



# **GASB 68 Accounting Report**

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

**Measurement Date of June 30, 2021**

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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, 2021.

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, 2020 annual funding valuation. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2020 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2020 liabilities, which were rolled forward to June 30, 2021 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 Pension Actuary, CalPERS  
CalPERS Actuarial Office

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## Introduction

This is the GASB 68 accounting report for the Miscellaneous Risk Pool for the measurement date June 30, 2021. 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

## 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)
<b>Balance at: 06/30/2020</b>	<b>\$18,920,437,526</b>	<b>\$14,702,361,183</b>	<b>\$4,218,076,343</b>
<b>Beginning of Year Adjustment</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Adjusted Balance at: 06/30/2020</b>	<b>\$18,920,437,526</b>	<b>\$14,702,361,183</b>	<b>\$4,218,076,343</b>
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	447,031,540		447,031,540
Interest on Total Pension Liability	1,348,026,935		1,348,026,935
Changes of Benefit Terms	979,215		979,215
Changes of Assumptions	0		0
Differences Between Expected and Actual Experience	169,063,216		169,063,216
Net Plan to Plan Resource Movement		50,338,379	(50,338,379)
Contributions – Employer		710,555,982	(710,555,982)
Contributions – Employees		197,606,838	(197,606,838)
Net Investment Income		3,340,988,811	(3,340,988,811)
Benefit Payments, Including Refunds of Employee Contributions	(920,944,327)	(920,944,327)	0
Administrative Expense		(15,115,342)	15,115,342
Other Miscellaneous (Income)/Expense		0	0
<b>Net Changes During 2020-21</b>	<b>\$1,044,156,579</b>	<b>\$3,363,430,341</b>	<b>(\$2,319,273,762)</b>
<b>Balance at: 06/30/2021</b>	<b>\$19,964,594,105</b>	<b>\$18,065,791,524</b>	<b>\$1,898,802,581</b>

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

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Risk Pool's Net Pension Liability/(Asset)	\$4,534,745,933	\$1,898,802,581	(\$280,294,125)

## Pension Expense/(Income) for the Measurement Period Ended June 30, 2021

Description	Amount
Service Cost	\$447,031,540
Interest on Total Pension Liability	1,348,026,935
Changes of Benefit Terms	979,215
Recognized Changes of Assumptions	(30,085,020)
Recognized Differences Between Expected and Actual Experience	173,502,894
Net Plan to Plan Resource Movement	(50,338,379)
Employee Contributions	(197,606,838)
Projected Earnings on Pension Plan Investments	(1,050,676,271)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	(507,453,658)
Administrative Expense	15,115,342
Other Miscellaneous (Income)/Expense	0
<b>Total Pension Expense/(Income)</b>	<b>\$148,495,760</b>

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, 2021. 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	\$0	\$0
Differences Between Expected and Actual Experience	\$212,930,330	\$0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	(1,657,554,246)
<b>Total</b>	<b>\$212,930,330</b>	<b>(\$1,657,554,246)</b>

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
2022	(\$298,750,813)
2023	(321,832,644)
2024	(365,977,951)
2025	(458,062,508)
2026	0
Thereafter	0

### Expected Average Remaining Service Lifetime (EARSL)

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (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

Benefit Changes: 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 by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). 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 may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes of Assumptions: None.

Employers should refer to CalPERS' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021, which may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov), to obtain the required supplementary information for proper financial reporting.



## Appendices

- **Appendix A – Risk Pool Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**
- **Appendix B – Interest and Total Projected Earnings**
- **Appendix C – Schedule of Collective Pension Amounts**

## **Appendix A**

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

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- Deferred Outflows of Resources and Deferred Inflows of Resources Arising From Changes of Assumptions
- Schedule of Differences Between Expected and Actual Experience
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- Schedule of Differences Between Projected and Actual Earnings on Pension Plan Investments
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- Summary of Recognized Deferred Outflows of Resources and Deferred Inflows of Resources

**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	Remaining Recognition Period (Years)	2021	2022	2023	2024	2025	2026	Thereafter
2014	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	(242,065,946)	0.0	0	0	0	0	0	0	0
2016	0	0.0	0	0	0	0	0	0	0
2017	907,027,295	0.0	0	0	0	0	0	0	0
2018	(142,903,842)	0.8	(30,085,020)	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
<b>Net Increase (Decrease) in Pension Expense</b>			<b>(\$30,085,020)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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, 2021 (c)	Balances at June 30, 2021	
				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
				<b>\$0</b>	<b>\$0</b>

**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	Remaining Recognition Period (Years)	2021	2022	2023	2024	2025	2026	Thereafter
2014	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	25,585,821	0.0	0	0	0	0	0	0	0
2016	(3,805,440)	0.0	0	0	0	0	0	0	0
2017	(102,359,669)	0.0	0	0	0	0	0	0	0
2018	196,241,321	0.8	41,313,962	0	0	0	0	0	0
2019	251,306,290	1.8	66,133,234	52,906,588	0	0	0	0	0
2020	77,379,161	2.8	20,362,937	20,362,937	16,290,350	0	0	0	0
2021	169,063,216	3.7	45,692,761	45,692,761	45,692,761	31,984,933	0	0	0
<b>Net Increase (Decrease) in Pension Expense</b>			<b>\$173,502,894</b>	<b>\$118,962,286</b>	<b>\$61,983,111</b>	<b>\$31,984,933</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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, 2021 (c)	Balances at June 30, 2021	
				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	198,399,702	52,906,588	0
2020	77,379,161	0	40,725,874	36,653,287	0
2021	169,063,216	0	45,692,761	123,370,455	0
				<b>\$212,930,330</b>	<b>\$0</b>

**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	Remaining Recognition Period (Years)	2021	2022	2023	2024	2025	2026	Thereafter
2014	(\$910,997,066)	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	571,477,513	0.0	0	0	0	0	0	0	0
2016	772,867,770	0.0	0	0	0	0	0	0	0
2017	(448,702,781)	1.0	(89,740,557)	0	0	0	0	0	0
2018	(169,486,738)	2.0	(33,897,348)	(33,897,346)	0	0	0	0	0
2019	70,735,658	3.0	14,147,132	14,147,132	14,147,130	0	0	0	0
2020	300,498,116	4.0	60,099,623	60,099,623	60,099,623	60,099,624	0	0	0
2021	(2,290,312,540)	5.0	(458,062,508)	(458,062,508)	(458,062,508)	(458,062,508)	(458,062,508)	0	0
<b>Net Increase (Decrease) in Pension Expense</b>			<b>(\$507,453,658)</b>	<b>(\$417,713,099)</b>	<b>(\$383,815,755)</b>	<b>(\$397,962,884)</b>	<b>(\$458,062,508)</b>	<b>\$0</b>	<b>\$0</b>

**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, 2021 (c)	Balances at June 30, 2021	
				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)	(135,589,392)	0	(33,897,346)
2019	70,735,658	0	42,441,396	28,294,262	0
2020	300,498,116	0	120,199,246	180,298,870	0
2021	0	(2,290,312,540)	(458,062,508)	0	(1,832,250,032)
				<b>\$208,593,132</b>	<b>(\$1,866,147,378)</b>
				<b>Net Deferred Outflows/(Inflows) of Resources</b>	
				<b>(d) + (e)</b>	
				<b>(\$1,657,554,246)</b>	

**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						
	2021	2022	2023	2024	2025	2026	Thereafter
Changes of Assumptions	(\$30,085,020)	\$0	\$0	\$0	\$0	\$0	\$0
Differences Between Expected and Actual Experience	173,502,894	118,962,286	61,983,111	31,984,933	0	0	0
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	(507,453,658)	(417,713,099)	(383,815,755)	(397,962,884)	(458,062,508)	0	0
<b>Grand Total</b>	<b>(\$364,035,784)</b>	<b>(\$298,750,813)</b>	<b>(\$321,832,644)</b>	<b>(\$365,977,951)</b>	<b>(\$458,062,508)</b>	<b>\$0</b>	<b>\$0</b>

## **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**

<b>Interest on Total Pension Liability</b>	<b>Amount for Period (a)</b>	<b>Portion of Period (b)</b>	<b>Interest Rate (c)</b>	<b>Interest on the Total Pension Liability (a) X (b) X (c)</b>
Beginning Total Pension Liability	\$18,920,437,526	100%	7.15%	\$1,352,811,283
Changes of Benefit Terms	979,215	100%	7.15%	70,014
Changes of Assumptions	0	100%	7.15%	0
Difference Between Expected and Actual Experience	169,063,216	100%	7.15%	12,088,020
Service Cost	447,031,540	50%	7.15%	15,981,378
Benefit Payments, Including Refunds of Employee Contributions	(920,944,327)	50%	7.15%	(32,923,760)
<b>Total Interest on Total Pension Liability</b>				<b>\$1,348,026,935</b>

<b>Projected Earnings on Pension Plan Investments</b>	<b>Amount for Period (a)</b>	<b>Portion of Period (b)</b>	<b>Projected Rate of Return (c)</b>	<b>Projected Earnings (a) X (b) X (c)</b>
Beginning Plan Fiduciary Net Position Excluding Receivables <sup>1</sup>	\$14,682,139,300	100%	7.15%	\$1,049,772,960
Net Plan to Plan Resource Movement	50,338,379	50%	7.15%	1,799,597
Employer Contributions	710,555,982	50%	7.15%	25,402,376
Employee Contributions <sup>2</sup>	200,432,748	50%	7.15%	7,165,471
Benefit Payments, Including Refunds of Employee Contributions	(920,944,327)	50%	7.15%	(32,923,760)
Administrative Expense	(15,115,342)	50%	7.15%	(540,373)
Other Miscellaneous Income/(Expense)	0	50%	7.15%	0
<b>Total Projected Earnings</b>				<b>\$1,050,676,271</b>

<sup>1</sup> Includes any beginning of year adjustment. Contribution receivables for employee service buybacks, totaling \$20,221,883 as of June 30, 2020, were excluded for purposes of calculating projected earnings on pension plan investments.

<sup>2</sup> The increase/(decrease) in contribution receivables for employee service buybacks, totaling \$(2,825,910) during the fiscal year 2020-21, were 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, 2021

**Schedule of Collective Pension Amounts for PERF C, as of the Measurement Date June 30, 2021**

	<b>Miscellaneous</b>	<b>Safety</b>	<b>Total</b>
Total Pension Liability	\$19,964,594,105	\$26,210,348,159	\$46,174,942,264
Plan Fiduciary Net Position	\$18,065,791,524	\$22,700,862,352	\$40,766,653,876
<b>Net Pension Liability</b>	<b>\$1,898,802,581</b>	<b>\$3,509,485,807</b>	<b>\$5,408,288,388</b>
Deferred Outflows of Resources			
Changes of Assumptions	\$0	\$0	\$0
Differences Between Expected and Actual Experience	212,930,330	599,592,630	812,522,960
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments	0	0	0
<b>Total Deferred Outflows of Resources Excluding Employer Specific Amounts<sup>1</sup></b>	<b>\$212,930,330</b>	<b>\$599,592,630</b>	<b>\$812,522,960</b>
Deferred Inflows of Resources			
Changes of Assumptions	\$0	\$0	\$0
Differences Between Expected and Actual Experience	0	0	0
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments	(1,657,554,246)	(2,088,818,720)	(3,746,372,966)
<b>Total Deferred Inflows of Resources Excluding Employer Specific Amounts<sup>1</sup></b>	<b>(\$1,657,554,246)</b>	<b>(\$2,088,818,720)</b>	<b>(\$3,746,372,966)</b>
<b>Plan Pension Expense</b>	<b>\$148,495,760</b>	<b>\$188,401,318</b>	<b>\$336,897,078</b>

<sup>1</sup> 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.