

City of New Orleans Employees' Retirement System

**Governmental Accounting Standards Board Statement No. 68
(GASB 68) Accounting Valuation as of December 31, 2023**



Except as may be required by law, this valuation report should not otherwise be copied or reproduced in any form and should only be shared with other parties in its entirety as necessary for the proper administration of the Plan.

© 2024 by The Segal Group, Inc.

Segal



2727 Paces Ferry Road SE, Building One Suite 1400
Atlanta, GA 30339-4053
segalco.com
T 678.306.3100

May 20, 2024

Board of Trustees
City of New Orleans Employees' Retirement System
1300 Perdido Street - Suite 1E12
New Orleans, LA 70112

Dear Board of Trustees Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 68 (GASB 68) Accounting Valuation as of December 31, 2023 for the City of New Orleans Employees' Retirement System. It contains various information that will need to be disclosed in order to comply with GASB 67 and 68. Please refer to the City of New Orleans Employees' Retirement System Actuarial Valuation and Review as of January 1, 2024, dated May 20, 2024, for the data, assumptions, and plan of benefits underlying these calculations.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board, based upon information provided by the staff of the Plan and the Plan's other service providers.

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

The actuarial calculations were completed under the supervision of Jeffrey S. Williams, ASA, FCA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board of Trustees based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the System and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

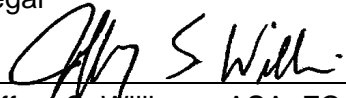
May 20, 2024

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

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

Sincerely,

Segal



Jeffrey S. Williams, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary



Malichi S. Waterman, FCA, MAAA, EA
Vice President and Consulting Actuary

Table of Contents

Section 1: Actuarial Valuation Summary.....	5
Purpose and basis	5
Highlights of the valuation	5
Summary of key valuation results	6
Important information about actuarial valuations	7
Section 2: GASB Information.....	9
General information about the pension plan.....	9
Exhibit 1 – Net Pension Liability	10
Exhibit 2 – Schedule of changes in Net Pension Liability	13
Exhibit 3 – Schedule of employer contributions.....	15
Exhibit 4 – Pension expense.....	18
GASB 67/68 Apportionment Among Outside Boards (“OB”) and Component Units (“CU”).....	25
Appendix A: Definition of terms.....	26

Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statements No. 68 (GASB 68) as of December 31, 2023. This report is based on financial information as of December 31, 2023 and the Actuarial Valuation and Review as of January 1, 2024, which reflects:

- The benefit provisions of the Plan;
- The characteristics of covered active participants, inactive participants, and retired participants and beneficiaries as of December 31, 2023, provided by the staff of the System;
- The assets of the Plan as of December 31, 2023, provided by the Administrative Office;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the January 1, 2024 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Highlights of the valuation

1. The Net Pension Liability (NPL) measured as of December 31, 2023 and December 31, 2022 was determined based upon the results of actuarial valuations as of January 1, 2024 and January 1, 2023, respectively.
2. The NPL is equal to the difference between the Total Pension Liability (TPL) and the Plan Fiduciary Net Position (FNP). The Plan Fiduciary Net Position is equal to the market value of assets, and, therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAL) on a market value basis. The NPL decreased from \$370,650,857 as of December 31, 2022 to \$365,138,338 as of December 31, 2023 and the Plan Fiduciary Net Position as a percent of the TPL increased from 53.25% to 55.85%.
3. The discount rate used to measure the TPL and NPL was 7.25% as of December 31, 2023 and December 31, 2022.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current	Prior
Reporting Date for Employer under GASB 68	December 31, 2023	December 31, 2022
Measurement Date	December 31, 2023	December 31, 2022
Disclosure elements:		
• Total Pension Liability	\$826,947,212	\$792,825,271
• Plan Fiduciary Net Position	461,808,874	422,174,414
• Net Pension Liability	365,138,338	370,650,857
• Pension expense	46,539,194	65,832,036
Schedule of contributions:		
• Actuarially determined contributions	\$26,969,460	\$24,450,297
• Actual contributions	30,602,728	25,665,015
• Contribution deficiency / (excess)	-3,633,268	-1,214,718
Demographic data:		
• Number of retired members and beneficiaries	2,124	2,157
• Number of vested terminated members ¹	423	421
• Number of active members	3,004	2,731
Key assumptions:		
• Investment rate of return	7.25%	7.25%
• Inflation rate	2.50%	2.50%
• Projected salary increases ²	Age-based annual rates ranging from 3.2% to 10%	Age-based annual rates ranging from 3.2% to 10%

¹ Includes terminated members with member contributions on deposit.

² Includes inflation at 2.50% plus real across the board merit and promotional increases

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the the City. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the the City.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

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

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the Plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the Plan will be determined by the actual benefits and expenses paid and the actual investment experience of the Plan.
- Actuarial results in this report are not rounded, but that does not imply precision.
- If the Board is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

Section 2: GASB Information

General information about the pension plan

Plan membership. At December 31, 2023, pension plan membership consisted of the following:

Membership	Amount
Retired participants or beneficiaries currently receiving benefits	2,124
Inactive participants with a vested right to a deferred or immediate benefit	423
Active members	3,004
Total	5,551

Exhibit 1 – Net Pension Liability

Components of the Net Pension Liability	Current	Prior
Reporting date for employer under GASB 68	December 31, 2023	December 31, 2022
Measurement date	December 31, 2023	December 31, 2022
Total Pension Liability	\$826,947,212	\$792,825,271
Plan Fiduciary Net Position	461,808,874	422,174,414
Net Pension Liability	365,138,338	370,650,857
Plan Fiduciary Net Position as a percentage of the Total Pension Liability*	55.85%	53.25%

Actuarial assumptions. The TPL as of December 31, 2023, which was determined based on the results of an actuarial valuation as of January 1, 2024, used the following actuarial assumptions, applied to all periods included in the measurement:

Assumption Type	Assumption
Wage inflation	2.50%
Salary increases	Age-based annual rates ranging from 3.2% to 10%
Net investment rate of return	7.25%
Mortality	See the January 1, 2024 and January 1, 2023 actuarial valuation for a complete description of all actuarial assumptions. These assumptions were developed in the analysis of an actuarial experience study for the period of January 1, 2011 through December 31, 2016.

Detailed information regarding all actuarial assumptions can be found in the January 1, 2024 Actuarial Valuation and Review.

* These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Determination of discount rate and investment rates of return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Cash and cash equivalents	2.00%	1.00%
Domestic equity	42.50%	6.60%
International equity	14.00%	7.16%
Fixed income	22.00%	1.96%
Real estate	5.00%	3.40%
Hedge funds and GTAA	9.50%	3.00%
Private investments	5.00%	9.90%
Total	100.00%	5.21%

Note: Some asset classes included in the Plan’s target asset allocation have been combined.

Discount rate. The discount rate used to measure the TPL was 7.25% as of December 31, 2023 and December 31, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2023 and December 31, 2022.

* Geometric real rates of return net of inflation

Discount rate sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the the System as of December 31, 2023 calculated using the discount rate of 7.25%, as well as what the the System’s NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

Item	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$459,128,409	\$365,138,338	\$286,747,419

Exhibit 2 – Schedule of changes in Net Pension Liability

Components of the Net Pension Liability	Current	Prior
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	December 31, 2023	December 31, 2022
Measurement date and reporting date	December 31, 2023	December 31, 2022
Total Pension Liability		
Service cost	\$12,773,384	\$12,368,018
Interest	56,472,124	55,019,916
Change of benefit terms	0	3,120,186
Differences between expected and actual experience	18,222,051	3,086,479
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	-53,345,618	-54,593,407
Net change in Total Pension Liability	\$34,121,941	\$19,001,192
Total Pension Liability — beginning	792,825,271	773,824,079
Total Pension Liability — ending	\$826,947,212	\$792,825,271
Plan Fiduciary Net Position		
Contributions — employer	\$30,602,728	\$25,665,015
Contributions — employee	10,183,093	8,743,683
Net investment income	52,066,824	-67,819,470
Benefit payments, including refunds of member contributions	-53,345,618	-54,593,407
Administrative expense	-721,502	-615,589
Other	848,935	764,331
Net change in Plan Fiduciary Net Position	\$39,634,460	-\$87,855,437
Plan Fiduciary Net Position — beginning	422,174,414	510,029,851
Plan Fiduciary Net Position — ending	\$461,808,874	\$422,174,414

Components of the Net Pension Liability	Current	Prior
Net Pension Liability		
Net Pension Liability – ending	\$365,138,338	\$370,650,857
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.85%	53.25%
Covered payroll*	\$171,532,511	\$148,147,592
Plan Net Pension Liability as percentage of covered payroll	212.87%	250.19%

Notes to Schedule:

Benefit changes:

The following plan provisions were effective January 1, 2023 for participants hired or on after January 1, 2018 and were reflected in the December 31, 2022 disclosure:

- The compensation for purposes of calculating a pension is no longer capped at \$150,000 and is now capped at the Internal Revenue Code Section 401(a)(17) limit.

Change of Assumptions:

The following assumption was changed with the January 1, 2024 valuation:

- Administrative expenses were increased from 0.2% of payroll to 0.4% of payroll.

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

Exhibit 3 – Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$20,871,424	\$20,306,887	\$564,537	\$97,243,872	20.88%
2015	21,891,996	22,447,281	-555,285	105,691,915	21.24%
2016	22,713,296	27,304,527	-4,591,231	115,504,517	23.64%
2017	26,857,512	27,169,921	-312,409	120,808,711	22.49%
2018	28,015,495	31,572,422	-3,556,927	128,530,078	24.56%
2019	28,689,759	33,884,678	-5,194,919	149,538,039	22.66%
2020	22,890,640	32,615,183	-9,724,543	135,779,772	24.02%
2021	23,973,368	21,651,850	2,321,518	142,338,647	15.21%
2022	24,450,297	25,665,015	-1,214,718	148,147,592	17.32%
2023	26,969,460	30,602,728	-3,633,268	171,532,511	17.84%

See accompanying notes to this schedule on the next page.

Methods and assumptions used to determine contribution rates for the year ended December 31, 2023:

Valuation date

Actuarially determined contribution is calculated using a January 1 valuation date as of the beginning of the fiscal year in which contributions are reported

Actuarial cost method

Entry age

Amortization method

Level percent of payroll, using 2.50% annual increases

Effective amortization period

22 years

Asset valuation method

Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Investment rate of return

7.25%, including inflation, net of pension plan investment expenses

Inflation rate and payroll growth

2.50%

Projected salary increases

Age-based annual rates ranging from 3.2% to 10%

Other assumptions

See the January 1, 2024 actuarial valuation for a complete list of assumptions

Exhibit 4 – Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	December 31, 2023	December 31, 2022
Measurement date	December 31, 2023	December 31, 2022
Service cost	\$12,773,384	\$12,368,018
Interest	56,472,124	55,019,916
Current-period benefit changes	0	3,120,186
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	4,555,512	771,619
Expensed portion of current-period changes of assumptions	0	0
Member contributions	-10,183,093	-8,743,683
Projected earnings on pension plan investments	-30,156,972	-36,250,860
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	-4,381,972	20,814,066
Administrative expense	721,502	615,589
Other	-848,935	-764,331
Recognition of beginning of year deferred outflows of resources as pension expense	35,640,120	43,224,560
Recognition of beginning of year deferred inflows of resources as pension expense	-19,907,508	-24,343,044
Pension expense	\$44,684,162	\$65,832,036

Deferred outflows of resources and deferred inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	December 31, 2023	December 31, 2022
Measurement date	December 31, 2023	December 31, 2022
Deferred outflows of resources		
Changes of assumptions	\$0	\$0
Net difference between projected and actual earnings on pension plan investments	24,762,361	44,253,390
Difference between expected and actual experience in the Total Pension Liability	20,738,307	21,897,822
Total deferred outflows of resources	\$45,500,668	\$66,151,212
Deferred inflows of resources		
Changes of assumptions	\$0	\$1,056,591
Net difference between projected and actual earnings on pension plan investments	0	0
Difference between expected and actual experience in the Total Pension Liability	0	0
Total deferred inflows of resources	\$0	\$1,056,591
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended December 31:		
2023	N/A	\$15,732,612
2024	\$14,803,038	14,629,495
2025	14,091,991	13,918,448
2026	20,987,609	20,814,066
2027	-4,381,970	0
2028	0	0
Thereafter	0	0

Note: Average expected remaining service is 4.00 years as of December 31, 2023.

Schedule of recognition of change in total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience on Total Pension Liability

Reporting Date for Employer under GASB 68 Year Ended December 31	Differences between Expected and Actual Experience	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	Thereafter
2015	\$20,288,669	8.00	\$2,536,081	\$0	\$0	\$0	\$0	\$0	\$0
2016	43,807,817	8.00	5,475,977	5,475,978	0	0	0	0	0
2017	13,756,022	8.00	1,719,503	1,719,503	1,719,501	0	0	0	0
2019	-17,742,145	4.00	-4,435,536	0	0	0	0	0	0
2020	12,199,705	4.00	3,049,926	3,049,926	0	0	0	0	0
2021	15,236,107	4.00	3,809,027	3,809,027	3,809,027	0	0	0	0
2022	3,086,479	4.00	771,619	771,620	771,620	771,620	0	0	0
2023	18,222,051	4.00	N/A	4,555,512	4,555,513	4,555,513	4,555,513	0	0
Total*			N/A	\$19,381,566	\$10,855,661	\$5,327,133	\$4,555,513	\$0	\$0

* Net increase (decrease) in pension expense

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Assumption Changes

Reporting Date for Employer under GASB 68 Year Ended December 31	Assumption Changes	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	Thereafter
2019	\$70,869,862	4.00	\$17,717,466	\$0	\$0	\$0	\$0	\$0	\$0
2020	-4,226,362	4.00	-1,056,591	-1,056,591	0	0	0	0	0
Total*			N/A	-\$1,056,591	\$0	\$0	\$0	\$0	\$0

* Net increase (decrease) in pension expense

Increase (Decrease) in Pension Expense Arising from the Recognition of the
Effects of Differences between Projected and Actual Earnings on Pension Plan Investments

Reporting Date for Employer under GASB 68 Year Ended December 31	Differences between Projected and Actual Earnings	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	Thereafter
2018	\$44,582,900	5.00	\$8,916,580	\$0	\$0	\$0	\$0	\$0	\$0
2019	-31,830,992	5.00	-6,366,198	-6,366,198	0	0	0	0	0
2020	-24,087,406	5.00	-4,817,481	-4,817,481	-4,817,481	0	0	0	0
2021	-38,336,192	5.00	-7,667,238	-7,667,238	-7,667,238	-7,667,238	0	0	0
2022	104,070,330	5.00	20,814,066	20,814,066	20,814,066	20,814,066	20,814,066	0	0
2023	-21,909,852	5.00	N/A	-4,381,972	-4,381,970	-4,381,970	-4,381,970	-4,381,970	0
Total*			N/A	-\$2,418,823	\$3,947,377	\$8,764,858	\$16,432,096	-\$4,381,970	\$0

* Net increase (decrease) in pension expense

Total Increase (Decrease) in Pension Expense

Reporting Date for Employer under GASB 68 Year Ended December 31	Total Increase (Decrease) in Pension Expense	2022	2023	2024	2025	2026	2027	Thereafter
2015	\$20,288,669	\$2,536,081	\$0	\$0	\$0	\$0	\$0	\$0
2016	40,099,857	5,475,977	5,475,978	0	0	0	0	0
2017	-12,143,111	1,719,503	1,719,503	1,719,501	0	0	0	0
2018	68,537,058	8,916,580	0	0	0	0	0	0
2019	21,296,725	6,915,732	-6,366,198	0	0	0	0	0
2020	-16,114,063	-2,824,146	-2,824,146	-4,817,481	0	0	0	0
2021	-23,100,085	-3,858,211	-3,858,211	-3,858,211	-7,667,238	0	0	0
2022	107,156,809	21,585,685	21,585,686	21,585,686	21,585,686	20,814,066	0	0
2023	-3,687,801	N/A	173,540	173,543	173,543	173,543	-4,381,970	0
Total*		N/A	\$15,906,152	\$14,803,038	\$14,091,991	\$20,987,609	-\$4,381,970	\$0

* Net increase (decrease) in pension expense

Schedule of reconciliation of Net Pension Liability

Total for all employers

Item	Current	Prior
Reporting and Measurement Dates		
Reporting Date for Employer under GASB 68	December 31, 2023	December 31, 2022
Measurement Date	December 31, 2023	December 31, 2022
Net Pension Liability		
Beginning Net Pension Liability	\$370,650,857	\$263,794,228
Pension expense	44,684,162	65,832,036
Employer contributions	-30,602,728	-25,665,015
New net deferred inflows/outflows	-3,861,341	85,571,124
Recognition of prior deferred inflows/outflows	-15,732,612	-18,881,516
Ending Net Pension Liability	\$365,138,338	\$370,650,857

GASB 67/68 Apportionment Among Outside Boards (“OB”) and Component Units (“CU”)

Change in Proportion Calculations for the Plan Calendar Fiscal Year Ending 12/31/2023 Employees’ Retirement System of the City of New Orleans

Unit Type	Name of Unit	Earnings Prior Year	Percentage	Earnings Current Year	Percentage	Change in Percentage	Net Pension Liability		Dollar Change due to change in proportion
							12/31/2022	12/31/2023	
CU	Aviation Board	\$10,185,859	6.855370%	\$12,147,601	6.947431%	0.092061%	25,409,487	25,367,735	341,227
OB	Board of Liquidation	249,225	0.167735%	260,154	0.148787%	-0.018949%	621,713	543,277	(70,233)
CU	Canal St. Develop.	232,121	0.156224%	266,109	0.152193%	-0.004031%	579,045	555,713	(14,943)
CU	Criminal Clerk of Court	367,759	0.247512%	341,508	0.195315%	-0.052197%	917,405	713,168	(193,470)
OB	Criminal District Court	215,405	0.144974%	192,571	0.110135%	-0.034839%	537,346	402,144	(129,130)
OB	DA Child Support & Administr.	5,429,015	3.653880%	6,788,136	3.882257%	0.228377%	13,543,137	14,175,608	846,481
OB	First City Court (Constable)	564,647	0.380023%	589,296	0.337029%	-0.042994%	1,408,560	1,230,622	(159,359)
CU	French Market Corp.	1,489,492	1.002470%	1,425,969	0.815537%	-0.186933%	3,715,664	2,977,839	(692,868)
OB	Mortgage-Conveyance	224,469	0.151074%	199,893	0.114322%	-0.036752%	559,957	417,435	(136,220)
CU	N.O. Mun. Yacht Hbr.	355,923	0.239546%	450,668	0.257745%	0.018199%	887,880	941,126	67,454
OB	Orleans Parish Commun. Dist.	7,580,379	5.101808%	6,980,351	3.992188%	-1.109620%	18,909,896	14,577,009	(4,112,817)
	All Others (NOMERS)	121,687,904	81.899384%	145,207,997	83.047061%	1.147678%	303,560,767	303,236,660	4,253,877
	Totals	\$148,582,198	100.000000%	\$174,850,253	100.000000%		\$370,650,857	\$365,138,338	\$0

Appendix A: Definition of terms

Definitions of certain terms as they are used in Statement No. 68. The terms may have different meanings in other contexts.

Term	Definition
Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to a pension Plan Fiduciary Net Position.
Actuarial present value of projected benefit payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial valuation	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial valuation date	The date as of which an actuarial valuation is performed.
Actuarially determined contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad hoc cost-of-living adjustments (Ad Hoc COLAs)	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad hoc postemployment benefit changes	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent employer	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent multiple-employer defined benefit pension plan (agent pension plan)	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Allocated insurance contract	A contract with an insurance company under which related payments to the insurance company are currently used to purchase immediate or deferred annuities for individual employees. Also may be referred to as an annuity contract.
Automatic cost-of-living adjustments (Automatic COLAs)	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic postemployment benefit changes	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Term	Definition
Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Collective deferred outflows of resources and deferred inflows of resources related to pensions	Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.
Collective Net Pension Liability	The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.
Collective pension expense	Pension expense arising from certain changes in the collective Net Pension Liability.
Contributions	Additions to a pension Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered payroll	The payroll of employees that are provided with pensions through the pension plan.
Deferred retirement option program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined benefit pension plans	Pension plans that are used to provide defined benefit pensions.
Defined benefit pensions	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement No. 68.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.

Term	Definition
Defined contribution pensions	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount rate	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan Fiduciary Net Position is projected (under the requirements of Statement No. 68) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry age actuarial cost method	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive employees	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Measurement period	The period between the prior and the current measurement dates.
Multiple-employer defined benefit pension plan	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL)	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.
Non-employer contributing entities	Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of Statement No. 68, employees are not considered non-employer contributing entities.
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.

Term	Definition
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Special funding situations	<p>Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:</p> <ol style="list-style-type: none"> 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

Term	Definition
Total Pension Liability (TPL)	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 68.