



GASB 68 Accounting Report

**Prepared for
Schools 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 Schools Pool, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF B) 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 B.

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.

Paul Tschida, FSA, EA, MAAA
Senior Actuary, CalPERS

May Shuang Yu, ASA, MAAA
Senior Actuary, CalPERS

Introduction

This is the GASB 68 accounting report for the Schools Pool for the measurement date June 30, 2025. The Schools Pool cost-sharing multiple-employer defined benefit pension plan (the Plan or PERF B) is administered by the California Public Employees' Retirement System (CalPERS).

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 Collective Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at: 06/30/2024	\$128,972,454,994	\$93,233,655,349	\$35,738,799,645
Beginning of Year Adjustment	\$0	\$0	\$0
Adjusted Balance at: 06/30/2024	\$128,972,454,994	\$93,233,655,349	\$35,738,799,645
Changes Recognized for the Measurement Period:			
Service Cost	3,455,300,644		3,455,300,644
Interest on Total Pension Liability	9,032,764,285		9,032,764,285
Changes of Benefit Terms	0		0
Changes of Assumptions	0		0
Differences Between Expected and Actual Experience	3,371,212,958		3,371,212,958
Net Plan to Plan Resource Movement		15,022	(15,022)
Contributions – Employer		5,739,305,474	(5,739,305,474)
Contributions – Employees		1,622,675,148	(1,622,675,148)
Net Investment Income		11,348,320,336	(11,348,320,336)
Benefit Payments, Including Refunds of Employee Contributions	(6,323,381,924)	(6,323,381,924)	0
Administrative Expense		(68,132,672)	68,132,672
Other Miscellaneous (Income)/Expense		0	0
Net Changes During 2024-25	\$9,535,895,963	\$12,318,801,384	(\$2,782,905,421)
Balance at: 06/30/2025	\$138,508,350,957	\$105,552,456,733	\$32,955,894,224

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%
Plan's Net Pension Liability/(Asset)	\$51,711,030,645	\$32,955,894,224	\$17,475,054,368

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

Description	Amount
Service Cost	\$3,455,300,644
Interest on Total Pension Liability	9,032,764,285
Changes of Benefit Terms	0
Recognized Changes of Assumptions	789,948,152
Recognized Differences Between Expected and Actual Experience	1,819,254,499
Net Plan to Plan Resource Movement	(15,022)
Employee Contributions	(1,622,675,148)
Projected Earnings on Pension Plan Investments	(6,462,503,498)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	(989,130,805)
Administrative Expense	68,132,672
Other Miscellaneous (Income)/Expense	0
Total Pension Expense/(Income)	\$6,091,075,779

Collective 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	4,292,352,931	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	(2,508,440,038)
Total	\$4,292,352,931	(\$2,508,440,038)

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	\$3,162,710,567
2027	236,819,043
2028	(638,453,351)
2029	(977,163,366)
2030	0
Thereafter	0

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for PERF B for the measurement period ending June 30, 2025, is 3.9 years, which was obtained by dividing the total service years of 3,699,644 (the sum of remaining service lifetimes of the active employees) by 937,561 (the total number of participants: active, inactive, and retired) in PERF B. 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 Schools 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, 2024, valuation date, unless the liability impact is deemed to be material to the Schools 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 – Collective Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**
- **Appendix B – Collective Interest and Total Projected Earnings**
- **Appendix C – Schedule of Collective Pension Amounts**

Appendix A

Collective 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)	2025	2026	2027	2028	2029	2030	Thereafter	
2016	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	4,649,299,293	4.0	0	0	0	0	0	0	0	
2018	450,064,132	4.0	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	3,423,108,659	3.9	789,948,152	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			\$789,948,152	\$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	4,649,299,293	0	4,649,299,293	0	0
2018	450,064,132	0	450,064,132	0	0
2019	0	0	0	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	3,423,108,659	0	3,423,108,659	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	\$400,103,239	3.9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	531,861,325	4.0	0	0	0	0	0	0	0	
2018	1,852,901,572	4.0	0	0	0	0	0	0	0	
2019	1,398,796,212	4.1	0	0	0	0	0	0	0	
2020	452,460,680	4.1	0	0	0	0	0	0	0	
2021	(63,915,489)	4.0	0	0	0	0	0	0	0	
2022	(1,108,385,874)	3.9	(255,781,356)	0	0	0	0	0	0	
2023	1,777,808,497	3.8	467,844,341	374,275,474	0	0	0	0	0	
2024	2,896,833,948	3.9	742,777,935	742,777,935	668,500,143	0	0	0	0	
2025	3,371,212,958	3.9	864,413,579	864,413,579	864,413,579	777,972,221	0	0	0	
Net Increase (Decrease) in Pension Expense			\$1,819,254,499	\$1,981,466,988	\$1,532,913,722	\$777,972,221	\$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	\$400,103,239	\$0	\$400,103,239	\$0	\$0
2017	531,861,325	0	531,861,325	0	0
2018	1,852,901,572	0	1,852,901,572	0	0
2019	1,398,796,212	0	1,398,796,212	0	0
2020	452,460,680	0	452,460,680	0	0
2021	0	(63,915,489)	(63,915,489)	0	0
2022	0	(1,108,385,874)	(1,108,385,874)	0	0
2023	1,777,808,497	0	1,403,533,023	374,275,474	0
2024	2,896,833,948	0	1,485,555,870	1,411,278,078	0
2025	3,371,212,958	0	864,413,579	2,506,799,379	0
				\$4,292,352,931	\$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	\$3,999,135,208	5.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	(2,261,121,678)	5.0	0	0	0	0	0	0	0	0
2018	(786,886,860)	5.0	0	0	0	0	0	0	0	0
2019	383,044,235	5.0	0	0	0	0	0	0	0	0
2020	1,469,845,764	5.0	0	0	0	0	0	0	0	0
2021	(10,851,871,917)	5.0	(2,170,374,385)	0	0	0	0	0	0	0
2022	12,386,691,304	5.0	2,477,338,261	2,477,338,260	0	0	0	0	0	0
2023	601,654,462	5.0	120,330,892	120,330,892	120,330,894	0	0	0	0	0
2024	(2,196,311,024)	5.0	(439,262,205)	(439,262,205)	(439,262,205)	(439,262,204)	0	0	0	0
2025	(4,885,816,838)	5.0	(977,163,368)	(977,163,368)	(977,163,368)	(977,163,368)	(977,163,366)	0	0	0
Net Increase (Decrease) in Pension Expense			(\$989,130,805)	\$1,181,243,579	(\$1,296,094,679)	(\$1,416,425,572)	(\$977,163,366)	\$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	\$3,999,135,208	\$0	\$3,999,135,208	\$0	\$0
2017	0	(2,261,121,678)	(2,261,121,678)	0	0
2018	0	(786,886,860)	(786,886,860)	0	0
2019	383,044,235	0	383,044,235	0	0
2020	1,469,845,764	0	1,469,845,764	0	0
2021	0	(10,851,871,917)	(10,851,871,917)	0	0
2022	12,386,691,304	0	9,909,353,044	2,477,338,260	0
2023	601,654,462	0	360,992,676	240,661,786	0
2024	0	(2,196,311,024)	(878,524,410)	0	(1,317,786,614)
2025	0	(4,885,816,838)	(977,163,368)	0	(3,908,653,470)
				\$2,718,000,046	(\$5,226,440,084)
				Net Deferred Outflows/(Inflows) of Resources	
				(d) + (e)	
				(\$2,508,440,038)	

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	\$789,948,152	\$0	\$0	\$0	\$0	\$0	\$0
Differences Between Expected and Actual Experience	1,819,254,499	1,981,466,988	1,532,913,722	777,972,221	0	0	0
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	(989,130,805)	1,181,243,579	(1,296,094,679)	(1,416,425,572)	(977,163,366)	0	0
Grand Total	\$1,620,071,846	\$3,162,710,567	\$236,819,043	(\$638,453,351)	(\$977,163,366)	\$0	\$0

Appendix B

Collective Interest and Total Projected Earnings

- Collective Interest on Total Pension Liability and Total Projected Earnings

Collective 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	\$128,972,454,994	100%	6.90%	\$8,899,099,395
Changes of Benefit Terms	0	100%	6.90%	0
Changes of Assumptions	0	100%	6.90%	0
Difference Between Expected and Actual Experience	3,371,212,958	100%	6.90%	232,613,694
Service Cost	3,455,300,644	50%	6.90%	119,207,872
Benefit Payments, Including Refunds of Employee Contributions	(6,323,381,924)	50%	6.90%	(218,156,676)
Total Interest on Total Pension Liability				\$9,032,764,285

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	\$93,169,551,610	100%	6.90%	\$6,428,699,061
Net Plan to Plan Resource Movement	15,022	50%	6.90%	518
Employer Contributions	5,739,305,474	50%	6.90%	198,006,039
Employee Contributions ²	1,632,032,842	50%	6.90%	56,305,133
Benefit Payments, Including Refunds of Employee Contributions	(6,323,381,924)	50%	6.90%	(218,156,676)
Administrative Expense	(68,132,672)	50%	6.90%	(2,350,577)
Other Miscellaneous Income/(Expense)	0	50%	6.90%	0
Total Projected Earnings				\$6,462,503,498

¹ Includes any beginning of year adjustment. Contribution receivables for employee service buybacks, totaling \$64,103,739 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 (\$9,357,694) 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 B, as of the Measurement Date June 30, 2025

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

Total Pension Liability	\$138,508,350,957
Plan Fiduciary Net Position	\$105,552,456,733
Net Pension Liability	\$32,955,894,224
Deferred Outflows of Resources	
Changes of Assumptions	\$0
Differences Between Expected and Actual Experience	4,292,352,931
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0
Total Deferred Outflows of Resources Excluding Employer Specific Amounts¹	\$4,292,352,931
Deferred Inflows of Resources	
Changes of Assumptions	\$0
Differences Between Expected and Actual Experience	0
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(2,508,440,038)
Total Deferred Inflows of Resources Excluding Employer Specific Amounts¹	(\$2,508,440,038)
Plan Pension Expense	\$6,091,075,779

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.