

Stanislaus County Employees'  
Retirement Association  
P O Box 3150  
Modesto, CA 95353

BOARD OF RETIREMENT  
June 30, 2013

Gordon B. Ford, Vice Chair  
Ex-Officio, County Treasurer

Maria De Anda, Trustee  
Elected by Active General Membership

Donna Riley, Trustee  
Elected by Active General Membership

Ron Martin, Trustee  
Appointed by the Board of Supervisors

Mike Lynch, Trustee,  
Appointed by the Board of Supervisors

Jim DeMartini, Trustee  
Appointed by the Board of Supervisors

Darin Gharat, Chair  
Elected by Active Safety Membership

Michael O'Neal, Trustee  
Elected by Retiree Membership

Joan Clendenin, Alternate Trustee  
Elected by Retired Membership

Jeff Grover, Trustee  
Appointed by the Board of Supervisors

Ensuring tomorrow's benefits through prudent management.

# Popular Annual Financial Report

For the Fiscal Years Ended  
June 30, 2013 and 2012



Stanislaus County  
Employees' Retirement Association  
(Pension Trust Fund of the County of Stanislaus, California)

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, 2013. The PAFR is intended to provide a snapshot and brief discussion of the financial activities of StanCERA for the year. The selected financial information in the PAFR is derived from generally accepted accounting principles and data presented in StanCERA's Comprehensive Annual Financial Report (CAFR) for 2013 and 2012, which contains more detailed information regarding the financial position of StanCERA. The complete CAFR can be located on StanCERA's website: [www.stancera.org](http://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 most recent actuarial valuation, conducted as of June 30, 2012, reported StanCERA's funded ratio as 76.9%. The funded ratio is the actuarial assets available to pay the actuarial liabilities. The actuarial valuation is performed annually to determine employer contribution rates taking into account the smoothed value of the assets by spreading all asset gains and losses over a rolling five year period. The next actuarial valuation is in process and determines the funded status as of June 30, 2013. Based upon the new study, the Board of Retirement will set contribution rates for fiscal year 2014 - 2015.

The recovery of the stock market and collapsed housing market has been slow but continues to improve. Management believes the plan remains in a strong financial position to meet its obligations to the plan participants and beneficiaries. For the fiscal year ended June 30, 2013, StanCERA's total portfolio outperformed its policy benchmark of 11.5% with an overall return of 14.5%. The StanCERA Board continues to explore options to optimize returns with minimum risk to members and sponsors.

The Plan Net Position increased from \$1.386 billion to \$1.545 billion between 2012 and 2013. Normal contributions (member and employer) increased by \$11.5 million due to changes in economic assumptions and opening of new Tier 6 due to the public Employees' Pension Reform Act effective January 1, 2013. Benefit payments increased by \$6.9 million over the prior year as more employees moved from active to retired status. Administrative costs to operate the System decreased by \$0.079 million.

StanCERA's independent auditor, Macias Gini & O'Connell, LLP, has audited the financial statements contained in the CAFR 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, 2013 and 2012, and the results of its operations for the years then ended in accordance with generally accepted accounting principles.

Sincerely,

Rick Santos  
Executive Director

Stanislaus County Employees' Retirement Association can be contacted at:  
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209-525-6393  
[www.stancera.org](http://www.stancera.org)

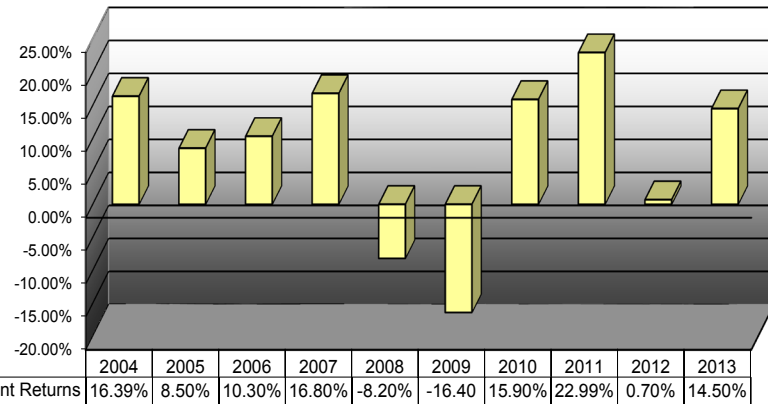
**PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS**  
(\$ in millions)

Fiscal Year Ending June 30	Total Plan Net Assets	Increase (Decrease) in Net Assets
2013	\$ 1,545	\$ 159
2012	1,386	(33)
2011	1,419	229
2010	1,190	132
2009	1,058	(253)
2008	1,311	(150)
2007	1,461	188
2006	1,273	97
2005	1,176	73
2004	1,103	141

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

The Plan's investment activity is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Shown below are StanCERA's investment returns for the last ten years and a schedule of investments held by StanCERA at June 30, 2013.

**INVESTMENT RETURNS FOR YEARS ENDING JUNE 30**



**INVESTMENTS HELD AT JUNE 30, 2013**

Asset Class	Market Value	Annual Return	Actual Allocation	Target Allocation
Domestic Equities	\$ 700,252,900	24.10%	44.99%	41.40%
International Equities	263,833,964	17.40%	16.95%	20.00%
Fixed Income	505,014,355	2.00%	32.44%	35.10%
Real Estate Securities	22,377,219	5.70%	1.44%	1.50%
Direct Lending	29,098,868	0.12%	1.87%	2.00%
Cash	35,972,730	0.00%	2.31%	0.00%
<b>TOTAL PORTFOLIO</b>	<b>\$ 1,556,550,036</b>		<b>100.00%</b>	<b>100.00%</b>

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

**SCHEDULE OF FUNDING PROGRESS – PENSION BENEFIT PLAN**  
FOR THE TEN YEARS ENDED JUNE 30, 2012  
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
6/30/2012	\$ 1,451,764	\$ 1,888,713	\$ 436,949	76.9%
6/30/2011	1,372,046	1,757,717	385,671	78.1%
6/30/2010	1,325,801	1,737,824	412,023	76.3%
6/30/2009	1,171,767	1,653,716	481,949	70.9%
6/30/2008	1,317,167	1,548,824	231,657	85.0%
6/30/2007	*	N/A	N/A	N/A
6/30/2006	1,154,048	1,329,375	175,327	86.8%
6/30/2005	1,049,691	1,116,310	66,619	94.0%
6/30/2004	993,180	1,035,345	42,165	95.9%
6/30/2003	937,797	958,095	20,298	97.9%

\* Actuarial valuation was not performed for fiscal year ended June 30, 2007  
Data provided from last actuarial valuation, as of June 30, 2012.

**HISTORICAL MEMBERSHIP**

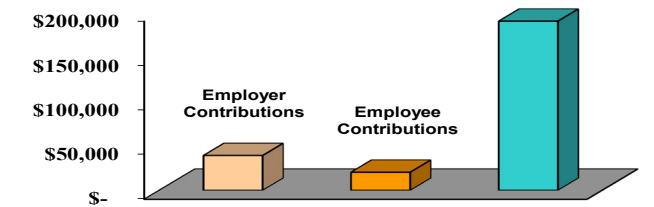
Fiscal Year Ending June 30	Number of Active Members	Number of Deferred & Inactive Members	Number of Retired Members & Beneficiaries	Average Monthly Benefit
2013	3,931	1,028	3,234	\$ 2,260
2012	3,868	1,032	3,123	2,177
2011	3,854	1,042	2,976	2,153
2010	4,085	1,075	2,818	2,115
2009	4,366	1,075	2,757	2,232
2008	4,450	1,062	2,666	2,080
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

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, Keyes Community Service District, and Salida Sanitary District.

**FUND REVENUE**  
(\$ in thousands)

Fiscal Year ending June 30	Employer Contributions	Employee Contributions	Net Investment Income (Loss)
2013	\$ 39,077	\$ 20,286	\$ 189,988
2012	27,314	20,525	3,725
2011	26,257	19,197	261,842
2010	21,814	20,746	165,054
2009	23,411	20,923	(221,031)
2008	22,555	20,689	(121,409)
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

**StanCERA Revenue fiscal year ended June 30, 2013**  
(\$ in thousands)

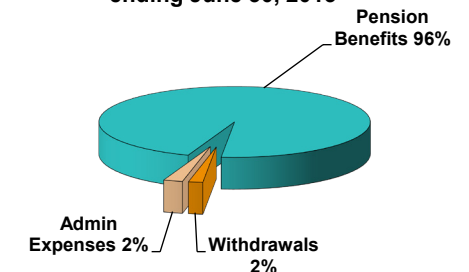


The primary sources to finance the benefits StanCERA provides are accumulated through return on investments and through the collection of member and employer contributions. Net investment income is the total interest, dividends and net realized and unrealized gains or losses on all investments less investment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

**FUND EXPENSES**  
(\$ in thousands)

Fiscal Year ending June 30	Benefits	Withdrawals	Administrative Expense
2013	\$ 87,103	\$ 1,546	\$ 2,065
2012	80,157	1,833	2,145
2011	74,826	1,906	2,037
2010	71,465	1,732	2,307
2009	71,861	2,538	2,080
2008	67,785	2,442	2,044
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

**StanCERA Expenses fiscal year ending June 30, 2013**



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. Administrative costs decreased over the prior year due to staff retiring and the need to not use temporary staff.