VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

2015 ANNUAL REPORT

Pension Trust Fund for the County of Ventura, California
Comprehensive Annual Financial Report for the
Fiscal Year ended June 30, 2015

destinations

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

2015 ANNUAL REPORT

Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2015

Issued by:
Linda Webb
Retirement Administrator

VCERA

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 • 805.339.4269 (fax) • www.vcera.org

Destinations Abound in Ventura County

Ventura County is truly blessed with a host of beautiful and engaging destination choices. This year's annual report presents just a small sampling of what's available for all ages and tastes. Whether you are exploring our vast natural resources or attending one of the year-round festivals and events, there is virtually no end to the list of things to see and do in beautiful Ventura County.

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Hiking and backpacking are some of the more popular activities throughout all of Ventura County. From lush forests to mountain vistas and expansive valleys, there is something for everyone. Near the southern edge of the county, the Sandstone Peak Trail in the Santa Monica Mountains National Recreation Area is a popular hiking location for residents of both Ventura County and neighboring Los Angeles County.

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 27, 2016

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

Dear Board of Retirement Trustees:

It is with pleasure that I submit to you the Comprehensive Annual Financial Report (CAFR) of the Ventura County Employees' Retirement Association (VCERA, Association, Fund or Plan) for the fiscal year ended June 30, 2015, the 68th year of operation. The report is intended to provide a detailed review of the Association's financial, actuarial, and investment status. VCERA has the duty and authority to administer plan benefits for employees of the County of Ventura, Ventura County Courts, Ventura County Air Pollution Control District, and Ventura Regional Sanitation District.

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.) and the California Public Employees' Pension Reform Act of 2013 ("PEPRA," California Government Code Section 7522 et seq.)

The Board of Retirement (Board) is responsible for the general management of VCERA and for determining VCERA's investment objectives, strategies, and policies. The Board appoints a Retirement Administrator, to whom is delegated the responsibility for overseeing day-to-day management of VCERA and developing its annual budget. Adoption of the budget is subject to approval by the Board.

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, Ventura County Air Pollution Control District, and Ventura Regional Sanitation District.

Financial Information

Management is responsible for the accuracy of the data as well as the completeness and fairness of the presentation of financial information. This includes 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. Management 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 analysis requires estimates and judgments by management.

LETTER OF TRANSMITTAL *CONTINUED*

Brown Armstrong Accountancy Corporation was retained by the Board to perform the annual audit as of June 30, 2015. The financial audit states that VCERA's financial statements are prepared in conformity with generally accepted accounting principles and are free of material misstatement.

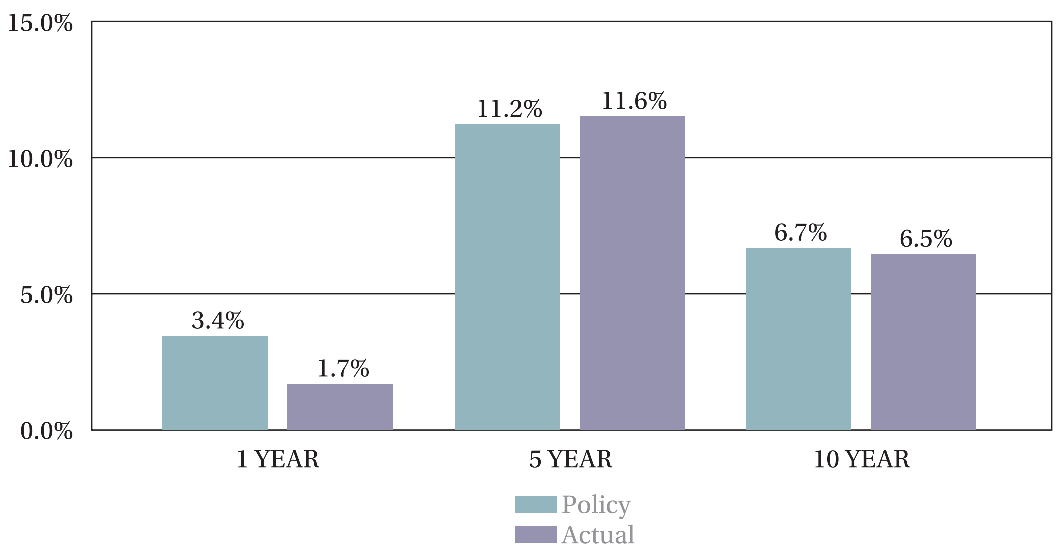
An overview of VCERA's fiscal operations is presented in the Management Discussion & Analysis (MD&A) preceding the financial statements. This transmittal letter, when taken into consideration with the MD&A, provides an enhanced picture of the activities of the organization.

Investment Activities

The Board of Retirement's Investment Policy provides the framework for the management and oversight of VCERA's investments. The Investment Policy establishes VCERA's investment objectives and defines the principal duties of the Board, staff, custodian, investment managers, and consultants.

A pension fund's asset allocation policy implemented in a consistent and disciplined manner is generally recognized to have the most impact on a fund's performance. The asset allocation process determines a fund's optimal long-term asset class mix (target allocation), which is expected to achieve a specific set of investment objectives. In March 2015 the Board adopted a revised asset allocation plan, but opted to keep the prior asset allocation targets in place subject to further review.

For the one-year period ending June 30, 2015, the net of fees investment return for the publicly traded U.S. equity portfolio was 7.3%, non-U.S. equity and global equity returned -5.1% and -1.7%, respectively, and private equity returned 13.6%. U.S. fixed income and global fixed income portfolios returned 0.7% and -5.0%, respectively, real estate returned 12.6%, while liquid alternatives returned -5.7%. The total Fund returned 1.7% for the year, underperforming the Policy Benchmark of 3.4%. Over the five-year and ten-year periods ended June 30, 2015, the total Fund's annualized return was 11.6% and 6.5%, respectively. The chart below compares the actual and policy investment returns for one, five, and ten years.



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, 2015, VCERA's valuation value of assets was approximately $4.3 billion resulting in a funding status of 83.1% (or 83.63% using the GASB metric).

LETTER OF TRANSMITTAL *CONTINUED*

Annually, VCERA retains an independent actuarial firm to conduct an actuarial valuation. Segal Consulting performed the June 30, 2015 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 on April 14, 2015, and recommended assumption changes were adopted on May 18, 2015. The latest assumptions are incorporated into the June 30, 2015 valuation.

Significant Events, Accomplishments and Objectives

The 2014-2015 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:

- Appointed Retirement Administrator and Chief Investment Officer for the Plan.
- Completed an Asset Liability Study and adopted a new Investment Asset Allocation.
- Completed Triennial Actuarial Experience study.
- Reached the 82% completion level for the new Pension Administration System (PAS).

Objectives for the coming year include:

- Conduct an Actuarial Audit of the Actuarial Valuation.
- Begin User Acceptance Testing for PAS, with a goal to complete the project by April 2016.

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, 2014. 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 is made possible by the dedicated teamwork of VCERA staff under the leadership, dedication, and support of the VCERA Board. I am grateful to the VCERA staff as well as to all of our professional service providers, who perform so diligently to ensure successful operation and financial soundness of VCERA.

Finally, on behalf of VCERA staff, I want to thank the Board for its continued support. The Board leadership and support has contributed to the overall success of our retirement system.

Linda Webb

Linda Webb
Retirement Administrator

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, 2014

Jeffrey R. Emer

Executive Director/CEO

MEMBERS OF THE BOARD OF RETIREMENT

TRACY TOWNER
Chair
Alternate Elected by
Safety Members

WILLIAM W. WILSON
Vice-Chair
Appointed by Board of Supervisors

STEVEN HINTZ
Ex-Officio Member
Treasurer-Tax Collector
County of Ventura

PETER C. FOY
Appointed by Board of Supervisors

JOESEPH HENDERSON
Appointed by Board of Supervisors

MICHAEL SEDELL
Appointed by Board of Supervisors

MEMBERS OF THE BOARD OF RETIREMENT *CONTINUED*

CRAIG WINTER
Elected by General Members

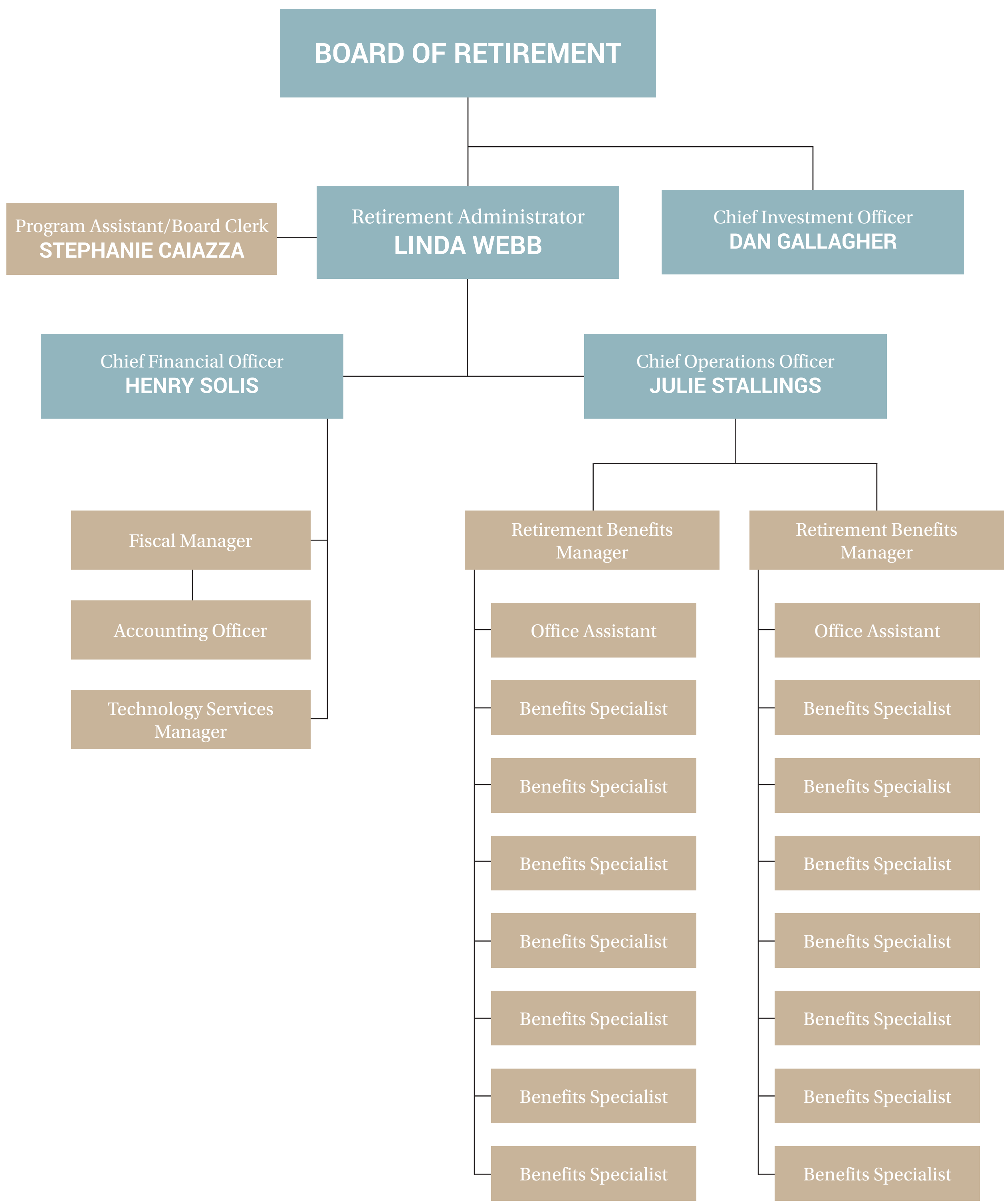
DEANNA McCORMICK
Elected by General Members

ARTHUR E. GOULET
Elected by Retired Members

EDWARD JOHNSON
Elected by Safety Members

WILLIAM HOAG
Alternate Elected by
Retired Members

2015 ORGANIZATION CHART



LIST OF PROFESSIONAL CONSULTANTS

ACTUARY
Segal Consulting

CUSTODIAN
State Street Bank and Trust

INDEPENDENT AUDITOR
Brown Armstrong Accountancy Corporation

INVESTMENT CONSULTANT
NEPC, LLC

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

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

Refer to the list of Investment Managers on Pages 58 of the Investment section for a listing of Investment Professionals who provide services to VCERA.

The annual Oxnard Salsa Festival can't be beat when it comes to great music, delicious food, and of course dancing! Make your plans for this destination with a latin twist during the month of July for an experience you will never forget.

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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FAX 626.204.6547

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STOCKTON, CA 95207
TEL 209.451.4833

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

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 Ventura County Employees' Retirement Association (VCERA) as of June 30, 2015 and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise VCERA's basic financial statements as listed in the table of contents. We have also audited the schedule of cost sharing employer allocations of net pension liability and schedule of employer pension amounts allocated by cost sharing plan total for all entities of the column titled net pension liability, total deferred outflows or resources, total deferred inflows of resources, and total employer pension expense (specified column totals), listed as other information 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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.

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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 VCERA as of June 30, 2015, and the changes in fiduciary net position for the year then ended, the schedule of cost sharing employer allocations of net pension liability and schedule of employer pension amounts allocated by cost sharing plan total for all entities of the column titled net pension liability, total deferred outflows or resources, total deferred inflows of resources, and total employer pension expense (specified column totals), in conformity with accounting principles generally accepted in the united states of america.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the net pension liability of the participating employers as of June 30, 2015, was $854,540 thousands. The fiduciary net position as a percentage of the total liability as of June 30, 2015, was 83.63%. The actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 7.5%, which represents the long-term expected rate of return. Our opinion is not modified with respect to this matter.

Additionally, as discussed in Note 1 to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include private equity, real estate, and alternative investments. Such investments totaled $892,742 thousands (19.9% of total assets) at June 30, 2015. When a publicly listed price is not available, the management of VCERA uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of the investments. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as noted in the table of contents, 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, 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, as noted in the table of contents, 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, as noted in the table of contents, 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.

Report on Summarized Comparative Information

We have previously audited VCERA's June 30, 2014 financial statements, and our report dated December 31, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 27, 2016, on our consideration of 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 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 27, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following review of the results of Ventura County Employees' Retirement Association's (VCERA or Plan) operations and financial condition for the year ended June 30, 2015, 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

- The Net Position Restricted for Pensions (Net Position) at the close of the June 30, 2015 fiscal year is $4.4 billion. All of the net position is available to meet VCERA's ongoing obligations to plan participants and their beneficiaries.
- VCERA's total Net Position Restricted for Pensions increased by $90.0 million or 2.1%. The increase in 2015 is primarily a result of positive investment returns.
- Total Deductions as reflected in the Statement of Changes in Fiduciary Net Position increased to $237.5 million or 4.4% from the prior year.
- VCERA's funding status, as measured by the valuation value of assets divided by the actuarial value of accrued liabilities, improved slightly from 82.7% to 83.1%.

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, other supplementary information, and other information. 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 the net pension liability of the Plan's participating employers, annual required employer contributions, and annual investment returns. The other supplementary information provides details of administrative expenses, investment expenses, and payments to consultants. The other information provides participating employer pension amounts allocated by the cost sharing plan and an allocation of the Net Pension Liability.

Financial Analysis

During the fiscal year, the Plan's assets returned 1.7%, less than the Plan's 7.75% assumed rate of return. The private equity portfolio outperformed all other VCERA asset classes with a positive return of 13.6%. The U.S. equities portfolio gained 7.3%. The Non-U.S. equity portfolio returned -5.1% and global equity returned -1.7%. The U.S. and global fixed income portfolios returned 0.7% and -5.0%, respectively. The real estate portfolio gained 12.6%, while the liquid alternatives portfolio returned -5.7%.

Net Position Restricted for Pension Benefits

Net Position represents assets held to pay benefits earned by plan members. The Plan's Net Position increased 2.1% to approximately $4.4 billion for 2015. Investments increased by approximately $100.9 million in fiscal year 2015, as a result of investment earnings and an increase in the fair value of VCERA's investment portfolio. Current Assets increased by $13.0 million in fiscal year 2015, mostly attributable to an increase in receivables resulting from the sale of investments that had not settled. Pension Software increased by $3.0 million, representing the continued accumulation of investment toward the replacement of the existing pension administration system. Total Liabilities increased by $26.9 million in fiscal year 2015, due in part to an increase in payables for securities purchased.

($ in Thousands)	June 30, 2015	June 30, 2014	Difference	2015-2014 % Change
Current Assets	$171,881	$158,907	$12,974	8.2%
Investments	4,296,673	4,195,820	100,853	2.4%
Pension Software	9,426	6,459	2,967	45.9%
Total Assets	4,477,980	4,361,186	116,794	2.7%
Total Liabilities	(113,185)	(86,300)	(26,885)	31.2%
Net Position Restricted For Pensions	$4,364,795	$4,274,886	$89,909	2.1%

Additions To Plan Net Position

The primary sources to finance Pensions provided by VCERA are accumulated through investment income and the collection of employer and member contributions. Fiscal year 2015 results showed a 7.5% and 36.4% increase in employer and member contributions, respectively. The increase in member contributions was due to elimination of employer pickup of member required contributions. Net investment income was significantly lower than the prior year by $(569.9) million.

($ in Thousands)	June 30, 2015	June 30, 2014	Difference	2015-2014 % Change
Employer Contributions	$173,269	$161,247	$12,022	7.5%
Employee Contributions	63,679	46,674	17,005	36.4%
Net Investment Income	88,681	658,581	(569,900)	-86.5%
Total Additions	$325,629	$866,502	$(540,873)	-62.4%

Deductions in Net Position

VCERA's assets are used primarily in the payment of pension 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 pension benefit payment were the primary contributors to the increase in total deductions in fiscal year 2015.

($ in Thousands)	June 30, 2015	June 30, 2014	Difference	2015-2014 % Change
Benefit Payments	$228,423	$218,104	$10,319	4.7%
Member Refunds	5,272	5,428	(156)	-2.9%
Administrative	3,854	4,045	(191)	-4.7%
Total Deductions	$237,549	$227,577	$9,972	4.4%

Benefit payments grew in 2015 by approximately $10.3 million dollars or 4.7%, as the retirement plan continues to mature. Member refunds and Administrative expenses decreased slightly from the prior year.

New Pension Accounting and Financial Reporting Standards

VCERA implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25, beginning with the fiscal year ended June 30, 2014, and VCERA's participating employers were subject to the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, beginning with the fiscal year ended June 30, 2015. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans* and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 50, *Pension Disclosures*; GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and GASB Statement No. 50, as they relate to pension plans. As previously reported, these standards will require governments to recognize their long-term obligation for pension benefits as a liability on their balance sheets, to recognize their annual pension expense as a comprehensive measurement of the annual cost of pension benefits, and expand note disclosures, required supplementary information, other supplementary information, and other information for pension plans and their participating employers.

VCERA has complied with GASB Statement No. 67 for the fiscal year ended June 30, 2015, and collaborated with the Plan's participating employers as they implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015.

Based on the June 30, 2015, actuarial valuation, the net pension liability of participating employers on a market basis is $854.5 million, an increase of $301.3 million from the June 30, 2014, valuation. The increase is primarily attributable to the change in actuarial assumptions approved by the Board of Retirement for the June 30, 2015, actuarial valuation. Refer to Note 4 in the Financial Section, Required Supplementary Information, Other Supplementary Information, and Other Information sections of this report for additional information.

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
VCERA.Info@Ventura.org

Respectfully submitted,

Henry C. Solis, CPA
Chief Financial Officer

STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2015 (with comparative amounts for June 30, 2014)
($ in Thousands)

	June 30, 2015	June 30, 2014
ASSETS		
Cash	$59,061	$63,604
Cash Collateral on Loaned Securities	64,344	62,403
Pension Software Development	9,426	6,459
Receivables		
Contribution Receivable	6,872	5,692
Accounts Receivable - Sale of Investments	38,358	23,833
Accrued Interest and Dividends	3,214	3,358
Accounts Receivable - Other	32	17
Total Receivables	48,476	32,900
Investments at Fair Value		
U.S. and Non-U.S. Equities	2,390,182	2,403,095
Fixed Income	1,013,749	970,049
Private Equity	136,414	87,763
Real Estate	340,987	306,840
Liquid Alternatives	415,341	428,073
Total Investments	4,296,673	4,195,820
Total Assets	4,477,980	4,361,186
LIABILITIES		
Accounts Payable - Purchase of Investments	46,452	21,181
Accrued Expenses	2,389	2,716
Obligations under Securities Lending Program	64,344	62,403
Total Liabilities	113,185	86,300
Net Position Restricted for Pensions	$4,364,795	$4,274,886

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2015 (with comparative amounts for fiscal year ended June 30, 2014)
($ in Thousands)

	June 30, 2015	June 30, 2014
ADDITIONS		
Contributions		
Employer - Actuarially Determined	$173,269	$161,247
Employer - Other	1,830	$8,456
Member	63,679	46,674
Total Contributions	238,778	216,377
Investment Income		
From Investing Activities:		
Net Appreciation in Fair Value of Investments	42,588	622,127
Investment Income	60,572	49,197
Total Investing Activity Income	103,160	671,324
Less Expenses from Investing Activities	(14,604)	(12,877)
Net Investing Activity Income	88,556	658,447
From Securities Lending Activities:		
Securities Lending Income	172	148
Less Expenses from Securities Lending Activities:		
Borrower Rebates	6	43
Management Fees	(53)	(57)
Total Expenses from Securities Lending Activities	(47)	(14)
Net Securities Lending Income	125	134
Total Net Investment Income	88,681	658,581
Total Additions	327,459	874,958
DEDUCTIONS		
Benefit Payments	228,423	218,104
Administrative Expenses	3,854	4,045
Refunds & Death Benefits	5,272	5,428
Total Deductions	237,549	227,577
Net Increase in Net Position	89,910	647,381
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of Year	4,274,886	3,627,505
End of Year	$4,364,796	$4,274,886

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 Comprehensive 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, 2015, 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, U.S. and Non-U.S. equities, private equity, liquid 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 bonds, corporate debt, 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 VCERA's U.S. and Non-U.S. 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.

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 accounting principles generally accepted in the United States of America 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.

VCERA'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, the manager 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.

Liquid Alternatives. Liquid alternatives are comprised of publicly traded equities and fixed income instruments. Please refer to Fixed Income and Equities on page 18 for a description of these investments.

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 that 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, 2015.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

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 No. 28. In addition, gross earnings received on invested cash collateral are reported as Earnings, and borrower rebates and agent fees are recorded as Borrower Rebates and Management Fees, respectively. This Earnings, Rebates, and Fees amounted to $172,000, $6,000, and $(53,000), respectively, for the year ended June 30, 2015, a decrease due primarily to reduced securities lending activity. Non-cash collateral, and the related repayment obligation, is not recorded on the books of VCERA, as there is no ability to pledge or sell the collateral absent borrower default. See Note 3 for additional information on securities lending.

Income Taxes. The Internal Revenue Service (IRS) has ruled that plans such as VCERA qualify under Section 401(a) of the Internal Revenue Code and are not subject to tax under present income tax laws. On January 29, 2014, the IRS issued VCERA a favorable Tax Determination Letter. Accordingly, no provision for income taxes has been made in the accompanying basic financial statements, as the plan is exempt from federal and state income taxes under provisions of the Internal Revenue Code, Section 401, and the California Revenue and Taxation Code, section 23701, respectively.

Implementation of new Accounting Pronouncement.
During the fiscal year ending June 30, 2015, VCERA implemented the following standards:

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27.* The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014. VCERA has implemented the provisions of GASB Statement No. 68 in the current year.

GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations.* The provisions of GASB Statement No. 69 are effective for financial statements beginning after December 15, 2013. There was no effect on the VCERA accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68.* The provisions of this statement will be applied simultaneously with the provisions of GASB Statement No. 68. There was no effect on VCERA's accounting or financial reporting as a result of implementing this standard.

New Accounting Pronouncements.
Recently released standards by GASB affecting future fiscal years are as follows:

GASB Statement No. 72 – *Fair Value Measurement and Application.* The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. The Plan has not fully judged the effect of the implementation of GASB Statement No. 72 as of the date of the basic financial statements.

GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68.* The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. The Plan has not fully judged the effect of the implementation of GASB Statement No. 73 as of the date of the basic financial statements.

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefits Other than Pension Plans.* The provisions of this statement are effective for fiscal years beginning after June 15, 2016. The Plan has not fully judged the effect of the implementation of GASB Statement No. 74 as of the date of the basic financial statements.

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans.* The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The Plan has not fully judged the effect of the implementation of GASB Statement No. 75 as of the date of the basic financial statements.

GASB Statement No. 76 – *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The provisions of this statement are effective for fiscal years beginning after June 15, 2015. VCERA has not fully judged the effect of the implementation of GASB Statement No. 76 as of the date of the basic financial statements.

GASB Statement No. 77 – *Tax Abatement Disclosures.* The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. VCERA has not fully judged the effect of the implementation of GASB Statement No. 77 as of the date of the basic financial statements.

2. PLAN DESCRIPTION

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 Assembly Bill (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, Ventura County Courts, Air Pollution Control District, a special district, and Ventura Regional Sanitation District, a special district, (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, 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.

VCERA MEMBERSHIP	2015	2014
Retired Members and Beneficiaries	6,338	6,121
Active Members		
Vested	5,856	5,973
Non-Vested	2,443	2,237
Deferred Members		
Vested	1,347	1,338
Non-Vested	1,094	1,001
Total Membership	17,078	16,670

Benefit Provisions. State law along with resolutions and ordinances adopted by the Board and the Ventura County 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 from 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.

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 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 adopted regulations pursuant to Government Code Section 31627 to provide a cost of living adjustment to the Tier II general members who are represented by Service Employees International Union (SEIU) Local 721. The cost of living adjustment is fixed at 2% annually and is funded by employee contributions.

Terminations. Effective January 1, 2003, members with less than five 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 31628.

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. 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's investment policy allows investments 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.

Asset Allocation Policy and Expected Long-Term Rate of Return by Asset Class. The allocation of investment assets within the Plan portfolio is approved by the Board as outlined in the Investment Policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the fund. On March 16, 2015, the Board adopted a new target asset allocation. The table that follows displays the Board's adopted asset allocation policy as of June 30, 2015 and 2014, respectively.

ASSET CLASS	Target Allocation 2015	Target Allocation 2014
U.S. Equity	26.0%	30.0%
Non-U.S. Equity	13.0%	14.0%
Global Equity	10.0%	10.0%
U.S. Fixed Income	14.0%	19.0%
Private Debt	5.0%	0.0%
Global Fixed Income	5.0%	5.0%
Real Estate	7.0%	7.0%
Global Tactical Asset Allocation	5.0%	0.0%
Private Equity	5.0%	5.0%
Liquid Alternatives	10.0%	10.0%
Total	100.0%	100.0%

Rate of Return. For the year ended June 30, 2015, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 1.70%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Concentration. VCERA does not hold an investment from any one issuer that represents 5% or more of the Plan's Fiduciary Net Position.

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).

As of June 30, 2015 and 2014, VCERA had the following cash and short-term investments:

($ in Thousands)	June 30, 2015	June 30, 2014
State Street Bank and Trust	$57,785	$55,233
County of Ventura Treasurer's Investment Pool	1,109	8,352
Commercial Bank Account	167	19
Total	$59,061	$63,604

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

($ in Thousands) Rating Category	Assets held at June 30, 2015	Assets held at June 30, 2014
Separate Holdings:		
AAA	$114,810	$98,474
AA	39,072	46,186
A	78,884	72,569
BBB	92,908	91,824
BB	25,952	27,989
B	10,136	9,717
CCC	4,976	8,562
CC	769	463
C	-	-
D	2,154	1,725
No Rating/Commingled	148,751	125,189
Total Separate Holdings	$518,411	$482,698

($ in Thousands) Rating Category	Assets held at June 30, 2015	Assets held at June 30, 2014
Pooled Investments:		
AAA	$281,542	$297,781
AA	105,716	109,105
A	112,570	72,448
BBB	72,223	72,520
BB	27,547	12,357
B	15,421	24,418
CCC	3,457	1,273
CC	1,429	2,239
Total Pooled Investments	$619,905	$592,141
Total Portfolio	$1,138,315	$1,074,839

Overall, the Plan's fixed income holdings were rated AA at June 30, 2015 and AA at June 30, 2014.

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% of the broad fixed income market as defined by the Barclays Capital Aggregate Bond Index and Barclays Global Aggregate Bond Index. Duration is an investment's exposure to fair value change arising from a change in interest rates by investment category and amount at June 30, 2015 and 2014, is as follows:

($ in Thousands) Category	Assets held at June 30, 2015	Duration (Years)	Assets held at June 30, 2014	Duration (Years)
Treasury	$293,988	2.6	$304,951	3.5
Agency	28,496	2.3	34,315	3.7
Mortgage-Backed	202,450	3.6	193,195	3.7
Asset-Backed	86,729	0.8	71,397	0.9
Credit	398,227	3.8	324,178	4.4
Foreign	57,476	2.8	86,106	6.5
Other	70,949	1.0	60,697	1.2
Total	$1,138,315	3.0	$1,074,839	3.8

The duration for the Barclays Capital Aggregate Bond Index as of June 30, 2015 and 2014, was 5.3 years and 5.1 years, respectively.

Foreign Currency Risk. Through its investment policy, VCERA recognizes the return and diversification benefits gained by investing in markets outside the U.S. 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 U.S. expose VCERA to the risk that changes in currency exchange rates may affect the fair value of these investments.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

VCERA's Non-U.S. equity, global equity, and fixed income investment managers may utilize forward exchange 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 or 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, 2015 and 2014, VCERA's forward exchange currency contracts were valued at $111.6 and $131.6 million, currency future contracts had a notional value of ($56.2) and $164.8 million and currency options were valued at ($178,646) and ($205,164), respectively. All forward currency contracts, futures currency contracts, and currency options have been included at fair value in the Statement of Fiduciary Net Position, and all realized and unrealized gains/losses associated with the securities have been included in the Statement of Changes in Fiduciary Net Position for the years ending June 30, 2015 and 2015, respectively.

VCERA had the following currency exposure in its portfolios as of June 30, 2015 and June 30, 2014.

($ in Thousands) Currency	Fixed Income at June 30, 2015	Equities at June 30, 2015	Fixed Income at June 30, 2014	Equities at June 30, 2014
Australian Dollar	$1,913	$9,137	$8,866	$17,052
British Pound	13,485	68,141	11,879	73,407
Canadian Dollar	5,945	7,479	6,740	9,525
Danish Krone	1,206	3,732	371	3,709
Euro	43,515	69,361	50,406	77,793
Hong Kong Dollar	9	25,015	-	19,750
Japanese Yen	28,373	64,232	16,227	72,530
New Zealand Dollar	1,241	-	4,706	-
Norwegian Krone	2,019	4,924	42	4,312
South African Rand	575	4,031	-	5,441
Singapore Dollar	304	14,180	-	15,467
South Korean Won	2,661	5,314	-	6,449
Swedish Krona	982	4,401	447	4,847
Swiss Franc	1,580	36,913	83	43,235
Other/Emerging Markets	3,321	20,658	38,261	23,665
Total Securities Subject to Foreign Currency Risk	$107,129	$337,518	$138,028	$377,181
U.S. $ Investments in International Portfolios	-	261,075	-	273,963
U.S. $ Investments in Global Portfolios	149,719	443,041	123,503	450,642
Total	$256,847	$1,041,634	$261,531	$1,101,787

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, 2015 and 2014, VCERA had no credit risk exposure because the amounts VCERA owed the borrowers exceeded the amounts the borrowers owed 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, 2015 and 2014, VCERA had securities on loan with a fair value of $63.3 and $61.2 million, with cash collateral of $64.3 and $62.4 million, respectively.

VCERA's net securities lending income for the years ended June 30, 2015 and 2014, is as follows:

($ in Thousands)	June 30, 2015	June 30, 2014
Gross Income	$172	$148
Expenses		
Borrower Rebates	(6)	(43)
Management Fees	53	57
Net Securities Lending Income	$125	$134

Concentration of Credit Risk. VCERA, through policies developed and implemented by the Board, 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, Summary if Significant Accounting Policies. 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.

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 counter parties 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), fair value amounts, notional amounts for derivatives outstanding as of and for the years ended June 30, 2015 and 2014, classified by type.

Investment Derivatives Schedule

($ in Thousands) Derivative Type	Notional Amount June 30, 2015	Fair Value June 30, 2015	Fair Value June 30, 2014	Change in Fair Value[1] 2015 - 2014
Future Contracts	$(200,925)	$ -	$ -	$11,546
Forward Contracts	106,702	847	(271)	1,875
Options Contracts	(18,225)	(213)	(206)	700
Credit Default Swaps	1,000	(22)	120	(159)
Currency Swaps	13,942	200	-	(2,098)
Interest Rate Swaps	82,446	74	(217)	(1,165)
Total Investment Derivatives	$(15,060)	$886	$(574)	$10,699

[1]Change in fair value includes realized/unrealized gains and losses including those that were opened and closed during the current fiscal 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.

Custodial Credit Risk. VCERA's investments include collateral associated with derivatives activity. As of June 30, 2015, collateral for derivatives was $10.8 million. The collateral margins are maintained in margin accounts at financial service 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, 2015, the fair value of derivative investments subject to credit risk was $847 thousand, and at June 30, 2014 was ($271) thousand. 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.

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, 2015. 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 S&P's rating system. As of June 30, 2015, VCERA has a maximum amount of exposure to credit risk due to default of all counterparties of $2.1 million.

Credit Risk Derivatives Schedule

($ in Thousands) Derivative Type	Fair Value June 30, 2015	Adjusted Rating		
		AA	A	BBB
Forward Contracts	$847	$2	$706	$139
Total	$847	$2	$706	$139

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. EURIB refers to the Euro Interbank Offered Rate. UKRPI refers to the United Kingdom Retail Price Index. The following tables illustrate the investment maturity period and sensitivity to interest rate changes of these investments as of June 30, 2015.

Investment Maturities For Derivative Instruments:

		Investment Maturities (In Years)			
($ in Thousands) Derivative Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
Credit Default Swaps Written	$(22)	$ -	$(22)	$ -	$ -
Currency Swaps	200	-	2	198	-
Fixed Income Options Written	(15)	(15)	-	-	-
Pay Fixed Interest Rate Swaps	(163)	-	(190)	21	$6
Receive Fixed Interest Rate Swaps	237	-	4	(11)	244
Total	$237	($15)	$(206)	$208	$250

Derivative Instruments Highly Sensitive to Interest Rate Changes:

Derivative Type	Receive Rate	Payable Rate	Fair Value	Notional
Pay Fixed Interest Rate Swaps	Receive variable 6-month LIBOR	Pay fixed 3.00%	($87)	$629
Pay Fixed Interest Rate Swaps	Receive variable 6-month LIBOR	Pay fixed 2.25%	(33)	1,258
Pay Fixed Interest Rate Swaps	Receive variable 6-month LIBOR	Pay fixed 0.50%	(26)	3,187
Pay Fixed Interest Rate Swaps	Receive variable 6-month LIBOR	Pay fixed 1.50%	(55)	10,065
Pay Fixed Interest Rate Swaps	Reveive variable 6-month EURIB	Pay fixed 0.75%	89	2,006
Pay Fixed Interest Rate Swaps	Receive variable 6-month LIBOR	Pay fixed 1.50%	(7)	2,516
Pay Fixed Interest Rate Swaps	Receive variable 6-month LIBOR	Pay fixed 1.50%	(2)	14,941
Pay Fixed Interest Rate Swaps	Receive variable 3-month LIBOR	Pay fixed 2.50%	4	500
Pay Fixed Interest Rate Swaps	Receive variable 3-month LIBOR	Pay fixed 2.25%	29	5,900
Pay Fixed Interest Rate Swaps	Receive variable 3-month LIBOR	Pay fixed 1.25%	(92)	22,400
Pay Fixed Interest Rate Swaps	Receive variable 3-month LIBOR	Pay fixed 2.00%	2	2,000

Derivative Instruments Highly Sensitive to Interest Rate Changes: *Continued*

Derivative Type	Receive Rate	Payable Rate	Fair Value	Notional
Pay Fixed Interest Rate Swaps	Receive variable 3-month LIBOR	Pay fixed 2.25%	$16	$3,900
Receive Interest Rate Swaps	Receive fixed 1.50%	Pay variable 6-month LIBOR	258	4,413
Receive Interest Rate Swaps	Receive fixed 6.77%	Pay variable 1-month TIIE	1	32
Receive Interest Rate Swaps	Receive fixed 7.38%	Pay variable 1-month TIIE	13	191
Receive Interest Rate Swaps	Receive fixed 5.61%	Pay variable 1-month TIIE	(4)	1,103
Receive Interest Rate Swaps	Receive fixed 5.63%	Pay variable 1-month TIIE	(1)	249
Receive Interest Rate Swaps	Receive fixed 5.608%	Pay variable 1-month TIIE	(16)	2,084
Receive Interest Rate Swaps	Receive fixed 7.38%	Pay variable 1-month TIIE	12	185
Receive Interest Rate Swaps	Receive fixed 6.98%	Pay variable 1-month TIIE	-	255
Receive Interest Rate Swaps	Receive fixed 3.3275%	Pay variable 12-month LIBOR	(9)	157
Receive Interest Rate Swaps	Receive fixed 3.14%	Pay variable 12-month UKRPI	(33)	1,478
Receive Interest Rate Swaps	Receive fixed 5.865%	Pay variable 1-month TIIE	8	1,026
Receive Interest Rate Swaps	Receive fixed 1.25%	Pay variable 6-month LIBOR	-	490
Receive Interest Rate Swaps	Receive fixed 5.27%	Pay variable 1-month TIIE	1	389
Receive Interest Rate Swaps	Receive fixed 3.40%	Pay variable 12-month UKRPI	2	786
Receive Interest Rate Swaps	Receive fixed 5.615%	Pay variable 1-month TIIE	4	306
Total Interest Rate Swaps			$74	$82,446

Foreign Currency Risk. VCERA was 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, 2015.

Foreign Currency Risk Schedule for Derivative Instruments

		Currency Forward Contracts			
Currency	Options	Net Receivables	Net Payables	Swap Agreement	Net Exposure
Australian Dollar	$ -	$2	$ -	$ -	$2
Brazillian Real	-	(13)	730	-	717
Canadian Dollar	-	(1)	-	-	(1)
Swiss Franc	-	-	-	2	2
Czech Koruna	-	4	-	-	4
Danish Krone	-	(9)	114	-	105
Euro Currency Unit	(34)	32	(25)	287	260
British Pound Sterling	-	-	(65)	(225)	(290)
Israeli Shekel	-	-	(62)	-	(62)
Indian Rupee	-	7	-	-	7
Japanese Yen	-	276	(161)	232	347
South Korean Won	-	(36)	-	-	(36)
Mexican Peso	-	(75)	58	19	2
Malaysian Ringgit	-	(1)	-	-	(1)
Norwegian Krone	-	(4)	-	-	(4)
New Zealand Dollar	-	(14)	102	-	88
Polish Zloty	-	(1)	-	-	(1)
New Russian Ruble	-	(26)	25	-	(1)
Swedish Krona	-	-	(17)	-	(17)
Singapore Dollar	-	1	-	-	1
Thailand Baht	-	(2)	-	-	(2)
Turkish Lira	-	6	-	-	6
South African Rand	-	1	-	-	1
Sub total	(34)	147	699	315	1,127
US Dollar	(179)	-	-	(63)	(242)
Total	$(213)	$147	$699	$252	$885

4. NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

The components of the Net Pension Liability of the Plan at June 30, 2015, and 2014, respectively, were as follows:

($ in Thousands) Net Pension Liability	June 30, 2015	June 30, 2014
Total Pension Liability	$5,219,335	$4,828,040
Plan Fiduciary Net Position	4,364,795	4,274,886
Net Pension Liability	$854,540	$553,154
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.63%	88.54%

ACTUARIAL ASSUMPTIONS

One of the general goals of an actuarial valuation is to establish contribution rates that fully fund the Plan's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. In preparing the actuarial valuation, the actuary employs generally accepted actuarial methods and assumptions to evaluate the Plan's assets, liabilities, and future contributions required. The actuary incorporates member data and financial information provided by the Plan with economic and demographic assumptions made about the future to estimate the Plan's financial condition as a specified point in time. For example, the actuary develops assumptions about future investment returns, future inflation rates, future increases in salaries, expected retirement ages, life expectancy, and other relevant factors. VCERA's actuary calculates actuarially determined contributions every year and reviews with the Board the economic and demographic assumptions of the Plan every three years.

A key element in determining the Plan's liability is the projection of Benefits, which is defined as all benefits estimated to be payable through the Plan to current active and inactive employees as a result of their past service and their expected future service. The type of benefits provided by the Plan at the time of each valuation are taken into consideration when benefits are projected.

The actuarial assumptions used to determine the Total Pension Liability as of June 30, 2015, were based on the results of the June 30, 2014, Review of Economic Assumptions and Actuarial Experience Study (Experience Study), which covered the periods from July 1, 2011 through June 30, 2014. The actuarial assumptions used to determine the Total Pension Liability as of June 30, 2014, were based on the results of the June 30, 2011, Review of Economic Assumptions and Actuarial Experience Study (Experience Study) which covered the periods from July 1, 2008 through June 30, 2011. They differ from the assumptions used in the June 30, 2014, actuarial valuation, but both are used to determine contribution rates for funding purposes. Also, for determining the Total Pension Liability the investment return assumption used is net of investment expenses only and is not net of administrative expenses. Key methods and assumptions used in the June 30, 2015, and June 30, 2014, actuarial valuation are presented in the page that follows.

Methods and assumptions used to establish "actuarially determined contribution" rates:	
Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	15 years for Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004. Any changes in UAAL after June 30, 2004, are separately amortized over a 15-year closed 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 five-year period. The Actuarial Value of Assets is reduced by the value of the Non-Vested Supplemental Medical Benefit Reserve and the 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.
Mortality Rates	Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA to 2025 set back one year.

Actuarial Assumptions:	June 30, 2015	June 30, 2014
Investment rate of return[1]	7.50% net of pension plan administration and investment expenses, including inflation	7.75% net of pension plan administration and investment expenses, including inflation
Inflation rate	3.00%	3.25%
Real across-the-board salary increase	0.50%	0.50%
Projected salary increases[2]	General: 4.00% to 9.50% and Safety: 4.00% to 11.50%	General: 4.50% to 9.00% and Safety: 4.50% to 12.50%
Cost of living adjustments	For General Tier 1 and Safety 3.00% (actual increases are contingent upon Cinsumer Price Index (CPI) increases with a 3.00% maximum). For General Tier 2, Service Employees International Union members receive a fixed 2.00% cost-of-living adjustment not subject to CPI increases that applies to future service after March 2003.	For General Tier 1 and Safety 3.00% (actual increases are contingent upon Cinsumer Price Index (CPI) increases with a 3.00% maximum). For General Tier 2, Service Employees International Union members receive a fixed 2.00% cost-of-living adjustment not subject to CPI increases that applies to future service after March 2003.
Other Assumptions	Same as those used in the June 30, 2015, funding actuarial valuation	Same as those used in the June 30, 2014, funding actuarial valuation

[1] Includes inflation and is net of pension plan investment expense.

[2] For June 30, 2015, includes inflation at 3.00% plus real across-the-board salary increases of 0.50% plus merit and longevity increases. For June 30, 2014, includes inflation at 3.25% plus real across-the-board salary increases of 0.75% plus merit and longevity increases.

LONG-TERM REAL RATE OF RETURN BY ASSET CLASS

The long-term expected rate of return on the Plan's investments was determined in 2015 using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	27.74%	5.90%
Small Cap U.S. Equity	3.41%	6.60%
Developed International Equity	14.73%	6.95%
Emerging Market Equity	3.12%	8.44%
U.S. Core Fixed Income	14.00%	0.71%
Real Estate	7.00%	4.65%
Private Debt/Credit Strategies	5.00%	6.01%
Absolute Return (Risk Parity)	16.00%	4.13%
Real Assets (Master Limited Partnerships)	4.00%	6.51%
Private Equity	5.00%	9.25%
Total	100.00%	

Long-term expected rate of return net of investment expenses: 7.50%

DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.50% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2015.

The following table presents the Net Pension Liability of participating employers calculated using the current discount rate of 7.50%, as of June 30, 2015, as well as the Net Pension Liability if the discount rate were 1.00% lower or 1.00% higher.

Sensitivity of Net Pension Liability to Changes in Discount Rate
($ in Thousands)

Net Pension Liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
June 30, 2015	$1,554,739	$854,540	$283,352

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 Actuarial 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, 2015, valuation, the period for amortizing the unfunded liability is fixed at 15 years in accordance with the Board of Retirement's policy adopted May 18, 2015, and the period for amortizing the future actuarial gains and losses is over its own declining 15-year period.

VCERA's employers were required to contribute $173.2 million and $161.2 million in actuarially determined contributions for the fiscal years ending June 30, 2015, and 2014, respectively.
Member contributions range from 5.96% to 13.76% depending upon member tier and plan status.

OTHER EMPLOYER CONTRIBUTIONS

In addition to the actuarially determined contributions, participating 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 in Fiduciary Net Position on page 17.

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

Employer Advance Reserve. 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 Reserve and death benefits.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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 and interest credited; deductions include 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; deductions include benefit payments made to eligible retirees.

Death Benefit Reserve. 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.

Contingency Reserve. Represents an amount up to 1.0% of the total market value of assets to provide for future deficiencies in interest earnings, losses on investments, and other contingencies pursuant to Government Code Section 31592.2.

Undistributed Earnings Reserve. Represents funds from current and prior year earnings not previously credited to other Valuation, Non-Valuation, and Supplemental Benefit Reserves in excess of the statutory 1.0% Contingency Reserve.

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.

Reserve balances as of June 30, 2015 and 2014, are as follows:

($ in Thousands)

Reserve Account	June 30, 2015	June 30, 2014
Member	$647,597	$611,921
Employer Advance	1,233,726	997,206
Retired Member	2,269,555	2,150,677
Vested Fixed Supplemental	137,151	134,434
Non-Vested Supplemental	8,801	10,402
Death Benefits	14,301	13,898
Undistributed Earnings	-	2,665
Contingency	-	43,612
Market Stabilization	53,664	310,071
Total Reserves	$4,364,795	$4,274,886

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 21/100th 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 ended June 30, 2015 and June 30, 2014 were within the limits established by the Code.

	June 30, 2015	June 30, 2014
Accrued Actuarial Liability (AAL)[1]	$4,575,063	$4,373,227
Statutory Limitation for Administrative Expense (AAL x .21%)	9,608	9,184
Administrative Expenses Subject to Statutory Limit	3,854	4,045
Excess of Limitation over Actual Administrative Expenses	$5,754	$5,139
Actual Administrative Expenses as a perecentage of AAL	0.08%	0.09%

[1]The AAL, as determined by the systems actuary each year, is used to calculate the following fiscal year's administrative budget authorization. The AAL as of June 30, 2013 and June 30, 2012, was approved by the Board in January 2014 and 2013, respectively, was used to establish the adminstrative expenditure budgets for the fiscal years ended June 30, 2015 and June 30, 2014.

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 $546,518. Annual amounts due under the agreement are as follows:

Fiscal Year Ending	Amount
2016	$198,734
2017	198,734
2018	149,050

9. SUBSEQUENT EVENTS

On August 17, 2015, Assembly Bill (AB) No. 1291 amended The County Employees Retirement Law of 1937 and was signed into law. The AB amended existing Government Codes to add the retirement system of the County of Ventura within the definition of district. Effective January 1, 2016, the Board of Retirement can appoint a retirement administrator, chief financial officer, chief operations officer, chief investment officer, and general counsel. In summary, upon appointment, these employees would be employees of the retirement system, and not of the county, and subject to terms and conditions of employment established by the board of retirement.

Management has evaluated subsequent events through January 27, 2016, which is the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS
($ in Thousands)

		June 30, 2015	June 30, 2014	June 30, 2013
Total Pension Liability				
Service cost		$124,408	$122,896	$118,839
Interest		366,917	355,299	340,000
Differences between expected and actual experience		(101,178)	(48,740)	(94,020)
Changes of assumptions		234,843	-	-
Benefit Payments, including refunds of member contributions		(233,695)	(223,532)	(209,958)
Net Change in Total Pension Liability		391,295	205,923	154,861
Total Pension Liability - Beginning		4,828,040	4,622,117	4,467,256
Total Pension Liability - Ending	A	$5,219,335	$4,828,040	$4,622,117
Plan Fiduciary Net Position				
Contributions- employer		$175,099	$169,703	$150,688
Contributions- members		63,679	46,674	44,464
Net investment income		88,680	658,581	436,638
Benefit Payments, including refunds of member contributions		(233,695)	(223,532)	(209,958)
Administrative expense		(3,854)	(4,045)	(3,944)
Net Change in Plan Fiduciary Net Position		89,909	647,381	417,888
Plan Fiduciary Net Position - Beginning		4,274,886	3,627,505	3,209,617
Plan Fiduciary Net Position - Ending	B	$4,364,795	$4,274,886	$3,627,505
Net Pension Liability - Ending	A-B=C	$854,540	$553,154	$994,612
Plan fiduciary net position as a percentage of the total pension liability	B/A	83.63%	88.54%	78.48%
Covered-employee payroll	D	$665,086	$642,779	$632,146
Net position liability as a percentage of covered employee payroll	C/D	128.49%	86.06%	157.34%

Note - Data for fiscal years ended June 30, 2006 through June 30, 2012 are not available in comparable format.

REQUIRED SUPPLEMENTARY INFORMATION *CONTINUED*

SCHEDULE OF EMPLOYER CONTRIBUTIONS

($ in Thousands)

Year Ended June 30	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency/ (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2015	$173,269	$173,269	-	$665,086	26.05%
2014	161,247	161,247	-	642,779	25.09%
2013	142,370	142,370	-	632,146	22.52%
2012	132,386	132,386	-	637,037	20.78%
2011	111,585	111,585	-	654,829	17.04%
2010	97,324	97,324	-	634,777	15.33%
2009	105,278	105,278	-	599,173	17.57%
2008	104,429	104,429	-	551,968	18.92%
2007	86,455	86,455	-	519,145	16.65%
2006	74,373	74,373	-	478,053	15.56%

Note - Covered-employee payroll shown for fiscal years before 2013 are based on the expected covered-employee payroll. For 2013 through 2015, the actual covered-employee payroll is shown.

SCHEDULE OF INVESTMENT RETURNS

Year Ended June 30	Annual Money Weighted Rate of Return, Net of Investment Expense
2015	1.70%
2014	18.80%
2013	13.20%

Note - Data for fiscal years ended June 30, 2006 through June 30, 2012, are not available in a comparable format.

LATEST ACTUARIAL VALUATION OF PLAN ASSETS AND LIABILITIES

Methods and assumptions used to establish "actuarially determined contribution" rates:	
Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	15 years for Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004. Any changes in UAAL after June 30, 2004, are separately amortized over a 15-year closed 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 five-year period. The Actuarial Value of Assets is reduced by the value of the Non-Vested Supplemental Medical Benefit Reserve and the 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.
Mortality Rates	Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA to 2025 set back one year.

LATEST ACTUARIAL VALUATION OF PLAN ASSETS AND LIABILITIES *CONTINUED*

Actuarial Assumptions:	June 30, 2015	June 30, 2014
Investment rate of return[1]	7.50% net of pension plan administration and investment expenses, including inflation	7.75% net of pension plan administration and investment expenses, including inflation
Inflation rate	3.00%	3.25%
Real across-the-board salary increase	0.50%	0.50%
Projected salary increases[2]	General: 4.00% to 9.50% and Safety: 4.00% to 11.50%	General: 4.50% to 9.00% and Safety: 4.50% to 12.50%
Cost-of-living adjustments	For General Tier 1 and Safety 3.00% (actual increases are contingent upon Consumer Price Index (CPI) increases with a 3.00% maximum). For General Tier 2, Service Employees International Union members receive a fixed 2.00% cost-of-living adjustment not subject to CPI increases that apply to future service after March 2003.	For General Tier 1 and Safety 3.00% (actual increases are contingent upon Consumer Price Index (CPI) increases with a 3.00% maximum). For General Tier 2, Service Employees International Union members receive a fixed 2.00% cost-of-living adjustment not subject to CPI increases that apply to future service after March 2003.
Other Assumptions	Same as those used in the June 30, 2015, funding actuarial valuation	Same as those used in the June 30, 2014, funding actuarial valuation

[1] Includes inflation and is net of pension plan investment expense.

[2] For June 30, 2015, includes inflation at 3.00% plus real across-the-board salary increases of 0.50% plus merit and longevity increases. For June 30, 2014, includes inflation at 3.25% plus real across-the-board salary increases of 0.75% plus merit and longevity increases.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Year Ended June 30, 2015 (with comparative amounts for June 30, 2014)
($ in Thousands)

	June 30, 2015	June 30, 2014
Personnel Services:		
Salaries	$1,444	$1,585
Employee Benefits	585	583
Total Personnel Services	2,029	2,168
Professional Services:		
Actuarial Fees	171	170
Computer Software and System Support (Net of Capitalized costs)	399	378
Legal Services	411	338
Other Professional Services	429	493
Total Professional Services	1,410	1,379
Communication:		
Postage	67	48
Telecommunication	39	38
Total Communication	106	86
Other Services and Charges:		
Office Lease	174	163
Educational	59	65
Equipment	8	-
County Services	(16)	65
Insurance	6	12
Other Charges	78	107
Total Other Services and Charges	309	412
Total Administrative Expenses	$3,854	$4,045

OTHER SUPPLEMENTARY INFORMATION *CONTINUED*

SCHEDULE OF INVESTMENT EXPENSES

For the Year Ended June 30, 2015 (with comparative amounts for June 30, 2014)
($ in Thousands)

	June 30, 2015	June 30, 2014
Investment Management Fees		
Stock Managers		
U.S. Equity	$523	$463
Non-U.S Equity/Global	3,475	3,284
Private Equity	2,548	1,852
Bond Managers	2,252	2,122
Real Estate	2,932	2,715
Alternatives	2,001	1,788
Total Investment Management Fees	13,731	12,224
Other Investment Expenses		
Cash Overlay	101	150
Investment Consultant	280	290
Custodian	492	213
Total Other Investment Expenses	873	653
Total Investment Expenses	$14,604	$12,877

SCHEDULE OF PAYMENTS TO CONSULTANTS

For the Year Ended June 30, 2015 (with comparative amounts for June 30, 2014)
($ in Thousands)

	June 30, 2015	June 30, 2014
Legal Services	$411	$339
Actuarial Consulting Fees	171	170
Investment Management		
Consulting Fees	280	290
Network and Other Information		
Technology Services (includes capitalized costs)	2,720	3,086
Total Payments to Consultants	$3,582	$3,885

SCHEDULE OF EMPLOYER PENSION AMOUNTS ALLOCATED BY COST SHARING PLAN
($ in Thousands)

		Deferred Outflow of Resources					Deferred Inflow of Resources					Pension Expense		
Employer/ Nonemployer (special funding situation)	Net Pension Liability	Differences Between Expected and Actual Economic Experience	Differences Between Projected and Actual Investment Earnings	Changes of Assumptions	Changes in Employer Proportion and Differences Between Contributions and Proportionate Share of Pension Expense	Total Deferred Outflow of Resources	Differences Between Expected and Actual Economic Experience	Differences Between Actual and Projected Investment Earnings	Changes of Assumptions	Changes in Employer Proportion and Differences Between Contributions and Proportionate Share of Pension Expense	Total Deferred Inflow of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Proportionate Share of Pension Expense	Total Employer Pension Expense
County of Ventura	$822,801	-	$186,926	$182,636	$724	$370,286	$107,805	$218,309	-	$457	$326,571	$86,237	$33	$86,270
Ventura County Courts	24,429	-	5,550	5,422	331	11,303	3,201	6,481	-	719	10,401	2,560	(70)	2,490
Ventura County Air Pollution Control District	3,457	-	785	767	79	1,631	453	917	-	51	1,421	362	12	374
Ventura Regional Sanitation District	3,853	-	876	855	93	1,824	505	1,022	-	-	1,527	404	25	429
Total	$854,540	-	$194,137	$189,680	$1,227	$385,044	$111,964	$226,729	-	$1,227	$339,920	$89,563	-	$89,563

SCHEDULE OF COST SHARING EMPLOYER ALLOCATIONS OF NET PENSION LIABILITY

($ in Thousands)

	June 30, 2015		June 30, 2014	
Participating Employer	**Allocation of Net Pension Liability (NPL)**	**Employer Allocation Percentage**	**Allocation of Net Pension Liability (NPL)**	**Employer Allocation Percentage**
County of Ventura	$822,801	96.052%	$531,314	96.052%
Ventura County Courts	24,429	3.070%	16,984	3.070%
Ventura County Air Pollution Control District	3,457	0.423%	2,339	0.423%
Ventura Regional Sanitation District	3,853	0.455%	2,517	0.455%
Total	$854,540	100.000%	$553,154	100.000%

Note - Employer allocation percentage is weighted average allocation of General and Safety NPL as each NPL is calculated separtely for each participating employer, then combined.

Did we mention beaches? Hundreds of miles of coastline in Ventura County provide an endless array of activities with many destinations ready to accommodate beach enthusiasts of all ages. Here, windsurfers prepare their rigs for a day of exhilarating excitement at Surfers' Point at Ventura Beach.

NEPC, LLC

ALLAN MARTIN
PARTNER

January 26, 2016

Mr. Dan Gallagher
Chief Investment Officer
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

Dear Mr. Gallagher,

The overall objective of the Ventura County Employees' Retirement Association Plan ("VCERA" or the "Plan") is to ensure continued access to retirement, disability and survivor benefits for current and future VCERA participants. To ensure a solid foundation for the future of the Plan, VCERA carefully plans and implements an investment program designed to produce superior long-term investment returns, while prudently managing the risk of the portfolio. Investment policy and asset allocation are reviewed and revised by the Board of Retirement, at least annually, to reflect the Plan's actuarial assumptions, the accrued liabilities, and the investment outlook. The following is a report on the performance of the Plan for the fiscal year ending June 30, 2015.

Although investment manager performance is a key component of the future "success" of the Plan, the overall asset allocation policy will be the primary determinant of such "success". Modern Portfolio Theory maintains that long-term investors, who assume prudent levels of risk, will be rewarded with incremental returns above lower returning, risk-free assets (i.e. T-Bills). The Plan, in its asset allocation policy, is required to satisfy the need to pay accumulated/earned retirement benefits today while preparing for "uncertain" future benefits. This balancing of short-term versus long-term needs is a key consideration in the overall portfolio construction process. To facilitate the balance of short-term versus long-term objectives, the Board of Retirement has adopted a diversified asset allocation structure that includes traditional asset classes such as U.S. and non-U.S. equities and fixed income, as well as alternative asset classes such as private equity, absolute return strategies or hedge funds, real estate, real assets, and opportunistic investment strategies across global credit markets.

Fiscal Year 2015 Market Review

The multi-year valuation expansion in growth assets continued throughout fiscal year 2015. Markets were resilient to domestic and global political tensions, geopolitical conflicts in Eastern Europe and the Middle East, oil's precipitous price drop, unsustainable debt loads in Greece and the threat of a slowing Chinese economy. Central banks continued their influence in markets, with the Federal Reserve navigating an end to unprecedented monetary stimulus in the U.S., the European Central Bank beginning expansionary monetary policy of a €1 trillion bond-purchase program, the People's Bank of China cutting interest rates by 0.25% and the Swiss National Bank removing its Euro peg. Domestic equities, as measured by the S&P 500 Index, posted its sixth consecutive yearly gain, returning 7.4%. Fixed income investments experienced divergent performance across debt instrument types as risk averse investors bid up higher credit quality issues, resulting in high yield bonds (-0.4%) underperforming investment grade bonds (+1.9%). International developed markets equities underperformed domestic equities by nearly 13% as the relative strength of the U.S. Dollar and sluggish economic growth weighed on the non-U.S. markets. Emerging markets equities also trailed domestic stocks by 13%, and underperformed developed non-U.S. equities markets by approximately 1%.

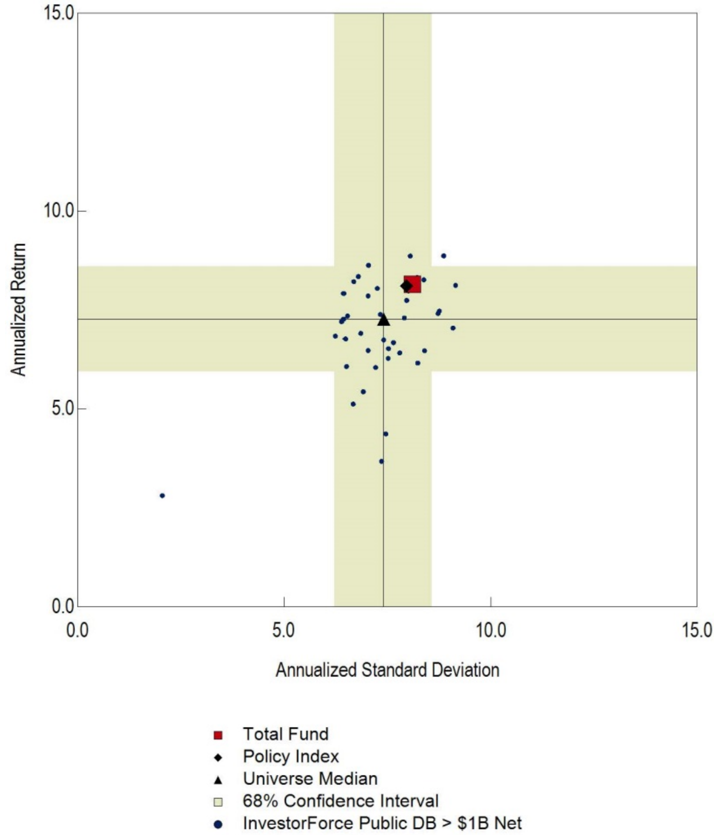
In preparing our performance analysis for the Plan, we rely on the accuracy of financial data provided by the Plan's custodian bank and investment managers. The information that follows is presented using market values provided from these external sources, which VCERA considers to be fair value. Investment performance analysis and comparisons produced by NEPC have been calculated using standard performance evaluation methodologies and are consistent with industry standards. Performance results are calculated using a time-weighted return methodology. The Plan's goal of achieving market rates of returns, while mitigating unwarranted risk, is measured against appropriate benchmarks and comparative universes on a quarterly basis. Performance is measured on a most recent quarter, year-to-date, and accumulated trailing annual periods, as well as three- and five-year periods (full market cycle). Risk-adjusted performance on an absolute basis and a comparative basis is also measured. This review process allows the Plan to evaluate and determine whether established goals and objectives are being achieved.

The Plan returned 1.7%, net of fees (2.0% gross of fees), for the fiscal year ending June 30, 2015. By comparison, the median fund in the universe returned 2.6% for the period[1]. Contributing positively to performance during the fiscal year was the Plan's allocation to Non-US Equity, Global Fixed Income, and Private Equity relative to their respective performance. The largest detractor to the Plan's performance over the past year has been the allocation to Liquid Alternatives, which returned -5.2% gross of fees, over the past year.

For the five-year period ending June 30, 2015, the Plan returned 11.6% net of fees per annum, outperforming the Plan's actuarial target of 7.75%.

[1] As of June 30, 2015, the InvestorForce Public Funds Greater than $1 Billion Universe was comprised of 52 total funds with approximately $500 billion in assets. Universe rankings are based on gross of fee performance. The Plan's net of fee performance was -1.0% and 7.7% for the one- and five-year annualized periods ending June 30, 2015, respectively.

Investor Force Public Funds Greater than $1 Billion Universe
Risk-Return Comparison (Net of Fees)
5 Years Ending June 30, 2015



NEPC provides the Plan with quarterly economic and investment market updates, performance reviews, investment manager monitoring and selection advice, and related investment services for traditional and non-traditional asset classes. In preparing our performance analysis for the Plan, we rely on the accuracy of financial data provided by the Plan's custodian bank and investment managers. Investment performance analysis and comparisons produced by NEPC have been calculated using standard performance evaluation methodologies and are consistent with industry standards. The Plan's goals are measured against stated policy objectives, appropriate benchmarks and comparative universes over multiple time periods. This review process allows the Plan to evaluate whether established goals are being achieved on an absolute, relative and risk-adjusted basis.

Sincerely,

OUTLINE OF INVESTMENT POLICIES

General

The Board of Retirement (Board) established an investment policy in accordance with the provisions of the County Employees' Retirement Law of 1937 (Government Code Sections 31450 et. seq.). Ventura County Employee's Retirement Association (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 managers' 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 March 2015, the Board adopted a new allocation plan, but deferred its implementation subject to further analysis, that was predicated on a number of factors including:

a. The actuarially projected liabilities, 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.

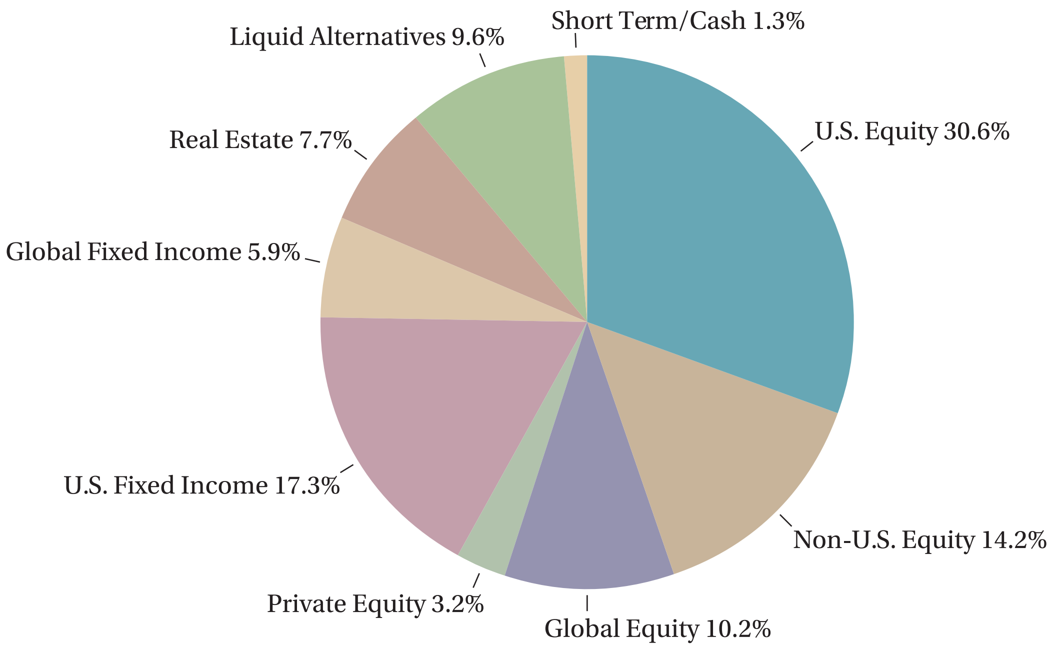
d. The relationship between current and projected assets of the Plan and its actuarial requirements.

A systematic rebalancing procedure is used to maintain asset allocations within their appropriate ranges.

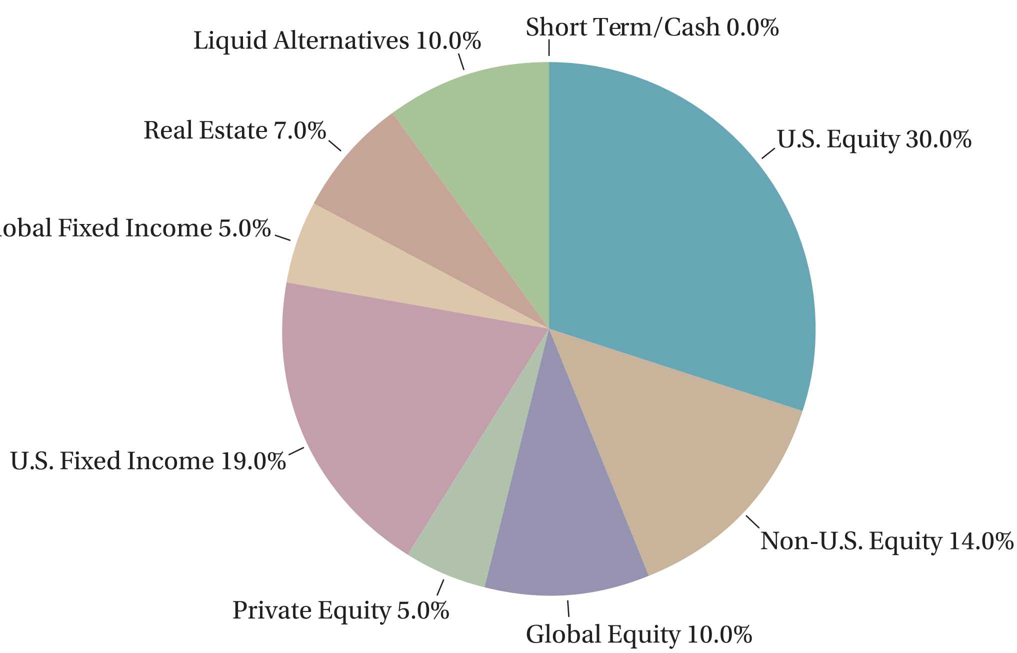
TARGET VERSUS ACTUAL ASSET ALLOCATION

As of June 30, 2015

ACTUAL[1]



TARGET[2]



[1]The actual Allocation is based upon Investment Summary on pages 53 and 54
[2]Represents Allocation targets in place as of June 30, 2015

INVESTMENT SUMMARY

For the Year Ended June 30, 2015
($ in Thousands)

Type of Investment	Fair Value	Percent of Total Fair Value
U.S. Equity		
BlackRock - Equity Index	$1,153,653	26.6%
BlackRock - Extended Equity Market	48,850	1.1%
Western Asset Management Index Plus	124,566	2.9%
Total U.S. Equity	1,327,069	30.6%
Non-U.S. Equity		
BlackRock ACWI ex-US IMI Index	261,075	6.0%
Hexavest	80,482	1.8%
Sprucegrove Investment Management	183,233	4.2%
Walter Scott	95,282	2.2%
Total Non-U.S. Equity	620,072	14.2%
Global Equity		
BlackRock ACWI Equity Index	228,888	5.3%
Grantham, Mayo, Van Otterloo & Company	214,153	4.9%
Total Global Equity	443,041	10.2%
Private Equity		
Adams Street Partners	82,232	1.9%
Harbourvest	40,807	0.9%
Pantheon	13,375	0.4%
Total Private Equity	136,414	3.2%
Fixed Income - U.S.		
BlackRock U.S. Debt	139,157	3.1%
Loomis, Sayles & Company	68,297	1.5%
Reams Asset Management	285,857	6.6%
Western Asset Management	263,591	6.1%
Total Fixed Income - U.S.	$756,902	17.3%

INVESTMENT SUMMARY *CONTINUED*

For the Year Ended June 30, 2015
($ in Thousands)

Type of Investment	Fair Value	Percent of Total Fair Value
Fixed Income - Global		
Loomis, Sayles & Company	$89,354	2.0%
Loomis, Sayles & Company	42,619	1.0%
PIMCO	124,874	2.9%
Total Fixed Income - Global	256,847	5.9%
Real Estate		
Prudential Real Estate Investors	114,985	2.6%
RREEF America III	6,349	0.1%
UBS Realty Investors	219,653	5.0%
Total Real Estate	340,987	7.7%
Liquid Alternatives		
Bridgewater	284,685	6.6%
Tortoise Capital Advisors	130,656	3.0%
Total Liquid Alternatives	415,341	9.6%
Short Term Investments/Cash/Cash Equivalents		
Ventura County Treasury Investment Pool	1,109	0.0%
Commercial Account	167	0.0%
Parametric	24,268	0.5%
STIF - State Street Corporation	33,517	0.8%
Total Short Term Investments	59,061	1.3%
Total Investments	$4,355,734	100.0%

SCHEDULE OF INVESTMENT RESULTS BASED ON FAIR VALUE

As of June 30, 2015

		Annualized	
	Current Year	**Three-Year**	**Five Year**
U.S. Equity	7.3%	18.0%	17.8%
Current Benchmark: Weighted Average of Dow Jones US Total Stock Index; S&P 500; Dow Jones U.S. Completion Total Stock Market	7.2%	17.6%	17.5%
U.S. Fixed Income	0.7%	2.7%	4.8%
Current Benchmark: Barclays Capital Aggregate Bond Index	1.9%	1.8%	3.3%
Non-U.S. Equity	-5.1%	9.3%	8.2%
Current Benchmark: Weighted Average of MSCI ACWI ex U.S.; MSCI EAFE	-5.3%	9.4%	7.8%
Global Equity	-1.7%	11.8%	11.7%
Current Benchmark: MSCI ACWI	0.7%	13.0%	11.9%
Private Equity	13.6%	14.5%	-
Current Benchmark: Dow Jones Total Stock Market Index + 3%	10.2%	21.0%	-
Global Fixed Income	-5.0%	0.1%	-
Current Benchmark: Barclays Capital Global Aggregate Bond Index	-7.1%	-0.8%	-
Real Estate	12.6%	10.7%	12.3%
Current Benchmark: NCREIF-ODCE	14.4%	13.1%	14.4%
Liquid Alternatives	-5.7%	-	-
Current Benchmark: CPI + 4% (Unadjusted)	4.1%	-	-
Total Fund	1.7%	11.0%	11.6%
VCERA Policy[1]	3.4%	11.1%	11.2%

[1]Current Benchmarks: 30% Total U.S. Equity Benchmark, 19% Barclays Aggregate Index, 14% MSCI ACWI ex U.S. Index, 10% MSCI ACWI, 5% Barclays Global Aggregate Index, 5% Dow Jones U.S. Total Stock Market Index + 3%, 10% CPI + 4% Index, and 7% NCREIF ODCE Real Estate Index.

Asset Class Returns were prepared using the time-weighted rate of return based on the market rate of return. Total Fund performance is calculated based on the weighted average return of the asset classes.

LARGEST EQUITY HOLDINGS (BY FAIR VALUE)

As of June 30, 2015
($ in Thousands)

	Units	Fund Name	Fair Value
1	8,054,610	Blackrock U.S. Equity Market Fund	$1,153,653
2	21,679,242	Blackrock ACWI ex U.S. IMI Index Fund	261,075
3	14,727,585	Blackrock MSCI ACWI Equity Index Fund	228,888
4	25,017,842	Grantham Mayo Van Otterloo (GMO) Group Trust	214,153
5	3,065,231	Sprucegrove Investment Management Group Trust	183,233
6	3,611,703	Walter Scott & Partners Limited Group Trust	95,282
7	59,585	Hexavest EAFE Equity Fund	80,481
8	120,503	Blackrock Extended Equity	48,850
9	28,670,800	HarbourVest Dover Street VII	40,703
10	14,547,517	Adams Street 2010 U.S. Fund	26,213

Note - All VCERA Equity Investments at June 30, 2015 were held in index funds and commingled investment vehicles.

LARGEST FIXED INCOME HOLDINGS (BY FAIR VALUE)

As of June 30, 2015
($ in Thousands)

	Par	Bonds	Fair Value
1	10,850,000	U.S. Treasury N/B 05/45 2.875	$10,633
2	6,000,000	FNMA TBA 15 yr 3.5 Single Family Mortgage	6,316
3	6,460,000	U.S. Treasury N/B 02/25 2	6,276
4	4,340,000	U.S. Treasury N/B 12/16 0.625	4,349
5	3,750,000	U.S. Treasury N/B 12/21 2.125	3,779
6	26,300,000	Swedish Government Bonds 05/25 2.5	3,617
7	3,320,000	U.S. Treasury N/B 05/44 3.375	3,487
8	2,000,000	Bundesrepub. Deutschland Bonds Regs 07/39 4.25	3,448
9	1,700,000	UK TSY 4 2022 Bonds Regs 03/22 4	3,064
10	9,400,000	Letra Tesouro Nacional Bills 01/16 0.00000	2,826

Note - A complete list of Portfolio Holdings is available upon request.

SCHEDULE OF INVESTMENT FEES

As of June 30, 2015 (with comparative amounts for June 30, 2014)
($ in Thousands)

	June 30, 2015	June 30, 2014
Investment Management Fees		
U.S. Equity	$523	$463
Non-U.S. Equity	2,166	1,872
Global Equity	1,309	1,412
Fixed Income - Domestic	1,380	1,302
Fixed Income - Global	872	820
Real Estate	2,932	2,715
Private Equity	2,548	1,852
Liquid Alternatives	2,001	1,788
Total Investment Management Fees	13,731	12,224
Other Investment Fees		
Cash Overlay	101	150
Custodian	492	213
Investment Consultant	280	290
Total Other Investment Fees	873	653
Total Investment Expenses	14,604	12,877
Security Lending Fees		
Security Lending Fees and Interest Expense	48	14
Total Investment Fees and Expenses	$14,652	$12,891

INVESTMENT MANAGERS

Equities - U.S.
BlackRock
Western Asset Management

Equities - Non-U.S.
Sprucegrove Investment Management
BlackRock
Hexavest, Inc.
Walter Scott

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

Private Equity
Adams Street Partners
HarbourVest
Pantheon

Fixed Income
BlackRock
Loomis, Sayles & Company
Reams Asset Management
Western Asset Management

Global Fixed Income
Loomis, Sayles & Company
PIMCO

Real Estate
Prudential Real Estate Investors
UBS Realty Investors
RREEF America III

Alternatives
Bridgewater
Tortoise Capital Investors

Investment Consultant
NEPC, LLC

Cash Overlay
Parametric

PHOTO BY JOE VERNIG

"Thar she blows!" Whale watching in Ventura County has attracted visitors from around the world. For our local residents, the opportunity to see some of the most magnificent creatures on the planet is right in their own backyard.

Segal Consulting

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

December 16, 2015

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

Re: Ventura County Employees' Retirement Association
June 30, 2015 Actuarial Valuation for Funding Purposes

Dear Members of the Board:

Segal Consulting (Segal) prepared the June 30, 2015 annual 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 and VCERA's funding policy that was last reviewed with the Board in 2012. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

As part of the June 30, 2015 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 are expected to 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).

In 2004, the Board elected to amortize the Association's Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004 over a declining (or closed) 15-year period. Any change in the UAAL after June 30, 2004 is amortized over separate 15-year declining amortization periods.

Board of Retirement
Ventura County Employees' Retirement Association
December 16, 2015
Page 2

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, 2015 is illustrated in the Actuarial Solvency Test.

Certain information found in the Notes to Basic Financial Statements and the Required Supplementary Information (RSI) included in the Financial Section was prepared by the Association based on the results of the Governmental Accounting Standards (GAS) 67 actuarial valuation as of June 30, 2015 prepared by Segal. For the Financial Section of the Comprehensive Annual Financial Report (CAFR), Segal provided the Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions as shown in the RSI. A listing of the other schedules prepared by the Association based on the results of the actuarial valuation as of June 30, 2015 for funding purposes is listed below.

1. Summary of Actuarial Assumptions and Methods as of June 30, 2015
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, 2014 Actuarial Experience Study and the June 30, 2015 Review of Economic Actuarial Assumptions. It is our opinion that the assumptions used in the June 30, 2015 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 and the next experience analysis is due to be performed as of June 30, 2017.

In the June 30, 2015 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities increased from 82.7% to 83.1% and the average employer contribution rate decreased from 28.11% of payroll to 27.77% of payroll.

The valuation value of assets included $54 million in deferred investment gains, which represented about 1.2% of the market value of assets. If these deferred investment gains were recognized immediately in the valuation value of assets, the funded percentage would have increased from 83.1% to 84.1% and the aggregate employer contribution rate, expressed as a percent of payroll, would have decreased from 27.77% to about 27.06%.

Board of Retirement
Ventura County Employees' Retirement Association
December 16, 2015
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	John Monroe, ASA, MAAA, EA
Senior Vice President and Actuary	Vice President and Actuary

AW/hy

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

As of June 30, 2015

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
7.50% per annum; 4.50% real rate of return and 3.00% inflation.

Projected Salary Increases
4.00% – 12.00% varying by service. Includes inflation at 3.00%, “across the board” increases of 0.50% plus merit and longevity increases.

Terminations of Employment Rates
0.6% to 14.0%

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.

Expectation of Life After Retirement
General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 setback one year for males and set forward one year for females. Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 setback three years.

Expectation of Life After Disability
General Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 set forward six years for males and eight years for females. Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2035 set forward two years.

Date of Adoption
May 18, 2015

ACTIVE MEMBER VALUATION DATA

Valuation Date	Plan Type	Member Count	Annual Salary	Average Annual Salary	Percent Increase/ (Decrease) In Average Salary	Average Age	Average Service
June 30, 2015	General	6,778	$508,504,947	$75,023	3.34%	46.1	10.6
	Safety	1,521	$170,200,899	$111,901	5.02%	41.5	14.3
	Total	8,299	$678,705,846	$81,782	3.57%	45.3	11.4
June 30, 2014	General	6,672	$484,378,825	$72,599	-0.01%	46.2	10.5
	Safety	1,538	$163,878,217	$106,553	-1.17%	41.4	14.0
	Total	8,210	$648,257,042	$78,959	-0.27%	45.3	11.2
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	0.16%	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%	41.4	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	-3.01%	46.0	10.0
	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	$74,702	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
June 30, 2007	General	6,130	$404,122,312	$65,925	2.62%	45.5	9.4
	Safety	1,523	147,845,787	97,075	4.08%	40.0	12.9
	Total	7,653	$551,968,099	$72,124	2.85%	44.4	10.1
June 30, 2006	General	5,902	$379,143,257	$64,240	6.43%	45.5	9.5
	Safety	1,501	140,001,403	93,272	6.38%	40.0	12.8
	Total	7,403	$519,144,660	$70,126	6.28%	44.4	10.2

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM PAYROLL

Fiscal Year Ended June 30	Retirees and Beneficiaries: At Beginning of Year	Added	Removed	At End of Year	Added to Payroll (in 000s)	Removed from Payroll (in 000s)	Total Retiree Payroll (in 000s)	Percent Increase in Payroll	Average Annual Allowance
2015	6,121	398	(181)	6,338	$16,977	$(6,658)	$228,423	4.73%	$36,040
2014	5,888	394	(161)	6,121	17,698	(4,832)	218,104	6.27%	35,632
2013	5,658	378	(148)	5,888	18,164	(4,257)	205,238	7.27%	34,857
2012	5,481	327	(150)	5,658	13,054	(1,792)	191,332	6.25%	33,816
2011	5,267	358	(144)	5,481	16,502	(2,461)	180,070	8.46%	32,853
2010	5,041	350	(124)	5,267	15,885	(2,945)	166,029	8.45%	31,522
2009	4,914	252	(125)	5,041	13,508	(3,088)	153,089	7.30%	30,369
2008	4,770	300	(156)	4,914	16,102	(5,641)	142,669	7.91%	29,033
2007	4,570	300	(100)	4,770	16,472	(5,491)	132,208	9.06%	27,717
2006	4,314	366	(110)	4,570	16,431	(4,938)	121,227	10.47%	26,527

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE
($ in Thousands)

	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Prior Valuation Unfunded (Excess Funded) Accrued Liability	$820,215	$953,354	$975,867	$774,964	$761,459	$573,553	$290,048	$376,025	$481,870	$368,676
Salary Increases Greater (Less) Than Expected	17,095	(56,617)	(49,186)	(93,786)	(131,928)	(19,314)	(9,590)	19,961	(5,589)	28,116
Asset Return (Greater) Less Than Expected	(81,080)	(13,827)	25,512	72,404	127,192	202,739	213,344	(90,891)	(113,656)	(44,188)
Other Experience Factors	(98,405)	(62,695)	1,161	(5,030)	18,241	4,481	(11,501)	(15,047)	13,400	26,476
Change In Actuarial Assumptions	218,002	-		227,315	-	-	91,252	-	-	102,790
Ending Valuation Unfunded (Excess Funded) Accrued Liability	$875,827	$820,215	$953,354	$975,867	$774,964	$761,459	$573,553	$290,048	$376,025	$481,870

ACTUARY SOLVENCY TEST

($ in Thousands)

Aggregate Actuarial Accrued Liabilities for:

Valuation Date	Active Member Contrib.	Retired Member Contrib.	Active Members (Employer Financed Portion)	Total Liabilities	Actuarial Value of Assets	Active Member Contrib.	Retired Member Contrib.	Active Member Employer Financed
June 30, 2015	$647,597	$2,269,555	$2,261,005	$5,178,157	$4,302,330	100%	100%	61%
June 30, 2014	611,921	2,150,677	1,968,418	4,731,016	3,910,801	100%	100%	58%
June 30, 2013	584,474	2,051,529	1,939,060	4,575,063	3,621,709	100%	100%	51%
June 30, 2012	569,893	1,919,116	1,884,218	4,373,227	3,397,360	100%	100%	48%
June 30, 2011	549,207	1,810,062	1,636,083	3,995,352	3,220,388	100%	100%	53%
June 30, 2010	525,190	1,674,735	1,677,518	3,877,443	3,115,984	100%	100%	55%
June 30, 2009	499,205	1,545,347	1,619,149	3,663,701	3,090,148	100%	100%	65%
June 30, 2008	466,332	1,470,874	1,408,598	3,345,804	3,055,756	100%	100%	79%
June 30, 2007	431,860	1,391,914	1,288,809	3,112,583	2,736,558	100%	100%	71%
June 30, 2006	400,315	1,309,873	1,201,730	2,911,918	2,430,048	100%	100%	60%

SCHEDULE OF FUNDING PROGRESS
($ in Thousands)

Actuarial Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	UAAL as an Unfunded (Overfunded) Percentage of Covered Payroll ((b-a)/c)
June 30, 2015	$4,302,230	$5,178,157	$875,927	83.08%	$678,706	129.06%
June 30, 2014	3,910,801	4,731,016	820,215	82.66%	648,257	126.53%
June 30, 2013	3,621,709	4,575,063	953,354	79.16%	638,763	149.25%
June 30, 2012	3,397,360	4,373,227	975,867	77.69%	633,848	153.96%
June 30, 2011	3,220,338	3,995,352	775,014	80.60%	637,037	121.66%
June 30, 2010	3,115,984	3,877,443	761,459	80.36%	654,828	116.28%
June 30, 2009	3,090,148	3,663,701	573,553	84.34%	634,777	90.36%
June 30, 2008	3,055,756	3,345,804	290,048	91.33%	589,173	49.23%
June 30, 2007	2,736,558	3,112,583	376,025	87.92%	551,968	68.12%
June 30, 2006	2,430,048	2,911,918	481,870	83.45%	519,145	92.82%

[1] Based on the expected covered-employee payroll

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. 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 and 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 members first hired on or after January 1, 2013, benefits 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 of 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, registered domestic partner, or minor child(ren). An eligible surviving spouse, or registered domestic partner, 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, registered domestic partner, or minor child(ren) 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 and has an eligible surviving spouse or minor child(ren), the beneficiary 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, or (b) a monthly retirement allowance equal to 60% of the deceased member's earned benefit at the time of death, or (c) a combined benefit consisting of a reduced 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) may be eligible for a monthly benefit equal to 100% of the deceased member's earned benefit at the time of death.

Retired Member Death Benefits

If the member retired from service, or with a non-service-connected disability, the benefit payable to an eligible surviving spouse would be an amount equal to 60% or 100% (dependent upon the option the member selected at retirement) 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).

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

PROBABILITY OF SEPARATION FROM ACTIVE SERVICE
(in Percentages)

Age Nearest	Rates of Mortality	Rates of Disability	Rates of Retirement Non PEPRA	Rates of Retirement PEPRA
General Members - Male				
25	0.0003	0.0002	0.0000	0.0000
30	0.0004	0.0004	0.0000	0.0000
35	0.0006	0.0008	0.0000	0.0000
40	0.0009	0.0013	0.0000	0.0000
45	0.0013	0.0021	0.0000	0.0000
50	0.0018	0.0031	0.0250	0.0000
55	0.0029	0.0041	0.0450	0.0400
60	0.0048	0.0054	0.1200	0.1100
65	0.0077	0.0069	0.3000	0.2000
General Members - Female				
25	0.0002	0.0002	0.0000	0.0000
30	0.0003	0.0004	0.0000	0.0000
35	0.0005	0.0008	0.0000	0.0000
40	0.0007	0.0013	0.0000	0.0000
45	0.0011	0.0021	0.0000	0.0000
50	0.0017	0.0031	0.0250	0.0000
55	0.0025	0.0041	0.0450	0.0400
60	0.0039	0.0054	0.1200	0.1100
65	0.0072	0.0069	0.3000	0.2000

General Members Years of Service	Withdrawal[1]
Less than 1	0.1400
5	0.0400
10	0.0325
15	0.0250
20 & Over	0.0200

[1]No withdrawal is assumed after a member is first assumed to retire

PROBABILITY OF SEPARATION FROM ACTIVE SERVICE *CONTINUED*
(in Percentages)

Age Nearest	Rates of Mortality	Rates of Disability	Rates of Retirement Non PEPRA	Rates of Retirement PEPRA
Safety Members - Male				
25	0.0003	0.0011	0.0000	0.0000
30	0.0003	0.0024	0.0000	0.0000
35	0.0005	0.0036	0.0000	0.0000
40	0.0008	0.0058	0.0100	0.0000
45	0.0011	0.0088	0.0100	0.0000
50	0.0016	0.0148	0.0250	0.0500
55	0.0024	0.0288	0.2200	0.2000
60	0.0041	0.0504	0.2200	0.2500
65	0.0064	0.0000	1.0000	1.0000
Safety Members - Female				
25	0.0002	0.0011	0.0000	0.0000
30	0.0002	0.0024	0.0000	0.0000
35	0.0003	0.0036	0.0000	0.0000
40	0.0005	0.0058	0.0100	0.0000
45	0.0008	0.0088	0.0100	0.0000
50	0.0012	0.0148	0.0250	0.0500
55	0.0018	0.0288	0.2200	0.2000
60	0.0027	0.0504	0.2200	0.2500
65	0.0044	0.0000	1.0000	1.0000

Safety Members Years of Service	Withdrawal[1]
Less than 1	0.1000
5	0.0275
10	0.0140
15	0.0085
20 & Over	0.0060

[1]No withdrawal is assumed after a member is first assumed to retire

STATISTICAL SECTION

PHOTO BY JOE VERNIG

Sailing or boating opportunities are endless in Ventura County. On your next visit, set your destination for a jaunt out into the Pacific or explore one of the multitudes of inlets and canals all along the coast. Don't have a boat? Outfitters are available everywhere to make sure you don't miss out.

STATISTICAL INFORMATION OVERVIEW

The objective of the Statistical Section is to provide 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 includes 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 position has changed over time. The *Changes in Pension Plan Fiduciary Net Position* presents additions by source, deductions by type, and the total change in fiduciary net position for each year. The *Schedule of Pension Benefit Expenses by Type* presents benefit and member refunds and death benefits deductions by type of benefit and 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. The *Active and Deferred Members* provides membership statistics for active vested and non-vested members as well as deferred members. The *Retired Members by Type of Pension Benefit* reflects the number of retired members, average monthly benefit, and type of benefit as of June 30, 2015. The *Schedule of Average Monthly Benefit Payments* reflects the number of newly retired members, average monthly benefit and average final salary, shown in five-year increments. The *Participating Employers and Active Members* presents the employers and their corresponding covered employees. The *Employer Contribution Rates* are also provided as additional information.

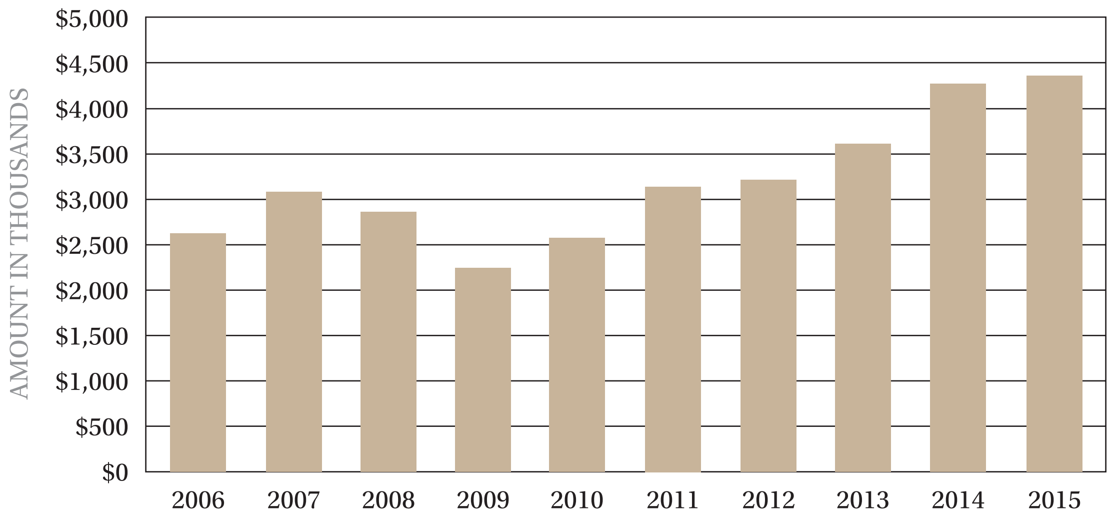
CHANGES IN PENSION PLAN FIDUCIARY NET POSITION

Last Ten Fiscal Years
($ in Thousands)

	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
ADDITIONS					
Employer Contributions	$175,099	$169,703	$150,688	$140,773	$120,053
Member Contributions	63,679	46,674	44,464	44,487	44,238
Net Investment Income	88,681	658,580	436,638	50,683	627,327
Total Additions (Declines)	327,459	874,957	631,790	235,943	791,618
DEDUCTIONS					
Benefits	228,423	218,105	205,238	191,332	180,070
Administrative	3,854	4,045	3,944	3,536	4,387
Member Refunds	5,272	5,428	4,720	3,783	4,388
Miscellaneous	-	-	-	-	-
Total Deductions	237,549	227,578	213,902	198,651	188,845
Change In Pension Plan Fiduciary Net Position	$89,910	$647,379	$417,888	$37,292	$602,773

	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
ADDITIONS					
Employer Contributions	$105,703	$113,916	$112,798	$94,328	$81,684
Member Contributions	42,466	42,326	39,611	36,728	33,335
Net Investment Income	347,087	(625,183)	(208,519)	461,551	241,240
Total Additions (Declines)	495,256	(468,941)	(56,110)	592,607	356,259
DEDUCTIONS					
Benefits	166,029	153,089	142,669	133,208	121,227
Administrative	3,227	3,536	3,268	2,589	3,028
Member Refunds	4,081	3,253	3,960	3,479	4,228
Miscellaneous	-	-	20	-	-
Total Deductions	173,337	159,878	149,917	139,276	128,483
Change In Pension Plan Fiduciary Net Position	$321,919	$(628,819)	$(206,027)	$453,331	$227,776

TOTAL PLAN NET POSITION



SCHEDULE OF PENSION BENEFIT EXPENSES BY TYPE

Last Ten Fiscal Years
($ in Thousands)

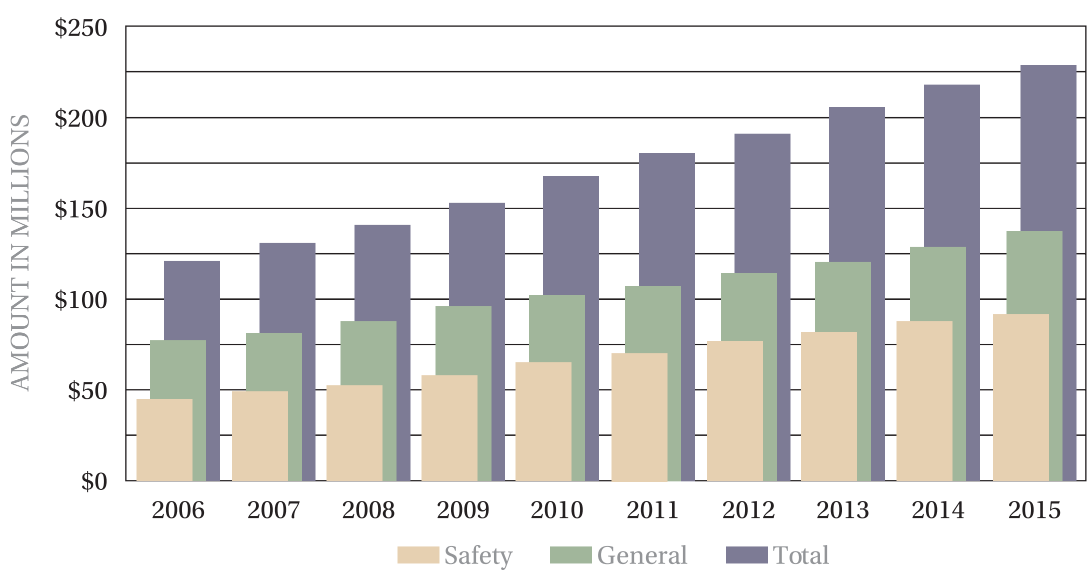
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Service Retirement					
General	$116,593	$110,052	$103,665	$96,889	$91,046
Safety	61,918	58,404	54,789	49,706	45,010
Total	178,511	168,456	158,454	146,595	136,056
Disability Retirement					
General	9,711	10,172	9,639	9,585	9,484
Safety	24,426	24,332	22,890	21,808	21,331
Total	34,137	34,504	32,529	31,393	30,815
Survivor Continuances					
General	9,335	9,141	8,513	8,017	7,909
Safety	6,440	6,003	5,742	5,328	5,291
Total	15,775	15,144	14,255	13,345	13,200
Total Retired Members					
General	135,639	129,365	121,817	114,491	108,439
Safety	92,784	88,739	83,421	76,842	71,632
Total	$228,423	$218,104	$205,238	$191,333	$180,071
Member Refunds & Death Benefits					
General	$4,703	$5,094	$4,263	$3,379	$3,859
Safety	569	334	457	404	530
Total	$5,272	$5,428	$4,720	$3,783	$4,389

SCHEDULE OF PENSION BENEFIT EXPENSES BY TYPE *CONTINUED*

Last Ten Fiscal Years
($ in Thousands)

	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Service Retirement					
General	$83,373	$77,662	$72,278	$66,939	$60,587
Safety	39,353	35,039	31,145	28,472	26,028
Total	122,726	112,701	103,423	95,411	86,615
Disability Retirement					
General	10,051	9,638	9,114	9,449	9,334
Safety	21,163	19,265	18,147	17,115	15,941
Total	31,214	28,903	27,261	26,564	25,275
Survivor Continuances					
General	7,365	6,950	6,500	6,067	5,685
Safety	4,724	4,535	4,485	4,165	3,652
Total	12,089	11,485	10,985	10,232	9,337
Total Retired Members					
General	100,789	94,250	87,892	82,455	75,606
Safety	65,240	58,839	53,777	49,752	45,621
Total	$166,029	$153,089	$141,669	$132,207	$121,227
Member Refunds & Death Benefits					
General	$2,606	$2,679	$3,526	$3,203	$3,611
Safety	622	574	435	276	617
Total	$3,228	$3,253	$3,961	$3,479	$4,228

PENSION BENEFIT PAYMENTS



ACTIVE AND DEFERRED MEMBERS

Last Ten Fiscal Years

	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Active Vested					
General	4,632	4,699	4,669	4,516	4,278
Safety	1,245	1,274	1,260	1,221	1,193
Active Non-vested					
General	2,146	1,973	1,894	2,013	2,238
Safety	276	264	245	269	331
Total Active Members					
General	6,778	6,672	6,563	6,529	6,516
Safety	1,521	1,538	1,505	1,490	1,524
Deferred Members					
General	2,140	2,052	1,978	1,891	1,838
Safety	301	287	271	270	259
Total	10,740	10,549	10,317	10,180	10,137

	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Active Vested					
General	4,078	4,069	3,970	3,906	3,768
Safety	1,158	1,187	1,188	1,177	1,192
Active Non-vested					
General	2,427	2,432	2,408	2,224	2,134
Safety	340	357	362	346	309
Total Active Members					
General	6,505	6,501	6,378	6,130	5,902
Safety	1,498	1,544	1,550	1,523	1,501
Deferred Members					
General	1,780	1,795	1,762	1,646	1,555
Safety	260	260	245	218	201
Total	10,043	10,100	9,935	9,517	9,159

RETIRED MEMBERS BY TYPE OF PENSION BENEFIT

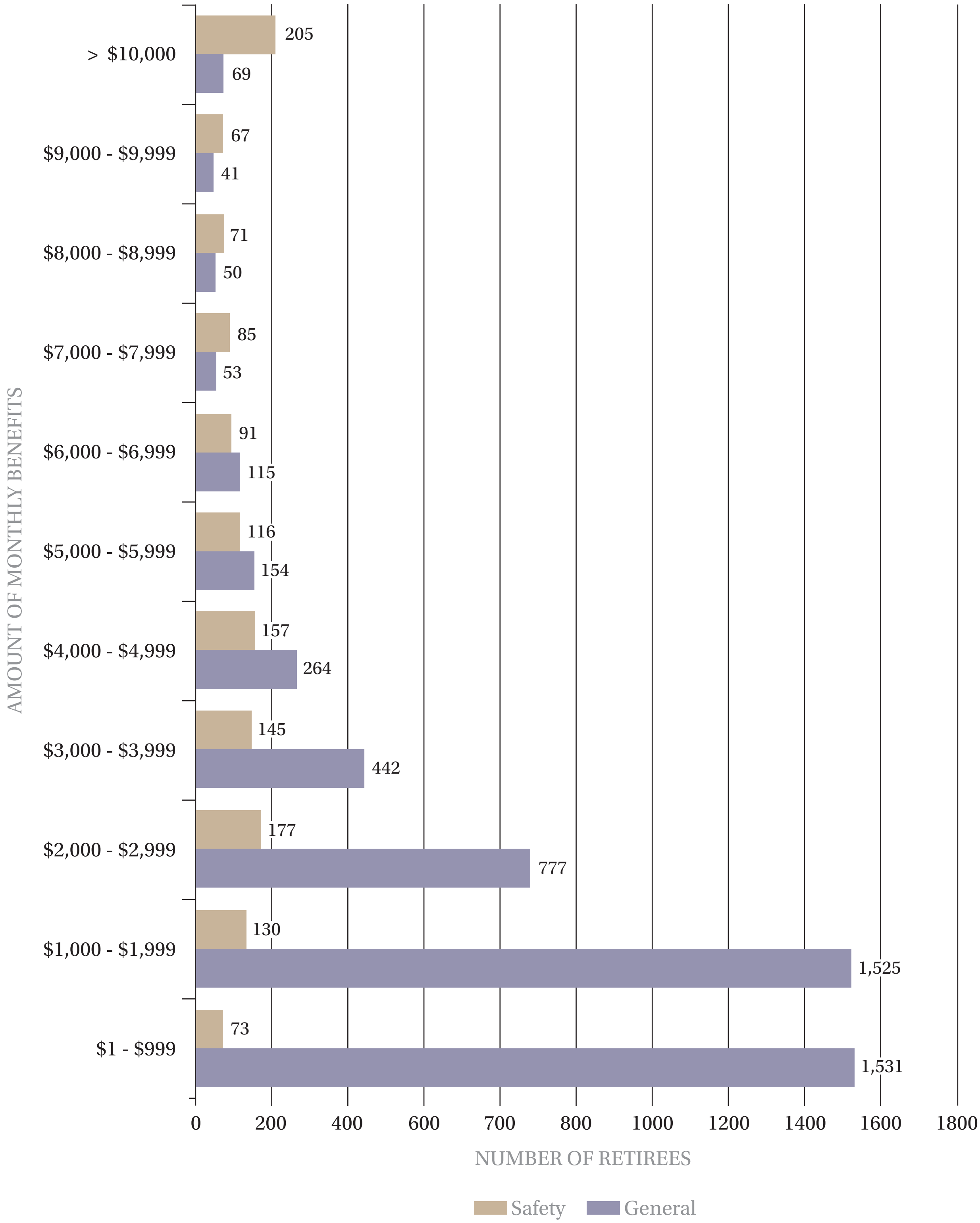
As of June 30, 2015

Amount of Monthly Benefit	Number of Retirees	Type of Retirement[1]		
		A	B	C
General Members				
$1 - $999	1,531	1,134	73	324
$1,000 - $1,999	1,525	1,100	248	177
$2,000 - $2,999	777	634	81	62
$3,000 - $3,999	442	394	29	19
$4,000 - $4,999	264	239	6	19
$5,000 - $5,999	154	136	4	14
$6,000 - $6,999	115	111	3	1
$7,000 - $7,999	53	53	-	-
$8,000 - $8,999	50	47	1	2
$9,000 - $9,999	41	40	1	-
> $10,000	69	66	1	2
Totals	5,021	3,954	447	620
Safety Members				
$1 - $999	73	50	13	10
$1,000 - $1,999	130	67	19	44
$2,000 - $2,999	177	54	55	68
$3,000 - $3,999	145	59	59	27
$4,000 - $4,999	157	46	79	32
$5,000 - $5,999	116	48	48	20
$6,000 - $6,999	91	56	28	7
$7,000 - $7,999	85	53	23	9
$8,000 - $8,999	71	50	18	3
$9,000 - $9,999	67	58	8	1
> $10,000	205	161	38	6
Totals	1,317	702	388	227
Grand Total	6,338	4,656	835	847

[1]Type of Retirement:

A - Service Retiree
B - Disability Retiree
C - Beneficiary/Continuant/Survivor

RETIRED MEMBERS RECEIVING BENEFITS



SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS

2012-2015

Years of Credited Service	5-9	10-14	15-19	20-24	25-29	30+
Retirees - 2015						
General Members						
Average Monthly Benefit	$1,094	$1,835	$2,535	$3,156	$4,737	$5,969
Average Final Average Salary	$6,296	$6,725	$6,716	$6,941	$8,200	$7,913
Number of Active Retirees	34	57	36	54	27	30
Safety Members						
Average Monthly Benefit	$2,288	$2,843	$6,112	$4,199	$7,827	$11,376
Average Final Average Salary	$8,230	$8,843	$11,928	$7,873	$11,778	$13,039
Number of Active Retirees	4	6	2	7	13	14
Retirees - 2014						
General Members						
Average Monthly Benefit	$1,222	$1,823	$2,194	$3,114	$4,208	$5,176
Average Final Average Salary	$6,626	$6,614	$6,219	$6,737	$7,475	$7,127
Number of Active Retirees	40	66	36	48	26	21
Safety Members						
Average Monthly Benefit	$2,599	$4,138	$4,444	$4,864	$7,305	$12,835
Average Final Average Salary	$8,760	$10,770	$10,378	$9,755	$11,132	$14,645
Number of Active Retirees	7	5	2	3	6	13
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

SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS *CONTINUED*

2008-2011

Years of Credited Service	5-9	10-14	15-19	20-24	25-29	30+
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
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

SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS *CONTINUED*

2006-2007

Years of Credited Service	5-9	10-14	15-19	20-24	25-29	30+
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

Years of Credited Service	5-9	10-14	15-19	20-24	25-29	30+
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

PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS

Last Ten Fiscal Years

	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
County of Ventura										
General Members	6,319	6,212	6,104	6,031	6,069	6,057	6,044	5,932	6,066	5,836
Safety Members	1,521	1,538	1,505	1,490	1,524	1,498	1,544	1,550	1,523	1,501
Total	7,840	7,750	7,609	7,521	7,593	7,555	7,588	7,482	7,589	7,337
Participating Agencies (General Membership)										
Ventura Regional Sanitation District	68	69	61	60	60	61	69	65	64	66
Ventura County Courts	345	345	350	387	387	387	388	381	-	-
Ventura County Air Pollution Control District	46	46	48	51	-	-	-	-	-	-
Total	459	460	459	498	447	448	457	446	64	66
Total Active Membership										
General Members	6,778	6,672	6,563	6,529	6,516	6,505	6,501	6,378	6,130	5,902
Safety Members	1,521	1,538	1,505	1,490	1,524	1,498	1,544	1,550	1,523	1,501
Total	8,299	8,210	8,068	8,019	8,040	8,003	8,045	7,928	7,653	7,403

EMPLOYER CONTRIBUTION RATES

Last Ten Fiscal Years

County of Ventura

Year	Tier 1	Tier 2	PEPRA Tier 1	PEPRA Tier 2	Safety	PEPRA Safety
June 30, 2015	47.78%	16.74%	44.01%	16.41%	52.73%	52.42%
June 30, 2014	37.35%	18.42%	28.36%	16.15%	54.57%	48.99%
June 30, 2013	171.83%	10.15%	13.99%	14.67%	46.63%	43.16%
June 30, 2012	114.29%	10.16%	N/A	N/A	43.86%	43.86%
June 30, 2011	79.92%	8.82%	N/A	N/A	37.94%	37.94%
June 30, 2010	46.89%	7.70%	N/A	N/A	31.06%	31.06%
June 30, 2009	49.29%	8.47%	N/A	N/A	32.78%	32.78%
June 30, 2008	50.69%	9.61%	N/A	N/A	35.25%	35.25%
June 30, 2007	32.75%	9.09%	N/A	N/A	32.01%	32.01%
June 30, 2006	25.27%	8.77%	N/A	N/A	30.37%	30.37%

Other Participating Agencies

Year	Tier 1	Tier 2	PEPRA Tier 1	PEPRA Tier 2	Safety	PEPRA Safety
June 30, 2015	47.78%	16.74%	44.01%	16.41%	N/A	N/A
June 30, 2014	37.35%	18.42%	28.36%	16.15%	N/A	N/A
June 30, 2013	171.83%	10.15%	13.99%	14.67%	N/A	N/A
June 30, 2012	114.29%	10.16%	N/A	N/A	N/A	N/A
June 30, 2011	79.92%	8.82%	N/A	N/A	N/A	N/A
June 30, 2010	46.89%	7.70%	N/A	N/A	N/A	N/A
June 30, 2009	49.29%	8.47%	N/A	N/A	N/A	N/A
June 30, 2008	50.69%	9.61%	N/A	N/A	N/A	N/A
June 30, 2007	32.75%	9.09%	N/A	N/A	N/A	N/A
June 30, 2006	25.27%	8.77%	N/A	N/A	N/A	N/A