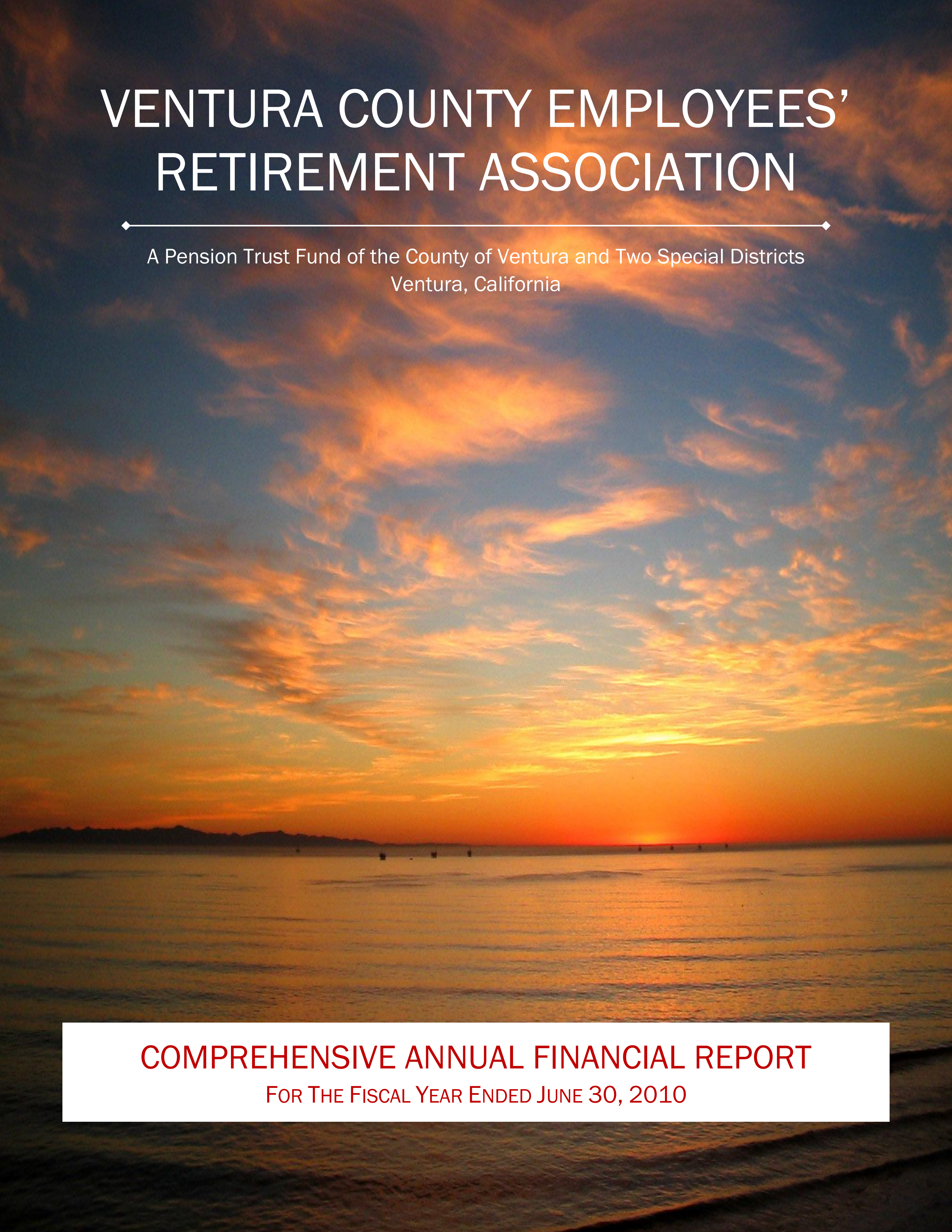
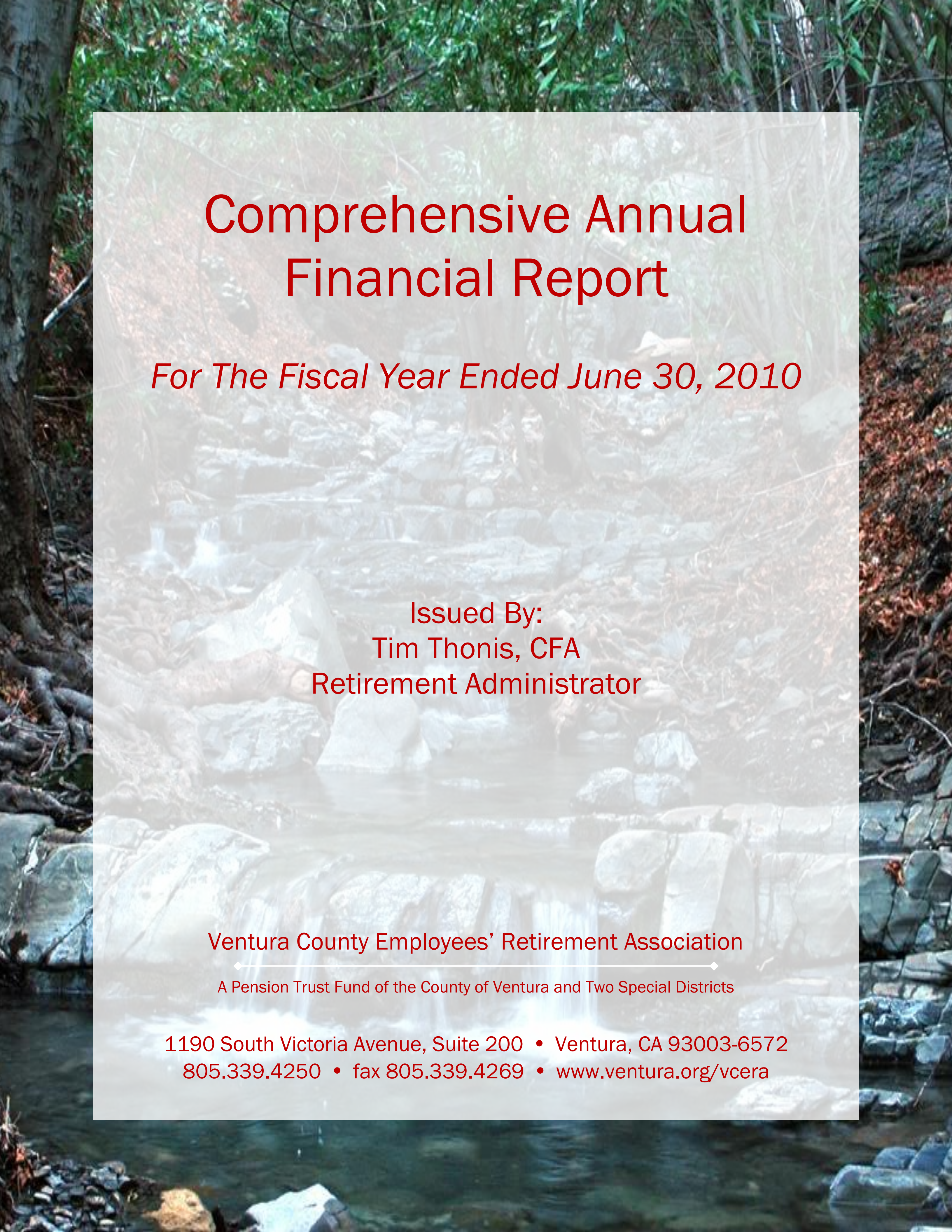


VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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, 2010



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2010

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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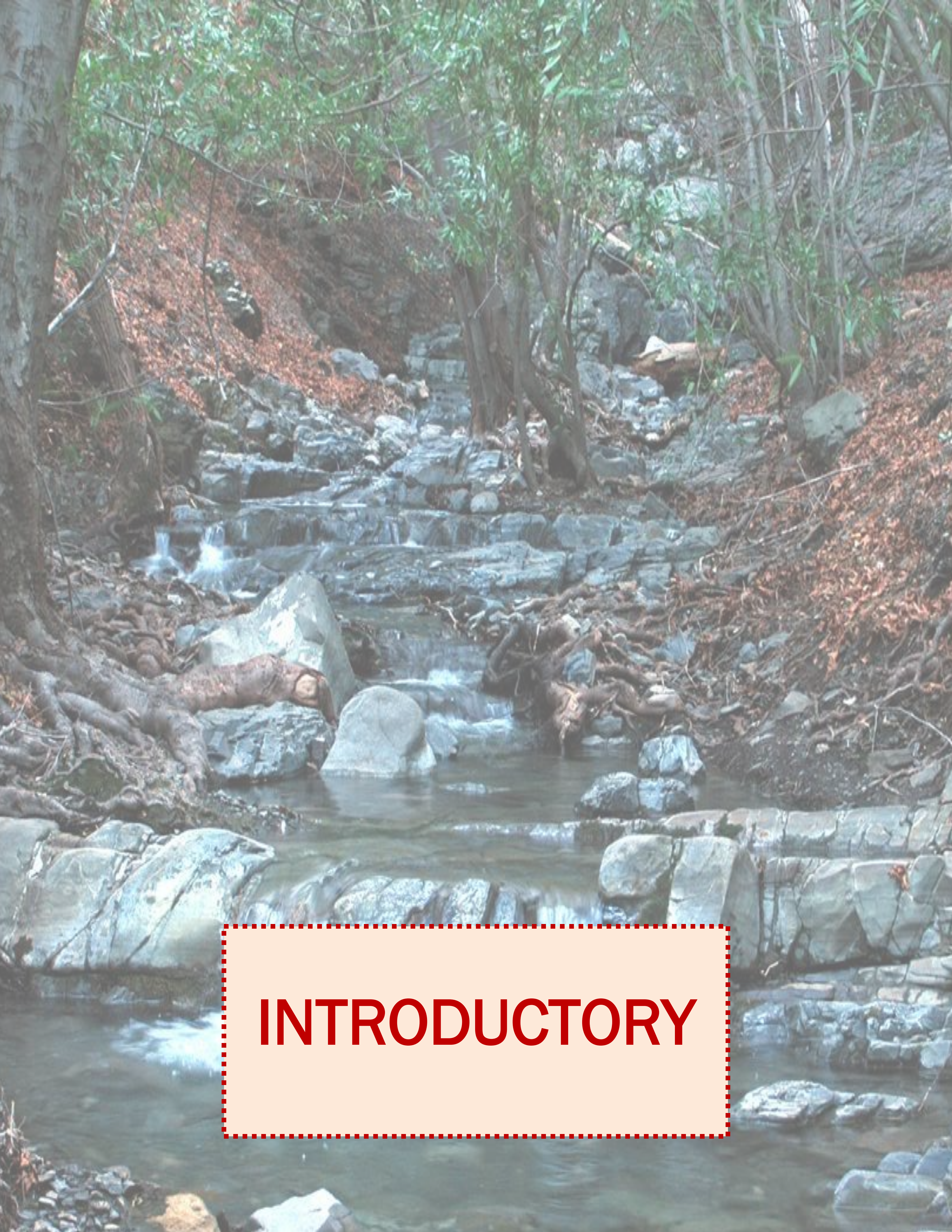


INTRODUCTORY

Letter of Transmittal

VCERA
Ventura County Employees' Retirement Association

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

December 28, 2010

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, 2010, the Association's 63rd 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. Your attention is directed to the Narrative Introduction, Overview and Analysis found in the Management Discussion & Analysis.

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 County Courts and Ventura Regional Sanitation District.

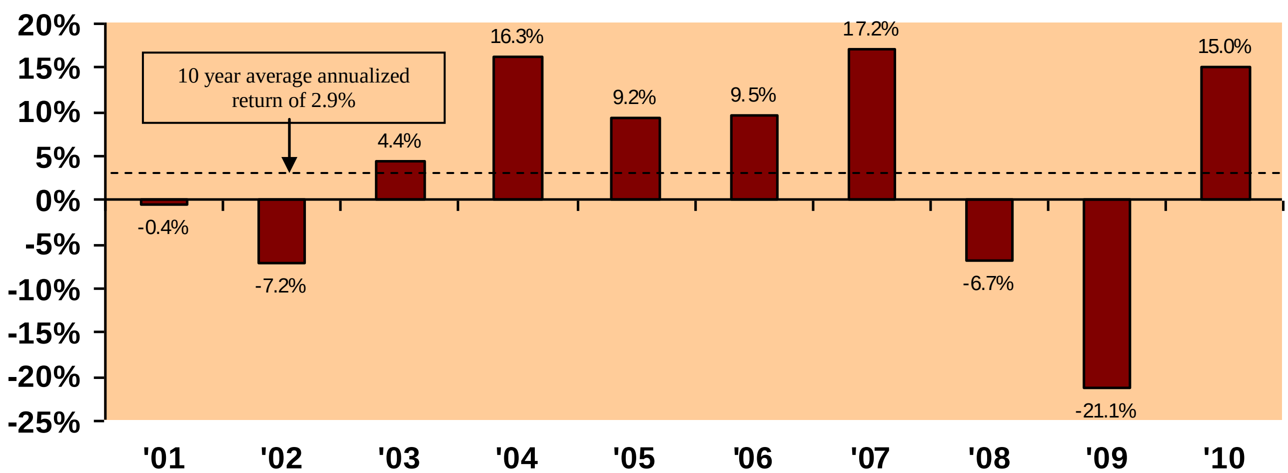
Market Conditions and Investment Results

Major financial markets recovered and rewarded investors in equities and most risk oriented assets during the first three quarters of the fiscal year as company profits were booming, the economy was experiencing modest inflation and interest rates remained low. The credit market was the biggest winner in 2009 following a near catastrophe in 2008 as investors' appetite for risk returned and markets reacted determined to erase the memories of 2008 as an aberration. In the second quarter of 2010, the European turmoil was the principal theme as sovereign debt risks, more specifically, the Greek bailout took hold and investor confidence in a sustainable economic recovery continued to wane. Concerns over continued high unemployment, the housing downturn, and increased government debt all contributed to the retraction in the markets. Despite markets being down in the second quarter, the negative results were not sufficient to offset the gains experienced in the first three quarters of the fiscal year.

For the fiscal year, U.S. equity markets returned 17.7%, international equity markets returned 12.3%, fixed income markets returned 18.1%, while real estate lost (4.2%) due to the continuing problems in the residential and commercial real estate market.

For the years ended June 30, 2010 and 2009, VCERA investments provided a 15.0% and (21.1%) return, respectively. VCERA's annualized return over the last 3 years and 5 years was (5.5%) and 1.7%, respectively.

VCERA's annualized return over the past ten years was 2.9% with the annual returns by year expressed as follows:



Significant Events, Accomplishments and Objectives

The 2009-2010 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:

- Selected vendor for the new Pension Administration System and began project implementation.
- Hired private equity, currency and international managers.
- Completed reorganization plan including the addition of an information technology resource.

Letter of Transmittal (continued)

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

- Evaluate role of fixed income in portfolio.
- Use of real assets as a hedge against inflation based liabilities.
- Continue with implementation of new Pension Administration System.
- Continue with VCERA's ongoing trustee and staff training programs.

FINANCIAL INFORMATION

Management is responsible for preparing retirement system financial statements, notes, supplementary disclosures and establishing and maintaining an adequate internal control structure designed to ensure retirement system assets are protected. VCERA recognizes that even sound internal controls have inherent limitations. Our internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that cost-benefit analyses requires estimates and judgments by management.

Brown Armstrong Accountancy Corporation was retained by the Board to perform the annual audit as of June 30, 2010. 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, 2010, VCERA's value of actuarial assets was approximately $3.1 billion resulting in a funding status of 80.4%. A six-year history of funding progress is presented on page 33.

Annually, VCERA retains an independent actuarial firm to conduct an actuarial valuation. The Segal Company performed the June 30, 2010 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.

The latest triennial investigation was completed as of June 30, 2008, and recommended assumption changes were adopted on July 20, 2009.

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, 2009. 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.

ACKNOWLEDGEMENTS

The preparation of this Comprehensive Annual Financial Report reflects the efforts of Henry Solis, Jennifer Rendon, VCERA staff and consultants who made significant contributions to the preparation of this report.

I would also like to thank our auditor, Brown Armstrong Accountancy Corporation, 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, 2009

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.

President

Executive Director

Members of the Board of Retirement
at June 30, 2010

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, 2011

MEMBERS
Peter C. Foy, County Supervisor, Public Member
Appointed by the Board of Supervisors
Present term expires January 3, 2011

Joseph Henderson, Public Member
Appointed by the Board of Supervisors
Present term expires January 26, 2012

Albert G. Harris, Public Member
Appointed by the Board of Supervisors
Present term expires January 26, 2012

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

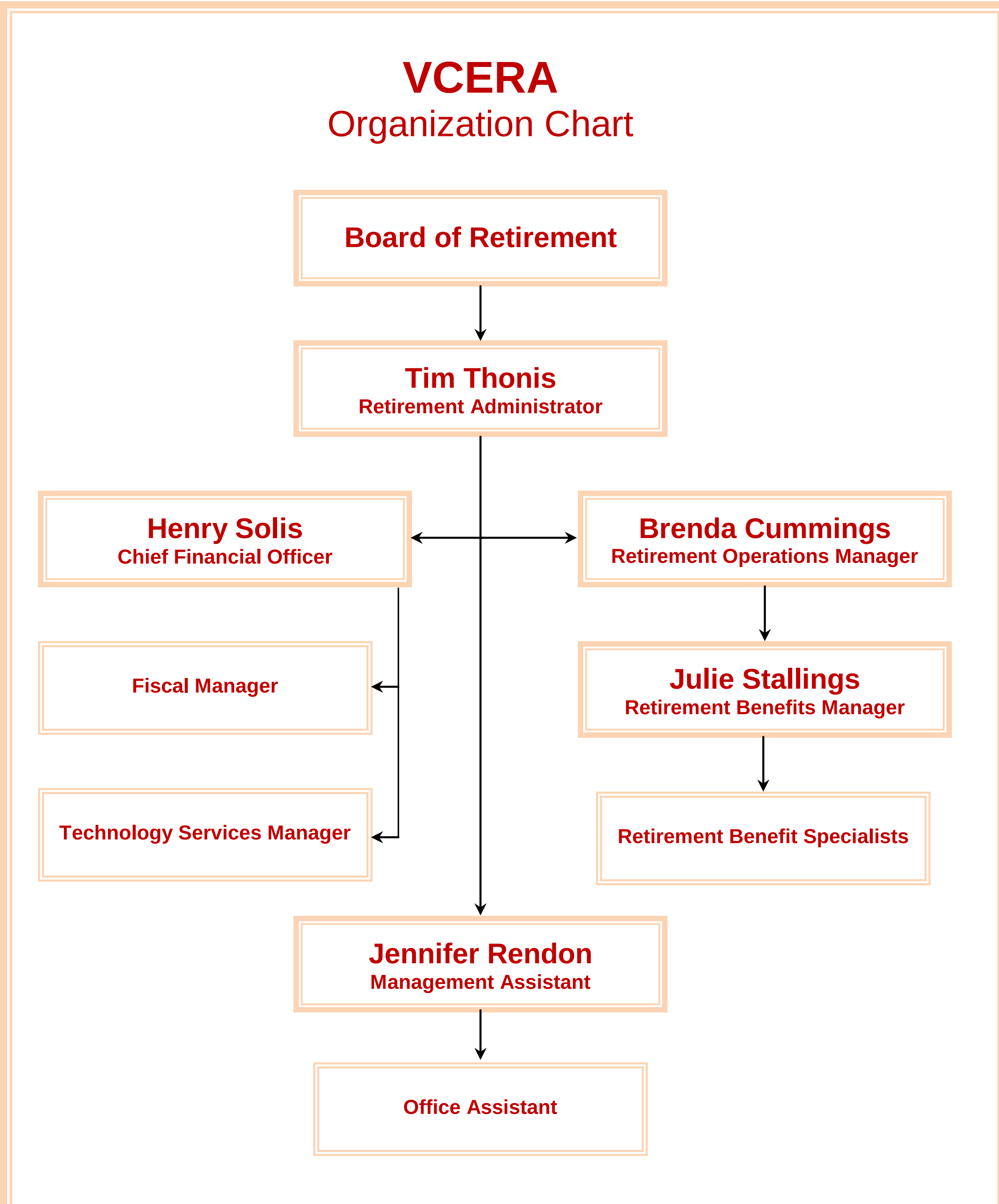
Robert Hansen, Employee Member
Elected by General Members
Present term expires April 5, 2013

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

ALTERNATE MEMBERS
Chris Johnston, 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

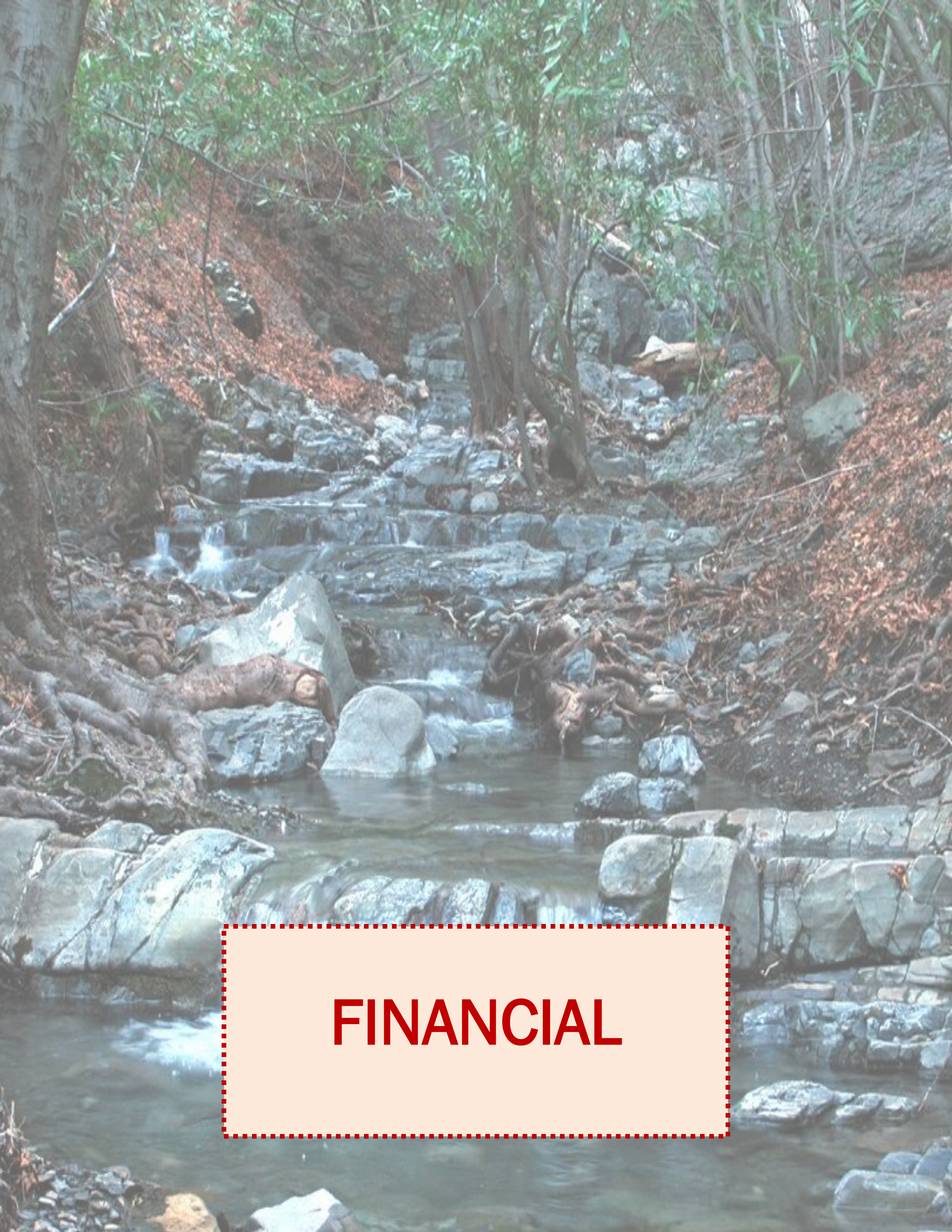
CUSTODIAN
State Street Bank and Trust Company

INDEPENDENT AUDITOR
Brown Armstrong Accountancy Corporation

LEGAL COUNSEL
County Counsel of Ventura County
Manatt, Phelps & Phillips
Foley & Lardner LLP
HansonBridgett

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

List of Investment Professionals is located on Page 42 of the Investment Section of this report.



FINANCIAL

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559.476.3592 Fax 559.476.3593

INDEPENDENT AUDITOR'S REPORT

Board of Retirement
Ventura County Employees' Retirement Association
Ventura, California

We have audited the accompanying Statement of Plan Net Assets of the Ventura County Employees' Retirement Association (VCERA) as of June 30, 2010 and 2009, and the related Statement of Changes in Plan Net Assets for the years then ended. These financial statements are the responsibility of VCERA management. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VCERA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 we discussed in Note 1 to the financial statements, VCERA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of VCERA as of June 30, 2010 and 2009, and its changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of funding progress and employer contributions be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the GASB, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Required Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the 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 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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the 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 28, 2010, on our consideration of VCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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
ACCOUNTANCY CORPORATION

Bakersfield, California
December 28, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following review of the results of Ventura County Employees' Retirement Association's operations and financial condition for the year ended June 30, 2010 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 increased $321.9 million to approximately $2.57 billion for the fiscal year ending June 30, 2010.
- Deductions in Plan Net Assets increased 8.4% to approximately 173.3 million.
- VCERA's funding status, as measured by the actuarial value of assets less the actuarial value of accrued liabilities, decreased to 80.4%.

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

Major global capital markets rebounded and rallied from their early March 2009 lows as a renewed appetite for risk taking helped contribute to the market gains despite concern over continued high unemployment, potential for double dip recession and the European debt crisis. All VCERA asset classes, except real estate, experienced positive results. During the year, the fixed income portfolio outperformed all other VCERA asset classes with a positive return of 18.1%. The domestic equity portfolio gained 17.7% while the international equity portfolio gained 12.3%. The real estate portfolio had a negative return of (4.2%).

VCERA's funded status decreased to 80.4% from 84.3% during the year as the growth in obligations exceeded the return on assets. Management maintains, as supported by the annual actuarial valuations, that VCERA remains in a financial position to meet all obligations to participants and beneficiaries.

Management's Discussion and Analysis (continued)

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 increased 14.4% during the year to approximately $2.6 billion. The increase is attributable to an approximate $342 million increase in the fair value of VCERA's investment portfolio as appreciation in the value of equity and fixed income portfolios caused by market conditions were the contributing factor to the increase in investments. Current Assets increased during the year as cash and accrued assets related to security lending were higher than in the prior year. Total Liabilities increased due to higher obligations to repay securities lending collateral compared to outstanding balance on June 30, 2009, and VCERA had fewer securities payable than the previous year.

($ IN THOUSANDS)	2010	2009	DIFFERENCE	% CHANGE
CURRENT ASSETS	$ 237,292	$ 184,165	$ 53,127	28.8%
INVESTMENTS	2,509,718	2,167,656	342,062	15.8%
TOTAL ASSETS	**2,747,010**	**2,351,821**	**395,189**	**16.8%**
TOTAL LIABILITIES	(177,459)	(104,188)	(73,271)	70.3%
NET ASSETS	**$2,569,551**	**$2,247,633**	**$ 321,918**	**14.3%**

Net Assets have recovered to 89% of the 2008 Net Asset value as the global economic recovery that began in March 2009, continued into early 2010.

	2009	2008	DIFFERENCE	% CHANGE
CURRENT ASSETS	$ 184,165	$ 246,199	$ (62,034)	(25.2%)
INVESTMENTS	2,167,656	2,909,068	(741,412)	(25.5%)
TOTAL ASSETS	**2,351,821**	**3,155,267**	**(803,446)**	**(25.5%)**
TOTAL LIABILITIES	(104,188)	(278,814)	174,626	(62.6%)
NET ASSETS	**$2,247,633**	**$2,876,453**	**$ (628,820)**	**(21.9%)**

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 2010 results showed a 7.2% decrease in employer contributions while employee contributions remain nearly unchanged. Net investment income recovered and added an additional $972 million from 2009 levels as investor confidence returned and rallied the financial markets.

($ IN THOUSANDS)	2010	2009	DIFFERENCE	% CHANGE
EMPLOYER CONTRIBUTIONS	$ 105,703	$ 113,916	$ (8,213)	(7.2%)
EMPLOYEE CONTRIBUTIONS	42,466	42,326	140	0.3%
NET INVESTMENT INCOME	347,087	(625,183)	972,270	155.5%
TOTAL ADDITIONS	**$ 495,256**	**$ (468,941)**	**$ 964,197**	**205.6%**

A comparison of the year ending 2010 period to the 2008 period illustrates the market volatility VCERA experienced over the last three years.

($ IN THOUSANDS)	2009	2008	DIFFERENCE	% CHANGE
EMPLOYER CONTRIBUTIONS	$ 113,916	$ 112,798	$ 1,118	1.0%
EMPLOYEE CONTRIBUTIONS	42,326	39,611	2,715	6.9%
NET INVESTMENT INCOME	(625,183)	(208,519)	(416,664)	(199.8%)
TOTAL ADDITIONS	**$ (468,941)**	**$ (56,110)**	**$ (412,831)**	**(735.8%)**

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 2010. Administrative and legal expenses were greater due primarily with the costs associated with the development of the new Pension Administration System.

($ IN THOUSANDS)	2010	2009	DIFFERENCE	% CHANGE
BENEFIT PAYMENTS	$166,029	$153,089	$ 12,940	8.5%
MEMBER REFUNDS	3,227	3,253	(26)	(0.8%)
ADMINISTRATIVE	4,081	3,536	545	15.4%
TOTAL DEDUCTIONS	**$173,337**	**$159,878**	**$ 13,459**	**8.5%**

($ IN THOUSANDS)	2009	2008	DIFFERENCE	% CHANGE
BENEFIT PAYMENTS	$153,089	$ 142,669	$ 10,420	7.3%
MEMBER REFUNDS	3,253	3,960	(707)	(17.9%)
ADMINISTRATIVE	3,536	3,268	268	8.2%
LEGAL SETTLEMENT	0	20	(20)	N/A
TOTAL DEDUCTIONS	**$159,878**	**$149,917**	**$ 9,961**	**6.6%**

Member refunds remain cyclical and have averaged approximately $3.5 million dollars over the last three years.

VCERA'S FIDUCIARY RESPONSIBILITY

VCERA is a fiduciary for the County of Ventura's, Ventura County Courts 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.

POTENTIALLY CHANGING STANDARDS

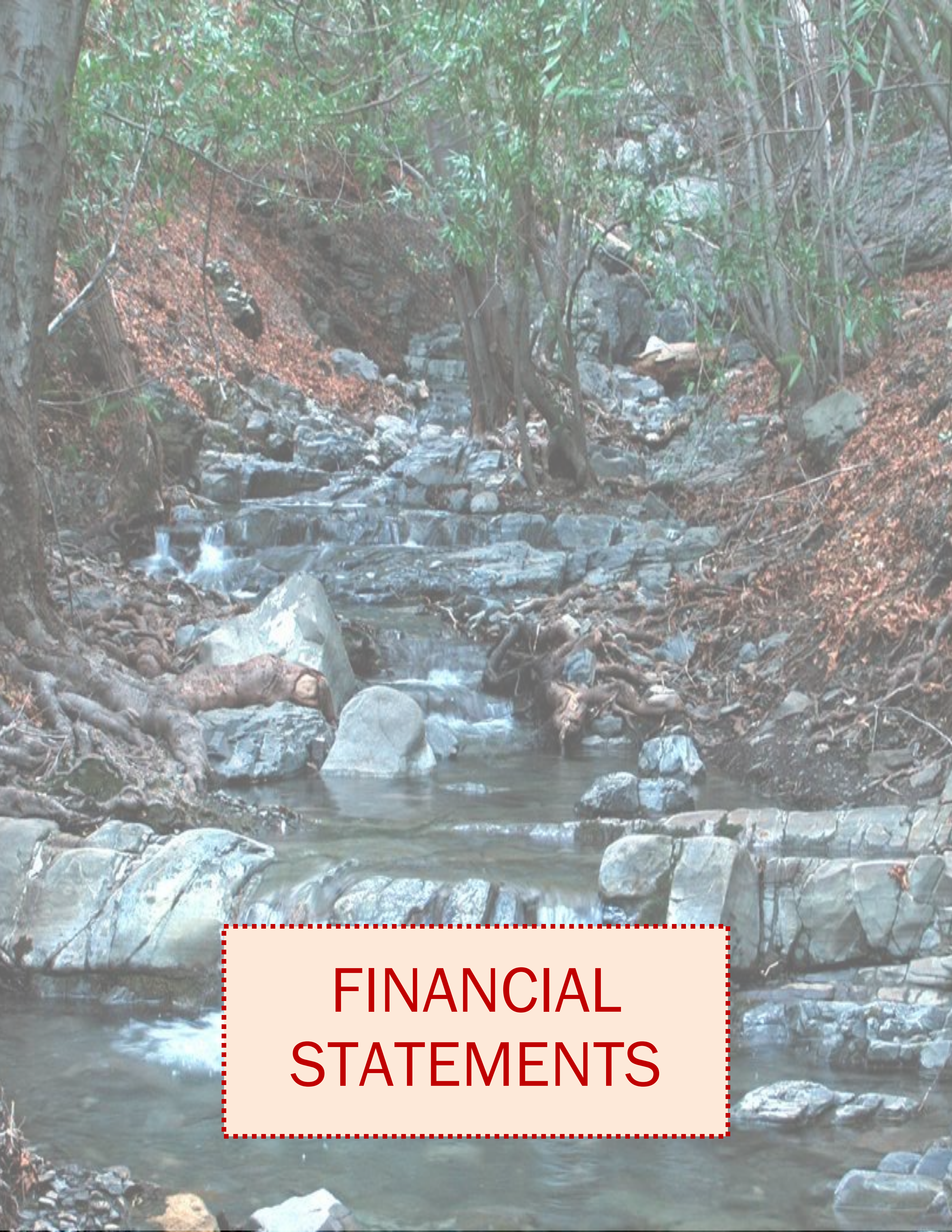
The GASB, which sets generally accepted accounting principles (GAAP) for governments including the VCERA is discussing potentially major changes to the pension accounting and reporting framework. A “preliminary views” document has been released, reflecting the views and positions of the GASB in advance of releasing an exposure draft of standards. The GASB’s preliminary view is that entities like VCERA would solely be responsible for investing plan assets. The unfunded actuarially accrued liability would then be apportioned to our plan sponsors, where the actuarially accrued liability would be presented in their statements of net assets. Though the Board has taken no formal position on the preliminary views of GASB, our professional organizations and management are monitoring these developments very closely and are active in commenting on the proposal.

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,

HENRY SOLIS, CPA
Chief Financial Officer



FINANCIAL STATEMENTS

Statements of Plan Net Assets
June 30, 2010 and 2009

	2010	2009
ASSETS		
CASH AND SHORT TERM INVESTMENTS	**$ 57,584,598**	**$ 64,580,453**
SECURITIES LENDING CASH COLLATERAL	**171,561,750**	**71,474,456**
RECEIVABLES		
EMPLOYER/EMPLOYEE CONTRIBUTIONS	1,652,208	7,196,215
ACCRUED INTEREST AND DIVIDENDS	5,178,129	6,098,978
SECURITY SALES	1,292,222	34,773,703
MISCELLANEOUS	23,360	41,112
TOTAL RECEIVABLES	**8,145,919**	**48,110,008**
INVESTMENTS AT FAIR VALUE		
DOMESTIC EQUITY SECURITIES	61,640,311	34,493,932
DOMESTIC EQUITY INDEX FUNDS	874,419,152	792,201,808
INTERNATIONAL EQUITY SECURITIES	467,427,458	390,947,663
GLOBAL EQUITY	203,866,096	127,986,640
PRIVATE EQUITY	3,882,499	-
UNITED STATES GOVERNMENT DEBT SECURITIES & CORPORATE BONDS	637,167,588	587,320,604
DOMESTIC BOND INDEX FUND	85,299,731	58,561,569
INTERNATIONAL BONDS	19,574,519	14,270,455
REAL ESTATE	156,440,846	161,873,618
TOTAL INVESTMENTS	**2,509,718,200**	**2,167,656,289**
TOTAL ASSETS	**2,747,010,467**	**2,351,821,206**
LIABILITIES		
SECURITY PURCHASES	4,175,431	30,575,063
ACCOUNTS PAYABLE	1,721,431	2,138,670
SECURITIES LENDING	171,561,750	71,474,456
TOTAL LIABILITIES	**177,458,612**	**104,188,189**
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	**$2,569,551,855**	**$2,247,633,017**

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

Statements of Changes in Plan Net Assets
For the Years Ended June 30, 2010 and 2009

	2010	2009
ADDITIONS		
CONTRIBUTIONS		
EMPLOYER - ACTUARIALLY DETERMINED	$97,332,050	$105,277,544
EMPLOYER - OTHER	8,370,879	8,638,240
EMPLOYEE	42,466,182	42,325,754
TOTAL CONTRIBUTIONS	**148,169,111**	**156,241,538**
INVESTMENT INCOME (LOSS)		
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	313,545,000	(673,637,422)
INTEREST INCOME	26,279,656	33,995,753
DIVIDEND INCOME	2,390,084	8,623,685
REAL ESTATE OPERATING INCOME (NET)	10,793,788	11,456,385
INVESTMENT EXPENSE	(6,255,879)	(5,956,085)
NET INVESTMENT INCOME (LOSS), BEFORE SECURITIES LENDING INCOME	**346,752,649**	**(625,517,684)**
SECURITIES LENDING INCOME		
EARNINGS	707,814	891,202
REBATES	(229,870)	(412,904)
FEES	(143,407)	(143,491)
NET SECURITIES LENDING INCOME	**334,537**	**334,807**
NET INVESTMENT INCOME (LOSS)	**347,087,186**	**(625,182,877)**
TOTAL ADDITIONS	**495,256,297**	**(468,941,339)**
DEDUCTIONS		
BENEFIT PAYMENTS	166,028,550	153,088,994
MEMBER REFUNDS	3,227,440	3,253,100
ADMINISTRATIVE EXPENSES	4,081,469	3,535,690
LEGAL SETTLEMENTS	-	-
TOTAL DEDUCTIONS	**173,337,459**	**159,877,784**
NET INCREASE (DECREASE)	**321,918,838**	**(628,819,123)**
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS: BEGINNING OF YEAR	2,247,633,017	2,876,452,140
END OF YEAR	**$2,569,551,855**	**$2,247,633,017**

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

Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009

1. Summary of Significant Accounting Policies

Reporting Entity. Ventura County Employees' Retirement Association, 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.

Receivables. Receivables consist primarily of interest, dividends, and investments in transition, i.e., traded but not settled, and contributions owed by the employing entities as of June 30, 2010.

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.

Securities Lending. Cash collateral received in the course of securities lending transactions is recorded as a current asset of the Association, and the obligation to repay the collateral is recorded as a current liability, in accordance with the requirements of GASB Statement Number 28. In addition, gross earnings received on invested cash collateral are reported as Other Investment Income, and borrower rebates and agent fees are recorded as Investment Expenses. This income and expense amounted to $707,814 and $373,277, respectively, for the year ended June 30, 2010, a decrease due primarily to reduced activity in securities lending activity. Non-cash collateral, and the related repayment obligation, is not recorded on the books of the Association, as there is no ability to pledge or sell the collateral absent borrower default. See Note 3 for additional information on securities lending.

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. 51 and 53.

i. Statement No. 51 clarifies the recognition and amortization of assets that are intangible including computer software. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Intangible assets must be recognized in the Statement of Plan Net Assets only if they are identifiable and separable from VCERA (can be sold or transferred.) For internally generated intangible assets and software, outlays associated with the development of such assets do not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria are expensed as incurred. Management has judged that these amounts are not material to VCERA.

ii. Statement No. 53, *Accounting for Derivative Instruments*, establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments such as VCERA. This statement requires derivative instruments to be measured at fair value and reported within the Statement of Plan Net Assets. Certain provisions of Statement No. 53 do not apply to VCERA as VCERA does not invest plan net assets for the purpose of hedging. Statement No. 53 also establishes disclosure requirements, which include summary information of derivative instruments and VCERA's exposure to financial risk. Many of these disclosures are augmented versions of what has been presented by VCERA previously. As VCERA already presented derivative investments at fair value, Plan Net Assets were not affected by the implementation of Statement No. 53

iii. In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement does not apply to VCERA as it doesn't offer post employment benefit healthcare plans.

iv. In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This Statement provides for the amendments to various statements, primarily to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instrume*nts, regarding certain financial guarantees and Statement No. 31, *Accounting and Financial Reporting for Certain Investments and For Investment Pools*. Also Statement No. 40, *Deposit and Investment Risk Disclosures*, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool. It is unclear, what impact, if any Statement No. 59 will have on VCERA when it is implemented in fiscal 2011.

Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009 (continued)

v. In addition, during December 2010, GASB issued. Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* Statement No. 61*, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* and Statement No. 62*, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* All of these statements will be implemented in fiscal 2013. It is unclear what impact, if any, these statements will have on VCERA.

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, 2010 and 2009, VCERA membership consisted of:

MEMBERSHIP	2010	2009
RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS	5,267	5,041
ACTIVE EMPLOYEES		
VESTED	5,236	5,256
NON-VESTED	2,767	2,789
TERMINATED BUT NOT YET RECEIVING BENEFITS	2,040	2,055
TOTAL	**15,310**	**15,141**

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.

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.

Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009 (continued)

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, 2010 and 2009, VCERA had the following investments:

	JUNE 30, 2010	JUNE 30, 2009
DOMESTIC EQUITY	$ 936,059,463	$ 826,695,740
DOMESTIC FIXED INCOME	722,467,319	645,882,173
INTERNATIONAL EQUITY	467,427,458	390,947,663
PRIVATE EQUITY	3,882,499	-
REAL ESTATE	156,440,846	161,873,618
GLOBAL EQUITY	203,866,096	127,986,640
INTERNATIONAL BONDS	19,574,519	14,270,455
TOTAL INVESTMENTS	**$2,509,718,200**	**$2,167,656,289**

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 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, 2010 and 2009 were $28,779 and $44,055, respectively.

As of June 30, 2010 and 2009, VCERA had the following cash and short-term investments:

	June 30, 2010	June 30, 2009
State Street Bank	$ 53,448,934	$ 63,528,615
County of Ventura Treasurer's Investment Pool	4,106,885	1,007,783
Commercial Bank Account	28,779	44,055
Total	**$ 57,584,598**	**$ 64,580,453**

Credit Risk. VCERA's investment policy requires its total fixed income portfolio to 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 06/30/2010	Amount Held at 06/30/2009
Separate Holdings:		
AAA	$ 252,644,879	$ 148,578,273
AA	18,141,511	24,055,747
A	85,779,526	105,692,970
BBB	71,944,397	141,591,000
BB	25,711,095	23,438,442
B	19,058,360	9,811,721
CCC	7,016,609	22,196,435
CC	1,913,244	161,474
C	440,700	145,600
D	3,864,373	342,944
No Rating	50,013,426	8,161,431
Total Separate Holdings	**$ 536,528,120**	**$ 484,176,037**
Pooled Investments:		
AAA	$ 67,002,939	$ 154,993,258
AA	112,550,028	2,143,353
A	7,941,405	5,680,472
BBB	7,584,889	5,112,021
BB	-	-
B	10,434,456	8,047,487
Total Pooled Investments	**$ 205,513,717**	**$ 175,976,591**
Total Fixed Income Portfolio	**$ 742,041,837**	**$ 660,152,628**

Overall, VCERA's fixed income portfolios were rated AA at June 30, 2010 and June 30, 2009, respectively.

Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009 (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 Barclays Capital 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, 2010 and 2009 is as follows:

CATEGORY	ASSETS HELD AT 06/30/2010	DURATION (YEARS)	ASSETS HELD AT 06/30/2009	DURATION (YEARS)
TREASURY	$ 166,560,740	6.7	$ 79,982,854	4.2
AGENCY	18,059,872	3.3	2,386,622	6.1
MORT-BACKED	174,135,995	2.7	169,106,457	4.6
ASSET-BACK	32,071,052	1.0	8,703,822	1.4
CREDIT	235,718,230	5.0	286,718,038	5.4
FOREIGN	19,574,519	4.1	14,270,455	4.6
OTHER	10,621,699	2.7	40,422,811	1.8
PASSIVELY MANAGED	85,299,731	4.3	58,561,569	4.2
TOTAL	**$742,041,838**	**4.4**	**$ 660,152,628**	**4.8**

The duration for the Barclays Capital Aggregate Bond Index as of June 30, 2010 and 2009 was 4.3 years and 4.2 years, respectively.

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.

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.

As of June 30, 2010 and 2009, VCERA's forward exchange currency contracts were valued at $5,859,060 and zero, currency future contracts had a notional value of $70,334,852 and $177,872,138 and currency options were valued at ($102,344) and ($212,525), 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, 2010 and 2009, respectively.

Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009 (continued)

Currency	Fixed Income at June 30, 2010	Equities at June 30, 2010	Fixed Income at June 30, 2009	Equities at June 30, 2009
Australian Dollar	$ 1,385,564	$ 5,248,095	$ 2,488,535	$ 6,395,623
British Pound		37,358,276		32,084,390
Canadian Dollar	3,805,964	10,756,351	2,982,529	9,337,182
Danish Krone		1,815,290		745,735
Euro		60,067,443		53,251,824
Hong Kong Dollar		6,007,720		6,828,347
Japanese Yen		43,436,819		39,610,657
new zealand dollar	1,394,687	-	926,181	-
Norwegian Krone		923,464		1,403,329
S. African Rand		5,181,145		2,683,717
Singapore Dollar		5,941,533		4,136,961
South Korean Won	1,894,260	8,020,990		6,854,239
Swedish Krona		1,649,995		1,023,637
Swiss Franc		21,815,071		20,476,601
Other Emerging Mkt	5,507,827	47,090,488	2,522,062	36,717,255
Total Securities Subject to Foreign Currency Risk	$ 13,988,302	$ 255,312,680	$ 8,919,307	$ 221,549,497
US $ Investments in International Portfolios	5,586,217	212,114,779	5,351,148	169,398,166
US $ Investments in Global Portfolios		203,866,096		127,986,640
Total	**$ 19,574,519**	**$ 671,293,555**	**$ 14,270,455**	**$ 518,934,303**

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, 2010 and 2009, 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, 2010 and 2009, VCERA had securities on loan with a fair value of $168,307,262 and $70,049,757, with cash collateral of $171,561,750 and $71,474,456, respectively.

Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009 (continued)

VCERA's securities lending income for the years ended June 30, 2009 and 2008 is as follows:

	2010	2009
GROSS INCOME	$ 707,814	$ 891,202
EXPENSES		
BORROWER REBATES	229,870	412,904
MANAGEMENT FEES	143,407	143,491
NET INCOME	**$ 334,537**	**$ 334,807**

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.

DERIVATIVE FINANCIAL INSTRUMENTS. As part of VCERA's Investment Policy, investment managers are allowed the use of derivatives. Derivatives are financial instruments that derive their value, usefulness and marketability from an underlying instrument which represents direct ownership of an asset or of an issuer whose payments are based on or "derived" from the performance of an agreed upon benchmark. Values of derivatives change daily. VCERA's managers are required to mark-to-market derivative positions daily. Within VCERA's investment policy, specific guidelines are put forth with investment managers who invest in derivatives. Substitution, risk control and arbitrage are the only derivative strategies permitted, speculation is prohibited. No contingent features are present. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Gains and losses from derivatives are included in investment income. For financial reporting purposes, all VCERA's derivatives are classified as investment derivatives. A further discussion on VCERA's valuation procedures are contained in Note 1 to the Basic Financial Statements. The following types of derivatives are permitted: futures contracts, currency forward contracts, options, and swaps.

FUTURES CONTRACTS. A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transactions is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

FORWARD CONTRACTS. A forward contract represents an agreement to buy or sell an underlying asset at a specified future date for a specified price. Payment for the transactions is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

Notes to the Financial Statements

For the Years Ended June 30, 2010 and 2009 (continued)

OPTION CONTRACTS. An option is a type of derivative security in which a buyer (purchaser) has the right, not the obligation to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

SWAP AGREEMENTS. A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. No principal is exchanged at the beginning of the swap. The cash flows the counterparties exchange are tied to a "notional" or contract amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The Fair Value represents the gains or losses as of the prior marking-to-market, which are functions of generally interest rate fluctuations.

The Investment Derivatives schedule listed below reports the related net appreciation (depreciation), the fair value amounts and notional amounts for derivatives outstanding as of and for the years ended June 30, 2010, classified by type.

	NOTIONAL AMOUNT	FAIR VALUE	FAIR VALUE	CHANGE IN FAIR VALUE
TYPE	**JUNE 30, 2010**	**JUNE 30, 2010**	**JUNE 30, 2009**	**JUNE 30, 2009**
FUTURES CONTRACTS	$ (13,511,000)	$ (7,428,786)	$ (26,385,037)	$ 18,956,252
FORWARD CONTRACTS	N/A	231,181	335,013	(103,831)
OPTIONS CONTRACTS	(347,000)	(2,422)	(531,686)	529,264
CREDIT DEFAULT SWAPS	14,150,000	(328,428)	(1,850,110)	(1,355,872)
INTEREST RATE SWAPS	3,150,000	(182,162)	-	(182,162)
TBA SECURITIES	N/A	-	1,510,728	(1,510,728)
TOTAL INVESTMENT DERIVATIVES	**$ 3,441,650**	**$ (7,710,616)**	**$ (29,448,309)**	**$ 21,737,693**

All investment derivative positions are included as part of investments at fair value on the Statement of Plan Net Assets. All changes in fair value are reported as part of Net Appreciation / (Depreciation) in fair value of investments in the Statement of Changes in Plan Net Assets.

Investment information was provided from VCERA's investment custodian.

CUSTODIAL CREDIT RISK. VCERA's investments include collateral associated with derivatives activity. As of June 30, 2010, collateral for derivatives were $9.4 million. The collateral margins are maintained in margin accounts at financial services firms that provide brokerage services. Each account is uninsured and is subject to custodial credit risk.

CREDIT RISK. VCERA is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to credit risk include currency forward contracts and swap agreements. As of June, 30, 2010, the fair value of derivative investments subject to credit risk was $231,181 and at June 30, 2009 was $335,012. VCERA would be exposed to the loss of the fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements.

Notes to the Financial Statements

For the Years Ended June 30, 2010 and 2009 (continued)

VCERA requires investment managers to have Master Agreements in place to minimize credit risk. Netting arrangements legally provide VCERA with a right of setoff in the event of bankruptcy or default by the counterparty. VCERA would be exposed to loss of collateral provided to the counterparty. Collateral provided by the counterparty reduces VCERA's credit risk exposure.

The following Credit Risk Derivatives schedule discloses the counterparty credit ratings of VCERA's investment derivatives in asset positions by type as of June 30, 2010. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to collateral or other security, or netting arrangement. The schedule displays the fair value of investments by credit rating in increasing magnitude to risk investments, classified by Standard & Poor's rating system. If the investment does not have a Standard & Poor's rating, but it has a Moody's credit rating, the Standard & Poor's rating that corresponds to the Moody's rating is used. As of June 30, 2010, VCERA has a net exposure to credit risk of $231,181.

Type	Fair Value June 30, 2010	Adjusted Rating AAA	AA	A
Forward Contracts	$ 231,181	-	-	$ 231,181
Total	**$ 231,181**	**-**	**-**	**$ 231,181**

***Interest Rate Risk*.** Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest Rate Swaps is an example of an investment that is highly sensitive to interest rate changes. LIBOR refers to the London Interbank Offering Rate. The swaps have various adjustments to that rate and they contain final maturities from FY2015 to FY2020.

Type	Fair Value June 30, 2010	Notional Amount	Reference Rate
Credit Default Swaps	$ (328,428)	$ 14,150,000	LIBOR – Various
Pay Fixed Interest Rate Swaps	(182,162)	3,150,000	LIBOR - Various
Total	**$ (510,590)**	**$ 17,300,000**	

***Foreign Currency Risk*.** For those futures contracts, forward contracts and swap agreements which are dollar denominated securities issued by foreign countries, there is an exposure to credit risk. Currency forward contracts represent the foreign exchange contracts that are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions. One position is held where Australian dollars were bought and US Dollars were sold and another was held where US Dollars were bought and Australian Dollars were sold. The net fair value of the forward contracts is $231,181 as of June 30, 2010. All other futures contracts and swap agreements are not subject to foreign currency risk.

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 schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial liability of benefits over time. The information included within this report is based upon the valuation performed as of June 30, 2010.

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}
06/30/10	$3,115,984	$3,877,443	$761,459	80.36%	$654,828	116.28%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
($ IN THOUSANDS)

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2010	$97,324	100%

LATEST ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date:	June 30, 2010
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% - 13.25% varying by service. Includes inflation at 3.50%, "across the board" increases of 0.75%, 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, 2010 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 $97.3 million and $105.3 million in actuarially determined contributions for the fiscal years ending June 30, 2010 and 2009, 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 16.

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.

Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009 (continued)

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, 2010 and 2009 are as follows:

	2010	2009
MEMBER	$ 525,189,736	$ 499,204,723
EMPLOYER ADVANCE	781,904,333	914,973,426
RETIRED MEMBER	1,674,735,444	1,545,346,892
VESTED FIXED SUPPLEMENTAL	122,334,577	119,226,735
NON-VESTED SUPPLEMENTAL	17,335,326	19,013,919
SUPPLEMENTAL COLA BENEFIT	1,657,914	3,146,286
DEATH BENEFITS	11,820,240	11,396,302
MARKET STABILIZATION	(565,425,715)	(864,675,266)
CONTINGENCY	-	-
UNRESTRICTED	-	-
TOTAL RESERVES	**$ 2,569,551,855**	**$ 2,247,633,017**

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.

Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009 (continued)

8. Administrative Expenses

As permitted by Section 31580.2 of the Government Code, the Board of Retirement adopts an annual budget, financed from investment income, 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. Government code section 31580.3 provides an exception to the limitation described in section 31580.2 and allows through January 1, 2013, the maximum expense to be twenty three one hundredths of one percent of the total assets of the system in order to allow for additional expenditures for software, hardware and computer technology. Administrative expenses incurred in fiscal year 2010 and 2009 were within the limits established by the Codes.

	2010	2009
Total Asset Base at Fair Value (December 31, 2008 and 2007)	$2,227,531,900	$3,516,360,700
Maximum Allowed for Administrative Expense ($2,227,531,900 *0.23% & $3,516,360,700 * 0.18%)	5,123,323	6,329,449
Actual Administrative Expense	4,081,469	3,535,690
Excess of Allowed over Actual Expenses	$ 1,041,854	$ 2,793,759
Actual Administrative Expenses as a Percentage of Total Asset Base	0.18%	0.10%

9. Lease Agreement

Effective March 1, 2010, VCERA entered into a 1-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 $127,974. Annual amounts due under the agreement are as follows:

Fiscal Year Ending	Amount
2010	$ 42,658
2011	85,316

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}
06/30/10		$3,115,984	$3,877,443	$761,459	80.36%	$654,828	116.28%
06/30/09		3,090,148	3,663,701	573,553	84.34	634,777	90.36
06/30/08		3,055,756	3,345,804	290,048	91.33	599,173	48.41
06/30/07		2,736,558	3,112,583	376,025	87.92	551,968	68.12
06/30/06	(i)	2,430,048	2,911,918	481,870	83.45	519,145	92.82
06/30/05		2,216,229	2,584,905	368,676	85.74	478,053	77.12

(i) After change in mortality assumption

SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2010
($ IN THOUSANDS)

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2010	$ 97,234	100%
2009	105,278	100
2008	104,429	100
2007	86,455	100
2006	74,373	100
2005	51,792	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, 2010
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 five-year period. Prior to the June 30, 2007 valuation, the unrecognized return was determined on an annual basis. The Actuarial Value of Assets is reduced by the value of the STAR COLA benefit reserve, supplemental medical benefit reserve and statutory contingency reserve.
Actuarial Assumptions:	
Investment Return:	8%
Projected Salary Increases:	5.00% - 13.25% varying by service. Includes inflation at 3.50%, “across the board” increases of 0.75%, 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, 2010 AND 2009

	2010	2009
PERSONNEL SERVICES:		
SALARIES	$ 1,249,951	$ 1,110,641
EMPLOYEE BENEFITS	594,573	556,929
TOTAL PERSONNEL SERVICES	**1,844,524**	**1,667,570**
PROFESSIONAL SERVICES:		
ACTUARIAL FEES	143,240	71,403
COMPUTER SOFTWARE AND SYSTEM SUPPORT	1,003,210	721,226
LEGAL SERVICES	283,197	182,193
PENSION PAYROLL FEES	234	234
OTHER PROFESSIONAL SERVICES	477,051	530,650
TOTAL PROFESSIONAL SERVICES	**1,906,932**	**1,505,706**
COMMUNICATION:		
POSTAGE	47,298	46,454
TELECOMMUNICATION	16,717	17,010
TOTAL COMMUNICATION	**64,015**	**63,464**
MISCELLANEOUS:		
OFFICE LEASE	127,974	127,974
EDUCATIONAL	49,733	46,882
EQUIPMENT	5,409	19,957
COUNTY DEPARTMENT CHARGES	53,914	67,567
INSURANCE	9,514	4,072
OTHER MISCELLANEOUS	19,454	32,498
TOTAL MISCELLANEOUS	**265,998**	**298,950**
TOTAL ADMINISTRATIVE EXPENSES	**$ 4,081,469**	**$ 3,535,690**

Supplemental Schedules (continued)

SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
INVESTMENT ACTIVITY		
INVESTMENT MANAGEMENT FEES		
STOCK MANAGERS		
DOMESTIC	$ 366,469	$ 283,171
INTERNATIONAL/GLOBAL	2,574,290	2,053,814
BOND MANAGERS	1,525,043	1,380,436
REAL ESTATE	1,396,091	1,873,313
TOTAL INVESTMENT MANAGEMENT FEES	**5,861,893**	**5,590,734**
OTHER INVESTMENT EXPENSES		
CASH OVERLAY	67,349	45,454
INVESTMENT CONSULTANT	230,000	223,000
CUSTODIAN	96,637	96,897
TOTAL OTHER INVESTMENT EXPENSES	**393,986**	**365,351**
TOTAL INVESTMENT EXPENSES	**$ 6,255,879**	**$ 5,956,085**

SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
LEGAL SERVICES	$ 283,197	$ 182,193
ACTUARIAL CONSULTING FEES	143,240	71,403
INVESTMENT MANAGEMENT CONSULTING FEES	230,000	223,000
NETWORK AND OTHER INFORMATION TECHNOLOGY SERVICES	1,003,210	721,226
TOTAL PAYMENTS TO CONSULTANTS	**$1,659,647**	**$1,197,822**

INVESTMENT

Hewitt ennisknupp
An Aon Company

December 3, 2010

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

Major capital markets worldwide posted gains during FY 2010, partially offsetting the losses experienced during the prior fiscal year. FY 2010 started off on a positive note as markets continued to rally from their lows in early March 2009. Government stimulus programs, higher than expected corporate earnings, improved investor optimism, and a renewed appetite for risk-taking contributed to a broad economic rebound and supported market gains. The fiscal year, however, ended on a less optimistic note as the looming debt crisis in Europe, continued high unemployment rate, the possibility of a double-dip recession, and uncertainty relating to the final provisions of the Wall Street reform bill (that passed subsequent to the end of the fiscal year) weighed on investor sentiment.

The Federal Open Markets Committee dropped the Federal Funds Target Range to an all time low of 0.00% - 0.25% in December 2008, with a goal of stimulating a rebound in economic growth. The Federal Funds Rate remained at that level at the end of the fiscal year. In light of the Federal Reserve's policy stance, the markets expectations for interest rate hikes and an increase in inflation expectations remained low over the foreseeable future.

Mr. Tim Thonis
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December 3, 2010

The decline across the real estate market abated towards the end of the fiscal year. While transaction activity remained below normal levels, the pace of real estate transactions ticked up marginally towards the end of the fiscal year, resulting in improved valuation across the more conservative segments of real estate.

The broad U.S. equity markets gained 16.1% during the fiscal year, outpacing developed non-U.S. equity markets, which posted a 5.9% gain, by 10.2%. The dollar rallied significantly against the Euro with the onset of the European debt crisis, which impacted returns of developed non-U.S. equity markets. Emerging markets, however, continued to post healthy gains as most developing economies emerged rather unscathed by the crisis that impacted the developed world. Emerging markets gained 23.2% during the fiscal year. The steady decline in interest rates bode well for the broad U.S. bond markets, which gained 9.5% over the fiscal year. Riskier segments of the fixed income markets performed even better as spreads declined materially. U.S. high yield bonds gained 26.8% during the fiscal year.

VCERA's Relative Performance Update

During the 2010 fiscal year, VCERA's Total Fund (Fund) returned 15.0% and beat the return of the Policy Portfolio by 3.0 percentage points. Outperformance was mainly attributable to favorable relative fixed income returns, but the U.S. equity and non-U.S. equity asset classes also contributed to outperformance at the Total Fund level. The Fund has lagged in the intermediate-term periods, but has bested the trailing ten-year time period.

The Fund's U.S. equity asset class gained 17.7% during the fiscal year, beating the benchmark by 1.6 percentage points. Outperformance was entirely attributable to favorable returns in the Western Index Plus portfolio. Western's overweight exposure to MBS and financial corporates aided returns on top of the equity beta. The component's passive investments approximated the return of their respective benchmarks during the 2010 fiscal year. These passive investments represent a majority of the U.S. equity portfolio and help significantly in controlling risk and containing cost relative to the policy portfolio

The collective return of the non-U.S. equity component gained 12.3% for the fiscal year, besting the return of the benchmark by 190 basis points. Favorable performance for the year was mainly attributable to the outperformance of Sprucegrove. The manager's favorable stock selection in various countries including Switzerland and Japan and sectors such as consumer discretionary and industrials aided returns throughout the year. Capital Guardian added 140 basis points of alpha over its benchmark for the year, returning 11.8%. Positive stock selection within the materials, financials, and consumer discretionary sectors aided returns at various points throughout the year. Artio underperformed for the year, returning 7.3% vs. a benchmark of 10.4%. Artio largely missed the dramatic stock rally at the beginning of the fiscal year by positioning itself too conservatively and staying away from banks and low-quality stocks (the two sectors that rebounded the most dramatically). The component's index fund tracked its benchmark for the fiscal year.

Mr. Tim Thonis
Page 3
December 3, 2010

The Fund's global equity component returned 7.8% for the fiscal year but dramatically underperformed the return of the MSCI ACWI Index by 4.0 percentage points. Both of the component's asset managers underperformed during the trailing one-year period. GMO Global returned 7.1% and underperformed by 470 basis points. The manager's overweight position to the U.S. and poor stock selection of underlying strategies hurt returns for the year. Acadian faired better with a return of 9.4% but still lagged the benchmark by 240 basis points. Acadian was frequently aided by overweight allocations to emerging markets, but was overcome by poor stock selection within the U.S., France, and China.

During the fiscal year ending June 30, 2010, the Fund's fixed income component gained 18.1% and bested the return of the Barclays Capital Aggregate Bond Index by 8.6 percentage points. All three active managers outperformed for the fiscal year with Western and Reams contributing the most. Western returned 17.5% vs. a policy of 9.5% and was aided by out-of-benchmark allocations to high yield, emerging market debt, non-U.S. denominated bonds, and advantageous exposures to financial corporate credits. Reams returned 19.3% vs. a policy return of 9.5% and was helped by an underweight to the conservative government sector and overweight to the well-performing high yield sector. Loomis Sayles returned 23.3% vs. a policy return of 14.0% and was aided by overweight allocations to U.S. investment grade credit and high yield.

The Fund's real estate portfolio declined 4.2% during the 2010 fiscal year and underperformed its benchmark by 3.9 percentage points. Each of the component's underlying managers trailed their respective benchmarks. RREEF was the largest detractor on absolute and relative performance, returning -29.5% vs. -0.3% for the index. Recent weak performance has brought the total real estate component's trailing three year return ending June 30, 2010 to -14.1% and trailing five year return to -2.6%. Although positive returns are experienced in the trailing ten- year and since-inception periods, the component has lagged its benchmark during those periods.

Enhancements Made Within the Investment Program

During the fiscal year of 2010, the Board decided to fire Capital Guardian for organizational and structural reasons. This action was accompanied by the approval of two new non-U.S. equity managers in Walter Scott and Hexavest. In addition the Board approved the funding of a new asset class, private equity. Funding will primarily come from U.S. equity and the first managers to be seeded money will be Adams Street and Pantheon. Finally, the Board also approved the funding of a K2 currency mandate.

In the next fiscal year, the VCERA Board will continue to seed capital to the private equity asset class, monitor Acadian and the global equity asset class, review its position on Artio Global and seed assets to the two new non-U.S. managers. The Board will also be looking at global bond opportunities and the merits of an inflation-hedging strategy. Throughout the fiscal year, Hewitt EnnisKnupp 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.

Mr. Tim Thonis
Page 4
December 3, 2010

The basis of all investment data presented and referred to in this section is at fair value.

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 January, 2009, 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.

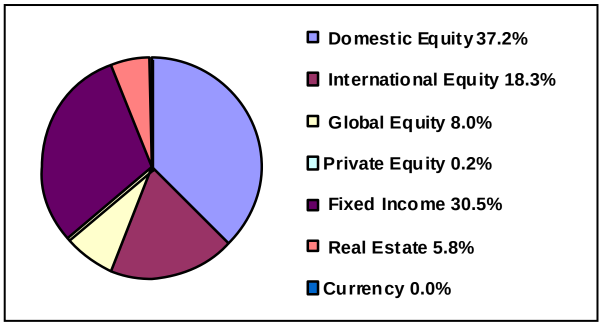
PROXIES. Voting of proxies held by VCERA shall be done in a manner that is in the best financial and economic interests of VCERA, and its beneficiaries.

INVESTMENT

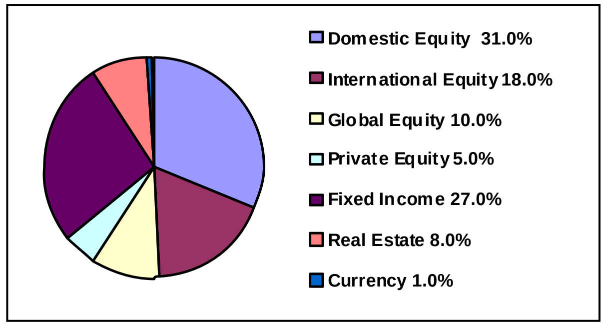
Target Versus Actual Asset Allocation

ASSET ALLOCATION

2010 VCERA ASSET ALLOCATION



TARGET ASSET ALLOCATION



The 2010 Actual Asset Allocation is based upon the Investment Summary following.

LIST OF INVESTMENT PROFESSIONALS

INVESTMENT MANAGERS

Domestic Equity

BlackRock Global Investors
Western Asset US Index Plus

International Equity

Capital Guardian Trust Company
Sprucegrove Investment Management
BlackRock ACWIXUS
Artio Global Investors

Global Equity

Grantham, Mayo, Van Otterloo & Co.
Acadian Asset Management

Private Equity

Adams Street Partnership

Fixed Income

BlackRock 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

EnnisKnupp & Associates

Cash Overlay

The Clifton Group

Investment Summary

EQUITY

DOMESTIC	FAIR VALUE OF EQUITY AS OF JUNE 30, 2010	CASH AS OF JUNE 30, 2010	TOTAL FUND VALUE AS OF JUNE 30, 2010	PERCENTAGE OF TOTAL MARKET VALUE
BlackRock U.S. Equity Market	$849,832,561	$ 1	$849,832,562	33.2%
Western Asset Management Index Plus	61,640,311	15,688,137	77,328,448	3.0%
BlackRock Extended Equity Index	24,586,592	1	24,586,593	1.0%
TOTAL DOMESTIC EQUITY	**936,059,464**	**15,688,139**	**951,747,603**	**37.2%**
INTERNATIONAL				
Capital Guardian Trust Company	99,058,892		99,058,892	3.9%
Sprucegrove Investment Management	99,023,791		99,023,791	3.9%
Artio Global Investors	65,940,553		65,940,553	2.6%
BlackRock ACWI EX US IMI	203,404,222		203,404,222	7.9%
TOTAL INTERNATIONAL EQUITY	**467,427,458**		**467,427,458**	**18.3%**
GLOBAL				
Grantham, Mayo, Van Otterloo & Company	109,572,268		109,572,268	4.3%
Acadian Asset Management	94,293,828		94,293,828	3.7%
TOTAL GLOBAL EQUITY	**203,866,096**		**203,866,096**	**8.0%**
PRIVATE EQUITY				
Adams Street Partners	3,882,499		3,882,499	0.2%
TOTAL PRIVATE EQUITY	**3,882,499**		**3,882,499**	**0.2%**
TOTAL EQUITY	**1,611,235,517**	**15,688,139**	**1,626,923,656**	**63.6%**
FIXED INCOME				
BlackRock Debt Index	85,299,731		85,299,731	3.3%
Loomis Sayles & Company	95,070,397	1,738,993	96,809,390	3.8%
Reams Asset Management	258,490,336	29,164,284	287,654,620	11.2%
Western Asset Management	303,181,373	3,624,609	306,805,982	12.0%
TOTAL FIXED INCOME	**742,041,837**	**34,527,886**	**776,569,723**	**30.3%**
REAL ESTATE				
Guggenheim Real Estate	15,441,346		15,441,346	0.6%
Prudential Real Estate Investors	57,814,376		57,814,376	2.3%
UBS Realty Investors	78,283,940		78,283,940	3.1%
RREEF America III	4,901,184		4,901,184	0.2%
TOTAL REAL ESTATE	**156,440,846**		**156,440,846**	**6.1%**
TOTAL INVESTMENTS AT FAIR VALUE	**2,509,718,200**	**50,216,025**	**2,559,934,225**	**100.0%**
OTHER				
County Treasury Investment Pool	-	4,106,885	4,106,885	0.0%
Commercial Checking Account	-	28,779	28,779	0.0%
Overly Strategy	-	3,232,909	3,232,909	0.0%
TOTAL OTHER	**-**	**7,368,573**	**7,368,573**	**0.0%**
TOTAL INVESTMENT, CASH AND OTHER	**2,509,718,200**	**57,584,598**	**2,567,302,798**	**100.0%**

Schedule of Investment Results

INVESTMENT RETURNS

	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	17.7%	(10.6%)	(1.4%)
Benchmark: Dow Jones US Total Stock Index	16.1%	(9.2%)	(0.2%)
Domestic Fixed Income	18.1%	8.9%	6.6%
Benchmark: Barclays Capital Agg Bond Index	9.5%	7.5%	5.5%
International Equity	12.3%	(10.9%)	2.9%
Benchmark: MSCI ACWXUS Index	10.4%	(10.7%)	3.4%
Global Equity	7.8%	(11.9%)	(0.6%)
Benchmark: MSCI ACWI	11.8%	(10.5%)	1.2%
Real Estate	(4.2%)	(14.1%)	(2.6%)
Benchmark: NCREIF Open End Fund Index	(0.3%)	(5.6%)	3.0%
TOTAL FUND	15.0%	(5.5%)	1.7%
VCERA Policy*	12.0%	(4.6%)	2.3%

* 37% Dow Jones US Total Stock Index, 18% MSCI ACWEXUS Index, 10% MSCI All Country World Index, 27% Barclays Capital Aggregate Bond Index, 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, 2010

	Units	Fund Name	Fair Value
1	13,363,579	BLACKROCK U.S. EQUITY MARKET FUND	$ 849,832,562
2	25,152,519	BLACKROCK ACWI EXUS IMI INDEX FUND	203,404,222
3	7,562,601	GRANTHAM MAYO VAN OTTERLOO (GMO) GROUP TRUST	109,572,268
4	1,278,921	CAPITAL GUARDIAN GROUP TRUST	99,058,893
5	2,550,641	SPRUCEGROVE INVESTMENT MANAGEMENT GROUP TRUST	99,023,791
6	108,662	ACADIAN ASSET MANAGEMENT GROUP TRUST	94,293,828
7	557,448	ARTIO GLOBAL MANAGEMENT	65,940,553
8	79,159,220	WESTERN ASSET MANAGEMENT INDEX PLUS	61,640,311
9	140,871	BLACKROCK EXTENDED EQUITY MARKET FUND	24,586,592
Total Stock Holdings			**$1,607,353,020**

All VCERA equity investments at June 30, 2010 were held in index funds and commingled investment vehicles.

Largest Bond Holdings

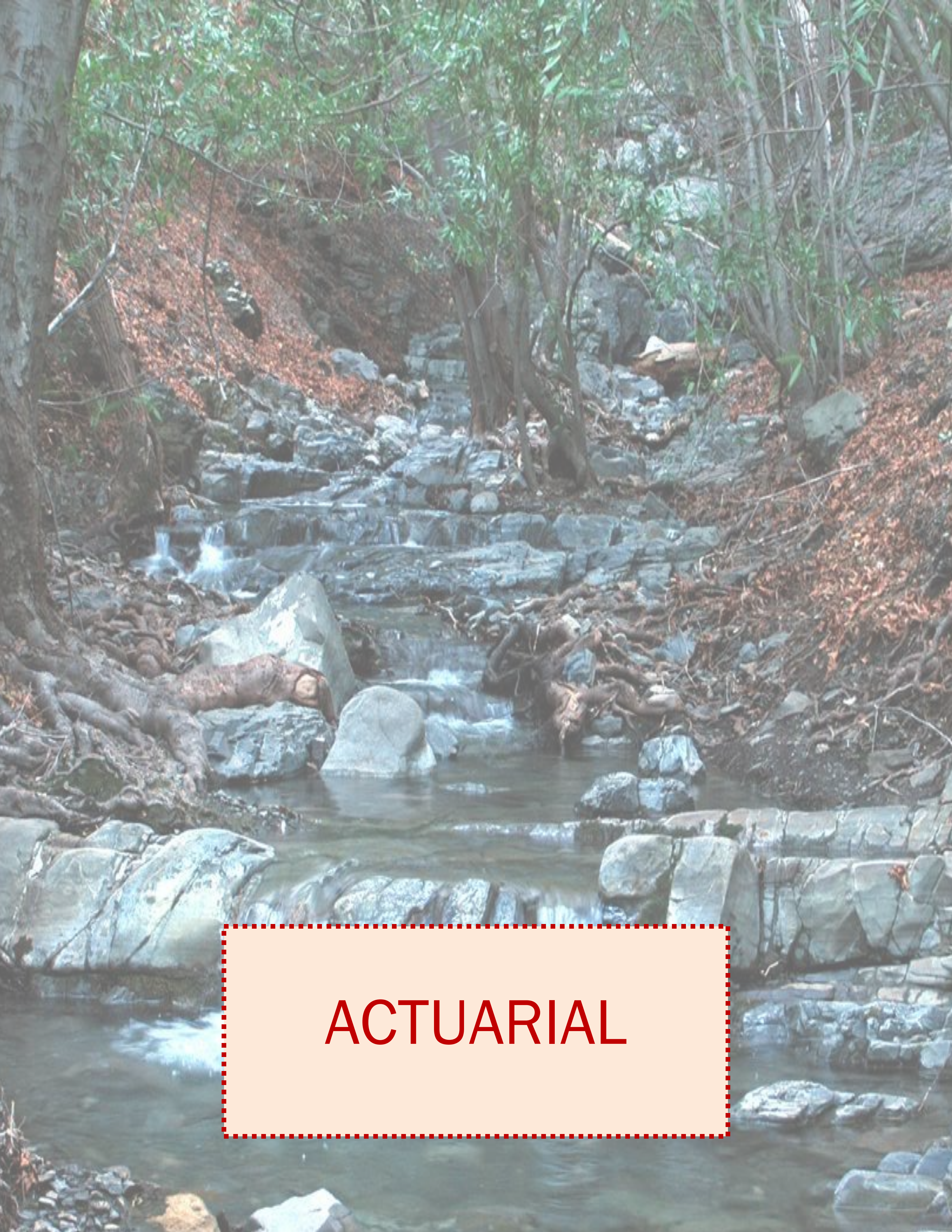
As of June 30, 2010

	Par	Bonds	Fair Value
1	27,645,000	US Treasury Bonds .875% Due 2/29/2012 Rating AAA	$27,792,901
2	24,080,000	US Treasury Bonds 1.000% Due 9/30/2011 Rating AAA	24,245,670
3	14,980,000	US Treasury Bonds 3.125% Due 1/31/2017 Rating AAA	15,666,983
4	11,105,000	FNMA POOL 4.000% Single Family Due 1/01/2020 Rating AAA	10,946,555
5	8,950,000	US Treasury Bonds 3.125% Due 4/30/2017 Rating AAA	9,355,525
6	9,290,000	US Treasury Bonds 2.500% Due 6/30/2017 Rating AAA	9,332,095
7	7,040,000	US Treasury Bonds 4.375% Due 5/15/2040 Rating AAA	9,149,998
8	6,750,000	US Treasury Bonds 4.375% Due 5/15/2039 Rating AAA	7,286,828
9	5,160,000	US Treasury Bonds 2.750% Due 11/30/2016 Rating AAA	7,104,844
10	6,740,000	Freddie Mac 4.000% Due 12/15/2024 Rating AAA	6,181,314
Total Largest Bond Holdings			**$127,062,713**

A complete list of portfolio holdings is available upon request.

Schedule of Investment Management Fees
For the Years Ended June 30, 2010 and 2009

INVESTMENT ACTIVITY	2010	2009
EQUITY MANAGERS		
DOMESTIC		
BLACKROCK GLOBAL INVESTORS	$ 217,394	$ 177,847
WESTERN ASSET INDEX PLUS	149,075	105,324
TOTAL	**366,469**	**283,171**
INTERNATIONAL/GLOBAL		
ACADIAN ASSET MANAGEMENT	806,078	595,237
ARTIO GLOBAL INVESTORS	469,213	325,767
BLACKROCK GLOBAL INVESTORS	259,463	199,461
CAPITAL GUARDIAN TRUST COMPANY	550,144	481,895
SPRUCEGROVE INVESTMENT MANAGEMENT	489,392	451,454
TOTAL	**2,574,290**	**2,053,814**
FIXED INCOME MANAGERS		
DOMESTIC		
BLACKROCK GLOBAL INVESTORS	71,009	86,985
LOOMIS SAYLES & COMPANY	352,511	283,655
REAMS ASSET MANAGEMENT	506,892	450,037
WESTERN ASSET MANAGEMENT	594,631	559,759
TOTAL	**1,525,043**	**1,380,436**
REAL ESTATE		
GUGGENHEIM REAL ESTATE INVESTORS	91,988	119,231
PRUDENTIAL REAL ESTATE INVESTORS	587,686	667,596
RREEF AMERICA III	86,100	205,230
UBS REALTY INVESTORS	630,317	881,256
TOTAL	**1,396,091**	**1,873,313**
OTHER INVESTMENT EXPENSES		
CASH OVERLAY	67,349	45,454
INVESTMENT CONSULTANT	230,000	223,000
CUSTODIAN	96,637	96,897
TOTAL	**393,986**	**365,351**
TOTAL INVESTMENT MANAGEMENT FEES	**$ 6,255,879**	**$ 5,956,085**



ACTUARIAL

SEGAL

THE SEGAL COMPANY
100 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 8, 2010

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

Dear Members of the Board:

The Segal Company (Segal) prepared the June 30, 2010 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, it is our understanding that 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, 2010 actuarial valuation, 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 8, 2010
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, 2010 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, 2008 Experience Analysis. It is our opinion that the assumptions used in the June 30, 2010 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, 2011.

In the June 30, 2010 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities decreased from 84.3% to 80.4% and the aggregate employer contribution rate increased from 19.19% of payroll to 22.43% of payroll.

The valuation value of assets included $565 million in deferred investment losses, which represented about 22% of the market value of assets. If these deferred investment losses were recognized immediately in the valuation value of assets, the funded percentage would have decreased from 80.4% to 65.8% and the aggregate employer contribution rate, expressed as a percent of payroll, would have increased from 22.43% to about 30%.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

Paul Angelo, FSA, EA, MAAA, FCA	John Monroe, ASA, EA, MAAA
Senior Vice President and Actuary	Vice President and Associate Actuary

AB/kek:hy

5111903v1/05325.001

Summary of Actuarial Assumptions and Methods as of June 30, 2010

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; 4.50% real rate of return and 3.50% inflation.

PROJECTED SALARY INCREASES. 5.00% – 13.25% varying by service. Includes inflation at 3.50%, "across the board" increases of .75% plus merit and longevity increases.

TERMINATIONS OF EMPLOYMENT RATES. 0% to 16.0%

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. RP-2000 Combined Healthy Mortality Table set back one year.

EXPECTATION OF LIFE AFTER DISABILITY. RP-2000 Combined Healthy Mortality Table set forward six years.

DATE OF ADOPTION. July 20, 2009

Active Member Valuation Data

Fiscal year Ended June 30	Number	Annual Salary	Average Annual Salary	% Increase in Average Salary	Age	Service
2010						
General	6,505	$483,722,608	$74,702	3.34%	46.0	9.9
Safety	1,498	171,105,613	114,223	7.00%	40.8	13.8
Total	8,003	$654,828,221	$85,028	7.76%	45.0	10.6
2009						
General	6,501	$469,960,577	$72,291	4.81%	45.7	9.6
Safety	1,544	164,817,315	106,747	3.90%	40.5	13.4
Total	8,045	$634,777,892	$78,903	4.40%	44.7	10.3
2008						
General	6,378	$439,929,857	$68,976	4.63%	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
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
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
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

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
2010	5,041	153,088,994	350	15,884,725	124	2,945,169	5,267	166,028,550	8.45%	31.522
2009	4,914	142,669,054	252	13,508,359	125	3,088,419	5,041	153,088,994	7.30%	30,369
2008	4,770	132,207,925	300	16,101,840	156	5,640,711	4,914	142,669,054	7.91%	29,033
2007	4,570	121,226,816	300	16,471,664	100	5,490,555	4,770	132,207,925	9.06%	27,717
2006	4,314	109,734,125	366	16,430,957	110	4,938,266	4,570	121,226,816	10.47%	26,527
2005	4,031	101,108,287	382	11,643,357	99	3,017,519	4,314	109,734,125	8.53%	25,437

Actuarial Analysis of Financial Experience (Amounts in Thousands)

	2010	**2009**	**2008**	**2007**	**2006**	**2005**
Prior Valuation Unfunded (Excess Funded) Accrued Liability	$573,553	$290,048	$376,025	$481,870	$368,676	$323,444
Salary Increases Greater (Less) Than Expected	(19,314)	(9,590)	19,961	(5,589)	28,116	5,431
Asset Return (Greater) Less Than Expected	202,739	213,344	(90,891)	(113,656)	(44,188)	(3,375)
Other Experience Factors	(6,044)	(11,501)	(15,047)	13,400	26,476	43,176
Change in Actuarial Assumptions	10,525	91,252	—	—	102,790	—
Ending Valuation Unfunded (Excess Funded) Accrued Liability	$761,459	$573,553	$290,048	$376,025	$481,870	$368,676

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
6/30/10	525,190	1,674,735	1,677,518	3,877,443	3,115,984	100%	100%	55%
6/30/09	499,205	1,545,347	1,619,149	3,663,701	3,090,148	100%	100%	65%
6/30/08	466,332	1,470,874	1,408,598	3,345,804	3,055,756	100%	100%	79%
6/30/07	431,860	1,391,914	1,288,809	3,112,583	2,736,558	100%	100%	71%
6/30/06	400,315	1,309,873	1,201,730	2,911,918	2,430,048	100%	100%	60%
6/30/05	381,911	1,189,878	1,013,116	2,584,905	2,216,229	100%	100%	64%

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 $1/50^{th}$ 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 $1/90^{th}$ of the first $350 of final compensation, plus $1/60^{th}$ 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 named beneficiary will be that 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
(Percentages)

GENERAL MEMBERS - MALE

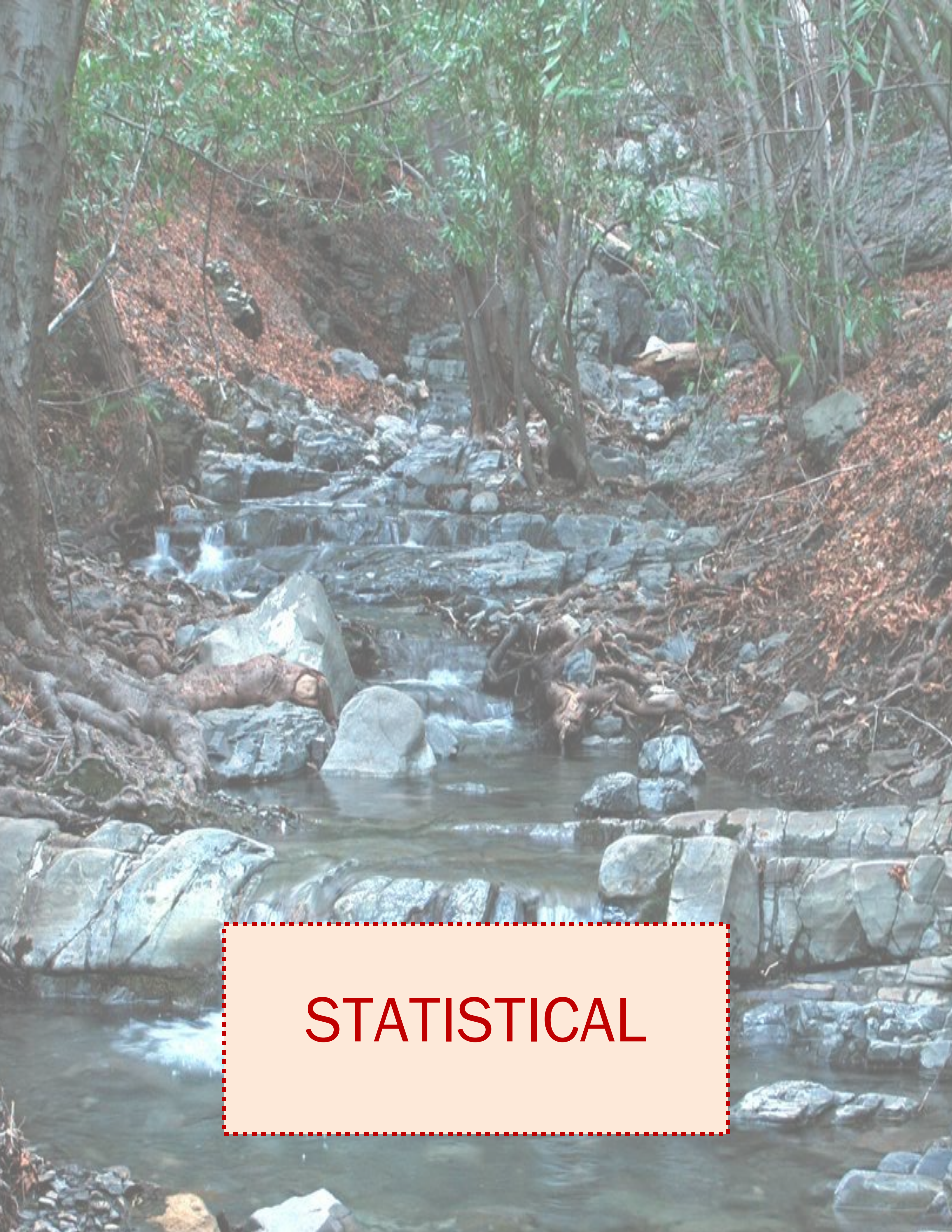
Age Nearest	RATES OF WITHDRAWAL 0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5	Rates of Mortality	Rates of Disability	Rates of Retirement
25	0.1600	0.1200	0.1000	0.0800	0.0800	0.0800	0.0004	0.0002	0.0000
30	0.1600	0.1200	0.1000	0.0800	0.0800	0.0710	0.0004	0.0004	0.0000
35	0.1600	0.1200	0.1000	0.0800	0.0800	0.0560	0.0007	0.0008	0.0000
40	0.1600	0.1200	0.1000	0.0800	0.0800	0.0410	0.0010	0.0013	0.0000
45	0.1600	0.1200	0.1000	0.0800	0.0800	0.0305	0.0014	0.0024	0.0000
50	0.1600	0.1200	0.1000	0.0800	0.0800	0.0200	0.0020	0.0048	0.0400
55	0.1600	0.1200	0.1000	0.0800	0.0800	0.0135	0.0032	0.0069	0.0800
60	0.1600	0.1200	0.1000	0.0800	0.0800	0.0110	0.0059	0.0075	0.1400
65	0.1600	0.1200	0.1000	0.0800	0.0800	0.0100	0.0113	0.0075	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	0.1600	0.1200	0.1000	0.0800	0.0800	0.0800	0.0002	0.0002	0.0000
30	0.1600	0.1200	0.1000	0.0800	0.0800	0.0750	0.0002	0.0004	0.0000
35	0.1600	0.1200	0.1000	0.0800	0.0800	0.0560	0.0004	0.0008	0.0000
40	0.1600	0.1200	0.1000	0.0800	0.0800	0.0410	0.0006	0.0013	0.0000
45	0.1600	0.1200	0.1000	0.0800	0.0800	0.0305	0.0010	0.0024	0.0000
50	0.1600	0.1200	0.1000	0.0800	0.0800	0.0200	0.0016	0.0048	0.0400
55	0.1600	0.1200	0.1000	0.0800	0.0800	0.0135	0.0024	0.0069	0.0800
60	0.1600	0.1200	0.1000	0.0800	0.0800	0.0110	0.0044	0.0075	0.1400
65	0.1600	0.1200	0.1000	0.0800	0.0800	0.0100	0.0086	0.0075	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	0.1000	0.0700	0.0700	0.0600	0.0550	0.0470	0.0004	0.0011	0.0000
30	0.1000	0.0700	0.0700	0.0600	0.0550	0.0360	0.0004	0.0024	0.0000
35	0.1000	0.0700	0.0700	0.0600	0.0550	0.0240	0.0007	0.0057	0.0000
40	0.1000	0.0700	0.0700	0.0600	0.0550	0.0140	0.0010	0.0090	0.0100
45	0.1000	0.0700	0.0700	0.0600	0.0550	0.0070	0.0014	0.0115	0.0100
50	0.1000	0.0700	0.0700	0.0600	0.0550	0.0020	0.0020	0.0215	0.0200
55	0.1000	0.0700	0.0700	0.0600	0.0550	0.0000	0.0032	0.0410	0.2000
60	0.1000	0.0700	0.0700	0.0600	0.0550	0.0000	0.0059	0.0575	0.3000
65	0.1000	0.0700	0.0700	0.0600	0.0550	0.0000	0.0113	0.0000	100.00



STATISTICAL

Narrative Summary

This purpose of the Statistical section is to provide users with additional historical perspective, context, and detail in order to provide a more comprehensive understanding of this year's financial statements, note disclosures, and supplementary information, which cover the Pension Plan. This section also provides multi-year trend of financial and operating information to facilitate comprehensive understanding of how the organization's financial position and performance has changed over time. More specifically, the financial and operating information provides contextual data of VCERA's net assets, benefits, refunds, contribution rates and retirement benefits. The financial and operating trend information is located on the following pages.

Financial Trends Information is intended to assist readers in understanding how VCERA's financial activities and positions have changed over time. The Changes in Plan Assets for Years 2001 – 2010 presents additions by source, deductions by type, and the total change in net assets for each year. The Schedule of Benefit Expenses by Type for the last ten years presents benefit deductions by type of benefit received by members.

Operating Information is intended to provide contextual information about VCERA's operations and membership to assist readers in using financial statement information to comprehend and evaluate VCERA's fiscal condition. This section includes the Schedule of Retired Members by Type of Benefits, which presents information for the last ten years. The Active and Deferred Members table indicates member status for the last ten years. The Schedule of Average Monthly Benefit Payment reflects the number of newly retired members with average monthly benefit and final salary. The Participating Employer and Active Members presents the employers and number of their corresponding covered employees for years 2001 – 2010. The Employer Contribution Rates show the required retirement contribution rates for years 2001 – 2010.

Changes in Plan Net Assets

	2010	2009	2008	2007	2006
Additions					
Employer Contributions	$105,702,929	$113,915,784	$112,797,726	$94,327,697	$81,683,816
Member Contributions	42,466,182	42,325,754	39,611,439	36,727,845	33,334,824
Net Investment Income	347,087,186	(625,182,877)	(208,518,972)	461,551,467	241,240,489
Total Additions	**495,256,297**	**(468,941,339)**	**(56,109,807)**	**592,607,009**	**356,259,129**
Deductions					
Total Benefit Expenses	166,028,550	153,088,994	142,669,054	132,207,925	121,226,816
Administrative Expense	4,081,469	3,535,690	3,267,594	2,588,705	3,027,674
Member Refunds	3,227,440	3,253,100	3,960,407	3,479,318	4,228,611
Miscellaneous	-	-	20,007	-	-
Total Deductions	**173,337,459**	**159,877,784**	**149,917,062**	**138,275,948**	**128,483,101**
Change In Plan Net Assets	**$321,918,838**	**($628,819,123)**	**($206,026,869)**	**$454,331,061**	**$227,776,028**

	2005	2004	2003	2002	2001
Additions					
Employer Contributions	$58,436,106	$15,708,139	$5,384,203	$5,105,212	$4,832,769
Member Contributions	29,351,919	28,895,312	25,978,659	23,371,959	21,198,220
Net Investment Income	206,019,458	318,222,984	80,300,150	(149,932,920)	(4,262,139)
Total Additions	**293,807,483**	**362,826,435**	**111,663,012**	**(121,455,749)**	**21,768,850**
Deductions					
Total Benefit Expenses	109,734,125	101,108,287	95,001,364	80,958,477	71,094,169
Administrative Expense	2,938,884	2,761,869	2,246,186	1,888,140	1,563,950
Member Refunds	3,536,154	3,080,417	2,894,770	2,725,373	2,232,029
Miscellaneous	-	12,722	37,500	1,519,987	9,133
Total Deductions	**116,209,163**	**106,963,295**	**100,179,820**	**87,091,977**	**74,899,281**
Change In Plan Net Assets	**$177,598,320**	**$255,863,140**	**$11,483,192**	**($208,547,726)**	**($53,130,431)**

Benefit Expenses and Refund Deductions by Type

	2010	2009	2008	2007	2006
Service Retiree Payroll					
General	$83,372,514	$77,661,797	$72,277,754	$66,938,627	$60,586,668
Safety	39,353,106	35,038,577	32,145,225	28,472,253	26,027,639
Total	122,725,620	112,700,374	104,422,979	95,410,880	86,614,307
Disability Retiree Payroll					
General	10,050,635	9,638,282	9,113,846	9,448,886	9,334,146
Safety	21,162,852	19,264,905	18,147,418	17,115,428	15,941,360
Total	31,213,487	28,903,187	27,261,264	26,564,314	25,275,506
Survivor Continuances					
General	7,365,353	6,949,959	6,499,663	6,067,275	5,685,323
Safety	4,724,090	4,535,474	4,485,148	4,165,456	3,651,680
Total	12,089,443	11,485,433	10,984,811	10,232,731	9,337,003
Total Retiree Payroll					
General	100,788,502	94,250,038	87,891,263	82,454,788	75,606,137
Safety	65,240,048	58,838,956	54,777,791	49,753,137	45,620,679
TOTAL	$166,028,550	$153,088,994	$142,669,054	$132,207,925	$121,226,816
Member Refunds					
General	$2,605,623	$2,678,876	$3,525,896	$3,203,238	$3,611,208
Safety	621,817	574,224	434,511	276,080	617,403
TOTAL	$3,227,440	$3,253,100	$3,960,407	$3,479,318	$4,228,611

	2005	2004	2003	2002	2001
Service Retiree Payroll					
General	$54,330,399	$49,857,118	$45,934,646	$39,330,811	$34,502,808
Safety	23,606,066	21,186,500	19,725,887	16,578,810	14,486,116
Total	77,936,465	71,043,618	65,660,533	55,909,621	48,988,924
Disability Retiree Payroll					
General	9,213,230	8,930,748	8,549,634	7,385,740	6,490,242
Safety	14,070,060	12,713,783	12,577,060	10,806,904	9,645,388
Total	23,283,290	21,644,531	21,126,694	18,192,644	16,135,630
Survivor Continuances					
General	5,263,144	5,180,998	5,061,588	4,340,057	3,927,614
Safety	3,251,226	3,239,140	3,152,549	2,516,155	2,042,001
Total	8,514,370	8,420,138	8,214,137	6,856,212	5,969,615
Total Retiree Payroll					
General	68,806,773	63,968,864	59,545,868	51,056,608	44,920,664
Safety	40,927,352	37,139,423	35,455,496	29,901,869	26,173,505
TOTAL	$109,734,125	$101,108,287	$95,001,364	$80,958,477	$71,094,169
Member Refunds					
General	$3,223,771	$2,691,921	$2,524,486	$2,414,680	$1,977,578
Safety	312,383	388,496	370,284	310,693	254,451
TOTAL	$3,536,154	$3,080,417	$2,894,770	$2,725,373	$2,232,029

Retired Members by Type of Retirement

	2010	2009	2008	2007	2006
Service					
General	3,209	3,066	2,992	2,918	2,765
Safety	552	512	489	477	442
Total	3,761	3,578	3,481	3,395	3,207
Disability					
General	462	468	457	464	469
Safety	372	363	360	351	342
Total	834	831	817	815	811
Survivors					
General	512	492	479	442	433
Safety	160	140	137	118	119
Total	672	632	616	560	552
Total Retired Members					
General	4,183	4,026	3,928	3,824	3,667
Safety	1,084	1,015	986	946	903
Total	5,267	5,041	4,914	4,770	4,570

	2005	2004	2003	2002	2001
Service					
General	2,596	2,400	2,299	2,203	2,102
Safety	414	385	346	326	304
Total	3,010	2,785	2,645	2,529	2,406
Disability					
General	468	460	443	426	400
Safety	325	299	292	280	277
Total	793	759	735	706	677
Survivors					
General	408	387	383	359	349
Safety	103	100	94	93	88
Total	511	487	477	452	437
Total Retired Members					
General	3,472	3,247	3,125	2,988	2,851
Safety	842	784	732	699	669
Total	4,314	4,031	3,857	3,687	3,520

Active and Deferred Members

	2010	2009	2008	2007	2006
Active Vested					
General	4,078	4,069	3,970	3,906	3,768
Safety	1,158	1,187	1,188	1,177	1,192
Active Nonvested					
General	2,427	2,432	2,408	2,224	2,134
Safety	340	357	362	346	309
Total Active Members					
General	6,505	6,501	6,378	6,130	5,902
Safety	1,498	1,544	1,550	1,523	1,501
Deferred Members					
General	1,780	1,795	1,762	1,646	1,555
Safety	260	260	245	218	201
TOTAL	10,043	10,100	9,935	9,517	9,159

	2005	2004	2003	2002	2001
Active Vested					
General	3,650	3,573	3,509	3,623	3,603
Safety	1,172	1,158	1,036	891	889
Active Nonvested					
General	2,103	2,515	2,701	2,865	2,632
Safety	320	380	471	328	300
Total Active Members					
General	5,753	6,088	6,210	6,488	6,235
Safety	1,492	1,538	1,507	1,219	1,189
Deferred Members					
General	1,538	1,206	1,036	830	802
Safety	175	145	119	91	85
TOTAL	8,958	8,977	8,872	8,628	8,311

Schedule of Average Monthly Benefit Payments
2006-2010

	Years of Credited Service					
	5-9	10-14	15-19	20-24	25-29	30+
Retirees – 2010						
General Members						
Average Monthly Benefit	$ 1,146	$ 1,765	$ 2,372	$ 3,694	$ 4,368	$ 5,674
Average Final Average Salary	$ 6,540	$ 6,376	$ 6,356	$ 8,000	$ 8,063	$ 7,409
Number of Active Retirees	42	47	36	33	19	31
Safety Members						
Average Monthly Benefit	$ 2,889	$ 3,231	$ 2,919	$ 6,632	$ 7,520	$ 11,226
Average Final Average Salary	$ 13,166	$ 8,312	$ 8,033	$ 12,022	$ 11,082	$ 13,032
Number of Active Retirees	5	9	11	9	8	23
Retirees - 2009						
General Members						
Average Monthly Benefit	$ 1,708	$ 2,053	$ 3,271	$ 3,681	$ 4,226	$ 5,416
Average Final Average Salary	$ 4,460	$ 8,125	$ 8,094	$ 7,599	$ 7,883	$ 7,190
Number of Active Retirees	29	23	13	11	9	23
Safety Members						
Average Monthly Benefit	$ 2,613	$ 2,754	$ 4,605	$ 5,595	$ 10,741	$ 11,951
Average Final Average Salary	$ 9,309	$ 7,503	$ 11,038	$ 11,809	$ 13,642	$ 14,329
Number of Active Retirees	11	4	2	3	1	14
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
2001 - 2005

	2001	2002	2003	2004	2005
General Members					
Service Retirements	$1,368	$1,488	$1,665	$1,731	$1,744
Disability Retirements	$1,352	$1,445	$1,608	$1,618	$1,641
Survivor Continuances	$938	$1,007	$1,101	$1,116	$1,075
Number General Retirees	2,502	2,629	2,742	2,860	3,064
Number General Continuances	349	359	383	387	408
Safety Members					
Service Retirements	$3,971	$4,238	$4,751	$4,586	$4,752
Disability Retirements	$2,902	$3,216	$3,589	$3,543	$3,608
Survivor Continuances	$1,934	$2,255	$2,795	$2,699	$2,630
Number Safety Retirees	581	606	638	684	739
Number Safety Continuances	88	93	94	100	103

Participating Employers/Active Members

	2010	2009	2008	2007	2006
County of Ventura					
General Members	6,057	6,044	5,932	6,066	5,836
Safety Members	1,498	1,544	1,550	1,523	1,501
Total	7,555	7,588	7,482	7,589	7,337
Participating Agencies (General Membership)					
Ventura Regional Sanitation District	61	69	65	64	66
Courts	387	388	381	0	0
Total	448	457	446	64	66
Total Active Membership					
General Members	6,505	6,501	6,378	6,130	5,902
Safety Members	1,498	1,544	1,550	1,523	1,501
Total	8,003	8,045	7,928	7,653	7,403

	2005	2004	2003	2002	2001
County of Ventura					
General Members	5,688	6,018	6,142	6,416	6,166
Safety Members	1,492	1,538	1,507	1,219	1,189
Total	7,180	7,556	7,649	7,635	7,355
Participating Agencies (General Membership)					
Ventura Regional Sanitation District	65	70	68	72	69
Courts	0	0	0	0	0
Total	65	70	68	72	69
Total Active Membership					
General Members	5,753	6,088	6,210	6,488	6,235
Safety Members	1,492	1,538	1,507	1,219	1,189
Total	7,245	7,626	7,717	7,707	7,424

Employer Contribution Rates

	County			Districts		
	Tier 1	Tier 2	Safety	Tier 1	Tier 2	Safety
2010	46.89%	7.70%	31.06%	46.89%	7.70%	N/A
2009	49.29%	8.47%	32.78%	49.29%	8.47%	N/A
2008	50.69%	9.61%	35.25%	50.69%	9.61%	N/A
2007	32.75%	9.09%	32.01%	32.75%	9.09%	N/A
2006	25.27%	8.77%	30.37%	25.27%	8.77%	N/A
2005	14.79%	7.73%	28.27%	14.79%	7.73%	N/A
2004	0.00%	1.87%	9.40%	0.00%	1.87%	N/A
2003	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
2001	0.00%	0.00%	0.00%	0.00%	0.00%	N/A