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San Diego City Employees' Retirement System

San Diego County Regional Airport Authority

GASB 67/68 Report as of June 30, 2015

Produced by Cheiron

November 2015

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LETTER OF TRANSMITTAL

November 24, 2015

Board of Administration
San Diego City Employees' Retirement System
401 West A Street, Suite 400
San Diego, CA 92101

Dear Members of the Board:

The purpose of this report is to provide accounting and financial disclosure information under the Government Accounting Standards Board Statements 67 and 68 (GASB 67 and GASB 68) for the San Diego City Employees' Retirement System and the San Diego County Regional Airport Authority. This information includes:

- Projection of the Total Pension Liability from the valuation date to the measurement date,
- Calculation of the Net Pension Liability at the assumed discount rate as well as discount rates 1% higher and lower than the assumed discount rate,
- Changes in the Net Pension Liability,
- Schedule of Employer Contributions,
- Disclosure of Deferred Inflows and Outflows, and
- Calculation of the Annual Pension Expense for the San Diego County Regional Airport Authority.

If you have any questions about the report or would like additional information, please let us know.

Sincerely,
Cheiron

David Holland, FSA, EA, FCA, MAAA
Consulting Actuary

Gene Kalwarski, FSA, EA, FCA, MAAA
Principal Consulting Actuary

SECTION I - BOARD SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under the Government Accounting Standards Board Statements 67 and 68 for the San Diego City Employees' Retirement System and the San Diego County Regional Airport Authority. This information includes:

- Projection of the Total Pension Liability from the valuation date to the measurement date,
- Calculation of the Net Pension Liability at the assumed discount rate as well as discount rates 1% higher and lower than the assumed discount rate,
- Changes in the Net Pension Liability,
- Schedule of Employer Contributions,
- Disclosure of Deferred Inflows and Outflows, and
- Calculation of the Annual Pension Expense for the San Diego County Regional Airport Authority.

Highlights

The reporting date for the San Diego City Employees' Retirement System (SDCERS) is June 30, 2015. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2015 and the Total Pension Liability as of the valuation date, June 30, 2014, updated to June 30, 2015. There were no significant events between the valuation date and the measurement date so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments.

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

Table I-1
Summary of Results

	Measurement Date	
	6/30/2015	6/30/2014
Net Pension Liability	$ 1,680,759	$ (3,351,342)
Deferred Outflows	(288,051)	0
Deferred Inflows	1,807,422	8,167,978
Net Impact on Statement of Net Position	$ 3,200,130	$ 4,816,636
Pension Expense ($ Amount)	$ 4,048,248	$ 3,743,686
Pension Expense (% of Payroll)	14.48%	14.19%

The Net Pension Liability (NPL) increased approximately $5.0 million since the prior measurement date, primarily due to investment losses. There was also an actuarial liability loss that increased the NPL. The investment losses are recognized over five years, and the actuarial liability losses are recognized over the average remaining service life, which is six years. Unrecognized amounts are reported as deferred outflows and deferred inflows. As of the end of

SECTION I - BOARD SUMMARY

the reporting year, the San Diego County Regional Airport Authority would report a Net Pension Liability of $1,680,759, Deferred Outflows of $288,051, and Deferred Inflows of $1,807,422. Consequently, the net impact on the San Diego County Regional Airport Authority's Statement of Net Position due to SDCERS would be $3,200,130 at the end of the reporting year. In addition, any contributions between the measurement date and the reporting date would be reported as deferred outflows to offset the cash outflow reported.

For the measurement year ending June 30, 2015, the annual pension expense is $4,048,248 or 14.48% of expected pensionable payroll. This amount is not related to the Airport Authority's contribution to SDCERS ($5,664,753), but instead represents the change in the net impact on the San Diego County Regional Airport Authority's Statement of Net Position plus employer contributions ($3,200,130 – $4,816,636 + $5,664,753). The pension expense is larger than the expense for the prior year. Volatility in pension expense 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 net pension expense is shown in the report.

SECTION II - CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the San Diego City Employees' Retirement System (SDCERS) and under GASB 68 for the San Diego County Regional Airport Authority (Airport Authority). This report is for the use of SDCERS, the Airport Authority, 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 SDCERS.

In preparing our report, we relied on information (some oral and some written) supplied by SDCERS. 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.

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.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. 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 SDCERS 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.

David Holland, FSA, EA, FCA, MAAA
Consulting Actuary

Gene Kalwarski, FSA, EA, FCA, MAAA
Principal Consulting Actuary

SECTION III - DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.25%.

We have assumed that the employees will continue to contribute to SDCERS at the current rates and the Airport Authority will continue their historical practice of contributing to SDCERS based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, an amount necessary to amortize the remaining Unfunded Actuarial Liability, the phased-in portion of annual expected administrative expenses, and the amount needed to avoid negative amortization, if any.

We have not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement 67. However, Paragraph 43 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations "can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan…" In our professional judgment, adherence to the actuarial funding policy described above will result in the pension plan's projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period.

Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

SECTION IV - PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as of a valuation date of June 30, 2014 and projected to June 30, 2015. There were no significant events during the projection period of which we are aware. Because the TPL shown in the prior report was measured as of June 30, 2013 and projected to June 30, 2014, it will not match the amounts measured as of June 30, 2014 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 Total Pension Liability from Valuation to Measurement Date

Discount Rate	6.25%	7.25%	8.25%
Valuation Total Pension Liability, 6/30/2014			
Actives	$ 101,354,790	$ 87,468,060	$ 76,005,436
Deferred Vested	6,162,004	5,275,901	4,573,002
Retirees	37,607,307	34,430,127	31,712,381
Total	**$ 145,124,100**	**$ 127,174,087**	**$ 112,290,818**
Service Cost	7,603,215	6,154,579	5,025,126
Benefit Payments	(2,482,523)	(2,482,523)	(2,482,523)
Interest	9,227,853	9,350,904	9,366,797
Total Pension Liability, 6/30/2015	**$ 159,472,645**	**$ 140,197,047**	**$ 124,200,218**

SECTION V - 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 Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2014	$ 126,851,792	$ 130,203,135	$ (3,351,342)
Changes for the year:			
Service cost	6,154,579		6,154,579
Interest	9,327,538		9,327,538
Changes of benefits	0		0
Differences between expected and actual experience	345,661		345,661
Changes of assumptions	0		0
Contributions - employer		5,664,753	(5,664,753)
Contributions - member		1,073,028	(1,073,028)
Net investment income		4,390,185	(4,390,185)
Benefit payments	(2,482,523)	(2,482,523)	0
Administrative expense		(332,290)	332,290
Net changes	13,345,255	8,313,153	5,032,101
Balances at 6/30/2015	$ 140,197,047	$ 138,516,288	$ 1,680,759

During the measurement year, the NPL increased by approximately $5.0 million. The service cost and interest cost increased the NPL by approximately $15.5 million while contributions and investment income less administrative expenses decreased the NPL by approximately $10.8 million.

There were no changes in benefits or assumptions during the year. There were actuarial liability experience losses during the year of approximately $0.3 million.

The TPL as of June 30, 2014 was based upon the same data, actuarial methods and assumptions, and plan provisions as were used in the actuarial valuation as of June 30, 2014, and which are summarized in the Actuarial Valuation Report for SDCERS-Airport Authority as of June 30, 2014. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study performed by Cheiron for the period July 1, 2007 – June 30, 2010, and the results of an economic experience study performed by Cheiron prior to the completion of the June 30, 2014 valuation. A summary of the key assumptions is as follows:

SECTION V - NOTE DISCLOSURES

- Investment rate of return: 7.25%, net of investment expense
- Salary increases: 3.3% plus merit component based on employee classification and years of service
- Cost-of-living adjustments: 2.0%
- Mortality: Healthy retired members use the RP-2000 Combined Mortality Table (male and female). For Safety female members, rates are set forward one year

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 NPL to the discount rate.

Table V-2
Sensitivity of Net Pension Liability to Changes in Discount Rate

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	$ 159,472,645	$ 140,197,047	$ 124,200,218
Plan Fiduciary Net Position	138,516,288	138,516,288	138,516,288
Net Pension Liability	$ 20,956,357	$ 1,680,759	$ (14,316,070)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.9%	98.8%	111.5%

A one percent decrease in the discount rate increases the TPL by approximately 14% and increases the NPL by approximately 1100%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 1000%.

SECTION VI - REQUIRED SUPPLEMENTARY INFORMATION

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 67, and eventually will build up to 10 years of information. The schedule below shows the changes in NPL and related ratios required by GASB for the two years since implementation.

Table VI-1
Schedule of Changes in Net Pension Liability and Related Ratios

	FYE 2015	FYE 2014
Total Pension Liability		
Service cost (MOY)	$ 6,154,579	$ 6,099,481
Interest (includes interest on service cost)	9,327,538	8,465,485
Changes of benefit terms	0	0
Differences between expected and actual experience	345,661	0
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	(2,482,523)	(2,913,221)
Net change in total pension liability	**$ 13,345,255**	**$ 11,651,745**
Total pension liability - beginning	**126,851,792**	**115,200,048**
Total pension liability - ending	**$ 140,197,047**	**$ 126,851,792**
Plan fiduciary net position		
Contributions - employer	$ 5,664,753	$ 5,670,847
Contributions - member	1,073,028	1,019,220
Net investment income	4,390,185	18,302,683
Benefit payments, including refunds of member contributions	(2,482,523)	(2,913,221)
Administrative expense	(332,290)	(332,645)
Net change in plan fiduciary net position	**$ 8,313,153**	**$ 21,746,884**
Plan fiduciary net position - beginning	**130,203,135**	**108,456,250**
Plan fiduciary net position - ending	**$ 138,516,288**	**$ 130,203,135**
Net pension liability - ending	**$ 1,680,759**	**$ (3,351,342)**
Plan fiduciary net position as a percentage of the total pension liability	98.80%	102.64%
Covered-employee payroll *	$ 27,955,455	$ 26,380,323
Net pension liability as a percentage of covered employee payroll	6.01%	-12.70%

**Covered-employee payroll is pensionable payroll for SDCERS members.*

Because an Actuarially Determined Contribution (ADC) has been calculated historically, the full 10 years of information in the following schedule is required.

SECTION VI - REQUIRED SUPPLEMENTARY INFORMATION

Table VI-2
Schedule of Employer Contributions

	FYE 2015	FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009	FYE 2008	FYE 2007	FYE 2006
Actuarially Determined Contribution	$ 3,823	$ 2,900	$ 2,600	$ 3,800	$ 4,300	$ 3,000	$ 3,000	$ 2,200	$ 2,600	$ 2,879
Contributions in Relation to the Actuarially Determined Contribution	3,823	3,728	2,600	3,800	4,300	7,600	3,035	2,520	2,962	3,300
Contribution Deficiency/(Excess)	$ 0	$ (828)	$ 0	$ 0	$ 0	$ (4,600)	$ (35)	$ (320)	$ (362)	$ (421)
Covered-Employee Payroll *	$ 27,955	$ 26,380	$ 24,840	$ 25,148	$ 25,596	$ 24,693	$ 23,488	$ 21,957	$ 19,116	$ 17,609
Contributions as a Percentage of Covered-Employee Payroll	13.67%	14.13%	10.47%	15.11%	16.80%	30.78%	12.92%	11.48%	15.49%	18.74%

Amounts in Thousands

**Covered-employee payroll is pensionable payroll for SDCERS members.*

Notes to Schedule

Valuation Date: 6/30/2013

Timing: Actuarially determined contributions for a given fiscal year are calculated based on the actuarial valuation performed at the beginning of the prior fiscal year.

Key Methods and Assumptions Used to Determine Contributions

Actuarial cost method: Entry Age Normal. Prior to the 2007 valuation, Projected Unit Credit was used.

Asset valuation method: Expected Value Method. Prior to the 2006 valuation, the "book value" smoothing method was used. The actuarial value of assets was set to the market value for the 2006 valuation, with the new smoothing method first applying to investment experience for the 2007 fiscal year.

Amortization method: Closed periods with payments as a level percentage of payroll. In the 2007 valuation, the amortization policy was modified so that future gains or losses would be amortized over different periods depending on the source.

Discount rate: 7.25%. The discount rate was reduced from 8.00% to 7.75% in the 2008 valuation, from 7.75% to 7.50% in the 2011 valuation, and from 7.50% to 7.25% in the 2013 valuation.

Amortization growth rate: 3.30%. Same pattern of changes described below for salary increase assumption (excluding freezes).

SECTION VI - REQUIRED SUPPLEMENTARY INFORMATION

Wage inflation:	3.30%. Same pattern of changes described below for salary increase assumption.
Salary increases:	3.30% plus merit component based on employee classification and years of service. The across-the-board salary increase assumption was reduced from 4.25% to 4.00% in the 2008 valuation, from 4.00% to 3.75% in the 2011 valuation, and from 3.75% to 3.30% in the 2013 valuation. In the 2011 valuation, a two-year salary freeze assumption (for FYs 2013-2014) was added.
Cost-of-living adjustments:	2.00%
Mortality:	Healthy retired members use the RP-2000 Combined Mortality Table (male and female). For Safety female members, rates are set forward one year. From 2004-2007 (valuation years), the UP-1994 table was used, with a 2-year set back for males and females. From 2008-2010, the RP-2000 Combined Mortality Table was used, with a 2-year set forward for males and females.

A complete description of the methods and assumptions used to determine the contribution for the year ending June 30, 2015 can be found in the June 30, 2013 actuarial valuation report.

In addition to the assumption and method changes described above, other factors that significantly affected trends in the amounts reported:

- Contributions above the Actuarially Determined Contribution in FYs 2005 and 2010.
- Reflection of contingent liabilities (13^{th} check) beginning with the 2006 valuation.
- Investment losses during the 2008 and 2009 fiscal years.
- Other changes in assumptions resulting from experience studies performed in 2008 and 2011.

SECTION VI - REQUIRED SUPPLEMENTARY INFORMATION

The schedule below shows the annual money-weighted rate of return, net of investment expenses, for SDCERS-Airport Authority, as described by GASB 67.

As directed by SDCERS, we have calculated the money-weighted rate of return, net of investment expense, for the entire system instead of calculating the return separately for each of the three plan sponsors.

Table VI-3
Schedule of Investment Returns

	FYE 2015	FYE 2014
Annual money-weighted rate of return, net of investment expense	3.28%	16.84%

SECTION VII - EMPLOYER REPORTING AMOUNTS

The Airport Authority is required to implement GASB 68 for their reporting date of June 30, 2015. The amounts reported as of June 30, 2015 can be based on either the June 30, 2014 or 2015 measurement dates. We understand the Airport Authority has elected to use the 2014 measurement date for their 2015 reporting date. As a result, last year's GASB 67/68 report will be used by the Airport Authority for their 2015 reporting and the schedules in this section will be used for their 2016 reporting.

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 measurement date, this recognition period was 6.0 years.

During the year, there was an experience loss of approximately $350 thousand. Approximately $60 thousand of that loss was recognized as an increase to pension expense in the current year and an identical amount will be recognized in each of the next five years, resulting in a deferred outflow of resources as of June 30, 2015 of approximately $290 thousand.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment loss of approximately $5.4 million. Approximately $1.1 million of that loss was recognized in the current year and an identical amount will be recognized in each of the next four years. Unrecognized investment gains from prior periods were approximately $8.2 million of which $2.0 million was recognized as a reduction in pension expense in the current year. The combination of unrecognized investment losses this year and unrecognized net investment gains from prior periods results in a deferred inflow of resources as of June 30, 2015 of approximately $1.8 million.

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

Table VII-1
Schedule of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 288,051	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,807,422
Total	**$ 288,051**	**$ 1,807,422**

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

Year ended June 30:	
2016	(904,744)
2017	(904,744)
2018	(904,746)
2019	1,137,252
2020	57,611
Thereafter	$ 0

SECTION VII - EMPLOYER REPORTING AMOUNTS

The annual pension expense recognized by the Airport Authority can be calculated two different ways. First, it is the change in the amounts reported on the Airport Authority's Statement of Net Position that relate to SDCERS and are not attributable to employer contributions. That is, it is the change in NPL plus the changes in deferred outflows and inflows plus 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 pension expense.

Table VII-2
Calculation of Pension Expense

	FYE 2015	FYE 2014
Change in Net Pension Liability	$ 5,032,101	$ (10,095,140)
Change in Deferred Outflows	(288,051)	0
Change in Deferred Inflows	(6,360,556)	8,167,978
Employer Contributions	5,664,753	5,670,847
Pension Expense	**$ 4,048,248**	**$ 3,743,686**
Pension Expense as % of Payroll	**14.48%**	**14.19%**
Operating Expenses		
Service cost	$ 6,154,579	$ 6,099,481
Employee contributions	(1,073,028)	(1,019,220)
Administrative expenses	332,290	332,645
Total	$ 5,413,841	$ 5,412,906
Financing Expenses		
Interest cost	$ 9,327,538	$ 8,465,485
Expected return on assets	(9,788,387)	(8,092,710)
Total	$ (460,849)	$ 372,775
Changes		
Benefit changes	$ 0	$ 0
Recognition of assumption changes	-	0
Recognition of liability gains and losses	57,610	0
Recognition of investment gains and losses	(962,354)	(2,041,994)
Total	$ (904,744)	$ (2,041,994)
Pension Expense	**$ 4,048,248**	**$ 3,743,686**

First, there are components referred to as operating expenses. These 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 SDCERS for the year.

SECTION VII - EMPLOYER REPORTING AMOUNTS

Second, there are the financing expenses: the interest on the Total Pension Liability less the expected return on assets. Since the discount rate is equal to the long-term expected return on assets, the financing expense is approximately equal to the interest on the Net Pension Liability.

The final category is changes. This category 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 pension expense increased by approximately 8% in the current year which is an increase of approximately $300 thousand. The recognition of changes increased by approximately $1.1 million, which is more than the total increase in pension expense.

APPENDIX - 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 - 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.