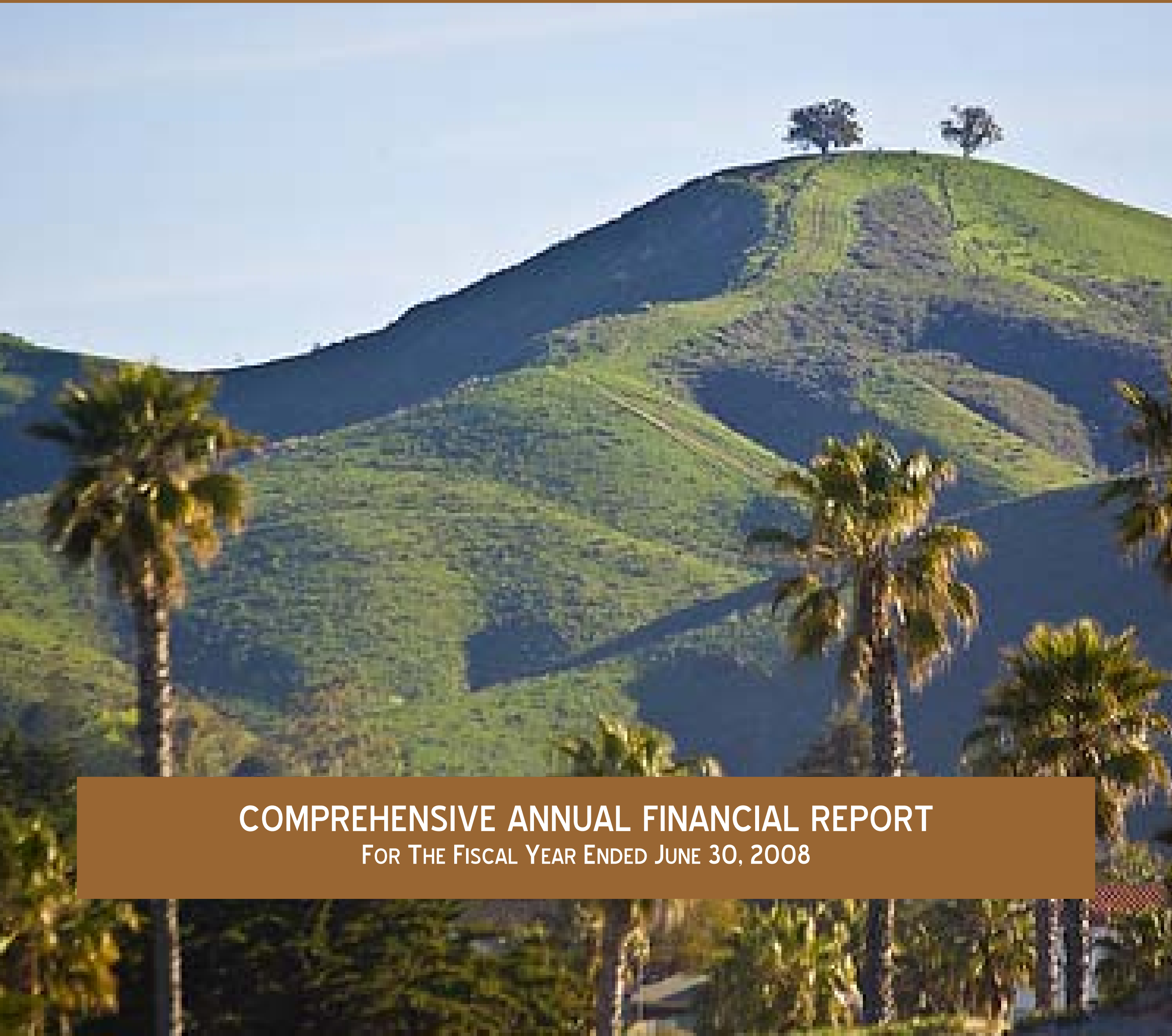
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

A Pension Trust Fund of the County of Ventura and Two Special Districts
Ventura, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2008

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2008

Issued By:
Tim Thonis, CFA
Retirement Administrator

Ventura County Employees' Retirement Association

A Pension Trust Fund of the County of Ventura and Two Special Districts

1190 South Victoria Avenue, Suite 200 • Ventura, CA 93003-6572
805.339.4250 • fax 805.339.4269 • www.ventura.org/vcera

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Letter of Transmittal

VCERA
Ventura County Employees' Retirement Association

1190 South Victoria Avenue, Suite 200
Ventura, CA 93003-6572
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www.ventura.org/vcera

December 18, 2008

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

Dear Board Members:

It is with pleasure that I submit to you the Comprehensive Annual Financial Report of the Ventura County Employees' Retirement Association (VCERA) for the fiscal year ended June 30, 2008, the Association's 61st year of operation. The information contained in this report is intended to provide the user with a complete and accurate description of the past year's operations and other significant information regarding the retirement system, which includes employees of the County of Ventura, the Ventura County Courts, and the Ventura Regional Sanitation District.

VCERA management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of financial information, including all disclosures, contained in this report. This Comprehensive Annual Financial Report is presented in five sections.

THE INTRODUCTORY SECTION contains this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting, a listing of the Members of the Board of Retirement, a description of VCERA's administrative organization, and a list of the professional consultants VCERA utilizes.

THE FINANCIAL SECTION presents the financial condition and funding status of VCERA, contains the opinion of your independent public accountants, Brown, Armstrong, Paulden, McCown, Starbuck, Thornburgh & Keeter (Brown Armstrong), Management's Discussion and Analysis (MD&A), and the financial statements of the system, including notes and required supplementary information. Your attention is directed to the Narrative Introduction, Overview and Analysis found in the MD&A.

THE INVESTMENT SECTION provides an overview of VCERA's investment program. This section includes a statement from your investment consultant, Ennis, Knupp & Associates, historical investment performance results, the fund's strategic asset allocation, and other investment-related information.

THE ACTUARIAL SECTION contains the certificate of the consulting actuary, The Segal Company, a summary of actuarial assumptions, a summary of plan provisions, and other actuarial statistics.

THE STATISTICAL SECTION provides information on VCERA's operations on a multi-year basis.

VCERA AND ITS SERVICES

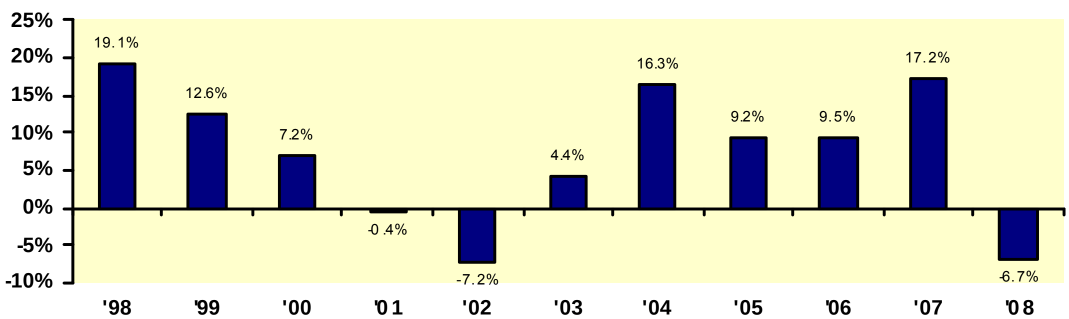
The Ventura County Employees' Retirement Association was established by the County of Ventura in 1947. VCERA is administered by the Board of Retirement and governed by the County Employees Retirement Law of 1937 (California Government Code Section 31450 (et. seq.) VCERA is a public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the safety and general members employed by Ventura County. VCERA also provides retirement benefits to the employee members of the Ventura Regional Sanitation District and County of Ventura Courts.

MARKET CONDITIONS AND INVESTMENT RESULTS

The early signs of the global market meltdown that has occurred over the past 12 months began to emerge in August as the equity markets experienced extremely volatile trading patterns. The full brunt of the meltdown began to show in the late fall and winter months as surging oil prices, declining home values, increasing foreclosure rates and material losses in the financial sectors impacted the capital markets. November 2007 was the worst month in nearly five years for the equity markets, only to be topped by the month of January as the meltdown continued into 2008. Markets rallied in the spring, but June was once again one of the worst months on record as domestic equity markets fell by more than 8%. For the fiscal year, U.S. equity markets lost 12.5%, international equity markets lost 6.6%, fixed income markets returned 7.1% and real estate 7.9%.

For the years ended June 30, 2008 and 2007, VCERA investments provided a -6.7% and 17.2% return, respectively. VCERA's annualized return over the last 3 years and 5 years was 6.2% and 8.8%, respectively.

VCERA's annualized return over the past ten years was 5.9% with the annual returns by year expressed as follows:



Letter of Transmittal (continued)

SIGNIFICANT EVENTS, ACCOMPLISHMENTS AND OBJECTIVES

The 2007-2008 fiscal year saw changes in the operation and administration of the retirement system by your board and staff. Some of the more significant events and accomplishments of the past year are summarized below:

- Launched a reformatted website.
- Renewed funding for the Supplemental Targeted Adjustment for Retirees benefit (STAR COLA) provided to retirees who have experienced a 20% or greater loss in the purchasing power of their original retirement benefit through September 30, 2010. This benefit has been provided to eligible retirees and their beneficiaries since October 1, 1997.
- Implemented an Electronic Document Imaging System for all member records.
- Restructured the domestic equity portfolio in an effort to improve efficiencies and control costs.
- Funded a global 130:30 equity strategy with Acadian Asset Management and a cash overlay strategy with The Clifton Group.

Objectives established by the Board and staff for the coming year include:

- Continued evaluation of opportunistic investment strategies through on-going educational sessions with the Board and Investment Consultant. Topics for discussion include currency overlay strategies, hedge fund to fund mandates, private equity and the evaluation of the real estate program to include global mandates.
- Completion of the Request for Proposal process for the selection of a vendor to provide software for a new Benefits Administration System.
- Continue with a program of ongoing trustee and staff training, both internally and through various programs offered by SACRS, CALAPRS, Institutional Investor and the International Foundation of Employee Benefits.

FINANCIAL INFORMATION

It is the responsibility of VCERA management to prepare retirement system financial statements, notes, supplementary disclosures and establish and maintain an internal control structure designed to ensure retirement system assets are protected. The accounting firm of Brown Armstrong was retained by the Board to perform the annual audit as of June 30, 2008. The financial audit states that VCERA's financial statements are prepared in conformity with generally accepted accounting principles and are free of material misstatement.

ACTUARIAL FUNDING STATUS

VCERA's funding objective is to meet long-term benefit requirements by maintaining a well-funded plan. Characteristics of a well-funded plan include a high ratio of accumulated plan assets to meet accrued actuarial liabilities. Sources of funding include employer and employee contributions and investment income. As of June 30, 2008, VCERA's value of actuarial assets was $3,055,756,000 resulting in a funding status of 91.33%. A six-year history of funding progress is presented on page 31.

Annually, VCERA retains an independent actuarial firm to conduct an actuarial valuation. The Segal Company performed the June 30, 2008 valuation. Triennially, VCERA will request its actuary analyze the appropriateness of all economic and non-economic assumptions used in the annual valuations. Recommendations for assumption changes are presented to the Board for their consideration.

INVESTMENTS

VCERA's investment policy is established in accordance with the County Employees' Retirement Law of 1937. The policy requires the Board to discharge their duties:

- solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions, and defraying reasonable expenses of administering the system.
- with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- by diversifying the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstance it is clearly not prudent to do so.

A summary of the asset allocation can be found in the investment section of this report.

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 Ventura County Employees' Retirement Association for its comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Letter of Transmittal (continued)

ACKNOWLEDGEMENTS

The preparation of this Comprehensive Annual Financial Report reflects the efforts of Jennifer Rendon and Russell Fujimoto who made significant contributions to the preparation of this report.

I would also like to thank our auditor, Brown Armstrong LLP, for their professional assistance.

Finally, on behalf of VCERA staff, I want to thank your Board for its continued support this past year. The leadership and support provided by your Board is a significant ingredient in the overall success of our retirement system.

Respectfully submitted,

TIM THONIS
Retirement Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ventura County Employees' Retirement Association

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Members of the Board of Retirement at June 30, 2008

CHAIRMAN
Tracy Towner, Employee Member
Elected by Safety Members
Present term expires July 21, 2011

VICE-CHAIRMAN
William W. Wilson, Public Member
Appointed by the Board of Supervisors
Present term expires January 29, 2010

TREASURER
Lawrence L. Matheney, Ventura County Treasurer-Tax Collector
Ex-officio Member of the Board of Retirement
Present term expires January 8, 2010

MEMBERS
Peter C. Foy, County Supervisor, Public Member
Appointed by the Board of Supervisors
Present term expires January 8, 2010

Joseph Henderson, Public Member
Appointed by the Board of Supervisors
Present term expires August 31, 2008

Albert G. Harris, Public Member
Appointed by the Board of Supervisors
Present term expires August 31, 2008

Karen Becker, Employee Member
Elected by General Members
Present term expires September 8, 2011

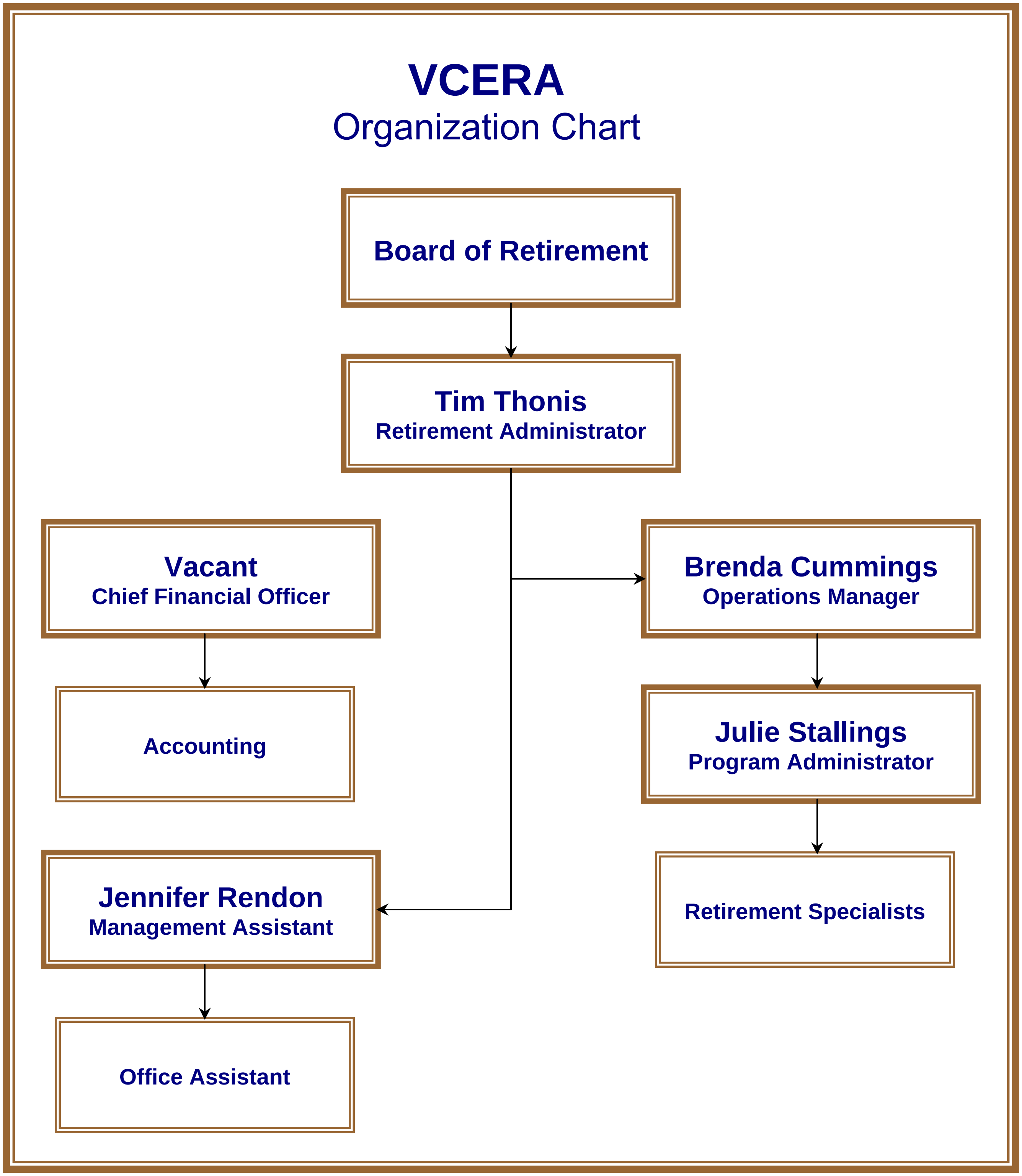
Robert Hansen, Employee Member
Elected by General Members
Present term expires March 19, 2010

Arthur E. Goulet, Retired Member
Elected by Retired Members
Present term expires November 3, 2011

ALTERNATE MEMBERS
Chris Johnson, Employee Member
Elected by Safety Members
Present term expires July 21, 2011

Will Hoag, Retired Member
Elected by Retired Members
Present term expires November 3, 2011

Organization Chart



List of Professional Consultants

ACTUARY
The Segal Company

CUSTODIAN
State Street Bank and Trust Company

INDEPENDENT AUDITOR
Brown Armstrong CPA's

LEGAL COUNSEL
County Counsel of Ventura County
Manatt, Phelps & Phillips

TECHNICAL SUPPORT
Automatic Data Processing
Information Technology Services of Ventura County
CMP Associates
Linea Solutions
In-Balance

List of Investment Professionals is located on Page 40 of the Investment Section of this report.

FINANCIAL

BROWN ARMSTRONG PAULDEN
MCCOWN STARBUCK THORNBURGH & KEETER
Certified Public Accountants

Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

Shafter Office
560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Ventura County Board of Retirement

We have audited the accompanying statement of plan net assets of the Ventura County Employees' Retirement Association (VCERA) as of June 30, 2008 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of management of VCERA. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, in 2008, VCERA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 50, Pension Disclosures, and amendment of GASB Statements No. 25 and 27.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Ventura County Employees' Retirement Association as of June 30, 2008 and its changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (MD&A) as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Required Supplementary Information as listed in the table of contents is presented for purposes of additional analysis, as required by GASB, and is not a required part of the basic financial statements. This information is the responsibility of VCERA's management. Such information has been subjected to the auditing procedures applied by us in the audit of the 2008 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2008 basic financial statements taken as a whole. The Other Supplementary information as listed in the table of contents, and the Investment, Actuarial and Statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of VCERA. The Other Supplementary information as listed in the table of contents 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. We did not audit the information contained in the investment, actuarial and statistical sections and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of VCERA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
December 18, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following review of the results of VCERA's operations and financial condition for the year ended June 30, 2008 should be read in conjunction with the Transmittal Letter found in the Introductory Section of the report and with the required financial statements that follow this discussion and analysis.

HIGHLIGHTS

- VCERA's net assets held in trust for pension benefits decreased $206.0 million for the fiscal year ending June 30, 2008.
- Additions to Plan Net Assets were negative for the fiscal year as the depreciation in the fair value of assets offset increases in total contributions and other investment revenues.
- Deductions in Plan Net Assets increased 8.4% to $149.9 million.
- VCERA's funding status, as measured by the actuarial value of assets less the actuarial value of accrued liabilities, increased to 91.3%.

THE FINANCIAL SECTION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The financial section of this Comprehensive Annual Financial Report consists of two financial statements, required supplementary information, and other supplemental schedules. The *Statement of Plan Net Assets* includes information, as of the end of the fiscal year, about VCERA's assets, liabilities, and net assets on a fair value basis. The *Statement of Changes in Plan Net Assets* includes information about the additions to, deductions from, and net increase/decrease for the year in plan net assets. The required supplementary information provides historical trend information about VCERA's funding status and annual required employer contributions. The other supplemental schedules provide details of administrative expenses, investment expenses and payments to consultants.

FINANCIAL ANALYSIS

The economic downturn resulting from falling home prices, rising commodity prices and liquidity concerns affected financial markets worldwide and contributed to the negative absolute return for VCERA's investment portfolio during the year. VCERA's domestic equity portfolio fell 16.1% during the year while the fixed income and real estate portfolios had less than market returns of 5.4% and 3.6%, respectively.

VCERA's funding status improved to 91.3% from 87.9% during the year as the actuarial return on assets exceeded the 8% assumption as calculated in the 5-year asset smoothing valuation method. Management maintains, as supported by the annual actuarial valuations, that VCERA remains in a financial position to meet all obligations to participants and beneficiaries.

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

Net Assets Held in Trust for Pension Benefits (Net Assets) represent assets held to pay benefits earned by plan members. Net Assets decreased 6.7% during the year to $2.876 billion. The decrease is attributable to a $478 million decrease in the fair value of VCERA's investment portfolio. Depreciation in the value of equity and fixed income portfolios caused by market conditions contributed to the decline in Investments. Current Assets increased during the year as greater amounts of Cash and Short-term investments were maintained by VCERA's investment managers at June 30, 2008. Liabilities decreased due to lower amounts of securities lending collateral being held on June 30, 2008 as VCERA had fewer securities on loan than the previous year.

($ IN THOUSANDS)	2008	2007	DIFFERENCE	% CHANGE
CURRENT ASSETS	$ 246,199	$ 182,911	$ 63,288	34.6%
INVESTMENTS	2,909,068	3,387,075	(478,007)	(14.1%)
TOTAL ASSETS	**3,155,267**	**$3,569,986**	**$ (414,719)**	**(11.6%)**
TOTAL LIABILITIES	(278,814)	(487,507)	208,693	(42.8%)
NET ASSETS	**$2,876,453**	**$3,082,479**	**$ (206,026)**	**(6.7%)**

Net Assets increased $248 million over the last two years despite the global economic downturn that began in the latter half 2007 and continued into 2008.

	2007	2006	DIFFERENCE	% CHANGE
CURRENT ASSETS	$ 182,911	$ 198,952	$ (16,041)	(8.1%)
INVESTMENTS	3,387,075	2,834,656	552,419	19.5%
TOTAL ASSETS	**$3,569,986**	**$3,033,608**	**$ 536,378**	**17.7%**
TOTAL LIABILITIES	(487,507)	(405,461)	(82,046)	20.2%
NET ASSETS	**$3,082,479**	**$2,628,147**	**$ 454,332**	**17.3%**

ADDITIONS TO PLAN NET ASSETS

The primary sources to finance benefits VCERA provides are accumulated through investment income and the collection of employer and employee contributions. Fiscal year 2008 results showed a 19.6% increase in employer contributions and a 7.8% increase in employee contributions. Net investment income fell $670 million from 2007 levels illustrating the material impact of economic events on VCERA's investment program.

($ IN THOUSANDS)	2008	2007	DIFFERENCE	% CHANGE
EMPLOYER CONTRIBUTIONS	$ 112,798	$ 94,328	$ 18,470	19.6%
EMPLOYEE CONTRIBUTIONS	39,611	36,728	2,883	7.8%
NET INVESTMENT INCOME	(208,519)	461,551	(670,070)	(145.2%)
TOTAL ADDITIONS	**$ (56,110)**	**$ 592,607**	**$ (648,717)**	**(109.5%)**

Total Additions to Plan Net Assets have averaged approximately $300 million over the past three years.

($ IN THOUSANDS)	2007	2006	DIFFERENCE	% CHANGE
EMPLOYER CONTRIBUTIONS	$ 94,328	$ 81,684	$ 12,644	15.5%
EMPLOYEE CONTRIBUTIONS	36,728	33,335	3,393	10.2%
NET INVESTMENT INCOME	461,551	241,240	220,311	91.3%
TOTAL ADDITIONS	**$592,607**	**$356,259**	**$ 236,348**	**66.3%**

DEDUCTIONS IN PLAN NET ASSETS

VCERA's assets are used primarily in the payment of benefits to retired members and their beneficiaries, refunds of member contributions and plan administration costs. An increase in the number of retired members and an increase in the average benefit payment were the primary contributors to the increase in Benefit Payments in 2008. Administrative/Legal expenses were greater due to the costs associated with the implementation of an Electronic Data Base Management System.

($ IN THOUSANDS)	2008	2007	DIFFERENCE	% CHANGE
BENEFIT PAYMENTS	$142,669	$ 132,208	$ 10,461	7.9%
MEMBER REFUNDS	3,960	3,479	481	13.8%
ADMINISTRATIVE	3,268	2,589	679	26.2%
LEGAL SETTLEMENT	20	0	20	N/A
TOTAL DEDUCTIONS	**$149,917**	**$138,276**	**$ 11,641**	**8.4%**

($ IN THOUSANDS)	2007	2006	DIFFERENCE	% CHANGE
BENEFIT PAYMENTS	$ 132,208	$ 121,227	$ 10,981	9.1%
MEMBER REFUNDS	3,479	4,229	(750)	-17.7%
ADMINISTRATIVE	2,589	3,028	(439)	-14.5%
TOTAL DEDUCTIONS	**$138,276**	**$128,484**	**$ 9,792**	**7.6%**

Member refunds remain cyclical and have averaged approximately $3.9 million dollars over the last three years.

VCERA'S FIDUCIARY RESPONSIBILITY

VCERA is a fiduciary for the County of Ventura's and Ventura Regional Sanitation District's pension plans. As such, VCERA is responsible for ensuring the plan assets reported in these financial statements are used to pay retirement benefits to eligible plan participants.

CONTACTING VCERA'S MANAGEMENT

This financial report is designed to provide VCERA's trustees, plan sponsors, and members with a general overview of VCERA's finances and to detail VCERA's accountability for the funds received. If you have questions about this report, or need additional information, please contact VCERA at 1190 South Victoria Avenue, Suite 200, Ventura, CA 93003.

Respectfully submitted,

TIM THONIS
Retirement Administrator

FINANCIAL STATEMENTS

Statements of Plan Net Assets
June 30, 2008 and 2007

	2008	2007
ASSETS		
CASH AND SHORT TERM INVESTMENTS	**$126,183,712**	**$ 72,458,497**
RECEIVABLES		
EMPLOYER/EMPLOYEE CONTRIBUTIONS	6,743,012	4,948,802
ACCRUED INTEREST AND DIVIDENDS	5,308,876	5,618,480
SECURITY SALES	107,938,949	99,828,949
MISCELLANEOUS	23,976	56,116
TOTAL RECEIVABLES	**120,014,813**	**110,452,347**
INVESTMENTS AT FAIR VALUE		
DOMESTIC EQUITY SECURITIES	73,872,543	358,481,083
DOMESTIC EQUITY INDEX FUNDS	994,654,325	1,102,652,165
INTERNATIONAL EQUITY SECURITIES	563,157,665	436,825,399
GLOBAL EQUITY	183,932,810	140,035,687
UNITED STATES GOVERNMENT DEBT SECURITIES & CORPORATE BONDS	636,020,119	642,233,548
DOMESTIC BOND INDEX FUND	144,139,434	180,456,828
INTERNATIONAL BONDS	21,836,551	34,465,458
REAL ESTATE	253,150,345	219,276,769
COLLATERAL HELD FOR SECURITIES LENT	38,303,782	272,648,487
TOTAL INVESTMENTS	**2,909,067,574**	**3,387,075,424**
TOTAL ASSETS	**3,155,266,099**	**3,569,986,268**
LIABILITIES		
SECURITY PURCHASES	238,144,940	212,063,544
ACCOUNTS PAYABLE	2,365,237	2,795,228
COLLATERAL HELD FOR SECURITIES LENT	38,303,782	272,648,487
TOTAL LIABILITIES	**278,813,959**	**487,507,259**
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	**$2,876,452,140**	**$ 3,082,479,009**

(A SCHEDULE OF FUNDING PROGRESS IS SHOWN ON PAGE 31)

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

Statements of Changes in Plan Net Assets
For the Years Ended June 30, 2008 and 2007

	2008	2007
ADDITIONS		
CONTRIBUTIONS		
EMPLOYER - ACTUARIALLY DETERMINED	$104,428,648	$ 86,454,684
EMPLOYER - OTHER	8,369,078	7,873,013
EMPLOYEE	39,611,439	36,727,845
TOTAL CONTRIBUTIONS	**152,409,165**	**131,055,542**
INVESTMENT INCOME (LOSS)		
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	(263,481,199)	416,890,578
INTEREST INCOME	34,212,745	26,212,732
DIVIDEND INCOME	15,627,698	14,769,983
REAL ESTATE OPERATING INCOME (NET)	11,875,852	10,818,579
INVESTMENT EXPENSE	(8,050,680)	(7,666,228)
NET INVESTMENT INCOME (LOSS), BEFORE SECURITIES LENDING INCOME	**(209,815,584)**	**461,025,644**
SECURITIES LENDING INCOME		
EARNINGS	10,190,554	12,874,370
REBATES	(8,337,981)	(12,122,996)
FEES	(555,961)	(225,551)
NET SECURITIES LENDING INCOME	**1,296,612**	**525,823**
NET INVESTMENT INCOME (LOSS)	**(208,518,972)**	**461,551,467**
TOTAL ADDITIONS	**(56,109,807)**	**592,607,009**
DEDUCTIONS		
BENEFIT PAYMENTS	142,669,054	132,207,925
MEMBER REFUNDS	3,960,407	3,479,318
ADMINISTRATIVE EXPENSES	3,267,594	2,588,705
LEGAL SETTLEMENTS	20,007	0
TOTAL DEDUCTIONS	**149,917,062**	**138,275,948**
NET INCREASE (DECREASE)	**(206,026,869)**	**454,331,061**
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS: BEGINNING OF YEAR	3,082,479,009	2,628,147,948
END OF YEAR	**$2,876,452,140**	**$ 3,082,479,009**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements
For the Years Ended June 30, 2008 and 2007

1. Summary of Significant Accounting Policies

Reporting Entity. VCERA, with its own governing board, is an independent governmental entity separate and distinct from the County of Ventura. Actuarially determined financial data for VCERA is included in the County of Ventura's Annual Financial Report in the "Notes To The Basic Financial Statements" section. The specific elements of the financial accountability criteria considered in defining a reporting entity are appointment of a voting majority of the Board and either the ability to impose will or possibility of providing a financial benefit or imposing a financial burden. Application of the financial accountability criteria did not identify additional entities to be included in VCERA's annual report.

Basis of Accounting. The accompanying financial statements are prepared on the accrual basis. Investment income is recognized when earned. Administrative and investment expenses are recorded when incurred. Contributions, benefit payments, and refunds are recorded when due and payable in accordance with the terms of the plan. The net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) in investment income based upon investment valuations.

Investment Valuation. VCERA investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that fair value. In general, however, corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages are valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on competitive market prices as determined by specialists. Short-term investments are reported at fair value.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Reclassification. Certain financial statement items from the prior year's financial statements have been reclassified for comparative purposes. Such reclassification had no effect on previously reported plan net assets.

Implementation of New Accounting Pronouncement. VCERA adopted Governmental Accounting Standards Board's (GASB) Statement No. 50, Pension Disclosures, an amendment of applicable note disclosure and required Supplementary Information (RSI) of GASB Statement No. 25, Financial Reporting and Defined Benefit Pension Plan and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pension by State and Local Governmental Employers effective for the year then ended June 30, 2008. The required information is disclosed in Note 4 – Actuarial Valuation.

2. PLAN DESCRIPTION

The Ventura County Employees' Retirement Association (VCERA) was established under the provisions of the California Government Code (Code) Sections 31450 through 31899, known collectively as the County Employees' Retirement Law of 1937. VCERA operates a cost-sharing multi-employer defined benefit pension plan (Plan) that includes employees of the County of Ventura, the Ventura County Courts and the Ventura Regional Sanitation District, a special district located in the County, but not under the direction of the Ventura County Board of Supervisors. VCERA is a pension trust fund of the County of Ventura. VCERA provides retirement, disability, cost of living, and death and survivor benefits to its members and qualified beneficiaries.

PLAN MEMBERSHIP. Membership is mandatory for employees with bi-weekly work schedules of 64 hours or more. Members employed up to and including June 29, 1979, are designated as General Tier 1 members. Members employed after June 29, 1979, are designated as General Tier II members. Safety members (eligible Sheriff, Fire and Probation employees) are classified as Tier I regardless of hire date. At June 30, 2008 and 2007, VCERA membership consisted of:

MEMBERSHIP	2008	2007
RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS	4,914	4,770
ACTIVE EMPLOYEES		
VESTED	5,158	5,083
NON-VESTED	2,770	2,570
TERMINATED BUT NOT YET RECEIVING BENEFITS	2,007	1,864
TOTAL	**14,849**	**14,287**

BENEFIT PROVISIONS. State law along with resolutions and ordinances adopted by the Board of Retirement and Board of Supervisors establishes the Plan's benefit provisions and contribution requirements.

RETIREMENT ALLOWANCES. Employees with 10 or more years of service are entitled to an annual retirement allowance beginning at age 50. Allowances are based upon members' ages at retirement, final compensation, and total years of service.

DISABILITY BENEFITS. A member who becomes permanently disabled for the performance of their duties may be granted a disability retirement allowance payable for life. If the disability is the result of a job related injury or illness, the member may be granted a service-connected disability retirement. If the disability is not the result of a job related injury or illness, the member may receive a nonservice-connected disability retirement allowance.

Notes to the Financial Statements
For the Years Ended June 30, 2008 and 2007 (continued)

DEATH BENEFITS. VCERA pays a basic death benefit, which consists of the member's accumulated contributions plus an amount equal to an average month's salary to a maximum of six months' salary. If the deceased member was vested, a surviving spouse may elect, in lieu of the basic death benefit, a monthly allowance equal to 60 percent of the monthly retirement allowance to which the deceased member would have been entitled had the member been retired for nonservice-connected disability as of the date of death.

Benefits payable to a surviving spouse or other beneficiary of a member who dies after retirement depend upon the retirement option selected by the member at the time of retirement and whether the member's retirement was a regular service retirement, a nonservice-connected disability retirement or a service-connected disability retirement.

SUPPLEMENTAL BENEFITS. On January 15, 1991, the Ventura County Board of Supervisors adopted a resolution to make operative Government Code section 31682. Adoption of this section permitted the Board of Retirement to adopt a resolution to provide a vested supplemental benefit of $108.44 per month to all eligible retirees.

Effective March 17, 2003, the Board of Retirement adopted a resolution providing an additional $27.50 per month to eligible retirees receiving the vested supplemental benefit described above. The additional non-vested supplemental benefit is provided pursuant to Government Code Sections 31691.1 and 31692, respectively.

COST OF LIVING ADJUSTMENT. Cost of living adjustments, based upon changes in the Consumer Price Index for the Los Angeles area, of up to 3% per annum are made for all Tier I retirees.

On February 28, 2005, the Board of Retirement adopted regulations pursuant to Government Code Section 31627 to provide a cost of living adjustment to a majority of Tier II general members represented by SEIU Local 721. The prospective cost of living adjustment will be fixed at 2% annually and be funded by employee contributions.

SUPPLEMENTAL COST OF LIVING ADJUSTMENT. In addition to the basic cost of living adjustment, the California Government Code provides the Board of Retirement the authority to grant supplemental cost of living increases to retirees who have lost 20% or more of their cost of living increases to inflation. Funding is provided from the Supplemental Targeted Adjustment Reserve, which derives funding from excess investment earnings. The Board of Retirement reviews the adequacy of STAR COLA funding annually and approved the payment of a supplemental cost of living increase to eligible retirees through September 30, 2010 on April 28, 2008.

TERMINATIONS. Effective January 1, 2003, members with less than five (5) years of service may elect to leave their accumulated member contributions on deposit until first eligible to receive benefits in accordance with Government Code Section 31629.5.

3. Investments

Investment Policy. VCERA, in accordance with state statutes, invests in any form or type of investment, financial instrument, or financial transaction deemed prudent in the informed opinion of the Board of Retirement. State Street Bank and Trust Company (State Street) serves as the master custodian for the majority of VCERA's assets.

While VCERA recognizes the importance of capital preservation, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. The Board of Retirement's investment policy allows investment to the entire United States fixed income market (maturities 1 to 30 years) including Treasury and government agency bonds, corporate debt, mortgages, and asset-backed securities. The fixed income portfolio is largely comprised of investment grade issues (rating of BBB {Standard & Poor's} or Baa3 {Moody's} or higher) and may include, subject to limits, opportunistic investment in non-dollar and high yield bonds. VCERA's investment policy recognizes that in the long-run equity returns will be greater than fixed income returns, but with expected greater volatility over shorter periods. Both domestic and international equity investing is permitted with exposure, subject to limits, to both the large and small capitalization ranges. Discretion is also permitted to international managers to invest, with limits, opportunistically in emerging market equities. Real Estate investing is also allowed with the goal to provide competitive risk adjusted returns as well as diversification benefits to VCERA's portfolio.

As of June 30, 2008 and 2007, VCERA had the following investments:

	June 30, 2008	June 30, 2007
Domestic Equity	$1,068,526,868	$1,461,133,248
Domestic Fixed Income	780,159,553	822,690,376
International Equity	563,157,665	436,825,399
Securities Lending Short Term Investment Collateral	38,303,782	272,648,487
Real Estate	253,150,345	219,276,769
Global Equity	183,932,810	140,035,687
International Bonds	21,836,551	34,465,458
Total Investments	**$2,909,067,574**	**$3,387,075,424**

During the year, VCERA adjusted its equity allocation by reducing the target allocation to domestic equity to 40% and increasing the target allocations for international equity and global equity to 18% and 7%, respectively. The overall allocation to equity remained unchanged at 65%.

Custodial Credit Risk. VCERA considers investments purchased with a maturity of 12 months or less to be short-term investments. Although not having a policy that specifically addresses the limiting of custodial credit risk, VCERA, in practice, limits custodial credit risk for deposits by maintaining substantially all cash and short-term investments in external investment pools

Notes to the Financial Statements

For the Years Ended June 30, 2008 and 2007 (continued)

managed by the County of Ventura and State Street Bank. All other investment securities are held by State Street Bank in VCERA's name. VCERA maintains a commercial bank account with depository insurance coverage from the Federal Depository Insurance Corporation (FDIC). Balances in VCERA's commercial bank account at June 30, 2008 and 2007 were $118,486 and $40,260, respectively.

As of June 30, 2008 and 2007, VCERA had the following cash and short-term investments:

	JUNE 30, 2008	JUNE 30, 2007
STATE STREET BANK	$123,310,296	$ 69,779,907
COUNTY OF VENTURA TREASURER'S INVESTMENT POOL	2,754,930	2,638,330
COMMERCIAL BANK ACCOUNT	118,486	40,260
TOTAL	**$126,183,712**	**$ 72,458,497**

CREDIT RISK. VCERA requires its total fixed income portfolio be rated AA or higher by Standard & Poor's (S&P) or Aa2 by Moody's. Aggregated amounts by rating category using S&P ratings are as follows:

RATING CATEGORY	AMOUNT HELD AT 06/30/2008	AMOUNT HELD AT 06/30/2007
SEPARATE HOLDINGS:		
AAA	$ 158,834,239	$ 224,093,206
AA	24,433,570	10,356,234
A	53,180,626	18,620,948
BBB	78,503,257	56,345,964
BB	22,429,924	24,623,439
B	25,905,318	21,231,308
CCC	7,901,692	4,377,646
D	850,200	0
NO RATING	133,090,861	150,398,298
TOTAL SEPARATE HOLDINGS	**$ 505,129,687**	**$ 510,047,043**
POOLED INVESTMENTS:		
AAA	$ 250,784,286	$ 293,398,270
AA	14,264,241	16,964,684
A	11,718,536	14,406,387
BBB	10,378,038	13,191,394
BB	9,721,316	9,148,056
TOTAL POOLED INVESTMENTS	**$ 296,866,417**	**$ 347,108,791**
TOTAL FIXED INCOME PORTFOLIO	**$ 801,996,104**	**$ 857,155,834**

Overall, VCERA's fixed income portfolios were rated AA at June 30, 2008 and June 30, 2007, respectively.

Notes to the Financial Statements
For the Years Ended June 30, 2008 and 2007 (continued)

INTEREST RATE RISK. VCERA recognizes the importance of managing its exposure to interest rate risk and has developed a policy to limit the duration of VCERA's fixed income portfolio to plus or minus 20% to that of the broad fixed income market as defined by the Lehman Aggregate Bond Index. Duration, an investments exposure to fair value change arising from a change in interest rates, by investment category and amount at June 30, 2008 and 2007 is as follows:

CATEGORY	ASSETS HELD AT 06/30/2008	DURATION	ASSETS HELD AT 06/30/2007	DURATION
TREASURY	$ 12,385,871	7.9	$ 96,221,433	6.5
AGENCY	18,818,551	8.0	28,449,472	3.2
MORT-BACKED	329,677,600	5.0	344,469,314	4.8
ASSET-BACK	6,807,898	2.0	4,699,722	2.6
CREDIT	248,258,213	4.8	158,671,970	6.1
FOREIGN	21,836,551	5.2	34,465,458	5.2
OTHER	20,071,986	0.5	9,721,642	1.9
PASSIVELY MANAGED	144,139,434	4.4	180,456,823	4.7
TOTAL	**$ 801,996,104**	**4.8**	**$ 857,155,834**	**5.0**

The duration for the Lehman Aggregate Bond Index as of June 30, 2008 and 2007 was 4.8 years and 5.0 years, respectively.

Notes to the Financial Statements
For the Years Ended June 30, 2008 and 2007 (continued)

FOREIGN CURRENCY RISK. VCERA, through its investment policy, recognizes the return and diversification benefits gained by investing in markets outside the United States. The majority of VCERA's international investments are held in commingled investment pools with other institutional investors. VCERA may also hold individual foreign securities within the fixed income allocation. Investments in countries outside the United States exposes VCERA to the risk that changes in currency exchange rates may affect the fair value of these investments.

CURRENCY	FIXED INCOME AT JUNE 30, 2008	EQUITIES AT JUNE 30, 2008	FIXED INCOME AT JUNE 30, 2007	EQUITIES AT JUNE 30, 2007
AUSTRALIAN DOLLAR	$	$ 9,210,674	$	$ 15,767,146
BRITISH POUND		59,190,000	5,120,551	94,878,828
CANADIAN DOLLAR	2,261,633	19,487,164	5,239,440	26,883,029
DANISH KRONE		1,922,044		2,664,412
EURO		99,286,721		147,107,780
HONG KONG DOLLAR		9,473,058		14,469,196
JAPANESE YEN		69,423,558	5,197,862	88,064,827
NORWEGIAN KRONE		2,309,403		2,652,038
S. AFRICAN RAND		3,411,291		4,410,968
SINGAPORE DOLLAR	1,916,726	7,558,426	1,683,128	10,338,016
SOUTH KOREAN WON	1,207,991	8,895,903	1,422,956	10,905,795
SWEDISH KRONA		2,337,619		5,617,008
SWISS FRANC		32,541,214		39,540,736
OTHER EMERGING MKT	6,344,652	47,409,703	4,612,073	46,706,566
TOTAL SECURITIES SUBJECT TO FOREIGN CURRENCY RISK	$ 11,731,002	$ 372,456,778	$ 23,276,010	$ 510,006,345
US $ INVESTMENTS IN INTERNATIONAL PORTFOLIOS	10,105,549	292,170,616	11,189,448	318,869
US $ INVESTMENTS IN GLOBAL PORTFOLIOS		82,463,081		53,407,093
TOTAL	**$ 21,836,551**	**$ 747,090,475**	**$ 34,465,458**	**$ 563,732,307**

VCERA's international equity, global equity and fixed income investment managers may utilize forward exchange (FX) currency contracts, currency futures contracts and currency options to minimize currency fluctuations in non-dollar denominated securities. VCERA's investment policy does not allow forward currency contracts, futures contracts and options to be utilized speculatively. Risks surrounding the contracts and options include fluctuations in exchange rates and the inability of the counterparty to meet contract and option terms. Differences between contract exchange rates and market exchange rates at settlement result in gains and losses.

Notes to the Financial Statements
For the Years Ended June 30, 2008 and 2007 (continued)

As of June 30, 2008 and 2007, VCERA's forward exchange currency contracts were valued at $57,964 and $21,016,688, currency future contracts were valued at $103,026 and $-75,803 and currency options were valued at -$174,364 and -$136,043, respectively. All forward currency contracts, futures currency contracts and currency options have been included at fair value in the Statements of Plan Net Assets, and all realized and unrealized gains/losses associated with the securities have been included in the Statements of Change in Plan Net Assets for the years ending June 30, 2008 and 2007, respectively.

SECURITIES LENDING. VCERA, under provisions of state statutes, and its investment policy authorizes State Street to act as agent in lending VCERA's securities to broker-dealers and other entities in the form of a loan agreement. Borrowers were required to deliver collateral in an amount equal to not less than 100% and typically 102%, of the fair value of securities borrowed.

As of June 30, 2008 and 2007, VCERA had no credit risk exposure because the amounts VCERA owes the borrowers exceeds the amounts the borrowers owe VCERA. State Street indemnified VCERA by agreeing to purchase replacement securities, or return cash collateral, in the event a borrower failed to return a lent security or pay distributions while the security was on loan.

VCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested with cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. Because loans were terminable at will, their maturity did not generally match the maturity of the investments made with cash collateral. VCERA cannot pledge or sell collateral securities without borrower default. As of June 30, 2008 and 2007, VCERA had securities on loan with a fair value of $37,508,493 and $266,361,185, with cash collateral of $38,303,782 and $272,648,487, respectively.

VCERA's securities lending income for the years ended June 30, 2008 and 2007 is as follows:

	2008	2007
GROSS INCOME	$10,190,554	$12,874,370
EXPENSES		
BORROWER REBATES	8,337,981	12,122,996
MANAGEMENT FEES	555,961	225,551
NET INCOME	**$ 1,296,612**	**$ 525,823**

CONCENTRATION OF CREDIT RISK. VCERA, through policies developed and implemented by the Board of Retirement, maintains the goal of having a well-diversified portfolio. As such, VCERA had no investments in any one named security that would represent 5% or more of total investments. Pooled investments and investments issued by or explicitly guaranteed by the U.S. Government are exempt from this requirement.

Notes to the Financial Statements

For the Years Ended June 30, 2008 and 2007 (continued)

4. ACTUARIAL VALUATION

Actuarial valuations to determine VCERA's funding status and future contribution rates are performed annually. Actuarial assumptions and methods used by the actuary meet the guidelines set forth by Governmental Accounting Board Statement No. 25. The information included within this report is based upon the valuation performed as of June 30, 2008.

SCHEDULE OF FUNDING PROGRESS ($ IN THOUSANDS)

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED (OVERFUNDED) AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS AN UNFUNDED (OVERFUNDED) PERCENTAGE OF COVERED PAYROLL {(b-a)/c}
06/30/08	$3,055,756	$3,345,804	$290,048	91.33%	$599,173	48.41%

SCHEDULE OF EMPLOYER CONTRIBUTIONS ($ IN THOUSANDS)

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2008	$104,429	100%

LATEST ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date: June 30, 2008

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Percentage of Payroll (assuming a 4.25% payroll increase)

Remaining Amortization Period: 15 years for UAAL as of June 30, 2004. Any new UAAL after June 30, 2004 will be separately amortized over a fixed 15-year period effective with that valuation.

Asset Valuation Method: Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a 5-year period. Prior to the June 30, 2004 valuation, the

	recognized return was the unrealized capital gains and losses. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.
Actuarial Assumptions:	
Investment Return:	8%
Projected Salary Increases:	5.00% - 11.25% varying by service. Includes inflation at 3.75%, "across the board" increases of 0.50%, plus merit and longevity increases.
Post Retirement Benefit Increases:	Contingent upon CPI increases with a 3% maximum for Tier I members.

5. CONTRIBUTIONS

Employer and employee contribution rates are established and amended by VCERA's Board of Retirement. Contribution rates are actuarially determined using the "entry age normal cost" method. According to this method, the "normal cost" is the level amount that would fund the projected benefit if it were paid annually from date of employment until retirement.

The "Entry Age Normal Cost Method" is modified so that the employer's total normal cost is expressed as a level percentage of payroll. The level percentage of payroll method is also used to amortize the unfunded actuarial liability. For the June 30, 2008 valuation, the period for amortizing the unfunded liability is fixed at 15 years in accordance with the Board of Retirement's policy adopted August 16, 2004, to amortize future actuarial gains and losses over fixed 15-year periods.

VCERA's employers were required to contribute $104.4 million and $86.4 million in actuarially determined contributions for the fiscal years ending June 30, 2008 and 2007, respectively.

Member contributions range from 5.57% to 12.10% depending upon member tier and plan status.

6. OTHER EMPLOYER CONTRIBUTIONS

In addition to the actuarially determined contributions, VCERA's employers contribute, pursuant to Government Code Section 31581.1, a portion of the contributions normally required of general Tier 1 and safety members. These employer paid member contributions do not become part of the accumulated contributions of the member, but vest in the employer advance reserves.

The value of the "Other Employer Contributions" is shown separately from Actuarially Determined Employer Contributions within the Additions Section of the Statements of Changes in Plan Net Assets on page 17.

Notes to the Financial Statements
For the Years Ended June 30, 2008 and 2007 (continued)

7. RESERVES

VCERA's reserves are composed of member contributions, employer contributions, and accumulated investment income. The reserves do not represent the present value of assets needed to satisfy retirements and other benefits as they come due. VCERA's major reserves are as follows:

MEMBER RESERVES. Represent member's accumulated contributions. Additions include member contributions and interest credited; deductions include transfers to Retired Member Reserves and refunds.

EMPLOYER ADVANCE RESERVES. Represent the total employer contributions made on behalf of current active members for future retirement benefits. Additions include employer contributions and interest credited; deductions include transfers to Retired Member Reserves and death benefits.

RETIRED MEMBER RESERVES. Represent total accumulated transfers from Member Reserves and Employer Advanced Reserves and interest credited, less benefit payments made to retirees.

VESTED FIXED SUPPLEMENTAL RESERVE. Represents the funding set aside to pay the vested supplemental retirement benefit of $108.44 monthly to all eligible retirees. Additions include investment income designated by the Board of Retirement and interest credited, less benefit payments made to eligible retirees.

NON-VESTED SUPPLEMENTAL RESERVE. Represents the funding set aside to pay the non-vested supplemental retirement benefit of $27.50 monthly to all eligible retirees. Additions include investment income designated by the Board of Retirement less benefit payments made to eligible retirees.

SUPPLEMENTAL COLA BENEFIT RESERVE. Represents the funding designated to fund the supplemental cost of living to eligible retirees. Additions include investment income designated by the Board of Retirement and interest credited less benefit payments made to eligible retirees.

RESERVE FOR DEATH BENEFITS. Represents funds designated to pay death benefits pursuant to Government Code Section 31789.5. Additions include funding from investment income and interest credited; deductions include benefits paid.

MARKET STABILIZATION RESERVE. Represents the difference between the current market value of assets and the actuarial value of assets used to establish the above reserves.

CONTINGENCY RESERVE. Represents funds set aside for future earnings deficiencies. Balance is established at 1% of total assets in accordance with Government Code section 31592.2.

UNRESTRICTED RESERVE. represents the excess of accumulated realized investment earnings after satisfying all expenses of the Plan.

Reserve balances as of June 30, 2008 and 2007, are as follows:

	2008	2007
MEMBER	$ 466,331,828	$ 431,860,096
EMPLOYER ADVANCE	895,588,643	311,496,798
RETIRED MEMBER	1,470,874,480	1,391,913,634
VESTED FIXED SUPPLEMENTAL	116,148,895	113,116,988
NON-VESTED SUPPLEMENTAL	15,324,524	19,967,323
SUPPLEMENTAL COLA BENEFIT	4,588,738	1,441,136
DEATH BENEFITS	10,922,524	10,524,708
MARKET STABILIZATION	-230,770,044	773,323,780
CONTINGENCY	31,552,661	28,834,546
UNRESTRICTED	95,889,891	0
TOTAL RESERVES	**$ 2,876,452,140**	**$ 3,082,479,009**

On January 26, 2008, the Board of Retirement approved a change in the Available Earnings Measure for Crediting Interest on Reserves from one based on book value to one based on actuarial value. As part of the change, the Board of Retirement redefined the Market Stabilization Reserve to be the difference between the Market Value of Assets and the Actuarial Value of Assets, rather than the previously defined difference between the Market Value of Assets and the Book Value of Assets. The change was accomplished without impacting the overall reserve total by including the difference between the Market Stabilization Reserve as of June 30, 2007 ($773,323,780) and the deferred gains yet to be recognized under the asset smoothing method ($288,812,883) as of June 30, 2007, in the Employer Advance Reserve.

8. ADMINISTRATIVE EXPENSES

As permitted by Section 31580.2 of the Government Code, the Board of Retirement adopts an annual budget covering the entire expenses of Plan administration. The Code provides that administrative expenses incurred in any year are not to exceed 18/100 of 1 percent of the Plan's total assets. Administrative expenses incurred in fiscal year 2008 and 2007 were within the limits established by the Code.

	2008	2007
TOTAL ASSET BASE AT FAIR VALUE (DECEMBER 31, 2006 AND 2005)	$3,129,193,600	$2,796,573,291
MAXIMUM ALLOWED FOR ADMINISTRATIVE EXPENSE ($3,129,193,600 & $2,796,573,291 * 0.18%)	5,632,548	5,033,832
ACTUAL ADMINISTRATIVE EXPENSE	3,267,594	2,588,705
EXCESS OF ALLOWED OVER ACTUAL EXPENSES	$ 2,364,954	$ 2,445,127
ACTUAL ADMINISTRATIVE EXPENSES AS A PERCENTAGE OF TOTAL ASSET BASE	0.10%	0.09%

Notes to the Financial Statements
For the Years Ended June 30, 2008 and 2007 (continued)

9. LEASE AGREEMENT

Effective March 1, 2007, VCERA entered into a 3-year extension of a commercial lease for office space with the option to renew for two additional 3-year periods. Payments over the lease term total $383,922. Annual amounts due under the agreement are as follows:

FISCAL YEAR ENDING	AMOUNT
2007	$ 42,658
2008	127,974
2009	127,974
2010	85,316

10. SUBSEQUENT EVENTS

In September, the U.S. Government announced that the government-sponsored enterprises Fannie Mae and Freddie Mac were being placed under conservatorship, Lehman Brothers filed for bankruptcy and American International Group (AIG) accepted an $85 billion loan from the U.S. Treasury and Federal Reserve.

VCERA had no direct ownership of stock in these enterprises, but did hold approximately $5.2 million in these companies indirectly through VCERA's investments in commingled index funds. The value of these holdings depreciated in September.

VCERA held $2.6 million in various Lehman Brothers fixed income securities with the loss from this exposure becoming known as the bankruptcy proceedings progress.

Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS
($ IN THOUSANDS)

ACTUARIAL VALUATION DATE		ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED (OVERFUNDED) AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS AN UNFUNDED (OVERFUNDED) PERCENTAGE OF COVERED PAYROLL {(b-a)/c}
06/30/03	(i)	$2,057,493	$2,202,018	$144,525	93.44%	$455,789	31.71%
06/30/04	(ii)	2,070,553	2,393,997	323,444	86.49	475,935	67.96
06/30/05		2,216,229	2,584,905	368,676	85.74	478,053	77.12
06/30/06	(iii)	2,430,048	2,911,918	481,870	83.45	519,145	92.82
06/30/07		2,736,558	3,112,583	376,025	87.92	551,968	68.12
06/30/08		3,055,756	3,345,804	290,048	91.33	599,173	48.41

(i) After change in interest assumption

(ii) After change in inflation assumption

(iii) After change in mortality assumption

SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2008
($ IN THOUSANDS)

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2003	$ 0	100%
2004	10,072	100
2005	51,792	100
2006	74,373	100
2007	86,455	100
2008	104,429	100

Notes to Required Supplementary Information

DESCRIPTION

The historical trend information about VCERA is presented as required supplementary information. The information is intended to help users assess the funding status of the plan on a going-concern basis and to assess progress in accumulating assets for paying benefits when due.

ACTUARIAL INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of the date indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date:	June 30, 2008
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll (assuming a 4.25% payroll increase)
Remaining Amortization Period:	15 years for UAAL as of June 30, 2004. Any new UAAL after June 30, 2004 will be separately amortized over a fixed 15-year period effective with that valuation.
Asset Valuation Method:	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a 5-year period. Prior to the June 30, 2004 valuation, the recognized return was the unrealized capital gains and losses. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.
Actuarial Assumptions:	
Investment Return:	8%
Projected Salary Increases:	5.00% - 11.25% varying by service. Includes inflation at 3.75%, “across the board” increases of 0.50%, plus merit and longevity increases.
Post Retirement Benefit Increases:	Contingent upon CPI increases with a 3% maximum for Tier I members.

Supplemental Schedules

SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
PERSONNEL SERVICES:		
SALARIES	$ 1,041,368	$ 904,133
EMPLOYEE BENEFITS	604,978	534,898
TOTAL PERSONNEL SERVICES	**1,646,346**	**1,439,031**
PROFESSIONAL SERVICES:		
ACTUARIAL FEES	94,857	111,362
COMPUTER SOFTWARE AND SYSTEM SUPPORT	524,402	201,183
LEGAL SERVICES	224,573	170,863
PENSION PAYROLL FEES	198	210
OTHER PROFESSIONAL SERVICES	441,525	361,830
TOTAL PROFESSIONAL SERVICES	**1,285,555**	**845,448**
COMMUNICATION:		
POSTAGE	41,595	41,158
TELECOMMUNICATION	19,438	16,980
TOTAL COMMUNICATION	**61,033**	**58,138**
MISCELLANEOUS:		
OFFICE LEASE	127,994	123,663
EDUCATIONAL	44,433	35,754
EQUIPMENT	15,491	6,104
COUNTY DEPARTMENT CHARGES	17,833	32,712
INSURANCE	4,561	5,188
OTHER MISCELLANEOUS	64,348	42,667
TOTAL MISCELLANEOUS	**274,660**	**246,088**
TOTAL ADMINISTRATIVE EXPENSES	**$ 3,267,594**	**$ 2,588,705**

Supplemental Schedules (continued)

SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
INVESTMENT ACTIVITY		
INVESTMENT MANAGEMENT FEES		
STOCK MANAGERS		
DOMESTIC	$ 1,849,690	$ 1,786,813
INTERNATIONAL/GLOBAL	2,089,592	2,292,271
BOND MANAGERS	1,528,204	1,452,836
REAL ESTATE	2,259,264	1,829,808
OVERLAY STRATEGIES	11,614	
TOTAL INVESTMENT MANAGEMENT FEES	**7,738,364**	**7,361,728**
OTHER INVESTMENT EXPENSES		
INVESTMENT CONSULTANT	215,500	209,500
CUSTODIAN	96,816	95,000
TOTAL OTHER INVESTMENT EXPENSES	**312,316**	**304,500**
TOTAL INVESTMENT EXPENSES	**$ 8,050,680**	**$ 7,666,228**

SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
LEGAL SERVICES	$ 224,573	$ 170,863
ACTUARIAL CONSULTING FEES	94,857	111,362
INVESTMENT MANAGEMENT CONSULTING FEES	215,500	209,500
NETWORK AND OTHER INFORMATION TECHNOLOGY SERVICES	524,402	201,183
TOTAL PAYMENTS TO CONSULTANTS	**$1,059,332**	**$ 692,908**

INVESTMENT

ENNISKNUPP

December 19, 2008

Mr. Tim Thonis
Retirement Administrator
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

Dear Tim,

Ventura County Employees' Retirement Association's (VCERA) overall objective is to provide Association participants with retirement, disability, death, and survivor benefits delineated in the County Employees' Retirement Law of 1937, as well as other Federal and State laws relating to the public employees' retirement system of the State of California. To fulfill this primary objective, VCERA utilizes a carefully planned and executed investment program designed to produce a sufficient total portfolio, long-term real return. The investment activities of VCERA are designed and executed in a manner solely in the interest of, and for the exclusive purpose of, providing benefits to participants and the beneficiaries, minimizing contributions thereto, and defraying reasonable expenses of administering the Plan.

VCERA's retirement fund is managed in accordance with a written Investment Policy. This Policy is periodically reviewed and revised by the Retirement Board depending on actuarial assumptions, accrued liabilities, and information provided through Asset and Liability Studies.

Market Environment Update

The market was plagued by an abundance of concerns including rising oil prices, declining home prices, recessionary fears and downgrades in the financial industry, which produced a decline in the market during the fiscal year. The broad U.S. equity market, as measured by the DJ Wilshire 5000 Index, fell 12.5% during the one-year period ending June 30, 2008. The Index's negative performance was driven by the financial (-37.2%) and consumer service (-21.9%) sectors. Conversely, oil and gas (+24.7%) and basic materials (+20.8%) were the best performing sectors. Continuing from last fiscal year's trend, domestic stock returns favored large caps over both mid and small caps. With respect to style, growth continued to outperform value.

Non-U.S. stocks also suffered losses during the fiscal year, but faired better than U.S. stocks. The MSCI All Country World ex-U.S. Index declined 6.6% during the fiscal year ending June 30, 2008. Similar to U.S. stocks,

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the financial and consumer stocks dragged on the Index's performance, while energy and material stocks posted positive returns. Individual country returns for the 12 months ending June 30, 2008, ranged from -26.6% (Pakistan) to 35.4% (Argentina). The MSCI Emerging Markets Index generated a gain of 4.6% during the 2008 fiscal year. Gains were attributed to strong third quarter 2007 performance led by the material and industrial sectors. From a country perspective, Argentina and Brazil were the top performers while Pakistan and Philippines performed the worst. Although the U.S. dollar fell versus most foreign currencies during the majority of the fiscal year period, it showed signs of strengthening during the last few months.

The U.S. bond market, as measured by the Lehman Brothers Aggregate Bond Index (currently the Barclays Capital Aggregate Bond Index) advanced 7.1% during the twelve month period ending June 30, 2008. However, the Index ended the period with three consecutive months of decline as yields swung wildly on concerns of economic weakness, worsening credit market conditions, and rising inflation. Investors' flight to safety was driven by increasing sensitivity to risk which pushed Treasuries higher and steepened the yield curve. Conversely, high yield bonds lagged while credit spreads widened substantially. The Fed responded to interbank liquidity problems by making several reductions in the Federal Funds Rate which was 2.25% at the end of the 2008 fiscal year.

VCERA's Relative Performance Update

During the fiscal year ending June 30, 2008, VCERA's Total Fund (Fund) declined 6.7% and trailed the return of the Policy Portfolio by 2.0 percentage points, net of investment management fees. Longer-term relative performance for the Fund remained mixed. Although the Fund's trailing five-year return lagged that of the Policy Portfolio, it outperformed the actuarial interest rate assumption of 8.0%. The Fund's trailing ten-year return of 5.9% outperformed that of the Policy Portfolio by 0.2 percentage points.

The collective return of the Fund's U.S. equity portfolio declined 16.1% for the fiscal year and lagged the Performance Benchmark by 3.6 percentage points. The main contributors to underperformance were Western and LSV. Western trailed its benchmark by 13.8 percentage points as a result of the strategy's emphasis on lower quality credit holdings and non-agency mortgages, as spreads widened significantly during the period. Additionally, Western's significant exposure to the financial sector, during a time were the sector struggled due to weak earnings, bank de-leveraging, and declining equity markets, added to underperformance. LSV's overweight allocation to the consumer discretionary sector along with poor stock selection within the energy, industrials, and REITS sectors hampered the portfolio's return. Longer term period relative results are better as the trailing ten-year period's return of 3.6% matched that of the benchmark.

The Fund's non-U.S. equity investments decreased by 9.1% and trailed the return of the Performance Benchmark by 2.5 percentage points during the 2008 fiscal year. Capital Guardian and Sprucegrove both detracted from relative performance, while BGI experienced modest positive tracking relative to the MSCI All Country World ex-U.S. Index. Capital Guardian's return of -8.0% lagged the return of its benchmark by 1.4 percentage points. Weak stock selection in the information technology and utilities sectors coupled with poor stock selection in Germany dragged on performance. Sprucegrove declined 13.5% falling short of the MSCI EAFE Index by 2.9 percentage points. Poor stock selection in the banking, building-related, and consumer sectors, particularly in the U.K. and Ireland, hampered on performance. Although strong on an absolute basis, the Fund's non-U.S. equity trailing three-year return of 14.1% and five-year return of 17.2% underperformed the

MSCI All Country World ex-U.S. Index. The component's trailing ten-year return of 7.4% and since-inception return of 9.3% outperformed the Index.

The collective return of the Fund's global equity component declined 8.6%, but saved 0.7 percentage points of value relative to the MSCI All Country World Index over the one-year period ending June 30, 2008. In addition to GMO's above benchmark return, Wellington's return, prior to being terminated in the second quarter of 2008, contributed to the period's outperformance. GMO's overweight allocation to the energy sector and underweight allocation to financials positively impacted the portfolio's return. Stock selection within the financial, industrial, and telecommunication sectors aided Wellington's performance. Acadian Global with Opportunistic Shorting Fund was funded in May 2008 and since its inception trailed the Index by 0.5 percentage points. The component's since-inception return gained 9.4%, relative to a return of 10.7% for the Index.

The Fund's fixed income component advanced 5.4%, but underperformed the Lehman Brothers Aggregate Bond Index by 1.7 percentage points during the 2008 fiscal year. Each of the component's underlying active managers detracted from performance. Western's return of 4.1% trailed that of the Index by 3.0 percentage points. An overweight allocation to the mortgage-backed sector relative to the Index demonstrated to be disadvantageous as volatility increased and spreads widened. Also hindering Western's performance was its emphasis on lower-quality credits as spreads tended higher in the mist of the sub-prime lending crisis. Ream's modestly underperformed the Index by 0.1 percentage point as holdings in high yield and investment grade credit hampered the portfolio's returns. Loomis Sayles lagged the return of the Index by 0.6 percentage points; the manager's emphasis of low quality credit holdings detracted the most from the portfolio's performance. Longer-term relative performance of the fixed income investments remained mixed. The component modestly underperformed the Index during the trailing three-year and since-inception periods. The returns over the five- and ten-year periods have outperformed those of the Index by 0.3 and 0.1 percentage points, respectively.

The Fund's real estate portfolio generated a return of 3.6% and trailed the Policy Benchmark by 4.3 percentage points. Underperformance was a result of below benchmark returns from all underlying funds. UBS and Guggenheim detracted the most from performance. Although the portfolio has produced double digit returns, it has trailed the Policy Benchmark during all long-term periods.

Enhancements Made Within the Investment Program

RREEF America III fund, a valued added real estate portfolio, was funded in October 2007. The portfolio's investments include income-producing properties, properties requiring re-positioning, and speculative development. The fund is scheduled to have a 15-year life and will commence an orderly liquidation of assets in 2016. The portfolio is expected to experience gains over the long term as projects in the portfolio are progressing through construction and leasing phases.

In February 2008, the Clifton Group policy implementation platform was added to assist in cost efficient implementation of the policy portfolio.

In the second quarter of 2008, Delta, LSV, Wasatch, Wellington, and BGI Equity Index were terminated. As a result BGI Equity Market Fund and Acadian 130-30 Global with Opportunistic Shorting Fund were funded. The BGI Equity Market Fund has closely tracked the DJ Wilshire 5000 Index since its inception. Since Acadian's inception the portfolio has underperformed the MSCI All Country World Index by 0.5 percentage points due to poor stock selection and an overweight allocation to Italy and the Netherlands. The U.S. equity managers were terminated in an effort to bring further risk control and cost containment into the overall investment program.

In the next fiscal year, the VCERA Board will be evaluating investment alternatives such as currency overlay, hedge fund of funds, infrastructure, and private equity mandates.

Throughout the fiscal year, Ennis Knupp provided VCERA with quarterly performance reports, investment manager monitoring, and related investment advice. In preparing our performance reports for VCERA, we rely on the accuracy of the financial data provided to us by the fund's custodian, State Street.

Sincerely,

Kevin Vandolder, CFA
Principal

Outline of Investment Policies

GENERAL. The Board establishes this investment policy in accordance with the provisions of the County Employees' Retirement Law of 1937 (Government code Sections 31450 et. seq.). VCERA is considered a separate entity and is administered by a Board consisting of nine members, plus two alternates. VCERA's Board and its officers and employees shall discharge their duties as provided for in Government Code Section 31595:

- solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system
- with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims
- shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so

VCERA's assets are managed on a total return basis. While VCERA recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns in the long run.

External professional investment firms manage VCERA's assets. VCERA's staff, along with the investment consultants, monitors manager activity and assists the Board with the implementation of investment policies and strategies.

ASSET ALLOCATION POLICY. VCERA has a long-term investment horizon, and utilizes an asset allocation, which encompasses a strategic long-term perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of VCERA's investment performance.

Effective February 27, 2006, the Board adopted a new asset allocation plan that was predicated on a number of factors including:

A) The actuarially projected liabilities and benefit payments and the cost to both covered employees and employers.

B) Historical and long-term capital market risk and return behavior.

C) The perception of future economic conditions, including inflation and interest rate levels.

D) The relationship between current and projected assets of the Plan and its actuarial requirements.

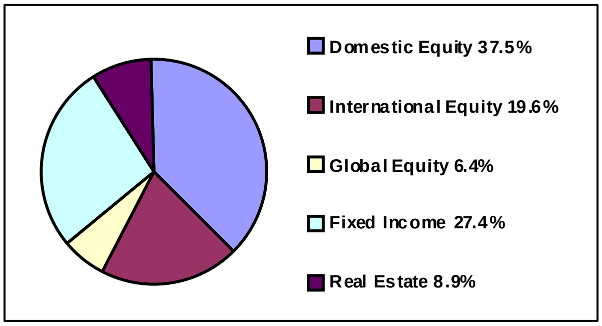
A systematic rebalancing procedure, implemented annually, is used to maintain asset allocations within appropriate ranges.

PROXIES. Voting of proxies held by VCERA shall be done in a manner that is in the best financial and economic interests of VCERA, and its beneficiaries.

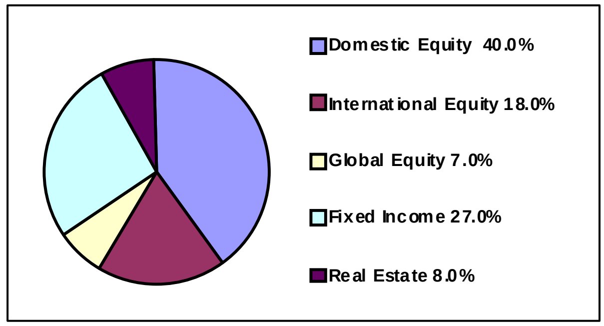
Target Versus Actual Asset Allocation

Asset Allocation

2008 VCERA Asset Allocation



Target Asset Allocation



The 2008 Actual Asset Allocation is based upon the Investment Summary following.

List of Investment Professionals

Investment Managers

Domestic Equity	International Equity	Global Equity
Barclays Global Investors Western Asset US Index Plus	Capital Guardian Trust Company Sprucegrove Investment Management Barclays ACWIXUS	Grantham, Mayo, Van Otterloo & Co. Acadian Asset Management

Fixed Income

Barclays Global Investors
Loomis Sayles & Company
Reams Asset Management
Western Asset Management

Real Estate

Guggenheim Real Estate
Prudential Real Estate Investors
UBS Realty Investors
RREEF America III

Investment Consultant	Cash Overlay
EnnisKnupp & Associates	The Clifton Group

Investment Summary

EQUITY

DOMESTIC	MARKET VALUE AS OF JUNE 30, 2008	PERCENTAGE OF TOTAL MARKET VALUE
Barclay's Wilshire 5000	$ 972,917,462	33.9%
Western Asset Management Index Plus	81,669,312	2.8%
Barclay's Extended Equity Index	21,736,864	0.8%
TOTAL DOMESTIC EQUITY	**1,076,323,638**	**37.5%**
INTERNATIONAL		
Capital Guardian Trust Company	147,431,939	5.1%
Sprucegrove Investment Management	136,350,876	4.8%
Barclay's ACWI EX US IMI	279,374,851	9.7%
TOTAL INTERNATIONAL EQUITY	**563,157,666**	**19.6%**
GLOBAL		
Grantham, Mayo, Van Otterloo & Company	92,866,174	3.2%
Acadian Asset Management	91,066,636	3.2%
TOTAL GLOBAL EQUITY	**183,932,810**	**6.4%**
TOTAL EQUITY	**1,823,414,114**	**63.5%**
FIXED INCOME		
Barclay's Debt Index	144,139,434	5.0%
Loomis Sayles & Company	81,934,281	2.8%
Reams Asset Management	268,662,720	9.4%
Western Asset Management	292,640,608	10.2%
TOTAL FIXED INCOME	**787,377,043**	**27.4%**
REAL ESTATE		
Guggenheim Real Estate	29,598,268	1.0%
Prudential Real Estate Investors	95,097,789	3.3%
UBS Realty Investors	106,392,108	3.7%
RREEF America III	24,899,425	0.9%
TOTAL REAL ESTATE	**255,987,590**	**8.9%**
OVERLAY STRATEGIES		
The Clifton Group	4,585,353	0.2%
TOTAL OVERLAY STRATEGIES	**4,585,353**	**0.2%**
TOTAL FAIR VALUE	**$2,871,364,100**	**100.0%**

Schedule of Investment Results

INVESTMENT RETURNS

	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	-16.1%	3.0%	7.3%
Benchmark: Dow Jones Wilshire 5000	-12.5%	4.9%	8.5%
Domestic Fixed Income	5.4%	4.0%	4.2%
Benchmark: Lehman Bros. Aggr.	7.1%	4.1%	3.9%
International Equity	-9.1%	14.1%	17.2%
Benchmark: MSCI ACWXUS	-6.6%	15.7%	18.9%
Global Equity	-8.6%	9.4%	N/A
Benchmark: MSCI ACWI	-9.3%	10.7%	N/A
Real Estate	3.6%	12.7%	13.1%
Benchmark: NCREIF OPEN END FUND INDEX	7.9%	14.1%	14.2%
TOTAL FUND	-6.7%	6.2%	8.8%
VCERA Policy*	-4.7%	7.1%	9.2%

* 40% Dow Jones Wilshire 5000, 18% MSCI ACWEXUS Index, 7% MSCI All Country World Index, 27% Lehman Brothers Aggregate, 8% NCREIF Open End Fund Index

The Annual Returns were prepared using time-weighted rate of return based on the market rate of return.

Largest Stock Holdings

AS OF JUNE 30, 2008

	UNITS	FUND NAME	FAIR VALUE
1	13,092,240	BGI U.S. EQUITY MARKET FUND	$972,917,462
2	26,820,318	BGI ACWI EXUS IMI INDEX FUND	279,374,851
3	1,388,031	CAPITAL GUARDIAN GROUP TRUST	147,431,939
4	2,974,833	SPRUCEGROVE INVESTMENT MANAGEMENT GROUP TRUST	136,350,876
5	5,114,623	GRANTHAM MAYO VAN OTTERLOO (GMO) GROUP TRUST	92,866,174
6	71,079	ACADIAN ASSET MANAGEMENT GROUP TRUST	91,066,636
7	303,298	WESTERN ASSET MANAGEMENT INDEX PLUS	81,669,312
8	97,274,883	BGI EXTENDED EQUITY MARKET FUND	21,736,864
TOTAL STOCK HOLDINGS			**$1,823,414,114**

All VCERA equity investments at June 30, 2008 were held in index funds and commingled investment vehicles.

Largest Bond Holdings

AS OF JUNE 30, 2008

	PAR	BONDS	FAIR VALUE
1	36,740,000	FNMA Jul30 Single Family 4.5% Rating AAA	$34,041,906
2	21,700,000	FNMA Jul30 Single Family 5.0% Rating AAA	20,793,007
3	17,900,000	GNMA Aug30 Single Family 5.0% Rating AAA	17,298,671
4	13,590,000	GNMA Aug30 Single Family 5.5% Rating AAA	13,476,396
5	10,608,000	GNMA Aug30 Single Family 6.0% Rating AAA	10,806,825
6	7,645,000	FNMA Aug30 Single Family 6.0% Rating AAA	7,690,392
7	6,161,595	US Treasury Bonds Infl Indexed 3.625% Due 4/15/2028 Rating AAA	7,664,447
8	7,465,000	FNMA Jul30 Single Family 5.5% Rating AAA	7,355,358
9	4,700,000	Fed Home Loan PC Pool 6.077% Due 10/1/2037 Rating AAA	4,499,412
10	4,700,000	FNMA Aug30 Single Family 5.0% Rating AAA	4,493,641
TOTAL LARGEST BOND HOLDINGS			**$128,120,055**

A complete list of portfolio holdings is available upon request.

Schedule of Investment Management Fees
For the Years Ended June 30, 2008 and 2007

INVESTMENT ACTIVITY	2008	2007
EQUITY MANAGERS		
DOMESTIC		
BARCLAYS GLOBAL INVESTORS	$ 111,886	$ 109,116
DELTA ASSET MANAGEMENT	417,325	569,706
LSV ASSET MANAGEMENT	481,095	590,342
WASATCH ADVISORS	659,777	501,529
WESTERN ASSET INDEX PLUS	179,607	16,120
TOTAL	**1,849,690**	**1,786,813**
INTERNATIONAL/GLOBAL		
ACADIAN ASSET MANAGEMENT	53,290	0
BARCLAYS GLOBAL INVESTORS	196,909	42,838
CAPITAL GUARDIAN TRUST COMPANY	768,360	1,171,706
SPRUCEGROVE INVESTMENT MANAGEMENT	610,535	616,337
WELLINGTON TRUST COMPANY	460,498	461,390
TOTAL	**2,089,592**	**2,292,271**
FIXED INCOME MANAGERS		
DOMESTIC		
BARCLAYS GLOBAL INVESTORS	55,182	100,966
LOOMIS SAYLES & COMPANY	328,079	308,962
REAMS ASSET MANAGEMENT	518,085	459,807
WESTERN ASSET MANAGEMENT	626,858	583,101
TOTAL	**1,528,204**	**1,452,836**
REAL ESTATE		
GUGGENHEIM REAL ESTATE INVESTORS	251,077	291,595
PRUDENTIAL REAL ESTATE INVESTORS	717,079	681,051
RREEF AMERICA III	217,440	0
UBS REALTY INVESTORS	1,073,668	857,162
TOTAL	**2,259,264**	**1,829,808**
OVERLAY STRATEGIES		
THE CLIFTON GROUP	11,614	0
TOTAL	**11,614**	**0**
OTHER INVESTMENT EXPENSES		
INVESTMENT CONSULTANT	215,500	209,500
CUSTODIAN	96,816	95,000
TOTAL	**312,316**	**304,500**
TOTAL INVESTMENT MANAGEMENT FEES	**$ 8,050,680**	**$ 7,666,228**

Schedule of Commissions
For the Year Ended June 30, 2008

Brokerage Firm	Shares Traded	Total Commission	Commission Per Share
Arcadia Securities, LLC	2,500	$ 100	$ 0.04000
Avondale Partners, LLC	6,215	248	0.04000
B Riley & Co, Inc.	3,400	68	0.02000
Baird, Robert W & Company, Inc.	39,986	1,290	0.03025
Banc of America Securities, LLC	20,399	777	0.03813
Baypoint Trading, LLC	2,325	69	0.03000
Bear Stearns & Co, LLC	213,575	9,150	0.04284
Bloomberg Tradebook, LLC	122,023	4,880	0.04000
BNY Brokerage, Inc.	54,900	2,001	0.03645
BNY Convergex, LJR	55,634	2,125	0.03821
B-Trade Services, LLC	107,093	4,238	0.03958
Canaccord Adams, Inc.	21,879	875	0.04000
Cantor Fitzgerald & Co.	40,688	1,220	0.03000
Capital Institutional Services, Inc.	106,863	4,685	0.04385
CIBC World Markets Corp.	14,750	589	0.03993
Citigroup Global Markets, Inc.	407,600	11,406	0.02798
Collins Stewart, Inc.	2,312	92	0.04000
Cowen & Co., LLC	8,040	321	0.04000
Craig – Hallum	16,768	670	0.04000
Credit Suisse Securities (USA), LLC	637,307	10,637	0.01669
Deutsche Bank Securities, Inc.	34,801	1,392	0.04000
E*Trade Securities, Inc.	2,080	62	0.03000
Edwards, A.G. & Sons, Inc.	6,995	279	0.04000
Ferris Baker Watts, Inc.	47,042	1,881	0.04000
First Clearing, LLC	8,665	346	0.04000
Fox Pitt Kelton, Inc.	5,627	225	0.04000
Friedman Billings & Ramsey	28,055	1,122	0.04000
Futuretrade Securities, LLC	54,379	326	0.00600
Goldman Sachs & Co.	64,699	2,769	0.04280
Goldman Sachs Execution & Clearing	19,000	190	0.01000
Instinet	130,914	5,199	0.03972
Investment Technology Group, Inc.	2,824,125	47,104	0.01668
J P Morgan Securities, Inc.	175,540	7,410	0.04222
Janney Montgomery, Scott Inc.	580	23	0.04000
Jefferies & Company, Inc.	281,182	6,188	0.02201
JMP Securities	18,691	747	0.04000
Jones Trading Institutional Services, LLC	44,902	1,744	0.03884
Keefe Bruyette & Woods, Inc.	47,766	1,910	0.04000
King, CL & Associates, Inc.	12,255	490	0.04000

Schedule of Commissions
For the Year Ended June 30, 2008

Brokerage Firm	Shares Traded	Total Commission	Commission Per Share
Knight Securities	102,145	$ 3,657	$ 0.03581
La Branche Financial	6,100	282	0.04623
Leerink Swann & Company	54,140	2,165	0.04000
Lehman Brothers, Inc.	59,940	2,422	0.04041
Liquidnet, Inc.	1,593,323	51,384	0.03225
Longbow Securities, LLC	4800	240	0.05000
Lynch Jones & Ryan, Inc.	615,955	19,635	0.03188
MacQuarie Securities (USA) Inc.	1,230	49	0.04000
Merrill Lynch Professional Clearing Corporation	22,635	679	0.03000
Merrill Lynch, Pierce, Fenner & Smith, Inc.	509,931	11,682	0.02291
Midwest Research Securities	93,450	4,208	0.04503
Montgomery & Company, LLC	7,460	298	0.04000
Morgan Keegan & Co, Inc.	31,609	1,264	0.04000
Morgan Stanley Co., Inc.	20,720	200	0.00970
National Financial Services Corp.	7,700	385	0.05000
Needham & Company	78,743	3,147	0.03998
Noble International Investments, Inc.	11,505	172	0.01500
NYFIX Transaction Services	9,900	198	0.02000
Oppenheimer & Co., Inc. (Broker #00571)	3,405	136	0.04000
Oppenheimer & Co., Inc. (Broker #60784)	7,550	302	0.04000
Pacific Crest Securities	10,807	440	0.04073
Pacific Growth Equities, LLC	2,025	81	0.04000
PCS Securities, Inc.	12,150	486	0.04000
Pipeline Trading Systems, LLC	11,855	237	0.02000
Piper Jaffray	125,026	5,001	0.04000
Pulse Trading, LLC	835	8	0.01000
Raymond James & Associates	10,005	400	0.04000
Raymond James & Associates, Inc.	8,975	359	0.04000
RBC Capital Markets	4,320	172	0.04000
Roth Capital Partners, LLC	362	14	0.04000
Sandler O'Neill & Partners, LLP	1,080	43	0.04000
Sanford C. Bernstein Co., LLC	62,700	2,736	0.04364
Scott & Stringfellow, Inc.	7,985	319	0.04000
Sidoti & Company, LLC	18,438	737	0.04000
Stanford Group Company	11,552	346	0.03000
State Street Brokerage Services	23,108	783	0.03390
Stephens, Inc.	14,190	567	0.04000
Sterne, Agee & Leach, Inc.	1,790	53	0.03000
Stifel Nicolaus & Co, Inc.	26,320	1,052	0.04000

Schedule of Commissions
For the Year Ended June 30, 2008

BROKERAGE FIRM	SHARES TRADED	TOTAL COMMISSION	COMMISSION PER SHARE
Suntrust Capital Markets, Inc.	62,376	$ 2,495	$ 0.04000
Thinkequity Partners, LLC	21,080	843	0.04000
Thomas Weisel Partners, LLC	290,312	11,180	0.03851
UBS Securities, LLC	138,825	4,085	0.02943
Wachovia Capital Markets, LLC	42,543	1,725	0.04056
Wedbush Morgan Securities, Inc.	16,708	668	0.04000
Weeden & Co.	67,589	1,526	0.02259
Wien Securities Corp.	1,605	21	0.01364
William Blair & Company, LLC	73,795	2,951	0.04000
GRAND TOTAL	**10,002,152**	**$ 276,714**	**$ 0.02767**

ACTUARIAL

SEGAL

THE SEGAL COMPANY
120 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 F 415.263.8290 www.segalco.com

VIA E-MAIL AND USPS

December 3, 2008

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue
Ventura, CA 93003-6572

Dear Members of the Board:

The Segal Company prepared the June 30, 2008 actuarial valuation of the Ventura County Employees' Retirement Association (VCERA). We certify that the Retirement Association 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.

As part of the June 30, 2008 actuarial valuation, The Segal Company (Segal) received participant data from the Association's staff. This information has not been audited by us, but it has been reviewed and found to be reasonable, both internally and with prior year's information. Enclosed are summaries of the employee data used in performing the actuarial valuations over the past several years. We did not audit the Association's financial statements. 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 ten semi-annual accounting periods.

One of the general goals of an actuarial valuation is to establish contribution rates which fully fund the Association's liabilities and which, as a percentage of payroll, remain as level as possible for each generation of active members. 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 any unfunded actuarial accrued liability (UAAL). Actuarial gains and losses are incorporated into the UAAL and are amortized over the same period.

Board of Retirement
Ventura County Employees' Retirement Association
December 3, 2008
Page 2

Components of the UAAL are amortized as level percentage of payrolls over a 15-year period. Future components of the UAAL will be amortized over separate 15-year periods. The progress being made towards meeting the funding objective through June 30, 2008 is illustrated in the Actuarial Solvency Test.

For the Financial Section of the Comprehensive Annual Financial Report, Segal provided the trend data shown in the Required Supplementary Information. The schedules presented in the Actuarial Section have also been prepared and/or reviewed by our firm.

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on our recommendations following the June 30, 2005 Experience Analysis. It is our opinion that the assumptions used in the June 30, 2008 valuation produce results which, in the aggregate, reflect the future experience of the Plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The next experience analysis is due to be performed as of June 30, 2008.

Sincerely,

Paul Angelo, FSA, EA, MAAA, FCA
Senior Vice President and Actuary

John Monroe, ASA, EA, MAAA
Vice President and Associate Actuary

ST/kek

5017674v1/05325.001

Summary of Actuarial Assumptions and Methods as of June 30, 2008

ACTUARIAL ASSUMPTIONS AND METHODS. Recommended by the Actuary and adopted by the Board of Retirement.

ACTUARIAL COST METHOD. Entry age normal

ACTUARIAL ASSET VALUATION METHOD. Five-year smoothing of fair value.

AMORTIZATION OF GAINS AND LOSSES. Experience gains and losses are amortized over the same period as the unfunded actuarial accrued liability (surplus).

INVESTMENT RATE OF RETURN. 8.00% per annum; 4.25% real rate of return and 3.75% inflation.

PROJECTED SALARY INCREASES. 5.00% – 11.25% varying by service. Includes inflation at 3.75%, "across the board" increases of .50% plus merit and longevity increases.

TERMINATIONS OF EMPLOYMENT RATES. 0% to 21.0%

COST-OF-LIVING ADJUSTMENTS. 0% to 3% for General Tier 1 and Safety members tied to the change in Consumer Price Index. 2% cost-of-living for eligible General Tier 2 members financed through employee contributions.

EXPECTATION OF LIFE AFTER RETIREMENT. 1994 Group Annuity Mortality Table set forward one year.

EXPECTATION OF LIFE AFTER DISABILITY. 1994 Group Annuity Mortality Table set forward seven years.

DATE OF ADOPTION. January 22, 2007

Active Member Valuation Data

Fiscal year Ended June 30	Number	Annual Salary	Average Annual Salary	% Increase in Average Salary	Age	Service
2003						
General	6,210	$336,691,528	$54,218	8.60%	44.8	9.1
Safety	1,507	119,097,880	79,030	1.20%	39.3	12.0
Total	7,717	$455,789,408	$59,063	8.60%	43.7	9.6
2004						
General	6,088	$347,489,440	$57,078	5.28%	45.2	9.3
Safety	1,538	128,444,908	83,514	5.67%	39.9	12.4
Total	7,626	$475,934,348	$62,409	5.67%	44.1	9.9
2005						
General	5,753	$347,232,675	$60,357	5.75%	45.7	9.7
Safety	1,492	130,820,053	87,681	5.00%	40.3	12.9
Total	7,245	$478,052,728	$65,984	5.73%	44.6	10.4
2006						
General	5,902	$379,143,257	$64,240	6.43%	45.5	9.5
Safety	1,501	140,001,403	93,272	6.38%	40.0	12.8
Total	7,403	$519,144,660	$70,126	6.28%	44.4	10.2
2007						
General	6,130	$404,122,312	$65,925	2.62%	45.5	9.4
Safety	1,523	147,845,787	97,075	4.07%	40.0	12.9
Total	7,653	$551,968,099	$72,124	2.85%	44.4	10.1
2008						
General	6,378	$439,929,857	$68,976	4.62%	45.4	9.4
Safety	1,550	159,243,261	102,738	5.83%	40.1	12.9
Total	7,928	$599,173,118	$75,577	4.79%	44.4	10.1

Schedule of Retirees and Beneficiaries Added to and Removed from the Rolls

Fiscal Year Ended June 30	Beg FY Number On The Rolls	Beg FY Amount Of Annual Allowance	Number Added To The Rolls	Amount of Allowance Added To The Rolls	Number Removed From The Rolls	Amount of Allowance Removed From Rolls	Number Fiscal Year End	Annual Retiree Payroll for Fiscal Year	Per Cent Increase Retiree Payroll	Amount Of Average Annual Allowance
2003	3,687	$ 80,958,477	253	$20,899,120	83	$6,856,233	3,857	$ 95,001,364	17.35%	$ 24,631
2004	3,857	95,001,364	263	9,230,579	89	3,123,656	4,031	101,108,287	6.43%	25,083
2005	4,031	101,108,287	382	11,643,357	99	3,017,519	4,314	109,734,125	8.53%	25,437
2006	4,314	109,734,125	366	16,430,957	110	4,938,266	4,570	121,226,816	10.47%	26,527
2007	4,570	121,226,816	300	16,471,664	100	5,490,555	4,770	132,207,925	9.06%	27,717
2008	4,770	132,207,925	300	16,101,840	156	5,640,711	4,914	142,669,054	7.91%	29,033

Actuarial Analysis of Financial Experience
(Amounts in Thousands)

	2008	2007	2006	2005	2004	2003
Prior Valuation Unfunded (Excess Funded) Accrued Liability	$376,025	$481,870	$368,676	$323,444	$144,525	$(209,769)
Salary Increases Greater (Less) Than Expected	19,961	(5,589)	28,116	5,431	22,121	25,288
Asset Return (Greater) Less Than Expected	(90,891)	(113,656)	(44,188)	(3,375)	91,451	259,562
Other Experience Factors	(15,047)	13,400	26,476	43,176	65,347	76,596
Change in Actuarial Assumptions	—	—	102,790	—	—	(7,152)
Ending Valuation Unfunded (Excess Funded) Accrued Liability	$290,048	$376,025	$481,870	$368,676	$323,444	$144,525

Actuary Solvency Test
(Amounts in Thousands)

AGGREGATE ACTUARIAL ACCRUED LIABILITIES FOR:

VALUATION DATE	ACTIVE MEMBER CONTRIBUTIONS	RETIRED MEMBER CONTRIBUTIONS	LIABILITY FOR ACTIVE MEMBERS (EMPLOYER FINANCED PORTION)	TOTAL LIABILITIES	ACTUARIAL VALUE OF ASSETS	ACTIVE MEMBER CONTRIBUTIONS	RETIREES AND BENEFICIARIES	ACTIVE MEMBER EMPLOYER FINANCED
6/30/03	$360,234	$958,070	$883,714	$2,202,018	$2,057,493	100%	100%	84%
6/30/04	376,005	1,057,130	960,862	2,393,997	2,070,553	100%	100%	66%
6/30/05	381,911	1,189,870	1,013,116	2,584,905	2,216,229	100%	100%	64%
6/30/06	400,315	1,309,873	1,201,730	2,911,918	2,430,048	100%	100%	60%
6/30/07	431,860	1,391,914	1,288,809	3,112,583	2,736,558	100%	100%	71%
6/30/08	466,332	1,470,874	1,201,730	3,345,804	3,055,756	100%	100%	79%

Summary of Plan Benefits

Summarized below are some of the more significant provisions of the County Employees' Retirement Law of 1937 that are presently applicable to the Ventura County Employees' Retirement Association (VCERA).

MEMBERSHIP.

All permanent employees of the County of Ventura who work a regular schedule of 64 or more hours per bi-weekly pay period become members of VCERA upon appointment. There are separate retirement plans for safety and general member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and probation. All other employees are classified as general members. There are two tiers applicable to general members. Those hired prior to June 30, 1979, are included in Tier I. Those hired after that date are included in Tier II.

VESTING.

A member is fully vested upon accruing five years of retirement service credit under VCERA, or combined service under VCERA and a reciprocal retirement system.

EMPLOYER CONTRIBUTIONS.

The County of Ventura contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from VCERA's actuary after the completion of the annual actuarial valuation.

MEMBER CONTRIBUTIONS.

All members are required to make contributions to VCERA regardless of the retirement plan or tier in which they are included. The contribution rate applicable to the member is applied to total compensation earnable, which consists of base pay and other items of cash remuneration. The employer, as a result of provisions contained in individual collective bargaining agreements, may pay a portion of the member contribution.

Contributions are deducted from the member's bi-weekly payroll check and credited to the member's account. Interest is credited to the member's account semiannually on June 30 and December 31 based upon the total contributions on deposit. Upon separation from service a member may elect a refund of all accumulated contributions and interest credited.

SERVICE RETIREMENT BENEFIT.

Any member with 10 or more years of retirement service credit who has attained the age of 50 is eligible to retire. A member with 30 years of service (20 years for safety) is eligible to retire regardless of age. The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

Summary of Plan Benefits (continued)

Safety member benefits are calculated pursuant to the provisions of California Government Code Section 31664. The monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from section 31664.

General member benefits for Tier I and Tier II are calculated pursuant to the provisions of sections 31676.11 and 31676.1, respectively. The monthly allowance is equal to 1/90th of the first $350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from either section 31676.11 (Tier I) or 31676.1 (Tier II).

The maximum monthly retirement allowance is 100% of final compensation.

Final average compensation consists of the highest 12 consecutive months for a safety or Tier I general member and the highest 36 consecutive months for a Tier II general member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse. An eligible surviving spouse is one married to the member one year prior to the effective retirement date. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse or named beneficiary having an insurable interest in the life of the member.

COST-OF-LIVING.

VCERA provides an annual cost-of-living benefit to safety and Tier I general member retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the Los Angeles, Riverside, Orange County area, is capped at 3.0%.

Certain Tier II general member retirees receive a fixed 2% cost-of-living adjustment pursuant to collective bargaining agreements.

DISABILITY RETIREMENT BENEFITS.

VCERA provides disability retirement benefits for service-connected and nonservice-connected injury or disease. To qualify for a disability retirement the member must be permanently incapacitated for the performance of duty.

A member may be retired with a service-connected disability regardless of years of retirement service credit. The monthly allowance for a service-connected disability retirement is equal to 50% of final compensation, but not less than the member would have received for a regular service retirement, if eligible. Upon the death of a member receiving a service-connected disability allowance, the surviving spouse married to the member at the time of retirement, or eligible minor children, shall receive a 100% continuance of the benefit unless the member elected an optional retirement allowance.

Summary of Plan Benefits (continued)

A member must have a minimum of five years of retirement service credit to qualify for a nonservice-connected disability retirement. The benefit payable for a nonservice-connected disability is equal to 1.8% of final compensation for each year of service not to exceed 1/3rd of final compensation.

ACTIVE MEMBER DEATH BENEFITS.

If the member has less than five years of retirement service credit, the death benefit consists of the member's accumulated retirement contributions, plus one month's salary for each completed year of service.

If the member has completed five years of service, an eligible surviving spouse of minor child(ren) may elect (a) a refund of the member's accumulated contributions, plus one month's salary for each year of completed service to a maximum of six month's salary, (b) a monthly retirement allowance equal to 60% of the earned benefit to an eligible surviving spouse, or (c) a combined benefit consisting of a lump sum payment plus a reduced monthly allowance. If there is no eligible surviving spouse or minor child(ren) the benefit paid to the names beneficiary will be the described in (a) above.

If a member dies in service as the result of a job related injury or illness, an eligible surviving spouse or minor child(ren) would be eligible for a monthly benefit equal to 50% of final compensation.

RETIRED MEMBER DEATH BENEFITS.

If the member retired from service, or with a nonservice-connected disability, the benefit payable to an eligible surviving spouse would be an amount equal to 60% of the member's unmodified retirement allowance. If the member retired with a service-connected disability retirement, the surviving spouse would receive a 100% continuance of the unmodified retirement allowance. If there is no eligible surviving spouse, benefits may be payable to a minor child(ren).

A lump sum death benefit of $5,000 is also payable to the named beneficiary of a deceased retired member.

Probability of Occurrence

General Members - Male

Age Nearest	RATES OF WITHDRAWAL 0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5	Rates of Mortality	Rates of Disability	Rates of Retirement
25	0.2100	0.1300	0.1100	0.0800	0.0800	0.0800	0.0007	0.0002	0.0000
30	0.2100	0.1300	0.1100	0.0800	0.0800	0.0750	0.0008	0.0004	0.0000
35	0.2100	0.1300	0.1100	0.0800	0.0800	0.0566	0.0009	0.0010	0.0000
40	0.2100	0.1300	0.1100	0.0800	0.0800	0.0414	0.0012	0.0017	0.0000
45	0.2100	0.1300	0.1100	0.0800	0.0800	0.0275	0.0017	0.0029	0.0000
50	0.2100	0.1300	0.1100	0.0800	0.0800	0.0135	0.0029	0.0053	0.0400
55	0.2100	0.1300	0.1100	0.0800	0.0800	0.0000	0.0049	0.0080	0.0800
60	0.2100	0.1300	0.1100	0.0800	0.0800	0.0000	0.0090	0.0096	0.1400
65	0.2100	0.1300	0.1100	0.0800	0.0800	0.0000	0.0162	0.0106	0.4000

General Members - Female

Age Nearest	RATES OF WITHDRAWAL 0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5	Rates of Mortality	Rates of Disability	Rates of Retirement
25	0.2100	0.1300	0.1100	0.0800	0.0800	0.0800	0.0003	0.0002	0.0000
30	0.2100	0.1300	0.1100	0.0800	0.0800	0.0750	0.0004	0.0004	0.0000
35	0.2100	0.1300	0.1100	0.0800	0.0800	0.0566	0.0005	0.0010	0.0000
40	0.2100	0.1300	0.1100	0.0800	0.0800	0.0414	0.0008	0.0017	0.0000
45	0.2100	0.1300	0.1100	0.0800	0.0800	0.0275	0.0010	0.0029	0.0000
50	0.2100	0.1300	0.1100	0.0800	0.0800	0.0135	0.0016	0.0053	0.0400
55	0.2100	0.1300	0.1100	0.0800	0.0800	0.0000	0.0026	0.0080	0.0800
60	0.2100	0.1300	0.1100	0.0800	0.0800	0.0000	0.0051	0.0096	0.1400
65	0.2100	0.1300	0.1100	0.0800	0.0800	0.0000	0.0097	0.0106	0.4000

Safety Members

Age Nearest	RATES OF WITHDRAWAL 0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5	Rates of Mortality	Rates of Disability	Rates of Retirement
25	0.0900	0.0700	0.0600	0.0550	0.0500	0.0299	0.0007	0.0011	0.0000
30	0.0900	0.0700	0.0600	0.0550	0.0500	0.0209	0.0008	0.0024	0.0000
35	0.0900	0.0700	0.0600	0.0550	0.0500	0.0150	0.0009	0.0048	0.0000
40	0.0900	0.0700	0.0600	0.0550	0.0500	0.0110	0.0012	0.0084	0.0100
45	0.0900	0.0700	0.0600	0.0550	0.0500	0.0071	0.0017	0.0130	0.0100
50	0.0900	0.0700	0.0600	0.0550	0.0500	0.0000	0.0029	0.0255	0.0200
55	0.0900	0.0700	0.0600	0.0550	0.0500	0.0000	0.0049	0.0520	0.2000
60	0.0900	0.0700	0.0600	0.0550	0.0500	0.0000	0.0090	0.0000	100.00
65	0.0900	0.0700	0.0600	0.0550	0.0500	0.0000	0.0162	0.0000	100.00

STATISTICAL

Changes in Plan Net Assets

	1999	2000	2001	2002	2003
Additions					
Employer Contributions	$4,427,224	$4,622,451	$4,832,769	$5,105,212	$5,384,203
Member Contributions	18,604,256	20,097,455	21,198,220	23,371,959	25,978,659
Net Investment Income	233,211,740	154,912,439	(4,262,139)	(149,932,920)	80,300,150
Total Additions	256,243,220	179,632,345	21,768,850	(121,455,749)	111,663,012
Deductions					
Total Benefit Expenses	56,523,812	64,705,021	71,094,169	80,958,477	95,001,364
Administrative Expense	1,556,217	1,597,300	1,563,950	1,888,140	2,246,186
Member Refunds	2,662,732	3,775,656	2,232,029	2,725,373	2,894,770
Miscellaneous	17,728	113,645	9,133	1,519,987	37,500
Total Deductions	60,760,489	70,191,622	74,899,281	87,091,977	100,179,820
Change In Plan Net Assets	$195,482,731	$109,440,723	($53,130,431)	($208,547,726)	$11,483,192

	2004	2005	2006	2007	2008
Additions					
Employer Contributions	$15,708,139	$58,436,106	$81,683,816	$94,327,697	$112,797,726
Member Contributions	28,895,312	29,351,919	33,334,824	36,727,845	39,611,439
Net Investment Income	318,222,984	206,019,458	241,240,489	461,551,467	(208,518,972)
Total Additions	362,826,435	293,807,483	356,259,129	592,607,009	(56,109,807)
Deductions					
Total Benefit Expenses	101,108,287	109,734,125	121,226,816	132,207,925	142,669,054
Administrative Expense	2,761,869	2,938,884	3,027,674	2,588,705	3,267,594
Member Refunds	3,080,417	3,536,154	4,228,611	3,479,318	3,960,407
Miscellaneous	12,722	0	0	0	20,007
Total Deductions	106,963,295	116,209,163	128,483,101	138,275,948	149,917,062
Change In Plan Net Assets	$255,863,140	$177,598,320	$227,776,028	$454,331,061	($206,026,869)

Benefit Expenses and Refund Deductions by Type

	1999	2000	2001	2002	2003
Service Retiree Payroll					
General	$27,377,265	$30,873,894	$34,502,808	$39,330,811	$45,934,646
Safety	11,454,212	13,176,685	14,486,116	16,578,810	19,725,887
Total	38,831,477	44,050,579	48,988,924	55,909,621	65,660,533
Disability Retiree Payroll					
General	4,652,666	5,809,715	6,490,242	7,385,740	8,549,634
Safety	7,870,599	9,188,413	9,645,388	10,806,904	12,577,060
Total	12,523,265	14,998,128	16,135,630	18,192,644	21,126,694
Survivor Continuances					
General	3,457,201	3,772,231	3,927,614	4,340,057	5,061,588
Safety	1,711,869	1,884,083	2,042,001	2,516,155	3,152,549
Total	5,169,070	5,656,314	5,969,615	6,856,212	8,214,137
Total Retiree Payroll					
General	35,487,132	40,455,840	44,920,664	51,056,608	59,545,868
Safety	21,036,680	24,249,181	26,173,505	29,901,869	35,455,496
TOTAL	$56,523,812	$64,705,021	$71,094,169	$80,958,477	$95,001,364
Member Refunds					
General	$2,359,181	$3,345,231	$1,977,578	$2,414,680	$2,524,486
Safety	303,551	430,425	254,451	310,693	370,284
TOTAL	$2,662,732	$3,775,656	$2,232,029	$2,725,373	$2,894,770

	2004	2005	2006	2007	2008
Service Retiree Payroll					
General	$49,857,118	$54,330,399	$60,586,668	$66,938,627	$72,277,754
Safety	21,186,500	23,606,066	26,027,639	28,472,253	32,145,225
Total	71,043,618	77,936,465	86,614,307	95,410,880	104,422,979
Disability Retiree Payroll					
General	8,930,748	9,213,230	9,334,146	9,448,886	9,113,846
Safety	12,713,783	14,070,060	15,941,360	17,115,428	18,147,418
Total	21,644,531	23,283,290	25,275,506	26,564,314	27,261,264
Survivor Continuances					
General	5,180,998	5,263,144	5,685,323	6,067,275	6,499,663
Safety	3,239,140	3,251,226	3,651,680	4,165,456	4,485,148
Total	8,420,138	8,514,370	9,337,003	10,232,731	10,984,811
Total Retiree Payroll					
General	63,968,864	68,806,773	75,606,137	82,454,788	87,891,263
Safety	37,139,423	40,927,352	45,620,679	49,753,137	54,777,791
TOTAL	$101,108,287	$109,734,125	$121,226,816	$132,207,925	$142,669,054
Member Refunds					
General	$2,691,921	$3,223,771	$3,611,208	$3,203,238	$3,525,896
Safety	388,496	312,383	617,403	276,080	434,511
TOTAL	$3,080,417	$3,536,154	$4,228,611	$3,479,318	$3,960,407

Retired Members by Type of Retirement

	1999	2000	2001	2002	2003
Service					
General	1,910	2,029	2,102	2,203	2,299
Safety	278	289	304	326	346
Total	2,188	2,318	2,406	2,529	2,645
Disability					
General	338	366	400	426	443
Safety	263	272	277	280	292
Total	601	638	677	706	735
Survivors					
General	321	345	349	359	383
Safety	82	86	88	93	94
Total	403	431	437	452	477
Total Retired Members					
General	2,569	2,740	2,851	2,988	3,125
Safety	623	647	669	699	732
Total	3,192	3,387	3,520	3,687	3,857

	2004	2005	2006	2007	2008
Service					
General	2,400	2,596	2,765	2,918	2,992
Safety	385	414	442	477	489
Total	2,785	3,010	3,207	3,395	3,481
Disability					
General	460	468	469	464	457
Safety	299	325	342	351	360
Total	759	793	811	815	817
Survivors					
General	387	408	433	442	479
Safety	100	103	119	118	137
Total	487	511	552	560	616
Total Retired Members					
General	3,247	3,472	3,667	3,824	3,928
Safety	784	842	903	946	986
Total	4,031	4,314	4,570	4,770	4,914

Active and Deferred Members

	1999	2000	2001	2002	2003
Active Vested					
General	3,584	3,607	3,603	3,623	3,509
Safety	832	872	889	891	1,036
Active Nonvested					
General	2,144	2,352	2,632	2,865	2,701
Safety	310	286	300	328	471
Total Active Members					
General	5,728	5,959	6,235	6,488	6,210
Safety	1,142	1,158	1,189	1,219	1,507
Deferred Members					
General	675	721	802	830	1,036
Safety	62	74	85	91	119
TOTAL	7,607	7,912	8,311	8,628	8,872

	2004	2005	2006	2007	2008
Active Vested					
General	3,573	3,650	3,768	3,906	3,970
Safety	1,158	1,172	1,192	1,177	1,188
Active Nonvested					
General	2,515	2,103	2,134	2,224	2,408
Safety	380	320	309	346	362
Total Active Members					
General	6,088	5,753	5,902	6,130	6,378
Safety	1,538	1,492	1,501	1,523	1,550
Deferred Members					
General	1,206	1,538	1,555	1,646	1,762
Safety	145	175	201	218	245
TOTAL	8,977	8,958	9,159	9,517	9,935

Schedule of Average Monthly Benefit Payments 2006-2008

	Years of Credited Service					
	5-9	10-14	15-19	20-24	25-29	30+
Retirees - 2008						
General Members						
Average Monthly Benefit	$ 968	$ 1,445	$ 2,003	$ 3,886	$ 4,010	$ 5,879
Average Final Average Salary	$ 6,221	$ 5,638	$ 5,659	$ 8,256	$ 6,745	$ 7,693
Number of Active Retirees	36	44	35	20	30	14
Safety Members						
Average Monthly Benefit	$ 3,527	$ 4,053	$ 4,672	$ 6,663	$ 8,934	$ 10,340
Average Final Average Salary	$ 9,730	$ 12,444	$ 10,888	$ 11,394	$ 11,897	$ 11,398
Number of Active Retirees	7	5	4	6	10	11
Retirees - 2007						
General Members						
Average Monthly Benefit	$ 961	$ 1,410	$ 1,877	$ 2,533	$ 3,354	$ 6,589
Average Final Average Salary	$ 5,423	$ 5,575	$ 5,856	$ 6,045	$ 5,847	$ 8,961
Number of Active Retirees	34	50	43	35	26	22
Safety Members						
Average Monthly Benefit	$ 2,404	$ 3,149	$ 4,050	$ 6,294	$ 7,964	$ 9,409
Average Final Average Salary	$ 7,670	$ 10,390	$ 7,976	$ 10,438	$ 10,889	$ 10,931
Number of Active Retirees	6	11	2	6	9	7
Retirees - 2006						
General Members						
Average Monthly Benefit	$ 909	$ 1,376	$ 1,574	$ 3,033	$ 4,255	$ 6,239
Average Final Average Salary	$ 5,121	$ 5,239	$ 5,337	$ 9,703	$ 7,186	$ 8,679
Number of Active Retirees	28	55	33	31	24	26
Safety Members						
Average Monthly Benefit	$ 3,417	$ 2,919	$ 4,935	$ 4,044	$ 6,377	$ 9,037
Average Final Average Salary	$ 7,716	$ 10,390	$ 10,338	$ 9,976	$ 8,910	$ 10,256
Number of Active Retirees	5	11	8	10	11	14

Schedule of Average Monthly Benefit Payments
1999-2005

	1999	2000	2001	2002	2003
General Members					
Service Retirements	$1,195	$1,268	$1,368	$1,488	$1,665
Disability Retirements	$1,194	$1,323	$1,352	$1,445	$1,608
Survivor Continuances	$851	$911	$938	$1,007	$1,101
Number General Retirees	2,248	2,395	2,502	2,629	2,742
Number General Continuances	321	345	349	359	383
Safety Members					
Service Retirements	$3,434	$3,800	$3,971	$4,238	$4,751
Disability Retirements	$2,412	$2,815	$2,902	$3,216	$3,589
Survivor Continuances	$1,683	$1,826	$1,934	$2,255	$2,795
Number Safety Retirees	541	561	581	606	638
Number Safety Continuances	82	86	88	93	94

	2004	2005
General Members		
Service Retirements	$1,731	$1,744
Disability Retirements	$1,618	$1,641
Survivor Continuances	$1,116	$1,075
Number General Retirees	2,860	3,064
Number General Continuances	387	408
Safety Members		
Service Retirements	$4,586	$4,752
Disability Retirements	$3,543	$3,608
Survivor Continuances	$2,699	$2,630
Number Safety Retirees	684	739
Number Safety Continuances	100	103

Participating Employers/Active Members

	1999	2000	2001	2002	2003
County of Ventura					
General Members	5,664	5,894	6,166	6,416	6,142
Safety Members	1,142	1,158	1,189	1,219	1,507
Total	6,806	7,052	7,355	7,635	7,649
Participating Agencies (General Membership)					
Ventura Regional Sanitation District	64	65	69	72	68
Total	64	65	69	72	68
Total Active Membership					
General Members	5,728	5,959	6,235	6,488	6,210
Safety Members	1,142	1,158	1,189	1,219	1,507
Total	6,870	7,117	7,424	7,707	7,717

	2004	2005	2006	2007	2008
County of Ventura					
General Members	6,018	5,688	5,836	6,066	5,932
Safety Members	1,538	1,492	1,501	1,523	1,550
Total	7,556	7,180	7,337	7,589	7,482
Participating Agencies (General Membership)					
Ventura Regional Sanitation District	70	65	66	64	65
Courts	0	0	0	0	381
Total	70	65	66	64	446
Total Active Membership					
General Members	6,088	5,753	5,902	6,130	6,378
Safety Members	1,538	1,492	1,501	1,523	1,550
Total	7,626	7,245	7,403	7,653	7,928

Employer Contribution Rates

	County			Districts		
	Tier 1	Tier 2	Safety	Tier 1	Tier 2	Safety
1999	0.00%	1.31%	3.58%	0.00%	1.31%	N/A
2000	0.00%	1.12%	2.53%	0.00%	1.12%	N/A
2001	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
2002	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
2003	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
2004	0.00%	1.87%	9.40%	0.00%	1.87%	N/A
2005	14.79%	7.73%	28.27%	14.79%	7.73%	N/A
2006	25.27%	8.77%	30.37%	25.27%	8.77%	N/A
2007	32.75%	9.09%	32.01%	32.75%	9.09%	N/A
2008	50.69%	9.61%	35.25%	50.69%	9.61%	N/A