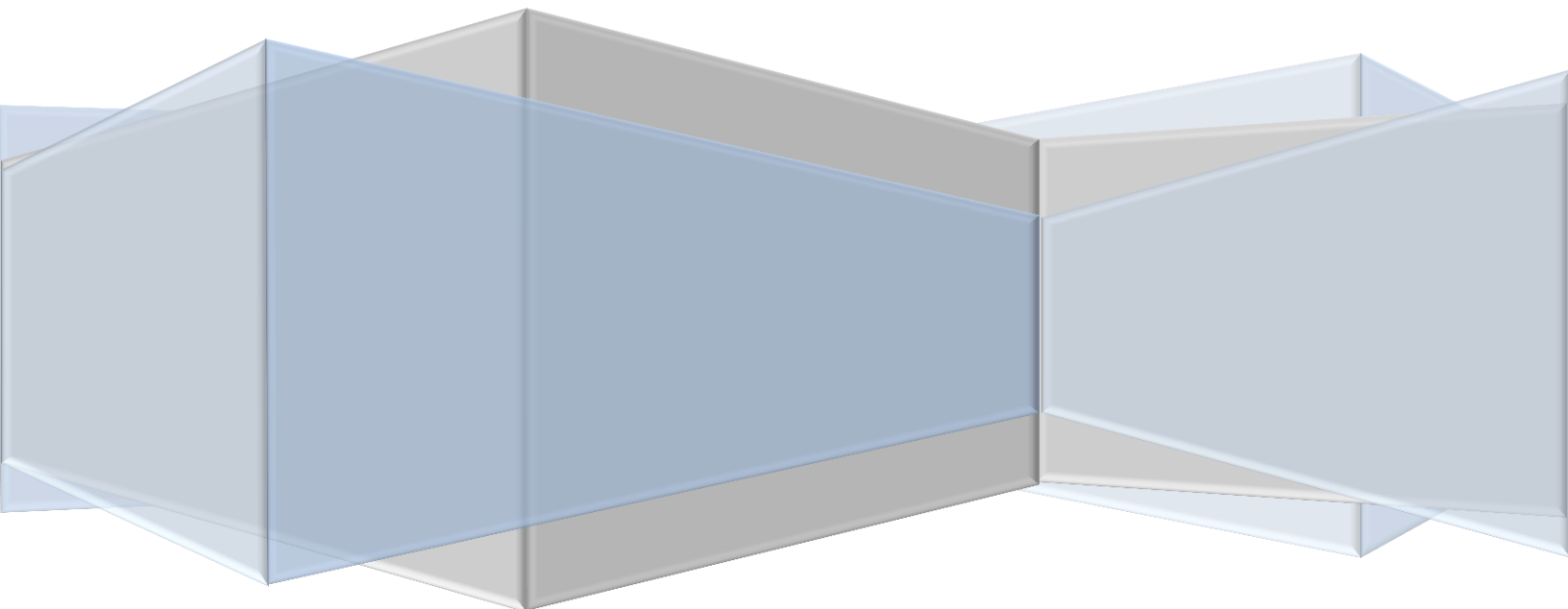




**STANISLAUS COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

**Schedule of Employer Allocations and Schedule of  
Pension Amounts by Employer**

**For the Fiscal Year Ended June 30, 2015**



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# Independent Auditor Report

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## Independent Auditor Report

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STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
(Pension Trust Fund for the County of Stanislaus, California)  
Schedule of Employer Allocations  
For the fiscal years ended June 30

Employer	Employer Allocations			
	2015		2014	
	Percentage	Unfunded Liability Amortization Payment Share	Percentage	Unfunded Liability Amortization Payment Share
Stanislaus County	88.7280%	\$ 24,002,674	88.6947%	\$ 23,213,656
City of Ceres	5.6629%	1,531,921	5.6923%	1,489,826
Stanislaus Superior Court	4.5541%	1,231,970	4.5917%	1,201,755
Stanislaus County Council of Governments	0.3678%	99,508	0.3973%	103,979
East Side Mosquito Abatement District	0.2843%	76,898	0.2692%	70,468
Salida Sanitary District	0.2375%	64,248	0.2051%	53,684
Keyes Community Services District	0.1023%	27,681	0.0903%	23,627
Hills Ferry Cemetery District	0.0631%	17,062	0.0594%	15,558
<b>Total</b>	<b>100.0000%</b>	<b>\$ 27,051,962</b>	<b>100.0000%</b>	<b>\$ 26,172,553</b>

The accompanying notes are an integral part of this schedule.

### Notes to Schedule of Employer Allocations

#### *Description of System and Applicable Provisions of the Law*

The Stanislaus County Employees' Retirement Association (StanCERA) is an integrated public employee retirement system established under and subject to the legislative authority of the State of California as enacted and amended in the County Employees Retirement Law of 1937 (Chapter 677 Statutes of 1937) and the Public Employees' Pension Reform Act of 2013. It is a cost sharing multiple employer pension plan. StanCERA was established by the Board of Supervisors on July 1, 1948, and was integrated with Social Security on January 1, 1956. StanCERA provides for retirement, disability, death, beneficiary, cost-of-living, and ad-hoc retirement benefits.

#### *Summary of Significant Accounting Policies*

The above schedule includes the allocations for each contributing employer, reflecting a methodology that allocates the Net Pension Liability and other Pension Amounts based on each employer's share of the Unfunded Liability amortization payments, with separate amortization rates for General and Safety employees. Each employer's amortization share as of June 30, 2015 and June 30, 2014 is determined by multiplying the actual pensionable payroll reported to StanCERA by contributing employers for the respective fiscal year by the employer's amortization rate from the most recent actuarial valuation report (the report as of June 30, 2014 and June 30, 2013, respectively).

### *Basis of Accounting*

Pensionable payroll for employers contributing to StanCERA are reported on an accrual basis of accounting, and related contributions are recognized when received or due pursuant to legal requirements.

### *Contribution Rates*

StanCERA's policy for contributions states that actuarially determined rates expressed as a percentage of employee pensionable wages are required to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded liability. Employee pensionable wages are the basis for determining both plan member and employer contributions which are reported in StanCERA's basic financial statements and are the basis for the allocation calculation. Plan member contributions reported in StanCERA's basic financial statements include plan member contributions paid by the employer.

### *Use of Estimates in the Preparation of the Schedule*

The preparation of this schedule in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**(Pension Trust Fund of the County of Stanislaus, California)**  
Schedule of Pension Amounts by Employer  
As of and for the fiscal year ended June 30, 2015

**Deferred Outflows of Resources**

Employer	Net Pension Liability	Differences Between Expected and Actual Experience	Changes in Assumptions	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Proportionate Share	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Stanislaus County	\$ 261,885,799	\$ 1,525,155	\$ -	\$ -	\$ 731,629	\$ -	\$ 2,256,784
City of Ceres	16,714,375	97,340	-	-	-	448,924	546,264
Stanislaus Superior Court	13,441,688	78,281	-	-	-	-	78,281
Stanislaus County Council of Governments	1,085,583	6,322	-	-	47,061	-	53,383
East Side Mosquito Abatement District	839,128	4,887	-	-	138,062	-	142,949
Salida Sanitary District	700,995	4,082	-	-	195,615	-	199,697
Keyes Community Services District	301,944	1,758	-	-	34,374	2,153	38,285
Hills Ferry Cemetery District	186,243	1,085	-	-	10,598	-	11,683
<b>Total for All Employers</b>	<b>\$ 295,155,755</b>	<b>\$ 1,718,910</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,157,339</b>	<b>\$ 451,077</b>	<b>\$ 3,327,326</b>

**Deferred Inflows of Resources**

Employer	Differences Between Expected and Actual Experience	Changes in Assumptions	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes in Proportionate Share	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Stanislaus County	\$ -	\$ -	\$ 34,163,194	\$ -	\$ 304,912	\$ 34,468,106
City of Ceres	-	-	2,180,402	629,533	-	2,809,935
Stanislaus Superior Court	-	-	1,753,478	423,885	104,179	2,281,542
Stanislaus County Council of Governments	-	-	141,615	84,502	11,184	237,301
East Side Mosquito Abatement District	-	-	109,465	-	10,947	120,412
Salida Sanitary District	-	-	91,445	-	8,617	100,062
Keyes Community Services District	-	-	39,389	5,255	8,913	53,557
Hills Ferry Cemetery District	-	-	24,296	14,165	2,324	40,785
<b>Total for All Employers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,503,284</b>	<b>\$ 1,157,340</b>	<b>\$ 451,076</b>	<b>\$ 40,111,700</b>

**Pension Expense Excluding That Attributable to Employer-Paid Member Contributions**

Employer	Proportionate Share of Allocable Plan Pension Expense	Pension Expense Related to Specific Liabilities of Individual Employers	Net Amortization of Deferred Amount from Changes in Proportionate Share	Net Amortization of Deferred Amounts from Differences Between Employer Contributions and Proportionate Share of Contributions	Total Pension Expense Excluding That Attributable to Employer-Paid Member Contributions
Stanislaus County	\$ 24,594,717	\$ -	\$ 235,926	\$ (84,434)	\$ 24,746,209
City of Ceres	1,569,713	-	(202,826)	126,707	1,493,594
Stanislaus Superior Court	1,262,361	-	(132,319)	(31,614)	1,098,428
Stanislaus County Council of Governments	101,950	-	(5,440)	(3,336)	93,174
East Side Mosquito Abatement District	78,806	-	42,416	(2,928)	118,294
Salida Sanitary District	65,833	-	57,471	(2,270)	121,034
Keyes Community Services District	28,358	-	6,843	(1,511)	33,690
Hills Ferry Cemetery District	17,492	-	(2,071)	(614)	14,807
<b>Total for All Employers</b>	<b>\$ 27,719,230</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,719,230</b>

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

*Summary of Significant Policies*

The Total Pension Liability as of the valuation date includes the liability associated with the \$5,000 lump sum death benefit. Measurements as of the reporting date are based on the fair value of assets (fiduciary net position) as of June 30, 2015 and the Total Pension Liability as of the valuation date, June 30, 2014, using update procedures to roll forward to StanCERA's fiscal year end of June 30, 2015. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2012. There were no significant events between the valuation date and the measurement date.

The components of the Net Pension Liability of StanCERA at June 30, 2015 and June 30, 2014, were as follows:

	June 30, 2015	June 30, 2014
Total Pension Liability	\$ 2,127,759,959	\$ 2,024,376,761
Plan Fiduciary Net Position	(1,832,604,204)	(1,791,309,279)
Net Pension Liability	<u>\$ 295,155,755</u>	<u>\$ 233,067,482</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.1%	88.5%

*Actuarial Assumptions*

The Total Pension Liability was determined based on the June 30, 2014 actuarial valuation rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

**ACTUARIAL VALUATION ASSUMPTIONS**

Valuation Date	June 30, 2014
Investment Rate of Return	7.75%, net of investment expense
Projected Salary Increases	3.50%, plus service-based rates
Attributed to Inflation	3.25%
Cost of Living Adjustments	100% of Consumer Price Index (CPI) to 3.0% annually with banking, 2.7% annual increases assumed



### *Actuarial Assumptions - continued*

Post-retirement mortality rates were based on the RP2000 Combined tables projected to the year 2020 with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For pre-retirement mortality, withdrawal rates, disability rates and service retirement rates, the rates vary by age, gender and classification.

The long-term defined benefit pension plan return expectations were determined using a building-block approach. An inflation forecast is the baseline and various real return premiums (e.g., bonds, equities, etc.) are added to create nominal return expectations for each asset class. These expectations are combined to produce the long-term expected rate of return by weighting the expected nominal rates of return by the target asset allocation percentages and including an expected return from rebalancing uncorrelated asset classes. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2015 and June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015 Long-Term Expected Real Rate of Return</u>	<u>2014 Long-Term Expected Real Rate of Return</u>
Domestic Equities		
US Large Cap	5.10%	5.30%
US Small Cap	5.50%	5.60%
International Equities		
Int'l Development	5.70%	5.60%
Emerging Market Equity	6.50%	6.40%
US Fixed Income	0.50%	0.70%
Real Estate Securities	3.70%	3.90%
Direct Lending	3.00%	5.60%
Infrastructure	3.50%	3.70%
Cash	-0.50%	-0.70%

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### *Basis of Accounting*

The net pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources are recognized on a full accrual basis of accounting.

### *Amortization of Deferred Outflows and Deferred Inflows of Resources*

The difference between expected and actual investment earnings on pension plan investments is amortized over 5 years on a straight line basis. One-fifth was recognized in pension expense during the measurement period and the remaining difference between expected and actual investment earnings on pension plan investments at June 30, 2015 is to be amortized over the remaining 4 year period.

The difference between expected and actual experience, the difference between employer contributions and proportionate share of contributions, and the recognition of changes in proportionate share are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through the Plan determined as of June 30, 2014 (the beginning of the measurement period ending June 30, 2015) which is 5 years.

### *Use of Estimates in the Preparation of the Schedule*

The preparation of this schedule in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

### *Additional Financial and Actuarial Information*

The components of the schedule associated with pension expense and deferred outflows and inflows of resources have been determined based on the net increase in fiduciary net position for the Stanislaus County Employees' Retirement Association as shown in the Stanislaus County Employees' Retirement Association Statement of Changes in Fiduciary Net Position and in accordance with requirements promulgated by the Governmental Accounting Standards Board Statements No. 67 and No. 68. The net pension liability at June 30, 2015 is reported in the Notes to Stanislaus County Employees' Retirement Association Basic Financial Statements and Required Supplementary Information following the Notes. Additional financial and actuarial information required for GASB Statement No. 68 disclosures is located in StanCERA's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015, and the StanCERA Report on the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer for the fiscal year ended June 30, 2015, which can be found at [www.stancera.org](http://www.stancera.org).