



GASB 68 Accounting Report

**(CalPERS ID: 1307714161)
Rate Plan Identifier: 753**

**Prepared for
City of Corona
Miscellaneous Plan,
an Agent Multiple-Employer Defined
Benefit Pension Plan**

Measurement Date of June 30, 2018

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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 Plan of the City of Corona (the "Plan"), an Agent Multiple-Employer Defined Benefit Pension Plan participating in the California Public Employees' Retirement System (CalPERS), for the measurement period ended June 30, 2018.

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, 2017 annual funding valuation for the Plan. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2017 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2017 liabilities, which were rolled forward to June 30, 2018 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 this Plan. 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 is an actuary for CalPERS, who is a member of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



KURT SCHNEIDER, ASA, EA, FCA, MAAA
Senior Pension Actuary, CalPERS
CalPERS Actuarial Office

Introduction

This is the GASB 68 accounting report for the measurement date June 30, 2018. Notes to the Agent Multiple-Employer Defined Benefit Pension Plan GASB 68 accounting reports are in a separate document, which may be accessed on the CalPERS website at www.calpers.ca.gov.

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, 2017
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting report may differ from the plan assets reported in your funding actuarial 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 assets. These amounts are excluded for rate setting purposes in your funding actuarial valuation.

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at: 06/30/2017	\$346,910,456	\$214,770,887	\$132,139,569
Beginning of Year Adjustment	\$0	\$0	\$0
Adjusted Balance at: 06/30/2017	\$346,910,456	\$214,770,887	\$132,139,569
Changes Recognized for the Measurement Period:			
Service Cost	\$4,516,596		\$4,516,596
Interest on Total Pension Liability	24,208,803		24,208,803
Changes of Benefit Terms	0		0
Changes of Assumptions	(1,534,054)		(1,534,054)
Differences between Expected and Actual Experience	(536,160)		(536,160)
Net Plan to Plan Resource Movement		\$(531)	531
Contributions – Employer		20,944,590	(20,944,590)
Contributions – Employees		1,905,754	(1,905,754)
Net Investment Income		18,381,353	(18,381,353)
Benefit Payments, including Refunds of Employee Contributions	(17,027,780)	(17,027,780)	0
Administrative Expense		(334,672)	334,672
Other Miscellaneous Income/(Expense) ¹		(635,548)	635,548
Net Changes during 2017-18	\$9,627,405	\$23,233,166	\$(13,605,761)
Balance at: 06/30/2018	\$356,537,861	\$238,004,053	\$118,533,808

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%
Plan's Net Pension Liability/(Asset)	\$169,056,793	\$118,533,808	\$77,282,821

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Pension Expense/(Income) for Measurement Period Ended June 30, 2018

Description	Amount
Service Cost	\$4,516,596
Interest on Total Pension Liability	24,208,803
Changes of Benefit Terms	0
Recognized Changes of Assumptions	8,376,637
Recognized Differences between Expected and Actual Experience	(3,017,007)
Net Plan to Plan Resource Movement	531
Employee Contributions	(1,905,754)
Projected Earnings on Pension Plan Investments	(15,494,437)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(784,918)
Administrative Expense	334,672
Other Miscellaneous (Income)/Expense ¹	635,548
Total Pension Expense/(Income)	\$16,870,671

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

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, 2018. 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.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$2,704,748	\$(894,865)
Differences between Expected and Actual Experience	0	(1,052,792)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	245,030	0
Total	\$2,949,778	\$(1,947,657)

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
2019	\$3,712,653
2020	158,256
2021	(2,291,404)
2022	(577,384)
2023	0
Thereafter	0

Note: For employers with June 30 year-end, the fiscal year will be one year later than the measurement period. For example, the 2019 measurement period presented in the above table will be listed as year 2020 in the employer's fiscal year ending June 30, 2019 financial statements.

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for the Plan for the measurement period ending June 30, 2018 is 2.4 years, which was obtained by dividing the total service years of 3,916 (the sum of remaining service lifetimes of the active employees) by 1,641 (the total number of participants: active, inactive, and retired). 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.

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30

Measurement Period	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service Cost	\$4,516,596	\$4,540,608	\$4,295,676	\$4,563,432	\$5,035,483
Interest on Total Pension Liability	24,208,803	23,517,716	23,066,815	22,262,610	21,435,216
Changes of Benefit Terms	0	0	0	0	0
Changes of Assumptions	(1,534,054)	20,736,400	0	(5,796,569)	0
Difference between Expected and Actual Experience	(536,160)	(5,673,578)	(1,961,004)	(1,751,061)	0
Benefit Payments, Including Refunds of Employee Contributions	(17,027,780)	(15,593,323)	(14,718,032)	(13,719,331)	(13,231,513)
Net Change in Total Pension Liability	\$9,627,405	\$27,527,823	\$10,683,455	\$5,559,081	\$13,239,186
Total Pension Liability – Beginning	346,910,456	319,382,633	308,699,178	303,140,097	289,900,911
Total Pension Liability – Ending (a)	\$356,537,861	\$346,910,456	\$319,382,633	\$308,699,178	\$303,140,097
PLAN FIDUCIARY NET POSITION					
Contributions – Employer	\$20,944,590	\$10,548,137	\$8,408,391	\$8,615,040	\$7,535,692
Contributions – Employee	1,905,754	1,875,784	1,975,493	2,099,982	2,168,466
Net Investment Income	18,381,353	22,406,369	1,044,158	4,430,161	29,675,543
Benefit Payments, Including Refunds of Employee Contributions	(17,027,780)	(15,593,323)	(14,718,032)	(13,719,331)	(13,231,513)
Net Plan to Plan Resource Movement	(531)	0	0	0	0
Administrative Expense	(334,672)	(289,120)	(121,423)	(224,286)	0
Other Miscellaneous Income/(Expense) ¹	(635,548)	0	0	0	0
Net Change in Fiduciary Net Position	\$23,233,166	\$18,947,847	\$(3,411,413)	\$1,201,566	\$26,148,188
Plan Fiduciary Net Position – Beginning ²	\$214,770,887	\$195,823,040	\$199,234,453	\$198,032,887	\$171,884,699
Plan Fiduciary Net Position – Ending (b)	238,004,053	214,770,887	195,823,040	199,234,453	198,032,887
Plan Net Pension Liability/(Asset) – (a)-(b)	\$118,533,808	\$132,139,569	\$123,559,593	\$109,464,725	\$105,107,210
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.75%	61.91%	61.31%	64.54%	65.33%
Covered Payroll	\$24,554,723	\$24,590,351	\$25,968,300	\$26,820,056	\$27,891,234
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	482.73%	537.36%	475.81%	408.15%	376.85%

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

² Includes any beginning of year adjustment.

Schedules of Required Supplementary Information (continued)

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Schedule of Plan Contributions for the Fiscal Years Ended June 30¹

Employer Fiscal Year End	2018	2017	2016	2015	2014
Actuarially Determined Contribution ²	\$10,844,590	\$10,548,137	\$8,408,391	\$8,615,040	\$7,535,692
Contributions in Relation to the Actuarially Determined Contribution ²	(20,944,590)	(10,548,137)	(8,408,391)	(8,615,040)	(7,535,692)
Contribution Deficiency (Excess)	\$(10,100,000)	\$0	\$0	\$0	\$0
Covered Payroll ³	\$24,554,723	\$24,590,351	\$25,968,300	\$26,820,056	\$27,891,234
Contributions as a Percentage of Covered Payroll ³	85.30%	42.90%	32.38%	32.12%	27.02%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2018; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17.

Schedules of Required Supplementary Information (continued)

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were derived from the June 30, 2015 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2015 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Other Information:

For changes to previous year's information, refer to past GASB 68 reports.

Appendices

- **Appendix A – Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**
- **Appendix B – Interest and Total Projected Earnings**

Appendix A

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
- Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Projected and Actual Earnings on Pension Plan Investments
- 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)	2018	2019	2020	2021	2022	2023	Thereafter
2014	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	(5,796,569)	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0
2017	20,736,400	1.3	9,015,826	2,704,748	0	0	0	0	0
2018	(1,534,054)	2.4	(639,189)	(639,189)	(255,676)	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$8,376,637	\$2,065,559	\$(255,676)	\$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, 2018 (c)	Balances at June 30, 2018	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	0	(5,796,569)	(5,796,569)	0	0
2016	0	0	0	0	0
2017	20,736,400	0	18,031,652	2,704,748	0
2018	0	(1,534,054)	(639,189)	0	(894,865)
				\$2,704,748	\$(894,865)

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)	2018	2019	2020	2021	2022	2023	Thereafter
2014	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	(1,751,061)	0	0	0	0	0	0	0	0
2016	(1,961,004)	0.4	(326,834)	0	0	0	0	0	0
2017	(5,673,578)	1.3	(2,466,773)	(740,032)	0	0	0	0	0
2018	(536,160)	2.4	(223,400)	(223,400)	(89,360)	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$(3,017,007)	\$(963,432)	\$(89,360)	\$0	\$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, 2018 (c)	Balances at June 30, 2018	
				Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	\$0	\$0	\$0	\$0	\$0
2015	0	(1,751,061)	(1,751,061)	0	0
2016	0	(1,961,004)	(1,961,004)	0	0
2017	0	(5,673,578)	(4,933,546)	0	(740,032)
2018	0	(536,160)	(223,400)	0	(312,760)
				\$0	\$(1,052,792)

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)	2018	2019	2020	2021	2022	2023	Thereafter
2014	\$(16,977,226)	1.0	\$(3,395,446)	\$0	\$0	\$0	\$0	\$0	\$0
2015	10,536,168	2.0	2,107,234	2,107,232	0	0	0	0	0
2016	13,973,498	3.0	2,794,700	2,794,700	2,794,698	0	0	0	0
2017	(8,570,113)	4.0	(1,714,023)	(1,714,023)	(1,714,023)	(1,714,021)	0	0	0
2018	(2,886,916)	5.0	(577,383)	(577,383)	(577,383)	(577,383)	(577,384)	0	0
Net Increase (Decrease) in Pension Expense			\$(784,918)	\$2,610,526	\$503,292	\$(2,291,404)	\$(577,384)	\$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, 2018 (c)	Balances at June 30, 2018	
				Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)
2014	\$0	\$(16,977,226)	\$(16,977,226)	\$0	\$0
2015	10,536,168	0	8,428,936	2,107,232	0
2016	13,973,498	0	8,384,100	5,589,398	0
2017	0	(8,570,113)	(3,428,046)	0	(5,142,067)
2018	0	(2,886,916)	(577,383)	0	(2,309,533)
				\$7,696,630	\$(7,451,600)
				Net Deferred Outflows/(Inflows) of Resources (d) + (e)	
				\$245,030	

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						
	2018	2019	2020	2021	2022	2023	Thereafter
Changes of Assumptions	\$8,376,637	\$2,065,559	\$(255,676)	\$0	\$0	\$0	\$0
Differences between Expected and Actual Experience	(3,017,007)	(963,432)	(89,360)	0	0	0	0
Net Differences between Projected and Actual Earnings on Pension Plan Investments	(784,918)	2,610,526	503,292	(2,291,404)	(577,384)	0	0
Grand Total	\$4,574,712	\$3,712,653	\$158,256	\$(2,291,404)	\$(577,384)	\$0	\$0

Appendix B

Interest and Total Projected Earnings

- Interest on Total Pension Liability and Total Projected Earnings

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	\$346,910,456	100%	7.15%	\$24,804,098
Changes of Benefit Terms	0	100%	7.15%	0
Changes of Assumptions	(1,534,054)	100%	7.15%	(109,685)
Difference between Expected and Actual Experience	(536,160)	100%	7.15%	(38,335)
Service Cost	4,516,596	50%	7.15%	161,468
Benefit Payments, including Refunds of Employee Contributions	(17,027,780)	50%	7.15%	(608,743)
Total Interest on Total Pension Liability				\$24,208,803

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	\$214,279,510	100%	7.15%	\$15,320,985
Net Plan to Plan Resource Movement	(531)	50%	7.15%	(19)
Employer Contributions	20,944,590	50%	7.15%	748,769
Employee Contributions	1,905,754	50%	7.15%	68,131
Benefit Payments, including Refunds of Employee Contributions	(17,027,780)	50%	7.15%	(608,743)
Administrative Expense	(334,672)	50%	7.15%	(11,965)
Other Miscellaneous Income/(Expense) ²	(635,548)	50%	7.15%	(22,721)
Total Projected Earnings				\$15,494,437

¹ Includes any beginning of year adjustment. Contribution receivables for employee service buybacks, totaling \$491,377 as of June 30, 2017, were excluded for purposes of calculating projected earnings on pension plan investments.

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).