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

Comprehensive Annual Financial Report

For the Fiscal Years Ended
June 30, 2015 and 2014

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For the Years Ended
June 30, 2015 and 2014

Issued By

Rick Santos, CFA, ASA, MAAA
Executive Director

StanCERA
Staff

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Mission

StanCERA secures and manages investment funds to provide benefits to its members.

Vision

Ensuring tomorrow's benefits through prudent management.

Introductory Section

"The Journey doesn't start at the beginning, it begins at the end."

- Author unknown -

Stanislaus County Employees' Retirement Association
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LETTER OF TRANSMITTAL

November 2, 2015

Board of Retirement
Stanislaus County Employees' Retirement Association
Modesto, CA 95354

Dear Board Members:

Please find enclosed the Comprehensive Annual Financial Report (CAFR) of the Stanislaus County Employees' Retirement Association (StanCERA or the Plan) for the fiscal years ended June 30, 2015 and 2014. As of June 30, 2015, it is StanCERA's 67th year of operations.

The CAFR is a detailed financial report established by the Government Finance Officers Association (GFOA) for publicly disclosing the viability of a defined benefit public retirement system. The CAFR is intended to provide users with extensive reliable information for making management decisions, determining compliance with legal provisions, and demonstrates the responsible management and stewardship of StanCERA. StanCERA management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of financial information within this CAFR, including all disclosures.

StanCERA is a multiple employer public employees' retirement system, established by the County of Stanislaus on July 1, 1948. StanCERA is operated and administered by the Board of Retirement (the Board) to provide retirement, disability, death and survivor benefits for its members under the California State Government Code, Section 31450 et seq. known as the County Employees Retirement Law of 1937 (CERL) and the Public Employees' Pension Reform Act (PEPRA).

StanCERA and Its Services

StanCERA was established by Stanislaus County to provide retirement allowances and other benefits to general and safety members employed by Stanislaus County. Currently, Stanislaus County and seven participating agencies are members of StanCERA. The participating agencies are:

City of Ceres
Stanislaus Council of Governments
Stanislaus County Superior Court
East Side Mosquito Abatement District
Hills Ferry Cemetery District
Keyes Community Services District
Salida Sanitary District

StanCERA and Its Services (continued)

StanCERA is governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL); Public Employees' Pension Reform Act; and the bylaws, regulations, policies, and procedures adopted by the Board of Retirement. The Stanislaus County Board of Supervisors may also adopt resolutions, as permitted by the CERL, which may affect benefits to Stanislaus County members.

The Board of Retirement is responsible for the management of StanCERA and is comprised of nine members and two alternate members, one of whom is a safety alternate and the other a retiree alternate. The safety alternate seat is not currently filled. Four members are appointed by the Stanislaus County Board of Supervisors, one member and the alternate safety member are elected by the safety members, two members are elected by the general members, while the retiree and alternate retiree member are elected by the retired members. The Stanislaus County Treasurer serves as an ex-officio member. Members, with the exception of the Stanislaus County Treasurer, serve three-year terms with no term limits.

Financial Information

The accompanying financial statements are prepared using the accrual basis of accounting. Contributions from employers and members are recognized when received or when due pursuant to legal requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Expenses are recorded when corresponding liabilities are incurred regardless of when payment is due or made. Investments are recorded at the fair value of the asset.

An overview of StanCERA's fiscal operations for the years ended June 30, 2015 and 2014, is presented in the Management's Discussion and Analysis (MD&A) located in the financial section of the CAFR. This transmittal letter, together with the MD&A, provides an expanded view of the activities of StanCERA.

Brown Armstrong Accountancy Corporation, StanCERA's independent auditor, has audited the accompanying financial statements. Management believes an adequate system of internal control is in place and the accompanying statements, schedules, and tables are fairly presented and free from material misstatement. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived, and that second, the valuation of the cost and benefits requires estimates and judgments by management.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected within a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design safeguards into the process to reduce, but not eliminate, this risk.

Net Pension Liability and Actuarial Funding

StanCERA's funding objective is to meet long-term benefit obligations by maintaining a well-funded plan status and obtaining optimum investment returns. Pursuant to the CERL, StanCERA engages an independent actuary to perform an actuarial valuation of the Plan on an annual basis. Economic assumptions are normally reviewed every three years. Additionally, every three years, a triennial experience study is conducted, at which time non-economic assumptions are also updated. The most recent triennial experience study was conducted as of June 30, 2012 by Cheiron, Inc. Cheiron, Inc. conducted the last actuarial valuation as of June 30, 2014, the results of which were rolled forward to StanCERA's fiscal year ended June 30, 2015, and determined the Plan's funding ratio (ratio of fair value of assets to net pension liability) to be 86.1% using the recommended assumptions.

Investments

The Board of Retirement has exclusive control of all StanCERA investments and is responsible for establishing investment objectives, strategies, and policies. The California Constitution and Government Code Sections 31594 and 31595 authorize the Board of Retirement to invest in any investment deemed prudent in the Board's informed opinion.

The Board has adopted an Investment Policy, which provides a framework for the management of StanCERA's investments. This policy establishes StanCERA's investment objectives and defines the duties of the Board of Retirement, investment managers, and custodial bank. The asset allocation is an integral part of the Investment Policy and is designed to provide an optimum mix of asset classes with return expectations to ensure growth of assets to meet future liabilities, minimize employer contributions, and defray reasonable administrative costs. StanCERA engages an Investment Consultant to analyze the investment policy and strategy and to conduct periodic asset allocation and asset/liability studies on behalf of StanCERA. For the fiscal years ended June 30, 2015 and 2014, the Plan's investments provided a 4.2% and 18.2% rate of return, respectively. A summary of the asset allocation can be found in the Investment Section of this report.

Awards

StanCERA is the recipient of several awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to StanCERA for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the tenth consecutive year StanCERA has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), the contents of which meet or exceed program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

Awards (continued)

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for evaluation.

StanCERA received the Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2014. This report provides all StanCERA members more concise and condensed information than can be found in the CAFR.

StanCERA also received the Public Pension Coordinating Council's Public Pension Standards 2014 Award, in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

The Public Pension Coordinating Council (PPCC) is a coalition of the following associations that represent public pension funds that cover the vast majority of public employees in the U.S.:

- National Association of State Retirement Administrators (NASRA)
- National Council on Teacher Retirement (NCTR)
- National Conference on Public Employee Retirement Systems (NCPERS)

The Public Pension Standards are intended to reflect minimum expectations for public retirement systems management and administration, and serve as a benchmark by which all defined benefit public plans should be measured.

Service Efforts and Accomplishments

Written communication for members continues to be a focus for StanCERA. Non retired members receive statements twice a year. Retirees receive printed advice notices with critical information monthly and to communicate the financial health of the fund, an improved, easy-to-read Popular Annual Financial Report (PAFR) is distributed to all members annually.

StanCERA sponsors a half day pre-retirement seminar to potential retirees annually, participates in the Stanislaus County new employee orientation workshop and continues to provide group educational programs at the work site for interested employees.

In addition, StanCERA continues to increase its website presence. Audio recordings of education seminars and Board meetings are available. Meeting agendas and minutes are posted timely. Policies, by-laws, member services and forms can be easily identified and downloaded. Members continue to visit the contribution and benefit calculators regularly.

Acknowledgement

The compilation of this report reflects the combined efforts of many people on StanCERA's staff. It is intended to provide reliable information as the basis for making management decisions, as a means for determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of StanCERA. Both the accuracy of the data presented and the completeness and fairness of the presentation of the CAFR are the responsibility of the management of StanCERA.

I congratulate the Board, staff and service providers of StanCERA for their commitment and for their diligent work to ensure the continued successful operation of StanCERA.

Sincerely,

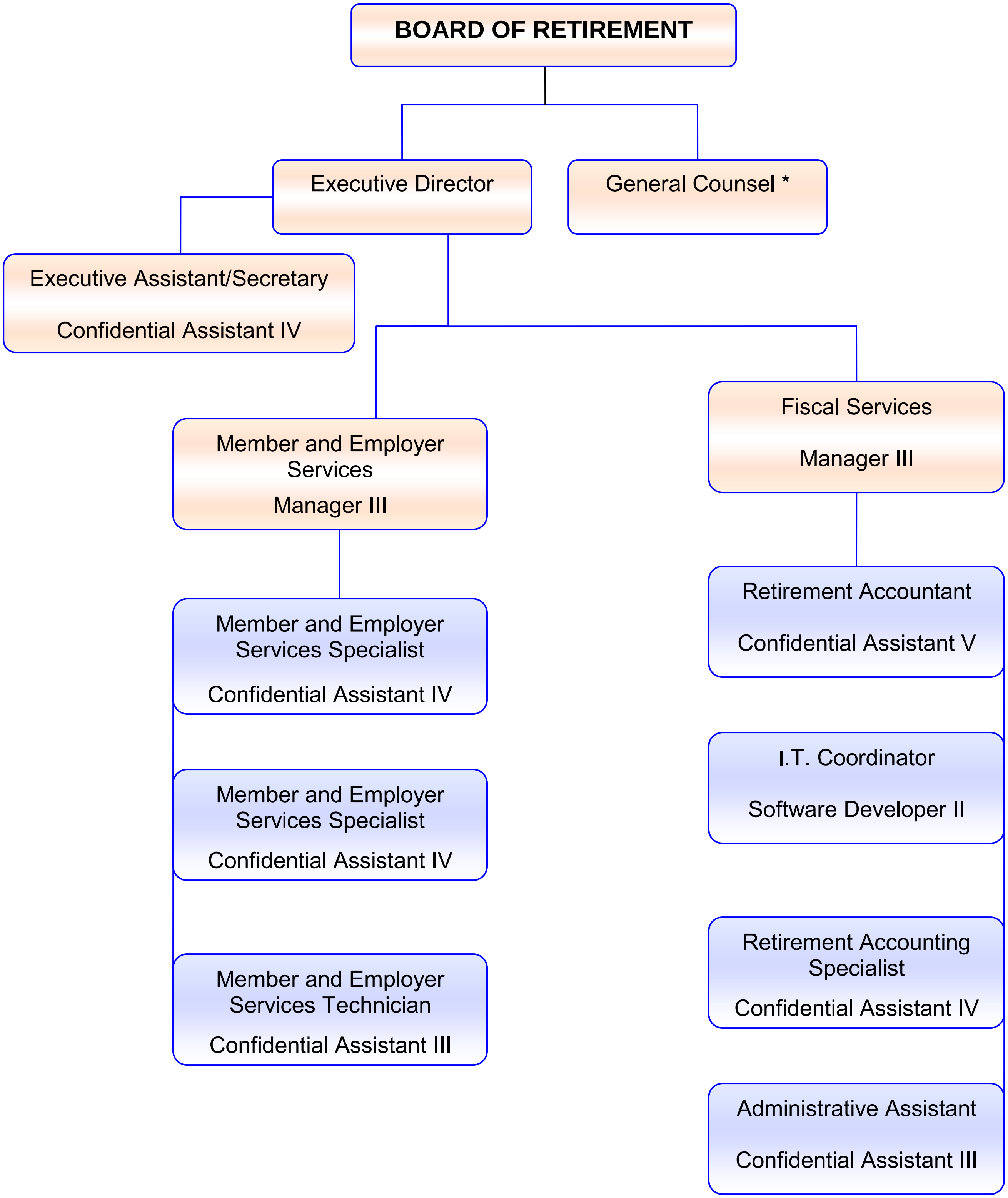
Rick Santos, CFA, ASA, MAAA
Executive Director

BOARD OF RETIREMENT
JUNE 30, 2015

Seat#		
1.	***Maria DeAnda**, Chair*	Elected by Active General Membership
3.	***Donna Riley**, Vice Chair*	Elected by Active General Membership
4.	***Jason Gordo**, Trustee*	Appointed by the Board of Supervisors
5.	***Mike Lynch**, Trustee*	Appointed by the Board of Supervisors
6.	***Jim DeMartini**, Trustee*	Appointed by the Board of Supervisors
7.	***Vacant**, Trustee*	Elected by Active Safety Membership
7a.	**Vacant**, Alternate Trustee	Elected by Active Safety Membership
8.	***Michael O'Neal***, Trustee	Elected by Retired Membership
8a.	***Joan Clendenin**, Alternate Trustee*	Elected by Retired Membership
9.	***Jeff Grover**, Trustee*	Appointed by the Board of Supervisors
10.	***Gordon Ford**, Ex-Officio*	Treasurer/Tax Collector

StanCERA ORGANIZATIONAL CHART

Effective 2015



* Retirement Board utilizes private general legal counsel for administrative legal services.
Private attorneys provide legal assistance for disability retirement applications.

PROFESSIONAL CONSULTANTS
JUNE 30, 2015

Actuary
Cheiron, Inc.

Auditors
Brown Armstrong Accountancy Corporation

Investment Custodian
Northern Trust

Investment Consultant
Strategic Investment Solutions, Inc.

Legal Counsel
Damrell Nelson Schrimp Pallios
Pacher & Silva (General Legal Counsel)
Law Office of Ted M Cabral
Hansen Bridgett LLP
Reed Smith LLP

Technical & Data Services
Tyler, Inc.
SBT, County of Stanislaus

Investment Management Services*

Fixed Income
Dodge & Cox
PIMCO

Large Cap Value Equity
Dodge & Cox
BlackRock R1000 Value

Large Cap Growth Equity
Jackson Square Partners
BlackRock R1000 Growth

Small Cap Value Equity
Capital Prospects

Small Cap Growth Equity
Legato Capital Management

International Equity
LSV Asset Management (Value)
Pyramis Global Advisors (Growth)

Domestic Equity Index Funds
Mellon Capital Management

Real Estate
Black Rock US Real Estate Index
American Realty Advisors
Greenfield Acquisition Partners VII LP

Direct Lending
Medley Opportunity Fund II LP
Raven Capital Management, LLC
White Oak Global Advisors, LLC

Infrastructure
North Haven Partners II LP

*Refer to the Investment Section, page 57, for the Schedule of Investment Management Fees.

GFOA Certificate of Achievement Award

CAFR

GFOA Certificate of Achievement Award

PAFR

PPC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2014

Presented to

Stanislaus County Employees' Retirement Association

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

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Financial Section

"What a wonderful thought it is that some of the best days of our lives haven't happened yet."

- Author unknown -

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CERTIFIED PUBLIC ACCOUNTANTS

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STOCKTON, CA 95207
TEL 209.451.4833

BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Internal Governance Committee and Board of Retirement of
Stanislaus County Employees' Retirement Association
Modesto, California

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of the Stanislaus County Employees' Retirement Association (StanCERA), as of June 30, 2015, the Statement of Changes in Fiduciary Net Position for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise StanCERA's basic financial statements as listed in the table of contents. The financial statements of StanCERA as of and for the fiscal year ended June 30, 2014, were audited by other auditors, whose report dated November 6, 2014, expressed an unqualified opinion.

Management's Responsibility for the Financial Statements

StanCERA's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the StanCERA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the StanCERA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of StanCERA as of June 30, 2015, and their changes in fiduciary net position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the basic financial statements, the total pension liability of the participating employers as of June 30, 2015, was $295,155,755. The fiduciary net position as a percentage of the total liability as of June 30, 2015, was 86.1%. The actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 7.75%, which represents the long-term expected rate of return. Our opinion is not modified with respect to this matter.

Additionally, as discussed in Note 2 to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include direct lending, private real estate, and investments in infrastructure. Such investments totaled $127,745,699 (6.1% of total assets) at June 30, 2015. Where a publicly listed price is not available, the management of StanCERA uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of the investments. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise StanCERA's basic financial statements. The other supplementary information and the introductory, investment, actuarial, and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, on our consideration of StanCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering StanCERA's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statements of StanCERA as of June 30, 2014, were audited by other auditors. Those auditors expressed an unmodified opinion on those audited financial statements in their report dated November 6, 2014. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2014, is consistent in all material respects, with the audited financial statements from which it has been derived.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 2, 2015

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This discussion and analysis of the Stanislaus County Employees’ Retirement Association’s (StanCERA or the Plan) financial performance provides an overview of the financial activities and funding conditions for the fiscal years ended June 30, 2015 and 2014. Please review it in conjunction with the transmittal letter (page 3) and the Basic Financial Statements (beginning on page 22).

Financial Highlights

- Fiduciary Net Position increased by $41.3 million (or 2.31%) as a result of the fiscal year's activities.
- Contributions (employer and member), in total, increased by $8.2 million (or 11.92%).
- Net investment income (including Net Appreciation in Fair Value of Investments) decreased by $206.2 million (or 75.00%).
- Benefit payments increased by $6.8 million (or 7.33%) from the prior year.

Plan Highlights

- Benefit plans for Tiers 2 and 3 were closed to new hires and Tiers 4 and 5 were adopted effective March 9, 2002 to provide retirement formulas commonly known as 2% at age 55 for active general members, and 3% at age 50 for active safety members. One district did not implement the new benefit plans. Members in the non-contributory Tier 3 were allowed to transfer into a contributory plan. Effective January 1, 2011, Tier 5 was closed and Tier 2 was re-opened for all new hires for Stanislaus County with the reduced benefit formulas of 2% at age 61 for most general members and 2% at 50 for safety members. Tier 2 was closed and Tier 6 was adopted effective January 1, 2013 for all new hires and provides 2% at 62 for general members and 2.7% at age 57 for safety members.
- Effective January 1, 2010, the Revocable Health Benefits Subsidy was suspended.
- In April of 2015 and 2014, a 2.5% cost of living increase was given to all retired, disabled, and beneficiary members receiving a recurring allowance except those retirees who received pensions for service as a Tier 3 non-contributory member.

Using the Annual Report

The financial statements reflect the activities of the Stanislaus County Employees’ Retirement Association and are composed of the Statements of Fiduciary Net Position (see page 25) and the Statements of Changes in Fiduciary Net Position (see page 26). These statements are presented on an accrual basis of accounting and reflect all trust activities as incurred.

Overview of the Basic Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to StanCERA's basic financial statements, which are comprised of the following three components:

1. Statements of Fiduciary Net Position
2. Statements of Changes in Fiduciary Net Position
3. Notes to the Basic Financial Statements

StanCERA's basic financial statements and the note disclosures to the basic financial statements are in compliance with accounting principles generally accepted for governments (GAAP) within the United States as established by the Governmental Accounting Standards Board.

Financial Analysis

Statements of Fiduciary Net Position

The Statements of Fiduciary Net Position show the assets available for future payments to retirees and liabilities as of the fiscal year end. The following condensed comparative summary of Fiduciary Net Position demonstrates that the pension trust is primarily focused on the cash and investments and the restricted net position. This statement is also a good indicator of the financial strength of StanCERA.

Fiduciary Net Position, as of June 30, 2015, 2014 and 2013	2015	2014	2013	$ Change 2015 - 2014	$ Change 2014 - 2013
Current Assets	$ 116,109,491	$ 71,222,397	$ 77,468,649	$ 44,887,094	$ (6,246,252)
Investments	1,971,301,171	1,948,165,095	1,633,578,676	23,136,076	314,586,419
Capital Assets	3,507,734	3,669,013	3,817,082	(161,279)	(148,069)
Total Assets	2,090,918,396	2,023,056,505	1,714,864,407	67,861,891	308,192,098
Total Liabilities	258,314,192	231,747,226	170,051,412	26,566,966	61,695,814
Total Fiduciary Net Position	$ 1,832,604,204	$ 1,791,309,279	$ 1,544,812,995	$ 41,294,925	$ 246,496,284

Financial Analysis (continued)

Statements of Changes in Fiduciary Net Position

The Statements of Changes in Fiduciary Net Position provide an account of the fiscal years' additions to and deductions from Fiduciary Net Position.

Additions To Fiduciary Net Position For The Fiscal Years Ended June 30, 2015, 2014 and 2013	2015	2014	2013	$ Change 2014 - 2013	$ Change 2013 - 2012
Employer Contributions	$ 53,849,031	$ 46,763,996	$ 39,077,480	$ 7,085,035	$ 7,686,516
Plan Member Contributions	22,960,235	21,867,911	20,285,888	1,092,324	1,582,023
Net Investment Income	68,722,781	274,896,108	189,988,287	(206,173,327)	84,907,821
Total Additions	$ 145,532,047	$ 343,528,015	$ 249,351,655	$ (197,995,968)	$ 94,176,360
Deductions From Fiduciary Net Position For The Fiscal Years Ended June 30, 2014, 2013 and 2012					
Benefit Payments	$ 100,099,055	$ 93,266,904	$ 87,102,798	$ 6,832,151	$ 6,164,106
Member Refunds - Termination	1,542,566	1,515,567	1,115,209	26,999	400,358
Member Refunds - Death	216,535	-	430,554	216,535	(430,554)
Administrative Expenses	2,378,966	2,249,260	2,065,345	129,706	183,915
Total Deductions	$ 104,237,122	$ 97,031,731	$ 90,713,906	$ 7,205,391	$ 6,317,825
Increase in Fiduciary Net Position Restricted for Pension Benefits	$ 41,294,925	$ 246,496,284	$ 158,637,749	$ (205,201,359)	$ 87,858,535
Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	1,791,309,279	1,544,812,995	1,386,175,246	246,496,284	158,637,749
End of Year	$ 1,832,604,204	$ 1,791,309,279	$ 1,544,812,995	$ 41,294,925	$ 246,496,284

Additions to Fiduciary Net Position

A review of the Statement of Fiduciary Net Position shows that June 30, 2015 closed with assets exceeding liabilities by $1.833 billion with all of the Fiduciary Net Position restricted for StanCERA's ongoing obligations to plan participants and their beneficiaries. The fiscal year ended June 30, 2014, closed with assets exceeding liabilities by $1.791 billion. The $41.3 million increase and $246.5 million increase, respectively, in Fiduciary Net Position is a direct result of the changes in the financial market over the past two years. StanCERA remains in good financial condition.

The primary sources to finance the benefits StanCERA provides are accumulated through return on investments and through the collection of member and employer contributions. These income sources for fiscal year 2014-2015 resulted in a gain of $145.5 million, where fiscal year 2013-2014 resulted in a gain of $343.5 million. This gain is primarily a result of growth in the broad market over the past two years, as discussed in the Investment Analysis below. Employer and member contributions increased by $8.2 million (or 11.91%) from

Financial Analysis (continued)

Additions to Fiduciary Net Position (continued)

the contributions made in 2013-2014. Employer contribution increases in 2015 and 2014 are due mainly to changes in economic and demographic assumptions and a change in funding methodology.

Deductions from Fiduciary Net Position

The primary uses of StanCERA's assets are the payment of benefits to retirees and their beneficiaries, refunds of contributions to terminated employees, and the costs of administering the Plan. These expenses for fiscal year 2014-2015 were $104.2 million, an increase of $7.2 million from prior year. This increase is mainly due to the increase in the number of retirees and the average amount that they are paid. For fiscal year 2013-2014, these expenses were $97.0 million, an increase of $6.3 million from the prior year also due to an increase in the number of retirees and the average amount they are paid. For fiscal year 2014-2015, administrative expense increased by 5.8% over fiscal year 2013-2014. Total administrative expense represented 0.1058% of the accrued actuarial liability (funding basis) for fiscal year 2014-2015 and 0.1042% for fiscal year 2013-2014.

Overall Financial Condition

Investment Analysis

StanCERA's investment activity is a function of the underlying marketplace for the period measured and the investment policy's asset allocation.

Domestic equity returns for the fiscal year ended June 30, 2015 outperformed their benchmark by 70 basis points and international equity outperformed the benchmark by 160 basis points. Domestic equity returns for the fiscal year ended June 30, 2014 outperformed their benchmark by 100 basis points and international equity underperformed by 40 basis points. All major domestic indices rose over the past two years, as it appears the market continues to recover from the impact of the sub-prime lending crisis, the collapse of the housing market, and the decline in consumer confidence.

StanCERA's fixed income returns were constant and matched their benchmark of 1.9% for the fiscal year ended June 30, 2015. For the fiscal year ended June 30, 2014, the Plans' fixed income returns outperformed their benchmark by 200 basis points.

For the fiscal year ended June 30, 2015, StanCERA's total portfolio outperformed its policy benchmark by 60 basis points with an overall return of 4.2%. For the fiscal year ended June 30, 2014, the portfolio outperformed its policy benchmark by 140 basis points with an overall return of 18.2%. The positive returns for fiscal year 2015 continue to strengthen StanCERA's financial position, and further enhance its ability to meet its obligations to the Plan participants and beneficiaries.

Overall Financial Condition (continued)

Net Pension Liability

The primary concern to most pension plan participants is the amount of resources available to pay benefits. Historically, pension plans have been under-funded when the employer fails to make actuarially determined contributions. All StanCERA employers have traditionally contributed the actuarially determined contribution as determined by the Plans' actuary.

An indicator of funding status is the ratio of the Fiduciary Net Position to the Total Pension Liability (TPL). An increase in the percentage over time usually indicates a plan is becoming financially stronger; however, a decrease will not necessarily indicate a plan is in financial decline. Changes in actuarial assumptions can significantly impact the Net Pension Liability (NPL). Performance in the stock and bond markets can have a material impact on the fair value of assets and Fiduciary Net Position.

The Net Pension Liability (NPL) as of June 30, 2014, rolled forward to StanCERA's fiscal year ended June 30, 2015, was $295.2 million using the entry age normal cost method. The Board of Retirement approves the assumptions used by the actuary to perform their calculation. As of the most recent actuarial valuation dated June 30, 2014, rolled forward to June 30, 2015, StanCERA's Fiduciary Net Position was 86.1% of the total pension liability. The next actuarial valuation is scheduled for June 30, 2015 to be rolled forward to fiscal year ended June 30, 2016.

StanCERA's Fiduciary Responsibilities

StanCERA's Board of Retirement and management staff are fiduciaries of the pension trust fund. Under the California Constitution, the Fiduciary Net Position can only be used for the exclusive benefit of plan participants and their beneficiaries.

Requests for Information

This financial report is designed to provide the Board of Retirement, plan participants, taxpayers, investment professionals and creditors with a general overview of StanCERA's financial condition and to demonstrate StanCERA's accountability for the funds under its stewardship.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Rick Santos, CFA, ASA, MAAA
Executive Director
Stanislaus County Employees' Retirement Association
832 12th Street, Suite 600
Modesto, CA 95354

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF FIDUCIARY NET POSITION
As of June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
ASSETS		
Cash and Cash Equivalents (Note 4):	$ 71,553,166	$ 44,078,286
Receivables:		
Interest and Dividends	6,057,937	5,829,241
Securities Transactions	34,703,146	18,227,509
Contributions (Note 3)	3,703,589	3,051,590
Total Receivables	44,464,672	27,108,340
Prepaid Insurance	91,653	35,771
Capital Assets, net (Note 2):	3,507,734	3,669,013
Investments at Fair Value (Note 4):		
U.S. Government and Agency Obligations	243,696,994	270,703,895
Corporate Bonds	188,801,726	197,641,123
Municipal Bonds	19,279,799	22,318,375
Emerging Market / Non-US Bonds	2,111,334	3,083,644
Domestic Stocks	521,886,674	519,619,265
Domestic Equity Index Fund	308,521,482	321,021,385
International Equity	351,622,587	323,400,806
Real Estate Securities	12,686,555	25,348,384
Direct Lending	101,450,264	74,084,729
Private Real Estate	17,021,773	-
Infrastructure	9,273,662	-
Securities Lending Collateral	194,948,321	190,943,489
Total Investments	1,971,301,171	1,948,165,095
Total Assets	2,090,918,396	2,023,056,505
LIABILITIES		
Current Liabilities:		
Accounts Payable	9,951,045	10,031,091
Securities Transactions	52,845,683	30,566,509
Advance of Rents	174,143	247,089
Securities Lending Obligation (Note 4)	194,948,321	190,507,537
Total Current Liabilities	257,919,192	231,352,226
Long-Term Liabilities:		
Grant Deed Extension Fee	395,000	395,000
Total Liabilities	258,314,192	231,747,226
Fiduciary Net Position Restricted For Pension Benefits (Note 6)	$ 1,832,604,204	$ 1,791,309,279

The accompanying notes are an integral part of these financial statements.

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
ADDITIONS		
Contributions (Note 5):		
Employer	$ 53,849,031	$ 46,763,996
Plan Members	22,960,235	21,867,911
Total Contributions	76,809,266	68,631,907
Investment Income:		
Net Appreciation in Fair Value of Investments	32,674,635	238,280,563
Interest and Dividends	43,216,684	44,870,019
Total Investment Gain	75,891,319	283,150,582
Net Income from Commission Recapture	45,354	31,360
Less: Investment Expense (Note 4)	(7,856,505)	(8,757,302)
Net Investment Income	68,080,168	274,424,640
Other Investment Income:		
Net Litigation Recovery Income	18,275	256
Borrower Fees	274	332
Rental Income	123,252	123,252
Net Other Investment Income	141,801	123,840
Securities Lending Activities (Note 4):		
Securities Lending Income	714,891	479,545
Less: Securities Lending Expense	(214,079)	(131,917)
Net Securities Lending Income/(Loss)	500,812	347,628
Total Investment Income	68,722,781	274,896,108
Total Additions	145,532,047	343,528,015
DEDUCTIONS		
Benefit Payments and Subsidies	100,099,055	93,266,904
Member Refunds - Termination	1,542,566	1,515,567
Member Refunds - Death	216,535	-
Administrative Expenses (Note 2)	2,378,966	2,249,260
Total Deductions	104,237,122	97,031,731
Net Increase in Fiduciary Net Position	41,294,925	246,496,284
Fiduciary Net Position Restricted for Pension Benefits (Note 6)		
Beginning of Year	1,791,309,279	1,544,812,995
End of Year	$1,832,604,204	$1,791,309,279

The accompanying notes are an integral part of these financial statements.

NOTE 1 - DESCRIPTION OF PLAN

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. 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.

Membership

StanCERA consists of employees from the County of Stanislaus, East Side Mosquito Abatement District, Hills Ferry Cemetery District, Keyes Community Service District, City of Ceres, Salida Sanitary District, Stanislaus County Superior Court, and Stanislaus Council of Governments. Each person entering employment full-time or permanent part-time (50% or more of the regular hours) becomes a member on the first day of employment. The structure of the Membership with StanCERA is as follows:

	June 30, 2015			June 30, 2014		
	General	Safety	Total	General	Safety	Total
Active Members:						
Vested & Non-vested	3,422	723	4,145	3,304	689	3,993
Total Active	3,422	723	4,145	3,304	689	3,993
Inactive Members:						
Deferred Members	729	199	928	724	189	913
Unclaimed Contributions	233	37	270	161	21	182
Total Inactive	962	236	1,198	885	210	1,095
Retired Members:						
Service Retirements	2,658	385	3,043	2,544	366	2,910
Disability Retirements	221	153	374	223	149	372
Survivor Payments	40	8	48	38	8	46
Total Retired	2,919	546	3,465	2,805	523	3,328
Total Membership	7,303	1,505	8,808	6,994	1,422	8,416

Active

StanCERA has Tiers 1, 2, 3, 4, 5 and 6 for General Members and Tiers 2, 4, 5 and 6 for Safety Members. All tiers are closed with the exception of Tier 6 for both General and Safety Members. Members of the Plan receive a 100% vested interest in the Plan after 5 years of service, except Tier 3 which requires 10 years of service.

NOTE 1 – DESCRIPTION OF PLAN (continued)

Benefits

StanCERA provides for retirement, disability, death, beneficiary, cost-of-living, and ad-hoc retirement benefits.

Service Retirement Benefit

Members of Tiers 1, 2, 4, and 5 with 10 years of service, who have attained the age of 50, are eligible to retire. Tier 3 members are eligible to retire with 10 years of service at age 55. Tier 6 members are eligible to retire with 5 years of service at age 50 for Safety members, and age 52 for General members. Members of Tier 1, 2, 4, and 5 with 30 years of service (20 years for safety), regardless of age, are eligible to retire. The benefit is a percentage of monthly final average salary (FAS) per year of service, depending on age at retirement, and is illustrated below for representative ages. Government Code Section 31462 of the County Employees Retirement Law of 1937 defines the FAS as a member's average monthly compensation earned during any consecutive 12 months (applicable to members of Tier 1, 4, and 5). Government Code Sections 31462.1 and 7522.32 use the member's average monthly compensation earned during any 36 consecutive months (applicable to members of Tier 2, 3, and 6). For members integrated with Social Security, the benefit is reduced by 1/3 of the percentage shown below times the first $350 of the monthly final average salary per year of service credited after January 1, 1956. Tier 6 is not integrated with Social Security.

Percentage of FAS:

	General						Safety		
Age	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tiers 1&2	Tiers 4&5	Tier 6
50	1.34	1.18	N/A	1.48	1.48	N/A	2.00	3.00	2.00
55	1.77	1.49	0.68*	1.95	1.95	1.30	2.62	3.00	2.50
60	2.34	1.92	1.14*	2.44	2.44	1.80	2.62	3.00	2.70
65	2.62	2.43	2.00*	2.62	2.62	2.30	N/A	N/A	2.70

* 1% of FAS for each year of service over 35 reduced by 1/35 of Social Security Benefits at age 65 not to exceed 35 years

Retiring members may choose from 4 different beneficiary retirement allowances. Most retirees elect to receive an unmodified allowance, which includes a continuation of 60% of the allowance to the retirees' surviving spouse or registered domestic partner.

Death Benefit-Before Retirement

Employed Less Than 5 Years

In addition to the return of contributions, a death benefit is payable to the member's beneficiary or estate equal to 1 month of salary for each completed year of service under the retirement system, based on the final year's average salary, not to exceed 6 months of salary (except Tier 3 members).

NOTE 1 – DESCRIPTION OF PLAN (continued)

Death Benefit-Before Retirement (continued)

Employed More than 5 Years

If a member dies while eligible for service retirement or non-service connected disability, the spouse or registered domestic partner receives 60% of the allowance that the member would have received for retirement benefits on the day of his or her death (except Tier 3 members).

If a member dies in the performance of duty, the spouse or registered domestic partner receives a monthly benefit of 50% of the member's final average salary (except Tier 3 members).

Death Benefit-After Retirement

If a member dies after retirement, a burial allowance of $5,000 is paid to the beneficiary or estate (except Tier 3 members).

If the retirement benefit is for service-connected disability, 100% of the member's allowance as it was at death is continued to the surviving spouse or registered domestic partner for Tiers 1, 2, 4, 5, and 6. Tier 3 Members have no allowance continued to the surviving spouse or registered domestic partner.

If the retirement benefit is for other than service-connected disability, 60% of the member's allowance is continued to the surviving spouse or registered domestic partner for Tiers 1, 2, 4, 5, and 6, and 50% of the member's allowance is continued to the surviving spouse or registered domestic partner if the unmodified option is chosen at time of retirement.

Disability Benefit

Members with 5 years of service, regardless of age, are eligible for non-service connected disability (except Tier 3 members). The benefit may be up to 1/3 of final average salary. If the disability is service connected, the member may retire regardless of length of service, and the benefit is 50% of final average salary (except Tier 3 members).

Cost of Living Benefit

The current maximum increase in retirement allowance is 3% per year (except Tier 3). The increases are based on the change in the Bureau of Labor Statistics Consumer Price Index in the San Francisco Bay area from January 1 to December 31, effective the following April 1.

Ad-Hoc Benefits

Ad-hoc benefits are non-vested benefits which are determined by the Board of Retirement subject to funding availability.

NOTE 1 – DESCRIPTION OF PLAN (continued)

Ad-Hoc Benefits (continued)

No ad-hoc benefits are currently being paid (effective since January 1, 2010). Changes in the excess earnings policy, approved by the Board of Retirement (Board) on May 25, 2012, placed additional restrictions on the Board of Retirement's ability to grant these benefits. The greatest restriction currently is that the Plan must be 100% funded on a market basis prior to funding any ad-hoc benefit.

Contribution Rates

The County Employees Retirement Law of 1937 establishes the basic obligations for employer and member contributions to the retirement system. The actual employer and member contribution rates in effect each year are based on recommendations made by an independent actuary and adopted by the Board of Retirement.

StanCERA's policy for contributions states that actuarially determined rates expressed as a percentage of annual covered payroll are required to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded liability. Level percentage of payroll employer contribution rates are determined using the entry age actuarial cost method. For funding purposes, StanCERA also uses the level entry age normal cost method with the Unfunded Actuarial Accrued Liability (UAAL) to amortize the unfunded liability. StanCERA's actuarially determined employer contribution rates for the years ended June 30, 2015 and June 30, 2014 were 22.93% and 20.73%, respectively, of annual payroll. Employee contribution rates are based on age of entry for Tiers 1, 2, 4 and 5 and range between 4.83% and 9.34% for the fiscal years ended June 30, 2015 and June 30, 2014. Tier 6 employer rates are based on 50% of the total normal cost. Tier 6 employee contribution rates are not based on age of entry and were a flat rate of $7.63% and 7.50%, respectively, for the fiscal years ended June 30, 2015 and June 30, 2014.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

StanCERA is governed by the Board of Retirement and is considered an independent legal entity. StanCERA is a component unit of the County of Stanislaus and is being reported as a Pension Trust Fund in the County's Financial Report in accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14*.

Basis of Accounting

StanCERA follows GASB accounting principles and reporting guidelines. The financial statements are prepared on a full accrual basis of accounting, which recognizes income when earned and expenses when incurred. Contributions from employers and members are recognized when received or when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash includes deposits with a financial institution and pooled cash with the Stanislaus County Treasurer. Pooled cash is reported at amortized cost, which approximates fair value. Income on pooled cash is allocated on StanCERA's average daily balance in relation to total pooled assets.

Investments

The Board of Retirement has exclusive control of the investments of StanCERA. Statutes authorize the Board to invest, or to delegate the authority to invest, in any investment allowed by statute and considered prudent in the informed opinion of the Board.

Investments are stated at fair value in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. Values for stocks, publicly traded bonds, issues of the U.S. Government and its agencies, and real estate securities are valued according to sale prices of recognized exchanges as of the fiscal year end, with international securities reflecting currency exchange rates in effect at June 30, 2015 and 2014. Both domestic and international investments are denominated in U.S. currency. Direct Lending Partnerships, Private Real Estate and Infrastructure investments are valued using their respective Net Asset Value (NAV) and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued by the partnerships on a quarterly basis and the assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

Securities Transactions and Related Investment Income

Securities transactions are accounted for on a trade date basis. Interest income is recognized when earned and dividend income is recognized on the ex-dividend date. Stock dividends or stock splits are recorded as memo items and do not affect the total value of the securities.

Capital Assets

Capital assets, consisting of software development, the purchase of a condominium interest in 1 floor of an office building, and office equipment are presented at historical cost. StanCERA occupies 60% of the 6th floor of the office building, and 40% has been developed as office space which is currently leased out. Total cost of the capital assets as of June 30, 2015 was $4,965,243 with accumulated depreciation of $1,445,961. Depreciation expense for the years ending June 30, 2015 and June 30, 2014 totaled $173,782 and $170,690, respectively. Depreciation is calculated using the straight-line method with an estimated life of 10 years for the software development, an estimated life of 99 years for the office space, an estimated life of 10 years for the leasehold improvements, and an estimated life of 5 years for office equipment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

CAPITAL ASSETS	Net Balance at June 30, 2014	Reclassifications & Additions	Reclassifications & Deletions	Less Depreciation	Net Balance at June 30, 2015
Tenant Improvements	$ 390,438	$ -	$ -	$ -	$ 390,438
Tyler Software	348,278	-	-	125,625	222,653
Real Estate Occupied	1,726,876	-	-	18,977	1,707,899
Real Estate Leased	1,151,479	-	-	12,654	1,138,825
Leasehold Improvements	43,723	12,503	-	13,643	42,583
Office Equipment	2,042	-	-	817	1,225
Audio Recording System	1,945	-	-	1,296	649
Security & Monitoring Equipment	4,232	-	-	770	3,462
TOTAL	$ 3,669,013	$ 12,503	$ -	$ 173,782	$ 3,507,734

CAPITAL ASSETS	Net Balance at June 30, 2013	Reclassifications & Additions	Reclassifications & Deletions	Less Depreciation	Net Balance at June 30, 2014
Tenant Improvements	$ 390,438	$ -	$ -	$ -	$ 390,438
Tyler Software	473,903	-	-	125,625	348,278
Real Estate Occupied	1,745,853	-	-	18,977	1,726,876
Real Estate Leased	1,164,133	-	-	12,654	1,151,479
Leasehold Improvements	31,653	22,621	-	10,551	43,723
Office Equipment	2,859	-	-	817	2,042
Audio Recording System	3,241	-	-	1,296	1,945
Security & Monitoring Equipment	5,002	-	-	770	4,232
TOTAL	$ 3,817,082	$ 22,621	$ -	$ 170,690	$ 3,669,013

Administrative Expenses

StanCERA's administrative expense is funded by the investment income and is limited to 0.21% of StanCERA's Actuarial Accrued Liability (AAL) pursuant to Government Code Section 31580.2. The law provides exemption from the limitation for the cost of computer consultation, hardware, and software. Total administrative expenses for the years ending June 30, 2015 and 2014 were $2,378,966 and $2,249,260, respectively, of which $348,691 and $281,204, respectively, were not subject to the administrative expense limitation. Administrative expenses subject to the limitation amounted to 0.1058% of AAL for the fiscal year ended June 30, 2015 and 0.1042% for the fiscal year ended June 30, 2014.

Income Taxes

StanCERA qualifies as a pension trust under Section 401(a) of the Internal Revenue Code. No provision for income taxes has been made in the accompanying financial statement as the plan is exempt from Federal and State income taxes under the provisions of the Internal Revenue Code Section 501 and the California Revenue and Taxation Code Section 23701, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management's Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities, revenue, and expenses as of the date of the financial statements. Actual results could differ from those estimates.

Reclassifications

Certain fiscal year 2014 amounts have been reclassified to conform with the fiscal year 2015 presentation.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions Receivable represents withdrawals from employees' salaries and liabilities due by employers' for retirement contributions for the month of June that were received in July. Contributions Receivable as of June 30, 2015 and 2014 were $3,703,589 and $3,051,590, respectively.

NOTE 4 – CASH AND INVESTMENTS

The California State Constitution and the County Employees Retirement Law of 1937 give the Board the exclusive authority to invest the assets of StanCERA and the Board may, at its discretion, invest or delegate the authority to invest, such assets through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when deemed prudent in the informed decision of the Board. StanCERA invests the assets according to a written Investment Policy established by the Board and currently employs external investment managers to manage the assets subject to the guidelines in the Investment Policy.

Deposits in Stanislaus County Treasury

Cash needed for StanCERA's daily operational purposes is pooled with other County funds by the County Treasurer for short-term investment purposes. The County is responsible for the control and safekeeping of all instruments of title and for all investment of the pooled funds. Investments in the County Investment Pool are managed according to the Investment Policy established by the County and are subject to regulatory oversight by the County's Treasury Oversight Committee. Participation in the County Investment Pool is not mandatory. The fair value of StanCERA's cash invested with the County Treasurer totaled $8,873,432 and $9,993,564 at June 30, 2015 and 2014, respectively. Cash and investments included within the County Treasurer's Pool are described in the County's Financial Report.

NOTE 4 – CASH AND INVESTMENTS (continued)

Investments

Investment Policy – StanCERA's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a t otal return basis with a long-term objective of achieving and m aintaining a fully funded status for the benefits provided through the pension plan. The following was StanCERA Board's adopted asset allocation policy:

Asset Class	June 30, 2015 Target Allocation	June 30, 2014 Target Allocation
Domestic Equities	38.20%	38.20%
Internantional Equities	18.00%	18.00%
Fixed Income	29.80%	29.80%
Alternatives:		
Direct Lending	7.50%	7.50%
Real Estate	3.50%	3.50%
Infrastructure	3.00%	3.00%
Cash	0.00%	0.00%
	100.00%	100.00%

Rate of Return – For the year ended June 30, 2015 and June 30, 2014, the annual money-weighted rate of return on StanCERA's investments was 4.20% and 18.20%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The following is a schedule of StanCERA's deposits and investments at fair value:

Summary of Investments

	June 30, 2015	June 30, 2014
Investments		
U.S. Government and Agency Obligations	$ 243,696,994	$ 270,703,895
Corporate Bonds	188,801,726	197,641,123
Municipal Bonds	19,279,799	22,318,375
Emerging Market / Non-US Bonds	2,111,334	3,083,644
Domestic Stocks	521,886,674	519,619,265
Domestic Equity Index Fund	308,521,482	321,021,385
International Equity	351,622,587	323,400,806
Real Estate Securities	12,686,555	25,348,384
Direct Lending	101,450,264	74,084,729
Private Real Estate	17,021,773	-
Infrastructure	9,273,662	-
Securities Lending Collateral	194,948,321	190,943,489
Subtotal	1,971,301,171	1,948,165,095
Deposits and Short-Term Investments		
Northern Trust: Cash in Custodial Account	62,679,684	34,084,722
Stanislaus County Treasury Investment Pool	8,873,482	9,993,564
Subtotal	71,553,166	44,078,286
Total Investments and Deposits	$ 2,042,854,337	$ 1,992,243,381

Securities Lending Program

The Board Investment Policy permits StanCERA to participate in a securities lending program. StanCERA lends bonds and equities to various brokers for collateral that will be returned for the same securities plus a fee in the future. Transactions are collateralized at 102% of fair value for domestic securities and 105% of fair value for international securities. Collateral received may include cash, letters of credit, or securities. Because the loans were terminable-at-will, their duration did not match the duration of the investments made with cash collateral. Either StanCERA or the borrower can terminate all securities loaned on demand. There are no restrictions on the amount of securities that may be lent.

StanCERA's custodial bank administers its securities lending program. The cash collateral is reported on the financial statements as an asset and as a liability of StanCERA while the non-cash collateral is reported neither as an asset nor a liability in accordance with GASB Statement No. 28. StanCERA does not have the ability to pledge or sell collateral securities delivered absent a borrower default. The contract with the security lending agent requires them to indemnify StanCERA if the borrower fails to return the securities (or if the collateral is not sufficient to replace the securities lent) or if the borrower fails to pay StanCERA for income distributions while the securities are on loan.

NOTE 4 – CASH AND INVESTMENTS (continued)

Securities Lending Program (continued)

Investments made with cash collateral are classified by risk category. The average maturity of the loans is 1 week and are rated at least "A1" or "P1" by 2 nationally recognized statistical rating organizations or if unrated, be determined by the bank to be of comparable quality. As of June 30, 2015 the fair value of securities on loan was $190.9 million with collateral received of $194.9 million and non-cash collateral of $16.1 million. As of June 30, 2014, the fair value of the securities on loan was $186.3 million with collateral received of $190.5 million and non-cash collateral of $0.7 million. The difference between the Securities Lending Collateral of $190.9 and the Securities Lending Obligation of $190.5, as reported in the Statement of Fiduciary Net Position for fiscal year ending June 30, 2014, was reported as an unrealized gain for that fiscal year.

As of June 30, 2015 and 2014, StanCERA had no credit risk exposure to borrowers because the amount StanCERA owes the borrower exceeds the amount the borrower owes StanCERA. StanCERA's pro-rata share of net income derived from the security lending transactions during fiscal years 2015 and 2014 was $500,812 and $347,628, respectively. These are separate investments made on StanCERA's behalf and not StanCERA's share of pooled investments.

At June 30, 2015 and 2014 StanCERA had the following securities out on loan:

June 30, 2015	Fair Value of Securities on Loan	Collateral Received
U.S. Equities	$ 138,712,294	$ 141,491,770
U.S. Corporate Fixed	23,886,088	24,405,425
U.S. Agencies	5,185,357	5,286,275
U.S. Government Fixed	18,872,972	19,255,918
Non-U.S. Equities	3,870,649	4,175,633
Non-U.S. Corporate Fixed	324,184	333,300
Total Securities	$ 190,851,544	$ 194,948,321
Total Non-Cash Collateral	16,060,885	16,458,037
Total	$ 206,912,429	$ 211,406,358

June 30, 2014	Fair Value of Securities on Loan	Collateral Received
U.S. Equities	$ 126,896,086	$ 129,774,375
U.S. Corporate Fixed	12,095,735	12,338,710
U.S. Agencies	1,462,647	1,489,384
U.S. Government Fixed	42,553,496	43,377,255
Non-U.S. Equities	2,955,338	3,181,313
Non-U.S. Corporate Fixed	337,059	346,500
Total Securities	$ 186,300,361	$ 190,507,537
Total Non-Cash Collateral	657,195	684,120
Total	$ 186,957,556	$ 191,191,657

NOTE 4 – CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. StanCERA's average effective duration of all fixed income holdings, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus 1.5 years of the Barclays Aggregate Bond Index duration. For the year ending June 30, 2015, the Barclays Aggregate Bond Index was yielding 2.4% with an effective duration of 5.60 years. For the year ending June 30, 2014, the Barclays Aggregate Bond Index yielded 2.2% with an effective duration of 5.60 years. StanCERA had a yield of 1.70% and 2.60% for the fiscal years ended June 30, 2015 and June 30, 2014, respectively, with an effective duration of 4.30 and 5.00 years, respectively. As of June 30, 2015 and June 30, 2014, the Stanislaus County pool had a fair value of $1.054 billion and $977 million, respectively, and a weighted average maturity of 526 days and 554 days, respectively.

Highly Sensitive Investments are certain debt investments whose terms may cause their fair value to be highly sensitive to market interest rate changes. Terms include such variables as embedded options, coupon multipliers, benchmark indexes, and reset dates. StanCERA's fixed income investments have embedded prepayment options that will typically cause prepayments by the obligees of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the fixed income investment.

The following table shows the effective duration of StanCERA's fixed income investments by investment type.

	June 30, 2015		June 30, 2014	
Fixed Income Securities	Fair Value	Effective Duration (in years)	Fair Value	Effective Duration (in years)
U.S. Treasuries	$ 48,801,075	5.2	$ 90,132,453	3.6
Commercial Mortgage Backed Securities	6,436,813	2.0	7,108,273	2.4
Government Mortgage Backed Securities	150,354,982	2.8	154,319,004	2.6
Collateralized Mortgage Obligations	1,860,927	0.6	2,312,534	0.6
Federal Agency	8,042,654	5.1	6,619,685	3.8
Asset Backed Securities	23,895,212	2.2	10,211,946	2.0
Corporate Bonds	188,801,726	5.7	193,182,387	5.4
Municipal Bonds	19,279,799	7.1	22,318,375	7.9
Emerging Market / Non-U.S. Bonds	1,758,621	3.4	3,083,644	3.9
Total Fixed Income Securities	$ 449,231,809		$ 489,288,301	
No Effective Duration				
Bank Loans	399,844		787,098	
Other Bonds	$ 4,258,199		$ 3,671,638	
Total Fixed Income Securities	$ 453,889,853		$ 493,747,037	

NOTE 4 – CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under StanCERA policy, the fixed income portfolio must have an average quality rating of A or better in the aggregate as measured by at least one credit rating service. In cases where credit ratings differ among rating agencies, the manager shall use the lowest of the ratings provided. StanCERA's custodial bank provided ratings for Moody's and Standard & Poor's. Should the rating of a fixed income security fall below investment grade, the manager may continue to hold the security if they believe the security will be upgraded in the future, there is a low risk of default, and buyers will continue to be available throughout the anticipated holding period. The manager has the responsibility of notifying the Board whenever an issue falls below investment grade. Investment grade quality is defined as a Standard & Poor's rating of BBB or higher. The notification should include the manager's assessment of the issue's credit rating and its ongoing role in the portfolio. The Stanislaus County pool and the short term investment funds held with fiscal agent are unrated.

The following table shows the quality of StanCERA's investments in fixed income securities.

	June 30, 2015		June 30, 2014	
S&P/Moodys Credit Rating	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities
Aaa / AAA	5.33%	$ 24,191,353	1.01%	$ 4,984,176
Aa1 / AA+	1.56%	7,098,779	0.82%	4,053,839
Aa2 / AA	0.08%	354,562	0.45%	2,232,246
Aa3 / AA-	0.25%	1,155,797	0.64%	3,137,092
A1 / A+	3.08%	13,988,713	2.37%	11,683,238
A2 / A	0.38%	1,713,431	1.36%	6,733,102
A3 / A-	3.64%	16,516,967	4.97%	24,529,431
Baa1 / BBB+	10.51%	47,686,102	6.44%	31,774,186
Baa2 / BBB	11.63%	52,767,911	14.79%	73,016,341
Baa3 / BBB-	7.98%	36,203,974	5.27%	26,040,765
Ba1 / BB+	2.70%	12,253,610	0.06%	313,264
Ba2 / BB	4.51%	20,480,738	0.91%	4,471,624
Ba3 / BB-	1.23%	5,604,519	1.85%	9,154,760
B1 / B+	1.25%	5,671,847	6.15%	30,358,252
B2 / B	0.40%	1,829,076	0.29%	1,449,190
B3 / B-	0.09%	390,128	0.25%	1,244,089
CCC	0.03%	138,846	0.03%	160,255
N/R	33.53%	152,184,406	32.87%	162,293,056
N/A	11.82%	53,659,094	19.47%	96,118,131
Total	100.00%	$ 453,889,853	100.00%	$ 493,747,037

N/R represents securities that are not rated.
N/A represents securities that are not applicable to the rating disclosure requirements.

NOTE 4 – CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss due to a large concentration of investments in any 1 issuer. Investments issued or explicitly guaranteed by the US Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from the disclosure requirements. StanCERA's policy requires that not more than 5% of the total stock portfolio, at fair value, may be held in the common stock of any one corporation. Not more than 5% of the outstanding shares of any one company may be held. Individual investment managers are to hold no more than 8% of the fair value of the manager's entire stock portfolio in any one company's stock. Not more than 25% of the stock at fair value may be held in any one industry category, as defined by StanCERA's consultant, without special permission from the Board. With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by the fair value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue. StanCERA is in compliance with its policy; however, as of June 30, 2015 and June 30, 2014, StanCERA had investments of $94,290,350 and $96,946,306, respectively, in a single issuer (Fannie Mae) which represented 5% or more of the Fiduciary Net Position and total investments.

Custodial Credit Risk

Custodial Credit Risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. StanCERA does not have a formal policy for custodial credit risk for deposits. Under California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secure public deposits. Such collateral is held by the pledging financial institution's trust department or agent in StanCERA's name. At year end, StanCERA had no custodial credit risk exposure to any depository financial institution. All deposits are placed with a custodial bank.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. StanCERA does not have a formal policy for custodial credit risk for investments. Investment securities are exposed to custodial credit risk if the securities are uninsured, not registered in the governmental entity's name, and held by the counter-party. StanCERA's investment securities are not exposed to custodial credit risk because all securities held by StanCERA's custodial bank are in StanCERA's name.

NOTE 4 – CASH AND INVESTMENTS (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates may adversely affect the fair value of an investment. StanCERA's external investment managers may invest in international securities and must follow StanCERA's Investment Guidelines pertaining to these types of investments. At least 80% of all non-U.S. equity holdings at fair value shall be highly liquid securities issued by corporations headquartered in countries included in the Morgan Stanley Capital International All Country World (ACWI) ex-US Index. The maximum limit in any single country shall not exceed the greater of two times the country's weighting in the MSCI ACWI ex-U.S. Index or 20% of the fair value of a portfolio managed on behalf of StanCERA.

StanCERA's exposure to foreign currency risk in U.S. dollars as of June 30, 2015 and 2014 is as follows:

Currency	June 30, 2015 Fair Value (in U.S. $)	June 30, 2014 Fair Value (in U.S. $)
Australian Dollar	$ 15,252,076	$ 18,367,182
Brazil Real	3,561,638	1,155,975
British Pound	51,238,073	-
Canadian Dollar	22,185,017	24,935,035
Chinese Yuan	13,771,436	-
Danish Krone	2,416,640	1,834,612
Euro Currency	77,048,912	76,597,681
Hong Kong Dollar	5,848,698	11,914,037
Hungarian Forint	473,129	-
Indian Rupee	1,275,785	-
Indonesian Rupiah	567,705	574,011
Israeli Shekel	2,524,807	-
Japanese Yen	57,429,741	47,805,620
Korean Won	6,666,552	-
Malaysian Renggit	366,443	415,280
Mexican Nuevo Peso	1,276,655	1,019,558
New Israeli Shekel	-	1,200,957
New Taiwan Dollar	5,878,817	3,365,607
New Zealand Dollar	663,306	671,860
Norwegian Krone	2,875,476	3,022,249
Pound Sterling	-	49,722,041
Russian Ruble	2,043,031	-
Singapore Dollar	4,856,971	2,647,150
South African Rand	4,033,199	4,888,710
South Korean Won	-	6,412,812
Swedish Krona	7,277,093	6,062,938
Swiss Franc	23,441,536	19,115,125
Thailand Baht	1,354,440	1,335,587
Turkish Lira	416,915	478,114
US Dollar	36,878,496	39,858,665
TOTAL	$ 351,622,587	$ 323,400,805

NOTE 4 – CASH AND INVESTMENTS (continued)

Foreign Currency Risk (continued)

American Depositary Receipts (ADR) are included in the U.S. Dollars. ADR represents underlying securities of non-U.S. companies traded on the US stock exchanges. Although the transactions are denominated in U.S. Dollars and not subject to foreign currency risk, these securities are reflected as part of the non-U.S. equities within International Equity Investments reported in the Statements of Fiduciary Net Position (page 25).

Commitments to Direct Lending

At June 30, 2015, StanCERA's total capital commitments to direct lending partnerships was $125,000,000. Of this amount, $18,440,177 remained unfunded and is not recorded on StanCERA's Statements of Fiduciary Net Position.

Commitments to Private Real Estate

At June 30, 2015, StanCERA's total capital commitments to private real estate partnerships was $60,000,000. Of this amount, $44,405,630 was unfunded and is not recorded in StanCERA's Statement of Fiduciary Net Position.

Commitments to Infrastructure

At June 30, 2015, StanCERA's total capital commitments to infrastructure was $50,000,000. Of this amount, $39,917,937 was unfunded and is not recorded in StanCERA's Statement of Fiduciary Net Position.

Investment Expense

Investment expense includes fees paid for investment consulting services, fund evaluation services, and securities custodian services. Fees paid are charged against the StanCERA's investment earnings pursuant to Government Code Sections 31596.1 and 31592.5.

Investment Expense

	June 30, 2015	June 30, 2014
Investment Managers	$ 5,904,748	$ 7,234,638
Investment Consultants	170,000	170,000
Custodial Fees	257,113	681,938
Investment Attorney	55,077	65,364
Other Investment Costs	1,359,060	453,798
Actuarial Fees	110,507	151,564
Total Investment Expenses	$ 7,856,505	$ 8,757,302

NOTE 5 - CONTRIBUTIONS

Contribution Rates

The County Employees' Retirement Law of 1937 establishes the basic obligations for employer and member contributions to the retirement plan. The actual employer and member contribution rates in effect each year are based on recommendations made by an independent actuary and adopted by the Board.

StanCERA's policy for employer contributions states that actuarially determined rates expressed as a percentage of annual covered payroll are required to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age actuarial cost method. StanCERA also uses the level entry age normal cost method with an UAAL to amortize any unfunded liability.

Member basic rates are based on a formula reflecting the age at entry into the Plan. For Tier 5 Safety, the rates are such as to provide an average monthly annuity at age 50 equal to 1/100 of the FAS. Tier 1 General Members pay rates that will provide an average annuity at age 60 of 1/100 of the FAS. Tier 4 General Members pay rates that will provide an average annuity at age 55 of 1/120 of the FAS. County (and former County agency) Safety and General Members in Tiers 1 and 4 pay one half of the aforementioned rates. General Members in Tier 2 pay rates to provide an average annuity of 1/120 of FAS at age 60. General Members in Tier 3 pay no member contributions. General Members in Tier 5 pay rates to provide an average annuity at age 55 of 1/120 of FAS. Both General and Safety Tier 6 Members pay approximately half of the actuarial determined normal cost rate for the benefit.

Member cost of living contributions, expressed as a percentage of their basic rates, are designed to pay for one-half of the cost of living liabilities for future service. For members integrated with Social Security, the above contributions are reduced by 1/3 of that portion of such contribution payable with respect to the first $350 of monthly salary. Member contributions are refundable upon termination from the retirement system.

Contributions as a percentage of covered payroll for fiscal year ended June 30, 2015, are shown in the following table:

Employer	Employer Contributions	Member Contributions	% of Covered Payroll
Stanislaus County	$ 47,521,100	$ 20,251,731	88.4070%
City of Ceres	3,393,450	1,419,228	5.5024%
Stanislaus Superior Court	2,405,640	1,092,251	4.9927%
Stanislaus Council of Governments	192,183	66,609	0.4033%
East Side Mosquito Abatement District	142,275	69,303	0.2873%
Salida Sanitary District	118,870	28,449	0.2401%
Keyes Commuinity Services District	43,946	18,823	0.1034%
Hills Ferry Cemetery District	31,567	13,841	0.0638%
	$ 53,849,031	$ 22,960,235	100.0000%
Covered Payroll	$ 237,263,160		

NOTE 6 – RESERVES

As required by the County Employees Retirement Law of 1937 or the Board's policies, the following reserves from Fiduciary Net Position Restricted for Pension Benefits must be established and used to account for the members' (employees and retirees) contributions.

Active Members' Reserve

This reserve represents the cumulative contributions made by active members (employees), after deducting refunds to the members, plus the investment earnings credited to the reserve at the assumed rate of return determined by the actuary. For 2015 and 2014, the actuarial assumed rate of return was 7.75%. Based on Retirement Board policy where the Plan is below 100% funded on a market basis, the percentage allocated to Active Member Reserves is capped at the actuarial assumed rate of return and will determine the semi-annual percent of interest to be posted to individual member account balances in the subsequent fiscal year.

Employer Reserves

These reserves represent the cumulative contributions made by the County and other employers. Interest earnings are credited to these reserves based on StanCERA's excess earnings policy.

Upon the retirement of an active member, an actuarially determined amount of the member's vested interest is transferred from the Employer Advance Reserves to the Retired Members' Pension Reserve.

Retired Members' Reserves

These reserves are established to account for the unpaid retirees' pension benefits. Upon the retirement of an employee, member contributions plus the interest earnings credited to the member's account are transferred from the Active Members' Reserve account to the Retired Members' Annuity and Cost of Living Reserve accounts.

From these reserves, StanCERA pays the retiree benefits in an amount computed in accordance with the County Employees Retirement Law of 1937. Interest earnings are credited to this reserve based on StanCERA's excess earnings policy.

Retiree Burial Allowance Reserve

The burial allowance reserve is a benefit the Board of Retirement offers which pays the family member of a deceased retiree a lump sum death benefit. This benefit is available for all retirees whose last work in a 1937 Act Retirement System or California Public Employees Retirement System (PERS) was with StanCERA. Interest earnings are credited to this reserve based on StanCERA's excess earnings policy.

NOTE 6 – RESERVES (continued)

Contingency Reserve

This optional reserve represents earnings in excess of the total interest credited to contributions of the employer and employee and is funded at a minimum 1% of total valuation reserves prior to excess earnings distribution (Government Code Section 31592). It is used as a reserve against deficiencies in interest earnings in other years, losses on investments, and other contingencies. The Board set this reserve to 1% in May 2012 and it is reviewed and adjusted annually.

Undistributed Earnings/(Losses)

This "designation" account was established on June 30, 2003. It was used to minimize the impact of actuarial smoothing of assets and contains an accumulation of earnings or losses, which have not been distributed to any other reserve. This reserve has no undistributed earnings or losses as of June 30, 2015 and 2014.

Other Reserves

These reserves are for Retiree's Special Cost of Living, Tier 3 Disability and Legal Contingencies.

Reserve Account Balances are as follows:

Reserve Account Balances

	June 30, 2015	June 30, 2014
Active Members' Reserve	$ 411,024,475	$ 330,586,551
Employer Advance Reserve	178,759,075	241,512,041
Employer Transfer from Non-Valuation Reserve	136,030,872	132,584,491
Retired Members' Reserve	1,080,276,531	1,062,313,234
Retiree Burial Allowance Reserve	6,505,733	6,640,791
Contingency Reserve	17,659,865	15,250,299
Other Reserves		
Revocable Health Benefit Subsidy	-	117
Legal Contingency Reserve	2,345,086	2,417,378
Tier 3 Disability Reserve	2,567	4,377
Total Reserves	$ 1,832,604,204	$ 1,791,309,279

NOTE 7 – LITIGATION

StanCERA is a defendant in various lawsuits and claims arising in the ordinary course of its operations. StanCERA's management and legal counsel estimate the ultimate outcome of such litigation will not have a material effect on StanCERA's financial statements.

NOTE 8 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

Actuarial Assumptions

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. Measurements as of the reporting date are based on the fair value of assets 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. There were no significant events between the valuation date and the measurement date, so the roll forward procedures only included the addition of service cost offset by actual benefit payments.

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	$ 295,155,755	$ 233,067,482
Fiduciary Net Position as a percentage of the Total Pension Liability	86.1%	88.5%

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%
Projected Salary Increases	3.50%, plus service-based rates
Attributed to Inflation	3.25%
Cost-of-Living Adjustments	100% of CPI to 3.0% annually with banking, 2.7% annual increases assumed

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

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

NOTE 8 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS (continued)

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:

Asset Class	2015 Long-Term Expected Real Rate of Return	2014 Long-Term Expected Real Rate of Return
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% as of June 30, 2015 and June 30, 2014. 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.

NOTE 8 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of StanCERA calculated using the discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

Sensitivity of Net Pension Liability to Changes in Discount Rate

		1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
June 30, 2015	Net Pension Liability	$ 571,659,850	$ 295,155,755	$ 65,795,139
June 30, 2014	Net Pension Liability	$ 498,955,783	$ 233,067,482	$ 12,742,703

NOTE 9 – SUBSEQUENT EVENTS

StanCERA has evaluated subsequent events through November 2, 2015, which is the date the financial statements were issued. The following subsequent events took place after June 30, 2015:

On July 6, 2015, StanCERA funded Raven Opportunity Fund III LP $2,996,475. The capital commitment for this direct lending fund is $15,000,000.

On September 29, 2015, StanCERA funded Prime Real Estate Fund $15,000,000. The capital commitment for this private real estate fund is $15,000,000.

Schedule of Changes in Net Pension Liability and Related Ratios

	June 30, 2015	June 30, 2014
Total Pension Liability		
Service cost	$ 48,242,363	$ 46,209,346
Interest (includes interest on service cost)	154,850,353	147,384,248
Changes of benefit terms	-	-
Differences between expected and actual experience	2,148,638	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(101,858,156)	(94,782,471)
Net change in total pension liability	103,383,198	98,811,123
Total pension liability - beginning	2,024,376,761	1,925,565,638
Total pension liability - ending	$ 2,127,759,959	$ 2,024,376,761
Fiduciary net position		
Contributions - employer	$ 53,849,031	$ 46,763,996
Contributions - member	22,960,235	21,867,911
Total investment income	68,722,781	274,896,108
Benefit payments, including refunds of member contributions	(101,858,156)	(94,782,471)
Administrative expense	(2,378,966)	(2,249,260)
Net change in fiduciary net position	41,294,925	246,496,284
Fiduciary net position - beginning	1,791,309,279	1,544,812,995
Fiduciary net position - ending	$ 1,832,604,204	$ 1,791,309,279
Net pension liability - ending	$ 295,155,755	$ 233,067,482
Fiduciary net position as a percentage of the total pension liability	86.1%	88.5%
Covered employee payroll *	$ 237,263,160	$ 221,863,110
Net pension liability as a percentage of covered employee payroll	124.4%	105.1%

Note: Data is not available for fiscal years ending June 30, 2006 through June 30, 2013.

* Aggregate covered payroll was provided by StanCERA for the FYE 2015. For previous years' amounts, payroll was based on individual member pay data provided to the actuary.

Schedule of Employer Contributions
Last 10 Fiscal Years Ending June 30
(Dollar amounts in thousands)

	2015	2014	2013	2012	2011
Actuarially Determined Contributions	$ 53,849	$ 46,764	$ 39,077	$ 41,614	$ 47,657
Contributions in Relation to the Actuarially Determined Contributions	53,849	46,764	39,077	41,614	47,657
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll *	$ 237,263	$ 221,863	$ 217,491	$ 215,057	$ 221,541
Contributions as a Percentage of Covered Employee Payroll	22.70%	21.08%	17.97%	19.35%	21.51%

	2010	2009	2008	2007	2006
Actuarially Determined Contributions	$ 31,814	$ 23,411	$ 22,555	$ 32,563	$ 22,549
Contributions in Relation to the Actuarially Determined Contributions	31,814	23,411	22,555	32,563	22,549
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll *	$ 231,538	$ 248,316	$ 242,009	N/A	$ 212,011
Contributions as a Percentage of Covered Employee Payroll	13.74%	9.42%	9.32%	N/A	10.64%

Note: No actuarial valuation was done in 2007, therefore, no payroll to report.

* Aggregate covered payroll was provided by StanCERA for the FYE 2015. For previous years' amounts, payroll was based on individual member pay data provided to the actuary.

Schedule of Investment Returns
Last 10 Fiscal Years Ending June 30

	2015	2014	2013	2012	2011
Annual money-weighted rate of return, net of investment expense	4.20%	18.20%	14.50%	0.70%	22.90%

	2010	2009	2008	2007	2006
Annual money-weighted rate of return, net of investment expense	15.90%	-16.40%	-8.20%	16.80%	10.30%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms

There were no changes of benefit terms for fiscal year ended June 30, 2015.

Changes of assumptions

There were no changes in assumptions approved by the Board of Retirement for fiscal year ended June 30, 2015.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of employers contributions are calculated as of June 30, 2013, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	Closed period - 23 Years remaining as of the June 30, 2013 valuation
Asset Valuation Method	Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market
Actuarial Assumptions	
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 CPI to 3.0% annually with banking, 2.7% annual increases assumed
Mortality	Sex distinct RP 2000 Combined Mortality projected to 2020 using Scale AA

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Years Ended June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Personnel Services:		
Salaries and Employee Benefits	$ 1,174,779	$ 1,114,873
Contract Wages	33,545	-
Total Personnel Services	1,208,324	1,114,873
Professional Services:		
Computer and Software Services and Support	57,307	41,068
Outside Legal Counsel	464,262	458,098
Disability Hearing Officer/Medical Exams and Reviews	9,020	13,187
External Audit Fees	58,992	34,163
Stanislaus County Strategic Business Technology Dept	29,642	26,200
Other Professional Services	904	38,497
Total Professional Services	620,127	611,213
Office Expenses:		
Office Supplies	8,322	7,604
Minor Equipment and Computer Supplies	4,907	4,496
Stanislaus County Central Services and Mail Room	38,538	36,661
Stanislaus County Support Services	93,888	95,757
Requested Maintenance	22,313	18,267
Communications	22,133	22,382
Printing and Publications	7,961	2,002
Other Office Expenses	19,388	19,961
Total Office Expenses	217,450	207,130
Miscellaneous:		
Fiduciary and Staff - Education/Travel	63,494	47,607
Fiduciary and Staff - Meetings/Other Travel	10,400	11,200
Insurance	77,834	78,763
Memberships	7,555	7,785
Depreciation	173,782	170,689
Total Miscellaneous	333,065	316,044
TOTAL ADMINISTRATIVE EXPENSES	$ 2,378,966	$ 2,249,260

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE OF INVESTMENT MANAGEMENT FEES AND OTHER INVESTMENT EXPENSES

For the Years Ended June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Investment Management Fees:		
Domestic Stocks	$ 2,679,412	$ 2,587,263
International Stocks	1,271,614	1,471,301
Domestic Bonds	798,030	791,603
Direct Lending	513,756	2,363,847
Real Estate Securities & Special Situations	641,936	20,624
Total Investment Management Fees	5,904,748	7,234,638
Investment Consulting Fees	170,000	170,000
Investment Custodian Fees	257,114	681,938
Investment Legal Fees	55,077	65,364
Investment Funding	1,349,345	453,798
Other Investment Related Expenses	120,221	151,564
TOTAL INVESTMENT EXPENSES	$ 7,856,505	$ 8,757,302

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Investment Section

"Today I close the door to the past, open the door to the future, take a deep breath and step on through to start the next chapter in my life."

- Author unknown -

STRATEGIC INVESTMENT SOLUTIONS

333 BUSH STREET, STE 2000
SAN FRANCISCO, CALIFORNIA 94104
TEL 415/362-3484
FAX 415/362-2752

STANISLAUS COUNTY EMPLOYEES RETIREMENT SYSTEM

Summary

Fiscal year ending June 30, 2015 saw a continuation in the rise of U.S. equities off of their lows from March 9, 2009 with the S&P 500 returning +7.4% for the period. StanCERA's U.S. equity allocation generated a return of +8.0% for the fiscal year as compared to +7.3% for its custom policy index.

International equities were negative for the fiscal year as uncertainties about the continent's growth prospects as well as a potential Greek exit from the euro continued to rattled markets. StanCERA's International Equity managers combined to return -3.2% for the fiscal year, beating the -4.8% return for the MSCI All Country World Index ex-U.S. by +160 basis points.

The U.S. Fixed Income market ended the fiscal year with a relatively conservative +1.9% return for the Barclays Aggregate Index. Markets reacted to continued discussions surrounding a pending interest rate rise from the Federal Reserve sometime towards the end of calendar year 2015. StanCERA's Fixed Income portfolio matched its policy index with a return of +1.9% for the trailing one-year period.

The Real Estate sector in the U.S. was once again positive for the fiscal year, with the Dow Jones US Select RESI index returning +5.2% for the period. StanCERA's rotation into more private investment vehicles aided relative performance for the fund as it beat the above index with a return of +9.7% for the year.

As a diversified investor, StanCERA returned +4.2% for the fiscal year – beating its policy index return of +3.6%. StanCERA ranked in the top quartile for the year (ranking 17th percentile), thus continuing both its strong relative and absolute performance over longer trailing year periods.

Investment Policy, Asset Deployment Policy and Performance Measurement Standards

StanCERA periodically reviews and updates its policy statement. The primary financial objective is to earn a long-term return sufficient to avoid deterioration in funded status. The system's actuary estimates this return requirement to be 7.75%. Secondary goals are to outperform the asset allocation-weighted benchmark. At quarterly intervals, the System reviews performance at the total fund, asset class and individual manager levels. At each level, returns are evaluated versus appropriate indexes and peers. Comparisons with peers seek top forty percentile results.

Investment Objectives

Investment returns achieved through June 30, 2015 have been calculated using a time-weighted rate of return methodology based upon market values. In fiscal year 2015, StanCERA met its management goals of ensuring sufficient funds available to pay vested benefits and maintain supplemental benefits, complying with applicable fiduciary standards, and adding marginal relative value.

PERIODS ENDED 6/30/15	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	**8.0%**	**19.1%**	**18.5%**
Russell 3000	7.3%	17.7%	17.5%
Rank	28*	13	8
Non-US Equity	**-3.2%**	**11.5%**	**9.3%**
MSCI ACWI ex US Index	-4.8%	9.9%	8.2%
Rank	53	40	49
US Fixed Income	**1.9%**	**3.4%**	**4.6%**
Barclays US Aggregate	1.9%	1.8%	3.3%
Rank	39	33	53
Real Estate	**9.7%**	**13.2%**	**9.3%**
DJ US Select Real Estate	5.3%	10.8%	13.1%

Direct Lending	9.0%	--	--
Custom Index (9% annual)	9.0%	--	--
Total Fund	**4.2%**	**12.2%**	**11.8%**
*Policy Benchmark****	3.6%	10.5%	10.7%
Public Fund Median	3.2%	10.2%	10.3%
Rank**	17	9	14

*Ranking 1 is highest, 100 is lowest.
**Rankings source – InvestorForce universes.
***Policy Benchmark is 37.3% Russell 1000 / 9.4% Russell 2000 / 18% MSCI ACWI ex US / 29.8% Barclays Aggregate / 1.5% DJ US Select RESI / 4% 9%-Annual.
Returns for periods greater than one-year are annualized. Results of all publicly traded investments are consistent with Global Investment Performance Standards (GIPS) as adopted by the CFA Board of Governors.

Nathan A. Pratt, CFA
Vice President
Strategic Investment Solutions
August 24, 2015

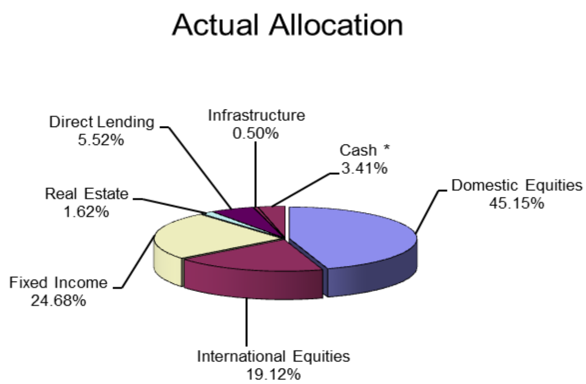
ASSET ALLOCATION

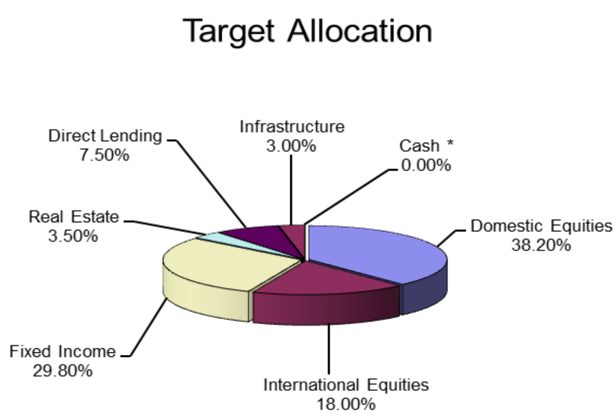
JUNE 30, 2015

Asset Class	Fair Value	Actual Allocation	Target Allocation
Domestic Equities	$ 830,408,155	45.15%	38.20%
International Equities	351,622,587	19.12%	18.00%
Fixed Income	453,889,853	24.68%	29.80%
Real Estate Securities	29,708,328	1.62%	3.50%
Direct Lending	101,450,264	5.52%	7.50%
Infrastructure	9,273,662	0.50%	3.00%
Cash *	62,679,684	3.41%	0.00%
TOTAL PORTFOLIO**	$ 1,839,032,534	100.00%	100.00%

* Excludes Pooled Cash in County Treasury of $8,873,482.

** Excludes Securities Lending Cash Collateral.





SCHEDULE OF INVESTMENT RETURNS

Performance as of June 30, 2015 - Net of Fees

Investment Managers	One Year	Two Year	Three Year	Five Year
DOMESTIC EQUITY				
Dodge & Cox	4.9%	15.5%	20.0%	17.8%
BlackRock R1000 Value	4.3%	13.6%	17.4%	16.6%
Russell 1000 Value Index	*4.1%*	*13.5%*	*17.3%*	*16.5%*
Jackson Square Partners	12.4%	20.3%	19.2%	20.5%
BlackRock R1000 Growth	10.6%	18.5%	18.0%	18.7%
Russell 1000 Growth Index	*10.6%*	*18.5%*	*18.0%*	*18.6%*
Capital Prospects	3.0%	13.7%	18.9%	17.1%
Russell 2000 Value Index	*0.8%*	*11.1%*	*15.5%*	*14.8%*
Legato Capital Management	12.4%	16.5%	19.6%	18.8%
Russell 2000 Growth Index	*12.3%*	*18.4%*	*20.1%*	*19.3%*
Mellon Capital Management	7.4%	15.7%	17.3%	17.3%
S&P 500 Index	*7.4%*	*15.7%*	*17.3%*	*17.3%*
FIXED INCOME				
Dodge & Cox	1.9%	4.4%	3.8%	4.8%
PIMCO	1.5%	2.6%	1.6%	3.5%
Barclays Aggregate Index	*1.9%*	*3.1%*	*1.8%*	*3.3%*
INTERNATIONAL EQUITY				
LSV Asset Management	-4.6%	9.1%	11.4%	8.7%
Pyramis Global Advisors	-1.9%	7.6%	10.8%	9.0%
MSCI ACWE ex US Index	*-4.8%*	*7.9%*	*9.9%*	*8.2%*
REAL ESTATE				
BlackRock US Real Estate Index	5.2%	9.2%	N/A	N/A
DJ US Select RESI TR USD	*5.2%*	*9.2%*	N/A	N/A
American Realty Advisors	8.8%	N/A	N/A	N/A
NCREIF Property Index	*6.8%*	N/A	N/A	N/A
Greenfield Acquisition Partners VII LP	1.9%	N/A	N/A	N/A
NCREIF ODCE + 1%	*7.9%*	N/A	N/A	N/A
DIRECT LENDING				
Medley Opportunity Fund II, LLC	7.9%	7.4%	N/A	N/A
Raven Capital Management, LLC	5.2%	4.1%	N/A	N/A
White Oak Global Advisors, LLC	13.9%	N/A	N/A	N/A
9% Annual	*9.0%*	*9.0%*	N/A	N/A
INFRASTRUCTURE				
North Haven Partners II LP	N/A	N/A	N/A	N/A
TOTAL FUND	4.2%	11.0%	12.2%	11.8%
Policy Index	*3.6%*	*10.0%*	*10.5%*	*10.7%*

Note: % taken from SIS Quarterly Report presented to Board of Retirement on 8/25/2015.
Using time-weighted rate of return based on the market rate of return.
Does not include Securitites Lending Collateral.

SCHEDULE OF INVESTMENTS BY ASSET CLASS AND MANAGER
As of June 30, 2015

Investment Managers	Asset Class	Assets Under Management	% of Fund
DOMESTIC EQUITY			
Dodge & Cox	Large Cap Value	$ 182,540,863	9.93%
BlackRock R1000 Value	Large Cap Value	123,636,832	6.72%
Jackson Square Parytners	Large Cap Growth	163,819,992	8.91%
BlackRock R1000 Growth	Large Cap Growth	111,465,717	6.06%
Capital Prospects	Small Cap Value	86,138,633	4.68%
Legato Capital Management	Small Cap Growth	89,387,184	4.86%
Mellon Capital Management	Large Core	73,418,933	3.99%
FIXED INCOME			
Dodge & Cox	Core Bond	363,389,033	19.76%
PIMCO	Median Core Bond	90,500,821	4.92%
INTERNATIONAL EQUITY			
LSV Asset Management	Equity Value	175,671,839	9.55%
Pyramis Global Advisors	Equity Growth	175,950,749	9.57%
REAL ESTATE			
BlackRock US Real Estate	Real Estate Index	12,686,555	0.69%
American Realty Advisors	Private Real Estate	8,262,879	0.45%
Greenfield Acquisition Partners VII LP	Private Real Estate	8,758,894	0.48%
DIRECT LENDING			
Medley Opportunity Fund II, LLC	Private Equity	32,981,403	1.79%
Raven Capital Management, LLC	Private Equity	28,670,993	1.56%
White Oak Global Advisors, LLC	Private Equity	39,797,868	2.16%
INFRASTRUCTURE			
North Haven Partners II LP	Infrastructure	9,273,662	0.50%
Total Assets Under Management		1,776,352,850	
Cash and Short-Term Investments	90 Day T-Bill	62,679,684	3.41%
Total Fund		$ 1,839,032,534	100.00%

Note: Does not include Securities Lending Collateral.
Does not include cash in Treasury Pool.

LARGEST BOND HOLDINGS (BY FAIR VALUE)
JUNE 30, 2015

Shares	Bond	Fair Value
12,000,000	US TREASURY NOTES 0.25% DUE 10-15-2015	$ 12,005,628
10,000,000	AMERICAN EXPRESS CR 1.49% DUE 04-15-2020	10,051,900
6,500,000	FNMA SINGLE FAMILY MORTGAGE 3.5% 30 YEARS SETTLES AUGUST	6,681,292
5,586,243	FEDERAL NATL MTG ASSN GTD MTG 5.0% DUE 09-01-2039	6,190,864
6,000,000	US TREASURY NOTES 0.375% DUE 05-31-2016	6,004,218
5,750,000	US TREASURY NOTES 0.875% DUE 02-28-2017	5,780,998
5,180,000	FHLM CORP VAR RT 12-15-2043	5,707,070
5,000,000	FNMA SINGLE FAMILY MORTGAGE 4.0% 30 YEARS SETTLES AUGUST	5,285,685
5,100,000	FNMA SINGLE FAMILY MORTGAGE 3.0% 30 YEARS SETTLES AUGUST	5,067,824
5,230,000	PVTPL VERIZON COMMUNICATIONS INC 4.272% DUE 01-15-2036	4,717,821
4,324,657	FHLM CORP 4.5% 04-01-2044	4,671,577
4,500,000	PVTPL RIO OIL FIN 6.25% DUE 07-06-2024	4,421,250
4,250,000	US TREASURY NOTES 0.75% DUE 03-15-2017	4,264,943
3,973,477	FHLM CORP ADJ RT 12-01-2044	4,095,860
3,800,000	ROYAL BK SCOTLAND 6.125% DUE 12-15-2022	4,091,772
4,016,985	FNMA REMIC FLTG RT DUE 11-25-2042	4,068,752
3,250,000	CIGNA CORP 7.65% DUE 03-01-2023	4,052,939
3,600,000	BAC CAP TR XI 6.625% DUE 05-23-2036	4,049,035
3,302,000	HSBC HLDGS PLC 6.5% DUE 05-02-2036	3,926,844
3,100,000	MAY DEPT STORES CO 6.65% DUE 07-15-2024	3,768,168

LARGEST STOCK HOLDINGS (BY FAIR VALUE)
JUNE 30, 2015

Shares	Stock	Fair Value
79,575	CELGENE CORP	$ 9,209,613
143,916	QUALCOMM INC	9,013,459
142,242	EBAY INC	8,568,658
125,375	VISA INC	8,418,931
90,000	CAP 1 FNCL	7,917,300
138,072	WELLS FARGO & CO	7,765,169
81,475	MASTERCARD INC	7,616,283
87,696	WALGREENS BOOTS ALLIANCE INC	7,405,050
28,699	EQUINIX INC	7,289,546
160,000	MICROSOFT CORP	7,064,000
66,500	ADR NOVARTIS AG	6,539,610
28,497	VALEANT PHARMACEUTICALS INTERNATIONAL INC	6,330,609
210,005	HEWLETT PACKARD CO	6,302,250
72,032	TIME WARNER INC	6,296,317
35,068	TIME WARNER CABLE INC	6,248,066
224,175	LIBERTY INTERACTIVE CORPORATION	6,220,856
19,753	ALLERGAN PLC	5,994,245
72,400	CROWN CASTLE INTL CORP	5,813,720
175,000	SCHWAB CHARLES CORP	5,713,750
99,600	ADR NOVO-NORDISK	5,454,096

A complete list of portfolio holdings is available on StanCERA's website at www.stancera.org or upon request.

SCHEDULE OF INVESTMENT MANAGEMENT FEES
For the Years Ended June 30, 2015 and 2014

		2015	2014
Domestic Equities			
BlackRock		$ 34,359	$ 40,276
Capital Prospects		725,918	696,304
Dodge & Cox		356,026	348,930
Jackson Square Partners		786,996	694,314
Legato Capital Management		741,270	773,603
Mellon Capital Management		34,843	33,836
	Total Domestic Equities	2,679,412	2,587,263
International Equities			
LSV Asset Management		583,702	751,011
Pyramis Global Advisors		687,912	720,290
	Total International Equities	1,271,614	1,471,301
Fixed Income			
Dodge & Cox		427,276	434,142
PIMCO		370,754	357,461
	Total Fixed Income	798,030	791,603
Real Estate			
American Realty Advisors		45,873	-
BlackRock US Real Estate Index		12,144	-
Greenfield Acquisition Partners VII, LP		415,171	-
	Total Real Estate	473,188	-
Direct Lending			
Medley Opportunity Fund II, LLC		182,999	305,851
Raven Capital Management, LLC		462,110	656,646
White Oak Global Advisors, LLC		(131,353)	1,401,350
	Total Direct Lending	513,756	2,363,847
Infrastructure			
North Haven Partners, LP	Total Infrastructure	168,748	20,624
	Total Investment Management Fees	5,904,748	7,234,638
Other Investment Fees and Expenses			
Consultant Fees		170,000	170,000
Custodial Fees		257,114	681,938
Investment Attorney		55,077	65,364
Investment Funding Costs		1,349,345	453,798
Miscellaneous Fees		120,221	151,564
	Total Other Investment Expenses	1,951,757	1,522,664
Total Investment Fees and Expenses		$ 7,856,505	$ 8,757,302

Commission Recapture Program

StanCERA participates in a c ommission recapture program administered by ConvergEX Execution Soloutions, LLC. The strategic objective of the Commission Recapture Program is to recapture a portion of trade commissions paid to brokers. The primary goal is to ensure that investment managers provide the best effort to optimize use of StanCERA's assets for the benefit of the members and beneficiaries by recapturing 65% or more of commissions paid on a specific percentage of trades sent to correspondent brokers on a t imely basis. For fiscal years ending June 30, 2015 and 2014, Commission Recapture Income was $45,354 and $31,360, respectively (see page 26).

Actuarial Section

"The best thing about the future is that it comes one day at a time."

- Abraham Lincoln -

October 5, 2015

Via Electronic Mail

Actuarial Certification

This is the Actuary's Certification Letter for the Actuarial Section of the Comprehensive Annual Financial Report (CAFR) for the StanCERA Retirement Plan (the Plan) as of June 30, 2015. This letter includes references to two documents produced by Cheiron for the Plan: the Actuarial Valuation Report as of June 30, 2014 (transmitted March 11, 2015) and the GASB 67/68 Report as of June 30, 2015 (transmitted October 5, 2015).

Actuarial Valuation Report as of June 30, 2014

The purpose of the annual Actuarial Valuation Report as of June 30, 2014 is to determine the actuarial funding status of StanCERA on that date and to calculate recommended contribution rates for the participating employers and Plan members for the Fiscal Year 2015-2016. The prior review was conducted as of June 30, 2013, and included recommended contribution rates for the Fiscal Year 2014-2015.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the unfunded actuarial accrued liability (UAAL) plus expected administrative expenses. As of the valuation date (June 30, 2014), the amortization period is 22 years.

The funding objective of the Plan is to accumulate sufficient assets over each Member's working life to provide for Plan benefits after termination of employment or retirement. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by spreading all investment gains and losses (returns above or below expected returns) over a period of five years. The Actuarial Value is limited to no less than 80% and no more than 120% of market value.

The Board of Retirement is responsible for establishing and maintaining the funding policy of the Plan, subject to the laws of the State of California enacted under the County Employees Retirement Law of 1937 and subsequent legislation.

We prepared the following schedules, which we understand will be included in the Actuarial Section of the CAFR, based on the June 30, 2014 actuarial valuation. All historical information prior to the June 30, 2008 actuarial valuation shown in these schedules is based on information reported by the prior actuary, Buck Consultants.

- Statement of Current Actuarial Assumptions and Methods
- Membership Information (Active, Deferred, and Retired)
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Development of 2014 Experience Gain/(Loss) (Analysis of Financial Experience, sent in an email to StanCERA on September 16, 2015)
- GASB Solvency Test
- Summary of Plan Provisions

We reviewed the actuarial assumptions shown in the schedules and found them to be reasonably appropriate for use under the Plan. The assumptions used in this report reflect the results of an Experience Study performed by EFI Actuaries covering the period from July 1, 2009 through June 30, 2012, and approved by the Board. The assumptions used in the most recent valuation are intended to produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis is expected to cover the years through 2015.

We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice, in particular Standards No. 4, 27, 35, and 44.

GASB 67/68 Report as of June 30, 2015

The purpose of GASB 67/68 Report as of June 30, 2015 is to provide accounting and financial reporting information under GASB 67 for StanCERA and under GASB 68 for Stanislaus County and the other participating employers. This report is not appropriate for other purposes, including the measurement of funding requirements for StanCERA.

For financial reporting purposes, the Total Pension Liability is based on the June 30, 2014 actuarial valuation updated to the measurement date of June 30, 2015. There were no significant events of which we were aware 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.

Please refer to our GASB 67/68 report as of June 30, 2015 for additional information related to the financial reporting of the System. We prepared the following schedules for inclusion in the Financial Section of the CAFR based on the June 30, 2015 GASB 67/68 report:

- Change in Net Pension Liability
- Sensitivity of Net Pension Liability to Changes in Discount Rate
- Schedule of Changes in Net Pension Liability and Related Ratios
- Notes to the Schedule of Employer Contributions

We certify that the report was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for disclosure purposes have been prepared in accordance with our understanding of generally accepted accounting principles as promulgated by the GASB.

Disclaimers

In preparing our reports, 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.

These reports are for the use of StanCERA and its auditor in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of these reports is not an intended user and is considered a third party.

Cheiron's reports were prepared solely for StanCERA for the purposes described herein, except that the Plan's auditor may rely on these reports solely for the purpose of completing an audit related to the matters herein. They are not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

We hereby certify that, to the best of our knowledge, these reports and their contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which 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. These reports do not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Respectfully Submitted,

Graham A. Schmidt, ASA, EA, FCA, MAAA
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SUMMARY OF ASSUMPTIONS AND FUNDING METHODS

The following assumptions along with the post-retirement and pre-retirement demographic experiences are based on StanCERA's actuarial experience study from July 1, 2009 through June 30, 2012. A review was also performed on the actuarial valuation as of June 30, 2012 and the actuarial experience study from July 1, 2009 through June 30, 2012. The overall assessment from the review is that all major actuarial functions are being appropriately addressed. The rates produced by the June 30, 2013 valuation were adopted by the StanCERA Board of Retirement on March 25, 2014 and were effective July 1, 2014. The actuarial valuation for fiscal year ending June 30, 2014 will be effective beginning July 1, 2015. The methods and assumptions were selected by the actuary as being appropriate for StanCERA and were used in the latest actuarial valuation.

Plan Description

A summary of plan provisions can be found in Note 1 of the Notes to Basic Financial Statements.

Actuarial Methods

Actuarial Cost Method

Annual contributions are computed under the Entry Age Normal Actuarial Cost Method, computed to the final decrement. A schedule of actuarially determined contributions compared to actual contributions can be found in the Required Supplementary Information section following the Notes to the Basic Financial Statements.

The excess of the Actuarial Accrued Liability over Plan assets is the Unfunded Actuarial Accrued Liability. The liability for each valuation group is amortized as a level percentage of payroll over a closed period (23 years as of the current valuation).

Actuarial Value of Plan Assets

The Actuarial Value of Plan Assets is a modified fair value. The fair value of assets is adjusted to recognize, over a five-year period, differences between actual investment earnings and the assumed investment return. The Actuarial Value of Plan Assets is limited to no less the 80% and no more than 120% of the fair value. As of June 30, 2011, the Actuarial Value was reset to equal fair value.

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date	June 30, 2014	June 30, 2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay
Remaining Amortization Period	22 Years	23 Years
Asset Valuation Method	Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market	Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market

Actuarial Assumptions

1. Rate of Return – The annual rate of return is assumed to be 7.75% net of investment expenses.
2. Cost of Living – The cost of living is assumed to be 3.25% per year as measured by the Consumer Price Index.
3. Administrative Expenses – An allowance of $2,100,000 has been included in the annual cost calculation.
4. Interest Credited to Employee Accounts – 0.25% annually.
5. Increases in Pay – Base salary increase for County Safety is 13.40% for 2013 and 3.50% thereafter. All other members base salary increase is 3.50% for 2013 and thereafter. Assumed pay increases for active Members consist of increases due to salary adjustments (as noted above), plus service-based increases due to longevity and promotion, as shown below.

Longevity & Promotion Increases		
Service	Safety	General
0	8.00%	4.00%
1	7.00%	4.00%
2	6.00%	4.00%
3	5.00%	4.00%
4	4.00%	4.00%
5-9	2.00%	2.00%
10-19	1.00%	1.00%
20-29	1.00%	0.50%
30+	0.50%	0.50%

6. PEPRA Compensation Limit – Assumption used for increasing the compensation limit that applies to PEPRA members is 3.25%.
7. Post Retirement COLA – 100% of Consumer Price Index up to 3% annually with banking, 2.7% annual increases assumed.
8. Social Security Wage Base – For projecting the Social Security Benefit, the annual Social Security Wage Base increase is assumed to be 3.5% per year. General Tier 3 members have their benefits offset by an assumed Social Security Benefit.
9. Internal Revenue Code Section 414 Limit – not reflected in the valuation for funding purposes.
10. Internal Revenue Code Section 401(a)(17) – not reflected in the valuation for funding purposes.
11. Family Composition – Women are assumed to be three years younger than men.

Percent Married	
Gender	Percentage
Males	90%
Females	50%

12. Accumulated Vacation Time Load – Active members' service retirement and related benefits are loaded by 2.5% for Safety Members and 3.5% for General Members.

13. Rates of Separation – Separate rates of termination are assumed among Safety and General Members. Termination rates do not apply once a member is eligible for retirement.

Termination (all types)			
	Safety	General	
Service	All	Female	Male
0	15.0%	14.0%	24.0%
1	15.0%	9.4%	14.0%
2	10.5%	7.9%	11.7%
3	10.0%	7.9%	9.4%
4	6.0%	7.1%	7.1%
5	3.7%	5.0%	5.0%
10	3.4%	3.5%	3.5%
15	1.9%	2.9%	2.9%
20	0.0%	1.5%	1.5%
25	0.0%	1.3%	1.3%
30+	0.0%	0.0%	0.0%

14. Withdrawal – Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions. 50% of all General Member terminations with less than ten years of service and 20% of those with ten or more years of service are assumed to take a refund of contributions. 35% of all Safety Member terminations with less than ten years of service and 10% of those with ten or more years of service are assumed to take a refund of contributions.
15. Vested Termination – Rates of vested termination apply to active Members who terminate their employment after five years of service and leave their member contributions on deposit with the Plan. Tier 3 General Members are assumed to begin receiving benefits at age 65; all other General Members at age 58. Safety Members are assumed to begin receiving benefits at age 53. 25% of vested terminated General members are assumed to be reciprocal, and 50% of vested Safety members are assumed to be reciprocal. Reciprocal members are assumed to receive 4% annual pay increases from the date of transfer to the assumed retirement date.
16. Service Connected-Disability – Separate rates are assumed among Safety and General Members. Rates for both sexes for Safety Members are combined.

Service-Connected Disability			
	Safety	General	
Age	All	Female	Male
20	0.0759%	0.0002%	0.0043%
25	0.1932%	0.0004%	0.0102%
30	0.3457%	0.0008%	0.0211%
35	0.5309%	0.0024%	0.0284%
40	0.7426%	0.0056%	0.0401%
45	1.1297%	0.0101%	0.0613%
50	1.5092%	0.0162%	0.0897%
55	1.7230%	0.0249%	0.1227%
60	0.0000%	0.0349%	0.1637%
65	0.0000%	0.0000%	0.0000%

17. Non Service-Connected Disability - Separate rates are assumed among Safety and General Members. Rates for both sexes for Safety Members are combined. Rates shown are applied after five years of service.

Non Service-Connected Disability			
	Safety	General	
Age	All	Female	Male
20	0.0173%	0.0025%	0.0130%
25	0.0409%	0.0050%	0.0307%
30	0.0421%	0.0100%	0.0316%
35	0.0568%	0.0281%	0.0426%
40	0.0802%	0.0446%	0.0602%
45	0.1227%	0.0808%	0.0920%
50	0.1793%	0.1295%	0.1345%
55	0.2453%	0.1990%	0.1840%
60	0.0000%	0.2764%	0.2456%
65	0.0000%	0.0000%	0.0000%

18. Rates for Mortality for Healthy Lives – Rates of mortality for active Members are specified by the Retired Pensioners (RP) 2000 tables published by the Society of Actuaries (projected from 2000 to 2020 using Scale AA).

Mortality Rates			
	Duty Death	Ordinary Death - General & Safety	
Age	Safety All	Female	Male
20	0.0150%	0.0138%	0.0235%
25	0.0189%	0.0156%	0.0308%
30	0.0254%	0.0216%	0.4020%
35	0.0357%	0.0381%	0.0699%
40	0.0564%	0.0522%	0.0919%
45	0.0885%	0.0814%	0.1161%
50	0.0703%	0.1189%	0.1487%
55	0.1055%	0.2314%	0.2469%
60	0.0000%	0.4573%	0.4887%
65	0.0000%	0.8780%	0.9607%
70	0.0000%	0.015145	0.016413

19. Disabled Member Mortality - Specified by the Retired Pensioners (RP) 2000 tables published by the Society of Actuaries projected from 2000 to 2020 using Scale AA set forward 7 years.

Diabled Mortality Rates		
Age	Female	Male
45	0.1520%	0.1780%
50	0.3150%	0.3330%
55	0.6020%	0.6470%
60	1.1000%	1.2370%
65	1.8320%	2.0160%
70	2.9630%	3.6110%
75	4.8920%	6.8540%
80	8.8920%	12.0620%
85	14.8430%	20.3970%
90	21.0980%	28.8080%

20. Retired Member and Beneficiary Mortality - Specified by the Retired Pensioners (RP) 2000 tables published by the Society of Actuaries projected from 2000 to 2020 using Scale AA.

Retired Mortality Rates		
Age	Female	Male
45	0.0810%	0.1160%
50	0.1190%	0.1490%
55	0.2310%	0.2470%
60	0.4570%	0.4890%
65	0.8680%	0.9610%
70	1.5140%	1.6410%
75	2.3930%	2.8540%
80	3.9870%	5.2650%
85	6.8660%	9.6240%
90	12.4000%	16.9280%

21. Mortality Improvement – No mortality improvement is explicitly assumed. A margin is built in the mortality assumption between the actual and expected number of deaths in order to assume some future mortality improvements.

22. Service Retirement – Assumed to occur among eligible members in accordance with the following table.

Rates of Retirement		
Age	Safety	General
40-44	5.00%	0.00%
45-49	5.00%	0.00%
50	15.00%	5.00%
51	15.00%	4.00%
52	15.00%	4.00%
53	15.00%	5.00%
54	15.00%	6.00%
55	15.00%	10.00%
56	15.00%	10.00%
57	20.00%	10.00%
58	30.00%	12.00%
59	30.00%	15.00%
60	100.00%	18.00%
61	100.00%	18.00%
62	100.00%	30.00%
63	100.00%	25.00%
64	100.00%	25.00%
65	100.00%	40.00%
66	100.00%	30.00%
67	100.00%	30.00%
68	100.00%	30.00%
69	100.00%	30.00%
70	100.00%	100.00%

23. Changes in actuarial assumptions – Last year's valuation assumed employee accounts were credited with 0.00% interest annually and the base salary increase was assumed to be 3.50% for all members (no special increase for County Safety for 2014).

Participant data on active and inactive Members and their beneficiaries as of the valuation date was supplied by the Plan staff on direction of the Executive Director on electronic media. Member data was neither verified nor audited.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA
FOR FISCAL YEARS ENDED JUNE 30

Valuation Date	Plan Type	Number	Annual Salary	Average Annual Salary	% Increase (Decrease) in Average Salary	Number of Employers
6/30/2005	General	3,651	$ 173,399,000	$ 47,494	4.48%	
	Safety	687	38,282,000	55,723	-1.11%	
	Total	4,338	$ 211,681,000	$ 48,797	3.66%	8
6/30/2006	General	3,702	$ 179,767,000	$ 48,559	2.24%	
	Safety	689	40,001,000	58,057	4.19%	
	Total	4,391	$ 219,768,000	$ 50,050	2.57%	8
6/30/2008	General	3,719	$ 230,942,000	$ 62,098	27.88%	
	Safety	731	44,638,000	61,064	5.18%	
	Total	4,450	$ 275,580,000	$ 61,928	23.73%	8
6/30/2009	General	3,627	$ 201,144,000	$ 55,457	-10.69%	
	Safety	739	47,172,000	63,832	4.53%	
	Total	4,366	$ 248,316,000	$ 56,875	-8.16%	8
6/30/2010	General	3,464	$ 202,200,198	$ 58,372	5.26%	
	Safety	685	46,630,275	68,073	6.64%	
	Total	4,149	$ 248,830,473	$ 59,974	5.45%	8
6/30/2011	General	3,232	$ 184,906,498	$ 57,211	-1.99%	
	Safety	637	41,800,298	65,621	-3.60%	
	Total	3,869	$ 226,706,796	$ 58,596	-2.30%	8
6/30/2012	General	3,233	$ 179,260,736	$ 55,447	-3.08%	
	Safety	661	41,657,273	63,022	-3.96%	
	Total	3,894	$ 220,918,009	$ 56,733	-3.18%	8
6/30/2013	General	3,230	$ 176,437,755	$ 54,625	-1.48%	
	Safety	694	42,590,563	61,370	-2.62%	
	Total	3,924	$ 219,028,318	$ 55,818	-1.61%	8
6/30/2014	General	3,303	$ 179,606,090	$ 54,377	-0.45%	
	Safety	689	43,422,198	63,022	2.69%	
	Total	3,992	$ 223,028,288	$ 55,869	0.09%	8

Note: Actuarial valuation was not performed for fiscal year June 30, 2007. The total number of members differs from the membership data in the notes to the financial statements due to actuary cleansing of the data.

Note: The annual salary presented here is annualized historical salary. The covered payroll shown in the Notes to the Basic Financial Statements is actual pensionable salaries. Salary shown in the schedule of Funding Progress is based on projected salary from the actuarial valuation.

Note: The employers participating in the Plan include Stanislaus County, Stanislaus County Superior Court, City of Ceres and five small districts.

SCHEDULE OF FUNDING PROGESS
FOR YEARS ENDED JUNE 30

Actuarial Valuation Date	Valuation Assets [1]	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a % of Covered Payroll
6/30/2004	$ 993,180,000	$1,035,345,000	$ 42,165,000	95.9%	$ 199,963,000	21.1%
6/30/2005	1,049,691,000	1,116,310,000	66,619,000	94.0%	211,681,000	31.5%
6/30/2006	1,154,048,000	1,329,375,000 [2]	175,327,000	86.8%	212,011,000	82.7%
6/30/2008	1,317,167,000 [3]	1,548,824,000	231,657,000	85.0%	242,009,000	95.7%
6/30/2009	1,171,767,000	1,653,716,000	481,949,000	70.9%	248,316,000	194.1%
6/30/2010	1,325,801,000	1,737,824,000	412,023,000	76.3%	231,538,000	178.0%
6/30/2011	1,372,046,000	1,757,717,000	385,671,000	78.1%	221,541,000	174.1%
6/30/2012	1,451,764,000	1,888,713,000	436,950,000	76.9%	215,057,000	203.2%
6/30/2013	1,524,076,000	1,919,227,000	395,151,000	79.4%	222,898,000	177.3%
6/30/2014	1,644,077,000	2,026,371,000	382,294,000	81.1%	235,092,377	162.6%

[1] Excludes value of Non-Valuation Reserves.

[2] The Accrued Liability as of June 30, 2006 was recomputed to reflect the change in Actuary and in the retirement, termination and refund assumptions.

[3] Includes $50 million tranferred from Non-Valuation Reserves as of 6/30/2008.

Note: Actuarial valuation was not performed for year ended June 30, 2007.

RETIREES AND BENEFICIARIES ADDED TO
AND REMOVED FROM RETIREE PAYROLL
FOR YEARS ENDED JUNE 30

Actuarial Valuation Date	At Beginning of Year	Added During Year	Allowances Added	Removed During Year	Allowances Removed	At End of Year	Retiree Payroll	% Increase in Retiree Payroll	Average Annual Allowance
6/30/2004	2,067	214	N/A	64	N/A	2,217	$ 43,467,000	13.30%	$ 20,064
6/30/2005	2,217	99	$ 4,210,853	43	$ 637,963	2,273	$ 47,423,000	9.10%	$ 20,682
6/30/2006	2,273	247	$ 3,495,143	75	$ 700,133	2,445	$ 53,111,000	12.00%	$ 21,744
6/30/2008	2,445	369	$ 9,084,777	148	$ 1,731,738	2,666	$ 63,296,000	19.18%	$ 23,742
6/30/2009	2,666	156	$ 2,168,425	71	$ 647,870	2,751	$ 66,720,003	5.41%	$ 24,253
6/30/2010	2,751	159	$ 3,349,900	80	$ 751,427	2,830	$ 71,464,735	7.11%	$ 25,334
6/30/2011	2,830	263	$ 4,724,416	78	$ 1,194,042	3,015	$ 74,826,404	4.70%	$ 25,732
6/30/2012	3,015	226	$ 3,565,634	99	$ 978,729	3,142	$ 80,157,222	7.12%	$ 26,737
6/30/2013	3,142	198	$ 6,036,138	91	$ 1,144,584	3,249	$ 89,975,736	12.25%	$ 27,694
6/30/2014	3,249	222	$ 6,703,273	86	$ 1,725,066	3,385	$ 96,405,454	7.15%	$ 28,480

Note: Amounts for Allowances Added and Allowances Removed for year ending June 30, 2004 were not available due to sy stem constraints.

Note: Actuarial valuation was not performed for year ended June 30, 2007.

SOLVENCY TEST
FOR YEARS ENDED JUNE 30

Valuation Date		Actuarial Accrued Liabilities (AAL) for: 1 Active Member Contributions	2 Retirees & Beneficiaries	3 Active Members Employer Portion	Actuarial Accrued Liabilities	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets 1	2	3
6/30/2004		$ 166,806,000	$ 518,922,000	$ 349,617,000	$ 1,035,345,000	$ 993,180,000	100%	100%	88%
6/30/2005		$ 205,556,000	$ 551,810,000	$ 358,994,000	$ 1,116,310,000	$ 1,049,691,000	100%	100%	81%
6/30/2006	1	$ 219,907,000	$ 619,109,000	$ 355,888,000	$ 1,194,904,000	$ 1,154,048,000	100%	100%	89%
6/30/2008	2	$ 272,657,000	$ 739,838,000	$ 536,329,000	$ 1,548,824,000	$ 1,317,167,000	100%	100%	57%
6/30/2009		$ 298,342,000	$ 781,082,000	$ 574,292,000	$1,653,716,000	$1,171,767,000	100%	100%	16%
6/30/2010		$ 323,940,000	$ 829,323,000	$ 584,561,000	$1,737,824,000	$1,325,801,000	100%	100%	30%
6/30/2011		$ 337,201,000	$ 897,384,000	$ 523,133,000	$1,757,717,000	$1,372,046,000	100%	100%	26%
6/30/2012		$ 351,569,000	$ 987,546,000	$ 549,598,000	$1,888,713,000	$1,451,764,000	100%	100%	20%
6/30/2013	3	$ 191,968,000	$ 1,065,792,000	$ 661,466,000	$1,919,227,000	$1,524,076,000	100%	100%	40%
6/30/2014		$ 193,301,000	$ 1,144,734,000	$ 688,335,000	$2,026,371,000	$1,644,077,000	100%	100%	44%

1 Results recalculated, reflecting Level 1 assumption changes (new retirement, termination and withdrawal decrements) and new EFI EAN methodology.

2 Reflects tranfer as of June 30, 2008 of $50 million from Non-Valuation to Valuation Reserves.

3 Reflects change to include only refundable contribution balance.

Note: Actuarial valuation was not performed for year ended June 30, 2007.

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE
FOR YEARS ENDED JUNE 30

Plan Year Ending	Actuarial (Gains)/Losses: Asset Sources	Liability Sources	Total	Changes in Plan Provisions	Changes in Assumption/ Methods
6/30/2005	$ 26,573,640	$ 11,238,430	$ 37,812,070	$ -	$ -
6/30/2006	$ (27,756,878)	$ 21,366,204	$ 21,366,204	$ -	$ (14,845,293)
*6/30/2007	$ 86,178,774	$ -	$ 86,178,774	$ -	$ 134,470,779
6/30/2008	$ (50,709,169)	$ 67,324,195	$ 67,324,195	$ -	$ -
6/30/2009	$ 228,905,354	$ 12,996,828	$ 241,902,182	$ -	$ -
6/30/2010	$ (76,507,113)	$ 37,492,978	$ 37,492,978	$ -	$ (51,743,766)
6/30/2011	$ 49,205,018	$ (2,387,353)	$ 46,817,665	$ -	$ (72,085,966)
6/30/2012	$ (5,283,786)	$ 6,191,029	$ 907,243	$ -	$ 52,606,350
6/30/2013	$ 10,200,000	$ 8,500,000	$ 18,700,000	$ -	$ (63,400,000)
6/30/2014	$ (226,000,000)	$ 6,100,000	$ (16,500,000)	$ -	$ 400,000

Note: Actuarial valuation was not performed for year ended June 30, 2007.

A 10 year schedule of actuarially determined contributions compared to actual contributions can be found in the Required Supplementary Information to the Financial Statements on page 46.

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Statistical Section

"You are never too old to set another goal or to dream a new dream."

- C. S. Lewis -

STATISTICAL INFORMATION

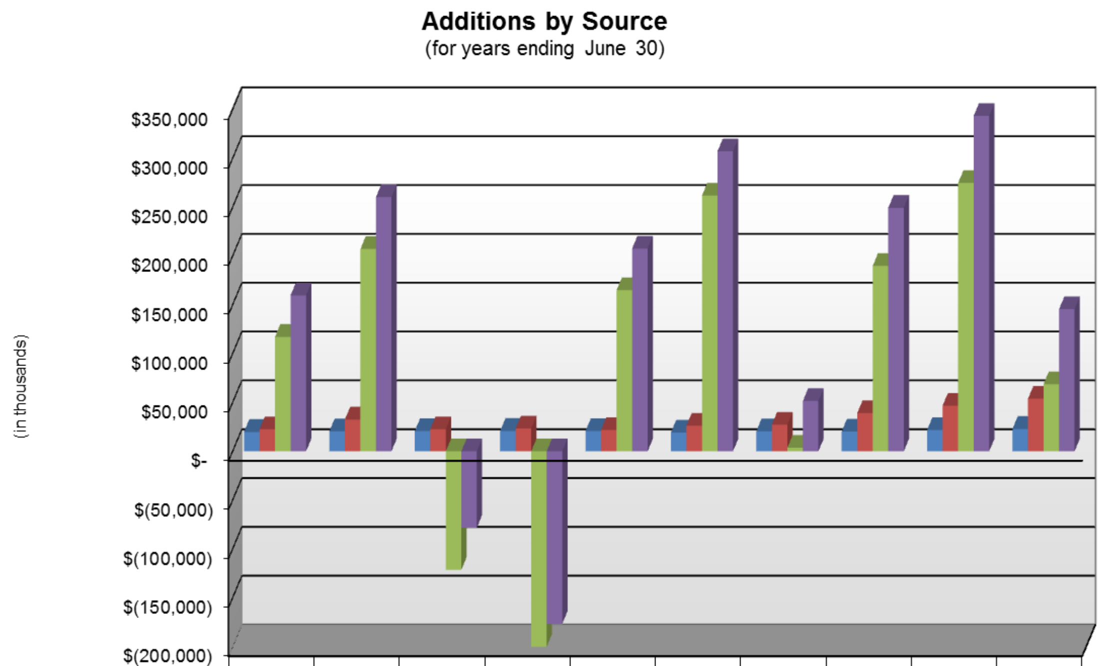
This section provides a multi-year trend of financial and demographic information to facilitate a more comprehensive understanding of this year's financial statements, note disclosures, and supplementary information covering StanCERA's Plan. The financial and operating information provides additional perspective, context, and detail for StanCERA's Fiduciary Net Position, revenues and expenses by source, number of retirees by benefit type, payments made to retirees by benefit type, membership history, and the participating employers. The financial and operating trend information is located below and on the following pages.

CHANGES IN FIDUCIARY NET POSITION

Last Ten Fiscal Years ending June 30

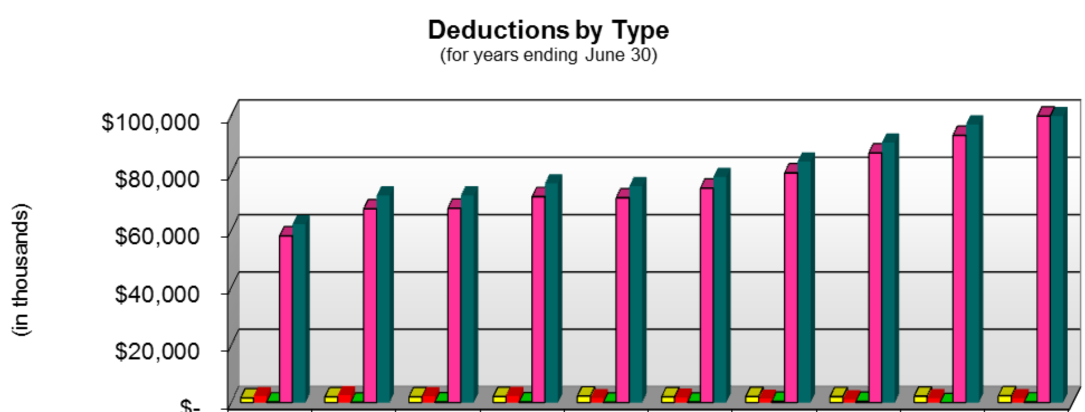
Additions To Fiduciary Net Position	2015	2014	2013	2012	2011
Employer Contributions	$ 53,849,031	$ 46,763,996	$ 39,077,480	$ 27,314,032	$ 26,256,729
Plan Member Contributions	22,960,235	21,867,911	20,285,888	20,525,295	19,197,052
Net Investment Income (Loss)	68,722,781	274,896,108	189,988,287	3,724,754	261,842,492
Total Additions	$ 145,532,047	$ 343,528,015	$ 249,351,655	$ 51,564,081	$ 307,296,273
Deductions From Fiduciary Net Position					
Pension Benefits	$ 100,099,055	$ 93,266,904	$ 87,102,798	$ 80,157,222	$ 74,826,404
Refunds	1,759,101	1,515,567	1,545,763	1,832,811	1,906,153
Administrative Expense	2,378,966	2,249,260	2,065,345	2,144,748	2,037,167
Total Deductions	$ 104,237,122	$ 97,031,731	$ 90,713,906	$ 84,134,781	$ 78,769,724
Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits	$ 41,294,925	$ 246,496,284	$ 158,637,749	$ (32,570,701)	$ 228,526,549
Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	1,791,309,279	1,544,812,995	1,386,175,246	1,418,745,946	1,190,219,397
End of Year	$1,832,604,204	$1,791,309,279	$1,544,812,995	$1,386,175,245	$1,418,745,946

Additions To Fiduciary Net Position	2010	2009	2008	2007	2006
Employer Contributions	$ 21,814,194	$ 23,410,965	$ 22,555,416	$ 32,562,514	$ 22,548,754
Plan Member Contributions	20,746,411	20,922,893	20,689,439	20,542,837	19,860,676
Net Investment Income (Loss)	165,053,844	(221,031,397)	(121,409,123)	207,191,912	117,272,943
Total Additions	$ 207,614,449	$ (176,697,539)	$ (78,164,268)	$ 260,297,263	$ 159,682,373
Deductions From Fiduciary Net Position					
Pension Benefits	$ 71,464,735	$ 71,861,210	$ 67,785,111	$ 67,599,163	$ 58,129,898
Refunds	1,731,971	2,537,978	2,442,426	2,730,463	2,482,105
Administrative Expense	2,307,436	2,080,130	2,044,286	1,980,926	1,598,700
Total Deductions	$ 75,504,142	$ 76,479,318	$ 72,271,823	$ 72,310,552	$ 62,210,703
Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits	132,110,307	(253,176,857)	(150,436,091)	187,986,711	97,471,670
Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	1,058,109,090	1,311,285,947	1,461,722,038	1,273,735,327	1,176,263,657
End of Year	$1,190,219,397	$1,058,109,090	$1,311,285,947	$1,461,722,038	$1,273,735,327



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Plan Member Contrib.	$19,861	$20,543	$20,689	$20,923	$20,746	$19,197	$20,525	$20,286	$21,868	$22,960
Employer Contrib.	$22,549	$32,562	$22,555	$23,411	$21,814	$26,257	$27,314	$39,077	$46,764	$53,849
Investments	$117,273	$207,192	$(121,409)	$(221,031)	$165,054	$261,842	$3,725	$189,988	$274,896	$68,723
Total	$159,683	$260,297	$(78,165)	$(176,697)	$207,614	$307,296	$51,564	$249,351	$343,528	$145,532

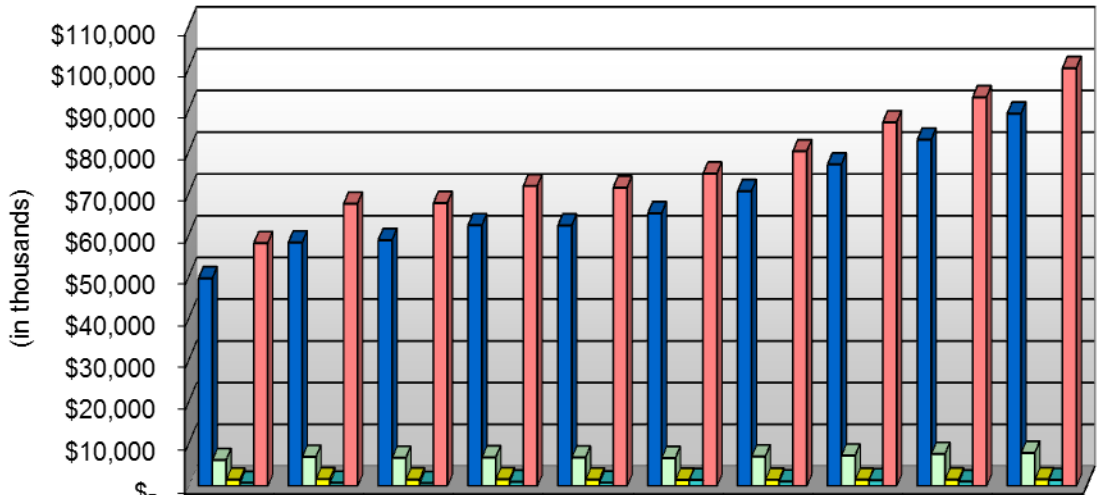
Data Source:
CAFR Financial Section, Statement of Changes in Fiduciary Net Position



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administrative	$1,599	$1,981	$2,044	$2,080	$2,307	$2,037	$2,145	$2,065	$2,249	$2,379
Refunds - Separation	$2,266	$2,569	$2,204	$2,310	$1,581	$1,703	$1,389	$1,115	$1,516	$1,543
Refunds - Death	$216	$161	$238	$228	$151	$204	$444	$431	$-	$216
Benefits	$58,130	$67,599	$67,785	$71,861	$71,465	$74,826	$80,157	$87,103	$93,267	$100,099
Total	$62,211	$72,310	$72,271	$76,479	$75,504	$78,770	$84,135	$90,714	$97,032	$104,237

Data Source:
CAFR Financial Section, Statement of Changes in Fiduciary Net Position

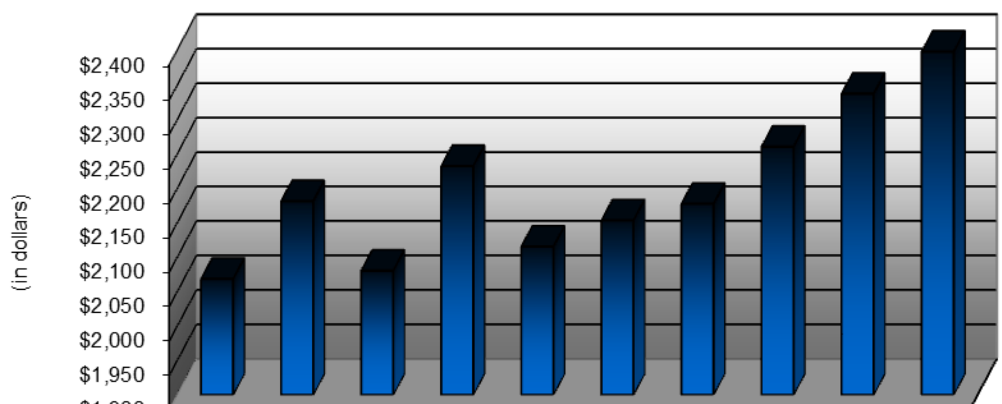
Benefit Expense by Type
(for years ending June 30)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Service	$49,729	$58,320	$58,875	$62,463	$62,400	$65,311	$70,619	$77,009	$82,939	$89,192
Serv. Conn. Dis.	$6,185	$6,946	$6,719	$6,828	$6,792	$6,672	$7,020	$7,271	$7,636	$7,911
Non-Serv. Dis.	$1,510	$1,621	$1,535	$1,572	$1,496	$1,446	$1,471	$1,475	$1,526	$1,577
Surv. Death Ben.	$706	$712	$655	$998	$777	$1,397	$1,047	$1,348	$1,015	$1,419
Total	$58,130	$67,599	$67,784	$71,861	$71,465	$74,826	$80,157	$87,103	$93,116	$100,099

Note: 2007 Benefit expenses include expenses for the post-Ventura *Francis* settlement.

Average Monthly Retirement Benefits
(for years ending June 30)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Monthly Allowance	$2,068	$2,181	$2,080	$2,232	$2,115	$2,153	$2,177	$2,260	$2,337	$2,398

Note: Data does not include one-time payment for post-Ventura *Francis* settlement.

RETIRED MEMBERS BY BENEFIT TYPE
as of June 30, 2015

Amount Monthly Benefit	Total # Retirees	Service Retirement	Service Connected Disability	Non-Service Disability	Survivors
General Members					
$0-500	364	345	3	10	6
501-1,000	503	447	2	33	21
1,001-1,500	504	426	29	44	5
1,501-2,000	368	317	39	9	3
2,001-2,500	305	271	30	2	2
2,501-3,000	200	189	8	3	0
3,001-3,500	145	141	2	0	2
3,501-4,000	122	119	3	0	0
4,001-4,500	91	88	2	1	0
4,501-5,000	64	63	1	0	0
over 5,000	253	252	0	0	1
Totals	2,919	2,658	119	102	40
Safety Members					
$0-500	26	16	7	2	1
501-1,000	19	17	1	0	1
1,001-1,500	33	26	4	2	1
1,501-2,000	48	39	4	5	0
2,001-2,500	47	24	21	1	1
2,501-3,000	85	32	51	1	1
3,001-3,500	69	36	33	0	0
3,501-4,000	47	34	12	0	1
4,001-4,500	27	26	0	0	1
4,501-5,000	26	26	0	0	0
over 5,000	119	109	9	0	1
Totals	546	385	142	11	8
TOTALS	3,465	3,043	261	113	48

Data retrieved from StanCERA's data base.

AVERAGE BENEFIT PAYMENTS

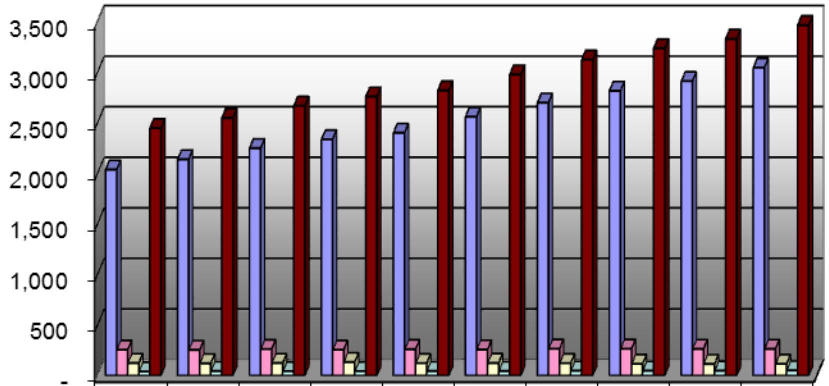
As of Fiscal Year End June 30

	Beneficiaries & Dro's	Service Years Credited 0-5	5-10	10-15	15-20	20-25	25-30	30+
Fiscal Year Ending June 30, 2006								
Average Monthly Benefit	-	$618	$1,063	$1,176	$1,741	$2,322	$3,400	$4,341
Number of Active Retirees	-	169	306	532	446	417	338	237
Fiscal Year Ending June 30, 2007								
Average Monthly Benefit	-	$644	$1,102	$1,206	$1,796	$2,438	$3,562	$4,485
Number of Active Retirees	-	170	321	568	466	424	345	251
Fiscal Year Ending June 30, 2008								
Average Monthly Benefit	-	$382	$1,016	$1,284	$1,836	$2,594	$3,778	$4,599
Number of Active Retirees	-	246	427	522	523	398	365	251
Fiscal Year Ending June 30, 2009								
Average Monthly Benefit	$1,426	$627	$1,095	$1,257	$1,934	$2,641	$3,912	$5,332
Avg Final Average Salary	$1,037	$3,053	$2,621	$2,332	$2,445	$2,586	$3,249	$4,547
Number of Active Retirees	365	159	312	528	425	390	325	253
Fiscal Year Ending June 30, 2010								
Average Monthly Benefit	$1,345	$602	$1,038	$1,171	$1,834	$2,550	$3,753	$5,172
Avg Final Average Salary	$1,106	$3,177	$2,516	$2,322	$2,400	$2,486	$3,233	$4,192
Number of Active Retirees	366	157	330	536	434	405	318	270
Fiscal Year Ending June 30, 2011								
Average Monthly Benefit	$1,362	$621	$1,044	$1,192	$1,843	$2,581	$3,785	$5,260
Avg Final Average Salary	$1,176	$3,840	$3,286	$2,862	$3,009	$3,364	$3,790	$5,232
Number of Active Retirees	389	169	350	574	454	424	331	298
Fiscal Year Ending June 30, 2012								
Average Monthly Benefit	$1,405	$596	$1,040	$1,212	$1,918	$2,654	$3,860	$5,152
Avg Final Average Salary	$2,612	$4,848	$3,857	$3,620	$3,963	$4,393	$4,812	$5,815
Number of Active Retirees	383	176	366	606	484	446	335	320
Fiscal Year Ending June 30, 2013								
Average Monthly Benefit	$1,430	$657	$1,100	$1,295	$2,003	$2,792	$4,007	$5,309
Avg Final Average Salary	$2,662	$5,058	$4,110	$3,748	$4,047	$4,516	$4,962	$5,872
Number of Active Retirees	387	195	376	634	498	469	344	331
Fiscal Year Ending June 30, 2014								
Average Monthly Benefit	$1,467	$651	$1,124	$1,354	$2,082	$2,836	$4,088	$5,427
Avg Final Average Salary	$2,745	$5,272	$4,205	$3,927	$4,235	$4,596	$5,089	$5,948
Number of Active Retirees	389	206	394	680	524	488	353	349
Fiscal Year Ending June 30, 2015								
Average Monthly Benefit	$1,508	$638	$1,143	$1,403	$2,164	$2,938	$4,217	$5,566
Avg Final Average Salary	$2,846	$5,627	$4,328	$4,055	$4,379	$4,675	$5,175	$6,047
Number of Active Retirees	399	222	407	699	551	511	375	360

Data for Beneficiaries & Dro's (Domestic Relations Orders) was not available until June 30, 2009 due to system constraints.
Data for Average Final Average Salary was not available until June 30, 2009 due to system contraints.

Membership History (Retired)

(for years ending June 30)



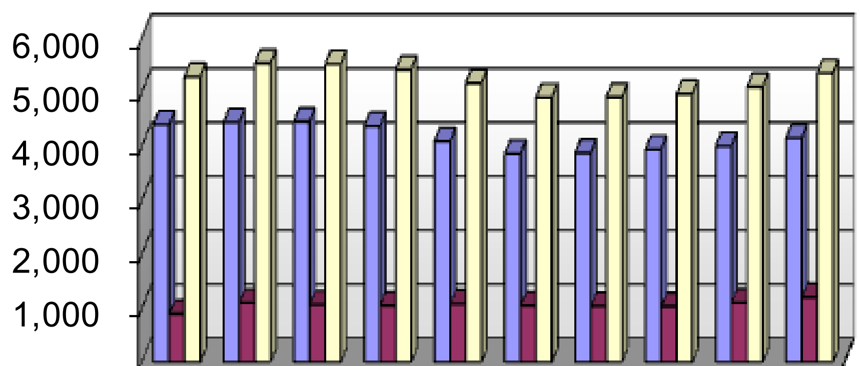
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Service	2,035	2,135	2,247	2,334	2,399	2,558	2,697	2,814	2,910	3,043
Serv. Conn. Dis.	252	251	259	252	258	254	262	262	260	260
Non-Serv. Dis.	121	118	120	131	119	122	119	113	112	113
Surv. Death Ben.	37	41	40	40	42	42	45	45	46	48
Total	2,445	2,545	2,666	2,757	2,818	2,976	3,123	3,234	3,328	3,464

Data Source:

Data retrieved from StanCERA's data base.

Membership History (Active & Deferred)

(for years ending June 30)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Active Members	4,391	4,435	4,450	4,366	4,085	3,854	3,868	3,931	3,993	4,145
Inactive Members	886	1,093	1,062	1,044	1,075	1,042	1,032	1,028	1,095	1,198
Total	5,277	5,528	5,512	5,410	5,160	4,896	4,900	4,959	5,088	5,343

Data Source:

Data retrieved from StanCERA's data base.

PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS
with PERCENTAGE OF TOTAL SYSTEM
for years ended June 30

	2015		2014		2013		2012		2011	
Stanislaus County:										
General Members	3,062	73.9%	2,963	74.2%	2,903	73.8%	2,852	73.7%	2,841	73.7%
Safety Members	643	15.5%	602	15.1%	606	15.4%	574	14.8%	553	14.3%
Total	3,705		3,565		3,509		3,426		3,394	
Participating Agencies:										
Stanislaus County Superior Court	224	5.4%	212	5.3%	205	5.2%	229	5.9%	245	6.4%
City of Ceres	181	4.4%	181	4.5%	178	4.5%	173	4.5%	173	4.5%
East Side Mosquito Abatement District	8	0.2%	9	0.2%	10	0.3%	10	0.3%	11	0.3%
Hills Ferry Cemetery	3	0.1%	3	0.1%	4	0.1%	4	0.1%	4	0.1%
Keyes Community Services District	6	0.2%	6	0.2%	5	0.2%	6	0.2%	6	0.2%
Salida Sanitary District	7	0.2%	7	0.2%	7	0.2%	7	0.2%	7	0.2%
Stanislaus Council of Governments	11	0.3%	10	0.3%	13	0.3%	13	0.3%	14	0.3%
Total	440		428		422		442		460	
Total Active Membership	4,145		3,993		3,931		3,868		3,854	

	2010		2009		2008		2007		2006	
Stanislaus County:										
General Members	3,013	73.8%	3,227	73.9%	3,313	74.4%	3,311	74.7%	3,330	75.8%
Safety Members	601	14.7%	658	15.1%	663	14.9%	660	14.9%	626	14.3%
Total	3,614		3,885		3,976		3,971		3,956	
Participating Agencies:										
Stanislaus County Superior Court	252	6.2%	263	6.0%	254	5.7%	246	5.5%	232	5.3%
City of Ceres	178	4.4%	178	4.1%	186	4.2%	183	4.1%	172	3.9%
East Side Mosquito Abatement District	11	0.3%	11	0.3%	10	0.3%	10	0.2%	9	0.2%
Hills Ferry Cemetery	4	0.1%	4	0.1%	4	0.1%	4	0.1%	4	0.1%
Keyes Community Services District	6	0.1%	6	0.1%	6	0.1%	6	0.2%	5	0.1%
Salida Sanitary District	7	0.1%	6	0.1%	4	0.1%	4	0.1%	4	0.1%
Stanislaus Council of Governments	13	0.3%	13	0.3%	10	0.2%	11	0.2%	9	0.2%
Total	471		481		474		464		435	
Total Active Membership	4,085		4,366		4,450		4,435		4,391	

Data retrieved from StanCERA's data base.

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