Introduction

This report describes the allocation method for the Total Pension Liability, Fiduciary Net Position, Net Pension Liability, deferred outflows of resources/deferred inflows of resources related to pensions and pension expense for the employers participating in the California Public Employees’ Retirement System (CalPERS) Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan to fulfill Governmental Accounting Standards Board (GASB) reporting requirements. As described in CalPERS’ audited financial statements, for accounting purposes, the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan is a separate entity, within the Public Employees’ Retirement Fund (PERF), also referred to as PERF C.

Note that for purposes of the allocation methodology, the rate plans included in PERF C have been assigned to either a Miscellaneous pool or a Safety pool (hereinafter referred to as “risk pools”). The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The methodology described herein applies to only public agency employers participating in either of these risk pools. It is not applicable for employers in PERF B (Schools Pool).

In determining the methodology for the allocation requirements, CalPERS applied paragraph 49 of GASB Statement 68. CalPERS risk pools operate by assessing different contribution rates to employers based on separate relationships that constitute the collective net pension liability. Different contribution rates arise due to varying benefit levels within the risk pools. The approach described in this report reflects those separate relationships.

Assumptions and Methods

The basis for the calculations of total pension liability and actuarial valuations for funding purposes described below includes the most recent assumptions adopted by the CalPERS Board in February of 2014, the Entry Age Normal actuarial cost method and the Fair Value of Assets, all of which are consistent with Statement 68.

Timing

The first year of implementation of GASB 68 is the fiscal year beginning after June 15, 2014. For pension plans administered by CalPERS, the first year to report GASB 68 information is for the fiscal year beginning after June 15, 2014 and ended on or before June 30, 2015. As permitted
under paragraph 48, a Measurement Date as of the end of the prior fiscal year is used. For example, for the fiscal year ending June 30, 2016, the following dates are used:

**Reporting Date:** June 30, 2016  
**Measurement Date:** June 30, 2015  
**Valuation Date:** June 30, 2014 (most recent available)  
**Measurement Period:** July 1, 2014 to June 30, 2015 (for pension expense)

Due to the availability of asset and liability information, the total pension liability for the risk pools as of the Valuation Date of June 30, 2014 were rolled forward to the Measurement Date of June 30, 2015 and deducted from the Fiduciary Net Position of the risk pools as of June 30, 2015 to determine the Net Pension Liability of the risk pools as of the Measurement Date.

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**CalPERS Cost-Sharing Allocation Method**

Effective for measurement period 2015, CalPERS provides a GASB 68 Accounting Valuation Report for the Miscellaneous pool and a GASB 68 Accounting Valuation Report for the Safety pool. Along with the GASB 68 reports, CalPERS provides schedules of employer allocations for the Miscellaneous and Safety pools. The same allocation methodology will be used for these schedules for both risk pools.

The schedules of employer allocation include three ratios to be used by the employers. It includes allocation for the Total Pension Liability, Plan Fiduciary Net Position and all others (e.g. pension expense, deferred outflows/inflows of resources). The Total Pension Liability is allocated based on the Entry Age Normal Accrued Liability from the Actuarial Valuation used for funding purposes. The Plan Fiduciary Net Position is allocated based on the Plan Market Value of Assets adjusted for Unfunded Actuarial Liability supplemental payments received during the measurement period from the Actuarial Valuation used for funding purposes. The other allocation is based on the legally or statutorily required employer contributions, including reported contribution adjustments and suspended payroll information. Note that no adjustments have been made for contributions subsequent to the Measurement Date.