



GASB 68 ACCOUNTING VALUATION REPORT

**(CalPERS ID: 7607918484)
Rate Plan Identifier: 48**

**Prepared for
COUNTY OF BUTTE
SAFETY PLAN,
an Agent Multiple-Employer Defined
Benefit Pension Plan**

Measurement Date of June 30, 2015

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Actuarial Certification


This report provides disclosure and reporting information as required under Governmental Accounting Standards Board Statement 68 (GASB 68) for the SAFETY PLAN of the COUNTY OF BUTTE (the "Plan"), an Agent Multiple-Employer Defined Benefit Pension Plan participating in the California Public Employees' Retirement System (CalPERS), for the measurement period ended June 30, 2015.

This report is to be viewed solely for the purpose of financial accounting requirements. Any usage of the contents provided in this report for purposes other than financial accounting requirements would be inappropriate.

This accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2014 annual funding valuation for the Plan. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2014 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2014 liabilities used for this accounting valuation are based on actuarial assumptions adopted by the CalPERS Board of Administration. The assumptions and methods are internally consistent and reasonable for this Plan.

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.

The undersigned is an actuary for CalPERS, who is a member 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.



STUART BENNETT, ASA, MAAA
Senior Pension Actuary, CalPERS
CalPERS Actuarial Office

Introduction

This is the GASB 68 Accounting Valuation Report for the measurement date June 30, 2015. Notes to the Agent Multiple-Employer Defined Benefit Pension Plan GASB 68 Accounting Valuation Reports are in a separate document, located on the CalPERS website.

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	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	June 30, 2014 to June 30, 2015

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at: 06/30/2014	\$158,164,947	\$124,044,353	\$34,120,594
Changes Recognized for the Measurement Period:			
Service Cost	\$4,630,445		\$4,630,445
Interest on Total Pension Liability	11,705,847		11,705,847
Changes of Benefit Terms	0		0
Changes of Assumptions	(3,063,979)		(3,063,979)
Differences between Expected and Actual Experience	(1,153,098)		(1,153,098)
Plan to Plan Resource Movement		\$(28)	28
Contributions – Employer		4,084,403	(4,084,403)
Contributions – Employees		1,717,710	(1,717,710)
Net Investment Income		2,751,766	(2,751,766)
Benefit Payments, including Refunds of Employee Contributions	(6,490,975)	(6,490,975)	0
Administrative Expense		(141,749)	141,749
Net Changes during 2014-15	\$5,628,240	\$1,921,127	\$3,707,113
Balance at: 06/30/2015	\$163,793,187	\$125,965,480	\$37,827,707

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

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability/ (Asset)	\$61,560,814	\$37,827,707	\$18,383,161

Pension Expense/(Income) for Measurement Period Ended June 30, 2015

Description	Amount
Service Cost	\$4,630,445
Interest on Total Pension Liability	11,705,847
Changes of Benefit Terms	0
Recognized Changes of Assumptions	(625,302)
Recognized Differences between Expected and Actual Experience	(235,326)
Plan to Plan Resource Movement	28
Employee Contributions	(1,717,710)
Projected Earnings on Pension Plan Investments	(9,442,882)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(771,454)
Administrative Expense	141,749
Total Pension Expense/(Income)	\$3,685,395

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the COUNTY OF BUTTE has deferred outflows and deferred inflows of resources related to pensions listed below.

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

	Deferred Outflows of Resources	Deferred inflows of Resources
Changes of Assumptions	\$0	\$(2,438,677)
Differences between Expected and Actual Experiences	0	(917,772)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,352,893	(6,329,033)
Total	\$5,352,893	\$(9,685,482)

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

Measurement Periods Ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$(1,632,082)
2017	(1,632,082)
2018	(1,632,084)
2019	563,659
2020	0
Remaining	0

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for the Plan for the June 30, 2015 measurement date is 4.9 years, which was obtained by dividing the total service years of 3,551 (the sum of remaining service lifetimes of the active employees) by 720 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30

Measurement Period	2015	2014
TOTAL PENSION LIABILITY:		
Service Cost	\$4,630,445	\$4,896,054
Interest on Total Pension Liability	11,705,847	11,071,603
Changes of Benefit Terms	0	0
Changes of Assumptions	(3,063,979)	0
Difference between Expected and Actual Experience	(1,153,098)	0
Benefit Payments, Including Refunds of Employee Contributions	(6,490,975)	(5,952,108)
Net Change in Total Pension Liability	\$5,628,240	\$10,015,549
Total Pension Liability – Beginning	158,164,947	148,149,398
Total Pension Liability – Ending (a)	\$163,793,187	\$158,164,947
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	\$4,084,403	\$3,736,119
Contributions – Employee	1,717,710	1,692,897
Net Investment Income	2,751,766	18,471,003
Other Miscellaneous Income	0	0
Benefit Payments, Including Refunds of Employee Contributions	(6,490,975)	(5,952,108)
Plan to Plan Resource Movement	(28)	0
Administrative Expense	(141,749)	0
Net Change in Fiduciary Net Position	\$1,921,127	\$17,947,911
Plan Fiduciary Net Position – Beginning	\$124,044,353	\$106,096,442
Plan Fiduciary Net Position – Ending (b)	125,965,480	124,044,353
Plan Net Pension Liability/(Asset) – (a)-(b)	\$37,827,707	\$34,120,594
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.91%	78.43%
Covered-Employee Payroll ¹	\$18,457,545	\$18,752,360
Plan Net Pension Liability/Asset) as a Percentage of Covered-Employee Payroll	204.94%	181.95%

¹ Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, 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.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

Schedule of Plan Contributions for the Measurement Periods Ended June 30¹

Employer Fiscal Year End	2015	2014
Actuarially Determined Contribution ²	\$4,084,403	\$3,736,119
Contributions in Relation to the Actuarially Determined Contribution ²	(4,084,403)	(3,736,119)
Contribution Deficiency (Excess)	\$0	\$0
Covered-Employee Payroll ^{3, 4}	\$18,457,545	\$18,752,360
Contributions as a Percentage of Covered-Employee Payroll ³	22.13%	19.92%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be determined as of the employer’s most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, 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.

⁴ Payroll from prior year \$17,919,947 was assumed to increase by 3.00 percent payroll growth assumption.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were derived from the June 30, 2012 funding valuation report.

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

APPENDICES

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APPENDIX A

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

- **SCHEDULE OF CHANGES OF ASSUMPTIONS**
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Schedule of Changes of Assumptions

**Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of
 Changes of Assumptions (Measurement Dates)**

Measurement Date	Initial Changes of Assumptions	Remaining Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions (Measurement Dates)						Remaining
			2015	2016	2017	2018	2019	2020	
2014	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	(3,063,979)	4.9	(625,302)	(625,302)	(625,302)	(625,302)	(562,771)	0	0
Net Increase (Decrease) in Pension Expense			\$(625,302)	\$(625,302)	\$(625,302)	\$(625,302)	\$(562,771)	\$0	\$0

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Changes of Assumptions

Measurement Date	Initial Increase in Total Pension Liability (a)	Initial Decrease in Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	0	(3,063,979)	(625,302)	0	(2,438,677)
				\$0	\$(2,438,677)

Schedule of Differences between Expected and Actual Experience

**Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of
 Differences between Expected and Actual Experience
 (Measurement Dates)**

Measurement Date	Initial Differences between Expected and Actual Experience	Remaining Period (Years)	2015	2016	2017	2018	2019	2020	Remaining
2014	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	(1,153,098)	4.9	(235,326)	(235,326)	(235,326)	(235,326)	(211,794)	0	0
Net Increase (Decrease) in Pension Expense			\$(235,326)	\$(235,326)	\$(235,326)	\$(235,326)	\$(211,794)	\$0	\$0

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Expected and Actual Experience

Measurement Date	Initial Experience Losses (a)	Initial Experience Gains (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	0	(1,153,098)	(235,326)	0	(917,772)
				\$0	\$(917,772)

Schedule of Differences between Projected and Actual Earnings on Pension Plan Investments

**Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences
 between Projected and Actual Earnings on Pension Plan Investments
 (Measurement Dates)**

Measurement Date	Initial Differences between Projected and Actual Earnings on Pension Plan Investments	Remaining Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences between Projected and Actual Earnings on Pension Plan Investments (Measurement Dates)						Remaining
			2015	2016	2017	2018	2019	2020	
2014	\$(10,548,387)	4.0	\$(2,109,677)	\$(2,109,677)	\$(2,109,677)	\$(2,109,679)	\$0	\$0	\$0
2015	6,691,116	5.0	1,338,223	1,338,223	1,338,223	1,338,223	1,338,224	0	0
Net Increase (Decrease) in Pension Expense			\$(771,454)	\$(771,454)	\$(771,454)	\$(771,456)	\$1,338,224	\$0	\$0

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Projected and Actual Earnings on Pension Plan Investments

Measurement Date	Initial Investment Earnings less than Projected (a)	Initial Investment Earnings greater than Projected (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$(10,548,387)	\$(4,219,354)	\$0	\$(6,329,033)
2015	6,691,116	0	1,338,223	5,352,893	0
				\$5,352,893	\$(6,329,033)

Summary of Recognized Deferred Outflows of Resources and Deferred Inflows of Resources

	Net Increase (Decrease) in Pension Expense (Measurement Periods)						Remaining
	2015	2016	2017	2018	2019	2020	
Changes of Assumptions	\$(625,302)	\$(625,302)	\$(625,302)	\$(625,302)	\$(562,771)	\$0	\$0
Differences between Expected and Actual Experience	(235,326)	(235,326)	(235,326)	(235,326)	(211,794)	0	0
Differences between Projected and Actual Earnings on Pension Plan Investments	(771,454)	(771,454)	(771,454)	(771,456)	1,338,224	0	0
Grand Total	\$(1,632,082)	\$(1,632,082)	\$(1,632,082)	\$(1,632,084)	\$563,659	\$0	\$0

APPENDIX B

INTEREST AND TOTAL PROJECTED EARNINGS

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

Interest on Total Pension Liability and Total Projected Earnings

Interest in 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	\$158,164,947	100%	7.65%	\$12,099,618
Changes of Benefit Terms	0	100%	7.65%	0
Changes of Assumptions	(3,063,979)	100%	7.65%	(234,394)
Difference between Expected and Actual Experience	(1,153,098)	100%	7.65%	(88,212)
Service Cost	4,630,445	50%	7.65%	177,115
Benefit Payments, including Refunds of Employee Contributions	(6,490,975)	50%	7.65%	(248,280)
Total Interest on the Total Pension Liability				\$11,705,847

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 excluding Receivables ¹	\$123,851,695	100%	7.65%	\$9,474,655
Plan to Plan Resource Movement	(28)	50%	7.65%	(1)
Employer Contributions	4,084,403	50%	7.65%	156,228
Employee Contributions	1,717,710	50%	7.65%	65,702
Benefit Payments, including Refunds of Employee Contributions	(6,490,975)	50%	7.65%	(248,280)
Administrative Expense	(141,749)	50%	7.65%	(5,422)
Total Projected Earnings				\$9,442,882

¹ Contribution receivables for employee service buybacks, totaling \$192,658 as of June 30, 2014, were excluded for purposes of calculating projected earnings on pension plan investments.