BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2023

Prepared through the joint efforts of CalPERS team members.

Available online at **www.calpers.ca.gov**

CalPERS

California Public Employees' Retirement System
A Component Unit of the State of California

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Management's Discussion & Analysis (Unaudited)

INTRODUCTION

This section presents Management's Discussion & Analysis of the California Public Employees' Retirement System's (CalPERS or the System) financial performance during the fiscal year ended June 30, 2023. It is a narrative overview and analysis that is presented in conjunction with the Chief Executive Officer's Letter of Transmittal included in the Introductory Section of this Annual Comprehensive Financial Report. It should also be read in conjunction with the Basic Financial Statements as presented in this report.

In addition to historical information, the Management's Discussion & Analysis includes certain forward-looking statements, which involve currently known facts and certain risks and uncertainties. CalPERS' actual results, performance, and achievements may differ from the results, performance, and achievements expressed or implied in such forward-looking statements due to a wide range of factors, including changes in interest rates, changes in the securities markets, general economic conditions, legislative changes, and other factors.

CalPERS is primarily responsible for administering retirement and health benefits. CalPERS also administers long-term care benefits, a fund to prefund employer contributions, a post-employment benefit fund for retiree health, and supplemental retirement savings plans.

MANAGEMENT DISCUSSION

Strategic Planning

CalPERS began the first year of its *2022-27 Strategic Plan*. This plan is a blueprint that guides the enterprise to meet the investment, retirement, and health benefit needs of our members and their families.

The *2022-27 Strategic Plan* development was a multi-year effort by CalPERS Board of Administration members, senior leaders, and team members, with contributions from multiple stakeholders including employer associations, labor groups, retiree associations, federal representatives, health and investment business partners, and state government officials.

The strategic plan took effect on July 1, 2022, and has five overarching goals:

- Member Experience: Ensure member satisfaction through accuracy, responsiveness, and respect
- Pension Sustainability: Strengthen the long-term sustainability of the pension fund
- Exceptional Health Care: Ensure our members have access to equitable, high-quality, affordable health care
- Stakeholder Engagement: Promote collaboration, support, and transparency
- Organizational Excellence: Cultivate a diverse, risk-intelligent, and innovative culture through our team and processes

The strategic planning framework includes the annual Business Plan Initiatives. The 2022-23 Business Plan Initiatives allowed the organization to set priorities and guided in the allocation of resources. It aligned with the 2022-23 budget cycle to accomplish the goals and objectives of the strategic plan. CalPERS identified 35 initiatives to continue the work needed to support the overall strategic direction of the organization.

Key Initiatives

CalPERS continued to enhance its operations as follows:

- CalPERS team began transitioning to the Strategic Asset Allocation (SAA) approved by the Investment Committee in November 2021, effective July 1, 2022. The new SAA features increased allocation to existing private assets, the introduction of Private Debt and Emerging Market Sovereign Bonds segments, and the introduction of strategic leverage. In Fiscal Year 2023-24, we will conduct a mid-cycle Asset Liability Management (ALM) discussion to review and analyze potential further adjustments to the strategic asset allocation and policy benchmarks.

- The Investment team developed nine strategic initiatives that lay the ground work for a best-in-class investment operations centered around the investment portfolio, processes, people and performance:
    - Total Fund Optimization
    - Private Market Innovation Platform
    - Private Debt Strategies
    - Investment Data & Technology
    - Business Process Optimization
    - Stakeholder Engagement
    - People Strategy
    - Active Risk Innovation
    - Sustainable Investment Strategy

- Our Customer Services & Support team developed and incorporated a formal quality assurance program for the Refund Election Application process. Implementation of quality assurance strengthens the integrity of the process, confirms the accuracy of the benefits being paid, ensures compliance with federal and state guidelines, and provides opportunities to offer feedback to team members. Additionally, they transitioned from a paper-based separation letter to an electronic notification, empowering members to access their myCalPERS account to find vital information online and make informed decisions.

OVERVIEW OF THE FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION

Management's Discussion & Analysis provides an overview of the financial position, which is comprised of the following components: Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information. Collectively, this information presents the combined net position restricted for pension benefits, other post-employment benefits (OPEB), deferred compensation, replacement benefits, and the unrestricted net position of the proprietary funds administered by CalPERS as of June 30, 2023. It also summarizes the combined changes in fiduciary net position restricted for pension, other post-employment, and replacement benefits; the changes in unrestricted net position; and the cash flows of the proprietary funds for the year then ended, along with disclosures about the net pension liabilities of the single-employer and cost-sharing multiple-employer defined benefit pension plans.

FINANCIAL HIGHLIGHTS

Major events and initiatives impacting the current fiscal year's financial statements include:

- The Public Employees' Retirement Fund (PERF) realized a money-weighted rate of return (MWRR) of 6.1 percent and realized a time-weighted rate of return of 5.8 percent in Fiscal Year 2022-23. The investment results reflect a globally diversified portfolio with primary drivers including strong performance from public equity and private debt.

- In July 2022, the CalPERS Board of Administration (the Board) approved health plan premiums for calendar year 2023, at an overall average premium increase of 6.75 percent.

- In Fiscal Year 2020-21, the Board of Administration approved a rate increase for all Long-Term Care (LTC) Program policyholders, to be implemented over two years. The first increase of 52 percent took effect beginning in November 2021. The second increase of 25 percent took effect November 2022. Policyholders received an offer letter allowing them to modify their coverage and either maintain or reduce their current premium. The Long-Term Care Program remained closed to new enrollments in Fiscal Year 2022-23 due to continued uncertainty in the long-term care market.

- CalPERS as the State Social Security Administrator (SSSA) began collecting an Annual Maintenance Fee on July 1, 2019. The fee is charged to fund the State Social Security Administration (SSA) and its services. Due to adequate funding, the Annual Maintenance Fee was suspended in Fiscal Year 2022-23.

- In May 2023, the World Health Organization announced the end to the global pandemic. In the first half of 2022-23, economists anticipated a recession in the United States as the world struggled with the post-pandemic economy. Instead, in the United States, a tight labor market, solid household balance sheets, and the deployment of excess savings accumulated during the pandemic supported robust spending. Expectations for firms' earnings commensurately improved from lows in October 2022, providing a tailwind to CalPERS equity returns through the end of the fiscal year.

- The total pension administration cost in Fiscal Year 2021-22 (most recent available) was $223 per active member and annuitant, compared with $202 in Fiscal Year 2020-21.

BASIC FINANCIAL STATEMENTS

The June 30, 2023, financial statements separate the funds administered by CalPERS into two categories: fiduciary funds and proprietary funds. With the exception of the Old Age and Survivors' Insurance Revolving Fund (OASI), CalPERS' role as a trustee and monitoring of financial position occur in both categories, and a primary focus of fiduciary funds is CalPERS' duty with respect to the payment of benefits, whereas a core function for proprietary funds is the payment of services.

Fiduciary Funds – include the PERF (split into PERF A, PERF B, and PERF C), Legislators' Retirement Fund (LRF), Judges' Retirement Fund (JRF), Judges' Retirement Fund II (JRF II), Public Employees' Deferred Compensation Fund (DCF), Supplemental Contributions Program Fund (SCPF), California Employers' Pension Prefunding Trust Fund (CEPPTF), Annuitants' Health Care Coverage Fund, also known as California Employers' Retiree Benefit Trust Fund (CERBTF), OASI, and Replacement Benefit Fund (RBF). Generally, fiduciary funds are used to account for resources held for the benefit of CalPERS participants.

A Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position are presented for the fiduciary funds as of, and for, the fiscal year ended June 30, 2023, along with comparative total information as of, and for, fiscal year ended June 30, 2022. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries as of year-end, and the changes in those resources during the year.

Proprietary Funds – include Public Employees' Health Care Fund (HCF), Public Employees' Contingency Reserve Fund (CRF), and the Public Employees' Long-Term Care Fund (LTCF). A Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows are presented for the proprietary funds as of, and for, fiscal year ended June 30, 2023, along with comparative total information as of, and for, fiscal year ended June 30, 2022. These financial statements reflect the net position, changes in net position, and cash flows resulting from CalPERS business-type activities.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the information provided in the fund financial statements. The following is a description of information available in the Notes to the Basic Financial Statements:

Note 1 – provides general information on CalPERS, each of the funds administered, employer and member participation in the pension plans, and other post-employment benefit plans administered by CalPERS.

Note 2 – provides a summary of significant accounting policies, including the basis of accounting for each of the fund types, target asset allocation, management's use of estimates, and other significant accounting policies.

Note 3 – provides information on cash and cash equivalents.

Note 4 – provides detail on the fair value of investments, and information on MWRR.

Note 5 – provides information about investment risk categorizations.

Note 6 – provides information about securities lending.

Note 7 – provides information about investment derivatives.

Note 8 – provides information about the net pension liabilities/(asset) and actuarial assumptions for cost-sharing and single-employer plans.

Note 9 – provides information about the CEPPTF, including plan members, participating employers, and contributions.

Note 10 – provides information about the CERBTF, including plan members, participating employers, and contributions.

Note 11 – provides information about the RBF, as well as applicable internal revenue and government codes.

Note 12 – provides detailed information about the OASI.

Note 13 – provides detailed information about the HCF and the estimated claims liability of the HCF.

Note 14 – provides additional information about participating agencies and insurance premiums paid by the CRF.

Note 15 – provides information about the LTCF actuarial valuation and the estimated liability for future policy benefits.

Note 16 – provides information on potential contingencies of CalPERS.

Note 17 – provides information about future accounting pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION

The Required Supplementary Information schedules include information about the changes in the net pension liability, employer contributions, actuarial assumptions used to calculate the actuarially determined contributions, historical trends, and other required supplementary information related to the System's cost-sharing multiple-employer and single-employer defined benefit pension plans as required by Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB 67).

The MWRR expresses investment performance, net of investment expense, and is disclosed per the requirements of GASB 67 and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74).

The Schedule of Claims Development Information for the HCF provides earned revenues and expenses over the past 10 years.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary schedules include detailed information on administrative expenses incurred by CalPERS-administered funds, investment expenses, and other professional services expenses incurred.

FINANCIAL ANALYSIS

PUBLIC EMPLOYEES' RETIREMENT FUND (PERF)

The PERF is a trust fund established under section 20170 of the Public Employees' Retirement Law (PERL). The PERF provides retirement benefits to State of California, school, and other California public agency employees. The PERF benefits are funded by member and employer contributions and by earnings on investments.

For financial reporting purposes only, the PERF is comprised of, and reported as, three separate entities. PERF A is comprised of agent multiple-employer plans, which includes the State of California and most public agency rate plans with more than 100 active members. PERF B is a cost-sharing multiple-employer plan of school employers consisting of non-teaching and non-certified employees. PERF C is a cost-sharing multiple-employer plan of public agencies with generally fewer than 100 active members. Under applicable law, the Board may terminate, or a public agency may terminate, that agency's plan under either PERF A or PERF C. The terminated agency is liable to the System for all costs to fund all benefits under the agency's contract. An unpaid deficit in funding will result in a commensurate reduction in benefits provided under that agency's contract.

Movements of member account asset balances occur between PERF A, PERF B, and PERF C when employer rate plans have fewer than 100 members, or when there are other member accounting adjustments. These plan-to-plan resource movements are reported as a separate line item within the additions and deductions sections, respectively, of each plan's Statement of Changes in Fiduciary Net Position.

The PERF net position increased by $25.2 billion or 5.7 percent from $439.4 billion as of June 30, 2022, to $464.6 billion as of June 30, 2023, mainly due to more favorable investment returns this year. Receivables increased $5.1 billion or 41.1 percent due to higher outstanding investment sales. Investment balances increased by $21.9 billion from $444.0 billion as of June 30, 2022, to $465.9 billion as of June 30, 2023, due to more favorable market conditions. Securities lending cash collateral decreased $7.6 billion, which includes a decrease of $6.7 billion due to these funds being utilized for total fund financing and $0.9 billion due to decrease in demand to borrow securities at year-end. Securities lending obligations decreased $0.9 billion, also as a result of an overall decrease in demand to borrow securities at year-end. Capital Assets, Net and Other Assets decreased $22.5 million or 9.4 percent primarily due to increased cumulative depreciation of buildings and equipment.

Total liabilities decreased $4.3 billion or 13.2 percent primarily due to lower outstanding investment purchases and securities lending obligations. Total net pension and OPEB liabilities increased by $133.6 million or 16.5 percent. The net pension liability increased due to lower than projected investment returns in Fiscal Year 2021-22. This was partially offset by a decrease in the net OPEB liability as a result of a higher blended discount rate, along with other favorable assumption changes.

Additions to the PERF net position include member contributions, employer contributions, and investment income. Member contributions increased $512.8 million or 9.9 percent. Employer contributions increased $1.5 billion or 6.7 percent. Employer contribution rates increased between 2.8 percent and 17.2 percent for state, 2.5 percent for schools, and between 2.1 percent and 3.6 percent on average for public agency miscellaneous and safety plans, respectively.

Net investment income is comprised of interest income, dividend income, and net appreciation or depreciation in fair value of investments and is net of investment expenses.

Net investment gains were $27.0 billion in Fiscal Year 2022-23, compared to losses of $36.2 billion in Fiscal Year 2021-22, an increase of $63.2 billion or 174.7 percent. The current year returns were driven by gains in public equity and private debt. The PERF recognized a MWRR of 6.1 percent for Fiscal Year 2022-23 compared with -7.5 percent for Fiscal Year 2021-22 due to improved market conditions.

Deductions from the PERF are comprised of benefit payments, refunds of contributions to members and beneficiaries, and costs of administering the PERF. Benefit payments are the primary expense of a retirement system. For Fiscal Year 2022-23, retirement, death, and survivor benefits payments increased $2.0 billion or 6.8 percent, primarily due to cost-of-living increases in benefit payments, and an increase in the number of retirees and beneficiaries from 775,285 as of June 30, 2022, to 789,016 as of June 30, 2023. Administrative expenses for CalPERS personnel increased $25.6 million or 8.6 percent primarily due to an increase in pension and OPEB expenses.

Management's Discussion & Analysis (Unaudited) (continued)

Fiduciary Net Position – PERF (Dollars in Thousands)

	PERF A Agent	PERF B Cost-Sharing Schools	PERF C Cost-Sharing Public Agencies	2023 PERF Total	2022 PERF Total	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash & Cash Equivalents	$1,542,859	$382,196	$181,203	$2,106,258	$726,324	$1,379,934
Receivables	12,712,456	3,472,530	1,444,683	17,629,669	12,497,049	5,132,620
Investments	341,461,671	84,271,965	40,150,378	465,884,014	444,024,950	21,859,064
Securities Lending Collateral	4,931,339	1,226,084	578,495	6,735,918	14,303,670	(7,567,752)
Capital Assets, Net & Other Assets	158,265	39,205	18,588	216,058	238,588	(22,530)
Total Assets	**$360,806,590**	**$89,391,980**	**$42,373,347**	**$492,571,917**	**$471,790,581**	**$20,781,336**
Deferred Outflows of Resources	$160,206	$39,686	$18,816	$218,708	$117,588	$101,120
Total Assets and Deferred Outflows of Resources	**$360,966,796**	**$89,431,666**	**$42,392,163**	**$492,790,625**	**$471,908,169**	**$20,882,456**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Retirement Benefits, Investment Settlement & Other	$10,081,538	$2,494,055	$1,181,962	$13,757,555	$17,230,062	($3,472,507)
Net Pension & OPEB Liabilities	689,812	170,880	81,016	941,708	808,112	133,596
Securities Lending Obligations	9,784,822	2,423,890	1,149,190	13,357,902	14,296,470	(938,568)
Total Liabilities	**$20,556,172**	**$5,088,825**	**$2,412,168**	**$28,057,165**	**$32,334,644**	**($4,277,479)**
Deferred Inflows of Resources	$113,760	$28,180	$13,361	$155,301	$214,499	($59,198)
Total Liabilities and Deferred Inflows of Resources	**$20,669,932**	**$5,117,005**	**$2,425,529**	**$28,212,466**	**$32,549,143**	**($4,336,677)**
TOTAL NET POSITION RESTRICTED FOR PENSION BENEFITS	**$340,296,864**	**$84,314,661**	**$39,966,634**	**$464,578,159**	**$439,359,026**	**$25,219,133**

Changes in Fiduciary Net Position – PERF (Dollars in Thousands)

	PERF A Agent	PERF B Cost-Sharing Schools	PERF C Cost-Sharing Public Agencies	2023 PERF Total	2022 PERF Total	Increase/ (Decrease)
ADDITIONS						
Member Contributions	$3,880,584	$1,334,265	$457,581	$5,672,430	$5,159,664	$512,766
Employer Contributions	18,147,073	4,457,043	1,623,130	24,227,246	22,702,547	1,524,699
Net Investment Income (Loss)	19,821,691	4,853,728	2,338,265	27,013,684	(36,182,422)	63,196,106
Securities Lending & Other Income	76,353	18,871	8,919	104,143	101,861	2,282
Plan-to-Plan Resource Movement	351	—	137,005	137,356	8,335	129,021
Total Additions	**$41,926,052**	**$10,663,907**	**$4,564,900**	**$57,154,859**	**($8,210,015)**	**$65,364,874**
DEDUCTIONS						
Retirement, Death & Survivor Benefits	$23,034,362	$5,533,811	$2,516,070	$31,084,243	$29,118,354	$1,965,889
Refund of Contributions	219,148	142,355	29,610	391,113	329,555	61,558
Administrative Expenses	236,679	58,579	27,756	323,014	297,464	25,550
Plan-to-Plan Resource Movement	136,995	10	351	137,356	8,335	129,021
Total Deductions	**$23,627,184**	**$5,734,755**	**$2,573,787**	**$31,935,726**	**$29,753,708**	**$2,182,018**
INCREASE (DECREASE) IN NET POSITION	**$18,298,868**	**$4,929,152**	**$1,991,113**	**$25,219,133**	**($37,963,723)**	**$63,182,856**
NET POSITION						
Beginning of Year	**$321,997,996**	**$79,385,509**	**$37,975,521**	**$439,359,026**	**$477,322,749**	**($37,963,723)**
End of Year	**$340,296,864**	**$84,314,661**	**$39,966,634**	**$464,578,159**	**$439,359,026**	**$25,219,133**

OTHER DEFINED BENEFIT PLANS

LEGISLATORS' RETIREMENT FUND (LRF)

The LRF provides retirement benefits to California legislators elected to office before November 7, 1990, and to constitutional, legislative, and statutory officers elected or appointed prior to January 1, 2013. The number of LRF members has been declining as eligible incumbent legislators leave office and are replaced by others who are ineligible to participate in the LRF. Actuarially determined contributions will continue to be made by the State of California to supplement the existing assets until all benefit obligations have been fulfilled.

Because the LRF is closed to new members and income is primarily limited to investment returns and contributions based on a declining number of active members, CalPERS expects the net position of the fund to decrease over time.

The LRF's net position in Fiscal Year 2022-23 decreased by $7.0 million or 6.8 percent from the beginning balance of $102.6 million to $95.7 million mainly due to a decrease in investment assets. Investments at fair value decreased by $7.5 million or 7.3 percent, due to higher cash outflows for benefit payments than inflows from contributions. The total liabilities decreased by $0.3 million or 14.7 percent, mainly due to a decrease in outstanding retirement benefit claims payable.

Additions to the LRF's net position increased to $0.7 million as a result of a net investment return of $0.6 million in Fiscal Year 2022-23, which is 104.8 percent higher than the loss of $12.5 million in the prior year due to favorable market conditions. The LRF recognized a MWRR of 0.6 percent for Fiscal Year 2022-23 compared with negative 10.3 percent for Fiscal Year 2021-22. Member and employer contributions decreased by a combined 49.1 percent due to the final remaining active members retiring during the fiscal year.

Deductions from the LRF are primarily comprised of benefit payments and administrative expenses. Total deductions increased by $0.5 million or 7.5 percent due to a slight increase in benefit payments.

JUDGES' RETIREMENT FUND (JRF)

The JRF provides retirement benefits to California Supreme and Appellate Court justices and Superior Court judges appointed or elected before November 9, 1994. The State of California does not pre-fund the benefits for this fund, and the benefits are funded on a pay-as-you-go basis.

The JRF's net position in Fiscal Year 2022-23 decreased by $2.6 million or 5.2 percent from the beginning balance of $48.9 million to $46.3 million mainly due to a decrease in investment assets. Investments decreased by $3.3 million or 6.3 percent, primarily due to higher cash outflows for benefit payments than inflows from contributions. The total liabilities decreased by $0.3 million or 4.0 percent, mainly due to a decrease in the payable for unclaimed benefits.

Additions to the JRF come from employer, member, and state balancing contributions from the General Fund. The total additions increased $16.3 million or 8.2 percent primarily due to an increase in the State General Fund contributions compared to the prior year.

Deductions from the JRF are primarily comprised of benefit payments, refunds, and administrative expenses. Retirement, death, and survivor benefits increased by $5.8 million or 2.7 percent, and administrative expenses for CalPERS personnel increased by $0.3 million or 21.1 percent, primarily due to an increase in the pension expense as a result of higher net pension liability.

JUDGES' RETIREMENT FUND II (JRF II)

The JRF II provides retirement benefits to California Supreme and Appellate Court justices and Superior Court judges first appointed or elected on or after November 9, 1994.

The net position of JRF II in Fiscal Year 2022-23 increased by $194.4 million or 9.1 percent from the beginning net position of $2.1 billion to $2.3 billion. Receivables increased by $0.6 million or 6.4 percent primarily due to increased outstanding employers' contributions owed to the fund as of fiscal year ended June 30, 2023. JRF II investments increased by $193.8 million or 9.1 percent primarily due to a positive return on investments in Fiscal Year 2022-23. Total liabilities increased by $1.2 million or 20.9 percent primarily due to an increase in the net pension obligation.

Additions to the JRF II net position include member contributions, employer contributions, and investment income. As a result of an increase in the number of active members (1,624 as of June 30, 2022, and 1,657 as of June 30, 2023), member contributions increased by $2.1 million or 5.9 percent, while employer contributions decreased by $2.8 million or 3.0 percent. Net investment income increased by $476.1 million or 146.8 percent from a loss of $324.4 million in Fiscal Year 2021-22 to a gain of $151.7 million in Fiscal Year 2022-23 due to favorable market conditions. The JRF II recognized a MWRR of 7.1 percent for Fiscal Year 2022-23 compared with negative 13.4 percent for Fiscal Year 2021-22.

Deductions from the JRF II are comprised of benefit payments, refunds, and administrative expenses. There was an increase in benefit payments of $17.2 million or 25.9 percent due to an increase in benefit recipients from 471 in Fiscal Year 2021-22 to 570 in Fiscal Year 2022-23. Administrative expenses increased by $0.3 million or 15.4 percent primarily due to an increase in the pension expense as a result of higher net pension liability.

Management's Discussion & Analysis (Unaudited) (continued)

Fiduciary Net Position – Other Defined Benefit Plan Funds (Dollars in Thousands)

	LRF			JRF			JRF II		
	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
Cash & Cash Equivalents	$1,273	$1,201	$72	$3,377	$3,440	($63)	$1,157	$906	$251
Receivables	55	54	1	1,493	1,837	(344)	10,627	9,985	642
Investments	95,863	103,396	(7,533)	48,818	52,096	(3,278)	2,323,510	2,129,716	193,794
Total Assets	**$97,191**	**$104,651**	**($7,460)**	**$53,688**	**$57,373**	**($3,685)**	**$2,335,294**	**$2,140,607**	**$194,687**
Deferred Outflows of Resources	$314	$175	$139	$1,003	$493	$510	$1,187	$623	$564
Total Assets and Deferred Outflows of Resources	**$97,505**	**$104,826**	**($7,321)**	**$54,691**	**$57,866**	**($3,175)**	**$2,336,481**	**$2,141,230**	**$195,251**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES									
Retirement Benefits, Investment Settlement & Other	$191	$660	($469)	$3,673	$4,664	($991)	$1,826	$1,383	$443
Net Pension & OPEB Liabilities	1,465	1,281	184	3,984	3,311	673	5,029	4,285	744
Total Liabilities	**$1,656**	**$1,941**	**($285)**	**$7,657**	**$7,975**	**($318)**	**$6,855**	**$5,668**	**$1,187**
Deferred Inflows of Resources	$180	$261	($81)	$707	$1,005	($298)	$844	$1,174	($330)
Total Liabilities and Deferred Inflows of Resources	**$1,836**	**$2,202**	**($366)**	**$8,364**	**$8,980**	**($616)**	**$7,699**	**$6,842**	**$857**
TOTAL NET POSITION RESTRICTED FOR PENSION BENEFITS	**$95,669**	**$102,624**	**($6,955)**	**$46,327**	**$48,886**	**($2,559)**	**$2,328,782**	**$2,134,388**	**$194,394**

Changes in Fiduciary Net Position – Other Defined Benefit Plan Funds (Dollars in Thousands)

	LRF			JRF			JRF II		
	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)
ADDITIONS									
Member Contributions	$11	$23	($12)	$1,697	$1,956	($259)	$38,669	$36,529	$2,140
Employer Contributions	44	85	(41)	208,785	194,960	13,825	89,970	92,773	(2,803)
Net Investment Income (Loss)	601	(12,450)	13,051	2,233	194	2,039	151,745	(324,365)	476,110
Securities Lending & Other Income	2	1	1	3,028	2,305	723	4	3	1
Total Additions	**$658**	**($12,341)**	**$12,999**	**$215,743**	**$199,415**	**$16,328**	**$280,388**	**($195,060)**	**$475,448**
DEDUCTIONS									
Retirement, Death & Survivor Benefits	$7,088	$6,647	$441	$216,271	$210,492	$5,779	$83,573	$66,382	$17,191
Refund of Contributions	—	—	—	—	—	—	295	357	(62)
Administrative Expenses	525	436	89	2,031	1,677	354	2,126	1,842	284
Total Deductions	**$7,613**	**$7,083**	**$530**	**$218,302**	**$212,169**	**$6,133**	**$85,994**	**$68,581**	**$17,413**
INCREASE (DECREASE) IN NET POSITION	**($6,955)**	**($19,424)**	**$12,469**	**($2,559)**	**($12,754)**	**$10,195**	**$194,394**	**($263,641)**	**$458,035**
NET POSITION									
Beginning of Year	**$102,624**	**$122,048**	**($19,424)**	**$48,886**	**$61,640**	**($12,754)**	**$2,134,388**	**$2,398,029**	**($263,641)**
End of Year	**$95,669**	**$102,624**	**($6,955)**	**$46,327**	**$48,886**	**($2,559)**	**$2,328,782**	**$2,134,388**	**$194,394**

ASSET LIABILITY MANAGEMENT – DEFINED BENEFIT PLANS

The Asset Liability Management (ALM) process is an integrated review of pension assets and liabilities to inform decisions designed to achieve a sound and sustainable fund. CalPERS continues to expand its review of assets and liabilities so that financial risks to the System can be better understood, communicated, and managed.

To establish appropriate levels of risk, ALM is focused on investment and actuarial policies and key decision factors that are intended to drive an optimum asset allocation while stabilizing employer rates and the volatility of those rates from year to year. ALM is designed to improve the sustainability and soundness of the PERF, and the goal is to achieve 100 percent funding at an acceptable level of risk. Reducing the risk in the funding of the System will involve tradeoffs between short-term and long-term priorities.

During the most recent ALM cycle review led by CalPERS' investment, actuarial, and financial offices, the capital market assumptions compared the 10-year 2020 expected returns to the prior four-year ALM period. Additionally, the economic assumptions considered the unprecedented impact caused by COVID-19 which included U.S. unemployment levels, U.S. GDP, U.S. and global responses, and economic uncertainty. The CalPERS investment staff updated the Board on current ALM risk concepts and provided examples of choices that balance the risks arising from the variability of three components: liabilities, contributions, and returns.

As a result of this review, in November 2021, the Board selected the portfolio with a new asset allocation mix that included an expected volatility of 12.1 percent and a return of 6.8 percent that will guide the fund's investment portfolio for the next four years. The discount rate has been at 6.8 percent since July 2021, when a strong double-digit fiscal year investment return automatically triggered a reduction under the Funding Risk Mitigation Policy. The Board also approved adding five percent leverage to increase diversification. The effective date for the new strategic asset allocation was July 1, 2022. The current ALM four-year cycle will include capital market assumptions and economic assumptions updates, along with any Board-approved modifications.

FUNDING ANALYSIS – DEFINED BENEFIT PLANS

The Board has made several important decisions in the recent past that impact the current funding of pension benefits at CalPERS. In February 2018, the Board approved modifications to the amortization policy that shortens the period over which actuarial gains and losses are amortized from 30 to 20 years and amortizes unfunded liability with level dollar payments rather than increasing payments. The effective date of the policy changes was June 30, 2019, and the changes apply only to unfunded accrued liability bases created on and after this date.

The JRF is not affected by the amortization policy, since it is funded on a pay-as-you-go basis, where short-term investments, contributions received during the year, and a State General Fund augmentation are used to provide funding for benefit payments. This funding method is generally more expensive in the long term, as the plan does not have investment returns as would a prefunded plan, but conversely the plan sponsor bears no investment risk and is unaffected by changes in the discount rate. Without the State General Fund augmentation, the JRF will not be able to pay the accumulated benefit payments due in Fiscal Year 2023-24.

As of June 30, 2022, the funded ratio of the PERF was 70.9 percent. This percentage was determined by dividing the total assets in the PERF by the sum of liabilities for all plans reported under the PERF. CalPERS calculated the PERF funded ratio using a 6.8 percent discount rate, except for the Terminated Agency Pool (TAP), which makes up less than 0.03 percent of the PERF liability. As of June 30, 2022, the funded ratio of the JRF II was 99.2 percent. CalPERS calculated the JRF II funded ratio value using a 6.0 percent discount rate. As of June 30, 2022, the funded ratio of the LRF was 109.8 percent. CalPERS calculated the LRF funded ratio value using a 4.5 percent discount rate. All funded ratios were calculated based on the market value of assets used in actuarial valuations that set funding requirements for employers.

Under GASB 67, there is a difference between the assumptions and components used to determine the net pension liabilities that must be reported in financial statements, the actuarial accrued liabilities, and actuarial value of assets used to determine pension contributions established as part of funding valuations. The Actuarial Section included in this report provides actuarial information derived for purposes of establishing the funding requirements of employers for which CalPERS administers retirement benefits.

The GASB 67 financial reporting discount rate for the PERF remained at 6.90 percent. Assets used for GASB 67 financial reporting purposes are slightly greater than assets used for funding requirements, as the former include amounts for deficiency reserves and fiduciary self-insurance, which creates differences in plan assets reported in the funding actuarial valuation report. CalPERS is required to report Plan Fiduciary Net Position as a percentage of Total Pension Liability for the cost-sharing multiple employer plans (PERF B and PERF C) and for the single-employer pension plans (LRF, JRF, and JRF II). The discount rates used for financial reporting for the PERF B, PERF C, LRF, and JRF II are set equal to the unadjusted long-term expected return assumption for each plan. The discount rates used for funding are net of administrative expenses. The funding discount rate used in the JRF valuation differs from the financial reporting discount rate which is based on 20-year tax-exempt General Obligation Municipal Bonds.

The LRF funding discount rate is 4.50 percent, JRS is 3.00 percent, and JRF II is 6.00 percent.

The following table displays the discount rates for the LRF, JRF, and JRF II for funding and financial reporting purposes as of June 30, 2023:

Fund	Funding Discount Rate	Financial Reporting Discount Rate
LRF	4.50%	4.85%
JRF	3.00%	3.86%
JRF II	6.00%	6.15%

DEFINED CONTRIBUTION PLANS

PUBLIC EMPLOYEES' DEFERRED COMPENSATION FUND (DCF)

The DCF is a fund into which CalPERS deposits contributions by employees of public agencies and school districts within the State of California that have elected to contract for a deferred compensation plan. To help administer the program, CalPERS contracts with a third-party administrator (TPA). In January 2020, the Board approved the renewal of a five-year contract through December 2025 with Voya Financial, LLC (Voya). As the TPA, Voya provides full recordkeeping, plan administration services, and new business development in support of the DCF.

The net position of the DCF increased by $262.9 million or 13.6 percent from the beginning balance of $1.9 billion to $2.2 billion mainly due to positive return on investments. Investment balances increased by $262.8 million or 13.7 percent from Fiscal Year 2021-22 to Fiscal Year 2022-23 due to favorable market conditions. There was a slight increase of $1.2 million or 6.6 percent in receivables due to more outstanding contributions at year-end. Total liabilities increased by $1.9 million or 35.2 percent due to higher amounts of outstanding distributions combined with an increase in the net pension obligation.

Member contributions to the fund increased $4.0 million or 2.9 percent compared with the prior year primarily due to an increase in members from 33,222 in Fiscal Year 2021-22 to 34,624 in Fiscal Year 2022-23.

Total additions increased by $504.1 million primarily due to investment gains of $225.1 million in Fiscal Year 2022-23 compared with $276.4 million in losses in Fiscal Year 2021-22, resulting in a 181.4 percent increase in investment income.

Total deductions in the DCF decreased by $12.5 million or 10.3 percent. This was primarily due to a decrease of $12.8 million in participant withdrawals from the plan from $116.9 million in Fiscal Year 2021-22 to $104 million in Fiscal Year 2022-23. Administrative expenses for CalPERS personnel increased $305 thousand or 6.8 percent primarily as a result of the cancellation of a reduction in employee compensation due to projected state COVID-related revenue shortfalls made during Fiscal Year 2021-22.

SUPPLEMENTAL CONTRIBUTIONS PROGRAM FUND (SCPF)

Established on January 1, 2000, the SCPF is a member-funded program that provides supplemental retirement benefits to State of California employees who are CalPERS members and active judges who are members of the Judges' Retirement System or Judges' Retirement System II. To help administer the program, CalPERS contracts with a TPA. In January 2020, the Board approved the renewal of a five-year contract through December 2025 with Voya. As the TPA, Voya provides full recordkeeping, plan administration services, and new business development in support of the SCPF.

The net position of the SCPF increased $3.0 million or 2.7 percent from the beginning balance of $111.3 million to $114.3 million mainly due to positive return on investments. Total assets increased by $2.9 million or 2.6 percent mainly due to a increase in investments, and total liabilities decreased by $38 thousand or 3.6 percent due to lower amounts of outstanding distributions payables.

Total additions increased $23.1 million primarily due to an investment gain in Fiscal Year 2022-23. Net investment income increased by $23 million, from a loss of $14.4 million in Fiscal Year 2021-22 to a gain of $8.7 million in Fiscal Year 2022-23 due to favorable market conditions.

The primary deductions in the SCPF reflect withdrawals made by participants. Participant withdrawals increased $0.6 million or 11.2 percent, from $5.2 million in Fiscal Year 2021-22 to $5.8 million in Fiscal Year 2022-23. Administrative expenses for CalPERS personnel increased $9 thousand or 3.6 percent primarily due to a increase in the pension expense as a result of higher net pension liability.

Management's Discussion & Analysis (Unaudited) (continued)

Fiduciary Net Position – Defined Contribution Plan Funds (Dollars in Thousands)

	DCF			SCPF		
	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash & Cash Equivalents	$0	$1	($1)	$0	$0	$0
Receivables	18,982	17,808	1,174	573	653	(80)
Investments	2,179,833	1,916,995	262,838	114,764	111,755	3,009
Total Assets	**$2,198,815**	**$1,934,804**	**$264,011**	**$115,337**	**$112,408**	**$2,929**
Deferred Outflows of Resources	$971	$496	$475	$75	$43	$32
Total Assets and Deferred Outflows of Resources	**$2,199,786**	**$1,935,300**	**$264,486**	**$115,412**	**$112,451**	**$2,961**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Retirement Benefits, Investment Settlement & Other	$3,039	$1,815	$1,224	$656	$736	($80)
Net Pension & OPEB Liabilities	4,077	3,449	628	369	327	42
Total Liabilities	**$7,116**	**$5,264**	**$1,852**	**$1,025**	**$1,063**	**($38)**
Deferred Inflows of Resources	$649	$927	($278)	$41	$60	($19)
Total Liabilities and Deferred Inflows of Resources	**$7,765**	**$6,191**	**$1,574**	**$1,066**	**$1,123**	**($57)**
TOTAL NET POSITION RESTRICTED FOR PENSION BENEFITS	**$2,192,021**	**$1,929,109**	**$262,912**	**$114,346**	**$111,328**	**$3,018**

Changes in Fiduciary Net Position – Defined Contribution Plan Funds (Dollars in Thousands)

	DCF			SCPF		
	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)
ADDITIONS						
Member Contributions	$141,451	$137,437	$4,014	$310	$243	$67
Net Investment Income (Loss)	225,075	(276,428)	501,503	8,655	(14,391)	23,046
Other Income	5,198	6,608	(1,410)	77	88	(11)
Total Additions	**$371,724**	**($132,383)**	**$504,107**	**$9,042**	**($14,060)**	**$23,102**
DEDUCTIONS						
Administrative Expenses	$4,780	$4,475	$305	$259	$250	$9
Participant Withdrawals	104,032	116,874	(12,842)	5,765	5,186	579
Total Deductions	**$108,812**	**$121,349**	**($12,537)**	**$6,024**	**$5,436**	**$588**
INCREASE (DECREASE) IN NET POSITION	**$262,912**	**($253,732)**	**$516,644**	**$3,018**	**($19,496)**	**$22,514**
NET POSITION						
Beginning of Year	**$1,929,109**	**$2,182,841**	**($253,732)**	**$111,328**	**$130,824**	**($19,496)**
End of Year	**$2,192,021**	**$1,929,109**	**$262,912**	**$114,346**	**$111,328**	**$3,018**

PENSION PREFUNDING TRUST FUND

CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST FUND (CEPPTF)

The California Employers' Pension Prefunding Trust Fund (CEPPTF) was created on September 21, 2018, pursuant to Senate Bill (SB) 1413, Chapter 665, Statutes of 2018. The CEPPTF is a trust dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies.

The net position of the CEPPTF was $140.1 million at June 30, 2023, an increase of $55.1 million or 64.7 percent from the net position of $85.1 million at June 30, 2022.

Additions to the CEPPTF net position are primarily employer contributions and net investment income. Employer contributions were $51.7 million, an increase of $15.2 million or 41.8 percent. Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for required contributions to the trust. The fund experienced net investment gains of $4.8 million, an increase of $14.4 million or 150.7 percent primarily due to favorable market conditions. The CEPPTF recognized a MWRR of 4.7 percent for Fiscal Year 2022-23 compared with negative 13.9 percent for Fiscal Year 2021-22. Deductions from the CEPPTF are primarily administrative expenses. There were $1.7 million in employer withdrawals in Fiscal Year 2022-23.

Fiduciary Net Position – Pension Prefunding Trust Fund (Dollars in Thousands)

	CEPPTF		
	2023	2022	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash & Cash Equivalents	$0	$0	$0
Receivables	5	1,117	(1,112)
Investments	140,387	84,038	56,349
Total Assets	**$140,392**	**$85,155**	**$55,237**
Deferred Outflows of Resources	$37	$19	$18
Total Assets and Deferred Outflows of Resources	**$140,429**	**$85,174**	**$55,255**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Investment Settlement & Other	$200	$13	$187
Net Pension & OPEB Obligation	31	7	24
Total Liabilities	**$231**	**$20**	**$211**
Deferred Inflows of Resources	$75	$85	($10)
Total Liabilities and Deferred Inflows of Resources	**$306**	**$105**	**$201**
TOTAL NET POSITION RESTRICTED FOR PENSION	**$140,123**	**$85,069**	**$55,054**

Changes in Fiduciary Net Position – Pension Prefunding Trust Fund (Dollars in Thousands)

	CEPPTF		
	2023	2022	Increase/ (Decrease)
ADDITIONS			
Employer Contributions	$51,713	$36,474	$15,239
Net Investment Income (Loss)	4,843	(9,544)	14,387
Other Income	243	154	89
Total Additions	**$56,799**	**$27,084**	**$29,715**
DEDUCTIONS			
Administrative Expenses	$64	$43	$21
Employer Withdrawals	1,681	—	1,681
Total Deductions	**$1,745**	**$43**	**$1,702**
INCREASE IN NET POSITION	**$55,054**	**$27,041**	**$28,013**
NET POSITION			
Beginning of Year	**$85,069**	**$58,028**	**$27,041**
End of Year	**$140,123**	**$85,069**	**$55,054**

OTHER POST-EMPLOYMENT BENEFIT TRUST FUND

CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST FUND (CERBTF)

The CERBTF is a trust for employers to pre-fund health, dental, and other non-pension post-employment benefits. CalPERS contracts with a TPA, Northeast Retirement Services (NRS), to perform recordkeeping for individual CERBTF employer accounts.

Net position restricted for OPEB benefits as of June 30, 2023, increased $2.3 billion or 15.2 percent from the prior year mainly due to employer contributions and positive return on investments. Receivables increased $10.4 million or 8.8 percent primarily due to higher outstanding employer contributions pending at year-end. Investments at fair value increased $2.3 billion or 15.1 percent primarily due to favorable market conditions and employer contributions in Fiscal Year 2022-23.

Total liabilities increased $1.4 million or 1.5 percent primarily due to an increase in net pension and OPEB liabilities. Total net pension and OPEB liabilities increased by $1.8 million or 30.0 percent primarily due to an increase in net pension liability partially offset by a decrease in net OPEB liability. Net OPEB liability decreased primarily due to higher blended discount rate, along with other favorable assumption changes. Net pension liability increased primarily due to lower than projected investment returns in Fiscal Year 2021-22.

Additions to the CERBTF net position restricted for OPEB benefits are primarily made up of employer contributions (directly to the trust and outside the trust) and net investment income. Employer contributions decreased $282.3 billion or 5.1 percent primarily due to a decrease in employer contributions made directly to the trust. Net investment income increased $3.3 billion or 140.3 percent primarily due to favorable market conditions. The CERBTF recognized a MWRR of 6.0 percent in Fiscal Year 2022-23, compared with negative 14.0 percent in Fiscal Year 2021-22.

Deductions from the CERBTF net position restricted for OPEB benefits were primarily made up of administrative expenses, employer withdrawals, and OPEB reimbursements to employers (directly from the trust and outside the trust). Employer withdrawals increased by $94.0 million or 69.4 percent due to a higher amount of balance transfers out of the plan. The reimbursements made directly by employers to health care providers outside the trust amounted to $3.4 billion for Fiscal Year 2022-23 compared with $3.2 billion in Fiscal Year 2021-22. Administrative expenses increased $0.4 million or 8.7 percent primarily due to an increase in pension and OPEB expenses as a result of higher net pension and net OPEB liabilities in Fiscal Year 2022-23.

Management's Discussion & Analysis (Unaudited) (continued)

Fiduciary Net Position – Other Post-Employment Benefit Trust Fund (Dollars in Thousands)

	CERBTF		
	2023	2022	Increase/(Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash & Cash Equivalents	$0	$1	($1)
Receivables	127,756	117,403	10,353
Investments	17,630,610	15,314,595	2,316,015
Total Assets	**$17,758,366**	**$15,431,999**	**$2,326,367**
Deferred Outflows of Resources	$2,367	$1,028	$1,339
Total Assets and Deferred Outflows of Resources	**$17,760,733**	**$15,433,027**	**$2,327,706**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Other Post-Employment Benefits, Investment Settlement & Other	$91,627	$91,956	($329)
Net Pension & OPEB Liabilities	7,656	5,888	1,768
Total Liabilities	**$99,283**	**$97,844**	**$1,439**
Deferred Inflows of Resources	$2,106	$2,889	($783)
Total Liabilities and Deferred Inflows of Resources	**$101,389**	**$100,733**	**$656**
TOTAL NET POSITION RESTRICTED FOR OPEB	**$17,659,344**	**$15,332,294**	**$2,327,050**

Changes in Fiduciary Net Position – Other Post-Employment Benefit Trust Fund (Dollars in Thousands)

	CERBTF		
	2023	2022	Increase/(Decrease)
ADDITIONS			
Employer Contributions	$5,220,760	$5,503,086	($282,326)
Net Investment Income (Loss)	944,515	(2,346,058)	3,290,573
Other Income	13,723	14,097	(374)
Total Additions	**$6,178,998**	**$3,171,125**	**$3,007,873**
DEDUCTIONS			
Administrative Expenses	$4,608	$4,241	$367
Employer Withdrawals	229,444	135,440	94,004
OPEB Reimbursements	3,617,896	3,337,707	280,189
Total Deductions	**$3,851,948**	**$3,477,388**	**$374,560**
INCREASE (DECREASE) IN NET POSITION	**$2,327,050**	**($306,263)**	**$2,633,313**
NET POSITION			
Beginning of Year	**$15,332,294**	**$15,638,557**	**($306,263)**
End of Year	**$17,659,344**	**$15,332,294**	**$2,327,050**

CUSTODIAL FUNDS

REPLACEMENT BENEFIT FUND (RBF)

The RBF is a qualified excess benefit arrangement pursuant to Internal Revenue Code (IRC) section 415(m) and provides for the replacement of the portion of retirement allowance that exceeds IRC section 415(b) dollar limits. Employers are invoiced by CalPERS for amounts payable to their former employees, and CalPERS subsequently pays the replacement benefit to retirees. Participants of the RBF cover the administrative costs to maintain the fund.

The net position of the RBF increased by $0.4 million or 249.3 percent, primarily as a result of an increase in interest rates, along with a full year of administrative fees being collected in Fiscal Year 2022-23, compared with only half of the year in Fiscal Year 2021-22. Total assets decreased $4.4 million, or 21.0 percent, due to a decrease in investments and lower receivables. Total liabilities decreased by $4.8 million, or 22.9 percent, primarily due to fewer participants in the plan.

Additions to the fund include replacement benefits received from participating employers, investment income, and other income. Employer contributions decreased $5.3 million or 14.3 percent. Other income increased $0.4 million or 147.2 percent due to determination made to charge a 1.5 percent administrative fee starting January 2022 from retirees.

Deductions from the RBF include benefit payments and administrative expenses. Benefit payments decreased $5.3 million or 14.3 percent primarily due to a decrease in program participants in Fiscal Year 2022-23 compared to the prior year.

OLD AGE AND SURVIVORS' INSURANCE REVOLVING FUND (OASI)

The OASI was established to consolidate the collection and payment of employee and employer contributions for California public agencies under the provisions of the federal Social Security regulations.

The Board serves as the State Social Security Administrator (SSSA). Between 1955 and 1986, the SSSA was responsible for collecting Social Security and Medicare taxes from public employers, reconciling the submissions, and then submitting to the Internal Revenue Service. Effective January 1, 1987, with the enactment of the Omnibus Budget Reconciliation Act of 1986, the responsibility of collecting taxes moved from CalPERS to the Internal Revenue Service. Starting in 1987, the SSSA operated using the interest that was earned over time on the OASI. The OASI funds diminished, requiring additional funding to pay for the costs of administering the SSSA program. Starting July 1, 2019, CalPERS began charging participating agencies a fee to pay for these costs. For the Fiscal Year 2022-23, this Annual Maintenance Fee was suspended due to adequate funding from prior year assessments. CalPERS will continue to analyze current funding and expenses to determine future fee assessments.

The net position of the OASI decreased by $0.9 million or 29.5 percent primarily due to suspending the collection of fees from the participating agencies. Total assets decreased $0.9 million or 30.6 percent in Fiscal Year 2022-23 due to decreased investments and lower receivables. Total liabilities increased in Fiscal Year 2022-23 by $0.3 million or 92.9 percent due to an increase in the net pension liability.

Additions to the fund include investment income and fees, which increased by $7 thousand or 14.6 percent in Fiscal Year 2022-23 primarily due to an increase in interest rates. Deductions from the OASI are primarily costs incurred to administer the fund. Administrative expenses for CalPERS personnel increased $0.1 million or 16.9 percent in Fiscal Year 2022-23 primarily due to an increase in the pension expense as a result of higher net pension liability.

Management's Discussion & Analysis (Unaudited) (continued)

Fiduciary Net Position – Custodial Funds (Dollars in Thousands)

	RBF			OASI		
	2023	**2022**	**Increase/ (Decrease)**	**2023**	**2022**	**Increase/ (Decrease)**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash & Cash Equivalents	$1	$1	$0	$0	$1	($1)
Receivables	307	319	(12)	43	69	(26)
Investments	16,322	20,732	(4,410)	2,067	2,969	(902)
Total Assets	**$16,630**	**$21,052**	**($4,422)**	**$2,110**	**$3,039**	**($929)**
Deferred Outflows of Resources	$0	$0	$0	$254	$18	$236
Total Assets and Deferred Outflows of Resources	**$16,630**	**$21,052**	**($4,422)**	**$2,364**	**$3,057**	**($693)**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Due to Other Funds	$65	$63	$2	$106	$92	$14
Net Pension & OPEB Liabilities	—	—	—	(131)	(442)	311
Unearned Replacement Benefits	16,048	20,841	(4,793)	—	—	—
Total Liabilities	**$16,113**	**$20,904**	**($4,791)**	**($25)**	**($350)**	**$325**
Deferred Inflows of Resources	$0	$0	$0	$282	$420	($138)
Total Liabilities and Deferred Inflows of Resources	**$16,113**	**$20,904**	**($4,791)**	**$257**	**$70**	**$187**
TOTAL NET POSITION RESTRICTED FOR REPLACEMENT BENEFITS/PROGRAM ADMINISTRATION	**$517**	**$148**	**$369**	**$2,107**	**$2,987**	**($880)**

Changes in Fiduciary Net Position – Custodial Funds (Dollars in Thousands)

	RBF			OASI		
	2023	**2022**	**Increase/ (Decrease)**	**2023**	**2022**	**Increase/ (Decrease)**
ADDITIONS						
Replacement Benefits	$31,783	$37,072	($5,289)	$0	$0	$0
Investment Income	350	74	276	54	12	42
Other Income	608	246	362	1	36	(35)
Total Additions	**$32,741**	**$37,392**	**($4,651)**	**$55**	**$48**	**$7**
DEDUCTIONS						
Replacement Benefit Payments	$31,783	$37,071	($5,288)	$0	$0	$0
Administrative Expenses	589	597	(8)	935	800	135
Total Deductions	**$32,372**	**$37,668**	**($5,296)**	**$935**	**$800**	**$135**
INCREASE (DECREASE) IN NET POSITION	**$369**	**($276)**	**$645**	**($880)**	**($752)**	**($128)**
NET POSITION						
Beginning of Year	**$148**	**$424**	**($276)**	**$2,987**	**$3,739**	**($752)**
End of Year	**$517**	**$148**	**$369**	**$2,107**	**$2,987**	**($880)**

ENTERPRISE FUNDS

PUBLIC EMPLOYEES' HEALTH CARE FUND (HCF)

The HCF accounts for the activities of the CalPERS self-funded health plans (PERS Platinum and PERS Gold), and flex-funded health plans (Anthem Blue Cross, Blue Shield of California, Health Net, Sharp, UnitedHealthcare, and Western Health Advantage).

The net position of the HCF was negative $162.2 million at June 30, 2023, a decrease of $86.9 million or 115.4 percent from the net position of negative $75.3 million at June 30, 2022.

Total assets decreased by $166.6 million or 14.7 percent primarily due to a decrease in receivables and investments. Cash and cash equivalents increased by $77.4 million or 66.3 percent primarily due to timing. Total liabilities decreased by $62.5 million or 5.5 percent primarily due to a decrease in third-party administrator fees liability combined with a decrease in estimated insurance claims due Fiscal Year 2022-23.

Revenues include premiums collected from members and employers, federal subsidies, and investment income (non-operating revenue). Premiums collected increased by $377.6 million or 9.1 percent primarily due to an increase in premium rates. The fund had net investment gain of $6.6 million primarily due to an increase in interest income as a result of higher short-term interest rate.

Expenses are comprised of claims, investment fees, and costs incurred to oversee the plans. Claim expenses increased by $256.1 million, or 6.3 percent primarily due to an increase in medical claims. Administrative expenses increased by $6.4 million or 2.1 percent primarily due to an increase in pension and OPEB expenses.

PUBLIC EMPLOYEES' CONTINGENCY RESERVE FUND (CRF)

The CRF was established to fund administrative costs related to the CalPERS health care programs and to provide a contingency reserve for potential increases in future health care premium rates and health care benefit costs.

The net position of the CRF was negative $40.3 million at June 30, 2023, an increase of $16.1 million or 28.5 percent from the net position of negative $56.4 million at June 30, 2022.

Cash and cash equivalents decreased by $35.8 million or 4.7 percent. Total receivables decreased by $6.0 million or 17.1 percent primarily due to a decrease in risk adjustment allocation due from the Health Care Fund. Total liabilities decreased by $46.1 million or 5.5 percent primarily due to a decrease in health premiums that need to be transferred to health carriers at the end of Fiscal Year 2022-23.

Revenues include administrative fees collected and investment income. Administrative fees are determined as a percentage of total active and retired health premiums. These fees increased by $10.2 million or 39.0 percent primarily due to an increase in the administrative fee rate from 0.25 percent in Fiscal Year 2021-22 to 0.33 percent in Fiscal Year 2022-23. Investment income increased by $8.4 million or 574.2 percent due to an increase in interest rates.

Expenses are comprised of costs incurred to administer the CRF. Administrative expenses increased by $3.0 million or 11.1 percent primarily due to an increase in pension and OPEB expenses.

PUBLIC EMPLOYEES’ LONG-TERM CARE FUND (LTCF)

The LTCF provides financial protection to participants from the high cost of eligible covered services caused by chronic illness, injury, or old age. Long-term care products reimburse the cost for covered personal care services (activities of daily living) such as bathing, dressing, toileting, transferring, continence, and eating, which are not typically covered by traditional health insurance or Medicare.

Long-term care participation is voluntary, and benefits are funded by participant-paid premiums and the LTCF investment income. The LTCF is continuously appropriated under the exclusive control of the Board for the exclusive benefit of participants in the program. illumifin is the third-party administrator (TPA) for the CalPERS Long-Term Care Program. CalPERS has suspended open enrollment in the CalPERS Long-Term Care Program due to current uncertainty in the long-term care market. Therefore, effective June 17, 2020, and until further notice, the CalPERS Long-Term Care Program will not be accepting new applications for coverage.

Unrestricted net position of the LTCF decreased by $284.9 million from beginning net position of negative $399.3 million to negative $684.2 million, primarily due to an increase in settlement liability Fiscal Year 2022-23. Total assets decreased by $45.2 million or 0.9 percent primarily due to less investments in Fiscal Year 2022-23. Investments decreased by $41.5 million or 0.8 percent. Total liabilities increased by $243.0 million or 4.6 percent primarily due to an increase in the settlement liability.

The LTCF revenues include premiums collected from participants and investment income. Non-operating revenues are comprised of net appreciation or depreciation in fair value of investments and interest, dividend, and other investment income. The investment income for Fiscal Year 2022-23 increased by $505.4 million or 95.1 percent from the prior year due to less unfavorable market conditions.

Total expenses are comprised of claims, changes in estimated liabilities for future policy benefits, change in the estimated settlement liability, administrative costs to the program, and investment expenses. In Fiscal Year 2022-23, total expenses decreased by $46.5 million or 7.2 percent. Administrative expenses increased by $1.7 million or 7.3 percent primarily due to an increase in pension expense as a result of higher net pension liability. The estimated liabilities for future policy benefits decreased by $540.1 million and estimated settlement liability increased by $764.1 million in Fiscal Year 2022-23.

In March 2023, a judge granted preliminary approval to a new, second settlement of the class action lawsuit involving the CalPERS LTC Program, known as *Wedding, et al. v. CalPERS*. Settlement expenses and fees with an estimated amount of $765 million were recognized in the LTCF with an estimated reduction of $632 million in future policy benefits related to policy terminations resulting from settlement in Fiscal Year 2022-23. Please refer to Notes 15 for and 16 additional information.

Management's Discussion & Analysis (Unaudited) (continued)

Net Position – Enterprise Funds (Dollars in Thousands)

	HCF			CRF			LTCF		
	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
Cash & Cash Equivalents	$194,218	$116,807	$77,411	$720,365	$756,132	($35,767)	$12,667	$16,261	($3,594)
Receivables	570,932	692,586	(121,654)	28,895	34,857	(5,962)	707	838	(131)
Investments	205,067	327,465	(122,398)	—	—	—	4,845,303	4,886,776	(41,473)
Total Assets	**$970,217**	**$1,136,858**	**($166,641)**	**$749,260**	**$790,989**	**($41,729)**	**$4,858,677**	**$4,903,875**	**($45,198)**
Deferred Outflows of Resources	$23,198	$12,312	$10,886	$15,712	$8,362	$7,350	$3,189	$1,132	$2,057
Total Assets and Deferred Outflows of Resources	**$993,415**	**$1,149,170**	**($155,755)**	**$764,972**	**$799,351**	**($34,379)**	**$4,861,866**	**$4,905,007**	**($43,141)**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES									
Claims Payable, Unearned Premiums, Estimated Insurance Claims Due & Due to Carriers	$986,417	$1,010,017	($23,600)	$498,723	$475,408	$23,315	$52,638	$37,553	$15,085
Due to Employers	—	—	—	336	238	98	—	—	—
Other Liabilities	54,253	107,487	(53,234)	228,214	307,483	(79,269)	7,636	6,434	1,202
Estimated Settlement Liability	—	—	—	—	—	—	764,100	—	764,100
Estimated Liability for Future Policy Benefits	—	—	—	—	—	—	4,710,298	5,250,421	(540,123)
Net Pension & OPEB Liabilities	98,431	84,048	14,383	66,293	56,582	9,711	9,255	6,537	2,718
Total Liabilities	**$1,139,101**	**$1,201,552**	**($62,451)**	**$793,566**	**$839,711**	**($46,145)**	**$5,543,927**	**$5,300,945**	**$242,982**
Deferred Inflows of Resources	$16,543	$22,917	($6,374)	$11,716	$16,019	($4,303)	$2,123	$3,328	($1,205)
Total Liabilities and Deferred Inflows of Resources	**$1,155,644**	**$1,224,469**	**($68,825)**	**$805,282**	**$855,730**	**($50,448)**	**$5,546,050**	**$5,304,273**	**$241,777**
TOTAL UNRESTRICTED NET POSITION (DEFICIT)	**($162,229)**	**($75,299)**	**($86,930)**	**($40,310)**	**($56,379)**	**$16,069**	**($684,184)**	**($399,266)**	**($284,918)**

Changes in Net Position – Enterprise Funds (Dollars in Thousands)

	HCF			CRF			LTCF		
	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)	2023	2022	Increase/ (Decrease)
REVENUES									
Premiums	$4,515,217	$4,137,604	$377,613	$0	$0	$0	$339,755	$297,388	$42,367
Federal Government Subsidies	3,981	728	3,253	—	—	—	—	—	—
Non-Operating Revenues (Losses)	6,623	(39,207)	45,830	9,864	1,463	8,401	(25,885)	(531,313)	505,428
Administrative Fees & Other	37	101	(64)	36,334	26,135	10,199	69	271	(202)
Total Revenues	**$4,525,858**	**$4,099,226**	**$426,632**	**$46,198**	**$27,598**	**$18,600**	**$313,939**	**($233,654)**	**$547,593**
EXPENSES									
Claims Expense	$4,319,658	$4,063,516	$256,142	$0	$0	$0	$346,573	$319,122	$27,451
Increase (Decrease) in Estimated Liabilities	(36,576)	112,696	(149,272)	—	—	—	(540,123)	3,199,129	(3,739,252)
Federal Government Subsidy Recapture	13,745	8,267	5,478	—	—	—	—	—	—
Increase (Decrease) in Estimated Settlement Liability	—	—	—	—	—	—	764,100	(2,899,100)	3,663,200
Non-Operating Expenses	98	135	(37)	—	—	—	2,805	2,408	397
Administrative Expenses	315,863	309,473	6,390	30,129	27,124	3,005	25,502	23,763	1,739
Total Expenses	**$4,612,788**	**$4,494,087**	**$118,701**	**$30,129**	**$27,124**	**$3,005**	**$598,857**	**$645,322**	**($46,465)**
INCREASE (DECREASE) IN UNRESTRICTED NET POSITION	**($86,930)**	**($394,861)**	**$307,931**	**$16,069**	**$474**	**$15,595**	**($284,918)**	**($878,976)**	**$594,058**
UNRESTRICTED NET POSITION (DEFICIT)									
Beginning of Year	**($75,299)**	**$319,562**	**($394,861)**	**($56,379)**	**($56,853)**	**$474**	**($399,266)**	**$479,710**	**($878,976)**
End of Year	**($162,229)**	**($75,299)**	**($86,930)**	**($40,310)**	**($56,379)**	**$16,069**	**($684,184)**	**($399,266)**	**($284,918)**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of CalPERS finances. Address questions concerning any of the information provided in this report or requests for additional financial information to the CalPERS Financial Office, P.O. Box 942703, Sacramento, CA, 94229-2703, or call 888 CalPERS (or 888-225-7377).

Basic Financial Statements

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

As of June 30, 2023, with Comparative Totals as of June 30, 2022 (Dollars in Thousands)

	Pension Trust Funds					
	PERF A	PERF B	PERF C			
	Agent	Schools Cost-Sharing	Public Agency Cost-Sharing	LRF	JRF	JRF II
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash & Cash Equivalents	**$1,542,859**	**$382,196**	**$181,203**	**$1,273**	**$3,377**	**$1,157**
Receivables						
Members	$341,640	$89,411	$32,437	$52	$954	$1,077
Employers	818,492	521,383	55,470	—	214	9,476
Investment Sales & Other	10,388,565	2,573,449	1,220,097	1	—	7
Interest & Dividends	1,083,244	268,341	127,223	2	325	67
Due from Other Funds	10,901	2,701	1,280	—	—	—
Other Program	69,614	17,245	8,176	—	—	—
Total Receivables	**$12,712,456**	**$3,472,530**	**$1,444,683**	**$55**	**$1,493**	**$10,627**
Investments, at Fair Value						
Short-Term Investments	$1,071,368	$264,411	$125,976	$184	$48,818	$4,411
Public Equity	147,217,695	36,332,993	17,310,423	34,379	—	1,738,697
Fixed Income	90,690,487	22,382,206	10,663,737	61,300	—	580,402
Real Assets	50,395,919	12,437,598	5,925,746	—	—	—
Private Equity/Debt	52,086,202	12,854,757	6,124,496	—	—	—
Total Investments	**$341,461,671**	**$84,271,965**	**$40,150,378**	**$95,863**	**$48,818**	**$2,323,510**
Securities Lending Collateral	$4,931,339	$1,226,084	$578,495	$0	$0	$0
Capital Assets, Net & Other Assets	158,265	39,205	18,588	—	—	—
TOTAL ASSETS	**$360,806,590**	**$89,391,980**	**$42,373,347**	**$97,191**	**$53,688**	**$2,335,294**
Deferred Outflows of Resources	$160,206	$39,686	$18,816	$314	$1,003	$1,187
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$360,966,796**	**$89,431,666**	**$42,392,163**	**$97,505**	**$54,691**	**$2,336,481**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Retirement & Other Benefits	$65,733	$15,820	$7,193	$19	$0	$0
Investment Purchases & Other	9,680,506	2,398,049	1,136,938	—	—	—
Due to Members & Employers	10,521	—	—	14	67	13
Net Pension & OPEB Liabilities	689,812	170,880	81,016	1,465	3,984	5,029
Securities Lending Obligations	9,784,822	2,423,890	1,149,190	—	—	—
Due to Other Funds	—	—	—	69	224	307
Management & Third-Party Administrator Fees	30	8	4	15	—	343
Unearned Replacement Benefits	—	—	—	—	—	—
Other Program	324,748	80,178	37,827	74	3,382	1,163
TOTAL LIABILITIES	**$20,556,172**	**$5,088,825**	**$2,412,168**	**$1,656**	**$7,657**	**$6,855**
Deferred Inflows of Resources	$113,760	$28,180	$13,361	$180	$707	$844
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$20,669,932**	**$5,117,005**	**$2,425,529**	**$1,836**	**$8,364**	**$7,699**
NET POSITION – RESTRICTED FOR PENSION, OTHER POST-EMPLOYMENT, REPLACEMENT BENEFITS, AND PROGRAM ADMINISTRATION	**$340,296,864**	**$84,314,661**	**$39,966,634**	**$95,669**	**$46,327**	**$2,328,782**

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements (continued)

Pension Trust Funds		Investment Trust Fund	Other Post-Employment Benefit Trust Fund	Custodial Funds	Totals	
DCF	SCPF	CEPPTF	CERBTF	RBF & OASI[1]	2023	2022
$0	**$0**	**$0**	**$0**	**$1**	**$2,112,066**	**$731,875**
$5,152	$546	$0	$0	$46	$471,315	$519,793
—	—	—	127,532	119	1,532,686	1,212,390
—	—	—	—	—	14,182,119	9,715,311
45	27	5	224	158	1,479,661	1,077,999
—	—	—	—	—	14,882	13,230
13,785	—	—	—	27	108,847	107,571
$18,982	**$573**	**$5**	**$127,756**	**$350**	**$17,789,510**	**$12,646,294**
$196,459	$15,479	$298	$58,101	$18,389	$1,803,894	$16,646,810
1,595,129	61,977	64,017	12,256,248	—	216,611,558	203,028,047
388,245	37,308	76,072	5,316,261	—	130,196,018	117,174,474
—	—	—	—	—	68,759,263	70,674,894
—	—	—	—	—	71,065,455	56,237,017
$2,179,833	**$114,764**	**$140,387**	**$17,630,610**	**$18,389**	**$488,436,188**	**$463,761,242**
$0	$0	$0	$0	$0	$6,735,918	$14,303,670
—	—	—	—	—	216,058	238,588
$2,198,815	**$115,337**	**$140,392**	**$17,758,366**	**$18,740**	**$515,289,740**	**$491,681,669**
$971	$75	$37	$2,367	$254	$224,916	$120,483
$2,199,786	**$115,412**	**$140,429**	**$17,760,733**	**$18,994**	**$515,514,656**	**$491,802,152**
$0	$0	$170	$87,977	$0	$176,912	$2,574,288
—	—	—	—	—	13,215,493	14,598,521
1,464	565	—	—	—	12,644	10,673
4,077	369	31	7,656	(131)	964,188	826,218
—	—	—	—	—	13,357,902	14,296,470
573	40	12	1,082	171	2,478	2,329
1,002	51	18	2,568	—	4,039	3,326
—	—	—	—	16,048	16,048	20,841
—	—	—	—	—	447,372	142,307
$7,116	**$1,025**	**$231**	**$99,283**	**$16,088**	**$28,197,076**	**$32,474,973**
$649	$41	$75	$2,106	$282	$160,185	$221,320
$7,765	**$1,066**	**$306**	**$101,389**	**$16,370**	**$28,357,261**	**$32,696,293**
$2,192,021	**$114,346**	**$140,123**	**$17,659,344**	**$2,624**	**$487,157,395**	**$459,105,859**

(1) For a breakout of the Custodial Funds (RBF and OASI), please see the Other Supplementary Information beginning on page 107.

Basic Financial Statements (continued)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2023, with Comparative Totals for the Fiscal Year Ended June 30, 2022 (Dollars in Thousands)

	Pension Trust Funds					
	PERF A	PERF B	PERF C			
	Agent	Schools Cost-Sharing	Public Agency Cost-Sharing	LRF	JRF	JRF II
ADDITIONS						
Retirement and OPEB Contributions						
Members	$3,880,584	$1,334,265	$457,581	$11	$1,697	$38,669
Employers	18,147,073	4,457,043	1,623,130	44	2,372	89,970
Replacement Benefits	—	—	—	—	—	—
State of California General Fund	—	—	—	—	206,413	—
Employer Contributions Direct – OPEB	—	—	—	—	—	—
Employer Contributions Outside of Trust – OPEB	—	—	—	—	—	—
Total Retirement and OPEB Contribution	**$22,027,657**	**$5,791,308**	**$2,080,711**	**$55**	**$210,482**	**$128,639**
Investment Income						
Net Appreciation/(Depreciation) in Fair Value of Investments	$15,252,991	$3,721,971	$1,801,688	$667	$0	$152,253
Interest & Amortization	1,918,032	475,134	225,267	6	2,242	183
Dividends	3,647,112	903,461	428,339	—	—	—
Other Investment Income/(Loss)	(9,469)	(2,345)	(1,112)	9	—	254
Less Investment Costs:						
Management & Performance Fees	(649,767)	(160,960)	(76,313)	(29)	—	(644)
Other	(337,208)	(83,533)	(39,604)	(52)	(9)	(301)
Net Investment Income	**$19,821,691**	**$4,853,728**	**$2,338,265**	**$601**	**$2,233**	**$151,745**
Securities Lending Income	$415,967	$103,043	$48,854	$0	$0	$0
Securities Lending Expense	(346,992)	(85,957)	(40,753)	—	—	—
Net Securities Lending	**$68,975**	**$17,086**	**$8,101**	**$0**	**$0**	**$0**
Other Income	$7,378	$1,785	$818	$2	$3,028	$4
Plan-to-Plan Resource Movement	351	—	137,005	—	—	—
TOTAL ADDITIONS	**$41,926,052**	**$10,663,907**	**$4,564,900**	**$658**	**$215,743**	**$280,388**
DEDUCTIONS						
Retirement, Death & Survivor Benefits	$23,034,362	$5,533,811	$2,516,070	$7,088	$216,271	$83,573
Replacement Benefit Payments	—	—	—	—	—	—
Refund of Contributions	219,148	142,355	29,610	—	—	295
Administrative Expenses	236,679	58,579	27,756	525	2,031	2,126
Plan-to-Plan Resource Movement	136,995	10	351	—	—	—
Participant & Employer Withdrawals	—	—	—	—	—	—
OPEB Reimbursements Direct	—	—	—	—	—	—
OPEB Reimbursements – Outside Trust	—	—	—	—	—	—
TOTAL DEDUCTIONS	**$23,627,184**	**$5,734,755**	**$2,573,787**	**$7,613**	**$218,302**	**$85,994**
INCREASE (DECREASE) IN NET POSITION	**$18,298,868**	**$4,929,152**	**$1,991,113**	**($6,955)**	**($2,559)**	**$194,394**
NET POSITION						
Beginning of Year	**$321,997,996**	**$79,385,509**	**$37,975,521**	**$102,624**	**$48,886**	**$2,134,388**
End of year	**$340,296,864**	**$84,314,661**	**$39,966,634**	**$95,669**	**$46,327**	**$2,328,782**

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements (continued)

Pension Trust Funds		Investment Trust Fund	Other Post-Employment Benefit Trust Fund	Custodial Funds	Totals	
DCF	SCPF	CEPPTF	CERBTF	RBF & OASI[1]	2023	2022
$141,451	$310	$0	$0	$0	$5,854,568	$5,335,852
—	—	51,713	—	—	24,371,345	22,833,792
—	—	—	—	31,783	31,783	37,072
—	—	—	—	—	206,413	193,047
—	—	—	1,776,322	—	1,776,322	2,344,227
—	—	—	3,444,438	—	3,444,438	3,158,859
$141,451	**$310**	**$51,713**	**$5,220,760**	**$31,783**	**$35,684,869**	**$33,902,849**
$219,977	$8,377	$4,861	$947,792	$0	$22,110,577	($45,854,704)
5,901	332	21	1,367	404	2,628,889	2,813,185
—	—	—	—	—	4,978,912	5,174,535
(1)	2	15	2,194	—	(10,453)	46,800
(392)	(21)	(25)	(4,758)	—	(892,909)	(928,708)
(410)	(35)	(29)	(2,080)	—	(463,261)	(416,486)
$225,075	**$8,655**	**$4,843**	**$944,515**	**$404**	**$28,351,755**	**($39,165,378)**
$0	$0	$0	$0	$0	$567,864	$136,077
—	—	—	—	—	(473,702)	(42,997)
$0	**$0**	**$0**	**$0**	**$0**	**$94,162**	**$93,080**
$5,198	$77	$243	$13,723	$609	$32,865	$32,319
—	—	—	—	—	137,356	8,335
$371,724	**$9,042**	**$56,799**	**$6,178,998**	**$32,796**	**$64,301,007**	**($5,128,795)**
$0	$0	$0	$0	$0	$31,391,175	$29,401,875
—	—	—	—	31,783	31,783	37,071
—	—	—	—	—	391,408	329,912
4,780	259	64	4,608	1,524	338,931	311,825
—	—	—	—	—	137,356	8,335
104,032	5,765	1,681	229,444	—	340,922	257,500
—	—	—	173,458	—	173,458	178,848
—	—	—	3,444,438	—	3,444,438	3,158,859
$108,812	**$6,024**	**$1,745**	**$3,851,948**	**$33,307**	**$36,249,471**	**$33,684,225**
$262,912	**$3,018**	**$55,054**	**$2,327,050**	**($511)**	**$28,051,536**	**($38,813,020)**
$1,929,109	**$111,328**	**$85,069**	**$15,332,294**	**$3,135**	**$459,105,859**	**$497,918,879**
$2,192,021	**$114,346**	**$140,123**	**$17,659,344**	**$2,624**	**$487,157,395**	**$459,105,859**

(1) For a breakout of the Custodial Funds (RBF and OASI), please see the Other Supplementary Information beginning on page 107.

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

As of June 30, 2023, with Comparative Totals as of June 30, 2022 (Dollars in Thousands)

	Proprietary Funds			Totals	
	HCF	CRF	LTCF	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets					
Cash & Cash Equivalents	$0	$0	$12,555	$12,555	$16,089
Short-Term Investments	194,218	720,365	112	914,695	873,111
Receivables					
Members & Employers	$0	$21,896	$706	$22,602	$21,822
Health Carriers & Pharmacy Benefit Managers	384,197	1,798	—	385,995	402,734
Interest & Dividends	1,355	5,196	1	6,552	1,532
Due from Other Funds	185,369	5	—	185,374	302,182
Other Receivables	11	—	—	11	11
Total Receivables	**$570,932**	**$28,895**	**$707**	**$600,534**	**$728,281**
Subtotal Current Assets	**$765,150**	**$749,260**	**$13,374**	**$1,527,784**	**$1,617,481**
Noncurrent Assets					
Investments, at Fair Value					
Public Equity	$0	$0	$1,674,273	$1,674,273	$1,617,307
Fixed Income	205,067	—	3,171,030	3,376,097	3,596,934
Total Investments	**$205,067**	**$0**	**$4,845,303**	**$5,050,370**	**$5,214,241**
Subtotal Noncurrent Assets	**$205,067**	**$0**	**$4,845,303**	**$5,050,370**	**$5,214,241**
TOTAL ASSETS	**$970,217**	**$749,260**	**$4,858,677**	**$6,578,154**	**$6,831,722**
Deferred Outflows of Resources	$23,198	$15,712	$3,189	$42,099	$21,806
Total Assets and Deferred Outflows of Resources	**$993,415**	**$764,972**	**$4,861,866**	**$6,620,253**	**$6,853,528**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current Liabilities					
Claims Payable	$234,431	$0	$27,157	$261,588	$268,306
Unearned Premiums	169,882	—	25,481	195,363	160,584
Due to Employers	—	336	—	336	238
Estimated Insurance Claims Due	582,104	—	—	582,104	618,680
Estimated Liability for Future Policy Benefits Short-Term	—	—	14,555	14,555	—
Due to Carriers	—	498,723	—	498,723	475,408
Due to Other Funds	6,203	188,952	2,624	197,779	313,084
Investment Purchases & Other	—	—	7	7	—
Estimated Settlement Liability	—	—	764,100	764,100	—
Management & Third-Party Administrator Fees	48,050	—	2,205	50,255	92,866
Other	—	39,262	2,800	42,062	15,454
Total Current Liabilities	**$1,040,670**	**$727,273**	**$838,929**	**$2,606,872**	**$1,944,620**
Long-Term Liabilities					
Estimated Liability for Future Policy Benefits	$0	$0	$4,695,743	$4,695,743	$5,250,421
Net Pension & OPEB Liabilities	98,431	66,293	9,255	173,979	147,167
Total Long-Term Liabilities	**$98,431**	**$66,293**	**$4,704,998**	**$4,869,722**	**$5,397,588**
TOTAL LIABILITIES	**$1,139,101**	**$793,566**	**$5,543,927**	**$7,476,594**	**$7,342,208**
Deferred Inflows of Resources	$16,543	$11,716	$2,123	$30,382	$42,264
Total Liabilities and Deferred Inflows of Resources	**$1,155,644**	**$805,282**	**$5,546,050**	**$7,506,976**	**$7,384,472**
TOTAL UNRESTRICTED NET POSITION (DEFICIT)	**($162,229)**	**($40,310)**	**($684,184)**	**($886,723)**	**($530,944)**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2023, with Comparative Totals for the Fiscal Year Ended June 30, 2022 (Dollars in Thousands)

	Proprietary Funds			Totals	
	HCF	CRF	LTCF	2023	2022
Operating Revenues					
Premiums	$4,515,217	$0	$339,755	$4,854,972	$4,434,992
Federal Government Subsidies	3,981	—	—	3,981	728
Administrative Fees Earned	—	36,214	—	36,214	26,002
Other	37	120	69	226	505
Total Operating Revenues	**$4,519,235**	**$36,334**	**$339,824**	**$4,895,393**	**$4,462,227**
Operating Expenses					
Claims Expense	$4,319,658	$0	$346,573	$4,666,231	$4,382,638
Increase (Decrease) in Estimated Liabilities	(36,576)	—	(540,123)	(576,699)	3,311,825
Federal Government Subsidy Recapture	13,745	—	—	13,745	8,267
Increase (Decrease) in Estimated Settlement Liability	—	—	764,100	764,100	(2,899,100)
Administrative Expenses	315,863	30,129	25,502	371,494	360,360
Total Operating Expenses	**$4,612,690**	**$30,129**	**$596,052**	**$5,238,871**	**$5,163,990**
OPERATING INCOME (LOSS)	**($93,455)**	**$6,205**	**($256,228)**	**($343,478)**	**($701,763)**
Non-Operating Revenues					
Net Appreciation/(Depreciation) in Fair Value of Investments	($2,381)	$0	($27,345)	($29,726)	($572,690)
Interest, Dividends & Other Investment Income	9,004	9,864	1,460	20,328	3,633
Total Non-Operating Revenues/Losses	**$6,623**	**$9,864**	**($25,885)**	**($9,398)**	**($569,057)**
Non-Operating Expenses					
Management Fees	$35	$0	$1,401	$1,436	$1,677
Other Investment Expenses	63	—	1,404	1,467	866
Total Non-Operating Expenses	**$98**	**$0**	**$2,805**	**$2,903**	**$2,543**
NON-OPERATING INCOME (LOSS)	**$6,525**	**$9,864**	**($28,690)**	**($12,301)**	**($571,600)**
CHANGE IN UNRESTRICTED NET POSITION	**($86,930)**	**$16,069**	**($284,918)**	**($355,779)**	**($1,273,363)**
TOTAL UNRESTRICTED NET POSITION (DEFICIT)					
Beginning of Year	**($75,299)**	**($56,379)**	**($399,266)**	**($530,944)**	**$742,419**
End of Year	**($162,229)**	**($40,310)**	**($684,184)**	**($886,723)**	**($530,944)**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2023, with Comparative Totals for the Fiscal Year Ended June 30, 2022 (Dollars in Thousands)

	Proprietary Funds			Totals	
	HCF	**CRF**	**LTCF**	**2023**	**2022**
Cash Flows From Operating Activities					
Premiums Collected	$4,649,888	$0	$351,556	$5,001,444	$4,437,461
Federal Government Subsidies	3,981	—	—	3,981	728
Federal Government Subsidy Recapture	(13,745)	—	—	(13,745)	(8,267)
Administrative Fees Collected	—	36,334	—	36,334	26,135
Claims Paid	(4,329,874)	—	(342,175)	(4,672,049)	(4,381,391)
Administrative Expenses Paid	(360,839)	(31,890)	(25,550)	(418,279)	(311,682)
Other (Payments) Receipts, Net	37	(46,018)	(526)	(46,507)	32,872
Net Cash Used for Operating Activities	**($50,552)**	**($41,574)**	**($16,695)**	**($108,821)**	**($204,144)**
Cash Flows From Investing Activities					
Net Sales of Investments	$120,017	$0	$14,128	$134,145	$207,801
Net Change in Short-Term Investments	(77,412)	35,766	62	(41,584)	6,688
Interest & Dividends Received	8,042	5,807	1,035	14,884	2,363
Other Investment (Payments) Receipts, Net	(96)	—	(2,062)	(2,158)	(2,061)
Net Cash Provided by Investing Activities	**$50,551**	**$41,573**	**$13,163**	**$105,287**	**$214,791**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**($1)**	**($1)**	**($3,532)**	**($3,534)**	**$10,647**
Cash & Cash Equivalents, Beginning of Year	**$1**	**$1**	**$16,087**	**$16,089**	**$5,442**
Cash & Cash Equivalents, End of Year	**$0**	**$0**	**$12,555**	**$12,555**	**$16,089**
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities					
Operating Income (Loss)	($93,455)	$6,205	($256,229)	($343,479)	($701,763)
Changes in Assets and Liabilities:					
Receivables:					
Members & Employers	—	(912)	132	(780)	3,785
Health Carriers & Pharmacy Benefit Managers	16,945	(206)	—	16,739	(97,737)
Due from Other Funds	105,671	11,137	—	116,808	60,127
Claims Payable	(10,216)	—	3,498	(6,718)	1,246
Unearned Premiums	23,192	—	11,588	34,780	20,180
Due to Employers	—	98	—	98	(3)
Estimated Insurance Claims Due	(36,576)	—	—	(36,576)	112,696
Net Pension & OPEB Liabilities	(2,877)	(1,942)	(544)	(5,363)	(17,633)
Estimated Liability for Future Policy Benefits Short-Term	—	—	14,555	14,555	(54,879)
Estimated Liability for Future Policy Benefits Long-Term	—	—	(554,678)	(554,678)	3,254,008
Estimated Settlement Liability	—	—	764,100	764,100	(2,900,000)
Due to Carriers	—	23,315	—	23,315	100,411
Due to Other Funds	(10,325)	(105,490)	510	(115,305)	(58,199)
Management & Third-Party Administrator Fees	(42,911)	—	(14)	(42,925)	64,383
Other	—	26,221	387	26,608	9,234
Net Cash Used for Operating Activities	**($50,552)**	**($41,574)**	**($16,695)**	**($108,821)**	**($204,144)**
Noncash Investing Activities					
Noncash Increase/(Decrease) in Fair Value of Investments	**($19,104)**	**$0**	**($39,610)**	**($58,714)**	**($740,339)**

The accompanying notes are an integral part of these financial statements.

Notes to the Basic Financial Statements

1. DESCRIPTION OF CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

ORGANIZATION

The California Public Employees' Retirement System (CalPERS or the System) was established by legislation in 1931 for the purpose of providing a secure retirement to employees of the State of California. In 1939, new legislation allowed public agency and classified school employees to join CalPERS for retirement benefits. CalPERS began administering health benefits for state employees in 1962, and five years later offered health benefits to public agencies on a contract basis.

CalPERS is governed by the Board of Administration (the Board), which consists of 13 members: two elected by all active and retired members, one elected by active state members, one elected by active CalPERS school members, one elected by active CalPERS public agency members, one elected by retired members of CalPERS, two appointed by the Governor, one public representative appointed jointly by the Senate Rules Committee and the Speaker of the Assembly, and four ex officio members: State Treasurer, State Controller, Director of California Department of Human Resources, and Designee of the State Personnel Board. The Board is responsible for the management and control of CalPERS, including the exclusive control of the administration and investment of the System.

CalPERS acts as the common investment and administrative agency for the following plans:

CalPERS Plans

Plan Name	Type of Plan
Defined Benefit Pension Plans:	
Public Employees' Retirement Fund A	Agent multiple-employer
Public Employees' Retirement Fund B	Cost-sharing multiple-employer
Public Employees' Retirement Fund C	Cost-sharing multiple-employer
Legislators' Retirement Fund	Single-employer
Judges' Retirement Fund	Single-employer
Judges' Retirement Fund II	Single-employer
Defined Contribution Plans:	
Public Employees' Deferred Compensation Fund	Multiple-employer (457 plan)
Supplemental Contributions Program Fund	Single-employer
Pension Prefunding Plan:	
California Employers' Pension Prefunding Trust Fund	Multiple-employer (Investment Trust Fund)
Defined Benefit Other Post-Employment Benefit Plan:	
California Employers' Retiree Benefit Trust Fund	Agent multiple-employer

DEFINED BENEFIT PENSION PLANS

The following is a summary description of each defined benefit pension plan administered by CalPERS:

Public Employees' Retirement Fund (PERF) – The PERF was established by Chapter 700 of the 1931 Statutes and provides retirement, death, and disability benefits to members of participating employers, which include the State of California, non-teaching, non-certified employees in schools, and various other public agencies. The benefit provisions for the state and school employees are established by statute. The benefit options for the public agencies are established by statute and voluntarily selected by contract with the System in accordance with the provisions of the Public Employees' Retirement Law.

For financial reporting purposes only, the PERF is comprised of and reported as three separate entities. PERF A is an agent multiple-employer plan, which includes the State of California and most public agencies' rate plans with more than 100 active members. PERF B is a cost-sharing multiple-employer plan of school employers consisting of non-teaching and non-certified employees. PERF C is a cost-sharing multiple-employer plan of public agencies with generally fewer than 100 active members. Under applicable law, the Board may terminate or a public agency may terminate that agency's plan under either PERF A or PERF C. The terminated agency is liable to the System for all costs to fund all benefits under the agency's contract. An unpaid deficit in funding will result in a commensurate reduction in benefits provided under that agency's contract.

As of June 30, 2023, the PERF had the following participating employers:

Employers for PERF

PERF Employers	2023
PERF A	
State	1
Public Agencies[1]	307
Total	**308**
PERF B	
School Districts and Charter Schools	1,332
PERF C	
Public Agencies[1]	1,288
Total Employers	**2,928**

(1) Each public agency employer may be counted in both PERF A and PERF C due to active contracts under both plans.

Legislators' Retirement Fund (LRF) – The LRF was established by Chapter 879 of the 1947 Statutes and provides retirement, death, and disability benefits to state legislators, constitutional officers, and legislative statutory officers. The benefits for the LRF are established in accordance with the provisions of the Legislators' Retirement Law. In November 1990, Article IV, Section 4.5 was added to the State Constitution, pursuant to the adoption of Proposition 140. This section effectively prohibited future legislators from earning state retirement benefits for service in the Legislature on or after November 7, 1990, though it recognized vested pension benefits that had accrued before that date. There are no active members in the fund. The Public Employees' Pension Reform Act of 2013 (PEPRA) closed the Legislators' Retirement System to new participants effective January 1, 2013.

Judges' Retirement Fund (JRF) – The JRF was established by Chapter 206 of the 1953 Statutes and provides retirement, death, and disability benefits to judges working in the California Supreme Court, the Courts of Appeal, and the Superior Courts, who were appointed or elected before November 9, 1994. Benefits for the JRF are established in accordance with the provisions of the Judges' Retirement Law.

The JRF is funded on a pay-as-you-go basis, where short-term investments, contributions received during the year, and a State General Fund augmentation are used to provide funding for benefit payments. This funding method is generally more expensive in the long term, as the plan does not have investment returns generated by a funded plan. Without the State General Fund augmentation, the JRF will not be able to pay the accumulated benefit payments due in Fiscal Year 2023-24.

Judges' Retirement Fund II (JRF II) – The JRF II was established by Chapter 879 of the 1994 Statutes and provides retirement, death, and disability benefits to judges working in the California Supreme Court, the Courts of Appeal, and the Superior Courts, who were appointed or elected on or after November 9, 1994. Benefits for the JRF II are established in accordance with the provisions of the Judges' Retirement System II Law.

Plan Membership

All employees in a covered class of employment who work on a half-time basis or more are eligible to participate in the retirement plans. The underlying data included in the following table reflects current categorizations of members and beneficiaries in the defined benefit pension plans.

As of June 30, 2023, membership in the defined benefit pension plans consisted of the following:

Benefit Recipients and Members in the PERF A, PERF B, PERF C, LRF, JRF, and JRF II

			Members		
Plan	Retirees[1]	Survivors & Beneficiaries[1]	Active	Inactive or Deferred not receiving benefits	Total
PERF A					
Agent	423,937	66,549	505,719	241,788	1,237,993
PERF B					
Schools Cost-Sharing	218,292	31,140	365,379	247,905	862,716
PERF C					
Public Agency Cost-Sharing	43,228	5,870	52,964	31,003	133,065
Total PERF	**685,457**	**103,559**	**924,062**	**520,696**	**2,233,774**
LRF	88	101	—	2	191
JRF	1,125	614	80	—	1,819
JRF II	503	67	1,657	—	2,227
Total	**687,173**	**104,341**	**925,799**	**520,698**	**2,238,011**

(1) Retirees and Survivors & Beneficiaries represent inactives receiving benefits.

Plan Benefits

The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become vested in their retirement benefits earned to date, to the extent funded, after five years (10 years for state Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living adjustments (COLA) up to a maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

PEPRA, which took effect in January 2013, changed the way CalPERS retirement benefits are applied, and places compensation limits on members, with the most impact felt by new CalPERS members. Under PEPRA, new members include:

(1) Members first joining on or after January 1, 2013, with no prior membership in another California public retirement system.

(2) Members first joining before January 1, 2013, who are hired by a different CalPERS employer after January 1, 2013, and have a break in service greater than six months.

(3) Members first joining on or after January 1, 2013, who are ineligible for reciprocity with another California public retirement system.

All members that do not fall into the definitions above will generally be considered classic members.

Required contribution rates for active plan members and employers as a percentage of payroll for the fiscal year ended June 30, 2023, were as follows:

Required Contribution Rates

	Employee Contribution Rates		Employer - Required Contribution Rates
	Classic	PEPRA	
PERF A – Agent			
State:			
Miscellaneous – First Tier	5% - 11%	6% - 11%	32.00%
Miscellaneous – Second Tier	3.75%	3.75%	32.00%
Industrial – First Tier	5% - 11%	6% - 11%	21.00%
Industrial – Second Tier	3.75%	3.75%	21.00%
Safety	11% - 11.50%	11% - 11.50%	22.75%
Peace Officers and Firefighters	8% - 13%	12% - 13%	50.00%
California Highway Patrol	13.50%	13.50%	67.54%
Public Agency:			
Miscellaneous	5% - 8%	5.75% - 8.75%	varies[1]
Safety	7% - 9%	10% - 15.50%	varies[1]
PERF B – Schools Cost-Sharing			
Classified School	7%	8%	25.37%
PERF C – Public Agency Cost-Sharing			
Public Agency:			
Miscellaneous	2% - 7.96%	4.50% - 8%	varies[1]
Safety	6.97% - 14.25%	10% - 16.50%	varies[1]
LRF	4% or 8%	N/A	31.80 %
JRF	8%	N/A	8%[2]
JRF II	8%	16%	23.23 %

(1) Required contributions for individual public agencies plans are the sum of the normal cost (expressed as a percentage of pay) and a payment toward any unfunded liability. Individual plan results vary.

(2) The employee and State contribution rates for the JRF are set by statute and are equal to 8% of payroll each. The JRF is currently funded using a pay-as-you-go approach, and statutory contributions made by the employees and the State are not adequate to meet current benefit payments. In Fiscal Year 2022-23, an additional State contribution of $198,557,517 was required to satisfy the pay-as-you-go cost.

DEFINED CONTRIBUTION PLANS

CalPERS currently administers a defined contribution plan and a deferred compensation plan for certain members. The following is a further description of each of these funds:

Public Employees' Deferred Compensation Fund (DCF) – The DCF was established by Chapter 1659 of the 1990 Statutes, granting the maximum tax-preferred retirement saving opportunities. The DCF is available to public agencies and school districts in the State of California on a voluntary basis. Participant contributions are made on a before-tax or after-tax basis (depending on agency adoption) and are made voluntarily. Participants may contribute up to the limit established under Internal Revenue Code (IRC) section 457(b), and may access their funds upon retirement, separation from employment, or other distributable events as allowed under the IRC.

Supplemental Contributions Program Fund (SCPF) – The SCPF was established by Chapter 307 of the 1999 Statutes. The SCPF is qualified under section 401(a) of Title 26 of the United States Code. The SCPF is currently available to State of California employees who are members of CalPERS and active judges who are members of the Judges' Retirement System or Judges' Retirement System II, and participation is voluntary. Participant contributions are made on an after-tax basis and are made voluntarily in addition to defined benefit contributions. Participants may contribute to a deferred compensation plan in conjunction with the SCPF, subject to IRC section 415(c) limits. Distributions are allowed only at retirement or permanent separation from employment.

As of June 30, 2023, membership in the defined contribution plans consisted of the following:

Members in DCF and SCPF

Plan	Employers	Members
DCF	843	34,624
SCPF	1	6,091

PENSION PREFUNDING PLAN

The California Employers' Pension Prefunding Trust Fund (CEPPTF) – The CEPPTF was established by Chapter 665 of the 2018 Statutes, and employers elect to participate in the CEPPTF to prefund pension contributions to their defined benefit pension plans. Currently, the CEPPTF has 89 participating employers. Of the 89 participating employers, 68 employers have contributed assets in the CEPPTF as of June 30, 2023. The CEPPTF is more fully described in Note 9 to the financial statements.

DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT PLAN

The California Employers' Retiree Benefit Trust Fund (CERBTF) – The Annuitants' Health Care Coverage Fund, also known as the CERBTF, was established by Chapter 331 of the 1988 Statutes, and employers elect to participate in the CERBTF to save funds to pay future retiree and survivor health care and other post-employment benefits (OPEB). Currently, the CERBTF has 606 participating employers. Of the 606 participating employers, 589 employers have contributed assets in the CERBTF as of June 30, 2023. The CERBTF is more fully described in Note 10 to the financial statements.

OTHER ADMINISTRATIVE ACTIVITIES

CalPERS administers other activities as follows:

Replacement Benefit Fund (RBF) – The RBF was established by Chapter 798 of the 1990 Statutes, providing replacement benefits to participants of the defined benefit pension plans. The RBF is more fully described in Note 11 to the financial statements.

Old Age and Survivors' Insurance Revolving Fund (OASI) – The OASI was established pursuant to Government Code section 22600 in order to carry out all of the provisions of the Old Age and Survivors' Insurance Program in accordance with Section 218 of Title II of the Social Security Act. The OASI Fund is more fully described in Note 12 to the financial statements.

Public Employees' Health Care Fund (HCF) – The HCF was created by Chapter 1129 of the 1987 Statutes under the Public Employees' Medical and Hospital Care Act (PEMHCA), providing health insurance coverage to CalPERS members through a pooled risk plan. The HCF is more fully described in Note 13 to the financial statements.

Public Employees' Contingency Reserve Fund (CRF) – The CRF was created by Chapter 1236 of the 1961 Statutes with the passage of PEMHCA, and provides a contingency reserve for items such as future premiums or future benefits. The CRF is more fully described in Note 14 to the financial statements.

Public Employees' Long-Term Care Fund (LTCF) – The LTCF was established by Chapter 1154 of the 1992 Statutes as part of the Public Employees Long-Term Care Act to administer the long-term care insurance plans available to eligible participants. The LTCF is described in more depth in Note 15 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The accompanying financial statements include all activities and funds administered by CalPERS. CalPERS is a component unit of the State of California for financial reporting purposes. CalPERS financial statements are included in fiduciary and proprietary funds in the State of California Annual Comprehensive Financial Report.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING & BASIS OF PRESENTATION

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, CalPERS adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accounts of CalPERS are organized and operated on the basis of funds. The Board has a fiduciary responsibility for the investments within both the fiduciary and proprietary funds. CalPERS has the following fund types as of June 30, 2023:

Fiduciary Funds – include pension trusts (PERF A, PERF B, PERF C, LRF, JRF, JRF II, DCF, SCPF), an investment trust (CEPPTF), an other post-employment trust (CERBTF), and custodial funds RBF and OASI, which account for assets held by the government in a trustee capacity or as a custodian on behalf of others. The pension trust funds include defined benefit plans and defined contribution plans, which are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Contributions to the defined benefit pension plans are recognized in the period in which the contributions are due pursuant to legal requirements. Contributions to the defined contribution plans, the investment plan, and the other post-employment benefit plan are recognized when received. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The RBF and OASI are custodial funds and are fiduciary in nature, accounted for on the flow of economic resources measurement focus and the accrual basis of accounting.

Proprietary Funds – include the HCF, CRF, and LTCF. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Operating revenues and expenses are distinguished from non-operating items and generally result from providing services in connection with ongoing operations. The principal operating revenues of the HCF and CRF are derived from premiums, Federal Employer Group Waiver Plan (EGWP) subsidies, and administrative service fees. The principal operating revenue for the LTCF is premiums. Operating expenses include the cost of claims and related administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating.

TARGET ASSET ALLOCATION

State statutes and Board policies allow investments in government, domestic and international debt, domestic and international equities, mutual funds, private equity, real assets, and other investments.

The following table shows the Board-adopted target asset allocation policy for the defined benefit pension plans, which was in effect as of June 30, 2023:

Target Asset Allocation

Asset Class	PERF A	PERF B	PERF C	LRF	JRF	JRF II
Public Equity	42%	42%	42%	18%	—	51%
Private Equity	13%	13%	13%	—	—	—
Fixed Income	30%	30%	30%	45%	—	21%
Real Assets	15%	15%	15%	—	—	—
Private Debt	5%	5%	5%	—	—	—
Strategic Leverage	(5%)	(5%)	(5%)	—	—	—
Liquidity	—	—	—	—	100%	—
Inflation Assets	—	—	—	20%	—	5%
REITs	—	—	—	14%	—	20%
Commodities	—	—	—	3%	—	3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

The California Employers' Retiree Benefit Trust Fund (CERBTF) enables employers to pre-fund liabilities for other post-employment benefits (OPEB). Three diversified policy portfolios (Strategy 1, 2, and 3) are available for employers to select depending on employer preferences for return and risk (volatility) expectations. By comparison, Strategy 1 has the higher long-term expected rate of return and return volatility, Strategy 2 has a moderate long-term expected rate of return and return volatility, and Strategy 3 has the lower long-term expected rate of return and return volatility. The following table shows the Board-adopted target asset allocation policy for the three CERBTF strategies:

CERBTF Target Asset Allocation

Asset Class	CERBTF Strategy 1	CERBTF Strategy 2	CERBTF Strategy 3
Public Equity	49%	34%	23%
Fixed Income	23%	41%	51%
Inflation Assets	5%	5%	9%
REITs	20%	17%	14%
Commodities	3%	3%	3%
Total	**100%**	**100%**	**100%**

The California Employers' Pension Prefunding Trust Fund (CEPPTF) enables employers to prefund employer contributions to defined benefit pension plans. Two diversified policy portfolios (Strategy 1 and 2) are available for employers to select depending on employer preferences for return and risk (volatility) expectations. By comparison, Strategy 1 has the higher long-term expected rate of return and return volatility. Strategy 2 has the lower long-term expected rate of return and return volatility.

The following table shows the Board-adopted target asset allocation policy for the two CEPPTF strategies:

CEPPTF Target Asset Allocation

Asset Class	CEPPTF Strategy 1	CEPPTF Strategy 2
Public Equity	37%	21%
Fixed Income	44%	61%
Inflation Assets	5%	9%
REITs	14%	9%
Total	**100%**	**100%**

CAPITAL ASSETS

Capital assets are defined as assets with an initial individual cost of $5,000 or more, or $1 million or more for intangible assets, and an estimated useful life in excess of one year. Capital assets consist of buildings, furniture, equipment, and intangible assets recorded at cost or, if donated, at their acquisition value. Capital assets are depreciated over their estimated useful lives, ranging from three to five years for furniture and equipment, and 40 years for buildings, and determined on an asset-by-asset basis for intangible assets, using the straight-line method of depreciation.

INVESTMENT COSTS

Investment costs presented within the accompanying financial statements consist of management and performance fees and other investment-related fees. Management and performance fees include all fees paid to external managers for public and private markets. Other investment-related fees include costs for fund administration, internal investment staff salaries, dividend tax withholding, certain trading fees, consultants, data, analytics, certain other taxes, custody, appraisals, legal services, technology, trading and portfolio management systems, audits, and tax advisory services. These other investment-related fees are reported in the Other Investment Expenses within the Statement of Changes in Fiduciary Net Position and detailed in the Investment Expenses Schedule in the Other Supplementary Information section.

The investment costs do not include the commissions and fees paid to transact public securities and private equity profit sharing realized by the PERF. These are reported in the Net Appreciation in Fair Value of Investments line in the Statement of Changes in Fiduciary Net Position. For additional detail, refer to the Schedule of Commissions & Fees table and the Private Equity Management Fees & Profit Sharing table within the Investment Section.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue/additions and expenses/deductions during the reporting period. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

CalPERS invests in securities that are exposed to a variety of risks, including interest rate, market, credit, liquidity, and foreign currency risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

The total pension liabilities and net pension liabilities disclosed in Note 8 to the Basic Financial Statements for the cost-sharing multiple-employer and single-employer defined benefit pension plans are measured based on certain assumptions, including the long-term rate of return on pension investments, inflation rates, and employee demographics, all of which are subject to change.

The estimated liability for future policy benefits in the Long-Term Care Fund is based on the present value of future benefits and expenses less the present value of future premiums. This liability is reported in the Statement of Net Position and is measured based on certain assumptions including a discount rate of 4.75 percent, morbidity rates, lapse rates, mortality, and plan expenses.

Due to uncertainties inherent in the estimations and assumptions described in this section, it is reasonably possible that changes in these estimates and assumptions in the near term may be material to the financial statements.

CalPERS participates in commercial insurance programs and is self-insured for fiduciary liability. During the fiscal year, insurance settlements did not exceed insurance coverage.

RECLASSIFICATIONS

Certain reclassifications have been made to the comparative totals as of, and for, the fiscal year ended June 30, 2022, to conform to the presentation as, of and for, the fiscal year ended June 30, 2023.

COMPARATIVE TOTALS

The Basic Financial Statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with CalPERS financial statements for the fiscal year ended June 30, 2022, from which the summarized information was derived.

TERMINATION OF PENSION PLANS

Public agency participation in the System may be terminated either due to a transfer of a public agency's plan to another qualified system as permitted by law, a public agency terminating its plan, or an involuntary termination by the Board. In the event that a public agency elects to transfer its plan, the assets of the plan and the related liability for benefits accrued are transferred to the other system. In the event that a public agency elects to terminate its plan or if there is an involuntary termination of a plan by the Board, the terminated agency is liable to the System for all costs to fund all benefits under the agency's contract. An unpaid deficit in funding will result in a commensurate reduction in benefits provided under that agency's contract.

EMPLOYER SHARE OF POST-EMPLOYMENT BENEFITS

As of June 30, 2023, CalPERS has adjusted its proportionate share of the state's net pension and OPEB liabilities totaling approximately $631 million and $507 million, respectively. CalPERS recorded these post-employment liabilities along with the corresponding amount of deferred inflows and outflows of resources and related post-employment benefit expense for all affected funds. CalPERS is not providing additional disclosures as it has concluded that presenting such employer related pension and post-employment obligations disclosures would be misleading to the users of CalPERS financial statements where the focus is on plans, not individual employer pension and post-employment obligations. Refer to the State of California Annual Comprehensive Financial Report for additional information on CalPERS pension and OPEB liabilities.

INTERFUND BALANCES

The Basic Financial Statements include amounts Due from Other Funds and Due to Other Funds. The principal purposes for these interfund balances include administration expense reimbursements due from other CalPERS funds to the PERF; incoming health premiums in transit and due from the CRF and due to the HCF; and member transfers in transit and due to and due from one pension plan to another. The balance of health premiums due from CRF to HCF was $185 million as of June 30, 2023. All interfund balances are expected to be repaid within one year from the date of these financial statements. This interfund activity occurs on a routine basis and is consistent with the activities of the fund making the transfer.

NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (SBITA) (GASB 96), was effective in Fiscal Year 2022-23. This statement identifies a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time (excluding SBITAs that are 12 months or less), in an exchange or exchange-like transaction. GASB 96 establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. CalPERS has determined GASB 96 will have an immaterial impact to financial reporting. However, CalPERS will continue to track SBITAs with respect to the requirements of GASB 96 for the future.

The objectives of GASB Statement No. 99 *Omnibus 2022* (GASB 99) are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. CalPERS implemented relative portions of GASB 99 in Fiscal Year 2022-23, while continuing to track requirements in GASB 99 deemed not material to financial reporting.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of approximately $2.1 billion at June 30, 2023, represent amounts held in the CalPERS general operating accounts with the State Treasury and the master custodian, State Street Bank and Trust Company. The underlying investments at the State Treasurer's Office are not individually identifiable by fund, as CalPERS monies are pooled with the monies of other state agencies and invested. The cash balances reported in the Statement of Cash Flows for proprietary fund types include cash in general operating accounts with the State Treasury and cash and money market funds (short-term investments) held at the Bank of New York Mellon in checking and demand deposit accounts, respectively.

4. INVESTMENTS

SHORT-TERM INVESTMENTS

Short-term investments consist of U.S. Treasury and government-sponsored securities, money market funds, commercial paper, certificates of deposit, repurchase agreements, asset-backed securities, notes, bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions.

INVESTMENTS AT FAIR VALUE

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72) requires investments measured at fair value to be categorized under a fair value hierarchy. CalPERS determines fair value of its investments based upon both observable and unobservable inputs. The System categorizes its fair value measurements within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.
- Level 3 – unobservable inputs for an asset or liability, which generally results in a government using the best information available and may include the government's own data.

  The remaining investments not categorized under the fair value hierarchy are shown at net asset value (NAV). NAV is used as a practical expedient to estimate the fair value of CalPERS interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2023, CalPERS had no specific plans or intentions to sell investments at amounts different from NAV.

Notes to the Basic Financial Statements (continued)

The following table presents a summary of CalPERS investments by type as of June 30, 2023, at fair value:

CalPERS – Investments at Fair Value[1] (Dollars in Thousands)

	Fair Value June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Public Equity				
Domestic Equity	$122,879,269	$122,879,269	$0	$0
International Equity	77,086,453	77,086,453	—	—
Total Public Equity	**$199,965,722**	**$199,965,722**	**$0**	**$0**
Global Debt				
Asset-Backed[2]	$22,993,983	$0	$21,961,188	$1,032,795
Bank Loans	277,002	—	277,002	—
International Debt	7,340,106	—	7,340,106	—
Municipal/Public Bonds	77,547	—	77,547	—
Sovereign Debt	15,478,737	—	15,478,737	—
U.S. Corporate	28,470,484	—	28,470,484	—
U.S. Treasuries, STRIPS and TIPS	14,777,216	—	14,777,216	—
Total Global Debt	**$89,415,075**	**$0**	**$88,382,280**	**$1,032,795**
Derivatives				
Futures	$243,234	$243,234	$0	$0
Rights & Warrants	363	—	363	—
Forward Contract Assets	1,353,703	—	1,353,703	—
Forward Contract (Liabilities)	(698,760)	—	(698,760)	—
Swap Assets	40,438	—	40,438	—
Swap (Liabilities)	(165,168)	—	(165,168)	—
Total Derivatives	**$773,810**	**$243,234**	**$530,576**	**$0**
Other				
Rule 144(a) Securities	$35,292,860	$0	$35,292,860	$0
Securitized Assets	657,706	—	—	657,706
Private Equity[3]	11,950	—	—	11,950
Total Other	**$35,962,516**	**$0**	**$35,292,860**	**$669,656**
Total Investments by Fair Value Level	**$326,117,123**	**$200,208,956**	**$124,205,716**	**$1,702,451**
Investments Measured at NAV				
Commingled/Pooled Funds	$27,671,598			
Real Assets	68,759,263			
Private Equity[3]	60,138,102			
Private Debt	10,915,404			
Other Investments	31,172			
Total Investments Measured at NAV	**$167,515,539**			
Total Investments Measured at Fair Value	**$493,632,662**			

(1) Certain securities and derivatives disclosed in this table may be classified as short-term investments, global equity or debt securities, investment sales and other receivables, and investment purchases and other payables on the combined Statement of Fiduciary Net Position – Fiduciary Funds and the Statement of Net Position – Proprietary Funds. Accordingly, the totals presented in this table will not agree to the combined totals of investments presented in those statements.
(2) Asset-backed holdings categorized at level 3 represent the fair value of assets based off unobservable inputs using the best available information and may or may not include own data by the government entity.
(3) Private Equity is shown at NAV on the Statement of Fiduciary Net Position – Fiduciary Funds, while the direct holdings categorized in Level 3 represent the fair value of the assets for each private equity investment for GASB 72 purposes and investments recorded at sales price. Real assets are valued at NAV.

Notes to the Basic Financial Statements (continued)

Public equity includes both domestic and international securities, and are classified in Level 1. Fair value is obtained using a quoted price from active markets. The security price is generated by market transactions involving identical or similar assets, which is the market approach to measuring fair value. Inputs are observable in exchange markets, dealer markets, brokered markets, and principal-to-principal markets, for which prices are based on trades of identical securities.

Fixed Income consists primarily of asset-backed securities (securitized offerings backed by residential and commercial mortgages, credit cards, auto and student loans), bank loans, international debt securities, municipal/public bonds, sovereign debt, U.S. treasuries, and U.S. corporate securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification that values these investments using observable inputs. Asset-backed securities not classified as Level 2 include collateralized mortgage obligations (CMO), which are mortgage-backed securities that contain a pool of mortgages bundled together and sold as an investment. These are classified in Level 3 of the fair value hierarchy, as assumptions are made by CalPERS to determine prepayment rates, probability of defaults, and loss severity, all of which are unobservable inputs.

Futures are actively traded on major exchanges with quoted prices, and are classified in Level 1 of the fair value hierarchy. Index, commodity, and fixed income futures are publicly traded on active markets, which is the market approach to valuing securities. All other derivatives are classified in Level 2 of the fair value hierarchy. For swaps, observable inputs may include yield curves or interest rates. Options, rights, warrants, and forward contracts are priced using the cost approach and/or are on a dealer market traded on lower frequencies. When these derivative securities are valued, they may not have similar or observable pricing inputs compared to securities that are valued using the market approach. Refer to Note 7 in the Notes to the Basic Financial Statements for further detail regarding other derivatives.

Other investments at fair value include securities subject to Rule 144(a) of the Securities Act of 1933, which modifies a two-year holding period requirement on privately placed securities to permit qualified institutional buyers to trade these positions among themselves. These securities are typically acquired through unregistered, private sales, or constitute a control stake in an issuing company. Due to pricing inputs that are observable either directly or indirectly, which include quoted prices for similar securities in active or inactive markets, or market-corroborated inputs, these securities are classified as Level 2. Additionally, other investments include securitized investments, which contain pooled debt instruments, limited partnership investments, and various other investment structures. Many securitized assets are created by combining similar financial assets into a security, and are marketed to investors as a single investment. Typically, these assumptions are internally generated and cannot be observed in an active market. Due to the fact that these assumptions are unobservable for holdings categorized as other investments, these are also classified as Level 3. Private equity holdings, in which CalPERS invests directly, are valued at Level 3 of the fair market value hierarchy. Private equity holdings are valued at the income, cost, or market approach depending on the type of holdings. All direct holdings are valued using unobservable inputs and are classified in Level 3 of the fair value hierarchy.

Investments Measured at NAV (Dollars in Thousands)

Asset class	Fair Value	Unfunded Commitments
Commingled/Pooled Funds	$27,671,598	$0
Real Assets	68,759,263	5,225,908
Private Equity	60,138,102	34,629,605
Private Debt/Other Investments	10,946,576	18,882,994
Total	**$167,515,539**	**$58,738,507**

A commingled fund/pooled investment vehicle is a fund with capital pooled from multiple investors that is deployed to a mutually agreed upon strategy. The fair value of commingled funds/pooled investment vehicles is measured at NAV, where fair value is measured by multiplying the pool's share price by the number of shares held. Typically, there are no redemption constraints for the commingled funds.

Real asset investments (real estate, infrastructure, and forestland) are held either in separate accounts, as a limited partner, or in a joint venture or commingled fund. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

Private equity holdings include fund and co-investments with existing CalPERS general partners, direct secondary investments, and fund of funds. By their very nature, these investments are illiquid and typically not resold or redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over an average of 10 years.

Private Debt strategies include direct lending, specialty lending, real estate financing, liquidity financing, and private structure products.

Other investments include funds that hold securities for varying investment strategies, which include:

- Emerging Managers Program – objectives include:
    - Generating appropriate risk-adjusted returns by identifying early stage funds and managers with strong potential for success.
    - Accessing unique investment opportunities that may be otherwise overlooked.
    - Cultivating the next generation of external investment manager talent.
- Absolute Return Strategies – investments that focus on management of total risk, and on generation of returns independent of broad market movements. This strategy is no longer actively managed but some residual balances exist at fiscal year end.
- Venture Capital Funds – investments made to finance small, early-stage, emerging firms that are believed to have long-term growth potential.
- Opportunistic Strategies – objectives include:
    - Invests outside the mandate of traditional asset classes.

The other investment strategies are reported at NAV as they are externally managed fund-structure investments in nongovernmental entities that do not have readily determinable fair values. The redemption terms for these investments typically range from at-will up to 90 days, with the exception of the Multi-Asset Class Strategies, Absolute Return Strategies, Opportunistic Strategies, and Venture Capital Funds.

CalPERS invests in privately held real assets with vehicles such as separate accounts, direct investments, and commingled funds. Separate accounts, with co-invested external managers, are the predominant vehicle and operate through an annual investment process where commitments are generally revocable and excluded from the unfunded commitment disclosure. Direct vehicles generally entail a contractual commitment to an operating company, not controlled by a general partner. With commingled funds, CalPERS commits a stated amount of capital and funds such capital at the partners' request; undrawn balances are included in the unfunded commitment disclosure.

Certain real asset investments are leveraged in that partnerships have been established to purchase properties through a combination of contributions from CalPERS and other investors and through the acquisition of debt. Real asset investments of approximately $68.8 billion are reported at NAV.

RATE OF RETURN

The money-weighted rate of return (MWRR) expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Following is the annual MWRR, net of investment expense, for the fiscal year ended June 30, 2023:

Money-Weighted Rate of Return

Plan	Rate of Return
PERF A	
Agent	6.1%
PERF B	
Schools Cost-Sharing	6.1%
PERF C	
Public Agency Cost-Sharing	6.1%
LRF	0.6%
JRF	4.5%
JRF II	7.1%
CERBTF	6.0%
CEPPTF	4.7%

5. INVESTMENT RISK DISCLOSURES

INVESTMENT LEGAL DISCLOSURES

The Board of Administration's investment authority as well as other administrative duties and responsibilities are outlined in the California Constitution, Article 16, Section 17, the Public Employees' Retirement Law, Article 6, Section 20190, and the California Public Employees' Pension Reform Act of 2013, Article 4 of Chapter 21 of Division 7 of Title 1, which, among other things, require diversification of investments so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. As such, policies voted on by the Board allow for investments in government, domestic and international debt, domestic and international equities, mutual funds, private equity, real assets, and other investments, except for certain investments specifically prohibited by other statutes.

DEPOSIT AND INVESTMENT RISK DISCLOSURES

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3* (GASB 40), CalPERS discloses investments of all CalPERS-managed funds that are subject to certain risks: custodial credit risk, concentration of credit risk, interest rate risk, credit risk, and foreign currency risk.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the System would not be able to recover the value of its deposits, investments, or collateral securities. As of June 30, 2023, a portion of the System's investments, other than posted collateral for futures and over-the-counter instruments, is held in the System's name and is not exposed to custodial credit risk. Where CalPERS trusts invest in commingled funds, the assets within the fund are held in the name of the trustee of the fund and not in CalPERS' name. There are no general policies relating to custodial credit risk.

Concentration of Credit Risk
Other than U.S. Government Securities, which are not subject to the GASB 40 disclosure requirements, CalPERS utilizes its control framework that includes policies and policy-related procedures that are inclusive of issuer concentration and credit quality limits. CalPERS does not have investments in any single issuer that represent 5 percent or more of fiduciary net position or total investments.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, this risk is managed within the portfolios using the effective duration or option-adjusted methodology. CalPERS investment policy and policy-related procedures require the option-adjusted duration of the fixed income segments to stay within specified bands of their respective benchmarks. Generally, all individual portfolios are required to maintain a specified level of risk relative to their benchmark.

CalPERS invests in securities with contractual cash flows, such as asset-backed securities, collateralized mortgage obligations, commercial mortgage-backed securities, securities backed by residential and commercial mortgage loans, high yield and investment grade corporate securities, emerging market sovereign debt, and U.S. Treasuries. The value, liquidity, and related income of these securities are sensitive to changes in economic and market conditions, changes in interest rates, shifts in the market's perception of the issuers, changes in credit quality, supply and demand, and term to maturity.

The following table presents the weighted average effective duration for CalPERS investments subject to interest rate risk as of June 30, 2023:

CalPERS – Debt Securities Subject to Interest Rate Risk
(Dollars in Thousands)

Debt Security Type	Portfolio Weighted Average Effective Duration	Fair Value June 30, 2023	Percent of Debt Securities
Corporate	8.21	$55,036,834	44.48%
U.S. Treasuries and Agencies:			
U.S. Treasury Bonds	16.33	11,818,496	9.55%
U.S. Treasury Notes	7.67	2,897,713	2.34%
U.S. Treasury Strips	9.49	61,007	0.05%
Mortgages	5.11	22,938,777	18.54%
Asset-Backed	0.23	14,151,142	11.43%
Foreign Government	7.02	17,579,271	14.21%
Municipals	11.42	77,547	0.06%
No Effective Duration:			
Asset-Backed	N/A	$258,955	0.21%
Mortgages	N/A	27,294	0.02%
Corporate	N/A	119,855	0.10%
Swaps	N/A	(1,230,463)	(0.99%)
Total		**$123,736,428**	**100.00%**

CalPERS invests in the State Treasury pool, State Street Bank Global Advisors' (SSGA) fund: Short-Term Investment Fund (STIF), U.S. Government Short-Term Investment Fund (GSTIF), and other short-term investment funds. These investments are included as part of the short-term investments in the financial statements. As of June 30, 2023, the pooled money investment account with the State Treasury totaled approximately $1.2 billion. The SSGA STIF totaled approximately $5.8 billion, and the SSGA GSTIF totaled approximately $0.8 billion. The short-term securities reported in the Statement of Fiduciary Net Position and the Statement of Proprietary Net Position are reported at fair value. As of June 30, 2023, the weighted average maturity was 260 days for the State Treasury pool, 25 days for the SSGA STIF, and 22 days for the SSGA GSTIF. Both the SSGA STIF and the SSGA GSTIF are rated as P1. The State Treasury pool is not rated.

The LRF, JRF II, CERBTF, SCPF, DCF, HCF, LTCF, and CEPPTF invest in various SSGA funds, with weighted average maturities and credit ratings as of June 30, 2023:

CalPERS – SSGA Fund Weighted Average Maturity and Credit Risk (Dollars in Thousands)

SSGA Fund	Fair Value June 30, 2023	Credit Rating[1]	Weighted Average Maturity[2]
Bloomberg Barclays Long Liability Index	$7,962,032	Aa3	14.72
1-10 Year U.S. TIPS Index	8,621	Aaa	4.53
U.S. Aggregate Bond Index	273,548	Aa2	8.79
U.S. Bond Index	399,984	Aa2	8.75
U.S. Short-Term Government/ Credit Bond Index	37,447	Aa2	1.97
U.S. TIPS Index Non Lending	1,196,436	Aaa	7.22
U.S. TIPS Index Security Lending	133,719	Aaa	7.23
Total	**$10,011,787**		

(1) Credit rating reflects fair value weight of all the rated securities held by the portfolio (excludes unrated securities) using the middle rating provided by either S&P, Moody's, and Fitch or lower if only two agency ratings are available.
(2) The weighted average maturity disclosed in this table is in years.

The following table presents the weighted average duration for securities lending collateral subject to interest rate risk as of June 30, 2023:

CalPERS – Securities Lending Collateral Subject to Interest Rate Risk (Dollars in Thousands)

Security Type	Fair Value June 30, 2023	Percent of Securities Lending Collateral
No Effective Duration:		
Money Market Fund[1]	1,065,825	28.7 %
Short-Term Investment Fund[2]	2,651,865	71.3 %
Total[3]	**$ 3,717,690**	**100.0 %**

(1) Money Market Fund is invested in U.S. Treasury securities with a weighted average maturity (to final maturity) of one day.
(2) Short-Term Investment Fund has a weighted average maturity (to final maturity) of one day.
(3) This figure does not include $3,018,228 in repurchase agreements since those investments are not subject to GASB 40 disclosure. The fair value of the investments in the securities lending collateral portfolio is $6,735,918 for fiduciary funds.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's controls framework, which includes investment policy and policy-related procedures, establish both general and specific risk measures. We manage credit risk through our policy and policy-related procedures, which is inclusive, but not limited to sector, issuer concentration, and credit quality limits. Of the total fixed income portfolio of the rated securities, 69 percent are investment-grade securities.

Investment-grade securities have low default probabilities and are rated at a minimum of Baa3 or BBB- by independent agencies (Moody's or Standard & Poor's/Fitch, respectively). Each portfolio is required to maintain a specified risk level.

The following table is a summary of the ratings of CalPERS fixed income securities as of June 30, 2023:

CalPERS – Debt Security Investments Subject to Credit Risk (Dollars in Thousands)

Moody's Quality Rating	Fair Value June 30, 2023[1]	Fair Value as a Percent of Debt Security Investments
Aaa	$23,924,525	19.34%
Aa1	141,588	0.11%
Aa2	1,999,961	1.62%
Aa3	1,963,686	1.59%
A1	5,826,374	4.71%
A2	4,840,313	3.91%
A3	3,753,915	3.03%
Baa1	5,754,840	4.65%
Baa2	12,237,227	9.89%
Baa3	4,249,825	3.44%
Ba1	3,065,676	2.48%
Ba2	5,028,429	4.06%
Ba3	5,099,429	4.12%
B1	5,140,104	4.15%
B2	3,798,354	3.07%
B3	4,713,801	3.81%
Caa1	1,166,211	0.94%
Caa2	423,917	0.34%
Caa3	47,937	0.04%
C	—	—%
NA[2]	9,945,627	8.04%
NR[3]	20,208,688	16.33%
N/A	406,002	0.33%
Total	**$123,736,429**	**100.00%**

(1) Certain securities disclosed in this table may be classified as short-term investments on the combined Statement of Fiduciary Net Position – Fiduciary Funds and the Statement of Net Position – Proprietary Funds. Accordingly, the totals presented in this table will not agree to the combined totals of investments presented in those statements.
(2) NA represents U.S. government securities that are not applicable to the GASB 40 disclosure requirements.
(3) NR represents those securities that are not rated by credit agencies.

The following table is a summary of the ratings of the securities lending collateral subject to credit risk:

CalPERS – Securities Lending Collateral Subject to Credit Risk (Dollars in Thousands)

Moody's Quality Rating	Fair Value	Fair Value as a Percent of Securities Lending Collateral
NR[1, 2]	$3,717,690	100.00%
Total[3]	**$3,717,690**	**100.00%**

(1) NR represents those securities that are not rated.
(2) This figure includes $1,065,825 invested in a money market fund, $2,651,865 invested in short-term investment fund.
(3) This figure does not include $3,018,228 in repurchase agreements since they are not subject to GASB 40 disclosure. The fair value of the investments in the securities lending collateral portfolio is $6,735,918 for fiduciary funds.

Foreign Currency Risk

Foreign currency risk is defined as any deposits or investments that are denominated in foreign currencies, which bear a potential risk of loss arising from changes in currency exchange rates. The System's asset allocation and investment policies allow for active and passive investments in international cash to reflect benchmarks that have both U.S. domestic and foreign currency. While there is not a formal policy related to foreign currency risk, the System manages and addresses the risk in asset class policies and policy-related procedures through metrics such as tracking error, and is required to report total non-USD currency exposures to the Board as part of its Trust Level Review. The proportion of international stocks within the public equity portfolio is roughly equal to their market capitalization weight in the public equity benchmark. For fixed income, investing includes exposure to non-dollar denominated issues. Real assets and private equity do not have a target allocation for international investments. Foreign currency risk disclosures are shown in the CalPERS – International Investment Securities table.

CalPERS – International Investment Securities[1] – Fair Value[2] at June 30, 2023 (U.S. Dollars in Thousands)

Currency	Cash	Equity	Real Assets	Private Equity	Forward Contracts	Total U.S. Dollars
Argentina Peso	$0	$0	$69,481	$0	$0	$69,481
Australian Dollar	124	2,838,071	1,024,900	—	37,157	3,900,252
Bahamian Dollar	—	—	6,980	—	—	6,980
Brazilian Real	1,090	971,391	723,063	—	(65,064)	1,630,480
British Pound	1,470	5,874,271	2,964,449	240,327	174,775	9,255,292
Canadian Dollar	736,211	5,095,597	72,189	54,912	(5,015)	5,953,894
Chilean Peso	1	—	67,917	—	(17,468)	50,450
Chinese Yuan Renminbi	20,151	1,458,462	970,312	—	36,009	2,484,934
Colombian Peso	—	—	—	—	7,835	7,835
Czech Koruna	—	—	—	—	(11,624)	(11,624)
Danish Krone	239	1,451,389	54,337	—	20,224	1,526,189
Egyptian Pound	—	—	—	—	(4,254)	(4,254)
Euro Currency	5,178	13,894,350	3,765,399	6,964,710	255,274	24,884,911
Guatemalan Quetzal	—	—	100,628	—	—	100,628
Hong Kong Dollar	435	6,158,211	5,358	—	32	6,164,036
Hungarian Forint	—	—	—	—	(21,076)	(21,076)
Indian Rupee	537	2,578,930	40,369	—	1,177	2,621,013
Indonesian Rupiah	320	668,965	—	—	1,531	670,816
Iraqi Dinar	—	—	13,507	—	—	13,507
Israeli Shekel	381	373,968	(30,757)	—	18,292	361,884
Japanese Yen	908,108	15,573,812	89,234	—	212,933	16,784,087
Kuwaiti Dinar	—	—	—	—	(136)	(136)
Malaysian Ringgit	559	447,830	35,573	—	—	483,962
Mexican Peso	438	393,410	110,869	—	(5,480)	499,237
New Taiwan Dollar	13,155	5,054,197	(80)	—	(1,028)	5,066,244
New Zealand Dollar	250	179,244	23,514	—	4,837	207,845
Norwegian Krone	1,677	305,630	2,435	—	(4,517)	305,225
Panamanian Balboa	—	—	7,876	—	—	7,876
Peruvian Nuevo Sol	—	—	49,948	—	(681)	49,267
Philippine Peso	231	151,331	—	—	992	152,554
Polish Zloty	—	—	6,631	—	(13,877)	(7,246)
Qatari Riyal	606	282,613	—	—	—	283,219
Russian Ruble	—	—	120,116	—	12,381	132,497
Saudi Riyal	9,720	1,482,699	26,295	—	(9)	1,518,705
Singapore Dollar	(406)	1,101,582	121,861	—	3,336	1,226,373
South African Rand	151	451,779	—	—	(3,094)	448,836
South Korean Won	440	2,542,625	21,751	—	4,987	2,569,803
Swedish Krona	331	1,129,766	123,279	—	2,086	1,255,462
Swiss Franc	673	5,527,928	—	—	29,270	5,557,871
Thailand Baht	464	633,309	—	—	3,298	637,071
Turkish Lira	—	—	70,003	—	(22,506)	47,497
UAE Dirham	242	473,857	5,464	—	2	479,565
West African CAF franc	—	—	46,340	—	—	46,340
Total	**$1,702,776**	**$77,095,217**	**$10,709,241**	**$7,259,949**	**$650,599**	**$97,417,782**

(1) This table presents investment securities of all CalPERS managed funds, including derivative instruments that are subject to foreign currency risk; investment securities includes partnership level information for private assets. Applicable derivative instrument amounts are reflected under Equity and Forward Contracts columns.
(2) Certain securities disclosed in this table may be classified as short-term investments on the combined Statement of Fiduciary Net Position – Fiduciary Funds and the Statement of Net Position – Proprietary Funds. Accordingly, the totals presented in this table will not agree to the combined totals of investments presented in those statements.

6. SECURITIES LENDING

The State Constitution and Board policy permits CalPERS to enter into securities lending transactions, which are collateralized loans of securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future.

CalPERS has contracted with eSecLending, LLC (eSec) as securities lending agent to loan domestic and international equity and debt securities. CalPERS receives both cash and noncash (i.e., securities) collateral. Domestic and international securities are collateralized at a minimum of 102 percent and 105 percent, respectively, of the loaned securities' fair value. CalPERS cannot seize the collateral without borrower default; the non-cash collateral is therefore not reported in CalPERS financial statements in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions* (GASB 28). Management believes CalPERS has minimized credit risk exposure to borrowers by requiring the borrower to provide collateralization greater than 100 percent of the fair value of the securities loaned. The securities loaned are priced daily by third-party sources, and margins are delivered/received daily to maintain over-collateralized levels. Securities on loan can be recalled or returned by CalPERS or the borrower at any time. Since loans are terminable at will, loan durations do not generally match the duration of the investments made with the cash collateral. CalPERS may enter into term loan agreements, which are evaluated on an individual basis. On June 30, 2023, the fair value of the securities on loan was approximately $40.4 billion. The securities on loan remain on CalPERS' Statement of Fiduciary Net Position in their respective investment categories. At June 30, 2023, cash collateral received totaling $13.4 billion is reported as securities lending obligation, and the fair value of reinvested cash collateral totaling $6.7 billion is reported as securities lending collateral on the Statement of Fiduciary Net Position. $6.7 billion of cash collateral was transferred to CalPERS and are recognized as assets on the Ststement of Fiduciary Net Position under the appropriate asset class. All transferred collateral can be available to satisfy securities lending obligation when necessary. The changes in fair value of the reinvested cash collateral are reported as net appreciation/depreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position.

CalPERS securities lending reinvestment collateral guidelines prescribe that cash collateral received needs to be invested in short-term, high-credit-quality securities. Currently, eSecLending and CalPERS manage the collateral.

7. INVESTMENT DERIVATIVES

CalPERS holds investments in swaps, options, futures, rights, and warrants and enters into forward foreign currency exchange contracts. The fair value of futures is determined using the market approach based upon quoted market prices. The fair value of options, rights, warrants, and swaps is determined using the cost approach, because these are traded with lower frequencies. The fair value of derivative investments that are exchange-traded, such as options, rights, and warrants, are priced using the exchange they are traded on. Non-exchange-traded investments, such as swaps, are determined by an external pricing service using various proprietary methods. The fair value of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated as the difference between the contract exchange rate and the exchange rate at the end of the reporting period.

Futures contracts are marked to market at the end of each trading day, and the settlement of gains or losses occurs on the following business day through the movement of variation margins. Over-the-counter derivatives, such as swaps, generally reset monthly and the settlement of gains or losses occurs the following business day. Currency forward contracts roll quarterly, updating the contract exchange rate.

With all over-the-counter derivatives, such as swaps and currency forwards, CalPERS is exposed to counterparty risk. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, posting collateral exposure, and monitoring procedures, in addition to adherence to the standard International Swaps and Derivatives Association and Credit Support Annex agreements with all counterparties.

At June 30, 2023, the aggregate fair value of investment derivatives in an asset position subject to counterparty credit risk was approximately $1.6 billion. The aggregate amount of cash collateral held by CalPERS on behalf of over-the-counter derivatives was approximately $241.8 million.

Notes to the Basic Financial Statements (continued)

CalPERS – Derivative Instruments Summary[1, 2] (Dollars in Thousands)

Investment	Net Appreciation/ (Depreciation) in Fair Value for the Fiscal Year Ended June 30, 2023	Fair value at June 30, 2023		
Derivatives (by Type)	**Amount**	**Classification**	**Amount**	**Notional**
Credit Default Swaps Bought	($1,887)	Investment Revenue	$804	$64,970
Credit Default Swaps Written	7,399	Investment Revenue	(8,369)	379,100
Fixed Income Futures Long	(1,064,305)	Investment Revenue	166,674	1,292,105,259
Fixed Income Futures Short	169,965	Investment Revenue	(3,988)	(245,966,607)
FX Forwards	116,132	Investment Revenue	654,943	49,855,526
Index Futures Long	747,114	Investment Revenue	81,054	7,385,498
Index Futures Short	6,182	Investment Revenue	(506)	(48,866)
Rights[3]	(1,507)	Investment Revenue	353	1,046
Total Return Swaps Bond	(908,879)	Investment Revenue	(222,606)	6,368,085
Total Return Swaps Equity	783,459	Investment Revenue	105,441	(7,011,552)
Warrants[3]	(21)	Investment Revenue	10	46
Total	**($146,348)**		**$773,810**	

(1) The information presented in this table is derived from CalPERS' June 30, 2023, accounting records and in some instances may reflect trades on a one-day lag basis.
(2) Derivative instruments subject to foreign currency risk include FX Forwards, and a portion of the Rights and Index Futures amounts listed. These amounts are reflected in the International Investment Securities table under Forward Contracts and Equity columns.
(3) Rights and Warrants are Notional units.

CalPERS – Derivative Instruments Subject to Interest Rate Risk (Dollars in Thousands)

		Investment Maturities (in years)			
Investment Type	**Fair Value June 30, 2023**	**Under 1**	**1–5**	**6–10**	**10+**
Total Return Swaps Equity	$105,441	$105,441	—	—	—
Total	**$105,441**	**$105,441**	**$0**	**$0**	**$0**

Notes to the Basic Financial Statements (continued)

CalPERS – Derivative Instruments Highly Sensitive to Interest Rate Changes (Dollars in Thousands)

Investment Type	Reference Rate	Fair Value at June 30, 2023	Notional
Total Return Bond Swaps	Receive Variable 12-month FED funds, Pay Equity	($222,606)	$6,249,988
Total Return Bond Swaps	Receive Variable 12-month FED funds, Pay fixed 0%	—	118,097
Subtotal – Total Return Bond Swaps		**($222,606)**	**$6,368,085**
TOTAL		**($222,606)**	**$6,368,085**

CalPERS – Derivative Instruments Subject to Counterparty Credit Risk

Counterparty	Percentage of Net Exposure	Moody's Ratings
Goldman Sachs International	19.73%	A1
JP Morgan Chase Bank, N.A.	16.30%	Aa2
HSBC Bank USA	9.07%	Aa3
Royal Bank of Canada	7.06%	A1
Societe Generale	6.42%	A1
UBS AG	6.04%	Aa3
Citibank, N.A.	5.82%	Aa3
BNP Paribas, S.A.	5.65%	Aa3
Morgan Stanley Capital Services, Inc.	4.53%	A1
Natwest Markets Plc	3.72%	A1
Standard Chartered Bank	3.03%	A1
Bank of America, N.A.	2.55%	Aa1
Bank of New York	1.74%	A1
UBS AG (Union Bank of Switzerland) Zurch	1.52%	Aa3
Goldman Sachs Bank USA	1.50%	A2
Wells Fargo Bank, N.A.	1.47%	A1
Wells Fargo Bank, N.A.	1.17%	Aa2
Toronto Dominion Bank	1.06%	A1
State Street Bank and Trust Company	0.80%	Aa3
Bank of Montreal	0.24%	Aa2
Bank of America ICE	0.13%	A1
Bank of America Intl NY United States	0.12%	A1
Barclays Bank Plc Wholesale	0.11%	A1
Canadian Imperial Bank of Commerce	0.08%	Aa2
Barclays Bank Plc	0.08%	A1
Citigroup Global Markets ICE	0.05%	NR
Morgan Stanley Co., Incorporated	0.01%	A1
TOTAL	**100.00%**	

8. EMPLOYERS' NET PENSION LIABILITY/(ASSET)

The components of the net pension liability of the PERF B, PERF C, LRF, JRF, and JRF II as of June 30, 2023, are reported in the Net Pension Liability/(Asset) table. PERF A is an agent multiple-employer plan and therefore not disclosed in the following tables, consistent with GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB 67) reporting requirements.

Net Pension Liability/(Asset) (Dollars in Thousands)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
PERF B				
Schools Cost-Sharing	$120,513,549	$84,314,661	$36,198,888	70.0%
PERF C				
Public Agencies Cost-Sharing	52,441,984	39,966,634	12,475,350	76.2%
LRF				
State of California	88,315	95,669	(7,354)	108.3%
JRF				
State of California	2,493,768	46,327	2,447,441	1.9%
JRF II				
State of California	2,293,612	2,328,782	(35,170)	101.5%

The total pension liability for each defined benefit plan was determined by actuarial valuations as of June 30, 2022, which were rolled forward to June 30, 2023, using the following actuarial assumptions:

Actuarial Assumptions Used to Measure the Total Pension Liability

	PERF B Schools Cost-Sharing	PERF C Public Agency Cost-Sharing	LRF	JRF	JRF II
Inflation Rate	2.30%	2.30%	2.30%	2.30%	2.30%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service	2.80%	2.80%	2.80%
Mortality Rate Table[1]	Derived using CalPERS membership data for all funds				
The above actuarial assumptions were based upon the following experience study periods:	2000-2019	2000-2019	2000-2019	2000-2019	2000-2019
Post-Retirement Benefit Increase	2.00% until PPPA[2] floor on purchasing power applies, 2.30% thereafter	Contract COLA up to 2.30% until PPPA[2] floor on purchasing power applies, 2.30% thereafter	2.30%	2.80%	2.30%
Long-term rate of return assumption on plan investments used in discounting liabilities:	6.90%	6.90%	4.85%	3.86%	6.15%

(1) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

(2) Purchasing Power Protection Allowance (PPPA) is a benefit designed to restore the original purchasing power of CalPERS retirees to a predetermined limit.

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 and, combined with risk estimates, 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.

PERF B & PERF C – Long-Term Expected Real Rates of Return by Asset Class

Asset Class	Assumed Asset Allocation	Real Return[1, 2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected price inflation of 2.30% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management study.

LRF – Long-Term Expected Real Rates of Return by Asset Class

Asset Class[1]	Assumed Asset Allocation	Real Return[2,3]
Public Equity	18.00%	4.50%
Fixed Income	45.00%	1.40%
TIPS	20.00%	0.50%
Commodities	3.00%	1.10%
REITs	14.00%	3.70%

(1) In the Basic Financial Statements, Commodities and REITs are included in Public Equity; TIPS are included in Fixed Income.
(2) An expected inflation of 2.30% used for this period.
(3) Figures are based on the 2021-22 Asset Liability Management study.

JRF II – Long-Term Expected Real Rates of Return by Asset Class

Asset Class[1]	Assumed Asset Allocation	Real Return[2,3]
Public Equity	51.00%	4.50%
Fixed Income	21.00%	1.40%
TIPS	5.00%	0.50%
Commodities	3.00%	1.10%
REITs	20.00%	3.70%

(1) In the Basic Financial Statements, Commodities and REITs are included in Public Equity; TIPS are included in Fixed Income.
(2) An expected inflation of 2.30% used for this period.
(3) Figures are based on the 2021-22 Asset Liability Management study.

DISCOUNT RATE

PERF B, PERF C, LRF, and JRF II

The discount rates used to measure the total pension liability as of June 30, 2023, for the PERF B, PERF C, LRF, and JRF II were 6.90 percent, 6.90 percent, 4.85 percent, and 6.15 percent, respectively. These discount rates are equal to the long-term expected rate of return of the respective plan assets and are net of investment expense but not reduced for administrative expenses.

PERF B, PERF C, LRF, and JRF II fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

JRF

The discount rate used to measure the total pension liability as of June 30, 2023, was 3.86 percent, which differs from the discount rate used as of June 30, 2022, of 3.69 percent. The state funds the JRF benefit obligations using the pay-as-you-go method. Under the pay-as-you-go method, the pension plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments of current active and inactive employees. The discount rate is based on a 20-year tax-exempt General Obligation Municipal Bond with an average rating of AA (as reported in Fidelity Index's "20-Year Municipal GO AA Index") and was applied to all periods of projected benefit payments to measure the total pension liability.

Notes to the Basic Financial Statements (continued)

SENSITIVITY OF THE NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability/(asset) of the PERF B, PERF C, LRF, JRF, and JRF II calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (-100 basis points) or one percentage point higher (+100 basis points) than the current rate:

Sensitivity Analysis (Dollars in Thousands)

Discount Rate (assumed)

Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
PERF B				
Schools Cost-Sharing	$120,513,549	$84,314,661	$36,198,888	70.0%
PERF C				
Public Agencies Cost-Sharing	52,441,984	39,966,634	12,475,350	76.2%
LRF				
State of California	88,315	95,669	(7,354)	108.3%
JRF				
State of California	2,493,768	46,327	2,447,441	1.9%
JRF II				
State of California	2,293,612	2,328,782	(35,170)	101.5%

Sensitivity Analysis (Dollars in Thousands)

Discount Rate -1.00%

Plan	Total Pension Liability (-1%)	Plan Fiduciary Net Position	Net Pension Liability/ (Asset) (-1%)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
PERF B				
Schools Cost-Sharing	$136,648,896	$84,314,661	$52,334,235	61.7%
PERF C				
Public Agencies Cost-Sharing	59,592,147	39,966,634	19,625,513	67.1%
LRF				
State of California	99,045	95,669	3,376	96.6%
JRF				
State of California	2,720,856	46,327	2,674,529	1.7%
JRF II				
State of California	2,562,875	2,328,782	234,093	90.9%

Sensitivity Analysis (Dollars in Thousands)

Discount Rate +1.00%

Plan	Total Pension Liability (+1%)	Plan Fiduciary Net Position	Net Pension Liability/ (Asset) (+1%)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
PERF B				
Schools Cost-Sharing	$107,178,052	$84,314,661	$22,863,391	78.7%
PERF C				
Public Agencies Cost-Sharing	46,579,292	39,966,634	6,612,658	85.8%
LRF				
State of California	79,667	95,669	(16,002)	120.1%
JRF				
State of California	2,296,777	46,327	2,250,450	2.0%
JRF II				
State of California	2,070,981	2,328,782	(257,801)	112.4%

9. CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST FUND

The CEPPTF was established by Chapter 665 of the 2018 Statutes and initially funded in 2019. At June 30, 2023, 89 employers had elected to participate in the fund. Of the 89 participating employers, 68 employers have contributed assets in the CEPPTF as of June 30, 2023. The CEPPTF is an Internal Revenue Code (IRC) Section 115 Trust Fund with the purpose to receive contributions from participating employers and establish separate employer prefunding accounts to pay for future contributions to their defined benefit pension plans. Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for contributions to the trust. As such, contributions to the CEPPTF are elective and not required. The CEPPTF is an investment trust fund as defined in GASB Statement No. 84, *Fiduciary Activities*, with pooled administrative and investment functions.

Participating employers may receive disbursements from the fund not to exceed the actual contributions made to their pension plans during the fiscal year. If the employer's participation in the fund terminates, all assets in the employer's prefunding account shall remain in the fund except as otherwise provided. Allowable termination disbursements are to a trustee or as a trustee transfer of assets upon satisfactorily demonstrating to the Board one of the following: (1) the transfer will satisfy applicable requirements of the IRC, other law and accounting standards, and the Board's fiduciary duties, or (2) the employer substantiates to the Board that in conformance with applicable requirements of the IRC, other laws and accounting standards, and the Board's fiduciary duties that all of the employer's obligations for the payment of defined benefit pension plan benefits and reasonable administrative costs have been satisfied.

The CEPPTF costs include direct administrative and investment costs as well as indirect costs that are allocated through the Board-approved annual budget and cost-allocation process. CalPERS contracts with a third-party service provider, Northeast Retirement Services (NRS), to perform recordkeeping for individual CEPPTF employer accounts.

The total Fiscal Year 2022-23 employer contributions from participating employers were $51.7 million. There were five disbursements from the CEPPTF for two participating employers totaling $1.68 million.

The CEPPTF mirrors the investment policies of the System as a whole. These policies are adopted by the CalPERS Investment Committee, which sets forth the System's overarching investment beliefs, purposes, and objectives with respect to all investment programs. Additionally, the CEPPTF has separate, Board-approved asset allocation policies in place for the two investment options offered by the fund. Each strategy seeks to offer employers investment alternatives dependent upon expected levels of return and volatility.

10. OTHER POST-EMPLOYMENT BENEFIT TRUST FUND

The CERBTF (also known as Annuitants' Health Care Coverage Fund) was established by Chapter 331 of the 1988 Statutes and initially funded in 2007. At June 30, 2023, 606 employers had elected to participate in the fund. Of the 606 participating employers, 589 employers have contributed assets in the CERBTF as of June 30, 2023. The CERBTF is an Internal Revenue Code (IRC) Section 115 Trust Fund with the purpose to receive contributions from participating employers and establish separate employer prefunding accounts to pay for health care or other post-employment benefits in accordance with the terms of the participating employers' plans. Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for contributions to the plan. As such, contributions to the CERBTF are elective and not required. The CERBTF is an agent multiple-employer plan as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), with pooled administrative and investment functions.

Participating employers may receive disbursements from the fund not to exceed the annual premium and other costs of eligible post-employment benefits. If the employer's participation in the fund terminates, all assets in the employer's prefunding account shall remain in the fund except as otherwise provided. Allowable termination disbursements are to a trustee or as a trustee transfer of assets upon satisfactorily demonstrating to the Board one of the following: (1) the transfer will satisfy applicable requirements of the IRC, other law and accounting standards, and the Board's fiduciary duties, or (2) the employer substantiates to the Board that in conformance with applicable requirements of the IRC, other laws and accounting standards, and the Board's fiduciary duties that all of the employer's obligations for the payment of post-employment benefits have been satisfied. In Fiscal Year 2022-2023, the City of Bishop terminated its participation in the CERBT.

As of June 30, 2023, there were 510,366 active plan members, 333,349 inactive plan members currently receiving benefit payments, and 14,723 inactive plan members entitled to but not yet receiving benefit payments.

The CERBTF costs include direct administrative and investment costs as well as indirect costs that are allocated through the Board-approved annual budget and cost-allocation process. CalPERS contracts with a third-party service provider, NRS, to perform recordkeeping for individual CERBTF employer accounts.

The total Fiscal Year 2022-23 actual OPEB employer contributions from participating employers representing 623 OPEB plans were $5.2 billion. In compliance with GASB 74, this amount includes the $1.78 billion in contributions made to the CERBTF, plus an additional $3.44 billion in retiree health care premiums paid by employers directly to health care providers.

The CERBTF mirrors the investment policies of the System as a whole. These policies are adopted by the CalPERS Investment Committee, which sets forth the System's overarching investment beliefs, purposes, and objectives with respect to all investment programs. Additionally, the CERBTF has separate, Board-approved asset allocation policies in place for the three investment options offered by the fund. Each strategy seeks to offer employers investment alternatives dependent upon expected levels of return and volatility. Overall, the CERBTF recognized an annual money-weighted rate of return of 6.0 percent for Fiscal Year 2022-23.

11. REPLACEMENT BENEFIT FUND (RBF)

The RBF was established as a custodial fund by Chapter 798 of the 1990 Statutes. Regulations implementing the Replacement Benefits Plan (RBP) were effective in 2001. The RBP provides benefits to participants of the PERF whose retirement allowance exceeds the IRC section 415(b) limits. IRC section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan.

The RBF is funded on a pay-as-you-go basis. That is, the employer is invoiced for amounts payable to its former employees on a calendar year basis and upon receipt of payment by the employers, CalPERS remits the replacement benefits to the participants on a monthly basis. Employer contributions must be in amounts equivalent to the benefits not paid from the PERF as a result of the limitations of IRC section 415(b) and, if applicable, employer Federal Insurance Contributions Act taxes. CalPERS is responsible for calculating the applicable dollar limit under IRC section 415(b) and notifying the employer. At June 30, 2023, there were 1,250 participants receiving replacement benefits.

Government Code section 7522.43 provides that a public retirement system may only continue to administer a plan of replacement benefits for employees first hired prior to January 1, 2013. Section 7522.43 prohibits any employer from offering a plan of replacement benefits for employees hired on or after January 1, 2013.

12. OLD AGE AND SURVIVORS' INSURANCE REVOLVING FUND (OASI)

The Old Age and Survivors' Insurance Revolving Fund (OASI) was established to consolidate the collection and payment of employee and employer contributions for California public agencies under the provisions of the federal Social Security regulations.

The Board of Administration serves as the State Social Security Administrator (SSSA). Between 1955 and 1986, the SSSA was responsible for collecting Social Security and Medicare taxes from public employers, reconciling the submissions, and then submitting to the Internal Revenue Service. Effective January 1, 1987, with the enactment of the Omnibus Budget Reconciliation Act of 1986, the responsibility of collecting taxes moved from CalPERS to the Internal Revenue Service. Starting in 1987, the SSSA operated using the interest that was earned over time on the OASI. The OASI funds diminished, requiring additional funding to pay for the costs of administering the SSSA program. Starting July 1, 2019, CalPERS began charging participating agencies a fee to pay for these costs. For the Fiscal Year 2022-23, this Annual Maintenance Fee was suspended due to adequate funding from prior year assessments. CalPERS will continue to analyze current funding and expenses to determine future fee assessments.

13. PUBLIC EMPLOYEES' HEALTH CARE FUND (HCF)

The HCF was established under PEMHCA as of July 1, 1988. Until December 31, 2021, CalPERS self-funded plan offerings included PERS Choice, PERSCare and PERS Select. Effective January 1, 2022, CalPERS merged the PERSCare and PERS Choice plans and renamed it to PERS Platinum and renamed the PERS Select plan to PERS Gold. These changes did not impact provider networks or benefit designs for the PERSCare and PERS Select plans. Effective January 1, 2014, flex-funded plans, Anthem Blue Cross, Blue Shield of California, Health Net, Sharp, and UnitedHealthcare were added. Western Health Advantage was added effective January 1, 2018. Health plans are available to entities that contract for health insurance coverage under PEMHCA based on ZIP codes, as prescribed by state law. Having members in large risk pools spreads the catastrophic claims over a larger base and minimizes administrative expenses. The self-funded plans retain all risk of loss for allowable health claims while, effective January 1, 2019, the flex-funded plans retain no risk of loss when capitated and fee-for-service expenses are higher than agreed with the health plan carrier. Members are not subject to a supplemental assessment in the event of deficiencies. Health insurance premiums are set by the Board based on a trend analysis of the historic cost, utilization, demographics, and administrative expenses of the HCF to provide for the claims incurred and the actuarially determined required level of reserves. The health plans rely on operating cash flows and investment income to fund health benefit payments. During Fiscal Year 2022-23 the Board approved aggregate increases in member premiums to continue to provide health plan benefits for the 2023 plan year.

Public agencies participating in the health plans are required to make monthly payments based on premiums established annually by CalPERS. Employers' share of premiums are determined by the public agency through benefit negotiations, subject to minimum share of premium levels established through PEMHCA. Public agency employee members pay the difference between the premium rate and the employers' share of premium.

At June 30, 2023, 100 percent of the HCF's investments in fixed income are in the SSGA U.S. Aggregate Bond Index Fund with further details in Note 4.

The HCF establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been "Incurred But Not Reported" (IBNR). The estimated claims liability was calculated by health plan partners as of June 30, 2023, using a variety of actuarial and statistical techniques, and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability of $582.1 million is carried at its face amount, and no interest discount is assumed. The IBNR portion of $496.4 million represents an estimate for claims that have been incurred prior to June 30, 2023, but have not been reported to the HCF. The total of the estimated claims liabilities at the end of the Fiscal Year 2022-23 is $816.5 million. The year-end amount also includes $234.4 million of known claims, which is reported as claims payable liability in the Statement of Net Position.

ANTICIPATED INVESTMENT INCOME AND REINSURANCE

Anticipated investment income is included in the annual premium requirement for HCF members. Also, the HCF has not entered into any reinsurance or excess insurance agreements. CalPERS has entered into agreements with flex-funded health plan partners that limit the HCF's risk to a maximum aggregate monthly cost per member.

The following schedule represents changes in the aggregate estimated claims liabilities for the fiscal years ended June 30, 2023, and June 30, 2022.

Changes in the Aggregate Estimated Claims Liabilities of the HCF (Dollars in Thousands)

Year Ended June 30	2023	2022
Total Estimated Claims at Beginning of Fiscal Year	**$863,327**	**$749,956**
Total Incurred Claims and Claim Adjustment Expenses	4,283,082	4,176,212
Total Payments	(4,329,874)	(4,062,841)
Total Estimated Claims at End of Fiscal Year	**$816,535**	**$863,327**

14. PUBLIC EMPLOYEES' CONTINGENCY RESERVE FUND (CRF)

The CRF was established in 1962, with the passage of PEMHCA, to fund administrative expenses related to the PEMHCA program, and as a contingency reserve for such items as increases in future premiums or in future benefits. PEMHCA was expanded to include local public agency employees on a contract basis in 1967. The CRF is reimbursed by the state and contracting public agencies for expenses incurred for administering the program.

PEMHCA establishes eligibility rules for the following:

- Retirees and beneficiaries receiving health care benefits
- Terminated plan members entitled to but not yet receiving benefits
- Active plan members

Amounts charged to employers toward the CRF administrative expenses are determined as a percentage of gross health insurance premiums paid by the employer and employees. The percentage of the insurance premiums paid for the fiscal year ended June 30, 2023, was 0.33 percent. Administrative rates are reviewed annually and are adjusted, if needed, to cover budgeted administrative expenses.

As of June 30, 2023, there were 1,168 public agencies and schools participating in health insurance coverage under PEMHCA.

15. PUBLIC EMPLOYEES' LONG-TERM CARE FUND (LTCF)

The LTCF began offering long-term care benefits in 1995 through the CalPERS Long-Term Care (LTC) Program. The LTC Program provides LTC coverage to enrolled participants under the Public Employees' Retirement Law (PERL), Chapter 15. Administered by a third-party administrator, illumifin, the self-insured LTC Program is a voluntary program, funded solely by participant-paid premiums and investment returns.

There are four LTC policy series:

- LTC 1: policies purchased from the program inception in 1995 through 2002
- LTC 2: policies purchased from 2003 through 2004
- LTC 3: policies purchased from 2005 through 2008
- LTC 4: policies purchased effective December 2013 and through June 2020

As of June 30, 2023, there are 99,755 active participants in the LTC 1, LTC 2, LTC 3, and LTC 4 policy series, of which 6,637 are receiving benefits.

In June 2020, CalPERS suspended open enrollment on the LTC Program due to current uncertainty in the long-term care market until further notice. Currently, the LTC Program is not accepting new applications for coverage.

The LTCF estimate of the funding level, to provide for the payment of future claim benefits, is projected based on actual enrolled participant levels.

The LTCF establishes the liability for future policy benefits based on the present value of future benefits and expenses less the present value of future premiums. The actuarial valuations are very sensitive to the underlying actuarial assumptions, including a discount rate of 4.75 percent, morbidity, lapse rates, mortality, and plan expenses. In Fiscal Year 2022-23, the actual investment returns were approximately $258 million lower than expected investment income due to unfavorable market conditions. Economic assumptions are evaluated periodically in accordance with Board policy. The last time the assumptions were updated was during the June 30, 2022, valuation. The estimated liability for future policy benefits for the June 30, 2023, Annual Comprehensive Financial Report was rolled forward from the June 30, 2022, actuarial valuation using standard actuarial techniques. The estimated liability for future policy benefit as of June 30, 2023 also reflects the updated cashflow projection and actuarial assumptions from the June 30, 2022, actuarial valuation.

The following schedule represents changes in the aggregate estimated claims liabilities and liabilities for future policy benefits for the fiscal years ended June 30, 2023, and June 30, 2022.

Changes in the Aggregate Estimated Claims Liabilities of the LTCF (Dollars in Thousands)

Year Ended June 30	2023	2022
Total Estimated Future Policy Liabilities at Beginning of Fiscal Year	**$5,250,421**	**$2,051,292**
Increase (Decrease) in Liability and Change in Estimate	433,752	618,579
Claim Payments	(342,175)	(318,550)
Change related to Estimated Settlement Liability	(631,700)	2,899,100
Total Estimated Future Policy Liabilities at End of Fiscal Year	**$4,710,298**	**$5,250,421**

Total LTCF investments as of June 30, 2023, were approximately $4.8 billion. On June 30, 2023, the LTCF's investment portfolio consisted of approximately 60 percent, 17 percent, 10 percent, 8 percent, and 6 percent of the respective SSGA Funds: Bloomberg Barclays Long Liability Index, MSCI ACWI Investable Market Index, Global Real Estate, S&P GSCI Commodity Index, and U.S. TIPS Index, respectively, with further details in Note 4.

For Fiscal Year 2022-23, the annual premium was $339.8 million and the total benefits paid out were $345.9 million. Since the program's inception in 1995 through June 30, 2023, the total benefits paid were approximately $4.2 billion. In Fall 2022, LTC Program implemented the Board approved 25 percent premium rate increase for all four LTC policy series and offered premium increase mitigation options.

In March 2023, a judge granted preliminary approval to a new, second settlement of the class action lawsuit involving the CalPERS LTC Program, known as Wedding, et al. v. CalPERS. Settlement expenses and fees with an estimated amount of $765 million and an estimated reduction of $632 million in future policy benefits related to policy terminations resulting from settlement were recognized in LTC fund in Fiscal Year 2022-23. CalPERS agreed to a proposed settlement in the Long-Term Care Program class action lawsuit that was approved in July 2023.

16. CONTINGENCIES

CalPERS is a Defendant in litigation involving investments, individual pension, health benefit payments and participant eligibility issues arising from its normal activities. Generally, in the event of an adverse decision, any payments awarded by the courts would be recovered by CalPERS through prospective adjustments to the affected employer's contribution rate or rates and, where applicable, member premiums. During the fiscal year, specific pending cases were litigated that could potentially impact the future financial health of funds administered by CalPERS.

Wedding, et al. v. CalPERS (previously identified as *Sanchez, et al. v. CalPERS*) was filed in 2013. This class action challenges the propriety of CalPERS' decision to increase premiums by 85 percent on certain categories of its Long-Term Care (LTC) policyholders. Plaintiffs allege that the increase breached the relevant insurance contracts and seek to recover all allegedly excess premiums paid by effected policyholders since the increase was effectuated in 2014 and 2015, as well as interest and attorneys' fees. CalPERS denies that it breached the relevant insurance contracts and denies that plaintiffs are entitled to any relief on any cause of action.

In January 2016, the court granted plaintiffs' Motion for Class Certification over CalPERS' objection. The claims certified for class treatment were (1) the breach of contract claim; and (2) the breach of fiduciary duty claim, on the "duty of care" only. However, the court later granted CalPERS' motion for summary adjudication of the breach of fiduciary duty claim, leaving only the breach of contract claim certified for class treatment.

The only other defendants in the case—the actuarial firm that originally helped CalPERS establish the LTC program (Towers-Watson)—entered into a settlement agreement with plaintiffs that was approved by the court in January 2018.

In early June 2019, the first part of the case regarding the proper interpretation of the insurance contracts (the "Evidence of Coverage") at issue was tried to the court, sitting without a jury. The court held in favor of plaintiffs on the interpretation of the "Inflation-Protection" clauses in the Evidence of Coverage, and in favor of CalPERS on the premium adjustments permitted by the "Guaranteed Renewable" clauses. The court held in favor of CalPERS on its Cross-Claim that CalPERS can subject insureds with Inflation-Protection benefits to future rate increases, insofar as any such rate increases are driven by cost factors other than the inherent escalation of daily/monthly limits on Inflation-Protection benefits over time, and as long as these increases are spread over the entire risk pool and not selectively imposed to a greater-than-average degree on the Inflation-Protection insureds. The second part of the case was set for trial by jury on the issue of whether the subject 85 percent premium increase had, in fact, breached the contracts given the court's interpretation of them in the first part of the trial.

After several continuances to the trial date, the parties settled the case in July 2021. However, the Settlement was terminated in April 2022 because more than 30% of the Settlement Class opted out of the Settlement in order to retain their CalPERS LTC policies. The parties entered into a second settlement agreement in early 2023. On July 28, 2023, the court approved this agreement, which is now being implemented. Full implementation of the agreement will extend into late 2024.

Approximately 447 policyholders have opted out of the case and are therefore not bound by the settlement. In addition, there is a group of approximately 18,000 policyholders who had "Lifetime Only" policies without Inflation-Protection benefits whose claims were eliminated by the court's ruling after the 2019 trial. Plaintiffs have filed a notice of appeal of that ruling on behalf of one such policyholder, who purports to represent the entire subclass of policyholders.

Heinz, et al. v. CalPERS, Anthem et al. is a putative class action lawsuit filed against CalPERS and one of its insurance programs, Anthem, in June 2017. The Complaint alleges breach of contract, breach of fiduciary duties, misrepresentation, and a variety of other claims. The class is described as "people who were enrolled in Preferred Provider Organization health insurance offered and/or administered by CalPERS and Anthem Blue Cross." The primary allegation is that CalPERS and Anthem engaged in a common policy of improperly and artificially reducing the "allowable amount" for "out-of-network" non-emergency medical services.

On May 7, 2018, the court issued a ruling that Plaintiff must proceed first with his Petition for Writ of Administrative Mandamus, and that all other causes of action were stayed in their entirety pending the outcome of the writ. On January 25, 2019, the court denied Plaintiff's Petition for Writ of Administrative Mandamus finding that there was no evidence that CalPERS and Anthem improperly reduced the "allowable amount" for "out-of-network" non-emergency medical services. As a result of this ruling, CalPERS demurred to the remaining causes of action. The court sustained CalPERS' demurrer and entered judgment in favor of CalPERS, ending the lawsuit. Plaintiff subsequently appealed the Superior Court's decision.

On April 19, 2021, the Court of Appeal issued its decision. The Court affirmed the trial court's order denying the Petition for Writ of Administrative Mandamus, but reversed the judgment dismissing the remaining causes of action, finding that the non-contractual causes of action were outside the scope of the issues raised in the administrative proceedings, were thus not barred by claim preclusion, and required further analysis of the equitable estoppel issue relevant to the statute of limitations tolling and Government Code claims presentation timing requirements.

Following remand, Plaintiff filed a Second Amended Complaint. Defendants demurred to the Second Amended Complaint on multiple grounds and moved to strike the class allegations. On April 27, 2022, the trial court sustained the demurrer with prejudice as to Plaintiff's causes of action for breach of fiduciary duty, statutory violations, and traditional writ and sustained the demurrer without prejudice as to Plaintiff's misrepresentation claim. The Court overruled the demurrer as to Plaintiff's remaining claim for violation of California's Unfair Competition Law and did not rule on the motion to strike.

On May 27, 2022, Plaintiff filed a Third Amended Complaint. CalPERS and Anthem demurred to the Third Amended Complaint, and the Court sustained the demurrer without leave to amend and entered judgment on May 31, 2023. Defendants served notice of entry of judgment on June 6, 2023, and Plaintiff's time to appeal has now lapsed. Defendants submitted a memorandum of costs, and Plaintiff filed a motion to tax costs, which remains pending. With the exception of the motion to tax costs, the matter appears to be concluded.

Liu et. al. v. CalPERS is a consolidated petition for writ of mandate and class action filed on September 19, 2019 in Los Angeles Superior Court. The Petitioners are two retirees of the Southern California Association of Governments ("SCAG"). The retirees allege that while employed by SCAG, they received payments that meet the regulatory definition of "Bonus," but that CalPERS determined that the payments could not be considered special compensation. The complaint further alleges a class of other retirees, from SCAG and other agencies as well, who have similarly had their bonuses rejected by CalPERS as an item of special compensation.

The dispute began on February 28, 2019 when one of the retirees filed an administrative appeal of CalPERS' determination. CalPERS had determined that the retiree had not received special compensation because the bonus SCAG paid to her was not for superior performance and was not available to others in the retiree's group or class. The Administrative Law Judge issued a proposed decision on May 9, 2019 affirming CalPERS' determination. CalPERS adopted the ALJ's proposed decision on June 19, 2019.

On September 19, 2019, the retiree petitioned for a writ of mandate under Code of Civil Procedure section 1094.5. After briefing and a hearing on the writ petition, the trial court entered on December 14, 2020 an order that the writ should be granted. The trial court found that the retiree's work performance was superior because she had received a performance rating of 3.45 on a five-point scale. The trial court also found that the retiree's bonus was available to others in the retiree's group or class, assuming one narrowly construed "group or class" to include only those employees already at the top of their pay schedules.

The Third Amended Petition (complaint) was filed and served on August 12, 2021. Plaintiffs are now proceeding on their claims that CalPERS' construction of the regulatory definition of Bonus is unreasonable, and independently, amounts to an underground regulation in violation of the Administrative Procedures Act. The writ hearing is scheduled for November 14, 2023.

In early June 2023, some of CalPERS members' personal information was involved in a worldwide data security incident that impacted one of its contracted third-party vendors, PBI Research Services/Berwyn Group ("PBI"). PBI had been providing services to CalPERS to identify member deaths. Such services ensure that proper payments are made to retirees and beneficiaries and prevent instances of overpayments or other errors. The security incident did not impact information systems operated by CalPERS. CalPERS has not received any regulatory inquiries regarding this incident.

Several putative class action lawsuits have been filed against PBI arising from this incident. On October 27, 2023, one such lawsuit was filed against CalPERS. CalPERS has defenses against this action and will vigorously defend it.

The amount of potential loss or range of loss on these cases is not estimable at this time due to the many unknowns and complexities of litigation.

17. FUTURE ACCOUNTING PRONOUNCEMENT

The primary objective of GASB Statement No. 100, *Accounting Changes and Error Corrections*, is to enhance accounting and financial reporting requirements for accounting changes and error corrections. It requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The objective of GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The effective date for GASB Statement No. 101 is December 15th, 2023. CalPERS staff will implement during Fiscal Year 2023-24 and include in the ACFR for 2023-24.

Required Supplementary Information

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

PERF B – Ten-Year Review (Dollars in Thousands)

	2023	2022	2021	2020	2019	2018
Discount Rate Assumption	**6.90%**	**6.90%**	**7.15%**	**7.15%**	**7.15%**	**7.15%**
Total Pension Liability:						
Service Cost	$2,743,978	$2,485,322	$2,347,398	$2,302,877	$2,226,797	$2,172,696
Interest	7,873,335	7,435,819	7,216,728	6,904,699	6,563,541	6,165,715
Changes of Assumptions	—	3,423,109	—	—	—	450,064
Differences Between Expected and Actual Experience	1,777,808	(1,108,386)	(63,915)	452,461	1,398,796	1,852,902
Benefit Payments, Including Refunds of Member Contributions	(5,676,166)	(5,298,758)	(4,932,395)	(4,671,357)	(4,347,426)	(4,053,119)
Net Change in Total Pension Liability	**$6,718,955**	**$6,937,106**	**$4,567,816**	**$4,988,680**	**$5,841,708**	**$6,588,258**
Total Pension Liability – Beginning	$113,794,594	$106,857,488	$102,289,672	$97,300,992	$91,459,284	$84,871,026
Total Pension Liability – Ending (a)	**$120,513,549**	**$113,794,594**	**$106,857,488**	**$102,289,672**	**$97,300,992**	**$91,459,284**
Plan Fiduciary Net Position:						
Contributions – Employer	$4,457,043	$3,557,108	$2,972,220	$2,866,144	$2,527,726	$2,070,832
Contributions – Member	1,334,265	1,104,241	1,019,154	1,047,983	1,014,070	952,979
Contributions – Nonemployer	—	—	—	904,000	—	—
Total Net Investment Income	4,872,599	(6,446,442)	15,928,499	3,398,535	4,212,090	5,095,064
Benefit Payments, Including Refunds of Member Contributions	(5,676,166)	(5,298,758)	(4,932,395)	(4,671,357)	(4,347,426)	(4,053,119)
Net Plan-to-Plan Resource Movement	(10)	3	—	164	304	2
Administrative Expenses	(58,579)	(53,699)	(71,018)	(95,614)	(46,159)	(92,448)
Net Change in Plan Fiduciary Net Position	**$4,929,152**	**($7,137,547)**	**$14,916,460**	**$3,449,855**	**$3,360,605**	**$3,973,310**
Plan Fiduciary Net Position – Beginning	$79,385,509	$86,523,056	$71,606,596	$68,156,741	$64,796,136	$60,998,387
Adjustments[1]	—	—	—	—	—	(175,561)
Total Adjusted Plan Fiduciary Net Position – Beginning	79,385,509	86,523,056	71,606,596	68,156,741	64,796,136	60,822,826
Plan Fiduciary Net Position – Ending (b)	84,314,661	79,385,509	86,523,056	71,606,596	68,156,741	64,796,136
Net Pension Liability (a) - (b)	**$36,198,888**	**$34,409,085**	**$20,334,432**	**$30,683,076**	**$29,144,251**	**$26,663,148**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**70.0%**	**69.8%**	**81.0%**	**70.0%**	**70.0%**	**70.8%**
Covered Payroll	$16,275,075	$14,767,213	$14,885,212	$14,447,159	$13,819,881	$13,252,995
Net Pension Liability as a Percentage of Covered Payroll	**222.4%**	**233.0%**	**136.6%**	**212.4%**	**210.9%**	**201.2%**

(1) Cumulative effect of CalPERS employer proportionate share of post-employment benefit obligations.

NOTES TO SCHEDULE

Change of Assumptions and Methods

In Fiscal Year 2022-23 there were no changes to actuarial assumptions or methods.

In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF B, these changes were implemented in the June 30, 2021 actuarial valuation for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21 there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The policy shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

In Fiscal Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

Required Supplementary Information (continued)

2017	2016	2015	2014
7.15 %	**7.65%**	**7.65%**	**7.50%**
$2,031,914	$1,716,677	$1,624,993	$1,576,667
5,719,835	5,441,918	5,152,519	4,820,116
4,649,299	—	(1,217,974)	—
531,862	400,103	1,119,011	—
(3,724,910)	(3,546,836)	(3,334,081)	(3,139,923)
$9,208,000	**$4,011,862**	**$3,344,468**	**$3,256,860**
$75,663,026	$71,651,164	$68,306,696	$65,049,836
$84,871,026	**$75,663,026**	**$71,651,164**	**$68,306,696**
$1,783,736	$1,434,632	$1,323,090	$1,203,071
897,438	851,133	773,580	744,437
—	—	—	—
6,211,781	297,514	1,272,365	8,625,601
(3,724,910)	(3,546,836)	(3,334,081)	(3,139,923)
(134)	10	(71,460)	—
(82,489)	(34,554)	(64,124)	(72,167)
$5,085,422	**($998,101)**	**($100,630)**	**$7,361,019**
$55,912,965	$56,911,066	$57,011,696	$49,650,677
—	—	—	—
55,912,965	56,911,066	57,011,696	49,650,677
60,998,387	55,912,965	56,911,066	57,011,696
$23,872,639	**$19,750,061**	**$14,740,098**	**$11,295,000**
71.9 %	**73.9%**	**79.4%**	**83.5%**
$12,643,354	$11,747,602	$10,964,872	$10,120,248
188.8 %	**168.1%**	**134.4%**	**111.6%**

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board of Administration adopted a new inflation assumption. The assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These changes were implemented in two steps commencing in the June 30, 2018, funding valuation. For financial reporting purposes, these assumption changes were fully reflected in the results for Fiscal Year 2017-18.

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF B was lowered from 7.65 percent to 7.15 percent.

In December 2016, the Board approved lowering the funding discount rate used in the PERF B from 7.50 percent to 7.00 percent, which was phased in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2017, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

Required Supplementary Information (continued)

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS (CONTINUED)

PERF C – Ten-Year Review (Dollars in Thousands)

	2023	2022	2021	2020	2019	2018
Discount Rate Assumption	**6.90%**	**6.90%**	**7.15%**	**7.15%**	**7.15%**	**7.15%**
Total Pension Liability:						
Service Cost	$1,096,304	$1,039,473	$947,349	$912,529	$878,707	$844,273
Interest	3,431,712	3,239,025	3,123,532	2,954,008	2,798,484	2,629,157
Changes of Benefit Terms	305	4,481	1,390	900	1,283	668
Changes of Assumptions	—	1,606,551	—	—	—	(248,318)
Differences Between Expected and Actual Experience	933,368	(188,502)	615,793	453,273	705,149	313,467
Benefit Payments, Including Refunds of Member Contributions[1]	(2,545,680)	(2,349,632)	(2,216,053)	(2,044,232)	(1,902,025)	(1,755,740)
Net Change in Total Pension Liability	**$2,916,009**	**$3,351,396**	**$2,472,011**	**$2,276,478**	**$2,481,598**	**$1,783,507**
Total Pension Liability – Beginning	$49,526,338	$46,174,942	$43,702,931	$41,426,453	$38,944,855	$37,161,348
Adjustment to Beginning Amount	(363)	—	—	—	—	—
Total Adjusted Pension Liability – Beginning	**$49,525,975**	**$46,174,942**	**$43,702,931**	**$41,426,453**	**$38,944,855**	**$37,161,348**
Total Pension Liability – Ending (a)	**$52,441,984**	**$49,526,338**	**$46,174,942**	**$43,702,931**	**$41,426,453**	**$38,944,855**
Plan Fiduciary Net Position:						
Contributions – Employer[1]	$1,623,130	$2,284,579	$1,921,032	$1,594,811	$1,333,559	$1,182,686
Contributions – Member[1]	457,581	417,129	395,130	381,786	357,159	334,140
Total Net Investment Income[1]	2,347,184	(3,109,188)	7,523,678	1,565,953	1,935,939	2,308,558
Benefit Payments, Including Refunds of Member Contributions[1]	(2,545,680)	(2,349,632)	(2,210,327)	(2,044,232)	(1,902,025)	(1,755,740)
Net Plan-to-Plan Resource Movement[1]	136,654	(8,335)	348,384	188,629	167,308	116,550
Administrative Expenses	(27,756)	(25,686)	(33,744)	(43,860)	(21,115)	(41,980)
Net Change in Plan Fiduciary Net Position	**$1,991,113**	**($2,791,133)**	**$7,944,153**	**$1,643,087**	**$1,870,825**	**$2,144,214**
Plan Fiduciary Net Position – Beginning	$37,975,521	$40,766,654	$32,822,501	$31,179,414	$29,308,589	$27,244,095
Adjustments[2]	—	—	—	—	—	(79,720)
Total Adjusted Plan Fiduciary Net Position – Beginning	37,975,521	40,766,654	32,822,501	31,179,414	29,308,589	27,164,375
Plan Fiduciary Net Position – Ending (b)	39,966,634	37,975,521	40,766,654	32,822,501	31,179,414	29,308,589
Net Pension Liability (a) - (b)	**$12,475,350**	**$11,550,817**	**$5,408,288**	**$10,880,430**	**$10,247,039**	**$9,636,266**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**76.2%**	**76.7%**	**88.3%**	**75.1%**	**75.3%**	**75.3%**
Covered Payroll	$4,723,688	$4,428,659	$4,371,563	$4,155,772	$3,949,226	$3,793,609
Net Pension Liability as a Percentage of Covered Payroll	**264.1%**	**260.8%**	**123.7%**	**261.8%**	**259.5%**	**254.0%**

(1) May not agree to the Basic Financial Statements in 2021 and 2020 as a result of adjustments made in both years.
(2) Cumulative effect of CalPERS employer proportionate share of postemployment benefit obligations.

NOTES TO SCHEDULE

Changes in Benefit Terms

In 2022, SB 1168 increased the standard retiree lump sum death benefit from $500 to $2,000 for any death occurring on or after July 1, 2023. The impact from this change is deemed to be immaterial and is included in Differences Between Expected and Actual Experience.

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

In Fiscal Year 2022-23, there are no changes to the actuarial assumptions or methods in relation to financial reporting.

In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21, no changes were made to the actuarial assumptions in relation to financial reporting.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial

Required Supplementary Information (continued)

2017	2016	2015	2014
7.15 %	**7.65%**	**7.65%**	**7.50%**
$820,583	$712,307	$698,416	$713,731
2,506,761	2,399,259	2,285,565	2,169,786
2,119	1,478	—	—
2,122,413	—	(543,686)	—
(18,554)	(6,333)	(5,678)	—
(1,630,602)	(1,519,301)	(1,423,756)	(1,335,871)
$3,802,720	**$1,587,410**	**$1,010,861**	**$1,547,646**
$33,358,628	$31,800,055	$30,789,194	$29,241,548
—	(28,837)	—	—
$33,358,628	**$31,771,218**	**$30,789,194**	**$29,241,548**
$37,161,348	**$33,358,628**	**$31,800,055**	**$30,789,194**
$980,359	$882,991	$859,456	$747,694
317,024	300,135	278,529	291,772
2,774,321	127,043	548,097	3,770,935
(1,630,602)	(1,519,301)	(1,423,756)	(1,335,871)
134,513	22,621	(267,581)	—
(37,052)	(15,263)	(27,967)	(31,550)
$2,538,563	**($201,774)**	**($33,222)**	**$3,442,980**
$24,705,532	$24,907,306	$24,940,528	$21,497,548
—	—	—	—
24,705,532	24,907,306	24,940,528	21,497,548
27,244,095	24,705,532	24,907,306	24,940,528
$9,917,253	**$8,653,096**	**$6,892,749**	**$5,848,666**
73.3 %	**74.1%**	**78.3%**	**81.0%**
$3,631,919	$3,472,950	$3,356,312	$3,248,018
273.1 %	**249.2%**	**205.4%**	**180.1%**

valuation. The policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In Fiscal Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system has refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These changes will be implemented in two steps commencing in the June 30, 2017, funding valuation. For financial reporting purposes, these assumption changes are fully reflected in the results for Fiscal Year 2017-18.

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. In December 2016, the Board approved lowering the funding discount rate used in the PERF C from 7.50 percent to 7.00 percent, which was phased in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS (CONTINUED)

LRF – Ten-Year Review (Dollars in Thousands)

	2023	2022	2021	2020	2019	2018
Discount Rate Assumption	**4.85%**	**4.85%**	**5.25%**	**5.25%**	**5.25%**	**5.25%**
Total Pension Liability:						
Service Cost	$52	$108	$101	$100	$268	$542
Interest	4,248	4,299	4,749	4,885	4,871	4,987
Changes of Assumptions	—	1,024	—	—	—	(2,529)
Differences Between Expected and Actual Experience	1,444	(992)	(732)	2,320	(427)	(2,061)
Benefit Payments, Including Refunds of Member Contributions	(7,088)	(6,647)	(6,761)	(6,939)	(7,349)	(6,918)
Net Change in Total Pension Liability	**($1,344)**	**($2,208)**	**($2,643)**	**$366**	**($2,637)**	**($5,979)**
Total Pension Liability – Beginning	$89,659	$91,867	$94,510	$94,144	$96,781	$102,760
Adjustment to Beginning Amount	—	—	—	—	—	—
Total Adjusted Pension Liability – Beginning	**$89,659**	**$91,867**	**$94,510**	**$94,144**	**$96,781**	**$102,760**
Total Pension Liability – Ending (a)	**$88,315**	**$89,659**	**$91,867**	**$94,510**	**$94,144**	**$96,781**
Plan Fiduciary Net Position:						
Contributions – Employer	$44	$85	$92	$98	$250	$467
Contributions – Member	11	23	21	22	91	82
Total Net Investment Income	603	(12,449)	15,098	7,013	7,860	5,486
Benefit Payments, Including Refunds of Member Contributions	(7,088)	(6,647)	(6,761)	(6,939)	(7,349)	(6,918)
Administrative Expenses	(525)	(436)	(450)	(550)	(324)	(671)
Net Change in Plan Fiduciary Net Position	**($6,955)**	**($19,424)**	**$8,000**	**($356)**	**$528**	**($1,554)**
Plan Fiduciary Net Position – Beginning	$102,624	$122,048	$114,048	$114,404	$113,876	$116,884
Adjustments[1]	—	—	—	—	—	(1,454)
Total Adjusted Plan Fiduciary Net Position – Beginning	102,624	122,048	114,048	114,404	113,876	115,430
Plan Fiduciary Net Position – Ending (b)	95,669	102,624	122,048	114,048	114,404	113,876
Net Pension Asset (a) - (b)	**($7,354)**	**($12,965)**	**($30,181)**	**($19,538)**	**($20,260)**	**($17,095)**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**108.3%**	**114.5%**	**132.9%**	**120.7%**	**121.5%**	**117.7%**
Covered Payroll	$138	$290	$267	$278	$655	$1,242
Net Pension Asset as a Percentage of Covered Payroll	**(5,329.0%)**	**(4,470.7%)**	**(11,303.7%)**	**(7,028.1%)**	**(3,093.1%)**	**(1,376.4%)**

(1) Cumulative effect of CalPERS employer proportionate share of postemployment benefit obligations.

NOTES TO SCHEDULE

Change of Assumptions and Methods

In Fiscal Year 2022-23, there were no changes to assumptions or methods in relation to financial reporting.

In April 2022, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For the Legislators' Retirement Fund (LRF), these changes were implemented in the June 30, 2021, actuarial valuation for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was increased from 0.25 percent to 0.35 percent, and the discount rate was reduced from 5.00 percent to 4.50 percent. As a result, for financial reporting purposes, the discount rate for the LRF was lowered from 5.25 percent to 4.85 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21, there were no changes to the actuarial assumptions in relation to financial reporting. The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

2017	2016	2015	2014
5.25%	**6.00%**	**6.00%**	**5.75%**
$639	$608	$769	$732
5,291	5,978	6,427	6,465
7,857	—	(2,655)	—
(5,998)	(3,530)	(4,246)	—
(7,249)	(7,407)	(9,086)	(7,482)
$540	**($4,351)**	**($8,791)**	**($285)**
$102,220	$106,730	$115,521	$115,806
—	(159)	—	—
$102,220	**$106,571**	**$115,521**	**$115,806**
$102,760	**$102,220**	**$106,730**	**$115,521**
$516	$549	$590	$565
94	97	105	113
5,048	4,545	(94)	15,372
(7,249)	(7,407)	(9,086)	(7,482)
(575)	(203)	(400)	(362)
($2,166)	**($2,419)**	**($8,885)**	**$8,206**
$119,050	$121,469	$130,354	$122,148
—	—	—	—
119,050	121,469	130,354	122,148
116,884	119,050	121,469	130,354
($14,124)	**($16,830)**	**($14,739)**	**($14,833)**
113.7%	**116.5%**	**113.8%**	**112.8%**
$1,360	$1,313	$1,545	$1,470
(1,038.5%)	**(1,281.8%)**	**(954.0%)**	**(1,009.0%)**

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This system refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

In Fiscal Year 2016-17, the financial reporting discount rate for the LRF was lowered from 6.00 percent to 5.25 percent. In April 2017, the Board approved lowering the funding discount rate used in the LRF from 5.75 percent to 5.00 percent beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 25 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 5.75 percent to 6.00 percent resulting from eliminating the 25 basis-point reduction for administrative expenses. The funding discount rate remained at 5.75 percent during this period, and remained adjusted for administrative expenses.

Required Supplementary Information (continued)

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS (CONTINUED)

JRF – Ten-Year Review (Dollars in Thousands)

	2023	2022	2021	2020	2019	2018
Discount Rate Assumption	**3.86%**	**3.69%**	**1.92%**	**2.45%**	**3.13%**	**3.62%**
Total Pension Liability:						
Service Cost	$9,541	$10,345	$17,861	$17,026	$20,073	$19,131
Interest	96,524	93,559	64,480	79,719	99,428	109,395
Changes of Assumptions	(36,907)	(598,096)	179,421	218,683	153,651	(20,879)
Differences Between Expected and Actual Experience	111,908	(92,633)	40,007	(41,794)	86,873	(121,259)
Benefit Payments, Including Refunds of Member Contributions	(216,271)	(210,491)	(210,951)	(213,233)	(221,954)	(207,823)
Net Change in Total Pension Liability	**($35,205)**	**($797,316)**	**$90,818**	**$60,401**	**$138,071**	**($221,435)**
Total Pension Liability – Beginning	$2,528,973	$3,326,289	$3,235,471	$3,175,070	$3,036,999	$3,258,434
Adjustment to Beginning Amount	—	—	—	—	—	—
Total Adjusted Pension Liability – Beginning	**$2,528,973**	**$3,326,289**	**$3,235,471**	**$3,175,070**	**$3,036,999**	**$3,258,434**
Total Pension Liability – Ending (a)	**$2,493,768**	**$2,528,973**	**$3,326,289**	**$3,235,471**	**$3,175,070**	**$3,036,999**
Plan Fiduciary Net Position:						
Contributions – Employer and General Fund[1]	$208,785	$194,960	$225,824	$243,131	$195,903	$199,241
Contributions – Member	1,697	1,956	2,146	2,843	2,679	3,062
Total Net Investment Income	5,261	2,499	2,625	3,087	3,942	3,378
Benefit Payments, Including Refunds of Member Contributions	(216,271)	(210,492)	(210,951)	(213,233)	(221,954)	(207,823)
Administrative Expenses	(2,031)	(1,677)	(1,731)	(2,270)	(10,032)	(2,106)
Net Change in Plan Fiduciary Net Position	**($2,559)**	**($12,754)**	**$17,913**	**$33,558**	**($29,462)**	**($4,248)**
Plan Fiduciary Net Position – Beginning	$48,886	$61,640	$43,727	$10,169	$39,631	$48,275
Adjustments[2]	—	—	—	—	—	(4,396)
Total Adjusted Plan Fiduciary Net Position – Beginning	48,886	61,640	43,727	10,169	39,631	43,879
Plan Fiduciary Net Position – Ending (b)	46,327	48,886	61,640	43,727	10,169	39,631
Net Pension Liability (a) - (b)	**$2,447,441**	**$2,480,087**	**$3,264,649**	**$3,191,744**	**$3,164,901**	**$2,997,368**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**1.9%**	**1.9%**	**1.9%**	**1.4%**	**0.3%**	**1.3%**
Covered Payroll	$20,083	$20,916	$20,808	$22,875	$31,945	$35,507
Net Pension Liability as a Percentage of Covered Payroll	**12,186.6%**	**11,857.4%**	**15,689.4%**	**13,953.0%**	**9,907.3%**	**8,441.6%**

(1) Includes State of California General Fund.
(2) Cumulative effect of CalPERS employer proportionate share of postemployment benefit obligations.

NOTES TO SCHEDULE

Change of Assumptions and Methods

In Fiscal Year 2022-23, the discount rate used to measure the total pension liability was 3.86 percent. The state funds the Judges' Retirement Fund (JRF) benefit obligations using the pay-as-you-go method. Member contributions plus state contributions are designed to cover only benefit payments and expenses each year. Under the pay-as-you-go method, the pension plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments of current active and inactive employees. Therefore, a discount rate of 3.86 percent, which falls within a reasonable range of yields on 20-year tax-exempt General Obligation Municipal Bonds with an average rating of AA (as reported in Fidelity Index’s "20-Year Municipal GO AA Index") as of June 30, 2023, was applied to all periods of projected benefit payments to measure the total pension liability.

In Fiscal Year 2021-22, the discount rate used to measure the total pension liability was 3.69 percent. In November 2021 and April 2022, the CalPERS Board of Administration adopted several changes to actuarial assumptions. For the JRF, these changes were implemented in the June 30, 2021, actuarial valuation for funding purposes. Included in these changes were assumptions for inflation, mortality rates, and retirement rates. In addition, individual salary and overall payroll increase assumptions were increased from 2.75 percent to 2.8 percent. Retirement benefits are fully adjusted for increases in salaries for the active judges of the same court from which the member retired. Therefore, the Cost-of-Living Adjustment is increased to 2.8 percent.

In Fiscal Year 2020-21, the discount rate used to measure the total pension liability was 1.92 percent. There were no other changes to assumptions or methods in relation to financial reporting.

Required Supplementary Information (continued)

2017	2016	2015	2014
3.56 %	**2.85%**	**3.82%**	**4.25%**
$22,733	$29,314	$25,372	$27,581
115,067	107,515	127,074	140,256
(107,670)	384,306	167,036	—
(366,200)	(59,421)	57,568	—
(200,440)	(199,349)	(201,868)	(193,935)
($536,510)	**$262,365**	**$175,182**	**($26,098)**
$3,794,944	$3,532,394	$3,357,212	$3,383,310
—	185	—	—
$3,794,944	**$3,532,579**	**$3,357,212**	**$3,383,310**
$3,258,434	**$3,794,944**	**$3,532,394**	**$3,357,212**
$204,475	$192,287	$180,910	$191,148
3,398	3,559	3,877	4,724
2,819	2,762	2,286	2,583
(200,440)	(199,349)	(201,868)	(193,935)
(1,771)	(642)	(1,227)	(1,141)
$8,481	**($1,383)**	**($16,022)**	**$3,379**
$39,794	$41,177	$57,199	$53,820
—	—	—	—
39,794	41,177	57,199	53,820
48,275	39,794	41,177	57,199
$3,210,159	**$3,755,150**	**$3,491,217**	**$3,300,013**
1.5 %	**1.0%**	**1.2%**	**1.7%**
$39,413	$34,301	$41,378	$54,649
8,144.9 %	**10,947.6%**	**8,437.4%**	**6,038.6%**

In Fiscal Year 2019-20, the discount rate used to measure the total pension liability was 2.45 percent. There were other changes to assumptions or methods in relation to financing reporting.

In Fiscal Year 2018-19, the discount rate used to measure the total pension liability was 3.13 percent. CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system refined and improved calculation methodology.

In Fiscal Year 2017-18, the discount rate used to measure the total pension liability was 3.62 percent. In December 2017, the Board adopted new mortality assumptions. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

In Fiscal Year 2016-17, the discount rate used to measure the total pension liability was 3.56 percent. Assumption changes were made in the JRF June 30, 2016, valuation including a lowering of the rates of retirement to reflect that there were fewer actual retirements over the past six years than were assumed. In addition, pre-retirement termination and disability rates were removed due to low expected future terminations and disability retirements for this group.

In Fiscal Year 2015-16, the discount rate used to measure the total pension liability was 2.85 percent.

In Fiscal Year 2014-15, the discount rate used to measure the total pension liability was 3.82 percent. Changes to actuarial methods were made in the June 30, 2014, valuation including an increase in maximum benefit allowable for active members to 75 percent of pay from 65 percent of pay; the benefit payable for a termination changed from being equal to a retirement benefit to one equal to a percent (generally 3.75 percent) times years of service; and the allocated service for the nonmember spouse for a Qualified Domestic Relations Order changed to full service for the member in order to determine both eligibility and the benefit multiplier.

In Fiscal Year 2013-14, the discount rate used to measure the total pension liability was 4.25 percent. Changes to actuarial assumptions were made in the June 30, 2013, valuation. In February 2014, the Board adopted new mortality assumptions. The new mortality table was developed from the February 2014 Experience Study and includes 20 years of projected ongoing mortality improvement using the Scale BB table published by the Society of Actuaries.

Required Supplementary Information (continued)

SCHEDULES OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS (CONTINUED)

JRF II – Ten-Year Review (Dollars in Thousands)

	2023	2022	2021	2020	2019	2018
Discount Rate Assumption	**6.15%**	**6.15%**	**6.65%**	**6.65%**	**6.65%**	**6.65%**
Total Pension Liability:						
Service Cost	$121,141	$115,808	$116,782	$114,486	$103,791	$95,843
Interest	131,805	120,585	126,948	115,517	103,889	91,419
Changes of Benefit Terms	(1,452)	—	—	—	—	—
Changes of Assumptions	—	(59,394)	—	—	—	(41,763)
Differences Between Expected and Actual Experience	20,135	(67,751)	(10,975)	(2,797)	30,291	(26,876)
Benefit Payments, Including Refunds of Member Contributions	(83,868)	(66,739)	(61,994)	(34,547)	(36,204)	(31,795)
Net Change in Total Pension Liability	**$187,761**	**$42,509**	**$170,761**	**$192,659**	**$201,767**	**$86,828**
Total Pension Liability – Beginning	$2,105,851	$2,063,342	$1,892,581	$1,699,922	$1,498,155	$1,411,327
Adjustment to Beginning Amount	—	—	—	—	—	—
Total Adjusted Pension Liability – Beginning	**$2,105,851**	**$2,063,342**	**$1,892,581**	**$1,699,922**	**$1,498,155**	**$1,411,327**
Total Pension Liability – Ending (a)	**$2,293,612**	**$2,105,851**	**$2,063,342**	**$1,892,581**	**$1,699,922**	**$1,498,155**
Plan Fiduciary Net Position:						
Contributions – Employer and General Fund[1]	$89,970	$92,773	$84,147	$91,147	$84,099	$79,699
Contributions – Member	38,669	36,529	34,094	35,796	31,376	27,513
Total Net Investment Income	151,749	(324,362)	463,478	80,074	106,781	101,820
Benefit Payments, Including Refunds of Member Contributions	(83,868)	(66,739)	(61,994)	(34,547)	(36,204)	(31,795)
Administrative Expenses	(2,126)	(1,842)	(1,703)	(2,552)	(1,477)	(2,370)
Net Change in Plan Fiduciary Net Position	**$194,394**	**($263,641)**	**$518,022**	**$169,918**	**$184,575**	**$174,867**
Plan Fiduciary Net Position – Beginning	$2,134,388	$2,398,029	$1,880,007	$1,710,089	$1,525,514	$1,356,099
Adjustments[2]	—	—	—	—	—	(5,452)
Total Adjusted Plan Fiduciary Net Position – Beginning	2,134,388	2,398,029	1,880,007	1,710,089	1,525,514	1,350,647
Plan Fiduciary Net Position – Ending (b)	2,328,782	2,134,388	2,398,029	1,880,007	1,710,089	1,525,514
Net Pension Liability/(Asset) (a) - (b)	**($35,170)**	**($28,537)**	**($334,687)**	**$12,574**	**($10,167)**	**($27,359)**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**101.5%**	**101.4%**	**116.2%**	**99.3%**	**100.6%**	**101.8%**
Covered Payroll	$378,328	$360,771	$361,108	$352,700	$318,827	$299,396
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	**(9.3%)**	**(7.9%)**	**(92.7%)**	**3.6%**	**(3.2%)**	**(9.1%)**

(1) Includes State of California General Fund.
(2) Cumulative effect of CalPERS employer proportionate share of postemployment benefit obligations.

NOTES TO SCHEDULE

Change of Assumptions and Methods

In Fiscal Year 2022-23, AB 2443 provided judges in JRF II the ability to retire early and elect a deferred retirement allowance. More information can be found in the June 30, 2022 JRF II funding valuation. There were no changes to assumptions or methods in relation to financing reporting.

In April 2022, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For the Judges' Retirement Fund II (JRF II), these changes were implemented in the June 30, 2021, actuarial valuation for funding purposes. Included in these changes were assumptions for inflation and the discount rate, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent and the discount rate was reduced from 6.50 percent to 6.00 percent. As a result, for financial reporting purposes, the discount rate for the JRF II was lowered from 6.65 percent to 6.15 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21, no changes have occurred to the actuarial assumptions in relation to financing reporting.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, investment gains/losses, and non-

2017	2016	2015	2014
6.65 %	**7.15%**	**7.15%**	**7.00%**
$97,678	$86,635	$81,679	$78,670
85,654	78,412	70,389	61,044
—	—	—	—
69,233	—	(14,883)	—
(26,382)	(4,546)	(17,319)	—
(22,406)	(21,704)	(14,040)	(8,950)
$203,777	**$138,797**	**$105,826**	**$130,764**
$1,207,550	$1,073,788	$967,962	$837,198
—	(5,035)	—	—
$1,207,550	**$1,068,753**	**$967,962**	**$837,198**
$1,411,327	**$1,207,550**	**$1,073,788**	**$967,962**
$67,102	$65,839	$65,629	$57,027
25,076	24,598	22,242	20,413
115,057	20,810	(2,401)	150,168
(22,406)	(21,704)	(14,040)	(8,950)
(1,683)	(732)	(1,127)	(785)
$183,146	**$88,811**	**$70,303**	**$217,873**
$1,172,953	$1,084,142	$1,013,839	$795,966
—	—	—	—
1,172,953	1,084,142	1,013,839	795,966
1,356,099	1,172,953	1,084,142	1,013,839
$55,228	**$34,597**	**($10,354)**	**($45,877)**
96.1 %	**97.1%**	**101.0%**	**104.7%**
$291,097	$280,879	$259,133	$249,248
19.0 %	**12.3%**	**(4.0%)**	**(18.4%)**

investment gains/losses. These changes applied only to new UAL bases established on or after June 30, 2019. In Fiscal Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This system has refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

In Fiscal Year 2016-17, the financial reporting discount rate for the JRF II was lowered from 7.15 percent to 6.65 percent. In April 2017, the Board approved lowering the funding discount rate used in the JRF II from 7.00 percent to 6.50 percent beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.00 percent to 7.15 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.00 percent during this period, and remained adjusted for administrative expenses.

Required Supplementary Information (continued)

SCHEDULES OF PLAN CONTRIBUTIONS

Ten-Year Review (Dollars in Thousands)

	2023	2022	2021	2020	2019	2018
PERF B:						
Actuarially Determined Contribution	$4,391,877	$3,511,338	$2,969,799	$2,759,835	$2,501,770	$2,048,531
Contributions in Relation to the Actuarially Determined Contribution	4,391,877	3,511,338	2,969,799	3,663,835	2,501,770	2,048,531
Contribution Excess	**$0**	**$0**	**$0**	**$904,000**	**$0**	**$0**
Covered Payroll	$16,275,075	$14,767,213	$14,885,212	$14,447,159	$13,819,881	$13,252,995
Contributions as a Percentage of Covered Payroll	27.0%	23.8%	20.0%	25.4%	18.1%	15.5%
PERF C:						
Actuarially Determined Contribution	$1,623,130	$2,284,579	$1,921,032	$1,597,137	$1,333,559	$1,182,686
Contributions in Relation to the Actuarially Determined Contribution[1]	1,755,294	3,154,849	2,504,112	1,971,737	1,586,007	1,418,316
Contribution Excess	**$132,164**	**$870,270**	**$583,080**	**$374,600**	**$252,448**	**$235,630**
Covered Payroll	$4,723,689	$4,428,659	$4,371,563	$4,155,772	$3,949,226	$3,793,609
Contributions as a Percentage of Covered Payroll	37.2%	71.2%	57.3%	47.4%	40.2%	37.4%
LRF:						
Actuarially Determined Contribution[2]	$44	$85	$78	$98	$250	$20
Contributions in Relation to the Actuarially Determined Contribution[3]	44	85	78	98	250	467
Contribution Excess	**$0**	**$0**	**$0**	**$0**	**$0**	**$447**
Covered Payroll	$138	$290	$267	$278	$655	$1,242
Contributions as a Percentage of Covered Payroll	31.9%	29.3%	29.2%	35.3%	38.2%	37.6%
JRF:						
Actuarially Determined Contribution[4]	$313,118	$352,881	$366,446	$414,849	$415,110	$438,156
Contributions in Relation to the Actuarially Determined Contribution[5]	208,785	194,960	225,824	243,131	195,903	199,241
Contribution Deficiency	**$104,333**	**$157,921**	**$140,622**	**$171,718**	**$219,207**	**$238,915**
Covered Payroll	$20,083	$20,916	$20,808	$22,875	$31,945	$35,507
Contributions as a Percentage of Covered Payroll	1,039.6%	932.1%	1,085.3%	1,062.9%	613.3%	561.1%
JRF II:						
Actuarially Determined Contribution	$89,970	$91,887	$84,147	$91,147	$84,099	$79,699
Contributions in Relation to the Actuarially Determined Contribution	89,970	92,773	84,147	91,147	84,099	79,699
Contribution Excess	**$0**	**$886**	**$0**	**$0**	**$0**	**$0**
Covered Payroll	$378,328	$360,771	$361,108	$352,700	$318,827	$299,396
Contributions as a Percentage of Covered Payroll	23.8%	25.7%	23.3%	25.8%	26.4%	26.6%

(1) Additional discretionary contribution payments are not available prior to 2016.
(2) Does not agree to Basic Financial Statements due to an adjustment in 2021.
(3) Because of the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA), the required employer contribution is the greater of the actuarially determined employer contribution or the employer normal cost.
(4) The actuarially determined contributions 2016 and beyond are based on a 10-year amortization period, while the 2015 and 2014 actuarially determined contributions are based on a two-year amortization period.
(5) Contributions to the JRF are made on the pay-as-you-go basis.

Required Supplementary Information (continued)

2017	2016	2015	2014
$1,767,813	$1,421,289	$1,303,162	$1,201,125
1,767,813	1,421,289	1,303,162	1,201,125
$0	**$0**	**$0**	**$0**
$12,643,354	$11,747,602	$10,964,872	$10,120,248
14.0%	12.1%	11.9%	11.8%
$858,954	$789,103	$691,602	$732,142
956,558	881,767	691,602	732,142
$97,604	**$92,664**	**$0**	**$0**
$3,631,919	$3,472,950	$3,356,312	$3,248,018
26.3%	25.4%	20.6%	22.5%
$0	$141	$260	$33
516	549	590	565
$516	**$408**	**$330**	**$532**
$1,360	$1,313	$1,545	$1,470
37.9%	41.8%	38.2%	38.4%
$448,636	$463,073	$1,884,555	$1,569,630
204,475	192,287	180,910	191,148
$244,161	**$270,786**	**$1,703,645**	**$1,378,482**
$39,413	$34,301	$41,378	$49,287
518.8%	560.6%	437.2%	387.8%
$67,102	$65,839	$63,193	$55,538
67,102	65,839	63,193	55,538
$0	**$0**	**$0**	**$0**
$291,097	$280,879	$259,133	$249,248
23.1%	23.4%	24.4%	22.3%

Required Supplementary Information (continued)

PERF B and C Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions – Ten-Year Review

	2022-23	2021-22	2020-21	2019-20	2018-19
PERF B					
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll (pre-2019 bases), Level Dollar (2019 and later bases), and Direct Rate Smoothing	Level Percentage of Payroll (pre-2019 bases), Level Dollar (2019 and later bases), and Direct Rate Smoothing	Level Percentage of Payroll (pre-2019 bases), Level Dollar (2019 and later bases), and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Periods[1]	8-27 years	9-28 years	10-29 years	11-30 years	12-30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.30%	2.50%	2.50%	2.63%	2.75%
Salary Increases	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service
Investment Rate of Return	6.80%	7.00%	7.00%	7.25%	7.38%
PERF C					
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll (pre-2019 bases), Level Dollar (2019 and later bases), and Direct Rate Smoothing	Level Percentage of Payroll (pre-2019 bases), Level Dollar (2019 and later bases), and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Periods[1]	Differs by employer rate plan but no more than 28 years	Differs by employer rate plan but no more than 29 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.50%	2.63%	2.75%
Salary Increases	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service
Investment Rate of Return	7.00%	7.00%	7.00%	7.25%	7.38%

(1) Remaining periods vary by portion of unfunded liability balance being amortized.

Required Supplementary Information (continued)

2017-18	2016-17	2015-16	2014-15	2013-14
PERF B				
Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll	Level Percentage of Payroll
13-30 years	14-30 years	15-30 years	16-30 years	17-30 years
Fair Value	Fair Value	Fair Value	Smoothing of Fair Value	Smoothing of Fair Value
2.75%	2.75%	2.75%	2.75%	2.75%
Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service
7.50%	7.50%	7.50%	7.50%	7.50%
PERF C				
Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll	Level Percentage of Payroll
Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years	Differs by employer rate plan but no more than 30 years
Fair Value	Fair Value	Fair Value	Smoothing of Fair Value	Smoothing of Fair Value
2.75%	2.75%	2.75%	2.75%	2.75%
Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service	Varies, Based on Entry Age and Service
7.50%	7.50%	7.50%	7.50%	7.50%

Required Supplementary Information (continued)

LRF, JRF, and JRF II Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions – Ten-Year Review

	2022-23	2021-22	2020-21	2019-20	2018-19
LRF					
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Dollar and Direct Rate Smoothing	Level Dollar and Direct Rate Smoothing	Level Dollar and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Periods[1]	N/A	N/A	N/A	N/A	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.30%	2.50%	2.50%	2.50%	2.50%
Salary Increases	2.80%	2.75%	2.75%	2.75%	2.75%
Investment Rate of Return	4.50%	5.00%	5.00%	5.00%	5.00%
JRF					
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Remaining Amortization Periods	10 years	10 years	10 years	10 years	10 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.30%	2.50%	2.50%	2.50%	2.50%
Salary Increases	2.80%	2.75%	2.75%	2.75%	2.75%
Investment Rate of Return	3.00%	3.00%	3.00%	3.00%	3.00%
JRF II					
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Dollar	Level Dollar	Level Dollar	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Periods[1]	N/A	20 years	5 years	5-30 years	2-30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.30%	2.50%	2.50%	2.50%	2.50%
Salary Increases	2.80%	2.75%	2.75%	2.75%	2.75%
Investment Rate of Return	6.00%	6.50%	6.50%	6.50%	6.50%

(1) Remaining periods vary by portion of unfunded liability balance being amortized.

Required Supplementary Information (continued)

	2017-18	2016-17	2015-16	2014-15	2013-14
LRF					
	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll	Level Percentage of Payroll
	30 years	63 years	29-30 years	30 years	30 years
	Fair Value	Fair Value	Fair Value	Smoothing of Fair Value	Smoothing of Fair Value
	2.75%	2.75%	2.75%	2.75%	2.75%
	3.00%	3.00%	3.00%	3.00%	3.00%
	5.00%	5.75%	5.75%	5.75%	5.75%
JRF					
	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
	10 years	10 years	10 years	2 years	2 years
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
	2.75%	2.75%	2.75%	2.75%	2.75%
	3.00%	3.00%	3.00%	3.00%	3.00%
	3.25%	4.25%	4.25%	4.25%	4.25%
JRF II					
	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal	Individual Entry Age Normal
	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll and Direct Rate Smoothing	Level Percentage of Payroll	Level Percentage of Payroll
	20-30 years	30 years	30 years	16-30 years	17-30 years
	Fair Value	Fair Value	Fair Value	Smoothing of Fair Value	Smoothing of Fair Value
	2.75%	2.75%	2.75%	2.75%	2.75%
	3.00%	3.00%	3.00%	3.00%	3.00%
	6.50%	7.00%	7.00%	7.00%	7.00%

Required Supplementary Information (continued)

SCHEDULE OF INVESTMENT RETURNS

Annual Money-Weighted Rate of Return, Net of Investment Expense – Ten-Year Review

Plan	2023 Rate of Return	2022 Rate of Return	2021 Rate of Return	2020 Rate of Return	2019 Rate of Return	2018 Rate of Return	2017 Rate of Return	2016 Rate of Return	2015 Rate of Return	2014 Rate of Return
PERF A										
Agent	6.1%	(7.5%)	22.4%	5.0%	6.5%	8.4%	11.2%	0.5%	2.2%	17.7%
PERF B										
Schools Cost-Sharing	6.1%	(7.5%)	22.4%	5.0%	6.5%	8.4%	11.2%	0.5%	2.2%	17.7%
PERF C										
Public Agency Cost-Sharing	6.1%	(7.5%)	22.4%	5.0%	6.5%	8.4%	11.2%	0.5%	2.2%	17.7%
LRF	0.6%	(10.3%)	13.4%	6.2%	7.0%	4.8%	4.3%	3.8%	(0.1%)	12.9%
JRF	4.5%	0.3%	0.3%	2.3%	3.2%	1.9%	1.0%	0.5%	0.2%	0.1%
JRF II	7.1%	(13.4%)	24.3%	4.1%	6.9%	7.4%	9.6%	1.9%	(0.2%)	18.3%
CERBTF[1]	6.0%	(14.0%)	25.6%	4.0%	6.5%	7.3%	10.0%	1.6%	—%	—%
CEPPTF[2]	4.7%	(13.9%)	14.4%	—%	—%	—%	—%	—%	—%	—%

(1) Information in this schedule is not available prior to 2016.
(2) Information in this schedule is not available prior to 2021.

Required Supplementary Information (continued)

PUBLIC EMPLOYEES' HEALTH CARE FUND

Schedule of Claims Development Information (Dollars in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
1) Net Earned Required Premium and Investment Revenues	$4,525,821	$4,099,125	$3,949,155	$3,772,501	$3,751,406	$3,985,393	$3,829,095	$3,801,266	$3,642,206	$2,808,384
2) Unallocated Expenses	$315,863	$309,473	$304,990	$331,235	$299,053	$304,408	$312,924	$355,779	$371,916	$192,987
3) Estimated Incurred Claims and Expenses, End of Policy Year	$4,361,650	$4,227,754	$3,750,063	$3,569,208	$3,666,596	$3,576,081	$3,391,183	$3,424,147	$3,432,102	$2,748,821
4) Paid (Cumulative) as of:										
End of Policy Year	$3,789,762	$3,608,399	$3,267,719	$3,111,826	$3,244,896	$3,039,289	$3,061,085	$3,000,726	$3,378,857	$2,122,865
One Year Later	—	4,135,075	3,714,863	3,475,051	3,620,210	3,380,649	3,395,673	3,406,016	3,802,277	2,678,906
Two Years Later	—	—	3,728,299	3,482,349	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906
Three Years Later	—	—	—	3,482,349	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906
Four Years Later	—	—	—	—	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906
Five Years Later	—	—	—	—	—	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906
Six Years Later	—	—	—	—	—	—	3,395,673	3,406,016	3,802,277	2,678,906
Seven Years Later	—	—	—	—	—	—	—	3,406,016	3,802,277	2,678,906
Eight Years Later	—	—	—	—	—	—	—	—	3,802,277	2,678,906
Nine Years Later	—	—	—	—	—	—	—	—	—	2,678,906
5) Re-Estimated Incurred Claims Expenses:										
End of Policy Year	$4,361,650	$4,227,754	$3,750,063	$3,569,208	$3,666,596	$3,576,081	$3,391,183	$3,424,147	$3,432,102	$2,748,821
One Year Later	—	4,135,075	3,714,863	3,475,051	3,620,210	3,380,649	3,395,673	3,406,016	3,802,277	2,678,906
Two Years Later	—	—	3,728,299	3,482,349	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906
Three Years Later	—	—	—	3,482,349	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906
Four Years Later	—	—	—	—	3,627,419	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906
Five Years Later	—	—	—	—	—	3,386,762	3,395,673	3,406,016	3,802,277	2,678,906
Six Years Later	—	—	—	—	—	—	3,395,673	3,406,016	3,802,277	2,678,906
Seven Years Later	—	—	—	—	—	—	—	3,406,016	3,802,277	2,678,906
Eight Years Later	—	—	—	—	—	—	—	—	3,802,277	2,678,906
Nine Years Later	—	—	—	—	—	—	—	—	—	2,678,906
6) Increase (Decrease) in Estimated Incurred Claims and Expenses From End of Policy Year	$—	($92,679)	($21,764)	($86,859)	($39,177)	($189,319)	$4,490	($18,131)	$370,175	($69,915)

Rows 1 through 6 contain the following information:

(1) This line shows the total earned premium revenues and investment revenues for each fiscal year.

(2) This line shows other HCF operating costs, including overhead and claims expense not allocable to individual claims, for each fiscal year.

(3) This line shows the HCF incurred claims and allocated claim adjustment expenses (both paid and accrued) as reported at the end of the policy year. The policy year is the first year in which the triggering event under the contract occurred.

(4) This section shows the cumulative amounts paid as of the end of each policy year and years succeeding the policy year.

(5) This section shows re-estimated incurred claims as of the end of each policy year and years succeeding the policy year. Re-estimates are based on new information on new claims not previously reported.

(6) This line compares the amount of the re-estimated incurred claims to the amount initially established (line 3), and shows whether the re-estimate is greater or less than projected. As data mature for individual policy years, the correlation between initial estimates and re-estimates is used to evaluate the accuracy of incurred claims currently recognized.

Other Supplementary Information

ADMINISTRATIVE EXPENSES – ALL FUNDS (DOLLARS IN THOUSANDS)

	2023
PERSONAL SERVICES	
Salaries & Wages	$206,505
Employee Benefits	110,358
Accrued Pension & OPEB Expense	(32,960)
Total Personal Services	**$283,903**
CONSULTANT & PROFESSIONAL SERVICES	
State of California Agencies	$4,710
External Consultants	25,976
Retiree Benefit Trust Management Fees	90
Pension Prefunding Trust Management Fees	18
Deferred Compensation Management/Custody Fees	3,361
Health Plan Administrator Fees	272,993
Long-Term Care Administrator Fees	18,627
Total Consultant & Professional Services	**$325,775**
OPERATING EXPENSES & EQUIPMENT	
General Expense	$6,498
Software	1,684
Printing	84
Building	22,794
Postage	2,984
Communications	1,212
Data Processing Services	20,474
Travel	760
Training	502
Medical Examiners	2,116
Facilities Operation	2,853
Central Administrative Services	25,115
Administrative Hearings	1,278
Consolidated Data Center	116
CSUS Foundation - Students	216
Equipment	2,214
Total Operating Expenses & Equipment	**$90,900**
OTHER EXPENSES & ADJUSTMENTS	
Depreciation Expense	$16,602
Increase/(Decrease) in Paid Absence Obligation	(5,975)
Amortization	2,245
Miscellaneous	(3,025)
Total Other Expenses & Adjustments	**$9,847**
TOTAL ADMINISTRATIVE EXPENSES — ALL FUNDS	**$710,425**

The total pension administration cost in Fiscal Year 2021-22 (most recent available) was $223 per active member and annuitant, compared with $202 in Fiscal Year 2020-21.

INVESTMENT EXPENSES – ALL FUNDS

Investment Management Fees[1, 2] (Dollars in Thousands)

	Fees
Equity Managers	
Arrowstreet Capital, LP	$25,073
Baillie Gifford Overseas, Ltd.	733
Hamilton Lane Advisors, LLC	318
Legato Capital Management Investments, LLC	1,358
Wellington Management Company, LLP	3,610
Total Equity Managers	**$31,092**
Fixed Income Managers	
Columbia Management Investment Advisers	($208)
Nomura Corporate Research And Asset Mgt.	(23)
Total Fixed Income Managers	**($231)**
Private Equity Managers[3, 4]	
57 Stars Global Opportunities Fund 2 (CalPERS), LLC	$1,043
57 Stars Global Opportunities Fund, LLC	200
Advent Global Technology II Limited Partnership	2,250
Advent International GPE IX Limited Partnership	6,584
Advent International GPE V-D, LP	18
Advent International GPE VI-A, LP	673
Advent International GPE VII-C, LP	1,742
Advent International GPE VIII-B Limited Partnership	5,404
Advent International GPE X Limited Partnership	8,106
AlpInvest Secondaries Fund (onshore) VII, LP	4,085
Apollo Investment Fund IX, LP	2,189
Apollo Investment Fund VIII, LP	955
Apollo Special Opportunities Managed Account, LP	766
Ares Corporate Opportunities Fund V, LP	1,667
Ares Corporate Opportunities Fund VI, LP	3,250
Arlington Capital Partners VI, LP	2,739
Arsenal Capital Partners Growth, LP	112
Arsenal Capital Partners VI, LP	(1,262)
ASF VIII B, LP	2,636
Asia Alternatives Capital Partners II, LP	9
Bain Capital Tech Opportunities Fund II, LP	1,763
Bain Capital Venture Fund 2022, LP	938
Base10 Advancement Initiative II, LP	686
Base10 Partners III, LP	1,430
BDC III C, LP	(661)
BDC IV D, LP	2,838
BE VI 'H', LP	3,544
Berkshire Fund X, LP	1,059
Beyond SPV I, LP	500
Blackstone Capital Partners VI, LP	(2)
Blackstone Capital Partners VII, LP	1,851
Blackstone Capital Partners VIII, LP	1,547
Blackstone Core Equity Partners II, LP	3,795
Blackstone Tactical Opportunities Fund - C, LP	1,283
Blackstone Tactical Opportunities Fund (KG Co-Invest), LP	263
Blackstone Tactical Opportunities Fund (T4U Co-Invest), LP	(21)

	Fees
Blackstone Tactical Opportunities Fund II - C, LP	$1,390
Blackstone Tactical Opportunities Fund III-C (Surge), LP	914
Blackstone Tactical Opportunities Fund III - C, LP	1,234
BOND III, LP	895
Bridgepoint Europe IV 'B', LP	120
Bridgepoint Europe IV 'D', LP	455
Bridgepoint Europe V	683
BRV Lotus Fund III, LP	2,813
Butterfly Fund III, LP	2,546
CA Co-Investment Limited Partnership	70
California Asia Investors, LP	6
California Emerging Ventures IV, LLC	191
California Mezzanine Investment Fund, LP	26
Capital Link Fund I, LLC	477
Capital Link Fund II, LLC	475
CapVest Equity Partners V SCSp	6,392
Carlyle Asia Partners III, LP	91
Carlyle Asia Partners V, LP	1,614
Carlyle Europe Partners III, LP	(14)
Carlyle Europe Partners V, S.C.Sp	1,659
Carlyle Partners V, LP	(94)
Carlyle Partners VI, LP	756
Carlyle Partners VII, LP	3,386
Carlyle Partners VIII, LP	5,217
Carlyle Strategic Partners II, LP	14
Carlyle Strategic Partners IV, LP	1,478
Carlyle U.S. Equity Opportunities II, LP	909
CDH Fund V, LP	2,284
Centerbridge Capital Partners III, LP	1,400
Cerberus CAL II Partners, LP	(200)
Cerberus CAL III Partners, LP	2,874
Cerberus CP Partners, LP	(1,056)
Cerberus Institutional Partners V, LP	121
Clayton, Dubilier & Rice Fund X, LP	382
Clayton, Dubilier & Rice Fund XI, LP	3,857
Clearlake Capital Partners III, LP	107
Clearlake Capital Partners IV, LP	359
Clearlake Capital Partners V, LP	39
Clearlake Capital Partners VII, LP	1,904
Clearlake Opportunities Partners (P), LP	773
Crosspoint Capital Fund II, LP	7,011
CVC Capital Partners Asia V, LP	2,688
CVC Capital Partners Strategic Opportunities Compounding Capital, LP	5,744
CVC Capital Partners VI, LP	3,295
CVC Capital Partners VII (A), LP	5,144
CVC Capital Partners VIII (A), LP	9,988
Dragoneer Opportunities Fund VI, LP	750
EMAlternatives Investments, LP	200
EQT IX (No.2) USD SCSp	8,776

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Investment Management Fees[1, 2] (Dollars in Thousands) (continued)

	Fees
EQT X (No.2) USD SCSp	$5,044
EW Healthcare Partners Acquisition Fund, LP	(50)
First Reserve Fund XIII, LP	1,655
Francisco Partners Agility II, LP	487
Francisco Partners III, LP	86
Francisco Partners VI, LP	1,933
GCM Grosvenor DEM II, LP	1,443
GCM Grosvenor DEM III, LP	2,656
GCM Grosvenor DEM, LP	665
General Catalyst Group XI - Health Assurance, LP	70
Genstar X Opportunities Fund I, LP	549
GPE IX Forescout Co-Investment, LP	66
GPE IX TKE Co-Investment, LP	11
Green Equity Investors V, LP	(14)
Green Equity Investors VIII, LP	1,880
Greenbriar Equity Fund VI, LP	636
GSO Capital Solutions Fund II, LP	69
GSO Energy Partners-C II, LP	541
GSO Energy Partners-C, LP	664
H&F ARROW 1, LP	26
HIG Europe Middle Market LBO Fund, LP	1,580
Hellman & Friedman Capital Partners IX, LP	7,204
Hellman & Friedman Capital Partners VII	104
Hellman & Friedman Capital Partners VIII, LP	2,735
Hellman & Friedman Capital Partners X, LP	11,250
Insight Partners XI, LP	6,404
Insight Partners XII Buyout Annex Fund, LP	1,272
Insight Partners XII, LP	10,433
Insight Venture Partners Growth-Buyout Coinvestment Fund (B), LP	2,622
Insight Venture Partners IX, LP	1,459
Insight Venture Partners X, LP	3,733
Ithaca, LP	—
Jade Equity Investors, LP	(827)
K5 Private Investors, LP	3,016
Karakoram Fund C, LP	773
Khosla Ventures III, LP	136
Khosla Ventures Seed, LP	300
KKR Asian Fund II, LP	1,299
KKR Asian Fund IV SCSp	2,202
KKR European Fund II, LP	5
KKR European Fund III, LP	60
KKR European Fund V (USD) SCSp	1,750
KKR North America Fund XIII SCSp	4,441
KM Corporate Partners Fund II, LP	100
Lightspeed Opportunity Fund II, LP	223
Lightspeed Venture Partners Select V, LP	2,000
Lightspeed Venture Partners XIV-A (Inception), LP	900
Lightspeed Venture Partners XIV-B (Ignite), LP	1,100
Lime Rock Partners IV AF, LP	96

	Fees
Lime Rock Partners V, LP	$6
Lindsay Goldberg IV, LP	518
Lindsay Goldberg V, LP	3,996
LongRange Capital Fund I, LP	10,074
Madison Dearborn Capital Partners VIII, LP	5,961
New Mountain Partners VI, LP	2,128
Nordic Bear SCSp	872
Oak HC/FT Partners V, LP	3,361
Oaktree Latigo Investment Fund, LP	4,590
Oaktree Opportunities Fund VIIIb, LP	413
OHA Black Bear Fund, LP	3,042
Onex Partners IV, LP	1,341
Onex Partners V (B), LP	8,214
Orchard Park, LP	14
PAG Asia I, LP	270
PAG Asia III, LP	4,787
Palladium Equity Partners V, LP	1,480
Patient Square Equity Partners, LP	10,632
Patria Brazilian Private Equity Fund V, LP	2,531
Permira Growth Opportunities I, LP 1	1,664
Permira Growth Opportunities II SCSp	2,248
Permira V, LP	1,557
Permira VI, LP 1	3,161
Permira VII, LP 1	3,912
Permira VIII-2 SCSp	8,796
Prysm Capital Fund I, LP	3,977
PSG Encore, LP	97
PSG Europe II, LP	1,734
PSG V, LP	2,493
Riverstone Global Energy and Power Fund V, LP	2,581
Riverstone Global Energy and Power Fund VI, LP	4,497
Riverstone/Carlyle Global Energy and Power Fund IV, LP	60
Riverstone/Carlyle Renewable & Alternative Energy Fund II, LP	44
Riverwood Capital Partners (Parallel - A), LP	24
SAIF Partners III, LP	94
SAIF Partners IV, LP	896
Samson Brunello 1, LP	11
Sankaty Managed Account (CalPERS), LP	306
Sequoia Capital China Seed Fund III, LP	194
Sequoia Capital China Venture Fund IX, LP	425
Sierra Partners, LP	87
Silver Lake Partners IV, LP	1,922
Silver Lake Partners V, LP	2,729
Silver Lake Partners VI, LP	9,396
Siris Partners IV, LP	1,499
SL SPV-1, LP	381
SL SPV-2, LP	270
Springblue A, LP	1,250
Springblue B, LP	804

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Investment Management Fees[1, 2] (Dollars in Thousands) (continued)

	Fees
SR One Capital Fund II-A, LP	$2,772
Summit Partners Growth Equity Fund X-A, LP	107
TA XIV-A, LP	2,226
Tailwind Capital Partners II, LP	299
Tailwind Capital Partners III, LP	930
TCV X, LP	3,500
TCV XI, LP	5,093
The Central Valley Fund II SBIC, LP	84
The Rise Fund (A), LP	630
The Veritas Capital Fund VIII, LP	7,322
Tiger Global Private Investment Partners XV, LP	5,466
TowerBrook Investors IV (Onshore), LP	2,286
Towerbrook Investors V (Onshore), LP	6,832
Towerbrook Structured Opportunities Fund (Onshore), LP	1,469
Towerbrook Structured Opportunities Fund II (Onshore), LP	2,889
TPG Asia VII (A), LP	1,049
TPG Growth IV, LP	688
TPG Growth V, LP	2,975
TPG Healthcare Partners, LP	1066
TPG Partners VIII, LP	2771
TPG Tech Adjacencies II, LP	1148
Trident IX, LP	7,419
Trident VI	2,069
Trident VII, LP	3,875
Trident VIII, LP	5,824
Triton Fund IV, LP	856
Triton Fund V, LP	3,566
Valor Equity Partners IV, LP	1,196
VIP IV, LP	4,685
Vista Equity Partners Fund VII-Z, LP	6,000
WCAS XIII, LP	5,260
WCAS XIV, LP	5,121
Welsh, Carson, Anderson & Stowe XII, LP	1,957
Whitney Global Partners, LP	499
Wigmore Street (BDC III), LP	1
Wigmore Street BDC IV Co-Investment No.1, LP	32
Wigmore Street Co-investment No.1, LP	1
Wigmore Street VI Co-Investment No.1, LP	209
Yucaipa Corporate Initiatives Fund II, LP	2,884
Total Private Equity Managers	**$463,304**
Private Debt Managers	
Ares Capital Europe V (D) Levered	$7,410
Ares Senior Direct Lending Fund (Delaware) II, LP	7,795
Ares SME (Parallel), LP	2,956
Blackstone Credit Series Fund-C LP - Series A	229
Blackstone Real Estate Debt Strategies IV-C, LP	10,532
Oaktree Gilead Investment Fund, LP - Series A	3,144
OHA CA Customized Credit Fund, LP - OHA Co-Invest Opportunities Fund (CA)	466

	Fees
OHA CA Customized Credit Fund, LP - OHA Credit Solutions Fund II Other Advisory Client Investment	$840
OHA CA Customized Credit Fund, LP - OHA Senior Private Lending Fund (CA 3)	1,091
OHA CA Customized Credit Fund, LP - OHA Senior Private Lending Fund (CA 5)	1,091
Blue Owl Diversified Lending (CP), LP - Blue Owl Diversified Lending	218
PIMCO DISCO Onshore Fund III, LP	180
Sixth Street Fundamental Strategies Partners (A), LP	1,393
Sixth Street Mid-Stage Growth Partners (A), LP	55
TSSP Adjacent Opportunities Partners (B), LP	5,640
West Street Co-Investment Partners (C), LP	376
West Street Mezzanine Co-Investment Partners (C), LP	167
West Street Mezzanine Partners VIII, LP	2,330
West Street Strategic Solutions Fund I, LP	7,846
Total Private Debt Managers	**$53,759**
Real Asset Managers	
Alinda Infrastructure Fund II, LP	$54
ARA China Long Term Hold	3,962
Archmore International Infrastructure Fund II (B), LP	287
Archmore International Infrastructure Fund II (C), LP	610
Blackstone Mileway Logistics, LP	2,357
Blackstone Property Partners Europe, LP	8,768
Blackstone Property Partners Life Sciences, LP	5,866
Brookfield Infrastructure Fund V	4,621
CalEast Solstice, LLC	26,524
CalWest CalPERS GIP	60
Canyon Catalyst Fund II, LLC	991
CCF II Industrial	543
CCF III Industrial	1,104
CCF III, LLC	1,733
CCP 2020	731
CIM Fund III, LP	3,447
CIM Infrastructure Fund, LP	2,841
Core Property Index Trust	479
DigitalBridge Partners II, LP	4,504
DigitalBridge Strategic Assets Fund, LP	791
DW Life Sciences Partners, LLC	2,812
FSP - Base	27,911
FSP - DT 2012 and Beyond	5,111
GIP Aquarius Fund, SCSp	3,500
Global Infrastructure Partners II, LP (GIP II)	1,262
Global Infrastructure Partners IV-A/B, LP	2,900
Golden Reef Infrastructure Trust	9,380
Gotham Office Realty Partnership	2,638
GRI - Base	27,269
GRI - DT 2012 and Beyond	166
Harbert Gulf Pacific Power, LLC (HGPP)	6,877
Harbert Infrastructure Fund VI, LP	1,000

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Investment Management Fees[1, 2] (Dollars in Thousands) (continued)

	Fees
Harbert Power Fund V, LP (HPF V)	$496
HC Green Development Fund, LP	405
HC LTH, LLC	4,212
IFM Global Infrastructure (US), LP	1,446
IIF Hedged, LP	3,560
IMI - Base	23,018
IMP - Base	38,238
IMP - DT 2012 and Beyond	1,345
IMP - ICMI	4,028
IMP Abaca	537
IMP Fairmont Residential Owner, LLC	405
Institutional Logistics Partners, LLC	10,018
KC 2011, LLC	749
Land Management Company Resmark	817
Lincoln Timber, LP	1,683
North Haven Infrastructure Partners II, LP	1,023
ORA Residential Investments I, LP	1,038
Pacific Multifamily Investors, LLC	10,336
PMI Tactical	3,072
Sacramento Venture Hines Base	430
Sacramento Venture Hines DT	442
Stonepeak Infrastructure Fund IV, LP	3,588
Strategic Property Fund Asia SCSP	1,369
Sylvanus, LLC	1,938
TechCore 2019	15,812
Tower Bridge Infrastructure Partners, LP	8,092
Total Real Asset Managers	**$299,196**
Other Investment Management Fees	
State Street Global Advisors Trust	$7,304
Federated Redwood Trade Finance Fund, LP	4
Total Other Investment Management Fees	**$7,308**
Total Management Fees	**$854,428**

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Performance Fees[5] (Dollars in Thousands)

	Fees
Real Asset Managers	
Blackstone Property Partners Europe, LP	$3,790
Blackstone Property Partners Life Sciences, LP	(1,019)
CalEast Canada Limited Partnership	(8)
Canyon Catalyst Fund II, LLC	(9,856)
Canyon Johnson Urban Fund, III	(2)
CCF II Industrial	(3,226)
CCF III Industrial	(7,449)
CCF III, LLC	(16)
CIM Infrastructure Fund, LP	(65,462)
DigitalBridge Partners II, LP	2,860
FSP - Base	4,605
FSP - DT 2012 and Beyond	(547)
GIP Aquarius Fund, SCSp	5,844
Global Infrastructure Partners II, LP (GIP II)	1,336
Gotham Office Realty Partnership	(123)
GRI - Base	8,989
Harbert Gulf Pacific Power, LLC (HGPP)	13,946
Harbert Infrastructure Fund VI, LP	409
Harbert Power Fund V, LP (HPF V)	1,584
IFM Global Infrastructure (US), LP	2,148
IMP - Base	33,089
IMP - DT 2012 and Beyond	880
IMP - ICMI	3,498
IMP Abaca	478
IMP DT 2020	(1,866)
IMP Fairmont Residential Owner, LLC	353
Institutional Logistics Partners, LLC	20,072
KC 2011, LLC	917
Land Management Company Resmark	9,607
ORA Residential Investments I, LP	(3,519)
Pacific Multifamily Investors, LLC	6,796
PMI Tactical	(6,017)
Stonepeak Infrastructure Fund IV, LP	2,013
TechCore 2019	15,812
Total Real Asset Managers	**$39,916**
Total Performance Fees	**$39,916**
Total Management and Performance Fees	**$894,344**

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Other Investment Expenses[1, 5] (Dollars in Thousands)

	Fees
Advisory Fees	
Goldman Sachs Asset Management, LP	$216
Legato Capital Management Investments, LLC	1,438
Principal Financial Services, Inc.	616
Total Advisory Fees	**$2,270**
Appraisal Fees	
Situsamc Holdings Corporation	$10,173
Total Appraisal Fees	**$10,173**
Auditor Fees	
Conrad, LLP	$37
KPM & Associates, LLP	13
Total Auditor Fees	**$50**
Company Expense	
Federated Redwood Trade Finance Fund, LP	$134
Legato Capital Management Investments, LLC	171
Total Company Expense	**$305**
Fund Administration Fees	
State Street Bank and Trust Company	$3,576
Total Fund Administration Fees	**$3,576**
Investment Consultant Fees	
AKSIA CA, LLC	$140
AON Risk Insurance Services West, Inc.	34
Bard Consulting, LLC	178
Callan, LLC	1,944
D2 Alternative Investments Limited	9
Eigen 10 Advisors, LLC	71
Funston Advisory Services, LLC	189
Hhs Technology Group, LLC	296
Imp Partners, LLC	353
Lenox Park Solutions, Inc.	75
Loop Capital Financial Consulting	59
Mckinsey & Company, Inc., Washington DC	980
Mercer Investments, LLC	74
Msys, Inc.	188
Nxtis, Inc.	269
Propoint Technology, Inc.	2,793
Pyramid Technical Consultants, Inc.	156
R V Kuhns & Associates, Inc.	85
Rclco Fund Advisors, LLC	479
Sps Consulting Services, LLC	534
Sri Infotech, Inc.	240
Technology Crest Corporation	200
The Spaulding Group, Inc.	82
The Trustees of Columbia Univ New York	97
Trinity Technology Group, Inc.	311
Total Investment Consultant Fees	**$9,836**

	Fees
Legal Fees	
Berman Tabacco	$26
Buchalter A Professional Corporation	1
DLA Piper LLP (US)	1,077
Foster Garvey, PC	500
Foster Pepper, PLLC	47
Hogan Lovells US, LLP	123
K&L Gates, LLP	517
Katten Muchin Rosenman, LLP	8
Lowenstein Sandler, LLP	500
Morgan Lewis & Bockius, LLP	439
Nielsen Merksamer Parrinello Gross & Leoni, LLP	15
Nixon Peabody, LLP	2
Norton Rose Fulbright US, LLP	1
Pillsbury Winthrop Shaw Pittman, LLP	957
Seward & Kissel, LLP	1
Steptoe & Johnson, LLP	112
Wellington Gregory, LLP	8
Total Legal Fees	**$4,334**
Master Custodian Fees	
State Street Bank and Trust Company	$10,056
Total Master Custodian Fees	**$10,056**
Tax Advisory Fees	
Ernst & Young, LLP	$823
Total Tax Advisory Fees	**$823**
Technology Expenses	
A.M. Best Company, Inc.	$4
Ablegov, Inc.	1
Acadiasoft, Inc.	75
Acuity Technical Solutions, LLC	30
Aletheia Analyst Network Limited	15
Alphasense, Inc.	57
Altus Group, Inc.	340
Axioma, Inc.	505
Barra, LLC	713
Bca Research, Inc.	219
Black Knight Technologies, LLC	10
Blackrock Financial Management, Inc.	12,350
Bloomberg Index Services Limited	219
Bloomberg LP DBA Bloomberg Sef, LLC	3,536
Broadridge Investor Communications	5
Cambridge Associates, LLC	20
Carahsoft Technology Corp.	882
Cassini Systems, Inc.	140
Cb Information Services, Inc.	51
CEM Benchmarking, Inc.	45

Other Supplementary Information (continued)

INVESTMENT EXPENSES – ALL FUNDS (CONTINUED)

Other Investment Expenses[1, 5] (Dollars in Thousands) (continued)

	Fees
CEPRES GmbH	$100
CFA Institute	45
Charles River Systems, Inc.	3,880
Clarity Solutions Group, LLC	65
Consensus Economics, Inc.	49
Convergence, Inc.	25
Copyright Clearance Center, Inc.	53
Costar Realty Information, Inc.	186
Curex FX, LLC	15
Delinian Trading Limited	21
DTCC ITP, LLC	162
Efront Financial Solutions, Inc.	1,501
Empirical Research Partners, LLC	550
Equilar, Inc.	34
Eurasia Group, Ltd.	140
Evestment Alliance	43
Factset Research Systems, Inc.	2,649
Fitch Solutions, Inc.	654
Fixed Income Clearing Corporation	21
Frank Russell Company	38
FTSE International Limited	1,345
Gartner, Inc.	393
Gavekal USA, Inc.	47
Glass Lewis & Co, LLC	631
GLMX Technologies, LLC	—
Global Investor Collaboration Services, LLC	6
Green Street Topco, LLC	175
Haver Analytics, Inc.	137
Hawking, LLC	4
Ice Benchmark Administration Limited	32
Ice Data Derivatives Uk Limited	4
IHS Global, Inc.	22
Insight Public Sector, Inc.	60
Institutional Shareholder Services, Inc.	121
Intercontinental Exchange Holdings, Inc.	11
Intex Solutions, Inc.	251
Investment Property Databank	80
IPC Systems, Inc.	280
J.P. Morgan Securities, LLC	11
Jpx Market Innovation & Research, Inc.	13
Kyriba Corp	48
London Stock Exchange, PLC	44
Markit Group Limited	27
Markit Indices GmbH	33
Markit North America, Inc.	58
Microsoft Corporation	1
Moodys Analytics, Inc.	803
Morningstar, Inc.	11
Mri Intermediate Holdings, LLC	200
MSCI, Inc.	1,199
MUFG Capital Analytics, LLC	6,160
Mythics, Inc.	2
NYSE Market, Inc.	12
Options Price Reporting Authority	$1
Ortec Finance BV	55
Ortec Finance US BV	190
Oxford Economics USA, Inc.	142
PGM Global, Inc	16
Pitchbook Data, Inc.	104
PremiaLab HK Limited	100
Preqin Limited	68
Real Capital Analytics, Inc.	110
Refinitiv US, LLC	125
RIMES Technologies Corporation	300
Ryedale Europe Limited	783
S & P Global Market Intelligence, LLC	1,108
S&P Dow Jones Indices, LLC	67
SWIFT	15
Situsamc Holding Corporation	10
Solutions Simplified	138
State Street Bank and Trust Company	1,906
StepStone Group, LP	289
STOXX Ltd.	16
Tegus, Inc.	50
The Burgiss Group, LLC	77
The Mathworks, Inc.	84
The Statestore, Inc.	8
The Yield Book, Inc.	281
Tideline Advisors, LLC	131
Tradeweb, LLC	170
Trend Macrolytics, LLC	17
TRGRP, Inc.	178
TriOptima AB	34
TSX, Inc.	41
Wood Mackenzie, Inc.	245
Workato Inc.	60
Yardeni Research, Inc.	19
Total Technology Expenses	**$48,607**
Internal Investment Personnel and Administrative Expenses	
Internal Investment Personnel and Administrative Expenses	$105,153
Total Internal Investment Personnel and Administrative Expenses	**$105,153**
Miscellaneous Investment Expense Fees	
Miscellaneous Investment Expense Fees	$220
Transaction Fees	269,326
Total Miscellaneous Investment Expense Fees	**$269,546**
Total Other Investment Fees and Expenses	**$464,729**
Total Investment Expenses - All Funds	**$1,359,073**

(1) Expenses and fees less than one thousand dollars are indicated by a dash.
(2) Negative management fees are due to adjusting entries.
(3) CalPERS makes a good faith attempt to account for fees that are not readily separable. These management fees are net of management fee offsets. For more detail, review the Private Equity Management Fees & Profit Sharing table in the Investment Section.
(4) Investments listed reflect only those investments with management fees, rebates, offsets, and/or carried interest incurred within the fiscal reporting period.
(5) Negative performance fees are due to the reversal of accruals caused by the fluctuation in fair values.
(6) Negative expenses are due to market fluctuations, adjusting entries, and reimbursements.

Other Supplementary Information (continued)

CONSULTANT AND PROFESSIONAL SERVICES EXPENSES[1] – ALL FUNDS (DOLLARS IN THOUSANDS)

Individual or Firm	Fees	Nature of Services
34 Strong, Inc.	$29	Talent Management and Employee Development
Advanced Systems Group, LLC	(20)	Production Equipment Maintenance Services
Agility Software Solutions, LLC	58	Application Development Information Technology Service Management Infrastructure and Personal Productivity Services
Agreeya Solutions, Inc.	34	Information Technology Consulting and Support Services
Alston & Bird, LLP	727	Legal Services
American Unit, Inc.	44	Information Technology Consulting and Support Services
Anthem Blue Cross	126,181	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Aon Consulting, Inc.	50	Consulting for Salary Surveys Executive Compensation Recommendations and Advice for the Compensation Program
Bates White	425	Health Plan Strategy
BDO USA, P.C.	2,650	Auditor Services
Belmonte Enterprises, LLC	207	Application Development
Blue Shield of California	61,087	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
BM Associates, Inc.	181	Network Architecture Services
Buchalter	30	Legal Services
Buck Global, LLC	58	Actuarial Services
California Creative Solutions, Inc.	92	IT Consulting
Capio Group	841	Application Development
Cogenttec, LLC	379	Consulting Services for myCalPERS Support
Cooperative Personnel Services	77	Organizational and Leadership Development
Cornerstone Fitness, Inc.	103	Employee Training and Development
Covid Clinic, Inc.	(413)	On-Site Mobile COVID-19 Testing
Delegata Corporation	161	Application Development
Department of Human Resources	113	Legal Services Selection Services Online System Costs Administrative Fees
Department of Industrial Relations	41	Interagency
Department of Justice	222	Legal and Paralegal Services External Investigative Services
Dore Partnership, LLP	647	Executive Search and Advisory
Downey Brand, LLP	(24)	Legal Counsel
Durie Tangri, LLP	1,207	Legal Services
Eaton Interpreting Services, Inc.	166	Interpreting Services
Elite Tech Solutions	249	Actuarial Valuation Systems Support
Elynview Corporation	193	Data Base Administration Systems Analysis Design Implementation Maintenance and Support
EMC Research, Inc.	46	PR Marketing
Employee Benefits Law Group PC	28	Legal Services
Employment Development Department	(22)	Printing
Equanim Technologies	311	Business Process Re-engineering Project Management Services Technical Writing
Equinix, Inc.	250	Health Consulting
Fair Political Practices Commission	73	Assessment Services
First Data Merchant Services Corporation	151	Banking Services
Funston Advisory Services, LLC	189	Board Governance Services
Global Governance Advisors, LLC	148	Board Compensation Consultant
Government Operations Agency	338	Operations and Strategic Business Planning
Health Net of California	11,976	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Health Services Advisory Group, Inc.	288	Health Care Survey Services
Ignatius Bau	41	Health Consulting
illumifin FKA Long Term Care Group, Inc.	18,092	Billing, Banking, Claims Administration, Care Advisory, Enrollment, Customer and Specialist, Reporting, Data Feed Services, IT Services, Marketing Consultant
Imagination Specialties, Inc.	295	Exhibition Management
J&K Court Reporting, LLC	38	Legal Services

Other Supplementary Information (continued)

CONSULTANT AND PROFESSIONAL SERVICES EXPENSES[1] – ALL FUNDS (DOLLARS IN THOUSANDS) (CONTINUED)

Individual or Firm	Fees	Nature of Services
Jlynn Consulting, Inc.	222	Information Services
K & H Printers-Lithographers, Inc.	1,155	Board Election Services
K&L Gates, LLP	$403	Legal Services
KearnFord Application Systems Design	225	Configuration Management
King & Spalding, LLP	(68)	Legal Services
Kong Consulting, Inc.	585	Systems Analysis Design Implementation Maintenance and Support
Korn Ferry (US)	323	Executive Search and Advisory
Kronick Moskovitz Tiedemann & Girard	31	Legal Services
Law Office of Chirag Shah	46	Advice and Representation to The Board on Procedural and Substantive Legal Issues
Mellon Bank	374	Banking Services
Mercer Health & Benefits, LLC	363	Health Consulting
Michael Scales Consulting, LLC	355	Application Development
Milliman, Inc.	3,946	Project Management Services
Milliman Solutions, LLC	350	Health Consulting
Morrison & Foerster, LLP	270	Legal Services
Mulkey Consulting, LLC	121	Health Care Training Academy
Northeast Retirement Services	108	Third-Party Member Record Keeper
Nossaman, LLP	133	Legal Services
Office of State Publishing	194	Print Services 1099R Production
Oliver Wyman Actuarial Consulting, Inc.	(275)	Long Term Care Program Valuation and Actuarial Services
Olson Remcho, LLP	141	Election Services
One Ergo Net, Inc.	41	Ergonomic Services
OptumRx	13,581	Pharmacy Claims Administration, Account Management, Eligibility, Retail and Other Reporting Services
Orrick Herrington & Sutcliffe, LLP	222	Legal Services
Pasanna Consulting Group, LLC	1,763	Application Development Data Base Administration IT Architecture Systems Analysis Design Implementation Maintenance and Support
Pension Benefit Information, LLC	518	Death Audit Service
Peraton State & Local, Inc.	268	Information Technology Consulting and Support Services
Peter V Lee	230	Health Consulting
Propio Ls, LLC	30	Telephonic Interpreter
Qualapps, Inc.	905	Application Development IT Architecture
Randle Communications, LLC	160	Media Training Writing Editorial Marketing and Crisis Communication Services
Recon Distribution, Inc.	(23)	Exhibition Management
Reed Smith, LLP	49	Legal Services
Ridgeway Partners, LLC	175	Search Firm Services
Rs3 Consulting	448	Information Services Application Development
Rsc Insurance Brokerage, Inc.	385	Actuarial Consulting Services
Sard Verbinnen & Co, LLC	210	Communication Consulting Services
Sharp Health Plan	8,391	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Shaw HR Consulting, Inc.	25	HR Consulting
Sophus Consulting	292	Legal Services
State Controller's Office	6,262	MIRS Services
State Personnel Board	34	Compliance Review Audit and Processing of Appeals and Complaints
State Treasurer's Office	27	Wiring of Funds
Steptoe & Johnson, LLP	26	Legal Services
T5 Consulting, Inc.	759	Application Development Information Services IT Architecture
The Educe Group, Inc.	35	IT Consulting
The Highlands Consulting Group, LLC	161	IT Consulting
The Rand Corporation	100	IT Consulting
The Regents of the University of California	157	LEADER Training
Toppan Merrill USA, Inc.	(123)	Printing of Open Enrollment Materials and Dissemination

Other Supplementary Information (continued)

CONSULTANT AND PROFESSIONAL SERVICES EXPENSES[1] – ALL FUNDS (DOLLARS IN THOUSANDS) (CONTINUED)

Individual or Firm	Fees	Nature of Services
Trinity Technology Group, Inc.	$263	Application Development Business Intelligence and Reporting Information Services
UnitedHealthCare	42,185	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Van Dermyden Makus Law Corporation	37	Legal Services
Vantage Consulting Group	255	IT Consulting
Vasquez Benisek & Lindgren, LLP	67	Legal Services
Voya	3,361	Third-Party Member Record Keeper
Wellington Gregory, LLP	54	Legal Service on Tax and Employee Benefits Law Issues
West Advanced Technologies, Inc.	298	Information Technology Systems Analysis Design Implementation Consulting and Support Services
Western Health Advantage	6,925	Medical Claims Administration, Account Management, Behavioral, Provider Network, Audit, Innovation and Development, Wellness, Prevention and Disease Management Services
Various	183	
Total Consultant and Professional Services Expenses	**$325,775**	

(1) Negative Consultant and Professional Services Expenses are due to adjusting entries as a result of reversal of accruals which are estimates.

STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUNDS

As of June 30, 2023 (Dollars in Thousands)

	Custodial Funds		
	RBF	OASI	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash & Cash Equivalents	**$1**	**$0**	**$1**
Receivables			
Members	$46	$0	$46
Employers	119	—	119
Interest & Dividends	142	16	158
Other Program	—	27	27
Total Receivables	**$307**	**$43**	**$350**
Investments, at Fair Value			
Short-Term Investments	$16,322	$2,067	$18,389
Total Investments	**$16,322**	**$2,067**	**$18,389**
Securities Lending Collateral	$0	$0	$0
TOTAL ASSETS	**$16,630**	**$2,110**	**$18,740**
Deferred Outflows of Resources	$0	$254	$254
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$16,630**	**$2,364**	**$18,994**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Net Pension & OPEB Liabilities	$0	($131)	($131)
Due to Other Funds	65	106	171
Unearned Replacement Benefits	16,048	—	16,048
TOTAL LIABILITIES	**$16,113**	**($25)**	**$16,088**
Deferred Inflows of Resources	$0	$282	$282
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$16,113**	**$257**	**$16,370**
NET POSITION – RESTRICTED FOR PENSION, OTHER POST-EMPLOYMENT, REPLACEMENT BENEFITS, AND PROGRAM ADMINISTRATION	**$517**	**$2,107**	**$2,624**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUNDS

For the Fiscal Year Ended June 30, 2023 (Dollars in Thousands)

	Custodial Funds		
	RBF	OASI	Total
ADDITIONS			
Retirement and OPEB Contributions			
Members	$0	$0	$0
Replacement Benefits	31,783	—	31,783
Total Retirement and OPEB Contribution	**$31,783**	**$0**	**$31,783**
Investment Income			
Interest & Amortization	$350	$54	$404
Net Investment Income	**$350**	**$54**	**$404**
Other Income	$608	$1	$609
TOTAL ADDITIONS	**$32,741**	**$55**	**$32,796**
DEDUCTIONS			
Replacement Benefit Payments	$31,783	$0	$31,783
Administrative Expenses	589	935	1,524
TOTAL DEDUCTIONS	**$32,372**	**$935**	**$33,307**
INCREASE (DECREASE) IN NET POSITION	**$369**	**($880)**	**($511)**
NET POSITION			
Beginning of Year	**$148**	**$2,987**	**$3,135**
End of year	**$517**	**$2,107**	**$2,624**