

Annual Comprehensive Financial Report

**For the Fiscal Years Ended
June 30, 2021 and 2020**



**Stanislaus County Employees' Retirement Association
(StanCERA)**

(Pension Trust Fund of the County of Stanislaus, California)

Vision:

*Empowering our members through education and technology to
play a proactive role in understanding and managing their
retirement benefits*

Mission:

*Provide and promote comprehensive and financially sound
retirement in a professional, efficient and courteous manner*

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Stanislaus County Employees' Retirement Association

(Pension Trust Fund of the County of Stanislaus, California)

Annual Comprehensive Financial Report

**For the Fiscal Years Ended
June 30, 2021 and 2020**

Issued By

**Rick Santos, CFA, ASA, MAAA
Executive Director**

**Produced by
StanCERA
Staff**

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LETTER OF TRANSMITTAL

November 08, 2021

Stanislaus County Employees' Retirement Association
Modesto, CA 95354

Dear Board Members and Members:

Please find enclosed the Annual Comprehensive Financial Report (ACFR) of the Stanislaus County Employees' Retirement Association (StanCERA or the Plan) for the fiscal years ended June 30, 2021 and 2020. As of June 30, 2021, it is StanCERA's 73rd year of operations.

The ACFR is a detailed financial report established by the Government Finance Officers Association of the United States and Canada (GFOA) for publicly disclosing the viability of a defined benefit public retirement system. The ACFR 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 ACFR, including all disclosures.

StanCERA is a multiple employer public employees' retirement system, established by Stanislaus County 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 eight 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
Stanislaus Regional Transit Authority

StanCERA and Its Services (continued)

StanCERA is governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL); the 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 members 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, 2021 and 2020, is presented in the Management's Discussion and Analysis (MD&A) located in the financial section of the ACFR. 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 controls 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 controls over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal controls over financial reporting are processes that involve human diligence and compliance and are subject to lapses in judgment and breakdowns resulting from human failures. Internal controls 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 controls 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-

Net Pension Liability and Actuarial Funding (continued)

economic assumptions are also updated. The most recent triennial experience study was conducted as of June 30, 2018 by Cheiron, Inc. Cheiron, Inc. conducted the last actuarial valuation as of June 30, 2020, the results of which were rolled forward to StanCERA's fiscal year ended June 30, 2021 and determined the Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability to be 86.5% 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, 2021 and 2020, the Plan's investments provided a 25.2% and 1.3% 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 ACFR for the fiscal year ended June 30, 2020. 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 seventeenth 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 ACFR, the contents of which meet or exceed program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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, 2020. This report provides all StanCERA members more concise and condensed information that can be found in the ACFR.

StanCERA also received the Public Pension Coordinating Council's Public Pension Standards 2020 Award, in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

Awards (continued)

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 monthly, printed, advice notices which contain critical information. Annually, to communicate the health of the fund, an easy-to-read Popular Annual Financial Report (PAFR) is distributed to all members.

StanCERA sponsors an annual one half-day pre-retirement seminar for potential retirees, 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 of Retirement 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 ACFR 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,

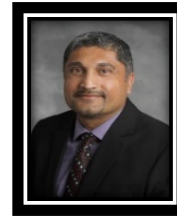


Rick Santos, CFA, ASA, MAAA
Executive Director

**BOARD OF RETIREMENT
JUNE 30, 2021**



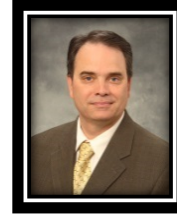
Seat # 1 **Donna Riley**
Vice Chair, Treasurer/Tax Collector



Seat # 2 **Mandip Dhillon**
Trustee, Elected by Active General Membership



Seat # 3 **Sam Sharpe**
Trustee, Elected by Active General Membership



Seat # 4 **Darin Gharat**
Trustee, Appointed by the Board of Supervisors



Seat # 5 **Mike Lynch**
Trustee, Appointed by the Board of Supervisors



Seat # 6 **Terry Withrow**
Trustee, Appointed by the Board of Supervisors



Seat # 7 **Joshua Clayton**
Trustee, Elected by Active Safety Membership



Seat # 7a **Vacant**
Alternate Trustee, Elected by Active Safety Membership



Seat # 8 **Michael O'Neal**
Trustee, Elected by Retired Membership

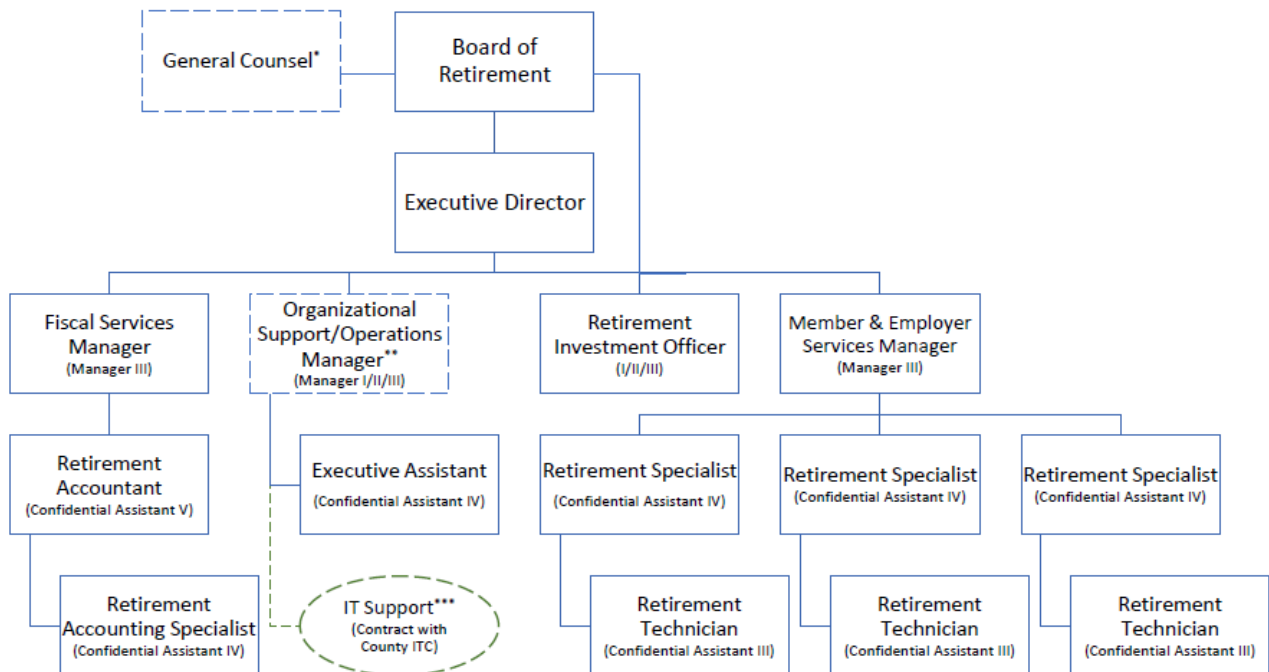


Seat # 9 **Jeff Grover**
Chair, Appointed by the Board of Supervisors

Seat # 8a **Rhonda Biesemeier**
Alternate Trustee, Elected by Retired Membership

StanCERA ORGANIZATIONAL CHART

Effective 2021



*General Counsel position is allocated for – remains vacant

**Organizational Support/Operations Manager is allocated for – remains vacant

*** IT Support position is allocated for – remains vacant

* Retirement Board utilizes private general legal counsel for administrative legal services.

PROFESSIONAL CONSULTANTS
JUNE 30, 2021

Consulting Services

Actuary

Cheiron, Inc.

Auditors

Brown Armstrong Accountancy Corporation

Investment Custodian

Northern Trust

Investment Consultant

Verus, Inc.

NEPC

Legal Counsel

Damrell Nelson Schrimp Pallios
& Silva (General Legal Counsel)

Law Office of Ted M Cabral

Hansen Bridgett LLP

Reed Smith LLP

Rein & Rein

Technical & Data Services

Tegrit

SBT, County of Stanislaus

Investment Management Services*

Fixed Income

Insight

Dimensional Fund Advisors

Northern Trust Intermediate Bond

Northern Trust Long Term Bond

Large Cap Value Equity

Dodge & Cox

BlackRock R1000 Value

Large Cap Growth Equity

BlackRock R1000 Growth

Northern Trust Russell 1000

Small Cap Value Equity

Capital Prospects

Investment Management Services*

International Equity

LSV Asset Management (Value)

Fidelity Asset Management (Growth)

Real Estate Securities

Black Rock US Real Estate Index

Private Credit

Medley Opportunity

Raven Capital Management, LLC

White Oak Global Advisors, LLC

Owl Rock First Lien

Special Situations Fund V

Black Rock High Yield

Private Equity

Insight Partners XI

Vista Foundation IV Fund

Clayton, Dubilier & Rice XI

Genstar Capital Partners X

Gryphon Partners VI

Private Real Estate

American Realty Advisors

Greenfield Acquisition Partners

Grandview Partners

Morgan Stanley Prime Property

PGIM Real Estate U.S. Debt

Infrastructure

North Haven Partners II LP

NTAM Infrastructure

Risk Parity

AQR

PanAgora

*Refer to the Investment Section for the Schedule of Investment Management Fees (Page 57) and Schedule of Investment Broker Commissions (Page 58).



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Stanislaus County Employees' Retirement Association
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**Stanislaus County Employees Retirement Association
California**

For its Annual Financial Report
for the Fiscal Year Ended

June 30, 2020

Christopher P. Merrill

Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2020***

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)

A handwritten signature in cursive script, reading 'Alan H. Winkle'.

Alan H. Winkle
Program Administrator

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying Statements of Fiduciary Net Position of the Stanislaus County Employees' Retirement Association (StanCERA) as of June 30, 2021 and 2020, the related Statements of Changes in Fiduciary Net Position for the fiscal years 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.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic 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 audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to StanCERA's preparation and fair presentation of the basic 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 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 basic financial statements.

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

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95219
209-451-4833

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of StanCERA as of June 30, 2021 and 2020, and the changes in fiduciary net position for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

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 (RSI), 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 management's discussion and analysis and RSI 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise StanCERA's basic financial statements. The other supplemental 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 supplemental 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 supplemental 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 8, 2021, 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, agreements, and other matters. The purpose of that report is solely 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 effectiveness of StanCERA's 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
November 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021 and 2020. Please review information presented here in conjunction with the Letter of Transmittal and additional information provided.

Financial Highlights

- Fiduciary Net Position increased by \$524.7 million (or 23.8%) during fiscal year 2021 as a result of the fiscal year's activities.
- Contributions (employer and member), in total, increased by \$530.5 thousand (or 0.4%) during fiscal year 2021.
- Net investment income (including Net Appreciation in Fair Value of Investments) increased by \$537.7 million (or 2907.0%) during fiscal year 2021.
- Benefit payments increased by \$10.8 million (or 7.8%) during fiscal year 2021 from the prior fiscal 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.
- In April of 2021 and 2020, a 2.0% and 2.5%, respectively, 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.
- Stanislaus Regional Transit Authority selected Stanislaus County Employees' Retirement Association as its public employees' retirement system effective July 1, 2021.
- Beginning August 1, 2021, the City of Ceres Fire Department exited the City of Ceres. This resulted in an employer rate increase for the City of Ceres which was vetted with StanCERA's actuary.

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 and the Statements of Changes in Fiduciary Net Position. 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, 2021, 2020, and 2019

	2021	2020	2019	\$ Change 2021-2020	\$ Change 2020-2019
Current Assets	\$ 194,395,097	\$ 87,551,117	\$ 70,667,937	\$ 106,843,980	\$ 16,883,180
Investments	2,708,970,681	2,221,404,069	2,290,474,787	487,566,612	(69,070,718)
Capital Assets, Net	9,022,200	7,763,618	6,609,873	1,258,582	1,153,745
Total Assets	2,912,387,978	2,316,718,804	2,367,752,597	595,669,174	(51,033,793)
Total Liabilities	181,790,108	110,852,565	159,511,165	70,937,543	(48,658,600)
Total Fiduciary Net Position Restricted for Pension Benefits	<u>\$ 2,730,597,870</u>	<u>\$ 2,205,866,239</u>	<u>\$ 2,208,241,432</u>	<u>\$ 524,731,631</u>	<u>\$ (2,375,193)</u>

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, 2021, 2020, and 2019

	2021	2020	2019	\$ Change 2021-2020	\$ Change 2020-2019
Employer Contributions	\$ 93,307,629	\$ 92,684,609	\$ 88,589,381	\$ 623,020	\$ 4,095,228
Plan Member Contributions	29,553,123	29,645,645	27,742,863	(92,522)	1,902,782
Net Investment Income	556,195,649	18,496,773	99,280,525	537,698,876	(80,783,752)
<i>Total Additions</i>	\$ 679,056,401	\$ 140,827,027	\$ 215,612,769	\$ 538,229,374	\$ (74,785,742)

Deductions From Fiduciary Net Position

For The Fiscal Years Ended

June 30, 2021, 2020, and 2019

Benefit Payments	\$ 149,015,287	\$ 138,223,922	\$ 129,100,668	\$ 10,791,365	\$ 9,123,254
Member Refunds - Termination	1,610,897	1,351,779	1,826,145	259,118	(474,366)
Member Refunds/Payouts - Death	304,717	409,894	847,878	(105,177)	(437,984)
Administrative Expenses	3,393,869	3,216,625	2,557,391	177,244	659,234
<i>Total Deductions</i>	\$ 154,324,770	\$ 143,202,220	\$ 134,332,082	\$ 11,122,550	\$ 8,870,138

Change in Fiduciary Net

Position Restricted for

Pension Benefits

\$ 524,731,631	\$ (2,375,193)	\$ 81,280,687	\$ 527,106,824	\$ (83,655,880)
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Fiduciary Net Position Restricted

for Pension Benefits

Beginning of Year	2,205,866,239	2,208,241,432	2,126,960,745	(2,375,193)	81,280,687
End of Year	\$2,730,597,870	\$2,205,866,239	\$2,208,241,432	\$ 524,731,631	\$ (2,375,193)

Additions to Fiduciary Net Position

A review of the Statement of Fiduciary Net Position shows that June 30, 2021, closed with assets exceeding liabilities by \$2.7 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, 2020, closed with assets exceeding liabilities by \$2.2 billion. The \$524.7 million increase and \$2.4 million decrease, 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.

Financial Analysis (continued)

Additions to Fiduciary Net Position (continued)

The primary sources to finance the benefits StanCERA provides are accumulated through return on investments and through the collection of member and employer contributions. The total for these income sources for fiscal year 2020-2021 resulted in an increase of \$538.2 million, where fiscal year 2019-2020 resulted in a decrease of \$74.8 million. The increase is primarily a result of the rebalance of the investment portfolio and activity in the broad market, as discussed in the Investment Analysis below. Employer and member contributions increased by \$530,405 (or 1%) from the contributions made in 2019-2020. Employer contribution increases in 2021 and 2020 are due to changes to the economic and demographic assumptions adopted for the June 30, 2018 actuarial valuation.

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 2020-2021 were \$154.3 million, an increase of \$11.1 million from prior year. This increase is due to the increased number of retirees, an increase in the average benefit payment received, and the acquisition of a new pension system. For fiscal year 2019-2020, the expenses were \$143.2 million, an increase of \$8.9 million from prior year due to the increase in the number of retirees and the average amount they are paid. For fiscal year 2020-2021, administrative expense increased by 5.5% from fiscal year 2020-2021. Total administrative expense represented 0.1036% of the accrued actuarial liability (funding basis) for fiscal year 2020-2021 and 0.1038% for fiscal year 2019-2020.

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. For the fiscal year ended June 30, 2021, StanCERA's investments were reported by the three functional portfolios per the Investment Policy restated and approved by the Board of Retirement on May 28, 2019.

The Plan's domestic equity returns for the fiscal year ended June 30, 2021, outperformed their benchmark by 550 basis points and international equity outperformed their benchmark by 300 basis points. Domestic equity returns for the fiscal year ended June 30, 2020, underperformed their benchmark by 433 basis points and international equity underperformed their benchmark by 87 basis points.

The Plan's fixed income returns for the fiscal year ended June 30, 2021, outperformed their benchmark by 180 basis points. For the fiscal year ended June 30, 2020, the Plan's fixed income returns underperformed their benchmark by 200 basis points.

For the fiscal year ended June 30, 2021, StanCERA's total portfolio outperformed its policy benchmark by 180 basis points with an overall return of 25.2%. For the fiscal year ended June 30, 2020, StanCERA's total portfolio underperformed its policy benchmark by 200 basis points with an overall return of 1.3%. Management believes the Plan remains in a very strong financial position 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 Plan's 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 NPL as of June 30, 2020, rolled forward to StanCERA's fiscal year ended June 30, 2021, was \$427.7 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, 2020, rolled forward to June 30, 2021, StanCERA's Fiduciary Net Position was 86.5% of the TPL. The next actuarial valuation is scheduled for June 30, 2021 to be rolled forward to the fiscal year ended June 30, 2022.

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, 2021 and 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
ASSETS		
Cash and Cash Equivalents (Note 4):	\$82,503,136	\$ 73,474,225
Receivables:		
Interest and Dividends	5,961,917	6,367,746
Securities Transactions	101,809,628	414,882
Contributions (Note 3)	4,093,616	7,270,478
Total Receivables	<u>111,865,161</u>	<u>14,053,106</u>
Prepaid Items	26,800	23,786
Capital Assets, Net (Note 2):	9,022,200	7,763,618
Investments at Fair Value (Note 4):		
U.S. Government and Agency Obligations	164,326,018	114,025,363
Corporate Bonds	67,775,457	199,848,144
Emerging Market / Non-US Bonds	38,949,757	130,606,093
Domestic Stocks	229,355,227	139,456,101
Domestic Equity Index Fund	361,332,537	265,087,986
International Equity	520,295,575	463,894,174
Real Estate Securities	104,485,885	17,918,244
Private Credit	216,383,761	85,029,245
Private Real Estate	237,150,895	218,955,534
Private Equity	143,759,880	140,588,335
Infrastructure	182,047,547	36,156,708
Risk Parity	376,887,462	313,455,483
Securities Lending Collateral	66,220,680	96,382,659
Total Investments	<u>2,708,970,681</u>	<u>2,221,404,069</u>
Total Assets	<u>2,912,387,978</u>	<u>2,316,718,804</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	13,927,586	13,167,410
Securities Transactions	101,246,842	907,496
Securities Lending Obligation (Note 4)	66,220,680	96,382,659
Total Current Liabilities	<u>181,395,108</u>	<u>110,457,565</u>
Long-Term Liabilities:		
Grant Deed Extension Fee	<u>395,000</u>	<u>395,000</u>
Total Liabilities	<u>181,790,108</u>	<u>110,852,565</u>
Fiduciary Net Position Restricted For Pension Benefits (Note 6)	<u>\$2,730,597,870</u>	<u>\$ 2,205,866,239</u>

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 Fiscal Years Ended June 30, 2021 and 2020

	June 30, 2021	June 30, 2020
ADDITIONS		
Contributions (Note 5):		
Employer	\$93,307,629	\$ 92,684,609
Plan Members	29,553,123	29,645,645
Total Contributions	<u>122,860,752</u>	<u>122,330,254</u>
Investment Income:		
Net Appreciation/(Depreciation) in Fair Value of Investments	528,077,801	(15,166,254)
Interest and Dividends	43,335,298	44,752,966
Total Investment Gain	571,413,099	29,586,712
Net Income from Commission Recapture	28,983	25,624
Less: Investment Expense (Note 4)	(15,886,559)	(11,703,204)
Net Investment Income	<u>555,555,523</u>	<u>17,909,132</u>
Other Investment Income:		
Net Litigation Recovery Income	50,276	982
Rental Income	105,372	102,921
Other Investment Income	92,064	127,520
Net Other Investment Income	<u>247,712</u>	<u>231,423</u>
Securities Lending Activities (Note 4):		
Securities Lending Income	560,422	508,646
Less: Securities Lending Expense	(168,008)	(152,428)
Net Securities Lending Income	<u>392,414</u>	<u>356,218</u>
Total Investment Income	<u>556,195,649</u>	<u>18,496,773</u>
Total Additions	<u>679,056,401</u>	<u>140,827,027</u>
DEDUCTIONS		
Benefit Payments and Subsidies	149,015,287	138,223,922
Member Refunds - Termination	1,610,897	1,351,779
Member Refunds - Death	304,717	409,894
Administrative Expenses (Note 2)	3,393,869	3,216,625
Total Deductions	<u>154,324,770</u>	<u>143,202,220</u>
Net Change in Fiduciary Net Position	524,731,631	(2,375,193)
Fiduciary Net Position Restricted for Pension Benefits (Note 6)		
Beginning of Year	2,205,866,239	2,208,241,432
End of Year	<u>\$ 2,730,597,870</u>	<u>\$ 2,205,866,239</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - DESCRIPTION OF PLAN

Description of System and Applicable Provisions of the Law

The Stanislaus County Employees' Retirement Association (StanCERA or the Plan) 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) (CERL) and the Public Employees' Pension Reform Act. It is a cost-sharing multiple-employer pension plan. StanCERA was established by the County of Stanislaus 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, 2021			June 30, 2020		
	General	Safety	Total	General	Safety	Total
Active Members:						
Vested & Non-vested	3,549	796	4,345	3,653	806	4,459
Total Active	3,549	796	4,345	3,653	806	4,459
Inactive Members:						
Deferred Members	643	148	791	856	210	1,066
Unclaimed Contributions	764	129	893	483	66	549
Total Inactive	1,407	277	1,684	1,339	276	1,615
Retired Members:						
Service Retirements	3,185	538	3,723	3,143	518	3,661
Disability Retirements	202	174	376	206	173	379
Survivor Payments	42	11	53	43	10	53
Total Retired	3,429	723	4,152	3,392	701	4,093
Total	8,385	1,796	10,181	8,384	1,783	10,167

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 Tiers 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 CERL defines the FAS as a member's average monthly compensation earned during any consecutive 12 months (applicable to members of Tiers 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 Tiers 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 FAS per year of service credited after January 1, 1956. Tier 6 is not integrated with Social Security.

Percentage of FAS:

Age	General						Safety		
	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 FAS (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 60% 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 FAS. If the disability is service connected, the member may retire regardless of length of service, and the benefit is 50% of FAS (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 (CPI) 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's ability to grant these benefits. The greatest restriction currently is the Plan must be 100% funded on a market basis prior to funding any ad-hoc benefit.

Contribution Rates

The CERL 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.

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 composite employer contribution rates for the fiscal years ended June 30, 2021 and June 30, 2020 were 31.45% and 30.38%, respectively, of annual payroll. Employee contribution rates are based on age of entry for Tiers 1, 2, 4 and 5 and range between 3.45% and 17.75% for the fiscal years ended June 30, 2021 and June 30, 2020. 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 are a flat rate ranging between 8.73% and 13.72% for fiscal years ended June 30, 2021 and June 30, 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

StanCERA is governed by the Board and is considered an independent legal entity. StanCERA is a component unit of Stanislaus County (the County) 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 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, 2021 and 2020. Both domestic and international investments are denominated in U.S. currency. Private Credit 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 one 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, 2021 and June 30, 2020 were \$11,199,744 and \$9,797,084, respectively, with accumulated depreciation of \$2,177,544 and \$2,033,466, respectively. Out of the total amount, \$5,558,306 and \$4,207,583, respectively, were not being depreciated due to the assets not being placed in service as of June 30, 2021 and June 30, 2020. Depreciation expense for the fiscal years ending June 30, 2021 and June 30, 2020 totaled \$144,078 and \$135,356, 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)

	Net Balance at June 30, 2020	Reclassifications & Additions	Reclassifications & Deletions	Less Depreciation	Net Balance at June 30, 2021
Capital Assets, not being depreciated					
Tenant Improvements	\$ 390,438	\$ -	\$ -	\$ -	\$ 390,438
Pension Administration System	3,772,728	1,385,624	-	-	5,158,352
Rebranding Cost	44,417	-	44,417	-	-
6th Floor Lobby Upgrade	-	9,516	-	-	9,516
Total Capital Assets, not being depreciated	4,207,583	1,395,140	44,417	-	5,558,306
Capital Assets, being depreciated					
Tyler Software	-	-	-	-	-
Real Estate Occupied	1,611,569	-	-	18,976	1,592,591
Real Estate Leased	1,075,100	-	-	12,653	1,062,447
Leasehold Improvements	34,845	-	-	6,586	28,259
Office Equipment	767	-	-	767	-
Formax Machine FD6104	-	7,522	-	1,076	6,446
Video Conferencing Equipment	1,151	-	-	864	287
Imaging System	462,754	-	-	57,844	404,910
Microfiche Scanner	2,314	-	-	1,111	1,203
Board Room Expansion	74,745	-	-	3,917	70,828
Board Room Expansion TI	226,330	-	-	24,917	201,413
Rebranding Cost	-	44,417	-	4,442	39,975
Audio Video System	66,460	-	-	10,925	55,535
Total Capital Assets, being depreciated	3,556,035	51,939	-	144,078	3,463,894
TOTAL	\$ 7,763,618	\$ 1,447,079	\$ 44,417	\$ 144,078	\$ 9,022,200

	Net Balance at June 30, 2019	Reclassifications & Additions	Reclassifications & Deletions	Less Depreciation	Net Balance at June 30, 2020
Capital Assets, not being depreciated					
Tenant Improvements	\$ 390,438	\$ -	\$ -	\$ -	\$ 390,438
Pension Administration System	2,553,885	1,218,843	-	-	3,772,728
Rebranding Cost	-	44,417	-	-	44,417
Board Room Expansion	78,335	-	78,335	-	-
Board Room Expansion TI	245,749	-	245,749	-	-
Audio Video System	62,888	-	62,888	-	-
Total Capital Assets, not being depreciated	3,331,295	1,263,260	386,972	-	4,207,583
Capital Assets, being depreciated					
Tyler Software	-	-	-	-	-
Real Estate Occupied	1,630,546	-	-	18,977	1,611,569
Real Estate Leased	1,087,753	-	-	12,653	1,075,100
Leasehold Improvements	32,452	8,833	-	6,440	34,845
Office Equipment	1,789	-	-	1,022	767
Video Conferencing Equipment	2,015	-	-	864	1,151
Imaging System	520,598	-	-	57,844	462,754
Microfiche Scanner	3,425	-	-	1,111	2,314
Board Room Expansion	-	78,335	-	3,590	74,745
Board Room Expansion TI	-	249,171	-	22,841	226,330
Audio Video System	-	76,474	-	10,014	66,460
Total Capital Assets, being depreciated	3,278,578	412,813	-	135,356	3,556,035
TOTAL	\$ 6,609,873	\$ 1,676,073	\$ 386,972	\$ 135,356	\$ 7,763,618

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 fiscal years ending June 30, 2021 and June 30, 2020 were \$3,393,869 and \$3,216,625, respectively, of which \$392,090 and \$362,870, respectively, were not subject to the administrative expense limitation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Administrative Expenses (continued)

Administrative expenses subject to the limitation amounted to 0.1036% of AAL for the fiscal year ended June 30, 2021 and 0.1038% for the fiscal year ended June 30, 2020.

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 statements 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.

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.

New Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement were originally effective for StanCERA's financial statements for the fiscal year ending June 30, 2021. However, in light of the COVID-19 pandemic, GASB postponed implementation of this statement by one year of its effective date. Management is evaluating the requirements of this GASB Statement and its impact to StanCERA financial statements, which will be effective in the fiscal year ending June 30, 2022.

Reclassifications

Certain fiscal year 2020 amounts have been reclassified to conform with the fiscal year 2021 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, 2021 and June 30, 2020 were \$4,093,616 and \$7,270,478, respectively.

NOTE 4 – CASH AND INVESTMENTS

The California State Constitution and the CERL 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

NOTE 4 – CASH AND INVESTMENTS (continued)

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 investments 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 shares in the pooled funds is the same as the value of the County Investment Pool. StanCERA's cash invested with the County Treasurer is reported at amortized cost, which approximates fair value totaling \$21,518,055 and \$23,197,533 at June 30, 2021 and 2020, respectively. Cash and investments included within the County Treasurer's Pool are described in the County's Financial Report.

Investments

Investment Policy – StanCERA's policy in regards to the allocation of invested assets is established and may be amended by the Board. The investments of the Plan are trust funds and are held for the exclusive purpose of providing benefits to the participants in the Plan and their beneficiaries and defraying reasonable expenses of administering the Plan. The investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return.

StanCERA's Investment Program employs three functional sub-portfolios to construct the comprehensive asset allocation: the Liquidity Sub-portfolio, the Growth Sub-portfolio and the Diversifying Sub-portfolio. The Liquidity Sub-portfolio will ensure adequate assets are available to pay benefits over an extended timeframe. The Growth Sub-portfolio will grow the invested assets over the long-term in order to pay future benefits. The Diversifying Sub-portfolio is to offset the investment risk of the Growth Sub-portfolio. The allocations to the Liquidity, Growth and Diversifying Sub-portfolios will vary over time and will be reviewed on an annual basis. The adopted asset allocation for the three Sub-portfolios is:

NOTE 4 – CASH AND INVESTMENTS (continued)

<u>Asset Class</u>	<u>June 30, 2021 Target Allocation</u>	<u>June 30, 2020 Target Allocation</u>
Domestic Equities	19.50%	17.00%
International Equities	23.00%	23.00%
Fixed Income	20.00%	22.00%
Real Estate Securities	6.00%	5.00%
Alternatives:		
Private Credit	4.50%	6.00%
Private Equity	6.00%	6.00%
Private Real Estate	5.00%	5.00%
Infrastructure	2.00%	2.00%
Risk Parity	13.00%	13.00%
Cash	1.00%	1.00%
	<u>100.00%</u>	<u>100.00%</u>

Rate of Return – For the fiscal years ended June 30, 2021 and June 30, 2020, the annual money-weighted rate of return on StanCERA’s investments was 25.2% and 1.3%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurement

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. StanCERA follows GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurement.

StanCERA classifies the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value measurements are classified according to the following hierarchy:

- Level 1 – Unadjusted quoted prices for identical investments in active markets.
- Level 2 – Quoted prices for similar investments in active markets; quoted prices for identical or similar investments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable.
- Level 3 – Investments with valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy; in which case, StanCERA defaults to the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, a detailed analysis was performed of the assets and liabilities that are subject to GASB 72.

NOTE 4 – CASH AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The following tables present fair value measurements as of June 30, 2021 and June 30, 2020:

Investments Measured at Fair Value				
Investments by Fair Value Level	06/30/21	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities				
Corporate and Other Credit	\$ 70,298,973	\$ -	\$ 70,298,973	\$ -
Emerging Market Non-U.S. Bonds	38,949,757	-	38,949,757	-
U.S. Government Agency	143,847,856	-	143,847,856	-
U.S. Treasury	17,954,646	-	17,954,646	-
Total Fixed Income Securities	271,051,232	-	271,051,232	-
Equity Securities				
Non-U.S. Equity	434,280,599	434,280,599	-	-
U.S. Equity	229,355,227	229,355,227	-	-
Commingled Equity Funds	361,332,537	-	361,332,537	-
Emerging Market Equity	86,014,976	-	86,014,976	-
Commingled Real Estate Funds	104,485,885	-	104,485,885	-
Total Equity Securities	1,215,469,224	663,635,826	551,833,398	-
Collateral from Securities Lending	66,220,680	-	66,220,680	-
Total Investments by Fair Value Level	\$ 1,552,741,136	\$ 663,635,826	\$ 889,105,310	\$ -
Investments Measured at the Net Asset Value (NAV)				
Private Credit	\$ 216,383,761			
Private Equity	143,759,880			
Private Real Estate	237,150,895			
Infrastructure	182,047,547			
Risk Parity	376,887,462			
Total Investments Measured at the NAV	1,156,229,545			
Total Investments	\$ 2,708,970,681			

NOTE 4 – CASH AND INVESTMENTS (continued)

Fair Value Measurement (continued)

Investments Measured at Fair Value

Investments by Fair Value Level	06/30/20	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities				
Corporate and Other Credit	\$ 199,848,144	\$ -	\$ 199,848,144	\$ -
Emerging Market Non-U.S. Bonds	130,606,093	-	130,606,093	-
U.S. Government Agency	75,749,356	-	75,749,356	-
U.S. Treasury	38,276,007	-	38,276,007	-
Total Fixed Income Securities	444,479,600	-	444,479,600	-
Equity Securities				
Non-U.S. Equity	394,502,195	394,502,195	-	-
U.S. Equity	139,456,101	139,456,101	-	-
Commingled Equity Funds	265,087,986	-	265,087,986	-
Emerging Market Equity	69,391,979	-	69,391,979	-
Commingled Real Estate Funds	17,918,244	-	17,918,244	-
Total Equity Securities	886,356,505	533,958,296	352,398,209	-
Collateral from Securities Lending	96,382,659	-	96,382,659	-
Total Investments by Fair Value Level	\$ 1,427,218,764	\$ 533,958,296	\$ 893,260,468	\$ -
Investments Measured at the Net Asset Value (NAV)				
Private Credit	\$ 85,029,245			
Private Equity	140,588,335			
Private Real Estate	218,955,534			
Infrastructure	36,156,708			
Risk Parity	313,455,483			
Total Investments Measured at the NAV	794,185,305			
Total Investments	\$ 2,221,404,069			

Fixed Income Securities

Asset-Backed Securities, Mortgage-Backed Securities, and Non-U.S. Bonds are valued using a combination of the discounted cash flow income model and the matrix market model. Two proprietary discounted cash flow models are used: non-volatile tranche and volatile tranche. Prepayment speeds are derived from market participant quotes along with terms and conditions of the tranche and both are entered into the model to determine the evaluated price. Matrices are developed based on trade and quote activity of bonds with similar features including issuer, vintage and purpose of the underlying loan, prepayment speeds and credit ratings in order to identify trades and quotes for similar securities. Corporate Bonds and Municipal Bonds are valued using the matrix market model. Model inputs are derived from the market, brokers, dealer, mutual funds, and vendor client base. Model inputs include, but are not limited to:

NOTE 4 – CASH AND INVESTMENTS (continued)

Fair Value Measurement (continued)

spread benchmark curves, prepayment speeds, inputs to build curves/spreads, comparable trades, bid price or spread, discount rates, quotes, trade reports, and financial reports. US Government Agency and US Treasury Bills are valued using the consensus evaluation model and the matrix evaluation model. These model inputs come from market sources and integrate relative credit information, observed market movements, and sector news.

Prices are updated regularly by obtaining dealer quotes and other market information including live trading levels, when available.

Equity Securities

Equity securities are valued using the NASDAQ Official Closing Price which determines the market specific closing price for NASDAQ listed issues. For equity securities listed on exchanges, the last trade price is used. The last trade price is the price at which a specific security was last traded on the primary exchange. If the NASDAQ Official Closing Price or the last trade price is not available, a bid, ask/offer quote, is obtained from a third-party vendor.

Commingled funds are valued using the NAV which is the fair value of all securities owned by the fund, minus its total liabilities, divided by the number of shares issued. Funds that are valued using the NAV are usually not reported within the fair value hierarchy. However, StanCERA's commingled funds are supported by audited financial statements which provide observable market data. Commingled funds are legally or contractually required to redeem at the NAV and therefore are classified as Level 2.

Investments Measured at the NAV

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The following tables present fair value measurements as of June 30, 2021 and June 30, 2020:

Investments Measured at NAV	6/30/2021 Fair Value	Unfunded Commitment	Redemption Frequency If Currently Eligible	Redemption Notice Period
Private Credit	\$ 216,383,761	\$ 22,274,373	Not Eligible	Not Applicable
Private Equity	143,759,880	65,119,188	Not Eligible	Not Applicable
Private Real Estate	237,150,895	18,295,430	Quarterly, Not Eligible	5-90 Days, Not Applicable
Infrastructure	182,047,547	6,666,768	Not Eligible	Not Applicable
Risk Parity	376,887,462	-	Monthly	5-15 Days
Total Investment Measured at NAV	<u>\$ 1,156,229,545</u>	<u>\$ 112,355,759</u>		

NOTE 4 – CASH AND INVESTMENTS (continued)

Investments Measured at the NAV (continued)

Investments Measured at NAV	6/30/2020 Fair Value	Unfunded Commitment	Redemption Frequency If Currently Eligible	Redemption Notice Period
Private Credit	\$ 85,029,245	\$ 18,772,135	Not Eligible	Not Applicable
Private Equity	140,588,335	32,750,000	Not Eligible	Not Applicable
Private Real Estate	218,955,534	24,972,809	Quarterly, Not Eligible	5-90 Days, Not Applicable
Infrastructure	36,156,708	7,116,066	Not Eligible	Not Applicable
Risk Parity	313,455,483	-	Monthly	5-15 Days
Total Investment Measured at NAV	<u>\$ 794,185,305</u>	<u>\$ 83,611,010</u>		

Private Credit Funds consist of investments in four limited partnerships. The types of partnership strategies included in these funds are venture capital, growth equity, buyouts, special situations, mezzanine, and distressed debt. These funds are not eligible for redemption. Distributions are received as the underlying funds are liquidated, which can occur over the span of three to seven years. Total commitments for these funds as of June 30, 2021 are \$170.0 million, of which \$22.2 million is unfunded.

Private Equity consists of investments in two limited partnerships. The types of partnership strategies included in these funds are growth equity and buyouts. These funds are not eligible for redemption. Distributions are received as the underlying funds are liquidated, which can occur over the span of ten years. Total commitments for these funds as of June 30, 2021 are \$90.0 million, of which \$65.1 million is unfunded.

Private Real Estate consists of investments in five limited partnerships. These funds are mainly invested in US commercial real estate. Shares of three of these funds can be redeemed at the request of the shareholders after a lockout period of up to two years. Distributions from each of these funds will be received as the underlying investments are liquidated. Three of these funds are open-ended and the distributions are reinvested. Liquidation of the underlying investments for one fund can occur over time up to eight years. Total commitments for these funds as of June 30, 2021 are \$217.0 million, of which \$18.8 million is unfunded.

Infrastructure consists of one investment in a limited partnership. This fund is focused on opportunities in the energy, utilities and transportation sectors, and target investments in infrastructure assets globally within the Organization for Economic Cooperation and Development countries. The funds are not eligible for redemption. Distributions from this fund will be received as the underlying investments are liquidated, which can occur over the span of twelve years. Total commitments for this fund as of June 30, 2021 are \$50.0 million, of which \$6.7 million is unfunded.

Risk Parity are mutual funds that invest in multiple asset classes represented by equity, fixed income, and commodities strategies in order to generate attractive risk-adjusted returns over time. These are open-ended funds and shares can be redeemed at the end of any given month at the request of the shareholder. Distributions for this fund are reinvested into the fund. Total commitments for this fund as of June 30, 2021 are \$280.0 million, and they are fully funded.

Securities Lending Program

The Board 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.

NOTE 4 – CASH AND INVESTMENTS (continued)

Securities Lending Program (continued)

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 securities 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.

Investments made with cash collateral are classified by risk category. The average maturity of the loans is one week and are rated at least "A1" or "P1" by two nationally recognized statistical rating organizations or, if unrated, are determined by the bank to be of comparable quality. As of June 30, 2021, the fair value of securities on loan was \$64.1 million, with collateral received of \$66.2 million and non-cash collateral of \$18.2 million. As of June 30, 2020, the fair value of the securities on loan was \$94.3 million, with collateral received of \$96.4 million and non-cash collateral of \$21.2 million.

As of June 30, 2021, and 2020, 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 securities lending transactions during fiscal years 2021 and 2020 was \$392,414 and \$356,218, respectively. These are separate investments made on StanCERA's behalf and not StanCERA's share of pooled investments. At June 30, 2021 and 2020, StanCERA had the following securities out on loan:

	June 30, 2021		June 30, 2020	
	Fair Value of Securities on Loan	Collateral Received	Fair Value of Securities on Loan	Collateral Received
U.S. Equities	\$ 29,326,175	\$ 30,248,026	\$ 30,344,235	\$ 30,909,774
U.S. Corporate Fixed	11,199,572	11,439,424	42,892,732	43,822,033
U.S. Government Fixed	12,183,766	12,449,352	13,318,027	13,607,754
Non-U.S. Equities	11,458,065	12,083,878	7,702,115	8,043,098
Total Securities	64,167,578	66,220,680	94,257,109	96,382,659
Total Non-Cash Collateral	17,398,150	18,171,887	20,423,240	21,172,485
Total	\$ 81,565,728	\$ 84,392,567	\$ 114,680,349	\$ 117,555,144

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. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in market interest rates. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

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 indices and reset dates. StanCERA's fixed income investments have embedded prepayment options that will typically cause prepayments by the obliges 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, 2021		June 30, 2020	
	Effective Duration		Effective Duration	
Fixed Income Securities	Fair Value	(in years)	Fair Value	(in years)
Corporate and Other Credit	\$ 70,298,973	2.5	\$ 199,848,144	3.2
Emerging Market / Non-U.S. Bonds	38,949,757	2.3	130,606,093	2.4
Government Bonds	17,954,646	2.6	38,276,007	1.7
Government Agencies	143,847,856	0.0	75,749,356	0.5
Total Fixed Income Securities	<u>\$ 271,051,232</u>		<u>\$ 444,479,600</u>	

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. 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 Investor Service (Moody's) and Standard & Poor's (S&P). 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 Investment Pool and the short-term investment funds held with fiscal agent are unrated.

NOTE 4 – CASH AND INVESTMENTS (continued)

Credit Risk (continued)

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

S&P/Moody's Credit Rating	June 30, 2021		June 30, 2020	
	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities
Aaa / AAA	0.50%	\$ 1,357,865	2.58%	\$ 11,466,221
Aa1 / AA+	1.31%	3,540,914	2.02%	8,993,876
Aa2 / AA	0.59%	1,598,947	1.27%	5,635,174
Aa3 / AA-	0.41%	1,097,956	2.30%	10,236,651
A1 / A+	1.39%	3,758,427	4.41%	19,622,991
A2 / A	1.45%	3,937,971	1.43%	6,353,399
A3 / A-	4.31%	11,688,352	11.15%	49,574,360
Baa1 / BBB+	13.88%	37,628,197	16.36%	72,695,876
Baa2 / BBB	9.53%	25,821,388	20.06%	89,142,189
Baa3 / BBB-	3.39%	9,189,600	8.58%	38,149,311
Ba1 / BB+	0.00%	-		7,286,198
Ba2 / BB	0.00%	-		825,288
N/R	56.84%	154,093,196	0.97%	4,308,123
N/A	6.40%	17,338,419	27.04%	120,189,943
Total	100.00%	\$ 271,051,232	98.18%	\$ 444,479,600

N/R represents securities that are not rated.

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss due to a large concentration of investments in any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from the disclosure requirements. As of June 30, 2021 and 2020, for separately managed investment accounts, StanCERA did not have investments in any one issuer representing 5% or more of the total portfolio.

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 fiscal year-end, StanCERA had no custodial credit risk exposure to any depository financial institution. All deposits are placed with a custodial bank.

NOTE 4 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk (continued)

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.

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.

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.

StanCERA's exposure to foreign currency risk in U.S. dollars is as follows:

Currency	June 30, 2021	June 30, 2020
	Fair Value (in U.S. \$)	Fair Value (in U.S. \$)
Australian Dollar	\$ 15,885,572	\$ 14,513,605
Brazilian Real	2,883,532	2,141,074
British Pound	42,182,299	37,370,983
Canadian Dollar	37,158,510	27,806,723
Chilean Peso	834,042	1,447,634
Danish Krone	1,824,244	3,550,556
Euro Dollars	123,351,213	108,549,683
Hong Kong Dollar	44,322,242	39,516,247
Hungarian Forint	1,333,539	1,348,048
Indonesian Rupiah	1,219,020	1,269,921
Japanese Yen	77,543,468	77,771,561
Malaysian Renggit	636,465	431,379
Mexican Peso	158,916	-
New Israeli Shekel	698,096	843,805
New Taiwan Dollar	12,515,690	10,824,858
New Zealand Dollar	653,974	664,198
Norwegian Krone	5,893,885	5,403,543
Singapore Dollar	3,150,925	2,682,440
South African Rand	1,138,487	653,271
South Korean Won	13,156,049	10,571,559
Swedish Krona	13,426,127	11,608,036
Swiss Franc	23,717,217	25,917,412
Thailand Baht	480,632	512,845
Turkish Lira	1,759,192	1,409,977
U.S. Dollar	94,372,239	77,084,816
TOTAL	\$ 520,295,575	\$ 463,894,174

NOTE 4 – CASH AND INVESTMENTS (continued)

Commitments to Private Credit

At June 30, 2021 and June 30, 2020, StanCERA's total capital commitments to private credit partnerships was \$170,000,000 for both fiscal years. Of this amount, \$22,274,373 and \$18,772,135, respectively, remained unfunded and is not recorded on StanCERA's Statements of Fiduciary Net Position.

Commitments to Private Equity

At June 30, 2021 and June 30, 2020, StanCERA's total capital commitments to private equity partnerships was \$90,000,000 and \$35,000,000, respectively. Of this amount, \$65,119,188 and \$32,750,000, respectively, remained unfunded and is not recorded in StanCERA's Statement of Fiduciary Net Position.

Commitments to Private Real Estate

At June 30, 2021 and June 30, 2020, StanCERA's total capital commitments to private real estate partnerships was \$217,000,000 for both fiscal years. Of this amount, \$18,295,430 and \$24,972,809, respectively, was unfunded and is not recorded in StanCERA's Statement of Fiduciary Net Position.

Commitments to Infrastructure

At June 30, 2021 and June 30, 2020, StanCERA's total capital commitments to infrastructure was \$50,000,000 for both fiscal years. Of this amount, \$6,666,768 and \$7,116,066, respectively, was unfunded and is not recorded in StanCERA's Statement of Fiduciary Net Position.

Commitments to Risk Parity

At June 30, 2021 and June 30, 2020, StanCERA's total commitments to risk parity was \$280,000,000 for both fiscal years. Risk Parity was 100% funded for both fiscal years.

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, 2021	June 30, 2020
Investment Managers	\$ 12,437,583	\$ 8,239,710
Investment Consultants	524,347	514,264
Custodial Fees	342,344	333,477
Investment Attorney	179,113	112,140
Other Investment Costs	2,299,994	2,427,312
Total Other Investment Expenses	15,783,381	11,626,903
Actuarial Fees	103,178	76,301
Total Investment Expenses	\$ 15,886,559	\$ 11,703,204

NOTE 5 – CONTRIBUTIONS

Contribution Rates

The CERL 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 the fiscal year ended June 30, 2021, are shown in the following table:

Employer	Employer Contributions	Member Contributions	Employer Contributions as a % of Covered Payroll
Stanislaus County	\$ 82,951,113	\$ 26,410,202	27.8318%
City of Ceres	5,217,995	1,483,294	1.7507%
Stanislaus Superior Court	4,209,592	1,344,005	1.4124%
Stanislaus Council of Governments	358,164	134,641	0.1202%
East Side Mosquito Abatement District	209,301	70,410	0.0702%
Salida Sanitary District	191,998	57,870	0.0644%
Keyes Community Services District	103,812	31,944	0.0348%
Hills Ferry Cemetery District	65,654	20,757	0.0220%
	\$ 93,307,629	\$ 29,553,123	31.3066%
Covered Payroll	\$ 298,044,207		

NOTE 5 – CONTRIBUTIONS (continued)

Contributions as a percentage of covered payroll for the fiscal year ended June 30, 2020, are shown in the following table:

Employer	Employer Contributions	Member Contributions	Employer Contributions as a % of Covered Payroll
Stanislaus County	\$ 82,421,317	\$ 26,410,956	27.4415%
City of Ceres	5,281,755	1,557,866	1.7585%
Stanislaus Superior Court	4,126,485	1,384,729	1.3739%
Stanislaus Council of Governments	300,600	117,414	0.1001%
East Side Mosquito Abatement District	206,310	68,984	0.0687%
Salida Sanitary District	182,768	54,719	0.0609%
Keyes Community Services District	102,249	31,230	0.0340%
Hills Ferry Cemetery District	63,125	19,747	0.0210%
	<u>\$ 92,684,609</u>	<u>\$ 29,645,645</u>	<u>30.8586%</u>
Covered Payroll	\$ 300,352,383		

NOTE 6 – RESERVES

As required by the CERL 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 the fiscal years ended June 30, 2021 and 2020, the actuarial assumed rate of return was 6.75 % and 7.00%, respectively. Based on Retirement Board policy, when the Plan is below 100% funded on a market basis, the percentage allocated to Active Members' Reserve 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 Reserve to the Retired Members' Pension Reserve.

NOTE 6 – RESERVES (continued)

Retired Members' Pension Reserve

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 CERL. 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 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 (CalPERS) was with StanCERA. Interest earnings are credited to this reserve based on StanCERA's excess earnings policy.

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 undistributed losses of \$0 and \$2,233,184 as of June 30, 2021 and June 30, 2020, respectively.

Other Reserves

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

Reserve Account Balances are as follows:

	June 30, 2021	June 30, 2020
Active Members' Reserve	\$ 646,410,932	\$ 602,434,277
Employer Advance Reserve	364,512,382	275,348,308
Employer Transfer from Non-Valuation Reserve	221,295,870	167,007,137
Retired Members' Pension Reserve	1,470,565,580	1,135,722,429
Valuation Reserve (Loss)	-	(2,233,184)
Retiree Burial Allowance Reserve	4,508,184	3,874,727
Contingency Reserve	21,586,063	21,813,486
Other Reserves		
Legal Contingency Reserve	1,717,299	1,897,499
Tier 3 Disability Reserve	1,560	1,560
Total Reserves	\$ 2,730,597,870	\$ 2,205,866,239

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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2021, and the Total Pension Liability as of the valuation date, June 30, 2020, using update procedures to roll forward to StanCERA's fiscal year-end of June 30, 2021. 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, 2021 and June 30, 2020 were as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Total Pension Liability	\$ 3,158,273,535	\$ 3,021,191,459
Plan Fiduciary Net Position	<u>\$ (2,730,597,870)</u>	<u>\$ (2,205,866,239)</u>
Net Pension Liability	<u>\$ 427,675,665</u>	<u>\$ 815,325,220</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.5%	73.0%

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

Actuarial Assumptions (continued)

The Total Pension Liability was determined based on the June 30, 2020 and June 30, 2019 actuarial valuations rolled forward to June 30, 2021 and June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

ACTUARIAL VALUATION ASSUMPTIONS		
Measurement Date	June 30, 2021	June 30, 2020
Investment Rate of Return	6.75%, net of investment expenses	7.00%, net of investment expenses
Projected Salary Increases	2.75%, per year plus merit component based on employee classification and years of service	3.00%, per year plus merit component based on employee classification and years of service
Attributed to Inflation	2.50%	2.75%
Cost-of-Living Adjustments	100% of Consumer Price Index (CPI) up to 3.0% annually with banking, 2.4% annual increases assumed	100% of Consumer Price Index (CPI) up to 3.0% annually with banking, 2.6% annual increases assumed

Post-retirement mortality rates for active Members are specified by the California Public Employees Retirement System (CalPERS) Pre-Retirement Non-Industrial Mortality table adjusted by 97.2% for males and 101.6% for females with generational mortality improvements projected from 2009 using Scale MP-2018. Duty related mortality rates are only applicable for Safety Active Members and are based on the CalPERS Pre-Retirement Industrial Death table without adjustment or projection.

Rates of mortality for retired Members and their beneficiaries are specified by the CalPERS Healthy Annuitant table adjusted by 97.2% for males and 104.1% for females with generational mortality improvements projected from 2009 using Scale MP-2018.

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.

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

Actuarial Assumptions (continued)

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 and June 30, 2020 are summarized in the following table:

Asset Class	2021	2020
	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities		
U.S. Large Cap	6.20%	6.30%
U.S. Small Cap	6.30%	6.80%
International Equities		
Int'l Development	4.83%	6.70%
Emerging Market Equity	2.07%	9.10%
U.S. Fixed Income		
Core fixed income	3.20%	1.30%
U.S. Treasury	2.60%	0.60%
Short-term Gov/Credit	2.90%	1.70%
Real Estate		
Core	5.60%	4.40%
Value-add	7.77%	5.30%
Risk Parity	5.10%	3.60%
Private Equity	9.90%	10.40%
Private Credit	7.80%	6.80%
Infrastructure	7.10%	5.90%
Cash	2.30%	0.60%

Discount Rate

The discount rate used to measure the total pension liability for the fiscal years ended June 30, 2021 and June 30, 2020 were 6.75% and 7.00%, respectively. 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 6.75% and 7.00%, respectively, 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 (5.75%) or one percentage point higher (7.75%) than the current rate for fiscal years ending June 30, 2021 and 2020:

Sensitivity of Net Pension Liability to Changes in Discount Rate				
		1% Decrease	Current	1% Increase
		5.75%	Discount Rate 6.75%	7.75%
June 30, 2021	Net Pension Liability	\$ 867,409,238	\$ 427,675,665	\$ 68,884,070
	Fiduciary Net Position as a Percentage of Total Pension Liability	75.9%	86.5%	97.5%
		1% Decrease	Discount Rate	1% Increase
		6.00%	7.00%	8.00%
June 30, 2020	Net Pension Liability	\$ 1,237,265,070	\$ 815,325,220	\$ 470,881,948
	Fiduciary Net Position as a Percentage of Total Pension Liability	64.1%	73.0%	82.4%

NOTE 9 – SUBSEQUENT EVENTS

Stanislaus Regional Transit Authority selected Stanislaus County Employees' Retirement Association as its public employees' retirement system effective July 1, 2021. Beginning August 1, 2021, the City of Ceres Fire Department exited the City of Ceres. This resulted in an employer rate increase for the City of Ceres which was vetted with StanCERA's actuary. StanCERA has evaluated events through November 08, 2021, which is the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability								
Service cost	\$ 63,478,900	\$ 63,771,013	\$ 59,957,490	\$ 58,007,036	\$ 57,465,280	\$ 55,351,509	\$ 48,242,363	\$ 46,209,346
Interest (includes interest on service cost)	208,474,350	198,170,462	198,460,567	190,493,637	179,875,553	171,938,615	154,850,353	147,384,248
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	7,977,049	30,766,201	15,206,475	(12,172,006)	28,801,984	(6,424,597)	2,148,638	-
Changes of assumptions (3)	8,082,679	-	(46,047,924)	-	-	269,752,272	-	-
Benefit payments, including refunds of member contributions	(150,930,902)	(139,985,594)	(131,774,689)	(123,172,116)	(116,843,858)	(108,165,810)	(101,858,156)	(94,782,471)
Net change in total pension liability	137,082,076	152,722,082	95,801,919	113,156,551	149,298,959	382,451,989	103,383,198	98,811,123
Total pension liability - beginning	3,021,191,459	2,868,469,377	2,772,667,458	2,659,510,907	2,510,211,948	2,127,759,959	2,024,376,761	1,925,565,638
Total pension liability - ending	\$ 3,158,273,535	\$ 3,021,191,459	\$ 2,868,469,377	\$ 2,772,667,458	\$ 2,659,510,907	\$ 2,510,211,948	\$ 2,127,759,959	\$ 2,024,376,761
Fiduciary Net Position								
Contributions - employer	\$ 93,307,629	\$ 92,684,609	\$ 88,589,381	\$ 76,966,471	\$ 63,024,560	\$ 58,196,310	\$ 53,849,031	\$ 46,763,996
Contributions - member (1)	29,553,123	29,645,645	27,742,863	26,746,289	25,463,745	23,916,508	22,960,235	21,867,911
Total investment income (loss)	556,195,650	18,496,772	99,280,525	154,988,199	252,309,705	(31,322,276)	68,722,781	274,896,108
Benefit payments, including refunds of member contributions	(150,930,902)	(139,985,594)	(131,774,691)	(123,172,116)	(116,843,858)	(108,165,810)	(101,858,156)	(94,782,471)
Administrative expense	(3,393,869)	(3,216,625)	(2,557,391)	(2,791,409)	(2,644,554)	(2,315,223)	(2,378,966)	(2,249,260)
Net change in fiduciary net position	524,731,631	(2,375,193)	81,280,687	132,737,434	221,309,598	(59,690,491)	41,294,925	246,496,284
Fiduciary net position - beginning	2,205,866,239	2,208,241,432	2,126,960,745	1,994,223,311	1,772,913,713	1,832,604,204	1,791,309,279	1,544,812,995
Fiduciary net position - ending	\$ 2,730,597,870	\$ 2,205,866,239	\$ 2,208,241,432	\$ 2,126,960,745	\$ 1,994,223,311	\$ 1,772,913,713	\$ 1,832,604,204	\$ 1,791,309,279
Net pension liability - ending	\$ 427,675,665	\$ 815,325,220	\$ 660,227,945	\$ 645,706,713	\$ 665,287,596	\$ 737,298,235	\$ 295,155,755	\$ 233,067,482
Fiduciary net position as a percentage of the total pension liability	86.5%	73.0%	77.0%	76.7%	75.0%	70.6%	86.1%	88.5%
Covered payroll (2)	\$ 298,044,207	\$ 300,352,383	\$ 281,979,654	\$ 268,009,042	\$ 255,646,515	\$ 245,751,576	\$ 237,263,160	\$ 221,863,110
Net pension liability as a percentage of covered payroll	143.5%	271.5%	234.1%	240.9%	260.2%	300.0%	124.4%	105.1%

Note: Trend Information: Schedule will ultimately show information for ten years. Additional years will be displayed as they become available.

(1) In accordance with GASB Statement No. 82, employer-paid member contributions are classified as Member Contributions.

(2) In accordance with GASB Statement No. 82, Covered Payroll is the payroll on which contributions are based.

(3) In 2016, amounts reported as changes of assumptions resulted primarily from changes to the assumed earnings rate from 7.75% to 7.25% and from adjustments to assumed life expectancies as a result of adopting mortality tables with generational improvements. In 2019, amounts reported as changes of assumptions resulted primarily from changes to the assumed earnings rate from 7.25% to 7.00% and from adjustments to mortality rates, disability rates, and retirement rates. In 2021, amount reported is due to changes in economic assumptions.

REQUIRED SUPPLEMENTARY INFORMATION (continued)

Schedule of Employer Contributions

Last 10 Fiscal Years for Fiscal Years Ending June 30
(Dollar amounts in thousands)

	2021	2020	2019	2018	2017
Actuarially Determined Contributions	\$ 93,308	\$ 92,685	\$ 88,589	\$ 76,966	\$ 63,025
Contributions in Relation to the Actuarially Determined Contributions	93,308	92,685	88,589	76,966	63,025
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ⁽¹⁾	\$ 298,044	\$ 300,352	\$ 281,980	\$ 268,009	\$ 255,647
Contributions as a Percentage of Covered Payroll	31.31%	30.86%	31.42%	28.72%	24.65%
	2016	2015	2014	2013	2012
Actuarially Determined Contributions	\$ 58,196	\$ 53,849	\$ 46,764	\$ 39,077	\$ 41,614
Contributions in Relation to the Actuarially Determined Contributions	58,196	53,849	46,764	39,077	41,614
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ⁽¹⁾	\$ 245,752	\$ 237,263	\$ 221,863	\$ 217,491	\$ 215,057
Contributions as a Percentage of Covered Payroll	23.68%	22.70%	21.08%	17.97%	19.35%

(1) In accordance with GASB Statement No. 82, Covered Payroll is the payroll on which contributions are based.

Schedule of Investment Returns

Last 10 Fiscal Years for Fiscal Years Ending June 30

	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	25.20%	1.30%	5.10%	8.10%	14.40%
	2016	2015	2014	2013	2012
Annual money-weighted rate of return, net of investment expense	-1.70%	4.20%	18.20%	14.50%	0.70%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms

There were no changes of benefit terms for the fiscal year ended June 30, 2021.

Changes of assumptions

There were changes in economic assumptions for the fiscal year ended June 30, 2021.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution amounts in the schedule of employer contributions are calculated using the actuarial valuation as of June 30, 2019, 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, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	Closed period - 17 Years
Asset Valuation Method	Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market
Actuarial Assumptions	
Investment Rate of Return	7.00%, net of investment expenses
Projected Salary Increases	3.00%, plus service-based rates
Attributed to Inflation	2.75%
Cost-of-Living Adjustments	100% of CPI to 3.0% annually with banking, 2.6% annual increases assumed
Mortality	<p>Rates of ordinary death for active Members are specified by the CalPERS Pre-Retirement Non-Industrial Mortality table, adjusted by 97.2% for males and 101.6% for females, with generational mortality improvements projected from 2009 using Scale MP-2018. Duty related mortality rates are only applicable for Safety Active Members, and are based on the CalPERS Pre-Retirement Individual Death table without adjustment or projection.</p> <p>Rates of mortality for healthy retired Members and their beneficiaries are specified by the CalPERS Healthy Annuitant table, adjusted by 97.2% for males and 104.1% for females, with generational mortality improvements projected from 2009 using Scale MP-2018. Separate mortality assumptions are used for disabled retirees.</p>

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2021 can be found in the June 30, 2019 actuarial valuation report located on StanCERA's website, www.stancera.org.

OTHER SUPPLEMENTAL INFORMATION SCHEDULE
OF ADMINISTRATIVE EXPENSES For the Fiscal
Years Ended June 30, 2021 and 2020

	2021	2020
Personnel Services:		
Salaries and Employee Benefits	\$ 1,981,131	\$ 1,703,135
Total Personnel Services	<u>1,981,131</u>	<u>1,703,135</u>
Professional Services:		
Computer and Software Services and Support	340,267	302,702
Outside Legal Counsel	438,747	534,068
Disability Hearing Officer/Medical Exams and Reviews	26,445	6,500
External Audit Fees	46,608	48,182
Other Professional Services	2,018	9,549
Total Professional Services	<u>854,085</u>	<u>901,001</u>
Office Expenses:		
Office Supplies	12,665	14,654
Minor Equipment and Computer Supplies	15,397	28,370
Stanislaus County Support Services	162,416	156,540
Contract Services	30,094	40,955
Communications	53,530	72,868
Publications	3,018	6,579
Total Office Expenses	<u>277,120</u>	<u>319,966</u>
Miscellaneous:		
Fiduciary and Staff - Education/Travel	8,406	57,086
Fiduciary and Staff - Meetings/Other Travel	6,700	8,200
Insurance	109,979	79,187
Memberships	12,370	12,694
Depreciation	144,078	135,356
Total Miscellaneous	<u>281,533</u>	<u>292,523</u>
TOTAL ADMINISTRATIVE EXPENSES	<u><u>\$ 3,393,869</u></u>	<u><u>\$ 3,216,625</u></u>

OTHER SUPPLEMENTAL INFORMATION (continued)
SCHEDULE OF INVESTMENT MANAGEMENT FEES
AND OTHER INVESTMENT EXPENSES
For the Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
Investment Management Fees:		
Domestic Equity	\$ 914,752	\$ 736,104
International Equity	1,951,169	1,290,164
Fixed Income	453,779	497,084
Private Credit	1,256,507	696,650
Private Equity	924,556	294,894
Private Real Estate	5,183,644	3,077,952
Infrastructure	433,202	406,933
Real Estate Securities & Special Situations	62,513	90,412
Risk Parity	1,257,461	1,149,517
Total Investment Management Fees	12,437,583	8,239,710
Investment Consulting Fees	524,347	514,264
Investment Custodian Fees	342,344	333,477
Investment Legal Fees	179,113	112,140
Other Investment Related Expenses	2,299,994	2,427,312
Total Other Investment Expenses	3,345,798	3,387,193
Actuarial Fees	103,178	76,301
TOTAL INVESTMENT EXPENSES	\$ 15,886,559	\$ 11,703,204

SCHEDULE OF PAYMENTS TO CONSULTANTS
For the Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
Investment Professional Service Fees:		
Investment Consultants	\$ 524,347	\$ 514,264
Custodial Fees	342,344	333,477
Investment Attorney	179,113	112,140
Actuarial Fees	103,178	76,301
Total Investment Professional Service Fees	\$ 1,148,982	\$ 1,036,182
Administrative Professional Services Fees:		
Computer and Software Services and Support	\$ 340,267	\$ 302,702
Outside Legal Counsel	438,747	534,068
Disability Hearing Officer/Medical Exams and Reviews	26,445	6,500
External Audit Fees	46,608	48,182
Other Professional Services	2,018	9,549
Total Administrative Professional Services Fees	\$ 854,085	\$ 901,001

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Daniel Hennessy, CFA, CAIA
Senior Consultant

September 22, 2021

Board of Retirement
Stanislaus County Employees' Retirement System
832 12th Street, Suite 600
Modesto, CA 95354

Dear Board Members:

The overall objective of the Stanislaus County Employees' Retirement System (StanCERA) is to ensure continued access to retirement, disability and survivor benefits for current and future StanCERA participants. To ensure a solid foundation for the future of the Fund, StanCERA carefully plans and implements an investment program designed to produce superior long-term investment returns, while prudently managing the risk in the portfolio. Investment policy and asset allocation are reviewed and revised by the Board of Retirement, at least annually, to reflect the Fund's actuarial assumptions, accrued liabilities, and economic and investment outlook. The following is a report on the performance of the Fund for the year ended June 30, 2021 with background on the underlying capital market environment.

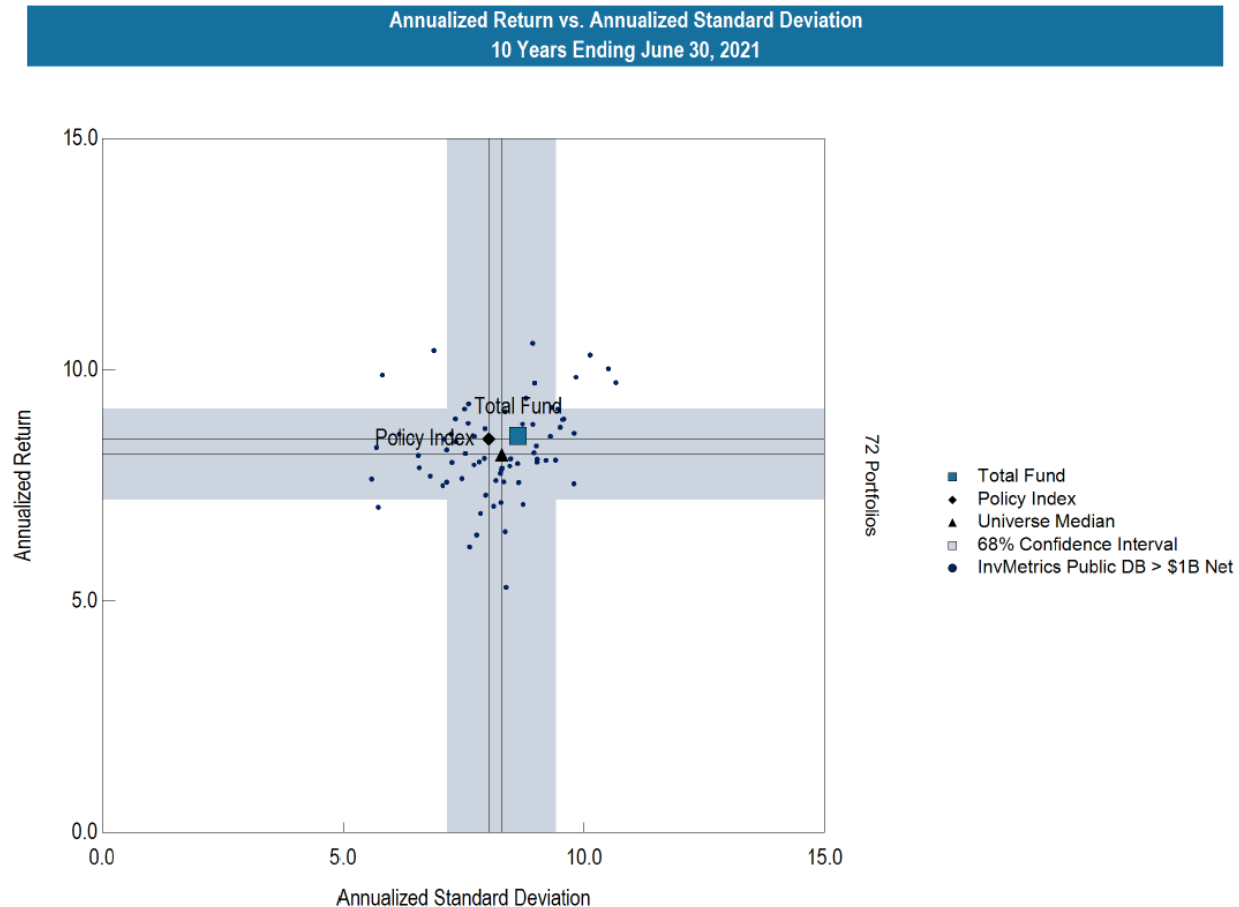
Market Review for the Year Ended June 30, 2021

The U.S. economic recovery took hold in the fiscal year ended 6/30/2021, a result of re-opening measures enacted in the wake of the COVID-19 pandemic, along with optimism surrounding the vaccine rollout to combat the virus. Global governments supported their economies through continued fiscal stimulus measures, including the \$1.9 trillion American Rescue Plan passed in March 2021. The Federal Reserve remained accommodative, leaving the Fed Funds Rate in a targeted range of 0.00% -to- 0.25%, and continued its quantitative easing program. Similar actions were taken by central banks globally. These stimulus measures, along with the vaccine rollout for COVID-19 and easing of lockdown restrictions, provided strong tailwinds for risk assets during the fiscal year. U.S. stocks posted their twelfth consecutive year of positive returns and outperformed international equities, returning a robust 40.8% as measured by the S&P 500 Index. International developed-markets equities (+32.3% for the year) performed well but lagged domestic equities significantly. Emerging markets equities returned 40.9%, outperforming both U.S. equities and international-developed markets equities. U.S. equity outperformance was driven in large part by economically sensitive sectors like Financials, Industrials, and Energy which were expected to benefit from re-opening measures. Reflecting a steepening yield curve over the year, U.S. high quality fixed income returns were modestly negative, returning -0.3% in the fiscal year as measured by the Bloomberg U.S. Aggregate Bond Index.

The StanCERA Investment Portfolio

The StanCERA total investment portfolio return, net of fees, was +25.2% for the year ended June 30, 2021. The median fund in the Investor Force peer group universe of large Public Funds returned 27.4% for the period, with StanCERA's total fund return ranking in the 72nd percentile. The Fund's five-year return for the period ended June 30, 2021 was +10.5% per year net of fees, outperforming the actuarial assumed rate of 7% and ranking in the 51st percentile of the large Public Fund peer group. The Fund's ten-year return for the period ended June 30, 2021 was +8.6% per year net of

fees, again outperforming the actuarial assumed rate of 7% and ranking in the 37th percentile of the large Public Fund peer group. The plan's ten-year average volatility was also slightly greater than most of its peer group, resulting in a risk-adjusted return (as measured by the Sharpe Ratio) of 0.93, which matched the average Sharpe Ratio for the plan's peer group.



With most global capital markets exhibiting relatively high valuations and divergent relative economic strength, and reported inflation increasing, the potential for downside risk and volatility are increasingly likely. Lower public equity exposure and broader diversification can help protect portfolios from significant declines. StanCERA's Board, staff, and NEPC have taken steps to further diversify the portfolio to protect the Fund from future equity declines, with increased policy targets for Treasuries, Private Credit, and Real Assets.

NEPC, LLC serves as StanCERA's independent investment consultant and provides StanCERA with asset allocation guidance, quarterly economic and investment market updates and performance reviews, together with investment manager monitoring and selection advice. In preparing our performance analysis for the Plan, we rely on the accuracy of financial data provided by the Plan's custodian bank and investment managers. Investment performance analysis and comparisons produced by NEPC have been calculated using standard performance evaluation methodologies and are consistent with industry standards, including calculation of returns using a time-weighted rate-of-return methodology based on market values reported by the custodian. The Plan's goals are measured against stated policy objectives, appropriate benchmarks and comparative universes over

multiple time periods. This review process allows the Plan to evaluate whether established goals are being achieved on an absolute, relative, and risk-adjusted basis.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Hennessy', with a stylized, cursive script.

Daniel Hennessy, Senior Consultant

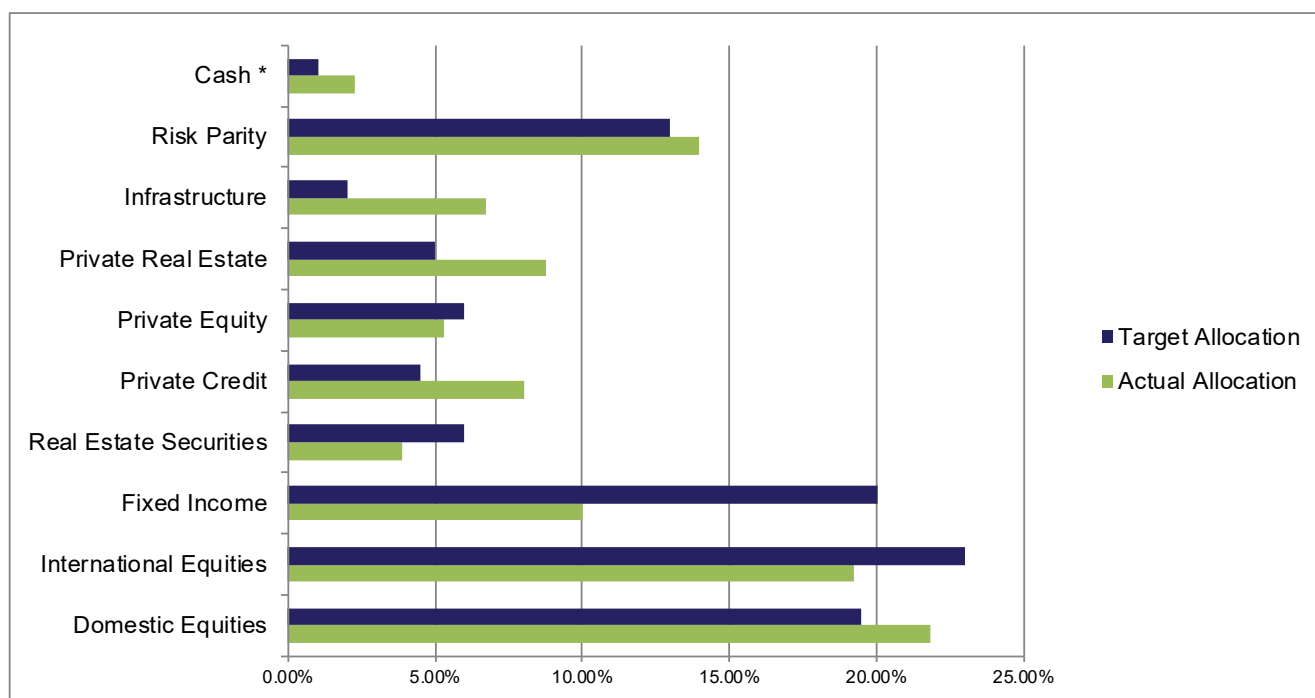
ASSET ALLOCATION
JUNE 30, 2021

Asset Class	Fair Value	Actual Allocation	Target Allocation
Domestic Equities	\$ 590,687,764	21.85%	19.50%
International Equities	520,295,575	19.24%	23.00%
Fixed Income	271,051,232	10.03%	20.00%
Real Estate Securities	104,485,885	3.86%	6.00%
Private Credit	216,383,761	8.00%	4.50%
Private Equity	143,759,880	5.32%	6.00%
Private Real Estate	237,150,895	8.77%	5.00%
Infrastructure	182,047,547	6.73%	2.00%
Risk Parity	376,887,462	13.94%	13.00%
Cash *	60,985,081	2.26%	1.00%
TOTAL PORTFOLIO**	\$ 2,703,735,082	100.00%	100.00%

* Excludes Pooled Cash in County Treasury of \$21,518,055.

** Excludes Securities Lending Cash Collateral.

StanCERA's Asset Allocation



* Excludes Pooled Cash in County Treasury of \$21,518,055.

SCHEDULE OF INVESTMENT RETURNS

As of June 30, 2021

Investment Managers	One Year	Three Year	Five Year	Ten Year
DOMESTIC EQUITY				
Northern Trust Russell 3000	49.7%	17.0%	17.4%	14.0%
Russell 3000	44.2%	18.7%	17.9%	14.7%
Russell 1000	43.1%	19.2%	18.0%	14.9%
eV US Large Cap Equity Net Rank	22.0%	33.0%	28.0%	27.0%
Russell 2000	62.0%	13.5%	16.5%	12.3%
eV US Small Cap Value Equity Net Rank	42.0%	60.0%	57.0%	64.0%
Dodge & Cox	57.6%	15.0%	16.7%	13.6%
Russell 1000 Value Index	43.7%	12.4%	11.9%	11.6%
BlackRock R1000 Value	43.7%	12.5%	12.0%	11.7%
Russell 1000 Value Index	43.7%	12.4%	11.9%	11.6%
BlackRock R1000 Growth	42.5%	25.1%	23.7%	17.9%
Russell 1000 Growth Index	42.5%	25.1%	23.7%	17.9%
Attucks Small Cap	68.6%	9.2%	13.5%	11.1%
Russell 2000 Value Index	73.3%	10.3%	13.6%	10.8%
FIXED INCOME				
Northern Trust Intermediate Gov't Bond	-1.2%	3.9%	N/A	N/A
BBgBarc US Govt Int TR	-1.1%	3.9%	1.9%	2.1%
Northern Trust Long Term Gov't Bond	-10.5%	7.9%	N/A	N/A
BBgBarc US Govt Long TR	-10.4%	8.0%	3.2%	6.6%
INTERNATIONAL EQUITY				
LSV Asset Management	37.1%	6.6%	10.2%	5.1%
Fidelity Asset Management	40.1%	11.5%	12.1%	6.6%
MSCI ACWI ex US Index	35.7%	9.4%	11.1%	5.4%
REAL ESTATE SECURITIES				
BlackRock US Real Estate Index	39.8%	8.0%	5.1%	N/A
DJ US Select RESI TR USD	40.0%	8.1%	5.2%	8.6%
PRIVATE CREDIT *				
Black Rock High Yield	N/A	N/A	N/A	N/A
Bloomberg US High Yield TR	15.4%	7.4%	7.5%	6.7%
Medley Opportunity Fund II	-3.2%	-11.4%	-6.9%	N/A
S&P/LSTA Leveraged Loan Index + 2%	13.9%	6.5%	7.1%	6.5%
Owl Rock First Lien	18.8%	N/A	N/A	N/A
S&P/LSTA Leveraged Loan Index + 2%	13.9%	6.5%	7.1%	6.5%
Raven Opportunity Fund I	-40.5%	-30.7%	-19.3%	N/A
S&P/LSTA Leveraged Loan Index + 2%	13.9%	6.5%	7.1%	6.5%
Raven Opportunity Fund III	1.8%	6.8%	3.8%	N/A
S&P/LSTA Leveraged Loan Index + 2%	13.9%	6.5%	7.1%	6.5%
Strategic Values Special Solutions Fund V, L.P.	N/A	N/A	N/A	N/A
S&P/LSTA Leveraged Loan Index + 2%	13.9%	6.5%	7.1%	6.5%
White Oak Global Advisors	15.8%	4.1%	4.3%	N/A
S&P/LSTA Leveraged Loan Index + 2%	13.9%	6.5%	7.1%	6.5%
PRIVATE EQUITY *				
Northern Trust Russell 3000	45.0%	N/A	N/A	N/A
Russell 3000	48.4%	22.2%	21.4%	18.1%
Gryphon Partners VI LP	N/A	N/A	N/A	N/A
Insight Patners XI	67.9%	N/A	N/A	N/A
Vista Foundation Fund IV	-80.2%	N/A	N/A	N/A
Russell 3000 + 3%	48.4%	22.2%	21.4%	18.1%
PRIVATE REAL ESTATE *				
Prime Property Fund	7.4%	5.4%	6.7%	N/A
NCREIF ODCE	8.0%	5.5%	6.6%	9.6%
PGIM Real Estate U.S. Debt Fund	5.4%	N/A	N/A	N/A
BBgBarc US CMBS Investment Grade	2.9%	5.9%	3.5%	4.1%
American Strategic Value Realty	8.5%	7.2%	8.5%	N/A
NCREIF Property Index	7.4%	5.5%	6.1%	8.8%
Greenfield Acquisition Partners VII	9.9%	10.8%	11.0%	N/A
Greenfield Acquisition Partners VIII	44.5%	29.4%	N/A	N/A
NCREIF ODCE +1%	9.1%	6.6%	7.6%	10.7%
INFRASTRUCTURE *				
North Haven Partners II	-1.7%	6.3%	8.4%	N/A
Northern Trust Infrastructure Fund	N/A	N/A	N/A	N/A
CPI + 5%	10.6%	7.7%	7.5%	7.0%
RISK PARITY				
AQR Global Risk Premium - EL	19.0%	8.8%	N/A	N/A
PanAgora Risk Parity Multi Asset	20.8%	11.0%	N/A	N/A
60% MSCI ACWI	23.6%	10.7%	9.8%	6.9%
TOTAL FUND	25.2%	10.1%	10.5%	8.6%
Policy Index	23.4%	10.4%	10.1%	8.5%

Note: % taken from NEPC Quarterly Report presented to Board of Retirement on 8/24/2021.

Using time-weighted rate of return based on the market rate of return.

Does not include Securities Lending Collateral.

* Investment Rate of Return (IRR) since inception is reported. One, three, five, and ten year returns are not available for these investments.

SCHEDULE OF INVESTMENTS BY ASSET CLASS AND MANAGER
As of June 30, 2021

Investment Managers	Asset Class	Assets Under Management	% of Fund
DOMESTIC EQUITY			
Dodge & Cox	Large Cap Value	\$ 124,449,065	4.60%
BlackRock R1000 Value	Large Cap Value	110,567,825	4.09%
BlackRock R1000 Growth	Large Cap Growth	250,764,712	9.27%
Northern Trust Russell 1000	Large Cap Growth	-	0.00%
Capital Prospects	Small Cap Value	104,906,162	3.88%
FIXED INCOME			
Dimensional Fund Advisors	Core Bond	-	0.00%
Insight	Core Bond	128,795,097	4.76%
NT Intermediate Bond	Core Bond	97,873,782	3.62%
NT Long Term Bond	Core Bond	44,132,182	1.63%
NT Long Term Bond	Core Bond	250,171	0.00%
INTERNATIONAL EQUITY			
LSV Asset Management	Equity Value	258,878,919	9.57%
Fidelity Asset Management	Equity Growth	261,416,656	9.67%
REAL ESTATE SECURITIES			
BlackRock US Real Estate	Real Estate Index	104,485,885	3.86%
PRIVATE CREDIT			
BlackRock High Yield	Private Credit	122,480,740	4.53%
Medley Opportunity Fund II	Private Credit	6,138,059	0.23%
Raven Opportunity Fund I	Private Credit	4,157,656	0.15%
Raven Opportunity Fund III	Private Credit	48,132,681	1.78%
White Oak Global Advisors	Private Credit	26,008,555	0.96%
Owl Rock First Lien	Private Credit	8,966,070	0.33%
Special Situations Fund	Private Credit	500,000	0.02%
PRIVATE REAL ESTATE			
American Realty Advisors	Private Real Estate	74,082,262	2.74%
Greenfield Acquisition Partners VII LP	Private Real Estate	7,605,806	0.28%
Grandview I-A	Private Real Estate	30,966,057	1.15%
PGIM	Private Real Estate	61,981,263	2.29%
Prime Property Fund	Private Real Estate	62,515,507	2.31%
PRIVATE EQUITY			
Clayton, Dubilier & Rice XI	Private Equity	420,177	0.02%
Gryphon Partners VI	Private Equity	6,776,765	0.25%
Insight Partners XI	Private Equity	18,829,655	0.70%
Northern Trust Russell 3000	Private Equity	112,522,092	4.16%
Vista Foundation IV Fund	Private Equity	5,211,191	0.19%
INFRASTRUCTURE			
NTAM Infrastructure	Infrastructure	144,644,134	5.35%
North Haven Partners II LP	Infrastructure	37,403,413	1.38%
RISK PARITY			
AQR	Risk Parity	185,409,446	6.86%
PanAgora	Risk Parity	191,478,016	7.08%
Total Assets Under Management		2,642,750,001	
Cash and Short-Term Investments		60,985,081	2.26%
Total Fund		\$ 2,703,735,082	100.00%

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

LARGEST BOND HOLDINGS (BY FAIR VALUE)
JUNE 30, 2021

Shares	Bond	Fair Value
2,800,000	PVTPL ENEL FIN INTL DUE 09-14-2025	\$ 3,175,608
2,845,000	CAMPBELL SOUP CO DUE 03-15-2025	3,137,969
2,693,000	COLUMBIA PIPELN DUE 06-01-2025	3,022,876
2,641,000	THERMO FISHER DUE 12-15-2025	2,913,284
2,552,000	BARCLAYS PLC DUE 01-12-2026	2,857,452
2,503,000	CIGNA CORP NEW DUE 02-25-2026 BEO	2,848,671
2,690,000	UNITED STATES TREAS NTS WI TREASURY DUE 11-30-2023	2,806,321
2,419,000	CAP 1 FINL CORP DUE 02-05-2025	2,599,882
2,500,000	UNITED STATES TREAS NTS DTD DUE 11-30-2024	2,579,590
2,333,000	DAIMLER FIN N AMER DUE 08-01-2024	2,491,924
2,298,000	WELLS FARGO & CO DUE 09-09-2024	2,477,535
2,200,000	APPLE INC DUE 05-13-2025	2,399,413
2,193,000	GRUPO BIMBO SAB DE CV GTD NT DUE 07-06-2024	2,363,807
2,204,000	STARBUCKS CORP DUE 06-15-2026	2,319,466
2,003,000	GENERAL MLS INC DUE 10-17-2023	2,143,312
2,039,000	WILLIAMS PARTNERS DUE 08-15-2022	2,087,919
2,058,000	SUMITOMO MITSUI DUE 10-19-2021	2,071,799
1,891,000	PVTPL BNP PARIBAS DUE 01-09-2025	2,028,216
1,983,000	AMGEN INC DUE 05-11-2022	2,016,872
2,000,000	PVTPL GMF FLOORPLAN OWNER REVOLVING DUE 09-15-2023	2,013,586

LARGEST STOCK HOLDINGS (BY FAIR VALUE)
JUNE 30, 2021

Shares	Stock	Fair Value
16,600	ROCHE HLDGS AG GENUSSSCHEINE NPV	\$ 6,259,458
124,500	WELLS FARGO & CO	5,638,605
74,000	SAMSUNG ELECTRONIC	5,302,846
68,500	SCHWAB CHARLES CORP	4,987,485
390,400	AIA GROUP LTD NPV	4,851,188
30,500	CAPITAL ONE FINL CORP	4,718,045
36,501	NESTLE SA CHF	4,549,841
1,800	ALPHABET INC	4,511,376
11,177	ROCHE HLDGS AG GENUSSSCHEINE NPV	4,214,576
38,700	SANOI	4,055,223
5,720	ASML HOLDING NV	3,930,272
68,500	COMCAST CORP	3,905,870
192,600	GLAXOSMITHKLINE ORD	3,776,559
140,600	NIPPON TELEGRAPH & TELEPHONE CORP NPV	3,666,697
60,000	METLIFE INC COM	3,591,000
66,800	SANOI	3,517,688
117,500	KON AHOLD DELHAIZE	3,493,335
49,600	JOHNSON CTLS INTL PLC	3,404,048
83,100	ADR GLAXOSMITHKLINE PLC	3,309,042
108,805	HP INC	3,284,823

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 Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
<u>Domestic Equities</u>		
BlackRock	\$ 46,872	\$ 55,767
Capital Prospects	658,157	537,413
Dodge & Cox	226,029	172,683
NT Russell 1000	30,566	26,009
Total Domestic Equities	961,624	791,872
<u>International Equities</u>		
LSV Asset Management	675,113	602,051
Fidelity Asset Management	1,276,056	688,113
Total International Equities	1,951,169	1,290,164
<u>Fixed Income</u>		
Dimensional Fund Advisors	205,991	209,144
Insight	212,990	259,436
NT Intermediate Bond	24,477	20,591
NT Long Term Bond	10,321	7,913
Total Fixed Income	453,779	497,084
<u>Real Estate Securities</u>		
BlackRock US Real Estate Index	15,641	34,644
Total Real Estate Securities	15,641	34,644
<u>Private Credit</u>		
Medley Opportunity Fund II	39,424	93,622
Raven Opportunity Fund I	-	72,508
Raven Opportunity Fund III	716,407	666,129
Owl Rock First	141,916	193,015
White Oak Global Advisors	358,760	(328,624)
Total Private Credit	1,256,507	696,650
<u>Private Real Estate</u>		
American Realty Advisors	791,272	576,229
Greenfield Acquisition Partners VII	626,341	231,113
Grandview I-A	2,577,972	1,244,094
Prime Property Fund	715,258	574,932
PGIM	472,801	451,584
Total Private Real Estate	5,183,644	3,077,952
<u>Private Equity</u>		
Clayton, Dubilier & Rice XI	195,044	-
Gryphon Partners VI	67,287	-
Insight Partners XI	262,225	150,938
Vista Foundation IV	400,000	143,956
Total Private Equity	924,556	294,894
<u>Infrastructure</u>		
North Haven Partners, LP	433,202	406,933
Total Infrastructure	433,202	406,933
<u>Risk Parity</u>		
AQR	639,736	600,047
PanAgora	617,725	549,470
Total Risk Parity	1,257,461	1,149,517
Total Investment Management Fees	12,437,583	8,239,710
<u>Other Investment Fees and Expenses</u>		
Consultant Fees	524,347	514,264
Custodial Fees	342,344	333,477
Investment Attorney	179,113	112,140
Other Investment Costs	2,299,994	2,427,312
Actuarial Fees	103,178	76,301
Total Other Investment Fees and Expenses	3,448,976	3,463,494
Total Investment Fees and Expenses	\$15,886,559	\$11,703,204

Schedule of Investment Broker Commissions

StanCERA participates in a commission recapture program administered by Cowen. 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 commissions paid on a specific percentage of trades sent to correspondent brokers on a timely basis. For the fiscal years ending June 30, 2021 and 2020, Commission Recapture Income was \$28,983 and \$25,624, respectively.

Below are the commissions paid by StanCERA for the fiscal years ended June 30:

		2021		
		# Shares	Commissions	Per Share
<u>Domestic Equities</u>				
Capital Prospects		519,406	\$ 14,789	\$ 0.028
	Total Domestic Equities	519,406	14,789	0.028
<u>International Equities</u>				
Fidelity Asset Management		15,344,560	167,647	0.011
	Total International Equities	15,344,560	167,647	-
	Total Investment Broker Commissions	15,863,966	\$ 182,436	\$ 0.012
		2020		
		# Shares	Commissions	Per Share
<u>Domestic Equities</u>				
Capital Prospects		570,990	\$ 15,104	\$ 0.026
	Total Domestic Equities	570,990	15,104	0.026
<u>International Equities</u>				
Fidelity Asset Management		12,447,623	96,438	0.008
	Total International Equities	12,447,623	96,438	0.008
	Total Investment Broker Commissions	13,018,613	\$ 111,542	\$ 0.009

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Via Electronic Mail

September 17, 2021

Actuarial Certification

This is the Actuary's Certification Letter for the Actuarial Section of the Comprehensive Annual Financial Report for the StanCERA Retirement Plan (the Plan) as of June 30, 2021. This letter includes references to two documents produced by Cheiron for the Plan: the Actuarial Valuation Report as of June 30, 2020 (transmitted January 21, 2021) and the GASB 67/68 Report as of June 30, 2021 (transmitted September 16, 2021).

Actuarial Valuation Report as of June 30, 2020

The purpose of the annual Actuarial Valuation Report as of June 30, 2020 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 2021-2022. The prior review was conducted as of June 30, 2019, and included recommended contribution rates for the Fiscal Year 2020-2021.

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, 2020), the amortization period is 16 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 Comprehensive Annual Financial Report, based on the June 30, 2020 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.

- Summary of Current Actuarial Assumptions and Methods

- Membership Information (Active, Deferred, and Retired)
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Analysis of Financial Experience: Change in Unfunded Actuarial Liability
- Schedule of Funded Liabilities by Type (formerly referred to as the Solvency Test)
- Schedule of Funding Progress
- 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 Cheiron covering the period from July 1, 2015 through June 30, 2018, 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 2021.

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 (ASOPs), in particular ASOPs No. 4, 27, 35, and 44.

GASB 67/68 Report as of June 30, 2021

The purpose of GASB 67/68 Report as of June 30, 2021 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, 2020 actuarial valuation updated to the measurement date of June 30, 2021. Between the valuation date and the measurement date, the Board adopted new economic assumptions, so the update procedures included calculating the June 30, 2020 liability under the new economic assumptions, then the addition of service cost and interest cost offset by actual benefit payments, to calculate the June 30, 2021 liability.

Please refer to our GASB 67/68 report as of June 30, 2021 for additional information related to the financial reporting of the System. We prepared the following schedules for inclusion in the Financial Section of the Comprehensive Annual Financial Report based on the June 30, 2021 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
- Schedule of Employer Contributions

- 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.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal, have a basic understanding of it, and have used it in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report.

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.

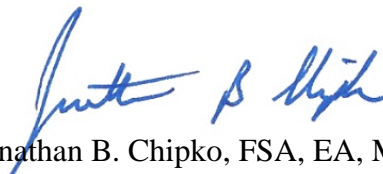
Cheiron's reports were prepared solely for StanCERA for the purposes described herein, except that the Plan's auditor may rely on these reports solely for the purpose of completing an audit related to the matters herein. They are not intended to benefit any third party, and Cheiron assumes no duty or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

These reports and their contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in these reports. 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,



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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, 2015 through June 30, 2018, approved by the StanCERA Board of Retirement on January 22, 2019. The actuarial valuation for the fiscal year ending June 30, 2020 was approved by the StanCERA Board of Retirement on January 26, 2021, which incorporated the following assumptions. The purpose of the annual actuarial valuation report as of June 30, 2020 is to determine the actuarial funding status of StanCERA on that date and to calculate recommended contribution rates for the participating employers and StanCERA members for the fiscal year 2021-2022. The prior actuarial valuation conducted as of June 30, 2019 included recommended contribution rates for the fiscal year 2020-2021 which was approved by the StanCERA Board of Retirement on February 19, 2020.

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 (16 years as of the current valuation).

Actuarial Value of Plan Assets

The Actuarial Value of Plan Assets is a modified market-related 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, 2020	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay
Remaining Amortization Period	16 Years	17 Years
Asset Valuation Method	Modified Market-Related Value smoothed over a five year period	Modified Market-Related Value smoothed over a five year period

Actuarial Assumptions

1. Rate of Return – The annual rate of return is assumed to be 6.75% net of investment expenses.
2. Cost-of-Living (COLA) – The COLA is assumed to be 2.50% per year as measured by the Consumer Price Index.
3. Administrative Expenses – An allowance of \$2,983,171 has been included in the annual cost calculation.
4. Interest Credited to Employee Accounts – 0.25% annually.
5. Increases in Pay – Base salary increase is assumed at 2.75%. 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.

Service	Safety	General
0	7.00%	5.00%
1	6.00%	5.00%
2	5.00%	5.00%
3	4.00%	5.00%
4	3.00%	5.00%
5	2.00%	3.50%
6	1.75%	2.50%
7	1.50%	1.50%
8	1.25%	1.25%
9	1.00%	1.00%
10	0.75%	0.75%
11+	0.50%	0.50%

6. Public Employees' Pension Reform Act (PEPRA) Compensation Limit – Assumption used for increasing the compensation limit that applies to PEPRA members is 2.75%.
7. Post Retirement COLA – 100% of Consumer Price Index up to 3% annually with banking, 2.6% 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 3.00% per year. General Tier 3 members have their benefits offset by an assumed Social Security Benefit.
9. Internal Revenue Code Section 415 Limit – have been applied to the benefits for members currently in pay status, as the limited benefits have been provided by StanCERA for valuation purposes.
10. Internal Revenue Code Section 401(a)(17) – not reflected in the valuation for funding purposes.
11. Family Composition – Spouses of male members are assumed to be three years younger than the member. Spouses of female members are assumed to be two years older than the member.

Percent Married	
Gender	Percentage
Males	80%
Females	50%

Actuarial Assumptions (continued)

12. Accumulated Vacation Time Load – Active members' service retirement and related benefits are loaded by 1.75% for Safety Members and 1.00% 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.

Service	Safety	General
	All	All
0	18.0%	18.0%
1	12.0%	14.0%
2	9.0%	11.7%
3	7.0%	9.4%
4	6.0%	7.1%
5	5.0%	5.0%
10	5.0%	3.5%
15	3.4%	2.9%
20	0.0%	1.5%
25	0.0%	1.3%
30+	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. 50% of vested terminated General members are assumed to be reciprocal, and 65% of vested Safety members are assumed to be reciprocal. Reciprocal members are assumed to receive 3.75% 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			
Age	Safety	General	
	All	Female	Male
20	0.0020%	0.0002%	0.0043%
25	0.0760%	0.0004%	0.0102%
30	0.1700%	0.0008%	0.0211%
35	0.2640%	0.0024%	0.0284%
40	0.3600%	0.0056%	0.0401%
45	0.4570%	0.0101%	0.0613%
50	0.5570%	0.0162%	0.0897%
55	0.6580%	0.0249%	0.1227%
60	0.7620%	0.0349%	0.1637%
65	0.8690%	0.0000%	0.0000%

Actuarial Assumptions (continued)

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			
Age	Safety	General	
	All	Female	Male
20	0.0100%	0.0100%	0.0170%
25	0.0100%	0.0100%	0.0170%
30	0.0200%	0.0240%	0.0190%
35	0.0300%	0.0710%	0.0390%
40	0.0400%	0.1350%	0.1020%
45	0.0500%	0.1880%	0.1510%
50	0.0800%	0.1990%	0.1580%
55	0.1300%	0.1490%	0.1580%
60	0.2000%	0.1050%	0.1530%
65	0.2000%	0.0880%	0.1280%
70+	-	0.0840%	0.1020%

18. Rates for Mortality for Healthy Lives – Rates of mortality for active Members are specified by the California Public Employees Retirement System (CalPERS) Pre-Retirement Non-Industrial Mortality table, adjusted by 97.2% for males and 101.6% for females, with generational mortality improvements projected from 2009 using SOA Scale MP-2018.

Mortality Rates			
Age	Duty Death	Ordinary Death - General & Safety	
	Safety All	Female	Male
20	0.0030%	0.0215%	0.0320%
25	0.0070%	0.0248%	0.0413%
30	0.0100%	0.0269%	0.0505%
35	0.0120%	0.0378%	0.0588%
40	0.0130%	0.0539%	0.0774%
45	0.0140%	0.0766%	0.1094%
50	0.0150%	0.1079%	0.1600%
55	0.0160%	0.1550%	0.2353%
60	0.0170%	0.2261%	0.3446%
65	0.0180%	0.3324%	0.4949%
70	0.0190%	0.4747%	0.6891%

Actuarial Assumptions (continued)

19. Disabled Member Mortality –

Non-Service Connected Disability Members are specified by the CalPERS Non-Industrial Disable Annuitant Mortality table, adjusted 104.5% for females, with generational mortality improvements projected from 2009 using SOA Scale MP-2018.

Service Connected Disability Members are adjusted by 101.9% for males using the same table and scale.

Disabled Mortality Rates				
	Non-Service Connected		Service Connected	
Age	Female	Male	Female	Male
45	0.892%	1.297%	0.298%	0.344%
50	1.285%	1.784%	0.495%	0.542%
55	1.327%	2.095%	0.460%	0.648%
60	1.578%	2.634%	0.633%	0.884%
65	2.138%	3.120%	1.066%	1.455%
70	2.941%	3.890%	1.775%	2.254%
75	4.041%	5.398%	2.952%	3.908%
80	6.287%	8.230%	4.978%	6.754%
85	10.327%	13.166%	7.959%	10.587%
90	16.806%	18.469%	12.335%	16.493%

20. Retired Member and Beneficiary Mortality - specified by the CalPERS Non-Industrial Disable Annuitant Mortality table, adjusted by 97.2% for males and 104.1% for females, with generational mortality improvements projected from 2009 using Scale MP-2018.

Retired Mortality Rates		
Age	Female	Male
45	0.221%	0.234%
50	0.515%	0.517%
55	0.479%	0.618%
60	0.556%	0.794%
65	0.779%	1.026%
70	1.317%	1.717%
75	2.283%	2.900%
80	3.847%	5.128%
85	6.949%	9.165%
90	12.841%	15.733%

21. Mortality Improvement – The mortality assumptions employ a fully generational mortality improvement projection from base year 2009 using Scale MP-2018.

Actuarial Assumptions (continued)

22. Service Retirement – Assumed to occur among eligible members in accordance with the following table for non-PEPRA Tiers 1 through 5.

Service Retirement - General				Service Retirement - Safety			
	Years of Service				Years of Service		
Age	0-9	10-29	30+	Age	0-9	10-19	20+
40-44	0.00%	0.00%	0.00%	40-48	0.00%	0.00%	5.00%
45-49	0.00%	0.00%	10.00%	49	0.00%	0.00%	20.00%
50-54	0.00%	5.00%	10.00%	50	0.00%	10.00%	30.00%
55	0.00%	7.50%	20.00%	51	0.00%	10.00%	20.00%
56	0.00%	7.50%	20.00%	52	0.00%	10.00%	20.00%
57	0.00%	7.50%	20.00%	53	0.00%	10.00%	20.00%
58	0.00%	12.50%	20.00%	54	0.00%	10.00%	20.00%
59	0.00%	12.50%	20.00%	55	0.00%	10.00%	30.00%
60	0.00%	12.50%	25.00%	56	0.00%	10.00%	30.00%
61	0.00%	20.00%	25.00%	57	0.00%	10.00%	30.00%
62	0.00%	25.00%	40.00%	58	0.00%	10.00%	30.00%
63	0.00%	20.00%	25.00%	59	0.00%	10.00%	30.00%
64	0.00%	25.00%	25.00%	60	0.00%	25.00%	100.00%
65	0.00%	35.00%	35.00%	61	0.00%	25.00%	100.00%
66	0.00%	45.00%	45.00%	62	0.00%	25.00%	100.00%
67	0.00%	20.00%	25.00%	63	0.00%	25.00%	100.00%
68	0.00%	20.00%	25.00%	64	0.00%	25.00%	100.00%
69	0.00%	20.00%	25.00%	65	0.00%	100.00%	100.00%
70	50.00%	50.00%	100.00%	66	0.00%	100.00%	100.00%
71	50.00%	50.00%	100.00%	67	0.00%	100.00%	100.00%
72	50.00%	50.00%	100.00%	68	0.00%	100.00%	100.00%
73	50.00%	50.00%	100.00%	69	0.00%	100.00%	100.00%
74	50.00%	50.00%	100.00%	70+	100.00%	100.00%	100.00%
75+	100.00%	100.00%	100.00%				

Actuarial Assumptions (continued)

23. PEPRA – Retirement for members in PEPRA, Tier 6, are assumed to occur among eligible members in accordance with the sample rates below, from the full tables CALPERS Public Agency Miscellaneous 2% @ 62 table for General and the CALPERS Public Agency Safety Police 2.7% @ 57 table for Safety:

Service Retirement - General (PEPRA)				
	Years of Service			
Age	5	10	25	35
50-51	0.00%	0.00%	0.00%	0.00%
52	0.50%	0.80%	1.90%	3.80%
53	0.70%	1.10%	2.10%	4.80%
54	0.70%	1.10%	2.30%	5.40%
55	1.00%	1.90%	6.10%	15.20%
56	1.40%	2.60%	7.50%	16.70%
57	1.80%	2.90%	7.40%	14.30%
58	2.30%	3.50%	7.30%	13.50%
59	2.50%	3.80%	9.20%	17.50%
60	3.10%	5.10%	11.10%	18.30%
61	3.80%	5.80%	12.10%	23.20%
62	4.40%	7.40%	16.40%	27.10%
63	7.70%	10.50%	19.20%	26.60%
64	7.20%	10.10%	18.70%	27.60%
65	10.80%	14.10%	23.90%	34.80%
66	13.20%	17.20%	29.20%	42.60%
67	13.20%	17.20%	29.20%	40.50%
68	12.00%	15.60%	26.50%	38.70%
69	12.00%	15.60%	26.50%	36.80%
70	12.00%	15.60%	26.50%	38.70%
71	12.00%	15.60%	26.50%	38.70%
72	12.00%	15.60%	26.50%	38.70%
73	12.00%	15.60%	26.50%	38.70%
74	12.00%	15.60%	26.50%	38.70%
75+	100.00%	100.00%	100.00%	100.00%

Service Retirement - Safety (PEPRA)				
	Years of Service			
Age	5	10	25	35
50	5.00%	5.00%	5.00%	11.00%
51	4.00%	4.00%	5.75%	13.92%
52	3.80%	3.80%	5.80%	13.21%
53	3.80%	3.80%	7.74%	28.98%
54	3.80%	3.80%	9.31%	33.25%
55	6.84%	6.84%	13.40%	38.76%
56	6.27%	6.27%	12.28%	34.49%
57	6.00%	6.00%	11.75%	32.00%
58	8.00%	8.00%	13.75%	35.00%
59	8.00%	8.00%	14.00%	40.00%
60	15.00%	15.00%	15.00%	35.00%
61	14.40%	14.40%	14.40%	26.40%
62	15.00%	15.00%	15.00%	33.00%
63	15.00%	15.00%	15.00%	40.00%
64	15.00%	15.00%	15.00%	52.50%
65+	100.00%	100.00%	100.00%	100.00%

24. Changes in actuarial assumptions – Details of all assumption changes can be found in the Actuarial Experience Study Report on StanCERA's website at <http://www.stancera.org> for the period covering July 1, 2015 through June 30, 2018. The proposed assumptions were summarized and reviewed with the Board at the January 22, 2019 Board meeting, at which the Board provided direction to proceed with the valuation based on those assumptions.

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
6/30/2011	General	3,232	\$ 184,906,498	\$ 57,211	-1.99%	8
	Safety	637	41,800,298	65,621	-3.60%	
	Total	3,869	\$ 226,706,796	\$ 58,596	-2.30%	
6/30/2012	General	3,233	\$ 179,260,736	\$ 55,447	-3.08%	8
	Safety	661	41,657,273	63,022	-3.96%	
	Total	3,894	\$ 220,918,009	\$ 56,733	-3.18%	
6/30/2013	General	3,230	\$ 176,437,755	\$ 54,625	-1.48%	8
	Safety	694	42,590,563	61,370	-2.62%	
	Total	3,924	\$ 219,028,318	\$ 55,818	-1.61%	
6/30/2014	General	3,303	\$ 179,606,090	\$ 54,377	-0.45%	8
	Safety	689	43,422,198	63,022	2.69%	
	Total	3,992	\$ 223,028,288	\$ 55,869	0.09%	
6/30/2015	General	3,421	\$ 188,550,804	\$ 55,116	1.36%	8
	Safety	723	49,166,923	68,004	7.91%	
	Total	4,144	\$ 237,717,727	\$ 57,364	2.68%	
6/30/2016	General	3,521	\$ 198,457,059	\$ 56,364	2.26%	8
	Safety	727	52,020,521	71,555	5.22%	
	Total	4,248	\$ 250,477,580	\$ 58,964	2.79%	
6/30/2017	General	3,552	\$ 201,758,423	\$ 56,801	0.78%	8
	Safety	757	54,385,261	71,843	0.40%	
	Total	4,309	\$ 256,143,684	\$ 59,444	0.81%	
6/30/2018	General	3,658	\$ 211,919,963	\$ 57,933	1.99%	8
	Safety	794	58,835,257	74,100	3.14%	
	Total	4,452	\$ 270,755,220	\$ 60,817	2.31%	
6/30/2019	General	3,690	\$ 220,393,008	\$ 59,727	3.10%	8
	Safety	814	63,615,295	78,151	5.47%	
	Total	4,504	\$ 284,008,303	\$ 63,057	3.68%	
6/30/2020	General	3,652	\$ 221,652,587	\$ 60,693	1.62%	8
	Safety	806	63,673,695	79,000	1.09%	
	Total	4,458	\$ 285,326,282	\$ 64,003	1.50%	

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 PROGRESS
(FOR FISCAL YEARS ENDED JUNE 30)**

Actuarial Valuation Date	Valuation Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a % of Covered Payroll
2011	\$1,372,046,000	\$1,757,718,000	\$ 385,672,000	78.1%	\$ 226,706,796	170.1%
2012	\$1,451,764,000	\$1,888,713,000	\$ 436,949,000	76.9%	\$ 220,918,009	197.8%
2013	\$1,524,076,000	\$1,919,227,000	\$ 395,151,000	79.4%	\$ 219,028,318	180.4%
2014	\$1,644,077,000	\$2,026,371,000	\$ 382,294,000	81.1%	\$ 223,028,288	171.4%
2015	\$1,763,629,000	\$2,391,522,000	\$ 627,893,000	73.7%	\$ 237,717,727	264.1%
2016	\$1,845,764,000	\$2,537,067,000	\$ 691,303,000	72.8%	\$ 250,477,580	276.0%
2017	\$1,968,231,000	\$2,648,162,000	\$ 679,931,000	74.3%	\$ 256,143,684	265.4%
2018	\$2,100,278,000	\$2,749,068,000	\$ 648,790,000	76.4%	\$ 270,755,220	239.6%
2019	\$2,199,956,000	\$2,897,223,000	\$ 697,267,000	75.9%	\$ 284,008,303	245.5%
2020	\$2,290,287,000	\$3,028,647,000	\$ 738,360,000	75.6%	\$ 285,326,282	258.8%

¹ Excludes value of Non-Valuation Reserves.

**RETIREES AND BENEFICIARIES ADDED TO
AND REMOVED FROM RETIREE PAYROLL
(FOR FISCAL 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
2011	2,830	263	\$ 4,724,416	78	\$ 1,194,042	3,015	\$ 74,826,404	4.70%	\$ 25,732
2012	3,015	226	\$ 3,565,634	99	\$ 978,729	3,142	\$ 80,157,222	7.12%	\$ 26,737
2013	3,142	198	\$ 6,036,138	91	\$ 1,144,584	3,249	\$ 89,975,736	12.25%	\$ 27,694
2014	3,249	222	\$ 6,703,273	86	\$ 1,725,066	3,385	\$ 96,405,454	7.15%	\$ 28,480
2015	3,385	237	\$ 7,778,716	83	\$ 2,043,313	3,539	\$ 104,052,097	7.93%	\$ 29,402
2016	3,539	211	\$ 7,066,750	99	\$ 2,160,689	3,651	\$ 111,260,240	6.93%	\$ 30,474
2017	3,651	202	\$ 6,749,973	107	\$ 2,471,229	3,746	\$ 117,901,627	5.97%	\$ 31,474
2018	3,746	233	\$ 7,555,825	123	\$ 3,109,178	3,856	\$ 124,995,337	6.02%	\$ 32,416
2019	3,856	242	\$ 8,421,538	97	\$ 2,580,158	4,001	\$ 133,601,799	6.89%	\$ 33,392
2020	4,001	283	\$ 11,277,136	107	\$ 3,164,436	4,177	\$ 144,745,530	8.34%	\$ 34,653

**SCHEDULE OF FUNDED LIABILITIES BY TYPE
SOLVENCY TEST
(FOR FISCAL YEARS ENDED JUNE 30)**

Valuation Date	Actuarial Accrued Liabilities (AAL) for:			Actuarial Accrued Liabilities	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
	1	2	3			1	2	3
	Active Member Contributions	Retirees & Beneficiaries	Active Members Employer Portion					
2011	\$ 337,201,000	\$ 897,384,000	\$ 523,133,000	\$ 1,757,718,000	\$ 1,372,046,000	100%	100%	26%
2012	\$ 351,569,000	\$ 987,546,000	\$ 549,598,000	\$ 1,888,713,000	\$ 1,451,764,000	100%	100%	20%
2013	¹ \$ 191,968,000	\$ 1,065,792,000	\$ 661,466,000	\$ 1,919,227,000	\$ 1,524,076,000	100%	100%	40%
2014	\$ 193,301,000	\$ 1,144,734,000	\$ 688,335,000	\$ 2,026,371,000	\$ 1,644,077,000	100%	100%	44%
2015	\$ 196,074,000	\$ 1,337,781,000	\$ 857,667,000	\$ 2,391,522,000	\$ 1,763,629,000	100%	100%	27%
2016	\$ 200,960,000	\$ 1,427,166,000	\$ 908,941,000	\$ 2,537,067,000	\$ 1,845,764,000	100%	100%	24%
2017	\$ 206,386,000	\$ 1,510,151,000	\$ 931,625,000	\$ 2,648,162,000	\$ 1,968,231,000	100%	100%	27%
2018	\$ 213,223,000	\$ 1,590,078,000	\$ 945,767,000	\$ 2,749,068,000	\$ 2,100,278,000	100%	100%	31%
2019	\$ 219,369,000	\$ 1,695,484,000	\$ 982,369,000	\$ 2,897,223,000	\$ 2,199,956,000	100%	100%	29%
2020	\$ 222,390,000	\$ 1,833,388,000	\$ 972,868,000	\$ 3,028,647,000	\$ 2,290,287,000	100%	100%	24%

¹ Reflects transfer as of June 30, 2008 of \$50 million from Non-Valuation to Valuation Reserves.

**ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE
(FOR FISCAL YEARS ENDED JUNE 30)**

Plan Year Ending	Actuarial (Gains)/Losses			Changes in Plan Provisions	Changes in Assumption/Methods
	Asset Sources	Liability Sources	Total		
2011	\$ 49,205,018	\$ (2,387,353)	\$ 46,817,665	\$ -	\$ (72,086,000)
2012	\$ (5,283,786)	\$ 6,191,029	\$ 907,243	\$ -	\$ 52,606,350
2013	\$ 10,200,000	\$ 8,500,000	\$ 18,700,000	\$ -	\$ (63,400,000)
2014	\$ (22,600,000)	\$ 6,100,000	\$ (16,500,000)	\$ -	\$ 400,000
2015	\$ (20,600,000)	\$ (5,600,000)	\$ (26,200,000)	\$ -	\$ 269,800,000
2016	\$ 16,300,000	\$ 28,900,000	\$ 45,200,000	\$ -	\$ -
2017	\$ (20,800,000)	\$ (8,900,000)	\$ (29,700,000)	\$ -	\$ -
2018	¹ \$ (12,400,000)	\$ 16,800,000	\$ 4,400,000	\$ -	\$ (37,800,000)
2019	\$ 28,700,000	\$ 30,800,000	\$ 59,500,000	\$ -	\$ -
2020	\$ 42,100,000	\$ 7,400,000	\$ 49,500,000	\$ -	\$ -

¹ Changes due to Actuarial Audit included as Liability Loss of \$700,000.

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 INFORMATION

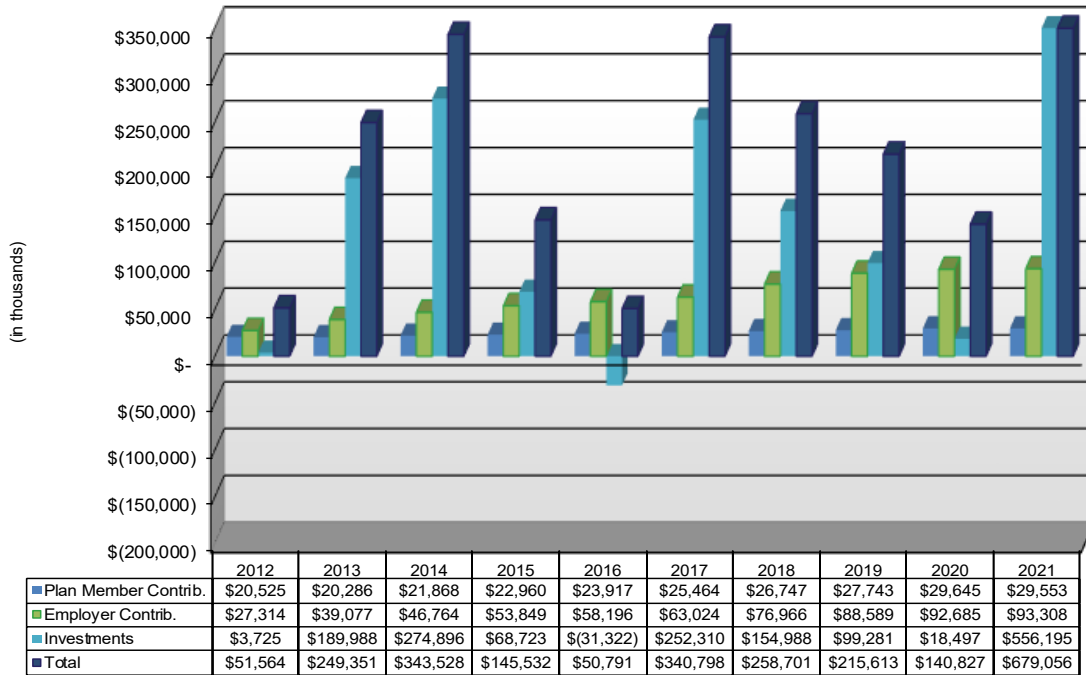
This section provides a multi-year trend of financial and demographic information to facilitate a more comprehensive understanding of this year's financial statements, note disclosures, and supplementary information covering StanCERA's Plan. The financial and operating information provides additional 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 Ended June 30

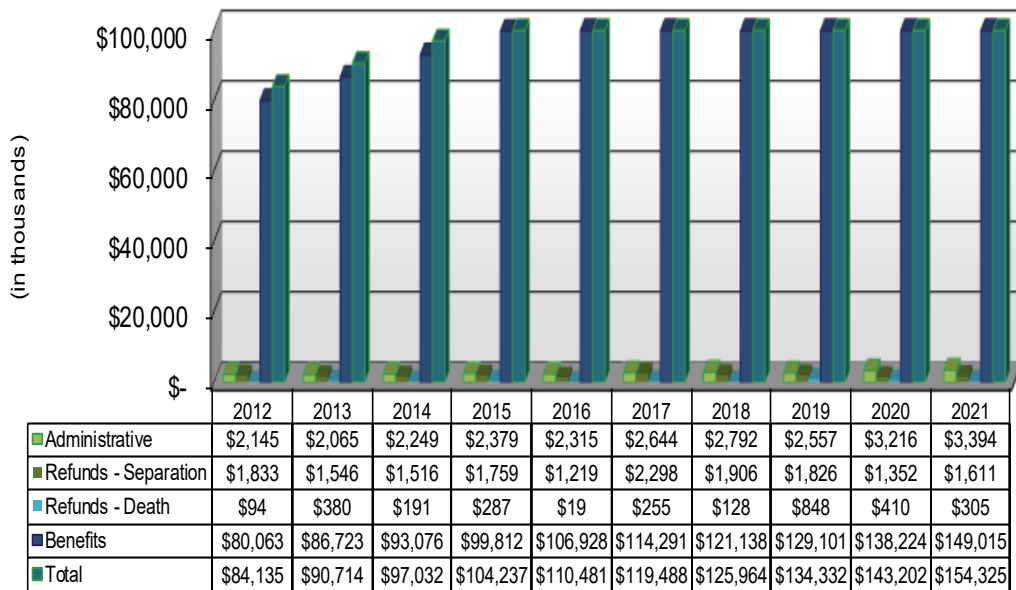
Additions To Fiduciary Net Position	2021	2020	2019	2018	2017
Employer Contributions	\$ 93,307,629	\$ 92,684,609	\$ 88,589,381	\$ 76,966,471	\$ 63,024,559
Plan Member Contributions	29,553,123	29,645,645	27,742,863	26,746,289	25,463,745
Net Investment Income (Loss)	556,195,649	18,496,773	99,280,525	154,988,199	252,309,706
<i>Total Additions</i>	<i>\$ 679,056,401</i>	<i>\$ 140,827,027</i>	<i>\$ 215,612,769</i>	<i>\$ 258,700,959</i>	<i>\$ 340,798,010</i>
 Deductions From Fiduciary Net Position					
Pension Benefits	\$ 149,015,287	\$ 138,223,922	\$ 129,100,668	\$ 121,138,269	\$ 114,290,758
Refunds	1,915,614	1,761,673	2,674,023	2,033,847	2,553,100
Administrative Expense	3,393,869	3,216,625	2,557,391	2,791,409	2,644,554
<i>Total Deductions</i>	<i>\$ 154,324,770</i>	<i>\$ 143,202,220</i>	<i>\$ 134,332,082</i>	<i>\$ 125,963,525</i>	<i>\$ 119,488,412</i>
 Change in Fiduciary Net Position Restricted for Pension Benefits	 \$ 524,731,631	 \$ (2,375,193)	 \$ 81,280,687	 \$ 132,737,434	 \$ 221,309,598
 Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	2,205,866,239	2,208,241,432	2,126,960,745	1,994,223,311	1,772,913,713
End of Year	<u>\$2,730,597,870</u>	<u>\$2,205,866,239</u>	<u>\$2,208,241,432</u>	<u>\$2,126,960,745</u>	<u>\$1,994,223,311</u>
 Additions To Fiduciary Net Position	2016	2015	2014	2013	2012
Employer Contributions	\$ 58,196,310	\$ 53,849,031	\$ 46,763,996	\$ 39,077,480	\$ 27,314,032
Plan Member Contributions	23,916,508	22,960,235	21,867,911	20,285,888	20,525,295
Net Investment Income (Loss)	(31,322,276)	68,722,781	274,896,108	189,988,287	3,724,754
<i>Total Additions</i>	<i>\$ 50,790,542</i>	<i>\$ 145,532,047</i>	<i>\$ 343,528,015</i>	<i>\$ 249,351,655</i>	<i>\$ 51,564,081</i>
 Deductions From Fiduciary Net Position					
Pension Benefits	\$ 106,928,097	\$ 99,811,849	\$ 93,076,127	\$ 86,722,499	\$ 80,062,975
Refunds	1,237,713	2,046,307	1,706,344	1,926,062	1,927,058
Administrative Expense	2,315,223	2,378,966	2,249,260	2,065,345	2,144,748
<i>Total Deductions</i>	<i>\$ 110,481,033</i>	<i>\$ 104,237,122</i>	<i>\$ 97,031,731</i>	<i>\$ 90,713,906</i>	<i>\$ 84,134,781</i>
 Change in Fiduciary Net Position Restricted for Pension Benefits	 \$ (59,690,491)	 \$ 41,294,925	 \$ 246,496,284	 \$ 158,637,749	 \$ (32,570,700)
 Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	1,832,604,204	1,791,309,279	1,544,812,995	1,386,175,246	1,418,745,946
End of Year	<u>\$1,772,913,713</u>	<u>\$1,832,604,204</u>	<u>\$1,791,309,279</u>	<u>\$1,544,812,995</u>	<u>\$1,386,175,246</u>

Additions by Source
(for fiscal years ending June 30)



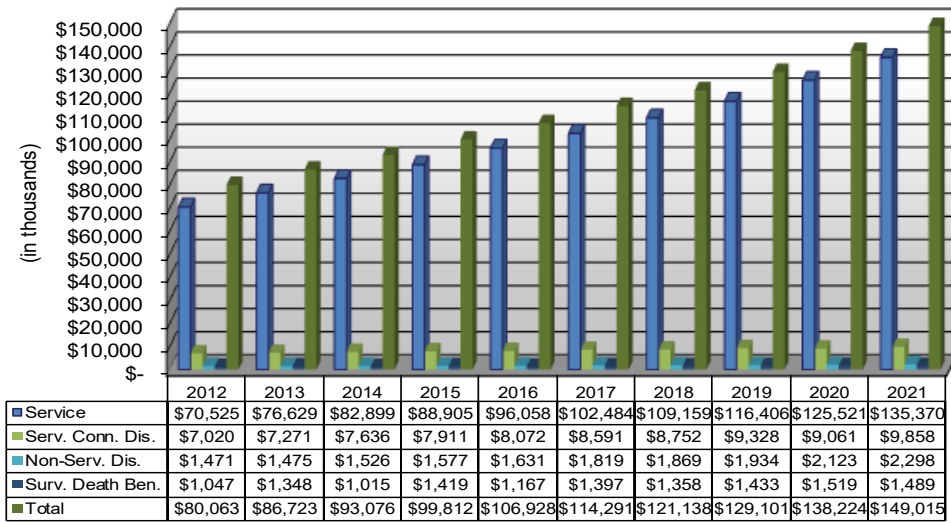
Data Source: ACFR Financial Section, Statement of Changes in Fiduciary Net Position

Deductions by Type
(for fiscal years ending June 30)



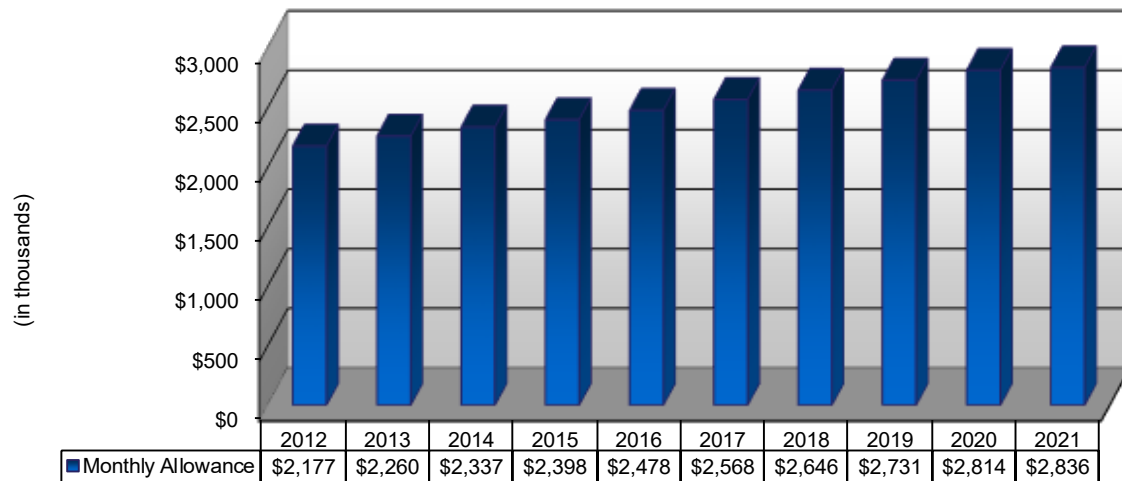
Data Source: ACFR Financial Section, Statement of Changes in Fiduciary Net Position

**Benefit Expense by Type
(for fiscal years ending June 30)**



Data Source: StanCERA Pension Administration System

**Average Monthly Retirement Benefits
(for fiscal years ending June 30)**



Data Source: StanCERA Pension Administration System

RETIRED MEMBERS BY BENEFIT TYPE
as of June 30, 2021

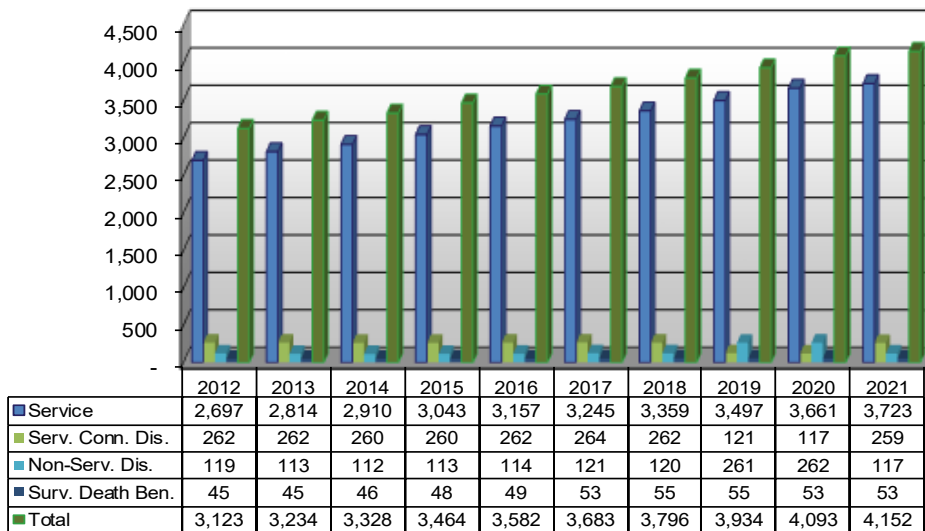
Amount Monthly Benefit	Total # Retirees	Service Retirement	Service Connected Disability	Non-Service Disability	Survivors
General Members					
\$0-500	326	316	2	7	1
501-1,000	429	387	1	22	19
1,001-1,500	519	463	8	36	12
1,501-2,000	407	356	24	25	2
2,001-2,500	367	328	27	8	4
2,501-3,000	286	259	22	4	1
3,001-3,500	205	196	5	3	1
3,501-4,000	173	168	4	0	1
4,001-4,500	146	145	0	0	1
4,501-5,000	118	116	2	0	0
over 5,000	453	451	1	1	0
Totals	3,429	3,185	96	106	42
Safety Members					
\$0-500	31	16	14	1	0
501-1,000	27	21	3	1	2
1,001-1,500	29	27	0	1	1
1,501-2,000	40	34	2	4	0
2,001-2,500	49	40	5	3	1
2,501-3,000	38	21	16	0	1
3,001-3,500	85	36	48	1	0
3,501-4,000	87	41	42	0	4
4,001-4,500	48	33	15	0	0
4,501-5,000	41	34	6	0	1
over 5,000	248	235	12	0	1
Totals	723	538	163	11	11
TOTALS	4,152	3,723	259	117	53

Data Source: StanCERA Pension Administration System

AVERAGE BENEFIT PAYMENTS**As of Fiscal Year-End June 30**

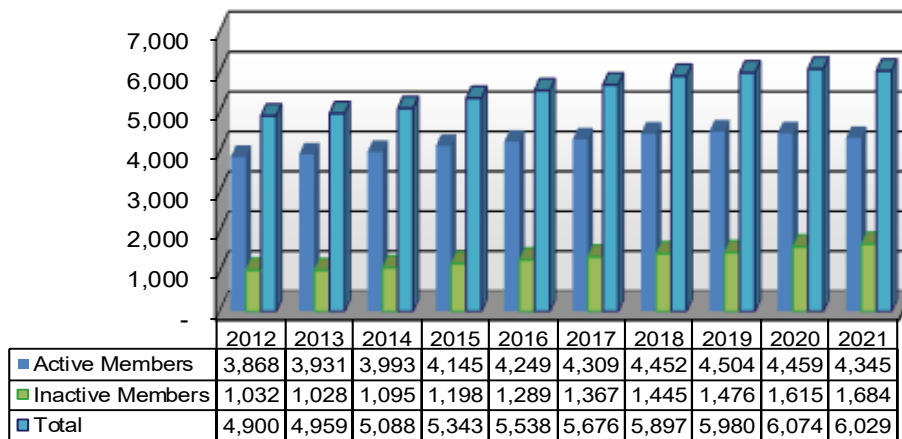
	Beneficiaries		Service Years Credited					
	& Dro's	0-5	5-10	10-15	15-20	20-25	25-30	30+
Fiscal Year Ending June 30, 2012								
Average Monthly Benefit	\$1,405	\$596	\$1,040	\$1,212	\$1,918	\$2,654	\$3,860	\$5,152
Avg Final Average Salary	\$2,612	\$4,848	\$3,857	\$3,620	\$3,963	\$4,393	\$4,812	\$5,815
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
Fiscal Year Ending June 30, 2016								
Average Monthly Benefit	\$1,548	\$652	\$1,186	\$1,462	\$2,231	\$3,034	\$4,342	\$5,669
Avg Final Average Salary	\$2,901	\$5,766	\$4,535	\$4,187	\$4,513	\$4,779	\$5,297	\$6,061
Number of Active Retirees	412	230	420	699	573	525	398	380
Fiscal Year Ending June 30, 2017								
Average Monthly Benefit	\$1,620	\$791	\$1,203	\$1,520	\$2,338	\$3,172	\$4,482	\$5,790
Avg Final Average Salary	\$3,006	\$5,453	\$4,588	\$4,293	\$4,666	\$4,946	\$5,413	\$6,076
Number of Active Retirees	378	274	438	716	593	547	413	384
Fiscal Year Ending June 30, 2018								
Average Monthly Benefit	\$1,768	\$801	\$1,208	\$1,551	\$2,406	\$3,289	\$4,600	\$5,912
Avg Final Average Salary	\$3,617	\$5,738	\$4,679	\$4,379	\$4,776	\$5,123	\$5,512	\$6,102
Number of Active Retirees	333	281	461	732	614	548	430	397
Fiscal Year Ending June 30, 2019								
Average Monthly Benefit	\$1,851	\$891	\$1,222	\$1,616	\$2,503	\$3,493	\$4,713	\$6,057
Avg Final Average Salary	\$3,674	\$6,014	\$4,734	\$4,487	\$4,907	\$5,361	\$5,574	\$6,203
Number of Active Retirees	351	298	470	753	642	572	440	408
Fiscal Year Ending June 30, 2020								
Average Monthly Benefit	\$1,796	\$1,288	\$1,374	\$2,970	\$3,319	\$5,264	\$11,881	\$6,857
Avg Final Average Salary	\$3,422	\$6,235	\$4,843	\$4,592	\$5,039	\$5,495	\$5,775	\$6,290
Number of Active Retirees	445	308	486	771	665	604	464	425
Fiscal Year Ending June 30, 2021								
Average Monthly Benefit	\$1,979	\$1,040	\$1,272	\$1,791	\$2,710	\$3,839	\$5,161	\$6,547
Avg Final Average Salary	\$4,109	\$5,958	\$4,898	\$4,751	\$5,156	\$5,636	\$5,885	\$6,447
Number of Active Retirees	501	284	488	770	669	617	462	435

Membership History Retired (For Years Fiscal Ending June 30)



Data Source: StanCERA Pension Administration System

Membership History Active Deferred (For Fiscal Years Ending June 30)



Data Source: StanCERA Pension Administration System

PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS WITH PERCENTAGE OF TOTAL SYSTEM
(for years ended June 30)

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>	
Stanislaus County:										
General Members	3,181	73.2%	3,273	73.4%	3,305	73.4%	3,307	74.3%	3,202	74.3%
Safety Members	717	16.5%	726	16.3%	734	16.3%	721	16.2%	676	15.7%
Total	3,898		3,999		4,039		4,028		3,878	
Participating Agencies:										
Stanislaus County Superior Court	225	5.2%	234	5.2%	239	5.3%	219	4.9%	217	5.0%
City of Ceres	182	4.2%	186	4.2%	185	4.1%	171	3.8%	180	4.2%
East Side Mosquito Abatement District	9	0.2%	9	0.2%	10	0.2%	9	0.2%	9	0.2%
Hills Ferry Cemetery	3	0.1%	3	0.1%	3	0.1%	3	0.1%	3	0.1%
Keyes Community Services District	7	0.2%	7	0.2%	7	0.2%	6	0.1%	6	0.1%
Salida Sanitary District	7	0.2%	7	0.2%	7	0.2%	6	0.1%	7	0.2%
Stanislaus Council of Governments	14	0.3%	14	0.3%	14	0.3%	10	0.2%	9	0.2%
Total	447		460		465		424		431	
Total Active Membership	4,345		4,459		4,504		4,452		4,309	
	2016		2015		2014		2013		2012	
Stanislaus County:										
General Members	3,156	74.3%	3,062	73.9%	2,963	74.2%	2,903	73.8%	2,852	73.7%
Safety Members	645	15.2%	643	15.5%	602	15.1%	606	15.4%	574	14.8%
Total	3,801		3,705		3,565		3,509		3,426	
Participating Agencies:										
Stanislaus County Superior Court	228	5.4%	224	5.4%	212	5.3%	205	5.2%	229	5.9%
City of Ceres	184	4.3%	181	4.4%	181	4.5%	178	4.5%	173	4.5%
East Side Mosquito Abatement District	10	0.2%	8	0.2%	9	0.2%	10	0.3%	10	0.3%
Hills Ferry Cemetery	3	0.1%	3	0.1%	3	0.1%	4	0.1%	4	0.1%
Keyes Community Services District	6	0.2%	6	0.1%	6	0.1%	5	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	10	0.2%	11	0.3%	10	0.3%	13	0.3%	13	0.3%
Total	448		440		428		422		442	
Total Active Membership	4,249		4,145		3,993		3,931		3,868	

Data Source: StanCERA Pension Administration System

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