



GASB 68 Accounting Report

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

Measurement Date of June 30, 2023

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Actuarial Certification

This report provides disclosure and 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, 2023.

This report is to be viewed solely for the purpose of financial accounting requirements. Any usage of the contents provided in this report for purposes other than financial accounting 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, 2022 annual funding valuation. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2022 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2022 liabilities, which were rolled forward to June 30, 2023 and used for this accounting report, are based on actuarial assumptions adopted by the CalPERS Board of Administration and consistent with the requirements of GASB 68. The assumptions and methods are internally consistent and reasonable for PERF C. The asset information used in this accounting report is provided by the CalPERS Financial Office.

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.

The undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* with regard to pensions.

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

Cheuk Kiu (Jet) Au, ASA, MAAA
Senior Actuary, CalPERS

Introduction

This is the GASB 68 accounting report for the Miscellaneous Risk Pool for the measurement date June 30, 2023. 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, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

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. At this time, we continue to believe the long-term price inflation assumption of 2.3% per annum is appropriate.

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: 06/30/2022	\$21,449,898,398	\$16,770,671,339	\$4,679,227,059
Beginning of Year Adjustment	\$0	\$0	\$0
Adjusted Balance at: 06/30/2022	\$21,449,898,398	\$16,770,671,339	\$4,679,227,059
Changes Recognized for the Measurement Period:			
Service Cost	525,033,498		525,033,498
Interest on Total Pension Liability	1,482,271,223		1,482,271,223
Changes of Benefit Terms	172,170		172,170
Changes of Assumptions	0		0
Differences Between Expected and Actual Experience	303,271,782		303,271,782
Net Plan to Plan Resource Movement		20,255	(20,255)
Contributions – Employer		735,524,264	(735,524,264)
Contributions – Employees		230,175,787	(230,175,787)
Net Investment Income		1,036,096,150	(1,036,096,150)
Benefit Payments, Including Refunds of Employee Contributions	(1,067,334,918)	(1,067,334,918)	0
Administrative Expense		(12,257,801)	12,257,801
Other Miscellaneous (Income)/Expense		0	0
Net Changes During 2022-23	\$1,243,413,755	\$922,223,737	\$321,190,018
Balance at: 06/30/2023	\$22,693,312,153	\$17,692,895,076	\$5,000,417,077

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)	\$8,069,591,033	\$5,000,417,077	\$2,474,223,419

Pension Expense/(Income) for the Measurement Period Ended June 30, 2023

Description	Amount
Service Cost	\$525,033,498
Interest on Total Pension Liability	1,482,271,223
Changes of Benefit Terms	172,170
Recognized Changes of Assumptions	177,586,886
Recognized Differences Between Expected and Actual Experience	118,481,956
Net Plan to Plan Resource Movement	(20,255)
Employee Contributions	(230,175,787)
Projected Earnings on Pension Plan Investments	(1,152,251,744)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	163,653,175
Administrative Expense	12,257,801
Other Miscellaneous (Income)/Expense	0
Total Pension Expense/(Income)	\$1,097,008,923

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, 2023. 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	\$301,897,706	\$0
Differences Between Expected and Actual Experience	\$255,448,351	(\$39,626,181)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	809,612,518	0
Total	\$1,366,958,575	(\$39,626,181)

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
2024	\$415,576,710
2025	277,208,944
2026	611,315,622
2027	23,231,118
2028	0
Thereafter	0

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for PERF C for the measurement period ending June 30, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (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, 2022 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool's differences between expected and actual experience.

Changes of Assumptions: There were no assumption changes in 2023. 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, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Employers should refer to CalPERS' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, 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 B – Interest and Total Projected Earnings**
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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							
			2023	2024	2025	2026	2027	2028	Thereafter	
2014	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	(242,065,946)	3.8	0	0	0	0	0	0	0	0
2016	0	0.0	0	0	0	0	0	0	0	0
2017	907,027,295	3.8	0	0	0	0	0	0	0	0
2018	(142,903,842)	3.8	0	0	0	0	0	0	0	0
2019	0	0.0	0	0	0	0	0	0	0	0
2020	0	0.0	0	0	0	0	0	0	0	0
2021	0	0.0	0	0	0	0	0	0	0	0
2022	657,071,478	3.7	177,586,886	177,586,886	124,310,820	0	0	0	0	0
2023	0	0.0	0	0	0	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$177,586,886	\$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, 2023 (c)	Balances at June 30, 2023	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
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	355,173,772	301,897,706	0
2023	0	0	0	0	0
				\$301,897,706	\$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							
			2023	2024	2025	2026	2027	2028	Thereafter	
2014	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	25,585,821	3.8	0	0	0	0	0	0	0	0
2016	(3,805,440)	3.7	0	0	0	0	0	0	0	0
2017	(102,359,669)	3.8	0	0	0	0	0	0	0	0
2018	196,241,321	3.8	0	0	0	0	0	0	0	0
2019	251,306,290	3.8	0	0	0	0	0	0	0	0
2020	77,379,161	3.8	16,290,350	0	0	0	0	0	0	0
2021	169,063,216	3.7	45,692,761	31,984,933	0	0	0	0	0	0
2022	(86,245,219)	3.7	(23,309,519)	(23,309,519)	(16,316,662)	0	0	0	0	0
2023	303,271,782	3.8	79,808,364	79,808,364	79,808,364	63,846,690	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$118,481,956	\$88,483,778	\$63,491,702	\$63,846,690	\$0	\$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, 2023 (c)	Balances at June 30, 2023	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
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	137,078,283	31,984,933	0
2022	0	(86,245,219)	(46,619,038)	0	(39,626,181)
2023	303,271,782	0	79,808,364	223,463,418	0
				\$255,448,351	(\$39,626,181)

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)	Increase (Decrease) in Pension Expense Arising From the Recognition of the Differences Between Projected and Actual Earnings on Pension Plan Investments						
			2023	2024	2025	2026	2027	2028	Thereafter
2014	(\$910,997,066)	5.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	14,147,130	0	0	0	0	0	0
2020	300,498,116	5.0	60,099,623	60,099,624	0	0	0	0	0
2021	(2,290,312,540)	5.0	(458,062,508)	(458,062,508)	(458,062,508)	0	0	0	0
2022	2,621,189,057	5.0	524,237,811	524,237,811	524,237,811	524,237,813	0	0	0
2023	116,155,594	5.0	23,231,119	23,231,119	23,231,119	23,231,119	23,231,118	0	0
Net Increase (Decrease) in Pension Expense			\$163,653,175	\$149,506,046	\$89,406,422	\$547,468,932	\$23,231,118	\$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, 2023 (c)	Balances at June 30, 2023	
				Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)
2014	\$0	(\$910,997,066)	(\$910,997,066)	\$0	\$0
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	240,398,492	60,099,624	0
2021	0	(2,290,312,540)	(1,374,187,524)	0	(916,125,016)
2022	2,621,189,057	0	1,048,475,622	1,572,713,435	0
2023	116,155,594	0	23,231,119	92,924,475	0
				\$1,725,737,534	(\$916,125,016)
				Net Deferred Outflows/(Inflows) of Resources	
				(d) + (e)	
				\$809,612,518	

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

	2023	2024	2025	2026	2027	2028	Thereafter
Changes of Assumptions	\$177,586,886	\$177,586,886	\$124,310,820	\$0	\$0	\$0	\$0
Differences Between Expected and Actual Experience	118,481,956	88,483,778	63,491,702	63,846,690	0	0	0
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	163,653,175	149,506,046	89,406,422	547,468,932	23,231,118	0	0
Grand Total	\$459,722,017	\$415,576,710	\$277,208,944	\$611,315,622	\$23,231,118	\$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	\$21,449,898,398	100%	6.90%	\$1,480,042,989
Changes of Benefit Terms	172,170	100%	6.90%	11,880
Changes of Assumptions	0	100%	6.90%	0
Difference Between Expected and Actual Experience	303,271,782	100%	6.90%	20,925,753
Service Cost	525,033,498	50%	6.90%	18,113,656
Benefit Payments, Including Refunds of Employee Contributions	(1,067,334,918)	50%	6.90%	(36,823,055)
Total Interest on Total Pension Liability				\$1,482,271,223

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	\$16,755,096,102	100%	6.90%	\$1,156,101,631
Net Plan to Plan Resource Movement	20,255	50%	6.90%	699
Employer Contributions	735,524,264	50%	6.90%	25,375,587
Employee Contributions ²	232,457,288	50%	6.90%	8,019,776
Benefit Payments, Including Refunds of Employee Contributions	(1,067,334,918)	50%	6.90%	(36,823,055)
Administrative Expense	(12,257,801)	50%	6.90%	(422,894)
Other Miscellaneous Income/(Expense)	0	50%	6.90%	0
Total Projected Earnings				\$1,152,251,744

¹ Includes any beginning of year adjustment. Contribution receivables for employee service buybacks, totaling \$15,575,237 as of June 30, 2022, were excluded for purposes of calculating projected earnings on pension plan investments.

² The increase/(decrease) in contribution receivables for employee service buybacks, totaling (\$2,281,501) during fiscal year 2022-23, 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, 2023

Schedule of Collective Pension Amounts for PERF C, as of the Measurement Date June 30, 2023

	Miscellaneous	Safety	Total
Total Pension Liability	\$22,693,312,153	\$29,748,672,121	\$52,441,984,274
Plan Fiduciary Net Position	\$17,692,895,076	\$22,273,738,616	\$39,966,633,692
Net Pension Liability	\$5,000,417,077	\$7,474,933,505	\$12,475,350,582
Deferred Outflows of Resources			
Changes of Assumptions	\$301,897,706	\$436,247,121	\$738,144,827
Differences Between Expected and Actual Experience	255,448,351	548,797,897	804,246,248
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	809,612,518	1,022,942,619	1,832,555,137
Total Deferred Outflows of Resources Excluding Employer Specific Amounts¹	\$1,366,958,575	\$2,007,987,637	\$3,374,946,212
Deferred Inflows of Resources			
Changes of Assumptions	\$0	\$0	\$0
Differences Between Expected and Actual Experience	(39,626,181)	(46,982,909)	(86,609,090)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0	0	0
Total Deferred Inflows of Resources Excluding Employer Specific Amounts¹	(\$39,626,181)	(\$46,982,909)	(\$86,609,090)
Plan Pension Expense	\$1,097,008,923	\$1,517,707,879	\$2,614,716,802

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.