

	Balance July 1, 2009	Increase (Decrease) In Plan Net Assets	Net Transfers	Balance June 30, 2010
Reserves:				
Members' accumulated contributions	$ 356,159	$ 30,293	$ (17,032) [1]	$ 369,420 [1]
Current service reserve	729,540	91,482	(33,784) [1]	787,238 [1]
Annuity pension reserve	121,455	(18,910)	25,038	127,583
Current service pension reserve	766,981	(77,793)	141,659	830,847
Settlement annuity pension reserve	354,859	(18,368)	53,858	390,349
Settlement benefit reserve	101,610	(7,838)	8,133	101,905
Cost of living adjustment reserve	579,619	312	63,100	643,031
Supplemental cost of living reserve	6,417	(1,155)	-	5,262
Survivors' death benefit reserve	84	(1,038)	4,768	3,814
Retiree health benefit reserve	46,493	(6,619)	-	39,874
Retiree health benefit reserve (VS)	29,980	(3,460)	2,378	28,898
Contingency reserve	22,619	-	(22,619)	-
Designated for market stabilization	(678,573)	-	237,079 [1]	(441,494)
Undistributed earnings	-	337,869	(337,869)	-
Contra Tracking Account	(175,331)	-	(124,709)	(300,040)
Net assets held in trust for pension benefits	$ 2,261,912	$ 324,775	$ -	$ 2,586,687

1 Amounts have been restated from June 30, 2010, to correctly represent the reserves and designations.

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**)

Reserved and Designated Accounts of Net Assets Held in Trust for Pension Benefits (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 $131,323, for the December 31, 2010 interest-crediting period and $136,410 for the June 30, 2011 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, 2011.

The *survivors' 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 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

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

Reserved and Designated Accounts of Net Assets Held in Trust for Pension Benefits (continued)

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).

(Amounts expressed in thousands)

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

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, 2010 actuarial valuation based on the results of the June 30, 2009 triennial non-economic Experience Study and the June 30, 2010 Economic Assumptions Study.

Funded Status as of the Most Recent Actuarial Valuation Date

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, 2010	$2,983,044	$4,092,464	$1,109,420	72.9%	$408,861	271.3%

Additional Funding Progress data is provided in the Required Supplementary Information section which presents multi-year trend data about the Actuarial Value of Assets to Actuarial Accrued Liabilities is located on page 45.

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: 3.50% per annum

4. Investment Rate of Return: 7.75% effective annual interest rate, net of both investment and administrative expenses. This rate was adopted for the June 30, 2010 valuation.

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

5. Projected Salary Increases:

General Members: Salary increases range from 5.00% to 11.00% based on years of service (merit ranges from 1.00% to 7.00%; plus 3.50% inflation plus 0.50% "across the board" salary increase).

Safety Members: Salary increases range from 5.50% to 11.00% based on years of service (merit ranges from 1.50% to 7.00%; plus 3.50% inflation plus 0.50% "across the board" salary increase).

These rates were adopted for the June 30, 2010 valuation.

6. Post-Retirement Benefit Increases:

The Cost of Living Adjustment (COLA) is applied in accordance with changes to the Consumer Price Index 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 valuation.

7. Amortization Method and Period:

23 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 increased the County normal cost rate from 17.67% to 19.63% of payroll primarily due to assumption changes. The County's required contribution rate to finance the UAAL increased from 16.24% to 24.38% of payroll.
There is an increase in the total required contribution rate from the prior valuation of 10.10%, from 33.91% to 44.01% 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, 2011, outstanding capital commitments to the various partnerships, as approved by the Board, totaled $777,500. Subsequent to June 30, 2011, FCERA funded $710,409 of these capital commitments.

NOTE 9 - **SUBSEQUENT EVENTS**

Funding of Investments

During the regular Board meeting on March 2, 2011, the Board of Retirement approved additional commitments to the core real estate mandate as well as a new allocation to mezzanine debt within the private equity mandate. The additional commitment of $37 million dollars to Invesco Core Real Estate was finalized on October 3, 2011. On May 4, 2011, the Board of Retirement selected Kolbert, Kravis, Roberts and Company (KKR) as the manager for the $30 million mezzanine debit mandate. The mandate will be funded over a period of time, with the initial capital call funding of $5.6 million on August 19, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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)
6/30/05	$ 2,044,389	$ 2,233,594	$ 189,205	91.5%	$ 351,049	53.9%
6/30/06	2,398,454	2,803,990	405,536	85.5%	376,270	107.8%
6/30/07	2,610,269	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%
6/30/09	2,864,956	3,644,743	779,787	78.6%	422,519	184.6%
6/30/10	2,983,044	4,092,464	1,109,420	72.9%	408,861	271.3%

Beginning with the year ended 2003, actuarial valuations are performed annually. The actuarial valuations completed for 2004 and 2005 were prepared by FCERA's prior actuary and disclosed in the June 30, 2006 CAFR. The actuarial value of assets in the Solvency Test, located on page 69, includes the total plan assets for all years. The Summary of Funding Progress shown above reports only the employer's assets for the year 2005, therefore, the amounts will not be consistent between the Solvency Test and the Summary of Funding Progress schedules.

The information reported above for June 30, 2005 is before the Board of Retirement changed its 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 and the funded percentage was 89.2% with a UAAL of $275,479. At June 30, 2007, the actuarial value of assets (AVA) decreased by $3,169 for a net overpayment of member contributions discounted to June 30, 2007.

The schedules displayed on this page were prepared by FCERA's current actuary, The Segal Company.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Amounts expressed in thousands)

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2006	$ 56,664	100.00%
2007	69,997	100.00%
2008	97,305	100.00%
2009	113,959	100.00%
2010	126,138	100.00%
2011	130,290	100.00%

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Amounts expressed in thousands)

LATEST ACTUARIAL VALUATION METHODS

Valuation date	June 30, 2010
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	23 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	7.75% (includes inflation at 3.50%)
Projected salary increases	Rates vary by service type:
- General Members:	Salary increases range from 5.00% to 11.00% (merit ranges from 1.00% to 7.00%; plus 3.50% inflation plus 0.50% “across the board” salary increase).
- Safety Members:	Salary increases range from 5.50% to 11.00% (merit ranges from 1.50% to 7.00%; plus 3.50% inflation plus 0.50% “across the board” salary increase).
Cost of living adjustments	0 – 3% (tied to the change in Consumer Price Index)

OTHER SUPPLEMENTARY INFORMATION

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Personnel Services		
Salaries and Benefits	$ 2,165,428	$ 2,053,830
Total Personnel Services	2,165,428	2,053,830
Office Expenses		
Election Expenses	17,843	10,227
Office Supplies	68,756	67,157
Postage	42,933	28,075
Telephone	3,265	3,085
Utilities	24,759	22,254
Total Office Expenses	157,556	130,798
Other Services and Charges		
Interest Refunded - Overpayment Policy	105	1,582
Insurance Other	150,712	182,713
Maintenance	34,276	34,313
Professional and Specialized Services	1,004,921	642,306
Disability Expenses	235,320	186,501
Data Processing Services	125,432	133,464
Transportation, Travel, and Education - Staff	31,752	12,734
Transportation, Travel, and Education - Board	35,162	32,295
Total Other Services and Charges	1,617,680	1,225,908
Depreciation	167,649	159,280
Total Administrative Expenses	$ 4,108,313	$ 3,569,816

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ADMINISTRATIVE BUDGET ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Approved Budget	Final Budget	Fiscal Year Expenditures	Percentage Expended
Personnel Services				
Salaries	$ 1,374,005	$ 1,374,005	$ 1,357,542	98.80%
Benefits	824,022	824,022	807,886	98.04%
Total Personnel Services	2,198,027	2,198,027	2,165,428	98.52%
Professional Services				
Actuarial [1]	75,000	75,000	103,196	137.59%
Legal Counsel	270,000	270,000	333,321	123.45%
Professional Services - Disability	110,000	110,000	235,320	213.93%
Other Professional Services	266,889	416,889	224,021	53.74%
Pensions System Consulting	300,000	300,000	344,226	114.74%
Pensions System Maintenance	18,000	18,000	18,000	100.00%
Total Professional Services	1,039,889	1,189,889	1,258,084	105.73%
Travel, Transportation, and Education				
Transportation, Travel, and Education - Board	40,800	40,800	35,162	86.18%
Transportation, Travel, and Education - Staff	26,960	26,960	31,752	117.77%
Total Travel, Transportation, and Education	67,760	67,760	66,914	98.75%
Other				
Data Processing	122,947	122,947	125,432	102.02%
Depreciation	-	-	167,649	N/A
Insurance	222,809	222,809	150,712	67.64%
Interest Paid - Overpayment Policy	-	-	105	N/A
Maintenance	37,133	37,133	34,276	92.31%
Office Supplies	116,954	116,954	139,713	119.46%
Total Other	499,843	499,843	617,887	123.62%
Capital Assets	18,800	18,800	-	0.00%
Total Administrative Expenditures	$ 3,824,319	$ 3,974,319	$ 4,108,313	103.37%

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

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Investment Manager Fees	$ 13,952,424	$ 11,726,951
Custodian Service Fees	124,805 [2]	116,590
Actuarial Valuation Fees [1]	61,000 [2]	90,000
Executive Office Operation	366,697	211,259
Due Diligence Travel	2,749	8,188
Futures Commission Expense	3,195	-
Investment Legal Fees	91,368 [2]	249,449 [2]
Investment Consultant	331,667 [2]	321,667 [2]
Subtotal Investment Expenses	14,933,905	12,724,104
Securities Lending Expenses	612,069	581,129
Total Investment Expenses	$ 15,545,974	$ 13,305,233

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

[2] Investment Legal Fees, Investment Consultant Fees, Custodian Service Fees, and Actuarial Valuation Fees can also be found on page 46 as Payments to Consultants.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Disability Attorney Fees	$ 88,592	$ 77,055
Retirement Board Attorney Fees	333,321	257,670
Disability Medical, Investigation, and Copying Fees	146,728	109,446
Other Professional Expenses	392,805	240,363
Audit Fees	55,180	55,000
Actuarial Consulting Fees (non-actuary study costs)	103,196	99,500
Actuarial Valuation Fees	61,000 [1]	90,000 [1]
Investment Legal Fees	91,368 [1]	249,449 [1]
Custodian Service Fees	124,805 [1]	116,590 [1]
Investment Consultant	331,667 [1]	321,667 [1]
Data Processing Fees	125,432	133,464
Total Payments to Consultants	$ 1,854,094	$ 1,750,204

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

[1] Investment Legal Fees, Investment Consultant Fees, Custodian Service Fees, and Actuarial Valuation Fees can also be found on page 45 as Investment Expenses.

INVESTMENT SECTION

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September 20, 2011

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

Performance Summary

The FCERA investment portfolio had another strong year, generating a 22.3% return net of fees for the fiscal year ending June 30, 2011. This performance ranked FCERA in the 35th percentile in the Independent Consultants Cooperative Public Funds Universe (ICC). Despite the pull back in the equity markets in May and June, equities were the main driver of performance for the past fiscal year.

The FCERA portfolio outperformed the Fund's Policy Index by 0.1% and outperformed the Median Public Fund in the ICC Universe benchmark by 1.1%. On a relative basis, the FCERA portfolio ranked in the top half of its peer group. The U.S. equities and fixed income exposures drove relative performance for the fiscal year. The allocation to U.S. equities returned 36.3%, outpacing its benchmark by 3.9%. The large cap value managers and small cap managers exceeded their benchmarks by significant margins. The fixed income allocation returned 8.7%, outperforming its benchmark by 4.8%. All fixed income strategies were accretive to results, including the investments in the Term Asset-Backed Securities Loan Facility (TALF).

For the last three years ending June 30, 2011, the FCERA investment portfolio returned 5.8% net of fees on an annualized basis, outperforming the Policy benchmark by 1.8% and the Median Public Fund by 1.0%. These results ranked FCERA's investment portfolio in the 23rd percentile among its peers. Over the five-year period ending June 30, 2011, the FCERA portfolio also returned 5.8% net of fees, outperforming the Policy benchmark by 1.4% and the Median Public Fund by 0.9%. FCERA ranked in the 21st percentile over the five-year period. In computing individual manager returns Wurts & Associates employs the industry standard approach of computing a true dollar-weighted rate of return.

Plan Structure Review

Over the past fiscal year FCERA replaced managers and implemented a new asset allocation based on the Asset Allocation Study conducted in March 2011. In terms of manager changes, in October 2010 Systematic Financial Management was hired to actively manage the small cap value mandate. The mandate was previously indexed with State Street Global Advisors but inefficiencies in the small cap sector warranted active management. In December 2010 Waddell & Reed and Winslow Capital Management were hired to replace INTECH and manage the assets invested in the State Street Global Advisors Russell 1000

Growth Index Fund. Research Affiliates replaced Franklin Templeton in April 2011 to manage an international equity enhanced index mandate. In June 2011 Sentinel Real Estate Corporation was given notice to liquidate FCERA's small investment in the Sentinel Real Estate Fund in favor of a more diversified real estate exposure. On the fixed income side, final proceeds from the Pacific Investment Management Company (PIMCO) TALF Fund were distributed in June 2011. Since inception in August 2009, FCERA's investment in the PIMCO TALF Fund returned 20.0% on a net basis.

In March 2011 the Board of Trustees approved recommendations resulting from the Asset Allocation Study, increasing the allocation to international and emerging market equities, TIPS and commodities while reducing the allocation to domestic and international small cap equity. Wurts & Associates Capital Market Research views the domestic equity market as overvalued relative to non-U.S. equity markets and still expects inflationary pressures stemming from government deficits and monetary stimulus. Additionally, the Board of Trustees approved recommendations to invest in mezzanine debt within the private equity allocation and increase the commitment to core real estate. The fixed income allocation was effectively reduced as a result of the TALF investments winding down. The re-allocation was conducted in phases over the course of three months. Small cap equities were pared down late in March 2011 to fund additional commitments to emerging markets, TIPS and commodities. The transition from Franklin Templeton to Research Affiliates occurred in April 2011. Early in May 2011 the international small cap exposure was reduced to fund additional commitments to developed international equity and core plus fixed income. With regards to the core real estate and private equity commitments, in April 2011 FCERA was placed in the queue for an additional $37 million commitment to the INVESCO Core Real Estate Fund. The capital will be called in October 2011. Lastly, in May 2011 the Board of Trustees selected KKR Asset Management for the $30 million mezzanine debt mandate.

Below is the new asset allocation versus the actual allocation as of June 30, 2011.

Asset Class	Target Allocation	Actual Allocation
Cash	0%	1.1%
Fixed Income	22%	23.2%
Large Cap Equity	24%	25.1%
Small Cap Equity	5%	5.7%
International Equity	24%	23.4%
Real Assets	14%	12.2%
Private Equity	7%	6.0%
Hedge Funds	4%	3.3%

All of us here at Wurts & Associates appreciate the opportunity to assist the FCERA Board in meeting the Plan's investment objectives. We look forward to continuing to provide 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 54 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, 2011

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.

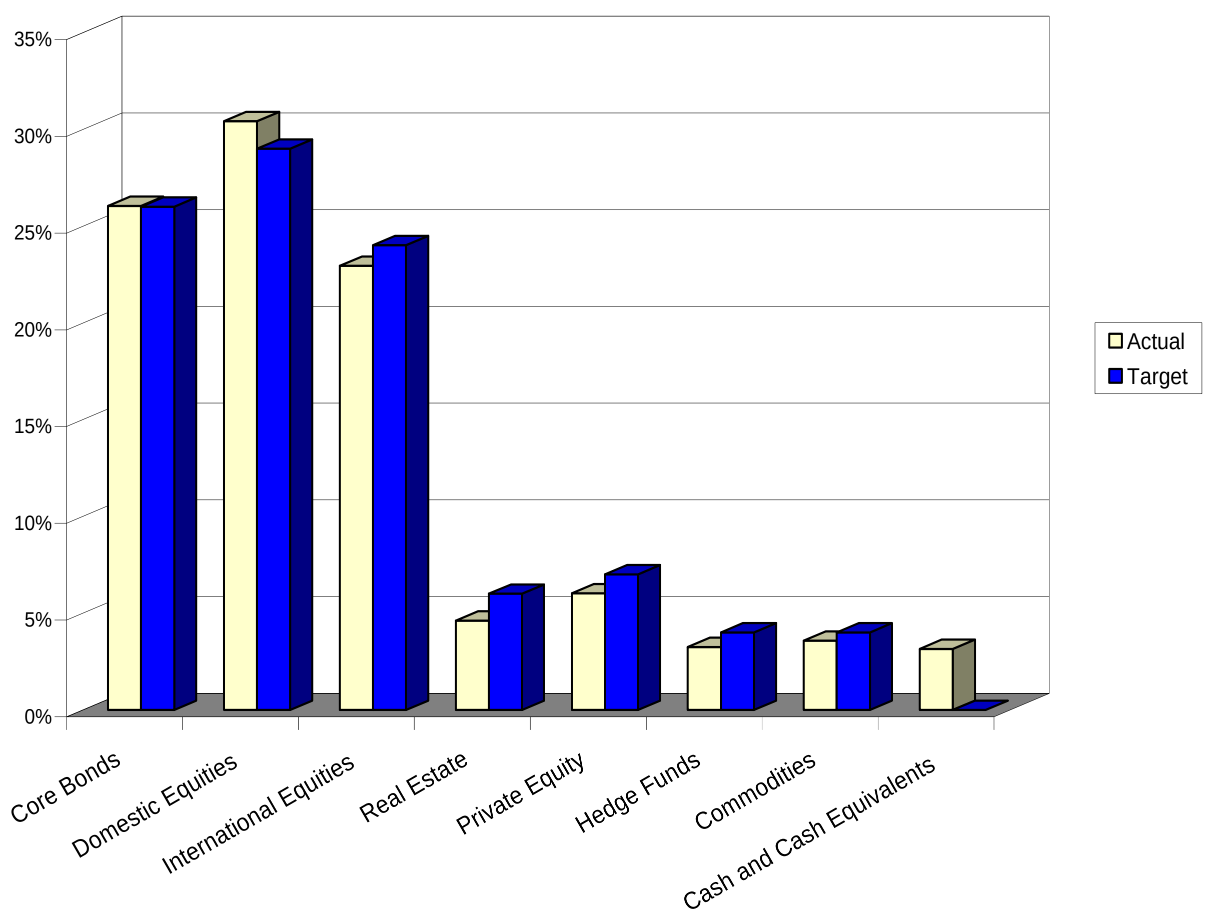
Over time, the Board implements the asset allocation plan by hiring investment managers to invest assets on behalf of the Association, subject to investment guidelines incorporated into each firm's investment management contract.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TARGET AND ACTUAL ASSET ALLOCATIONS (Continued)
AS OF JUNE 30, 2011

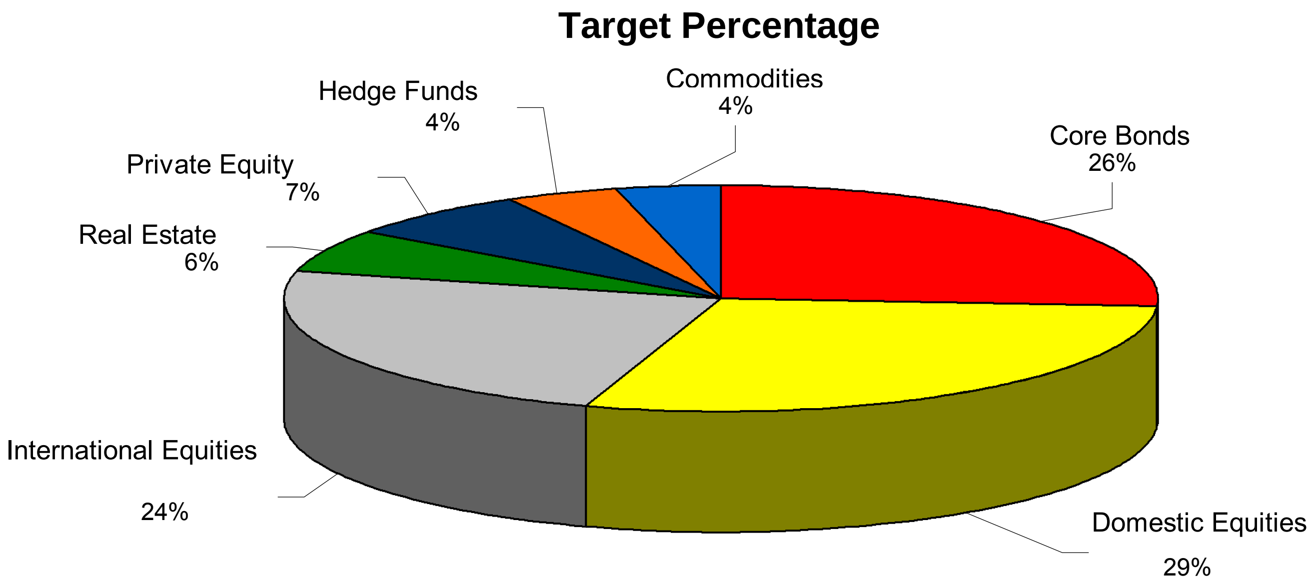
The information provided below and on subsequent pages is a representation of the Association's financial statements. Individually, they may not tie to the investment consultant's report on pages 47 to 49 of this CAFR due to the different reporting methodologies used by the investment consultant and the Association.

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. Also, the Target Asset Allocation calls for all cash requirements of the Fund to be classified as Fixed Income. However, the Association's actual operating cash is reported separately the Financial Statements and on the Investment Summary.

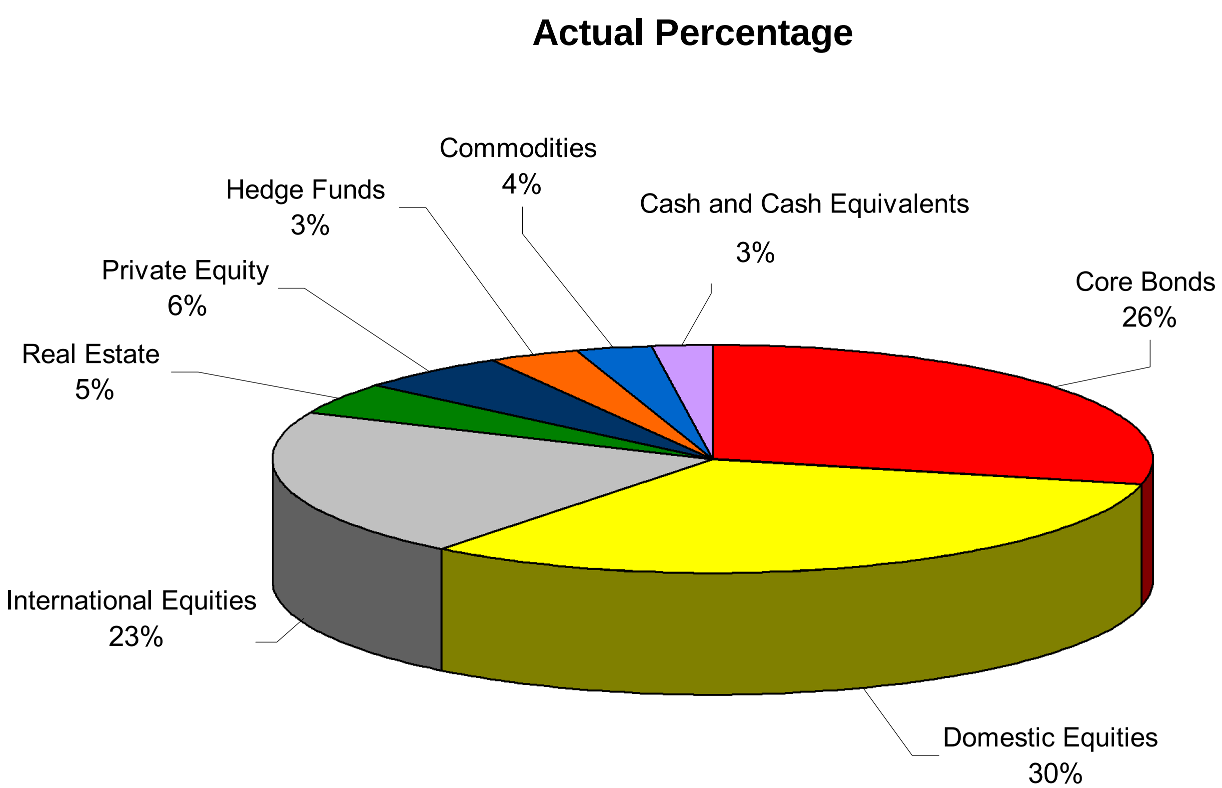
The 2010 - 2011 target and actual asset allocations are presented in the following graphs and charts:



FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TARGET AND ACTUAL ASSET ALLOCATIONS (Continued)
AS OF JUNE 30, 2011



Note: Per Investment Policy the cash requirements of the Fund will be classified under Fixed Income.



FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT RESULTS
AS OF JUNE 30, 2011

Investments	Current Year	3-Year Return	5-year Return
Fixed Income			
Domestic	7.6%	9.4%	7.8%
Benchmark : BC Aggregate Index	3.9%	6.5%	6.5%
Domestic Opportunistic	10.5%	0.0% [1]	0.0% [1]
Benchmark : BC Aggregate + 300 BPS	7.0%	0.0%	0.0%
TIPS Index Fund	7.7%	0.0% [1]	0.0% [1]
BC US TIPS	7.7%	0.0%	0.0%
TALF Funds	11.3%	0.0% [1]	0.0% [1]
Benchmark : BC Aggregate Index	3.9%	0.0%	0.0%
Equities			
Domestic Large Capital Value	33.2%	3.3%	2.1%
Benchmark: Russell 1000 Value	28.9%	2.3%	1.2%
Domestic Large Capital	30.7%	3.4%	3.0%
Benchmark: S & P 500 Index	30.7%	3.3%	2.9%
Domestic Large Capital Growth	8.1% [2]	0.0% [1]	0.0% [1]
Benchmark: Russell 1000 Growth	7.4%	0.0%	0.0%
Domestic Small Capital Growth	50.0%	12.4%	9.3%
Benchmark: Russell 2000 Growth	43.5%	8.4%	5.8%
Domestic Small/Mid Capital Value	20.5% [3]	0.0% [1]	0.0% [1]
Benchmark : Russell 2500 Value	17.9%	0.0%	0.0%
Emerging Markets Equity	25.8%	5.8%	12.5%
Benchmark: MSCI Emerging Markets Free	28.1%	4.5%	11.7%
International Equity	28.1%	-1.4%	1.0%
Benchmark : MSCI EAFE	30.9%	-1.3%	2.0%
International Equity Small Cap	40.7%	0.0% [1]	0.0% [1]
Benchmark : S&P Developed ex US SC Index	38.2%	0.0%	0.0%
Private Markets			
Real Estate	14.6%	-6.3%	1.5%
Benchmark : NCREIF Classic Property	16.7%	-2.6%	3.4%
Hedge Funds	2.7%	-1.1%	2.5%
Benchmark : HFRI FOF Composite Index	6.6%	-1.8%	1.5%
Private Equity	17.9%	4.2%	8.7%
Benchmark : RUSS 3000 + 250 BP	35.5%	6.6%	5.9%
Commodities	26.1%	0.0% [1]	0.0% [1]
Benchmark : DJ UBS Commodity TR Index	25.9%	0.0%	0.0%
Cash, Custodial and Investment Pool			
Cash	1.9%	1.5%	2.7%
Benchmark: 90-Day Treasury Bill	0.2%	0.4%	2.0%
Total Fund	22.7%	6.1%	6.1%

Notes:

Hedge Funds, Private Equity and Commodites are net of fees and lagged one quarter. Other investments are reported 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 3-year or 5-year results available due to managers' mandates were funded between fiscal year 2005 to 2010.

[2] Current Year results are from inception of 12/17/2010 due to manager manadates were funded during the fiscal year 2011.

[3] Current Year results are from inception of 10/8/2010 due to manager manadate being funded during the fiscal year 2011.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT SUMMARY
AS OF JUNE 30, 2011
(Amounts expressed in thousands)

	Fair Value	Actual Percentages	Target Percentages
Investments			
Domestic Bonds[1]	$ 462,093	14.56%	22.00%
Foreign Bonds	73,342	2.31%	0.00%
US Government and Agencies[2]	291,221	9.17%	4.00%
Total Bonds	826,656	26.04%	26.00%
Domestic Equities	953,831	30.05%	29.00%
International Equities	728,080	22.94%	24.00%
REITs	11,750	0.37%	0.00%
Total Equities	1,693,661	53.36%	53.00%
Private Markets and Alternatives			
Real Estate	146,405	4.61%	6.00%
Private Equity	191,087	6.02%	7.00%
Hedge Funds	103,393	3.26%	4.00%
Commodities	113,415	3.57%	4.00%
Real Estate (Station Building)	-	0.00%	0.00%
Total Investments	3,074,617	96.86%	100.00%
Cash and Cash Equivalents			
Cash Held in County Investment Pool	27,252	0.86%	0.00%
Cash Held in Checking Account	69	0.01%	0.00%
Short Term Investment with Fiscal Agent	72,539	2.29%	0.00%
Total Cash and Cash Equivalents	99,860	3.16%	0.00%
Total Investment, Cash and Cash Equivalents	$ 3,174,477	100.00%	100.00%

[1] Includes mortgages and TALF investments.
[2] Includes TIPS.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
AS OF JUNE 30, 2011

LARGEST BOND HOLDINGS (By Fair Value)

Par	Name	Yield	Maturity Date	Fair Value
4,083,212	WA MORTGAGE BACKED	6.639%	N/A	$ 61,746,337
21,400,000	US TREASURY NOTE FUTURES	0.420%	09/30/2011	23,469,781
17,300,000	BRSAEP825 IRS USD RV LIBOR	0.000%	08/06/2012	17,300,000
8,800,000	US TREASURY N/B	3.400%	08/15/2019	9,376,136
354,663	W20000001 USD HIGH YIELD	6.983%	N/A	8,116,834
7,695,000	WI TREASURY SEC	0.450%	05/31/2013	7,703,080
6,730,000	US TREASURY N/B	3.476%	02/15/2021	7,017,573
6,800,000	BRSB6M5E6 IRS USD RV LIBOR	0.000%	12/14/2012	6,800,000
6,800,000	BRSB6M7L8 IRS USD RV LIBOR	0.000%	12/14/2012	6,800,000
6,228,600	US TREASURY N/B	4.370%	02/15/2041	6,620,815
86,191,475	Total			$ 154,950,556

LARGEST STOCK HOLDINGS (By Fair Value)

Shares	Name	Fair Value
52,210	APPLE INC	$ 17,525,331
221,800	ORACLE CORP	7,299,438
270,600	BB&T CORP	7,262,904
87,100	ALLERGAN INC	7,251,075
119,692	SAP AG COMMON	7,245,099
82,200	SCHLUMBERGER LTD	7,102,080
60,700	CHEVRON CORP	6,242,388
37,300	FANUC CORP	6,179,718
99,363	NESTLE SA REG	6,165,934
42,500	WYNN RESORTS LTD	6,100,450
1,073,465	Total	$ 78,374,417

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, 2011 AND 2010

	2011	2010
Investment Managers' Fees		
Domestic Equity Managers:		
Aronson, Johnson & Ortiz, LP	$ 432,562	$ 446,515
Brandywine Asset Management	-	144,527
INTECH	324,779	671,534
Kalmar Management	967,778	868,781
State Street Global Advisors	66,966	124,843
Systematic Financial Management	408,509	-
Waddell & Reed Investment Management	211,490	-
Wellington Management Company, LLP	455,139	430,967
Winslow Capital Management	214,955	-
Total Domestic Equity Managers	3,082,178	2,687,167
International Equity Managers:		
Mondrian Investment Partners	2,151,997	1,566,691
Oechsle International	917,846	795,594
Research Affiliates	23,057	-
Templeton Investment Council, Inc.	715,253	852,864
Total International Equity Managers	3,808,153	3,215,149
Domestic Fixed Income Managers:		
BlackRock Financial Management Inc.	351,394	377,722
Grantham, Mayo, Van Otterloo & Co.	-	145,240
Loomis Sayles	656,774	650,787
MetWest TALF	250,682	222,960
PIMCO TALF	102,869	138,668
Standish Mellon Asset Management Company, LLC	348,706	316,096
State Street TIPS Index Fund	27,731	-
Western Asset Management Company	340,164	285,750
Total Domestic Fixed Income Managers	2,078,320	2,137,223
Private Market Managers:		
Alternative Investments	3,503,362	2,824,529
Real Estate	1,480,411	845,451
Total Private Market Managers	4,983,773	3,669,980
Cash Overlay		
State Street Global Advisors	-	17,432
Total Cash Overlay Managers	-	17,432
Total Investment Managers' Fees	$ 13,952,424	$ 11,726,951
Other Investment Expenses		
Securities Lending	$ 612,069	$ 581,129
Due Diligence Travel	2,749	8,188
Custodian Service Fees	124,805	116,590
Actuarial Valuation Fees	61,000	90,000
Executive Office Operation	366,697	211,259
Futures Commission Expense	3,195	-
Consulting and Legal Fees	423,035	571,116
Total Other Investment Expenses	$ 1,593,550	$ 1,578,282

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF COMMISSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions per Share	Percentage of Commissions
Abel Noser Corporation	52,200.00	$ 678.60	$ 0.0130	0.06%
American Technology Research Inc	267,560.00	8,422.77	0.0315	0.74%
Avondale Partners LLC	51,750.00	1,818.25	0.0351	0.16%
Baird Robert W. & Company Incorporated	2,266,824.41	8,148.13	0.0036	0.71%
Barclays Capital LE	1,831,095.00	23,882.85	0.0130	2.09%
Bear Stearns Securities Corp	66,645.00	2,332.58	0.0350	0.20%
Bnp Paribas Brokerage Securities Inc	138,353.00	2,345.15	0.0170	0.21%
BNY Brokerage	96,775.00	3,097.38	0.0320	0.27%
BNY Convergex LJR	661,630.00	19,925.11	0.0301	1.75%
Btig, LLC	45,900.00	1,802.00	0.0393	0.16%
Buckingham Research Group Inc	44,000.00	1,320.00	0.0300	0.12%
Canaccordgenuity Inc	83,855.00	3,080.24	0.0367	0.27%
Cantor Fitzgerald And Co	246,958.00	4,958.60	0.0201	0.43%
Capital Institutional Svcs Inc Equities	344,500.00	6,571.83	0.0191	0.58%
Citation Group	76,445.00	2,675.59	0.0350	0.23%
Citigroupglobal Markets Inc.	19,451,703.00	20,118.28	0.0010	1.76%
Cowen And Company, LLC	106,675.00	4,314.93	0.0404	0.38%
Craig - Hallum	66,150.00	1,984.50	0.0300	0.17%
Credit Agricole Indosuez Cheuvreux	99,059.00	4,078.31	0.0412	0.36%
Credit Research & Trading LLC	46,800.00	1,310.40	0.0280	0.11%
Credit Suisse Securities (Europe) LTD	11,931.00	1,688.87	0.1416	0.15%
Credit Suisse Securities (USA) LLC	553,836,942.99	40,831.86	0.0001	3.58%
Csi US Institutional Desk	132,130.00	5,183.90	0.0392	0.45%
Daiwa Securities America Inc	4,479,173.75	19,033.76	0.0042	1.67%
Davy Stockbrokers	34,200.00	1,189.58	0.0348	0.11%
Deutsche Bank Securities Inc	635,846,410.87	36,922.39	0.0001	3.23%
Deutsche Securities Asia Limited	444,000.00	2,962.97	0.0067	0.26%
Dowling & Partners	51,900.00	2,076.00	0.0400	0.18%
Friedman Billings & Ramsey	109,485.00	3,687.40	0.0337	0.32%
Goldman Sachs & Co	374,357,159.93	71,592.12	0.0002	6.27%
Goldman Sachs International	11,215,174.00	5,360.60	0.0005	0.47%
Guzman & Co	355,800.00	5,531.42	0.0155	0.48%
Hibernia Southcoast Capital Inc	38,320.00	1,341.21	0.0350	0.12%
Instinet	459,393.00	10,474.25	0.0228	0.92%
Instinet U.K. LTD	1,483,323.00	8,182.49	0.0055	0.72%
Investment Technology Group Inc.	2,901,723.00	42,163.75	0.0145	3.69%
Isi Group Inc	479,635.00	8,590.30	0.0179	0.75%
J.P. Morgan Securities Inc	1,487,671.00	28,768.44	0.0193	2.52%
J.P. Morgan Securities Limited	8,595,928,996.85	1,470.02	0.0000	0.13%
J.P. Morgan Clearing Corp.	6,961,354.00	8,726.65	0.0013	0.76%
Jefferies & Company Inc	7,820,654.00	12,670.68	0.0016	1.11%
Jefferies International LTD	90,698.00	1,571.79	0.0173	0.13%
Jnk Securities Inc	59,300.00	1,430.00	0.0241	0.12%
Keybanc Capital Markets Inc	144,335.00	5,056.73	0.0350	0.44%
King, Cl,& Associates Inc	264,945.00	7,957.36	0.0300	0.70%
Knight Direct LLC	261,270.00	2,090.16	0.0080	0.18%

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions per Share	Percentage of Commissions
Knight Equity Markets L.P.	97,745.00	$ 2,168.90	$ 0.0222	0.19%
Lazard Capital Markets LLC	43,200.00	1,194.00	0.0276	0.11%
Liquid Net Inc	3,539,890.00	51,403.56	0.0145	4.50%
Longbow Securities LLC	87,130.00	2,847.40	0.0327	0.25%
Macquarie Securities (Usa) Inc	38,075.00	1,305.25	0.0343	0.11%
Merrill Lynch Pierce Fenner & Smith Inc	2,689,293.00	27,590.33	0.0103	2.42%
Merrill Lynch Professional Clearing Corp	32,526.00	1,301.04	0.0400	0.11%
Morgan Keegan & Co Inc	313,735.00	1,249.73	0.0040	0.11%
Morgan Stanley Co Incorporated	428,178,095.02	41,469.70	0.0001	3.63%
National Financial Services Corp.	319,260.00	2,074.11	0.0065	0.18%
Needham & Company	95,515.00	3,032.28	0.0317	0.27%
Nomura Securities International Inc	8,666,100.00	9,124.14	0.0011	0.80%
O'Neil, William And Co. Inc/Bcc Clrg	95,785.00	3,352.48	0.0350	0.29%
Oppenheimer & Co. Inc.	52,911.00	1,673.34	0.0316	0.15%
Pipeline Trading Systems LLC	74,910.00	1,411.20	0.0188	0.12%
Piper Jaffray	2,110,025.00	9,804.38	0.0046	0.86%
Pulse Trading LLC	213,621.00	3,713.30	0.0174	0.33%
Raymond James And Associates Inc	266,460.00	7,811.97	0.0293	0.68%
Rbc Capital Markets	19,888,865.99	11,785.46	0.0006	1.03%
Redburn Partners LLP	12,540.00	1,462.71	0.1166	0.13%
Rochdale Sec Corp.(Cls Thru 443)	169,725.00	5,091.75	0.0300	0.45%
Rosenblatt Securities LLC	107,800.00	2,392.56	0.0222	0.21%
Roth Capital Partners LLC	40,450.00	1,415.76	0.0350	0.12%
Sandler Oneill & Part LP	55,225.00	1,656.75	0.0300	0.14%
Sanford Cbernstein Co LLC	473,395.00	9,512.33	0.0201	0.83%
Scott & Stringfellow, Inc	142,810.00	4,527.36	0.0317	0.39%
Sg Americas Securities LLC	2,154,334.00	12,838.34	0.0060	1.12%
Signal Hill Capital Group LLC	89,445.00	3,130.58	0.0350	0.27%
State Street Bank & Trust Co London	22,970,286.00	100,123.57	0.0044	8.77%
State Street Bank and Trust Co	233,833.00	2,455.40	0.0105	0.21%
State Street Global Markets	30,036,105.00	250,750.88	0.0083	21.96%
Stephens Inc.	247,773.38	1,364.26	0.0055	0.12%
Stifel Nicolaus & Co Inc	371,680.00	11,650.18	0.0313	1.02%
Suntrust Capital Markets Inc.	146,000.00	4,817.00	0.0330	0.42%
UBS	4,048.00	7,645.08	1.8886	0.67%
UBS Ag	57,775.00	2,694.10	0.0466	0.24%
UBS Securities LLC	55,365,419.73	33,433.22	0.0006	2.92%
Weeden & Co.	440,955.00	10,434.88	0.0237	0.91%
Wells Fargo Securities, LLC	522,920.00	6,589.58	0.0126	0.57%
William Blair & Company L.L.C	58,720.00	1,942.20	0.0331	0.17%
Other	28,851,011.88	25,193.44	0.0009	2.00%
	10,834,656,195.80	$ 1,144,854.70	$ 0.0001	100.00%

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ACTUARIAL SECTION

SEGAL

THE SEGAL COMPANY
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September 14, 2011

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, 2010 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, it is our understanding that the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No 25.

Our calculations are based upon member data and financial information provided to us by the Association's staff. As part of the June 30, 2010 actuarial valuation, The Segal Company (Segal) conducted an examination of these data and found them to be reasonably consistent and comparable with data used for other purposes. However, the scope of this examination does not qualify as an audit. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. 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. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.

One of the general goals of an actuarial valuation 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). Actuarial gains and losses are incorporated into the UAAL and are amortized over separate 15-year declining periods.

The UAAL is amortized as a level percentage of payroll over a declining 23-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, 2010 is illustrated in the Schedule of Funding Progress.

For the Financial Section of the Comprehensive Annual Financial Report, Segal provided the Schedule of Funding Progress as shown in the Required Supplementary Information. 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;
3. Schedule of Funding Progress;
4. Average Benefit Payments; and
5. Years of Life Expectancy After Service and Disability Retirement.

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on the June 30, 2009 Experience Analysis or in conjunction with the June 30, 2010 actuarial valuation. It is our opinion that the assumptions used in the June 30, 2010 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, 2012.

In the June 30, 2010 valuation, the ratio of the valuation assets to actuarial accrued liabilities decreased from 78.6% to 72.9%. The employer's rate has increased from 33.78% of payroll to 44.01% of payroll, while the employee's rate has increased from 7.97% of payroll to 8.87% of payroll.

In the June 30, 2010 valuation, the actuarial value of assets included $441.5 million in unrecognized deferred investment losses, which represented 17.1% of the market value of assets. If these deferred investment losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 72.9% to 62.1% and the aggregate employer contribution rate, expressed as a percent of payroll, would increase from 44.01% to 53.50%.

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, MAAA, FCA, EA
Senior Vice President & Actuary

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Associate Actuary

MYM/bqb
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, 2009. The actuarial valuation report as of June 30, 2010 was approved and adopted by the Fresno County Board of Retirement on January 19, 2011.

1.	Investment Rate of Return:	7.75% per annum
2.	Interest Credited to Employee Accounts:	Nominal rate of 3.00% per annum, compounded semiannually
3.	Inflation:	3.50% per annum
4.	Salary Scale:	
	- General Members:	Salary increases range from 5.00% to 11.00% based on years of service (merit ranges from 1.00% to 7.00%; plus 3.50% inflation plus 0.50% "across the board" salary increase).
	- Safety Members:	Salary increases range from 5.50% to 11.00% based on years of service (merit ranges from 1.50% to 7.00%; plus 3.50% inflation plus 0.50% "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 17.00%, depending on age, gender and service classification

8. Years of Life Expectancy After Retirement:	
- General Members:	RP – 2000 Healthy Annuitant Mortality with adjustment for white collar workers set back two years
- Safety Members:	RP – 2000 Healthy Annuitant Mortality with adjustment for blue collar workers set back three years
9. Years of Life Expectancy After Disability:	RP - 2000 Healthy Annuitant Mortality set forward four years for General members and back three 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 35% male and 65% female
- Safety Members:	RP - 2000 Healthy Annuitant Mortality with adjustment for blue collar workers weighted 80% male and 20% female
11. Reciprocity Assumption:	40% of General members and 60% 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:	23 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, 2010. Please refer to page 42 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
6/30/2005 [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		3,440	100.0%
	Total	7,686	$	376,270	$	4,080	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		4,075	18.5%
	Total	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		4,499	47.7%
	General Tier 3 [4]	547		19,601		2,986	100.0%
	Safety Tier 1	888		64,592		6,062	7.2%
	Safety Tier 2 [3]	65		3,499		4,486	10.0%
	Total	7,740	$	424,083	$	4,566	5.7%
6/30/2009 [2]	General Tier 1	5,723	$	318,409	$	4,636	3.2%
	General Tier 2 [3]	136		8,270		5,067	12.7%
	General Tier 3 [4]	630		24,554		3,248	8.7%
	Safety Tier 1	856		67,334		6,555	8.2%
	Safety Tier 2 [3]	62		3,952		5,312	18.4%
	Total	7,407	$	422,519	$	4,754	4.1%
6/30/2010 [2]	General Tier 1	5,371	$	308,147	$	4,781	3.1%
	General Tier 2 [3]	138		8,537		5,155	1.7%
	General Tier 3 [4]	625		26,057		3,474	7.0%
	Safety Tier 1	772		63,304		6,833	4.2%
	Safety Tier 2 [3]	40		2,816		5,867	10.5%
	Total	6,946	$	408,861	$	4,905	3.2%

1 Information compiled from annual Actuarial Reports prepared by Public Pension Professionals dated June 30, 2005.
2 Information compiled from annual Actuarial Reports prepared by The Segal Company dated June 30, 2006, 2007, 2008, 2009 and 2010.
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
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%
2009-10	5,283	378	8,182	152	1,356	5,509	169,338	9.40%	31	4.91%
2010-11	5,509	414	9,022	154	1,827	5,769	180,063	6.33%	31	1.53%

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, 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%
June 30, 2009	2,864,956	3,644,743	779,787	78.6%	422,519	184.6%
June 30, 2010	2,983,044	4,092,464	1,109,420	72.9%	408,861	271.3%

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

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 41 reports only the employers' assets for the year 2004, therefore, the amounts will 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.

Source: Schedule provided by The Segal Company.

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

	Changes to UAAL	2010
1	Unfunded actuarial accrued liability at beginning of year	$ 779,787
2	Gross Normal Cost payable at middle of year	106,445
3	Actual employer and member contributions	(158,347)
4	Interest (full year on (1) plus half year on (2)+(3))	60,307
5	Expected unfunded actuarial accrued liability at end of year	788,192
6	Actuarial (gain)/loss due to all changes:	
	Experience (gain)/loss	
	a. Loss from investment return	105,575
	b. Lower than expected salary increases	(41,794)
	c. Lower than expected COLA increases	(41,269)
	d. Fewer retiree and beneficiary deaths than expected	10,106
	e. Other experience (gain)/loss	7,502
	f. Subtotal	40,120
	Other Changes	
	g. Change in actuarial assumptions	281,108
	h. Subtotal	281,108
7	Actual unfunded actuarial accrued liability at end of year (5)+(6f)+(6h).	$ 1,109,420

Note: Information provided by The Segal Company.

	Changes to UAAL	2009
1	Unfunded actuarial accrued liability at beginning of year	$ 617,567
2	Gross Normal Cost payable at middle of year	108,914
3	Actual employer and member contributions	(148,521)
4	Interest (full year on (1) plus half year on (2)+(3))	47,821
5	Expected unfunded actuarial accrued liability at end of year	625,781
6	Actuarial (gain)/loss due to all changes:	
	Experience (gain)/loss	
	a. Loss from investment return	170,717
	b. Lower than expected salary increase	(23,365)
	c. Other experience (gain)/loss	7,741
	d. Subtotal	155,093
	Other Changes	
	e. Change in ordinary disability benefit	(1,087)
	f. Subtotal	(1,087)
7	Actual unfunded actuarial accrued liability at end of year (5)+(6d)+(6f).	$ 779,787

Note: Information provided 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 [(b)] (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, 2005 (a)	$ 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 (c)	100%	100%	51%
June 30, 2008	335,820	1,895,024	1,199,146	2,812,423	100%	100%	48%
June 30, 2009	356,159	2,055,024	1,233,560	2,864,956	100%	100%	37%
June 30, 2010	370,623	2,365,220	1,356,621	2,983,044	100%	100%	18%

(a) 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.
(b) Equal to the total balance (in market value) of the reserve account maintained for member contributions.
(c) Assets decreased by $3,169 for the net overpayment of member contributions discounted to June 30, 2007.

Note: UAAL means Unfunded Actuarial Accrued Liability.
Source: Information provided by The Segal Company.

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

Age	Total Terminations	Ordinary Death [1]	Total Disability [2]
General Members - Male			
20	0.06000	0.00000	0.00010
30	0.05400	0.00040	0.00020
40	0.04350	0.00080	0.00050
50	0.03700	0.00170	0.00280
60	0.03000	0.00450	0.00760
General Members - Female			
20	0.07500	0.00000	0.00010
30	0.07200	0.00020	0.00020
40	0.04700	0.00060	0.00100
50	0.03700	0.00130	0.00190
60	0.03000	0.00370	0.00420
Safety Members - Male			
20	0.04000	0.00000	0.00010
30	0.03700	0.00040	0.00240
40	0.02700	0.00120	0.00560
50	0.01000	0.00200	0.00940
60	0.00000	0.00560	0.01200
Safety Members - Female			
20	0.04000	0.00000	0.00010
30	0.03700	0.00020	0.00240
40	0.02700	0.00060	0.00560
50	0.01000	0.00160	0.00940
60	0.00000	0.00340	0.01200

[1] All pre-retirement deaths are assumed to be non-service connected.
[2] One-third of General disabilities are assumed to be duty disabilities. The other two-third are assumed to be ordinary disabilities. 100% of Safety disabilities are assumed to by duty disabilities.

Note: Information compiled from Actuarial Report prepared by The Segal Company dated June 30, 2010. 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	0.03000
55	0.09000
60	0.30000
65	0.40000
70	1.00000
General Tier 1 - Female	
50	0.04000
55	0.10000
60	0.18000
65	0.35000
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	0.35000
60	1.00000
65	1.00000
70	1.00000

Note: Information compiled from Actuarial Report prepared by The Segal Company dated June 30, 2010. 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	90.00%	10.00%
1	90.00%	10.00%
2	90.00%	10.00%
3	90.00%	10.00%
4	90.00%	10.00%
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, 2010.

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

Age	Years of Life Expectancy
General Members - Male	
50	33.00
60	23.80
70	15.40
80	8.60
90	4.00
100	1.90
110	1.50
General Members - Female	
50	35.60
60	26.30
70	17.70
80	10.60
90	5.50
100	3.00
110	1.80
Safety Members - Male	
50	32.00
60	22.80
70	14.80
80	8.60
90	4.30
100	2.10
110	1.50
Safety Members - Female	
50	35.30
60	26.00
70	17.50
80	10.60
90	5.60
100	3.20
110	1.90

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	56.30	59.00
30	46.50	49.20
40	36.80	39.40
50	27.40	29.90
60	18.60	21.00
70	11.10	13.30
80	5.60	7.30
90	2.50	3.70
100	1.50	2.30
110	1.40	1.40
Safety Members	**Male**	**Female**
20	60.90	64.60
30	51.10	54.70
40	41.50	44.90
50	32.00	35.30
60	22.80	26.00
70	14.80	17.50
80	8.60	10.60
90	4.30	5.60
100	2.10	3.20
110	1.50	1.90

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, 2010.

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STATISTICAL SECTION

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TABLE OF CHANGES IN PLAN NET ASSETS
Fiscal Years Ended 2002 through 2011
(Amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Additions										
Employer Contributions	$ 7,780	$ 33,583	$ 442,950 [1]	$ 56,343	$ 56,664	$ 69,997	$ 97,305	$ 113,959	$ 126,138	$ 130,290
Member Contributions	14,434	19,974	18,239	24,261	30,570	33,528	30,272	34,562	32,209	31,293
Net Investment Income/(Loss)	(63,285)	27,390 [3]	238,877	235,406	229,767	442,355	(186,911)	(451,499)	341,439	605,422
Total Additions	(41,071)	80,947 [3]	700,066	316,010	317,001	545,880	(59,334)	(302,978)	499,786	767,005
Deductions [2]										
Total Benefit Expense	81,784	92,887	107,052	115,129	120,993	131,480	143,072	155,783	169,526	180,363
Administrative Expense	1,544	2,059	2,001	2,484	2,865	3,298	3,569	3,855	3,570	4,108
Refunds	870	904	941	1,403	1,185	2,114	6,072	2,077	1,915	2,044
Total Deductions	84,198	95,850	109,994	119,016	125,043	136,892	152,713	161,715	175,011	186,515
Change in Plan Net Assets	$ (125,269)	$ (14,903)	$ 590,072	$ 196,994	$ 191,958	$ 408,988	$ (212,047)	$ (464,693)	$ 324,775	$ 580,490

[1] Includes proceeds from Pension Obligation Bonds.

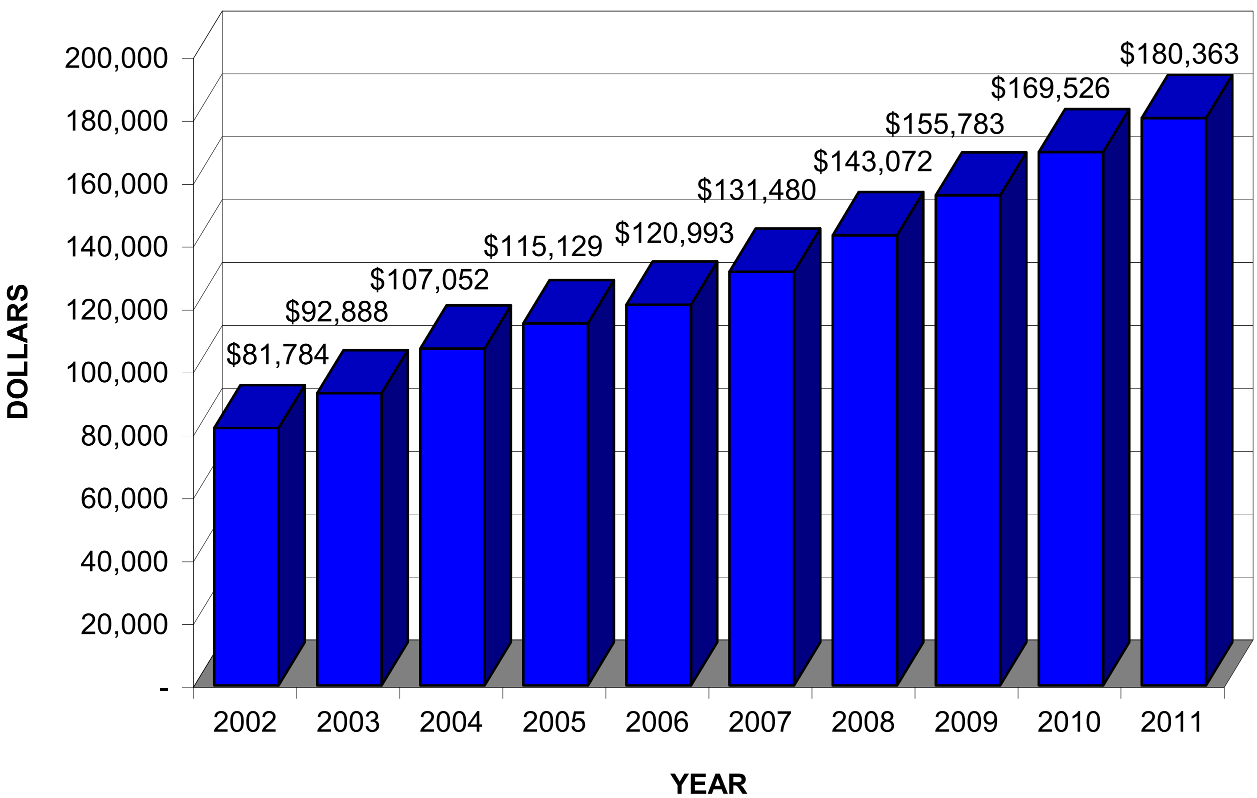
[2] See page 89 for detailed information on Benefit and Refund deductions by type.

[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]
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
2010	131,465	24,758	1,392	536	5,015	6,360	169,526
2011	139,412	26,584	1,548	703	5,655	6,461	180,363

BENEFIT EXPENSES

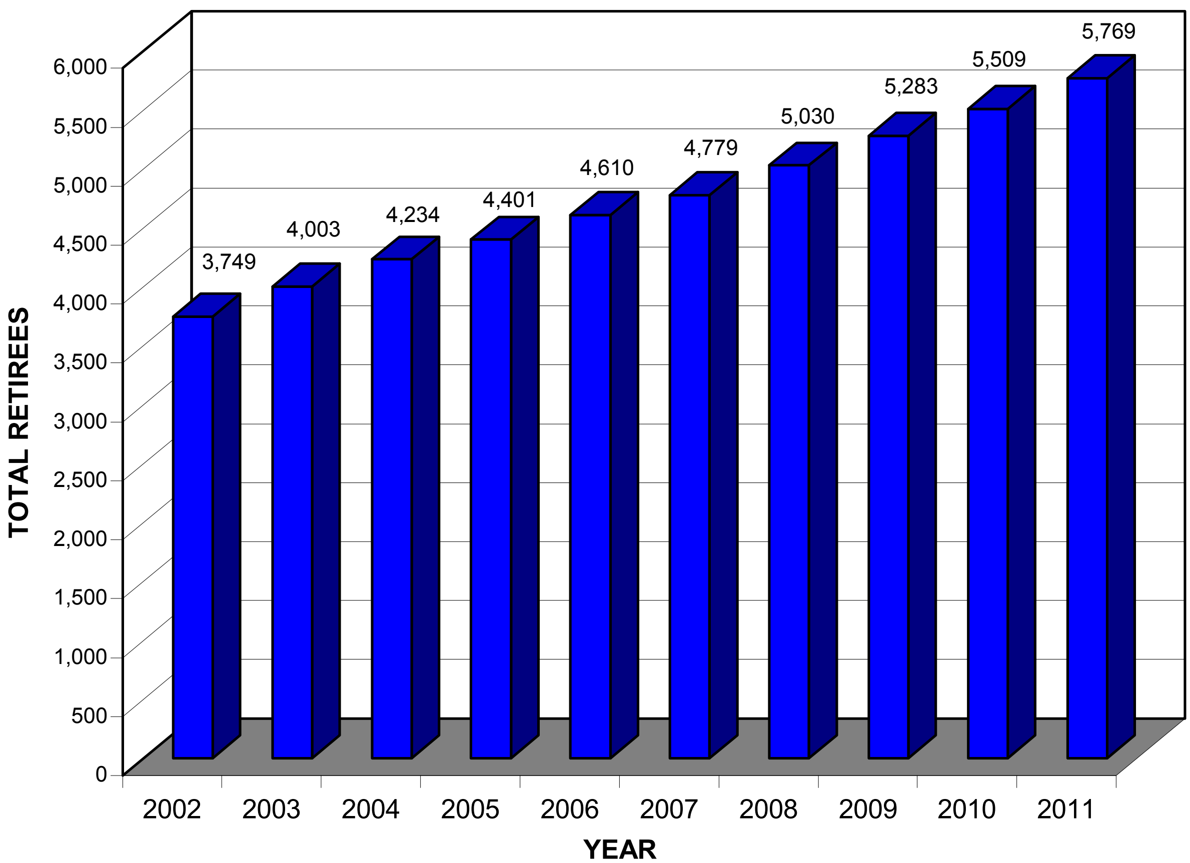


[1] Total Benefit Expenses are the actual expenses paid and will not equal Total Average Annual Benefits reported on page 81.

[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
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
2010	4,705	702	102	5,509
2011	4,937	733	99	5,769



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
6/30/2002 [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	$ 22,269	$ 1,855.75	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	$ 23,386	$ 1,948.79	5.0%
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	$ 25,102	$ 2,091.87	7.3%
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	$ 25,002	$ 2,083.54	-0.4%
6/30/2006	General	4,020	$ 97,474,788	$ 24,247	$ 2,020.62	4.4%
	Safety	559	21,225,900	37,971	3,164.25	-3.2%
	Total	4,579	$ 118,700,688	$ 25,923	$ 2,160.24	3.7%
6/30/2007	General Tier 1	4,224	$ 106,296,432	$ 25,165	$ 2,097.07	3.8%
	General Tier 2	2	69,984	34,992	2,916.00	N/A
	Safety Tier 1	605	23,674,392	39,131	3,260.94	3.1%
	Total	4,831	$ 130,040,808	$ 26,918	$ 2,243.17	3.8%
6/30/2008	General Tier 1	4,405	$ 116,801,232	$ 26,516	$ 2,209.63	5.4%
	General Tier 2	2	72,600	36,300	3,025.00	3.7%
	Safety Tier 1	639	26,198,856	41,000	3,416.65	4.8%
	Total	5,046	$ 143,072,688	$ 28,354	$ 2,362.81	5.3%
6/30/2009	General Tier 1	4,481	$ 128,267,304	$ 28,625	$ 2,385.39	7.9%
	General Tier 2	-	-	-	-	N/A
	Safety Tier 1	672	28,448,568	42,334	3,527.85	3.3%
	Total	5,153	$ 156,715,872	$ 30,413	$ 2,534.38	7.3%
6/30/2010	General Tier 1	4,908	$ 137,157,624	$ 27,946	$ 2,328.81	-2.4%
	General Tier 2	5	151,680	30,336	2,528.00	N/A
	General Tier 3	1	39,480	39,480	3,290.00	N/A
	Safety Tier 1	722	31,247,496	43,279	3,606.59	2.2%
	Total	5,636	$ 168,596,280	$ 29,914	$ 2,492.85	-1.6%

[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 81.
[4] Total Annual Membership provided by the Actuary will not equal the Actual Membership reported on page 83.
[5] FCERA will display nine years of valuation data at June 30, 2011 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 7/1/2009 to 6/30/2010							
Average monthly benefit	$706	$1,144	$1,860	$2,996	$3,793	$4,692	$5,674
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	18	44	69	46	54	39	58
Period 7/1/2008 to 6/30/2009							
Average monthly benefit	$539	$1,116	$1,772	$2,643	$3,746	$4,489	$5,937
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	11	51	75	59	50	34	54
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

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
6/30/2002	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
6/30/2010	General	4,536	1,568	6,104	1,379
	Safety	733	79	812	136
	Total	5,269	1,647	6,916	1,515
6/30/2011	General	4,581	1,374	5,955	1,325
	Safety	732	37	769	126
	Total	5,313	1,411	6,724	1,451

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

	2011			2002		
Participating Employers	**Covered Employees**	**Rank**	**Percent of Total System**	**Covered Employees**	**Rank**	**Percent of Total System**
County of Fresno	6,681	1	99.36%	7,691	1	98.75%
Fresno-Madera Area Agency on Aging	30	2	0.45%	37	3	0.48%
Clovis Veterans Memorial District	8	3	0.12%	3	5	0.04%
Fresno Mosquito and Vector Control	5	4	0.07%	10	4	0.13%
Fresno County Office of Education	-	-	0.00%	1	6	0.01%
North Central Fire Protection District	-	-	0.00%	46	2	0.59%
Total	6,724		100.00%	7,788		100.00%

Note: See page 86 Schedule of Participating Employers and Active Members for covered employees from 2002 through 2011.

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
County of Fresno										
General Members	5,912	6,059	6,395	6,681	6,762	6,623	6,684	6,571	6,596	6,807
Safety Members	769	812	922	957	968	957	927	889	893	884
Total	6,681	6,871	7,317	7,638	7,730	7,580	7,611	7,460	7,489	7,691
Participating Agencies (General Members)										
Clovis Veterans Memorial District	8	8	9	8	5	6	4	3	4	3
Fresno County Office of Education	-	-	-	-	-	-	1	1	1	1
Fresno Mosquito and Vector Control	5	6	8	7	8	8	9	9	10	10
Fresno-Madera Area Agency on Aging	30	31	31	33	35	37	36	36	36	37
North Central Fire Protection	-	-	-	-	5	5	6	7	7	7
Total	43	45	48	48	53	56	56	56	58	58
Participating Agencies (Safety Members)										
North Central Fire Protection	-	-	-	-	39	40	40	37	40	39
Total	0	0	0	0	39	40	40	37	40	39
Total Active Members										
General Members	5,955	6,104	6,443	6,729	6,815	6,679	6,740	6,627	6,654	6,865
Safety Members	769	812	922	957	1,007	997	967	926	933	923
Total	6,724	6,916	7,365	7,686	7,822	7,676	7,707	7,553	7,587	7,788

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[4]	Tier 3[5]	Tier 1	Tier 2[4]	
July 1, 2010	to	June 30, 2011	31.47%	29.48%	28.08%	47.40%	46.24%	06/30/09 [1]
July 1, 2009	to	June 30, 2010	27.82%	25.64%	24.36%	42.19%	41.21%	06/30/08 [1]
July 1, 2008	to	June 30, 2009	26.71%	24.86%	22.86%	38.56%	35.84%	06/30/07 [1]
July 1, 2007	to	June 30, 2008	23.36%	21.15% [6]	21.80%	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

[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] New benefit tier effective September 2005.
[5] New benefit tier effective December 2007.
[6] Includes a correction to the rate reported at June 30, 2008.

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	311	267	5	3	10	7	1	18	199	11	85	7	1	8
501 - 1,000	749	614	35	6	35	30	2	27	566	27	125	18	1	12
1,001 - 1,500	939	780	46	21	41	24	2	25	741	37	113	37	1	10
1,501 - 2,000	739	623	25	29	33	10	2	17	593	34	89	15	1	7
2,001 - 3,000	1,186	1,002	19	115	29	7	5	9	1,004	49	99	27	1	6
3,001 - 4,000	702	614	4	63	12	5	3	1	601	29	55	14	-	3
4,001 - 5,000	432	410	2	13	6	-	1	-	361	12	45	13	-	1
5,001 - 6,000	302	294	-	6	2	-	-	-	270	12	20	-	-	-
Over 6,000	409	398	-	9	1	-	-	1	367	6	30	5	-	1
Totals	**5,769**	**5,002**	**136**	**265**	**169**	**83**	**16**	**98**	**4,702**	**217**	**661**	**136**	**5**	**48**

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	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Service Benefits										
General	$ 65,113	$ 72,875	$ 83,795	$ 90,517	$ 96,590	$ 100,807	$ 110,819	$ 120,975	$ 131,465	$ 139,412
Safety	15,378	18,710	22,012	23,233	23,148	20,542	21,074	23,014	24,759	26,584
Service Connected Disability [1]										
General	-	-	-	-	-	2,178	2,278	2,447	2,746	3,321
Safety	-	-	-	-	-	4,212	4,763	4,999	6,211	6,309
Non-Service Connected Disability [1]										
General	-	-	-	-	-	1,774	2,210	2,324	2,269	2,334
Safety	-	-	-	-	-	152	156	156	148	152
Non-Service Connected Disability Continuance										
General	-	-	-	-	-	923	1,000	1,070	1,118	1,188
Safety	-	-	-	-	-	129	133	135	139	138
Service Connected Disability Continuance										
General	-	-	-	-	-	136	141	142	126	183
Safety	-	-	-	-	-	317	327	335	357	442
Active Death Benefits [2]	1,293	1,303	1,245	1,379	1,255	310	171	186	188	300
Total Benefits	$ 81,784	$ 92,888	$ 107,052	$ 115,129	$ 120,993	$ 131,480	$ 143,072	$ 155,783	$ 169,526	$ 180,363
Type of Refund [3]										
Death	$ -	$ -	$ -	$ -	$ -	$ 205	$ 345	$ 304	$ 338	$ 339
Miscellaneous - UAAL [4]	-	-	-	-	-	-	4,140	13	1	-
Separation	870	904	941	1,403	1,185	1,909	1,587	1,760	1,576	1,705
Total refunds	$ 870	$ 904	$ 941	$ 1,403	$ 1,185	$ 2,114	$ 6,072	$ 2,077	$ 1,915	$ 2,044

[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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