GASB 68 ACCOUNTING VALUATION REPORT

Prepared for the Employers of the Schools Pool,

a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Measurement Date of June 30, 2014

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ACTUARIAL CERTIFICATION

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

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

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

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

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

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Associate Pension Actuary
CalPERS Actuarial Office

Introduction

GASB Statement 68 replaced GASB 27 effective for fiscal years beginning after June 15, 2014. Statement 68 was issued by GASB in June 2012, requiring public employers to comply with new accounting and financial reporting standards. Statement 68 outlines a different approach to the recognition and calculation of pension obligations.

This report provides the collective GASB 68 pension expense and net pension liability in aggregate for the Schools Pool for the measurement period ending June 30, 2014. Under the new GASB standards, each participating employer is required to record its proportionate share of the aggregate PE and NPL in their financial statements. To this end, paragraph 48 of GASB 68 states:

> "A liability should be recognized for the employer's proportionate share of the collective net pension liability, measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The employer's proportionate share of the collective net pension liability should be measured by:
>
> a. Determining the employer's proportion—a measure of the proportionate relationship of (1) the employer (and, to the extent associated with the employer, nonemployer contributing entities, if any, that provide support for the employer but that are not in a special funding situation) to (2) all employers and all nonemployer contributing entities. The basis for the employer's proportion should be consistent with the manner in which contributions to the pension plan, excluding those to separately finance specific liabilities of an individual employer to the pension plan, are determined. The use of the employer's projected long-term contribution effort to the pension plan (including that of nonemployer contributing entities that provide support for the employer but that are not in a special funding situation) as compared to the total projected long-term contribution effort of all employers and all nonemployer contributing entities to determine the employer's proportion is encouraged.
>
> b. Multiplying the collective net pension liability (determined in conformity with paragraphs 59−70) by the employer's proportion calculated in (a)."

This report provides the collective **(hereinafter referred to as "aggregate")** Net Pension Liability mentioned in (b) above. The proportion described in (a) will need to be determined by each individual employer.

To complete its financial statements, each participating employer will need to calculate its own proportionate share of the pension expense and net pension liabilities. These calculations may also need to be adjusted or supplemented with additional information supplied by and prepared by the employer. For example, pension expense may need to be adjusted if an employer contributed more than its required minimum during the year. Employers should work with their auditors, as necessary, to complete their financial statements within the requirements of GASB 68.

Purpose of the Report

This report provides the aggregate pension information for the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (the Plan). The individual participating employers should use this information along with their own contribution data to prepare their financial reports subject to GASB 68 for the fiscal year beginning after June 15, 2014 but ending on or before June 30, 2015. The pension expense is for the measurement period of 2013-14 and the net pension liability is measured as of June 30, 2014. Both amounts are based on the results of the Schools Pool annual funding actuarial valuation as of June 30, 2013 and assets through June 30, 2014. Since GASB 68 allows a measurement date of up to 12 months before the employer's fiscal year-end, this report can be used for fiscal year ends between June 15, 2015 and June 30, 2015.

The following aggregate pension information for the Schools Pool is disclosed in this report:

- Summary of Significant Accounting Policies
- General Information about the Pension Plan
    - Plan Description, Benefits Provided and Employees Covered
    - Contribution Description
    - Actuarial Methods and Assumptions
    - Discount Rate
    - Pension Plan Fiduciary Net Position
- Changes in the Aggregate Net Pension Liability
    - Sensitivity of the Net Pension Liability
    - Subsequent Events
    - Allocation of Net Pension Liability and Pension Expense to Individual Employers
    - Recognition of Gains and Losses
- Aggregate Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
- Additional Aggregate Information

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

Summary of Significant Accounting Policies

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

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

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

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

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

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2014 (the measurement date), the average active employee contribution rate is 6.974 percent of annual pay, and the employer's contribution rate is 11.442 percent of annual payroll. It is the responsibility of the employer and its auditor to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or cost-sharing whether by contract amendment or by resolution of the governing board.

Actuarial Methods and Assumptions used to Determine Total Pension Liability

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at the CalPERS website.

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

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

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

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

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

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

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

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

Pension Plan Fiduciary Net Position

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

Changes in the Aggregate Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (c) = (a) - (b)**
Balance at: 6/30/2013 (VD)	**$ 65,036,136,621**	**$ 49,481,899,610**	**$ 15,554,237,011**
• Receivables for Employee Service Buybacks (BOY)		(97,880,222)	97,880,222
• Adjustment to Beginning of Year Assets		(1,016,607)	1,016,607
Adjusted Balance at: 6/30/2013 (VD)	**$ 65,036,136,621**	**$ 49,383,002,781**	**$ 15,653,133,840**
Changes Recognized for the Measurement Period:			
• Service Cost	1,576,026,147		1,576,026,147
• Interest on the Total Pension Liability	4,819,118,168		4,819,118,168
• Changes of Benefit Terms	0		0
• Differences between Expected and Actual Experience	0		0
• Changes of Assumptions	0		0
• Contributions from the Employer		1,203,070,999	(1,203,070,999)
• Contributions from Employees		744,223,935	(744,223,935)
• Net Investment Income[1]		8,542,739,915	(8,542,739,915)
• Benefit Payments, including Refunds of Employee Contributions	(3,138,481,587)	(3,138,481,587)	0
Preliminary Balance at: 6/30/2014 (MD)	**$ 68,292,799,349**	**$ 56,734,556,043**	**$ 11,558,243,306**
Changes Recognized at the end of the Measurement Period:			
• GASB 68 Reserves[2]		102,126,706	(102,126,706)
• Receivables for Employee Service Buybacks (EOY)		103,681,751	(103,681,751)
Balance at: 6/30/2014 (MD)	**$ 68,292,799,349**	**$ 56,940,364,500**	**$ 11,352,434,849**
Net Changes during 2013-14	**3,256,662,728**	**7,458,464,890**	**(4,201,802,162)**

[1]Net of administrative expenses

[2]Deficiency reserves, fiduciary self-insurance and OPEB expense

The information above is the same as shown for PERF B disclosed in the CalPERS 2013-14 Comprehensive Annual Financial Report, excluding the total pension liabilities and fiduciary net position of the 1959 Survivor Plan, which total $13,699,453 and $71,331,499, respectively.

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

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

	Discount Rate - 1% (6.5%)	**Current Discount Rate (7.5%)**	**Discount Rate + 1% (8.5%)**
Plan's net pension liability	$ 19,914,762,150	$ 11,352,434,849	$ 4,197,747,153

Subsequent Events

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

Allocation of Aggregate Net Pension Liability and Aggregate Pension Expense to Individual Employers

A key aspect of GASB 68 is to establish an approach to allocate the net pension liability and pension expense of the Plan to the individual employers within the Schools Pool. Paragraph 48 describes that each employer should recognize a proportionate share of the net pension liability and pension expense. GASB encourages the allocation of these amounts to individual employers based on the ratio of an individual employer's projected long-term contributions to all employers' projected long-term contributions.

Each employer's allocation of pension expense and net pension liability can be based on the proportion of its contributions to the aggregate amount of employer contributions. Please refer to the GASB section of the CalPERS website for further guidance on this subject.

Recognition of Gains and Losses

Under GASB 68, gains and losses (investment, experience or assumption changes) related to pensions are recognized in pension expense systematically over time.

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

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

Difference between projected and actual earnings	5 year straight-line amortization

All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retirees) as of the beginning of the measurement period

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

The EARSL for the Plan was 3.9 years, which was obtained by dividing the total service years of 2,664,636 (the sum of remaining service lifetimes of the active employees) by 674,831 (the total number of participants: active, inactive and retirees). Note that inactive employees and retirees have remaining service lifetimes equal to 0.

Aggregate Pension Expense and Aggregate Deferred Outflows and Deferred Inflows

To implement Paragraph 137 of GASB 68 and Questions 267 and 268 of the GASB 68 Implementation Guide, the employer should consult its auditor on the adjusting entries concerning the net pension obligation (NPO) and the initial net pension liability (NPL). The Plan had an aggregate initial net pension liability (NPL) of $15,554,237,011 as of July 1, 2013.

For the measurement period ending June 30, 2014, the aggregate Plan recognized a pension expense of $908,216,201. (See Appendix B-2 for the complete breakdown of the pension expense).

At June 30, 2014, the aggregate Plan reports other amounts as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 0	$ 0
Changes of assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	0	(3,906,947,364)
Total	**$ 0**	**$ (3,906,947,364)**

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

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

Measurement Period ended June 30:	**Deferred Outflows/(Inflows) of Resources**
2015	$ (976,736,842)
2016	(976,736,842)
2017	(976,736,842)
2018	(976,736,838)
2019	0
Thereafter	0

Note that no adjustments have been made for employer specific amounts such as changes in proportion, differences between employer contributions and proportionate share of contributions, and contributions to the Plan subsequent to the measurement date as defined in paragraphs 54, 55, and 57 of GASB 68. Adequate treatment of such amounts is the responsibility of the employer and its auditors.

Additional Aggregate Information

Measurement Period		2013-14
AGGREGATE TOTAL PENSION LIABILITY		
Aggregate Total Pension Liability – beginning	$	65,036,136,621
Aggregate Total Pension Liability - ending (a)	$	68,292,799,349
AGGREGATE FIDUCIARY NET POSITION		
Aggregate Fiduciary Net Position – beginning	$	49,481,899,610
Aggregate Fiduciary Net Position - ending (b)	$	56,940,364,500
AGGREGATE NET PENSION LIABILITY - Ending (a) - (b)	**$**	**11,352,434,849**
Aggregate Fiduciary Net Position as a Percentage of the Total Pension Liability		83.38%
Aggregate Covered-Employee Payroll	$	10,120,247,525
Aggregate Net Pension Liability as a Percentage of Aggregate Covered-Employee Payroll		112.18%
Aggregate Employer Contributions	$	1,203,070,999
Aggregate Employer Contributions as a Percentage of Aggregate Covered-Employee Payroll		11.89%

The $10,120,247,525 of covered-employee payroll for the Schools Pool is derived from the prior year payroll, $9,825,483,034, increased by the 3% payroll growth assumption.

Covered-employee payroll represented above is based on pensionable earnings provided by the employers for the Schools Pool. Each employer should disclose its own covered-employee payroll. If pensionable earnings are different than total earnings, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Note that the above information is provided with regards to the Schools Pool in aggregate. GASB 68 requires certain schedules of information to be disclosed and maintained by the employer which are not provided here. Please see GASB 68 paragraphs 74 through 82 and the examples in the GASB 68 Implementation Guide for additional guidance and illustrations on what information is required to be disclosed.

Summary of Changes in Benefits or Assumptions

Benefit Changes: There were no changes to benefit terms that applied to all members of the Schools Pool. However, individual employers in the pool may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information in their financial statement. These employers should consult with their auditors.

Changes of assumptions: There were no changes in assumptions

Actuarial Methods and Assumptions for Aggregate Plan Contributions

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2012 Schools Pool actuarial valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012 Schools Pool Funding Actuarial Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Schools Pool Funding Actuarial Valuation Report.
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment Expenses, including Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

APPENDICES

- **APPENDIX A – AGGREGATE DEFERRED OUTFLOWS OF RESOURCES AND AGGREGATE DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

- **APPENDIX B – AGGREGATE TOTAL INTEREST, AGGREGATE PROJECTED EARNINGS AND AGGREGATE PENSION EXPENSE**

- **APPENDIX C – SCHEDULE OF AGGREGATE PENSION AMOUNTS**

APPENDIX A

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

- **SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES FOR DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **SCHEDULE OF CHANGES OF ASSUMPTIONS**
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Schedule of differences between expected and actual experience

Measurement Period	Differences between Expected and Actual Experience	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience						
			2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Thereafter
2013-14	$0	3.9	$0	$0	$0	$0	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$0	$0	$0	$0	$0	$0	$0

Note: The amounts above are shown to document the amortizations used in aggregate pension expense. These amounts are not intended to be part of the individual employer's financial disclosure.

Deferred outflows of resources and deferred inflows of resources arising from differences between expected and actual experience

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

Note: The amounts above are shown to document the amortizations used in aggregate pension expense. These amounts are not intended to be part of the individual employer's financial disclosure.

Schedule of changes of assumptions

Measurement Period	Changes of Assumptions	Recognition Period (Years)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Thereafter
			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions						
2013-14	$0	3.9	$0	$0	$0	$0	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$0	$0	$0	$0	$0	$0	$0

Note: The amounts above are shown to document the amortizations used in aggregate pension expense. These amounts are not intended to be part of the individual employer's financial disclosure.

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

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

Note: The amounts above are shown to document the amortizations used in aggregate pension expense. These amounts are not intended to be part of the individual employer's financial disclosure.

Schedule of differences between projected and actual earnings on pension plan investments

Measurement Period	Differences between Projected and Actual Earnings on Pension Plan Investments	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments						
			2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Thereafter
2013-14	$(4,883,684,206)	5.0	$(976,736,842)	$(976,736,842)	$(976,736,842)	$(976,736,842)	$(976,736,838)	$0	$0
Net Increase (Decrease) in Pension Expense			$(976,736,842)	$(976,736,842)	$(976,736,842)	$(976,736,842)	$(976,736,838)	$0	$0

Note: The amounts above are shown to document the amortizations used in aggregate pension expense. These amounts are not intended to be part of the individual employer's financial disclosure.

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

				Balances at June 30, 2014	
Measurement Period	Investment Earnings Less than Projected (a)	Investment Earnings Greater than Projected (b)	Amounts Recognized in Pension Expense through June 30, 2014 (c)	Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2013-14		$(4,883,684,206)	$(976,736,842)		$(3,906,947,364)
				0	$(3,906,947,364)

Note: The amounts above are shown to document the amortizations used in aggregate pension expense. These amounts are not intended to be part of the individual employer's financial disclosure.

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

	Net Increase (Decrease) in Pension Expense						
	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
Differences between Expected and Actual Experience	$0	$0	$0	$0	$0	$0	$0
Changes of Assumptions	0	0	0	0	0	0	0
Differences between Projected and Actual Earnings on Pension Plan Investments	(976,736,842)	(976,736,842)	(976,736,842)	(976,736,842)	(976,736,838)	0	0
Grand Total	$(976,736,842)	$(976,736,842)	$(976,736,842)	$(976,736,842)	$(976,736,838)	$0	$0

Note: The amounts above are shown to document the amortizations used in aggregate pension expense. These amounts are not intended to be part of the individual employer's financial disclosure.

APPENDIX B

AGGREGATE INTEREST, AGGREGATE PROJECTED EARNING AND AGGREGATE PENSION EXPENSE

- **AGGEGATE INTEREST ON TOTAL PENSION LIABILITY AND AGGREGATE PROJECTED EARNINGS**

- **AGGREGATE PENSION EXPENSE**

Aggregate Interest on Total Pension Liability and Total Projected Earnings

Total Interest on the Total Pension Liability	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total Pension Liability (a) X (b) X (c)
Beginning Total Pension Liability	65,036,136,621	100%	7.50%	4,877,710,247
Service Cost	1,576,026,147	50%	7.50%	59,100,981
Benefit Payments, including Refunds of Employee Contributions	(3,138,481,587)	50%	7.50%	(117,693,060)
Total Interest on the Total Pension Liability				**$4,819,118,168**

Total Projected Earnings on Pension Plan Investments	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) X (b) X (c)
Beginning Plan Fiduciary Net Position	49,383,002,781	100%	7.50%	3,703,725,209
Employer Contributions	1,203,070,999	50%	7.50%	45,115,162
Employee Contributions	744,223,935	50%	7.50%	27,908,398
Benefit Payments, including Refunds of Employee Contributions	(3,138,481,587)	50%	7.50%	(117,693,060)
Total Projected Earnings				**$3,659,055,709**

Note: The amounts above are shown to document the calculations used in aggregate pension expense. These demonstrations are not intended to be part of the individual employer's financial disclosure.

Aggregate Pension Expense for Measurement Period Ended June 30, 2014

Description	Aggregate Amounts
Service Cost	$ 1,576,026,147
Interest on the Total Pension Liability	4,819,118,168
Changes of Benefit Terms	0
Recognized Differences between Expected and Actual Experience	0
Recognized Changes of Assumptions	0
Employee Contributions	(744,223,935)
Projected Earnings on Pension Plan Investments	(3,659,055,709)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(976,736,842)
Other Changes in Fiduciary Net Position[1]	(106,911,628)
Aggregate Pension Expense	**$ 908,216,201**

Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.5% is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

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

Note: The amounts above are shown to document the determination of aggregate pension expense. The individual components of expense above are not intended to be part of the individual employer's financial disclosure.

APPENDIX C

SCHEDULE OF AGGREGATE PENSION AMOUNTS

- **SCHEDULE OF AGGREGATE PENSION AMOUNTS AS OF THE MEASUREMENT DATE JUNE 30, 2014**

Schedule of Aggregate Pension Amounts
As of the Measurement Date June 30, 2014

	Deferred Outflows of Resources				Deferred Inflows of Resources				
Net Pension Liability	**Differences Between Expected and Actual Experience**	**Changes of Assumptions**	**Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments**	**Total Deferred Outflows of Resources Excluding Employer Specific Amounts[1]**	**Differences Between Expected and Actual Experience**	**Changes of Assumptions**	**Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments**	**Total Deferred Inflows of Resources Excluding Employer Specific Amounts[1]**	**Plan Pension Expense**
$11,352,434,849	$0	$0	$0	$0	$0	$0	$(3,906,947,364)	$(3,906,947,364)	$908,216,201

[1]*No adjustments have been made for employer specific amounts such as changes in proportion, differences between employer contributions and proportionate share of contributions, and contributions to the Plan subsequent to the measurement date as defined in paragraphs 54, 55, and 57 of GASB 68. Adequate treatment of such amounts is the responsibility of the employer and its auditor.*