



GASB 68 Accounting Report

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

Measurement Date of June 30, 2025

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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 Safety 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, 2025. 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, 2024, annual funding valuation. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2024, 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, 2024, liabilities, which were rolled forward to June 30, 2025, 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

Thomas Purdy, ASA, MAAA
Actuary, CalPERS

Introduction

This is the GASB 68 accounting report for the Safety Risk Pool for the measurement date June 30, 2025. 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, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024, to June 30, 2025

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 components of the plan's fiduciary net position. These amounts are excluded for rate setting purposes in the funding valuation.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025, was 6.90%. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term.

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return ^{1, 2}
Public Equity	37.0%	4.56%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Real Assets	15.0%	3.03%
Private Debt	8.0%	4.93%
Strategic Leverage	(5.0%)	1.40%

¹ An expected annual rate of price inflation of 2.30% was used for this period.

² Figures are based on the 2024 Asset Liability Management mid-cycle review.

Subsequent Events

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2025 that will review the capital market assumptions as well as the risk and asset allocation analysis and ascertain whether a change in the discount rate is warranted. As part of the ALM process, the Actuarial Office will be completing its Experience Study to review economic assumptions other than the discount rate as well as all demographic assumptions and make recommendations to modify future assumptions where appropriate. Any resulting changes will be reflected as of the June 30, 2025, valuation date and June 30, 2026, measurement date.

Changes in the Safety 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: 06/30/2024	\$31,243,072,412	\$23,952,238,251	\$7,290,834,161
Beginning of Year Adjustment	\$0	\$0	\$0
Adjusted Balance at: 06/30/2024	\$31,243,072,412	\$23,952,238,251	\$7,290,834,161
Changes Recognized for the Measurement Period:			
Service Cost	641,784,056		641,784,056
Interest on Total Pension Liability	2,146,219,286		2,146,219,286
Changes of Benefit Terms	38,223		38,223
Changes of Assumptions	0		0
Differences Between Expected and Actual Experience	365,244,630		365,244,630
Net Plan to Plan Resource Movement		(123,496)	123,496
Contributions – Employer		1,029,837,205	(1,029,837,205)
Contributions – Employees		268,305,646	(268,305,646)
Net Investment Income		2,922,774,055	(2,922,774,055)
Benefit Payments, Including Refunds of Employee Contributions	(1,649,239,897)	(1,649,239,897)	0
Administrative Expense		(17,180,927)	17,180,927
Other Miscellaneous (Income)/Expense		0	0
Net Changes During 2024-25	\$1,504,046,298	\$2,554,372,586	(\$1,050,326,288)
Balance at: 06/30/2025	\$32,747,118,710	\$26,506,610,837	\$6,240,507,873

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)	\$10,697,680,945	\$6,240,507,873	\$2,594,411,089

Pension Expense/(Income) for the Measurement Period Ended June 30, 2025

Description	Amount
Service Cost	\$641,784,056
Interest on Total Pension Liability	2,146,219,286
Changes of Benefit Terms	38,223
Recognized Changes of Assumptions	179,631,167
Recognized Differences Between Expected and Actual Experience	348,489,571
Net Plan to Plan Resource Movement	123,496
Employee Contributions	(268,305,646)
Projected Earnings on Pension Plan Investments	(1,639,292,867)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	(261,599,107)
Administrative Expense	17,180,927
Other Miscellaneous (Income)/Expense	0
Total Pension Expense/(Income)	\$1,164,269,106

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, 2025. 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 employer's 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	592,406,034	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	(669,476,373)
Total	\$592,406,034	(\$669,476,373)

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
2026	\$647,887,186
2027	(167,881,371)
2028	(300,379,918)
2029	(256,696,236)
2030	0
Thereafter	0

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for PERF C for the measurement period ending June 30, 2025, is 3.8 years, which was obtained by dividing the total service years of 659,872 (the sum of remaining service lifetimes of the active employees) by 172,460 (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, 2024, 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 through 2025. 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 date June 30, 2016.

Employers should refer to the CalPERS *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2025, which may be accessed on the CalPERS website at 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

- Schedule of Changes of Assumptions
- Deferred Outflows of Resources and Deferred Inflows of Resources Arising From Changes of Assumptions
- Schedule of Differences Between Expected and Actual Experience
- Deferred Outflows of Resources and Deferred Inflows of Resources Arising From Differences Between Expected and Actual Experience
- 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	Recognition Period (Years)	2025	2026	2027	2028	2029	2030	Thereafter	
2016	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	1,215,386,197	3.8	0	0	0	0	0	0	0	
2018	(105,413,999)	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	949,479,029	3.7	179,631,167	0	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	
2025	0	0.0	0	0	0	0	0	0	0	
Net Increase (Decrease) in Pension Expense			\$179,631,167	\$0	\$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, 2025 (c)	Balances at June 30, 2025	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2016	\$0	\$0	\$0	\$0	\$0
2017	1,215,386,197	0	1,215,386,197	0	0
2018	0	(105,413,999)	(105,413,999)	0	0
2019	0	0	0	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	949,479,029	0	949,479,029	0	0
2023	0	0	0	0	0
2024	0	0	0	0	0
2025	0	0	0	0	0
				\$0	\$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)	2025	2026	2027	2028	2029	2030	Thereafter	
2016	(\$2,527,915)	3.7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	83,805,206	3.8	0	0	0	0	0	0	0	
2018	117,225,540	3.8	0	0	0	0	0	0	0	
2019	453,842,647	3.8	0	0	0	0	0	0	0	
2020	375,894,021	3.8	0	0	0	0	0	0	0	
2021	446,729,433	3.7	0	0	0	0	0	0	0	
2022	(102,256,919)	3.7	(19,345,904)	0	0	0	0	0	0	
2023	630,096,347	3.8	165,814,828	132,651,863	0	0	0	0	0	
2024	402,433,827	3.8	105,903,639	105,903,639	84,722,910	0	0	0	0	
2025	365,244,630	3.8	96,117,008	96,117,008	96,117,008	76,893,606	0	0	0	
Net Increase (Decrease) in Pension Expense			\$348,489,571	\$334,672,510	\$180,839,918	\$76,893,606	\$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, 2025 (c)	Balances at June 30, 2025	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2016	\$0	(\$2,527,915)	(\$2,527,915)	\$0	\$0
2017	83,805,206	0	83,805,206	0	0
2018	117,225,540	0	117,225,540	0	0
2019	453,842,647	0	453,842,647	0	0
2020	375,894,021	0	375,894,021	0	0
2021	446,729,433	0	446,729,433	0	0
2022	0	(102,256,919)	(102,256,919)	0	0
2023	630,096,347	0	497,444,484	132,651,863	0
2024	402,433,827	0	211,807,278	190,626,549	0
2025	365,244,630	0	96,117,008	269,127,622	0
				\$592,406,034	\$0

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)	2025	2026	2027	2028	2029	2030	Thereafter
2016	\$988,622,347	5.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	(571,280,731)	5.0	0	0	0	0	0	0	0
2018	(203,208,098)	5.0	0	0	0	0	0	0	0
2019	83,544,940	5.0	0	0	0	0	0	0	0
2020	362,766,752	5.0	0	0	0	0	0	0	0
2021	(2,874,068,913)	5.0	(574,813,781)	0	0	0	0	0	0
2022	3,309,679,827	5.0	661,935,965	661,935,967	0	0	0	0	0
2023	142,761,167	5.0	28,552,233	28,552,233	28,552,235	0	0	0	0
2024	(602,886,430)	5.0	(120,577,286)	(120,577,286)	(120,577,286)	(120,577,286)	0	0	0
2025	(1,283,481,188)	5.0	(256,696,238)	(256,696,238)	(256,696,238)	(256,696,238)	(256,696,236)	0	0
Net Increase (Decrease) in Pension Expense			(\$261,599,107)	\$313,214,676	(\$348,721,289)	(\$377,273,524)	(\$256,696,236)	\$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, 2025 (c)	Balances at June 30, 2025	
				Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)
2016	\$988,622,347	\$0	\$988,622,347	\$0	\$0
2017	0	(571,280,731)	(571,280,731)	0	0
2018	0	(203,208,098)	(203,208,098)	0	0
2019	83,544,940	0	83,544,940	0	0
2020	362,766,752	0	362,766,752	0	0
2021	0	(2,874,068,913)	(2,874,068,913)	0	0
2022	3,309,679,827	0	2,647,743,860	661,935,967	0
2023	142,761,167	0	85,656,699	57,104,468	0
2024	0	(602,886,430)	(241,154,572)	0	(361,731,858)
2025	0	(1,283,481,188)	(256,696,238)	0	(1,026,784,950)
				\$719,040,435	(\$1,388,516,808)
				Net Deferred Outflows/(Inflows) of Resources	
				(d) + (e)	
				(\$669,476,373)	

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						
	2025	2026	2027	2028	2029	2030	Thereafter
Changes of Assumptions	\$179,631,167	\$0	\$0	\$0	\$0	\$0	\$0
Differences Between Expected and Actual Experience	348,489,571	334,672,510	180,839,918	76,893,606	0	0	0
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	(261,599,107)	313,214,676	(348,721,289)	(377,273,524)	(256,696,236)	0	0
Grand Total	\$266,521,631	\$647,887,186	(\$167,881,371)	(\$300,379,918)	(\$256,696,236)	\$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	\$31,243,072,412	100%	6.90%	\$2,155,771,996
Changes of Benefit Terms	38,223	100%	6.90%	2,637
Changes of Assumptions	0	100%	6.90%	0
Difference Between Expected and Actual Experience	365,244,630	100%	6.90%	25,201,879
Service Cost	641,784,056	50%	6.90%	22,141,550
Benefit Payments, Including Refunds of Employee Contributions	(1,649,239,897)	50%	6.90%	(56,898,776)
Total Interest on Total Pension Liability				\$2,146,219,286

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	\$23,941,522,156	100%	6.90%	\$1,651,965,029
Net Plan to Plan Resource Movement	(123,496)	50%	6.90%	(4,261)
Employer Contributions	1,029,837,205	50%	6.90%	35,529,384
Employee Contributions ²	269,398,061	50%	6.90%	9,294,233
Benefit Payments, Including Refunds of Employee Contributions	(1,649,239,897)	50%	6.90%	(56,898,776)
Administrative Expense	(17,180,927)	50%	6.90%	(592,742)
Other Miscellaneous Income/(Expense)	0	50%	6.90%	0
Total Projected Earnings				\$1,639,292,867

¹ Includes any beginning of year adjustment. Contribution receivables for employee service buybacks, totaling \$10,716,095 as of June 30, 2024, were excluded for purposes of calculating projected earnings on pension plan investments.

² The increase/(decrease) in contribution receivables for employee service buybacks, totaling (\$1,092,415) during fiscal year 2024-25, 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, 2025

Schedule of Collective Pension Amounts for PERF C, as of the Measurement Date June 30, 2025

	Miscellaneous	Safety	Total
Total Pension Liability	\$25,481,588,928	\$32,747,118,710	\$58,228,707,638
Plan Fiduciary Net Position	\$21,492,366,084	\$26,506,610,837	\$47,998,976,921
Net Pension Liability	\$3,989,222,844	\$6,240,507,873	\$10,229,730,717
Deferred Outflows of Resources			
Changes of Assumptions	\$0	\$0	\$0
Differences Between Expected and Actual Experience	478,004,677	592,406,034	1,070,410,711
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0	0	0
Total Deferred Outflows of Resources Excluding Employer Specific Amounts¹	\$478,004,677	\$592,406,034	\$1,070,410,711
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	(539,785,685)	(669,476,373)	(1,209,262,058)
Total Deferred Inflows of Resources Excluding Employer Specific Amounts¹	(\$539,785,685)	(\$669,476,373)	(\$1,209,262,058)
Plan Pension Expense	\$843,431,726	\$1,164,269,106	\$2,007,700,832

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.