City of Sacramento
Annual Continuing Disclosure Report
Fiscal Year 2016/17

Issue	Sacramento Public Financing Authority 2015 Lease Revenue Bonds (Golden 1 Center) (Federally Taxable)
Par	$ 272,870,000
Issued	September 24, 2015
CUSIP Numbers	78605QAC1 78605QAD9 78605QAE7 78605QAF4 78605QAG2 78605QAH0 78605QAJ6

Content of Annual Report.

The City's Annual Report shall contain or incorporate by reference the following:

A. The City's comprehensive audited financial report for the prior fiscal year.

The City's Comprehensive Annual Financial Report (CAFR) for the prior fiscal year was uploaded as a separate document to EMMA and is also available on the City's website at:

www.cityofsacramento.org/Finance/Accounting/Reporting

B. The Annual Budget of the City for the current fiscal year.

The City's Approved Budget for the current fiscal year was uploaded as a separate document to EMMA and is also available on the City's website at:

www.cityofsacramento.org/Finance/Budget

C. An update of the information contained in Tables entitled "STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE," "GROSS ASSESSED VALUES FOR ALL TAXABLE PROPERTY," "CITY OF SACRAMENTO LARGEST LOCAL SECURED TAXPAYERS", "GENERAL FUND OBLIGATION DEBT SERVICE", and "NOTICES OF DEFAULT AND FORECLOSURES OF PROPERTY WITHIN THE CITY" in the Official Statement substantially in the form of the table by that name included in Appendix A to the Official Statement, for the most recently completed fiscal year.

See Exhibit A – Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
See Exhibit B – Gross Assessed Values for all Taxable Property
See Exhibit C – Largest Local Secured Taxpayers
See Exhibit D – General Fund Obligation Debt Service as of June 30, 2017

The information that would have been available in Exhibit E – Notices of Default and Foreclosures of Property within the City of Sacramento is no longer prepared by the County of Sacramento, Office of the Assessor. At this time the City of Sacramento is not aware of another reliable source to obtain notice of default and foreclosure information within the City of Sacramento in the same format as is presented on page 8 in Appendix A.

D. The actuarial valuation report for the Miscellaneous Employees Plan and Safety Employees Plan most recently provided to the City by CalPERS as of the date the City files the Annual Report and the actuarial valuation report for SCERS most recently provided to the City by SCERS as of the date the City files the Annual Report.

Due to a delay by CalPERS in the preparation of the reports listed in Exhibits E through H below, the most current reports will be uploaded as a separate filing to EMMA at a later date. For the time being, we have attached the most current reports that the City has in its possession at the time of this disclosure filing, which are the same reports included in the FY16 disclosure filing. It is anticipated that the reports will be provided to the City by mid-April 2018.

Exhibit E – GASB 68 Accounting Valuation Report – Miscellaneous Plan as of June 30, 2016
Exhibit F – GASB 68 Accounting Valuation Report – Safety Plan as of June 30, 2016
Exhibit G – SCERS Actuarial Valuation – as of June 30, 2017
Exhibit H – GASB 45 Actuarial Valuation Report of Retiree Healthcare Plan – as of June 30, 2015

Exhibit A

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(in thousands)

	Actual 2012-13	Actual 2013-14	Actual 2014-15	Actual 2015-16	Actual 2016-17
Revenues:					
Property Taxes	$ 129,370	$ 138,224	$ 145,285	$ 150,424	$ 143,656
Sales and Use Taxes	52,301	56,575	58,876	67,983	80,395
Utilities Use Tax	59,066	59,613	59,948	61,404	62,997
Other Taxes	17,633	20,319	22,677	26,732	29,961
Licenses and Permits	12,688	12,996	14,322	15,866	18,048
Fines, Forfeitures and Penalties	9,165	10,567	10,782	12,110	10,906
Interest, Rents and Concessions	1,788	2,206	1,707	3,002	2,679
Intergovernmental Revenues	11,108	9,300	13,363	16,253	14,009
Charges, Fees and Services	47,392	51,422	57,261	57,951	68,012
Other Revenues	3,440	281	426	245	259
Total Revenues	343,951	361,503	384,647	411,970	430,922
Expenditures:					
General Government	19,073	22,623	24,842	28,909	36,584
Public Safety	216,760	218,911	226,802	235,290	244,976
Public Works	16,353	15,301	16,169	11,701	14,438
Neighborhood Services	48,350	48,447	52,071	54,985	62,972
Citywide and Community Support	32,945	36,965	37,216	47,961	48,435
Capital Improvements	5,755	9,672	8,901	12,577	19,276
Debt Service	2,187	3,140	3,219	3,219	2,837
Total Expenditures	341,423	355,059	369,220	394,642	429,518
Excess of Revenues over Expenditures	2,528	6,444	15,427	17,328	1,404
Other Financing Sources (Uses):					
Transfers from Other Funds	28,541	29,924	31,275	34,256	33,113
Transfers to Other Funds	(23,530)	(23,418)	(25,265)	(25,032)	(28,959)
Proceeds from Long-Term Debt	2,818	5,998	-	-	-
Special Items	8,534	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	3,100	-	-
Total Other Financing Sources (Uses)	16,363	12,504	9,110	9,224	4,154
Net Change In Fund Balance	18,891	18,948	24,537	26,552	5,558
Fund Balance, beginning of year	61,068	79,959	98,907	123,444	149,996
Fund Balance, end of year	79,959	98,907	123,444	149,996	155,554
Less Reserves and Commitments:					
Reserved / Nonspendable	72	66	11	2	3,812
Restricted	40	3,422	3,654	2,962	17
Designated / Committed:					
Economic Uncertainty	27,765	33,714	38,967	46,950	49,644
Capital Projects	21,789	21,728	32,987	37,526	49,265
Fire Programs	-	-	-	5,720	1,386
Communtiy Center Theater renovation	8,500	8,500	8,500	8,500	-
Homeless programs		1,000	750	250	-
OPEB trust fund	2,000	-	-	6,752	5,324
Other Programs	9,347	12,909	22,497	13,953	21,367
Assigned:					
Next Year's Budget	10,446	-	-	-	-
Unrealized Investment Gains	-	173	50	732	-
Fund Balance Available for Appropriation	$ -	$ 17,395	$ 16,028	$ 26,649	$ 24,739

Certain amounts in the prior year columns have been reclassified for presentation consistent with GASB Statement No. 54.

City of Sacramento

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

(in thousands)

Fiscal Year End June 30	Gross Assessed Value [1] Real Property	Gross Assessed Value [1] Personal Property	Gross Assessed Value [1] Public Utility	Gross Assessed Value [1] Total	Exemptions	Net Assessed Taxable Value	Total Direct Tax Rate [2]
2008	$ 39,286,839	$ 1,548,914	$ 15,371 [3]	$ 40,851,124	$ 505,519	$ 40,345,605	1.00
2009	40,360,550	1,691,096	11,948	42,063,594	503,159	41,560,435	1.00
2010	37,446,222	1,819,726	11,937	39,277,885	499,878	38,778,007	1.00
2011	36,388,660	1,742,824	11,977	38,143,461	496,459	37,647,002	1.00
2012	35,267,406	1,711,462	12,132	36,991,000	488,888	36,502,112	1.00
2013	34,332,037	1,626,943	13,157	35,972,137	477,326	35,494,811	1.00
2014	35,829,529	1,546,891	12,381	37,388,801	464,546	36,924,255	1.00
2015	37,918,666	1,585,876	18,173	39,522,715	455,212	39,067,503	1.00
2016	39,823,777	1,513,519	9,267	41,346,563	448,779	40,897,784	1.00
2017	42,300,010	1,623,203	9,193	43,932,406	446,683	43,485,723	1.00

Notes: (1) Article XIII A, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. Therefore, full cash value can be increased to reflect:

a) annual inflation up to 2%
b) current market value at time of ownership change
c) market value for new construction.

Estimated actual value of taxable property cannot easily determined as the property in the City is not reassessed annually. Reassessment normally occurs when ownership changes

(2) This 1.00% is shared by all taxing agencies for which the subject property resides within.

(3) The decrease in public utility assessed value is primarily due to the transfer of the downtown railyards from a railroad company to a private developer and the City.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago
(in thousands)

	2017			2008		
Taxpayer	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hines VAF II Sacramento	$ 318,082	1	0.73%	$ -		-
CIM Sacramento LP	217,479	2	0.50%	-		-
Arden Fair Associates	146,061	3	0.34%	126,223	4	0.31%
500 Capitol Mall LLC	133,482	4	0.31%	-		0.00%
621 Capitol Mall LLC	129,788	5	0.30%			-
GPT Propertties Trust	122,616	6	0.28%			
300 Capitol Association NF LP	114,000	7	0.26%	89,999	7	0.22%
HP Hood LLC	107,024	8	0.25%	-		-
M H VI Projects LLC	96,420	9	0.22%	-		-
GSA Sacramento CA LLC	91,372	10	0.21%	-		-
Teachers Ins. Annuity	-		-	162,180	1	0.40%
400 Capital Mall Venture	-		-	149,202	2	0.37%
Downtown Plaza	-		-	138,987	3	0.34%
CLPF Promemade LP	-		-	108,658	5	0.27%
M H Realty Partners VI LP	-		-	104,040	6	0.26%
RT Sacramento Funding Co.	-		-	80,937	8	0.20%
Pardee Homes	-		-	77,889	9	0.19%
Valley View Investors LLC	-		-	77,386	10	0.19%
	1,476,324		3.39%	1,115,501		2.76%
All other taxpayers	42,009,399		96.61%	39,230,104		97.24%
Total	$ 43,485,723		100.00%	$ 40,345,605		100.00%

Source: County of Sacramento, Office of Auditor/Controller

Exhibit D

GENERAL FUND OBLIGATION DEBT SERVICE, AS OF JUNE 30, 2017

Fiscal Year	1993 Lease Revenue Bonds, Series A&B[1]	1997 Lease Revenue Bonds (2007 Remarketing)[2]	2016 Refunding H Street Complex	2006 Capital Improvement Revenue Bonds, Series B[3]	2006 Capital Improvement Revenue Bonds, Series E[4]	2015 Golden 1 Center Bonds[5]	2015 Revenue Refunding Bonds[6]	Total Equipment Leases & Loans Amount[7]	Total Debt Service Obligations Amount	Percentage of Budgeted Fiscal Year General Fund Revenues[8]	Total Offset Debt Service Amount	Total General Fund Debt Service Amount	Percentage of Budgeted Fiscal Year General Fund Revenues
FY18	15,408,975	5,953,976	669,939	3,954,413	9,086,700	18,296,842	23,714,463	4,343,016	81,428,324	17.6%	52,665,528	28,762,795	6.2%
FY19	15,391,035	6,086,638	672,443	3,958,138	9,534,625	18,295,874	22,218,713	2,860,865	79,018,330	17.1%	43,799,922	35,218,408	7.6%
FY20	15,369,890	6,209,110	674,592	3,952,298	9,568,900	18,299,225	21,259,138	2,121,686	77,454,838	16.7%	43,589,093	33,865,745	7.3%
FY21	15,348,515	6,400,018	671,315	3,942,040	9,035,250	18,378,689	21,082,763	1,121,975	75,980,565	16.4%	43,250,860	32,729,704	7.1%
FY22	-	6,446,610	672,683	3,941,923	10,749,050	18,378,701	19,645,288	138,659	59,972,913	12.9%	32,367,088	27,605,825	6.0%
FY23	-	6,648,342	673,696	3,940,606	20,588,900	18,289,067	9,928,813	69,330	60,138,753	13.0%	32,273,893	27,864,860	6.0%
FY24	-	6,796,051	669,283	3,937,750	20,121,670	18,289,067	9,922,438	-	59,736,258	12.9%	32,549,324	27,186,934	5.9%
FY25	-	6,956,041	674,515	3,933,765	20,020,670	18,289,286	9,925,688	-	59,799,964	12.9%	32,913,005	26,886,959	5.8%
FY26	-	7,124,005	669,250	3,928,351	20,036,857	18,286,258	9,898,313	-	59,943,034	12.9%	33,309,108	26,633,926	5.7%
FY27	-	7,305,017	673,630	3,926,060	20,030,900	18,289,420	9,904,438	-	60,129,463	13.0%	33,741,924	26,387,539	5.7%
FY28	-	7,461,356	672,442	3,926,294	20,031,226	18,287,643	9,909,388	-	60,288,348	13.0%	34,167,586	26,120,762	5.6%
FY29	-	-	670,899	3,923,604	20,127,976	18,285,364	9,896,838	-	52,904,681	11.4%	26,990,635	25,914,046	5.6%
FY30	-	-	673,859	3,917,692	20,128,788	18,286,739	9,897,256	-	52,904,334	11.4%	27,256,823	25,647,511	5.5%
FY31	-	-	676,251	3,908,259	20,128,795	18,285,638	5,854,175	-	48,853,117	10.5%	24,516,853	24,336,265	5.3%
FY32	-	-	668,146	3,909,556	20,130,500	18,286,217	5,844,050	-	48,838,469	10.5%	24,800,187	24,038,282	5.2%
FY33	-	-	334,686	3,900,987	20,136,150	18,282,349	5,394,175	-	48,048,347	10.4%	24,760,001	23,288,346	5.0%
FY34	-	-	-	3,892,251	3,632,925	18,283,188	5,384,550	-	31,192,914	6.7%	13,359,709	17,833,204	3.8%
FY35	-	-	-	3,892,453	-	18,282,324	5,130,175	-	27,304,951	5.9%	12,165,390	15,139,561	3.3%
FY36	-	-	-	3,880,993	-	18,283,630	5,120,800	-	27,285,423	5.9%	12,493,832	14,791,591	3.2%
FY37	-	-	-	3,872,424	-	18,280,697	5,120,400	-	27,273,521	5.9%	12,833,792	14,439,729	3.1%
FY38	-	-	-	-	-	18,282,397	-	-	18,282,397	3.9%	12,089,056	6,193,341	1.3%
FY39	-	-	-	-	-	18,282,040	-	-	18,282,040	3.9%	12,451,728	5,830,312	1.3%
FY40	-	-	-	-	-	18,278,216	-	-	18,278,216	3.9%	12,825,279	5,452,937	1.2%
FY41	-	-	-	-	-	18,279,516	-	-	18,279,516	3.9%	13,210,038	5,069,478	1.1%
FY42	-	-	-	-	-	18,278,967	-	-	18,278,967	3.9%	13,606,339	4,672,628	1.0%
FY43	-	-	-	-	-	18,279,878	-	-	18,279,878	3.9%	14,014,529	4,265,349	0.9%
FY44	-	-	-	-	-	18,275,276	-	-	18,275,276	3.9%	14,434,965	3,840,311	0.8%
FY45	-	-	-	-	-	18,273,469	-	-	18,273,469	3.9%	14,868,014	3,405,455	0.7%
FY46	-	-	-	-	-	18,277,204	-	-	18,277,204	3.9%	15,314,054	2,963,150	0.6%
FY47	-	-	-	-	-	18,273,943	-	-	18,273,943	3.9%	15,773,476	2,500,467	0.5%
FY48	-	-	-	-	-	18,271,713	-	-	18,271,713	3.9%	16,246,680	2,025,033	0.4%
FY49	-	-	-	-	-	18,272,978	-	-	18,272,978	3.9%	16,734,081	1,538,897	0.3%
FY50	-	-	-	-	-	18,269,919	-	-	18,269,919	3.9%	17,236,103	1,033,816	0.2%
Total	61,518,415	73,387,164	10,417,629	78,439,853	273,089,882	603,531,733	225,051,856	10,655,531	1,336,092,064		782,608,896	553,483,168	
Offset	73.7%	100.0%	100.0%	28.3%	63.3%	62.0%	34.4%	63.1%					

The figures above do not reflect the release of respective reserves for final debt service payment if cash reserves are held.

(1) 1993 Lease A: 80.5% Community Center Fund, 11.5% General Fund, and 8.0% Culture and Leisure Fund
1993 Lease B: 47.8% General Fund, 30.2 % Parking Fund, 13.0% Storm Drainage Fund, and 9.0% Community Center Fund

(2) 1997 Lease (ARCO Sublease): Assumes the fixed-rate established in the 2007 remarketing is in effect for the remaining term of the bonds. The outstanding bonds were remarketed in July 2017.

(3) 2006 Capital Improvement Revenue Bonds Series B: 71.7% General Fund and 28.3% RASA Master Lease (65th Street, Army Depot, North Sacramento, River District)

(4) 2006 Capital Improvement Revenue Bonds, Series D matured on December 1, 2016. 2006 Capital Improvement Revenue Bonds, Series E: 53.3% Water Fund, 36.7% General Fund, 8.0% North Natomas Fund, 1.1% RASA Master Lease (Stockton Boulevard), and 0.9% Culture and Leisure Fund.

(5) The debt service for the 2015 Golden 1 Center Lease Revenue Bonds is offset by a Lease Rental Payment from the Sacramento Kings or its affiliates as well as Capitalized interest through October 2017. Other revenue sources may further offset required debt service payments.

(6) 2015 Refunding Revenue Bonds: 65.6% General Fund, 15.3% Water Fund, 9.0% Solid Waste Fund, 8.5% Parking Fund, 1.3% North Natomas Fund, 0.3% Culture and Leisure Fund.

(7) Total Leases and Loans: 48.6% Parking Fund, 36.9% General Fund, 7.2% Marina Fund, 5.4% Solid Waste Fund, and 1.9% RASA (Merged Downtown).

(8) Data based on Fiscal Year 2017-18 General Fund Revenue Forecast of $463,304,000

Source: City of Sacramento

Exhibit E

GASB 68 ACCOUNTING VALUATION REPORT

(CalPERS ID: 7903930500)
Rate Plan Identifier: 1209

Prepared for
CITY OF SACRAMENTO MISCELLANEOUS PLAN,
an Agent Multiple-Employer Defined Benefit Pension Plan

Measurement Date of June 30, 2016

TABLE OF CONTENTS

Actuarial Certification	3
Introduction	4
Changes in Net Pension Liability	5
Pension Expense/(Income) for Measurement Period Ended June 30, 2016	6
Deferred Outflows and Deferred Inflows of Resources Related to Pensions	7
Schedules of Required Supplementary Information	8

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

Schedule of Changes of Assumptions	A-1
Deferred Outflows of Resources and Deferred Inflows of Resources arising from Changes of Assumptions	A-2
Schedule of Differences between Expected and Actual Experience	A-3
Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Expected and Actual Experience	A-4
Schedule of Differences between Projected and Actual Earnings on Pension Plan Investments	A-5
Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Projected and Actual Earnings on Pension Plan Investments	A-6
Summary of Recognized Deferred Outflows of Resources and Deferred Inflows of Resources	A-7

APPENDIX B – INTEREST AND TOTAL PROJECTED EARNINGS

Interest on Total Pension Liability and Total Projected Earnings	B-1

Actuarial Certification

This report provides disclosure and reporting information as required under Governmental Accounting Standards Board Statement 68 (GASB 68) for the MISCELLANEOUS PLAN of the CITY OF SACRAMENTO (the "Plan"), an Agent Multiple-Employer Defined Benefit Pension Plan participating in the California Public Employees' Retirement System (CalPERS), for the measurement period ended June 30, 2016.

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

This accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2015 annual funding valuation for the Plan. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2015 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2015 liabilities, which were rolled forward to June 30, 2016 and used for this accounting valuation are based on actuarial assumptions adopted by the CalPERS Board of Administration and consistent with the requirements of GASB 68. The assumptions and methods are internally consistent and reasonable for this Plan.

With the provided liability and asset information, the total pension liability, net pension liability, deferred inflows and outflows and pension expense were developed for the measurement period using standard actuarial techniques.

The undersigned is an actuary for CalPERS, who is a member of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

MAY SHUANG YU, ASA, MAAA
Senior Pension Actuary, CalPERS
CalPERS Actuarial Office

Introduction

This is the GASB 68 Accounting Valuation Report for the measurement date June 30, 2016. Notes to the Agent Multiple-Employer Defined Benefit Pension Plan GASB 68 Accounting Valuation Reports are in a separate document, which may be accessed on the CalPERS website at www.calpers.ca.gov.

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

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	June 30, 2015 to June 30, 2016

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. For example, for the accounting valuations, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in your funding actuarial valuation.

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability/(Asset) (c) = (a) – (b)**
Balance at: 06/30/2015	**$1,047,046,033**	**$813,427,940**	**$233,618,093**
Changes Recognized for the Measurement Period:			
Service Cost	$23,374,624		$23,374,624
Interest on Total Pension Liability	79,514,856		79,514,856
Changes of Benefit Terms	0		0
Changes of Assumptions	0		0
Differences between Expected and Actual Experience	(333,340)		(333,340)
Plan to Plan Resource Movement		$530,976	(530,976)
Contributions – Employer		25,962,718	(25,962,718)
Contributions – Employees		11,991,032	(11,991,032)
Net Investment Income		4,260,663	(4,260,663)
Benefit Payments, including Refunds of Employee Contributions	(37,980,223)	(37,980,223)	0
Administrative Expense		(495,742)	495,742
Other Miscellaneous Income	0	0	0
Net Changes during 2015-16	**$64,575,917**	**$4,269,424**	**$60,306,493**
Balance at: 06/30/2016	**$1,111,621,950**	**$817,697,364**	**$293,924,586**

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

	Discount Rate -1% 6.65%	**Current Discount Rate 7.65%**	**Discount Rate + 1% 8.65%**
Plan's Net Pension Liability/(Asset)	$456,441,485	$293,924,586	$160,617,019

Pension Expense/(Income) for Measurement Period Ended June 30, 2016

Description	Amount
Service Cost	$23,374,624
Interest on Total Pension Liability	79,514,856
Changes of Benefit Terms	0
Recognized Changes of Assumptions	(6,949,264)
Recognized Differences between Expected and Actual Experience	(3,168,109)
Net Plan to Plan Resource Movement	(530,976)
Employee Contributions	(11,991,032)
Projected Earnings on Pension Plan Investments	(62,054,360)
Recognized Differences between Projected and Actual Earnings on Plan Investments	6,604,518
Administrative Expense	495,742
Other Miscellaneous Income	0
Total Pension Expense/(Income)	**$25,295,999**

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The following table presents deferred outflows and deferred inflows of resources related to pensions as of June 30, 2016. Note that no adjustments have been made for contributions subsequent to the measurement date. Appropriate treatment of any contributions made after the measurement date is the responsibility of the employer.

	Deferred Outflows of Resources	Deferred inflows of Resources
Changes of Assumptions	$0	$(6,254,339)
Differences between Expected and Actual Experiences	0	(2,973,524)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	71,896,022	(27,015,819)
Total	**$71,896,022**	**$(36,243,682)**

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

Measurement Periods Ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	$(2,512,231)
2018	6,493,403
2019	20,112,427
2020	11,558,741
2021	0
Thereafter	0

Note: For employers with June 30th year-end, the fiscal year will be one year later than the measurement period. For example, the 2017 measurement period presented in the above table will be listed as year 2018 in the employer's fiscal year ending June 30, 2017 financial statements.

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for the Plan for the measurement period ending June 30, 2016 is 3.0 years, which was obtained by dividing the total service years of 26,128 (the sum of remaining service lifetimes of the active employees) by 8,761 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Schedules of Required Supplementary Information

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

Measurement Period	2016	2015	2014
TOTAL PENSION LIABILITY:			
Service Cost	$23,374,624	$22,342,045	$23,109,946
Interest on Total Pension Liability	79,514,856	74,834,991	70,942,490
Changes of Benefit Terms	0	0	0
Changes of Assumptions	0	(20,152,867)	0
Difference between Expected and Actual Experience	(333,340)	(8,865,289)	0
Benefit Payments, Including Refunds of Employee Contributions	(37,980,223)	(34,390,309)	(30,239,753)
Net Change in Total Pension Liability	**$64,575,917**	**$33,768,571**	**$63,812,683**
Total Pension Liability – Beginning	1,047,046,033	1,013,277,462	949,464,779
Total Pension Liability – Ending (a)	**$1,111,621,950**	**$1,047,046,033**	**$1,013,277,462**
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	$25,962,718	$22,826,829	$21,613,131
Contributions – Employee	11,991,032	11,302,316	11,670,231
Net Investment Income	4,260,663	18,046,623	118,325,674
Benefit Payments, Including Refunds of Employee Contributions	(37,980,223)	(34,390,309)	(30,239,753)
Net Plan to Plan Resource Movement	530,976	(3,066,289)	0
Administrative Expense	(495,742)	(921,940)	0
Other Miscellaneous Income	0	0	0
Net Change in Fiduciary Net Position	**$4,269,424**	**$13,797,230**	**$121,369,283**
Plan Fiduciary Net Position – Beginning	$813,427,940	$799,630,710	$678,261,427
Plan Fiduciary Net Position – Ending (b)	817,697,364	813,427,940	799,630,710
Plan Net Pension Liability/(Asset) – (a)-(b)	**$293,924,586**	**$233,618,093**	**$213,646,752**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**73.56%**	**77.69%**	**78.92%**
Covered Payroll	$166,402,958	$157,449,221	$156,032,311
Plan Net Pension Liability/Asset) as a Percentage of Covered Payroll	**176.63%**	**148.38%**	**136.92%**

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:
Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Schedule of Plan Contributions for the Fiscal Years Ended June 30[1]

Employer Fiscal Year End	**2016**	**2015**	**2014**
Actuarially Determined Contribution[2]	$25,962,718	$22,826,829	$21,613,131
Contributions in Relation to the Actuarially Determined Contribution[2]	(25,962,718)	(22,826,829)	(21,613,131)
Contribution Deficiency (Excess)	$0	$0	$0
Covered Payroll [3]	$166,402,958	$157,449,221	$156,032,311
Contributions as a Percentage of Covered Payroll[3]	15.60%	14.50%	13.85%

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

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

[3] Includes one year's payroll growth using 3.00 percent payroll assumption.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2013 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2013 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2013 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50 Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Other Information:
For changes to previous year's information, refer to past GASB 68 reports.

APPENDICES

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

- **APPENDIX B – INTEREST AND TOTAL PROJECTED EARNINGS**

APPENDIX A

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

- **SCHEDULE OF CHANGES OF ASSUMPTIONS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM CHANGES OF ASSUMPTIONS**
- **SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **SCHEDULE OF DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS**
- **SUMMARY OF RECOGNIZED DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Schedule of Changes of Assumptions

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions						
Measurement Date	**Changes of Assumptions**	**Recognition Period (Years)**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
2014	$0	0	$0	$0	$0	$0	$0	$0	$0
2015	(20,152,867)	2.9	(6,949,264)	(6,254,339)	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			**$(6,949,264)**	**$(6,254,339)**	**$0**	**$0**	**$0**	**$0**	**$0**

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

				Balances at June 30, 2016	
Measurement Date	**Increase in Total Pension Liability (a)**	**Decrease in Total Pension Liability (b)**	**Amounts Recognized in Pension Expense through June 30, 2016 (c)**	**Deferred Outflows of Resources (a) – (c)**	**Deferred Inflows of Resources (b) – (c)**
2014	$0	$0	$0	$0	$0
2015	0	(20,152,867)	(13,898,528)	0	(6,254,339)
2016	0	0	0	0	0
				$0	**$(6,254,339)**

Schedule of Differences between Expected and Actual Experience

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience						
Measurement Date	**Differences between Expected and Actual Experience**	**Recognition Period (Years)**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
2014	$0	0	$0	$0	$0	$0	$0	$0	$0
2015	(8,865,289)	2.9	(3,056,996)	(2,751,297)	0	0	0	0	0
2016	(333,340)	3.0	(111,113)	(111,113)	(111,114)	0	0	0	0
Net Increase (Decrease) in Pension Expense			**$(3,168,109)**	**$(2,862,410)**	**$(111,114)**	**$0**	**$0**	**$0**	**$0**

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

				Balances at June 30, 2016	
Measurement Date	**Experience Losses (a)**	**Experience Gains (b)**	**Amounts Recognized in Pension Expense through June 30, 2016 (c)**	**Deferred Outflows of Resources (a) – (c)**	**Deferred Inflows of Resources (b) – (c)**
2014	$0	$0	$0	$0	$0
2015	0	(8,865,289)	(6,113,992)	0	(2,751,297)
2016	0	(333,340)	(111,113)	0	(222,227)
				$0	**$(2,973,524)**

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

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences between Projected and Actual Earnings on Pension Plan Investments						
Measurement Date	**Differences between Projected and Actual Earnings on Pension Plan Investments**	**Recognition Period (Years)**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
2014	$(67,539,546)	5.0	$(13,507,909)	$(13,507,909)	$(13,507,910)	$0	$0	$0	$0
2015	42,768,440	5.0	8,553,688	8,553,688	8,553,688	8,553,688	0	0	0
2016	57,793,697	5.0	11,558,739	11,558,739	11,558,739	11,558,739	11,558,741	0	0
Net Increase (Decrease) in Pension Expense			**$6,604,518**	**$6,604,518**	**$6,604,517**	**$20,112,427**	**$11,558,741**	**$0**	**$0**

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

				Balances at June 30, 2016	
Measurement Date	**Investment Earnings less than Projected (a)**	**Investment Earnings greater than Projected (b)**	**Amounts Recognized in Pension Expense through June 30, 2016 (c)**	**Deferred Outflows of Resources (a) – (c)**	**Deferred Inflows of Resources (b) – (c)**
2014	$0	$(67,539,546)	$(40,523,727)	$0	$(27,015,819)
2015	42,768,440	0	17,107,376	25,661,064	0
2016	57,793,697	0	11,558,739	46,234,958	0
				$71,896,022	**$(27,015,819)**

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

	Net Increase (Decrease) in Pension Expense (Measurement Periods)						
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
Changes of Assumptions	$(6,949,264)	$(6,254,339)	$0	$0	$0	$0	$0
Differences between Expected and Actual Experience	(3,168,109)	(2,862,410)	(111,114)	0	0	0	0
Net Differences between Projected and Actual Earnings on Pension Plan Investments	6,604,518	6,604,518	6,604,517	20,112,427	11,558,741	0	0
Grand Total	**$(3,512,855)**	**$(2,512,231)**	**$6,493,403**	**$20,112,427**	**$11,558,741**	**$0**	**$0**

APPENDIX B

INTEREST AND TOTAL PROJECTED EARNINGS

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

Interest on Total Pension Liability and Total Projected Earnings

Interest in the Total Pension Liability	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total Pension Liability (a) X (b) X (c)
Beginning Total Pension Liability	$1,047,046,033	100%	7.65%	$80,099,022
Changes of Benefit Terms	0	100%	7.65%	0
Changes of Assumptions	0	100%	7.65%	0
Difference between Expected and Actual Experience	(333,340)	100%	7.65%	(25,501)
Service Cost	23,374,624	50%	7.65%	894,079
Benefit Payments, including Refunds of Employee Contributions	(37,980,223)	50%	7.65%	(1,452,744)
Total Interest on the Total Pension Liability				**$79,514,856**

Projected Earnings on Pension Plan Investments	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) X (b) X (c)
Beginning Plan Fiduciary Net Position excluding Receivables[1]	$811,163,720	100%	7.65%	$62,054,025
Net Plan to Plan Resource Movement	530,976	50%	7.65%	20,310
Employer Contributions	25,962,718	50%	7.65%	993,074
Employee Contributions	11,991,032	50%	7.65%	458,657
Benefit Payments, including Refunds of Employee Contributions	(37,980,223)	50%	7.65%	(1,452,744)
Administrative Expense	(495,742)	50%	7.65%	(18,962)
Other Miscellaneous Income	0	50%	7.65%	0
Total Projected Earnings				**$62,054,360**

[1] Contribution receivables for employee service buybacks, totaling $2,264,220 as of June 30, 2015, were excluded for purposes of calculating projected earnings on pension plan investments.

Exhibit F

GASB 68 ACCOUNTING VALUATION REPORT

(CalPERS ID: 7903930500)
Rate Plan Identifier: 1210

Prepared for
CITY OF SACRAMENTO SAFETY PLAN,
an Agent Multiple-Employer Defined Benefit Pension Plan

Measurement Date of June 30, 2016

TABLE OF CONTENTS

Actuarial Certification	3
Introduction	4
Changes in Net Pension Liability	5
Pension Expense/(Income) for Measurement Period Ended June 30, 2016	6
Deferred Outflows and Deferred Inflows of Resources Related to Pensions	7
Schedules of Required Supplementary Information	8

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

Schedule of Changes of Assumptions	A-1
Deferred Outflows of Resources and Deferred Inflows of Resources arising from Changes of Assumptions	A-2
Schedule of Differences between Expected and Actual Experience	A-3
Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Expected and Actual Experience	A-4
Schedule of Differences between Projected and Actual Earnings on Pension Plan Investments	A-5
Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Projected and Actual Earnings on Pension Plan Investments	A-6
Summary of Recognized Deferred Outflows of Resources and Deferred Inflows of Resources	A-7

APPENDIX B – INTEREST AND TOTAL PROJECTED EARNINGS

Interest on Total Pension Liability and Total Projected Earnings	B-1

Actuarial Certification

This report provides disclosure and reporting information as required under Governmental Accounting Standards Board Statement 68 (GASB 68) for the SAFETY PLAN of the CITY OF SACRAMENTO (the "Plan"), an Agent Multiple-Employer Defined Benefit Pension Plan participating in the California Public Employees' Retirement System (CalPERS), for the measurement period ended June 30, 2016.

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

This accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2015 annual funding valuation for the Plan. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2015 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2015 liabilities, which were rolled forward to June 30, 2016 and used for this accounting valuation are based on actuarial assumptions adopted by the CalPERS Board of Administration and consistent with the requirements of GASB 68. The assumptions and methods are internally consistent and reasonable for this Plan.

With the provided liability and asset information, the total pension liability, net pension liability, deferred inflows and outflows and pension expense were developed for the measurement period using standard actuarial techniques.

The undersigned is an actuary for CalPERS, who is a member of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

MAY SHUANG YU, ASA, MAAA
Senior Pension Actuary, CalPERS
CalPERS Actuarial Office

Introduction

This is the GASB 68 Accounting Valuation Report for the measurement date June 30, 2016. Notes to the Agent Multiple-Employer Defined Benefit Pension Plan GASB 68 Accounting Valuation Reports are in a separate document, which may be accessed on the CalPERS website at www.calpers.ca.gov.

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

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	June 30, 2015 to June 30, 2016

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. For example, for the accounting valuations, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in your funding actuarial valuation.

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability/(Asset) (c) = (a) – (b)**
Balance at: 06/30/2015	**$1,560,275,410**	**$1,143,974,309**	**$416,301,101**
Changes Recognized for the Measurement Period:			
Service Cost	$31,672,063		$31,672,063
Interest on Total Pension Liability	118,821,553		118,821,553
Changes of Benefit Terms	0		0
Changes of Assumptions	0		0
Differences between Expected and Actual Experience	14,397,639		14,397,639
Plan to Plan Resource Movement		$(340)	340
Contributions – Employer		36,000,897	(36,000,897)
Contributions – Employees		18,465,310	(18,465,310)
Net Investment Income		4,971,102	(4,971,102)
Benefit Payments, including Refunds of Employee Contributions	(74,572,323)	(74,572,323)	0
Administrative Expense		(697,193)	697,193
Other Miscellaneous Income	0	0	0
Net Changes during 2015-16	**$90,318,932**	**$(15,832,547)**	**$106,151,479**
Balance at: 06/30/2016	**$1,650,594,342**	**$1,128,141,762**	**$522,452,580**

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

	Discount Rate -1% 6.65%	**Current Discount Rate 7.65%**	**Discount Rate + 1% 8.65%**
Plan's Net Pension Liability/(Asset)	$751,583,518	$522,452,580	$334,498,798

Pension Expense/(Income) for Measurement Period Ended June 30, 2016

Description	Amount
Service Cost	$31,672,063
Interest on Total Pension Liability	118,821,553
Changes of Benefit Terms	0
Recognized Changes of Assumptions	(5,397,028)
Recognized Differences between Expected and Actual Experience	2,656,974
Net Plan to Plan Resource Movement	340
Employee Contributions	(18,465,310)
Projected Earnings on Pension Plan Investments	(86,590,558)
Recognized Differences between Projected and Actual Earnings on Plan Investments	8,898,633
Administrative Expense	697,193
Other Miscellaneous Income	0
Total Pension Expense/(Income)	**$52,293,860**

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The following table presents deferred outflows and deferred inflows of resources related to pensions as of June 30, 2016. Note that no adjustments have been made for contributions subsequent to the measurement date. Appropriate treatment of any contributions made after the measurement date is the responsibility of the employer.

	Deferred Outflows of Resources	**Deferred inflows of Resources**
Changes of Assumptions	$0	$(17,810,193)
Differences between Expected and Actual Experiences	11,628,862	(368,949)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	101,932,743	(39,275,301)
Total	**$113,561,605**	**$(57,454,443)**

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

Measurement Periods Ended June 30:	**Deferred Outflows/(Inflows) of Resources**
2017	$6,158,579
2018	6,158,578
2019	25,796,231
2020	17,440,020
2021	553,754
Thereafter	0

Note: For employers with June 30th year-end, the fiscal year will be one year later than the measurement period. For example, the 2017 measurement period presented in the above table will be listed as year 2018 in the employer's fiscal year ending June 30, 2017 financial statements.

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for the Plan for the measurement period ending June 30, 2016 is 5.2 years, which was obtained by dividing the total service years of 14,040 (the sum of remaining service lifetimes of the active employees) by 2,678 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Schedules of Required Supplementary Information

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

Measurement Period	2016	2015	2014
TOTAL PENSION LIABILITY:			
Service Cost	$31,672,063	$29,653,042	$29,538,887
Interest on Total Pension Liability	118,821,553	112,331,793	107,188,618
Changes of Benefit Terms	0	0	0
Changes of Assumptions	0	(28,604,249)	0
Difference between Expected and Actual Experience	14,397,639	(592,555)	0
Benefit Payments, Including Refunds of Employee Contributions	(74,572,323)	(70,544,699)	(66,215,114)
Net Change in Total Pension Liability	**$90,318,932**	**$42,243,332**	**$70,512,391**
Total Pension Liability – Beginning	1,560,275,410	1,518,032,078	1,447,519,687
Total Pension Liability – Ending (a)	**$1,650,594,342**	**$1,560,275,410**	**$1,518,032,078**
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	$36,000,897	$30,798,271	$27,934,662
Contributions – Employee	18,465,310	15,564,873	16,094,362
Net Investment Income	4,971,102	25,341,704	171,794,710
Benefit Payments, Including Refunds of Employee Contributions	(74,572,323)	(70,544,699)	(66,215,114)
Net Plan to Plan Resource Movement	(340)	533	0
Administrative Expense	(697,193)	(1,287,544)	0
Other Miscellaneous Income	0	0	0
Net Change in Fiduciary Net Position	**$(15,832,547)**	**$(126,862)**	**$149,608,620**
Plan Fiduciary Net Position – Beginning	$1,143,974,309	$1,144,101,171	$994,492,551
Plan Fiduciary Net Position – Ending (b)	1,128,141,762	1,143,974,309	1,144,101,171
Plan Net Pension Liability/(Asset) – (a)-(b)	**$522,452,580**	**$416,301,101**	**$373,930,907**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**68.35%**	**73.32%**	**75.37%**
Covered Payroll	$120,120,082	$112,067,431	$107,176,397
Plan Net Pension Liability/Asset) as a Percentage of Covered Payroll	**434.94%**	**371.47%**	**348.89%**

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:
Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Schedule of Plan Contributions for the Fiscal Years Ended June 30[1]

Employer Fiscal Year End	**2016**	**2015**	**2014**
Actuarially Determined Contribution[2]	$36,000,897	$30,798,271	$27,934,662
Contributions in Relation to the Actuarially Determined Contribution[2]	(36,000,897)	(30,798,271)	(27,934,662)
Contribution Deficiency (Excess)	$0	$0	$0
Covered Payroll [3]	$120,120,082	$112,067,431	$107,176,397
Contributions as a Percentage of Covered Payroll[3]	29.97%	27.48%	26.06%

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

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

[3] Includes one year's payroll growth using 3.00 percent payroll assumption.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2013 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2013 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2013 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50 Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Other Information:
For changes to previous year's information, refer to past GASB 68 reports.

APPENDICES

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

- **APPENDIX B – INTEREST AND TOTAL PROJECTED EARNINGS**

APPENDIX A

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

- **SCHEDULE OF CHANGES OF ASSUMPTIONS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM CHANGES OF ASSUMPTIONS**
- **SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **SCHEDULE OF DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS**
- **SUMMARY OF RECOGNIZED DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Schedule of Changes of Assumptions

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions						
Measurement Date	**Changes of Assumptions**	**Recognition Period (Years)**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
2014	$0	0	$0	$0	$0	$0	$0	$0	$0
2015	(28,604,249)	5.3	(5,397,028)	(5,397,028)	(5,397,028)	(5,397,028)	(1,619,109)	0	0
2016	0	0	0	0	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			**$(5,397,028)**	**$(5,397,028)**	**$(5,397,028)**	**$(5,397,028)**	**$(1,619,109)**	**$0**	**$0**

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

				Balances at June 30, 2016	
Measurement Date	**Increase in Total Pension Liability (a)**	**Decrease in Total Pension Liability (b)**	**Amounts Recognized in Pension Expense through June 30, 2016 (c)**	**Deferred Outflows of Resources (a) – (c)**	**Deferred Inflows of Resources (b) – (c)**
2014	$0	$0	$0	$0	$0
2015	0	(28,604,249)	(10,794,056)	0	(17,810,193)
2016	0	0	0	0	0
				$0	**$(17,810,193)**

Schedule of Differences between Expected and Actual Experience

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience						
Measurement Date	**Differences between Expected and Actual Experience**	**Recognition Period (Years)**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
2014	$0	0	$0	$0	$0	$0	$0	$0	$0
2015	(592,555)	5.3	(111,803)	(111,803)	(111,803)	(111,803)	(33,540)	0	0
2016	14,397,639	5.2	2,768,777	2,768,777	2,768,777	2,768,777	2,768,777	553,754	0
Net Increase (Decrease) in Pension Expense			**$2,656,974**	**$2,656,974**	**$2,656,974**	**$2,656,974**	**$2,735,237**	**$553,754**	**$0**

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

				Balances at June 30, 2016	
Measurement Date	**Experience Losses (a)**	**Experience Gains (b)**	**Amounts Recognized in Pension Expense through June 30, 2016 (c)**	**Deferred Outflows of Resources (a) – (c)**	**Deferred Inflows of Resources (b) – (c)**
2014	$0	$0	$0	$0	$0
2015	0	(592,555)	(223,606)	0	(368,949)
2016	14,397,639	0	2,768,777	11,628,862	0
				$11,628,862	**$(368,949)**

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

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences between Projected and Actual Earnings on Pension Plan Investments						
Measurement Date	**Differences between Projected and Actual Earnings on Pension Plan Investments**	**Recognition Period (Years)**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
2014	$(98,188,251)	5.0	$(19,637,650)	$(19,637,650)	$(19,637,651)	$0	$0	$0	$0
2015	61,061,962	5.0	12,212,392	12,212,392	12,212,392	12,212,394	0	0	0
2016	81,619,456	5.0	16,323,891	16,323,891	16,323,891	16,323,891	16,323,892	0	0
Net Increase (Decrease) in Pension Expense			**$8,898,633**	**$8,898,633**	**$8,898,632**	**$28,536,285**	**$16,323,892**	**$0**	**$0**

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

				Balances at June 30, 2016	
Measurement Date	**Investment Earnings less than Projected (a)**	**Investment Earnings greater than Projected (b)**	**Amounts Recognized in Pension Expense through June 30, 2016 (c)**	**Deferred Outflows of Resources (a) – (c)**	**Deferred Inflows of Resources (b) – (c)**
2014	$0	$(98,188,251)	$(58,912,950)	$0	$(39,275,301)
2015	61,061,962	0	24,424,784	36,637,178	0
2016	81,619,456	0	16,323,891	65,295,565	0
				$101,932,743	**$(39,275,301)**

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

	Net Increase (Decrease) in Pension Expense (Measurement Periods)						
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
Changes of Assumptions	$(5,397,028)	$(5,397,028)	$(5,397,028)	$(5,397,028)	$(1,619,109)	$0	$0
Differences between Expected and Actual Experience	2,656,974	2,656,974	2,656,974	2,656,974	2,735,237	553,754	0
Net Differences between Projected and Actual Earnings on Pension Plan Investments	8,898,633	8,898,633	8,898,632	28,536,285	16,323,892	0	0
Grand Total	**$6,158,579**	**$6,158,579**	**$6,158,578**	**$25,796,231**	**$17,440,020**	**$553,754**	**$0**

APPENDIX B

INTEREST AND TOTAL PROJECTED EARNINGS

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

Interest on Total Pension Liability and Total Projected Earnings

Interest in the Total Pension Liability	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total Pension Liability (a) X (b) X (c)
Beginning Total Pension Liability	$1,560,275,410	100%	7.65%	$119,361,069
Changes of Benefit Terms	0	100%	7.65%	0
Changes of Assumptions	0	100%	7.65%	0
Difference between Expected and Actual Experience	14,397,639	100%	7.65%	1,101,419
Service Cost	31,672,063	50%	7.65%	1,211,456
Benefit Payments, including Refunds of Employee Contributions	(74,572,323)	50%	7.65%	(2,852,391)
Total Interest on the Total Pension Liability				**$118,821,553**

Projected Earnings on Pension Plan Investments	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) X (b) X (c)
Beginning Plan Fiduciary Net Position excluding Receivables[1]	$1,142,304,551	100%	7.65%	$87,386,298
Net Plan to Plan Resource Movement	(340)	50%	7.65%	(13)
Employer Contributions	36,000,897	50%	7.65%	1,377,034
Employee Contributions	18,465,310	50%	7.65%	706,298
Benefit Payments, including Refunds of Employee Contributions	(74,572,323)	50%	7.65%	(2,852,391)
Administrative Expense	(697,193)	50%	7.65%	(26,668)
Other Miscellaneous Income	0	50%	7.65%	0
Total Projected Earnings				**$86,590,558**

[1] Contribution receivables for employee service buybacks, totaling $1,669,758 as of June 30, 2015, were excluded for purposes of calculating projected earnings on pension plan investments.

Exhibit G

City of SACRAMENTO

BARTEL ASSOCIATES, LLC

City of Sacramento

Sacramento City Employees' Retirement System

June 30, 2017
Actuarial Valuation

November 3, 2017

Exhibit G

BARTEL ASSOCIATES, LLC

ACTUARIAL VALUATION

CITY OF SACRAMENTO
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM (SCERS)
DEFINED BENEFIT PLAN

We are pleased to present the results of our June 30, 2017 actuarial valuation of the Sacramento City Employees' Retirement System (SCERS).

The purpose of this valuation is to:

- Determine the System's June 30, 2017 Funded Status, and
- Calculate the fiscal year 2018/19 Actuarially Determined Contribution (ADC).

The information in this report may not be appropriate for purposes other than System funding but may be useful to the City for the System's financial management. Future valuations may differ significantly if the System's experience differs from our assumptions or if there are changes in plan design, actuarial methods or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on the System's benefit provisions summarized in Section 9, employee data, and on the System's financial information, all furnished by the City. We reviewed the financial and employee data for reasonableness, including comparing to prior year data, but did not perform an audit.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As members of the American Academy of Actuaries, meeting Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

Mary Elizabeth Redding, FSA, MAAA, EA
Vice President

Deanna Van Valer, ASA, MAAA, EA
Assistant Vice President

Katherine Moore, ASA, MAAA
Associate Actuary

Exhibit G

TABLE OF CONTENTS

SECTION	PAGE
1. Executive Summary	1
2. Liability Information & Funded Status	4
3. Asset Information	7
4. Contribution Development	11
5. Schedule of Future Contributions	12
6. Actuarial Gain/Loss Analysis	13
7. Sensitivity Analysis	14
8. Headcount & Benefit Payment Projection	15
9. Plan Provisions	17
10. Methods and Assumptions	20
11. Participant Data	24

Exhibit G

SECTION 1

EXECUTIVE SUMMARY

Following are the valuation results. See notes following the table for a description of terms. Results from the June 30, 2016 valuation are provided for comparative purposes.

	--------amounts in $000's---------		
	June 30, 2016	**June 30, 2017**	**% change**
■ **Participant Counts**			
• Actives	16	16	0.0%
• Terminated Vesteds & Reciprocals	12	10	-16.7%
• Service Retirees	641	608	-5.1%
• Disableds	140	124	-11.4%
• Beneficiaries	329	327	-0.6%
• Total	1,138	1,085	-4.7%
■ **Actuarial Liabilities**			
• Present Value of Projected Benefits	$ 366,391	$ 337,099	-8.0%
• Actuarial Accrued Liability	366,141	336,878	-8.0%
■ **Assets**			
• Market Value of Assets	285,170	288,509	1.2%
• Approximate Annual Rate of Return	2.7%	9.8%	
• Actuarial Value of Assets	286,675	283,567	-1.1%
• Approximate Annual Rate of Return	6.2%	7.4%	
■ **Plan Funded Status**			
• Actuarial Accrued Liability	366,141	336,878	-8.0%
• Actuarial Value of Plan Assets	286,675	283,567	-1.1%
• Unfunded Actuarial Accrued Liability	79,466	53,311	-32.9%
• Funded Ratio	78.3%	84.2%	7.5%
• Funded Ratio, Market Value Basis	77.9%	85.6%	9.9%
■ **Maturity Ratios**			
• Inactive AAL/Total AAL	98.1%	98.0%	
• Inactive Count/Total Count	98.6%	98.5%	
	2017/18	**2018/19**	**% change**
■ **Annual Cost[1]**	8,267	5,268	-36.3%
■ **Annual Cost (% Proj. Plan Payroll)[1]**	1144.3%	734.6%	
■ **Annual Cost (% Proj. City Payroll)**	2.8%	1.7%	

1 See page 11 for details.

SECTION 1

EXECUTIVE SUMMARY

Purpose of Actuarial Valuation

The actual costs of a defined benefit plan are determined entirely by the amount of the benefit promise, the actual salaries and service of the plan participants, and how long they and their beneficiaries live to receive payments. An actuarial valuation is a mathematical model which attempts to quantify this actual cost by setting assumptions that, it is hoped, duplicate reality as closely as possible. In addition, the actuarial methodology provides a reasonable plan, or method, towards funding the expected plan costs. This information assists the plan trustees so they can make informed decisions regarding plan investments and how much in contributions will be required from the employer to eventually fully pay the plan's costs.

Summary Information & Results

The Sacramento City Employees' Retirement System (SCERS) is a closed defined benefit pension plan. It has not accepted new members since January 28, 1977, and only 16 active members (out of a total plan membership of 1,085) remain.

Since the last valuation, the plan experienced overall gains on liabilities and market assets. Plan liabilities decreased more than expected, by $3.3 million. This was mostly due to retirees and beneficiaries not living as long as expected. Market value return on assets was greater than expected, about 9.8% for the year, resulting in a gain of $3.2 million on the actuarial (smoothed) value of assets.

Several assumptions were changed since the prior valuation.

- The mortality improvement projection was updated to the Society of Actuaries most recent table, MP-2016. This decreased liabilities $9.7 million.
- The inflation assumption was reduced from 3.00% to 2.75%. Assumptions that are dependent on inflation such as salary scale and the Social Security wage base have a very small impact since there are so few actives remaining. The largest impact is the resulting decrease in the future expected cost of living adjustments (COLA) to retiree benefits, which will be no greater than inflation once existing COLA banks are exhausted. The reduction in plan liabilities is $6.5 million.
- The discount rate remains at 6.5%, although various offsetting factors changed its development. The target asset allocation changed to 35% fixed income and 65% equities – a 5% smaller fixed income allocation than last year. Based on Bartel Associates' current capital market assumptions and assumed future inflation of 2.75%, we calculated the expected return after expenses to be 6.51%, at the 50th percentile confidence level. Based on this result, and current guidance recommending use of the 50th percentile confidence level, we recommend 6.50% as the discount rate. If a more conservative policy is desired, see the Sensitivity Analysis on page 14.

After the assumption changes, the July 1, 2017 total plan unfunded actuarial accrued liability (UAAL) is $69.5 million, as compared to expected UAAL of $76.1 million.

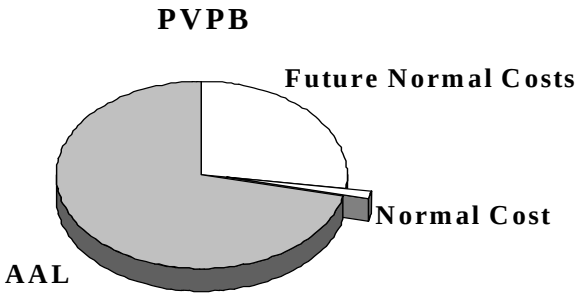
The plan's funded ratio on an actuarial value of assets basis is 84.2%, an increase from 78.3% in the prior valuation. The plan's funded ratio using market value of assets basis is 85.6%, an increase from 77.9% in the prior valuation.

The amortization period was changed from a rolling 14 year period to a rolling 13 year period beginning with this valuation, for the 2018/19 recommended contribution. The 3-year asset smoothing method provides some smoothing of contribution volatility. The City's contribution

has decreased from $8.267 million for fiscal year 2017/18 to $5.268 million for fiscal year 2018/19. The prior valuation projected a 2018/19 contribution of $7.920 million. The 2018/19 contribution is less than projected due to experience gains and gains from assumption changes, offset by the reduction in the amortization period.

Definitions

The Present Value of Projected Benefits (PVPB) is the present value of all future benefits for current plan participants. The Actuarial Accrued Liability (AAL) represents the portion of the PVPB attributable to past service. The AAL is recognized over service through the date a participant is expected to commence benefits. Therefore, the AAL is equal to the PVPB for current retirees. The Normal Cost is the portion of the PVPB allocated or earned during the year following the valuation date.



SECTION 2

LIABILITY INFORMATION & FUNDED STATUS

A comparison of the Present Value of Benefits, Actuarial Accrued Liability, Employer Normal Cost, and the Funded Ratio for the current and prior valuations follows. (Note that numbers throughout the report may not add due to rounding.)

(amounts in $000's)

	June 30, 2016	June 30, 2017
Present Value of Projected Benefits		
■ Active Employees	$ 7,342	$ 6,992
■ Vested Terminated & Reciprocals	2,758	1,577
■ Service Retirees	258,349	237,452
■ Disabled Participants	41,692	36,722
■ Beneficiaries	56,251	54,356
■ Total	366,391	337,099
Actuarial Accrued Liability		
■ Active Employees	$ 7,092	$ 6,771
■ Vested Terminated & Reciprocals	2,758	1,577
■ Service Retirees	258,349	237,452
■ Disabled Participants	41,692	36,722
■ Beneficiaries	56,251	54,356
■ Total	366,141	336,878

	2016/17	2017/18
Normal Cost		
■ Employer Normal Cost (beginning of year)	$ 42	$ 36

	June 30, 2016	June 30, 2017
Plan Funded Status		
■ Total Actuarial Accrued Liability	$ 366,141	$ 336,878
■ Actuarial Value of Plan Assets	286,675	283,567
■ Unfunded Actuarial Accrued Liability	79,466	53,311
■ Funded Ratio	78.3%	84.2%
■ Market Value of Assets	285,170	288,509
■ Funded Ratio – Market Value Basis	77.9%	85.6%

SECTION 2

LIABILITY INFORMATION & FUNDED STATUS

Details of the June 30, 2017 Present Value of Benefits, Actuarial Accrued Liability and Employer Normal Cost by employee category:

(amounts in $000's)

	Safety	Miscellaneous	Total
Present Value of Projected Benefits			
■ Active Employees	$ -	$ 6,992	$ 6,992
■ Vested Terminated & Reciprocals	-	1,577	1,577
■ Service Retirees	22,563	214,889	237,452
■ Disabled Participants	16,326	20,395	36,722
■ Beneficiaries	18,102	36,255	54,356
■ Total	56,990	280,109	337,099
Actuarial Accrued Liability			
■ Active Employees	-	6,771	6,771
■ Vested Terminated & Reciprocals	-	1,577	1,577
■ Service Retirees	22,563	214,889	237,452
■ Disabled Participants	16,326	20,395	36,722
■ Beneficiaries	18,102	36,255	54,356
■ Total	56,990	279,887	336,878

	Safety	Miscellaneous	Total
Normal Cost			
■ Employer Normal Cost (on June 30, 2017)	$ -	$ 36	$ 36

SECTION 2

LIABILITY INFORMATION & FUNDED STATUS

Details of the June 30, 2017 Present Value of Benefits, Actuarial Accrued Liability and Employer Normal Cost by benefit section:

(amounts in $000's)

	Section 175	Sections 302 & 399	Total
Present Value of Projected Benefits			
■ Active Employees	$ -	$ 6,992	$ 6,992
■ Vested Terminated & Reciprocals	70	1,508	1,577
■ Service Retirees	6,505	230,946	237,452
■ Disabled Participants	1,482	35,239	36,722
■ Beneficiaries	4,592	49,764	54,356
■ Total	12,650	324,450	337,099
Actuarial Accrued Liability			
■ Active Employees	-	6,771	6,771
■ Vested Terminated & Reciprocals	70	1,508	1,577
■ Service Retirees	6,505	230,946	237,452
■ Disabled Participants	1,482	35,239	36,722
■ Beneficiaries	4,592	49,764	54,356
■ Total	12,650	324,228	336,878

	Section 175	Sections 302 & 399	Total
Normal Cost			
■ Employer Normal Cost (on 6/30/17)	$ -	$ 36	$ 36

SECTION 3

ASSET INFORMATION

Assets for SCERS are held in trust. Trust monies may be used to pay benefits to plan participants and their beneficiaries. The trust is managed under the direction of the Administration, Investment, and Fiscal Management Board. Asset information is provided by the City of Sacramento, and has not yet been audited.

Asset Reconciliation – Market Value of Assets

Following reconciles the June 30, 2015 through June 30, 2016 and the June 30, 2016 through June 30, 2017 market value of assets.

(amounts in $000's)

	2015/16		2016/17	
■ Beginning of Year Balance:		$ 301,263		$ 285,170
• Member Contributions	$ 146[2]		$ 64	
• City Contributions	8,645		8,645	
• Investment Income	8,937		27,987	
■ Total Additions		17,728		36,696
• Benefit Payments	32,633		32,171	
• Member Refunds	50		-	
• Investment Expenses	1,138		1,186	
■ Total Deductions		33,821		33,357
■ Net Assets at End of Year		285,170		288,509
■ Approximate Return on Assets		2.7%		9.8%

2 Includes $77,000 in member contributions for a deficit account buyback

SECTION 3

ASSET INFORMATION

Asset Allocation – Market Value of Assets

The July 1, 2017 trust asset allocation is provided by the City of Sacramento and based on an allocation strategy of 35% fixed income and 65% equity. Details are shown below.

(amounts in $000's)

		Market Value	Percentage
■ Cash & Short Term Investments		$ 8,601	3.0%
■ Receivables		1,600	0.5%
■ Investments			
• US Agencies	$ 1,182		0.4%
• Corporate Bonds	37,148		12.9%
• Equities	124,268		43.1%
• Exchange Traded Funds	61,981		21.5%
• Mortgage Loans	52,903		18.3%
• Municipal Bonds	1,731		0.6%
■ Total Investments		279,213	
■ Total Assets		289,414	
■ Other Liabilities Payable		(905)	-0.3%
■ Net Pension Benefit Trust Assets		288,509	100.0%

Target Allocation by Asset Class

The Administration, Investment and Fiscal Management Board of the Sacramento City Employees' Retirement System most recently adopted a new asset allocation May 1, 2017, as shown below. The fund is rebalanced each year.

	Prior Allocation		Current Allocation	
■ Fixed Bonds/Real Estate	40%		35%	
Total Fixed		40%		35%
■ Large Cap Growth	35%		35%	
■ Equity Income	20%		25%	
■ International Equities	5%		5%	
Total Equity		60%		65%
Total Fixed & Equity		100%		100%

Discount Rate Development

We recommend the following discount rate assumption for the June 30, 2017 valuation, based upon a 50% confidence level:

Confidence Level	**50%**	**55%**	**60%**
■ Inflation Adjusted Return	6.81%	6.48%	6.14%
■ Investment Expenses[3]	0.30%	0.30%	0.30%
■ Net Return after Expenses	6.51%	6.18%	5.84%
■ **Discount Rate Assumption**	**6.50%**		

3 Based on average investment expenses for a typical passive investment strategy. This is not plan specific.

Development of Actuarial Value of Assets

The Actuarial Value of Assets is based upon a three year smoothing of market assets. This method reduces volatility in contribution rates, and also reduces volatility in the size of the actuarial gains and losses due to asset returns. Because the plan is frozen to new membership and the membership is primarily composed of retirees and beneficiaries, it is important from a cash flow perspective that asset values used in calculating contribution rates not stray too far from market value. For this reason, a corridor of 15% around the market value is imposed upon the actuarial value.

(amounts in $000's)

	2016/17
■ **Actuarial Value of Assets, Beginning of Year**	$ 286,675
• Contributions	8,709
• Expected Earnings	17,883
• Benefit Payments	(32,171)
■ Expected Actuarial Value of Assets, End of Year	281,096
■ Market Value of Assets, End of Year	288,509
■ Difference between MVA & Expected AVA	7,413
■ **Preliminary Actuarial Value of Assets, End of Year** *(Expected AVA+ 1/3 Difference)*	283,567
■ Actuarial Value of Assets Corridor	
• Cap: 115% of Market Value	331,785
• Min: 85% of Market Value	245,233
■ **Actuarial Value of Assets, End of Year** *(No greater than Cap, not less than Min)*	283,567
■ Approximate Annual Rate of Return	7.4%

SECTION 4

CONTRIBUTION DEVELOPMENT

Actuarially Determined Contribution

Following is the development of the 2018/19 Actuarially Determined Contribution. The 2017/18 Actuarially Determined Contribution was calculated in the June 30, 2016 actuarial valuation and is shown for comparison.

(amounts in $000's)

Contribution Year	2017/18	2018/19
■ Actuarially Determined Contribution		
• Employer Normal Cost	$ 30	$ 25
• UAAL Amortization[4]	8,236	5,243
• Total Cost	8,267	5,268
■ Projected Plan Payroll	722	717
■ Actuarially Determined Contribution (as a percent of plan payroll)		
• Employer Normal Cost	4.2%	3.5%
• UAAL Amortization	1140.1%	731.1%
• Total Contribution	1144.3%	734.6%
■ Projected Total City Payroll	295,629	306,862
■ Actuarially Determined Contribution (as a percent of total City payroll)		
• Employer Normal Cost	0.0%	0.0%
• UAAL Amortization	2.8%	1.7%
• Total Contribution	2.8%	1.7%

4 The Unfunded Actuarial Accrued Liability (UAAL) as of the beginning of the contribution year is being amortized as a level dollar amount over a14 year period for 2017/18 and a rolling 13 year period for 2018/19. As the plan continues to mature, this amortization period will be monitored.

SECTION 5

SCHEDULE OF FUTURE CONTRIBUTIONS

Below are the historic and projected contributions and benefit payments. City contributions for years ending 6/30/2020 and later are estimated assuming 6/30/18 and subsequent market value of assets earn 6.5% and assuming the Actuarially Determined Contribution is contributed each year. These contributions are designed to achieve 100% funding of the system.

Year Ending[5]	Member Contributions	City Contributions	Benefit Payments
6/30/1991	1,704,000	6,017,000	20,400,000
6/30/1992	1,818,000	2,984,000	22,000,000
6/30/1993	1,672,000	857,000	23,042,000
6/30/1994	1,432,000	0	24,165,000
6/30/1995	1,320,000	0	24,565,000
6/30/1996	1,228,000	0	25,027,000
6/30/1997	1,080,000	0	23,274,000
6/30/1998	1,090,000	0	23,825,000
6/30/1999	1,136,000	0	24,249,000
6/30/2000	1,079,000	0[6]	24,901,000
6/30/2001	989,000	0	25,087,000
6/30/2002	1,011,000	0	25,588,000
6/30/2003	978,000	0	26,619,000
6/30/2004	1,056,000	0	26,772,000
6/30/2005	809,000	0	27,524,000
6/30/2006	789,000	0	28,749,000
6/30/2007	699,000	0	29,604,000
6/30/2008	596,000	3,534,000	29,896,000
6/30/2009	607,000	3,159,000	30,707,000
6/30/2010	377,000	3,431,000	31,719,000
6/30/2011	342,000	10,547,000	33,003,000
6/30/2012	332,000	10,361,000	33,057,000
6/30/2013	219,000	10,573,000	33,237,000
6/30/2014	161,000	9,649,000	33,688,000
6/30/2015	82,000	9,183,000	33,791,000
6/30/2016	69,000	8,645,000	32,683,000
6/30/2017	64,000	8,645,000	32,171,000
6/30/2018	*66,000*	8,267,000	*31,967,000*
6/30/2019	*45,000*	*5,268,000*	*31,688,000*
6/30/2020	*30,000*	*4,851,000*	*31,293,000*
6/30/2021	*19,000*	*4,497,000*	*30,788,000*
6/20/2022	*12,000*	*4,192,000*	*30,191,000*

5 Information prior to 6/30/2006 valuation is taken from prior actuary's valuation report. Member contributions and benefit payments for years ending 6/30/2018 and later are estimated.

6 Shown as a negative 1.367 million by prior actuary.

SECTION 6

ACTUARIAL (GAIN)/LOSS ANALYSIS

The gain/loss analysis of plan assets, actuarial liability, and unfunded actuarial liability for the one year period between valuation dates:

(amounts in $000's)

	Actuarial Accrued Liability (Gain)/Loss	Actuarial Value of Assets Gain/(Loss)	Unfunded Actuarial Accrued Liability (Gain)/Loss
June 30, 2016 Actual Value	$ 366,141	$ 286,675	$ 79,466
June 30, 2017 Expected Value	356,431	280,352	76,079
Demographic (Gain)/Loss[7]	(3,307)		
Investment Gain		2,905	
Contributions greater than expected		310	
Total (Gain)/Loss			(6,522)
June 30, 2016 Prior to Changes in Assumptions	353,124	283,567	69,557
Change in Mortality Improvement Assumption	(9,743)		
Change in Inflation Assumption/ Decrease in Future Retiree COLA	(6,503)		
Total (Gain)/Loss from Assumption Changes			(16,246)
June 30, 2017 Actual Value	336,878	283,567	53,311

7 Primarily due to more retiree and beneficiary deaths than expected.

SECTION 7

SENSITIVITY ANALYSIS

The Plan's June 30, 2017 funded status and 2018/19 fiscal year contribution are shown below at 5.5%, 6.0%, 6.5% and 7.5% discount rates.

(amounts in $000's)

Discount Rate	5.5%	6.0%	6.5%	7.5%
■ Present Value of Projected Benefits	$ 365,137	$ 351,044	$ 337,099	$ 312,901
■ Funded Status				
• Actuarial Accrued Liability	364,842	350,789	336,878	312,733
• Actuarial Value of Assets	283,567	283,567	283,567	283,567
• Unfunded Actuarial Accrued Liability	81,275	67,222	53,311	29,166
■ Funded Ratio	77.7%	80.8%	84.2%	90.7%
■ 2018/19 Actuarially Determined Contribution				
• Employer Normal Cost	45	34	25	11
• UAAL Amortization[8]	8,072	6,699	5,243	2,496
• Total Contribution	8,117	6,733	5,268	2,507
• Total Employer Contribution (as a percent of Plan payroll)	1131.9%	938.9%	734.6%	349.5%
• Total Employer Contribution (as a percent of total City payroll)	2.6%	2.2%	1.7%	0.8%

The Plan's 2018/19 fiscal year contribution would increase if the amortization period of the Unfunded Actuarial Accrued Liability were shorter. Shown below are results based on the current 13-year period, as well as for 14, 12 and 10 year periods.

(amounts in $000's)

Amortization Years	14	13	12	10
■ 2018/19 Actuarially Determined Contribution				
• Employer Normal Cost	$ 25	$ 25	$ 25	$ 25
• UAAL Amortization	5,002	5,243	5,526	6,272
• Total Employer Contribution	5,027	5,268	5,551	6,297
• Total Employer Contribution (as a percent of Plan payroll)	701.0%	734.6%	774.2%	878.1%
• Total Employer Contribution (as a percent of total City payroll)	1.6%	1.7%	1.8%	2.1%

8 13 year period

SECTION 8

HEADCOUNT AND BENEFIT PAYMENT PROJECTION

Headcount and Benefit Payment Projection

Fiscal Year Ending June 30,	Active Count	Term Vested Count	Retiree Count	Benefit Payments (000's)
2018	16	10	1,059	$ 31,967
2019	11	10	1,032	31,688
2020	7	10	1,002	31,293
2021	4	10	968	30,788
2022	2	10	932	30,191
2023	2	10	894	29,544
2024	1	10	856	28,830
2025	1	10	817	28,069
2026	0	10	778	27,265
2027	0	10	739	26,427
2028	0	10	701	25,555
2029	0	9	663	24,658
2030	0	9	625	23,735
2031	0	9	588	22,788
2032	0	9	552	21,818
2033	0	9	516	20,825
2034	0	8	481	19,810
2035	0	8	447	18,774
2036	0	8	414	17,719
2037	0	8	382	16,647
2038	0	7	351	15,562
2039	0	7	320	14,469
2040	0	6	291	13,375
2041	0	6	263	12,286
2042	0	5	236	11,212
2043	0	5	211	10,161
2044	0	4	187	9,140
2045	0	4	165	8,159
2046	0	3	144	7,224
2047	0	3	125	6,344

SECTION 8

HEADCOUNT AND BENEFIT PAYMENT PROJECTION

Fiscal Year Ending June 30,	Active Count	Term Vested Count	Retiree Count	Benefit Payments (000's)
2048	0	3	107	$ 5,524
2049	0	2	92	4,766
2050	0	2	77	4,074
2051	0	1	65	3,451
2052	0	1	54	2,898
2053	0	1	44	2,413
2054	0	1	36	1,995
2055	0	0	30	1,640
2056	0	0	24	1,341
2057	0	0	19	1,094
2058	0	0	15	892
2059	0	0	12	731
2060	0	0	10	604
2061	0	0	8	507
2062	0	0	6	434
2063	0	0	5	380
2064	0	0	4	339
2065	0	0	3	308
2066	0	0	3	283
2067	0	0	2	263

SECTION 9
PLAN PROVISIONS

A. Plan Effective Date

Originally established effective April 1, 1935.

B. Plan Year

July 1 to June 30.

C. Participation

The plan is closed with no new members since January 28, 1977.

D. Eligibility to Retire

Section 175: Age 70, or age 55 and 20 years of service.

Sections 302 and 399: Age 70, or age 50 and 5 years of service.

E. Vesting

100% vesting with five years of participation.

F. Average Monthly Compensation

Average monthly salary for the 36 months prior to termination.

G. Employee Contributions

Each participant contributes a certain percentage based on his or her age at entry into the plan.

H. Service Retirement Benefit

Section 175:

Average Monthly Compensation times years of service times Benefit Factor. For retirement after age 65 with 20 years of service, benefit is a minimum of $60 per month.

Sections 302 and 399:

Average Monthly Compensation times years of service times Benefit Factor, but no larger than 75% of final average earnings.

Benefit Factors at sample ages:

Retirement Age	Section 175	Sections 302 and 399
50	n/a	1.10%
55	1.10%	1.75%
60	1.67%	2.40%
65	2.44%	2.40%

I. Vested Termination Benefit

Return of employee contributions with interest, or if the value is greater than $500, the member may choose to leave the contributions in the system. The member may become eligible in the future for retirement, disability or death benefits.

J. Non-Industrial (Ordinary) Disability Benefit

Eligibility is ten years of service.

Section 175:

With 16 2/3 years of service: 1½% of final average salary times years of service to disability.

Less than 16 2/3 years of service: Minimum of 1½% of final average salary times years of service would have earned to age 60, or 25% of final average earnings.

Sections 302 and 399:

Not Eligible for Retirement: Lesser of 1½% of Final Average Earnings times years of service or final average earnings times benefit factor at age 50 times years of service at age 50, minimum of 25% of final average earnings.

Eligible for Retirement: Maximum of retirement allowance or 25% of final average earnings.

K. Industrial Disability Benefit

Sections 302 and 399:

Not Eligible for Retirement: 50% of final average earnings.

Eligible for retirement: Maximum of retirement allowance or 50% of final average earnings.

L. Death Benefit – Pre Retirement Eligibility

Return of employee contributions with interest, plus 1/12 of salary in the year preceding death multiplied by the smaller of 6 or years of service.

M. Death Benefit – Post Retirement Eligibility

50% of the member's benefit as if the member retired at the time of death, paid as a lifetime benefit to the spouse.

N. Death Benefit – Post Retirement Death

$500 paid to the member's estate upon death.

O. Social Security Reduction at age 62

For members participating in Social Security, their benefit will be reduced at the later of age 62 or actual retirement age. The amount of the reduction is one half of the PIA from Social Security, multiplied by the ratio of the sum of salary earned from the City to the sum of salary from all sources used in the calculation of the Social Security amount. The member's benefit under the System plus the amount received from Social Security cannot be less than the member's benefit under the System calculated with no reductions as of his retirement age. The City applies this offset to service retirees, not to disabled retirees.

P. Reduction Account

A member can choose to reduce his normal contributions to the System by an amount equal to the taxes paid for Social Security coverage. At the time of retirement, the regular retirement benefit will be reduced by the actuarial equivalent of the accumulated value of the reduction of contributions.

Q. Cost of Living

Benefits will be increased each July 1 by the change in the CPI for the San Francisco/Oakland area for the preceding calendar year limited to 3% (with COLA bank).

R. Benefit Forms

Section 175:

Lifetime benefit to the member, which may be actuarially reduced to provide a continuance to a beneficiary.

Section 302 and 399:

Lifetime benefit to the member, with an automatic 50% continuance to the spouse.

SECTION 10
METHODS AND ASSUMPTIONS

Actuarial Methods

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) method. The Present Value of Projected Benefits (PVPB) is the present value of all future benefits for current plan participants. The Actuarial Accrued Liability (AAL) represents the portion of the PVPB attributable to past service. The AAL is recognized over service through the date a participant is expected to commence benefits.

The current unfunded AAL is amortized over a 13 year rolling period as a level dollar amount. Because the plan is closed the amortization period should be regularly reviewed. The Board has regularly reduced the amortization period in the recent past. Under current Board policy, when the average future life expectancy of the plan participants drops below 5 years, the amortization period will be reduced to no more than 5 years.

Plan funded status based on excess of

1) Value of Normal Retirement Benefit in excess of employee contributions over
2) Actuarial Value of Assets

The contribution generated by the current valuation will be payable for the City's fiscal year beginning one year later (2018/19). The June 30, 2016 valuation generated a contribution for fiscal year 2017/18.

The Actuarial Value of Assets is a 3-year smoothed market value. Gains and losses will be recognized over a three year period. For June 30, 2006, the first year of this method, the Actuarial Asset Value was set equal to the Market Value. The Actuarial Value of Assets will be limited by a 15% corridor. The Actuarial Value of Assets will be no greater than 115% of Market Value of Assets and no less than 85% of Market Value of Assets.

Data

The City provided participant data as of 7/1/2017. We reviewed the data, but did not perform an audit.

Basis for Assumptions

Mortality assumptions are based on CalPERS 1997-2011 experience study. Mortality improvement is the Society of Actuaries Scale MP-2016. Inflation is based on our estimate for the plan's very long time horizon.

Actuarial Assumptions

Assumptions used in the valuation are as follows:

- **Discount Rate**

  6.50% net of investment expenses[9], based on a 50% confidence level

- **Inflation**

  2.75%

  Prior valuation: 3.00%

- **Salary Scale**

  2.75% CPI

  0.50% Merit

  Prior valuation: 3.00% for CPI and 0.50% for merit.

- **Social Security Wage Base**

  3.00%

  Prior valuation: 3.25%.

- **Termination**

  None assumed. All active employees are retirement-eligible.

- **Retirement**

  Rates vary based on age. Sample rates follow:

Age	Non Sec 175
55	6%
60	26%
65	40%
70	100%

- **Disability**

  Rates vary based on age, gender and if the disability is job-related or not. Sample rates follow:

	Job Related		Ordinary	
	Male	Female	Male	Female
59	.00612	.00336	.01683	.00924
60	.00639	.00351	.01761	.00969
61	.00000	.00000	.00000	.00000

9 Administrative expenses are not paid from plan assets.

- **Healthy Mortality**
  CalPERS 1997-2011 Pre-Retirement Mortality table for males and females and CalPERS 1997-2011 Post-Retirement Mortality table for males and females. Sample rates are as follows:

	Pre-Retirement		Post-Retirement	
Age	Male	Female	Male	Female
50	0.16%	0.11%	0.53%	0.49%
60	0.35%	0.22%	0.82%	0.53%
70	0.71%	0.47%	1.77%	1.26%
80	1.34%	1.04%	5.28%	3.69%
90	n/a	n/a	16.19%	12.34%
100	n/a	n/a	34.55%	31.88%

- **Post-Retirement Disabled Mortality**
  For Miscellaneous retirees, CalPERS 1997-2011 Non-Work-Related Disability table for males and females. For Safety retirees, CalPERS 1997-2011 Work-Related Disability table for males and females. Sample rates are as follows:

	Non-Work-Related		Work-Related	
Age	Male	Female	Male	Female
50	1.78%	1.23%	0.53%	0.49%
60	2.63%	1.51%	0.87%	0.63%
70	3.89%	2.81%	2.21%	1.78%
80	8.23%	6.02%	6.63%	4.98%
90	18.47%	16.08%	16.19%	12.34%
100	34.55%	31.88%	34.55%	31.88%

- **Mortality Improvement Projection**

  Mortality projected fully generational with Society of Actuaries Scale MP-2016.

  Prior valuation used mortality projected fully generational with Society of Actuaries Scale MP-2014 modified to converge to ultimate improvement rates in 2022.

- **Social Security Offset**

  Monthly benefits for current retirees and vested terminated assumed to decrease at the later of age 62 or actual retirement, based on the average expected offset of future retirees.

- **Marriage**

  85% of male employees and 60% of female employees are assumed to be married. Wives are assumed to be four years younger than husbands.

- **Retirement Age**

  Deferred vested members covered under Section 399 are assumed to retire at age 62; those covered under Section 175 are assumed to retire at age 65.

- **Reciprocal Members**

  All remaining deferred vested members are assumed to have reciprocity with other retirement systems, and their pay is assumed to increase with salary scale after separation from the City.

SECTION 11
PARTICIPANT DATA

Data Summary

Following summarizes participant demographic information for the June 30, 2016 and June 30, 2017 actuarial valuations.

	June 30, 2016	June 30, 2017
■ **Participant Counts**		
• Actives	16	16
• Terminated Vesteds	9	7
• Reciprocals	3	3
• Service Retirees	641	608
• Disableds	140	124
• Beneficiaries[10]	329	327
• Total	1,138	1,085
■ **Actives**		
• Average Age	62.2	63.2
• Average Service	33.9	34.9
• Salary		
➢ Total	$ 1,019,832	$ 1,049,044
➢ Average	63,740	65,565
• Overall City Payroll	275,973,000	287,848,000
■ **Terminated Vesteds & Reciprocals**		
• Average Age	65.9	67.0
■ **Retirees, Disableds & Beneficiaries**		
• Average Age	77.5	77.8
• Average Monthly Benefit	$ 2,463	$ 2,537
• Life expectancy	12.9	12.3

10 The June 30, 2017 valuation includes one former spouse of a deceased retiree whose eligibility for benefits is under review by the City Attorney. The valuation assumes the former spouse's benefit is 50% of the retiree's July 1, 2016 monthly benefit increased with 3% COLA.

SECTION 11
PARTICIPANT DATA

June 30, 2017 Participant Data

Following summarizes participant demographic information for the June 30, 2017 actuarial valuation, broken out by employee category and benefit section.

	Safety		Miscellaneous		
	Section 175	Section 302 & 399	Section 175	Section 302 & 399	Total
Actives					
• Count	-	-	-	16	16
• Average Age	n/a	n/a	n/a	63.2	63.2
• Average Service	n/a	n/a	n/a	34.9	34.9
• Salary					
➢ Average	$ -	$ -	$ -	$ 65,565	$ 65,565
➢ Total (000's)	-	-	-	1,049	1,049
Vested Terms & Reciprocals					
• Count	-	-	1	9	10
• Average Age	n/a	n/a	66.6	67.1	67.0
All Inactives					
• Count	25	178	35	821	1,059
• Average Age	84.8	82.4	82.2	76.4	77.8
• Avg. Monthly Benefit	$ 2,503	$ 3,140	$ 1,676	$ 2,445	$ 2,537
Service Retirees					
• Count	9	56	16	527	608
• Average Age	87.4	87.7	81.4	75.6	77.0
• Average Retirement Age	54.7	55.2	63.4	59.6	59.2
• Avg. Monthly Benefit	$ 3,009	$ 4,807	$ 2,113	$ 2,923	$ 3,077
Disabled Retirees					
• Count	4	42	4	74	124
• Average Age	88.8	75.3	81.3	73.7	75.0
• Average Retirement Age	51.4	41.6	50.0	48.5	46.3
• Avg. Monthly Benefit	$ 2,897	$ 2,821	$ 1,291	$ 2,052	$ 2,315
Beneficiaries					
• Count	12	80	15	220	327
• Average Age	81.6	82.5	83.3	79.2	80.3
• Avg. Monthly Benefit	$ 1,992	$ 2,140	$ 1,313	$ 1,430	$ 1,619

Data Reconciliation
6/30/2016 to 6/30/2017

	Actives	Terminated		Receiving Payments			Total
		Vested	Reciprocal	Disabled	Benefic.	Retirees	
■ **June 30, 2016**	16	9	3	140	329	641	1,138
• New Hires	-	-	-	-	-	-	-
• Disabled	-	-	-	-	-	-	-
• Terminated	-	-	-	-	-	-	-
• Deceased	-	-	-	(16)	(31)	(35)	(82)
• New Beneficiaries	-	-	-	-	29	-	29
• Retired	-	(2)	-	-	-	2	-
• Adjustment/Cash Out	-	-	-	-	-	-	-
■ **June 30, 2017**	16	7	3	124	327	608	1,085

Active Age/Service

Following are active counts by age and service groups:

	Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 & Over**	**Total**
Under 25	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	-
50-54	-	-	-	-	-	-	-	-
55-59	-	-	-	-	-	-	1	1
60-64	-	-	-	1	-	2	9	12
65 & Over	-	-	-	-	-	1	2	3
Total	-	-	-	1	-	3	12	16

Inactives Age/Status/Monthly Benefit

Following are inactive counts and monthly benefit by age and status.

Safety

Age		Service Retirees	Disability Retirees	Beneficiaries	Total
Under 50	**Count**	-	-	-	-
	Avg. Benefit	-	-	-	-
50-54	**Count**	-	-	-	-
	Avg. Benefit	-	-	-	-
55-59	**Count**	-	-	-	-
	Avg. Benefit	-	-	-	-
60-64	**Count**	-	-	-	-
	Avg. Benefit	-	-	-	-
65-69	**Count**	-	4	6	10
	Avg. Benefit	-	2,966	1,828	2,283
70-74	**Count**	3	18	11	32
	Avg. Benefit	3,838	2,723	1,995	2,577
75-79	**Count**	3	11	17	31
	Avg. Benefit	2,842	2,712	2,271	2,483
80-84	**Count**	7	8	19	34
	Avg. Benefit	4,077	2,979	2,057	2,689
85 & Over	**Count**	52	5	39	96
	Avg. Benefit	4,764	3,103	2,167	3,622
Total	**Count**	65	46	92	203
	Avg. Benefit	4,558	2,827	2,121	3,061

SECTION 11
PARTICIPANT DATA

Miscellaneous

Age		Service Retirees	Disability Retirees	Beneficiaries	Total
Under 50	**Count**	-	-	1	1
	Avg. Benefit	-	-	650	650
50-54	**Count**	-	-	3	3
	Avg. Benefit	-	-	1,431	1,431
55-59	**Count**	1	1	4	6
	Avg. Benefit	3,629	2,995	860	1,678
60-64	**Count**	41	13	16	70
	Avg. Benefit	3,262	2,075	1,218	2,574
65-69	**Count**	108	16	27	151
	Avg. Benefit	2,962	2,387	1,550	2,649
70-74	**Count**	131	12	32	175
	Avg. Benefit	2,940	1,763	1,579	2,610
75-79	**Count**	98	15	32	145
	Avg. Benefit	2,834	2,227	1,475	2,472
80-84	**Count**	75	11	40	126
	Avg. Benefit	2,931	1,602	1,738	2,436
85 & Over	**Count**	89	10	80	179
	Avg. Benefit	2,632	1,665	1,217	1,946
Total	**Count**	543	78	235	856
	Avg. Benefit	2,899	2,013	1,423	2,413

Exhibit H

City of SACRAMENTO

BARTEL ASSOCIATES, LLC

RETIREE HEALTHCARE PLAN

June 30, 2015 GASB 45 Actuarial Valuation
Final Results

Bartel Associates, LLC
John E. Bartel, President
Catherine Wandro, Assistant Vice President & Actuary
Daniel Park, Actuarial Analyst

January 25, 2016

Contents

Topic	Page
Benefit Summary	1
Participant Statistics	5
Actuarial Assumption Highlights	7
Actuarial Methods	11
Assets	13
Results	17
Actuarial Certification	32
Exhibits	33

BENEFIT SUMMARY

	Fire	Police & Miscellaneous
■ Eligibility	■ Retire directly from the City: • Age 50 & 10 years City service, or • 30 years City service, or • Industrial disability, or • Death in line of duty	
■ Medical, Dental, & Vision Benefit	■ Retiree only - lowest cost $25 co-pay medical plan premium plus additional 5.28% of cost plus lowest cost PPO dental plan premium, plus $25 ■ 2015 = $774.28/mo 2016 = $761.63/mo ■ Service % 10 50% 15 75% 20+ 100% ID&D 100%	■ Retiree only - $300/mo ■ Retiree + Dependents - $365/mo ■ Service % 10 50% 15 75% 20+ 100% ID&D 100% ■ Future retirees in WCE, Auto Marine & Specialty Painters, and Unrepresented – not allowed to participate in City health plans when Medicare-eligible

BENEFIT SUMMARY

	Fire	Police & Miscellaneous
■ Plan Change for New Hires[1]	■ Pre-Medicare - $774/mo ■ Post-Medicare - $387/mo ■ Service % 10 50% 15 75% 20+ 100% ID&D 100%	■ No City cash contribution but allowed to participate in City health plans
■ Pre 1/1/91 Deferred Retirement	■ None	■ Eligibility: Age 50 & 10 years ■ Service % 10 50% 20+ 100%
■ Surviving Spouse Benefit	■ Same benefit continues to surviving spouse	

[1] Hired after 1/14/15 for Fire, after 9/3/13 for Police, after 6/30/12 for Exempt Employees and Stationary Engineers, after 7/20/12 for Unrepresented, after 11/15/14 for Plumbers and Pipe Fitters, and after 6/30/13 for remaining bargaining units.

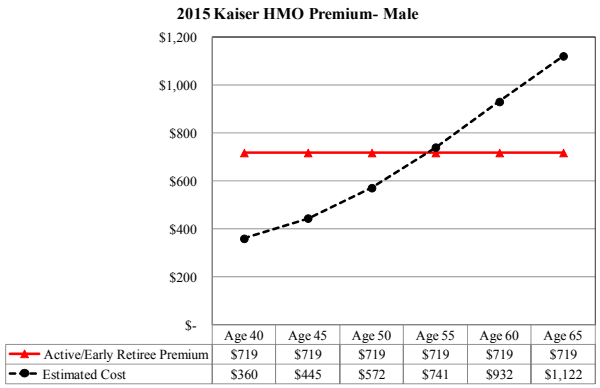
BENEFIT SUMMARY

	Fire	Police & Miscellaneous
■ Other OPEB	■ No City contribution for life insurance or Medicare Part B premiums	
■ Fire Department Unit Trust	■ Effective 6/27/15 ■ Sub-account in City's CERBT account ■ Member Contribution: $45/mo ■ City Contribution: $45/mo	■ n/a
■ Pay-As-You-Go Costs ($000's)		

Fiscal Year	Cash	Implied Subsidy	Total
■ FY 2014/15	$9,904	$3,620	$13,524
■ FY 2013/14	$9,970	$3,503	$13,473
■ FY 2012/13	$9,758	$3,085	$12,843
■ FY 2011/12	$9,462	$2,729	$12,191
■ FY 2010/11	$9,230	$2,661	$11,891

BENEFIT SUMMARY

	Fire	Police & Miscellaneous
■ Implied Subsidy	■ Non-Medicare eligible retirees pay active rates instead of actual cost ■ Active employee premiums subsidize retiree cost	



- ■ GASB 45 includes active "implied subsidy" with retiree cost
- ■ Medical:
  - Value to age 65 for Medicare eligible retirees
  - Value for life for non Medicare eligible retirees
- ■ Dental: no implied subsidy valued

Participant Statistics – June 30, 2015

	Misc	Police	Fire	Total
■ Actives				
• Count	2,176	788	549	3,513
• Average Age	47.2	38.2	41.6	44.3
• Average City Service	13.1	12.3	13.1	12.9
• Average Salary	$ 70,078	$ 84,709	$ 93,689	$ 77,050
• Total Salary ($000's)	152,491	66,751	51,436	270,677
■ Pre 1/1/91 Inactive Vested				
• Count	18	1	-	19
• Average Age	66.2	74.1	-	66.6
■ Retirees				
• Count - Medical	1,109	309	397	1,815
• Count - Dental	1,501	492	471	2,464
• Count - Total	2,007	593	524	3,124
• Average Age	70.6	66.7	71.0	69.9
• Average Retirement Age	58.3	50.9	54.3	56.2

Participant Statistics – June 30, 2013

	Misc	Police	Fire	Total
■ Actives				
• Count	2,132	770	542	3,444
• Average Age	46.7	37.4	40.3	43.6
• Average City Service	12.7	11.5	11.9	12.3
• Average Salary	$ 68,273	$ 83,075	$ 88,508	$ 74,767
• Total Salary ($000's)	145,559	63,968	47,971	257,498
■ Pre 1/1/91 Inactive Vested				
• Count	20	1	-	21
• Average Age	64.1	72.1	-	64.5
■ Retirees				
• Count - Medical	1,118	314	433	1,865
• Count - Dental	1,468	486	476	2,430
• Count - Total	1,950	588	529	3,067
• Average Age	69.4	65.6	69.5	68.7
• Average Retirement Age	58.1	50.7	54.1	56.0

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Valuation Date	■ June 30, 2013 ■ Fiscal Years 2014/15 & 2015/16	■ June 30, 2015 ■ Fiscal Years 2016/17 & 2017/18
■ Discount Rate	■ 4.50% – Pre-fund with one time resources ■ CERBT asset allocation strategy #1	■ Same
■ Retirement, Mortality, Termination, Disability	■ CalPERS – 1997-2011 Experience Study ■ SCERS – 6/30/13 Valuation Assumptions ■ Post Retirement Mortality Projection Scale AA	■ CalPERS – 1997-2011 Experience Study ■ SCERS – 6/30/13 Valuation Assumptions ■ Mortality projected fully generational with Scale MP-14, modified to converge to ultimate improvement rates in year 2022

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation			June 30, 2015 Valuation		
■ Medical Trend		Increase from Prior Year			Increase from Prior Year	
		Non-Medicare	Medicare		Non-Medicare	Medicare
	Year	All Plans		Year	All Plans	
	2013	Actual 2013 Premiums		2013	n/a	
	2014	Actual 2014 Premiums		2014	n/a	
	2015	8.0%	8.3%	2015	Actual 2015 Premiums	
	2016	7.5%	7.8%	2016	Actual 2016 Premiums	
	2017	7.0%	7.2%	2017	7.0%	7.2%
	2018	6.5%	6.7%	2018	6.5%	6.7%
	2019	6.0%	6.1%	2019	6.0%	6.1%
	2020	5.5%	5.6%	2020	5.5%	5.6%
	2021+	5.0%	5.0%	2021+	5.0%	5.0%

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Cap Increase Rates	■ Fire: • Lowest cost medical premium – medical trend • Highest benefit dental premium – dental trend ■ Misc & Police: 3%	■ Fire hired <1/14/15: • Lowest cost $25 co-pay medical premium – medical trend • Lowest cost PPO dental premium – dental trend ■ All Misc, All Police, and Fire hired ≥ 1/14/15: 3% starting 2017
■ Participation at Retirement	■ Based on medical coverage: • Currently covered – 100% • Currently waived – 80%	■ Based on % of benefit earned at retirement:

% of Benefit Earned	Participation Assumption
0%	10%
50%	40%
75%	55%
100%	75%

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

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ACTUARIAL METHODS

Method	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Cost Method	■ Entry Age Normal	
■ Funding Policy	■ Pre-fund one time resources with CERBT asset allocation strategy #1	
■ Actuarial Value of Assets	■ Methodology: • Investment gains/losses spread over 5-year rolling period • Not less than 80% nor more than 120% of market value • Same as CalPERS but shorter period ■ Allocation to Misc/Police/Fire: • Fire Department Unit Trust assets allocated to Fire group • Remaining assets allocated to Misc/Police/Fire in proportion to liability	
■ Amortization Method	■ Level percent of payroll	

ACTUARIAL METHODS

Method	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Amortization Period	■ 20 year closed fresh start amortization of 6/30/14 UAAL (18 years remaining on 6/30/16) ■ 15 years (closed) – subsequent gains/losses, assumption changes, and method changes ■ Maximum 30 years combined period allowed	
■ Implied Subsidy	■ Employer cost for allowing non Medicare-eligible retirees to participate at active rates ■ Medical - implied subsidy valued ■ Dental - none	

Market Value of Plan Assets

(Amounts in 000's)

Market Value of Assets	2014/15	Projected 2015/16		
	CERBT	CERBT	CERBT Fire Sub-Account[2]	Total
■ MVA (Beginning of Year)	$ 4,254	$ 5,239	$ 0	$ 5,239
• Employer Contribution	1,000	8,453[3]	267	8,720
• Employee Contribution	0	0	267	267
• Benefit Payment	(0)	(0)	(0)	(0)
• Administrative Expenses	(5)	-	-	-
• Investment Return	(9)	682	18	700
■ MVA (End of Year)	5,239	14,374	552	14,926
■ Approximate Annual Return	(0.3%)	7.25%	7.25%	7.25%

[2] Projected $45/mo. employee contributions and $45/mo. employer contributions, with expected interest to end of year.
[3] $1 million contribution on 7/1/15 and $7.453 million contribution in January 2016.

Actuarial Value of Plan Assets

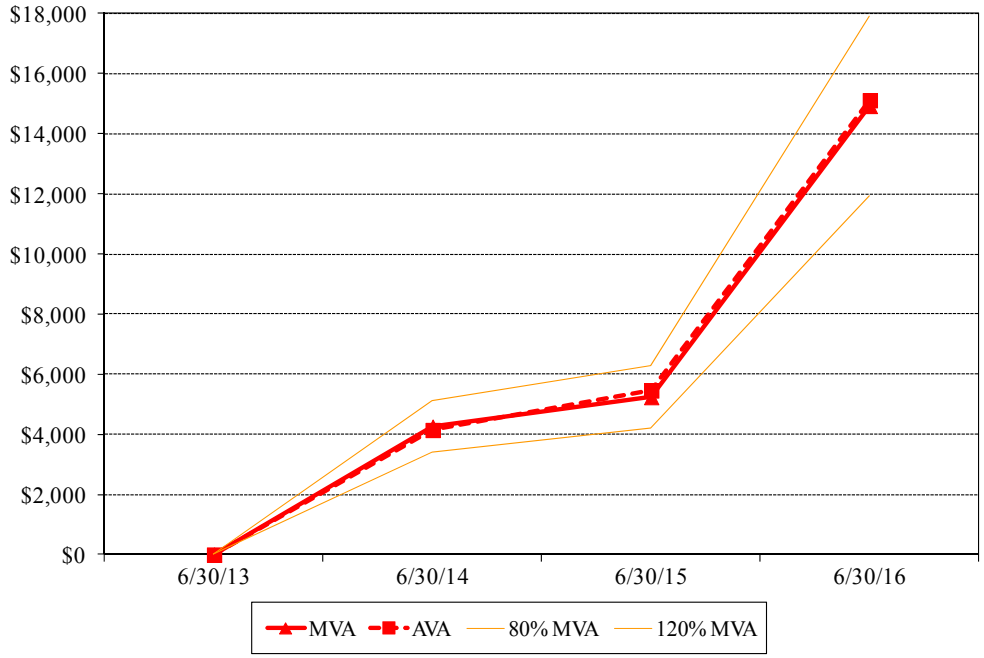
(Amounts in 000's)

Actuarial Value of Assets	2014/15	Projected 2015/16
■ **AVA (Beginning of Year)**	$ 4,143	$ 5,461
• Employer/Employee Contribution	1,000	8,987
• Benefit Payment	(0)	(0)
• Expected Investment Return[4]	373	716
■ **Expected AVA (End of Year)**	5,516	15,163
■ **MVA (End of Year)**	**5,239**	**14,926**
■ **1/5 of (MVA – Expected AVA)**	(55)	(47)
■ **Preliminary AVA[5]**	5,461	15,116
• Minimum AVA (80% of MVA)	4,191	11,941
• Maximum AVA (120% of MVA)	6,287	17,911
■ **AVA (End of Year)**	**5,461**	**15,116**
■ **Approximate Annual Return**	6.2%	6.8%

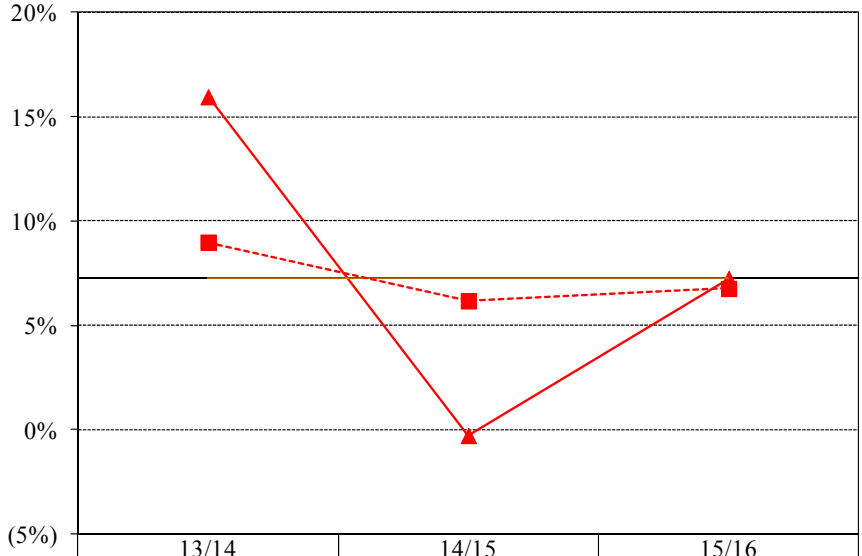
[4] Expected investment return of 7.25%.
[5] Expected AVA plus 20% of the difference between the MVA and expected AVA.

Historical and Projected Value of Plan Assets

(Amounts in $000's)



Annualized Asset Returns



	13/14	14/15	15/16
MVA	16.0%	-0.3%	7.25%
Expected Return	7.25%	7.25%	7.25%
AVA	9.0%	6.2%	6.8%

Actuarial Obligations

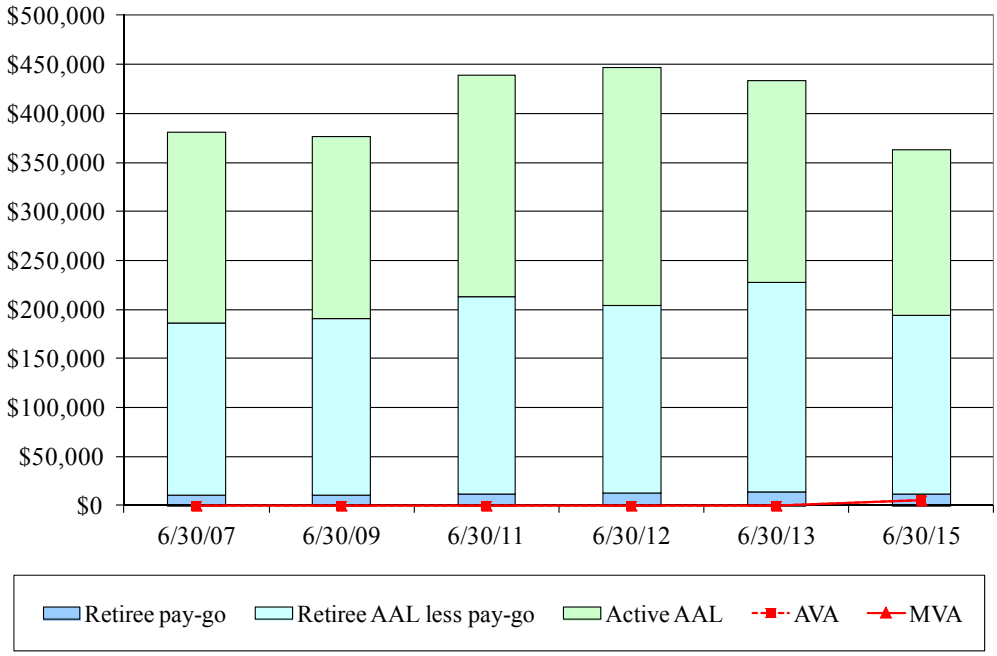
4.50% Discount Rate

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	6/30/13	Projected to 6/30/14	6/30/15	Projected to 6/30/16
■ **Present Value of Benefits**				
• Actives	$404,188		$296,447	
• Retirees	227,955		194,312	
• Total	632,143		490,759	
■ **Actuarial Accrued Liability**				
• Actives	205,740		168,512	
• Retirees	227,955		194,312	
• Total	433,695	$456,370	362,824	$378,534
■ **Actuarial Value of Assets**	-	(4,143)	(5,461)	(15,116)
■ **Unfunded AAL**	433,695	452,227	357,363	363,418
■ **Normal Cost**		16,956		11,921
■ **Pay-As-You-Go Cost**		13,524		12,122

Historical Actuarial Accrued Liability

(Amounts in 000's)



Actuarial Gain/Loss Analysis

(Amounts in 000's)

	NC %	AAL	Assets	UAAL
■ Actual on 6/30/13	6.4%	$433,695	$ -	$433,695
■ Projected to 6/30/14	6.2%	456,370	4,143	452,227
■ Expected on 6/30/16	6.2%	503,422	36,684	466,738
■ Experience (Gains)/Losses:				
• Premiums/Claims/Caps less than Expected	(0.6%)	(48,746)	-	(48,746)
• Demographic and Other	0.3%	(35,381)	-	(35,381)
■ Assets and Contribution Losses			(21,568)	21,568
■ Assumption Changes:				
• Mortality Improvement	0.2%	20,714	-	20,714
• Participation at Retirement	(1.5%)	(59,635)	-	(59,635)
■ Plan Changes:				
• Reduced Benefit for Recent Hires	(0.3%)	(1,840)	-	(1,840)
■ Total (Gains)/Losses	(1.9%)	(124,888)	(21,568)	(103,320)
■ Projected on 6/30/16	4.3%	378,534	15,116	363,418

Unfunded Actuarial Accrued Liability Bases

4.50% Discount Rate

(Amounts in $000's)

	Original Amortization Bases			Balances on 6/30/2016		Amortization Payment
Amortization Bases	Date	Years	Amount	Years	Balance	2016/17
■ Fresh Start UAAL	6/30/14	20	$452,227	18	$466,738[6]	$30,414
■ (Gains)/Losses	6/30/16	15	(103,320)	15	(103,320)	(7,820)
■ Total					363,418	22,594

[6] Includes 2014/15 contribution loss.

Annual Required Contribution (ARC)

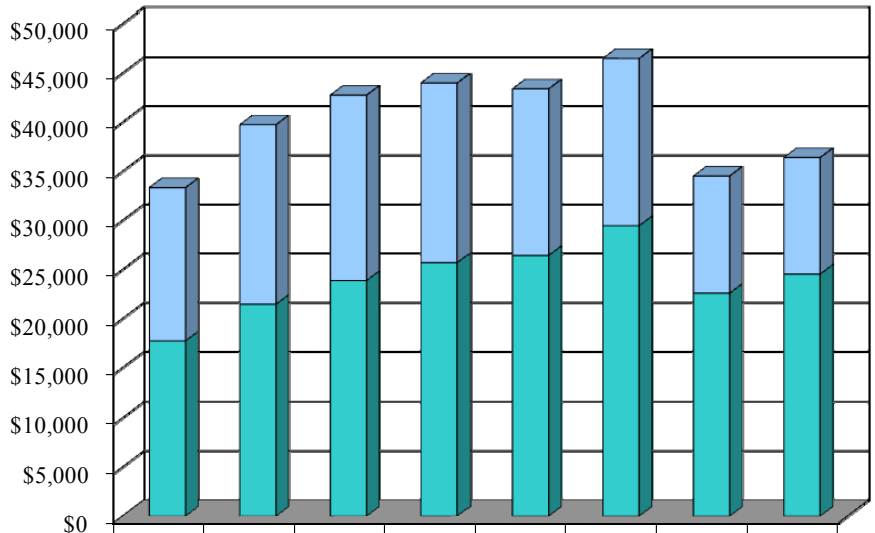
4.50% Discount Rate

(Amounts in 000's)

	6/30/13 Valuation		6/30/15 Valuation	
	2014/15	2015/16	2016/17	2017/18
■ **ARC - $**				
• Normal Cost	$16,956	$17,024	$11,921	$11,860
• UAAL Amortization	26,427	29,456	22,594	24,533
• ARC (End of Year)	43,383	46,480	34,515	36,393
■ **Projected Payroll**	265,867	274,507	279,474	288,557
■ **ARC - % Total Payroll**				
• Normal Cost	6.4%	6.2%	4.3%	4.1%
• UAAL Amortization	9.9%	10.7%	8.1%	8.5%
• ARC	16.3%	16.9%	12.4%	12.6%

Historical Annual Required Contributions

(Amounts in 000's)



	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Normal Cost	15,606	18,272	18,866	18,284	16,956	17,024	11,921	11,860
Amortization	17,729	21,468	23,878	25,690	26,427	29,456	22,594	24,533
ARC	33,335	39,740	42,744	43,974	43,383	46,480	34,515	36,393

Estimated Net OPEB Obligation (NOO)

(Amounts in 000's)

	6/30/12 Val	6/30/13 Val		6/30/15 Val
	CAFR 2013/14	Est. 2014/15	Est. 2015/16	Est. 2016/17
■ **NOO Beginning of Year**	$131,739	$154,197	$180,984	$203,236
• Annual OPEB Cost				
• ARC	43,974	43,383	46,480	34,515
• Interest on NOO	5,928	6,939	8,144	9,146
• Amortization of NOO	(9,971)	(9,011)	(11,486)	(15,382)
• Annual OPEB Cost	39,931	41,311	43,138	28,279
■ **Contributions**				
• Cash Benefit Payments	(9,970)	(9,904)	(9,383)	(9,568)
• Implied Subsidy	(3,503)	(3,620)	(2,516)	(2,554)
• Trust Pre-Funding	(4,000)	(1,000)	(8,987)	(534)
• Total Contribution	(17,473)	(14,524)	(20,886)	(12,656)
■ **NOO End of Year**	154,197	180,984	203,236	218,859
■ **NOO Amort. Factor**	13.2122	17.1121	15.7575	13.2122

10-Year Projection Illustration

4.50% Discount Rate

(Amounts in 000's)

FYE June 30,	Beginning of Year Net OPEB Obligation	ARC	Annual OPEB Cost (AOC)	Contribution			Payroll	ARC as % of Payroll	Contrib as % of Payroll
				Benefit Pmts	Pre-Fund	Total Contrib			
2017	$203,236	$34,515	$28,279	$12,122	$534	$12,656	$279,474	12.4%	4.5%
2018	218,859	36,393	n/a	12,865	534	13,399	288,557	12.6%	4.6%
2019	n/a	38,386	n/a	13,606	534	14,140	297,935	12.9%	4.7%
2020	n/a	40,512	n/a	14,393	534	14,927	307,618	13.2%	4.9%
2021	n/a	42,773	n/a	15,337	534	15,871	317,615	13.5%	5.0%
2022	n/a	45,183	n/a	16,170	534	16,704	327,938	13.8%	5.1%
2023	n/a	47,770	n/a	17,121	534	17,655	338,596	14.1%	5.2%
2024	n/a	50,540	n/a	18,199	534	18,733	349,600	14.5%	5.4%
2025	n/a	53,508	n/a	19,310	534	19,844	360,962	14.8%	5.5%
2026	n/a	56,674	n/a	20,398	534	20,932	372,694	15.2%	5.6%

Actuarial Obligations by Cash/Implied Subsidy

June 30, 2015, 4.50% Discount Rate

(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ **PVPB 6/30/15**			
• Actives	$ 225,356	$ 71,091	$ 296,447
• Retirees	160,169	34,143	194,312
• Total	385,525	105,234	490,759
■ **AAL 6/30/15**			
• Actives	127,057	41,455	168,512
• Retirees	160,169	34,143	194,312
• Total	287,226	75,598	362,824
■ **AAL Projected to 6/30/16**	299,468	79,066	378,534
■ **Assets 6/30/16**[7]	(11,959)	(3,157)	(15,116)
■ **Unfunded AAL 6/30/16**	287,509	75,909	363,418
■ **Normal Cost 2016/17**	9,198	2,723	11,921
■ **Pay-As-You-Go 2016/17**	9,568	2,554	12,122

[7] Assets allocated in proportion to liability.

Annual Required Contribution (ARC) by Cash/Implied Subsidy

2016/17 Fiscal Year, 4.50% Discount Rate

(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ **ARC - $**			
• Normal Cost	$ 9,198	$ 2,723	$ 11,921
• UAAL Amortization	17,874	4,720	22,594
• Total	27,072	7,443	34,515
■ **Projected Payroll**	279,474	279,474	279,474
■ **ARC - %**			
• Normal Cost	3.3%	1.0%	4.3%
• UAAL Amortization	6.4%	1.7%	8.1%
• Total	9.7%	2.7%	12.4%

Actuarial Obligations by Group

June 30, 2015, 4.50% Discount Rate

(Amounts in 000's)

	Misc	Police	Fire	Total
■ **PVPB 6/30/15**				
• Actives	$ 106,959	$ 64,897	$ 124,591	$ 296,447
• Retirees	87,484	36,673	70,155	194,312
• Total	194,443	101,570	194,746	490,759
■ **AAL 6/30/15**				
• Actives	73,597	33,112	61,803	168,512
• Retirees	87,484	36,673	70,155	194,312
• Total	161,081	69,785	131,958	362,824
■ **AAL Projected to 6/30/16**	165,823	73,520	139,191	378,534
■ **Assets 6/30/16**[8]	(6,377)	(2,827)	(5,912)	(15,116)
■ **Unfunded AAL 6/30/16**	159,446	70,693	133,279	363,418
■ **Normal Cost 2016/17**	3,791	2,784	5,346	11,921
■ **Pay-As-You-Go 2016/17**	6,163	2,085	3,874	12,122

[8] Fire Department Trust assets allocated to Fire group, remaining assets allocated to all three groups in proportion to liability.

Annual Required Contribution (ARC) by Group

2016/17 Fiscal Year, 4.50% Discount Rate

(Amounts in 000's)

	Misc	Police	Fire	Total
■ **ARC - $**				
• Normal Cost	$ 3,791	$ 2,784	$ 5,346	$ 11,921
• UAAL Amortization	9,913	4,395	8,286	22,594
• Total	13,704	7,179	13,632	34,515
■ **Projected Payroll**	157,447	68,920	53,108	279,474
■ **ARC - %**				
• Normal Cost	2.4%	4.0%	10.1%	4.3%
• UAAL Amortization	6.3%	6.4%	15.6%	8.1%
• Total	8.7%	10.4%	25.7%	12.4%

Benefit Payment Projection by Cash/Implied Subsidy

(Amounts in 000's)

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2015/16	$9,383	$2,516	$11,899
2016/17	9,568	2,554	12,122
2017/18	10,085	2,780	12,865
2018/19	10,608	2,998	13,606
2019/20	11,164	3,229	14,393
2020/21	11,766	3,571	15,337
2021/22	12,374	3,796	16,170
2022/23	13,044	4,077	17,121
2023/24	13,714	4,485	18,199
2024/25	14,413	4,897	19,310
2025/26	15,116	5,282	20,398

Schedule of Funding Progress

(Amounts in 000's)

Actuarial Valuation Date[9]	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
6/30/07	$ -	$ 380,373	$ 380,373	0.0%	$ 266,317	142.8%
6/30/09	-	376,417	376,417	0.0%	275,252	136.8%
6/30/11	-	439,592	439,592	0.0%	253,528	173.4%
6/30/12	-	447,406	447,406	0.0%	261,768	170.9%
6/30/13	-	433,695	433,695	0.0%	257,498	168.4%
6/30/15	5,461	362,824	357,363	1.5%	270,677	132.0%

[9] The valuation results for 6/30/07 through the 6/30/11 were based on a 4.25% discount rate. The later valuations were based on a 4.50% discount rate.

Discount Rate Sensitivity

(Amounts in 000's)

	Valuation Results	Full Pre-Funding Examples		
		CERBT #1	CERBT #2	CERBT #3
■ **Discount Rate**	**4.50%**	**7.25%**	**6.75%**	**6.25%**
■ **PVPB on 6/30/15**	$490,759	$298,800	$323,887	$352,475
■ **Funded Status on 6/30/16**				
• AAL	378,534	258,918	275,838	294,573
• Assets	(15,116)	(15,116)	(15,116)	(15,116)
• Unfunded AAL	363,418	243,802	260,722	279,457
■ **2016/17 ARC**				
• Normal Cost	$ 11,921	$ 5,962	$ 6,723	$ 7,601
• UAAL Amortization	22,594	19,202	19,707	20,255
• Total ARC	34,515	25,164	26,431	27,857
• ARC as % of payroll	12.4%	9.0%	9.5%	10.0%
■ **Pay-As-You-Go 2016/17**	12,122	12,122	12,122	12,122

This report presents the City of Sacramento Retiree Healthcare Plan ("Plan") June 30, 2015 actuarial valuation. The purpose of this valuation is to:

- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 June 30, 2015 Benefit Obligations,
- Determine the Plan's June 30, 2015 Funded Status, and
- Calculate the 2016/17 and 2017/18 Annual Required Contributions.

The report provides information intended for reporting under GASB 43 and 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the City for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, and asset information provided by the City as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASB 43 and 45. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

John E. Bartel, ASA, MAAA, FCA
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January 25, 2016

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Topic	Page
Premiums	E- 1
Data Summary	E- 9
Actuarial Assumptions	E-30
Definitions	E-39

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2015 Monthly Medical Premiums
Actives

Medical Plan	Single	2-Party	Family
Kaiser HMO - Premium	$ 718.70	$ 1,437.40	$ 1,911.74
Kaiser HMO - Standard	682.72	1,365.44	1,816.04
Kaiser - Account Based Health Plan	561.66	1,123.32	1,494.02
Western Health Advantage - Premium	697.82	1,395.64	1,856.20
Western Health Advantage - Standard	669.10	1,338.18	1,779.78
Western Health Advantage - Account Based Health Plan	495.46	990.90	1,317.90
Sutter Health Plus - Premium	738.52	1,477.06	1,964.48
Sutter Health Plus - Standard	701.54	1,403.06	1,866.08
Sutter Health Plus - Account Based Health Plan	577.16	1,154.32	1,535.22

2015 Monthly Medical Premiums
Non Medicare Retirees

Medical Plan	Single	2-Party	Family
Kaiser HMO - Premium	$ 718.70	$ 1,437.40	$ 1,911.74
Kaiser HMO - Standard	682.72	1,365.44	1,816.04
Western Health Advantage - Premium	697.82	1,395.64	1,856.20
Western Health Advantage - Standard	669.10	1,338.18	1,779.78
Sutter Health Plus - Premium	738.52	1,477.06	1,964.48
Sutter Health Plus - Standard	701.54	1,403.06	1,866.08

2015 Monthly Medical Premiums
Medicare Retirees

Medical Plan	Single	2-Party	Family
Kaiser Senior Advantage - Premium	$ 319.26	$ 606.74	n/a
Kaiser Senior Advantage - Standard	309.06	587.34	n/a
Health Net Seniority Plus - Premium	386.68	773.36	n/a
Health Net Seniority Plus - Standard	377.31	754.62	n/a

2015 Monthly Dental Premiums

Actives

Dental Plan	Single	2-Party	Family
Delta Dental DPPO	$ 53.16	$ 100.98	$134.46
Delta Care DHMO	27.86	52.92	70.44

Retirees

Dental Plan	Single	2-Party	Family
Delta Dental DPPO	$ 51.46	$ 91.42	$ 159.40
Delta Care DHMO	27.86	52.92	70.44

2016 Monthly Medical Premiums
Actives

Medical Plan	Single	2-Party	Family
Kaiser HMO – Premium ($25)	$ 664.40	$1,328.80	$1,767.32
Kaiser HMO – Standard ($40)	655.08	1,310.16	1,742.52
Kaiser - Account Based Health Plan	540.94	1,081.88	1,438.90
Western Health Advantage – Premium ($25)	669.10	1,338.18	1,779.78
Western Health Advantage – Standard ($40)	657.70	1,315.40	1,749.50
Western Health Advantage - Account Based Health Plan	513.50	1,027.00	1,365.90
Sutter Health Plus – Premium ($25)	652.42	1,304.84	1,735.46
Sutter Health Plus – Standard ($40)	628.32	1,257.64	1,672.30
Sutter Health Plus - Account Based Health Plan	536.76	1,073.52	1,427.74

2016 Monthly Medical Premiums
Non Medicare Retirees

Medical Plan	Single	2-Party	Family
Kaiser HMO – Premium ($25)	$ 664.40	$ 1,328.80	$ 1,767.32
Kaiser HMO – Standard ($40)	655.08	1,310.16	1,742.52
Western Health Advantage – Premium ($25)	669.10	1,338.18	1,779.78
Western Health Advantage – Standard ($40)	657.70	1,315.40	1,749.50
Sutter Health Plus – Premium ($25)	652.42	1,304.84	1,735.46
Sutter Health Plus – Standard ($40)	628.32	1,257.64	1,672.30

2016 Monthly Medical Premiums
Medicare Retirees

Medical Plan	Single	2-Party	Family
Kaiser Senior Advantage – Premium ($15)	$ 324.68	$ 617.04	n/a
Kaiser Senior Advantage – Standard ($20)	314.30	597.32	n/a
Health Net Seniority Plus ($15)	398.28	796.56	n/a
Health Net Seniority Plus ($20)	388.63	777.26	n/a

2016 Monthly Dental Premiums

Actives

Dental Plan	Single	2-Party	Family
Delta Dental DPPO	$ 51.42	$ 97.66	$ 130.04
Delta Care DHMO	27.86	52.92	70.44

Retirees

Dental Plan	Single	2-Party	Family
Delta Dental DPPO	$ 49.76	$ 88.42	$ 154.16
Delta Care DHMO	27.86	52.92	70.44

Medical Plan Participation

Non-Waived Participants
June 30, 2015

Plan	Actives	Retirees	
		< 65	≥ 65
Kaiser HMO - Premium	11%	26%	49%
Kaiser HMO - Standard	40%	35%	19%
Kaiser - ABP	13%	0%	0%
Sutter Health – Premium	3%	3%	1%
Sutter Health – Standard	11%	11%	1%
Sutter Health - ABP	2%	0%	0%
Western Health Advantage - Premium	3%	7%	0%
Western Health Advantage - Standard	12%	13%	1%
Western Health Advantage - ABP	5%	0%	0%
Health Net Seniority Plus - Premium	0%	2%	22%
Health Net Seniority Plus - Standard	0%	2%	7%
Total	100%	100%	100%

Current Active Medical Coverage

June 30, 2015

Medical Plan	Single	2-Party	Family	Waived	Total
Kaiser HMO - Premium	161	48	109	-	318
Kaiser HMO - Standard	547	154	420	-	1,121
Kaiser - ABP	141	59	168	-	368
Sutter Health – Premium	35	15	32	-	82
Sutter Health – Standard	120	48	133	-	301
Sutter Health - ABP	25	7	25	-	57
Western Health Advantage - Premium	46	14	26	-	86
Western Health Advantage - Standard	152	52	117	-	321
Western Health Advantage - ABP	62	17	69	-	148
Waived	-	-	-	711	711
Total	1,289	414	1,099	711	3,513

Current Retiree Medical Coverage – Pre 65

Medical Plan	Single	2-Party	Family	Waived	Total
Kaiser HMO Premium	82	21	5	-	108
Kaiser HMO Standard	122	31	15	-	168
Kaiser Oregon HMO	2	-	-	-	2
Kaiser Senior Advantage Premium	23	5	1	-	29
Kaiser Senior Advantage Standard	10	7	1	-	18
Health Net Senior Plus Premium	10	-	-	-	10
Health Net SeniorPlus Standard	7	1	-	-	8
Western Health Premium	31	7	1	-	39
Western Health Standard	45	23	3	-	71
Sutter Health Premium	12	2	1	-	15
Sutter Health Standard	44	10	6	-	60
Waived	-	-	-	494	494
Total	388	107	33	494	1,022

Current Retiree Medical Coverage – Post 65

Medical Plan	Single	2-Party	Family	Waived	Total
Kaiser HMO Premium	49	8	2	-	59
Kaiser HMO Standard	8	6	-	-	14
Kaiser Colorado HMO	3	-	-	-	3
Kaiser Hawaii HMO	2	1	-	-	3
Kaiser Oregon HMO	7	-	-	-	7
Kaiser Senior Advantage Premium	357	199	6	-	562
Kaiser Senior Advantage Standard	119	114	1	-	234
Health Net Senior Plus Premium	216	66	-	-	282
Health Net SeniorPlus Standard	70	21	-	-	91
Western Health Premium	3	1	-	-	4
Western Health Standard	6	-	1	-	7
Sutter Health Premium	8	1	-	-	9
Sutter Health Standard	8	4	-	-	12
Waived	-	-	-	815	815
Total	856	421	10	815	2,102

Dental Coverage
June 30, 2015

Actives

Dental Plan	Single	2-Party	Family	Waived	Total
Delta Dental DPPO	909	471	1,032	-	2,412
Delta Care DHMO	184	73	161	-	418
Waived	-	-	-	683	683
Total	1,093	544	1,193	683	3,513

Retirees

Dental Plan	Single	2-Party	Family	Waived	Total
Delta Dental DPPO	1,116	1,021	200	-	2,337
Delta Care DHMO	73	43	11	-	127
Waived	-	-	-	660	660
Total	1,189	1,064	211	660	3,124

Retiree Medical and Dental Participation

Valuation Date	Medical Only	Dental Only	Both Medical & Dental	Neither Medical nor Dental	Total
6/30/2009	188	549	1,686	350	2,773
6/30/2011	309	592	1,478	431	2,810
6/30/2013	220	785	1,645	417	3,067
6/30/2015	214	863	1,601	446	3,124

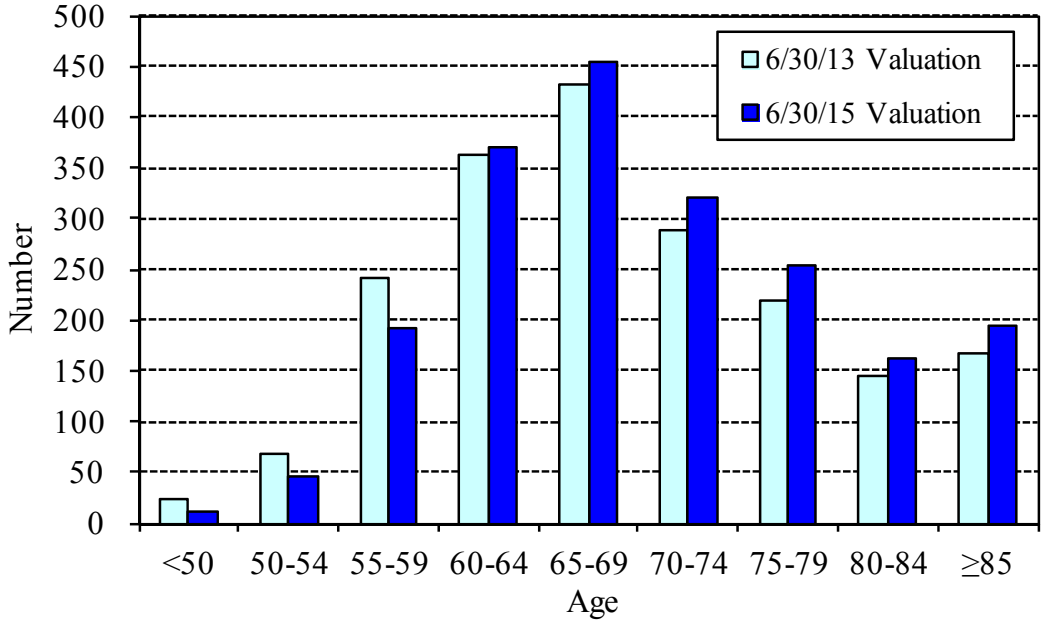
Retiree Medical Plan Coverage by Age

June 30, 2015
Miscellaneous

Age	Single	2-Party	Family	Waived	Total
Under 50	2	1	-	9	12
50-54	9	4	2	31	46
55-59	66	11	2	114	193
60-64	156	40	7	168	371
65-69	162	69	-	222	453
70-74	133	62	-	126	321
75-80	104	50	1	99	254
80-85	66	33	2	62	163
85 & Over	112	15	-	67	194
Total	810	285	14	898	2,007
Average Age	71.9	71.8	63.5	69.1	70.6

Retiree Age Distribution

Miscellaneous



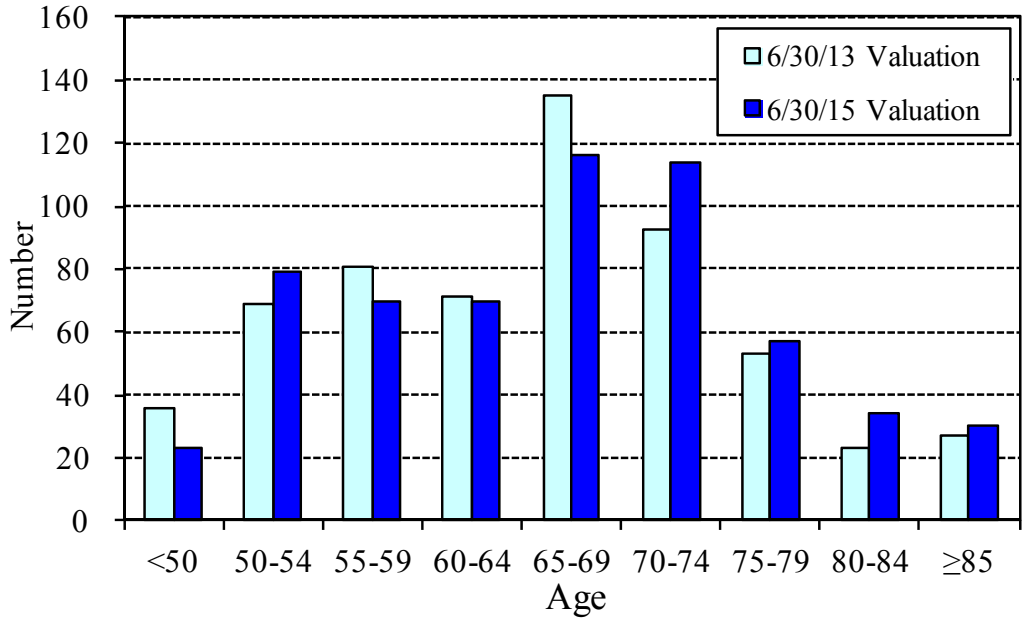
Retiree Medical Plan Coverage by Age

June 30, 2015
Police

Age	Single	2-Party	Family	Waived	Total
Under 50	4	1	0	18	4
50-54	21	2	5	51	21
55-59	17	12	1	40	17
60-64	24	9	3	34	24
65-69	43	21	1	51	43
70-74	40	22	1	51	40
75-80	14	22	0	21	14
80-85	14	9	0	11	14
85 & Over	16	7	0	7	16
Total	193	105	11	284	593
Average Age	68.4	71.1	58.9	64.1	66.7

Retiree Age Distribution

Police



Retiree Medical Plan Coverage by Age

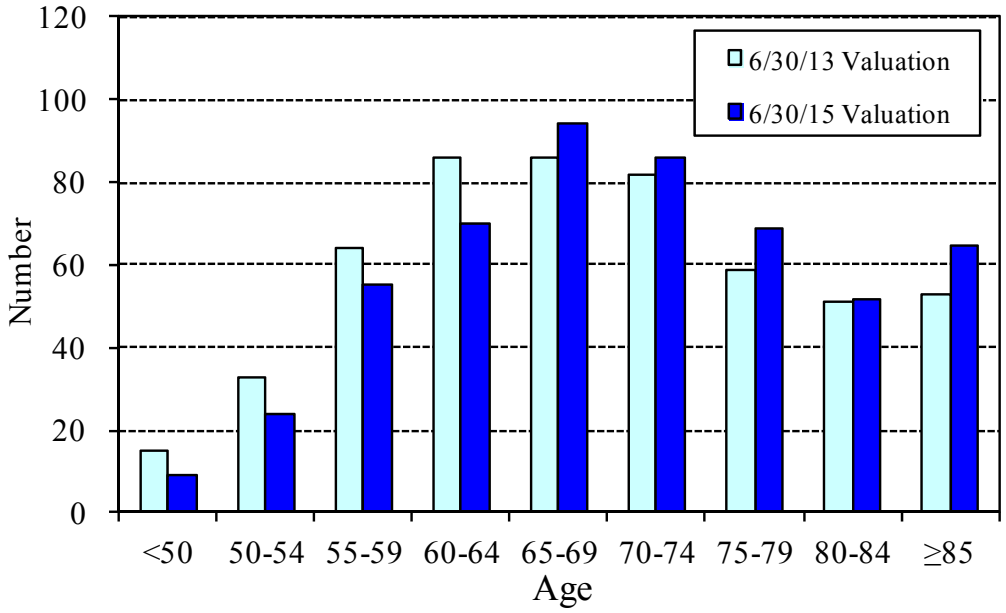
June 30, 2015

Fire

Age	Single	2-Party	Family	Waived	Total
Under 50	5	1	0	3	9
50-54	15	1	4	4	24
55-59	31	10	4	10	55
60-64	38	15	5	12	70
65-69	43	29	4	18	94
70-74	35	27	0	24	86
75-80	22	27	1	19	69
80-85	20	17	0	15	52
85 & Over	32	11	0	22	65
Total	241	138	18	127	524
Average Age	69.7	72.4	61.0	73.3	71.0

Retiree Age Distribution

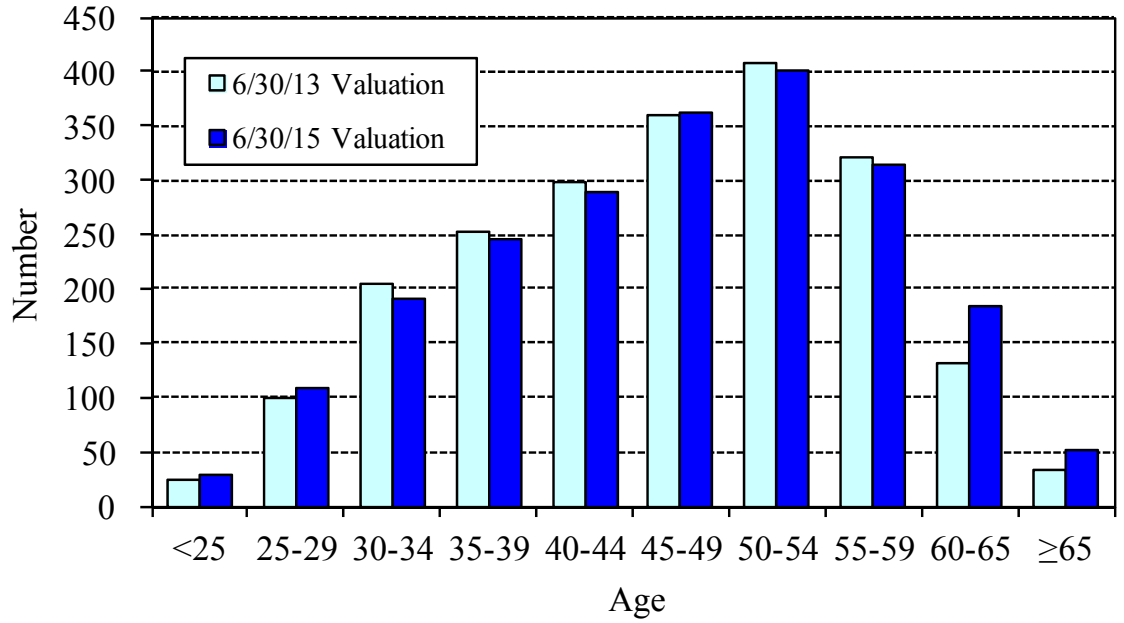
Fire



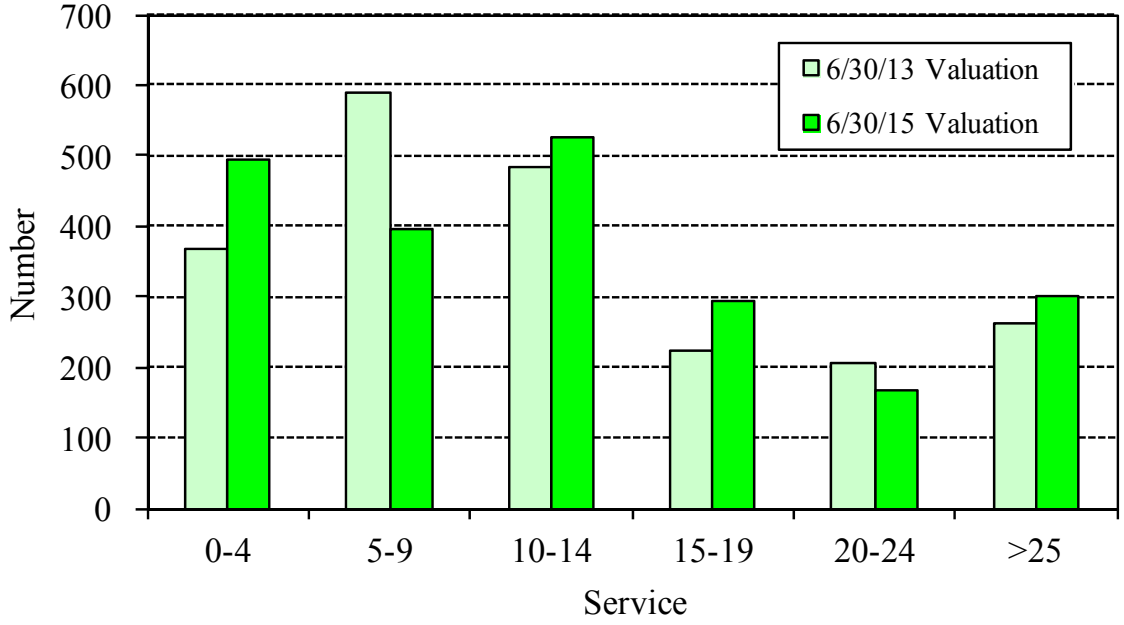
Actives by Age and Service
June 30, 2015
Miscellaneous

Age	City Service							
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	Total
< 25	15	13	1	-	-	-	-	29
25-29	47	38	20	4	-	-	-	109
30-34	43	49	51	40	8	-	-	191
35-39	40	47	58	76	21	4	-	246
40-44	31	40	76	84	39	15	5	290
45-49	21	37	65	106	66	34	34	363
50-54	12	28	44	98	69	50	99	400
55-59	3	11	44	64	54	35	103	314
60-64	4	5	26	43	27	24	54	183
≥ 65	4	6	9	12	9	6	5	51
Total	220	274	394	527	293	168	300	2,176

Active Age Distribution
Miscellaneous



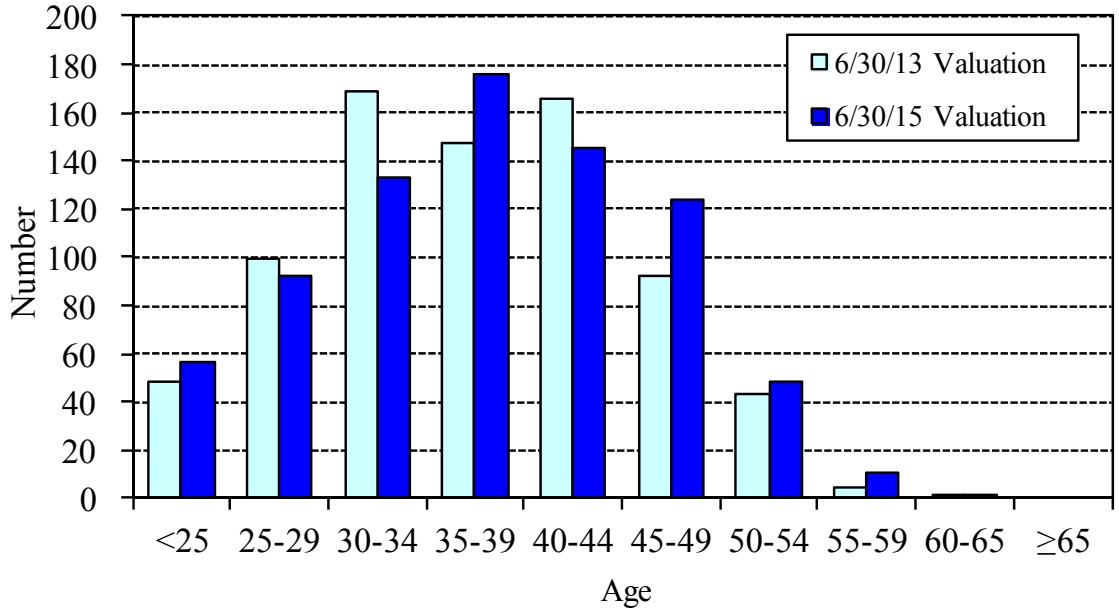
Active Service Distribution
Miscellaneous



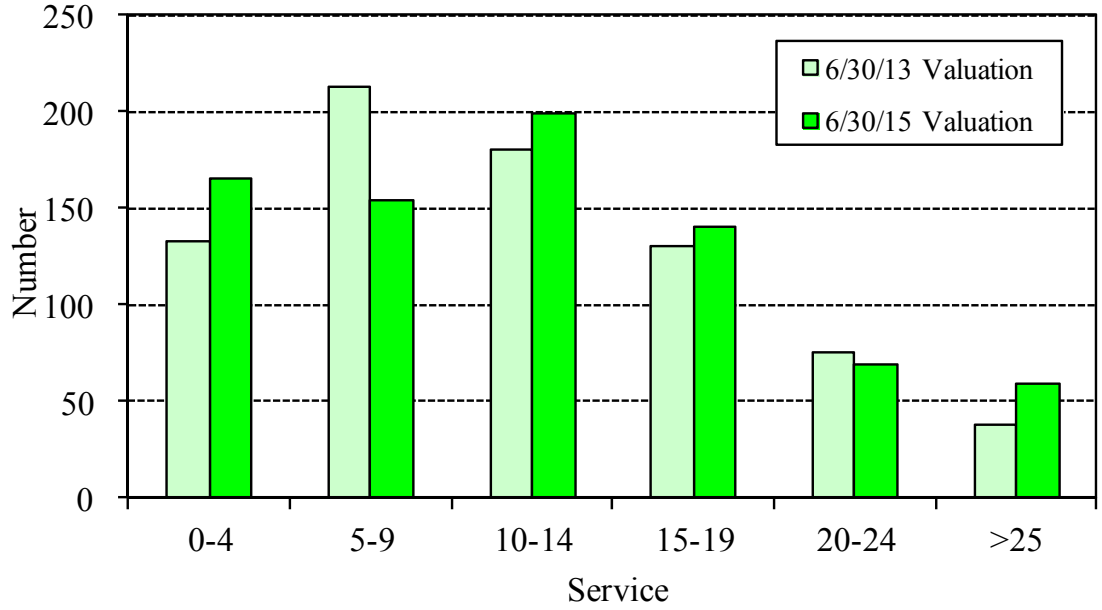
Actives by Age and Service
June 30, 2015
Police

Age	City Service							
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	Total
< 25	37	19	1	-	-	-	-	57
25-29	43	25	19	5	-	-	-	92
30-34	13	21	73	24	2	-	-	133
35-39	1	3	41	94	35	2	-	176
40-44	-	3	12	52	59	19	-	145
45-49	-	1	6	23	40	30	24	124
50-54	-	-	1	1	3	16	27	48
55-59	-	-	1	-	1	1	8	11
60-64	-	-	-	-	1	1	-	2
≥ 65	-	-	-	-	-	-	-	-
Total	94	72	154	199	141	69	59	788

Active Age Distribution
Police



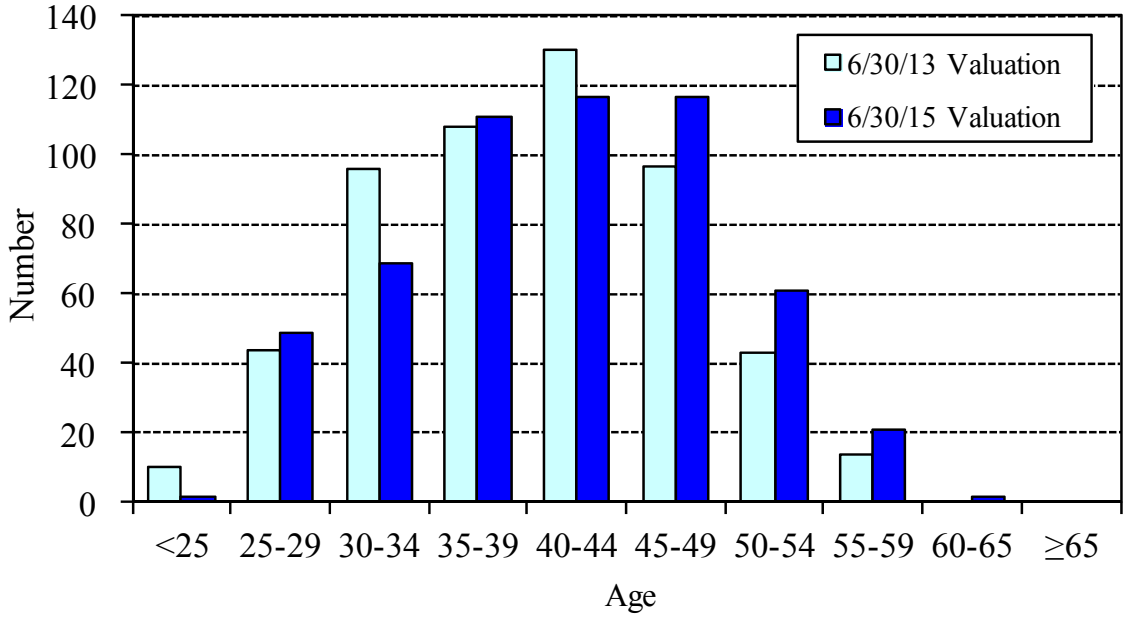
Active Service Distribution
Police



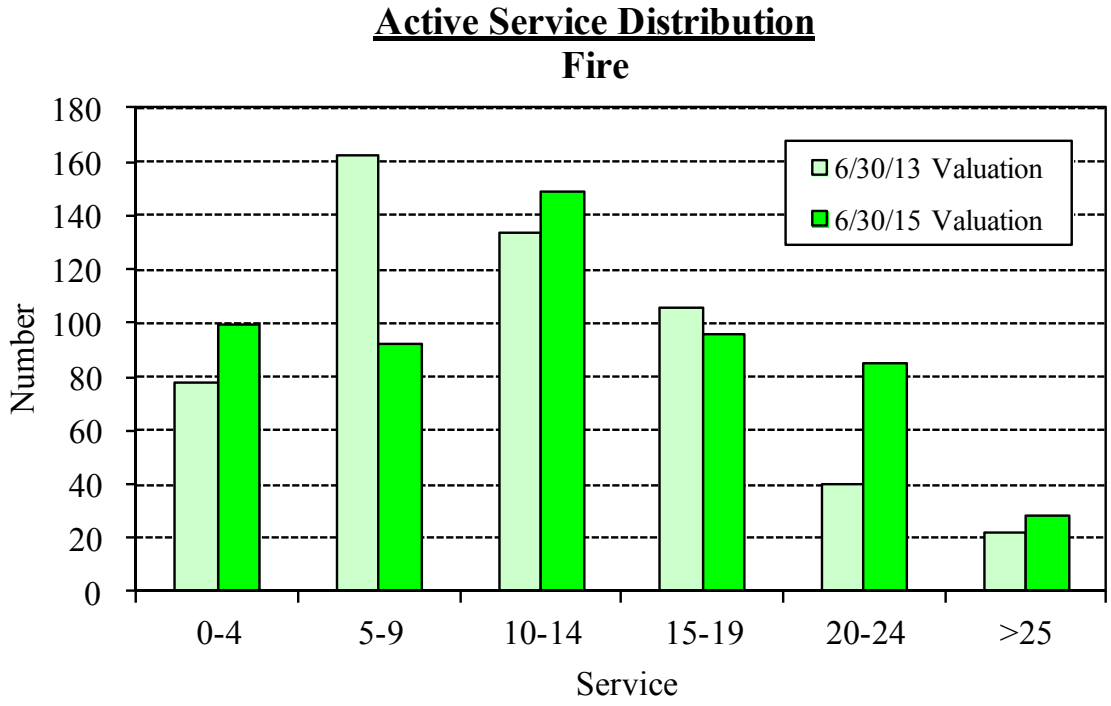
Actives by Age and Service
June 30, 2015
Fire

Age	City Service							
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	Total
< 25	2	-	-	-	-	-	-	2
25-29	26	22	1	-	-	-	-	49
30-34	10	21	21	17	-	-	-	69
35-39	5	8	37	55	6	-	-	111
40-44	1	-	22	46	40	8	-	117
45-49	1	2	5	25	37	44	3	117
50-54	-	-	3	6	11	25	16	61
55-59	-	1	3	-	2	6	9	21
60-64	-	-	-	-	-	2	-	2
≥ 65	-	-	-	-	-	-	-	-
Total	45	54	92	149	96	85	28	549

Active Age Distribution
Fire



DATA SUMMARY



ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Valuation Date	■ June 30, 2013 ■ Fiscal Years 2014/15 & 2015/16	■ June 30, 2015 ■ Fiscal Years 2016/17 & 2017/18
■ Discount Rate	■ 4.50% – Pre-fund one time resources with CERBT asset allocation strategy #1 ■ Sensitivity – 7.25%, 6.75%, 6.25%, full pre-funding with CERBT	■ Same
■ General Inflation	■ 3.00%	■ Same
■ Aggregate Payroll Increases	■ 3.25%	■ Same

ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Mortality, Termination, Disability	■ CalPERS - 1997-2011 Experience Study ■ SCERS – 6/30/13 Valuation Assumptions ■ Post Retirement Mortality Projection Scale AA	■ CalPERS – 1997-2011 Experience Study ■ SCERS – 6/30/13 Valuation Assumptions ■ Mortality projected fully generational with Scale MP-14, modified to converge to ultimate improvement rates in year 2022

ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Service Retirement	■ CalPERS 1997-2011 Experience Study ■ SCERS – 6/30/13 Valuation Assumptions	■ CalPERS 1997-2011 Experience Study ■ SCERS – 6/30/13 Valuation Assumptions
■ CalPERS Service	■ City service plus ½ service between age 30 and City hire date	■ Same

	Level	ERA
Fire	3%@55	57
Police	3%@50	54
Misc	2%@55	59
Fire PEPRA	2.7%@57	58
Police PEPRA	2.7%@57	56
Misc PEPRA	2%@62	61

	Level	ERA
Fire	3%@55	57
Police	3%@50	54
Misc	2%@55	59
Fire PEPRA	2.7%@57	58
Police PEPRA	2.7%@57	56
Misc PEPRA	2%@62	61

ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Medical Trend	Increase from Prior Year Non-Medicare / Medicare Year / All Plans 2013: Actual 2013 Premiums 2014: Actual 2014 Premiums 2015: 8.0% / 8.3% 2016: 7.5% / 7.8% 2017: 7.0% / 7.2% 2018: 6.5% / 6.7% 2019: 6.0% / 6.1% 2020: 5.5% / 5.6% 2021+: 5.0% / 5.0%	Increase from Prior Year Non-Medicare / Medicare Year / All Plans 2013: n/a 2014: n/a 2015: Actual 2015 Premiums 2016: Actual 2016 Premiums 2017: 7.0% / 7.2% 2018: 6.5% / 6.7% 2019: 6.0% / 6.1% 2020: 5.5% / 5.6% 2021+: 5.0% / 5.0%
■ Dental & Vision Trend	■ 3%	■ Same

ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Participation at Retirement	■ Based on medical coverage: • Currently covered – 100% • Currently waived – 80%	■ Based on % of benefit earned at retirement: % of Benefit Earned / Participation Assumption 0% / 10% 50% / 40% 75% / 55% 100% / 75%
■ Cap Increase Rates	■ Fire: • Lowest cost medical premium – medical trend • Highest benefit dental premium – dental trend ■ Misc & Police: 3%	■ Fire hired <1/14/15: • Lowest cost $25 co-pay medical premium – medical trend • Lowest cost PPO dental premium – dental trend ■ All Misc, All Police, and Fire hired ≥ 1/14/15: 3% starting 2017

ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Estimated Monthly Age-Based Claims Cost per Retiree		

	FY 2013/14		
Medical Plan	Age	M	F
Kaiser HMO	50	$604	$786
	55	781	801
	60	992	855
Health Net HMO	50	659	857
	55	851	873
	60	1,082	932

	FY 2015/16		
Medical Plan	Age	M	F
Kaiser HMO	50	$610	$794
	55	789	809
	60	1,002	863
Sutter Health	50	642	835
	55	830	851
	60	1,055	909
Western Health	50	616	801
	55	796	816
	60	1,011	871

■ Pre 1/1/91 Inactive Vested Ret. Age	■ SCERS: • Sect 399 – Age 62 • Sect 175 – Age 65	■ Same

ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Medical Plan at Retirement	■ Currently covered – Same as active elections ■ Currently waived or in active-only plan – Kaiser HMO Premium Plan	■ Currently covered – Same as active elections: • Pre-Medicare – same as current active elections with Account Based Plans => Standard Plans • Post-Medicare: ➢ Kaiser => Kaiser SA ➢ Sutter Health and Western Health => HN Seniority+ ■ Currently waived – Kaiser HMO Premium Plan
■ Waived Retiree Re-Election	■ Retirees < 65 – 30% re-elect at age 65 ■ Retirees ≥ 65 – 0% re-elect	■ Same

ACTUARIAL ASSUMPTIONS

	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Medicare Eligible Rate	■ Hired before 4/1/86: • Misc – 90% • Safety – 80% ■ Hired on or after 4/1/86: 100% ■ Retirees under age 65: • Misc – 95% • Safety – 90%	■ Same
■ Marital Status at Retirement	■ Actives: • Currently covered – current marital status • Not currently covered – 85% married ■ Retirees – current marital status	■ Same

ACTUARIAL ASSUMPTIONS

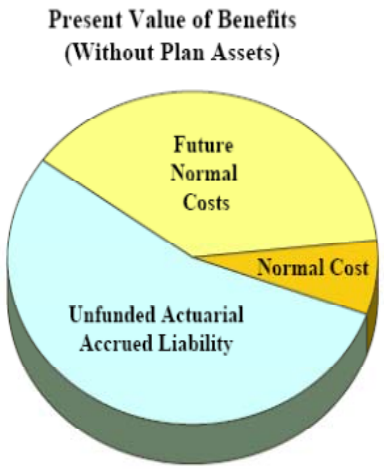
	June 30, 2013 Valuation	June 30, 2015 Valuation
■ Spouse Age	■ Actives – Males 3 years older than females ■ Retirees – Males 3 years older than females if spouse birth date not available	■ Same
■ Surviving Spouse Participation	■ 100%	■ Same
■ Dependents at Retirement	■ Pre-65: • Actives ➢ Misc – 10% ➢ Safety – 20% • Retirees – same as current coverage ■ Post-65 – 0%	■ Same

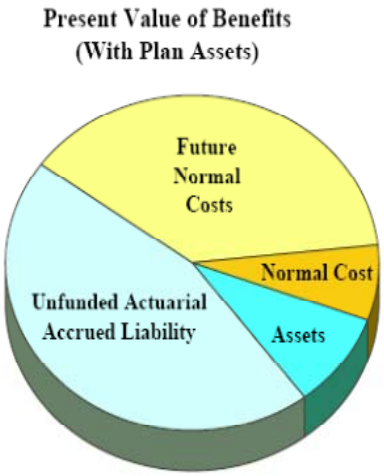
DEFINITIONS

■ GASB 45 Accrual Accounting	• Project future employer-provided benefit cash flow for current active employees and current retirees • Discount projected cash flow to valuation date using discount rate and actuarial assumptions to determine present value of benefits (PVB) • Discount rate is expected long-term return on plan assets • Allocate PVB to past, current, and future periods • Normal Cost (NC) is portion of PVB allocated to current fiscal year • Actuarial cost method used for valuation is Entry Age Normal Cost method which determines Normal Cost as a level percent of payroll • Actuarial Accrued Liability (AAL) is portion of PVB allocated to prior service with the employer • Unfunded AAL (UAAL) is AAL less Plan Assets • Assets must be in segregated and restricted trust to be considered Plan Assets for GASB 45
■ PayGo Cost	• Cash subsidy is employer pay-as-you-go benefit payments for retirees • Implied subsidy is difference between actual cost of retiree benefits and retiree premiums subsidized by active employee premiums

DEFINITIONS

Present Value of Benefits





DEFINITIONS

■ Annual Required Contribution (ARC)	• GASB 45 contribution is Normal Cost plus amortization of: ➢ Initial UAAL and AAL for plan, assumption, and method changes ➢ Experience gains and losses (difference between actual experience and that expected from assumptions) ➢ Contribution gains and losses (difference between ARC and actual contributions)
■ Net OPEB Obligation (NOO)	• NOO is accumulated amounts expensed but not funded • Net OPEB Asset if amounts funded exceed those expensed
■ Annual OPEB Cost (AOC)	• Expense for current period including: ➢ ARC ➢ Interest on NOO ➢ Adjustment of NOO • Adjustment of NOO prevents double counting of expense since ARCs include amortization of prior contribution gains and losses previously expensed

DEFINITIONS

■ Terminology Used in Report	• AAL - Actuarial Accrued Liability • AOC - Annual OPEB Cost • ARC - Annual Required Contribution • BOY - Beginning of Fiscal Year • EAN - Entry Age Normal Cost Method • GASB 45 - Governmental Accounting Standards Board Statement No. 45 • NOO - Net OPEB Obligation • OPEB - Other (than pensions) Post Employment Benefits • NC - Normal Cost • PVB - Present Value of Projected Benefits • UAAL - Unfunded Actuarial Accrued Liability