



**Stanislaus County
Employees'
Retirement Association**

**GASB 67/68 Report
as of June 30, 2016**

Produced by Cheiron

**Revised
October 2016**

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October 19, 2016

Board of Retirement
Stanislaus County Employees' Retirement Association
832 12th Street, Suite 600
Modesto, CA 95353

Dear Members of the Board:

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Stanislaus County Employees' Retirement Association (StanCERA) and under GASB 68 for the County of Stanislaus and other participating employers. This information includes:

- Determination of the discount rate as of June 30, 2016,
- Projection of StanCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for StanCERA,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

If you have any questions about the report or would like additional information, please let us know.

Sincerely,
Cheiron

A handwritten signature in blue ink that reads "Graham Schmidt".

Graham A. Schmidt, ASA, EA, FCA, MAAA
Consulting Actuary

A handwritten signature in blue ink that reads "Jonathan Chipko".

Jonathan Chipko, FSA, EA, FCA, MAAA
Consulting Actuary

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED**

SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under Government Accounting Standards Board Statements 67 and 68 for the Stanislaus County Employees' Retirement Association (StanCERA) and the participating employers. This information includes:

- Determination of the discount rate as of June 30, 2016,
- Projection of StanCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for StanCERA,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

Highlights

The measurement date for the Stanislaus County Employees' Retirement Association is June 30, 2016. Measurements 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, updated to June 30, 2016. The TPL reflects the economic and demographic assumption determined in the Actuarial Experience Study performed by Cheiron as of June 30, 2015 and adopted by the Board on March 16, 2016. The June 30, 2016 TPL is the first to reflect these assumptions. To the best of our knowledge, there were no significant events 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.

The table below provides a summary of the key collective results during this measurement period.

Table I-1			
Summary of Collective Results			
		Measurement Date	
		6/30/2016	6/30/2015
Net Pension Liability	\$	737,298,235	\$ 295,155,755
Deferred Outflows		(326,566,770)	(1,718,910)
Deferred Inflows		5,139,678	38,503,284
Net Impact on Statement of Net Position	\$	415,871,143	\$ 331,940,129
Pension Expense (\$ Amount)	\$	142,127,324	\$ 27,719,230
Pension Expense (% of Payroll ¹)		57.83%	11.68%

¹ Aggregate covered payroll was provided by StanCERA for the FYE 2015 and 2016.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED**

SECTION I – BOARD SUMMARY

The Net Pension Liability (NPL) increased approximately \$442 million since the prior measurement date. The drivers of this increase were investment losses and changes in assumptions. There was a small actuarial gain that decreased the NPL. The investment losses are recognized over five years, and the actuarial gains and assumption changes are recognized over the average remaining service life, which is also five years. Unrecognized amounts are reported as deferred inflows and deferred outflows.

As of the end of the reporting year, StanCERA and its participating employers would report a Net Pension Liability of \$737,298,235, Deferred Inflows of \$5,139,678, and Deferred Outflows of \$326,566,770. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to StanCERA would be \$415,871,143 ($\$737,298,235 + \$5,139,678 - \$326,566,770$) at the end of the measurement year. In addition, any contributions between the measurement date and each individual employer's reporting date would be reported as deferred outflows to offset the cash outflow reported.

For the measurement year ending June 30, 2016, the collective annual pension expense is \$142,127,324 or 57.83% of covered-employee payroll. This amount is not related to participating employers' contributions to StanCERA (\$58,196,310), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions ($\$415,871,143 - \$331,940,129 + \$58,196,310$). The collective pension expense is significantly larger than the collective expense for the prior year. Volatility in pension expense from year to year is to be expected. It will largely be driven by investment gains or losses, but other changes can also have a significant impact. A breakdown of the components of the net pension expense is shown in the report.

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Stanislaus County Employees' Retirement Association (StanCERA) and under GASB 68 for the employers that participate in StanCERA. This report is for the use of StanCERA, the participating employers, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for StanCERA.

In preparing our report, 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.

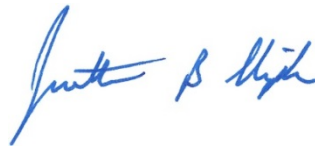
Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable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

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that 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. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for StanCERA for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.



Graham A. Schmidt, ASA, EA, FCA, MAAA
Consulting Actuary



Jonathan Chipko, FSA, EA, FCA, MAAA
Consulting Actuary

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED**

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.25%. This discount rate is intended to be used for accounting and financial reports, but is not appropriate for estimating the price to settle the plan's liability.

We have assumed that the employees will continue to contribute to StanCERA at the current rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percent of payroll over a closed period (21 years remaining as of the June 30, 2015 actuarial valuation).

We have not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement 67. However, Paragraph 43 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations "can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan..." In our professional judgment, adherence to the actuarial funding policy described above will result in the pension plan's projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period.

Therefore, the long-term expected rate of return on StanCERA's investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED**

SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2016, is measured as of a valuation date of June 30, 2015 and projected to June 30, 2016. The TPL reflects the economic and demographic assumptions determined in the Actuarial Experience Study performed by Cheiron as of June 30, 2015 and adopted by the Board on March 16, 2016. The June 30, 2016 TPL is the first to reflect these assumptions. There were no significant events during the projection period of which we are aware. Because the TPL shown in the prior report was measured as of June 30, 2014 and projected to June 30, 2015, it will not match the amounts measured as of June 30, 2015 that are shown in this exhibit. In addition, this exhibit reflects the updated economic and demographic assumptions.

The table below shows the projection of the TPL at discount rates equal to the rate used for disclosure and plus and minus one percent from the rate used for disclosure.

Table IV-1			
Projection of Collective Total Pension Liability from Valuation to Measurement Date			
Discount Rate	6.25%	7.25%	8.25%
Valuation Collective Total Pension Liability, 6/30/2015			
Actives	\$ 1,118,051,606	\$ 939,307,732	\$ 796,533,760
Deferred Vested	138,754,669	114,433,113	95,799,981
Retirees	<u>1,480,111,865</u>	<u>1,337,781,085</u>	<u>1,218,156,807</u>
Total	\$ 2,736,918,140	\$ 2,391,521,930	\$ 2,110,490,548
Service Cost	70,988,107	55,351,509	43,748,852
Benefit Payments	108,165,810	108,165,810	108,165,810
Interest	169,913,188	171,504,319	171,510,925
Collective Total Pension Liability, 6/30/2016	\$ 2,869,653,625	\$ 2,510,211,948	\$ 2,217,584,515

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED**

SECTION V – GASB 67 REPORTING INFORMATION

Note Disclosures

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of System assets), and the Net Pension Liability during the measurement year.

Table V-1 Change in Collective Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2015	\$ 2,127,759,959	\$ 1,832,604,204	\$ 295,155,755
Changes for the year:			
Service cost	55,351,509		55,351,509
Interest	171,938,615		171,938,615
Changes of benefits	0		0
Differences between expected and actual experience	(6,424,597)		(6,424,597)
Changes of assumptions	269,752,272		269,752,272
Contributions - employer		58,196,310	(58,196,310)
Contributions - member		23,916,508	(23,916,508)
Net investment income		(31,322,276)	31,322,276
Benefit payments	(108,165,810)	(108,165,810)	0
Administrative expense		(2,315,223)	2,315,223
Net changes	<u>382,451,989</u>	<u>(59,690,491)</u>	<u>442,142,480</u>
Balances at 6/30/2016	<u>\$ 2,510,211,948</u>	<u>\$ 1,772,913,713</u>	<u>\$ 737,298,235</u>

During the measurement year, the collective NPL increased by approximately \$442 million. The service cost and interest cost increased the collective NPL by approximately \$227 million while contributions offset by investment losses and administrative expenses decreased the collective NPL by approximately \$48 million.

There were no changes in benefits during the year. The changes in assumptions increased the collective NPL by approximately \$270 million. There was an actuarial experience gain of approximately \$6 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table on the next page shows the sensitivity of the collective NPL to the discount rate.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION V – GASB 67 REPORTING INFORMATION

Table V-2			
Sensitivity of Collective Net Pension Liability to Changes in Discount Rate			
	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 2,869,653,625	\$ 2,510,211,948	\$ 2,217,584,515
Plan Fiduciary Net Position	<u>1,772,913,713</u>	<u>1,772,913,713</u>	<u>1,772,913,713</u>
Collective Net Pension Liability	<u>\$ 1,096,739,912</u>	<u>\$ 737,298,235</u>	<u>\$ 444,670,802</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.8%	70.6%	79.9%

A one percent decrease in the discount rate increases the TPL by approximately 14% and increases the collective NPL by approximately 49%. A one percent increase in the discount rate decreases the TPL by approximately 12% and decreases the collective NPL by approximately 40%.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED**

SECTION V – GASB 67 REPORTING INFORMATION

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 67, and eventually will build up to 10 years of information. The schedule below shows the changes in collective NPL and related ratios required by GASB for the three years since implementation.

Table V-3			
Schedule of Changes in Collective Net Pension Liability and Related Ratios			
	FYE 2016	FYE 2015	FYE 2014
Total Pension Liability			
Service cost (MOY)	\$ 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	0	0	0
Differences between expected and actual experience	(6,424,597)	2,148,638	0
Changes of assumptions ¹	269,752,272	0	0
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	<u>2,127,759,959</u>	<u>2,024,376,761</u>	<u>1,925,565,638</u>
Total pension liability - ending	<u>\$ 2,510,211,948</u>	<u>\$ 2,127,759,959</u>	<u>\$ 2,024,376,761</u>
Plan fiduciary net position			
Contributions - employer	\$ 58,196,310	\$ 53,849,031	\$ 46,763,996
Contributions - member	23,916,508	22,960,235	21,867,911
Net 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 plan fiduciary net position	\$ (59,690,491)	\$ 41,294,925	\$ 246,496,284
Plan fiduciary net position - beginning	<u>1,832,604,204</u>	<u>1,791,309,279</u>	<u>1,544,812,995</u>
Plan fiduciary net position - ending	<u>\$ 1,772,913,713</u>	<u>\$ 1,832,604,204</u>	<u>\$ 1,791,309,279</u>
Net pension liability - ending	<u>\$ 737,298,235</u>	<u>\$ 295,155,755</u>	<u>\$ 233,067,482</u>
Plan fiduciary net position as a percentage of the total pension liability	70.63%	86.13%	88.49%
Covered employee payroll	\$ 245,751,576	\$ 237,263,160	\$ 221,863,110
Net pension liability as a percentage of covered employee payroll²	300.02%	124.40%	105.05%

¹In 2016, amounts reported as changes of assumptions resulted primarily from changes to the assumed earnings rate from 7.75% to 7.25% and from adjustments to assumed life expectancies as a result of adopting updated mortality tables with generational improvements.

²Aggregate covered payroll was provided by StanCERA for the FYE 2015 and 2016. For previous years' amounts, payroll was based on individual member pay data provided to the Actuary.

Because an Actuarially Determined Contribution (ADC) has been calculated historically, the full 10 years of information in the following schedule is required.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED**

SECTION V – GASB 67 REPORTING INFORMATION

Table V-4 Schedule of Collective Employer Contributions										
	FYE 2016	FYE 2015	FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009	FYE 2008	FYE 2007
Actuarially Determined Contribution	\$ 58,196,310	\$ 53,849,031	\$ 46,763,996	\$ 39,077,000	\$ 41,614,000	\$ 47,657,000	\$ 31,814,000	\$ 23,411,000	\$ 22,555,000	\$ 32,563,000
Contributions in Relation to the										
Actuarially Determined Contribution	<u>58,196,310</u>	<u>53,849,031</u>	<u>46,763,996</u>	<u>39,077,000</u>	<u>41,614,000</u>	<u>47,657,000</u>	<u>31,814,000</u>	<u>23,411,000</u>	<u>22,555,000</u>	<u>32,563,000</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll ¹	\$ 245,751,576	\$ 237,263,160	\$ 221,863,110	\$ 217,491,487	\$ 215,057,000	\$ 221,541,000	\$ 231,538,000	\$ 248,316,000	\$ 242,009,000	#N/A
Contributions as a Percentage of Covered-Employee Payroll	23.68%	22.70%	21.08%	17.97%	19.35%	21.51%	13.74%	9.43%	9.32%	#N/A

¹Aggregate covered payroll was provided by StanCERA for the FYE 2016 and 2015. For previous years' amounts, payroll was based on individual member pay data provided to the Actuary. No actuarial valuation done in 2007, so no payroll reported.

The notes below summarize the key methods and assumptions used to determine the ADC for FYE 2016.

Notes to Schedule

Valuation Date 6/30/2014 (to determine FY 2015-16 contribution)
 Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method Entry Age
 Asset valuation method 5-year smoothed market, 80% / 120% corridor around market
 Amortization method The unfunded liability is being amortized over a closed period as a level percentage of payroll, with 22 years remaining as of the June 30, 2014 actuarial valuation
 Discount rate 7.75%, net of investment expenses
 Amortization growth rate 3.50%
 Price inflation 3.25%
 Salary increases 3.50% plus merit component based on employee classification and years of service
 Mortality Sex distinct RP-2000 Combined Mortality projected from 2000 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



**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED**

SECTION VI – GASB 68 COLLECTIVE AMOUNTS

Employers that participate in StanCERA are required to implement GASB 68 for their first fiscal year that commenced after June 15, 2014. The amounts reported as of their fiscal year end (their reporting date) must be based on a measurement date up to 12 months prior to their reporting date. For employers with a reporting date of June 30, their 2016 disclosures can be based on either the June 30, 2015 or 2016 measurement dates. Similarly, their 2017 disclosures can be based on either the June 30, 2016 or 2017 measurement dates.

We understand that some or all of the employers have elected to implement GASB 68 based on the 2014 measurement date. As a result, the GASB 68 schedules are based on deferred inflows and outflows equal to \$0 as of June 30, 2013.

Because StanCERA is a cost-sharing multiple-employer pension plan, each employer participating in StanCERA must reflect a portion of the collective Net Pension Liability, Pension Expense and Deferred Outflows and Inflows in their financial statements. This section develops the collective amounts that are allocated to participating employers.

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of StanCERA. As of the measurement date, this recognition period was five years.

During the year, there was an experience gain of approximately \$6.4 million. Approximately \$1.3 million of that gain was recognized as a reduction in collective pension expense in the current year and an identical amount will be recognized in each of the next four years. Unrecognized experiences losses from prior years were approximately \$1.7 million, of which \$0.4 million was recognized as an increase in collective pension expense in the current year. The unrecognized experience gain this year results in a deferred inflow of resources of \$5.1 million, and the unrecognized experiences losses from prior periods results in a deferred outflow of resources as of June 30, 2016 of approximately \$1.3 million.

Assumption changes since the last measurement date increased the TPL approximately \$269.8 million. Approximately \$54.0 million of that increase was recognized as an increase in pension expense in the current year and an identical amount will be recognized in each of the next four years, resulting in a collective deferred outflow of resources as of June 30, 2016 of approximately \$215.8 million. There were no assumption changes recognized prior to this year.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment loss of approximately \$163.2 million. Approximately \$32.6 million of that loss was recognized in the current year and an identical amount will be recognized in each of the next four years. Unrecognized investment gains from prior periods were approximately \$38.5 million of which \$17.4 million was recognized as a reduction in collective pension expense in the current year. The combination of unrecognized investment losses this year and unrecognized net investment gains from prior periods results in a collective deferred outflow of resources as of June 30, 2016 of approximately \$109.5 million.

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SECTION VI – GASB 68 COLLECTIVE AMOUNTS

The table below summarizes the current balances of collective deferred outflows and deferred inflows of resources along with the net recognition over the next five years.

Table VI-1		
Schedule of Collective Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,289,182	\$ 5,139,678
Changes in assumptions	215,801,818	0
Net difference between projected and actual earnings on pension plan investments	109,475,770	0
Total	<u>\$ 326,566,770</u>	<u>\$ 5,139,678</u>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
Measurement year ended June 30:		
2017	68,291,934	
2018	68,291,934	
2019	99,542,544	
2020	85,300,680	
2021	0	
Thereafter \$	0	

The collective annual pension expense recognized by the participating employers can be calculated two different ways. First, it is the change in the amounts reported on the participating employers' Statements of Net Position that relate to StanCERA and are not attributable to employer contributions. That is, it is the change in collective NPL plus the changes in collective deferred outflows and inflows plus participating employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table on the following page, we believe it helps to understand the level and volatility of the collective pension expense.

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SECTION VI – GASB 68 COLLECTIVE AMOUNTS

Table VI-2 Calculation of Collective Pension Expense		
	Measurement Year Ending	
	2016	2015
Change in Net Pension Liability	\$ 442,142,480	\$ 62,088,273
Change in Deferred Outflows	(324,847,860)	(1,718,910)
Change in Deferred Inflows	(33,363,606)	(86,499,164)
Employer Contributions	58,196,310	53,849,031
Pension Expense	\$ 142,127,324	\$ 27,719,230
Pension Expense as % of Payroll¹	57.83%	11.68%
Operating Expenses		
Service cost	\$ 55,351,509	\$ 48,242,363
Employee contributions	(23,916,508)	(22,960,235)
Administrative expenses	2,315,223	2,378,966
Total	\$ 33,750,224	\$ 27,661,094
Financing Expenses		
Interest cost	\$ 171,938,615	\$ 154,850,353
Expected return on assets	(131,853,449)	(137,783,471)
Total	\$ 40,085,166	\$ 17,066,882
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	53,950,454	0
Recognition of liability gains and losses	(855,191)	429,728
Recognition of investment gains and losses	15,196,671	(17,438,474)
Total	\$ 68,291,934	\$ (17,008,746)
Pension Expense	\$ 142,127,324	\$ 27,719,230

¹Aggregate covered payroll was provided by StanCERA for the FYE 2015 and 2016.

First, there are components referred to as operating expenses. These are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating StanCERA for the year.

Second, there are the financing expenses: the interest on the Total Pension Liability less the expected return on assets. Since the discount rate is equal to the long-term expected return on

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SECTION VI – GASB 68 COLLECTIVE AMOUNTS

assets, the financing expense is just the interest on the Net Pension Liability, adjusted for cash flows.

The final category is changes. This category will drive most of the volatility in pension expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

The total collective pension expense increased from the prior year by about \$114.4 million. The operating expenses increased by \$6.1 million, and the financing expenses by \$23 million. The recognition of assumption changes increased by \$54.0 million, the recognition of investment gains and losses increased by \$32.6 million, and the recognition of liability gains and losses decreased by \$1.3 million.

SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

Proportionate Shares

Because StanCERA is a Cost-sharing Multiple-employer Pension Plan, each employer participating in StanCERA must reflect a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in their financial statements. GASB 68 requires that the proportionate share for each employer be determined based on the “employer’s projected long-term contribution effort to the pension ... as compared to the total projected long-term contribution effort of all employers ...” Although not required as part of StanCERA’s GASB 67 reporting requirements, StanCERA is following the advice of the AICPA¹ and making a determination of each employer’s proportionate share, which will be reviewed by StanCERA’s auditor.

Proportionate shares for each participating employer are determined based on the ratio of each participating employer’s assigned Unfunded Liability amortization payments to StanCERA during the measurement year to the sum of the actual Unfunded Liability amortization payments for all participating employers. Separate amortization rates are used for General and Safety employees. In Table VII-1, each employer’s amortization share as of June 30, 2016 is determined by multiplying the actual pensionable payroll for the current fiscal year by the employer’s amortization rate from the most recent actuarial valuation report (the report as of June 30, 2015).

¹http://www.aicpa.org/interestareas/governmentalauditquality/resources/gasbmatters/downloadabledocuments/aicpaslgep_cs_er_reporting_whitepaper.pdf

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

**Table VII-1
Determination of Employers' Proportionate Share as of June 30, 2016**

Employer	Unfunded Liability Amortization Rate (from the June 30, 2015 Actuarial Valuation)		Pensionable Payroll		Amortization Share (Rate x Pay)	Proportionate Share
	General	Safety	General	Safety		
Stanislaus County	16.34%	22.82%	\$ 172,760,997	\$ 44,194,108	\$ 38,314,242	88.2623%
City of Ceres	17.02%	21.16%	6,257,456	6,970,886	2,540,058	5.8514%
Stanislaus Superior Court	16.34%	22.82%	12,941,781	0	2,114,687	4.8715%
Stan. Council of Governments	16.34%	22.82%	962,010	0	157,192	0.3621%
East Side Mosquito District	17.02%	21.16%	675,016	0	114,888	0.2647%
Salida Sanitary District	17.02%	21.16%	550,285	0	93,658	0.2158%
Keyes Comm. Services District	17.02%	21.16%	278,952	0	47,478	0.1094%
Hills Ferry Cemetery District	17.02%	21.16%	160,084	0	27,246	0.0628%
Total			\$ 194,586,582	\$ 51,164,994	\$ 43,409,451	100.0000%

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The table below shows the proportionate share of the collective NPL (under three discount rates), the collective deferred outflows, the collective deferred inflows, and the collective pension expense allocated to each participating employer as of June 30, 2016.

Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2016							
Employer	Proportionate Share	Share of NPL @ 6.25%	Share of NPL @ 7.25%	Share of NPL @ 8.25%	Share of Deferred Outflows	Share of Deferred Inflows	Pension Expense
Stanislaus County	88.2623%	\$ 968,007,871	\$ 650,756,380	\$ 392,476,677	\$ 288,235,342	\$ 4,536,398	\$ 125,444,845
City of Ceres	5.8514%	64,174,639	43,142,269	26,019,467	19,108,728	300,743	8,316,438
Stanislaus Superior Court	4.8715%	53,427,685	35,917,484	21,662,138	15,908,700	250,379	6,923,733
Stan. Council of Governments	0.3621%	3,971,295	2,669,757	1,610,153	1,182,498	18,611	514,643
East Side Mosquito District	0.2647%	2,903,071	1,951,628	1,177,044	864,422	13,605	376,211
Salida Sanitary District	0.2158%	2,366,765	1,591,090	959,600	704,731	11,091	306,711
Keyes Comm. Services District	0.1094%	1,199,833	806,604	486,470	357,264	5,623	155,487
Hills Ferry Cemetery District	0.0628%	688,753	463,023	279,253	205,084	3,228	89,256
Total	100.0000%	\$1,096,739,912	\$ 737,298,235	\$ 444,670,802	\$ 326,566,770	\$ 5,139,678	\$ 142,127,324

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The proportionate share allocated to each individual employer will change on each measurement date. The net effect of the change in proportion on the share of the collective NPL, collective deferred outflows and collective deferred inflows allocated to each employer becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of StanCERA's active and inactive members (five years).

Similarly, the difference between each employer's actual contributions and the employer's proportionate share of collective employer contributions becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of StanCERA's active and inactive members (five years).

The table below shows the change in proportion and the impact of that change in proportion on the proportionate share of the collective NPL, collective deferred outflows, and collective deferred inflows. It also shows any contribution differences.

Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences									
Employer	Proportionate Shares		Impact of Change in Proportion				Contributions		
	6/30/2015	6/30/2016	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
Stanislaus County	88.7280%	88.2623%	\$ (1,374,540)	\$ (8,005)	\$ 179,310	\$ (1,545,845)	\$ 51,455,859	\$ 51,365,402	\$ 90,457
City of Ceres	5.6629%	5.8514%	556,369	3,240	(72,579)	625,707	3,554,625	3,405,299	149,326
Stanislaus Superior Court	4.5541%	4.8715%	936,824	5,456	(122,209)	1,053,578	2,618,462	2,835,033	(216,571)
Stan. Council of Governments	0.3678%	0.3621%	(16,824)	(98)	2,195	(18,921)	193,450	210,729	(17,279)
East Side Mosquito District	0.2843%	0.2647%	(57,851)	(337)	7,547	(65,060)	152,889	154,046	(1,156)
Salida Sanitary District	0.2375%	0.2158%	(64,049)	(373)	8,355	(72,031)	127,980	125,588	2,393
Keyes Comm. Services Distri	0.1023%	0.1094%	20,956	122	(2,734)	23,568	56,273	63,667	(7,393)
Hills Ferry Cemetery District	0.0631%	0.0628%	(885)	(5)	116	(996)	36,771	36,547	224
Total	100.0000%	100.0000%	\$ 0	\$ 0	\$ 0	\$ 0	\$58,196,310	\$ 58,196,310	\$ 0

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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below shows the reconciliation of deferred outflows and inflows due to proportion changes for each participating employer from the prior measurement date to the current measurement date.

Table VII-4 Reconciliation of Deferred Outflows and Inflows Due to Proportion Change									
Employer	Deferred Outflows				Deferred Inflows				
	6/30/2015	Current Year		6/30/2016	6/30/2015	Current Year		6/30/2016	6/30/2016
		Net Effect	Recognition			Net Effect	Recognition		
Stanislaus County	\$ 731,629	\$ 0	\$ 235,926	\$ 495,703	\$ 0	\$ (1,545,845)	\$ (309,169)	\$ (1,236,676)	
City of Ceres	0	625,707	125,141	500,566	(629,533)	0	(202,826)	(426,707)	
Stanislaus Superior Court	0	1,053,578	210,716	842,862	(423,885)	0	(132,319)	(291,566)	
Stan. Council of Governments	47,061	0	15,687	31,374	(84,502)	(18,921)	(24,911)	(78,512)	
East Side Mosquito District	138,062	0	42,416	95,646	0	(65,060)	(13,012)	(52,048)	
Salida Sanitary District	195,615	0	57,471	138,144	0	(72,031)	(14,406)	(57,625)	
Keyes Comm. Services District	34,374	23,568	13,308	44,634	(5,255)	0	(1,751)	(3,504)	
Hills Ferry Cemetery District	10,598	0	2,650	7,948	(14,165)	(996)	(4,920)	(10,241)	
Total	\$ 1,157,339	\$ 1,702,853	\$ 703,315	\$ 2,156,877	\$(1,157,340)	\$(1,702,853)	\$ (703,314)	\$(2,156,879)	

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The table below shows the reconciliation of deferred outflows and inflows due to contribution differences for each participating employer from the prior measurement date to the current measurement date.

**Table VII-5
Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences**

Employer	Deferred Outflows				Deferred Inflows			
	6/30/2015	Current Year Difference	Recognition	6/30/2016	6/30/2015	Current Year Difference	Recognition	6/30/2016
Stanislaus County	\$ 0	\$ 90,457	\$ 18,091	\$ 72,366	\$ (304,912)	\$ 0	\$ (84,434)	\$ (220,478)
City of Ceres	448,924	149,326	156,572	441,678	0	0	0	0
Stanislaus Superior Court	0	0	0	0	(104,179)	(216,571)	(74,928)	(245,822)
Stan. Council of Governments	0	0	0	0	(11,184)	(17,279)	(6,792)	(21,671)
East Side Mosquito District	0	0	0	0	(10,947)	(1,156)	(3,159)	(8,944)
Salida Sanitary District	0	2,393	479	1,914	(8,617)	0	(2,270)	(6,347)
Keyes Comm. Services Distric	2,153	0	717	1,436	(8,913)	(7,393)	(3,707)	(12,599)
Hills Ferry Cemetery District	0	224	45	179	(2,324)	0	(614)	(1,710)
Total	\$ 451,077	\$ 242,400	\$ 175,904	\$ 517,573	\$ (451,076)	\$ (242,400)	\$ (175,904)	\$ (517,572)

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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below summarizes the deferred outflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

Table VII-6						
Schedule of Employers' Deferred Outflows at June 30, 2016						
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
Stanislaus County	88.2623%	\$ 1,137,862	\$ 190,471,648	\$ 96,625,832	\$ 495,703	\$ 72,366
City of Ceres	5.8514%	75,435	12,627,428	6,405,865	500,566	441,678
Stanislaus Superior Court	4.8715%	62,803	10,512,786	5,333,112	842,862	0
Stan. Council of Governments	0.3621%	4,668	781,418	396,412	31,374	0
East Side Mosquito District	0.2647%	3,412	571,227	289,782	95,646	0
Salida Sanitary District	0.2158%	2,782	465,700	236,249	138,144	1,914
Keyes Comm. Services District	0.1094%	1,410	236,087	119,766	44,634	1,436
Hills Ferry Cemetery District	0.0628%	810	135,524	68,751	7,948	179
Total	100.0000%	\$ 1,289,182	\$215,801,818	\$109,475,770	\$ 2,156,877	\$ 517,573

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below summarizes the deferred inflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

Table VII-7 Schedule of Employers' Deferred Inflows at June 30, 2016							
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference	
Stanislaus County	88.2623%	\$ 4,536,398	\$ 0	\$ 0	\$ 1,236,676	\$ 220,478	
City of Ceres	5.8514%	300,743	0	0	426,707	0	
Stanislaus Superior Court	4.8715%	250,379	0	0	291,566	245,822	
Stan. Council of Governments	0.3621%	18,611	0	0	78,512	21,671	
East Side Mosquito District	0.2647%	13,605	0	0	52,048	8,944	
Salida Sanitary District	0.2158%	11,091	0	0	57,625	6,347	
Keyes Comm. Services District	0.1094%	5,623	0	0	3,504	12,599	
Hills Ferry Cemetery District	0.0628%	3,228	0	0	10,241	1,710	
Total	100.0000%	\$ 5,139,678	\$ 0	\$ 0	\$ 2,156,879	\$ 517,572	

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below shows the net amount of deferred outflows and inflows to be recognized by each participating employer in each of the next five years and the total thereafter.

Table VII-8						
Schedule of Employers' Recognition of Deferred Outflows and Inflows at June 30, 2016						
Employer	Recognition for Measurement Year Ending					
	2017	2018	2019	2020	2021	Thereafter
Stanislaus County	\$ 60,136,446	\$ 60,136,450	\$ 87,539,698	\$ 74,997,266	\$ 0	\$ 0
City of Ceres	4,074,921	4,074,921	6,027,386	5,146,294	0	0
Stanislaus Superior Court	3,330,311	3,330,311	4,980,352	4,322,821	0	0
Stan. Council of Governments	231,269	231,267	330,909	301,634	0	0
East Side Mosquito District	207,014	207,015	258,896	212,546	0	0
Salida Sanitary District	188,648	188,645	222,284	170,148	0	0
Keyes Comm. Services District	83,278	83,278	118,498	96,553	0	0
Hills Ferry Cemetery District	40,048	40,048	64,523	53,413	0	0
Total	\$68,291,935	\$68,291,935	\$ 99,542,545	\$85,300,676	\$ 0	\$ 0

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below shows the calculation of the pension expense for each participating employer. The calculation is shown first as the sum of the proportionate share of the collective pension expense and the amounts recognized for proportion changes and contribution differences. The right side of the table shows the calculation as the sum of the changes in NPL and deferred amounts not attributable to contributions.

Table VII-9 Schedule of Employers' Pension Expense for the Measurement Year Ending June 30, 2016										
Employer	Collective Pension Expense	Change in Proportion	Contribution Difference	Employer Pension Expense	Change in Employer			Employer Contributions	Employer Pension Expense	
					Net Pension Liability	Deferred Outflows	Deferred Inflows			
Stanislaus County	\$ 125,444,845	\$ (73,243)	\$ (66,343)	\$ 125,305,259	\$ 388,870,582	\$ 286,546,628	\$ 28,474,554	\$ 51,455,859	\$ 125,305,259	
City of Ceres	8,316,438	\$ (77,685)	\$ 156,572	8,395,325	26,427,894	19,504,708	2,082,485	3,554,625	8,395,325	
Stanislaus Superior Court	6,923,733	\$ 78,397	\$ (74,928)	6,927,202	22,475,795	16,673,281	1,493,774	2,618,462	6,927,202	
Stan. Council of Governments	514,643	\$ (9,224)	\$ (6,792)	498,627	1,584,174	1,160,489	118,508	193,450	498,627	
East Side Mosquito District	376,211	\$ 29,404	\$ (3,159)	402,456	1,112,501	817,119	45,815	152,889	402,456	
Salida Sanitary District	306,711	\$ 43,065	\$ (1,791)	347,985	890,095	645,091	24,999	127,980	347,985	
Keyes Comm. Services District	155,487	\$ 11,557	\$ (2,990)	164,054	504,660	365,048	31,831	56,273	164,054	
Hills Ferry Cemetery District	89,256	\$ (2,270)	\$ (569)	86,417	276,780	201,528	25,606	36,771	86,417	
Total	\$142,127,324	\$ 1	\$ 0	\$142,127,325	\$442,142,480	\$325,913,894	\$ 32,297,571	\$ 58,196,310	\$142,127,325	

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SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below summarizes the information needed for each employer's schedules of required supplementary information.

Table VII-10 Schedule of Employers' RSI Information at June 30, 2016									
Employer	Proportionate Shares	Proportionate Share of NPL	Covered-Employee Payroll	Share of NPL as a % of Payroll	Plan Fiduciary Net Position as % of TPL	Contractually Required Contribution	Actual Contributions	Contribution Deficiency	Contributions as a % of Payroll
Stanislaus County	88.2623%	\$ 650,756,380	\$ 216,955,105	299.9%	70.6%	\$ 51,455,859	\$ 51,455,859	\$ 0	23.7%
City of Ceres	5.8514%	43,142,269	13,228,342	326.1%	70.6%	3,554,625	3,554,625	0	26.9%
Stanislaus Superior Court	4.8715%	35,917,484	12,941,781	277.5%	70.6%	2,618,462	2,618,462	0	20.2%
Stan. Council of Governments	0.3621%	2,669,757	962,010	277.5%	70.6%	193,450	193,450	0	20.1%
East Side Mosquito District	0.2647%	1,951,628	675,016	289.1%	70.6%	152,889	152,889	0	22.6%
Salida Sanitary District	0.2158%	1,591,090	550,285	289.1%	70.6%	127,980	127,980	0	23.3%
Keyes Comm. Services Distric	0.1094%	806,604	278,952	289.2%	70.6%	56,273	56,273	0	20.2%
Hills Ferry Cemetery District	0.0628%	463,023	160,084	289.2%	70.6%	36,771	36,771	0	23.0%
Total	100.0000%	\$ 737,298,235	\$ 245,751,576	300.0%	70.6%	\$ 58,196,310	\$ 58,196,310	\$ 0	23.7%

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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APPENDIX A – MEMBERSHIP INFORMATION

	<u>General Members</u>		<u>Safety Members</u>		<u>Total</u>	
	7/1/2014	7/1/2015	7/1/2014	7/1/2015	7/1/2014	7/1/2015
Active Participants						
Number	3,303	3,421	689	723	3,992	4,144
Average Age	45.99	45.45	38.76	38.08	44.74	44.17
Average Service	11.47	10.94	10.87	10.25	11.37	10.82
Average Pay (does not reflect impact of furloughs)	\$ 54,377	\$ 55,116	\$ 63,022	\$ 68,004	\$ 55,869	\$ 57,364
Service Retired						
Number	2,351	2,472	328	349	2,679	2,821
Average Age	69.33	69.46	64.57	64.57	68.74	68.85
Average Annual Total Benefit	\$ 27,500	\$ 28,315	\$ 50,096	\$ 51,627	\$ 30,266	\$ 31,199
Beneficiaries						
Number	314	323	85	87	399	410
Average Age	73.25	72.70	66.95	66.66	71.91	71.42
Average Annual Total Benefit	\$ 16,164	\$ 16,700	\$ 26,590	\$ 27,721	\$ 18,385	\$ 19,039
Duty Disabled						
Number	107	108	117	118	224	226
Average Age	66.22	67.01	57.55	57.88	61.69	62.24
Average Annual Total Benefit	\$ 23,358	\$ 23,941	\$ 35,924	\$ 36,607	\$ 29,921	\$ 30,554
Ordinary Disabled						
Number	77	75	6	7	83	82
Average Age	64.10	64.36	58.17	57.00	63.67	63.73
Average Annual Total Benefit	\$ 15,125	\$ 15,637	\$ 19,909	\$ 22,342	\$ 15,471	\$ 16,210
Total In Pay						
Number	2,849	2,978	536	561	3,385	3,539
Average Age	69.50	69.59	63.34	63.39	68.53	68.61
Average Annual Total Benefit	\$ 25,760	\$ 26,577	\$ 42,937	\$ 44,395	\$ 28,480	\$ 29,402
Terminated Vested						
Number	533	393	106	80	639	473
Average Age	49.82	50.07	44.11	43.33	48.88	48.93
Average Service	8.01	10.00	7.55	10.01	7.93	10.00
Transfers						
Number	226	367	97	139	323	506
Average Age	44.89	46.41	38.05	40.61	42.83	44.82
Average Service	7.51	6.30	8.00	6.81	7.66	6.44
Total Inactives						
Number	759	760	203	219	962	979
Average Age	48.35	48.31	41.22	41.60	46.85	46.81
Average Service	7.86	8.21	7.76	7.98	7.84	8.16

Please refer to the June 30, 2015 actuarial valuation report for a more complete summary of the data.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2016 is provided below, including any assumptions that differ from those used in the July 1, 2015 actuarial valuation. Please refer to the July 1, 2015 actuarial valuation report for a complete description of all other assumptions.

Key Actuarial Assumptions

Expected Return on Assets	7.25 percent per year, net of investment expenses
Discount Rate	7.25 percent per year
Price Inflation	3.00% per year
Salary Increases	3.25% per year plus merit component based on employee classification and years of service
Administrative Expenses	An allowance of \$2,400,000 for administrative expenses has been included in the annual cost calculated.
Postretirement COLA	100% of CPI up to 3% annually with banking, 2.7% annual increases assumed. Increases are assumed to occur on April 1.
Mortality Rates for Healthy Members and Inactives	<p>Rates of ordinary death 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.</p> <p>Rates of mortality for retired Members and their beneficiaries are specified by the CalPERS Healthy Annuitant table, adjusted by 93.4% for males and 107.9% for females, with generational mortality improvements projected from 2009 using Scale MP-2015.</p>

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset smoothing method, and an amortization method as described below. Please refer to the June 30, 2015 actuarial valuation report for a complete description of the method used in this valuation, including their impact on future expected plan contributions and funded status.

1. Actuarial Cost Method

The Entry Age actuarial cost method was used for active employees, whereby the normal cost is computed as the level annual percentage of total payroll required to fund the retirement benefits between each member's date of hire and assumed retirement. The actuarial liability is the difference between the present value of future benefits and the present value of future normal costs. The normal cost and actuarial liability are calculated on an individual basis. The sum of the individual amounts is the normal cost and actuarial liability for the System.

2. Asset Valuation Method

For the purposes of determining contribution rates, an actuarial value of assets is used that dampens the volatility in the market value of assets, resulting in a smoother pattern of contribution rates.

The actuarial value of assets is calculated by recognizing 20% of each of the past five years of actual investment earnings compared to the expected earnings on the actuarial value of assets. The actuarial value of assets is limited to no less than 80% and no more than 120% of the market value. As of June 30, 2011, the actuarial value was reset to equal market value.

3. Amortization Method

The unfunded actuarial liability (UAL) is the difference between the actuarial liability and the actuarial value of assets. The UAL for each valuation group is amortized as a level percent of payroll, assuming pay increases of 3.25%, over a closed period of 21 years.

4. Contributions

The total employer contribution rate is the sum of the employer normal cost rate, the administrative expense rate, and the UAL rate. The total employer contribution rate is determined separately for each valuation group.

The total normal cost rate is determined by dividing the normal cost for members as of the valuation date by the total salary expected to be paid during the year. The total normal cost rate is determined separately for each valuation group. The employer's normal cost rate is the total normal cost rate less the employee contribution rate.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING AS OF JUNE 30, 2016 REVISED**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The UAL rate is determined by dividing the UAL payments by the total expected payroll for the fiscal year. The UAL rate is determined separately for each valuation group.

The administrative expense rate is determined by dividing the expected annual administrative expense by the total expected payroll for the fiscal year. The administrative expense rate is determined separately for each valuation group.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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APPENDIX C - SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the July 1, 2015 actuarial valuation report.

APPENDIX D – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

6. Measurement Date

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.

APPENDIX D – GLOSSARY OF TERMS

7. Net Pension Liability

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position. The Net Pension Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling StanCERA's benefit obligations in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.

8. Plan Fiduciary Net Position

The fair or market value of assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 67 and 68. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

11. Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the actuarial liability calculated under the entry age actuarial cost method. This measurement generally is not appropriate for estimating the cost to settle the Plan's liabilities.



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