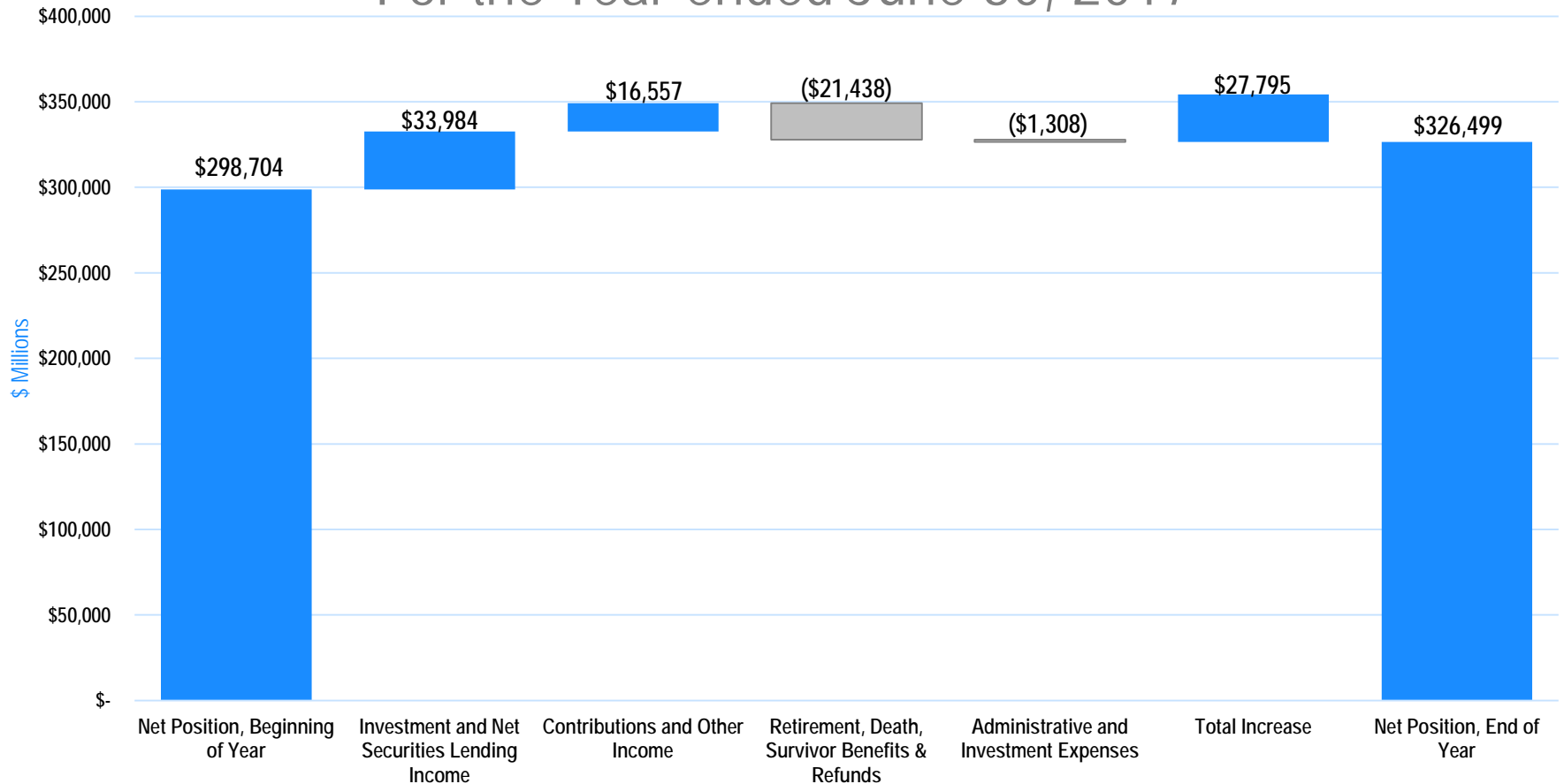


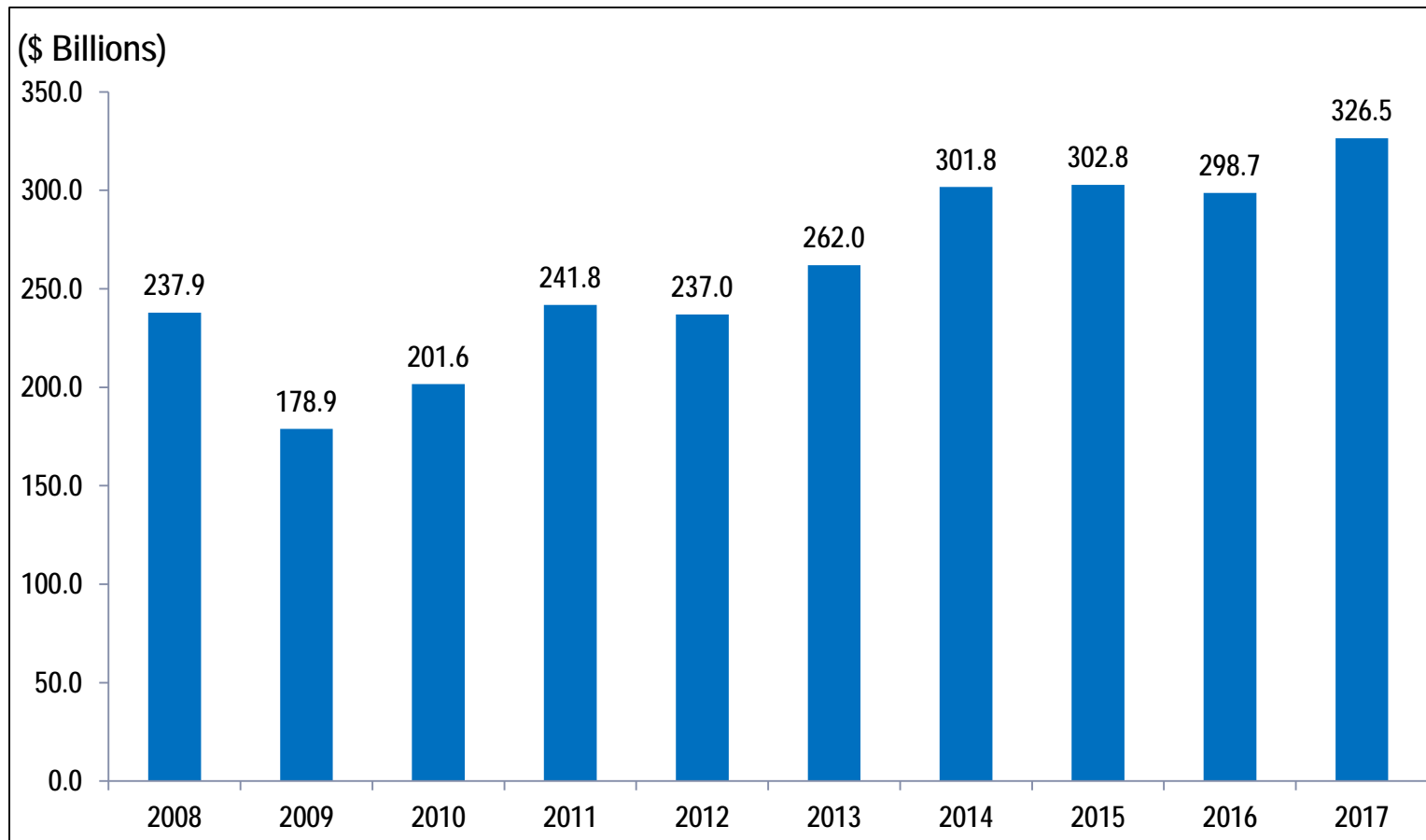
2016-17 Basic Financial Statements

Charles Asubonten & Kristin Montgomery
Financial Office

PERF Changes in Net Position For the Year ended June 30, 2017



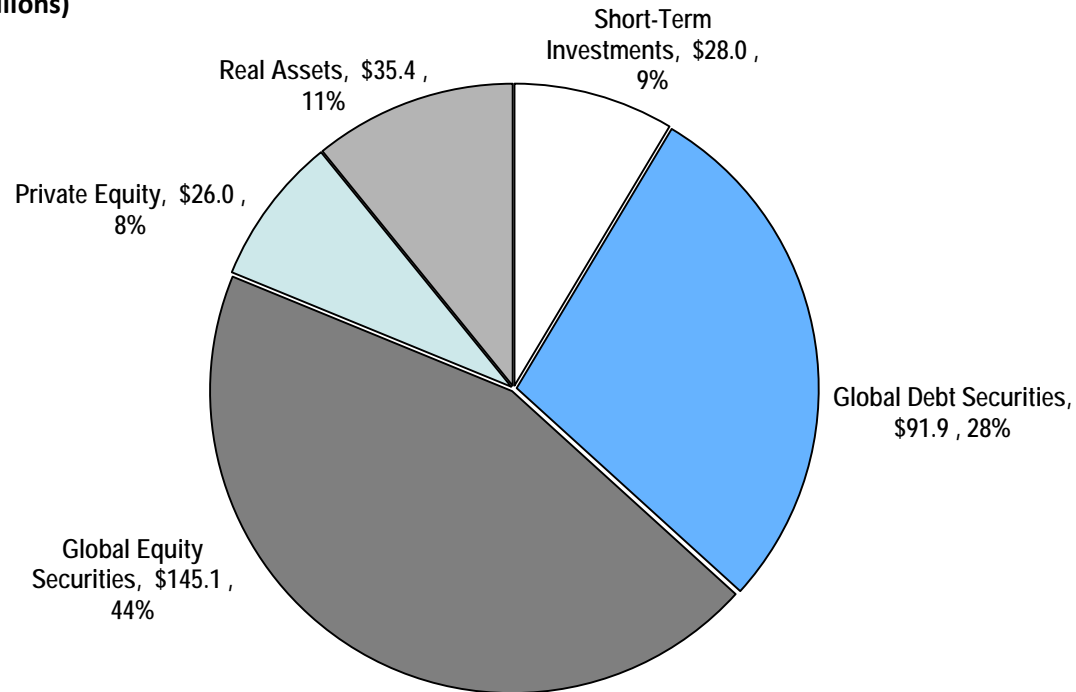
PERF Net Position



PERF Investment Assets

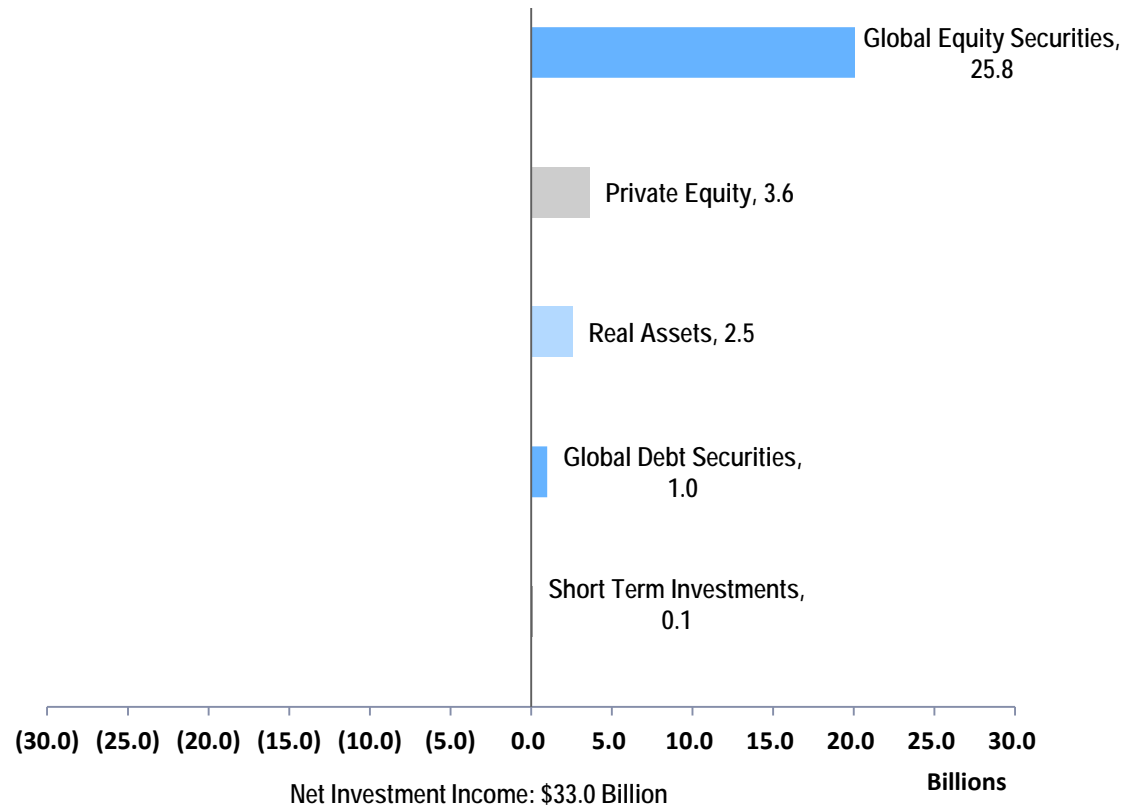
Market Value

(\$ Billions)

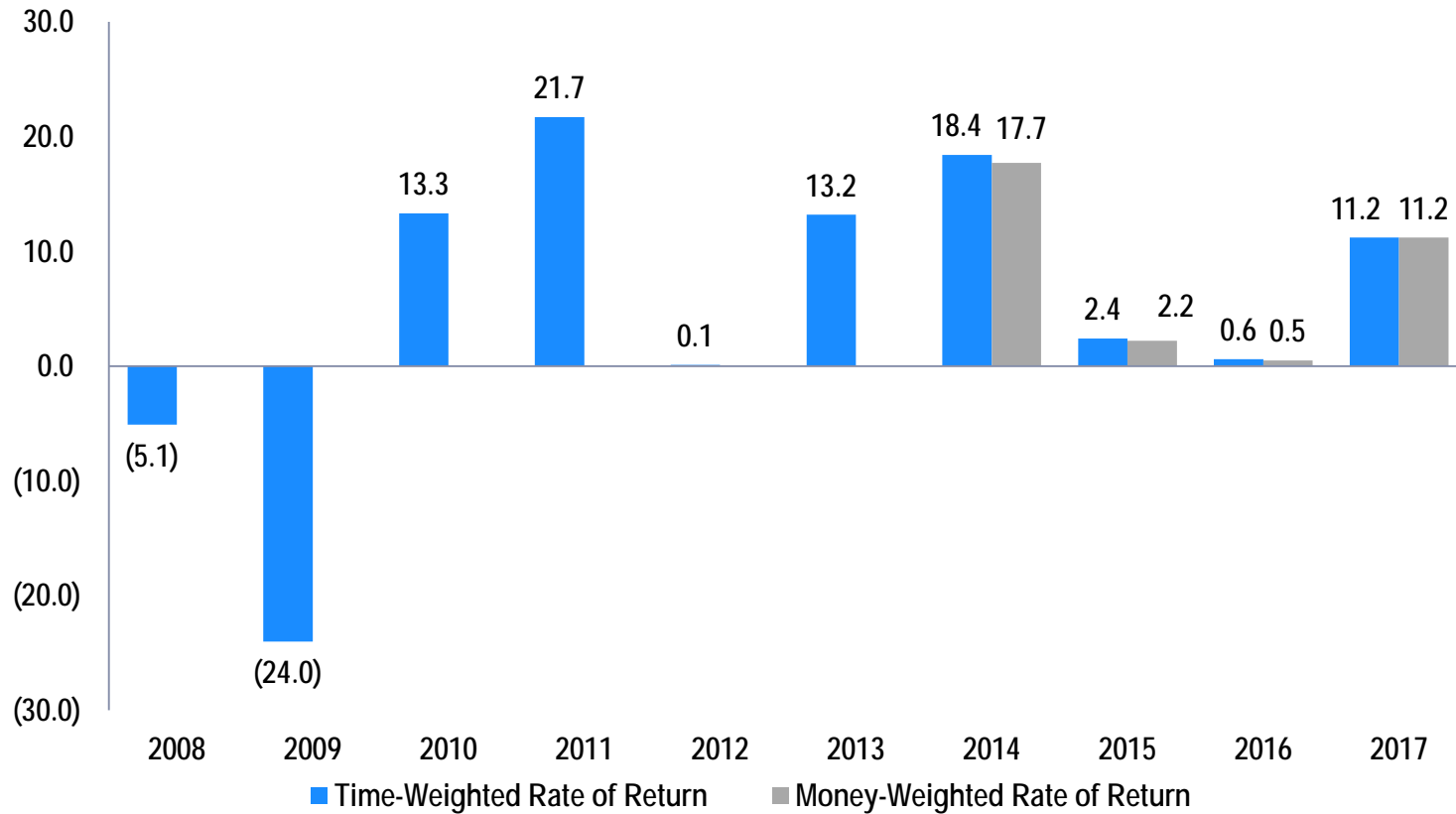


* Investment Portfolio Total: \$326.4

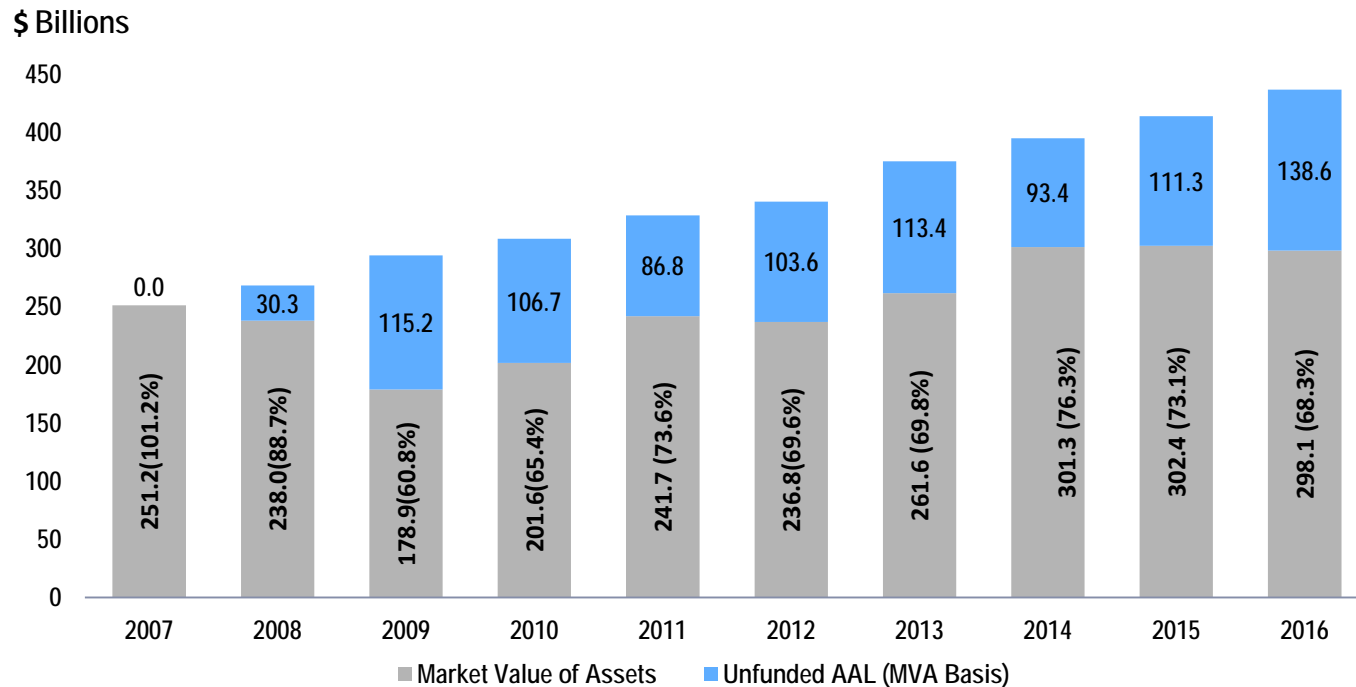
PERF Sources of Investment Income



PERF Annual Rates of Return



PERF Unfunded Liability & Funded Ratio (Market Value of Assets Basis)



2016-17 Net Position – All Funds

Fund	Net Position FY 2016-17 (in millions)	Net Position FY 2015-16 (in millions)	Change (in millions)	Percentage Change	Reason(s) for Change
PERF	\$326,499	\$298,704	\$27,795	9.3%	Favorable market conditions
LRF	117	119	(2)	(1.7)	Active members decrease: closed to new members
JRF	48	40	8	20.0	Increase in State General Fund contributions
JRF II	1,356	1,173	183	15.6	Favorable market conditions
DCF	1,444	1,290	154	11.9	Increase in investment income and decrease in participant withdrawals

2016-17 Net Position – All Funds (continued)

Fund	Net Position FY 2016-17 (in millions)	Net Position FY 2015-16 (in millions)	Change (in millions)	Percentage Change	Reason(s) for Change
SCPF	\$121	\$124	\$(3)	(2.4)%	Increase in participant withdrawals
CERBTF	6,791	5,122	1,669	32.6	Increase in employer contributions combined with favorable market
HCF/CRF	499	324	175	54.0	Increase in premium revenue combined with a decrease in administrative expenses and estimated claims liabilities
LTCF	90	248	(158)	(63.7)	Lower investment returns and increase in the estimated liability for future policy benefits

Financial Statement Modifications

2016-17 Financial Modifications

GASB Statement No. 84

- Early implementation
- Improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported
- As a result, the Replacement Benefit Fund, which was previously classified as an agency fund has been reclassified to a custodial fund and will be reported in the Statement of Changes in Fiduciary Net Position

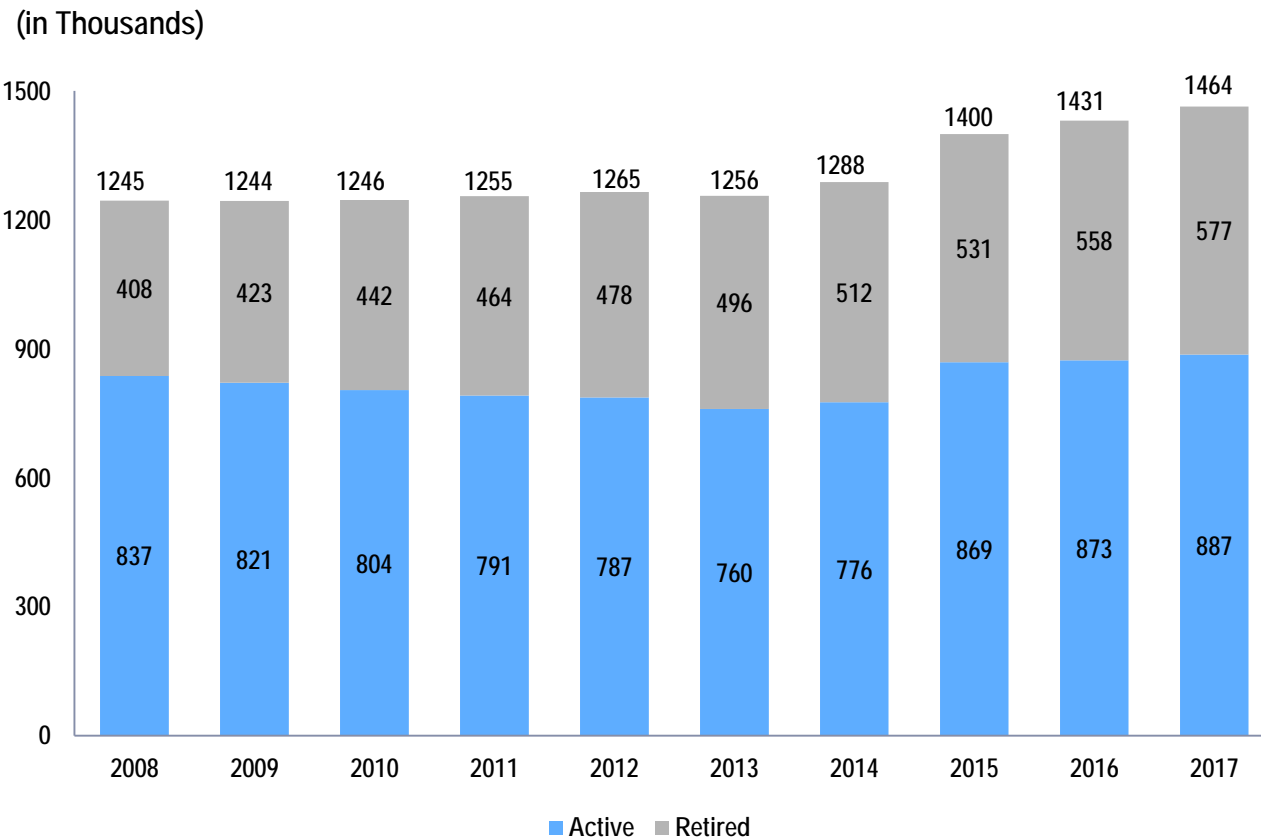
2016-17 Financial Modifications (continued)

Private Equity

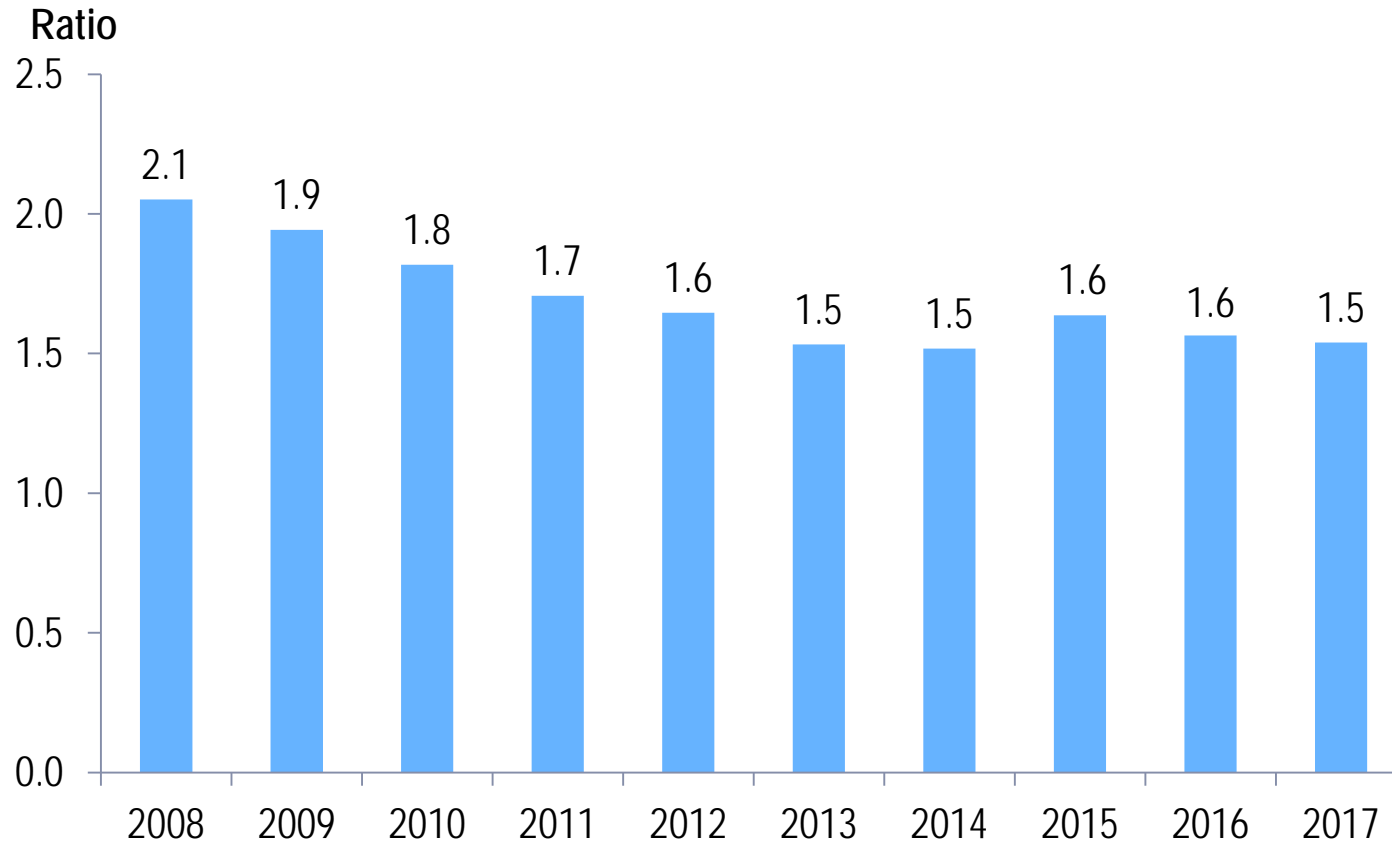
- Net management fees for private equity are now presented within the audited section
- Private equity profit sharing fees are reflected within the Net Appreciation in Fair Value of Investments line in the Statement of Changes in Fiduciary Net Position

Program Information

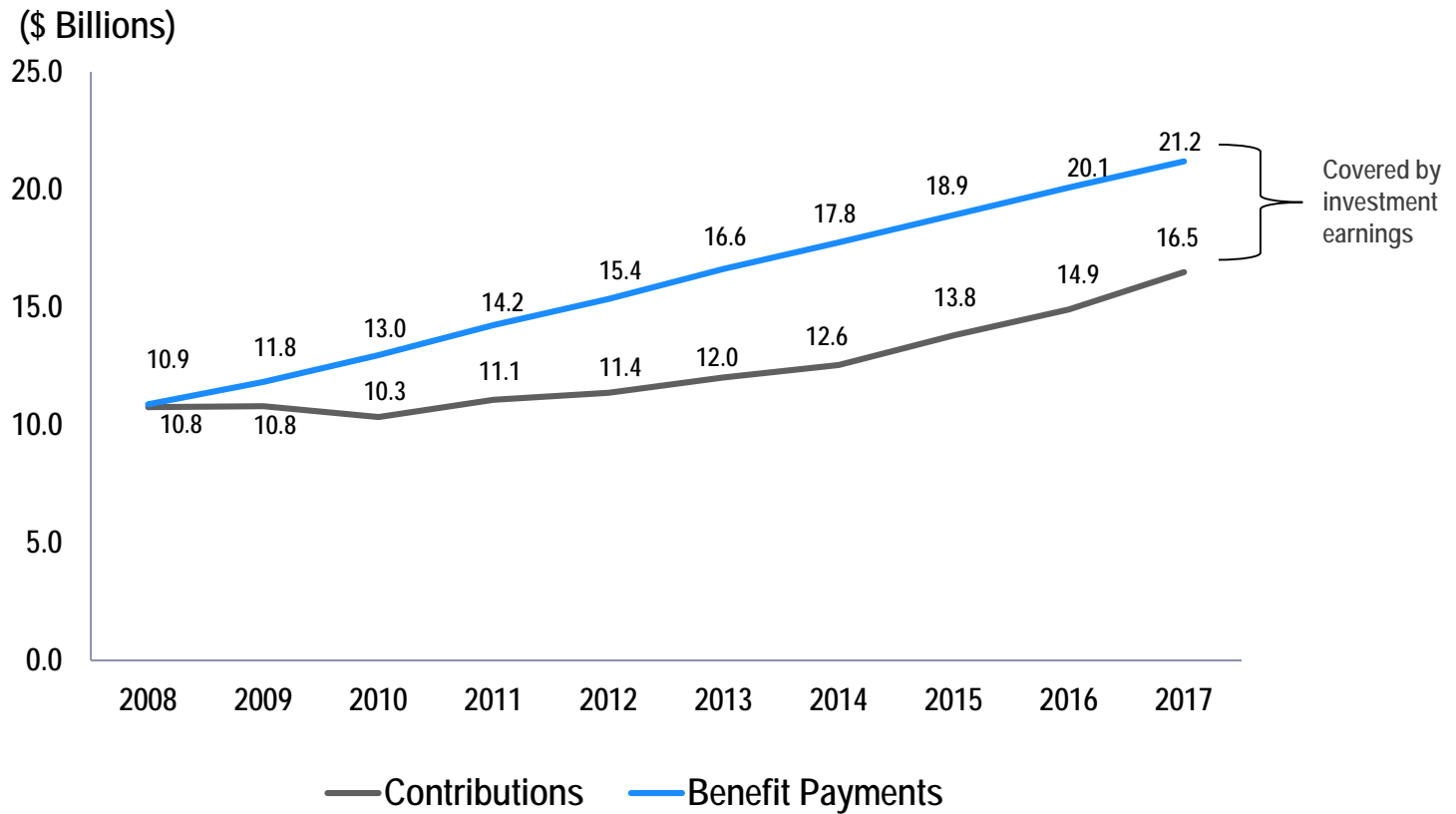
PERF Number of Active and Retired Members



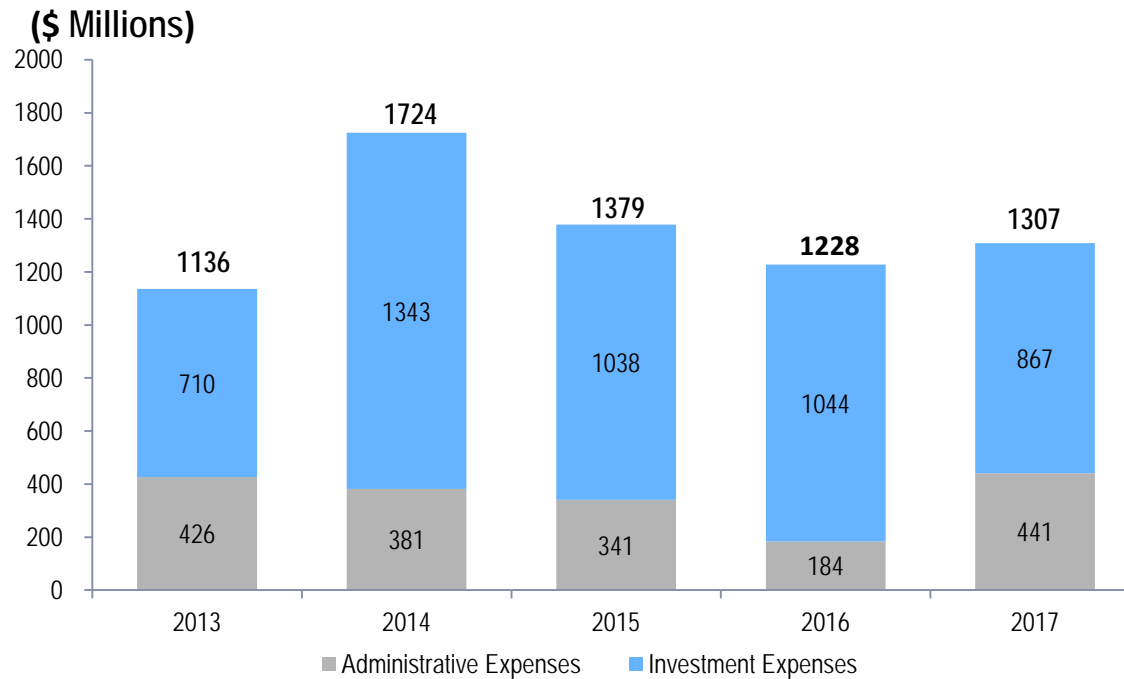
PERF Ratio of Active to Retired Members



PERF Benefit Payments & Contribution Income



PERF Investment and Administrative Cost



*Starting Fiscal Year 2013-14, investment salaries are being reclassified from administrative expenses to investment expenses.

Next Steps/Looking Forward

- Board approval of the Basic Financial Statements
- Finalization of CAFR (Comprehensive Annual Financial Report)
- No significant GASB changes impacting CalPERS for next year