Statement of Plan Net Assets

	Years Ended December 31 2007	2006
ASSETS		
Cash and Short-Term Investments		
Cash and Cash Equivalents (Note E)	$ 335,281,124	$ 237,237,264
Collateral Held for Securities Lent (Note F)	778,390,772	719,456,688
Total Cash and Short-Term Investments	**1,113,671,896**	**956,693,952**
Receivables		
Investment Income	29,223,212	22,309,517
Securities Sales	66,088,615	12,784,604
Employer/Employee Contributions	7,583,074	37,078,867
Other Receivables	669,055	362,142
Total Receivables	**103,563,956**	**72,535,130**
Investments, at Fair Value (Notes B-2 and F)		
United States Government Debt Securities and Corporate Bonds	2,783,944,623	2,076,853,725
Foreign Bonds	792,705,590	610,675,026
Domestic Equity Securities	1,807,503,474	1,704,672,978
International Equity Securities	2,048,736,844	1,902,510,425
Real Estate	623,071,198	541,570,830
Venture Capital and Limited Partnership Interests	146,262,478	149,262,145
Total Investments	**8,202,224,207**	**6,985,545,129**
Capital Assets, Net (Note B-3)	2,877,877	2,672,298
Total Assets	**9,422,337,936**	**8,017,446,509**
LIABILITIES		
Collateral Held for Securities Lent (Note F)	778,390,772	719,456,688
Securities Purchased	594,103,281	207,431,026
Prepaid Unearned Contributions (Note C)	108,301,236	70,940,574
Retiree Payroll Payable	29,534,548	22,486,790
Other	17,969,995	10,024,308
Total Liabilities	**1,528,299,832**	**1,030,339,386**
Net Assets Held in Trust for Pension Plan Benefits*	**$ 7,894,038,104**	**$ 6,987,107,123**

*See Schedule of Funding Progress on page 17.

(See accompanying notes to financial statements beginning on page 3.)

Statement of Changes in Plan Net Assets

	Years Ended December 31 2007	2006
ADDITIONS		
Contributions (Note C)*		
Employer	$ 326,736,357	$ 277,368,459
Employee	159,475,621	137,581,505
Total Contributions	**486,211,978**	**414,949,964**
Investment Income:		
Net Appreciation in Fair Value of Investments (Note F)	523,549,803	664,490,530
Interest on:		
Domestic and International Securities	146,287,497	81,732,842
Cash with County Treasurer (Note E)	1,874,995	870,058
Domestic Dividends	28,406,695	10,032,597
Real Estate Income	34,577,653	35,924,197
International Dividends	56,359,808	33,379,895
Venture Capital and Limited Partnerships	18,791,786	20,154,977
Total Investment Income	**809,848,237**	**846,585,096**
Less Investment Expenses	(30,112,168)	(18,437,908)
Net Investment Income	**779,736,069**	**828,147,188**
Securities Lending Revenue (Note F)	4,157,378	1,660,288
Less Securities Lending Fees (Note F)	(705,845)	(343,363)
Net Securities Lending Revenue	**3,451,533**	**1,316,925**
Income from Commission Recapture-Net/Other	1,773522	735,898
Total Additions	**1,271,173,102**	**1,245,149,975**
DEDUCTIONS		
Participants' Benefits	344,321,004	309,102,051
Death Benefits	740,648	594,103
Member Withdrawals and Refunds	8,799,409	8,969,775
Administrative Expenses (Note G)	10,381,060	9,599,841
Prepaid Unearned Contributions (Note G)	NA	7,545,467
Total Deductions	**364,242,121**	**335,811,237**
NET INCREASE	**906,930,981**	**909,338,738**
NET ASSETS HELD IN TRUST FOR PENSION PLAN BENEFITS		
Beginning of Year	6,987,107,123	6,077,768,385
End of Year	**$ 7,894,038,104**	**$ 6,987,107,123**

* Employer contributions reflect cash payments only. Please see Note C on page 8 for amounts transferred from the County Investment Account.

(See accompanying notes to financial statements beginning on page 3.)

A. Description and History of Plan

The following is a brief description of the Orange County Employees Retirement System (OCERS). Participants should refer to their Summary Plan Description for more complete information.

1. General

OCERS is a cost-sharing multiple-employer, defined benefit pension plan covering substantially all employees of the County of Orange (County) and of the following agencies:

- City of San Juan Capistrano
- Orange County Cemetery District
- Orange County Children and Families Commission
- Orange County Department of Education (closed to new members)
- Orange County Employees Retirement System
- Orange County Fire Authority (OCFA)
- Orange County In-Home Supportive Services Public Authority
- Orange County Local Agency Formation Commission
- Orange County Public Law Library
- Orange County Sanitation District
- Orange County Superior Court
- Orange County Transportation Authority (OCTA)
- Transportation Corridor Agencies
- University of California, Irvine Medical Center and Campus (closed to new members)

The participating entities share proportionally in all risks and costs, including benefit costs. One actuarial valuation is performed for OCERS as a whole, and contribution rates vary among participating entities.

Following an effort by the employees of Orange County, a proposition was submitted to the people of Orange County. As a result of the General Election, OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937 (County Retirement Law). OCERS provides members with retirement, death, disability, and cost-of-living benefits. OCERS is a related organization of the County of Orange, California.

The Retirement Board consists of nine members of which four are appointed by the County's Board of Supervisors, four are elected by the members of OCERS, the County Treasurer is an ex-officio member and an alternate member is elected by the safety members. The County of Orange is not financially accountable for OCERS.

The Board of Supervisors adopted certain sections of the Government Code for members employed after September 20, 1979. These members are designated as Tier II members. The established formula for Tier II members produces reduced allowances. Members employed prior to September 21, 1979 are designated as Tier I members. The specific differences between Tier I and Tier II are discussed below.

2. Membership

All regular full-time employees or part-time employees scheduled to work 20 hours or more per week for the County or other participating employers become members of the plan upon employment.

3. Monthly Salary Base for Benefits

Highest one-year average for Tier I members; three-year average for Tier II members.

4. Service Retirement

a. Eligibility: Ten years of service and age 50, or 30 years of service and any age (20 years for safety members), or age 70 with any service.

b. Benefit Formula per Year of Service:

Firefighters, Law Enforcement and Probation Safety – 3%

City of San Juan Capistrano – 2%

County of Orange, except AFSCME bargaining unit – 2%

Orange County Children & Families Commission – 2%

Orange County Fire Authority General – 2%

Orange County Local Agency Formation Commission – 2%

Orange County Public Law Library – 2%

Orange County Sanitation District – 2%

Orange County Superior Court – 2%

Orange County Employees Retirement System – 2%

Transportation Corridor Agencies – 2%

All other General members: Tier 1 – 2% Tier II – 1.6667%

Benefits are reduced or increased for retirement ages according to the following sections of the County Employees Retirement Law of 1937:

Firefighters	31664.1
Law Enforcement	31664.1
Probation Safety	31664.1
City of San Juan Capistrano	31676.19
Orange County Children & Families Comm	31676.19
Orange County Fire Authority General	31676.19
OCERS	31676.19
County of Orange, except those in the AFSCME bargaining unit	31676.19
Orange County Superior Court	31676.19
Orange County Local Agency Formation Commission	31676.19
Orange County Public Law Library	31676.18
Orange County Sanitation District	31676.18
Transportation Corridor Agencies	31676.16
All other General members:	
• Tier I	31676.12
• Tier II	31676.1

5. Nonservice-connected Disability

a. Eligibility: Five years of service.

b. Benefit Formula per Year of Service:

Tier I

1.8% x Years of Service Credit x Final One Year Average Monthly Compensation. (If benefit is less than 1/3 of final average monthly compensation, the number of years to age 62 can be added to the years of service credit in order to pay up to a maximum of one-third of final average monthly compensation.)

Tier II

1.5% x Years of Service Credit x Final Three Year Average Monthly Compensation. (If benefit is less than 1/3 of final average monthly compensation, the number of years to age 65 can be added to the years of service credit in order to pay up to a maximum of one-third of final average monthly compensation.)

6. Service-connected Disability

a. Eligibility: No age or service requirement.

b. Benefit: 50% of final average monthly compensation, or service retirement if the benefits are higher.

7. Active Member Death

a. If a member with less than five years of service dies in a non-work related incident, the spouse/Qualified Domestic Partner or dependent children will receive the member's refundable retirement contributions plus interest. In addition, the beneficiary will receive one month's salary for each completed year that the member served to a maximum of six months.

b. If the member was eligible for a service retirement or a nonservice-connected disability retirement at the time of death, the qualified surviving spouse/Qualified Domestic Partner or child has the following options:

- Refund of employee contributions with interest plus one month's salary for each year of service to a maximum of six months' salary;

or

- 60% of earned benefit payable to surviving eligible spouse/Qualified Domestic Partner;

or

- Combined benefit equal to a lump-sum payment plus a reduced monthly allowance.

If no eligible spouse/Qualified Domestic Partner or child exists, the named beneficiary receives refund of employee contributions with interest plus one month's salary for each year of service to a maximum of six months' salary.

c. Service-connected Death:

If a member dies in a job-related incident, the spouse/Qualified Domestic Partner or qualified child is eligible for a monthly allowance equal to 50 percent of the member's final average salary.

d. $750 Burial Benefit:

A burial allowance of $750 is payable to deceased member's beneficiary or estate if the member had 10 years of service with the County or district at the time of the member's death.

e. If a safety member dies in the line of duty, the spouse/Qualified Domestic Partner may be eligible for an additional 25% of the service-connected death allowance for each qualified child, from the County or district contributions and a one-time lump sum payment to the spouse/Qualified Domestic Partner equal to the annual compensation earnable of the deceased member at the rate of pay when the member died.

8. Death After Retirement

a. Nonservice-connected Disability Retirement:

60% of member's unmodified allowance continued to eligible spouse/Qualified Domestic Partner or eligible child. (Member may elect a modified allowance at time of retirement.)

b. Service-connected Disability Retirement:

The continuance is 100% to the eligible spouse/ Qualified Domestic Partner or eligible child if the member retired with a service-connected disability.

c. $1,000 Burial Benefit:

A burial allowance of $1,000 is payable to the deceased retiree's beneficiary or estate.

d. Service Retirement:

Benefit depends upon option chosen.

9. Termination of Employment

Members may elect a refund of accumulated contributions and interest. Contributions left on deposit continue to draw interest regardless of the amount of service the member has earned. Terminating members who decide to leave their contributions on deposit and have at least five years of service are eligible for benefits at retirement age.

10. Post-Retirement Cost-of-Living Benefits

The annual Cost-of-Living Adjustment (COLA) is intended to increase retirement payments to account for inflation. The COLA applies to all retired members who retired on or before April 1 of that year. Retirees receive an increase equal to the actual U.S. Department of Labor Consumer Price Index (CPI) as it relates to the Orange County area, which includes Orange, Los Angeles and Riverside counties. The COLA is limited to a maximum of 3% per year. Amounts in excess of 3% are "banked" for the future and may be applied to a future year in which the change is less than 3%. In addition to the annual Cost-of-Living Adjustment (COLA), the Board of Retirement may grant a STAR (Supplemental Targeted Adjustment for Retirees) COLA for eligible retirees who have lost more than 20% of their purchasing power to inflation since retirement. The adjustment allows retirees to keep at least 80% of their purchasing power, regardless of how many years they have been retired.

11. Employer Contributions

Determined by Entry Age Normal with level percent of pay amortization of Unfunded Actuarial Accrued Liability.

12. Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to:

1/200 of Final Average Salary for General Plan A;

1/120 of Final Average Salary for General Plan B;

1/100 of Final Average Salary for General Plans G, H, I, and J;

1/120 of Final Average Salary for General Plans M and N;

1/200 of Final Average Salary for Safety Plan E and;

1/100 of Final Average Salary for Safety Plan F.

The Annuity age is 60 for General Plans A, B, M, and N; 55 for Plans G, H, I, and J; and 50 for Safety Plans E and F. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Accumulation includes semi-annual crediting of interest at the assumed investment earning rate.

13. Active and Retired Members

The following is a summary of OCERS' membership composition at December 31, 2007 and 2006:

Active and Deferred Personnel

	December 31	
	2007	**2006**
Active General Members		
County and Agencies Paid by County Payroll	16,672	15,981
Outside Agencies	3,131	3,120
Subtotal - Active General Members	19,803	19,101
Active Safety Members		
County and Agencies Paid by County Payroll	2,991	2,834
Outside Agencies	824	815
Subtotal - Active Safety Members	3,815	3,649
Total Active Members	23,618	22,750
Deferred (General & Safety) Members		
Regular	2,816	2,442
Employment with Other Agencies (Reciprocity)	830	736
Subtotal - Deferred Members	3,646	3,178
Total Active and Deferred Personnel	**27,264**	**25,928**

Benefit Recipients

	December 31, 2007			December 31, 2006		
	General	**Safety**	**Total**	**General**	**Safety**	**Total**
Service Retirement	7,580	1,056	8,636	7,430	973	8,403
Survivors	715	68	783	854	78	932
Alternate Payees QDRO	144	48	192	133	43	176
Subtotal	8,439	1,172	9,611	8,417	1,094	9,511
Service-connected Disability	601	385	986	617	369	986
Survivors	58	25	83	50	22	72
Alternate Payees QDRO	7	18	25	5	18	23
Subtotal	666	428	1,094	672	409	1,081
Nonservice-connected Disability	244	13	257	256	13	269
Survivors	78	2	80	287	19	306
Alternate Payees QDRO	4	0	4	4	0	4
Subtotal	326	15	341	547	32	579
Active Death Survivors	339	35	374	9	2	11
Total Recipients	**9,770**	**1,650**	**11,420**	**9,645**	**1,537**	**11,182**

14. Employee Purchased Annuities

OCERS formerly provided accounts for additional member contributions as allowed under Government Code Section 31627.

On December 16, 2002, the Board of Retirement adopted resolution 02-005 to terminate the Employee Purchased Annuities program with an effective date of December 31, 2002. Members receiving a monthly distribution were given the choice of continuing to receive that distribution or receiving a lump sum payout of their balance as of December 31, 2002. Members who were not receiving a monthly distribution were given the choice of receiving a lump sum payout of their balance as of December 31, 2002 or having their balances rolled over to a qualified plan or IRA.

15. Federal Income Tax Status

The Internal Revenue Service has ruled that plans such as OCERS' qualify under Section 401 (a) of the Internal Revenue Code and are not subject to tax under present income tax laws. Accordingly, no provision for income tax has been made in the accompanying basic financial statements, as the Plan is exempt from federal and state income taxes under the provisions of the Internal Revenue Code, Section 401, and the California Revenue and Taxation Code, Section 23701, respectively.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

OCERS' financial statements are prepared on the accrual basis of accounting. Contributions from employers and members are recognized when due pursuant to formal commitments, as well as statutory requirements; benefits and refunds are recognized when payable in accordance with the provisions of the plan. Investment income is recognized as revenue when earned. The net appreciation (depreciation) in fair value of assets held by OCERS is recorded as an increase (decrease) to investment income based on the valuation of investments at year end. Expenses are recorded when corresponding liabilities are incurred, regardless of when payment is due.

2. Valuation of Investments

Quoted market prices are used to value United States Government and agency securities, corporate and foreign bonds and debentures, and domestic and international common stocks. Real estate equity investments are stated at fair value, determined by independent appraisals performed on the properties held. The values of venture capital funds and limited partnership investments were determined by the investment managers based on the underlying financial statements and performance of the investments and acceptable valuation methodologies.

3. Capital Assets

Capital assets are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method with a 3 year useful life for computer software, and 5 to 15 years for equipment and furniture. The cost and accumulated depreciation of capital assets at December 31, 2007 and 2006, were as follows:

	2007	2006
Furniture and Equipment	$ 1,239,727	$ 1,161,234
Computer Software	4,813,313	4,087,266
Total Capital Assets (at cost)	**6,053,040**	**5,248,500**
Less Accumulated Depreciation	(3,175,163)	(2,576,202)
Total Capital Assets Net of Depreciation	**$ 2,877,877**	**$ 2,672,298**

Depreciation expense for the year ended 2007 and 2006 was $598,961 and $432,764, respectively.

4. Implementation of New Accounting Pronouncements

OCERS implemented GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, effective for the year ended December 31, 2006. The Statistical Section has been expanded to include ten years of trend information, plus Financial Trend Information regarding changes in plan net assets.

5. Subsequent Events

Additional Portfolio Activity –
January: The Board approved $5.25 million additional funding of the PIMCO Distressed Mortgage Fund. $22.21 million in net contributions transferred from cash, including a $24.2 million purchase of the Rivergate Shopping Center in Charlotte, North Carolina, a CB Richard Ellis acquistion. $1.14 million in net distributions transferred to cash, including additional funding of $350,000 to Adam Street 2008 Direct Fund L.P., $250,000 to Adam Street 2008 US Fund, and $200,000 to Adam Street 2008 Non-US Fund.

February: $35 million transferred from PIMCO TIPS to fund the PIMCO Commodites PLUS account. $7 million additional funding of the PIMCO Distressed Mortgage Fund. An additional funding of $200,000 to Adam Street 2007 Direct Fund L.P. and $357,500 to Adam Street 2007 US Fund.

March: Liquidated $100 million from the BGI US Debt Index Fund, $15 million from the BGI TIPS Index Fund and $85 million from the PIMCO TIPS portfolio for the initial funding of Blackrock with $50 million, PAAMCO with $25 million, Schroder Commodity Portfolio with $25 million, Wellington DIH with $15 million and Hancock Timber with $50 million.

C. Contributions Required and Contributions Made

1. Authority

As a condition of participation under the provisions of the County Employees Retirement Law of 1937, members are required to contribute a percentage of their annual compensation to OCERS. See page 12 article 12 for the methodology used to compute member contributions.

2. Member Contributions

Present members' accumulated contributions at December 31, 2007 and 2006, were $1,320,031,006 and $1,174,367,567, respectively, including interest credited. Interest was credited at an interest rate of 5.0% per annum with 2.5% credited as of June 30, on the balance of the members' accounts as of the prior December 31 and 2.5% credited as of December 31 on the balance of the members' accounts as of the prior June 30. The incremental difference between the 5% that is credited to employee contributions and the actuarially then-assumed rate of 7.75% is credited to the Employer Reserve account.

3. Funding Objective

The County and participating agencies' funding policy is to make periodic contributions to OCERS in amounts that, when combined with members' contributions and with investment income, will fully provide for all members' benefits by the time they retire.

4. Pension Obligation Bonds

In September 1994, the County of Orange issued $320 million in Pension Obligation Bonds (POB) of which $318.3 million in proceeds were paid to OCERS to fund the County's portion of the Unfunded Actuarial Accrued Liability (UAAL). The proceeds received were recorded as employer contributions in calendar year 1994.

For accounting purposes, OCERS maintains the proceeds for the POB's in the County Investment Account (Investment Account). OCERS and the County of Orange, a single participating district, entered into an agreement which provided an offsetting credit based upon an amount actuarially determined to deplete the County Investment Account over the then remaining UAAL amortization period. The offsetting credits for years 2007, 2006, 2005, 2004, 2003 and 2002 were $11,000,000, $11,000,000, $9,675,306, $3,579,000, $26,209,000, and $65,180,000, respectively.

The County determines annually how the account will be applied to contribution requirements.

5. Combined Employer and Employee Contributions Received

	2007	2006	2005
Normal Cost	$ 267,416,588	$ 274,046,804	$ 204,553,221
Amortization of Unfunded Actuarial Accrued Liability	218,795,390	140,903,160	129,120,016
Total	**$ 486,211,978**	**$ 414,949,964**	**$ 333,673,237**

The Orange County Employees Retirement System (OCERS), as an employer, has also participated in the program. On an annual basis, OCERS has made contributions to the System in accordance with the actuarially-determined rates. For the years ended December 31, 2007, 2006 and 2005, OCERS contributed $741,497, $584,123, and $607,833, respectively. 100% of the required contributions were paid each year.

During the year, contributions totaled $486,211,978 which included $326,736,357 in employer contributions and $159,475,621 in employee contributions. Government Code Section 31582(b) allows the Board of Supervisors to authorize advance payment of all or part of the county's estimated annual contribution to the retirement fund. Code Section 31585 makes the same advance payment option available to the other sponsors. Participating employers have made advance payments in 2007 of the employers estimated annual contributions discounted by the assumed interest rate in effect. At the end of the fiscal year, a "true up" is completed and employers are either billed for an underpayment or apply their overpayment towards the following year contributions. At the end of the 2007 calendar year, a total of $108,301,236 remained as prepayments for the sponsors to be applied in 2008.

The Memorandum of Understanding (MOU) between OCERS and certain participating employers required that Employer Contributions must increase by the lesser of .50% of pay or the amount necessary to increase OCERS' Unallocated Fund Balance (UFB) to 3% of OCERS' adjusted total assets.

D. Plan Termination

There are no Plan termination provisions available to the County under the Employees Retirement Law of 1937. Special Districts may terminate their participation if a majority of the members in their Plan vote in the affirmative to do so. On January 4, 2007 Orange County Vector Control District terminated their participation in OCERS.

E. Cash and Cash Equivalents

At any given time, OCERS' investment portfolios may contain funds not yet invested in securities. These funds are invested in short-term money market funds including the Orange County Treasurer's Investment Pool. In addition, OCERS maintains an operating cash balance at a local financial institution that is used for retirement payroll and other operational expenses. On December 31, 2007, OCERS had money market funds of $73,270,440 invested with OCERS' master trust custodian bank, State Street California, $33,627,919 invested with Wells Fargo Bank and $8,369,326 invested with the Orange County Treasurer's Investment Pool. All of the cash invested is uninsured and uncollateralized; interest on the money market funds and in the Orange County Treasurer's Investment Pool are computed on an average daily balance. The total amount of Cash and Cash Equivalents as of December 31, 2007 was $335,281,124.

F. Investments

OCERS is in conformance with the "County Employees Retirement Law of 1937" and the California Government Code. California law follows the "prudent person" rule for investing by retirement systems.

For the 2005 fiscal year, OCERS has implemented the Governmental Accounting Standards Board Statement 40. In accordance with GASB 40, OCERS discloses investments that are subject to certain risks: Custodial Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk. The GASB 40 disclosures replace the investments risk categories table included in previous OCERS Comprehensive Annual Financial Reports.

Credit Risk

Credit Risk is the risk that an issuer or other party to an investment will not fulfill its obligations. OCERS seeks to maintain a diversified portfolio of fixed income instruments to obtain the highest total return for the fund at an acceptable level of risk. OCERS utilizes external investment managers to manage both its active and passive portfolios. OCERS investment policy specifies the guidance to our fixed income managers of the security types, credit rating and targeted durations verses a benchmark. OCERS portfolio diversification minimize overall market and credit risk, while allowing for maximization of higher investment returns.

Fixed Income Securities

Most fixed income securities are rated by one or more corporate credit rating agencies such as Moody's, Standard and Poors, or Fitch IBCA. These ratings help potential investors determine the risk associated with investing in a specific company, investing instrument or market. A non-rated (NR/NA) security does not necessarily indicate a lower quality security. Presented below is a table listing fair values of fixed income investments categorized by rating as of December 31, 2007.

	TOTAL	Aaa	Aa	A	Baa	Ba	B	Caa	NR/NA	Duration
COLLATERALIZED MORTGAGE OBLIGATIONS	$135,896,153	$64,542,773		$538,161	$1,790,789				$69,024,426	3.09
CONVERTIBLE BONDS	$13,577,441				$1,101,349	$2,819,667	$255,850	$2,581,919	$6,818,655	1.12
CORPORATE BONDS	$460,738,210	$79,989,421	$93,756,161	$63,147,697	$75,610,059	$34,951,760	$51,089,176	$14,474,901	$47,719,031	5.01
FEDERAL HOME LOAN MORTGAGE CORP	$68,303,674	$81,105,286							-$12,801,615	3.13
FEDERAL NATIONAL MORTGAGE ASSN	$501,256,429	$413,918,367							$87,338,057	4.49
GOVERNMENT ISSUES	$2,338,697,523	$2,124,028,669	$847,191	$173,094,868	$21,920,957	$13,441,197			$5,364,633	8.56
GOVERNMENT NATIONAL MORTAGE ASSN I	$13,135,639	$13,135,623								16.33
GOVERNMENT NATIONAL MORTAGE ASSN II	$2,717,735	$2,717,730								4.95
MUNICIPALS	$16,787,857	$5,118,542	$1,323,477		$8,774,346				$1,571,482	10.35
NON-SECURITY ASSETS	$2,303,245								$2,303,241	4.13
OTHER ASSET-BACKED SECURITIES	$25,307,539	$12,102,007	$1,808,262		$655,496	$2,192,629		$23,300	$8,525,842	2.03
INTEREST RATE SWAP	-$2,071,169								-$2,071,169	0.00
GRAND TOTALS	$3,576,650,276	$2,796,658,419	$97,735,090	$236,780,726	$109,852,996	$53,405,253	$51,345,026	$17,080,120	$213,792,583	5.74 AVG

Custodial Credit Risk

Custodial Credit Risk for deposits is the risk that in the event of a financial institution's failure, OCERS would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. OCERS' deposits are not exposed to custodial credit risk as its deposits are eligible for and covered by "pass-through insurance" in accordance with applicable law and FDIC rules and regulations. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, OCERS would not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. OCERS' investment securities are not exposed to custodial credit risk because all securities are held by OCERS' custodial bank in OCERS' name.

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. OCERS' policy is to attempt to achieve its investment return objective with an appropriate level of risk using an efficient combination of investable assets. OCERS does not have a formal risk policy specific to interest rate risk. OCERS manages total fund level risk by setting portfolio level guidelines for each investment manager.

Concentration of Credit Risk

Concentration Risk is the risk of financial loss that results from investing too much from the total portfolio in any one investment. Investments in mutual funds help limit exposure to concentration risk because these investment types represent a collection or grouping of individual investments. The table below represents the 10 largest investments by OCERS as of December 31, 2007. OCERS did not invest in any single issue of security totaling more than five percent of the System's net assets.

Schedule of Largest Equity Holdings (by Market Value)
December 31, 2007

Common Stock	Shares	Market Value	% of Composite
Mobil Corp	270,556	$ 25,348,390	1.26
General Electric Co	494,118	18,316,966	0.91
Potash Corp	112,600	16,370,610	0.40
Barrick Gold Corp	379,300	15,949,565	0.39
Microsoft Corp	394,224	14,034,376	0.70
BAE Systems	1,360,500	13,486,895	0.33
Softbank Corp	624,200	12,906,969	0.32
Goldman Sachs	58,300	12,537,415	0.31
AT&T Inc	296,115	12,306,532	0.61
Procter & Gamble Co	151,233	11,103,554	0.55

Schedule of Largest Fixed Income Holdings (by Market Value)
December 31, 2007

Asset	CPN/Maturity	Market Value	% of Composite
U. S. Treas Bds	2.375/1-15-2025	$114,286,301	4.52
U. S. Treas Nt	2.00/TIPS	97,578,330	3.86
U. S. Treas Bds	3.625/4-15-2028	81,871,784	3.24
FNMA	5.50	62,728,458	2.48
U. S. Treas Nt	1.875/TIPS	60,530,283	2.39
U. S. Treas Nt	1.625/TIPS	54,943,947	2.17
U. S. Treas Nt	2.00/TIPS	50,683,683	2.00
U. S. Treas Nt	0.875/TIPS	43,236,251	1.71
U. S. Treas Nt	2.50/TIPS	42,282,197	1.67
U. S. Treas Bds	3.875/4-15-2029	40,022,807	1.58

Foreign Currency Risk

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. OCERS recognizes that some level of risk must be assumed to achieve the system's long term investment objectives. OCERS' policy is to attempt to achieve its investment return objective with an appropriate level of risk using an efficient combination of investable assets. OCERS does not have a formal risk policy specific to foreign currency risk. OCERS manages total fund level risk by setting portfolio level guidelines for each investment manager.

Currency Exposure
as of December 31, 2007

Currency	Market Value
Australian Dollar	$78,247,900
Brazilian Real	$3,088,473
Canadian Dollar	$79,438,685
Danish Krone	$4,530,711
Euro Currency	$583,912,397
Hong Kong Dollar	$31,438,713
Iceland Krona	$3,453,314
Indonesian Rupiah	$3,110,732
Japanese Yen	$453,568,053
Mexican Peso	$22,402,533
New Zealand Dollar	$9,906,924
Norwegian Krone	$11,005,810
Polish Zloty	$217,362
Pound Sterling	$190,780,313
Singapore Dollar	$19,970,424
South African Rand	$2,141,803
South Korean Won	$7,436,048
Swedish Krona	$16,880,435
Swiss Franc	$85,794,533
Thailand Baht	$3,070,146

Net Appreciation

During 2007 and 2006, OCERS' investments (including investments bought and sold, as well as held during each year) appreciated in value by $523,549,803 and by $664,490,530, respectively.

	Years Ended December 31	
	2007	**2006**
Net Appreciation in Fair Value as Determined by Quoted Market Prices:		
Domestic Equity Securities	$ 86,340,713	$ 178,580,127
United States Government Debt Securities, Corporate & Foreign Bonds & Debentures	111,225,695	36,088,855
International Equity Securities	257,041,926	380,227,240
Subtotal	454,608,334	594,896,222
Net Appreciation (Depreciation) in Fair Value as Determined by Estimated Fair Value:		
Real Estate	45,933,920	45,379,480
Alternative	23,007,549	24,214,828
Total Net Appreciation	**$ 523,549,803**	**$ 664,490,530**

Securities Lending and Custodial Risk

OCERS' investment policy permits the pension trust fund to participate in a securities lending program. Domestic and international equities as well as domestic and international fixed income securities are loaned to brokers who provide collateral in the form of cash. This collateral must equal 102 percent of the fair market value for domestic loans and 105 percent of the fair market value for international loans and the values are priced daily. OCERS invests the collateral in short-term securities that cannot be pledged or sold by OCERS unless the borrower defaults. Income is also realized from the securities lending fees paid by the broker-borrower. OCERS' practice is to match the term to maturity of the securities lent with the term to maturity of the collateral investment. There are no restrictions on the amount of securities that can be lent at any one time. OCERS experienced no violations of its securities lending provisions in 2007. Securities on loan at year-end to various securities brokers for 2007 and 2006, at fair market values were $778,390,772 and $719,456,688, respectively.

State Street California serves as OCERS' broker for its securities lending program. State Street California holds securities purchased with collateral for OCERS in a separate collateral account. State Street California, OCERS' custodial bank, provides indemnification against dealer default. OCERS experienced no losses on its securities lending program for the years ended December 31, 2007 and 2006.

Gross security lending revenue for 2007 and 2006 was $4,157,378 and $1,660,288, respectively. At year end, the system has no credit risk exposure to borrowers because the amounts the system owes the borrowers exceed the amounts the borrowers owe the system.

International Investments

Investments in international securities are managed by investment managers. Other investments are held in pooled funds, all of which are invested in equities of companies located in international markets.

Alternative Investments

OCERS has utilized two different methods of investing in alternatives. The first is to employ a management firm to invest in both limited partnerships and direct private placements. The second method is for OCERS to participate as a limited partner in a limited partnership fund. As of December 31, 2007, OCERS had approximately $146,262,478 of open commitments in four alternative investments. Alternative investments may include venture capital, corporate finance, buyout, energy, oil and gas.

Derivative Holdings Held for Trading Purposes

OCERS may hold derivatives in its domestic fixed income portfolio (See note I for other derivative investments). The investment objective of holding derivative securities is to achieve favorable yields and advantageous risk/reward profiles. The U.S. Government and like agencies guarantee the majority of these securities.

Securities	Fair Value 2007	Fair Value 2006
FHLMC	$ 68,303,671	$ 8,776,977
FNMA	501,256,424	272,115,719
GNMA	15,853,353	3,480,747
CMO	135,896,150	21,956,807
Others	25,539,609	2,041,155
Total Derivative Securities	**$ 746,849,207**	**$ 308,371,405**

G. Administrative Expenses and Prepaid Unearned Contributions

The total administrative expenses for the years ended December 31, 2007 and 2006 were $10,381,060 and $9,599,841, respectively. Section 31580.2 of the Government Code limits the annual administrative expenses of the retirement system to 18/100 (18 basis points) of the total assets of the retirement system. Additionally, Section 31596.1 of the Government Code allows certain costs to be excluded from the statutory limitation. The limitations for the years ended December 31, 2007 and 2006 were $14,209,269 and $13,001,008, respectively. Administrative expenses subject to the statutory limitation for the years ended December 31, 2007 and 2006 were $9,146,145 and $8,204,444, respectively. These expenses are financed mostly by investment income. The excluded costs are included in the amounts classified as administrative expenses for OCERS' financial statements.

The deductions for 2007 and 2006 include a discount on Prepaid Unearned Contributions of $16,420,391 and $7,545,467, respectively.

H. Reserve Accounts

The plan net assets of $7,894,038,104 as of December 31, 2007 include reserves of $6,647,578,568 and unreserved net assets of $1,246,459,536. The unreserved net assets include the County Investment Account. The reserve balances as of December 31, 2007 are as follows:

	Active Members Reserve	Retired Members Reserve	Employer Advanced Reserve	RMBR Reserve	Unclaimed Reserve	Unreserved Net Assets	Total Plan Net Assets
General Ledger Balance	$1,320,031,006	$4,024,122,404	$1,300,215,459	$1,984,281	$1,225,418	$1,246,459,536	$7,894,038,104
Less: Accounts Receivable for Interest Credited to Reserves	(31,096,597)	(138,464,642)	(78,498,793)	-	-	-	(248,060,032)
Net Reserves	**$1,288,934,409**	**$3,885,657,762**	**$1,221,716,666**	**$1,984,281**	**$1,225,418**	**$1,246,459,536**	**$7,645,978,072**

The Additional Retiree Benefit Account (ARBA) results from a Memorandum of Understanding (MOU) with the County of Orange and subsequently with all employers. The amounts maintained in the ARBA are to be applied to health insurance or other supplemental benefits for OCERS' retirees. There were no transfers to the ARBA accounts in years 2007 and 2006 because the UFB was zero; the remaining balance of ARBA account was used to credit interest to other reserves.

The Retirement Board adopted the creation of the Retired Members Benefit Reserve (RMBR) for OCERS' retirees in the year 2002 to ensure the continued funding of the retiree supplemental benefits for three years. All participating agencies could transfer a projected three year benefit payment to the RMBR balance that was created as a sub-account of the Employer Advanced Reserve Account. The RMBR account will be used to pay additional benefits to retirees in lieu of payments out of the ARBA balance in circumstances where the ARBA balance is depleted. The RMBR balance will not receive the bi-annual interest credit and it will be funded on a three year rolling method. The balance of the RMBR on December 31, 2007 was approximately $1,984,281. The County of Orange terminated their RMBR agreement on December 31, 2006 and all others terminated by December 31, 2007.

I. Summary of Derivative Financial Instruments

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 transaction 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.

As of December 31, 2007, OCERS had the following futures contracts:
(Dollars in thousands)

Description	Contracts	Notional Par	Market Value
Futures Long	7,304	$1,730,561,050	$1,645,332,966.61
Futures Short	-2,420	-$207,334,170	-$260,279,083.39

FX Forward Contracts

Forward contracts represent an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction 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.

As of December 31, 2007, OCERS had the following FX forward contracts:
(Dollars in thousands)

Description	Contracts	Market Value
FX Contracts Purchased	23	$46,603,148
FX Contracts Sold	34	$48,821,825
FX Crossdeal	2	-$26,505

Option Contracts

An option contract is a type of derivative security in which a buyer (purchaser) has the right, but 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.

As of December 31, 2007, OCERS had the following option contracts:
(Dollars in thousands)

Description	Contracts	Market Value
Options Purchased – Calls	146,000,000	$3,027,310
Options Written – Calls	-90,674,000	-$4,529,934
Options Written – Puts	-33,613,000	-$626,299

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 that the counterparties exchange are tied to a “notional” amount. A swap agreement specifies the time period over which the periodic payments will be exchanged.

As of December 31, 2007, OCERS had the following swap agreements:
(Dollars in thousands)

Description	Notional Value – U. S. Dollar
Swaps – Long	$398,301,235
Swaps – Short	-$497,073,320

J. Post Employment Health Care Benefits

Beginning in 2007, the Orange County Fire Authority and Orange County entered into an agreement with OCERS establishing health care fund accounts pursuant to Section 401 (h) and Section 115 of the Internal Revenue Code.

Section 401 (h) permits the establishment of a separate account to fund retiree health care benefits. 401 (h) limits the contributions to the 401 (h) account to 25% of aggregate contributions to OCERS.

Section 115 allows for the purpose of funding all or a portion of the benefits payable pursuant to a plan.

Under the agreements OCERS administers the health care program for the retired members and their eligible dependents. The Boards of all of the interested parties reserves the right to amend or revise these plans and programs at any time. OCERS' roll in regard to the program is limited to collecting the monies, investing the funds and upon direction from Orange County or the Orange County Fire Authority make payment of premiums when due.

K. Reclassification of Financial Statement Presentation

Certain reclassifications have been made to the 2006 financial statements to conform with the 2007 financial statement presentation. Such reclassifications had no effect on net increase in net plan assets as previously reported.

Required Supplementary Information

Schedule of Funding Progress
(Dollars in Thousands)

Actuarial Valuation Date December 31	Actuarial Value ($) of Plan Assets (a)	Actuarial Accrued Liability ($) (b)	Total Unfunded Actuarial Accrued Liability (UAAL) ($) (b-a=c)	Funded Ratio (%) (a/b)	Covered Payroll ($) (d)	UAAL as a Percentage (%) of Covered Payroll (c/d)
2002	4,695,675	5,673,754	978,079	82.76%**	1,242,348	78.73%
2003	4,790,099	6,099,433	1,309,334	78.53%	1,243,964	105.25%
2004*	5,245,821	7,403,972	2,158,151	70.85%	1,257,085	171.68%
2005	5,786,617	8,089,627	2,303,010	71.53%	1,276,764	180.38%
2006	6,466,085	8,765,045	2,298,960	73.77%	1,322,952	173.78%
2007	7,288,900	9,996,211	2,707,311	72.92%	1,457,159	185.79%

* Effective December 31, 2004 the actuarial valuation of plan assets was changed to a 5-year smoothing methodology based on market value rather than a rolling 5-year modified book value. Restated per Segal's report dated December 31, 2005.

** Please see Letter of Transmittal [Funding goal] for a detailed explanation.

Note:

1. The 12/31/02, 12/31/03, 12/31/04, 12/31/05 12/31/06 and 12/31/07 actuarial value of assets exclude $143,675,000, $143,744,000, $155,245,000 $158,218,736, $168,223,633 and $174,348,137 of the County Investment Account balances respectively.

Schedule of Employer Contributions

	Annual Required Contribution*	Percentage Contributed**
2002	$13,289,000	100%
2003	$124,243,000	100%
2004*	$194,430,000	100%
2005***	$227,892,000	100%
2006	$277,368,000	100%
2007	$326,736,000	100%

* Employer contributions reflect cash payments only. Please see note C on page 8 for amounts transferred from the County Investment Account.

** Annual Required Contributions do not reflect discounts provided due to interest awarded on prepayments.

*** The difference between the annual required contribution and the actual contribution (page 2) is the prepaid discount.

Latest Actuarial Valuation Methods and Assumptions

The historical trend information about the Orange County Employees Retirement System is presented as required supplementary information. The information is intended to help users assess the status of the fund on a going-concern basis and to evaluate the progress made in accumulating assets for paying benefits when due.

Actuarial Assumptions and Method

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

Valuation date	12/31/2007
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	30-year closed amortization with 27 years remaining
Asset valuation method	5 year smoothing between the actual market value and the expected (currently at 7.75%) return on market value
Actuarial assumptions	
Investment rate of return	7.75%
Projected Salary Increases	3.50% per annum
Includes inflation at	3.50% subject to Tier maximum
Cost-of-living adjustments	3.00% per annum with excess banked

Significant Factors Affecting Trends in Actuarial Information

2007 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

Vector Control District terminated their participation in OCERS effective January 4, 2007.

Retirement formula for the Orange County Cemetery District changed to 2% at 55 effective December 7, 2007.

2006 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

The City of Rancho Santa Margarita terminated their participation in OCERS effective December 31, 2006.

2005 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

The Investment rate of return was increased to 7.75% effective December 31, 2004.

The Actuarial Cost method was changed to Entry Age Normal effective December 31, 2005.

Salary scale changed from 4.5% to 3.5% per annum per individual.

Reset amortization period for all members to 30 years.

Retirement formula for General Members of the County of Orange, (except for AFSCME bargaining unit) changed to 2.7% at 55 effective July 1, 2005.

Retirement formula for the Orange County Superior Court changed to 2.7% at 55 effective July 1, 2005.

Retirement formula for the Sanitation District changed to 2.5% at 55 effective July 1, 2005.

Retirement formula for the Transportation Corridor Agencies changed to 2% at 55 effective July 1, 2005.

Retirement formula for the Orange County Public Law Library changed to 2.5% at 55 (future service only) effective July 1, 2005.

Retirement formula for LAFCO was changed to 2.7% at 55 (future service only) effective July 1, 2005.

Retirement formula for the Children and Families Commission of Orange County changed to 2.7% at 55 (future service only) effective December 23, 2005.

Retirement formula for OCERS' management changed to 2.7% at 55 (future service only) effective July 1, 2005.

Retirement formula for probation officers changed to 3% at 50 (future service only) effective June 10, 2005.

2004 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

Effective January 1, 2004, the actuarial value of assets will be calculated by smoothing the difference between the actual and the expected (currently 7.5% per annum) return on market value.

Retirement formula for General Members of the Orange County Fire Authority changed to 2.7% at 55 effective July 1, 2004.

(Continued)

Significant Factors Affecting Trends in Actuarial Information (Continued)

2003 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

The City of Rancho Santa Margarita adopted a 2.5% at 55.

Retirement formula for the City of San Juan Capistrano changed to 2.7% at 55.

2002 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

Retirement formula for Fire Authority personnel changed to 3% at 50.

All probation officers' status changed from General to Safety with a retirement formula of 2% at 50 effective June 28, 2002.

Interest rate assumption changed from 8.0% to 7.5%.

Salary scale changed from 5.5% to 4.5%.

Reset amortization period to 30 years except for actuarial gains and losses related to Fire Authority and Law Enforcement personnel.

2001 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

Retirement formula for Law Enforcement personnel changed to 3% at 50.

1998 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

Reduced termination rates.

Moved retirement age slightly older.

Changed Pre-retirement Mortality Table from 1971 GAM to 1983 GAM.

1997 California Supreme Court Decision - Ventura County

Expanded the definition of compensation earnable.

1995 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

Salary scale changed from 6.0% to 3.5% per annum per individual through the year 2000, and 5.5% thereafter.

1993 Changes in Plan Provisions and Actuarial Assumptions Since Prior Year

Changed Mortality Table from 1971 GAM (for regular retirement) to 1983 Group Annuity. Changed Expectations of Life After Disability from 80% of Mortality Table to 60%.

Other Supplementary Information

Schedule of Administrative Expenses

	Years Ended December 31	
	2007	**2006**
Expenses Subject to the Statutory Limitation:		
Personnel Services:		
Board Members' Allowance	$ 12,500	$ 12,900
Employee Salaries and Benefits	5,263,570	4,659,673
Total Personnel Services	5,276,070	4,672,573
Office Operating Expenses:		
Operating Expenses	1,014,283	1,153,710
Professional Services	1,305,771	1,057,035
Rent/Leased Real Property	951,060	888,362
Depreciation/Amortization	598,961	432,764
Total Office Operating Expenses	3,870,075	3,531,871
Total Expenses Subject to the Statutory Limitation*	9,146,145	8,204,444
Expenses Not Subject to the Statutory Limitation:		
Commingled Interest Cost	34,411	20,333
Actuarial Fees	146,776	427,456
Consulting/Research Fees	355,934	342,846
Investment Department Expenses	635,152	546,734
Legal Costs	62,642	58,028
Total Expenses Not Subject to the Statutory Limitation	1,234,915	1,395,397
Total Administrative Expenses	**$ 10,381,060**	**$ 9,599,841**

(*Please see note G on page 12.)

Schedule of Investment Expenses

	Years Ended December 31	
	2007	**2006**
Investment Expense by Category		
Domestic/Global Fixed Income	$ 4,482,765	$ 3,868,510
Domestic Equity	6,063,589	4,214,285
Real Estate	8,461,765	3,074,454
Limited Partnership	254,143	1,105,995
Venture Capital	3,491,533	1,351,076
International Equity	7,358,373	4,823,588
Subtotal	30,112,168	18,437,908
Security Lending Fees		
Security Lending Fees	705,845	343,363
Total Investment Expenses	**$ 30,818,013**	**$ 18,781,271**

Schedule of Payments for Professional Services
For the Years Ended December 31, 2007 and 2006

Name of Firms	Type of Services	2007	2006
Professional Expenses Subject to the Statutory Limitation			
County of Orange	Various Services	$ 67,007	$ 54,147
Netifice Communication, Inc.	Internet Usage	-	10,920
Megapath Networks Inc.	Internet Usage	17,443	-
Manpower, Inc.	Temporary Personnel	60,500	18,768
Select Personnel Services	Temporary Personnel	4,050	72,210
Talent Tree Crystal , Inc.	Temporary Personnel	22,959	-
E-Partners	System Consulting	-	1,781
Hanson Bridgett	Legal Services	22,465	38,007
Foley & Lardner	Legal Services	782	4,014
Reed Smith	Legal Services	291,488	114,752
Steefel, Levitt & Weiss	Legal Services	-	50,965
Schott & Lites Advocates	Legislative Counseling	18,000	18,000
Link, Murrel & Company	Audit Services	-	33,532
The Berwyn Group	Mortality Verification	2,487	3,420
Brown Armstrong	Audit Services	92,600	95,470
Management Specialists	Financial Strategy Seminars	11,250	10,500
Iron Mountain	Offsite Data Storage	9,192	5,621
Linea Solutions	System Consulting	92,777	256,174
Levi, Ray, & Shoup, Inc.	System Improvement	-	55,850
Novanis	System Consulting	18,216	-
Various Professional Firms	Other Services	574,555	212,904
Total Professional Expenses Subject to the Statutory Limitation		**$ 1,305,771**	**$ 1,057,035**
Professional Expenses Not Subject to the Statutory Limitation			
Callan Associates, Inc./ The Townsend Group	Performance Evaluation	307,387	287,046
IRSS Inc.	Performance Evaluation	25,000	-
Informa Investment Solutions (Effron Enterprises, Inc.)	Performance Evaluation	800	800
ISI Group	Performance Evaluation	-	25,000
State Street Bank and Trust Company	Custodian Services	180,000	177,958
County of Orange	Commingled Interest Cost	34,411	20,333
The Segal Company	Actuarial Services	146,776	427,456
Stradling, Yocca, Carlson, & Rauth	Legal Counsel	62,642	-
Davis, Mendel & Regenstein	Performance Evaluation	22,500	30,000
Investment Department Expenses	Investment Expenses	455,399	426,804
Total Professional Expenses Not Subject to the Statutory Limitation		**1,234,915**	**1,395,397**
Total All Professional Expenses		**$ 2,540,686**	**$ 2,452,432**