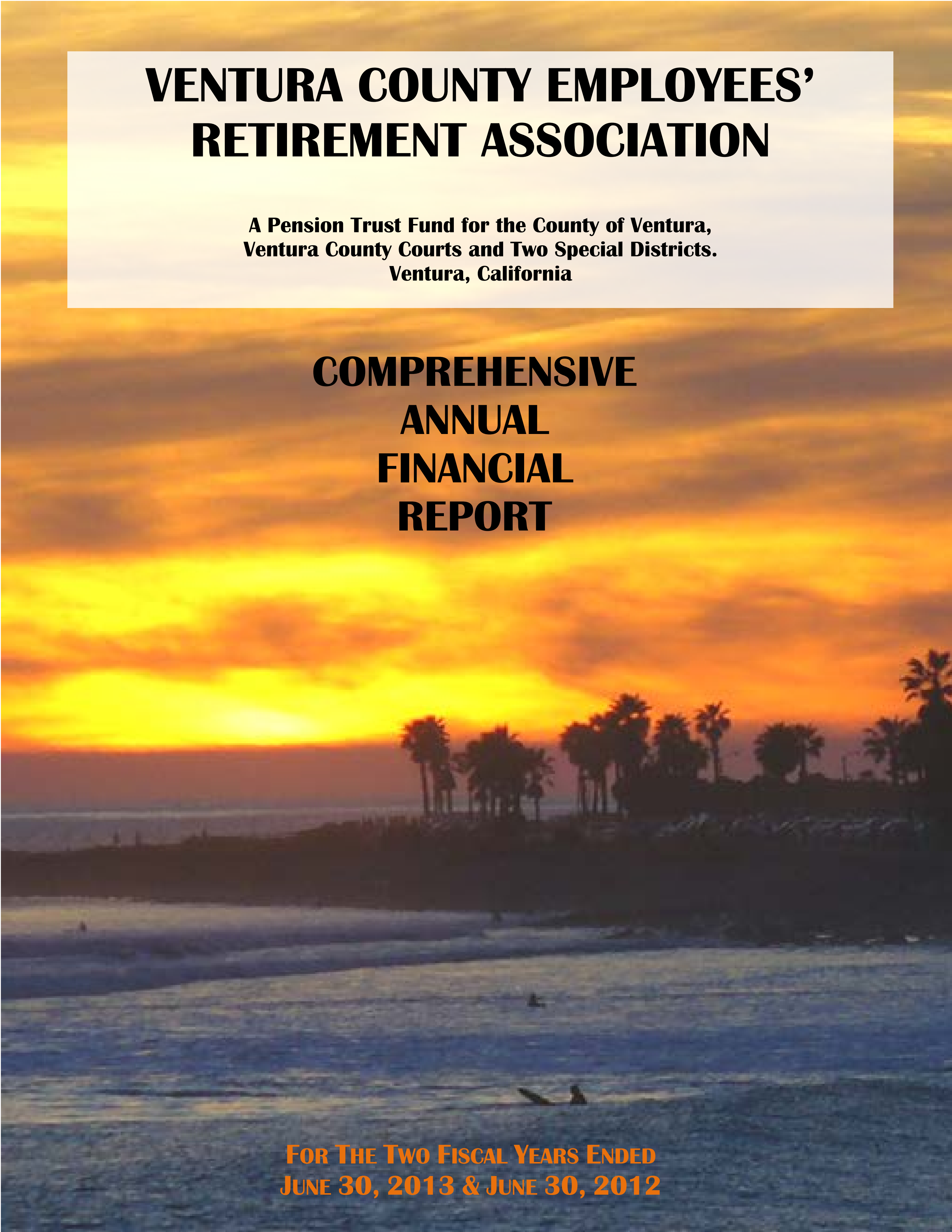


VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**A Pension Trust Fund for the County of Ventura,
Ventura County Courts and Two Special Districts.
Ventura, California**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE TWO FISCAL YEARS ENDED
JUNE 30, 2013 & JUNE 30, 2012**

THIS PAGE INTENTIONALLY LEFT BLANK

Comprehensive Annual Financial Report

For The Two Fiscal Years Ended June 30, 2013 & June 30, 2012

Issued By:
Henry C. Solis, CPA
Chief Financial Officer

Ventura County Employees' Retirement Association

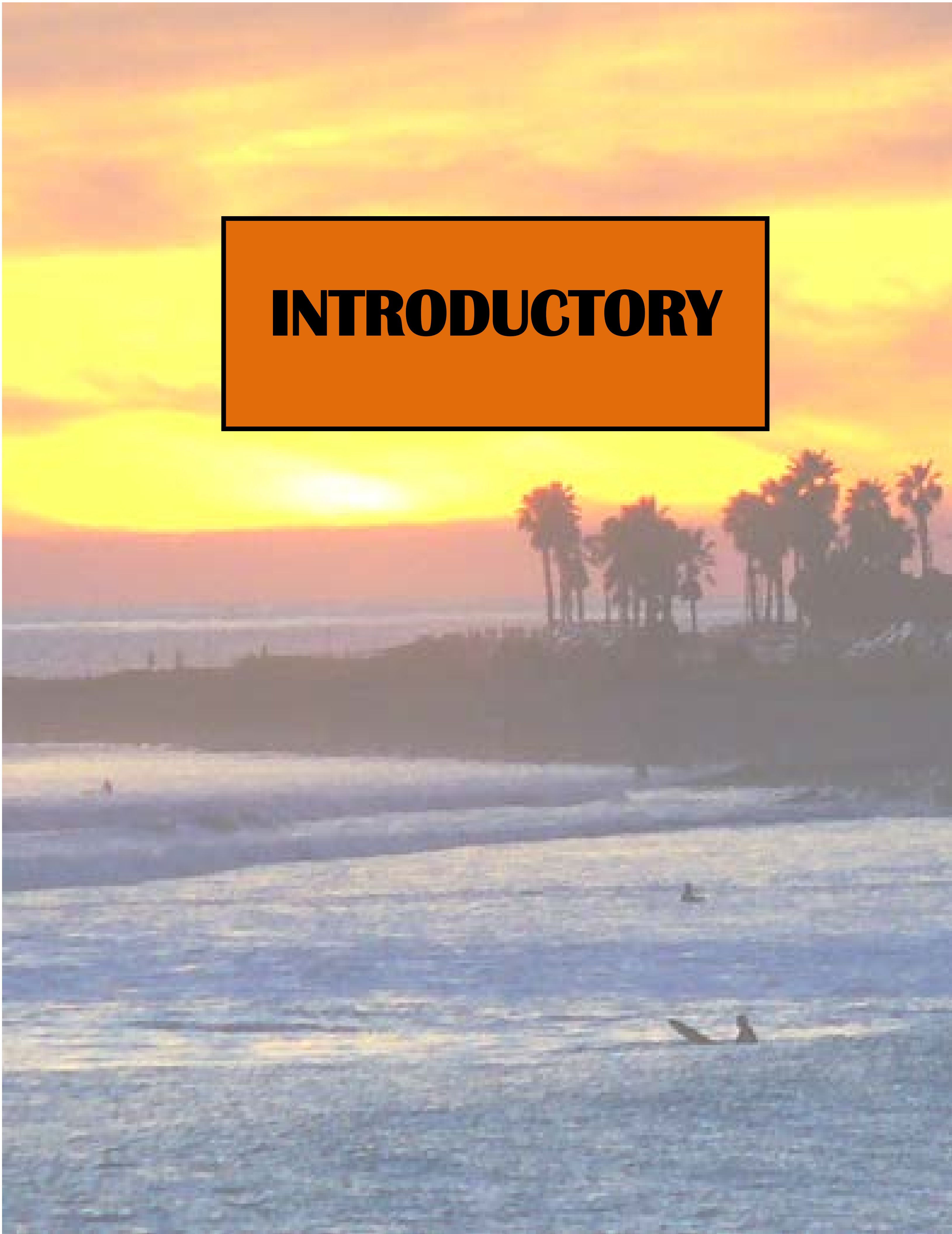
A Pension Trust Fund for the County of Ventura, Ventura County Courts and Two Special Districts.

1190 South Victoria Avenue, Suite 200 • Ventura, CA 93003-6572
805.339.4250 • fax 805.339.4269 • www.ventura.org/vcera

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

INTRODUCTORY



Letter of Transmittal

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200
Ventura, CA 93003-6572
(805) 339-4250 • Fax: (805) 339-4269
http://www.ventura.org/vcera

January 29, 2014

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

Dear Board Members:

It is with pleasure that I submit to you the Comprehensive Annual Financial Report of the Ventura County Employees' Retirement Association (VCERA) for the two fiscal years ended June 30, 2013 and June 30, 2012, VCERA's 66th and 65th years of operation. The information contained in this report is intended to provide the user with a complete and accurate description of the past years' operations and other significant information regarding the retirement system, which includes employees of the County of Ventura, the Ventura County Courts, Air Pollution Control District, and the Ventura Regional Sanitation District.

VCERA management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of financial information, including all disclosures, contained in this report. Your attention is directed to the Overview and Analysis found in the Management Discussion & Analysis, and the Narrative Introduction found in the Statistical section.

VCERA AND ITS SERVICES

The Ventura County Employees' Retirement Association was established by the County of Ventura in 1947. VCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.) VCERA is a public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the safety and general members employed by the County of Ventura. VCERA also provides retirement benefits to the employee members of the Ventura County Courts, Air Pollution Control District, and the Ventura Regional Sanitation District.

MARKET CONDITIONS AND INVESTMENT RESULTS

The 2013 fiscal year began with equities strongly rebounding, but having been more influenced by monetary policies than "real" economic events, there was no resultant sustained increasing GDP. Following on two years, 2010 and 2011, of moderate GDP growth of 5% and 4%, respectively, the economy began to weaken by the end of fiscal year 2012-13 ending with a 2% GDP.

Letter of Transmittal (continued)

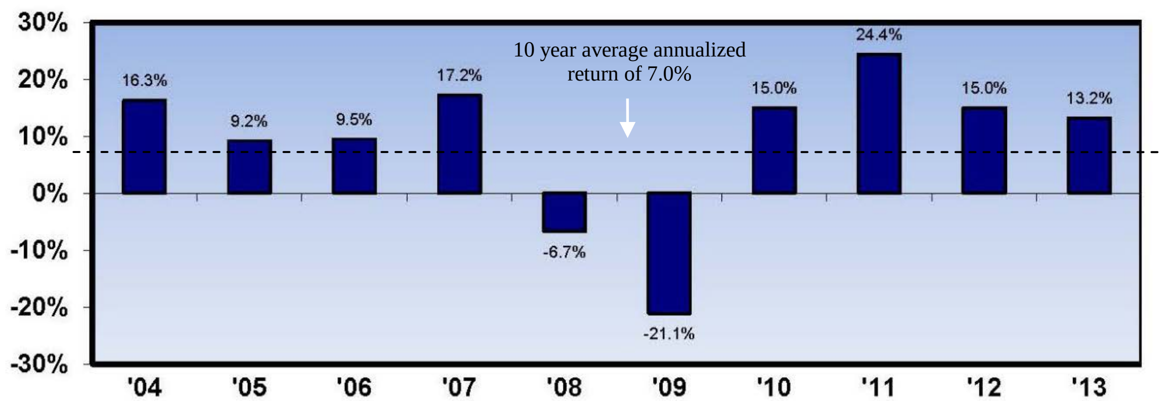
While the prospective pull back from quantitative easing and weak economic data in the U.S. brought about a sell off near year end there were encouraging signs for the second half of the year. U.S. trade competitiveness improved with an increase in exports of autos, airliners, and medical devices. Correspondingly, employment gains had been steady, with a concomitant increase in weekly earnings and hours worked. At the same time inflation was low, with a 1% annualized rate in the last quarter of the fiscal year continuing the deleveraging trend of the prior years.

As the debt that fueled the emerging market growth declined, capital outflows further weakened the emerging markets. Europe's economy also contracted, though ample liquidity and lines of credit appeared to have averted issues of insolvency.

For the 2013 fiscal year, U.S. equity markets returned 21.5%, international equity and global markets returned 13.6% and 16.6%, respectively, U.S. fixed income and global fixed income markets returned -0.7% and -2.2%, respectively, while real estate returned 10.7%.

For the years ended June 30, 2013 and 2012, VCERA investments provided a 13.2% and 1.5% return, respectively. VCERA's annualized return over the last three years and five years was 12.6% and 5.3%, respectively.

VCERA's annualized return over the past ten years was 7.0% with the annual returns by year expressed as follows:



SIGNIFICANT EVENTS, ACCOMPLISHMENTS AND OBJECTIVES

The 2012-2013 fiscal year saw changes in the operation and administration of the retirement system by the Board of Retirement (Board) and staff. Some of the more significant events and accomplishments of the past year are summarized below:

- Pension Administration System Project was 31% completed.
- Added alternative investments.
- Increased staffing in Member Services.

Letter of Transmittal (continued)

Objectives established by the Board and staff for the coming year include:

- Continue to resource the pension administration system project.
- Conduct an organizational effectiveness study.
- Obtain a favorable tax determination letter for the plan.

FINANCIAL INFORMATION

Management is responsible for preparing retirement system financial statements, notes to financial statements, supplementary disclosures and establishing and maintaining an adequate internal control structure designed to ensure retirement system assets are protected. VCERA recognizes that even sound internal controls have inherent limitations. Our internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that cost-benefit analyses require estimates and judgments by management.

Brown Armstrong Accountancy Corporation was retained by the Board to perform the annual audit as of June 30, 2013. The financial audit states that VCERA's financial statements are prepared in conformity with generally accepted accounting principles and are free of material misstatement.

ACTUARIAL FUNDING STATUS

VCERA's funding objective is to meet long-term benefit requirements by maintaining a well-funded plan. Characteristics of a well-funded plan include a high ratio of accumulated plan assets to meet accrued actuarial liabilities. Sources of funding include employer and employee contributions and investment income. As of June 30, 2013, VCERA's value of actuarial assets was approximately $3.6 billion resulting in a funding status of 79.2%. A six-year history of funding progress is presented on page 36.

Annually, VCERA retains an independent actuarial firm to conduct an actuarial valuation. Segal Consulting performed the June 30, 2013 valuation. Triennially, VCERA will request its actuary to analyze the appropriateness of all economic and non-economic assumptions used in the annual valuations. Recommendations for assumption changes are presented to the Board for their consideration.

The latest triennial investigation was completed as of April 4, 2012, and recommended assumption changes were adopted on May 21, 2012.

INVESTMENTS

VCERA's investment policy is established in accordance with the County Employees' Retirement Law of 1937. The policy requires the Board to discharge their duties:

- Solely in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries, minimizing employer contributions, and defraying reasonable expenses of administering the system.

Letter of Transmittal (continued)

- With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- By diversifying the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstance it is clearly not prudent to do so.

A summary of the asset allocation can be found in the Investment section of this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Ventura County Employees' Retirement Association for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this Comprehensive Annual Financial Report reflects the efforts of VCERA staff and consultants who made significant contributions to the preparation of this report.

I would also like to thank our auditor, Brown Armstrong Accountancy Corporation, for their professional assistance. Finally, on behalf of VCERA staff, I want to thank your Board for its continued support. The leadership and support provided by your Board has contributed to the overall success of our retirement system.

Respectfully submitted,

Henry C. Solis, CPA
Chief Financial Officer

GFOA Certificate of Achievement

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ventura County

Employees' Retirement Association

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Jeffrey R. Emer

Executive Director/CEO

Members of the Board of Retirement
At June 30, 2013

CHAIRMAN
William W. Wilson, Public Member
Appointed by the Board of Supervisors
Present term expires December 31, 2015

VICE-CHAIRMAN
Tracy Towner, Employee Member
Elected by Safety Members
Present term expires September 12, 2014

TREASURER
Steven Hintz, Ventura County Treasurer-Tax Collector
Ex-officio Member of the Board of Retirement
Present term expires January 5, 2015

MEMBERS
Peter C. Foy, County Supervisor, Public Member
Appointed by the Board of Supervisors
Present term expires December 31, 2015

Joseph Henderson, Public Member
Appointed by the Board of Supervisors
Present term expires December 31, 2013

Mike Sedell, Public Member
Appointed by the Board of Supervisors
Present term expires December 31, 2013

Tom Johnston, Employee Member
Elected by General Members
Present term expires December 31, 2014

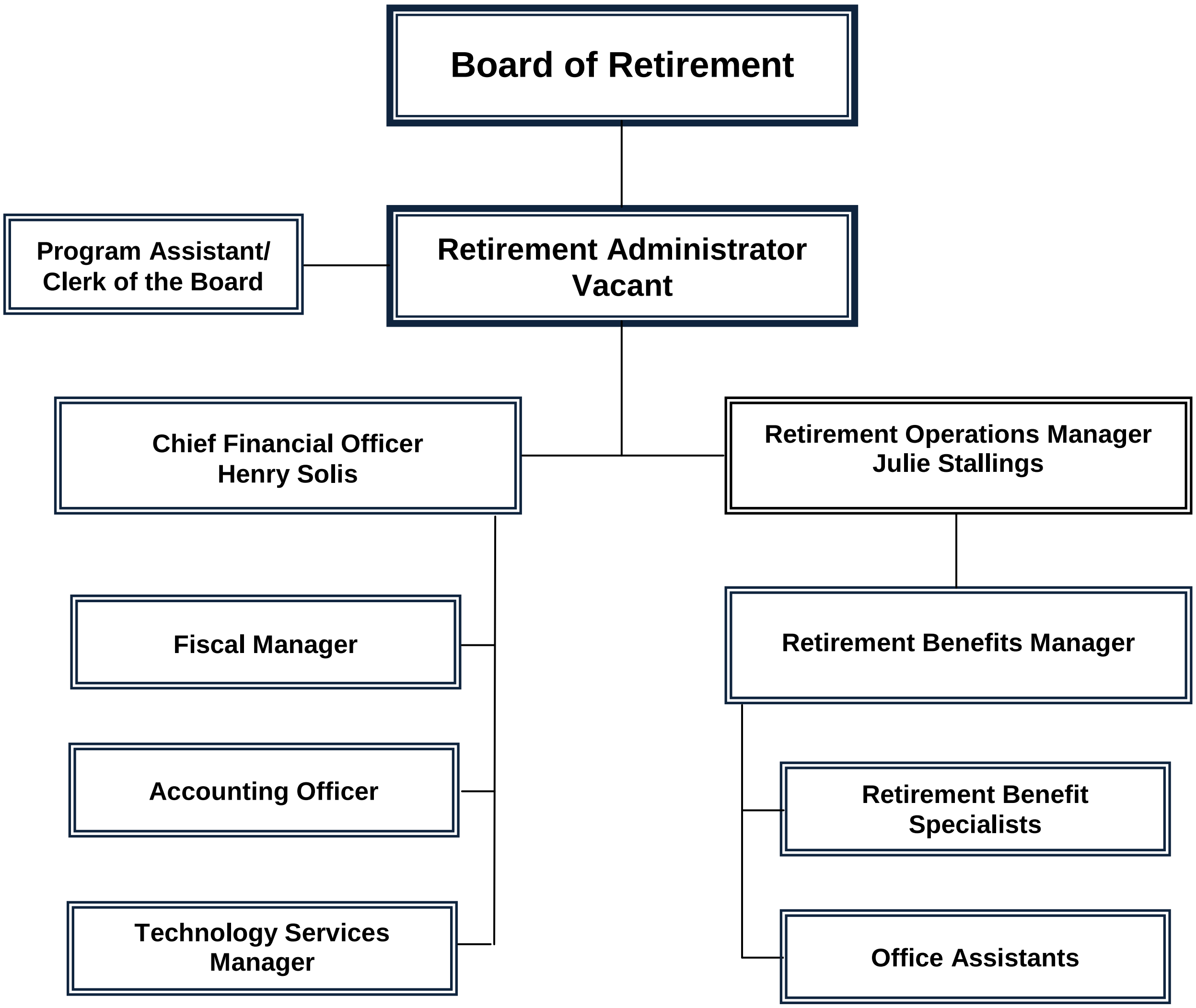
Deanna McCormick, Employee Member
Elected by General Members
Present term expires December 31, 2015

Arthur E. Goulet, Retired Member
Elected by Retired Members
Present term expires December 31, 2014

ALTERNATE MEMBERS
Chris Johnston, Employee Member
Elected by Safety Members
Present term expires September 12, 2014

Will Hoag, Retired Member
Elected by Retired Members
Present term expires December 31, 2014

Organization Chart



List of Professional Consultants

ACTUARY
The Segal Company

CUSTODIAN
State Street Bank and Trust

INDEPENDENT AUDITOR
Brown Armstrong Accountancy Corporation

LEGAL COUNSEL
County Counsel of the County of Ventura
Manatt, Phelps & Phillips
Foley & Lardner LLP
HansonBridgett

TECHNICAL SUPPORT
Automatic Data Processing
Information Technology Services of the County of Ventura
CMP Associates
Linea Solutions
Managed Business Solutions
SBS Group
Vitech Systems Inc.

List of Investment Professionals is located on Page 45 of the Investment Section of this report.

FINANCIAL

BROWN ARMSTRONG

CERTIFIED PUBLIC ACCOUNTANTS

MAIN OFFICE
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

560 CENTRAL AVENUE
SHAFTER, CALIFORNIA 93263
TEL 661.746.2145
FAX 661.746.1218

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

221 E. WALNUT STREET
SUITE 260
PASADENA, CALIFORNIA 91101
TEL 626.204.6542
FAX 626.204.6547

5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

Member of PKF North America

BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Retirement
Ventura County Employees' Retirement Association
Ventura, California

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of the Ventura County Employees' Retirement Association (VCERA) as of June 30, 2013 and 2012, and the related Statement of Changes in Fiduciary Net Position for the years then ended, and the related notes to the financial statements, which collectively comprise the VCERA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of the VCERA as of June 30, 2013 and 2012, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended June 30, 2013, VCERA implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows Resources, and Net Position.* Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on these financial statements. The other supplementary information and the introductory, investment, actuarial, and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2014, on our consideration of the VCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the VCERA's internal control over financial reporting on compliance and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
January 29, 2014

Management's Discussion and Analysis

The following review of the results of Ventura County Employees' Retirement Association's (VCERA) operations and financial condition for the year ended June 30, 2013, should be read in conjunction with the Letter of Transmittal found in the Introductory Section of the report and with the required financial statements that follow this discussion and analysis.

HIGHLIGHTS

- VCERA's net position restricted for pension benefits increased $417.9 million to approximately $3.6 billion for the fiscal year ending June 30, 2013.
- Deductions in Plans Net Position increased 7.7% to $213.9 million.
- VCERA's funding status, as measured by the actuarial value of assets divided by the actuarial value of accrued liabilities, increased to approximately 79.2%.

THE FINANCIAL SECTION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The financial section of this Comprehensive Annual Financial Report consists of two financial statements, required supplementary information, and other supplemental schedules. The implementation of Governmental Accounting Standards Statement (GASB) No. 63 caused the names of VCERA's Basic Financial Statements to change. They are now referred to as the *Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.* The *Statement of Fiduciary Net Position* includes information, as of the end of the fiscal year, about VCERA's assets, liabilities, and net position on a fair value basis. The *Statement of Changes in Fiduciary Net Position* includes information about the additions to, deductions from, and net increase/decrease for the year in plan net position. The required supplementary information provides historical trend information about VCERA's funding status and annual required employer contributions. The other supplemental schedules provide details of administrative expenses, investment expenses and payments to consultants.

FINANCIAL ANALYSIS

During the year, the domestic equities portfolio outperformed all other VCERA asset classes with a positive return of 21.5%. The international equity portfolio gained 14.1% and global equity returned 15.8%. The domestic and global fixed income portfolios returned 2.3% and -1.6%, respectively. The real estate portfolio gained 8.9% while private equity returned 8.4%.

VCERA's funded status increased to 79.2% from 77.7% during the year as the return on the investments exceeded the growth in obligations. Management maintains, as supported by the annual actuarial valuations, that VCERA remains in a financial position to meet all obligations to participants and beneficiaries.

NET POSITION RESTRICTED FOR PENSION BENEFITS

Net Position Restricted for Pension Benefits (Net Position) represents assets held to pay benefits earned by plan members. The plans Net Position increased 13.0% to approximately $3.6 billion for 2013 as compared to 1.2% and $3.2 billion for 2012. Investments increased by approximately $454.3 million in 2012-2013, as a result of an increase in the fair value of VCERA's investment portfolio due primarily to appreciation in the value of the equity portfolio.

Management's Discussion and Analysis (continued)

Investments increased $24.9 million in 2011-12, mostly due to the equity and real estate portfolios. Current Assets decreased by $105.3 and $90.4 million in 2013 and 2012, respectively, as cash and security lending receivable were lower than in the prior years. Total Liabilities decreased by $66.1 and $102.0 million in 2013 and 2012, respectively, due to lower accrued liabilities and security lending payable in each respective year.

($ IN THOUSANDS)	2013	2012	DIFFERENCE	% CHANGE
CURRENT ASSETS	$ 146,598	$ 251,918	$ (105,320)	(41.8%)
INVESTMENTS	3,576,215	3,121,883	454,332	14.6%
PENSION SOFTWARE	3,444	687	2,757	401.3%
TOTAL ASSETS	**3,726,257**	**3,374,488**	**351,769**	**10.4%**
TOTAL LIABILITIES	(98,752)	(164,871)	66,119	(40.1%)
NET POSITION	**$3,627,505**	**$3,209,617**	**$ 417,888**	**13.0%**

Overall the plan's Net Position continued to recover in 2012 and 2013, mostly due to investment performance, as investments contributed $479.2 to the net position.

	2012	2011	DIFFERENCE	% CHANGE
CURRENT ASSETS	$ 251,918	$ 342,335	$ (90,417)	(26.4%)
INVESTMENTS	3,121,883	3,097,001	24,882	0.8%
PENSION SOFTWARE	687	-	687	N/A
TOTAL ASSETS	**3,374,488**	**3,439,336**	**(64,848)**	**(1.9%)**
TOTAL LIABILITIES	(164,871)	(267,011)	102,140	(38.3%)
NET POSITION	**$3,209,617**	**$3,172,325**	**$ 37,292**	**1.2%**

ADDITIONS TO PLAN NET POSITION

The primary sources to finance benefits VCERA provides are accumulated through investment income and the collection of employer and employee contributions. Fiscal year 2013 results showed a combined 6.9% increase in employer and employee contributions. Net investment income added an additional $386.0 million. Fiscal year 2012 results showed an increase of 17.9% increase in employer and employee contributions and net investment income added an additional $50.7 million. Overall, employer and employee contributions contributed an additional $30.6 million and investment income contributed an additional $487.3 million from 2011 to 2013.

($ IN THOUSANDS)	2013	2012	DIFFERENCE	% CHANGE
EMPLOYER CONTRIBUTIONS	$ 150,688	$ 140,773	$ 9,915	7.0%
EMPLOYEE CONTRIBUTIONS	44,464	44,487	(23)	(0.1%)
NET INVESTMENT INCOME	436,638	50,683	385,955	761.5%
TOTAL ADDITIONS	**$ 631,790**	**$ 235,943**	**$ 395,847**	**167.8%**

Management's Discussion and Analysis (continued)

($ IN THOUSANDS)	2012	2011	DIFFERENCE	% CHANGE
EMPLOYER CONTRIBUTIONS	$ 140,773	$ 120,053	$ 20,720	17.3%
EMPLOYEE CONTRIBUTIONS	44,487	44,238	249	0.6%
NET INVESTMENT INCOME	50,683	627,327	(576,644)	(91.9%)
TOTAL ADDITIONS	**$ 235,943**	**$ 791,618**	**$ (555,675)**	**(70.2%)**

DEDUCTIONS IN PLAN NET POSITION

VCERA's assets are used primarily in the payment of benefits to retired members and their beneficiaries, refunds of member contributions and plan administration costs. An increase in the number of retired members and an increase in the average benefit payment were the primary contributors to the increase in Benefit Payments in 2012 and 2013. An increase in administrative expenses in 2013 was primarily the result of an increase in staffing.

($ IN THOUSANDS)	2013	2012	DIFFERENCE	% CHANGE
BENEFIT PAYMENTS	$205,238	$191,332	13,906	7.3%
MEMBER REFUNDS	4,720	3,783	937	24.8%
ADMINISTRATIVE	3,944	3,536	408	11.5%
TOTAL DEDUCTIONS	**$213,902**	**$198,651**	**15,251**	**7.7%**

($ IN THOUSANDS)	2012	2011	DIFFERENCE	% CHANGE
BENEFIT PAYMENTS	$191,332	$180,070	11,262	6.3%
MEMBER REFUNDS	3,783	4,388	(605)	(13.8%)
ADMINISTRATIVE	3,536	4,387	(851)	(19.4%)
TOTAL DEDUCTIONS	**$198,651**	**$188,845**	**9,806**	**5.2%**

Benefit payments grew in 2012 and 2013 by approximately $11.3 and $13.9 million dollars or 6.3% and 7.3%, respectively, as the retirement plan continues to mature. Member refunds reflect a 24.8% increase of over $937 thousand dollars in 2013 as compared to a 13.8% decrease or $605 thousand dollars in 2012. Overall benefit payments have grown by $25.2 million from 2011 to 2013, due to maturity of the plan, as previously stated. Refunds grew by $332 thousand from 2011 to 2013 and have averaged about $4.3 million over the three year period.

VCERA'S FIDUCIARY RESPONSIBILITY

VCERA is a fiduciary for the County of Ventura's, Ventura County Courts', Air Pollution Control District's, and Ventura Regional Sanitation District's pension plans. As such, VCERA is responsible for ensuring the plan assets reported in these financial statements are used to pay retirement benefits to eligible plan participants.

Management's Discussion and Analysis (continued)

NEW PENSION ACCOUNTING AND FINANCIAL REPORTING STANDARDS

On June 25, 2012, the Governmental Accounting Standards Board (GASB) voted to approve two new standards that substantially improved the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, *Financial Reporting for Pension Plans*, revised existing guidance for the financial reports of most pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions*, revised and established new financial reporting requirements for governments that provide their employees with defined benefit pensions. These accounting and financial reporting standards represent the most significant fundamental changes in reporting requirements for pension plans (VCERA) and plan sponsors (Ventura County and outside Districts) since 1994.

For VCERA, the new standards build upon the existing framework for financial reports, enhance the note disclosures and required supplementary information, and require the presentation of new information about annual money-weighted rates of return in the notes to the financial statements. The new financial reporting provisions for VCERA are effective for fiscal year ending June 30, 2014.

The new standards require the County of Ventura and outside Districts to recognize their proportionate share of long-term obligations for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. This proportionate share is based on the plan sponsors' long-term contribution effort. The new financial reporting standards also enhance accountability and transparency through revised and new note disclosures and required supplementary information. For the County of Ventura and outside Districts, the new financial reporting provisions are effective for its fiscal year ending June 30, 2015.

The VCERA Board, through our professional organizations, management, and consultants, will evaluate and implement these new requirements as prescribed within the required time frame.

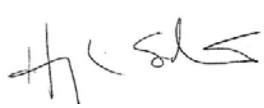
REQUESTS FOR INFORMATION

The financial report is designed to provide the Board of Retirement, our membership, and other interested third parties with a general overview of VCERA's finances and to show accountability for the funds it receives.

Address questions regarding this report and/or requests for additional information to:

Chief Financial Officer, VCERA
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

Respectfully submitted,



Henry C. Solis, CPA
Chief Financial Officer

FINANCIAL STATEMENTS

Statements of Fiduciary Net Position
As of June 30, 2013 and June 30, 2012

	2013	2012
ASSETS		
CASH AND SHORT TERM INVESTMENTS	**$ 63,940,819**	**$ 118,800,271**
SECURITIES LENDING CASH COLLATERAL	**50,542,569**	**94,634,819**
PENSION SOFTWARE DEVELOPMENT	**3,443,718**	**686,886**
RECEIVABLES		
EMPLOYER/EMPLOYEE CONTRIBUTIONS	4,487,879	3,754,115
ACCRUED INTEREST AND DIVIDENDS	3,537,646	5,175,132
SECURITY SALES	24,075,489	29,531,517
MISCELLANEOUS	14,078	21,685
TOTAL RECEIVABLES	**32,115,092**	**38,482,449**
INVESTMENTS AT FAIR VALUE		
DOMESTIC EQUITY SECURITIES	90,236,736	87,964,565
DOMESTIC EQUITY INDEX FUNDS	1,187,529,462	1,084,670,705
INTERNATIONAL EQUITY SECURITIES	315,114,096	531,184,762
INTERNATIONAL INDEX FUNDS	341,408,722	-
GLOBAL EQUITY	320,556,664	267,297,716
PRIVATE EQUITY	44,409,872	26,930,165
UNITED STATES GOVERNMENT DEBT SECURITIES & CORPORATE BONDS	563,060,465	685,619,990
DOMESTIC BOND INDEX FUND	130,569,854	131,199,409
INTERNATIONAL BONDS	71,314,818	23,776,639
GLOBAL BONDS	119,164,676	-
REAL ESTATE	283,379,695	283,239,366
ALTERNATIVE	109,469,955	-
TOTAL INVESTMENTS	**3,576,215,015**	**3,121,883,317**
TOTAL ASSETS	**3,726,257,213**	**3,374,487,742**
LIABILITIES		
SECURITY PURCHASES	45,685,949	68,472,851
ACCOUNTS PAYABLE	2,523,228	1,762,866
CASH COLLATERAL FOR PAYABLE FOR SECURITIES LENDING	50,542,569	94,634,819
TOTAL LIABILITIES	**98,751,746**	**164,870,536**
NET POSITION RESTRICTED FOR PENSION BENEFITS	**$3,627,505,467**	**$3,209,617,206**

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

Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2013 and June 30, 2012

	2013	2012
ADDITIONS		
CONTRIBUTIONS		
EMPLOYER - ACTUARIALLY DETERMINED	$ 142,369,931	$ 132,385,968
EMPLOYER - OTHER	8,317,910	8,386,757
EMPLOYEE	44,463,983	44,486,749
TOTAL CONTRIBUTIONS	**195,151,824**	**185,259,474**
INVESTMENT INCOME		
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	395,973,510	17,880,635
INTEREST INCOME	18,999,346	24,446,177
DIVIDEND INCOME	17,027,714	4,483,161
REAL ESTATE OPERATING INCOME (NET)	14,366,645	12,722,093
INVESTMENT EXPENSE	(9,901,235)	(9,102,873)
NET INVESTMENT INCOME, BEFORE SECURITIES LENDING INCOME	**436,465,980**	**50,429,193**
SECURITIES LENDING INCOME		
EARNINGS	298,205	437,212
REBATES	(48,764)	(64,670)
FEES	(77,300)	(118,565)
NET SECURITIES LENDING INCOME	**172,141**	**253,977**
NET INVESTMENT INCOME	**436,638,121**	**50,683,170**
TOTAL ADDITIONS	**631,789,945**	**235,942,644**
DEDUCTIONS		
BENEFIT PAYMENTS	205,238,224	191,331,918
MEMBER REFUNDS	4,719,733	3,782,776
ADMINISTRATIVE EXPENSES	3,943,727	3,535,807
TOTAL DEDUCTIONS	**213,901,684**	**198,650,501**
NET INCREASE IN NET POSITION	**417,888,261**	**37,292,143**
NET POSITION RESTRICTED FOR PENSION BENEFITS: BEGINNING OF YEAR	3,209,617,206	3,172,325,063
END OF YEAR	**$3,627,505,467**	**$3,209,617,206**

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

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY. Ventura County Employees' Retirement Association (VCERA), with its own governing board, is an independent governmental entity separate and distinct from the County of Ventura. Actuarially determined financial data for VCERA is included in the County of Ventura's Annual Financial Report in the "Notes to the Basic Financial Statements" section. The specific elements of the financial accountability criteria considered in defining a reporting entity are appointment of a voting majority of the Board of Retirement (Board) and either the ability to impose will or possibility of providing a financial benefit or imposing a financial burden. Application of the financial accountability criteria did not identify additional entities to be included in VCERA's annual report.

BASIS OF ACCOUNTING. The accompanying financial statements are prepared on the accrual basis of accounting. Investment income is recognized when earned. Administrative and investment expenses are recorded when incurred. Contributions, benefit payments, and refunds are recorded when due and payable in accordance with the terms of the plan. The net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) in investment income based upon investment valuations.

INVESTMENT VALUATION. VCERA investments are presented at fair value. The majority of the investments held by the VCERA Plan at June 30, 2013 is in the custody of, or controlled by, State Street Bank and Trust, VCERA's custodian. VCERA's investments consist of domestic and international fixed income, domestic and international equities, private equity, alternatives, and real estate. The diversity of the investment types that VCERA has entered into requires a wide range of techniques to determine fair value. The overall valuation processes and information sources by major asset classifications are as follows:

FIXED INCOME. Fixed income consists of Global negotiable obligations, which includes U.S. Government and U.S. Government-sponsored agencies, corporations, and securitized offerings backed by residential and commercial mortgages. Certain securities, such as U.S. government bonds, have an active market for identical securities and can typically be valued using the closing or last traded price on a specific date. Other securities that are not as actively traded are valued by pricing vendors, which use modeling techniques that include market observable inputs required to develop a fair value. Typical inputs include recent trades, yields, price quotes, cash flows, maturity, credit ratings and other assumptions based upon the specifics of the asset type.

EQUITIES. The majority of the Association's domestic and international equity securities are actively traded on major stock exchanges or over-the-counter. Investments listed or traded on a securities exchange are valued at fair value as of the close of trading on the valuation day. Fair value is determined based on the last reported trade price on the exchange considered to be the primary market for such security. Listed investments that are not traded on a particular day are valued at the last known price deemed best to reflect their fair value. Investments not traded on a securities exchange, but which are traded in any other market or over the counter, are valued based on prices obtained from third party service providers.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

PRIVATE EQUITY. Private equity investments are made on a fund-of-fund basis. The underlying equity fund portfolio consists of securities in portfolio companies as well as marketable securities. Typically, the fair value of all investments is determined by the fund manager in good faith and in compliance with the definition of fair value under U.S. generally accepted accounting principles or "GAAP" (Financial Accounting Standards Board (FASB) Accounting Standards Codification, Topic 820). In some circumstances, partnership agreements require reporting financial information and valuations in an accounting standard other than GAAP such as under International Financial Reporting Standards. The measure of fair value by the fund manager is typically conducted on a quarterly basis. Marketable securities are valued according to the most recent public market price with appropriate discounts to reflect any contractual or regulatory restriction upon sale. The fair value of each investment as reported does not necessarily represent the amount that may ultimately be realized, since such amounts depend upon future circumstances that cannot reasonably be determined until the position is actually liquidated. The fund's evaluation of the fair value of portfolio funds is based on the most recent available valuation information provided to it by the portfolio funds, adjusted for subsequent distributions from and capital contributions to such portfolio funds, if any. The evaluation of the fair value of co-investments is based on the most recent information available at the time of valuation ascribed to such investments by the sponsor partnership. If the manager does not agree with this valuation, holds different securities than the sponsor partnership, is unable to obtain the sponsor partnership's valuation, or has information that results in a different valuation, it may use its own internal evaluation of fair value. The assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

REAL ESTATE. Real estate is held either via a real estate limited partnership or a commingled fund. Real estate investments in a limited partnership or commingled fund are long-term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of investors to exit an investment prior to its dissolution or liquidation of the underlying holdings. Interests in limited partnerships and commingled funds are valued by using the net asset value ("NAV") of the portfolio. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the general or managing partners on a continuous basis, audited annually and periodically appraised by an independent third party. The valuation assumptions are based upon both market and property specific inputs which are not observable and involve a certain degree of expert judgment.

RECEIVABLES. Receivables consist primarily of interest, dividends, and investments in transition, i.e., traded but not settled, and contributions owed by the employing entities as of June 30, 2013.

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

SECURITIES LENDING. Cash collateral received in the course of securities lending transactions is recorded as a current asset of VCERA, and the obligation to repay the collateral is recorded as a current liability, in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement Number 28. In addition, gross earnings received on invested cash collateral are reported as Earnings, and borrower rebates and agent fees are recorded as Rebates and Fees, respectively. This Earnings, Rebates, and Fees amounted to $298,205, $48,764, and $77,300, respectively, for the year ended June 30, 2013, a decrease due primarily to reduced activity in securities lending activity. Non-cash collateral, and the related repayment obligation, is not recorded on the books of the Association, as there is no ability to pledge or sell the collateral absent borrower default. See Note 3 for additional information on securities lending.

IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT.

GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* were implemented for the year ended June 30, 2013. The statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The primary change was renaming previous net assets as net position in the financial statements. VCERA does not have any deferred inflows or outflows to report.

NEW ACCOUNTING PRONOUNCEMENTS.

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for financial statements for periods beginning of after December 15, 2012. Management is in the process of evaluating the impact, if any, to be implemented for the fiscal year ended June 30, 2014. Management does not anticipate any significant impact from the statement.

GASB Statement No. 66 – *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62* is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of the two pronouncements. The requirements of this statement are effective for financial statements for periods beginning December 15, 2012. Management is in the process of evaluating the impact, if any, to be implemented for the fiscal year ended June 30, 2014. Management does not anticipate any significant impact from the statement.

GASB Statement No. 67 – *Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25* improves financial reporting by state and local governmental pension plans. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. The new standards will be implemented as scheduled.

GASB Statement No. 68 – *Accounting and Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25,* revises and establishes new financial reporting requirements for governments that provide their employees with defined benefit pensions. The new standards require Employers to recognize their proportionate share of long-term obligation for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. For Employers, the new financial reporting provisions are effective for its fiscal year beginning after June 15, 2014.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees* will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement also will enhance the information disclosed about a government's obligation and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. Management is in the process of evaluating the impact, if any, to be implemented for the fiscal year ended June 30, 2014. Management does not anticipate any significant impact from the statement.

2. PLAN DESCRIPTION

The Ventura County Employees' Retirement Association (VCERA) was established under the provisions of the California Government Code (Code) Sections 31450 through 31899, known collectively as the County Employees' Retirement Law of 1937. In September 2012, Governor Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA), Code Section 7522 et seq. and the provisions of AB 197. This new law applies to new employees who became first time VCERA members on or after January 1, 2013. VCERA operates a cost-sharing multi-employer defined benefit pension plan (Plan) that includes employees of the County of Ventura, the Ventura County Courts, Air Pollution Control District, a special district, and the Ventura Regional Sanitation District, a special district located in the County, (the latter three employers are not under the County of Ventura Board of Supervisors). VCERA is a pension trust fund of the County of Ventura.

VCERA provides retirement, disability, cost of living, and death and survivor benefits to its members and qualified beneficiaries.

PLAN MEMBERSHIP. Membership is mandatory for employees with bi-weekly work schedules of 64 hours or more. Members employed up to and including June 30, 1979 and certain management personnel who entered service prior to October 16, 2001 are designated as Tier 1 members. Members employed after June 30, 1979 through December 31, 2012, are designated as Tier II members. Safety members (eligible Sheriff, Probation and Fire employees) employed through December 31, 2012 are classified as Safety. New Members employed after January 1, 2013 are designated as PEPRA Tier I, II or Safety.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

At June 30, 2013 and 2012, VCERA membership consisted of:

MEMBERSHIP		2013	2012
RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS		5,888	5,658
ACTIVE EMPLOYEES:			
	VESTED	5,929	5,737
	NON-VESTED	2,139	2,282
TERMINATED BUT NOT YET RECEIVING BENEFITS			
	VESTED	1,324	1,313
	NON-VESTED	925	848
TOTAL		**16,205**	**15,838**

BENEFIT PROVISIONS. State law along with resolutions and ordinances adopted by the Board of Retirement and Board of Supervisors establishes the Plan's benefit provisions and contribution requirements.

RETIREMENT ALLOWANCES. Employees with membership prior to January 1, 2013, with ten or more years of service are entitled to an annual retirement allowance beginning at age 50. General Member employees with membership on or after January 1, 2013, with five or more years of service are entitled to an annual retirement allowance beginning at age 52. Safety Member employees with membership on or after January 1, 2013, with five or more years of service are entitled to an annual retirement allowance at age 50. Allowances are based upon members' ages at retirement, final compensation, and total years of service.

DISABILITY BENEFITS. A member who becomes permanently disabled for the performance of their duties may be granted a disability retirement allowance payable for life. If the disability is the result of a job-related injury or illness, the member may be granted a service-connected disability retirement. If the disability is not the result of a job-related injury or illness, the member may receive a non-service-connected disability retirement allowance.

DEATH BENEFITS. VCERA pays a basic death benefit, which consists of the member's accumulated contributions plus an amount equal to an average month's salary to a maximum of six months' salary. If the deceased member was vested, a surviving spouse may elect, in lieu of the basic death benefit, a monthly allowance equal to 60 percent of the monthly retirement allowance to which the deceased member would have been entitled had the member been retired for non-service-connected disability as of the date of death.

Benefits payable to a surviving spouse or other beneficiary of a member who dies after retirement depend upon the retirement option selected by the member at the time of retirement and whether the member's retirement was a regular service retirement, a non-service-connected disability retirement or a service-connected disability retirement. In addition, a lump sum death benefit of $5,000 is also payable to the named beneficiary of a deceased retired member.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

SUPPLEMENTAL BENEFITS. On January 15, 1991, the Ventura County Board of Supervisors adopted a resolution to make operative Government Code Section 31682. Adoption of this section permitted the Board of Retirement to adopt a resolution to provide a vested supplemental benefit of $108.44 per month to all eligible retirees.

Effective March 17, 2003, the Board of Retirement adopted a resolution providing an additional $27.50 per month to eligible retirees receiving the vested supplemental benefit described above. The additional non-vested supplemental benefit is provided pursuant to Government Code Sections 31691.1 and 31692.

COST OF LIVING ADJUSTMENT. Cost of living adjustments, based upon changes in the Consumer Price Index for the Los Angeles area, of up to 3% per annum are made for all Tier I and Safety retirees.

On February 28, 2005, the Board of Retirement adopted regulations pursuant to Government Code Section 31627 to provide a cost of living adjustment to a majority of Tier II general members represented by Service Employees International Union (SEIU) Local 721. The prospective cost of living adjustment will be fixed at 2% annually and be funded by employee contributions.

TERMINATIONS. Effective January 1, 2003, members with less than five (5) years of service may elect to leave their accumulated member contributions on deposit until first eligible to receive benefits in accordance with Government Code Section 31629.5.

3. INVESTMENTS

INVESTMENT POLICY. VCERA, in accordance with state statutes, invests in any form or type of investment, financial instrument, or financial transaction deemed prudent in the informed opinion of the Board of Retirement. State Street Bank and Trust serves as the master custodian for the majority of VCERA's assets.

While VCERA recognizes the importance of capital preservation, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. The Board of Retirement's investment policy allows investment to the entire Global fixed income market (maturities 1 to 30 years) including Treasury and government agency bonds, corporate debt, mortgages, asset-backed securities, international and emerging markets. The fixed income portfolio is largely comprised of investment grade issues (rating of BBB- {Standard & Poor's} and Baa3 {Moody's} or higher) and may include, subject to limits, opportunistic investment in non-dollar and high yield bonds. VCERA's investment policy recognizes that in the long-run equity returns will be greater than fixed income returns, but with expected greater volatility over shorter periods. Both domestic and international equity investing is permitted with exposure, subject to limits, to both the large and small capitalization ranges. Discretion is also permitted to international managers to invest, with limits, opportunistically in emerging market equities. Real Estate investing is also allowed with the goal to provide competitive risk adjusted returns as well as diversification benefits to VCERA's portfolio.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

As of June 30, 2013 and 2012, VCERA had the following investments:

	June 30, 2013	June 30, 2012
Domestic Equity	$ 1,277,766,198	$ 1,172,635,270
Domestic Fixed Income	693,630,319	816,819,399
International Equity	656,522,818	531,184,762
private equity	44,409,872	26,930,165
Real Estate	283,379,695	283,239,366
Global Equity	320,556,664	267,297,716
Global Bonds	119,164,676	-
International Bonds	71,314,818	23,776,639
alternative	109,469,955	-
Total Investments	**$3,576,215,015**	**$3,121,883,317**

Custodial Credit Risk. VCERA considers investments purchased with a maturity of 12 months or less to be short-term investments. Although not having a policy that specifically addresses the limiting of custodial credit risk, VCERA, in practice, limits custodial credit risk for deposits by maintaining substantially all cash and short-term investments in external investment pools managed by the County of Ventura and State Street Bank and Trust. All other investment securities are held by State Street Bank and Trust in VCERA's name. VCERA maintains a commercial bank account with depository insurance coverage from the Federal Depository Insurance Corporation (FDIC).

Balances in VCERA's commercial bank account at June 30, 2013 and 2012 were $147,036 and $36,932, respectively.

As of June 30, 2013 and 2012, VCERA had the following cash and short-term investments:

	June 30, 2013	June 30, 2012
State Street Bank and Trust	$ 55,235,767	$ 111,168,076
County of Ventura Treasurer's Investment Pool	8,557,816	7,595,263
Commercial Bank Account	147,036	36,932
Petty Cash	200	-
Total	**$ 63,940,819**	**$ 118,800,271**

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

CREDIT RISK. VCERA requires its total fixed income portfolio be rated at a minimum AA by Standard & Poor's (S&P), Aa by Moody's or AA by Fitch. Aggregated amounts by rating category using S&P ratings are as follows:

RATING CATEGORY	AMOUNT HELD AT 06/30/2013	AMOUNT HELD AT 06/30/2012
SEPARATE HOLDINGS:		
AAA	$20,088,556	$ 66,127,353
AA	71,066,077	173,827,658
A	51,393,032	118,361,204
BBB	82,062,014	115,497,527
BB	23,827,408	30,587,693
B	8,210,202	13,895,938
CCC	7,338,565	9,931,665
CC	-	817,375
D	1,668,152	2,821,878
NO RATING	46,788,720	70,370,320
TOTAL SEPARATE HOLDINGS	**$312,442,726**	**$ 602,238,611**
POOLED INVESTMENTS:		
AAA	$227,696,137	$ 99,186,753
AA	121,265,095	89,732,918
A	83,759,977	22,442,968
BBB	74,311,878	13,014,981
BB	969,022	13,979,807
B	63,664,978	-
TOTAL POOLED INVESTMENTS	**$571,667,087**	**$ 238,357,427**
TOTAL FIXED INCOME PORTFOLIO	**$884,109,813**	**$ 840,596,038**

Overall, VCERA's fixed income portfolios were rated AA- at June 30, 2013 and AA at June 30, 2012.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

INTEREST RATE RISK. VCERA recognizes the importance of managing its exposure to interest rate risk and has developed a policy to limit the duration of VCERA's fixed income portfolio to plus or minus 20% to that of the broad fixed income market as defined by the Barclays Capital Aggregate Bond Index and Barclays Global Aggregate Bond Index. Duration, an investment's exposure to fair value change arising from a change in interest rates, by investment category and amount at June 30, 2013 and 2012 is as follows:

CATEGORY	ASSETS HELD AT 06/30/2013	DURATION (YEARS)	ASSETS HELD AT 06/30/2012	DURATION (YEARS)
TREASURY	$130,276,474	5.6	$164,025,616	6.6
AGENCY	14,576,744	6.8	21,512,285	5.6
MORTGAGE BACKED	177,474,998	5.5	225,930,410	4.8
ASSET-BACKED	40,861,582	0.9	43,055,140	0.9
CREDIT	333,935,586	4.7	351,452,124	6.3
FOREIGN	81,746,379	4.0	24,563,642	5.3
OTHER	105,238,050	1.9	1,874,831	7.9
PASSIVELY MANAGED	-	-	8,181,990	4.4
TOTAL	**$ 884,109,813**	**4.4**	**$ 840,596,038**	**5.6**

The duration for the Barclays Capital Aggregate Bond Index as of June 30, 2013 and 2012 was 5.1 years and 4.4 years, respectively.

FOREIGN CURRENCY RISK. VCERA, through its investment policy, recognizes the return and diversification benefits gained by investing in markets outside the United States. The majority of VCERA's international investments are held in commingled investment pools with other institutional investors. VCERA may also hold individual foreign securities within the fixed income allocation. Investments in countries outside the United States expose VCERA to the risk that changes in currency exchange rates may affect the fair value of these investments.

VCERA's international equity, global equity and fixed income investment managers may utilize forward exchange (FX) currency contracts, currency futures contracts and currency options to minimize currency fluctuations in non-U.S. dollar denominated securities. VCERA's investment policy does not allow forward currency contracts, futures contracts and options to be utilized speculatively. Risks surrounding the contracts and options include fluctuations in exchange rates and the inability of the counterparty to meet contract and option terms. Differences between contract exchange rates and market exchange rates at settlement result in gains and losses.

As of June 30, 2013 and 2012, VCERA's forward exchange currency contracts were valued at $90,387,786 and $1,365,091, currency future contracts had a notional value of $119,006,038 and $61,648,678 and currency options were valued at $(72,804) and $(14,865), respectively. All forward currency contracts, futures currency contracts and currency options have been included at fair value in the Statements of Fiduciary Net Position, and all realized and unrealized gains/losses associated with the securities have been included in the Statements of Changes in Fiduciary Net Position for the years ending June 30, 2013 and 2012, respectively.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

Currency	Fixed Income at June 30, 2013	Equities at June 30, 2013	Fixed Income at June 30, 2012	Equities at June 30, 2012
Australian Dollar	$6,680,896	$11,357,490	$ 1,980,777	$ 10,780,494
British Pound	9,736,360	57,853,030	272,189	36,125,254
Canadian Dollar	6,187,456	6,721,369	5,897,788	4,845,006
Danish Krone	-	2,719,605	-	2,228,792
Euro	21,003,460	59,048,958	725,435	38,911,264
Hong Kong Dollar	-	24,464,634	-	10,151,688
Japanese Yen	-	67,179,274	-	47,821,141
new zealand dollar	5,414,014	15,118	1,949,488	-
Norwegian Krone	-	1,278,107	-	-
S. African Rand	-	3,612,864	-	3,656,317
Singapore Dollar	-	14,409,280	-	9,228,337
South Korean Won	-	6,112,692	-	5,343,848
Swedish Krona	-	3,663,361	-	1,485,862
Swiss Franc	-	35,425,458	-	22,139,494
Other Emerging Market	22,292,632	1,447,066	8,006,919	3,008,889
Total Securities Subject to Foreign Currency Risk	$71,314,818	$294,308,306	$ 18,832,596	$ 195,726,386
U.S. $ Investments in International Portfolios	11,758,844	362,214,512	4,944,043	335,458,376
U.S. $ Investments in Global Portfolios	119,164,676	320,556,664	-	267,297,716
Total	**$202,238,338**	**$ 977,079,482**	**$ 23,776,639**	**$ 798,482,478**

Securities Lending. VCERA, under provisions of state statutes, and its investment policy, authorizes State Street Bank and Trust to act as agent in lending VCERA's securities to broker-dealers and other entities in the form of a loan agreement. Borrowers were required to deliver collateral in an amount equal to not less than 100%, and typically 102%, of the fair value of securities borrowed.

As of June 30, 2013 and 2012, VCERA had no credit risk exposure because the amounts VCERA owes the borrowers exceeds the amounts the borrowers owe VCERA. State Street Bank and Trust indemnified VCERA by agreeing to purchase replacement securities, or return cash collateral, in the event a borrower failed to return a lent security or pay distributions while the security was on loan. VCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested with cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. Because loans were terminable at will, their maturity did not generally match the maturity of the investments made with cash collateral. VCERA cannot pledge or sell collateral securities without borrower default. As of June 30, 2013 and 2012, VCERA had securities on loan with a fair value of $48,551,695 and $92,728,663, with cash collateral of $50,542,569 and $94,634,819, respectively.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

VCERA's net securities lending income for the years ended June 30, 2013 and 2012 is as follows:

	2013	2012
EARNINGS	$ 298,205	$ 437,212
EXPENSES:		
BORROWER REBATES	48,764	64,670
MANAGEMENT FEES	77,300	118,565
NET SECURITIES LENDING INCOME	**$ 172,141**	**$ 253,977**

CONCENTRATION OF CREDIT RISK. VCERA, through policies developed and implemented by the Board of Retirement, maintains the goal of having a well-diversified portfolio. As such, VCERA had no investments in any one named security that would represent more than 5% of total investments. Pooled investments and investments issued by or explicitly guaranteed by the U.S. Government are exempt from this requirement.

DERIVATIVE FINANCIAL INSTRUMENTS. As part of VCERA's Investment Policy, Investment managers are allowed the use of derivatives. Derivatives are financial instruments that derive their value, usefulness and marketability from an underlying instrument which represents direct ownership of an asset or of an issuer whose payments are based on or "derived" from the performance of an agreed upon benchmark. Values of derivatives change daily. VCERA's managers are required to mark-to-market derivative positions daily. Within VCERA's investment policy, specific guidelines are put forth with investment managers who invest in derivatives. Substitution, risk control and arbitrage are the only derivative strategies permitted; speculation is prohibited. No contingent features are present. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Gains and losses from derivatives are included in the Statement of Changes in Fiduciary Net Position. For financial reporting purposes, all VCERA's derivates are classified as investment derivatives. A further discussion on VCERA's valuation procedures are contained in Note 1 to the Basic Financial Statements. The following types of derivatives are permitted: futures contracts, currency forward contracts, options, and swaps.

FUTURES CONTRACTS. A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transactions is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

FORWARD CONTRACTS. A forward contract represents an agreement to buy or sell an underlying asset at a specified future date for a specified price. Payment for the transactions is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

***OPTION CONTRACTS*.** An option is a type of derivative security in which a buyer (purchaser) has the right, not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

***SWAP AGREEMENTS*.** A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. No principal is exchanged at the beginning of the swap. The cash flows the counterparties exchange are tied to a "notional" or contract amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The Fair Value represents the gains or losses as of the prior marking-to-market, which are functions of general interest rate fluctuations.

The Investment Derivatives schedule listed below reports the related net appreciation (depreciation), the fair value amounts and notional amounts for derivatives outstanding as of and for the years ended June 30, 2013 and 2012, classified by type.

	NOTIONAL AMOUNT	FAIR VALUE	FAIR VALUE	CHANGE IN FAIR VALUE**
TYPE	**JUNE 30, 2013**	**JUNE 30, 2013**	**JUNE 30, 2012**	**JUNE 30, 2012**
FUTURES CONTRACTS	$ 330,376,350	$ -	$ -	$ 31,094,974
FORWARD CONTRACTS	89,881,245	485,082	34,880	(4,238,035)
OPTIONS CONTRACTS	12,889,149	(91,857)	(14,865)	38,934
CREDIT DEFAULT SWAPS	2,918,075	(34,276)	(769,062)	743,149
INTEREST RATE SWAPS	6,577,028	(158,811)	-	(301,915)
TOTAL INVESTMENT DERIVATIVES	**$ 442,641,847**	**$ 200,138**	**$ (749,047)**	**$ 27,337,107**

** CHANGE IN FAIR VALUE INCLUDES REALIZED/UNREALIZED GAINS AND LOSSES INCLUDING THOSE THAT WERE OPENED AND CLOSED DURING THE YEAR.

All investment derivative positions are included as part of investments at fair value on the Statement of Fiduciary Net Position. All changes in fair value are reported as part of Net Appreciation/(Depreciation) in fair value of investments in the Statement of Changes in Fiduciary Net Position.

Investment information was provided from VCERA's investment custodian.

***CUSTODIAL CREDIT RISK*.** VCERA's investments include collateral associated with derivatives activity. As of June 30, 2013, collateral for derivatives were $9.4 million. The collateral margins are maintained in margin accounts at financial services firms that provide brokerage services. Each account is uninsured and is subject to custodial credit risk.

***CREDIT RISK*.** VCERA is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to credit risk include currency forward contracts and swap agreements. As of June, 30, 2013, the fair value of derivative investments subject to credit risk was $485,082, and at June 30, 2012 was $34,880. VCERA would be exposed to the loss of the fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

VCERA requires investment managers to have Master Agreements in place to minimize credit risk. Netting arrangements legally provide VCERA with a right of setoff in the event of bankruptcy or default by the counterparty. VCERA would be exposed to loss of collateral provided to the counterparty. Collateral provided by the counterparty reduces VCERA's credit risk exposure.

The following Credit Risk Derivatives schedule discloses the counterparty credit ratings of VCERA's investment derivatives in asset positions by type as of June 30, 2013. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to collateral or other security, or netting arrangement. The schedule displays the fair value of investments by credit rating in increasing magnitude to risk investments, classified by Standard & Poor's rating system. As of June 30, 2013, VCERA has a maximum amount of exposure to credit risk due to default of all counterparties of $1,488,999.

Type	Fair Value June 30, 2013	Adjusted Rating AA	A
Forward Contracts	$ 485,082	$ 145,525	$ 339,557
Total	$ 485,082	**$ 145,525**	**$ 339,557**

***Interest Rate Risk*.** Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest Rate Swaps is an example of an investment that is highly sensitive to interest rate changes. LIBOR refers to the London Interbank Offering Rate. TIIE refers to the Equilibrium Interbank Interest Rate calculated by Banco de Mexico. BRCDI refers to the NSA Money Market Rate or CDI (% Per Month) calculated by Banco Central de Brasil. CDOR is an index that represents banker's acceptance with a term-to-maturity of 1 year of less. EURIB refers to the Euro Interbank Offered Rate. The following tables illustrate the investment maturity period and sensitivity to interest rate changes of these investments as of June 30, 2013.

Investment Maturities for Derivative Instruments:

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More than 10**
Credit Default Swaps Written	$ (34,276)	$ -	$ (34,276)	$ -	$ -
Fixed Income Options Written	(57,899)	(57,899)	-	-	-
Pay Fixed Interest Rate Swaps	41,547	-	-	41,547	-
Receive Fixed Interest Rate Swaps	(200,358)	-	(13,413)	(5,528)	(181,416)
Total	**$ (250,986)**	**$ (57,899)**	**$ (47,689)**	**$ 36,019**	**$ (181,416)**

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

Derivative Instruments Highly Sensitive to Interest Rate Changes:

Investment Type	Receive Rate	Payable Rate		Fair Value		Notional
Pay Fixed Interest Rate Swaps	Receive variable 3-month CDOR	Pay Fixed 2.3%	$	41,547	$	758,330
Receive Interest Rate Swaps	Receive Fixed 1.00%	Pay variable 6-month LIBOR	$	396	$	606,680
Receive Interest Rate Swaps	Receive Fixed 1.50%	Pay variable 6-month EURIB	$	870	$	1,299,849
Receive Interest Rate Swaps	Receive Fixed 1.50%	Pay variable 6-month LIBOR	$	(76,051)	$	1,912,720
Receive Interest Rate Swaps	Receive Fixed 1.55%	Pay variable 6-month LIBOR	$	(81,487)	$	906,025
Receive Interest Rate Swaps	Receive Fixed 1.72%	Pay variable 6-month LIBOR	$	(23,878)	$	503,347
Receive Interest Rate Swaps	Receive Fixed 5.75%	Pay variable 1-month TIIE	$	(3,225)	$	53,739
Receive Interest Rate Swaps	Receive Fixed 5.75%	Pay variable 1-month TIIE	$	(1,382)	$	23,031
Receive Interest Rate Swaps	Receive Fixed 5.75%	Pay variable 1-month TIIE	$	(921)	$	15,354
Receive Interest Rate Swaps	Receive Fixed 9.525%	Pay variable 0-month BRCDI	$	(14,680)	$	497,952
Total Interest Rate Swaps			**$**	**(158,811)**		

FOREIGN CURRENCY RISK. At June 30, 2013, VCERA is exposed to foreign currency risk on investments in futures, swaps and forward currency contracts denominated in foreign currencies that may be adversely affected by changes in the currency exchange rates. The following table lists the derivative investments held in foreign currencies as of June 30, 2013.

Foreign Currency Risk Schedule for Derivative Instruments

Currency	Futures Contracts	Currency Forward Contracts: Net Receivables	Currency Forward Contracts: Net Payables	Swaps	Net Exposure
AUSTRALIAN DOLLAR	$ -	$ (34,723)	$ 367,454	$ -	$ 332,731
BRAZILIAN REAL	-	(281,779)	114,115	(14,680)	(182,344)
CANADIAN DOLLAR	-	(20,933)	258	41,547	20,872
SWISS FRANC	-	(9,365)	-	-	(9,365)
CHILEAN PESO	-	(2,261)	-	-	(2,261)
CZECH KORUNA	-	(1,606)	-	-	(1,606)
DANISH KRONE	-	(5,634)	-	-	(5,634)
EURO CURRENCY	(9,855)	(213,631)	10,920	870	(211,696)
POUND STERLING	-	(92,667)	116,646	396	24,375
INDONESIAN RUPIAH	-	6,905	(8,590)	-	(1,685)
ISRAELI SHEKEL	-	35	398	-	433
INDIAN RUPEE	-	(3,269)	-	-	(3,269)
JAPANESE YEN	(9,198)	(85,807)	4,138	(195,322)	(286,189)
SOUTH KOREAN WON	-	(5,131)	(16,900)	-	(22,031)
MEXICAN PESO	-	(57,736)	505,154	(5,528)	441,890
MALAYSIAN RINGGIT	-	1,843	(2,828)	-	(985)
NORWEGIAN KRONE	-	(8,510)		-	(8,510)
NEW ZEALAND DOLLAR	-	(2,280)	278,184	-	275,904
POLISH ZLOTY	-	(13,515)	-	-	(13,515)
NEW RUSSIAN RUBLE	-	(4,991)	175	-	(4,816)
SWEDISH KRONA	-	(24,169)	-	-	(24,169)
SINGAPORE DOLLAR	-	(2,668)	-	-	(2,668)
THAILAND BAHT	-	(10,971)	1,468	-	(9,503)
SOUTH AFRICAN RAND	-	(17,474)	4,827	-	(12,647)
Total	**$ (19,053)**	**$ (890,337)**	**$ 1,375,419**	**$ (172,717)**	**$ 293,312**

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

4. ACTUARIAL VALUATION

Actuarial valuations to determine VCERA's funding status and future contribution rates are performed annually. Actuarial assumptions and methods used by the actuary meet the guidelines set forth by Governmental Accounting Board Statement No. 25. The schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial liability of benefits over time. The information included within this report is based upon the valuation performed as of June 30, 2013.

SCHEDULE OF FUNDING PROGRESS
($ IN THOUSANDS)

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED (OVERFUNDED) AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS AN UNFUNDED (OVERFUNDED) PERCENTAGE OF COVERED PAYROLL {(b-a)/c}
06/30/13	$3,621,709	$4,575,063	$953,354	79.16%	$638,763	149.25%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
($ IN THOUSANDS)

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2013	$ 142,370	100%

LATEST ACTUARIAL VALUATION
METHODS AND ASSUMPTIONS

Valuation Date: June 30, 2013

Actuarial Cost Method: Entry Age Actuarial Cost Method

Amortization Method: Level Percentage of Payroll
(Assuming a 4.00% payroll increase)

Remaining Amortization Period: 15 years for Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004. Any changes in UAAL after June 30, 2004 will be separately amortized over a fixed 15-year period effective with that valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

Asset Valuation Method:	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a 5-year period. The Actuarial Value of Assets is reduced by the value of the supplemental medical benefit reserve and statutory contingency reserve. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.
Actuarial Assumptions:	
Investment Return:	7.75%
Projected Salary Increases:	4.50% - 12.50% varying by service. Includes inflation at 3.25%, "across the board" increases of 0.75%, plus merit and longevity increases.
Post Retirement Benefit Increases:	Contingent upon Consumer Price Index (CPI) increases, 3% maximum for Tier I and Safety members. For General Tier 2, Service Employees International Union members receive a fixed 2% not subject to CPI increase that applies to future service after March 2003.

5. Contributions

Employer and employee contribution rates are established and amended by VCERA's Board of Retirement. Contribution rates are actuarially determined using the "entry age normal cost" method. According to this method, the "normal cost" is the level amount that would fund the projected benefit if it were paid annually from date of employment until retirement.

The "Entry Age Actuarial Cost Method" is modified so that the employer's total normal cost is expressed as a level percentage of payroll. The level percentage of payroll method is also used to amortize the unfunded actuarial liability. For the June 30, 2013 valuation, the period for amortizing the unfunded liability is fixed at 15 years in accordance with the Board of Retirement's policy adopted May 21, 2012, and to amortize future actuarial gains and losses over its own declining 15-year period.

VCERA's employers were required to contribute $142.4 million and $132.4 million in actuarially determined contributions for the fiscal years ending June 30, 2013 and 2012, respectively.

Member contributions range from 5.89% to 13.40% depending upon member tier and plan status.

Other Employer Contributions

In addition to the actuarially determined contributions, VCERA's employers contribute, pursuant to Government Code Section 31581.1, a portion of the contributions normally required of general Tier 1 and safety members. These employer paid member contributions do not become part of the accumulated contributions of the member, but vest in the employer advance reserves. The value of the "Other Employer Contributions" is shown separately from Actuarially Determined Employer Contributions within the Additions Section of the Statement of Changes Fiduciary Net Position on page 16.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

6. Reserves

VCERA's reserves are composed of member contributions, employer contributions, and accumulated investment income. The reserves do not represent the present value of assets needed to satisfy retirements and other benefits as they come due. VCERA's major reserves are as follows:

Member Reserves. Represent member's accumulated contributions. Additions include member contributions and interest credited; deductions include transfers to Retired Member Reserves and refunds.

Employer Advance Reserves. Represent the total employer contributions made on behalf of current active members for future retirement benefits. Additions include employer contributions and interest credited; deductions include transfers to Retired Member Reserves and death benefits.

Retired Member Reserves. Represent total accumulated transfers from Member Reserves and Employer Advanced Reserves and interest credited, less benefit payments made to retirees.

Vested Fixed Supplemental Reserve. Represents the funding set aside to pay the vested supplemental retirement benefit of $108.44 monthly to all eligible retirees. Additions include investment income designated by the Board of Retirement and interest credited, less benefit payments made to eligible retirees.

Non-Vested Supplemental Reserve. Represents the funding set aside to pay the non-vested supplemental retirement benefit of $27.50 monthly to all eligible retirees. Additions include investment income designated by the Board of Retirement less benefit payments made to eligible retirees.

Reserve for Death Benefits. Represents funds designated to pay death benefits pursuant to Government Code Section 31789.5. Additions include funding from investment income and interest credited; deductions include benefits paid.

Market Stabilization Reserve. Represents the difference between the current market value of assets and the actuarial value of assets used to establish the above reserves.

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

Reserve balances as of June 30, 2013 and 2012 are as follows:

	2013	2012
Member	$ 584,474,198	$ 569,892,474
Employer Advance	840,615,717	766,997,924
Retired Member	2,051,529,206	1,919,116,136
Vested Fixed Supplemental	131,680,894	128,571,067
Non-Vested Supplemental	11,916,998	13,789,250
Death Benefits	13,408,520	12,782,317
Market Stabilization	(6,120,066)	(201,531,962)
Total Reserves	**$ 3,627,505,467**	**$ 3,209,617,206**

7. Administrative Expenses

As permitted by Section 31580.2 of the Government Code, the Board of Retirement adopts an annual budget, financed from investment income, covering the entire expenses of Plan administration. The Code provides that administrative expenses incurred in any year were not to exceed the greater of 21/100 of one percent of the accrued actuarial liability for VCERA or two million dollars ($2,000,000), as adjusted annually by the amount of the annual cost-of-living adjustment. Government Code Section 31580.2(b) provides that expenditures for software, hardware and computer technology are not considered a cost of administration. Administrative expenses incurred in fiscal year 2013 and 2012 were within the limits established by the Code.

	2013	2012
Accrued Actuarial Liability	$3,995,352,000	$3,877,443,000
Maximum Allowed for Administrative Expense ($3,955,352,000* 0.21% & $3,877,443,000* 0.21%)	8,390,239	8,142,630
Actual Administrative Expenses	3,943,727	3,535,807
Excess of Allowed over Actual Expenses	$ 4,446,512	$ 4,606,823
Actual Administrative Expenses as a Percentage of Total Accrued Actuarial Liability	0.10%	0.09%

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012 (continued)

8. Lease Agreement

Effective April 1, 2011, VCERA entered into a seven-year extension of a commercial lease for office space with the option to renew for two additional five-year periods. Payments over the remaining lease term total $853,017. Annual amounts due under the agreement are as follows:

Fiscal Year Ending	Amount
2014	$ 177,646
2015	180,099
2016	180,099
2017	180,099
2018	135,074

9. Commitments to Fund Investments

At June 30, 2013, VCERA committed to fund an investment within the alternative allocation by approving an investment with Bridgewater & Associates, LP with a commitment of $250 million.

10. Subsequent Events

In order to accommodate new pension administration system programming and testing activities, commencing December 1, 2013, VCERA terminated an existing three-year commercial lease, and entered into a new four-year and four-month commercial lease for additional office space with an option to renew for two additional five year periods. Payments over the lease term total $73,063.

Management has evaluated subsequent events through January 29, 2014, which is the date the financial statements were issued.

Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS
($ IN THOUSANDS)

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED (OVERFUNDED) AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS AN UNFUNDED (OVERFUNDED) PERCENTAGE OF COVERED PAYROLL {(b-a)/c}
06/30/13	$3,621,709	$4,575,063	$953,354	79.16%	$638,763	149.25%
06/30/12	3,397,360	4,373,227	975,867	77.69	633,848	153.96%
06/30/11	3,220,388	3,995,352	774,964	80.60	637,037	121.65
06/30/10	3,115,984	3,877,443	761,459	80.36	654,828	116.28
06/30/09	3,090,148	3,663,701	573,553	84.34	634,777	90.36
06/30/08	3,055,756	3,345,804	290,048	91.33	599,173	48.41

SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2013
($ IN THOUSANDS)

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2013	$ 142,370	100
2012	132,386	100
2011	111,585	100
2010	97,234	100
2009	105,278	100
2008	104,429	100

Notes to Required Supplementary Information

DESCRIPTION

The historical trend information about VCERA is presented as required supplementary information. The information is intended to help users assess the funding status of the plan on a going-concern basis and to assess progress in accumulating assets for paying benefits when due.

ACTUARIAL INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of the date indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date:	June 30, 2013
Actuarial Cost Method:	Entry Age Actuarial Cost Method
Amortization Method:	Level Percentage of Payroll (Assuming a 4.00% payroll increase)
Remaining Amortization Period:	15 years for Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004. Any new UAAL after June 30, 2004 will be separately amortized over a fixed 15-year period effective with that valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.
Asset Valuation Method:	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a 5-year period. The Actuarial Value of Assets is reduced by the value of the supplemental medical benefit reserve and statutory contingency reserve. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.

Notes to Required Supplementary Information (continued)

Actuarial Assumptions:

Investment Return:	7.75%
Projected Salary Increases:	4.50% - 12.50% varying by service. Includes inflation at 3.25%, “across the board” increases of 0.75%, plus merit and longevity increases.
Post Retirement Benefit Increases:	Contingent upon Consumer Price Index (CPI) increases, 3% maximum for Tier I and Safety members. For General Tier 2, Service Employees International Union members receive a fixed 2% not subject to CPI increase that applies to future service after March 2003.

Supplemental Schedules

SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
PERSONNEL SERVICES:		
SALARIES	$ 1,305,478	$ 1,099,892
EMPLOYEE BENEFITS	653,647	569,784
TOTAL PERSONNEL SERVICES	**1,959,125**	**1,669,676**
PROFESSIONAL SERVICES:		
ACTUARIAL FEES	190,672	116,961
COMPUTER SOFTWARE AND SYSTEM SUPPORT(NET OF CAPITALIZED COSTS)	418,446	302,720
LEGAL SERVICES	371,368	354,517
PENSION PAYROLL FEES	154	147
OTHER PROFESSIONAL SERVICES	464,108	377,331
TOTAL PROFESSIONAL SERVICES	**1,444,748**	**1,151,676**
COMMUNICATION:		
POSTAGE	50,563	54,902
TELECOMMUNICATION	41,891	36,277
TOTAL COMMUNICATION	**92,454**	**91,179**
MISCELLANEOUS:		
OFFICE LEASE	177,128	158,074
EDUCATIONAL	59,514	54,755
EQUIPMENT	13,320	879
COUNTY DEPARTMENT CHARGES	(18,672)	34,007
INSURANCE	8,029	8,692
JUDGEMENT AND DAMAGES	-	30,855
OTHER MISCELLANEOUS	208,081	336,014
TOTAL MISCELLANEOUS	**447,400**	**623,276**
TOTAL ADMINISTRATIVE EXPENSES	**$ 3,943,727**	**$ 3,535,807**

Supplemental Schedules (continued)

SCHEDULE OF INVESTMENT EXPENSES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
INVESTMENT ACTIVITY		
INVESTMENT MANAGEMENT FEES		
STOCK MANAGERS		
DOMESTIC	$ 463,184	$ 417,314
INTERNATIONAL/GLOBAL	3,158,476	2,924,002
PRIVATE EQUITY	1,042,050	993,750
BOND MANAGERS	1,935,428	1,651,286
REAL ESTATE	2,754,246	2,593,727
ALTERNATIVES	134,055	114,990
TOTAL INVESTMENT MANAGEMENT FEES	**9,487,439**	**8,695,069**
OTHER INVESTMENT EXPENSES		
CASH OVERLAY	74,130	71,515
INVESTMENT CONSULTANT	241,600	239,000
CUSTODIAN	98,066	97,289
TOTAL OTHER INVESTMENT EXPENSES	**413,796**	**407,804**
TOTAL INVESTMENT EXPENSES	**$ 9,901,235**	**$ 9,102,873**

SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
LEGAL SERVICES	$ 371,368	$ 354,517
ACTUARIAL CONSULTING FEES	190,672	116,961
INVESTMENT MANAGEMENT		
CONSULTING FEES	241,600	239,000
NETWORK AND OTHER INFORMATION		
TECHNOLOGY SERVICES (includes capitalized costs)	2,978,617	920,281
TOTAL PAYMENTS TO CONSULTANTS	**$ 3,782,257**	**$ 1,630,759**

INVESTMENT

Investment Consultant's Report

Hewitt ennisknupp
An Aon Company

October 10, 2013

Mr. Donald Kendig
Retirement Administrator
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

Dear Mr. Kendig,

Ventura County Employees' Retirement Association's (VCERA) overall objective is to provide Association participants with retirement, disability, death, and survivor benefits delineated in the County Employees' Retirement Law of 1937, as well as other Federal and State laws relating to the public employees' retirement systems in the State of California.

To fulfill this primary objective, VCERA utilizes a carefully planned and executed investment program designed to produce a sufficient total portfolio, long-term real return. The investment activities of VCERA are designed and executed in a manner solely in the interest of, and for the exclusive purpose of, providing benefits to participants and the beneficiaries, minimizing contributions thereto, and defraying reasonable administrative expenses of VCERA. VCERA presents its returns using a time-weighted rate of return methodology based upon market values.

VCERA's Retirement Fund (Fund) is managed in accordance with a written Investment Policy. This Policy is periodically reviewed and revised by the Retirement Board depending on actuarial assumptions, accrued liabilities, and information provided through Asset and Liability Studies.

Market Environment Update

In the fiscal year ending June 30 2013, the major global capital markets posted mixed results. On the bright side, the stock and real estate markets posted impressive returns. In contrast, the fixed income markets generally declined.

- The U.S. stock market (as measured by the Russell 3000 Index) returned 21.5% during the fiscal year. Within the U.S. market, value stocks outperformed growth-oriented stocks, while small- and mid-capitalization stocks generally outperformed larger-capitalization names. From the industry/sector perspective, all major categories enjoyed positive returns with the consumer discretionary and financial sectors leading the way with returns in excess of 30%.

Investment Consultant's Report

Mr. Donald Kendig
Page 2
October 10, 2013

- The non-U.S. stock market (as measured by the MSCI All Country World ex-U.S. Index) returned 13.6% during the fiscal year. Between the underlying country market categories, the developed market delivered far stronger returns than the emerging market.

- The fixed income market (as measured by the Barclays Capital Aggregate Bond Index) returned -0.7% during the fiscal year. As interest rates roses, investment-grade bonds decreased in value. However, high-yield bonds overcame the rising-rate environment and increased in value.

- The private real estate market returned 10.7% (as measured by the NCREIF NPI Index) during the fiscal year. Although all property types generated healthy gains, the retail and industrial segments posted the best results. Regionally, the southwest market experienced the best gains.

Fiscal-Year Performance
VCERA's Fund returned 13.2% during the fiscal year ending June 30 2013, which exceeded the return of the Policy Portfolio by 80 basis points, as well as exceeding the Assumed Rate of Return of 7.75%. The favorable result was largely attributable to strong relative returns from the non-U.S. equity and fixed income investments.

- The Fund's U.S. Equity component advanced 21.5%. By design, this asset class is primarily managed with index funds, and as expected, the return closely tracked the U.S. stock market performance. The application of passive management strategies serves to contain costs and control risks relative to benchmarks.

- The return of the Non-U.S. Equity component gained 14.1%, outperforming the non-U.S. stock market benchmark by 50 basis points. Hexavest was helpful to asset-class performance with a 14.7% return.

- The Fund's Global Equity component returned 15.8%, lagging the return of the MSCI ACWI by 80 basis points. Despite strong long-term performance, GMO returned 14.9%, trailing the benchmark return during the year. Positive tracking error by the component's index fund manager, BlackRock Global Equity, augmented performance.

- Amid a negative returning environment for bonds during the fiscal year, the Fixed Income component still posted a positive return of 2.3%, outperforming the return of the Barclays Capital Aggregate Bond Index by 300 basis points. Each of the component's bond managers performed very well. In particular, Loomis Sayles returned 7.5% due largely to favorable exposure to the strong-returning high yield sector.

Investment Consultant's Report

Mr. Donald Kendig
Page 3
October 10, 2013

- The Real Estate asset class returned 8.7%, which trailed its benchmark by 200 basis points. Most of the managers were behind their respective benchmarks. The small investment in RREEF, which is in redemption process, helped performance with an 18.0% return.

Enhancements to the Investment Program

The VCERA board continued its considerable ongoing efforts in the oversight and management of the Fund's investment program. The board made several enhancements during the recent fiscal year in order to improve return, diversify overall risk, and provide better down-side protection:

- Added a global stock strategy managed by BlackRock and a global fixed income strategy managed by PIMCO,

- Funded new investments with Tortoise in an MLP strategy, Bridgewater in a Risk Parity strategy, and Harbourvest in a private equity secondaries fund,

- Increased the private equity commitment with Adam Street,

- Modified the fixed income investment guidelines with Reams and Loomis Sayles to an unconstrained bond management strategy, and

- Redeemed the real estate investment with Guggenheim.

Throughout the fiscal year, Hewitt EnnisKnupp provided VCERA with monthly performance reports, investment manager monitoring, and related investment advice. In preparing our performance reports for VCERA, we rely on the accuracy of the financial data provided to us by the fund's custodian, State Street.

Sincerely,

John J. Lee
Partner

Outline of Investment Policies

GENERAL. The Board of Retirement (Board) establishes this investment policy in accordance with the provisions of the County Employees' Retirement Law of 1937 (Government code Sections 31450 et. seq.). VCERA is considered a separate entity and is administered by a Board consisting of nine members, plus two alternates. VCERA's Board and its officers and employees shall discharge their duties as provided for in Government Code Section 31595:

- Solely in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
- With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims.
- Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

VCERA's assets are managed on a total return basis. While VCERA recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns.

External professional investment firms manage VCERA's assets. VCERA's staff, along with the investment consultants, monitors manager's activity and assists the Board with the implementation of investment policies and strategies.

ASSET ALLOCATION POLICY. VCERA has a long-term investment horizon, and utilizes an asset allocation, which encompasses a strategic long-term perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of VCERA's investment performance.

Effective January 2009, the Board adopted a new asset allocation plan that was predicated on a number of factors including:

a. The actuarially projected liabilities and benefit payments and the cost to both covered employees and employers.
b. Historical and long-term capital market risk and return behavior.
c. The perception of future economic conditions, including inflation and interest rate levels.
d. The relationship between current and projected assets of the Plan and its actuarial requirements.

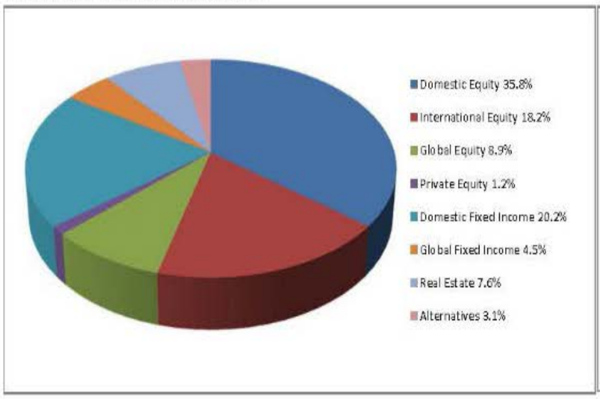
A systematic rebalancing procedure, implemented monthly, or when significant cash flow occurs, is used to maintain asset allocations within their appropriate ranges.

PROXIES. Voting of proxies held by VCERA shall be done in a manner that is in the best financial and economic interests of VCERA, and its beneficiaries.

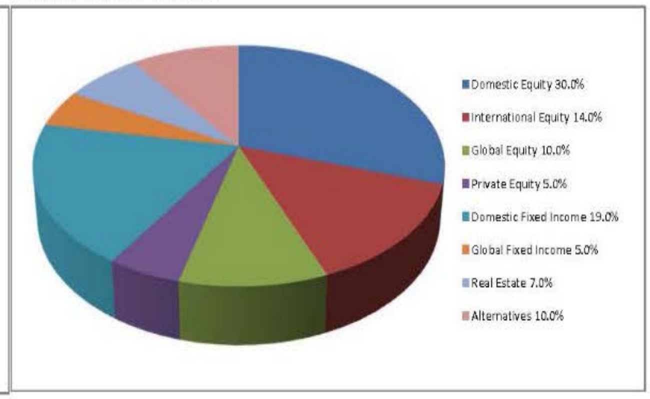
Target Versus Actual Asset Allocation

Asset Allocation

2013 VCERA Asset Allocation



Target Asset Allocation



The 2013 Actual Asset Allocation is based upon the Investment Summary on pages 46 and 47.

List of Investment Professionals
Investment Managers

Domestic Equity

BlackRock Global Investors
Western Asset US Index Plus

International Equity

Sprucegrove Investment Management
BlackRock Global Investors
Hexavest, Inc.
Walter Scott

Global Equity

Grantham, Mayo, Van Otterloo & Co.
BlackRock Global Investors

Private Equity

Adams Street Partnership
HarbourVest
Pantheon

Fixed Income

BlackRock Global Investors
Loomis Sayles & Company
Reams Asset Management
Western Asset Management

Real Estate

Prudential Real Estate Investors
UBS Realty Investors
RREEF America III

Global Fixed Income

Loomis Sayles & Company
PIMCO

Alternatives

Tortoise Capital Investors

Investment Consultant

Hewitt Ennisknupp

Cash Overlay

The Clifton Group

Investment Summary

EQUITY: DOMESTIC	FAIR VALUE OF EQUITY AS OF JUNE 30, 2013	CASH AS OF JUNE 30, 2013	TOTAL FUND VALUE AS OF JUNE 30, 2013	PERCENTAGE OF TOTAL MARKET VALUE
BlackRock U.S. Equity Market	$1,151,309,319	$ -	$1,151,309,319	31.9%
Western Asset Management Index Plus	90,236,736	14,983,219	105,219,955	2.9%
BlackRock Extended Equity Index	36,220,143	1	36,220,144	1.0%
TOTAL DOMESTIC EQUITY	**1,277,766,198**	**14,983,220**	**1,292,749,418**	**35.8%**
INTERNATIONAL				
Sprucegrove Investment Management	160,785,154	-	160,785,154	4.5%
BlackRock ACWI EX US IMI	341,408,722	-	341,408,722	9.5%
Hexavest	69,936,939	-	69,936,939	1.9%
Walter Scott	84,392,003	-	84,392,003	2.3%
TOTAL INTERNATIONAL EQUITY	**656,522,818**	**-**	**656,522,818**	**18.2%**
GLOBAL				
Grantham, Mayo, Van Otterloo & Company	183,002,647	-	183,002,647	5.1%
BlackRock Global Index	137,554,017	-	137,554,017	3.8%
TOTAL GLOBAL EQUITY	**320,556,664**	**-**	**320,556,664**	**8.9%**
PRIVATE EQUITY				
Adams Street Partners	31,680,233	-	31,680,233	0.9%
Pantheon	8,485,929	-	8,485,929	0.2%
Harbourvest	4,243,710	-	4,243,710	0.1%
TOTAL PRIVATE EQUITY	**44,409,872**	**-**	**44,409,872**	**1.2%**
TOTAL EQUITY	**2,299,255,552**	**14,983,220**	**2,314,238,772**	**64.1%**
DOMESTIC FIXED INCOME				
BlackRock Debt Index	130,569,854	-	130,569,854	3.6%
Loomis Sayles & Company	101,361,645	2,181,896	103,543,541	2.9%
Reams Asset Management	245,545,282	1,768	245,547,050	6.8%
Western Asset Management	238,662,931	14,445,562	253,108,493	7.0%
TOTAL DOMESTIC FIXED INCOME	**716,139,712**	**16,629,226**	**732,768,938**	**20.3%**
GLOBAL FIXED INCOME				
Loomis Sayles & Company	65,035,049	-	65,035,049	1.8%
PIMCO	102,935,052	2,270,789	105,205,841	2.9%
TOTAL GLOBAL FIXED INCOME	**167,970,101**	**2,270,789**	**170,240,890**	**4.7%**
TOTAL FIXED INCOME	**884,109,813**	**18,900,015**	**903,009,828**	**25.0%**
REAL ESTATE				
Prudential Real Estate Investors	88,599,277	-	88,599,277	2.5%
UBS Realty Investors	184,046,582	-	184,046,582	5.1%
RREEF America III	10,733,836	-	10,733,836	0.3%
TOTAL REAL ESTATE	**283,379,695**		**283,379,695**	**7.8%**
ALTERNATIVE INVESTMENTS				
Tortoise	109,469,955	1,800,930	111,276,153	3.1%
TOTAL ALTERNATIVE INVESTMENTS	**109,469,955**	**1,800,930**	**111,276,153**	**3.1%**
TOTAL INVESTMENTS AT FAIR VALUE	**3,576,215,015**	**35,684,165**	**3,611,899,180**	**100.0%**

Investment summary continued on next page.

Investment Summary (continued)

	Fair Value of Equity as of June 30, 2013	Cash as of June 30, 2013	Total Fund Value as of June 30, 2013	Percentage of Total Market Value
Other				
County Treasury Investment Pool	-	8,557,816	8,557,816	0.0%
Commercial Account and Petty Cash	-	147,236	147,236	0.0%
Overly Strategy	-	19,551,602	19,551,602	0.0%
Total Other	-	**28,256,654**	**28,256,654**	**0.0%**
Total Investment, Cash and Other	**$ 3,576,215,015**	**$ 63,940,819**	**$ 3,640,155,834**	**100.0%**

Schedule of Investment Results

Investment Returns

	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	21.5%	18.8%	7.4%
Benchmark: Dow Jones US Total Stock Index	21.5%	18.7%	7.4%
Domestic Fixed Income	2.3%	6.1%	7.9%
Benchmark: Barclays Capital Aggregate Bond Index	-0.7%	3.5%	5.2%
International Equity	14.1%	8.9%	0.1%
Benchmark: MSCI ACWXUS Index	13.6%	8.0%	-0.8%
Global Equity	15.8%	13.0%	1.5%
Benchmark: MSCI ACWI	16.6%	12.4%	2.3%
Private Equity	8.4%	-	-
Benchmark: Dow Jones Total Stock Index + 3%	25.0%	-	-
Global Fixed Income	-1.6%	-	-
Benchmark: Barclays Capital Global Aggregate Bond Index	-2.2%	-	-
Real Estate	8.9%	12.7%	-2.6%
Benchmark: NCREIF Open End Fund Index	10.7%	13.1%	2.8%
Alternatives	-	-	-
Benchmark: Wells Fargo MLP Index	-	-	-
Total Fund	13.2%	12.6%	5.3%
VCERA Policy*	12.4%	11.7%	5.0%

* 40% Dow Jones US Total Stock Index, 18% MSCI ACWEXUS Index, 7% MSCI All Country World Index, 27% Barclays Capital Aggregate Bond Index, 8% NCREIF Open End Fund Index

The Annual Returns were prepared using time-weighted rate of return based on the market rate of return.

Largest Stock Holdings

AS OF JUNE 30, 2013

	UNITS	FUND NAME	FAIR VALUE
1	10,794,069	BLACKROCK U.S. EQUITY MARKET FUND	$ 1,151,309,319
2	33,115,622	BLACKROCK ACWI EXUS IMI INDEX FUND	341,408,722
3	20,914,588	GRANTHAM MAYO VAN OTTERLOO (GMO) GROUP TRUST	183,002,647
4	3,065,231	SPRUCEGROVE INVESTMENT MANAGEMENT GROUP TRUST	160,785,154
5	11,038,498	BLACKROCK GLOBAL INDEX	137,554,016
6	126,085,700	WESTERN ASSET MANAGEMENT INDEX PLUS	90,236,736
7	3,611,703	WALTER SCOTT INTERNATIONAL	84,392,003
8	59,585	HEXAVEST	69,936,939
9	120,503	BLACKROCK EXTENDED EQUITY MARKET FUND	36,220,143
10	-	ADAMS STREET	31,680,223
TOTAL STOCK HOLDINGS			**$2,286,525,902**

All VCERA equity investments at June 30, 2013 were held in index funds and commingled investment vehicles.

Largest Bond Holdings

AS OF JUNE 30, 2013

	PAR	BONDS	FAIR VALUE
1	10,125,000	US Treasury Notes 0.625% Due 4/30/2013 Rating AA U	$ 10,465,909
2	10,000,000	FNMA TBA 3.000% Due 12/01/2099 Rating AA	10,395,700
3	10,180,000	US Treasury Notes 0.625% Due 7/30/2013 Rating AA	10,212,983
4	9,070,000	US Treasury Notes 1.250% Due 4/30/2019 Rating AA	9,170,586
5	8,390,000	US Treasury Notes 0.750% Due 3/31/2013 Rating AA	8,423,728
6	8,800,000	Mexican Cetes TBills Due 11-14-13, Rating A1-	6,654,730
7	5,100,000	FNMA TBA 3.000% Due 12/01/2099 Rating AA	5,177,316
8	14,905,000	US Treasury Bonds 3.125% Due 2/15/2042 Rating AA	4,726,500
9	13,680,000	FNMA POOL 0.709% Multifamily Due 11/01/2020 Rating AA	4,106,400
10	10,310,000	US Treasury Bonds 3.125% Due 11/15/2041 Rating AA	3,405,589
TOTAL LARGEST BOND HOLDINGS			**$ 72,739,441**

A complete list of portfolio holdings is available upon request.

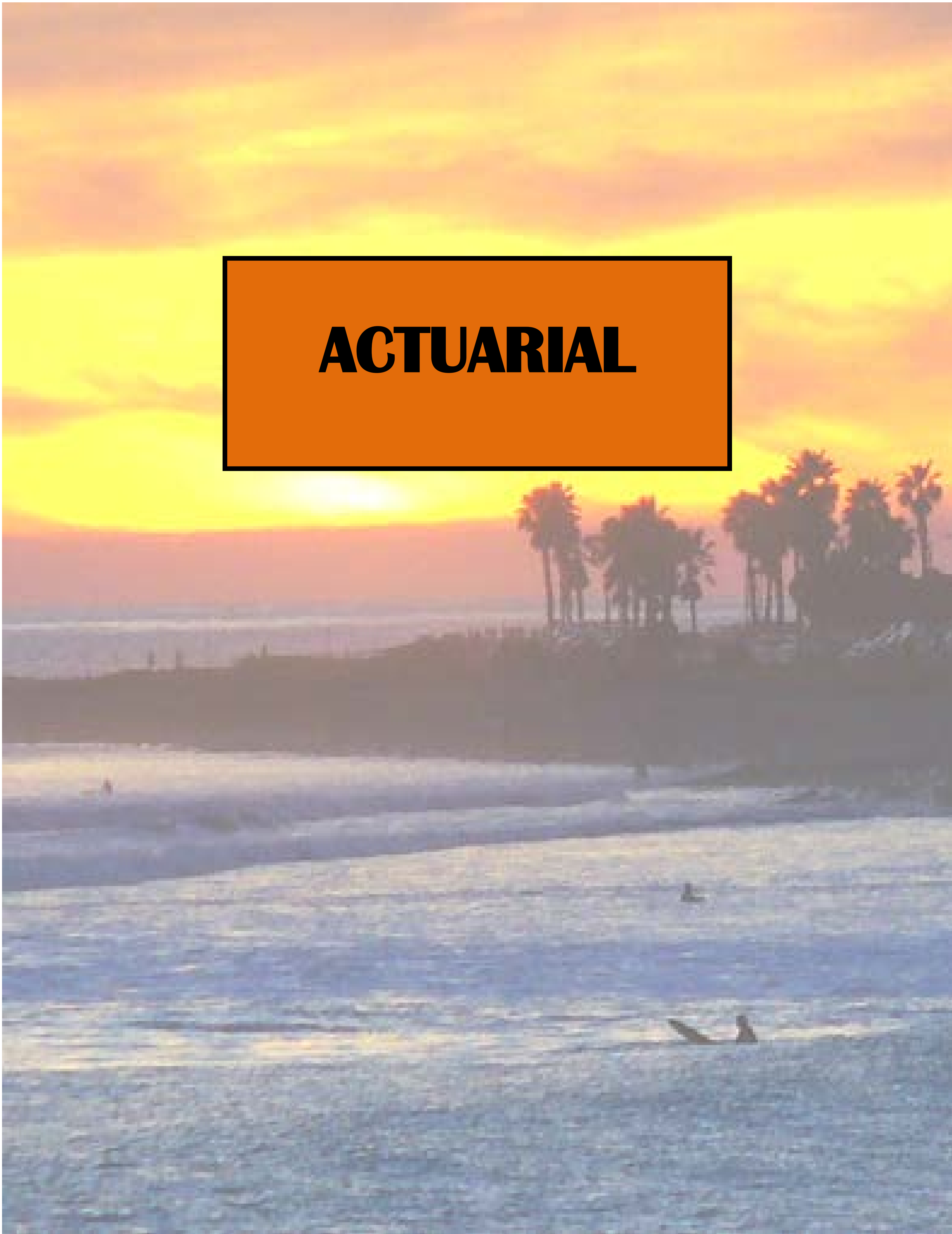
Schedule of Investment Management Fees

Investment Activity		2013	2012
Equity Managers			
Domestic			
BLACKROCK GLOBAL INVESTORS		$ 252,976	$ 224,518
WESTERN ASSET INDEX PLUS		210,208	192,796
	Total	**463,184**	**417,314**
International/Global			
ACADIAN ASSET MANAGEMENT		-	1,024,269
ARTIO GLOBAL INVESTORS		-	272,681
BLACKROCK GLOBAL INVESTORS		383,725	300,360
GRANTHAM, MAYO, VAN OTTERLOO & CO		1,072,676	-
SPRUCEGROVE INVESTMENT MANAGEMENT		627,141	552,716
HEXAVEST		314,525	196,770
WALTER SCOTT		760,408	577,206
	Total	**3,158,475**	**2,924,002**
Private Equity			
ADAMS STREET		843,750	843,750
PANTHEON		198,300	150,000
	Total	**1,042,050**	**993,750**
Fixed Income Managers			
Domestic			
BLACKROCK GLOBAL INVESTORS		93,295	91,503
LOOMIS SAYLES & COMPANY		399,520	409,662
REAMS ASSET MANAGEMENT		476,782	560,448
WESTERN ASSET MANAGEMENT		514,898	589,673
	Total	**1,484,495**	**1,657,286**
International/Global			
LOOMIS SAYLES & COMPANY		201,503	-
PIMCO		249,429	-
	Total	**450,932**	**-**
Real Estate			
GUGGENHEIM REAL ESTATE INVESTORS		202,540	242,530
PRUDENTIAL REAL ESTATE INVESTORS		709,855	681,122
RREEF AMERICA III		91,054	72,538
UBS REALTY INVESTORS		1,750,797	1,597,537
	Total	**2,754,246**	**2,593,727**
Alternatives			
K2		-	114,990
TORTOISE		134.057	-
	Total	**134,057**	**114,990**

Schedule of Investment Management Fees (continued)

	2013	2012
OTHER INVESTMENT EXPENSES		
CASH OVERLAY	74,130	71,515
INVESTMENT CONSULTANT	241,600	239,000
CUSTODIAN	98,066	97,289
TOTAL	**413,796**	**407,804**
TOTAL INVESTMENT MANAGEMENT FEES	**$ 9,901,235**	**$ 9,102,873**

ACTUARIAL



Actuary's Certification Letter

Segal Consulting

100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 www.segalco.com

VIA E-MAIL

January 9, 2014

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue
Ventura, CA 93003

Dear Members of the Board:

Segal Consulting prepared the June 30, 2013 actuarial valuation of the Ventura County Employees' Retirement Association (VCERA). We certify that the Retirement Association valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

As part of the June 30, 2013 actuarial valuation, Segal received participant data from the Association's staff. This information has not been audited by us, but it has been reviewed and found to be reasonable, both internally and with prior year's information. We did not audit the Association's financial statements. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the total return at market value and the expected investment return over ten semi-annual accounting periods. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal semi-annual amounts over a period of four and a half years from that date.

One of the general goals of an actuarial valuation is to establish contribution rates which fully fund the Association's liabilities and which, as a percentage of payroll, remain as level as possible for each generation of active members. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL).

Components of the UAAL through June 30, 2013 are amortized as a level percentage of payroll over a 15-year period. Future components of the UAAL will be amortized over separate 15-year periods. Effective with the June 30, 2012 valuation, any change in the UAAL that arises due to assumption changes is amortized over separate 20-year declining amortization periods. In addition, any change in the UAAL that arises due to retirement incentives is amortized over a separate declining period of up to 5 years. The progress being made towards meeting the funding objective through June 30, 2013 is illustrated in the Actuarial Solvency Test.

Actuary's Certification Letter (continued)

Board of Retirement
Ventura County Employees' Retirement Association
January 9, 2014
Page 2

For the Financial Section of the Comprehensive Annual Financial Report (CAFR), Segal provided the trend data shown in the Required Supplementary Information. For the Actuarial Section of the CAFR, Segal's actuarial valuation reports were the source for most of the information found in the following schedules:

1. Summary of Actuarial Assumptions and Methods as of June 30, 2013
2. Active Member Valuation Data
3. Schedule of Retirees and Beneficiaries Added to and Removed from the Rolls
4. Actuarial Analysis of Financial Experience
5. Actuary Solvency Test
6. Probability of Occurrence

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on our recommendations following the June 30, 2011 Experience Analysis. It is our opinion that the assumptions used in the June 30, 2013 valuation produce results which, in the aggregate, anticipate the expected future experience of the Plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The June 30, 2014 Experience Analysis is due to be performed during the first half of 2015.

The Board approved a three-year phase-in for the change in the employer contribution rate due to changes in the economic actuarial assumptions as of June 30, 2012 and the new individual Entry Age Actuarial Cost Method. This is the second year of the phase-in.

For members with membership dates on or after January 1, 2013, they have been enrolled and reported in the new PEPRA tiers under the California Public Employees' Pension Reform Act of 2013 (CalPEPRA).

In the June 30, 2013 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities increased from 77.7% to 79.2% and the aggregate employer contribution rate increased from 28.27% of payroll to 29.03% of payroll before reflecting the three-year phase-in. After reflecting the three-year phase-in, the aggregate employer contribution rate is 28.21% of payroll.

The valuation value of assets included $6 million in deferred investment losses, which represented about 0.2% of the market value of assets. If these deferred investment losses were recognized immediately in the valuation value of assets, the funded percentage would have decreased from 79.2% to 79.0% and the aggregate employer contribution rate (before reflecting the phase-in), expressed as a percent of payroll, would have increased from 29.03% to about 29.11%.

5282752v1/05325.002

Actuary's Certification Letter (continued)

Board of Retirement
Ventura County Employees' Retirement Association
January 9, 2014
Page 3

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

John Monroe, ASA, MAAA, EA
Vice President and Associate Actuary

AW/hy

5282752v1/05325.002

Summary of Actuarial Assumptions and Methods
As of June 30, 2013

ACTUARIAL ASSUMPTIONS AND METHODS. Recommended by the Actuary and adopted by the Board of Retirement.

ACTUARIAL COST METHOD. Entry age normal actuarial cost method

ACTUARIAL ASSET VALUATION METHOD. Five-year smoothing of fair value.

AMORTIZATION OF GAINS AND LOSSES. Experience gains and losses are amortized over 15 years. Effective June 30, 2012, any changes in Unfunded Actuarial Accrued Liability (UAAL) due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.

INVESTMENT RATE OF RETURN. 7.75% per annum; 4.50% real rate of return and 3.25% inflation.

PROJECTED SALARY INCREASES. 4.50% – 12.50% varying by service. Includes inflation at 3.25%, "across the board" increases of .75% plus merit and longevity increases.

TERMINATIONS OF EMPLOYMENT RATES. 0% to 16.0%

COST-OF-LIVING ADJUSTMENTS. 0% to 3% for General Tier 1 and Safety members tied to the change in Consumer Price Index. 2% cost-of-living for eligible General Tier 2 members financed through employee contributions.

EXPECTATION OF LIFE AFTER RETIREMENT. RP-2000 Combined Healthy Mortality Table projected with scale AA to 2025 setback one year.

EXPECTATION OF LIFE AFTER DISABILITY. General Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA 2025 set forward five years for males and seven years for females. Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA 2025 setback one year.

DATE OF ADOPTION. May 21, 2012

Active Member Valuation Data
2013 - 2008

Valuation Date	Number	Annual Salary	Average Annual Salary	% Increase/ (Decrease) in Average Salary	Age	Service
June 30, 2013						
General	6,563	$476,507,030	$72,605	(0.21%)	46.4	10.6
Safety	1,505	162,256,156	107,811	1.16%	41.2	13.9
Total	8,068	$638,763,186	$79,172	0.35%	45.4	11.2
June 30, 2012						
General	6,529	$475,042,839	$72,759	0.42%	46.4	10.5
Safety	1,490	158,804,521	106,580	(1.51%)	41.1	13.9
Total	8,019	$633,847,360	$79,043	(0.24 %)	45.4	11.1
June 30, 2011						
General	6,516	$472,121,275	$72,456	(2.56%)	46.1	10.3
Safety	1,524	164,916,105	108,213	(5.26%)	40.7	13.6
Total	8,040	$637,037,380	$79,234	(3.16 %)	45.1	10.9
June 30, 2010						
General	6,505	$483,722,608	$74,362	3.34%	46.0	9.9
Safety	1,498	171,105,613	114,223	7.00%	40.8	13.8
Total	8,003	$654,828,221	$81,823	3.70%	45.0	10.6
June 30, 2009						
General	6,501	$469,960,577	$72,291	4.81%	45.7	9.6
Safety	1,544	164,817,315	106,747	3.90%	40.5	13.4
Total	8,045	$634,777,892	$78,903	4.40%	44.7	10.3
June 30, 2008						
General	6,378	$439,929,857	$68,976	4.63%	45.4	9.4
Safety	1,550	159,243,261	102,738	5.83%	40.1	12.9
Total	7,928	$599,173,118	$75,577	4.79%	44.4	10.1

Schedule of Retirees and Beneficiaries Added to and Removed from the Rolls 2013 - 2008

Fiscal Year Ended June 30	Beg FY Number On The Rolls	Beg FY Amount Of Annual Allowance	Number Added To The Rolls	Amount of Allowance Added To The Rolls	Number Removed From The Rolls	Amount of Allowance Removed From Rolls	Number Fiscal Year End	Annual Retiree Payroll for Fiscal Year	Per Cent Increase Retiree Payroll	Amount Of Average Annual Allowance
2013	5,658	$191,331,918	378	$18,163,803	148	$4,257,498	5,888	$205,238,223	7.27%	$34,857
2012	5,481	180,069,857	327	13,053,782	150	1,791,721	5,658	191,331,918	6.25%	33,816
2011	5,267	166,028,550	358	16,502,067	144	2,460,760	5,481	180,069,857	8.46%	32,853
2010	5,041	153,088,994	350	15,884,725	124	2,945,169	5,267	166,028,550	8.45%	31.522
2009	4,914	142,669,054	252	13,508,359	125	3,088,419	5,041	153,088,994	7.30%	30,369
2008	4,770	132,207,925	300	16,101,840	156	5,640,711	4,914	142,669,054	7.91%	29,033

Actuarial Analysis of Financial Experience 2013 – 2008 (Amounts in Thousands)

	2013	2012	2011	2010	2009	2008
Prior Valuation Unfunded (Excess Funded) Accrued Liability	$975,867	$774,964	$761,459	$573,553	$290,048	$376,025
Salary Increases Greater (Less) Than Expected	(49,186)	(93,786)	(131,928)	(19,314)	(9,590)	19,961
Asset Return (Greater) Less Than Expected	25,512	72,404	127,192	202,739	213,344	(90,891)
Other Experience Factors	3,000	25,640	7,067	(6,044)	(11,501)	(15,047)
Change in Actuarial Assumptions	(1,839)	196,645	11,174	10,525	91,252	-
Ending Valuation Unfunded (Excess Funded) Accrued Liability	$953,354	$975,867	$774,964	$761,459	$573,553	$290,048

Actuary Solvency Test
2013 – 2008 (Amounts in Thousands)

AGGREGATE ACTUARIAL ACCRUED LIABILITIES FOR:

VALUATION DATE	ACTIVE MEMBER CONTRIBUTIONS	RETIRED MEMBER CONTRIBUTIONS	LIABILITY FOR ACTIVE MEMBERS (EMPLOYER FINANCED PORTION)	TOTAL LIABILITIES	ACTUARIAL VALUE OF ASSETS	ACTIVE MEMBER CONTRIBUTIONS	RETIREES AND BENEFICIARIES	ACTIVE MEMBER EMPLOYER FINANCED
6/30/13	$584,474	$2,051,529	$1,939,060	$4,575,063	$3,621,709	100%	100%	51%
6/30/12	569,893	1,919,116	1,884,218	4,373,227	3,397,360	100%	100%	48%
6/30/11	549,207	1,810,062	1,636,083	3,995,352	3,220,388	100%	100%	53%
6/30/10	525,190	1,674,735	1,677,518	3,877,443	3,115,984	100%	100%	55%
6/30/09	499,205	1,545,347	1,619,149	3,663,701	3,090,148	100%	100%	65%
6/30/08	466,332	1,470,874	1,408,598	3,345,804	3,055,756	100%	100%	79%

Summary of Plan Benefits

Summarized below are some of the more significant provisions of the County Employees' Retirement Law of 1937 that are presently applicable to the Ventura County Employees' Retirement Association (VCERA).

MEMBERSHIP.

All permanent employees of the County of Ventura or contracting district who work a regular schedule of 64 or more hours per bi-weekly pay period become members of VCERA upon appointment. There are separate retirement plans for safety and general member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and probation. Any new Safety Member who becomes a member on or after January 1, 2013 is designated PEPRA Safety and is subject to the provisions of California's Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197. All other employees are classified as general members. There are four tiers applicable to general members. Those hired prior to June 30, 1979, and certain management personnel who entered service prior to October 16, 2001, are included in Tier I. Those hired after that date are included in Tier II. New Members employed after January 1, 2013 are designated as PEPRA Tier I or II are subject to the provisions of California Government Code 7522 et seq. and AB 197.

VESTING.

A member is fully vested upon accruing five years of retirement service credit under VCERA, or combined service under VCERA and a reciprocal retirement system.

EMPLOYER CONTRIBUTIONS.

The County of Ventura and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from VCERA's actuary after the completion of the annual actuarial valuation.

MEMBER CONTRIBUTIONS.

All members are required to make contributions to VCERA regardless of the retirement plan or tier in which they are included. The contribution rate applicable to the member is applied to total compensation earnable. The employer, as a result of provisions contained in individual collective bargaining agreements, may pay a portion of the member contribution.

Contributions are deducted from the member's bi-weekly payroll check and credited to the member's account. Interest is credited to the member's account semiannually on June 30 and December 31, based upon the total contributions on deposit. Upon separation from service, a member may elect a refund of all accumulated contributions and interest credited.

Summary of Plan Benefits (continued)

SERVICE RETIREMENT BENEFIT.

General members prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 52, and have acquired five years of retirement service credit.

Safety members prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 50, and have acquired five years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

Safety member benefits are calculated pursuant to the provisions of California Government Code Section 31664. The monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from Section 31664. For those Safety member benefits first hired on or after January 1, 2013, are calculated pursuant to the provision California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from section 7522.25(d).

General member benefits for Tier I and Tier II are calculated pursuant to the provisions of sections 31676.11 and 31676.1, respectively. The monthly allowance is equal to 1/90th of the first $350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from either section 31676.11 (Tier I) or 31676.1 (Tier II). General member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from section 7522.20(a).

The maximum monthly retirement allowance is 100% of final compensation.

Final average compensation consists of the highest 12 consecutive months for a Safety or Tier I General member and the highest 36 consecutive months for a Tier II, PEPRA Tier I and II, General and PEPRA Safety member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse. An eligible surviving spouse is one married to the member one year prior to the effective retirement date. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse or named beneficiary having an insurable interest in the life of the member.

Summary of Plan Benefits (continued)

COST-OF-LIVING.

VCERA provides an annual cost-of-living benefit to safety and Tier I general member retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the Los Angeles, Riverside, Orange County area, is capped at 3.0%.

Certain Tier II general member retirees receive a fixed 2% cost-of-living adjustment pursuant to collective bargaining agreements.

DISABILITY RETIREMENT BENEFITS.

VCERA provides disability retirement benefits for service-connected and non-service-connected injury or disease. To qualify for a disability retirement the member must be permanently incapacitated for the performance of duty.

A member may be retired with a service-connected disability regardless of years of retirement service credit. The monthly allowance for a service-connected disability retirement is equal to 50% of final average compensation, but not less than the member would have received for a regular service retirement, if eligible. Upon the death of a member receiving a service-connected disability allowance, the surviving spouse married to the member at the time of retirement, or eligible minor children, shall receive a 100% continuance of the benefit unless the member elected an optional retirement allowance.

A member must have a minimum of five years of retirement service credit to qualify for a non-service-connected disability retirement. The benefit payable for a non-service-connected disability is equal to 1.8% of final compensation for each year of service not to exceed 1/3rd of final compensation.

ACTIVE MEMBER DEATH BENEFITS.

If the member has less than five years of retirement service credit, the death benefit consists of the member's accumulated retirement contributions, plus one month's salary for each completed year of service, not to exceed one-half of annual compensation earnable.

If the member has completed five years of service, an eligible surviving spouse of minor child(ren) may elect (a) a refund of the member's accumulated contributions, plus one month's salary for each year of completed service to a maximum of six month's salary, (b) a monthly retirement allowance equal to 60% of the earned benefit to an eligible surviving spouse, or (c) a combined benefit consisting of a lump sum payment plus a reduced monthly allowance. If there is no eligible surviving spouse or minor child(ren) the benefit paid to the named beneficiary will be that described in (a) above.

If a member dies in service as the result of a job-related injury or illness, an eligible surviving spouse or minor child(ren) would be eligible for a monthly benefit equal to 50% of final compensation.

Summary of Plan Benefits (continued)

RETIRED MEMBER DEATH BENEFITS.

If the member retired from service, or with a nonservice-connected disability, the benefit payable to an eligible surviving spouse would be an amount equal to 60% of the member's unmodified retirement allowance. If the member retired with a service-connected disability retirement, the surviving spouse would receive a 100% continuance of the unmodified retirement allowance. If there is no eligible surviving spouse, benefits may be payable to a minor child(ren).

A lump sum death benefit of $5,000 is also payable to the named beneficiary of a deceased retired member.

Probability of Occurrence
As of June 30, 2013

General Members - Male

Age Nearest	Rates of Withdrawal 0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5	Rates of Mortality	Rates of Disability	Rates of Retirement
25	0.1500	0.1000	0.0800	0.0700	0.0600	0.0600	0.0003	0.0002	0.0000
30	0.1500	0.1000	0.0800	0.0700	0.0600	0.0570	0.0004	0.0004	0.0000
35	0.1500	0.1000	0.0800	0.0700	0.0600	0.0490	0.0006	0.0008	0.0000
40	0.1500	0.1000	0.0800	0.0700	0.0600	0.0390	0.0009	0.0013	0.0000
45	0.1500	0.1000	0.0800	0.0700	0.0600	0.0290	0.0010	0.0021	0.0000
50	0.1500	0.1000	0.0800	0.0700	0.0600	0.0220	0.0013	0.0040	0.0300
55	0.1500	0.1000	0.0800	0.0700	0.0600	0.0170	0.0019	0.0056	0.0600
60	0.1500	0.1000	0.0800	0.0700	0.0600	0.0120	0.0040	0.0069	0.1400
65	0.1500	0.1000	0.0800	0.0700	0.0600	0.0100	0.0079	0.0090	0.3500

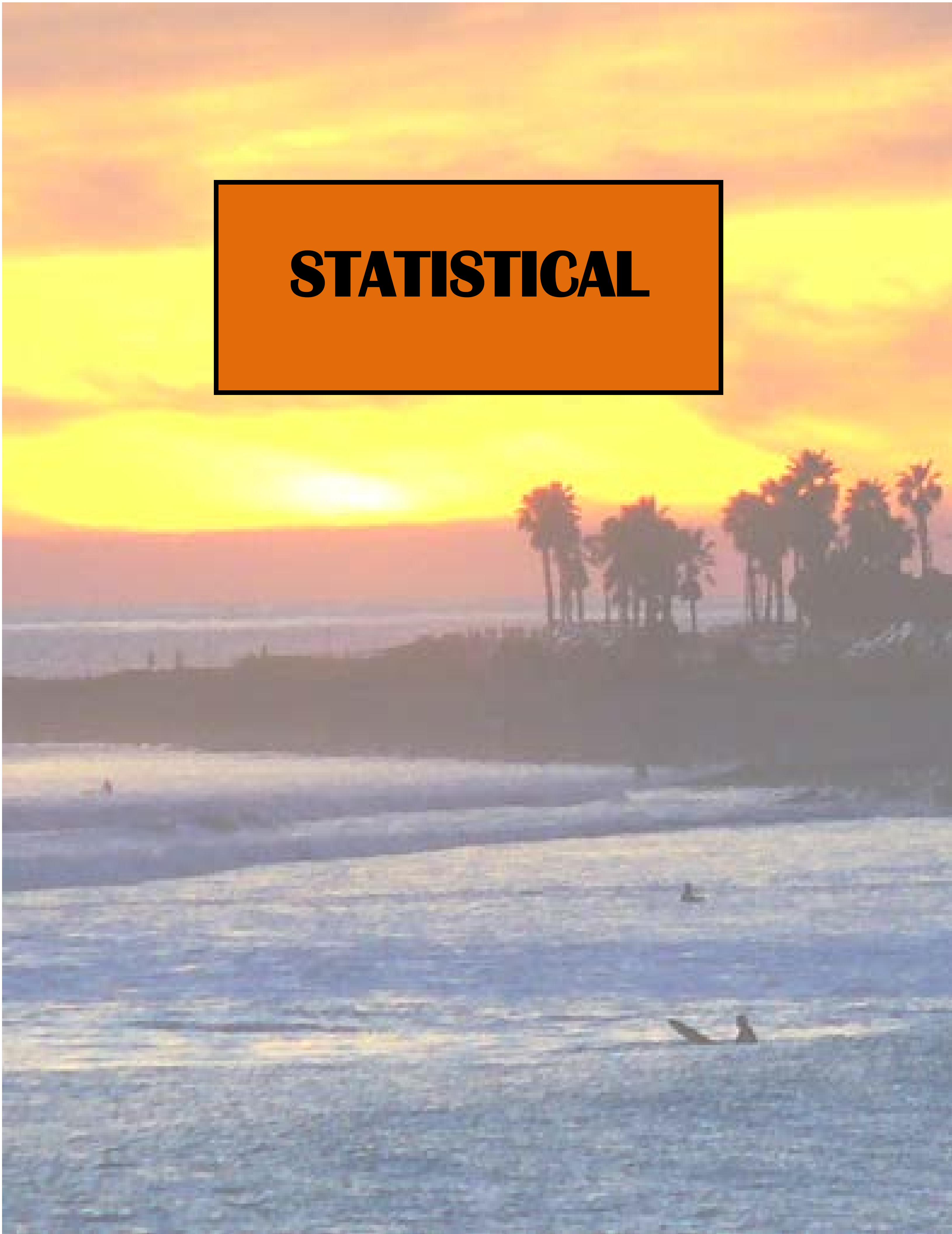
General Members - Female

Age Nearest	Rates of Withdrawal 0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5	Rates of Mortality	Rates of Disability	Rates of Retirement
25	0.1500	0.1000	0.0800	0.0700	0.0600	0.0600	0.0001	0.0002	0.0000
30	0.1500	0.1000	0.0800	0.0700	0.0600	0.0570	0.0002	0.0004	0.0000
35	0.1500	0.1000	0.0800	0.0700	0.0600	0.0490	0.0003	0.0008	0.0000
40	0.1500	0.1000	0.0800	0.0700	0.0600	0.0390	0.0004	0.0013	0.0000
45	0.1500	0.1000	0.0800	0.0700	0.0600	0.0290	0.0007	0.0021	0.0000
50	0.1500	0.1000	0.0800	0.0700	0.0600	0.0220	0.0010	0.0040	0.0300
55	0.1500	0.1000	0.0800	0.0700	0.0600	0.0170	0.0019	0.0056	0.0600
60	0.1500	0.1000	0.0800	0.0700	0.0600	0.0120	0.0039	0.0069	0.1400
65	0.1500	0.1000	0.0800	0.0700	0.0600	0.0100	0.0076	0.0090	0.3500

Safety Members

Age Nearest	Rates of Withdrawal 0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5	Rates of Mortality	Rates of Disability	Rates of Retirement
25	0.1200	0.0600	0.0550	0.0500	0.0400	0.0400	0.0003	0.0014	0.0000
30	0.1200	0.0600	0.0550	0.0500	0.0400	0.0340	0.0004	0.0026	0.0000
35	0.1200	0.0600	0.0550	0.0500	0.0400	0.0240	0.0006	0.0048	0.0000
40	0.1200	0.0600	0.0550	0.0500	0.0400	0.0140	0.0009	0.0090	0.0100
45	0.1200	0.0600	0.0550	0.0500	0.0400	0.0070	0.0010	0.0116	0.0100
50	0.1200	0.0600	0.0550	0.0500	0.0400	0.0020	0.0013	0.0198	0.0200
55	0.1200	0.0600	0.0550	0.0500	0.0400	0.0000	0.0019	0.0340	0.2500
60	0.1200	0.0600	0.0550	0.0500	0.0400	0.0000	0.0040	0.0460	0.2500
65	0.1200	0.0600	0.0550	0.0500	0.0400	0.0000	0.0079	0.0000	100.00

STATISTICAL



Narrative Summary

The purpose of the Statistical Section is to provide users with additional historical perspective, context, and detail in order to provide a more comprehensive understanding of the Financial Statements, Notes to the Financial Statements, and supplementary information, which cover the Pension Plan. This section also provides multi-year trend of financial and operating information to facilitate comprehensive understanding of how the organization's financial position and performance has changed over time. More specifically, the financial and operating information provides contextual data of VCERA's changes in fiduciary net position, benefits, refunds, contribution rates and retirement benefits. The financial and operating trend information is located on the following pages.

Financial Trends Information is intended to assist readers in understanding how VCERA's financial activities and positions have changed over time. The Changes in Fiduciary Net Position for Years 2004 – 2013 presents additions by source, deductions by type, and the total change in fiduciary net position for each year. The Schedule of Benefit Expenses and Refunds by Type for the last ten years presents type of benefit received by members and refunds issued by member type.

Operating Information is intended to provide contextual information about VCERA's operations and membership to assist readers in using financial statement information to comprehend and evaluate VCERA's fiscal condition. This table includes the Active and Deferred Members status for the last ten years. The Schedule of Retired Members by Type of Pension Benefit reflects the number of retired members, average monthly benefit, and type of benefit as of June 30, 2013. The Schedule of Average Monthly Benefit Payment reflects the number of newly retired members with average monthly benefit and final salary. The Participating Employer and Active Members present employer and number of covered employees for years 2013 – 2004. The Employer Contribution Rates show the required retirement contribution rates for years 2004 – 2013.

Changes in Fiduciary Net Position
2013 -2004

	2013	2012	2011	2010	2009
Additions					
Employer Contributions	$150,687,841	$140,772,725	$120,053,545	$105,702,929	$113,915,784
Member Contributions	44,463,983	44,486,749	44,237,695	42,466,182	42,325,754
Net Investment Income	436,638,121	50,683,170	627,326,737	347,087,186	(625,182,877)
Total Additions	**631,789,945**	**235,942,644**	**791,617,977**	**495,256,297**	**(468,941,339)**
Deductions					
Benefit Expenses	205,238,224	191,331,918	180,069,857	166,028,550	153,088,994
Administrative Expense	3,943,727	3,535,807	4,386,708	3,227,440	3,535,690
Member Refunds	4,719,733	3,782,776	4,388,204	4,081,469	3,253,100
Miscellaneous	-	-	-	-	-
Total Deductions	**213,901,684**	**198,650,501**	**188,844,769**	**173,337,459**	**159,877,784**
Change In Fiduciary Net Position	**$417,888,260**	**$37,292,143**	**$602,773,208**	**$321,918,838**	**($628,819,123)**

	2008	2007	2006	2005	2004
Additions					
Employer Contributions	$112,797,726	$94,327,697	$81,683,816	$58,436,106	$15,708,139
Member Contributions	39,611,439	36,727,845	33,334,824	29,351,919	28,895,312
Net Investment Income	(208,518,972)	461,551,467	241,240,489	206,019,458	318,222,984
Total Additions	**(56,109,807)**	**592,607,009**	**356,259,129**	**293,807,483**	**362,826,435**
Deductions					
Benefit Expenses	142,669,054	132,207,925	121,226,816	109,734,125	101,108,287
Administrative Expense	3,267,594	2,588,705	3,027,674	2,938,884	2,761,869
Member Refunds	3,960,407	3,479,318	4,228,611	3,536,154	3,080,417
Miscellaneous	20,007	-	-	-	12,722
Total Deductions	**149,917,062**	**138,275,948**	**128,483,101**	**116,209,163**	**106,963,295**
Change In Fiduciary Net Position	**($206,026,869)**	**$454,331,061**	**$227,776,028**	**$177,598,320**	**$255,863,140**

Benefit Expenses and Refund Deductions by Type
2013 - 2004

	2013	2012	2011	2010	2009
Service Retiree Payroll					
General	$103,664,449	$96,889,192	$91,046,090	$83,372,514	$77,661,797
Safety	54,789,093	49,705,780	45,009,631	39,353,106	35,038,577
Total	158,453,542	146,594,972	136,055,721	122,725,620	112,700,374
Disability Retiree Payroll					
General	9,639,477	9,584,572	9,484,059	10,050,635	9,638,282
Safety	22,889,667	21,807,931	21,330,545	21,162,852	19,264,905
Total	32,529,144	31,392,503	30,814,604	31,213,487	28,903,187
Survivor Continuances					
General	8,513,073	8,016,623	7,908,926	7,365,353	6,949,959
Safety	5,742,465	5,327,820	5,290,606	4,724,090	4,535,474
Total	14,255,538	13,344,443	13,199,532	12,089,443	11,485,433
Total Retiree Payroll					
General	121,816,999	114,490,387	108,439,076	100,788,502	94,250,038
Safety	83,421,225	76,841,531	71,630,781	65,240,048	58,838,956
TOTAL	$205,238,224	$191,331,918	$180,069,857	$166,028,550	$153,088,994
Member Refunds					
General	$4,262,934	$3,378,753	$3,858,642	$2,605,623	$2,678,876
Safety	456,799	404,023	529,562	621,817	574,224
TOTAL	$4,719,733	$3,782,776	$4,388,204	$3,227,440	$3,253,100

	2008	2007	2006	2005	2004
Service Retiree Payroll					
General	$72,277,754	$66,938,627	$60,586,668	$54,330,399	$49,857,118
Safety	32,145,225	28,472,253	26,027,639	23,606,066	21,186,500
Total	104,422,979	95,410,880	86,614,307	77,936,465	71,043,618
Disability Retiree Payroll					
General	9,113,846	9,448,886	9,334,146	9,213,230	8,930,748
Safety	18,147,418	17,115,428	15,941,360	14,070,060	12,713,783
Total	27,261,264	26,564,314	25,275,506	23,283,290	21,644,531
Survivor Continuances					
General	6,499,663	6,067,275	5,685,323	5,263,144	5,180,998
Safety	4,485,148	4,165,456	3,651,680	3,251,226	3,239,140
Total	10,984,811	10,232,731	9,337,003	8,514,370	8,420,138
Total Retiree Payroll					
General	87,891,263	82,454,788	75,606,137	68,806,773	63,968,864
Safety	54,777,791	49,753,137	45,620,679	40,927,352	37,139,423
TOTAL	$142,669,054	$132,207,925	$121,226,816	$109,734,125	$101,108,287
Member Refunds					
General	$3,525,896	$3,203,238	$3,611,208	$3,223,771	$2,691,921
Safety	434,511	276,080	617,403	312,383	388,496
TOTAL	$3,960,407	$3,479,318	$4,228,611	$3,536,154	$3,080,417

Active and Deferred Members
2013 -2004

	2013	2012	2011	2010	2009
Active Vested					
General	4,669	4,516	4,278	4,078	4,069
Safety	1,260	1,221	1,193	1,158	1,187
Active Nonvested					
General	1,894	2,013	2,238	2,427	2,432
Safety	245	269	331	340	357
Total Active Members					
General	6,563	6,529	6,516	6,505	6,501
Safety	1,505	1,490	1,524	1,498	1,544
Deferred Members					
General	1,978	1,891	1,838	1,780	1,795
Safety	271	270	259	260	260
TOTAL	10,317	10,180	10,137	10,043	10,100

	2008	2007	2006	2005	2004
Active Vested					
General	3,970	3,906	3,768	3,650	3,573
Safety	1,188	1,177	1,192	1,172	1,158
Active Nonvested					
General	2,408	2,224	2,134	2,103	2,515
Safety	362	346	309	320	380
Total Active Members					
General	6,378	6,130	5,902	5,753	6,088
Safety	1,550	1,523	1,501	1,492	1,538
Deferred Members					
General	1,762	1,646	1,555	1,538	1,206
Safety	245	218	201	175	145
TOTAL	9,935	9,517	9,159	8,958	8,977

Retired Members by Type of Pension Benefit
As of June 30, 2013

Amount of Monthly Benefit	Number of Retirees	Type of Retirement* A	B	C
General Members				
$1 - 999	1,505	1,101	81	323
$1,000 - $1,999	1,437	1,015	254	168
$2,000 - $2,999	681	548	77	56
$3,000 - $3,999	369	331	22	16
$4,000 - $4,999	237	215	6	16
$5,000 - $5,999	130	115	4	11
$6,000 - $6,999	103	97	4	2
$7,000 - $7,999	50	49	0	1
$8,000 - $8,999	39	38	1	0
$9,000 - $9,999	37	36	1	0
> $10,000	58	56	1	1
Totals	**4,646**	**3,601**	**451**	**594**

Amount of Monthly Benefit	Number of Retirees	Type of Retirement* A	B	C
Safety Members				
$1 - 999	68	43	9	16
$1,000 - $1,999	137	68	23	46
$2,000 - $2,999	170	53	61	56
$3,000 - $3,999	140	51	62	27
$4,000 - $4,999	163	54	79	30
$5,000 - $5,999	98	47	40	11
$6,000 - $6,999	89	53	28	8
$7,000 - $7,999	77	51	21	5
$8,000 - $8,999	63	44	18	1
$9,000 - $9,999	59	48	10	1
> $10,000	178	147	26	5
Totals	**1,242**	**659**	**377**	**206**

	Number of Retirees	Type of Retirement* A	B	C
Grand Total	**5,888**	**4,260**	**828**	**800**

* Type of Retirement:
A - Service Retiree
B - Disability Retiree
C - Beneficiary/Continuant/Survivor

Schedule of Average Monthly Benefit Payments
2013-2009

	Years of Credited Service					
	5-9	10-14	15-19	20-24	25-29	30+
Retirees – 2013						
General Members						
Average Monthly Benefit	$ 1,278	$ 1,749	$ 2,514	$ 3,344	$ 4,905	$ 5,803
Average Final Average Salary	$ 6,614	$ 6,741	$ 7,147	$ 7,061	$ 7,821	$ 7,886
Number of Active Retirees	27	74	37	39	23	36
Safety Members						
Average Monthly Benefit	$ 1,387	$ 3,234	$ 4,051	$ 6,453	$ 6,426	$ 11,371
Average Final Average Salary	$ 10,367	$ 8,893	$ 8,302	$ 11,913	$ 10,856	$ 12,610
Number of Active Retirees	9	3	4	4	7	26
Retirees – 2012						
General Members						
Average Monthly Benefit	$ 950	$ 1,831	$ 2,653	$ 2,996	$ 4,065	$ 6,683
Average Final Average Salary	$ 5,888	$ 6,580	$ 6,667	$ 6,522	$ 7,144	$ 8,971
Number of Active Retirees	46	57	28	31	22	26
Safety Members						
Average Monthly Benefit	$ 1,219	$ 2,928	$ 2,915	$ 7,491	$ 9,827	$ 10,422
Average Final Average Salary	$ 7,910	$ 8,631	$ 5,263	$ 12,690	$ 13,347	$ 12,150
Number of Active Retirees	9	6	1	14	6	22
Retirees – 2011						
General Members						
Average Monthly Benefit	$ 1,169	$ 1,835	$ 2,497	$ 3,824	$ 5,203	$ 6,494
Average Final Average Salary	$ 6,376	$ 6,466	$ 6,489	$ 8,145	$ 9,263	$ 8,729
Number of Active Retirees	59	76	34	46	24	28
Safety Members						
Average Monthly Benefit	$ 2,089	$ 3,021	$ 5,528	$ 6,822	$ 7,925	$ 12,281
Average Final Average Salary	$ 9,315	$ 13,110	$ 10,450	$ 12,291	$ 10,547	$ 13,718
Number of Active Retirees	10	4	4	8	11	24
Retirees – 2010						
General Members						
Average Monthly Benefit	$ 1,146	$ 1,765	$ 2,372	$ 3,694	$ 4,368	$ 5,674
Average Final Average Salary	$ 6,540	$ 6,376	$ 6,356	$ 8,000	$ 8,063	$ 7,409
Number of Active Retirees	42	47	36	33	19	31
Safety Members						
Average Monthly Benefit	$ 2,889	$ 3,231	$ 2,919	$ 6,632	$ 7,520	$ 11,226
Average Final Average Salary	$ 13,166	$ 8,312	$ 8,033	$ 12,022	$ 11,082	$ 13,032
Number of Active Retirees	5	9	11	9	8	23
Retirees - 2009						
General Members						
Average Monthly Benefit	$ 1,708	$ 2,053	$ 3,271	$ 3,681	$ 4,226	$ 5,416
Average Final Average Salary	$ 4,460	$ 8,125	$ 8,094	$ 7,599	$ 7,883	$ 7,190
Number of Active Retirees	29	23	13	11	9	23
Safety Members						
Average Monthly Benefit	$ 2,613	$ 2,754	$ 4,605	$ 5,595	$ 10,741	$ 11,951
Average Final Average Salary	$ 9,309	$ 7,503	$ 11,038	$ 11,809	$ 13,642	$ 14,329
Number of Active Retirees	11	4	2	3	1	14

Schedule of Average Monthly Benefit Payments (continued)
2008 – 2004

	Years of Credited Service					
	5-9	10-14	15-19	20-24	25-29	30+
Retirees - 2008						
General Members						
Average Monthly Benefit	$ 968	$ 1,445	$ 2,003	$ 3,886	$ 4,010	$ 5,879
Average Final Average Salary	$ 6,221	$ 5,638	$ 5,659	$ 8,256	$ 6,745	$ 7,693
Number of Active Retirees	36	44	35	20	30	14
Safety Members						
Average Monthly Benefit	$ 3,527	$ 4,053	$ 4,672	$ 6,663	$ 8,934	$ 10,340
Average Final Average Salary	$ 9,730	$ 12,444	$ 10,888	$ 11,394	$ 11,897	$ 11,398
Number of Active Retirees	7	5	4	6	10	11
Retirees - 2007						
General Members						
Average Monthly Benefit	$ 961	$ 1,410	$ 1,877	$ 2,533	$ 3,354	$ 6,589
Average Final Average Salary	$ 5,423	$ 5,575	$ 5,856	$ 6,045	$ 5,847	$ 8,961
Number of Active Retirees	34	50	43	35	26	22
Safety Members						
Average Monthly Benefit	$ 2,404	$ 3,149	$ 4,050	$ 6,294	$ 7,964	$ 9,409
Average Final Average Salary	$ 7,670	$ 10,390	$ 7,976	$ 10,438	$ 10,889	$ 10,931
Number of Active Retirees	6	11	2	6	9	7
Retirees - 2006						
General Members						
Average Monthly Benefit	$ 909	$ 1,376	$ 1,574	$ 3,033	$ 4,255	$ 6,239
Average Final Average Salary	$ 5,121	$ 5,239	$ 5,337	$ 9,703	$ 7,186	$ 8,679
Number of Active Retirees	28	55	33	31	24	26
Safety Members						
Average Monthly Benefit	$ 3,417	$ 2,919	$ 4,935	$ 4,044	$ 6,377	$ 9,037
Average Final Average Salary	$ 7,716	$ 10,390	$ 10,338	$ 9,976	$ 8,910	$ 10,256
Number of Active Retirees	5	11	8	10	11	14

	2004	2005
General Members		
Service Retirements	$1,731	$1,744
Disability Retirements	$1,618	$1,641
Survivor Continuances	$1,116	$1,075
Number General Retirees	2,860	3,064
Number General Continuances	387	408
Safety Members		
Service Retirements	$4,586	$4,752
Disability Retirements	$3,543	$3,608
Survivor Continuances	$2,699	$2,630
Number Safety Retirees	684	739
Number Safety Continuances	100	103

Participating Employers/Active Members
2013 - 2004

	2013	2012	2011	2010	2009
County of Ventura					
General Members	6,104	6,031	6,069	6,057	6,044
Safety Members	1,505	1,490	1,524	1,498	1,544
Total	7,609	7,521	7,593	7,555	7,588
Participating Agencies (General Membership)					
Ventura Regional Sanitation District	61	60	60	61	69
Courts	350	387	387	387	388
Air Pollution Control District	48	51	-	-	-
Total	459	498	447	448	457
Total Active Membership					
General Members	6,563	6,529	6,516	6,505	6,501
Safety Members	1,505	1,490	1,524	1,498	1,544
Total	8,068	8,019	8,040	8,003	8,045

	2008	2007	2006	2005	2004
County of Ventura					
General Members	5,932	6,066	5,836	5,688	6,018
Safety Members	1,550	1,523	1,501	1,492	1,538
Total	7,482	7,589	7,337	7,180	7,556
Participating Agencies (General Membership)					
Ventura Regional Sanitation District	65	64	66	65	70
Courts	381	-	-	-	-
Air Pollution Control District	-	-	-	-	-
Total	446	64	66	65	70
Total Active Membership					
General Members	6,378	6,130	5,902	5,753	6,088
Safety Members	1,550	1,523	1,501	1,492	1,538
Total	7,928	7,653	7,403	7,245	7,626

Employer Contribution Rates
2013-2004

	County			Districts		
	Tier 1	Tier 2	Safety	Tier 1	Tier 2	Safety
2013	171.83%	10.15%	46.63%	171.83%	10.15%	N/A
2012	114.29%	10.16%	43.86%	114.29%	10.16%	N/A
2011	79.92%	8.82%	37.94%	79.92%	8.82%	N/A
2010	46.89%	7.70%	31.06%	46.89%	7.70%	N/A
2009	49.29%	8.47%	32.78%	49.29%	8.47%	N/A
2008	50.69%	9.61%	35.25%	50.69%	9.61%	N/A
2007	32.75%	9.09%	32.01%	32.75%	9.09%	N/A
2006	25.27%	8.77%	30.37%	25.27%	8.77%	N/A
2005	14.79%	7.73%	28.27%	14.79%	7.73%	N/A
2004	0.00%	1.87%	9.40%	0.00%	1.87%	N/A