



Stanislaus County Employees'
Retirement Association
P O Box 31150
Modesto, CA 95353

**BOARD OF RETIREMENT
JUNE 30, 2007**

Wes Hall, Chair
Elected by Retiree Membership

Mike Fisher, Vice-Chair
Appointed by the Board of Supervisors

Gordon Ford, Ex-Officio Trustee
Treasurer/Tax Collector

Maria DeAnda, Trustee
Elected by Active General Membership

Linda Stotts-Burnett, Alternate Trustee
Elected by Retired Membership

Darin Gharat, Trustee
Elected by Active Safety Membership

Mike Lynch, Trustee
Appointed by the Board of Supervisors

Ron Martin, Trustee
Appointed by the Board of Supervisors

Steve Yauch, Trustee
Elected by Active General Membership

Jim DeMartini, Trustee
Appointed by the Board of Supervisors

Ensuring tomorrow's benefits through prudent management.



**POPULAR ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2007**

Stanislaus County Employees' Retirement Association
(A Pension Trust Fund for the County of Stanislaus, Modesto, CA)

TO STANCERA MEMBERS

I am pleased to provide you with the Popular Annual Financial Report (PAFR) of the Stanislaus County Employees' Retirement Association (StanCERA) for the fiscal year ended June 30, 2007. A complete Comprehensive Annual Financial Report (CAFR) can be located on StanCERA's website: www.stancera.org.

StanCERA's funding objective is to meet long-term benefit obligations by maintaining a well-funded plan status and obtaining optimum investment returns. The last actuarial valuation, conducted as of June 30, 2006, provided StanCERA with a funded ratio of 96.6%. The actuarial valuation is performed annually taking into account the market value of the assets used to determine employer contribution rates and spreading all gains and losses over five years, known as a 5 year smoothing method.

StanCERA remains very healthy. For the year ended June 30, 2007, StanCERA's total portfolio achieved an overall absolute return of +16.8% compared to a return of 10.3% for year ending June 30, 2006. The 16.8% result was in line with StanCERA's policy benchmark of 16.9% for the fiscal year and also exceeded the actuarial assumption return of 8.16%(4.0% semi-annually compounded). The StanCERA Board continues to explore options of optimizing returns with minimum risk for the members.

The Plan net assets increased by \$188 million as a result of fiscal year activities. Net investment income increased by \$90 million over the prior year. Total normal contributions (member and employer) increased by \$4 million with one-time additional contribution received of \$7 million in connection with the post-Ventura Francis settlement. Benefit payments increased over the prior year by \$9 million, which includes \$3 million in one-time additional benefits paid in connection with the post-Ventura Francis settlement. Administrative costs to operate the System increased by \$0.4 million.

StanCERA's independent auditor, Brown Armstrong, has audited the financial statements and provided an opinion that the financial statements present fairly, in all material respects, the financial position of StanCERA for the years ended June 30, 2007 and 2006, and the results of its operations for the years then ended in accordance with generally accepted accounting principles.

Sincerely,

Tom Watson

Tom Watson, Retirement Administrator
Stanislaus County Employees' Retirement Association

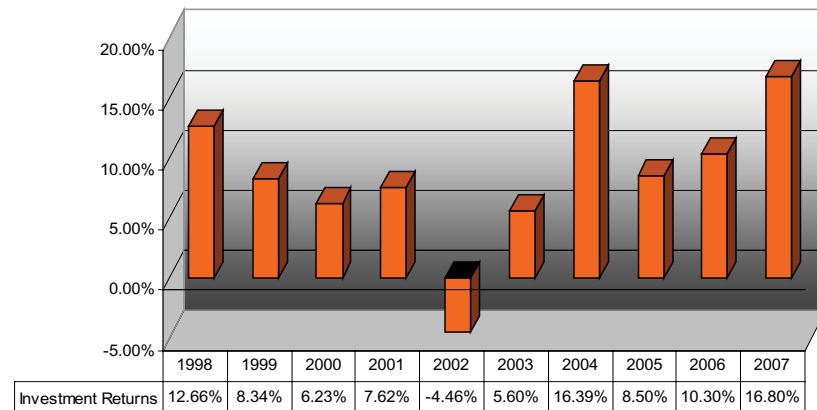
Stanislaus County Employees' Retirement Association can be contacted at:
832 12th Street, Suite 600
Modesto, CA 95354
209-525-6393
www.stancera.org

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS
(\$ in millions)

Fiscal Year Ending June 30	Total Fund Net Assets	Increase (Decrease) in Net Assets
2007	\$1,461	\$188
2006	1,273	97
2005	1,176	73
2004	1,103	141
2003	962	37
2002	925	(59)
2001	984	47
2000	937	38
1999	899	71
1998	828	88

Total Plan Net Assets are the assets at market value available for future payments to retirees less liabilities.

Investment Returns for years ending June 30



The Plan's investment activity is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Below is a schedule of investments held by StanCERA at June 30, 2007.

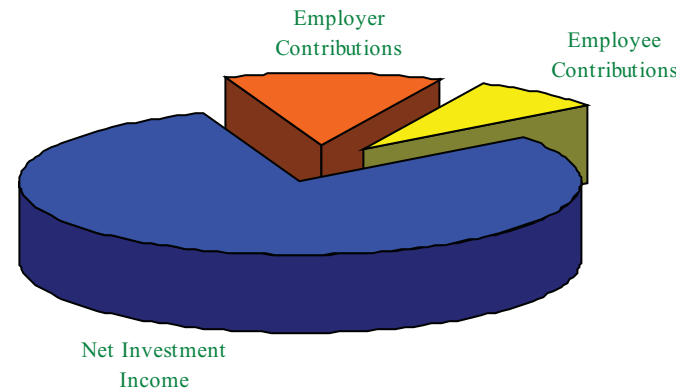
Asset Class	Market Value	Annual Return	Actual Allocation	Target Allocation
Domestic Equities	\$689,884,970	18.30%	47.69%	46.40%
International Equities	300,104,028	31.10%	20.74%	20.00%
Fixed Income	437,356,009	7.00%	30.23%	33.60%
Cash	19,300,180	5.21%	1.34%	0.00%
TOTAL PORTFOLIO	\$1,446,645,187		100.00%	100.00%

The Total Portfolio is total investments at market value only. These amounts do not include cash in Stanislaus County Treasury or capital assets.

FUND REVENUE
(\$ in thousands)

Fiscal Year ending June 30	Employer Contributions	Employee Contributions	Net Investment Income (Loss)
2007	\$32,562	\$20,543	\$207,192
2006	22,549	19,861	117,273
2005	19,793	19,088	90,703
2004	17,114	18,942	155,269
2003	16,207	18,521	48,560
2002	11,341	13,940	(43,386)
2001	7,509	11,227	68,423
2000	5,899	10,140	58,374
1999	5,338	9,349	86,808
1998	7,438	7,937	98,388

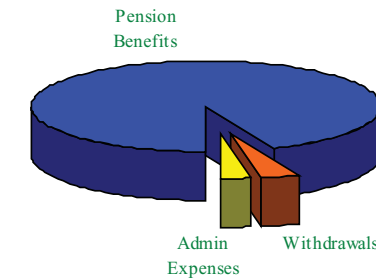
StanCERA Revenue fiscal year ending June 30, 2007



FUND EXPENSES
(\$ in thousands)

Fiscal Year ending June 30	Benefits	Withdrawals	Administrative Expense
2007	\$67,599	\$2,730	\$1,981
2006	58,130	2,482	1,599
2005	53,176	2,347	1,405
2004	47,926	1,327	1,301
2003	43,435	1,561	1,147
2002	38,118	1,548	1,082
2001	34,966	1,163	965
2000	32,130	1,729	869
1999	28,232	1,280	665
1998	23,262	1,680	747

StanCERA Expenses fiscal year ending June 30, 2007



The primary uses of StanCERA's assets are in payment of benefits to retirees and their beneficiaries, refunds of contributions to terminated employees, and the costs of administering the Plan.

HISTORICAL MEMBERSHIP

Fiscal Year Ending June 30	Number of Active Members	Number of Deferred & In-Active Members	Number of Retired Members & Beneficiaries	Average Monthly Benefit
2007	4,435	1,093	2,545	\$2,181
2006	4,391	886	2,445	\$2,068
2005	4,338	924	2,273	\$1,994
2004	4,248	832	2,217	\$1,801
2003	4,263	841	2,067	\$1,751
2002	4,507	745	1,963	\$1,618
2001	4,235	767	1,861	\$1,566
2000	4,045	602	1,780	\$1,504
1999	3,749	550	1,683	\$1,398
1998	3,480	513	1,552	\$1,131

StanCERA's membership consists of full and percentage time (working over 50% time) employees, members who have left service and have deferred their receipt of retirement benefits, and retirees and their beneficiaries from the County of Stanislaus, Stanislaus Superior Court, the City of Ceres, Stanislaus Council of Governments, Eastside Mosquito Abatement District, Hills Ferry Cemetery District, Keyes Community Service District, and Salida Sanitary District.

The primary sources to finance the benefits StanCERA provides are accumulated through return on investments and through the collection of member and employer contributions. Net investment income is the total interest, dividends and net gains on all investments less investment fees.

Full CAFR is available at:
StanCERA
832 12th Street, Suite 600
Modesto, CA 95354
Or on our web site at www.stancera.org