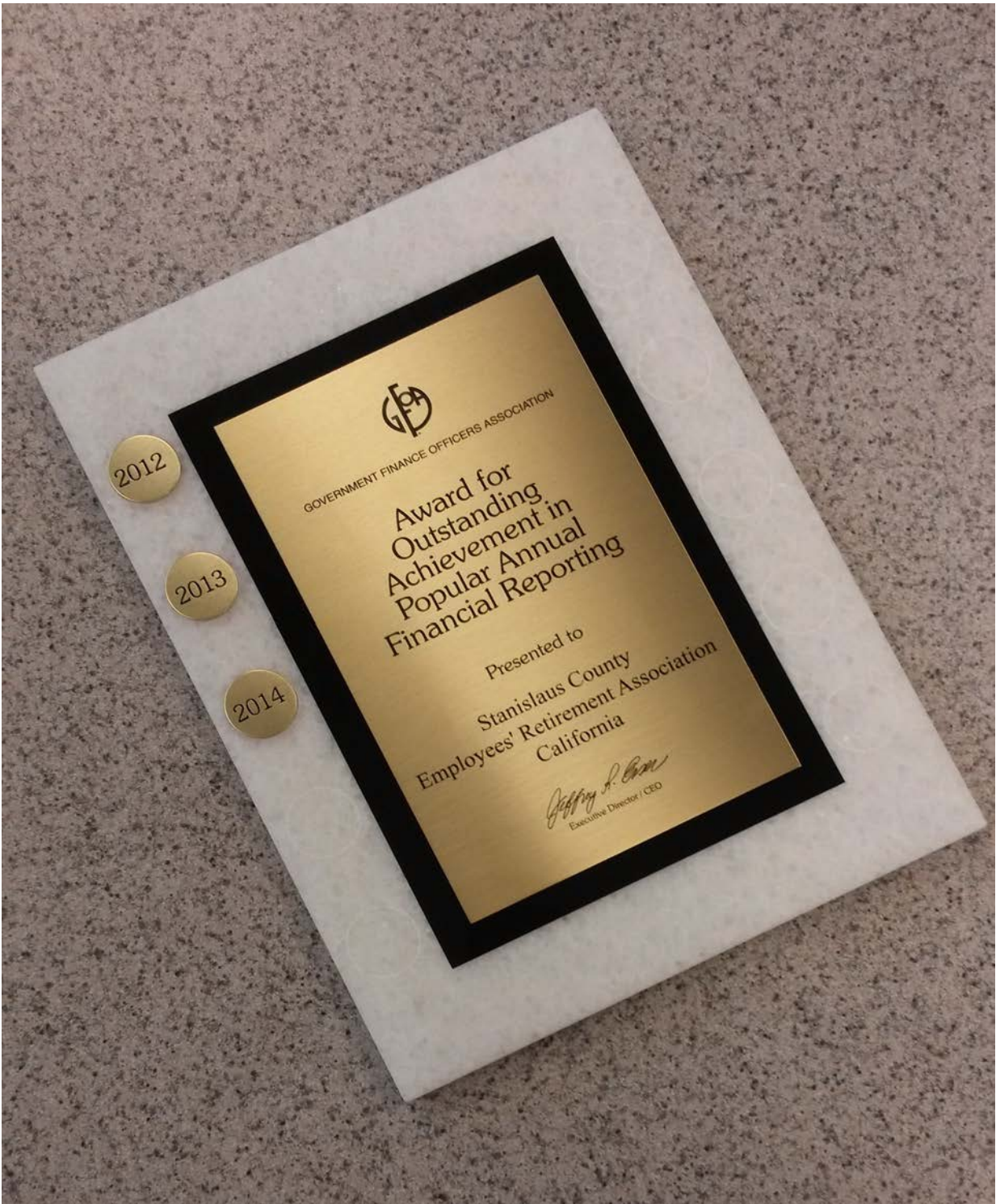




**Stanislaus County Employees' Retirement Association  
(Pension Trust Fund of the County of Stanislaus, California)**

# **Popular Annual Financial Report**

**For the Fiscal Years Ended  
June 30, 2015 and 2014**





## **BOARD OF RETIREMENT**

### **JUNE 30, 2015**

#### **Seat #**

1.	Gordon Ford, Ex-Officio, Trustee	Treasurer/Tax Collector
2.	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	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





## Stanislaus County Employees' Retirement Association

832 12<sup>th</sup> Street, Ste. 600, Modesto, CA 95354 • PO Box 3150, Modesto, CA 95353 • [www.stancera.org](http://www.stancera.org) • 209-525-6393 • 209-558-4976 Fax

### TO STANCERA MEMBERS

I am pleased to provide you with the Popular Annual Financial Report (PAFR) of the Stanislaus County Employees' Retirement Association (StanCERA) for the fiscal year ended June 30, 2015. The PAFR is intended to provide a snapshot and brief discussion of the financial activities of StanCERA for the year. The selected financial information in the PAFR is derived from generally accepted accounting principles and data presented in StanCERA's Comprehensive Annual Financial Report (CAFR) for 2015 and 2014, which contains more detailed information regarding the financial position of StanCERA. The complete CAFR can be located on StanCERA's website: [www.stancera.org](http://www.stancera.org).

StanCERA's funding objective is to meet long-term benefit obligations by maintaining a well-funded plan status and obtaining optimum investment returns. The most recent actuarial valuation, conducted as of June 30, 2014, reported StanCERA's actuarial funded ratio at 81.1% and fair value funded ratio at 87.5%. The funded ratio is the actuarial assets available to pay the actuarial liabilities. The actuarial valuation is performed annually to determine employer contribution rates taking into account the smoothed value of the assets by spreading all asset gains and losses over a rolling five year period. The next actuarial valuation is in process and determines the funded status as of June 30, 2015. Based upon the new study, the Board of Retirement will set contribution rates for fiscal year 2016 - 2017.

The recovery of the stock market and collapsed housing market has been slow but continues to improve. Management believes the plan remains in a strong financial position to meet its obligations to the plan participants and beneficiaries. For the fiscal year ended June 30, 2014, StanCERA's total portfolio outperformed its policy benchmark of 3.6% with an overall return of 4.2%. The StanCERA Board continues to explore options to optimize returns with minimum risk to members and sponsors.

The Fiduciary Net Position increased from \$1.791 billion to \$1.833 billion between 2014 and 2015. Normal contributions (member and employer) increased by \$8.2 million due to changes in economic assumptions. Benefit payments increased by \$6.8 million over the prior year as more employees moved from active to retired status. Administrative costs to operate the System increased by \$130,000.

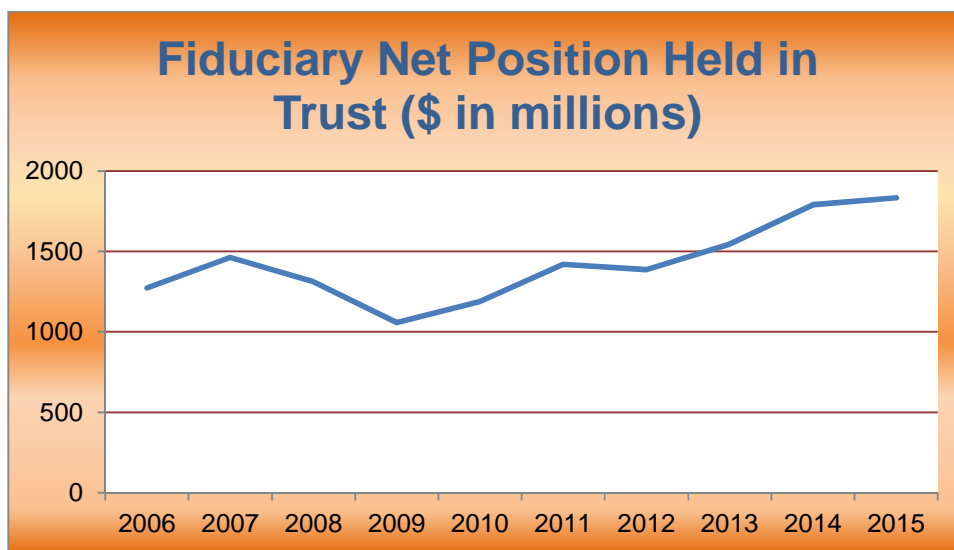
StanCERA's independent auditor, Brown Armstrong Accountancy Corporation, has audited the financial statements contained in the CAFR and provided an opinion that the financial statements present fairly, in all material respects, the financial position of StanCERA for the years ended June 30, 2015 and 2014, and the results of its operations for the years then ended in accordance with generally accepted accounting principles.

Sincerely,

Rick Santos  
Executive Director

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

<b>Fiscal Year Ending June 30</b>	<b>Fiduciary Net Position Held in Trust</b>	<b>Increase (Decrease) in Net Assets</b>
2015	\$ 1,833	\$ 42
2014	1,791	246
2013	1,545	159
2012	1,386	(33)
2011	1,419	229
2010	1,190	132
2009	1,058	(253)
2008	1,311	(150)
2007	1,461	188
2006	1,273	1,273



Total Fiduciary Net Position are the assets at fair value available for future payments to retirees less liabilities.

The complete CAFR can be located on StanCERA's website: [www.stancera.org](http://www.stancera.org).

### CONDENSED STATEMENT OF FIDUCIARY POSITION

	06/30/2015	06/30/2014	Dollar Change	Percent Change
Current Assets	\$ 116,109,491	\$ 71,222,397	\$ 44,887,094	63.02%
Investments	1,971,301,171	1,948,165,095	23,136,076	1.19%
Capital Assets	3,507,734	3,669,013	(161,279)	-4.40%
Total Assets	2,090,918,396	2,023,056,505	67,861,891	3.35%
Total Liabilities	258,314,192	231,747,226	26,566,966	11.46%
Total Fiduciary Net Position	\$ 1,832,604,204	\$ 1,791,309,279	\$ 41,294,925	

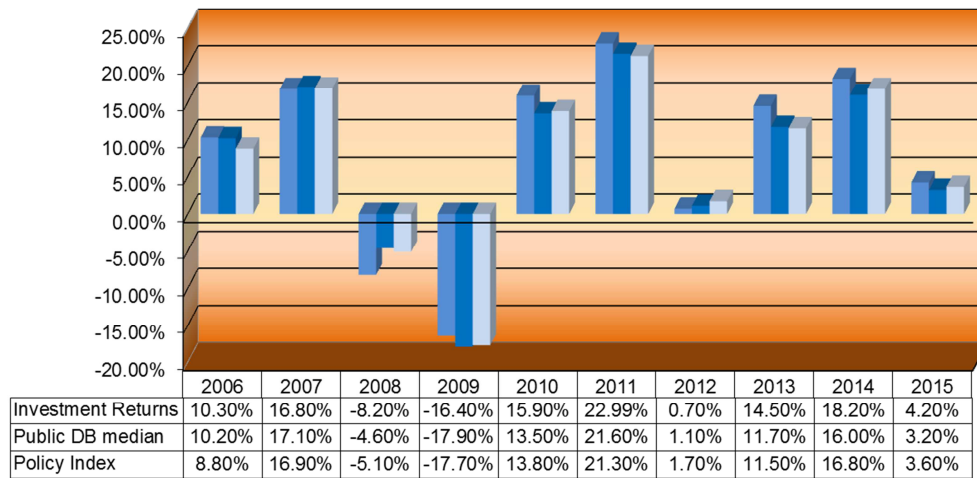
### CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	06/30/2015	06/30/2014	Dollar Change	Percent Change
Employer Contributions	\$ 53,849,031	\$ 46,763,996	\$ 7,085,035	15.15%
Plan Member Contributions	22,960,235	21,867,911	1,092,324	5.00%
Net Investment Income	68,722,781	274,896,108	(206,173,327)	-75.00%
Total Additions	\$ 145,532,047	\$ 343,528,015	\$ (197,995,968)	-57.64%
Benefit Payments	\$ 100,099,055	\$ 93,266,904	\$ 6,832,151	7.33%
Member Refunds - Termination	1,542,566	1,515,567	26,999	1.78%
Member Refunds - Death	216,535	-	216,535	100.00%
Administrative Expenses	2,378,966	2,249,260	129,706	5.77%
Total Deductions	\$ 104,237,122	\$ 97,031,731	\$ 7,205,391	7.43%
Net Additions	\$ 41,294,925	\$ 246,496,284	\$ (205,201,359)	-83.25%

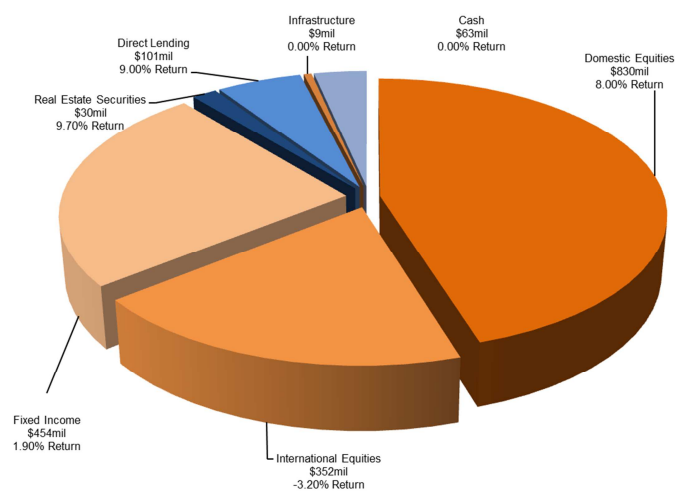
StanCERA closed with assets exceeding liabilities by \$1.832 billion for fiscal year ended June 30, 2015. The \$41.3 million increase in Fiduciary Net Position is a direct result of the changes in the financial market. The primary sources used to finance benefits are accumulated through return on investments and through the collection of member and employer contributions.

The Plan's investment activity is a function of the underlying marketplace for the dates measured and the investment policy's asset allocation. Shown on the next page are investment returns for the last ten years. The investment returns are compared to the policy index return based on StanCERA's target asset allocation and the Public Defined Benefit Median for all defined benefit plans reported in the United States. Also shown on the next page is a schedule of investments held by StanCERA at June 30, 2015.

## INVESTMENT RETURNS FOR YEARS ENDING JUNE 30



INVESTMENTS HELD AT JUNE 30, 2015				
	Market	Annual	Actual	Target
Asset Class	Value	Return	Allocation	Allocation
Domestic Equities	\$830,408,156	8.00%	45.15%	38.20%
International Equities	351,622,587	-3.20%	19.12%	18.00%
Fixed Income	453,889,853	1.90%	24.68%	29.80%
Real Estate Securities	29,708,328	9.70%	1.62%	3.50%
Direct Lending	101,450,264	9.00%	5.52%	7.50%
Infrastructure	9,273,662	0.00%	0.50%	3.00%
Cash *	62,679,684	0.00%	3.41%	0.00%
<b>TOTAL PORTFOLIO</b>	<b>\$1,839,032,534</b>		<b>100.00%</b>	<b>100.00%</b>

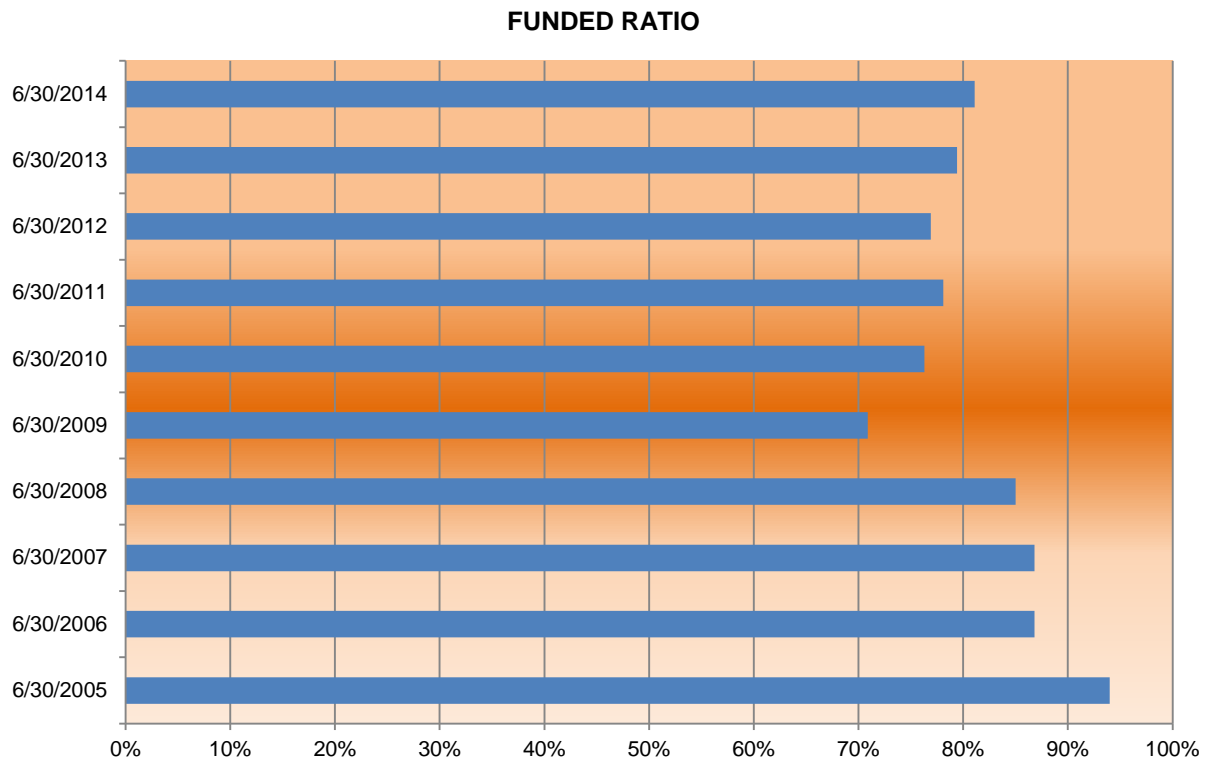


\*The Total Portfolio is total investments at fair value only. These amounts do not include cash in Stanislaus County Treasury, capital assets, or securities lending cash collateral.

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

<b>Actuarial Valuation</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>
Date	(a)	(b)	(b-a)	(a/b)
6/30/2014	\$1,644,007	\$2,026,371	\$382,294	81.10%
6/30/2013	1,524,076	1,919,227	395,151	79.40%
6/30/2012	1,451,764	1,888,713	436,950	76.90%
6/30/2011	1,372,046	1,757,717	385,671	78.10%
6/30/2010	1,325,801	1,737,824	412,023	76.30%
6/30/2009	1,171,767	1,653,716	481,949	70.90%
6/30/2008	1,317,167	1,548,824	231,657	85.00%
6/30/2007	N/A	N/A	N/A	86.80%
6/30/2006	1,154,048	1,329,375	175,327	86.80%
6/30/2005	1,049,691	1,116,310	66,619	94.00%

\* Actuarial valuation was not performed for fiscal year ended June 30, 2007  
Data provided by last actuarial valuation as of June 30, 2014.

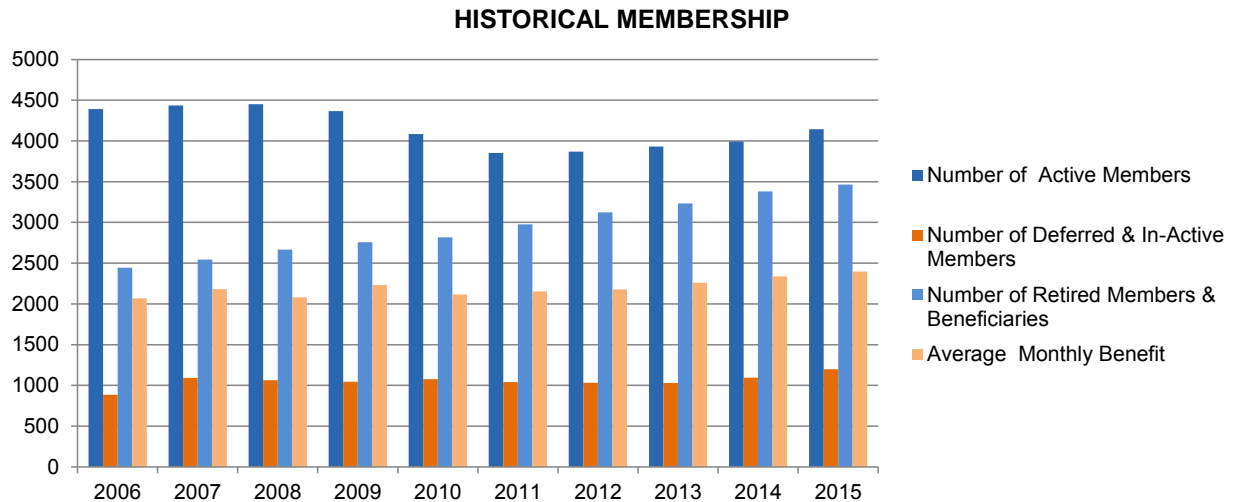


As of June 30, 2015, StanCERA's actuarial funded ratio (assets divided by liabilities) increased from 79.4% to 81.1% due to investment earnings in excess of the assumed rate. The large decrease in fiscal year 2009 was due to devaluation of assets during the fiscal year.



## HISTORICAL MEMBERSHIP

Fiscal Year Ending June 30	Number of Active Members	Number of Deferred & In-Active Members	Number of Retired Members & Beneficiaries	Average Monthly Benefit
2015	4,145	1,198	3,465	\$2,398
2014	3,993	1,095	3,381	2,337
2013	3,931	1,028	3,234	2,260
2012	3,868	1,032	3,123	2,177
2011	3,854	1,042	2,976	2,153
2010	4,085	1,075	2,818	2,115
2009	4,366	1,044	2,757	2,232
2008	4,450	1,062	2,666	2,080
2007	4,435	1,093	2,545	2,181
2006	4,391	886	2,445	2,068



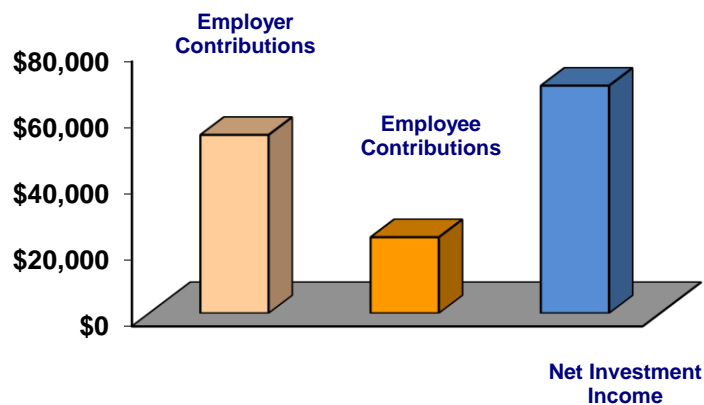
StanCERA's membership consists of full and percentage time (working over 50% time) employees, members who have left service and have deferred their receipt of retirement benefits, and retirees and their beneficiaries from the County of Stanislaus, Stanislaus Superior Court, the City of Ceres, Stanislaus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

## FUND REVENUE

(\$ in thousands)

<b>Fiscal Year ending June 30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Net Investment Income (Loss)</b>
2015	\$53,849	\$22,960	\$68,723
2014	46,764	21,868	274,896
2013	39,077	20,286	189,988
2012	27,314	20,525	3,725
2011	26,257	19,197	261,842
2010	21,814	20,746	165,054
2009	23,411	20,923	(221,031)
2008	22,555	20,689	(121,409)
2007	32,562	20,543	207,192
2006	22,549	19,861	117,273

### StanCERA Revenue fiscal year ending June 30, 2015



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

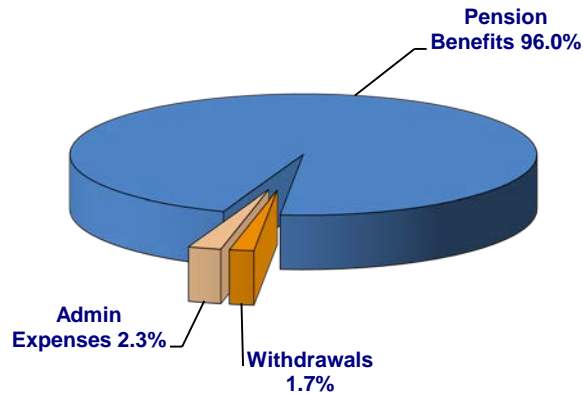
## FUND EXPENSES

(\$ in thousands)

<b>Fiscal Year ending June 30</b>	<b>Benefits</b>	<b>Withdrawals</b>	<b>Administrative Expense</b>
2015	\$100,099	\$1,759	\$2,379
2014	93,116	1,516	2,249
2013	87,103	1,546	2,065
2012	80,157	1,833	2,145
2011	74,826	1,906	2,037
2010	71,465	1,732	2,307
2009	71,861	2,538	2,080
2008	67,785	2,442	2,044
2007	67,599	2,730	1,981
2006	58,130	2,482	1,599

Note: Withdrawals have declined since 2010 due to significant layoffs after the market decline in 2009.

### StanCERA Expenses fiscal year ending June 30, 2015



The primary uses of StanCERA's assets are in payment of benefits to retirees and their beneficiaries, refunds of contributions to terminated employees, and the costs of administering the Plan. Administrative costs increased over the prior year due to temporary staffing and filling of a vacancy.



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