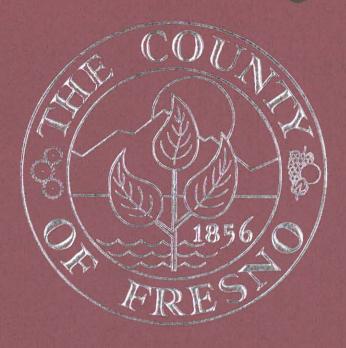
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# FRESNO COUNTY EMPLOYEES RETIREMENT SYSTEM

COMPREHENSIVE
ANNUAL FINANCIAL REPORTA COMPONENT UNIT OF THE COUNTY OF FRESNO



Fresno County Employees Retirement System

Fresno County, California

### COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2000

#### ISSUED BY

GARY W. PETERSON AUDITOR - CONTROLLER / TREASURER - TAX COLLECTOR

### FCERA

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION 2281 TULARE STREET FRESNO, CALIFORNIA 93721

A COMPONENT UNIT OF THE COUNTY OF FRESNO

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INTRODUCTORY SECTION

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#### **Employees Retirement Association**

Gary W. Peterson Auditor-Controller/Treasurer-Tax Collector

October 3, 2000

Board of Retirement Fresno County Employees' Retirement Association 2281 Tulare Street Fresno, CA 93715

#### Dear Board Members:

It is with great pleasure that I submit the Comprehensive Annual Financial Report (CAFR) of the Fresno County Employees' Retirement Association ("Association") for the fiscal year ended June 30, 2000. Information contained in this report is designed to provide a complete and accurate review of the year's operations and is the responsibility of the Association's management. The required financial statements have been prepared in accordance with generally accepted accounting principles, the reporting guidelines for government entities, and the County Employees' Retirement Law of 1937. Macias, Gini & Company LLP, independent auditors, have audited the financial statements. The Board of Retirement (Board) adopts a budget each fiscal year to facilitate the oversight of the Retirement Office's administrative functions. Management believes that internal control is adequate and that the accompanying statements, schedules and tables are fairly presented.

The Association is a contributory defined benefit plan initially organized on January 1, 1945. The Association 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, Clovis Memorial District, Fresno Mosquito and Vector Control District, North Central Fire District, Fresno-Madera Area Agency on Aging, and certain employees of the Fresno County Office of Education. The Association provides normal service retirement benefits for members who attain the age and service requirements or thirty years of service, regardless of age. Early service retirement benefits are also provided for members who attain the minimum age and years of service requirements.

#### Structure of the Report

This report is presented in five sections:

- The Introductory Section describes the Association's management and organizational structure and a listing of the professional services used.
- The Financial Section contains the opinion of the independent auditor, Macias, Gini & Company LLP, and the financial statements and notes of the Association.

- The Investment Section contains the investment consultant's statement produced by Pension Consulting
  Alliance, Inc., the Association's investment consulting firm, along with graphs and schedules regarding asset
  allocation, asset diversification, and history of performance.
- The Actuarial Section includes the certification letter produced by the independent actuary, Buck Consultants, along with supporting schedules and information.
- The Statistical Section contains graphs and schedules with comparative data related to revenues and expenses, active and deferred membership, retired membership, benefit expenses by type, average monthly benefits, participating employers, and employer contribution rates.

#### Investments

The investments of the Association are governed primarily by an investment authority known as the "prudent person rule". The prudent person rule establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the fund. The prudent person rule states that fiduciaries shall discharge their duties of diligence, care and skill which prudent men and women would ordinarily exercise under similar circumstances in a like position. By permitting further diversification of investments within a fund, the prudent person standard may enable a fund to reduce overall risk and increase returns.

The prudent person rule permits the fund to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to professional investment advisors. The investment policy outlines the responsibility for the investment of the fund and the degree of risk that is deemed appropriate for the fund. Investment advisors are to execute the investment policy in accordance with the statutory authority, the Board policy and their respective guidelines, but are to use full discretion within the policy and guidelines.

The Association turned in a solid performance during the fiscal year ended June 30, 2000. For the year, the portfolio earned a total return of 8.4%. Over long-term periods, the portfolio has earned total annualize returns of 11.8% over the past three years and 14.0% over the past five years. These earnings have outperformed the current rate of 8.25%. On a fair value basis, the total net assets available for benefits grew from \$1,695,027,000 to \$1,782,030,000.

#### Funding

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. The Association's funding objective is to meet long-term obligations through contributions and investment income. During fiscal 1997/98, the County of Fresno issued Pension Obligation Bonds, in the amount of \$184,910,000, to fully fund its portion of the Unfunded Actuarial Accrued Liability. As of June 30, 1998, the date of the Association's latest report on the experience analysis and actuarial valuation, the Association was fully funded.

#### Revenues

The following schedule recaps the revenues of the Association for the last two fiscal years:

### Contributions and Investment Earnings (amounts in thousands)

	2000	1999	Increa	sed/(Decreased) Amount	Increased/(Decreased) Percentage
Employers Contributions	\$ 0	\$ 6,005	\$	(6,005)	(100.00%)
Employees Contributions	9,198	7,775		1,423	18.30%
Net Investment Income	133,170	105,166		28,004	26.63%
TOTAL	\$ 142,368	\$ 118,946	\$	23,422	19.69%

#### **Expenses**

The following schedule recaps the expenses of the Association for the last two fiscal years:

### Benefits and Other Expenses (amounts in thousands)

	2000		1999	Increas	sed/(Decreased) Amount	Increased/(Decreased) Percentage
Benefits Paid to Participants	\$ 52,223	\$	47,198	\$	5,025	10.65%
Refunds of Prior Contributions	2,275		1,568		707	45.09%
Administrative Expenses	867		764		103	13.48%
TOTAL	\$ 55,365	\$_	49,530	\$	2,221	4.48%

For the fiscal year 1999/2000, overall revenue increased 19.69% over the prior fiscal year. The Association's investment performance reflects the changes in market conditions in 1999/2000, as well as the Association's young private market investments.

#### 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 the Association for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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 this current report continues to conform to the Certificate of Achievement program requirements, and are submitting it to the GFOA.

#### Acknowledgments

The compilation of this report reflects the combined effort of the Retirement 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 the Association's investment portfolio.

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

Respectfully submitted,

Gary W. Peterson

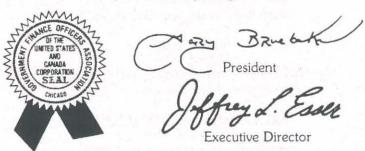
### Certificate of Achievement for Excellence in Financial Reporting

Presented to

### Fresno County Employees' Retirement System, California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1999

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.



### FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION THE BOARD OF RETIREMENT

#### ADMINISTRATOR

GARY W. PETERSON

Auditor-Controller/Treasurer-Tax Collector Statutory required.

#### CHAIRMAN

JO JOHNSON

Qualified Elector - Appointed by Board of Supervisors Present term expires December 31, 2000.

#### SECRETARY

AMERICO PAPALEO

Qualified Elector - Appointed by Board of Supervisors Present term expires December 31, 2001.

#### MEMBER.

RON ADOLPH

Safety Member - Elected by Safety Members Present term expires December 31, 2002.

#### MEMBER

**BILL CASAREZ** 

General Member - Elected by General Members Present term expires December 31, 2001.

#### MEMBER

VACANT

General Member - Elected by General Members Present term expires December 31, 2000.

#### MEMBER

HIROSHI KUSAKAI

Qualified Elector - Appointed by Board of Supervisors Present term expires December 31, 2002.

#### MEMBER

JOHN SOUZA

Retired Member - Elected by Retirees Present term expires December 31, 2001.

#### MEMBER

JAMES LONG

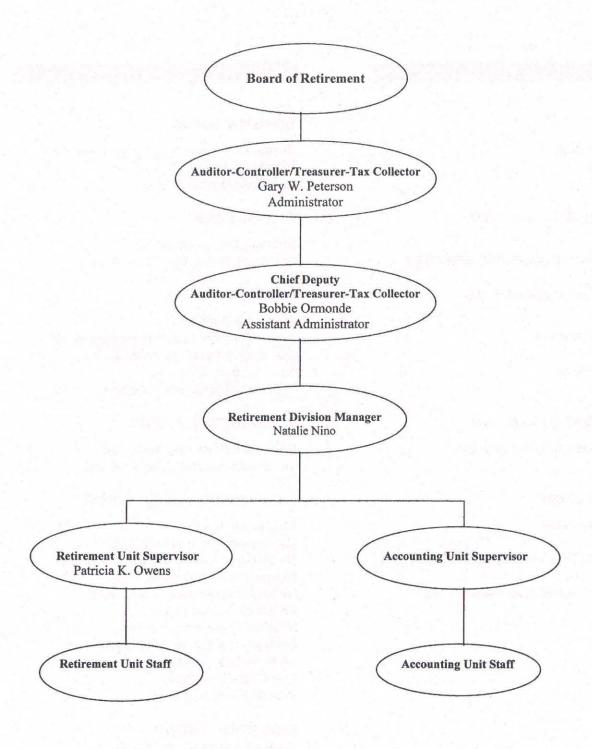
Qualified Elector - Appointed by Board of Supervisors Present term expires December 31, 2001.

#### ALTERNATE MEMBER

**BERNIE GAGE** 

Present term expires December 31, 2002.

### FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ORGANIZATION CHART



### FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION LIST OF PROFESSIONAL CONSULTANTS

#### CONSULTING SERVICES

#### **ACTUARY**

**Buck Consultants** 

#### AUDITOR

Macias, Gini & Company, LLP

#### COMMISSION RECAPTURE SERVICES

Pension Fund Evaluations, Inc.

#### **CUSTODIAN BANK**

Fifth Third Bank

#### INVESTMENT CONSULTANT

Pension Consulting Alliance, Inc.

#### LEGAL COUNSEL

Stroup & de Goede

#### SHAREHOLDER VOTING SERVICES

Institutional Shareholder Services, Inc.

#### INVESTMENT MANAGERS

#### DOMESTIC BONDS

Boston Partners Assets Management, LP Bradford & Marzec, Inc. Vanderbilt Capital Advisors

#### **GLOBAL BONDS**

Strategic Fixed Income, LP Grantham, Mayo, Van Otterloo & Co.

#### DOMESTIC STOCKS

Aronson & Partners
Boston Partners Assets Management, LP
Brandywine Asset Management, Inc.
John A. Levin & Co., Inc.
Wellington Management Company, LLP.

#### INTERNATIONAL STOCKS

Marvin & Palmer Associates, Inc. Templeton Investment Counsel, Inc.

#### PRIVATE MARKETS INVESTMENT

BCI Growth V, LP
CB Richard Ellis Investors, LLC
DT Investment Advisers, Inc.
Glenborough Institutional, Inc.
Heitman/JMB Advisory Corporation
JE Robert Company, Inc.
MIG Realty Advisors, Inc
Sentinel Real Estate Corporation
TA Associates Realty
The Blackstone Group
Warburg, Pincus and Co.

#### SECURITIES LENDING

Marshall & Ilsley Trust Company

FINANCIAL SECTION



Kenneth A. Macias Ernest J. Gini Kevin J. O'Connell 3927 Lennane Drive Suite 200 Sacramento, CA 95834-1922

916\*928\*4600 916\*928\*2755 FAX www.maciasgini.com

To the Board of Retirement of Fresno County Employees' Retirement Association Fresno, California

#### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of plan net assets of Fresno County Employees' Retirement Association (Association), a component unit of the County of Fresno, California, as of June 30, 2000 and 1999, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 the Association as of June 30, 2000 and 1999, and the changes in plan net assets for the years then ended in conformity with generally accepted accounting principles.

The schedules designated as required supplementary information in the table of contents are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules designated as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other data included in this report, designated as the investment, actuarial and statistical sections in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on such data

Macian, Sini ¿ Company LLP

Certified Public Accountants Sacramento, California

October 3, 2000

OFFICE LOCATIONS

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION STATEMENTS OF PLAN NET ASSETS JUNE 30, 2000 AND 1999

(amounts expressed in thousands)

	2000	1999
ASSETS:		
Cash and cash equivalents	\$ 76,719	\$ 92,993
Securities lending short-term investment pool	278,081	199,198
Total cash and cash equivalents (Note 3)	354,800	292,191
Receivables:		
Investment trades receivable (Note 4)	105,605	159,333
Interest and dividends receivable	7,307	8,753
Note receivable (Note 5)	640	640
Contributions and other receivables	3,988	3,567
Securities lending receivable	1,710	792
Total receivables	119,250	173,085
Investments, at fair value (Note 3):		
Domestic stocks	662,764	726,936
Domestic bonds	234,338	272,374
International stocks	393,306	317,577
Mortgage backed securities	178,889	136,035
Private markets	139,438	102,484
Global Bond Index Fund	49,835	48,315
Global bonds	52,080	59,561
Total investments	1,710,650	1,663,282
Fixed assets, net of accumulated depreciation of \$101 and \$67, respectively	351	347
Prepaid expenses	23	0
Total assets	2,185,074	2,128,905
LIABILITIES:		
Investment trades payable (Note 4)	121,171	180,395
Obligations for reverse repurchase agreement (Note 3)	0	50,685
Cash collateral payable for securities lending (Note 3)	278,081	199,198
Accounts payable	2,287	2,854
Securities lending bank and broker fees	1,505	746
Total liabilities	403,044	433,878
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (Note 6)		
(A schedule of funding progress is presented on page 22)	\$ 1,782,030	\$ 1,695,027

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION STATEMENTS OF CHANGES IN PLAN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

(amounts expressed in thousands)

		2000	1999
ADDITIONS:			
Contributions:			
Employers	\$	0	\$ 6,005
Employees		9,198	7,775
Total contributions		9,198	13,780
Investment income:			
From investment activities			
Net appreciation in fair value of investments		82,838	51,766
Interest		34,206	37,479
Dividends		18,790	15,582
Private markets		4,746	5,199
Net income from investment activities	glove	140,580	110,026
From securities lending activities			
Securities lending income		11,019	10,831
Securities lending expenses			
Borrower rebate expenses		(10,040)	(9,957)
Security lending management fees		(219)	(244)
Net income from securities lending activities		760	630
Miscellaneous income		857	638
Investment expense		(9,027)	(6,128)
Net investment income		133,170	105,166
Total additions		142,368	118,946
Total additions		112,500	110,210
DEDUCTIONS:			
Benefits paid to participants		52,223	47,198
Refunds of prior contributions		2,275	1,568
Administrative expenses		867	764
Total deductions		55,365	49,530
NET INCREASE		87,003	69,416
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS,			
BEGINNING OF YEAR		1,695,027	1,625,611
END OF YEAR	\$	1,782,030	\$ 1,695,027

#### NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Fresno County Employees' Retirement Association (Association) is provided for general information purposes only. The Association 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 Association 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. The Association 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), Clovis Memorial District, Fresno Mosquito and Vector Control District, North Central Fire Protection District, Fresno-Madera Area Agency on Aging and certain employees of the Fresno County Office of Education (collectively, the "Employers"). An employee becomes eligible for membership commencing with the pay period following the date of employment in a permanent position.

The Association membership at June 30, 2000 and 1999 is as follows:

	2000	1999
Retirees and beneficiaries receiving benefits	3,310	3,204
Terminated employees entitled to benefits but not yet receiving them	1,326	1,310
Current employees:		
Vested:		
General	3,674	3,412
Safety	614	590
Nonvested:		
General	2,691	2,241
Safety	304	273
Total current employees	7,283	6,516
Total membership	11,919	11,030

#### NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

#### **Benefit Provisions**

Benefit provisions are established by the Board under the provisions of the 1937 Act. Benefits are based upon a combination of age, years of service, average monthly salary for the highest paid year of employment, the option selected by the participant, and whether the participant was employed as a safety member in law enforcement or fire suppression, or as a general member. Disability and death benefits are additionally based upon whether the disability was service connected 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 and health care benefits. The supplemental cost of living and health care benefits are subject to annual approval by the Board.

#### Administration

The management of the Association is vested in the Board, which is composed of the following nine members:

- 1. County Treasurer,
- 2. Two members of the Association elected by the general members,
- 3. One member of the Association elected by the safety members,
- 4. One retired member of the Association elected by the retired members, and
- 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.

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 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. The Association is a component unit of the County of Fresno and is included in the County's General Purpose Financial Statements as a pension trust fund.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Basis of Accounting**

The Association'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 in the period in which employee services are performed. Benefits and refunds of prior contributions are recognized when due and payable under the provisions of the plan.

#### Cash and Investments

Cash and cash equivalents 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.

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.

#### **Fixed Assets**

Fixed assets are valued at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of five years for equipment and ten years for furniture, structures and leasehold improvements.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Reclassifications

Certain 1999 amounts have been reclassified to conform to current year presentation.

#### NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest, or delegate the Association to invest the assets of the Association 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 which places limits on the compositional mix of cash, fixed income and equity securities, alternative investments, and real estate investments. The Association currently employs external investment managers to manage its assets subject to the guidelines of the investment policy.

#### NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

#### **Investment Custodial Credit Risk**

For financial reporting purposes, the Association's investments are categorized below to provide an indication of the level of custodial credit risk assumed by the Association at June 30, 2000 and 1999 (in thousands).

			Jui	ne 30, 2000		
	100	Category 1	AT AL	Category 3	_	Fair Value
Cash and cash equivalents:	•	72 941	•		•	72 041
Short-term investments with fiscal agent Total cash and cash equivalents	\$_ \$	73,841	\$ \$		\$ - \$	73,841 73,841
Total cash and cash equivalents	<b>D</b> _	73,641	<b>a</b> —		D _	75,641
Investments:						
Domestic stocks		527,635		11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		527,635
Domestic bonds		146,912		7 - 100-		146,912
International stocks		346,263				346,263
Global bonds	_	33,989	_	11,810		45,799
Total investments	\$_	1,054,799	\$_	11,810	\$_	1,066,609
Investments not considered securities for the purposes of custodial risk classification:						
Cash held in county investment pool						2,879
Securities lending short-term investment pool						278,081
Mortgage backed securities						178,889
Global bond index fund						49,835
Private markets (investments in limited partnerships, hedge fund, real estate)						139,438
Securities on loan, collaterized with cash						275,878
Total Deposits and Investments					\$_	2,065,450
			Jui	ne 30, 1999		No. 1 Trail
	_	Category 1	_	Category 3		Fair Value
Cash and cash equivalents:						
Short-term investments with fiscal agent	\$_	39,869	\$_		\$_	39,869
Total cash and cash equivalents	\$_	39,869	\$_		\$_	39,869
Investments:						
Domestic stocks		627,363				627,363
Domestic bonds		201,004				201,004
International stocks		296,555				296,555
Global bonds		58,598	_		_	58,598
Total investments	\$_	1,183,520	\$_		\$_	1,183,520
Investments not considered securities for the purposes of custodial risk classification:						
Cash held in county investment pool						2,538
Securities lending short-term investment pool						199,198
Mortgage backed securities						136,035
Global bond index fund						48,315
Private markets (investments in limited partnerships, hedge fund, real estate)						102,484
Securities on loan, collaterized with cash Investments held by broker, under reverse						192,928
repurchase agreements						50,586
Total Deposits and Investments					\$	1,955,473

#### NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

#### Investment Custodial Credit Risk (Continued)

The June 30, 1999 Investment Custodial Credit Risk was restated for reporting conformity.

Custodial credit risk categories have been established by Governmental Accounting Standard Board (GASB) Statement No. 3. Category 1 includes investments that are insured or registered or for which the securities are held by the Association or its agents in the Association's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Association's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Association's name. In accordance with GASB Statement No. 3 disclosure requirements, private market investments, securities lending, cash held in the County investment pool, reverse repurchase agreements, index funds, and mortgage backed securities are not categorized.

Deposits in the County investment pool are insured or collateralized with securities held by the Association or its agent.

#### **Derivatives**

The Association, 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, the Association may be exposed to a potential loss. At June 30, 2000, the Association has approximately \$11 million of its \$393 million foreign equity portfolio and approximately \$71 million of its \$102 million foreign bond portfolio hedged through the use of such forward foreign currency contracts.

The Association could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Association anticipates that counterparties will be able to satisfy their obligations under the contracts. The Association'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.

The Association's investment portfolio also contains certain variable rate notes and collateralized mortgage obligations. At June 30, 2000 and 1999, the Association had approximately \$22,885,000 and \$90,727,000 in these investments, respectively.

#### Reverse Repurchase Agreements

The Association did not have any reverse repurchase agreements outstanding at June 30, 2000. The amounts below represent outstanding reverse repurchase agreements at June 30, 1999.

Total A	Agreements	Total Underlying Se	ecurities		
Proceeds	\$ 50,355,721	Fair Value	\$ 50,585,932		
Accrued Interest	329,614	Accrued Interest	315,185		
Obligation	\$ 50,685,335	Fair Value plus Accrued Interest	\$ 50,901,117		

The Association is permitted to enter into reverse repurchase agreements under state statutes. Reverse repurchase agreements are a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying the reverse repurchases normally exceeds the cash received, providing the dealer a margin against a decline in the fair value of the securities. If the dealers default on their obligations to resell these securities to the Association or provide securities or cash of equal value, the Association would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. The Association's credit

#### NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

exposure at June 30, 1999 was \$215,782. All sales of investments under reverse repurchase agreements are for fixed terms. The term to maturity of the investment should be the same as the term of the reverse repurchase agreement. Such matching existed at June 30, 1999.

#### Securities Lending

The Board authorized the Association, through its custodian bank, to enter into securities lending transactions, whereby securities owned by the Association are loaned on a short-term basis to various banks and brokers. Securities on loan include international and domestic stocks as well as global and domestic bonds. Securities on loan must be collateralized at 102% of the market value of domestic securities and at 105% of the market value of international securities. 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 instrumentality's thereof), bank time deposits, variable rate demand notes, Marshall & Ilsley Trust Company's 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. The Association'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. Cash collateral is invested in the lending agent's short-term investment pool. The relationship between the maturities of the investment pool and the Association's loans is affected by the securities loans of other entities that use the agent's pool, which the Association cannot determine. At year end, the Association has no credit risk exposure to borrowers as the amounts the Association owes the borrowers exceed the amounts the borrowers owe the Association. Furthermore, the lending agreement with the custodian requires the custodian to indemnify the Association if the borrower fails to return the securities.

There were no losses associated with securities lending transactions during the years ended June 30, 2000 and June 30, 1999. 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 fair values of securities on loan were as follows (in thousands):

	June 30, 2000	J	une 30, 1999	
Domestic stocks	\$ 135,129	\$	99,573	
International stocks	47,043		21,022	
Total stocks on loan	182,172		120,595	
Domestic bonds	87,426		71,370	
Global bonds	6,280		963	
Total bonds on loan	93,706		72,333	
Total stocks and bonds on loan	\$ 275,878	\$	192,928	

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

Investment trades receivable and payable include forward foreign currency contracts of \$81,926,000 and \$134,476,000 at June 30, 2000 and 1999, respectively. The remaining receivable and payable balances represent investment sales and investment purchases outstanding, respectively.

#### NOTE 5 - NOTE RECEIVABLE

During the year ended June 30, 1997, the Association's investment in TCW Realty Fund VIA was redeemed by the fund manager. Accordingly, the Association was issued an interest bearing promissory note. At June 30, 2000, the note had a principal balance of \$640,000, which is scheduled to be repaid in the year 2001.

#### NOTE 6 - CONTRIBUTIONS AND RESERVES

#### Contributions

Contributions are made by the members and the employers at rates recommended by the Association's independent actuary and approved by the Board and the County Board of Supervisors. Employee contribution rates vary according to age and classification (safety or general), 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 2% and 5% 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. No member may borrow or withdraw their member contributions until retiring or terminating employment with the Employers, at which time they may request a refund of accumulated contributions and interest. Member contributions are forfeited to the Association if the member does not request a refund within five years of terminating membership.

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

Contribution rates are actuarially determined using the entry age normal method and consist of normal cost (the estimated amount necessary to finance benefits earned by employees during the current year) and amortization of the unfunded actuarial accrued liability beginning in 1980, over a 30 year period. Details of funding progress, annual required contributions and contributions made by the employers, and the latest actuarial valuation methods are presented in the required supplementary information schedules on pages 22 and 23.

Members' contributions, including interest, are 100% vested at all times. Employers' contributions do not become vested until completion of five years of credited service at which time they become 100% vested. 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.

#### Reserves and Designations

Net assets held in trust for pension benefits are segregated into members' accumulated contributions, 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 a reserve for market stabilization. The reserves are generally based on actuarially determined amounts.

#### NOTE 6 - CONTRIBUTIONS AND RESERVES (CONTINUED)

The amounts and changes in reserves and designations for the year ended June 30, 2000 consist of the following (in thousands):

	Balance July 1,	Increase (Decrease) In Plan	Net	Balance June 30,	
	1999	Net Assets	Transfers	2000	
Reserves:	of the state of	C. P. C. T. You	( years)		
Members' accumulated contributions	\$ 239,494	\$ 6,923	\$ 5,526	\$ 251,943	
Current service reserve	417,103	(127)	11,573	428,549	
Annuity pension reserve	55,896	(7,277)	11,460	60,079	
Current service pension reserve	302,424	(26,875)	47,420	322,969	
Survivors' death benefit reserve	3,744	(495)	857	4,106	
Cost of living adjustment reserve	295,004	(11,498)	26,839	310,345	
Supplemental cost of living reserve	10,946	(1,816)	903	10,033	
Contingency reserve	16,950		870	17,820	
Retiree health insurance reserve	62,790	(4,134)	5,180	63,836	
Designated for market stabilization	123,654	-	(63,958)	59,696	
Undistributed earnings	167,022	132,302	(46,670)	252,654	
Net assets held in trust for pension benefits	\$ 1,695,027	\$ 87,003	\$ -	\$ 1,782,030	-

The amounts and changes in reserves and designations for the year ended June 30, 1999 consist of the following (in thousands):

	Balance			Increase (Decrease)		Balance	
		July 1,		In Plan	Net	June 30,	
		1998		Net Assets	Transfers	1999	
Reserves:							
Members' accumulated contributions	\$	211,171	\$	6,207	\$ 22,116	\$ 239,494	
Current service reserve		399,590		5,828	11,685	417,103	
Annuity pension reserve		51,991		(6,742)	10,647	55,896	
Current service pension reserve		252,853		(24,886)	74,457	302,424	
Survivors' death benefit reserve		3,298		(453)	899	3,744	
Cost of living adjustment reserve		252,446		(10,430)	52,988	295,004	
Supplemental cost of living reserve		11,065		(1,827)	1,708	10,946	
Contingency reserve		16,256		-	694	16,950	
Retiree health insurance reserve		39,625		(2,683)	25,848	62,790	
Designated for market stabilization		279,992		-	(156,338)	123,654	
Undistributed earnings		107,324		104,402	(44,704)	167,022	
Net assets held in trust for pension benefits	\$	1,625,611	- _ \$	69,416	\$ 200 PM	\$ 1,695,027	-

#### NOTE 6 - CONTRIBUTIONS AND RESERVES (CONTINUED)

Members' accumulated contributions include all contributions net of refunds and benefits paid of current members. At retirement or disability, balances are transferred to the annuity pension reserve and the cost of living adjustment reserve. Employers' contributions are paid into the current service reserve and cost of living adjustment reserve. When an employee retires, applicable balances are transferred from the current service reserve to the current service 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 at an annual rate of 8.25% of the balance in the transferee reserve. Any additional transfers out of undistributed earnings are made in accordance with the authorization of the Board.

The survivor's death benefit reserve is credited with balances transferred from members' accumulated contributions and the current service reserve in those instances where the survivor is entitled to continuation benefits. 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 pension reserve and cost of living adjustment reserve.

The retiree health insurance reserve was established during 1987 to provide funds for payment of supplemental benefits. The supplemental cost of living reserve was established in 1990 to provide additional benefits for eligible members who retired before April 1, 1981. The supplemental cost of living reserve balance reflects Board approved transfers from undistributed earnings.

The designation for market stabilization serves to spread unanticipated market gains and losses over a five year period and represents a portion of net investment earnings in excess of actuarial expectations.

#### **NOTE 7 - COMMITMENTS**

The Association committed to invest in, and has partially funded, various private market investment funds. At June 30, 2000, the remaining commitments totaled \$46,992,000.

#### NOTE 8 - CALIFORNIA SUPREME COURT DECISION

On August 14, 1997, the Supreme Court of the State of California issued a decision in a case entitled <u>Ventura County Deputy Sheriff's Association vs. Board of Retirement of Ventura County Employees' Retirement Association</u> Case No. S055682. On October 1, 1997, the decision of the California Supreme Court became final. The Supreme Court held that a County Retirement System operating under the provisions of the 1937 Act must include certain types of cash incentive payments and additional pay elements received by an employee, within the employee's "compensation earnable" and "final compensation" when calculating the employee's retirement benefits.

#### NOTE 8 – CALIFORNIA SUPREME COURT DECISION (CONTINUED)

The Association, in conjunction with legal counsel, has worked toward implementing this court decision. The Board of Retirement voted to implement the changes as of October 1, 1997, the date the decision became final. Two claims were subsequently filed against the Association seeking retroactive application of the decision and the inclusion of additional compensation items in the calculation of retirement benefits. At June 30, 1999, a claim was pending against the Board of Retirement challenging the Board's distribution of excess earnings. On June 21, 2000, the Superior Court of San Francisco ruled that the additional compensation items were not to be included in the calculation of retirement benefits. The County of Fresno Board of Supervisors, the Board of Retirement and all parties to the three litigation proceedings reached a tentative settlement agreement. The tentative agreement was contingent upon finalization of judicial and legislative approvals. The Superior Court of San Francisco approved the settlement agreement on September 29, 2000, but, the legislation required to enable the County of Fresno to offer the enhanced benefits detailed in the settlement agreement was vetoed by the Governor on September 28, 2000. Settlement negotiations are continuing. The final outcome of the matter is not known at this time.

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2000

#### SCHEDULE OF FUNDING PROGRESS

(amounts in thousands)

Actuarial Valuation <u>Date</u>	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded (Overfunded) AAL (2) - (1)	(4) Funded Ratio (1)/(2)	(5) Covered <u>Payroll</u>	(6) Unfunded (Overfunded) AAL Percentage of Covered Payroll (3)/(5)
6/30/94	\$ 795,748	\$ 1,008,658	\$ 212,910	78.9%	\$ 217,439	97.9%
6/30/96	1,296,256	1,470,331	174,075	88.2%	191,114	91.1%
6/30/98	1,647,935	1,549,166	(98,769)	106.4%	219,398	(45.0%)

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS

(amounts in thousands)

Year Ended June 30,	9	Annual Required Contributions	Percentage Contributed
1995	\$	22,707	100.00%
1996		26,468	100.00%
1997		31,666	100.00%
1998		18,918	100.00%
1999		6,005	100.00%
2000		*	100.00%

Actuarial reviews are performed biennially.

The actuarial value of assets was based on historical cost for the year ended June 30, 1994. For the year ended June 30, 1996 and thereafter, the actuarial value of assets was based on a 5 year smoothed market method.

<sup>\*</sup> On March 19, 1998, the County of Fresno issued Pension Obligation Bonds, which paid off the estimated Unfunded Actuarial Accrued Liability. As a result of the June 30, 1998 Actuary Study, the Board of Retirement has elected to use a distribution of excess earnings to pay the employer contributions for approximately six years and six months beginning July 1, 1999.

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2000

#### LATEST ACTUARIAL VALUATION METHODS

Valuation date June 30, 1998

Actuarial cost method Entry age normal funding method

Amortization method Level percent - closed

Remaining amortization period 12 years

Asset valuation method 5 year smoothed market\*

Actuarial assumptions:

Investment rate of return 8.25% (3.5% real return, 4.75% inflation)

Projected salary increases 5.75% (1.0% merit increase, 4.75% inflation)

Cost of living adjustments 0-3% (tied to the change in Consumer Price Index)

<sup>\*</sup> Significant changes in Actuarial methods include a change from 3 year to a 5 year smoothed market.

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
Personnel Services		
Salaries and Benefits	\$ 598,649	\$ 502,477
Total Personnel Services	598,649	502,477
Office Expenses		
Office Expense	7,260	10,988
Other Services and Charges		
Telephone Charges	5,718	5,114
Insurance Other	1,500	766
Maintenance	40,362	192
Memberships	2,970	2,570
Miscellaneous	0	(35
Postage	10,866	9,618
Professional and Specialized Services	84,722	137,129
Disability Expenses	43,660	42,551
Data Processing Services	22,562	26,598
Transportation, Travel, and Education	2,687	1,556
Transportation, Travel - Commissions & Advisory Board	12,114	10,125
Total Other Services and Charges	227,161	236,184
Depreciation	34,414	14,430
TOTAL ADMINISTRATIVE EXPENSES	\$ 867,484	\$ 764,079

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF INVESTMENT EXPENSES FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
Investment Manager Fees	\$ 8,084,517	\$ 5,604,541
Fiduciary Insurance Premium	30,149	25,640
Custodial Service Fees	638,437	311,997
Actuarial Service Fees	62,427	71,250
Consulting Fees	211,003	115,000
Investment Expense	9,026,533	6,128,428
Securities Lending Expenses	10,259,209	10,201,600
Total Investment Expenses	\$ 19,285,742	\$ 16,330,028

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF PAYMENTS TO CONSULTANTS FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	2000		1999	
Disability Attorney Fees	\$	6,774	\$ 24,939	
Retirement Board Attorney Fees		11,887	38,454	
External Audit Fees		12,560	12,491	
Actuarial Consulting Fees		62,427	71,250	
Investment Consulting Fees		211,003	115,000	
Custodial Fees		638,437	311,997	
Data Processing Fees		22,562	26,598	
TOTAL PAYMENTS TO CONSULTANTS	\$_	965,650	\$ 600,729	

Refer to page 34 for information on fees paid to investment professionals.

INVESTMENT SECTION



The FCERA investment portfolio grew by \$87.2 million over the past year reaching a value of \$1.78 billion on June 30, 2000. The FCERA portfolio is broadly diversified, holding investments ranging from publicly-traded bonds to privately-held partnerships. Clearly, the scale and breadth of investments make the management and oversight of these assets highly complex.

#### Investment Allocation

The most critical factor influencing overall investment performance is the allocation of the FCERA portfolio across major asset classes. The current policy reflects asset allocation guidelines adopted by FCERA in October of 1997. The portfolio's actual allocation as of June 30, 2000 was modestly different from policy. Domestic equities were overweighted while private markets were underweighted reflecting the use of the domestic equity asset class as a holding place for private market assets as they are funded over time. The foreign fixed income asset class was slightly underweighted relative to policy.

#### **Investment Results**

Over the last year, the FCERA investment portfolio produced an overall return of 8.4%. This result trailed the FCERA policy benchmark by 10 basis points. During this period, active management decisions by FCERA's managers dampened value primarily within FCERA's equity portfolio.

During the last three years, FCERA's portfolio generated an 11.8% return outperforming its policy benchmark by 0.4% per year on average. Over the last five years, the FCERA investment portfolio produced an average annual return of 14.0%, exceeding the policy benchmark by an average of 1.0% per year. FCERA's outperformance relative to its benchmark has diminished in recent periods. This result is mostly due to active management decisions by FCERA's managers and, more recently, allocation decisions related to strategic policy.

Lension Consulting alliance, Inc.

The policy benchmark consists of passive managed asset class portfolios weighted by FCERAs' policy allocations. The difference between actual results and the benchmark are due to two factors: i) deviations from policy and ii) active decisions on the part of FCERA and its investment managers.

### 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 County employees. The Association should meet this goal through judicious 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 it's 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 following is the diversification of Association's portfolio:

Association's Portfolio	Target Allocations	<b>Actual Allocations</b>		
Domestic Bonds*	25%	23.12%		
Global Bonds	9%	5.70%		
Domestic Stocks	35%	37.08%		
International Stocks	20%	22.00%		
Private Markets**	10%	7.80%		
Cash and Cash Equivalents	1%	4.30%		

Includes mortgage backed securities

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.

<sup>\*\*</sup> Includes real estate, futures, and alternative investments

### 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. In addition, the Board has established proxy voting policies for its equity investments. The Board retains a firm to vote its own proxy voting fulfilling compliance with California law.

The following schedules reflecting investment results were based on time-weighted rate of return using fair value.

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION INVESTMENT RESULTS BASED ON FAIR VALUE AS OF JUNE 30, 2000

TOTAL	Current	Annualized Rate of Return for the Preceding		
FUNDS	Year	3 - Year	5 - Year	
Bonds				
Domestic	3.4%	5.3%	6.0%	
Benchmark : Lehman Aggregate	4.6%	6.0%	6.2%	
Global	2.3%	3.2%	N/A	
Benchmark : Salomon World Government	3.2%	3.9%	N/A	
tocks				
Domestic Value	-6.1%	9.2%	16.1%	
Benchmark Return at Actual Allocation	-7.0%	10.2%	16.8%	
Domestic Growth	20.6%	26.0%	26.5%	
Benchmark Return at Actual Allocation	25.6%	28.1%	28.7%	
Domestic Small Capital	-17.5%	-2.2%	N/A	
Benchmark: Russell 2000	14.3%	10.6%	N/A	
International	33.7%	19.0%	20.0%	
Benchmark : MSCI EAFE	17.4%	10.5%	11.6%	
rivate Markets				
Real Estate	12.1%	13.1%	10.8%	
Benchmark: NCREIF	11.1%	13.8%	11.9%	
Alternative Investments	21.0%	N/A	N/A	
Benchmark : S&P 500 + 4.47%	22.9%	N/A	N/A	
Cash, Custodial and Investment Pool				
Cash	3.0%	5.1%	5.5%	
Benchmark: 90-Day Treasury Bill	5.3%	5.1%	5.2%	
OTAL	8.4%	11.8%	14.0%	

#### Notes:

Realty is net of fees and lagged one quarter.

Securities Lending is lagged one quarter.

Alternative Investment is lagged one quarter.

Investment results were prepared using a time-weighted rate of returned based on the market rate of return in accordance with AIMR's performance presentation standards.

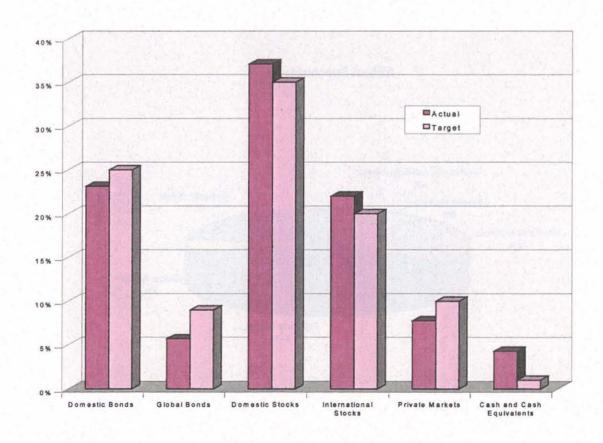
#### FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION TARGET AND ACTUAL ASSET ALLOCATIONS AS OF JUNE 30, 2000

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

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

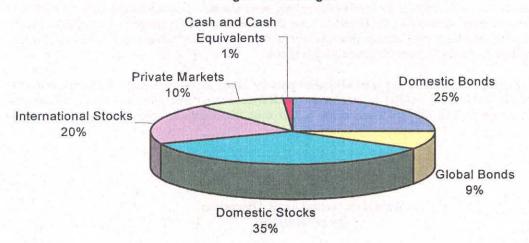
Over time, the Board implements the asset allocation plan by hiring investment managers to invest assets on behalf of the Association, subject to investment guidelines incorporated into each firm's investment management contract. The 1999/2000 target and actual asset allocations are presented in the following graphs:

Target vs. Actual Asset Allocations (by percentages)

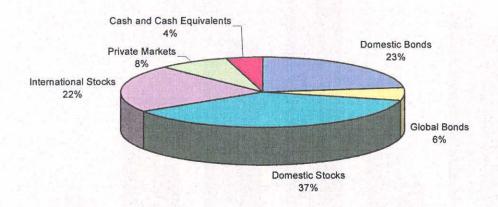


## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION TARGET AND ACTUAL ASSET ALLOCATIONS (CONTINUED) AS OF JUNE 30, 2000

#### **Target Percentages**



#### **Actual Percentages**



## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION LARGEST BOND HOLDINGS AS OF JUNE 30, 2000

PAR	NAME	FAIR VALUE
\$ 13,163,475	U S TREASURY NOTES 12/31/00	\$ 13,219,123
11,059,407	U S TREASURY BOND 5/15/17	11,076,839
10,369,600	U S T BONDS 2/15/23	10,394,705
9,872,946	U S TREASURY BOND 2/15/23	9,773,594
9,135,763	U S TREASURY NOTES 2/28/01	9,156,347
7,907,666	U S TREASURY BOND 5/15/30	8,256,846
6,591,584	U S TREASURY NOTE 8/15/09	6,705,075
5,667,242	YOSEMITE SEC TRUST I	5,713,671
5,657,920	US TREASURY INFL INDEX BOND	5,522,373
5,275,937	U S TREASURY NOTES 5/15/08	5,352,281
	TOTAL	\$ 85,170,854

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION LARGEST STOCK HOLDINGS AS OF JUNE 30, 2000

SHARES	NAME	FAIR VALUE
223,000	CISCO SYSTEMS, INC.	\$ 14,174,438
73,425	AXA	11,613,559
226,875	PFIZER, INC.	10,890,000
70,370	TOTAL FINA ELF	10,833,543
39,300	CORNING INCORPORATED	10,660,088
198,600	GENERAL ELECTRIC CO.	10,525,800
525,600	ERICSSON (LM) TEL CO.	10,512,000
134,200	MERCK & COMPANY, INCORPORATED	10,283,075
198,900	BELL ATLANTIC CORPORATION	10,106,606
147,000	VIACOM INCORPORATED CLASS	10,023,563
	TOTAL	\$ 109,622,672

A complete list of portfolio holdings is available upon request.

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF FEES AND COMMISSIONS FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
Investment Manager Fees		
Domestic Stocks	\$ 2,601,122	\$ 2,229,584
International Stocks	2,553,708	1,719,804
Domestic Bonds	994,014	1,067,994
Global Bonds	261,284	361,237
Private Markets	1,674,389	225,922
Total Investment Manager Fees	\$ 8,084,517	\$ 5,604,541
Other Investment Expenses		
Securities Lending Expense	\$ 10,259,209	\$ 10,201,600
Fiduciary Insurance Premium	30,149	25,640
Custodial Service Fees	638,437	311,997
Actuarial Service Fees	62,427	71,250
Consulting Fees	211,003	115,000
Total Other Investment Expenses	\$ 11,201,225	\$ 10,725,487

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF FEES AND COMMISSIONS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2000

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions per Share	Percentage of Commissions
Investment Trade Commissions				ALIGARY.
Merrill Lynch, Pierce, Fenner & Smith	1,997,721,672	\$ 431,805.16	\$ 0.0002	5.90%
Pressprich	5,793,840	256,974.00	0.0444	3.51%
Capital Institute	7,636,675	196,276.75	0.0257	2.68%
Broadcourt	2,233,104	133,934.74	0.0600	1.83%
Capital Brokers	4,115,475	128,036.75	0.0311	1.75%
Wishire Assoc.	2,524,952	127,128.60	0.0503	1.74%
Goldman Sachs	3,628,743,264	127,076.75	0.0000	1.74%
Morgan Stanley & Co.	1,939,549,358	118,469.99	0.0001	1.62%
Citibank	16,167,170	117,886.51	0.0073	1.61%
Sherwood	2,449,715	114,145.75	0.0466	1.56%
Baque Paribas	497,007	109,935.75	0.2212	1.50%
Bear, Sterns	47,785,042	107,727.04	0.0023	1.47%
Donaldson Lufkin & Jenrette	30,273,540	103,788.53	0.0034	1.42%
Instinet	3,367,496	99,413.05	0.0295	1.36%
Lehman Brothers	58,285,704	97,321.12	0.0017	1.33%
Pershing	1,761,638	88,081.90	0.0500	1.20%
HSBC SEC	7,846,667	78,755.86	0.0100	1.08%
Deutsche	11,094,940	75,344.77	0.0068	1.03%
Jeffries	2,036,808	72,823.40	0.0358	0.99%
Warburg Dillon Read Ltd.	10,026,245	67,447.32	0.0067	0.92%
Ing Barung	35,642,965	52,114.94	0.0015	0.71%
First Boston Corp.	226,881,691	51,372.79	0.0002	0.70%
Kleinwort Benson	2,222,900	50,467.37	0.0227	0.69%
Dres Klien Ben Inc., NY	629,188	44,870.34	0.0713	0.61%
JP Morgan	36,084,746	42,460.83	0.0012	0.58%
Other	11,365,211,086	4,428,018	0.0004	60.48%
Total Investment Trade Commissions	19,446,582,889	\$ 7,321,678	\$ 0.0004	100.00%

The Association has established a Directed Commission Recapture Program generated by equity and fixed income transactions. The Association provides each manager with a target amount of commissions that they will direct annually based on specific investment and trading styles. However, the Association communications to its managers that best execution and best price are still the primary considerations when a transaction is made.

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION INVESTMENT SUMMARY AS OF JUNE 30, 2000

(amounts in thousands)

		Fair Value	Actual Percentages	Target Percentages
Investments				
Domestic Bonds*	\$	413,227	23.12%	25.00%
Global Bonds		101,915	5.70%	9.00%
Total Bonds		515,142	28.82%	34.00%
Domestic Stocks		662,764	37.08%	35.00%
International Stocks		393,306	22.00%	20.00%
Total Stocks		1,056,070	59.08%	55.00%
Private Markets**		139,438	7.80%	10.00%
Total Investments	-	1,710,650	95.70%	99.00%
Cash and Cash Equivalents				
Cash held in County Investment Pool		2,878	0.20%	***
Short term investment with fiscal agent	And the	73,841	4.10%	***
Total Cash and Cash Equivalents	د دراس در میر	76,719	4.30%	1.00%
TOTAL INVESTMENT, CASH AND CASH				
EQUIVALENTS	\$_	1,787,369	100.00%	100.00%

<sup>\*</sup> Includes mortgage backed securities.

<sup>\*\*</sup> Includes real estate, futures, and alternative investments.

<sup>\*\*\*</sup> The overall target allocation for Cash and Cash equivalents is 1% and is not broken down by the type of investment.

ACTUARIAL SECTION

ACTUARY'S CERTIFICATION LETTER

BUCS CONSULTANTS

> 100 California Street Suite 1300 San Francisco, California 94111

October 4, 2000

Board of Retirement
Fresno County
Employees' Retirement Association
P.O. Box 1247
Fresno, California 93715-1247

Members of the Board:

Re: Actuarial Certification of the Fresno County Employees' Retirement Association

Buck Consultants, Inc. is the Consulting Actuary for the Fresno County Employees' Retirement Association.

The funding objective of the Plan is to establish contribution rates which, over time, will remain as a level 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 the unfunded actuarial accrued liability (UAAL). As of June 30, 1998, the remaining amortization period for the UAAL was 12 years. The progress being made towards the realization of the funding objective through June 30, 1998 is shown in the attached Exhibits.

Actuarial valuations and experience analyses are performed bi-annually. The date of the most recent actuarial valuation and experience analysis was June 30, 1998. At that time an analysis was made as to the

appropriateness of all economic and non-economic assumptions. Recommendations were presented to, and adopted by, the Board. The next biennial study will be performed as of June 30, 2000.

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 Financial Section of Comprehensive Annual Financial Report, our firm provided the trend data shown in the Required Supplementary Information. Our firm has prepared and/or reviewed all of the schedules presented in the actuarial section. All actuarial assumptions shown in the schedules were determined by us and adopted by the Board. These assumptions produce results which, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The employee census data and asset information were provided by the Retirement Office. The census data was reviewed, compared against the prior years and deemed reasonable. The asset information was accepted without further audit.

We certify that the Retirement Association is in sound financial condition and that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

Respectfully submitted,

Krystyna H. Upstill, E.A., M.A.A.A. Principal and Consulting Actuary

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Michael Moehle, E.A., F.S.A., M.A.A.A. Principal and Consulting Actuary

### 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 UAAL is being funded over 12 years from the June 30, 1998 valuation date. 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, 1998. The actuarial valuation report was approved and adopted by the Fresno County Board of Retirement on May 5, 1999.

1.	Interest:	8.25% per annum. (3.5% real, 4.75% inflation)
2.	Interest Credited to Employee Accounts:	8.25% per annum.
3.	Inflation:	4.75% per annum.
4.	Salary Scale:	5.75% per annum. (1% merit increase, 4.75% inflation)
5.	Asset Valuation:	5 year smoothed market value.
6.	Spouses and Dependents:	90% of male employees and 50% of female employees assumed married at retirement, with wives assumed three years younger than husbands.
7.	Rates of Termination of Employment:	0% to 17%
8.	Years of Life Expectancy After Retirement:	1983 Group Annuity Mortality
9.	Years of Life Expectancy After Disability:	1981 Group Annuity Mortality
10.	Life Expectancy After Retirement for Employee Contribution Rate Purposes	
	- General Members:	1983 Group Annuity Table for Males, set back four years.
	- Safety Members:	1983 Group Annuity Table for Males, set back one year.
11.	Reciprocity Assumption:	50% of members who terminate with a vested benefit are assumed to enter a reciprocal system.
12.	Deferral Age for Vested Terminations:	63 for General Members; 55 for Safety.
13.	Sex:	All Safety members are assumed to be male.
14.	Gains & Losses	Gains and Losses are reflected in the UAAL. They are found over the period described above.

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

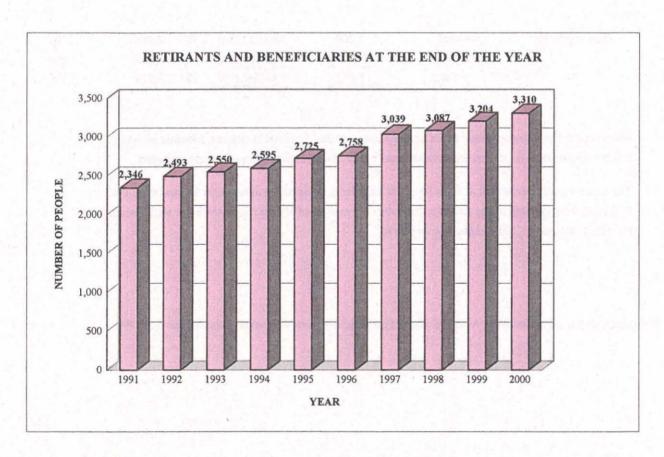
Valuation Date	Plan Type	Number *	Annual Payroll		Average Monthly Salary	% Increase in Average Salary
June 30, 1994	General	6,091	\$ 189,354,000	\$	2,591	7.2%
	Safety	743	28,085,000	\$	3,150	10.6%
	Total	6,834	\$ 217,439,000	\$	2,651	7.7%
June 30, 1996 **	General Safety Total	4,856 826 5,682	\$ 158,601,000 32,513,000 \$ 191,114,000	\$ \$ \$	2,722 3,280 2,803	5.1% 4.1% 5.7%
June 30, 1998	General	5,200	\$ 181,813,000	\$	2,914	7.1%
	Safety	857	37,585,000	\$	3,655	11.4%
	Total	6,057	\$ 219,398,000	\$	3,019	7.7%

<sup>\*</sup> Difference in membership balances for actuary purposes and financial statement schedule on page 12 reflects adjustments to actuary information made after the financial statements were prepared.

<sup>\*\*</sup> The actuary study performed at June 30, 1996 included a prospective adjustment for members who terminated membership in the Association due to the merger of Valley Medical Center with Community Hospitals of Central California in October 1996.

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

Year	At Beginning of Year	Added During Year	Removed During Year	At End of Year
1000				
1991	2,279	118	51	2,346
1992	2,346	209	62	2,493
1993	2,493	130	73	2,550
1994	2,550	110	65	2,595
1995	2,595	223	93	2,725
1996	2,725	124	91	2,758
1997	2,758	367	86	3,039
1998	3,039	130	82	3,087
1999	3,087	215	98	3,204
2000	3,204	203	97	3,310



### FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF FUNDING PROGRESS (GASB 25)

(amounts in thousands)

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL	Funded Ratio	Covered Payroll	Unfunded (Overfunded) AAL Percentage of Covered Payroll
June 30, 1994	\$ 795,748	\$ 1,008,658	\$ 212,910	78.9%	\$217,439	97.9%
June 30, 1996	1,296,256	1,470,331	174,075	88.2%	191,114	91.1%
June 30, 1998	1,647,935	1,549,166	(98,769)	106.4%	219,398	(45.0%)

#### The required employer contributions

Fiscal Year Ended	The same	Annual Required ntributions	Percentage Contribution
June 30, 1994	\$	21,428	100%
June 30, 1996		26,468	100%
June 30, 1998		202,550 *	100%

<sup>\*</sup> Includes proceeds from Pension Obligation Bonds.

### FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF ANALYSIS OF FINANCIAL EXPERIENCE

(amounts in thousands)

Changes to UAAL	1998
Prior Valuation Unfunded Actuarial Accrued Liability	\$ 174,075
Expected Increased from Prior Valuation	(5,322)
Salary Increase Greater (Less) than Expected	(6,464)
Asset Return Less (Greater) than Expected	(150,168)
Proceeds from Pension Obligation Bond	(183,632)
Other Experience	26,365
Actuarial Value of Assets Method Change	46,722
Economic and Non-Economic Assumption Changes	(345)
Ending Overfunded Actuarial Accrued Liability	\$ (98,769)

### FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SOLVENCY TEST

(amounts in thousands)

Active Active Members Valuation Date  Active Members Employer Financed Financed Active Members Employer Financed Financed Assets (1) (2)			Actuari	al Ac	crued Liabi	litie	s for		Accrued Liabilities by Reported Assets		
		Co	Member ontributions		neficiaries	MEGATI	Members Employer Financed		(1)	(2)	(3)
June 30, 1994 \$ 162,315 \$ 338,652 \$ 507,691 \$ 795,748 100% 100%	June 30, 1994	\$	162,315	\$	338,652	\$	507,691	\$ 795,748	100%	100%	58.1%
June 30, 1996 \$ 190,456 \$ 439,643 \$ 840,232 \$ 1,296,256 100% 100%	June 30, 1996	\$	190,456	\$	439,643	\$	840,232	\$ 1,296,256	100%	100%	79.3%
June 30, 1998 \$ 211,171 \$ 456,118 \$ 881,877 \$ 1,647,935 100% 100%	June 30, 1998	\$	211,171	\$	456,118	\$	881,877	\$ 1,647,935	100%	100%	111.2%

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE (Current Assumptions)

Age	Withdrawal	Ordinary Death	Ordinary Disability	Service	Death While Eligible	Duty Death	Duty Disability	Terminated Vested
Seneral N	Members - Mal	e						
20	0.16000	0.00020	0.00000	0.00000	0.00000	0.00010	0.00005	0.00045
30	0.13500	0.00040	0.00007	0.00000	0.00013	0.00010	0.00010	0.00630
40	0.03900	0.00060	0.00035	0.00000	0.00039	0.00010	0.00020	0.02070
50	0.01000	0.00130	0.00147	0.03500	0.00104	0.00010	0.00055	0.01080
60	0.01000	0.00240	0.00308	0.15000	0.00234	0.00030	0.00155	0.00540
70	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000
General N	Members - Fem	ale						
20	0.17000	0.00010	0.00000	0.00000	0.00000	0.00000	0.00010	0.00270
30	0.15000	0.00030	0.00010	0.00000	0.00008	0.00000	0.00020	0.00450
40	0.05500	0.00060	0.00030	0.00000	0.00008	0.00000	0.00030	0.01665
50	0.02600	0.00100	0.00110	0.04000	0.00022	0.00000	0.00060	0.01170
60	0.01300	0.00180	0.00230	0.14000	0.00045	0.00000	0.00170	0.00450
70	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000
afety Me	embers							
20	0.13000	0.00015	0.00000	0.00000	0.00000	0.00015	0.00048	0.00100
30	0.06400	0.00030	0.00030	0.00000	0.00015	0.00030	0.00104	0.02500
40	0.02200	0.00045	0.00100	0.00000	0.00022	0.00045	0.00312	0.01200
50	0.00500	0.00075	0.00160	0.07000	0.00060	0.00075	0.00848	0.00000
60	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION YEARS OF LIFE EXPECTANCY AFTER SERVICE RETIREMENT (Current Assumptions)

Age	Years of Life Expectancy
C 134 1 34 1	
General Members - Male	
50	29.18
60	20.64
70	13.18
80	7.64
90	4.28
100	2.28
110	0.50
General Members - Femal	e
50	34.92
60	25.67
70	17.13
80	10.20
90	5.41
100	2.36
110	0.50
Safety Members	
50	30.08
60	21.46
70	13.84
80	8.10
90	4.54
100	2.45
110	0.74

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION YEARS OF LIFE EXPECTANCY AFTER DISABILITY RETIREMENT (Current Assumptions)

Age	Years of Life Expectancy
General Members	
General Members	
20	38.73
30	31.98
40	26.21
50	21.08
60	16.37
70	11.70
80	7.00
90	4.09
100	2.20
110	0.50
Safety Members	
20	49.29
30	40.36
40	31.77
50	23.59
60	16.64
70	11.70
80	7.00
90	4.09
100	2.20
110	0.50

### FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SUMMARY OF MAJOR PLAN PROVISIONS

#### 1. ELIGIBILITY

First of pay period following pay period employed.

#### 2. DEFINITION OF SALARY

Highest 12 consecutive months of compensation earnable.

#### 3. SERVICE RETIREMENT

- Normal retirement age 57 and 50 for Section 31676.12 and Section 31664, respectively.
- Early retirement

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

Benefit

1/50 times final average salary per year of service.

Benefit Adjustments

Reduced for retirement before 57 and 50 for Section 31676.12 and Section 31664, respectively.

Increased for retirement after 57 and 50 for Section 31676.12 and Section 31664, respectively.

#### 4. DISABILITY RETIREMENT

Non-service connected

1.8% of final average salary per year of service, with a maximum of 33-1/3% if projected service is used (age 62 for General, age 55 for Safety), or 90% of the accrued service retirement benefit without a benefit adjustment, or service retirement benefit (if eligible).

Service-connected

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

### FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SUMMARY OF MAJOR PLAN PROVISIONS (CONTINUED)

#### 5. DEATH BEFORE RETIREMENT

- Refund of contributions plus 1/12 of salary per year of service up to 6 years.
- · If eligible for disability or service retirement
  - 60% of member's accrued allowance.
- If service-connected
  - 50% of salary.

#### 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

"Automatic" 3% COLA for all members.

STATISTICAL SECTION

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE

(amounts in thousands)

#### REVENUES BY SOURCE

			EN	IPLOYER C	ONTRIBUTIONS				
Fiscal Year Ended June 30,	Member Contributions				% of Annual Covered Payroll		Net Investment Income		Total
1991	\$	8,162	\$	20,635	12.56%	\$	46,689	\$	75,486
1992		5,579		18,771	10.19%		67,911		92,261
1993		6,056		19,995	10.10%		88,960		115,011
1994		6,374		21,428	9.67%		82,378		110,180
1995		6,723		22,707	9.73%		75,072		104,502
1996		8,038		26,468	11.34%		125,679		160,185
1997		7,087		31,666	11.03%		204,115		242,868
1998		7,168		202,550	* 93.44%		250,001		459,719
1999		7,775		6,005	2.57%		105,166		118,946
2000		9,198		0	0.00%		133,170		142,368

<sup>\*</sup> Includes proceeds from Pension Obligation Bonds

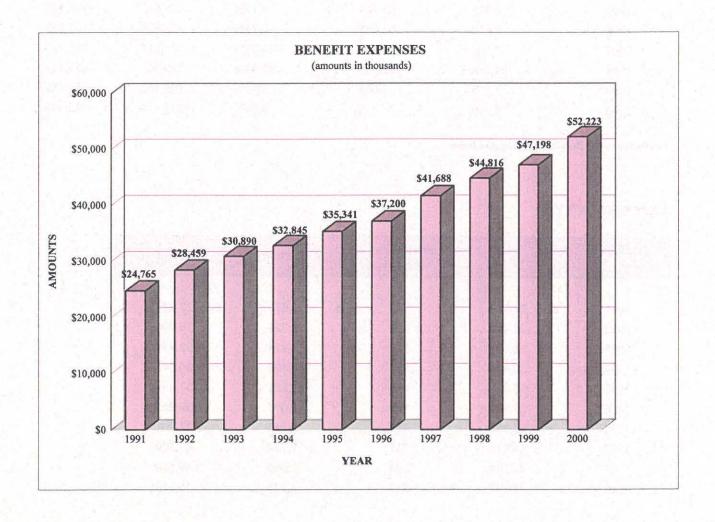
#### **EXPENSES BY TYPE**

Fiscal Year Ended June 30,	Benefits	A	dministrative Expenses	Refunds	Total
1991	\$ 24,765	\$	343	\$ 1,976	\$ 27,084
1992	28,459		421	1,726	30,606
1993	30,890		552	1,514	32,956
1994	32,845		520	1,478	34,843
1995	35,341		660	1,298	37,299
1996	37,200		787	1,678	39,665
1997	41,688		757	5,346	47,791
1998	44,816		721	1,772	47,309
1999	47,198		764	1,568	49,530
2000	52,223		867	2,275	55,365

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF BENEFIT EXPENSES BY TYPE

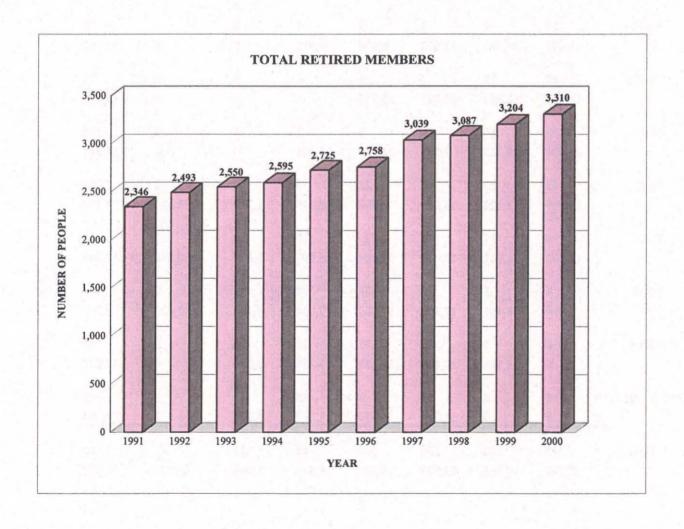
(amounts in thousands)

MEMBERS	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
GENERAL	\$20,590	\$23,875	\$26,024	\$27,455	\$29,231	\$31,043	\$35,082	\$37,715	\$39,263	\$42,909
SAFETY	3,821	4,179	4,487	4,969	5,642	5,659	6,074	6,587	7,239	8,530
SURVIVOR	354	405	379	421	468	498	532	514	696	784
TOTAL	\$24,765	\$28,459	\$30,890	\$32,845	\$35,341	\$37,200	\$41,688	\$44,816	\$47,198	\$52,223



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

MEMBERS	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
GENERAL	2,098	2,231	2,276	2,299	2,412	2,429	2,697	2,732	2,816	2,897
SAFETY	206	217	227	247	261	272	284	292	318	338
SURVIVOR	42	45	47	49	52	57	58	63	70	75
TOTAL	2,346	2,493	2,550	2,595	2,725	2,758	3,039	3,087	3,204	3,310



# FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION OF RETIRED GENERAL MEMBERS AS OF JUNE 30, 1998

#### MALES

#### YEARS OF RETIREMENT

CURRENT AGE								
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Over	TOTAL
Below 45	3	4	0	0	0	0	0	7
	10,202	2,452	0	0	0	0	0	5,773
45-49	2	3	2	0	0	0	0	7
	14,474	12,242	11,723	0	0	0	0	12,731
50-54	53	1	1	3	1	0	0	59
	11,451	10,661	11,602	6,924	8,912	0	0	11,167
55-59	60	29	3	1	0	0	0	93
	18,257	10,083	10,989	13,712	0	0	0	15,425
60-64	85	59	39	3	2	0	0	188
	25,428	20,333	7,753	24,389	3,391	0	0	19,911
65-69	33	83	60	22	3	1	2	204
	16,899	22,322	14,229	7,777	18,219	1,719	3,922	17,154
70-74	8	37	75	43	10	4	2	179
	12,903	22,851	19,474	13,601	5,895	3,377	5,976	17,198
75-79	1	8	42	78	18	9	2	158
	974	8,401	17,198	17,061	7,360	4,746	2,075	14,561
80-84	0	1	7	35	36	6	0	85
	0	31,186	12,852	14,125	11,379	3,014	0	12,274
85 & Over	0	0	1	3	15	15	6	40
_	0	0	16,385	11,592	11,277	6,738	3,531	8,564
TOTAL	245	225	230	188	85	35	12	1,020
	18,715	19,315	15,275	14,487	9,889	5,060	3,761	15,912

# FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION OF RETIRED GENERAL MEMBERS\* (CONTINUED) AS OF JUNE 30, 1998

**FEMALES** 

#### YEARS OF RETIREMENT

CURRENT AGE								374
11111	0-4	5-9	10-14	15-19	20-24	25-29	30 & Over	TOTAL
Below 45	4	3	4	0	0	0	0	11
	15,978	4,914	12,046	0	0	0	0	11,531
45-49	5	2	1	1	2	0	0	11
	6,890	11,913	25,093	26,534	8,959	0	0	11,620
50-54	118	4	1	2	1	1	0	127
	10,292	8,189	3,489	4,178	5,605	9,142	0	10,030
55-59	128	43	4	2	2	0	0	179
	11,900	9,095	13,105	6,170	9,745	0	0	11,165
60-64	101	71	35	6	3	3	0	219
	16,052	12,483	6,821	6,714	13,972	3,974	0	12,970
65-69	81	93	60	38	8	5	0	285
	14,344	12,928	9,813	6,922	9,909	4,307	0	11,638
70-74	16	79	117	56	25	10	1	304
	8,392	12,617	12,712	7,491	6,663	4,639	2,232	10,701
75-79	0	20	66	109	53	8	0	256
	0	14,057	13,037	10,734	5,999	2,387	0	10,346
80-84	0	2	7	59	86	28	6	188
	0	4,677	11,900	9,733	7,204	4,958	5,121	7,745
85 & Over	0	0	0	6	59	58	23	146
Lugar.	0	0	0	8,406	5,913	4,553	4,084	5,187
TOTAL	453	317	295	279	239	113	30	1,726
	12,701	12,108	11,484	9,193	6,766	4,522	4,230	10,312

# FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION OF RETIRED SAFETY MEMBERS AS OF JUNE 30, 1998

#### YEARS OF RETIREMENT

CURRENT AGE								
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Over	TOTAL
Below 45	5	5	2	1	0	0	0	13
			22,905	19,606	0	0	0	16,345
45-49	11	8	3	0	0	0	0	22
	14,241	20,244	18,446	0	0	0	0	16,997
50-54	20	19	7	0	1	0	0	47
	21,347	15,566	16,375	0	13,144	0	0	18,095
55-59	19	12	8	2	1	0	0	42
	30,627	19,087	14,198	14,820	5,294	0	0	22,845
60-64	9	17	8	4	2	0	0	40
	26,911	28,607	15,145	12,644	16,594	0	0	23,336
65-69	4	3	21	15	3	1	0	47
	15,530	22,093	27,996	14,089	14,991	5,766	0	20,817
70-74	1	0	4	22	13	3	0	43
	3,400	0	61,540	22,870	13,604	9,228	0	22,261
75-79	0		0	8	8	10	0	26
	0	0	0	24,197	18,786	9,399	0	16,841
80-84	0	0	0	0	8	5	0	13
	0	0	0	0	11,673	14,897	0	12,913
85 & Over	0	0	0	0	0	5	0	5
	0	0	0	0	0	9,747	0	9,747
TOTAL	69	64	53	52	36	24	0	298
	22,771	20,132	24,238	19,382	14,365	10,444	0	19,865

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

<b>大学</b> 的 1927年 1930	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Active Vested										
General	2,963	2,868	2,803	3,537	4,318	3,627	3,368	3,588	3,412	3,674
Safety	354	294	464	466	451	551	513	488	590	614
Total	3,317	3,162	3,267	4,003	4,769	4,178	3,881	4,076	4,002	4,288
Active Nonvested										
General	2,864	3,017	3,153	2,527	1,973	2,614	1,580	1,551	2,241	2,691
Safety	312	429	258	280	331	275	329	385	273	304
Total	3,176	3,446	3,411	2,807	2,304	2,889	1,909	1,936	2,514	2,995
Total Active Members										
General	5,827	5,885	5,956	6,064	6,291	6,241	4,948	5,139	5,653	6,365
Safety	666	723	722	746	782	826	842	873	863	918
TOTAL	6,493	6,608	6,678	6,810	7,073	7,067	5,790	6,012	6,516	7,283
Deferred Members	624	665	708	722	745	792	1,182	1,289	1,310	1,326
TOTAL	624	665	708	722	745	792	1,182	1,289	1,310	1,326

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

	1994	1995	1996	1997	1998	1999	2000
County of Fresno							
General Members	6,039	6,266	6,218	4,926	5,098	5,605	6,312
Safety Members	707	743	788	803	833	825	877
Total	6,746	7,009	7,006	5,729	5,931	6,430	7,189
Participating Agencies (General Members)							
Clovis Memorial	4	4	3	3	3	4	4
Fresno County Office of Education	3	3	3	3	2	3	3
Fresno Mosquito and Vector Control	10	10	10	9	9	10	10
Fresno-Madera Area Agency on Aging	0	0	0	0	20	25	29
North Central Fire	8	8	7	7	7	6	7
Total	25	25	23	22	41	48	53
Participating Agencies (Safety Members)							
North Central Fire	39	39	38	39	40	38	41
Total	39	39	38	39	40	38	41
Total Active Members							
General Members	6,064	6,291	6,241	4,948	5,139	5,653	6,365
Safety Members	746	782	826	842	873	863	918
TOTAL	6,810	7,073	7,067	5,790	6,012	6,516	7,283

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

EFFECTIVE DATES			GENERAL	SAFETY	
June 28, 1999	to	June 30, 2000	0.00%	0.00%	
March 20, 1998	to	June 27, 1999	2.07%	5.93%	
June 19, 1995	to	March 19, 1998	10.81%	14.95%	
June 20, 1993	to	June 18, 1995	9.73%	13.59%	
June 10, 1991	to	June 19, 1993	9.47%	13.59%	
June 25, 1989	to	June 9, 1991	10.97%	17.28%	
June 29, 1987	to	June 24, 1989	12.11%	17.32%	
July 1, 1985	to	June 28, 1987	12.58%	16.72%	
July 1, 1983	to	June 30, 1985	13.17%	17.00%	
July 3, 1981	to	June 30, 1983	15.44%	24.50%	

The employer contribution rates above reflect the aggregate rates.