



City and County of San Francisco Employees' Retirement System

**GASB 67/68 Report
as of June 30, 2023**

Produced by Cheiron

December 2023

TABLE OF CONTENTS

<i>Section</i>		<i>Page</i>
Section I	Board Summary	1
Section II	Certification	3
Section III	Determination of Discount Rate	4
Section IV	Projection of Total Pension Liability	6
Section V	GASB 67 Reporting Information.....	7
Section VI	GASB 68 Collective Information	13
Section VII	GASB 68 Reporting Information for Employers.....	18
 <i>Appendices</i>		
Appendix A	Membership Information	26
Appendix B	Actuarial Assumptions and Methods	28
Appendix C	Summary of Plan Provisions.....	32
Appendix D	Determination of Discount Rate	33
Appendix E	Glossary of Terms.....	38

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial reporting information under the Governmental Accounting Standards Board Statements 67 and 68 (GASB 67 and 68) for the City and County of San Francisco Employees' Retirement System ("System") and for the participating employers, respectively. This information includes:

- Determination of the discount rate as of June 30, 2023,
- Projection of the Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for the System,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

Highlights

The measurement date for the City and County of San Francisco Employees' Retirement System ("System") is June 30, 2023. Measurements are based on the fair value of assets as of June 30, 2023 and the Total Pension Liability as of the valuation date, July 1, 2022 updated to June 30, 2023.

The beginning and end of year measurements are based on different Supplemental COLA assumptions to reflect the change in Supplemental COLA provisions and that no Supplemental COLA was paid in 2023. A detailed description of the Supplemental COLA assumptions can be found in Appendix B of this report.

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

Table I-1			
Summary of Collective Results			
		Measurement Date	
		6/30/2023	6/30/2022
Net Pension Liability	\$	3,644,407	\$ 2,691,115
Deferred Outflows		(1,552,958)	(944,900)
Deferred Inflows		215,203	544,343
Net Impact on Statement of Net Position	\$	2,306,652	\$ 2,290,558
Pension Expense (\$ Amount)	\$	688,745	\$ (21,733)
Pension Expense (% of Payroll)		17.24%	-0.58%

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

As of the end of the measurement year, the System and its participating employers in aggregate report a Net Pension Liability of \$3,644,407,000, Deferred Inflows of \$215,203,000, and Deferred Outflows of \$1,552,958,000. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to the System is \$2,306,652,000 at the end of the measurement year. Participating employers also report any contributions between the measurement date and their reporting date as deferred outflows of resources.

Proposition A passed on November 8, 2022 making members who retired before November 6, 1996 (Pre96 Retirees) eligible for a Supplemental COLA, even if SFERS is not fully funded based on the Market Value of Assets. Also, Pre96 Retirees' base retirement allowances were adjusted to account for Supplemental COLAs not received in 2013, 2014, 2017, 2018, and 2019 due to the full funding requirement. Proposition A increased the Total Pension Liability (TPL) by \$59.1 million.

The Net Pension Liability (NPL) increased by about \$953 million since the prior measurement date, primarily due to investment losses of \$687 million. There were also net liability experience losses of \$296 million, which included a liability gain of about \$138 million since no Supplemental COLA was paid for 2023, that further increased the NPL. There were no assumption changes other than those used to value Proposition A (included with benefit change). The investment losses are recognized over five years, and the liability experience losses are recognized over the average remaining service life, which is also five years. Unrecognized amounts are reported as deferred inflows and deferred outflows.

For the measurement year ending June 30, 2023, the collective annual pension expense is \$688,745,000 or 17.24% of covered payroll. This amount is not related to participating employers' contributions to the System (\$672,651,000), but instead represents the change in the net impact on participating employers' Statements of Net Position plus employer contributions (\$2,306,652,000 – \$2,290,558,000 + \$672,651,000). The collective pension expense of \$688,745,000 is a significant increase from the collective pension income for the prior year of \$21,733,000. Volatility in pension expense or income from year to year is to be expected. It will largely be driven by investment gains or losses, but other changes can also have a significant impact. A breakdown of the components of the collective net pension expense is shown in Section VI of the report.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION II – CERTIFICATION

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

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

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this GASB 67/68 valuation, including inputs to the crossover test.

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

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

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



William R. Hallmark, ASA, EA, FCA, MAAA
Consulting Actuary



Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability is 7.20%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the rates specified in the Charter of the City and County of San Francisco. Employer contributions are assumed to be made in accordance with the contribution policy in effect for the July 1, 2022 actuarial valuation. That policy requires contributions equal to the employer portion of the Entry Age Normal Cost for members as of the valuation date, a payment for the expected administrative expenses, and an amortization payment on the Unfunded Actuarial Liability.

The amortization payment is based on closed periods that vary in length depending on the source. Charter amendments prior to July 1, 2014 are amortized over 20 years. After July 1, 2014, any Charter changes to active member benefits are amortized over 15 years and changes to inactive member benefits, including Supplemental COLAs, are amortized over 5 years. However, the change due to Proposition A was amortized over 10 years. In the July 1, 2016 valuation, the increase in the Unfunded Actuarial Liability attributable to the Supplemental COLAs granted effective July 1, 2013 was amortized over 17 years. For the July 1, 2021 valuation, all amortization periods for actuarial gains and losses and prior assumption changes were reduced to 5 years. The assumption change effective July 1, 2021 is amortized over 20 years. Future experience gains and losses and assumption or method changes on or after July 1, 2021 are amortized over 20 years. If the plan becomes 100% funded based on the Actuarial Value of Assets, any new net surpluses are amortized over a rolling 20-year period. All amortization schedules are established as a level percentage of payroll so payments increase 3.25% each year.

The Unfunded Actuarial Liability is based on an Actuarial Value of Assets that smooths investment gains and losses over five years and a measurement of the Actuarial Liability that excludes the value of any future Supplemental COLAs.

While the contributions and measure of Actuarial Liability in the funding valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members who were hired before Proposition C passed, a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the Actuarial Value of Assets. For members who were hired after Proposition C passed, the Market Value of Assets must also exceed the Actuarial Liability for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the amount of excess earnings and the basic COLA amount for each membership group. Most members receive a 1.50% Supplemental COLA when a full Supplemental COLA is granted.

No Supplemental COLA was payable as of July 1, 2023 due to the unfavorable investment returns for FYE 2023.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION III – DETERMINATION OF DISCOUNT RATE

The table below shows the net assumed Supplemental COLA for members with a 2.00% Basic COLA. Appendix B contains complete information on the assumption.

Assumed Supplemental COLA for Members with a 2.00% Basic COLA		
July 1,	Before Prop C	After Prop C
2023	0.00%	0.00%
2024+	0.75%	0.50%

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

Based on these assumptions, the System's fiduciary net position was projected to be available to make future benefit payments for current members through 2104. Projected benefit payments are discounted at the long-term expected return on assets of 7.20% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.65% to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2023 rounded to four decimals is 7.20%.

Appendix D shows the details of this calculation.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2023 is measured as of a valuation date of June 30, 2022 and projected to June 30, 2023. Because the TPL shown in the prior report was measured as of June 30, 2021 and projected to June 30, 2022, it will not match the amounts measured as of June 30, 2022 that are shown in this exhibit.

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

Table IV-1 Projection of Collective Total Pension Liability From Valuation to Measurement Date			
Discount Rate	6.20%	7.20%	8.20%
Valuation Collective Total Pension Liability, 6/30/2022			
Actives	\$ 15,449,959	\$ 13,050,571	\$ 11,116,421
Inactives	<u>25,102,545</u>	<u>22,770,092</u>	<u>20,803,609</u>
Total	\$ 40,552,504	\$ 35,820,663	\$ 31,920,030
Service Cost	\$ 1,038,705	\$ 813,901	\$ 644,887
Benefit Payments	\$ 1,844,365	\$ 1,844,365	\$ 1,844,365
Interest	\$ 2,489,655	\$ 2,542,636	\$ 2,569,233
Collective Total Pension Liability, 6/30/2023	\$ 42,236,499	\$ 37,332,835	\$ 33,289,785

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

Note Disclosures

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

Table V-1			
Change in Collective Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2022	\$ 35,489,639	\$ 32,798,524	\$ 2,691,115
Changes for the year:			
Service cost	813,901		813,901
Interest	2,518,802		2,518,802
Changes of benefits	59,080		59,080
Differences between expected and actual experience	295,778		295,778
Changes of assumptions	0		0
Contributions - employer		672,651	(672,651)
Contributions - member		413,916	(413,916)
Net investment income		1,670,666	(1,670,666)
Benefit payments	(1,844,365)	(1,844,365)	0
Administrative expense		(22,964)	22,964
Net changes	1,843,196	889,904	953,292
Balances at 6/30/2023	\$ 37,332,835	\$ 33,688,428	\$ 3,644,407

Amounts in Thousands

During the measurement year, the collective NPL increased by approximately \$1.0 billion. The service cost and interest cost increased the collective NPL by approximately \$3.3 billion. Investment returns and contributions, offset by administrative expenses, decreased the collective NPL by approximately \$2.7 billion.

Benefit changes as a result of Proposition A increased the TPL by approximately \$0.1 billion. Liability experience further increased the TPL by approximately \$0.3 billion.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

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

Table V-2			
Sensitivity of Collective Net Pension Liability to Changes in Discount Rate			
	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
Total Pension Liability	\$ 42,236,499	\$ 37,332,835	\$ 33,289,785
Plan Fiduciary Net Position	<u>33,688,428</u>	<u>33,688,428</u>	<u>33,688,428</u>
Collective Net Pension Liability	<u>\$ 8,548,071</u>	<u>\$ 3,644,407</u>	<u>\$ (398,643)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.8%	90.2%	101.2%

Amounts in Thousands

A one percent decrease in the discount rate increases the TPL by approximately 13%. A one percent increase in the discount rate decreases the TPL by approximately 11%.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

Required Supplementary Information

The Schedules of Required Supplementary Information show 10 years of historical information. The schedules below and on the next page show the changes in collective NPL and related ratios required by GASB.

Table V-3					
Schedule of Changes in Collective NPL and Related Ratios					
	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
<u>Total Pension Liability</u>					
Service cost (MOY)	\$ 813,901	\$ 781,610	\$ 718,771	\$ 704,637	\$ 675,065
Interest	2,518,802	2,471,994	2,302,075	2,230,441	2,131,847
Changes of benefit terms	59,080	0	0	0	0
Differences between expected and actual experience	295,778	98,920	136,097	205,869	12,484
Changes of assumptions	0	786,100	(479,435)	(117,141)	351,902
Benefit payments	<u>(1,844,365)</u>	<u>(1,737,750)</u>	<u>(1,619,761)</u>	<u>(1,548,077)</u>	<u>(1,456,682)</u>
Net change in TPL	\$ 1,843,196	\$ 2,400,874	\$ 1,057,747	\$ 1,475,729	\$ 1,714,616
TPL - beginning	<u>35,489,639</u>	<u>33,088,765</u>	<u>32,031,018</u>	<u>30,555,289</u>	<u>28,840,673</u>
TPL - ending	<u>\$ 37,332,835</u>	<u>\$ 35,489,639</u>	<u>\$ 33,088,765</u>	<u>\$ 32,031,018</u>	<u>\$ 30,555,289</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 672,651	\$ 768,463	\$ 836,559	\$ 742,985	\$ 645,056
Contributions - member	413,916	423,471	409,398	400,649	380,980
Net investment income	1,670,666	(2,308,320)	9,447,669	966,282	1,970,312
Benefit payments	(1,844,365)	(1,737,750)	(1,619,761)	(1,548,077)	(1,456,682)
Administrative expense	<u>(22,964)</u>	<u>(21,174)</u>	<u>(20,249)</u>	<u>(20,270)</u>	<u>(18,983)</u>
Net change in plan fiduciary net position	\$ 889,904	\$ (2,875,310)	\$ 9,053,616	\$ 541,569	\$ 1,520,683
Plan fiduciary net position - beginning	<u>32,798,524</u>	<u>35,673,834</u>	<u>26,620,218</u>	<u>26,078,649</u>	<u>24,557,966</u>
Plan fiduciary net position - ending	<u>\$ 33,688,428</u>	<u>\$ 32,798,524</u>	<u>\$ 35,673,834</u>	<u>\$ 26,620,218</u>	<u>\$ 26,078,649</u>
Net pension liability - ending	<u>\$ 3,644,407</u>	<u>\$ 2,691,115</u>	<u>\$ (2,585,069)</u>	<u>\$ 5,410,800</u>	<u>\$ 4,476,640</u>
Plan fiduciary net position as a percentage of the TPL	90.24%	92.42%	107.81%	83.11%	85.35%
Covered payroll	\$ 3,994,117	\$ 3,742,459	\$ 3,623,898	\$ 3,566,991	\$ 3,375,447
Net pension liability as a percentage of covered payroll	91.24%	71.91%	-71.33%	151.69%	132.62%

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

Table V-3					
Schedule of Changes in Collective NPL and Related Ratios					
	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
<u>Total Pension Liability</u>					
Service cost (MOY)	\$ 632,118	\$ 644,277	\$ 567,576	\$ 523,644	\$ 509,200
Interest	2,041,110	1,924,206	1,669,996	1,621,582	1,542,266
Changes of benefit terms	0	0	1,293,714	0	0
Differences between expected and actual experience	(42,382)	57,911	(119,270)	(197,981)	0
Changes of assumptions	170,699	88,180	1,087,309	216,845	(73,315)
Benefit payments	<u>(1,364,587)</u>	<u>(1,278,140)</u>	<u>(1,256,146)</u>	<u>(1,131,030)</u>	<u>(1,072,526)</u>
Net change in TPL	\$ 1,436,958	\$ 1,436,434	\$ 3,243,179	\$ 1,033,060	\$ 905,625
TPL - beginning	<u>27,403,715</u>	<u>25,967,281</u>	<u>22,724,102</u>	<u>21,691,042</u>	<u>20,785,417</u>
TPL - ending	<u>\$ 28,840,673</u>	<u>\$ 27,403,715</u>	<u>\$ 25,967,281</u>	<u>\$ 22,724,102</u>	<u>\$ 21,691,042</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 619,067	\$ 551,810	\$ 526,805	\$ 592,643	\$ 532,882
Contributions - member	364,696	316,844	322,764	301,682	289,020
Net investment income	2,549,674	2,683,467	150,190	763,429	3,175,431
Benefit payments	(1,364,587)	(1,278,140)	(1,256,146)	(1,131,030)	(1,072,526)
Administrative expense	<u>(21,234)</u>	<u>(18,134)</u>	<u>(17,179)</u>	<u>(19,262)</u>	<u>(15,745)</u>
Net change in plan fiduciary net position	\$ 2,147,616	\$ 2,255,847	\$ (273,566)	\$ 507,462	\$ 2,909,062
Plan fiduciary net position - beginning	<u>22,410,350</u>	<u>20,154,503</u>	<u>20,428,069</u>	<u>19,920,607</u>	<u>17,011,545</u>
Plan fiduciary net position - ending	<u>\$ 24,557,966</u>	<u>\$ 22,410,350</u>	<u>\$ 20,154,503</u>	<u>\$ 20,428,069</u>	<u>\$ 19,920,607</u>
Net pension liability - ending	<u>\$ 4,282,707</u>	<u>\$ 4,993,365</u>	<u>\$ 5,812,778</u>	<u>\$ 2,296,033</u>	<u>\$ 1,770,435</u>
Plan fiduciary net position as a percentage of the TPL	85.15%	81.78%	77.61%	89.90%	91.84%
Covered payroll	\$ 3,221,544	\$ 3,041,818	\$ 2,836,498	\$ 2,642,752	\$ 2,507,162
Net pension liability as a percentage of covered payroll	132.94%	164.16%	204.93%	86.88%	70.62%

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

The schedule below compares actual contributions to the Actuarially Determined Contribution. The covered payroll shown in this exhibit is the pensionable pay used for determining contribution amounts.

Table V-4 Schedule of Collective Employer Contributions					
	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Actuarially Determined Contribution	\$ 672,651	\$ 768,463	\$ 836,559	\$ 742,985	\$ 645,056
Contributions in Relation to the Actuarially Determined Contribution	<u>672,651</u>	<u>768,463</u>	<u>836,559</u>	<u>742,985</u>	<u>645,056</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 3,994,117	\$ 3,742,459	\$ 3,623,898	\$ 3,566,991	\$ 3,375,447
Contributions as a Percentage of Covered Payroll	16.84%	20.53%	23.08%	20.83%	19.11%
	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Actuarially Determined Contribution	\$ 619,067	\$ 551,810	\$ 526,805	\$ 592,643	\$ 532,882
Contributions in Relation to the Actuarially Determined Contribution	<u>619,067</u>	<u>551,810</u>	<u>526,805</u>	<u>592,643</u>	<u>532,882</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 3,221,544	\$ 3,041,818	\$ 2,836,498	\$ 2,642,752	\$ 2,507,162
Contributions as a Percentage of Covered Payroll	19.22%	18.14%	18.57%	22.43%	21.25%

Amounts in Thousands

The notes on the following page summarize the key methods and assumptions used to determine the ADC for FYE 2023.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

Notes to Schedule

Valuation Date	7/1/2021
Timing	Actuarially determined contribution rates are calculated in the actuarial valuation one year prior to the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market
Amortization method	<p>Benefit changes made prior to July 1, 2014 are amortized over closed 20-year periods as a level percentage of payroll.</p> <p>The UAL as of July 1, 2013 not attributable to benefit changes was amortized over a closed 19-year period starting July 1, 2014.</p> <p>Assumption changes and experience gains and losses are amortized over a closed 20-year period as a level percentage of payroll. However, effective with the July 1, 2021 valuation, the remaining amortization periods for assumption changes prior to July 1, 2021 and all prior actuarial gains and losses (including the gain for 2021) are reduced to 5 years.</p> <p>Increases in the UAL due to Supplemental COLAs are amortized over a closed 5-year period.</p>
Discount rate	7.20%
Amortization growth rate	3.25%
Price inflation	2.50%
Salary increases	3.25% plus merit component based on employee classification and years of service
Mortality	<p>For General healthy annuitants, the sex distinct 2010 Pub-G healthy annuitant mortality table, adjusted 0.977 for females and 1.031 for males. For Safety healthy annuitants, the sex distinct 2010 Pub-S healthy annuitant mortality table, adjusted 1.044 for females and 0.947 for males.</p> <p>For General active members, the sex distinct 2010 Pub-G employee mortality tables, adjusted 0.866 for females and 0.834 for males. For Safety active members, the sex distinct 2010 Pub-S employee mortality tables, adjusted 0.979 for females and 1.011 for males.</p> <p>Rates are projected generationally from the base year using a modified version of the MP-2019 projection scale.</p>

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2023 can be found in the July 1, 2021 actuarial valuation report.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

We understand that all of the employers elected to use the 2014 measurement date for their initial reporting under GASB 68 on their June 30, 2015 reporting date. As a result, the schedules in this report are to be used for employer reporting as of June 30, 2024 reporting dates and the schedules from our prior report are to be used for employer reporting as of June 30, 2023.

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

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

Table VI-1														
Schedule of Collective Deferred Inflows and Outflows of Resources														
	Deferred Outflows of Resources	Deferred Inflows of Resources												
Differences between expected and actual experience	\$ 391,587	\$ 0												
Changes in assumptions	471,660	215,203												
Net difference between projected and actual earnings on pension plan investments	689,711	0												
Total	<u>\$ 1,552,958</u>	<u>\$ 215,203</u>												
<p>Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:</p> <p style="text-align: center;">Measurement year ended June 30:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">2024</td> <td style="text-align: right;">1,836</td> </tr> <tr> <td style="text-align: right;">2025</td> <td style="text-align: right;">(210,832)</td> </tr> <tr> <td style="text-align: right;">2026</td> <td style="text-align: right;">1,350,230</td> </tr> <tr> <td style="text-align: right;">2027</td> <td style="text-align: right;">196,521</td> </tr> <tr> <td style="text-align: right;">2028</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="text-align: right;">Thereafter \$</td> <td style="text-align: right;">0</td> </tr> </table>			2024	1,836	2025	(210,832)	2026	1,350,230	2027	196,521	2028	0	Thereafter \$	0
2024	1,836													
2025	(210,832)													
2026	1,350,230													
2027	196,521													
2028	0													
Thereafter \$	0													

Amounts in Thousands

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of the System. As of the beginning of the measurement period, this recognition period was 5 years.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

The tables below and on the next page provide details on the deferred outflows and inflows of resources, including remaining balances and the amounts recognized in the current and following four years.

Table VI-2a Recognition of Experience (Gains) and Losses										
Experience Year	Recognition Period	Total Amount	BOY	EOY	Reporting Year					
			Remaining Amount	Remaining Amount	2023	2024	2025	2026	2027	
2023	5.0	\$ 295,778	\$ 295,778	\$ 236,622	\$ 59,156	\$ 59,156	\$ 59,156	\$ 59,156	\$ 59,156	\$ 59,154
2022	5.0	98,920	79,136	59,352	19,784	19,784	19,784	19,784	19,784	0
2021	5.0	136,097	81,659	54,440	27,219	27,219	27,221	0	0	0
2020	5.0	205,869	82,347	41,173	41,174	41,173	0	0	0	0
2019	5.0	12,484	2,496	0	2,496	0	0	0	0	0
Deferred Outflows			541,416	391,587	149,829	147,332	106,161	78,940	59,154	
Deferred (Inflows)			0	0	0	0	0	0	0	0
Net Increase/(Decrease) in Pension Expense			\$ 541,416	\$ 391,587	\$ 149,829	\$ 147,332	\$ 106,161	\$ 78,940	\$ 59,154	

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

Table VI-2b Recognition of Assumption Changes									
Change Year	Recognition Period	Total Amount	BOY	EOY	Reporting Year				
			Remaining Amount	Remaining Amount	2023	2024	2025	2026	2027
2022	5.0	786,100	628,880	471,660	157,220	157,220	157,220	157,220	0
2021	5.0	(479,435)	(287,661)	(191,774)	(95,887)	(95,887)	(95,887)	0	0
2020	5.0	(117,141)	(46,857)	(23,429)	(23,428)	(23,429)	0	0	0
2019	5.0	351,902	70,382	0	70,382	0	0	0	0
Deferred Outflows			699,262	471,660	227,602	157,220	157,220	157,220	0
Deferred (Inflows)			(334,518)	(215,203)	(119,315)	(119,316)	(95,887)	0	0
Net Increase/(Decrease) in Pension Expense			\$ 364,744	\$ 256,457	\$ 108,287	\$ 37,904	\$ 61,333	\$ 157,220	\$ 0

Amounts in Thousands

Table VI-2c Recognition of Investment (Gains) and Losses									
Experience Year	Recognition Period	Total Amount	BOY	EOY	Reporting Year				
			Remaining Amount	Remaining Amount	2023	2024	2025	2026	2027
2023	5.0	\$ 686,831	\$ 686,831	\$ 549,465	\$ 137,366	\$ 137,366	\$ 137,366	\$ 137,366	\$ 137,367
2022	5.0	4,883,512	3,906,810	2,930,108	976,702	976,702	976,702	976,704	0
2021	5.0	(7,461,978)	(4,477,186)	(2,984,790)	(1,492,396)	(1,492,396)	(1,492,394)	0	0
2020	5.0	974,636	389,855	194,928	194,927	194,928	0	0	0
2019	5.0	(146,520)	(29,304)	0	(29,304)	0	0	0	0
Deferred Outflows			4,983,496	3,674,501	1,308,995	1,308,996	1,114,068	1,114,070	137,367
Deferred (Inflows)			(4,506,490)	(2,984,790)	(1,521,700)	(1,492,396)	(1,492,394)	0	0
Net Increase/(Decrease) in Pension Expense			\$ 477,006	\$ 689,711	\$ (212,705)	\$ (183,400)	\$ (378,326)	\$ 1,114,070	\$ 137,367

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

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

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

Table VI-3 Calculation of Collective Pension Expense			
	Measurement Year Ending		
	2023	2022	
Change in Net Pension Liability	\$ 953,292	\$ 5,276,184	
Change in Deferred Outflows	(608,058)	(532,607)	
Change in Deferred Inflows	(329,140)	(5,533,773)	
Employer Contributions	<u>672,651</u>	<u>768,463</u>	
Pension Expense	\$ 688,745	\$ (21,733)	
Pension Expense as % of Payroll	17.24%	-0.58%	
Operating Expenses			
Service cost	\$ 813,901	\$ 781,610	
Employee contributions	(413,916)	(423,471)	
Administrative expenses	<u>22,964</u>	<u>21,174</u>	
Total	\$ 422,949	\$ 379,313	
Financing Expenses			
Interest cost	\$ 2,518,802	\$ 2,471,994	
Expected return on assets	<u>(2,357,497)</u>	<u>(2,575,192)</u>	
Total	\$ 161,305	\$ (103,198)	
Changes			
Benefit changes	\$ 59,080	\$ 0	
Recognition of assumption changes	108,287	142,424	
Recognition of liability gains and losses	149,829	82,196	
Recognition of investment gains and losses	<u>(212,705)</u>	<u>(522,468)</u>	
Total	\$ 104,491	\$ (297,848)	
Pension Expense	\$ 688,745	\$ (21,733)	

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VI – GASB 68 COLLECTIVE INFORMATION

Operating expenses are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating the System for the year.

The financing expenses are the interest on the Total Pension Liability, including service cost, less the expected return on assets.

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

The total collective pension expense increased from the prior year by about \$710 million. The recognition of changes increased by approximately \$402 million while the financing expenses increased by approximately \$265 million. Finally, operating expenses increased by approximately \$44 million.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

Proportionate Shares

GASB 68 requires that the proportionate share for each employer be determined based on the “employer’s projected long-term contribution effort to the pension ... as compared to the total projected long-term contribution effort of all employers ...” Proportionate shares for each participating employer in the System are determined based on the ratio of each participating employer’s actual contribution to the System during the measurement year to the sum of the actual contributions for all participating employers. The table below shows the actual employer contributions and proportionate shares for each participating employer for the current and prior measurement years.

Table VII-1					
Determination of Employers' Proportionate Share					
Employer	June 30, 2023		June 30, 2022		
	Employer Contribution	Proportionate Share	Employer Contribution	Proportionate Share	
City and County	\$ 638,003	94.8491%	\$ 729,022	94.8676%	
Trial Courts	7,008	1.0418%	7,192	0.9359%	
Unified School District	19,157	2.8480%	21,564	2.8061%	
Community College District	8,483	1.2611%	10,685	1.3904%	
Total	\$ 672,651	100.0000%	\$ 768,463	100.0000%	

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

The table below shows the proportionate share of the collective NPL (using three different discount rates), the collective deferred outflows, the collective deferred inflows, and the collective pension expense allocated to each participating employer as of June 30, 2023.

Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2023							
Employer	Proportionate Share	Share of NPL @ 6.20%	Share of NPL @ 7.20%	Share of NPL @ 8.20%	Share of Deferred Outflows	Share of Deferred Inflows	Pension Expense
City and County	94.8491%	8,107,768	3,456,687	(378,110)	1,472,967	204,118	653,269
Trial Courts	1.0418%	89,054	37,967	(4,153)	16,179	2,242	7,175
Unified School District	2.8480%	243,449	103,793	(11,353)	44,228	6,129	19,615
Community College District	1.2611%	107,800	45,960	(5,027)	19,584	2,714	8,686
Total	100.0000%	\$ 8,548,071	\$ 3,644,407	\$ (398,643)	\$ 1,552,958	\$ 215,203	\$ 688,745

Amounts in Thousands

The proportionate share allocated to each individual employer will change on each measurement date. The net effect of the change in proportion on the share of the collective NPL, collective deferred outflows, and collective deferred inflows allocated to each employer becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of the System's active and inactive members (5 years).

Similarly, the difference between each employer's actual contributions and the employer's proportionate share of collective employer contributions becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of the System's active and inactive members (5 years). Because proportionate shares are determined based on each employer's actual contributions, there is no difference between the actual contributions and the proportionate share of collective contributions for each employer.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

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

Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences									
Employer	Proportionate Shares		Impact of Change in Proportion				Contributions		
	6/30/2022	6/30/2023	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
City and County	94.8676%	94.8491%	\$ (498)	\$ (175)	\$ 100	\$ (423)	\$ 638,003	\$ 638,003	\$ 0
Trial Courts	0.9359%	1.0418%	2,850	1,001	(576)	2,425	7,008	7,008	0
Unified School District	2.8061%	2.8480%	1,128	396	(228)	960	19,157	19,157	0
Community College District	1.3904%	1.2611%	(3,480)	(1,222)	704	(2,962)	8,483	8,483	0
Total	100.0000%	100.0000%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 672,651	\$ 672,651	\$ 0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

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

Table VII-4									
Reconciliation of Deferred Outflows and Inflows Due to Proportion Change									
Employer	Deferred Outflows				Deferred Inflows				
	Current Year Net				Current Year Net				
	6/30/2022	Effect	Recognition	6/30/2023	6/30/2022	Effect	Recognition	6/30/2023	
City and County	\$ 18,118	\$ 0	\$ 6,537	\$ 11,581	\$ 0	\$ (423)	\$ (85)	\$ (338)	
Trial Courts	0	2,425	485	1,940	(4,527)	0	(2,016)	(2,511)	
Unified School District	193	960	385	768	(9,878)	0	(2,931)	(6,947)	
Community College District	0	0	0	0	(3,906)	(2,962)	(2,375)	(4,493)	
Total	\$ 18,311	\$ 3,385	\$ 7,407	\$ 14,289	\$ (18,311)	\$ (3,385)	\$ (7,407)	\$ (14,289)	

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

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

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

Employer	Deferred Outflows				Deferred Inflows			
	Current Year		Recognition	6/30/2023	Current Year		Recognition	6/30/2023
	6/30/2022	Difference			6/30/2022	Difference		
City and County	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trial Courts	0	0	0	0	0	0	0	0
Unified School District	0	0	0	0	0	0	0	0
Community College District	0	0	0	0	0	0	0	0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

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

Table VII-6 Schedule of Employers' Deferred Outflows at June 30, 2023							
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference	
City and County	94.8491%	\$ 371,417	\$ 447,365	\$ 654,185	\$ 11,581	\$ 0	
Trial Courts	1.0418%	4,080	4,914	7,185	1,940	0	
Unified School District	2.8480%	11,152	13,433	19,643	768	0	
Community College District	1.2611%	4,938	5,948	8,698	0	0	
Total	100.0000%	\$ 391,587	\$ 471,660	\$ 689,711	\$ 14,289	\$ 0	

Amounts in Thousands

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

Table VII-7 Schedule of Employers' Deferred Inflows at June 30, 2023							
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference	
City and County	94.8491%	\$ 0	\$ 204,118	\$ 0	\$ 338	\$ 0	
Trial Courts	1.0418%	0	2,242	0	2,511	0	
Unified School District	2.8480%	0	6,129	0	6,947	0	
Community College District	1.2611%	0	2,714	0	4,493	0	
Total	100.0000%	\$ 0	\$ 215,203	\$ 0	\$ 14,289	\$ 0	

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

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

Table VII-8						
Schedule of Employers' Recognition of Deferred Outflows and Inflows at June 30, 2023						
Employer	Recognition for Measurement Year Ending					
	2024	2025	2026	2027	2028	Thereafter
City and County	\$ 7,978	\$ (196,185)	\$ 1,281,982	\$ 186,316	\$ 0	\$ 0
Trial Courts	(1,124)	(2,445)	14,403	2,532	0	0
Unified School District	(2,687)	(8,628)	37,447	5,789	0	0
Community College District	(2,331)	(3,574)	16,398	1,884	0	0
Total	\$ 1,836	\$ (210,832)	\$ 1,350,230	\$ 196,521	\$ 0	\$ 0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR EMPLOYERS

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

Table VII-9										
Schedule of Employers' Pension Expense for the Measurement Year Ending June 30, 2023										
Employer	Collective			Employer Pension Expense	Change in Employer			Employer Contributions	Employer Pension Expense	
	Pension Expense	Change in Proportion	Contribution Difference		Net Pension Liability	Deferred Outflows	Deferred Inflows			
City and County	\$ 653,269	\$ 6,452	\$ 0	\$ 659,721	\$ 903,692	\$ (570,026)	\$ (311,948)	\$ 638,003	\$ 659,721	
Trial Courts	7,175	(1,531)	0	5,644	12,781	(9,276)	(4,869)	7,008	5,644	
Unified School District	19,615	(2,546)	0	17,069	28,277	(18,288)	(12,077)	19,157	17,069	
Community College District	8,686	(2,375)	0	6,311	8,542	(6,446)	(4,268)	8,483	6,311	
Total	\$ 688,745	\$ 0	\$ 0	\$ 688,745	\$ 953,292	\$ (604,036)	\$ (333,162)	\$ 672,651	\$ 688,745	

Amounts in Thousands

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

Table VII-10									
Schedule of Employers' RSI Information at June 30, 2023									
Employer	Proportionate Shares	Proportionate Share of NPL	Covered Payroll	Share of NPL as a % of Payroll	Plan Fiduciary Net Position as % of TPL	Contractually Required Contribution	Actual Contributions	Contribution Deficiency	Contributions as a % of Payroll
City and County	94.8491%	\$ 3,456,687	\$ 3,810,429	90.7%	90.2%	\$ 638,003	\$ 638,003	\$ 0	16.7%
Trial Courts	1.0418%	37,967	38,323	99.1%	90.2%	\$ 7,008	7,008	0	18.3%
Unified School District	2.8480%	103,793	98,872	105.0%	90.2%	\$ 19,157	19,157	0	19.4%
Community College District	1.2611%	45,960	46,493	98.9%	90.2%	\$ 8,483	8,483	0	18.2%
Total	100.0000%	\$ 3,644,407	\$ 3,994,117	91.2%	90.2%	\$ 672,651	\$ 672,651	\$ 0	16.8%

Amounts in Thousands



**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

Active Member Data - By Group			
	July 1, 2021	July 1, 2022	% Change
Total			
Count	33,644	33,199	-1.3%
Average Current Age	47.2	47.3	0.1
Average Service	11.0	10.9	-0.1
Annual Pensionable Earnings	\$ 3,586,532,188	\$ 3,708,897,220	3.4%
Average Pensionable Earnings	\$ 106,602	\$ 111,717	4.8%
Police			
Count	2,475	2,269	-8.3%
Average Current Age	40.9	41.4	0.5
Average Service	12.4	13.0	0.6
Annual Pensionable Earnings	\$ 332,503,625	\$ 315,938,119	-5.0%
Average Pensionable Earnings	\$ 134,345	\$ 139,241	3.6%
Fire			
Count	1,599	1,664	4.1%
Average Current Age	43.9	42.9	-1.0
Average Service	13.3	12.3	-1.0
Annual Pensionable Earnings	\$ 228,221,528	\$ 237,555,937	4.1%
Average Pensionable Earnings	\$ 142,728	\$ 142,762	0.0%
Miscellaneous			
Count	29,570	29,266	-1.0%
Average Current Age	47.9	48.0	0.1
Average Service	10.7	10.7	0.0
Annual Pensionable Earnings	\$ 3,025,807,035	\$ 3,155,403,164	4.3%
Average Pensionable Earnings	\$ 102,327	\$ 107,818	5.4%

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

Non-Active Member Data - Total System					
	July 1, 2021		July 1, 2022		Change
Retired					
Count	24,147		24,964		3.4%
Average Age	71.5		71.6		0.1
Average Annual Benefit*	\$ 56,052		\$ 57,831		3.2%
Disabled					
Count	2,507		2,485		-0.9%
Average Age	69.6		69.9		0.3
Average Annual Benefit*	\$ 72,329		\$ 75,773		4.8%
Beneficiaries					
Count	4,200		4,270		1.7%
Average Age	77.8		77.8		0.0
Average Annual Benefit*	\$ 37,299		\$ 40,159		7.7%
Payee Average					
Count	30,854		31,719		2.8%
Average Age	72.2		72.3		0.1
Average Annual Benefit*	\$ 54,822		\$ 56,857		3.7%
Inactives					
Count	11,126		12,085		8.6%
Average Age	47.6		47.6		0.0
Total Contribution Balance with Interest	\$ 346,437,842		\$ 420,865,353		21.5%
Average Contribution Balance with Interest	\$ 31,138		\$ 34,825		11.8%

* Benefits provided in June 30 valuation data, plus estimated Basic COLA effective July 1, 2022 and increased in accordance with Proposition A for affected members. If applicable, limited by Section 415(b) of the Internal Revenue Code.

Please refer to the July 1, 2021 actuarial valuation report for a more complete summary of the data.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2023 is provided below, including any assumptions that differ from those used in the July 1, 2022 actuarial valuation. Please refer to the July 1, 2022 actuarial valuation report for a complete description of all other assumptions and the rationale for those assumptions.

Key Actuarial Assumptions

Expected Return on Assets 7.20 percent net of investment expenses

Municipal Bond Yield 3.54 percent as of June 30, 2022
3.65 percent as of June 30, 2023
Bond Buyer 20-Bond GO Index, June 30, 2022 and June 29, 2023

Discount Rate 7.20 percent

Administrative Expenses 0.60 percent of payroll

Basic COLA

Old Miscellaneous and all New Plans	Old Police & Fire, Pre 7/1/75 Retirements	Old Police & Fire, Charters A8.595 and A8.596	Old Police & Fire, Charters A8.559 and A8.585
2.00%	1.90%	2.50%	3.60%

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Supplemental COLA: June 30, 2022 – Prior to Proposition A

Before 96 or After Prop C Group:

July 1,	Old Miscellaneous and all New Plans	Old Police & Fire, pre 7/1/75 Retirements	& Fire Charter A8.595 and A8.596
2023	0.70%	0.80%	0.50%
2024	0.60%	0.60%	0.40%
2025	0.60%	0.60%	0.40%
2026	0.50%	0.60%	0.30%
2027	0.50%	0.50%	0.30%
2028	0.50%	0.50%	0.30%
2029	0.50%	0.50%	0.30%
2030	0.50%	0.50%	0.30%
2031	0.50%	0.50%	0.30%
2032	0.50%	0.50%	0.30%
2033+	0.50%	0.50%	0.30%

After 96 and Before Prop C Group:

Old Misc. and New Plans – 0% for July 1, 2022; 0.75% thereafter

Old Safety Plans – 0% for July 1, 2022; After 2022 – $\frac{1}{2} \times (3.5\% \text{ less assumed Basic COLA})$, not less than zero

Supplemental COLA: June 30, 2023 – After Proposition A

Prop C Group:

0% for July 1, 2023; 0.5% thereafter

Before Prop C Groups:

June 30, 2023: Old Misc. and New Plans – 0% for July 1, 2023; 0.75% thereafter
Old Safety Plans – 0% for July 1, 2023; After 2023 – $\frac{1}{2} \times (3.5\% \text{ less assumed Basic COLA})$, not less than zero

Changes Since Last GASB 67/68 Valuation

Supplemental COLA assumptions were updated. Effective with Proposition A, “Before 96” Retirees receive the same Supplemental COLAs as the After 96 and Before Prop C group.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset smoothing method, and an amortization method as described below.

1. Actuarial Cost Method

The Entry Age Actuarial Cost Method was used for active employees, whereby the normal cost is computed as the level annual percentage of pay required to fund the retirement benefits between each member’s date of hire and assumed retirement. The Actuarial Liability is the difference between the present value of future benefits and the present value of future normal costs. The normal cost and Actuarial Liability are calculated on an individual basis. The sum of the individual amounts is the normal cost and Actuarial Liability for the System.

2. Asset Valuation Method

For the purpose of determining contribution rates, an Actuarial Value of Assets is used that dampens the volatility in the Market Value of Assets, resulting in a smoother pattern of contribution rates. The Actuarial Value of Assets is calculated by recognizing 20% of each of the past five years of actual investment earnings compared to the expected earnings on the Actuarial Value of Assets.

3. Amortization Method

The Unfunded Actuarial Liability is the difference between the Actuarial Liability and the Actuarial Value of Assets. Effective with the July 1, 2021 valuation, the remaining amortization periods for assumption changes prior to July 1, 2021 and all prior actuarial gains and losses (including the gain for 2021) were reduced to 5 years. The amortization is based on level percent of pay, assuming pay increases 3.25% a year.

Source	Method
Charter amendments	15-year closed for active members and 5-year closed for inactive members effective July 1, 2014. However, Proposition A is amortized over a 10-year closed period. 20-year closed for amortizations established prior to July 1, 2014
Actuarial gains and losses, assumption, and method changes	20-year closed layers Remaining portion of 2013 amortization is re-amortized over 19 years as of July 1, 2014
Supplemental COLAs	5-year closed Remaining portion of 2013 amortization is re-amortized over 19 years as of July 1, 2014
Surplus	When 100% funded (AVA basis), any net surplus is amortized over a rolling 20-year rolling period

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

4. Contributions

The normal cost for members as of the valuation date, increased with interest to the middle of the year, is divided by the total salary expected to be paid during the year (including new entrants) to determine the total normal cost rate. The employer's normal cost rate is the total normal cost rate less the employee contribution rate.

The total employer contribution rate is the sum of the employer normal cost rate, the administrative expense rate, and the UAL rate. The UAL payments are adjusted for interest from the valuation date to the date of expected payment in the following fiscal year. The UAL rate is determined by dividing the UAL payments by the total expected payroll for the fiscal year (including new entrants).

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

The plan provisions are the same as those summarized in the July 1, 2022 actuarial valuation report except for the changes in Supplemental COLA provisions due to Proposition A. The new Post-retirement Cost-of-Living Benefit provision is as follows:

Supplemental Post-retirement Cost-of-Living Benefit

Effective July 1 of each fiscal year, if there are sufficient “excess” investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment is increased to 3.5% of that member’s current monthly benefit less the amount of the Basic COLA. If “excess” earnings are insufficient to fund a 3.5% increase, then to the extent of “excess” earnings, benefits are increased in increments of 0.5% up to a maximum of 3.5%. For Proposition C members, the Supplemental COLA is only payable if the Retirement System was also fully funded based on the Market Value of Assets for the previous year.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2024	\$ 33,688,428	\$ 736,489	\$ 285,289	\$ 22,391	\$ 1,968,846	\$ 2,385,359	\$ 35,104,328	\$ 1,968,846	\$ 0
2025	35,104,328	722,356	199,392	22,037	2,071,331	2,479,845	36,412,553	2,071,331	0
2026	36,412,553	701,100	183,170	21,463	2,177,968	2,568,639	37,666,031	2,177,968	0
2027	37,666,031	678,642	159,788	20,863	2,286,347	2,653,130	38,850,380	2,286,347	0
2028	38,850,380	656,398	240,826	20,262	2,394,429	2,736,356	40,069,268	2,394,429	0
2029	40,069,268	633,988	310,625	19,655	2,503,684	2,821,621	41,312,163	2,503,684	0
2030	41,312,163	611,270	257,672	19,036	2,613,332	2,904,246	42,452,982	2,613,332	0
2031	42,452,982	588,099	265,650	18,404	2,723,363	2,981,647	43,546,611	2,723,363	0
2032	43,546,611	564,561	325,680	17,757	2,834,312	3,057,444	44,642,228	2,834,312	0
2033	44,642,228	540,937	341,297	17,106	2,945,072	3,131,817	45,694,100	2,945,072	0
2034	45,694,100	517,135	344,469	16,452	3,054,945	3,202,629	46,686,936	3,054,945	0
2035	46,686,936	493,647	324,184	15,802	3,163,341	3,268,428	47,594,051	3,163,341	0
2036	47,594,051	469,901	331,581	15,140	3,269,909	3,329,095	48,439,580	3,269,909	0
2037	48,439,580	445,789	340,761	14,463	3,376,874	3,385,364	49,220,157	3,376,874	0
2038	49,220,157	420,830	349,772	13,759	3,484,304	3,436,903	49,929,600	3,484,304	0
2039	49,929,600	394,629	358,517	13,015	3,592,155	3,483,253	50,560,827	3,592,155	0
2040	50,560,827	368,104	367,038	12,254	3,698,269	3,524,019	51,109,466	3,698,269	0
2041	51,109,466	341,403	375,395	11,478	3,802,514	3,558,899	51,571,170	3,802,514	0
2042	51,571,170	314,279	383,463	10,681	3,903,963	3,587,602	51,941,869	3,903,963	0
2043	51,941,869	286,354	288,175	9,851	4,005,248	3,606,076	52,107,375	4,005,248	0
2044	52,107,375	257,921	334,962	9,000	4,105,420	3,614,827	52,200,665	4,105,420	0
2045	52,200,665	229,789	416,346	8,149	4,201,119	3,619,785	52,257,318	4,201,119	0
2046	52,257,318	202,249	485,492	7,305	4,292,506	3,621,859	52,267,107	4,292,506	0
2047	52,267,107	175,514	498,305	6,472	4,378,584	3,618,797	52,174,668	4,378,584	0
2048	52,174,668	149,895	402,249	5,656	4,457,877	3,604,823	51,868,102	4,457,877	0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2049	\$ 51,868,102	\$ 126,083	\$ 364,131	\$ 4,881	\$ 4,527,973	\$ 3,577,897	\$ 51,403,359	\$ 4,527,973	\$ 0
2050	51,403,359	104,697	348,859	4,163	4,586,513	3,540,917	50,807,156	4,586,513	0
2051	50,807,156	85,867	352,489	3,506	4,632,529	3,495,710	50,105,187	4,632,529	0
2052	50,105,187	69,609	348,624	2,918	4,665,357	3,443,218	49,298,364	4,665,357	0
2053	49,298,364	55,755	337,824	2,398	4,684,662	3,383,532	48,388,414	4,684,662	0
2054	48,388,414	44,106	332,049	1,945	4,690,886	3,317,176	47,388,914	4,690,886	0
2055	47,388,914	34,510	327,160	1,557	4,684,298	3,244,966	46,309,696	4,684,298	0
2056	46,309,696	26,705	324,500	1,230	4,665,035	3,167,643	45,162,280	4,665,035	0
2057	45,162,280	20,398	316,775	957	4,634,126	3,085,729	43,950,098	4,634,126	0
2058	43,950,098	15,348	307,335	732	4,592,297	2,999,552	42,679,304	4,592,297	0
2059	42,679,304	11,389	296,908	552	4,540,097	2,909,556	41,356,507	4,540,097	0
2060	41,356,507	8,321	285,660	409	4,478,371	2,816,182	39,987,891	4,478,371	0
2061	39,987,891	5,968	273,706	297	4,407,923	2,719,843	38,579,189	4,407,923	0
2062	38,579,189	4,216	261,203	212	4,329,324	2,620,932	37,136,004	4,329,324	0
2063	37,136,004	2,916	248,299	148	4,243,408	2,519,820	35,663,483	4,243,408	0
2064	35,663,483	1,971	249,698	101	4,150,763	2,417,372	34,181,659	4,150,763	0
2065	34,181,659	1,305	231,218	68	4,051,886	2,313,799	32,676,028	4,051,886	0
2066	32,676,028	848	206,374	44	3,947,245	2,208,515	31,144,477	3,947,245	0
2067	31,144,477	541	183,149	29	3,837,272	2,101,632	29,592,499	3,837,272	0
2068	29,592,499	339	168,424	18	3,722,325	1,993,774	28,032,693	3,722,325	0
2069	28,032,693	209	169,916	11	3,602,726	1,886,106	26,486,186	3,602,726	0
2070	26,486,186	122	163,975	7	3,478,768	1,779,302	24,950,810	3,478,768	0
2071	24,950,810	70	154,111	4	3,350,667	1,673,320	23,427,641	3,350,667	0
2072	23,427,641	36	141,329	2	3,218,718	1,568,263	21,918,548	3,218,718	0
2073	21,918,548	17	129,605	1	3,083,175	1,464,394	20,429,389	3,083,175	0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2074	\$ 20,429,389	\$ 7	\$ 119,159	\$ 0	\$ 2,944,356	\$ 1,362,133	\$ 18,966,332	\$ 2,944,356	\$ 0
2075	18,966,332	2	108,305	0	2,802,616	1,261,848	17,533,870	2,802,616	0
2076	17,533,870	1	97,562	0	2,658,337	1,163,868	16,136,964	2,658,337	0
2077	16,136,964	0	86,821	0	2,511,977	1,068,528	14,780,336	2,511,977	0
2078	14,780,336	0	77,156	0	2,364,051	976,186	13,469,626	2,364,051	0
2079	13,469,626	0	56,215	0	2,215,131	886,789	12,197,500	2,215,131	0
2080	12,197,500	0	35,576	0	2,065,857	800,195	10,967,414	2,065,857	0
2081	10,967,414	0	16,148	0	1,916,952	716,656	9,783,266	1,916,952	0
2082	9,783,266	0	0	0	1,769,194	636,497	8,650,568	1,769,194	0
2083	8,650,568	0	0	0	1,623,419	560,537	7,587,686	1,623,419	0
2084	7,587,686	0	1,484	0	1,480,507	489,547	6,598,210	1,480,507	0
2085	6,598,210	0	12,354	0	1,341,351	424,030	5,693,243	1,341,351	0
2086	5,693,243	0	25,938	0	1,206,840	364,515	4,876,856	1,206,840	0
2087	4,876,856	0	39,710	0	1,077,832	311,173	4,149,907	1,077,832	0
2088	4,149,907	0	39,148	0	955,120	263,522	3,497,458	955,120	0
2089	3,497,458	0	36,678	0	839,411	220,899	2,915,624	839,411	0
2090	2,915,624	0	32,224	0	731,310	182,999	2,399,537	731,310	0
2091	2,399,537	0	29,302	0	631,283	149,576	1,947,131	631,283	0
2092	1,947,131	0	27,593	0	539,654	120,459	1,555,528	539,654	0
2093	1,555,528	0	26,889	0	456,604	95,426	1,221,239	456,604	0
2094	1,221,239	0	37,025	0	382,168	74,572	950,668	382,168	0
2095	950,668	0	38,212	0	316,230	57,664	730,314	316,230	0
2096	730,314	0	39,156	0	258,539	44,046	554,977	258,539	0
2097	554,977	0	40,424	0	208,718	33,378	420,061	208,718	0
2098	420,061	0	42,036	0	166,281	25,350	321,165	166,281	0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2099	\$ 321,165	\$ 0	\$ 28,753	\$ 0	\$ 130,652	\$ 19,127	\$ 238,392	\$ 130,652	\$ 0
2100	238,392	0	19,124	0	101,187	13,957	170,287	101,187	0
2101	170,287	0	11,476	0	77,203	9,704	114,264	77,203	0
2102	114,264	0	3,707	0	58,000	6,132	66,104	58,000	0
2103	66,104	0	5,682	0	42,889	3,314	32,210	42,889	0
2104	32,210	0	7,145	0	31,211	1,374	9,520	31,211	0
2105	9,520	0	6,596	0	22,349	61	(6,172)	9,520	12,829
2106	(6,172)	0	4,540	0	15,752	(888)	(18,272)	0	15,752
2107	(18,272)	0	2,134	0	10,935	(1,660)	(28,734)	0	10,935
2108	(28,734)	0	0	0	7,487	(2,356)	(38,577)	0	7,487
2109	(38,577)	0	0	0	5,066	(2,972)	(46,615)	0	5,066
2110	(46,615)	0	295	0	3,397	(3,476)	(53,193)	0	3,397
2111	(53,193)	0	1,068	0	2,267	(3,879)	(58,271)	0	2,267
2112	(58,271)	0	1,662	0	1,514	(4,195)	(62,318)	0	1,514
2113	(62,318)	0	2,056	0	1,017	(4,453)	(65,733)	0	1,017
2114	(65,733)	0	2,284	0	691	(4,679)	(68,819)	0	691
2115	(68,819)	0	956	0	477	(4,939)	(73,278)	0	477
2116	(73,278)	0	842	0	334	(5,259)	(78,029)	0	334
2117	(78,029)	0	868	0	238	(5,597)	(82,995)	0	238
2118	(82,995)	0	871	0	171	(5,951)	(88,246)	0	171
2119	(88,246)	0	836	0	123	(6,329)	(93,862)	0	123
2120	(93,862)	0	2,926	0	88	(6,658)	(97,682)	0	88
2121	(97,682)	0	4,589	0	63	(6,873)	(100,029)	0	63
2122	(100,029)	0	5,885	0	44	(6,996)	(101,184)	0	44
2123	(101,184)	0	7,124	0	30	(7,034)	(101,124)	0	30

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
GASB 67 AND 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Projected Beginning Fiduciary Net Position	Normal Cost Contribution - Employer and Employee	UAL Contribution	Projected Admin Expenses	Projected Benefit Payments	Projected Investment Earnings	Projected Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2124	\$ (101,124)	\$ 0	\$ 6,933	\$ 0	\$ 0	\$ (7,036)	\$ (101,227)	\$ 0	\$ 0
							Discount Rate:	7.20%	3.65%
							Present Value:	\$ 44,015,918	\$ 3,093
							Total Present Value:	\$ 44,019,011	
							GASB Discount Rate:	7.20%	

Amounts in Thousands

APPENDIX E – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

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

2. Actuarial Valuation Date

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

3. Deferred Inflow of Resources

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

4. Deferred Outflow of Resources

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

5. Entry Age Actuarial Cost Method

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

6. Measurement Date

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the plan.

APPENDIX E – GLOSSARY OF TERMS

7. Net Pension Liability

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position.

8. Plan Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

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

10. Service Cost

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

11. Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the Actuarial Liability calculated under the Entry Age Actuarial Cost Method.



Classic Values, Innovative Advice