

**FRESNO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2005 AND 2004
(amounts in thousands)**

	2005	2004
ASSETS:		
Cash and cash equivalents	\$ 110,761	\$ 86,671
Securities lending investment pool:		
Short term investments	162,229	241,768
Long term investments	172,956	-
Total securities lending investments	335,185	328,439
Receivables:		
Investment trades receivable	171,516	219,201
Interest and dividends receivable	7,526	6,475
Contributions and other receivables	8,028	4,993
Securities lending receivable	595	283
Total receivables	187,665	230,952
Investments, at fair value:		
U.S. Government and agencies fixed income	321,093	360,486
Domestic equity index fund	146,150	137,235
Domestic fixed income	352,375	332,041
Domestic equity	785,689	721,731
International equity	389,578	341,667
Foreign fixed income	71,355	49,928
Mortgages	15,095	2,459
Private markets	181,076	189,796
Total investments	2,262,411	2,135,397
Prepaid expenses	127	140
Capital assets		
Depreciable, net	2,673	2,746
Total capital assets, net of accumulated depreciation of \$390 and \$238, respectively	2,673	2,746
Total assets	2,898,822	2,697,674
LIABILITIES:		
Investment trades payable	220,550	309,100
Cash collateral payable for securities lending	335,185	241,768
Accounts payable	4,892	5,863
Securities lending bank and broker fees	489	231
Total liabilities	561,116	556,962
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 2,337,706	\$ 2,140,712

**FRESNO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF CHANGES IN PLAN NET ASSETS
JUNE 30, 2005 AND 2004
(amounts in thousands)**

	2005	2004
ADDITIONS:		
Contributions:		
Employers	\$ 56,343	\$ 442,949
Employees	24,261	18,240
Total contributions	80,604	461,189
Investment income:		
From investment activities		
Net appreciation in fair value of investments	168,581	184,760
Interest	27,829	20,614
Dividends	22,644	18,770
Private markets	23,763	20,268
Net income from investment activities	242,817	244,412
From securities lending activities		
Securities lending income	5,879	3,851
Securities lending expenses:		
Borrower rebate expenses	(4,677)	(2,939)
Securities lending management fees	(300)	(228)
Net income from securities lending activities	902	684
Miscellaneous income	570	418
Investment expense	(8,883)	(6,637)
Net investment income	235,406	238,877
Total additions	316,010	700,066
DEDUCTIONS:		
Benefits paid to participants	116,532	107,993
Administrative expenses	2,484	2,001
Total deductions	119,016	109,994
NET INCREASE	196,994	590,072
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF THE YEAR	2,140,712	1,550,640
END OF YEAR	\$ 2,337,706	\$ 2,140,712

ANNUAL REPORT of the FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

For the Year Ending June 30, 2005



**FRESNO COUNTY
EMPLOYEES' RETIREMENT
ASSOCIATION**

BOARD OF RETIREMENT

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BG(RET) RONALD S. FRYE, Alt. Retired Member

ROBERTO L. PEÑA
Retirement Administrator

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BARBARA BOOTH GRUNWALD
Deputy County Counsel

Meetings of the Board of Retirement are normally held on the first and third Wednesday of each month at 9:00 a.m. Members of the Retirement Association are invited to attend these meetings.

As a member of the Retirement Association, you are encouraged to contact the Retirement Office at 1111 H Street, (559) 457-0681, regarding these financial statements or other information concerning the Retirement System. Members are also encouraged to visit our website at www.fcera.org, or on the County's Intranet by selecting Retirement Association under the Department Sites link.

**TO THE MEMBERS OF THE FRESNO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**

I have submitted the financial report of the Fresno County Employees' Retirement Association for the year ending June 30, 2005. Please become familiar with the following benefits which are provided by the Retirement System:

BENEFICIARY – When you enter the Retirement Association, you designate your beneficiary on the Enrollment Card. You may change your beneficiary by notifying the Retirement Office in writing. It is very important that your beneficiary designation be kept up to date.

SERVICE RETIREMENT – As a general member, you may retire with ten (10) years of service if you are at least fifty (50) years old, or with thirty (30) years of service regardless of age. As a safety member, you may retire with ten (10) years of service if you are at least fifty (50) years old, or with twenty (20) years of service regardless of age.

TEMPORARY ANNUITY OPTION – If you are covered by Social Security and retire from County or Special District service before age 62, you may receive additional income from the Retirement Association until you reach age 62 and become eligible for Social Security. This temporary annuity is an advance on the amount Social Security estimates you will be entitled to receive from them at age 62. The purpose of the temporary annuity is to provide you with a uniform retirement income for life.

DISABILITY RETIREMENT – If you have at least five (5) years of service and become permanently disabled and unable to perform your specific job duties, you are eligible for a non-service connected disability retirement. If you become permanently disabled and unable to perform your specific job duties as a result of injury or disease arising out of or in the course of your employment, you are eligible for a service connected disability retirement regardless of your years of service.

DEFERRED RETIREMENT – To be eligible to defer your retirement benefits to a later date, you must have at least five (5) years of service credit.

TRANSFER TO ANOTHER SYSTEM – You will have reciprocal rights and obligations if you terminate your employment, leave your contributions on deposit with our Retirement System, and within six months of termination, become a member of a retirement system covered by the County Employees Retirement Law of 1937, the Public Employees' Retirement System (PERS), the State Teachers' Retirement System (STRS), the Judges Retirement System I or II, or any other reciprocal system.

GOVERNMENT CODE 31629.5 – You may leave your contributions on deposit in an interest bearing account if you have less than five years of service credit and do not qualify for reciprocity. You may withdraw your contributions and interest from the fund at any time, provided you have not reestablished membership in this association or a reciprocal system. If you establish membership in a reciprocal system even without qualifying for reciprocity, you may qualify for a retirement benefit from both systems after meeting the minimum retirement qualifications.

DEATH BENEFIT – A death benefit is payable to your beneficiary upon your death before retirement. The Basic Death Benefit consists of: (a) your accumulated contributions plus interest and (b) your final compensation multiplied by your completed years of service, not to exceed six (6) months of final compensation. If you have completed at least five (5) years of service, your surviving spouse or dependent child may elect to receive, in lieu of the Basic Death Benefit, a continuing benefit equal to 60% of the retirement allowance to which you would have been entitled had you retired on the day of your death. If your death is as a result of an on-the-job injury, your spouse or minor child would be eligible for a continuing benefit equal to 100% of the retirement allowance to which you would have been entitled had you retired on the day of your death.

INTEREST ON CONTRIBUTIONS – The contributions of active and deferred members of the Retirement Association are credited interest at a rate determined by the Board. The current rate is based on the cost of living granted to the most recent retirees.

CREDIT FOR PREVIOUS SERVICE – You may redeposit, any time prior to receiving retirement benefits, contributions previously withdrawn plus interest, and receive service credit for such time. You may also buy service credit for time worked prior to becoming a member of the Retirement Association (Extra Help with the County or a Special District member) by depositing the contributions that you would have made had you been a member during such time plus interest if you return to work for the same employer. Special redeposit rules are available for current or former Safety members as a result of Government Code Section 31629.5.

HIGHLIGHTS FOR 2004-2005

Total membership in the Association increased by 3.1% to 13,572. The total number of active members increased by 2.04% to 7,707, while the retired membership increased by 3.94% to 4,401. Deferred membership increased by 6.24% to 1,464.

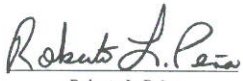
Benefit payments during the fiscal year totaled \$116,532,000. This includes monthly benefit payments of \$115,129,000 and refunds at termination of \$1,403,000. Administrative expenses for the year totaled \$2,484,000 which amounts to 0.10% of net assets.

FINANCIAL HIGHLIGHTS FOR 2004-2005

During the period from July 1, 2004 through June 30, 2005, Pension Trust assets increased to \$2,337,706 which represents a 9.2% increase in assets. The average rate of return on the market value basis of the investment portfolio over the past year was 12.1% gross of fees. The investment portfolio is comprised of fixed income securities, equities, real estate, alternative investments and cash.

For the fiscal year ended June 30, 2005, Macias, Gini & Company, L.L.P. audited the financial statements of the Retirement Association and issued an unqualified opinion.


John Souza, Chairperson
Board of Retirement


Roberto L. Peña
Retirement Administrator

**FRESNO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
MEMBERSHIP**

June 30, 2005 and 2004

The Association membership at June 30, 2005 and 2004 is as follows:

	2005	2004
Retirees and beneficiaries receiving benefits	4,401	4,234
Inactive members entitled to benefits but not yet receiving them	1,464	1,378
Active members:		
Vested:		
General	4,203	3,385
Safety	664	581
Nonvested:		
General	2,537	3,242
Safety	303	345
Total active members	7,707	7,553
Total membership	13,572	13,165