Stanislaus County Employees' Retirement Association
832 12th Street, Ste. 600, Modesto, CA 95354 • PO Box 3150, Modesto, CA 95353 • www.stancera.org • 209-525-6393 • 209-558-4976 Fax

MEMORANDUM

BOARD OF SUPERVISORS

2016 DEC 15 P 1:19
12/14/16

TO: Elizabeth King, Clerk of the Board
Stanislaus County Board of Supervisors

FROM: Rick Santos, Executive Director
Stanislaus County Employees' Retirement Association (StanCERA)

SUBJECT: Comprehensive Annual Financial Report (CAFR) FYE June 30, 2016

DATE: December 15, 2016

Enclosed please find six copies of the Comprehensive Annual Financial Report (CAFR) of the Stanislaus County Employees' Retirement Association (StanCERA) for the fiscal year ending June 30, 2016.

This report is prepared in accordance with the County Employees' Retirement Law of 1937, Generally Accepted Accounting Principles (GAAP) and applicable reporting guidelines for retirement systems. It contains the required financial statements, investment, actuarial, statistical, and related supplementary information.

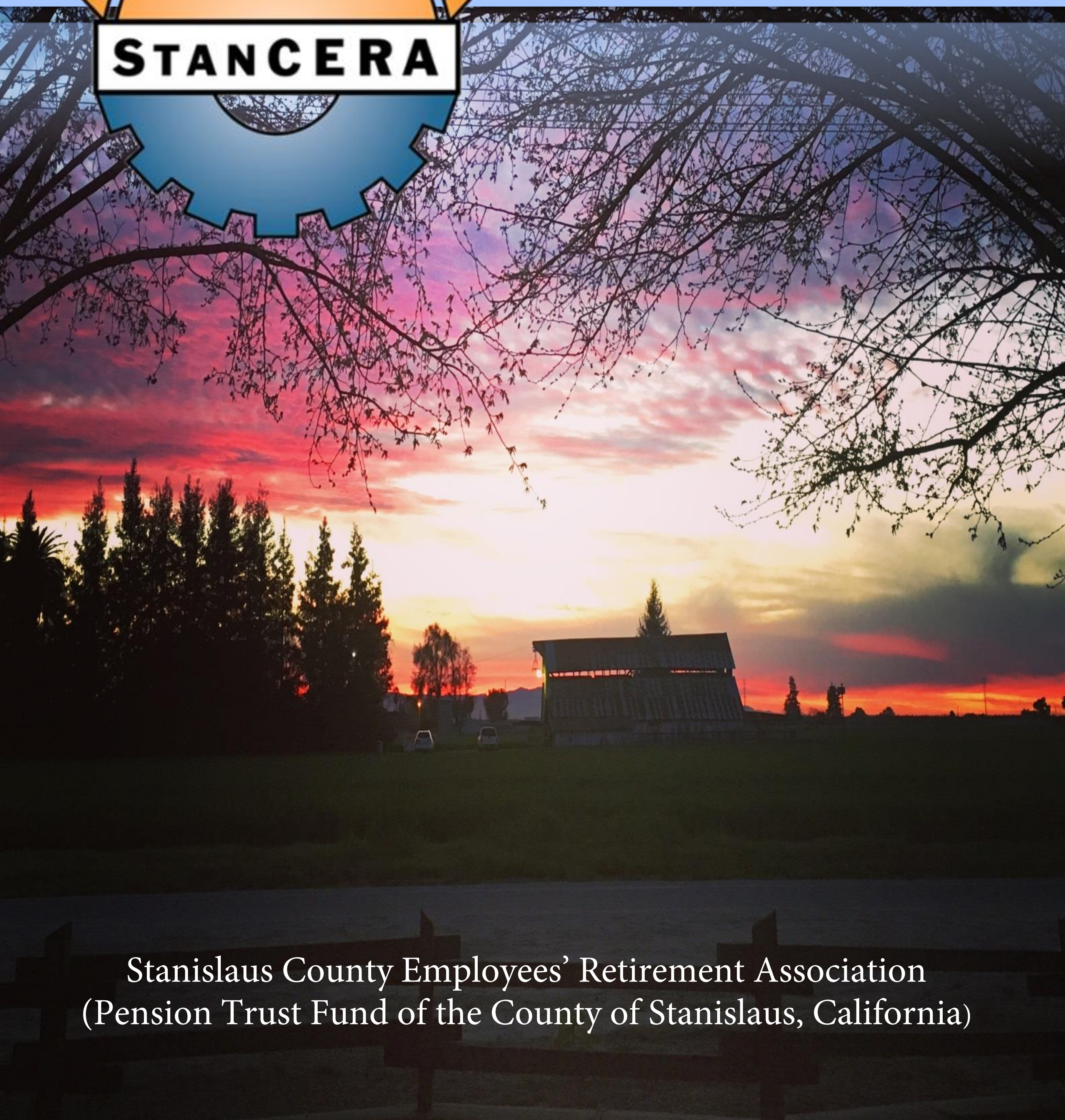
The report is posted on our website (www.stancera.org) and can be reproduced as needed. Please contact StanCERA should you have any questions regarding the CAFR.

cc: Stan Risen, CEO

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2016 and 2015

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, 2016 and 2015

Issued By

Rick Santos, CFA, ASA, MAAA
Executive Director

StanCERA Staff

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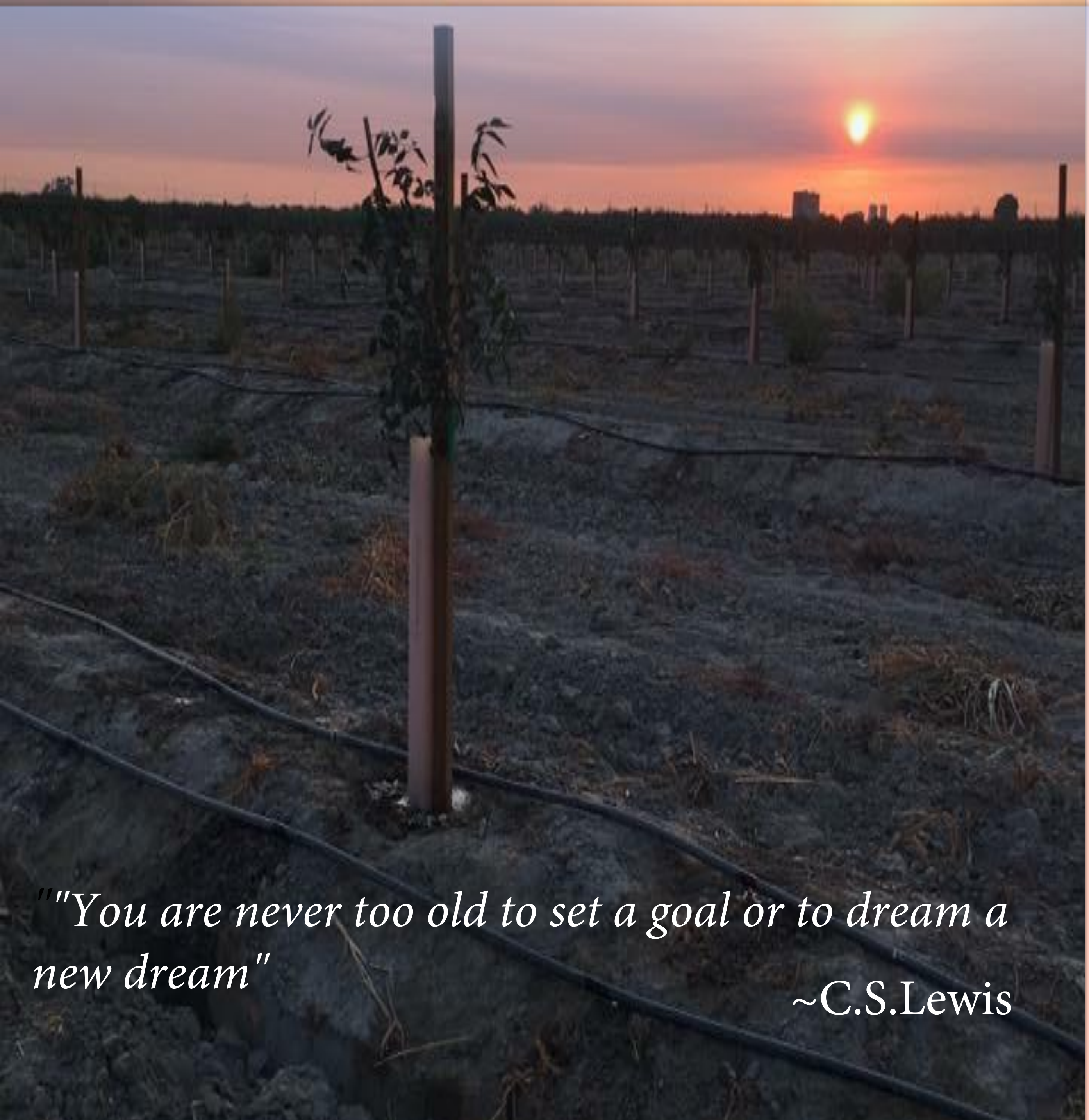
StanCERA secures and manages investment funds to provide benefits to its members.

Vision

Ensuring tomorrow's benefits through prudent management.

Introductory Section



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

~C.S.Lewis

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LETTER OF TRANSMITTAL

November 4, 2016

Stanislaus County Employees' Retirement Association

Modesto, CA 95354

Dear Board Members:

Please find enclosed the Comprehensive Annual Financial Report (CAFR) of the Stanislaus County Employees' Retirement Association (StanCERA or the Plan) for the fiscal years ended June 30, 2016 and 2015. As of June 30, 2016, it is StanCERA's 68th 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 completeness and fairness of the presentation of financial information within this CAFR, including all disclosures.

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

StanCERA and Its Services

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

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

StanCERA and Its Services (continued)

StanCERA is governed by the California Constitution; the CERL of 1937; PEPRA; and the bylaws, regulations, policies, and procedures adopted by the Board. The County of Stanislaus Board of Supervisors may also adopt resolutions, as permitted by the CERL, which may affect benefits to the County of Stanislaus members.

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

Financial Information

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

An overview of StanCERA's fiscal operations for the years ended June 30, 2016 and 2015, is presented in the Management's Discussion and Analysis (MD&A) located in the financial section of the CAFR. This transmittal letter, together with the MD&A, provides an expanded view of the activities of StanCERA.

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

Financial Information (continued)

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

Net Pension Liability and Actuarial Funding

StanCERA's funding objective is to meet long-term benefit obligations by maintaining a well-funded plan status and obtaining optimum investment returns. Pursuant to the CERL, StanCERA engages an independent actuary to perform an actuarial valuation of the Plan on an annual basis. Economic assumptions are normally reviewed every three years. Additionally, every three years, a triennial experience study is conducted, at which time non-economic assumptions are also updated. The most recent triennial experience study was conducted as of June 30, 2015, by Cheiron, Inc. Cheiron, Inc. conducted the last actuarial valuation as of June 30, 2015, the results of which were rolled forward to StanCERA's fiscal year ended June 30, 2016, and determined the Plan's funding ratio (ratio of fair value of assets to net pension liability) to be 70.6% using the recommended assumptions.

Investments

The Board 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 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, investment managers, and custodial bank. The asset allocation is an integral part of the Investment Policy and is designed to provide an optimum mix of asset classes with return expectations to ensure growth of assets to meet future liabilities, minimize employer contributions, and defray reasonable administrative costs. StanCERA engages an Investment Consultant to analyze the investment policy and strategy and to conduct periodic asset allocation and asset/liability studies on behalf of StanCERA. For the fiscal years ended June 30, 2016 and 2015, the Plan's investments provided a -1.3% and 4.2% rate of return, respectively. A summary of the asset allocation can be found in the Investment Section of this report.

Awards

StanCERA is the recipient of several awards. The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to StanCERA for its CAFR for the year ended June 30, 2015. 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 eleventh 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 CAFR, the contents of which meet or exceed program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America 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 (PAFR) for the fiscal year ended June 30, 2015. This report provides all StanCERA members more concise and condensed information than can be found in the CAFR.

StanCERA also received the Public Pension Coordinating Council's (PPCC) Public Pension Standards 2015 Award, in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

The PPCC is a coalition of the following associations that represent public pension funds that cover the vast majority of public employees in the U.S.:

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

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

Service Efforts and Accomplishments

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

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

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

Acknowledgement

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

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

Sincerely,

Rick Santos, CFA, ASA, MAAA
Executive Director

BOARD OF RETIREMENT
JUNE 30, 2016

Seat # 1. ***Gordon Ford****,* Ex-Officio, Treasurer/Tax Collector

Seat #2. ***Mandip Dhillon***, Stanislaus County Chief Executive Office

Seat #3. ***Donna Riley****,* Chair, Elected by Active General Membership

Seat #4. ***Daren Gharat****,* Vice Chair, Appointed by the Board of Supervisors

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

Seat # 6. ***Jim DeMartini****,* Trustee, Appointed by the Board of Supervisors

Seat #7. ***Sam Sharpe****,* Trustee, Elected by Active Safety Membership

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

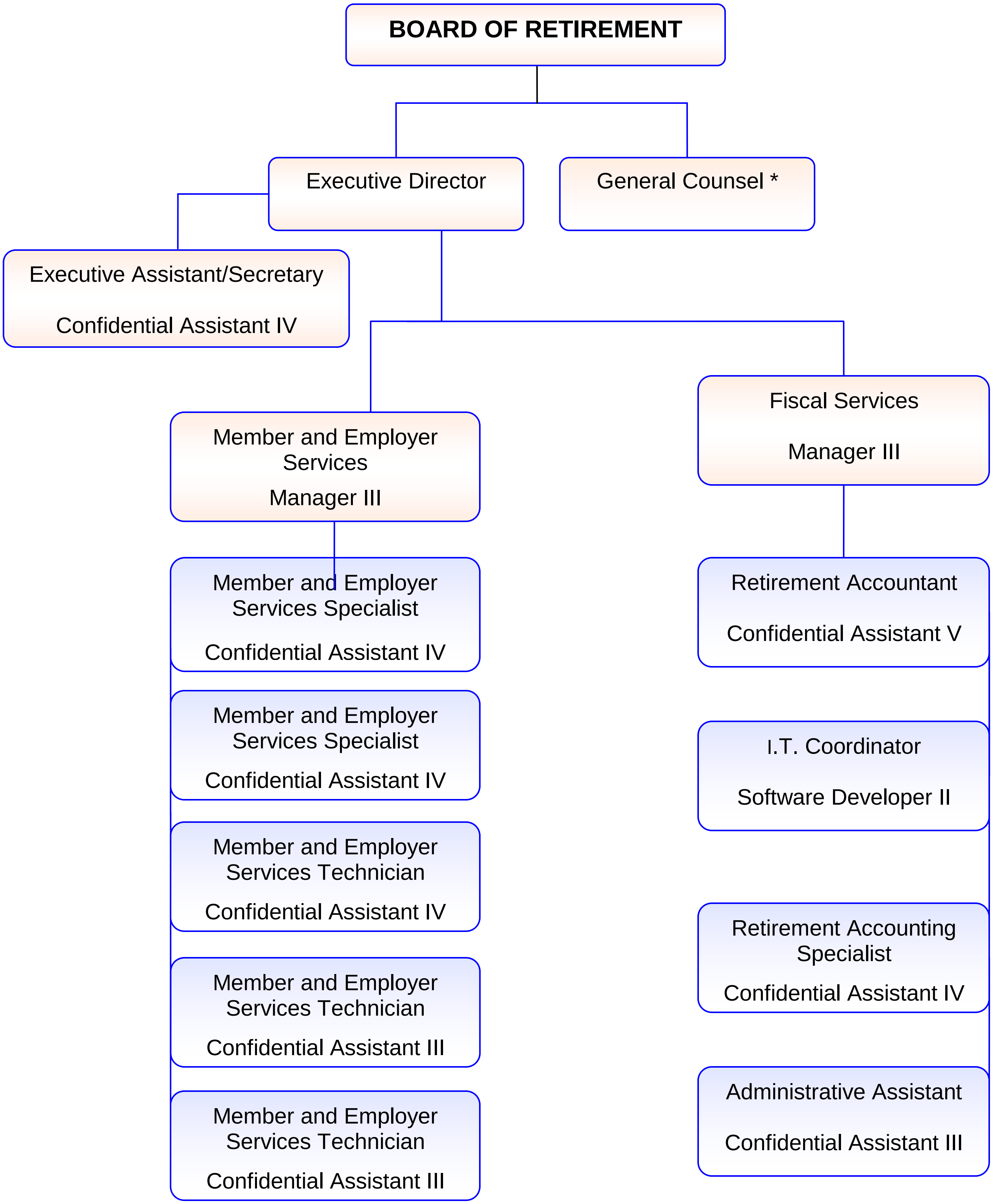
Seat # 8. ***Michael O'Neal***, Trustee, Elected by Retired Membership

Seat # 8a**.** ***Joan Clendenin****,* Alternate Trustee, Elected by Retired Membership

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

StanCERA ORGANIZATIONAL CHART

Effective 2016



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

PROFESSIONAL CONSULTANTS
JUNE 30, 2016

Consulting Services

Actuary
Cheiron, Inc.

Auditors
Brown Armstrong Accountancy Corporation

Investment Custodian
Northern Trust

Investment Consultant
Verus, Inc.

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

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

Investment Management Services*

Fixed Income
Dodge & Cox
PIMCO

Large Cap Value Equity
Dodge & Cox
BlackRock R1000 Value

Large Cap Growth Equity
Jackson Square Partners
BlackRock R1000 Growth

Small Cap Value Equity
Capital Prospects

Small Cap Growth Equity
Legato Capital Management

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

Domestic Equity Index Funds
Mellon Capital Management

Real Estate
Black Rock US Real Estate Index

Private Credit
Medley Opportunity Fund II LP
Raven Capital Management, LLC
White Oak Global Advisors, LLC

Private Real Estate
American Realty Advisors
Greenfield Acquisition Partners VII LP
Morgan Stanley Prime Property Fund

Infrastructure
North Haven Partners II LP

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

GFOA Certificate of Achievement Award

CAFR

GFOA Certificate of Achievement Award

PAFR

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2015

Presented to

Stanislaus County Employees' Retirement Association

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle

Alan H. Winkle
Program Administrator

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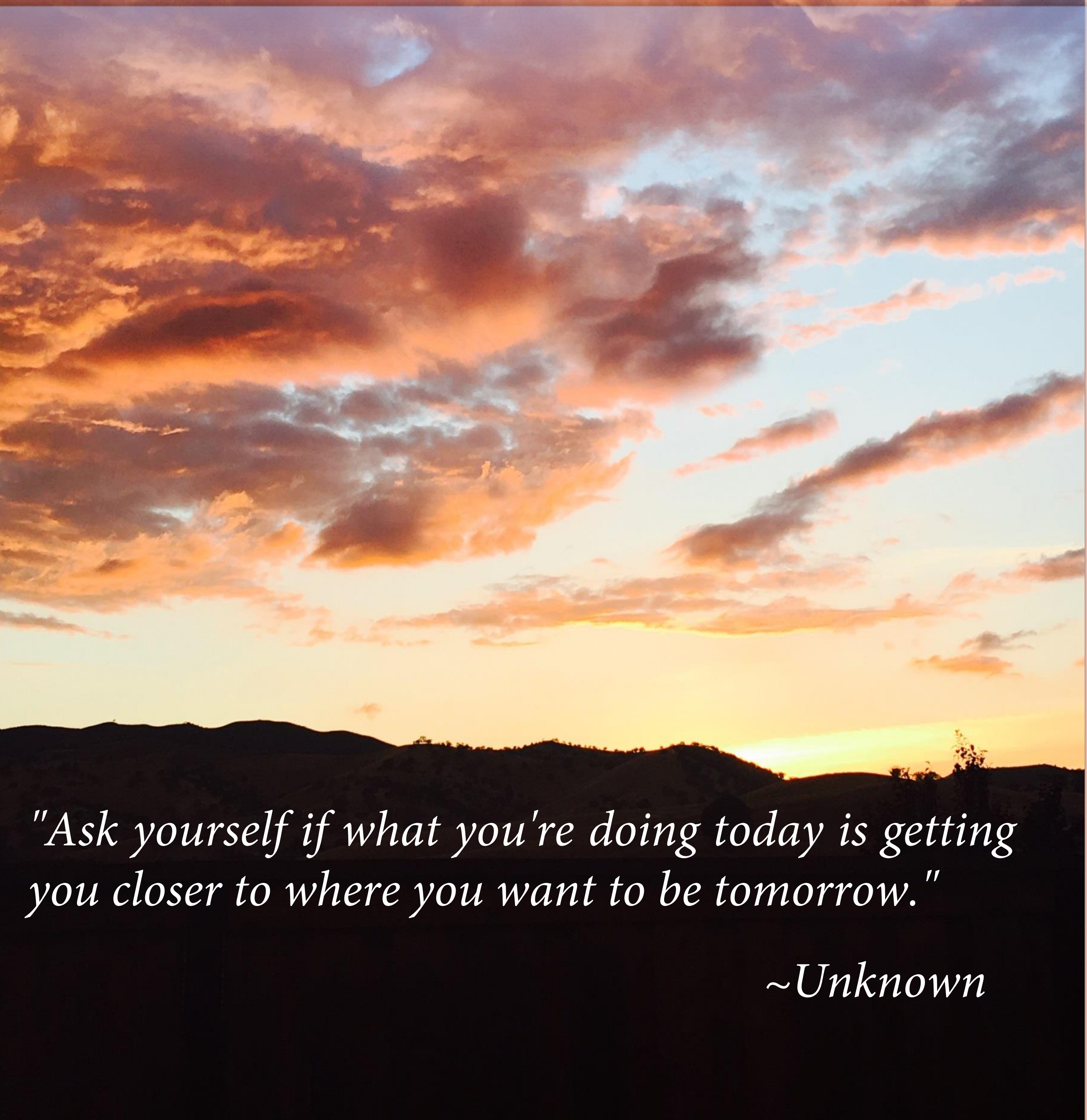
Financial Section



"Ask yourself if what you're doing today is getting you closer to where you want to be tomorrow."

~Unknown

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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STOCKTON, CA 95207
TEL 209.451.4833

BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of the Stanislaus County Employees' Retirement Association (StanCERA), as of June 30, 2016 and 2015, the related Statement of Changes in Fiduciary Net Position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise StanCERA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of StanCERA as of June 30, 2016 and 2015, and the changes in fiduciary net position for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, in 2016, StanCERA adopted Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application,* and GASB Statement No. 82*, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. As discussed in Note 8 to the basic financial statements, the total pension liability of the participating employers as of June 30, 2016, was $2,510,211,948. The fiduciary net position as a percentage of the total pension liability as of June 30, 2016, was 70.6%. The actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 7.25%, which represents the long-term expected rate of return.

Additionally, as discussed in Note 2 to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include private credit partnerships, private real estate, and infrastructure investments. Such investments totaled $144,572,623 (7.1% of total assets) at June 30, 2016. Where a publicly listed price is not available, the management of StanCERA uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of the investments. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Supplemental Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016, on our consideration of StanCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering StanCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 4, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Stanislaus County Employees' Retirement Association's (StanCERA or the Plan) financial performance provides an overview of the financial activities and funding conditions for the fiscal years ended June 30, 2016 and 2015. Please review it in conjunction with the transmittal letter (page 1) and the Basic Financial Statements (beginning on page 22).

Financial Highlights

- Fiduciary Net Position decreased by $59.7 million (or 3.26%) as a result of the fiscal year's activities.
- Contributions (employer and member), in total, increased by $5.3 million (or 6.91%).
- Net investment income (including Net Appreciation in Fair Value of Investments) decreased by $100.1 million (or 145.58%).
- Benefit payments increased by $6.8 million (or 6.84%) from the prior year.

Plan Highlights

- Benefit plans for Tiers 2 and 3 were closed to new hires and Tiers 4 and 5 were adopted effective March 9, 2002, to provide retirement formulas commonly known as 2% at age 55 for active general members, and 3% at age 50 for active safety members. One district did not implement the new benefit plans. Members in the non-contributory Tier 3 were allowed to transfer into a contributory plan. Effective January 1, 2011, Tier 5 was closed and Tier 2 was re-opened for all new hires for Stanislaus County with the reduced benefit formulas of 2% at age 61 for most general members and 2% at age 50 for safety members. Tier 2 was closed and Tier 6 was implemented effective January 1, 2013, for all new hires and provides 2% at age 62 for general members and 2.7% at age 57 for safety members.
- In April of 2016 and 2015, a 3.0% and 2.5% 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 StanCERA and are composed of the Statements of Fiduciary Net Position (see page 22) and the Statements of Changes in Fiduciary Net Position (see page 23). These statements are presented on an accrual basis of accounting and reflect all trust activities as incurred.

Overview of the Basic Financial Statements

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

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

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

Financial Analysis

Statements of Fiduciary Net Position

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

Fiduciary Net Position, as of June 30, 2016, 2015, and 2014	2016	2015	2014	$ Change 2016 - 2015	$ Change 2015 - 2014
Current Assets	$ 114,518,914	$ 116,109,491	$ 71,222,397	$ (1,590,577)	$ 44,887,094
Investments	1,932,507,165	1,971,301,171	1,948,165,095	(38,794,006)	23,136,076
Capital Assets	3,358,623	3,507,734	3,669,013	(149,111)	(161,279)
Total Assets	2,050,384,702	2,090,918,396	2,023,056,505	(40,533,694)	67,861,891
Total Liabilities	277,470,989	258,314,192	231,747,226	19,156,797	26,566,966
Total Fiduciary Net Position	$1,772,913,713	$1,832,604,204	$1,791,309,279	$ (59,690,491)	$ 41,294,925

Financial Analysis (continued)

Statements of Changes in Fiduciary Net Position

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

Additions To Fiduciary Net Position For The Fiscal Years Ended June 30, 2016, 2015, and 2014	2016	2015	2014	$ Change 2016 - 2015	$ Change 2015 - 2014
Employer Contributions	$ 58,196,310	$ 53,849,031	$ 46,763,996	$ 4,347,279	$ 7,085,035
Plan Member Contributions	23,916,508	22,960,235	21,867,911	956,273	1,092,324
Net Investment Income	(31,322,276)	68,722,781	274,896,108	(100,045,057)	(206,173,327)
Total Additions	$ 50,790,542	$ 145,532,047	$ 343,528,015	$ (94,741,505)	$ (197,995,968)

Deductions From Fiduciary Net Position For The Fiscal Years Ended June 30, 2016, 2015, and 2014	2016	2015	2014	$ Change 2016 - 2015	$ Change 2015 - 2014
Benefit Payments	$ 106,946,768	$ 100,099,055	$ 93,266,904	$ 6,847,713	$ 6,832,151
Member Refunds - Termination	1,219,042	1,542,566	1,515,567	(323,524)	26,999
Member Refunds - Death	-	216,535	-	(216,535)	216,535
Administrative Expenses	2,315,223	2,378,966	2,249,260	(63,743)	129,706
Total Deductions	$ 110,481,033	$ 104,237,122	$ 97,031,731	$ 6,243,911	$ 7,205,391
Increase in Fiduciary Net Position Restricted for Pension Benefits	$ (59,690,491)	$ 41,294,925	$ 246,496,284	$ (100,985,416)	$ (205,201,359)
Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	1,832,604,204	1,791,309,279	1,544,812,995	41,294,925	246,496,284
End of Year	$1,772,913,713	$1,832,604,204	$1,791,309,279	$ (59,690,491)	$ 41,294,925

Additions to Fiduciary Net Position

A review of the Statements of Fiduciary Net Position shows that June 30, 2016 closed, with assets exceeding liabilities by $1.773 billion with all of the Fiduciary Net Position restricted for StanCERA's ongoing obligations to plan participants and their beneficiaries. The fiscal year ended June 30, 2015, closed with assets exceeding liabilities by $1.833 billion. The $59.7 million decrease and $41.3 million increase, respectively, in Fiduciary Net Position is a direct result of the changes in the financial market over the past two years. StanCERA remains in good financial condition.

Financial Analysis (continued)

Additions to Fiduciary Net Position (continued)

The primary sources to finance the benefits StanCERA provides are accumulated through return on investments and through the collection of member and employer contributions. These income sources for fiscal year 2015-2016 resulted in a gain of $50.8 million, where fiscal year 2014-2015 resulted in a gain of $145.5 million. This gain is primarily a result of growth in the broad market over the past two years, as discussed in the Investment Analysis below. Employer and member contributions increased by $5.3 million (or 6.91%) from the contributions made in 2014-2015. Employer contribution increases in 2016 and 2015 are due mainly to changes in economic and demographic assumptions and a change in funding methodology.

Deductions from Fiduciary Net Position

The primary uses of StanCERA's assets are the payment of benefits to retirees and their beneficiaries, refunds of contributions to terminated employees, and the costs of administering the Plan. These expenses for fiscal year 2015-2016 were $110.5 million, an increase of $6.2 million from the 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 2014-2015, these expenses were $104.2 million, an increase of $7.2 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 2015-2016, administrative expenses decreased by 2.7% over fiscal year 2014-2015. Total administrative expenses represented 0.0864% of the accrued actuarial liability (funding basis) for fiscal year 2015-2016 and 0.1058% for fiscal year 2014-2015.

Overall Financial Condition

Investment Analysis

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

Domestic equity returns for the fiscal year ended June 30, 2016, underperformed their benchmark by 470 basis points and international equity underperformed the benchmark by 40 basis points. Domestic equity returns for the fiscal year ended June 30, 2015, outperformed their benchmark by 70 basis points and international equity outperformed by 160 basis points.

StanCERA's fixed income returns underperformed their benchmark by 80 basis points for the fiscal year ended June 30, 2016. For the fiscal year ended June 30, 2015, the Plans' fixed income returns matched their benchmark of 1.9%.

For the fiscal year ended June 30, 2016, StanCERA's total portfolio underperformed its policy benchmark by 350 basis points with an overall return of -1.3%. For the fiscal year ended June 30, 2015, the portfolio outperformed its policy benchmark by 60 basis points with an overall return of 4.2%. Despite the difficult year in the market, Management believes that the Plan remains in a very strong financial position to meet its obligations to the Plan participants and beneficiaries.

Overall Financial Condition (continued)

Net Pension Liability

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

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

The NPL as of June 30, 2015, rolled forward to StanCERA's fiscal year ended June 30, 2016, was $737.3 million using the entry age normal cost method. The Board of Retirement approves the assumptions used by the actuary to perform their calculation. As of the most recent actuarial valuation dated June 30, 2015, rolled forward to June 30, 2016, StanCERA's Fiduciary Net Position was 70.6% of the total pension liability. The next actuarial valuation was scheduled for June 30, 2016, to be rolled forward to fiscal year ended June 30, 2017.

StanCERA's Fiduciary Responsibilities

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

Requests for Information

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

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

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

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF FIDUCIARY NET POSITION
As of June 30, 2016 and 2015

	June 30, 2016	June 30, 2015
ASSETS		
Cash and Cash Equivalents (Note 4):	$ 55,503,333	$ 71,553,166
Receivables:		
Interest and Dividends	7,165,933	6,057,937
Securities Transactions	47,249,376	34,703,146
Contributions (Note 3)	4,516,013	3,703,589
Total Receivables	58,931,322	44,464,672
Prepaid Insurance	84,259	91,653
Capital Assets, net (Note 2):	3,358,623	3,507,734
Investments at Fair Value (Note 4):		
U.S. Government and Agency Obligations	291,670,307	239,391,663
Corporate Bonds	216,711,921	193,459,770
Municipal Bonds	13,963,770	19,279,799
Emerging Market / Non-US Bonds	876,782	1,758,621
Domestic Stocks	436,817,430	521,886,674
Domestic Equity Index Fund	273,249,874	308,521,482
International Equity	333,266,976	351,622,587
Real Estate Securities	24,824,937	12,686,555
Private Credit	98,831,582	101,450,264
Private Real Estate	38,881,050	17,021,773
Infrastructure	6,859,991	9,273,662
Securities Lending Collateral	196,552,545	194,948,321
Total Investments	1,932,507,165	1,971,301,171
Total Assets	2,050,384,702	2,090,918,396
LIABILITIES		
Current Liabilities:		
Accounts Payable	10,429,303	9,951,045
Securities Transactions	69,993,618	52,845,683
Advance of Rents	100,523	174,143
Securities Lending Obligation (Note 4)	196,552,545	194,948,321
Total Current Liabilities	277,075,989	257,919,192
Long-Term Liabilities:		
Grant Deed Extension Fee	395,000	395,000
Total Liabilities	277,470,989	258,314,192
Fiduciary Net Position Restricted For Pension Benefits (Note 6)	$1,772,913,713	$1,832,604,204

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

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended June 30, 2016 and 2015

	June 30, 2016	June 30, 2015
ADDITIONS		
Contributions (Note 5):		
Employer	$ 58,196,310	$ 53,849,031
Plan Members	23,916,508	22,960,235
Total Contributions	82,112,818	76,809,266
Investment Income/(Loss):		
Net Appreciation in Fair Value of Investments	(70,114,702)	32,674,635
Interest and Dividends	47,206,807	43,216,684
Total Investment Gain/(Loss)	(22,907,895)	75,891,319
Net Income from Commission Recapture	46,825	45,354
Less: Investment Expense (Note 4)	(9,440,764)	(7,856,505)
Net Investment Income/(Loss)	(32,301,834)	68,080,168
Other Investment Income:		
Net Litigation Recovery Income	74,250	18,275
Borrower Fees	-	274
Rental Income	123,252	123,252
Net Other Investment Income	197,502	141,801
Securities Lending Activities (Note 4):		
Securities Lending Income	1,116,644	714,891
Less: Securities Lending Expense	(334,588)	(214,079)
Net Securities Lending Income	782,056	500,812
Total Investment Income/(Loss)	(31,322,276)	68,722,781
Total Additions	50,790,542	145,532,047
DEDUCTIONS		
Benefit Payments and Subsidies	106,946,768	100,099,055
Member Refunds - Termination	1,219,042	1,542,566
Member Refunds - Death	-	216,535
Administrative Expenses (Note 2)	2,315,223	2,378,966
Total Deductions	110,481,033	104,237,122
Net Increase in Fiduciary Net Position	(59,690,491)	41,294,925
Fiduciary Net Position Restricted for Pension Benefits (Note 6)		
Beginning of Year	1,832,604,204	1,791,309,279
End of Year	$1,772,913,713	$1,832,604,204

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 1 - DESCRIPTION OF PLAN

Description of System and Applicable Provisions of the Law

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

Membership

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

	June 30, 2016			June 30, 2015		
	General	Safety	Total	General	Safety	Total
Active Members:						
Vested & Non-vested	3,522	727	4,249	3,422	723	4,145
Total Active	3,522	727	4,249	3,422	723	4,145
Inactive Members:						
Deferred Members	751	210	961	729	199	928
Unclaimed Contributions	287	41	328	233	37	270
Total Inactive	1,038	251	1,289	962	236	1,198
Retired Members:						
Service Retirements	2,751	406	3,157	2,658	385	3,043
Disability Retirements	219	157	376	221	153	374
Survivor Payments	40	9	49	40	8	48
Total Retired	3,010	572	3,582	2,919	546	3,465
Total Membership	7,570	1,550	9,120	7,303	1,505	8,808

Active

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

NOTE 1 – DESCRIPTION OF PLAN (continued)

Benefits

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

Service Retirement Benefit

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

Percentage of FAS:

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

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

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

Death Benefit-Before Retirement

Employed Less Than 5 Years

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

NOTE 1 – DESCRIPTION OF PLAN (continued)

Death Benefit-Before Retirement (continued)

Employed More than 5 Years

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

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

Death Benefit-After Retirement

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

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

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

Disability Benefit

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

Cost of Living Benefit

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

NOTE 1 – DESCRIPTION OF PLAN (continued)

Ad-Hoc Benefits

Ad-hoc benefits are non-vested benefits which are determined by the Board of Retirement (Board) 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 on May 25, 2012, placed additional restrictions on the Board's ability to grant these benefits. The greatest restriction currently is that the Plan must be 100% funded on a market basis prior to funding any ad-hoc benefit.

Contribution Rates

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

StanCERA's contribution policy establishes employer contribution rates expressed as a percentage of covered payroll. These actuarially determined contribution rates consist of three parts: the Employer Normal Cost Rate, the Unfunded Accrued Liability Amortization Rate and the Administrative Expense Rate. The Total Normal Cost Rate, calculated under the Entry Age Normal Actuarial Cost Method as described in GASB Statement No. 67, is the amount necessary to fund the member's benefits as a level percentage of total payroll for their projected working lives. The Employer Normal Cost Rate is the Total Normal Cost Rate net of the Member Contribution Rate. The Unfunded Accrued Liability Amortization Rate amortizes the Unfunded Actuarial Liability as a level percentage of payroll over a closed period (22 years as of the June 30, 2014 valuation, which determined contribution rates for the year ended June 30, 2016). The Administrative Expense Rate is the expected annual Administrative Expenses divided by expected covered payroll. Rates are determined separately for General and Safety members and for County and Former County and Ceres and Other Districts members. StanCERA's actuarially determined composite employer contribution rates for the years ended June 30, 2016, and 2015, were 23.35% and 22.93%, respectively, of annual payroll. The employer contribution rate of 22.93% for the year ended June 30, 2015 reflected a phase-in of the impact of changes to the Actuarial Cost Method. Without the phase-in, the employer contribution rate would have been 24.00% for the year ended June 30, 2015. Member Contribution Rates are based on the individual member's entry age for Tiers 1, 2, 4, and 5 and ranged between 4.71% and 17.53% for the fiscal years ended June 30, 2016 and 2015. Tier 3 members do not make member contributions. Member Contribution Rates for Tier 6 are not based on the individual member's entry age but are instead 50% of the average Total Normal Cost Rate for members with the same benefit formula. Separate Tier 6 member rates are determined for General and Safety members as well as for County, Former County, Ceres, and Other Districts members. These Tier 6 member rates ranged from 7.28% to 12.31% for the fiscal year ended June 30, 2016 and from 7.63% to 12.82% for the fiscal year ended June 30, 2015.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Accounting

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

Cash and Cash Equivalents

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

Investments

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

Investments are stated at fair value in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. Values for stocks, publicly traded bonds, issues of the U.S. Government and its agencies, and real estate securities are valued according to sale prices of recognized exchanges as of the fiscal year end, with international securities reflecting currency exchange rates in effect at June 30, 2016 and 2015. Both domestic and international investments are denominated in U.S. currency. Private Credit Partnerships, Private Real Estate and Infrastructure investments are valued using their respective Net Asset Value (NAV) and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued by the partnerships on a quarterly basis and the assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

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 1 floor of an office building, and office equipment are presented at historical cost. StanCERA occupies 60% of the 6th floor of the office building, and 40% has been developed as office space which is currently leased out. Total cost of the capital assets as of June 30, 2016, was $4,980,414 with accumulated depreciation of $1,621,791. Depreciation expense for the years ending June 30, 2016 and 2015, totaled $175,830 and $173,782, 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, 2015	Reclassifications & Additions	Reclassifications & Deletions	Less Depreciation	Net Balance at June 30, 2016
Tenant Improvements	$ 390,438	$ -	$ -	$ -	$ 390,438
Tyler Software	222,653	-	-	125,625	97,028
Real Estate Occupied	1,707,899	-	-	18,977	1,688,922
Real Estate Leased	1,138,825	-	-	12,654	1,126,171
Leasehold Improvements	42,583	21,607	-	14,929	49,261
Office Equipment	1,225	5,112	-	1,073	5,264
Audio Recording System	649	-	-	649	-
Security & Monitoring Equipment	3,462	-	-	1,923	1,539
TOTAL	$ 3,507,734	$ 26,719	$ -	$ 175,830	$ 3,358,623

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Administrative Expenses

StanCERA's administrative expenses are funded by the investment income and are 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, 2016 and 2015, were $2,315,223 and $2,378,966, respectively, of which $565,016 and $348,691, respectively, were not subject to the administrative expense limitation. Administrative expenses subject to the limitation amounted to 0.0864% of AAL for the fiscal year ended June 30, 2016 and 0.1058% for the fiscal year ended June 30, 2015.

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 accounting principles generally accepted in the United States of America 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 2015 amounts have been reclassified to conform with the fiscal year 2016 presentation.

Implementation of New Accounting Standards

Effective July 1, 2015, StanCERA adopted the provisions of Government Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application,* which established standards for determining a fair value measurement for financial reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

StanCERA adopted and early implemented the provisions of Government Accounting Standards Board Statement No. 82, *Pension Issues – an amendment to GASB Statements No. 67, No. 68, and No. 73*, requires the presentation of covered payroll to be defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions Receivable represents deductions from employees' salaries and liabilities due by employers' for retirement contributions for the month of June that were received in July. Contributions Receivable as of June 30, 2016 and 2015 were $4,516,013 and $3,703,589, respectively.

NOTE 4 – CASH AND INVESTMENTS

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

Deposits in Stanislaus County Treasury

Cash needed for StanCERA's daily operational purposes is pooled with other County funds by the County Treasurer for short-term investment purposes. The County is responsible for the control and safekeeping of all instruments of title and for all investment of the pooled funds. Investments in the County Investment Pool are managed according to the Investment Policy established by the County and are subject to regulatory oversight by the County's Treasury Oversight Committee. Participation in the County Investment Pool is not mandatory. The fair value of StanCERA's cash invested with the County Treasurer totaled $9,940,469 and $8,873,432 at June 30, 2016 and 2015, respectively. Cash and investments included within the County Treasurer's Pool are described in the County's comprehensive Annual Financial Report.

Investments

Investment Policy – StanCERA's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan.

NOTE 4 – CASH AND INVESTMENTS (continued)

The following was StanCERA Board's adopted asset allocation policy:

Asset Class	June 30, 2016 Target Allocation	June 30, 2015 Target Allocation
Domestic Equities	15.00%	38.20%
Internantional Equities	20.00%	18.00%
Fixed Income	21.00%	29.80%
Real Assets	10.00%	0.00%
Alternatives:		
Private Credit	14.00%	7.50%
Private Equity	5.00%	0.00%
Private Real Estate	0.00%	3.50%
Infrastructure	0.00%	3.00%
Risk Parity	14.00%	0.00%
Cash	1.00%	0.00%
	100.00%	100.00%

Rate of Return – For the year ended June 30, 2016 and 2015, the annual money-weighted rate of return on StanCERA's investments was -1.70% and 4.20%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurement

Fiscal year ending June 30, 2016, StanCERA adopted GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. GASB Statement No. 72 was issued to address accounting and financial reporting issues related to fair value measurement.

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

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

NOTE 4 – CASH AND INVESTMENTS (continued)

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case StanCERA defaults to the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, a detailed analysis was performed of the assets and liabilities that are subject to GASB Statement No. 72.

The following tables present fair value measurements as of June 30, 2016 and 2015:

Investments by Fair Value Level	6/30/2016	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities				
Asset-Backed Securities	$ 4,746,377	$ -	$ 4,746,377	$ -
Collateralized Mortgage Obligations	1,393,950		1,393,950	
Commercial Mortgage-Backed Securities	5,474,753	-	5,474,753	-
Corporate and Other Credit	216,711,921	-	216,711,921	-
Government Mortgage Backed Securities	169,336,520	-	169,336,520	-
Municipal/Revenue Bonds	13,963,770	-	13,963,770	-
Emerging Market Non-U.S. Bonds	876,782	-	876,782	-
U.S. Government Agency	10,487,677	-	10,487,677	-
U.S. Treasury	100,231,030	-	100,231,030	-
Total Fixed Income Securities	523,222,780	-	523,222,780	-
Equity Securities				
Non-U.S. Equity	297,145,587	294,533,696	2,073,463	538,428
U.S. Equity	436,817,430	436,817,430	-	-
Commingled Equity Funds	273,249,874	-	273,249,874	-
Emerging Market Equity	36,121,389	-	36,121,389	-
Commingled Real Estate Funds	24,824,937	-	24,824,937	-
Total Equity Securities	1,068,159,217	731,351,126	336,269,663	538,428
Collateral from Securities Lending	196,552,545	-	196,552,545	-
Total Investments by Fair Value Level	$ 1,787,934,542	$ 731,351,126	$ 1,056,044,988	$ 538,428
Investments Measured at the Net Asset Value (NAV)				
Private Credit	$ 98,831,582			
Private Real Estate	38,881,050			
Infrastructure	6,859,991			
Total Investments Measured at the NAV	144,572,623			
Total Investments	$ 1,932,507,165			

NOTE 4 – CASH AND INVESTMENTS (continued)

Investments by Fair Value Level	6/30/2015	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities				
Asset-Backed Securities	$ 23,895,212	$ -	$ 23,895,212	$ -
Collateralized Mortgage Obligations	1,860,927		1,860,927	
Commercial Mortgage-Backed Securities	6,436,813	-	6,436,813	-
Corporate and Other Credit	193,459,770	-	193,459,770	-
Government Mortgage Backed Securities	150,354,982	-	150,354,982	-
Municipal/Revenue Bonds	19,279,799	-	19,279,799	-
Emerging Market Non-U.S. Bonds	1,758,621	-	1,758,621	-
U.S. Government Agency	8,042,654	-	8,042,654	-
U.S. Treasury	48,801,075	-	48,801,075	-
Total Fixed Income Securities	453,889,853	-	453,889,853	-
Equity Securities				
Non-U.S. Equity	314,782,773	312,882,247	1,368,069	532,457
U.S. Equity	521,886,673	521,882,512	4,161	-
Commingled Equity Funds	308,521,482	-	308,521,482	-
Emerging Market Equity	36,839,815	-	36,839,815	-
Commingled Real Estate Funds	12,686,555	-	12,686,555	-
Total Equity Securities	1,194,717,298	834,764,759	359,420,082	532,457
Collateral from Securities Lending	194,948,321	-	194,948,321	-
Total Investments by Fair Value Level	$ 1,843,555,472	$ 834,764,759	$ 1,008,258,256	$ 532,457
Investments Measured at the Net Asset Value (NAV)				
Private Credit	$ 101,450,264			
Private Real Estate	17,021,773			
Infrastructure	9,273,662			
Total Investments Measured at the NAV	127,745,699			
Total Investments	$ 1,971,301,171			

Fixed Income Securities

Asset Backed Securities, Mortgage Backed Securities, and Non U.S. Bonds are valued using a combination of the discounted cash flow income model and the matrix market model. Two proprietary discounted cash flow models are used; Non-volatile tranche and volatile tranche. Prepayment speeds are derived from market participant quotes along with terms and conditions of the tranche and both are entered into the model to determine the evaluated price. Matrices are developed based on trade and quote activity of bonds with similar features including issuer, vintage and purpose of the underlying loan, prepayment speeds and credit ratings in order to identify trades and quotes for similar securities.

Corporate Bonds and Municipal Bonds are valued using the matrix market model. Model inputs are derived from the market, brokers, dealer, mutual funds, and vendor client base. Model inputs include, but are not limited to; spread benchmark curves, prepayment speeds, inputs to build curves/spreads, comparable trades, bid price or spread, discount rates, quotes, trade reports, and financial reports.

U.S. Government Agency and U.S. Treasury Bills are valued using the consensus evaluation model and the matrix evaluation model. These model inputs come from market sources and integrate relative credit information, observed market movements, and sector news. Prices are updated regularly by obtaining dealer quotes and other market information including live trading levels, when available.

NOTE 4 – CASH AND INVESTMENTS (continued)

Equity Securities

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

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

Investments Measured at the Net Asset Value (NAV)

Investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The fair value of these funds has been determined using net assets valued at the funds fiscal year end of December 31, 2016 and 2015 plus cash flows through to StanCERA's fiscal year end of June 30, 2016 and 2015.

Private Credit Funds consist of investments in four limited partnerships. The types of partnership strategies included in these funds are venture capital, growth equity, buyouts, special situations, mezzanine, and distressed debt. These funds are not eligible for redemption. Distributions are received as the underlying funds are liquidated, which can occur over the span of three to seven years. Total commitments for these funds are $160.0 million of which $49.7 million is un-funded.

Private Real Estate Funds consist of investments in three limited partnerships. These funds are mainly invested in U.S. commercial real estate. Shares of two of these funds can be redeemed at the request of the shareholders after a lockout period of up to two years. Distributions from each of these funds will be received as the underlying investments are liquidated. Two of these funds are open-ended and the distributions are reinvested. Liquidation of the underlying investments for one fund can occur over time up to eight years. Total commitments for these funds are $60.0 million of which $24.1 million is un-funded.

Infrastructure Funds consist of one investment in a limited partnership. This fund is focused on opportunities in the energy, utilities and transportation sectors, and target investments in infrastructure assets globally within the Organization for Economic Cooperation and Development countries. The funds are not eligible for redemption. Distributions from this fund will be received as the underlying investments are liquidated, which can occur over the span of twelve years. Total commitments for this fund are $50.0 million of which $42.4 million is un-funded.

NOTE 4 – CASH AND INVESTMENTS (continued)

Securities Lending Program

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

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

Investments made with cash collateral are classified by risk category. The average maturity of the loans is 1 week and are rated at least "A1" or "P1" by 2 nationally recognized statistical rating organizations or if unrated, be determined by the bank to be of comparable quality. As of June 30, 2016, the fair value of securities on loan was $193.7 million with collateral received of $196.6 million and non-cash collateral of $8.6 million. As of June 30, 2015, the fair value of the securities on loan was $190.9 million with collateral received of $194.9 million and non-cash collateral of $8.6 million.

As of June 30, 2016 and 2015, StanCERA had no credit risk exposure to borrowers because the amount StanCERA owes the borrower exceeds the amount the borrower owes StanCERA. StanCERA's pro-rata share of net income derived from the security lending transactions during fiscal years 2016 and 2015 was $782,056 and $500,812, respectively. These are separate investments made on StanCERA's behalf and not StanCERA's share of pooled investments. At June 30, 2016 and 2015, StanCERA had the following securities out on loan:

	June 30, 2016		June 30, 2015	
	Fair Value of Securities on Loan	Collateral Received	Fair Value of Securities on Loan	Collateral Received
U.S. Equities	$ 147,205,946	$ 149,137,107	$ 138,712,294	$ 141,491,770
U.S. Corporate Fixed	13,236,182	13,452,178	23,886,088	24,405,425
U.S. Agencies	4,846,241	4,943,692	5,185,357	5,286,275
U.S. Government Fixed	22,143,838	22,591,555	18,872,972	19,255,918
Non-U.S. Equities	5,928,657	6,095,313	3,870,649	4,175,633
Non-U.S. Corporate Fixed	322,875	332,700	324,184	333,300
Total Securities	193,683,739	196,552,545	190,851,544	194,948,321
Total Non-Cash Collateral	8,601,706	9,035,178	16,060,885	16,458,037
Total	$ 202,285,445	$ 205,587,723	$ 206,912,429	$ 211,406,358

NOTE 4 – CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. StanCERA's average effective duration of all fixed income holdings, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus 1.5 years of the Barclays Aggregate Bond Index duration. For the year ending June 30, 2016, the Barclays Aggregate Bond Index was yielding 1.9% with an effective duration of 5.4 years. For the year ending June 30, 2015, the Barclays Aggregate Bond Index yielded 2.4% with an effective duration of 5.60 years. StanCERA had a yield of 2.40% and 1.70% for the fiscal years ended June 30, 2016 and 2015, respectively, with an effective duration of 5.40 and 4.30 years, respectively. As of June 30, 2016 and 2015, the County pool had a fair value of $1.168 billion and $1.054 billion, respectively, and a weighted average maturity of 483 days and 526 days, respectively.

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

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

	June 30, 2016		June 30, 2015	
Fixed Income Securities	Fair Value	Effective Duration (in years)	Fair Value	Effective Duration (in years)
U.S. Treasuries	$ 100,231,030	0.7	$ 48,801,075	5.2
Commercial Mortgage Backed Securities	5,474,753	2.5	6,436,813	2.0
Government Mortgage Backed Securities	169,336,520	1.6	150,354,982	2.8
Collateralized Mortgage Obligations	1,393,950	3.3	1,860,927	0.6
Federal Agency	10,487,677	2.5	8,042,654	5.1
Asset Backed Securities	4,746,377	0.9	23,895,212	2.2
Corporate Bonds	213,777,714	4.2	188,801,726	5.7
Municipal Bonds	13,963,770	3.2	19,279,799	7.1
Emerging Market / Non-U.S. Bonds	876,782	4.1	1,758,621	3.4
Total Fixed Income Securities	520,288,573		449,231,809	
No Effective Duration				
Bank Loans	253,414		399,844	
Other Bonds	2,680,793		4,258,199	
Total Fixed Income Securities	$ 523,222,780		$ 453,889,853	

NOTE 4 – CASH AND INVESTMENTS (continued)

Credit Risk

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

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

	June 30, 2016		June 30, 2015	
S&P/Moody's Credit Rating	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities	Percentage of Total Fixed Income	StanCERA's Fixed Income Securities
Aaa / AAA	0.77%	$ 4,016,115	5.33%	$ 24,191,353
Aa1 / AA+	0.64%	3,371,496	1.56%	7,098,779
Aa2 / AA	0.39%	2,054,738	0.08%	354,562
Aa3 / AA-	0.30%	1,576,913	0.25%	1,155,797
A1 / A+	1.99%	10,388,898	3.08%	13,988,713
A2 / A	0.79%	4,110,329	0.38%	1,713,431
A3 / A-	2.14%	11,207,320	3.64%	16,516,967
Baa1 / BBB+	8.74%	45,707,979	10.51%	47,686,102
Baa2 / BBB	9.79%	51,216,944	11.63%	52,767,911
Baa3 / BBB-	9.64%	50,459,527	7.98%	36,203,974
Ba1 / BB+	4.72%	24,681,704	2.70%	12,253,610
Ba2 / BB	1.21%	6,320,132	4.51%	20,480,738
Ba3 / BB-	1.11%	5,801,498	1.23%	5,604,519
B1 / B+	2.68%	14,033,307	1.25%	5,671,847
B2 / B	0.11%	557,581	0.40%	1,829,076
B3 / B-	0.57%	2,993,271	0.09%	390,128
Caa1/CCC+	0.35%	1,848,625	0.00%	-
Caa2/CCC	0.06%	294,124	0.03%	138,846
N/R	34.12%	178,554,648	33.53%	152,184,406
N/A	19.88%	104,027,631	11.82%	53,659,094
Total	100.00%	$ 523,222,780	100.00%	$ 453,889,853

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

NOTE 4 – CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss due to a large concentration of investments in any 1 issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from the disclosure requirements. StanCERA's policy requires that not more than 5% of the total stock portfolio, at fair value, may be held in the common stock of any one corporation. Not more than 5% of the outstanding shares of any one company may be held. Individual investment managers are to hold no more than 8% of the fair value of the manager's entire stock portfolio in any one company's stock. Not more than 25% of the stock at fair value may be held in any one industry category, as defined by StanCERA's consultant, without special permission from the Board. With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by the fair value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue. StanCERA is in compliance with its policy; however, as of June 30, 2016 and 2015, StanCERA had investments of $92,251,888 and $94,290,350, respectively, in a single issuer (Fannie Mae), which represented 5% or more of the Fiduciary Net Position.

Custodial Credit Risk

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

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

NOTE 4 – CASH AND INVESTMENTS (continued)

Foreign Currency Risk

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

StanCERA's exposure to foreign currency risk in U.S. dollars as of June 30, 2016 and 2015, is as follows:

Currency	June 30, 2016 Fair Value (in U.S. $)	June 30, 2015 Fair Value (in U.S. $)
Australian Dollar	$ 15,181,139	$ 15,252,076
Brazilian Real	2,102,367	3,561,638
British Pound	-	51,238,073
Canadian Dollar	20,504,227	22,185,017
Chilean Peso	232,002	-
Chinese Yuan	12,132,249	13,771,436
Danish Krone	4,298,673	2,416,640
Euro Dollars	112,317,199	77,048,912
Hong Kong Dollar	5,371,644	5,848,698
Hungarian Forint	594,530	473,129
Indian Rupee	901,420	1,275,785
Indonesian Rupiah	980,322	567,705
Israeli Shekel	2,022,785	2,524,807
Japanese Yen	58,104,762	57,429,741
Korean Won	7,513,962	6,666,552
Malaysian Renggit	148,152	366,443
Mexican Nuevo Peso	726,867	1,276,655
Netherlands Antillean Guilder	6,515,145	-
New Taiwan Dollar	6,548,487	5,878,817
New Zealand Dollar	2,245,984	663,306
Norwegian Krone	3,354,207	2,875,476
Russian Ruble	2,537,192	2,043,031
Singapore Dollar	4,074,867	4,856,971
South African Rand	1,773,456	4,033,199
Swedish Krona	5,372,683	7,277,093
Swiss Franc	19,067,277	23,441,536
Thailand Baht	2,073,463	1,354,440
Turkish Lira	428,960	416,915
U.S. Dollar	36,142,955	36,878,496
TOTAL	$ 333,266,976	$ 351,622,587

NOTE 4 – CASH AND INVESTMENTS (continued)

Foreign Currency Risk (continued)

American Depositary Receipts (ADR) are included in the U.S. Dollars. ADR represents underlying securities of non-U.S. companies traded on the U.S. stock exchanges. Although the transactions are denominated in U.S. Dollars and not subject to foreign currency risk, these securities are reflected as part of the non-U.S. equities within International Equity Investments reported in the Statements of Fiduciary Net Position (page 22).

Commitments to Private Credit

At June 30, 2016, StanCERA's total capital commitments to private credit partnerships was $160,000,000. Of this amount, $49,685,560 remained unfunded and is not recorded on StanCERA's Statements of Fiduciary Net Position.

Commitments to Private Real Estate

At June 30, 2016, StanCERA's total capital commitments to private real estate partnerships was $60,000,000. Of this amount, $24,088,870 was unfunded and is not recorded in StanCERA's Statement of Fiduciary Net Position.

Commitments to Infrastructure

At June 30, 2016, StanCERA's total capital commitments to infrastructure was $50,000,000. Of this amount, $42,398,018 was unfunded and is not recorded in StanCERA's Statement of Fiduciary Net Position.

Investment Expense

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

Investment Expense

	June 30, 2016	June 30, 2015
Investment Managers	$ 8,388,630	$ 5,904,748
Investment Consultants	280,418	170,000
Custodial Fees	375,988	257,113
Investment Attorney	12,648	55,077
Other Investment Costs	260,146	1,359,060
Actuarial Fees	122,934	110,507
Total Investment Expenses	$ 9,440,764	$ 7,856,505

NOTE 5 - CONTRIBUTIONS

Contribution Rates

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

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

Member basic rates are based on a formula reflecting the age at entry into the Plan. For Tier 5 Safety members, the rates are such as to provide an average monthly annuity at age 50 equal to 1/100 of the FAS. Tier 1 General Members pay rates that will provide an average annuity at age 60 of 1/100 of the FAS. Tier 4 General Members pay rates that will provide an average annuity at age 55 of 1/120 of the FAS. County (and former County agency) Safety and General Members in Tiers 1 and 4 pay one half of the aforementioned rates. General Members in Tier 2 pay rates to provide an average annuity of 1/120 of FAS at age 60. General Members in Tier 3 pay no member contributions. General Members in Tier 5 pay rates to provide an average annuity at age 55 of 1/120 of FAS. Both General and Safety members in Tier 6 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 Benefits, the above contributions are reduced by 1/3 of that portion of such contribution payable with respect to the first $350 of monthly salary. Member contributions are refundable upon termination from the retirement system.

Contributions as a percentage of covered payroll for fiscal year ended June 30, 2016, are shown in the following table:

2016

Employer	Employer Contributions	Member Contributions	% of Covered Payroll
Stanislaus County	$ 51,455,859	$ 21,143,220	88.2823%
City of Ceres	3,554,626	1,420,682	5.3828%
Stanislaus Superior Court	2,618,462	1,140,686	5.2662%
Stanislaus Council of Governments	193,450	80,984	0.3915%
East Side Mosquito Abatement District	152,889	66,793	0.2747%
Salida Sanitary District	127,980	27,945	0.2239%
Keyes Communinity Services District	56,273	21,512	0.1135%
Hills Ferry Cemetery District	36,771	14,686	0.0651%
	$ 58,196,310	$ 23,916,508	100.0000%
Covered Payroll	$ 245,751,576		

NOTE 5 – CONTRIBUTIONS (continued

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

Employer	Employer Contributions	Member Contributions	% of Covered Payroll
Stanislaus County	$ 47,521,100	$ 20,251,731	88.3971%
City of Ceres	3,393,450	1,419,228	5.5024%
Stanislaus Superior Court	2,405,640	1,092,251	4.9927%
Stanislaus Council of Governments	192,183	66,609	0.4033%
East Side Mosquito Abatement District	142,275	69,303	0.2873%
Salida Sanitary District	118,870	28,449	0.2401%
Keyes Commuinity Services District	43,946	18,823	0.1034%
Hills Ferry Cemetery District	31,567	13,841	0.0638%
	$ 53,849,031	$ 22,960,235	100.0000%
Covered Payroll	$ 237,263,160		

NOTE 6 – RESERVES

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

Active Members' Reserve

This reserve represents the cumulative contributions made by active members (employees), after deducting refunds to the members, plus the investment earnings credited to the reserve at the assumed rate of return determined by the actuary. For 2016 and 2015, the actuarial assumed rate of return was 7.25% and 7.75%, respectively. Based on the Board's policy where the Plan is below 100% funded on a market basis, the percentage allocated to Active Member Reserves is capped at the actuarial assumed rate of return and will determine the semi-annual percent of interest to be posted to individual member account balances in the subsequent fiscal year.

Employer Reserves

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

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

NOTE 6 – RESERVES (continued)

Retired Members' Reserves

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

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

Retiree Burial Allowance Reserve

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

Contingency Reserve

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

Undistributed Earnings/(Losses)

This "designation" account was established on June 30, 2003. It was used to minimize the impact of actuarial smoothing of assets and contains an accumulation of earnings or losses, which have not been distributed to any other reserve. This reserve has undistributed losses of $41,804,347 and $0 as of June 30, 2016 and 2015, respectively.

NOTE 6 – RESERVES (continued)

Other Reserves

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

Reserve Account Balances are as follows:

	June 30, 2016	June 30, 2015
Active Members' Reserve	$ 441,709,617	$ 411,024,475
Employer Advance Reserve	236,924,744	178,759,075
Employer Transfer from Non-Valuation Reserve	136,030,872	136,030,872
Retired Members' Reserve	973,716,411	1,080,276,531
Retiree Burial Allowance Reserve	6,150,733	6,505,733
Contingency Reserve	17,945,324	17,659,865
Undistributed Losses	(41,804,347)	-
Other Reserves		
Legal Contingency Reserve	2,238,799	2,345,086
Tier 3 Disability Reserve	1,560	2,567
Total Reserves	$ 1,772,913,713	$ 1,832,604,204

NOTE 7 – LITIGATION

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

NOTE 8 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2015. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2016, and the Total Pension Liability (TPL) as of the valuation date, June 30, 2015, using update procedures to roll forward to StanCERA's fiscal year end of June 30, 2016. There were no significant events between the valuation date and the measurement date, so the roll forward procedures only included the addition of service cost and interest cost offset by actual benefit payments.

The TPL reflects the economic and demographic assumptions determined in the Actuarial Experience Study as of June 30, 2015 which was adopted by the Board March 16, 2016. The June 30, 2016 TPL is the first to reflect these assumptions.

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

The components of the Net Pension Liability of StanCERA at June 30, 2016 and 2015, were as follows:

	30-Jun-16	30-Jun-15
Total Pension Liability	$ 2,510,211,948	$ 2,127,759,959
Plan Fiduciary Net Position	(1,772,913,713)	(1,832,604,204)
Net Pension Liability	$ 737,298,235	$ 295,155,755
Fiduciary Net Position as a percentage of the Total Pension Liability	70.6%	86.1%

The Total Pension Liability was determined based on the June 30, 2015 actuarial valuation rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

ACTUARIAL VALUATION ASSUMPTIONS

	June 30, 2015	June 30, 2014
Investment Rate of Return	7.25%, net of investment expense	7.75%, net of investment expense
Projected Salary Increases	3.25%, plus service-based rates	3.50%, plus service-based rates
Attributed to Inflation	3.00%	3.25%
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

For valuation date June 30, 2015, post-retirement mortality rates for active Members are specified by the CalPERS Pre-Retirement Non-Industrial Mortality table adjusted by 100.3% for males and 98.8% for females with generational mortality improvements projected from 2009 using Scale MP-2015. Duty related mortality rates are only applicable for Safety Active Members and are based on the CalPERS Pre-Retirement Industrial Death table without adjustment or projection.

For valuation date June 30, 2014, post-retirement rates were based on the RP2000 Combined tables projected to the year 2020 with adjustment for matrality improvements based on Scale AA.

For valuation date June 30, 2015, rates of mortality for retired Members and their beneficiaries are specified by the CalfPERS Healthy Annuitant table adjusted by 93.4% for males and 108.9% for females with generational mortality improvements projected from 2009 using Scale MP-2015.

For valuation date June 30, 2014, pre-retirement mortality rates, withdrawal rates, disability rates and service retirement rates vary by age, gender, and classification.

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

The long-term defined benefit pension plan return expectations were determined using a building-block approach. An inflation forecast is the baseline and various real return premiums (e.g. bonds, equities, etc.) are added to create nominal return expectations for each asset class. These expectations are combined to produce the long-term expected rate of return by weighting the expected nominal rates of return by the target asset allocation percentages and including an expected return from rebalancing uncorrelated asset classes. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2016 and 2015 are summarized in the following table:

Asset Class	2016 Long-Term Expected Real Rate of Return	2015 Long-Term Expected Real Rate of Return
Domestic Equities		
U.S. Large Cap	5.90%	5.10%
U.S. Small Cap	5.20%	5.50%
International Equities		
Int'l Development	9.20%	5.70%
Emerging Market Equity	11.30%	6.50%
U.S. Fixed Income		0.50%
Core fixed income (1)	3.20%	
U.S. Treasury (1)	2.30%	
Short-term Gov/Credit (1)	2.50%	
Real Estate		3.70%
Core (1)	4.70%	
Value-add (1)	6.70%	
Risk Parity	7.00%	
Private Equity	8.20%	
Private Credit	9.10%	3.00%
Infrastructure	4.70%	3.50%
Cash	2.00%	-0.50%

(1) Asset classes added for fiscal year ending June 30, 2016 with the adoption of a new asset allocation by the Board of Retirement on April 20, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2016, and 7.75% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from the employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The following presents the net pension liability of StanCERA calculated using the discount rate of 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate for fiscal year ending June 30, 2016:

Sensitivity of Net Pension Liability to Changes in Discount Rate

		1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
June 30, 2016	Net Pension Liability	$ 1,096,739,912	$ 737,298,235	$ 444,670,802
	Fiduciary Net Postion as a Percentage of Total Pension Liability	61.8%	70.6%	79.9%
		1% Decrease 6.75%	Prior Discount Rate 7.75%	1% Increase 8.75%
June 30, 2015	Net Pension Liability	$ 571,659,850	$ 295,155,755	$ 65,795,139
	Fiduciary Net Postion as a Percentage of Total Pension Liability	76.2%	86.1%	96.5%

NOTE 9 – SUBSEQUENT EVENTS

StanCERA has evaluated events through November 4, 2016, which is the date the financial statements were issued. No subsequent events took place after June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Schedule of Changes in Net Pension Liability and Related Ratios

	June 30, 2016	June 30, 2015	6/30/2014 (1)
Total Pension Liability			
Service cost	$ 55,351,509	$ 48,242,363	$ 46,209,346
Interest (includes interest on service cost)	171,938,615	154,850,353	147,384,248
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(6,424,597)	2,148,638	-
Changes of assumptions	269,752,272	-	-
Benefit payments, including refunds of member contributions	(108,165,810)	(101,858,156)	(94,782,471)
Net change in total pension liability	382,451,989	103,383,198	98,811,123
Total pension liability - beginning	2,127,759,959	2,024,376,761	1,925,565,638
Total pension liability - ending	$ 2,510,211,948	$ 2,127,759,959	$ 2,024,376,761
Fiduciary net position			
Contributions - employer	$ 58,196,310	$ 53,849,031	$ 46,763,996
Contributions - member (2)	23,916,508	22,960,235	21,867,911
Total investment income	(31,322,276)	68,722,781	274,896,108
Benefit payments, including refunds of member contributions	(108,165,810)	(101,858,156)	(94,782,471)
Administrative expense	(2,315,223)	(2,378,966)	(2,249,260)
Net change in fiduciary net position	(59,690,491)	41,294,925	246,496,284
Fiduciary net position - beginning	1,832,604,204	1,791,309,279	1,544,812,995
Fiduciary net position - ending	$ 1,772,913,713	$ 1,832,604,204	$ 1,791,309,279
Net pension liability - ending	$ 737,298,235	$ 295,155,755	$ 233,067,482
Fiduciary net position as a percentage of the total pension liability	70.6%	86.1%	88.5%
Covered payroll (3)	$ 245,751,576	$ 237,263,160	$ 221,863,110
Net pension liability as a percentage of covered employee payroll	300.0%	124.4%	105.1%

(1) Trend Information: Schedule will ultimately show information for ten years. Additional years will be displayed at they become available.

(2) In accordance with GASB Statement No. 82, employer-paid member contributions are classified as Member Contributions. StanCERA has elected early implementation of GASB Statement No. 82.

(3) In accordance with GASB Statement No. 82, Covered Payroll is the payroll on which contributions are based. StanCERA has elected early implementation of GASB Statement No. 82.

REQUIRED SUPPLEMENTARY INFORMATION (continued)

Schedule of Employer Contributions

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

	2016	2015	2014	2013	2012
Actuarially Determined Contributions	$ 58,196	$ 53,849	$ 46,764	$ 39,077	$ 41,614
Contributions in Relation to the Actuarially Determined Contributions	58,196	53,849	46,764	39,077	41,614
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll (1)	$ 245,752	$ 237,263	$ 221,863	$ 217,491	$ 215,057
Contributions as a Percentage of Covered Payroll	23.68%	22.70%	21.08%	17.97%	19.35%

	2011	2010	2009	2008	2007
Actuarially Determined Contributions	$ 47,657	$ 31,814	$ 23,411	$ 22,555	$ 32,563
Contributions in Relation to the Actuarially Determined Contributions	47,657	31,814	23,411	22,555	32,563
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll (1)	$ 221,541	$ 231,538	$ 248,316	$ 242,009	N/A
Contributions as a Percentage of Covered Payroll	21.51%	13.74%	9.42%	9.32%	N/A

Note: No actuarial valuation was done in 2007, therefore, no payroll to report.
(1) In accordance with GASB Statement No. 82, Covered Payroll is the payroll on which contributions are based. StanCERA has elected early implementation of GASB Statement No. 82.

Schedule of Investment Returns

Last 10 Fiscal Years for Fiscal Years ending June 30

	2016	2015	2014	2013	2012
Annual money- weighted rate of return, net of investment expense	-1.30%	4.20%	18.20%	14.50%	0.70%

	2011	2010	2008	2007	2006
Annual money- weighted rate of return, net of investment expense	22.90%	15.90%	-8.20%	16.80%	10.30%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms

There were no changes of benefit terms for fiscal year ended June 30, 2016.

Changes of Assumptions

The amounts reported as changes in assumptions for fiscal year ending June 30, 2016 resulted primarily from changes to the assumed earnings rate from 7.75% to 7.25% and from adjustments to assumed life expectancies as a result of adopting updated mortality tables with generational improvements. The changes in assumptions were based on StanCERA's actuarial experience study from July 1, 2012 through June 30, 2015 and were adopted by the StanCERA Board of Retirement on April 20, 2016.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of employers contributions are calculated as of June 30, 2014, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	Closed period - 22 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%, net of investment expenses
Projected Salary Increases	3.50%, plus service-based rates
Attributed to Inflation	3.25%
Cost-of-Living Adjustments	100% of CPI to 3.0% annually with banking, 2.7% annual increases assumed
Mortality	Sex distinct RP 2000 Combined Mortality projected to 2020 using Scale AA

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2016 can be found in the June 30, 2014 actuarial valuation report located on StanCERA's website, www.stancera.org.

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Years Ended June 30, 2016 and 2015

	June 30, 2016	June 30, 2015
Personnel Services:		
Salaries and Employee Benefits	$ 1,321,728	$ 1,208,324
Total Personnel Services	1,321,728	1,208,324
Professional Services:		
Computer and Software Services and Support	57,699	57,307
Outside Legal Counsel	52,570	464,262
Disability Hearing Officer/Medical Exams and Reviews	15,175	9,020
External Audit Fees	58,964	58,992
Stanislaus County Strategic Business Technology Dept	32,074	29,642
Other Professional Services	916	904
Total Professional Services	217,398	620,127
Office Expenses:		
Office Supplies	6,545	8,322
Minor Equipment and Computer Supplies	5,506	4,907
Stanislaus County Central Services and Mail Room	48,052	38,538
Stanislaus County Support Services	124,595	93,888
Pension System Contract Services	204,005	-
Requested Maintenance	19,989	22,313
Communications	18,432	22,133
Printing and Publications	886	7,961
Other Office Expenses	21,045	19,388
Total Office Expenses	449,055	217,450
Miscellaneous:		
Fiduciary and Staff - Education/Travel	52,970	63,494
Fiduciary and Staff - Meetings/Other Travel	8,900	10,400
Insurance	80,165	77,834
Memberships	9,177	7,555
Depreciation	175,830	173,782
Total Miscellaneous	327,042	333,065
TOTAL ADMINISTRATIVE EXPENSES	$ 2,315,223	$ 2,378,966

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE OF INVESTMENT MANAGEMENT FEES AND OTHER INVESTMENT EXPENSES
For the Years Ended June 30, 2016 and 2015

	June 30, 2016	June 30, 2015
Investment Management Fees:		
Domestic Stocks	$ 2,286,813	$ 2,679,412
International Stocks	1,390,657	1,271,614
Fixed Income	783,608	798,030
Private Credit	2,280,896	513,756
Private Real Estate	416,709	-
Infrastructure	1,143,572	-
Real Estate Securities & Special Situations	86,375	641,936
Total Investment Management Fees	8,388,630	5,904,748
Investment Consulting Fees	280,418	170,000
Investment Custodian Fees	375,988	257,114
Investment Legal Fees	12,648	55,077
Other Investment Related Expenses	260,146	1,349,345
Actuarial Fees	122,934	120,221
TOTAL INVESTMENT EXPENSES	$ 9,440,764	$ 7,856,505

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Investment Section

"Do something today your future self will thank you for."

~Unknown

INVESTMENT CERTIFICATION LETTER
Page 1

Stanislaus County Employee Retirement System

Summary

Verus independently calculates the Plan's performance using portfolio market valuation and transaction data provided by the Plan's custodian bank, Northern Trust. Performance calculations are presented, to the greatest degree possible, in accordance with the Global Investment Performance Standards published by the CFA Institute.

At the Total Fund level, StanCERA returned -1.7% net of fees for the fiscal year, underperforming its policy index return of 2.2%. The Plan earned 6.3%, 6.6%, and 5.7% net of fees for the trailing three-, five-, and ten-year periods ending June 30th.

The one-year period ending June 30, 2016 saw U.S. equities post another positive year, albeit with increased volatility. The S&P 500 returned 4.0% while the Russell 1000 Value earned 2.9% and the Russell 1000 Growth earned 3.0%. StanCERA's U.S. equity allocation generated a return of -2.9% net of fees for the fiscal year as compared to 1.0% for its custom policy index (80% Russell 1000 / 20% Russell 2000). The Plan's domestic equity allocations earned 9.6%, 10.9%, and 6.3% net of fees over the trailing three-, five-, and ten-year periods ending June 30th.

International equities were negative for the fiscal year, underperforming US markets, as uncertainties about the global economic growth prospects as well as the UK's unexpected decision to leave the European Union created volatility in the market. StanCERA's International Equity managers combined to return -10.7% for the fiscal year net of fees, trailing the -9.8% return for the MSCI All Country World ex-U.S. Index. The Plan's international equity allocations earned 1.6%, 0.9%, and 2.3% net of fees over the trailing three-, five-, and ten-year periods ending June 30th.

The U.S. Fixed Income market ended the fiscal year with a 6.0% return for the Barclays US Aggregate Index. Despite the Federal Reserve hiking its key interest rate in December for the first time in nearly a decade, bond prices continued to rise throughout the year as the global demand benefitted bond holders. StanCERA's Fixed Income portfolio underperformed its policy index with a return of 5.0% for the one-year period net of fees. The Plan's domestic fixed income allocations earned 4.3%, 4.3%, and 6.0% net of fees over the trailing three-, five-, and ten-year periods ending June 30th.

The US Real Estate sector generated strong positive returns for the fiscal year, with the Dow Jones US Select RESI index returning +22.7% for the period. StanCERA's Real Estate portfolio posted a 12.7% return net of fees, yet underperformed the index return by 10% for the year. The Plan's real estate allocations earned 12.4% and 5.3% net of fees over the trailing three-, and five-year periods ending June 30th.

StanCERA's Direct Lending portfolio generated a 2.4% return net of fees for the fiscal year, trailing the custom index (9% annual) by 6.6%, while the Plan's infrastructure investments outperformed the index (CPI + 5%) by 0.9% with a 7% return net of fees.

Investment Policy, Asset Deployment Policy and Performance Measurement Standards

StanCERA periodically reviews and updates its investment policy statement, asset allocation, and related procedures and processes. The primary investment objective is to earn a long-term return sufficient to avoid deterioration in funded status while assuming an acceptable level of investment risk. A secondary goal is to outperform the asset allocation-weighted benchmark (i.e. the "policy index"). At quarterly intervals, the System reviews performance at the total fund, asset-class composite and individual investment strategy levels. At each level, returns are evaluated against pre-determined benchmarks and peers.

At the May 2016 Board Meeting, the Board approved a new asset allocation, which is reflected in the following table. While this allocation was selected at the May meeting, it will take time to fully implement it through the selection of investment strategies and deployment of capital.

ASSET CLASS	TARGET ALLOCATION
Domestic Equity	15%
International Equity	20%
Domestic Fixed Income	21%
Real Assets	10%
Alternatives*	33%
Cash	1%
Total	100%

* Private Equity, Private Credit, Risk Parity

Investment Objectives

Investment returns achieved through June 30, 2016 have been calculated using a time-weighted rate of return methodology based upon market values. In fiscal year 2016, StanCERA met its management goals of ensuring sufficient funds available to pay vested benefits and maintain supplemental benefits, complying with applicable fiduciary standards. The following table provides gross-of-fees returns and comparative rankings at the asset class composite and total fund levels:

INVESTMENT CERTIFICATION LETTER

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Periods Ending 6/30/16	One Year	Three Years	Five Years
US Equity	**-2.6%**	**9.9%**	**11.2%**
80% Russell 1000 / 20% Russell 2000	*1.0%*	*10.6%*	*11.2%*
Rank*	86	70	37
International Equity	**-10.2%**	**2.0%**	**1.3%**
MSCI ACWI ex-US Index	*-9.8%*	*1.6%*	*0.6%*
Rank	68	60	56
US Fixed Income	**5.2%**	**4.5%**	**4.5%**
Barclays US Aggregate	*6.0%*	*4.1%*	*3.8%*
Rank	50	43	50
Real Estate	**14.2%**	**13.4%**	**6.5%**
DJ US Select Real Estate	*22.7%*	*13.5%*	*11.2%*
Direct Lending	**4.1%**	**8.1%**	--
Custom Index (9% annual)	*9.0%*	*9.0%*	--
Infrastructure	**12.7%**	--	--
CPI + 5%	*6.1%*	--	--
Total Fund	**-1.3%**	**6.7%**	**7.0%**
*Policy Benchmark***	*2.2%*	*7.0%*	*7.0%*
Public Fund Median	*0.8%*	*6.4%*	*6.4%*
Rank	86	39	26

* Rankings based on InvestorForce universes. Ranking 1 is highest, 100 is lowest.
** Policy Index: 14.4% Russell 1000 Value, 11.3% Russell 1000 Growth, 4.8% S&P 500, 4.0% Russell 2000 Value, 3.7% Russell 2000 Growth, 18.0% MSCI ACWI ex USA, 29.8% Barclays Aggregate, 3.5% DJ US Select RESI, 7.5% 9% Annual,3% CPI + 4%.

Returns are gross of fees. 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.

All of us here at Verus appreciate the opportunity to assist StanCERA in meeting the Plan's investment objectives. We look forward to continuing in our role of investment advisor and providing guidance to help navigate ever-changing markets.

Respectfully,

Edward J. Hoffman, CFA, FRM
Managing Director, Senior Consultant

ASSET ALLOCATION

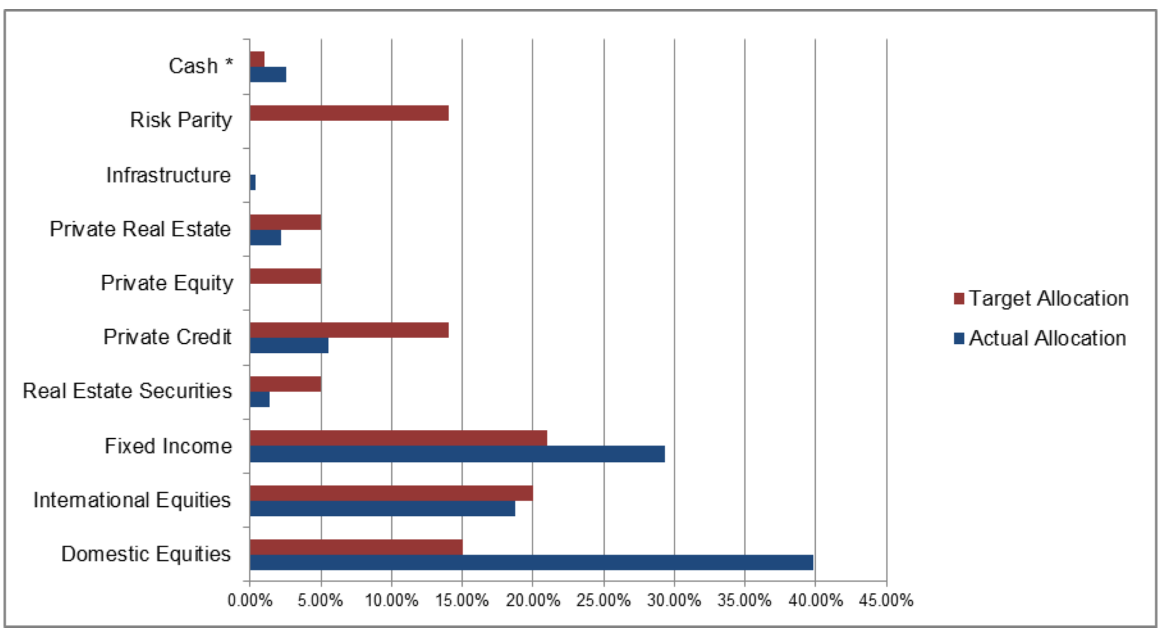
JUNE 30, 2016

Asset Class	Fair Value	Actual Allocation	Target Allocation
Domestic Equities	$ 710,067,304	39.85%	15.00%
International Equities	333,266,976	18.71%	20.00%
Fixed Income	523,222,780	29.37%	21.00%
Real Estate Securities	24,824,937	1.39%	5.00%
Private Credit	98,831,582	5.55%	14.00%
Private Equity	-	0.00%	5.00%
Private Real Estate	38,881,050	2.18%	5.00%
Infrastructure	6,859,991	0.39%	0.00%
Risk Parity	-	0.00%	14.00%
Cash *	45,562,814	2.56%	1.00%
TOTAL PORTFOLIO**	$ 1,781,517,434	100.00%	100.00%

* Excludes Pooled Cash in County Treasury of $9,940,519.

** Excludes Securities Lending Cash Collateral.

StanCERA's Asset Allocation



SCHEDULE OF INVESTMENT RETURNS
Performance as of June 30, 2016

Investment Managers	One Year	Three Year	Five Year	Ten Year
DOMESTIC EQUITY				
Dodge & Cox	-4.2%	8.6%	10.8%	5.8%
BlackRock R1000 Value	2.9%	10.0%	11.4%	-
Russell 1000 Value Index	*2.9%*	*9.9%*	*11.4%*	*6.1%*
Jackson Square Partners	-6.2%	11.0%	12.3%	-
BlackRock R1000 Growth	3.1%	13.1%	12.4%	-
Russell 1000 Growth Index	*3.0%*	*13.1%*	*12.3%*	*-*
Capital Prospects	-4.8%	7.5%	10.0%	-
Russell 2000 Value Index	*-2.6%*	*6.4%*	*8.1%*	*-*
Legato Capital Management	-12.7%	6.2%	8.6%	-
Russell 2000 Growth Index	*-10.8%*	*7.7%*	*8.5%*	*-*
Mellon Capital Management	4.0%	11.7%	12.1%	7.5%
S&P 500 Index	*4.0%*	*11.7%*	*12.1%*	*7.4%*
FIXED INCOME				
Dodge & Cox	5.0%	4.7%	4.6%	6.2%
PIMCO	5.8%	3.8%	4.0%	-
Barclays Aggregate Index	*6.0%*	*4.1%*	*3.8%*	*5.1%*
INTERNATIONAL EQUITY				
LSV Asset Management	-12.3%	1.6%	0.7%	2.4%
Pyramis Global Advisors	-8.2%	2.3%	1.9%	3.2%
MSCI ACWI ex US Index	*-9.8%*	*1.6%*	*0.6%*	*2.3%*
REAL ESTATE				
BlackRock US Real Estate Index	22.7%	13.5%	N/A	N/A
DJ US Select RESI TR USD	*22.7%*	*13.5%*	N/A	N/A
PRIVATE CREDIT				
Medley Opportunity Fund II	4.5%	N/A	N/A	N/A
Raven Opportunity Fund I	2.3%	N/A	N/A	N/A
Raven Opportunity Fund III	-5.3%			
White Oak Global Advisors	8.1%	N/A	N/A	N/A
9% Annual	*9.0%*	N/A	N/A	N/A
PRIVATE REAL ESTATE				
American Realty Advisors	16.6%	N/A	N/A	N/A
NCREIF Property Index	*10.6%*	N/A	N/A	N/A
Greenfield Acquisition Partners VII	13.3%	N/A	N/A	N/A
NCREIF ODCE	*7.9%*	N/A	N/A	N/A
Prime Property Fund	10.2%	N/A	N/A	N/A
NCREIF ODCE	*7.9%*	N/A	N/A	N/A
INFRASTRUCTURE				
North Haven Partners II	-7.3%	N/A	N/A	N/A
CPI + 5%	*6.1%*	N/A	N/A	N/A
TOTAL FUND	-1.3%	6.7%	7.0%	6.0%
Policy Index	*2.2%*	*7.0%*	*7.0%*	*6.2%*

Note: % taken from Verus Quarterly Report presented to Board of Retirement on 8/23/2016.
Using time-weighted rate of return based on the market rate of return.
Does not include Securitites Lending Collateral.

SCHEDULE OF INVESTMENTS BY ASSET CLASS AND MANAGER
As of June 30, 2016

Investment Managers	Asset Class	Assets Under Management	% of Fund
DOMESTIC EQUITY			
Dodge & Cox	Large Cap Value	$ 161,641,431	9.07%
BlackRock R1000 Value	Large Cap Value	101,610,043	5.70%
Jackson Square Parytners	Large Cap Growth	118,019,989	6.62%
BlackRock R1000 Growth	Large Cap Growth	85,217,200	4.78%
Capital Prospects	Small Cap Value	79,878,812	4.48%
Legato Capital Management	Small Cap Growth	77,277,198	4.34%
Mellon Capital Management	Large Core	86,422,631	4.85%
FIXED INCOME			
Dodge & Cox	Core Bond	408,299,126	22.92%
PIMCO	Median Core Bond	114,923,654	6.45%
INTERNATIONAL EQUITY			
LSV Asset Management	Equity Value	162,602,220	9.13%
Pyramis Global Advisors	Equity Growth	170,664,756	9.58%
REAL ESTATE			
BlackRock US Real Estate	Real Estate Index	24,824,937	1.39%
PRIVATE CREDIT			
Medley Opportunity Fund II	Private Equity	28,116,778	1.58%
Raven Opportunity Fund I	Private Equity	25,701,950	1.44%
Raven Opportunity Fund III		8,360,731	0.47%
White Oak Global Advisors	Private Equity	36,652,123	2.06%
PRIVATE REAL ESTATE			
American Realty Advisors	Private Real Estate	12,074,520	0.68%
Greenfield Acquisition Partners VII LP	Private Real Estate	10,677,236	0.60%
Prime Property Fund	Private Real Estate	16,129,294	0.91%
INFRASTRUCTURE			
North Haven Partners II LP	Infrastructure	6,859,991	0.39%
Total Assets Under Management		1,735,954,620	
Cash and Short-Term Investments	90 Day T-Bill	45,562,814	2.56%
Total Fund		$ 1,781,517,434	100.00%

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

LARGEST BOND HOLDINGS (BY FAIR VALUE)
JUNE 30, 2016

Shares	Bond	Fair Value
22,359,656	US TREASURY NOTES 0.875% DUE 05-15-2017	$ 22,290,000
19,051,946	US TREASURY NOTES 0.75% DUE 02-28-2018	19,000,000
13,279,216	FNMA SINGLE FAMILY MORTGAGE 3.50% 30 YEARS SETTLES AUGUST	12,600,000
13,154,574	US TREASURY NOTES 1.00% DUE 03-15-2019	13,044,000
10,940,370	FNMA POOL #AL8182 ADJ RT DUE 02-01-2046	10,556,637
9,999,720	FHLB DISCOUNT NOTE DUE 07-07-2016	10,000,000
8,507,973	US TREASURY NOTES 0.625% DUE 09-30-2017	8,500,000
5,955,813	US TREASURY NOTES 0.625% DUE 11-15-2016	5,950,000
5,764,829	US TREASURY NOTES 0.875% DUE 02-28-2017	5,750,000
5,552,351	FHLM CORP 2.469% DUE 06-01-2042	5,357,654
5,352,445	VERIZON 4.272% DUE 01-15-2036	5,230,000
5,283,080	FNMA SINGLE FAMILY MORTGAGE 3.00% 30 YEARS SETTLES AUGUST	5,100,000
5,158,432	FHLM CORP VAR RT DUE 12-15-2043	4,694,280
5,141,861	FNMA SINGLE FAMILY MORTGAGE 4.00% 30 YEARS SETTLES AUGUST	4,800,000
4,856,193	FNMA GTD MTG 5.00% DUE 09-01-2039	4,354,955
4,674,022	FNMA POOL #AO7685 2.207% DUE 07-01-2042	4,505,963
4,405,547	BAC CAP TR XI 6.625% DUE 05-23-2036	3,600,000
4,257,965	US TREASURY NOTES 0.75% DUE 03-15-2017	4,250,000
4,104,613	AOL TIME WARNER 7.70% DUE 05-01-2032	2,940,000
3,250,000	CIGNA CORP 7.65% DUE 03-01-2023	4,030,842

LARGEST STOCK HOLDINGS (BY FAIR VALUE)
JUNE 30, 2016

Shares	Stock	Fair Value
202,985	MICROSOFT CORP	10,386,742
91,789	VISA INC	$ 6,807,990
64,895	CROWN CASTLE INTL CORP	6,582,300
61,485	CELGENE CORP	6,064,266
125,072	WELLS FARGO & CO	5,919,658
110,068	QUALCOMM INC	5,896,343
161,270	PAYPAL HLDGS INC	5,887,968
76,294	ELECTR ARTS	5,780,033
24,892	ALLERGAN PLC	5,752,292
90,000	CAPITAL ONE FINANCIAL CORP	5,715,900
212,477	LIBERTY INTERACTIVE CORPORATION QVC GROUP	5,390,541
65,000	ADR NOVARTIS AG	5,363,150
400,000	BANK OF AMERICA CORP	5,308,000
63,291	WALGREENS BOOTS ALLIANCE INC	5,270,242
79,063	COMCAST CORP	5,154,117
275,005	HEWLETT PACKARD ENTERPRISE CO	5,024,341
68,032	TIME WARNER INC	5,003,073
56,449	MASTERCARD INC	4,970,899
42,157	FACEBOOK INC	4,817,702
187,500	CHARLES SCHWAB CORP	4,745,625

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

SCHEDULE OF INVESTMENT MANAGEMENT FEES
For the Years Ended June 30, 2016 and 2015

		2016	2015
Domestic Equities			
BlackRock		$ 55,579	$ 34,359
Capital Prospects		606,751	725,918
Dodge & Cox		327,282	356,026
Jackson Square Partners		736,685	786,996
Legato Capital Management		616,095	741,270
Mellon Capital Management		18,862	34,843
	Total Domestic Equities	2,361,254	2,679,412
International Equities			
LSV Asset Management		394,409	583,702
Pyramis Global Advisors		996,248	687,912
	Total International Equities	1,390,657	1,271,614
Fixed Income			
Dodge & Cox		406,990	427,276
PIMCO		376,618	370,754
	Total Fixed Income	783,608	798,030
Real Estate			
BlackRock US Real Estate Index		11,934	12,144
	Total Real Estate	11,934	12,144
Private Credit			
Medley Opportunity Fund Ii		369,977	182,999
Raven Opportunity Fund I		478,558	462,110
Raven Opportunity Fund III		786,223	-
White Oak Global Advisors		646,138	(131,353)
	Total Direct Lending	2,280,896	513,756
Private Real Estate			
American Realty Advisors		125,814	45,873
Greenfield Acquisition Partners VII		156,873	415,171
Prime Property Fund		134,022	-
		416,709	461,044
Infrastructure			
North Haven Partners, LP		1,143,572	168,748
	Total Infrastructure	1,143,572	168,748
	Total Investment Management Fees	8,388,630	5,904,748
Other Investment Fees and Expenses			
Consultant Fees		280,418	170,000
Custodial Fees		375,988	257,114
Investment Attorney		12,648	55,077
Other Investment Costs		260,146	1,349,345
Actuarial Fees		122,934	120,221
	Total Other Investment Expenses	1,052,134	1,951,757
Total Investment Fees and Expenses		$ 9,440,764	$ 7,856,505

Commission Recapture Program

StanCERA participates in a commission recapture program administered by ConvergEX Execution Soloutions, LLC. The strategic objective of the Commission Recapture Program is to recapture a portion of trade commissions paid to brokers. The primary goal is to ensure that investment managers provide the best effort to optimize use of StanCERA's assets for the benefit of the members and beneficiaries by recapturing 65% or more of commissions paid on a specific percentage of trades sent to correspondent brokers on a timely basis. For fiscal years ending June 30, 2016 and 2015, Commission Recapture Income was $46,825 and $45,354, respectively, (see page 23).

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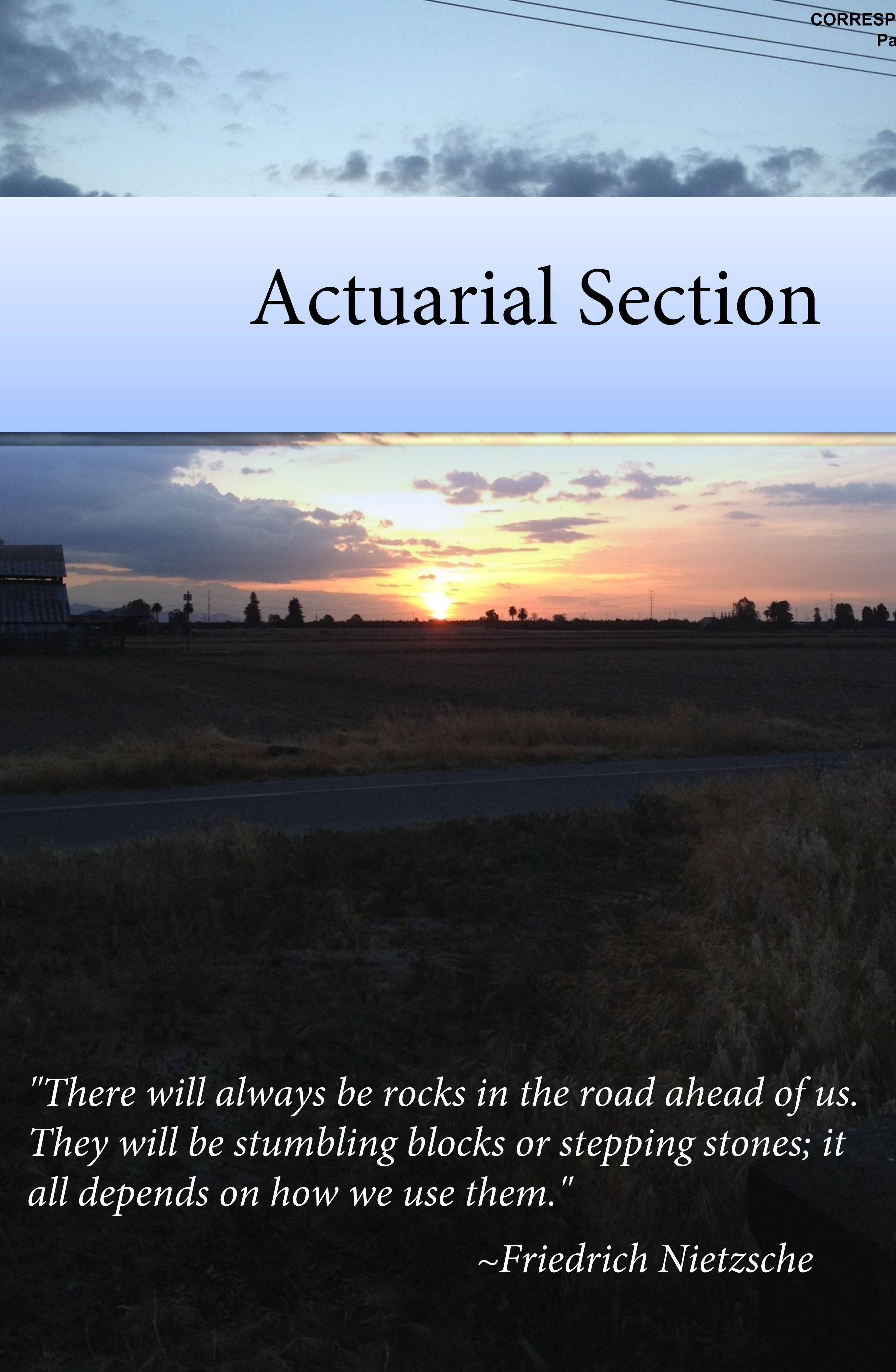
Actuarial Section



"There will always be rocks in the road ahead of us. They will be stumbling blocks or stepping stones; it all depends on how we use them."

~Friedrich Nietzsche

CHEIRON

Classic Values, Innovative Advice

Via Electronic Mail

October 19, 2016

Actuarial Certification

This is the Actuary's Certification Letter for the Actuarial Section of the Comprehensive Annual Financial Report (CAFR) for the StanCERA Retirement Plan (the Plan) as of June 30, 2016. This letter includes references to two documents produced by Cheiron for the Plan: the Actuarial Valuation Report as of June 30, 2015 (transmitted April 11, 2016) and the GASB 67/68 Report as of June 30, 2016 (transmitted October 19, 2016).

Actuarial Valuation Report as of June 30, 2015

The purpose of the annual Actuarial Valuation Report as of June 30, 2015 is to determine the actuarial funding status of StanCERA on that date and to calculate recommended contribution rates for the participating employers and Plan members for the Fiscal Year 2016-2017. The prior review was conducted as of June 30, 2014, and included recommended contribution rates for the Fiscal Year 2015-2016.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the unfunded actuarial accrued liability (UAAL) plus expected administrative expenses. As of the valuation date (June 30, 2015), the amortization period is 21 years.

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

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

We prepared the following schedules, which we understand will be included in the Actuarial Section of the CAFR, based on the June 30, 2015 actuarial valuation. All historical information prior to the June 30, 2008 actuarial valuation shown in these schedules is based on information reported by the prior actuary, Buck Consultants.

- Statement of Current Actuarial Assumptions and Methods
- Membership Information (Active, Deferred, and Retired)

- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Development of 2015 Experience Gain/(Loss)
- GASB Solvency Test
- Summary of Plan Provisions

We reviewed the actuarial assumptions shown in the schedules and found them to be reasonably appropriate for use under the Plan. The assumptions used in this report reflect the results of an Experience Study performed by Cheiron covering the period from July 1, 2012 through June 30, 2015, 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 2018.

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

GASB 67/68 Report as of June 30, 2016

The purpose of GASB 67/68 Report as of June 30, 2016 is to provide accounting and financial reporting information under GASB 67 for StanCERA and under GASB 68 for Stanislaus County and the other participating employers. This report is not appropriate for other purposes, including the measurement of funding requirements for StanCERA.

For financial reporting purposes, the Total Pension Liability is based on the June 30, 2015 actuarial valuation updated to the measurement date of June 30, 2016. There were no significant events of which we were aware between the valuation date and the measurement date so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments.

Please refer to our GASB 67/68 report as of June 30, 2016 for additional information related to the financial reporting of the System. We prepared the following schedules for inclusion in the Financial Section of the CAFR based on the June 30, 2016 GASB 67/68 report:

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

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

CHEIRON

Disclaimers

In preparing our reports, we relied on information (some oral and some written) supplied by StanCERA. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

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

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

We hereby certify that, to the best of our knowledge, these reports and their contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. These reports do not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Respectfully Submitted,

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SUMMARY OF ASSUMPTIONS AND FUNDING METHODS

The following assumptions along with the post-retirement and pre-retirement demographic experiences are based on StanCERA's actuarial experience study from July 1, 2012 through June 30, 2015, approved by the StanCERA Board of Retirement on April 20, 2016. The actuarial valuation for fiscal year ending June 30, 2015 was approved by the StanCERA Board of Retirement on April 20, 2016, which incorporated the following assumptions. The purpose of the annual actuarial valuation report as of June 30, 2015 is to determine the actuarial funding status of StanCERA on that date and to calculate recommended contribution rates for the participating employers and StanCERA members for the fiscal year 2016-2017. The prior actuarial valuation conducted as of June 30, 2014 included recommended contribution rates for the fiscal year 2014-2015 which was approved by the StanCERA Board of Retirement on March 11, 2015.

Plan Description

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

Actuarial Methods

Actuarial Cost Method

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

The excess of the Actuarial Accrued Liability over Plan assets is the Unfunded Actuarial Accrued Liability. The liability for each valuation group is amortized as a level percentage of payroll over a closed period (21 years as of the current valuation).

Actuarial Value of Plan Assets

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

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

Valuation Date	June 30, 2015	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay
Remaining Amortization Period	21 Years	22 Years
Asset Valuation Method	Modified Market-Related Value smoothed over a five year period	Modified Market-Related Value smoothed over a five year period

Actuarial Assumptions

1. Rate of Return – The annual rate of return is assumed to be 7.25% net of investment expenses.
2. Cost of Living – The cost of living is assumed to be 3.00% per year as measured by the Consumer Price Index.
3. Administrative Expenses – An allowance of $2,400,000 has been included in the annual cost calculation.
4. Interest Credited to Employee Accounts – 0.25% annually.
5. Increases in Pay – Base salary increase is assumed at 3.50%. Assumed pay increases for active Members consist of increases due to salary adjustments (as noted above), plus service-based increases due to longevity and promotion, as shown below.

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

6. PEPRA Compensation Limit – Assumption used for increasing the compensation limit that applies to PEPRA members is 3.00%.
7. Post Retirement COLA – 100% of Consumer Price Index up to 3% annually with banking, 2.7% annual increases assumed.
8. Social Security Wage Base – For projecting the Social Security Benefit, the annual Social Security Wage Base increase is assumed to be 3.25% per year. General Tier 3 members have their benefits offset by an assumed Social Security Benefit.

9. Internal Revenue Code Section 415 Limit – not reflected in the valuation for funding purposes.
10. Internal Revenue Code Section 401(a)(17) – not reflected in the valuation for funding purposes.
11. Family Composition – Spouses of male members are assumed to be three years younger than the member. Spouses of female members are assumed to be two years older than the member.

Percent Married	
Gender	Percentage
Males	80%
Females	50%

Actuarial Assumptions (continued)

12. Accumulated Vacation Time Load – Active members' service retirement and related benefits are loaded by 3.0% for Safety Members and 3.5% for General Members.
13. Rates of Separation – Separate rates of termination are assumed among Safety and General Members. Termination rates do not apply once a member is eligible for retirement.

Termination (all types)		
	Safety	General
Service	All	All
0	18.0%	18.0%
1	12.0%	14.0%
2	9.0%	11.7%
3	7.0%	9.4%
4	6.0%	7.1%
5	5.0%	5.0%
10	5.0%	3.5%
15	3.4%	2.9%
20	0.0%	1.5%
25	0.0%	1.3%
30+	0.0%	0.0%

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

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

Actuarial Assumptions (continued)

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

Non Service-Connected Disability			
	Safety	General	
Age	All	Female	Male
20	0.0100%	0.0100%	0.0170%
25	0.0100%	0.0100%	0.0170%
30	0.0200%	0.0240%	0.0190%
35	0.0300%	0.0810%	0.0490%
40	0.0400%	0.1550%	0.1220%
45	0.0500%	0.2180%	0.1910%
50	0.0800%	0.2290%	0.2130%
55	0.1300%	0.1790%	0.2210%
60	0.2000%	0.1350%	0.2220%
65	0.2000%	0.1180%	0.2100%
70	0.2000%	0.1140%	0.1800%
75	0.2000%	0.1180%	0.1420%
80	0.2000%	0.1180%	0.1420%
81+	0.0000%	0.0000%	0.0000%

18. Rates for Mortality for Healthy Lives – Rates of mortality for active Members are specified by the CalPERS Pre-Retirement Non-Industrial Mortality table, adjusted by 100.3% for males and 98.8% for females, with generational mortality improvements projected from 2009 using Scale MP-2015.

Mortality Rates			
	Duty Death	Ordinary Death - General & Safety	
Age	Safety All	Female	Male
20	0.0030%	0.0209%	0.0330%
25	0.0070%	0.0241%	0.0426%
30	0.0100%	0.0262%	0.0522%
35	0.0120%	0.0368%	0.0607%
40	0.0130%	0.0525%	0.0798%
45	0.0140%	0.0745%	0.1129%
50	0.0150%	0.1049%	0.1651%
55	0.0160%	0.1508%	0.2428%
60	0.0170%	0.2198%	0.3556%
65	0.0180%	0.3233%	0.5107%
70	0.0190%	0.4616%	0.7110%

Actuarial Assumptions (continued)

19. Disabled Member Mortality –

Nonservice-Connected Disability Members are specified by the CalPERS Non-Industrial Disable Annuitant Mortality table, adjusted by 96.4% for males and 110.4% for females, with generational mortality improvements projected from 2009 using Scale MP-2015.

Service-Connected Disability Members are adjusted by 100.2% for males and 100.1% for females using the same table and scale.

Diabled Mortality Rates				
	NonService Connected		Service Connected	
Age	Female	Male	Female	Male
45	0.9430%	1.2500%	0.2980%	0.3390%
50	1.3580%	1.7200%	0.4960%	0.5330%
55	1.4020%	2.0200%	0.4600%	0.6370%
60	1.6670%	2.5390%	0.6340%	0.8690%
65	2.2590%	3.0080%	1.0680%	1.4310%
70	3.1070%	3.7500%	1.7770%	2.2160%
75	4.2690%	5.2040%	2.9550%	3.8420%
80	6.6420%	7.9340%	4.9830%	6.6420%
85	10.9100%	12.6920%	7.9670%	10.4100%
90	17.7550%	17.8040%	12.3470%	16.2180%

20. Retired Member and Beneficiary Mortality - specified by the CalPERS Non-Industrial Disable Annuitant Mortality table, adjusted by 93.4% for males and 107.9% for females, with generational mortality improvements projected from 2009 using Scale MP-2015.

Retired Mortality Rates		
Age	Female	Male
45	0.2290%	0.2250%
50	0.5340%	0.4970%
55	0.4960%	0.5940%
60	0.5760%	0.7630%
65	80.7000%	0.9860%
70	1.3650%	1.6490%
75	2.3660%	2.7860%
80	3.9870%	4.9280%
85	7.2020%	8.8070%
90	13.3100%	15.1180%

21. Mortality Improvement – The mortality assumptions employ a fully generational mortality improvement projection from base year 2009 using Scale MP-2015.

Actuarial Assumptions (continued)

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

Service Retirement - General			
	Years of Service		
Age	0-9	10-29	30+
40-44	0.00%	0.00%	0.00%
45-49	0.00%	0.00%	10.00%
50-54	0.00%	5.00%	10.00%
55	0.00%	10.00%	25.00%
56	0.00%	10.00%	25.00%
57	0.00%	10.00%	25.00%
58	0.00%	15.00%	25.00%
59	0.00%	15.00%	25.00%
60	0.00%	15.00%	25.00%
61	0.00%	20.00%	25.00%
62	0.00%	25.00%	40.00%
63	0.00%	20.00%	25.00%
64	0.00%	25.00%	25.00%
65	0.00%	35.00%	35.00%
66	0.00%	45.00%	45.00%
67	0.00%	20.00%	25.00%
68	0.00%	20.00%	25.00%
69	0.00%	20.00%	25.00%
70	50.00%	50.00%	100.00%
71	50.00%	50.00%	100.00%
72	50.00%	50.00%	100.00%
73	50.00%	50.00%	100.00%
74	50.00%	50.00%	100.00%
75+	100.00%	100.00%	100.00%

Service Retirement - Safety			
	Years of Service		
Age	0-9	10-29	30+
40-44	0.00%	0.00%	5.00%
45-48	0.00%	0.00%	10.00%
49	0.00%	0.00%	20.00%
50	0.00%	10.00%	30.00%
51	0.00%	10.00%	20.00%
52	0.00%	10.00%	20.00%
53	0.00%	10.00%	20.00%
54	0.00%	10.00%	20.00%
55	0.00%	10.00%	30.00%
56	0.00%	10.00%	30.00%
57	0.00%	10.00%	30.00%
58	0.00%	10.00%	30.00%
59	0.00%	10.00%	30.00%
60	0.00%	25.00%	100.00%
61	0.00%	25.00%	100.00%
62	0.00%	25.00%	100.00%
63	0.00%	25.00%	100.00%
64	0.00%	25.00%	100.00%
65	0.00%	100.00%	100.00%
66	0.00%	100.00%	100.00%
67	0.00%	100.00%	100.00%
68	0.00%	100.00%	100.00%
69	0.00%	100.00%	100.00%
70+	100.00%	100.00%	100.00%

23. Changes in actuarial assumptions – StanCERA's Board of Retirement adopted a three year phase in of the increase in Plan cost due to the change in assumptions as a result of Actuarial Experience Study Report for the period covering July 1, 2012 through June 30, 2015.

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

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

Valuation Date	Plan Type	Number	Annual Salary	Average Annual Salary	% Increase (Decrease) in Average Salary	Number of Employers
6/30/2006	General	3,702	$ 179,767,000	$ 48,559	2.24%	
	Safety	689	40,001,000	58,057	4.19%	
	Total	4,391	$ 219,768,000	$ 50,050	2.57%	8
6/30/2008	General	3,719	$ 230,942,000	$ 62,098	27.88%	
	Safety	731	44,638,000	61,064	5.18%	
	Total	4,450	$ 275,580,000	$ 61,928	23.73%	8
6/30/2009	General	3,627	$ 201,144,000	$ 55,457	-10.69%	
	Safety	739	47,172,000	63,832	4.53%	
	Total	4,366	$ 248,316,000	$ 56,875	-8.16%	8
6/30/2010	General	3,464	$ 202,200,198	$ 58,372	5.26%	
	Safety	685	46,630,275	68,073	6.64%	
	Total	4,149	$ 248,830,473	$ 59,974	5.45%	8
6/30/2011	General	3,232	$ 184,906,498	$ 57,211	-1.99%	
	Safety	637	41,800,298	65,621	-3.60%	
	Total	3,869	$ 226,706,796	$ 58,596	-2.30%	8
6/30/2012	General	3,233	$ 179,260,736	$ 55,447	-3.08%	
	Safety	661	41,657,273	63,022	-3.96%	
	Total	3,894	$ 220,918,009	$ 56,733	-3.18%	8
6/30/2013	General	3,230	$ 176,437,755	$ 54,625	-1.48%	
	Safety	694	42,590,563	61,370	-2.62%	
	Total	3,924	$ 219,028,318	$ 55,818	-1.61%	8
6/30/2014	General	3,303	$ 179,606,090	$ 54,377	-0.45%	
	Safety	689	43,422,198	63,022	2.69%	
	Total	3,992	$ 223,028,288	$ 55,869	0.09%	8
6/30/2015	General	3,421	$ 188,550,804	$ 55,116	1.36%	
	Safety	723	49,166,923	68,004	7.91%	
	Total	4,144	$ 237,717,727	$ 57,364	2.68%	8

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

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

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

SCHEDULE OF FUNDING PROGESS
FOR YEARS ENDED JUNE 30

SCHEDULE OF FUNDING PROGRESS – PENSION BENEFIT PLAN
FOR YEARS ENDED JUNE 30

Actuarial Valuation Date	Valuation Assets [1]	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a % of Covered Payroll
2005	$1,049,691,000	$1,116,310,000	$ 66,619,000	94.0%	$ 211,681,000	31.5%
2006	$1,154,048,000	$1,329,375,000 [2]	$ 175,327,000	86.8%	$ 219,768,000	79.8%
2008	$1,317,167,000 [3]	$1,548,824,000	$ 231,657,000	85.0%	$ 275,580,000	84.1%
2009	$1,171,767,000	$1,653,716,000	$ 481,949,000	70.9%	$ 248,316,000	194.1%
2010	$1,325,801,000	$1,737,824,000	$ 412,023,000	76.3%	$ 248,830,473	165.6%
2011	$1,372,046,000	$1,757,717,000	$ 385,671,000	78.1%	$ 226,706,796	170.1%
2012	$1,451,764,000	$1,888,713,000	$ 436,950,000	76.9%	$ 220,918,009	197.8%
2013	$1,524,076,000	$1,919,227,000	$ 395,151,000	79.4%	$ 219,028,318	180.4%
2014	$1,644,077,000	$2,026,371,000	$ 382,294,000	81.1%	$ 223,028,288	171.4%
2015	$1,763,629,000	$2,391,522,000	$ 627,893,000	73.7%	$ 237,717,727	264.1%

[1] Excludes value of Non-Valuation Reserves.
[2] The Accrued Liability as of June 30, 2006 was recomputed to reflect the change in Actuary and in the retirement, termination and refund assumptions.
[3] Includes $50 million tranferred from Non-Valuation Reserves as of June 30, 2008.
Note: Actuarial valuation was not performed for year ended June 30, 2007.

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

Actuarial Valuation Date	At Beginning of Year	Added During Year	Allowances Added	Removed During Year	Allowances Removed	At End of Year	Retiree Payroll	% Increase in Retiree Payroll	Average Annual Allowance
2005	2,217	99	$ 4,210,853	43	$ 637,963	2,273	$ 47,423,000	9.10%	$ 20,682
2006	2,273	247	$ 3,495,143	75	$ 700,133	2,445	$ 53,111,000	12.00%	$ 21,744
2008	2,445	369	$ 9,084,777	148	$ 1,731,738	2,666	$ 63,296,000	19.18%	$ 23,742
2009	2,666	156	$ 2,168,425	71	$ 647,870	2,751	$ 66,720,003	5.41%	$ 24,253
2010	2,751	159	$ 3,349,900	80	$ 751,427	2,830	$ 71,464,735	7.11%	$ 25,334
2011	2,830	263	$ 4,724,416	78	$ 1,194,042	3,015	$ 74,826,404	4.70%	$ 25,732
2012	3,015	226	$ 3,565,634	99	$ 978,729	3,142	$ 80,157,222	7.12%	$ 26,737
2013	3,142	198	$ 6,036,138	91	$ 1,144,584	3,249	$ 89,975,736	12.25%	$ 27,694
2014	3,249	222	$ 6,703,273	86	$ 1,725,066	3,385	$ 96,405,454	7.15%	$ 28,480
2015	3,385	237	$ 7,778,716	83	$ 2,043,313	3,539	$ 104,052,097	7.93%	$ 29,402

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

SOLVENCY TEST
FOR YEARS ENDED JUNE 30

Valuation Date		Actuarial Accrued Liabilities (AAL) for: 1 Active Member Contributions	2 Retirees & Beneficiaries	3 Active Members Employer Portion	Actuarial Accrued Liabilities	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets 1	2	3
2005		$ 205,556,000	$ 551,810,000	$ 358,994,000	$ 1,116,310,000	$ 1,049,691,000	100%	100%	81%
2006	1	$ 219,907,000	$ 619,109,000	$ 355,888,000	$ 1,194,904,000	$ 1,154,048,000	100%	100%	89%
2008	2	$ 272,657,000	$ 739,838,000	$ 536,329,000	$ 1,548,824,000	$ 1,317,167,000	100%	100%	57%
2009		$ 298,342,000	$ 781,082,000	$ 574,292,000	$1,653,716,000	$1,171,767,000	100%	100%	16%
2010		$ 323,940,000	$ 829,323,000	$ 584,561,000	$1,737,824,000	$1,325,801,000	100%	100%	30%
2011		$ 337,201,000	$ 897,384,000	$ 523,133,000	$1,757,717,000	$1,372,046,000	100%	100%	26%
2012		$ 351,569,000	$ 987,546,000	$ 549,598,000	$1,888,713,000	$1,451,764,000	100%	100%	20%
2013	3	$ 191,968,000	$ 1,065,792,000	$ 661,466,000	$1,919,227,000	$1,524,076,000	100%	100%	40%
2014		$ 193,301,000	$ 1,144,734,000	$ 688,335,000	$2,026,371,000	$1,644,077,000	100%	100%	44%
2015		$ 196,074,000	$ 1,328,846,000	$ 850,510,000	$2,375,430,000	$1,763,629,000	100%	100%	28%

1 Results recalculated, reflecting Level 1 assumption changes (new retirement, termination and withdrawal decrements) and new EFI EAN methodology.
2 Reflects tranfer as of June 30, 2008 of $50 million from Non-Valuation to Valuation Reserves.
3 Reflects change to include only refundable contribution balance.
Note: Actuarial valuation was not performed for year ended June 30, 2007.

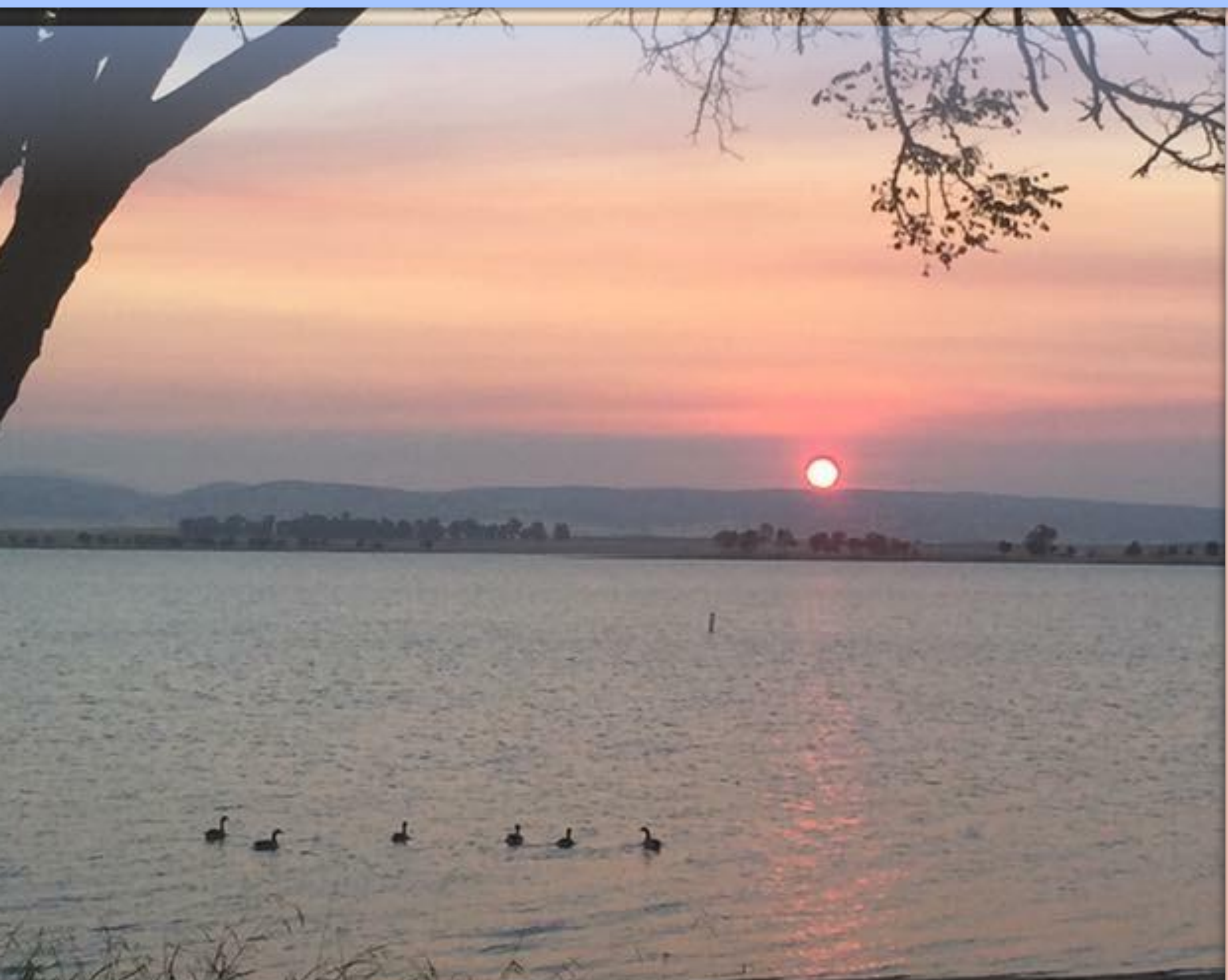
ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE
FOR YEARS ENDED JUNE 30

Plan Year Ending	Actuarial (Gains)/Losses: Asset Sources	Liability Sources	Total	Changes in Plan Provisions	Changes in Assumption/ Methods
2006	$ (27,756,878)	$ 21,366,204	$ 21,366,204	$ -	$ (14,845,293)
*2007	$ 86,178,774	$ -	$ 86,178,774	$ -	$ 134,470,779
2008	$ (50,709,169)	$ 67,324,195	$ 67,324,195	$ -	$ -
2009	$ 228,905,354	$ 12,996,828	$ 241,902,182	$ -	$ -
2010	$ (76,507,113)	$ 37,492,978	$ 37,492,978	$ -	$ (51,743,766)
2011	$ 49,205,018	$ (2,387,353)	$ 46,817,665	$ -	$ (72,085,966)
2012	$ (5,283,786)	$ 6,191,029	$ 907,243	$ -	$ 52,606,350
2013	$ 10,200,000	$ 8,500,000	$ 18,700,000	$ -	$ (63,400,000)
2014	$ (22,600,000)	$ 6,100,000	$ (16,500,000)	$ -	$ 400,000
2015	$ (20,600,000)	$ (5,600,000)	$ (26,200,000)	$ -	$ 269,800,000

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

A 10 year schedule of actuarially determined contributions compared to actual contributions can be found in the Required Supplementary Information to the Financial Statements on page 49.

Statistical Section



"Patience, persistence and perspiration make an unbeatable combination for sucess."

~Napoleon Hill

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 Stanislaus County Employees' Retirement Association (StanCERA's) Plan. The financial and operating information provides additional perspective, context, and detail for StanCERA's Fiduciary Net Position, revenues and expenses by source, number of retirees by benefit type, payments made to retirees by benefit type, membership history, and the participating employers. The financial and operating trend information is located below and on the following pages.

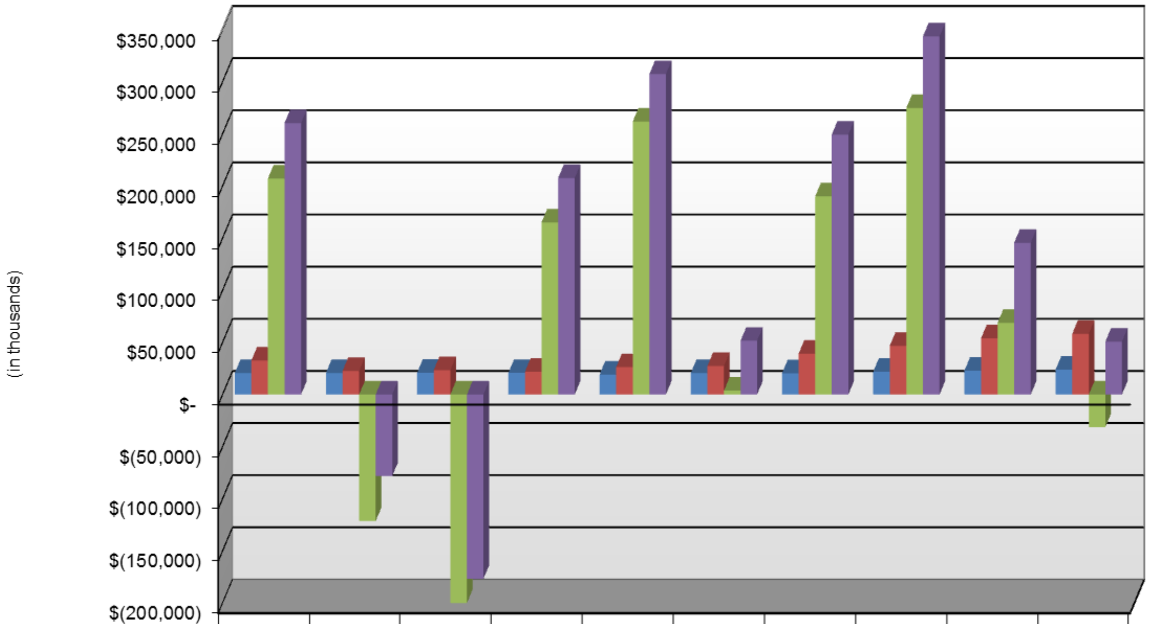
CHANGES IN FIDUCIARY NET POSITION

Last Ten Fiscal Years ending June 30

Additions To Fiduciary Net Position	2016	2015	2014	2013	2012
Employer Contributions	$ 58,196,310	$ 53,849,031	$ 46,763,996	$ 39,077,480	$ 27,314,032
Plan Member Contributions	23,916,508	22,960,235	21,867,911	20,285,888	20,525,295
Net Investment Income (Loss)	(31,322,276)	68,722,781	274,896,108	189,988,287	3,724,754
Total Additions	$ 50,790,542	$ 145,532,047	$ 343,528,015	$ 249,351,655	$ 51,564,081
Deductions From Fiduciary Net Position					
Pension Benefits	$ 106,946,768	$ 100,099,055	$ 93,266,904	$ 87,102,798	$ 80,157,222
Refunds	1,219,042	1,759,101	1,515,567	1,545,763	1,832,811
Administrative Expense	2,315,223	2,378,966	2,249,260	2,065,345	2,144,748
Total Deductions	$ 110,481,033	$ 104,237,122	$ 97,031,731	$ 90,713,906	$ 84,134,781
Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits	$ (59,690,491)	$ 41,294,925	$ 246,496,284	$ 158,637,749	$ (32,570,701)
Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	1,832,604,204	1,791,309,279	1,544,812,995	1,386,175,246	1,418,745,946
End of Year	$1,772,913,713	$1,832,604,204	$1,791,309,279	$1,544,812,995	$1,386,175,245

Additions To Fiduciary Net Position	2011	2010	2009	2008	2007
Employer Contributions	$ 26,256,729	$ 21,814,194	$ 23,410,965	$ 22,555,416	$ 32,562,514
Plan Member Contributions	19,197,052	20,746,411	20,922,893	20,689,439	20,542,837
Net Investment Income (Loss)	261,842,492	165,053,844	(221,031,397)	(121,409,123)	207,191,912
Total Additions	$ 307,296,273	$ 207,614,449	$ (176,697,539)	$ (78,164,268)	$ 260,297,263
Deductions From Fiduciary Net Position					
Pension Benefits	$ 74,826,404	$ 71,464,735	$ 71,861,210	$ 67,785,111	$ 67,599,163
Refunds	1,906,153	1,731,971	2,537,978	2,442,426	2,730,463
Administrative Expense	2,037,167	2,307,436	2,080,130	2,044,286	1,980,926
Total Deductions	$ 78,769,724	$ 75,504,142	$ 76,479,318	$ 72,271,823	$ 72,310,552
Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits	$ 228,526,549	132,110,307	(253,176,857)	(150,436,091)	187,986,711
Fiduciary Net Position Restricted for Pension Benefits					
Beginning of Year	1,190,219,397	1,058,109,090	1,311,285,947	1,461,722,038	1,273,735,327
End of Year	$1,418,745,946	$1,190,219,397	$1,058,109,090	$1,311,285,947	$1,461,722,038

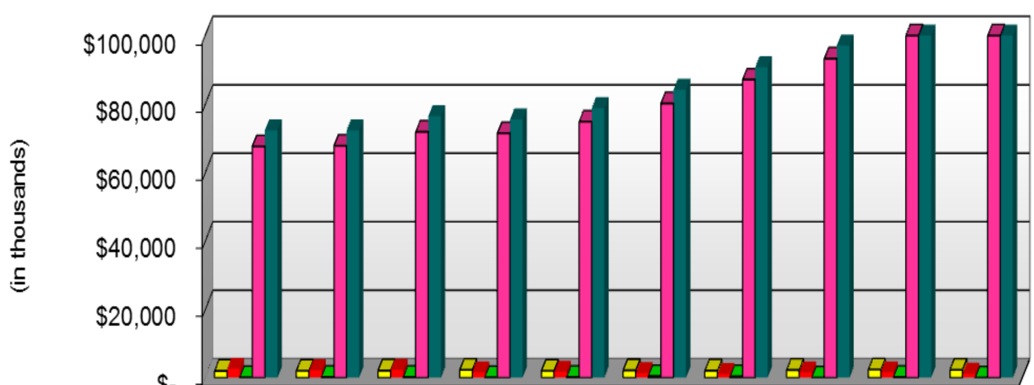
Additions by Source
(for years ending June 30)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Plan Member Contrib.	$20,543	$20,689	$20,923	$20,746	$19,197	$20,525	$20,286	$21,868	$22,960	$23,917
Employer Contrib.	$32,562	$22,555	$23,411	$21,814	$26,257	$27,314	$39,077	$46,764	$53,849	$58,196
Investments	$207,192	$(121,409)	$(221,031)	$165,054	$261,842	$3,725	$189,988	$274,896	$68,723	$(31,322)
Total	$260,297	$(78,165)	$(176,697)	$207,614	$307,296	$51,564	$249,351	$343,528	$145,532	$50,791

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

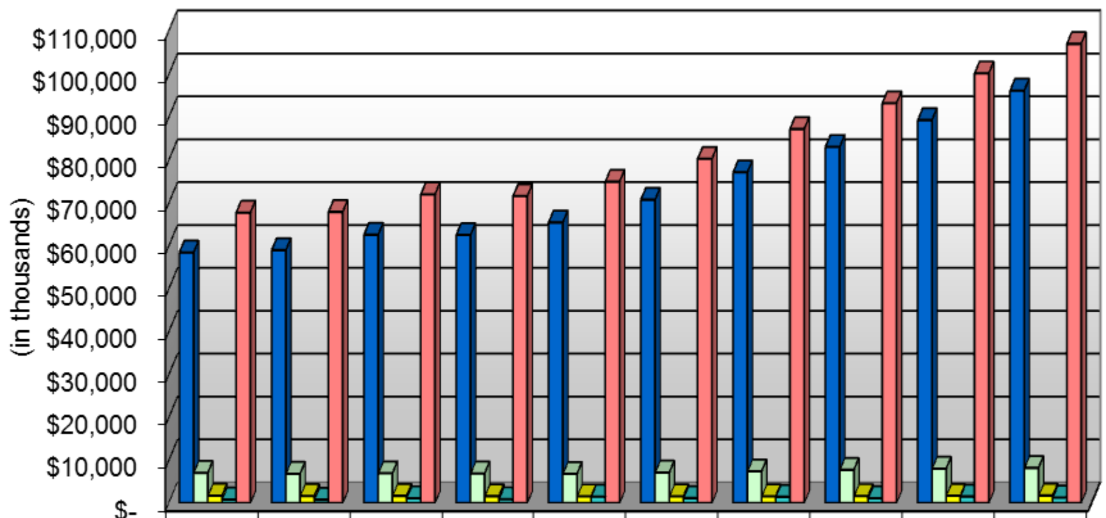
Deductions by Type
(for years ending June 30)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administrative	$1,981	$2,044	$2,080	$2,307	$2,037	$2,145	$2,065	$2,249	$2,379	$2,315
Refunds - Separation	$2,569	$2,204	$2,310	$1,581	$1,703	$1,389	$1,115	$1,516	$1,543	$1,219
Refunds - Death	$161	$238	$228	$151	$204	$444	$431	$-	$216	$-
Benefits	$67,599	$67,785	$71,861	$71,465	$74,826	$80,157	$87,103	$93,267	$100,099	$106,947
Total	$72,310	$72,271	$76,479	$75,504	$78,770	$84,135	$90,714	$97,032	$104,237	$110,481

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

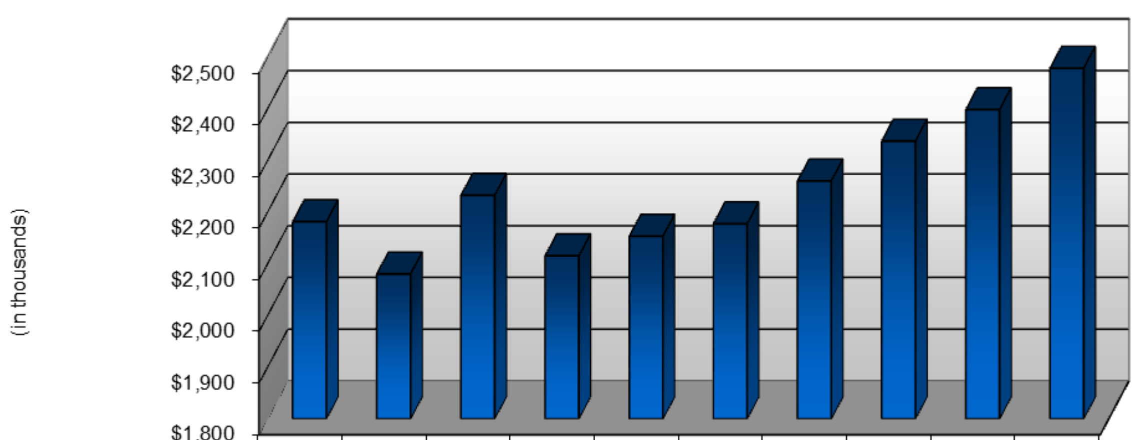
Benefit Expense by Type
(for years ending June 30)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Service	$58,320	$58,875	$62,463	$62,400	$65,311	$70,619	$77,009	$82,939	$89,192	$96,077
Serv. Conn. Dis.	$6,946	$6,719	$6,828	$6,792	$6,672	$7,020	$7,271	$7,636	$7,911	$8,072
Non-Serv. Dis.	$1,621	$1,535	$1,572	$1,496	$1,446	$1,471	$1,475	$1,526	$1,577	$1,631
Surv. Death Ben.	$712	$655	$998	$777	$1,397	$1,047	$1,348	$1,015	$1,419	$1,167
Total	$67,599	$67,784	$71,861	$71,465	$74,826	$80,157	$87,103	$93,116	$100,099	$106,947

Data Source: StanCERA Pension Administration System

Average Monthly Retirement Benefits
(for years ending June 30)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Monthly Allowance	$2,181	$2,080	$2,232	$2,115	$2,153	$2,177	$2,260	$2,337	$2,398	$2,478

Data Source: StanCERA Pension Administration System

RETIRED MEMBERS BY BENEFIT TYPE
as of June 30, 2016

Amount Monthly Benefit	Total # Retirees	Service Retirement	Service Connected Disability	Non-Service Disability	Survivors
General Members					
$0-500	361	340	3	12	6
501-1,000	497	443	3	33	18
1,001-1,500	501	427	25	41	8
1,501-2,000	369	318	39	10	2
2,001-2,500	287	253	28	3	3
2,501-3,000	193	183	7	3	0
3,001-3,500	158	151	5	0	2
3,501-4,000	113	110	3	0	0
4,001-4,500	93	91	1	1	0
4,501-5,000	75	73	2	0	0
over 5,000	363	362	0	0	1
Totals	3,010	2,751	116	103	40
Safety Members					
$0-500	26	17	6	2	1
501-1,000	20	17	2	0	1
1,001-1,500	27	22	2	2	1
1,501-2,000	52	45	2	5	0
2,001-2,500	52	31	19	1	1
2,501-3,000	78	26	51	0	1
3,001-3,500	77	38	38	0	1
3,501-4,000	46	32	13	0	1
4,001-4,500	25	24	1	0	0
4,501-5,000	21	19	1	0	1
over 5,000	148	135	11	1	1
Totals	572	406	146	11	9
TOTALS	3,582	3,157	262	114	49

Data Source: StanCERA Pension Administration System

AVERAGE BENEFIT PAYMENTS

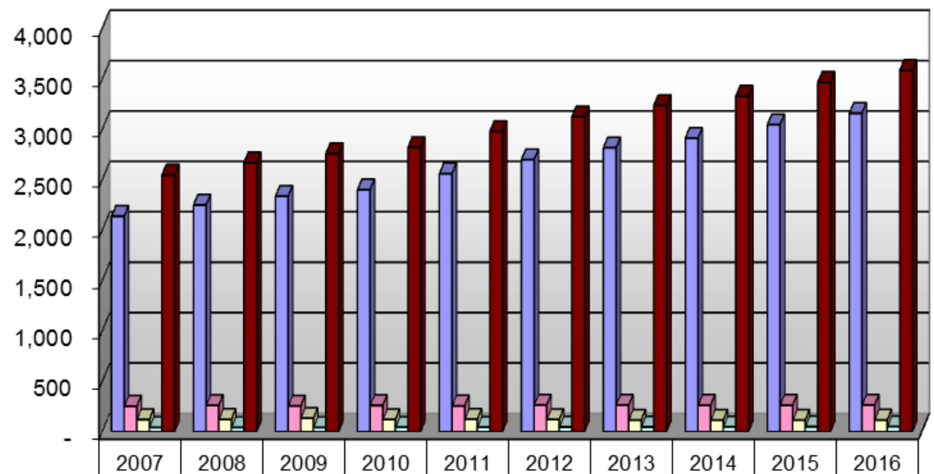
As of Fiscal Year End June 30

	Beneficiaries & Dro's	0-5	5-10	10-15	15-20	20-25	25-30	30+
		Service Years Credited						
Fiscal Year Ending June 30, 2007								
Average Monthly Benefit	-	$644	$1,102	$1,206	$1,796	$2,438	$3,562	$4,485
Number of Active Retirees	-	170	321	568	466	424	345	251
Fiscal Year Ending June 30, 2008								
Average Monthly Benefit	-	$382	$1,016	$1,284	$1,836	$2,594	$3,778	$4,599
Number of Active Retirees	-	246	427	522	523	398	365	251
Fiscal Year Ending June 30, 2009								
Average Monthly Benefit	$1,426	$627	$1,095	$1,257	$1,934	$2,641	$3,912	$5,332
Avg Final Average Salary	$1,037	$3,053	$2,621	$2,332	$2,445	$2,586	$3,249	$4,547
Number of Active Retirees	365	159	312	528	425	390	325	253
Fiscal Year Ending June 30, 2010								
Average Monthly Benefit	$1,345	$602	$1,038	$1,171	$1,834	$2,550	$3,753	$5,172
Avg Final Average Salary	$1,106	$3,177	$2,516	$2,322	$2,400	$2,486	$3,233	$4,192
Number of Active Retirees	366	157	330	536	434	405	318	270
Fiscal Year Ending June 30, 2011								
Average Monthly Benefit	$1,362	$621	$1,044	$1,192	$1,843	$2,581	$3,785	$5,260
Avg Final Average Salary	$1,176	$3,840	$3,286	$2,862	$3,009	$3,364	$3,790	$5,232
Number of Active Retirees	389	169	350	574	454	424	331	298
Fiscal Year Ending June 30, 2012								
Average Monthly Benefit	$1,405	$596	$1,040	$1,212	$1,918	$2,654	$3,860	$5,152
Avg Final Average Salary	$2,612	$4,848	$3,857	$3,620	$3,963	$4,393	$4,812	$5,815
Number of Active Retirees	383	176	366	606	484	446	335	320
Fiscal Year Ending June 30, 2013								
Average Monthly Benefit	$1,430	$657	$1,100	$1,295	$2,003	$2,792	$4,007	$5,309
Avg Final Average Salary	$2,662	$5,058	$4,110	$3,748	$4,047	$4,516	$4,962	$5,872
Number of Active Retirees	387	195	376	634	498	469	344	331
Fiscal Year Ending June 30, 2014								
Average Monthly Benefit	$1,467	$651	$1,124	$1,354	$2,082	$2,836	$4,088	$5,427
Avg Final Average Salary	$2,745	$5,272	$4,205	$3,927	$4,235	$4,596	$5,089	$5,948
Number of Active Retirees	389	206	394	680	524	488	353	349
Fiscal Year Ending June 30, 2015								
Average Monthly Benefit	$1,508	$638	$1,143	$1,403	$2,164	$2,938	$4,217	$5,566
Avg Final Average Salary	$2,846	$5,627	$4,328	$4,055	$4,379	$4,675	$5,175	$6,047
Number of Active Retirees	399	222	407	699	551	511	375	360
Fiscal Year Ending June 30, 2016								
Average Monthly Benefit	$1,746	$739	$1,982	$4,131	$4,124	$6,428	$8,296	$6,621
Avg Final Average Salary	$3,096	$5,766	$4,535	$4,187	$4,513	$4,779	$5,297	$6,061
Number of Active Retirees	412	230	420	699	573	525	398	380

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)

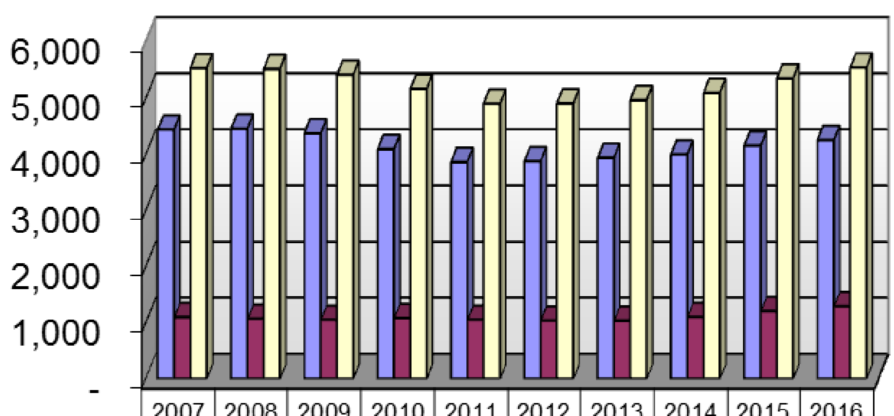


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Service	2,135	2,247	2,334	2,399	2,558	2,697	2,814	2,910	3,043	3,157
Serv. Conn. Dis.	251	259	252	258	254	262	262	260	260	262
Non-Serv. Dis.	118	120	131	119	122	119	113	112	113	114
Surv. Death Ben.	41	40	40	42	42	45	45	46	48	49
Total	2,545	2,666	2,757	2,818	2,976	3,123	3,234	3,328	3,464	3,582

Data Source: StanCERA Pension Administration System

Membership History (Active & Deferred)

(for years ending June 30)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Active Members	4,435	4,450	4,366	4,085	3,854	3,868	3,931	3,993	4,145	4,249
Inactive Members	1,093	1,062	1,044	1,075	1,042	1,032	1,028	1,095	1,198	1,289
Total	5,528	5,512	5,410	5,160	4,896	4,900	4,959	5,088	5,343	5,538

Data Source: StanCERA Pension Administration System

PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS WITH PERCENTAGE OF TOTAL SYSTEM

for years ended June 30

	2016		2015		2014		2013		2012	
Stanislaus County:										
General Members	3,156	74.3%	3,062	73.9%	2,963	74.2%	2,903	73.8%	2,852	73.7%
Safety Members	645	15.2%	643	15.5%	602	15.1%	606	15.4%	574	14.8%
Total	3,801		3,705		3,565		3,509		3,426	
Participating Agencies:										
Stanislaus County Superior Court	228	5.4%	224	5.4%	212	5.3%	205	5.2%	229	5.9%
City of Ceres	184	4.3%	181	4.4%	181	4.5%	178	4.5%	173	4.5%
East Side Mosquito Abatement District	10	0.2%	8	0.2%	9	0.2%	10	0.3%	10	0.3%
Hills Ferry Cemetery	3	0.1%	3	0.1%	3	0.1%	4	0.1%	4	0.1%
Keyes Community Services District	6	0.2%	6	0.2%	6	0.2%	5	0.2%	6	0.2%
Salida Sanitary District	7	0.2%	7	0.2%	7	0.2%	7	0.2%	7	0.2%
Stanislaus Council of Governments	10	0.2%	11	0.3%	10	0.3%	13	0.3%	13	0.3%
Total	448		440		428		422		442	
Total Active Membership	4,249		4,145		3,993		3,931		3,868	

	2011		2010		2009		2008		2007	
Stanislaus County:										
General Members	2,841	73.7%	3,013	73.8%	3,227	73.9%	3,313	74.4%	3,311	74.7%
Safety Members	553	14.3%	601	14.7%	658	15.1%	663	14.9%	660	14.9%
Total	3,394		3,614		3,885		3,976		3,971	
Participating Agencies:										
Stanislaus County Superior Court	245	6.4%	252	6.2%	263	6.0%	254	5.7%	246	5.5%
City of Ceres	173	4.5%	178	4.4%	178	4.1%	186	4.2%	183	4.1%
East Side Mosquito Abatement District	11	0.3%	11	0.3%	11	0.3%	10	0.3%	10	0.2%
Hills Ferry Cemetery	4	0.1%	4	0.1%	4	0.1%	4	0.1%	4	0.1%
Keyes Community Services District	6	0.2%	6	0.1%	6	0.1%	6	0.1%	6	0.1%
Salida Sanitary District	7	0.2%	7	0.1%	6	0.1%	4	0.1%	4	0.1%
Stanislaus Council of Governments	14	0.3%	13	0.3%	13	0.3%	10	0.2%	11	0.2%
Total	460		471		481		474		464	
Total Active Membership	3,854		4,085		4,366		4,450		4,435	

Data Source: StanCERA Pension Administration System

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