GASB 68 ACCOUNTING VALUATION REPORT

(CalPERS ID: N/A)
Rate Plan Identifier: N/A

Prepared for the CITY OF XYZ MISCELLANEOUS PLAN, an Agent Multiple-Employer Defined Benefit Pension Plan

Measurement Date of June 30, 2014

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ACTUARIAL CERTIFICATION

This report provides disclosure and reporting information as required under Government Accounting Standards Board Statement 68 (GASB 68) for the MISCELLANEOUS PLAN of the CITY OF XYZ (the "Plan"), an Agent Multiple-Employer Defined Benefit Pension Plan participating in the California Public Employees' Retirement System (CalPERS), for the measurement period ending June 30, 2014. This information should be used for the fiscal year beginning after June 15, 2014 but ending on or before June 30, 2015.

Determinations for purposes other than financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2013 annual funding valuation for the Plan. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2013 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2013 liabilities used for this accounting valuation are based on the actuarial assumptions recommended by the CalPERS Chief Actuary and adopted by the CalPERS Board in February 2014 as laid out in the 2014 report titled "CalPERS Experience Study and Review of Actuarial Assumptions." These liabilities were validated as part of the June 30, 2013 funding valuation that included the estimated impact of the change in actuarial assumptions on contribution requirements. The undersigned is relying upon these prescribed assumptions and methods and is not able to render an opinion on their reasonability, as this would require a substantial amount of additional work beyond the scope of this report. This report also relies on asset information for the measurement period as supplied by the CalPERS Financial Office that was validated by CalPERS independent auditors, Macias Gini & O'Connell LLP (MGO).

With the provided liability and asset information, the total pension liability, net pension liability and pension expense were developed for the measurement period using standard actuarial techniques. In addition, the results are based on CalPERS understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in GASB 68 including any guidance or interpretations provided by audit partners of MGO prior to the issuance of this report. The information in this report is not intended to supersede the advice and interpretations of the employer's auditor. This report may not provide all the information necessary to complete the required disclosures under GASB 68. The employer should supplement and update the information in this report with its own financial data as necessary to complete the disclosure information required by GASB 68.

The undersigned is familiar with the near-term and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

[Actuary_Name File]

Introduction

This is the GASB 68 Cost Measurement and Financial Reporting Statement to be used for your fiscal year beginning after June 15, 2014 and ending on or before June 30, 2015 for your MISCELLANEOUS PLAN (Plan). GASB Statement No. 68 replaced GASB 27 effective for fiscal years beginning after June 15, 2014.

Statement 68 was issued by GASB in June 2012, requiring public employers to comply with new accounting and financial reporting standards. Statement 68 outlines a different approach to the recognition and calculation of pension obligations. Under the new GASB standards, employers are required to record the net pension liability (NPL) and pension expense (PE) in their financial statements as part of their financial positon.

NPL is the plan's total pension liability (TPL) based on entry age normal actuarial funding method less the plan's fiduciary net position (FNP). This may be a negative liability (net pension asset).

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. This may be a negative expense (pension income).

This report may not provide all the information necessary to complete the required disclosures under GASB 68. **The employer should supplement and update the information in this report with its own financial data as necessary to complete the disclosure information required by GASB 68.** For example, no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer and its auditor.

Purpose of the Report

The Plan is a CalPERS agent multiple-employer plan. This GASB 68 report provides reportable financial and accounting pension information to be used in the employer's financial reports. The pension expense is for the measurement period of 2013-14 and the net pension liability is measured as of June 30, 2014. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2013. Fiduciary net position is based on fair value of assets as of June 30, 2014. Since GASB 68 allows a measurement date of up to 12 months before the employer's fiscal year-end, this report can be used for fiscal years beginning after June 15, 2014 and ending on or before June 30, 2015.

The following pension information is disclosed in this report:

- Summary of Significant Accounting Policies
- General Information about the Pension Plan
  - Plan Description, Benefits Provided and Employees Covered
  - Contribution Description
  - Actuarial Methods and Assumptions
  - Discount Rate
  - Pension Plan Fiduciary Net Position
- Changes in the Net Pension Liability
  - Sensitivity of the Net Pension Liability
  - Subsequent Events
  - Recognition of Gains and Losses
- Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
- Schedules of Required Supplementary Information (10 Year History):
  - Schedule of Changes in Net Pension Liability and Related Ratios
  - Schedule of Plan Contributions

The use of this report for other purposes may be inappropriate.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CITY OF XYZ. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	June 30, 2013 to June 30, 2014

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions, and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report is a publicly available report that can be obtained at the CalPERS website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2014 (the measurement date), the average active employee contribution rate is 7.980 percent of annual pay, and the average employer's contribution rate is 21.352 percent of annual payroll. It is the responsibility of the employer and its auditor to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions (EPMC) or cost sharing whether by contract amendment or by resolution of the governing board.

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return:	7.50% Net of Pension Plan Investment Expenses, including Inflation

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the PERF. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

[1] An expected inflation of 2.5% used for this period
[2] An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

The plan fiduciary net position (assets) disclosed in your GASB report may differ from the plan assets reported in your actuarial valuation report due to several reasons. First, CalPERS must keep Reserves for Deficiencies and Fiduciary Self Insurance. These amounts are excluded for rate setting purposes in your actuarial valuation report while required to be included for GASB reporting purposes. In addition, differences may result from early CAFR closing and final reconciled reserves.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	**$ 303,968,311**	**$ 213,350,226**	**$ 90,618,085**
• Receivables for Employee Service Buybacks (BOY)		(783,887)	783,887
• Adjustment to Beginning of Year Assets		(14,263)	14,263
Adjusted Balance at: 6/30/2013 (VD)	**$ 303,968,311**	**$ 212,552,076**	**$ 91,416,235**
Changes Recognized for the Measurement Period:			
• Service Cost	6,921,261		6,921,261
• Interest on the Total Pension Liability	22,565,116		22,565,116
• Changes of Benefit Terms	0		0
• Differences between Expected and Actual Experience	0		0
• Changes of Assumptions	0		0
• Contributions from the Employer		9,059,681	(9,059,681)
• Contributions from Employees		3,396,516	(3,396,516)
• Net Investment Income[1]		37,166,722	(37,166,722)
• Benefit Payments, including Refunds of Employee Contributions	(13,121,431)	(13,121,431)	0
Preliminary Balance at: 6/30/2014 (MD)	**$ 320,333,257**	**$ 249,053,564**	**$ 71,279,693**
Changes Recognized at the end of the Measurement Period:			
• GASB 68 Reserves[2]		398,092	(398,092)
• Receivables for Employee Service Buybacks (EOY)		943,110	(943,110)
Balance at: 6/30/2014 (MD)	**$ 320,333,257**	**$ 250,394,766**	**$ 69,938,491**
Net Changes during 2013-14	**16,364,946**	**37,044,540**	**(20,679,594)**

[1] Net of administrative expenses
[2] Deficiency reserves, fiduciary self-insurance and OPEB expense

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.5%)	Current Discount Rate (7.5%)	Discount Rate + 1% (8.5%)
Plan's Net Pension Liability	$ 111,397,429	$ 69,938,491	$ 35,414,874

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active and inactive) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active and inactive).

The EARSL for the Plan was 3.5 years, which was obtained by dividing the total service years of 5,543 (the sum of remaining service lifetimes of the active employees) by 1,600 (the total number of participants). Note that inactive employees entitled to but not receiving benefits and inactive employees receiving benefits have remaining service lifetimes equal to 0.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

According to Paragraph 137 of GASB 68 and Questions 267 and 268 of the GASB 68 Implementation Guide, the employer should consult its auditor on the adjusting entries concerning the net pension obligation (NPO) and the initial net pension liability (NPL). As of the start of the measurement period (June 30, 2013), the NPL is $90,618,085.

For the measurement period ending June 30, 2014 (the measurement date), the CITY OF XYZ recognized a pension expense of $5,380,297 for the Plan. (See Appendix B-2 for the complete breakdown of the pension expense.)

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer and its auditor.

As of June 30, 2014, the CITY OF XYZ reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 0	$ 0
Changes of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	(17,000,210)
Total	**$ 0**	**$ (17,000,210)**

The amounts above are net of inflows and outflows recognized in the 2013-14 measurement period expense.

Amounts reported as deferred outflows and deferred inflow of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	$ (4,250,053)
2016	(4,250,053)
2017	(4,250,053)
2018	(4,250,051)
2019	0
Thereafter	$ 0

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period

Measurement Period		2013-14
TOTAL PENSION LIABILITY		
Service Cost	$	6,921,261
Interest		22,565,116
Changes of Benefit Terms		0
Difference between Expected and Actual Experience		0
Changes of Assumptions		0
Benefit Payments, Including Refunds of Employee Contributions		(13,121,431)
Net Change in Total Pension Liability		**16,364,946**
Total Pension Liability – Beginning		**303,968,311**
Total Pension Liability – Ending (a)	**$**	**320,333,257**
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	$	9,059,681
Contributions – Employee		3,396,516
Net Investment Income		37,166,722
Benefit Payments, Including Refunds of Employee Contributions		(13,121,431)
Other Changes in Net Fiduciary Position[1]		543,052
Net Change in Fiduciary Net Position		**37,044,540**
Plan Fiduciary Net Position – Beginning		**213,350,226**
Plan Fiduciary Net Position – Ending (b)	**$**	**250,394,766**
Plan Net Pension Liability – Ending (a) - (b)	**$**	**69,938,491**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		**78.17%**
Covered-Employee Payroll	**$**	**41,254,461**
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll		**169.53%**

[1]Includes changes in contributions receivable for employee buybacks, GASB reserves and beginning of year adjustments

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms specific to your plan

Changes of Assumptions: There were no changes in assumptions

Schedule of Plan Contributions

		Fiscal Year 2013-14
Actuarially Determined Contribution[1]	$	9,059,681
Contributions in Relation to the Actuarially Determined Contribution[1]		(9,059,681)
Contribution Deficiency (Excess)		$0
Covered-Employee Payroll[2, 3]	$	41,254,461
Contributions as a Percentage of Covered-Employee Payroll[2]		21.960%

[1] Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

[2] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. If pensionable earnings are different than total earnings, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

[3] Payroll from prior year $40,052,875 was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment Expenses, including Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

APPENDICES

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APPENDIX A

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

- **SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
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CITY OF XYZ – MISCELLANEOUS PLAN
Schedule of differences between expected and actual experience

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience (Measurement Periods)						
Measurement Period	**Differences between Expected and Actual Experience**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$0	3.5	$0	$0	$0	$0	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$0	$0	$0	$0	$0	$0	$0

CITY OF XYZ – MISCELLANEOUS PLAN
Deferred outflows of resources and deferred inflows of resources arising from differences between expected and actual experience

				Balances at June 30, 2014	
Measurement Period	**Experience Losses (a)**	**Experience Gains (b)**	**Amounts Recognized in Pension Expense through June 30, 2014 (c)**	**Deferred Outflows of Resources (a) - (c)**	**Deferred Inflows of Resources (b) - (c)**
2013-14			$0		
				$0	$0

CITY OF XYZ – MISCELLANEOUS PLAN
Schedule of changes of assumptions

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions (Measurement Periods)						
Measurement Period	**Changes of Assumptions**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$0	3.5	$0	$0	$0	$0	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$0	$0	$0	$0	$0	$0	$0

CITY OF XYZ – MISCELLANEOUS PLAN

Deferred outflows of resources and deferred inflows of resources arising from changes of assumptions

				Balances at June 30, 2014	
Measurement Period	Increase in Total Pension Liability (a)	Decrease in Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2014 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2013-14			$0		
				$0	$0

CITY OF XYZ – MISCELLANEOUS PLAN
Schedule of differences between projected and actual earnings on pension plan investments

			Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments (Measurement Periods)						
Measurement Period	**Differences between Projected and Actual Earnings on Pension Plan Investments**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$(21,250,263)	5.0	$(4,250,053)	$(4,250,053)	$(4,250,053)	$(4,250,053)	$(4,250,051)	$0	$0
Net Increase (Decrease) in Pension Expense			$(4,250,053)	$(4,250,053)	$(4,250,053)	$(4,250,053)	$(4,250,051)	$0	$0

CITY OF XYZ – MISCELLANEOUS PLAN

Deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual earnings on pension plan investments

				Balances at June 30, 2014	
Measurement Period	**Investment Earnings less than Projected (a)**	**Investment Earnings greater than Projected (b)**	**Amounts Recognized in Pension Expense through June 30, 2014 (c)**	**Deferred Outflows of Resources (a) - (c)**	**Deferred Inflows of Resources (b) - (c)**
2013-14		$(21,250,263)	$(4,250,053)		$(17,000,210)
				$0	$(17,000,210)

CITY OF XYZ – MISCELLANEOUS PLAN

Summary of recognized deferred outflows of resources and deferred Inflows of resources

	Net Increase (Decrease) in Pension Expense (Measurement Periods)						
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Thereafter
Differences between Expected and Actual Experience	$0	$0	$0	$0	$0	$0	$0
Changes of Assumptions	0	0	0	0	0	0	0
Differences between Projected and Actual Earnings on Pension Plan Investments	(4,250,053)	(4,250,053)	(4,250,053)	(4,250,053)	(4,250,051)	0	0
Grand Total	$(4,250,053)	$(4,250,053)	$(4,250,053)	$(4,250,053)	$(4,250,051)	$0	$0

APPENDIX B

INTEREST, TOTAL PROJECTED EARNINGS AND PENSION EXPENSE

- **INTEREST ON TOTAL PENSION LIABILITY AND TOTAL PROJECTED EARNINGS**
- **PENSION EXPENSE**

Interest on Total Pension Liability and Total Projected Earnings

Interest on the Total Pension Liability	Amount for Period	Portion of Period	Interest Rate		Interest on the Total Pension Liability
	(a)	(b)	(c)		(a) X (b) X (c)
Beginning Total Pension Liability	$ 303,968,311	100%	7.5%	$	22,797,623
Service Cost	6,921,261	50%	7.5%		259,547
Benefit Payments, including Refunds of Employee Contributions	(13,121,431)	50%	7.5%		(492,054)
Total Interest on the Total Pension Liability				**$**	**22,565,116**

Projected Earnings on Pension Plan Investments	Amount for Period	Portion of Period	Projected Rate of Return		Projected Earnings
	(a)	(b)	(c)		(a) X (b) X (c)
Beginning Plan Fiduciary Net Position after Adjustments[1]	$ 212,552,076	100%	7.5%	$	15,941,406
Employer Contributions	9,059,681	50%	7.5%		339,738
Employee Contributions	3,396,516	50%	7.5%		127,369
Benefit Payments, including Refunds of Employee Contributions	(13,121,431)	50%	7.5%		(492,054)
Total Projected Earnings				**$**	**15,916,459**

[1]Includes adjustments for contributions receivable for employee service buybacks and adjustments to beginning of year assets. See Page 7.

Pension Expense for Measurement Period Ended June 30, 2014

Description		Amount
Service Cost	$	6,921,261
Interest on the Total Pension Liability		22,565,116
Changes of Benefit Terms		0
Differences between Expected and Actual Experience		0
Changes of Assumptions		0
Employee Contributions		(3,396,516)
Projected Earnings on Pension Plan Investments		(15,916,459)
Differences between Projected and Actual Earnings on Plan Investments		(4,250,053)
Other Changes in Fiduciary Net Position[1]		(543,052)
Total Pension Expense	**$**	**5,380,297**

[1]Includes changes in contributions receivable for employee buybacks, GASB reserves and beginning of year adjustments.

Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.