

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

February 1, 2016

AGENDA

PLACE: Ventura County Government Center
Hall of Administration- 3rd Floor Multipurpose Room
800 S. Victoria Ave.
Ventura, CA 93003

TIME: 9:00 a.m.

Members of the public may comment on any item under the Board's jurisdiction by filling out a speaker form and presenting it to the Clerk. Unless otherwise directed by the Chair, comments related to items on the agenda will be heard when the Board considers that item. Comments related to items not on the agenda will generally be heard at the time designated for Public Comment.

ITEM:

- | | | |
|------|--|--------------------|
| I. | <u>CALL TO ORDER</u> | Master
Page No. |
| II. | <u>APPROVAL OF AGENDA</u> | 1 – 4 |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Business Meeting of January 25, 2016. | 5 – 13 |
| IV. | <u>RECEIVE AND FILE PENDING DISABILITY APPLICATION
STATUS REPORT</u> | 14 – 47 |
| V. | <u>APPLICATIONS FOR DISABILITY RETIREMENT</u> | |
| | A. Application for Service Connected Disability Retirement,
Adan Lara (Deceased); Case No. 15-025 | 48 – 100 |
| | 1. Application for Service Connected Disability Retirement and
Supporting Documentation | |
| | 2. Hearing Notice served on January 22, 2016. | |

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

- B. Application for Non-Service Connected Disability Retirement, 101 – 134
Anthony Aguirre (Deceased); Case No. 15-022
 - 1. Application for Non-Service Connected Disability Retirement and Supporting Documentation.
 - 2. Hearing Notice served on January 22, 2016.

- C. Application for Service Connected Disability Retirement, 135 – 347
Richard Hamilton; Case No. 14-014
 - 1. Application for Service Connected Disability Retirement and Supporting Documentation
 - 2. Hearing Notice served on January 25, 2016.

- D. Application for Non-Service Connected Disability Retirement, 348 – 433
Elizabeth Barbic; Case No. 14-019.
 - 1. Application for Non-Service Connected Disability Retirement and Supporting Documentation.
 - 2. Hearing Notice served on January 13, 2016.

- E. Application for Service Connected Disability Retirement, 434 – 502
Josie Garcia; Case No. 15-025
 - 1. Summary of Evidence, Conclusion of Law, and Recommendation, submitted by Hearing Officer Louis M. Zigman, dated December 4, 2015.
 - 2. Hearing Notice served on December 28, 2015.

- F. Application for Service Connected Disability Retirement, 503 – 539
Glenn Garcia; Case No. 13-034
 - 1. Summary of Evidence, Suggested Findings of Fact and Conclusions of Law, and Recommendation, submitted by Hearing Officer Deborah Z. Wissley, dated January 4, 2016.
 - 2. Hearing Notice served on January 21, 2016.

- G. Application for Service Connected Disability Retirement, 540 – 592
Jeffrey Titcher; Case No. 13-017

V. **APPLICATIONS FOR DISABILITY RETIREMENT (continued)**

- G. 1. Petition for Reconsideration, submitted by applicant Jeffrey Titcher, dated January 11, 2016.
- 2. Hearing Notice served on January 12, 2016.

VI. **COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

- A. June 30, 2015 Comprehensive Financial Report (CAFR) – Brown 593 – 684
Armstrong, Andrew Paulson, Partner.
RECOMMENDED ACTION: Approve
 - 1. Brown Armstrong Presentation Agenda 685
Presenter Andrew Paulden, CPA
 - 2. Independent Auditor’s Report 686 – 688
 - 3. Auditor’s Report to Management, Year Ending June 30, 2015 689 – 695

VII. **NEW BUSINESS**

- A. Ventura County Employees’ Retirement Information System 696 – 697
(VCERIS) Pension Administration Project – Brian Colker, Linea Solutions, Inc.
 - 1. VCERIS Project Quarterly Status Update 698 – 709
RECOMMENDED ACTION: Receive and file.
 - 2. VCERIS Project Monthly Status Update- October 2015 710 – 711
RECOMMENDED ACTION: Receive and file.
 - 3. VCERIS Project Monthly Status Update- November 2015 712
RECOMMENDED ACTION: Receive and file.
 - 4. VCERIS Project Monthly Status Update- December 2015 713
RECOMMENDED ACTION: Receive and file.
- B. Discussion of Meal Reimbursement Policy
 - 1. Staff Letter 714
 - 2. SACRS Systems’ Travel Policy Excerpts 715 – 723
- C. Quarterly Retirement Administrator’s Report for 724 – 725
October – December, 2015.
RECOMMENDED ACTION: Receive and file.

- VIII. PUBLIC COMMENT**
- IX. STAFF COMMENT**
- X. BOARD MEMBER COMMENT**
- XI. ADJOURNMENT**

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

January 25, 2016

MINUTES

DIRECTORS Tracy Towner, Chair, Alternate Safety Employee Member
PRESENT: William W. Wilson, Vice Chair, Public Member
Steven Hintz, Treasurer-Tax Collector
Peter C. Foy, Public Member
Mike Sedell, Public Member
Joseph Henderson, Public Member
Craig Winter, General Employee Member
Chris Johnston, Safety Employee Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member

DIRECTORS Deanna McCormick, General Employee Member
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Lori Nemiroff, Assistant County Counsel
Dan Gallagher, Chief Investment Officer
Chantell Garcia, Retirement Benefits Specialist
Stephanie Caiazza, Program Assistant

PLACE: Ventura County Employees' Retirement Association
Second Floor Boardroom
1190 South Victoria Avenue
Ventura, CA 93003

TIME: 9:00 a.m.

ITEM:

I. CALL TO ORDER

Chair Towner called the Business Meeting of January 25, 2016, to order at 9:05 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Goulet, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter, Wilson, Towner

No: -

Absent: McCormick

III. APPROVAL OF MINUTES

A. Disability Meeting of January 4, 2016.

MOTION: Approve.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Winter, Wilson, Towner

No: -

Absent: McCormick

Abstain: Sedell

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of December 2015.

B. Receive and File Report of Checks Disbursed in December 2015.

C. Receive and File Budget Summary for FY 2015-16 Month Ending December 31, 2015.

MOTION: Approve the Consent Agenda.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter, Wilson,
Towner

No: -

Absent: McCormick

V. INVESTMENT INFORMATION

- A. NEPC – Allan Martin, Partner
Dan Gallagher, VCERA Chief Investment Officer

1. Preliminary Performance Report Month Ending December 31, 2015
RECOMMENDED ACTION: Receive and file.

After discussion by the Board and Mr. Martin, the following motion was made:

MOTION: Receive and file.

Moved by Winter, seconded by Goulet.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter,
Wilson, Towner

No: -

Absent: McCormick

VI. ACTUARIAL INFORMATION

- A. Review and Approval of Annual Actuarial Information Report as of June 30, 2015 – The Segal Company, Paul Angelo and John Monroe.

1. June 30, 2015 Actuarial Valuation Report

In response to a question from Catherine Rodriguez, Ventura County Chief Financial Officer, regarding the effective date of the new contribution rates, Ms. Nemiroff stated that the changes must be implemented within 90 days of the start of the fiscal year.

After discussion by the Board and consultants, the following motion was made:

MOTION: Approve.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter,
Wilson, Towner

No: -

Absent: McCormick

2. June 30, 2015 GAS 67 Actuarial Valuation Report

MOTION: Approve.

Moved by Hintz, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter,
Wilson, Towner

No: -

Absent: McCormick

- B. Recommendation to Approve PEPRA Annual Compensation Limit

1. Staff Letter
2. California Actuarial Advisory Panel PEPRA Pension Compensation Limits for the Calendar Year 2016

MOTION: Adopt the 2016 PEPRA Compensation Limits of \$117,020 and \$140,424 as calculated by the California Actuarial Advisory Panel (CAAP).

Moved by Wilson, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter,
Wilson, Towner

No: -

Absent: McCormick

VII. OLD BUSINESS

- A. Adoption of Resolution Pursuant to AB1291

1. Staff Letter

2. Draft Resolution

MOTION: Adopt proposed Resolution re: District Status and Application of Government Code Section 31522.10 in Ventura County.

Moved by Hintz, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter, Wilson, Towner

No: -

Absent: McCormick

B. Discussion of CPI Methodology, Trustee Johnston

1. Staff Letter
2. CPI Basis for Annual COLA Adjustments (Segal)
3. VCERA COLA as of April 1, 2015 (Segal)
4. Statutory COLA Provision
5. CERL System Methodology Survey Table
6. Bureau of Labor Statistics Table Through December 2015
7. Year End Volatility Spreadsheet (Trustee Johnston)

After discussion by the Board, staff, and consultants, the following motion was made:

MOTION: Change the Consumer Price Index (CPI) measurement used to determine retiree COLA adjustments to an average annual CPI measure from year to year.

Moved by Johnston, seconded by Hintz.

Following discussion by the Board, Trustee Johnston withdrew his motion. The following motion was made:

MOTION: Continue this matter at the business meeting of March 21, 2016, to allow time for feedback from stakeholders.
Moved by Sedell, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter,
Wilson, Towner

No: -

Absent: McCormick

- C. Adoption of Corrected IRS Model Regulation for IRC Code §401(a) and Board Resolution Adopting Tax Compliance Regulations

RECOMMENDED ACTION: Approve.

1. Staff Letter
2. Model Regulation: 401(a) – Distribution Limits (Corrected)

MOTION: Adopt the provided 401(A) Distribution Limits Regulation, which includes the establishment of a bona fide separation from service period of 60 days.

Moved by Foy, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter,
Wilson, Towner

No: -

Absent: McCormick

3. Board Resolution Adopting Tax Compliance Regulations

RECOMMENDED ACTION: Approve.

MOTION: Approve.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter,
Wilson, Towner

No: -

Absent: McCormick

Ms. Webb stated that this resolution will be effective once adopted by the Board of Supervisors. Ms. Webb informed the Board that this resolution will be on the agenda for the Board of Supervisors meeting on January 26, 2016, and that she will be present at the meeting to answer any questions.

- D. Consideration and Possible Approval of Merit Increase for Linda Webb, Retirement Administrator

This item was previously considered by the Board in Closed Session at the disability meeting of January 4, 2016.

The following motion was made:

MOTION: Approve merit increase of 5% for Retirement Administrator Linda Webb.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter, Wilson, Towner

No: -

Absent: McCormick

VIII. NEW BUSINESS

- A. Request to Retroactively Approve Chair Towner and Chief Investment Officer Dan Gallagher's Attendance at 2016 NEPC Public Funds Workshop from January 11 – 12, 2016 in Tempe, AZ.

1. NEPC Public Funds Workshop Report, Submitted by Chair Towner and CIO Dan Gallagher

MOTION: Retroactively approve attendance at NEPC's 2016 Public Funds Workshop and reimbursement of travel expenses for VCERA Board Chair Tracy Towner and CIO Dan Gallagher.

Moved by Sedell, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter, Wilson, Towner

No: -

Absent: McCormick

X. INFORMATIONAL

- A. CORPaTH Summit Report, Submitted by Trustee McCormick

After discussion by the Board, the following motion was made:

MOTION: Receive and file.

Moved by Winter, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter, Wilson,
Towner

No: -

Absent: McCormick

B. State Street Servicing of US Public Retirement Plans Update

MOTION: Receive and file.

Moved by Foy, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Hintz, Foy, Johnston, Henderson, Sedell, Winter, Wilson,
Towner

No: -

Absent: McCormick

XI. PUBLIC COMMENT

None.

XII. STAFF COMMENT

Mr. Gallagher and Ms. Webb had several updates and announcements to provide to the Board.

Mr. Gallagher informed the Board of State Street's settlement with the SEC regarding a pay to play issue that occurred in 2010 and 2011.

Mr. Gallagher updated the Board on the liquidation of VCERA's global bond portfolios with PIMCO and Loomis Sayles.

Mr. Gallagher requested that the trustees inform him if they are interested in attending a meeting with David Rubenstein, Co-Founder and Co-CEO of The Carlyle Group, on February 3, 2016. Trustee Johnston expressed interest in attending the meeting.

Mr. Gallagher informed the Board that a due diligence visit to Pantheon and NEPC in San Francisco was tentatively scheduled for February 29, 2016. Trustee Sedell and Trustee Wilson expressed interest in attending.

Ms. Webb stated that Brian Colker of Linea Solutions will be present at the February 1, 2016 disability meeting to provide an update on the VCERIS pension administration system project. She indicated that User Acceptance Training (UAT) was progressing well.

Ms. Webb informed the Board that iPads for viewing meeting materials will likely be available for the trustees by the February 22, 2016 business meeting.

Ms. Webb informed the Board that the IRS Qualification filing documents were being completed and submitted that week.

Lastly, Ms. Webb announced that the remaining Board of Retirement meetings through April 2016 are scheduled to take place off-site in the Multipurpose Room, located in the Hall of Administration at the Ventura County Government Center.

XIII. BOARD MEMBER COMMENT

None.

XIV. ADJOURNMENT

The Chairman adjourned the meeting from closed session at 11:19 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman

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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INTRODUCTORY SECTION



PHOTO BY JOE VERNIG

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.

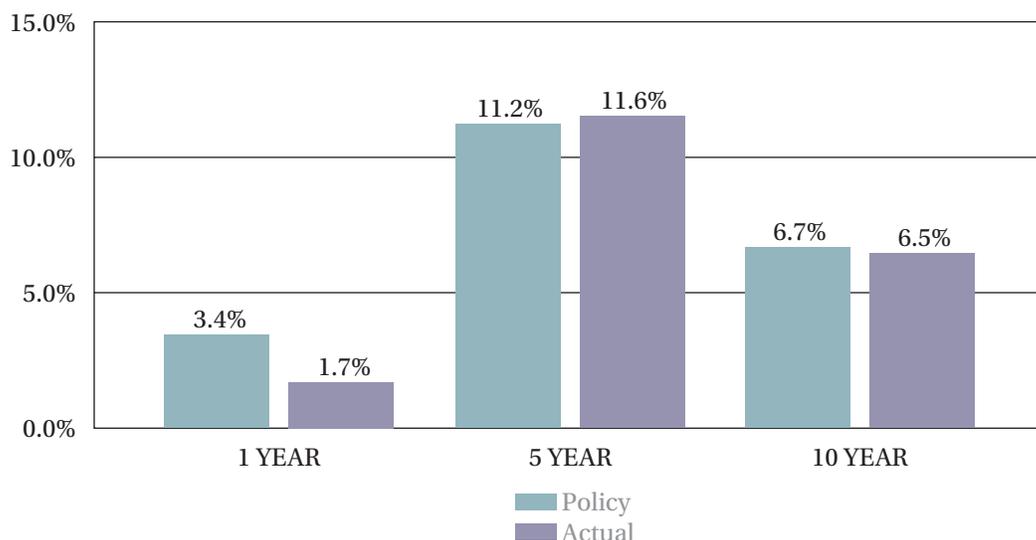
An overview of VCERA's fiscal operations is presented in the Management Discussion & Analysis (MD&A) preceding the financial statements. This transmittal letter, when taken into consideration with the MD&A, provides an enhanced picture of the activities of the organization.

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 value of actuarial assets was approximately \$4.3 billion resulting in a funding status of 83.1%.

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
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

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO

INTRODUCTORY SECTION

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



JOSEPH HENDERSON
Appointed by Board of Supervisors



MICHAEL SEDELL
Appointed by Board of Supervisors

INTRODUCTORY SECTION

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



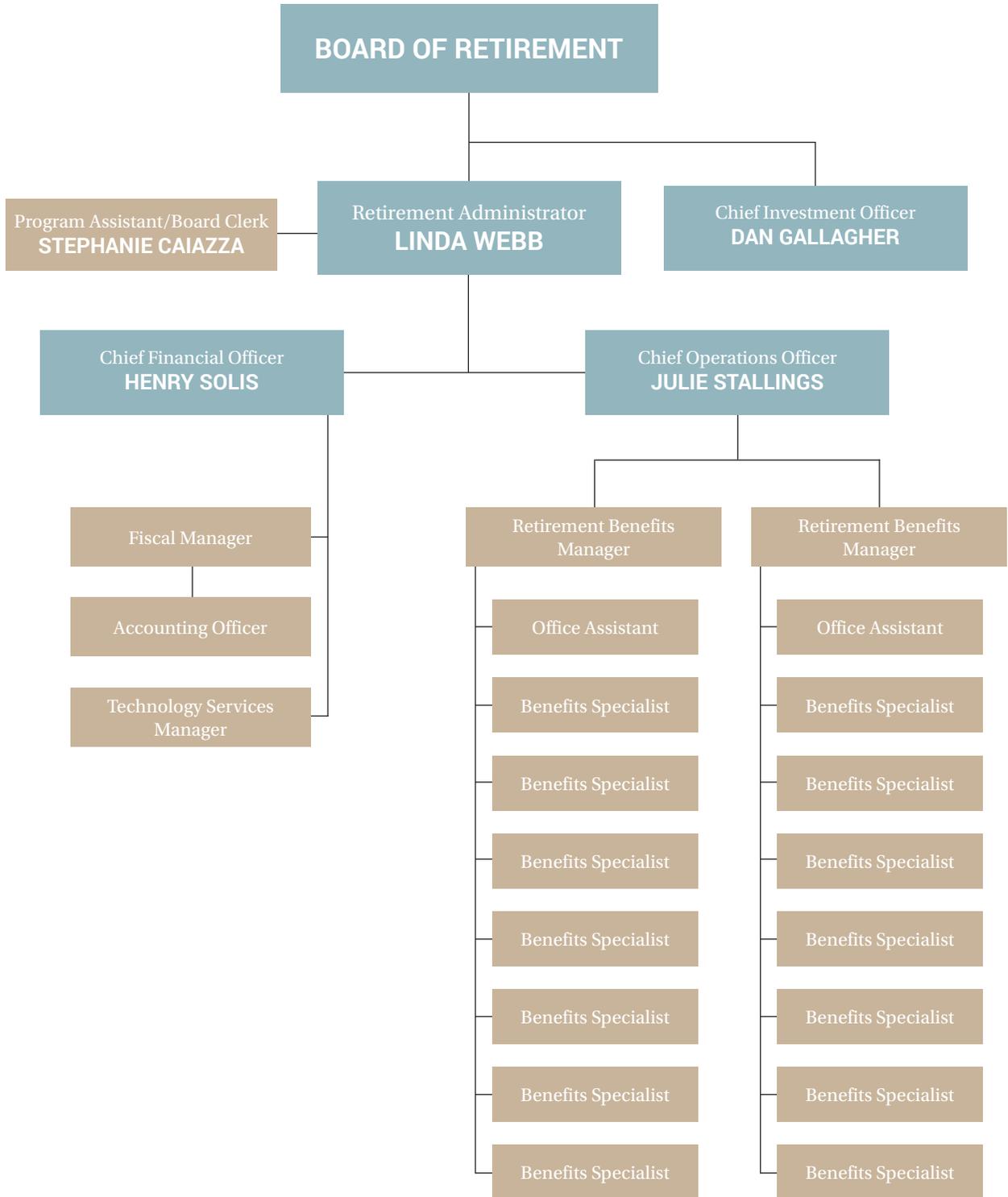
EDWARD JOHNSON
Elected by Safety Members



WILLIAM HOAG
Alternate Elected by
Retired Members

INTRODUCTORY SECTION

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

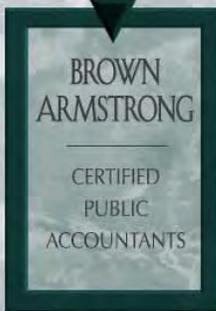
Vitech Systems Inc.

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.



PHOTO BY JOE VERNIG

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

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

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.

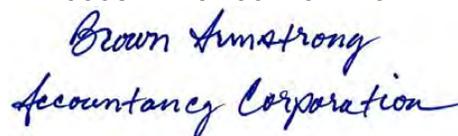
Report on Summarized Comparative Information

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

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style.

Bakersfield, California
January 27, 2016

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 actuarial 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%.

MANAGEMENT'S DISCUSSION AND ANALYSIS *CONTINUED***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%

MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED**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.

MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED

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

BASIC FINANCIAL STATEMENTS**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.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS *CONTINUED*

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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 a majority of Tier II general members 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

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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 investments in any one organization that represent 5% or more of the Plan's Fiduciary Net Position.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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

FINANCIAL SECTION

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

(\$ 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.

FINANCIAL SECTION

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 2014, 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

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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 derivatives are classified as investment derivatives. A further discussion on VCERA's valuation procedures are contained in Note 1, Summary of Significant Accounting Policies. The following types of derivatives are permitted: futures contracts, currency forward contracts, options, and swaps.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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

¹Change 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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. TIEE 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:

(\$ in Thousands) Derivative Type	Fair Value	Investment Maturities (In Years)			
		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	Receive 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

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED***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 TIE	1	32
Receive Interest Rate Swaps	Receive fixed 7.38%	Pay variable 1-month TIE	13	191
Receive Interest Rate Swaps	Receive fixed 5.61%	Pay variable 1-month TIE	(4)	1,103
Receive Interest Rate Swaps	Receive fixed 5.63%	Pay variable 1-month TIE	(1)	249
Receive Interest Rate Swaps	Receive fixed 5.608%	Pay variable 1-month TIE	(16)	2,084
Receive Interest Rate Swaps	Receive fixed 7.38%	Pay variable 1-month TIE	12	185
Receive Interest Rate Swaps	Receive fixed 6.98%	Pay variable 1-month TIE	-	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 TIE	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 TIE	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 TIE	4	306
Total Interest Rate Swaps			\$74	\$82,446

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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	Options	Currency Forward Contracts		Swap Agreement	Net Exposure
		Net Receivables	Net Payables		
Australian Dollar	\$ -	\$2	\$ -	\$ -	\$2
Brazilian 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

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED***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.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED***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.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

Actuarial Assumptions:	June 30, 2015	June 30, 2014
Investment rate of return¹	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 increases²	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 applies 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 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

¹Includes 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED***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.

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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

NOTES TO THE BASIC FINANCIAL STATEMENTS *CONTINUED*

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 percentage of AAL	0.08%	0.09%

¹The 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 administrative 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 The County Employees Retirement Law of 1937 was signed into law. The AB amended existing Government Codes to allow 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.

FINANCIAL SECTION

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.

REQUIRED SUPPLEMENTARY INFORMATION *CONTINUED***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.

REQUIRED SUPPLEMENTARY INFORMATION *CONTINUED*

LATEST ACTUARIAL VALUATION OF PLAN ASSETS AND LIABILITIES *CONTINUED*

Actuarial Assumptions:	June 30, 2015	June 30, 2014
Investment rate of return¹	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 increases²	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

¹Includes 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

OTHER INFORMATION

FINANCIAL SECTION

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

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

OTHER INFORMATION CONTINUED

SCHEDULE OF COST SHARING EMPLOYER ALLOCATIONS OF NET PENSION LIABILITY

(\$ in Thousands)

Participating Employer	June 30, 2015		June 30, 2014	
	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 separately for each participating employer, then combined.



PHOTO BY JOE VERNIG

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.



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.

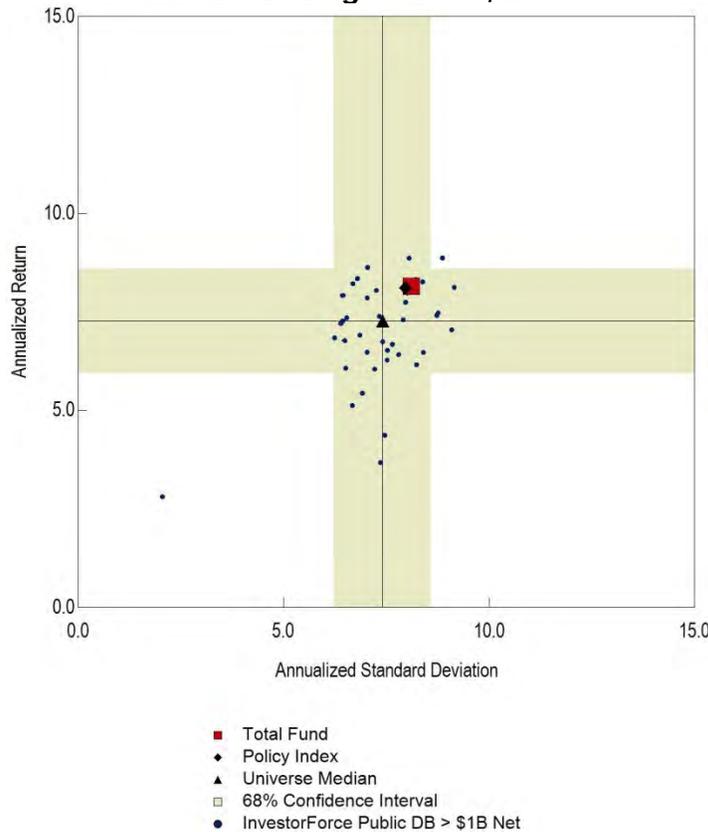
The Plan returned 1.7%, net of fees (2.0% gross of fees), for the fiscal year ending June 30, 2015. By comparison, the median fund in the universe returned 2.6% for the period¹. Contributing positively to performance during the fiscal year was the Plan's allocation to Non-US Equity, Global Fixed Income, 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,

Dee C. Mart

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.

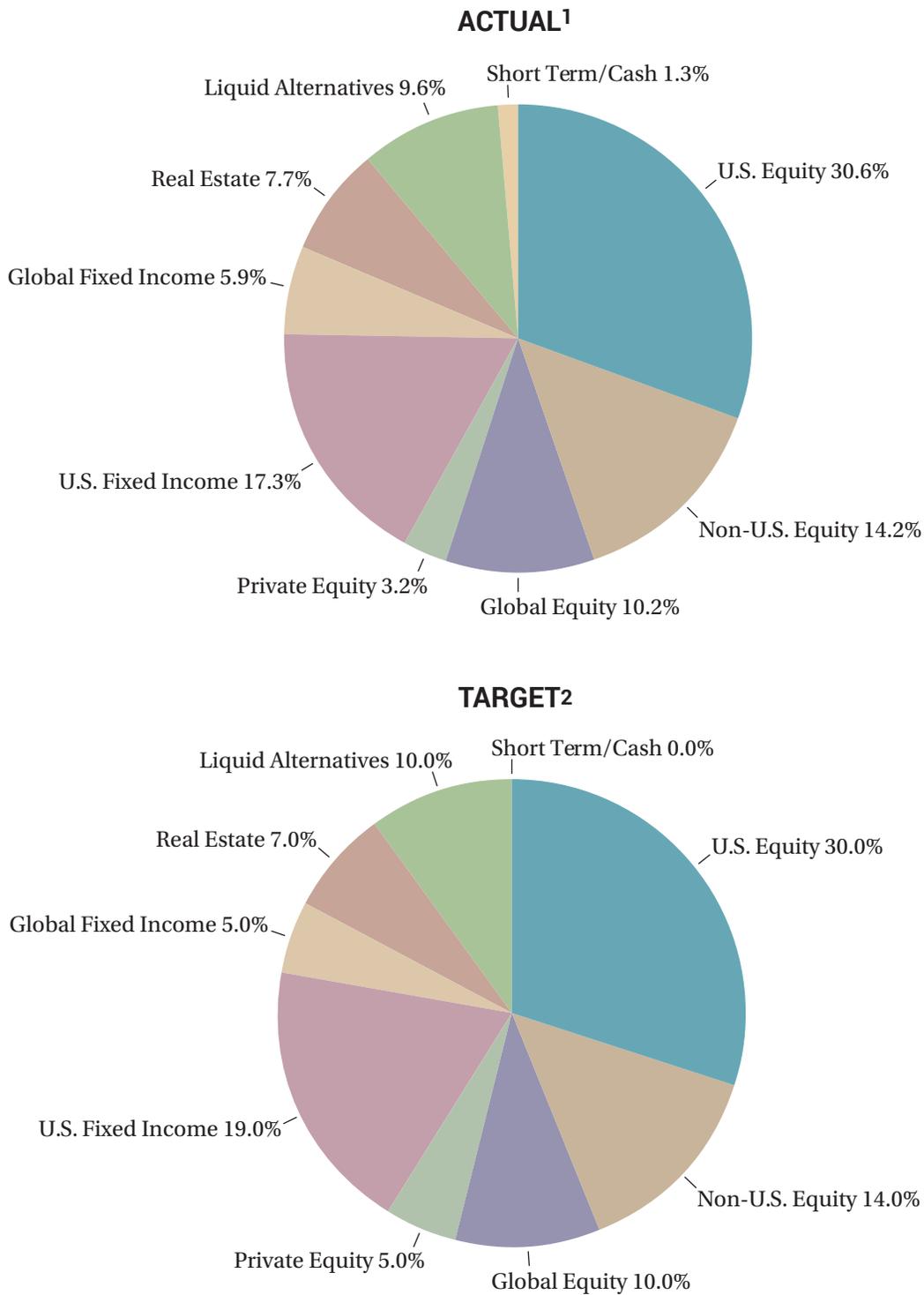
Effective March 2015, the Board adopted a new allocation plan, but deferred its implementation subject to further analysis, that was predicated on a number of factors including:

- 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



¹The actual Allocation is based upon Investment Summary on pages 53 and 54

²Represents Allocation targets in place as of June 30, 2015

INVESTMENT SECTION

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 SECTION

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%

INVESTMENT SECTION

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%

¹Current 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.

INVESTMENT SECTION

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.

INVESTMENT SECTION

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.



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%.

ACTUARIAL SECTION

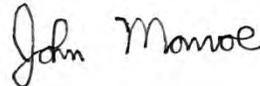
Board of Retirement
Ventura County Employees' Retirement Association
December 16, 2015
Page 3

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
Senior Vice President and Actuary



John Monroe, ASA, MAAA, EA
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

ACTUARIAL SECTION

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				Added to Payroll (in 000s)	Removed from Payroll (in 000s)	Total Retiree Payroll (in 000s)	Percent Increase in Payroll	Average Annual Allowance
	At Beginning of Year	Added	Removed	At End of Year					
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

ACTUARIAL SECTION

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%

ACTUARIAL SECTION

SCHEDULE OF FUNDING PROGRESS

(\$ in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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%

¹Based 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, PEPR Tier I and II, General and PEPR 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.

ACTUARIAL SECTION

PROBABILITY OF SEPARATION FROM ACTIVE SERVICE

(in Percentages)

Age Nearest	Rates of Mortality	Rates of Disability	Rates of Retirement Non PEPR	Rates of Retirement PEPR
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

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

ACTUARIAL SECTION

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

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



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.

STATISTICAL SECTION

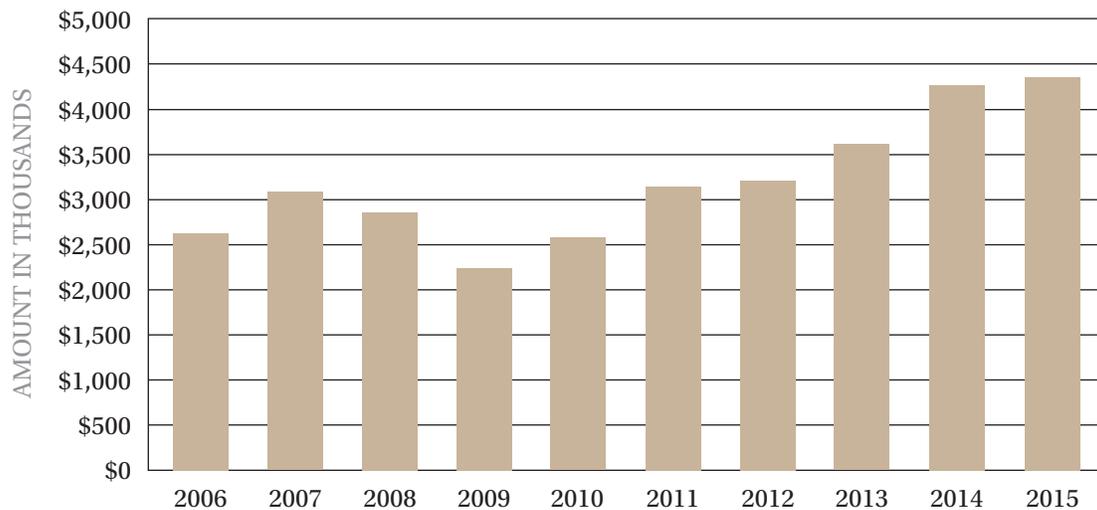
CHANGES IN PENSION PLAN FIDUCIARY NET POSITION

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

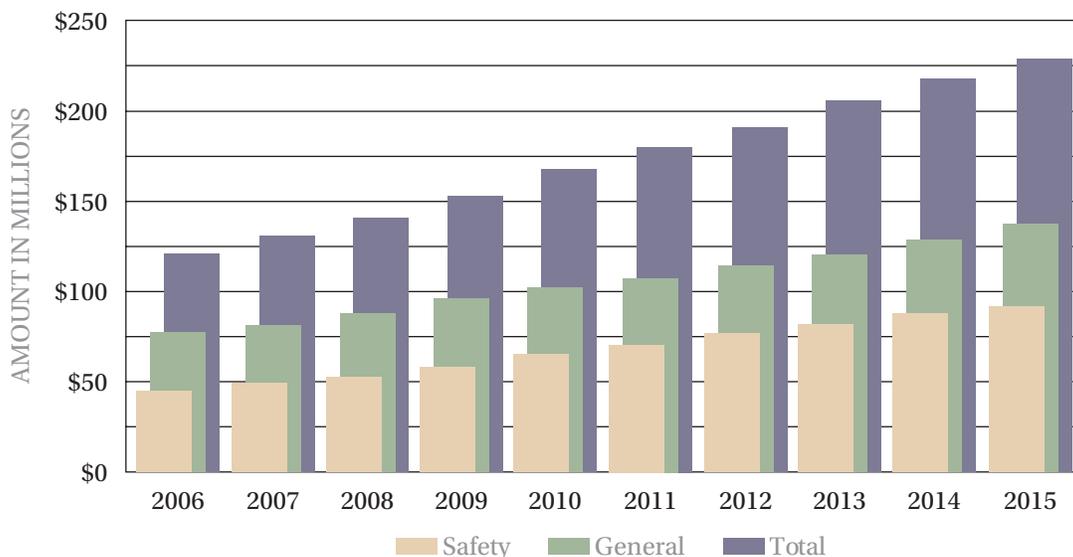
STATISTICAL SECTION

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



STATISTICAL SECTION

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

STATISTICAL SECTION

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

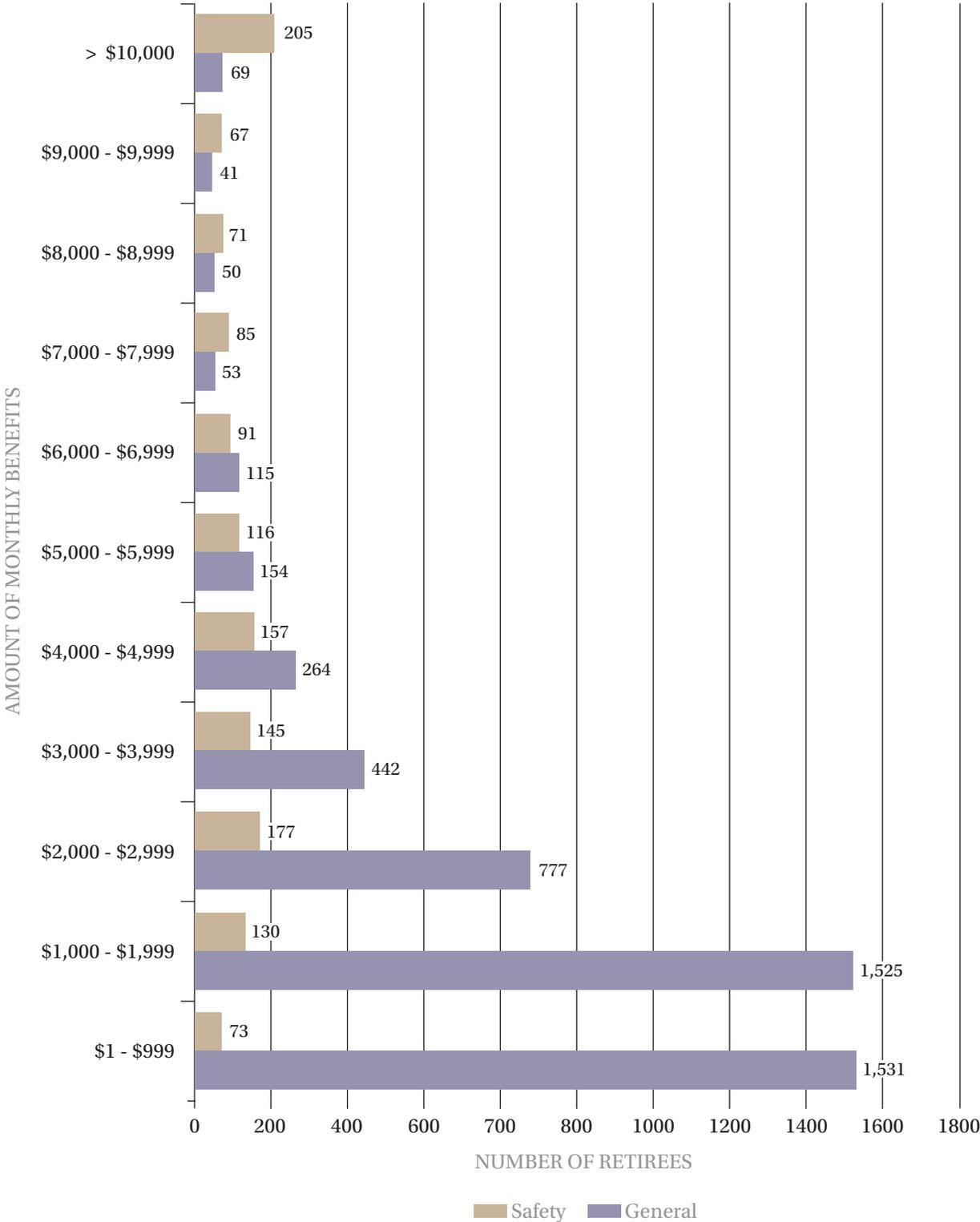
¹Type of Retirement:

A - Service Retiree

B - Disability Retiree

C - Beneficiary/Continuant/Survivor

RETIRED MEMBERS RECEIVING BENEFITS



STATISTICAL SECTION

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

STATISTICAL SECTION

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

STATISTICAL SECTION

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
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

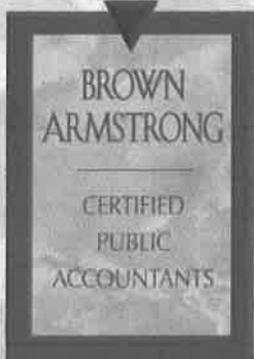
Last Ten Fiscal Years

	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						
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



BROWN ARMSTRONG

Certified Public Accountants

Ventura County Employees' Retirement Association
Board of Retirement presentation of the June 30, 2015 audit results
By: Andrew J. Paulden, CPA
Brown Armstrong Accountancy Corporation

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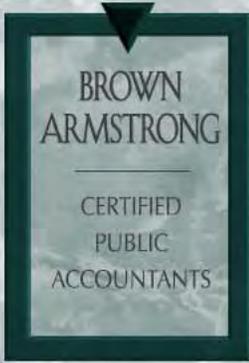
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1. Purpose of the Audit
2. The Audit Process
 - a. Timeline coordination with VCERA staff
 - b. Understanding and evaluation of VCERA internal controls through inquiry and observation
 - c. Confirmation of account balances, legal, active and retired participants, and actuary
 - d. Interim testing
 - e. Final fieldwork
 - f. Report presentation
3. Significant Audit Areas/Scope of Audit Work
 - a. Risk based approach
 - b. Investments and related earnings
 - c. Participant data and actuarial information
 - d. Employee and employer contributions
 - e. Benefit payments
 - f. GASB 67 and 68
4. Audit Reports
 - a. Independent Auditor's Report (opinion) on financial statements – unmodified (“clean”) opinion
 - b. Required Communication to the Board of Retirement in Accordance with Professional Standards – SAS 114
 - c. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
5. Questions and/or Comments?



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.

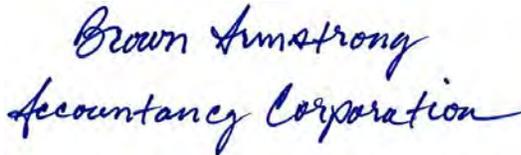
Report on Summarized Comparative Information

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

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style.

Bakersfield, California
January 27, 2016

**VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

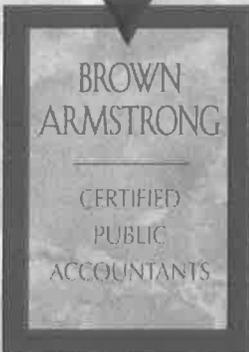
REPORT TO MANAGEMENT

FOR THE YEAR ENDED JUNE 30, 2015

**VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

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II. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4



BROWN ARMSTRONG
Certified Public Accountants

REQUIRED COMMUNICATION TO THE BOARD OF RETIREMENT
IN ACCORDANCE WITH PROFESSIONAL STANDARDS

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

We have audited the financial statements of Ventura County Employees' Retirement Association (VCERA) for the year ended June 30, 2015, and have issued our report thereon dated January 27, 2016. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 19, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ventura County Employees' Retirement Association are described in Note 1 to the financial statements. VCERA implemented Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68, Financial Reporting for Pension Plans. The objective of GASB Statements No. 67 and No. 68 is to improve financial reporting by state and local government pension plans, such as VCERA.

We noted no transactions entered into by VCERA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the fair market value of investments:

Management's estimate of the fair market value of investments is derived by various methods as detailed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the fair market value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

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PASADENA OFFICE

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Tel: 209.497.4833

The disclosures for deposits and investments in Notes 1 and 3 to the financial statements, Summary of Significant Accounting Policies and Deposits and Investment Risk Disclosures, respectively, were derived from VCERA's investment policy. Management's estimate of the fair market value of investments was derived by various methods as detailed in the notes.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the Management Representation Letter dated January 27, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to VCERA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as VCERA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the required supplementary information (RSI), as noted in the table of contents of VCERA's Comprehensive Annual Financial Report (CAFR) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

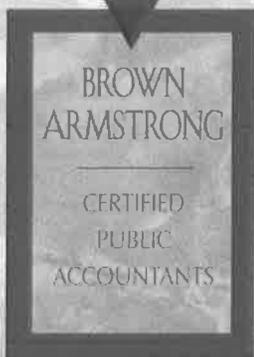
We were engaged to report on the other supplementary information, as noted in the table of contents of VCERA's CAFR, which accompany the financial statements but is not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Retirement and management of the Ventura County Employees' Retirement Association and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
January 27, 2016



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Ventura County Employees' Retirement Association (VCERA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise VCERA's basic financial statements, and have issued our report thereon dated January 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VCERA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of VCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of VCERA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether VCERA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of VCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VCERA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
January 27, 2016

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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Ventura, CA 93003-6572
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<http://www.ventura.org/vcera>

February 1, 2016

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

SUBJECT: VENTURA COUNTY EMPLOYEES' RETIREMENT INFORMATION SYSTEM (VCERIS) PROJECT QUARTERLY REPORT FOR 4th QUARTER, 2015

Dear Board Members:

Attached is the Ventura County Employees' Retirement Information System ("VCERIS") project Quarterly Report (Attachment A).

Project Status

As detailed in the VCERIS Quarterly Report, as of 12/31/2015, the effort to implement the system, excluding member web, was approximately 92% complete. The project is on track for the April 2016 go-live for rollout #1.

The Auditor-Controller is participating in User Acceptance Testing (UAT) as the final step in validating the active payroll interface prior to go-live. Although there are still issues that the teams are analyzing, none will delay go-live. More importantly, the teams are discussing the post-go-live issue correction process. VCERA is requesting that this process is automated, so that it is as efficient as possible. Auditor-Controller has not yet agreed to this method of correction.

VRSD has also provided the final payroll files as part of the User Acceptance Testing process. To date, there are no reported issues with their files.

Design and development of V3 completed as of the end of November. Vitech issued a User Acceptance Testing Readiness Notice on 12/31/2015, indicating the system was prepared for testing by VCERA staff. VCERA responded on 1/14/2016 with an agreement to enter into this testing phase, along with a listing of known defects that Vitech is obligated to remediate. The project team determined that these defects would not impede the UAT effort.

The second to last data conversion cycle completed as of December 31, 2016. All legacy data, with the exception of newly collected beneficiary data (as discussed at the

PENSION ADMINISTRATION SYSTEM (PAS) PROJECT UPDATE

February 1, 2016

Page 2 of 2

November Board meeting), was successfully loaded into V3 for UAT. The final conversion will be performed at cut-over in April, prior to go-live.

As of January 25th, 2016, 22 VCERA staff members are participating in UAT. They have executed 569 tests, identifying 56 defects, 23 of which are open. Staff has identified 4 critical errors, or 7.1% of the total defects. Only one of these critical defects is still open. The project team believes that the defect rate to date is acceptable, and does not anticipate the UAT period being extended beyond the planned three months. Vitech will remediate all defects identified during UAT.

As shown in the attached quarterly report, the project's budget remains \$11.18 million. There have not been any additional change orders in the fourth quarter. No change orders are anticipated for the current quarter.

RECOMMENDATION: RECEIVE AND FILE ATTACHMENT A – VCERIS QUARTERLY REPORT FOR OCTOBER - DECEMBER 2015.

We would be pleased to respond to any questions during the Board meeting.

Sincerely,



LINDA WEBB
Retirement Administrator
Attachments (1)



BRIAN COLKER
Linea Solutions, Inc.



**Attachment A: Ventura County
Employees' Retirement Information
System
Quarterly Status Report**



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

1/20/2016

**Board of Retirement Ventura County Employees' Retirement
Information System (VCERIS) Report**

Reporting period: October 1st, 2015 – December 31st, 2015

Current Project Plan

DATA AS OF 12/31/15:

Rollout 1: Active Member & Retiree Combined	Rollout 2: Member Web
Actual % Complete: 91.84%	Actual % Complete: N/A
Planned % Complete: 91.84%	Planned % Complete: N/A
Variance: 0%	Variance: N/A
Rollout Timeline, Initial: July 2012 – October 2013	Rollout Timeline, Initial: January 2015 – June 2015
Rollout Timeline, Revised: July 2012 – September 2015	Rollout Timeline, Revised: September 2015 – December 2015
Rollout Timeline, Revised: July 2012 – April 2016	Rollout timeline, Revised: April 2016 – August 2016

Initial Plan

Rollout 1: Active Member	Rollout 2: Retiree	Rollout 3: Member Web
Rollout Timeline, Initial: July 2012 – October 2013	Rollout Timeline, Initial: November 2013 – April 2015	Rollout Timeline, Initial: January 2015 – June 2015



Attachment A: Ventura County Employees' Retirement Information System Quarterly Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

1/20/2016

Accomplishments for the Period 10/01/2015 – 12/31/2015

- All system development completed.
- Systems Integration Testing (SIT) completed.
- Validation testing completed. There were 4,079 tests executed and there are currently 333 open defects in an open status – 18 high priority, 118 medium priority, 197 low priority. All 333 open validation testing defects will continue to be addressed by Vitech until all have been resolved.
- User Acceptance Testing (UAT) planning and preparations completed.
- VCERA staff completed end-user training.

Data Conversion

- MBS delivered Cycle 16 conversion files (RDBS active member data, RIS and ADP retired member data). These files were successfully loaded into V3 and will be used to conduct UAT.

Plan Sponsors Payroll Interface:

- VCERA and County have started the discussion on establishing the process for the below items. This process requires collaboration between County and VCERA.
 - Reconciliation process - Reported vs Expected Contribution based on Actuarial rates and cash reconciliation process.
 - Setting up Buy back deduction from Member's pay check.
 - Correction process for the incorrect data reported in the Demographic, Employment or Contribution file.



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

Financial Summary

Cost Item	Budget	Change Orders	Amended Budget ¹	Expended to Date	Remaining
Vitech (software, implementation, hosting)	\$ 4,986,500	\$ 2,237,800	\$ 7,224,300	\$ 6,224,325	\$ 999,975
Linea (project oversight, design, data conversion, testing, training)	2,088,407	852,862	2,941,269	\$ 2,553,192	388,077
External Costs	100,000	141,275	241,275	\$ 267,735	(26,460)
Third party data conversion	680,000	(7,618)	672,382	\$ 623,804	48,578
Limited Term Positions ²	581,200	(480,296)	100,904	\$ 100,904	-
Project Budget Subtotal	\$ 8,436,107	\$ 2,744,023	\$11,180,130	\$ 9,769,960	\$ 1,410,170
Project Contingency	843,611		-	-	
Total Project Budget	\$ 9,279,718	\$ 2,744,023	\$11,180,130	\$ 9,769,960	\$ 1,410,170

¹Amended budget reflects only *approved* change orders.

²Limited term positions were converted to full-time employees as of 3/31/2013; costs will be reflected in Staff Costs from this point onward.

Milestone Description	Scheduled Invoice Date	Amended Budget	Holdback (15%)	Net Scheduled Payment	Amount Incurred
Project Initiation / Initial License Payment (Development License)	March-12	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
QA Hardware and Software Installed and Configured	May-12	128,000	(19,200)	108,800	108,800
Detailed Implementation Plan Approved	June-12	96,000	(14,400)	81,600	81,600
V3 Baseline Application Configuration & Demonstration Complete	August-12	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment A Functionality Delivered and Validated	November-12	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment B Functionality Delivered	March-13	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment C Functionality Delivered	June-13	224,000	(33,600)	190,400	190,400
Change Order #2 (3489) Execution	July-13	370,720		370,720	370,720
Holdback Release	July-13		168,000	168,000	168,000
Rollout 1: VCERA Confirms Segment D Track 1 Functionality Delivered	September-13	314,640		314,640	314,640
Rollout 1: VCERA Confirms Segment D Track 2 Functionality Delivered	December-13	314,640		314,640	314,640
Rollout 1: VCERA Confirms Segment F Functionality Delivered	March-14	139,200		139,200	139,200
Change Order #4 (3774) Execution (33%)	May-14	81,857		81,857	81,857
Change Order #5 (3852) Execution (50%)	September-14	46,125		46,125	46,125
Rollout 1: VCERA Confirms Segment G Functionality Delivered	September-14	139,200		139,200	139,200
Rollout 1: VCERA Begins Parallel Testing of Transmittal Files	October-14	139,200		139,200	139,200
Change Order #5 (3852) Completion (50%)	December-14	46,125		46,125	16,400
Rollout 1: VCERA Confirms Segment H Functionality Delivered	December-14	139,200		139,200	139,200
Rollout 1: VCERA Confirms Segment I Track 1 Functionality Delivered	December-14	69,600		69,600	69,600
Rollout 1: VCERA Confirms Segment I Track 2 Functionality Delivered	March-15	69,600		69,600	69,600
Change Order #4 (3774) Progress Payment (33%)	May-15	81,857		81,857	81,857
Change Order #6: Project Extension for Active Payroll File (1 of 3)	May-15	380,000		380,000	380,000
Change Order #6: Project Extension for Active Payroll File (2 of 3)	July-15	380,000		380,000	380,000
Change Order #6: Project Extension for Active Payroll File (3 of 3)	September-15	380,000		380,000	380,000
Rollout 1: Change Order #4 (3774) Completion (34%)	September-15	84,336		84,336	84,336
Change Order #6: Optional Extension for Active Payroll File	November-15	380,000		380,000	380,000
Rollout 1: VCERA Begins UAT	January-16	40,000		40,000	-
Rollout 1: VCERA Accepts System for Production	April-16	400,000		400,000	-
Rollout 2: Start of MSS Implementation	April-16	122,000		122,000	-
Rollout 2: VCERA Accepts MSS for Production	August-16	72,000		72,000	-
Warranty Complete: Three Months after R1 Go-Live	November-16	50,000		50,000	-
Warranty Complete: Three Months after R2 Go-Live	Aug-17	50,000	-	50,000	-
Vitech Implementation Services Subtotal:		\$ 5,610,300	\$ -	\$ 5,610,300	\$ 4,846,575
Vitech Other Costs		Amended Budget		Paid This Qtr.	Cumulative



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

Vitech V3 License Fee	August-12	\$ 575,000			\$ 575,000
Vitech V3 Upgrade Fee -	Various	450,000			300,000
Infrastructure Hosting	Various	376,000		58,500	317,500
Travel	On-going	82,500			82,500
Software Escrow Agreement	FY 13/14	3,000			-
Additional Data Conversion Hours	On-going	127,500		5,200	102,750

Vitech Other Costs Subtotal:		1,614,000		63,700	1,377,750
Vitech Services Total:		\$ 7,224,300		\$ 63,700	\$ 6,224,325

Linea - Project Oversight and Integrating Services Description:		Amended Budget	Mo. Fixed Billing	Incurred This Qtr.	Cumulative
Project Oversight	On-going	\$ 795,240			\$ 914,463
Design Consulting	On-going	\$ 484,000			165,010
Testing	On-going	\$ 599,630			679,706
Interfaces	On-going	\$ 165,360			46,182
Cut-Over Support	On-going	\$ 140,700			-
Training	On-going	\$ 11,460			9,066
Data Conversion	On-going	\$ 136,520			64,559
Travel Expenses	On-going	\$ 168,359			140,601
Change Order #7: 8 Month Extension	On-going	\$ 440,000			-
Fixed Billing as of 1/1/15 (Avg of Remaining Budget Plus CO #7 for 19 Mos)	Monthly		48,510	145,530	533,606
Project Oversight and Integrating Services Total:		\$ 2,941,269		\$ -	\$ 2,553,192

External Costs:		Amended Budget		Paid this Qtr	Cumulative
Software	Varies	\$ 81,375		\$ 8,386	\$ 108,328
Hardware	Varies	\$ 30,000			14,400
Broadband to Host Facility	On-going	\$ 14,800		905	9,541
Additional Project Workspace	On-going	\$ 52,500		4,510	67,083
Beneficiary Form Updates		\$ 37,600			5,179
Imaging		\$ 25,000		218	63,204
Data Conversion	On-going	\$ 672,382		10,320	623,804
Limited Term Positions	To 3/31/13	\$ 100,904			-
3rd Party Hardware / Software / Other Total:		\$ 1,014,561		\$ 24,339	\$ 891,539

Total Project Expenditures					\$ 9,669,056
Total Amended Project Budget					\$ 11,180,130

Original Project Budget	\$ 8,436,107	Variance from Original	\$ 2,744,023
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Total Project Cost Summary

Total Project Expenditures					\$ 9,669,056
Staff Support Costs for the quarter (not in project budget)					191,129
Staff Support Costs to date (not in project budget)					1,619,179
Total Project Costs					\$ 11,288,235



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

Change Orders This Period

N/A

Approved Change Orders (All To Date)

Cost Item	Name	Description	Cost Impact	Budget Year
Vitech	Vitech Change Order #6 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 8 months. They changed the payment milestones as part of the negotiation.	\$1,580,000	FY'14-FY'15: \$380,000 FY'15-FY'16: \$1,200,000
Vitech	Vitech Change Order #5 – Additional Interfaces	VCERA requested four additional system interfaces to be provide by Vitech. Vitech requires an additional 600 hours to deliver these interfaces. Vitech assigned their CO #3852 for this.	\$92,250	FY'14-FY'15
Vitech	Vitech Change Order #4 - CalPEPRA	Vitech submitted a change order to add 1,210 hours for programming new CalPEPRA requirements. Vitech assigned their CO #3774 for this.	\$248,050	FY'13-FY'14: \$81,857 FY'14-FY'15: \$81,857 FY'15-FY'16: \$84,336
Vitech	Vitech Change Order #3 – Additional Data Conversion Hours	VCERA requested Vitech provide an additional 675 hours for data conversion activities. Vitech assigned their CO #3773 for this.	\$67,500	FY'13-FY'14: \$15,000 FY'14-FY'15: \$45,000 FY'15-FY'16: \$7,500



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

Cost Item	Name	Description	Cost Impact	Budget Year
Vitech	Vitech Change Order #2 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 5 months. They changed the payment milestones as part of the negotiation. Vitech has offered a significant discount for these services; the normal cost for a 5 month extension would be \$675,000 (\$135,000 per month for 5 months) Vitech assigned their CO #3489.	\$250,000	FY'15-FY'16: \$250,000
Vitech	Vitech Change Order #1 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 6.5 months. They changed the payment milestones as part of the negotiation. Vitech assigned their CO #3223.	None (net over course of project)	FY'12-FY'13: \$163,200 FY'13-FY'14: \$147,388 FY'14-FY'15: (\$310,589)
Total for Cost Item			\$2,237,800	
Linea	Linea Change Order #7 – Revised Implementation Plan	Linea submitted a change order adjusting the implementation schedule to extend the overall project by 8 months. These fees include project management, testing, training, design, QA, requirements confirmation and traceability necessitated by the extension.	\$440,000	FY'15-FY'16: \$330,000 FY'16-FY'17: \$110,000
Linea	Linea Change Order #6 - SME Support	Additional SME support hours for Brenda Cummings.	\$70,920	FY'14-FY'15
Linea	Linea Change Order #5 - CalPEPRA	Additional hours required to implemented CalPEPRA requirements	\$65,642	FY'15-FY'16



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

Cost Item	Name	Description	Cost Impact	Budget Year
Linea	Linea Change Order #4 - Test support	Linea submitted a change order to add 2,500 hours for a Linea resource to assist with testing activities.	\$157,500	FY'13-FY'14: \$34,800 FY'14-FY'15: \$104,400 FY'15-FY'16: \$18,300
Linea	Linea Change Order #3 - Revised Implementation Plan	<p>Linea submitted a change order to adjust the implementation schedule to extend the overall project by 5 months.</p> <p>These fees include project management, testing, training, design, QA, requirements confirmation and traceability.</p> <p>Linea has offered a significant discount for these services; the normal cost for a 5 month extension would be \$167,400 (\$33,480 per month for 5 months)</p>	\$64,800	FY'15-FY'16: \$64,800
Linea	Linea Change Order #2 - Data Conversion	VCERA's additional data conversion resources needed to support MBS in performing the data conversion (Includes Linea Change Order #2 for \$54,000).	\$54,000	FY'12-FY'13: \$27,000 FY'13-FY'14: \$27,000
Linea	Linea Change Order #1 - Revised Implementation Plan	Linea submitted a change order to adjust the implementation schedule to extend the overall project by 6.5 months.	None	N/A
Total for Cost Item			\$852,862	
External Costs	Assima Training	Additional 3-day training from Assima to train new resources	\$5,875	FY'14-FY'15
External Costs	Kofax	County IT to provide Kofax services for V3 Imaging.	\$25,000	FY'14-FY'15



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

Cost Item	Name	Description	Cost Impact	Budget Year
External Costs	Additional project workspace	The project team has determined that there is considerable advantage to in-person meetings.	\$49,500	FY'12-FY'13: \$13,500 FY'13-FY'14: \$18,000 FY'14-FY'15: \$18,000
External Costs	Increased cost of Broadband to Host Facility	The secure point-to-point connection from VCERA to Vitech's hosting facility is considerably more expensive than anticipated.	\$68,100	FY'13-FY'14: \$3,300 FY'14-FY'15: \$32,400 FY'15-FY'16: \$32,400
External Costs	Additional Project Software	This change covers the purchase of the Assima training tool.	\$43,900	FY'12-FY'13: \$22,900 FY'13-FY'14: \$7,000 FY'14-FY'15: \$7,000 FY'15-FY'16: \$7,000
External Costs	County providing Broadband	County ITS was able to provide a secure broadband connection to Vitech's hosting facility, considerably decreasing the required cost for this service.	(\$101,300)	FY'12-FY'13: \$(7000)FY'13- FY'14: \$(31,100)FY'14- FY'15: \$(31,100)FY'15- FY'16: \$(31,100)
External Costs	Construction costs for project office space	The additional leased office space on the first floor needs to be modified in order to accommodate the increase in Vitech and Linea resources that will be moving into the space after the first of the year.	\$3,000	FY'13-FY'14: \$3,000
External Costs	Additional Assima License	This license will be needed to create training scripts for UAT testing. VCERA currently does not have enough licenses for the SMEs for this purpose.	\$9,600	FY'14-FY'15: \$9,600



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

Cost Item	Name	Description	Cost Impact	Budget Year
External Costs	Beneficiary designation form updates	V3 requires beneficiary information to provide accurate retirement estimates for members. RDBS does not currently contain beneficiary information so VCERA is going to conduct a mass mailing to members requesting new beneficiary forms be completed. Once returned to VCERA, the data will be entered onto a spreadsheet so it can be uploaded into V3 at go-live.	\$37,600	FY'13-'FY14: \$37,600
Total for Cost Item			\$141,275	
Third Party Data Conversion	MBS Change Order #2	Additional hours required to complete additional data conversion cycles required due to the 6-8 month project extension.	\$41,580	FY'15-FY'16
Third Party Data Conversion	MBS Change Order #1	Additional hours required to complete data conversion.	\$41,340	FY'14-FY'15
Third Party Data Conversion	Additional Data Conversion Assistance	VCERA's additional data conversion resources needed to support MBS in performing the data conversion	\$93,000	FY'12-FY'13: \$48,000 FY'13-FY'14: \$23,000 FY'14-FY'15: \$22,000
Third Party Data Conversion	Document Conversion Assistance	The change order is for Novanis, the current imaging company, to assist with converting images into V3.	\$50,250	FY'13-FY'14: \$50,250
Third Party Data Conversion	Additional Data Conversion Assistance	Additional hours for CMP & Associates to assist with data conversion (previously approved by Board)	\$14,500	FY'13-FY'14: \$14,500



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

Cost Item	Name	Description	Cost Impact	Budget Year
Third Party Data Conversion	Third party data conversion	Third party vendor (MBS) costs were lower than budgeted.	(\$248,288)	
Total for Cost Item			(\$7,618)	
Limited Term Positions	Limited term positions	The limited term positions allocated to the project were converted to permanent positions.	(\$480,296)	
Total for Cost Item			(\$480,296)	
Total for All Change Orders			\$2,744,023	



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

#	ISSUES / RISKS – Explanation of Issues	MITIGATION - Explanation of Action Needed	UPDATE – Current Status of Issue
1	<p>Auditor Controller must make changes to the method by which Compensation Earnable and Retroactive Adjustments are reported or the new system will not be able to calculate final average salary correctly without substantial and ongoing manual clean-up. Auditor Controller has stated that these changes are significant.</p>	<p>The project schedule was changed to allow Auditor Controller sufficient time to address the issue.</p>	<p>VCERA is working with Auditor-Controller to identify policy/process changes that may be needed to resolve some issues and to develop an issue resolution process that will be needed for the normal transmittal processing after go-live. Auditor-Controller has indicated providing a corrected file to VCERA to resolve errors would require significant effort on their part and may not be possible. VCERA and Auditor-Controller will schedule a meeting to discuss. VCERA identified an issue with data that when it is manually processed as opposed to from-utilizing the retro-pay program within VCHRP. Auditor-Controller is reporting in the current production environment. Auditor-Controller has not yet identified a resolution. None of the currently identified issues present a significant risk to the project schedule, however there is an elevated risk that system automation after go-live could be impacted by inaccurate/uncorrected data from Auditor-Controller. RISK IS CONSIDERED MEDIUM</p>



Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

08/15/2015

Progress on Critical Success Factors					
Factor	Acceptance Criteria	Short Term Impact?	Long-Term Impact?	Current State	
Automation of Benefits Processes	<ul style="list-style-type: none"> System uses "wizards" to move through processes Minimal manual workarounds Reports support each process Online member access 	HIGH	HIGH	At Risk	
Payroll Interface Data	<ul style="list-style-type: none"> Active payroll data allows for significant automation of benefit estimates and benefit calculation VCERA receives full data elements needed for all calculations 	HIGH	HIGH	At Risk	
Moving to Current Technology	<ul style="list-style-type: none"> System utilizes current database technology System utilizes current application technology 	MEDIUM	HIGH	On Track	
Project Cost	<ul style="list-style-type: none"> Project is within 15% of the original budget 	MEDIUM	LOW	On Track	
Project Duration	<ul style="list-style-type: none"> Project completes within 20% of original duration 	HIGH	LOW	On Track	
<p>Until Auditor-Controller and VCERA can agree to resolution processes for errors submitted on the transmittal file, the expected benefits from system automation functionality are at risk.</p>					
Accomplishments Planned for Next Period (1/1/2016 – 03/31/2016)					
<ul style="list-style-type: none"> Complete User Acceptance Testing. Convert Liberty images into V3. Finalize cutover tasks and assignments. Complete all preparations for go-live. 					



**Ventura County Employees' Retirement
Information System
Project Status Report
Month Ending: October 2015**



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

11/10/15

PROJECT STATUS SUMMARY

Actual Percentage Complete: 87.24%*
Planned Percentage Complete: 87.24%*

**Note: The updated Sprint Schedule went into effect with the approval of the change orders presented to the Board 01/05/2015. The completion percentages have been adjusted to take into account the updates and changes per the new sprint schedule.*

Scope	Schedule	Cost	Risks	Quality
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The project remains on track for the April 2016 go-live for rollout #1 (the main pension administration system). All system design has been completed and the remaining system functionality will be delivered by 11/20/15.

Risks

- Plan sponsor payroll transmittal – No new additional test files have been received from Auditor-Controller. Auditor-Controller suggested implementing a programming change prior to generating the UAT test files. Since the changes could not be thoroughly tested prior to UAT, the project team requested the changes be made after go-live. This was necessary to ensure the integrity of the data to be used for UAT and to reduce the risk of a negative impact to the project schedule. Two related risks remain:
 - Auditor-Controller is implementing PEPRA-related changes in January. There is not sufficient time for VCERA to test these changes prior to production. If issues arise, Auditor-Controller will need to provide adjustments via supplemental interface files.
 - The project team continues to work with VRSD to test their transmittal files. Since they have completed their programming recently, there is not sufficient time to perform parallel testing prior to production. VCERA Staff will manually inspect a sampling of posted VRSD records in V3 for the initial 3-4 pay periods in production.
- IT Support Post-Go Live. VCERA does not currently have an IT management position filled. Staff will need substantial support for V3 once the system is live: Operations staff will provide the majority of the support needed, but technical aspects of the system still require resources. VCERA may need to contract with the current vendors and/or County IT to provide technical support until the organization has sufficient resources trained and ready.

KEY ACCOMPLISHMENTS LAST MONTH

- Delivered additional functionality in:
 - Disability
 - Active Death Processing



**Ventura County Employees' Retirement
Information System
Project Status Report
Month Ending: October 2015**



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

11/10/15

- Retired Death Processing
- DRO Processing – Alt Payee
- Member Correspondence
- Executed 236 tests. There have been 3,984 tests executed to date and there are currently 433 defects in an open status – 67 high priority, 156 medium priority, 210 low priority. Vitech and VCERA are working together to identify and resolve material defects prior to 11/20/15, the date of the system freeze prior to User Acceptance Testing (UAT). Staff remains confident that the system will be ready for UAT, which is scheduled to begin in early January.



**Ventura County Employees' Retirement
Information System
Project Status Report
Month Ending: November 2015**



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

12/10/15

PROJECT STATUS SUMMARY

Actual Percentage Complete: 89.80%*
Planned Percentage Complete: 89.80%*

**Note: The updated Sprint Schedule went into effect with the approval of the change orders presented to the Board 01/05/2015. The completion percentages have been adjusted to take into account the updates and changes per the new sprint schedule.*

Scope	Schedule	Cost	Risks	Quality
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The project remains on track for the April 2016 go-live for rollout #1 (the main pension administration system). All system functionality has been delivered for testing.

Risks

- Plan sponsor payroll transmittal – No new issues have been identified and Auditor-Controller has confirmed they are on track to deliver the expected files for UAT as scheduled in December. The project team continues to work with VRSD to test their transmittal files.

KEY ACCOMPLISHMENTS LAST MONTH

- All remaining functionality delivered.
- Kicked-off Systems Integration Testing activities (SIT).
- Began User Acceptance Testing preparations (UAT).
- Executed 95 tests. There have been 4,079 tests executed to date and there are currently 363 defects in an open status – 28 high priority, 133 medium priority, 202 low priority. Vitech agreed to provide two additional builds during SIT to address as many high priority defects as possible prior to the start of UAT.



**Ventura County Employees' Retirement
Information System
Project Status Report
Month Ending: December 2015**



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

01/10/15

PROJECT STATUS SUMMARY

Actual Percentage Complete: 91.84%*
Planned Percentage Complete: 91.84%*

**Note: The updated Sprint Schedule went into effect with the approval of the change orders presented to the Board 01/05/2015. The completion percentages have been adjusted to take into account the updates and changes per the new sprint schedule.*

Scope	Schedule	Cost	Risks	Quality
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The project remains on track for the April 2016 go-live for rollout #1 (the main pension administration system). The system is ready for User Acceptance Testing (UAT) to begin in January.

Risks

- Plan sponsor payroll transmittal – No new issues have been identified. Auditor-Controller delivered the expected files for UAT as scheduled in December. The project team continues to work with VRSD to test their transmittal files.

KEY ACCOMPLISHMENTS LAST MONTH

- Systems Integration Testing (SIT) completed.
- UAT planning completed.
- Executed 24 tests. There have been 4,079 tests executed to date and there are currently 333 defects in an open status – 18 high priority, 118 medium priority, 197 low priority. All 333 open validation testing defects will continue to be addressed by Vitech until all have been resolved. Future reporting of test and defect numbers will be specific to UAT.

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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February 1, 2016

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

SUBJECT: DISCUSSION OF MEAL REIMBURSEMENT POLICY

Dear Board Members:

Several trustees have requested the Board discuss VCERA's Education and Travel Policy, specific in the area of meal reimbursement. The policy, which was last modified in June 2015, reads:

Meals & Beverages

Reimbursement for the cost of meals and beverages for the Board and staff members while on travel will be made at the rates established by the County of Ventura for reimbursement to employees for such expenses. A copy of the current rates of reimbursement will be provided to each member of the Board. No meal allowance will be paid for any meal that is provided by the host or at the conference, unless for medical dietary restrictions.

It has been suggested that VCERA allow use of a per diem amount for individual meals and/or adopt increased meal limits to reflect typical prices at eating establishments in the vicinity of hotels where Board-approved conferences or travel take place. Though the Board of Retirement has historically mirrored the County's policy, it is not required to do so. The COV's policy specifies the following in regard to meal reimbursement limits (inclusive of tax and tip):

	<i>Within California (Receipts Required)</i>	<i>Within California (Receipts Required)</i>	<i>Per Day (Per Diem) (No Receipts Required*)</i>
<i>Breakfast</i>	<i>\$13.00</i>	<i>\$15.00</i>	<i>\$45.00 per Day</i>
<i>Lunch</i>	<i>\$18.00</i>	<i>\$21.00</i>	
<i>Dinner</i>	<i>\$35.00</i>	<i>\$40.00</i>	

****No Receipts required, however if a lunch or dinner is included in the conference Per Diem is exempt.***

NOTE: For the Board of Supervisors, members of County Boards and members of County Commissions are NOT eligible for per diem.

In preparing for this item, staff requested information from other systems within the State Association of County Retirement Systems (SACRS) regarding their meal reimbursement policies. Provided for your reference is a document with excerpts from what was made available by those county systems.

Staff will pleased to answer any questions at the February 1, 2016 disability meeting.

Sincerely,



Linda Webb
Retirement Administrator

SACRS Systems' Travel Policy Excerpts

ACERA

Alameda County Employees' Retirement Association

ACERA will reimburse for meals during business-related travel (as distinguished from local business meals covered below in Section VII) at a rate not to exceed \$100 per person, per day; however, receipts for all meals are required. As a general rule, travelers are expected to incur no additional cost for meals while attending conferences, workshops, etc. Dietary restrictions may affect the cost of a meal or meal availability or incur additional costs above the covered rate; consequently, if any of these is the case, the traveler may be reimbursed for the meal(s).

CCCERA

Contra Costa County Employees' Retirement Association

C. Meals

1. Actual and reasonable expenses for meals will be reimbursed while in travel status, not to exceed \$100.00 per day, excluding taxes, tips and service charges.
 2. Tips to a maximum of 20% are reimbursable.
 3. No claims will be reimbursed for alcoholic beverages.
 4. It is expected that CCCERA employees will not seek reimbursement for meals purchased in lieu of meals provided by a conference unless medical dietary restrictions apply, subject to any existing MOUs applicable to a particular employee.
-

FCERA

Fresno County Employees' Retirement Association

7. Travelers will be reimbursed for the cost of meals at a flat rate in accordance with the current fiscal year U.S. General Services Administration Per Diem Rates. Receipts shall not be required for per diem reimbursement.

8. Reimbursement for less than three meals per day will be at a flat rate, in accordance with the Per Diem Rate Shown in the table below.

Meal	Travel begins on or before	Travel ends on or before	Portion of Per Diem traveler is entitled to receive
Breakfast	6:00 a.m.	8:00 a.m.	20%
Lunch	11:00 a.m.	1:00 p.m.	25%
Dinner	5:00 p.m.	7:00 p.m.	55%
MAXIMUM TOTAL DAILY ALLOWANCE			100%

9. When a specific meal, the mode of travel (e.g. airfare), or another FCERA paid activity is included in the conference registration fee, the attendee is not entitled to reimbursement for that expense.

ICERS

Imperial County Employees' Retirement System

MEALS/RECEPTIONS:

During travel, daily meal per diem rates shall be the rate for Meals and Incidental Expenses ("M&IE") as described by the Internal Revenue Service for Los Angeles:

- Breakfast: \$12.00
- Lunch: 18.00
- Dinner: 31.00
- Tip: 3.00
- Total: \$64.00

Board Members and staff are not required to attend vendor sponsored meals, and may be compensated at the above meal expense. When a meal is included in the registration of the event, there shall be no per diem meal reimbursement to the Board member or staff. The per diem rate shall be paid for all travel time to and from the event.

KCERA

Kern County Employees' Retirement Association

...Meals and beverages consistent with County per diem amounts, which exclude alcoholic beverages;...

LACERA

Los Angeles County Employees Retirement Association

It is the Policy's intent for the traveler to be reimbursed for meals not pre-paid for by LACERA. As such, LACERA will not reimburse the traveler for a meal which has been pre-paid for by LACERA (e.g., when conference registration includes meals), whether or not the traveler consumed the meal, except where the traveler could not consume the pre-paid meal because:

1. The traveler has special dietary or medical concerns, or
2. It was reasonably necessary for the traveler to conduct LACERA business (e.g., meet with an investment advisor) while the pre-paid meal was being served.

Likewise, LACERA will not reimburse the traveler for a meal paid for by a third party.

Meal Reimbursement

Reimbursement for meals shall, at the traveler's option, be based either on "The Per Diem Method" or "The Actual Receipt Method." The traveler may use both the Per Diem Method and the Actual Receipt Method of reimbursement on a single trip, so long as only one method is used per calendar day.

Reimbursement Schedule
Attachment A

A. The Per Diem Method

1. Under the Per Diem Method the traveler agrees to accept a flat rate for meal expense for actual meals eaten and is not required to submit receipts.
2. The per diem allowance will be computed using the Meals & Incidental Expenses rate (the “M&IE Rate”) published by the Internal Revenue Service and in effect on the date of travel for the locality of travel.
3. The per diem allowance shall be claimed in accordance with the Meals & Incidental Expenses Breakdown (M&IE Breakdown) per the IRS, based on the M&IE Rate. The portion of the per diem the traveler receives depends upon when the travel occurs. For example, if the travel occurs during normal breakfast and lunch times, the traveler receives the per diem for breakfast and lunch; if the travel occurs during normal lunch and dinner times, the traveler receives the per diem for lunch and dinner, etc.

B. The Actual Receipt Method

1. Under the Actual Receipt Method, reimbursement shall be requested only for the actual cost paid for a meal.
2. Actual cost reimbursed will not to exceed \$100 per day.
3. Receipts shall include the following information:
 - a. Meal cost amount, and
 - b. Date and location.
4. Credit card receipts are sufficient provided they include the required information.
5. Annotating the meal receipt with the business purpose for the meal will assist staff with processing reimbursements, and if the receipt is for more than the individual, the names of persons whose meals are covered by the receipt.

MCERA
Marin County Employees’ Retirement Association

Meals

A Trustee or staff member will be reimbursed for the cost of meals at a flat rate up to a maximum established by the County of Marin pursuant to the expense reimbursement policies established by its Board of Supervisors. Receipts shall not be required for per diem reimbursement.

For out-of-state travel, a Trustee or staff member will be reimbursed for the cost of meals at a flat rate up to a maximum established by the County of Marin pursuant to the expense reimbursement policies established by its Board of Supervisors.

A Trustee or staff member shall be reimbursed for up to a 15% gratuity. No reimbursement will be made for alcoholic beverages. A Board member and/or staff must provide a receipt for any meal that exceeds \$ 25.00 (excluding tax and tip). When requesting reimbursement for fewer than three meals per day, expenses for a particular meal shall be rounded to the nearest whole dollar, and then submitted not to exceed the maximum percentage of the Per Diem Rate shown below.

<u>Meal</u>	<u>Travel Begins On Or Before</u>	<u>Portion of Per Diem Traveler is Entitled to Receive</u>
Breakfast	6:00 a.m.	20%
Lunch	11:00 a.m.	25%
Dinner	5:00 p.m.	55%
MAXIMUM TOTAL DAILY		100%

When a meal is included in the cost of a conference registration fee, mode of travel (e.g. airfare), or other MCERA-paid activity, employees will not be entitled to reimbursement for item.

Mendocino

Mendocino County Employees’ Retirement Association

Reimbursement for travel and associated expenses relating to educational conferences shall be in accordance with the provisions of the County Travel Policy, unless superseded by a MCERA travel policy.

Merced

Merced County Employees’ Retirement Association
(from County policy)

6.6 Meal Reimbursement – Out-of-County / State

- All meals associated with overnight Out-of-County / State travel will be reimbursed at local maximum rate as recommended by the Department of General Services (GSA). Adjustments to the meal allowance rate will be done as needed to coincide with the GSA meal allowance rate. Updates to the meal allowance rate will be distributed by memorandum to the departments.

- The standard meal allowance will be pro-rated for partial days based on time of travel as follows:

<u>Meal</u>	<u>Travel Begins Before</u>	<u>Travel Ends After</u>
Breakfast	7:00 AM	9:30 AM
Lunch	11:00 AM	2:00 PM
Dinner	4:00 PM	7:00 PM

All meals that are associated with day travel Out-of-County / State travel require receipts and are considered taxable income and will be reimbursed at actual cost up to the per diem rate set for that meal.

- All meals that are associated with overnight Out-of-County / State travel do not require receipts.
- Meetings attended where a meal is provided and which is included in the registration/conference fee will not be considered for the Standard Meal Allowance rate for that meal. If the meal is not utilized, an explanation justifying the reason must accompany the documentation (ie, vegetarian, vegan, or diabetic diets).
- Conference banquet or event meals that are provided at a fixed price may be approved in excess of the above limits.
- Complimentary/Continental breakfasts regardless of availability are not to be considered a meal and the Traveler may receive the standard meal allowance rate for breakfast.

6.7 Meal Reimbursement – Within the County

- When authorized or directed by the Department Director/Designee of the department in which he/she serves, any Traveler conducting business on behalf of the County who attends a breakfast, luncheon, or dinner meeting within the County and represents or serves the County of Merced shall be entitled to reimbursement. Meal costs that include speaker costs and/or registration, tuition, banquet or program costs are allowable for full reimbursement with claims recommended by the Department Director/Designee.
- For group or departmental meetings, public outreach, or training sessions encompassing meals in which employee attendance is mandatory, the department will require prior budget appropriation approval by the Board of Supervisors. Meals for regular staff meetings are not reimbursable by the County.
- The purchase of meals associated with extended fire emergency incidents where personnel are required to stay at the incident and fall within the timeframe of a meal are allowed and only need the approval of the Department Director/Designee.
- Meal costs incurred within the County of Merced not covered in this Section are not reimbursable.

OCERS

Orange County Employees Retirement System

Board members and staff will be reimbursed for actual and reasonable expense of meals consumed while traveling on business, including non-alcoholic beverages, tax, and tip for meal service that does not exceed a reasonable percentage. A Board member or staff must provide a receipt for any meal that exceeds \$25.00 (excluding tax and tip).

SBCERA

San Bernardino County Employees' Retirement Association

**Policy is currently silent on meal reimbursement; detailed expense policy is in development for 2016.*

SamCERA
San Mateo County Employees' Retirement Association

The maximum reimbursement for the actual cost of meals will be limited to the Continental United States (CONUS) current rate except that for those areas that do not have a standard rate and have a separate CONUS rate, the maximum reimbursement rate shall be limited to double the amount of the CONUS current rate for those areas. Government and group rates offered by a provider of lodging services shall be used when available. If such rate is not available, the maximum reimbursement rate shall be limited to double the amount of the CONUS current rate for that location. If the lodging is in connection with a conference or organized educational activity, lodging reimbursement for lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available at the time of booking. If such rate is not available, the maximum reimbursement rate shall be limited to double the amount of the applicable CONUS rate or the group rate, whichever is higher. A complete listing of CONUS rates can be found at www.gsa.gov. If it is necessary to secure lodging in excess of double the CONUS rates, that expenditure must be approved in advance by the Board Chair for Trustees and for the Chief Executive Officer, the Board Vice Chair for the Board Chair, and the Chief Executive Officer for employees.

SBCERS
Santa Barbara County Employees' Retirement System
(from County policy)

Meals

1. The County will reimburse personal meals while traveling out of the County overnight using per diem meal rates, unless otherwise stated in this policy. Any incidental expenses incurred are only reimbursable within the daily per diem rate. Incidental expenses as defined by the IRS include fees and tips for porters, baggage carriers, bell staff, and housecleaning staff. Receipts are not required for amounts less than or equal to per-diem reimbursement rates. Current per diem rates can be found here under Travel and Reimbursement (T2.2).
2. The County will reimburse the actual cost of meals exceeding the per diem rate for business meals with non-County employees and when it is not practical to stay within the per diem guidelines. (See Qualifying Meals)

Qualifying Meals – Receipts Required

1. Outside County – actual cost not to exceed per-diem limit.
2. Inside County – Reimbursement for meals only if working away from regular established headquarters for extended periods of time, usually involving overnight accommodations.
3. Meetings – Meals or refreshments may be served in conjunction with meetings where it is to benefit of the County to keep all participants together and not have them disperse for meals. A meeting is defined as formal training, conference, seminar, workshop, staff or Board meeting.
4. Receptions – In addition to providing snacks at business meetings and paying for business meals, it is sometimes appropriate for County departments to host larger receptions for statewide peers, visiting dignitaries, or for other unique occasions. Such receptions should be kept to a minimum and any such receptions anticipated to cost more than \$150 must be approved by the County Administrator.
5. Business Meals – County employees are reimbursed for meal expenses incurred in meetings with County and non-County employees to discuss County business. Receipts must include business purpose

of meeting and names of individuals in attendance. In addition, all business meal expenses must be supported with itemized listing of food and beverage purchases. When substantiated on the receipt, a reasonable and minimum standard amount for tips is reimbursable. This policy has been designed to provide flexibility and discretion on the part of department heads. Each department is responsible for developing internal policies to guide employees in view of the possibilities for this privilege to be abused if not closely monitored.

6. The cost of alcoholic beverages will not be reimbursed.

Sonoma

Sonoma County Employees' Retirement Association

c. Meal expenses.

Actual and necessary meal (breakfast, lunch and dinner) expenses, including gratuities, may be paid or reimbursed when traveling on official SCERA business outside the geographical boundaries of Sonoma County, and should not exceed a maximum of \$90 each day per person. Receipts will be required to document meal expenses under this provision. The County Auditor-Controller/Treasurer Tax Collector will maintain a record of any annual change in this amount and shall each year notify the public entities for which this policy is adopted by posting the new limitations on the County intranet and/or internet. A meal expense is not necessary and will not be paid or reimbursed by SCERA if that meal is included as part of a conference or mode of travel (e.g. airline in-flight meals).

If traveling in a group, an individual may cover the cost of meals for a group and claim reimbursement for the full amount. In this case, the number of people for whom the meal was purchased must be noted, along with their names, titles and a statement of the business purpose.

Expenses for alcoholic beverages will not be paid or reimbursed by SCERA.

Snacks, including vending machine purchases, bottled water, coffee and mini-bar charges will not be paid or reimbursed by SCERA.

Sacramento

Sacramento County Employees' Retirement Association

(from County policy)

D. Meal Reimbursement Rates

Meal reimbursement, including tips, will be for actual amounts up to the maximum amount, based on the following criteria:

- Meals consumed within the State of California: Maximum amounts will be based on the highest current Federal CONUS (Continental US) meal rates. The Department of Finance, Auditor-Controller Division, will publish these rates on an annual basis.
 - Meals consumed outside the State of California: Maximum amounts will be based on the latest Runzheimer Guide to Daily Travel Prices for 100 Primary US Cities or the maximum Federal CONUS rate, whichever is higher. These rates are adjusted quarterly and are available as "Travel Reimbursement Rates Effective MM-DD-YY" on the Auditor-Controller Division intranet page at ... [*continues*]
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San Diego
San Diego County Employees' Retirement Association

- A. Travelers who are in travel status outside of San Diego County are eligible for meal reimbursement as defined in this policy.
1. To be eligible for meals before or after an eligible event, the traveler must meet following criteria:
 - a) Breakfast: traveler leaves residence/office at or before 7:00 am
traveler returns to residence/office at or after 8:00 am
 - b) Lunch: traveler leaves residence/office at or before 11:30 am
traveler returns to residence/office at or after 1:00 pm
 - c) Dinner: traveler leaves residence/office at or before 7:00 pm
traveler returns to residence/office at or after 7:00 pm
 2. When meals are included in the registration fee of an event, no meal reimbursement is provided for the applicable meal period(s) covered by the registration fee.
- B. Domestic travelers' eligible meals will be reimbursed at the per diem rate set by the County of San Diego
1. Per diem rates includes tips; no additional reimbursement for tips is allowed.
 2. Meal receipts are not required for per diem reimbursement.
-

San Joaquin
San Joaquin County Employees' Retirement Association

4. Meal expenses:
- a. For each day of travel actual and reasonable meal expenses, including gratuities up to 20%, will be paid or reimbursed when traveling on official SJCERA business not to exceed a maximum of \$65 per person. Receipts will be required to document meal expenses under this provision.
 - b. Any request for reimbursement of actual and reasonable expenses in excess of \$65 per person per day of travel may be authorized by the CEO. No allowance will be paid or reimbursed for meals that are included as part of an organization's scheduled program.
 - c. Expenses for alcoholic beverages will not be paid or reimbursed by SJCERA.
-

StanCERA
Stanislaus County Employees' Retirement Association

For any educational event or due diligence travel, all reasonable expenses related to the trip will be reimbursed or paid for by StanCERA. Reasonable expenses will include airfare, train fare, mileage (IRS approved rate using odometer readings or Stanislaus County Auditor-Controller mileage chart), ferry, toll bridge, parking, shuttle service, taxi service (including tip), hotel lodging, meals (including tips), necessary business phone calls, tips for portage, and other expenses that may occur which are incurred by the traveler for the approved travel. The traveler should present receipts for all items which are easily obtainable (such as lodging and meals) but may also claim amounts for such expenses as bridge toll, taxi service or tips for portage for which receipts are generally not given. The StanCERA business traveler must pay for any additional costs for a spouse or other fellow traveler who is not traveling on StanCERA approved business.

TCERA

Tulare County Employees' Retirement Association

Meal reimbursements will be paid on a per diem basis at the rates and subject to the limitations in effect for employees of the County of Tulare at the time the travel expense was incurred. When the cost of a meal is unavoidably in excess of the per diem amount or the destination will clearly require expenditures in excess of the per diem, the Board of Retirement may approve that the actual amount of the meal expense be reimbursed. Detail receipts for meals are not required unless the Board member is seeking approval for reimbursement of the actual expense incurred.

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February 1, 2016

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

SUBJECT: QUARTERLY RETIREMENT ADMINISTRATOR'S REPORT

Dear Board Members:

In compliance with VCERA's Monitoring & Reporting Policy, this report will include information regarding travel, training, key meetings and media communications, as well as other key issues for October through December of 2015.

Travel & Training

I attended the SACRS Fall Conference November 17-20 in San Diego. As always, I found this conference extremely informative, particularly the breakout sessions with my fellow administrators and the legislative updates.

Board/Policy/Compliance

Pensionable Compensation under PEPRA.

As the 4th quarter of 2015 began, the final preparations were completed for the report on pensionable compensation that was presented to the Board at the October 19, 2015 business meeting. This involved finalizing the documents, responding to stakeholder questions and categorizing pay codes. Once the Board took action at the meeting, we then followed up to communicate the results to the stakeholders and answer questions.

Model Regulations and IRS Determination Filing.

We prepared and presented the contract with Hanson Bridgett for the IRS determination filing work, and began the research and analysis required for that project. This effort continued through the entire quarter, and involved the presenting of model regulations to the Board in November. (Our application was timely filed with the IRS this month.)

Collaboration with the Auditor-Controller on Compensation Limits.

Beginning in September but continuing throughout the quarter, I worked with the Auditor-Controller's office to resolve an issue with regard to certain members exceeding the mandatory compensation caps, both for PEPRA and IRS 401(a)17 limits. For both circumstances, contributions were withheld and remitted to VCERA after the member had exceeded the applicable cap. In addition to identifying the members, their excess earnings and overpayment amounts of both the employee and employer contributions, we also identified members who were projected to exceed the limit in 2015 and provided the projected pay period where this would occur.

During the course of our discussions with the Auditor-Controller and his staff, they inquired whether VCERA could apply the 401(a)17 limits on a calendar year basis, consistent with the PEPRA cap measurement period, to simplify the programming requirements needed to prevent exceeding the limits in the future. VCERA tax counsel Hanson Bridgett confirmed that this could be done by applying a pro-rated measuring period for the last half of 2015 (applying a separate test).

The Auditor-Controller's staff made programming changes to allow for the caps to be applied in the future, and in December sent notices to the identified members and refunded the excess contributions withheld.

Media

In October, I spoke to the Ventura County Star regarding the Board action on pay codes for pensionable compensation.

General

Other general business in the 4th quarter included coordination of the SACRS-offered dental plan to retirees, research on the CPI methodology for retiree COLAs, and initial review and distribution to stakeholders of the actuarial valuation from Segal. We also conducted some initial surveys of staff and the Board on potential newsletter names and logo designs.

Key Meetings

October

On October 7th, I was a presenter at the County's "Planning for a Successful Retirement" workshop. Also in October, staff had several meetings and conference calls to complete the pensionable compensation work. I met with vendors to choose one to assist in the design of the CAFR publication, and we had meetings to discuss the ongoing beneficiary data research project in relation to PAS.

November

Other staff and I met with Auditor-Controller staff about the PEPRA cap issue described earlier in this report. I also was a presenter at the New Employee Orientation on the 18th.

December

On the 4th, the CFO and I met with HR representatives to discuss the CPS fiscal study and its impact on VCERA fiscal staff. I completed a staff performance evaluation that day as well. On the 7th, senior staff had a conference call with Segal to discuss review of the drafted actuarial valuation. On the 8th, I attended a REAVC board luncheon and answered questions. There was another retirement planning seminar on the 14th and a new employee seminar on the 16th.

Please let me know if you have any questions or concerns regarding the information provided in this report.

Sincerely,



Linda Webb
Retirement Administrator