

Comprehensive Annual Financial Report

For the Fiscal Years Ended
June 30, 2011 and 2010

*“Everything should be made as simple as possible,
but not simpler.” -Albert Einstein*

Ensuring tomorrow's benefits through prudent management.



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

Cover Source:

Irizarry, Luiana M. *Auf Wiedersehen*. 2011. jpg. StanCERA, Modesto.

Stanislaus County Employees' Retirement Association

(A Pension Trust Fund of The County of Stanislaus, California)

Comprehensive Annual Financial Report

For the Years Ended
June 30, 2011 and 2010

Issued By

Tom Watson
Retirement Administrator

StanCERA
Staff

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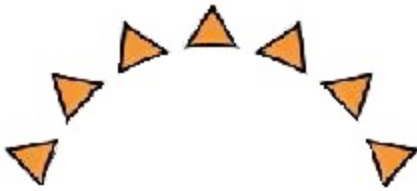
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Mission

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

Vision

Ensuring tomorrow's benefits through prudent management.



Introductory Section

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

Stanislaus County

Stanislaus County

Stanislaus County

Stanislaus County

Stanislaus County

Top five contributors to relative



Cover Source:

Irizarry, Luiana M. *Busy Work*. 2011. jpg. StanCERA, Modesto.



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
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Modesto, CA 95354
P.O. Box 3150 Modesto, CA 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

LETTER OF TRANSMITTAL

November 9, 2011

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

Dear Board Members:

Please find enclosed the Comprehensive Annual Financial Report (CAFR) of the Stanislaus County Employees' Retirement Association (StanCERA, or the System) for the fiscal years ending June 30, 2011 and 2010. As of June 30, 2011, it is StanCERA's 63rd year of operations.

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

StanCERA is a multi-agency public employees' retirement system, established by the County of Stanislaus on July 1, 1948. StanCERA is operated and administered by the Board of Retirement (Board) to provide retirement, disability, death and survivors benefits for its members under the California State Government Code, Section 31450 et.seq. (County Employees Retirement Law of 1937).

StanCERA and its Services

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

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

StanCERA is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), 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 CERL, which may affect benefits to StanCERA 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 board members are appointed by the Stanislaus County Board of Supervisors, one board member and the alternate safety member are elected by the safety members, two board members are elected by the general members, and one board member and the alternate retiree member are elected by the retired members. The County Treasurer serves as an ex-officio member. Board members, with the exception of the 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 as revenue when earned. 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, 2011 and 2010, is presented in the Management's Discussion and Analysis (MD&A) located in the financial section of the CAFR. This transmittal letter, together with the MD&A, provides an expanded view of the activities of StanCERA.

Macias Gini & O'Connell LLP, StanCERA's independent auditor, has audited the accompanying financial statements. Management believes an adequate system of internal control is in place and the accompanying statements, schedules and tables are fairly presented and free from material misstatement. (Note that internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design safeguards into the process to reduce, but not eliminate, this risk.)

Actuarial Funding Status

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 CERL, StanCERA engages an independent actuary to perform an actuarial valuation of the System on an annual basis. Economic assumptions are reviewed annually. Additionally, every three years, a triennial experience study is conducted, at which time non-economic assumptions are also updated. The most recent triennial experience study was conducted as of June 30, 2009 by EFI Actuaries. EFI Actuaries also conducted the last actuarial valuation as of June 30, 2010 and determined the plan's funding ratio (ratio of plan assets to plan liabilities) to be 76.3% using the recommended assumptions.

Stanislaus County issued \$108 million of pension obligation bonds in September 1995 to satisfy the Unfunded Accrued Actuarial Liability (UAAL) for the County, calculated as of that date.

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 banks. 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 investment policy and strategy and conduct periodic asset allocation and asset/liability studies on behalf of StanCERA. For the fiscal years ended June 30, 2011 and June 30, 2010, the Plan's investments provided a positive 22.9% and positive 15.9% rate of return, respectively. A summary of the asset allocation can be found in the Investment Section of this report.

Awards

StanCERA is the recipient of several awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to StanCERA for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2010. 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 fifth consecutive year StanCERA has achieved this prestigious award.

Awards (continued)

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which meet or exceed program standards. The CAFR 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 ending June 30, 2010. This report replaces the Members' Annual Report providing all StanCERA members more concise and condensed information than can be found in the CAFR.

StanCERA also received the Public Pension Coordinating Council's (PPCC) Public Pension Standards 2010 Award, in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

The 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

Total written communication for members has improved and stabilized over the last few years. In addition to special mass mailings of critical information, all members receive four newsletters a year and the Popular Annual Financial Report (PAFR). The PAFR has a fresh, concise look that will further communicate the financial health of the fund to our members. Non-retired members also receive two Member Statements.

StanCERA continues to increase its visibility by giving benefit presentations to interested employees where they work. These individual department presentations continue to be well received and staff encourages departments to request presentations.

Service Efforts and Accomplishments (continued)

Information available to the public is being expanded as well. Major retirement policies and guidelines along with forms are updated regularly. Audio and video recordings of educational seminars and Board meetings are available on the web. The electronic agenda process has been updated to include all attachments and documentation for each meeting. A contribution calculator has been added and with the benefits calculator is the most visited page on the website.

Due to the extreme stock market and other economic conditions in both fiscal years ending June 30, 2008 and 2009, payments of the Revocable Health Benefit Subsidy for our retirees were discontinued beginning with the January 4, 2010 payroll. An updated Excess Earnings Policy requires that all investment earnings will be used to fund vested retirement benefits until all losses are offset by gains and an actuarial funded level of 90% is achieved.

Acknowledgement

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

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

Sincerely,

A handwritten signature in black ink that reads "Tom Watson". The signature is written in a cursive, slightly slanted style.

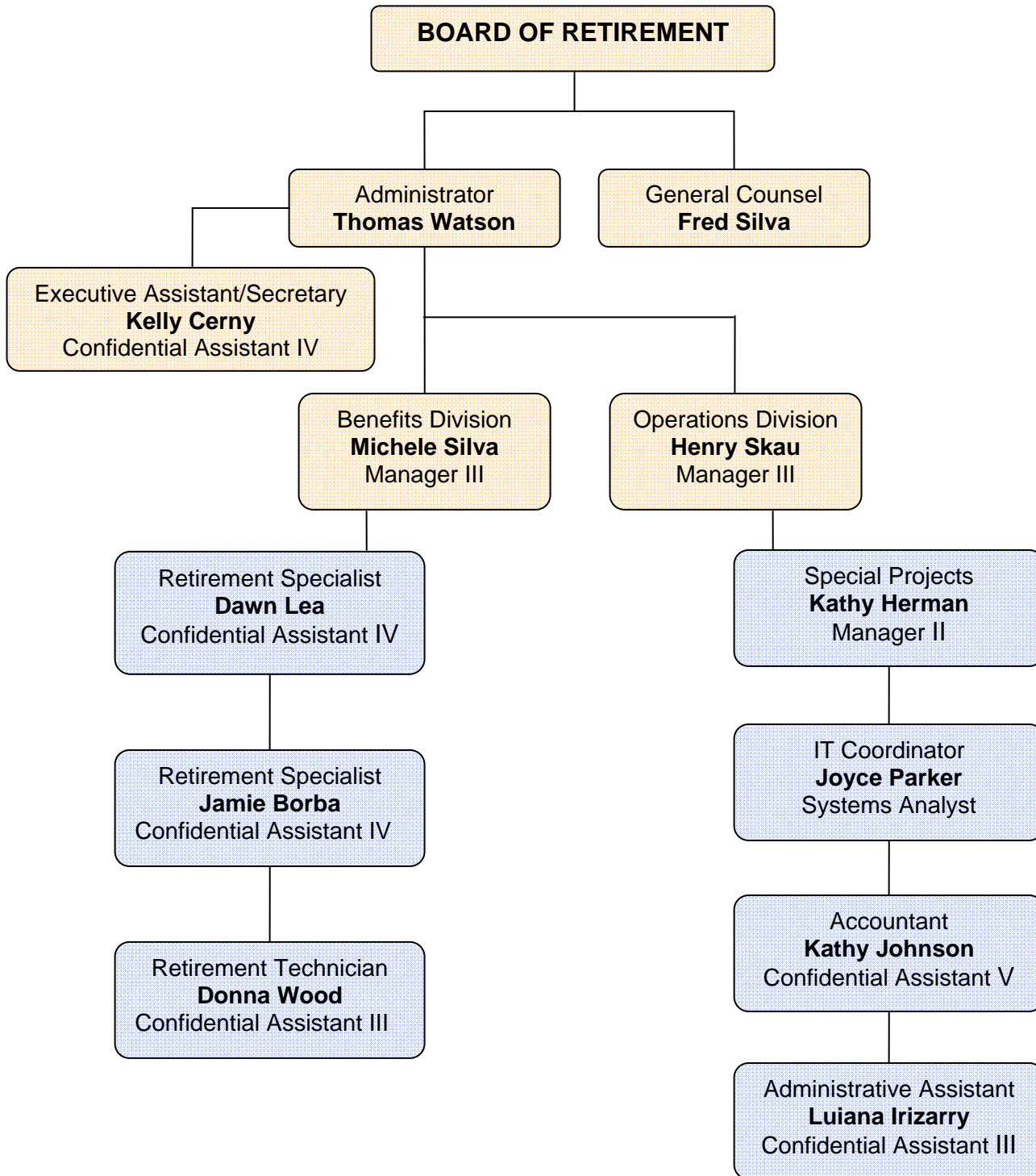
Tom Watson
Retirement Administrator

**BOARD OF RETIREMENT
JUNE 30, 2011**

<i>Gordon Ford</i> , Ex-Officio	Treasurer/Tax Collector
<i>Maria DeAnda</i> , Trustee	Elected by Active General Membership
<i>Clarence Willmon</i> , Trustee	Elected by Active General Membership
<i>Ron Martin</i> , Trustee	Appointed by the Board of Supervisors
<i>Darin Gharat</i> , Trustee	Elected by Active Safety Membership
<i>Mike Lynch</i> , Chair	Appointed by the Board of Supervisors
<i>Jim DeMartini</i> , Vice Chair	Appointed by the Board of Supervisors
<i>Vacant</i> , Trustee	Elected by Retired Membership
<i>Linda Stotts-Burnett</i> , Alternate Trustee	Elected by Retired Membership
<i>Jeff Grover</i> , Trustee	Appointed by the Board of Supervisors

StanCERA ORGANIZATIONAL CHART

Effective November 20, 2010



PROFESSIONAL CONSULTANTS
JUNE 30, 2011

Actuary

EFI Actuaries
Milliman, Inc (Actuary Audit)

Auditors

Macias Gini & O'Connell LLP (Financial Statements)
Vavrinek, Trine and Day (Operational)

Investment Custodian

The Bank of New York Mellon

Investment Consultant

Strategic Investment Solutions, Inc.

Health Insurance Consultant

Stemler, McTighe & Lewis, Ins.

Legal Counsel

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

Technical & Data Services

Tyler, Inc.
SBT, County of Stanislaus

Investment Management Services*

Fixed Income

Dodge & Cox
PIMCO

Large Cap Value Equity

Dodge & Cox
BlackRock R1000 Value

Large Cap Growth Equity

Delaware Investments
BlackRock R1000 Growth

Small Cap Value Equity

Capital Prospects

Small Cap Growth Equity

Legato Capital Management

International Equity

LSV Asset Management (Value Style)
Pyramis Global Advisors (Growth Style)

Domestic Equity Index Funds

Mellon Capital Management

Global REIT's

Invesco National Trust Company

*Refer to the Investment Section, page 55, for the Schedule of Investment Management Fees.

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

PRESENTED TO

**Stanislaus County
Employees' Retirement Association
California**

for the Fiscal Year Ended

June 30, 2010



Linda C. Davison
President

Jeffrey L. Esser
Executive Director



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2010***

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 that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

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Financial Section

“Our greatest glory is not in never falling but in rising every time we fall.” -Confucious

Cover Source:

Irizarry, Luiana M. *Vision*. 2011. jpg. StanCERA, Modesto.

To the Board of Retirement of the
Stanislaus County Employees' Retirement Association
Modesto, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of plan net assets of the Stanislaus County Employees' Retirement Association (StanCERA), as of June 30, 2011 and 2010, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the StanCERA's management. Our responsibility is to express an opinion 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Stanislaus County Employees' Retirement Association as of June 30, 2011 and 2010, and the changes in plan net assets for the years then ended in conformity with the accounting principles generally accepted in the United States of America.

As described in Note 5, based on the most recent actuarial valuation as of June 30, 2010, StanCERA's independent actuaries determined that, at June 30, 2010, the actuarial accrued obligation exceeded the actuarial value of its assets by \$412.0 million.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011, on our consideration of StanCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 23 and the schedules of funding progress and employer contributions on page 44, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory section, other supplemental information in the financial section, the investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information in the financial section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory, investment, actuarial and statistical sections have not been subjected to 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.

Macinn Mini & O'Connell LLP

Sacramento, California
November 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Stanislaus County Employees' Retirement Association (StanCERA) financial performance provides an overview of the financial activities and funding conditions for the fiscal years ending June 30, 2011 and 2010. Please review it in conjunction with the transmittal letter (starting on page 3) and the Basic Financial Statements beginning on page 24.

Financial Highlights

- Plan net assets increased by \$228.5 million (or 19.20%) as a result of the fiscal year's activities.
- Contributions (employer and member), in total, increased by \$2.9 million (or 6.80%).
- Net investment income (including Net Appreciation in Fair Value of Investments) increased by \$100.1 million (or 62.11%).
- Benefit payments increased by \$3.4 million (or 4.70%) from the prior year.

Plan Highlights

- Benefit plans for Tiers 2 and 3 were closed to new hires and Tiers 4 and 5 were adopted effective March 9, 2002 to provide retirement formulas commonly known as 2% at age 55 for most active general members, and 3% at age 50 for most active safety members. One district has not implemented the new benefit plans. Members in the non-contributory Tier 3 were allowed to transfer prospectively 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, resuming the reduced benefit formulas of 2% at age 61 for most general members, and 2% at 50 for most safety members.
- Effective January 1, 2010, the Revocable Health Benefits Subsidy was suspended.
- The Board of Retirement voted to not pay a special cost of living benefit in calendar year 2010 and in calendar year 2009. In years prior to 2009 this benefit was paid to retirees who retired prior to April 1981 with over 20 accumulated percentage credits in their "COLA Bank" for a total not to exceed \$2,400 per retiree.
- In April of 2011, a cost of living increase was given to all retired, disabled and beneficiary members receiving a recurring allowance, per the schedule below, except those retirees who receive pensions for service as a Tier 3 non-contributory member.

Members who retired between	4/2/1970 – 4/1/1985	3.0%
Members who retired between	4/2/1985 – 4/1/1986	2.5%
Members who retired between	4/2/1986 – 4/1/2011	1.5%

Plan Highlights (Cont.)

- In April of 2010, a cost of living increase was given to all retired, disabled and beneficiary members receiving a recurring allowance, per the schedule below, except those retirees who receive pensions for service as a Tier 3 non-contributory member.

Members who retired between	4/2/1970 – 4/1/1989	3.0%
Members who retired between	4/2/1989 – 4/1/2010	2.5%

Using the Annual Report

The financial statements reflect the activities of the Stanislaus County Employees' Retirement Association and are composed of the Statements of Plan Net Assets (see page 24) and the Statements of Changes in Plan Net Assets (see page 25). These statements are presented on an accrual basis 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 these components:

1. Statements of Plan Net Assets
2. Statements of Changes in Plan Net Assets
3. Notes to the Basic Financial Statements
4. Required Supplementary Information
5. Other Supplemental Information

Financial Analysis

Statement of Plan Net Assets

The Statement of Plan Net Assets shows the assets available for future payments to retirees and current liabilities as of the fiscal year end. The following condensed comparative summary of Plan Net Assets demonstrates that the pension trust is primarily focused on the cash and investments and the restricted net assets. This statement is also a good indicator of the financial well being of the Retirement System.

Plan Net Assets

For The Fiscal Years Ended
June 30, 2011, 2010 and 2009

	2011	2010	2009	\$ Change 2011 - 2010	\$ Change 2010 - 2009
Current Assets	\$ 69,294,750	\$ 90,116,604	\$ 91,033,967	\$ (20,821,854)	\$ (917,363)
Investments	1,506,879,134	1,228,683,230	1,186,224,547	278,195,904	42,458,683
Capital Assets	3,760,576	3,924,345	3,857,958	(163,769)	66,387
Total Assets	1,579,934,460	1,322,724,179	1,281,116,472	257,210,281	41,607,707
Total Liabilities	161,188,514	132,504,782	223,007,382	28,683,732	(90,502,600)
Total Plan Net Assets	1,418,745,946	\$ 1,190,219,397	\$ 1,058,109,090	\$ 228,526,549	\$ 132,110,307

Statement of Changes in Plan Net Assets

The Statement of Changes in Plan Net Assets provides an account of the current year's additions to and deductions from the System.

Additions To Plan Net Assets For The Fiscal Years Ended June 30, 2011, 2010 and 2009

	2011	2010	2009	\$ Change 2011 - 2010	\$ Change 2010 - 2009
Employer Contributions	\$ 26,256,729	\$ 21,814,194	\$ 23,410,965	\$ 4,442,535	\$ (1,596,771)
Plan Member Contributions	19,197,052	20,746,411	20,922,893	(1,549,359)	(176,482)
Net Investment Income (Loss)	261,380,696	161,234,157	(215,302,029)	100,146,539	376,536,186
Net Litigation Recovery	16,849	680,579	57,010	(663,730)	623,569
Net Security Lending Income (Loss)	444,947	3,139,108	(5,786,378)	(2,694,161)	8,925,486
<i>Total Additions</i>	<u>\$ 307,296,273</u>	<u>\$ 207,614,449</u>	<u>\$ (176,697,539)</u>	<u>\$ 99,681,824</u>	<u>\$ 384,311,988</u>

Deductions From Plan Net Assets For The Fiscal Years Ended June 30, 2011, 2010 and 2009

	2011	2010	2009	\$ Change 2011 - 2010	\$ Change 2010 - 2009
Benefit Payments	\$ 74,826,404	\$ 71,464,735	\$ 71,861,210	\$ 3,361,669	\$ (396,475)
Member Refunds	1,906,153	1,731,971	2,537,978	174,182	(806,007)
Administrative Expense	2,037,167	2,307,436	2,080,130	(270,269)	227,306
<i>Total Deductions</i>	<u>\$ 78,769,724</u>	<u>\$ 75,504,142</u>	<u>\$ 76,479,318</u>	<u>\$ 3,265,582</u>	<u>\$ (975,176)</u>

Increase (Decrease) in Net Assets Held in Trust for Pension Benefits

	\$ 228,526,549	\$ 132,110,307	\$ (253,176,857)	\$ 96,416,242	\$ 385,287,164
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Net Assets Held in Trust for Pension Benefits

Beginning of Year	1,190,219,397	1,058,109,090	1,311,285,947	132,110,307	(253,176,857)
End of Year	<u>\$ 1,418,745,946</u>	<u>\$ 1,190,219,397</u>	<u>\$ 1,058,109,090</u>	<u>\$ 228,526,549</u>	<u>\$ 132,110,307</u>

Additions to Plan Net Assets

A review of the Statement of Plan Net Assets shows that June 30, 2011 closed with assets exceeding liabilities by \$1.419 billion with all of the net assets available to meet StanCERA's ongoing obligations to plan participants and their beneficiaries. Last fiscal year, ending June 30, 2010, closed with assets exceeding liabilities by \$1.190 billion. The \$228.5 million increase and \$132.1 million increase, respectively, in plan assets is a direct result of the changes in the financial market over the past two years. The Retirement System remains in very good financial condition.

Additions to Plan Net Assets (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. These income sources for fiscal year 2010-2011 resulted in a gain of \$307.3 million, where fiscal year 2009-2010 resulted in a gain of \$207.6 million. This gain is a result of growth in the broad market over the past year. Employer and member contributions also resulted in an increase of \$2.9 million (or 6.80%) from the contributions made in 2009-2010. The increase is due in large part to higher employer contributions.

Deductions from Plan Net Assets

The primary uses of StanCERA's assets are in payment of benefits to retirees and their beneficiaries, refunds of contributions to terminated employees, and the costs of administering the Plan. These expenses for fiscal year 2010-2011 were \$78.8 million, an increase of \$3.3 million from prior year. This increase is mainly due to the increase in the number of retirees and the average amount that they are paid. For fiscal year 2009-2010 these expenses were \$75.5 million, a decrease of \$1.0 million from the prior year. Administrative costs to operate the system were \$2.04 million and \$2.31 million for fiscal years 2010-2011 and 2009-2010, respectively. Due to a staffing vacancy and a decrease in external professional services, costs decreased by 11.7% over fiscal year 2009-2010. Total administrative costs represented 0.14% of total plan assets for fiscal year 2010-2011 and .19% for fiscal 2009-2010.

Overall Financial Condition

Investment Analysis

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

Equity markets continued to have positive returns. Domestic equity returns as of June 30, 2011 outperformed their benchmark by 130 basis points, international equity outperformed the benchmark by 100 basis points. Domestic equity returns outperformed their benchmark by 10 basis points and international equity outperformed by 300 basis points as of June 30, 2010. All major indices rose over the past year, as it appears the market has rebounded from the impact of the sub-prime lending crisis, the falling housing market and the decline in consumer confidence.

As the bond market continued to improve, fixed income returns for the year were up and outperformed their benchmark by 210 basis points as of June 30, 2011. For the year ending June 30, 2010 fixed income returns outperformed their benchmark by 430 basis points.

For the fiscal year ending June 30, 2011, StanCERA's total portfolio outperformed its policy benchmark by 160 basis points with an overall return of 22.99%. For fiscal year ending June 30, 2010, it outperformed its policy benchmark by 210 basis points with an overall return of 15.90%. The strong returns for fiscal 2011 continue to strengthen StanCERA's financial position, and further enhanced its ability to meet its obligations to the Plan participants and beneficiaries.

Funding Status

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 failed to make annual actuarially required contributions to the Plan. Stanislaus County has traditionally contributed the annual required contribution (ARC) as determined by the Plan's Actuary. No net pension obligation exists for the fund as of June 30, 2010, the date of the last actuarial valuation.

An indicator of funding status is the ratio of the actuarial value of the assets to the actuarial accrued liability (AAL). 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 AAL. Performance in the stock and bond markets can have a material impact on the actuarial value of assets.

The funding ratio as of June 30, 2010 was 76.3%, up from 70.9% as of June 30, 2009, using the entry age normal method and the increase of asset valuations. StanCERA's actuary uses a five year smoothing of market gains and losses to derive the actuarial value of assets. The Board of Retirement approves the assumptions used by the Actuary to perform their calculation. As of the most recent actuarial valuation date of June 30, 2010, the actuarial value of assets was \$1.4 billion. The next actuarial valuation is scheduled for June 30, 2011.

StanCERA's Fiduciary Responsibilities

StanCERA's Board of Retirement and management staff are fiduciaries of the pension trust fund. Under the California Constitution, the Net Assets 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:

Tom Watson, Retirement Administrator
Stanislaus County Employees' Retirement Association
832 12th Street, Suite 600
Modesto, CA 95354

STATEMENTS OF PLAN NET ASSETS
As of June 30, 2011 and 2010

	June 30, 2011	June 30, 2010
ASSETS		
Cash And Cash Equivalents	\$ 49,487,217	\$ 47,033,733
Receivables:		
Interest & Dividends	7,068,358	6,632,608
Securities Transactions	11,099,645	35,100,676
Contributions (Note 3)	1,599,785	1,346,604
Other	39,745	2,983
Total Receivables	19,807,533	43,082,871
Capital Assets (Note 2):		
Capitalized Software, net	725,153	850,778
Real Estate Occupied, net	1,783,805	1,802,782
Real Estate Leased, net	1,189,439	1,202,093
Leasehold Improvements, net	52,755	63,306
Office Equipment, net	3,590	5,386
Audio Recording System, net	5,834	-
Total Capital Assets, net	3,760,576	3,924,345
Investments at Fair Value (Note 4):		
Fixed Income	502,229,675	430,777,936
Equity	865,824,739	725,757,057
Securities Lending Collateral	138,824,720	72,148,237
Total Investments	1,506,879,134	1,228,683,230
Total Assets	1,579,934,460	1,322,724,179
 LIABILITIES		
Current Liabilities		
Accounts Payable	7,736,755	2,942,686
Security Transactions	8,593,470	50,999,227
Securities Lending Obligation (Note 4)	144,453,289	78,152,869
Total Current Liabilities	160,783,514	132,094,782
Long Term Liabilities		
Grant Deed Extension Fee	405,000	410,000
Total Liabilities	161,188,514	132,504,782
Net Assets Held In Trust For Pension Benefits (Note 6)	\$ 1,418,745,946	\$ 1,190,219,397

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

STATEMENTS OF CHANGES IN PLAN NET ASSETS
For the Years Ended June 30, 2011 and 2010

	June 30, 2011	June 30, 2010
ADDITIONS		
Contributions (Note 5):		
Employer	\$ 26,256,729	\$ 21,814,194
Plan Members	19,197,052	20,746,411
Total Contributions	45,453,781	42,560,605
Investment Income (Loss):		
Net Appreciation in Fair Value of Investments	229,909,853	132,734,348
Interest & Dividends	36,699,779	33,239,016
Total Investment Gain	266,609,632	165,973,364
Net Income from Commission Recapture	39,220	10,926
Less: Investment Expense (Note 7)	(5,268,156)	(4,750,133)
Net Investment Income	261,380,696	161,234,157
Other Investment Income:		
Net Litigation Recovery Income	16,849	680,579
Securities Lending Activities (Note 4):		
Securities Lending Income	463,269	368,167
Less: Securities Lending Expenses	(141,229)	(85,810)
Less: Net Appreciation in Fair Value of Securities Lending Collateral	122,907	2,856,751
Net Securities Lending Income	444,947	3,139,108
Total Investment Income	261,842,492	165,053,844
Total Additions	307,296,273	207,614,449
DEDUCTIONS		
Benefit Payments	74,826,404	71,464,735
Member Refunds	1,906,153	1,731,971
Administrative Expenses (Note 2)	2,037,167	2,307,436
Total Deductions	78,769,724	75,504,142
Net Increase	228,526,549	132,110,307
Net Assets Held in Trust for Pension Benefits (Note 6)		
Beginning of Year	1,190,219,397	1,058,109,090
End of Year	\$ 1,418,745,946	\$ 1,190,219,397

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 - DESCRIPTION OF PLAN

Description of System and Applicable Provisions of the Law

The Stanislaus County Employees' Retirement Association (System or StanCERA) is an integrated public retirement system established under and subject to the legislative authority of the State of California as enacted and amended in the County Retirement Act of 1937 (Chapter 677 Statutes of 1937). It is a multiple-employer "Cost Sharing" plan. The System was approved by the Board of Supervisors on July 1, 1948. The System was integrated with Social Security on January 1, 1956. Members of the System at that time had a one-time option to convert to the new System or to remain with the old one.

Membership

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.

	June 30, 2011			June 30, 2010		
	General	Safety	Total	General	Safety	Total
Active Members:						
Vested & Non-vested	3,220	634	3,854	3,404	681	4,085
Total Active	<u>3,220</u>	<u>634</u>	<u>3,854</u>	<u>3,404</u>	<u>681</u>	<u>4,085</u>
Inactive Members:						
Deferred and Inter-System Members	734	158	892	759	167	926
Unclaimed Contributions	135	15	150	134	15	149
Total Inactive	<u>869</u>	<u>173</u>	<u>1,042</u>	<u>893</u>	<u>182</u>	<u>1,075</u>
Retired Members:						
Service Retirements	2,245	313	2,558	2,098	301	2,399
Disability Retirements	237	139	376	237	140	377
Survivor Payments	33	9	42	32	10	42
Total Retired	<u>2,515</u>	<u>461</u>	<u>2,976</u>	<u>2,367</u>	<u>451</u>	<u>2,818</u>
Total Membership	<u>6,604</u>	<u>1,268</u>	<u>7,872</u>	<u>6,664</u>	<u>1,314</u>	<u>7,978</u>

The Stanislaus County Employees' Retirement Association 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. The structure of the Membership is as follows:

Vesting

Active members of the System receive a 100% vested interest in the fund after 5 years of service, except Plan 3, and ten years of service for Plan 3, but cannot receive a service retirement until completing ten years of membership in the System.

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

Plan members 1, 2, 4 and 5 with five years of service, who have had their monies on deposit for 10 years, and have attained the age of 50, are eligible to retire. Plan 3 members are eligible with 10 years of service at age 55. Members with 30 years of service (20 years for safety), regardless of age, are eligible to retire. The benefit is a percentage of final average salary (FAS) per year of service depending on age at retirement (refer to chart below for representative ages). FAS for Plans 1, 4 and 5 are based on the highest consecutive 12 months and Plans 2 and 3 are based on the highest consecutive 36 months. For members integrated with Social Security, the benefit is reduced by 1/3 of the percentage shown below times the first \$350 of monthly final average salary per year of service credited after January 1, 1956.

Percentage of Final Average Salary (FAS)

Age	General					Safety	
	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 1/2	Plan 4/5
50	1.34	1.18	N/A	1.48	1.48	2.00	3.00
55	1.77	1.49	0.68*	1.95	1.95	2.62	3.00
60	2.34	1.92	1.14*	2.44	2.44	2.62	3.00
65	2.62	2.43	2.00*	2.62	2.62	N/A	N/A

* Less 1/35th of Social Security benefits at age 65 per year of service. For each year of service over 35, 1% of (FAS) with no Social Security reduction.

Retiring members may choose from four different beneficiary retirement allowances. Most retirees elect to receive an unmodified allowance which includes 60% of the allowance continued to the retirees' surviving spouse.

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 one month's salary for each completed year of service under the retirement system, based on the final year's average salary, but not to exceed six (6) months salary (except Plan 3).

Employed More than 5 Years

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

If a member dies in the performance of duty, the spouse receives a monthly benefit of 50% of the member's final average salary (except Plan 3).

NOTE 1 – DESCRIPTION OF PLAN (continued)

Death Benefit-After Retirement

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

If the retirement was for service-connected disability, 100% of the member's allowance as it was at death is continued to the surviving spouse for life for Plans 1, 2, 4 and 5.

If the retirement was for other than service-connected disability, 60% of the member's allowance is continued to the spouse for life (except Plan 3 which allows 50% of the member's allowance continued to the spouse for life).

Disability Benefit

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

Cost of Living Benefit

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

Ad-Hoc Benefits

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

No ad-hoc benefits are currently being paid effective January 1, 2010. Changes in the excess earnings policy approved by the Board of Retirement on May 24, 2010 have placed additional restrictions on the Retirement Board's ability to grant these benefits, the greatest restriction currently being that the System must be 90% actuarially funded.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

StanCERA is governed by the Board of Retirement and is considered an independent legal entity. StanCERA is a component unit of the County of Stanislaus and is being reported as a Pension Trust Fund in the County's Financial Report in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14.

Basis of Accounting

StanCERA follows Governmental Accounting Standards Board (GASB) accounting principles and reporting guidelines. The financial statements are prepared on an accrual basis of accounting, which recognizes income when earned and expenses when the obligation has been incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Cash and Cash Equivalents

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

Investments

The Board of Retirement has exclusive control of the investments of the Association. 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. 25. Values for stocks, publicly traded bonds, issues of the U.S. Government and its agencies 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, 2011 and 2010. Both domestic and international investments are denominated in U.S. currency.

Securities Transactions and Related Investment Income

Security 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The other 40% is un-developed office space to be leased out. Depreciation expense totaled \$170,251 and \$169,603 for years ending June 30, 2011 and 2010 respectively. Depreciation is calculated using the straight-line method, with an estimated life of ten years for the software development, an estimated life of ninety-nine years for the office space, an estimated life of ten years for the leasehold improvements, and an estimated life of five years for office equipment.

CAPITAL ASSETS	Net Balance at June 30, 2010	Reclassifications & Additions	Less Depreciation	Net Balance at June 30, 2011
Tyler Software	\$ 850,778	-	\$ 125,625	\$ 725,153
Real Estate Occupied	1,802,782	-	18,977	1,783,805
Real Estate Leased	1,202,093	-	12,654	1,189,439
Leasehold Improvements	63,306	-	10,551	52,755
Office Equipment	5,386	-	1,796	3,590
Audio Recording System	-	6,482	648	5,834
TOTAL	<u>\$ 3,924,345</u>	<u>\$ 6,482</u>	<u>\$ 170,251</u>	<u>\$ 3,760,576</u>

CAPITAL ASSETS	Net Balance at June 30, 2009	Reclassifications & Additions	Less Depreciation	Net Balance at June 30, 2010
Tyler Software	\$ 740,414	\$ 235,990	\$ 125,626	\$ 850,778
Real Estate Occupied	1,821,759	-	18,977	1,802,782
Real Estate Leased	1,214,747	-	12,654	1,202,093
Leasehold Improvements	73,857	-	10,551	63,306
Office Equipment	7,181	-	1,795	5,386
TOTAL	<u>\$ 3,857,958</u>	<u>\$ 235,990</u>	<u>\$ 169,603</u>	<u>\$ 3,924,345</u>

Administrative Expenses

The Association's general administrative expense is funded by the investment income and it is limited to eighteen-hundredths of one percent (0.18%) of the Association's total assets pursuant to Government Code Section 31580.2 through December 31, 2010. As of January 1, 2011, administrative expenses are limited to 0.21% of the Actuarial Accrued Liability (AAL). The law provides for the cost of computer consultation hardware and software as exempt from the limitation. Total administrative expenses for the years ending June 30, 2011 and 2010 were \$2,037,167 and \$2,307,436, respectively, of which \$324,134 and \$415,938, respectively, was not subject to the administrative expense limitations. Administrative expenses subject to the limitation amounted to 0.0986% of AAL for the year ending June 30, 2011 and 0.1430% of total assets for the year ending June 30, 2010.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

StanCERA qualifies under Section 401(a) of the Internal Revenue Code and is therefore not subject to tax under present income tax laws. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions Receivable represents money withheld from employee salaries and employers' shares of retirement contributions for the month of June and received in July. Contributions Receivable as of June 30, 2011 and 2010 were \$1,599,785 and \$1,346,604, respectively.

NOTE 4 – CASH AND INVESTMENTS

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

Deposits in County Treasury

Cash needed for StanCERA's daily operational purposes is pooled with other County funds by the County Treasurer for short-term investment purposes. The County is responsible for the control and safekeeping of all instruments of title and for all investment of the pooled funds. Investments in the County Investment Pool are managed according to the Investment Policy established by the County and are subject to regulatory oversight by the County's Treasury Oversight Committee. Participation in the County Investment Pool is not mandatory. The fair value of the System's cash invested with the County Treasurer totaled \$10,507,586 and \$11,636,634 at June 30, 2011 and 2010, respectively. Cash and investments included within the County Treasurer's Pool is described in the County's Financial Report.

NOTE 4 – CASH AND INVESTMENTS (continued)

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

Summary of Investments

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Investments		
U.S. Government Obligations	\$ 306,192,444	\$ 260,997,168
Corporate Bonds	178,481,739	168,601,149
Municipal Bonds	3,880,467	1,179,619
Emerging Market / Non-US Bonds	13,675,025	-
Domestic Stocks	403,303,382	328,963,392
Domestic Equity Index Fund	179,922,188	154,032,744
International Equity	263,243,865	228,097,324
Global REIT's	19,355,304	14,663,597
Securities Lending Collateral	138,824,720	72,148,237
Subtotal	<u>1,506,879,134</u>	<u>1,228,683,230</u>
Deposits and Short-Term Investments		
Bank of New York: Cash in Custodial Account	38,979,630	35,397,099
Stanislaus County Treasury Investment Pool	10,507,587	11,636,634
Subtotal	<u>49,487,217</u>	<u>47,033,733</u>
Total Investments and Deposits	<u>\$ 1,556,366,351</u>	<u>\$ 1,275,716,963</u>

Securities Lending Program

State statutes and Board of Retirement Investment Policy permit StanCERA to participate in a securities lending program. StanCERA lends domestic 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 market value for domestic securities and 105% of market value for international securities. Collateral received may include cash, letters of credit, or securities. Because the loans were terminable at will their duration did not match the duration of the investments made with cash collateral. Either StanCERA or the borrower can terminate all securities loans on demand, although the average term of the loans is one week. There are no restrictions on the amount of securities that may be lent.

StanCERA's custodial bank administers its securities lending program. As of June 30, 2011, StanCERA had securities on loan with a carrying value of \$140,392,169 and had received cash collateral (securities lending obligation) of \$144,453,289 with non-cash collateral of \$1,285,598. As of fiscal year ending June 30, 2010, StanCERA's securities on loan had a carrying value of \$75,229,542 and a cash collateral (securities lending obligation) of \$78,152,869 with non-cash collateral of \$1,752,946. StanCERA had an unrealized gain of \$122,907 for the year ended June 30, 2011, and had an unrealized gain of \$2,856,751 for the year ended June 30, 2010. As a result of certain investments in securities issued by Lehman Brothers Holdings Incorporated and others, having been purchased for StanCERA's account in which our securities lending cash collateral was invested with cash collateral delivered by borrowers in our securities lending program, the aggregate value of such investments is less than the amount required to be returned to such borrowers (a "Collateral Insufficiency"). Pursuant to the securities lending agreement, StanCERA is responsible for such Collateral Insufficiency. StanCERA's custodial bank has agreed to absorb 30% of the Lehman Brothers Holdings Incorporated loss (\$2.4 million).

NOTE 4 – CASH AND INVESTMENTS (continued)

Securities Lending Program (continued)

StanCERA does not have the ability to pledge or sell collateral securities delivered absent a borrower default. The contract with the security lending agent requires them to indemnify StanCERA if the borrower fails to return the securities (or if the collateral is not sufficient to replace the securities lent) or if the borrower fails to pay StanCERA for income distributions while the securities are on loan. Investments made with cash collateral are classified by risk category. As of June 30, 2011 and 2010 StanCERA has no credit risk exposure to borrowers because the amount StanCERA owes the borrower exceeds the amount the borrower owes StanCERA.

SECURITIES LENDING COLLATERAL at June 30, 2011

Investment Type	Fair Value by Maturity Date				Total Fair Value	Effective Duration (in years)
	< 1 year	1-5 years	5-15 years	> 15 years		
Asset Backed Security	\$ -	\$ -	\$ -	\$ 2,053,567	\$ 2,053,567	0.068
Certificate of Deposit	46,623,920	-	-	-	46,623,920	0.104
Commercial Paper	56,227,134	-	-	-	56,227,134	0.107
Corporate Floating Rate	5,282,550	-	-	-	5,282,550	0.038
Corporate Floating Rate - Defaulted	1,287,500	-	-	-	1,287,500	0.000
Reverse Repurchase Agreement	27,350,049	-	-	-	27,350,049	0.005
TOTALS	\$ 136,771,153	\$ -	\$ -	\$ 2,053,567	\$ 138,824,720	0.322

SECURITIES LENDING COLLATERAL at June 30, 2010

Investment Type	Fair Value by Maturity Date				Total Fair Value	Effective Duration (in years)
	< 1 year	1-5 years	5-15 years	> 15 years		
Asset Backed Security	\$ 200,904	\$ 320,297	\$ -	\$ 2,993,667	\$ 3,514,868	0.071
Certificate of Deposit	12,301,211	-	-	-	12,301,211	0.145
Commercial Paper	12,810,866	-	-	-	12,810,866	0.153
Corporate Floating Rate	5,700,150	-	-	-	5,700,150	0.129
Corporate Floating Rate - Defaulted	975,000	-	-	-	975,000	0.000
Reverse Repurchase Agreement	36,846,142	-	-	-	36,846,142	0.003
TOTALS	\$ 68,834,273	\$ 320,297	\$ -	\$ 2,993,667	\$ 72,148,237	0.501

The following table shows the quality of StanCERA's investments in Securities Lending Collateral on June 30, 2011 and 2010.

Credit Rating	June 30, 2011		June 30, 2010	
	Percentage of Total Securities Lending Collateral	Securities Lending Collateral	Percentage of Total Securities Lending Collateral	Securities Lending Collateral
AA	1.60%	\$2,222,266	0.00%	\$0
AA-	0.00%	-	1.25%	900,653
A+	1.41%	1,960,336	0.00%	-
A	0.79%	1,099,948	6.93%	5,000,400
A-1+	24.02%	33,349,586	0.00%	-
A-1	50.07%	69,504,821	34.81%	25,112,074
B+	0.42%	586,597	1.24%	891,145
B-	0.00%	-	2.24%	1,618,293
CCC	0.38%	525,078	1.12%	804,526
D	0.68%	941,892	0.00%	-
N/R	20.63%	28,634,196	52.42%	37,821,146
	<u>100.00%</u>	<u>\$138,824,720</u>	<u>100.00%</u>	<u>\$72,148,237</u>

*N/R represents securities that are not rated.

NOTE 4 – CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. StanCERA's average effective duration of all fixed income holdings, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus 1.5 years of the Barclay Aggregate bond index duration. For the year ending June 30, 2011, the Barclay Aggregate Bond Index was yielding 2.83% with an effective duration of 5.20 years. For the year ending June 30, 2010 the Barclay Aggregate Bond yielded 2.83% with an effective duration of 4.30 years. StanCERA had a yield of 3.18% and 3.69% for years ending June 30, 2011 and 2010 respectively with an effective duration of 4.20 and 4.01 in years respectively. As of June 30, 2011 and 2010 the County's pool had a fair value of \$1.05 billion and \$1.08 billion respectively, and a weighted average maturity of 426 days and 349 days, respectively.

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

The following table shows the effective duration of the System's fixed income investments by investment type as of June 30, 2011 and 2010:

	June 30, 2011		June 30, 2010	
	Fair Value	Effective Duration (in years)	Fair Value	Effective Duration (in years)
<u>Fixed Income Securities</u>				
U S Treasuries	\$ 88,359,573	3.9	\$ 65,215,957	1.8
Single Family Mortgage Backed Securities	162,144,106	2.7	147,772,763	1.9
Multi Family Mortgage Backed Securities	3,254,452	1.1	8,378,600	1.6
Collateralized Mortgage Backed Securities	16,388,781	3.4	14,598,887	2.7
Federal Agency	35,074,428	8.4	22,962,603	8.1
Asset Backed	971,104	0.5	2,068,358	1.0
Corporate Bonds	178,481,739	5.6	168,601,149	5.5
Municipal Bonds	3,880,467	10.8	1,179,619	7.3
Emerging Market / Non-US Bonds	13,675,025	1.5	-	-
Total Fixed Income Securities	\$ 502,229,675		\$ 430,777,936	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under StanCERA policy, the fixed income portfolio must have an average quality rating of A or better in the aggregate as measured by at least one credit rating service. In cases where credit ratings differ among rating agencies, the manager shall use the middle of the Moody's, Standard & Poor's, and Fitch rating to determine compliance with quality guidelines, so long as all three ratings exist. If two ratings are provided, the lower (more conservative) rating shall be used. If only one rating is provided, that rating shall be used. 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 BBB rated or higher at time of purchase. The notification should include the manager's assessment of the issue's credit rating and its ongoing role in the portfolio. The County's 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 on June 30, 2011 and 2010.

Credit Rating	June 30, 2011		June 30, 2010	
	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities
AAA	41.14%	\$ 206,637,063	42.65%	\$ 183,728,651
AA+	0.20%	993,909	0.00%	-
AA	1.28%	6,441,310	0.00%	-
AA-	2.40%	12,033,228	1.64%	7,060,559
A+	2.97%	14,931,295	1.83%	7,867,627
A	5.73%	28,793,119	1.57%	6,750,463
A-	4.31%	21,652,199	6.29%	27,098,190
BAA+	0.65%	3,265,996	4.41%	18,984,573
BAA	0.77%	3,860,771	0.52%	2,243,894
BAA-	0.12%	605,648	0.84%	3,631,182
BA+	0.09%	448,699	0.00%	-
BBB+	3.71%	18,627,742	0.33%	1,417,749
BBB	8.86%	44,507,673	4.03%	17,377,154
BBB-	3.89%	19,537,118	9.27%	39,943,834
BB+	0.38%	1,911,975	3.37%	14,532,034
BB	0.56%	2,807,703	0.82%	3,536,000
BB-	1.85%	9,294,567	0.56%	2,425,000
B+	1.81%	9,089,655	2.96%	12,733,327
B	0.04%	194,751	0.24%	1,013,610
B-	1.62%	8,148,736	1.96%	8,443,524
CAA	0.02%	86,945	0.00%	-
CCC+	0.00%	-	1.57%	6,774,250
CCC	0.00%	-	0.00%	-
C	0.00%	-	0.00%	358
N/R	0.00%	-	0.00%	-
N/A	17.59%	88,359,573	15.14%	65,215,957
	<u>100.00%</u>	<u>\$ 502,229,675</u>	<u>100.00%</u>	<u>\$ 430,777,936</u>

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 not considered to have concentration credit risk. StanCERA's policy requires that not more than 5% of the total StanCERA stock portfolio, valued at market, may be held in the common stock of any one corporation. Not more than 5% of the outstanding shares of any one company may be held. Individual investment managers are to hold no more than 8% of the market value of the manager's entire stock portfolio in any one company's stock. Not more than 25% of the stock valued at market may be held in any one industry category, as defined by the Retirement Association's consultant, without special permission from the Board. With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by market value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue. There was no single issuer that exceeds 5% of total investments at June 30, 2011 and 2010. There is no concentration of securities in excess of 5% of Net Assets.

NOTE 4 – CASH AND INVESTMENTS (continued)

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 \$100,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secure public deposits. Such collateral is held by the pledging financial institution's trust department or agent in StanCERA's name. At year end, StanCERA had no custodial credit risk exposure to any depository financial institution. All deposits are placed with a custodial bank.

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

Foreign Currency Risk

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

NOTE 4 – CASH AND INVESTMENTS (continued)

Foreign Currency Risk (continued)

StanCERA's exposure to foreign currency risk in US dollars as of June 30, 2011 and 2010 is as follows:

Currency	June 30, 2011	June 30, 2010
	Fair Value (in US \$)	Fair Value (in US \$)
Australian Dollar	\$ 15,142,936	\$ 11,494,976
British Pound Sterling	39,375,762	32,147,808
Canadian Dollar	20,682,999	18,291,290
Danish Krone	2,051,373	1,354,428
Euro Currency	62,775,396	51,567,371
Hong Kong Dollar	9,593,013	7,843,113
Japanese Yen	36,576,724	37,023,881
Malaysian Renggit	291,227	-
Mexican Nuevo Peso	638,657	503,490
New Taiwan Dollar	2,727,642	3,975,985
New Turkish Lira	788,374	845,634
New Zealand Dollar	194,060	-
Norwegian Krone	2,999,619	1,932,466
Singapore Dollar	1,560,735	717,621
South African Rand	2,844,869	2,109,097
South Korean Won	5,644,203	6,108,612
Swedish Krona	2,177,734	2,076,640
Swiss Franc	11,889,365	12,633,959
US Dollar	45,289,177	37,470,953
TOTAL	\$ 263,243,865	\$ 228,097,324

StanCERA is invested in a Global REIT's commingled fund. Approximately 60% of the total investment of \$19,355,304 and \$14,663,597 at June 30, 2011 and 2010 in Global REIT's is foreign investments traded in their respective currencies. Due to the nature of the commingled fund, the specific investments cannot be organized by the currency denominations. Thus, Global REIT's are excluded from the aforementioned schedule for foreign currency risk.

American Depositary Receipts (ADR) are included in the US Dollars. ADR represents underlying securities of non-US companies traded on the US stock exchanges. Although the transactions are denominated in US Dollars and not subject to foreign currency risk, these securities are reflected as part of the non-US equities within International Equity Investments on page 32.

NOTE 5 - CONTRIBUTIONS

Contribution Rates

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

Member basic rates are based on a formula reflecting the age at entry into the System. The rates are such as to provide an average annuity at age 50 for Safety members of 1/100th of the final average salary (FAS). Plan 1 General members pay rates that will provide an average annuity at age 60 of 1/100th of the FAS; Plan 4 General members pay rates that will provide an average annuity at age 55 of 1/120th of the FAS. County (and former County agency) Safety and General Members in Plans 1 and 4 pay half of the aforementioned rates. General members in Plan 2 pay rates to provide an average annuity of 1/120th of FAS at age 60. General members in Plan 3 pay no member contributions. General members in Plan 5 pay rates to provide an average annuity at age 55 of 1/120th of FAS.

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 system.

Return of Contributions

If a member should resign or die before becoming eligible for retirement, his/her contributions plus interest will be refunded.

Contributions Required and Contributions Made

Stanislaus County Employees' Retirement Association's policies for employer contributions are actuarially determined rates that, expressed as percentages 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. Stanislaus County Employees' Retirement Association also uses the level entry age normal cost method with an Unfunded Actuarial Accrued Liability (UAAL) to amortize the unfunded liability.

NOTE 5 - CONTRIBUTIONS (continued)

Contributions Required and Contributions Made (continued)

Contributions for fiscal year ending June 30, 2011 totaling \$45,453,781 were made in accordance with actuarially determined contribution rates determined through an actuarial valuation performed at June 30, 2009. Employer contributions were 11.57% of covered payroll for Stanislaus County and 10.79% of covered payroll for other employers. Employee contributions, on an average, were 8.39% of covered payroll. Stanislaus County represented 87.51% of covered payroll and 88.02% of total contributions.

Contributions for fiscal year ending June 30, 2010 totaling \$42,560,605 were made in accordance with actuarially determined contribution rates determined through an actuarial valuation performed at June 30, 2008. Employer contributions were 8.87% of covered payroll for Stanislaus County and 8.90% of covered payroll for other employers. Employee contributions, on an average, were 8.44% of covered payroll. Stanislaus County represented 88.29% of covered payroll and 87.23% of total contributions.

2011	County	%	Districts	%	Total	%
Covered Payroll	<u>\$200,310,439</u>	87.51%	<u>\$28,593,941</u>	12.49%	<u>\$228,904,380</u>	100.00%
Employer Contributions	\$23,170,387	11.57%	\$3,086,342	10.79%	\$26,256,729	11.47%
Member Contributions	<u>\$16,835,846</u>	8.40%	<u>\$2,361,206</u>	8.26%	<u>\$19,197,052</u>	8.39%
Total Contributions	<u>\$40,006,233</u>	88.02%	<u>\$5,447,548</u>	11.98%	<u>\$45,453,781</u>	100.00%
2010	County	%	Districts	%	Total	%
Covered Payroll	<u>\$216,990,039</u>	88.29%	<u>\$28,778,967</u>	11.71%	<u>\$245,769,006</u>	100.00%
Employer Contributions	\$19,253,308	8.87%	\$2,560,886	8.90%	\$21,814,194	8.88%
Member Contributions	<u>\$17,870,589</u>	8.24%	<u>\$2,875,822</u>	9.99%	<u>\$20,746,411</u>	8.44%
Total Contributions	<u>\$37,123,897</u>	87.23%	<u>\$5,436,708</u>	12.77%	<u>\$42,560,605</u>	100.00%

Funding Status & Method

The funding ratio as of June 30, 2010 was 76.3% using the entry age normal method. StanCERA's actuary uses a five year smoothing of market gains and losses to derive the actuarial value of assets. Based on the most recent actuarial valuation report as of June 30, 2010, the actuarial value of assets was \$1.33 billion.

The Schedule of Funding Progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability (AAL's) for benefits.

The liability is being funded on the Entry Age Normal Cost method with an UAAL. The UAAL is being amortized as a percent of pay amount. The amortization period is based on a rolling 25-year amortization with an accrual reset.

SCHEDULE OF FUNDED STATUS – PENSION BENEFIT PLAN FOR YEAR ENDING JUNE 30, 2010 (Dollar amounts in thousands)

Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	(UAAL) as a Percentage of Covered Payroll
6/30/2010	\$ 1,325,801	\$ 1,737,824	\$ 412,023	76.30%	\$ 231,538	177.95%

NOTE 5 - CONTRIBUTIONS (continued)

Funding Status & Method (continued)

The valuation interest rate is 8.00% compounded and the total salary scale increases of 3.75% (3.5% for inflation) per year were based on a study as of June 30, 2010 and dated April 5, 2011 adopted by the Board of Retirement on of April 13, 2011.

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date	June 30, 2010	June 30, 2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay
Remaining Amortization Period	25 Years	25 Years
Asset Valuation Method	Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market	Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market
Actuarial Assumptions		
Investment Rate of Return	8.00%	8.16%
Projected Salary Increases	3.75%, plus service-based rates	4.0%, plus service-based rates
Attributed to Inflation	3.50%	4.00%
Cost of Living Adjustments	100% of CPI to 3.0% annually with banking	100% of CPI to 3.0% annually with banking

NOTE 6 – RESERVES

As required by the County Employee's Retirement Law of 1937 or the Board of Retirement's policies, the following reserves from Net Assets Held in Trust 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 assumption rates determined by the actuary. For 2010 and 2009, overall assumption rates were 8.0%. Based upon Retirement Board policy, interest of 0.125% semi-annually is credited to a member's (employee's) contributions, portion of the unvested interest, plus interest credited to his/her account, are transferred from this reserve to Retired Members' Annuity and Cost of Living Reserves. Due to significant market value losses experienced in fiscal year 2008-2009, and adopted changes to the Excess Earnings policy, interest has not been posted to reserve amounts since July 1, 2008.

Employer Advance Reserves

This reserve represents the cumulative contributions made by the County and other employers. Normally interest earnings are credited, semi-annually, to the reserves at assumption rates determined by the actuary. However due to the significant market value losses experienced in fiscal year 2008-2009, no interest has been posted to reserve amounts since July 1, 2008.

NOTE 6 – RESERVES (continued)

Employer Advance Reserves (continued)

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

A new Excess Earnings Policy effective May 25, 2010 specifies that all earnings will be used to offset losses and then towards funding vested benefits.

Retired Members' Reserves

These reserves are established to account for the unpaid retirees' pension benefits. Upon the retirement of an employee, his/her contributions plus the interest earnings credited to his/her account are transferred from the Active Members' Reserve account to the Retired Members' Annuity and Cost of Living Reserve accounts. In addition, the present value of the actuarially determined pension benefits are also transferred from the Employer Advance Reserves to the Retired Members' Pension Reserve account.

From these reserves, StanCERA pays the retiree his/her pension benefits in an amount computed in accordance with the County Employee's Retirement Law of 1937.

Normally the Reserves are also credited with interest earnings semi-annually at assumption rates determined by the actuary. However due to the significant market value losses experienced in fiscal year 2008-2009, no interest has been posted to reserve amounts since July 1, 2008.

Contingency Reserve

This reserve represents earnings in excess of the total interest credited to contributions of the employer and employee equal to 2% of net assets (Government Code Section 31592) and are used as a reserve against deficiencies in interest earning in other years, losses on investment and other contingencies. For fiscal year ending June 30, 2008, the contingency reserve was used to offset the deficiency due to losses from investment activities. The Retirement Board reinstated the 2% contingency reserve as of June 30, 2010 by transferring non-valuation reserves from the Retiree Revocable Health Benefit Subsidy.

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. As of June 30, 2009 the Undistributed Earnings (Losses) were allocated between the valuation reserves and the non-valuation reserves with two new Reserve accounts, Reserves - Valuation Losses and Reserves - Non Valuation Losses.

NOTE 6 – RESERVES (continued)

Other Reserves

These reserves are for Revocable Health Benefits Subsidy, Retiree's Burial Allowance, Retiree's Special Cost of Living, Tier 3 Disability and Legal Contingencies. Reserve Account Balances are as follows:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Active Members' Reserves	\$ 266,526,623	\$ 269,909,492
Employer Advance Reserves	233,996,928	274,685,357
Employer Transfer from Non-Valuation Reserve	81,400,000	60,000,000
Retired Members' Reserves	790,122,689	722,881,919
Reserves - Valuation Losses	-	(205,651,148)
Reserves - Non-Valuation Losses	-	(30,811,861)
Reserve - Offset Non-Valuation Losses	-	30,811,861
Contingency Reserve	23,804,388	23,804,388
Other Reserves		
Revocable Health Benefit Subsidy	11,966,689	33,366,572
Retiree Burial Allowance Reserve	5,855,000	6,100,000
Retiree Special Cost Of Living Reserve	1,831,267	1,831,267
Legal Contingency Reserve	3,232,556	3,279,934
Tier 3 Disability Reserve	9,806	11,616
Total Reserves	<u>\$ 1,418,745,946</u>	<u>\$ 1,190,219,397</u>

NOTE 7 – INVESTMENT EXPENSES

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

Investment Expense

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Investment Managers	\$ 4,321,407	\$ 3,872,842
Investment Consultants	149,375	150,000
Investment Attorney	33,125	-
Custodial Fees	696,913	621,152
Actuarial Fees	67,336	106,139
Total Investment Expenses	<u>\$ 5,268,156</u>	<u>\$ 4,750,133</u>

NOTE 8 – 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 9 – SUBSEQUENT EVENTS

In August 2011, Standard & Poor's lowered its long-term credit rating from AAA to AA+ on debt of the U.S. government, U.S. government-sponsored enterprises, and public debt issues that have credit enhancement guarantees by U.S. government sponsored enterprises. These credit downgrades relate to the credit risk associated with U.S. government investments in U.S. Treasury, U.S. Agency securities, and U.S. Mortgage backed securities which are included in the category "NA" on the credit risk table in Note 4.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – PENSION BENEFIT PLAN FOR THE SIX YEARS ENDING JUNE 30, 2010 (Dollar amounts in thousands)

Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (Funding Excess)	Funded Ratio	Covered Payroll	(UAAL) as a Percentage of Covered Payroll
Date	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
6/30/2004	\$ 993,180	\$ 1,035,345	\$ 42,165	95.90%	\$ 199,963	21.10%
6/30/2005	\$ 1,049,691	\$ 1,116,310	\$ 66,619	94.00%	\$ 211,681	31.50%
6/30/2006	\$ 1,154,048	\$ 1,329,375	\$ 175,327	86.80%	\$ 212,011	82.70%
6/30/2008	\$ 1,317,167	\$ 1,548,824	\$ 231,657	85.00%	\$ 242,009	95.70%
6/30/2009	\$ 1,171,767	\$ 1,653,716	\$ 481,949	70.90%	\$ 248,316	194.10%
6/30/2010	\$ 1,325,801	\$ 1,737,824	\$ 412,023	76.30%	\$ 231,538	177.95%

Note: The actuarial valuation as of June 30, 2006 was revised due to changes in assumptions. Actuarial valuation was not performed for the fiscal year ending June 30, 2007, data was included in the actuarial valuation as of June 30, 2008.

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION BENEFIT PLAN FOR THE SIX YEARS ENDING JUNE 30, 2010 (Dollar amounts in thousands)

Year End	Annual Required Contribution	Percentage Contributed
6/30/2005	\$19,793	100%
6/30/2006	\$22,549	100%
6/30/2007	\$32,563	100%
6/30/2008	\$22,555	100%
6/30/2009	\$23,411	100%
6/30/2010	\$31,814 *	100%

* The Actual Contribution was comprised of a \$21,814,194 payment by the employers, plus an additional \$10,000,000 in assets transferred from the non-valuation to valuation reserves.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

StanCERA applied the parameters established by GASB Statements No. 25 in calculating and presenting the required actuarially determined information contained in both the Schedule of Funding Progress and Schedule of Employer Contributions.

Analysis of the dollar amounts of the pension benefit plan (Plan) net assets, actuarial accrued liability, and unfunded actuarial accrued liability, as presented on the Schedule of Funding Progress, in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability, however, provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time will indicate whether the Plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability, as a percentage of annual covered payroll approximately adjusted for the effects of inflation, will also aid in the analysis of the Plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES For the Years Ended June 30, 2011 and 2010

	2011	2010
Personnel Services:		
Salaries and Employee Benefits	\$ 1,063,127	\$ 1,104,169
Total Personnel Services	1,063,127	1,104,169
Professional Services:		
Computer and Software Services and Support	170,096	134,935
County Counsel	20,640	63,942
Outside Legal Counsel	144,578	234,620
Disability Hearing Officer/Medical Exams and Reviews	90,678	60,632
External Audit Fees	32,174	51,227
Stanislaus County Strategic Business Technology Dept	26,062	24,191
Health Insurance Consultant	-	84,528
Other Professional Services	14,067	59,214
Total Professional Services	498,295	713,289
Office Expenses:		
Office Supplies	8,588	8,372
Minor Equipment and Computer Supplies	3,844	2,682
Stanislaus County Central Services and Mail Room	39,546	37,117
Stanislaus County Support Services	81,041	105,324
Contract Services	3,176	1,561
Requested Maintenance	7,440	10,328
Communications	28,023	14,199
Printing and Publications	4,118	5,871
Other Office Expenses	39,267	28,351
Total Office Expenses	215,043	213,805
Miscellaneous:		
Fiduciary and Staff - Education/Travel	19,579	24,726
Fiduciary and Staff - Meetings/Other Travel	21,645	23,842
Insurance	43,508	52,283
Memberships	5,720	5,720
Depreciation	170,250	169,602
Total Miscellaneous	260,702	276,173
TOTAL ADMINISTRATIVE EXPENSES	\$ 2,037,167	\$ 2,307,436

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE OF INVESTMENT MANAGEMENT FEES AND OTHER INVESTMENT EXPENSES

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Investment Management Fees:		
Domestic Stocks	\$ 1,944,523	\$ 1,989,541
International Stocks	1,499,745	1,392,780
Domestic Bonds	751,414	385,873
Global REIT's	125,725	104,648
Total Investment Management Fees	<u>4,321,407</u>	<u>3,872,842</u>
Investment Consulting Fees	149,375	150,000
Investment Custodian Fees	696,913	621,152
Investment Legal Fees	33,125	-
Other Investment Related Expenses	<u>67,336</u>	<u>106,139</u>
TOTAL INVESTMENT EXPENSES	<u>\$ 5,268,156</u>	<u>\$ 4,750,133</u>

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Investment Section

*"Quality means doing the right thing when no one is looking."
-Henry Ford*

MARKET UPDATE

U.S. EQUITY

Fear of recession and concerns about European bank lending continued to fuel a flight to safety for investors and a sell-off for global equities. Second-quarter earnings in the US, UK and Euro-zone

The S&P 500 Index has a trailing 12-month P/E ratio of 13.9 (estimated P/E ratio of 11.6 on forward looking twelve-month operating earnings) and a dividend yield of 2.2%.

Corporate merger activity highlights for the month included: Telecom carrier Windstream will acquire Pricer for \$2.3 billion; EADS will buy global satellite-based mobility communication services provider Vizada from French private equity fund Apax France for \$960 million; Fresenius Medical Care will buy Liberty Dialysis for \$1.7 billion to expand its U.S. clinic network; Hong Kong tycoon Li Ka-shing will buy British utility N.umbria Water Group for \$3.9 billion; GE agreed to sell shipping container lessor GE SeaCo for \$1.0 billion to China-based HNA Group and Bravia Capital; American Movil, Latin America's largest wireless carrier, offered \$6.5 billion to buy the 40% of Telefonos de Mexico it doesn't already own; Kirin Holdings, Japan's 2nd largest brewer, paid \$2.5 billion to gain a majority stake in Schincariol, the Brazilian brewer of Nova Schin beer; Belgian chemicals group Solvay won EU approval to acquire French peer Rhodia for \$4.8 billion; Berkshire Hathaway made a \$3.25 billion unsolicited offer for Transatlantic Holdings; International Paper extended its \$3.3 billion offer for Temple-Inland by a month to Sept. 8th; HSBC, Europe's largest bank, will sell its U.S. credit card division to Capital One Financial for \$32.7 billion; Google will buy Motorola Mobility for \$12.5 billion, giving the company access to Motorola's more than 17,000 patents related to wireless technology; Time Warner Cable will buy Insight Communications for \$3 billion to increase its presence in the Midwest.

FIXED INCOME

The Commerce Department reported that U.S. gross domestic product rose at an annual rate of 1.0% in the 2nd quarter, a downward revision of a prior estimate of 1.3%. Year-over-year GDP rose just 1.5%. The IMF lowered its forecast for U.S. 2011 growth to 1.5% from a 2.5% forecast made 2 months ago.

The Labor Department reported that hiring picked up slightly in July and the unemployment rate dipped to 9.1% from 9.2% in June.

The Federal Reserve said that it intends to hold interest rates low (short-term rates 0.00-0.25%) at least through mid-2013. The decision came as the FOMC acknowledged that the recovery has been "considerably slower" than expected, that its forecast for the recovery is now weaker as well, and the downside risks to the outlook have increased.

Long-term interest rates were lower in the month of August. The bellwether 10-year Treasury note ended the month yielding 2.22% down from 2.80% at the close of June. At month-end, the 30-year long bond yield was 3.59% with the 3-month T-bill remaining low at 0.25%. The Barclays Capital US Aggregate Bond Index rose +1.5% in August.

Cover Source:

Irizarry, Luiana M. *Market Update*. 2011. jpg. StanCERA, Modesto.

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STANISLAUS COUNTY EMPLOYEES' RETIREMENT SYSTEM

Summary

Fiscal year 2011 (June 30, 2011) saw a continuation of the strong rally in equities off of their lows from March 9, 2009 with gains in US and in Non-US stock markets in excess of 30%. The US Fixed Income markets continued to generate positive returns in fiscal year 2011 as short-term interest rates were kept at historical low levels and spread fixed income instruments such as corporate bonds continued to rally. As a diversified investor, StanCERA experienced a +22.9% return for the fiscal year. The +22.9% result was above StanCERA's policy benchmark of +21.3% by 160 basis points.

Fiscal year 2011 was positive for both the U.S. equity markets and foreign equity markets continuing the rebound from the previous fiscal year. For the fiscal year 2011, the Russell 3000 US Stock Index gained +32.4% and the MSCI ACW (All Country World) ex-US Index of foreign stocks gained +30.3%. The US fixed income market produced a positive return (+3.9% Barclays Capital US Aggregate Index) for the fiscal year ending June 30, 2011.

Within the US equity market, stocks of small companies outperformed large companies (+37.4% vs. +31.9%) for the fiscal year 2011. Growth stocks outperformed value stocks within large caps (+35.0% vs. +28.9%) and within small caps (+43.5% vs. +31.4%).

Investment Policy, Asset Deployment Policy and Performance Measurement Standards

StanCERA periodically reviews and updates its policy statement. The primary financial objective is to earn a long-term return sufficient to avoid deterioration in funded status. The system's actuary estimates this return requirement to be 8.00%.

Secondary goals are to outperform the asset allocation-weighted benchmark (41.4% US Equities, 20.0% Non-US Equities, 37.1% Fixed Income and 1.5% Global REITs) and to rank in the top forty percent of a universe of public pension funds.

At quarterly intervals, the System reviews performance at the total fund, asset class and individual manager levels. At each level, returns are evaluated versus appropriate indexes and peers. Comparisons with peers for active managers seek top forty percentile results.

Investment Objectives

Investment returns achieved through June 30, 2011 have been calculated using a time-weighted rate of return methodology based upon market values. In fiscal year 2011, StanCERA met its management goals of ensuring sufficient funds available to pay vested retiree benefits, complying with applicable fiduciary standards, and adding marginal value above its policy index.

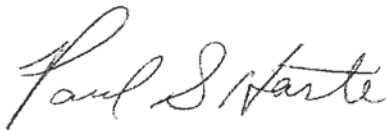
Investment Results

PERIODS ENDED 6/30/11	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity <i>Russell 3000</i> Rank	+33.7% +32.4% 50*	+3.9% +4.0% 63	+2.2% +3.4% 87
Non-US Equity <i>MSCI ACWI ex-US Free</i> Rank	+31.3% +30.3% 40	+1.0% +0.1% 42	+4.3% +4.1% 37
Fixed Income <i>US Barclays Aggregate</i> Rank	+6.0% +3.9% 47	+9.1% +6.5% 34	+7.8% +6.5% 36
Total Fund <i>Policy Benchmark***</i> <i>Public Fund > \$100 Million</i> <i>Median Rank**</i>	+22.9% +21.3% +21.6% 30	+6.0% +4.6% +4.4% 16	+5.0% +4.9% +4.8% 38

* Ranking 1 is best, 100 is worst.

** Rankings source - ICC Public Funds Universe

*** Policy Benchmark is 32.9% Russell 1000/ 8.5% Russell 2000 / 37.1% Barclays Capital US Aggregate / 20.0% MS ACWI ex-US Free / 1.5% FTSE EPRA-NAREIT



Paul S. Harte
Senior Vice-President

ASSET ALLOCATION

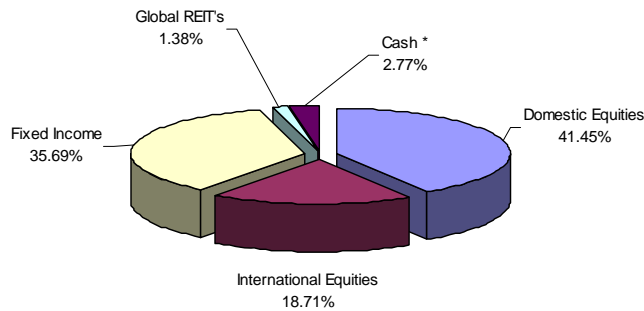
JUNE 30, 2011

Asset Class	Market Value	Actual Allocation	Target Allocation
Domestic Equities	\$583,225,568	41.45%	41.40%
International Equities	263,243,865	18.71%	20.00%
Fixed Income	502,229,675	35.69%	37.10%
Global REIT's	19,355,304	1.38%	1.50%
Cash *	38,979,631	2.77%	0.00%
TOTAL PORTFOLIO**	\$1,407,034,043	100.00%	100.00%

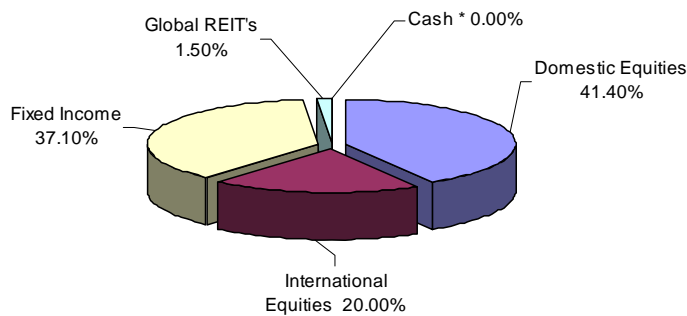
* Excludes Pooled Cash in County Treasury of \$ 10,507,586

** Excludes Securities Lending Cash Collateral

Actual Allocation



Target Allocation



20 LARGEST BOND HOLDINGS (BY MARKET VALUE)
JUNE 30, 2011

Par	Bond	Maturity Date	Market Value
15,000,000	U S TREASURY NOTE	05/31/2016	\$15,023,400
12,700,000	U S TREASURY NOTE	05/31/2018	12,632,563
10,649,600	FHLMC POOL #G0-1749	01/01/2035	11,585,168
9,459,625	FNMA POOL #0555531	06/01/2033	10,300,964
10,150,000	U S TREASURY NOTE	11/30/2011	10,177,304
9,500,000	U S TREASURY NOTE	05/31/2013	9,509,975
8,048,000	FHLMC POOL #G0-6570	02/01/2039	8,872,196
7,729,597	FNMA POOL #0AD0249	04/01/2037	8,417,068
6,786,798	FNMA POOL #0AD0163	11/01/2034	7,528,460
6,502,832	FNMA POOL #0AE0020	12/01/2038	7,154,546
6,600,000	U S TREASURY NOTE	12/31/2015	6,775,296
5,645,000	XEROX CORP	03/15/2016	6,460,985
6,000,000	U S TREASURY NOTE	05/15/2021	5,983,140
5,272,846	FNMA POOL #0995952	02/01/2038	5,924,886
5,231,789	FNMA POOL #0976947	02/01/2023	5,751,358
5,300,000	U S TREASURY NOTE	04/30/2012	5,335,192
4,645,000	CALIFORNIA ST	04/01/2034	5,253,495
4,450,000	CAPITAL ONE FINANCIAL CORP	09/15/2017	5,144,779
4,754,000	ALLY FINANCIAL INC	09/15/2011	4,789,655
4,176,032	FHLMC POOL #G0-6084	12/01/2038	4,714,155

LARGEST STOCK HOLDINGS (BY MARKET VALUE)
JUNE 30, 2011

Shares	Stock	Market Value
174,078	SANOFI	\$8,851,336
205,105	HEWLETT-PACKARD CO	7,465,822
270,063	COMCAST CORP	6,843,396
19,000	APPLE INC	6,377,730
120,000	CAPITAL ONE FINANCIAL CORP	6,200,400
211,272	WELLS FARGO & CO	5,928,292
222,700	BANK OF NEW YORK MELLON CORP/T	5,705,574
300,000	GENERAL ELECTRIC CO	5,658,000
160,000	MERCK & CO INC	5,646,400
54,000	OCCIDENTAL PETROLEUM CORP	5,618,160
64,000	SCHLUMBERGER LTD	5,529,600
97,100	QUALCOMM INC	5,514,309
62,100	VISA INC	5,232,546
85,000	NOVARTIS AG	5,194,350
250,000	PFIZER INC	5,150,000
16,500	MASTERCARD INC	4,972,110
275,000	NEWS CORP	4,867,500
57,400	ALLERGAN INC/UNITED STATES	4,778,550
45,100	EOG RESOURCES INC	4,715,205
9,100	PRICELINE.COM INC	4,658,563

A complete list of portfolio holdings is available on the website www.stancera.org or upon request.

SCHEDULE OF INVESTMENT MANAGEMENT FEES
For the Years Ending June 30, 2011 and 2010

	2011	2010
Domestic Equities		
Capital Prospects	\$ 516,567	\$ 468,563
Blackrock	23,360	7,234
Delaware Management Company	472,157	527,260
Dodge & Cox	345,827	341,680
Legato Capital Management	561,612	450,655
Loomis Sayles & Company	-	166,696
Mellon Capital Management	25,000	27,453
Total Domestic Equity	1,944,523	1,989,541
International Equities		
LSV	824,085	771,615
Pyramis Global Advisors Holding Company	675,660	621,166
Total International Equities	1,499,745	1,392,780
Fixed Income		
Dodge & Cox	411,182	385,873
PIMCO	340,232	-
Total Fixed Income	751,414	385,873
Global REIT's		
Invesco	125,725	104,648
Total Global REIT's	125,725	104,648
Total Investment Management Fees	4,321,407	3,872,842
Other Investment Fees and Expenses		
Custodial Fees	696,913	621,152
Consultant Fees	149,375	150,000
Investment Attorney	33,125	-
Miscellaneous Fees	67,336	106,139
Total Other Investment Expenses	946,749	877,291
Total Investment Fees and Expenses	\$ 5,268,156	\$ 4,750,133

Commission Recapture Program

In July 2000, StanCERA entered into a Directed Brokerage Agreement with BNY ESI & Co to administer the Commission Recapture Program per StanCERA's Investment Policy. Subsequently, this agreement was moved to LJR Recapture Services, a subsidiary of BNY ConvergEx Group. The strategic objective of the 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 the StanCERA's assets for the benefit of the members and beneficiaries by recapturing 65% or more of commissions paid on a specific percentage of trades sent to correspondent brokers on a timely basis. For fiscal years ending June 30, 2011 and 2010, Commission Recapture Income was \$39,220 and \$10,926 respectively (see page 25).

**INVESTMENT SUMMARY
FOR THE YEAR ENDED JUNE 30, 2011**

	MARKET VALUE	Percentage of Assets	Current Year Return	3 Year Return	5 Year Return
DOMESTIC EQUITIES					
DODGE & COX - LARGE CAP VALUE RUSSELL 1000 VALUE	\$181,348,674	12.89%	31.10% 28.90%	3.20% 2.30%	1.10% 1.20%
BlackRock R1000V RUSSELL 1000 VALUE	43,108,500	3.06%	29.10% 28.90%	N/A N/A	N/A N/A
Delaware - LARGE CAP GROWTH RUSSELL 1000 GROWTH	101,149,508	7.19%	36.30% 35.00%	6.20% 5.00%	N/A N/A
BlackRockR 1000G - LARGE CAP GROWTH RUSSELL 1000 GROWTH	74,284,017	5.28%	35.10% 35.00%	N/A N/A	N/A N/A
Capital Prospects - SMALL CAP VALUE RUSSELL 2000 VALUE	62,182,929	4.42%	34.70% 31.40%	N/A N/A	N/A N/A
Legato Capital Mgmt - SMALL CAP GROWTH RUSSELL 2000 GROWTH	58,622,271	4.17%	41.80% 43.50%	N/A N/A	N/A N/A
Mellon Capital Management S&P 500	62,529,670	4.44%	30.70% 30.70%	3.40% 3.30%	3.00% 2.90%
TOTAL DOMESTIC EQUITIES RUSSELL 3000	583,225,569	41.45%	33.70% 32.40%	3.90% 4.00%	2.20% 3.40%
FIXED INCOME					
DODGE & COX BARCLAYS US AGGREGATE BOND	430,117,721	30.57%	6.30% 3.90%	9.00% 6.50%	7.70% 6.50%
PIMCO BARCLAYS US AGGREGATE BOND	72,111,954	5.13%	4.70% 3.90%	N/A N/A	N/A N/A
TOTAL FIXED INCOME BARCLAYS US AGGREGATE BOND	502,229,675	35.69%	6.00% 3.90%	9.10% 6.50%	7.80% 6.50%
INTERNATIONAL INVESTMENTS					
PYRAMIS INVESTMENTS	133,432,846	9.48%	31.40% 31.30%	0.00% 1.00%	4.40% 4.30%
LSV INVESTMENTS	129,811,019	9.23%	31.50% 31.30%	2.10% 1.00%	4.10% 4.30%
TOTAL INTERNATIONAL INVESTMENTS MSCI ACWI - ex US Index	263,243,865	18.71%	31.30% 30.30%	1.00% 0.10%	4.30% 4.10%
GLOBAL REIT's					
INVESCO FTSE EPRA/NAREIT Global REIT	19,355,304	1.38%	32.90% 33.40%	2.80% 2.30%	N/A N/A
CASH & SHORT-TERM INVESTMENTS *					
CASH 90 DAY TREASURY BILL	38,979,630	2.77%	1.44% 0.03%	N/A N/A	N/A N/A
TOTAL FUND					
TOTAL FUND STANCERA POLICY COMPOSITE	\$1,407,034,043	100.00%	22.90% 21.30%	6.00% 4.60%	5.00% 4.90%
* Excludes Pooled Cash in County Treasury of \$10,507,586					

Note: % taken from SIS Quarterly Report presented to Board of Retirement
Using time-weighted rate of return based on the market rate of return

Actuarial Section

"If you live to the age of a hundred, you've got it made, because very few people die past the age of a hundred."

-George Burns

STATISTICAL INFORMATION
This section provides a multi-year trend of financial information 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 net assets, revenues and expenses by source, number of retirees by benefit type, payment made to retirees by benefit type, membership history and the participating employers. The financial and operating trend information is located on the following pages.

CHANGES IN

Last Year

	2008	2009	2010	2011	2012
Net Assets	24,410,946	22,942,434	22,822,024	23,342,827	23,870,724
Net Assets at Beginning of Year	26,102,860	25,996,439	25,944,196	25,548,196	25,548,196
Net Assets at End of Year	24,410,946	22,942,434	22,822,024	23,342,827	23,870,724
Change	(1,691,914)	(7,054,005)	(6,122,172)	7,794,631	8,227,528
Net Assets at Beginning of Year	26,102,860	25,996,439	25,944,196	25,548,196	25,548,196
Net Assets at End of Year	24,410,946	22,942,434	22,822,024	23,342,827	23,870,724

	2008	2009	2010	2011	2012
Net Assets	24,410,946	22,942,434	22,822,024	23,342,827	23,870,724
Net Assets at Beginning of Year	26,102,860	25,996,439	25,944,196	25,548,196	25,548,196
Net Assets at End of Year	24,410,946	22,942,434	22,822,024	23,342,827	23,870,724

Employer Contributions

Employee Contributions

Investment Income (Loss)

Liquidity Recovery

Net Security Loading Income (Loss)

Total Assets

	2008	2009	2010	2011	2012
Net Assets	24,410,946	22,942,434	22,822,024	23,342,827	23,870,724
Net Assets at Beginning of Year	26,102,860	25,996,439	25,944,196	25,548,196	25,548,196
Net Assets at End of Year	24,410,946	22,942,434	22,822,024	23,342,827	23,870,724

Cover Source:

Irizarry, Luiana M. *Looking Into The Future*. 2011. jpg. StanCERA, Modesto

September 1, 2011

Actuarial Certification

This report presents the results of the annual actuarial review of the StanCERA Retirement Plan (the Plan) as of June 30, 2010. The prior review was conducted as of June 30, 2009.

In this study, financial information and data on active and inactive Members and their beneficiaries as of the valuation date was supplied by the Plan Administrator on electronic media. As is usual in studies of this type, Member data was neither verified nor audited. However, we conducted an examination of all participant data for reasonableness and consistency. The financial information included the Statement of Changes in Plan Net Assets Available for Benefits and Statement of Plan Net Assets Available for Benefits, both of which are included in the Comprehensive Annual Financial Report.

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). As of the valuation date, the amortization period is 25 years.

The funding objective of the Plan is to establish contribution rates that, over time, are likely to remain as a level percentage of payroll unless Plan benefit provisions are changed. 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.

Our firm has prepared all of the schedules presented in the actuarial report. We reviewed the actuarial assumptions shown in the schedules and found them to be reasonably appropriate for use under the Plan. The assumptions used in this report reflect the results of an Experience Study performed by EFI covering the period from July 1, 2006 through June 30, 2009, 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 2012.

GASB Statement No. 25 requires preparation of trend data schedules of funding status and employer contributions. To produce the required schedules, we have relied upon information from our files and contained in the reports of other actuaries employed by the sponsor in completing the schedules.

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 parameters of the Governmental Accounting Standards Board Statement No. 25. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

EFI ACTUARIES | EFI/LIABILITY MANAGEMENT SERVICES, INC.

The nation's leader in plan-specific, interactive asset allocation optimization counseling

WASHINGTON, DC ■ PHILADELPHIA ■ SEATTLE ■ SAN FRANCISCO

Respectfully Submitted,



Robert T. McCrory, FSA

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Graham A. Schmidt, ASA

(415) 439-5313

Summary of Assumptions and Finding Methods

The following assumptions along with the post retirement and pre-retirement demographic experiences are based on the plan's actuarial experience through June 30, 2010. The rates produced by this valuation were adopted by StanCERA Board of Retirement on April 13, 2010 and are effective July 1, 2011. The next actuarial valuation is in process for the fiscal year ending June 30, 2011.

Actuarial Assumptions

Post-Retirement Mortality

(1) Service

General

Males RP 2000 Group Annuity Mortality Table, Projected to 2020
Using Scale AA Table with adjustment (Male)

Females RP 2000 Group Annuity Mortality Table, Projected to 2020
Using Scale AA Table with adjustment (Female)

Safety RP 2000 Group Annuity Mortality Table, Projected to 2020
Using Scale AA Table with adjustment (Male)

(2) Disability

General RP 2000 Group Annuity Mortality Table, Projected to 2020
Using Scale AA with 7 year set forward for General Members

Safety RP 2000 Group Annuity Mortality Table, Projected to 2020
Using Scale AA with 7 year set forward for Safety Members

(3) For Employee Contribution Rate Purposes

General RP 2000 Group Annuity Mortality Table, Projected to 2020
Using Scale AA with 7 year set forward for General Members
Blending weighting 25% Male / 75% Female

Safety RP 2000 Group Annuity Mortality Table, Projected to 2020
Using Scale AA with 7 year set forward for General Members
Blending weighting 80% Male / 20% Female

Pre-Retirement Mortality Rates vary by age, gender and classification

Withdrawal Rates Rates vary by age, gender and classification

Disability Rates Rates vary by age, gender and classification

Service Retirement Rates Rates vary by age, gender and classification

Actuarial Assumptions (continued)

Valuation date	June 30, 2010
Actuarial cost method	Entry age normal actuarial cost method
Amortization method	The unfunded actuarial accrued liability (UAAL) is being amortized as a percentage of payroll. 25 Years
Asset valuation method	Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market.
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.75%, plus service-based rates
Attributed to Inflation:	3.50%
Retirees' cost-of-living adjustments	100% of CPI to 3.0% annually with banking
Retiree cost-of-living assumption	Reduced from 3.0 % to 2.7%

Funding Method and Amortization of Actuarial Gains or Losses

The employer's liability is being funded on the Entry Age Normal Cost Method and with an Unfunded Actuarial Accrued Liability (UAAL). The current amortization period for the UAAL is 25. The above methods and assumptions were selected by the actuary as being appropriate for the Plan and were used in the latest actuarial valuation.

PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT

Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits. Separate rates of withdrawal are assumed among Safety and General Members.

Withdrawal		
Service	Safety	General
0	8.000%	13.500%
1	6.000%	9.000%
2	5.000%	6.375%
3	4.000%	4.875%
4	3.000%	4.125%
5	1.238%	2.025%
10	0.945%	1.470%
15	0.680%	0.850%
20	0.000%	0.336%
25	0.000%	0.072%
30	0.000%	0.000%

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. Vested terminated Tier 3 General members are assumed to begin receiving benefits at age 65 while other General Members are assumed to begin at age 62; terminated Safety Members are assumed to begin receiving benefits at age 55. 50% of vested terminated members are assumed to be reciprocal. Separate rates of termination are assumed among Safety and General Members. The rates are applied after five years of service and do not overlap with the service retirement rates.

Vested Termination		
Service	Safety	General
0	5.000%	5.000%
1	4.500%	5.000%
2	4.000%	3.000%
3	3.500%	3.000%
4	3.000%	3.000%
5	2.500%	3.000%
10	2.500%	2.000%
15	1.250%	2.000%
20	0.000%	1.200%
25	0.000%	1.200%
30 +	0.000%	0.000%

PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT (continued)

Retirement is assumed to occur among eligible members in accordance with the table below.

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

Separate rates of duty disability are assumed among Safety and General Members. Rates for both sexes for Safety Members are combined below.

Service-Connected Disability			
Age	Safety	General	
	All	Female	Male
20	0.0759%	0.0007%	0.0065%
25	0.1932%	0.0013%	0.0153%
30	0.3457%	0.0025%	0.0316%
35	0.5309%	0.0071%	0.0426%
40	0.7426%	0.0168%	0.0602%
45	1.1297%	0.0303%	0.0920%
50	1.5092%	0.0486%	0.1345%
55	1.7230%	0.0746%	0.1840%
60	0.0000%	0.1048%	0.2456%
65	0.0000%	0.0000%	0.0000%

Separate rates of ordinary disability are assumed among Safety and General Members. Rates for both sexes for Safety Members are combined below.

Non Service-Connected Disability			
Age	Safety	General	
	All	Female	Male
20	0.0173%	0.0025%	0.0130%
25	0.0409%	0.0050%	0.0307%
30	0.0421%	0.0100%	0.0316%
35	0.0568%	0.0281%	0.0426%
40	0.0802%	0.0446%	0.0602%
45	0.1227%	0.0808%	0.0920%
50	0.1793%	0.1295%	0.1345%
55	0.2453%	0.1990%	0.1840%
60	0.0000%	0.2794%	0.2456%
65	0.0000%	0.0000%	0.0000%

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Effective June 30, 2002, the Board has adopted an actuarial value of assets method that recognizes the difference between expected and actual market returns, net of expenses, over a 5-year period. The resulting actuarial value cannot exceed 120% of market value or be less than 80% of market value. The new method is being phased in over a five-year period starting June 30, 2001. Under this method, the Actuarial Value of Assets as of June 30, 2010 was determined as follows:

1.	Contributions	Benefit Payments	Expected Investment Return	Actual Investment Return	Additional Earnings	Percentage Deferred	Deferred Earnings
2007	\$53,105,351	\$70,329,625	\$103,400,687	\$203,337,761	\$99,937,074	20%	\$19,987,415
2008	43,244,855	70,227,537	118,197,211	(123,453,409)	(241,650,619)	40%	(96,660,248)
2009	44,333,858	74,399,189	105,798,320	(223,111,526)	(328,909,847)	60%	(197,345,908)
2010	42,506,604	73,196,706	85,116,258	162,746,408	77,630,150	80%	62,104,120
Total Unrecognized Dollars							(211,914,621)
2.	Market Value of Assets as of June 30, 2010						1,190,219,397
3.	Actuarial Value of Assets as of June 30, 2010: (2)-(1)						1,402,134,018
4.	Corridor Limit						
a.	80% of Net Market Value						952,175,518
b.	120% of Net Market Value						1,428,263,276
5.	Actuarial Value of Assets After Corridor as of June 30, 2010						1,402,134,018
6.	Ratio of Actuarial Value to Market Value: (5)/(2)						117.8%
7.	Special Non Valuation Reserves						
	\$5,000 Death Benefits					6,100,000	
	Revocable Health Insurance Stipend (before transfer)					33,366,572	
	Special COL Reserve					1,831,267	
	Legal Contingency Reserve					3,279,934	
	Tier 3 Disability Reserve					11,616	
	Contingency Reserve					<u>23,804,388</u>	
	Total Special Reserves (Market Value)						68,393,777
8.	Adjusted Total Special Reserves (117.8% of Market, Except Contingency)						76,332,770
9.	Pension Reserves at Actuarial Value (Valuation Assets): (5)(8)						\$1,325,801,248

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Plan Type	Number	Annual Salary	Average Annual Salary	% Increase in Average Salary
6/30/2004	General	3,618	\$164,462,000	\$45,457	0.81%
	Safety	630	35,501,000	56,351	5.08%
	Total	4,248	199,963,000	101,808	3.13%
6/30/2005	General	3,651	173,399,000	47,494	4.48%
	Safety	687	38,282,000	55,723	-1.11%
	Total	4,338	211,681,000	103,217	1.38%
6/30/2006	General	3,702	179,767,000	48,559	2.24%
	Safety	689	40,001,000	58,057	4.19%
	Total	4,391	219,768,000	106,616	3.29%
6/30/2008	General	3,719	230,942,000	51,897	6.87%
	Safety	731	44,638,000	61,065	5.18%
	Total	4,450	275,580,000	112,962	5.95%
6/30/2009	General	3,627	201,144,000	55,457	6.86%
	Safety	739	47,172,000	63,832	4.53%
	Total	4,366	248,316,000	119,289	5.60%
6/30/2010	General	3,404	198,698,288	58,372	5.26%
	Safety	681	46,357,713	68,073	6.64%
	Total	4,085	245,056,001	126,445	6.00%

Actuarial valuation was not performed for fiscal year June 30, 2007

RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM RETIREE PAYROLL

Plan Year Ending	At Beginning of Year	Added During Year	Allowances Added	Removed During Year	Allowances Removed	At End of Year	Retiree Payroll	% Increase in Retiree Payroll	Average Annual Allowance
6/30/2004	2,067	214	N/A	64	N/A	2,217	\$ 43,467,000	13.30%	\$ 20,064
6/30/2005	2,217	99	\$ 4,210,853	43	\$ 637,963	2,273	\$ 47,423,000	9.10%	\$ 20,682
6/30/2006	2,273	247	\$ 3,495,143	75	\$ 700,133	2,445	\$ 53,111,000	12.00%	\$ 21,744
6/30/2008	2,445	369	\$ 9,084,777	148	\$ 1,731,738	2,666	\$ 63,296,000	19.18%	\$ 23,742
6/30/2009	2,666	156	\$ 2,168,425	71	\$ 647,870	2,751	\$ 66,720,003	5.41%	\$ 24,253
6/30/2010	2,751	159	\$ 3,349,900	80	\$ 751,427	2,830	\$ 71,695,220	7.46%	\$ 25,334

SOLVENCY TEST

Valuation Date	Actuarial Accrued Liabilities (AAL) for:			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				
6/30/2004	\$ 166,806,000	\$ 518,922,000	\$ 349,617,000	\$ 993,180,000	100%	100%	88%
6/30/2005	\$ 205,556,000	\$ 551,810,000	\$ 358,944,000	\$ 1,049,691,000	100%	100%	81%
6/30/2006	\$ 219,907,000	\$ 619,109,000	\$ 355,888,000	\$ 1,154,048,000	100%	100%	89%
6/30/2008	\$ 272,657,000	\$ 739,838,000	\$ 536,329,000	\$ 1,317,167,000	100%	100%	57%
6/30/2009	\$ 298,342,000	\$ 781,082,000	\$ 574,292,000	\$ 1,171,767,000	100%	100%	16%
6/30/2010	\$ 323,940,000	\$ 829,323,000	\$ 584,561,000	\$ 1,325,801,000	100%	100%	30%

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

Plan Year Ending	Actuarial (Gains)/Losses			Changes in Plan Provisions	Changes in Assumption/Methods	Total (Gain)/Loss
	Asset Sources	Liability Sources	Total			
6/30/2005	\$ 26,573,640	\$ 11,238,430	\$ 37,812,070	N/A	-	\$ 37,812,070
6/30/2006	\$ (27,756,878)	\$ 21,366,204	\$ (6,390,674)	N/A	(14,845,293)	\$ (21,235,967)
*6/30/2007	\$ 86,178,774	N/A	\$ 86,178,774	N/A	134,470,779	\$ 220,649,553
6/30/2008	\$ (50,709,169)	\$ 67,324,195	\$ 16,615,026	N/A	-	\$ 16,615,026
6/30/2009	\$ 228,905,354	\$ 12,996,828	\$ 241,902,182	N/A	-	\$ 241,902,182
6/30/2010	\$ (76,507,113)	\$ 37,492,978	\$ (39,014,135)	N/A	(51,743,766)	\$ (90,757,901)

*Actuarial valuation was not performed for fiscal year ending June 30, 2007

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Revenues by Source
(for years ending June 30)



Statistical Section

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employee Contrib.	\$11,227	\$13,940	\$18,521	\$18,942	\$19,088	\$19,861	\$20,543	\$20,689	\$20,923	\$20,746
Employer Contrib.	\$7,509	\$11,341	\$16,207	\$17,114	\$19,793	\$22,549	\$32,562	\$22,555	\$23,411	\$21,814
Investments	\$68,423	\$(43,386)	\$48,560	\$155,269	\$90,703	\$117,273	\$207,109	\$(221,031)	\$165,054	
Total	\$87,159	\$(18,105)	\$83,288	\$191,325	\$129,584	\$159,683	\$298,176	\$(176,698)	\$207,614	

Note: 2007 Employer Contributions include income from the post-Ventura Francis

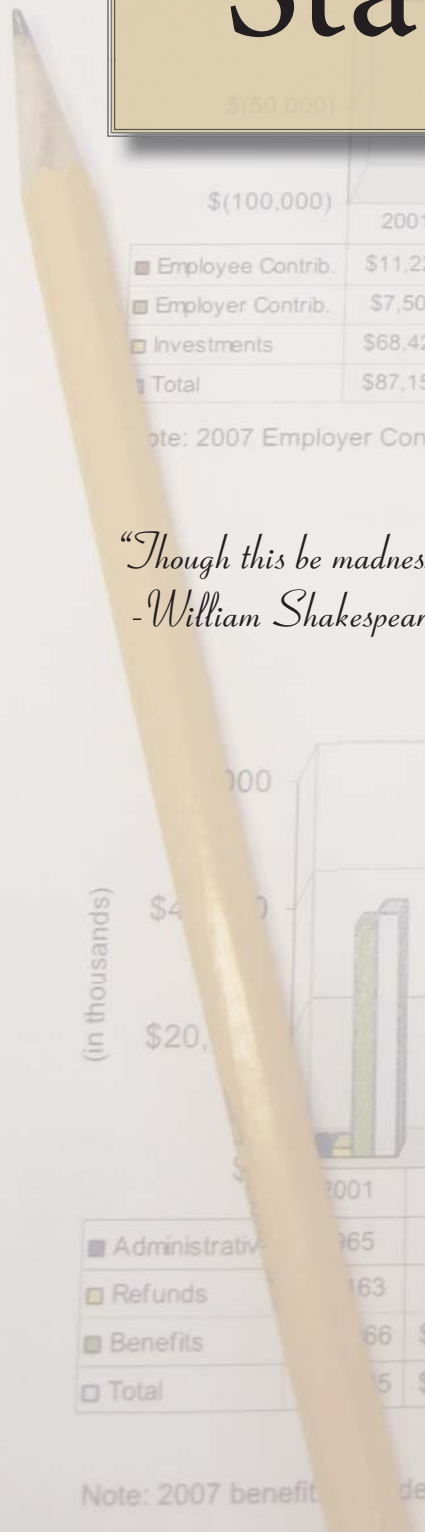
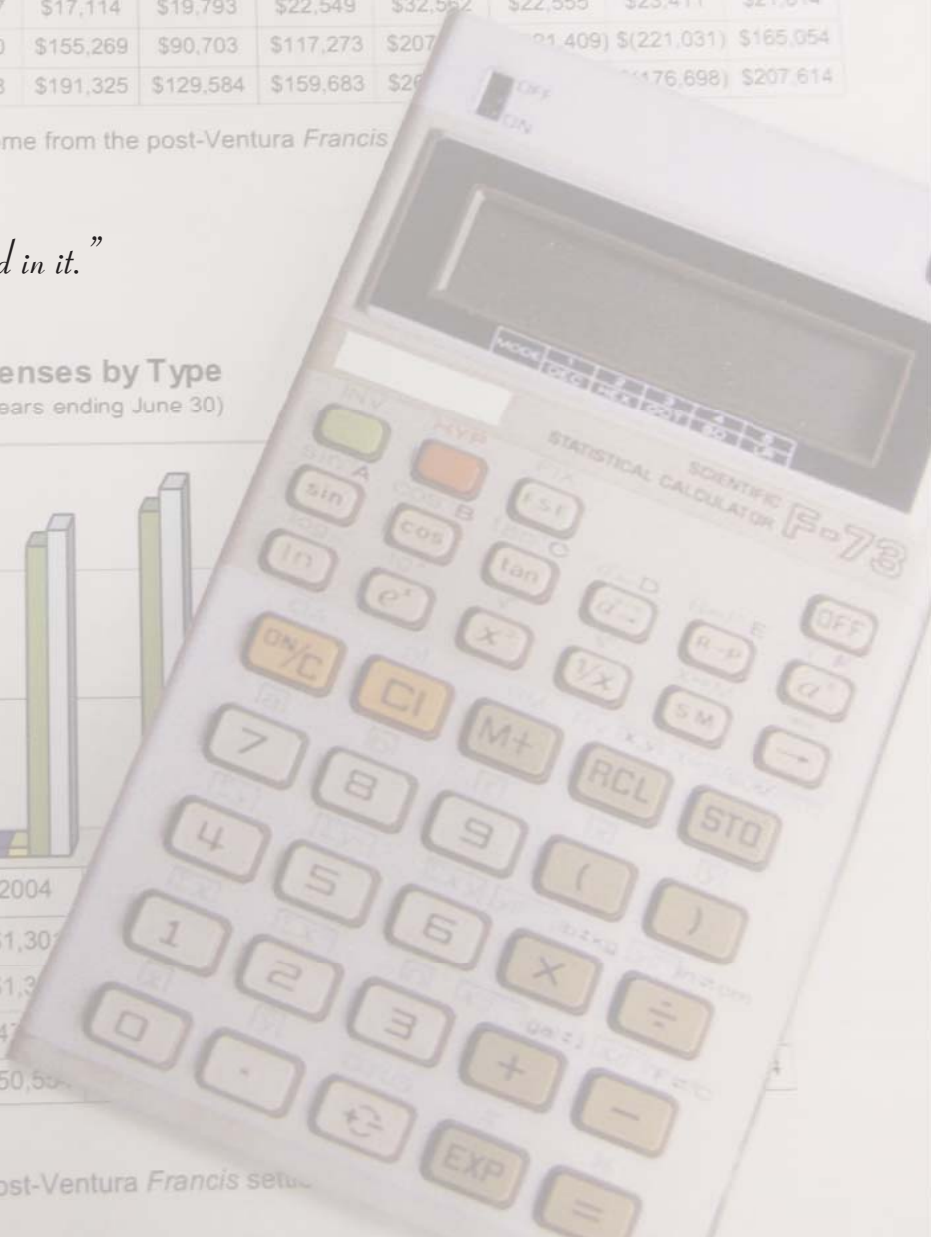
“Though this be madness, yet there is method in it.”
-William Shakespeare

Expenses by Type
(for years ending June 30)



	2001	2002	2003	2004
Administrative	\$65	\$1,082	\$1,147	\$1,300
Refunds	\$163	\$1,548	\$1,561	\$1,300
Benefits	\$66	\$38,118	\$43,435	\$43,435
Total	\$194	\$40,748	\$46,143	\$50,500

Note: 2007 benefit expenses for the post-Ventura Francis setu



Cover Source:

Irizarry, Luiana M. *Computations*. 2011. jpg. StanCERA, Modesto.

STATISTICAL INFORMATION

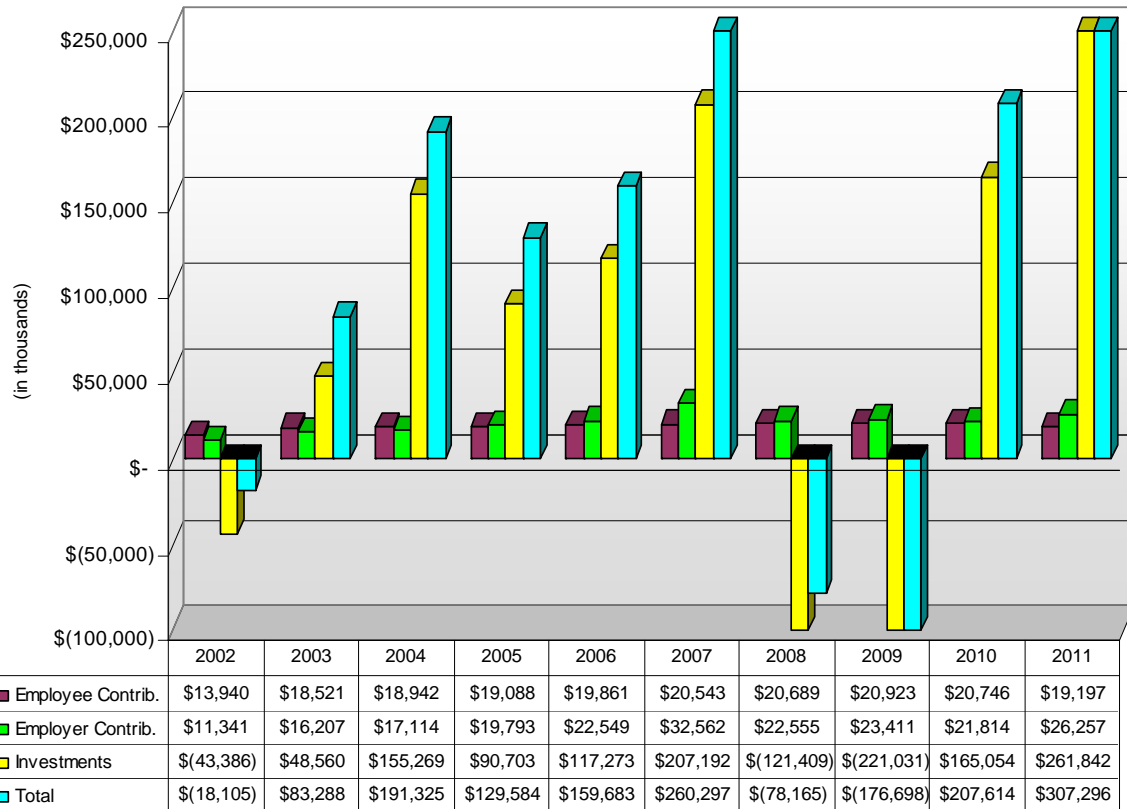
This section provides a multi-year trend of financial information and demographic information to facilitate a more comprehensive understanding of this year's financial statements, note disclosures and supplementary information covering StanCERA's Plan. The financial and operating information provides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

CHANGES IN PLAN NET ASSETS

Last Ten Fiscal Years ending June 30

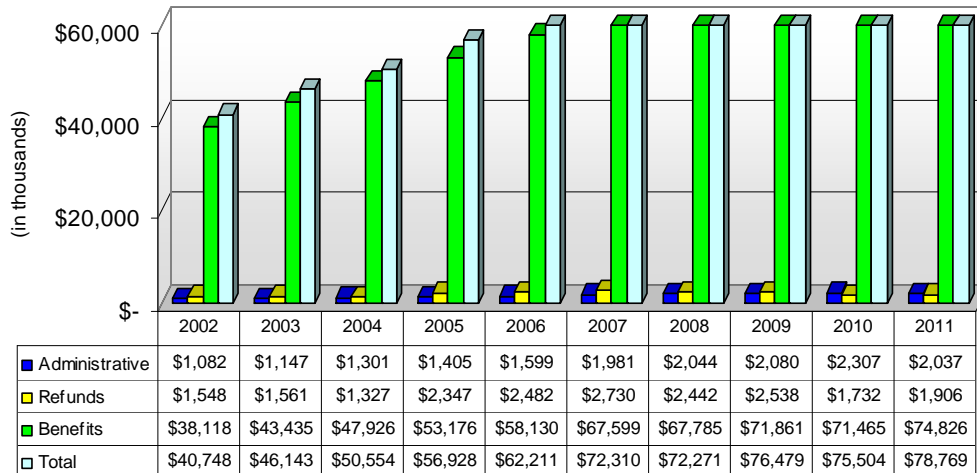
Additions To Plan Net Assets					
	2011	2010	2009	2008	2007
Employer Contributions	\$ 26,256,729	\$ 21,814,194	\$ 23,410,965	\$ 22,555,416	\$ 32,562,514
Employee Contributions	19,197,052	20,746,411	20,922,893	20,689,439	20,542,837
Investment Income (Loss)	261,380,696	161,234,157	(215,302,029)	(122,548,769)	206,631,146
Litigation Recovery	16,849	680,579	57,010	117,351	177,775
Net Security Lending Income (Loss)	444,947	3,139,108	(5,786,378)	1,022,295	382,991
<i>Total Additions</i>	<u>\$ 307,296,273</u>	<u>\$ 207,614,449</u>	<u>\$ (176,697,539)</u>	<u>\$ (78,164,268)</u>	<u>\$ 260,297,263</u>
Deductions From Plan Assets					
Pension Benefits	\$ 74,826,404	\$ 71,464,735	\$ 71,861,210	\$ 67,785,111	\$ 67,599,163
Refunds	1,906,153	1,731,971	2,537,978	2,442,426	2,730,463
Administrative Expense and Misc	2,037,167	2,307,436	2,080,130	2,044,286	1,980,926
<i>Total Deductions</i>	<u>\$ 78,769,724</u>	<u>\$ 75,504,142</u>	<u>\$ 76,479,318</u>	<u>\$ 72,271,823</u>	<u>\$ 72,310,552</u>
Increase (Decrease) in Net Assets Held in Trust for Pension Benefits					
	\$ 228,526,549	132,110,307	(253,176,857)	(150,436,091)	187,986,711
Net Assets Held in Trust for Pension Benefits					
Beginning of year	1,190,219,397	1,058,109,090	1,311,285,947	1,461,722,038	1,273,735,327
End of year	<u>\$ 1,418,745,946</u>	<u>\$ 1,190,219,397</u>	<u>\$ 1,058,109,090</u>	<u>\$ 1,311,285,947</u>	<u>\$ 1,461,722,038</u>
Additions To Plan Net Assets					
	2006	2005	2004	2003	2002
Employer Contributions	\$ 22,548,754	\$ 19,792,748	\$ 17,113,973	\$ 16,207,877	\$ 11,340,678
Employee Contributions	19,860,676	19,088,340	18,941,508	18,520,605	13,939,517
Investment Income (Loss)	116,898,276	90,280,931	154,739,718	47,836,183	(43,483,569)
Litigation Recovery	27,479	113,169	114,058	126,162	97,700
Net Security Lending Income (Loss)	347,188	309,095	415,659	597,316	-
<i>Total Additions</i>	<u>\$ 159,682,373</u>	<u>\$ 129,584,283</u>	<u>\$ 191,324,916</u>	<u>\$ 83,288,143</u>	<u>\$ (18,105,674)</u>
Deductions From Plan Assets					
Pension Benefits	\$ 58,129,898	\$ 53,176,109	\$ 47,926,179	\$ 43,435,482	\$ 38,118,054
Refunds	2,482,105	2,347,241	1,326,769	1,561,286	1,547,588
Administrative Expense and Misc	1,598,700	1,404,838	1,301,338	1,147,117	1,082,458
<i>Total Deductions</i>	<u>\$ 62,210,703</u>	<u>\$ 56,928,188</u>	<u>\$ 50,554,286</u>	<u>\$ 46,143,885</u>	<u>\$ 40,748,100</u>
Increase (Decrease) in Net Assets Held in Trust for Pension Benefits					
	97,471,670	72,656,095	140,770,630	37,144,258	(58,853,774)
Net Assets Held in Trust for Pension Benefits					
Beginning of year	1,176,263,657	1,103,607,562	962,836,932	925,692,674	984,546,448
End of year	<u>\$ 1,273,735,327</u>	<u>\$ 1,176,263,657</u>	<u>\$ 1,103,607,562</u>	<u>\$ 962,836,932</u>	<u>\$ 925,692,674</u>

Revenues by Source
(for years ending June 30)



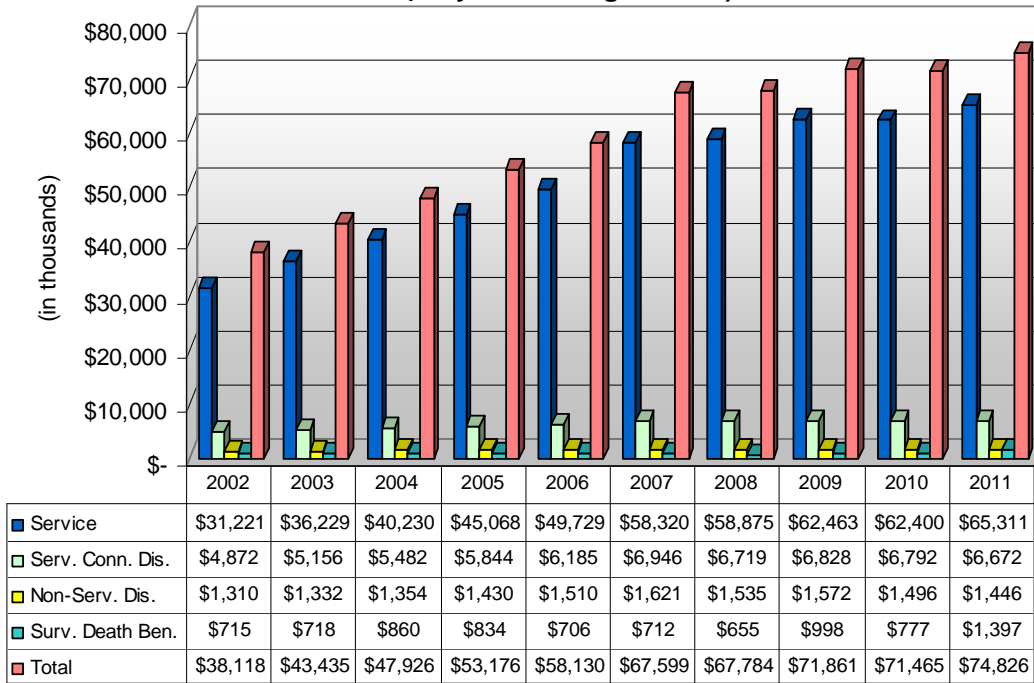
Note: 2007 Employer Contributions include income from the post-Ventura *Francis* settlement

Expenses by Type
(for years ending June 30)



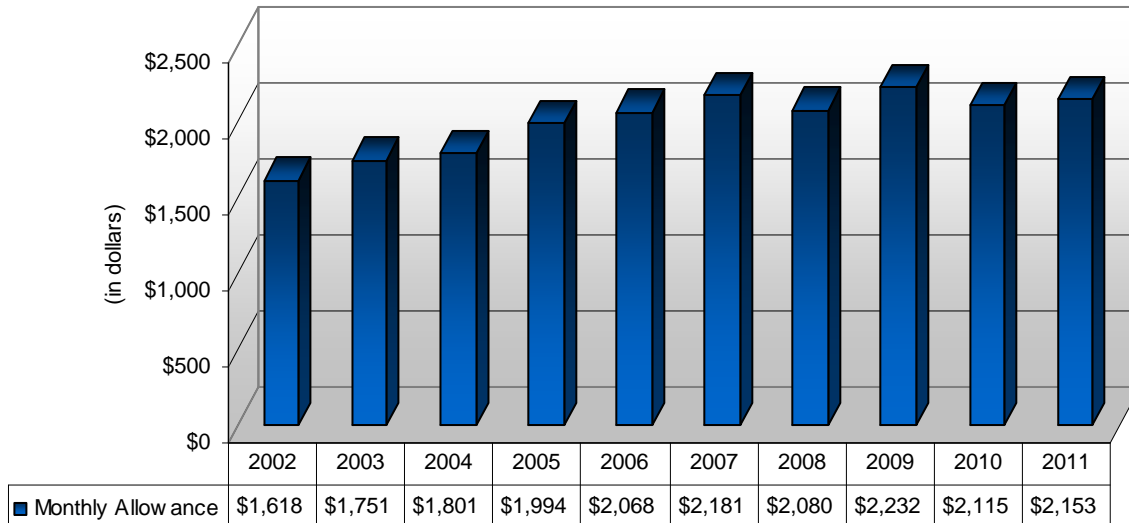
Note: 2007 benefits include expenses for the post-Ventura *Francis* settlement

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



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

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



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

RETIRED MEMBERS BY BENEFIT TYPE
as of June 30, 2011

<u>Amount Monthly Benefit</u>	<u>Total # Retirees</u>	<u>Service Retirement</u>	<u>Service Connected Disability</u>	<u>Non-Service Disability</u>	<u>Survivors</u>
General Members					
0-500	384	360	4	14	6
501-1,000	530	454	7	51	18
1,001-1,500	440	363	38	35	4
1,501-2,000	330	276	46	6	2
2,001-2,500	226	201	18	5	2
2,501-3,000	149	142	7	0	0
3,001-3,500	106	104	1	0	1
3,501-4,000	81	78	2	1	0
4,001-4,500	59	57	2	0	0
4,501-5,000	39	39	0	0	0
over 5,000	171	171	0	0	0
Totals	<u>2,515</u>	<u>2,245</u>	<u>125</u>	<u>112</u>	<u>33</u>
Safety Members					
0-500	22	13	7	1	1
501-1,000	24	17	4	1	2
1,001-1,500	33	28	0	4	1
1,501-2,000	42	31	7	4	0
2,001-2,500	64	25	38	0	1
2,501-3,000	72	24	47	0	1
3,001-3,500	45	28	16	0	1
3,501-4,000	23	22	1	0	0
4,001-4,500	21	20	0	0	1
4,501-5,000	21	19	1	0	1
over 5,000	94	86	8	0	0
Totals	<u>461</u>	<u>313</u>	<u>129</u>	<u>10</u>	<u>9</u>
TOTALS	<u>2,976</u>	<u>2,558</u>	<u>254</u>	<u>122</u>	<u>42</u>

(Data retrieved from StanCERA's data base)

AVERAGE BENEFIT PAYMENTS

As of Fiscal End of Year

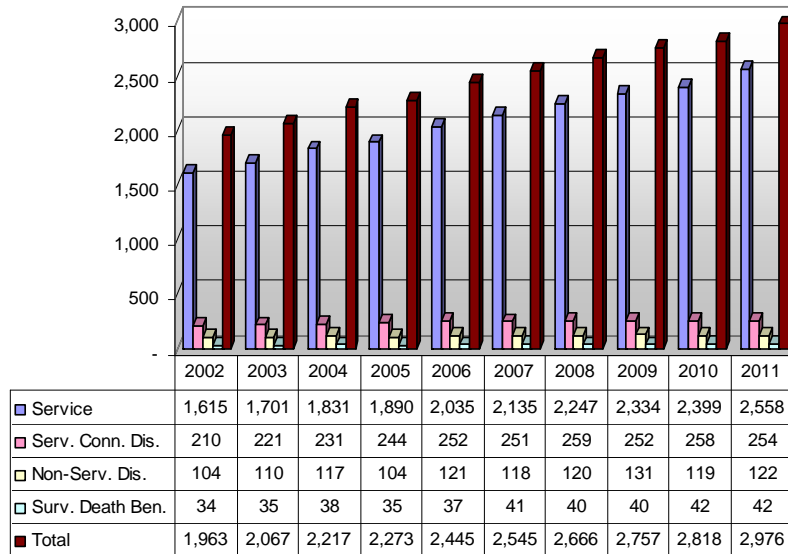
	Beneficiaries		Service Years Credited					
	& Dro's	0-5	5-10	10-15	15-20	20-25	25-30	30+
Fiscal Year Ending June 30, 2001								
Average Monthly Benefit	-	\$587	\$935	\$992	\$1,425	\$1,969	\$2,599	\$3,388
Number of Active Retirees	-	136	229	455	372	313	222	135
Fiscal Year Ending June 30, 2002								
Average Monthly Benefit	-	\$598	\$1,004	\$1,029	\$1,481	\$2,043	\$2,756	\$3,523
Number of Active Retirees	-	146	243	470	379	332	252	141
Fiscal Year Ending June 30, 2003								
Average Monthly Benefit	-	\$617	\$990	\$1,086	\$1,594	\$2,129	\$3,094	\$3,782
Number of Active Retirees	-	150	256	480	390	358	271	162
Fiscal Year Ending June 30, 2004								
Average Monthly Benefit	-	\$621	\$1,008	\$1,127	\$1,605	\$2,170	\$3,168	\$4,017
Number of Active Retirees	-	153	275	507	418	382	293	190
Fiscal Year Ending June 30, 2005								
Average Monthly Benefit	-	\$615	\$1,053	\$1,175	\$1,710	\$2,253	\$3,290	\$4,185
Number of Active Retirees	-	160	284	508	424	386	307	204
Fiscal Year Ending June 30, 2006								
Average Monthly Benefit	-	\$618	\$1,063	\$1,176	\$1,741	\$2,322	\$3,400	\$4,341
Number of Active Retirees	-	169	306	532	446	417	338	237
Fiscal Year Ending June 30, 2007								
Average Monthly Benefit	-	\$644	\$1,102	\$1,206	\$1,796	\$2,438	\$3,562	\$4,485
Number of Active Retirees	-	170	321	568	466	424	345	251
Fiscal Year Ending June 30, 2008								
Average Monthly Benefit	-	\$382	\$1,016	\$1,284	\$1,836	\$2,594	\$3,778	\$4,599
Number of Active Retirees	-	246	427	522	523	398	365	251
Fiscal Year Ending June 30, 2009								
Average Monthly Benefit	\$1,426	\$627	\$1,095	\$1,257	\$1,934	\$2,641	\$3,912	\$5,332
Number of Active Retirees	365	159	312	528	425	390	325	253
Fiscal Year Ending June 30, 2010								
Average Monthly Benefit	\$1,345	\$602	\$1,038	\$1,171	\$1,834	\$2,550	\$3,753	\$5,172
Number of Active Retirees	366	157	330	536	434	405	318	270
Fiscal Year Ending June 30, 2011								
Average Monthly Benefit	\$1,362	\$621	\$1,044	\$1,192	\$1,843	\$2,581	\$3,785	\$5,260
Number of Active Retirees	389	169	350	574	454	424	331	298

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

Data for Final Average Salary is not available due to system constraints. StanCERA is implementing a new Pension Software program which will provide this data in future years.

Membership History (Retired)

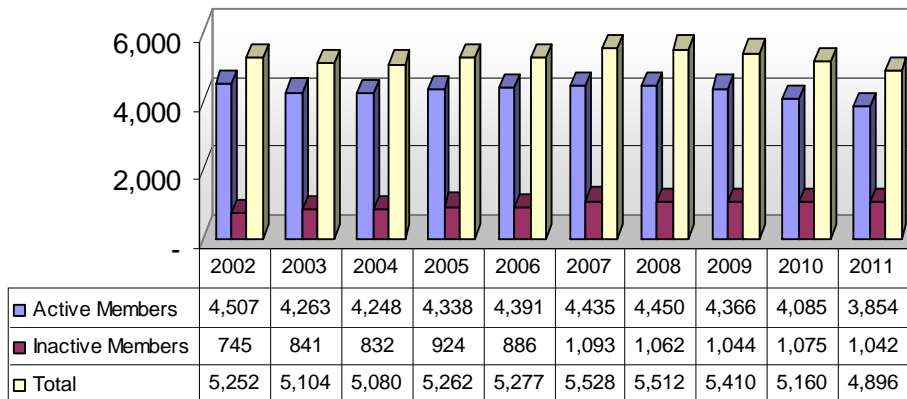
(for years ending June 30)



Data retrieved from StanCERA's data base.

Membership History (Active & Deferred)

(for years ending June 30)



Data retrieved from StanCERA's data base.

PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS

with PERCENTAGE OF TOTAL SYSTEM

for years ending June 30

	<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</u>	
Stanislaus County:										
General Members	2,841	73.6%	3,013	73.6%	3,227	73.8%	3,313	74.4%	3,311	74.7%
Safety Members	553	14.3%	601	14.7%	658	15.1%	663	14.9%	660	14.9%
Total	<u>3,394</u>		<u>3,614</u>		<u>3,885</u>		<u>3,976</u>		<u>3,971</u>	

Participating Agencies:

Stanislaus County Superior Courts	245	6.4%	252	6.2%	263	6.0%	254	5.7%	246	5.5%
City of Ceres	173	4.5%	178	4.4%	178	4.1%	186	4.2%	183	4.1%
East Side Mosquito Abatement District	11	0.3%	11	0.3%	11	0.3%	10	0.2%	10	0.2%
Hills Ferry Cemetery	4	0.1%	4	0.1%	4	0.1%	4	0.1%	4	0.1%
Keyes Community Services District	6	0.2%	6	0.2%	6	0.2%	6	0.2%	6	0.2%
Salida Sanitary District	7	0.2%	7	0.2%	6	0.1%	4	0.1%	4	0.1%
Stanislaus Council of Governments	14	0.4%	13	0.3%	13	0.3%	10	0.2%	11	0.2%
Total	<u>460</u>		<u>471</u>		<u>481</u>		<u>474</u>		<u>464</u>	

Total Active Membership

	<u>3,854</u>		<u>4,085</u>		<u>4,366</u>		<u>4,450</u>		<u>4,435</u>	
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	<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>	
Stanislaus County:										
General Members	3,330	75.8%	3,320	76.5%	3,239	76.2%	3,292	77.2%	3,528	78.1%
Safety Members	626	14.3%	618	14.2%	583	13.7%	580	13.6%	589	13.1%
Total	<u>3,956</u>		<u>3,938</u>		<u>3,822</u>		<u>3,872</u>		<u>4,117</u>	

Participating Agencies:

Stanislaus County Superior Courts	232	5.3%	211	4.9%	220	5.2%	198	4.6%	202	4.5%
City of Ceres	172	3.9%	161	3.7%	173	4.1%	161	3.8%	156	3.5%
East Side Mosquito Abatement District	9	0.2%	8	0.2%	6	0.2%	6	0.2%	7	0.2%
Hills Ferry Cemetery	4	0.1%	3	0.1%	3	0.1%	3	0.1%	3	0.1%
Keyes Community Services District	5	0.1%	5	0.1%	5	0.1%	4	0.1%	4	0.1%
Salida Sanitary District	4	0.1%	4	0.1%	5	0.1%	5	0.1%	5	0.1%
Stanislaus Council of Governments	9	0.2%	8	0.2%	14	0.3%	14	0.3%	13	0.3%
Total	<u>435</u>		<u>400</u>		<u>426</u>		<u>391</u>		<u>390</u>	

Total Active Membership

	<u>4,391</u>		<u>4,338</u>		<u>4,248</u>		<u>4,263</u>		<u>4,507</u>	
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* Stanislaus County Superior Courts were part of Stanislaus County until March 2002
(Data retrieved from StanCERA's data base)

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