



Popular Annual Financial Report

June 30, 2011

Members of the Board of Retirement

Appointed by the Board of Supervisors

Michael Bennett
Gary Reed
Marc Lippincott

Phillip Cox, County Supervisor

Elected by General Members

Roland Hill
Gail Henry

Elected by Safety Members

Mike Watson

County Treasurer-Tax Collector

Rita Woodard
Hiley Wallis (Alternate)

Elected by the Retired Members

Patte Crawford
Shirley Van Wormer (Alternate)

Financial Report Issued by:

David J. Kehler, Administrator

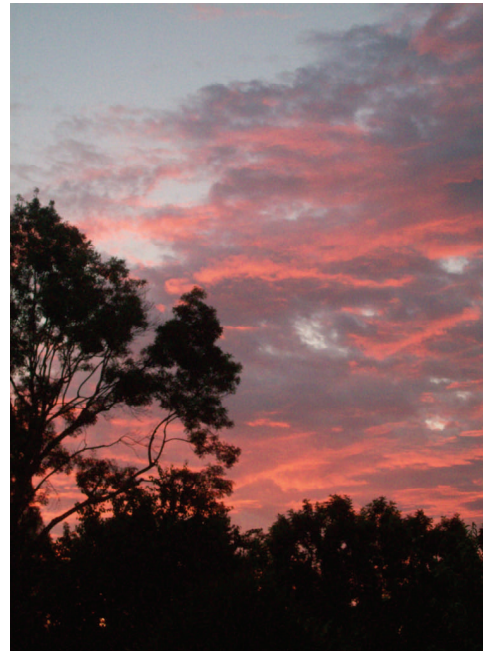
Members of the Staff:

Leanne Malison, Assistant Administrator
Mary Warner, Accountant III
Sherri Machado, Retirement Specialist II
Renee Smale, Retirement Specialist II
Craig Chandler, Retirement Specialist II
Christene Brown, Retirement Specialist I
Rebecca Pendleton, Secretary II
Darcy Nunes, Senior Account Clerk

TCERA
136 N. AKERS STREET
VISALIA, CALIFORNIA 93291
559-713-2900
www.tcera.org

Tulare County Employees' Retirement Association

*A Pension Trust Fund of
the County of Tulare,*



TCERA Fiscal Report for the year ended June 30, 2011

Comments from TCERA's Administrator

It is with great pleasure that I present this Popular Annual Financial Report (PAFR) which summarizes the TCERA Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. The financial data presented in the PAFR is derived from the CAFR and is consistent with Generally Accepted Accounting Principles (GAAP).

TCERA's accounting and administrative staff prepared the CAFR in accordance with accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board and in conformity with GAAP. The CAFR is available at TCERA's administrative offices for review or accessible on our web site, www.tcera.org.

This report is not intended to replace the CAFR, which provides a more complete overview of TCERA's financial position and operating results. It is published to provide you with an understanding of TCERA's overall financial condition and enhanced services for the fiscal year ended June 30, 2011.

Plan Changes, Major Initiatives, Service Efforts and Accomplishments

Development of TCERA's new integrated Pension Administration System continued to move forward as TCERA staff worked with the vendor on business requirements and preliminary testing. Full implementation is planned for early 2012.

TCERA placed renewed focus on education for members and trustees, increasing the number of pre-retirement seminars for plan participants and making additional on-site educational presentations available to the Board of Retirement.

TCERA contracted with Roeder Financial, an independent actuarial consulting firm, to complete an audit of TCERA's actuarial data. The audit was completed in August of 2011. The resulting recommendations were implemented in the June 30, 2011 actuarial valuation and resulted in improved reporting of actuarial information.

TCERA completed and submitted an application for an Internal Revenue Service Tax Qualification Determination letter.

TCERA Membership: All permanent Tulare County, Strathmore Public Utility District, and Tulare County Superior Court employees working 50% or more in regular allocated positions are members of TCERA. At June 30, 2011, TCERA's membership consisted of 4,197 Active Members, 1,761 Inactive Members, 1,773 Service Retirees, 239 Disability Retirees, and 301 Survivors and Beneficiaries, for a total of 8,271 Plan Members.

Investments: As a result of improved market conditions, TCERA's investments posted a gain of 22% for the fiscal year ended June 30, 2011, exceeding the investment assumption rate of 7.9%. Over longer time periods TCERA's performance reflects the impact of recent challenging market conditions with annualized returns for five and ten years of 3.5% and 5.8%, respectively.

Funding Status: As of June 30, 2011, the date of the last actuarial valuation, the funded ratio for TCERA was 90.4%. TCERA's policy to use a ten year asset smoothing period with no corridor constraints contributed to TCERA's strong funded status at fiscal year end. TCERA's funding objective is to maintain a status that allows for the payment of its long-term benefit obligations through contributions and investment income. The Board of Retirement is committed to strategies intended to maintain the safety and security of the Plan's assets.

Award for Outstanding Achievement for Excellence in Financial Reporting: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TCERA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010

Award for Outstanding Achievement in Popular Annual Financial Reporting: The GFOA awarded a Certificate of Achievement for Excellence in Popular Annual Financial Reporting to TCERA for its June 30, 2010 PAFR.

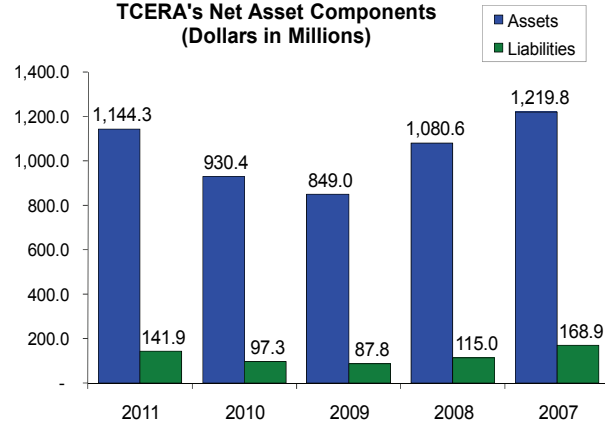
Respectfully submitted,

David Kehler, Retirement Administrator

Financial Highlights

TCERA total assets of \$1.1 billion less liabilities of \$141.9 million resulted in total net assets held in trust for pension benefits of \$1.0 billion.

TCERA's Net Asset Components
(Dollars in Millions)



Net Assets for the fiscal year ended June 30, 2011 increased primarily due to a net investment gain for the year. This gain was partially offset by Retiree Benefit Payments, Member Refunds, and Administrative Expenses. Employer contributions decreased in spite of increased contribution rates due to reduced payroll. Employee contributions also decreased as a result of lower payroll. The previous trend of steady increases in net assets returned in 2010 and 2011 after decreases in 2008 and 2009 due to difficult market conditions.

Additions to Net Assets for Fiscal Year

Ended 6/30	Employer Contributions	Employee Contributions	Net Investment and Other Income/(Loss)
2011	\$ 23,434,239	\$ 17,799,366	\$ 183,562,725
2010	25,339,346	18,330,594	79,602,006
2009	22,430,788	18,992,735	(198,400,702)

Deductions from Net Assets for Fiscal Year

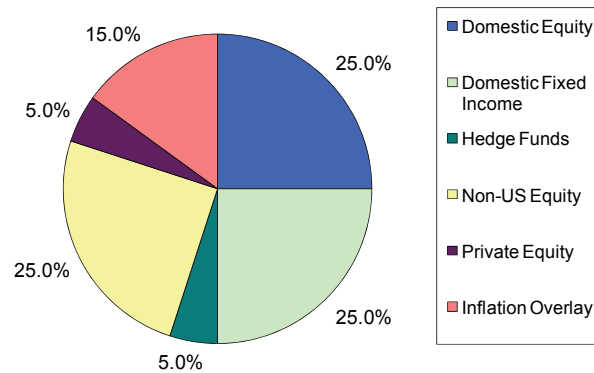
Ended 6/30	Retiree Benefits	Member Refunds	Admin and Other Expenses
2011	\$ 50,430,014	\$ 3,351,823	\$ 1,694,942
2010	46,073,059	3,271,979	2,078,956
2009	42,039,209	3,861,403	1,535,272

Investment Highlights

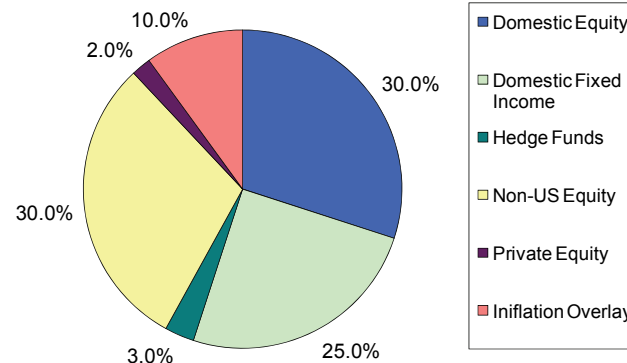
TCERA Investment Returns Fiscal Year Ended June 30, 2011

Investment	Current Year Return	3-Year Return	5-Year Return
Domestic Equity	32.40%	5.80%	3.70%
Non-US Equity	30.40%	-3.40%	0.80%
Fixed Income	6.60%	8.40%	6.90%
Hedge Funds	7.40%	0.80%	2.80%
Private Equity	17.50%	4.20%	13.80%
Real Estate	16.00%	-9.60%	-0.80%
Total TCERA Fund	22.00%	2.70%	3.50%

2011 Target Asset Allocation

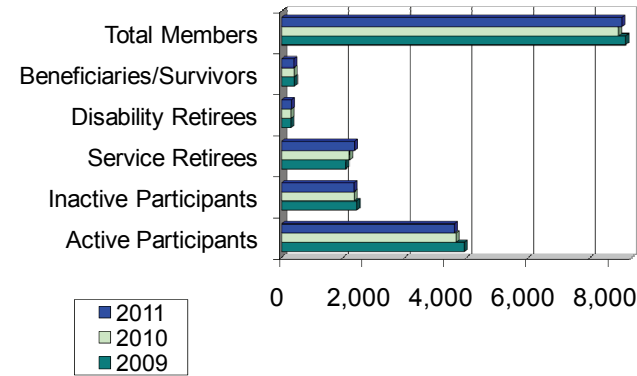


2011 Actual Asset Allocation



Membership Highlights

TCERA Membership

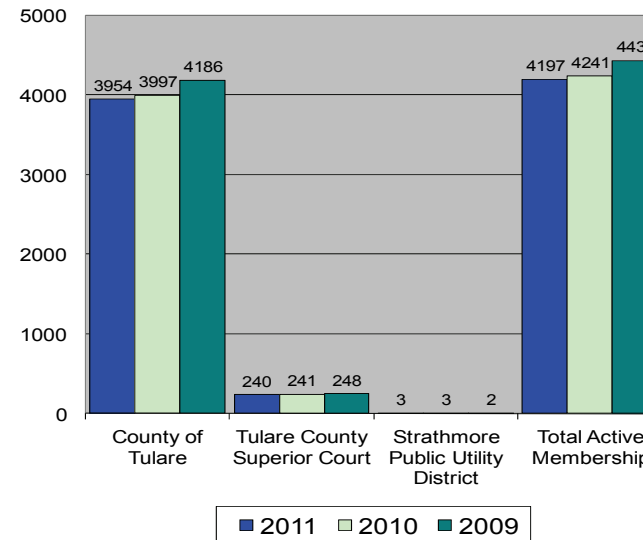


Average Annual Benefit Payments

Fiscal years ending June 30

Membership Type	2011	2010	2009
General Members	\$ 17,472	\$ 16,848	\$ 15,840
Safety Members	31,164	31,032	29,016

Participating Employers and Active Members



Funding Highlights

As of June 30, 2011, the funded ratio for TCERA was 90.4%, a decrease of 1.2% over the prior year. In general, the ratio indicates that for every dollar of benefits due we had approximately \$0.904 of assets available for payments as of that date. The recognition of investment earnings through the 10-year smoothing process continues to bolster the funded status of the plan in spite of somewhat volatile returns in recent years for the Plan's investments.

Some significant actuarial assumptions used in calculating the funded status include an investment earnings rate of 7.9% compounded annually, graded merit and longevity salary scale assumptions (ranging from 4.3% to 6.3% per year), and an inflation rate of 4.0% per year. TCERA's Plan Sponsors historically have contributed 100% of required contributions each year.

Funding Progress

Actuarial Valuation Date as of June 30
(Dollars in thousands)

Year Ended June 30	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio
2011	\$ 969,636	\$ 1,072,144	90.4%
2010	946,640	1,033,211	91.6%
2009	919,179	996,747	92.2%
2008	879,051	946,414	92.9%
2007	800,968	846,030	94.7%
2006	729,899	792,844	92.1%

Employer Contributions

(Dollars in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	\$ 23,434	100%
2010	25,339	100%
2009	22,431	100%
2008	22,692	100%
2007	17,975	100%
2006	12,443	100%