



Popular Annual Financial Report

June 30, 2008

Members of the Board of Retirement

Appointed by the Board of Supervisors

Michael Bennett
Gary Reed
Robert Bates

Connie Conway, County Supervisor

Elected by General Members

Roland Hill
Gail Henry

Elected by Safety Members

David Galloway

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
Marian Galloway, Accountant III
Sherri Rogers, Retirement Specialist II
Renee Smale, Retirement Specialist II
Christene Brown, Retirement Specialist I
Craig Chandler, Retirement Specialist I
Rebecca Pendleton, Secretary II
Janet Hogue, Account Clerk

TCERA
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VISALIA, CALIFORNIA 93291
559-733-6576
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, 2008

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 years ended June 30, 2007 and 2008.

TCERA's accounting and administrative staff prepared the CAFR in accordance with accounting principles and reporting guidelines as set forth in Statement 25 of the Government Accounting Standards Board. The CAFR is available at TCERA's administrative offices for your review. You may also view the report or download a copy 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 years ended June 30, 2007 and 2008.

Plan Changes, Major Initiatives, Service Efforts and Accomplishments

TCERA launched its redesigned web site in November of 2007, offering improved navigation for members and ease of administration for staff.

The Investment Committee of the Board of Retirement approved a revised Investment Policy in an effort to provide a more useable and concise document for the governance of investment matters.

As part of an overall goal to ensure the integrity of member data, TCERA's independent auditor completed Agreed Upon Procedures which tested and confirmed the overall accuracy of TCERA's Active Member database.

TCERA expanded its outreach to members by offering pre-retirement and general information seminars on-site at various employer locations.

The position of Account Clerk was added and filled during the fiscal year to address the increase in TCERA's workload due to growth in membership and increased complexity of administration of the Plan, offering support to the Accounting and Pension Desks.

TCERA Membership

All permanent Tulare County, Strathmore Public Utility District, and Tulare County Superior Court employees working 50% or more in a regular allocated position are members of TCERA. As of June 30, 2008, TCERA's total membership consisted of 4,673 Active Plan Participants, 1,776 Inactive Participants, 1,509 Service Retirees, 219 Disability Retirees, and 279 Survivors and Beneficiaries, for a total of 8,456 Plan Members.

Investments

As a result of a challenging market environment, TCERA's investments posted a loss of 7.5% for the fiscal year ended June 30, 2008. Over longer time periods TCERA's performance remained strong with an annualized rate of return over the last three years of 7.57% and annualized returns for five and ten years of 10.27% and 7.9% respectively. TCERA ranks in the top percentile for 10 year performance for all public funds in the Independent Consultant's Cooperative Universe.

Funding Status

As of June 30, 2008, the date of the last actuarial valuation, the funded ratio for TCERA was 92.9%. TCERA's funding objective is to maintain a status that will allow for the payment of its long-term benefit obligations through contributions and investment income.

Awards for Outstanding Achievement

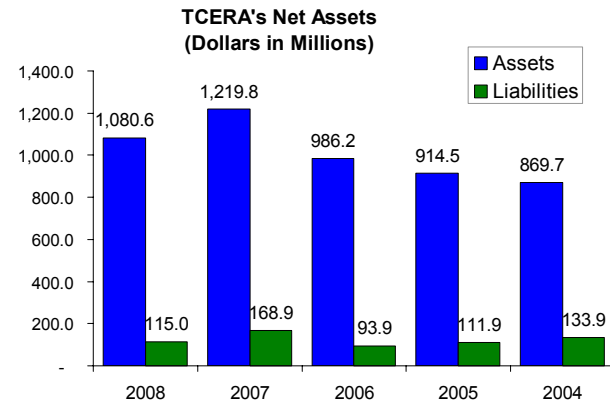
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TCERA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. In addition, TCERA received a similar award for its Popular Annual Financial Report for June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

Respectfully submitted,

David Kehler, Retirement Administrator

Financial Highlights

TCERA held total assets of \$1,080.6 million and liabilities of \$115.0 million for total net assets held in trust for pension benefits of \$965.6 million.



Net Assets for the fiscal year ended June 30, 2008 decreased primarily due to a net investment loss for the year. The investment loss, as well as Retiree Benefit Payments, Member Refunds, and Administrative Expenses, were partially offset through increased Employer and Employee Contributions. The increase in Employer and Employee Contributions was the result of additional payroll. 2008 saw an end to the trend of steady increases in net assets since 2002 as a result of the difficult investment market environment.

Additions to Net Assets for Fiscal Year

Ended 6/30	Employer Contributions	Employee Contributions	Net Investment and Other Income/(Loss)
2008	\$ 22,691,963	\$ 17,757,261	\$ (81,001,740)
2007	17,975,005	15,619,522	165,138,217
2006	12,442,923	13,395,806	101,896,414

Deductions from Net Assets for Fiscal Year

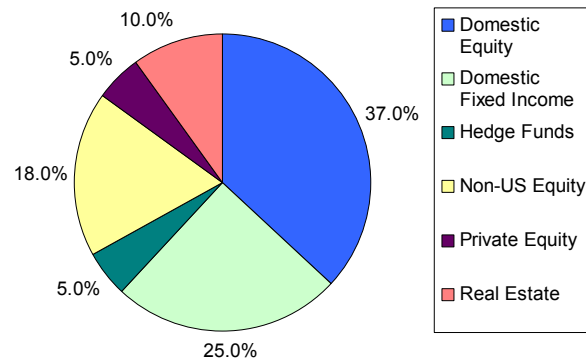
Ended 6/30	Retiree Benefits	Member Refunds	Administrative Expenses
2008	\$ 38,840,980	\$ 4,447,283	\$ 1,460,141
2007	35,328,187	3,425,207	1,355,939
2006	33,399,125	3,484,984	1,184,704

Investment Highlights

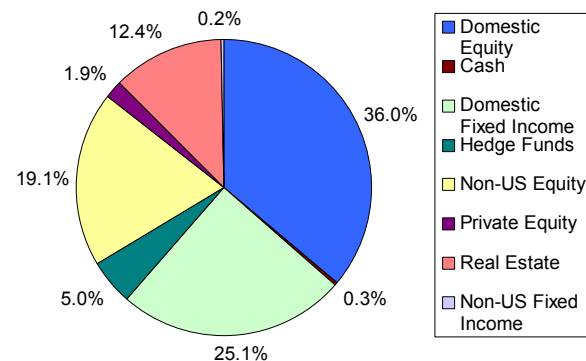
TCERA Investment Returns
Fiscal Year Ended June 30, 2008

Investment	Current Year Return	3-Year Return	5-Year Return
Domestic Equity	-16.65%	4.24%	8.93%
Non-US Equity	-10.23%	14.89%	18.76%
Fixed Income	3.19%	3.22%	3.60%
Hedge Funds	-0.55%	7.45%	n/a
Real Estate	6.56%	17.22%	17.71%
Total TCERA Fund	-7.54%	7.57%	10.27%

2008 Target Asset Allocation

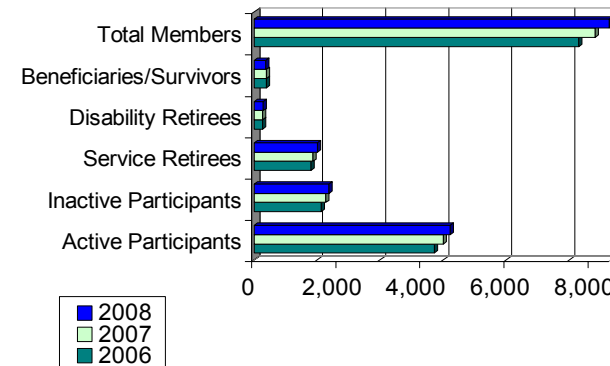


2007 Actual Asset Allocation



Membership Highlights

TCERA Membership

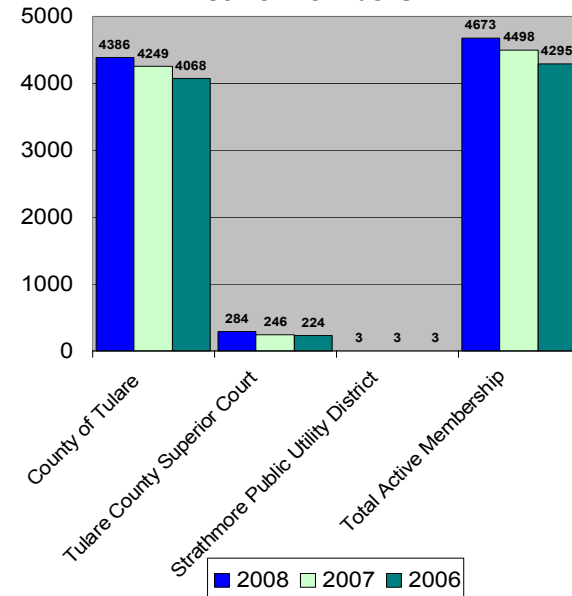


Average Benefit Payments

Fiscal years ending June 30

Membership Type	2008	2007	2006
General Members	\$ 15,144	\$ 14,316	\$ 13,786
Safety Members	27,564	26,544	25,704

Participating Employers and Active Members



Funding Highlights

As of June 30, 2008, the funded ratio for TCERA was 92.9%, reflecting a decrease of 1.8% over the prior year. In general, the ratio indicates that for every dollar of benefits due we had approximately \$0.929 of assets available for payments as of that date. The recognition of investment earnings through the 5-year smoothing process bolstered the funded status of the plan in spite of a difficult year 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, salary scale assumptions of 5.5% average 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
2008	\$ 879,051	\$ 946,414	92.90%
2007	800,967	846,030	94.70%
2006	729,899	792,844	92.10%
2005	681,618	714,656	95.40%
2004	665,244	649,649	102.40%
2003	634,249	608,505	104.20%

Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 22,692,000	100%
2007	17,975,000	100%
2006	12,443,000	100%
2005	10,542,000	100%
2004	9,595,000	100%
2003	5,245,000	100%