

Sacramento County Employees' Retirement System (SCERS)

**Governmental Accounting Standards Board
Statement 68 (GASBS 68) Actuarial Valuation
Based on June 30, 2015 Measurement Date for
Employer Reporting as of June 30, 2016**



This report has been prepared at the request of the Board of Retirement to assist the sponsors of the Fund in preparing their financial report for their liabilities associated with the SCERS pension plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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June 22, 2016

*Board of Retirement
Sacramento County Employees' Retirement System
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Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement 68 (GASBS 68) Actuarial Valuation based on a June 30, 2015 measurement date for employer reporting as of June 30, 2016. It contains various information that will need to be disclosed in order for SCERS employers to comply with GASBS 68.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the SCERS pension plan. The census and financial information on which our calculations were based was provided by SCERS. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for SCERS.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

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SECTION 1: Valuation Summary for Sacramento County Employees' Retirement System

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standards Board Statement 68 (GASBS 68) for employer reporting as of June 30, 2016. The results used in preparing this GASBS 68 report are comparable to those used in preparing the Governmental Accounting Standards Board Statement 67 (GASBS 67) report for the plan based on a reporting date and a measurement date as of June 30, 2015. This valuation is based on:

- The benefit provisions of SCERS, as administered by the Board;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2015, provided by SCERS;
- The assets of the Plan as of June 30, 2015, provided by SCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2015 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2015 valuation.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The Governmental Accounting Standard Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices.

SECTION 1: Valuation Summary for Sacramento County Employees' Retirement System

- When measuring pension liability GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as SCERS uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as SCERS' Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.
- The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis.
- The NPL was measured as of June 30, 2015 and June 30, 2014 and determined based upon the results of the actuarial valuations as of June 30, 2015 and June 30, 2014, respectively.

The NPL increased from \$770.9 million as of June 30, 2014 to \$1,149.9 million as of June 30, 2015 primarily as a result of unfavorable investment results during 2014/2015 offset somewhat by actual individual salary increases and actual COLA increases less than expected by the actuarial assumptions. Changes in these values during the last two fiscal years ending June 30, 2014 and June 30, 2015 can be found in Exhibit 5.

- The discount rates used to determine the TPL and NPL as of June 30, 2015 and June 30, 2014 were 7.50% and 7.50%, respectively. The detailed calculations used in this derivation can be found in Appendix A of Section 3. Various other information that is required to be disclosed can be found throughout Exhibits 1 through 13 in Section 2.
- The NPL excludes a liability of \$30.8 million that is attributable to members of Florin Fire based on the latest estimate of the asset shortfall for this withdrawn employer.
- The Plan's Fiduciary Net Position includes \$21.4 million that is available to offset a portion of the members' future COLA contribution rates. Since the \$21.4 million can only be used in the future to reduce contribution rates for the employees, we have included a liability of the same amount so that the employer's net NPL is unchanged by the availability of this amount.

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- The Safety membership class has only one active employer (the County) that was making contributions in 2013/2014 and 2014/2015, so all of the NPLs for Safety as of both June 30, 2014 and June 30, 2015 are allocated to the County.

For Miscellaneous, the NPLs as of June 30, 2014 and June 30, 2015 are allocated based on the actual employer contributions within the Miscellaneous membership class made during 2013/2014 and 2014/2015, respectively. The steps we used are as follows:

- First calculate ratio of employer's contributions to the total contributions for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

The NPL allocation can be found in Exhibit 7 in Section 2.

SECTION 1: Valuation Summary for Sacramento County Employees' Retirement System

Summary of Key Valuation Results

Reporting Date for Employer under GASBS 68	6/30/2016⁽¹⁾	6/30/2015⁽²⁾
Measurement Date for Employer under GASBS 68	6/30/2015	6/30/2014
Disclosure elements for fiscal year ending June 30:		
Service cost	\$185,428,152	\$192,701,338
Total Pension Liability	9,028,679,000	8,580,928,000
Plan Fiduciary Net Position	7,878,814,000	7,810,001,000
Net Pension Liability	1,149,865,000	770,927,000
Schedule of contributions for fiscal year ending June 30:		
Actuarially determined contributions	\$222,959,365	\$210,503,324
Actual contributions	222,959,365	210,503,324
Contribution deficiency (excess)	0	0
Demographic data for plan year ending June 30:		
Number of retired members and beneficiaries	10,541	10,049
Number of vested terminated members ⁽³⁾	3,261	3,201
Number of active members	12,072	12,049
Key assumptions:		
Investment rate of return	7.50%	7.50%
Inflation rate	3.25%	3.25%
Projected salary increases ⁽⁴⁾	4.50% - 11.50%, varying by service, including inflation	4.50% - 11.50%, varying by service, including inflation

⁽¹⁾ The reporting date and measurement date for the plan are June 30, 2015.

⁽²⁾ The reporting date and measurement date for the plan are June 30, 2014.

⁽³⁾ Includes terminated members with member contributions on deposit.

⁽⁴⁾ Includes inflation at 3.25% plus real across the board salary increase of 0.25% plus merit and promotional increases.

SECTION 1: Valuation Summary for Sacramento County Employees' Retirement System

Important Information about Actuarial Valuations

In order to prepare an actuarial valuation, Segal Consulting (“Segal”) relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by SCERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** This valuation is based on the market value of assets as of the valuation date, as provided by SCERS.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal’s actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan’s assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

SECTION 1: Valuation Summary for Sacramento County Employees' Retirement System

- If SCERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of SCERS, it is not a fiduciary in its capacity as actuaries and consultants with respect to SCERS.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 1

General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Cost-Sharing Pension Plan

Plan Description

Plan administration. The Sacramento County Employees' Retirement System (SCERS) was established by the County of Sacramento in 1941. SCERS is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq). SCERS is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the Safety and Miscellaneous members employed by the County of Sacramento. SCERS also provides retirement benefits to the employee members of the Superior Court of California (County of Sacramento) and eleven Special Districts.

The management of SCERS is vested with the Sacramento County Board of Retirement. The Board consists of nine members and two alternates. The County Director of Finance is appointed by the County Executive, subject to confirmation by the Board of Supervisors. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two members are elected by the Miscellaneous membership; one member and one alternate are elected by the Safety membership, one member and one alternate are elected by the retired members of the System. All members of the Board of Retirement serve terms of three years except for the County Director of Finance whose term runs concurrent with her term as Director of Finance.

Plan membership. At June 30, 2015, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	10,541
Vested terminated members entitled to but not yet receiving benefits	3,261
Active members	<u>12,072</u>
Total	25,874

Benefits provided. SCERS provides service retirement, disability, death and survivor benefits to eligible employees. All permanent full-time or part-time employees of the County of Sacramento or contracting district become members of SCERS upon employment. There are separate retirement plans for Safety and Miscellaneous member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain other classifications. There are four tiers applicable to Safety members. Those hired prior to January 1, 2012 are included in either Tier 1 or Tier 2 depending on date of hire and bargaining unit. Those hired after that date but prior to January 1, 2013 are included

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

in Tier 3. Any new Safety member who becomes a member on or after January 1, 2013 is designated PEPRSA Safety (Tier 4) and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197. All other employees are classified as Miscellaneous members. There are five tiers applicable to Miscellaneous members. Those hired prior to September 27, 1981 are included in Tier 1. Those hired after that date but prior to January 1, 2012 are included in Tier 2 or Tier 3 depending on date of hire and bargaining unit. County members hired after that date but prior to January 1, 2013 are included in Tier 4. New members hired on or after January 1, 2013 are designated as PEPRA Miscellaneous (Tier 5) and are subject to the provisions of California Government Code 7522 et seq. and AB 197.

Safety members hired prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 50, and have acquired five years of retirement service credit.

Miscellaneous members hired prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. Miscellaneous members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 52, and have acquired five years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

Safety member benefits for Tier 1 and Tier 2 are calculated pursuant to the provisions of California Government Code Section 31664.1. Safety member benefits for Tier 3 are calculated pursuant to the provision of California Government Code Section 31664.2. The monthly allowance is equal to 2% of the first \$350 of final compensation, plus 3% of the excess final compensation times years of accrued retirement service credit times age factor from either Section 31664.1 (Tier 1 and 2) or 31664.2 (Tier 3). Safety member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

Miscellaneous member benefits for Tier 1, Tier 2 and Tier 3 are calculated pursuant to the provisions of California Government Code Section 31676.14. Miscellaneous member benefits for Tier 4 are calculated pursuant to the provisions of California Government Code Section 31676.1. The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from either Section 31676.14 (Tier 1, Tier 2 and Tier 3) or Section 31676.1 (Tier 4). Miscellaneous member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government

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Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members with membership dates on or after January 1, 2013.

Final average compensation consists of the highest 12 consecutive months for a Tier 1 Safety or Tier 1 Miscellaneous member and the highest 36 consecutive months for a Tier 2, Tier 3, Tier 4 or Tier 5 member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse. An eligible surviving spouse is one married to the member one year prior to the effective retirement date. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse or named beneficiary having an insurable interest in the life of the member.

SCERS provides an annual cost-of-living benefit to Safety Tier 1, Tier 2, Tier 3 and Tier 4 member retirees and Miscellaneous Tier 1, Tier 3, Tier 4 and Tier 5 member retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the San Francisco-Oakland-San Jose area, is capped at 4.0% for Tier 1 members and 2% for all other members eligible for a cost-of-living adjustment.

The County of Sacramento and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from SCERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2015 for 2014/2015 (based on the June 30, 2013 valuation) was 25.53% of compensation.

All members are required to make contributions to SCERS regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2015 for 2014/2015 (based on the June 30, 2013 valuation) was 7.80% of compensation.

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EXHIBIT 2

Net Pension Liability

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
The components of the Net Pension Liability of the SCERS as follows:		
Total Pension Liability	\$9,028,679,000	\$8,580,928,000
Plan Fiduciary Net Position	<u>(7,878,814,000)</u>	<u>(7,810,001,000)</u>
Net Pension Liability	\$1,149,865,000	\$770,927,000
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	87.26%	91.02%

The Net Pension Liability (NPL) was measured as of June 30, 2015 and 2014 and determined based upon the Total Pension Liability (TPL) from actuarial valuations as of June 30, 2015 and 2014, respectively.

Plan Provisions. The plan provisions used in the measurement of the NPL as of June 30, 2015 and 2014 are the same as those used in the SCERS actuarial valuation as of June 30, 2015 and 2014, respectively.

Actuarial assumptions. The TPL that was measured by an actuarial valuation as of June 30, 2015 used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.50% to 11.50%, varying by service, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Other assumptions	See the analysis of actuarial experience study for the period July 1, 2010 through June 30, 2013.

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EXHIBIT 3

Target Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	22.50%	5.98%
International Equity	22.50%	7.23%
Fixed Income	20.00%	1.25%
Hedge Funds	10.00%	3.20%
Private Equity	10.00%	12.82%
Real Assets	<u>15.00%</u>	5.64%
Total	100.00%	

Discount rate: The discount rates used to measure the Total Pension Liability (TPL) were 7.50% and 7.50% as of June 30, 2015 and June 30, 2014, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate¹ and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2015 and June 30, 2014.

¹ It is our understanding that based on some recently adopted MOUs, some members will pay part of the normal cost contributions that we have assumed will be paid by the employer in the June 30, 2015 valuation. As this will only result in a shift in the total normal cost contribution between the employee and the employer, we do not believe that including such shift will result in a change in the projection of cash flow used in the development of the discount rate for GASB purposes.

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EXHIBIT 4

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability (NPL) of the SCERS as of June 30, 2015, which is allocated to all employers, calculated using the discount rate of 7.50%, as well as what the SCERS' NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate. The determination of the NPL by employer is shown later in Exhibit 7.

Net Pension Liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Carmichael	\$2,782,470	\$1,373,257	\$198,692
County of Sacramento	2,184,753,276	1,074,403,473	156,009,889
Elk Grove Cemetery	420,878	207,045	30,054
Fair Oaks	467,642	232,397	33,394
Galt Arno	70,146	29,578	5,009
Mission Oaks	2,221,300	1,090,155	158,620
Orangevale	1,543,219	760,573	110,199
SETA	58,174,665	28,610,225	4,154,164
Sunrise Park	3,951,575	1,939,461	282,176
Superior Court	<u>83,824,829</u>	<u>41,218,836</u>	<u>5,985,803</u>
Total for all Employers	\$2,338,210,000	\$1,149,865,000	\$166,968,000

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EXHIBIT 5

Schedule of Changes in Net Pension Liability – Last Two Fiscal Years

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Total Pension Liability		
Service cost	\$185,428,152	\$192,701,338
Interest	643,427,074	617,240,350
Change of benefit terms	0	0
Differences between expected and actual experience	(6,447,226)	(108,154,688)
Changes of assumptions	0	15,781,000
Benefit payments, including refunds of employee contributions	<u>(374,657,000)</u>	<u>(347,620,000)</u>
Net change in Total Pension Liability	\$447,751,000	\$369,948,000
Total Pension Liability – beginning	<u>8,580,928,000</u>	<u>8,210,980,000</u>
Total Pension Liability – ending (a)	<u>\$9,028,679,000</u>	<u>\$8,580,928,000</u>
Plan Fiduciary Net Position		
Contributions – employer	\$221,823,000	\$209,367,000 ⁽¹⁾
Contributions – employee	68,143,000	57,635,000
Net investment income	158,222,000	1,107,153,000
Benefit payments, including refunds of employee contributions	(374,657,000)	(347,620,000)
Administrative expense	(5,854,000)	(5,665,000)
Other	<u>1,136,000</u> ⁽²⁾	<u>1,136,000</u> ⁽¹⁾
Net change in Plan Fiduciary Net Position	\$68,813,000	\$1,022,006,000
Plan Fiduciary Net Position – beginning	<u>7,810,001,000</u>	<u>6,787,995,000</u>
Plan Fiduciary Net Position – ending (b)	<u>\$7,878,814,000</u>	<u>\$7,810,001,000</u>
Net Pension Liability – ending (a) – (b)	<u>\$1,149,865,000</u>	<u>\$770,927,000</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	87.26%	91.02%
Covered employee payroll ⁽³⁾	\$873,328,000	\$858,343,000
Plan Net Pension Liability as percentage of covered employee payroll	131.66%	89.82%

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 5

Schedule of Changes in Net Pension Liability – Last Two Fiscal Years (continued)

⁽¹⁾ It should be noted that based on our discussions with SCERS at the time when we prepared the GASBS 68 actuarial valuation as of June 30, 2015, we made an adjustment to reclassify the \$1,136,000 contribution made by a non-active employer (Florin Fire) during 2013/2014 that was previously classified as part of the \$210.5 million in the "Contribution – Employer" category in Exhibit 3 of our June 30, 2014 GASBS 67 report to the "Other" category. This is done to recognize the fact that the NPLs for the non-active employers in last year's GASBS 68 report have been calculated by adjusting with interest only the latest withdrawal liability amounts determined for those non-active employers.

Throughout the rest of this report, those contributions are included in the Actuarial Determined Contributions for the System's active and non-active employers.

⁽²⁾ Similar to (1), we have classified the \$1,136,000 contribution made by Florin Fire during 2014/2015 in the "Other" category. This is again done to recognize the fact that the NPL for the non-active employer in this year's GASBS 68 report has been calculated by adjusting with interest only the latest withdrawal liability amount determined for that non-active employer (and without adjusting for the \$1,136,000 contribution made during 2014/2015).

⁽³⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Notes to Schedule:

Benefit changes: None

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 6

Schedule of SCERS' Contributions – Last Ten Fiscal Years

Year Ended June 30	Actuarially Determined Contributions⁽¹⁾	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll^{(2),(3)}	Contributions as a Percentage of Covered Employee Payroll
2006	\$154,052,000	\$132,708,000	\$21,344,000 ⁽⁴⁾	\$748,916,000	17.72%
2007	156,804,528	156,804,528	0	798,800,000	19.63%
2008	167,054,356	167,054,356	0	851,016,000	19.63%
2009	177,011,005	177,011,005	0	923,375,000	19.17%
2010	167,141,893	167,141,893	0	872,804,000	19.15%
2011	182,920,751	182,920,751	0	818,804,000	22.34%
2012	179,098,469	179,098,469	0	835,737,000	21.43%
2013	189,663,720	189,663,720	0	858,551,000	22.09%
2014	210,503,324	210,503,324	0	858,343,000	24.52%
2015	222,959,365	222,959,365	0	873,328,000	25.53%

See accompanying notes to this schedule on next page.

⁽¹⁾ All "Actuarially Determined Contributions" through June 30, 2015 were determined as the "Annual Required Contribution" under GASBS 25 and 27.

⁽²⁾ Payroll for the years ending 2005 through 2012 are calculated by dividing the contribution dollar amount by the contribution as a percentage of payroll.

⁽³⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

⁽⁴⁾ Caused by the phase-in of the employer rates adopted by the Board in the June 30, 2004 actuarial valuation.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

Notes to Exhibit 6

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll (3.50% payroll growth assumed)
Remaining amortization period	
June 30, 2013 valuation	22 years (declining) as of June 30, 2013 for the outstanding balance of the June 30, 2012 UAAL. The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period, beginning June 30, 2010. Effective June 30, 2013, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with each valuation. Any change in UAAL that arises due to plan amendments will be amortized over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized over a declining period of up to 5 years.
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.
Actuarial assumptions:	
June 30, 2013 valuation	
<i>Investment rate of return</i>	7.50%, net of pension plan investment expense, including inflation
<i>Inflation rate</i>	3.25%
<i>Projected salary increases</i>	3.50% - 11.30%, varying by age, including inflation
<i>Cost of living adjustments</i>	3.25% of Miscellaneous and Safety Tier 1 retirement income, 2.00% of Miscellaneous Tier 3, Tier 4 and Tier 5 and Safety Tier 2, Tier 3 and Tier 4 retirement income, and 0.00% of Miscellaneous Tier 2 retirement income.
<i>Other assumptions</i>	Same as those used in the June 30, 2013 funding actuarial valuation.
Other information:	All members with membership dates on or after January 1, 2013 enter the new tiers created by the California Public Employees' Pension Reform Act of 2013 (PEPRA).

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 7

Determination of Proportionate Share

Actual Employer Contributions by Employer and Membership Class						
July 1, 2013 to June 30, 2014						
Employer	Miscellaneous	Miscellaneous Percentage⁽¹⁾	Safety	Safety Percentage	Total Contributions	Total Percentage
Carmichael	\$284,000	0.208%	\$0	0.000%	\$284,000	0.136%
County of Sacramento	119,352,000	87.552%	73,046,000	100.000%	192,398,000	91.895%
Elk Grove Cemetery	56,000	0.041%	0	0.000%	56,000	0.027%
Fair Oaks	50,000	0.037%	0	0.000%	50,000	0.024%
Galt Arno	6,000	0.004%	0	0.000%	6,000	0.003%
Mission Oaks	232,000	0.170%	0	0.000%	232,000	0.111%
Orangevale	172,000	0.126%	0	0.000%	172,000	0.082%
SETA	6,405,000	4.698%	0	0.000%	6,405,000	3.059%
Sunrise Park	394,000	0.289%	0	0.000%	394,000	0.188%
Superior Court	<u>9,370,000</u>	<u>6.873%</u>	<u>0</u>	<u>0.000%</u>	<u>9,370,000</u>	<u>4.475%</u>
Total for all Employers	\$136,321,000	100.000%	\$73,046,000	100.000%	\$209,367,000 ⁽²⁾	100.000%

⁽¹⁾ The unrounded percentages are used in the allocation of the Net Pension Liability (NPL) amongst the Miscellaneous employers.

⁽²⁾ Excludes a contribution of \$1,136,000 made by Florin Fire that has previously withdrawn from SCERS as an active employer.

Note: Results may not total due to rounding.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 7 (continued)

Determination of Proportionate Share

Allocation of June 30, 2014 Net Pension Liability						
Employer	Miscellaneous	Miscellaneous Percentage	Safety	Safety Percentage	Total NPL	Total Percentage
Carmichael	\$787,256	0.208%	\$0	0.000%	\$787,256	0.102%
County of Sacramento	330,847,195	87.552%	393,041,247	100.000%	723,888,442	93.899%
Elk Grove Cemetery	155,234	0.041%	0	0.000%	155,234	0.020%
Fair Oaks	138,601	0.037%	0	0.000%	138,601	0.018%
Galt Arno	16,632	0.004%	0	0.000%	16,632	0.002%
Mission Oaks	643,111	0.170%	0	0.000%	643,111	0.083%
Orangevale	476,789	0.126%	0	0.000%	476,789	0.062%
SETA	17,754,845	4.698%	0	0.000%	17,754,845	2.303%
Sunrise Park	1,092,179	0.289%	0	0.000%	1,092,179	0.142%
Superior Court	<u>25,973,911</u>	<u>6.873%</u>	<u>0</u>	<u>0.000%</u>	<u>25,973,911</u>	<u>3.369%</u>
Total for all Employers	\$377,885,753	100.000%	\$393,041,247	100.000%	\$770,927,000 ⁽³⁾	100.000%

⁽³⁾ Excludes the following liabilities totaling \$33,242,102 for Florin Fire, Library Authority and Air Quality that have previously withdrawn from SCERS as active employers. This is based on the latest estimates available as of June 30, 2006 for Library Authority, June 30, 2007 for Air Quality and June 30, 2013 for Florin Fire adjusted with interest at the assumed rates of investment return to June 30, 2014.

Employer	Total NPL
Florin Fire	\$30,461,654
Library Authority	2,940,615
Air Quality	<u>(160,167)</u>
Total	\$33,242,102

Note: Results may not total due to rounding.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 7 (continued)

Determination of Proportionate Share

Notes:

Based on the July 1, 2013 through June 30, 2014 employer contributions as provided by SCERS.

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (plan assets). The TPL for each membership class is obtained from internal valuation results. The Plan Fiduciary Net Position for each membership class was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total SCERS Plan Fiduciary Net Position to total SCERS valuation value of assets.

The Safety membership class has only one active employer (the County) that was making contributions in 2013/2014, so all of the NPL for Safety is allocated to the County.

For Miscellaneous, the NPL is allocated based on the actual employer contributions within the Miscellaneous membership class.

- First calculate ratio of employer's contributions to the total contributions for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

If the employer is in both membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 7 (continued)

Determination of Proportionate Share

Actual Employer Contributions by Employer and Membership Class						
July 1, 2014 to June 30, 2015						
Employer	Miscellaneous	Miscellaneous Percentage⁽¹⁾	Safety	Safety Percentage	Total Contributions	Total Percentage
Carmichael	\$325,000	0.225%	\$0	0.000%	\$325,000	0.147%
County of Sacramento	126,683,000	87.644%	77,281,000	100.000%	203,964,000	91.949%
Elk Grove Cemetery	49,000	0.034%	0	0.000%	49,000	0.022%
Fair Oaks	55,000	0.038%	0	0.000%	55,000	0.025%
Galt Arno	7,000	0.005%	0	0.000%	7,000	0.003%
Mission Oaks	258,000	0.178%	0	0.000%	258,000	0.116%
Orangevale	180,000	0.125%	0	0.000%	180,000	0.081%
SETA	6,771,000	4.684%	0	0.000%	6,771,000	3.052%
Sunrise Park	459,000	0.318%	0	0.000%	459,000	0.207%
Superior Court	<u>9,755,000</u>	<u>6.749%</u>	<u>0</u>	<u>0.000%</u>	<u>9,755,000</u>	<u>4.398%</u>
Total for all Employers	\$144,542,000	100.000%	\$77,281,000	100.000%	\$221,823,000 ⁽²⁾	100.000%

⁽¹⁾ The unrounded percentages are used in the allocation of the NPL amongst the Miscellaneous employers.

⁽²⁾ Excludes a contribution of \$1,136,000 made by Florin Fire that has previously withdrawn from SCERS as an active employer.

Note: Results may not total due to rounding.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 7 (continued)

Determination of Proportionate Share

Allocation of June 30, 2015 Net Pension Liability						
Employer	Miscellaneous	Miscellaneous Percentage	Safety	Safety Percentage	Total NPL	Total Percentage
Carmichael	\$1,373,257	0.225%	\$0	0.000%	\$1,373,257	0.119%
County of Sacramento	535,287,118	87.644%	539,116,355	100.000%	1,074,403,473	93.437%
Elk Grove Cemetery	207,045	0.034%	0	0.000%	207,045	0.018%
Fair Oaks	232,397	0.038%	0	0.000%	232,397	0.020%
Galt Arno	29,578	0.005%	0	0.000%	29,578	0.003%
Mission Oaks	1,090,155	0.178%	0	0.000%	1,090,155	0.095%
Orangevale	760,573	0.125%	0	0.000%	760,573	0.066%
SETA	28,610,225	4.684%	0	0.000%	28,610,225	2.488%
Sunrise Park	1,939,461	0.318%	0	0.000%	1,939,461	0.169%
Superior Court	<u>41,218,836</u>	<u>6.749%</u>	<u>0</u>	<u>0.000%</u>	<u>41,218,836</u>	<u>3.585%</u>
Total for all Employers	\$610,748,645	100.000%	\$539,116,355	100.000%	\$1,149,865,000 ⁽³⁾	100.000%

⁽³⁾ Excludes a liability of \$30,813,439 for Florin Fire that has previously withdrawn from SCERS as an active employer. This is based on the latest estimate available as of June 30, 2014 adjusted with interest at the assumed rate of investment return to June 30, 2015. The liabilities for Library Authority and Air Quality that have previously withdrawn from SCERS as active employers have been added to the NPL for Miscellaneous active employers and allocated to each Miscellaneous employer based on its respective actual employer contributions.

Note: Results may not total due to rounding.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 7 (continued)

Determination of Proportionate Share

Notes:

Based on the July 1, 2014 through June 30, 2015 employer contributions as provided by SCERS.

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (plan assets). The TPL for each membership class is obtained from internal valuation results. The Plan Fiduciary Net Position for each membership class was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total SCERS Plan Fiduciary Net Position to total SCERS valuation value of assets.

The Safety membership class has only one active employer (the County) that was making contributions in 2014/2015, so all of the NPL for Safety is allocated to the County.

For Miscellaneous, the NPL is allocated based on the actual employer contributions within the Miscellaneous membership class.

- First calculate ratio of employer's contributions to the total contributions for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

If the employer is in both membership classes, the employer's total allocated NPL is the sum of its allocated NPL from each membership class. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

For purposes of the above results, we have assumed that the reporting date for the employer under GASBS 68 is June 30, 2016. The reporting date and measurement date for the plan under GASBS 67 are assumed to be June 30, 2015. This means that assets and liabilities are determined as of June 30, 2015 and are not adjusted or "rolled forward" to June 30, 2016. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding proportionate share within each membership class:

- 1) Net Pension Liability
- 2) Service cost
- 3) Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- 4) Member contributions
- 5) Projected earnings on plan investments
- 6) Expensed portion of current-period differences between actual and projected earnings on plan investments
- 7) Administrative expense
- 8) Recognition of beginning of year deferred outflows of resources as pension expense
- 9) Recognition of beginning of year deferred inflows of resources as pension expense

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8

Pension Expense – Total for all Employers

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$185,428,152	\$192,701,338
2. Interest on the Total Pension Liability	643,427,074	617,240,350
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(1,360,174)	(23,359,544)
6. Expensed portion of current-period changes of assumptions or other inputs	0	3,408,423
7. Member contributions	(68,143,000)	(57,635,000)
8. Projected earnings on plan investments	(589,013,767)	(511,941,140)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	86,158,353	(119,042,372)
10. Administrative expense	5,854,000	5,665,000
11. Other ⁽¹⁾	(1,136,000)	(1,136,000)
12. Recognition of beginning of year deferred outflows of resources as pension expense	13,474,514	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(152,468,007)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>	<u>0</u>
Pension Expense	<u>\$122,221,145</u>	<u>\$105,901,055</u>

⁽¹⁾ This represents the \$1,136,000 and \$1,136,000 contribution made by a non-active employer (Florin Fire) during 2014/2015 and 2013/2014, respectively.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – Carmichael

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$272,066	\$272,727
2. Interest on the Total Pension Liability	931,148	839,355
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	27,274	28,041
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(9,148)	(39,723)
6. Expensed portion of current-period changes of assumptions or other inputs	0	(20,971)
7. Member contributions	(94,364)	(74,539)
8. Projected earnings on plan investments	(872,085)	(705,718)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	129,350	(155,769)
10. Administrative expense	8,433	7,575
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(233,623)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	28,041	0
Pension Expense	<u>\$187,092</u>	<u>\$150,978</u>

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – County of Sacramento

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$170,477,961	\$176,405,937
2. Interest on the Total Pension Liability	592,259,753	567,088,855
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	152,327	(117,182)
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(857,511)	(20,986,115)
6. Expensed portion of current-period changes of assumptions or other inputs	0	4,661,432
7. Member contributions	(62,957,612)	(53,181,293)
8. Projected earnings on plan investments	(541,092,048)	(469,774,453)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	79,050,481	(109,735,178)
10. Administrative expense	5,390,582	5,212,397
11. Other ⁽¹⁾	(1,136,000)	(1,136,000)
12. Recognition of beginning of year deferred outflows of resources as pension expense	13,474,514	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(139,630,223)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(117,182)	0
Pension Expense	<u>\$115,015,042</u>	<u>\$98,438,400</u>

⁽¹⁾ This represents the \$1,136,000 and \$136,000 contribution made by a non-active employer (Florin Fire) during 2014/2015 and 2013/2014, respectively.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – Elk Grove Cemetery

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$41,020	\$53,778
2. Interest on the Total Pension Liability	140,389	165,507
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(11,855)	(11,567)
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(1,379)	(7,833)
6. Expensed portion of current-period changes of assumptions or other inputs	0	(4,135)
7. Member contributions	(14,227)	(14,698)
8. Projected earnings on plan investments	(131,484)	(139,156)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	19,502	(30,715)
10. Administrative expense	1,271	1,494
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(35,223)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(11,567)	0
Pension Expense	<u>\$(3,553)</u>	<u>\$12,675</u>

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – Fair Oaks

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$46,041	\$48,015
2. Interest on the Total Pension Liability	157,579	147,773
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	2,268	4,087
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(1,548)	(6,993)
6. Expensed portion of current-period changes of assumptions or other inputs	0	(3,692)
7. Member contributions	(15,969)	(13,123)
8. Projected earnings on plan investments	(147,583)	(124,246)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	21,890	(27,424)
10. Administrative expense	1,427	1,334
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(39,536)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>4,087</u>	<u>0</u>
Pension Expense	<u>\$28,656</u>	<u>\$25,731</u>

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – Galt Arno

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$5,858	\$5,761
2. Interest on the Total Pension Liability	20,056	17,733
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	729	(761)
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(197)	(839)
6. Expensed portion of current-period changes of assumptions or other inputs	0	(443)
7. Member contributions	(2,032)	(1,575)
8. Projected earnings on plan investments	(18,783)	(14,909)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	2,786	(3,291)
10. Administrative expense	182	160
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(5,032)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(761)	0
Pension Expense	<u>\$2,806</u>	<u>\$1,836</u>

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – Mission Oaks

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$215,977	\$222,791
2. Interest on the Total Pension Liability	739,189	685,671
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	13,719	12,292
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(7,262)	(32,450)
6. Expensed portion of current-period changes of assumptions or other inputs	0	(17,131)
7. Member contributions	(74,911)	(60,891)
8. Projected earnings on plan investments	(692,301)	(576,503)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	102,684	(127,248)
10. Administrative expense	6,695	6,188
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(185,461)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>12,292</u>	<u>0</u>
Pension Expense	<u>\$130,621</u>	<u>\$112,719</u>

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – Orangevale

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$150,681	\$165,171
2. Interest on the Total Pension Liability	515,713	508,342
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(2,711)	(6,910)
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(5,066)	(24,057)
6. Expensed portion of current-period changes of assumptions or other inputs	0	(12,701)
7. Member contributions	(52,263)	(45,143)
8. Projected earnings on plan investments	(483,001)	(427,407)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	71,640	(94,339)
10. Administrative expense	4,671	4,588
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(129,391)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(6,910)	0
Pension Expense	<u>\$63,363</u>	<u>\$67,544</u>

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – SETA

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$5,668,166	\$6,150,748
2. Interest on the Total Pension Liability	19,399,402	18,929,833
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(23,147)	(569,183)
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(190,578)	(895,858)
6. Expensed portion of current-period changes of assumptions or other inputs	0	(472,952)
7. Member contributions	(1,965,971)	(1,681,065)
8. Projected earnings on plan investments	(18,168,876)	(15,915,943)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	2,694,854	(3,513,028)
10. Administrative expense	175,699	170,836
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(4,867,274)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(569,183)	0
Pension Expense	<u>\$2,153,092</u>	<u>\$2,203,388</u>

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – Sunrise Park

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$384,238	\$378,359
2. Interest on the Total Pension Liability	1,315,068	1,164,458
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	47,114	(51,436)
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(12,919)	(55,108)
6. Expensed portion of current-period changes of assumptions or other inputs	0	(29,093)
7. Member contributions	(133,271)	(103,410)
8. Projected earnings on plan investments	(1,231,652)	(979,060)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	182,682	(216,102)
10. Administrative expense	11,910	10,509
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(329,948)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(51,436)	0
Pension Expense	<u>\$181,786</u>	<u>\$119,117</u>

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – Superior Court

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Components of Pension Expense		
1. Service cost	\$8,166,144	\$8,998,051
2. Interest on the Total Pension Liability	27,948,777	27,692,823
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(205,718)	712,619
4. Expensed portion of current-period benefit changes	0	0
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(274,566)	(1,310,568)
6. Expensed portion of current-period changes of assumptions or other inputs	0	(691,891)
7. Member contributions	(2,832,380)	(2,459,263)
8. Projected earnings on plan investments	(26,175,954)	(23,283,745)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	3,882,484	(5,139,278)
10. Administrative expense	253,130	249,919
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	0	0
13. Recognition of beginning of year deferred inflows of resources as pension expense	(7,012,296)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>712,619</u>	<u>0</u>
Pension Expense	<u>\$4,462,240</u>	<u>\$4,768,667</u>

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9

Deferred Outflows of Resources and Deferred Inflows of Resources – Total for all Employers

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,901,442	\$2,748,049
2. Changes of assumptions or other inputs	35,437,972	48,912,486
3. Net difference between projected and actual earnings on pension plan investments	344,633,414	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>10,128,416</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$393,101,244	\$51,660,535
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,901,442	\$2,748,049
7. Changes of assumptions or other inputs	26,473,818	36,539,909
8. Net difference between projected and actual earnings on pension plan investments	357,127,116	476,169,488
9. Difference between expected and actual experience in the Total Pension Liability	<u>76,651,068</u>	<u>84,795,144</u>
10. Total Deferred Inflows of Resources	\$463,153,444	\$600,252,590

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(138,993,493)
2017	\$(54,195,314)	(138,993,493)
2018	(54,195,314)	(138,993,493)
2019	(46,813,397)	(131,611,576)
2020	85,151,825	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(70,052,200)	\$(548,592,055)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Carmichael

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$175,749	\$101,787
2. Changes of assumptions or other inputs	0	0
3. Net difference between projected and actual earnings on pension plan investments	517,399	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$693,148	\$101,787
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
7. Changes of assumptions or other inputs	59,526	76,124
8. Net difference between projected and actual earnings on pension plan investments	504,354	623,076
9. Difference between expected and actual experience in the Total Pension Liability	<u>146,965</u>	<u>144,193</u>
10. Total Deferred Inflows of Resources	\$710,845	\$843,393

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(188,421)
2017	\$(58,106)	(188,421)
2018	(58,106)	(188,421)
2019	(44,246)	(176,343)
2020	142,761	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(17,697)	\$(741,606)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – County of Sacramento

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$569,706	\$0
2. Changes of assumptions or other inputs	35,437,972 ⁽²⁾	48,912,486
3. Net difference between projected and actual earnings on pension plan investments	316,201,929	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>10,128,416⁽²⁾</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$362,338,023	\$48,912,486
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$308,186	\$425,368
7. Changes of assumptions or other inputs	23,202,825	31,991,487
8. Net difference between projected and actual earnings on pension plan investments	329,412,454	438,940,713
9. Difference between expected and actual experience in the Total Pension Liability	<u>68,575,250</u>	<u>76,179,599</u>
10. Total Deferred Inflows of Resources	\$421,498,715	\$547,537,167

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:

2016	N/A	\$(126,177,044)
2017	\$(47,927,593)	(126,177,044)
2018	(47,927,593)	(126,177,044)
2019	(41,834,154)	(120,093,549)
2020	78,528,648	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(59,160,692)	\$(498,624,681)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

⁽²⁾ Applies only to Safety members at the County.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Elk Grove Cemetery

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
2. Changes of assumptions or other inputs	0	0
3. Net difference between projected and actual earnings on pension plan investments	78,008	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$78,008	\$0
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$74,761	\$41,988
7. Changes of assumptions or other inputs	8,975	15,010
8. Net difference between projected and actual earnings on pension plan investments	76,041	122,860
9. Difference between expected and actual experience in the Total Pension Liability	<u>22,158</u>	<u>28,433</u>
10. Total Deferred Inflows of Resources	\$181,935	\$208,291

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(54,250)
2017	\$(40,522)	(54,250)
2018	(40,522)	(54,250)
2019	(32,588)	(45,541)
2020	9,705	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(103,927)	\$(208,291)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Fair Oaks

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$19,228	\$14,835
2. Changes of assumptions or other inputs	0	0
3. Net difference between projected and actual earnings on pension plan investments	87,560	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$106,788	\$14,835
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
7. Changes of assumptions or other inputs	10,074	13,402
8. Net difference between projected and actual earnings on pension plan investments	85,352	109,696
9. Difference between expected and actual experience in the Total Pension Liability	<u>24,871</u>	<u>25,386</u>
10. Total Deferred Inflows of Resources	\$120,297	\$148,484

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(34,022)
2017	\$(12,839)	(34,022)
2018	(12,839)	(34,022)
2019	(10,251)	(31,583)
2020	22,420	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(13,509)	\$(133,649)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Galt Arno

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,728	\$0
2. Changes of assumptions or other inputs	0	0
3. Net difference between projected and actual earnings on pension plan investments	11,144	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$13,872	\$0
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,000	\$2,761
7. Changes of assumptions or other inputs	1,282	1,608
8. Net difference between projected and actual earnings on pension plan investments	10,863	13,163
9. Difference between expected and actual experience in the Total Pension Liability	<u>3,165</u>	<u>3,046</u>
10. Total Deferred Inflows of Resources	\$17,310	\$20,578

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(5,334)
2017	\$(2,475)	(5,334)
2018	(2,475)	(5,334)
2019	(1,670)	(4,576)
2020	3,182	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(3,438)	\$(20,578)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Mission Oaks

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$83,640	\$44,621
2. Changes of assumptions or other inputs	0	0
3. Net difference between projected and actual earnings on pension plan investments	410,735	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$494,375	\$44,621
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
7. Changes of assumptions or other inputs	47,254	62,186
8. Net difference between projected and actual earnings on pension plan investments	400,380	508,992
9. Difference between expected and actual experience in the Total Pension Liability	<u>116,667</u>	<u>117,792</u>
10. Total Deferred Inflows of Resources	\$564,301	\$688,970

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(164,537)
2017	\$(64,028)	(164,537)
2018	(64,028)	(164,537)
2019	(49,335)	(150,738)
2020	107,465	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(69,926)	\$(644,349)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Orangevale

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2016
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2015
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
2. Changes of assumptions or other inputs	0	0
3. Net difference between projected and actual earnings on pension plan investments	286,560	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$286,560	\$0
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$28,312	\$25,085
7. Changes of assumptions or other inputs	32,968	46,103
8. Net difference between projected and actual earnings on pension plan investments	279,335	377,356
9. Difference between expected and actual experience in the Total Pension Liability	<u>81,396</u>	<u>87,328</u>
10. Total Deferred Inflows of Resources	\$422,011	\$535,872

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(138,007)
2017	\$(72,439)	(138,007)
2018	(72,439)	(138,007)
2019	(56,460)	(121,851)
2020	65,887	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(135,451)	\$(535,872)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – SETA

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
2. Changes of assumptions or other inputs	0	0
3. Net difference between projected and actual earnings on pension plan investments	10,779,416	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$10,779,416	\$0
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$1,583,520	\$2,066,133
7. Changes of assumptions or other inputs	1,240,153	1,716,816
8. Net difference between projected and actual earnings on pension plan investments	10,507,642	14,052,113
9. Difference between expected and actual experience in the Total Pension Liability	<u>3,061,838</u>	<u>3,251,963</u>
10. Total Deferred Inflows of Resources	\$16,393,153	\$21,087,025

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(5,451,021)
2017	\$(2,955,328)	(5,451,021)
2018	(2,955,328)	(5,451,021)
2019	(2,239,780)	(4,733,962)
2020	2,536,699	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(5,613,737)	\$(21,087,025)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Sunrise Park

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$176,204	\$0
2. Changes of assumptions or other inputs	0	0
3. Net difference between projected and actual earnings on pension plan investments	730,727	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$906,931	\$0
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$135,278	\$186,714
7. Changes of assumptions or other inputs	84,069	105,609
8. Net difference between projected and actual earnings on pension plan investments	712,303	864,408
9. Difference between expected and actual experience in the Total Pension Liability	<u>207,559</u>	<u>200,043</u>
10. Total Deferred Inflows of Resources	\$1,139,209	\$1,356,774

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(351,739)
2017	\$(164,507)	(351,739)
2018	(164,507)	(351,739)
2019	(111,247)	(301,557)
2020	207,983	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(232,278)	\$(1,356,774)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Superior Court

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$1,874,187	\$2,586,806
2. Changes of assumptions or other inputs	0	0
3. Net difference between projected and actual earnings on pension plan investments	15,529,936	0
4. Difference between expected and actual experience in the Total Pension Liability	<u>0</u>	<u>0</u>
5. Total Deferred Outflows of Resources	\$17,404,123	\$2,586,806
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$769,385	\$0
7. Changes of assumptions or other inputs	1,786,692	2,511,564
8. Net difference between projected and actual earnings on pension plan investments	15,138,392	20,557,111
9. Difference between expected and actual experience in the Total Pension Liability	<u>4,411,199</u>	<u>4,757,361</u>
10. Total Deferred Inflows of Resources	\$22,105,668	\$27,826,036

Net deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as follows:

Reporting Date for Employer under GASBS 68 Year Ended June 30:		
2016	N/A	\$(6,429,118)
2017	\$(2,897,477)	(6,429,118)
2018	(2,897,477)	(6,429,118)
2019	(2,433,666)	(5,951,876)
2020	3,527,075	0
2021	0	0
Thereafter	<u>0</u>	<u>0</u>
Total	\$(4,701,545)	\$(25,239,230)

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GASBS 68.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

There are changes in each employer's proportionate share of the total Net Pension Liability (NPL) during the measurement period ended June 30, 2015. The net effect of the change on the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through SCERS which is 4.74 years determined as of June 30, 2014 (the beginning of the measurement period ending June 30, 2015).

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2015 is recognized over the same period. This is zero because the proportionate share was determined using the actual employer contributions.

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10

Schedule of Proportionate Share of the Net Pension Liability – Total for all Employers

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	100.0%	\$1,422,985,000	\$858,551,000	165.74%	82.67%
2015	100.0%	770,927,000	858,343,000	89.82%	91.02%
2016	100.0%	1,149,865,000	873,328,000	131.66%	87.26%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Carmichael

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered- employee payroll ⁽¹⁾	Proportionate share of the Net	
				Pension Liability as a percentage of its covered- employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.117%	\$1,661,884	\$934,000	177.93%	83.94%
2015	0.102%	787,256	1,040,000	75.70%	93.16%
2016	0.119%	1,373,257	1,096,000	125.30%	89.46%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – County of Sacramento

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	92.514%	\$1,316,472,721	\$784,729,000	167.76%	82.55%
2015	93.899%	723,888,442	786,364,000	92.06%	90.83%
2016	93.437%	1,074,403,473	803,586,000	133.70%	87.08%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Elk Grove Cemetery

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.029%	\$406,851	\$229,000	177.66%	83.94%
2015	0.020%	155,234	209,000	74.27%	93.16%
2016	0.018%	207,045	162,000	127.81%	89.46%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Fair Oaks

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered- employee payroll ⁽¹⁾	Proportionate share of the Net	
				Pension Liability as a percentage of its covered- employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.021%	\$296,519	\$194,000	152.84%	83.94%
2015	0.018%	138,601	199,000	69.65%	93.16%
2016	0.020%	232,397	206,000	112.81%	89.46%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Galt Arno

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.003%	\$41,375	\$26,000	159.13%	83.94%
2015	0.002%	16,632	26,000	63.97%	93.16%
2016	0.003%	29,578	26,000	113.76%	89.46%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Mission Oaks

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered- employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered- employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.099%	\$1,406,740	\$790,000	178.07%	83.94%
2015	0.083%	643,111	826,000	77.86%	93.16%
2016	0.095%	1,090,155	851,000	128.10%	89.46%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Orangevale

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered- employee payroll ⁽¹⁾	Proportionate share of the Net	
				Pension Liability as a percentage of its covered- employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.079%	\$1,117,117	\$575,000	194.28%	83.94%
2015	0.062%	476,789	611,000	78.03%	93.16%
2016	0.066%	760,573	592,000	128.48%	89.46%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – SETA

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered- employee payroll ⁽¹⁾	Proportionate share of the Net	
				Pension Liability as a percentage of its covered- employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	3.025%	\$43,043,483	\$25,873,000	166.36%	83.94%
2015	2.303%	17,754,845	23,035,000	77.08%	93.16%
2016	2.488%	28,610,225	22,744,000	125.79%	89.46%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Sunrise Park

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered- employee payroll ⁽¹⁾	Proportionate share of the Net	
				Pension Liability as a percentage of its covered- employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.191%	\$2,723,835	\$1,525,000	178.61%	83.94%
2015	0.142%	1,092,179	1,406,000	77.68%	93.16%
2016	0.169%	1,939,461	1,521,000	127.51%	89.46%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Superior Court

Reporting Date for Employer under GASBS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	3.922%	\$55,814,475	\$43,676,000	127.79%	83.94%
2015	3.369%	25,973,911	44,627,000	58.20%	93.16%
2016	3.585%	41,218,836	42,543,000	96.89%	89.46%

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11

Schedule of Reconciliation of Net Pension Liability – Total for all Employers

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$770,927,000	\$1,422,985,000
2. Pension Expense	122,221,145	105,901,055
3. Employer Contributions ⁽¹⁾	(221,823,000)	(209,367,000)
4. New Net Deferred Inflows/Outflows	339,546,362	(548,592,055)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0	0
6. New Net Deferred Flows Due to Change in Proportion	0	0
7. Recognition of Prior Deferred Inflows/Outflows	138,993,493	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>0</u>	<u>0</u>
9. Ending Net Pension Liability	\$1,149,865,000	\$770,927,000

⁽¹⁾ Excludes a \$1,136,000 and \$1,136,000 contribution made by a non-active employer (Florin Fire) during 2014/2015 and 2013/2014, respectively.

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Carmichael

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$787,256	\$1,661,884
2. Pension Expense	187,092	150,978
3. Employer Contributions	(325,000)	(284,000)
4. New Net Deferred Inflows/Outflows	483,188	(843,393)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(66,864)	0
6. New Net Deferred Flows Due to Change in Proportion	102,003	101,787
7. Recognition of Prior Deferred Inflows/Outflows	233,623	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>(28,041)</u>	<u>0</u>
9. Ending Net Pension Liability	\$1,373,257	\$787,256

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – County of Sacramento

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$723,888,442	\$1,316,472,721
2. Pension Expense	115,015,042	98,438,400
3. Employer Contributions	(203,964,000)	(192,398,000)
4. New Net Deferred Inflows/Outflows	312,994,837	(498,199,311)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(373,445)	0
6. New Net Deferred Flows Due to Change in Proportion	569,706	(425,368)
7. Recognition of Prior Deferred Inflows/Outflows	126,155,709	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>117,182</u>	<u>0</u>
9. Ending Net Pension Liability	\$1,074,403,473	\$723,888,442

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Elk Grove Cemetery

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$155,234	\$406,851
2. Pension Expense	(3,553)	12,675
3. Employer Contributions	(49,000)	(56,000)
4. New Net Deferred Inflows/Outflows	72,849	(166,304)
5. Change in Allocation of Prior Deferred Inflows/Outflows	29,065	0
6. New Net Deferred Flows Due to Change in Proportion	(44,340)	(41,988)
7. Recognition of Prior Deferred Inflows/Outflows	35,223	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>11,567</u>	<u>0</u>
9. Ending Net Pension Liability	\$207,045	\$155,234

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Fair Oaks

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$138,601	\$296,519
2. Pension Expense	28,656	25,731
3. Employer Contributions	(55,000)	(50,000)
4. New Net Deferred Inflows/Outflows	81,770	(148,484)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(5,559)	0
6. New Net Deferred Flows Due to Change in Proportion	8,480	14,835
7. Recognition of Prior Deferred Inflows/Outflows	39,536	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>(4,087)</u>	<u>0</u>
9. Ending Net Pension Liability	\$232,397	\$138,601

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Galt Arno

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$16,632	\$41,375
2. Pension Expense	2,806	1,836
3. Employer Contributions	(7,000)	(6,000)
4. New Net Deferred Inflows/Outflows	10,407	(17,818)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(1,788)	0
6. New Net Deferred Flows Due to Change in Proportion	2,728	(2,761)
7. Recognition of Prior Deferred Inflows/Outflows	5,032	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>761</u>	<u>0</u>
9. Ending Net Pension Liability	\$29,578	\$16,632

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Mission Oaks

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$643,111	\$1,406,740
2. Pension Expense	130,621	112,719
3. Employer Contributions	(258,000)	(232,000)
4. New Net Deferred Inflows/Outflows	383,577	(688,969)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(33,634)	0
6. New Net Deferred Flows Due to Change in Proportion	51,311	44,621
7. Recognition of Prior Deferred Inflows/Outflows	185,461	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>(12,292)</u>	<u>0</u>
9. Ending Net Pension Liability	\$1,090,155	\$643,111

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Orangevale

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$476,789	\$1,117,117
2. Pension Expense	63,363	67,544
3. Employer Contributions	(180,000)	(172,000)
4. New Net Deferred Inflows/Outflows	267,612	(510,787)
5. Change in Allocation of Prior Deferred Inflows/Outflows	6,645	0
6. New Net Deferred Flows Due to Change in Proportion	(10,137)	(25,085)
7. Recognition of Prior Deferred Inflows/Outflows	129,391	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>6,910</u>	<u>0</u>
9. Ending Net Pension Liability	\$760,573	\$476,789

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – SETA

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$17,754,845	\$43,043,483
2. Pension Expense	2,153,092	2,203,388
3. Employer Contributions	(6,771,000)	(6,405,000)
4. New Net Deferred Inflows/Outflows	10,066,654	(19,020,893)
5. Change in Allocation of Prior Deferred Inflows/Outflows	56,747	0
6. New Net Deferred Flows Due to Change in Proportion	(86,570)	(2,066,133)
7. Recognition of Prior Deferred Inflows/Outflows	4,867,274	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>569,183</u>	<u>0</u>
9. Ending Net Pension Liability	\$28,610,225	\$17,754,845

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Sunrise Park

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$1,092,179	\$2,723,835
2. Pension Expense	181,786	119,117
3. Employer Contributions	(459,000)	(394,000)
4. New Net Deferred Inflows/Outflows	682,411	(1,170,059)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(115,503)	0
6. New Net Deferred Flows Due to Change in Proportion	176,204	(186,714)
7. Recognition of Prior Deferred Inflows/Outflows	329,948	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>51,436</u>	<u>0</u>
9. Ending Net Pension Liability	\$1,939,461	\$1,092,179

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Superior Court

Reporting Date for Employer under GASBS 68	June 30, 2016	June 30, 2015
Measurement Date for Employer under GASBS 68	June 30, 2015	June 30, 2014
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$25,973,911	\$55,814,475
2. Pension Expense	4,462,240	4,768,667
3. Employer Contributions	(9,755,000)	(9,370,000)
4. New Net Deferred Inflows/Outflows	14,503,057	(27,826,037)
5. Change in Allocation of Prior Deferred Inflows/Outflows	504,336	0
6. New Net Deferred Flows Due to Change in Proportion	(769,385)	2,586,806
7. Recognition of Prior Deferred Inflows/Outflows	7,012,296	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>(712,619)</u>	<u>0</u>
9. Ending Net Pension Liability	\$41,218,836	\$25,973,911

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 12

Schedule of Recognition of Changes in Total Net Pension Liability

Reporting Date for Employer under GASBS 68 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience on Total Pension Liability							
			Reporting Date for Employer under GASBS 68 Year Ended June 30:							
			2015	2016	2017	2018	2019	2020	2021	Thereafter
2015	\$(108,154,688)	4.63	\$(23,359,544)	\$(23,359,544)	\$(23,359,544)	\$(23,359,544)	\$(14,716,512)	-	-	-
2016	(6,447,226)	4.74	N/A	(1,360,174)	(1,360,174)	(1,360,174)	(1,360,174)	(1,006,530)	-	-
Net increase (decrease) in pension expense			\$(23,359,544)	\$(24,719,718)	\$(24,719,718)	\$(24,719,718)	\$(16,076,686)	\$(1,006,530)	-	-

Reporting Date for Employer under GASBS 68 Year Ended June 30	Effects of Assumption Changes	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Assumption Changes							
			Reporting Date for Employer under GASBS 68 Year Ended June 30:							
			2015	2016	2017	2018	2019	2020	2021	Thereafter
2015	\$15,781,000	4.63	\$3,408,423	\$3,408,423	\$3,408,423	\$3,408,423	\$2,147,308	-	-	-
2016	0	4.74	N/A	-	-	-	-	-	-	-
Net increase (decrease) in pension expense			\$3,408,423	\$3,408,423	\$3,408,423	\$3,408,423	\$2,147,308	-	-	-

As described in Exhibit 9, the average of the expected remaining service lives of all employees that are provided with pensions through SCERS (active and inactive employees) determined as of June 30, 2014 (the beginning of the measurement period ending June 30, 2015) is 4.74 years.

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EXHIBIT 12 (continued)

Schedule of Recognition of Changes in Total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments										
Reporting Date for Employer under GASBS 68 Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GASBS 68 Year Ended June 30:							
			2015	2016	2017	2018	2019	2020	2021	Thereafter
2015	\$(595,211,860)	5.00	\$(119,042,372)	\$(119,042,372)	\$(119,042,372)	\$(119,042,372)	\$(119,042,372)	-	-	-
2016	430,791,767	5.00	N/A	<u>86,158,353</u>	<u>86,158,353</u>	<u>86,158,353</u>	<u>86,158,353</u>	<u>86,158,355</u>	-	-
Net increase (decrease) in pension expense			\$(119,042,372)	\$(32,884,019)	\$(32,884,019)	\$(32,884,019)	\$(32,884,019)	\$86,158,355	-	-

Increase (Decrease) in Pension Expense									
Reporting Date for Employer under GASBS 68 Year Ended June 30	Total Differences	Reporting Date for Employer under GASBS 68 Year Ended June 30:							
		2015	2016	2017	2018	2019	2020	2021	Thereafter
2015	\$(687,585,548)	\$(138,993,493)	\$(138,993,493)	\$(138,993,493)	\$(138,993,493)	\$(131,611,576)	-	-	-
2016	424,344,541	N/A	<u>84,798,179</u>	<u>84,798,179</u>	<u>84,798,179</u>	<u>84,798,179</u>	<u>85,151,825</u>	-	-
Net increase (decrease) in pension expense		\$(138,993,493)	\$(54,195,314)	\$(54,195,314)	\$(54,195,314)	\$(46,813,397)	\$85,151,825	-	-

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

EXHIBIT 13

Allocation of Changes in Total Net Pension Liability

In addition to the amounts shown in Exhibit 12, there are changes in proportionate share of the total Net Pension Liability (NPL) between the measurement periods ending on June 30, 2014 and June 30, 2015 as a result of change in allocation percentage (the actual contributions made by an employer as a percentage of total contributions).

The difference in proportionate share of the total NPL due to change in allocation percentage during the measurement period ending on June 30, 2015 is recognized over the average of the expected remaining service lives of all employees determined as of June 30, 2014 (4.74 years as described in Exhibits 9 and 12). These amounts are shown below. While these amounts are different for each employer, they sum to zero over the entire SCERS.

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2015

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GASBS 68 Year Ended June 30:					2021
			2016	2017	2018	2019	2020	
Carmichael	\$129,277	4.74	\$27,274	\$27,274	\$27,274	\$27,274	\$20,181	0
County of Sacramento	722,033	4.74	152,327	152,327	152,327	152,327	112,725	0
Elk Grove Cemetery	(56,195)	4.74	(11,855)	(11,855)	(11,855)	(11,855)	(8,775)	0
Fair Oaks	10,748	4.74	2,268	2,268	2,268	2,268	1,676	0
Galt Arno	3,457	4.74	729	729	729	729	541	0
Mission Oaks	65,030	4.74	13,719	13,719	13,719	13,719	10,154	0
Orangevale	(12,848)	4.74	(2,711)	(2,711)	(2,711)	(2,711)	(2,004)	0
SETA	(109,717)	4.74	(23,147)	(23,147)	(23,147)	(23,147)	(17,129)	0
Sunrise Park	223,318	4.74	47,114	47,114	47,114	47,114	34,862	0
Superior Court	<u>(975,103)</u>	4.74	<u>(205,718)</u>	<u>(205,718)</u>	<u>(205,718)</u>	<u>(205,718)</u>	<u>(152,231)</u>	<u>0</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

SECTION 2: GASBS 68 Information for the Sacramento County Employees' Retirement System

The amounts as of June 30, 2014 are as follows:

**Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the
Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2014**

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GASBS 68 Year Ended June 30:					2020
			2015	2016	2017	2018	2019	
Carmichael	\$129,828	4.63	\$28,041	\$28,041	\$28,041	\$28,041	\$17,664	0
County of Sacramento	(542,550)	4.63	(117,182)	(117,182)	(117,182)	(117,182)	(73,822)	0
Elk Grove Cemetery	(53,555)	4.63	(11,567)	(11,567)	(11,567)	(11,567)	(7,287)	0
Fair Oaks	18,922	4.63	4,087	4,087	4,087	4,087	2,574	0
Galt Arno	(3,522)	4.63	(761)	(761)	(761)	(761)	(478)	0
Mission Oaks	56,913	4.63	12,292	12,292	12,292	12,292	7,745	0
Orangevale	(31,995)	4.63	(6,910)	(6,910)	(6,910)	(6,910)	(4,355)	0
SETA	(2,635,316)	4.63	(569,183)	(569,183)	(569,183)	(569,183)	(358,584)	0
Sunrise Park	(238,150)	4.63	(51,436)	(51,436)	(51,436)	(51,436)	(32,406)	0
Superior Court	<u>3,299,425</u>	4.63	<u>712,619</u>	<u>712,619</u>	<u>712,619</u>	<u>712,619</u>	<u>448,949</u>	<u>0</u>
Total for all Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

Actuarial Assumptions and Methods

Rationale for Assumptions: The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2010 through June 30, 2013 Actuarial Experience Study and June 30, 2014 Economic Actuarial Assumptions Reports both dated June 12, 2014.

Economic Assumptions

Net Investment Return: 7.50%; net of investment expenses.

Employee Contribution Crediting Rate¹: 3.25% (assumed rate of inflation); compounded semi-annually.

Cost-of-Living Adjustment for Retirees: Miscellaneous and Safety Tier 1 benefits are assumed to increase at 3.25% per year. Miscellaneous Tier 3, Tier 4 and Tier 5 and Safety Tier 2, Tier 3 and Tier 4 benefits are assumed to increase at 2.0% per year. Miscellaneous Tier 2 receive no COLA increases.

¹ Current policy is to credit the member contribution account with interest up to the current 5-year Treasury rate, if such earnings are available. However, the difference in earnings between the 5-year Treasury rate and the target crediting rate will be applied to the other valuation reserves so that the overall valuation reserve target crediting rate is maintained at 7.50%.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

Demographic Assumptions

Post – Retirement Mortality Rates:

Healthy:

For Miscellaneous Members and Beneficiaries: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022.

For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 set back one year for males and set forward two years for females.

Disabled:

For Miscellaneous Members: RP-2000 Disabled Retiree Mortality Table projected with Scale BB to 2022 with no age adjustment for males and set forward three years for females.

For Safety members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 set forward two years.

The mortality tables shown above were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a review of the mortality experience in the June 30, 2013 Actuarial Experience Study.

Member Contribution Rates:

For Miscellaneous members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 weighted 40% male and 60% female.

For Safety members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 set back one year for males and set forward two years for females weighted 70% male and 30% female.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

Termination Rates Before Retirement:

Age	Rate (%)			
	Mortality			
	Miscellaneous		Safety	
	Male	Female	Male	Female
25	0.04	0.02	0.04	0.02
30	0.04	0.02	0.04	0.03
35	0.07	0.04	0.07	0.05
40	0.10	0.07	0.10	0.08
45	0.14	0.11	0.13	0.12
50	0.20	0.16	0.19	0.19
55	0.34	0.24	0.30	0.30
60	0.58	0.41	0.52	0.51
65	0.98	0.74	0.88	0.93

All Miscellaneous pre-retirement deaths are assumed to be non-duty. For Safety, 50% of pre-retirement deaths are assumed to be non-duty and the rest are assumed to be duty.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

Termination Rates Before Retirement (continued):

Age	Rate (%)	
	Disability	
	Miscellaneous⁽¹⁾	Safety⁽²⁾
20	0.00	0.10
25	0.01	0.10
30	0.03	0.16
35	0.05	0.26
40	0.08	0.45
45	0.16	0.61
50	0.26	0.80
55	0.36	1.26
60	0.52	2.10

⁽¹⁾ 25% of Miscellaneous disabilities are assumed to be duty disabilities. The other 75% are assumed to be non-duty disabilities.

⁽²⁾ 90% of Safety disabilities are assumed to be duty disabilities. The other 10% are assumed to be non-duty disabilities.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

Termination Rates Before Retirement (continued):

Rate (%)		
Withdrawal (< 5 Years of Service) ⁽¹⁾		
Years of Service	Miscellaneous	Safety
0	13.00	8.00
1	8.00	6.00
2	7.00	5.00
3	6.00	4.00
4	5.50	3.00
Withdrawal (5+ Years of Service) ⁽²⁾		
Age	Miscellaneous	Safety
20	5.00	2.50
25	5.00	2.50
30	4.70	2.50
35	4.20	2.20
40	3.40	1.85
45	2.70	1.60
50	2.20	1.50
55	1.85	1.50
60	1.30	1.50
65	1.00	0.00

⁽¹⁾ 75% of the Miscellaneous members and 50% of the Safety members are assumed to elect a refund of contribution balance while the remaining 25% and 50% of Miscellaneous and Safety members, respectively, are assumed to elect a deferred retirement benefit. No withdrawal is assumed after a member is assumed to retire.

⁽²⁾ 50% of the Miscellaneous members and 20% of the Safety members are assumed to elect a refund of contribution balance while the remaining 50% and 80% of Miscellaneous and Safety members, respectively, are assumed to elect a deferred retirement benefit. No withdrawal is assumed after a member is assumed to retire.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

Retirement Rates:

Age	Rate (%)						
	Miscellaneous Tier 1	Miscellaneous Tiers 2 & 3	Miscellaneous Tier 4	Miscellaneous Tier 5	Safety Tiers 1 & 2	Safety Tier 3	Safety Tier 4
45	0.00	0.00	0.00	0.00	2.00	1.50	0.00
46	0.00	0.00	0.00	0.00	2.00	1.50	0.00
47	0.00	0.00	0.00	0.00	2.00	1.50	0.00
48	0.00	0.00	0.00	0.00	2.00	1.50	0.00
49	0.00	0.00	0.00	0.00	5.00	4.00	0.00
50	6.00	2.00	2.00	0.00	25.00	10.00	15.00
51	4.00	2.00	2.00	0.00	18.00	12.00	10.50
52	4.00	2.00	2.00	4.00	18.00	14.00	12.00
53	4.00	3.00	2.00	1.50	22.00	16.00	14.00
54	7.00	4.00	3.00	2.50	22.00	18.00	15.50
55	10.00	6.00	4.00	3.50	22.00	50.00	40.00
56	15.00	6.00	5.00	4.50	25.00	25.00	25.00
57	16.00	8.00	6.00	5.50	25.00	25.00	25.00
58	18.00	12.00	7.00	6.50	25.00	25.00	25.00
59	22.00	14.00	8.00	7.50	30.00	30.00	25.00
60	28.00	14.00	9.00	8.50	45.00	45.00	45.00
61	30.00	14.00	10.00	9.50	55.00	55.00	55.00
62	35.00	25.00	18.00	17.00	70.00	70.00	70.00
63	35.00	30.00	16.00	15.00	70.00	70.00	70.00
64	40.00	35.00	20.00	19.00	70.00	70.00	70.00
65	50.00	40.00	25.00	24.00	100.00	100.00	100.00
66	45.00	45.00	20.00	20.00	100.00	100.00	100.00
67	45.00	45.00	20.00	20.00	100.00	100.00	100.00
68	50.00	50.00	30.00	30.00	100.00	100.00	100.00
69	60.00	60.00	40.00	40.00	100.00	100.00	100.00
70	100.00	100.00	100.00	100.00	100.00	100.00	100.00

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

Retirement Age and Benefit for Deferred Vested Members:

For deferred vested members, we make the following retirement assumption:

Miscellaneous Age: 59

Safety Age: 53

We assume that 40% of future Miscellaneous and 50% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocals, we assume 4.50% and 5.25% compensation increases per annum, respectively.

Future Benefit Accruals:

1.0 year of service per year for the full-time employees. Continuation of current partial service accrual for part-time employees.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Percent Married:

80% of male members; 55% of female members.

Age of Spouse:

Female (or male) spouses are 3 years younger (or older) than their spouses.

Service From Unused Sick Leave Conversion:

The following assumptions for service converted from unused sick leave as a percentage of service at retirement are used:

Service Retirements:

Miscellaneous: 1.50%

Safety: 2.25%

Disability Retirements:

Miscellaneous: 0.00%

Safety: 0.25%

Pursuant to Section 31641.01, the cost of this benefit will be charged only to employers and will not affect member contribution rates.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

Salary Increases:

Annual Rate of Compensation Increase (%)		
Inflation: 3.25%, plus “across the board” salary increases of 0.25% per year; plus the following merit and promotional increases.		
Years of Service	Miscellaneous	Safety
0-1	5.00	8.00
1-2	4.50	7.00
2-3	3.75	6.00
3-4	3.50	5.00
4-5	3.00	4.00
5-6	2.50	3.50
6-7	2.25	3.25
7-8	2.00	3.00
8-9	1.75	2.75
9-10	1.00	2.00
10 or more	1.00	1.75

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

Actuarial Methods

Actuarial Cost Method:

Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation.

Expected Remaining Service Lives:

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX A

**Calculation of Discount Rate as of June 30, 2015
Projection of Pension Plan's Fiduciary Net Position (\$ in millions)**

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2015	\$7,879	\$265	\$432	\$6	\$583	\$8,290
2016	8,290	262	458	6	612	8,700
2017	8,700	258	488	7	642	9,106
2018	9,106	252	521	7	671	9,500
2019	9,500	247	554	7	699	9,884
2020	9,884	241	589	7	726	10,255
2021	10,255	245	625	8	752	10,620
2022	10,620	242	661	8	778	10,970
2023	10,970	239	699	8	803	11,304
2024	11,304	236	736	8	826	11,622
2032	13,306	226	1,019	10	964	13,466
2033	13,466	213	1,049	10	974	13,595
2034	13,595	235	1,076	10	984	13,727
2050	10,150	23 *	1,088	8	717	9,794
2051	9,794	22 *	1,062	7	691	9,438
2052	9,438	22 *	1,035	7	666	9,083
2079	7,727	10 *	109	6	575	8,198
2080	8,198	10 *	92	6	611	8,721
2081	8,721	10 *	78	7	651	9,297
2101	35,795	27 *	1	27	2,685	38,479
2102	38,479	29 *	0	29	2,886	41,365
2103	41,365	31 *	0	31	3,102	44,467
2117	113,852	85 *	0	85	8,539	122,391
2118	122,391					
2118	Discounted Value: 71 *					

* Mainly attributable to employer contributions to fund each year's annual administrative expenses.

*** \$122,391 million when discounted with interest at the rate of 7.50% per annum has a value of \$71 million (or 0.90% of the Plan's Fiduciary Net Position) as of June 30, 2015.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX A (continued)

Calculation of Discount Rate as of June 30, 2015 Projection of Pension Plan's Fiduciary Net Position (\$ in millions)

Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Years 2025-2031, 2035-2049, 2053-2078, 2082-2100, and 2104-2116 have been omitted from this table.
- (3) Column (a): Except for the "discounted value" shown for 2118, all of the projected beginning Plan Fiduciary Net Position amounts shown have not been adjusted for the time value of money.
- (4) Column (b): Projected total contributions include employee and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2015); plus employer contributions to the unfunded actuarial accrued liability. Contributions are assumed to occur halfway through the year, on average.
- (5) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2015. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2015 report.
- (6) Column (d): Projected administrative expenses are calculated as approximately 0.07% of the beginning Plan Fiduciary Net Position amount. The 0.07% portion was based on the actual fiscal year 2014-2015 administrative expenses as a percentage of the beginning Plan Fiduciary Net Position amount as of July 1, 2014. Administrative expenses are assumed to occur halfway through the year, on average.
- (7) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.50% per annum.
- (8) As illustrated in this Exhibit, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.50% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2015 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX B

GLOSSARY

Definitions of certain terms *as they are used in Statement 68*; the terms may have different meanings in other contexts.

Active employees

Individuals employed at the end of the reporting or measurement period, as applicable.

Actual contributions

Cash contributions recognized as additions to a pension Plan's Fiduciary Net Position.

Actuarial present value of projected benefit payments

Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

Actuarial valuation

The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

Actuarial valuation date

The date as of which an actuarial valuation is performed.

Actuarially determined contribution

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

Ad hoc cost-of-living adjustments (ad hoc COLAs)

Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX B (continued)

GLOSSARY

Ad hoc postemployment benefit changes

Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.

Agent employer

An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.

Agent multiple-employer defined benefit pension plan (agent pension plan)

A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

Allocated insurance contract

A contract with an insurance company under which related payments to the insurance company are currently used to purchase immediate or deferred annuities for individual employees. Also may be referred to as an annuity contract.

Automatic cost-of-living adjustments (automatic COLAs)

Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Automatic postemployment benefit changes

Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Closed period

A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX B (continued)

GLOSSARY

Collective deferred outflows of resources and deferred inflows of resources related to pensions

Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.

Collective Net Pension Liability

The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.

Collective pension expense

Pension expense arising from certain changes in the collective Net Pension Liability.

Contributions

Additions to a pension Plan's Fiduciary Net Position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.

Cost-of-living adjustments

Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Cost-sharing employer

An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.

Cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan)

A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

Covered-employee payroll

The payroll of employees that are provided with pensions through the pension plan.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX B (continued)

GLOSSARY

Deferred retirement option program (DROP)

A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.

Defined benefit pension plans

Pension plans that are used to provide defined benefit pensions.

Defined benefit pensions

Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 68.)

Defined contribution pension plans

Pension plans that are used to provide defined contribution pensions.

Defined contribution pensions

Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX B (continued)

GLOSSARY

Discount rate

The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan's Fiduciary Net Position is projected (under the requirements of Statement 68) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Entry age actuarial cost method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the *normal cost*. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the *actuarial accrued liability*.

Inactive employees

Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.

Measurement period

The period between the prior and the current measurement dates.

Multiple-employer defined benefit pension plan

A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX B (continued)

GLOSSARY

Net Pension Liability

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan.

Nonemployer contributing entities

Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of Statement 68, employees are not considered nonemployer contributing entities.

Other postemployment benefits

All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.

Pension plans

Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

Pensions

Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

Plan members

Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).

Postemployment

The period after employment.

Postemployment benefit changes

Adjustments to the pension of an inactive employee.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX B (continued)

GLOSSARY

Postemployment healthcare benefits

Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.

Projected benefit payments

All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

Public employee retirement system

A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.

Real rate of return

The rate of return on an investment after adjustment to eliminate inflation.

Service costs

The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.

Single employer

An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.

Single-employer defined benefit pension plan (single-employer pension plan)

A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Special funding situations

Circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:

1. The amount of contributions for which the nonemployer entity legally is responsible is *not* dependent upon one or more events or circumstances unrelated to the pensions.
2. The nonemployer entity is the only entity with a legal obligation to make contributions directly to a pension plan.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Sacramento County Employees' Retirement System

APPENDIX B (continued)

GLOSSARY

Termination benefits

Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.

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