

**FRESNO COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENTS OF PLAN NET ASSETS  
JUNE 30, 2007 AND 2006**  
(amounts in thousands)

	2007	2006
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 154,071	\$ 80,220
Securities lending investment pool	445,448	356,419
Receivables:		
Investment receivable	119,549	45,223
Receivables other	15,250	3,454
Total receivables	134,799	48,677
Investments, at fair value:		
U.S. Government & fixed income	832,597	843,456
Equities	1,853,717	1,506,544
Private markets	157,802	165,136
Total investments	2,844,116	2,515,136
Prepaid expenses	158	133
Capital assets	2,454	2,573
Total assets	3,581,046	3,003,158
<b>LIABILITIES:</b>		
Investment payable	626,548	468,418
Payables other	15,846	5,076
Total liabilities	642,394	473,494
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 2,938,652</b>	<b>\$ 2,529,664</b>

**MEMBERSHIP  
June 30, 2007 and 2006**

	2007	2006
Retirees and beneficiaries receiving benefits	4,779	4,610
Inactive members entitled to benefits but not yet receiving them	1,598	1,514
Current Employees:		
Vested:		
General Tier 1	4,663	4,494
General Tier 2	44	41
Safety Tier 1	723	710
Nonvested:		
General Tier 1	1,853	2,046
General Tier 2	255	98
Safety Tier 1	253	273
Safety Tier 2	31	14
Total current employees	7,822	7,676
Total membership	14,199	13,800

**FRESNO COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
JUNE 30, 2007 AND 2006**  
(amounts in thousands)

	2007	2006
<b>ADDITIONS:</b>		
Contributions:		
Employers	\$ 69,997	\$ 56,664
Employees	33,528	30,570
Total contributions	103,525	87,234
Investment income:		
Appreciation	363,823	164,987
Interest & dividends	69,050	57,570
Private markets	18,590	15,575
Net income from investment	451,463	238,132
Securities lending income	17,838	12,551
Securities lending expenses	(16,727)	(11,470)
Net income from securities lending	1,111	1,081
Miscellaneous income	1,520	782
Investment expense	(11,739)	(10,228)
Net investment income	545,880	317,001
<b>DEDUCTIONS:</b>		
Benefits paid to participants	133,593	122,178
Administrative expenses	3,299	2,865
Total deductions	136,892	125,043
<b>NET INCREASE:</b>	<b>408,988</b>	<b>191,958</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS,</b>		
<b>BEGINNING OF THE YEAR</b>	<b>2,529,664</b>	<b>2,337,706</b>
<b>END OF YEAR</b>	<b>\$ 2,938,652</b>	<b>\$ 2,529,664</b>

# ANNUAL REPORT of the FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

*For the Year Ending June 30, 2007*





# FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

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ROBERTO L. PEÑA  
Retirement Administrator

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BARBARA BOOTH GRUNWALD  
Deputy County Counsel

## 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, 2007. In addition to this summary report, The Comprehensive Annual Financial Report (CAFR) which reports additional financial information on FCERA's activities, is available on FCERA's website, or from the FCERA Administrative Office for a small copy fee.

Meetings of the Board of Retirement are normally held on the first and third Wednesday of each month at 8:30 a.m. Members of the Retirement Association and the public in general 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 summary financial statements or other information concerning the Retirement System. Members are also encouraged to visit our website at [www.fcera.org](http://www.fcera.org), or on the County's Intranet by selecting Retirement Association under the Department Sites link.

Please become familiar with the following benefits and other important information 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.

**CONTRIBUTIONS AFTER TERMINATION** - 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 once separation from County or Special Districts employment is verified.

**CREDIT FOR PREVIOUS SERVICE** - You may be able to redeposit contributions previously withdrawn plus interest any time prior to receiving retirement benefits, 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 go 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.

**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 minor 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.

**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, or establish reciprocity with another system.

**FINAL COMPENSATION LITIGATION AND BENEFIT RECALCULATION** - In a May 4, 2007 opinion, the Court of Appeal affirmed the judgement of the trial court. By remittitur, dated July 5, 2007, the Court of Appeal declared that opinion final. Although the FDSA's cross complaint is technically still active in the trial court, to date the FCERA knows of no further effort by FDSA to pursue its cross-complaint. For the most recent recalculation update please visit the FCERA's website. Please refer to the Notes to the Financial Statements in the CAFR for (County of Fresno vs. Board of Retirement of the County of Fresno [sic], Fresno County Employees' Retirement Association, et al., Case No. 03-CE-CG-01569).

**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.

**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 based on the Consumer Price Index for the most recent calendar year.

**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.

**RETIREMENT TIER** - The sponsoring employers (County of Fresno and Special District members) are responsible for adopting the retirement benefit levels available to FCERA's membership. FCERA is responsible for implementing those benefit levels that have been negotiated. The County of Fresno has established multiple retirement benefit tiers with different levels of benefits and employee contribution rates. Eligibility for the various tiers is negotiated between the employer and employee representation groups. Currently, the Special District members are only eligible for Tier I benefits. Tier I benefits offer 2.5% of final compensation at age 55 for general members and 3.275% of final compensation at age 55 for safety members. Tier II benefits offer 2.0% of final compensation at age 55 to general members and 3.0% of final compensation at age 55 to safety members. Additional retirement tiers have been negotiated between the County of Fresno and its employee representation groups that have not been implemented. Please review your Memorandum of Understanding for descriptions of the retirement tiers and to determine your eligibility for tier enrollment.

**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 when combined with your social security benefit.

**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 within the State of California.

## MEMBERSHIP HIGHLIGHTS FOR 2006-2007


Total membership in the Association increased by 2.9% to 14,199. The total number of active members increased by 1.9% to 7,822, while the retired membership increased by 3.67% to 4,779. Deferred membership increased by 5.55% to 1,598.


## FINANCIAL HIGHLIGHTS FOR 2006-2007

Benefit payments during the fiscal year totaled \$133,593,000, includes monthly benefit payments of \$131,480,000 and refunds at termination of \$2,113,000. Administrative expenses for the year totaled 3,299,000 which amounts to 0.11% of net assets.

During the period from July 1, 2006 through June 30, 2007, Pension Trust assets increased to \$2,938,652,000 which represents an 16.2% increase in assets. The average rate of return on the market value basis of the investment portfolio over the past year was 19%, 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, 2007, Brown Armstrong audited the financial statements of the Retirement Association and issued an unqualified opinion.

  
Steven Jolly, Chairperson  
Board of Retirement

  
Roberto L. Peña  
Retirement Administrator