Florida GFOA Webinar:

Revisiting Pension & OPEB Disclosures

September 17, 2026

CRIadv.com

Overview

- Background
- Concepts & Terminology
- Challenges & Objectives
- Overview of Required Notes
- Opportunities for Improved Disclosure:
  - Plan Description
  - Information about the Liability: Assumptions
  - Information about the Liability: Discount Rate
- Distinguishing Plan and Employer Disclosures
- Questions

Background

Pension & OPEB Standards

Employer pension reporting: GASB Statement 68

- Issued June 2012, effective June 30, 2015, and later

Employer OPEB reporting: GASB Statement 75

- Issued June 2015, effective June 30, 2018, and later

Related pronouncements:

- Statement 67: pension plan reporting
- Statement 71: contributions after the measurement date
- Statement 73: pensions not in the scope of 67/68 and amendments
- Statement 74: OPEB plan reporting
- Statement 78: Taft-Hartley and similar plans
- Statement 82: pension issues
- Statement 85: omnibus
- Four Implementation Guides

The Standards in the GASB Codification

- Section P20: DB pensions in qualifying trusts
- Section P21: DC pensions in qualifying trusts
- Section P22: DB pensions not in qualifying trusts
- Section P23: DB pension assets not in qualifying trusts
- Section P24: DC pensions not in qualifying trusts
- Section P50: DB OPEB in qualifying trusts
- Section P51: DC OPEB in qualifying trusts
- Section P52: DB OPEB not in qualifying trusts
- Section P53: DB OPEB assets not in qualifying trusts
- Section P54: DC OPEB not in qualifying trusts
- Section Pe5: DB pension plan reporting
- Section Pe6: DC pension plan reporting
- Section Po50: DB OPEB plan reporting
- Section Po51: DC OPEB plan reporting

Structure within Section P20

- Scope and applicability
- Types and number of plans and employers
- Special funding situations—defined
- Defined benefit pensions*
  - Liabilities to employees
    - Single and agent employers
      - Recognition and measurement in accrual statements without a special funding situation (many subparagraphs)
      - Recognition and measurement in accrual statements with a special funding situation
      - Recognition and measurement in modified accrual statements
      - Notes (multiple subparagraphs)
      - RSI (multiple subparagraphs)

*Technically, plans that don't meet the definition of a plan described in Statement 78

Structure within Section P20 (continued)

- Cost-sharing employers*
  - Recognition and measurement in accrual statements without a special funding situation (many subparagraphs)
  - Recognition and measurement in accrual statements with a special funding situation
  - Recognition and measurement in modified accrual statements
  - Notes (multiple subparagraphs)
  - RSI (multiple subparagraphs)
- Special funding situations
  - Single and agent employers (many subparagraphs)
  - Cost-sharing employers* (many subparagraphs)
- Governmental nonemployer contributing entities (many subparagraphs)
- NECEs whose obligation is not a special funding situation

*Technically, plans that don't meet the definition of a plan described in Statement 78

Structure within Section P20 (continued)

  - Payables to a DB plan* (multiple subparagraphs)
- DB plans that meet the definition of a plan described in Statement 78 (multiple subparagraphs)

*Technically, plans that don't meet the definition of a plan described in Statement 78

GASB Pensions Post-Implementation Review

GASB concluded that overall, Statements 67 and 68 resolved the primary issues that prompted their issuance, and that they were functioning properly in practice

Due to the complexity of the standards, there continues to be disagreement among stakeholders regarding key aspects

- However, those areas of disagreement were considered during the development of the standards

GASB Pensions PIR (continued)

A number of areas of concern were identified by stakeholders, including:

- Layering of annual deferrals
- Closed and frozen plans
- Volatility in the measurement of the liability from year to year resulting from (among other things) changes in investment fair values moving the crossover point, and estimations of and changes in cost-sharing proportionate shares
- Determining which factors between the actuarial valuation and measurement dates require update procedures
- Distinguishing between qualified trusts and equivalent arrangements
- Determining how and when to choose a 20-year municipal bond rate
- Determining when ad hoc COLAs are substantively automatic

Those issues generally were expected

GASB Research on Pension & OPEB Notes

GASB Concepts Statement 7 on notes to financial statements expanded on the criteria the GASB uses when deciding whether governments should be required to disclose information

- "Notes to financial statements are essential to users in making economic, social, or political decisions or assessing accountability"
- "Essential" information meaningfully affects users' analyses and is utilized by a breadth or depth of users

This research is reviewing existing pension and OPEB disclosure requirements for their consistency with Concepts Statement 7

POLL QUESTION #1

The pension and OPEB standards are organized in the GASB Codification based on:

1. Whether a plan is defined benefit or defined contribution
2. Whether a plan is administered through a qualifying trust
3. Whether it is a plan or employer that is reporting
4. All of the above

Concepts & Terminology

Pensions & Other Postemployment Benefits

Pensions are:

- Retirement income
- Postemployment benefits provided through a pension plan other than postemployment healthcare benefits – e.g., life insurance, disability, death benefits

Other postemployment benefits (OPEB) are:

- Benefits other than retirement income
- Provided separately from a pension plan

Defined Contribution (DC) Plans

Provide an individual account for each employee

Define the contribution that an employer is required to make (or credits to provide) to an active employee's account

Provide benefits that depend solely on:

- Contributions (credits) to the employee's account
- Earnings on the investment of those contributions
- Effects of forfeitures made for other employees, and
- Plan administrative costs allocated to the employee's account

Defined Benefit (DB) Plans

Plans that do not meet the criteria of a DC plan are considered DB plans

A DB plan specifies the income or other benefits that an employee will receive at or after separation from employment

Income or benefits to be received may be stated as a specified dollar amount or an amount calculated based on one or more factors (e.g., age, years of service, compensation, etc.)

Single- and Multiple-Employer Plans

A **single-employer plan** provides benefits to the employees of only one employer

Employer is defined to include a primary government and its component units

A **multiple-employer plan** provides benefits to the employees of more than one employer

An **agent multiple-employer** plan pools assets for investment purposes but maintains separate accounts for each individual employer – benefits are paid to employees only from their employer's account

A **cost-sharing multiple-employer** plan pools assets for both investment purposes and to pay the benefits of employees of any participating employer

“Qualified” or “Qualifying” Trusts

The applicable standards depend in part on whether the plan is administered through a trust (or equivalent arrangement) that meets all three of the following criteria:

- Contributions to the plan from employers and nonemployer contributing entities and earnings on those contributions are irrevocable
- Plan assets are dedicated to providing benefits to plan members
- Plan assets are legally protected from creditors of the employers, nonemployer contributing entities, plan administrator, and (for DB plans) members

Special Funding Situations

A special funding situation involves an entity other than the employer (the nonemployer contributing entity or NECE) is legally responsible for contributing directly to a plan for another entity's employees, if either of the following criteria are met:

- The NECE is the only entity legally required to make contributions directly to the plan, *and/or*
- Contributions are not dependent on events or circumstances unrelated to the pensions (e.g., the NECE must contribute a specific percentage of the employer's payroll or required contributions)

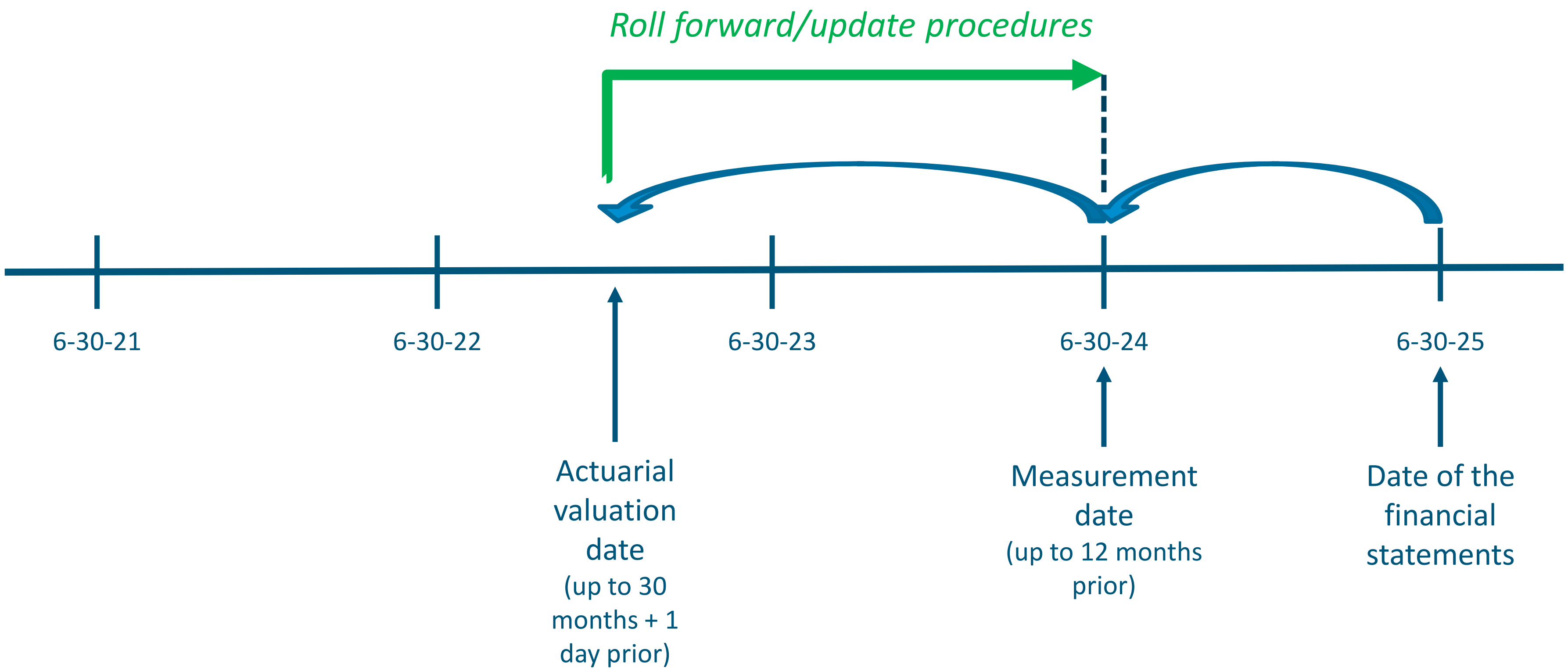
The standards address these circumstances from the perspectives of both the employer and the NECE

POLL QUESTION #2

The primary focus of the pension and OPEB notes is on:

1. Defined benefit plans
2. Defined contribution plans
3. Participating in federal pension plans
4. None of the above

Measurement Date and Valuation Date



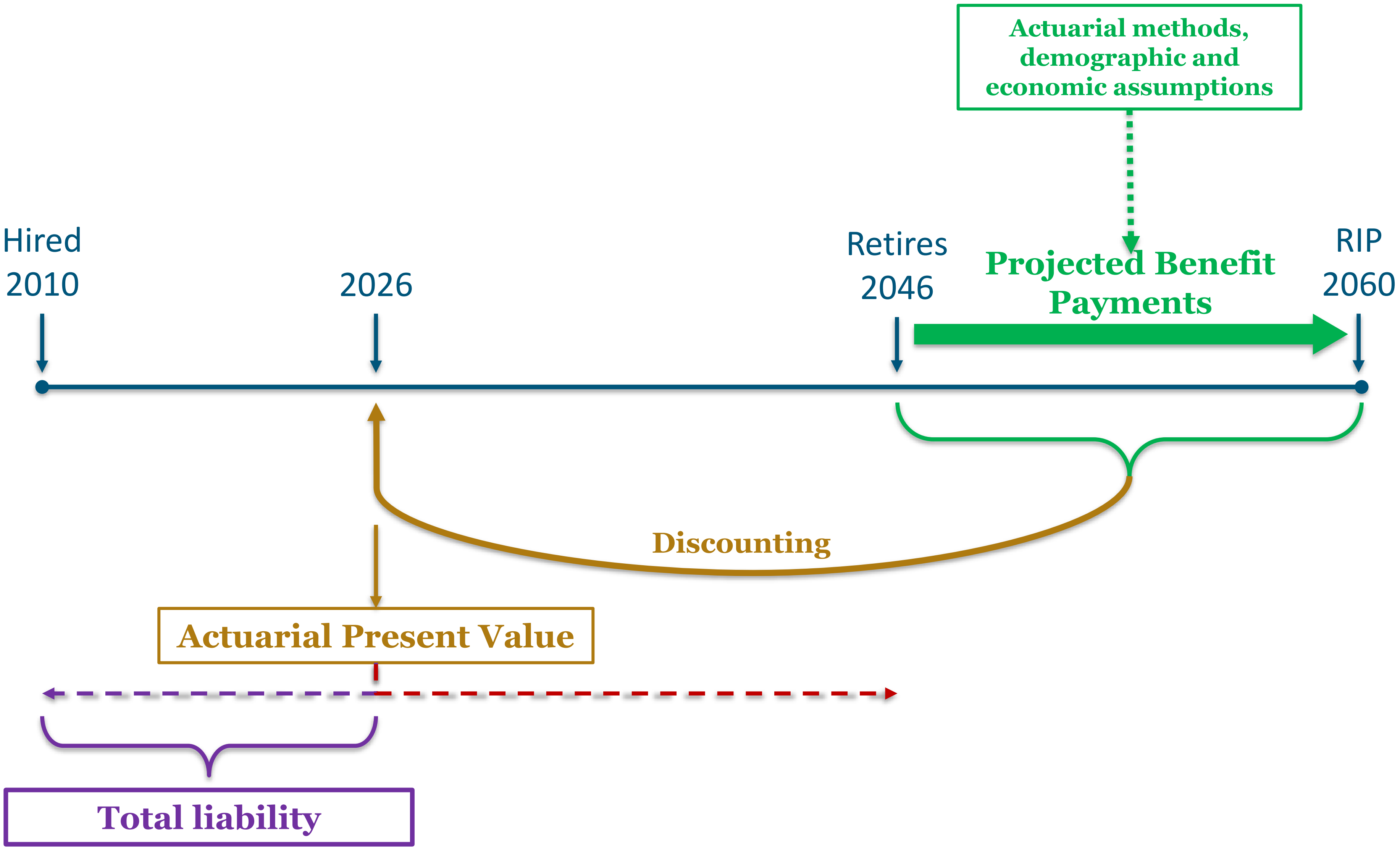
Measurement Steps, Broadly Speaking

Project future benefit payments

Discount projected future benefit payments to their actuarial present value

Allocate the actuarial present value to past and future periods of employee service

Calculating the Pension & OPEB Liabilities

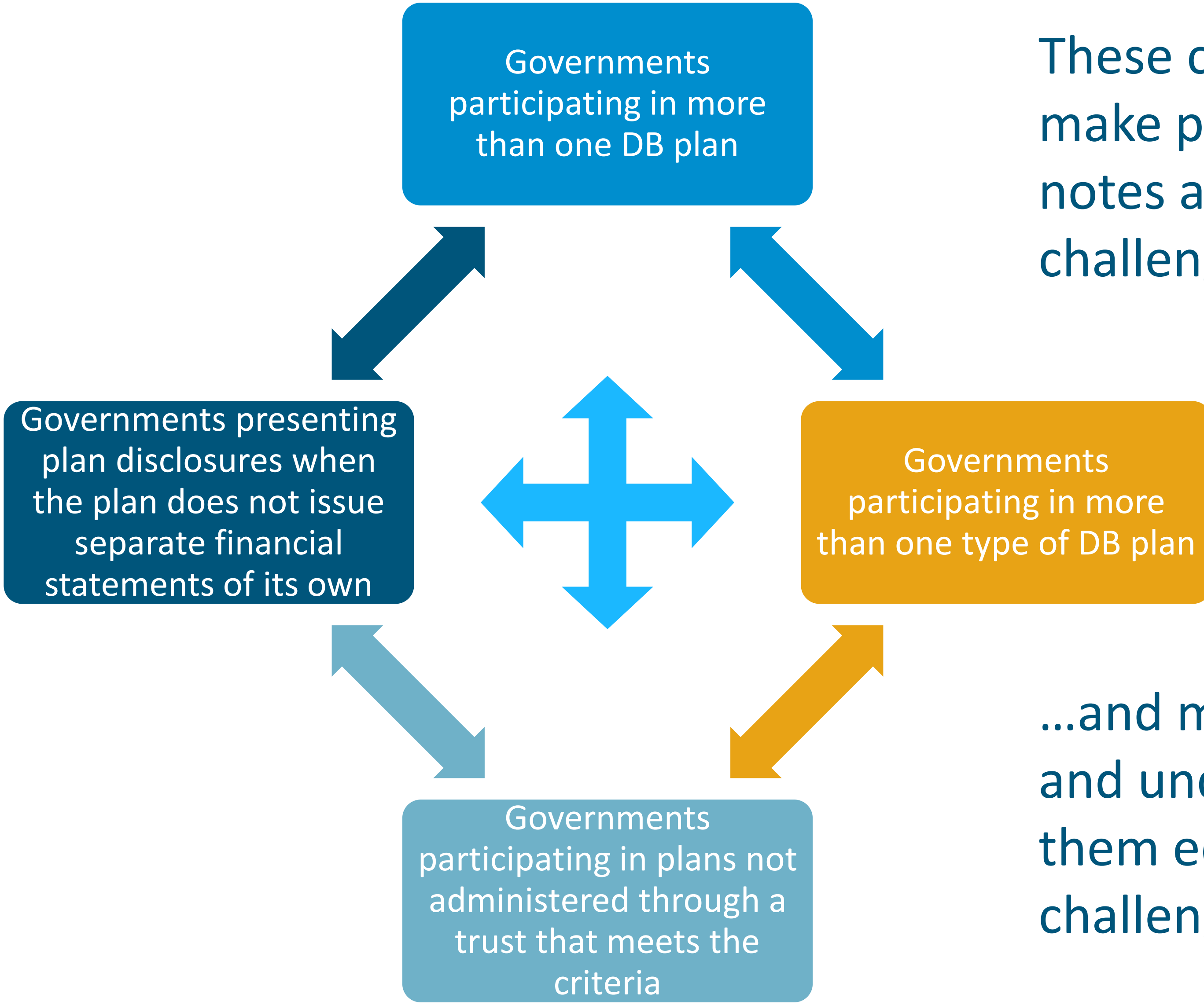


Challenges and Objectives

Reasons Pension & OPEB Notes Are Tough

- The underlying accounting is complex
- The required disclosures are extensive
- They are very long and dense
- They tend to be repetitive
- They often are not well organized
- Some governments have not reviewed them since first implementing Statement 68
- Governments often participate in multiple plans of different types

Multiple Plans of Different Types



These circumstances make preparing the notes and RSI more challenging…

…and make reading and understanding them equally challenging

Key Question

What is the most understandable and readable method of presenting disclosures for multiple plans and multiple types of plans?

Separately for each plan	Combined

• Plan A
  • Description, assumptions, etc.
• Plan B
  • Description, assumptions, etc.
• Plan C
  • Description, assumptions, etc.
	• Description—Plan A, B, C
	• Assumptions—Plan A, B, C
	• Etcetera—Plan A, B, C

Objectives for Revisiting the Notes

Overall, to make them easier to read and, therefore, more informative, by:

- Shortening them
- Consolidating unnecessary duplication
- Reducing the density of the text

POLL QUESTION #3

The pension and OPEB notes can become confusing when:

1. A government participates in multiple plans
2. A government participates in multiple types of plans
3. A government makes both plan and employer disclosures
4. All of the above

Overview of Required Notes

Required Notes: Overview

Begin with aggregate totals for all plans of the employer's liabilities (and/or assets), deferrals, and expense/expenditure

The following separately for each plan (though combined in a manner that avoids unnecessary duplication), separately identifying amounts for the primary government and its discretely presented component units (if applicable):

1. Plan description
2. Information about the net liability
   a. Assumptions and other inputs, especially discount rate
   b. Plan fiduciary net position
   c. Changes in the net liability (single and agent plans)

Opportunities for Improved Disclosure: Plan Description

Summary Information Up Front

The City of Aurora provides the following plans:

- Defined Benefit Plans:
  - General Employees' Retirement Plan (GERP)
  - Elected Officials' and Executive Personnel Defined Benefit Plan (EOEP)
  - Police Retirement Plan (PRP)
  - Fire Pension Plan (Old Hire-Fire)
  - Police Pension Plan (Old Hire-Police)
  - Fire Statewide Retirement Plan (SRP)
- Defined Contribution Plans:
  - Police Money Purchase Pension Plan (New Hire-Police)
  - Police Money Purchase Hybrid Pension Plan
  - Fire Money Purchase Pension Plan
  - Executive Retirement Plan – Money Purchase Pension Plan (ERP)

	Net Pension Liability	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Single Employer Plans					
GERP	$ 77,215,604	$ -	$ 60,689,929	$ 5,034,943	$ 21,992,239
EOEP	-	2,511,477	667,092	-	143,566
PRP	-	2,789,677	5,076,295	1,064,168	1,089,505
Agent Multiple Employer Plans					
Old Hire-Fire	49,082,234	-	8,010,244	-	4,052,182
Old Hire-Police	61,072,838	-	9,539,331	-	5,102,988
Cost Sharing Multiple Employer Plans					
SRP	-	-	22,251,098	2,021,083	7,836,613
	$ 187,370,676	$ 5,301,154	$ 106,233,989	$ 8,120,194	$ 40,217,093

Summary Information Up Front (continued)

Breakdown of primary government between GAs & BTAs not required

Discretely presented component unit amounts should be separate when in the same plan as the primary government

1. Aggregate Pension Liabilities, Pension Assets, Deferred Outflows, Deferred Inflows and Pension Expense All Pension Funds

Aggregate Amounts
(Amounts in Thousands)

	Total Pension Liabilities	Total Assets	NPL	NPA	Deferred Outflows	Deferred Inflows	Pension Expense
Govt-type Activities (GTA)							
ERS	$ 9,689,943	$ 6,055,446	$ 3,634,497	$ 0	$ 476,059	$ 394,678	$438,425
TRS	871,354	622,213	249,141	—	60,437	48,107	34,000
JRF	565,117	377,167	187,950	—	54,364	27,955	32,596
Other	200,259	39,508	160,751	—	20,686	31,257	7,887
Total GTA	11,326,673	7,094,334	4,232,339	0	611,546	501,997	512,908
Business-type Activities (BTA)							
ERS	$ 247,315	$ 159,190	$ 88,125	$ 0	$ 11,353	$ 9,724	$ 12,625
TRS	17,543	12,527	5,016	—	1,097	975	657
Other	193	238	—	45	—	15	(2)
Total BTA	265,051	171,955	93,141	45	12,450	10,714	13,280
Totals Primary Government	**$11,591,724**	**$ 7,266,289**	**$ 4,325,480**	**$ 45**	**$ 623,996**	**$ 512,711**	**$526,188**
Component Units							
ERS	$ 81,824	$ 37,667	$ 44,157	$ 0	$ 6,347	$ 5,969	$ 2,375
TRS	16,839,447	12,024,648	4,814,799	—	1,029,652	956,270	568,495
Other	108,947	91,745	31,963	14,761	5,490	5,369	3,173
Total Component Units	**$17,030,218**	**$ 12,154,060**	**$ 4,890,919**	**$14,761**	**$1,041,489**	**$ 967,608**	**$574,043**

Should "Educational" Text Be Removed?

Deferred outflows of resources and deferred inflows of resources related to pensions are the amounts that are required to be deferred and recognized in subsequent periods. These amounts refer to items that are not yet recognized in the net pension liability/asset or pension expense and include:

- Differences between expected and actual experience
- Changes of pension assumptions
- Differences between projected and actual earnings on pension plan investments
- Changes in pension proportionate share
- City contributions made subsequent to the measurement date through the fiscal year-end

Deferred outflows of resources and deferred inflows of resources will be recognized as follows:

- Differences in plan experience, changes of assumptions and changes in proportionate share will be amortized over the remaining service lives of current and former employees, and retirees.
- Differences between projected and actual investment earnings will be amortized over a five-year period.
- Contributions made subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the subsequent year.

"users of notes to financial statements are responsible for (a) obtaining a reasonable understanding of government and public finance activities and of the fundamentals of governmental financial reporting, (b) studying the information with reasonable diligence, and (c) applying relevant analytical skills."

"The following types of information are not appropriate for notes to financial statements: … c. General or educational information that is not specific to the government."

Plan Description Notes

Name of plan	PERS or other entity that administers plan	Type of plan
Classes of employees covered	Types of benefits	Key elements of formulas
Terms for automatic and ad hoc COLAs	Authority for setting benefit terms	If plan is closed to new entrants

Plan Description

All City employees, other than the professional employees of the City Free Library and the City Public School System (CPSS), who are members of the State Retirement and Pension Systems to which the City and the CPSS make no contributions, are covered under one of the following public employees retirement systems (PERS) or the State Retirement and Pension System.

The City contributes to two single-employer defined benefit pension plans, the Fire and Police Employees' Retirement System (F&P Plan), established July 1, 1962 and the Elected Officials' Retirement System (EOS Plan), established December 5, 1983. The City also contributes to two cost-sharing multiple employers defined benefit plan, the Employees' Retirement System (ERS Plan), established January 1, 1926 and the State Retirement and Pension System (the State System). The F&P Plan, the EOS Plan, and the ERS Plan (the City Plans) are each managed by a Board of Trustees in accordance with Article 22 of the City Code. Plan benefits provisions may be amended only by the City Council. The City Plans are considered part of the City's reporting entity and their financial statements are included in the City's basic financial statements as pension trust funds. The City Plans and the State System issue separate financial statements which may be obtained from the following websites:

For Employees' Retirement System and Elected Officials' Retirement System: www.cers.org
For Fire and Police Employees' Retirement System: www.cfpers.org
For the State Retirement and Pension System: www.sra.state.us

Plan Description in a Table

Name	Type	Administrator	Authority for Setting Benefit Terms
Fire and Police Employees' Retirement System (F&P Plan)	Single-employer defined benefit	F&P Plan Board of Trustees	Article 22 of the City Code
Elected Officials' Retirement System (EOS Plan)	Single-employer defined benefit	EOS Plan Board of Trustees	Article 22 of the City Code
Employees' Retirement System (ERS Plan)	Cost-sharing defined benefit	ERS Plan Board of Trustees	Article 22 of the City Code
State Retirement and Pension System	Cost-sharing defined benefit	State Retirement Agency	State Personnel and Pension Article of the Annotated State Code

Plan Financials

PERA issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at:

https://content.copera.org/wp-content/uploads/2025/06/Annual-Comprehensive-Financial-Report.pdf

or by writing to:

Colorado PERA
1301 Pennsylvania Street
Denver, Colorado 80203

or by calling PERA at 1-800-759-PERA (7372)

POLL QUESTION #4

The required pension and OPEB notes may differ depending on:

1. The size of the government
2. The number of plans it participates in
3. Whether a plan is single-employer, agent multiple-employer, or cost-sharing multiple employer
4. All of the above

Special-Funding Situation

A. Plan Description

The District participates in a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

At June 30, 2025, the District reported a liability of $308,611,482 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 308,611,482
State's proportionate share that is associated with the District	386,356,618
Total	$ 694,968,100

Benefit Description Example: Text Only

All City employees, except sworn police officers and firefighters, are members of the LGDTF. However, the Mayor, direct reports of the Mayor, and elected officials of the City may elect to be exempt from membership in PERA. The LGDTF of PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100% of highest average salary and cannot exceed the maximum benefit allowed by Federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned.

If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained, and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Benefit Description Example

Groups C& D C is eligible to retire on or after July 1, 2011; D by December 31, 2013	Group E Eligible to retire on or after December 31, 2013	Group F Hired before January 1, 2010 and not eligible for other groups	Group G Hired on or after January 1, 2010
Normal Retirement: Age 60 with 5 years of service, or any age with 30 years of service	**Normal Retirement:** Age 60 with 5 years of service, or any age with 30 years of service	**Normal Retirement:** Age 60 with 5 years of service, or any age with 30 years of service	**Normal Retirement:** Age 67 with 5 years of service, or age 62 with 30 years of service
Early Retirement: Age 55 with 25 years of service	**Early Retirement:** Age 55 with 25 years of service	**Early Retirement:** Age 55 with 25 years of service	**Early Retirement:** Age 57 with 15 years of service
Benefit Formula: 2.5% of AHC times years of service	**Benefit Formula:** 2.5% of AHC times years of service up to greater of 20 years or years of service as of July 1, 2011, and 2.2% thereafter	**Benefit Formula:** 2.5% of AHC times years of service up to greater of 20 years or years of service as of July 1, 2011, and 2.2% thereafter	**Benefit Formula:** 2.2% of AHC times years of service up to 30 years; 2.0% over 30 years

* There are 25 active members, including 9 in DROP, who are subject to a 2.22% multiplier and an average highest compensation (AHC) definition that does not include compensation for overtime.

Benefit Description Example

Below are the terms the GEPP has established to receive benefits.

Normal Pension

Hired before July 1, 2010:

Age 60 after completing 10 years of service.

Monthly benefit is 2.5% of average monthly salary for each year of credited service.

Hired between July 1, 2010 and October 31, 2011:

Age 60 after completing 15 years of service.

Monthly benefit is 2.0% of average monthly salary for each year of credited service.

Hired after October 31, 2011:

Age 62 after completing 15 years of service.

Monthly benefit is 1.0% of average monthly salary for each year of credited service.

This amount cannot be less than $12 per month for each year of service, capped at 80% of average monthly salary.

The average monthly salary for participants hired before November 1, 2011, is the average of the highest consecutive 36 months of salary. For those employees hired after October 31, 2011, the average monthly salary is the average of the highest consecutive 120 months of salary.

Benefit Description Example

The major benefit provisions as included in the valuation are summarized below as of the measurement date.

Early Retirement:

General Employees:

Any age with 10 years of creditable service (if hired prior to July 1, 2010),

Any age with 15 years of creditable service (if hired before September 1, 2011),

Age 52 with 15 years of creditable service (if hired after August 31, 2011).

Police Officers and Firefighters:

Any age with 10 years of creditable service (if hired before July 1, 2010),

Any age with 15 years of service (if hired before September 1, 2011),

Age 47 with 15 years of service (if hired after August 31, 2011).

Normal Retirement

General Employees: Earlier of:

Age 65 regardless of service (all employees),

Age 60 with 5 years of service (if hired before July 1, 2010),

Age 60 with 10 years of service (if hired before September 1, 2011),

Age 62 with 10 years of service (if hired after August 31, 2011).

Police Officers and Firefighters: Earlier of:

Any age with 30 years of service (only if covered by the ’05 Amendment),

Age 55 with 5 years of service (if hired prior to July 1, 2010),

Age 55 with 10 years of service (if hired prior to July 1, 2011),

Age 57 with 10 years of service (if hired after June 30, 2011),

Age 65 with 5 years of service (all employees).

Benefit Description Example

Benefits Provided. EOEP provides basic retirement, supplemental retirement and death benefits. Elected official plan members and executive employee plan members are eligible for retirement based on the following period of service:

Service Type	Period of Service	Normal Retirement Age
Elected Official	Covered employment ended on or before December 31, 2000	Later of age 60 or completion of 6 years of service
	Covered employment ended on or after January 1, 2001	If first elected prior to November 5, 2013, then the later of age 56 or completion of 6 years of service
		If first elected on or after November 5, 2013, then the later of age 62 or the completion of 6 years of service
Executive	Covered employment ended between January 1, 2000 and December 31, 2000	Later of age 55 or completion of 3 years of service
	Covered employment ended on or after January 1, 2001	If first entered covered employment on or before November 5, 2013, then the later of age 50 or completion of 3 years of service
		If first entered covered employment after November 5, 2013, then the later of age 62 or completion of 3 years of service

Key Elements of the Formula & COLA Provisions

Summary of Benefits by System

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Final Average Salary	Highest 3 Years	Highest 5 Years	Highest 3 Years		Highest 2 Years	Highest 5 Years	Highest 5 Years
Years of Service Required and/or Age Eligible for Benefit	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	20 years any age 10 years age 60 4 years age 65 6 years age 70		25 years any age 20 years age 55* 10 years age 62 4 years age 65	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	25 years any age 20 years age 60* 10 years age 62*
Benefit Percent per Year of Service**	2.00% per year all years	1.25% per year to June 1975 2.00% per year July 1975 to present	2.50% per year up to 20 years 2.00% per year over 20 years		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years	1.50% per year all years	1.50% per year all years
COLA***	Up to 4.00% annually	Up to 4.00% annually	Up to 2.50% or 4.00% annually depending on the employer	Up to 4.00% annually	Up to 4.00% compounded annually	Up to 2.50% annually	Up to 2.50% annually

Plan Description (continued)

Number of covered employees*	Basis for determining employer contributions	Authority for setting contribution requirements
Contribution rates	Employer contributions for the period	Whether plan issues stand-alone report
If so, how to obtain the report	Employer's proportion (and change from prior measurement)+	Basis for employer's proportion+

*Single and agent employers

+Cost-sharing employers

Plan Members Example

As of the beginning of the fiscal year ended June 30, 2025, pension plan membership consisted of the following:

	General Employees - The City	Firefighters	Police Officers
Inactive plan members or beneficiaries currently receiving benefits	4,011	1,115	1,786
Inactive plan members entitled to, but not yet receiving benefits	2,038	274	530
Active plan members	3,963	936	1,591
Total membership	10,012	2,325	3,907

Contributions Example

D. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

	Contribution Rates	
	September 1, 2024 to June 30, 2025	**July 1, 2024 to August 31, 2024**
Active Employee	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
District	8.25%	8.25%

Contributors to the plan include active members, employers and the State of Texas as the only non-employer contributing entity. The State is also the employer for senior colleges and universities, medical schools and other entities including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions and pension expense for all contributors were as follows:

	Current Fiscal Year Contributions
Employer (District)	$ 29,495,307
Employee (Member)	56,553,221
Non-employer Contributing Entity On-behalf Contributions (State)	38,454,752

Contributions Example

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate, times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (public schools, junior colleges, other entities, or the State of Texas as the employer for senior colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

POLL QUESTION #5

Which of the following statements about the disclosure of the number of plan members is true:?

1. Members should be disaggregated by the three specified categories (inactive—receiving benefits, inactive—not receiving benefits, and active) and <u>only</u> those three categories
2. Additional relevant detail may be disclosed as long as the three specified categories are included
3. Other categories may be substituted for the three specified categories
4. All of the above

Opportunities for Improved Disclosure: Information about the Liability

Information about the Liability: Assumptions

Significant assumptions and other inputs

Source of mortality assumptions

Dates of experience studies

Discount rate (and change from prior measurement)

Assumptions Example

	ERS	TRS
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary scale	4.30%	1.95% - 5.18%
Cost of living adjustments	1.50%	1.30%
Inflation rate	2.90%	2.40%

For ERS, demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021. For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. The demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. TRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions.

Assumptions Example

Inflation	2.25%
Salary Increases	3.00% plus age-related salary adjustments for General Employees, Fire and Police.
Discount Rate	3.93%
Healthcare costs trend rates:	
Medical (non-MA)	16.26% for the first year, then 7.87% graded down annually to an ultimate rate of 4.50%
Prescription drug (MA)	6.64% for the first year, then 5.87% graded down annually to an ultimate rate of 4.50%
Dental	5.32% for the first year, then 3.00% every year after
Mortality Rates (Healthy)	For Police and Fire Employees, Sex-distinct PUB-2010 Mortality Table for public safety employees, projected generationally using Scale MP-2020. For General Employees, Sex-distinct Pri-2012 Blue Collar Healthy Retiree Amount-weighted Mortality Table with rates increased by 15%, projected generationally using Scale MP-2020.
Mortality Rates:	
Employee (General Employees):	Sex-distinct Pri-2012 Blue Collar Employee Amount-weighted Mortality Table with rates increased by 15%, projected generationally with scale MP-2020
Employee (Fire and Police):	PUB-2010 Sex-Distinct Public Safety Employees Mortality Table with generational projection using Scale MP-2020
Healthy Retiree (General Employees):	Sex-distinct Pri-2012 Blue Collar Healthy Retiree Amount-weighted Mortality Table with rates increased by 15% projected generationally with Scale MP-2020.
Healthy Retiree (Fire and Police):	PUB-2010 Sex-Distinct Public Safety Healthy Retiree Mortality Table with generational projection using Scale MP-2020
Disabled (General Employees):	Sex-distinct Pri-2012 Disabled Retiree Amount-weighted Mortality Table with rates increased by 15% projected generationally with Scale MP-2020.
Disabled (Fire and Police):	PUB-2010 Sex-Distinct Public Safety Employees Mortality Table with generational projection using Scale MP-2020

Assumptions Example

Actuarial Assumptions. The January 1, 2024, actuarial valuation, based on the 2019 experience study for the period January 1, 2014, to December 31, 2018, dated February 17, 2020, used the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age normal
Amortization method	Level percent of projected payroll - open
Remaining amortization period	15 years
Asset valuation method	3-year smoothed market; 40% corridor
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	Service based
Cost of living increases	Tier 1: Base benefit 2.50% Tier 2: Base benefit 0.00% Supplemental benefit 0.00%
Inflation	2.50%
Retirement age	Table of rates by age and eligibility
Mortality	Pre-Retirement: Pub-2010 General Employees Mortality Table, projected generationally with scale MP-2021 Post-Retirement (Healthy): Pub-2010 General Employees Retiree Mortality Table, projected generationally with Scale MP-2021 Post-Retirement (Disabled): Pub-2010 Disabled Retiree (Non-Safety) Mortality Table, projected generationally with Scale MP-2021.

Discount Rate

Discount rate (and change from prior measurement)

Assumptions about projected plan cash flows

Long-term expected rate of return & how it was determined

Municipal bond rate and source (if used)

Periods to which discount rates were applied

Assumed asset allocation of plan and LTE *real* RoR for each

Sensitivity of liability measurement to changes in discount rate

OPEB: Sensitivity of liability measurement to changes in healthcare cost rate

Discount Rate Sensitivity Example

Primary Government
Changes in Discount Rate
Net Pension Liability / (Asset)
(expressed in thousands)

System	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	$ 1,228,306	$ 544,490	$ (28,721)
Contributory System	25,225	2,590	(16,815)
Public Safety System	335,648	143,463	(14,680)
Firefighters System	974	(476)	(1,653)
Judges System	67,418	38,731	14,594
Governors and Legislators Retirement Plan	2,958	1,647	646
Tier 2 Public Employees System	35,226	4,085	(19,982)
Tier 2 Public Safety and Firefighters System	7,324	2,073	(1,825)
Total Net Pension Liability / (Asset)	$ 1,703,079	$ 736,603	$ (68,436)

Discount Rate Sensitivity Example

The following presents the net pension liability (asset) of the Plans, calculated using the discount rates for each Plan as well as what the Plan net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

	Discount Rate		
	1% Decrease	Current	1% Increase
	6.00%	7.00%	8.00%
General Employees - the City	$ 778,669	$ 561,914	$ 378,476
	5.71%	6.71%	7.71%
Firefighters' Pension	$ 526,257	$ 360,024	$ 224,576
	5.69%	6.69%	7.69%
Police Officers' Pension	$ 760,003	$ 482,962	$ 258,283

Discount Rate Sensitivity Example

Sensitivity of Net Pension Asset to the Discount Rate Assumption

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's net pension asset	$ 3,278,735	$ (2,789,677)	$ (7,990,130)

City’s net pension liability (asset)

City’s net pension (asset) liability

Healthcare Cost Trend Sensitivity Example

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB liability	$ 112,429	$ 125,473	$ 140,689

Discount Rate Assumptions Example

Long-Term Expected Return on Plan Assets. The long-term expected rate of return on plan investments is selected by the plan trustee after a review of expected inflation and long-term real-returns, reflected expected volatility and correlation. The assumption currently selected is 6.00% per annum, net of investment-related expenses. The estimates for each major asset class that is included in the plan's target asset allocation as of January 1, 2025 were as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.50%
Large Cap (US)	23.00%	3.75%
Small/Mid Cap (US)	9.00%	4.25%
International Equity (Developed)	19.00%	4.75%
Emerging Market Equity	6.00%	5.75%
Domestic Fixed Inc	10.00%	2.25%
Real Estate	5.00%	3.25%
Low Correlated Hedge	5.00%	3.50%
Other Real Assets	7.00%	6.50%
Private Equity	7.00%	7.25%
Private Debt	7.00%	6.00%
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2024, was 6.00%. Based on the projection of cash flows, PRP's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on PRP investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Example

The F&P Plan - The projection of the cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will continue to be made at the rates specified in the City Code and the written contribution policy. Based on these assumptions, the Fire and Police Plan retirement contribution was projected to be available to make all projected future benefit payments for current members until the last payment for the current covered population is made as of the June 30, 2024 measurement date. The discount rate used to determine the total pension liability as of June 30, 2024 is 6.90%.

The EOS Plan - The projection of the cash flows used to determine discount rate assumed that plan member contributions will continue to be made at the rates specified in the City Code. Employer contributions were assumed to be made in accordance with the contributions policy in effect for July 1, 2016 actuarial valuation. As of June 30, 2024, the plan is fully funded and the amortization of the surplus is greater than the normal costs resulting in a required contribution amount of zero. The discount rate as of June 30, 2024, 6.75%, is the assumed long-term expected rate of return on EOS investments.

The ERS Plan - The projection of the cash flows used to determine discount rate assumed that plan member contributions will continue to be made at the rates specified in the City Code. Expected member contributions for FYE 2018 were 5% of pay remaining at 5% of pay for FYE 2020 will continue to remain annually at 5% of compensation thereafter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for the July 1, 2016 actuarial valuation. Based on these assumptions, the ERS Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current members until the last payment for the current covered population is made as of the June 30, 2024 measurement date. The discount rate as of June 30, 2024 is 7.00% for active and terminated vested participants and 7.00% for in-pay participants. The assumed long-term expected rate of return on ERS investments is 6.50%.

Example Conversion to Table

Plan	Discount Rate	Cash Flow Projection Assumptions	Plan Net Position	Periods Discount Rate Applied To
F&P Plan	6.90%	Member and employer contributions will continue to be made at the rates specified in the City Code and the written contribution policy	Projected to be available to make all projected future benefit payments for current members	All periods
EOS Plan	6.75%	Member contributions will continue to be made at the rates specified in the City Code Employer contributions were assumed to be made in accordance with the contributions policy in effect for the July 1, 2016 actuarial valuation	Projected to be available to make all projected future benefit payments for current members	All periods
ERS Plan	7.00%	Member contributions will remain at 5% of compensation annually Employer contributions were assumed to be made in accordance with the contribution policy in effect for the July 1, 2016 actuarial valuation	Projected to be available to make all projected future benefit payments for current members	All periods

Asset Allocation Example

	ERS		TRS	
Asset class	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Domestic equity	25%	3.54%	33%	6.60%
International equity	14%	6.57%	15%	7.40%
Real estate equity	-	-	11%	6.30%
Global equity	-	-	4%	6.90%
Domestic fixed income	-	-	16%	2.60%
Global bonds	-	-	2%	2.50%
High-yield bonds	-	-	1%	4.80%
Real estate debt	-	-	6%	3.90%
Real estate	12%	4.95%	-	-
Private equity	15%	7.25%	9%	10.00%
Private debt	-	-	2%	5.90%
Real assets	4%	5.55%	-	-
Fixed income	22%	2.00%	-	-
Opportunistic/ARS portfolio	3%	5.25%	-	-
Credit	4%	5.40%	-	-
Cash and equivalents	1%	0.25%	1%	0.50%
	100%		100%	

* For ERS, the real rates of return are net of a long-term inflation assumption of 2.9%. For TRS, the real rates of return are net of pension plan investment expenses and long-term inflation expectations.

POLL QUESTION #6

Governments are required to disclose the most information about which of the following assumptions used in the measurement of the pension/OPEB liability?

1. Salary rates
2. Experience studies
3. Discount rate
4. Cost-of-living adjustments

Information about the Liability (continued)

Measurement date of the net liability	Date of the actuarial valuation	Whether update procedures were used to roll forward the TL
If special-funding situation (SFS): employer's proportion	If SFS: basis for employer's proportion	If SFS: change in employer's proportion, if any
Changes in assumptions since measurement date that affected TL	Changes in benefit terms since measurement date that affected TL	Changes between measurement date and reporting date that will affect TL

Information about the Liability (continued)

Changes in the total liability, plan net position, and net liability

Expense recognized for the period

Deferrals by source

Deferral balances to be recognized as expense in the future

Changes in the Net Liability Example

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2024	$ 1,698,193,344	$ 1,085,633,178	$ 612,560,166
Changes for the year:			
Service cost	21,308,672	-	21,308,672
Interest	121,356,797	-	121,356,797
Benefit changes	-	-	-
Difference between expected actual experience	13,787,410	-	13,787,410
Changes in assumptions	-	-	-
Contributions - employer	-	72,864,620	(72,864,620)
Contributions - employee	-	16,709,604	(16,709,604)
Net investment income	-	136,654,399	(136,654,399)
Benefit payments, including refunds of employee contributions	(103,298,926)	(103,298,926)	-
Administrative expense	-	(753,433)	753,433
Other changes	-	168,903	(168,903)
Net changes	53,153,953	122,345,167	(69,191,214)
Balance at September 30, 2025	$ 1,751,347,297	$ 1,207,978,345	$ 543,368,952

Note: Single & agent employers only

Changes in the Net Liability Example

	County of Allegheny Increase (Decrease)			ACAA Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 1/1/25	$2,756,934,904	851,598,874	1,905,336,030	$ 310,662,348	95,961,535	214,700,813
Changes for the year:						
Service cost	64,227,869	-	64,227,869	7,237,451	-	7,237,451
Interest	132,819,753	-	132,819,753	14,966,656	-	14,966,656
Differences between expected and actual experience	(76,174,953)	-	(76,174,953)	(8,583,696)	-	(8,583,696)
Changes in benefit terms	-	-	-	-	-	-
Changes in assumptions	17,498,996	-	17,498,996	1,971,856	-	1,971,856
Contributions - employer	-	45,792,826	(45,792,826)	-	5,160,117	(5,160,117)
Contributions - employee	-	46,009,010	(46,009,010)	-	5,184,477	(5,184,477)
Net investment income	-	100,649,270	(100,649,270)	-	11,341,558	(11,341,558)
Benefit payments, included refunds of employee contributions	(143,860,606)	(143,860,606)	-	(16,210,783)	(16,210,783)	-
Administrative expense	-	(1,879,158)	1,879,158	-	(211,751)	211,751
Net changes	(5,488,941)	46,711,341	(52,200,282)	(618,516)	5,263,619	(5,882,135)
Balances at 12/31/25	$2,751,445,963	898,310,215	1,853,135,748	$ 310,043,832	101,225,154	208,818,678

Changes in the Net Liability Example

		Dollar amounts in (000)				
		ERS	PORS	URS	ERFC	Total
Total Pension Liability						
Service cost	$	131,224	35,344	46,914	102,290	315,772
Interest		464,387	148,600	182,946	293,866	1,089,799
Changes in benefit terms		-	-	-	161,938	161,938
Differences between expected and actual experience		246,783	83,650	74,558	(165,400)	239,591
Benefit payments, including refunds of member contributions		(417,247)	(112,745)	(148,956)	(216,085)	(895,033)
Net change in total pension liability		425,147	154,849	155,462	176,609	912,067
Total pension liability - 6/30/2024		6,953,793	2,221,584	2,736,655	4,203,831	16,115,863
Total pension liability - 6/30/2025	$	7,378,940	2,376,433	2,892,117	4,380,440	17,027,930
Plan Fiduciary Net Position						
Contributions - employer	$	300,112	68,285	89,168	121,646	579,211
Contributions - member		51,102	12,363	13,535	56,450	133,450
Net investment income		413,571	183,718	202,955	180,366	980,610
Benefit payments, including refunds of member contributions		(417,247)	(112,745)	(148,956)	(216,085)	(895,033)
Administrative expense		(3,351)	(799)	(849)	(5,685)	(10,684)
Net change in plan fiduciary net position		344,187	150,822	155,853	136,692	787,554
Plan fiduciary net position - 6/30/2024		4,651,836	1,677,881	2,029,456	3,076,733	11,435,906
Plan fiduciary net position - 6/30/2025	$	4,996,023	1,828,703	2,185,309	3,213,425	12,223,460
Net pension liability - 6/30/2025	$	2,382,917	547,730	706,808	1,167,015	4,804,470

Changes in Total OPEB Liability Example

	County, Excluding BSO	BSO
Total OPEB Liability at 10/1/2023	$ 21,164	$ 245,387
Changes for the Fiscal Year		
Service Cost	1,046	6,216
Interest	1,056	10,602
Benefit Changes		17,445
Difference Between Actual and Expected Experience	(4,444)	12,208
Assumption Changes	(4,731)	(4,260)
Benefit Payments	(1,051)	(21,552)
Net Changes in Total OPEB Liability	(8,124)	20,659
Total OPEB liability at 9/30/2024	**$ 13,040**	**$ 266,046**
Covered-Employee Payroll	$ 537,642	$ 423,494
TOL as a Percentage of Covered-Employee Payroll	2.43%	62.82%

No assets in the fund, therefore no columns for fiduciary net position or net OPEB liability

Deferrals Example

As of June 30, 2025, the total employer pension expense is $7,542,384. At June 30, 2025, the Water Reclamation District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience[1]	$ 15,765,077	$ -
Net difference between projected and actual earnings on pension plan investments	-	7,320,713
Changes of assumptions or other inputs	4,795,092	-
Changes in proportion and differences between employer contributions and proportionate share of contributions[1]	1,466,609	3,308,146
WRD Contributions subsequent to the measurement date	6,369,141	-
	$ 28,395,919	$ 10,628,859

(1) Average expected remaining service lives: 5.64 years

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $6,369,141 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows/(inflows) of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending June 30:	
2026	$ 1,671,049
2027	8,094,980
2028	605,039
2029	(8,965)
2030	1,035,816

Deferrals Example

For the year ended June 30, 2025, the District recognized pension expense of $2,596,599 for ERS and $8,642,099 for TRS in the statement of activities. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 2,904,267	17,638,951	136,996	-
Changes of assumptions	490,717	9,798,948	-	1,648,275
Net difference between projected and actual investment earnings on pension plan investments	918,028	-	-	18,200,297
Changes in proportion and differences between the District's contributions and proportionate share of contributions	927,203	1,509,399	316,206	2,523,275
District's contributions subsequent to the measurement date	1,213,883	10,582,631	-	-
Total	$ 6,454,098	39,529,929	453,202	22,371,847

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized as follows:

Year ending	ERS	TRS
2026	$ 2,075,368	(8,657,736)
2027	3,305,882	19,977,699
2028	(759,041)	(3,448,043)
2029	164,804	(3,978,594)
2030	-	2,000,023
Thereafter	-	682,102
	$ 4,787,013	6,575,451

Deferrals Example

	Fiscal Year of deferral	Amortization period (in fiscal years)	Beginning of fiscal year balance	Additions	Deductions	End of fiscal year balance
General employees'						
Deferred Inflows						
Net difference between projected and actual pension investments income	2020	4.00	$ —	$ 9,353	$ (9,353)	$ —
	2021	4.00	—	(130,672)	65,336	(65,336)
	2022	4.00	—	188,556	(62,854)	125,702
	2023	4.00	—	(34,211)	8,555	(25,656)
	2024	4.00	—	(48,253)	9,654	(38,599)
Difference between expected and actual experience	2021	4.00	(1,470)	—	1,470	—
	2022	4.00	(12,616)	—	6,306	(6,310)
	2023	4.00	(708)	—	236	(472)
			$ (14,794)	$ (15,227)	$ 19,350	$ (10,671)
Deferred Outflows						
Net difference between projected and actual pension investments income	2020	5.00	$ 9,353	$ —	$ (9,353)	$ —
	2021	5.00	(130,672)	—	130,672	—
	2022	5.00	188,556	—	(188,556)	—
	2023	5.00	(34,211)	—	34,211	—
Difference between expected and actual experience	2024	4.00	—	54,570	(13,642)	40,928
Contributions subsequent to the measurement date			48,772	55,207	(48,772)	55,207
Assumption changes	2021		12,298	—	(12,298)	—
	2022		5,388	—	(2,695)	2,693
			$ 99,484	$ 109,777	$ (110,433)	$ 98,828

Deferrals Example

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2025, the city recognized an increase to pension expense of $143,566. At December 31, 2025, the city did not have any deferred inflows of resources and reported deferred outflows of resources from the following sources:

		Deferred Outflows of Resources
Net difference between projected and actual experience	$	10,873
Net difference between projected and actual earnings on pension plan investments		267,404
City contributions subsequent to the measurement date		388,815
Total	$	667,092

Plan Fiduciary Net Position Example

B. OPEB Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Distinguishing Plan and Employer Disclosures

Plan & Employer Disclosures in the Same Report

Sensitivity of the net pension liability to changes in the discount rate (Pension Plan Reporting)

The following presents the net pension liability of the pension plans, calculated using the current discount rate, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Employees' Retirement System net pension liability (asset)	$ 119,199,584	$ 61,756,411	$ 9,401,110
	6.60%	*7.60%*	*8.60%*
Firefighters' Retirement System net pension liability (asset)	$ 12,249,907	$ (16,268,755)	$ (40,192,752)
	6.50%	*7.50%*	*8.50%*
Police Officers' Retirement System net pension liability (asset)	$ 112,884,165	$ 53,830,994	$ 4,801,885
	6.85%	*7.85%*	*8.85%*

Fiscal year disclosure

Sensitivity of the net pension (asset) liability to changes in the discount rate (Employer Reporting)

The following presents the net pension (asset) liability of the pension plans, calculated using the current discount rate, as well as what the pension plan's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Employees' Retirement System net pension liability (asset)	$ 112,137,594	$ 54,856,985	$ 6,628,503
	6.65%	*7.65%*	*8.65%*
Firefighters' Retirement System net pension liability (asset)	$ 10,270,611	$ (16,809,084)	$ (39,551,423)
	6.50%	*7.50%*	*8.50%*
Police Officers' Retirement System net pension liability (asset)	$ 106,402,659	$ 47,414,406	$ (13,028,440)
	6.90%	*7.90%*	*8.90%*

Measurement year disclosure

Plan & Employer Disclosures in the Same Report

GASB 67 Disclosures

EOEP Financial Statements.

EOEP
Statement of Fiduciary Net Position
December 31, 2025

ASSETS	
Current assets	
Investments	
Cash and cash equivalents	$ 131,710
Equity securities and funds	5,901,334
Corporate bond funds	2,830,100
Real estate funds	907,261
Alternative investments	617,820
Interest receivable	5,255
Total assets	10,393,480
LIABILITIES	
Current liabilities	
Accounts payable	-
Total liabilities	-
NET POSITION RESTRICTED FOR PENSIONS	**$ 10,393,480**

EOEP
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2025

ADDITIONS	
Contributions	
City	$ 388,815
Total contributions	388,815
Investment activity	
Investment returns	1,435,991
Investment expense	(13,850)
Net investment returns	1,422,141
Total additions	1,810,956
DEDUCTIONS	
Benefits	499,125
Administrative expenses	53,982
Total deductions	553,107
NET INCREASE IN NET POSITION	1,257,849
NET POSITION RESTRICTED FOR PENSIONS - January 1	9,135,631
NET POSITION RESTRICTED FOR PENSIONS - December 31	**$ 10,393,480**

Plan & Employer Disclosures in the Same Report

GASB 68 Disclosures

Plan Membership. Membership of the plan, as of the measurement date, was as follows:

Retirees and beneficiaries	69
Inactive, nonretired members	9
Active members	23
	101

Long-Term Expected Return on Plan Assets. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustee after considering input from the plan's actuary. The estimates for each major asset class that is included in the plan's target asset allocation as of January 1, 2025, were as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Fixed Income	30%	1.75%
Domestic Equity	32%	4.35%
International Equity	20%	4.45%
Real Estate	12%	3.25%
Real Return	6%	4.00%
Total	100%	

Questions?

- Presenters -

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