



GASB 68 Accounting Report

**Prepared for
Miscellaneous Risk Pool,
a Cost-Sharing Multiple-Employer
Defined Benefit Pension Plan**

Measurement Date of June 30, 2024

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Actuarial Certification

This report provides accounting and financial reporting information as required under Governmental Accounting Standards Board Statement 68 (GASB 68) for the Miscellaneous Risk Pool, which is part of the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS), for the measurement period ended June 30, 2024. The undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

This report is to be viewed solely for the purpose of financial reporting requirements. Any use of the contents provided in this report for purposes other than financial reporting requirements would be inappropriate.

This accounting report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2023, annual funding valuation. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2023, and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The asset information used in this accounting report is provided by the CalPERS Financial Office.

Actuarial Assumptions and Methods

The June 30, 2023, liabilities, which were rolled forward to June 30, 2024, and used for this accounting report, are based on actuarial assumptions recommended by the Chief Actuary and adopted by the CalPERS Board of Administration. It is our opinion that the assumptions and methods are internally consistent and reasonable for PERF C.

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Accounting Information and Actuarial Results

With the provided liability and asset information, the total pension liability, net pension liability, deferred inflows and outflows, and pension expense were developed for the measurement period using standard actuarial techniques.

To the best of our knowledge and having relied upon the attestation above that the actuarial assumptions and methods are reasonable, this report is complete and accurate and contains the actuarial information required for employer financial reporting under GASB 68.

Chyna Nakao, FSA, EA, FCA, MAAA
Senior Actuary, CalPERS

Kelly Sturm, ASA, MAAA
Supervising Actuary, CalPERS

Introduction

This is the GASB 68 accounting report for the Miscellaneous Risk Pool for the measurement date June 30, 2024. The Public Agency cost-sharing multiple-employer defined benefit pension plan (the Plan or PERF C) is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety valuation rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety valuation rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of valuation rate plans the employer sponsors. Each employer should combine information provided for their participation in the miscellaneous and/or safety pools to report them as one Plan in their financial statements.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023, to June 30, 2024

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting report may differ from the plan assets reported in the funding valuation report due to several reasons. For example, for the accounting reports, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the funding valuation.

Subsequent Events

During the time period between the valuation date and the publication of this report, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost-of-living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the net pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

Changes in the Miscellaneous Risk Pool Net Pension Liability

The following table shows the changes in the net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Risk Pool Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at: 06/30/2023	\$22,693,312,153	\$17,692,895,076	\$5,000,417,077
Beginning of Year Adjustment	\$0	\$0	\$0
Adjusted Balance at: 06/30/2023	\$22,693,312,153	\$17,692,895,076	\$5,000,417,077
Changes Recognized for the Measurement Period:			
Service Cost	575,513,506		575,513,506
Interest on Total Pension Liability	1,572,218,769		1,572,218,769
Changes of Benefit Terms	26,381		26,381
Changes of Assumptions	0		0
Differences Between Expected and Actual Experience	372,554,607		372,554,607
Net Plan to Plan Resource Movement		(739,517)	739,517
Contributions – Employer		734,440,850	(734,440,850)
Contributions – Employees		272,618,965	(272,618,965)
Net Investment Income		1,692,085,230	(1,692,085,230)
Benefit Payments, Including Refunds of Employee Contributions	(1,135,741,266)	(1,135,741,266)	0
Administrative Expense		(14,281,500)	14,281,500
Other Miscellaneous (Income)/Expense		0	0
Net Changes During 2023-24	\$1,384,571,997	\$1,548,382,762	(\$163,810,765)
Balance at: 06/30/2024	\$24,077,884,150	\$19,241,277,838	\$4,836,606,312

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Risk Pool's Net Pension Liability/(Asset)	\$8,085,685,401	\$4,836,606,312	\$2,162,135,974

Pension Expense/(Income) for the Measurement Period Ended June 30, 2024

Description	Amount
Service Cost	\$575,513,506
Interest on Total Pension Liability	1,572,218,769
Changes of Benefit Terms	26,381
Recognized Changes of Assumptions	177,586,886
Recognized Differences Between Expected and Actual Experience	186,524,464
Net Plan to Plan Resource Movement	739,517
Employee Contributions	(272,618,965)
Projected Earnings on Pension Plan Investments	(1,214,999,042)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	54,088,808
Administrative Expense	14,281,500
Other Miscellaneous (Income)/Expense	0
Total Pension Expense/(Income)	\$1,093,361,824

Note: Employers should also include changes in proportion and differences between actual and proportionate share of contributions in the pension expense computation.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The following table presents deferred outflows and deferred inflows of resources related to pensions as of June 30, 2024. Note that no adjustments have been made for contributions subsequent to the measurement date. Appropriate treatment of any contributions made after the measurement date is the responsibility of the employer. Employers are also responsible for determining the difference between the employers' actual and allocated contributions and changes in proportion.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$124,310,820	\$0
Differences Between Expected and Actual Experience	\$418,168,975	(\$16,316,662)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	278,437,522	0
Total	\$820,917,317	(\$16,316,662)

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

Measurement Periods Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$279,832,392
2026	613,939,070
2027	6,246,429
2028	(95,417,236)
2029	0
Thereafter	0

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for PERF C for the measurement period ending June 30, 2024, is 3.8 years, which was obtained by dividing the total service years of 630,177 (the sum of remaining service lifetimes of the active employees) by 166,163 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Required Supplementary Information

Summary of Changes of Benefits or Assumptions

Changes of Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2023, valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the **2021 CalPERS Experience Study and Review of Actuarial Assumptions**. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

Employers should refer to the CalPERS **Annual Comprehensive Financial Report** for the fiscal year ended June 30, 2024, which may be accessed on the CalPERS website at www.calpers.ca.gov, to obtain the required supplementary information for proper financial reporting.

Appendices

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Appendix A

Risk Pool Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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Schedule of Changes of Assumptions

**Increase (Decrease) in Pension Expense Arising From the Recognition of the
 Effects of Changes of Assumptions**

Measurement Date	Changes of Assumptions	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising From the Recognition of the Effects of Changes of Assumptions						
			2024	2025	2026	2027	2028	2029	Thereafter
2015	(\$242,065,946)	3.8	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016	0	0.0	0	0	0	0	0	0	0
2017	907,027,295	3.8	0	0	0	0	0	0	0
2018	(142,903,842)	3.8	0	0	0	0	0	0	0
2019	0	0.0	0	0	0	0	0	0	0
2020	0	0.0	0	0	0	0	0	0	0
2021	0	0.0	0	0	0	0	0	0	0
2022	657,071,478	3.7	177,586,886	124,310,820	0	0	0	0	0
2023	0	0.0	0	0	0	0	0	0	0
2024	0	0.0	0	0	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$177,586,886	\$124,310,820	\$0	\$0	\$0	\$0	\$0

Deferred Outflows of Resources and Deferred Inflows of Resources Arising From Changes of Assumptions

Measurement Date	Increase in Total Pension Liability (a)	Decrease in Total Pension Liability (b)	Amounts Recognized in Pension Expense Through June 30, 2024 (c)	Balances at June 30, 2024	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2015	\$0	(\$242,065,946)	(\$242,065,946)	\$0	\$0
2016	0	0	0	0	0
2017	907,027,295	0	907,027,295	0	0
2018	0	(142,903,842)	(142,903,842)	0	0
2019	0	0	0	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	657,071,478	0	532,760,658	124,310,820	0
2023	0	0	0	0	0
2024	0	0	0	0	0
				\$124,310,820	\$0

Schedule of Differences Between Expected and Actual Experience

Increase (Decrease) in Pension Expense Arising From the Recognition of the Effects of Differences Between Expected and Actual Experience

Measurement Date	Differences Between Expected and Actual Experience	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising From the Recognition of the Effects of Differences Between Expected and Actual Experience							
			2024	2025	2026	2027	2028	2029	Thereafter	
2015	\$25,585,821	3.8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2016	(3,805,440)	3.7	0	0	0	0	0	0	0	
2017	(102,359,669)	3.8	0	0	0	0	0	0	0	
2018	196,241,321	3.8	0	0	0	0	0	0	0	
2019	251,306,290	3.8	0	0	0	0	0	0	0	
2020	77,379,161	3.8	0	0	0	0	0	0	0	
2021	169,063,216	3.7	31,984,933	0	0	0	0	0	0	
2022	(86,245,219)	3.7	(23,309,519)	(16,316,662)	0	0	0	0	0	
2023	303,271,782	3.8	79,808,364	79,808,364	63,846,690	0	0	0	0	
2024	372,554,607	3.8	98,040,686	98,040,686	98,040,686	78,432,549	0	0	0	
Net Increase (Decrease) in Pension Expense			\$186,524,464	\$161,532,388	\$161,887,376	\$78,432,549	\$0	\$0	\$0	

Deferred Outflows of Resources and Deferred Inflows of Resources Arising From Differences Between Expected and Actual Experience

Measurement Date	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Pension Expense Through June 30, 2024 (c)	Balances at June 30, 2024	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2015	\$25,585,821	\$0	\$25,585,821	\$0	\$0
2016	0	(3,805,440)	(3,805,440)	0	0
2017	0	(102,359,669)	(102,359,669)	0	0
2018	196,241,321	0	196,241,321	0	0
2019	251,306,290	0	251,306,290	0	0
2020	77,379,161	0	77,379,161	0	0
2021	169,063,216	0	169,063,216	0	0
2022	0	(86,245,219)	(69,928,557)	0	(16,316,662)
2023	303,271,782	0	159,616,728	143,655,054	0
2024	372,554,607	0	98,040,686	274,513,921	0
				\$418,168,975	(\$16,316,662)

Schedule of Differences Between Projected and Actual Earnings on Pension Plan Investments

			Increase (Decrease) in Pension Expense Arising From the Recognition of the Differences Between Projected and Actual Earnings on Pension Plan Investments							
Measurement Date	Differences Between Projected and Actual Earnings on Pension Plan Investments	Recognition Period (Years)								
			2024	2025	2026	2027	2028	2029	Thereafter	
2015	\$571,477,513	5.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2016	772,867,770	5.0	0	0	0	0	0	0	0	
2017	(448,702,781)	5.0	0	0	0	0	0	0	0	
2018	(169,486,738)	5.0	0	0	0	0	0	0	0	
2019	70,735,658	5.0	0	0	0	0	0	0	0	
2020	300,498,116	5.0	60,099,624	0	0	0	0	0	0	
2021	(2,290,312,540)	5.0	(458,062,508)	(458,062,508)	0	0	0	0	0	
2022	2,621,189,057	5.0	524,237,811	524,237,811	524,237,813	0	0	0	0	
2023	116,155,594	5.0	23,231,119	23,231,119	23,231,119	23,231,118	0	0	0	
2024	(477,086,188)	5.0	(95,417,238)	(95,417,238)	(95,417,238)	(95,417,238)	(95,417,236)	0	0	
Net Increase (Decrease) in Pension Expense			\$54,088,808	(\$6,010,816)	\$452,051,694	(\$72,186,120)	(\$95,417,236)	\$0	\$0	

Deferred Outflows of Resources and Deferred Inflows of Resources Arising From Differences Between Projected and Actual Earnings on Pension Plan Investments

Measurement Date	Investment Earnings Less Than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in Pension Expense Through June 30, 2024 (c)	Balances at June 30, 2024	
				Deferred Outflows of Resources (d) = (a) - (c)	Deferred Inflows of Resources (e) = (b) - (c)
2015	\$571,477,513	\$0	\$571,477,513	\$0	\$0
2016	772,867,770	0	772,867,770	0	0
2017	0	(448,702,781)	(448,702,781)	0	0
2018	0	(169,486,738)	(169,486,738)	0	0
2019	70,735,658	0	70,735,658	0	0
2020	300,498,116	0	300,498,116	0	0
2021	0	(2,290,312,540)	(1,832,250,032)	0	(458,062,508)
2022	2,621,189,057	0	1,572,713,433	1,048,475,624	0
2023	116,155,594	0	46,462,238	69,693,356	0
2024	0	(477,086,188)	(95,417,238)	0	(381,668,950)
				\$1,118,168,980	(\$839,731,458)
				Net Deferred Outflows/(Inflows) of Resources	
				(d) + (e)	
				\$278,437,522	

Note: GASB 68 paragraph 33 requires that deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and reported as a net deferred outflow or inflow.

Summary of Recognized Deferred Outflows of Resources and Deferred Inflows of Resources

Net Increase (Decrease) in Pension Expense

	2024	2025	2026	2027	2028	2029	Thereafter
Changes of Assumptions	\$177,586,886	\$124,310,820	\$0	\$0	\$0	\$0	\$0
Differences Between Expected and Actual Experience	186,524,464	161,532,388	161,887,376	78,432,549	0	0	0
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	54,088,808	(6,010,816)	452,051,694	(72,186,120)	(95,417,236)	0	0
Grand Total	\$418,200,158	\$279,832,392	\$613,939,070	\$6,246,429	(\$95,417,236)	\$0	\$0

Appendix B

Interest and Total Projected Earnings

- Risk Pool Interest on Total Pension Liability and Total Projected Earnings

Risk Pool Interest on Total Pension Liability and Total Projected Earnings

Interest on Total Pension Liability	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total Pension Liability (a) X (b) X (c)
Beginning Total Pension Liability	\$22,693,312,153	100%	6.90%	\$1,565,838,539
Changes of Benefit Terms	26,381	100%	6.90%	1,820
Changes of Assumptions	0	100%	6.90%	0
Difference Between Expected and Actual Experience	372,554,607	100%	6.90%	25,706,268
Service Cost	575,513,506	50%	6.90%	19,855,216
Benefit Payments, Including Refunds of Employee Contributions	(1,135,741,266)	50%	6.90%	(39,183,074)
Total Interest on Total Pension Liability				\$1,572,218,769

Projected Earnings on Pension Plan Investments	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) X (b) X (c)
Beginning Plan Fiduciary Net Position Excluding Receivables ¹	\$17,679,601,340	100%	6.90%	\$1,219,892,492
Net Plan to Plan Resource Movement	(739,517)	50%	6.90%	(25,513)
Employer Contributions	734,440,850	50%	6.90%	25,338,209
Employee Contributions ²	274,482,330	50%	6.90%	9,469,640
Benefit Payments, Including Refunds of Employee Contributions	(1,135,741,266)	50%	6.90%	(39,183,074)
Administrative Expense	(14,281,500)	50%	6.90%	(492,712)
Other Miscellaneous Income/(Expense)	0	50%	6.90%	0
Total Projected Earnings				\$1,214,999,042

¹ Includes any beginning of year adjustment. Contribution receivables for employee service buybacks, totaling \$13,293,736 as of June 30, 2023, were excluded for purposes of calculating projected earnings on pension plan investments.

² The increase/(decrease) in contribution receivables for employee service buybacks, totaling (\$1,863,365) during fiscal year 2023-24, was excluded for purposes of calculating projected earnings on pension plan investments.

Appendix C

Schedule of Collective Pension Amounts

- Schedule of Collective Pension Amounts for PERF C, as of the Measurement Date June 30, 2024

Schedule of Collective Pension Amounts for PERF C, as of the Measurement Date June 30, 2024

	Miscellaneous	Safety	Total
Total Pension Liability	\$24,077,884,150	\$31,243,072,412	\$55,320,956,562
Plan Fiduciary Net Position	\$19,241,277,838	\$23,952,238,251	\$43,193,516,089
Net Pension Liability	\$4,836,606,312	\$7,290,834,161	\$12,127,440,473
Deferred Outflows of Resources			
Changes of Assumptions	\$124,310,820	\$179,631,167	\$303,941,987
Differences Between Expected and Actual Experience	418,168,975	594,996,879	1,013,165,854
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	278,437,522	352,405,708	630,843,230
Total Deferred Outflows of Resources Excluding Employer Specific Amounts¹	\$820,917,317	\$1,127,033,754	\$1,947,951,071
Deferred Inflows of Resources			
Changes of Assumptions	\$0	\$0	\$0
Differences Between Expected and Actual Experience	(16,316,662)	(19,345,904)	(35,662,566)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0	0	0
Total Deferred Inflows of Resources Excluding Employer Specific Amounts¹	(\$16,316,662)	(\$19,345,904)	(\$35,662,566)
Plan Pension Expense	\$1,093,361,824	\$1,553,850,734	\$2,647,212,558

¹ No adjustments have been made for employer specific amounts such as changes in proportion, differences between employer contributions and proportionate share of contributions, and contributions to the Plan subsequent to the measurement date as defined in paragraphs 54, 55, and 57 of GASB 68. Appropriate treatment of such amounts is the responsibility of the employer.