



Government of the State of Rio de Janeiro  
State Secretariat of Planning and Management  
Single Social Security Fund of the State of Rio de Janeiro - Rioprevidência

## **Explanatory Notes to the Financial Statements as on 31.12.2013**

### **1. OPERATIONAL CONTEXT**

The Single Social Security Fund of the State of Rio de Janeiro - Rioprevidência was created under Law No. 3,189, of February 22, 1999, in the form of a public autarchy with legal personality under public law with the purpose of managing financial assets, in order to fund the salaries, pensions and other social security benefits, of the public servants of the State of Rio de Janeiro, observing the Constitutional Amendments No. 20/98, 41/03, 47/05, the Federal Laws No. 9717/98 and 10,887 / 04.

The State Law No. 5109 of October 15, 2007, which abolished the Social Security Institute of the State of Rio de Janeiro – IPERJ, transferred to Rioprevidência the competence for qualification, administration and payment of social security benefits provided by the state legislation, which provides for the pension scheme for civil servants of the State of Rio de Janeiro and their dependents. Thus, the Rioprevidência, as historical successor, incorporated into its equity the Assets (properties and rights) and liabilities (obligations) of the extinct IPERJ.

With the publication of State Law No. 5,260, of June 11, 2008, the own and sole Legal Regime of the Social Security of the Members of the Judiciary, Public Prosecution, Public Defenders Office, the Court of Auditors and Statutory Public servants of the State of Rio de Janeiro were unified, being the management of this social security system incumbent upon Rioprevidência.

In the year 2012 the Legislative Assembly of the State of Rio de Janeiro decreed and the Governor of the State of Rio de Janeiro enacted the following laws:

**Law Nº 6,243**, of May 21, 2012, instituting the Complementary Pension Regime within the State of Rio de Janeiro, fixing the maximum limit for granting retirement



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and pension benefits referred to in Article 40 of the Federal Constitution, and also authorizing the creation of the Closed Complementary Entity, in the form of a Foundation, among other measures.

**Law Nº 6,338**, of November 6, 2012, providing for the Funding Plan of the Actuarial Deficit of the Own Social Security System of Rio de Janeiro, changes Law No. 3,189, of February 22, 1999 and providing other measures, which will be managed by the Single Social Security Fund of the State of Rio de Janeiro - Rioprevidência.

The perspective is that these two actions combined will generate in the future, a balanced, fairer and less dependent on the incomes from royalties and special contributions social security. This will be possible, at first, with the complementary social security, under which the State of Rio de Janeiro will pay social security benefits to future civil servants to the limit of the General Social Security Regime, the INSS. Later, in the second scenario, the mass segregation will create a new fund within the Autarchy itself which will be composed by the servants who enter as of the date of its creation.

We once again stress that there will be no change to the rules for granting social security benefits for new civil servants, since such initiatives solely aim at the restructuring of the financing of the social security's liabilities. With this, in the future, when a civil servant retires after the years of contribution stipulated by law, Rioprevidência will have a cash flow sufficient to honor these social security benefits with the resources accumulated during all those years.

## 1.1 MISSION

Provide excellent services to our customers (active, inactive, pensioner civil servants and dependents) with efficiency, credibility, respect and social responsibility, transparent and



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effective administration of the equity, to comply with current and future social security obligations, in addition to contribute with the fiscal management of the State.

## **1.2 VISION**

To be the best Own Social Security Regimes' manager of Brazil, with proven excellence, having as guidelines:

- Satisfaction in providing services to its customers
- Good management practices of assets and liabilities
- Governance, transparency and compliance in the management of the business.



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## **2. PRESENTATION OF THE FINANCIAL STATEMENTS**

The statements presented consolidate the referred merger of rights and obligations for the presented balances.

The Autarchy uses the Integrated Financial Management System of the States and Municipalities - SIAFEM RJ-established by State Decree No. 22,939 of January 30, 1997, for the accounting of its operations in accordance with the standards for Finance and Accounting Applied to the Public sector, applying Federal Law No. 4,320 / 64, Supplementary Law No. 101/00, State Law 287/79, the MPS Ordinance No. 402/08 and MPS Ordinance No. 403/08 and MPS Ordinance No. 509/13, observing article 4 of the mentioned ordinance.

The fixed expenses and expected income are contained in State Law No. 6,380, of January 9, 2013, with the activities of the Fund incorporated in the State of Rio de Janeiro 2013 Budget, and presented in reals.

The new structure of Rioprevidência made that the investment decisions are collegial, eliminating individual authority. The resource allocation strategy is established annually in the Annual Investment Plan (AIP), a document prepared by the Executive Directors of Rioprevidência and approved by the Board. The monthly guidelines are discussed by the Investment Committee which defines the resource allocation strategies for the following month (short term) and performs the necessary adjustments in accordance with the changes of the economic scenario. The guidelines are later on approved by Rioprevidência representatives, SEFAZ / RJ and SEPLAG/ RJ. Consequently, the decisions of the Investment Committee are binding on the Investment Director, who follows them, implementing them in accordance with the current legislation.

As for the real estate investments, prior to being incorporated into the assets of the Fund, these are assessed by the State. Subsequently, such assessments or reassessments are left to the



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Control and Registration Management - GCR, subordinated to the Investments Directorship. The recording is performed in accordance with the Technical Notes forwarded by the Control and Registration Management - GCR to the Controllershship Management - GCO.

The management of the Rioprevidência's assets is one of the pillars to achieve profitability, solvency, liquidity and transparency of the State of Rio de Janeiro civil servants and its beneficiaries' social security savings.

## 2.1 DEPRECIATION

As of the year of 2004, the *Movable Assets* started to be depreciated by the linear method, in accordance with the rates established as a function of their useful life established by type of asset as follows:

ACCOUNT	RATE
Furniture and Utensils	10%
Machines and Equipment	10%
Installations	10%
Vehicles	20%
Computers, Peripherals and Service Desk	20%
Software and Integrated Management System	20%



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### 3. BALANCE SHEET

#### 3.1 COMPOSITION OF ASSETS

##### 3.1.1 CURRENT ASSETS

The group available presents the financial availabilities in national currency.

AVAILABLE	12/31/2012	12/31/2013	Var.%
Banks Movement Account	10,175,394.57	3,037,255.72	-70.15
<b>TOTAL-R\$</b>	<b>10,175,394.57</b>	<b>3,037,255.72</b>	<b>-70.15</b>

#### 3.2 REALIZABLE

##### 3.2.1 SOCIAL SECURITY ASSETS

Records the amounts to be realized *Short and Long Term*, for payments of social security expenses.

SOCIAL SECURITY REALIZABLE	12/31/2012	12/31/2013	Var.%
Rights of Special Interest and Royalties - art. 20, § 1 of the Federal Constitution	91,272,533,664.71	79,339,283,461.26	-13.07
Balance of the Contract with the Government of the State of Rio de Janeiro, to recompose the original flow of CFTs - MP 137/03 (Case E-01/300 003/04)	3,065,954,960.87	1,624,591,145.89	-47.01
Credits in Collection - Parceling	594,409,061.49	967,214,517.55	62.72
Financial Compensation between Social Security Regimes	-	-	-
Tax and Non-Tax Debts	100,960,254.54	21,690,315.29	-78.52
Employer Contributions Receivable	213,774,698.23	253,336,419.90	18.51
Other Credits Receivable	2,125,546,930.36	1,557,496,308.27	-26.72
Other Credits - Several Responsible / Values in Transit	57,698,713.73	74,630,698.26	29.35
<b>TOTAL-R\$</b>	<b>97,430,878,283.93</b>	<b>83,838,242,866.42</b>	<b>-13.95</b>

- The variation of 13.07% in the assets of **Royalties and Special Interests** in relation to the previous year is due to the revaluation performed by the State Secretariat of Finance / RJ - SEFAZ / RJ, using data supplied by the National Agency of Petroleum, Natural Gas and



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Biofuels (ANP), obtained in January 2014.

For the production estimates, SEFAZ / RJ used two different ANP projections: the **Annual Production Plan (PAP)** and the **Production Development Plan (PD)**. The **PAP** is based on production estimates provided by each concession holder in each oil exploration field for the next five years. The **PD**, on the other hand, is a long term estimate of the production capacity of the field, provided by concession holder to the regulatory agency - Technical Note RIOPREV / GOP No. 007/2014.

- **Permuted Treasury Certificates** - The total balance of the asset to be accounted in the Rioprevidência balance sheet on 12/31/2013, according to Technical Note RIOPREV / GOP No. 095/2013 is R \$ 1,624,591,145.89, in the short term and the monthly installment to be compensated with the proceeds from the royalties revenue is R \$ 142,692,691.05.
- The **Parceled ICMS** tax (Credits in Collection – Parceling's) increased by 62.72% in the face of the revaluation made by the Operations and Planning Management- GOP, observing the amounts actually collected under Decree No. 36,994 / 2005 and No. 37,047 / 2005, being the amount of R\$ 856,358,907.41 recorded for the short term and R\$ 110,855,610.14 for the long term - Technical Note RIOPREV / GOP No. 005/2014.
- The entitlement related to the **Financial Compensation** between Social Security Regimes registered the amount of R\$ 3,267,128,377.47, fully used for the Amortization of the Mathematical Provision, according to the Actuarial Valuation prepared by PEMCAIXA - Social Security for states and municipalities.
- **Active Debt** - The Technical Note RIOPREV / GOP No. 004/2014 assessed the value of the Active Debt to be accounted in the December / 2013 balance sheet.



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On the other hand the Technical Note RIOPREV / GOP No. 059/2013 adjusted the methodology for calculating the provision for doubtful debtors of the Active debts to be recorded in the Balance Sheet of Rioprevidência. During 2012, the monthly provision was calculated basis the *Demonstrative Table of the General Stock* sent by the PRODERJ. In 2013, under Decree No. 44,066 / 2012, the calculation of the provision was made only with the *Rioprevidência stock*, i.e. of credits enrolled in Active Debt until 1997.

- **Social Security Contributions Receivable** - The variation is mainly due to the payment stream conducted by the State Treasury (F-00) and by organs of own resources (F-10 and F-15), observing Article 18 of Law. No. 3,189, of February 22, 1999 We clarify that in the amount presented is included the provisioning of 13th salary realized by the organs in duplicity and that the established in routine CONOR/SUNOT/CGE No.009/2013, replaced by CONOR Routine SUNOT/CGE No.002/2014, was not observed at the time of payment, which values will be regularized in 2014.

Nevertheless, we emphasize that in compliance with the determined in the *Ordinary Inspection Report -TCE-RJ - Process 115612-7/2009*, the Working Group was established, by the Ordinance Rioprevidência / PRE No.187/2010, published in the Official Gazette of the State of Rio de Janeiro, on November 29, 2010, subject to the Controllershship Management. The goal of this group is to intensify the investigations on the transfers of the social security contributions from active civil servants and from employers, being monthly reports submitted to the Executive Board.

➤ **Other Credits Receivable:**

- **FUNDES** - In December, the value of the asset to be accounted for in the Balance Sheet of Rioprevidência was R\$ 1,108,750,856.04, of which R\$ 142,144,511.26 short term and R\$ 966,606,344.78 long term - Technical Note RIOPREV/GOP No. 002/2014;





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- **FREMF** —On December 20, 2010, the State of Rio de Janeiro, incorporated the financial flow of the FREMF to Rioprevidência's equity through Decree No.42,755. This decree was amended by Decree No.43,276 / 2011 and changed again by Decree No. 43,358/2011, changing the total resources incorporated to Rioprevidência's equity up to the limit of R\$ 400 million.

Considering the above, it was concluded that the value of the asset to be accounted for on 31/12/2013 was R\$ 103,391,630.55 in the short term, noting that this balance will be transferred to Rioprevidência in full in 2014 - Technical Note RIOPREV / GOP No. 003/2014.

- **Active Debt** - Revenue collected arising from the recovery of credits enrolled in outstanding tax and non-tax debt related to the period 2005-2012 in the amount of R\$ 1,724,493,431.00 according to Decree No.37,050/2005. However with the publication of Decree No.44,006/2012, annulling Decree No.37,050/2005, a reductive account was constituted in order to nullify the effect of this asset in the actuarial projection until the legal matter is resolved - Determination TCE-RJ No. 36 - Process115.647-7/10 - Case E-01/00 8/3 897/2013;
- **BERJ Compensation**-The value of the obligations of the State of Rio de Janeiro annually updated by the UFIR-RJ was R\$ 345,353,821.68 - on 31/12/2013.

### 3.2.2 INVESTMENTS

Records the consolidated Portfolio of Investments held by the Own Social Security Regime, with the balance of investments with its variations due to new investments and gains and losses to the date of the balance sheet.

INVESTMENTS	12/31/2012	12/31/2013	Var. %
<b>FIXED INCOME</b>	285,731,227.19	485,507,002.35	69.92
Balance Application with Banco Itaú S.A.	45,061,806.41	88,607,407.32	96.64
Balance Application with Caixa Econômica	71,531,387.77	89,192,948.99	24.69



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Federal			
Balance Application with Banco do Brasil S.A.	15,967.99	80,809,602.84	505972.48
Balance Application with ABN AMRO REAL - SANTANDER	40,464,170.78	2,456.73	-99.99
Balance Application with Banco BRADESCO	75,895,816.54	91,299,632.16	20.30
Balance Application with HSBC	52,762,077.70	88,858,144.41	68.41
Balance Application with Bank BTG PACTUAL	0.00	46,736,809.90	-
<b>REAL ESTATE INVESTMENTS</b>	<b>228,493,407.95</b>	<b>260,537,622.06</b>	<b>14.02</b>
Plots	140,457,726.59	151,481,700.96	7.85
Buildings	88,035,681.36	109,055,921.10	23.88
<b>TOTAL-R\$</b>	<b>514,224,635.14</b>	<b>746,044,624.41</b>	<b>45.08</b>

**Real Estate Investments** - We highlight that the main factor that influenced the variation of this asset were the revaluations undertaken during the period under the supervision of the Control and Registration Management of the Investments Directorate.

### 3.3 ACTIVE DEBT

The active or outstanding debt is comprised by credits of the public entity, from taxes or not, which collection is attributed to it by law. In the State of Rio de Janeiro, the attribution to register and collect the active debt, judicially and extra judicially, is of the State Attorney General.

Decree No.25,217/1999 incorporated into Rioprevidência's equity, pursuant to Law No. 3189/1999, the proceeds from the settlement of tax and non-tax credits enrolled in the active debt until 1997.

Decree No.37,050/2005 has expanded the incorporation to Rioprevidência's equity to all credits registered up to the date of publication of this decree, as well as those registered in active debt from that date onwards. However, with the enactment of Decree No.44 006/02 012 (annulling Decree No.37,050 / 2005) the period of incorporated active debts was amended to only those credits registered until 1997.



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The provision is justified by the application of the Accounting Principles of Opportunity and Prudence, as the bookkeeping must correctly and clearly reflect the actual financial position of the Autarchy. And in that sense the balances of Debts that have reasonable expectation of receipt and means of collection and recovery should be kept in the assets, deducted of their provision.

The PROCEDURES MANUAL, produced by the State General Accounting of the State of Rio de Janeiro to calculate and account the active debt defines the method to qualify the amount registered with the creation of a provision for credits of doubtful collection.

<b>ACTIVE DEBT</b>	<b>12/31/2013</b>
Tax debt - Short Term	3,791,645.00
Non-Tax debt - Short Term	596,068.00
(-) Provision for Active Debt Losses	0.00
<b>TOTAL SHORT TERM</b>	<b>4,387,713.00</b>
Tax debt - Long Term	5,805,610,223.14
Non-Tax debt - Long Term	82,096,450.45
(-) Provision for Active Debt Losses	-5,880,261,869.91
<b>TOTAL - LONG TERM</b>	<b>7,444,803.68</b>
Registered in the Active Debt Registry - Occupancy Rate of Properties	<b>9,857,798.61</b>
<b>TOTAL - R\$</b>	<b>21,690,315.29</b>

### 3.4 ADMINISTRATIVE

Registers the assets and rights required for the operation of the Entity, as of December 31 of each year, and its composition is demonstrated as follows:

<b>ADMINISTRATIVE</b>	<b>12/31/2012</b>	<b>12/31/2013</b>	<b>Var. %</b>
Stockroom	186,570.14	251,172.17	34.63
Real Estate of Own Use	8,364,283.50	8,364,283.50	0.00
Movable Assets	1,952,906.67	1,656,430.76	-15.18
Intangible Assets	2,776.00	2,776.00	0.00
<b>TOTAL-R\$</b>	<b>10,506,536.31</b>	<b>10,274,662.43</b>	<b>-2.21</b>



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#### 4. ASSET

The Real Assets correspond to the totality of assets and rights that represent the amounts that comprise the Current Assets, the Long Term Assets and the Permanent Assets of a Balance Sheet.

##### 4.1 COMPOSITION OF THE REAL ASSETS OF THE FUND - 2012/2013

DESCRIPTION	12/31/2012	12/31/2013	Var%
<b>CURRENT ASSETS</b>	<b>7,751,626,913.85</b>	<b>5,982,848,916.79</b>	<b>-22.82</b>
Available - Movement Account	10,175,394.57	3,037,255.72	-70.15
Investment Funds	285,731,227.19	485,507,002.35	69.92
Social Security Contributions Receivable	213,774,698.23	253,336,419.90	18.51
Tax Credits Receivable/Administrative Parceling - ICMS	592,520,792.80	856,358,907.41	44.53
Balance of the Active Debt	91,007,717.76	4,387,713.00	-95.18
Active Debt - CP	643,679,816.00	4,387,713.00	-99.32
Provision of the Active Debt (-)	(552,672,098.24)	-	-100.00
Responsible for Damages and Losses <sup>1</sup>	50,649,281.46	53,610,452.36	5.85
Amounts Receivable - FUNDES - Short Term	133,411,983.07	142,144,511.26	6.55
Amounts Receivable - FREMF - Short Term	118,861,560.31	103,391,630.55	-13.02
Petroleum Royalties / PEA	3,647,196,334.19	1,829,353,719.11	-49.84
Amounts Receivable from the ERJ - CFTs	1,525,864,288.74	1,624,591,145.89	6.47
Exchange - Short Term	6,202,965.84	6,202,965.84	-
Rents Receivable	6,202,965.84	6,202,965.84	-
Amounts Receivable from the ERJ - Active Debt - TCE N° 36 Determinations	520,442,000.00	1,724,493,431.00	231.35
Other adjustments for Credit Losses Short Term - Det. TCE N° 36	-	(1,724,493,431.00)	-
Amounts Receivable from the ERJ - BERJ	326,278,219.00	345,353,821.68	5.85
Rioprev. Properties	228,493,407.95	260,537,622.06	14.02
Stockroom	186,570.14	251,172.17	34.63
Other Credits Short Term	830,472.60	14,784,577.49	1,680.26
<b>NON CURRENT ASSETS</b>	<b>90,214,157,936.10</b>	<b>78,614,750,492.19</b>	<b>-12.86</b>
Credits to be registered in the Active Debt Registry	9,952,536.78	9,857,798.61	-0.95
Tax Credits Receivable/Administrative Parceling - ICMS	1,888,268.69	110,855,610.14	5,770.75
Balance of the Active Debt	-	7,444,803.68	-
Active Debt - Long Term	49,821,364,542.70	5,887,706,673.59	-88.18



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Provision of the Active Debt (-)	(49,821,364,542.70)	(5,880,261,869.91)	-88.20
Petroleum Royalties / PEA	87,625,337,330.52	77,509,929,742.15	-11.54
Amounts Receivable from the ERJ - CFTs Exchange - Long Term	1,540,090,672.13	-	-100.00
Amounts Receivable - FUNDES	931,819,438.74	966,606,344.78	3.73
Amounts Receivable - FREMF	94,733,729.24	-	-100.00
Movable Assets (Equipment, Furniture etc)	1,968,900.50	1,656,430.76	-
Movable Assets	8,364,283.50	8,364,283.50	-
Intangible Assets	2,776.00	2,776.00	-
Other Credits Long Term	-	32,702.57	-
<b>TOTAL OF ASSETS - R\$</b>	<b>97,965,784,849.95</b>	<b>84,597,599,408.98</b>	<b>-13.65</b>

## 5. LIABILITIES

In this group, are registered the social security and administrative obligations of the Entity in relation to the payment of social security benefits, payroll and their payroll social taxes in addition to the obligations for the supply of services and materials, being accounted on accrual basis, as shown below :

### 5.1 COMPOSITION OF THE REAL LIABILITIES OF THE FUND - 2012/2013

DESCRIPTION	12/31/2012	12/31/2013	Var. %
<b>CURRENT</b>	<b>532,608,592.85</b>	<b>1,205,819,061.93</b>	<b>126.40</b>
SOCIAL SECURITY PROGRAM	532,608,592.85	1,205,819,061.93	126.40
Retirees and Pensioners	50,720,863.51	59,773,237.28	17.85
Consignments Payable	324,106,188.69	394,213,594.89	21.63
Income Tax Payable	116,176,107.99	145,354,959.78	25.12
Revenues to Classify	-	-	-
Refunds	10,152,603.80	10,109,741.59	-0.42
13th Salary of Retirees and Pensioners	-	-	-
Judicial sentences - Staff	984,316.66	990,789.16	0.66
Judicial sentences - Payment of Special Judicial Orders	-	-	-
ADMINISTRATIVE	8,609,537.67	4,984,703.61	-42.10
Administrative	8,609,537.67	4,984,703.61	-42.10
OBLIGATIONS AND LIABILITIES PAYABLE	21,858,974.53	590,392,035.62	2,600.91
Intra-governmental Obligations	21,839,869.57	590,372,930.66	2,603.19
Other Liabilities	19,104.96	19,104.96	-
<b>NON-CURRENT</b>	<b>135,064,926,704.75</b>	<b>151,769,761,255.96</b>	<b>12.37</b>
SOCIAL SECURITY PROGRAM	722,232,898.71	113,094,844.74	-84.34
Judicial sentences - Payment of Special Judicial Orders	722,232,898.71	113,094,844.74	-84.34
<b>LONG TERM PROVISIONS</b>	<b>134,342,693,806.04</b>	<b>151,438,218,617.63</b>	<b>12.73</b>



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MATHEMATICAL PROVISIONS	134,342,693,806.04	151,438,218,617.63	12.73
Granted Benefits	94,635,702,677.92	108,318,080,543.28	14.46
Benefits to be Granted	42,671,597,782.89	46,387,266,451.82	8.71
Reserves to Amortize	(2,964,606,654.77)	(3,267,128,377.47)	10.20
<b>DEFERRED RESULT</b>	-	<b>218,447,793.59</b>	-
<b>NET EQUITY</b>	<b>(37,631,750,447.65)</b>	<b>(68,377,980,908.91)</b>	<b>81.70</b>
SOCIAL EQUITY AND SOCIAL CAPITAL	(37,631,750,447.65)	(37,631,750,447.65)	-
ACCUMULATED RESULTS	-	(30,746,230,461.26)	-
Result for the Year	-	(30,269,647,173.19)	-
Adjustments of previous years	-	(476,583,288.07)	-
<b>TOTAL OF LIABILITIES - R\$</b>	<b>97,965,784,849.95</b>	<b>84,597,599,408.98</b>	<b>-13.65</b>

## 5.1.1 OPERATIONAL LIABILITIES

### 5.1.1.2 SOCIAL SECURITY

#### Retirees and Pensioners

Refer to the credits of retirees and pensioners determined through administrative proceedings, after their payment they will have their balances regularized the ledger account and through specific settlement events.

#### Consignees

They are the assignments retained in the payrolls of inactive civil servants and pensioners of the State of Rio de Janeiro in December 2013, which will be passed on to their respective consignees according to the established schedule.

#### Income Tax Payable

Refers to the amount of Withheld Income Tax - Income Tax related to the payrolls of inactive servants and pensioners.

#### Refunds

Are amounts deposited by third parties into the current account of the Autarchy. Accounting wise these amounts are classified as deposits, collaterals or obligations - until their origins are identified.



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## Obligations to the State Treasury

Payments of judicial court order debts of Rioprevidência's obligation paid by the State of Rio de Janeiro, in accordance with the provisions of the Supplementary Law No. 147 of June 27, 2013, and will be returned by this Autarchy to the State Treasury.

## Judicial sentences - Payment of Special Judicial Orders

Amounts recorded under *Equity Liabilities* related to judicial court order debts of Rioprevidência's obligation, according to information forwarded by the Division of Court Order Debts of the Judicial Court of the State of Rio de Janeiro, being the Routine CONOR / SUNOT / CGE paragraph 032/2013 observed and circular GAB / CGE No. 003, of October 29, 2013, which addresses the accounting procedures for the Adjustments of Prior Year's records - Case E-01/008/393/2014.

### 5.1.1.3 ADMINISTRATIVE

Registers the administrative payables of the Entity in respect of payments of suppliers of goods and services, concessionaires, payroll of own staff and their respective social charges accounted by the accrual basis.

ADMINISTRATIVE LIABILITIES	12/31/2012	12/31/2013	Var.%
Administrative Expenses	8,609,537.67	4,984,703.61	-42.10
<b>TOTAL-R\$</b>	<b>8,609,537.67</b>	<b>4,984,703.61</b>	<b>-42.10</b>

### 5.1.2 ACTUARIAL LIABILITIES

Registers the actuarial commitments with the Civil Servants of the State of Rio de Janeiro, as per *Actuarial Valuation<sup>1</sup> of the State of Rio de Janeiro* for the year 2014.

The Social Security Liability consists of the Benefits Granted and the Benefits to be Granted:

1. The Benefits Granted represent the commitments the State of Rio de Janeiro has with

<sup>1</sup> This Actuarial Valuation report is prepared by the PEMCAIXA - Social Security for State and Municipalities





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the servants that have already begun receiving benefits, thus having greater urgency in the constitution of its provisions;

2. The Benefits to be Granted represent the corresponding mathematical provisions to policyholders that are still contributing (Assets).

The amounts of the Mathematical Reserves, based on the registration data, including the Executive, Legislature and the Judiciary, reflect a need for resources accumulated to cover commitments to social security benefits for active, inactive and pensioned civil servants, according to the following table:

ACTUARIAL COMMITMENTS	12/31/2012	12/31/2013	Var. %
Granted Benefits	94,635,702,677.92	108,318,080,543.28	14.46
Benefits to be Granted	42,671,597,782.89	46,387,266,451.82	8.71
Reserves to Amortize (-)	-2,964,606,654.77	-3,267,128,377.47	10.20
<b>TOTAL-R\$</b>	<b>134,342,693,806.04</b>	<b>151,438,218,617.63</b>	<b>12.73</b>

As noted in the table below, a social security deficit of R\$ 66.84 billion is observed:

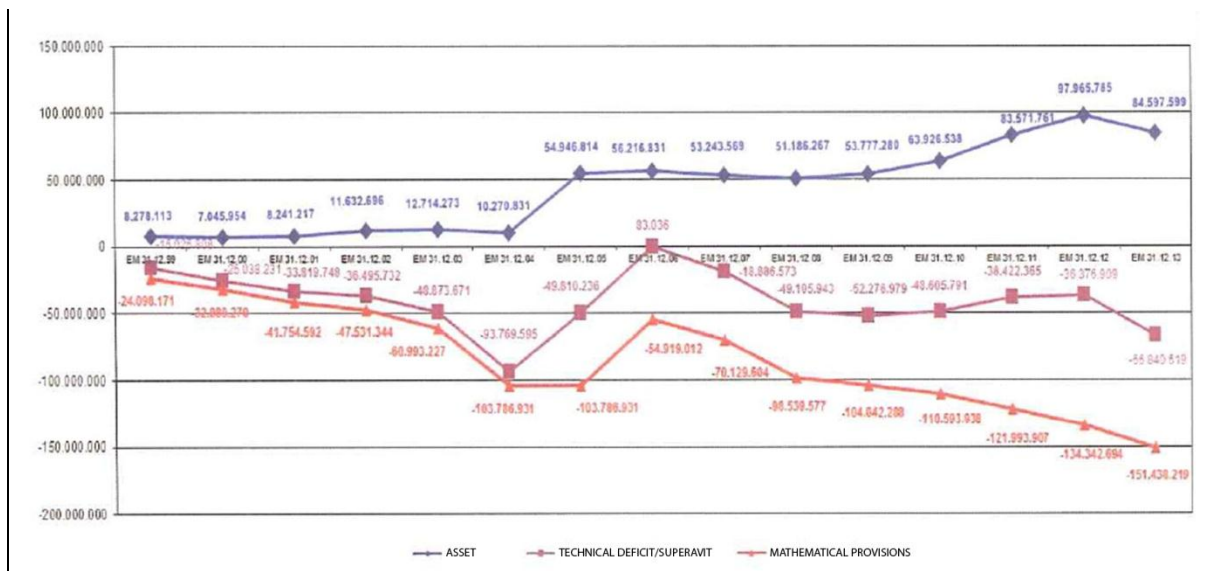
GUARANTEEING ASSETS X MATHEMATICAL PROVISIONS	12/31/2013
Total Asset	84,597,599,408.95
(-) Long Term Provisions	-151,438,218,617.6a
<b>= Actuarial Deficit</b>	<b>-66.840.619.208.65</b>
(-) Operational Liabilities	-1,318,913,906.67
<b>= Social Security Deficit</b>	<b>-68.159.533.115.32</b>
(-) Deferred Result	-218,447,793.55
<b>= Total net equity - R\$</b>	<b>-68.377.980.908.91</b>

GUARANTEEING ASSETS X MATHEMATICAL PROVISIONS	12/31/2013
<u>ASSET x TECHNICAL DEFICIT/SUPERAVIT x MATHEMATICAL PROVISIONS</u>	





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## 6. EXPENSES

In this group, are evidenced the budget expenditures paid during the year, broken down basically into two large groups:

1<sup>st</sup> - Of Social Security Character - Relating to the inactive and pensioner civil servants of the: Executive, Legislature and the Judiciary;

2<sup>nd</sup> - Of Administrative Character - Refer to the Fund's operating expenses.

### EXPENSES-ANNUAL EXECUTION - 2013

BUDGET EXECUTION	BUDGET APPROPRIATION	COMMITTED	%	SETTLED	%
With INACTIVES (Retired Servants)	8,393,027,960.97	8,312,973,953.49	99.05	8,312,973,953.49	99.05
13th Salary 2011-INACTIVES	693,404,707.03	693,404,707.03	100.00	693,404,707.03	100.00
With PENSIONERS	2,575,488,154.41	2,521,773,563.37	97.91	2,521,773,563.37	97.91
13th Salary 2011-PENSIONERS	215,511,845.59	215,511,845.59	100.00	215,511,845.59	100.00
Expenses from Previous Years	41,158,477.37	41,158,477.37	100.00	41,158,477.37	100.00



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<b>SOCIAL SECURITY EXPENSES</b>	<b>11,918,591,145.37</b>	<b>11,784,822,546.85</b>	<b>98.88</b>	<b>11,784,822,546.85</b>	<b>98.88</b>
Own Personnel	30,540,621.71	25,152,477.59	82.36	25,152,477.59	82.36
13th Salary 2011 - Own Personnel Payroll	1,679,874.29	1,679,874.29	100.00	1,679,874.29	100.00
INSS Provision	3,860,000.00	664,176.49	17.21	664,176.49	17.21
Miscellaneous Expenditures	67,217,317.12	34,957,943.03	52.01	34,957,943.03	52.01
Indemnities and Refunds	74,002,065.82	74,002,065.82	100.00	74,002,065.82	100.00
Expenses from Previous Years	6,340,443.51	6,340,443.51	100.00	6,340,443.51	100.00
Capital-Acquisition of Assets	9,389,500.00	0.00	0.00	0.00	0.00
Remains Payable Not Processed - RPNP	0.00	2,187,431.05	-	0.00	0.00
<b>ADMINISTRATIVE EXPENSES</b>	<b>193,029,822.45</b>	<b>144,984,411.78</b>	<b>75.11</b>	<b>142,796,980.73</b>	<b>73.98</b>
<b>"B" ACCOUNT RECOMPOSITION</b>	<b>100,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>JUDICIAL SENTENCINGS / REFUND COURT ORDER DEBTS</b>	<b>82,000,934.18</b>	<b>63,570,768.47</b>	<b>77.52</b>	<b>63,570,768.47</b>	<b>77.52</b>
<b>TOTAL-R\$</b>	<b>12,193,721,902.00</b>	<b>11,993,377,727.10</b>	<b>98.36</b>	<b>11,991,190,296.05</b>	<b>98.34</b>

In the previous table, it can be observed that the Expenditures remained within the margin stipulated by the *Breakdown of Revenues and Expenses Table - QDRD* for the year of 2013, approved by State Law No. 6,380, of January 9, 2013

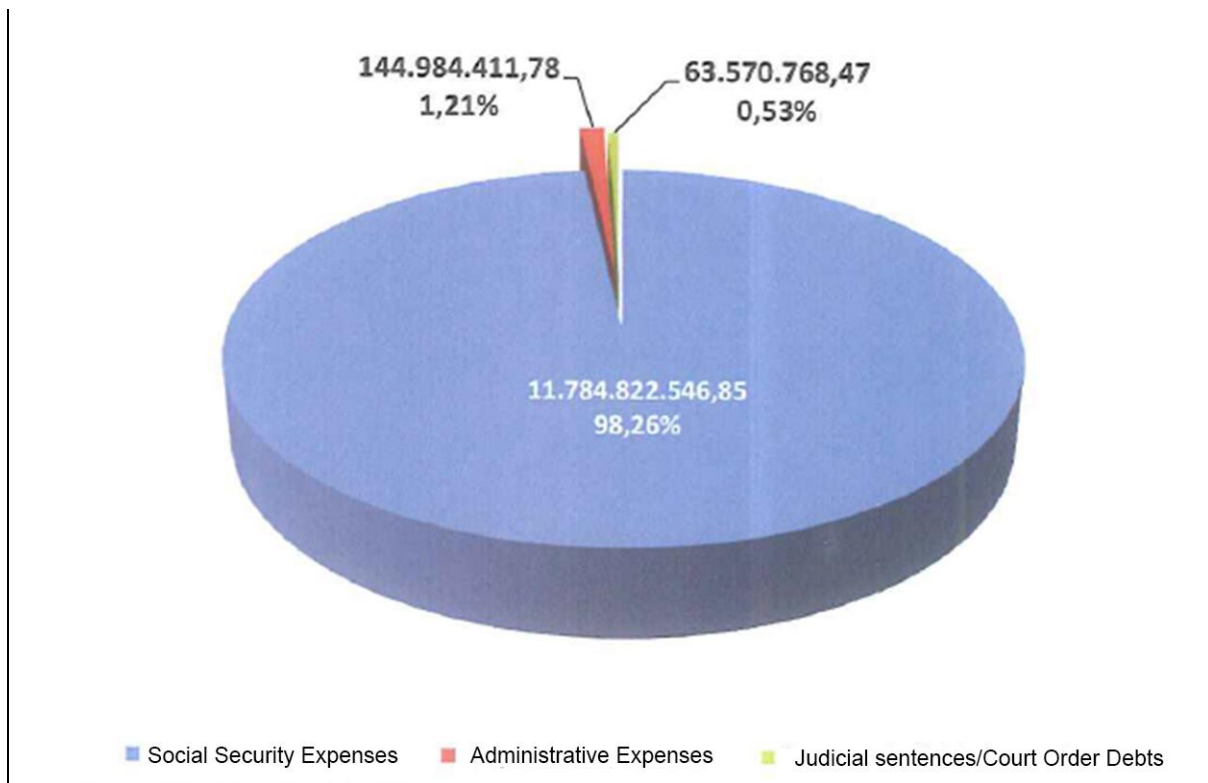
Next, you can graphically see the proportionality of expenses involved in the year 2013, basically grouped into four groups: Social Security Expenditures (98.26%), Administrative Expenditures (1.21%) and Expenditures with Judicial Sentences and Court Order Debts (0.53%).

R\$ mil

**Composition of the Expenditures - 2013**



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In general terms, the budget execution corresponded to 98.36% of the Budget Allocation for the year. It is also worth mentioning that the Rioprevidência fully paid for their own expenses with own Resources Source (FR 10), i.e., the Fund did not need injections of funds from the State Treasury.

BUDGET EXECUTION	12/31/2012	12/31/2013	Var. %
Social Security Expenses	10,270,256,510.20	11,784,822,546.85	14.75
Administrative Expenses	51,537,704.95	144,984,411.78	181.32
Judicial Sentencing's / Refund Court Order Debts	109,551,526.87	63,570,768.47	-41.97
<b>TOTAL - R\$</b>	<b>10,431,345,742.02</b>	<b>11,993,377,727.10</b>	<b>14.97</b>



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To better understand the evolution of the Rioprevidência expenses, we compared in above table, the amounts presented in 2013 with the figures for the year 2012, where the annual growth of 14.97% in the total expenses of the Fund can be seen. Thus, in this scenario, the growth of the following expenses has been observed:

1. Social Security benefits as a result of jobs and wages plans and salary adjustments extended to retirees, pensioners and pension revisions;
2. Reimbursement to the Caixa Economica Federal of the debt contracted with BERJ - Case E-01/338 069/2012;
3. Licensing expenses with data processing products and services - Information Technology - IT.

We emphasize that, according to Art. 6 of Decree No.44 468/2013 the amount of R\$ 2,187,431.05 has been inscribed under the Remains Payable Not processed and accounted for in account 63111.01.01 = RP NOT PROCESSED TO BE SETTLED.

## **7. SOCIAL SECURITY REVENUES**

### **7.1 PERFORMED REVENUES**

Is the amount collected by Rioprevidência during the year 2013 incorporated to the assets of the Fund and used to pay their Social Security and Administrative expenses.

In the following table we give the comparison between the Initial Revenue Forecast and the effectively collected revenue. It can be seen that the total revenue resulted 9,45% above the forecast for the year, mainly by the effectuation of the final assignment of part of the royalties credits and the special participation with the Caixa Econômica Federal and the Banco do Brasil S.A.



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### REALIZED REVENUES-2013

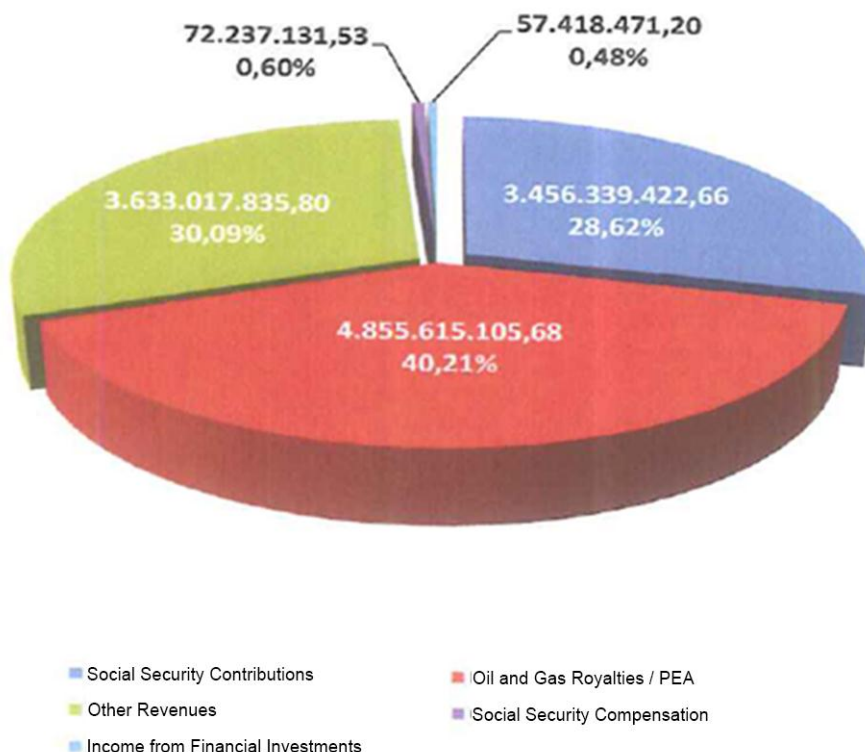
BUDGETED REVENUES	Initial Forecast	Realized	%
Social Security Contributions	1,308,203,303.00	1,352,873,699.20	103.41
Oil and Gas Royalties / PEA	5,516,947,830.00	4,855,615,105.68	88.01
Other Revenues	1,780,800,382.00	3,633,017,835.80	204.01
Social Security Compensation	79,089,492.00	72,237,131.53	91.34
Income from Financial Investments	84,615,649.00	57,418,471.20	67.86
<b>TOTAL-R\$</b>	<b>8,769,656,656.00</b>	<b>9,971,162,243.41</b>	<b>113.70</b>
Employer Contribution - Civil	1,894,270,679.00	1,721,225,103.05	90.86
Employer Contribution - Military	368,175,718.00	382,240,620.41	103.82
<b>TOTAL-R\$</b>	<b>2,262,446,397.00</b>	<b>2,103,465,723.46</b>	<b>92.97</b>
<b>TOTAL (R\$)</b>	<b>11,032,103,053.00</b>	<b>12,074,627,966.87</b>	<b>109.45</b>

R\$ thousand

### Composition of the Expenditures - 2013



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Comparing the revenue realized in 2013 with that of 2012, we see an increase of 27.53%. This happened mainly due to the proceeds from the transfer of part of the final royalties credits and special participation over the exploitation of oil and natural gas with Caixa Econômica Federal, in conformity with contract No. 041/2013 - Case E-01 / 008/445/2013 and with Banco do Brazil S.A., in conformity with contract No. 077/2013 - case E-01/008/3290/2013, under "Other Revenues" (1424.01%) and it should also be observed further that:

1st - In November 2012 occurred the maturity of the last title of Treasury's Financial Certificates (-100.00%), due to the anticipation occurred in 2011;

2nd - Decree No. 43,911 / 2012, of October 29, 2012, which deals with the allocation of Rioprevidência's rights on royalties and special participation.



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PERFORMED REVENUES	12/31/2012	12/31/2013	Var.%
Social Security Contributions	1,225,439,774.35	1,352,873,699.20	10.40
Redemption of Treasury Financial Certificates	701,306,212.08	0.00	-100.00
Oil and Gas Royalties	1,790,718,741.45	1,853,199,216.16	3.49
Special Participation / PEA	3,360,796,358.96	3,002,415,889.52	-10.66
Other Revenues	238,385,235.09	3,633,017,835.80	1424.01
Social Security Compensation	66,154,313.24	72,237,131.53	9.19
Income from Financial Investments	84,184,687.71	57,418,471.20	-31.79
<b>TOTAL-R\$</b>	<b>7,466,985,322.88</b>	<b>9,971,162,243.41</b>	<b>33.54</b>
Employer Contribution - Civil	1,664,312,141.46	1,721,225,103.05	3.42
Employer Contribution - Military	336,723,574.85	382,240,620.41	13.52
INTRA-BUDGETARY REVENUE	2,001,035,716.31	2,103,465,723.46	5.12
<b>TOTAL-R\$</b>	<b>9,468,021,039.19</b>	<b>12,074,627,966.87</b>	<b>27.53</b>

## 8. SOCIAL SECURITY BUDGETARY STATEMENT

In the table below, we compare the year total budgetary revenues with the social security budgetary expenses (payroll of retirees and pensioners), we observe that over the period, the expenses exceeded the revenues.

It is important to highlight the opening of a supplementary credit of R\$ 1,161,618,849.00, through Decree No. 44,491 / 2012, coming from the *Excess Revenue for the Year*, published in the Official Gazette. N.º 221, of November 27, 2013.

SOURCE AND APPLICATION OF THE RESOURCES	R\$
<b>I Social Security Revenue</b>	1,067,138,189.43
Contributions from Active Civil Servants	285,735,509.77
Contribution from Retired and Pensioner Civil Servants	2,103,465,723.46
Employer Contribution Incomes and Redemptions	8,618,288,544.21
<b>TOTAL</b>	<b>12,074,627,966.87</b>
<b>II. Social Security Expense</b>	9,006,378,660.52
Expenses with retirees Expenses with Pensioners	2,737,285,408.96
Expenses from Previous Years - Retirees and Pensioners	41,158,477.37
<b>TOTAL</b>	<b>11,784,822,546.85</b>

## 9. OTHER INFORMATION

### 9.1 RESPONSIBLES FOR DAMAGES AND LOSSES





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Refer to the values ascertained by TEC-RJ, with respect to the Extraordinary Inspection on operations with Securities Issued by Federal Government realized in 2002, and updated by UFIR-RJ.

We highlight the topics that are part of the Process TCE-RJ nº 102.980-7/2003:

- **III - REGARDING THE DOCUMENT TCE-RJ No. 039893-7/10 (SHEETS.. 920/986):**

"The referred document reflects Rioprevidência's concern in constituting a provision in the amount of which was entered into the ledger account - *Several Responsible* (page 1030-Back)

- **V-CONCLUSION**

"Regarding the request of Rioprevidência, contained in the DOC. TCE-RJ No. 039893-7 / 10, we have that this is to be submitted to the Plenary of this House for the purpose of **Informing the Plenary and Communication** to the Head of that Autarchy on the possibility of constituting a Provision under the account *Several Responsible* (account Nr 11229.97.00), in accordance with the arguments presented in **Topic n.º III.**". (Page 1033).

## **9.2 DEPRECIATION OF MOVABLE ASSETS**

Registration of the Depreciation of Movable Assets Adjustments of Prior Years and of the year 2013, as contained in Process E-01/008/4678/2013.

## **9.3 ACTIVE DEBT - TCE No. 36 DETERMINATION**

Refers to the failure to comply with Article 1, of Decree (E) No. 37,050 / 05, with the authorization contained in Article 10 of Law (E) No. 4004/02, due to the non-transference to this Autarchy of the total revenues collected arising from the recovery of credits registered in outstanding debt on an accrual basis from 2005 to 2012, having SEFAZ as counterparty.

This asset is recorded in the ledger account 11381.01.99 - Other Receivables in the amount of R\$ 1,724,493,431.00. However, with the enactment of Decree No. 44,006 / 2012, annulling Decree No. 37,050 / 2005, a reductive account 11391.01.99 - Other Adj. for Losses





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*Credits and Short Term Amounts*, was established in order to nullify the effect of this asset in the actuarial projection until the legal matter is resolved - TCE-RJ Determination -No. 36 - Process115647-7 /10 - Process E-01/008/3897 / 2013;

#### **9.4 ROYALTIES AND SPECIAL PARTICIPATIONS - TECHNICAL NOTE GOP/DIN Nº 07/2014.**

- The amount of R \$ 400 million in Royalties and Special Participation was permuted with the State in exchange for receivables that the State of Rio de Janeiro itself is entitled to concerning the Fund for Economic Recovery of the States' Municipalities - FREMF, coming from the Economic and Social Development Fund - FUNDES, under State Decree No. 43.358, of December 16, 2011, maintained at least the economic equivalence. As the amount of R\$300 million (R\$200 million in 2011 and R\$ 100 million in 2013) has already been discounted, to calculate the asset the remaining amount of R\$100 million of the royalties and special participation flow of 2014, was excluded.
- Decree No. 43,783 / 2012 authorized the State of Rio de Janeiro to use the resources pertinent to the financial flow forecast for the year 2014, up to the limit of R\$ 450 million, of the duties on Royalties and Special Participation in accordance with the forms the Account "B" re-composing defined in the Thirteenth Amendment to the Account Opening Agreement, Appointment of Fiduciary Agents and other Covenants. The decree also provides for the form of compensation to the value of the financial flows in the event of utilization of the resource. With this, for the calculating of the asset the amount of R\$450 million was excluded from the net amount of the flow of Royalties and Special Participation forecast for the year 2014.
- As provided for in the Permuted CFT contracts signed between the Rioprevidência and the State of Rio de Janeiro on October 8, 2007 and April 12, 2011, the amount of R\$



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1,624,591,145.89 of the Royalties and Special Participation of the year 2014 is destined for the re-composition of the original CFTs' cash flow redeemed by occasion and by virtue of the exchanges held with the Union in 2007 and 2011

- The Decree No. 43,911 / 2012 adds between the installments to be deducted from the transfer to Rioprevidência, the percentage of the payment of the debt service of the debt of the State to the Federal Government on the amount that the Royalties and Special Participation add to the calculation of Real Net Revenue, which maximum limit of commitment is 13%. With this Rioprevidência failed to receive R\$ 1,013,208,312.89 during 2013.
- Amendment nº 48 of 2011 to the State Constitution established the binding of 10% of the revenue of the government holdings to the FECAM when the petroleum is extracted from the pre-salt layer.
- Therefore, in accordance with Decree No. 43,996 / 2012, subparagraphs were created to record the amounts of royalties and special participations coming from the pre-salt.

## **9.5 MATHEMATICAL SOCIAL SECURITY PROVISIONS**

The Actuarial Technical Note of the revaluation of the amount of the Mathematical Social Security Reserves of the State of Rio de Janeiro for the year 2014 had its update registered for accounting purposes in the Fiscal Year of 2013.

## **9.6 LIABILITY CONSIGNED TO IASERJ**

Clearance of the amount of R \$ 35,634,417.94, registered in the ledger account 21881.01.04 - IASERJ - INST. ASSIST. SOCIAL ESTADO RJ, according to justification elaborated in the Technical Note No. 01 of December 18, 2013 of the Superintendence of Finance of the Sub



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secretariat of Finance of State Secretariat of Finance, attached to the process E-04/000141/2006.

## **9.7 ADJUSTMENTS OF PREVIOUS YEARS**

The balance shown in the Balance Sheet regarding Prior Year's adjustments in the amount of R\$ 476,583,288.07 is recorded in the ledger accounts 23721.03.01 to 23722.03.21.

Is worth noting that the considerations contained in the Circular GAB / CGE No. 002 of February 25, 2014 of the General Accounting of the State of Rio de Janeiro, were observed.

## **9.8 TECHNICAL NOTES OF ASSETS REVALUATION**

We have attached the Technical Notes prepared by the Operations and Planning Management - GOP subordinated to the Investments Directorate - DIN in respect of the revaluations of this Rioprevidência's assets.

## **10. INDEPENDENT AUDIT**

The Company UHY Moreira - AUDITORS was hired to audit the Financial Statements of the years 2011 to 2014, being annexed, the report concerning the financial year of 2012.

The social security statements determined by the Fiscal Responsibility Law (LC 101/2000) are published in the Official Gazette of the State of Rio de Janeiro, by the State General Accounting - CGE - SEFAZ / RJ, in accordance with the established deadlines and available on the website:

[www.fazenda.rj.gov.br](http://www.fazenda.rj.gov.br) and on the *site* of the Social Security Ministry/MPS-SPS - [www.mps.gov.br](http://www.mps.gov.br) the attachments established by the pertinent social security legislation.



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**Director - President**

Gustavo de Oliveira Barbosa

**Administrative and Finance Director**

Luiz Cláudio Fernandes Lourenço Gomes

**Security Director**

Roberto Moisés dos Santos

**Legal Officer**

Baltazar José Vasconcelos Rodrigues

**Investments Director**

Ciro Mauro de Carvalho Giannini

Rio de Janeiro, March 31st, 2014.

**MILTON GUSMÃO DO NASCIMENTO**

Controllership Manager  
Accountant CRC/RJ 057.974/O-5  
CPF: 670.766.457-34

**LUIZ CLÁUDIO FERNANDES L. GOMES**

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**GUSTAVO DE OLIVEIRA BARBOSA**

President and CEO  
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