



# **GASB 68 Accounting Report**

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

**Measurement Date of June 30, 2022**

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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 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, 2022.

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, 2021 annual funding valuation. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2021 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2021 liabilities, which were rolled forward to June 30, 2022 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 B. 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.

PAUL TSCHIDA, FSA, EA, MAAA  
Senior Actuary, CalPERS  
CalPERS Actuarial Office

MAY SHUANG YU, ASA, MAAA  
Senior Actuary, CalPERS  
CalPERS Actuarial Office

KURT SCHNEIDER, MPA, ASA, EA, MAAA  
Supervising Actuary, CalPERS  
CalPERS Actuarial Office

## Introduction

This is the GASB 68 accounting report for the Schools Pool for the measurement date June 30, 2022. 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

## 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)
<b>Balance at: 06/30/2021</b>	<b>\$106,857,487,903</b>	<b>\$86,523,055,855</b>	<b>\$20,334,432,048</b>
<b>Beginning of Year Adjustment</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Adjusted Balance at: 06/30/2021</b>	<b>\$106,857,487,903</b>	<b>\$86,523,055,855</b>	<b>\$20,334,432,048</b>
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	2,485,321,899		2,485,321,899
Interest on Total Pension Liability	7,435,819,008		7,435,819,008
Changes of Benefit Terms	0		0
Changes of Assumptions	3,423,108,659		3,423,108,659
Differences Between Expected and Actual Experience	(1,108,385,874)		(1,108,385,874)
Net Plan to Plan Resource Movement		2,862	(2,862)
Contributions – Employer		3,557,107,442	(3,557,107,442)
Contributions – Employees		1,104,240,486	(1,104,240,486)
Net Investment Income		(6,446,440,792)	6,446,440,792
Benefit Payments, Including Refunds of Employee Contributions	(5,298,757,535)	(5,298,757,535)	0
Administrative Expense		(53,699,459)	53,699,459
Other Miscellaneous (Income)/Expense		0	0
<b>Net Changes During 2021-22</b>	<b>\$6,937,106,157</b>	<b>(\$7,137,546,996)</b>	<b>\$14,074,653,153</b>
<b>Balance at: 06/30/2022</b>	<b>\$113,794,594,060</b>	<b>\$79,385,508,859</b>	<b>\$34,409,085,201</b>

### 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)	\$49,705,665,853	\$34,409,085,201	\$21,767,023,480

## Collective Pension Expense/(Income) for the Measurement Period Ended June 30, 2022

Description	Amount
Service Cost	\$2,485,321,899
Interest on Total Pension Liability	7,435,819,008
Changes of Benefit Terms	0
Recognized Changes of Assumptions	877,720,169
Recognized Differences Between Expected and Actual Experience	151,345,693
Net Plan to Plan Resource Movement	(2,862)
Employee Contributions	(1,104,240,486)
Projected Earnings on Pension Plan Investments	(5,940,250,512)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	520,164,506
Administrative Expense	53,699,459
Other Miscellaneous (Income)/Expense	0
<b>Total Pension Expense/(Income)</b>	<b>\$4,479,576,874</b>

## 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, 2022. 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	\$2,545,388,490	\$0
Differences Between Expected and Actual Experience	\$155,508,871	(\$856,142,113)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,062,777,044	0
<b>Total</b>	<b>\$6,763,674,405</b>	<b>(\$856,142,113)</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
2023	\$1,399,554,912
2024	1,189,508,448
2025	841,130,672
2026	2,477,338,260
2027	0
Thereafter	0

### Expected Average Remaining Service Lifetime (EARSL)

The EARSL for PERF B for the measurement period ending June 30, 2022 is 3.9 years, which was obtained by dividing the total service years of 3,121,363 (the sum of remaining service lifetimes of the active employees) by 809,359 (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, 2021 valuation date, unless the liability impact is deemed to be material to the Schools Pool.

Changes of Assumptions: Effective with the June 30, 2021 valuation date (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. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Employers should refer to CalPERS' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022, 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 – Collective Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**
- **Appendix B – Collective Interest and Total Projected Earnings**
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## **Appendix A**

### **Collective 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
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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						
			2022	2023	2024	2025	2026	2027	Thereafter
2014	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	(1,217,973,543)	3.9	0	0	0	0	0	0	0
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	877,720,169	877,720,169	877,720,169	789,948,152	0	0	0
<b>Net Increase (Decrease) in Pension Expense</b>			<b>\$877,720,169</b>	<b>\$877,720,169</b>	<b>\$877,720,169</b>	<b>\$789,948,152</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, 2022 (c)	Balances at June 30, 2022	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	0	(1,217,973,543)	(1,217,973,543)	0	0
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	877,720,169	2,545,388,490	0
				<b>\$2,545,388,490</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	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising From the Recognition of the Effects of Differences Between Expected and Actual Experience							
			2022	2023	2024	2025	2026	2027	Thereafter	
2014	\$0	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	1,132,907,408	3.9	0	0	0	0	0	0	0	0
2016	400,103,239	3.9	0	0	0	0	0	0	0	0
2017	531,861,325	4.0	0	0	0	0	0	0	0	0
2018	1,852,901,572	4.0	0	0	0	0	0	0	0	0
2019	1,398,796,212	4.1	341,169,808	34,116,980	0	0	0	0	0	0
2020	452,460,680	4.1	110,356,263	110,356,263	11,035,628	0	0	0	0	0
2021	(63,915,489)	4.0	(15,978,872)	(15,978,872)	(15,978,873)	0	0	0	0	0
2022	(1,108,385,874)	3.9	(284,201,506)	(284,201,506)	(284,201,506)	(255,781,356)	0	0	0	0
<b>Net Increase (Decrease) in Pension Expense</b>			<b>\$151,345,693</b>	<b>(\$155,707,135)</b>	<b>(\$289,144,751)</b>	<b>(\$255,781,356)</b>	<b>\$0</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, 2022 (c)	Balances at June 30, 2022	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	1,132,907,408	0	1,132,907,408	0	0
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	1,364,679,232	34,116,980	0
2020	452,460,680	0	331,068,789	121,391,891	0
2021	0	(63,915,489)	(31,957,744)	0	(31,957,745)
2022	0	(1,108,385,874)	(284,201,506)	0	(824,184,368)
				<b>\$155,508,871</b>	<b>(\$856,142,113)</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	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising From the Recognition of the Differences Between Projected and Actual Earnings on Pension Plan Investments						
			2022	2023	2024	2025	2026	2027	Thereafter
2014	(\$4,876,029,679)	5.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	3,026,130,396	5.0	0	0	0	0	0	0	0
2016	3,999,135,208	5.0	0	0	0	0	0	0	0
2017	(2,261,121,678)	5.0	0	0	0	0	0	0	0
2018	(786,886,860)	5.0	(157,377,372)	0	0	0	0	0	0
2019	383,044,235	5.0	76,608,847	76,608,847	0	0	0	0	0
2020	1,469,845,764	5.0	293,969,153	293,969,153	293,969,152	0	0	0	0
2021	(10,851,871,917)	5.0	(2,170,374,383)	(2,170,374,383)	(2,170,374,383)	(2,170,374,385)	0	0	0
2022	12,386,691,304	5.0	2,477,338,261	2,477,338,261	2,477,338,261	2,477,338,261	2,477,338,260	0	0
<b>Net Increase (Decrease) in Pension Expense</b>			<b>\$520,164,506</b>	<b>\$677,541,878</b>	<b>\$600,933,030</b>	<b>\$306,963,876</b>	<b>\$2,477,338,260</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, 2022 (c)	Balances at June 30, 2022	
				Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)
2014	\$0	(\$4,876,029,679)	(\$4,876,029,679)	\$0	\$0
2015	3,026,130,396	0	3,026,130,396	0	0
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	306,435,388	76,608,847	0
2020	1,469,845,764	0	881,907,459	587,938,305	0
2021	0	(10,851,871,917)	(4,340,748,766)	0	(6,511,123,151)
2022	12,386,691,304	0	2,477,338,261	9,909,353,043	0
				<b>\$10,573,900,195</b>	<b>(\$6,511,123,151)</b>
				<b>Net Deferred Outflows/(Inflows) of Resources</b>	
				<b>(d) + (e)</b>	
				<b>\$4,062,777,044</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**

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Thereafter</b>
Changes of Assumptions	\$877,720,169	\$877,720,169	\$877,720,169	\$789,948,152	\$0	\$0	\$0
Differences Between Expected and Actual Experience	151,345,693	(155,707,135)	(289,144,751)	(255,781,356)	0	0	0
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	520,164,506	677,541,878	600,933,030	306,963,876	2,477,338,260	0	0
<b>Grand Total</b>	<b>\$1,549,230,368</b>	<b>\$1,399,554,912</b>	<b>\$1,189,508,448</b>	<b>\$841,130,672</b>	<b>\$2,477,338,260</b>	<b>\$0</b>	<b>\$0</b>

## **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**

<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	\$106,857,487,903	100%	6.90%	\$7,373,166,665
Changes of Benefit Terms	0	100%	6.90%	0
Changes of Assumptions	3,423,108,659	100%	6.90%	236,194,497
Difference Between Expected and Actual Experience	(1,108,385,874)	100%	6.90%	(76,478,625)
Service Cost	2,485,321,899	50%	6.90%	85,743,606
Benefit Payments, Including Refunds of Employee Contributions	(5,298,757,535)	50%	6.90%	(182,807,135)
<b>Total Interest on Total Pension Liability</b>				<b>\$7,435,819,008</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>	\$86,430,751,475	100%	6.90%	\$5,963,721,852
Net Plan to Plan Resource Movement	2,862	50%	6.90%	99
Employer Contributions	3,557,107,442	50%	6.90%	122,720,207
Employee Contributions <sup>2</sup>	1,115,017,968	50%	6.90%	38,468,120
Benefit Payments, Including Refunds of Employee Contributions	(5,298,757,535)	50%	6.90%	(182,807,135)
Administrative Expense	(53,699,459)	50%	6.90%	(1,852,631)
Other Miscellaneous Income/(Expense)	0	50%	6.90%	0
<b>Total Projected Earnings</b>				<b>\$5,940,250,512</b>

<sup>1</sup> Includes any beginning of year adjustment. Contribution receivables for employee service buybacks, totaling \$92,304,380 as of June 30, 2021, 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 \$(10,777,482) during the fiscal year 2021-22, 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 B, as of the Measurement Date June 30, 2022

**Schedule of Collective Pension Amounts for PERF B, as of the Measurement Date June 30, 2022**

Total Pension Liability	\$113,794,594,060
Plan Fiduciary Net Position	\$79,385,508,859
<b>Net Pension Liability</b>	<b>\$34,409,085,201</b>
Deferred Outflows of Resources	
Changes of Assumptions	2,545,388,490
Differences Between Expected and Actual Experience	\$155,508,871
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	4,062,777,044
<b>Total Deferred Outflows of Resources Excluding Employer Specific Amounts<sup>1</sup></b>	<b>\$6,763,674,405</b>
Deferred Inflows of Resources	
Changes of Assumptions	0
Differences Between Expected and Actual Experience	(\$856,142,113)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0
<b>Total Deferred Inflows of Resources Excluding Employer Specific Amounts<sup>1</sup></b>	<b>(\$856,142,113)</b>
<b>Plan Pension Expense</b>	<b>\$4,479,576,874</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.