



## **Marin County Employees' Retirement Association**

### **GASB 67/68 Report as of June 30, 2015**

**Produced by Cheiron**

**October 2015**

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October 26, 2015

Board of Retirement  
Marin County Employees' Retirement Association  
1 McInnis Parkway, Suite 100  
San Rafael, CA 94903-2764

Dear Members of the Board:

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Marin County Employees' Retirement Association (MCERA) and under GASB 68 for the County of Marin and the other participating employers. This information includes:

- Determination of the discount rate as of June 30, 2015,
- Projection of MCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for MCERA,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

If you have any questions about the report or would like additional information, please let us know.

Sincerely,  
Cheiron

A handwritten signature in blue ink, appearing to read "Robert T. McCrory".

Robert T. McCrory, FSA, EA, FCA, MAAA  
Principal Consulting Actuary

A handwritten signature in blue ink, appearing to read "Graham A. Schmidt".

Graham A. Schmidt, ASA, EA, MAAA  
Consulting Actuary

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

**SECTION I – BOARD SUMMARY**

The purpose of this report is to provide accounting and financial disclosure information under the Government Accounting Standards Board Statements 67 and 68 for the Marin County Employees' Retirement Association (MCERA) and participating employers. This information includes:

- Determination of the discount rate as of June 30, 2015,
- Projection of MCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for MCERA,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

**Highlights**

The measurement date for the Marin County Employees' Retirement Association is June 30, 2015. Measurements are based on the fair value of assets as of June 30, 2015 and the Total Pension Liability as of the valuation date, June 30, 2014, updated to June 30, 2015. To the best of our knowledge, there were no significant events between the valuation date and the measurement date so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments.

The table below provides a summary of the key collective results during this measurement period.

<b>Table I-1 Summary of Collective Results</b>			
		<b>Measurement Date</b>	
		<b>6/30/2015</b>	<b>6/30/2014</b>
Net Pension Liability	\$	387,385,550	\$ 247,139,442
Collective Deferred Outflows		(108,565,235)	0
Collective Deferred Inflows		92,045,831	144,585,392
Net Impact on Statement of Net Position	\$	370,866,146	\$ 391,724,834
Collective Pension Expense (\$ Amount)	\$	52,008,669	\$ 30,087,467
Collective Pension Expense (% of Payroll)		23.24%	13.78%

The Net Pension Liability (NPL) increased approximately \$140 million since the prior measurement date, primarily due to assumption changes. The NPL also increased as the investment income was less than expected, and the combination of the investment income plus

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**SECTION I – BOARD SUMMARY**

the employer and employee contributions were exceeded by the increase in the Total Pension Liability (TPL) as a result of interest and service cost.

The losses due to investment earnings being less than expected are recognized over five years. The losses due to assumption changes and gains due to liability experience are recognized over the average remaining service life, which is four years. Unrecognized amounts are reported as deferred inflows and deferred outflows.

As of the end of the reporting year, MCERA and its participating employers would report a Net Pension Liability of \$387,385,550, Collective Deferred Inflows of \$92,045,831, and Collective Deferred Outflows of \$108,565,235. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to MCERA would be \$370,866,146 ( $\$387,385,550 + \$92,045,831 - \$108,565,235$ ) at the end of the measurement year. In addition, any contributions between the measurement date and each individual employer's reporting date would be reported as deferred outflows to offset the cash outflow reported.

For the measurement year ending June 30, 2015, the collective annual pension expense is \$52,008,669 or 23.24% of covered-employee payroll. This amount is not related to participating employers' contributions to MCERA (\$72,867,357), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions ( $\$370,866,146 - \$391,724,834 + \$72,867,357$ ). The collective pension expense is larger than the collective expense for the prior year. Volatility in pension expense from year to year is to be expected. For the measurement year ending June 30, 2015, the volatility was largely driven by assumption changes, but other changes can also have a significant impact. A breakdown of the components of the net pension expense is shown in the report.

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**SECTION II – CERTIFICATION**

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Marin County Employees' Retirement Association (MCERA) and under GASB 68 for the employers that participate in MCERA. This report is for the use of MCERA, the participating employers, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for MCERA.

In preparing our report, we relied on information (some oral and some written) supplied by MCERA. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for MCERA for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Robert T. McCrory, FSA, EA, FCA, MAAA  
Principal Consulting Actuary

Graham A. Schmidt, ASA, EA, MAAA  
Consulting Actuary

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**SECTION III – DETERMINATION OF DISCOUNT RATE**

The discount rate used to measure the Total Pension Liability was 7.25%.

We have assumed that the employees will continue to contribute to MCERA at the current rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, a portion of the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percent of payroll over a closed period.

Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period (16 years remaining as of June 30, 2014), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (currently 24 years).

At a Board meeting held on December 10, 2014, the Board of Retirement adopted a new funding policy for any subsequent unexpected change in the UAL after June 30, 2013. Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses or method changes are amortized over a closed 24-year period, with a five-year ramp up period at the beginning of the period, a four-year ramp down at the end of the period, and 15 years of level payments as a percentage of payroll between the ramping periods. This new amortization method for gains and losses is similar to a 20-year amortization period with level payments as a percentage of payroll, in conjunction with traditional five-year asset smoothing.

Assumption changes will be amortized over a closed 22-year period, with a 3-year ramp up period, 2-year ramp down period, and 17 years of level payments as a percentage of payroll.

We have not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement 67. However, Paragraph 43 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations “can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan...” In our professional judgment, adherence to the actuarial funding policy described above will result in the pension plan’s projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period.

Therefore, the long-term expected rate of return on MCERA investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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**SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY**

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as of a valuation date of June 30, 2014 and projected to June 30, 2015. There were no significant events during the projection period of which we are aware. Because the TPL shown in the prior report was measured as of June 30, 2013 and projected to June 30, 2014, it will not match the amounts measured as of June 30, 2014 that are shown in this exhibit.

The table below shows the projection of the TPL at discount rates equal to the rate used for disclosure and plus and minus one percent from the rate used for disclosure.

<b>Table IV-1</b>			
<b>Projection of Collective Total Pension Liability from Valuation to Measurement Date</b>			
<b>Discount Rate</b>	<b>6.25%</b>	<b>7.25%</b>	<b>8.25%</b>
<b>Valuation Collective Total Pension Liability, 6/30/2014</b>			
Actives	\$ 942,089,125	\$ 798,890,986	\$ 683,455,803
Deferred Vested	113,459,468	95,425,654	81,380,525
Retirees	1,626,615,096	1,468,462,746	1,335,892,499
<b>Total</b>	<b>\$ 2,682,163,689</b>	<b>\$ 2,362,779,386</b>	<b>\$ 2,100,728,827</b>
<b>Service Cost</b>	67,435,575	53,402,965	42,782,272
<b>Benefit Payments</b>	(115,984,753)	(115,984,753)	(115,984,753)
<b>Interest</b>	166,141,061	169,072,608	170,350,361
<b>Collective Total Pension Liability, 6/30/2015</b>	<b>\$ 2,799,755,573</b>	<b>\$ 2,469,270,206</b>	<b>\$ 2,197,876,707</b>



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**SECTION V – GASB 67 REPORTING INFORMATION**

**Note Disclosures**

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of System assets), and the Net Pension Liability during the measurement year.

Table V-1 Change in Collective Net Pension Liability				
	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	
<b>Balances at 6/30/2014</b>	\$ 2,255,772,335	\$ 2,008,632,893	\$ 247,139,442	
<b>Changes for the year:</b>				
Service cost	49,064,492		49,064,492	
Interest	166,718,783		166,718,783	
Changes of benefits	0		0	
Differences between expected and actual experience	(31,054,299)		(31,054,299)	
Changes of assumptions	144,753,646		144,753,646	
Contributions - employer		72,867,357	(72,867,357)	
Contributions - member		20,968,208	(20,968,208)	
Net investment income		100,055,573	(100,055,573)	
Benefit payments	(115,984,752)	(115,984,752)	0	
Administrative expense		(4,654,623)	4,654,623	
<b>Net changes</b>	<u>213,497,871</u>	<u>73,251,763</u>	<u>140,246,108</u>	
<b>Balances at 6/30/2015</b>	<u>\$ 2,469,270,206</u>	<u>\$ 2,081,884,656</u>	<u>\$ 387,385,550</u>	

During the measurement year, the collective NPL increased by approximately \$140 million. The service cost and interest cost increased the collective NPL by approximately \$216 million while contributions and investment earnings offset by administrative expenses decreased the collective NPL by approximately \$189 million.

There were no changes in benefits during the year. There were actuarial experience gains during the year of approximately \$31 million. The TPL increased due to assumption changes by approximately \$145 million, primarily as a result of a reduction in the earnings assumption from 7.50% to 7.25%, and based on the application of new, more conservative mortality tables (the CALPERS mortality tables, projected generationally using Scale MP2014), as well as new rates of retirement, disability, and termination rates.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table on the following page shows the sensitivity of the collective NPL to the discount rate.

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**SECTION V – GASB 67 REPORTING INFORMATION**

<b>Table V-2</b>			
<b>Sensitivity of Collective Net Pension Liability to Changes in Discount Rate</b>			
	<b>1% Decrease 6.25%</b>	<b>Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
Total Pension Liability	\$ 2,799,755,573	\$ 2,469,270,206	\$ 2,197,876,707
Plan Fiduciary Net Position	<u>2,081,884,656</u>	<u>2,081,884,656</u>	<u>2,081,884,656</u>
Collective Net Pension Liability	<u>\$ 717,870,917</u>	<u>\$ 387,385,550</u>	<u>\$ 115,992,051</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.4%	84.3%	94.7%

A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the collective NPL by approximately 85%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 70%.

**Required Supplementary Information**

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 67, and eventually will build up to 10 years of information. The schedule on the next page shows the changes in collective NPL and related ratios required by GASB for the two years since implementation.

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**SECTION V – GASB 67 REPORTING INFORMATION**

**Table V-3  
Schedule of Changes in Collective Net Pension Liability and Related Ratios**

	FYE 2015	FYE 2014
<b><u>Total Pension Liability</u></b>		
Service cost (MOY)	\$ 49,064,492	\$ 49,014,858
Interest (includes interest on service cost)	166,718,783	159,521,975
Changes of benefit terms	0	0
Differences between expected and actual experience	(31,054,299)	0
Changes of assumptions	144,753,646	0
Benefit payments, including refunds of member contributions	(115,984,752)	(109,342,861)
<b>Net change in total pension liability</b>	<b>\$ 213,497,871</b>	<b>\$ 99,193,972</b>
<b>Total pension liability - beginning</b>	<b>2,255,772,335</b>	<b>2,156,578,363</b>
<b>Total pension liability - ending</b>	<b><u>\$ 2,469,270,206</u></b>	<b><u>\$ 2,255,772,335</u></b>
<b><u>Plan fiduciary net position</u></b>		
Contributions - employer	\$ 72,867,357	\$ 74,396,755
Contributions - member	20,968,208	18,536,135
Net investment income	100,055,573	309,002,468
Benefit payments, including refunds of member contributions	(115,984,752)	(109,342,861)
Administrative expense	(4,654,623)	(4,503,845)
<b>Net change in plan fiduciary net position</b>	<b>\$ 73,251,763</b>	<b>\$ 288,088,652</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,008,632,893</b>	<b>1,720,544,241</b>
<b>Plan fiduciary net position - ending</b>	<b><u>\$ 2,081,884,656</u></b>	<b><u>\$ 2,008,632,893</u></b>
<b>Net pension liability - ending</b>	<b><u>\$ 387,385,550</u></b>	<b><u>\$ 247,139,442</u></b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.31%</b>	<b>89.04%</b>
<b>Covered employee payroll</b>	<b>\$ 223,825,880</b>	<b>\$ 218,340,721</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>173.07%</b>	<b>113.19%</b>

Because an Actuarially Determined Contribution (ADC) has been calculated historically, the full 10 years of information in the following schedule is required.

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**SECTION V – GASB 67 REPORTING INFORMATION**

Table V-4 Schedule of Collective Employer Contributions										
	FYE 2015	FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009	FYE 2008	FYE 2007	FYE 2006
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 72,867,357	\$ 74,076,755	\$ 69,853,000	\$ 64,690,000	\$ 64,757,000	\$ 56,271,000	\$ 54,555,000	\$ 58,090,000	\$ 57,215,000	\$ 43,627,000
	<u>72,867,357</u>	<u>74,076,755</u>	<u>69,853,000</u>	<u>64,690,000</u>	<u>64,757,000</u>	<u>56,271,000</u>	<u>54,555,000</u>	<u>58,090,000</u>	<u>57,215,000</u>	<u>43,627,000</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll*	\$ 223,825,880	\$ 218,340,721	\$ 211,001,594	\$ 216,515,000	\$ 215,969,000	\$ 219,556,000	\$ 214,449,000	\$ 197,238,000	\$ 186,123,000	\$ 177,518,000
Contributions as a Percentage of Covered-Employee Payroll	32.56%	33.93%	33.11%	29.88%	29.98%	25.63%	25.44%	29.45%	30.74%	24.58%

\*Covered-Employee amounts for FYE 2015 and 2014 are based on pensionable payroll provided by MCERA. For prior years, amounts are based on projected payroll from the actuarial valuation.

The notes below summarize the key methods and assumptions used to determine the ADC for FYE 2015.

**Notes to Schedule**

Valuation Date                      6/30/2013 (to determine FY2014-15 contribution)  
Timing                                      Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

**Key Methods and Assumptions Used to Determine Contribution Rates (for FY 2014-15):**

Actuarial cost method                      Entry Age  
Asset valuation method                      5-year smoothed market, 80% / 120% corridor around market  
Amortization method                      Level percentage of payroll (17 years remaining as of 6/30/13) with separate periods for Extraordinary Actuarial Gains or Losses (25 years as of 6/30/13)  
Discount rate                                      7.50%  
Amortization growth rate                      3.50%  
Price inflation                                      3.25%  
Salary increases                                      3.25% plus merit component based on employee classification and years of service  
Healthy Mortality                                      Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set back one year for male members and two years for female members  
Disabled Mortality                                      Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set forward three years for all members

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2015 can be found in the June 30, 2013 actuarial valuation report



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**SECTION VI – GASB 68 COLLECTIVE AMOUNTS**

Employers that participate in MCERA are required to implement GASB 68 for their first fiscal year that commenced after June 15, 2014. The amounts reported as of their fiscal year end (their reporting date) must be based on a measurement date up to 12 months prior to their reporting date. For employers with a reporting date of June 30, their 2015 disclosures can be based on either the June 30, 2014 or 2015 measurement dates. We understand that the employers have elected to implement GASB 68 based on the 2014 measurement date. Based on this understanding, the GASB 68 schedules are based on deferred inflows and outflows equal to \$0 as of June 30, 2013. Also based on this understanding, the employers' June 30, 2016 disclosures can include the information from the 2015 measurement date shown in this report.

Because MCERA is a cost-sharing multiple-employer pension plan, each employer participating in MCERA must reflect a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in their financial statements. This section develops the collective amounts that are allocated to participating employers.

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of MCERA. As of the measurement date, this recognition period was four years.

During the year, there was an experience gain of approximately \$31 million. Approximately \$7.8 million of that loss was recognized as a decrease in collective pension expense in the current year and an identical amount will be recognized in each of the next three years, resulting in a collective deferred inflow of resources as of June 30, 2015 of approximately \$23.3 million.

Assumption changes since the last measurement date increased the TPL approximately \$145 million. Approximately \$36.2 million of that increase was recognized as an increase in pension expense in the current year and an identical amount will be recognized in each of the next three years, resulting in a collective deferred outflow of resources as of June 30, 2015 of approximately \$109 million.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment loss of approximately \$50 million. Approximately \$9.9 million of that loss was recognized in the current year and an identical amount will be recognized in each of the next four years. Unrecognized investment gains from prior periods were approximately \$145 million of which \$36.1 million was recognized as a reduction in collective pension expense in the current year. The combination of unrecognized investment losses this year and unrecognized net investment gains from prior periods results in a collective deferred inflow of resources as of June 30, 2015 of approximately \$69 million.

The table on the following page summarizes the current balances of collective deferred outflows and deferred inflows of resources along with the net recognition over the next five years.

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**SECTION VI – GASB 68 COLLECTIVE AMOUNTS**

Table VI-1		
Schedule of Collective Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 23,290,724
Changes in assumptions	108,565,235	0
Net difference between projected and actual earnings on pension plan investments	0	68,755,106
<b>Total</b>	<b><u>\$ 108,565,235</u></b>	<b><u>\$ 92,045,831</u></b>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
<b>Measurement year ended June 30:</b>		
2016	2,199,473	
2017	2,199,473	
2018	2,199,473	
2019	9,920,984	
2020	0	
Thereafter	\$ 0	

The collective annual pension expense recognized by the participating employers can be calculated two different ways. First, it is the change in the amounts reported on the participating employers' Statements of Net Position that relate to MCERA and are not attributable to employer contributions. That is, it is the change in collective NPL plus the changes in collective deferred outflows and inflows plus participating employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table on the next page, we believe it helps to understand the level and volatility of the collective pension expense.

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**SECTION VI – GASB 68 COLLECTIVE AMOUNTS**

<b>Table VI-2 Calculation of Collective Pension Expense</b>		
	<b>Measurement Year Ending</b>	
	<b>2015</b>	<b>2014</b>
Change in Net Pension Liability	\$ 140,246,108	\$ (188,894,680)
Change in Deferred Outflows	(108,565,235)	0
Change in Deferred Inflows	(52,539,561)	144,585,392
Employer Contributions	<u>72,867,357</u>	<u>74,396,755</u>
<b>Pension Expense</b>	<b>\$ 52,008,669</b>	<b>\$ 30,087,467</b>
<b>Pension Expense as % of Payroll</b>	<b>23.24%</b>	<b>13.78%</b>
<b>Operating Expenses</b>		
Service cost	\$ 49,064,492	\$ 49,014,858
Employee contributions	(20,968,208)	(18,536,135)
Administrative expenses	<u>4,654,623</u>	<u>4,503,845</u>
Total	\$ 32,750,907	\$ 34,982,568
<b>Financing Expenses</b>		
Interest cost	\$ 166,718,783	\$ 159,521,975
Expected return on assets	<u>(149,660,495)</u>	<u>(128,270,728)</u>
Total	\$ 17,058,288	\$ 31,251,247
<b>Changes</b>		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	36,188,412	0
Recognition of liability gains and losses	(7,763,575)	0
Recognition of investment gains and losses	<u>(26,225,364)</u>	<u>(36,146,348)</u>
Total	\$ 2,199,473	\$ (36,146,348)
<b>Pension Expense</b>	<b>\$ 52,008,669</b>	<b>\$ 30,087,467</b>

First, there are components referred to as operating expenses. These are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating MCERA for the year.

Second, there are the financing expenses: the interest on the Total Pension Liability and other items, less the expected return on assets. Since the discount rate is equal to the long-term expected return on assets, the financing expense is approximately the interest on the Net Pension Liability.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VI – GASB 68 COLLECTIVE AMOUNTS**

The final category is changes. This category will drive most of the volatility in pension expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

The total collective pension expense increased from the prior year. In the current year pension expense, the recognition of changes increased by approximately \$38 million compared to last year, and was offset by a decrease in operating and financing expenses of approximately \$2.2 and \$14.2 million, respectively, compared to the prior year.



**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING  
EMPLOYERS**

**Proportionate Shares**

Because MCERA is a Cost-sharing Multiple-employer Pension Plan, each employer participating in MCERA must reflect a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in their financial statements. GASB 68 requires that the proportionate share for each employer be determined based on the “employer’s projected long-term contribution effort to the pension ... as compared to the total projected long-term contribution effort of all employers ...” Although not required as part of MCERA’s GASB 67 reporting requirements, MCERA is following the advice of the AICPA<sup>1</sup> and making a determination of each employer’s proportionate share, which will be reviewed by MCERA’s auditor.

Proportionate shares for each participating employer are determined based on the employer’s share of the Unfunded Liability determined as of the most recent Actuarial Valuation. In Table VII-1, the determination is shown for the June 30, 2013 and June 30, 2014 Actuarial Valuations.

<b>Employer</b>	<b>June 30, 2015</b>		<b>June 30, 2014</b>	
	<b>Unfunded Liability (from the June 30, 2014 Actuarial Valuation)</b>	<b>Proportionate Share</b>	<b>Unfunded Liability (from the June 30, 2013 Actuarial Valuation)</b>	<b>Proportionate Share</b>
County	\$ 194,886,509	52.5803%	\$ 308,486,198	57.4629%
LAFCO	0	0.0000%	402,897	0.0750%
Marin City	229,957	0.0620%	325,503	0.0606%
Mosquito District	3,956,584	1.0675%	7,338,767	1.3670%
South Marin Fire	5,772,318	1.5574%	8,352,522	1.5559%
Tamalpais CSD	1,680,852	0.4535%	2,233,810	0.4161%
Courts	11,268,580	3.0403%	15,792,965	2.9418%
City of San Rafael	136,172,560	36.7394%	161,296,968	30.0453%
Novato Fire	16,677,446	4.4996%	32,615,500	6.0754%
<b>Total</b>	<b>\$ 370,644,806</b>	<b>100.0000%</b>	<b>\$ 536,845,130</b>	<b>100.0000%</b>

We are aware of recent additional guidance published by the AICPA with respect to the inclusion of employer-paid member contributions in the development of the proportionate shares and the collective pension expense. This recent guidance would not affect the calculation of proportionate shares for MCERA, and we are awaiting further written guidance from the GASB before making any changes to the current methods for computing the collective pension expense.

<sup>1</sup>[http://www.aicpa.org/interestareas/governmentauditquality/resources/gasbmatters/downloadabledocuments/aicpas\\_lgep\\_cs\\_er\\_reporting\\_whitepaper.pdf](http://www.aicpa.org/interestareas/governmentauditquality/resources/gasbmatters/downloadabledocuments/aicpas_lgep_cs_er_reporting_whitepaper.pdf)

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS**

The table below shows the proportionate share of the collective NPL (under three discount rates), the collective deferred outflows, the collective deferred inflows, and the collective pension expense allocated to each participating employer as of June 30, 2015.

**Table VII-2  
Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2015**

<b>Employer</b>	<b>Proportionate Share</b>	<b>Share of NPL @ 6.25%</b>	<b>Share of NPL @ 7.25%</b>	<b>Share of NPL @ 8.25%</b>	<b>Share of Deferred Outflows</b>	<b>Share of Deferred Inflows</b>	<b>Pension Expense</b>
County	52.5803%	\$ 377,458,682	\$ 203,688,484	\$ 60,988,969	\$ 57,083,926	\$ 48,397,974	\$ 27,346,314
LAFCO	0.0000%	0	0	0	0	0	0
Marin City	0.0620%	445,080	240,179	71,915	67,310	57,068	32,245
Mosquito District	1.0675%	7,663,272	4,135,341	1,238,215	1,158,934	982,589	555,193
South Marin Fire	1.5574%	11,180,122	6,033,143	1,806,460	1,690,795	1,433,522	809,983
Tamalpais CSD	0.4535%	3,255,545	1,756,793	526,024	492,343	417,428	235,859
Courts	3.0403%	21,825,429	11,777,683	3,526,506	3,300,709	2,798,469	1,581,220
City of San Rafael	36.7394%	263,741,468	142,323,127	42,614,784	39,886,216	33,817,086	19,107,673
Novato Fire	4.4996%	32,301,320	17,430,800	5,219,178	4,885,001	4,141,694	2,340,182
<b>Total</b>	<b>100.0000%</b>	<b>\$717,870,917</b>	<b>\$387,385,550</b>	<b>\$115,992,051</b>	<b>\$108,565,235</b>	<b>\$ 92,045,831</b>	<b>\$ 52,008,669</b>

The proportionate share allocated to each individual employer will change on each measurement date. The net effect of the change in proportion on the share of the collective NPL, collective deferred outflows, and collective deferred inflows allocated to each employer becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of MCERA's active and inactive members (four years).

Similarly, the difference between each employer's actual contributions and the employer's proportionate share of collective employer contributions becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of MCERA's active and inactive members (four years).

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS**

The table below shows the change in proportion and the impact of that change in proportion on the proportionate share of the collective NPL, collective deferred outflows, and collective deferred inflows. It also shows any contribution differences.

Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences									
Employer	Proportionate Shares		Impact of Change in Proportion				Contributions		
	6/30/2014	6/30/2015	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
County	57.4629%	52.5803%	\$ (12,066,830)	\$ 0	\$ 7,059,526	\$ (19,126,357)	\$ 45,217,493	\$ 38,313,875	\$ 6,903,618
LAFCO	0.0750%	0.0000%	(185,355)	0	108,439	(293,794)	48,485	0	48,485
Marin City	0.0606%	0.0620%	3,460	0	(2,024)	5,484	52,475	45,178	7,297
Mosquito District	1.3670%	1.0675%	(740,183)	0	433,033	(1,173,216)	856,583	777,859	78,724
South Marin Fire	1.5559%	1.5574%	3,707	0	(2,169)	5,876	1,902,520	1,134,836	767,684
Tamalpais CSD	0.4161%	0.4535%	92,430	0	(54,075)	146,505	372,529	330,453	42,075
Courts	2.9418%	3.0403%	243,432	0	(142,417)	385,849	2,020,840	2,215,386	(194,546)
City of San Rafael	30.0453%	36.7394%	16,543,761	0	(9,678,691)	26,222,452	17,791,784	26,771,030	(8,979,246)
Novato Fire	6.0754%	4.4996%	(3,894,423)	0	2,278,377	(6,172,800)	4,604,649	3,278,740	1,325,909
<b>Total</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 72,867,357</b>	<b>\$ 72,867,357</b>	<b>\$ 0</b>

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS**

The table below shows the reconciliation of deferred outflows and inflows due to proportion changes for each participating employer from the prior measurement date to the current measurement date.

Table VII-4 Reconciliation of Deferred Outflows and Inflows Due to Proportion Change								
Employer	Deferred Outflows				Deferred Inflows			
		Current Year	Recognition			Current Year	Recognition	
	6/30/2014	Net Effect		6/30/2015	6/30/2014	Net Effect		6/30/2015
County	\$ 0	\$ 0	\$ 0	\$ 0	\$ (7,948,029)	\$ (19,126,357)	\$ (7,430,932)	\$ (19,643,454)
LAFCO	27,470	0	9,157	18,314	0	(293,794)	(73,448)	(220,345)
Marin City	11,446	5,484	5,186	11,744	0	0	0	0
Mosquito District	1,104,692	0	368,231	736,462	0	(1,173,216)	(293,304)	(879,912)
South Marin Fire	210,932	5,876	71,779	145,028	0	0	0	0
Tamalpais CSD	194,907	146,505	101,595	239,817	0	0	0	0
Courts	634,103	385,849	307,830	712,122	0	0	0	0
City of San Rafael	4,554,158	26,222,452	8,073,666	22,702,945	0	0	0	0
Novato Fire	1,210,322	0	403,441	806,881	0	(6,172,800)	(1,543,200)	(4,629,600)
<b>Total</b>	<b>\$ 7,948,029</b>	<b>\$ 26,766,166</b>	<b>\$ 9,340,885</b>	<b>\$ 25,373,311</b>	<b>\$ (7,948,029)</b>	<b>\$ (26,766,166)</b>	<b>\$ (9,340,885)</b>	<b>\$ (25,373,311)</b>

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS**

The table below shows the reconciliation of deferred outflows and inflows due to contribution differences for each participating employer from the prior measurement date to the current measurement date.

**Table VII-5  
Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences**

Employer	Deferred Outflows				Deferred Inflows			
	Current Year		Recognition	6/30/2015	Current Year		Recognition	6/30/2015
	6/30/2014	Difference			6/30/2014	Difference		
County	\$ 3,312,600	\$ 6,903,618	\$ 2,830,104	\$ 7,386,113	\$ 0	\$ 0	\$ 0	\$ 0
LAFCO	0	48,485	12,121	36,364	(9,364)	0	(3,121)	(6,243)
Marin City	4,706	7,297	3,393	8,610	0	0	0	0
Mosquito District	0	78,724	19,681	59,043	(113,906)	0	(37,969)	(75,937)
South Marin Fire	548,822	767,684	374,862	941,644	0	0	0	0
Tamalpais CSD	15,949	42,075	15,835	42,189	0	0	0	0
Courts	0	0	0	0	(24,449)	(194,546)	(56,786)	(162,209)
City of San Rafael	0	0	0	0	(3,603,380)	(8,979,246)	(3,445,938)	(9,136,688)
Novato Fire	0	1,325,909	331,477	994,432	(130,979)	0	(43,660)	(87,320)
<b>Total</b>	<b>\$ 3,882,077</b>	<b>\$ 9,173,792</b>	<b>\$ 3,587,474</b>	<b>\$ 9,468,395</b>	<b>\$(3,882,077)</b>	<b>\$(9,173,793)</b>	<b>\$(3,587,474)</b>	<b>\$(9,468,395)</b>

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS**

The table below summarizes the deferred outflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

<b>Table VII-6 Schedule of Employers' Deferred Outflows at June 30, 2015</b>							
<b>Employer</b>	<b>Proportionate Shares</b>	<b>Experience</b>	<b>Assumption Changes</b>	<b>Investment Return</b>	<b>Proportion Change</b>	<b>Contribution Difference</b>	
County	52.5803%	\$ 0	\$ 57,083,926	\$ 0	\$ 0	\$ 7,386,113	
LAFCO	0.0000%	0	0	0	18,314	36,364	
Marin City	0.0620%	0	67,310	0	11,744	8,610	
Mosquito District	1.0675%	0	1,158,934	0	736,462	59,043	
South Marin Fire	1.5574%	0	1,690,795	0	145,028	941,644	
Tamalpais CSD	0.4535%	0	492,343	0	239,817	42,189	
Courts	3.0403%	0	3,300,709	0	712,122	0	
City of San Rafael	36.7394%	0	39,886,216	0	22,702,945	0	
Novato Fire	4.4996%	0	4,885,001	0	806,881	994,432	
<b>Total</b>	<b>100.0000%</b>	<b>\$ 0</b>	<b>\$ 108,565,235</b>	<b>\$ 0</b>	<b>\$ 25,373,311</b>	<b>\$ 9,468,395</b>	

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS**

The table below summarizes the deferred inflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

<b>Table VII-7 Schedule of Employers' Deferred Inflows at June 30, 2015</b>							
<b>Employer</b>	<b>Proportionate Shares</b>	<b>Experience</b>	<b>Assumption Changes</b>	<b>Investment Return</b>	<b>Proportion Change</b>	<b>Contribution Difference</b>	
County	52.5803%	\$ 12,246,333	\$ 0	\$ 36,151,641	\$ 19,643,454	\$ 0	
LAFCO	0.0000%	0	0	0	220,345	6,243	
Marin City	0.0620%	14,440	0	42,628	0	0	
Mosquito District	1.0675%	248,628	0	733,961	879,912	75,937	
South Marin Fire	1.5574%	362,730	0	1,070,792	0	0	
Tamalpais CSD	0.4535%	105,623	0	311,804	0	0	
Courts	3.0403%	708,108	0	2,090,361	0	162,209	
City of San Rafael	36.7394%	8,556,872	0	25,260,214	0	9,136,688	
Novato Fire	4.4996%	1,047,989	0	3,093,705	4,629,600	87,320	
<b>Total</b>	<b>100.0000%</b>	<b>\$23,290,724</b>	<b>\$ 0</b>	<b>\$68,755,106</b>	<b>\$25,373,311</b>	<b>\$ 9,468,395</b>	

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS**

The table below shows the net amount of deferred outflows and inflows to be recognized by each participating employer in each of the next five years and the total thereafter.

<b>Table VII-8</b>						
<b>Schedule of Employers' Recognition of Deferred Outflows and Inflows at June 30, 2015</b>						
<b>Employer</b>	<b>Recognition for Measurement Year Ending</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Thereafter</b>
County	\$ (3,444,338)	\$ (3,444,338)	\$ (1,899,195)	\$ 5,216,483	\$ 0	\$ 0
LAFCO	(55,292)	(55,292)	(61,327)	0	0	0
Marin City	9,943	9,943	4,559	6,151	0	0
Mosquito District	80,119	80,119	(250,144)	105,907	0	0
South Marin Fire	480,896	480,896	227,645	154,509	0	0
Tamalpais CSD	127,405	127,405	57,120	44,992	0	0
Courts	317,914	317,914	114,696	301,628	0	0
City of San Rafael	5,435,801	5,435,801	5,118,875	3,644,910	0	0
Novato Fire	(752,974)	(752,974)	(1,112,755)	446,405	0	0
<b>Total</b>	<b>\$ 2,199,473</b>	<b>\$ 2,199,473</b>	<b>\$ 2,199,473</b>	<b>\$ 9,920,984</b>	<b>\$ 0</b>	<b>\$ 0</b>



**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS**

The table below shows the calculation of the pension expense for each participating employer. The calculation is shown first as the sum of the proportionate share of the collective pension expense and the amounts recognized for proportion changes and contribution differences. The right side of the table shows the calculation as the sum of the changes in NPL and deferred amounts not attributable to contributions.

This schedule can be used to complete their June 30, 2016 financial statements by those employers who are using a June 30, 2015 measurement date for that document.

**Table VII-9  
Schedule of Employers' Pension Expense for the Measurement Year Ending June 30, 2015**

Employer	Collective Pension Expense	Change in Proportion	Contribution Difference	Employer Pension Expense	Change in Employer			Employer Contributions	Employer Pension Expense
					Net Pension Liability	Deferred Outflows	Deferred Inflows		
County	\$ 27,346,314	\$ (7,430,932)	\$ 2,830,104	\$ 22,745,486	\$ 61,674,994	\$ 61,157,439	\$ 22,989,561	\$ 45,217,493	\$ 22,745,486
LAFCO	0	(64,292)	9,000	(55,292)	(185,355)	27,207	(108,785)	48,485	(55,292)
Marin City	32,245	5,186	3,393	40,825	90,413	71,512	30,550	52,475	40,825
Mosquito District	555,193	74,927	(18,288)	611,832	756,945	849,746	151,950	856,583	611,832
South Marin Fire	809,983	71,779	374,862	1,256,624	2,187,900	2,017,714	816,082	1,902,520	1,256,624
Tamalpais CSD	235,859	101,595	15,835	353,290	728,446	563,493	184,192	372,529	353,290
Courts	1,581,220	307,830	(56,786)	1,832,263	4,507,335	3,378,728	1,317,183	2,020,840	1,832,263
City of San Rafael	19,107,673	8,073,666	(3,445,938)	23,735,401	68,069,340	58,035,002	4,090,721	17,791,784	23,735,401
Novato Fire	2,340,182	(1,139,759)	287,818	1,488,240	2,416,091	5,475,993	56,507	4,604,649	1,488,240
<b>Total</b>	<b>\$ 52,008,669</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 52,008,669</b>	<b>\$ 140,246,108</b>	<b>\$ 131,576,835</b>	<b>\$ 29,527,961</b>	<b>\$ 72,867,357</b>	<b>\$ 52,008,669</b>

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

**SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS**

The table below summarizes the information needed for each employer's schedules of required supplementary information.

Table VII-10 Schedule of Employers' RSI Information at June 30, 2015									
Employer	Proportionate Shares	Proportionate Share of NPL	Covered-Employee Payroll	Share of NPL as a % of Payroll	Plan Fiduciary Net Position as % of TPL	Contractually Required Contribution	Actual Contributions	Contribution Deficiency	Contributions as a % of Payroll
County	52.5803%	\$ 203,688,484	\$ 167,380,610	121.7%	84.3%	\$ 45,217,493	\$ 45,217,493	\$ 0	27.0%
LAFCO	0.0000%	0	173,394	0.0%	84.3%	48,485	48,485	0	28.0%
Marin City	0.0620%	240,179	299,907	80.1%	84.3%	52,475	52,475	0	17.5%
Mosquito District	1.0675%	4,135,341	2,845,790	145.3%	84.3%	856,583	856,583	0	30.1%
South Marin Fire	1.5574%	6,033,143	5,007,820	120.5%	84.3%	1,902,520	1,902,520	0	38.0%
Tamalpais CSD	0.4535%	1,756,793	852,837	206.0%	84.3%	372,529	372,529	0	43.7%
Courts	3.0403%	11,777,683	7,591,903	155.1%	84.3%	2,020,840	2,020,840	0	26.6%
City of San Rafael	36.7394%	142,323,127	31,106,414	457.5%	84.3%	17,791,784	17,791,784	0	57.2%
Novato Fire	4.4996%	17,430,800	8,567,206	203.5%	84.3%	4,604,649	4,604,649	0	53.7%
<b>Total</b>	<b>100.0000%</b>	<b>\$ 387,385,550</b>	<b>\$ 223,825,880</b>	<b>173.1%</b>	<b>84.3%</b>	<b>\$ 72,867,357</b>	<b>\$ 72,867,357</b>	<b>\$ 0</b>	<b>32.6%</b>

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**APPENDIX A – MEMBERSHIP INFORMATION**

Participant Data as of June 30, 2014: County of Marin														
	Miscellaneous		Marin County Safety		Total		Miscellaneous		Marin Special Districts Safety		Total		Total County and Special Districts	
	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014
<b>Active Participants</b>														
Number	1,485	1,556	344	341	1,829	1,897	174	166	47	45	221	211	2,050	2,108
Average Age	50.20	49.68	41.78	42.07	48.62	48.31	50.23	50.77	41.92	42.80	48.46	49.07	48.60	48.39
Average Service	11.47	11.00	11.58	11.90	11.49	11.16	12.15	12.60	7.36	8.25	11.13	11.67	11.45	11.22
Average Pay*	\$81,715	\$80,674	\$103,819	\$104,544	\$85,872	\$84,965	\$73,721	\$73,487	\$94,651	\$99,974	\$78,172	\$79,136	\$85,042	\$84,381
<b>Service Retired</b>														
Number	1,307	1,346	193	204	1,500	1,550	86	92	19	20	105	112	1,605	1,662
Average Age	71.91	72.21	63.09	63.43	70.77	71.05	66.58	66.93	60.14	61.05	65.42	65.88	70.42	70.70
Average Total Benefit*	\$32,401	\$33,374	\$64,976	\$66,037	\$36,592	\$37,673	\$35,910	\$36,958	\$69,677	\$67,734	\$42,020	\$42,454	\$36,947	\$37,995
<b>Beneficiaries</b>														
Number	243	256	62	64	305	320	6	8	10	10	16	18	321	338
Average Age	75.48	75.74	70.94	71.51	74.56	74.89	71.60	69.76	65.68	66.68	67.90	68.05	74.23	74.53
Average Total Benefit*	\$21,613	\$21,568	\$36,008	\$36,393	\$24,539	\$24,533	\$17,345	\$17,551	\$39,534	\$40,288	\$31,213	\$30,183	\$24,872	\$24,834
<b>Duty Disabled</b>														
Number	87	88	97	100	184	188	3	3	16	16	19	19	203	207
Average Age	64.47	65.24	61.42	61.98	62.86	63.51	59.83	60.83	62.42	63.42	62.01	63.01	62.78	63.46
Average Total Benefit*	\$34,205	\$35,099	\$46,324	\$47,598	\$40,594	\$41,747	\$20,625	\$21,038	\$49,286	\$50,272	\$44,761	\$45,656	\$40,984	\$42,106
<b>Ordinary Disabled</b>														
Number	33	32	6	6	39	38	3	3	1	1	4	4	43	42
Average Age	67.49	67.38	55.51	56.51	65.65	65.67	62.21	63.21	53.21	54.21	59.96	60.96	65.12	65.22
Average Total Benefit*	\$18,903	\$19,329	\$47,460	\$48,409	\$23,296	\$23,920	\$24,449	\$24,938	\$51,647	\$52,680	\$31,249	\$31,874	\$24,036	\$24,678
<b>Total In Pay</b>														
Number	1,670	1,722	358	374	2,028	2,096	98	106	46	47	144	153	2,172	2,249
Average Age	71.95	72.29	63.87	64.31	70.53	70.87	66.55	66.87	61.99	62.91	65.09	65.65	70.17	70.51
Average Total Benefit*	\$30,658	\$31,446	\$54,612	\$55,751	\$34,887	\$35,783	\$33,955	\$34,702	\$55,640	\$55,630	\$40,882	\$41,131	\$35,284	\$36,147
<b>Terminated Vested</b>														
Number	153	164	19	16	172	180	13	15	2	3	13	18	187	198
Average Age	51.20	50.68	47.41	49.33	50.78	50.56	48.95	49.77	53.06	48.85	48.95	49.61	50.68	50.47
Average Service	7.71	8.01	7.48	7.32	7.69	7.94	5.73	6.36	0.57	2.24	5.73	5.67	7.47	7.74
<b>Transfers</b>														
Number	207	205	58	59	265	264	22	25	13	16	35	41	300	305
Average Age	50.11	50.61	45.43	45.64	49.09	49.50	49.15	49.62	45.99	44.53	47.97	47.63	48.96	49.25
Average Service	4.85	4.92	3.80	4.21	4.62	4.76	5.14	4.90	5.77	5.81	5.37	5.26	4.71	4.83
<b>Total Inactive</b>														
Number	360	369	77	75	437	444	35	40	15	19	48	59	487	503
Average Age	50.57	50.64	45.92	46.43	49.75	49.93	49.07	49.68	46.93	45.21	48.24	48.24	49.62	49.73
Average Service	6.06	6.29	4.71	4.87	5.83	6.05	5.36	5.45	5.07	5.25	5.47	5.38	5.77	5.97

\*All payroll and benefit figures shown are annual

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

**APPENDIX A – MEMBERSHIP INFORMATION**

<b>Participant Data as of June 30, 2014: City of San Rafael</b>										
	<b>Miscellaneous</b>		<b>Police</b>		<b>Fire</b>		<b>Total Safety</b>		<b>Total</b>	
	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014
<b>Active Participants</b>										
Number	220	217	67	70	62	59	129	129	349	346
Average Age	48.01	48.03	39.12	38.88	40.32	40.39	39.70	39.57	44.94	44.87
Average Service	10.63	11.11	10.17	10.05	10.41	10.48	10.29	10.24	10.50	10.79
Average Pay*	\$72,691	\$74,713	\$110,585	\$109,030	\$117,829	\$120,957	\$114,066	\$114,485	\$87,985	\$89,541
<b>Service Retired</b>										
Number	202	211	66	70	76	79	142	149	344	360
Average Age	68.35	68.78	64.16	64.53	66.25	0.00	65.28	65.59	67.08	67.46
Average Total Benefit*	\$32,150	\$31,917	\$63,265	\$64,326	\$80,120	\$82,667	\$72,286	\$74,050	\$48,718	\$49,356
<b>Beneficiaries</b>										
Number	38	39	17	17	20	22	37	39	75	78
Average Age	75.09	76.17	68.97	69.97	70.18	70.51	69.62	70.27	72.39	73.22
Average Total Benefit*	\$12,867	\$14,279	\$26,710	\$27,305	\$34,147	\$34,293	\$30,730	\$31,247	\$21,679	\$22,763
<b>Duty Disabled</b>										
Number	18	18	40	40	20	21	60	61	78	79
Average Age	63.21	64.21	59.39	60.39	64.64	64.81	61.14	61.91	61.62	62.43
Average Total Benefit*	\$24,987	\$25,533	\$48,043	\$49,089	\$76,496	\$76,923	\$57,528	\$58,671	\$50,018	\$51,121
<b>Ordinary Disabled</b>										
Number	2	2	0	0	0	0	0	0	2	2
Average Age	80.45	81.45	0.00	0.00	0.00	0.00	0.00	0.00	80.45	81.45
Average Total Benefit*	\$10,829	\$11,082	\$0	\$0	\$0	\$0	\$0	\$0	\$10,829	\$11,082
<b>Total In Pay</b>										
Number	260	270	123	127	116	122	239	249	499	519
Average Age	69.07	69.63	63.27	63.95	66.65	23.87	64.91	65.42	67.08	67.61
Average Total Benefit*	\$28,672	\$28,789	\$53,263	\$54,571	\$71,569	\$72,955	\$62,148	\$63,579	\$44,706	\$45,480
<b>Terminated Vested</b>										
Number	22	25	7	7	3	2	10	9	32	34
Average Age	50.06	49.30	46.33	47.33	51.43	51.33	47.86	48.22	49.37	49.01
Average Service	6.67	7.03	9.54	9.55	6.13	4.99	8.52	8.54	7.25	7.43
<b>Transfers</b>										
Number	55	56	25	24	6	6	31	30	86	86
Average Age	46.88	46.59	46.89	47.66	41.87	42.87	45.91	46.70	46.53	46.63
Average Service	3.88	3.52	6.35	6.17	5.40	5.40	6.17	6.02	4.70	4.39
<b>Total Inactive</b>										
Number	77	81	32	31	9	8	41	39	118	120
Average Age	47.79	47.42	46.76	47.59	45.05	44.98	46.39	47.05	47.30	47.30
Average Service	4.68	4.60	7.05	6.94	5.64	5.30	6.74	6.60	5.39	5.25

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

**APPENDIX A – MEMBERSHIP INFORMATION**

<b>Participant Data as of June 30, 2014: Novato Fire Protection District</b>						
	<b>Miscellaneous</b>		<b>Safety</b>		<b>Total</b>	
	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014
<b>Active Participants</b>						
Number	9	9	64	66	73	75
Average Age	48.62	49.62	42.43	41.85	43.20	42.78
Average Service	9.53	10.53	12.72	12.55	12.32	12.31
Average Pay*	\$91,681	\$90,563	\$120,992	\$114,260	\$117,378	\$111,417
<b>Service Retired</b>						
Number	3	2	49	51	52	53
Average Age	65.71	62.42	64.53	64.59	64.60	64.51
Average Total Benefit*	\$39,327	\$51,324	\$89,507	\$92,578	\$86,612	\$91,021
<b>Beneficiaries</b>						
Number	0	1	14	15	14	16
Average Age	0.00	51.67	62.71	62.91	62.71	62.21
Average Total Benefit*	\$0	\$10,616	\$39,256	\$39,437	\$39,256	\$37,636
<b>Duty Disabled</b>						
Number	0	0	31	31	31	31
Average Age	0.00	0.00	65.47	66.47	65.47	66.47
Average Total Benefit*	\$0	\$0	\$60,787	\$62,003	\$60,787	\$62,003
<b>Ordinary Disabled</b>						
Number	0	0	0	0	0	0
Average Age	0.00	0.00	0.00	0.00	0.00	0.00
Average Total Benefit*	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total In Pay</b>						
Number	3	3	94	97	97	100
Average Age	65.71	58.84	64.57	64.93	64.61	64.75
Average Total Benefit*	\$39,327	\$37,755	\$72,551	\$74,589	\$71,524	\$73,484
<b>Terminated Vested</b>						
Number	1	1	3	3	4	4
Average Age	54.56	55.56	50.70	51.70	51.66	52.66
Average Service	6.16	6.16	4.94	4.94	5.24	5.24
<b>Transfers</b>						
Number	1	1	11	10	12	11
Average Age	50.73	51.73	42.57	42.54	43.25	43.38
Average Service	1.25	1.25	4.58	3.12	4.31	2.95
<b>Total Inactive</b>						
Number	2	2	14	13	16	15
Average Age	52.65	53.65	44.31	44.65	45.35	45.85
Average Service	3.71	3.71	4.66	3.54	4.54	3.56

Please refer to the June 30, 2014 actuarial valuation report for a more complete summary of the data.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2015 is provided below, including any assumptions that differ from those used in the June 30, 2014 actuarial valuation. Please refer to the June 30, 2014 actuarial valuation report for a complete description of all other assumptions. The economic and demographic assumptions were adopted by the Board, based on an Experience Study performed by Cheiron covering the period from July 1, 2011 through June 30, 2014. The Experience Study report contains the rationale for all recommended assumptions.

**Key Actuarial Assumptions**

<b>Expected Return on Assets</b>	7.25 percent per year, net of investment expenses
<b>Discount Rate</b>	7.25 percent per year
<b>Price Inflation</b>	2.75% per year
<b>Salary Increases</b>	3.00% per year plus merit component based on employee classification and years of service.
<b>Administrative Expenses</b>	Administrative expenses are assumed to be \$4.5 million for the next year, to be split between employees and employers based on their share of the overall contributions.
<b>Postretirement COLA</b>	Post retirement COLAs are assumed at the rate of 2.7% for members with a 4% COLA cap, 2.6% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap.
<b>Mortality Rates for Healthy Members and Inactives</b>	Rates of mortality for active Members are specified by CalPERS 2014 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety Members), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014.

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**Actuarial Methods**

**1. Actuarial Cost Method**

The actuarial valuation is prepared using the entry age actuarial cost method (CERL 31453.5). Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred from outside of MCERA, entry age is based on entry into the system. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

The UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of MCERA. Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period (16 years remaining as of June 30, 2014), except for the additional UAL attributable to the extraordinary loss from 2008-2009, which is being amortized over a separate closed period (24 years as of June 30, 2014).

Any subsequent unexpected change in the unfunded actuarial liability after June 30, 2013 is amortized over 24 years (22 years for assumption changes) that includes a five-year phase-in/out (three years for assumption changes) of the payments/credits for each annual layer.

**2. Valuation of Assets**

As of the June 30, 2014 valuation, assets are valued using the market value. The assets used to compute the UAL are the market value of assets, minus the value of any non-valuation contingency reserves.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2015 MEASUREMENT DATE**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

The plan provisions are the same as those summarized in the July 1, 2014 actuarial valuation report.



**APPENDIX D – GLOSSARY OF TERMS**

**1. Actuarially Determined Contribution**

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

**2. Actuarial Valuation Date**

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

**3. Deferred Inflow of Resources**

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

**4. Deferred Outflow of Resources**

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

**5. Entry Age Actuarial Cost Method**

The actuarial cost method required for GASB 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

**6. Measurement Date**

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.

**APPENDIX D – GLOSSARY OF TERMS**

**7. Net Pension Liability**

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position. The Net Pension Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling MCERA's benefit obligations in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.

**8. Plan Fiduciary Net Position**

The fair or market value of assets.

**9. Reporting Date**

The last day of the plan or employer's fiscal year.

**10. Service Cost**

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 67 and 68. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

**11. Total Pension Liability**

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the actuarial liability calculated under the entry age actuarial cost method.