MONTECITO FIRE PROTECTION DISTRICT

AGENDA FOR THE FINANCE COMMITTEE MEETING

Montecito Fire Protection District Headquarters

595 San Ysidro Road

Santa Barbara, California

February 6, 2014 at 10:00 a.m.

Agenda Items May Be Taken Out Of The Order Shown

1. Public comment: Any person may address the Board at this time on any non-agenda matter that is within the subject matter jurisdiction of the Montecito Fire Protection District; 30 minutes total time is allotted for this discussion.

2. Discuss changing Finance Committee meeting dates.

3. Review January 2014 financial statements.

4. Review PARS Account Summary and Correspondence.

5. Review 2013 PERS Actuarial Reports.

6. Fire Chief's Report.

7. Requests for items to be included for the next Finance Committee Meeting.

Adjournment

This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of the posting is January 31, 2014.

MONTECITO FIRE PROTECTION DISTRICT

Chip Hickman, Fire Chief

Note: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District office at 969-7762. Notification at least 48 hours prior to the meeting will enable the District to make reasonable arrangements.

Materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Montecito Fire Protection District's office located at 595 San Ysidro Road during normal business hours.

Agenda Item #3

Balance Sheet

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 1/31/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	3,370,550.15	12,000,926.82	7,903,252.41	7,468,224.56
0115 -- Treasury FMV Adjustment	-13,520.80	6,847.33	13,194.24	-19,867.71
0120 -- Imprest Cash	500.00	0.00	0.00	500.00
0130 -- Cash with Fiscal Agents	5,280.00	0.00	498.55	4,781.45
0230 -- Accounts Receivable	199,369.00	0.00	23,056.00	176,313.00
0240 -- Interest Receivable	4,203.97	5,831.16	10,035.13	0.00
0550 -- Deposits with Others	63,234.00	4,386.00	0.00	67,620.00
Total Assets	3,629,616.32	12,017,991.31	7,950,036.33	7,697,571.30
Total Assets & Other Debits	3,629,616.32	12,017,991.31	7,950,036.33	7,697,571.30
Liabilities, Equity & Other Credits				
Liabilities				
1010 -- Warrants Payable	0.00	2,692,348.24	2,692,348.24	0.00
1015 -- EFT Payable	3,000.00	383,164.77	380,164.77	0.00
1020 -- Salaries & Benefits Payable	280,100.00	280,100.00	0.00	0.00
1210 -- Accounts Payable	0.00	3,069,373.01	3,069,373.01	0.00
1240 -- Accrued Expenses	38,819.00	38,819.00	0.00	0.00
1330 -- Due To Other Funds	0.00	0.00	3,000,000.00	3,000,000.00
1400 -- Deposits	3,000.00	0.00	0.00	3,000.00
1730 -- Unidentified Deposits	0.00	711,624.44	711,624.44	0.00
Total Liabilities	324,919.00	7,175,429.46	9,853,510.46	3,003,000.00
Equity				
2110 -- Fund Balance-Nonspendable	63,234.00	0.00	4,386.00	67,620.00
2130 -- Fund Balance-Committed	1,200,500.00	0.00	0.00	1,200,500.00
2200 -- Fund Balance-Residual	2,040,963.32	22,744,749.46	24,130,237.44	3,426,451.30
Total Equity	3,304,697.32	22,744,749.46	24,134,623.44	4,694,571.30

Balance Sheet

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 1/31/2014
Total Liabilities, Equity & Other Credits	3,629,616.32	29,920,178.92	33,988,133.90	7,697,571.30

Balance Sheet

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3651 -- Montecito Fire Pension Oblig

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 1/31/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	2,530.33	741,166.39	743,349.80	346.92
0115 -- Treasury FMV Adjustment	-10.15	9.44	0.16	-0.87
0240 -- Interest Receivable	2.00	4.59	6.59	0.00
Total Assets	2,522.18	741,180.42	743,356.55	346.05
Total Assets & Other Debits	2,522.18	741,180.42	743,356.55	346.05
Liabilities, Equity & Other Credits				
Liabilities				
1015 -- EFT Payable	0.00	743,349.80	743,349.80	0.00
1210 -- Accounts Payable	0.00	743,349.80	743,349.80	0.00
Total Liabilities	0.00	1,486,699.60	1,486,699.60	0.00
Equity				
2140 -- Fund Balance-Assigned	2,522.18	0.00	0.00	2,522.18
2200 -- Fund Balance-Residual	0.00	1,486,703.96	1,484,527.83	-2,176.13
Total Equity	2,522.18	1,486,703.96	1,484,527.83	346.05
Total Liabilities, Equity & Other Credits	2,522.18	2,973,403.56	2,971,227.43	346.05

Balance Sheet

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3652 -- Montecito Fire Cap Outlay Res

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 1/31/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	2,200,025.49	5,447.23	208,672.72	1,996,800.00
0115 -- Treasury FMV Adjustment	-8,825.30	4,351.01	950.73	-5,425.02
0240 -- Interest Receivable	1,522.78	3,924.45	5,447.23	0.00
Total Assets	2,192,722.97	13,722.69	215,070.68	1,991,374.98
Total Assets & Other Debits	2,192,722.97	13,722.69	215,070.68	1,991,374.98
Liabilities, Equity & Other Credits				
Liabilities				
1015 -- EFT Payable	0.00	208,672.72	208,672.72	0.00
1210 -- Accounts Payable	0.00	208,672.72	208,672.72	0.00
Total Liabilities	0.00	417,345.44	417,345.44	0.00
Equity				
2140 -- Fund Balance-Assigned	2,192,722.97	0.00	0.00	2,192,722.97
2200 -- Fund Balance-Residual	0.00	569,228.45	367,880.46	-201,347.99
Total Equity	2,192,722.97	569,228.45	367,880.46	1,991,374.98
Total Liabilities, Equity & Other Credits	2,192,722.97	986,573.89	785,225.90	1,991,374.98

Balance Sheet

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3653 -- Montecito Fire Land & Building

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 1/31/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	7,840,338.00	15,851.94	3,001,328.79	4,854,861.15
0115 -- Treasury FMV Adjustment	-31,451.15	21,359.73	2,148.82	-12,240.24
0240 -- Interest Receivable	5,057.04	10,794.90	15,851.94	0.00
0260 -- Due From Other Funds	0.00	3,000,000.00	0.00	3,000,000.00
Total Assets	7,813,943.89	3,048,006.57	3,019,329.55	7,842,620.91
Total Assets & Other Debits	7,813,943.89	3,048,006.57	3,019,329.55	7,842,620.91
Liabilities, Equity & Other Credits				
Liabilities				
1015 -- EFT Payable	0.00	1,328.79	1,328.79	0.00
1210 -- Accounts Payable	0.00	1,328.79	1,328.79	0.00
1240 -- Accrued Expenses	1,034.00	1,034.00	0.00	0.00
Total Liabilities	1,034.00	3,691.58	2,657.58	0.00
Equity				
2140 -- Fund Balance-Assigned	7,812,909.89	0.00	0.00	7,812,909.89
2200 -- Fund Balance-Residual	0.00	203,477.61	233,188.63	29,711.02
Total Equity	7,812,909.89	203,477.61	233,188.63	7,842,620.91
Total Liabilities, Equity & Other Credits	7,813,943.89	207,169.19	235,846.21	7,842,620.91

Balance Sheet

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3654 -- Montecito Fire UHR Mello-Roos

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 1/31/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	19,570.85	50.53	8,165.50	11,455.88
0115 -- Treasury FMV Adjustment	-78.51	38.63	7.06	-46.94
0240 -- Interest Receivable	15.97	34.56	50.53	0.00
Total Assets	19,508.31	123.72	8,223.09	11,408.94
Total Assets & Other Debits	19,508.31	123.72	8,223.09	11,408.94
Liabilities, Equity & Other Credits				
Liabilities				
1015 -- EFT Payable	0.00	8,165.50	8,165.50	0.00
1210 -- Accounts Payable	0.00	8,165.50	8,165.50	0.00
Total Liabilities	0.00	16,331.00	16,331.00	0.00
Equity				
2140 -- Fund Balance-Assigned	19,508.31	0.00	0.00	19,508.31
2200 -- Fund Balance-Residual	0.00	27,743.56	19,644.19	-8,099.37
Total Equity	19,508.31	27,743.56	19,644.19	11,408.94
Total Liabilities, Equity & Other Credits	19,508.31	44,074.56	35,975.19	11,408.94

Financial Status

As of: 1/31/2014 (59% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	1/31/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues				
Taxes				
3010 -- Property Tax-Current Secured	13,092,378.00	7,286,709.71	-5,805,668.29	55.66 %
3011 -- Property Tax-Unitary	95,036.00	48,318.28	-46,717.72	50.84 %
3020 -- Property Tax-Current Unsecd	560,700.00	594,306.97	33,606.97	105.99 %
3040 -- Property Tax-Prior Secured	0.00	-44,076.13	-44,076.13	--
3050 -- Property Tax-Prior Unsecured	0.00	8,334.53	8,334.53	--
3054 -- Supplemental Pty Tax-Current	126,656.00	116,564.35	-10,091.65	92.03 %
3056 -- Supplemental Pty Tax-Prior	0.00	16,454.14	16,454.14	--
Taxes	13,874,770.00	8,026,611.85	-5,848,158.15	57.85 %
Use of Money and Property				
3380 -- Interest Income	14,345.00	3,111.26	-11,233.74	21.69 %
3381 -- Unrealized Gain/Loss Invstmnts	0.00	-6,346.91	-6,346.91	--
3409 -- Other Rental of Bldgs and Land	48,864.00	16,288.00	-32,576.00	33.33 %
Use of Money and Property	63,209.00	13,052.35	-50,156.65	20.65 %
Intergovernmental Revenue-State				
3750 -- State-Emergency Assistance	0.00	40,276.11	40,276.11	--
4220 -- Homeowners Property Tax Relief	77,800.00	43,165.06	-34,634.94	55.48 %
Intergovernmental Revenue-State	77,800.00	83,441.17	5,641.17	107.25 %
Intergovernmental Revenue-Federal				
4476 -- Federal Emergency Assistance	0.00	449,139.08	449,139.08	--
Intergovernmental Revenue-Federal	0.00	449,139.08	449,139.08	--
Miscellaneous Revenue				
5909 -- Other Miscellaneous Revenue	182,038.00	95,331.79	-86,706.21	52.37 %
Miscellaneous Revenue	182,038.00	95,331.79	-86,706.21	52.37 %

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	1/31/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues	14,197,817.00	8,667,576.24	-5,530,240.76	61.05 %
Expenditures				
Salaries and Employee Benefits				
6100 -- Regular Salaries	6,364,335.00	3,393,272.71	2,971,062.29	53.32 %
6300 -- Overtime	850,000.00	522,133.07	327,866.93	61.43 %
6400 -- Retirement Contribution	1,793,563.00	937,596.89	855,966.11	52.28 %
6475 -- Retiree Medical OPEB	786,540.00	0.00	786,540.00	0.00 %
6500 -- FICA Contribution	0.00	11,601.42	-11,601.42	--
6550 -- FICA/Medicare	97,358.00	38,896.16	58,461.84	39.95 %
6600 -- Health Insurance Contrib	1,216,410.00	794,130.92	422,279.08	65.28 %
6700 -- Unemployment Ins Contribution	9,715.00	8,073.30	1,641.70	83.10 %
6900 -- Workers Compensation	759,407.00	356,640.33	402,766.67	46.96 %
Salaries and Employee Benefits	11,877,328.00	6,062,344.80	5,814,983.20	51.04 %
Services and Supplies				
7030 -- Clothing and Personal	20,036.00	9,663.59	10,372.41	48.23 %
7050 -- Communications	74,115.00	44,908.61	29,206.39	60.59 %
7060 -- Food	2,600.00	739.01	1,860.99	28.42 %
7070 -- Household Expense	22,550.00	13,868.56	8,681.44	61.50 %
7090 -- Insurance	29,867.00	29,867.10	-0.10	100.00 %
7120 -- Maintenance - Equipment	95,880.00	74,560.24	21,319.76	77.76 %
7200 -- MTC-Struct/Impr & Grounds	20,500.00	12,306.88	8,193.12	60.03 %
7322 -- Consulting & Mgmt Fees	3,100.00	977.28	2,122.72	31.53 %
7324 -- Audit and Accounting Fees	25,305.00	12,603.75	12,701.25	49.81 %
7400 -- Medical, Dental and Lab	20,564.00	5,236.41	15,327.59	25.46 %
7430 -- Memberships	2,500.00	1,452.00	1,048.00	58.08 %
7440 -- Miscellaneous Expense	90,000.00	6,090.00	83,910.00	6.77 %
7450 -- Office Expense	25,851.00	14,558.28	11,292.72	56.32 %

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	1/31/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
7460 -- Professional & Special Service	336,500.00	87,308.91	249,191.09	25.95 %
7506 -- Administration Fees	173,000.00	0.00	173,000.00	0.00 %
7507 -- ADP Payroll Fees	6,000.00	3,347.04	2,652.96	55.78 %
7530 -- Publications & Legal Notices	2,000.00	105.04	1,894.96	5.25 %
7580 -- Rents/Leases-Structure	5,535.00	2,828.60	2,706.40	51.10 %
7630 -- Small Tools & Instruments	38,016.00	28,584.95	9,431.05	75.19 %
7650 -- Special Departmental Expense	48,223.00	13,424.01	34,798.99	27.84 %
7653 -- Training Fees & Supplies	2,000.00	300.00	1,700.00	15.00 %
7671 -- Special Projects	27,000.00	3,561.79	23,438.21	13.19 %
7730 -- Transportation and Travel	17,000.00	8,319.41	8,680.59	48.94 %
7731 -- Gasoline-Oil-Fuel	50,000.00	30,641.92	19,358.08	61.28 %
7732 -- Training and Travel	71,000.00	8,296.48	62,703.52	11.69 %
7760 -- Utilities	45,000.00	28,222.68	16,777.32	62.72 %
Services and Supplies	1,254,142.00	441,772.54	812,369.46	35.23 %
Capital Assets				
8300 -- Equipment	29,690.00	32,425.12	-2,735.12	109.21 %
Capital Assets	29,690.00	32,425.12	-2,735.12	109.21 %
Expenditures	13,161,160.00	6,536,542.46	6,624,617.54	49.67 %
Other Financing Sources & Uses				
Other Financing Uses				
7901 -- Oper Trf (Out)	959,445.00	741,159.80	218,285.20	77.25 %
Other Financing Uses	959,445.00	741,159.80	218,285.20	77.25 %
Other Financing Sources & Uses	-959,445.00	-741,159.80	218,285.20	77.25 %

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	1/31/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Changes to Fund Balances				
Increase to Nonspendables				
9605 -- Prepaids/Deposits	4,386.00	4,386.00	0.00	100.00 %
Increase to Nonspendables	4,386.00	4,386.00	0.00	100.00 %
Changes to Fund Balances	-4,386.00	-4,386.00	0.00	100.00 %
Montecito Fire Protection Dist	72,826.00	1,385,487.98	1,312,661.98	1,902.46 %

Financial Status

As of: 1/31/2014 (59% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3651 -- Montecito Fire Pension Oblig

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	1/31/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	0.00	4.59	4.59	--
3381 -- Unrealized Gain/Loss Invstmnts	0.00	9.28	9.28	--
Use of Money and Property	0.00	13.87	13.87	--
Revenues	0.00	13.87	13.87	--
Expenditures				
Services and Supplies				
7460 -- Professional & Special Service	2,190.00	2,190.00	0.00	100.00 %
Services and Supplies	2,190.00	2,190.00	0.00	100.00 %
Other Charges				
7830 -- Interest Expense	112,164.00	112,163.80	0.20	100.00 %
Other Charges	112,164.00	112,163.80	0.20	100.00 %
Expenditures	114,354.00	114,353.80	0.20	100.00 %
Other Financing Sources & Uses				
Other Financing Sources				
5910 -- Oper Trf (In)-General Fund	741,164.00	741,159.80	-4.20	100.00 %
Other Financing Sources	741,164.00	741,159.80	-4.20	100.00 %
Other Financing Uses				
7910 -- Long Term Debt Princ Repayment	629,000.00	628,996.00	4.00	100.00 %
Other Financing Uses	629,000.00	628,996.00	4.00	100.00 %
Other Financing Sources & Uses	112,164.00	112,163.80	-0.20	100.00 %
Montecito Fire Pension Oblig	-2,190.00	-2,176.13	13.87	99.37 %

Financial Status

As of: 1/31/2014 (59% Elapsed)
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Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3652 -- Montecito Fire Cap Outlay Res

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	1/31/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	0.00	3,924.45	3,924.45	--
3381 -- Unrealized Gain/Loss Invstmnts	0.00	3,400.28	3,400.28	--
Use of Money and Property	0.00	7,324.73	7,324.73	--
Revenues	0.00	7,324.73	7,324.73	--
Expenditures				
Capital Assets				
8300 -- Equipment	359,605.00	208,672.72	150,932.28	58.03 %
Capital Assets	359,605.00	208,672.72	150,932.28	58.03 %
Expenditures	359,605.00	208,672.72	150,932.28	58.03 %
Other Financing Sources & Uses				
Other Financing Sources				
5910 -- Oper Trf (In)-General Fund	218,281.00	0.00	-218,281.00	0.00 %
Other Financing Sources	218,281.00	0.00	-218,281.00	0.00 %
Other Financing Sources & Uses	218,281.00	0.00	-218,281.00	0.00 %
Montecito Fire Cap Outlay Res	-141,324.00	-201,347.99	-60,023.99	142.47 %

Financial Status

As of: 1/31/2014 (59% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3653 -- Montecito Fire Land & Building

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	1/31/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	0.00	10,794.90	10,794.90	--
3381 -- Unrealized Gain/Loss Invstmnts	0.00	19,210.91	19,210.91	--
Use of Money and Property	0.00	30,005.81	30,005.81	--
Revenues	0.00	30,005.81	30,005.81	--
Expenditures				
Services and Supplies				
7460 -- Professional & Special Service	0.00	147.50	-147.50	--
Services and Supplies	0.00	147.50	-147.50	--
Capital Assets				
8100 -- Land	100,000.00	0.00	100,000.00	0.00 %
8700 -- Construction in Progress	100,000.00	147.29	99,852.71	0.15 %
Capital Assets	200,000.00	147.29	199,852.71	0.07 %
Expenditures	200,000.00	294.79	199,705.21	0.15 %
Montecito Fire Land & Building	-200,000.00	29,711.02	229,711.02	-14.86 %

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3654 -- Montecito Fire UHR Mello-Roos

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	1/31/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	0.00	34.56	34.56	--
3381 -- Unrealized Gain/Loss Invstmnts	0.00	31.57	31.57	--
Use of Money and Property	0.00	66.13	66.13	--
Revenues	0.00	66.13	66.13	--
Expenditures				
Services and Supplies				
7460 -- Professional & Special Service	19,571.00	8,165.50	11,405.50	41.72 %
Services and Supplies	19,571.00	8,165.50	11,405.50	41.72 %
Expenditures	19,571.00	8,165.50	11,405.50	41.72 %
Montecito Fire UHR Mello-Roos	-19,571.00	-8,099.37	11,471.63	41.38 %
Net Financial Impact	-290,259.00	1,203,575.51	1,493,834.51	-414.66 %

Expenditure Transactions

From 1/1/2014 to 1/31/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = Vendor

Fund 3650 -- Montecito Fire Protection Dist

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
Line Item Account 6100 -- Regular Salaries						
CLM - 0267115	1/3/2014		ER & EE Contributions, 1/2/14	15,749.00	356600	Hartford Life Insurance
CLM - 0267309	1/8/2014		Survivor benefit & employee contributions, 1/2/14	11,995.69	648385	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
EFC - 0009436	1/16/2014		Montecito Fire PR Dir Dept 1/16/14	262,276.80	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS
EFC - 0009436	1/16/2014		Montecito Fire PR Dir Dept 1/2/14 - Adj.	4,340.22	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS
JE - 0095150	1/16/2014		PR for MFD, 1/16/14. OT Adj.	-44,066.37		
CLM - 0268947	1/21/2014		Employee paid insurance, December	1,086.36	244645	AFLAC
CLM - 0269235	1/21/2014		Dues & insurance, 1/16/14	7,258.00	556913	Montecito Firemens Assoc
CLM - 0269236	1/21/2014		Employer & employee contributions, 1/16/14	15,515.00	356600	Hartford Life Insurance
CLM - 0269237	1/21/2014		Survivor benefit & employee contribution, 1/16/14	12,285.59	648385	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
CLM - 0269343	1/21/2014		Health Benefits EE Portion, February	1,554.85	648390	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
			Total Regular Salaries	287,995.14		
Line Item Account 6300 -- Overtime						
JE - 0095150	1/16/2014		PR for MFD, 1/16/14. OT Adj.	44,066.37		
			Total Overtime	44,066.37		
Line Item Account 6400 -- Retirement Contribution						
CLM - 0267309	1/8/2014		Retirement contributions, 1/2/14	70,465.82	648385	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
CLM - 0269237	1/21/2014		Retirement contributions, 1/16/14	72,280.16	648385	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
			Total Retirement Contribution	142,745.98		
Line Item Account 6550 -- FICA/Medicare						
EFC - 0009436	1/16/2014		Montecito Fire PR Dir Dept 1/16/14	3,703.86	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS
			Total FICA/Medicare	3,703.86		

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = Vendor

Fund 3650 -- Montecito Fire Protection Dist

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
Line Item Account 6600 -- Health Insurance Contrib						
CLM - 0267114	1/3/2014		Dental insurance, Jan.	12,507.83	711633	DELTA DENTAL
MIC - 0049930	1/3/2014		Vision Insurance, Active, Jan.	1,468.80	855111	Vision Service Plan-CA
MIC - 0049930	1/3/2014		Vision Insurance, Retirees, Jan.	1,109.76	855111	Vision Service Plan-CA
CLM - 0269343	1/21/2014		Health Benefits ER Portion, February	85,859.13	648390	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
CLM - 0270566	1/27/2014		Life Insurance, Feb.	653.80	007069	LINCOLN NATIONAL LIFE INS
			Total Health Insurance Contrib	101,599.32		
Line Item Account 6700 -- Unemployment Ins Contribution						
EFC - 0009436	1/16/2014		Montecito Fire PR Dir Dept 1/16/14	735.78	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS
			Total Unemployment Ins Contribution	735.78		
Line Item Account 6900 -- Workers Compensation						
DJE - 0053262	1/8/2014		S. Bumanglag Temp. Disability, 12/6-12/19/13	-1,850.54		
DJE - 0053262	1/8/2014		S. Bumanglag Temp. Disability, 12/20/13-1/2/14	-1,850.54		
DJE - 0053262	1/8/2014		SCIF dividend issued for policy 1/1-12/31/12	-74,992.30		
CLM - 0268944	1/21/2014		Worker's comp insurance, January	56,349.75	033694	STATE COMPENSATION INS
			Total Workers Compensation	-22,343.63		
Line Item Account 7030 -- Clothing and Personal						
DJE - 0053262	1/8/2014		G. McLeod reimb for wildland pants	-241.80		
CLM - 0269415	1/17/2014		Structure helmet shields for new hires	130.00	006215	US BANK CORPORATE PAYMENT SYSTEM
			Total Clothing and Personal	-111.80		
Line Item Account 7050 -- Communications						
CLM - 0269369	1/21/2014		CAD connectivity & Internet	2,669.59	776537	COX COMMUNICATIONS
CLM - 0269379	1/21/2014		E92 Sim card for MDC, Dec.	37.99	009266	SPRINT
MIC - 0050565	1/21/2014		805-181-0808, Dec.	43.91	308867	VERIZON CALIFORNIA
MIC - 0050565	1/21/2014		805-565-9618, Dec.	50.16	308867	VERIZON CALIFORNIA
MIC - 0050565	1/21/2014		805-969-0318, Dec.	52.68	308867	VERIZON CALIFORNIA

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = Vendor

Fund 3650 -- Montecito Fire Protection Dist

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
MIC - 0050565	1/21/2014		805-UH0-4248, Dec.	634.83	308867	VERIZON CALIFORNIA
MIC - 0050565	1/21/2014		805-AC2-2189, Dec.	43.91	308867	VERIZON CALIFORNIA
MIC - 0050565	1/21/2014		805-RT5-5839, Dec.	563.59	308867	VERIZON CALIFORNIA
MIC - 0050565	1/21/2014		805-AC5-2190, Dec.	49.05	308867	VERIZON CALIFORNIA
MIC - 0050565	1/21/2014		805-RT0-2320, Dec.	49.05	308867	VERIZON CALIFORNIA
CLM - 0270558	1/27/2014		Wireless service, Jan.	814.72	297454	VERIZON WIRELESS
MIC - 0050799	1/27/2014		805-565-3651, Jan.	374.01	308867	VERIZON CALIFORNIA
MIC - 0050799	1/27/2014		805-969-7762, Jan.	653.95	308867	VERIZON CALIFORNIA
MIC - 0050799	1/27/2014		805-RT0-6142, Jan.	106.70	308867	VERIZON CALIFORNIA
MIC - 0050799	1/27/2014		805-RT7-4343, Jan.	49.05	308867	VERIZON CALIFORNIA
			Total Communications	6,193.19		
Line Item Account 7060 -- Food						
CLM - 0269415	1/17/2014		C. Lim retirement and 2 lunch mtgs.	524.89	006215	US BANK CORPORATE PAYMENT SYSTEM
			Total Food	524.89		
Line Item Account 7070 -- Household Expense						
MIC - 0050441	1/21/2014		Bottled water, Sta. 1	144.54	032539	NESTLE PURE LIFE DIRECT
MIC - 0050441	1/21/2014		Bottled water, Sta. 2	40.99	032539	NESTLE PURE LIFE DIRECT
MIC - 0050588	1/21/2014		Shop towels, Sta. 1	311.42	285433	Mission Uniform Service Inc
MIC - 0050588	1/21/2014		Shop towels, Sta. 2	182.45	285433	Mission Uniform Service Inc
CLM - 0270570	1/27/2014		Household supplies	18.89	579739	Unisource
CLM - 0270605	1/27/2014		Household supplies	25.22	853237	Montecito Village Hardware
MIC - 0050808	1/27/2014		Refuse disposal, Sta. 1	358.26	509950	Marborg Industries
MIC - 0050808	1/27/2014		Refuse disposal, Sta. 2	134.90	509950	Marborg Industries
			Total Household Expense	1,216.67		
Line Item Account 7120 -- Maintenance - Equipment						
CLM - 0269415	1/17/2014		Shop vacuum parts, 4 smog checks, new radiator	807.58	006215	US BANK CORPORATE PAYMENT SYSTEM

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = Vendor

Fund 3650 -- Montecito Fire Protection Dist

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
CLM - 0268945	1/21/2014		E92 repairs	293.75	404574	INTERSTATE BILLING SERVICE INC
CLM - 0269346	1/21/2014		Repair USAR air cart alarm	287.10	001936	Super Can Industries Inc
CLM - 0269366	1/21/2014		E91 part	36.55	436027	BURTONS FIRE INC
CLM - 0269373	1/21/2014		Air sample supplies	10.00	029053	TRACE ANALYTICS LLC
CLM - 0270577	1/27/2014		Stock supplies	21.32	437104	CARQUEST AUTO PARTS
CLM - 0270604	1/27/2014		Squad 91 repairs	802.18	626982	PERRY LINCOLN MERCURY
CLM - 0270605	1/27/2014		Repair part for P-92	2.15	853237	Montecito Village Hardware
CLM - 0270609	1/27/2014		Vehicle batteries for E91 & 912	847.42	288138	INTERSTATE BATTERIES OF SIERRA MADRE
CLM - 0270611	1/27/2014		Generator repair	91.66	000250	A-OK MOWER SHOP INC
MIC - 0050811	1/27/2014		Diablo radio repeater repair	172.00	733744	Sterling Communications
MIC - 0050817	1/27/2014		Shop supply purchase for employee (reimbursable)	39.39	363210	Kimball Midwest Corp
MIC - 0050817	1/27/2014		Shop supplies	509.76	363210	Kimball Midwest Corp
			Total Maintenance - Equipment	3,920.86		
Line Item Account 7200 -- MTC-Struct/Impr & Grounds						
DJE - 0053262	1/8/2014		G. McLeod reimb for SB Locksmith's CC charge	-83.60		
CLM - 0269415	1/17/2014		SB Locksmith - G. McLeod Order	83.60	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0269368	1/21/2014		Repair rear door at Sta. 2	124.00	192974	Consolidated Overhead Door
CLM - 0269400	1/21/2014		Landscape maintainance, Dec.	585.00	639830	Peyton Scapes
			Total MTC-Struct/Impr & Grounds	709.00		
Line Item Account 7324 -- Audit and Accounting Fees						
JE - 0095511	1/30/2014		Auditor FIN; Quarterly Billing Q3 FY 2013-14	4,201.25		
			Total Audit and Accounting Fees	4,201.25		
Line Item Account 7400 -- Medical, Dental and Lab						
CLM - 0269415	1/17/2014		Paramedic supplies	69.90	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0270578	1/27/2014		Medical supplies	914.48	890283	BOUND TREE MEDICAL

Expenditure Transactions

From 1/1/2014 to 1/31/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = Vendor

Fund 3650 -- Montecito Fire Protection Dist

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
			Total Medical, Dental and Lab	984.38		
Line Item Account 7450 -- Office Expense						
CLM - 0269415	1/17/2014		Office supplies, pocket planners, shipping charges	265.58	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0269361	1/21/2014		Office supplies: paper, pens, coffee	199.88	778083	STAPLES CREDIT PLAN
CLM - 0269376	1/21/2014		Business card order	320.85	860063	Wilson Printing
CLM - 0269396	1/21/2014		Installed network cable connection in basement	75.00	050607	DIGITAL CONNECTION
			Total Office Expense	861.31		
Line Item Account 7460 -- Professional & Special Service						
CLM - 0268948	1/21/2014		Computer support, December	2,520.00	602719	INFORMA CORP
CLM - 0269372	1/21/2014		Labor attorney fees, Nov.	1,500.00	476600	LIEBERT CASSIDY WHITMORE
CLM - 0269399	1/21/2014		B. Bennewate psychological screening	400.00	008501	NORM KATZ PSY D
MIC - 0050806	1/27/2014		Temporary accountant, 12/9-12/13	1,820.07	090749	ACCOUNTEMPS
MIC - 0050806	1/27/2014		Temporary accountant, 12/16-12/20	1,915.57	090749	ACCOUNTEMPS
MIC - 0050806	1/27/2014		Temporary accountant, 12/23-12/27	999.92	090749	ACCOUNTEMPS
MIC - 0050806	1/27/2014		Temporary accountant, 12/30-1/3	1,438.08	090749	ACCOUNTEMPS
			Total Professional & Special Service	10,593.64		
Line Item Account 7507 -- ADP Payroll Fees						
EFC - 0009518	1/27/2014		ADP fees, Jan.	374.31	050379	ADP INC
EFC - 0009519	1/27/2014		ADP fees, Jan.	197.51	050379	ADP INC
			Total ADP Payroll Fees	571.82		
Line Item Account 7580 -- Rents/Leases-Structure						
CLM - 0269415	1/17/2014		Wildland Mgmt storage rental fee	1,203.60	006215	US BANK CORPORATE PAYMENT SYSTEM
			Total Rents/Leases-Structure	1,203.60		
Line Item Account 7630 -- Small Tools & Instruments						
CLM - 0269415	1/17/2014		Calibration gas cylinders, replace broken phone	402.79	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0270605	1/27/2014		Solder iron and xmas lights	77.71	853237	Montecito Village Hardware

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = Vendor

Fund 3650 -- Montecito Fire Protection Dist

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
			Total Small Tools & Instruments	480.50		
Line Item Account 7650 -- Special Departmental Expense						
DJE - 0053262	1/8/2014		St. Oegger reimb for shift calendar	-7.55		
			Total Special Departmental Expense	-7.55		
Line Item Account 7671 -- Special Projects						
MIC - 0049094	1/3/2014		Public Education Schools - supplies	706.49	020833	CREATIVE PRODUCT SOURCE INC
MIC - 0049094	1/3/2014		Public Education Schools - supplies	934.99	020833	CREATIVE PRODUCT SOURCE INC
			Total Special Projects	1,641.48		
Line Item Account 7730 -- Transportation and Travel						
CLM - 0267108	1/6/2014		Fuel and lunch expenses, Pfeiffer Fire	61.76	011365	JORDAN ZEITSOFF
CLM - 0269415	1/17/2014		Fire Marshal Sprinkler Comm. trip and car rental	1,018.26	006215	US BANK CORPORATE PAYMENT SYSTEM
			Total Transportation and Travel	1,080.02		
Line Item Account 7731 -- Gasoline-Oil-Fuel						
DJE - 0053262	1/8/2014		MWD reimb diesel fuel, Jun-Dec	-2,786.16		
CLM - 0269415	1/17/2014		Gas charges	936.51	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0268943	1/21/2014		Gasoline charges, December	1,371.50	005392	THE VILLAGE SERVICE STATION
MIC - 0050440	1/21/2014		Diesel Fuel, December	547.61	636799	DEWITT PINTO PETROLEUM
MIC - 0050440	1/21/2014		Diesel Fuel, December	1,294.88	636799	DEWITT PINTO PETROLEUM
MIC - 0050440	1/21/2014		Diesel Fuel, December	541.08	636799	DEWITT PINTO PETROLEUM
MIC - 0050440	1/21/2014		Diesel Fuel, January	658.67	636799	DEWITT PINTO PETROLEUM
MIC - 0050440	1/21/2014		Diesel Fuel, January	427.87	636799	DEWITT PINTO PETROLEUM
			Total Gasoline-Oil-Fuel	2,991.96		
Line Item Account 7732 -- Training and Travel						
CLM - 0269415	1/17/2014		Edwards, T. CAL/OSHA Seminar	199.00	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0270614	1/27/2014		EMT Certification fees	816.00	015168	EMERGENCY MEDICAL SERVICES

Fund 3650 -- Montecito Fire Protection Dist

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
						AUTHORITY (EMSA)
			Total Training and Travel	1,015.00		
Line Item Account 7760 -- Utilities						
CLM - 0270576	1/27/2014		Electricity service, Sta. 1 & 2	1,944.09	767200	SOUTHERN CALIFORNIA EDISON
MIC - 0050809	1/27/2014		Water service, Sta. 1	301.20	556712	MONTECITO WATER DISTRICT
MIC - 0050809	1/27/2014		Water service, Sta. 2	180.45	556712	MONTECITO WATER DISTRICT
MIC - 0050810	1/27/2014		Gas service, Sta. 1 - Dec.	134.29	767800	THE GAS COMPANY
MIC - 0050810	1/27/2014		Gas service, Sta. 2 - Dec.	141.26	767800	THE GAS COMPANY
			Total Utilities	2,701.29		
Line Item Account 8300 -- Equipment						
CLM - 0269370	1/21/2014		Shepard Mesa: Install connection conduits/pipes	4,035.65	622628	Pauletto Electric
MIC - 0050811	1/27/2014		Shepard Mesa: Back up power installed	2,448.77	733744	Sterling Communications
			Total Equipment	6,484.42		
			Total Montecito Fire Protection Dist	605,758.75		

Expenditure Transactions

From 1/1/2014 to 1/31/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = Vendor

Fund 3652 -- Montecito Fire Cap Outlay Res

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
Line Item Account 8300 -- Equipment						
CLM - 0269347	1/21/2014		New Pierce Patrol Truck	154,933.00	635341	Pierce Manufacturing Inc
			Total Equipment	154,933.00		
			Total Montecito Fire Cap Outlay Res	154,933.00		

Expenditure Transactions

From 1/1/2014 to 1/31/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = Vendor

Fund 3654 -- Montecito Fire UHR Mello-Roos

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
Line Item Account 7460 -- Professional & Special Service						
CLM - 0269344	1/21/2014		UHR design development services	4,950.00	513410	MNS ENGINEERS
			Total Professional & Special Service	4,950.00		
			Total Montecito Fire UHR Mello-Roos	4,950.00		

Revenue Transactions

From 1/1/2014 to 1/31/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

Document	Post On	Dept	Description	Amount
Line Item Account 3020 -- Property Tax-Current Unsecd				
AUT - PT02813	1/27/2014		CY UNSEC 1% APPMT 2013/14 (3020)	28,939.96
			Total Property Tax-Current Unsecd	28,939.96
Line Item Account 3040 -- Property Tax-Prior Secured				
AUT - PT02815	1/29/2014		RED PY REFUNDS 1% - 3rd Qtr 13/14 (3040)	-19,680.07
			Total Property Tax-Prior Secured	-19,680.07
Line Item Account 3050 -- Property Tax-Prior Unsecured				
AUT - PT02824	1/31/2014		UNSEC DELQ 1% APPMT 13/14 (3050)	8,334.53
			Total Property Tax-Prior Unsecured	8,334.53
Line Item Account 3054 -- Supplemental Pty Tax-Current				
AUT - PT02797	1/16/2014		SUPPL CY 1% APPMT 12/13 (3054)	32,856.69
AUT - PT02798	1/16/2014		SUPPL PY 1% APPMT 12/13 (3054)	12,133.23
			Total Supplemental Pty Tax-Current	44,989.92
Line Item Account 3380 -- Interest Income				
AUT - PT02823	1/29/2014		INTEREST PY REFUNDS 1% - 3rd Qtr 13/14 (3380)	-1,889.64
			Total Interest Income	-1,889.64
Line Item Account 4476 -- Federal Emergency Assistance				
DJE - 0053222	1/10/2014		Rim Fire, 8/23-9/3/13	156,698.60
			Total Federal Emergency Assistance	156,698.60
			Total Montecito Fire Protection Dist	217,393.30

Financial Trend

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 3yr

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	1/31/2012 Year-To-Date Actual	1/31/2013 Year-To-Date Actual	1/31/2014 Year-To-Date Actual
Revenues			
Taxes			
3010 -- Property Tax-Current Secured	6,727,321.31	6,828,470.98	7,286,709.71
3011 -- Property Tax-Unitary	42,281.30	55,226.38	48,318.28
3020 -- Property Tax-Current Unsecd	581,533.97	622,999.96	594,306.97
3040 -- Property Tax-Prior Secured	-17,080.18	-49,364.97	-44,076.13
3050 -- Property Tax-Prior Unsecured	0.00	8,182.71	8,334.53
3054 -- Supplemental Pty Tax-Current	57,931.66	74,594.88	116,564.35
3056 -- Supplemental Pty Tax-Prior	6,465.99	8,992.28	16,454.14
Taxes	7,398,454.05	7,549,102.22	8,026,611.85
Use of Money and Property			
3380 -- Interest Income	9,927.02	2,957.20	3,111.26
3381 -- Unrealized Gain/Loss Invstmnts	9,284.86	3,802.30	-6,346.91
3409 -- Other Rental of Bldgs and Land	24,432.00	0.00	16,288.00
Use of Money and Property	43,643.88	6,759.50	13,052.35
Intergovernmental Revenue-State			
3750 -- State-Emergency Assistance	0.00	6,941.11	40,276.11
4220 -- Homeowners Property Tax Relief	43,819.41	43,208.44	43,165.06
Intergovernmental Revenue-State	43,819.41	50,149.55	83,441.17
Intergovernmental Revenue-Federal			
4476 -- Federal Emergency Assistance	93,128.79	204,336.02	449,139.08
4789 -- Federal-Other	-24,964.93	0.00	0.00
Intergovernmental Revenue-Federal	68,163.86	204,336.02	449,139.08
Miscellaneous Revenue			
5909 -- Other Miscellaneous Revenue	137,586.56	85,541.69	95,331.79
Miscellaneous Revenue	137,586.56	85,541.69	95,331.79

Financial Trend

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 3yr

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	1/31/2012 Year-To-Date Actual	1/31/2013 Year-To-Date Actual	1/31/2014 Year-To-Date Actual
Revenues	7,691,667.76	7,895,888.98	8,667,576.24
Expenditures			
Salaries and Employee Benefits			
6100 -- Regular Salaries	3,202,193.83	3,302,150.01	3,393,272.71
6300 -- Overtime	277,416.47	700,443.23	522,133.07
6400 -- Retirement Contribution	1,108,904.28	978,521.45	937,596.89
6475 -- Retiree Medical OPEB	425,000.00	0.00	0.00
6500 -- FICA Contribution	0.00	0.00	11,601.42
6550 -- FICA/Medicare	41,994.20	50,702.43	38,896.16
6600 -- Health Insurance Contrib	757,247.40	797,864.99	794,130.92
6700 -- Unemployment Ins Contribution	10,121.17	8,577.89	8,073.30
6900 -- Workers Compensation	299,938.55	309,766.85	356,640.33
Salaries and Employee Benefits	6,122,815.90	6,148,026.85	6,062,344.80
Services and Supplies			
7030 -- Clothing and Personal	3,202.67	1,967.63	9,663.59
7050 -- Communications	42,516.88	46,349.27	44,908.61
7060 -- Food	164.91	55.90	739.01
7070 -- Household Expense	12,696.09	9,687.38	13,868.56
7090 -- Insurance	33,312.00	29,628.73	29,867.10
7120 -- Maintenance - Equipment	47,554.45	50,454.50	74,560.24
7200 -- MTC-Struct/Impr & Grounds	13,580.01	9,953.07	12,306.88
7322 -- Consulting & Mgmt Fees	1,502.70	0.00	977.28
7324 -- Audit and Accounting Fees	10,000.00	10,000.00	12,603.75
7400 -- Medical, Dental and Lab	2,382.65	5,090.65	5,236.41
7430 -- Memberships	1,964.00	1,689.00	1,452.00
7440 -- Miscellaneous Expense	22,002.34	13,326.92	6,090.00
7450 -- Office Expense	6,186.35	14,370.43	14,558.28

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 3yr

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	1/31/2012 Year-To-Date Actual	1/31/2013 Year-To-Date Actual	1/31/2014 Year-To-Date Actual
7460 -- Professional & Special Service	82,717.55	144,227.55	87,308.91
7506 -- Administration Fees	0.00	0.00	0.00
7507 -- ADP Payroll Fees	2,945.20	2,974.08	3,347.04
7530 -- Publications & Legal Notices	471.52	85.28	105.04
7580 -- Rents/Leases-Structure	1,101.00	1,155.00	2,828.60
7630 -- Small Tools & Instruments	2,584.51	10,323.28	28,584.95
7650 -- Special Departmental Expense	12,482.30	11,904.41	13,424.01
7653 -- Training Fees & Supplies	1,570.39	767.09	300.00
7671 -- Special Projects	2,616.71	2,671.02	3,561.79
7730 -- Transportation and Travel	7,192.13	5,000.66	8,319.41
7731 -- Gasoline-Oil-Fuel	22,861.62	29,197.88	30,641.92
7732 -- Training and Travel	15,559.97	8,455.89	8,296.48
7760 -- Utilities	25,853.29	23,502.50	28,222.68
Services and Supplies	375,021.24	432,838.12	441,772.54
Capital Assets			
8300 -- Equipment	13,730.75	47,390.64	32,425.12
Capital Assets	13,730.75	47,390.64	32,425.12
Expenditures	6,511,567.89	6,628,255.61	6,536,542.46
Other Financing Sources & Uses			
Other Financing Sources			
5919 -- Sale Capital Assets-Prsnl Prop	105.00	0.00	0.00
Other Financing Sources	105.00	0.00	0.00
Other Financing Uses			
7901 -- Oper Trf (Out)	408,450.00	716,856.00	741,159.80
Other Financing Uses	408,450.00	716,856.00	741,159.80

Financial Trend

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 3yr

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	1/31/2012 Year-To-Date Actual	1/31/2013 Year-To-Date Actual	1/31/2014 Year-To-Date Actual
Other Financing Sources & Uses	-408,345.00	-716,856.00	-741,159.80
Changes to Fund Balances			
Decrease to Restricted			
9797 -- Unrealized Gains	0.00	453.99	0.00
Decrease to Restricted	0.00	453.99	0.00
Increase to Nonspendables			
9605 -- Prepaids/Deposits	0.00	11,932.00	4,386.00
Increase to Nonspendables	0.00	11,932.00	4,386.00
Increase to Restricted			
9797 -- Unrealized Gains	9,284.85	4,256.29	0.00
Increase to Restricted	9,284.85	4,256.29	0.00
Changes to Fund Balances	-9,284.85	-15,734.30	-4,386.00
Montecito Fire Protection Dist	762,470.02	535,043.07	1,385,487.98
Net Financial Impact	762,470.02	535,043.07	1,385,487.98

Expenditure Trend

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 7mo, MTDActual

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	7/31/2013 Month-To-Date Actual	8/31/2013 Month-To-Date Actual	9/30/2013 Month-To-Date Actual	10/31/2013 Month-To-Date Actual	11/30/2013 Month-To-Date Actual	12/31/2013 Month-To-Date Actual	1/31/2014 Month-To-Date Actual
Expenditures							
Salaries and Employee Benefits							
6100 -- Regular Salaries	230,565.83	520,853.51	517,629.75	546,738.92	492,304.53	797,185.03	287,995.14
6300 -- Overtime	20,700.16	101,305.89	159,143.62	71,234.04	50,777.36	74,905.63	44,066.37
6400 -- Retirement Contribution	71,444.03	145,409.23	144,518.81	216,040.28	73,049.83	144,388.73	142,745.98
6475 -- Retiree Medical OPEB	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6500 -- FICA Contribution	0.00	0.00	0.00	0.00	0.00	11,601.42	0.00
6550 -- FICA/Medicare	3,831.48	8,003.55	8,696.68	7,375.58	7,285.01	0.00	3,703.86
6600 -- Health Insurance Contrib	188,710.44	112,734.36	88,783.50	113,214.84	85,910.33	103,178.13	101,599.32
6700 -- Unemployment Ins Contribution	0.00	66.51	82.17	60.16	51.21	7,077.47	735.78
6900 -- Workers Compensation	89,700.39	56,349.75	44,561.59	50,798.13	83,074.89	54,499.21	-22,343.63
Total Salaries and Employee Benefits	604,952.33	944,722.80	963,416.12	1,005,461.95	792,453.16	1,192,835.62	558,502.82
Services and Supplies							
7030 -- Clothing and Personal	151.53	1,281.39	47.56	98.00	6,794.15	1,402.76	-111.80
7050 -- Communications	6,272.30	6,136.52	8,068.74	6,876.62	4,834.69	6,526.55	6,193.19
7060 -- Food	80.10	0.00	0.00	0.00	0.00	134.02	524.89
7070 -- Household Expense	864.71	1,342.22	1,559.68	2,424.91	4,463.65	1,996.72	1,216.67
7090 -- Insurance	29,867.10	0.00	0.00	0.00	0.00	0.00	0.00
7120 -- Maintenance - Equipment	-4,986.11	13,346.42	37,761.13	3,552.83	3,840.56	17,124.55	3,920.86
7200 -- MTC-Struct/Impr & Grounds	603.00	831.87	1,570.56	802.19	5,120.26	2,670.00	709.00
7322 -- Consulting & Mgmt Fees	0.00	0.00	0.00	0.00	977.28	0.00	0.00
7324 -- Audit and Accounting Fees	0.00	0.00	4,201.25	0.00	4,201.25	0.00	4,201.25

Expenditure Trend

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 7mo, MTDActual

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	7/31/2013 Month-To-Date Actual	8/31/2013 Month-To-Date Actual	9/30/2013 Month-To-Date Actual	10/31/2013 Month-To-Date Actual	11/30/2013 Month-To-Date Actual	12/31/2013 Month-To-Date Actual	1/31/2014 Month-To-Date Actual
7400 -- Medical, Dental and Lab	0.00	1,621.11	978.45	70.59	1,581.88	0.00	984.38
7430 -- Memberships	640.00	550.00	0.00	0.00	125.00	137.00	0.00
7440 -- Miscellaneous Expense	0.00	0.00	5,790.00	-700.00	0.00	1,000.00	0.00
7450 -- Office Expense	374.81	3,108.64	512.99	3,032.20	1,402.65	5,265.68	861.31
7460 -- Professional & Special Service	3,725.50	14,123.95	9,755.50	8,847.00	12,794.48	27,468.84	10,593.64
7506 -- Administration Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7507 -- ADP Payroll Fees	434.02	462.91	688.71	199.23	512.91	477.44	571.82
7530 -- Publications & Legal Notices	0.00	79.04	0.00	0.00	0.00	26.00	0.00
7580 -- Rents/Leases-Structure	375.00	250.00	250.00	750.00	0.00	0.00	1,203.60
7630 -- Small Tools & Instruments	0.00	33.66	0.00	227.80	27,146.54	696.45	480.50
7650 -- Special Departmental Expense	8,011.46	3,209.90	804.00	1,250.45	23.85	131.90	-7.55
7653 -- Training Fees & Supplies	0.00	0.00	0.00	300.00	0.00	0.00	0.00
7671 -- Special Projects	0.00	0.00	0.00	0.00	1,920.31	0.00	1,641.48
7730 -- Transportation and Travel	-541.70	3,261.21	1,248.35	944.38	1,667.94	659.21	1,080.02
7731 -- Gasoline-Oil-Fuel	2,723.88	4,994.89	7,007.67	5,106.75	3,198.75	4,618.02	2,991.96
7732 -- Training and Travel	0.00	2,391.58	497.90	778.04	1,320.00	2,293.96	1,015.00
7760 -- Utilities	3,447.83	3,258.42	3,494.08	7,475.68	5,304.63	2,540.75	2,701.29
Total Services and Supplies	52,043.43	60,283.73	84,236.57	42,036.67	87,230.78	75,169.85	40,771.51
Capital Assets							
8300 -- Equipment	-470.00	2,321.74	129.43	8,956.40	5,075.91	9,927.22	6,484.42
Total Capital Assets	-470.00	2,321.74	129.43	8,956.40	5,075.91	9,927.22	6,484.42
Total Expenditures	656,525.76	1,007,328.27	1,047,782.12	1,056,455.02	884,759.85	1,277,932.69	605,758.75

Expenditure Trend

As of: 1/31/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 7mo, MTDActual

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	7/31/2013 Month-To-Date Actual	8/31/2013 Month-To-Date Actual	9/30/2013 Month-To-Date Actual	10/31/2013 Month-To-Date Actual	11/30/2013 Month-To-Date Actual	12/31/2013 Month-To-Date Actual	1/31/2014 Month-To-Date Actual
Other Financing Sources & Uses							
Other Financing Uses							
7901 -- Oper Trf (Out)	364,525.70	0.00	0.00	0.00	0.00	376,634.10	0.00
Total Other Financing Uses	364,525.70	0.00	0.00	0.00	0.00	376,634.10	0.00
Total Other Financing Sources & Uses	364,525.70	0.00	0.00	0.00	0.00	376,634.10	0.00
Changes to Fund Balances							
Changes to Nonspendable							
9605 -- Prepaids/Deposits	0.00	0.00	4,386.00	0.00	0.00	0.00	0.00
Total Changes to Nonspendable	0.00	0.00	4,386.00	0.00	0.00	0.00	0.00
Total Changes to Fund Balances	0.00	0.00	4,386.00	0.00	0.00	0.00	0.00
Total Montecito Fire Protection Dist	1,021,051.46	1,007,328.27	1,052,168.12	1,056,455.02	884,759.85	1,654,566.79	605,758.75
Total Report	1,021,051.46	1,007,328.27	1,052,168.12	1,056,455.02	884,759.85	1,654,566.79	605,758.75

Agenda Item #4

PUBLIC AGENCY RETIREMENT SERVICES PARS

MONTECITO FIRE PROTECTION DISTRICT
PARS GASB 45 Program

Monthly Account Report for the Period
11/1/2013 to 11/30/2013

Stephen Hickman
Fire Chief
Montecito Fire Protection District
595 San Ysidro Rd.
Santa Barbara, CA 93108

Account Summary

Source	Beginning Balance as of 11/1/2013	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 11/30/2013
Employer Contribution	$2,864,538.56	$0.00	$34,801.75	$1,242.84	$0.00	$0.00	$2,898,097.47
Totals	**$2,864,538.56**	**$0.00**	**$34,801.75**	**$1,242.84**	**$0.00**	**$0.00**	**$2,898,097.47**

Investment Selection

Moderate HighMark PLUS

Investment Objective

The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

			Annualized Return			
1-Month	3-Months	1-Year	3-Years	5-Years	10-Years	Inception Date
1.22%	6.61%	14.08%	9.13%	N/A	N/A	1/19/2010

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past Performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Inception Date: Plans inception date

INVESTMENT STRATEGY SELECTION AND DISCLOSURE FORM PARS OPEB (GASB 45) PROGRAM

Institutional Trust and Custody

This document is entered into by client and U.S. Bank National Association ("U.S. Bank"), as trustee.

Date: / /

Agency or District: Montecito Fire Protection District

Plan Name: Montecito Fire Protection District PARS Post Retirement Health Care Plan

To: HighMark Capital Management, Inc. and U.S. Bank

U.S. Bank has been or is hereby appointed Investment Manager of the above-referenced Plan. Please invest the assets of the above-referenced Plan and Trust for which you have been appointed Investment Manager in the (select one of the strategies listed below):

☐ Liquidity Management (US Treas)	Provide current income with liquidity and stability of principal through investments in short-term U.S. Treasury obligations.	Money Market Fund
☐ Liquidity Management (Diversified)	Generate current income with liquidity and stability of principal.	Money Market Fund
☐ Conservative HighMark PLUS ☐ Conservative Index PLUS	Provide a consistent level of inflation-protected income over the long-term.	Equity: 5-20% Fixed Income: 60-95% Cash: 0-20%
☐ Moderately Conservative HighMark PLUS ☐ Moderately Conservative Index PLUS	Provide current income with capital appreciation as a secondary objective.	Equity: 20-40% Fixed Income: 50-80% Cash: 0-20%
☐ Moderate HighMark PLUS ☐ Moderate Index PLUS	Provide current income and moderate capital appreciation.	Equity: 40-60% Fixed Income: 40-60% Cash: 0-20%
☐ Balanced HighMark PLUS ☐ Balanced Index PLUS	Provide growth of principal and income.	Equity: 50-70% Fixed Income: 30-50% Cash: 0-20%
☐ Capital Appreciation/HighMark PLUS ☐ Capital Appreciation/Index PLUS	Primary goal is growth of principal	Equity: 65-85% Fixed Income: 10-30% Cash: 0-20%
☐ Custom	Specify:	Equity: Fixed Income: Cash:

DIVERSIFIED PORTFOLIO

Note: HighMark PLUS portfolios are diversified portfolios of actively managed mutual funds. Index PLUS portfolios are diversified portfolios of index-based mutual funds or exchange-traded funds

INSTITUTIONAL Trust & Custody

usbank

ACKNOWLEDGED AND APPROVED

X	Fire Chief
Authorized Signer	Title
Stephen Hickman	/ /
Print Name	Date
Authorized Signer	Authorized Signer

Agenda Item #5

California Public Employees' Retirement System
Actuarial Office
P.O. Box 942709
Sacramento, CA 94229-2709
TTY: (916) 795-3240
(888) 225-7377 phone – (916) 795-2744 fax
www.calpers.ca.gov

October 2013

SAFETY PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT
(CalPERS ID: 1337420437)
Annual Valuation Report as of June 30, 2012

Dear Employer,

As an attachment to this letter, you will find a copy of Section 1 of the June 30, 2012 actuarial valuation report of your pension plan. Because this plan is in a risk pool, the following valuation report has been separated into two Sections:

- Section 1 contains specific information for your plan, including the development of your pooled employer contribution rate, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to your plan, as of June 30, 2012.

Section 2 can be found on the CalPERS website at (www.calpers.ca.gov) then select in order "Employers", "Actuarial, Risk Pooling & GASB 27 Information", "Risk Pooling", "Risk Pool Annual Valuation Reports", then select the appropriate pool report.

Your 2012 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary, whose signature appears in the Actuarial Certification Section on page 1, is available to discuss your report with you.

Future Contribution Rates

The exhibit below displays the Minimum Employer Contribution Rate, before any cost sharing, for 2014-15 along with estimates of the contribution rate for 2015-16. The estimated rate for 2015-16 is based on a projection of the most recent information we have available, including an estimated 12% investment return for fiscal 2012-13, and the impact of the new smoothing methods adopted by the CalPERS Board in April 2013 that will impact employer rates for the first time in 2015-16. See Section 2 Risk Analysis, "Analysis of Future Investment Return Scenarios", for how much the Risk Pool's portion of your rate is expected to increase beyond 2015-16 under a variety of investment return scenarios. Please disregard any projections provided to you in the past.

Fiscal Year	Employer Contribution Rate
2014-15	23.948%
2015-16	25.5% (projected)

Member contributions, other than cost sharing (whether paid by the employer or the employee), are in addition to the above rates. **The employer contribution rates in this report do not reflect any cost sharing arrangements you may have with your employees.**

The estimate for 2015-16 assumes unfunded liability payments will continue to be allocated on and amortized over payroll increasing 3% per year. However, effective January 1, 2013 the Public Employees' Pension Reform Act of 2013 (PEPRA) will result in a shift of new members away from existing pools. This is expected to reduce the payroll increases for these pools. As a result, effective with the June 30, 2013 valuation, CalPERS may need to change its method of allocating pooled plan unfunded liability. These potential changes in allocating pooled plan unfunded liability could significantly impact 2015-16 and later rates.

The estimate for 2015-16 also assumes that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.) This is a very important assumption because these gains and losses do occur and can have a significant effect on your contribution rate. Even for the largest plans or pools, such gains and losses can impact the employer's contribution rate by one or two percent of payroll or even more in some less common circumstances. These gains and losses cannot be predicted in advance so the projected employer contribution rates are just estimates. Your actual rate for 2015-16 will be provided in next year's valuation report.

Changes since the Prior Year's Valuation

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect.

The impact of most of the PEPRA changes will first show up in the rates and the benefit provision listings of the June 30, 2013 valuation which sets the contribution rates for the 2015-16 fiscal year. For more detailed information on changes due to PEPRA, please refer to the CalPERS website.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The impact of this new actuarial methodology is reflected in the *"Analysis of Future Investment Return Scenarios*" subsection of the *"Risk Analysis"* section of your Section 2 report.

A review of the preferred asset allocation mix for CalPERS investment portfolio will be performed in late 2013, which could influence future discount rates. In addition, CalPERS will review economic and demographic assumptions, including mortality rate improvements that are likely to increase employer contribution rates in future years. The "Analysis of Future Investment Return Scenarios" subsection does not reflect the impact of assumption changes that we expect will also impact future rates.

Besides the above noted changes, there may also be changes specific to your plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the *"Highlights and Executive Summary"* section and in Appendix A, *"Statement of Actuarial Data, Methods and Assumptions"* of your Section 2 report.

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their result, we ask that, you wait until after November 30 to contact us with actuarial related questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (888**-225-7377**).

Sincerely,

ALAN MILLIGAN
Chief Actuary

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ACTUARIAL VALUATION

as of June 30, 2012

for the
SAFETY PLAN
of the
MONTECITO FIRE PROTECTION DISTRICT

(CalPERS ID: 1337420437)

REQUIRED CONTRIBUTIONS
FOR FISCAL YEAR
July 1, 2014 - June 30, 2015

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Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the SAFETY PLAN of the MONTECITO FIRE PROTECTION DISTRICT

(CalPERS ID: 1337420437)
(Rate Plan: 34)

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TABLE OF CONTENTS

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ACTUARIAL CERTIFICATION

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2012 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2012 provided by employers participating in the risk pool to which your plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the Pool Actuary has certified that, in her opinion, the valuation of the Risk Pool containing your SAFETY PLAN has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the Risk Pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law. Changes to the pool that will occur as a result of PEPRA are not reflected in this report.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for your plan, it is my opinion as your Plan Actuary that the Side Fund as of June 30, 2012 and employer contribution rate as of July 1, 2014, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, who is a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

STUART BENNETT, ASA, MAAA
Associate Pension Actuary, CalPERS
Plan Actuary

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HIGHLIGHTS AND EXECUTIVE SUMMARY

Introduction

This report presents the results of the June 30, 2012 actuarial valuation of the SAFETY PLAN of the MONTECITO FIRE PROTECTION DISTRICT of the California Public Employees' Retirement System (CalPERS). This actuarial valuation was used to set the 2014-15 required employer contribution rates.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. The impact of most of the PEPRA changes will first show up in the assumptions and the benefit provision listings of the June 30, 2013 valuation for the 2015-16 rates. For more information on PEPRA, please refer to the CalPERS website.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for the Fiscal Year 2015-16.

As stewards of the System, CalPERS must ensure that the pension fund is sustainable over multiple generations. Our strategic plan calls for us to take an integrated view of our assets and liabilities and to take steps designed to achieve a fully funded plan. A review of the preferred asset allocation mix for CalPERS investment portfolio will be performed in late 2013 which will influence future discount rates. In addition CalPERS will review economic and demographic assumptions, including mortality rate improvements that are likely to increase employer contribution rates in future years.

Purpose of Section 1

This section 1 report for the SAFETY PLAN of the MONTECITO FIRE PROTECTION DISTRICT of the California Public Employees' Retirement System (CalPERS) was prepared by the Plan Actuary in order to:

- Set forth the actuarial assets and accrued liabilities of this plan as of June 30, 2012;
- Determine the required employer contribution rate for this plan for the fiscal year July 1, 2014 through June 30, 2015;
- Provide actuarial information as of June 30, 2012 to the CalPERS Board of Administration and other interested parties; and
- Provide pension information as of June 30, 2012 to be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement Number 27 for a Cost Sharing Multiple Employer Defined Benefit Pension Plan.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Required Employer Contribution

Actuarially Determined Employer Contributions:	**Fiscal Year 2013-14**	**Fiscal Year 2014-15**
Required Employer Contributions (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	$ 876,615	$ 852,429
Risk Pool's Payment on Amortization Bases	275,165	327,989
Surcharge for Class 1 Benefits		
a) FAC 1	49,622	48,781
b) PRSA	95,806	93,806
Phase out of Normal Cost Difference	0	0
Amortization of Side Fund	0	0
Total Employer Contribution	$ 1,297,208	$ 1,323,005
Projected Payroll for the Contribution Fiscal Year	$ 5,544,337	$ 5,524,492
Required Employer Contributions (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	15.811%	15.430%
Risk Pool's Payment on Amortization Bases	4.963%	5.937%
Surcharge for Class 1 Benefits		
a) FAC 1	0.895%	0.883%
b) PRSA	1.728%	1.698%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	0.000%	0.000%
Total Employer Contribution	23.397%	23.948%
Minimum Employer Contribution Rate[1]	**23.397%**	**23.948%**
Annual Lump Sum Prepayment Option[2]	$ 1,251,138	$ 1,276,019

Appendix C of Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Risk pooling was implemented for most plans as of June 30, 2003. The normal cost difference was scheduled to be phased out over a five year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year.

[1] The Minimum Employer Contribution Rate under PEPRA is the greater of the required employer rate or the total employer normal cost.

[2]Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30. **The prepayment amount applies only to this plan. Please note that it is not possible to prepay contributions for new plans that had no reported membership prior to June 30, 2012.**

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Plan's Funded Status

	June 30, 2011		June 30, 2012
1. Present Value of Projected Benefits (PVB)	61,682,942	$	66,884,831
2. Entry Age Normal Accrued Liability	50,943,352		56,478,079
3. Plan's Actuarial Value of Assets (AVA)	45,665,579	$	50,959,024
4. Unfunded Liability (AVA Basis) [(2) - (3)]	5,277,773	$	5,519,055
5. Funded Ratio (AVA Basis) [(3) / (2)]	89.6%		90.2%
6. Plan's Market Value of Assets (MVA)	40,895,066	$	42,808,597
7. Unfunded Liability (MVA Basis) [(2) - (6)]	10,048,286		13,669,482
8. Funded Ratio (MVA Basis) [(6) / (2)]	80.3%		75.8%

Projected Contributions

The rate shown below is an estimate for the employer contribution for Fiscal Year 2015-16. The estimated rate is based on a projection of the most recent information we have available, including an estimate of the investment return for fiscal year 2012-13, namely 12 percent. It also reflects implementation of the more conservative rate smoothing method mentioned earlier.

Projected Employer Contribution Rate: 25.5%

The estimate also assumes that there are no liability gains or losses among the plans in your risk pool, that your plan has no new amendments in the next year, and that your plan's and your risk pool's payrolls both increase exactly 3.0 percent in the 2012-13 fiscal year. Therefore, the projected employer contribution rate for 2015-16 is just an estimate. Your actual rate for 2015-16 will be provided in next year's valuation report.

Rate Volatility

Your plan's employer contribution rate will inevitably fluctuate, for many reasons. One of the biggest causes of fluctuations for pooled plans has been from changes in the side fund rate resulting from unexpected changes in payroll. The following figure shows how much your 2015-16 side fund rate would change for each 1 percent deviation between our 3 percent payroll growth assumption and your actual 2012-13 payroll growth.

POTENTIAL 2015-16 RATE IMPACT
FROM 2012-13 PAYROLL DEVIATION

% Rate Change per 1% Deviation from Assumed 3.0% Payroll Growth:	0.000%

Examples: To see how your employer contribution rate might be affected by unexpected payroll change, suppose the following:

- The Percentage Rate Change per 1 percent Deviation figure given above is -0.400%
- Your plan's payroll increased 10 percent in 2012-13 (7.0 percent more than our 3.0 percent assumption).

Then your 2015-16 rate would decrease -0.400% x (10 – 3.0) = 2.80% from that cause alone.

Or conversely, using the same Percentage Rate Change per 1 percent Deviation figure given above, suppose your plan's payroll remained the same in 2012-13 (3.0 percent less than our 3.0 percent assumption).

Then your 2015-16 rate would increase -0.400% x (0 – 3.0) = 1.2% from that cause alone.

Note that if your plan had a negative side fund, an unexpected payroll increase would spread the payback of the negative side fund over a bigger payroll, which would decrease your plan's side fund percentage rate and the total employer contribution rate. On the other hand, if your plan had a positive side fund, an unexpected payroll increase would spread the payback of the positive side fund over a larger payroll, which would increase your plan's side fund percentage rate and the total employer contribution rate. In either case, the amortization of Side Fund dollar amount would not change.

Another big cause of rate fluctuations has been from investment return volatility. The degree to which your plan's rates may be susceptible to investment return volatility is described in the Risk Analysis section of your Section 2 report under "Volatility Ratios".

FINANCIAL AND DEMOGRAPHIC INFORMATION

Plan's Side Fund

At the time your plan joined the Risk Pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of your plan, in addition to your existing unfunded liability. The side fund for your plan as of the June 30, 2012 valuation is shown in the following table.

Your side fund will be credited, on an annual basis, with the actuarial investment return assumption. This assumption is 7.5 percent. A positive side fund will cause your required employer contribution rate to be reduced by the Amortization of Side Fund shown above in Required Employer Contributions. A negative side fund will cause your required employer contribution rate to be increased by the Amortization of Side Fund. In the absence of subsequent contract amendments or funding changes, the side fund will disappear at the end of the amortization period shown below.

Plan's Side Fund Reconciliation

	June 30, 2011	June 30, 2012
Side Fund as of valuation date*	$ 0	$ 0
Adjustments	0	0
Side Fund Payment	0	0
Side Fund one year later	$ 0	$ 0
Adjustments	0	0
Side Fund Payment	0	0
Side Fund two years later	$ 0	$ 0
Amortization Period	0	0
Side Fund Payment during last year	$ 0	$ 0

* If your agency employed superfunded vouchers in fiscal year 2011-12 to pay employee contributions, the June 30, 2012 Side Fund amount has been adjusted by a like amount without any further adjustment to the Side Fund's amortization period. Similarly, the Side Fund has been adjusted for the increase in liability from any recently adopted Class 1 or Class 2 contract amendments. Also, the Side Fund may be adjusted or eliminated due to recent lump sum payments. Contract amendments and lump sum payments may result in an adjustment to the Side Fund amortization period.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Development of the Actuarial Value of Assets

		June 30, 2012
1. Plan's Accrued Liability	$	56,478,079
2. Plan's Side Fund		0
3. Pool's Accrued Liability		2,183,549,942
4. Pool's Side Fund		(82,051,596)
5. Pool's Actuarial Value of Assets Including Receivables		1,896,139,291
6. Plan's Actuarial Value of Assets (AVA) Including Receivables [(1 + 2) / (3 + 4) x 5]	$	50,959,024
7. Pool's Market Value of Assets (MVA) Including Receivables		1,592,869,270
8. Plan's Market Value of Assets (MVA) Including Receivables [(1 + 2) / (3 + 4) x 7]	$	42,808,597

Funding History

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2011	$ 50,943,352	$ 40,895,066	$ 10,048,286	80.3%	$ 5,073,854
06/30/2012	56,478,079	42,808,597	13,669,482	75.8%	5,055,693

Plan's Total Normal Cost Rate

The Public Employees' Pension Reform Act of 2013 requires that new employees pay at least 50 percent of the total annual normal cost and that current employees approach the same goal through collective bargaining. Please refer to the CalPERS website for more details.

Shown below are the total annual normal cost rates for your plan.

	Fiscal Year 2013-14	Fiscal Year 2014-15
Pool's Net Total Normal Cost Rate	24.790%	24.410%
Surcharge for Class 1 Benefits		
a) FAC 1	0.895%	0.883%
b) PRSA	1.728%	1.698%
Plan's Total Normal Cost Rate	27.413%	26.991%

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Hypothetical Termination Liability

Below is an estimate of the financial position of your plan if you had terminated your contract with CalPERS as of June 30, 2011 or 2012 using the discount rates shown below. Your plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. In August 2011, the CalPERS Board adopted a more conservative investment policy and asset allocation strategy for the Terminated Agency Pool. Since the Terminated Agency Pool has limited funding sources, expected benefit payments are secured by risk-free assets. With this change, CalPERS increased benefit security for members while limiting its funding risk. This asset allocation has a lower expected rate of return than the PERF. Consequently, the lower discount rate for the Terminated Agency pool results in higher liabilities for terminated plans.

In order to terminate your plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow your plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of your plan liabilities. CalPERS advises you to consult with your plan actuary before beginning this process.

Valuation Date	Hypothetical Termination Liability[1]	Market Value of Assets (MVA)	Unfunded Termination Liability	Termination Funded Ratio	Termination Liability Discount Rate[2]
06/30/2011	$ 74,736,177	$ 40,895,066	$ 33,841,111	54.7%	4.82%
06/30/2012	109,155,954	42,808,597	66,347,357	39.2%	2.98%

[1] The hypothetical liabilities calculated above include a 7 percent mortality load contingency in accordance with Board policy. Other actuarial assumptions, such as wage and inflation assumptions, can be found in appendix A.

[2] The discount rate assumption used for termination valuations is a weighted average of the 10 and 30-year US Treasury yields in effect on the valuation date that equal the duration of the pension liabilities. For purposes of this hypothetical termination liability estimate, the discount rate used, 2.98 percent, is the yield on the 30-year US Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) as of June 30, 2012. In last year's report the May 2012 rate of 2.87 percent was inadvertently shown rather than the June rate of 2.98 percent. Please note, as of June 30, 2013 the 30-year STRIPS yield was 3.72 percent.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2011	June 30, 2012
Projected Payroll for Contribution Purposes	$ 5,544,337	$ 5,524,492
Number of Members		
Active	37	36
Transferred	12	12
Separated	1	2
Retired	41	41

List of Class 1 Benefit Provisions

- One Year Final Compensation
- Post-Retirement Survivor Allowance

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Information for Compliance with GASB Statement No. 27 for Cost-Sharing Multiple-Employer Defined Benefit Plan

Disclosure under GASB 27 follows. However, note that effective for financial statements for fiscal years beginning after June 15, 2014, GASB 68 replaces GASB 27. Disclosure required under GASB 68 will require additional reporting. CalPERS is planning to provide GASB 68 disclosure information upon request for an additional fee. We urge you to start discussions with your auditors on how to implement GASB 68.

Your plan is part of the Safety 3.0% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Under GASB 27, an employer should recognize annual pension expenditures/expense equal to its contractually required contributions to the plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2014 to June 30, 2015 has been determined by an actuarial valuation of the plan as of June 30, 2012. Your unadjusted contribution rate for the indicated period is 23.948% percent of payroll. In order to calculate the dollar value of the contractually required contributions for inclusion in financial statements prepared as of June 30, 2015, this contribution rate, less any employee cost sharing, and as modified by any subsequent financing changes or contract amendments for the year, would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2014 to June 30, 2015. However, if this contribution is fully prepaid in a lump sum, then the dollar value of contractually required contributions is equal to the lump sum prepayment. The employer and the employer's auditor are responsible for determining the contractually required contributions. Further, the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years is to be disclosed under GASB 27.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the cost-sharing multiple-employer defined benefit plan.

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	17 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Complete information on assumptions and methods is provided in Appendix A of the Section 2 report. Appendix B of the Section 2 report contains a description of benefits included in the Risk Pool Actuarial Valuation.

A Schedule of Funding for the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll for the risk pool(s) to which your plan belongs can be found in Section 2 of the report.

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PLAN’S MAJOR BENEFIT OPTIONS

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Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Appendix B within Section 2 of this report.

	Contract package		
	Receiving	Active	
Benefit Provision			
Benefit Formula		3.0% @ 55	
Social Security Coverage		no	
Full/Modified		full	
Final Average Compensation Period		12 mos.	
Sick Leave Credit		yes	
Non-Industrial Disability		standard	
Industrial Disability		yes	
Pre-Retirement Death Benefits			
Optional Settlement 2W		yes	
1959 Survivor Benefit Level		level 3	
Special		yes	
Alternate (firefighters)		no	
Post-Retirement Death Benefits			
Lump Sum	$500	$500	
Survivor Allowance (PRSA)	no	yes	
COLA	2%	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Safety 3.0% at 55 Risk Pool as of June 30, 2012

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ACTUARIAL CERTIFICATION

To the best of our knowledge, **Section 2** of this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Safety 3.0% at 55 Risk Pool. This valuation is based on the member and financial data as of June 30, 2012 provided by the various CalPERS databases and the benefits under this Risk Pool with CalPERS as of the date this report was produced. Changes to the pool that will occur as a result of PEPRA are not reflected in this report. It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this risk pool, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

The undersigned are CalPERS staff actuaries who are members of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

[redacted]

SHELLY CHU, ASA, MAAA
Senior Pension Actuary, CalPERS
Pool Actuary

[redacted]

KERRY J. WORGAN, MAAA, FSA, FCIA
Senior Pension Actuary, CalPERS
Pool Reviewing Actuary

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HIGHLIGHTS AND EXECUTIVE SUMMARY

- **PURPOSE OF SECTION 2**
- **RISK POOL'S REQUIRED EMPLOYER CONTRIBUTION**
- **RISK POOL'S REQUIRED BASE EMPLOYER RATE**
- **RISK POOL'S NET TOTAL NORMAL COST RATE**
- **FUNDED STATUS OF THE RISK POOL**
- **COST**
- **CHANGES SINCE THE PRIOR YEAR'S VALUATION**
- **SUBSEQUENT EVENTS**

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Purpose of Section 2

This Actuarial Valuation for the Safety 3.0% at 55 Risk Pool of the California Public Employees' Retirement System (CalPERS) was performed by CalPERS' staff actuaries using data as of June 30, 2012 in order to:

- Set forth the actuarial assets and accrued liabilities of this risk pool as of June 30, 2012
- Determine the required contribution rate of the pool for the fiscal year July 1, 2014 through June 30, 2015
- Provide actuarial information as of June 30, 2012 to the CalPERS Board of Administration and other interested parties

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

California Actuarial Advisory Panel Recommendations

This report satisfies all basic disclosure requirements under the *Model Disclosure Elements for Actuarial Valuation Reports* recommended by the *California Actuarial Advisory Panel*, except for the original base amounts of the various components of the unfunded liability amortization.

The report gives the following additional information classified as enhanced risk disclosures under the *Model Disclosure Elements for Actuarial Valuation Reports* recommended by the *California Actuarial Advisory Panel*:

- "Deterministic stress test", projecting future results under different investment income scenarios.
- "Sensitivity analysis", showing the impact on current valuation results of a plus or minus 1% change in the discount rate.

Risk Pool's Required Employer Contribution

			Fiscal Year 2013-14		Fiscal Year 2014-15
1) Contribution in Projected Dollars					
a)	Total Pool's Normal Cost		64,942,595		65,831,501
b)	Employee Contribution		22,078,663		22,773,099
c)	Pool's Gross Employer Normal Cost [(1a) – (1b)]	$	42,863,932	$	43,058,402
d)	Payment on Pool's Amortization Bases		12,203,828		15,056,279
e)	Payment on Employer Side Funds		10,030,264		10,432,645
f)	Total Required Employer Contribution* [(1c)+(1d)+(1e)]	$	65,097,507	$	68,547,536
	* Total may not add up due to rounding				
2) Contribution as a Percentage of Projected Pay					
a)	Total Pool's Normal Cost		26.411%		25.959%
b)	Employee Contribution		8.979%		8.980%
c)	Pool's Gross Employer Normal Cost [(2a) – (2b)]		17.432%		16.979%
d)	Payment on Pool's Amortization Bases		4.963%		5.937%
e)	Payment on Employer Side Funds		4.079%		4.114%
f)	Total Required Employer Contribution [(2c)+(2d)+(2e)]		26.474%		27.030%

These rates are the total required employer contributions to the pool for fiscal years 2013-14 and 2014-15. The Pool's Gross Employer Normal Cost includes the Class 1 surcharges for all employers that contract for the Class 1 type benefits. The payment on the pool's amortization bases is the payment on the ongoing cumulative gains and losses experienced by the pool since its June 30, 2003 inception. The payment on employer side funds is the combination of all expected individual amortization payments on every side fund in the pool.

Risk Pool's Required Base Employer Rate

		Fiscal Year 2013-14	Fiscal Year 2014-15
1.	Pool's Gross Employer Normal Cost	17.432%	16.979%
	Less: Surcharges for Class 1 Benefits	1.621%	1.549%
2.	Pool's Net Employer Normal Cost	15.811%	15.430%
3.	Payment on Pool's Amortization Bases	4.963%	5.937%
4.	Pool's Base Employer Rate	20.774%	21.367%

The base employer contribution rate is the rate that each plan within the pool pays before any adjustments are made. It represents the pool funding for basic benefits (no Class 1 surcharges) for the fiscal year shown. To arrive at a plan's total contribution rate, several components must be added to this base rate. These components are Class 1 benefit surcharges, normal cost phase-out and any side fund payment. More information about those additional components can be found in Section 1 of this report.

Risk Pool's Net Total Normal Cost Rate

		Fiscal Year 2013-14	Fiscal Year 2014-15
1.	Pool's Net Employer Normal Cost	15.811%	15.430%
2.	Pool's Employee Contribution Rate	8.979%	8.980%
3.	Pool's Net Total Normal Cost Rate	24.790%	24.410%

Funded Status of the Risk Pool

		June 30, 2011	June 30, 2012
1.	Present Value of Projected Benefits	$ 2,607,408,668	$ 2,737,834,254
2.	Entry Age Normal Accrued Liability	$ 2,061,923,933	$ 2,183,549,942
3.	Actuarial Value of Assets (AVA)	$ 1,759,286,797	$ 1,896,139,291
4.	Unfunded Liability (AVA Basis) [(2) – (3)]	302,637,136	287,410,651
5.	Funded Ratio (AVA Basis) [(3) / (2)]	85.3%	86.8%
6.	Market Value of Assets (MVA)	$ 1,575,500,641	$ 1,592,869,270
7.	Unfunded Liability (MVA Basis) [(2) – (6)]	$ 486,423,292	$ 590,680,672
8.	Funded Ratio (MVA Basis) [(6) / (2)]	76.4%	73.0%

Cost

Actuarial Cost Estimates in General

What will this plan or pool cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer:

First, all actuarial calculations, including those in this report, are based on a number of assumptions about the future. These assumptions can be divided into two categories.

- Demographic assumptions include the percentage of employees that will terminate, die, become disabled, and retire in each future year.
- Economic assumptions include future salary increases for each active employee, and the assumption with the greatest impact, future asset returns at CalPERS for each year into the future until the last dollar is paid to current members of your plan.

While CalPERS has set these assumptions as our best estimate of the real future of your plan, it must be understood that these assumptions are very long term predictors and will surely not be realized in any one year. For example, while the asset earnings at CalPERS have averaged more than the assumed return of 7.5 percent over the past twenty year period ending June 30, 2013, returns for each fiscal year ranged from -24 percent to +21.7 percent.

Second, the very nature of actuarial funding produces the answer to the question of plan or pool cost as the sum of two separate pieces:

- The Normal Cost (i.e., the future annual premiums in the absence of surplus or unfunded liability) expressed as a percentage of total active payroll, and
- The Past Service Cost or Accrued Liability (i.e., representing the current value of the benefit for all credited past service of current members) which is expressed as a lump sum dollar amount.

The cost is the sum of a percent of future pay and a lump sum dollar amount (the sum of an apple and an orange if you will). To communicate the total cost, either the Normal Cost (i.e., future percent of payroll) must be converted to a lump sum dollar amount (in which case the total cost is the present value of benefits), or the Past Service Cost (i.e., the lump sum) must be converted to a percent of payroll (in which case the total cost is expressed as the employer's rate, part of which is permanent and part temporary). Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period, and the plan or pool rate will vary depending on the amortization period chosen.

Changes since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by employers within the risk pool are generally included in the first valuation that is prepared after the amendment becomes effective even if the valuation date is prior to the effective date of the amendment.

The valuation generally reflects plan changes by amendments effective prior to July 1, 2013. Please refer to Appendix B for a summary of the plan provisions used in this valuation report. The provisions in Appendix B do not indicate the class of benefits voluntarily contracted for by individual employers within the risk pool. Refer to Section 1 of the valuation report for a list of your specific contracted benefits. The increase in the pool's unfunded liabilities due to Class 1 or 2 amendments by individual employers within the pool is embedded in the Liability (Gain) / Loss shown in the (Gain) / Loss section of this report. This amount, however, is offset by additional contributions through a surcharge for employers who voluntarily contract for those benefits.

Public Employees' Pension Reform Act of 2013 (PEPRA)

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect, requiring that a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the normal cost rate. Beginning July 1, 2013, this means that some plans with surplus will be paying more than they otherwise would. For more information on PEPRA please refer to the CalPERS website.

Subsequent Events

Actuarial Methods and Assumptions

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The impact of this new actuarial methodology is reflected in the "Analysis of Future Investment Return Scenarios" subsection of the "Risk Analysis" section of your Section 2 report.

Not reflected in the "Analysis of Future Investment Return Scenarios" subsection of the "Risk Analysis" section is the impact of assumption changes that we expect will also impact future rates. A review of the preferred asset allocation mix for CalPERS investment portfolio will be performed in late 2013, which could influence future discount rates. In addition, CalPERS will review economic and demographic assumptions, including mortality rate improvements that are likely to increase employer contribution rates in future years. The partial closure of the pool (to most new hires) due to the enactment of PEPRA will also impact future pool rates.

ASSETS

- **RECONCILIATION OF THE MARKET VALUE OF ASSETS**
- **DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS**
- **ASSET ALLOCATION**
- **CALPERS HISTORY OF INVESTMENT RETURNS**

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Reconciliation of the Market Value of Assets

1.	Market Value of Assets as of June 30, 2011 Including Receivables	$	1,575,500,641
2.	Receivables for Service Buybacks as of June 30, 2011		1,584,769
3.	Market Value of Assets as of June 30, 2011 [1 - 2]		1,573,915,872
4.	Employer Contributions		79,605,564
5.	Employee Contributions		20,540,202
6.	Benefit Payments to Retirees and Beneficiaries		(86,055,189)
7.	Refunds		(765,491)
8.	Lump Sum Payments		0
9.	Transfers and Miscellaneous Adjustments		(23,036,696)
10.	Investment Return		(3,553,360)
11.	Market Value of Assets as of June 30, 2012 (w/o Pool Transfers)	$	1,560,650,902
12.	Transfers into and out of the Risk Pool		29,981,747
13.	Market Value of Assets as of June 30, 2012	$	1,590,632,649
14.	Receivables for Service Buybacks as of June 30, 2012		2,236,621
15.	Market Value of Assets as of June 30, 2012 Including Receivables [13 + 14]		1,592,869,270

Development of the Actuarial Value of Assets

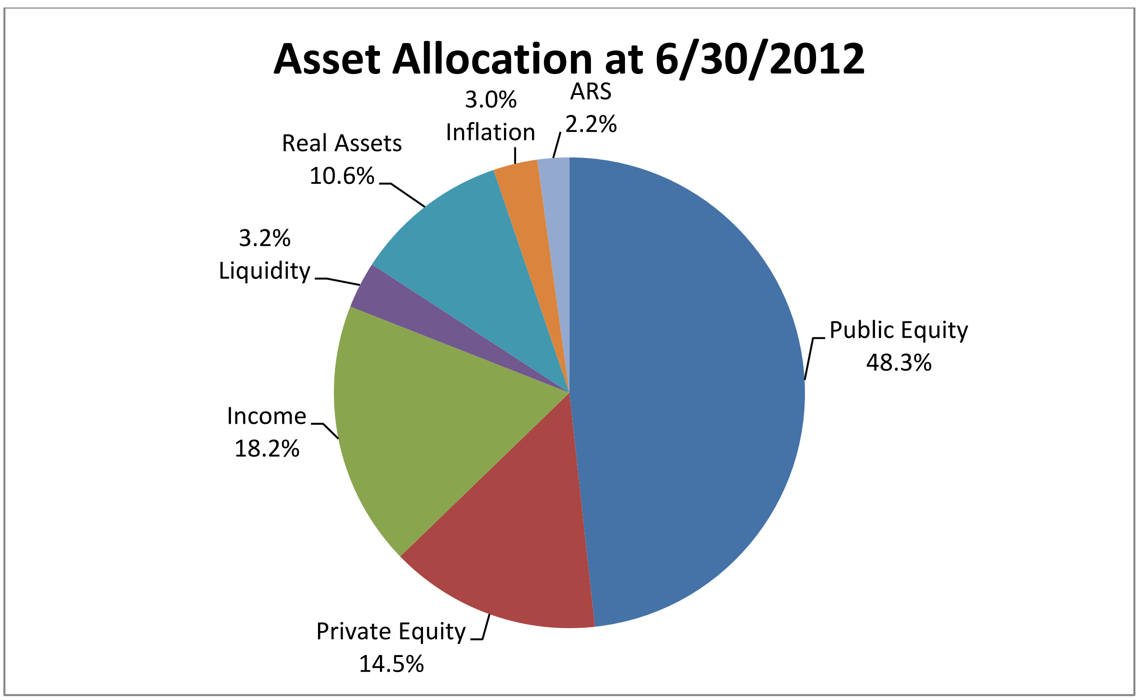
1.	Actuarial Value of Assets as of June 30, 2011 Used for Rate Setting Purposes		1,759,286,797
2.	Receivables for Service Buyback as of June 30, 2011		1,584,769
3.	Actuarial Value of Assets as of June 30, 2011 [1 - 2]		1,757,702,028
4.	Employer Contributions		79,605,564
5.	Employee Contributions		20,540,202
6.	Benefit Payments to Retirees and Beneficiaries		(86,055,189)
7.	Refunds		(765,491)
8.	Lump Sum Payments		0
9.	Transfers and Miscellaneous Adjustments		(23,036,696)
10.	Expected Investment Income at 7.5%		131,470,050
11.	Expected Actuarial Value of Assets (w/o Pool Transfers)	$	1,879,460,469
12.	Market Value of Assets June 30, 2012 (w/o Pool Transfers)		1,560,650,902
13.	Preliminary Actuarial Value of Assets (w/o Pool Transfers) [(11) + ((12) - (11)) / 15]		1,858,206,498
14.	Preliminary Actuarial Value to Market Value Ratio		119.1%
15.	Final Actuarial Value to Market Value Ratio (minimum 80%, maximum 120%)		119.1%
16.	Market Value of Assets June 30, 2012		1,590,632,649
17.	Actuarial Value of Assets as of June 30, 2012		1,893,902,670
18.	Receivables for Service Buybacks as of June 30, 2012		2,236,621
19.	Actuarial Value of Assets as of June 30, 2012 Used for Rate Setting Purposes [17 + 18]		1,896,139,291

Asset Allocation

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. CalPERS recognizes that over 90 percent of the variation in investment returns of a well-diversified pool of assets can typically be attributed to asset allocation decisions. The Board approved in December 2010 policy asset class targets and ranges listed below. These policy asset allocation targets and ranges are expressed as a percentage of total assets and were expected to be implemented over a period of one to two years beginning July, 1 2011 and reviewed again in December 2013.

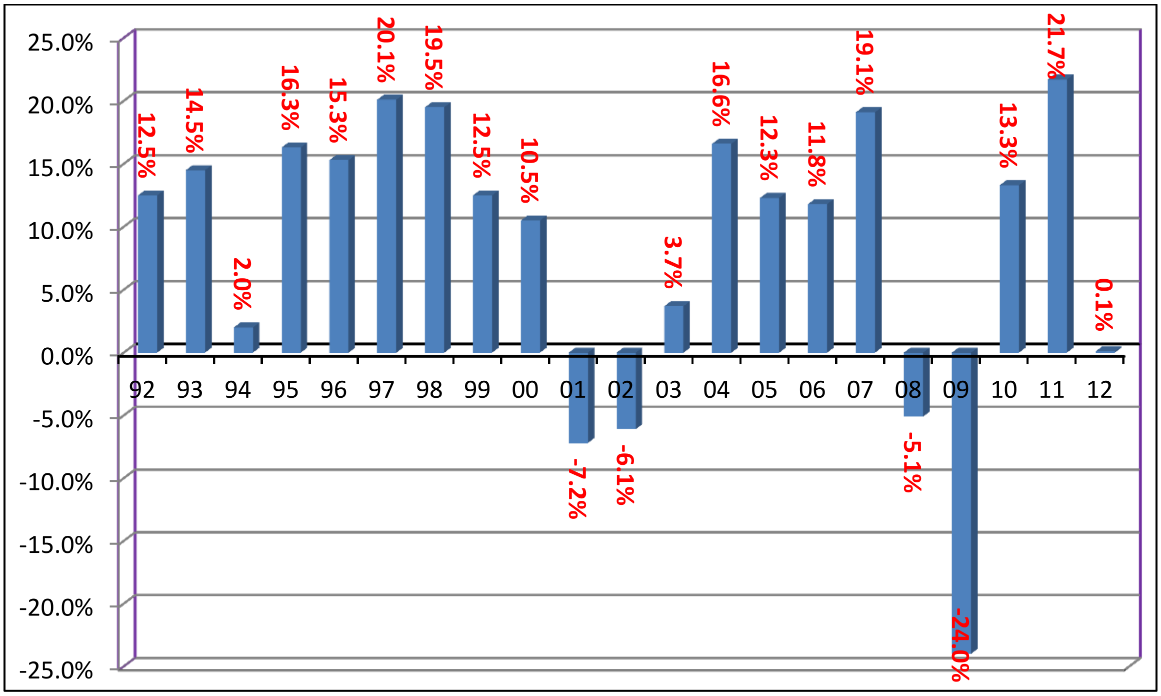
The asset allocation and market value of assets shown below reflect the values of the Public Employees Retirement Fund (PERF) in its entirety as of June 30, 2012. The assets for Safety 3.0% at 55 Risk Pool are part of the Public Employees Retirement Fund (PERF) and are invested accordingly.

(A) Asset Class	(B) Market Value ($ Billion)	(C) Policy Target Allocation	(D) Policy Target Range
1) Public Equity	113.0	50.0%	+/- 7%
2) Private Equity	33.9	14.0%	+/- 4%
3) Fixed Income	42.6	17.0%	+/- 5%
4) Cash Equivalents	7.5	4.0%	+/- 5%
5) Real Assets	24.8	11.0%	+/- 3%
6) Inflation Assets	7.0	4.0%	+/- 3%
7) Absolute Return Strategy (ARS)	5.1	0.0%	N/A
Total Fund	**$233.9**	**100.0%**	**N/A**



CalPERS History of Investment Returns

The following is a chart with historical annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30. Beginning with June 30, 2002, the figures are reported as gross of fees.



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LIABILITIES AND RATES

- **DEVELOPMENT OF POOL'S ACCRUED AND UNFUNDED LIABILITIES**
- **(GAIN)/LOSS ANALYSIS 06/30/11 - 06/30/12**
- **SCHEDULE OF AMORTIZATION BASES FOR THE RISK POOL**
- **DEVELOPMENT OF RISK POOL'S ANNUAL REQUIRED BASE CONTRIBUTION**
- **POOL'S EMPLOYER CONTRIBUTION RATE HISTORY**
- **FUNDING HISTORY**

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Development of Pool's Accrued and Unfunded Liabilities

		June 30, 2011	June 30, 2012
1.	Present Value of Projected Benefits		
	a) Active Members	$ 1,316,201,198	$ 1,380,505,437
	b) Transferred Members	179,651,549	142,500,372
	c) Separated Members	20,965,844	22,943,557
	d) Members and Beneficiaries Receiving Payments	1,090,590,077	1,191,884,888
	e) Total	$ 2,607,408,668	$ 2,737,834,254
2.	Present Value of Future Employer Normal Costs	$ 350,040,470	$ 353,850,605
3.	Present Value of Future Employee Contributions	$ 195,444,456	$ 200,433,707
4.	Entry Age Normal Accrued Liability		
	a) Active Members [(1a) - (2) - (3)]	$ 770,716,463	$ 826,221,125
	b) Transferred Members (1b)	179,651,549	142,500,372
	c) Separated Members (1c)	20,965,844	22,943,557
	d) Members and Beneficiaries Receiving Payments (1d)	1,090,590,077	1,191,884,888
	e) Total	$ 2,061,923,933	$ 2,183,549,942
5.	Actuarial Value of Assets (AVA) Including Receivables	$ 1,759,286,797	$ 1,896,139,291
6.	Unfunded Accrued Liability (AVA Basis) [(4e) - (5)]	302,637,136	287,410,651
7.	Funded Ratio (AVA Basis) [(5) / (4e)]	85.3%	86.8%
8.	Side Funds	$ (99,308,581)	$ (82,051,596)
9.	Unfunded Liability excluding Side Funds [(4e) - (5) + (8)]	203,328,555	205,359,055
10.	Market Value of Assets (MVA) Including Receivables	$ 1,575,500,641	$ 1,592,869,270
11.	Funded Ratio (MVA Basis) [(10) / (4e)]	76.4%	73.0%

(Gain)/Loss Analysis 06/30/11 - 06/30/12

To calculate the cost requirements of your pool, we use assumptions about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is contrasted against the expected experience based on the actuarial assumptions. The differences are reflected below as your pool's actuarial gains or losses.

1.	**Total (Gain)/Loss for the Year**		
	a) Unfunded Liability/(Surplus) as of June 30, 2011	$	203,328,555
	b) Expected payment on the Unfunded Liability		12,715,754
	c) Interest accumulation [.075 X (1a) - ((1.075)^.5 - 1) X (1b)]		14,781,422
	d) Expected Unfunded Liability before other changes [(1a) - (1b) + (1c)]		205,394,223
	e) Change due to assumption changes		0
	f) Expected Unfunded Liability after changes[(1d) + (1e)]		205,394,223
	g) Actual Unfunded Liability/(Surplus) as of June 30, 2012		205,359,055
	h) Total (Gain)/Loss [(1g) - (1f)]	$	(35,168)
2.	**Contribution (Gain)/Loss for the Year**		
	a) Expected contribution (Employer and Employee)	$	108,353,329
	b) Interest on Expected Contributions		3,989,794
	c) Total expected Contributions with interest [(2a) + (2b)]		112,343,123
	d) Actual Contributions		100,145,766
	e) Interest on Actual Contributions		3,687,574
	f) Total Actual Contributions with interest [(2d) + (2e)]		103,833,340
	g) Contribution (Gain)/Loss [(2c) - (2f)]	$	8,509,783
3.	**Asset (Gain)/Loss for the Year**		
	a) Actuarial Value of Assets as of 06/30/11 Including Receivables	$	1,759,286,797
	b) Receivables as of 06/30/11		1,584,769
	c) Actuarial Value of Assets as of 06/30/11		1,757,702,028
	d) Contributions received		100,145,766
	e) Benefits and Refunds Paid		(86,820,680)
	f) Transfers and miscellaneous adjustments		(23,036,696)
	g) Expected interest		131,470,050
	h) Transfers into the pool (AVA Basis)		35,698,067
	i) Transfers out of the pool (AVA Basis)		0
	j) Expected Assets as of 06/30/12 [Sum (3c) through (3i)]		1,915,158,536
	k) Receivables as of 06/30/12		2,236,621
	l) Expected Assets Including Receivables		1,917,395,156
	m) Actual Actuarial Value of Assets as of 06/30/12 Including Receivables		1,896,139,291
	n) Asset (Gain)/Loss [(3l) – (3m)]	$	21,255,865
4.	**Liability (Gain)/Loss for the Year**		
	a) Total (Gain)/Loss (1h)	$	(35,168)
	b) Contribution (Gain)/Loss (2g)		8,509,783
	c) Asset (Gain)/Loss excluding side fund (3n)		21,255,865
	d) Liability (Gain)/Loss [(4a) - (4b) - (4c)]*	$	(29,800,815)

* Includes (Gain)/Loss on plans transferring into the pool.

Schedule of Amortization Bases for the Risk Pool

The schedule below shows the development of the payment on the Pool's amortization bases used to determine the Total Required Employer Contributions to the Pool. Each row of the schedule gives a brief description of a base (or portion of the Unfunded Actuarial Liability), the balance of the base on the valuation date, and the number of years remaining in the amortization period. In addition, we show the expected payments for the two years immediately following the valuation date, the balances on the dates a year and two years after the valuation date, and the scheduled payment for fiscal year 2014-15. Please refer to Appendix A for an explanation of how amortization periods are determined.

Reason for Base	Amortization Period	Balance on June 30, 2012	Expected Payment 12-13	Balance June 30, 2013	Expected Payment 13-14	Balance June 30, 2014	Scheduled Payment for 2014-15	Payment as a percentage of payroll
2004 FRESH START	22	$15,185,507	$1,029,816	$15,256,684	$1,057,762	$15,304,224	$1,089,495	0.430%
2005 (GAIN)/LOSS	30	$71,567,936	$4,310,143	$72,466,679	$4,353,932	$73,387,427	$4,406,953	1.738%
2005 PAYMENT (GAIN)/LOSS	30	$7,965,931	$(1,218,573)	$9,826,819	$584,258	$9,958,060	$597,988	0.236%
2009 ASSUMPTION CHANGE	17	$42,495,935	$3,325,099	$42,235,594	$3,414,527	$41,863,007	$3,516,962	1.387%
2009 SPECIAL (GAIN)/LOSS	27	$37,160,473	$2,275,068	$37,588,668	$2,337,271	$37,984,484	$2,407,389	0.949%
2010 SPECIAL (GAIN)/LOSS	28	$(3,144,361)	$(189,261)	$(3,183,958)	$(194,457)	$(3,221,138)	$(200,291)	(0.079%)
2011 ASSUMPTION CHANGE	19	$40,339,924	$(1,198,426)	$44,607,973	$1,122,715	$46,789,515	$3,650,844	1.440%
2011 SPECIAL (GAIN)/LOSS	29	$(6,212,290)	$0	$(6,678,212)	$(401,030)	$(6,763,281)	$(413,061)	(0.163%)
Total excluding side funds		**$205,359,055**	**$8,333,866**	**$212,120,247**	**$12,274,978**	**$215,302,298**	**$15,056,279**	**5.937%**

The special (gain)/loss bases were special bases established for the gain/loss that is recognized in the 2009, 2010, and 2011 annual valuations. Unlike the gain/loss occurring in previous and subsequent years, the gain/loss recognized in the 2009, 2010, and 2011 annual valuations will be amortized over fixed and declining 30 year periods so that these annual gain/losses will be fully paid off in 30 years. The gain/loss recognized in 2012 and later valuations will be combined with the gain/loss from 2008 and earlier valuations.

Development of Risk Pool's Annual Required Base Contribution

			Fiscal Year 2013-14		Fiscal Year 2014-15
1.	**Contribution in Projected Dollars**				
a)	Total Normal Cost	$	64,942,595	$	65,831,501
b)	Employee Contribution		22,078,663		22,773,099
c)	Pool's Gross Employer Normal Cost [(1a) - (1b)]		42,863,932		43,058,402
d)	Total Surcharges for Class 1 Benefits		3,985,913		3,928,233
e)	Net Employer Normal Cost [(1c) - (1d)]		38,878,019		39,130,169
f)	Payment on Pool's Amortization Bases	$	12,203,828	$	15,056,279
g)	Total Required Employer Contributions [(1e) + (1f)]		51,081,847		54,186,448
2.	**Annual Covered Payroll as of Valuation Date**	$	225,026,216	$	232,078,083
3.	**Projected Payroll for Contribution Fiscal Year**	$	245,892,222	$	253,597,987
4.	**Contribution as a % of Projected Pay**				
a)	Total Normal Cost [(1a) / (3)]		26.411%		25.959%
b)	Employee Contribution [(1b) / (3)]		8.979%		8.980%
c)	Pool's Gross Employer Normal Cost [(1c) / (3)]		17.432%		16.979%
d)	Total Surcharges for Class 1 Benefits [(1d) / (3)]		1.621%		1.549%
e)	Net Employer Normal Cost [(1e) / (3)]		15.811%		15.430%
f)	Payment on Pool's Amortization Bases [(1f) / (3)]		4.963%		5.937%
g)	Total Required Employer Contributions [(1g) / (3)]		20.774%		21.367%

Pool's Employer Contribution Rate History

Fiscal Date	Net Employer Normal Cost	Total Surcharges for Class 1 Benefits	Gross Employer Normal Cost	Payment on Pool's Amortization Bases	Total Payment On Employer Side Funds	Total Employer Contribution
06/30/2008	13.340%	1.672%	15.012%	2.252%	7.248%	24.512%
06/30/2009	15.725%	1.701%	17.426%	4.583%	6.341%	28.350%
06/30/2010	15.524%	1.703%	17.227%	4.533%	5.164%	26.924%
06/30/2011	15.811%	1.621%	17.432%	4.963%	4.079%	26.474%
06/30/2012	15.430%	1.549%	16.979%	5.937%	4.114%	27.030%

Funding History

Valuation Date	Accrued Liabilities (AL)	Market Value of Assets (MVA)	Funded Ratio (MVA/AL)
06/30/2008	$1,755,559,311	$1,541,237,132	87.8%
06/30/2009	$1,802,882,330	$1,108,159,710	61.5%
06/30/2010	$1,915,095,826	$1,281,909,314	66.9%
06/30/2011	$2,061,923,933	$1,575,500,641	76.4%
06/30/2012	$2,183,549,942	$1,592,869,270	73.0%

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL As a % of Payroll
06/30/2008	$1,755,559,311	$1,517,609,609	$237,949,702	86.5%	$210,590,567	113.0%
06/30/2009	$1,802,882,330	$1,520,081,328	$282,801,002	84.3%	$221,600,192	127.6%
06/30/2010	$1,915,095,826	$1,628,915,283	$286,180,543	85.1%	$224,562,008	127.4%
06/30/2011	$2,061,923,933	$1,759,286,797	$302,637,136	85.3%	$225,026,216	134.5%
06/30/2012	$2,183,549,942	$1,896,139,291	$287,410,651	86.8%	$232,078,083	123.8%

Information shown here is for compliance with GASB No. 27 for a cost-sharing multiple-employer defined benefit plan.

However, note that beginning next year, GASB 68 will supersede GASB 27. Disclosure required under GASB 68 will require additional reporting which CalPERS may be able to provide for an additional cost.

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RISK ANALYSIS

- **VOLATILITY RATIOS**
- **PROJECTED RATES**
- **ANALYSIS OF FUTURE INVESTMENT RETURN SCENARIOS**
- **ANALYSIS OF DISCOUNT RATE SENSITIVITY**

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Volatility Ratios

The actuarial calculations supplied in this communication are based on a number of assumptions about very long term demographic and economic behavior. Unless these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year to year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise the employer's rates from one year to the next. Therefore, the rates will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Pools that have higher asset to payroll ratios produce more volatile employer rates due to investment return. For example, a pool with an asset to payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a pool with an asset to payroll ratio of 4. Below we have shown your asset volatility ratio, a measure of the pool's potential future rate volatility. It should be noted that this ratio increases over time but generally tends to stabilize as the pool matures.

Liability Volatility Ratio

Pools that have higher liability to payroll ratios produce more volatile employer rates due to investment return. For example, a pool with an liability to payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a pool with an liability to payroll ratio of 4. Below we have shown your volatility index, a measure of the plan's potential future rate volatility. It should be noted that this ratio increases over time but generally tends to stabilize as the pool matures.

	As of June 30, 2012
1. Market Value of Assets without Receivables	$ 1,590,632,649
2. Payroll	232,078,083
3. Asset Volatility Ratio (AVR = 1. / 2.)	6.9
4. Accrued Liability	2,183,549,942
5. Payroll	232,078,083
6. Liability Volatility Ratio (4. / 5.)	9.4

Projected Rates

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Beginning with the June 30, 2013 valuations that will set the 2015-16 rates, CalPERS will employ an amortization and rate smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The table below shows projected pool contribution rates (before cost sharing) for the next five Fiscal Years, ***assuming CalPERS earns 12 percent for fiscal year 2012-13 and 7.50 percent every fiscal year thereafter***, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2015-16. ***Consequently, these projections do not take into account potential rate increases from likely future assumption changes.*** In addition they do not take into account the positive impact PEPRA is expected to gradually have on the normal cost nor the possibility that a plan may be required under PEPRA to contribute a higher normal cost than would otherwise be calculated. PEPRA is expected to reduce expected payroll for this pool in the future and as a result CalPERS may need to change its method of allocating pooled plan unfunded liability. These potential changes are not reflected in the projected rates.

	New Rate	Projected Future Pool Contribution Rates				
	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Contribution Rates:	21.367%	23.0%	24.5%	26.1%	27.7%	29.3%

Analysis of Future Investment Return Scenarios

In July 2013, the investment return for fiscal year 2012-13 was announced to be 12.5 percent. Note that this return is before administrative expenses and also does not reflect final investment return information for real estate and private equities. The final return information for these two asset classes is expected to be available later in October. For purposes of projecting future employer rates, we are assuming a 12 percent investment return for fiscal year 2012-13.

The investment return realized during a fiscal year first affects the contribution rate for the fiscal year 2 years later. Specifically, the investment return for 2012-13 will first be reflected in the June 30, 2013 actuarial valuation that will be used to set the 2015-16 employer contribution rates, the 2013-14 investment return will first be reflected in the June 30, 2014 actuarial valuation that will be used to set the 2016-17 employer contribution rates and so forth.

Based on a 12 percent investment return for fiscal year 2012-13 and the April 17, 2013 CalPERS Board-approved amortization and rate smoothing method change and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2015-16, the effect on the 2015-16 Employer Rate is as follows:

Estimated 2015-16 Pool's Base Employer Rate	Estimated Increase in Pool's Base Employer Rate between 2014-15 and 2015-16
23.0%	1.6%

As part of this report, a sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2013-14, 2014-15 and 2015-16 on the 2016-17, 2017-18 and 2018-19 employer rates. Once again, the projected rate increases assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is what one would expect if the markets were to give us a 5th percentile return from July 1, 2013 through June 30, 2016. The 5th percentile return corresponds to a negative -4.1 percent return for each of the 2013-14, 2014-15 and 2015-16 fiscal years.
- The second scenario is what one would expect if the markets were to give us a 25th percentile return from July 1, 2013 through June 30, 2016. The 25th percentile return corresponds to a 2.6 percent return for each of the 2013-14, 2014-15 and 2015-16 fiscal years.
- The third scenario assumed the return for 2013-14, 2014-15, 2015-16 would be our assumed 7.5 percent investment return which represents about a 49th percentile event.
- The fourth scenario is what one would expect if the markets were to give us a 75th percentile return from July 1, 2013 through June 30, 2016. The 75th percentile return corresponds to a 11.9 percent return for each of the 2013-14, 2014-15 and 2015-16 fiscal years.
- Finally, the last scenario is what one would expect if the markets were to give us a 95th percentile return from July 1, 2013 through June 30, 2016. The 95th percentile return corresponds to a 18.5 percent return for each of the 2013-14, 2014-15 and 2015-16 fiscal years.

The table below shows the estimated changes in the Pool's Base rate for 2016-17, 2017-18 and 2018-19 under the five different scenarios.

2013-16 Investment Return Scenario	Estimated Change in Pool's Base Rate Between Year Shown and Preceding Year			
	2016-17	2017-18	2018-19	Cumulative Increase
-4.10% (5th percentile)	2.8%	4.0%	5.1%	11.9%
2.60% (25th percentile)	2.1%	2.6%	3.2%	7.9%
7.5%	1.6%	1.6%	1.6%	4.8%
11.90% (75th percentile)	1.1%	0.6%	0.0%	1.7%
18.50% (95th percentile)	0.4%	-1.0%	-2.5%	-3.1%

Analysis of Discount Rate Sensitivity

The following analysis looks at the 2014-15 employer contribution rates under two different discount rate scenarios. Shown below are the employer contribution rates assuming discount rates that are 1 percent lower and 1 percent higher than the current valuation discount rate. This analysis gives an indication of the potential required employer contribution rates if the PERF were to realize investment returns of 6.50 percent or 8.50 percent over the long-term.

This type of analysis gives the reader a sense of the long-term risk to the risk pool contribution rates.

2014-15 Employer Contribution Rate			
As of June 30, 2012	6.50% Discount Rate (-1%)	7.50% Discount Rate (assumed rate)	8.50% Discount Rate (+1%)
Pool's Gross Employer Normal Cost	23.3%	17.0%	12.1%
Payment on Pool's Amortization Bases	15.6%	5.9%	-2.6%
Total	38.9%	22.9%	9.5%

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APPENDICES

- **APPENDIX A - ACTUARIAL METHODS AND ASSUMPTIONS**
- **APPENDIX B - PLAN PROVISIONS**
- **APPENDIX C - PLAN OPTIONS AND VARIABLES**
- **APPENDIX D - LIST OF PARTICIPATING EMPLOYERS**
- **APPENDIX E - PARTICIPANT DATA**
- **APPENDIX F - GLOSSARY OF ACTUARIAL TERMS**

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APPENDIX A

ACTUARIAL METHODS AND ASSUMPTIONS

- **ACTUARIAL DATA**
- **ACTUARIAL METHODS**
- **ACTUARIAL ASSUMPTIONS**
- **MISCELLANEOUS**

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Actuarial Data

As stated in the Actuarial Certification, the data which serves as the basis of this valuation has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not always contain the latest salary information for former members now in reciprocal systems and does not recognize the potential for unusually large salary deviation in certain cases such as elected officials. Therefore, salary information in these cases may not be accurate. These situations are relatively infrequent, however, and when they do occur, they generally do not have a material impact on the employer contribution rates.

Actuarial Methods

Funding Method

The actuarial funding method used for the Retirement Program is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the pool allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. All changes in liability due to changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period. All new gains or losses are tracked and amortized over a rolling 30-year period. If a pool's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.

Additional contributions will be required for any plan or pool if their cash flows hamper adequate funding progress by preventing the expected funded status on a market value of assets basis of the plan to either:

- Increase by at least 15 percent by June 30, 2043; or
- Reach a level of 75 percent funded by June 30, 2043

The necessary additional contribution will be obtained by changing the amortization period of the gains and losses except for those occurring in the fiscal years 2008-2009, 2009-2010, and 2010-2011 to a period which will result in the satisfaction of the above criteria. CalPERS actuaries will reassess the criteria above when performing each future valuation to determine whether or not additional contributions are necessary.

An exception to the funding rules above is used whenever the application of such rules results in inconsistencies. In these cases a "fresh start" approach is used. This simply means that the current unfunded actuarial liability is projected and amortized over a set number of years. As mentioned above, if the annual contribution on the total unfunded liability was less than the amount produced by a 30-year amortization of the unfunded liability, the plan actuary would implement a 30-year fresh start. However, in the case of a 30-year fresh start, just the unfunded liability not already in the (gain)/loss base (which already is amortized over 30 years) will go into the new fresh start base. In addition, a fresh start is needed in the following situations:

1) When a positive payment would be required on a negative unfunded actuarial liability (or conversely a negative payment on a positive unfunded actuarial liability); or

2) When there is excess assets, rather than an unfunded liability. In this situation a 30-year fresh start is used, unless a larger fresh start is needed to avoid a negative total rate.

It should be noted that the actuary may choose to use a fresh start under other circumstances. In all cases, the period of the fresh start is chosen by the actuary according to his or her best judgment, but not be less than five years, nor greater than 30 years.

Asset Valuation Method

In order to dampen the effect of short term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-fifteenth of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However, in no case will the Actuarial Value of Assets be less than 80 percent, nor greater than 120 percent of the actual Market Value of Assets.

In June 2009, the CalPERS Board adopted changes to the asset smoothing method in order to phase in over a three-year period the impact of the negative -24 percent investment loss experienced by CalPERS in fiscal year 2008-2009. The following changes were adopted:

- Increase the corridor limits for the actuarial value of assets from 80 percent-120 percent of market value to 60 percent-140 percent of market value on June 30, 2009
- Reduce the corridor limits for the actuarial value of assets to 70 percent-130 percent of market value on June 30, 2010
- Return to the 80 percent-120 percent of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 contribution rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

Actuarial Assumptions

Economic Assumptions

Discount Rate

7.5 percent compounded annually (net of expenses). This assumption is used for all plans.

Termination Liability Discount Rate

The discount rate used for termination valuation is a weighted average of the 10 and 30-year US Treasury yields in effect on the valuation date that equal the duration of the pension liabilities. For purposes of this hypothetical termination liability estimate, the discount rate used, 2.98 percent, is the yield on the 30-year US Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) as of June 30, 2012. Please note, as of June 30, 2013 the 30-year STRIPS yield was 3.72 percent.

Salary Growth

Annual increases vary by category, entry age, and duration of service. Sample which is assumed increases are shown below.

Public Agency Miscellaneous

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1420	0.1240	0.0980
1	0.1190	0.1050	0.0850
2	0.1010	0.0910	0.0750
3	0.0880	0.0800	0.0670
4	0.0780	0.0710	0.0610
5	0.0700	0.0650	0.0560
10	0.0480	0.0460	0.0410
15	0.0430	0.0410	0.0360
20	0.0390	0.0370	0.0330
25	0.0360	0.0360	0.0330
30	0.0360	0.0360	0.0330

Public Agency Fire

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1050	0.1050	0.1020
1	0.0950	0.0940	0.0850
2	0.0870	0.0830	0.0700
3	0.0800	0.0750	0.0600
4	0.0740	0.0680	0.0510
5	0.0690	0.0620	0.0450
10	0.0510	0.0460	0.0350
15	0.0410	0.0390	0.0340
20	0.0370	0.0360	0.0330
25	0.0350	0.0350	0.0330
30	0.0350	0.0350	0.0330

Public Agency Police

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1090	0.1090	0.1090
1	0.0930	0.0930	0.0930
2	0.0810	0.0810	0.0780
3	0.0720	0.0700	0.0640
4	0.0650	0.0610	0.0550
5	0.0590	0.0550	0.0480
10	0.0450	0.0420	0.0340
15	0.0410	0.0390	0.0330
20	0.0370	0.0360	0.0330
25	0.0350	0.0340	0.0330
30	0.0350	0.0340	0.0330

Public Agency County Peace Officers

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1290	0.1290	0.1290
1	0.1090	0.1060	0.1030
2	0.0940	0.0890	0.0840
3	0.0820	0.0770	0.0710
4	0.0730	0.0670	0.0610
5	0.0660	0.0600	0.0530
10	0.0460	0.0420	0.0380
15	0.0410	0.0380	0.0360
20	0.0370	0.0360	0.0340
25	0.0350	0.0340	0.0330
30	0.0350	0.0340	0.0330

Schools

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1080	0.0960	0.0820
1	0.0940	0.0850	0.0740
2	0.0840	0.0770	0.0670
3	0.0750	0.0700	0.0620
4	0.0690	0.0640	0.0570
5	0.0630	0.0600	0.0530
10	0.0450	0.0440	0.0410
15	0.0390	0.0380	0.0350
20	0.0360	0.0350	0.0320
25	0.0340	0.0340	0.0320
30	0.0340	0.0340	0.0320

- The Miscellaneous salary scale is used for Local Prosecutors.
- The Police salary scale is used for Other Safety, Local Sheriff, and School Police.

Overall Payroll Growth

3.00 percent compounded annually (used in projecting the payroll over which the unfunded liability is amortized). This assumption is used for all plans.

Inflation

2.75 percent compounded annually. This assumption is used for all plans.

Non-valued Potential Additional Liabilities

The potential liability loss for a cost-of-living increase exceeding the 2.75 percent inflation assumption, and any potential liability loss from future member service purchases are not reflected in the valuation.

Miscellaneous Loading Factors

Credit for Unused Sick Leave

Final Average Salary is increased by 1 percent for those agencies that have accepted the provision providing Credit for Unused Sick Leave.

Conversion of Employer Paid Member Contributions (EPMC)

Final Average Salary is increased by the Employee Contribution Rate for those agencies that have contracted for the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

Norris Decision (Best Factors)

Employees hired prior to July 1, 1982 have projected benefit amounts increased in order to reflect the use of "Best Factors" for these employees in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. No loading is necessary for employees hired after July 1, 1982.

Termination Liability

The termination liabilities include a 7 percent contingency load. This load is for unforeseen improvements in mortality.

Demographic Assumptions

Pre-Retirement Mortality

Non-Industrial Death Rates vary by age and gender. Industrial Death rates vary by age. See sample rates in table below. The non-industrial death rates are used for all plans. The industrial death rates are used for Safety Plans (except for Local Prosecutor safety members where the corresponding Miscellaneous Plan does not have the Industrial Death Benefit).

	Non-Industrial Death (Not Job-Related)		**Industrial Death (Job-Related)**
Age	Male	Female	Male and Female
20	0.00047	0.00016	0.00003
25	0.00050	0.00026	0.00007
30	0.00053	0.00036	0.00010
35	0.00067	0.00046	0.00012
40	0.00087	0.00065	0.00013
45	0.00120	0.00093	0.00014
50	0.00176	0.00126	0.00015
55	0.00260	0.00176	0.00016
60	0.00395	0.00266	0.00017
65	0.00608	0.00419	0.00018
70	0.00914	0.00649	0.00019
75	0.01220	0.00878	0.00020
80	0.01527	0.01108	0.00021

Miscellaneous Plans usually have Industrial Death rates set to zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components: 99 percent will become the Non-Industrial Death rate and 1 percent will become the Industrial Death rate.

Post-Retirement Mortality

Rates vary by age, type of retirement and gender. See sample rates in table below. These rates are used for all plans.

	Healthy Recipients		Non-Industrially Disabled (Not Job-Related)		Industrially Disabled (Job-Related)	
Age	Male	Female	Male	Female	Male	Female
50	0.00239	0.00125	0.01632	0.01245	0.00443	0.00356
55	0.00474	0.00243	0.01936	0.01580	0.00563	0.00546
60	0.00720	0.00431	0.02293	0.01628	0.00777	0.00798
65	0.01069	0.00775	0.03174	0.01969	0.01388	0.01184
70	0.01675	0.01244	0.03870	0.03019	0.02236	0.01716
75	0.03080	0.02071	0.06001	0.03915	0.03585	0.02665
80	0.05270	0.03749	0.08388	0.05555	0.06926	0.04528
85	0.09775	0.07005	0.14035	0.09577	0.11799	0.08017
90	0.16747	0.12404	0.21554	0.14949	0.16575	0.13775
95	0.25659	0.21556	0.31025	0.23055	0.26108	0.23331
100	0.34551	0.31876	0.45905	0.37662	0.40918	0.35165
105	0.58527	0.56093	0.67923	0.61523	0.64127	0.60135
110	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date. The mortality assumption will be reviewed with the next experience study expected to be completed for the June 30, 2013 valuation to determine an appropriate margin to be used.

Marital Status

For active members, a percentage married upon retirement is assumed according to the following table.

Member Category	Percent Married
Miscellaneous Member	85%
Local Police	90%
Local Fire	90%
Other Local Safety	90%
School Police	90%

Age of Spouse

It is assumed that female spouses are 3 years younger than male spouses. This assumption is used for all plans.

Terminated Members

It is assumed that terminated members refund immediately if non-vested. Terminated members who are vested are assumed to follow the same service retirement pattern as active members but with a load to reflect the expected higher rates of retirement, especially at lower ages. The following table shows the load factors that are applied to the service retirement assumption for active members to obtain the service retirement pattern for separated vested members:

Age	Load Factor
50	450%
51	250%
52 through 56	200%
57 through 60	150%
61 through 64	125%
65 and above	100% (no change)

Termination with Refund

Rates vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40	Entry Age 45
0	0.1742	0.1674	0.1606	0.1537	0.1468	0.1400
1	0.1545	0.1477	0.1409	0.1339	0.1271	0.1203
2	0.1348	0.1280	0.1212	0.1142	0.1074	0.1006
3	0.1151	0.1083	0.1015	0.0945	0.0877	0.0809
4	0.0954	0.0886	0.0818	0.0748	0.0680	0.0612
5	0.0212	0.0193	0.0174	0.0155	0.0136	0.0116
10	0.0138	0.0121	0.0104	0.0088	0.0071	0.0055
15	0.0060	0.0051	0.0042	0.0032	0.0023	0.0014
20	0.0037	0.0029	0.0021	0.0013	0.0005	0.0001
25	0.0017	0.0011	0.0005	0.0001	0.0001	0.0001
30	0.0005	0.0001	0.0001	0.0001	0.0001	0.0001
35	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001

Public Agency Safety

Duration of Service	Fire	Police	County Peace Officer
0	0.0710	0.1013	0.0997
1	0.0554	0.0636	0.0782
2	0.0398	0.0271	0.0566
3	0.0242	0.0258	0.0437
4	0.0218	0.0245	0.0414
5	0.0029	0.0086	0.0145
10	0.0009	0.0053	0.0089
15	0.0006	0.0027	0.0045
20	0.0005	0.0017	0.0020
25	0.0003	0.0012	0.0009
30	0.0003	0.0009	0.0006
35	0.0003	0.0009	0.0006

The Police Termination and Refund rates are used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Schools

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40	Entry Age 45
0	0.1730	0.1627	0.1525	0.1422	0.1319	0.1217
1	0.1585	0.1482	0.1379	0.1277	0.1174	0.1071
2	0.1440	0.1336	0.1234	0.1131	0.1028	0.0926
3	0.1295	0.1192	0.1089	0.0987	0.0884	0.0781
4	0.1149	0.1046	0.0944	0.0841	0.0738	0.0636
5	0.0278	0.0249	0.0221	0.0192	0.0164	0.0135
10	0.0172	0.0147	0.0122	0.0098	0.0074	0.0049
15	0.0115	0.0094	0.0074	0.0053	0.0032	0.0011
20	0.0073	0.0055	0.0038	0.0020	0.0002	0.0002
25	0.0037	0.0023	0.0010	0.0002	0.0002	0.0002
30	0.0015	0.0003	0.0002	0.0002	0.0002	0.0002
35	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002

Termination with Vested Benefits

Rates vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40
5	0.0656	0.0597	0.0537	0.0477	0.0418
10	0.0530	0.0466	0.0403	0.0339	0.0000
15	0.0443	0.0373	0.0305	0.0000	0.0000
20	0.0333	0.0261	0.0000	0.0000	0.0000
25	0.0212	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000

Public Agency Safety

Duration of Service	Fire	Police	County Peace Officer
5	0.0162	0.0163	0.0265
10	0.0061	0.0126	0.0204
15	0.0058	0.0082	0.0130
20	0.0053	0.0065	0.0074
25	0.0047	0.0058	0.0043
30	0.0045	0.0056	0.0030
35	0.0000	0.0000	0.0000

- When a member is eligible to retire, the termination with vested benefits probability is set to zero.
- After termination with vested benefits, a miscellaneous member is assumed to retire at age 59 and a safety member at age 54.
- The Police Termination with vested benefits rates are used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Schools

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40
5	0.0816	0.0733	0.0649	0.0566	0.0482
10	0.0629	0.0540	0.0450	0.0359	0.0000
15	0.0537	0.0440	0.0344	0.0000	0.0000
20	0.0420	0.0317	0.0000	0.0000	0.0000
25	0.0291	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000

Non-Industrial (Not Job-Related) Disability

Rates vary by age and gender for Miscellaneous Plans.
Rates vary by age for Safety Plans.

	Miscellaneous		Fire	Police	County Peace Officer	Schools	
Age	Male	Female	Male and Female	Male and Female	Male and Female	Male	Female
20	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
25	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
30	0.0002	0.0002	0.0001	0.0002	0.0001	0.0002	0.0001
35	0.0006	0.0009	0.0001	0.0003	0.0004	0.0006	0.0004
40	0.0015	0.0016	0.0001	0.0004	0.0007	0.0014	0.0009
45	0.0025	0.0024	0.0002	0.0005	0.0013	0.0028	0.0017
50	0.0033	0.0031	0.0005	0.0008	0.0018	0.0044	0.0030
55	0.0037	0.0031	0.0010	0.0013	0.0010	0.0049	0.0034
60	0.0038	0.0025	0.0015	0.0020	0.0006	0.0043	0.0024

- The Miscellaneous Non-Industrial Disability rates are used for Local Prosecutors.
- The Police Non-Industrial Disability rates are used for Other Safety, Local Sheriff, and School Police.

Industrial (Job-Related) Disability

Rates vary by age and category.

Age	Fire	Police	County Peace Officer
20	0.0002	0.0007	0.0003
25	0.0012	0.0032	0.0015
30	0.0025	0.0064	0.0031
35	0.0037	0.0097	0.0046
40	0.0049	0.0129	0.0063
45	0.0061	0.0161	0.0078
50	0.0074	0.0192	0.0101
55	0.0721	0.0668	0.0173
60	0.0721	0.0668	0.0173

- The Police Industrial Disability rates are used for Local Sheriff and Other Safety.
- Fifty Percent of the Police Industrial Disability rates are used for School Police.
- One Percent of the Police Industrial Disability rates are used for Local Prosecutors.
- Normally, rates are zero for Miscellaneous Plans unless the agency has specifically contracted for Industrial Disability benefits. If so, each Miscellaneous Non-Industrial Disability rate will be split into two components: 50 percent will become the Non-Industrial Disability rate and 50 percent will become the Industrial Disability rate.

Service Retirement

Retirement rate vary by age, service, and formula, except for the safety ½ @ 55 and 2% @ 55 formulas, where retirement rates vary by age only.

Public Agency Miscellaneous 1.5% @ 65

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.008	0.011	0.013	0.015	0.017	0.019
51	0.007	0.010	0.012	0.013	0.015	0.017
52	0.010	0.014	0.017	0.019	0.021	0.024
53	0.008	0.012	0.015	0.017	0.019	0.022
54	0.012	0.016	0.019	0.022	0.025	0.028
55	0.018	0.025	0.031	0.035	0.038	0.043
56	0.015	0.021	0.025	0.029	0.032	0.036
57	0.020	0.028	0.033	0.038	0.043	0.048
58	0.024	0.033	0.040	0.046	0.052	0.058
59	0.028	0.039	0.048	0.054	0.060	0.067
60	0.049	0.069	0.083	0.094	0.105	0.118
61	0.062	0.087	0.106	0.120	0.133	0.150
62	0.104	0.146	0.177	0.200	0.223	0.251
63	0.099	0.139	0.169	0.191	0.213	0.239
64	0.097	0.136	0.165	0.186	0.209	0.233
65	0.140	0.197	0.240	0.271	0.302	0.339
66	0.092	0.130	0.157	0.177	0.198	0.222
67	0.129	0.181	0.220	0.249	0.277	0.311
68	0.092	0.129	0.156	0.177	0.197	0.221
69	0.092	0.130	0.158	0.178	0.199	0.224
70	0.103	0.144	0.175	0.198	0.221	0.248

Public Agency Miscellaneous 2% @ 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.011	0.015	0.018	0.021	0.023	0.026
51	0.009	0.013	0.016	0.018	0.020	0.023
52	0.013	0.018	0.022	0.025	0.028	0.031
53	0.011	0.016	0.019	0.022	0.025	0.028
54	0.015	0.021	0.025	0.028	0.032	0.036
55	0.023	0.032	0.039	0.044	0.049	0.055
56	0.019	0.027	0.032	0.037	0.041	0.046
57	0.025	0.035	0.042	0.048	0.054	0.060
58	0.030	0.042	0.051	0.058	0.065	0.073
59	0.035	0.049	0.060	0.068	0.076	0.085
60	0.062	0.087	0.105	0.119	0.133	0.149
61	0.079	0.110	0.134	0.152	0.169	0.190
62	0.132	0.186	0.225	0.255	0.284	0.319
63	0.126	0.178	0.216	0.244	0.272	0.305
64	0.122	0.171	0.207	0.234	0.262	0.293
65	0.173	0.243	0.296	0.334	0.373	0.418
66	0.114	0.160	0.194	0.219	0.245	0.274
67	0.159	0.223	0.271	0.307	0.342	0.384
68	0.113	0.159	0.193	0.218	0.243	0.273
69	0.114	0.161	0.195	0.220	0.246	0.276
70	0.127	0.178	0.216	0.244	0.273	0.306

Public Agency Miscellaneous 2% @ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.015	0.020	0.024	0.029	0.033	0.039
51	0.013	0.016	0.020	0.024	0.027	0.033
52	0.014	0.018	0.022	0.027	0.030	0.036
53	0.017	0.022	0.027	0.032	0.037	0.043
54	0.027	0.034	0.041	0.049	0.056	0.067
55	0.050	0.064	0.078	0.094	0.107	0.127
56	0.045	0.057	0.069	0.083	0.095	0.113
57	0.048	0.061	0.074	0.090	0.102	0.122
58	0.052	0.066	0.080	0.097	0.110	0.131
59	0.060	0.076	0.092	0.111	0.127	0.151
60	0.072	0.092	0.112	0.134	0.153	0.182
61	0.089	0.113	0.137	0.165	0.188	0.224
62	0.128	0.162	0.197	0.237	0.270	0.322
63	0.129	0.164	0.199	0.239	0.273	0.325
64	0.116	0.148	0.180	0.216	0.247	0.294
65	0.174	0.221	0.269	0.323	0.369	0.439
66	0.135	0.171	0.208	0.250	0.285	0.340
67	0.133	0.169	0.206	0.247	0.282	0.336
68	0.118	0.150	0.182	0.219	0.250	0.297
69	0.116	0.147	0.179	0.215	0.246	0.293
70	0.138	0.176	0.214	0.257	0.293	0.349

Public Agency Miscellaneous 2.5% @ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.026	0.033	0.040	0.048	0.055	0.062
51	0.021	0.026	0.032	0.038	0.043	0.049
52	0.021	0.026	0.032	0.038	0.043	0.049
53	0.026	0.033	0.040	0.048	0.055	0.062
54	0.043	0.054	0.066	0.078	0.089	0.101
55	0.088	0.112	0.136	0.160	0.184	0.208
56	0.055	0.070	0.085	0.100	0.115	0.130
57	0.061	0.077	0.094	0.110	0.127	0.143
58	0.072	0.091	0.111	0.130	0.150	0.169
59	0.083	0.105	0.128	0.150	0.173	0.195
60	0.088	0.112	0.136	0.160	0.184	0.208
61	0.083	0.105	0.128	0.150	0.173	0.195
62	0.121	0.154	0.187	0.220	0.253	0.286
63	0.105	0.133	0.162	0.190	0.219	0.247
64	0.105	0.133	0.162	0.190	0.219	0.247
65	0.143	0.182	0.221	0.260	0.299	0.338
66	0.105	0.133	0.162	0.190	0.219	0.247
67	0.105	0.133	0.162	0.190	0.219	0.247
68	0.105	0.133	0.162	0.190	0.219	0.247
69	0.105	0.133	0.162	0.190	0.219	0.247
70	0.125	0.160	0.194	0.228	0.262	0.296

Public Agency Miscellaneous 2.7% @ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.028	0.035	0.043	0.050	0.058	0.065
51	0.022	0.028	0.034	0.040	0.046	0.052
52	0.022	0.028	0.034	0.040	0.046	0.052
53	0.028	0.035	0.043	0.050	0.058	0.065
54	0.044	0.056	0.068	0.080	0.092	0.104
55	0.091	0.116	0.140	0.165	0.190	0.215
56	0.061	0.077	0.094	0.110	0.127	0.143
57	0.063	0.081	0.098	0.115	0.132	0.150
58	0.074	0.095	0.115	0.135	0.155	0.176
59	0.083	0.105	0.128	0.150	0.173	0.195
60	0.088	0.112	0.136	0.160	0.184	0.208
61	0.085	0.109	0.132	0.155	0.178	0.202
62	0.124	0.158	0.191	0.225	0.259	0.293
63	0.107	0.137	0.166	0.195	0.224	0.254
64	0.107	0.137	0.166	0.195	0.224	0.254
65	0.146	0.186	0.225	0.265	0.305	0.345
66	0.107	0.137	0.166	0.195	0.224	0.254
67	0.107	0.137	0.166	0.195	0.224	0.254
68	0.107	0.137	0.166	0.195	0.224	0.254
69	0.107	0.137	0.166	0.195	0.224	0.254
70	0.129	0.164	0.199	0.234	0.269	0.304

Public Agency Miscellaneous 3% @ 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.026	0.033	0.040	0.048	0.055	0.062
51	0.021	0.026	0.032	0.038	0.043	0.049
52	0.019	0.025	0.030	0.035	0.040	0.046
53	0.025	0.032	0.038	0.045	0.052	0.059
54	0.039	0.049	0.060	0.070	0.081	0.091
55	0.083	0.105	0.128	0.150	0.173	0.195
56	0.055	0.070	0.085	0.100	0.115	0.130
57	0.061	0.077	0.094	0.110	0.127	0.143
58	0.072	0.091	0.111	0.130	0.150	0.169
59	0.080	0.102	0.123	0.145	0.167	0.189
60	0.094	0.119	0.145	0.170	0.196	0.221
61	0.088	0.112	0.136	0.160	0.184	0.208
62	0.127	0.161	0.196	0.230	0.265	0.299
63	0.110	0.140	0.170	0.200	0.230	0.260
64	0.110	0.140	0.170	0.200	0.230	0.260
65	0.149	0.189	0.230	0.270	0.311	0.351
66	0.110	0.140	0.170	0.200	0.230	0.260
67	0.110	0.140	0.170	0.200	0.230	0.260
68	0.110	0.140	0.170	0.200	0.230	0.260
69	0.110	0.140	0.170	0.200	0.230	0.260
70	0.132	0.168	0.204	0.240	0.276	0.312

Public Agency Fire ½ @ 55 and 2% @ 55

Age	Rate	Age	Rate
50	0.01588	56	0.11079
51	0.00000	57	0.00000
52	0.03442	58	0.09499
53	0.01990	59	0.04409
54	0.04132	60	1.00000
55	0.07513		

Public Agency Police ½ @ 55 and 2% @ 55

Age	Rate	Age	Rate
50	0.02552	56	0.06921
51	0.00000	57	0.05113
52	0.01637	58	0.07241
53	0.02717	59	0.07043
54	0.00949	60	1.00000
55	0.16674		

Public Agency Police 2%@ 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.014	0.014	0.014	0.014	0.025	0.045
51	0.012	0.012	0.012	0.012	0.023	0.040
52	0.026	0.026	0.026	0.026	0.048	0.086
53	0.052	0.052	0.052	0.052	0.096	0.171
54	0.070	0.070	0.070	0.070	0.128	0.227
55	0.090	0.090	0.090	0.090	0.165	0.293
56	0.064	0.064	0.064	0.064	0.117	0.208
57	0.071	0.071	0.071	0.071	0.130	0.232
58	0.063	0.063	0.063	0.063	0.115	0.205
59	0.140	0.140	0.140	0.140	0.174	0.254
60	0.140	0.140	0.140	0.140	0.172	0.251
61	0.140	0.140	0.140	0.140	0.172	0.251
62	0.140	0.140	0.140	0.140	0.172	0.251
63	0.140	0.140	0.140	0.140	0.172	0.251
64	0.140	0.140	0.140	0.140	0.172	0.251
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Public Agency Fire 2%@50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.007	0.007	0.007	0.010	0.015
51	0.008	0.008	0.008	0.008	0.013	0.019
52	0.017	0.017	0.017	0.017	0.027	0.040
53	0.047	0.047	0.047	0.047	0.072	0.107
54	0.064	0.064	0.064	0.064	0.098	0.147
55	0.087	0.087	0.087	0.087	0.134	0.200
56	0.078	0.078	0.078	0.078	0.120	0.180
57	0.090	0.090	0.090	0.090	0.139	0.208
58	0.079	0.079	0.079	0.079	0.122	0.182
59	0.073	0.073	0.073	0.073	0.112	0.168
60	0.114	0.114	0.114	0.114	0.175	0.262
61	0.114	0.114	0.114	0.114	0.175	0.262
62	0.114	0.114	0.114	0.114	0.175	0.262
63	0.114	0.114	0.114	0.114	0.175	0.262
64	0.114	0.114	0.114	0.114	0.175	0.262
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 3%@ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.019	0.019	0.019	0.019	0.040	0.060
51	0.024	0.024	0.024	0.024	0.049	0.074
52	0.024	0.024	0.024	0.024	0.051	0.077
53	0.059	0.059	0.059	0.059	0.121	0.183
54	0.069	0.069	0.069	0.069	0.142	0.215
55	0.116	0.116	0.116	0.116	0.240	0.363
56	0.076	0.076	0.076	0.076	0.156	0.236
57	0.058	0.058	0.058	0.058	0.120	0.181
58	0.076	0.076	0.076	0.076	0.157	0.237
59	0.094	0.094	0.094	0.094	0.193	0.292
60	0.141	0.141	0.141	0.141	0.290	0.438
61	0.094	0.094	0.094	0.094	0.193	0.292
62	0.118	0.118	0.118	0.118	0.241	0.365
63	0.094	0.094	0.094	0.094	0.193	0.292
64	0.094	0.094	0.094	0.094	0.193	0.292
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Public Agency Fire 3%@55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.012	0.012	0.012	0.018	0.028	0.033
51	0.008	0.008	0.008	0.012	0.019	0.022
52	0.018	0.018	0.018	0.027	0.042	0.050
53	0.043	0.043	0.043	0.062	0.098	0.114
54	0.057	0.057	0.057	0.083	0.131	0.152
55	0.092	0.092	0.092	0.134	0.211	0.246
56	0.081	0.081	0.081	0.118	0.187	0.218
57	0.100	0.100	0.100	0.146	0.230	0.268
58	0.081	0.081	0.081	0.119	0.187	0.219
59	0.078	0.078	0.078	0.113	0.178	0.208
60	0.117	0.117	0.117	0.170	0.267	0.312
61	0.078	0.078	0.078	0.113	0.178	0.208
62	0.098	0.098	0.098	0.141	0.223	0.260
63	0.078	0.078	0.078	0.113	0.178	0.208
64	0.078	0.078	0.078	0.113	0.178	0.208
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 3%@ 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.070	0.070	0.070	0.131	0.193	0.249
51	0.050	0.050	0.050	0.095	0.139	0.180
52	0.061	0.061	0.061	0.116	0.171	0.220
53	0.069	0.069	0.069	0.130	0.192	0.247
54	0.071	0.071	0.071	0.134	0.197	0.255
55	0.090	0.090	0.090	0.170	0.250	0.322
56	0.069	0.069	0.069	0.130	0.191	0.247
57	0.080	0.080	0.080	0.152	0.223	0.288
58	0.087	0.087	0.087	0.164	0.242	0.312
59	0.090	0.090	0.090	0.170	0.251	0.323
60	0.135	0.135	0.135	0.255	0.377	0.485
61	0.090	0.090	0.090	0.170	0.251	0.323
62	0.113	0.113	0.113	0.213	0.314	0.404
63	0.090	0.090	0.090	0.170	0.251	0.323
64	0.090	0.090	0.090	0.170	0.251	0.323
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Public Agency Fire 3%@50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.034	0.034	0.034	0.048	0.068	0.080
51	0.046	0.046	0.046	0.065	0.092	0.109
52	0.069	0.069	0.069	0.097	0.138	0.163
53	0.084	0.084	0.084	0.117	0.166	0.197
54	0.103	0.103	0.103	0.143	0.204	0.241
55	0.127	0.127	0.127	0.177	0.252	0.298
56	0.121	0.121	0.121	0.169	0.241	0.285
57	0.101	0.101	0.101	0.141	0.201	0.238
58	0.118	0.118	0.118	0.165	0.235	0.279
59	0.100	0.100	0.100	0.140	0.199	0.236
60	0.150	0.150	0.150	0.210	0.299	0.354
61	0.100	0.100	0.100	0.140	0.199	0.236
62	0.125	0.125	0.125	0.175	0.249	0.295
63	0.100	0.100	0.100	0.140	0.199	0.236
64	0.100	0.100	0.100	0.140	0.199	0.236
65	1.000	1.000	1.000	1.000	1.000	1.000

Schools 2%@ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.005	0.009	0.013	0.015	0.016	0.018
51	0.005	0.010	0.014	0.017	0.019	0.021
52	0.006	0.012	0.017	0.020	0.022	0.025
53	0.007	0.014	0.019	0.023	0.026	0.029
54	0.012	0.024	0.033	0.039	0.044	0.049
55	0.024	0.048	0.067	0.079	0.088	0.099
56	0.020	0.039	0.055	0.065	0.072	0.081
57	0.021	0.042	0.059	0.070	0.078	0.087
58	0.025	0.050	0.070	0.083	0.092	0.103
59	0.029	0.057	0.080	0.095	0.105	0.118
60	0.037	0.073	0.102	0.121	0.134	0.150
61	0.046	0.090	0.126	0.149	0.166	0.186
62	0.076	0.151	0.212	0.250	0.278	0.311
63	0.069	0.136	0.191	0.225	0.251	0.281
64	0.067	0.133	0.185	0.219	0.244	0.273
65	0.091	0.180	0.251	0.297	0.331	0.370
66	0.072	0.143	0.200	0.237	0.264	0.295
67	0.067	0.132	0.185	0.218	0.243	0.272
68	0.060	0.118	0.165	0.195	0.217	0.243
69	0.067	0.133	0.187	0.220	0.246	0.275
70	0.066	0.131	0.183	0.216	0.241	0.270

Miscellaneous

Superfunded Status

Prior to enactment of the Public Employees' Pension Reform Act (PEPRA) effective January 1, 2013, a plan in superfunded status (actuarial value of assets exceeding present value of benefits) would normally pay a zero employer contribution rate while also being permitted to use its superfunded assets to pay its employees' normal member contributions.

However, Section 7522.52(a) of PEPRA states, "In any fiscal year a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the total normal cost rate…" This means that not only must employers pay their employer normal cost, regardless of plan surplus, but also that employers may no longer use superfunded assets to pay employee normal member contributions.

Superfunded status applies only to individual plans, not risk pools. For rate plans within a risk pool, actuarial value of assets is the sum of the rate plan's side fund plus the rate plan's pro-rata share of non-side fund assets.

Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code Section 415 were taken into account in this valuation. Each year the impact of any changes in this limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. This results in lower contributions for those employers contributing to the Replacement Benefit Fund and it also protects CalPERS from prefunding expected benefits in excess of limits imposed by federal tax law.

Internal Revenue Code Section 401(a)(17)

The limitations on compensation imposed by Internal Revenue Code Section 401(a)(17) were taken into account in this valuation. Each year the impact of any changes in this compensation limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base.

PEPRA Assumptions

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. For non-pooled plans, these members will first be reflected in the June 30, 2013 non-pooled plan valuations. Members in pooled plans will be reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in November 2012 in response to the passage of PEPRA, beginning with the June 30, 2013 valuation. Different assumptions for the new PEPRA members will be disclosed in the 2013 valuation.

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APPENDIX B

PRINCIPAL PLAN PROVISIONS

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The following is a description of the principal plan provisions used in calculating the liabilities of the Safety 3.0% at 55 Risk Pool. Plan provisions are divided based on whether they are standard, Class 1, Class 2 or Class 3 benefits. Standard benefits are applicable to all members of the risk pool while Class 1, 2 or 3 benefits vary among employers. Provided at the end of the listing in Appendix C is a table showing the percentage of members participating in the pool that are subject to Class 1 benefits.

Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the complex Public Employees' Retirement Law. The law itself governs in all situations.

PEPRA Benefit Changes

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. For non-pooled plans, these members will first be reflected in the June 30, 2013 non-pooled plan valuations. Members in pooled plans will be reflected in the new Miscellaneous and new Safety risk pools created by the CalPERS Board in November 2012 in response to the passage of PEPRA, also beginning with the June 30, 2013 valuation.

Service Retirement

Eligibility
A CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service.

Benefit
The Service Retirement benefit is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation*.

- The *benefit factor* for this group of employees comes from the **3% at 55 or 1.5% at 65 Safety** benefit formula factor table. The factor depends on the member's age at retirement. Listed below are the factors for retirement at whole year ages:

Retirement Age	3% at 55 Safety Factor
50	2.400%
51	2.520%
52	2.640%
53	2.760%
54	2.880%
55 & Up	3%

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. Any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.

- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit available to all members is 36 months. Employers have the option of providing a final compensation equal to the highest 12 consecutive months by contracting for this Class 1 optional benefit. Final compensation must be defined by the highest 36 consecutive months' pay under the 1.5% at 65 formula.

- Employees must be covered by Social Security with the 1.5% at 65 formula. Social Security is optional for all other benefit formulas. For employees covered by the modified formula, the final compensation is offset by $133.33 (or by one third if the final compensation is less than $400). Employers have the option to contract for the Class 3 benefit that will eliminate the offset applicable to the final compensation of employees covered by a modified formula.

- The Miscellaneous Service Retirement benefit is not capped. The Safety Service Retirement benefit is capped at 90 percent of final compensation.

Vested Deferred Retirement

Eligibility for Deferred Status

A CalPERS member becomes eligible for a deferred vested retirement benefit when he or she leaves employment, keeps his or her contribution account balance on deposit with CalPERS, **and** has earned at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements).

Eligibility to Start Receiving Benefits

The CalPERS member becomes eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 50 (55 for employees hired into a 1.5% @ 65 plan).

Benefit

The vested deferred retirement benefit is the same as the Service Retirement benefit, where the benefit factor is based on the member's age at allowance commencement. For members who have earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance.

Non-Industrial (Non-Job Related) Disability Retirement

Eligibility

A CalPERS member is eligible for Non-Industrial Disability Retirement if he or she becomes *disabled* and has at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). There is no special age requirement. *Disabled* means the member is unable to perform his or her job because of an illness or injury which is expected to be permanent or to last indefinitely. The illness or injury does not have to be job related. A CalPERS member must be actively working with any CalPERS employer at the time of disability in order to be eligible for this benefit.

Standard Benefit

The standard Non-Industrial Disability Retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by *service*, which is determined as follows:

- *Service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or

- *Service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33 1/3 percent of Final Compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

Improved Benefit
Employers have the option of providing this improved benefit by contracting for this Class 3 optional benefit.

The improved Non-Industrial Disability Retirement benefit is a monthly allowance equal to 30 percent of final compensation for the first 5 years of service, plus 1% for each additional year of service to a maximum of 50 percent of final compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

Industrial (Job Related) Disability Retirement

All safety members have this benefit.

Eligibility
An employee is eligible for Industrial Disability Retirement if he or she becomes disabled while working, where disabled means the member is unable to perform the duties of the job because of a work-related illness or injury which is expected to be permanent or to last indefinitely. A CalPERS member who has left active employment within this group is not eligible for this benefit, except to the extent described in the next paragraph.

Standard Benefit
The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50 percent of final compensation. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of or annuitization of the accumulated member contributions with respect to employment in this group. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

Increased Benefit (75 percent of Final Compensation)
The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75 percent of final compensation for total disability. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of or annuitization of the accumulated member contributions with respect to employment in this group. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

Improved Benefit (50 percent to 90 percent of Final Compensation)
The improved Industrial Disability Retirement benefit is a monthly allowance equal to the Workman's Compensation Appeals Board permanent disability rate percentage (if 50 percent or greater, with a maximum of 90 percent) times the final compensation. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of the accumulated member contributions with respect to employment in this group.

Post-Retirement Death Benefit

Standard Lump Sum Payment
Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Improved Lump Sum Payment
Employers have the option of providing any of these improved lump sum death benefit by contracting for any of these class 3 optional benefits.

Upon the death of a retiree, a one-time lump sum payment of $600, $2,000, $3,000, $4,000 or $5,000 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Form of Payment for Retirement Allowance

Standard Form of Payment
Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. The larger the amount to be provided to the beneficiary is, and the younger the beneficiary is, the greater the reduction to the retiree's allowance.

Improved Form of Payment (Post Retirement Survivor Allowance)
Employers have the option to contract for this Class 1 benefit providing an improved post retirement survivor allowance.

For retirement allowances with respect to service subject to the modified formula, 25 percent of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. For retirement allowances with respect to service subject to the full formula, 50 percent of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. This additional benefit is often referred to as post retirement survivor allowance (PRSA) or simply as survivor continuance.

In other words, 25 percent or 50 percent of the allowance, the continuance portion, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried children until they attain age 18; or, if no eligible children, to a qualifying dependent parent) for the rest of his or her lifetime. This benefit will not be discontinued in the event the spouse remarries.

The remaining 75 percent or 50 percent of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. CalPERS offers a variety of such benefit options, which the retiree pays for by taking a reduction to the option portion of his or her retirement allowance.

Pre-Retirement Death Benefits

Basic Death Benefit

Eligibility
An employee's beneficiary (or estate) may receive the Basic Death benefit if the member dies while actively employed. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit described below may choose to receive that death benefit instead of this Basic Death benefit.

Standard Benefit
The Basic Death Benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

1957 Survivor Benefit

Eligibility
An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried children under age 18. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the Special Death benefit.

Standard Benefit
The 1957 Survivor benefit is a monthly allowance equal to one-half of the unmodified Service Retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to a dependent child, the benefit will be discontinued upon death or attainment of age 18, unless the child is disabled. There is a guarantee that the total amount paid will at least equal the Basic Death benefit.

Optional Settlement 2W Death Benefit

Eligibility
An employee's *eligible survivor* may receive the Optional Settlement 2W Death benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the 1957 Survivor benefit.

Standard Benefit
The Optional Settlement 2W Death benefit is a monthly allowance equal to the Service Retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2W. (A retiree who elects Optional Settlement 2W receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried children under age 18, if applicable. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

Special Death Benefit

Eligibility
An employee's *eligible survivor(s)* may receive the Special Death benefit if the member dies while actively employed and the death is job-related. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried children under age 22. An eligible survivor who chooses to receive this benefit will not receive any other death benefit.

Improved Benefit
The Special Death benefit is a monthly allowance equal to 50 percent of final compensation, and will be increased whenever the compensation paid to active employees is increased but ceasing to increase when the member would have attained age 50. The allowance is payable to the surviving spouse until death at which time the allowance is continued to any unmarried children under age 22. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

If the member's death is the result of an accident or injury caused by external violence or physical force incurred in the performance of the member's duty, and there are *eligible* surviving children (*eligible* means unmarried children under age 22) in addition to an eligible spouse, then an **additional monthly allowance** is paid equal to the following:

- if 1 eligible child: 12.5% of final compensation
- if 2 eligible children: 20.0% of final compensation
- if 3 or more eligible children: 25.0% of final compensation

Cost-of-Living Adjustments (COLA)

Standard Benefit
Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

Improved Benefit
Employers have the option of providing any of these improved cost-of-living adjustments by contracting for any one of these Class 1 optional benefits. An improved COLA is not available in conjunction with the 1.5% at 65 formula.

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by either 3 percent, 4 percent or 5 percent. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

Purchasing Power Protection Allowance (PPPA)

Retirement and survivor allowances are protected against inflation by PPPA. PPPA benefits are cost-of-living adjustments that are intended to maintain an individual's allowance at 80 percent of the initial allowance at retirement adjusted for inflation since retirement. The PPPA benefit will be coordinated with other cost-of-living adjustments provided under the plan.

Employee Contributions

Each employee contributes toward his or her retirement based upon the following schedule.

The percent contributed below the monthly compensation breakpoint is 0%.
The monthly compensation breakpoint is $0 for full and supplemental formula members.
The monthly compensation breakpoint is $133.33 for employees covered by the modified formula.
The percent contributed above the monthly compensation breakpoint is 9%.

The employer may choose to "pick-up" these contributions for the employees (Employer Paid Member Contributions or EMPC). An employer may also include Employee Cost Sharing in the contract, where employees contribute an additional percentage of compensation based on any optional benefit for which a contract amendment was made on or after January 1, 1979.

Refund of Employee Contributions

If the member's service with the employer ends, and if the member does not satisfy the eligibility conditions for any of the retirement benefits above, the member may elect to receive a refund of his or her employee contributions, which are credited annually with 6 percent interest.

1959 Survivor Benefit

This is a pre-retirement death benefit available only to members not covered by Social Security. Any agency joining CalPERS subsequent to 1993 was required to provide this benefit if the members were not covered by Social Security. The benefit is optional for agencies joining CalPERS prior to 1994. Levels 1, 2 and 3 are now closed. Any new agency or any agency wishing to add this benefit or increase the current level must choose the 4th or Indexed Level.

This benefit is not included in the results presented in this valuation. More information on this benefit is available on the CalPERS website at www.calpers.ca.gov.

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APPENDIX C

PLAN OPTIONS AND VARIABLES

- **CLASSIFICATION OF OPTIONAL BENEFITS**
- **EXAMPLE OF INDIVIDUAL AGENCY'S RATE CALCULATION**
- **DISTRIBUTION OF CLASS 1 BENEFITS**

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Classification of Optional Benefits

Below is the list of the available optional benefit provisions and their initial classification upon establishment of risk pools. When new benefits become available as a result of legislation, the Chief Actuary will determine their classification in accordance with the criteria established in the Board policy.

Class 1

Class 1 benefits have been identified to be additional benefits which have a significant, ongoing effect on the total plan cost. In some cases, a Class 1 benefit may be an alternate benefit formula. These benefits vary by employer across the risk pool. Agencies contracting for a Class 1 benefit will be responsible for the past service liability associated with such benefit and will be required to pay a surcharge established by the actuary to cover the ongoing cost (normal cost) of the Class 1 benefit.

The table below shows the list of Class 1 benefits and their applicable surcharge for the Safety 3.0% at 55 Risk Pool. Last year's surcharges are shown for comparison.

	June 30, 2011	June 30, 2012
• One Year Final Compensation	0.895%	0.883%
• EPMC by contract, 7%	1.739%	1.704%
• EPMC by contract, 8%	1.988%	1.947%
• EPMC by contract, 9%	2.236%	2.190%
• 25% PRSA	1.728%	1.698%
• 50% PRSA	1.728%	1.698%
• 3% Annual COLA	1.959%	1.924%
• 4% Annual COLA	1.959%	1.924%
• 5% Annual COLA	1.959%	1.924%
• IDR For Local Miscellaneous Members	N/A	N/A
• Increased IDR Allowance to 75% of Compensation	3.584%	3.456%
• Improved Industrial Disability Allowance for Local Safety Members	3.584%	3.456%
• Employee Cost Sharing	varies	varies
• Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level - Covered by Social Security	N/A	N/A
• Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level - Not Covered by Social Security	N/A	N/A
• 2.5% @ 55 Safety	N/A	N/A
• 1/2 @ 55 Safety	N/A	N/A

For employers contracting for more than one Class 1 benefit, the surcharges listed in this table will be added together

- Employee cost sharing had been eliminated as a surcharge from some of the June 30, 2010 valuations and from all of the June 30, 2011 and later valuations. It is now shown on My|CalPERS as a rate adjustment.

Class 2

Class 2 benefits have been identified to be the ancillary benefits providing one-time increases in benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 2 benefit will be responsible for the past service liability associated with such benefit.

The following benefits shall be classified as Class 2:

- One-time 1% to 6% Ad Hoc COLA Increases for members who retired or died prior to January 1, 1998 (Section 21328)
- "Golden Handshakes" – Section 20903 Two Years Additional Service Credit
- Credit for Prior Service Paid for by the Employer
- Military Service Credit (Section 20996)
- Credit for Local Retirement System Service for Employees of Agencies Contracted on a Prospective basis (Section 20530.1)
- Prior Service Credit for Employees of an Assumed Agency Function (Section 20936)
- Limit Prior Service to Members Employed on Contract Date (Section 20938)
- Public Service Credit for Limited Prior Service (Section 21031)
- Public Service Credit for Employees of an Assumed Agency or Function (Section 21025)

Class 3

Class 3 benefits have been identified to be additional benefits which have a minimal effect on the total plan cost. Class 3 benefits may vary by rate plan within each risk pool. However, the employer contribution rate will not vary within the risk pool due to the Class 3 benefits.

The following benefits shall be classified as Class 3:

- Full formula plus social security
- Post Retirement Lump Sum Death Benefit
- $600 lump sum retired death benefit (Section 21622)
- $2,000 lump sum retired death benefit (Section 21623.5)
- $3,000 lump sum retired death benefit (Section 21623.5)
- $4,000 lump sum retired death benefit (Section 21623.5)
- $5,000 lump sum retired death benefit (Section 21623.5)
- Improved non-industrial disability allowance (Section 21427)
- Special death benefit for local miscellaneous members (Section 21540.5)
- Service Credit Purchased by Member
- Partial Service Retirement (Section 21118)
- Optional Membership for Part Time Employees (Section 20325)
- Extension of Reciprocity Rights for Elective Officers (Section 20356)
- Removal of Contract Exclusions Prospectively Only (Section 20503)
- Alternate Death Benefit for Local Fire Members credited with 20 or more years of service (Section 21547.7)

Example Of Individual Agency's Rate Calculation

An individual employer rate is comprised of several components. These include the pool's net employer normal cost, payment on the pool's unfunded liability, additional surcharge payments for contracted Class 1 benefits, the normal cost phase-out and an agency's payment for their own side fund. An example of the total rate for an employer might look something like this:

Net Pool's Employer Normal Cost	15.430%
Rate Plan Surcharges	0.883%
Total Employer Normal Cost	16.313%
Plus: Plan's share of Pool's Payment on the Amortization Bases	5.937%
Side Fund Amortization Payment	2.600%
Total Employer Rate for fiscal year 2014-15	24.850%

Your plan's actual required contribution can be found in Section 1.

Distribution of Class 1 Benefits

Final Compensation	**% of members in the pool with contracted benefit**
One Year Final Compensation	77.7%
Three Years Final Compensation	22.3%
Post Retirement Survivor Continuance (PRSA)	
No PRSA	57.7%
With PRSA	42.3%
Cost-of-Living Adjustments (COLA)	
2% COLA	97.1%
3% COLA	2.9%
4% COLA	0.0%
5% COLA	0.0%
Industrial Disability Benefit	
None	0.0%
Standard Industrial Disability Benefit (50% of Final Compensation)	100.0%
Improved Industrial Disability Benefit (75% of Final Compensation)	0.0%
Improved Industrial Disability Benefit (50% - 90% of Final Compensation)	0.0%

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APPENDIX D

PARTICIPATING EMPLOYERS

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Employer Name

ALPINE FIRE PROTECTION DISTRICT
AMERICAN CANYON FIRE PROTECTION DISTRICT
ANDERSON FIRE PROTECTION DISTRICT
APPLE VALLEY FIRE PROTECTION DISTRICT
APTOS/LA SELVA FIRE PROTECTION AGENCY
BELMONT FIRE PROTECTION DISTRICT
BIG BEAR CITY COMMUNITY SERVICES DISTRICT
BOULDER CREEK FIRE PROTECTION DISTRICT
BRANCIFORTE FIRE PROTECTION DISTRICT
BURNEY FIRE DISTRICT
CAMBRIA COMMUNITY HEALTHCARE DISTRICT
CENTRAL COUNTY FIRE DEPARTMENT
CENTRAL FIRE PROTECTION DISTRICT OF SANTA CRUZ COUNTY
CHINO VALLEY INDEPENDENT FIRE DISTRICT
CITY OF ALBANY
CITY OF ALTURAS
CITY OF ANDERSON
CITY OF ARROYO GRANDE
CITY OF AVENAL
CITY OF AZUSA
CITY OF BELL
CITY OF BENICIA
CITY OF BRISBANE
CITY OF CALISTOGA
CITY OF CATHEDRAL CITY
CITY OF CHINO
CITY OF CHOWCHILLA
CITY OF CITRUS HEIGHTS
CITY OF CLAREMONT
CITY OF CLAYTON
CITY OF CORCORAN
CITY OF CORNING
CITY OF COVINA
CITY OF DIXON
CITY OF EAST PALO ALTO
CITY OF EMERYVILLE
CITY OF ENCINITAS
CITY OF EXETER
CITY OF FILLMORE
CITY OF FIREBAUGH
CITY OF FOUNTAIN VALLEY
CITY OF FOWLER
CITY OF GRASS VALLEY
CITY OF GROVER BEACH
CITY OF GUSTINE
CITY OF HANFORD
CITY OF HERMOSA BEACH
CITY OF KINGSBURG
CITY OF LAGUNA BEACH
CITY OF LARKSPUR
CITY OF LEMON GROVE
CITY OF LINDSAY
CITY OF LOMA LINDA
CITY OF LOMPOC
CITY OF LOS BANOS
CITY OF MANHATTAN BEACH
CITY OF MANTECA

APPENDIX D - PARTICIPATING EMPLOYERS

CITY OF MENLO PARK
CITY OF MILL VALLEY
CITY OF MILLBRAE
CITY OF MONTCLAIR
CITY OF MORRO BAY
CITY OF NOVATO
CITY OF PACIFICA
CITY OF PASO ROBLES
CITY OF PINOLE
CITY OF PORT HUENEME
CITY OF PORTERVILLE
CITY OF POWAY
CITY OF RED BLUFF
CITY OF REEDLEY
CITY OF SALINAS
CITY OF SAN CLEMENTE
CITY OF SAN MARINO
CITY OF SAND CITY
CITY OF SANGER
CITY OF SANTA CRUZ
CITY OF SANTA MARIA
CITY OF SANTEE
CITY OF SAUSALITO
CITY OF SHAFTER
CITY OF SIERRA MADRE
CITY OF SIGNAL HILL
CITY OF SOLEDAD
CITY OF SOUTH LAKE TAHOE
CITY OF TULARE
CITY OF UKIAH
CITY OF UNION CITY
CITY OF WATSONVILLE
CITY OF WEST SACRAMENTO
CITY OF WINTERS
COUNTY OF AMADOR
COUNTY OF GLENN
COUNTY OF MARIPOSA
COUNTY OF NAPA
COUNTY OF NEVADA
COUNTY OF PLUMAS
COUNTY OF SAN BENITO
COUNTY OF SIERRA
EAST BAY REGIONAL PARK DISTRICT
EBBETTS PASS FIRE PROTECTION DISTRICT
FELTON FIRE PROTECTION DISTRICT
GLEN ELLEN FIRE PROTECTION DISTRICT
GOLD RIDGE FIRE PROTECTION DISTRICT
GREENFIELD FIRE PROTECTION DISTRICT
HERALD FIRE PROTECTION DISTRICT
IDYLLWILD FIRE PROTECTION DISTRICT
KENTFIELD FIRE PROTECTION DISTRICT
LAKE COUNTY FIRE PROTECTION DISTRICT
LAKE VALLEY FIRE PROTECTION DISTRICT
MAMMOTH LAKES FIRE DISTRICT
MARINWOOD COMMUNITY SERVICES DISTRICT
MEEKS BAY FIRE PROTECTION DISTRICT
MONTECITO FIRE PROTECTION DISTRICT
MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT
MONTEZUMA FIRE PROTECTION DISTRICT

APPENDIX D - PARTICIPATING EMPLOYERS

NEVADA COUNTY CONSOLIDATED FIRE DISTRICT
NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY
NORTH COUNTY FIRE PROTECTION DISTRICT OF SAN DIEGO COUNTY
NORTH TAHOE FIRE PROTECTION DISTRICT
NORTHSHORE FIRE PROTECTION DISTRICT
OAKLAND CITY HOUSING AUTHORITY
RANCHO CUCAMONGA FIRE PROTECTION DISTRICT
RANCHO SANTA FE FIRE PROTECTION DISTRICT
RESCUE FIRE PROTECTION DISTRICT
RINCON VALLEY FIRE PROTECTION DISTRICT
ROSS VALLEY FIRE DEPARTMENT
SAN JOAQUIN DELTA COMMUNITY COLLEGE DISTRICT
SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SANTA MONICA COMMUNITY COLLEGE DISTRICT
SCOTTS VALLEY FIRE PROTECTION DISTRICT
SHASTA LAKE FIRE PROTECTION DISTRICT
SOUTH PLACER FIRE DISTRICT
STALLION SPRINGS COMMUNITY SERVICES DISTRICT
TIBURON FIRE PROTECTION DISTRICT
TOWN OF FAIRFAX
TOWN OF PARADISE
TOWN OF ROSS
TOWN OF SAN ANSELMO
TOWN OF TIBURON
TOWN OF TRUCKEE
TRUCKEE FIRE PROTECTION DISTRICT
TUOLUMNE FIRE DISTRICT
TWAIN HARTE COMMUNITY SERVICES DISTRICT
TWENTYNINE PALMS WATER DISTRICT
TWIN CITIES POLICE AUTHORITY
WEST ALMANOR COMMUNITY SERVICES DISTRICT
WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
WINDSOR FIRE PROTECTION DISTRICT
WOODBRIDGE RURAL COUNTY FIRE PROTECTION DISTRICT

APPENDIX E

PARTICIPANT DATA

- **SOURCE OF THE PARTICIPANT DATA**
- **DATA VALIDATION TESTS AND ADJUSTMENTS**
- **SUMMARY OF VALUATION DATA**
- **ACTIVE MEMBERS**
- **TRANSFERRED AND TERMINATED MEMBERS**
- **RETIRED MEMBERS AND BENEFICIARIES**

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Source of the Participant Data

The data was extracted from various databases within CalPERS and placed in a database by a series of extract programs. Included in this data are:

- Individual member and beneficiary information,
- Employment and payroll information,
- Accumulated contributions with interest,
- Service information,
- Benefit payment information,
- Information about the various organizations which contract with CalPERS, and
- Detailed information about the plan provisions applicable to each group of members.

Data Validation Tests and Adjustments

Once the information is extracted from the various computer systems into the database, update queries are then run against this data to correct for flaws found in the data. This part of the process is intended to validate the participant data for all CalPERS plans. The data is then checked for reasonableness and consistency with data from the prior valuation.

Checks on the data include:

- A reconciliation of the membership of the plans,
- Comparisons of various member statistics (average attained age, average entry age, average salary, etc.) for each plan with those from the prior year valuation,
- Comparisons of pension amounts for each retiree and beneficiary receiving payments with those from the prior year valuation,
- Checks for invalid ages and dates, and
- Reasonableness checks on various key data elements such as service and salary

As a result of the tests on the data, a number of adjustments were determined to be necessary. These included:

- Dates of hire and dates of entry were adjusted where necessary to be consistent with the service fields, the date of birth and each other.

Summary of Valuation Data

		June 30, 2011	June 30, 2012
1.	**Number of Plans in the Risk Pool**	127	169
2.	**Active Members**		
	a) Counts	2,556	2,669
	b) Average Attained Age	40.11	40.18
	c) Average Entry Age on Rate Plan	29.68	29.69
	d) Average Years of Service	10.44	10.49
	e) Average Annual Covered Pay	$ 88,038	$ 86,953
	f) Annual Covered Payroll	$ 225,026,216	$ 232,078,083
	g) Projected Annual Payroll for Contribution Year	$ 245,892,222	$ 253,597,987
	h) Present Value of Future Payroll	$ 2,175,759,886	$ 2,231,172,437
3.	**Transferred Members**		
	a) Counts	1,552	1,508
	b) Average Attained Age	41.98	41.94
	c) Average Years of Service	4.45	3.98
	d) Average Annual Covered Pay	$ 90,201	$ 87,242
4.	**Terminated Members**		
	a) Counts	616	657
	b) Average Attained Age	39.80	39.44
	c) Average Years of Service	2.90	2.86
	d) Average Annual Covered Pay	$ 53,499	$ 52,500
5.	**Retired Members and Beneficiaries**		
	a) Counts*	2,609	2,656
	b) Average Attained Age	63.98	64.10
	c) Average Annual Benefits*	$ 31,735	$ 34,145
6.	**Active to Retired Ratio** [(2a) / (5a)]	0.98	1.01

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values may not match those on pages E-5 and E-6 due to inclusion of community property settlements.

Active Members

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Distribution of Active Members by Age and Service
Years of Service at Valuation Date

Attained Age	0-4	5-9	10-14	15-19	20-24	25+	Total
15-24	76	0	0	0	0	0	76
25-29	275	90	1	0	0	0	366
30-34	214	208	46	0	0	0	468
35-39	122	131	132	20	0	0	405
40-44	98	109	141	87	32	1	468
45-49	62	53	82	78	129	39	443
50-54	34	34	37	39	68	80	292
55-59	14	12	9	9	23	49	116
60-64	5	6	4	7	6	5	33
65 and over	0	0	1	0	0	1	2
All Ages	900	643	453	240	258	175	2,669

Distribution of Average Annual Salaries by Age and Service

Years of Service at Valuation Date

Attained Age	0-4	5-9	10-14	15-19	20-24	25+	Average
15-24	$45,671	$0	$0	$0	$0	$0	$45,671
25-29	60,186	72,477	84,377	0	0	0	63,275
30-34	63,212	81,973	88,109	0	0	0	73,998
35-39	69,783	86,349	93,875	101,315	0	0	84,551
40-44	70,006	85,680	96,238	105,872	109,412	78,240	90,939
45-49	83,704	79,378	97,413	105,269	114,762	126,123	102,300
50-54	95,410	98,856	98,916	110,127	111,258	122,160	109,241
55-59	109,559	109,386	101,145	88,745	103,468	128,420	114,033
60-64	68,091	107,101	94,598	91,916	114,770	113,164	98,767
65 and over	0	0	174,744	0	0	136,303	155,523
Average	65,813	83,589	95,386	104,938	112,168	124,369	86,953

Transferred and Terminated Members

Distribution of Transfers to Other CalPERS Plans by Age and Service

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-25**	**25+**	**Total**	**Average Salary**
15-24	4	0	0	0	0	0	4	$61,245
25-29	103	6	0	0	0	0	109	61,865
30-34	214	24	1	0	0	0	239	79,604
35-39	201	40	3	1	0	0	245	83,936
40-44	264	76	16	3	2	0	361	87,718
45-49	168	71	31	13	3	1	287	94,662
50-54	95	50	26	7	1	4	183	100,542
55-59	28	17	9	3	1	1	59	102,760
60-64	9	7	1	1	0	0	18	82,054
65 and over	3	0	0	0	0	0	3	70,133
All Ages	1089	291	87	28	7	6	1,508	87,242

Distribution of Terminated Participants with Funds on Deposit by Age and Service

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-25**	**25+**	**Total**	**Average Salary**
15-24	15	0	0	0	0	0	15	$48,823
25-29	92	4	0	0	0	0	96	48,123
30-34	128	10	1	0	0	0	139	48,955
35-39	99	11	3	1	0	0	114	51,029
40-44	88	19	6	2	0	0	115	52,302
45-49	58	18	9	2	2	0	89	61,671
50-54	29	10	4	5	3	1	52	56,586
55-59	14	5	3	1	0	0	23	65,270
60-64	8	0	1	0	0	0	9	44,805
65 and over	2	2	1	0	0	0	5	33,632
All Ages	533	79	28	11	5	1	657	52,500

Retired Members and Beneficiaries

Distribution of Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 30	0	0	1	0	3	1	5
30-34	0	0	6	0	0	0	6
35-39	0	2	12	0	1	2	17
40-44	0	1	31	0	1	2	35
45-49	1	3	61	1	6	5	77
50-54	155	3	100	1	8	11	278
55-59	360	8	148	3	9	15	543
60-64	357	4	156	2	1	23	543
65-69	276	6	166	0	2	36	486
70-74	147	7	94	0	1	38	287
75-79	82	6	53	0	2	44	187
80-84	56	1	24	0	0	37	118
85 and Over	31	0	9	0	0	34	74
All Ages	1465	41	861	7	34	248	2,656

Distribution of Average Annual Amounts for Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 30	$0	$0	$36	$0	$26,101	$35,439	$22,756
30-34	0	0	12,254	0	0	0	12,254
35-39	0	9,666	30,123	0	33,059	21,453	26,869
40-44	0	7,518	28,566	0	37,545	17,713	27,601
45-49	45,099	26,480	25,464	3,565	27,848	27,438	25,788
50-54	30,059	18,583	29,201	15,461	25,362	20,985	29,080
55-59	43,429	18,982	36,681	63,014	22,832	24,343	40,469
60-64	44,815	17,949	37,930	70,655	33,540	19,124	41,625
65-69	36,525	10,690	36,871	0	23,149	28,468	35,673
70-74	30,888	11,251	28,478	0	32,975	20,936	28,309
75-79	29,842	7,954	24,624	0	24,448	16,149	24,381
80-84	29,064	2,645	23,612	0	0	16,418	23,766
85 and Over	24,008	0	31,185	0	0	17,119	21,716
All Ages	38,074	14,121	32,625	49,911	26,062	20,191	34,145

Retired Members and Beneficiaries (continued)

Distribution of Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 5 Yrs	554	8	146	6	7	91	812
5-9	385	5	191	1	5	58	645
10-14	240	5	155	0	6	43	449
15-19	135	6	144	0	6	26	317
20-24	71	4	102	0	4	11	192
25-29	51	7	53	0	2	8	121
30 and Over	29	6	70	0	4	11	120
All Years	1465	41	861	7	34	248	2,656

Distribution of Average Annual Amounts for Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 5 Yrs	$42,456	$25,477	$47,956	$44,595	$27,269	$23,267	$41,012
5-9	42,020	13,421	40,687	81,812	25,034	18,888	39,253
10-14	32,035	13,413	31,637	0	27,733	22,762	30,745
15-19	32,874	7,689	25,700	0	28,070	17,235	27,765
20-24	27,338	18,095	20,676	0	21,997	10,868	22,552
25-29	26,775	8,045	21,545	0	26,155	14,642	22,588
30 and Over	22,303	11,024	20,881	0	23,730	11,903	20,004
All Years	38,074	14,121	32,625	49,911	26,062	20,191	34,145

* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on page E-2 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

APPENDIX F

GLOSSARY OF ACTUARIAL TERMS

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Glossary of Actuarial Terms

Accrued Liability *(also called Actuarial Accrued Liability or Entry Age Normal Accrued Liability)*
The total dollars needed as of the valuation date to fund all benefits earned in the past for *current* members.

Actuarial Assumptions
Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include mortality, disability and retirement rates. Economic assumptions include discount rate, salary growth and inflation.

Actuarial Methods
Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include funding method, setting the length of time to fund the Accrued Liability and determining the Actuarial Value of Assets.

Actuarial Valuation
The determination, as of a valuation date, of the Normal Cost, Accrued liability, Actuarial Value of Assets and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

Actuarial Value of Assets
The Actuarial Value of Assets used for funding purposes is obtained through an asset smoothing technique where investment gains and losses are partially recognized in the year they are incurred, with the remainder recognized in subsequent years.

This method helps to dampen large fluctuations in the employer contribution rate.

Amortization Bases
Separate payment schedules for different portions of the Unfunded Liability. The total Unfunded Liability of a Risk Pool or non-pooled plan can be segregated by "cause", creating "bases" and each such base will be separately amortized and paid for over a specific period of time. This can be likened to a home mortgage that has 24 years of remaining payments and a second on that mortgage that has 10 years left. Each base or each mortgage note has its own terms (payment period, principal, etc.) but all bases are amortized using investment and payroll assumptions from the current valuation.

Generally in an actuarial valuation, the separate bases consist of changes in unfunded liabilities due to amendments, actuarial assumption changes, actuarial methodology changes, and gains and losses. Payment periods are determined by Board policy and vary based on the cause of the change.

Amortization Period
The number of years required to pay off an Amortization Base.

Annual Required Contributions (ARC)
The employer's periodic required annual contributions to a defined benefit pension plan, calculated in accordance with the plan assumptions. The ARC is determined by multiplying the employer contribution rate by the payroll reported to CalPERS for the applicable fiscal year. However, if this contribution is fully prepaid in a lump sum, then the dollar value of the ARC is equal to the Lump Sum Prepayment.

Class 1 Benefits
Class 1 benefits have been identified to be additional benefits which have a significant, ongoing effect on the total plan cost. In some cases, a Class 1 benefit may be an alternate benefit formula. These benefits vary by employer across the risk pool. Agencies contracting for a Class 1 benefit will be responsible for the past service liability associated with such benefit and will be required to pay a surcharge established by the actuary to cover the ongoing cost (normal cost) of the Class 1 benefit.

APPENDIX F – GLOSSARY OF ACTUARIAL TERMS

Class 2 Benefits

Class 2 benefits have been identified to be the ancillary benefits providing one-time increases in benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 2 benefit will be responsible for the past service liability associated with such benefit.

Class 3 Benefits

Class 3 benefits have been identified to be additional benefits which have a minimal effect on the total plan cost. Class 3 benefits may vary by rate plan within each risk pool. However, the employer contribution rate will not vary within the risk pool due to the Class 3 benefits.

Classic member (under PEPRA)

A classic member is anyone in CALPERS not defined as a new member under PEPRA (see definition of new member below.)

Discount Rate

The actuarial assumption that was called "investment return" in earlier CalPERS reports or "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law (PERL).

Entry Age

The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan or Risk Pool. In most cases, this is the same as the date of hire.

(The assumed retirement age less the entry age is the amount of time required to fund a member's total benefit. Generally, the older a member is at hire, the greater the Normal Cost. This is mainly because there is less time to earn investment income to fund the future benefits.)

Entry Age Normal Cost Method

An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll (i.e. level % of payroll).

Fresh Start

A Fresh Start is the single amortization base created when multiple amortization bases are collapsed into one base and amortized over a new funding period.

Funded Status

A measure of how well funded a plan or risk pool is. Or equivalently, how "on track" a plan or risk pool is with respect to assets vs. accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets. A funded ratio based on the Actuarial Value of Assets indicates the progress toward fully funding the plan using the actuarial cost methods and assumptions. A funded ratio based on the Market Value of Assets indicates the short-term solvency of the plan.

GASB 27

Statement No. 27 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting for pensions.

GASB 68

Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions. GASB 68 replaces GASB 27 effective for the first fiscal year beginning after June 15, 2014.

New member (under PEPRA)

A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

California Public Employees' Retirement System
Actuarial Office
P.O. Box 942709
Sacramento, CA 94229-2709
TTY: (916) 795-3240
(888) 225-7377 phone – (916) 795-2744 fax
www.calpers.ca.gov

October 2013

MISCELLANEOUS PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT
(CalPERS ID: 1337420437)
Annual Valuation Report as of June 30, 2012

Dear Employer,

As an attachment to this letter, you will find a copy of Section 1 of the June 30, 2012 actuarial valuation report of your pension plan. Because this plan is in a risk pool, the following valuation report has been separated into two Sections:

- Section 1 contains specific information for your plan, including the development of your pooled employer contribution rate, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to your plan, as of June 30, 2012.

Section 2 can be found on the CalPERS website at (www.calpers.ca.gov) then select in order "Employers", "Actuarial, Risk Pooling & GASB 27 Information", "Risk Pooling", "Risk Pool Annual Valuation Reports", then select the appropriate pool report.

Your 2012 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary, whose signature appears in the Actuarial Certification Section on page 1, is available to discuss your report with you.

Future Contribution Rates

The exhibit below displays the Minimum Employer Contribution Rate, before any cost sharing, for 2014-15 along with estimates of the contribution rate for 2015-16. The estimated rate for 2015-16 is based on a projection of the most recent information we have available, including an estimated 12% investment return for fiscal 2012-13, and the impact of the new smoothing methods adopted by the CalPERS Board in April 2013 that will impact employer rates for the first time in 2015-16. See Section 2 Risk Analysis, "Analysis of Future Investment Return Scenarios", for how much the Risk Pool's portion of your rate is expected to increase beyond 2015-16 under a variety of investment return scenarios. Please disregard any projections provided to you in the past.

Fiscal Year	Employer Contribution Rate
2014-15	19.161%
2015-16	20.2% (projected)

Member contributions, other than cost sharing (whether paid by the employer or the employee), are in addition to the above rates. **The employer contribution rates in this report do not reflect any cost sharing arrangements you may have with your employees.**

The estimate for 2015-16 assumes unfunded liability payments will continue to be allocated on and amortized over payroll increasing 3% per year. However, effective January 1, 2013 the Public Employees' Pension Reform Act of 2013 (PEPRA) will result in a shift of new members away from existing pools. This is expected to reduce the payroll increases for these pools. As a result, effective with the June 30, 2013 valuation, CalPERS may need to change its method of allocating pooled plan unfunded liability. These potential changes in allocating pooled plan unfunded liability could significantly impact 2015-16 and later rates.

The estimate for 2015-16 also assumes that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.) This is a very important assumption because these gains and losses do occur and can have a significant effect on your contribution rate. Even for the largest plans or pools, such gains and losses can impact the employer's contribution rate by one or two percent of payroll or even more in some less common circumstances. These gains and losses cannot be predicted in advance so the projected employer contribution rates are just estimates. Your actual rate for 2015-16 will be provided in next year's valuation report.

Changes since the Prior Year's Valuation

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect.

The impact of most of the PEPRA changes will first show up in the rates and the benefit provision listings of the June 30, 2013 valuation which sets the contribution rates for the 2015-16 fiscal year. For more detailed information on changes due to PEPRA, please refer to the CalPERS website.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The impact of this new actuarial methodology is reflected in the *"Analysis of Future Investment Return Scenarios*" subsection of the *"Risk Analysis"* section of your Section 2 report.

A review of the preferred asset allocation mix for CalPERS investment portfolio will be performed in late 2013, which could influence future discount rates. In addition, CalPERS will review economic and demographic assumptions, including mortality rate improvements that are likely to increase employer contribution rates in future years. The "Analysis of Future Investment Return Scenarios" subsection does not reflect the impact of assumption changes that we expect will also impact future rates.

Besides the above noted changes, there may also be changes specific to your plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the *"Highlights and Executive Summary"* section and in Appendix A, *"Statement of Actuarial Data, Methods and Assumptions"* of your Section 2 report.

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their result, we ask that, you wait until after November 30 to contact us with actuarial related questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (888**-225-7377**).

Sincerely,

Alan Milligan

ALAN MILLIGAN
Chief Actuary

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CalPERS

ACTUARIAL VALUATION

as of June 30, 2012

for the
MISCELLANEOUS PLAN
of the
MONTECITO FIRE PROTECTION DISTRICT

(CalPERS ID: 1337420437)

REQUIRED CONTRIBUTIONS
FOR FISCAL YEAR
July 1, 2014 - June 30, 2015

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TABLE OF CONTENTS

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Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information
for the
MISCELLANEOUS PLAN
of the
MONTECITO FIRE PROTECTION DISTRICT

(CalPERS ID: 1337420437)
(Rate Plan: 33)

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TABLE OF CONTENTS

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ACTUARIAL CERTIFICATION

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2012 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2012 provided by employers participating in the risk pool to which your plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the Pool Actuary has certified that, in her opinion, the valuation of the Risk Pool containing your MISCELLANEOUS PLAN has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the Risk Pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law. Changes to the pool that will occur as a result of PEPRA are not reflected in this report.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for your plan, it is my opinion as your Plan Actuary that the Side Fund as of June 30, 2012 and employer contribution rate as of July 1, 2014, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, who is a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

STUART BENNETT, ASA, MAAA
Associate Pension Actuary, CalPERS
Plan Actuary

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HIGHLIGHTS AND EXECUTIVE SUMMARY

Introduction

This report presents the results of the June 30, 2012 actuarial valuation of the MISCELLANEOUS PLAN of the MONTECITO FIRE PROTECTION DISTRICT of the California Public Employees' Retirement System (CalPERS). This actuarial valuation was used to set the 2014-15 required employer contribution rates.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. The impact of most of the PEPRA changes will first show up in the assumptions and the benefit provision listings of the June 30, 2013 valuation for the 2015-16 rates. For more information on PEPRA, please refer to the CalPERS website.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for the Fiscal Year 2015-16.

As stewards of the System, CalPERS must ensure that the pension fund is sustainable over multiple generations. Our strategic plan calls for us to take an integrated view of our assets and liabilities and to take steps designed to achieve a fully funded plan. A review of the preferred asset allocation mix for CalPERS investment portfolio will be performed in late 2013 which will influence future discount rates. In addition CalPERS will review economic and demographic assumptions, including mortality rate improvements that are likely to increase employer contribution rates in future years.

Purpose of Section 1

This section 1 report for the MISCELLANEOUS PLAN of the MONTECITO FIRE PROTECTION DISTRICT of the California Public Employees' Retirement System (CalPERS) was prepared by the Plan Actuary in order to:

- Set forth the actuarial assets and accrued liabilities of this plan as of June 30, 2012;
- Determine the required employer contribution rate for this plan for the fiscal year July 1, 2014 through June 30, 2015;
- Provide actuarial information as of June 30, 2012 to the CalPERS Board of Administration and other interested parties; and
- Provide pension information as of June 30, 2012 to be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement Number 27 for a Cost Sharing Multiple Employer Defined Benefit Pension Plan.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Required Employer Contribution

Actuarially Determined Employer Contributions:		**Fiscal Year 2013-14**		**Fiscal Year 2014-15**
Required Employer Contributions (in Projected Dollars)				
Risk Pool's Net Employer Normal Cost	$	98,900	$	102,714
Risk Pool's Payment on Amortization Bases		42,169		56,683
Surcharge for Class 1 Benefits				
a) FAC 1		5,985		6,164
b) 8% EPMC		12,859		13,207
c) PRSA		9,810		10,218
Phase out of Normal Cost Difference		0		0
Amortization of Side Fund		0		0
Total Employer Contribution	$	169,723	$	188,986
Projected Payroll for the Contribution Fiscal Year	$	935,223	$	986,304
Required Employer Contributions (Percentage of Payroll)				
Risk Pool's Net Employer Normal Cost		10.575%		10.414%
Risk Pool's Payment on Amortization Bases		4.509%		5.747%
Surcharge for Class 1 Benefits				
a) FAC 1		0.640%		0.625%
b) 8% EPMC		1.375%		1.339%
c) PRSA		1.049%		1.036%
Phase out of Normal Cost Difference		0.000%		0.000%
Amortization of Side Fund		0.000%		0.000%
Total Employer Contribution		18.148%		19.161%
Minimum Employer Contribution Rate[1]		**18.148%**		**19.161%**
Annual Lump Sum Prepayment Option[2]	$	163,695	$	182,274

Appendix C of Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Risk pooling was implemented for most plans as of June 30, 2003. The normal cost difference was scheduled to be phased out over a five year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year.

[1] The Minimum Employer Contribution Rate under PEPRA is the greater of the required employer rate or the total employer normal cost.

[2]Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30. **The prepayment amount applies only to this plan. Please note that it is not possible to prepay contributions for new plans that had no reported membership prior to June 30, 2012.**

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Plan's Funded Status

	June 30, 2011		June 30, 2012
1. Present Value of Projected Benefits (PVB)	6,537,146	$	7,192,251
2. Entry Age Normal Accrued Liability	5,452,466		6,015,254
3. Plan's Actuarial Value of Assets (AVA)	4,747,992	$	5,262,150
4. Unfunded Liability (AVA Basis) [(2) - (3)]	704,474	$	753,104
5. Funded Ratio (AVA Basis) [(3) / (2)]	87.1%		87.5%
6. Plan's Market Value of Assets (MVA)	4,290,152	$	4,481,001
7. Unfunded Liability (MVA Basis) [(2) - (6)]	1,162,314		1,534,253
8. Funded Ratio (MVA Basis) [(6) / (2)]	78.7%		74.5%

Projected Contributions

The rate shown below is an estimate for the employer contribution for Fiscal Year 2015-16. The estimated rate is based on a projection of the most recent information we have available, including an estimate of the investment return for fiscal year 2012-13, namely 12 percent. It also reflects implementation of the more conservative rate smoothing method mentioned earlier.

Projected Employer Contribution Rate: 20.2%

The estimate also assumes that there are no liability gains or losses among the plans in your risk pool, that your plan has no new amendments in the next year, and that your plan's and your risk pool's payrolls both increase exactly 3.0 percent in the 2012-13 fiscal year. Therefore, the projected employer contribution rate for 2015-16 is just an estimate. Your actual rate for 2015-16 will be provided in next year's valuation report.

Rate Volatility

Your plan's employer contribution rate will inevitably fluctuate, for many reasons. One of the biggest causes of fluctuations for pooled plans has been from changes in the side fund rate resulting from unexpected changes in payroll. The following figure shows how much your 2015-16 side fund rate would change for each 1 percent deviation between our 3 percent payroll growth assumption and your actual 2012-13 payroll growth.

POTENTIAL 2015-16 RATE IMPACT
FROM 2012-13 PAYROLL DEVIATION

% Rate Change per 1% Deviation from Assumed 3.0% Payroll Growth:	0.000%

Examples: To see how your employer contribution rate might be affected by unexpected payroll change, suppose the following:

- The Percentage Rate Change per 1 percent Deviation figure given above is -0.400%
- Your plan's payroll increased 10 percent in 2012-13 (7.0 percent more than our 3.0 percent assumption).

Then your 2015-16 rate would decrease -0.400% x (10 – 3.0) = 2.80% from that cause alone.

Or conversely, using the same Percentage Rate Change per 1 percent Deviation figure given above, suppose your plan's payroll remained the same in 2012-13 (3.0 percent less than our 3.0 percent assumption).

Then your 2015-16 rate would increase -0.400% x (0 – 3.0) = 1.2% from that cause alone.

Note that if your plan had a negative side fund, an unexpected payroll increase would spread the payback of the negative side fund over a bigger payroll, which would decrease your plan's side fund percentage rate and the total employer contribution rate. On the other hand, if your plan had a positive side fund, an unexpected payroll increase would spread the payback of the positive side fund over a larger payroll, which would increase your plan's side fund percentage rate and the total employer contribution rate. In either case, the amortization of Side Fund dollar amount would not change.

Another big cause of rate fluctuations has been from investment return volatility. The degree to which your plan's rates may be susceptible to investment return volatility is described in the Risk Analysis section of your Section 2 report under "Volatility Ratios".

FINANCIAL AND DEMOGRAPHIC INFORMATION

Plan's Side Fund

At the time your plan joined the Risk Pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of your plan, in addition to your existing unfunded liability. The side fund for your plan as of the June 30, 2012 valuation is shown in the following table.

Your side fund will be credited, on an annual basis, with the actuarial investment return assumption. This assumption is 7.5 percent. A positive side fund will cause your required employer contribution rate to be reduced by the Amortization of Side Fund shown above in Required Employer Contributions. A negative side fund will cause your required employer contribution rate to be increased by the Amortization of Side Fund. In the absence of subsequent contract amendments or funding changes, the side fund will disappear at the end of the amortization period shown below.

Plan's Side Fund Reconciliation

	June 30, 2011	June 30, 2012
Side Fund as of valuation date*	$ 0	$ 0
Adjustments	0	0
Side Fund Payment	0	0
Side Fund one year later	$ 0	$ 0
Adjustments	0	0
Side Fund Payment	0	0
Side Fund two years later	$ 0	$ 0
Amortization Period	5	4
Side Fund Payment during last year	$ 0	$ 0

* If your agency employed superfunded vouchers in fiscal year 2011-12 to pay employee contributions, the June 30, 2012 Side Fund amount has been adjusted by a like amount without any further adjustment to the Side Fund's amortization period. Similarly, the Side Fund has been adjusted for the increase in liability from any recently adopted Class 1 or Class 2 contract amendments. Also, the Side Fund may be adjusted or eliminated due to recent lump sum payments. Contract amendments and lump sum payments may result in an adjustment to the Side Fund amortization period.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Development of the Actuarial Value of Assets

		June 30, 2012
1. Plan's Accrued Liability	$	6,015,254
2. Plan's Side Fund		0
3. Pool's Accrued Liability		1,081,962,506
4. Pool's Side Fund		(49,257,893)
5. Pool's Actuarial Value of Assets Including Receivables		903,410,915
6. Plan's Actuarial Value of Assets (AVA) Including Receivables [(1 + 2) / (3 + 4) x 5]	$	5,262,150
7. Pool's Market Value of Assets (MVA) Including Receivables		769,302,502
8. Plan's Market Value of Assets (MVA) Including Receivables [(1 + 2) / (3 + 4) x 7]	$	4,481,001

Funding History

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2011	$ 5,452,466	$ 4,290,152	$ 1,162,314	78.7%	$ 855,862
06/30/2012	6,015,254	4,481,001	1,534,253	74.5%	902,608

Plan's Total Normal Cost Rate

The Public Employees' Pension Reform Act of 2013 requires that new employees pay at least 50 percent of the total annual normal cost and that current employees approach the same goal through collective bargaining. Please refer to the CalPERS website for more details.

Shown below are the total annual normal cost rates for your plan.

	Fiscal Year 2013-14	Fiscal Year 2014-15
Pool's Net Total Normal Cost Rate	18.334%	18.175%
Surcharge for Class 1 Benefits		
a) FAC 1	0.640%	0.625%
b) 8% EPMC	1.375%	1.339%
c) PRSA	1.049%	1.036%
Plan's Total Normal Cost Rate	21.398%	21.175%

Hypothetical Termination Liability

Below is an estimate of the financial position of your plan if you had terminated your contract with CalPERS as of June 30, 2011 or 2012 using the discount rates shown below. Your plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. In August 2011, the CalPERS Board adopted a more conservative investment policy and asset allocation strategy for the Terminated Agency Pool. Since the Terminated Agency Pool has limited funding sources, expected benefit payments are secured by risk-free assets. With this change, CalPERS increased benefit security for members while limiting its funding risk. This asset allocation has a lower expected rate of return than the PERF. Consequently, the lower discount rate for the Terminated Agency pool results in higher liabilities for terminated plans.

In order to terminate your plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow your plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of your plan liabilities. CalPERS advises you to consult with your plan actuary before beginning this process.

Valuation Date	Hypothetical Termination Liability[1]	Market Value of Assets (MVA)	Unfunded Termination Liability	Termination Funded Ratio	Termination Liability Discount Rate[2]
06/30/2011	$ 7,343,698	$ 4,290,152	$ 3,053,546	58.4%	4.82%
06/30/2012	10,215,734	4,481,001	5,734,733	43.9%	2.98%

[1] The hypothetical liabilities calculated above include a 7 percent mortality load contingency in accordance with Board policy. Other actuarial assumptions, such as wage and inflation assumptions, can be found in appendix A.

[2] The discount rate assumption used for termination valuations is a weighted average of the 10 and 30-year US Treasury yields in effect on the valuation date that equal the duration of the pension liabilities. For purposes of this hypothetical termination liability estimate, the discount rate used, 2.98 percent, is the yield on the 30-year US Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) as of June 30, 2012. In last year's report the May 2012 rate of 2.87 percent was inadvertently shown rather than the June rate of 2.98 percent. Please note, as of June 30, 2013 the 30-year STRIPS yield was 3.72 percent.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2011	June 30, 2012
Projected Payroll for Contribution Purposes	$ 935,223	$ 986,304
Number of Members		
Active	9	9
Transferred	0	0
Separated	1	1
Retired	2	3

List of Class 1 Benefit Provisions

- One Year Final Compensation
- 8% EPMC
- Post-Retirement Survivor Allowance

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE MISCELLANEOUS PLAN OF THE MONTECITO FIRE PROTECTION DISTRICT

Information for Compliance with GASB Statement No. 27 for Cost-Sharing Multiple-Employer Defined Benefit Plan

Disclosure under GASB 27 follows. However, note that effective for financial statements for fiscal years beginning after June 15, 2014, GASB 68 replaces GASB 27. Disclosure required under GASB 68 will require additional reporting. CalPERS is planning to provide GASB 68 disclosure information upon request for an additional fee. We urge you to start discussions with your auditors on how to implement GASB 68.

Your plan is part of the Miscellaneous 3.0% at 60 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Under GASB 27, an employer should recognize annual pension expenditures/expense equal to its contractually required contributions to the plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2014 to June 30, 2015 has been determined by an actuarial valuation of the plan as of June 30, 2012. Your unadjusted contribution rate for the indicated period is 19.161% percent of payroll. In order to calculate the dollar value of the contractually required contributions for inclusion in financial statements prepared as of June 30, 2015, this contribution rate, less any employee cost sharing, and as modified by any subsequent financing changes or contract amendments for the year, would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2014 to June 30, 2015. However, if this contribution is fully prepaid in a lump sum, then the dollar value of contractually required contributions is equal to the lump sum prepayment. The employer and the employer's auditor are responsible for determining the contractually required contributions. Further, the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years is to be disclosed under GASB 27.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the cost-sharing multiple-employer defined benefit plan.

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	18 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Complete information on assumptions and methods is provided in Appendix A of the Section 2 report. Appendix B of the Section 2 report contains a description of benefits included in the Risk Pool Actuarial Valuation.

A Schedule of Funding for the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll for the risk pool(s) to which your plan belongs can be found in Section 2 of the report.

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PLAN’S MAJOR BENEFIT OPTIONS

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Appendix B within Section 2 of this report.

	Contract package		
	Receiving	Active	
Benefit Provision			
Benefit Formula		3.0% @ 60	
Social Security Coverage		no	
Full/Modified		full	
Final Average Compensation Period		12 mos.	
Sick Leave Credit		yes	
Non-Industrial Disability		standard	
Industrial Disability		no	
Pre-Retirement Death Benefits			
Optional Settlement 2W		yes	
1959 Survivor Benefit Level		level 3	
Special		no	
Alternate (firefighters)		no	
Post-Retirement Death Benefits			
Lump Sum	$500	$500	
Survivor Allowance (PRSA)	yes	yes	
COLA	2%	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Miscellaneous 3.0% at 60 Risk Pool as of June 30, 2012

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ACTUARIAL CERTIFICATION

To the best of our knowledge, **Section 2** of this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Miscellaneous 3.0% at 60 Risk Pool. This valuation is based on the member and financial data as of June 30, 2012 provided by the various CalPERS databases and the benefits under this Risk Pool with CalPERS as of the date this report was produced. Changes to the pool that will occur as a result of PEPRA are not reflected in this report. It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this risk pool, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

The undersigned are CalPERS staff actuaries who are members of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

[redacted]

SHELLY CHU, ASA, MAAA
Senior Pension Actuary, CalPERS
Pool Actuary

[redacted]

JULIAN ROBINSON, FSA, EA, MAAA
Senior Pension Actuary, CalPERS
Pool Reviewing Actuary

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HIGHLIGHTS AND EXECUTIVE SUMMARY

- **PURPOSE OF SECTION 2**
- **RISK POOL'S REQUIRED EMPLOYER CONTRIBUTION**
- **RISK POOL'S REQUIRED BASE EMPLOYER RATE**
- **RISK POOL'S NET TOTAL NORMAL COST RATE**
- **FUNDED STATUS OF THE RISK POOL**
- **COST**
- **CHANGES SINCE THE PRIOR YEAR'S VALUATION**
- **SUBSEQUENT EVENTS**

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Purpose of Section 2

This Actuarial Valuation for the Miscellaneous 3.0% at 60 Risk Pool of the California Public Employees' Retirement System (CalPERS) was performed by CalPERS' staff actuaries using data as of June 30, 2012 in order to:

- Set forth the actuarial assets and accrued liabilities of this risk pool as of June 30, 2012
- Determine the required contribution rate of the pool for the fiscal year July 1, 2014 through June 30, 2015
- Provide actuarial information as of June 30, 2012 to the CalPERS Board of Administration and other interested parties

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

California Actuarial Advisory Panel Recommendations

This report satisfies all basic disclosure requirements under the *Model Disclosure Elements for Actuarial Valuation Reports* recommended by the *California Actuarial Advisory Panel*, except for the original base amounts of the various components of the unfunded liability amortization.

The report gives the following additional information classified as enhanced risk disclosures under the *Model Disclosure Elements for Actuarial Valuation Reports* recommended by the *California Actuarial Advisory Panel*:

- "Deterministic stress test", projecting future results under different investment income scenarios.
- "Sensitivity analysis", showing the impact on current valuation results of a plus or minus 1% change in the discount rate.

Risk Pool's Required Employer Contribution

			Fiscal Year 2013-14		Fiscal Year 2014-15
1) Contribution in Projected Dollars					
a)	Total Pool's Normal Cost		34,327,158		32,374,938
b)	Employee Contribution		13,641,898		12,989,138
c)	Pool's Gross Employer Normal Cost [(1a) – (1b)]	$	20,685,260	$	19,385,799
d)	Payment on Pool's Amortization Bases		7,927,145		9,618,337
e)	Payment on Employer Side Funds		6,783,209		5,883,969
f)	Total Required Employer Contribution* [(1c)+(1d)+(1e)]	$	35,396,146	$	34,888,748
	* Total may not add up due to rounding				
2) Contribution as a Percentage of Projected Pay					
a)	Total Pool's Normal Cost		19.524%		19.344%
b)	Employee Contribution		7.759%		7.761%
c)	Pool's Gross Employer Normal Cost [(2a) – (2b)]		11.765%		11.583%
d)	Payment on Pool's Amortization Bases		4.509%		5.747%
e)	Payment on Employer Side Funds		3.858%		3.516%
f)	Total Required Employer Contribution [(2c)+(2d)+(2e)]		20.132%		20.846%

These rates are the total required employer contributions to the pool for fiscal years 2013-14 and 2014-15. The Pool's Gross Employer Normal Cost includes the Class 1 surcharges for all employers that contract for the Class 1 type benefits. The payment on the pool's amortization bases is the payment on the ongoing cumulative gains and losses experienced by the pool since its June 30, 2003 inception. The payment on employer side funds is the combination of all expected individual amortization payments on every side fund in the pool.

Risk Pool's Required Base Employer Rate

		Fiscal Year 2013-14	Fiscal Year 2014-15
1.	Pool's Gross Employer Normal Cost	11.765%	11.583%
	Less: Surcharges for Class 1 Benefits	1.190%	1.169%
2.	Pool's Net Employer Normal Cost	10.575%	10.414%
3.	Payment on Pool's Amortization Bases	4.509%	5.747%
4.	Pool's Base Employer Rate	15.084%	16.161%

The base employer contribution rate is the rate that each plan within the pool pays before any adjustments are made. It represents the pool funding for basic benefits (no Class 1 surcharges) for the fiscal year shown. To arrive at a plan's total contribution rate, several components must be added to this base rate. These components are Class 1 benefit surcharges, normal cost phase-out and any side fund payment. More information about those additional components can be found in Section 1 of this report.

Risk Pool's Net Total Normal Cost Rate

		Fiscal Year 2013-14	Fiscal Year 2014-15
1.	Pool's Net Employer Normal Cost	10.575%	10.414%
2.	Pool's Employee Contribution Rate	7.759%	7.761%
3.	Pool's Net Total Normal Cost Rate	18.334%	18.175%

Funded Status of the Risk Pool

		June 30, 2011	June 30, 2012
1.	Present Value of Projected Benefits	$ 1,255,320,668	$ 1,296,716,869
2.	Entry Age Normal Accrued Liability	$ 1,023,127,404	$ 1,081,962,506
3.	Actuarial Value of Assets (AVA)	$ 825,991,347	$ 903,410,915
4.	Unfunded Liability (AVA Basis) [(2) – (3)]	197,136,057	178,551,591
5.	Funded Ratio (AVA Basis) [(3) / (2)]	80.7%	83.5%
6.	Market Value of Assets (MVA)	$ 746,342,491	$ 769,302,502
7.	Unfunded Liability (MVA Basis) [(2) – (6)]	$ 276,784,913	$ 312,660,004
8.	Funded Ratio (MVA Basis) [(6) / (2)]	72.9%	71.1%

Cost

Actuarial Cost Estimates in General

What will this plan or pool cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer:

First, all actuarial calculations, including those in this report, are based on a number of assumptions about the future. These assumptions can be divided into two categories.

- Demographic assumptions include the percentage of employees that will terminate, die, become disabled, and retire in each future year.
- Economic assumptions include future salary increases for each active employee, and the assumption with the greatest impact, future asset returns at CalPERS for each year into the future until the last dollar is paid to current members of your plan.

While CalPERS has set these assumptions as our best estimate of the real future of your plan, it must be understood that these assumptions are very long term predictors and will surely not be realized in any one year. For example, while the asset earnings at CalPERS have averaged more than the assumed return of 7.5 percent over the past twenty year period ending June 30, 2013, returns for each fiscal year ranged from -24 percent to +21.7 percent.

Second, the very nature of actuarial funding produces the answer to the question of plan or pool cost as the sum of two separate pieces:

- The Normal Cost (i.e., the future annual premiums in the absence of surplus or unfunded liability) expressed as a percentage of total active payroll, and
- The Past Service Cost or Accrued Liability (i.e., representing the current value of the benefit for all credited past service of current members) which is expressed as a lump sum dollar amount.

The cost is the sum of a percent of future pay and a lump sum dollar amount (the sum of an apple and an orange if you will). To communicate the total cost, either the Normal Cost (i.e., future percent of payroll) must be converted to a lump sum dollar amount (in which case the total cost is the present value of benefits), or the Past Service Cost (i.e., the lump sum) must be converted to a percent of payroll (in which case the total cost is expressed as the employer's rate, part of which is permanent and part temporary). Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period, and the plan or pool rate will vary depending on the amortization period chosen.

Changes since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by employers within the risk pool are generally included in the first valuation that is prepared after the amendment becomes effective even if the valuation date is prior to the effective date of the amendment.

The valuation generally reflects plan changes by amendments effective prior to July 1, 2013. Please refer to Appendix B for a summary of the plan provisions used in this valuation report. The provisions in Appendix B do not indicate the class of benefits voluntarily contracted for by individual employers within the risk pool. Refer to Section 1 of the valuation report for a list of your specific contracted benefits. The increase in the pool's unfunded liabilities due to Class 1 or 2 amendments by individual employers within the pool is embedded in the Liability (Gain) / Loss shown in the (Gain) / Loss section of this report. This amount, however, is offset by additional contributions through a surcharge for employers who voluntarily contract for those benefits.

Public Employees' Pension Reform Act of 2013 (PEPRA)

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect, requiring that a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the normal cost rate. Beginning July 1, 2013, this means that some plans with surplus will be paying more than they otherwise would. For more information on PEPRA please refer to the CalPERS website.

Subsequent Events

Actuarial Methods and Assumptions

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The impact of this new actuarial methodology is reflected in the "Analysis of Future Investment Return Scenarios" subsection of the "Risk Analysis" section of your Section 2 report.

Not reflected in the "Analysis of Future Investment Return Scenarios" subsection of the "Risk Analysis" section is the impact of assumption changes that we expect will also impact future rates. A review of the preferred asset allocation mix for CalPERS investment portfolio will be performed in late 2013, which could influence future discount rates. In addition, CalPERS will review economic and demographic assumptions, including mortality rate improvements that are likely to increase employer contribution rates in future years. The partial closure of the pool (to most new hires) due to the enactment of PEPRA will also impact future pool rates.

ASSETS

- **RECONCILIATION OF THE MARKET VALUE OF ASSETS**
- **DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS**
- **ASSET ALLOCATION**
- **CALPERS HISTORY OF INVESTMENT RETURNS**

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Reconciliation of the Market Value of Assets

1.	Market Value of Assets as of June 30, 2011 Including Receivables	$	746,342,491
2.	Receivables for Service Buybacks as of June 30, 2011		1,751,892
3.	Market Value of Assets as of June 30, 2011 [1 - 2]		744,590,599
4.	Employer Contributions		51,643,137
5.	Employee Contributions		13,175,273
6.	Benefit Payments to Retirees and Beneficiaries		(38,589,121)
7.	Refunds		(942,794)
8.	Lump Sum Payments		0
9.	Transfers and Miscellaneous Adjustments		(2,477,264)
10.	Investment Return		(1,379,550)
11.	Market Value of Assets as of June 30, 2012 (w/o Pool Transfers)	$	766,020,279
12.	Transfers into and out of the Risk Pool		7,097
13.	Market Value of Assets as of June 30, 2012	$	766,027,376
14.	Receivables for Service Buybacks as of June 30, 2012		3,275,126
15.	Market Value of Assets as of June 30, 2012 Including Receivables [13 + 14]		769,302,502

Development of the Actuarial Value of Assets

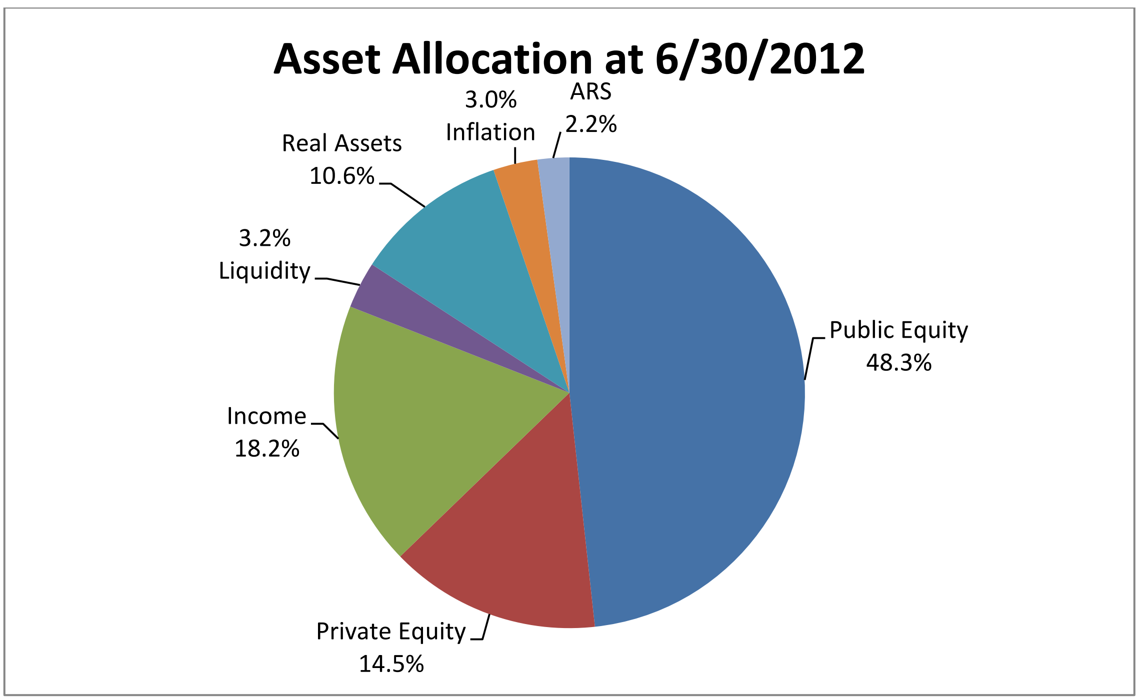
1.	Actuarial Value of Assets as of June 30, 2011 Used for Rate Setting Purposes		825,991,347
2.	Receivables for Service Buyback as of June 30, 2011		1,751,892
3.	Actuarial Value of Assets as of June 30, 2011 [1 - 2]		824,239,455
4.	Employer Contributions		51,643,137
5.	Employee Contributions		13,175,273
6.	Benefit Payments to Retirees and Beneficiaries		(38,589,121)
7.	Refunds		(942,794)
8.	Lump Sum Payments		0
9.	Transfers and Miscellaneous Adjustments		(2,477,264)
10.	Expected Investment Income at 7.5%		62,657,842
11.	Expected Actuarial Value of Assets (w/o Pool Transfers)	$	909,706,528
12.	Market Value of Assets June 30, 2012 (w/o Pool Transfers)		766,020,279
13.	Preliminary Actuarial Value of Assets (w/o Pool Transfers) [(11) + ((12) - (11)) / 15]		900,127,445
14.	Preliminary Actuarial Value to Market Value Ratio		117.5%
15.	Final Actuarial Value to Market Value Ratio (minimum 80%, maximum 120%)		117.5%
16.	Market Value of Assets June 30, 2012		766,027,376
17.	Actuarial Value of Assets as of June 30, 2012		900,135,789
18.	Receivables for Service Buybacks as of June 30, 2012		3,275,126
19.	Actuarial Value of Assets as of June 30, 2012 Used for Rate Setting Purposes [17 + 18]		903,410,915

Asset Allocation

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. CalPERS recognizes that over 90 percent of the variation in investment returns of a well-diversified pool of assets can typically be attributed to asset allocation decisions. The Board approved in December 2010 policy asset class targets and ranges listed below. These policy asset allocation targets and ranges are expressed as a percentage of total assets and were expected to be implemented over a period of one to two years beginning July, 1 2011 and reviewed again in December 2013.

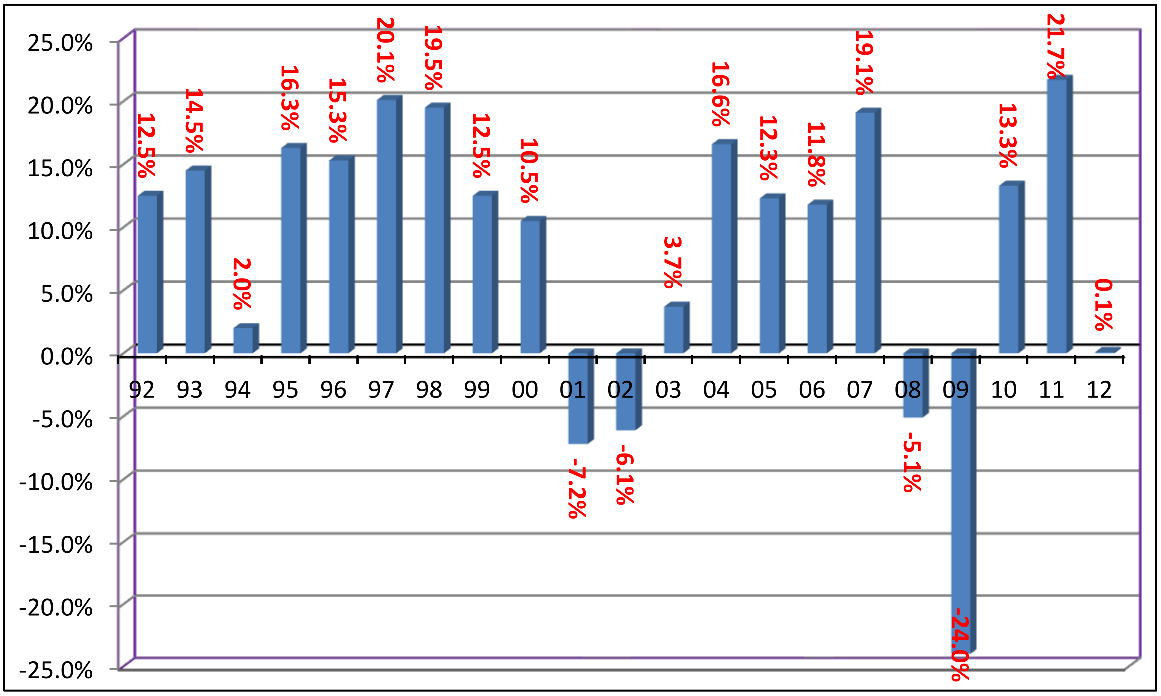
The asset allocation and market value of assets shown below reflect the values of the Public Employees Retirement Fund (PERF) in its entirety as of June 30, 2012. The assets for Miscellaneous 3.0% at 60 Risk Pool are part of the Public Employees Retirement Fund (PERF) and are invested accordingly.

(A) Asset Class	(B) Market Value ($ Billion)	(C) Policy Target Allocation	(D) Policy Target Range
1) Public Equity	113.0	50.0%	+/- 7%
2) Private Equity	33.9	14.0%	+/- 4%
3) Fixed Income	42.6	17.0%	+/- 5%
4) Cash Equivalents	7.5	4.0%	+/- 5%
5) Real Assets	24.8	11.0%	+/- 3%
6) Inflation Assets	7.0	4.0%	+/- 3%
7) Absolute Return Strategy (ARS)	5.1	0.0%	N/A
Total Fund	**$233.9**	**100.0%**	**N/A**



CalPERS History of Investment Returns

The following is a chart with historical annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30. Beginning with June 30, 2002, the figures are reported as gross of fees.



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LIABILITIES AND RATES

- **DEVELOPMENT OF POOL'S ACCRUED AND UNFUNDED LIABILITIES**
- **(GAIN)/LOSS ANALYSIS 06/30/11 - 06/30/12**
- **SCHEDULE OF AMORTIZATION BASES FOR THE RISK POOL**
- **DEVELOPMENT OF RISK POOL'S ANNUAL REQUIRED BASE CONTRIBUTION**
- **POOL'S EMPLOYER CONTRIBUTION RATE HISTORY**
- **FUNDING HISTORY**

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Development of Pool's Accrued and Unfunded Liabilities

		June 30, 2011	June 30, 2012
1.	Present Value of Projected Benefits		
	a) Active Members	$ 718,004,284	$ 700,040,470
	b) Transferred Members	70,298,155	68,539,082
	c) Separated Members	23,766,443	28,617,212
	d) Members and Beneficiaries Receiving Payments	443,251,786	499,520,105
	e) Total	$ 1,255,320,668	$ 1,296,716,869
2.	Present Value of Future Employer Normal Costs	$ 135,920,414	$ 124,563,806
3.	Present Value of Future Employee Contributions	$ 96,272,850	$ 90,190,557
4.	Entry Age Normal Accrued Liability		
	a) Active Members [(1a) - (2) - (3)]	$ 485,811,020	$ 485,286,107
	b) Transferred Members (1b)	70,298,155	68,539,082
	c) Separated Members (1c)	23,766,443	28,617,212
	d) Members and Beneficiaries Receiving Payments (1d)	443,251,786	499,520,105
	e) Total	$ 1,023,127,404	$ 1,081,962,506
5.	Actuarial Value of Assets (AVA) Including Receivables	$ 825,991,347	$ 903,410,915
6.	Unfunded Accrued Liability (AVA Basis) [(4e) - (5)]	197,136,057	178,551,591
7.	Funded Ratio (AVA Basis) [(5) / (4e)]	80.7%	83.5%
8.	Side Funds	$ (74,581,194)	$ (49,257,893)
9.	Unfunded Liability excluding Side Funds [(4e) - (5) + (8)]	122,554,863	129,293,698
10.	Market Value of Assets (MVA) Including Receivables	$ 746,342,491	$ 769,302,502
11.	Funded Ratio (MVA Basis) [(10) / (4e)]	72.9%	71.1%

(Gain)/Loss Analysis 06/30/11 - 06/30/12

To calculate the cost requirements of your pool, we use assumptions about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is contrasted against the expected experience based on the actuarial assumptions. The differences are reflected below as your pool's actuarial gains or losses.

1.	**Total (Gain)/Loss for the Year**		
	a) Unfunded Liability/(Surplus) as of June 30, 2011	$	122,554,863
	b) Expected payment on the Unfunded Liability		4,945,696
	c) Interest accumulation [.075 X (1a) - ((1.075)^.5 - 1) X (1b)]		9,009,504
	d) Expected Unfunded Liability before other changes [(1a) - (1b) + (1c)]		126,618,671
	e) Change due to assumption changes		0
	f) Expected Unfunded Liability after changes[(1d) + (1e)]		126,618,671
	g) Actual Unfunded Liability/(Surplus) as of June 30, 2012		129,293,698
	h) Total (Gain)/Loss [(1g) - (1f)]	$	2,675,027
2.	**Contribution (Gain)/Loss for the Year**		
	a) Expected contribution (Employer and Employee)	$	67,456,316
	b) Interest on Expected Contributions		2,483,882
	c) Total expected Contributions with interest [(2a) + (2b)]		69,940,198
	d) Actual Contributions		64,818,410
	e) Interest on Actual Contributions		2,386,748
	f) Total Actual Contributions with interest [(2d) + (2e)]		67,205,158
	g) Contribution (Gain)/Loss [(2c) - (2f)]	$	2,735,040
3.	**Asset (Gain)/Loss for the Year**		
	a) Actuarial Value of Assets as of 06/30/11 Including Receivables	$	825,991,347
	b) Receivables as of 06/30/11		1,751,892
	c) Actuarial Value of Assets as of 06/30/11		824,239,455
	d) Contributions received		64,818,410
	e) Benefits and Refunds Paid		(39,531,915)
	f) Transfers and miscellaneous adjustments		(2,477,264)
	g) Expected interest		62,657,842
	h) Transfers into the pool (AVA Basis)		8,339
	i) Transfers out of the pool (AVA Basis)		0
	j) Expected Assets as of 06/30/12 [Sum (3c) through (3i)]		909,714,867
	k) Receivables as of 06/30/12		3,275,126
	l) Expected Assets Including Receivables		912,989,993
	m) Actual Actuarial Value of Assets as of 06/30/12 Including Receivables		903,410,915
	n) Asset (Gain)/Loss [(3l) – (3m)]	$	9,579,078
4.	**Liability (Gain)/Loss for the Year**		
	a) Total (Gain)/Loss (1h)	$	2,675,027
	b) Contribution (Gain)/Loss (2g)		2,735,040
	c) Asset (Gain)/Loss excluding side fund (3n)		9,579,078
	d) Liability (Gain)/Loss [(4a) - (4b) - (4c)]*	$	(9,639,091)

* Includes (Gain)/Loss on plans transferring into the pool.

Schedule of Amortization Bases for the Risk Pool

The schedule below shows the development of the payment on the Pool's amortization bases used to determine the Total Required Employer Contributions to the Pool. Each row of the schedule gives a brief description of a base (or portion of the Unfunded Actuarial Liability), the balance of the base on the valuation date, and the number of years remaining in the amortization period. In addition, we show the expected payments for the two years immediately following the valuation date, the balances on the dates a year and two years after the valuation date, and the scheduled payment for fiscal year 2014-15. Please refer to Appendix A for an explanation of how amortization periods are determined.

Reason for Base	Amortization Period	Balance on June 30, 2012	Expected Payment 12-13	Balance June 30, 2013	Expected Payment 13-14	Balance June 30, 2014	Scheduled Payment for 2014-15	Payment as a percentage of payroll
2004 FRESH START	22	$14,789,098	$1,002,933	$14,858,417	$1,030,150	$14,904,716	$1,061,054	0.634%
2005 (GAIN)/LOSS	30	$28,830,441	$1,574,423	$29,360,328	$1,590,419	$29,913,371	$1,796,313	1.073%
2005 PAYMENT (GAIN)/LOSS	30	$7,808,793	$(1,049,772)	$9,482,879	$(450,011)	$10,660,675	$640,180	0.381%
2009 ASSUMPTION CHANGE	17	$33,327,186	$2,607,689	$33,123,015	$2,677,822	$32,830,816	$2,758,157	1.648%
2009 SPECIAL (GAIN)/LOSS	27	$27,609,598	$1,690,337	$27,927,739	$1,736,553	$28,221,823	$1,788,649	1.069%
2010 SPECIAL (GAIN)/LOSS	28	$3,550,566	$213,711	$3,595,278	$219,578	$3,637,261	$226,166	0.135%
2011 ASSUMPTION CHANGE	19	$18,818,780	$(635,002)	$20,888,573	$525,734	$21,910,123	$1,709,580	1.021%
2011 SPECIAL (GAIN)/LOSS	29	$(5,440,764)	$0	$(5,848,821)	$(351,225)	$(5,923,325)	$(361,762)	(0.216%)
Total excluding side funds		**$129,293,698**	**$5,404,319**	**$133,387,408**	**$6,979,020**	**$136,155,460**	**$9,618,337**	**5.747%**

The special (gain)/loss bases were special bases established for the gain/loss that is recognized in the 2009, 2010, and 2011 annual valuations. Unlike the gain/loss occurring in previous and subsequent years, the gain/loss recognized in the 2009, 2010, and 2011 annual valuations will be amortized over fixed and declining 30 year periods so that these annual gain/losses will be fully paid off in 30 years. The gain/loss recognized in 2012 and later valuations will be combined with the gain/loss from 2008 and earlier valuations.

Development of Risk Pool's Annual Required Base Contribution

			Fiscal Year 2013-14		Fiscal Year 2014-15
1.	**Contribution in Projected Dollars**				
a)	Total Normal Cost	$	34,327,158	$	32,374,938
b)	Employee Contribution		13,641,898		12,989,138
c)	Pool's Gross Employer Normal Cost [(1a) - (1b)]		20,685,260		19,385,799
d)	Total Surcharges for Class 1 Benefits		2,092,262		1,956,488
e)	Net Employer Normal Cost [(1c) - (1d)]		18,592,998		17,429,311
f)	Payment on Pool's Amortization Bases	$	7,927,145	$	9,618,337
g)	Total Required Employer Contributions [(1e) + (1f)]		26,520,143		27,047,648
2.	**Annual Covered Payroll as of Valuation Date**	$	160,900,495	$	153,161,984
3.	**Projected Payroll for Contribution Fiscal Year**	$	175,820,315	$	167,364,235
4.	**Contribution as a % of Projected Pay**				
a)	Total Normal Cost [(1a) / (3)]		19.524%		19.344%
b)	Employee Contribution [(1b) / (3)]		7.759%		7.761%
c)	Pool's Gross Employer Normal Cost [(1c) / (3)]		11.765%		11.583%
d)	Total Surcharges for Class 1 Benefits [(1d) / (3)]		1.190%		1.169%
e)	Net Employer Normal Cost [(1e) / (3)]		10.575%		10.414%
f)	Payment on Pool's Amortization Bases [(1f) / (3)]		4.509%		5.747%
g)	Total Required Employer Contributions [(1g) / (3)]		15.084%		16.161%

Pool's Employer Contribution Rate History

Fiscal Date	Net Employer Normal Cost	Total Surcharges for Class 1 Benefits	Gross Employer Normal Cost	Payment on Pool's Amortization Bases	Total Payment On Employer Side Funds	Total Employer Contribution
06/30/2008	10.492%	1.226%	11.718%	1.560%	5.523%	18.801%
06/30/2009	10.257%	1.199%	11.456%	3.896%	5.326%	20.678%
06/30/2010	10.317%	1.195%	11.512%	4.310%	5.236%	21.058%
06/30/2011	10.575%	1.190%	11.765%	4.509%	3.858%	20.132%
06/30/2012	10.414%	1.169%	11.583%	5.747%	3.516%	20.846%

Funding History

Valuation Date	Accrued Liabilities (AL)	Market Value of Assets (MVA)	Funded Ratio (MVA/AL)
06/30/2008	$776,166,719	$649,680,112	83.7%
06/30/2009	$883,394,429	$507,263,008	57.4%
06/30/2010	$945,221,095	$597,968,146	63.3%
06/30/2011	$1,023,127,404	$746,342,491	73.0%
06/30/2012	$1,081,962,506	$769,302,502	71.1%

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL As a % of Payroll
06/30/2008	$776,166,719	$641,167,624	$134,999,095	82.6%	$155,115,302	87.0%
06/30/2009	$883,394,429	$694,384,975	$189,009,454	78.6%	$161,972,631	116.7%
06/30/2010	$945,221,095	$754,858,961	$190,362,134	79.9%	$159,156,834	119.6%
06/30/2011	$1,023,127,404	$825,991,347	$197,136,057	80.7%	$160,900,495	122.5%
06/30/2012	$1,081,962,506	$903,410,915	$178,551,591	83.5%	$153,161,984	116.6%

Information shown here is for compliance with GASB No. 27 for a cost-sharing multiple-employer defined benefit plan.

However, note that beginning next year, GASB 68 will supersede GASB 27. Disclosure required under GASB 68 will require additional reporting which CalPERS may be able to provide for an additional cost.

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RISK ANALYSIS

- **VOLATILITY RATIOS**
- **PROJECTED RATES**
- **ANALYSIS OF FUTURE INVESTMENT RETURN SCENARIOS**
- **ANALYSIS OF DISCOUNT RATE SENSITIVITY**

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Volatility Ratios

The actuarial calculations supplied in this communication are based on a number of assumptions about very long term demographic and economic behavior. Unless these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year to year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise the employer's rates from one year to the next. Therefore, the rates will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Pools that have higher asset to payroll ratios produce more volatile employer rates due to investment return. For example, a pool with an asset to payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a pool with an asset to payroll ratio of 4. Below we have shown your asset volatility ratio, a measure of the pool's potential future rate volatility. It should be noted that this ratio increases over time but generally tends to stabilize as the pool matures.

Liability Volatility Ratio

Pools that have higher liability to payroll ratios produce more volatile employer rates due to investment return. For example, a pool with an liability to payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a pool with an liability to payroll ratio of 4. Below we have shown your volatility index, a measure of the plan's potential future rate volatility. It should be noted that this ratio increases over time but generally tends to stabilize as the pool matures.

	As of June 30, 2012
1. Market Value of Assets without Receivables	$ 766,027,376
2. Payroll	153,161,984
3. Asset Volatility Ratio (AVR = 1. / 2.)	5.0
4. Accrued Liability	1,081,962,506
5. Payroll	153,161,984
6. Liability Volatility Ratio (4. / 5.)	7.1

Projected Rates

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Beginning with the June 30, 2013 valuations that will set the 2015-16 rates, CalPERS will employ an amortization and rate smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The table below shows projected pool contribution rates (before cost sharing) for the next five Fiscal Years, ***assuming CalPERS earns 12 percent for fiscal year 2012-13 and 7.50 percent every fiscal year thereafter***, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2015-16. ***Consequently, these projections do not take into account potential rate increases from likely future assumption changes.*** In addition they do not take into account the positive impact PEPRA is expected to gradually have on the normal cost nor the possibility that a plan may be required under PEPRA to contribute a higher normal cost than would otherwise be calculated. PEPRA is expected to reduce expected payroll for this pool in the future and as a result CalPERS may need to change its method of allocating pooled plan unfunded liability. These potential changes are not reflected in the projected rates.

	New Rate	Projected Future Pool Contribution Rates				
	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Contribution Rates:	16.161%	17.2%	18.2%	19.3%	20.3%	21.3%

Analysis of Future Investment Return Scenarios

In July 2013, the investment return for fiscal year 2012-13 was announced to be 12.5 percent. Note that this return is before administrative expenses and also does not reflect final investment return information for real estate and private equities. The final return information for these two asset classes is expected to be available later in October. For purposes of projecting future employer rates, we are assuming a 12 percent investment return for fiscal year 2012-13.

The investment return realized during a fiscal year first affects the contribution rate for the fiscal year 2 years later. Specifically, the investment return for 2012-13 will first be reflected in the June 30, 2013 actuarial valuation that will be used to set the 2015-16 employer contribution rates, the 2013-14 investment return will first be reflected in the June 30, 2014 actuarial valuation that will be used to set the 2016-17 employer contribution rates and so forth.

Based on a 12 percent investment return for fiscal year 2012-13 and the April 17, 2013 CalPERS Board-approved amortization and rate smoothing method change and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2015-16, the effect on the 2015-16 Employer Rate is as follows:

Estimated 2015-16 Pool's Base Employer Rate	**Estimated Increase in Pool's Base Employer Rate between 2014-15 and 2015-16**
17.2%	1.0%

As part of this report, a sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2013-14, 2014-15 and 2015-16 on the 2016-17, 2017-18 and 2018-19 employer rates. Once again, the projected rate increases assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is what one would expect if the markets were to give us a 5th percentile return from July 1, 2013 through June 30, 2016. The 5th percentile return corresponds to a negative -4.1 percent return for each of the 2013-14, 2014-15 and 2015-16 fiscal years.
- The second scenario is what one would expect if the markets were to give us a 25th percentile return from July 1, 2013 through June 30, 2016. The 25th percentile return corresponds to a 2.6 percent return for each of the 2013-14, 2014-15 and 2015-16 fiscal years.
- The third scenario assumed the return for 2013-14, 2014-15, 2015-16 would be our assumed 7.5 percent investment return which represents about a 49th percentile event.
- The fourth scenario is what one would expect if the markets were to give us a 75th percentile return from July 1, 2013 through June 30, 2016. The 75th percentile return corresponds to a 11.9 percent return for each of the 2013-14, 2014-15 and 2015-16 fiscal years.
- Finally, the last scenario is what one would expect if the markets were to give us a 95th percentile return from July 1, 2013 through June 30, 2016. The 95th percentile return corresponds to a 18.5 percent return for each of the 2013-14, 2014-15 and 2015-16 fiscal years.

The table below shows the estimated changes in the Pool's Base rate for 2016-17, 2017-18 and 2018-19 under the five different scenarios.

2013-16 Investment Return Scenario	Estimated Change in Pool's Base Rate Between Year Shown and Preceding Year			
	2016-17	2017-18	2018-19	Cumulative Increase
-4.10% (5th percentile)	2.0%	2.8%	3.6%	8.4%
2.60% (25th percentile)	1.4%	1.8%	2.2%	5.4%
7.5%	1.0%	1.0%	1.0%	3.0%
11.90% (75th percentile)	0.7%	0.3%	-0.1%	0.9%
18.50% (95th percentile)	0.2%	-0.9%	-2.0%	-2.7%

Analysis of Discount Rate Sensitivity

The following analysis looks at the 2014-15 employer contribution rates under two different discount rate scenarios. Shown below are the employer contribution rates assuming discount rates that are 1 percent lower and 1 percent higher than the current valuation discount rate. This analysis gives an indication of the potential required employer contribution rates if the PERF were to realize investment returns of 6.50 percent or 8.50 percent over the long-term.

This type of analysis gives the reader a sense of the long-term risk to the risk pool contribution rates.

2014-15 Employer Contribution Rate			
As of June 30, 2012	6.50% Discount Rate (-1%)	7.50% Discount Rate (assumed rate)	8.50% Discount Rate (+1%)
Pool's Gross Employer Normal Cost	16.0%	11.6%	8.1%
Payment on Pool's Amortization Bases	12.7%	5.7%	-0.7%
Total	28.7%	17.3%	7.5%

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APPENDICES

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APPENDIX A

ACTUARIAL METHODS AND ASSUMPTIONS

- **ACTUARIAL DATA**
- **ACTUARIAL METHODS**
- **ACTUARIAL ASSUMPTIONS**
- **MISCELLANEOUS**

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Actuarial Data

As stated in the Actuarial Certification, the data which serves as the basis of this valuation has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not always contain the latest salary information for former members now in reciprocal systems and does not recognize the potential for unusually large salary deviation in certain cases such as elected officials. Therefore, salary information in these cases may not be accurate. These situations are relatively infrequent, however, and when they do occur, they generally do not have a material impact on the employer contribution rates.

Actuarial Methods

Funding Method

The actuarial funding method used for the Retirement Program is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the pool allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. All changes in liability due to changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period. All new gains or losses are tracked and amortized over a rolling 30-year period. If a pool's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.

Additional contributions will be required for any plan or pool if their cash flows hamper adequate funding progress by preventing the expected funded status on a market value of assets basis of the plan to either:

- Increase by at least 15 percent by June 30, 2043; or
- Reach a level of 75 percent funded by June 30, 2043

The necessary additional contribution will be obtained by changing the amortization period of the gains and losses except for those occurring in the fiscal years 2008-2009, 2009-2010, and 2010-2011 to a period which will result in the satisfaction of the above criteria. CalPERS actuaries will reassess the criteria above when performing each future valuation to determine whether or not additional contributions are necessary.

An exception to the funding rules above is used whenever the application of such rules results in inconsistencies. In these cases a "fresh start" approach is used. This simply means that the current unfunded actuarial liability is projected and amortized over a set number of years. As mentioned above, if the annual contribution on the total unfunded liability was less than the amount produced by a 30-year amortization of the unfunded liability, the plan actuary would implement a 30-year fresh start. However, in the case of a 30-year fresh start, just the unfunded liability not already in the (gain)/loss base (which already is amortized over 30 years) will go into the new fresh start base. In addition, a fresh start is needed in the following situations:

1) When a positive payment would be required on a negative unfunded actuarial liability (or conversely a negative payment on a positive unfunded actuarial liability); or

2) When there is excess assets, rather than an unfunded liability. In this situation a 30-year fresh start is used, unless a larger fresh start is needed to avoid a negative total rate.

It should be noted that the actuary may choose to use a fresh start under other circumstances. In all cases, the period of the fresh start is chosen by the actuary according to his or her best judgment, but not be less than five years, nor greater than 30 years.

Asset Valuation Method

In order to dampen the effect of short term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-fifteenth of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However, in no case will the Actuarial Value of Assets be less than 80 percent, nor greater than 120 percent of the actual Market Value of Assets.

In June 2009, the CalPERS Board adopted changes to the asset smoothing method in order to phase in over a three-year period the impact of the negative -24 percent investment loss experienced by CalPERS in fiscal year 2008-2009. The following changes were adopted:

- Increase the corridor limits for the actuarial value of assets from 80 percent-120 percent of market value to 60 percent-140 percent of market value on June 30, 2009
- Reduce the corridor limits for the actuarial value of assets to 70 percent-130 percent of market value on June 30, 2010
- Return to the 80 percent-120 percent of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 contribution rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

Actuarial Assumptions

Economic Assumptions

Discount Rate

7.5 percent compounded annually (net of expenses). This assumption is used for all plans.

Termination Liability Discount Rate

The discount rate used for termination valuation is a weighted average of the 10 and 30-year US Treasury yields in effect on the valuation date that equal the duration of the pension liabilities. For purposes of this hypothetical termination liability estimate, the discount rate used, 2.98 percent, is the yield on the 30-year US Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) as of June 30, 2012. Please note, as of June 30, 2013 the 30-year STRIPS yield was 3.72 percent.

Salary Growth

Annual increases vary by category, entry age, and duration of service. Sample which is assumed increases are shown below.

Public Agency Miscellaneous

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1420	0.1240	0.0980
1	0.1190	0.1050	0.0850
2	0.1010	0.0910	0.0750
3	0.0880	0.0800	0.0670
4	0.0780	0.0710	0.0610
5	0.0700	0.0650	0.0560
10	0.0480	0.0460	0.0410
15	0.0430	0.0410	0.0360
20	0.0390	0.0370	0.0330
25	0.0360	0.0360	0.0330
30	0.0360	0.0360	0.0330

Public Agency Fire

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1050	0.1050	0.1020
1	0.0950	0.0940	0.0850
2	0.0870	0.0830	0.0700
3	0.0800	0.0750	0.0600
4	0.0740	0.0680	0.0510
5	0.0690	0.0620	0.0450
10	0.0510	0.0460	0.0350
15	0.0410	0.0390	0.0340
20	0.0370	0.0360	0.0330
25	0.0350	0.0350	0.0330
30	0.0350	0.0350	0.0330

Public Agency Police

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1090	0.1090	0.1090
1	0.0930	0.0930	0.0930
2	0.0810	0.0810	0.0780
3	0.0720	0.0700	0.0640
4	0.0650	0.0610	0.0550
5	0.0590	0.0550	0.0480
10	0.0450	0.0420	0.0340
15	0.0410	0.0390	0.0330
20	0.0370	0.0360	0.0330
25	0.0350	0.0340	0.0330
30	0.0350	0.0340	0.0330

Public Agency County Peace Officers

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1290	0.1290	0.1290
1	0.1090	0.1060	0.1030
2	0.0940	0.0890	0.0840
3	0.0820	0.0770	0.0710
4	0.0730	0.0670	0.0610
5	0.0660	0.0600	0.0530
10	0.0460	0.0420	0.0380
15	0.0410	0.0380	0.0360
20	0.0370	0.0360	0.0340
25	0.0350	0.0340	0.0330
30	0.0350	0.0340	0.0330

Schools

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1080	0.0960	0.0820
1	0.0940	0.0850	0.0740
2	0.0840	0.0770	0.0670
3	0.0750	0.0700	0.0620
4	0.0690	0.0640	0.0570
5	0.0630	0.0600	0.0530
10	0.0450	0.0440	0.0410
15	0.0390	0.0380	0.0350
20	0.0360	0.0350	0.0320
25	0.0340	0.0340	0.0320
30	0.0340	0.0340	0.0320

- The Miscellaneous salary scale is used for Local Prosecutors.
- The Police salary scale is used for Other Safety, Local Sheriff, and School Police.

Overall Payroll Growth

3.00 percent compounded annually (used in projecting the payroll over which the unfunded liability is amortized). This assumption is used for all plans.

Inflation

2.75 percent compounded annually. This assumption is used for all plans.

Non-valued Potential Additional Liabilities

The potential liability loss for a cost-of-living increase exceeding the 2.75 percent inflation assumption, and any potential liability loss from future member service purchases are not reflected in the valuation.

Miscellaneous Loading Factors

Credit for Unused Sick Leave

Final Average Salary is increased by 1 percent for those agencies that have accepted the provision providing Credit for Unused Sick Leave.

Conversion of Employer Paid Member Contributions (EPMC)

Final Average Salary is increased by the Employee Contribution Rate for those agencies that have contracted for the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

Norris Decision (Best Factors)

Employees hired prior to July 1, 1982 have projected benefit amounts increased in order to reflect the use of "Best Factors" for these employees in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. No loading is necessary for employees hired after July 1, 1982.

Termination Liability

The termination liabilities include a 7 percent contingency load. This load is for unforeseen improvements in mortality.

Demographic Assumptions

Pre-Retirement Mortality

Non-Industrial Death Rates vary by age and gender. Industrial Death rates vary by age. See sample rates in table below. The non-industrial death rates are used for all plans. The industrial death rates are used for Safety Plans (except for Local Prosecutor safety members where the corresponding Miscellaneous Plan does not have the Industrial Death Benefit).

	Non-Industrial Death (Not Job-Related)		**Industrial Death (Job-Related)**
Age	Male	Female	Male and Female
20	0.00047	0.00016	0.00003
25	0.00050	0.00026	0.00007
30	0.00053	0.00036	0.00010
35	0.00067	0.00046	0.00012
40	0.00087	0.00065	0.00013
45	0.00120	0.00093	0.00014
50	0.00176	0.00126	0.00015
55	0.00260	0.00176	0.00016
60	0.00395	0.00266	0.00017
65	0.00608	0.00419	0.00018
70	0.00914	0.00649	0.00019
75	0.01220	0.00878	0.00020
80	0.01527	0.01108	0.00021

Miscellaneous Plans usually have Industrial Death rates set to zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components: 99 percent will become the Non-Industrial Death rate and 1 percent will become the Industrial Death rate.

Post-Retirement Mortality

Rates vary by age, type of retirement and gender. See sample rates in table below. These rates are used for all plans.

	Healthy Recipients		Non-Industrially Disabled (Not Job-Related)		Industrially Disabled (Job-Related)	
Age	Male	Female	Male	Female	Male	Female
50	0.00239	0.00125	0.01632	0.01245	0.00443	0.00356
55	0.00474	0.00243	0.01936	0.01580	0.00563	0.00546
60	0.00720	0.00431	0.02293	0.01628	0.00777	0.00798
65	0.01069	0.00775	0.03174	0.01969	0.01388	0.01184
70	0.01675	0.01244	0.03870	0.03019	0.02236	0.01716
75	0.03080	0.02071	0.06001	0.03915	0.03585	0.02665
80	0.05270	0.03749	0.08388	0.05555	0.06926	0.04528
85	0.09775	0.07005	0.14035	0.09577	0.11799	0.08017
90	0.16747	0.12404	0.21554	0.14949	0.16575	0.13775
95	0.25659	0.21556	0.31025	0.23055	0.26108	0.23331
100	0.34551	0.31876	0.45905	0.37662	0.40918	0.35165
105	0.58527	0.56093	0.67923	0.61523	0.64127	0.60135
110	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date. The mortality assumption will be reviewed with the next experience study expected to be completed for the June 30, 2013 valuation to determine an appropriate margin to be used.

Marital Status

For active members, a percentage married upon retirement is assumed according to the following table.

Member Category	Percent Married
Miscellaneous Member	85%
Local Police	90%
Local Fire	90%
Other Local Safety	90%
School Police	90%

Age of Spouse

It is assumed that female spouses are 3 years younger than male spouses. This assumption is used for all plans.

Terminated Members

It is assumed that terminated members refund immediately if non-vested. Terminated members who are vested are assumed to follow the same service retirement pattern as active members but with a load to reflect the expected higher rates of retirement, especially at lower ages. The following table shows the load factors that are applied to the service retirement assumption for active members to obtain the service retirement pattern for separated vested members:

Age	Load Factor
50	450%
51	250%
52 through 56	200%
57 through 60	150%
61 through 64	125%
65 and above	100% (no change)

Termination with Refund

Rates vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40	Entry Age 45
0	0.1742	0.1674	0.1606	0.1537	0.1468	0.1400
1	0.1545	0.1477	0.1409	0.1339	0.1271	0.1203
2	0.1348	0.1280	0.1212	0.1142	0.1074	0.1006
3	0.1151	0.1083	0.1015	0.0945	0.0877	0.0809
4	0.0954	0.0886	0.0818	0.0748	0.0680	0.0612
5	0.0212	0.0193	0.0174	0.0155	0.0136	0.0116
10	0.0138	0.0121	0.0104	0.0088	0.0071	0.0055
15	0.0060	0.0051	0.0042	0.0032	0.0023	0.0014
20	0.0037	0.0029	0.0021	0.0013	0.0005	0.0001
25	0.0017	0.0011	0.0005	0.0001	0.0001	0.0001
30	0.0005	0.0001	0.0001	0.0001	0.0001	0.0001
35	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001

Public Agency Safety

Duration of Service	Fire	Police	County Peace Officer
0	0.0710	0.1013	0.0997
1	0.0554	0.0636	0.0782
2	0.0398	0.0271	0.0566
3	0.0242	0.0258	0.0437
4	0.0218	0.0245	0.0414
5	0.0029	0.0086	0.0145
10	0.0009	0.0053	0.0089
15	0.0006	0.0027	0.0045
20	0.0005	0.0017	0.0020
25	0.0003	0.0012	0.0009
30	0.0003	0.0009	0.0006
35	0.0003	0.0009	0.0006

The Police Termination and Refund rates are used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Schools

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40	Entry Age 45
0	0.1730	0.1627	0.1525	0.1422	0.1319	0.1217
1	0.1585	0.1482	0.1379	0.1277	0.1174	0.1071
2	0.1440	0.1336	0.1234	0.1131	0.1028	0.0926
3	0.1295	0.1192	0.1089	0.0987	0.0884	0.0781
4	0.1149	0.1046	0.0944	0.0841	0.0738	0.0636
5	0.0278	0.0249	0.0221	0.0192	0.0164	0.0135
10	0.0172	0.0147	0.0122	0.0098	0.0074	0.0049
15	0.0115	0.0094	0.0074	0.0053	0.0032	0.0011
20	0.0073	0.0055	0.0038	0.0020	0.0002	0.0002
25	0.0037	0.0023	0.0010	0.0002	0.0002	0.0002
30	0.0015	0.0003	0.0002	0.0002	0.0002	0.0002
35	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002

Termination with Vested Benefits

Rates vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40
5	0.0656	0.0597	0.0537	0.0477	0.0418
10	0.0530	0.0466	0.0403	0.0339	0.0000
15	0.0443	0.0373	0.0305	0.0000	0.0000
20	0.0333	0.0261	0.0000	0.0000	0.0000
25	0.0212	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000

Public Agency Safety

Duration of Service	Fire	Police	County Peace Officer
5	0.0162	0.0163	0.0265
10	0.0061	0.0126	0.0204
15	0.0058	0.0082	0.0130
20	0.0053	0.0065	0.0074
25	0.0047	0.0058	0.0043
30	0.0045	0.0056	0.0030
35	0.0000	0.0000	0.0000

- When a member is eligible to retire, the termination with vested benefits probability is set to zero.
- After termination with vested benefits, a miscellaneous member is assumed to retire at age 59 and a safety member at age 54.
- The Police Termination with vested benefits rates are used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Schools

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40
5	0.0816	0.0733	0.0649	0.0566	0.0482
10	0.0629	0.0540	0.0450	0.0359	0.0000
15	0.0537	0.0440	0.0344	0.0000	0.0000
20	0.0420	0.0317	0.0000	0.0000	0.0000
25	0.0291	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000

Non-Industrial (Not Job-Related) Disability

Rates vary by age and gender for Miscellaneous Plans.
Rates vary by age for Safety Plans.

	Miscellaneous		Fire	Police	County Peace Officer	Schools	
Age	Male	Female	Male and Female	Male and Female	Male and Female	Male	Female
20	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
25	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
30	0.0002	0.0002	0.0001	0.0002	0.0001	0.0002	0.0001
35	0.0006	0.0009	0.0001	0.0003	0.0004	0.0006	0.0004
40	0.0015	0.0016	0.0001	0.0004	0.0007	0.0014	0.0009
45	0.0025	0.0024	0.0002	0.0005	0.0013	0.0028	0.0017
50	0.0033	0.0031	0.0005	0.0008	0.0018	0.0044	0.0030
55	0.0037	0.0031	0.0010	0.0013	0.0010	0.0049	0.0034
60	0.0038	0.0025	0.0015	0.0020	0.0006	0.0043	0.0024

- The Miscellaneous Non-Industrial Disability rates are used for Local Prosecutors.
- The Police Non-Industrial Disability rates are used for Other Safety, Local Sheriff, and School Police.

Industrial (Job-Related) Disability

Rates vary by age and category.

Age	Fire	Police	County Peace Officer
20	0.0002	0.0007	0.0003
25	0.0012	0.0032	0.0015
30	0.0025	0.0064	0.0031
35	0.0037	0.0097	0.0046
40	0.0049	0.0129	0.0063
45	0.0061	0.0161	0.0078
50	0.0074	0.0192	0.0101
55	0.0721	0.0668	0.0173
60	0.0721	0.0668	0.0173

- The Police Industrial Disability rates are used for Local Sheriff and Other Safety.
- Fifty Percent of the Police Industrial Disability rates are used for School Police.
- One Percent of the Police Industrial Disability rates are used for Local Prosecutors.
- Normally, rates are zero for Miscellaneous Plans unless the agency has specifically contracted for Industrial Disability benefits. If so, each Miscellaneous Non-Industrial Disability rate will be split into two components: 50 percent will become the Non-Industrial Disability rate and 50 percent will become the Industrial Disability rate.

Service Retirement

Retirement rate vary by age, service, and formula, except for the safety ½ @ 55 and 2% @ 55 formulas, where retirement rates vary by age only.

Public Agency Miscellaneous 1.5% @ 65

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.008	0.011	0.013	0.015	0.017	0.019
51	0.007	0.010	0.012	0.013	0.015	0.017
52	0.010	0.014	0.017	0.019	0.021	0.024
53	0.008	0.012	0.015	0.017	0.019	0.022
54	0.012	0.016	0.019	0.022	0.025	0.028
55	0.018	0.025	0.031	0.035	0.038	0.043
56	0.015	0.021	0.025	0.029	0.032	0.036
57	0.020	0.028	0.033	0.038	0.043	0.048
58	0.024	0.033	0.040	0.046	0.052	0.058
59	0.028	0.039	0.048	0.054	0.060	0.067
60	0.049	0.069	0.083	0.094	0.105	0.118
61	0.062	0.087	0.106	0.120	0.133	0.150
62	0.104	0.146	0.177	0.200	0.223	0.251
63	0.099	0.139	0.169	0.191	0.213	0.239
64	0.097	0.136	0.165	0.186	0.209	0.233
65	0.140	0.197	0.240	0.271	0.302	0.339
66	0.092	0.130	0.157	0.177	0.198	0.222
67	0.129	0.181	0.220	0.249	0.277	0.311
68	0.092	0.129	0.156	0.177	0.197	0.221
69	0.092	0.130	0.158	0.178	0.199	0.224
70	0.103	0.144	0.175	0.198	0.221	0.248

Public Agency Miscellaneous 2% @ 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.011	0.015	0.018	0.021	0.023	0.026
51	0.009	0.013	0.016	0.018	0.020	0.023
52	0.013	0.018	0.022	0.025	0.028	0.031
53	0.011	0.016	0.019	0.022	0.025	0.028
54	0.015	0.021	0.025	0.028	0.032	0.036
55	0.023	0.032	0.039	0.044	0.049	0.055
56	0.019	0.027	0.032	0.037	0.041	0.046
57	0.025	0.035	0.042	0.048	0.054	0.060
58	0.030	0.042	0.051	0.058	0.065	0.073
59	0.035	0.049	0.060	0.068	0.076	0.085
60	0.062	0.087	0.105	0.119	0.133	0.149
61	0.079	0.110	0.134	0.152	0.169	0.190
62	0.132	0.186	0.225	0.255	0.284	0.319
63	0.126	0.178	0.216	0.244	0.272	0.305
64	0.122	0.171	0.207	0.234	0.262	0.293
65	0.173	0.243	0.296	0.334	0.373	0.418
66	0.114	0.160	0.194	0.219	0.245	0.274
67	0.159	0.223	0.271	0.307	0.342	0.384
68	0.113	0.159	0.193	0.218	0.243	0.273
69	0.114	0.161	0.195	0.220	0.246	0.276
70	0.127	0.178	0.216	0.244	0.273	0.306

Public Agency Miscellaneous 2% @ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.015	0.020	0.024	0.029	0.033	0.039
51	0.013	0.016	0.020	0.024	0.027	0.033
52	0.014	0.018	0.022	0.027	0.030	0.036
53	0.017	0.022	0.027	0.032	0.037	0.043
54	0.027	0.034	0.041	0.049	0.056	0.067
55	0.050	0.064	0.078	0.094	0.107	0.127
56	0.045	0.057	0.069	0.083	0.095	0.113
57	0.048	0.061	0.074	0.090	0.102	0.122
58	0.052	0.066	0.080	0.097	0.110	0.131
59	0.060	0.076	0.092	0.111	0.127	0.151
60	0.072	0.092	0.112	0.134	0.153	0.182
61	0.089	0.113	0.137	0.165	0.188	0.224
62	0.128	0.162	0.197	0.237	0.270	0.322
63	0.129	0.164	0.199	0.239	0.273	0.325
64	0.116	0.148	0.180	0.216	0.247	0.294
65	0.174	0.221	0.269	0.323	0.369	0.439
66	0.135	0.171	0.208	0.250	0.285	0.340
67	0.133	0.169	0.206	0.247	0.282	0.336
68	0.118	0.150	0.182	0.219	0.250	0.297
69	0.116	0.147	0.179	0.215	0.246	0.293
70	0.138	0.176	0.214	0.257	0.293	0.349

Public Agency Miscellaneous 2.5% @ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.026	0.033	0.040	0.048	0.055	0.062
51	0.021	0.026	0.032	0.038	0.043	0.049
52	0.021	0.026	0.032	0.038	0.043	0.049
53	0.026	0.033	0.040	0.048	0.055	0.062
54	0.043	0.054	0.066	0.078	0.089	0.101
55	0.088	0.112	0.136	0.160	0.184	0.208
56	0.055	0.070	0.085	0.100	0.115	0.130
57	0.061	0.077	0.094	0.110	0.127	0.143
58	0.072	0.091	0.111	0.130	0.150	0.169
59	0.083	0.105	0.128	0.150	0.173	0.195
60	0.088	0.112	0.136	0.160	0.184	0.208
61	0.083	0.105	0.128	0.150	0.173	0.195
62	0.121	0.154	0.187	0.220	0.253	0.286
63	0.105	0.133	0.162	0.190	0.219	0.247
64	0.105	0.133	0.162	0.190	0.219	0.247
65	0.143	0.182	0.221	0.260	0.299	0.338
66	0.105	0.133	0.162	0.190	0.219	0.247
67	0.105	0.133	0.162	0.190	0.219	0.247
68	0.105	0.133	0.162	0.190	0.219	0.247
69	0.105	0.133	0.162	0.190	0.219	0.247
70	0.125	0.160	0.194	0.228	0.262	0.296

Public Agency Miscellaneous 2.7% @ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.028	0.035	0.043	0.050	0.058	0.065
51	0.022	0.028	0.034	0.040	0.046	0.052
52	0.022	0.028	0.034	0.040	0.046	0.052
53	0.028	0.035	0.043	0.050	0.058	0.065
54	0.044	0.056	0.068	0.080	0.092	0.104
55	0.091	0.116	0.140	0.165	0.190	0.215
56	0.061	0.077	0.094	0.110	0.127	0.143
57	0.063	0.081	0.098	0.115	0.132	0.150
58	0.074	0.095	0.115	0.135	0.155	0.176
59	0.083	0.105	0.128	0.150	0.173	0.195
60	0.088	0.112	0.136	0.160	0.184	0.208
61	0.085	0.109	0.132	0.155	0.178	0.202
62	0.124	0.158	0.191	0.225	0.259	0.293
63	0.107	0.137	0.166	0.195	0.224	0.254
64	0.107	0.137	0.166	0.195	0.224	0.254
65	0.146	0.186	0.225	0.265	0.305	0.345
66	0.107	0.137	0.166	0.195	0.224	0.254
67	0.107	0.137	0.166	0.195	0.224	0.254
68	0.107	0.137	0.166	0.195	0.224	0.254
69	0.107	0.137	0.166	0.195	0.224	0.254
70	0.129	0.164	0.199	0.234	0.269	0.304

Public Agency Miscellaneous 3% @ 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.026	0.033	0.040	0.048	0.055	0.062
51	0.021	0.026	0.032	0.038	0.043	0.049
52	0.019	0.025	0.030	0.035	0.040	0.046
53	0.025	0.032	0.038	0.045	0.052	0.059
54	0.039	0.049	0.060	0.070	0.081	0.091
55	0.083	0.105	0.128	0.150	0.173	0.195
56	0.055	0.070	0.085	0.100	0.115	0.130
57	0.061	0.077	0.094	0.110	0.127	0.143
58	0.072	0.091	0.111	0.130	0.150	0.169
59	0.080	0.102	0.123	0.145	0.167	0.189
60	0.094	0.119	0.145	0.170	0.196	0.221
61	0.088	0.112	0.136	0.160	0.184	0.208
62	0.127	0.161	0.196	0.230	0.265	0.299
63	0.110	0.140	0.170	0.200	0.230	0.260
64	0.110	0.140	0.170	0.200	0.230	0.260
65	0.149	0.189	0.230	0.270	0.311	0.351
66	0.110	0.140	0.170	0.200	0.230	0.260
67	0.110	0.140	0.170	0.200	0.230	0.260
68	0.110	0.140	0.170	0.200	0.230	0.260
69	0.110	0.140	0.170	0.200	0.230	0.260
70	0.132	0.168	0.204	0.240	0.276	0.312

Public Agency Fire ½ @ 55 and 2% @ 55

Age	Rate	Age	Rate
50	0.01588	56	0.11079
51	0.00000	57	0.00000
52	0.03442	58	0.09499
53	0.01990	59	0.04409
54	0.04132	60	1.00000
55	0.07513		

Public Agency Police ½ @ 55 and 2% @ 55

Age	Rate	Age	Rate
50	0.02552	56	0.06921
51	0.00000	57	0.05113
52	0.01637	58	0.07241
53	0.02717	59	0.07043
54	0.00949	60	1.00000
55	0.16674		

Public Agency Police 2%@ 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.014	0.014	0.014	0.014	0.025	0.045
51	0.012	0.012	0.012	0.012	0.023	0.040
52	0.026	0.026	0.026	0.026	0.048	0.086
53	0.052	0.052	0.052	0.052	0.096	0.171
54	0.070	0.070	0.070	0.070	0.128	0.227
55	0.090	0.090	0.090	0.090	0.165	0.293
56	0.064	0.064	0.064	0.064	0.117	0.208
57	0.071	0.071	0.071	0.071	0.130	0.232
58	0.063	0.063	0.063	0.063	0.115	0.205
59	0.140	0.140	0.140	0.140	0.174	0.254
60	0.140	0.140	0.140	0.140	0.172	0.251
61	0.140	0.140	0.140	0.140	0.172	0.251
62	0.140	0.140	0.140	0.140	0.172	0.251
63	0.140	0.140	0.140	0.140	0.172	0.251
64	0.140	0.140	0.140	0.140	0.172	0.251
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Public Agency Fire 2%@50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.007	0.007	0.007	0.010	0.015
51	0.008	0.008	0.008	0.008	0.013	0.019
52	0.017	0.017	0.017	0.017	0.027	0.040
53	0.047	0.047	0.047	0.047	0.072	0.107
54	0.064	0.064	0.064	0.064	0.098	0.147
55	0.087	0.087	0.087	0.087	0.134	0.200
56	0.078	0.078	0.078	0.078	0.120	0.180
57	0.090	0.090	0.090	0.090	0.139	0.208
58	0.079	0.079	0.079	0.079	0.122	0.182
59	0.073	0.073	0.073	0.073	0.112	0.168
60	0.114	0.114	0.114	0.114	0.175	0.262
61	0.114	0.114	0.114	0.114	0.175	0.262
62	0.114	0.114	0.114	0.114	0.175	0.262
63	0.114	0.114	0.114	0.114	0.175	0.262
64	0.114	0.114	0.114	0.114	0.175	0.262
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 3%@ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.019	0.019	0.019	0.019	0.040	0.060
51	0.024	0.024	0.024	0.024	0.049	0.074
52	0.024	0.024	0.024	0.024	0.051	0.077
53	0.059	0.059	0.059	0.059	0.121	0.183
54	0.069	0.069	0.069	0.069	0.142	0.215
55	0.116	0.116	0.116	0.116	0.240	0.363
56	0.076	0.076	0.076	0.076	0.156	0.236
57	0.058	0.058	0.058	0.058	0.120	0.181
58	0.076	0.076	0.076	0.076	0.157	0.237
59	0.094	0.094	0.094	0.094	0.193	0.292
60	0.141	0.141	0.141	0.141	0.290	0.438
61	0.094	0.094	0.094	0.094	0.193	0.292
62	0.118	0.118	0.118	0.118	0.241	0.365
63	0.094	0.094	0.094	0.094	0.193	0.292
64	0.094	0.094	0.094	0.094	0.193	0.292
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Public Agency Fire 3%@55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.012	0.012	0.012	0.018	0.028	0.033
51	0.008	0.008	0.008	0.012	0.019	0.022
52	0.018	0.018	0.018	0.027	0.042	0.050
53	0.043	0.043	0.043	0.062	0.098	0.114
54	0.057	0.057	0.057	0.083	0.131	0.152
55	0.092	0.092	0.092	0.134	0.211	0.246
56	0.081	0.081	0.081	0.118	0.187	0.218
57	0.100	0.100	0.100	0.146	0.230	0.268
58	0.081	0.081	0.081	0.119	0.187	0.219
59	0.078	0.078	0.078	0.113	0.178	0.208
60	0.117	0.117	0.117	0.170	0.267	0.312
61	0.078	0.078	0.078	0.113	0.178	0.208
62	0.098	0.098	0.098	0.141	0.223	0.260
63	0.078	0.078	0.078	0.113	0.178	0.208
64	0.078	0.078	0.078	0.113	0.178	0.208
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 3%@ 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.070	0.070	0.070	0.131	0.193	0.249
51	0.050	0.050	0.050	0.095	0.139	0.180
52	0.061	0.061	0.061	0.116	0.171	0.220
53	0.069	0.069	0.069	0.130	0.192	0.247
54	0.071	0.071	0.071	0.134	0.197	0.255
55	0.090	0.090	0.090	0.170	0.250	0.322
56	0.069	0.069	0.069	0.130	0.191	0.247
57	0.080	0.080	0.080	0.152	0.223	0.288
58	0.087	0.087	0.087	0.164	0.242	0.312
59	0.090	0.090	0.090	0.170	0.251	0.323
60	0.135	0.135	0.135	0.255	0.377	0.485
61	0.090	0.090	0.090	0.170	0.251	0.323
62	0.113	0.113	0.113	0.213	0.314	0.404
63	0.090	0.090	0.090	0.170	0.251	0.323
64	0.090	0.090	0.090	0.170	0.251	0.323
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Public Agency Fire 3%@50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.034	0.034	0.034	0.048	0.068	0.080
51	0.046	0.046	0.046	0.065	0.092	0.109
52	0.069	0.069	0.069	0.097	0.138	0.163
53	0.084	0.084	0.084	0.117	0.166	0.197
54	0.103	0.103	0.103	0.143	0.204	0.241
55	0.127	0.127	0.127	0.177	0.252	0.298
56	0.121	0.121	0.121	0.169	0.241	0.285
57	0.101	0.101	0.101	0.141	0.201	0.238
58	0.118	0.118	0.118	0.165	0.235	0.279
59	0.100	0.100	0.100	0.140	0.199	0.236
60	0.150	0.150	0.150	0.210	0.299	0.354
61	0.100	0.100	0.100	0.140	0.199	0.236
62	0.125	0.125	0.125	0.175	0.249	0.295
63	0.100	0.100	0.100	0.140	0.199	0.236
64	0.100	0.100	0.100	0.140	0.199	0.236
65	1.000	1.000	1.000	1.000	1.000	1.000

Schools 2%@ 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.005	0.009	0.013	0.015	0.016	0.018
51	0.005	0.010	0.014	0.017	0.019	0.021
52	0.006	0.012	0.017	0.020	0.022	0.025
53	0.007	0.014	0.019	0.023	0.026	0.029
54	0.012	0.024	0.033	0.039	0.044	0.049
55	0.024	0.048	0.067	0.079	0.088	0.099
56	0.020	0.039	0.055	0.065	0.072	0.081
57	0.021	0.042	0.059	0.070	0.078	0.087
58	0.025	0.050	0.070	0.083	0.092	0.103
59	0.029	0.057	0.080	0.095	0.105	0.118
60	0.037	0.073	0.102	0.121	0.134	0.150
61	0.046	0.090	0.126	0.149	0.166	0.186
62	0.076	0.151	0.212	0.250	0.278	0.311
63	0.069	0.136	0.191	0.225	0.251	0.281
64	0.067	0.133	0.185	0.219	0.244	0.273
65	0.091	0.180	0.251	0.297	0.331	0.370
66	0.072	0.143	0.200	0.237	0.264	0.295
67	0.067	0.132	0.185	0.218	0.243	0.272
68	0.060	0.118	0.165	0.195	0.217	0.243
69	0.067	0.133	0.187	0.220	0.246	0.275
70	0.066	0.131	0.183	0.216	0.241	0.270

Miscellaneous

Superfunded Status

Prior to enactment of the Public Employees' Pension Reform Act (PEPRA) effective January 1, 2013, a plan in superfunded status (actuarial value of assets exceeding present value of benefits) would normally pay a zero employer contribution rate while also being permitted to use its superfunded assets to pay its employees' normal member contributions.

However, Section 7522.52(a) of PEPRA states, "In any fiscal year a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the total normal cost rate…" This means that not only must employers pay their employer normal cost, regardless of plan surplus, but also that employers may no longer use superfunded assets to pay employee normal member contributions.

Superfunded status applies only to individual plans, not risk pools. For rate plans within a risk pool, actuarial value of assets is the sum of the rate plan's side fund plus the rate plan's pro-rata share of non-side fund assets.

Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code Section 415 were taken into account in this valuation. Each year the impact of any changes in this limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. This results in lower contributions for those employers contributing to the Replacement Benefit Fund and it also protects CalPERS from prefunding expected benefits in excess of limits imposed by federal tax law.

Internal Revenue Code Section 401(a)(17)

The limitations on compensation imposed by Internal Revenue Code Section 401(a)(17) were taken into account in this valuation. Each year the impact of any changes in this compensation limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base.

PEPRA Assumptions

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. For non-pooled plans, these members will first be reflected in the June 30, 2013 non-pooled plan valuations. Members in pooled plans will be reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in November 2012 in response to the passage of PEPRA, beginning with the June 30, 2013 valuation. Different assumptions for the new PEPRA members will be disclosed in the 2013 valuation.

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APPENDIX B

PRINCIPAL PLAN PROVISIONS

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The following is a description of the principal plan provisions used in calculating the liabilities of the Miscellaneous 3.0% at 60 Risk Pool. Plan provisions are divided based on whether they are standard, Class 1, Class 2 or Class 3 benefits. Standard benefits are applicable to all members of the risk pool while Class 1, 2 or 3 benefits vary among employers. Provided at the end of the listing in Appendix C is a table showing the percentage of members participating in the pool that are subject to Class 1 benefits.

Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the complex Public Employees' Retirement Law. The law itself governs in all situations.

PEPRA Benefit Changes

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. For non-pooled plans, these members will first be reflected in the June 30, 2013 non-pooled plan valuations. Members in pooled plans will be reflected in the new Miscellaneous and new Safety risk pools created by the CalPERS Board in November 2012 in response to the passage of PEPRA, also beginning with the June 30, 2013 valuation.

Service Retirement

Eligibility
A CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service.

Benefit
The Service Retirement benefit is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation*.

- The *benefit factor* for this group of employees comes from the **3% at 60 or 1.5% at 65 Miscellaneous** benefit formula factor table. The factor depends on the member's age at retirement. Listed below are the factors for retirement at whole year ages:

Retirement Age	3% at 60 Miscellaneous Factor	Retirement Age	3% at 60 Miscellaneous Factor
50	2.0%	56	2.6%
51	2.1%	57	2.7%
52	2.2%	58	2.8%
53	2.3%	59	2.9%
54	2.4%	60 & Up	3%
55	2.5%		

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. Any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.

- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit available to all members is 36 months. Employers have the option of providing a final compensation equal to the highest 12 consecutive months by contracting for this Class 1 optional benefit. Final compensation must be defined by the highest 36 consecutive months' pay under the 1.5% at 65 formula.

- Employees must be covered by Social Security with the 1.5% at 65 formula. Social Security is optional for all other benefit formulas. For employees covered by the modified formula, the final compensation is offset by $133.33 (or by one third if the final compensation is less than $400). Employers have the option to contract for the Class 3 benefit that will eliminate the offset applicable to the final compensation of employees covered by a modified formula.

- The Miscellaneous Service Retirement benefit is not capped. The Safety Service Retirement benefit is capped at 90 percent of final compensation.

Vested Deferred Retirement

Eligibility for Deferred Status
A CalPERS member becomes eligible for a deferred vested retirement benefit when he or she leaves employment, keeps his or her contribution account balance on deposit with CalPERS, **and** has earned at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements).

Eligibility to Start Receiving Benefits
The CalPERS member becomes eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 50 (55 for employees hired into a 1.5% @ 65 plan).

Benefit
The vested deferred retirement benefit is the same as the Service Retirement benefit, where the benefit factor is based on the member's age at allowance commencement. For members who have earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance.

Non-Industrial (Non-Job Related) Disability Retirement

Eligibility
A CalPERS member is eligible for Non-Industrial Disability Retirement if he or she becomes *disabled* and has at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). There is no special age requirement. *Disabled* means the member is unable to perform his or her job because of an illness or injury which is expected to be permanent or to last indefinitely. The illness or injury does not have to be job related. A CalPERS member must be actively working with any CalPERS employer at the time of disability in order to be eligible for this benefit.

Standard Benefit
The standard Non-Industrial Disability Retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by *service*, which is determined as follows:

- *Service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or

- *Service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33 1/3 percent of Final Compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

Improved Benefit
Employers have the option of providing this improved benefit by contracting for this Class 3 optional benefit.

The improved Non-Industrial Disability Retirement benefit is a monthly allowance equal to 30 percent of final compensation for the first 5 years of service, plus 1% for each additional year of service to a maximum of 50 percent of final compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

Industrial (Job Related) Disability Retirement

Employers have the option of providing this improved benefit by contracting for this Class 1 optional benefit.

Eligibility
An employee is eligible for Industrial Disability Retirement if he or she becomes disabled while working, where disabled means the member is unable to perform the duties of the job because of a work-related illness or injury which is expected to be permanent or to last indefinitely. A CalPERS member who has left active employment within this group is not eligible for this benefit, except to the extent described in the next paragraph.

Standard Benefit
The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50 percent of final compensation. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of or annuitization of the accumulated member contributions with respect to employment in this group. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

Increased Benefit (75 percent of Final Compensation)
The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75 percent of final compensation for total disability. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of or annuitization of the accumulated member contributions with respect to employment in this group. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

Post-Retirement Death Benefit

Standard Lump Sum Payment
Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree’s designated survivor(s), or to the retiree’s estate.

Improved Lump Sum Payment
Employers have the option of providing any of these improved lump sum death benefit by contracting for any of these class 3 optional benefits.

Upon the death of a retiree, a one-time lump sum payment of $600, $2,000, $3,000, $4,000 or $5,000 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Form of Payment for Retirement Allowance

Standard Form of Payment
Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. The larger the amount to be provided to the beneficiary is, and the younger the beneficiary is, the greater the reduction to the retiree's allowance.

Improved Form of Payment (Post Retirement Survivor Allowance)
Employers have the option to contract for this Class 1 benefit providing an improved post retirement survivor allowance.

For retirement allowances with respect to service subject to the modified formula, 25 percent of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. For retirement allowances with respect to service subject to the full formula, 50 percent of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. This additional benefit is often referred to as post retirement survivor allowance (PRSA) or simply as survivor continuance.

In other words, 25 percent or 50 percent of the allowance, the continuance portion, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried children until they attain age 18; or, if no eligible children, to a qualifying dependent parent) for the rest of his or her lifetime. This benefit will not be discontinued in the event the spouse remarries.

The remaining 75 percent or 50 percent of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. CalPERS offers a variety of such benefit options, which the retiree pays for by taking a reduction to the option portion of his or her retirement allowance.

Pre-Retirement Death Benefits

Basic Death Benefit

Eligibility
An employee's beneficiary (or estate) may receive the Basic Death benefit if the member dies while actively employed. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit described below may choose to receive that death benefit instead of this Basic Death benefit.

Standard Benefit
The Basic Death Benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

1957 Survivor Benefit

Eligibility
An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried children under age 18. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the Special Death benefit.

Standard Benefit
The 1957 Survivor benefit is a monthly allowance equal to one-half of the unmodified Service Retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to a dependent child, the benefit will be discontinued upon death or attainment of age 18, unless the child is disabled. There is a guarantee that the total amount paid will at least equal the Basic Death benefit.

Optional Settlement 2W Death Benefit

Eligibility
An employee's *eligible survivor* may receive the Optional Settlement 2W Death benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the 1957 Survivor benefit.

Standard Benefit
The Optional Settlement 2W Death benefit is a monthly allowance equal to the Service Retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2W. (A retiree who elects Optional Settlement 2W receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried children under age 18, if applicable. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

Special Death Benefit

Eligibility
An employee's *eligible survivor(s)* may receive the Special Death benefit if the member dies while actively employed and the death is job-related. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried children under age 22. An eligible survivor who chooses to receive this benefit will not receive any other death benefit.

Improved Benefit
The Special Death benefit is a monthly allowance equal to 50 percent of final compensation, and will be increased whenever the compensation paid to active employees is increased but ceasing to increase when the member would have attained age 50. The allowance is payable to the surviving spouse until death at which time the allowance is continued to any unmarried children under age 22. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

If the member's death is the result of an accident or injury caused by external violence or physical force incurred in the performance of the member's duty, and there are *eligible* surviving children (*eligible* means unmarried children under age 22) in addition to an eligible spouse, then an **additional monthly allowance** is paid equal to the following:

- if 1 eligible child: 12.5% of final compensation
- if 2 eligible children: 20.0% of final compensation
- if 3 or more eligible children: 25.0% of final compensation

Cost-of-Living Adjustments (COLA)

Standard Benefit
Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

Improved Benefit
Employers have the option of providing any of these improved cost-of-living adjustments by contracting for any one of these Class 1 optional benefits. An improved COLA is not available in conjunction with the 1.5% at 65 formula.

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by either 3 percent, 4 percent or 5 percent. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

Purchasing Power Protection Allowance (PPPA)

Retirement and survivor allowances are protected against inflation by PPPA. PPPA benefits are cost-of-living adjustments that are intended to maintain an individual's allowance at 80 percent of the initial allowance at retirement adjusted for inflation since retirement. The PPPA benefit will be coordinated with other cost-of-living adjustments provided under the plan.

Employee Contributions

Each employee contributes toward his or her retirement based upon the following schedule.

The percent contributed below the monthly compensation breakpoint is 0 percent.
The monthly compensation breakpoint is $0 for full and supplemental formula members, except for those members in the CSU auxiliary organizations where the breakpoint is $513.
The monthly compensation breakpoint is $133.33 for employees covered by the modified formula.
The percent contributed above the monthly compensation breakpoint is 8 percent for 3% at 60 Miscellaneous Benefit Formula and 2 percent for 1.5% at 65, except for those members in the CSU auxiliary organizations where the contribution rate has been set at the State member level.

The employer may choose to "pick-up" these contributions for the employees (Employer Paid Member Contributions), or EMPC. An employer may also include Employee Cost Sharing in the contract, where employees contribute an additional percentage of compensation based on any optional benefit for which a contract amendment was made on or after January 1, 1979.

Refund of Employee Contributions

If the member's service with the employer ends, and if the member does not satisfy the eligibility conditions for any of the retirement benefits above, the member may elect to receive a refund of his or her employee contributions, which are credited annually with 6 percent interest.

1959 Survivor Benefit

This is a pre-retirement death benefit available only to members not covered by Social Security. Any agency joining CalPERS subsequent to 1993 was required to provide this benefit if the members were not covered by Social Security. The benefit is optional for agencies joining CalPERS prior to 1994. Levels 1, 2 and 3 are now closed. Any new agency or any agency wishing to add this benefit or increase the current level must choose the 4th or Indexed Level.

This benefit is not included in the results presented in this valuation. More information on this benefit is available on the CalPERS website at www.calpers.ca.gov.

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APPENDIX C

PLAN OPTIONS AND VARIABLES

- **CLASSIFICATION OF OPTIONAL BENEFITS**
- **EXAMPLE OF INDIVIDUAL AGENCY'S RATE CALCULATION**
- **DISTRIBUTION OF CLASS 1 BENEFITS**

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Classification of Optional Benefits

Below is the list of the available optional benefit provisions and their initial classification upon establishment of risk pools. When new benefits become available as a result of legislation, the Chief Actuary will determine their classification in accordance with the criteria established in the Board policy.

Class 1

Class 1 benefits have been identified to be additional benefits which have a significant, ongoing effect on the total plan cost. In some cases, a Class 1 benefit may be an alternate benefit formula. These benefits vary by employer across the risk pool. Agencies contracting for a Class 1 benefit will be responsible for the past service liability associated with such benefit and will be required to pay a surcharge established by the actuary to cover the ongoing cost (normal cost) of the Class 1 benefit.

The table below shows the list of Class 1 benefits and their applicable surcharge for the Miscellaneous 3.0% at 60 Risk Pool. Last year's surcharges are shown for comparison.

	June 30, 2011	June 30, 2012
• One Year Final Compensation	0.640%	0.625%
• EPMC by contract, 7%	1.203%	1.173%
• EPMC by contract, 8%	1.375%	1.339%
• EPMC by contract, 9%	N/A	N/A
• 25% PRSA	1.049%	1.036%
• 50% PRSA	1.049%	1.036%
• 3% Annual COLA	1.211%	1.206%
• 4% Annual COLA	1.211%	1.206%
• 5% Annual COLA	1.211%	1.206%
• IDR For Local Miscellaneous Members	0.460%	0.454%
• Increased IDR Allowance to 75% of Compensation	0.809%	0.799%
• Improved Industrial Disability Allowance for Local Safety Members	N/A	N/A
• Employee Cost Sharing	varies	varies
• Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level - Covered by Social Security	2.000%	2.000%
• Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level - Not Covered by Social Security	1.000%	1.000%

For employers contracting for more than one Class 1 benefit, the surcharges listed in this table will be added together

- Employee cost sharing had been eliminated as a surcharge from some of the June 30, 2010 valuations and from all of the June 30, 2011 and later valuations. It is now shown on My|CalPERS as a rate adjustment.

Class 2

Class 2 benefits have been identified to be the ancillary benefits providing one-time increases in benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 2 benefit will be responsible for the past service liability associated with such benefit.

The following benefits shall be classified as Class 2:

- One-time 1% to 6% Ad Hoc COLA Increases for members who retired or died prior to January 1, 1998 (Section 21328)
- "Golden Handshakes" – Section 20903 Two Years Additional Service Credit
- Credit for Prior Service Paid for by the Employer
- Military Service Credit (Section 20996)
- Credit for Local Retirement System Service for Employees of Agencies Contracted on a Prospective basis (Section 20530.1)
- Prior Service Credit for Employees of an Assumed Agency Function (Section 20936)
- Limit Prior Service to Members Employed on Contract Date (Section 20938)
- Public Service Credit for Limited Prior Service (Section 21031)
- Public Service Credit for Employees of an Assumed Agency or Function (Section 21025)

Class 3

Class 3 benefits have been identified to be additional benefits which have a minimal effect on the total plan cost. Class 3 benefits may vary by rate plan within each risk pool. However, the employer contribution rate will not vary within the risk pool due to the Class 3 benefits.

The following benefits shall be classified as Class 3:

- Full formula plus social security
- Post Retirement Lump Sum Death Benefit
- $600 lump sum retired death benefit (Section 21622)
- $2,000 lump sum retired death benefit (Section 21623.5)
- $3,000 lump sum retired death benefit (Section 21623.5)
- $4,000 lump sum retired death benefit (Section 21623.5)
- $5,000 lump sum retired death benefit (Section 21623.5)
- Improved non-industrial disability allowance (Section 21427)
- Special death benefit for local miscellaneous members (Section 21540.5)
- Service Credit Purchased by Member
- Partial Service Retirement (Section 21118)
- Optional Membership for Part Time Employees (Section 20325)
- Extension of Reciprocity Rights for Elective Officers (Section 20356)
- Removal of Contract Exclusions Prospectively Only (Section 20503)
- Alternate Death Benefit for Local Fire Members credited with 20 or more years of service (Section 21547.7)

Example Of Individual Agency's Rate Calculation

An individual employer rate is comprised of several components. These include the pool's net employer normal cost, payment on the pool's unfunded liability, additional surcharge payments for contracted Class 1 benefits, the normal cost phase-out and an agency's payment for their own side fund. An example of the total rate for an employer might look something like this:

Net Pool's Employer Normal Cost	10.414%
Rate Plan Surcharges	0.625%
Total Employer Normal Cost	11.039%
Plus: Plan's share of Pool's Payment on the Amortization Bases	5.747%
Side Fund Amortization Payment	2.600%
Total Employer Rate for fiscal year 2014-15	19.386%

Your plan's actual required contribution can be found in Section 1.

Distribution of Class 1 Benefits

Final Compensation	**% of members in the pool with contracted benefit**
One Year Final Compensation	79.3%
Three Years Final Compensation	20.7%
Post Retirement Survivor Continuance (PRSA)	
No PRSA	70.2%
With PRSA	29.8%
Cost-of-Living Adjustments (COLA)	
2% COLA	91.7%
3% COLA	1.8%
4% COLA	4.0%
5% COLA	2.5%
Industrial Disability Benefit	
None	90.2%
Standard Industrial Disability Benefit (50% of Final Compensation)	9.8%
Improved Industrial Disability Benefit (75% of Final Compensation)	0.0%
Improved Industrial Disability Benefit (50% - 90% of Final Compensation)	0.0%

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APPENDIX D

PARTICIPATING EMPLOYERS

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Employer Name

ANTELOPE VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT
APTOS/LA SELVA FIRE PROTECTION AGENCY
BIGHORN-DESERT VIEW WATER AGENCY
BORREGO WATER DISTRICT
BURNEY WATER DISTRICT
CAMBRIA COMMUNITY SERVICES DISTRICT
CENTRAL BASIN MUNICIPAL WATER DISTRICT
CITY OF ALTURAS
CITY OF ATWATER
CITY OF BEAUMONT
CITY OF CALIFORNIA CITY
CITY OF COACHELLA CITY
CITY OF DEL MAR
CITY OF DOS PALOS
CITY OF ESCALON
CITY OF EXETER
CITY OF PIEDMONT
CITY OF SAN FERNANDO
CITY OF SAND CITY
CITY OF SHASTA LAKE
CITY OF SUSANVILLE
CITY OF SUTTER CREEK
CITY OF WASCO
CITY OF WESTLAKE VILLAGE
CITY OF WILLOWS
DELTA VECTOR CONTROL DISTRICT
EL DORADO HILLS COUNTY WATER DISTRICT
ESPARTO COMMUNITY SERVICES DISTRICT
FAIRFIELD-SUISUN SEWER DISTRICT
FORESTHILL PUBLIC UTILITY DISTRICT
FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES
GLEN ELLEN FIRE PROTECTION DISTRICT
GOLD RIDGE FIRE PROTECTION DISTRICT
GROSSMONT HEALTHCARE DISTRICT
HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
KERN COUNTY LOCAL AGENCY FORMATION COMMISSION
LAKE COUNTY FIRE PROTECTION DISTRICT
LAKE COUNTY VECTOR CONTROL DISTRICT
LAKESIDE WATER DISTRICT
LEUCADIA WASTEWATER DISTRICT
LINDA COUNTY WATER DISTRICT
LONG BEACH CITY COLLEGE ASSOCIATED STUDENT BODY ENTERPRISES
MAMMOTH LAKES MOSQUITO ABATEMENT DISTRICT
MERCED COUNTY MOSQUITO ABATEMENT DISTRICT
MIDWAY CITY SANITARY DISTRICT
MONTECITO FIRE PROTECTION DISTRICT
MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY
NEVADA COUNTY CONSOLIDATED FIRE DISTRICT
NIPOMO COMMUNITY SERVICES DISTRICT
NORTH KERN CEMETERY DISTRICT
NORTH OF THE RIVER MUNICIPAL WATER DISTRICT
NORTH TAHOE FIRE PROTECTION DISTRICT
PAUMA VALLEY COMMUNITY SERVICES DISTRICT
PENINSULA TRAFFIC CONGESTION RELIEF ALLIANCE
PERSONAL ASSISTANCE SERVICES COUNCIL
PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
RAMONA MUNICIPAL WATER DISTRICT

APPENDIX D - PARTICIPATING EMPLOYERS

RICHARDSON BAY SANITARY DISTRICT
RIVERSIDE COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
RIVERSIDE COUNTY WASTE RESOURCES MANAGEMENT DISTRICT
ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT
RUBIDOUX COMMUNITY SERVICES DISTRICT
SACRAMENTO METROPOLITAN FIRE DISTRICT
SACRAMENTO SUBURBAN WATER DISTRICT
SAN BERNARDINO ECONOMIC DEVELOPMENT AGENCY
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
SAN DIEGO POOLED INSURANCE PROGRAM AUTHORITY
SAN GORGONIO PASS WATER AGENCY
SAN JUAN WATER DISTRICT
SOUTH FEATHER WATER AND POWER AGENCY
SOUTH PLACER FIRE DISTRICT
SOUTHERN SAN JOAQUIN MUNICIPAL UTILITY DISTRICT
TEMPLETON COMMUNITY SERVICES DISTRICT
THERMALITO WATER AND SEWER DISTRICT
TOWN OF HILLSBOROUGH
TRINITY PUBLIC UTILITIES DISTRICT
TWAIN HARTE COMMUNITY SERVICES DISTRICT
TWENTYNINE PALMS WATER DISTRICT
VALLECITOS WATER DISTRICT
VISTA IRRIGATION DISTRICT
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
WEAVERVILLE COMMUNITY SERVICES DISTRICT
WEST BASIN MUNICIPAL WATER DISTRICT
WEST COUNTY WASTEWATER DISTRICT
WHEELER RIDGE-MARICOPA WATER STORAGE DISTRICT
WOODBRIDGE RURAL COUNTY FIRE PROTECTION DISTRICT
YUIMA MUNICIPAL WATER DISTRICT

APPENDIX E

PARTICIPANT DATA

- **SOURCE OF THE PARTICIPANT DATA**
- **DATA VALIDATION TESTS AND ADJUSTMENTS**
- **SUMMARY OF VALUATION DATA**
- **ACTIVE MEMBERS**
- **TRANSFERRED AND TERMINATED MEMBERS**
- **RETIRED MEMBERS AND BENEFICIARIES**

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Source of the Participant Data

The data was extracted from various databases within CalPERS and placed in a database by a series of extract programs. Included in this data are:

- Individual member and beneficiary information,
- Employment and payroll information,
- Accumulated contributions with interest,
- Service information,
- Benefit payment information,
- Information about the various organizations which contract with CalPERS, and
- Detailed information about the plan provisions applicable to each group of members.

Data Validation Tests and Adjustments

Once the information is extracted from the various computer systems into the database, update queries are then run against this data to correct for flaws found in the data. This part of the process is intended to validate the participant data for all CalPERS plans. The data is then checked for reasonableness and consistency with data from the prior valuation.

Checks on the data include:

- A reconciliation of the membership of the plans,
- Comparisons of various member statistics (average attained age, average entry age, average salary, etc.) for each plan with those from the prior year valuation,
- Comparisons of pension amounts for each retiree and beneficiary receiving payments with those from the prior year valuation,
- Checks for invalid ages and dates, and
- Reasonableness checks on various key data elements such as service and salary

As a result of the tests on the data, a number of adjustments were determined to be necessary. These included:

- Dates of hire and dates of entry were adjusted where necessary to be consistent with the service fields, the date of birth and each other.

Summary of Valuation Data

		June 30, 2011	June 30, 2012
1.	**Number of Plans in the Risk Pool**	89	89
2.	**Active Members**		
	a) Counts	2,375	2,249
	b) Average Attained Age	46.13	46.31
	c) Average Entry Age on Rate Plan	36.24	35.97
	d) Average Years of Service	9.89	10.34
	e) Average Annual Covered Pay	$ 67,748	$ 68,102
	f) Annual Covered Payroll	$ 160,900,495	$ 153,161,984
	g) Projected Annual Payroll for Contribution Year	$ 175,820,315	$ 167,364,235
	h) Present Value of Future Payroll	$ 1,239,032,158	$ 1,160,170,702
3.	**Transferred Members**		
	a) Counts	857	853
	b) Average Attained Age	47.10	47.15
	c) Average Years of Service	4.33	4.24
	d) Average Annual Covered Pay	$ 84,475	$ 82,565
4.	**Terminated Members**		
	a) Counts	845	924
	b) Average Attained Age	45.58	45.60
	c) Average Years of Service	3.26	3.39
	d) Average Annual Covered Pay	$ 44,734	$ 45,986
5.	**Retired Members and Beneficiaries**		
	a) Counts*	2,076	2,020
	b) Average Attained Age	67.88	67.86
	c) Average Annual Benefits*	$ 17,585	$ 20,358
6.	**Active to Retired Ratio** [(2a) / (5a)]	1.14	1.11

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values may not match those on pages E-5 and E-6 due to inclusion of community property settlements.

Active Members

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Distribution of Active Members by Age and Service
Years of Service at Valuation Date

Attained Age	0-4	5-9	10-14	15-19	20-24	25+	Total
15-24	45	3	0	0	0	0	48
25-29	97	40	4	0	0	0	141
30-34	102	99	25	2	0	0	228
35-39	86	104	42	17	0	0	249
40-44	97	97	53	23	10	0	280
45-49	83	114	68	50	46	18	379
50-54	68	101	81	58	57	54	419
55-59	52	82	58	33	46	41	312
60-64	29	46	27	14	16	16	148
65 and over	10	5	4	9	7	10	45
All Ages	669	691	362	206	182	139	2,249

Distribution of Average Annual Salaries by Age and Service

Years of Service at Valuation Date

Attained Age	0-4	5-9	10-14	15-19	20-24	25+	Average
15-24	$32,215	$40,998	$0	$0	$0	$0	$32,763
25-29	42,119	46,149	46,131	0	0	0	43,376
30-34	54,602	58,240	58,763	74,433	0	0	56,812
35-39	56,652	64,510	70,217	62,750	0	0	62,638
40-44	75,081	61,459	70,258	74,733	83,697	0	69,728
45-49	68,517	74,506	70,541	85,874	73,286	73,737	73,798
50-54	63,595	77,293	77,413	76,687	82,963	87,840	77,140
55-59	73,526	67,805	72,746	72,894	86,118	71,867	73,449
60-64	63,207	67,508	73,272	115,658	87,403	88,265	76,666
65 and over	67,794	104,230	67,680	52,548	54,880	51,861	63,234
Average	59,201	66,414	71,442	78,513	80,665	78,763	68,102

Transferred and Terminated Members

Distribution of Transfers to Other CalPERS Plans by Age and Service

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-25**	**25+**	**Total**	**Average Salary**
15-24	0	0	0	0	0	0	0	$0
25-29	30	0	0	0	0	0	30	68,801
30-34	61	5	0	0	0	0	66	75,078
35-39	85	14	2	0	0	0	101	79,411
40-44	87	32	7	4	0	0	130	82,243
45-49	107	57	16	8	1	0	189	83,887
50-54	116	41	12	3	2	0	174	88,172
55-59	49	29	8	0	4	0	90	89,064
60-64	34	14	8	3	0	0	59	76,484
65 and over	10	4	0	0	0	0	14	69,438
All Ages	579	196	53	18	7	0	853	82,565

Distribution of Terminated Participants with Funds on Deposit by Age and Service

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-25**	**25+**	**Total**	**Average Salary**
15-24	27	0	0	0	0	0	27	$27,007
25-29	62	1	0	0	0	0	63	35,989
30-34	95	5	1	0	0	0	101	40,179
35-39	92	16	4	1	0	0	113	45,092
40-44	105	20	8	1	0	0	134	44,413
45-49	79	34	12	2	3	0	130	51,947
50-54	113	27	9	4	3	1	157	51,153
55-59	64	26	11	4	0	0	105	49,015
60-64	55	9	3	1	0	0	68	49,203
65 and over	22	4	0	0	0	0	26	42,816
All Ages	714	142	48	13	6	1	924	45,986

Retired Members and Beneficiaries

Distribution of Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 30	0	0	0	0	0	5	5
30-34	0	1	0	0	0	0	1
35-39	0	2	1	0	0	1	4
40-44	0	2	2	0	0	3	7
45-49	0	7	0	0	0	3	10
50-54	68	12	2	0	0	5	87
55-59	230	24	7	3	0	19	283
60-64	400	16	11	3	0	16	446
65-69	376	19	10	1	1	37	444
70-74	258	8	4	1	0	35	306
75-79	146	9	1	0	0	29	185
80-84	88	4	0	0	0	33	125
85 and Over	66	4	1	2	0	44	117
All Ages	1632	108	39	10	1	230	2,020

Distribution of Average Annual Amounts for Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 30	$0	$0	$0	$0	$0	$4,982	$4,982
30-34	0	7,948	0	0	0	0	7,948
35-39	0	4,789	26,748	0	0	4,565	10,223
40-44	0	9,638	16,895	0	0	3,287	8,989
45-49	0	7,618	0	0	0	12,781	9,167
50-54	17,154	11,560	718	0	0	8,160	15,488
55-59	21,568	9,369	6,511	11,122	0	12,105	19,415
60-64	28,661	11,641	6,039	4,054	0	15,648	26,860
65-69	24,621	6,762	5,641	2,990	13	16,851	22,678
70-74	19,841	6,108	12,472	1,741	0	15,618	18,844
75-79	16,274	13,301	429	0	0	13,732	15,645
80-84	14,065	6,865	0	0	0	15,228	14,141
85 and Over	14,469	6,928	27,106	11,698	0	12,364	13,480
All Ages	22,388	9,187	7,893	7,366	13	13,973	20,358

Retired Members and Beneficiaries (continued)

Distribution of Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 5 Yrs	660	15	5	4	0	91	775
5-9	449	12	8	2	1	62	534
10-14	228	33	7	2	0	35	305
15-19	170	26	8	0	0	24	228
20-24	76	10	5	1	0	9	101
25-29	33	4	3	0	0	5	45
30 and Over	16	8	3	1	0	4	32
All Years	1632	108	39	10	1	230	2,020

Distribution of Average Annual Amounts for Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 5 Yrs	$27,192	$10,439	$18,812	$9,039	$0	$16,305	$25,442
5-9	26,149	12,487	13,587	4,687	13	12,757	23,969
10-14	13,265	9,733	4,456	2,366	0	15,927	12,915
15-19	14,523	7,246	5,609	0	0	9,089	12,808
20-24	11,029	6,843	203	19,971	0	10,784	10,145
25-29	12,493	13,532	9,061	0	0	7,225	11,771
30 and Over	6,560	6,702	267	3,424	0	7,567	6,034
All Years	22,388	9,187	7,893	7,366	13	13,973	20,358

* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on page E-2 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

APPENDIX F

GLOSSARY OF ACTUARIAL TERMS

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Glossary of Actuarial Terms

Accrued Liability *(also called Actuarial Accrued Liability or Entry Age Normal Accrued Liability)*
The total dollars needed as of the valuation date to fund all benefits earned in the past for *current* members.

Actuarial Assumptions
Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include mortality, disability and retirement rates. Economic assumptions include discount rate, salary growth and inflation.

Actuarial Methods
Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include funding method, setting the length of time to fund the Accrued Liability and determining the Actuarial Value of Assets.

Actuarial Valuation
The determination, as of a valuation date, of the Normal Cost, Accrued liability, Actuarial Value of Assets and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

Actuarial Value of Assets
The Actuarial Value of Assets used for funding purposes is obtained through an asset smoothing technique where investment gains and losses are partially recognized in the year they are incurred, with the remainder recognized in subsequent years.

This method helps to dampen large fluctuations in the employer contribution rate.

Amortization Bases
Separate payment schedules for different portions of the Unfunded Liability. The total Unfunded Liability of a Risk Pool or non-pooled plan can be segregated by "cause", creating "bases" and each such base will be separately amortized and paid for over a specific period of time. This can be likened to a home mortgage that has 24 years of remaining payments and a second on that mortgage that has 10 years left. Each base or each mortgage note has its own terms (payment period, principal, etc.) but all bases are amortized using investment and payroll assumptions from the current valuation.

Generally in an actuarial valuation, the separate bases consist of changes in unfunded liabilities due to amendments, actuarial assumption changes, actuarial methodology changes, and gains and losses. Payment periods are determined by Board policy and vary based on the cause of the change.

Amortization Period
The number of years required to pay off an Amortization Base.

Annual Required Contributions (ARC)
The employer's periodic required annual contributions to a defined benefit pension plan, calculated in accordance with the plan assumptions. The ARC is determined by multiplying the employer contribution rate by the payroll reported to CalPERS for the applicable fiscal year. However, if this contribution is fully prepaid in a lump sum, then the dollar value of the ARC is equal to the Lump Sum Prepayment.

Class 1 Benefits
Class 1 benefits have been identified to be additional benefits which have a significant, ongoing effect on the total plan cost. In some cases, a Class 1 benefit may be an alternate benefit formula. These benefits vary by employer across the risk pool. Agencies contracting for a Class 1 benefit will be responsible for the past service liability associated with such benefit and will be required to pay a surcharge established by the actuary to cover the ongoing cost (normal cost) of the Class 1 benefit.

Class 2 Benefits

Class 2 benefits have been identified to be the ancillary benefits providing one-time increases in benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 2 benefit will be responsible for the past service liability associated with such benefit.

Class 3 Benefits

Class 3 benefits have been identified to be additional benefits which have a minimal effect on the total plan cost. Class 3 benefits may vary by rate plan within each risk pool. However, the employer contribution rate will not vary within the risk pool due to the Class 3 benefits.

Classic member (under PEPRA)

A classic member is anyone in CALPERS not defined as a new member under PEPRA (see definition of new member below.)

Discount Rate

The actuarial assumption that was called "investment return" in earlier CalPERS reports or "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law (PERL).

Entry Age

The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan or Risk Pool. In most cases, this is the same as the date of hire.

(The assumed retirement age less the entry age is the amount of time required to fund a member's total benefit. Generally, the older a member is at hire, the greater the Normal Cost. This is mainly because there is less time to earn investment income to fund the future benefits.)

Entry Age Normal Cost Method

An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll (i.e. level % of payroll).

Fresh Start

A Fresh Start is the single amortization base created when multiple amortization bases are collapsed into one base and amortized over a new funding period.

Funded Status

A measure of how well funded a plan or risk pool is. Or equivalently, how "on track" a plan or risk pool is with respect to assets vs. accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets. A funded ratio based on the Actuarial Value of Assets indicates the progress toward fully funding the plan using the actuarial cost methods and assumptions. A funded ratio based on the Market Value of Assets indicates the short-term solvency of the plan.

GASB 27

Statement No. 27 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting for pensions.

GASB 68

Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions. GASB 68 replaces GASB 27 effective for the first fiscal year beginning after June 15, 2014.

New member (under PEPRA)

A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

APPENDIX F – GLOSSARY OF ACTUARIAL TERMS

Normal Cost (also called Total Normal Cost)

The annual cost of service accrual for the upcoming fiscal year for active employees. The required employee contributions are part of the Total Normal Cost. The remaining portion, called the employer normal cost, includes surcharges for applicable class 1 benefits and should be viewed as the long term employer contribution rate.

Pension Actuary

A person who is responsible for the calculations necessary to properly fund a pension plan.

PEPRA

Public Employees' Pension Reform Act of 2013

Prepayment Contribution

A payment made by the employer to reduce or eliminate the year's required employer contribution.

Present Value of Benefits (PVB)

The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for *current* members.

Risk Pool

Using the benefit of the law of large numbers, a risk pool is a collection of employer plans for the purpose of sharing risk. If a pooled plan has active members at the time of valuation, it belongs to the risk pool composed of all other pooled plans with the same benefit formula. If a plan has no active members at the time of valuation, it belongs to the inactive pool.

Rolling Amortization Period

An amortization period that remains the same each year, rather than declining.

Side Fund

At the time a plan joined a risk pool, a Side Fund was created to account for the difference between the funded status of the pool and the funded status of the plan. The plan's Side Fund is amortized on an annual basis, with the discount rate net of, for active plans, the payroll growth rate assumption. The actuarial investment return assumption is currently 7.5%. A positive Side Fund cause the plan's required employer contribution rate to be reduced by the Amortization of Side Fund rate component shown in the Required Employer Contributions section. A negative Side Fund cause the plan's required employer contribution rate to be increased by the Amortization of Side Fund rate component. In the absence of subsequent contract amendments or funding changes, a plan's Side Fund will disappear at the end of the Amortization Period.

Superfunded

A condition existing when a plan's Actuarial Value of Assets exceeds its Present Value of Benefits. Prior to the passage of PEPRA, when this condition existed on a given valuation date for a given plan, employee contributions for the rate year covered by that valuation could be waived.

Unfunded Liability

When a plan or pool's Actuarial Value of Assets is less than its Accrued Liability, the difference is the plan or pool's Unfunded Liability of the Unfunded Liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.

APPENDIX F – GLOSSARY OF ACTUARIAL TERMS

Normal Cost (also called Total Normal Cost)

The annual cost of service accrual for the upcoming fiscal year for active employees. The required employee contributions are part of the Total Normal Cost. The remaining portion, called the employer normal cost, includes surcharges for applicable class 1 benefits and should be viewed as the long term employer contribution rate.

Pension Actuary

A person who is responsible for the calculations necessary to properly fund a pension plan.

PEPRA

Public Employees' Pension Reform Act of 2013

Prepayment Contribution

A payment made by the employer to reduce or eliminate the year's required employer contribution.

Present Value of Benefits (PVB)

The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for *current* members.

Risk Pool

Using the benefit of the law of large numbers, a risk pool is a collection of employer plans for the purpose of sharing risk. If a pooled plan has active members at the time of valuation, it belongs to the risk pool composed of all other pooled plans with the same benefit formula. If a plan has no active members at the time of valuation, it belongs to the inactive pool.

Rolling Amortization Period

An amortization period that remains the same each year, rather than declining.

Side Fund

At the time a plan joined a risk pool, a Side Fund was created to account for the difference between the funded status of the pool and the funded status of the plan. The plan's Side Fund is amortized on an annual basis, with the discount rate net of, for active plans, the payroll growth rate assumption. The actuarial investment return assumption is currently 7.5%. A positive Side Fund cause the plan's required employer contribution rate to be reduced by the Amortization of Side Fund rate component shown in the Required Employer Contributions section. A negative Side Fund cause the plan's required employer contribution rate to be increased by the Amortization of Side Fund rate component. In the absence of subsequent contract amendments or funding changes, a plan's Side Fund will disappear at the end of the Amortization Period.

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