



Government of the State of Rio de Janeiro
State Department of Finance and Planning
Single Social Security Fund of the State of Rio de Janeiro – Rioprevidência

SOCIAL SECURITY PLAN

Notes to the Financial Statements as of December 31, 2016

1. OPERATIONAL CONTEXT

The Single Social Security Fund of the State of Rio de Janeiro – Rioprevidência - was created under State Law No. 3,189 of February 22, 1999, in the form of a government agency with legal personality under public law with the purpose of managing financial assets, to fund the salaries, pensions and other social security benefits of the civil servants of the State of Rio de Janeiro, according to Constitutional Amendments No. 20/98, 41/03, 47/05, Federal Laws No. 9,717/98 and 10,887/04.

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 social security regime for civil servants of the State of Rio de Janeiro and their dependents. Thus, Rioprevidência, as historical successor, incorporated into its equity the Assets (properties and rights) and Liabilities (obligations) of the extinct IPERJ.

The publication of State Law No. 5,260, of June 11, 2008, brought about the unification of the specific and unique Legal Framework relating to Social Security of the Members of the Judicial Branch, the Public Prosecutors Office, the Public Defender's Office, the Accounting Court and the Statutory Public Servants

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of the State of Rio de Janeiro, and Rioprevidência assumed responsibility for the management of this social security system.

In the year 2012, the Legislature of the State of Rio de Janeiro decreed, and the Governor of the State of Rio de Janeiro sanctioned, the following laws:

Law No. 6,243, of May 21, 2012, instituting the Complementary Social Security Regime within the State of Rio de Janeiro, setting the maximum limit for granting retirement and pension benefits referred to in Article 40 of the Federal Constitution, and 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 Costing Plan of the Actuarial Deficit of the Specific Social Security Regime of Rio de Janeiro, changing 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 Social Security Plan is intended for holders of positions of permanent appointment of the Executive (including the civil servants of the autonomous government agencies and public foundations), Legislative and Judicial Branches. This new Social Security Plan will certainly benefit the counselors and civil servants of the Accounting Court and, also, the permanent members and servants of the Public Prosecutor's Office and the Public Defender's Office. However, the pensioners who entered public service after the managing entity's starting date addressed in article 34 of Law no. 6,243/2012 will be included in this new social security regime.

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The segregation of the Plans into *Financial and Social Security Plans* should be accompanied by the budget, financial and accounting separation of the obligations and investments.

SEPLAG Resolution No. 986, of September 03, 2013, published in Official Gazette (D.O.) No. 164, of September 04, 2013, established the start of operation of *RJPREV - CD Benefits Plan* of the Supplementary Social Security Foundation of the State of Rio de Janeiro – RJPREV, on September 04, 2013, at the same time as the beginning of the Social Security Plan, according to current legislation.

The perspective is that these two actions combined will generate in the future, a balanced, fairer social security, less dependent on the revenues from royalties and special contributions. This will be possible, at first, with the supplementary social security, under which the State of Rio de Janeiro will pay social security benefits to future civil servants up to the limit of the General Social Security System - INSS. Later, in the second scenario, the mass segregation will create a new fund within the Government Agency itself which will be composed by the servants admitted 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 social security liabilities. As a result, 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 funds accumulated during all these years.



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1.1 MISSION

To provide services with excellence to our customers (active and retired civil servants, pensioners and dependents) with efficiency, credibility, respect and social responsibility, with transparent and effective administration of the assets, to comply with current and future social security obligations, in addition to contributing towards the fiscal management of the State.

1.2 VISION

To be the best administrator of Specific Social Security Regime of Brazil, with proven excellence, having as directives:

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

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The Statements presented consolidate the referred incorporation of rights and obligations for the balances presented.

In 2016, the Integrated Budgetary, Financial and Accounting Management System of Rio de Janeiro - SIAFE-Rio was instituted, which is the main instrument used for registering, monitoring and controlling



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the budgetary, financial and equity execution of the Government of the State of Rio de Janeiro, in compliance with the rules regarding Finance and Accounting Applied to the Public Sector, to which Federal Law No. 4,320/64, Supplementary Law No. 101/00, State Law No. 287/79, Ordinance MPS No. 402/08 and Ordinance MPS No. 403/08 and Ordinance MPS No. 509/13 are applicable.

The fixed expenses and expected revenues are contained in State Law No. 7,210 of January 18, 2016 and Decree No. 45,569 of January 28, 2016, with the activities of the Fund incorporated into the 2016 Budget of the State of Rio de Janeiro, and presented in Reais.

The new structure of Rioprevidência means that the investment decisions are collective, eliminating individual authority. The resource allocation strategy is established annually in the Annual Investment Plan (AIP), a document prepared by the Executive Board of Rioprevidência and approved by the Board of Directors. 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 approved by representatives of Rioprevidência, SEFAZ/RJ and SEPLAG/RJ. Consequently, the decisions of the Investment Committee are binding on the Investment Director, who must follow them, implementing them in accordance with the current legislation.

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



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3. BALANCE SHEET

3.1 COMPOSITION OF THE ASSETS

3.1.1 CURRENT ASSETS

Include any asset that meets any one of the following criteria: cash or cash equivalent; realizable, or held for sale or consumption in the normal course of the entity's operating cycle; held primarily for trading purposes; realizable within 12 months from the date of the financial statements.

However, the amounts evidenced in Bank - Transaction Account arise from the attachment of the payroll of the Court of Appeals/TJ-RJ that was not registered in said account due to systemic inconsistency of accounting for judicial attachment for said Fund. Recognized in bank reconciliation (Bank 237 / Branch: 6898 / Account 1021-9).

In addition, other amounts (R\$ 3,177,835.84) were written-off in the year 2017, through document 20170B00024, referring to the reimbursement of the Social Security Plan to the Financial Plan of administrative costs from September to December, according to Process E-01/060.341/2016.

CASH ASSETS	12/31/2015	12/31/2016	Var.%
Banks - Transaction Account	2,070,985.37	25,508,003.42	1131.68
TOTAL - R\$	2,070,985.37	25,508,003.42	1131.68

3.2 REALIZABLE

3.2.1 SOCIAL SECURITY ASSETS

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



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SOCIAL SECURITY REALIZABLE	12/31/2015	12/31/2016	Var. %
Social Security Transfers - RPPS	9,186,799.06	69,974,905.68	661.69
Credits Receivables Coming from Payroll	0.00	39,129,698.83	-
TOTAL-R\$	9,186,799.06	109,104,604.51	1087.62

A) R\$ 69,974,905.68 - It refers to the employer's contribution receivable - Balances registered in financial account 11232.02.00 = **SOCIAL SECURITY TRANSFERS - RPPS = EMPLOYER - CIVIL ASSETS**

B) R\$ 39,129,698.83 - It refers to the servant's contribution receivable - Balances registered in financial account 11381.17.00 = **CREDITS RECEIVABLE COMING FROM PAYROLL.**

3.2.2 INVESTMENTS

Records the consolidated composition of the Portfolio of Investments held by the Specific Social Security Regime, with the balance of investments with its variations due to new investments and any gains and losses, up to the date of the Balance Sheet:

INVESTMENTS	12/31/2015	12/31/2016	Var.%
Balance of Investment with Caixa Econômica Federal	227,439,297.00	341,531,510.38	50.16
Balance of Investment with Banco do Brasil S.A.	5,307,204.01	51,331,608.99	867.20
Balance of Investment with Banco BRADESCO	48,804,210.52	1,149,916.40	-97.64
Balance of Investment with Banco Itaú S.A.	0.00	40,979,566.64	-
TOTAL - R\$	281,550,747.53	434,992,602.41	54.50



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4. ASSETS

The Real Assets correspond to the totality of assets and rights that represent the amounts that comprise the Current Assets, the Non-Current Receivables, the Investment Assets, the Fixed Assets and Intangible Assets of a Balance Sheet.

4.1 COMPOSITION OF THE REAL ASSETS OF THE FUND - 2015/2016

DESCRIPTION	12/31/2015	12/31/2016	Var.%
CURRENT	292,808,531.96	569,605,210.34	94.53
Available - Transaction Account	2,070,985.37	25,508,003.42	1,131.68
Investment Funds	281,550,747.53	434,992,602.41	54.50
Social Security Transfers - RPPS	9,186,799.06	69,974,905.68	661.69
Credits Receivables Coming from Payroll	-	39,129,698.83	-
NON-CURRENT	-	-	-
Other Long-Term Credits	-	-	-
TOTAL ASSETS - R\$	292,808,531.96	569,605,210.34	94.53

5. LIABILITIES

This group includes social security and administrative obligations of the Entity in relation to the payment of social security benefits, payroll and social contributions, in addition to the obligations for the supply of services and materials, being recognized on an accrual basis, as shown below:

5.1 COMPOSITION OF THE REAL LIABILITIES OF THE FUND - 2015/2016



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DESCRIPTION	12/31/2015	12/31/2016	Var.%
CURRENT LIABILITIES	4,986,817.72	14,848,662.38	197.76
LABOR, SOCIAL SECURITY PAYABLES	37,488.24	364,681.27	872.79
Personnel Payable - Balances Migrated from SIAFEM	37,488.24	37,488.24	0.00
Social Security Benefits Payable	-	327,193.03	-
SHORT-TERM TAX OBLIGATIONS WITH THE FEDERAL GOVERNMENT	-	343,313.81	-
PIS/PASEP collectable	-	343,313.81	-
OTHER SHORT-TERM OBLIGATIONS	4,949,329.48	14,140,667.30	185.71
Non-Judicial Deposits	4,949,329.48	10,941,807.24	121.08
Other Refundable Values	-	21,024.22	-
Other Short-Term Obligations	-	3,177,835.84	-
NON-CURRENT LIABILITIES	292,808,531.96	292,808,531.96	0.00
LONG-TERM PROVISIONS	292,808,531.96	292,808,531.96	0.00
MATHEMATICAL PROVISIONS	280,548,469.15	280,548,469.15	0.00
Benefits Granted	5,516,935.13	5,516,935.13	0.00
Benefits to be Granted	289,842,987.93	289,842,987.93	0.00
Reserves to Amortize	(14,811,453.91)	(14,811,453.91)	0.00
Surplus Actuarial Result Adjustments	12,260,062.81	12,260,062.81	0.00
DEFERRED RESULT	-	-	-
NET ASSETS	(4,986,817.72)	261,948,016.00	-5,352.81
ACCUMULATED RESULTS	(4,986,817.72)	261,948,016.00	-5,352.81
Result for the Year	(3,633,361.39)	270,798,145.31	-7,553.10
Accumulated Surpluses or Deficits	(1,965,104.21)	(8,859,736.60)	350.85
Accumulated Losses or Income	611,647.88	9,607.29	-98.43
TOTAL LIABILITIES - R\$	292,808,531.96	569,605,210.34	94.53

6. ACTUARIAL LIABILITIES

Registers the actuarial commitments with the Civil Servants of the State of Rio de Janeiro, as per *Actuarial Valuation¹ of the State of Rio de Janeiro* for the year 2016 (Calendar year 2015).

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

¹This Actuarial Valuation report is prepared by the PEMCAIXA - Social Security for State and Municipalities.



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1. The Benefits Granted represent the commitments that the State of Rio de Janeiro has with 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 (Actives).

The amounts of the Mathematical Reserves, based on the registration data, including the Executive, Legislative and the Judicial Branches, reflect a need for accumulated resources to cover commitments to social security benefits for active and retired civil servants and pensioners, according to the following table:

ACTUARIAL COMMITMENTS	12/31/2015	12/31/2016	Var.%
Benefits Granted	5,516,935.13	5,516,935.13	0.00
Benefits to be Granted	289,842,987.93	289,842,987.93	0.00
Reserves to Amortize (-)	-14,811,453.91	-14,811,453.91	0.00
TOTAL-R\$	280,548,469.15	280,548,469.15	0.00

In the table below, we can see an Actuarial Technical Surplus:



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MATHEMATICAL RESERVES

Breakdown	Amounts
(-) Present Value of Future Benefits (retirees)	-R\$ 710,293.23
(+) Present Value of Future Contributions (retirees)	R\$ -
(-) Present Value of Future Benefits (pensioners)	-R\$ 4,806,641.90
(+) Present Value of Future Contributions (pensioners)	R\$ -
(+) Present Value of Future Contributions (Entity)	R\$ -
(+) Social Security Compensation	R\$ 34,756.69
Mathematical Reserve of Benefits Granted (RMB - Granted)	-R\$ 5,482,178.44
(-) Present Value of Future Benefits	-R\$ 2,345,507,496.03
(+) Present Value of Future Contributions - Active Civil Servants	R\$ 784,332,625.35
(+) Present Value of Future Contributions - Retired Civil Servants and Pensioners	R\$ -
(+) Present Value of Future Contributions - Entity on Active Civil Servants	R\$ 1,271,331,882.74
(+) Present Value of Future Contributions - Entity, Retirees and Pensioners	R\$ -
(+) Social Security Compensation	R\$ 14,776,697.22
Mathematical Reserve of Benefits to be Granted (RMB to be Granted)	-R\$ 275,066,290.72
(-) Mathematical Reserve of Benefits Granted (RMBC)	-R\$ 5,482,178.44
(-) Mathematical Reserve of Benefits to be Granted (RMBaC)	-R\$ 275,066,290.71
Mathematical Reserves (RMBaC + RMBC)	-R\$ 280,548,469.15
(+) Plan Assets	R\$ 292,808,531.96
(+) Other receivables	R\$ -
Actuarial Technical Surplus	R\$ 12,260,062.81

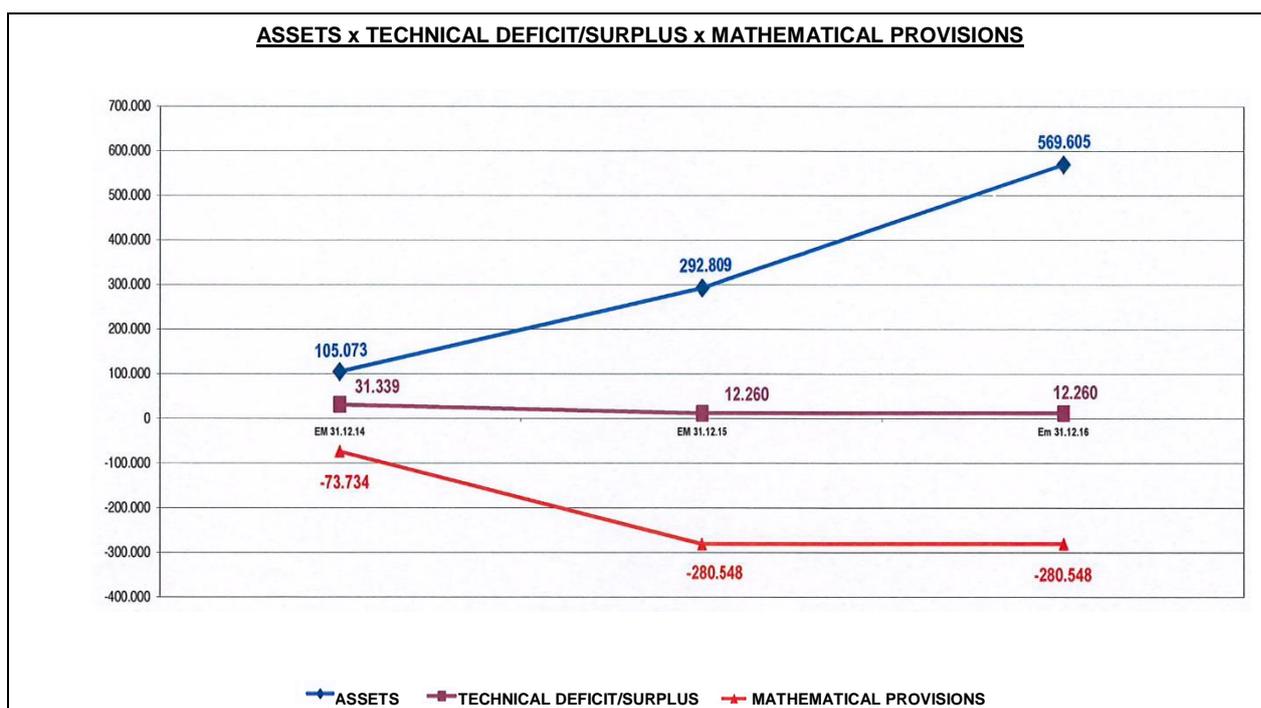
It is worth stressing that the actuarial results presented in this Note and included in the Balance Sheet for 2016 are from the 2016 Actuarial Valuation (Year 2015), included in the balance sheet as of December 31, 2016.



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It is important to note that, when the 2017 Actuarial Report (Year 2016) is submitted by the Social Security for States and Municipalities - PEMCAIXA, the amounts will be updated, according to GAB/CGE CIRCULAR LETTER No. 003, dated March 14, 2016, which deals with the records of Prior Period Adjustments.

Chart of the Evolution of Assets X Surplus/Deficit X Mathematic Provision





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7. EXPENSES

This group shows budget expenditures paid during the year, and basically detailed into two groups:

1st - Of a Social Security Nature - Relating to the retired civil servants and pensioners of the Executive, Legislative and the Judicial Branches;

2nd - Of an Administrative Nature - Relating to the Fund's maintenance expenses.

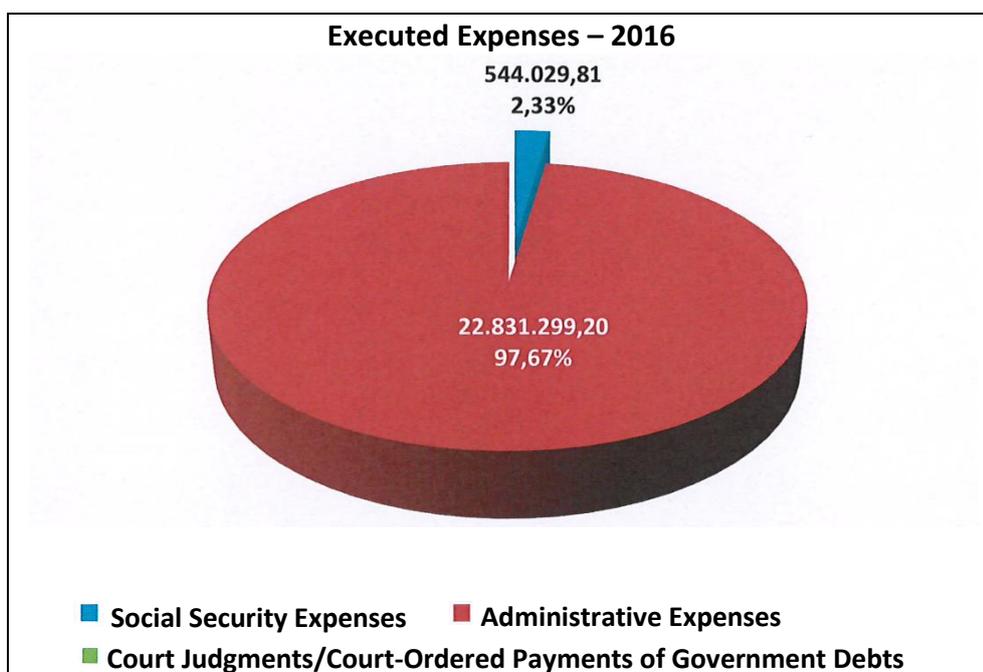
EXPENSES – ANNUAL EXECUTION - 2016

BUDGET EXECUTION	AUTHORIZED EXPENSES	COMMITTED	%	SETTLED	%
CURRENT EXPENSES	25,750,496.23	24,466,889.75	95.02	23,375,329.01	90.76
Personnel and Social Charges	-	-	-	-	-
Other Current Expenses	25,750,496.23	24,466,889.75	95.02	23,375,329.01	90.78
CAPITAL EXPENDITURE	-	-	-	-	-
Investments	-	-	-	-	-
TOTAL EXPENDITURES	25,750,496.23	24,466,889.75	95.02	23,375,329.01	90.78

The proportionality of expenses settled in the Fiscal Year of 2016 is graphically presented below, basically grouped into two groups: Social Security Expenditures (2.33%), Administrative Expenditures (97.67%).



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We observe in the table below the evolution of the expenses of the Social Security Fund in the fiscal year of 2016:

BUDGET EXECUTION - SETTLED	12/31/2015	12/31/2016	Var.%
Social Security Expenses	234,660.70	544,029.81	131.84
Administrative Expenses	1,517,585.01	11,635,413.12	666.71
Expenses from Prior Years	0.00	11,195,886.08	-
TOTAL-R\$	1,752,245.71	23,375,329.01	1234.02



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In 2016, we reached the amount of the settled expense of R\$ 23,375,329.01, due to the following events:

1. Amount of Current Plan Mass: Retirees = 7, Pensioners = 17 (totaling R\$ 544,029.81);
2. Payment of PASEP - R\$ 2,101,905.68
3. Reimbursement of the administrative expenses of the Social Security Plan to the Financial Plan, as set out in administrative process E-01/060.341/2016: DEA - R\$ 11,195,886.08, as well as expenses for the year 2016 - R\$ 9,533,507.44.

8. REVENUES OF THE SOCIAL SECURITY PLAN

I- The social security contributions of the recipients provided for in article 7 of Law No. 6,338 of November 06, 2012;

II- The employer contributions, up to the limit of coverage of the normal cost and of the supplementary cost;

III- The credits due to the account of financial compensation provided for in article 201, § 9, of the Brazilian Constitution referring to these.

The revenues of the Social Security Plan will be exclusively destined to the payment of the social security benefits of the recipients addressed in article 7 of this Law, as well as the administrative expenditures, limited up to two percentage points of the total amount of the subsidies, remunerations, income and pensions of those linked to the Social Security Plan, necessary for the functioning and organization of the Administrative Body of the RPPS/RJ.



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8.1 REALIZED REVENUES

It is the amount collected by Rioprevidência during the Fiscal Year of 2016 incorporated into the assets of the Fund and used to pay their Social Security and Administrative Expenses.

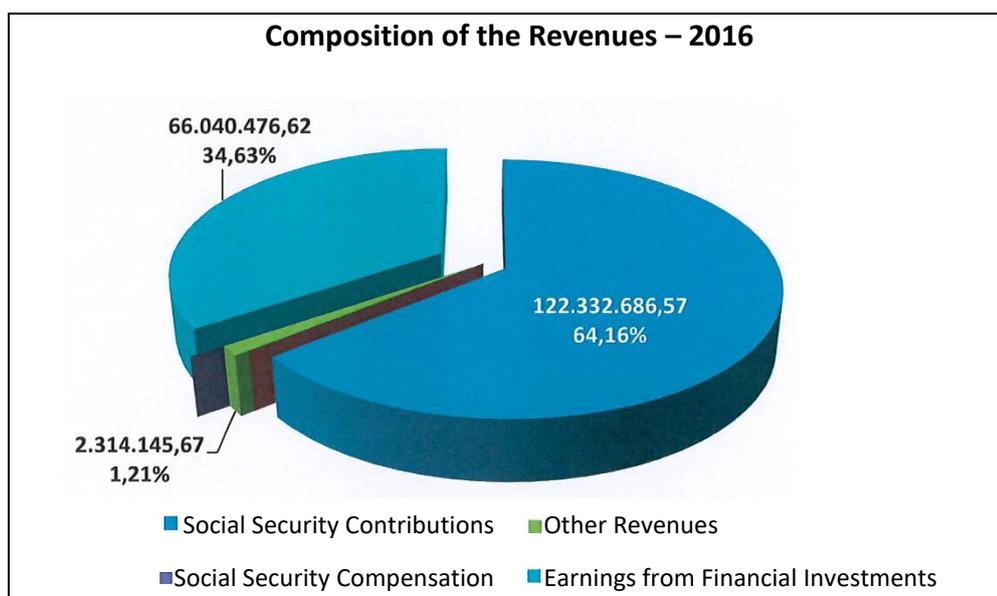
In the following table, we present the revenues realized in the fiscal year of 2016:

REALIZED REVENUES	12/31/2015	12/31/2016	Var. %
Social Security Contributions	54,820,965.00	41,193,718.32	-24.86
Other Revenues	0.00	2,314,145.67	-
Income from Financial Investments	16.722.612.01	66,040,476.62	294.92
TOTAL - R\$	71,543,577.01	109,548,340.61	53.12
Employer's Contribution - Civil	110.014.084.62	81.138.968.25	-26.25
INTRA-BUDGETARY REVENUE	110.014.084.62	81.138.968.25	-26.25
TOTAL-R\$	181,557,661.63	190,687,308.86	5.03

Considering the greater availability of cash on the part of this Social Security Fund, there are significant variations in income from financial investments.



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9. SOCIAL SECURITY BUDGETARY STATEMENT

In the table below, we compare the total budgetary revenues with the social security budgetary expenses (payroll of pensioners) for the year 2016, and we observe that over the period, the revenues exceeded the expenses.



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SOURCE AND APPLICATION OF THE FUNDS	R\$
1. Social Security Revenues	
Contribution from Active Civil Servants	41,193,718.32
Contribution from Retired Civil Servants and Pensioners	-
Employer's Contribution	81,138,968.25
Other Revenues	2,314,145.67
Incomes and Redemptions	66,040,476.62
TOTAL	190,687,308.86
II. Social Security Expenses	
Expenses with Retirees	-
Expenses with Pensioners	544,029.81
Expenses from Previous Years - Retirees and Pensioners	-
TOTAL	544,029.81

10. OTHER INFORMATION

10.1. PRIOR PERIOD ADJUSTMENTS

Records the balance arising from the effects of change in accounting criteria or from rectification of error attributable to a previous year and that cannot be attributed to subsequent events.

To provide subsidies to the explanatory note of the Prior Period Adjustments, the General Accounting Office of the State approved and disclosed through Circular Letter GAB/CGE No. 003 of March 14, 2016, a Technical Note template for detailing the information, aiming at authorization by the Superintendence of Management Reports - SUGER of the General Accounting Office of the State - CGE.

The following is a list of the data recorded in PRIOR PERIOD ADJUSTMENTS accounts for the year 2016:



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PRIOR PERIOD ADJUSTMENTS

FINANCIAL ACCOUNT	DESCRIPTION	2016
23711.03.01	Prior Period Adjustments	7,332,574.49
23712.03.01	Prior Period Adjustments	- 11,195,886.06

A) Prior Years Adjustments - financial account 23711.03.01

In this account, the contributions from active servants, considering the change in accounting, were recorded according to SUNOT/CGE Technical Note No. 039/2016.

B) Prior Years Adjustments - financial account 23712.03.01

In this account, the reimbursement of the administrative expenses of the Social Security Plan to the Financial Plan was recorded as set out in administrative process E-01/060.341/2016.

11. MATHEMATICAL SOCIAL SECURITY PROVISIONS 2017 (Fiscal Year 2016)

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 2017 (Calendar Year 2016) had its update recorded for accounting purposes on March 01, 2017, through 2017NP00002, according to the Actuarial Valuation Report forwarded by the Social Security for States and Municipalities - PEMCAIXA, in this fiscal year, considering CIRCULAR LETTER GAB/CGE No. 003 of March 14, 2016 that deals with Prior Period Adjustments.

The entitlement related to the Financial Compensation between Social Security Regimes registered the amount of R\$ 21,847,352.67, fully used for the Amortization of the Mathematical Provision, according to the Actuarial Valuation prepared by PEMCAIXA - Social Security for States and Municipalities.



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In the table below, we can see an Actuarial Technical Surplus:

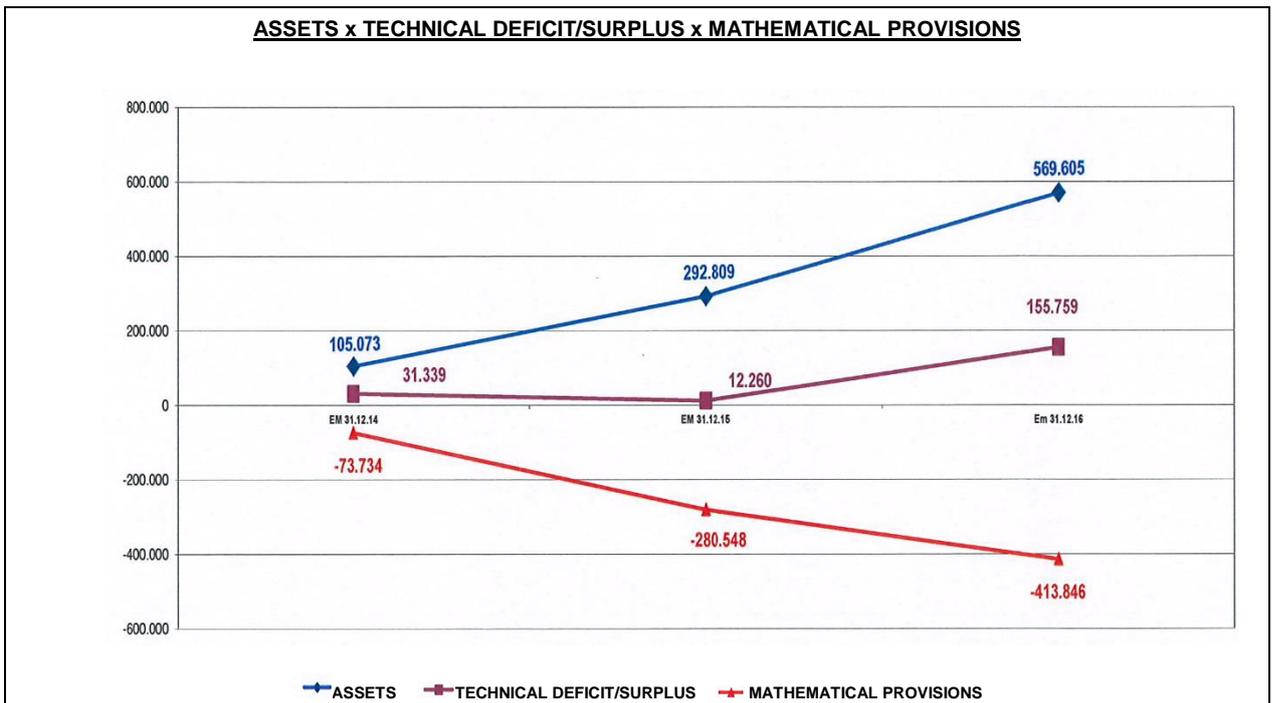
MATHEMATICAL RESERVES - SOCIAL SECURITY FUND

Breakdown	Amounts
(-) Present Value of Future Benefits (retirees)	-R\$ 2,679,510.11
(+) Present Value of Future Contributions (retirees)	R\$ -
(-) Present Value of Future Benefits (pensioners)	-R\$ 10,965,741.25
(+) Present Value of Future Contributions (pensioners)	R\$ -
(+) Present Value of Future Contributions (Entity)	R\$ -
(+) Social Security Compensation	R\$ 98,245.81
Mathematical Reserve of Benefits Granted (RMB - Granted)	-R\$ 13,547,005.56
(-) Present Value of Future Benefits	-R\$ 3,020,709,286.01
(+) Present Value of Future Contributions - Active Civil Servants	R\$ 866,220,358.19
(+) Present Value of Future Contributions - Retired Civil Servants and Pensioners	R\$ -
(+) Present Value of Future Contributions - Entity on Active Civil Servants	R\$ 1,732,440,716.38
(+) Present Value of Future Contributions - Entity, Retirees and Pensioners	R\$ -
(+) Social Security Compensation	R\$ 21,749,106.86
Mathematical Reserve of Benefits to be Granted (RMB to be Granted)	-R\$ 400,299,104.58
(-) Mathematical Reserve of Benefits Granted (RMBC)	-R\$ 13,547,005.56
(-) Mathematical Reserve of Benefits to be Granted (RMBaC)	-R\$ 400,299,104.58
Mathematical Reserves (RMBaC + RMBC)	-R\$ 413,846,110.14
(+) Plan Assets	R\$ 569,605,210.34
(+) Other receivables	R\$ -
Actuarial Technical Surplus	R\$ 155,759,100.20



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Chart of the Evolution of Assets X Surplus/Deficit X Mathematic Provision





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12. ANALYSIS OF THE RATIOS OF FINANCIAL STATEMENTS

12.1 RATIO ANALYSIS - BALANCE SHEET

A) RATIO OF CASH AND CASH EQUIVALENTS TO CURRENT LIABILITIES

Indicates the financial capacity of the entity to immediately honor its short-term commitments, with only its cash assets, i.e., the resources available in its cash and cash equivalents.

Ratio of Cash and Cash Equivalents to Current Liabilities

Comparison - Rioprevidência - Social Security Plan - 2016/2015

	2016			2015		AH%
Cash and cash equivalents	R\$	460,500,605.83	= 31.01	R\$	283,621,732.90	45%
Current Liabilities	R\$	14,848,662.38		R\$	4,986,817.72	

Source: SIAFE RIO and SIAFEM/RJ

Note: AH - Horizontal Analysis

The ratio of cash and cash equivalents to current liabilities calculated for the fiscal year of 2016 demonstrates that, for each R\$ 1.00 of short-term debt, Rioprevidência has R\$ 31.01 available for immediate payment.

In the fiscal year of 2015, the ratio of cash and cash equivalents to current liabilities demonstrated that, for each R\$ 1.00 of short-term debt, Rioprevidência had R\$ 56.87 available, which shows a decrease of 45%.



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B) CURRENT LIQUIDITY RATIO

The current liquidity ratio demonstrates the result of the relation between the Current Assets and the Current Liabilities. The purpose of this ratio is to evaluate when Rioprevidência can dispose in the short term (cash, banks, customers, inventories, etc.) to pay its current debts (suppliers, short-term loans and financings, accounts payable etc.).

Current Liquidity Ratio

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand AH%
Current Assets	R\$ 569,605,210.34	= 38.36	R\$ 292,808,531.96	= 58.72	-35%
Current Liabilities	R\$ 14,848,662.38		R\$ 4,986,817.72		

Source: SIAFE RIO and SIAFEM/RJ

Note: AH - Horizontal Analysis (2016/2015)

The Current Liquidity Ratio calculated for the fiscal year of 2016 demonstrates that, for each R\$ 1.00 of short-term debt, Rioprevidência has R\$ 38.36 available in short-term property and rights for payment. Thus, Rioprevidência can settle all its short-term debts only with short-term property and rights.

In the fiscal year of 2015, the Current Liquidity Ratio demonstrated that, for each R\$ 1.00 of short-term debt, Rioprevidência had R\$ 58.72 available, which shows a decrease of 35%.



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C) QUICK RATIO

Demonstrates how much Rioprevidência will be able to have current resources, without considering its non-monetary items such as stocks, warehouses and pre-paid expenses, to meet its short-term obligations.

Quick Ratio

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand AH%
(Cash Assets + Long-Term Credits)	R\$ 569,605,210.34	= 38.36	R\$ 292,808,531.96	= 58.72	-35%
Current Liabilities	R\$ 14,848,662.38		R\$ 4,986,817.72		

Source: SIAFE RIO and SIAFEM/RJ

Note: AH-Horizontal Analysis (2016/2015)

The Quick Ratio calculated for the fiscal year of 2016 demonstrates that, for each R\$ 1.00 of short-term debt, Rioprevidência has R\$ 38.36 available as current monetary resources for payment.

In the fiscal year of 2015, the Quick Ratio demonstrated that, for each R\$ 1.00 of short-term debt, Rioprevidência had R\$ 58.72 available, which shows a decrease of 35%.



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D) GENERAL LIQUIDITY RATIO

Demonstrates Rioprevidência's capacity to honor all its liabilities, counting, for this, on its non-current resources in the short and long term.

General Liquidity Ratio

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015	R\$ thousand	AH%
(Current Assets + Non-Current Assets)	R\$ 569,605,210.34		R\$ 292,808,531.96		
(Current Liabilities + Non-Current Liabilities)	R\$ 307,657,194.34	= 1.85	R\$ 297,795,349.68	= 0.98	88%

Source: SIAFE RIO and SIAFEM/RJ

Note: AH-Horizontal Analysis (2016/2015)

The General Liquidity Ratio calculated for the fiscal year of 2016 demonstrates that, for each R\$ 1.00 of the total liabilities, Rioprevidência has R\$ 1.85 available as resources for payment. Thus, Rioprevidência can pay all its obligations in the long term.

In the fiscal year of 2015, the General Liquidity Ratio demonstrated that, for each R\$ 1.00 of the total liabilities, Rioprevidência had R\$ 0.98 available, which shows an increase of 88%.



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E) SOLVENCY RATIO

Demonstrates whether Rioprevidência can meet its obligations and still has a financial situation that guarantees its survival in the future.

Solvency Ratio

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand AH%
(Current Assets + Non-Current Assets)	R\$ 569,605,210.34	= 1.85	R\$ 292,808,531.96	= 0.98	88%
(Current Liabilities + Non-Current Liabilities)	R\$ 307,657,194.34		R\$ 297,795,349.68		

Source: SIAFE RIO and SIAFEM/RJ

Note: AH - Horizontal Analysis (2016/2015)

The Solvency Ratio calculated for the fiscal year of 2016 demonstrates that, for each R\$ 1.00 of the total liabilities, Rioprevidência has R\$ 1.85 available in property and rights for the settlement of its obligations.

In the fiscal year of 2015, the Solvency Ratio demonstrated that, for each R\$ 1.00 of the total liabilities, Rioprevidência had R\$ 0.98 available, which shows an increase of 88%.



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F) DEBT RATIO

Demonstrates the degree of indebtedness of Rioprevidência. It also reflects its capital structure.

Debt Ratio

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand AH%
(Current Liabilities + Non-Current Liabilities)	R\$ 307,657,194.34	= 0.54	R\$ 297,795,349.68	= 1.02	-47%
Total Assets	R\$ 569,605,210.34		R\$ 292,808,531.96		

Source: SIAFE RIO and SIAFEM/RJ

Note: AH-Horizontal Analysis (2016/2015)

The Debt Ratio calculated for the fiscal year of 2016 demonstrates that, for each R\$ 1.00 of resources for payment, Rioprevidência has R\$ 0.54 of obligations, i.e., Rioprevidência is in a favorable situation and its funding does not come from resources only.

In the fiscal year of 2015, the Debt Ratio demonstrated that, for each R\$ 1.00 of resources for payment, Rioprevidência had R\$ 1.02 of obligations, which shows a decrease of 47% in indebtedness.



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G) DEBT COMPOSITION RATIO

Represents the short-term portion of the composition of the total indebtedness. Preferably, it is better for Rioprevidência that its debts are long-term.

Debt Composition Ratio

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand AH%
Current Liabilities	R\$ 14,848,662.38		R\$ 4,986,817.72		
(Current Liabilities + Non-Current Liabilities)	R\$ 307,657,194.34	= 0.05	R\$ 297,795,349.68	= 0.02	188%

Source: SIAFE RIO and SIAFEM/RJ

Note: AH - Horizontal Analysis (2016/2015)

The Debt Composition Ratio calculated for the fiscal year of 2016 shows that, for each R\$ 1.00 of the total obligations, Rioprevidência has R\$ 0.05 of short-term debts. This indicates that Rioprevidência's obligations are mostly long-term.

In the fiscal 2015, Debt Composition Ratio demonstrated that, for each R\$ 1.00 of the total obligations, Rioprevidência had R\$ 0.02 of obligations, which shows an increase of 188% in indebtedness.



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12.2 RATIO ANALYSIS - STATEMENT OF EQUITY VARIATIONS

A) RATIOS OF THE RESULT OF EQUITY VARIATIONS

Results from the relation between the Total Upward Equity Variations and the Total Downward Equity Variations. This ratio demonstrates another way of evidencing the equity result (equity surplus or deficit). If the ratio presented is greater than 1, it indicates equity surplus, if it is equal to 1, it indicates an equilibrium, i.e., there was no equity variation, and if it is lower than 1, it indicates equity deficit.

Ratio of the Result of Equity Variations

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand
					AH%
Upward Equity Variations	R\$ 283,489,376.60		R\$ 1,120,409,385.73		
Downward Equity Variations	R\$ 12,691,231.29	= 22.34	R\$ 1,124,042,747.12	= 0.997	2141%

Source: SIAFE RIO and SIAFEM/RJ

Note: AH - Horizontal Analysis (2016/2015)

The Ratio of the Result of Equity Variations calculated for the fiscal year of 2016 presented an index of 22.34, demonstrating that there was equity surplus, i.e., the Upward Equity Variations were higher than the Downward Equity Variations.

In the fiscal year of 2015, the Ratio of the Result of Equity Variations showed an index of 0.997 in the Equity Variations, which shows an equity deficit. There was a positive increase in the variations of 2141%.



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12.3 RATIO ANALYSIS - BUDGETARY BALANCE SHEET

A) RATIO OF BUDGET RESULT

Results from the relation between the Realized Revenue and the Committed expense, indicating the existence of a surplus or deficit.

Ratio of Budget Result

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand AH%
Realized Revenue	R\$ 190,687,308.86	= 7.79	R\$ 181,557,661.63	= 88.67	-91%
Committed Expense	R\$ 24,466,889.75		R\$ 2,047,660.70		

Source: SIAFE RIO and SIAFEM/RJ

Note: AH-Horizontal Analysis (2016/2015)

In the fiscal year of 2016, Rioprevidência presented a budget Surplus in the amount of R\$ 166,220,419.11. The Ratio of Budget Result highlights that the committed expense was 13% in relation to the Realized Revenue.

In the fiscal year of 2015, the Ratio of Budget Result demonstrated that the Committed Expense was 1.1% in relation to the Realized Revenue. There was a negative increase in the variations.



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B) RATIO OF THE CURRENT BUDGET EXECUTION

Results from the relation between the Current Realized Revenue and the Current Committed Expense. The interpretation of this ratio indicates whether current revenue supported current expenditure or whether it was necessary to use capital inflows to finance current expenditures.

Ratio of the Current Budget Execution

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand	AH%
Current Realized Revenue	R\$ 190,687,308.86	= 7.79	R\$ 181,557,661.63	= 88.67		
Current Committed Expense	R\$ 24,466,889.75		R\$ 2,047,660.70			-91%

Source: SIAFE RIO and SIAFEM/RJ

Note: AH-Horizontal Analysis (2016/2015)

The Ratio of the Current Budget Execution calculated for the fiscal year of 2016 demonstrates that, for each R\$ 1.00 of Current Expense, Rioprevidência collected R\$ 7.79 of current revenue, presenting a current budget surplus, i.e., the current revenue supported the current expenses.

In the fiscal year of 2015, the Ratio of the Current Budget Execution demonstrated that the Current Committed Expense was 1.1% in relation to the Current Realized Revenue. There was a negative increase in the variations.



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C) REAL FINANCIAL RATIO OF BUDGET EXECUTION

Results from the relation between the Realized Revenue and the Paid Expense, indicating how much the budget revenue collected represents in relation to the budget expense paid.

Real Financial Ratio of Budget Execution

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand
Realized Revenue	R\$ 190,687,308.86	= 9.77	R\$ 181,557,661.63	= 105.88	AH%
Paid Expense	R\$ 19,526,986.33		R\$ 1,714,757.47		-91%

Source: SIAFE RIO and SIAFEM/RJ

Note: AH - Horizontal Analysis (2016/2015)

The Real Financial Ratio of Budget Execution assessed for the fiscal year of 2016 demonstrates that, for each R\$ 1.00 of paid Expense, Rioprevidência has R\$ 9.77 of Realized Revenue. This ratio indicates that the realized revenue was higher than the expenses paid in the year, thus obtaining a real financial surplus.

In the fiscal year of 2015, the Ratio of the Current Budget Execution demonstrated that the Paid Expense was 9% in relation to the Realized Revenue. There was a negative increase in the variations.



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12.4 RATIO ANALYSIS - FINANCIAL BALANCE SHEET

A) BUDGETARY RATIO OF THE FINANCIAL RESULT

Results from the relation between the Budget Result and the Balance Variation in Kind. The interpretation of this ratio indicates the portion of the variation of the available balance that can be explained by the budget result. On the other hand, the difference may also be analyzed as resulting from the extra-budget result or transfers.

Budgetary Ratio of the Financial Result

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand
					AH%
Budget Result	R\$ 166,220,419.11	= 0.64	R\$ 179,510,000.93	= 0.95	-167%
Balance Variation in Kind	R\$ 258,113,729.48		R\$ 188,135,585.64		

Source: SIAFE RIO and SIAFEM/RJ

Note: AH-Horizontal Analysis (2016/2015)

The Budgetary Ratio of the Financial Result demonstrates that the balance variation in kind in the fiscal year of 2016 was higher than the budget result for the same period, thus generating a negative variation of -167% in relation to the year of 2015.



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B) RATIO OF THE RESULT OF FINANCIAL BALANCES

Results from the relation between the Balance that passes on to the next Fiscal Year and the Balance of the Previous Fiscal Year. The interpretation of this ratio indicates the impact of the financial result on the balance in kind.

Ratio of the Result of Financial Balances

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand
Balance that passes on to the Next Fiscal Year	R\$ 25,508,003.42	= 0.09	R\$ 283,621,732.90	= 2.97	-97%
Balance of Previous Fiscal Years	R\$ 283,621,732.90		R\$ 95,486,147.26		

Source: SIAFE RIO and SIAFEM/RJ

Note: AH - Horizontal Analysis (2016/2015)

The Ratio of the Result of Financial Balances assessed in the fiscal year of 2016 was 0.09, demonstrating that there was a financial deficit. On the other hand, in 2015, Rioprevidência had a financial surplus at the ratio of 2.97. Therefore, a decrease of 97% can be noted in relation to the previous fiscal year.



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12.5 RATIO ANALYSIS - STATEMENT OF CASH FLOWS

A) RATIO OF NET CASH FLOW FROM OPERATING ACTIVITIES IN RELATION TO THE EQUITY RESULT

Results from the relation between the Net Cash from Operating Activities and the Equity Result.

The interpretation of this ratio indicates a dispersion between the operating cash flow generated and the equity result for the year.

Ratio of Net Cash Flow from Operating Activities in Relation to the Equity Result

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand AH%
Net Cash from Operating Activities	-R\$ 258,113,729.48	= -0.95	R\$ 188,135,585.64	== -51.78	-98%
Equity Result	R\$ 270,798,145.31		R\$ 3,633,361.369		

Source: SIAFE RIO and SIAFEM/RJ

Note: AH - Horizontal Analysis (2016/2015)

The Ratio of Net Cash Flow from Operating Activities in Relation to the Equity Result assessed for the fiscal year of 2016 indicates that it is necessary to generate future operating cash flows for Rioprevidência to maintain its capacity of covering the equity deficit.



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B) RATIO OF THE CAPACITY OF AMORTIZATION OF DEBT

Results from the relation between the Net Cash from Operating Activities and the Total Liabilities. The interpretation of this ratio indicates that the portion of resources generated by the entity for payment of debt.

Ratio of the Capacity of Amortization of Debt

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand	AH%
Net Cash from Operating Activities	-R\$ 258,113,729.48	= -0.45	R\$ 188,135,585.64	= 0.64		-171%
Total Liabilities	R\$ 569,605,210.34		R\$ 292,808,531.96			

Source: SIAFE RIO and SIAFEM/FU

Note: AH-Horizontal Analysis (2016/2015)

The Ratio of the Capacity of Amortization of Debt assessed for the fiscal year of 2016 was -0.45, demonstrating that Rioprevidência generated few resources to pay short and long-term obligations. This result indicates that the State will need to raise more resources.



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C) RATIO OF OPERATING ACTIVITY

Results from the relation between the Net Cash from Operating Activities and the total Net Cash Generation. The interpretation of this ratio indicates the portion of net cash generation by the entity attributed to operating activities.

Ratio of Operating Activity

Comparison - Rioprevidência - Social Security Plan - 2016/2015

DESCRIPTION	2016		2015		R\$ thousand AH%
Net Cash from Operating Activities	-R\$ 258,113,729.48	= 1.00	R\$ 188,135,585.64	= 1.00	0%
Total Net Cash Generation	-R\$ 258,113,729.48		R\$ 188,135,585.64		

Source: SIAFE RIO and SIAFEM/RJ

Note: AH - Horizontal Analysis (2016/2015)

The Ratio of Operating Activity assessed for the fiscal year of 2016 demonstrates that the net cash from operating activities is equal to the total net cash generation.



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www.fazenda.rj.gov.br and on the website of the Ministry of Social Security/MPS-SPS - www.mps.gov.br, the annexes established by the relevant social security legislation.

Chief Executive Officer

Reges Moises dos Santos

Director of Administration and Finance

Fábio de Mendonça Florindo

General Counsel

Maria Luísa Magalhães Barbosa

Rio de Janeiro, March 31st, 2017

MILTON GUSMÃO DO NASCIMENTO

Controllership Manager

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