



**Stanislaus County Employees'  
Retirement Association**

**GASB 67/68 Report  
as of  
June 30, 2014**

**Produced by [Cheiron](#)**

**October 2014**

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**LETTER OF TRANSMITTAL**

October 7, 2014

Board of Retirement  
Stanislaus County Employees' Retirement Association  
832 12<sup>th</sup> Street, Suite 600  
Modesto, CA 95353

Dear Members of the Board:

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Stanislaus County Employees' Retirement Association (StanCERA) and under GASB 68 for the County of Stanislaus and the other participating employers. This report is for the use of StanCERA, the participating employers and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for StanCERA, nor is it intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

In preparing our report, we relied on information (some oral and some written) supplied by StanCERA. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,  
Cheiron



Robert T. McCroy, FSA, FCA, EA, MAAA  
Principal Consulting Actuary



Graham A. Schmidt, ASA, MAAA  
Consulting Actuary



**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2014 MEASUREMENT DATE**

**SECTION I  
BOARD SUMMARY**

The purpose of this report is to provide accounting and financial reporting information under Government Accounting Standards Board Statements 67 and 68 for the Stanislaus County Employees' Retirement Association (the Plan) and the Plan's participating employers. This information includes:

- Projection of the Total Pension Liability from the valuation date to the measurement date,
- Calculation of the Net Pension Liability at the discount rate as well as discount rates 1% higher and lower than the discount rate,
- Changes in the Net Pension Liability,
- Schedule of Employer Contributions,
- Disclosure of Deferred Inflows and Outflows, and
- Calculation of the Proportionate Share and Annual Pension Expense for the participating employers.

**Highlights**

This report is the first report under GASB 67. The Stanislaus County Employees' Retirement Association (StanCERA) is a cost-sharing multiple-employer pension plan with a reporting date of June 30, 2014. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2014, and the Total Pension Liability as of the valuation date, June 30, 2013, updated to June 30, 2014. There were no significant events between the valuation date and the measurement date so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments.

Beginning of year measurements are also based on the actuarial valuation as of June 30, 2013. Because the beginning and ending values are based on the same actuarial valuation and there were no significant events, no liability gains or losses due to experience are reported, this year. In future years, liability gains and losses will be reported reflecting the liability gains and losses between actuarial valuation dates as well as any significant events during the update period.

Table I-1 below provides a summary of the key results during this reporting period.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2014 MEASUREMENT DATE**

**SECTION I  
BOARD SUMMARY**

**Table I-1  
Summary of Results**

	Measurement Date	
	6/30/2014	6/30/2013
Net Pension Liability	\$ 233,067,482	\$ 380,752,643
Deferred Inflows	125,002,448	0
Deferred Outflows	0	0
Net Impact on Statement of Net Position	\$ 358,069,930	\$ 380,752,643
Pension Expense (\$ Amount)	\$ 24,081,283	N/A
Pension Expense (% of Payroll)	10.85%	N/A

Under GASB Statement 27, Stanislaus County and the other participating employers (i.e. Special Districts) each reported a Net Pension Obligation of \$0. If the County and the other employers elect to use June 30, 2014 as their initial measurement date under GASB 68, the Net Pension Obligation would be reversed and a Net Pension Liability of \$380,752,643 would be recognized as of the beginning of the reporting year, to be split among the participating employers based on their Proportionate Shares.

As of the end of the reporting year, the employers would report a total Net Pension Liability of \$233,067,482 and Deferred Inflows of \$125,002,448. Consequently, the net impact on the County and other employers' Statement of Net Position due to StanCERA would be \$358,069,930 at the end of the reporting year. In addition, any contributions between the measurement date and the reporting date by each employer would be reported as deferred outflows to match the cash outflow reported.

For the measurement year ending June 30, 2014, the collective annual pension expense is \$24,081,283 or 10.85% of payroll. This amount is not expected to be the same as the employers' contribution to StanCERA (\$46,763,996), but instead represents the change in the net impact on the employers' Statement of Net Position plus employer contributions (\$358,069,930 – 380,752,643 + \$46,763,996). A breakdown of the components of the net pension expense, in total and for each employer, is shown in this report.

If the County and the other employers elect to use June 30, 2015, as their initial measurement date under GASB 68, the Net Pension Obligation would be reversed and a Net Pension Liability of \$233,067,482 would be recognized as of the beginning of the reporting year, to be split among the participating employers based on their Proportionate Shares. The NPL and Deferred Inflows and Outflows at the end of the reporting year and the collective annual pension expense would be determined by the measurements as of June 30, 2015.

**SECTION II**  
**DETERMINATION OF DISCOUNT RATE**

The discount rate used to measure the Total Pension Liability was 7.75%.

We have assumed that the employees will continue to contribute to the Plan at the current rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (23 years remaining as of the June 30, 2013 actuarial valuation).

We have not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement 67. However, Paragraph 43 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations "can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan..." In our professional judgment, adherence to the actuarial funding policy described above will result in the pension plan's projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period.

Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**SECTION III  
PROJECTION OF TOTAL PENSION LIABILITY**

The Total Pension Liability (TPL) for StanCERA at the beginning of the measurement year is measured as of a valuation date of June 30, 2013. The TPL at the end of the measurement year, June 30, 2014, is measured as of a valuation date of June 30, 2013 and projected to June 30, 2014. In future years, both the beginning and end of year TPL will be measured as of a valuation date one year prior and projected to the appropriate date. There were no significant events during the projection period of which we are aware. Table III-1 below shows the projection of the TPL at discount rates equal to the rate used for disclosure and plus and minus one percent from the rate used for disclosure.

<b>Table III-1 Projection of Total Pension Liability</b>			
<b>Discount Rate</b>	<b>6.75%</b>	<b>7.75%</b>	<b>8.75%</b>
<b>Total Pension Liability, 6/30/2013</b>			
<b>Actives</b>	\$ 913,997,934	\$ 777,373,906	\$ 666,001,719
<b>Deferred Vested</b>	92,492,005	77,549,195	65,869,764
<b>Retirees</b>	<u>1,174,355,457</u>	<u>1,070,642,537</u>	<u>982,347,563</u>
<b>Total</b>	\$ 2,180,845,396	\$ 1,925,565,638	\$ 1,714,219,046
<b>Service Cost</b>	58,209,264	46,209,346	37,092,267
<b>Interest</b>	145,992,873	147,384,248	147,523,140
<b>Benefit Payments</b>	(94,782,471)	(94,782,471)	(94,782,471)
<b>Change in Benefits</b>	0	0	0
<b>Change in Assumptions</b>	0	0	0
<b>Other Significant Events</b>	0	0	0
<b>Total Pension Liability, 6/30/2014</b>	\$ 2,290,265,062	\$ 2,024,376,761	\$ 1,804,051,982

SECTION IV  
 NOTE DISCLOSURES

Table IV-1 below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of Plan assets), and the Net Pension Liability during the Measurement Year.

<b>Table IV-1</b>			
<b>Change in Net Pension Liability</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 6/30/2013</b>	<b>\$ 1,925,565,638</b>	<b>\$ 1,544,812,995</b>	<b>\$ 380,752,643</b>
<b>Changes for the year:</b>			
Service cost	46,209,346		46,209,346
Interest	147,384,248		147,384,248
Changes of benefits			
Changes of assumptions			
Differences between expected and actual experience			
Contributions - employer		46,763,996	(46,763,996)
Contributions - member		21,867,911	(21,867,911)
Net investment income		274,896,108	(274,896,108)
Benefit payments	(94,782,471)	(94,782,471)	
Administrative expense		(2,249,260)	2,249,260
<b>Net changes</b>	<b>98,811,123</b>	<b>246,496,284</b>	<b>(147,685,161)</b>
<b>Balances at 6/30/2014</b>	<b>\$ 2,024,376,761</b>	<b>\$ 1,791,309,279</b>	<b>\$ 233,067,482</b>

There were no changes in benefits or changes in assumptions during the year. Because the beginning and end of year TPL are both based on the same actuarial valuation, there are no differences between expected and actual experience reported this year.

Total contributions and investment income exceeded the service cost, interest cost and administrative expenses, resulting in a decrease in the Net Pension Liability (NPL) of approximately \$147.7 million. The NPL remaining as of June 30, 2014, is approximately \$233.1 million.

Except as noted below, the TPL as of June 30, 2013 was based upon the same data, actuarial methods and assumptions, and plan provisions as were used in the actuarial valuation as of June 30, 2013, and which are summarized in the Actuarial Valuation Report as of June 30, 2013. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an



**SECTION IV  
 NOTE DISCLOSURES**

actuarial experience study for the period July 1, 2009 – June 30, 2012. A summary of the key assumptions is as follows:

- Inflation: 3.25%
- Amortization growth rate: 3.50%
- Salary increases: 3.50% plus merit component
- COLA increases: 2.70% for those eligible for a COLA
- Investment rate of return: 7.75%, net of investment expense
- Post-Retirement Mortality: Sex distinct RP-2000 Combined Mortality, projected to 2020 using Scale AA

There is one difference between the TPL shown in this report and the Actuarial Liability as of June 30, 2013 shown in the Actuarial Valuation Report: the TPL includes the value of a \$5,000 lump-sum, post-retirement, death benefit that was not valued in the actuarial valuation report, but was disclosed in a separate report dated April 2, 2014. The inclusion of the liability associated with this death benefit increased the TPL by approximately \$6.4 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. Table IV-2 below shows the sensitivity of the NPL to the discount rate.

<b>Table IV-2</b>			
<b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b>			
	<b>1% Decrease 6.75%</b>	<b>Discount Rate 7.75%</b>	<b>1% Increase 8.75%</b>
Total Pension Liability	\$ 2,290,265,062	\$ 2,024,376,761	\$ 1,804,051,982
Plan Fiduciary Net Position	<u>1,791,309,279</u>	<u>1,791,309,279</u>	<u>1,791,309,279</u>
Net Pension Liability	<u>\$ 498,955,783</u>	<u>\$ 233,067,482</u>	<u>\$ 12,742,703</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.2%	88.5%	99.3%

A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the NPL by approximately 114%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 95%.

**SECTION V  
REQUIRED SUPPLEMENTARY INFORMATION**

The schedules of Required Supplementary Information generally start with one year of information as of the implementation of GASB 67, but eventually will need to build up to 10 years of information. Table V-1 below shows the changes in NPL and related ratios required by GASB.

<b>Table V-1</b>		
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>		
	<b>FYE 2014</b>	<b>FYE 2013</b>
<b><u>Total Pension Liability</u></b>		
Service cost (MOY)	\$ 46,209,346	N/A
Interest (includes interest on service cost)	147,384,248	N/A
Changes of benefit terms		N/A
Differences between expected and actual experience		N/A
Changes of assumptions		N/A
Benefit payments, including refunds of member contributions	(94,782,471)	N/A
<b>Net change in total pension liability</b>	<b>98,811,123</b>	<b>N/A</b>
<b>Total pension liability - beginning</b>	<b>1,925,565,638</b>	<b>N/A</b>
<b>Total pension liability - ending</b>	<b>\$ 2,024,376,761</b>	<b>N/A</b>
<b><u>Plan fiduciary net position</u></b>		
Contributions - employer	\$ 46,763,996	N/A
Contributions - member	21,867,911	N/A
Net investment income	274,896,108	N/A
Benefit payments, including refunds of member contributions	(94,782,471)	N/A
Administrative expense	(2,249,260)	N/A
<b>Net change in plan fiduciary net position</b>	<b>\$ 246,496,284</b>	<b>N/A</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,544,812,995</b>	<b>N/A</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,791,309,279</b>	<b>N/A</b>
<b>Net pension liability - ending</b>	<b>\$ 233,067,482</b>	<b>N/A</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>88.49%</b>	<b>N/A</b>
Covered employee payroll	\$ 221,863,110	N/A
Net pension liability as a percentage of covered employee payroll	105.05%	N/A

If an Actuarially Determined Contribution is calculated, the following schedule (Table V-2) is required. An Actuarially Determined Contribution is a contribution amount determined in accordance with Actuarial Standards of Practice. The full 10 years of information should be shown in this schedule if it is available. Because prior contribution amounts were determined in accordance with Actuarial Standards of Practice, the full 10-year schedule is provided.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2014 MEASUREMENT DATE**

**SECTION V  
REQUIRED SUPPLEMENTARY INFORMATION**

**Table V-2  
Schedule of Employer Contributions  
Last 10 Fiscal Years  
Dollar Amounts in Thousands**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially Determined Contribution Contributions in Relation to the	\$ 46,763,996	\$ 39,077,000	\$ 41,614,000	\$ 47,657,000	\$ 31,814,000	\$ 23,411,000	\$ 22,555,000	\$ 32,563,000	\$ 22,549,000	\$ 19,793,000
Actuarially Determined Contribution	<u>46,763,996</u>	<u>39,077,000</u>	<u>41,614,000</u>	<u>47,657,000</u>	<u>31,814,000</u>	<u>23,411,000</u>	<u>22,555,000</u>	<u>32,563,000</u>	<u>22,549,000</u>	<u>19,793,000</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll <sup>1</sup>	\$ 221,863,110	\$ 217,491,487	\$ 215,057,000	\$ 221,541,000	\$ 231,538,000	\$ 248,316,000	\$ 242,009,000	#N/A	\$ 212,011,000	\$ 211,681,000
Contributions as a Percentage of Covered-Employee Payroll	21.08%	17.97%	19.35%	21.51%	13.74%	9.43%	9.32%	#N/A	10.64%	9.35%

<sup>1</sup>Payroll reported in data provided to Actuary for FYE 2013 and FYE2014. Previous year's amounts are based on projected payroll from the actuarial valuation reports, which can be updated with actual amounts by Plan for the final disclosure. No actuarial valuation done in 2007, so no payroll reported.

**Notes to Schedule**

Valuation Date 6/30/2012 (to determine FY2013-14 contribution)  
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

**Key Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial cost method Entry Age  
Asset valuation method 5-year smoothed market, 80% / 120% corridor around market  
Amortization method The unfunded liability is being amortized over a closed period as a level percentage of payroll, with 24 years remaining as of the June 30, 2012 actuarial valuation.  
Discount rate 7.75%  
Amortization growth rate 3.50%  
Price inflation 3.25%  
Salary increases 3.50% plus merit component based on employee classification and years of service  
Mortality Sex distinct RP-2000 Combined Mortality projected to 2020 using Scale AA

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2014 can be found in the June 30, 2012 actuarial valuation report

**SECTION VI  
EMPLOYER REPORTING AMOUNTS**

The StanCERA participating employers are not required to implement GASB 68 until their reporting date of June 30, 2015. However, the amounts reported as of June 30, 2015, can be based on either the June 30, 2014 or 2015 measurement dates. The schedules in this section are provided in the event the employers either elect to implement GASB 68 early or elect to use the 2014 measurement date for their 2015 reporting. First, the collective amounts for StanCERA are developed, and then the collective amounts are allocated to individual employers based on their proportionate share.

The impact of experience gains or losses and assumption changes on the TPL are recognized in the collective pension expense over the average expected remaining service life of all active and inactive members of the Plan. As of the measurement date, this recognition period was 4.91 years. However, there were no experience gains or losses, and there were no assumption changes during the measurement year.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment gain of approximately \$156.3 million. Approximately \$31.3 million of that gain was recognized in the current year and an identical amount will be recognized in each of the next four years, resulting in a deferred inflow of resources of approximately \$125.0 million. Table VI-1 below summarizes the current balances of collective deferred outflows and deferred inflows of resources along with the net recognition over the next five years.

<b>Table VI-1</b>		
<b>Schedule of Collective Deferred Inflows and Outflows</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	125,002,448
<b>Total</b>	<b>\$ 0</b>	<b>\$ 125,002,448</b>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
<b>Year ended June 30:</b>		
2015	(31,250,612)	
2016	(31,250,612)	
2017	(31,250,612)	
2018	(31,250,612)	
2019	0	
Thereafter	\$ 0	

**SECTION VI  
 EMPLOYER REPORTING AMOUNTS**

The collective annual pension expense recognized in aggregate by the participating employers of StanCERA can be calculated two different ways. First, it is the change in the amounts reported on the employers' Statement of Net Position that relate to StanCERA and are not attributable to employer contributions. That is, it is the change in NPL plus the changes in deferred outflows and inflows plus employer contributions.

Alternatively, the collective annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in Table VI-2 below, we believe it helps to understand the level and volatility of pension expense.

<b>Table VI-2                  Calculation of Collective Pension Expense</b>	
Change in Net Pension Liability	\$ (147,685,161)
Change in Deferred Outflows	0
Change in Deferred Inflows	125,002,448
Employer Contributions	<u>46,763,996</u>
<b>Pension Expense</b>	<b>\$ 24,081,283</b>
<b>Pension Expense as % of Payroll</b>	<b>10.85%</b>
<b>Operating Expenses</b>	
Service cost	\$ 46,209,346
Employee contributions	(21,867,911)
Administrative expenses	<u>2,249,260</u>
Total	\$ 26,590,695
<b>Financing Expenses</b>	
Interest cost	\$ 147,384,248
Expected return on assets	<u>(118,643,048)</u>
Total	\$ 28,741,200
<b>Changes</b>	
Benefit changes	\$ 0
Recognition of assumption changes	0
Recognition of liability gains and losses	0
Recognition of investment gains and losses	<u>(31,250,612)</u>
Total	\$ (31,250,612)
<b>Pension Expense</b>	<b>\$ 24,081,283</b>

## SECTION VI EMPLOYER REPORTING AMOUNTS

First, there are components that we refer to as operating expenses. These are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating StanCERA for the year.

Second, there are the financing expenses: the interest on the Total Pension Liability less the expected return on assets. Since the discount rate is equal to the long-term expected return on assets, the financing expense is just the interest on the Net Pension Liability.

The final category is changes. This category will drive most of the volatility in pension expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses. For the first year, there is an investment gain recognized that effectively eliminates the financing expense.

### PROPORTIONATE SHARES

Because StanCERA is a Cost-sharing Multiple-employer Pension Plan, each employer participating in StanCERA must reflect a portion of the collective Net Pension Liability, Pension Expense and Deferred Outflows and Inflows in their financial statements. GASB 68 requires that the Proportionate Share for each employer shall be determined based on the “employer’s projected long-term contribution effort to the pension ... as compared to the total projected long-term contribution effort of all employers ...” Although not required as part of the Plan’s GASB 67 reporting requirements, StanCERA is following the advice of the AICPA<sup>1</sup> and making a determination of each employer’s Proportionate Share, which will be reviewed by the Plan’s auditor.

The following schedules include the proportionate shares for each employer, reflecting a methodology that allocates the NPL and Pension Amounts based on each employer’s share of the Unfunded Liability amortization payments, with separate amortization rates for General and Safety employees. In Table VI-3a, each employer’s amortization share as of June 30, 2014 is determined by multiplying the actual pensionable payroll for the current fiscal year by the employer’s amortization rate from the most recent actuarial valuation report (the report as of June 30, 2013). Because this is the first report under the new standards, we have also included the Proportionate Shares as of June 30, 2013 in Table VI-3b – using the prior year’s payroll amounts and the amortization rates from the actuarial valuation as of June 30, 2012.

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<sup>1</sup>[http://www.aicpa.org/interestareas/governmentalauditquality/resources/gasbmatters/downloadabledocuments/aicpas\\_lgep\\_cs\\_er\\_reporting\\_whitepaper.pdf](http://www.aicpa.org/interestareas/governmentalauditquality/resources/gasbmatters/downloadabledocuments/aicpas_lgep_cs_er_reporting_whitepaper.pdf)

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 GASB 67 AND 68 REPORTING FOR JUNE 30, 2014 MEASUREMENT DATE

SECTION VI  
 EMPLOYER REPORTING AMOUNTS

Table VI-3a  
 Determination of Employers' Proportionate Share (As of June 30, 2014)

Employer	Unfunded Liability Amortization Rate (from the June 30, 2012 Actuarial Valuation)		Pensionable Payroll		Amortization Share (Rate x Pay)	Proportionate Share
	General	Safety	General	Safety		
Stanislaus County	10.93%	15.71%	\$ 159,781,676	\$ 36,597,834	\$ 23,213,657	88.6947%
City of Ceres	10.28%	14.29%	5,426,444	6,521,958	1,489,826	5.6923%
Stanislaus Superior Court	10.93%	15.71%	10,995,014	0	1,201,755	4.5917%
Stan. Council of Governments	10.93%	15.71%	951,316	0	103,979	0.3973%
East Side Mosquito District	10.28%	14.29%	685,482	0	70,468	0.2692%
Salida Sanitary District	10.28%	14.29%	522,214	0	53,684	0.2051%
Keyes Comm. Services District	10.28%	14.29%	229,831	0	23,627	0.0903%
Hills Ferry Cemetery District	10.28%	14.29%	151,340	0	15,558	0.0594%
<b>Total</b>			<b>\$ 178,743,318</b>	<b>\$ 43,119,792</b>	<b>\$ 26,172,553</b>	<b>100.000%</b>

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2014 MEASUREMENT DATE

**SECTION VI  
EMPLOYER REPORTING AMOUNTS**

**Table VI-3b  
Determination of Employers' Proportionate Share (As of June 30, 2013)**

Employer	Unfunded Liability Amortization Rate (from the June 30, 2012 Actuarial Valuation)		Pensionable Payroll		Amortization Share (Rate x Pay)	Proportionate Share
	General	Safety	General	Safety		
Stanislaus County	12.43%	20.57%	\$ 157,279,809	\$ 34,712,273	\$ 26,690,195	88.4162%
City of Ceres	11.86%	18.01%	5,173,078	6,534,572	1,790,403	5.9310%
Stanislaus Superior Court	12.43%	20.57%	11,487,233	0	1,427,863	4.7301%
Stan. Council of Governments	12.43%	20.57%	914,877	0	113,719	0.3767%
East Side Mosquito District	11.86%	18.01%	579,436	0	68,721	0.2277%
Salida Sanitary District	11.86%	18.01%	407,464	0	48,325	0.1601%
Keyes Comm. Services District	11.86%	18.01%	235,765	0	27,962	0.0926%
Hills Ferry Cemetery District	11.86%	18.01%	166,980	0	19,804	0.0656%
<b>Total</b>			<b>\$ 176,244,642</b>	<b>\$ 41,246,845</b>	<b>\$ 30,186,993</b>	<b>100.000%</b>



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Tables VI-4a and VI-4b present the collective Net Pension Liability as of June 30, 2014, and June 30, 2013, respectively (including the NPL amounts under the alternative discount rates for June 30, 2014); allocated using the Proportionate Share amounts shown in the previous schedules.

<b>Table VI-4a</b>						
<b>Schedule of Employers' Proportionate Share of Collective Net Pension Liability</b>						
<b>June 30, 2014</b>						
<b>Employer</b>	<b>Proportionate Share</b>	<b>Share of NPL @ 6.75%</b>	<b>Share of NPL @ 8.75%</b>	<b>Share of NPL @ 7.75%</b>	<b>Payroll</b>	<b>Share NPL as % Payroll</b>
Stanislaus County	88.6947%	\$ 442,547,335	\$ 11,302,102	\$ 206,718,504	\$ 196,379,510	105.3%
City of Ceres	5.6923%	28,402,060	725,353	13,266,900	11,948,402	111.0%
Stanislaus Superior Court	4.5917%	22,910,553	585,107	10,701,760	10,995,014	97.3%
Stan. Council of Governments	0.3973%	1,982,351	50,627	925,977	951,316	97.3%
East Side Mosquito District	0.2692%	1,343,189	34,303	627,418	685,482	91.5%
Salida Sanitary District	0.2051%	1,023,358	26,135	478,021	522,214	91.5%
Keyes Comm. Services District	0.0903%	450,557	11,507	210,460	229,831	91.6%
Hills Ferry Cemetery District	0.0594%	296,380	7,569	138,442	151,340	91.5%
<b>Total</b>	<b>100.0000%</b>	<b>\$ 498,955,783</b>	<b>\$ 12,742,703</b>	<b>\$ 233,067,482</b>	<b>\$ 221,863,110</b>	<b>105.1%</b>

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<b>Table VI-4b</b>				
<b>Schedule of Employers' Proportionate Share of Collective Net Pension Liability</b>				
<b>June 30, 2013</b>				
<b>Employer</b>	<b>Proportionate Share</b>	<b>Share of NPL</b>	<b>Payroll</b>	<b>Share NPL as % Payroll</b>
Stanislaus County	88.4162%	\$ 336,647,018	\$ 191,992,081	175.3%
City of Ceres	5.9310%	22,582,439	11,707,650	192.9%
Stanislaus Superior Court	4.7301%	18,009,981	11,487,233	156.8%
Stan. Council of Governments	0.3767%	1,434,295	914,877	156.8%
East Side Mosquito District	0.2277%	866,974	579,436	149.6%
Salida Sanitary District	0.1601%	609,585	407,464	149.6%
Keyes Comm. Services District	0.0926%	352,577	235,765	149.5%
Hills Ferry Cemetery District	0.0656%	249,774	166,980	149.6%
<b>Total</b>	<b>100.0000%</b>	<b>\$ 380,752,643</b>	<b>\$ 217,491,487</b>	<b>175.1%</b>

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These schedules present the allocation of the Deferred Inflows and Outflows based on the Proportionate Shares (Table VI-5), as well as the required five-year schedule of amounts to be recognized in future years (Table VI-6). As stated previously, experience gains or losses and assumption changes will be recognized in each employer's expense over the average expected remaining service life of *all* active and inactive members of the Plan (not just those of the individual employer), while investment gains or losses will be recognized over a five-year period.

<b>Table VI-5</b>							
<b>Schedule of Employers' Proportionate Share of Deferred Outflows and Deferred Inflows at 6/30/2014</b>							
<b>Employer</b>	<b>Proportionate Shares</b>	<b>Proportionate Share of Deferred Outflows</b>			<b>Proportionate Share of Deferred Inflows</b>		
		<b>Experience</b>	<b>Assumption Changes</b>	<b>Investment Return</b>	<b>Experience</b>	<b>Assumption Changes</b>	<b>Investment Return</b>
Stanislaus County	88.6947%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,870,546
City of Ceres	5.6923%	0	0	0	0	0	7,115,514
Stanislaus Superior Court	4.5917%	0	0	0	0	0	5,739,737
Stan. Council of Governments	0.3973%	0	0	0	0	0	496,635
East Side Mosquito District	0.2692%	0	0	0	0	0	336,507
Salida Sanitary District	0.2051%	0	0	0	0	0	256,380
Keyes Comm. Services District	0.0903%	0	0	0	0	0	112,877
Hills Ferry Cemetery District	0.0594%	0	0	0	0	0	74,251
<b>Total</b>	<b>100.0000%</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 125,002,448</b>

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**Table VI-6  
Schedule of Employers' Recognition of Deferred Outflows and Inflows at 6/30/2014  
Proportionate Share of Recognition for FYE**

Employer	2015	2016	2017	2018	2019	Thereafter
Stanislaus County	\$ (27,717,637)	\$ (27,717,637)	\$ (27,717,637)	\$ (27,717,637)	\$ 0	\$ 0
City of Ceres	(1,778,879)	(1,778,879)	(1,778,879)	(1,778,879)	0	0
Stanislaus Superior Court	(1,434,934)	(1,434,934)	(1,434,934)	(1,434,934)	0	0
Stan. Council of Governments	(124,159)	(124,159)	(124,159)	(124,159)	0	0
East Side Mosquito District	(84,127)	(84,127)	(84,127)	(84,127)	0	0
Salida Sanitary District	(64,095)	(64,095)	(64,095)	(64,095)	0	0
Keyes Comm. Services District	(28,219)	(28,219)	(28,219)	(28,219)	0	0
Hills Ferry Cemetery District	(18,563)	(18,563)	(18,563)	(18,563)	0	0
<b>Total</b>	<b>\$ (31,250,612)</b>	<b>\$ (31,250,612)</b>	<b>\$ (31,250,612)</b>	<b>\$ (31,250,612)</b>	<b>\$ 0</b>	<b>\$ 0</b>

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GASB 68 requires that each employer disclose the change in Proportionate Share and the impact on the employer's share of the Net Pension Liability and Deferred Inflows and Outflows (Table VI-7). The Statement also requires that the employers disclose the difference between their actual contributions and their Proportionate Share of the total contributions, with this difference to be recognized over the same expected service period as the experience and assumption changes in the Total Pension Liability (Table VI-8).

<b>Table VI-7</b>								
<b>Schedule of Employers' Changes in Proportion</b>								
<b>Employer</b>	<u>Proportionate Shares</u>		<u>Impact of Change in Proportion</u>			<u>Recognition of Proportion Change for FYE 2014</u>		
	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Net Pension Liability</b>	<b>Pension Expense</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Stanislaus County	88.4162%	88.6947%			\$ 1,060,396	\$ 215,967	\$ 844,429	\$ 0
City of Ceres	5.9310%	5.6923%			(908,857)	(185,103)	0	(723,753)
Stanislaus Superior Court	4.7301%	4.5917%			(526,962)	(107,324)	0	(419,637)
Stan. Council of Governments	0.3767%	0.3973%			78,435	15,975	62,460	0
East Side Mosquito District	0.2277%	0.2692%			158,012	32,182	125,831	0
Salida Sanitary District	0.1601%	0.2051%			171,339	34,896	136,443	0
Keyes Comm. Services District	0.0926%	0.0903%			(8,757)	(1,784)	0	(6,974)
Hills Ferry Cemetery District	0.0656%	0.0594%			(23,607)	(4,808)	0	(18,799)
<b>Total</b>	<b>100.0000%</b>	<b>100.0000%</b>			<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,169,163</b>	<b>\$(1,169,163)</b>

Note that the Change in Proportion this year does not affect the Deferred Outflows or Inflows, because there are no deferred amounts as of June 30, 2013.

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**SECTION VI  
EMPLOYER REPORTING AMOUNTS**

<b>Table VI-8</b>						
<b>Schedule of Employers' Differences Between Actual Contributions and Proportionate Share of Contributions</b>						
<b>Employer</b>	<b>Contributions</b>			<b>Recognition of Contribution Difference for FYE 2014</b>		
	<b>Actual</b>	<b>Proportionate Share</b>	<b>Difference</b>	<b>Pension Expense</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Stanislaus County	\$ 41,313,088	\$ 41,477,186	\$ (164,098)	\$ 33,421	\$ 130,677	\$ 0
City of Ceres	2,951,444	2,661,947	289,497	(58,961)	0	(230,536)
Stanislaus Superior Court	2,035,894	2,147,262	(111,368)	22,682	88,686	0
Stan. Council of Governments	174,986	185,793	(10,807)	2,201	8,606	0
East Side Mosquito District	122,068	125,889	(3,821)	778	3,043	0
Salida Sanitary District	93,581	95,913	(2,332)	475	1,857	0
Keyes Comm. Services District	45,815	42,228	3,587	(731)	0	(2,856)
Hills Ferry Cemetery District	27,120	27,778	(658)	134	524	0
<b>Total</b>	<b>\$ 46,763,996</b>	<b>\$ 46,763,996</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 233,392</b>	<b>\$ (233,393)</b>

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Table VI-9 presents the Pension Expense for each employer, based on each employer's share of the collective Pension Expense, and adjusted for changes in the employer's Proportionate Share and the differences between the actual and allocated contributions, as computed in the prior schedules. Note that currently there are no Prior Periods to disclose in this schedule.

<b>Table VI-9 Schedule of Employers' Pension Expense for the Measurement Year Ending 6/30/2014</b>						
<b>Employer</b>	<b>Proportionate Shares</b>	<b>Collective Pension Expense</b>	<b>Change in Proportion</b>	<b>Contribution Difference</b>	<b>Prior Periods</b>	<b>Employer Pension Expense</b>
Stanislaus County	88.6947%	\$ 21,358,822	\$ 215,967	\$ 33,421		\$ 21,608,210
City of Ceres	5.6923%	1,370,779	(185,103)	(58,961)		1,126,715
Stanislaus Superior Court	4.5917%	1,105,740	(107,324)	22,682		1,021,098
Stan. Council of Governments	0.3973%	95,675	15,975	2,201		113,851
East Side Mosquito District	0.2692%	64,827	32,182	778		97,787
Salida Sanitary District	0.2051%	49,391	34,896	475		84,762
Keyes Comm. Services District	0.0903%	21,745	(1,784)	(731)		19,231
Hills Ferry Cemetery District	0.0594%	14,304	(4,808)	134		9,630
<b>Total</b>	<b>100.0000%</b>	<b>\$ 24,081,283</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>	<b>\$ 24,081,283</b>

**APPENDIX A  
GLOSSARY OF TERMS**

**1. Actuarially Determined Contribution**

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

**2. Actuarial Valuation Date**

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

**3. Cost-sharing Pension Plan**

A multiple-employer plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

**4. Deferred Inflow of Resources**

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

**5. Deferred Outflow of Resources**

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

**6. Entry Age Actuarial Cost Method**

The actuarial cost method required for GASB 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.



**APPENDIX A  
GLOSSARY OF TERMS**

**7. Measurement Date**

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.

**8. Net Pension Liability**

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position.

**9. Plan Fiduciary Net Position**

The fair or market value of assets.

**10. Proportionate Share**

The portion of the Net Pension Liability, Deferred Inflows and Outflows allocated to each employer in a Cost-Sharing Pension Plan, based on the employer's share of the projected long-term contribution effort.

**11. Reporting Date**

The last day of the plan or employer's fiscal year.

**12. Service Cost**

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 67 and 68. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

**13. Total Pension Liability**

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the actuarial liability calculated under the entry age actuarial cost method.