Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2013 and 2012

STANCERA

Ensuring Tomorrow's Benefits Through Prudent Management.

Stanislaus County Employees' Retirement Association

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

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, 2013 and 2012

Issued By

Rick Santos, CFA, ASA, MAAA
Executive Director

StanCERA
Staff

Table of Contents

Introductory Section

Financial Section

Investment Section

Table of Contents *(continued)*

Actuarial Section

Statistical Section

Mission

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

Vision

Ensuring tomorrow's benefits through prudent management.

Introductory Section

STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
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

October 16, 2013

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) for the fiscal years ended June 30, 2013 and 2012. As of June 30, 2013, it is StanCERA's 65th year of operations.

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

StanCERA is a 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 (the Board) to provide retirement, disability, death and survivor benefits for its members under the California State Government Code, Section 31450 et.seq. known as the County Employees Retirement Law of 1937 (CERL) and the Public Employees' Pension Reform Act.

StanCERA and it's Services

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

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

StanCERA 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 members are appointed by the Stanislaus County Board of Supervisors, one member and the alternate safety member are elected by the safety members, two members are elected by the general members, while the retiree and alternate retiree member are elected by the retired members. The County Treasurer serves as an ex-officio member. 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, which in the case of employer contributions occurs pursuant to formal commitments by the employers. 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, 2013 and 2012, 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. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived, and that second, the valuation of the cost and benefits requires estimates and judgments by management. (Note: Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations.

Financial Information (Cont.)

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

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 the CERL, StanCERA engages an independent actuary to perform an actuarial valuation of the System on an annual basis. Economic assumptions are normally reviewed every three years. Additionally, every three years, a triennial experience study is conducted, at which time non-economic assumptions are also updated. The most recent triennial experience study was conducted as of June 30, 2012 by Cheiron EFI (formerly EFI Actuaries). Cheiron EFI conducted the last actuarial valuation as of June 30, 2012 and determined the plan's funding ratio (ratio of actuarial value of assets to actuarial accrued liability) to be 76.9% using the recommended assumptions.

Stanislaus County issued $108 million in pension obligation bonds in September 1995 to satisfy the Unfunded Accrued Actuarial Liability (UAAL) for the County, calculated as of that date. Final payment of these bonds was made in August 2013.

Investments

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

The Board has adopted an Investment Policy, which provides a framework for the management of StanCERA's investments. This policy establishes StanCERA's investment objectives and defines the duties of the Board of Retirement, investment managers, and custodial bank. The asset allocation is an integral part of the Investment Policy and is designed to provide an optimum mix of asset classes with return expectations to ensure growth of assets to meet future liabilities, minimize employer contributions, and defray reasonable administrative costs. StanCERA engages an Investment Consultant to analyze investment policy and strategy and to conduct periodic asset allocation and asset/liability studies on behalf of StanCERA. For the fiscal years ended June 30, 2013 and 2012, the Plan's investments provided a positive 14.5% and positive 0.7% 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, 2012. 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 eighth consecutive year StanCERA has achieved this prestigious award.

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

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

StanCERA received the Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2012. 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 Public Pension Standards 2012 Award, in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

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

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

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

Service Efforts and Accomplishments

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.

Service Efforts and Accomplishments (continued)

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

Information available to the public is being expanded as well. Major retirement policies and guidelines along with forms are updated regularly. Audio and/or video recordings of educational seminars and Board meetings are available on the web along with electronic agendas and minutes for each meeting. The benefit calculators remain the most visited page on the website.

The Excess Earnings Policy has recently been updated and currently requires that all investment earnings will be used to fund vested retirement benefits until a market funded level of 100% 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,

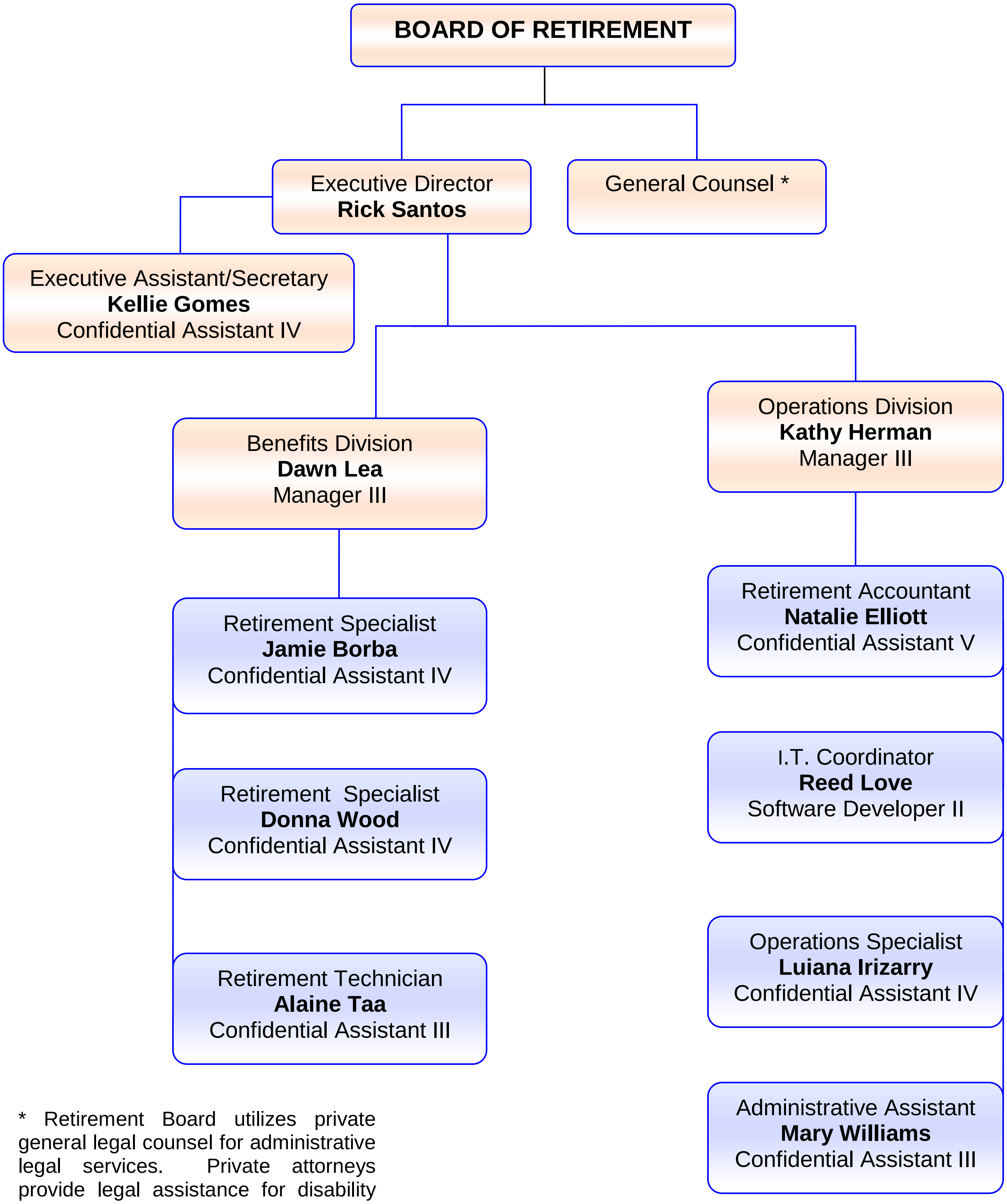
Rick Santos, CFA, ASA, MAAA
Executive Director

BOARD OF RETIREMENT
JUNE 30, 2013

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

StanCERA ORGANIZATIONAL CHART

Effective 2013



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

PROFESSIONAL CONSULTANTS
JUNE 30, 2013

Actuary
Cheiron EFI (formerly EFI Actuaries)

Auditors
Macias Gini & O'Connell LLP

Investment Custodian
The Bank of New York Mellon

Investment Consultant
Strategic Investment Solutions, Inc.

Legal Counsel
Damrell Nelson Schrimp Pallios
Pacher & Silva (General Legal Counsel)
Law Office of Ted M Cabral
Hansen Bridgett LLP
Reed Smith LLP
Fores Macko
Gordon & Reese 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 Management Company
BlackRock R1000 Growth

Small Cap Value Equity
Capital Prospects

Small Cap Growth Equity
Legato Capital Management

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

Domestic Equity Index Funds
Mellon Capital Management

Real Estate Securities
Black Rock US Real Estate Index

Direct Lending
Medley Opportunity Fund
Raven Capital Management

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Stanislaus County

Employees' Retirement Association

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Stanislaus County

Employees' Retirement Association

California

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Jeffrey R. Emer

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2012

Presented to

Stanislaus County Employees' Retirement Association

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle

Alan H. Winkle
Program Administrator

This page intentionally left blank

Financial Section

MGO Certified Public Accountants.

Sacramento
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

Walnut Creek

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Stanislaus County Employees' Retirement Association (StanCERA), a component unit of the County of Stanislaus, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise StanCERA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stanislaus County Employees' Retirement Association as of June 30, 2013 and 2012, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the basic financial statements, StanCERA adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

As described in Note 5 to the basic financial statements, based on the most recent actuarial valuation as of June 30, 2012, StanCERA's independent actuaries determined that, at June 30, 2012, the actuarial accrued obligation exceeded the actuarial value of its assets by $437 million. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 25 and the schedules of funding progress and employer contributions on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise StanCERA's basic financial statements. The introductory section, other supplemental schedules 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 schedules in the financial section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements taken 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2013 on our consideration of StanCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering StanCERA's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Sacramento, California
October 16, 2013

This page intentionally left blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Stanislaus County Employees' Retirement Association's (StanCERA) financial performance provides an overview of the financial activities and funding conditions for the fiscal years ended June 30, 2013 and 2012. Please review it in conjunction with the transmittal letter (page 3) and the Basic Financial Statements (beginning on page 24).

Financial Highlights

- Plan Net Position increased by $158.6 million (or 11.44%) as a result of the fiscal year's activities.
- Contributions (employer and member), in total, increased by $11.5 million (or 24.09%).
- Net investment income (including Net Appreciation in Fair Value of Investments) increased by $185.7 million (or 5575.12%).
- Benefit payments increased by $6.9 million (or 8.66%) from the prior year.

Plan Highlights

- Benefit plans for Tiers 2 and 3 were closed to new hires and Tiers 4 and 5 were adopted effective March 9, 2002 to provide retirement formulas commonly known as 2% at age 55 for active general members, and 3% at age 50 for active safety members. One district has not implemented the new benefit plans. Members in the non-contributory Tier 3 were allowed to transfer into a contributory plan. Effective January 1, 2011, Tier 5 was closed and Tier 2 was re-opened for all new hires for Stanislaus County, with the reduced benefit formulas of 2% at age 61 for most general members, and 2% at 50 for safety members. Tier 2 was closed and Tier 6 was adopted effective January 1, 2013 for all new hires and provides 2% at 62 for general members, and 2.7% at age 57 for safety members.
- Effective January 1, 2010 the Revocable Health Benefits Subsidy was suspended.
- In April of 2013 and 2012, a 2% and 3% cost of living increase respectively was given to all retired, disabled, and beneficiary members receiving a recurring allowance, except those retirees who received pensions for service as a Tier 3 non-contributory member.

Using the Annual Report

The financial statements reflect the activities of the Stanislaus County Employees' Retirement Association and are composed of the Statement of Plan Net Position (see page 26) and the Statement of Changes in Plan Net Position (see page 27). 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. Statement of Plan Net Position
2. Statement of Changes in Plan Net Position
3. Notes to the Basic Financial Statements
4. Required Supplementary Information
5. Other Supplemental Information

Financial Analysis

Statement of Plan Net Position

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

Plan Net Position, as of June 30, 2013, 2012 and 2011	2013	2012	2011	$ Change 2013 - 2012	$ Change 2012 - 2011
Current Assets	$ 77,468,649	$ 88,141,472	$ 69,294,750	$ (10,672,823)	$ 18,846,722
Investments	1,633,578,676	1,458,674,520	1,506,879,134	174,904,156	(48,204,614)
Capital Assets	3,817,082	3,760,839	3,760,576	56,243	263
Total Assets	1,714,864,407	1,550,576,831	1,579,934,460	164,287,576	(29,357,629)
Total Liabilities	170,051,412	164,401,585	161,188,514	5,649,827	3,213,071
Total Plan Net Position	$ 1,544,812,995	$ 1,386,175,246	$ 1,418,745,946	$ 158,637,749	$ (32,570,700)

Statement of Changes in Plan Net Position

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

Additions To Plan Net Position For The Fiscal Years Ended June 30, 2013, 2012 and 2011	2013	2012	2011	$ Change 2013 - 2012	$ Change 2012 - 2011
Employer Contributions	$ 39,077,480	$ 27,314,032	$ 26,256,729	$ 11,763,448	$ 1,057,303
Plan Member Contributions	20,285,888	20,525,295	19,197,052	(239,407)	1,328,243
Net Investment Income	189,034,853	3,330,939	261,380,696	185,703,914	(258,049,757)
Net Litigation Recovery	8,950	571	16,849	8,379	(16,278)
Net Security Lending Income	944,484	393,244	444,947	551,240	(51,703)
Total Additions	$ 249,351,655	$ 51,564,081	$ 307,296,273	$ 197,787,574	$ (255,732,192)

Deductions From Plan Net Position For The Fiscal Years Ended June 30, 2013, 2012 and 2011	2013	2012	2011	$ Change 2013 - 2012	$ Change 2012 - 2011
Benefit Payments	$ 87,102,798	$ 80,157,222	$ 74,826,404	$ 6,945,576	$ 5,330,818
Member Refunds	1,545,763	1,832,811	1,906,153	(287,048)	(73,342)
Administrative Expenses	2,065,345	2,144,748	2,037,167	(79,403)	107,581
Total Deductions	$ 90,713,906	$ 84,134,781	$ 78,769,724	$ 6,579,125	$ 5,365,057
Increase (Decrease) in Plan Net Position Restricted for Pension Benefits	$ 158,637,749	$ (32,570,700)	$ 228,526,549	$ 191,208,449	$ (261,097,249)
Plan Net Position Restricted for Pension Benefits					
Beginning of Year	1,386,175,246	1,418,745,946	1,190,219,397	(32,570,700)	228,526,549
End of Year	$ 1,544,812,995	$ 1,386,175,246	$ 1,418,745,946	$ 158,637,749	$ (32,570,700)

Additions to Plan Net Position

A review of the Statement of Plan Net Position shows that June 30, 2013 closed with assets exceeding liabilities by $1.545 billion with all of the Plan Net Position available to meet StanCERA's ongoing obligations to plan participants and their beneficiaries. Last fiscal year, ending June 30, 2012, closed with assets exceeding liabilities by $1.386 billion. The $158.6 million increase and $32.6 million decrease, respectively, in Plan Net Position is a direct result of the changes in the financial market over the past two years. StanCERA remains in very good financial condition.

Additions to Plan Net Position (continued)

The primary sources to finance the benefits StanCERA provides are accumulated through return on investments and through the collection of member and employer contributions. These income sources for fiscal year 2012-2013 resulted in a gain of $249.4 million, where fiscal year 2011-2012 resulted in a gain of $51.6 million. This gain is primarily a result of growth in the broad market over the two past years, as discussed in the Investment Analysis below. Employer and member contributions increased by $11.5 million (or 24.09%) from the contributions made in 2011-2012. Employer contributions increased in 2013 mainly due to changes in economic assumptions and opening of new Tier 6 due to the Public Employees' Pension Reform Act effective January 1, 2013.

Deductions from Plan Net Position

The primary uses of StanCERA's assets are the payment of benefits to retirees and their beneficiaries, refunds of contributions to terminated employees, and the costs of administering the Plan. These expenses for fiscal year 2012-2013 were $90.7 million, an increase of $6.6 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 2011-2012 these expenses were $84.1 million, an increase of $5.4 million from the prior year also due to an increase in the number of retirees and the average amount they are paid. For fiscal year 2012-2013 administrative expense decreased by 3.70% over fiscal year 2011-2012. Total administrative expense represented 0.0936% of the accrued actuarial liability for fiscal year 2012-2013 and 0.1044% for fiscal year 2011-2012.

Overall Financial Condition

Investment Analysis

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

Domestic equity returns as of June 30, 2013 outperformed their benchmark by 260 basis points and international equity outperformed the benchmark by 330 basis points. Domestic equity returns as of June 30, 2012 underperformed their benchmark by 50 basis points and international equity underperformed by 20 basis points as of June 30, 2012. All major domestic indices rose over the past two years, as it appears the market continues to recover from the impact of the sub-prime lending crisis, the collapse of the housing market, and the decline in consumer confidence.

Although the U.S. bond market generated a negative return, StanCERA's fixed income returns for the year were up and outperformed their benchmark by 130 basis points as of June 30, 2013. For the year ending June 30, 2012, the Fund's fixed income returns underperformed their benchmark by 60 basis points.

For the fiscal year ending June 30, 2013, StanCERA's total portfolio outperformed its policy benchmark by 300 basis points with an overall return of 14.5%. For fiscal year ending June 30, 2012, it underperformed its policy benchmark by 100 basis points with an overall return of 0.7%. The positive returns for fiscal 2013 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 StanCERA. All employers have 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, 2012, 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, 2012 was 76.9%, down from 78.1% as of June 30, 2011, 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, 2012, the actuarial value of assets was $1.5 billion. The next actuarial valuation is scheduled for June 30, 2013.

StanCERA's Fiduciary Responsibilities

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

Requests for Information

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

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

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

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF PLAN NET POSITION
As of June 30, 2013 and 2012

	June 30, 2013	June 30, 2012
ASSETS		
Cash And Cash Equivalents (Note 4):	$ 44,461,336	$ 39,960,025
Receivables:		
Interest & Dividends	6,090,300	6,288,878
Securities Transactions	24,493,236	40,073,173
Contributions (Note 3)	2,380,496	1,814,176
Other	43,281	5,220
Total Receivables	33,007,313	48,181,447
Capital Assets (Note 2):		
Tenant Improvements	390,438	167,483
Tyler Software, net	473,903	599,528
Real Estate Occupied, net	1,745,853	1,764,829
Real Estate Leased, net	1,164,133	1,176,787
Leasehold Improvements, net	31,653	42,204
Office Equipment, net	2,859	5,471
Audio Recording System, net	3,241	4,537
Security & Monitoring Equipment, net	5,002	-
Total Capital Assets, net	3,817,082	3,760,839
Investments at Fair Value (Note 4):		
U.S. Government and Agency Obligations	278,578,812	268,902,899
Corporate Bonds	192,004,280	211,121,622
Municipal Bonds	31,682,578	31,022,263
Emerging Market / Non-US Bonds	2,748,685	4,448,172
Domestic Stocks	435,862,122	359,747,438
Domestic Equity Index Fund	264,390,778	226,793,664
International Equity	263,833,964	224,687,670
Real Estate Securities	22,377,219	19,736,261
Direct Lending	29,098,868	-
Securities Lending Collateral	113,001,370	112,214,531
Total Investments	1,633,578,676	1,458,674,520
Total Assets	1,714,864,407	1,550,576,831
LIABILITIES		
Current Liabilities:		
Accounts Payable	9,708,506	8,241,988
Securities Transactions	43,986,634	39,036,066
Deferred Rents	325,118	167,483
Securities Lending Obligation (Note 4)	115,636,154	116,551,048
Total Current Liabilities	169,656,412	163,996,585
Long Term Liabilities:		
Grant Deed Extension Fee	395,000	405,000
Total Liabilities	170,051,412	164,401,585
Plan Net Position Restricted For Pension Benefits (Note 6)	$ 1,544,812,995	$ 1,386,175,246

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

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF CHANGES IN PLAN NET POSITION
For the Years Ended June 30, 2013 and 2012

	June 30, 2013	June 30, 2012
ADDITIONS		
Contributions (Note 5):		
Employer	$ 39,077,480	$ 27,314,032
Plan Members	20,285,888	20,525,295
Total Contributions	59,363,368	47,839,327
Investment Income:		
Net Appreciation/(Depreciation) in Fair Value of Investments	159,601,338	(29,202,695)
Interest & Dividends	38,144,730	37,434,050
Total Investment Gain	197,746,068	8,231,355
Net Income from Commission Recapture	28,794	37,189
Less: Investment Expense (Note 7)	(8,845,829)	(4,937,605)
Net Investment Income	188,929,033	3,330,939
Other Investment Income:		
Net Litigation Recovery Income	8,950	571
Borrower Fees	1,000	-
Rental Income	104,820	-
Net Other Investment Income	114,770	571
Securities Lending Activities (Note 4):		
Securities Lending Income	546,343	713,368
Less: Securities Lending Expense	(162,956)	(213,916)
Less: Net Appreciation/(Depreciation) in Fair Value of Securities Lending Collateral	561,097	(106,208)
Net Securities Lending Income	944,484	393,244
Total Investment Income	189,988,287	3,724,754
Total Additions	249,351,655	51,564,081
DEDUCTIONS		
Benefit Payments & Subsidies	87,102,798	80,157,222
Member Refunds - Termination	1,115,209	1,389,148
Member Refunds - Death	430,554	443,663
Administrative Expenses (Note 2)	2,065,345	2,144,748
Total Deductions	90,713,906	84,134,781
Net Increase/(Decrease)	158,637,749	(32,570,700)
Plan Net Position Restricted for Pension Benefits (Note 6)		
Beginning of Year	1,386,175,246	1,418,745,946
End of Year	$ 1,544,812,995	$ 1,386,175,246

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 1 - DESCRIPTION OF PLAN

Description of System and Applicable Provisions of the Law

The Stanislaus County Employees' Retirement Association (StanCERA) is an integrated public employee retirement system established under and subject to the legislative authority of the State of California as enacted and amended in the County Employees Retirement Law of 1937 (Chapter 677 Statutes of 1937) and the Public Employees' Pension Reform Act. It is a multiple-employer "Cost Sharing" plan. StanCERA was established by the Board of Supervisors on July 1, 1948 and was integrated with Social Security on January 1,1956.

Membership

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. Each person entering employment full-time or permanent part-time (50% or more of the regular hours) becomes a member on the first day of employment. The structure of the Membership is as follows:

	June 30, 2013			June 30, 2012		
	General	Safety	Total	General	Safety	Total
Active Members:						
Vested & Non-vested	3,237	694	3,931	3,213	655	3,868
Total Active	3,237	694	3,931	3,213	655	3,868
Inactive Members:						
Deferred Members	706	163	869	723	157	880
Unclaimed Contributions	144	15	159	140	12	152
Total Inactive	850	178	1,028	863	169	1,032
Retired Members:						
Service Retirements	2,455	359	2,814	2,358	339	2,697
Disability Retirements	226	149	375	233	148	381
Survivor Payments	37	8	45	36	9	45
Total Retired	2,718	516	3,234	2,627	496	3,123
Total Membership	6,805	1,388	8,193	6,703	1,320	8,023

Active

Members of the System receive a 100% vested interest in the fund after 5 years of service, except Tier 3 which requires 10 years of service.

NOTE 1 – DESCRIPTION OF PLAN (continued)

Benefits

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

Service Retirement Benefit

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

Percentage of Final Average Salary (FAS)

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

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

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

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

NOTE 1 – DESCRIPTION OF PLAN (continued)

Death Benefit-Before Retirement (continued)

Employed More than 5 Years

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

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

Death Benefit-After Retirement

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

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

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

Disability Benefit

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

Cost of Living Benefit

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

Ad-Hoc Benefits

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

No ad-hoc benefits are currently being paid (effective since January 1, 2010). Changes in the excess earnings policy approved by the Board of Retirement on May 25, 2012 have placed additional restrictions on the Board

NOTE 1 – DESCRIPTION OF PLAN (continued)

Ad-Hoc Benefits (continued)

of Retirement's ability to grant these benefits; the greatest restriction currently is that the System must be 100% 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 incurred. StanCERA 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 with the Stanislaus County Treasurer. Pooled cash is reported at amortized cost, which approximates fair value. Income on pooled cash is allocated on StanCERA's average daily balance in relation to total pooled assets.

Investments

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

Investments are stated at fair value in accordance with GASB Statement No. 25. Values for stocks, publicly traded bonds, issues of the U.S. Government and its agencies, and real estate securities are valued according to sale prices of recognized exchanges as of the fiscal year end, with international securities reflecting currency exchange rates in effect at June 30, 2013 and 2012. Both domestic and international investments are denominated in U.S. currency. Direct Lending Partnerships are valued using their respective net asset value (NAV) and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued by the partnerships on a quarterly basis and the assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Transactions and Related Investment Income

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

Capital Assets

Capital assets, consisting of software development, the purchase of a condominium interest in one floor of an office building, and office equipment are presented at historical cost. StanCERA occupies 60% of the 6th floor of the office building, and 40% has been developed as office space which is currently leased out. Depreciation expense totaled $172,484 and $171,304 for the years ending June 30, 2013 and 2012 respectively. Depreciation is calculated using the straight-line method with an estimated life of 10 years for the software development, an estimated life of 99 years for the office space, an estimated life of 10 years for the leasehold improvements, and an estimated life of 5 years for office equipment.

CAPITAL ASSETS	Net Balance at June 30, 2012	Reclassifications & Additions	Less Depreciation	Net Balance at June 30, 2013
Tenant Improvements	$ 167,483	$ 222,955	$ -	$ 390,438
Tyler Software	599,528	-	125,625	473,903
Real Estate Occupied	1,764,829	-	18,976	1,745,853
Real Estate Leased	1,176,787	-	12,654	1,164,133
Leasehold Improvements	42,204	-	10,551	31,653
Office Equipment	5,471	-	2,612	2,859
Audio Recording System	4,537	-	1,296	3,241
Security & Monitoring Equipment	-	5,772	770	5,002
TOTAL	$ 3,760,839	$ 228,727	$ 172,484	$ 3,817,082

CAPITAL ASSETS	Net Balance at June 30, 2011	Reclassifications & Additions	Less Depreciation	Net Balance at June 30, 2012
Tenant Improvements	$ -	$ 167,483	$ -	$ 167,483
Tyler Software	725,153	-	125,625	599,528
Real Estate Occupied	1,783,805	-	18,976	1,764,829
Real Estate Leased	1,189,439	-	12,652	1,176,787
Leasehold Improvements	52,755	-	10,551	42,204
Office Equipment	3,590	4,084	2,203	5,471
Audio Recording System	5,834	-	1,297	4,537
TOTAL	$ 3,760,576	$ 171,567	$ 171,304	$ 3,760,839

Administrative Expenses

StanCERA's administrative expense is funded by the investment income and is limited to 0.21% of StanCERA's actuarial accrued liability (AAL) pursuant to Government Code Section 31580.2. The law provides exemption from the limitation for the cost of computer consultation, hardware, and software. Total administrative expenses for the years ending June 30, 2013 and 2012 were $2,065,345 and $2,144,748, respectively, of which $297,968 and $329,036 respectively, were not subject to the administrative expense limitation. Administrative expenses subject to the limitation amounted to 0.0936% of AAL for the year ending June 30, 2013 and 0.1044% for the year ending June 30, 2012.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

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

Management's Estimates

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

Reclassifications

Certain fiscal year 2012 amounts have been reclassified to conform with the fiscal year 2013 presentation.

Implementation of New Accounting Pronouncement

Effective July 1, 2012, StanCERA adopted the provisions of Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* which establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures.

Effect of Future Pronouncement

StanCERA will be subject to the provisions of GASB Statement No. 67 beginning with the fiscal year ending June 30, 2014. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB Statement No. 67 builds upon the existing framework for financial reports of defined benefit pension plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. In addition, it requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions Receivable represents withdrawals from employee's salaries and liabilities due by employers' retirement contributions for the month of June that were received in July. Contributions Receivable as of June 30, 2013 and 2012 were $2,380,496 and $1,814,176 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 StanCERA and the Board may, at its discretion, invest, or delegate the authority to invest, such assets through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when deemed prudent in the informed decision of the Board. StanCERA invests the assets according to a written Investment Policy established by the Board 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 StanCERA's cash invested with the County Treasurer totaled $8,488,606 and $7,059,069 at June 30, 2013 and 2012 respectively. Cash and investments included within the County Treasurer's Pool are described in the County's Financial Report.

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

Summary of Investments

	June 30, 2013	June 30, 2012
Investments		
U.S. Government and Agency Obligations	$ 278,578,812	$ 268,902,899
Corporate Bonds	192,004,280	211,121,622
Municipal Bonds	31,682,578	31,022,263
Emerging Market / Non-US Bonds	2,748,685	4,448,172
Domestic Stocks	435,862,122	359,747,438
Domestic Equity Index Fund	264,390,778	226,793,664
International Equity	263,833,964	224,687,670
Real Estate Securities	22,377,219	19,736,261
Direct Lending	29,098,868	-
Securities Lending Collateral	113,001,370	112,214,531
Subtotal	1,633,578,676	1,458,674,520
Deposits and Short-Term Investments		
Bank of New York: Cash in Custodial Account	35,972,730	32,900,956
Stanislaus County Treasury Investment Pool	8,488,606	7,059,069
Subtotal	44,461,336	39,960,025
Total Investments and Deposits	$ 1,678,040,012	$ 1,498,634,544

NOTE 4 – CASH AND INVESTMENTS (continued)

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, 2013 StanCERA had securities on loan with a carrying value of $111,886,737 and had received cash collateral (securities lending obligation) of $115,636,154 with a non-cash collateral of $716,147. As of fiscal year ending June 30, 2012, StanCERA's securities on loan had a carrying value of $113,293,086 and had received cash collateral (securities lending obligation) of $116,551,048. On the reinvested cash collateral, StanCERA had an unrealized gain of $561,097 for the fiscal year ended June 30, 2013, and had an unrealized loss of $106,208 for the fiscal year ended June 30, 2012.

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, 2013 and 2012 StanCERA had no credit risk exposure to borrowers because the amount StanCERA owes the borrower exceeds the amount the borrower owes StanCERA. These are separate investments made on StanCERA's behalf and not StanCERA's share of pooled investments.

SECURITIES LENDING COLLATERAL at June 30, 2013

Investment Type	Fair Value by Maturity Date < 1 year	1-5 years	5-15 years	> 15 years	Total Fair Value	Effective Duration (in years)
Asset Backed Securities	$ -	$ -	$ -	$ 1,641,538	$ 1,641,538	0.070
Certificate of Deposit	44,492,572	-	-	-	44,492,572	0.150
Commercial Paper	30,440,469	-	-	-	30,440,469	0.110
Corporate Floating Rate	881,908	-	-	-	881,908	0.020
Reverse Repurchase Agreement	35,544,883	-	-	-	35,544,883	0.010
TOTALS	$ 111,359,832	$ -	$ -	$ 1,641,538	$ 113,001,370	0.090

SECURITIES LENDING COLLATERAL at June 30, 2012

Investment Type	Fair Value by Maturity Date < 1 year	1-5 years	5-15 years	> 15 years	Total Fair Value	Effective Duration (in years)
Asset Backed Securities	$ 218,022	$ -	$ -	$ 1,177,731	$ 1,395,753	0.070
Certificate of Deposit	54,864,245	-	-	-	54,864,245	0.130
Commercial Paper	45,649,097	-	-	-	45,649,097	0.100
Corporate Floating Rate	737,487	-	-	-	737,487	0.038
Reverse Repurchase Agreement	9,567,949	-	-	-	9,567,949	0.010
TOTALS	$ 111,036,800	$ -	$ -	$ 1,177,731	$ 112,214,531	0.100

NOTE 4 – CASH AND INVESTMENTS (continued)

Securities Lending Program (continued)

The following table shows the credit quality of StanCERA's investments in Securities Lending Collateral on June 30, 2013 and 2012.

	June 30, 2013		June 30, 2012	
S&P Credit Rating	Percentage of Total Securities Lending Collateral	Securities Lending Collateral	Percentage of Total Securities Lending Collateral	Securities Lending Collateral
AA-	0.51%	$ 580,000	0.00%	$ -
A	0.27%	300,264	0.00%	-
A-1	66.31%	74,933,041	89.57%	100,513,342
B	0.14%	158,243	0.19%	218,022
CCC	0.48%	537,080	0.40%	447,570
D	0.84%	946,215	0.65%	730,161
N/R - Repo	31.45%	35,544,883	8.53%	9,567,949
N/R - Other	0.00%	1,644	0.66%	737,487
	100.00%	$ 113,001,370	100.00%	$ 112,214,531

*N/R represents securities that are not rated.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. StanCERA's average effective duration of all fixed income holdings, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus 1.5 years of the Barclays Aggregate Bond Index duration. For the year ending June 30, 2013 the Barclays Aggregate Bond Index was yielding 2.40% with an effective duration of 5.50 years. For the year ending June 30, 2012 the Barclays Aggregate Bond Index yielded 1.98% with an effective duration of 5.10 years. StanCERA had a yield of 3.00% and 2.65% for the fiscal years ended June 30, 2013 and 2012 respectively with an effective duration of 4.40 and 3.90 years respectively. As of June 30, 2013 and 2012 the County's pool had a fair value of $942 million and $932 million respectively, and a weighted average maturity of 457 days and 542 days respectively.

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

NOTE 4 – CASH AND INVESTMENTS (continued)

Interest Rate Risk (continued)

The following table shows the effective duration of StanCERA's fixed income investments by investment type as of June 30, 2013 and 2012:

	June 30, 2013		June 30, 2012	
Fixed Income Securities	**Fair Value**	**Effective Duration (in years)**	**Fair Value**	**Effective Duration (in years)**
U S Treasuries	$ 89,422,064	3.9	$ 93,049,244	3.7
Single-Family Mortgage Backed Securities	143,375,567	2.7	150,053,841	1.3
Multi-Family Mortgage Backed Securities	6,216,414	3.0	7,434,532	4.0
Collateralized Mortgage Backed Securities	22,657,727	1.9	9,586,248	3.0
Federal Agency	9,030,115	4.0	8,044,405	4.0
Asset Backed	7,876,925	2.6	734,629	0.0
Corporate Bonds	192,004,280	5.4	211,121,622	5.7
Municipal Bonds	31,682,578	9.9	31,022,263	10.6
Emerging Market / Non-US Bonds	2,748,685	7.9	4,448,172	6.2
Total Fixed Income Securities	$ 505,014,355		$ 515,494,956	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under StanCERA policy, the fixed income portfolio must have an average quality rating of A or better in the aggregate as measured by at least one credit rating service. In cases where credit ratings differ among rating agencies, the manager shall use the lowest of Moody's, Standard & Poor's, or Fitch ratings. Should the rating of a fixed income security fall below investment grade, the manager may continue to hold the security if they believe the security will be upgraded in the future, there is a low risk of default, and buyers will continue to be available throughout the anticipated holding period. The manager has the responsibility of notifying the Board whenever an issue falls below investment grade. Investment grade quality is defined as a Standard & Poor's rating of BBB or higher. The notification should include the manager's assessment of the issue's credit rating and its ongoing role in the portfolio. The 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, 2013 and 2012.

	June 30, 2013		June 30, 2012	
Credit Rating	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities
Aaa/AAA/AAA	2.79%	$ 14,071,776	1.43%	$ 7,353,266
Aa1 / AA+ / AA+	33.71%	170,287,141	32.37%	166,871,770
AA	0.26%	1,309,337	0.33%	1,704,817
AA-	1.25%	6,304,713	1.23%	6,356,803
A1 / A+ / A+	2.24%	11,312,668	3.07%	15,844,725
A2 / A / A	0.38%	1,923,595	3.34%	17,216,845
A3 / A- / A-	6.86%	34,656,612	6.76%	34,862,517
BAA+	0.00%	-	0.70%	3,598,081
BAA	0.00%	-	1.09%	5,632,363
BAA-	0.00%	-	0.14%	701,269
BA+	0.00%	-	0.38%	1,944,017
BA	0.00%	-	0.05%	240,540
BA-	0.00%	-	0.08%	433,750
Baa1 / BBB+ / BBB+	6.08%	30,693,053	3.66%	18,849,824
Baa2 / BBB / BBB	12.80%	64,629,944	12.48%	64,341,689
Baa3 / BBB- / BBB-	5.07%	25,597,130	4.99%	25,714,759
Ba1 / BB+ / BB+	3.77%	19,018,154	3.26%	16,825,483
Ba2 / BB / BB	1.91%	9,648,549	2.20%	11,344,719
Ba3 / BB- / BB-	1.36%	6,849,103	0.25%	1,278,125
B1 / B+ / B+	1.24%	6,242,349	1.59%	8,198,249
B	0.38%	1,935,034	0.11%	562,491
B3 / B- / B-	1.69%	8,554,573	2.16%	11,118,987
CAA+	0.00%	-	0.07%	376,216
CAA	0.00%	-	0.01%	75,052
CCC	0.11%	556,328	0.00%	-
N/R	0.01%	44,688	0.19%	999,358
N/A	18.09%	91,379,608	18.05%	93,049,241
Total	100.00%	$ 505,014,355	100.00%	$ 515,494,956

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 US Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from the disclosure requirements. StanCERA's policy requires that not more than 5% of the total stock portfolio, 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 StanCERA's consultant, without special permission from the Board. With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by the market value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue. StanCERA is in compliance with its policy however, as of June 30, 2013 and 2012 StanCERA had investments of $108,614,496 and $83,017,528 respectively in a single issuer (Fannie Mae) which represented 5% or more of the Plan Net Position.

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 $250,000 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 (ACWI) ex-US Index. The maximum limit in any single country shall not exceed the greater of two times the country's weighting in the MSCI ACWI ex-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, 2013 and 2012 is as follows:

Currency	June 30, 2013 Fair Value (in US $)	June 30, 2012 Fair Value (in US $)
Australian Dollar	$ 13,030,178	$ 11,855,700
Brazil Real	505,722	801,262
British Pound Sterling	-	35,378,317
Canadian Dollar	19,064,800	17,513,609
Chilean Peso	589,543	-
Danish Krone	1,524,864	1,111,057
Euro Currency	55,603,361	46,367,961
Hong Kong Dollar	10,327,831	8,442,774
Indonesian Rupiah	215,808	460,686
Isreali Shekel	876,734	-
Japanese Yen	46,160,496	34,624,264
Malaysian Renggit	1,005,190	-
Mexican Nuevo Peso	335,060	871,057
New Taiwan Dollar	2,507,997	3,000,337
New Turkish Lira	2,306,789	1,713,582
New Zealand Dollar	96,971	134,857
Norwegian Krone	2,776,352	2,454,896
Pound Sterling	41,179,897	-
Singapore Dollar	2,163,718	2,170,004
South African Rand	3,442,601	4,304,979
South Korean Won	4,975,670	3,676,374
Swedish Krona	2,587,924	2,496,890
Swiss Franc	15,963,772	12,154,803
Thailand Baht	666,084	-
US Dollar	35,926,602	35,154,261
TOTAL	$ 263,833,964	$ 224,687,670

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 reported in the Statements of Plan Net Position (page 26).

Commitments to Direct Lending

At June 30, 2013 StanCERA's total capital commitments to direct lending partnerships was $70,000,000. Of this amount, $41,446,757 remained unfunded and is not recorded on StanCERA's statements of plan net position.

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

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

Return of Contributions

If a member should resign or die before becoming eligible for retirement, the member's contributions plus refundable interest will be returned if so requested by the member or survivor.

Contributions Required and Contributions Made

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

NOTE 5 - CONTRIBUTIONS (continued)

Contributions Required and Contributions Made (continued)

Contributions for fiscal year ended June 30, 2013 totaling $59,363,368 were made in accordance with actuarially determined contribution rates determined through an actuarial valuation performed as of June 30, 2011. Employer contributions were 17.92% of covered payroll for Stanislaus County and 17.74% of covered payroll for other employers. Employee contributions, on average, were 9.29% of covered payroll. Stanislaus County represented 87.90% of covered payroll and 87.89% of total contributions.

Contributions for fiscal year ended June 30, 2012 totaling $47,839,327 were made in accordance with actuarially determined contribution rates determined through an actuarial valuation performed as of June 30, 2010. Employer contributions were 12.44% of covered payroll for Stanislaus County and 11.43% of covered payroll for other employers. Employee contributions, on average, were 9.25% of covered payroll. Stanislaus County represented 87.38% of covered payroll and 87.77% of total contributions.

2013	County	%	Districts	%	Total	%
Covered Payroll	$191,874,441	87.90%	$26,418,096	12.10%	$218,292,537	100.00%
Employer Contributions	$34,389,970	17.92%	$4,687,510	17.74%	$39,077,480	17.90%
Member Contributions	$17,784,879	9.27%	$2,501,009	9.47%	$20,285,888	9.29%
Total Contributions	$52,174,849	87.89%	$7,188,519	12.11%	$59,363,368	100.00%

2012	County	%	Districts	%	Total	%
Covered Payroll	$193,848,830	87.38%	$27,990,531	12.62%	$221,839,361	100.00%
Employer Contributions	$24,113,522	12.44%	$3,200,510	11.43%	$27,314,032	12.31%
Member Contributions	$17,874,760	9.22%	$2,650,535	9.47%	$20,525,295	9.25%
Total Contributions	$41,988,282	87.77%	$5,851,045	12.23%	$47,839,327	100.00%

Funded Status & Method

The funding ratio as of June 30, 2012 was 76.9% using the entry age normal cost method. StanCERA's actuary uses a 5 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, 2012, the actuarial value of assets was $1.45 billion.

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

The liability is being funded on the entry age normal cost method with an unfunded actuarial accrued liability (UAAL). The UAAL is being amortized as a percent of pay amount. The amortization is based on a 24-year closed amortization period.

SCHEDULE OF FUNDED STATUS – PENSION BENEFIT PLAN
FOR YEAR ENDED JUNE 30, 2012
(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
6/30/2012	$ 1,451,764	$ 1,888,713	$ 436,950	76.9%	$ 215,057	203.2%

NOTE 5 - CONTRIBUTIONS (continued)

Funded Status and Method (continued)

The valuation discount rate is 7.75% compounded and the total salary scale increases of 3.50% (3.25% for inflation) per year were based on a study as of June 30, 2012 and dated February 8, 2013 adopted by the Board of Retirement on of February 13, 2013.

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date	June 30, 2012	June 30, 2011 and 2010
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay
Remaining Amortization Period	24 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	7.75%	8.00%
Projected Salary Increases	3.50%, plus service-based rates	3.75%, plus service-based rates
Attributed to Inflation	3.25%	3.50%
Cost-of-Living Adjustments	100% of CPI to 3.0% annually with banking, 2.7% annual increases assumed	100% of CPI to 3.0% annually with banking, 2.7% annual increases assumed

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 Position Restricted for Pension Benefits must be established and used to account for the member's (employees and retirees) contibutions.

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 2013 and 2012, the actuarial assumption rate was 8.0%. Due to significant market value losses experienced in fiscal year 2008-2009, and adopted changes to the excess earnings policy, interest was not posted to reserve amounts from July 1, 2008 to July 1, 2012. Based on Retirement Board policy where the Fund is below 100% funded on a market basis, the percentage allocated to Active Member Reserves is capped at the actuarially determined assumption and will determine the semi-annual percent of interest to be posted to individual member account balances in the subsequent fiscal year.

NOTE 6 – RESERVES (continued)

Employer Advance Reserves

This reserve represents the cumulative contributions made by the County and other employers. Interest earnings are credited to this reserve based on StanCERA's excess earnings policy and will determine the semi-annual percent of interest to be posted to individual member account balances in the subsequent fiscal year.

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

Retired Members' Reserves

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

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

Contingency Reserve

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

Undistributed Earnings/(Losses)

This "designation" account was established on June 30, 2003. It was used to minimize the impact of actuarial smoothing of assets and contains an accumulation of earnings or losses, which have not been distributed to any other reserve. This reserve has no undistributed earnings or losses as of June 30, 2013 and 2012.

NOTE 6 – RESERVES (continued)

Other Reserves

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

Reserve Account Balances are as follows:

	June 30, 2013	June 30, 2012
Active Members' Reserve	$ 285,807,917	$ 263,964,988
Employer Advance Reserve	216,207,531	200,268,026
Employer Transfer from Non-Valuation Reserve	111,705,105	96,630,058
Retired Members' Reserve	909,299,254	802,977,221
Contingency Reserve	13,431,644	13,862,807
Other Reserves		
Revocable Health Benefit Subsidy	117	117
Retiree Burial Allowance Reserve	5,855,000	5,855,000
Retiree Special Cost of Living Reserve	-	-
Legal Contingency Reserve	2,500,240	2,609,033
Tier 3 Disability Reserve	6,187	7,996
Total Reserves	$ 1,544,812,995	$ 1,386,175,246

NOTE 7 – INVESTMENT EXPENSES

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

Investment Expense

	June 30, 2013	June 30, 2012
Investment Managers	$ 6,252,375	$ 4,119,693
Investment Consultants	156,378	152,500
Investment Attorney	47,023	(12,683)
Investment Funding	1,558,628	-
Custodial Fees	736,942	614,018
Actuarial Fees	94,483	64,077
Total Investment Expenses	$ 8,845,829	$ 4,937,605

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.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – PENSION BENEFIT PLAN
FOR THE SEVEN YEARS ENDING JUNE 30, 2012
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
6/30/2005	$ 1,049,691	$ 1,116,310	$ 66,619	94.0%	$ 211,681	31.5%
6/30/2006	$ 1,154,048	$ 1,329,375	$ 175,327	86.8%	$ 212,011	82.7%
6/30/2008	$ 1,317,167	$ 1,548,824	$ 231,657	85.0%	$ 242,009	95.7%
6/30/2009	$ 1,171,767	$ 1,653,716	$ 481,949	70.9%	$ 248,316	194.1%
6/30/2010	$ 1,325,801	$ 1,737,824	$ 412,023	76.3%	$ 231,538	178.0%
6/30/2011	$ 1,372,046	$ 1,757,717	$ 385,671	78.1%	$ 221,541	174.1%
6/30/2012	$ 1,451,764	$ 1,888,713	$ 436,950	76.9%	$ 215,057	203.2%

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 SEVEN YEARS ENDING JUNE 30, 2012
(Dollar amounts in thousands)

Year End	Annual Required Contribution		Percentage Contributed
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%
6/30/2011	$ 47,657	**	100%
6/30/2012	$ 41,614	***	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.

** The Actual Contribution was comprised of a $26,256,729 payment by the employers plus an additional $21,400,000 in assets transferred from the non-valuation to valuation reserves.

*** The Actual Contribution was comprised of a $27,314,032 payment by the employers plus an additional $14,300,000 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 Governmental Accounting Standards Board (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 StanCERA's net position, actuarial accrued liability, and unfunded actuarial accrued liability, as presented on the Schedule of Funding Progress, in isolation can be misleading. Expressing plan net position as a percentage of the actuarial accrued liability, however, provides one indication of StanCERA's funding status on a going-concern basis. Analysis of this percentage over time will indicate whether StanCERA is becoming financially stronger or weaker. Generally, the greater this percentage is, 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 is, the stronger the Plan.

Change in Plan Net Cost from June 30, 2012 to June 30, 2013

The current year employer contribution rate increased from 17.83% of payroll based on the June 30, 2011 actuarial valuation to 20.73% of payroll based on the June 30, 2012 actuarial valuation primarily due to changes in economic assumptions. Other factors that had an impact on the change in Plan Net Cost are:

- Demographic experience caused a decrease in the contribution rate
- New members entered the Plan
- Changes in the valuation assets produced an actuarial gain
- Changes in the payroll used to amortize the unfunded liability increased the cost as a percentage of payroll
- Changes were made to demographic assumptions as well as the economic assumptions
- New Tier 6 was adopted on January 1, 2013 due to the Public Employees' Pension Reform Act

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Years Ended June 30, 2013 and 2012

	2013	2012
Personnel Services:		
Salaries and Employee Benefits	$ 1,043,475	$ 1,137,397
Total Personnel Services	1,043,475	1,137,397
Professional Services:		
Computer and Software Services and Support	72,797	177,244
County Counsel	828	1,909
Outside Legal Counsel	332,990	209,127
Disability Hearing Officer/Medical Exams and Reviews	13,740	64,864
External Audit Fees	38,838	33,716
Stanislaus County Strategic Business Technology Dept	21,847	20,379
Other Professional Services	977	16,141
Total Professional Services	482,017	523,380
Office Expenses:		
Office Supplies	8,514	11,782
Minor Equipment and Computer Supplies	6,003	5,788
Stanislaus County Central Services and Mail Room	30,882	27,670
Stanislaus County Support Services	112,943	78,137
Contract Services	4,245	25,223
Requested Maintenance	20,622	10,140
Communications	29,619	14,713
Printing and Publications	2,632	8,567
Other Office Expenses	27,266	23,014
Total Office Expenses	242,726	205,034
Miscellaneous:		
Fiduciary and Staff - Education/Travel	41,464	26,099
Fiduciary and Staff - Meetings/Other Travel	10,825	22,528
Insurance	63,056	51,826
Memberships	9,298	7,180
Depreciation	172,484	171,304
Total Miscellaneous	297,127	278,937
TOTAL ADMINISTRATIVE EXPENSES	$ 2,065,345	$ 2,144,748

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE OF INVESTMENT MANAGEMENT FEES AND OTHER INVESTMENT EXPENSES
For the Years Ended June 30, 2013 and 2012

	2013	2012
Investment Management Fees:		
Domestic Stocks	$ 2,097,999	$ 1,755,620
International Stocks	1,423,631	1,310,407
Domestic Bonds	824,946	865,122
Direct Lending	1,828,557	-
Real Estate Securities & Special Situations	77,242	188,544
Total Investment Management Fees	6,252,375	4,119,693
Investment Consulting Fees	156,378	152,500
Investment Custodian Fees	736,942	614,018
Investment Legal Fees	47,023	(12,683)
Investment Funding	1,558,628	-
Other Investment Related Expenses	94,483	64,077
TOTAL INVESTMENT EXPENSES	$ 8,845,829	$ 4,937,605

This page intentionally left blank

Investment Section

STRATEGIC INVESTMENT SOLUTIONS, INC.

333 BUSH STREET, STE 2000
SAN FRANCISCO, CALIFORNIA 94104

PAUL S. HARTE
SENIOR VICE PRESIDENT

TEL 415/362-3484
FAX 415/362-2752
PHARTE@SIS-SF.COM

STANISLAUS COUNTY
EMPLOYEES' RETIREMENT SYSTEM

Summary

Fiscal year 2013 (June 30, 2013) saw a continuation of the rally in equities off of their lows from March 9, 2009 with strong gains in US equities in excess of 20% and positive returns in Non-US stocks. The US Fixed Income markets ended the fiscal year relatively flat as a discussion of tapering quantitative easing in the May-June 2013 period led to a fairly dramatic rise in interest rates. As a diversified investor, StanCERA experienced a +14.5% return for the fiscal year. The +14.5% result was above StanCERA's policy benchmark of +11.5% for the fiscal year by +300 basis points.

Fiscal year 2013 was once again positive for the U.S. equity markets while foreign equity markets also experienced positive results but trailed the US markets by a significant amount as a rising US dollar had a negative effect on foreign markets returns. For the fiscal year, the Russell 3000 US Stock Index gained +21.5% and the MSCI ACWI (All Country World) ex-US Index of foreign stocks gained +14.1%.

Within the US equity market, stocks of small companies outperformed large companies (+24.2% versus +21.2%) for the fiscal year. Value stocks outperformed growth on a relative basis in large caps (+25.3% versus +17.1%) and within small caps value stocks also outperformed growth stocks on a relative basis (+24.8% versus +23.7%).

The US fixed income market produced a negative return (-0.7% Barclays US Aggregate Index) for the fiscal year ending June 30, 2013.

Real estate returns were positive in the US Real Estate Investment Trust public markets. The DJ US Select Real Estate Securities Index returned +7.7% for the fiscal year ending June 30, 2013.

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 (41.9% US Equities, 19.0% Non-US Equities, 35.6% Fixed Income, and 1.5% US REITs, and 2% in Direct Lending Fixed Income) 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 seek top forty percentile results.

Investment Objectives

Investment returns achieved through June 30, 2013 have been calculated using a time-weighted rate of return methodology based upon market values. In fiscal year 2013, StanCERA met its management goals of ensuring sufficient funds available to pay vested benefits and maintain supplemental benefits, complying with applicable fiduciary standards, and adding marginal value.

Investment Results

PERIODS ENDED 6/30/13	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	+24.1%	+19.7%	+7.6%
Russell 3000	+21.5%	+18.6%	+7.2%
Rank	13*	11	39
Non-US Equity	+17.4%	+9.7%	+0.7%
MSCI ACWI ex-US	+14.1%	+8.5%	-0.3%
Rank	34	47	36
US Fixed Income	+2.0%	+4.9%	+7.2%
Barclays Cap US Aggregate	-0.7%	+3.5%	+5.2%
Rank	28	52	33
US Real Estate	+5.7%		
DJ US Select Real Estate	+5.7%		
Total Fund	+14.5%	+12.3%	+6.5%
*Policy Benchmark****	+11.5%	+11.2%	+5.4%
Public Fund Median	+11.7%	+10.8%	+5.4%
Rank**	10	14	8

* *Ranking 1 is highest, 100 is lowest.*
** *Rankings source – InvestorForce universes.*
*** *Policy Benchmark is 33.4% Russell 1000/ 8.5% Russell 2000/ 35.6% BC US Agg./ 19.0% MSCI ACWI ex-US/ 1.5% DJ US Select Real Estate/ 2.0%at 9.0% Annual Return (Direct Lending)*
*****Direct Lending managers funded in May 2013 (Medley Capital and Raven Capital)*
Returns for periods greater than one year are annualized. Results of all publicly traded investments are consistent with Global Investment Performance Standards (GIPS) as adopted by the CFA Board of Governors.

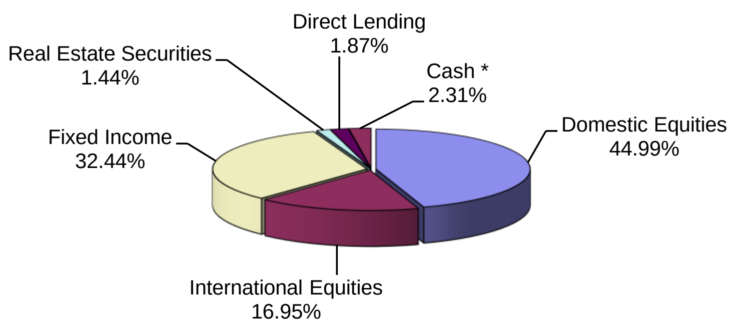
Paul S. Harte
Senior Vice President
Strategic Investment Solutions, Inc.
August 19, 2013

ASSET ALLOCATION
JUNE 30, 2013

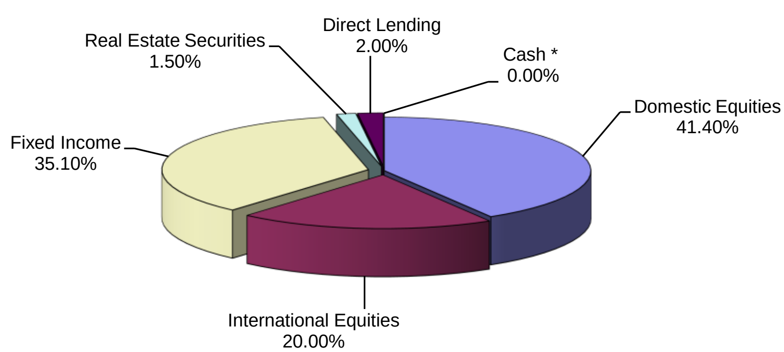
Asset Class	Fair Market Value	Actual Allocation	Target Allocation
Domestic Equities	$ 700,252,900	44.99%	41.40%
International Equities	263,833,964	16.95%	20.00%
Fixed Income	505,014,355	32.44%	35.10%
Real Estate Securities	22,377,219	1.44%	1.50%
Direct Lending	29,098,868	1.87%	2.00%
Cash *	35,972,730	2.31%	0.00%
TOTAL PORTFOLIO**	$ 1,556,550,036	100.00%	100.00%

* Excludes Pooled Cash in County Treasury of $8,488,606
** Excludes Securities Lending Cash Collateral

Actual Allocation



Target Allocation



LARGEST BOND HOLDINGS (BY MARKET VALUE)
JUNE 30, 2013

Shares	Bond	Maturity Date	Market Value
16,300,000.000	UNITED STATES OF AMERICA	5/15/2022	$ 15,542,376
13,490,000.000	UNITED STATES OF AMERICA	10/31/2013	13,496,880
10,100,000.000	UNITED STATES OF AMERICA	11/15/2013	10,114,544
9,214,754.570	FANNIE MAE, WASHINGTON, D.C.	10/1/2040	10,014,135
7,600,000.000	UNITED STATES OF AMERICA	2/28/2014	7,605,624
7,600,000.000	UNITED STATES OF AMERICA	2/15/2023	7,314,392
6,387,969.090	FANNIE MAE, WASHINGTON, D.C.	5/1/2041	6,934,651
6,000,000.000	FANNIE MAE, WASHINGTON, D.C.	7/1/2043	6,348,780
5,645,000.000	XEROX CORP, NORWALK, CT	3/15/2016	6,284,353
4,645,000.000	STATE OF CALIFORNIA	4/1/2034	6,021,221
5,380,063.960	FANNIE MAE, WASHINGTON, D.C.	11/25/2042	5,391,039
4,692,614.245	FANNIE MAE, WASHINGTON, D.C.	11/1/2034	5,169,478
4,642,423.850	FREDDIE MAC	1/1/2035	5,092,832
5,000,000.000	UNITED STATES OF AMERICA	6/30/2014	5,002,950
4,414,415.860	FANNIE MAE, WASHINGTON, D.C.	11/1/2030	4,603,265
4,525,000.000	ALLY FINANCIAL INC, DETROIT	2/11/2014	4,563,463
4,183,696.410	FREDDIE MAC	7/1/2038	4,455,637
4,232,000.820	FREDDIE MAC	5/1/2027	4,439,707
4,047,880.320	FANNIE MAE, WASHINGTON, D.C.	6/1/2033	4,430,203
4,197,503.020	FREDDIE MAC	8/1/2025	4,403,516

LARGEST STOCK HOLDINGS (BY MARKET VALUE)
JUNE 30, 2013

Shares	Stock	Market Value
42,625.000	VISA INC	$ 7,789,719
51,150.000	EOG RESOURCES INC	6,735,432
160,072.000	WELLS FARGO & CO	6,606,171
11,225.000	MASTERCARD INC	6,448,763
87,700.000	CROWN CASTLE INTERNATIONAL COR	6,348,603
133,525.000	ADOBE SYSTEMS INC	6,083,399
157,140.000	KINDER MORGAN INC/DELAWARE	5,994,891
92,500.000	CAPITAL ONE FINANCIAL CORP	5,809,925
93,350.000	QUALCOMM INC	5,702,752
165,000.000	MICROSOFT CORP	5,699,925
135,063.000	COMCAST CORP	5,638,880
225,005.000	HEWLETT-PACKARD CO	5,580,124
120,000.000	MERCK & CO INC	5,574,000
238,700.000	LIBERTY INTERACTIVE CORP	5,492,487
44,925.000	CELGENE CORP	5,255,327
6,300.000	PRICELINE.COM INC	5,208,021
117,200.000	WALGREEN CO	5,180,240
98,255.000	SANOFI	5,061,115
5,725.000	GOOGLE INC	5,040,118
210,000.000	GENERAL ELECTRIC CO	4,869,900

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 Ended June 30, 2013 and 2012

		2013	2012
Domestic Equities			
Capital Prospects		$ 555,426	$ 451,149
BlackRock		34,723	27,802
Delaware Management Company		610,778	536,420
Dodge & Cox		304,790	216,229
Legato Capital Management		592,282	499,020
Mellon Capital Management		28,042	25,000
	Total Domestic Equity	2,126,041	1,755,620
International Equities			
LSV		772,093	700,869
Pyramis Global Advisors Holding Company		651,538	609,538
	Total International Equities	1,423,631	1,310,407
Fixed Income			
Dodge & Cox		452,929	527,864
PIMCO		372,017	337,258
	Total Fixed Income	824,946	865,122
Direct Lending			
Medley Opportunity Fund		955,477	-
Raven Capital Management		873,080	-
	Total Direct Lending	1,828,557	-
Special Situations			
Research Affiliates		-	61,386
Invesco		34,724	127,158
BlackRock Real Estate		14,476	-
	Total Special Situations	49,200	188,544
	Total Investment Management Fees	6,252,375	4,119,693
Other Investment Fees and Expenses			
Custodial Fees		736,942	614,018
Consultant Fees		156,378	152,500
Investment Attorney		47,023	(12,683)
Investment Funding Costs		1,558,628	-
Miscellaneous Fees		94,483	64,077
	Total Other Investment Expenses	2,593,454	817,912
Total Investment Fees and Expenses		$ 8,845,829	$ 4,937,605

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 Commission Recapture Program is to recapture a portion of trade commissions paid to brokers. The primary goal is to ensure that investment managers provide the best effort to optimize use of StanCERA's assets for the benefit of the members and beneficiaries by recapturing 65% or more of commissions paid on a specific percentage of trades sent to correspondent brokers on a timely basis. For fiscal years ending June 30, 2013 and 2012. Commission Recapture Income was $28,794 and $37,189 respectively (see page 27).

INVESTMENT SUMMARY
For the Year Ended JUNE 30, 2013

	MARKET VALUE	Percentage of Assets	Current Year Return	3 Year Return	5 Year Return
DOMESTIC EQUITIES					
Dodge & Cox - LARGE CAP VALUE	$ 161,136,524	10.35%	29.70%	19.60%	7.50%
RUSSELL 1000 VALUE			25.32%	18.50%	6.70%
BlackRock R1000V - LARGE CAP VALUE	98,154,086	6.31%	25.37%	18.60%	N/A
RUSSELL 1000 VALUE			25.32%	18.60%	6.70%
Delaware - LARGE CAP GROWTH	122,215,252	7.85%	17.41%	21.10%	9.30%
RUSSELL 1000 GROWTH			17.07%	18.70%	7.50%
BlackRock R1000G - LARGE CAP GROWTH	81,631,256	5.24%	17.18%	18.80%	N/A
RUSSELL 1000 GROWTH			17.07%	18.70%	2.90%
Capital Prospects - SMALL CAP VALUE	79,224,067	5.09%	31.00%	20.30%	N/A
RUSSELL 2000 VALUE			24.76%	17.30%	N/A
Legato Capital Mgmt - SMALL CAP GROWTH	73,286,278	4.71%	26.92%	21.30%	N/A
RUSSELL 2000 GROWTH			23.67%	20.00%	N/A
Mellon Capital Management	84,605,437	5.44%	20.62%	18.50%	7.10%
S&P 500 INDEX			20.60%	18.50%	7.00%
TOTAL DOMESTIC EQUITIES	700,252,900	44.99%	24.10%	19.70%	7.60%
RUSSELL 3000			21.46%	18.60%	7.20%
FIXED INCOME					
Dodge & Cox	388,641,264	24.97%	2.59%	5.10%	7.20%
BARCLAYS US AGGREGATE BOND			-0.69%	3.50%	5.20%
Pimco	116,373,091	7.48%	0.00%	4.40%	N/A
BARCLAYS US AGGREGATE BOND			-0.69%	3.50%	5.20%
TOTAL FIXED INCOME	505,014,355	32.44%	2.09%	4.90%	7.20%
BARCLAYS US AGGREGATE BOND			-0.69%	3.50%	5.20%
DIRECT LENDING					
Medley Opportunity Fund	19,142,238	1.23%	0.00%	N/A	N/A
CUSTOM 9% ANNUAL			1.50%	N/A	N/A
Raven Capital Management	9,956,630	0.64%	0.38%	N/A	N/A
CUSTOM 9% ANNUAL			1.50%	N/A	N/A
TOTAL DIRECT LENDING	29,098,868	1.87%	0.12%		
CUSTOM 9% ANNUAL			1.50%		
INTERNATIONAL INVESTMENTS					
Pyramis Investments	136,443,325	8.77%	17.93%	10.50%	0.50%
MSCI ACWI - ex US Index			14.14%	8.50%	-0.30%
LSV Investments	127,390,639	8.18%	16.86%	9.00%	1.00%
MSCI ACWI - ex US Index			14.14%	8.50%	-0.30%
TOTAL INTERNATIONAL INVESTMENTS	263,833,964	16.95%	17.47%	8.80%	0.70%
MSCI ACWI - ex US Index			14.14%	7.40%	-0.30%
SPECIAL SITUATIONS					
Blackrock US RE Index	22,377,219		8.14%	N/A	N/A
DOW JONES US SELECT RE INDEX			8.14%	N/A	N/A
TOTAL SPECIAL SITUATIONS	22,377,219	1.44%	8.14%		
DOW JONES US SELECT RE INDEX			8.14%		
CASH & SHORT-TERM INVESTMENTS *					
Cash	35,972,730	2.31%	0.13%	N/A	N/A
90 DAY TREASURY BILL			0.13%	N/A	N/A
TOTAL FUND					
TOTAL FUND	$ 1,556,550,036	100.00%	14.50%	12.30%	6.50%
STANCERA POLICY COMPOSITE			11.53%	11.20%	5.40%

* Excludes Pooled Cash in County Treasury of $8,488,606

Note: % taken from SIS Quarterly Report presented to Board of Retirement on 8-27-2013
Using time-weighted rate of return based on the market rate of return
Does not include Securities Lending Collateral

Actuarial Section

EFI

A DIVISION OF

CHEIRON Classic Values, Innovative Advice

September 17, 2013

VIA ELECTRONIC MAIL

Actuarial Certification

This report presents the results of the annual actuarial review of the StanCERA Retirement Plan (the Plan) as of June 30, 2012. The prior review was conducted as of June 30, 2011.

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 24 years.

The funding objective of the Plan is to accumulate sufficient assets over each Member's working life to provide for Plan benefits after termination of employment or retirement. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by spreading all investment gains and losses (returns above or below expected returns) over a period of five years. As of June 30, 2011, the Actuarial Value of Assets was reset to equal the market value.

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, 2009 through June 30, 2012, and approved by the Board. The assumptions used in the most recent valuation are intended to produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis is expected to cover the years through 2015.

1970 Broadway, Suite 1220, Oakland, CA 94612 Tel: 877-CHEIRON (243-4766) Fax: 703.893.2006 www.cheiron.us

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. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Respectfully Submitted,

Graham Schmidt, ASA, FCA
Consulting Actuary
703-893-1456 x1137
gschmidt@cheiron.us

Robert T. McCrory, FSA, CERA
Principal Consulting Actuary
(206) 328-8628
rmccrory@cheiron.us

SUMMARY OF ASSUMPTIONS AND FUNDING METHODS

The following assumptions along with the post retirement and pre-retirement demographic experiences are based on StanCERA's actuarial experience study through June 30, 2012. The rates produced by the June 30, 2011 valuation were adopted by StanCERA Board of Retirement on March 14, 2012 and were effective July 1, 2012. The actuarial valuation for fiscal year ending June 30, 2012 will be effective beginning July 1, 2013.

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

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)

(2) Disability

General	RP 2000 Group Annuity Mortality Table, Projected to 2020 Using Scale AA with 7 year set forward (Male & Female)
Safety	RP 2000 Group Annuity Mortality Table, Projected to 2020 Using Scale AA with 7 year set forward (Male & Female)

(3) For Employee Contribution Rate Purposes

General	RP 2000 Group Annuity Mortality Table, Projected to 2020 Using Scale AA (Male & Female)
Safety	RP 2000 Group Annuity Mortality Table, Projected to 2020 Using Scale AA Duty related mortality rates are only applicable for Safety Active members (Male & 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

Summary of Assumptions (continued)

Valuation date	June 30, 2012
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 over 24 Years.
Asset valuation method	Actuarial value: Excess earnings smoothed over five years, 80% / 120% corridor around market.
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	3.50%, plus service-based rates
Attributed to Inflation:	3.25%
Retirees' cost-of-living adjustments	100% of CPI to 3.0% annually with banking

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 24 years. The above methods and assumptions were selected by the actuary as being appropriate for StanCERA 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 benefits. Separate rates of withdrawal are assumed among Safety and General Members, and are based on service. The rates do not overlap with service retirement rates.

50% of General Member terminations with less than 10 years of service, and 20% of General Member terminations with 10 or more years of service are assumed to take a refund of contributions.

35% of all Safety Member terminations with less than 10 years of service, and 10% of Safety Member terminations with 10 or more years of service are assumed to take a refund of contributions.

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 StanCERA. Vested terminated Tier 3 General members are assumed to begin receiving benefits at age 65 while other General Members are assumed to begin receiving benefits at age 58. Terminated Safety Members are assumed to begin receiving benefits at age 53. 25% of vested terminated General members are assumed to be reciprocal, and 50% of vested Safety members are assumed to be reciprocal.

Rates of termination apply to all active Members who terminate their employment. Separate rates of termination are assumed among Safety and General Members

Termination (all types)			
	Safety	General	
Service	All	Female	Male
0	15.000%	14.000%	24.000%
1	15.000%	9.400%	14.000%
2	10.500%	7.900%	11.700%
3	10.000%	7.900%	9.400%
4	6.000%	7.100%	7.100%
5	3.700%	5.000%	5.000%
10	3.400%	3.500%	3.500%
15	1.900%	2.900%	2.900%
20	0.000%	1.500%	1.500%
25	0.000%	1.300%	1.300%
30+	0.000%	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	15.00%	10.00%
56	15.00%	10.00%
57	20.00%	10.00%
58	30.00%	12.00%
59	30.00%	15.00%
60	100.00%	18.00%
61	100.00%	18.00%
62	100.00%	30.00%
63	100.00%	25.00%
64	100.00%	25.00%
65	100.00%	40.00%
66	100.00%	30.00%
67	100.00%	30.00%
68	100.00%	30.00%
69	100.00%	30.00%
70	100.00%	100.00%

Duty related mortality rates are only applicable for Safety Active members.

Active Member Mortality

	Duty Death	Ordinary Death General and Safety	
Age	Safety All	Female	Male
20	0.0150%	0.0138%	0.0235%
25	0.0189%	0.0156%	0.0308%
30	0.0254%	0.0216%	0.0402%
35	0.0357%	0.0381%	0.0699%
40	0.0564%	0.0522%	0.0919%
45	0.0885%	0.0814%	0.1161%
50	0.0703%	0.1189%	0.1487%
55	0.1055%	0.2314%	0.2469%
60	0.0000%	0.4573%	0.4887%
65	0.0000%	0.8780%	0.9607%
70	0.0000%	1.5145%	1.6413%

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

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

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

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

DEVELOPMENT OF ACTUARIAL VALUE OF POSITION

Effective June 30, 2002, the Board 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 method was phased in over a 5-year period that started June 30, 2001. Under this method, the Actuarial Value of Assets as of June 30, 2012 was determined as follows:

1.	Contributions	Benefit Payments	Expected Investment Return *	Actual Investment Return	Additional Earnings	Percentage Deferred	Deferred Earnings
2009	$ 44,333,858	$ 74,399,189	$ (223,111,526)	$ (223,111,526)	$ -	20%	$ -
2010	$ 42,560,605	$ 73,196,706	$ 162,746,408	$ 162,746,408	$ -	40%	$ -
2011	$ 45,453,781	$ 76,732,557	$ 259,805,325	$ 259,805,325	$ -	60%	$ -
2012	$ 47,839,327	$ 81,990,033	$ 112,159,927	$ 1,580,006	$ (110,579,921)	80%	$ (88,463,937)
Total Unrecognized Dollars							$ (88,463,937)

2.	Market Value of Assets as of June 30, 2012		$ 1,386,175,246
3.	Actuarial Value of Assets as of June 30, 2012: (2)-(1)		$ 1,474,639,183
4.	Corridor Limit		
	a. 80% of Net Market Value		$ 1,108,940,197
	b. 120% of Net Market Value		$ 1,663,410,295
5.	Actuarial Value of Assets After Corridor		$ 1,474,639,183
6.	Ratio of Actuarial Value to Market Value: (5)/(2)		106.4%
7.	Special (Non Valuation) Reserves		
	$5,000 Death Benefits	$ 5,855,000	
	Revocable Health Insurance Stipend	117	
	Special COL Reserve	0	
	Legal Contingency Reserve	2,609,033	
	Tier 3 Disability Reserve	7,996	
	Contingency Reserve	13,862,807	
	Total Special Reserves (Market Value)		$ 22,334,953
8.	Adjusted Total Special Reserves (106.4% of Market, Except Contingency)		$ 22,875,635
9.	Pension Reserves at Actuarial Value (Valuation Assets): (5)-(8)		$ 1,451,763,548

* The Actuarial Value of Assets was reset to equal the Market Value as of June 30, 2011. This was done by eliminating the prior gain/loss bases (i.e. by setting the expected returns equal to the actual returns).

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Plan Type	Number	Annual Salary	Average Annual Salary	% Increase in Average Salary
6/30/2003	General	3,626	$ 163,505,000	$ 45,092	6.76%
	Safety	637	34,159,000	53,625	3.98%
	Total	4,263	197,664,000	46,367	5.23%
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	47,072	1.52%
6/30/2005	General	3,651	173,399,000	47,494	4.48%
	Safety	687	38,282,000	55,723	-1.11%
	Total	4,338	211,681,000	48,797	3.66%
6/30/2006	General	3,702	179,767,000	48,559	2.24%
	Safety	689	40,001,000	58,057	4.19%
	Total	4,391	219,768,000	50,050	2.57%
6/30/2008	General	3,719	230,942,000	62,098	27.88%
	Safety	731	44,638,000	61,064	5.18%
	Total	4,450	275,580,000	61,928	23.73%
6/30/2009	General	3,627	201,144,000	55,457	-10.69%
	Safety	739	47,172,000	63,832	4.53%
	Total	4,366	248,316,000	56,875	-8.16%
6/30/2010	General	3,464	202,200,198	58,372	5.26%
	Safety	685	46,630,275	68,073	6.64%
	Total	4,149	248,830,473	59,974	5.45%
6/30/2011	General	3,232	184,906,498	57,211	-1.99%
	Safety	637	41,800,298	65,621	-3.60%
	Total	3,869	$ 226,706,796	$ 58,596	-2.30%
6/30/2012	General	3,233	179,260,736	55,447	-3.08%
	Safety	661	41,657,273	63,022	-3.96%
	Total	3,894	$ 220,918,009	$ 56,733	-3.18%

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
6/30/2006	2,273	247	$ 3,495,143	75	$ 700,133	2,445	$ 53,111,000	12.00%	$ 21,744
6/30/2008	2,445	369	$ 9,084,777	148	$ 1,731,738	2,666	$ 63,296,000	19.18%	$ 23,742
6/30/2009	2,666	156	$ 2,168,425	71	$ 647,870	2,751	$ 66,720,003	5.41%	$ 24,253
6/30/2010	2,751	159	$ 3,349,900	80	$ 751,427	2,830	$ 71,464,735	7.11%	$ 25,334
6/30/2011	2,830	263	$ 4,724,416	78	$ 1,194,042	3,015	$ 74,826,404	4.70%	$ 25,732
6/30/2012	3,015	226	$ 3,565,634	99	$ 978,729	3,142	$ 80,157,222	7.12%	$ 26,737

SOLVENCY TEST

Valuation Date	Actuarial Accrued Liabilities (AAL) for:			Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
	1	2	3				
	Active Member Contributions	Retirees & Beneficiaries	Active Members Employer Portion		1	2	3
6/30/2006	$ 219,907,000	$ 614,576,000	$ 494,892,000	$ 1,154,048,000	100%	100%	65%
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%
6/30/2011	$ 337,201,000	$ 897,384,000	$ 523,133,000	$ 1,372,046,000	100%	100%	26%
6/30/2012	$ 351,569,000	$ 987,546,000	$ 549,598,000	$ 1,451,764,000	100%	100%	20%

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

	Actuarial (Gains)/Losses				
Plan Year Ending	Asset Sources	Liability Sources	Total	Changes in Plan Provisions	Changes in Assumption/ Methods
6/30/2006	$ (27,756,878)	$ 21,366,204	$ 21,366,204	$ -	$ (14,845,293)
*6/30/2007	$ 86,178,774	$ -	$ 86,178,774	$ -	$ 134,470,779
6/30/2008	$ (50,709,169)	$ 67,324,195	$ 67,324,195	$ -	$ -
6/30/2009	$ 228,905,354	$ 12,996,828	$ 241,902,182	$ -	$ -
6/30/2010	$ (76,507,113)	$ 37,492,978	$ 37,492,978	$ -	$ (51,743,766)
6/30/2011	$ 49,205,018	$ (2,387,353)	$ 46,817,665	$ -	$ (72,085,966)
6/30/2012	$ (5,283,786)	$ 6,191,029	$ 907,243	$ -	$ 52,606,350

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

This page intentionally left blank

Statistical Section

STATISTICAL INFORMATION

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

CHANGES IN PLAN NET POSITION

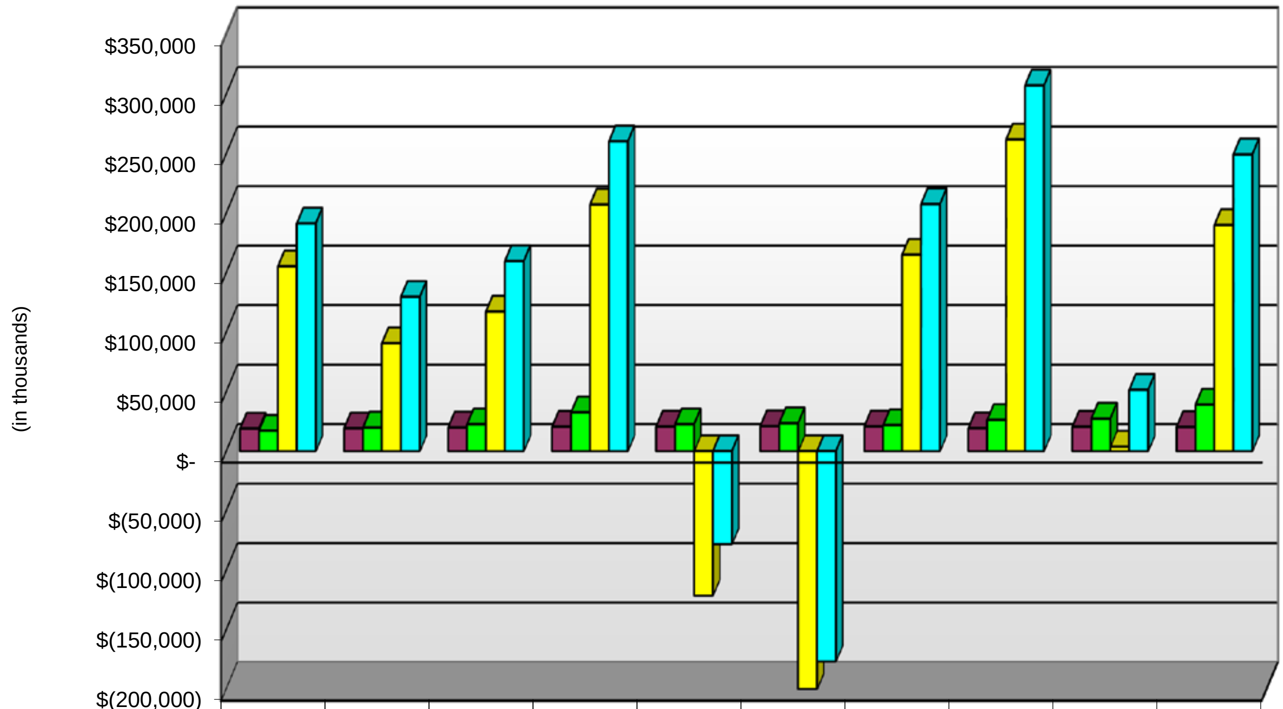
Last Ten Fiscal Years ending June 30

Additions To Plan Net Position	2013	2012	2011	2010	2009
Employer Contributions	$ 39,077,480	$ 27,314,032	$ 26,256,729	$ 21,814,194	$ 23,410,965
Plan Member Contributions	20,285,888	20,525,295	19,197,052	20,746,411	20,922,893
Investment Income (Loss)	188,929,033	3,330,939	261,380,696	161,234,157	(215,302,029)
Net Other Investment Income(Loss)	114,770	571	16,849	680,579	57,010
Net Security Lending Income (Loss)	944,484	393,244	444,947	3,139,108	(5,786,378)
Total Additions	$ 249,351,655	$ 51,564,081	$ 307,296,273	$ 207,614,449	$ (176,697,539)
Deductions From Plan Position					
Pension Benefits	$ 87,102,798	$ 80,157,222	$ 74,826,404	$ 71,464,735	$ 71,861,210
Refunds	1,545,763	1,832,811	1,906,153	1,731,971	2,537,978
Administrative Expense and Misc	2,065,345	2,144,748	2,037,167	2,307,436	2,080,130
Total Deductions	$ 90,713,906	$ 84,134,781	$ 78,769,724	$ 75,504,142	$ 76,479,318
Increase (Decrease) in Plan Net Position Restricted for Pension Benefits	$ 158,637,749	$ (32,570,700)	$ 228,526,549	132,110,307	(253,176,857)
Plan Net Position Restricted for Pension Benefits					
Beginning of year	1,386,175,246	1,418,745,946	1,190,219,397	1,058,109,090	1,311,285,947
End of year	$ 1,544,812,995	$ 1,386,175,246	$ 1,418,745,946	$ 1,190,219,397	$ 1,058,109,090

Additions To Plan Net Position	2008	2007	2006	2005	2004
Employer Contributions	$ 22,555,416	$ 32,562,514	$ 22,548,754	$ 19,792,748	$ 17,113,973
Plan Member Contributions	20,689,439	20,542,837	19,860,676	19,088,340	18,941,508
Investment Income (Loss)	(122,548,769)	206,631,146	116,898,276	90,280,931	154,739,718
Litigation Recovery	117,351	177,775	27,479	113,169	114,058
Net Security Lending Income (Loss)	1,022,295	382,991	347,188	309,095	415,659
Total Additions	$ (78,164,268)	$ 260,297,263	$ 159,682,373	$ 129,584,283	$ 191,324,916
Deductions From Plan Position					
Pension Benefits	$ 67,785,111	$ 67,599,163	$ 58,129,898	$ 53,176,109	$ 47,926,179
Refunds	2,442,426	2,730,463	2,482,105	2,347,241	1,326,769
Administrative Expense and Misc	2,044,286	1,980,926	1,598,700	1,404,838	1,301,338
Total Deductions	$ 72,271,823	$ 72,310,552	$ 62,210,703	$ 56,928,188	$ 50,554,286
Increase (Decrease) in Plan Net Position Restricted for Pension Benefits	(150,436,091)	187,986,711	97,471,670	72,656,095	140,770,630
Plan Net Position Restricted for Pension Benefits					
Beginning of year	1,461,722,038	1,273,735,327	1,176,263,657	1,103,607,562	962,836,932
End of year	$ 1,311,285,947	$ 1,461,722,038	$ 1,273,735,327	$ 1,176,263,657	$ 1,103,607,562

Additions by Source

(for years ending June 30)

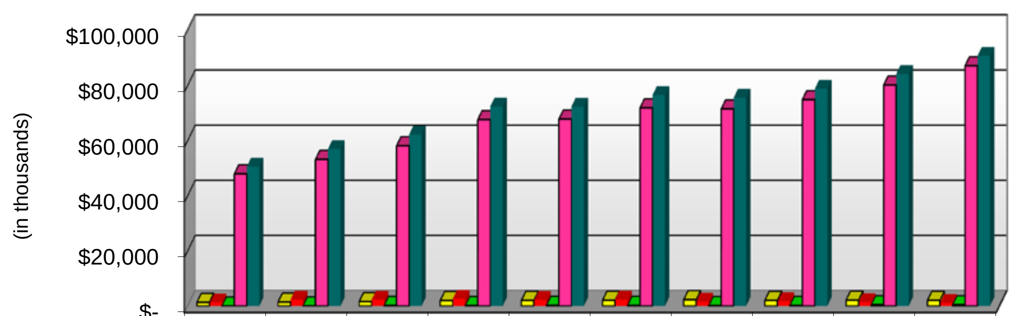


	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Plan Member Contrib.	$18,942	$19,088	$19,861	$20,543	$20,689	$20,923	$20,746	$19,197	$20,525	$20,286
Employer Contrib.	$17,114	$19,793	$22,549	$32,562	$22,555	$23,411	$21,814	$26,257	$27,314	$39,077
Investments	$155,269	$90,703	$117,273	$207,192	$(121,409)	$(221,031)	$165,054	$261,842	$3,725	$189,988
Total	$191,325	$129,584	$159,683	$260,297	$(78,165)	$(176,697)	$207,614	$307,296	$51,564	$249,351

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

Deductions by Type

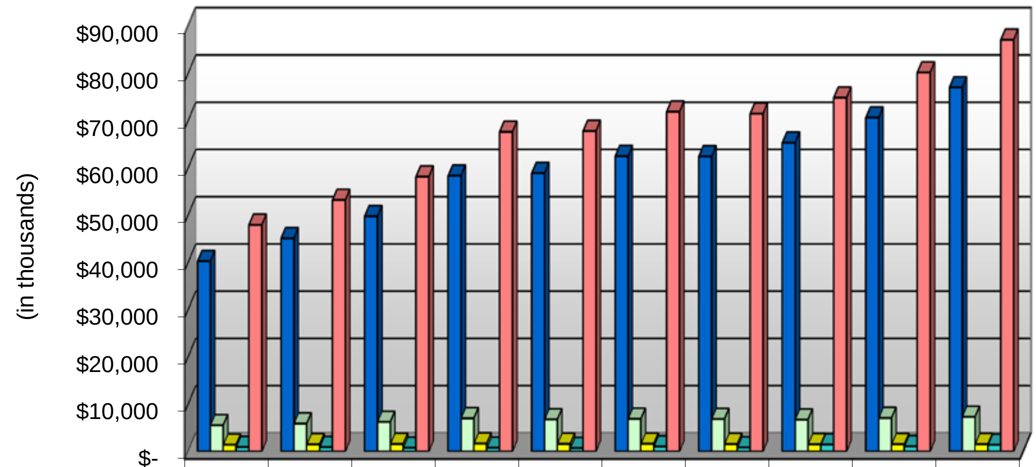
(for years ending June 30)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administrative	$1,301	$1,405	$1,599	$1,981	$2,044	$2,080	$2,307	$2,037	$2,145	$2,065
Refunds - Separation	$1,327	$2,302	$2,266	$2,569	$2,204	$2,310	$1,581	$1,703	$1,389	$1,115
Refunds - Death	$-	$45	$216	$161	$238	$228	$151	$204	$444	$431
Benefits	$47,926	$53,176	$58,130	$67,599	$67,785	$71,861	$71,465	$74,826	$80,157	$87,103
Total	$50,554	$56,928	$62,211	$72,310	$72,271	$76,479	$75,504	$78,770	$84,135	$90,714

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

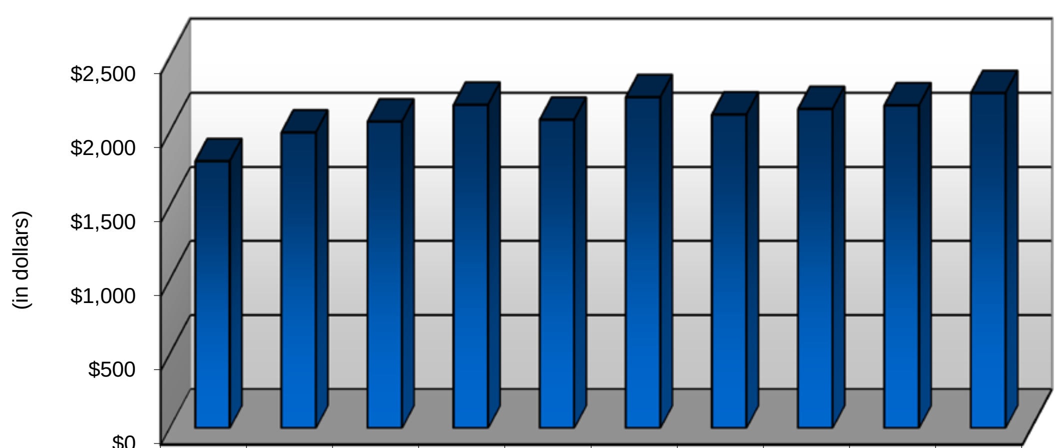
Benefit Expense by Type
(for years ending June 30)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Service	$40,230	$45,068	$49,729	$58,320	$58,875	$62,463	$62,400	$65,311	$70,619	$77,009
Serv. Conn. Dis.	$5,482	$5,844	$6,185	$6,946	$6,719	$6,828	$6,792	$6,672	$7,020	$7,271
Non-Serv. Dis.	$1,354	$1,430	$1,510	$1,621	$1,535	$1,572	$1,496	$1,446	$1,471	$1,475
Surv. Death Ben.	$860	$834	$706	$712	$655	$998	$777	$1,397	$1,047	$1,348
Total	$47,926	$53,176	$58,130	$67,599	$67,784	$71,861	$71,465	$74,826	$80,157	$87,103

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

Average Monthly Retirement Benefits
(for years ending June 30)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Monthly Allowance	$1,801	$1,994	$2,068	$2,181	$2,080	$2,232	$2,115	$2,153	$2,177	$2,260

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

RETIRED MEMBERS BY BENEFIT TYPE
as of June 30, 2013

Amount Monthly Benefit	Total # Retirees	Service Retirement	Service Connected Disability	Non-Service Disability	Survivors
General Members					
$0-500	375	355	3	12	5
501-1,000	519	448	5	44	22
1,001-1,500	473	401	35	33	3
1,501-2,000	347	296	41	8	3
2,001-2,500	273	240	26	5	2
2,501-3,000	166	159	7	0	0
3,001-3,500	128	126	1	0	1
3,501-4,000	104	100	3	1	1
4,001-4,500	69	66	2	0	0
4,501-5,000	55	55	0	0	0
over 5,000	209	209	0	0	0
Totals	2,718	2,455	123	103	37
Safety Members					
$0-500	26	15	8	2	1
501-1,000	24	19	4	0	1
1,001-1,500	39	33	2	3	1
1,501-2,000	48	36	7	5	0
2,001-2,500	58	26	31	0	1
2,501-3,000	83	29	53	0	1
3,001-3,500	48	31	17	0	0
3,501-4,000	39	32	6	0	1
4,001-4,500	19	18	0	0	1
4,501-5,000	26	24	1	0	1
over 5,000	106	96	10	0	0
Totals	516	359	139	10	8
TOTALS	3,234	2,814	262	113	45

(Data retrieved from StanCERA's data base)

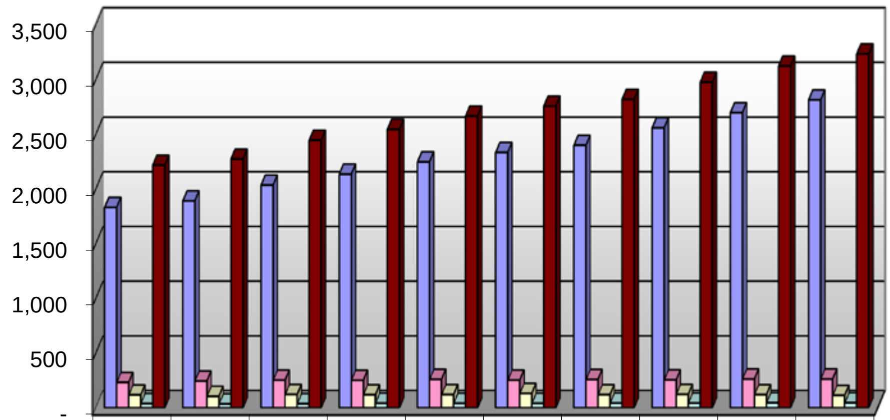
AVERAGE BENEFIT PAYMENTS
As of Fiscal End of Year

	Beneficiaries	Service Years Credited						
	& Dro's	0-5	5-10	10-15	15-20	20-25	25-30	30+
Fiscal Year Ending June 30, 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
Avg Final Average Salary	$1,037	$3,053	$2,621	$2,332	$2,445	$2,586	$3,249	$4,547
Number of Active Retirees	365	159	312	528	425	390	325	253
Fiscal Year Ending June 30, 2010								
Average Monthly Benefit	$1,345	$602	$1,038	$1,171	$1,834	$2,550	$3,753	$5,172
Avg Final Average Salary	$1,106	$3,177	$2,516	$2,322	$2,400	$2,486	$3,233	$4,192
Number of Active Retirees	366	157	330	536	434	405	318	270
Fiscal Year Ending June 30, 2011								
Average Monthly Benefit	$1,362	$621	$1,044	$1,192	$1,843	$2,581	$3,785	$5,260
Avg Final Average Salary	$1,176	$3,840	$3,286	$2,862	$3,009	$3,364	$3,790	$5,232
Number of Active Retirees	389	169	350	574	454	424	331	298
Fiscal Year Ending June 30, 2012								
Average Monthly Benefit	$1,405	$596	$1,040	$1,212	$1,918	$2,654	$3,860	$5,152
Avg Final Average Salary	$2,612	$4,848	$3,857	$3,620	$3,963	$4,393	$4,812	$5,815
Number of Active Retirees	383	176	366	606	484	446	335	320
Fiscal Year Ending June 30, 2013								
Average Monthly Benefit	$1,430	$657	$1,100	$1,295	$2,003	$2,792	$4,007	$5,309
Avg Final Average Salary	$2,662	$5,058	$4,110	$3,748	$4,047	$4,516	$4,962	$5,872
Number of Active Retirees	387	195	376	634	498	469	344	331

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

Membership History (Retired)

(for years ending June 30)

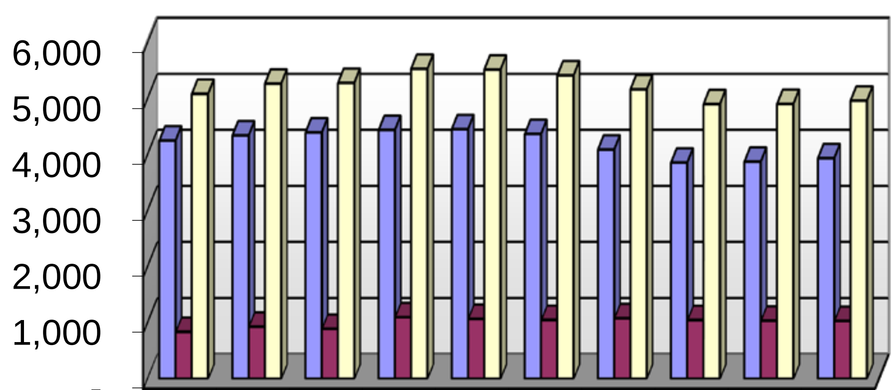


	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Service	1,831	1,890	2,035	2,135	2,247	2,334	2,399	2,558	2,697	2,814
Serv. Conn. Dis.	231	244	252	251	259	252	258	254	262	262
Non-Serv. Dis.	117	104	121	118	120	131	119	122	119	113
Surv. Death Ben.	38	35	37	41	40	40	42	42	45	45
Total	2,217	2,273	2,445	2,545	2,666	2,757	2,818	2,976	3,123	3,234

Data retrieved from StanCERA's data base.

Membership History (Active & Deferred)

(for years ending June 30)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Active Members	4,248	4,338	4,391	4,435	4,450	4,366	4,085	3,854	3,868	3,931
Inactive Members	832	924	886	1,093	1,062	1,044	1,075	1,042	1,032	1,028
Total	5,080	5,262	5,277	5,528	5,512	5,410	5,160	4,896	4,900	4,959

Data retrieved from StanCERA's data base.

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

	2013		2012		2011		2010		2009	
Stanislaus County:										
General Members	2,903	73.8%	2,852	73.7%	2,841	73.7%	3,013	73.8%	3,227	73.9%
Safety Members	606	15.4%	574	14.8%	553	14.3%	601	14.7%	658	15.1%
Total	3,509		3,426		3,394		3,614		3,885	
Participating Agencies:										
Stanislaus County Superior Court	205	5.2%	229	5.9%	245	6.4%	252	6.2%	263	6.0%
City of Ceres	178	4.5%	173	4.5%	173	4.5%	178	4.4%	178	4.1%
East Side Mosquito Abatement District	10	0.3%	10	0.3%	11	0.3%	11	0.3%	11	0.3%
Hills Ferry Cemetery	4	0.1%	4	0.1%	4	0.1%	4	0.1%	4	0.1%
Keyes Community Services District	5	0.2%	6	0.2%	6	0.2%	6	0.1%	6	0.1%
Salida Sanitary District	7	0.2%	7	0.2%	7	0.2%	7	0.1%	6	0.1%
Stanislaus Council of Governments	13	0.3%	13	0.3%	14	0.3%	13	0.3%	13	0.3%
Total	422		442		460		471		481	
Total Active Membership	3,931		3,868		3,854		4,085		4,366	

	2008		2007		2006		2005		2004	
Stanislaus County:										
General Members	3,313	74.4%	3,311	74.7%	3,330	75.8%	3,320	76.5%	3,239	76.2%
Safety Members	663	14.9%	660	14.9%	626	14.3%	618	14.2%	583	13.7%
Total	3,976		3,971		3,956		3,938		3,822	
Participating Agencies:										
Stanislaus County Superior Court	254	5.7%	246	5.5%	232	5.3%	211	4.9%	220	5.2%
City of Ceres	186	4.2%	183	4.1%	172	3.9%	161	3.7%	173	4.1%
East Side Mosquito Abatement District	10	0.3%	10	0.2%	9	0.2%	8	0.2%	6	0.1%
Hills Ferry Cemetery	4	0.1%	4	0.1%	4	0.1%	3	0.1%	3	0.1%
Keyes Community Services District	6	0.1%	6	0.2%	5	0.1%	5	0.1%	5	0.1%
Salida Sanitary District	4	0.1%	4	0.1%	4	0.1%	4	0.1%	5	0.1%
Stanislaus Council of Governments	10	0.2%	11	0.2%	9	0.2%	8	0.2%	14	0.3%
Total	474		464		435		400		426	
Total Active Membership	4,450		4,435		4,391		4,338		4,248	

(Data retrieved from StanCERA's data base)

This page intentionally left blank