



Stanislaus County Employees' Retirement Association

**GASB 67/68 Report
as of June 30, 2015**

Produced by Cheiron

October 2015

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LETTER OF TRANSMITTAL

October 5, 2015

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 the other participating employers. This information includes:

- Determination of the discount rate as of June 30, 2015,
- 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



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



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

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

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 participating employers. This information includes:

- Determination of the discount rate as of June 30, 2015,
- 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, 2015. Measurements are based on the fair value of assets as of June 30, 2015 and the Total Pension Liability as of the valuation date, June 30, 2014, updated to June 30, 2015. 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.

| | Measurement Date | |
|--|------------------|----------------|
| | 6/30/2015 | 6/30/2014 |
| Net Pension Liability | \$ 295,155,755 | \$ 233,067,482 |
| Deferred Outflows | (1,718,910) | 0 |
| Deferred Inflows | 38,503,284 | 125,002,448 |
| Net Impact on Statement of Net Position | \$ 331,940,129 | \$ 358,069,930 |
| Pension Expense (\$ Amount) | \$ 27,719,230 | \$ 24,081,283 |
| Pension Expense (% of Payroll ¹) | 11.68% | 10.85% |

¹Aggregate covered payroll was provided by StanCERA for the FYE 2015. For previous years' amounts, payroll was based on individual member pay data provided to the Actuary.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The Net Pension Liability (NPL) increased approximately \$62 million since the prior measurement date, primarily due to investment losses. There were also actuarial liability losses that increased the NPL. There were no changes of benefits or assumptions. The investment losses are recognized over five years, and the actuarial losses 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 \$295,155,755, Deferred Inflows of \$38,503,284, and Deferred Outflows of \$1,718,910. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to StanCERA would be \$331,940,129 ($\$295,155,755 + \$38,503,284 - \$1,718,910$) 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, 2015, the collective annual pension expense is \$27,719,230 or 11.68% of covered-employee payroll. This amount is not related to participating employers' contributions to StanCERA (\$53,849,031), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions ($\$331,940,129 - \$358,069,930 + \$53,849,031$). The collective pension expense is larger than the collective expense for the prior year. Volatility in pension expense from year to year is to be expected. For the measurement year ending June 30, 2015, the volatility was largely driven by investment 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 EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

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
Associate Actuary

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.75%.

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 (22 years remaining as of the June 30, 2014 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 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 FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as of a valuation date of June 30, 2014 and projected to June 30, 2015. 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, 2013 and projected to June 30, 2014, it will not match the amounts measured as of June 30, 2014 that are shown in this exhibit.

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 | 6.75% | 7.75% | 8.75% |
| Valuation Collective Total Pension Liability, 6/30/2014 | | | |
| Actives | \$ 934,072,154 | \$ 795,405,618 | \$ 682,228,443 |
| Deferred Vested | 103,203,323 | 86,230,841 | 72,989,138 |
| Retirees | 1,254,684,035 | 1,144,734,398 | 1,051,008,669 |
| Total | \$ 2,291,959,512 | \$ 2,026,370,857 | \$ 1,806,226,250 |
| Service Cost | 60,817,923 | 48,242,363 | 38,692,027 |
| Benefit Payments | (101,858,156) | (101,858,156) | (101,858,156) |
| Interest | 153,344,775 | 155,004,895 | 155,339,222 |
| Collective Total Pension Liability, 6/30/2015 | \$ 2,404,264,054 | \$ 2,127,759,959 | \$ 1,898,399,343 |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

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 6/30/2014 | \$ 2,024,376,761 | \$ 1,791,309,279 | | \$ 233,067,482 |
| Changes for the year: | | | | |
| Service cost | 48,242,363 | | | 48,242,363 |
| Interest | 154,850,353 | | | 154,850,353 |
| Changes of benefits | 0 | | | 0 |
| Differences between expected and actual experience | 2,148,638 | | | 2,148,638 |
| Changes of assumptions | 0 | | | 0 |
| Contributions - employer | | 53,849,031 | | (53,849,031) |
| Contributions - member | | 22,960,235 | | (22,960,235) |
| Net investment income | | 68,722,781 | | (68,722,781) |
| Benefit payments | (101,858,156) | (101,858,156) | | 0 |
| Administrative expense | | (2,378,966) | | 2,378,966 |
| Net changes | <u>103,383,198</u> | <u>41,294,925</u> | | <u>62,088,273</u> |
| Balances at 6/30/2015 | <u>\$ 2,127,759,959</u> | <u>\$ 1,832,604,204</u> | | <u>\$ 295,155,755</u> |

During the measurement year, the collective NPL increased by approximately \$62 million. The service cost and interest cost increased the collective NPL by approximately \$203 million while contributions and investment earnings offset by administrative expenses decreased the collective NPL by approximately \$143 million.

There were no changes in benefits or assumptions during the year. There were actuarial experience losses during the year of approximately \$2 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 following page shows the sensitivity of the collective NPL to the discount rate.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

| Table V-2 | | | |
|--|----------------------------------|------------------------------------|----------------------------------|
| Sensitivity of Collective Net Pension Liability to Changes in Discount Rate | | | |
| | 1% Decrease 6.75% | Discount Rate 7.75% | 1% Increase 8.75% |
| Total Pension Liability | \$ 2,404,264,054 | \$ 2,127,759,959 | \$ 1,898,399,343 |
| Plan Fiduciary Net Position | <u>1,832,604,204</u> | <u>1,832,604,204</u> | <u>1,832,604,204</u> |
| Collective Net Pension Liability | <u>\$ 571,659,850</u> | <u>\$ 295,155,755</u> | <u>\$ 65,795,139</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 76.2% | 86.1% | 96.5% |

A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the collective NPL by approximately 94%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 78%.

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 on the next page shows the changes in collective NPL and related ratios required by GASB for the two years since implementation.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

**Table V-3
Schedule of Changes in Collective Net Pension Liability and Related Ratios**

| | FYE 2015 | FYE 2014 |
|--|--------------------------------|--------------------------------|
| <u>Total Pension Liability</u> | | |
| Service cost (MOY) | \$ 48,242,363 | \$ 46,209,346 |
| Interest (includes interest on service cost) | 154,850,353 | 147,384,248 |
| Changes of benefit terms | 0 | 0 |
| Differences between expected and actual experience | 2,148,638 | 0 |
| Changes of assumptions | 0 | 0 |
| Benefit payments, including refunds of member contributions | <u>(101,858,156)</u> | <u>(94,782,471)</u> |
| Net change in total pension liability | \$ 103,383,198 | \$ 98,811,123 |
| Total pension liability - beginning | <u>2,024,376,761</u> | <u>1,925,565,638</u> |
| Total pension liability - ending | <u>\$ 2,127,759,959</u> | <u>\$ 2,024,376,761</u> |
| <u>Plan fiduciary net position</u> | | |
| Contributions - employer | \$ 53,849,031 | \$ 46,763,996 |
| Contributions - member | 22,960,235 | 21,867,911 |
| Net investment income | 68,722,781 | 274,896,108 |
| Benefit payments, including refunds of member contributions | <u>(101,858,156)</u> | <u>(94,782,471)</u> |
| Administrative expense | <u>(2,378,966)</u> | <u>(2,249,260)</u> |
| Net change in plan fiduciary net position | \$ 41,294,925 | \$ 246,496,284 |
| Plan fiduciary net position - beginning | <u>1,791,309,279</u> | <u>1,544,812,995</u> |
| Plan fiduciary net position - ending | <u>\$ 1,832,604,204</u> | <u>\$ 1,791,309,279</u> |
| Net pension liability - ending | <u>\$ 295,155,755</u> | <u>\$ 233,067,482</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 86.13% | 88.49% |
| Covered employee payroll | \$ 237,263,160 | \$ 221,863,110 |
| Net pension liability as a percentage of covered employee payroll¹ | 124.40% | 105.05% |

¹Aggregate covered payroll was provided by StanCERA for the FYE 2015. 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 FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

| Table V-4 Schedule of Collective Employer Contributions | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FYE 2015 | FYE 2014 | FYE 2013 | FYE 2012 | FYE 2011 | FYE 2010 | FYE 2009 | FYE 2008 | FYE 2007 | FYE 2006 |
| Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution | \$ 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 | \$ 22,549,000 |
| | <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> | <u>22,549,000</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 | \$ 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 | \$ 212,011,000 |
| Contributions as a Percentage of Covered-Employee Payroll | 22.70% | 21.08% | 17.97% | 19.35% | 21.51% | 13.74% | 9.43% | 9.32% | #N/A | 10.64% |

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

Notes to Schedule

Valuation Date 6/30/2013 (to determine FY2014-15 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 23 years remaining as of the June 30, 2013 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, 2015 can be found in the June 30, 2013 actuarial valuation report



**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

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 2015 disclosures can be based on either the June 30, 2014 or 2015 measurement dates. We understand that the employers have elected to implement GASB 68 based on the 2014 measurement date. Based on this understanding, 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 loss of approximately \$2.1 million. Approximately \$0.4 million of that loss was recognized as an increase in collective 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, 2015 of approximately \$1.7 million.

There were no assumption changes since the last measurement date.

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 \$69 million. Approximately \$14 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 \$125 million of which \$31 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, 2015 of approximately \$39 million.

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

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE AMOUNTS

| 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 | \$ 1,718,910 | \$ 0 |
| Changes in assumptions | 0 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 38,503,284 |
| Total | <u>\$ 1,718,910</u> | <u>\$ 38,503,284</u> |
| <p>Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:</p> | | |
| Measurement Year ended June 30: | | |
| 2016 | (17,008,746) | |
| 2017 | (17,008,746) | |
| 2018 | (17,008,746) | |
| 2019 | 14,241,864 | |
| 2020 | 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 next page, we believe it helps to understand the level and volatility of the collective pension expense.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VI – GASB 68 COLLECTIVE AMOUNTS

| Table VI-2 Calculation of Collective Pension Expense | | |
|---|--------------------------------|----------------------|
| | Measurement Year Ending | |
| | 2015 | 2014 |
| Change in Net Pension Liability | \$ 62,088,273 | \$ (147,685,161) |
| Change in Deferred Outflows | (1,718,910) | 0 |
| Change in Deferred Inflows | (86,499,164) | 125,002,448 |
| Employer Contributions | <u>53,849,031</u> | <u>46,763,996</u> |
| Pension Expense | \$ 27,719,230 | \$ 24,081,283 |
| Pension Expense as % of Payroll¹ | 11.68% | 10.85% |
| Operating Expenses | | |
| Service cost | \$ 48,242,363 | \$ 46,209,346 |
| Employee contributions | (22,960,235) | (21,867,911) |
| Administrative expenses | <u>2,378,966</u> | <u>2,249,260</u> |
| Total | \$ 27,661,094 | \$ 26,590,695 |
| Financing Expenses | | |
| Interest cost | \$ 154,850,353 | \$ 147,384,248 |
| Expected return on assets | <u>(137,783,471)</u> | <u>(118,643,048)</u> |
| Total | \$ 17,066,882 | \$ 28,741,200 |
| Changes | | |
| Benefit changes | \$ 0 | \$ 0 |
| Recognition of assumption changes | 0 | 0 |
| Recognition of liability gains and losses | 429,728 | 0 |
| Recognition of investment gains and losses | <u>(17,438,474)</u> | <u>(31,250,612)</u> |
| Total | \$ (17,008,746) | \$ (31,250,612) |
| Pension Expense | \$ 27,719,230 | \$ 24,081,283 |

¹Aggregate covered payroll was provided by StanCERA for the FYE 2015. For previous years' amounts, payroll was based on individual member pay data provided to the Actuary.

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.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE AMOUNTS

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

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. In the current year pension expense, the operating expenses and the recognition of changes increased by approximately \$1 million and \$14 million, respectively, compared to last year, and were offset by a decrease in financing expenses of approximately \$12 million compared to last year.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING
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, 2015 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, 2014).

¹http://www.aicpa.org/interestareas/governmentauditquality/resources/gasbmatters/downloadabledocuments/aicpas_lgep_cs_er_reporting_whitepaper.pdf

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

**Table VII-1
Determination of Employers' Proportionate Share (As of June 30, 2015)**

| Employer | Unfunded Liability Amortization Rate (from the June 30, 2014 Actuarial Valuation) | | Pensionable Payroll | | Amortization Share (Rate x Pay) | Proportionate Share |
|-------------------------------|--|--------|-----------------------|----------------------|---------------------------------------|------------------------|
| | General | Safety | General | Safety | | |
| | Stanislaus County | 10.40% | 15.55% | \$ 167,274,020 | | |
| City of Ceres | 11.28% | 12.14% | 6,158,745 | 6,896,328 | 1,531,921 | 5.6629% |
| Stanislaus Superior Court | 10.40% | 15.55% | 11,845,861 | 0 | 1,231,970 | 4.5541% |
| Stan. Council of Governments | 10.40% | 15.55% | 956,812 | 0 | 99,508 | 0.3678% |
| East Side Mosquito District | 11.28% | 12.14% | 681,719 | 0 | 76,898 | 0.2843% |
| Salida Sanitary District | 11.28% | 12.14% | 569,573 | 0 | 64,248 | 0.2375% |
| Keyes Comm. Services District | 11.28% | 12.14% | 245,398 | 0 | 27,681 | 0.1023% |
| Hills Ferry Cemetery District | 11.28% | 12.14% | 151,256 | 0 | 17,062 | 0.0631% |
| Total | | | \$ 187,883,384 | \$ 49,379,776 | \$ 27,051,961 | 100.0000% |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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, 2015.

| Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2015 | | | | | | | |
|--|---------------------|-----------------------|-----------------------|----------------------|----------------------------|---------------------------|----------------------|
| Employer | Proportionate Share | Share of NPL @ 6.75% | Share of NPL @ 7.75% | Share of NPL @ 8.75% | Share of Deferred Outflows | Share of Deferred Inflows | Pension Expense |
| Stanislaus County | 88.7280% | \$ 507,222,352 | \$ 261,885,799 | \$ 58,378,711 | \$ 1,525,155 | \$ 34,163,194 | \$ 24,594,717 |
| City of Ceres | 5.6629% | 32,372,526 | 16,714,375 | 3,725,913 | 97,340 | 2,180,402 | 1,569,713 |
| Stanislaus Superior Court | 4.5541% | 26,033,961 | 13,441,688 | 2,996,376 | 78,281 | 1,753,478 | 1,262,361 |
| Stan. Council of Governments | 0.3678% | 2,102,565 | 1,085,583 | 241,995 | 6,322 | 141,615 | 101,950 |
| East Side Mosquito District | 0.2843% | 1,625,229 | 839,128 | 187,056 | 4,887 | 109,465 | 78,806 |
| Salida Sanitary District | 0.2375% | 1,357,692 | 700,995 | 156,263 | 4,082 | 91,445 | 65,833 |
| Keyes Comm. Services District | 0.1023% | 584,808 | 301,944 | 67,308 | 1,758 | 39,389 | 28,358 |
| Hills Ferry Cemetery District | 0.0631% | 360,717 | 186,243 | 41,517 | 1,085 | 24,296 | 17,492 |
| Total | 100.0000% | \$ 571,659,850 | \$ 295,155,755 | \$ 65,795,139 | \$ 1,718,910 | \$ 38,503,284 | \$ 27,719,230 |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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 | | |
| | 6/30/2014 | 6/30/2015 | Net Pension Liability | Deferred Outflows | Deferred Inflows | Net Effect | Actual | Proportionate Share | Difference |
| Stanislaus County | 88.6947% | 88.7280% | \$ 77,611 | \$ 0 | \$ (41,626) | \$ 119,237 | \$ 47,521,099 | \$ 47,779,167 | \$ (258,068) |
| City of Ceres | 5.6923% | 5.6629% | (68,522) | 0 | 36,751 | (105,273) | 3,393,450 | 3,049,417 | 344,033 |
| Stanislaus Superior Court | 4.5917% | 4.5541% | (87,633) | 0 | 47,001 | (134,634) | 2,405,640 | 2,452,339 | (46,699) |
| Stan. Council of Governments | 0.3973% | 0.3678% | (68,754) | 0 | 36,875 | (105,629) | 192,183 | 198,057 | (5,874) |
| East Side Mosquito District | 0.2692% | 0.2843% | 35,193 | 0 | (18,875) | 54,068 | 142,275 | 153,093 | (10,818) |
| Salida Sanitary District | 0.2051% | 0.2375% | 75,514 | 0 | (40,501) | 116,015 | 118,870 | 127,891 | (9,021) |
| Keyes Comm. Services Distric | 0.0903% | 0.1023% | 27,968 | 0 | (15,000) | 42,968 | 43,947 | 55,088 | (11,141) |
| Hills Ferry Cemetery District | 0.0594% | 0.0631% | 8,623 | 0 | (4,625) | 13,248 | 31,567 | 33,979 | (2,412) |
| Total | 100.0000% | 100.0000% | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 53,849,031 | \$ 53,849,031 | \$ 0 |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING 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 | | | | |
| | 6/30/2014 | Current Year | | 6/30/2015 | 6/30/2014 | Current Year | | | 6/30/2015 |
| | | Net Effect | Recognition | | | Net Effect | Recognition | | |
| Stanislaus County | \$ 848,318 | \$ 119,237 | \$ 235,926 | \$ 731,629 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| City of Ceres | 0 | 0 | 0 | 0 | (727,086) | (105,273) | (202,826) | (629,533) | |
| Stanislaus Superior Court | 0 | 0 | 0 | 0 | (421,570) | (134,634) | (132,319) | (423,885) | |
| Stan. Council of Governments | 62,748 | 0 | 15,687 | 47,061 | 0 | (105,629) | (21,127) | (84,502) | |
| East Side Mosquito District | 126,410 | 54,068 | 42,416 | 138,062 | 0 | 0 | 0 | 0 | |
| Salida Sanitary District | 137,071 | 116,015 | 57,471 | 195,615 | 0 | 0 | 0 | 0 | |
| Keyes Comm. Services District | 0 | 42,968 | 8,594 | 34,374 | (7,006) | 0 | (1,751) | (5,255) | |
| Hills Ferry Cemetery District | 0 | 13,248 | 2,650 | 10,598 | (18,886) | 0 | (4,721) | (14,165) | |
| Total | \$ 1,174,547 | \$ 345,536 | \$ 362,744 | \$ 1,157,339 | \$(1,174,548) | \$ (345,536) | \$ (362,744) | \$(1,157,340) | |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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 | | | |
| | Current Year | | Recognition | 6/30/2015 | Current Year | | Recognition | 6/30/2015 |
| | 6/30/2014 | Difference | | | 6/30/2014 | Difference | | |
| Stanislaus County | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (131,278) | \$ (258,068) | \$ (84,434) | \$ (304,912) |
| City of Ceres | 231,598 | 344,033 | 126,707 | 448,924 | 0 | 0 | 0 | 0 |
| Stanislaus Superior Court | 0 | 0 | 0 | 0 | (89,094) | (46,699) | (31,614) | (104,179) |
| Stan. Council of Governments | 0 | 0 | 0 | 0 | (8,646) | (5,874) | (3,336) | (11,184) |
| East Side Mosquito District | 0 | 0 | 0 | 0 | (3,057) | (10,818) | (2,928) | (10,947) |
| Salida Sanitary District | 0 | 0 | 0 | 0 | (1,866) | (9,021) | (2,270) | (8,617) |
| Keyes Comm. Services District | 2,870 | 0 | 717 | 2,153 | 0 | (11,141) | (2,228) | (8,913) |
| Hills Ferry Cemetery District | 0 | 0 | 0 | 0 | (526) | (2,412) | (614) | (2,324) |
| Total | \$ 234,468 | \$ 344,033 | \$ 127,424 | \$ 451,077 | \$ (234,467) | \$ (344,033) | \$ (127,424) | \$ (451,076) |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING 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, 2015 | | | | | | |
|--|---------------------------------|---------------------|-------------------------------|------------------------------|------------------------------|------------------------------------|
| Employer | Proportionate Shares | Experience | Assumption Changes | Investment Return | Proportion Change | Contribution Difference |
| Stanislaus County | 88.7280% | \$ 1,525,155 | \$ 0 | \$ 0 | \$ 731,629 | \$ 0 |
| City of Ceres | 5.6629% | 97,340 | 0 | 0 | 0 | 448,924 |
| Stanislaus Superior Court | 4.5541% | 78,281 | 0 | 0 | 0 | 0 |
| Stan. Council of Governments | 0.3678% | 6,322 | 0 | 0 | 47,061 | 0 |
| East Side Mosquito District | 0.2843% | 4,887 | 0 | 0 | 138,062 | 0 |
| Salida Sanitary District | 0.2375% | 4,082 | 0 | 0 | 195,615 | 0 |
| Keyes Comm. Services District | 0.1023% | 1,758 | 0 | 0 | 34,374 | 2,153 |
| Hills Ferry Cemetery District | 0.0631% | 1,085 | 0 | 0 | 10,598 | 0 |
| Total | 100.0000% | \$ 1,718,910 | \$ 0 | \$ 0 | \$ 1,157,339 | \$ 451,077 |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING 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, 2015 | | | | | | |
|---|---------------------------------|-------------------|-------------------------------|------------------------------|------------------------------|------------------------------------|
| Employer | Proportionate Shares | Experience | Assumption Changes | Investment Return | Proportion Change | Contribution Difference |
| Stanislaus County | 88.7280% | \$ 0 | \$ 0 | \$ 34,163,194 | \$ 0 | \$ 304,912 |
| City of Ceres | 5.6629% | 0 | 0 | 2,180,402 | 629,533 | 0 |
| Stanislaus Superior Court | 4.5541% | 0 | 0 | 1,753,478 | 423,885 | 104,179 |
| Stan. Council of Governments | 0.3678% | 0 | 0 | 141,615 | 84,502 | 11,184 |
| East Side Mosquito District | 0.2843% | 0 | 0 | 109,465 | 0 | 10,947 |
| Salida Sanitary District | 0.2375% | 0 | 0 | 91,445 | 0 | 8,617 |
| Keyes Comm. Services District | 0.1023% | 0 | 0 | 39,389 | 5,255 | 8,913 |
| Hills Ferry Cemetery District | 0.0631% | 0 | 0 | 24,296 | 14,165 | 2,324 |
| Total | 100.0000% | \$ 0 | \$ 0 | \$38,503,284 | \$ 1,157,340 | \$ 451,076 |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING 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, 2015 | | | | | | | |
| Employer | Recognition for Measurement Year Ending | | | | | | Theafter |
| | 2016 | 2017 | 2018 | 2019 | 2020 | | |
| Stanislaus County | \$ (14,940,028) | \$ (14,940,028) | \$ (14,940,024) | \$ 12,608,757 | \$ | 0 | \$ 0 |
| City of Ceres | (1,039,307) | (1,039,307) | (1,039,307) | 854,251 | | 0 | 0 |
| Stanislaus Superior Court | (938,528) | (938,528) | (938,528) | 612,324 | | 0 | 0 |
| Stan. Council of Governments | (71,334) | (71,334) | (71,336) | 30,087 | | 0 | 0 |
| East Side Mosquito District | (8,868) | (8,868) | (8,867) | 49,140 | | 0 | 0 |
| Salida Sanitary District | 14,805 | 14,805 | 14,802 | 55,222 | | 0 | 0 |
| Keyes Comm. Services District | (12,068) | (12,068) | (12,068) | 20,932 | | 0 | 0 |
| Hills Ferry Cemetery District | (13,418) | (13,418) | (13,418) | 11,151 | | 0 | 0 |
| Total | \$ (17,008,746) | \$ (17,008,746) | \$ (17,008,746) | \$ 14,241,864 | \$ | 0 | \$ 0 |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING 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.

This schedule can be used to complete their June 30, 2016 financial statements by those employers who are using a June 30, 2015 measurement date for that document.

| Table VII-9 Schedule of Employers' Pension Expense for the Measurement Year Ending June 30, 2015 | | | | | | | | | |
|---|----------------------------------|-------------------------|----------------------------|--------------------------------|--------------------------|----------------------|----------------------|---------------------------|--------------------------------|
| 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 | \$ 24,594,717 | \$ 235,926 | \$ (84,434) | \$ 24,746,209 | \$ 55,167,295 | \$ 1,408,466 | \$ 76,533,719 | \$ 47,521,099 | \$ 24,746,209 |
| City of Ceres | 1,569,713 | (202,826) | 126,707 | 1,493,594 | 3,447,475 | 314,666 | 5,032,665 | 3,393,450 | 1,493,594 |
| Stanislaus Superior Court | 1,262,361 | (132,319) | (31,614) | 1,098,428 | 2,739,928 | 78,281 | 3,968,859 | 2,405,640 | 1,098,428 |
| Stan. Council of Governments | 101,950 | (5,440) | (3,336) | 93,174 | 159,606 | (9,365) | 267,980 | 192,183 | 93,174 |
| East Side Mosquito District | 78,806 | 42,416 | (2,928) | 118,294 | 211,710 | 16,539 | 219,152 | 142,275 | 118,294 |
| Salida Sanitary District | 65,833 | 57,471 | (2,270) | 121,034 | 222,974 | 62,626 | 158,184 | 118,870 | 121,034 |
| Keyes Comm. Services District | 28,358 | 6,843 | (1,511) | 33,690 | 91,484 | 35,415 | 66,326 | 43,947 | 33,690 |
| Hills Ferry Cemetery District | 17,492 | (2,071) | (614) | 14,807 | 47,801 | 11,683 | 52,878 | 31,567 | 14,807 |
| Total | \$ 27,719,230 | \$ 0 | \$ 0 | \$ 27,719,230 | \$ 62,088,273 | \$ 1,918,311 | \$ 86,299,763 | \$ 53,849,031 | \$ 27,719,230 |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING 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, 2015 | | | | | | | | | | |
|---|----------------------|----------------------------|--------------------------|--------------------------------|------------------------------------|---------------------|-------------------------------------|----------------------|-------------------------|---------------------------------|
| Employer | Proportionate Shares | Proportionate Share of NPL | Covered-Employee Payroll | Share of NPL as a % of Payroll | Plan | | Contractually Required Contribution | Actual Contributions | Contribution Deficiency | Contributions as a % of Payroll |
| | | | | | Fiduciary Net Position as % of TPL | Required | | | | |
| Stanislaus County | 88.7280% | \$ 261,885,799 | \$ 209,757,467 | 124.9% | 86.1% | \$ 47,521,099 | \$ 47,521,099 | \$ 0 | 22.7% | |
| City of Ceres | 5.6629% | 16,714,375 | 13,055,073 | 128.0% | 86.1% | 3,393,450 | 3,393,450 | 0 | 26.0% | |
| Stanislaus Superior Court | 4.5541% | 13,441,688 | 11,845,861 | 113.5% | 86.1% | 2,405,640 | 2,405,640 | 0 | 20.3% | |
| Stan. Council of Governments | 0.3678% | 1,085,583 | 956,812 | 113.5% | 86.1% | 192,183 | 192,183 | 0 | 20.1% | |
| East Side Mosquito District | 0.2843% | 839,128 | 681,719 | 123.1% | 86.1% | 142,275 | 142,275 | 0 | 20.9% | |
| Salida Sanitary District | 0.2375% | 700,995 | 569,573 | 123.1% | 86.1% | 118,870 | 118,870 | 0 | 20.9% | |
| Keyes Comm. Services District | 0.1023% | 301,944 | 245,398 | 123.0% | 86.1% | 43,946 | 43,946 | 0 | 17.9% | |
| Hills Ferry Cemetery District | 0.0631% | 186,243 | 151,256 | 123.1% | 86.1% | 31,567 | 31,567 | 0 | 20.9% | |
| Total | 100.0000% | \$ 295,155,755 | \$ 237,263,160 | 124.4% | 86.1% | \$53,849,031 | \$53,849,031 | \$ 0 | 22.7% | |

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

| | <u>General Members</u> | | <u>Safety Members</u> | | <u>Total</u> | |
|--|------------------------|-----------|-----------------------|-----------|--------------|-----------|
| | 7/1/2013 | 7/1/2014 | 7/1/2013 | 7/1/2014 | 7/1/2013 | 7/1/2014 |
| Active Participants | | | | | | |
| Number | 3,230 | 3,303 | 694 | 689 | 3,924 | 3,992 |
| Average Age | 46.44 | 45.99 | 38.84 | 38.76 | 45.09 | 44.74 |
| Average Service | 11.75 | 11.47 | 10.66 | 10.87 | 11.56 | 11.37 |
| Average Pay (does not reflect impact of furloughs) | \$ 54,625 | \$ 54,377 | \$ 61,370 | \$ 63,022 | \$ 55,818 | \$ 55,869 |
| Service Retired | | | | | | |
| Number | 2,236 | 2,351 | 317 | 328 | 2,553 | 2,679 |
| Average Age | 69.19 | 69.33 | 64.15 | 64.57 | 68.56 | 68.74 |
| Average Annual Total Benefit | \$ 26,721 | \$ 27,500 | \$ 48,989 | \$ 50,096 | \$ 29,486 | \$ 30,266 |
| Beneficiaries | | | | | | |
| Number | 312 | 314 | 85 | 85 | 397 | 399 |
| Average Age | 73.38 | 73.25 | 66.41 | 66.95 | 71.88 | 71.91 |
| Average Annual Total Benefit | \$ 15,529 | \$ 16,164 | \$ 25,838 | \$ 26,590 | \$ 17,736 | \$ 18,385 |
| Duty Disabled | | | | | | |
| Number | 107 | 107 | 113 | 117 | 220 | 224 |
| Average Age | 65.57 | 66.22 | 57.14 | 57.55 | 61.24 | 61.69 |
| Average Annual Total Benefit | \$ 22,723 | \$ 23,358 | \$ 35,097 | \$ 35,924 | \$ 29,079 | \$ 29,921 |
| Ordinary Disabled | | | | | | |
| Number | 73 | 77 | 6 | 6 | 79 | 83 |
| Average Age | 64.56 | 64.10 | 57.15 | 58.17 | 64.00 | 63.67 |
| Average Annual Total Benefit | \$ 15,651 | \$ 15,125 | \$ 19,424 | \$ 19,909 | \$ 15,938 | \$ 15,471 |
| Total In Pay | | | | | | |
| Number | 2,728 | 2,849 | 521 | 536 | 3,249 | 3,385 |
| Average Age | 69.40 | 69.50 | 62.92 | 63.34 | 68.36 | 68.53 |
| Average Annual Total Benefit | \$ 24,988 | \$ 25,760 | \$ 41,859 | \$ 42,937 | \$ 27,693 | \$ 28,480 |
| Terminated Vested | | | | | | |
| Number | 556 | 533 | 103 | 106 | 659 | 639 |
| Average Age | 49.80 | 49.82 | 43.91 | 44.11 | 48.88 | 48.88 |
| Average Service | 7.64 | 8.01 | 6.67 | 7.55 | 7.49 | 7.93 |
| Transfers | | | | | | |
| Number | 193 | 226 | 73 | 97 | 266 | 323 |
| Average Age | 45.45 | 44.89 | 37.33 | 38.05 | 43.22 | 42.83 |
| Average Service | 5.61 | 7.51 | 5.94 | 8.00 | 5.70 | 7.66 |
| Total Inactives | | | | | | |
| Number | 749 | 759 | 176 | 203 | 925 | 962 |
| Average Age | 48.68 | 48.35 | 41.18 | 41.22 | 47.25 | 46.85 |
| Average Service | 7.12 | 7.86 | 6.36 | 7.76 | 6.98 | 7.84 |

Please refer to the June 30, 2014 actuarial valuation report for a more complete summary of the data.

**STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

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, 2015 is provided below, including any assumptions that differ from those used in the June 30, 2014 actuarial valuation. Please refer to the June 30, 2014 actuarial valuation report for a complete description of all other assumptions.

Key Actuarial Assumptions

| | |
|--|---|
| Expected Return on Assets | 7.75 percent per year, net of investment expenses |
| Discount Rate | 7.75 percent per year |
| Price Inflation | 3.25% per year |
| Salary Increases | 3.50% per year plus merit component based on employee classification and years of service |
| Administrative Expenses | An allowance of \$2,100,000 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. |
| Mortality Rates for Healthy Members and Inactives | Sex distinct Retired Pensioners (RP) 2000 Combined Mortality tables published by the Society of Actuaries projected from 2000 to 2020 using Scale AA. Additional rates for Duty Death for Safety members. |

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, 2014 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 3.50%, over a closed period of 22 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
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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
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the July 1, 2014 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.