

Comprehensive Annual Financial Report

California Public Employees' Retirement System
Year Ended June 30, 2003



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Comprehensive Annual Financial Report
California Public Employees' Retirement System
Year Ended June 30, 2003
Fred Buenrostro, Chief Executive Officer



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Certificate of Achievement for Excellence in Financial Reporting

Presented to
California Public
Employees' Retirement
System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Peter Pate

President

Jeffrey L. Esser

Executive Director



Public Pension Coordinating Council
Public Pension Standards
2003 Award

Presented to

California Public Employees Retirement System

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

Confidence

Confidence is that feeling by which the mind embarks in great and honorable courses with a sure hope and trust in itself.

—*Marcus Tullius Cicero, Roman Statesman*

Introductory Section





December 17, 2003



Fred Buenrostro,
Chief Executive Officer

Members of the CalPERS Board of Administration:

I am pleased to present the CalPERS Comprehensive Annual Financial Report (CAFR) and accompanying Operations Summary for the year ended June 30, 2003.

This has been a year of change—locally, nationally, and worldwide. We have become more proactive in the health care marketplace, and safeguarded the assets of our fund—delivering a positive return on investments during the fiscal year despite a dampened market. We worked diligently to influence positive changes relative to corporate governance protecting our shareholder rights, our investments, and our members' financial future. We are very proud of the achievements we've accomplished in fiscal year 2002-03, this is presented throughout our report. Despite a challenging year, we kept our focus on both our short-term and long-term goals while sustaining the course of our core business and services and we are pleased with the results.

As with each year—in our quest for excellence—we recognize that it is the hard work and dedication of our Board, Executive Team, management, and every staff person at CalPERS who enables us to continue providing quality customer service and managing our benefit administration and asset programs for our members, employers, and stakeholders.

I encourage you to review the information in this report. It provides information on all the programs administered by CalPERS: Public Employees' Retirement Fund (PERF), Legislators' Retirement Fund (LRF), Judges' Retirement Fund (JRF), Judges' Retirement Fund II (JRF II), Volunteer Firefighters' Length of Service Award Fund (VFF), State Peace Officers' and Firefighters' Defined Contribution Plan Fund

CEO Letter of Transmittal (continued)

(SPOFF), Health Care Fund (HCF), Contingency Reserve Fund (CRF), Old Age & Survivors' Insurance Revolving Fund (OASI), Replacement Benefit Fund (RBF), Supplemental Contributions Program Fund (SCPF), Long-Term Care Fund (LTCF), Deferred Compensation Fund (DCF), and Public Agency Deferred Compensation Program (IRC 457).

Beginning in 1932, the System began providing services to State employees. In 1939, public agencies and school districts were allowed to contract with CalPERS to provide retirement benefits for their employees. While primarily responsible for administering retirement, death, and health benefits, CalPERS also administers supplemental retirement savings plans and long-term care insurance. As a service to members and employers, a variety of educational workshops and seminars are also offered.

Management Responsibility for Financial Reporting

The CalPERS financial statements included in this CAFR for the 2002-03 fiscal year have been prepared by System management, which is responsible for the integrity and fairness of the data presented, including the many amounts that out of necessity must be based on estimates and judgments. The accounting policies followed in preparation of these financial statements conform with accounting principles generally accepted in the United States of America. Financial information presented throughout this Annual Report is consistent with these financial statements.

CalPERS has established and maintains a system of internal controls designed to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. In addition, internal audit personnel provide a continuing review of the internal controls and operations of CalPERS, and the Chief of

the Office of Audit Services regularly reports to the CalPERS Board of Administration's Finance Committee. The Committee reviews the audit findings and recommendations for improvements in internal control and operational efficiency and the actions of management to implement such recommendations.

Our independent external auditors, Deloitte & Touche LLP, have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America, performing such tests and other procedures as they deem necessary to express an opinion in their report to the Board. The external auditors also have full and unrestricted access to the Board to discuss their audit and related findings as to the integrity of the financial reporting and adequacy of internal control systems.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CalPERS for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. This was the seventh consecutive year that CalPERS has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

CEO Letter of Transmittal (continued)

The Comprehensive Annual Financial Report

This report consists of five sections:

Introductory—contains this introduction letter and our organizational chart. Summary program information is contained in the accompanying 2003 Comprehensive Annual Financial Report Operations Summary;

Financial—presents management’s responsibility for financial reporting and the independent auditors’ opinion on the CalPERS basic financial statements, management’s discussion and analysis, and sections on required supplemental schedules and supporting schedules;

Investment—summarizes and presents performance information for the PERF, JRF II, LRF, and VFF.

Actuarial—contains the certifications and results of the actuarial valuations as of June 30, 2002, the latest data available;

Statistical—contains significant membership and retirement data for CalPERS, Judges’ Retirement System, Judges’ Retirement System II, Legislators’ Retirement System, Volunteer Firefighters’ Length of Service Award System, Health Benefits Program, Deferred Compensation Program, and Long-Term Care Program.

Accounting System & Reports

Management is responsible for establishing and maintaining an internal control structure designed to ensure that CalPERS assets are protected from loss, theft, or misuse, and income is equally distributed.

Responsibility for the accuracy, completeness, and fair presentation of the information, and all disclosures, rests with CalPERS. The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The basic financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB), including guidelines established by GASB Statement No. 25, *Financial Reporting for Defined Benefit Plans*, GASB Statement No. 26, *Financial Reporting for Post Employment Health Care Plans Administered by Defined Benefit Plans*, GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other GASB statements as appropriate.

GASB Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The CalPERS MD&A can be found immediately following the report of the independent auditors.

Investments

Proper funding and healthy long-term investment returns are essential to the financial soundness of CalPERS. The ratio of investment earnings to total revenue during the last 10 years is evidence of the System’s continued solid financial management.

CEO Letter of Transmittal (continued)

Asset Allocation

An integral part of the overall investment policy is the strategic asset allocation policy. This is designed to provide an optimal mix of asset classes with return expectations that reflect expected liabilities. This emphasizes a maximum diversification of the portfolio that protects the Fund from declines that a particular asset class may experience in a given period. Both traditional assets (cash, bonds, domestic stocks, domestic fixed income, and mortgages) and nontraditional assets (real estate, international stocks and fixed income, venture capital, timber investments, and leveraged buyouts) are incorporated into the mix.

Funding

The bottom line for a retirement system is its level of funding. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and the need for contributions will be reduced. Also, an adequate funding level gives participants assurance that their pension benefits are secure.

The historical level of funding for the PERF is good. As of June 30, 2002, the PERF is 95.2 percent funded. The advantages of a well-funded plan are that participants can see assets that are irrevocably committed to the payment of promised benefits, and employees and taxpayers can minimize their contributions in support of defined benefits. The required supplemental schedules to the basic financial statements and the actuarial section contain a summary of CalPERS unfunded actuarial accrued liabilities.

Investment returns are used to generate additional revenues and, ultimately, this allows CalPERS to reduce employer contribution rates, reducing pension costs to employers and taxpayers.

In Closing...

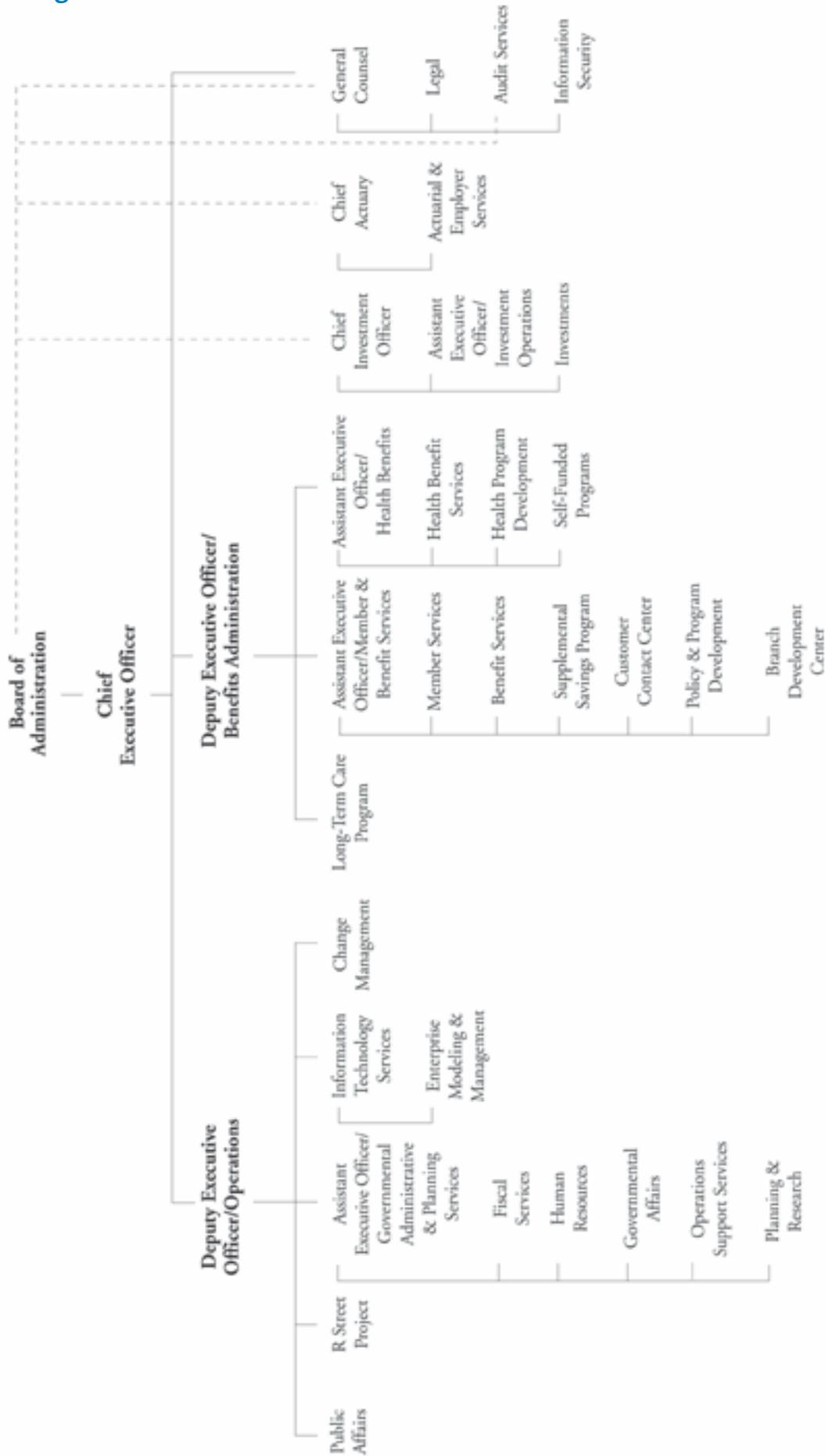
Since our inception more than 70 years ago, we have kept pace with the evolving needs of our members. Equally important, we have proven ourselves to be a sound financial performer. We will continue to be committed to our objectives to keep pace with rapid changes and to delivering retirement and health security for our members and employers.

For the 2003-04 fiscal year, we are prepared to step into the ring to help fight for fundamental reforms in both the health care marketplace and Corporate America. We will continue to work toward increased organizational effectiveness and completing ongoing and some new initiatives which will further improve the services we provide. The changes we have made—and will continue to make—will help transform CalPERS into a more flexible and member-focused organization.



Fred Buenrostro
Chief Executive Officer

CalPERS Organizational Chart



Strength

Strength lies solely in tenacity.

—*Louis Pasteur, Chemist*

Financial Section



Report of Independent Accountants

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Independent Auditors' Report

To the Board of Administration
California Public Employees' Retirement System
Sacramento, California

We have audited the accompanying statement of fiduciary net assets of the fiduciary funds, and the statement of net assets of the proprietary funds and the statement of changes in assets and liabilities of the agency fund of the California Public Employees' Retirement System ("the System"), a component unit of the State of California, as of June 30, 2003 and the related statement of changes in fund net assets of the fiduciary and proprietary funds and of cash flows for the proprietary funds for the year then ended. These basic financial statements are the responsibility of the management of the System. Our responsibility is to express an opinion on these basic financial statements based on our audits. The comparative totals as of and for the year ended June 30, 2002 presented in the basic financial statements are included for additional analysis only.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

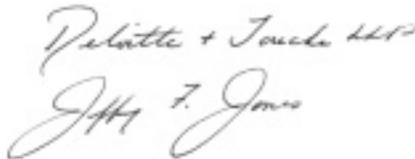
In our opinion, such basic financial statements present fairly, in all material respects, the fiduciary net assets of the fiduciary funds, the changes in assets and liabilities of the agency fund and the net assets of the proprietary funds of the System, as of June 30, 2003, and the related changes in fiduciary net assets and the operations and cash flows for the proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report of Independent Accountants (continued)

As described in Note 5 to the financial statements, actual contributions to the Judges' Retirement Fund made by the State of California were materially less than the actuarially determined annual required contribution. Additionally, current year contributions made by the State of California were used to pay current year benefits. Management and legal counsel believe that the State of California is legally required to provide funding sufficient to pay benefits when due.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion of the basic financial statements taken as a whole. The supplemental information included in pages 55 through 64 is required by GASB. The required supplemental information is the responsibility of the management of the System. Such information has been subjected to the auditing procedures applied in our audit of the 2003 basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2003 combined financial statements taken as a whole. The required supplemental information for the years ended June 30, 2001, 2000, 1999, 1998, and 1997 was audited by other auditors in connection with their audits of the respective financial statements, on which they expressed an unqualified opinion. The supplemental information included on pages 65 through 70 is presented for the purpose of additional analysis and is not a required part of the 2003 basic financial statements of the System. Such additional information has been subjected to the auditing procedures applied in our audit of the 2003 basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the 2003 basic financial statements taken as whole.



Deloitte + Touche LLP
Jeffrey F. Jones

November 10, 2003

Management's Discussion and Analysis

This section presents management's discussion and analysis of the California Public Employees' Retirement System (CalPERS) financial performance during the fiscal year ended June 30, 2003, and is presented as a narrative overview and analysis in conjunction with the Chief Executive Officer's Letter of Transmittal included in the Introductory Section of the CalPERS Comprehensive Annual Financial Report. The Management's Discussion and Analysis should be read in conjunction with the basic financial statements of CalPERS, as presented in the Comprehensive Annual Financial Report.

In addition to the historical information, the Management's Discussion and Analysis includes certain forward-looking statements which involve certain risks and uncertainties. CalPERS actual results, performance, and achievements may differ materially 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, and legislative changes, as well as other factors.

CalPERS is primarily responsible for administering retirement and health benefits, as well as administering supplemental retirement savings plans. CalPERS comprises a total of 14 funds, including five defined benefit pension plans, four defined contribution pension plans, four proprietary funds, and an agency fund. The Public Employees' Retirement Fund (PERF) is the primary fund administered by CalPERS.

Financial Highlights

Public Employees' Retirement Fund (PERF)

- The net assets of the PERF increased by \$2.0 billion, or 1.4 percent. The increase was primarily due to a second half recovery in the domestic equity market and strong returns earned in the debt market.
- The PERF rate of return on investments of 3.7 percent on a market value basis was a significant improvement over the negative 6.1 percent rate of return in the prior fiscal year. The positive return was due primarily to a second half recovery in domestic equities and strong returns earned in debt securities. A positive return was earned in each of the

CalPERS asset classes except alternative investments and international equities.

- As of June 30, 2002, the date of the most recent actuarial valuation, the PERF is actuarially funded at 95.2 percent, which is less than the June 30, 2001 111.9 percent funded level. The decrease is attributable to two years of negative investment income in 2002 and 2001, and increasing benefit liabilities attributable to recent benefit enhancements.
- The PERF paid \$7.0 billion in retirement benefits to 396,151 annuitants during 2003, compared to \$6.4 billion paid to 381,746 annuitants during the 2002 fiscal year. Benefit payments increased primarily due to an increase in new retirees and cost-of-living adjustments (COLA).
- The total active/inactive member count hit the "1 million" mark during 2003 and membership was 1,014,360 at June 30, 2003. The PERF received \$1.9 billion in employee contributions from 809,646 active members and \$1.9 billion in employer contributions from 1,484 employers during fiscal year 2003, compared with \$2.2 billion and \$801 million in employee and employer contributions, respectively, in fiscal year 2002. Employee contributions were \$267 million lower than the prior fiscal year because of a temporary cessation of State miscellaneous employee contributions. The amount of State employee contributions not paid in the 2003 fiscal year was approximately \$465 million. The absence of State miscellaneous employee contributions in the 2003 fiscal year will be incorporated into future actuarial calculations for that employer in accordance with the CalPERS Board of Administration's adopted amortization policies. For the 2004 fiscal year there will also be a temporary cessation of State miscellaneous employee contributions. The cessation of employee contributions in the 2004 fiscal year is expected to result in approximately \$550 million in reduced State employee contributions. Employer contributions were \$1.1 billion higher than the prior fiscal year because of higher actuarially determined employer contribution rates for 2003.

Additional financial information related to the other pension funds administered by CalPERS is included in the Financial Analysis Section of the Management's Discussion and Analysis.

Management's Discussion and Analysis

Health and Long-Term Care Programs

- The CalPERS self-funded health care program received \$92.3 million from operations, and unrestricted net assets increased by \$98.6 million to \$168.4 million, due primarily to premium increases and improved management of claims expenses.
- The unrestricted net assets of the CalPERS Long-Term Care Program increased \$282.2 million during the 2003 fiscal year, an increase of 107.8 percent, as a result of a premium rate increase, a decrease in the estimate of future liabilities, and improved investment earnings.

Critical Accounting Policies

CalPERS basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). CalPERS significant accounting policies are presented in Note 2 to the basic financial statements, which are included in this Comprehensive Annual Financial Report. CalPERS follows accounting policies to comply with various applicable laws and regulations and the guidelines as established by the Governmental Accounting Standards Board (GASB).

CalPERS most significant management accounting policies relate to the following.

Investments

All investments are reported at fair value. Many factors are considered in arriving at fair value. The fair value of investments in publicly held securities are generally based on actual market prices and quotations from major investment firms. In general, corporate bonds that do not have a published market price are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The CalPERS Investment Office securities analysts or outside experts determine the criteria to identify comparable securities based on the size, industry, and profitability of the company offering the securities and the term, rate, and dollar amount of the security.

Mortgages are valued on the basis of the timing of future principal payments and the amount of interest payments discounted at prevailing interest rates for

similar instruments. The prevailing interest rates for mortgages are generally based on the 30-year Treasury note rate, which can be found in financial publications. Market interest rate changes impact the likelihood of refinancing activity, which impacts the value of the mortgage investments. Declining interest rates will cause the value of mortgage investments to increase, but at a slower rate than non-callable similar duration securities.

The fair value of real estate investments, principally rental property subject to long-term net leases, is estimated based on independent appraisals. The appraisals are performed by CalPERS-approved appraisers who meet specific professional qualifications. Appraisals are estimates of current value and are based on three methods: the income approach, the cost approach, and the comparative sales approach. The three approaches are then compared and the appraiser determines the most appropriate valuation for the property. The appraisal process involves a significant amount of judgment and changes in the real estate marketplace are not immediately taken into consideration, as the appraisals are performed annually.

Short-term investments are reported at fair value, when available, or at cost plus accrued interest, when quoted market values are not available.

Alternative investments consist of investments in a variety of markets and industries through partnerships, co-investments, direct investments, and other investment vehicles. For these investments, and others where no readily ascertainable market value exists, management, in consultation with investment advisors, determined the fair values for the individual investments. Management takes into consideration factors such as the book value, based on audited financial statements, the current and projected income generated by the investment, and the cost of the investment. These estimates are by their nature subjective and based on judgment. Hedge funds are valued at fair value.

CalPERS, through outside investment managers, holds investments in futures and options and enters into forward foreign currency exchange contracts. The fair value of futures, options, and forward foreign currency exchange contracts are determined based upon quoted market values.

Management's Discussion and Analysis

CalPERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contract. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. Investment performance rates of return for asset classes and total funds are prepared using pre-audit asset data by Wilshire Associates. The returns are based solely on Wilshire Associates compilation and analysis of the data.

Actuarial Valuation

Actuarial valuations are used to determine the cost of pension benefits payable to the members of CalPERS who participate in the PERF, the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), and the Volunteer Firefighters' Length of Service Award Fund (VFF), as well as the related required contribution rates. The actuarial valuations include a number of significant assumptions including the actuarial valuation method used, the asset valuation method, the rate of return on the investment portfolio, rate of inflation, projected salary increases, post retirement benefits, and the life expectancy of members and beneficiaries. Significant actuarial assumptions used in the valuations are included in the Notes to the Required Supplemental Schedules on page 55.

Estimated Liabilities

The Public Employees' Health Care Fund (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 claims that have been incurred but not reported (IBNR). The estimated claims liability was calculated by the HCF's third-party administrator, 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 is carried at its face amount, and no interest discount is assumed. The IBNR portion represents an estimate for claims that have

been incurred prior to the fiscal year end, but have not been reported to the HCF.

An actuarial valuation 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 liability for future policy benefits was calculated by the Fund's independent actuary, using a variety of actuarial and statistical techniques.

The Public Employees' Long-Term Care Fund (LTCF) estimates the required funding level to provide for the payment of future claim benefits. This estimate is predicated upon participation levels that are expected to be achieved by the program. The LTCF establishes the current liability for future benefits based on the present value of such future benefits and expenses, less the present value of expected future premiums.

Overview of the Financial Statements

The Management's Discussion and Analysis provides an introduction to and overview of the CalPERS basic financial statements, which comprise the following components: 1) fund financial statements, 2) notes to the financial statements, 3) required supplementary information, and 4) other supplementary schedules. Collectively, this information presents the combined net assets held in trust for pension benefits and the combined unrestricted net assets for each of the funds administered by CalPERS as of June 30, 2003, and summarizes the combined changes in net assets held in trust for pension benefits, the combined changes in unrestricted net assets, and the cash flows of the proprietary funds for the year then ended, along with an actuarial view on the funding status of the defined benefit plans. The information available in each of these sections is briefly summarized as follows.

- 1) **Fund Financial Statements.** At June 30, 2003, financial statements are presented for the two types of funds administered by CalPERS: fiduciary funds and proprietary funds.
 - Fiduciary funds include pension trust funds. The defined benefit plans administered by CalPERS include the PERF, LRF, JRF, and JRF II. The defined contribution plans administered by CalPERS include the State Peace Officers' and Firefighters' Defined

Management's Discussion and Analysis

Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), the Replacement Benefit Fund (RBF), and the Supplemental Contributions Program Fund (SCPF). The remaining fiduciary funds are the VFF, an award system, and the Old Age & Survivors' Insurance Revolving Fund (OASI). The fiduciary funds are used to account for resources held for the benefit of CalPERS participants. A statement of fiduciary net assets and a statement of changes in fiduciary net assets are presented for the fiduciary funds as of and for the year ended June 30, 2003, along with comparative total information as of and for the year ended June 30, 2002. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries as of year end, as well as the changes in those resources during the year.

- Proprietary funds include the following enterprise funds: the Public Employees' Health Care Fund (HCF), the Public Employees' Contingency Reserve Fund (CRF), the Public Employees' Long-Term Care Fund (LTCF), and the Public Employees' Deferred Compensation Fund (DCF). Proprietary funds are used to account for CalPERS business-type activities, where fees are charged to cover the costs of certain services, including long-term care, health care, and other benefits. A statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows are presented for the proprietary funds as of June 30, 2003 and for the year then ended, along with comparative total information as of and for the year ended June 30, 2002. These financial statements reflect the net assets of, changes in net assets of, and cash flows from CalPERS business-type activities.

2) Notes to the Basic Financial Statements. The financial statement notes provide additional information that is essential to a full understanding of the information provided in the fund financial statements. Information available in the notes to the financial statements is described below.

- Note 1 provides a general description of CalPERS, as well as a concise description of each of the funds

administered by CalPERS. Information regarding employer and member participation in the pension plans administered by CalPERS is also provided.

- Note 2 provides a summary of significant accounting policies, including the basis of accounting for each of the fund types, investment accounting policies, management's use of estimates, information regarding the implementation of new accounting pronouncements, and other significant accounting policies.
- Note 3 provides information on cash and cash equivalents.
- Note 4 describes investments, including investing authority, investment risk categorizations, and additional information about cash, securities lending, and derivatives.
- Note 5 provides information about employer contributions to the pension funds administered by CalPERS.
- Note 6 provides information on commitments.
- Note 7 provides information on potential contingencies of CalPERS.
- Note 8 provides detailed information on the estimated claims liability of the HCF.
- Note 9 provides information regarding the LTCF June 30, 2003 actuarial valuation.

3) Required Supplementary Information. Because of the long-term nature of a public defined benefit pension plan, financial statements for the past year alone cannot provide sufficient information to properly reflect the funded position of the plan. Therefore, in addition to the basic financial statements, two required schedules of historical trend information related to the defined benefit plans are presented as part of the Required Supplementary Information (RSI) section of the basic financial statements. These two schedules are the Required Supplemental Schedule of Funding Progress and the Required Supplemental Schedule of Employer Contributions. These two schedules are based on the actuarial valuations performed by CalPERS actuaries, and provide additional actuarial information that contributes to the understanding

Management’s Discussion and Analysis

of the changes in the actuarial funding of, and the funded status of, these defined benefit plans over the last 10 years. The actuarial information is based upon assumptions made about future events at the time the valuations were performed, and, therefore, the amounts presented are necessarily estimates. Also included as part of the RSI is the Required Supplemental Schedule of Claims Development Information for the HCF.

- 4) **Other Supplementary Schedules.** Other schedules include detailed information on administrative expenses incurred by CalPERS-administered funds, as well as investment and other professional services expenses incurred.

Financial Analysis of CalPERS Funds

PERF

Plan Net Assets

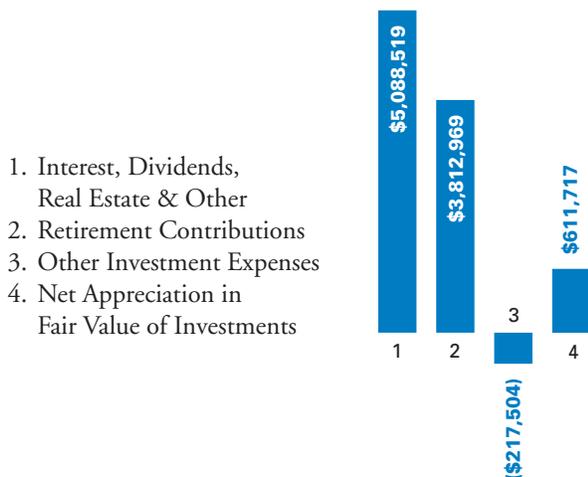
The PERF provides retirement benefits to State of California and other California public agency employees. PERF benefits are funded by member and employer contributions and by earnings on investments. The PERF net assets held in trust for benefits at June 30, 2003 were \$144.8 billion, an increase of \$2.0 billion (1.4 percent) from \$142.8 billion at June 30, 2002.

Additions to PERF net assets held in trust for benefits include employer and member contributions, as well as investment income. For the 2003 fiscal year, employer and member contributions totaled \$3.8 billion, an increase of \$857.3 million (29.0 percent) from the 2002 fiscal year. The increase in required contributions was in response to declining investment earnings and recent benefit enhancements offset by the temporary cessation of certain State miscellaneous employee contributions. The PERF recognized net investment income of \$5.5 billion for the 2003 fiscal year, compared with a net investment loss of \$9.7 billion for the 2002 fiscal year. Investment gains were mainly due to a second half recovery in the domestic equity market and strong returns earned in the debt security market during 2003.

Deductions from PERF net assets held in trust for benefits consist primarily of retirement, death, and survivor benefits, refunds, and administrative expenses. For the 2003 fiscal year, retirement, death, and survivor benefits totaled \$7.0 billion, an increase of \$560.9 million (8.7 percent) from the 2002 fiscal year. The increase in benefit payments was primarily a result of an increase in the number of retirees from 381,746 to 396,151 and COLA increases. For the 2003 fiscal year, the costs of administering the PERF benefits amounted to \$214.3 million, a decrease of approximately \$8.3 million (3.7 percent) from the 2002 fiscal year.

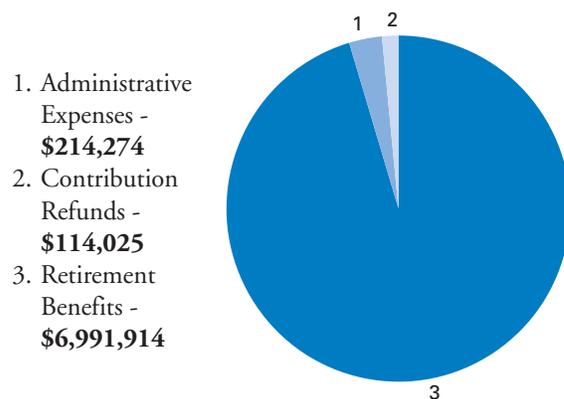
Additions—PERF

(Dollars in Thousands)



Deductions—PERF

(Dollars in Thousands)



Management's Discussion and Analysis

Net Assets — PERF

(Dollars in Thousands)

	2003	2002	Total Percentage Change
Assets			
Cash, Cash Equivalents & Total Receivables	\$2,399,015	\$5,625,148	(57.4%)
Investments	146,248,458	142,985,375	2.3
Securities Lending Collateral	23,846,815	14,098,951	69.1
Capital Assets & Other	169,751	123,820	37.1
Total Assets	\$172,644,039	\$162,833,294	6.0%
Liabilities			
Retirement Benefits in Process of Payment, Investment Settlement & Other	\$4,054,518	\$5,947,125	(31.8%)
Liabilities to Brokers for Security Lending	23,846,815	14,098,951	69.1
Total Liabilities	\$27,901,333	\$20,046,076	39.2%
Total Net Assets	\$144,762,706	\$142,787,218	1.4%

Changes in Net Assets — PERF

(Dollars in Thousands)

	2003	2002	Total Percentage Change
Additions			
Member Contributions	\$1,887,925	\$2,154,742	(12.4%)
Employer Contributions	1,925,044	800,964	140.3
Investment Income (Loss)	5,474,084	(9,691,178)	156.5
Other	8,648	5,259	64.4
Total Additions	\$9,295,701	(\$6,730,213)	238.1%
Deductions			
Retirement Benefits	\$6,991,914	\$6,431,019	8.7%
Refund of Contributions	114,025	103,386	10.3
Administrative Expenses	214,274	222,561	(3.7)
Total Deductions	\$7,320,213	\$6,756,966	8.3%
Increase (Decrease) in Net Assets	\$1,975,488	(\$13,487,179)	114.6%

Management's Discussion and Analysis

On a per member and beneficiary basis, the cost of administering PERF benefits during the 2003 fiscal year was approximately \$152 per individual, a decrease of approximately \$11 per individual from the 2002 fiscal year.

An actuarial valuation of PERF assets and benefit obligations is performed annually. At June 30, 2002, the date of the most recent actuarial valuation, the funded status of the PERF decreased to 95.2 percent from 111.9 percent at June 30, 2001. The amount by which PERF actuarial benefit liabilities exceeded actuarial assets was \$7.9 billion at June 30, 2002, compared with an \$18 billion funding excess at June 30, 2001. This decrease in funded status relates primarily to declining investment earnings in 2002 and 2001 and recent benefit enhancements.

Current year earnings will affect future years' funded status and contribution rates using the CalPERS policy of actuarial asset smoothing.

Investments

PERF investments, excluding securities lending collateral, totaled \$146.2 billion at June 30, 2003, which was \$3.9 billion (2.7 percent) more than the \$142.3 billion in total PERF investments at June 30, 2002.

At June 30, 2003, the PERF held \$86.1 billion in domestic equity and international equity securities, an increase of \$5.9 billion from \$80.2 billion at fiscal year end 2002. The increase was mainly due to a strong second half rebound in domestic equity markets during 2003. Domestic equity and international equity securities experienced returns of approximately 1.4 percent and negative 7.5 percent, respectively, for the 2003 fiscal

year, compared to the negative 16.8 percent and negative 10.2 percent, respectively for fiscal year 2002.

CalPERS benchmark returns for domestic and international equity securities for fiscal year 2003 were 1.1 percent and negative 4.6 percent, respectively. CalPERS uses the Wilshire 2500 Index to provide a benchmark for the domestic equity investment returns, and the PERS SSGA Custom Index for international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market conditions.

At June 30, 2003, the PERF held \$37.9 billion in domestic and international debt securities, a decrease of \$2.2 billion from \$40.1 billion at fiscal year end 2002. Domestic debt securities returned approximately 16.5 percent, and international debt securities returned approximately 18.9 percent for the 2003 fiscal year, compared to the 6.0 percent and 15.2 percent, respectively for fiscal year 2002. CalPERS benchmark returns were 15.1 percent and 17.9 percent, respectively. CalPERS uses the Citigroup Large Pension Fund Index and the Citigroup Non-U.S. Government Bond Index to provide a benchmark for fixed income investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment.

At June 30, 2003, the PERF held \$11.6 billion in real estate investments, a decrease of \$1.3 billion from \$12.9 billion at the 2002 fiscal year end. Real estate investments returned approximately 5.1 percent for the 2003 fiscal year, compared to 10.3 percent for fiscal year 2002.

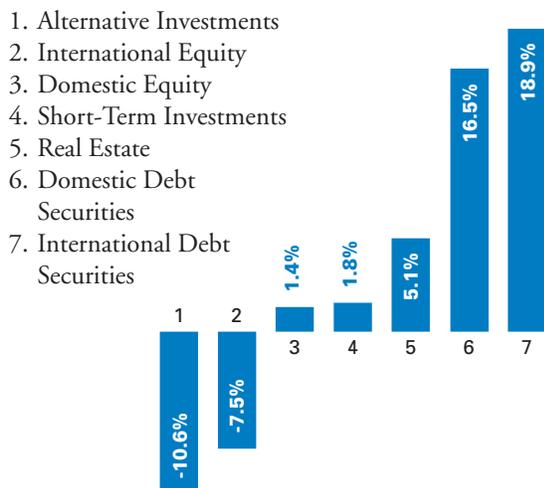
Investments — PERF

(Dollars in Billions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investments	\$3.2	2.2%	1.8%	3.0%	1.5%
Domestic Equity	58.5	39.8	1.4	(16.8)	1.1
International Equity	27.6	18.8	(7.5)	(10.2)	(4.6)
Domestic Debt Securities	32.9	22.4	16.5	6.0	15.1
International Debt Securities	5.0	3.4	18.9	15.2	17.9
Real Estate	11.6	8.4	5.1	10.3	7.7
Alternative Investments	7.4	5.0	(10.6)	(7.1)	(14.5)
Total	\$146.2	100.0%	3.7%	(6.1%)	3.0%

Management's Discussion and Analysis

Investment Returns—PERF



CalPERS benchmark real estate return for fiscal year 2003 was 7.7 percent. CalPERS uses the NCREIF Property Index to provide a benchmark for our real estate investment returns.

At June 30, 2003, the PERF held \$7.4 billion in alternative investments, an increase of \$0.8 billion from \$6.6 billion at the 2002 fiscal year end. Alternative investments yielded a negative return of approximately 10.6 percent for the 2003 fiscal year, compared to a negative 7.1 percent for fiscal year 2002.

CalPERS benchmark alternative investment return for fiscal year 2003 was a negative 14.5 percent. CalPERS uses the PERS Wilshire 2500/CYFU Blend to provide a benchmark for alternative investments.

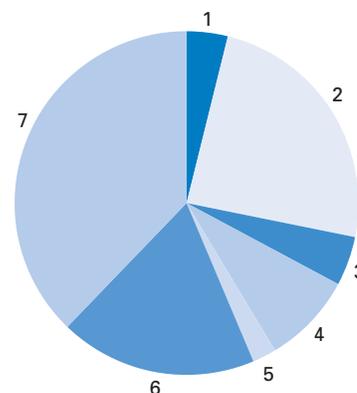
At June 30, 2003, the PERF held \$3.2 billion in short-term investments, which was approximately the same as of June 30, 2002. Short-term investments returned approximately 1.8 percent for the 2003 fiscal year, compared to 3.0 percent for fiscal year 2002. CalPERS uses the 91-Day Treasury Bill as a benchmark for short-term investments.

The PERF earns additional investment income by lending investment securities. The borrowers provide collateral to the PERF that are valued in excess of the securities loaned. For the 2003 fiscal year, net securities lending income amounted to \$77.3 million, a decrease

Investment Portfolio—PERF at Market Value

(Dollars in Billions)

1. International Debt Securities - **\$5.0**
2. Domestic Debt Securities - **\$32.9**
3. Alternative Investments - **\$7.4**
4. Real Estate - **\$11.6**
5. Short-Term Investments - **\$3.2**
6. International Equity - **\$27.6**
7. Domestic Equity - **\$58.5**



NOTE:

Excludes \$23.8 billion in securities lending collateral.

of \$21.0 million (21.4 percent) from \$98.3 million during fiscal year 2002.

CalPERS participates in a Directed Brokerage/Commission Recapture arrangement. The CalPERS Directed Brokerage program had a balance of approximately \$4,983,000 at July 1, 2002. For fiscal year 2003, brokerage commissions that were rebated totaled approximately \$7,098,000, and interest totaled approximately \$39,000. The CalPERS Directed Brokerage Program was used toward analytical tools, advisory, and other research expenses that amounted to approximately \$7,775,000 during fiscal year 2003. The Directed Brokerage Program had a balance of approximately \$4,365,000 at June 30, 2003. These amounts are not recorded in the accompanying financial statements as of June 30, 2003.

Other Defined Benefit Pension Plans

LRF

Plan Net Assets

The LRF provides retirement benefits to California legislators, constitutional officers, and statutory officers elected to office before November 7, 1990. The number of LRF members is declining as eligible incumbent legislators leave office and are replaced by those ineligible to participate in the LRF.

Management's Discussion and Analysis

The LRF net assets held in trust for benefits at June 30, 2003 totaled \$131.0 million, an increase of \$3.0 million (2.3 percent) from June 30, 2002.

Additions to LRF net assets held in trust for benefits were from investment income and contributions to repurchase military service credit. There were no actuarially determined annual required employer and member contributions for 2003. Net investment income increased \$14.1 million (over 300 percent) to a net investment gain of \$10.3 million for the 2003 fiscal year, from a loss of \$3.8 million for the 2002 fiscal year, due mainly to strong returns earned in debt securities during 2003.

Deductions in LRF net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2003 fiscal year, these benefits remained consistent with the 2002 fiscal year at approximately \$7 million, as the number of retirees and beneficiaries remained relatively consistent. On a per member and beneficiary basis, the cost of administering LRF benefits during the 2003 fiscal year was approximately \$679 per individual, a decrease of approximately \$66 per individual from the 2002 fiscal year.

An actuarial valuation of LRF assets and benefit obligations is performed annually using the aggregate cost method, which does not identify unfunded actuarial liabilities. Based on the most recent actuarial valuation, performed as of June 30, 2002, the active member contribution rate for the 2004 fiscal year remains at zero percent.

Investments

The LRF invests mainly in domestic and international equity securities, as well as domestic debt securities. LRF investments totaled \$131.0 million at June 30, 2003, which was \$3.0 million (2.3 percent) more than the

\$128.0 million in total LRF investments at June 30, 2002, primarily as a result of improvement in domestic equity markets and domestic debt securities markets during 2003.

At June 30, 2003, the LRF held \$54.8 million in domestic equity and international equity securities, an increase of \$2.9 million from \$51.9 million at fiscal year end 2002. Domestic equity and international equity securities experienced returns of approximately 0.2 percent and negative 6.3 percent for fiscal year 2003, compared to the negative 18.1 percent and negative 8.9 percent for fiscal year 2002. CalPERS benchmark returns for the fiscal year 2003 were 0.4 percent and negative 6.1 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index (gross of dividends), to provide a benchmark for the equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment and reflect the overall market conditions.

At June 30, 2003, the LRF held \$76.2 million in domestic debt securities, an increase of \$0.1 million from \$76.1 million at fiscal year end 2002. Domestic debt securities returned approximately 15.5 percent for fiscal year 2003, compared to 6.5 percent for fiscal year 2002. CalPERS benchmark return for fiscal year 2003 was 15.1 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

JRF

Plan Net Assets

The JRF provides retirement benefits to California Supreme and Appellate Court Justices and Superior

Investments — LRF

(Dollars in Millions)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Investment Class					
Domestic Equity	\$40.8	31.1%	0.2%	(18.1%)	0.4%
International Equity	14.0	10.7	(6.3)	(8.9)	(6.1)
Domestic Debt Securities	76.2	58.2	15.5	6.5	15.1
Total	\$131.0	100.0%	8.5%	(2.9%)	9.1%

Management's Discussion and Analysis

Court Judges. The JRF net assets held in trust for benefits at June 30, 2003 totaled \$4.5 million, a decrease of \$0.5 million (negative 9.7 percent) from June 30, 2002.

Additions to JRF net assets held in trust for benefits include employer, State of California, and member contributions, as well as investment income. For the 2003 fiscal year, employer, State, and member contributions increased \$32.7 million (42.4 percent) to \$109.7 million, from \$77.0 million for the 2002 fiscal year, primarily as a result of an increase in the State's contribution. For the 2003 fiscal year, net investment income decreased \$991,000 (98.8 percent) from the 2002 fiscal year due mainly to lower average asset balances throughout the year as a result of the change in timing of the State appropriation.

Deductions in JRF net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2003 fiscal year, these benefits amounted to \$113.9 million, an increase of \$4.4 million (4.0 percent) from the 2002 fiscal year. The increase in benefit payments was mainly a result of an increase in the number of JRF retirees and beneficiaries.

On a per member and beneficiary basis, the cost of administering JRF benefits during 2003 was approximately \$198 per individual, an increase of approximately \$47 per individual from fiscal year 2002.

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

Net Assets — Other Defined Benefit Pension Plan Funds

(Dollars in Thousands)

	LRF		JRF		JRF II		VFF	
	2003	2002	2003	2002	2003	2002	2003	2002
Assets								
Cash, Cash Equivalents & Receivables	\$632	\$858	\$3,769	\$4,246	\$2,117	\$1,619	\$589	\$222
Investments	131,022	128,033	751	929	88,597	63,857	1,979	1,928
Total Assets	\$131,654	\$128,891	\$4,520	\$5,175	\$90,714	\$65,476	\$2,568	\$2,150
Total Liabilities	\$670	\$884	\$8	\$180	\$ —	\$86	\$35	\$27
Total Net Assets	\$130,984	\$128,007	\$4,512	\$4,995	\$90,714	\$65,390	\$2,533	\$2,123

Changes in Net Assets — Other Defined Benefit Pension Plan Funds

(Dollars in Thousands)

	LRF		JRF		JRF II		VFF	
	2003	2002	2003	2002	2003	2002	2003	2002
Additions								
Member Contributions	\$22	\$14	\$11,109	\$11,714	\$6,717	\$5,291	\$ —	\$ —
Employer Contributions	—	—	98,585	65,320	15,323	12,487	497	94
Investment Income (Loss)	10,274	(3,781)	12	1,003	4,803	(3,871)	106	(200)
Other Income	—	—	4,337	4,521	—	—	—	—
Total Additions	\$10,296	(\$3,767)	\$114,043	\$82,558	\$26,843	\$13,907	\$603	(\$106)
Deductions								
Retirement Benefits	\$6,851	\$6,717	\$113,938	\$109,543	\$307	\$118	\$77	\$66
Refund of Contributions	248	—	82	—	892	91	—	—
Administrative Expenses	220	245	506	392	320	290	116	79
Total Deductions	\$7,319	\$6,962	\$114,526	\$109,935	\$1,519	\$499	\$193	\$145
Increase (Decrease) in Net Assets	\$2,977	(\$10,729)	(\$483)	(\$27,377)	\$25,324	\$13,408	\$410	(\$251)

Management's Discussion and Analysis

long term, as the fund 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 2004.

Investments

The JRF invests only in short-term securities. Total JRF investments were \$751,000 at June 30, 2003, which was \$178,000 (19.2 percent) less than the \$929,000 in total JRF investments at June 30, 2002. Short-term investments returned approximately 1.6 percent for fiscal year 2003, compared to 3.0 percent for fiscal year 2002. The decrease in total JRF investments was primarily due to the decrease in interest rates, average investment balances, and the increase in benefit payments during 2003.

JRF II

Plan Net Assets

The JRF II provides retirement benefits to California Supreme and Appellate Court Justices, Superior Court Judges, and Municipal Court Judges first appointed or elected after November 9, 1994. The JRF II net assets held in trust for benefits at June 30, 2003 were \$90.7 million, an increase of \$25.3 million (38.7 percent) from June 30, 2002.

Additions to JRF II net assets held in trust for benefits include employer and member contributions, as well as investment income. Employer and member contributions increased \$4.2 million (24.0 percent), to \$22.0 million for the 2003 fiscal year, from \$17.8 million for the 2002 fiscal year, primarily as a result of a 17.9 percent increase in membership from 2002 to 2003. For the 2003 fiscal year, the JRF II experienced a net investment gain of \$4.8 million, an increase in income of \$8.7 million (224.1 percent)

Investments — JRF II

(Dollars in Millions)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Investment Class					
Short-Term Investments	\$3.3	3.7%	1.6%	3.0%	N/A
Domestic Equity	34.4	38.8	0.2	(18.1)	0.4%
International Equity	17.2	19.4	(6.5)	(9.0)	(6.5)
Domestic Debt Securities	33.7	38.1	15.5	6.5	15.1
Total	\$88.6	100.0%	4.8%	(6.4%)	3.9%

from the 2002 fiscal year net investment loss of \$3.9 million, primarily due to a second half recovery in domestic equities and strong returns earned in debt securities during 2003.

Deductions in JRF II net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2003 fiscal year, these benefits amounted to \$307,000, an increase of \$189,000 (160.1 percent) from the 2002 fiscal year.

On a per member and beneficiary basis, the cost of administering JRF II benefits during fiscal year 2003 was approximately \$510 per individual, a decrease of approximately \$35 per individual from fiscal year 2002.

An actuarial valuation of the JRF II assets and benefit obligations is performed annually. At June 30, 2002, the date of the most recent actuarial valuation, the funded status of JRF II increased to 94.1 percent from 91.8 percent at June 30, 2001. At June 30, 2002, the JRF II actuarial benefit obligations exceeded its actuarial assets by approximately \$4.5 million, whereas the amount by which the JRF II actuarial benefit obligations exceeded its actuarial assets at June 30, 2001 was approximately \$5.0 million.

Investments

The JRF II invests mainly in domestic and international equity securities and domestic debt securities. Total JRF II investments amounted to \$88.6 million at June 30, 2003, which was \$24.7 million (38.7 percent) more than the \$63.9 million at June 30, 2002. The increase in total JRF II investments was primarily due to the increase in contributions and membership, and positive investment returns during the 2003 fiscal year.

At June 30, 2003, the JRF II held \$51.6 million in domestic equity and international equity securities, an increase of \$14.6 million from \$37.0 million at fiscal year end 2002. Domestic equity and international

Management's Discussion and Analysis

equity securities experienced returns of approximately 0.2 percent and negative 6.5 percent for fiscal year 2003, compared to the negative 18.1 percent and negative 9.0 percent for fiscal year 2002. CalPERS benchmark returns for fiscal year 2003 were 0.4 percent and negative 6.5 percent, respectively. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our domestic and international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market characteristics.

At June 30, 2003, the JRF II held \$33.7 million in domestic debt securities, an increase of \$8.6 million from \$25.1 million at fiscal year end 2002. Domestic debt securities returned approximately 15.5 percent for the 2003 fiscal year, compared to 6.5 percent for fiscal year 2002. CalPERS benchmark return for fiscal year 2003 was 15.1 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment.

At June 30, 2003, the JRF II held \$3.3 million in short-term investments, an increase of \$1.5 million from \$1.8 million at fiscal year end 2002. Short-term investments returned approximately 1.6 percent for fiscal year 2003, compared to 3.0 percent for fiscal year 2002.

VFF

Plan Net Assets

The VFF provides monetary awards to volunteer firefighters. The VFF net assets held in trust for benefits at June 30, 2003 were \$2.5 million, an increase of \$410,000 (19.3 percent), from \$2.1 million at June 30, 2002.

Investments — VFF

(Dollars in Thousands)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Investment Class					
Domestic Equity	\$1.3	65.0%	0.2%	(18.1%)	0.4%
Domestic Debt Securities	0.7	35.0	15.5	6.5	15.1
Total	\$2.0	100.0%	5.7%	(9.4%)	4.9%

Contribution revenues totaled \$497,000 for the 2003 fiscal year, an increase of 428.7 percent from the 2002 fiscal year. Net investment income was \$106,000 for fiscal year 2003, an increase in investment returns of 153.0 percent from the \$200,000 in net investment losses for fiscal year 2002, primarily due to a second half recovery in domestic equities and strong returns earned in debt securities.

Deductions from VFF net assets held in trust include awards of \$77,000 for fiscal year 2003, an increase of 16.7 percent from the 2002 fiscal year, primarily due to an increase in beneficiaries from 2002.

On a per member and beneficiary basis, the cost of administering the VFF benefits during fiscal year 2003 were approximately \$33 per individual, an increase of approximately \$9 per individual from fiscal year 2002.

An actuarial valuation of the VFF assets and benefit obligations is performed annually. At June 20, 2002, the date of the most recent actuarial valuation, the funded status of the VFF decreased to 94.2 percent from 115.6 percent at June 30, 2001. At June 30, 2002, the VFF actuarial benefit obligations exceeded its actuarial assets by \$143,000, whereas the amount by which the VFF actuarial assets exceeded its actuarial benefit obligations at June 30, 2001 was \$341,000.

Investments

The VFF invests mainly in domestic equity securities and domestic debt securities. Total VFF investments were \$2.0 million at June 30, 2003, which was \$51,000 (2.6 percent) more than the \$1.9 million at June 30, 2002. The increase in total VFF investments was primarily due to the increase in contributions and in investment income during fiscal year 2003.

At June 30, 2003, the VFF held \$1.3 million in domestic equity securities, an increase of \$48,000 from \$1.2 million at fiscal year end 2002. Domestic equity

Management's Discussion and Analysis

securities experienced returns of approximately 0.2 percent for fiscal year 2003, compared to a negative 18.1 percent for fiscal year 2002. CalPERS benchmark return for fiscal year 2003 was 0.4 percent. CalPERS uses the Custom S&P 500 Index to provide a benchmark for our equity investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

At June 30, 2003, the VFF held \$729,000 in domestic debt securities, an increase of \$4,000 from \$725,000 at fiscal year end 2002. Domestic debt securities returned approximately 15.5 percent, for the 2003 fiscal year, compared to the 6.5 percent, for fiscal year 2002. CalPERS benchmark return for fiscal year 2003 was 15.1 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment.

Defined Contribution Pension Plans

SPOFF

Plan Net Assets

The SPOFF provides supplemental retirement benefits to eligible safety employees. Net assets held in trust for pension benefits increased by \$36.0 million (36.5 percent) to \$134.7 million at June 30, 2003 from \$98.7 million at June 30, 2002.

Contribution revenues were \$35.0 million for fiscal year 2003, an increase of 2.6 percent from fiscal year 2002, primarily due to a 3.7 percent increase in participants. Net investment income was \$5.1 million for fiscal year 2003, representing an increase in investment returns of 169.6 percent from the \$7.3 million in net investment losses for the 2002 fiscal year, due mainly to a second half recovery of domestic equities.

SPOFF benefit expenses were \$4.1 million for the 2003 fiscal year, an increase of \$723,000 (21.5 percent) from the 2002 fiscal year, due primarily to the increase in benefit recipients in 2003.

Investments

The SPOFF invests mainly in domestic equity securities. Total SPOFF investments were \$134.8 million at June 30, 2003, which was \$36.1 million (36.5 percent) more than the \$98.7 million in total SPOFF investments at June 30, 2002. Domestic equity securities experienced returns of approximately 2.7 percent for fiscal year 2003, compared to negative 8.2 percent for fiscal year 2002. CalPERS benchmark return for fiscal year 2003 was 4.4 percent. CalPERS uses a composite index to provide a benchmark for our domestic equity investment return.

IRC 457

Plan Net Assets

The CalPERS Board is trustee for public agency participant assets in the IRC 457 deferred compensation program. Net assets held in trust for pension benefits at June 30, 2003 were \$279.6 million, an increase of \$53.0 million (23.4 percent), from \$226.6 million at June 30, 2002.

Additions to IRC 457 net assets consist of member contributions of \$70.1 million in fiscal year 2003 compared to \$64.2 million in 2002. The increase is primarily due to increased participation. Net investment income amounted to \$3.4 million for fiscal year 2003, representing an increase in investment returns of 115.0 percent from the \$22.5 million in net investment losses for fiscal year 2002, due mainly to a second half recovery in domestic equity markets.

Deductions from the IRC 457 net assets consist primarily of participant withdrawals of \$20.4 million, an increase of \$10.0 million over the prior fiscal year deductions of \$10.4 million. The increase is due primarily to an increase in retiree withdrawals.

Investments

The IRC 457 investments were \$279.3 million at June 30, 2003 which was \$52.8 million more than the \$226.5 million in total IRC 457 investments at June 30, 2002. IRC 457 asset allocation is participant directed.

Management's Discussion and Analysis

At June 30, 2003, the IRC 457 held \$179.9 million in domestic and international equity securities, an increase of \$21.9 million from \$158.0 million at fiscal year end 2002.

At June 30, 2003, the IRC 457 held \$60.2 million in domestic debt securities, an increase of \$27.7 million from \$32.5 million at fiscal year end 2002.

At June 30, 2003, the IRC 457 held \$39.1 million in short-term investments, an increase of \$3.1 million from \$36.0 million at fiscal year end 2002.

RBF

The RBF provides replacement retirement benefits to the small percentage of retired PERF members whose

CalPERS retirement benefits earned are limited by Internal Revenue Code Section 415(b). Net assets held in trust for pension benefits decreased by \$37,000 (72.5 percent) to \$14,000 at June 30, 2003, from \$51,000 at June 30, 2002.

Contribution revenues were \$120,000 for the 2003 fiscal year, an increase of 48.1 percent from the 2002 fiscal year, primarily due to an increase in the number of retirees to 16 at June 30, 2003 from five at June 30, 2002.

The RBF incurred benefit expenses of \$157,000 for the 2003 fiscal year, an increase of \$50,000 (46.7 percent) from fiscal year 2002, primarily due to more members being eligible.

Net Assets — Defined Contribution Pension Plan Funds

(Dollars in Thousands)

	SPOFF		IRC 457		RBF		SCPF	
	2003	2002	2003	2002	2003	2002	2003	2002
Assets								
Cash, Cash Equivalents & Receivables	\$8	\$5	\$425	\$227	\$121	\$6	\$1	\$3
Investments	134,783	98,737	279,253	226,491	23	45	18,460	19,137
Total Assets	\$134,791	\$98,742	\$279,678	\$226,718	\$144	\$51	\$18,461	\$19,140
Total Liabilities	\$70	\$53	\$110	\$163	\$130	\$—	\$33	\$16
Total Net Assets	\$134,721	\$98,689	\$279,568	\$226,555	\$14	\$51	\$18,428	\$19,124

Changes in Net Assets — Defined Contribution Pension Funds

(Dollars in Thousands)

	SPOFF		IRC 457		RBF		SCPF	
	2003	2002	2003	2002	2003	2002	2003	2002
Additions								
Member Contributions	\$—	\$—	\$70,079	\$64,200	\$—	\$—	\$631	\$1,117
Employer Contributions	35,047	34,172	—	—	120	81	—	—
Investment Income (Loss)	5,069	(7,287)	3,373	(22,456)	—	1	433	(1,957)
Other Income	—	—	—	—	—	—	—	—
Total Additions	\$40,116	\$26,885	\$73,452	\$41,744	\$120	\$82	\$1,064	(\$840)
Deductions								
Retirement Benefits	\$4,084	\$3,361	\$—	\$—	\$157	\$107	\$—	\$—
Administrative Expenses	—	—	—	—	—	—	81	47
Participant Withdrawals	—	—	20,439	10,371	—	—	1,679	1,293
Total Deductions	\$4,084	\$3,361	\$20,439	\$10,371	\$157	\$107	\$1,760	\$1,340
Increase (Decrease) in Net Assets	\$36,032	\$23,524	\$53,013	\$31,373	(\$37)	(\$25)	(\$696)	(\$2,180)

Management's Discussion and Analysis

Investments

The RBF invests only in short-term securities. Total RBF investments were \$23,000 at June 30, 2003, which was \$22,000 (48.9 percent) less than the \$45,000 in total RBF investments at June 30, 2002. Short-term investments returned approximately 1.9 percent for fiscal year 2003, compared to 2.9 percent for fiscal year 2002.

SCPF

The SCPF was established effective January 1, 2000 to provide supplemental retirement benefits to members of CalPERS and is entirely member funded. Net assets held in trust for pension benefits decreased by \$696,000 (3.6 percent) to \$18.4 million at June 30, 2003, from \$19.1 million at June 30, 2002.

Contribution revenues were \$631,000 for the 2003 fiscal year, a decrease of 43.5 percent from the 2002 fiscal year, primarily due to decrease in program participation. Net investment income was \$433,000 for fiscal year 2003, representing an increase in investment returns of 122.1 percent from \$2.0 million in net investment losses for fiscal year 2002, primarily due to a second half recovery in domestic equities and strong returns earned in debt securities in 2003.

For fiscal year 2003, participant withdrawals were \$1.7 million, an increase of \$386,000 (29.9 percent) from fiscal year 2002, primarily due to an increase in the number of retirees.

Investments

The SCPF investments were \$18.5 million at June 30, 2003, which was \$0.6 million less than the \$19.1 million in total SCPF investments at June 30, 2002. The decrease was primarily due to the increase in participant withdrawals.

Investments — SCPF

(Dollars in Millions)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Investment Class					
Short-Term Investments	\$0.4	2.2%	1.2%	1.2%	1.5%
Domestic Equity	9.1	49.2	0.2	(18.1)	0.4
International Equity	4.2	22.7	(6.5)	(9.0)	(6.5)
Domestic Debt Securities	4.8	25.9	15.5	6.5	8.2
Total	\$18.5	100.0%	2.9%	(13.4%)	3.7%

At June 30, 2003, the SCPF held \$13.3 million in domestic equity and international equity securities, a decrease of \$0.3 million from \$13.6 million at fiscal year end 2002. Domestic equity and international equity securities experienced returns of approximately 0.2 percent and negative 6.5 percent for fiscal year 2003, compared to the negative 18.1 percent and negative 9.0 percent for fiscal year 2002. CalPERS benchmark returns for fiscal year 2003 were 0.4 percent and negative 6.5 percent, respectively. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our equity investment returns.

At June 30, 2003, the SCPF held \$4.8 million in domestic debt securities, a decrease of \$0.5 million from \$5.3 million at fiscal year end 2002. Domestic debt securities returned approximately 15.5 percent for fiscal year 2003, compared to 6.5 percent for fiscal year 2002. CalPERS benchmark return for fiscal year 2003 was 8.2 percent. CalPERS uses the Citigroup 1-10 Year Treasury as a benchmark for its domestic debt security investment returns.

At June 30, 2003, the SCPF held \$380,000 in short-term investments, an increase of \$166,000 from \$214,000 at fiscal year end 2002. Short-term investments returned approximately 1.2 percent for fiscal year 2003, which was about the same as fiscal year 2002.

Enterprise Funds

HCF

Plan Activity

The HCF accounts for the activities of the CalPERS self-insured health care programs.

Management's Discussion and Analysis

The self-insured health care programs incurred claims expenses of \$788.2 million for the 2003 fiscal year, an increase of 26.8 percent from the 2002 fiscal year, primarily due to enrollment growth, increases in provider pricing, and increased benefit utilization. Premium revenues were \$941.2 million for the 2003 fiscal year, an increase of 27.2 percent from the 2002 fiscal year, primarily as a result of premium rate increases and enrollment growth. Net investment income was \$6.3 million for the 2003 fiscal year, a decrease of 15.0 percent from the 2002 fiscal year. As a result of the above, unrestricted net assets increased by \$98.6 million (141.1 percent) to \$168.4 million at June 30, 2003 due primarily to the increase in premium rates.

Investments

Investments of the HCF at June 30, 2003 and 2002 include only highly-liquid, short-term securities. Investments increased \$3.5 million from \$266.2 million at June 30, 2002 to \$269.7 million at June 30, 2003. The increase was due primarily to the increase in premium rates.

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 or health care benefit costs. The CRF also accounts for public agency health payments and remittances to contracted health care providers. Administrative fees earned by the CRF were \$7.3 million for the 2003 fiscal year, a decrease of 43.5 percent from 2002 fiscal year administrative fees of \$12.8 million, due mainly to the decrease in the administrative allocation rate during the 2003 fiscal year. Net investment income was \$1.1 million for the

2003 fiscal year, an increase of 166.7 percent from the 2002 fiscal year. This increase is due primarily to the provisions of S.B.1536, Statutes of 2002 which required that health plan premiums paid by public agencies be removed from the Public Employees' Health Care Fund and be accounted for in a newly created continuously appropriated account within the Contingency Reserve Fund. Unrestricted net assets decreased by \$8.7 million (76.2 percent) to \$2.7 million at June 30, 2003.

Public agencies remitted \$852.5 million for payments to contracted health care providers in fiscal year 2003. This is a 15.3 percent increase of \$113.1 million over 2002, due to an increase in participating public agencies and premium rate increases ranging from 14.8 to 23.4 percent.

Investments

Investments of the CRF at June 30, 2003 and 2002 included only highly-liquid, short-term securities, as investment balances are used to fund operating cash flows. Investments increased \$106.1 million from \$15.4 million at June 30, 2002 to \$121.5 million at June 30, 2003. This increase is due primarily to the provisions of S.B.1536, Statutes of 2002 which required that health plan premiums paid by public agencies be removed from the Public Employees' Health Care Fund and be accounted for in a newly created continuously appropriated account within the Contingency Reserve Fund.

LTCF

The LTCF, which provides long-term care insurance to participating members, incurred claims expenses of \$41.1 million for the 2003 fiscal year, an increase of 30.5 percent from the 2002 fiscal year, due mainly to an

Investments — LTCF

(Dollars in Millions)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Investment Class					
Domestic Equity	\$395.3	42.5%	0.2%	(18.1%)	0.4%
International Equity	189.8	20.4	(5.9)	(9.2)	(6.5)
Domestic Debt Securities	345.7	37.1	15.5	6.5	15.1
Total	\$930.8	100.0%	5.3%	(8.2%)	4.1%

Management's Discussion and Analysis

Net Assets — Enterprise Funds

(Dollars in Thousands)

	HCF		CRF		LTCF		DCF	
	2003	2002	2003	2002	2003	2002	2003	2002
Assets								
Cash, Cash Equivalents & Receivables	\$42,972	\$5,293	\$99,711	\$504	\$15,575	\$15,869	\$225	\$196
Investments	269,665	266,197	121,497	15,368	930,762	732,955	1,732	2,948
Total Assets	\$312,637	\$271,490	\$221,208	\$15,872	\$946,337	\$748,824	\$1,957	\$3,144
Total Liabilities	\$144,220	\$201,641	\$218,499	\$4,494	\$926,038	\$1,010,687	\$1,651	\$3,076
Total Unrestricted Net Assets (Deficit)	\$168,417	\$69,849	\$2,709	\$11,378	\$20,299	(\$261,863)	\$306	\$68

Changes in Net Assets — Enterprise Funds

(Dollars in Thousands)

	HCF		CRF		LTCF		DCF	
	2003	2002	2003	2002	2003	2002	2003	2002
Revenues								
Self Insurance Premiums	\$941,185	\$740,073	\$ —	\$ —	\$200,936	\$186,595	\$ —	\$ —
Health Care Premiums Collected	—	739,327	855,736	2,510	—	—	—	—
Investment Income (Loss)	6,307	7,418	1,112	417	52,748	(61,080)	22	46
Administrative Fees & Other	—	—	7,252	12,833	—	—	1,232	985
Total Revenues	\$947,492	\$1,486,818	\$864,100	\$15,760	\$253,684	\$125,515	\$1,254	\$1,031
Expenses								
Claims Expense	\$788,243	\$621,789	\$ —	\$ —	\$41,106	\$31,494	\$ —	\$ —
Increase in Estimated Liabilities	10,385	17,660	—	—	(85,000)	222,559	—	—
Health Premiums Remitted	—	739,327	855,736	2,510	—	—	—	—
Administrative Expenses	50,296	43,926	17,033	12,689	15,416	14,625	1,016	1,148
Total Expenses	\$848,924	\$1,422,702	\$872,769	\$15,199	(\$28,478)	\$268,678	\$1,016	\$1,148
Increase (Decrease) in Unrestricted Net Assets	\$98,568	\$64,116	(\$8,669)	\$561	\$282,162	(\$143,163)	\$238	(\$117)

Management's Discussion and Analysis

increase in benefit utilization. Premium revenues were \$200.9 million for the 2003 fiscal year, an increase of 7.7 percent from the 2002 fiscal year, primarily due to a 4.6 percent increase in enrollment from 2002 to 2003. Net investment income amounted to \$52.8 million for the 2003 fiscal year, an increase in investment returns of 186.4 percent from the \$61.1 million in net investment losses for the 2002 fiscal year, due mainly to a second half recovery in domestic equities and strong returns earned in debt securities during 2003. Unrestricted net assets increased by \$282.2 million (107.8 percent) to \$20.3 million at June 30, 2003, due to the 2003 operating income of \$229.4 million, which included a decrease in the estimated liability for future policy benefits of \$85.0 million. The decrease in the estimate for future liabilities was due to an actuarial experience study that resulted in a reduction in the assumption for estimated claims expense.

Investments

Total LTCF investments were \$930.8 million at June 30, 2003, which was \$197.9 million more than the \$732.9 million in total LTCF investments at June 30, 2002.

At June 30, 2003, the LTCF held \$585.1 million in domestic equity and international equity securities, an increase of \$131.1 million from \$454.0 million at fiscal year end 2002. Domestic equity and international equity securities experienced returns of approximately 0.2 percent and negative 5.9 percent for the 2003 fiscal year, compared to the negative 18.1 percent and negative 9.2 percent for fiscal year 2002. CalPERS benchmark returns for fiscal year 2003 were 0.4 percent and negative 6.5 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our domestic and international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market environment.

At June 30, 2003, the LTCF held \$345.7 million in domestic debt securities, an increase of \$66.8 million

from \$278.9 million at fiscal year end 2002. Domestic debt securities returned approximately 15.5 percent, compared to 6.5 percent for fiscal year 2002. CalPERS benchmark return for fiscal year 2003 was 15.1 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market environment.

DCF

The DCF accounts for fees charged by CalPERS for managing three investment options of the State of California Savings Plus Program and certain investment portfolios of the IRC 457 public agency program. The DCF reported administrative and investment management revenues of \$1.2 million for the 2003 fiscal year, an increase of 25.0 percent from the 2002 fiscal year. Administrative expenses of the DCF were \$1.0 million for the 2003 fiscal year, which was a 11.5 percent decrease from the 2002 fiscal year. Net investment income amounted to \$22,000 for the 2003 fiscal year, a decrease of 52.2 percent from the 2002 fiscal year, due mainly to lower interest rates from 2002 to 2003. Unrestricted net assets increased by \$238,000 (350.0 percent) to \$306,000 at June 30, 2003.

Investments

Investments of the DCF at June 30, 2003 and 2002 included only highly-liquid, short-term securities. Investments decreased \$1.3 million from \$3.0 million at June 30, 2002 to \$1.7 million at June 30, 2003. The decrease was due primarily to the sale of investments to pay the administrative expense liability.

Requests For Information

This Financial Report is designed to provide a general overview of CalPERS finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703.

Basic Financial Statements



Statement of Fiduciary Net Assets

As of June 30, 2003 (with Comparative Totals, as of June 30, 2002)

(Dollars in Thousands)

	Pension Trust Funds					
	PERF	LRF	JRF	JRF II	VFF	SPOFF
Assets						
Cash & Cash Equivalents	\$28,465	\$627	\$852	\$1	\$85	\$—
Receivables						
Member, Public Agency, State & School	\$895,526	\$3	\$2,916	\$2,097	\$504	\$—
Investment Settlement & Other	897,573	—	—	—	—	—
Interest & Dividends	570,131	—	1	11	—	\$8
Due from Other Funds	7,320	2	—	8	—	—
Total Receivables	\$2,370,550	\$5	\$2,917	\$2,116	\$504	\$8
Investments, at Fair Value						
Short-Term Investments:						
Domestic	\$2,654,983	\$25	\$751	\$3,329	\$5	\$147
International	572,879	—	—	—	—	—
Securities Lending Collateral	23,846,815	—	—	—	—	—
Equity Securities:						
Domestic	58,533,533	40,829	—	34,423	1,245	134,636
International	27,601,707	14,015	—	17,134	—	—
Debt Securities:						
Domestic	32,858,936	76,153	—	33,711	729	—
International	5,045,369	—	—	—	—	—
Real Estate Equities	11,595,840	—	—	—	—	—
Alternative Investments	7,385,211	—	—	—	—	—
Total Investments	\$170,095,273	\$131,022	\$751	\$88,597	\$1,979	\$134,783
Capital Assets, at Cost, Net of Accumulated						
Depreciation & Other Assets	\$169,751	\$—	\$—	\$—	\$—	\$—
Total Assets	\$172,664,039	\$131,654	\$4,520	\$90,714	\$2,568	\$134,791
Liabilities						
Retirement & Other Benefits						
in Process of Payment	\$602,851	\$589	\$—	\$—	\$7	\$—
Investment Settlement & Other	3,451,657	81	6	—	—	\$70
Estimated Insurance Claims						
Due to State of California & Public Agencies	—	—	—	—	—	—
Liabilities to Brokers for						
Securities Lending	23,846,815	—	—	—	—	—
Due to Other Funds	10	—	2	—	28	—
Total Liabilities	\$27,901,333	\$670	\$8	\$—	\$35	\$70
Net Assets Held in Trust for						
Pension Benefits (see Required						
Supplemental Schedule of						
Funding Progress)	\$144,762,706	\$130,984	\$4,512	\$90,714	\$2,533	\$134,721

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

Statement of Fiduciary Net Assets (continued)

As of June 30, 2003 (with Comparative Totals, as of June 30, 2002)

(Dollars in Thousands)

Pension Trust Funds			Agency Fund	Totals	
IRC 457	RBF	SCPF	OASI	2003	2002
\$ —	\$1	\$ —	\$6,365	\$36,396	\$29,174
\$ —	\$120	\$ —	\$ —	\$901,166	\$1,744,316
20	—	—	—	897,593	3,068,511
405	—	1	—	570,557	786,122
—	—	—	—	7,330	10,576
\$425	\$120	\$1	\$ —	\$2,376,646	\$5,609,525
\$39,142	\$23	\$380	\$ —	\$2,698,785	\$2,690,518
—	—	—	—	572,879	508,917
—	—	—	—	23,846,815	14,098,951
173,074	—	9,097	—	58,926,837	54,102,369
6,849	—	4,227	—	27,643,932	26,478,606
60,188	—	4,756	—	33,034,473	34,753,680
—	—	—	—	5,045,369	5,450,879
—	—	—	—	11,595,840	12,926,805
—	—	—	—	7,385,211	6,612,758
\$279,253	\$23	\$18,460	\$ —	\$170,750,141	\$157,623,483
\$ —	\$ —	\$ —	\$ —	\$169,751	\$123,820
\$279,678	\$144	\$18,461	\$6,365	\$173,332,934	\$163,386,002
\$ —	\$ —	\$ —	\$ —	\$603,447	\$562,640
\$110	\$130	\$33	\$20	3,452,107	5,385,473
—	—	—	6,170	6,170	6,272
—	—	—	—	23,846,815	14,098,951
—	—	—	175	215	514
\$110	\$130	\$33	\$6,365	\$27,908,754	\$20,053,850
\$279,568	\$14	\$18,428	\$ —	\$145,424,180	\$143,332,152

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

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2003 (with Comparative Totals for the Year Ended June 30, 2002)

(Dollars in Thousands)

	Pension Trust Funds									Totals	
	PERF	LRF	JRF	JRF II	VFF	SPOFF	IRC 457	RBF	SCPF	2003	2002
Additions											
Retirement Contributions											
Members	\$1,887,925	\$22	\$11,109	\$6,717	\$—	\$—	\$70,079	\$—	\$631	\$1,976,483	\$2,237,078
Employers	1,925,044	—	12,806	15,323	497	35,047	—	120	—	1,988,837	861,259
Appropriation from the State of California General Fund	—	—	85,779	—	—	—	—	—	—	85,779	51,859
Total Retirement Contributions	\$3,812,969	\$22	\$109,694	\$22,040	\$497	\$35,047	\$70,079	\$120	\$631	\$4,051,099	\$3,150,196
Investment Income											
Net Appreciation (Depreciation) in Fair Value of Investments	\$611,717	\$10,271	\$—	\$4,759	\$106	\$5,742	\$1,291	\$—	\$427	\$634,313	(\$15,247,049)
Interest	2,191,890	3	12	44	—	15	3,100	—	6	2,195,070	2,768,656
Dividends	1,539,430	—	—	—	—	—	710	—	—	1,540,140	1,249,903
Real Estate	1,936,243	—	—	—	—	—	—	—	—	1,936,243	1,757,674
Other Income	314,033	—	—	—	—	—	(718)	—	—	313,315	645,149
Securities Lending Income	343,623	—	—	—	—	—	—	—	—	343,623	436,129
Less Investment Expenses:											
Costs of Lending	(266,358)	—	—	—	—	—	—	—	—	(266,358)	(337,821)
Real Estate	(978,990)	—	—	—	—	—	—	—	—	(978,990)	(662,919)
Other	(217,504)	—	—	—	—	(688)	(1,010)	—	—	(219,202)	(339,448)
Net Investment Income (Loss)	\$5,474,084	\$10,274	\$12	\$4,803	\$106	\$5,069	\$3,373	\$—	\$433	\$5,498,154	(\$9,729,726)
Other Income	\$8,648	\$—	\$4,337	\$—	\$—	\$—	\$—	\$—	\$—	\$12,985	\$9,780
Total Additions	\$9,295,701	\$10,296	\$114,043	\$26,843	\$603	\$40,116	\$73,452	\$120	\$1,064	\$9,562,238	(\$6,569,750)
Deductions											
Retirement, Death & Survivor Benefits	\$6,991,914	\$6,851	\$113,938	\$307	\$77	\$4,084	\$—	\$157	\$—	\$7,117,328	\$6,550,931
Refund of Contributions	114,025	248	82	892	—	—	—	—	—	115,247	103,477
Administrative Expenses	214,274	220	506	320	116	—	—	—	81	215,517	223,614
Participant Withdrawals	—	—	—	—	—	—	20,439	—	1,679	22,118	11,664
Total Deductions	\$7,320,213	\$7,319	\$114,526	\$1,519	\$193	\$4,084	\$20,439	\$157	\$1,760	\$7,470,210	\$6,889,686
Increase (Decrease) in Net Assets	\$1,975,488	\$2,977	(\$483)	\$25,324	\$410	\$36,032	\$53,013	(\$37)	(\$696)	\$2,092,028	(\$13,459,436)
Net Assets Held in Trust for Pension Benefits											
Beginning of Year	\$142,787,218	\$128,007	\$4,995	\$65,390	\$2,123	\$98,689	\$226,555	\$51	\$19,124	\$143,332,152	\$156,791,588
End of Year	\$144,762,706	\$130,984	\$4,512	\$90,714	\$2,533	\$134,721	\$279,568	\$14	\$18,428	\$145,424,180	\$143,332,152

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

Statement of Changes in Assets and Liabilities—Agency Fund

For the Year Ended June 30, 2003

(Dollars in Thousands)

	OASI			Balance June 30, 2003
	Balance July 1, 2002	Additions	Deductions	
Assets				
Cash Held by State Treasurer	\$6,365	\$ —	\$ —	\$6,365
Total Assets	\$6,365	\$ —	\$ —	\$6,365
Liabilities				
Due to State of California General Fund	\$20	\$ —	\$ —	\$20
Contributions Due to Public Agencies	6,272	—	102	6,170
Due to Other Funds	73	102	—	175
Total Liabilities	\$6,365	\$102	\$102	\$6,365

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

Statement of Net Assets—Proprietary Funds

As of June 30, 2003 (with Comparative Totals, as of June 30, 2002)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2003	2002
Assets						
Current Assets						
Cash & Cash Equivalents	\$2,089	\$3,306	\$452	\$ —	\$5,847	\$1,233
Receivables						
Member, Public Agency, State & School	3,021	94,753	15,121	—	112,895	17,074
Interest & Dividends	1,906	908	2	1	2,817	2,880
Due from Other Funds	35,956	744	—	—	36,700	483
Other	—	—	—	224	224	192
Total Receivables	\$40,883	\$96,405	\$15,123	\$225	\$152,636	\$20,629
Investments, at Fair Value						
Short-Term Investments:						
Domestic	\$221,171	\$121,497	\$53	\$1,732	\$344,453	\$258,209
Equity Securities:						
Domestic	—	—	395,249	—	395,249	379,006
International	—	—	189,793	—	189,793	74,978
Debt Securities:						
Domestic	48,494	—	345,667	—	394,161	305,275
Total Investments	\$269,665	\$121,497	\$930,762	\$1,732	\$1,323,656	\$1,017,468
Total Assets	\$312,637	\$221,208	\$946,337	\$1,957	\$1,482,139	\$1,039,330
Liabilities						
Current Liabilities						
Insurance Premiums & Claims						
in Process of Payment	\$8,464	\$177,700	\$3,228	\$ —	\$189,392	\$80,017
Estimated Insurance Claims Due						
to the State & Public Agencies	131,916	—	—	—	131,916	121,531
Due to Other Funds	1,435	40,014	1,070	1,296	43,815	10,543
Other	2,405	785	23,740	355	27,285	24,807
Total Current Liabilities	\$144,220	\$218,499	\$28,038	\$1,651	\$392,408	\$236,898
Long-Term Liabilities						
Estimated Liability for Future						
Policy Benefits	\$ —	\$ —	\$898,000	\$ —	\$898,000	\$983,000
Total Long-Term Liabilities	\$ —	\$ —	\$898,000	\$ —	\$898,000	\$983,000
Total Liabilities	\$144,220	\$218,499	\$926,038	\$1,651	\$1,290,408	\$1,219,898
Total Unrestricted Net Assets (Deficit)	\$168,417	\$2,709	\$20,299	\$306	\$191,731	(\$180,568)

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets—Proprietary Funds

For the Year Ended June 30, 2003 (with Comparative Totals for the Year Ended June 30, 2002)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2003	2002
Operating Revenues						
Self-Insurance Premiums	\$941,185	\$ —	\$200,936	\$ —	\$1,142,121	\$926,668
Health Care Premiums Collected	—	855,736	—	—	855,736	741,837
Other	—	7,252	—	1,232	8,484	13,818
Total Operating Revenues	\$941,185	\$862,988	\$200,936	\$1,232	\$2,006,341	\$1,682,323
Operating Expenses						
Claims Expense	\$788,243	\$ —	\$41,106	\$ —	\$829,349	\$653,283
Increase (Decrease) in Estimated Liabilities	10,385	—	(85,000)	—	(74,615)	240,219
Health Care Premiums Remitted to Insurance Carriers	—	855,736	—	—	855,736	741,837
Administrative Expenses	50,296	17,033	15,416	1,016	83,761	72,388
Total Operating Expenses	\$848,924	\$872,769	(\$28,478)	\$1,016	\$1,694,231	\$1,707,727
Operating Income (Loss)	\$92,261	(\$9,781)	\$229,414	\$216	\$312,110	(\$25,404)
Non-Operating Revenues						
Net (Depreciation) Appreciation in Fair Value of Investments	(\$49)	\$ —	\$49,170	\$ —	\$49,121	(\$62,290)
Interest, Dividends & Other Investment Income	6,356	1,112	3,578	22	11,068	9,091
Total Non-Operating Revenues	\$6,307	\$1,112	\$52,748	\$22	\$60,189	(\$53,199)
Change in Unrestricted Net Assets	\$98,568	(\$8,669)	\$282,162	\$238	\$372,299	(\$78,603)
Total Unrestricted Net Assets (Deficit)						
Beginning of Year	\$69,849	\$11,378	(\$261,863)	\$68	(\$180,568)	(\$101,965)
End of Year	\$168,417	\$2,709	\$20,299	\$306	\$191,731	(\$180,568)

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

Statement of Cash Flows—Proprietary Funds

For the Year Ended June 30, 2003 (with Comparative Totals for the Year Ended June 30, 2002)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2003	2002
Cash Flows From Operating Activities						
Self-Insurance Premiums Collected	\$940,482	\$ —	\$200,570	\$ —	\$1,141,052	\$919,569
Health Care Premiums Collected	—	855,736	—	—	855,736	741,837
Claims Paid	(857,194)	—	(40,478)	—	(897,672)	(642,761)
Health Care Premiums Remitted	—	(855,736)	—	—	(855,736)	(741,837)
Other (Payments) Receipts	(85,086)	109,189	(15,693)	(1,240)	7,170	(42,068)
Net Cash (Used) Provided by Operating Activities	(\$1,798)	\$109,189	\$144,399	(\$1,240)	\$250,550	\$234,740
Cash Flows From Investing Activities						
Proceeds from Sales of Investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$11,328
Purchases of Investments	(22,177)	—	(148,646)	—	(170,823)	(146,380)
Net Change in Short-Term Investments	18,659	(106,129)	9	1,216	(86,245)	(109,373)
Interest & Dividends Received	7,294	233	3,581	24	11,132	9,302
Net Cash Provided (Used) by Investing Activities	\$3,776	(\$105,896)	(\$145,056)	\$1,240	(\$245,936)	(\$235,123)
Net Increase (Decrease) in Cash & Cash Equivalents	\$1,978	\$3,293	(\$657)	\$ —	\$4,614	(\$383)
Cash & Cash Equivalents, Beginning of Year	\$111	\$13	\$1,109	\$ —	\$1,233	\$1,616
Cash & Cash Equivalents, End of Year	\$2,089	\$3,306	\$452	\$ —	\$5,847	\$1,233
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$92,261	(\$9,781)	\$229,414	\$216	\$312,110	(\$25,404)
Changes in Assets & Liabilities:						
Receivables:						
Member, Public Agency, State & School	(702)	(94,753)	(366)	—	(95,821)	(7,099)
Due from Other Funds	(35,936)	(282)	—	—	(36,218)	256
Other	—	—	—	(89)	(89)	(87)
Insurance Premiums & Claims in Process of Payment	(68,952)	177,700	627	—	109,375	10,523
Estimated Insurance Claims Due to Health Care Providers	10,385	—	—	—	10,385	17,660
Liability for Future Policy Benefits Due to Other Funds	(260)	36,146	(1,632)	(983)	33,271	(277)
Other	1,406	159	1,356	(384)	2,537	16,609
Net Cash (Used) Provided by Operating Activities	(\$1,798)	\$109,189	\$144,399	(\$1,240)	\$250,550	\$234,740
Noncash Investing, Capital & Financing Activities:						
Noncash Change in Fair Value of Investments in Securities	(\$49)	\$ —	\$49,170	\$ —	\$49,121	(\$62,290)

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

Notes to the Basic Financial Statements

1. General Description of the Plan

General

The State Employees' Retirement System, the predecessor to the Public Employees' Retirement System of the State of California (CalPERS), or the "System," was created after voters approved a constitutional amendment authorizing legislation to establish a pension system for State employees. Such legislation became effective January 1, 1932. CalPERS has expanded to include, among others, employees of local agencies which elect to participate in the System. The Board of Administration (Board) of CalPERS administers a total of 14 funds, including five defined benefit retirement plans: the Public Employees' Retirement Fund (PERF), the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), and the Volunteer Firefighters' Length of Service Award Fund (VFF); four defined contribution retirement plans: the State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), the Replacement Benefit Fund (RBF), and the Supplemental Contributions Program Fund (SCPF); two health care plans: the Public Employees' Health Care Fund (HCF) and the Public Employees' Contingency Reserve Fund (CRF); and three other plans: the Public Employees' Long-Term Care Fund (LTCF), the Public Employees' Deferred Compensation Fund (DCF), and the Old Age & Survivors' Insurance Revolving Fund (OASI).

Reporting Entity

The basic financial statements of CalPERS include fund financial statements reporting the financial activities of all of the above funds and assets under trust. The CalPERS Board of Administration has plenary authority and fiduciary responsibility for the investment of monies and the administration of the System pursuant to the State Constitution, Article XVI, Section 17. CalPERS is a unit of the State of California State and Consumer Services Agency; however, CalPERS is not subject to administrative direction by any department, commission, board, bureau, or agency of the State. As such, CalPERS is

classified as a component unit of the State of California for financial reporting purposes, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 14.

CalPERS financial statements are included in fiduciary and proprietary funds in the State of California Comprehensive Annual Financial Report.

Defined Benefit Pension Plans

The PERF, LRF, JRF, and JRF II are defined benefit pension plans which provide benefits based on members' years of service, age, final compensation, and benefit formula. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. California Government Code Section 50951 created the VFF as an award system that provides benefits based on members' years of service and age. VFF enrollment, receipt of an award, and service credit shall not be construed as a retirement, retirement allowance or benefit, or as retirement system service credit, respectively. However, for financial statement purposes, the VFF is included as part of the pension trust funds.

The State of California and 1,483 public agencies and schools (representing more than 2,500 entities) contribute to the PERF, JRF, and JRF II, which are agent multi-employer defined benefit pension plans. CalPERS acts as the common investment and administrative agent for the member agencies, including schools (for classified employees). The LRF is a single-employer defined benefit pension plan for the State of California. The VFF is an agent multi-employer defined benefit pension plan with 61 participating fire departments. The VFF provides cities, counties, or districts that have fire departments with volunteer firefighting members the opportunity to offer such members an award for lifelong and faithful volunteer service.

Members of the PERF, LRF, JRF, and JRF II become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. VFF members become vested after 10 years of credited service and are eligible to receive an award payment at age 60.

Notes to the Basic Financial Statements

The PERF was established in 1932, the LRF in 1947, the JRF in 1937, JRF II in 1994, and the VFF in 1980. As of June 30, 2003 and 2002, the number of affiliated employers for the PERF, LRF, JRF, JRF II, and VFF are as follows:

	2003	2002
Public Employees' Retirement Fund		
State	1	1
School	61	61
Public Agency	1,422	1,387
Total Employers—Public Employees' Retirement Fund	1,484	1,449
Legislators' Retirement Fund	1	1
Judges' Retirement Fund	59	59
Judges' Retirement Fund II	59	59
Volunteer Firefighters' Award Fund	61	57

As of June 30, 2003 and 2002, benefit recipients and members in the PERF, LRF, JRF, JRF II, and VFF consisted of the following:

	2003								
	PERF				LRF	JRF	JRF II	VFF	Total
	State	School	Public Agency	Total PERF					
Retirees	123,311	101,559	112,243	337,113	157	992	—	70	338,332
Survivors & Beneficiaries	24,260	16,468	18,310	59,038	107	531	3	—	59,679
Members									
Active	251,342	300,457	257,847	809,646	21	941	624	1,080	812,312
Inactive	67,935	72,714	64,065	204,714	39	98	—	2,403	207,254
Total	466,848	491,198	452,465	1,410,511	324	2,562	627	3,553	1,417,577

	2002								
	PERF				LRF	JRF	JRF II	VFF	Total
	State	School	Public Agency	Total PERF					
Retirees	119,912	97,857	107,326	325,095	153	961	—	59	326,268
Survivors & Beneficiaries	23,323	15,874	17,454	56,651	110	515	1	—	57,277
Members									
Active	250,900	293,330	251,555	795,785	28	1,028	531	950	798,322
Inactive	62,910	65,507	57,975	186,392	38	97	—	2,201	188,728
Total	457,045	472,568	434,310	1,363,923	329	2,601	532	3,210	1,370,595

Notes to the Basic Financial Statements

The membership consists of the following categories:

PERF

- *Safety*—includes California Highway Patrol, peace officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.
- *Schools*—includes non-teaching, non-certificated school employees.
- *State Industrial*—includes all employees of the Department of Corrections and the California Youth Authority who are not safety members.
- *General*—includes all other members, defined by statute as “miscellaneous” members.

LRF

- State Legislators
- Constitutional Officers
- Legislative Statutory Officers

JRF

- *Justices*—includes Supreme Court, Courts of Appeal, Superior Courts, Municipal Courts, and Justice Courts appointed or elected prior to November 9, 1994.

JRF II

- *Justices*—includes Supreme Court, Courts of Appeal, Superior Courts, Municipal Courts, and Justice Courts appointed or elected on or subsequent to November 9, 1994.

VFF

- Volunteer Firefighters

Financing

The benefits for the PERF, LRF, JRF, and JRF II are funded by contributions from members and employers, and earnings from investments. The benefits for the VFF are funded solely by contributions from employers and earnings from investments. Member and employer contributions for the PERF, LRF, JRF, and JRF II are a percentage of applicable member compensation. Member contribution rates for the PERF, LRF, JRF, and JRF II are defined by law and depend on the respective employer’s benefit formulas. 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. Employer contributions, including lump-sum contributions made when agencies first join the Public Employees’ Retirement Fund, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of active plan members are based on a percentage of salary over a base compensation amount ranging from \$133 to \$863 monthly. For the fiscal year ended June 30, 2003, the required contribution rates for active plan members are as follows.

PERF

State Employees:

Miscellaneous & Industrial	0%
Miscellaneous & Industrial —Second Tier	0%
Safety	1% or 3%
California Highway Patrol	8%
Classified School Employees	7%
Public Agency Employees	7% to 9%
Peace Officers & Firefighters	3%
LRF	0%
JRF	8%
JRF II	8%
VFF	Non-Contributory

The State of California, pursuant to the Memoranda of Understanding with the employee unions, agreed to a temporary cessation of employee retirement contributions for the 2003 fiscal year and also extended the temporary cessation of employee retirement contributions for the 2004 fiscal year for State miscellaneous and industrial employees. As a result, the contribution rates were reduced from the usual statutory 5 percent or 6 percent to 0 percent. The amount of State employee contributions temporarily not paid was approximately \$465 million in the 2003 fiscal year and is estimated to be approximately \$550 million in the 2004 fiscal year. The absence of State miscellaneous and industrial employee contributions in the 2003 and 2004 fiscal years will be incorporated into the future actuarial calculations using the CalPERS Board of Administration’s adopted amortization policy.

Notes to the Basic Financial Statements

These contributions are deposited in a fund established for each entity for the purpose of creating actuarial reserves for future benefits.

All employees who work on a half-time basis or more are eligible to participate in the retirement plans. CalPERS administers several different retirement plans, each providing a monthly allowance based on age, years of credited service, the benefit formula, and highest average compensation over an established period of one year to three years. For the VFF, highest average compensation is not a consideration in determining a monthly allowance. All plans provide death and disability benefits except the VFF, which does not provide disability benefits. Within the PERF, the benefit provisions for the State and school employees are established by statute. The benefits for the public agencies are established by contract with the System in accordance with the provisions of the Public Employees' Retirement Law. The benefits for the LRF are established in accordance with the provisions of the Legislators' Retirement Law. The benefits for the JRF are established in accordance with the provisions of the Judges' Retirement Law. The benefits for the JRF II are established in accordance with the provisions of the Judges' Retirement System II Law. The benefits for the VFF are established in accordance with the provisions of the Volunteer Firefighters' Length of Service Award Act.

In November 1990, Article IV, Section 4.5 was added to the State Constitution by adopting 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.

Due to the effects of Proposition 140, the Legislators' Retirement Fund is in transition. The number of legislators eligible to participate in the LRF is declining as incumbent legislators leave office and are replaced by new legislators who are not eligible to participate in the program. Eventually, the only active members in the Fund will be approximately 16 constitutional officers (including the Insurance Commissioner and members of the Board of Equalization) and approximately four legislative statutory officers.

Costs of administering the funds are financed through contributions and investment earnings of the funds.

Senate Bill 400 (S.B. 400), Chapter 555 of the 1999 Statutes became effective January 1, 2000.

S.B. 400 revises the statutes guiding the administration of the PERF and provides for enhanced benefits for State and school members of the PERF. Benefit enhancements include increased benefits for active State and school members, various one-time cost-of-living adjustments to State and school retirees, and the opportunity for State Second Tier PERF members to elect participation in the First Tier.

Termination

Upon separation from the retirement plans, members' accumulated employee contributions are refundable with interest credited through the date of refund, as required by applicable laws. Withdrawal of such accumulated contributions results in forfeiture of the related vested benefits.

In the event that public agencies elect to terminate their contracts with the retirement plans, accumulated member and employer contributions, interest, and the related liability for benefits may be transferred to the employers. If amounts are not transferred to the employer, sufficient assets required to cover the related liability for benefits are retained in the retirement plans. Excess assets above those required, if any, are returned to the employer, while the employer is billed for any deficiency in assets.

Defined Contribution Plans

The State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF) is a defined contribution pension plan established by Chapter 820 of the 1998 Statutes. The plan is a qualified money purchase pension plan under Section 401(a) of Title 26 of the Internal Revenue Code, and is intended to supplement the retirement benefits provided by the PERF to eligible correctional officers employed by the State of California.

Contributions to the plan are funded entirely by the employer, with a contribution rate of 2 percent of the employee's base pay, not to exceed contribution limits established by the Internal Revenue Code. Contribution requirements are established and may be amended through a memorandum of understanding from the State of California Department of Personnel

Notes to the Basic Financial Statements

Administration. These contributions, as well as the participant's share of the net earnings of the Fund, are credited to the participant's account.

The net earnings of the fund are allocated to the participant's account as of each valuation date, in the ratio that the participant's account balance bears to the aggregate of all participants' account balances. The benefit paid to participants will depend only on the amount contributed to participant's account and earnings on the value of the participant's account. Plan provisions are established and may be amended by statute. At June 30, 2003 and 2002, there were 34,176 and 32,943 participants, respectively.

The Public Agency Deferred Compensation Program (IRC 457) is an Internal Revenue Code Section 457(g) defined contribution plan administered by State Street Bank & Trust Company (acting as an agent of CalPERS) to provide benefits at retirement to public agency employees. Plan participation is voluntary to employees of participating public agencies, and contributions are separate from the defined benefit contributions made to CalPERS.

Members may contribute up to the limits established under the Internal Revenue Code. At June 30, 2003 and 2002, there were 15,687 and 12,729 participants, respectively, with account balances.

Members of the plan are allowed to change their contribution amount, transfer account balances among 14 investment options, or change the contribution percentages designated to each option on a daily basis. The 14 investment options are: Money Market Fund, Stable Fixed Income Fund, Bond Fund, S&P 500 Equity Index Fund, Active Large Cap Equity Fund, Russell 2000 Index Fund, Active Small Cap Equity Fund, International Equity Fund, Conservative Allocation Fund, Moderate Allocation Fund, Aggressive Allocation Fund, Insured Money Market Account, Certificate of Deposit, and the Self-Managed Options. Members may access their funds upon retirement, separation from employment, or other distributions as allowed under the Internal Revenue Code. The CalPERS Board of Administration has authorization under the Government Code of the State of California to establish plan provisions.

The Replacement Benefit Fund (RBF) was established by Chapter 938 of the 1995 Statutes and initially funded in 1998 to provide benefits to members of the PERF whose retirement benefit exceeds Internal Revenue Code 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, money collected from an employer during any calendar year must be paid to the retiree during that same year. Employer contributions must be in amounts "equivalent to" the benefits not paid as a result of the limitations of IRC Section 415(b). CalPERS calculates the member's retirement allowance based on the member's choice of retirement option. CalPERS also is responsible for calculating the applicable dollar limit under IRC Section 415(b), and setting the employer rates. At June 30, 2003 and 2002, there were 16 and five retirees, respectively, in the RBF.

The Supplemental Contributions Program Fund (SCPF) was established January 1, 2000 by Chapter 307 of the 1999 Statutes, as a separate trust fund for the Supplemental Contributions Program (Program), a defined contribution plan that provides supplemental benefits at retirement to members of CalPERS. The Program is a qualified plan under Section 401(a) of Title 26 of the United States Code, administered by CalPERS.

Currently, the Program is available only to State of California employees who are members of CalPERS. The Program is entirely member funded, and participation is voluntary. Participant contributions are made on an after-tax basis and are separate from the defined benefit contributions made to CalPERS. Participants may be able to contribute to a deferred compensation or 401(k) plan in conjunction with the Program, if the participant remains within the Internal Revenue Code Section 415(c) limits. Distributions are allowed only at retirement or permanent separation from employment. The CalPERS Board of Administration has authorization under the Government Code of the State of California to establish plan provisions. At June 30, 2003 and 2002, there were 1,041 and 1,122 participants in the SCPF, respectively.

Notes to the Basic Financial Statements

Other Funds Administered by CalPERS

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

Federal legislation was enacted on October 21, 1986, which requires direct remittance of Social Security contributions by individual public agencies and eliminates the intermediary collection and remittance of such contributions by individual public agencies and by State Social Security agencies, such as the OASI. As such, effective January 1, 1987, the OASI stopped receiving contributions from public agencies. The OASI has continued to operate in an agency capacity during the transition period. During the transition period, the OASI functions as an intermediary in the reconciliation of prior year payroll reporting with the federal government. As reconciliations are completed, amounts will be collected and remitted to the federal government or returned to local governments as refunds. If any liabilities are owed which the OASI cannot collect, the State of California or the appropriate public agency is responsible for payment.

The Public Employees' Health Care Fund (HCF) was established under the Public Employees' Medical and Hospital Care Act (PEMHCA) as of July 1, 1988. The self-funded plans, PERS Choice and PERSCare, are risk pools available to all entities that contract for health insurance coverage under PEMHCA. PERS Choice and PERSCare retain all the risk of loss of allowable health claims. Fund members are not subject to a supplemental assessment in the event of deficiencies. Premium rates for PERS Choice and PERSCare 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.

PERS Choice and PERSCare rely on operating cash flows and investment income to fund health benefit payments. During the 2003 fiscal year, the Board continued to increase member premiums and modified the plans' benefit structures to mitigate the impact of increasing costs associated with rapid enrollment growth, increases in provider pricing, and increased

benefit utilization. Management believes that the current sources of funding for PERS Choice and PERSCare will be adequate to provide for benefits of the plans.

PERS Choice and PERSCare provide a Basic health plan for active employees and retirees not eligible for both Parts A and B of Medicare and a supplemental plan for members who are eligible for Parts A and B of Medicare.

Public agencies participating in PERS Choice and PERSCare are required to make periodic premium payments based on rates as established by the Health Benefit Services Division of CalPERS. Plan members pay the difference between the premium rate and the employers' contribution. Administrative costs are financed by administrative fees billed to public agencies and through investment earnings.

The Public Employees' Contingency Reserve Fund (CRF) was established in 1962, with the passage of PEMHCA, to fund administrative costs related to the PEMHCA program, and as a contingency reserve for such items as increases in future rates 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 costs incurred from 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; and
- active plan members.

Administrative costs include direct costs of the program and a proportionate share of indirect costs allocated to the CRF by the PERF. The administrative allocation rate is determined as a percentage of insurance premiums paid by the employers. The administrative allocation rate for the year ended June 30, 2003 and 2002 was 0.2 percent and 0.5 percent, respectively. Contribution rates are reviewed annually and are adjusted, if needed, to cover budgeted administrative costs.

The CRF also collects health care premiums from annuitants whose retirement allowances are not sufficient to pay their total contributions for the health

Notes to the Basic Financial Statements

care plans in which they are enrolled. The CRF remits these amounts to the Public Employees' Retirement Fund, which pays the appropriate health care plan.

Public agency employers whose employees do not elect PERS Choice and PERSCare submit the provider-determined, Board-approved premiums to the CRF which, in turn, submits the premiums to the respective provider.

At June 30, 2003 and 2002, 1,149 and 1,084 entities, respectively, participated in health insurance coverage under PEMHCA, through the health care self-funded plans. The categories are as follows:

- public agency employees, annuitants, and their families;
- State and enrolled employees, annuitants, and their families;
- municipal, superior and appellate court judges, annuitants, and their families; and
- legislators, annuitants, and their families.

The Public Employees' Long-Term Care Fund (LTCF) began providing self-insured long-term care plans in 1995. The LTCF operates by providing long-term care coverage to enrolled members under the Public Employees' Long-Term Care Act (PERL, Article 8). The Fund contracts with a third party to administer the program. Long-term care coverage is offered to all public employees (active or retired), their spouses, parents, parents-in-law, and siblings. The LTCF is a member-paid program with no contributions from employers. Premium rates are recommended to the Board by the program actuary and are set by the Board. Prospective enrollees apply directly to the program for long-term care coverage. Twenty plan options are offered to eligible participants.

As of June 30, 2003, there are 172,680 enrollees and 2,015 participants receiving benefits. As of June 30, 2002, there were 165,128 enrollees and 1,626 participants receiving benefits.

The Public Employees' Retirement System Deferred Compensation Fund (DCF) accounts for fees earned by CalPERS for managing certain investments. Fees include: 1) management fees CalPERS has received under a contract with the State of California Department of Personnel Administration, sponsor of the State of California Savings Plus Program, for

managing three investment portfolios; and 2) management fees CalPERS has received under contracts with various State of California public agencies for managing 14 investment portfolios of the Public Agency Deferred Compensation Program (IRC 457).

The DCF was established by Chapter 1659 of the 1990 Statutes, which added Government Code Sections 21420-21429. Operation and initial funding of the DCF commenced July 1991. Administrative expenses incurred by the DCF represent the reimbursement to the PERF of actual administrative expenses incurred by the PERF on behalf of the DCF.

The net assets of the three portfolios managed by CalPERS for the State of California Savings Plus Program are not included in the accompanying financial statements.

Financial statements for the three portfolios managed by CalPERS for the State of California Savings Plus Program may be obtained by contacting CalPERS.

2. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The accounts of CalPERS are organized and operated on the basis of funds. CalPERS has the following fund types at June 30, 2003.

Fiduciary funds, including pension trust and agency funds, account for assets held by the government in a trustee capacity or as an agent on behalf of others. The pension trust funds (PERF, LRF, JRF, JRF II, VFF, SPOFF, IRC 457, RBF, and SCPF) are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions for the PERF, LRF, JRF, and JRF II are recognized in the period in which the contributions are due. Employer contributions for the PERF, LRF, JRF, JRF II, SPOFF, and RBF are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits under the defined benefit plans and refunds are recognized when due and payable in accordance with the terms of each plan. The

Notes to the Basic Financial Statements

agency fund (OASI) is custodial in nature and does not measure the results of operations. Assets and liabilities are recorded using the accrual basis of accounting.

Proprietary funds, including enterprise funds (LTCF, DCF, HCF, and CRF) are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. CalPERS applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations, unless they conflict with or contradict GASB pronouncements.

Operating revenues and expenses are distinguished from nonoperating items and generally result from providing services in connection with ongoing operations. The principal operating revenues of the HCF, CRF, LTCF, and DCF are derived from self-insurance premiums and providing administrative services. Operating expenses include the cost of claims and related administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Investments

As a result of Proposition 162 (State Constitution, Article XVI, Section 17), the CalPERS Board of Administration has plenary authority and fiduciary responsibility for the investment of monies. CalPERS invests in stocks, bonds, mortgages, real estate, alternative, and other investments. Alternative investments include two components: direct investments and partnerships. CalPERS maintains certain deposits, cash equivalents, and other investments with financial institutions.

All investments are reported at fair value. The fair values of investments in securities are generally based on published market prices and quotations from major investment firms. Many factors are considered in arriving at fair value. In general, corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock, less an appropriate discount. Investments held in internal investment pools have been reported at fair value.

Mortgages are valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investments, principally rental property subject to long-term net leases, is estimated based on independent appraisals. Short-term investments are reported at market value, when available, or at cost plus accrued interest, which approximates market value when market values are not available. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments.

There are certain market risks, credit risks, liquidity risks, foreign currency exchange risks, and event risks which may subject CalPERS to economic changes occurring in certain industries, sectors, or geographies.

Derivatives

Under the State Constitution and statutory provisions governing CalPERS investment authority, CalPERS, through its outside investment managers, holds investments in futures and options and enters into forward foreign currency exchange contracts. Futures and options with fair values of approximately negative \$182,909,000 and negative \$141,782,000 are held for investment purposes and included within the financial statements at June 30, 2003 and 2002, respectively. Gains and losses on futures and options are determined based upon quoted market values and recorded in the Statement of Changes in Fiduciary Net Assets.

Due to the level of risk associated with certain derivative investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign securities. At June 30, 2003 and 2002, CalPERS has approximately negative \$183,547,000 and negative \$141,026,000 net exposure to loss from forward foreign currency exchange transactions related to the approximately \$33 billion and \$32 billion international debt and equity portfolios, respectively.

Notes to the Basic Financial Statements

CalPERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. CalPERS anticipates that the counterparties will be able to satisfy their obligations under the contracts.

Capital Assets

Capital assets are defined by CalPERS as assets with an initial individual cost of \$5,000 or more, and an estimated useful life in excess of one year.

Capital assets held by the PERF, consisting of buildings, furniture, and equipment, are recorded at cost or, if donated, at their estimated fair market value at the date of donation. Capital assets are depreciated over their estimated useful lives, ranging from one to five years for furniture and equipment and 40 years for buildings, using the straight-line method of depreciation.

The CalPERS Board of Administration has authorized approximately \$265,000,000 for the construction of additional headquarters space. During the 2003 fiscal year, \$46,987,000 was disbursed for land acquisition, site preparation, and building construction.

Actuarial Valuation

The information included in the required supplemental schedules is based on the actuarial valuations performed as of June 30, 2002, which is the latest available information. Significant actuarial assumptions used in the valuations are included in the notes to the required supplemental schedules.

Reclassification of Prior Year Amounts

Certain amounts in the prior year comparative totals have been reclassified to conform with the current year presentation.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and net assets held in trust for

pension benefits at June 30, 2003, and changes therein, IBNR, claims payable, and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents of approximately \$42,243,000 and \$30,407,000 in 2003 and 2002, respectively, represent amounts held in the CalPERS general operating accounts with the State Treasury. These monies are not individually identifiable by fund, as they are pooled with the monies of other State agencies and invested by the State Treasurer's Office.

4. Investments

For the years ended June 30, 2003 and 2002, State Street Bank & Trust was the master custodian for significantly all of the securities of CalPERS, however, certain securities are held by Prime Broker and alternative investment managers. Real estate deeds of trust are held in the name of Limited Liability Corporations and Partnerships. The investments held by LRF, JRF II, VFF, SCPF, and LTCF have been commingled in three investment pools. Two of these investment pools are domestic equity securities and domestic debt securities, which are managed by CalPERS. The third pool is international equity securities, which is managed by State Street Bank & Trust. Each of the five funds has a different asset allocation based on Board-approved policy.

CalPERS investments are categorized on page 47 to give an indication of the category risk level assumed by the System at June 30, 2003, as defined by GASB Statement No. 3. Category 1, the lowest risk, includes investments that are insured or registered or for which the securities are held by CalPERS or its agent in the name of CalPERS. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the name of CalPERS. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the name of CalPERS. Investment pools managed by other governments, alternative investments, real estate equity investments, and securities on loan are not categorized.

Notes to the Basic Financial Statements

Securities Lending

The State Constitution and CalPERS Board policies permit CalPERS to use investments of the PERF to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. CalPERS has contracted with Boston Global Advisors (BGA), Credit Suisse First Boston (CSFB), State Street Bank & Trust (SSB), Metropolitan West-CalPERS (Met West-CalPERS) and Metropolitan West E-PERS (Met West E-PERS) as third-party securities lending agents to lend domestic equity and debt securities for cash collateral of 102 percent and international debt and equity securities for cash collateral of 105 percent. Securities on loan at year-end are presented as not categorized in the following table. At June 30, 2003, management believes CalPERS has no credit risk exposure to borrowers because the amounts CalPERS owes the borrowers exceed the amounts the borrowers owe CalPERS. Contracts with the lending agents require them to indemnify CalPERS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or if the borrowers fail to pay CalPERS for income distributions by the securities' issuers while the securities are on loan.

All securities loans can be terminated on demand by either CalPERS or the borrower, although the average term of the overall loans managed by BGA, CSFB, SSB, and Met West is 39 days, 24 days, 61 days, and 14 days, respectively. The cash collateral received on each security loan was invested, in accordance with CalPERS investment guidelines, in short-term investment funds which at June 30, 2003, had weighted average maturities of 175 days, 84 days, 120 days, and 120 days for the CSFB, SSB, and Met West portfolios, respectively. Weighted average maturities for the BGA portfolio are not applicable. CalPERS is not permitted to pledge or sell collateral received unless the borrower defaults.

Real Estate

Real estate investments are classified as investments in accordance with GASB 25. Certain real estate investments are leveraged whereby partnerships have been established to purchase properties through a combination of contributions from CalPERS and other investors and through the acquisition of debt. Real estate equities of approximately \$11,595,840,000 is reported net of approximately \$7,432,037,000 in leveraged debt in the CalPERS real estate partnerships.

Notes to the Basic Financial Statements

The following tables present CalPERS investments and deposits by type, at June 30, 2003.

Investment Risk Categories

(Dollars in Thousands)

Investment Type	Category 1	Category 2	Category 3	Category Rating Not Required	Total
PERF					
Categorized					
Short-Term Investments:					
Commercial Paper & Banker's Acceptances	\$1,373,421	\$ —	\$ —	\$ —	\$1,373,421
International Currency	548,757	—	—	—	548,757
Securities Lending Collateral:					
Debt Securities Short Term	23,846,815	—	—	—	23,846,815
Equity Securities	70,674,695	—	—	—	70,674,695
Debt Securities	30,273,907	—	—	—	30,273,907
Not Categorized					
Alternative Investments:					
Direct Component	\$ —	\$ —	\$ —	\$1,317,663	\$1,317,663
Limited Partnership	—	—	—	6,067,548	6,067,548
Pooled Investments	—	—	—	1,305,684	1,305,684
Real Estate Equity Investments	—	—	—	11,595,840	11,595,840
Investments Held by Broker-Dealers					
Under Securities Loans:					
Equity Securities	—	—	—	15,460,545	15,460,545
Debt Securities	—	—	—	7,630,398	7,630,398
Total Investments—PERF	\$126,717,595	\$ —	\$ —	\$43,377,678	\$170,095,273
All Other Funds					
Categorized					
Debt Securities	\$569,698	\$ —	\$ —	\$ —	\$569,698
Equity Securities	1,020,571	—	—	—	1,020,571
Not Categorized					
Pooled Investments	\$ —	\$ —	\$ —	\$372,629	\$372,629
Total Investments—All Other Funds	\$1,590,269	\$ —	\$ —	\$372,629	\$1,962,898
Total Investments	\$128,307,864	\$ —	\$ —	\$43,750,307	\$172,058,171

Deposit Risk Categories

(Dollars in Thousands)

Deposit Type	Category 1	Category 2	Category 3	Category Rating Not Required	Total
Insured Deposits	\$15,626	\$ —	\$ —	\$ —	\$15,626
Total Deposits	\$15,626	\$ —	\$ —	\$ —	\$15,626

Notes to the Basic Financial Statements

Net (depreciation) appreciation in the fair value of investments for the years ended June 30 was as follows.

(Dollars in Thousands)

	PERF		LRF		JRF II		VFF	
	2003	2002	2003	2002	2003	2002	2003	2002
Realized (Loss)								
Gain on Sale of Investments	(\$2,313,203)	\$460,764	\$5,970	(\$68)	\$619	(\$5,581)	\$58	\$107
Appreciation (Depreciation) in Fair Value of Investments	2,924,920	(15,668,500)	4,301	(3,733)	4,140	1,643	48	(307)
Net Appreciation (Depreciation) in Fair Value of Investments	\$611,717	(\$15,207,736)	\$10,271	(\$3,801)	\$4,759	(\$3,938)	\$106	(\$200)

Due to the types of investments held by the JRF, RBF, CRF, and DCF, there was no appreciation (depreciation) in fair value of investments in those funds for the years ended June 30, 2003 or 2002.

Notes to the Basic Financial Statements

SPOFF		IRC 457		SCPF		HCF		LTCF		Totals	
2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
(\$548)	(\$206)	(\$4,649)	(\$3,146)	(\$451)	(\$1,484)	(\$45)	\$87	\$ —	\$ —	(\$2,312,249)	\$450,473
6,290	(6,548)	5,940	(19,510)	878	(480)	(4)	(230)	49,170	(62,147)	2,995,683	(15,759,812)
\$5,742	(\$6,754)	\$1,291	(\$22,656)	\$427	(\$1,964)	(\$49)	(\$143)	\$49,170	(\$62,147)	\$683,434	(\$15,309,339)

Notes to the Basic Financial Statements

5. Contributions & Reserves

Employer Contributions Actuarially Determined and Contributions Made

Employer contributions are calculated as a percentage of employer payroll. The payroll for employees covered by the PERF, LRF, JRF, and JRF II in 2003 was approximately \$34,192,281,000, \$2,372,000, \$143,197,000 and \$82,512,000, respectively.

The PERF and JRF II use a modified Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. That is, the method takes into account those benefits that are expected to be earned in the future, as well as those already accrued.

According to this cost method, the normal cost for an employee pension liability is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. The Entry Age Normal Actuarial Cost Method used by the PERF and JRF II is modified by CalPERS so that the employers' total normal cost is expressed as a level percentage of payroll. The PERF and JRF II use the level percentage of payroll method to amortize any unfunded actuarial liabilities.

The VFF uses the Unit Credit Actuarial Cost Method as the basis for its valuation. The LRF and JRF use the Aggregate Actuarial Cost Method as the basis for their valuations.

The significant actuarial assumptions used in the 2002 valuations to compute the actuarially determined contribution requirements for the PERF, JRF II, and VFF are the same as those used to compute the actuarial accrued liability.

Assumptions used in the actuarial valuations are included in the Notes to Required Supplemental Schedules.

Restrictions on Net Assets Available for Benefits

Included in the Net Assets Held in Trust For Pension Benefits is a restricted reserve that, by law, is retained in the PERF and LRF as a reserve against deficiencies in interest earned, potential losses under investments, court-mandated costs, and actuarial losses resulting from terminations, mergers, or dissolutions of contracting agencies. This reserve cannot exceed 0.2 percent of total assets of the PERF and the LRF, and totaled approximately \$297,898,000 and \$296,393,000 as of June 30, 2003 and 2002, respectively.

PERF

Actuarial valuations of the PERF are performed annually. The last valuation was performed as of June 30, 2002, for the State, schools, and public agencies.

The total 2003 net retirement contributions for the PERF amounted to approximately \$3,812,969,000, of which \$1,925,044,000 (the actuarially determined annual required contribution) came from 1,484 employers and approximately \$1,887,925,000 came from more than 809,000 members. Normal cost is 10.211 percent of covered payroll, and amortization of over-funded liabilities is negative 5.315 percent of covered payroll. These figures are averages for all employers. The actual figures vary by each employer's plan.

LRF

The current contribution requirements of the LRF are based on actuarially determined rates promulgated as part of legislation passed in 1977.

Actuarial valuations of the LRF are required to be carried out at least every two years. The Board of Administration utilizes these actuarial valuations to make recommendations to the State for financing the Fund. For the fiscal year ending June 30, 2003, there was no statutory contribution required based on the June 30, 2001 valuation.

Notes to the Basic Financial Statements

JRF

Contributions made by the State of California to the JRF are made pursuant to State statute and are not actuarially determined; however, an actuarial valuation of the JRF assets and liabilities is performed every year and is used by CalPERS to make recommendations for financing the JRF.

The California law which states that on and after January 1, 2003, the JRF shall be funded and actuarially sound was amended in conjunction with the adoption of the Judges' Retirement System II Law, which, among other provisions, eliminated the requirement that the JRF be funded and actuarially sound. Recommendations to achieve the necessary level of contributions have been submitted by the CalPERS Board to the Legislature.

As of June 30, 2003, funding was provided from the following sources to meet benefit payment requirements:

- Member Contributions 8% of applicable member compensation
- Employer Contributions 8% of applicable member compensation
- Filing Fees Varying amounts depending on fee rate and number of filings.
- Investments Current yield on short-term investments.

- State of California "Balancing Contributions" An amount required by the Judges' Retirement Law, at least equal to the estimated benefits payable during the ensuing fiscal year less the sum of 1) the estimated member contributions during the ensuing fiscal year and; 2) net assets available for benefits at the beginning of the fiscal year.

Under the pay-as-you-go basis, short-term investments as well as contributions received during the year are used to make benefit payments. Management and legal counsel believe the State of California is legally required to provide these required contributions to fund the benefits.

For the year ended June 30, 2003, the actual contributions made by the State to the JRF were approximately \$98,585,000, which is significantly less than the actuarially determined annual required contribution of approximately \$189,781,000.

Because current contributions are used to make benefit payments, the fund does not retain the accumulated contributions of active members. The cumulative contributions of all currently active members since inception were approximately \$142,822,000 and \$139,277,000 at June 30, 2003 and 2002, respectively, which exceeded net assets held in trust for pension benefits by approximately \$138,311,000 and \$134,282,000 at June 30, 2003 and 2002, respectively.

Notes to the Basic Financial Statements

JRF II

Actuarial valuations for the JRF II are required to be carried out annually. The legislated State contribution rate will be adjusted periodically as part of the annual Budget Act in order to maintain or restore the actuarial soundness of the fund. The last actuarial valuation was performed as of June 30, 2002.

For the year ending June 30, 2003, the statutory employer contribution rate was 19.231 percent based on the June 30, 2001 actuarial valuation. Therefore, for the year ended June 30, 2003, the contributions made by the State to the fund were approximately \$15,323,000 which is less than the actuarially determined required contributions of approximately \$16,640,000.

VFF

The current contribution requirements of the VFF are based on actuarially determined rates promulgated as part of the Volunteer Firefighters' Length of Service Award Act passed in 1979.

Actuarial valuations of the VFF are required to be carried out at least every two years. The last valuation was performed as of June 30, 2002. The Board of Administration utilizes these actuarial valuations to make recommendations for financing the fund.

Contributions for prior service credits are recognized as revenue by VFF at the time a contract with the participating agency is executed. The participating agency may elect to pay the contributions for prior service credits in a lump sum or over a period of up to 10 years.

6. Commitments

Contract commitments for the construction of additional headquarters space in the amount of \$127,653,000, to be paid upon satisfactory completion of work, were pending on June 30, 2003.

At June 30, 2003, CalPERS total active commitments to private equity funds was \$20.6 billion. Of this amount, \$7.9 billion remained unfunded and is not recorded on the CalPERS balance sheet.

At June 30, 2003, CalPERS total commitments to purchase real estate equity was \$466 million.

7. Contingencies

CalPERS is a defendant in litigation involving individual benefit payment and participant eligibility issues and arising from its normal activities. In the event of an adverse decision, any payments awarded by the courts would be recovered by CalPERS through prospective adjustments to the employer contribution rate. Based upon consultation with legal counsel, management believes there will be no material adverse effect on the basic financial statements as a result of the ultimate outcome of these matters.

8. Health Care Fund

Basis for Estimated Liabilities

The Public Employees' Health Care Fund (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 Blue Cross, the HCF's third-party administrator, at June 30, 2003, 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 \$131,916,000 is carried at its face amount, and no interest discount is assumed. The IBNR portion represents an estimate for claims that have been incurred prior to June 30, 2003, but have not been reported to the HCF.

Anticipated Investment Income

Anticipated investment income is not included in the calculation of the annual premium requirement for HCF members.

Reinsurance

The HCF has not entered into any reinsurance or excess insurance agreements.

Notes to the Basic Financial Statements

The following represents changes in the aggregate estimated claims liabilities of the HCF for the years ended June 30:

(Dollars in Thousands)

	PERSCare/ PERS Choice	PERSCare/ PERS Choice
	2003	2002
Total Estimated Claims at Beginning of Fiscal Year	\$121,531	\$103,871
Incurring Claims & Claim Adjustment Expenses:		
Provision for Insured Events of the Current Fiscal Year	\$854,648	\$684,425
Decrease in Provision for Insured Events of Prior Years	(56,020)	(44,976)
Total Incurred Claims & Claim Adjustment Expenses	\$798,628	\$639,449
Payments:		
Claims & Claim Adjustment Expenses Attributable to Insured Events of the Current Year	\$722,732	\$562,894
Claims & Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	65,511	58,895
Total Payments	\$788,243	\$621,789
Total Estimated Claims at End of the Fiscal Year	\$131,916	\$121,531

9. Long-Term Care Fund

The Public Employees' Long-Term Care Fund (LTCF) estimate of the funding level to provide for the payment of future claim benefits is predicated upon participation levels that are expected to be achieved by the program. The premiums from the LTCF are recognized when due from policyholders.

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 liability for future policy benefits was calculated

by Tillinghast-Towers Perrin, the fund's independent actuary, using a variety of actuarial and statistical techniques as part of their actuarial review as of June 30, 2003. Certain key assumptions used in this calculation are a discount rate of 7 percent (the average rate of assumed investment yields in effect for the current year), morbidity, disability continuance, mortality, voluntary termination, and claims expense. The estimated liability for future policy benefits as of June 30, 2003, was \$898,000,000.

Required Supplemental Schedules



Required Supplemental Schedule of Funding Progress

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
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PERF

6/30/93	\$73,190	\$75,910	\$2,720	96.42%	\$19,000	14.3%
6/30/94	77,850	80,530	2,680	96.67	19,900	13.5
6/30/95	83,775	87,673	3,898	95.55	20,800	18.7
6/30/96	94,230	96,838	2,608	97.30	22,322	11.7
6/30/97	108,566	97,925	(10,641)	110.90	22,504	(47.3)
6/30/98	128,830	106,938	(21,892)	120.50	24,672	(88.7)
6/30/99	148,605	115,748	(32,857)	128.39	27,636	(118.9)
6/30/00	162,439	135,970	(26,469)	119.47	28,098	(94.2)
6/30/01	166,860	149,155	(17,705)	111.87	30,802	(57.48)
6/30/02	156,067	163,961	7,894 ¹	95.19	32,873	24.01

LRF

6/30/93	\$83.3	\$97.4	\$14.1	85.5%	\$6.7	210.4%
6/30/94	85.3	99.6	14.3	85.6	5.0	286.0
6/30/95	88.5	101.6	13.1	87.1	4.9	267.3
6/30/96	94.2	105.2	11.0	89.5	4.8	229.2
6/30/97 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02 ²	N/A	N/A	N/A	N/A	N/A	N/A

NOTES:

¹ The Unfunded Actuarial Accrued Liability (net assets in excess of the total Actuarial Liability) of the PERF by major employer group from the June 30, 2002 valuation is as follows: 1) \$6,653 for the State of California, 2) \$812 for schools, and 3) \$428 for public agencies.

² Beginning with the June 30, 1997 actuarial valuation, actuarial valuations were performed using the Aggregate Cost Valuation Method, which does not identify unfunded actuarial liabilities. Prior to the June 30, 1997 valuation, actuarial valuations were performed using the Aggregate Entry Age Normal Cost Valuation Method.

Required Supplemental Schedule of Funding Progress (continued)

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
JRF						
6/30/93	\$23.3	\$1,403.5	\$1,380.2	1.7%	\$146.6	941.4%
6/30/94	14.9	1,289.7	1,274.8	1.2	150.0	849.9
6/30/95	9.3	1,406.0	1,396.7	0.7	156.8	890.1
6/30/96	12.5	1,460.1	1,447.6	0.9	153.8	941.0
6/30/97 ¹	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98 ¹	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99 ¹	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00 ¹	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01 ¹	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02 ¹	N/A	N/A	N/A	N/A	N/A	N/A
JRF II						
6/30/95	\$.239	\$.071	(\$.168)	338.6%	\$.9	(18.7%)
6/30/96	2.388	2.813	.425	84.9	8.1	5.3
6/30/97	7.242	7.906	.664	91.6	15.4	4.3
6/30/98	15.120	15.043	(.077)	100.5	33.9	(0.2)
6/30/99	27.155	26.921	(.234)	100.9	40.0	(0.6)
6/30/00	40.503	41.619	1.116	97.3	43.0	2.6
6/30/01	55.955	60.933	4.979	91.8	61.5	8.1
6/30/02	71.929	76.459	4.530	94.1	72.8	6.2
VFF						
6/30/93	\$.691	\$.600	(\$.091)	115.2%	N/A	N/A
6/30/94	.799	.689	(.110)	116.0	N/A	N/A
6/30/95	.931	.815	(.116)	114.2	N/A	N/A
6/30/96	1.078	.934	(.144)	115.4	N/A	N/A
6/30/97	1.360	1.121	(.239)	121.3	N/A	N/A
6/30/98	1.678	1.500	(.178)	111.8	N/A	N/A
6/30/99	1.987	1.805	(.182)	110.1	N/A	N/A
6/30/00	2.302	2.296	(.006)	100.3	N/A	N/A
6/30/01	2.524	2.183	(.341)	115.6	N/A	N/A
6/30/02	2.310	2.453	.143	94.2	N/A	N/A

Required Supplemental Schedule of Employer Contributions

Year Ended June 30	PERF Employer Contributions		LRF Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
1994	\$1,518,539,347 ¹	100 %	\$2,498,313	23.4 %
1995	1,578,933,781 ¹	100	2,051,934	27.5
1996	1,850,103,438 ¹	100	2,014,826	28.3
1997	2,285,043,412 ¹	147 ²	1,933,367	127.8 ³
1998	2,289,526,403	100	2,022,421	33.4
1999	1,598,316,666	100	— ⁴	N/A
2000	362,614,344	100	— ⁴	N/A
2001	321,618,855	100	— ⁴	N/A
2002	800,964,553	100	— ⁴	N/A
2003	1,925,043,858	100	— ⁴	N/A

NOTES:

¹ Employer contributions to the PERF are shown net of the reduction in actuarially determined contributions resulting from the usage of A.B. 702 credits of approximately \$323,000, \$410,000, \$642,000, and \$200,405,000 in 1997, 1996, 1995, and 1994 respectively.

² Includes \$1.2 billion payment resulting from a court ruling of the S.B. 240 lawsuit (*Board of Administration v. Wilson*) which was appealed by the State and denied review by the California Supreme Court in May 1997. The Annual Required Contribution for 1997 is not affected by this payment.

³ Includes additional contributions made in arrears. The Annual Required Contribution is not affected by this payment.

⁴ Based on the June 30, 2001, 2000, 1999, 1998, and 1997 actuarial valuations, the annual required contributions for the years ended June 30, 2003, 2002, 2001, 2000, and 1999 were \$0.

Required Supplemental Schedule of Employer Contributions (continued)

JRF Employer Contributions		JRF II Employer Contributions		VFF Employer Contributions	
Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
\$100,500,000	41.5 %	\$ —	—%	\$99,848	100 %
104,438,091	47.8	167,999	100	58,515	100
91,379,475	66.6	1,507,116	100	54,844	100
133,373,900	38.1	2,956,457	102.4	162,880	100
133,754,812	42.0	5,339,054	102.2	166,708	100
139,537,660	60.6	7,297,687	100.8	124,291	100
138,895,276	53.3	7,419,121	100.6	202,395	100
162,054,610	56.2	9,572,604	101.9	193,530	100
163,772,915	39.9	11,147,294	112.0	93,889	100
189,781,088	51.9	16,640,312	92.1	497,076	100

Notes to Required Supplemental Schedules

1. Actuarial Information

The information presented in the required supplemental schedules was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation is as follows:

	PERF	LRF	JRF	JRF II	VFF
Valuation Date	June 30, 2002	June 30, 2002	June 30, 2002	June 30, 2002	June 30, 2002
Actuarial Cost Method	Individual Entry Age Normal Cost	Aggregate Cost Method	Aggregate Cost Method	Aggregate Entry Age Normal Cost	Unit Credit
Amortization Method	Level Percentage of Payroll Closed	None ²	None ²	Level Percentage of Payroll Closed	Fixed Years
Remaining Amortization Period	30 Years for Schools, Average of 9 Years for Public Agencies, and 13 to 30 Years for the State Plans	None ²	None ²	Average of 5 Years	16 Years
Asset Valuation Method	Smoothing of Market Value	Smoothing of Market Value	Market Value	Smoothing of Market Value	Smoothing of Market Value
Actuarial Assumptions:					
Net Investment Rate of Return	8.25%	7.5%	7.5%	7.75%	8.00%
Projected Salary Increases ¹	Varies, Based on Duration of Service	3.75%	3.75%	3.75%	None
Post Retirement Benefit Increase	State 2% or 3% Depending on System Varies 2% to 5% for Public Agencies	3.5%	3.75%	3.0%	None
¹ Includes Inflation at:	3.5%	3.5%	3.5%	3.5%	N/A

² The Aggregate Cost Method does not identify or separately amortize unfunded actuarial liabilities.

Required Supplemental Schedule of Claims Development Information

Public Employees' Health Care Fund

The table on the next page illustrates how the HCF earned revenues and investment income compared to related costs of loss and other expenses assumed by the HCF as of the end of each of the years presented. The rows of the table are defined as follows:

- 1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues.
- 2) This line shows each fiscal year's other operating costs of the HCF, including overhead and claims expense not allocable to individual claims.
- 3) This line shows the HCF's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called *policy year*).
- 4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- 5) This section shows how each policy year's incurred claims changed as of the end of successive years. This annual re-estimation results from new information received on known claims, as well as emergence of new claims not previously known.
- 6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Required Supplemental Schedule of Claims Development Information

Public Employees' Health Care Fund—June 30, 2003

(Dollars in Thousands)

	Fiscal & Policy Year Ended				
	1994	1995	1996	1997	1998
1. Net Earned Required Contribution & Investment Revenues	\$336,490	\$339,018	\$340,907	\$340,596	\$359,466
2. Unallocated Expenses	\$26,330	\$22,202	\$27,031	\$29,796	\$26,873
3. Estimated Incurred Claims & Expenses, End of Policy Year	\$250,249	\$241,588	\$263,264	\$333,530	\$339,123
4. Paid (Cumulative) as of:					
End of Policy Year	\$171,039	\$171,950	\$187,679	\$262,248	\$269,645
One Year Later	220,470	218,480	236,082	312,932	316,528
Two Years Later	220,470	218,480	236,082	312,932	316,528
Three Years Later	220,470	218,480	236,082	312,932	316,528
Four Years Later	220,470	218,480	236,082	312,932	316,528
Five Years Later	220,470	218,480	236,082	312,932	316,528
Six Years Later	220,470	218,480	236,082	312,932	—
Seven Years Later	220,470	218,480	236,082	—	—
Eight Years Later	220,470	218,480	—	—	—
Nine Years Later	220,470	—	—	—	—
5. Re-estimated Incurred Claims & Expenses:					
End of Policy Year	\$250,249	\$241,588	\$263,264	\$333,530	\$339,123
One Year Later	220,470	218,480	236,082	312,932	316,528
Two Years Later	220,470	218,480	236,082	312,932	316,528
Three Years Later	220,470	218,480	236,082	312,932	316,528
Four Years Later	220,470	218,480	236,082	312,932	316,528
Five Years Later	220,470	218,480	236,082	312,932	316,528
Six Years Later	220,470	218,480	236,082	312,932	—
Seven Years Later	220,470	218,480	236,082	—	—
Eight Years Later	220,470	218,480	—	—	—
Nine Years Later	220,470	—	—	—	—
6. Decrease in Estimated Incurred Claims & Expenses From End of Policy Year	(\$29,779)	(\$23,108)	(\$27,182)	(\$20,598)	(\$22,595)

Supporting Schedules



Administrative Expenses—All Funds

(Dollars in Thousands)

Personnel Services	
Salaries & Wages	\$85,892
Employee Benefits	20,727
Total Personnel Services	\$106,619
Consultant & Professional Services	
State of California Agencies	\$2,532
External Consultants	56,223
Health Plan Administrator Fees	45,597
Deferred Compensation Management/Custody Fees	104
Long-Term Care Administrator Fees	14,492
Total Consultant & Professional Services	\$118,948
Operating Expenses & Equipment	
General Expense	\$5,638
Software	2,853
Printing	1,868
Postage	3,261
Communications	2,645
Data Processing Services	12,790
Travel	1,850
Training	1,572
Medical Examiners	1,043
Facilities Operation	19,023
Central Administrative Services	5,647
CSUS Foundation - Students	3,000
Administrative Hearings	308
Consolidated Data Center	896
Equipment	8,964
Total Operating Expenses & Equipment	\$71,358
Other Expenses	
Depreciation Expense	\$6,545
Increase in Paid Absence Obligation	603
Reimbursements	(1,791)
Prior Year & Other	(3,004)
Total Other Expenses	\$2,353
Total Administrative Expenses—All Funds	\$299,278

Other Investment Expenses—All Funds

(Dollars in Thousands)

External Securities Management Fees & Other Fees

	Net Assets Managed at Fair Value	Fees		Net Assets Managed at Fair Value	Fees
External Domestic Equity Managers			Global Fixed Income Managers		
Alliance Cap Mgmt., L.P./Sanford C. Bernstein	\$786,103	\$1,280	Baring Asset Management	\$1,087,822	\$1,001
Artisan Partners, L.P.	629,887	270	Bridgewater Associates	1,126,512	632
Brown Capital Management	469,521	518	Julius Baer Investment Management, Inc.	1,055,970	835
Dimensional Fund Advisors	1,236,418	463	Merrill Lynch/Mercury Asset Mgmt. Intl., Ltd.	—	601
Franklin Advisors, Inc.	699,702	482	Nomura Corporate Research & Asset Mgmt.	245,332	987
Geewax, Terker & Company	615,430	623	Rogge Global Partners	1,240,762	855
Goldman Sachs Asset Management	723,142	1,015	Wellington Management Company	744,927	624
Highland Capital Management, L.P.	254,726	1,369	Western Asset Global Management	611,205	298
ING Ghent Asset Management, LLC	216,293	919	Total Global Fixed Income Managers		\$5,833
J.P. Morgan	685,381	121	Management Development Program		
Oak Associates, Ltd.	465,481	490	Progress Putnam Lovell	\$777,793	\$895
Oppenheimer Capital	661,769	455	Progress Putnam Lovell Ventures	22,008	200
Osprey Partners Management, LLC	601,004	795	Strategic Investments Management	753,968	986
Pacific Investment Mgmt. Company, LLC	228,096	737	Strategic Ventures	119,901	266
Putnam Advisory Company	583,425	698	Total Management Development Program		\$2,347
Pzena Investment Managers, LLC	818,009	1,628	Total External Securities Management Fees & Other Fees		
Relational Investors	601,028	4,689			\$50,104
Shenkman Capital Management, Inc.	220,073	966	External Securities Management Performance Fees¹		
Symphony (CalPERS Hedge Fund)	620,262	4,850	External Domestic Equity Managers		
The Boston Company Asset Mgmt., LLC	632,811	543	Alliance Cap Mgmt., L.P./Sanford C. Bernstein		\$4,516
Brown Capital Management-IRC457	28,419	34	J.P. Morgan		37
CalPERS Management Services-IRC457	119,018	275	Pzena Investment Managers, LLC		12,347
CitiStreet-IRC457	245,248	647	The Boston Company Asset Management, LLC		1,444
Calif. Dept. of Personnel Admin.-IRC457	48,892	54	Total External Domestic Equity Managers		\$18,344
State Street Global Advisors-SPOFF	134,636	688	Global Equity Managers		
Total External Domestic Equity Managers		\$24,609	Axa Rosenberg		\$1,131
Global Equity Managers			Baillie Gifford Overseas Limited		584
Alliance Bernstein Institutional Inv.	\$512,154	\$1,465	Capital Guardian Trust		707
Arrowstreet Capital, L.P.	6,138	164	Grantham, Mayo, Van Otterloo & Company, LLC		4,849
Axa Rosenberg	685,963	1,272	Newport Pacific Management, Inc.		34
Baillie Gifford Overseas Limited	619,740	689	Putnam Investments		557
Bank of Ireland	662,850	1,188	Total Global Equity Managers		\$7,862
Blackrock International	252,290	245	Global Fixed Income Managers		
Capital Guardian	646,241	675	Baring Asset Management		\$291
Dimensional Fund Advisors	488,850	940	Merrill Lynch/Mercury Asset Mgmt. Intl., Ltd.		529
GE Asset Management	520,972	626	Total Global Fixed Income Managers		\$820
Genesis Asset Managers	468,692	1,688	Management Development Program		
Grantham, Mayo, Van Otterloo & Co., LLC	732,425	462	Strategic Investments Management		\$283
Mastholm Asset Management, LLC	502,334	767	Total Management Development Program		\$283
Newport Pacific Management, Inc.	155,524	225	Total External Securities Management Performance Fees		
Nomura Asset Management U.S.A., Inc.	474,872	448			\$27,309
Oechsle International Advisors	605,358	658	Total External Securities Management Fees, Performance Fees & Other Fees		
Pareto Partners (Currency Forwards)	—	1,788			\$77,413
Putnam Investments	578,563	570			
Schroder Capital Management Intl., Inc.	509,888	472			
State Street Bank (Currency Forwards)	—	796			
State Street Bank	17,785,241	1,563			
Weiss Peck & Greer, LLC	587,984	614			
Total Global Equity Managers		\$17,315			

NOTE:

¹ Net Assets at Market Value listed under Management Fees.

Other Investment Expenses—All Funds (continued)

(Dollars in Thousands)

Real Estate Managers, Advisors & Partners

	Net Assets Managed at Fair Value	Fees
Real Estate Advisors Asset Management Fees		
Andrew Miller Capital Advisors	\$730,716	\$2,257
Eastern Shopping Center	1,434,257	8,172
Lend Lease	183	116
Total Real Estate Advisors Asset Management Fees		\$10,545
Real Estate Partners Asset Management Fees		
Aetos Capital Asia	\$362	\$616
AEW Capital Management	116,396	988
Buchanan Street Advisors, LP	33,863	342
Campbell Group	623	1,233
Capri Capital Management	7,307	64
CIM Urban Fund Group, LLC	29,489	2,925
CNL Institutional Partners	—	121
CWP Capital Advisory, LLC	795,943	5,532
DIVCO	(506)	59
General Investment & Development	452,241	4,050
Global Innovation Partners	197,477	6,250
Great Eastern Timber Group	716,350	2,561
Hearthstone Housing Partners	7,731	1,382
Hines National Office Partnership	1,756,848	6,860
Infill Investments	1,975	32
Institutional Housing Partners	275,042	11,860
Johnson/MacFarlane	6,337	2,074
KSC	3,038	10
Kennedy Associates	67,266	280
LaSalle	888,562	5,796
Lend Lease (EQK)	158,330	992
MacFarlane/Weyerhaeuser	77,231	13,837
Newland Capital Advisors	141,752	894
Olympic Realty Advisors	65,081	4,480
Pacific Vinyard	20,598	169
Pical	12,622	138
Residential	34,566	1,435
RREEF	1,901,125	14,233
Security Capital International	30,564	349
Shaddock Hammond Senior Housing	27,997	266
SSR	622,707	2,399
UBS Brinson	45,318	477
Wells Fargo Housing Fund	54,806	3,107
Total Real Estate Partners Asset Management Fees		\$95,811
Incentive Fees Real Estate Partners		(\$57,172)
Incentive Fees AIM Partnership Investment & Corporation Governance Limited Partnerships		\$1,967
Internal Mortgage Loan Fees		\$2,280
Total Real Estate Managers, Advisors & Partners		\$53,431

Other Investment Consultants

	Net Assets Managed at Fair Value	Fees
Consultants Fees		
Capital Market Risk Advisors		\$3
Hamilton Lane Advisors, Inc.		348
KPMG		3,980
Pacific Corporate Group, Inc.		394
Parent Contract/AIM Vendor Pool, Invest.		6
PCA/Ernst & Young Kenneth Leventhal Company		1,061
Pension Consulting Alliance		215
Probitas Portfolio Management, LLC		229
Project International		32
State Street-Private Edge		1,028
Strategic Investment Solutions		120
Thomas Weisel Partners		130
Wilshire Associates		2,197
Total Consultant Fees		\$9,743
Attorney & Master Custodian Fees		
Christensen		\$117
Covington & Burling		139
Cox, Castle & Nicholson, LLP		85
Foley & LA		121
Goodkind, Labaton, Rudoff & Sucharow		45
Grant & Eisenhofer		20
Hogan & Hartson		45
Investor Responsibility Support Services		25
Jones, Day, Reavis & Pogue		620
McDonough, Holland, & Allen		437
Orrick		494
Pillsbury, Madison, Sutro		728
Preston, Gates & Ellis		544
Paul, Hastings, Janofsky & Walker		300
Piper Runick		200
State Street Bank & Trust Company		7,330
Total Attorney & Master Custodian Fees		\$11,250
Total Other Investment Consultants		\$20,993
Miscellaneous Investment Expenses		\$67,365
Total Other Investment Expenses—All Funds		\$219,202

Consultant and Professional Services Expenses—PERF

(Dollars in Thousands)

Individual or Firm	Fee	Nature of Service
Tier Technologies, Inc.	\$5,661	Employer Contribution Reporting System
PricewaterhouseCoopers, LLP	3,528	Pension Risk Measurement
Covansys	2,901	Various Consulting Contracts
Venturi Technology Partners	2,608	Unix System Support; Mainframe Communications Support; eBusiness/Silverstream
Trinity Technology Group, Inc.	2,553	Technical Architect Support
Delegata	2,410	Member Self Service & Automated Communications Exchange System Support
Medstat Group	2,387	Health Care Decision Support System
SeeBeyond	2,317	Enterprise Application Integration Services
Deloitte Consulting	2,170	Straight Through Processing Project
Princeton Solutions Group, Inc.	2,144	Enterprise DA Support; COMET Architecture; Forte Architecture
Blackrock Financial Management, Inc.	1,811	Fixed Income Trading System
State Controller's Office	1,799	Warrant Processing; Expedite Processing
Moore Business Communications	1,591	Mass Mailing & Printing Services
ADSI, Inc.	1,537	Peoplesoft Application System Support
Synergy Consulting, Inc.	1,446	Enhancement/Maintenance Release Work; Data Administration Certification Support
Oracle	1,269	Oracle Database Access Support; Portal Configuration; eHub Support
Business Advantage Consulting	1,251	Record Retention Project; Service Credit Costing Performance Improvement
Charles River Development	1,111	Equity Order Management System
R & G Associates, LLC	1,075	Pension Fund Risk Measurement; Straight Through Processing Project
Shooting Star Solutions, LLC	1,047	Information and Business Process Mapping and Modeling; Integration of PVCS
Wirestone	664	Web Reengineering; Business Manager; Writer Services
William M. Mercer	608	Blue Shield Transition Consultant
Unisys Corporation	604	eProcess/Smartdesk Integration; Record Retention Project
Barra	500	Risk Management
Stealth Network Communication	477	Customer Call Center Mentor; Call Monitoring Project; Disaster Recovery Design
Roberta Almeida	423	Retirement Information & Benefits System; Legacy System Support
David Vienna & Associates	420	Federal Legislative Report
Spherion	419	Contribution Reporting System Data Cleanup Programmer; Oracle DBA Support
Pyramid Technical Consultants, LLC	396	Directory Based Security Implementation Project; Equity Order Management System
Live Networking	386	Customer Call Center Implementation of Computer Telephony Integration
Information Technology SW Professional	377	Benefit Equity; RIBS Service Request
Stanfield Systems, Inc.	376	Mainframe Technical Support; Enterprise Output Distribution
Mara Consulting, Inc.	353	RIBS Legacy Support
Eisen and Johnston	350	Board Legal Counsel
Conrad & Associates	339	Real Estate Compliance; Construction Audits
Deloitte & Touche	307	Audit Services; Health Benefit Consulting Services
Steptoe & Johnson, LLP	300	Tax Counsel
Engage Integrated Systems Technology	292	Passport Compliance Project; Disaster Recovery Plan
Russbo, Inc.	277	Online Revamp Project; Contribution Reporting Project
Global Access, LLC	273	Oracle Database Access Support
Crocker/Flanagan	267	Marketing & Communication Services
Jones, Day, Reavis and Pogue	250	Alternative Investment Management; Advise Board Staff
Kendall/Heaton Associates, Inc.	250	R Street Project
Natoma Technologies	250	Project Support
Tek Systems	243	Oracle Database Access System
Roberta Reagan, Inc.	237	Legacy System
Inforce, Inc.	235	Payroll Data Cleanup; Programmer Support
Cedar Enterprises Solutions, Inc.	227	Application, Business Analysis & Enhancement
Regents of the University of California	226	Training Courses
Firestar Productions	219	Video Productions
Software AG, Inc.	214	Applications Database Access Support
Wright On-Line Systems	206	Oracle Database Access Support
Pacific Gas & Electric	206	R Street Project Gas Line Relocation
Lance Jackson Enterprise	193	Retirement Information & Benefits System; Service Credit Buyback
Intersoft Systems and Programs, Inc.	187	Retirement Information & Benefits System Support; Legacy System Support
Insync Consulting & Education, LLC	185	Legacy System Support
City of Sacramento	\$170	Sacramento Convention Center Rental

Consultant and Professional Services Expenses—PERF (continued)

(Dollars in Thousands)

Individual or Firm	Fee	Nature of Service
Two Shea Consulting, Inc.	157	Legacy System Support; Project Proposal Development
Ciber, Inc.	153	Customer Relationship Engineering Project
Cooper Consulting Corporation	150	Pension Consultant Evaluation Process
Alliance for Strategic Leadership	140	Multi-Rater Feedback Leadership Program
Dee Hansford Consulting	134	All Staff Training
State Personnel Board	123	Online Services
Synergex	116	PVCS Dimensions Customized Implementation
Gabriel, Roeder, Smith Company	113	Annual Valuation System; Proprietary Software Services
CJS Consulting, Inc.	110	Legacy System Support
Preferred Exhibitor Services, Inc.	106	Exhibit Coordination Related to Conferences & Events
DSS Research	105	Member Satisfaction Survey
Accountemps	102	Cashier Processing; Reconciliation; Enhanced EFT Program
ATV Video Center	101	Audio Visual Support Services
Bearingpoint, Inc.	100	Project Management Support
Futures International, Inc.	100	Executive Search
Newpoint Group	92	Strategic & Project Planning
Union Bank	82	Banking Service
Advanced Programming Institute	75	Pension Fund Risk Measurement System Project
Cooperative Personnel Services	75	Human Resources Project
Felderstein, Willoughby and Pascuzzi, LLP	75	Bankruptcy Counsel
Office of Administrative Hearings	72	Board Election Arbitration; Protest Hearings
Peters Shorthand Reporting	64	Court Reporting
Martin & Chapman Company	64	Board Elections
Verizon	64	Implementation of Equality Balance; Performance Workshop
Jadara Group	60	Enterprise Teampay
Parent Contract for HPDD Consultant Pool	60	Feasibility Study on Direct Contracting; HPDD Vendor Pool
Gail Mancarti Consulting	54	Teambuilding, Strategic Planning; Leadership Coaching
Sapphire Technologies, Inc.	54	Emergency Operations Center Study; Disaster Recovery
ADCOM Media	53	Video Production Services
Office Workouts	52	Wellness Services
Hoyt Company	51	Transportation Services
PM/CM Services, Inc.	50	Construction Project Management for Offsite Parking Project
Disaster Survival Planning Network, Inc.	45	Emergency Operations Center; Disaster Recovery Planning
Nolte and Associates, Inc.	41	R Street Project
Breene Kerr Production/Video Transform	40	Video Production Services
Neo Design	40	Graphic Design Services
County of Sacramento	39	Sewer Service
Jubilee Technologies	36	Retirement Information & Benefits System Support
California State Assembly Rules	35	Provide Research & Analysis of Legal & Legislative Matters
James Williams	34	Deferred Compensation
Ed Friend, Inc.	33	Actuarial Audit Services
Group One Consultants, Inc.	30	Recruiting & Selection Consultant
Watson Wyatt Worldwide	30	Recruiting Services
Excel Bonds & Insurance Services, Inc.	29	Offsite Improvement Bond
Gas Exposition Services	28	2002 Conference Exhibit Booths
Gartner Group	28	Annual Maintenance Renewal; Research & Advisory Program
Quest	27	Design Consultation, Evaluation & Migration Plan for Cisco
Dychtwald Group	25	2002 Employer Conference Speaker
Foley and Lardner	25	Securities Counsel; Outside Health Counsel
Lexis-Nexis	25	Database Research
Pillsbury Winthrop	25	Legal Counsel Services for Real Estate; Health Care Law Counsel
Weintraub Genshlea Chediak Sproul	25	Legal Services to the Board
Other	686	
Total Consultant & Professional Services—PERF	\$58,755	

Trust

It is a lesson which all history teaches wise men,
to put trust in ideas, and not in circumstances.

—*Ralph Waldo Emerson, Poet*

Investment Section



Chief Investment Officer's Letter



Investment Office
P.O. Box 2749
Sacramento, CA 95812-2749

June 30, 2003

On behalf of Investment Operations, I am pleased to present reports on the PERF Summary of Investments, California Investments, and our investment performance for the period ended June 30, 2003. This data was compiled by our Investment Operations staff, our pension consultant Wilshire Associates, and our master custodian State Street Bank & Trust. It is presented in accordance with statutes found in the Retirement Law. We voluntarily follow AIMR performance and ethics standards.

CalPERS delivered positive performance during the fiscal year despite a dampened market. Our return on investments was 3.7 percent for the one-year period ended June 30, 2003, generating more than \$5 billion in net investment income. The Fund ended the year with assets of \$144.8 billion.

Our performance ended a two-year run of negative returns and showed hope for continued recovery in the markets. Despite a rough two years, we kept faith in the strategic asset allocation decisions made by the CalPERS Board and remained confident in the long-term return of the equity markets and the economy.

The positive gain for the fiscal year strengthened our long-term performance. Annually compounded over the last 10 years, CalPERS investment portfolio returned 8.2 percent through June 30, 2003. Our 15-year return of 9.6 percent exceeded our 8.3 percent assumed actuarial rate of return.

Our investment performance was aided by a well diversified investment portfolio, strong gains in individual asset classes, and good security selection and sector allocation by the System's investment staff.

At year end, U.S. and international stocks represented approximately 58 percent of CalPERS assets. U.S. and international bond investments represented 26 percent; real estate 9 percent, and private equity investments represent 7 percent of assets.

We continued to invest in the State of California, providing a strong economic boost for California's growth. At the end of the year, we had nearly \$17.2 billion committed and invested in California entrepreneurial businesses, real estate, housing, and stocks and bonds in corporations that make California their home.

And finally, restoring investor confidence and reforming the U.S. markets became one of our top priorities. We worked diligently to rout out corporate fraud and greed embarking on a number of financial market reform initiatives. Our goal was to protect our shareholder rights, our investments, and our members' financial future.

Mark J.P. Anson, Ph.D., CFA, CPA, Esq.
Chief Investment Officer

California Public Employees' Retirement System
Lincoln Plaza-400 P Street-Sacramento, CA

Investments—PERF

Summary of Investments

Category	Book Value	Market Value	% of Investments at Market Value
Cash Equivalents & Net Receivables/Payables			
Domestic Cash Equivalents	\$2,655,360,604	\$2,654,982,744	1.84%
International Cash Equivalents			
Cash Equivalents	\$24,162,181	\$24,122,253	0.02%
International Currency	546,052,245	548,757,289	0.38%
Total International Cash Equivalents	\$570,214,426	\$572,879,542	0.40%
Net Investment Receivables/Payables	(\$1,959,886,041)	(\$1,959,886,041)	(1.36)%
Total Cash Equivalents & Net Receivables/Payables	\$1,265,688,989	\$1,267,976,245	0.88%
Fixed Income			
Domestic Fixed Income	\$30,924,385,631	\$32,858,935,284	22.77%
International Fixed Income	4,486,736,426	5,045,369,105	3.50%
Total Fixed Income	\$35,411,122,057	\$37,904,304,389	26.27%
Equity			
Domestic Equity	\$39,046,572,610	\$58,533,532,904	40.57%
International Equity	28,818,588,797	27,601,707,257	19.13%
Total Equity	\$67,865,161,407	\$86,135,240,161	59.70%
Alternative Investment Management Program			
Domestic	\$8,934,391,636	\$7,095,666,679	4.92%
International	337,463,616	289,544,091	0.20%
Total Alternative Investment Management Program	\$9,271,855,252	\$7,385,210,770	5.12%
Total Real Estate Programs	\$11,083,188,802	\$11,595,840,175	8.03%
Total Investment Value	\$124,897,016,507	\$144,288,571,740	100.00%

NOTE:

Differences between Total Investment Value in the Summary of Investments and Total Investments shown on page 30 are due to differences in reporting methods. In accordance with GASB Statement No. 28, the financial statements include Securities Lending Collateral as part of Total Investments, which is not included here. The Summary of Investments also includes Net Investment Receivables/Payables that are not reported on page 30 in Total Investments.

Investments—PERF

Investment Performance

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, 5-year, and 10-year time-weighted rates of return for the year ended June 30, 2003, are:

CalPERS Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	10-Year Return	Index	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Total Fund	3.7%	-3.3%	2.4%	8.2%	Asset Allocation Policy Index ¹	4.2%	-3.4%	2.2%	7.7%
					Actuarial Rate	8.3%	8.3%	8.3%	8.4%
					Trust Universe Comparison Service (TUCS) Public Fund Median	3.9%	-2.4%	2.6%	8.3%
					Trust Universe Comparison Service (TUCS) Public Fund Median > \$1 billion	4.0%	-2.4%	2.7%	8.3%
Domestic Equity	1.4%	-10.1%	-1.0%	9.8%	PERS Wilshire 2500 Tobacco-Free Index	1.1%	-10.9%	-1.6%	9.5%
International Equity ²	-7.5%	-12.8%	-3.0%	4.0%	PERS SSGA Custom	-4.6%	-12.7%	-2.8%	2.2%
Alternative Investments/ Private Equity	-10.6%	-11.9%	4.4%	11.4%	PERS Wilshire 2500/ CRFU Blend	-14.5%	-15.7%	-4.8%	7.7%
Total Equity³	-2.4%	-10.8%	1.2%	8.3%					
Domestic Fixed Income	16.5%	11.6%	8.0%	8.2%	Citigroup Large Pension Fund Index	15.1%	11.9%	8.1%	8.0%
International Fixed Income	18.9%	8.3%	5.2%	6.8%	Citigroup Non-U.S. Government Bond Index (Net Italy Tax)	17.9%	8.1%	6.3%	6.3%
Total Fixed Income	16.9%	11.2%	7.6%	8.0%					
Real Estate	5.1%	9.9%	10.1%	9.7%	NCREIF ⁴	7.7%	8.2%	9.8%	9.6%
Cash Equivalents	1.8%	3.8%	4.6%	5.0%	90-Day T-Bill	1.5%	3.3%	4.0%	4.6%

Additional information on CalPERS investment policies, operations, investment results, and detailed asset information can be found in the accompanying 2003 Operations Summary and on the CalPERS Web site.

NOTES:

¹ The Asset Allocation Policy Index return equals the return for each asset class benchmark, weighted at the current target asset allocations.

² Includes currency overlay.

³ Includes alternative investments, domestic, international, and private equities.

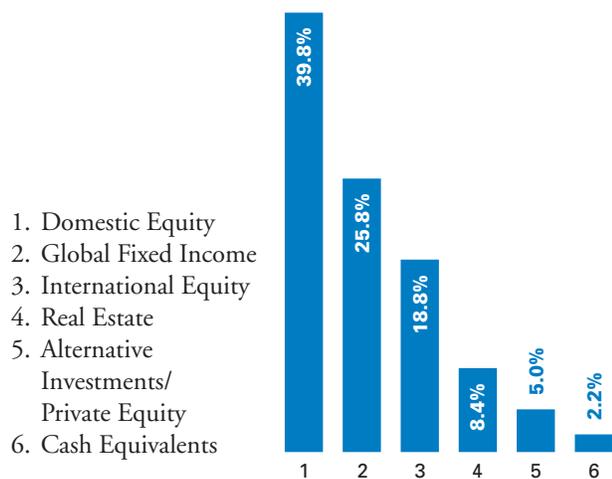
⁴ National Council of Real Estate Investment Fiduciaries, index on a quarter lag.

Investments—PERF

CalPERS Asset Allocations

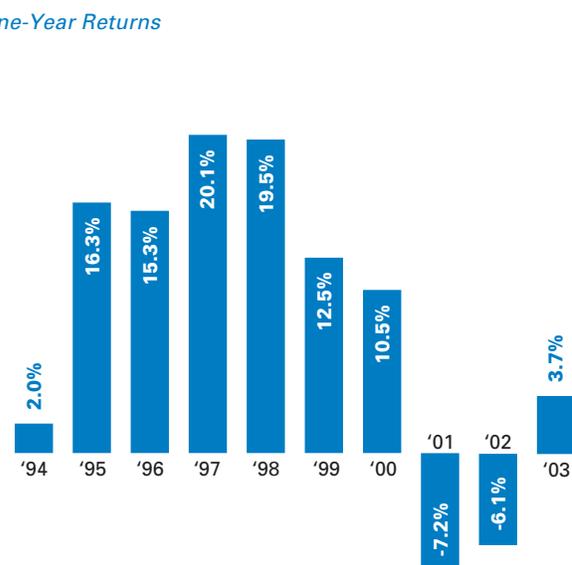
Asset Class	Market Value (\$ Billion)	Current Allocation	Current Target ¹	Previous Target
Cash Equivalents	\$3.2	2.2 %	0.0 %	0.0 %
Global Fixed Income	\$37.9	25.8 %	26.0 %	28.0 %
Equity				
Domestic	\$58.5	39.8 %	39.0 %	39.0 %
International	27.6	18.8	19.0	19.0
Alternative Investments/Private Equity	7.4	5.0	7.0	6.0
Total Equity	\$93.5	63.6 %	65.0 %	64.0 %
Total Real Estate	\$11.6	8.4 %	9.0 %	8.0 %
Total Fund	\$146.2 ²	100.0 %	100.0 %	100.0 %

Investment Mix by Asset Class



Total Fund Performance

10-Year Review
One-Year Returns



NOTES:

¹ Target allocation effective January 1, 2003.

² Differences between investment values above and the values on the Summary of Investments on page 73 are due to differences in reporting methods. The Summary of Investments includes Net Investment Receivables/Payables.

Investments—PERF

Portfolio of California Investments at Market Value

(Dollars in Millions)

Category	California Investments
Real Estate	
Real Estate Mortgages	
AFL-CIO Housing Investment Trust	\$62.5
California Community Mortgage Fund	41.8
Commercial (Whole Loans/Mortgage-Backed Securities)	182.0
ULLICO	52.4
Total Real Estate Mortgages	\$338.7
Real Estate Equity	
AFL-CIO Building Investment Trust	\$30.7
CORE - Equity	3,454.5
PREES-REITS	94.8
Catellus	126.7
Franchise Finance (CNL)	1.1
Senior Housing	4.7
California Urban Real Estate	
Bridge	24.5
Buchanan Urban Investors	35.0
CalSmart	64.2
Capri Capital Partners	7.2
CIM	7.7
CUIP	5.9
Infill Investment Partners (CWP)	10.9
Institutional Housing Partners IV	1.9
Kennedy Office Development	58.4
Housing	
Acquisition & Development	31.3
National Housing	331.0
Single Family Housing	72.5
Pacific Vineyards Partners	20.4
Total Real Estate Equity	\$4,383.4
Total Real Estate Mortgages & Equity	\$4,722.1
Equity	
Alternative Investment Management Program/Partnership Component	\$969.7
Domestic Equity	7,545.6
Total Equity	\$8,515.3
Total Real Estate & Equity	\$13,237.4
Domestic Fixed Income	
Corporate Bonds	\$248.8
Mortgage Pass-Through/CMOs	1,912.5
External Managed	248.8
Treasury Bonds	248.8
Total Domestic Fixed Income	\$2,658.9
Technology	
Technology	\$9.5
Total Technology	\$9.5
Total Investments	\$15,905.8

Investments—PERF

Largest Stock Holdings at Market Value¹

(Dollars in Thousands)

Rank	Company	Shares	Market Value
1	General Electric Company	38,043,800	\$1,091,096
2	Microsoft Corporation	40,903,300	1,047,534
3	Pfizer, Inc.	30,415,480	1,038,689
4	Exxon Mobil Corporation	25,521,000	916,459
5	Wal-Mart Stores, Inc.	16,855,600	904,640
6	Citigroup, Inc.	19,671,400	841,936
7	Johnson & Johnson	11,299,200	584,169
8	American International Group, Inc.	9,896,200	546,072
9	International Business Machines	6,442,200	531,482
10	Intel Corporation	25,320,600	526,263

Largest Bond Holdings at Market Value¹

(Dollars in Thousands)

Rank	Company	Par Value	Market Value
1	United States Treasury Bonds 5.5% due 12/31/99	\$452,300	\$596,172
2	United States Treasury Notes 6.875% due 08/15/25	541,700	557,566
3	United States Treasury Bond Strip Principal 0.0% due 11/15/21	1,126,400	461,195
4	United States Treasury Notes 3.625% due 05/15/13	425,400	428,863
5	United States Treasury Notes 2.625% due 05/15/08	373,750	377,196
6	United States Treasury Bonds 8.0% due 11/15/21	234,740	340,112
7	Federal National Mortgage Association 6.25% due 05/15/29	253,500	296,767
8	United States Treasury Bonds 9.25% due 02/15/16	192,800	295,271
9	United States Treasury Bonds 7.125% due 02/15/23	211,500	283,512
10	United States Treasury Bonds 5.375% due 02/15/31	243,450	274,251

A complete list of portfolio holdings is available upon request.

NOTE:

¹ CalPERS no longer produces a separate Annual Investment Report. All the information previously included in that separate volume is now contained in this report and the accompanying Operations Summary. A complete listing of portfolio holdings is available on the CalPERS Web site at www.calpers.ca.gov

Investments—PERF

Schedule of Commissions & Fees

(Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission Fees & Amount	Broker	Number of Shares Traded	Base Commission Fees & Amount
Nesbitt Burns	10,498,886	\$4,398	UBS Warburg Securities, Ltd./Taiwan Branch	46,721,600	\$217
J.B. Were And Son, Inc.	19,099,134	4,043	Cantor Fitzgerald Europe	55,755,682	217
Merrill Lynch, Pierce Fenner And Smith	1,682,717,537	2,721	ABN Amro Equities (U.K.), Ltd. London	28,341,999	211
Goldman Sachs & Company	299,932,518	2,201	BNY Clearing Services, LLC	8,132,139	209
Lehman Brothers, Inc.	5,930,670,243	2,023	Investment Technology Group, Inc.	7,236,973	204
Jefferies Company, Inc.	59,517,084	1,965	Zannex Securities	15,454,429	199
Investment Technology Group, Ltd.	90,837,031	1,935	Weeden & Company	3,962,518	198
Morgan Stanley Company, Inc.	671,057,052	1,925	Nomura Securities Tokyo	7,765,908	194
Arnhold S. Bleichroeder, Inc.	10,579,982,878	1,817	Salomon Brothers, Inc., NY	12,216,265	181
Instinet	89,150,321	1,769	J.P. Morgan Securities, Ltd.	12,376,500	180
Cantor Fitzgerald and Company	59,747,509	1,582	Kleinwort Benson Securities, Ltd.	11,483,663	180
Great Pacific Securities, Inc.	1,378,773,214	1,573	Global Securities	6,328,426,700	176
Credit Suisse First Boston Equities	76,800,714	1,576	CIBC World Markets Corporation	4,050,641	175
Bear Stearns Company	99,026,394	1,522	HC Istanbul Menkul Degerl	7,229,797,973	174
Credit Suisse First Boston Equities (Europe)	176,969,856	1,433	Deutsche Bank AG London	57,946,082	167
Salomon Smith Barney, Inc.	110,068,076	1,217	BNY Brokerage, Inc.	6,887,763	165
UBS Warburg, LLC	84,648,132	1,216	J Cheuvreux	3,644,858	162
Goldman Sachs International			Enskilda Securities AB	10,191,086	163
Finance London	356,196,238	1,212	Baird, Robert W., & Company, Inc.	3,192,957	163
UBS AG	2,328,011,211	923	Standard & Poor Securities, Inc.	3,099,256	162
Deutsche Bank Trust Company	1,451,314,420	920	Miller Tabak & Company, LLC	3,223,915	162
Lynch Jones And Ryan, Inc.	24,809,341	894	Salomon Brothers International	224,440,979	159
Broadcort Capital (Thru MI)	18,188,272	882	Merrill Lynch & Company, Inc.	11,717,472	158
Abel Noser Corporation	23,485,286	844	Lehman Brothers International		
Prudential Securities, Inc.	26,134,379	838	Europe PB (LBI)	13,420,356	157
J.P. Morgan Securities, Inc.	1,414,865,113	793	BNP Paribas SA	4,893,156	156
Wilshire Associates, Inc.	15,591,746	772	Factset Data Systemes, Inc.	3,071,800	154
Merrill Lynch International	143,076,706	672	Fidelity Capital Markets	3,922,059	142
First Clearing, LLC	20,386,600	668	BNYESI Transition Management	4,649,085	136
Charles Schwab Company, Inc.	18,957,103	655	Thomas Weisel Partners	4,665,153	135
Deutsche Bank Securities, Inc.	511,320,492	613	Janney Montgomery, Scott, Inc.	2,869,750	135
S.G. Cowen Securities Corporation	46,269,572	567	Pacific American Securities, LLC	5,294,791	132
Citigroup Global Markets, Inc.	16,331,024	556	Morgan Grenfell And Company, Ltd.	7,965,270	130
ABN Amro Securities, LLC	139,115,921	499	Lehman Brothers Soft Dollar	8,100,020	130
Salomon Smith Barney, Inc./			Citigroup Global Markets, Inc./		
Salomon Brothers	2,813,890,876	475	Salomon Brothers	235,680,446	130
Jones & Associates	16,129,409	471	Williams Capital Markets	5,161,467	130
Sanford C. Bernstein Company, LLC	10,331,827	456	Goldman Sachs Money Markets, Inc.	2,567,900	128
Banc America Securities, LLC,			Nutmeg Securities	3,152,916	127
Montgomery Division	10,630,530	421	Societe Generale Securities	2,757,092	124
Credit Lyonnais Securities	114,592,984	378	First Union Capital Markets	3,500,440	123
Legg Mason Wood Walker, Inc.	10,306,741	378	Westminster Res Associates/		
Warburg Dillion Read (Asia) Ltd.	26,712,516	334	Broadcort Capital CL	2,004,300	120
Citibank N.A.	15,077,437	323	SBC Warburg London	27,393,686	115
Knight Securities	10,094,289	322	Shore Capital Stockbrokers, Ltd.	9,602,496	115
UBS Painewebber, Inc.	10,178,755	319	Capital Institutional Services	2,079,664	113
Boston Institutional Services	6,226,725	315	Factset Data Systems (Thru Bear Stearns)	2,239,368	113
Sanders Morris Mundy	16,343,058	313	Brockhouse & Cooper, Inc.	12,553,122	110
Warburg Securities	162,773,594	303	Banc of America Securities, LLC	7,948,365	107
Guzman & Company	10,299,273	301	ING Baring Securities	2,777,270	106
Morgan Stanley and Company International	28,872,516	297	Societe Generale	5,364,213	105
HSBC Investment Bank, PLC	58,595,389	291	UBS AG London	19,098,159	103
Spear, Leeds & Kellogg	12,000,170	281	Instinet U.K., Ltd.	23,522,838	101
Global Securities, Inc. (Istanbul)	7,061,026,334	264	J.P. Morgan Securities (Asia Pacific), Ltd.	16,632,480	97
Credit Agri Indosuez Cheuvreux	67,357,615	263	Edwards AG Sons, Inc.	1,894,600	96
Bear Stearns Securities Corporation	7,927,999	263	ABN Amro Securities (USA), Inc.	9,313,728	93
Credit Lyonnais Securities (Asia)	30,910,473	233	BNP Paribas London	2,731,793	93
Autranet, Inc.	4,799,300	233	Magna Securities Corporation	3,754,313	92
Neubergerand Berman	8,904,803	232	Cazenove & Company	10,867,766	92
Deutsche Morgan Grenfell Securities	8,882,076	231	BNP Capital Markets	5,662,200	90
HSBC Securities, Inc.	17,354,677	222	Nomura International, PLC	5,639,812	90

Investments—PERF

Schedule of Commissions & Fees

(Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission Fees & Amount	Broker	Number of Shares Traded	Base Commission Fees & Amount
Davis, Mendel and Regenstein	3,318,200	\$90	ABN Amro Asia, Ltd.	31,326,600	\$48
William Blair & Company, LLC	2,229,705	89	Goldman Sachs International, Ltd.	1,058,689	46
J & E Davy Stockbrokers	1,701,594	87	Morgan Stanley Securities, Ltd.	14,353,971	46
Santander Investment Securities	70,350,391	87	Fox Pitt Kelton, Inc.	1,090,800	45
Citigroup Global Markets, Ltd.	19,327,620	85	ABN Amro Bank NV Seoul	15,410,455	44
ABG Sundal Collier, Ltd.	13,066,300	84	Investec Bank (U.K.), Ltd.	1,843,300	44
Davenport & Company of Virginia, Inc.	1,666,400	84	Wells Fargo Securities, LLC	1,076,400	44
Sal Oppenheim Et Cie	1,151,500	84	Deutsche Securities Asia, Ltd.	5,914,500	44
Main First Bank AG	991,000	83	BNP Finance	568,807	43
B-Trade Services, LLC	2,741,213	83	JB Were, Ltd.	2,709,079	43
ABN Amro Incorporated	24,218,639	82	Johnson Rice & Company	912,108	43
U.S. Bancorp Piper Jaffray, Inc.	1,610,065	81	Lehman Brothers International (Europe)	23,863,516	43
Warburg Dillon Read Securities, Ltd.	1,167,442	81	RBC Dominion Securities, Inc.	870,887	42
O'Neil, William and Company, Inc./ BCC Clearing	1,605,400	81	ABG Securities	3,660,822	42
S.G. Warburg Securities	354,866,454	79	CS First Boston (Hong Kong), Ltd.	2,265,472	41
J.P. Morgan Securities, Inc.	16,298,323	78	Midwest Research Securities	928,400	41
RBC Dain Rauscher, Inc.	1,916,500	78	ING Baring Securities (Taiwan)	8,163,000	40
BHF Securities Corporation	6,292,999	77	Banque Paribas	551,100	40
Utendahl Capital Partners	3,135,134	76	Instinet Pacific, Ltd.	3,219,000	39
Warburg Dillon Read	43,081,615	76	Vandham Securities Corporation	803,100	39
McDonald and Company Securities, Inc.	1,669,620	76	Quaker Securities, Inc.	887,500	39
Raymond James and Associates, Inc.	1,402,699	75	Robertson Stephens, Inc.	1,170,700	38
Samsung Securities Company, Ltd.	438,400	73	Morgan Keegan & Company, Inc.	730,593	37
Pulse Trading, LLC	2,153,784	72	Southwest Securities	1,328,692	36
TD Waterhouse CDA	2,324,892	71	Wexford Clearing Services Corporation	1,192,659	35
Dresdner Kleinwort Benson North America	4,257,625	71	Scotia Capital (USA), Inc.	1,670,080	35
Veritas Securities	1,392,240	71	Salomon Smith Barney Korea, Ltd.	321,800	35
ING Baring Securities, Ltd. Seoul	6,170,970	69	Wedbush Morgan Securities, Inc.	692,593	35
Bank Leumi Le Israel Bm	5,349,434	69	Seslia Securities	1,663,046	33
HSBC Securities, Inc. (James Capel)	3,922,016	68	ABN Amro (Magyar) Bank Rt	1,150,917	33
Wachovia Securities, LLC	2,378,200	68	BNY ESI & Company, Inc.	642,200	33
J.P. Morgan Securities Australia, Ltd.	9,763,092	67	Sanford Bernstein	775,745	32
J.P. Morgan Securities (Far East), Ltd. Seoul	534,100	66	Donaldson & Company, Inc.	735,100	32
Daiwa Securities	3,804,045	63	Allen & Company, Inc.	1,376,700	32
Bridge Trading	1,915,779	61	Intermonte Securities Sim SPA	1,389,900	32
Cantor Fitzgerald International	19,699,368	61	Intermobiare Securities Sim SPA	2,150,513	31
ISI Group, Inc.	1,255,150	60	Instinet Pacific, Ltd.	2,809,550	31
Henderson Crosthwaite, Ltd.	8,504,865	59	Dresdner Bank AG Hamburg	462,291	30
Collins Stewart & Company	3,204,963	58	The Williams Capital Group	983,500	30
Banco Santander Central Hispano SA	143,784,136	58	Neue Zurcher Bank	141,480	30
S.G. Securities (London), Ltd.	4,134,593	57	West LB Securities	854,205	29
Pacific Crest Securities	1,131,700	57	Roth Capital Partners, LLC	1,429,800	28
Credit Suisse First Boston (Europe)	4,706,635	57	Bank Vontobel	374,880	28
Credit Suisse First Boston Taipei	7,390,525	56	First Albany Corporation	945,383	28
La Branche Financial Services, Inc.	1,846,675	56	Friedman Billings & Ramsey	1,088,400	27
Exane S.A.	929,105	54	Julius Baer Securities	812,288	27
Fox-Pitt Kelton, Ltd.	1,514,809	53	Morgan Stanley and Company International Taipei Metro	3,631,000	26
Paribas Capital Markets	974,682	53	Lazard Freres & Company	519,651	26
Dresdner Kleinworth Wasserstein Securities, LLC	1,598,290	53	Canadian Imperial Bank of Commerce	924,837	26
Citibank-Merrill Lynch	1,594,481	52	Goodbody Stockbrokers	1,215,696	26
Weeden & Colp FBO Insearch Associates	1,014,499	51	Societe Generale Crosby Securities	291,900	26
Fortis Securities	1,421,870	51	Various Brokers	119,308,404	1,480
Correspondent Services, Inc.	1,873,548	51	Total	54,227,313,697	\$70,715
Concorde Ertekpapir Ugynokseg Rt	3,028,519	50			
National Financial Services Corporation	848,239	50			
Nordea Bank	7,629,338	50			
Baring Securities, N.Y.	22,088,520	50			
Green Street Advisors, Inc.	1,583,750	49			
Mainfirstbank DE	491,437	48			

Investments—JRF II

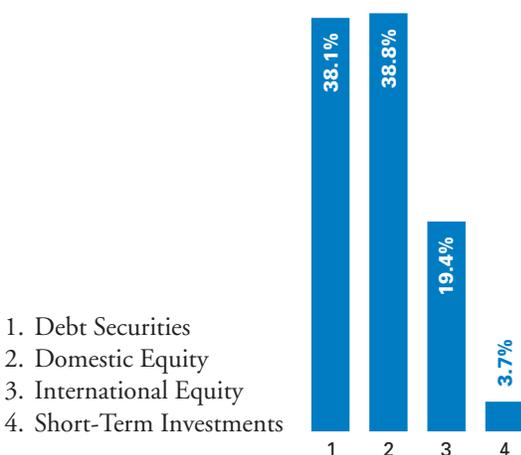
Investment Performance

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Judges' Retirement Fund II based on performance calculations made by the Fund's custodian, State Street Bank and Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2003 are:

JRF II Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
Total Fund	4.8%	-2.7%	2.0%	Weighted Policy Benchmark ¹	3.9%	-2.9%	1.2%
				Actuarial Rate	7.8%	7.8%	7.8%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	3.9%	-2.4%	2.6%
Domestic Equity	0.2%	-11.4%	-1.8%	Custom S&P 500 Index ³	0.4%	-11.3%	-1.7%
				TUCS Equity Median	-0.2%	-8.1%	0.8%
International Equity	-6.5%	-13.3%	-3.8%	MSCI EAFE Index	-6.5%	-13.5%	-4.0%
Fixed Income	15.5%	11.4%	7.9%	Lehman Aggregate Bond Index	10.4%	10.1%	7.5%
				Citigroup LPF Index	15.1%	11.9%	8.1%
				TUCS Fixed Income Median	11.1%	10.1%	7.5%

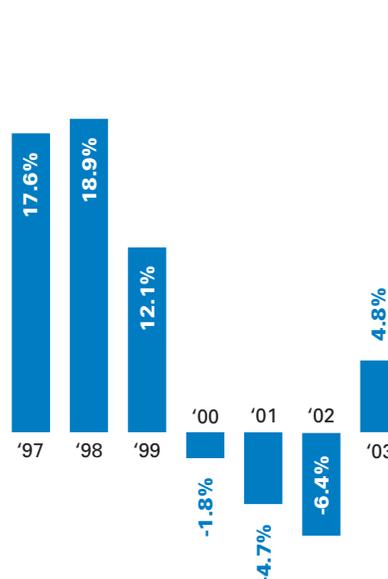
Investment Mix by Class



Total Fund Performance

Seven-Year Review

One-Year Returns



NOTES:

¹ The weighted policy benchmark returns for the JRF II are based on asset class index returns weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

³ A tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of the JRF II, starting with the February 2001 performance.

Investments—LRF

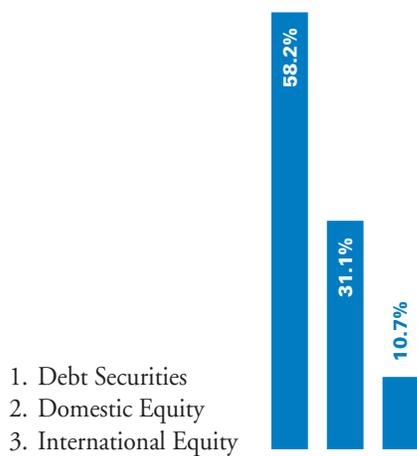
Investment Performance

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Legislators' Retirement Fund based on performance calculations made by the Fund's custodian, State Street Bank and Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2003 are:

LRF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
Total Fund	8.5%	1.8%	4.6%	Weighted Policy Benchmark ¹	9.1%	2.5%	5.1%
				Actuarial Rate	7.5%	7.5%	7.5%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	3.9%	-2.4%	2.6%
Domestic Equity	0.2%	-11.3%	-1.7%	Custom S&P 500 Index ³	0.4%	-11.3%	-1.7%
				TUCS Equity Median	-0.2%	-8.1%	0.8%
International Equity	-6.3%	-13.3%	-3.8%	MSCI EAFE Index	-6.1%	-13.2%	-3.7%
Fixed Income	15.5%	11.4%	7.9%	Lehman Aggregate Bond Index	10.4%	10.1%	7.5%
				Citigroup LPF Index	15.1%	11.9%	8.1%
				TUCS Fixed Income Median	11.1%	10.1%	7.5%

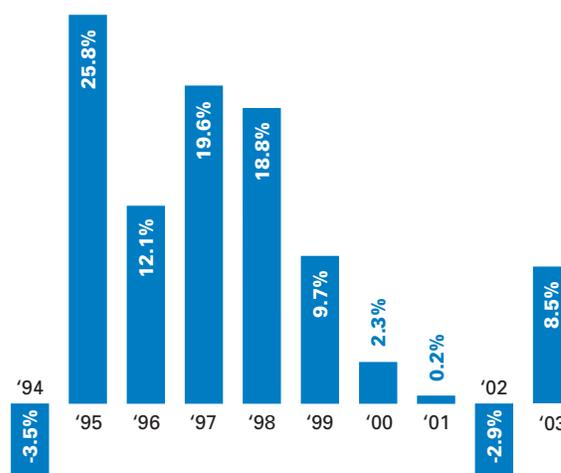
Investment Mix by Class



Total Fund Performance

10-Year Review

One-Year Returns



NOTES:

¹ The weighted policy benchmark returns for the LRF are based on asset class index returns weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

³ A tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of the LRF, starting with the February 2001 performance.

Investments—VFF

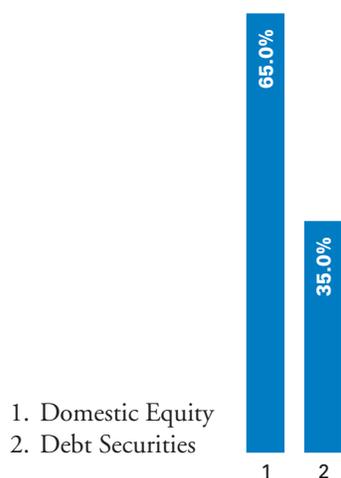
Investment Performance

Wilshire Associates, the Board’s pension consultant, prepares a Quarterly Report of Investment Performance for the Volunteer Firefighter’s Fund based on performance calculations made by the Fund’s custodian, State Street Bank and Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2003 are:

VFF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
Total Fund	5.7%	-3.1%	2.2%	Weighted Policy Benchmark ¹	4.9%	-3.1%	2.4%
				Actuarial Rate	8.0%	8.0%	8.0%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	3.9%	-2.4%	2.6%
Domestic Equity	0.2%	-11.4%	-1.8%	Custom S&P 500 Index ³	0.4%	-11.3%	-1.7%
				TUCS Equity Median	-0.2%	-8.1%	0.8%
Fixed Income	15.5%	11.4%	7.9%	Lehman Aggregate Bond Index	10.4%	10.1%	7.5%
				Citigroup LPF Index	15.1%	11.9%	8.1%
				TUCS Fixed Income Median	11.1%	10.1%	7.5%

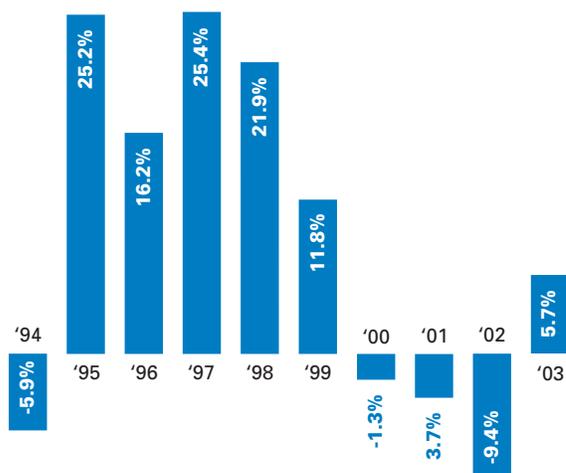
Investment Mix by Class



Total Fund Performance

10-Year Review

One-Year Returns



NOTES:

¹ The weighted policy benchmark returns for the VFF are based on asset class index returns weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

³ A tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of the VFF, starting with the February 2001 performance.

Preparation

There are no secrets to success.
It is the result of preparation,
hard work, and learning from failure.

—*Colin Powell, U.S. Secretary of State*

Actuarial Section

Based on Actuarial Valuations
as of June 30, 2002





CalPERS

Actuarial and Employer Services Division

P.O. Box 942709

Sacramento, CA 94229-2709

September 2003

The Board of Administration of the California Public Employees’ Retirement System:

As authorized, the CalPERS actuarial staff perform annual actuarial valuations of the CalPERS State, schools, and public agency plans; the latest such valuations are as of June 30, 2002.

The funding objective for each of these plans is to accumulate assets equal to 100 percent of the accrued liability as measured by the Entry Age Normal Cost method in a manner that keeps contributions approximately level as a percentage of payroll. Unfunded actuarial liabilities or surplus assets (excess assets) are amortized pursuant to Board policy such that the amortization payment is not less than that required to amortize the unfunded liability over 30 years.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the Financial Section by Governmental Accounting Standards Board Statement No. 25.

The valuations are based on the member and financial data as of the valuation date, extracted from the various CalPERS databases. Both the membership and financial data are subject to extensive tests for reasonableness.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through G in the Actuarial Section of the CAFR.

Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.

Enrolled Actuary

Chief Actuary, CalPERS

CalPERS Actuarial Methods and Assumptions

1. Actuarial Methods

The ultimate cost that a retirement system such as CalPERS incurs is equal to benefits paid plus the expenses resulting from administration and financing. These costs are paid through contributions to the plan and investment earnings on the System's assets.

The actuarial valuations rely upon data extracted from central databases maintained by CalPERS. These databases are created from data supplied by the individual employers. The data was not audited by the actuarial staff, but appears to be reasonable for valuation purposes. Summary information regarding plan membership data for various groups only is provided in Exhibits F and G.

Using each plan's schedule of benefits, member data described above, and a set of actuarial assumptions, the plan's actuary estimates the cost of the benefits to be paid. Then, using a particular actuarial funding method, the actuary allocates these costs to the fiscal years within the employee's career.

In the case of the CalPERS plans with pay-related benefits, the financial objective is to fund in a manner which keeps contribution rates approximately as a level percentage of payroll from generation to generation, while accumulating sufficient assets over each member's working career. The primary funding method used to accomplish this objective is the Entry Age Normal Cost Method. This method is used for all defined benefit pay-related plans within CalPERS and for the Judges' Retirement System II (JRS II). It is also used for the Indexed Level of 1959 Survivor Benefits. CalPERS uses the level dollar Aggregate Cost Method for those pay-related plans which are closed and declining in membership. This method is used for the Legislators' Retirement System (LRS) and the Judges' Retirement System (JRS).

For CalPERS non-pay-related plans, the financial objective is to produce annual costs that coincide with the value of benefits earned for that year. The Term Insurance Cost Method is used for the plans within the 1959 Survivor Program that are not indexed and for the State Group Term Life Insurance Program. The Unit Credit Cost Method is used for the Volunteer Firefighters' Length of Service Award System (VFLSAS).

Annual actuarial valuations are performed each June 30 using these methods. This report contains information through the most recent valuation date of June 30, 2002. Progress in financing can be found in the Summary of Funding Progress, Exhibits A and B.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the financial section by Governmental Accounting Standards Board Statement No. 25.

Entry Age Normal Cost Method

Under the Entry Age Normal Cost Method, projected benefits are determined for all members. For active members, liabilities are spread in a manner that produces level annual costs as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years.

The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

CalPERS Actuarial Methods and Assumptions

The excess of the total actuarial accrued liability over the value of plan assets is called the unfunded actuarial accrued liability.

The required contribution is then determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payroll.

In the CalPERS case, the unfunded liability is broken down into components, or bases, according to their date of origin and the cause that gave rise to that component. A component of the unfunded liability that arose due to a change in plan provisions or in actuarial methods or assumptions is separately tracked and amortized over 20 years.

The actuarial assumptions discussed in this section are used to determine projected benefits. The effect of differences between those assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences are actuarial gains or losses.

Actuarial gains and losses are separately tracked and offset against one another. Ten percent of the net unamortized gains and losses are included in the required amortization payment each year.

A maximum 30-year amortization payment on the entire unfunded liability is enforced on the amortization methods described above. In addition, for those plans in which the amortization methods described above result in either mathematical inconsistencies or unreasonable actuarial results, all unfunded liability components are combined into a single base and amortized over a period of time, as determined by the CalPERS Chief Actuary.

Term Insurance Cost Method

The actuarial funding method for non-indexed levels of the 1959 Survivor Program is a modified Term Insurance Cost Method. Under this method, there is no actuarial accrued liability for active members; all liability is due to current beneficiaries. The normal cost is calculated as the amount needed to provide benefits to survivors of deaths expected in the next one-year period.

The Term Insurance Cost Method is also used for the State Group Term Life Insurance Program. The required contributions are calculated as one and one-half times the expected life insurance payments for the coming year less the current assets available to pay those benefits, but not less than zero.

Unit Credit Cost Method

The Unit Credit Cost Method is used to value the benefits provided by the VFLSAS. Under this method, the actuarial accrued liability is the sum of the present value of accrued benefits of all participants. The normal cost is the present value of the benefits earned during the valuation year by all participants.

Aggregate Cost Method

The Aggregate Cost Method is used for the LRS and JRS systems. Under this method, the difference between the present value of projected benefits and the assets of the plan are allocated over a specified period of time as a level dollar amount. The amount allocated to the current fiscal year is called the normal cost. There is no actuarial accrued liability calculated using the Aggregate Cost Method.

CalPERS Actuarial Methods and Assumptions

Asset Valuation Method

Because wide swings in the Market Value of Assets might produce employer contribution rates that swing wildly from year to year, the CalPERS actuaries employ techniques which place a year-to-year value on assets in an attempt to smooth such swings.

At CalPERS the following asset-smoothing technique is used: first an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-third of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. The resulting actuarial value is then limited to be not less than 90 percent, nor more than 110 percent of the Market Value of Assets. This methodology is used in the valuations for all programs except the JRS, which uses an Actuarial Value of Assets equal to the Market Value of the Fund plus accrued interest.

There were no changes in the asset valuation method since the prior year's actuarial valuation.

2. Actuarial Assumptions

The actuarial assumptions used in determining actuarial liabilities and required employer contributions include both economic and non-economic assumptions. These assumptions represent the actuary's best estimate of anticipated future experience and are reviewed in depth periodically.

Economic Assumptions

The economic assumptions include an assumed inflation assumption of 3.5 percent compounded annually. The inflation assumption is a component of assumed investment return, assumed wage growth, and assumed future post-retirement cost-of-living increases.

Based upon the asset allocation of the PERF, the assumed investment return (net of administrative and investment expenses) is 8.25 percent per year, compounded annually. Different asset allocations and lower assumed investment returns apply to LRF, JRF, JRF II, and VFF.

The assumed investment returns for these four plans are 7.5 percent, 7.5 percent, 7.75 percent, and 8.0 percent, respectively.

For plans within CalPERS, the overall payroll is assumed to increase 3.75 percent annually. This is based upon the 3.5 percent inflation assumption and a .25 percent per annum productivity increase assumption. The overall payroll growth assumption is used to project future payroll over which the unfunded liability is amortized.

For plans within CalPERS, the assumed growth in an individual employee's future pay is composed of the 3.5 percent inflation component, an additional .25 percent per annum productivity component, and an annual merit increase based on the member's length of service. The service-based merit increase in an individual's salary recognizes that larger salary increases tend to occur earlier in an employee's career. Pay increase assumptions for individual members are shown for sample lengths of service in Exhibit C.

Non-Economic Assumptions

Non-economic assumptions for plans within CalPERS are based upon demographic studies covering the period June 30, 1988 through June 30, 1992. An additional retirement study was performed for the State and schools plans to obtain the retirement incidence by both age and service. This study was based upon the demographic data covering the period June 30, 1997 through June 30, 2000. The probabilities of service retirement, withdrawal from service, non-industrial disability, industrial disability, and death-in-service are shown for sample ages in Exhibit D. Individuals hired on or before June 30, 1982, are entitled to subsidized optional benefits. Certain valuation liabilities are increased to reflect this subsidy.

Post-retirement mortality tables are based upon CalPERS experience. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table. Sample life annuity values based on these tables are shown in Exhibit E.

Changes Since Prior Valuation

The following changes were made beginning with the June 30, 2002 annual valuation.

1. Changes in Actuarial Methods

For the JRS II, new valuation software was used to calculate liabilities and an improvement in the actuarial calculations was made.

The administrative costs (expenses) for the VFSLAS were set in accordance with information provided by the CalPERS Fiscal Services Division. This was done in order to more accurately reflect the expenses of the program, and resulted in a \$33 per person increase in cost.

For State and schools plans, a 30-year fresh start was used for the industrial, peace officers/firefighters, and school plans under the Board adopted policy for fresh starts.

2. Changes in Actuarial Assumptions

For the JRS II, the Post-Retirement Mortality Table changed from 1983 GAM, set back one year for males and females, to 1994 GAM.

3. Changes in Plan Provisions

Assembly Bill 895 (Chapter 785, Statutes 2001) provided the 3% at 50 benefit formula to peace officers and firefighters in the California State University.

Due to the settlement with the federal Equal Employment Opportunity Commission over a 1980s law governing industrial disability calculations for safety members, CalPERS started paying higher benefits to retirees whose Industrial Disability Retirement (IDR) benefits were previously limited under Government Code Section 21417. The removal of this limitation also applies to the benefits of all new IDRs on or after July 1, 2001.

Summary of Funding Progress

1. Unfunded Liability and Funded Ratios

For the plans in CalPERS, unfunded actuarial accrued liabilities are the difference between Entry Age Normal Accrued Liabilities and the assets of the Fund. It is required that these unfunded liabilities be financed systematically over future years.

Because of inflation, comparing the dollar amounts of assets, benefits paid, member salaries, and unfunded actuarial accrued liabilities can be misleading. While no one or two measures can fully describe the financial condition of the plan, unfunded actuarial accrued liability dollars divided by member salary dollars provide a meaningful index. The smaller the ratio, the stronger the System. Observation of this relative index over a period of years will give an indication of the financial strength of the System. Such a measure is presented in Exhibit A. The JRS and LRS use the Aggregate Cost Method to determine annual plan costs. Under the Aggregate Cost Method, no accrued liabilities are calculated, so this exhibit is not appropriate for these Systems.

2. Solvency Test

Exhibit B, Funding Progress—Solvency Test, demonstrates System solvency as measured under the Governmental Accounting Standards Board Statement No. 25. Again, as stated in the Summary of Funding Progress, the LRS and JRS use the Aggregate Cost Method; therefore, measuring System solvency under Exhibit B is not appropriate for these Systems.

3. Independent Review

To ensure the quality of its valuations, CalPERS contracts with independent consulting actuaries to review the valuations on a triennial basis.

Exhibit A—Funding Progress—Unfunded Liability and Funded Ratios

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets ¹	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
PERF						
6/30/93	\$73,190	\$75,910	\$2,720	96.42%	\$19,000	14.3%
6/30/94	77,850	80,530	2,680	96.67	19,900	13.5
6/30/95	83,775	87,673	3,898	95.55	20,800	18.7
6/30/96	94,230	96,838	2,608	97.30	22,322	11.7
6/30/97	108,566	97,925	(10,641)	110.90	22,504	(47.3)
6/30/98	128,830	106,938	(21,892)	120.50	24,672	(88.7)
6/30/99	148,605	115,748	(32,857)	128.39	27,636	(118.9)
6/30/00	162,439	135,970	(26,469)	119.47	28,098	(94.2)
6/30/01	166,860	149,155	(17,705)	111.87	30,802	(57.48)
6/30/02	156,067	163,961	7,894 ²	95.19	32,873	24.01
LRF						
6/30/93	\$83.3	\$97.4	\$14.1	85.5%	\$6.7	210.4%
6/30/94	85.3	99.6	14.3	85.6	5.0	286.0
6/30/95	88.5	101.6	13.1	87.1	4.9	267.3
6/30/96	94.2	105.2	11.0	89.5	4.8	229.2
6/30/97	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A
JRF						
6/30/93	\$23.3	\$1,403.5	\$1,380.2	1.7%	\$146.6	941.4%
6/30/94	14.9	1,289.7	1,274.8	1.2	150.0	849.9
6/30/95	9.3	1,406.0	1,396.7	0.7	156.8	890.1
6/30/96	12.5	1,460.1	1,447.6	0.9	153.8	941.0
6/30/97	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A

Exhibit A—Funding Progress—Unfunded Liability and Funded Ratios (continued)

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets ¹	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
JRF II						
6/30/95	\$.239	\$.071	(\$.168)	338.6%	\$.9	(18.7%)
6/30/96	2.388	2.813	.425	84.9	8.1	5.3
6/30/97	7.242	7.906	.664	91.6	15.4	4.3
6/30/98	15.120	15.043	(.077)	100.5	33.9	(0.2)
6/30/99	27.155	26.921	(.234)	100.9	40.0	(0.6)
6/30/00	40.503	41.619	1.116	97.3	43.0	2.6
6/30/01	55.955	60.933	4.979	91.8	61.5	8.1
6/30/02	71.929	76.459	4.530	94.1	72.8	6.2

VFF

6/30/93	\$.691	\$.600	(\$.091)	115.2%	N/A	N/A
6/30/94	.799	.689	(.110)	116.0	N/A	N/A
6/30/95	.931	.815	(.116)	114.2	N/A	N/A
6/30/96	1.078	.934	(.144)	115.4	N/A	N/A
6/30/97	1.360	1.121	(.239)	121.3	N/A	N/A
6/30/98	1.678	1.500	(.178)	111.8	N/A	N/A
6/30/99	1.987	1.805	(.182)	110.1	N/A	N/A
6/30/00	2.302	2.296	(.006)	100.3	N/A	N/A
6/30/01	2.524	2.183	(.341)	115.6	N/A	N/A
6/30/02	2.310	2.453	.143	94.2	N/A	N/A

NOTES:

¹ Includes employer surplus.

² The Unfunded Actuarial Accrued Liability/(Surplus) (net assets in excess of the total Actuarial Accrued Liability) of the PERF by major employer groups from the June 30, 2002 valuation is as follows: 1) \$6,653 for the State of California, 2) \$812 for schools, and 3) \$428 for public agencies.

Supplemental Schedule of Differences

Reconciliation Between the Net Assets Held in Trust for Pension Benefits and the Net Assets Allocated to Fund the Pension Benefit Obligation or the Actuarial Liability—June 30, 2002

	PERF	LRF	JRF	JRF II	VFF
Net Assets Held in Trust for Pension Benefits Less:	\$142,787,218,000	\$128,007,000	\$4,995,000	\$65,390,000	\$2,123,000
Prior Year Adjustment	(48,528,324)	—	—	—	—
Member Additional Contributions	294,965	—	—	—	—
Reserve for Post-Retirement Redeposit	15,564,530	—	—	—	—
Reserve for Disability Installment Payments	106,297	—	—	—	—
Reserve for Purchasing Power Protection Account	—	—	—	—	—
Reserve for Unclaimed Benefits	11,921,118	—	—	—	—
Reserve for Deficiencies	340,586,976	—	—	—	—
Reserve for Fiduciary Self-Insurance	40,000,000	—	—	—	—
Other	(27,577,166)	—	—	—	—
Difference Between Smoothed Market Value & Fair Value	(13,612,607,848)	(9,866,489)	79	(6,538,890)	(187,078)
Actuarial Value of Assets	\$156,067,457,452	\$137,873,489	\$4,994,921	\$71,928,890	\$2,310,078

Exhibit B—Funding Progress—Solvency Test

The funding objective for a retirement system is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement services accrued in that year by the retirement system's members.

If a system follows level contribution rate financing principles, it will pay all promised benefits when due—the ultimate test of financial soundness.

A short-term solvency test is one means of checking a system's funding progress. In a short-term solvency test, the plan's present assets (investments and cash) are compared with 1) member contributions on deposit, 2) the liabilities for future benefits to persons who have retired or terminated, and 3) the liabilities for

projected benefits for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retirees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time.

Exhibit B illustrates the progress of funding liability of CalPERS, JRF, JRF II, LRF, and VFF.

Exhibit B—Funding Progress—Solvency Test

Valuation Date	Member Contributions (1) ¹	Terminated, Retirees & Beneficiaries (2)	Employer-Financed Portion of Active Members (3)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Reported Assets		
					(1)	(2)	(3)
PERF							
<i>(Dollars in Billions)</i>							
6/30/93	\$13.70	\$32.14	\$30.07	\$73.2	100%	100%	91.0%
6/30/94	14.77	35.62	30.14	77.9	100	100	91.1
6/30/95	16.06	39.61	32.00	83.8	100	100	87.8
6/30/96	17.52	42.55	36.77	94.2	100	100	92.8
6/30/97	18.70	50.81	28.42	108.6	100	100	137.5
6/30/98	20.06	55.35	31.53	128.9	100	100	169.6
6/30/99	21.52	58.03	36.20	148.6	100	100	190.7
6/30/00	22.88	66.33	46.76	162.4	100	100	156.6
6/30/01	24.51	84.94	64.22	166.9	100	100	89.4
6/30/02	26.30	93.45	70.51	156.1	100	100	51.6

LRF

(Dollars in Millions)

6/30/93	\$6.0	\$66.2	\$25.2	\$83.3	100%	100%	44.0%
6/30/94	7.1	68.1	24.4	85.3	100	100	41.4
6/30/95	6.5	73.5	21.6	88.5	100	100	39.4
6/30/96	6.9	77.8	20.5	94.2	100	100	46.3
6/30/97	5.6	82.0	9.9	105.3	100	100	100.0
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A

JRF

(Dollars in Millions)

6/30/93	\$84.3	\$768.0	\$551.2	\$23.3	27.6%	0%	0%
6/30/94	91.5	701.1	497.1	14.9	16.3	0	0
6/30/95	96.5	785.3	524.2	9.3	9.6	0	0
6/30/96	102.0	821.8	536.3	12.5	12.3	0	0
6/30/97	105.4	938.9	619.3	6.1	5.8	0	0
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE:

¹ Includes accrued interest on member contributions.

Exhibit B—Funding Progress—Solvency Test (continued)

Valuation Date	Member Contributions (1) ¹	Terminated, Retirees & Beneficiaries (2)	Employer-Financed Portion of Active Members (3)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Reported Assets		
					(1)	(2)	(3)

JRF II

(Dollars in Millions)

6/30/95	\$0.075	\$ —	(\$0.004)	\$0.2	100%	100%	100.0%
6/30/96	0.698	—	2.115	2.4	100	100	79.9
6/30/97	1.877	0.273	5.757	7.2	100	100	87.7
6/30/98	3.979	0.378	10.686	15.1	100	100	100.7
6/30/99	6.509	0.195	20.217	27.2	100	100	101.2
6/30/00	9.680	0.292	31.647	40.5	100	100	96.5
6/30/01	13.817	0.167	46.949	56.0	100	100	89.4
6/30/02	19.12	0.356	56.988	72.0	100	100	92.1

VFF

(Dollars in Millions)

6/30/93	N/A	0.040	0.560	0.691	N/A	100	116.3
6/30/94	N/A	0.045	0.644	0.799	N/A	100	117.1
6/30/95	N/A	0.054	0.761	0.931	N/A	100	115.2
6/30/96	N/A	0.046	0.887	1.078	N/A	100	116.3
6/30/97	N/A	0.089	1.033	1.360	N/A	100	123.1
6/30/98	N/A	0.156	1.344	1.678	N/A	100	113.2
6/30/99	N/A	0.178	1.627	1.987	N/A	100	111.2
6/30/00	N/A	0.275	2.021	2.302	N/A	100	100.3
6/30/01	N/A	0.458	1.724	2.524	N/A	100	119.8
6/30/02	N/A	0.476	1.977	2.310	N/A	100	92.8

NOTE:

¹ Includes accrued interest on member contributions.

Exhibit C—Sample Pay Increase Assumptions for Individual Members

Annual Percentage Increases Vary by Duration of Service ¹

Duration of Service	State Miscellaneous First & Second Tier	State Industrial First & Second Tier	California Highway Patrol
5	8.45 %	6.89 %	8.71 %
10	5.32	6.89	4.27
15	5.32	4.01	4.27
20	5.32	4.01	4.27
25	5.32	4.01	4.27
30	5.32	4.01	4.27
35	3.75	4.01	4.27
40	3.75	4.01	4.27

Duration of Service	State Safety & Peace Officer/Firefighter		
	Entry Under Age 25	Entry 25 & Over	Schools
5	18.38 %	11.33 %	5.84 %
10	4.80	4.80	5.84
15	4.80	4.80	5.84
20	4.80	4.80	5.84
25	4.80	4.80	5.84
30	4.80	4.80	3.75
35	4.80	4.80	3.75
40	4.80	4.80	3.75

Duration of Service	Public Agency Miscellaneous	Public Agency Safety	
		Entry Under Age 40	Entry 40 & Over
5	6.36 %	7.41 %	4.27 %
10	4.80	5.16	4.27
15	4.80	5.16	4.27
20	4.80	5.16	4.27
25	4.80	5.16	4.27
30	3.75	5.16	4.27
35	3.75	5.16	4.27
40	3.75	5.16	4.27

NOTE:

¹ Increase includes 3.5 percent inflation increase.

Exhibit D—Sample Non-Economic Assumptions

State Miscellaneous First Tier (Male)

Probability of Active Members Leaving Due To:

Age	Termination & Election of		Service Retirement		Non-Industrial	Non-Industrial	Industrial	Industrial
	Refund ¹	Deferred Benefit	10 Years	25 Years	Death	Disability	Death	Disability
15	0.06839	0.00000	N/A	N/A	0.00024	0.00000	N/A	N/A
20	0.04045	0.03278	N/A	N/A	0.00033	0.00189	N/A	N/A
25	0.02393	0.02631	N/A	N/A	0.00046	0.00205	N/A	N/A
30	0.01415	0.02112	N/A	N/A	0.00064	0.00223	N/A	N/A
35	0.00837	0.01695	N/A	N/A	0.00089	0.00243	N/A	N/A
40	0.00495	0.01360	N/A	N/A	0.00122	0.00264	N/A	N/A
45	0.00293	0.01092	N/A	N/A	0.00169	0.00287	N/A	N/A
50	0.00173	0.00000	0.0219	0.0306	0.00234	0.00312	N/A	N/A
55	0.00102	0.00000	0.0327	0.0458	0.00324	0.00339	N/A	N/A
56	0.00092	0.00000	0.0284	0.0399	0.00346	0.00345	N/A	N/A
57	0.00083	0.00000	0.0351	0.0492	0.00369	0.00351	N/A	N/A
58	0.00075	0.00000	0.0431	0.0604	0.00393	0.00357	N/A	N/A
59	0.00067	0.00000	0.0601	0.0843	0.00420	0.00363	N/A	N/A
60	0.00061	0.00000	0.0921	0.1290	0.00448	0.00369	N/A	N/A
61	0.00055	0.00000	0.1115	0.1563	0.00478	0.00375	N/A	N/A
62	0.00049	0.00000	0.2092	0.2931	0.00510	0.00381	N/A	N/A
63	0.00044	0.00000	0.2382	0.3337	0.00544	0.00388	N/A	N/A
64	0.00040	0.00000	0.1595	0.2236	0.00580	0.00394	N/A	N/A
65	0.00000	0.00000	0.1969	0.2759	0.00619	0.00401	N/A	N/A
70	0.00000	0.00000	0.0952	0.1334	0.00000	0.00000	N/A	N/A

State Miscellaneous First Tier (Female)

Probability of Active Members Leaving Due To:

Age	Termination & Election of		Service Retirement		Non-Industrial	Non-Industrial	Industrial	Industrial
	Refund ¹	Deferred Benefit	10 Years	25 Years	Death	Disability	Death	Disability
15	0.05605	0.00000	N/A	N/A	0.00015	0.00000	N/A	N/A
20	0.03579	0.04056	N/A	N/A	0.00021	0.00153	N/A	N/A
25	0.02286	0.03230	N/A	N/A	0.00030	0.00176	N/A	N/A
30	0.01460	0.02573	N/A	N/A	0.00041	0.00201	N/A	N/A
35	0.00932	0.02049	N/A	N/A	0.00058	0.00230	N/A	N/A
40	0.00595	0.01632	N/A	N/A	0.00080	0.00263	N/A	N/A
45	0.00380	0.01300	N/A	N/A	0.00111	0.00300	N/A	N/A
50	0.00243	0.00000	0.0302	0.0438	0.00155	0.00343	N/A	N/A
55	0.00155	0.00000	0.0475	0.0688	0.00216	0.00393	N/A	N/A
56	0.00142	0.00000	0.0470	0.0681	0.00231	0.00403	N/A	N/A
57	0.00130	0.00000	0.0519	0.0751	0.00246	0.00414	N/A	N/A
58	0.00118	0.00000	0.0641	0.0928	0.00263	0.00426	N/A	N/A
59	0.00108	0.00000	0.0804	0.1164	0.00281	0.00437	N/A	N/A
60	0.00099	0.00000	0.1141	0.1653	0.00300	0.00449	N/A	N/A
61	0.00091	0.00000	0.1286	0.1863	0.00321	0.00461	N/A	N/A
62	0.00083	0.00000	0.2139	0.3098	0.00343	0.00474	N/A	N/A
63	0.00076	0.00000	0.2398	0.3474	0.00366	0.00487	N/A	N/A
64	0.00069	0.00000	0.1973	0.2859	0.00391	0.00500	N/A	N/A
65	0.00000	0.00000	0.2562	0.3711	0.00418	0.00514	N/A	N/A
70	0.00000	0.00000	0.1333	0.1931	0.00000	0.00000	N/A	N/A

NOTE:

¹ These probabilities apply to those who terminate vested with at least five years of service and withdraw their contributions. Higher probabilities of termination and refund apply to those not yet vested.

Exhibit D—Sample Non-Economic Assumptions (continued)

State Miscellaneous Second Tier (Male)

Probability of Active Members Leaving Due To:

Age	Termination & Election of		Service Retirement ²	Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
	Refund ¹	Deferred Benefit					
15	N/A	0.00000	N/A	0.00043	0.00000	N/A	N/A
20	N/A	0.00000	N/A	0.00055	0.00102	N/A	N/A
25	N/A	0.06629	N/A	0.00070	0.00136	N/A	N/A
30	N/A	0.05090	N/A	0.00088	0.00183	N/A	N/A
35	N/A	0.03909	N/A	0.00112	0.00245	N/A	N/A
40	N/A	0.03002	N/A	0.00142	0.00328	N/A	N/A
45	N/A	0.02306	N/A	0.00180	0.00439	N/A	N/A
50	N/A	0.01771	0.0320	0.00228	0.00587	N/A	N/A
55	N/A	0.00000	0.0369	0.00288	0.00786	N/A	N/A
56	N/A	0.00000	0.0237	0.00302	0.00834	N/A	N/A
57	N/A	0.00000	0.0185	0.00317	0.00884	N/A	N/A
58	N/A	0.00000	0.0376	0.00332	0.00937	N/A	N/A
59	N/A	0.00000	0.0417	0.00349	0.00993	N/A	N/A
60	N/A	0.00000	0.0198	0.00365	0.01053	N/A	N/A
61	N/A	0.00000	0.0846	0.00383	0.01116	N/A	N/A
62	N/A	0.00000	0.1395	0.00402	0.01183	N/A	N/A
63	N/A	0.00000	0.0769	0.00421	0.01254	N/A	N/A
64	N/A	0.00000	0.0691	0.00442	0.01330	N/A	N/A
65	N/A	0.00000	0.1638	0.00463	0.01410	N/A	N/A
70	N/A	0.00000	0.0762	0.00000	0.00000	N/A	N/A

State Miscellaneous Second Tier (Female)

Probability of Active Members Leaving Due To:

Age	Termination & Election of		Service Retirement ²	Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
	Refund ¹	Deferred Benefit					
15	N/A	0.00000	N/A	0.00007	0.00000	N/A	N/A
20	N/A	0.00000	N/A	0.00011	0.00076	N/A	N/A
25	N/A	0.05565	N/A	0.00016	0.00107	N/A	N/A
30	N/A	0.03922	N/A	0.00023	0.00150	N/A	N/A
35	N/A	0.02970	N/A	0.00035	0.00212	N/A	N/A
40	N/A	0.02351	N/A	0.00051	0.00298	N/A	N/A
45	N/A	0.01910	N/A	0.00075	0.00420	N/A	N/A
50	N/A	0.01572	0.0260	0.00111	0.00591	N/A	N/A
55	N/A	0.00000	0.0417	0.00163	0.00833	N/A	N/A
56	N/A	0.00000	0.0352	0.00176	0.00892	N/A	N/A
57	N/A	0.00000	0.0505	0.00190	0.00955	N/A	N/A
58	N/A	0.00000	0.0477	0.00206	0.01022	N/A	N/A
59	N/A	0.00000	0.0274	0.00222	0.01095	N/A	N/A
60	N/A	0.00000	0.0524	0.00240	0.01172	N/A	N/A
61	N/A	0.00000	0.0629	0.00260	0.01256	N/A	N/A
62	N/A	0.00000	0.1345	0.00281	0.01344	N/A	N/A
63	N/A	0.00000	0.1186	0.00303	0.01440	N/A	N/A
64	N/A	0.00000	0.1178	0.00328	0.01542	N/A	N/A
65	N/A	0.00000	0.1859	0.00354	0.01651	N/A	N/A
70	N/A	0.00000	0.1071	0.00000	0.00000	N/A	N/A

NOTES:

¹ These probabilities apply to those who terminate vested with at least five years of service and withdraw their contributions.

Higher probabilities of termination and refund apply to those not yet vested.

² These probabilities vary by age and gender only; there was insufficient data to generate retirement rates that varied by age and years of service.

Exhibit D—Sample Non-Economic Assumptions (continued)

State Safety (Male)

Probability of Active Members Leaving Due To:

Age	Termination & Election of		Service Retirement		Non-Industrial	Non-Industrial	Industrial	Industrial
	Refund ¹	Deferred Benefit	10 Years	25 Years	Death	Disability	Death	Disability
15	0.04851	0.00000	N/A	N/A	0.00043	0.00000	0.00036	0.00212
20	0.03260	0.01075	N/A	N/A	0.00050	0.00171	0.00045	0.00245
25	0.02191	0.00971	N/A	N/A	0.00062	0.00183	0.00056	0.00283
30	0.01472	0.00877	N/A	N/A	0.00081	0.00197	0.00070	0.00326
35	0.00989	0.00792	N/A	N/A	0.00112	0.00211	0.00088	0.00377
40	0.00665	0.00716	N/A	N/A	0.00163	0.00227	0.00109	0.00435
45	0.00447	0.00646	N/A	N/A	0.00292	0.00244	0.00136	0.00503
50	0.00300	0.00000	0.0350	0.0900	0.00529	0.00262	0.00169	0.00581
55	0.00202	0.00000	0.0486	0.1251	0.00852	0.00281	0.00211	0.00671
56	0.00186	0.00000	0.0414	0.1065	0.00926	0.00285	0.00221	0.00690
57	0.00172	0.00000	0.0431	0.1107	0.01004	0.00289	0.00231	0.00711
58	0.00159	0.00000	0.0451	0.1160	0.01089	0.00293	0.00241	0.00731
59	0.00147	0.00000	0.0559	0.1436	0.01192	0.00297	0.00252	0.00753
60	0.00000	0.00000	0.0687	0.1765	0.01312	0.00302	0.00263	0.00775
61	0.00000	0.00000	0.0933	0.2398	0.01444	0.00306	0.00275	0.00797
62	0.00000	0.00000	0.1120	0.2881	0.01586	0.00310	0.00287	0.00821
63	0.00000	0.00000	0.1018	0.2618	0.01741	0.00315	0.00300	0.00845
64	0.00000	0.00000	0.0955	0.2457	0.01919	0.00319	0.00314	0.00869
65	0.00000	0.00000	0.1617	0.4157	0.00000	0.00000	0.00000	0.00000
70	N/A	N/A	1.0000	1.0000	N/A	N/A	N/A	N/A

California Highway Patrol (Male and Female)

Probability of Active Members Leaving Due To:

Age	Termination & Election of		Service Retirement		Non-Industrial	Non-Industrial	Industrial	Industrial
	Refund ¹	Deferred Benefit	10 Years	25 Years	Death	Disability	Death	Disability
15	0.03307	0.00000	N/A	N/A	0.00065	0.00000	0.00014	0.00068
20	0.01653	0.00822	N/A	N/A	0.00073	0.00031	0.00020	0.00119
25	0.00826	0.00631	N/A	N/A	0.00082	0.00043	0.00027	0.00210
30	0.00413	0.00484	N/A	N/A	0.00091	0.00059	0.00038	0.00370
35	0.00206	0.00372	N/A	N/A	0.00103	0.00080	0.00053	0.00652
40	0.00103	0.00285	N/A	N/A	0.00115	0.00109	0.00073	0.01150
45	0.00052	0.00219	N/A	N/A	0.00129	0.00149	0.00102	0.02027
50	0.00026	0.00000	0.0003	0.0204	0.00145	0.00203	0.00142	0.03573
55	0.00000	0.00000	0.0019	0.1573	0.00162	0.00277	0.00197	0.06298
56	0.00000	0.00000	0.0016	0.1323	0.00166	0.00295	0.00211	0.07055
57	0.00000	0.00000	0.0018	0.1466	0.00170	0.00314	0.00225	0.07902
58	0.00000	0.00000	0.0016	0.1270	0.00174	0.00334	0.00240	0.08850
59	0.00000	0.00000	0.0048	0.3909	0.00178	0.00356	0.00257	0.09913
60	0.00000	0.00000	0.0073	0.5879	0.00000	0.00000	0.00000	0.00000

NOTE:

¹ These probabilities apply to those who terminate vested with at least five years of service and withdraw their contributions. Higher probabilities of termination and refund apply to those not yet vested.

Exhibit D—Sample Non-Economic Assumptions (continued)

School Employees (Male)

Probability of Active Members Leaving Due To:

Age	Termination & Election of		Service Retirement		Non-Industrial	Non-Industrial	Industrial	Industrial
	Refund ¹	Deferred Benefit	10 Years	25 Years	Death	Disability	Death	Disability
15	0.09998	0.00000	N/A	N/A	0.00037	0.00000	N/A	N/A
20	0.07267	0.01832	N/A	N/A	0.00049	0.00138	N/A	N/A
25	0.05282	0.01591	N/A	N/A	0.00065	0.00165	N/A	N/A
30	0.03840	0.01381	N/A	N/A	0.00086	0.00197	N/A	N/A
35	0.02791	0.01199	N/A	N/A	0.00114	0.00235	N/A	N/A
40	0.02029	0.01041	N/A	N/A	0.00150	0.00281	N/A	N/A
45	0.01475	0.00904	N/A	N/A	0.00199	0.00335	N/A	N/A
50	0.01072	0.00000	0.0165	0.0309	0.00264	0.00400	N/A	N/A
55	0.00779	0.00000	0.0284	0.0531	0.00349	0.00478	N/A	N/A
56	0.00731	0.00000	0.0347	0.0650	0.00369	0.00495	N/A	N/A
57	0.00686	0.00000	0.0288	0.0539	0.00390	0.00513	N/A	N/A
58	0.00643	0.00000	0.0377	0.0705	0.00413	0.00531	N/A	N/A
59	0.00604	0.00000	0.0607	0.1134	0.00437	0.00551	N/A	N/A
60	0.00566	0.00000	0.0904	0.1691	0.00462	0.00570	N/A	N/A
61	0.00531	0.00000	0.1235	0.2311	0.00489	0.00591	N/A	N/A
62	0.00498	0.00000	0.2510	0.4695	0.00517	0.00612	N/A	N/A
63	0.00468	0.00000	0.2065	0.3863	0.00547	0.00634	N/A	N/A
64	0.00439	0.00000	0.2078	0.3888	0.00579	0.00657	N/A	N/A
65	0.00000	0.00000	0.3008	0.5626	0.00612	0.00681	N/A	N/A
70	0.00000	0.00000	0.1583	0.2960	0.00000	0.00000	N/A	N/A

School Employees (Female)

Probability of Active Members Leaving Due To:

Age	Termination & Election of		Service Retirement		Non-Industrial	Non-Industrial	Industrial	Industrial
	Refund ¹	Deferred Benefit	10 Years	25 Years	Death	Disability	Death	Disability
15	0.12074	0.00000	N/A	N/A	0.00013	0.00000	N/A	N/A
20	0.08263	0.03801	N/A	N/A	0.00018	0.00028	N/A	N/A
25	0.05655	0.03132	N/A	N/A	0.00025	0.00036	N/A	N/A
30	0.03870	0.02580	N/A	N/A	0.00034	0.00047	N/A	N/A
35	0.02649	0.02125	N/A	N/A	0.00047	0.00062	N/A	N/A
40	0.01813	0.01751	N/A	N/A	0.00065	0.00081	N/A	N/A
45	0.01241	0.01442	N/A	N/A	0.00090	0.00105	N/A	N/A
50	0.00849	0.00000	0.0189	0.0294	0.00124	0.00138	N/A	N/A
55	0.00581	0.00000	0.0530	0.0824	0.00171	0.00180	N/A	N/A
56	0.00539	0.00000	0.0513	0.0796	0.00182	0.00190	N/A	N/A
57	0.00499	0.00000	0.0529	0.0821	0.00194	0.00201	N/A	N/A
58	0.00463	0.00000	0.0604	0.0937	0.00207	0.00212	N/A	N/A
59	0.00429	0.00000	0.0827	0.1283	0.00221	0.00223	N/A	N/A
60	0.00398	0.00000	0.1203	0.1867	0.00235	0.00236	N/A	N/A
61	0.00369	0.00000	0.1403	0.2177	0.00251	0.00249	N/A	N/A
62	0.00342	0.00000	0.2292	0.3558	0.00268	0.00262	N/A	N/A
63	0.00317	0.00000	0.2162	0.3357	0.00285	0.00277	N/A	N/A
64	0.00294	0.00000	0.2230	0.3463	0.00304	0.00292	N/A	N/A
65	0.00000	0.00000	0.3103	0.4817	0.00325	0.00308	N/A	N/A
70	0.00000	0.00000	0.2182	0.3387	0.00000	0.00000	N/A	N/A

NOTE:

¹ These probabilities apply to those who terminate vested with at least five years of service and withdraw their contributions. Higher probabilities of termination and refund apply to those not yet vested.

Exhibit D–Sample Non-Economic Assumptions (continued)

Public Agency Miscellaneous 2% at 60 (Male)

Probability of Active Members Leaving Due To:

Age	Termination & Election of Refund ¹	Deferred Benefit	Service Retirement ²	Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
15	0.09319	0.00000	N/A	0.00019	0.00033	N/A	N/A
20	0.06393	0.02023	N/A	0.00027	0.00048	N/A	N/A
25	0.04386	0.01818	N/A	0.00039	0.00070	N/A	N/A
30	0.03009	0.01633	N/A	0.00055	0.00102	N/A	N/A
35	0.02064	0.01467	N/A	0.00078	0.00148	N/A	N/A
40	0.01416	0.01318	N/A	0.00110	0.00215	N/A	N/A
45	0.00971	0.01184	N/A	0.00155	0.00313	N/A	N/A
50	0.00666	0.01064	0.02654	0.00219	0.00456	N/A	N/A
55	0.00457	0.00956	0.04813	0.00310	0.00663	N/A	N/A
56	0.00424	0.00935	0.03957	0.00332	0.00715	N/A	N/A
57	0.00393	0.00916	0.04788	0.00356	0.00771	N/A	N/A
58	0.00365	0.00896	0.05500	0.00381	0.00000	N/A	N/A
59	0.00338	0.00877	0.06811	0.00409	0.00000	N/A	N/A
60	0.00314	0.00859	0.12807	0.00438	0.00000	N/A	N/A
61	0.00291	0.00840	0.12426	0.00469	0.00000	N/A	N/A
62	0.00270	0.00823	0.23818	0.00503	0.00000	N/A	N/A
63	0.00250	0.00805	0.21037	0.00539	0.00000	N/A	N/A
64	0.00232	0.00788	0.14311	0.00578	0.00000	N/A	N/A
65	0.00215	0.00771	0.24399	0.00619	0.00000	N/A	N/A
70	0.00000	0.00693	1.00000	0.00875	0.00000	N/A	N/A

Public Agency Miscellaneous 2% at 60 (Female)

Probability of Active Members Leaving Due To:

Age	Termination & Election of Refund ¹	Deferred Benefit	Service Retirement ²	Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
15	0.11328	0.00000	N/A	0.00005	0.00022	N/A	N/A
20	0.07966	0.03299	N/A	0.00007	0.00032	N/A	N/A
25	0.05601	0.02910	N/A	0.00012	0.00047	N/A	N/A
30	0.03939	0.02567	N/A	0.00018	0.00069	N/A	N/A
35	0.02770	0.02264	N/A	0.00028	0.00102	N/A	N/A
40	0.01948	0.01997	N/A	0.00044	0.00150	N/A	N/A
45	0.01370	0.01762	N/A	0.00069	0.00220	N/A	N/A
50	0.00963	0.01554	0.03684	0.00108	0.00322	N/A	N/A
55	0.00677	0.01371	0.05390	0.00169	0.00473	N/A	N/A
56	0.00631	0.01337	0.04576	0.00185	0.00511	N/A	N/A
57	0.00588	0.01304	0.04213	0.00202	0.00551	N/A	N/A
58	0.00548	0.01271	0.06735	0.00221	0.00595	N/A	N/A
59	0.00511	0.01240	0.06523	0.00242	0.00000	N/A	N/A
60	0.00476	0.01209	0.09825	0.00264	0.00000	N/A	N/A
61	0.00444	0.01179	0.08696	0.00289	0.00000	N/A	N/A
62	0.00414	0.01150	0.18980	0.00316	0.00000	N/A	N/A
63	0.00386	0.01121	0.17706	0.00346	0.00000	N/A	N/A
64	0.00359	0.01094	0.12882	0.00378	0.00000	N/A	N/A
65	0.00335	0.01067	0.23837	0.00414	0.00000	N/A	N/A
70	0.00000	0.00941	1.00000	0.00647	0.00000	N/A	N/A

NOTES:

¹ These probabilities apply to those who terminate vested with at least five years of service and withdraw their contributions. Higher probabilities of termination and refund apply to those not yet vested.

² These probabilities vary by age and gender only; there was insufficient data to generate retirement rates that varied by age and years of service.

Exhibit D–Sample Non-Economic Assumptions (continued)

Public Agency Police 2% at 50 (Male and Female)

Probability of Active Members Leaving Due To:

Age	Termination & Election of Refund ¹	Deferred Benefit	Service Retirement ²	Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
15	0.05382	0.00000	N/A	0.00014	0.00013	0.00008	0.00180
20	0.03226	0.01309	N/A	0.00017	0.00018	0.00011	0.00250
25	0.01934	0.01155	N/A	0.00020	0.00024	0.00014	0.00347
30	0.01159	0.01018	N/A	0.00023	0.00033	0.00018	0.00482
35	0.00695	0.00898	N/A	0.00028	0.00044	0.00023	0.00669
40	0.00417	0.00792	N/A	0.00033	0.00060	0.00029	0.00928
45	0.00250	0.00699	N/A	0.00039	0.00082	0.00038	0.01289
50	0.00150	0.00616	0.05857	0.00046	0.00112	0.00048	0.01789
55	0.00090	0.00544	0.18571	0.00054	0.00000	0.00062	0.02484
56	0.00000	0.00530	0.11855	0.00056	0.00000	0.00065	0.02652
57	0.00000	0.00517	0.07146	0.00058	0.00000	0.00068	0.02832
58	0.00000	0.00504	0.08968	0.00060	0.00000	0.00072	0.03024
59	0.00000	0.00492	0.08743	0.00062	0.00000	0.00076	0.03229
60	0.00000	0.00479	1.00000	0.00064	0.00000	0.00077	0.03448
61	0.00000	0.00000	1.00000	0.00074	0.00000	0.00090	0.00000
62	0.00000	0.00000	1.00000	0.00086	0.00000	0.00106	0.00000
63	0.00000	0.00000	1.00000	0.00099	0.00000	0.00123	0.00000
64	0.00000	0.00000	1.00000	0.00115	0.00000	0.00145	0.00000
65	0.00000	0.00000	1.00000	0.00134	0.00000	0.00170	0.00000
70	0.00000	0.00000	1.00000	0.00279	0.00000	0.00375	0.00000

Public Agency Fire 2% at 50 (Male and Female)

Probability of Active Members Leaving Due To:

Age	Termination & Election of Refund ¹	Deferred Benefit	Service Retirement ²	Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
15	0.01853	0.00000	N/A	0.00014	0.00006	0.00008	0.00022
20	0.01109	0.00669	N/A	0.00017	0.00009	0.00011	0.00040
25	0.00663	0.00590	N/A	0.00020	0.00015	0.00014	0.00073
30	0.00397	0.00521	N/A	0.00023	0.00024	0.00018	0.00133
35	0.00238	0.00460	N/A	0.00028	0.00039	0.00023	0.00242
40	0.00142	0.00406	N/A	0.00033	0.00062	0.00029	0.00441
45	0.00085	0.00358	N/A	0.00039	0.00099	0.00038	0.00802
50	0.00051	0.00316	0.03673	0.00046	0.00158	0.00048	0.01460
55	0.00030	0.00279	0.22109	0.00054	0.00000	0.00062	0.02658
56	0.00000	0.00272	0.11305	0.00056	0.00000	0.00065	0.02997
57	0.00000	0.00265	0.09843	0.00058	0.00000	0.00068	0.03378
58	0.00000	0.00259	0.11843	0.00060	0.00000	0.00072	0.03808
59	0.00000	0.00252	0.10456	0.00062	0.00000	0.00076	0.04293
60	0.00000	0.00246	1.00000	0.00064	0.00000	0.00077	0.04839
61	0.00000	0.00000	1.00000	0.00074	0.00000	0.00090	0.00000
62	0.00000	0.00000	1.00000	0.00086	0.00000	0.00106	0.00000
63	0.00000	0.00000	1.00000	0.00099	0.00000	0.00123	0.00000
64	0.00000	0.00000	1.00000	0.00115	0.00000	0.00145	0.00000
65	0.00000	0.00000	1.00000	0.00134	0.00000	0.00170	0.00000
70	0.00000	0.00000	1.00000	0.00279	0.00000	0.00375	0.00000

NOTES:

¹ These probabilities apply to those who terminate vested with at least five years of service and withdraw their contributions. Higher probabilities of termination and refund apply to those not yet vested.

² These probabilities vary by age; there was insufficient data to generate retirement rates that varied by age and years of service.

Exhibit E—Single Life Retirement Values

Present Value of \$1 Monthly Increasing 2% Annually After Two-Year Waiting Period

Interest Rate of 8.25 Percent

Sample Attained Ages	Service Retirement		Non-Industrial Disability Retirement		Industrial Disability Retirement
	Male	Female	Male	Female	Male & Female
50	152.126	163.362	117.529	136.720	145.932
51	150.276	161.740	116.433	135.621	143.698
52	148.365	160.049	115.296	134.462	141.389
53	146.387	158.299	114.113	133.252	139.011
54	144.335	156.486	112.879	131.972	136.572
55	142.203	154.589	111.600	130.630	134.077
56	139.998	152.616	110.257	129.206	131.533
57	137.713	150.579	108.842	127.707	128.931
58	135.341	148.470	107.348	126.125	126.263
59	132.872	146.285	105.777	124.440	123.557
60	130.325	144.014	104.119	122.654	120.818
61	127.691	141.667	102.363	120.760	118.036
62	124.945	139.235	100.497	118.746	115.262
63	122.104	136.725	98.529	116.638	112.473
64	119.154	134.128	96.435	114.439	109.695
65	116.083	131.448	94.219	112.174	106.906
70	99.989	116.733	81.590	99.598	92.863
75	83.427	99.932	67.325	84.455	78.648
80	67.774	81.953	53.492	67.247	65.175
85	53.408	63.975	41.806	49.547	53.033
90	41.143	48.455	31.914	34.310	40.217
95	31.566	36.451	23.369	23.911	28.431
100	22.448	24.081	16.068	16.363	18.807

Exhibit F—History of Member Salary Data

Year	Number of Active Members	Annual Covered Payroll (in millions)	Average Annual Salary	% Increase In Average Pay
6/30/93	610,084	\$19,022	\$31,180	0.7 %
6/30/94	618,910	19,919	32,184	3.2
6/30/95	619,695	23,559	38,017	18.1
6/30/96	631,166	22,876	36,245	(4.6)
6/30/97	584,735	21,712	37,131	2.4
6/30/98	620,643	22,174	35,727	(3.8)
6/30/99	668,700	25,324	37,870	6.0
6/30/00	707,585	28,098	39,709	4.9
6/30/01	738,959	30,802	41,683	5.0

Exhibit G—Members in Valuation

By Attained Age & Years of Service—June 30, 2002

State Miscellaneous First Tier (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	3,398	2	0	0	0	0	3,400	\$86,465,996
25-29	8,289	389	7	0	0	0	8,685	299,824,156
30-34	10,313	2,150	873	10	0	0	13,346	550,723,238
35-39	9,626	2,997	4,121	872	26	0	17,642	816,594,904
40-44	9,653	3,246	5,521	3,659	1,931	0	24,010	1,167,666,630
45-49	8,475	3,223	5,741	4,442	6,787	68	28,736	1,467,018,246
50-54	6,622	2,867	5,171	4,171	8,696	1,487	29,014	1,562,512,655
55-59	3,964	1,897	3,270	2,860	5,980	2,864	20,835	1,168,665,843
60-64	1,658	892	1,510	1,291	2,364	1,779	9,494	537,188,742
65 & Up	683	374	561	409	601	454	3,082	171,580,701
Total	62,681	18,037	26,775	17,714	26,385	6,652	158,244	\$7,828,241,111

State Miscellaneous Second Tier (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	252	2	0	0	0	0	254	\$6,312,668
25-29	1,142	229	7	0	0	0	1,378	48,434,302
30-34	1,299	1,018	288	3	0	0	2,608	101,558,597
35-39	1,067	1,124	792	109	6	0	3,098	127,070,046
40-44	926	952	801	317	187	0	3,183	135,154,862
45-49	788	748	674	304	478	8	3,000	127,633,002
50-54	530	570	478	216	481	97	2,372	106,131,607
55-59	339	311	287	109	204	137	1,387	60,713,079
60-64	160	163	123	44	71	82	643	28,891,252
65 & Up	93	73	67	17	16	34	299	12,543,879
Total	6,596	5,190	3,517	1,119	1,443	358	18,222	\$754,443,294

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G—Members in Valuation (continued)

By Attained Age & Years of Service—June 30, 2002

State Industrial First & Second Tier (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	236	0	0	0	0	0	236	\$5,855,674
25-29	522	73	0	0	0	0	595	17,676,261
30-34	701	248	65	1	0	0	1,015	33,975,043
35-39	673	346	188	35	1	0	1,243	45,694,682
40-44	675	427	274	103	30	0	1,509	59,273,078
45-49	622	408	308	154	71	0	1,563	65,595,256
50-54	493	337	295	146	80	11	1,362	59,370,881
55-59	312	262	209	124	72	16	995	44,649,826
60-64	92	125	90	58	22	7	394	18,605,808
65 & Up	38	87	42	14	8	4	193	11,360,897
Total	4,364	2,313	1,471	635	284	38	9,105	\$362,057,406

State Safety (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	162	0	0	0	0	0	162	\$4,710,771
25-29	453	25	0	0	0	0	478	17,173,897
30-34	802	203	18	0	0	0	1,023	42,836,044
35-39	940	395	111	8	0	0	1,454	67,493,679
40-44	1,185	620	314	88	9	0	2,216	109,125,201
45-49	1,501	769	499	187	55	0	3,011	156,111,233
50-54	1,382	797	593	217	142	4	3,135	172,510,496
55-59	942	587	443	192	109	9	2,282	131,791,129
60-64	462	280	225	106	42	7	1,122	69,920,405
65 & Up	230	156	94	43	26	4	553	41,989,473
Total	8,059	3,832	2,297	841	383	24	15,436	\$813,662,328

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G—Members in Valuation (continued)

By Attained Age & Years of Service—June 30, 2002

California Highway Patrol (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	140	0	0	0	0	0	140	\$6,876,491
25-29	711	153	0	0	0	0	864	46,303,457
30-34	687	701	88	0	0	0	1,476	84,953,381
35-39	108	444	644	89	0	0	1,285	80,072,391
40-44	2	83	428	552	140	0	1,205	79,395,087
45-49	0	55	76	422	456	0	1,009	68,985,058
50-54	0	36	7	86	409	45	583	41,530,000
55-59	0	14	1	12	124	106	257	19,379,781
60-64	1	0	0	0	5	5	11	829,076
65 & Up	0	0	0	0	0	0	0	0
Total	1,649	1,486	1,244	1,161	1,134	156	6,830	\$428,324,722

State Peace Officer/Firefighter

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	1,341	1	0	0	0	0	1,342	\$40,359,382
25-29	3,436	422	0	0	0	0	3,858	161,890,896
30-34	2,875	3,011	283	0	0	0	6,169	309,566,879
35-39	1,857	2,591	1,934	758	3	0	7,143	388,660,043
40-44	1,233	1,857	2,035	2,299	268	0	7,692	442,893,240
45-49	717	1,234	1,363	1,765	1,203	14	6,296	382,231,683
50-54	423	766	992	1,148	1,498	171	4,998	317,956,927
55-59	189	374	555	594	521	79	2,312	146,035,232
60-64	49	110	175	183	77	35	629	39,036,426
65 & Up	7	23	40	36	5	10	121	7,487,044
Total	12,127	10,389	7,377	6,783	3,575	309	40,560	\$2,236,117,752

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G—Members in Valuation (continued)

By Attained Age & Years of Service—June 30, 2002

School Employees (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	11,068	1	0	0	0	0	11,069	\$166,999,292
25-29	18,270	85	1	0	0	0	18,356	388,962,014
30-34	21,575	177	33	0	0	0	21,785	549,144,737
35-39	28,229	207	97	33	1	0	28,567	772,825,753
40-44	39,263	266	153	85	45	0	39,812	1,123,356,642
45-49	47,552	330	213	146	127	2	48,370	1,426,553,310
50-54	45,497	279	234	171	161	7	46,349	1,468,562,629
55-59	33,388	180	181	136	164	25	34,074	1,119,625,586
60-64	16,930	78	77	73	81	31	17,270	545,744,958
65 & Up	7,030	38	29	23	41	29	7,190	190,170,568
Total	268,802	1,641	1,018	667	620	94	272,842	\$7,751,945,489

Public Agency Miscellaneous (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	6,505	27	0	0	0	0	6,532	\$167,101,115
25-29	12,444	1,201	12	0	0	0	13,657	488,229,387
30-34	13,898	4,042	1,325	15	0	0	19,280	807,057,145
35-39	13,243	5,130	4,718	1,319	36	0	24,446	1,126,525,223
40-44	13,437	6,015	6,736	3,674	1,485	0	31,347	1,529,664,947
45-49	12,165	5,790	6,980	4,696	4,418	30	34,079	1,749,925,512
50-54	10,224	5,064	6,261	4,524	6,131	713	32,917	1,732,365,574
55-59	5,893	3,420	4,173	3,173	4,237	1,357	22,253	1,204,107,037
60-64	2,277	1,538	1,875	1,408	1,733	631	9,462	488,487,258
65 & Up	1,066	645	705	485	567	157	3,625	155,440,563
Total	91,152	32,872	32,785	19,294	18,607	2,888	197,598	\$9,448,903,761

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G—Members in Valuation (continued)

By Attained Age & Years of Service—June 30, 2002

Public Agency Safety (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	1,210	0	0	0	0	0	1,210	\$52,199,541
25-29	4,822	506	0	0	0	0	5,328	280,592,889
30-34	4,981	3,116	710	2	0	0	8,809	532,078,296
35-39	2,450	2,515	3,455	742	3	0	9,165	608,991,145
40-44	1,287	1,279	2,518	2,485	900	0	8,469	613,179,323
45-49	798	616	1,164	1,587	3,184	2	7,351	564,963,160
50-54	465	300	526	673	2,741	302	5,007	395,737,666
55-59	204	154	223	220	910	441	2,152	167,058,532
60-64	63	35	60	47	105	95	405	28,661,880
65 & Up	16	8	20	15	12	20	91	6,025,909
Total	16,296	8,529	8,676	5,771	7,855	860	47,987	\$3,249,488,341

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Actuarial Certifications—Other Systems

Judges' Retirement System

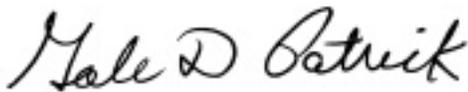
April 2003

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System; the latest such valuation is as of June 30, 2002.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System, as of June 30, 2002. Based on the employee data provided by the CalPERS Judges', Legislators', and Volunteer Firefighters' Office, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods, as prescribed by the CalPERS Board of Administration, are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through G in the Actuarial Section of the CAFR.



Gale D. Patrick, F.S.A., M.A.A.A.
Enrolled Actuary
Senior Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

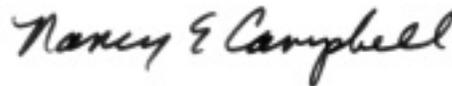
Judges' Retirement System II

April 2003

Actuarial Certification

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System II, as of June 30, 2002. Based on the employee data provided by the Judges' Retirement System administrative staff at CalPERS, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through G in the Actuarial Section of the CAFR.



Nancy E. Campbell, A.S.A., M.A.A.A.
Enrolled Actuary
Senior Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

Actuarial Certifications—Other Systems

Legislators' Retirement System

April 2003

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Legislators' Retirement System; the latest such valuation is as of June 30, 2002.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Legislators' Retirement System. Based on the employee data provided by the CalPERS Judges', Legislators', and Volunteer Firefighters' Office, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits plans as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for these plans.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through G in the Actuarial Section of the CAFR.



David Clement, A.S.A., E.A., M.A.A.A.
Associate Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

Volunteer Firefighters' Length of Service Award System

April 2003

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Volunteer Firefighters' Length of Service Award System; the latest such valuation is as of June 30, 2002.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose fully and fairly the funded condition of the Volunteer Firefighters' Length of Service Award System (VFLSAS). Based on the participant and expense data provided by the Manager of the Volunteer Firefighters' System, the statement of assets provided by the CalPERS Fiscal Services Division, and the provisions of the system as outlined in Exhibit 7, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through G in the Actuarial Section of the CAFR.



Barbara J. Ware, F.S.A., E.A., M.A.A.A.
Senior Pension Actuary, CalPERS

The actuarial report and supporting documents for the Judges' Retirement System, Judges' Retirement System II, Legislators' Retirement System, and the Volunteer Firefighters' Length of Service Award System can be obtained through the CalPERS Actuarial and Employer Services Division, P.O. Box 942709, Sacramento, CA 94229-2709.

Collaboration

Individual commitment to a group effort—
that is what makes a team work.

—*Vince Lombardi, Former Green Bay Packers
Football Coach*

Statistical Section

Retirement Programs



CalPERS Program Data

Expenses by Type—10-Year Review

	Benefit Payments	Contribution Refunds	Administrative Expenses ¹	Total
PERF				
2002/03	\$6,991,913,800	\$114,024,930	\$214,274,159	\$7,320,212,889
2001/02	6,431,019,116	103,385,701	208,687,613	6,743,092,430
2000/01	5,792,948,968	128,865,380	183,865,981	6,105,680,329
1999/00	5,176,073,695	140,644,318	175,050,565	5,491,768,578
1998/99	4,776,869,300	160,841,290	145,814,177	5,083,524,767
1997/98	4,425,923,411	160,964,495	128,583,553	4,715,471,459
1996/97	4,097,295,852	153,688,959	108,257,064	4,359,241,875
1995/96	3,846,390,136	138,296,520	80,682,335	4,065,368,991
1994/95	3,557,486,924	130,668,331	67,697,488	3,755,852,743
1993/94	3,290,614,000	133,909,292	60,351,296	3,484,874,588
LRF				
2002/03	\$6,851,580	\$247,755	\$220,020	\$7,319,355
2001/02	6,716,646	—	244,854	6,961,500
2000/01	6,782,467	169,520	234,926	7,186,913
1999/00	6,630,188	163,535	206,000	6,999,723
1998/99	6,855,856	175,155	203,580	7,234,591
1997/98	6,280,344	49,569	203,601	6,533,514
1996/97	6,010,347	479,747	255,234	6,745,328
1995/96	5,585,022	71,818	224,931	5,881,771
1994/95	5,380,690	279,193	156,098	5,815,981
1993/94	5,180,295	356,621	135,580	5,672,496
JRF				
2002/03	\$113,937,606	\$82,530	\$506,224	\$114,526,360
2001/02	109,543,399	—	391,760	109,935,159
2000/01	99,423,624	—	379,818	99,803,442
1999/00	90,170,743	—	360,000	90,530,743
1998/99	82,503,531	49,456	354,000	82,906,987
1997/98	77,203,643	64,610	355,600	77,623,853
1996/97	74,445,877	641,840	354,000	75,441,717
1995/96	71,665,985	29,422	297,699	71,993,106
1994/95	68,248,989	467,920	239,443	68,956,352
1993/94	63,086,739	186,255	196,732	63,469,726
JRF II				
2002/03	\$307,365	\$891,986	\$320,226	\$1,519,577
2001/02	117,545	91,536	289,622	498,703
2000/01	142,234	34,369	283,767	460,370
1999/00	225,607	22,198	175,213	423,018
1998/99	192,697	—	172,000	364,697
1997/98	205,880	—	—	205,880
1996/97	18,736	—	—	18,736
1995/96	—	—	—	—
1994/95	—	—	—	—
VFF				
2002/03	\$76,883	\$ —	\$116,379	\$193,262
2001/02	66,413	—	78,592	145,005
2000/01	55,785	—	76,218	132,003
1999/00	41,438	—	75,000	116,438
1998/99	27,015	—	10,000	37,015
1997/98	26,445	—	10,000	36,445
1996/97	11,903	—	9,990	21,893
1995/96	12,215	—	10,000	22,215
1994/95	12,380	—	962	13,342
1993/94	8,880	—	12,620	21,500
SPOFF				
2002/03	\$4,084,127	\$ —	\$ —	\$4,084,127
2001/02	3,361,147	—	—	3,361,147
2000/01	1,879,169	—	—	1,879,169
1999/00	—	—	—	—
1998/99	—	—	—	—

NOTE:

¹ Excludes investment advisor fees.

CalPERS Program Data

Income by Source—10-Year Review

	Member Contributions	Employer Contributions	Investment Income	Miscellaneous Income	Total
PERF					
2002/03	\$1,887,925,497	\$1,925,043,858	\$5,474,083,608	\$8,647,960	\$9,295,700,923
2001/02	2,154,742,532	800,964,553	(9,704,478,936)	4,686,138	(6,744,085,713)
2000/01	1,766,256,113	321,618,826	(12,255,822,322)	7,480,923	(10,160,466,460)
1999/00	1,751,290,172	362,614,344	16,579,088,181	3,569,729	18,696,562,426
1998/99	1,522,507,527	1,598,316,666	17,621,490,197	1,036,725	20,743,351,115
1997/98	1,443,232,566	2,289,526,403	23,515,372,967	3,531,902	27,251,663,838
1996/97	1,379,743,571	1,986,282,287	20,147,569,883	308,296,547	23,821,892,288
1995/96	1,338,044,978	1,850,103,438	13,135,454,838	1,747,245	16,325,350,499
1994/95	1,290,624,208	1,578,933,781	12,502,185,919	2,342,343	15,374,086,251
1993/94	1,229,162,593	1,518,539,347	1,481,281,615	9,000,960	4,237,984,515
LRF					
2002/03	\$21,946	\$ —	\$10,274,104	\$ —	\$10,296,050
2001/02	14,161	—	(3,781,146)	—	(3,766,985)
2000/01	33,461	—	280,786	—	314,247
1999/00	178,860	339,351	9,788,721	—	10,306,932
1998/99	290,360	661,086	14,141,442	—	15,092,888
1997/98	312,546	674,777	22,924,284	58,708	23,970,315
1996/97	303,190	2,470,417	19,181,419	—	21,955,026
1995/96	422,381	575,032	13,299,421	—	14,296,534
1994/95	419,026	576,036	13,885,208	—	14,880,270
1993/94	444,540	596,331	(1,762,051)	—	(721,180)
JRF					
2002/03	\$11,109,214	\$98,584,637	\$11,722	\$4,337,501	\$114,043,074
2001/02	11,713,777	65,319,883	1,002,742	4,521,326	82,557,728
2000/01	11,377,068	91,019,008	3,754,582	4,509,380	110,660,038
1999/00	11,251,836	74,079,308	2,513,315	4,354,631	92,199,090
1998/99	11,098,731	84,352,990	1,776,583	4,121,354	101,349,658
1997/98	11,189,380	56,215,389	995,548	4,484,772	72,885,089
1996/97	11,837,184	56,361,102	1,266,708	—	69,464,994
1995/96	12,754,764	60,933,334	1,561,546	—	75,249,644
1994/95	12,389,358	49,725,805	1,274,102	—	63,389,265
1993/94	11,911,857	42,100,432	1,024,436	—	55,036,725
JRF II					
2002/03	\$6,717,482	\$15,322,632	\$4,803,138	\$ —	\$26,843,252
2001/02	5,290,599	12,487,052	(3,870,979)	—	13,906,672
2000/01	4,196,862	9,754,298	(2,863,230)	—	11,087,930
1999/00	3,209,544	7,460,518	2,734,601	—	13,404,663
1998/99	2,733,245	7,354,353	2,393,724	—	12,481,322
1997/98	1,948,588	5,455,217	1,803,800	—	9,207,605
1996/97	1,197,298	3,026,029	649,854	—	4,873,180
1995/96	626,033	1,507,116	15,247	—	2,148,396
1994/95	71,475	167,999	—	—	239,474
VFF					
2002/03	\$ —	\$497,076	\$106,257	\$ —	\$603,333
2001/02	—	93,889	(200,067)	—	(106,178)
2000/01	—	193,530	(110,985)	—	82,545
1999/00	—	202,395	130,123	—	332,518
1998/99	—	50,916	257,919	—	308,835
1997/98	—	166,708	323,592	—	490,300
1996/97	—	162,880	244,392	—	407,272
1995/96	—	54,844	129,586	—	184,430
1994/95	—	58,515	117,289	—	175,804
1993/94	—	99,848	2,287	—	102,135
SPOFF					
2002/03	\$ —	\$35,047,115	\$5,069,041	\$ —	\$40,116,156
2001/02	—	34,171,776	(7,286,207)	—	26,885,569
2000/01	—	33,236,879	(4,457,441)	—	28,779,438
1999/00	—	30,011,229	2,205,566	—	32,216,795
1998/99	—	15,518,376	529,477	—	16,047,853

CalPERS Program Data

Primary Benefits

Benefits are paid according to the category of employment and the type of benefit coverage provided by an employer. Local agencies have variations in benefits due to their specific contract obligations with CalPERS.

The four categories of membership are:

Miscellaneous Members—staff, operational, supervisory, and all other eligible employees who are not in special membership categories.

Safety Members—California Highway Patrol officers, police officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.

State Industrial Members—employees of the Department of Corrections and the California Youth Authority who have the same service retirement and other benefits as miscellaneous members, but who also have industrial death and disability benefits under certain limited circumstances.

State Peace Officer/Firefighter Members—State employees who are involved in law enforcement, firefighting and fire suppression, public safety, protective services, or the management and supervision thereof, whose positions are defined as State peace officer/firefighter members in the Government Code or by the Department of Personnel Administration.

Separation from Employment/Refunds

At permanent separation from employment, members may either leave their contributions on deposit and defer retirement¹ or terminate membership by electing to take a refund of member contributions plus interest (compounded annually). With a refund election, CalPERS is required to deduct federal withholding of 20 percent from the untaxed portion of the refund, unless the taxable portion is directly rolled over to a qualified plan or IRA.

Service Retirement

State Miscellaneous and State Industrial Members (First Tier), School Members, and University Members 2 Percent at 55 Formula

Service Not Coordinated With Social Security—A guarantee of 2 percent of final compensation² at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 to age 63 with an increased rate.

Service Coordinated With Social Security—Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.³

Local Miscellaneous Members 2 Percent at 60 Formula

Service Not Coordinated With Social Security—A guarantee of 2 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 to age 63 with an increased rate.

Service Coordinated With Social Security—Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

NOTES:

¹ A member with less than the required amount of service credit must return to CalPERS-covered employment to obtain the minimum service credit required to be eligible for retirement.

² The term “final compensation” appears throughout this section. It means the average payrate over the last three consecutive years of employment (or one year for State and school members or as a contract option for local members) unless the member elects a different period with a higher average.

³ School member final compensation for service on and after January 1, 2001 is not subject to reduction.

CalPERS Program Data

State Miscellaneous and State Industrial Members (Second Tier)

1.25 Percent at 65 Formula

A guarantee of 1.25 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55 or age 50, with a reduced benefit rate, if combined First Tier and Second Tier service.

Local Miscellaneous Members (Second Tier)

1.50 Percent at 65 Formula

A guarantee of 1.50 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55 or age 50, with a reduced benefit rate, if combined First Tier and Second Tier service.

Local Miscellaneous Members

2 Percent at 55 Formula

Service Not Coordinated With Social Security—A guarantee of 2 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 to age 63 with an increased rate.

Service Coordinated With Social Security—Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

Local Miscellaneous Members

2.5 Percent at 55 Formula

Service Not Coordinated With Social Security—A guarantee of 2.5 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

Service Coordinated With Social Security—Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

Local Miscellaneous Members

2.7 Percent at 55 Formula

Service Not Coordinated With Social Security—A guarantee of 2.7 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

Service Coordinated With Social Security—Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

Local Miscellaneous Members

3 Percent at 60 Formula

Service Not Coordinated With Social Security—A guarantee of 3 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

Service Coordinated With Social Security—Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

Local Safety Members

2 Percent at 50 Formula

2 percent of final compensation for each year of service for retirement at age 50, with improvements to age 55. The maximum allowance payable is 90 percent of final compensation.

Local Safety Members

2 Percent at 55 Formula

2 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent of final compensation. Retirement may begin at age 50 with a reduced benefit rate.

Local Safety Members

1/2 Pay at 55 Formula

This benefit is no longer available as a contract amendment. Only a small number of local agencies are still covered under this formula which guarantees one-half of final compensation at age 55 with 20 or more years of service credit. Retirement may begin at age 50 with a reduced benefit rate.

State Safety Members and Local Safety Members

2.5 Percent at 55 Formula

This benefit is no longer available as a contract amendment. It provides 2.5 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 80 percent of final compensation for State safety members and 90 percent for local safety members. Retirement may begin at age 50 with a reduced benefit rate.

CalPERS Program Data

State Patrol Members and Local Safety Members 3 Percent at 50 Formula

3 percent of final compensation for each year of service for retirement at age 50. The maximum allowance payable is 90 percent of final compensation for State patrol members and local safety members.

State Peace Officer/Firefighter Members and Local Safety Members 3 Percent at 55 Formula

3 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent for State peace officer/firefighter members and local safety members.

Disability Retirement

For Most Members

A monthly allowance of 1.8 percent of final compensation for each year of service, improved under certain conditions to 33 $\frac{1}{3}$ percent of final compensation, applicable to members with at least five years of service credit.

By Contract Amendment Only for Local Agencies

A monthly allowance of 30 percent of final compensation, plus an additional 1 percent for each year of service over five years to a maximum of 50 percent.

For State Second Tier Members

A monthly allowance of 1.125 percent of final compensation for each year of service, improved under certain conditions to 33 $\frac{1}{3}$ percent of final compensation, applicable to members with at least 10 years of service credit or five years if credited as of January 1, 1985.

For Local Second Tier Members

A monthly allowance of 1.35 percent of final compensation for each year of service, improved under certain conditions to 33 $\frac{1}{3}$ percent of final compensation, applicable to members with at least five years of service credit.

Industrial Disability Retirement

For Most Members

A monthly allowance of 50 percent of final compensation, applicable to patrol members, State and local safety members, State peace officer/firefighter members, State industrial members, local miscellaneous members (by contract amendment only), and certain State miscellaneous members defined by law. The member must be serving in one of these categories at the time the industrial disability occurs. State members in certain bargaining units are eligible for 60 percent of final compensation if disabled for any job in State service and the injury occurred on or after January 1, 1993 and on or before December 31, 1999.

By Contract Amendment Only for Local Agencies

A monthly allowance of 75 percent of final compensation, if found totally disabled.

By Contract Amendment Only for Local Agencies

A monthly allowance of 50 percent to 90 percent of final compensation, depending on the disability rating by the Workers' Compensation Appeals Board.

Death Benefits (Before Retirement)

Basic Death Benefit—All Members Except State Employees

Eligible To Retire or Not—A return of member contributions plus interest (compounded annually) and an employer-paid portion equal to one month's compensation earnable for each year of current service to a maximum of six months.

Basic Death Benefit—State Employees Only

Eligible To Retire or Not Eligible To Retire With 20 Years or More of State Service Credit—A return of member contributions plus interest (compounded annually) and a State-paid portion equal to six months' pay (50 percent of the member's earnable pay for the 12 months prior to the member's death).

Not Eligible To Retire With Less Than 20 Years of State Service Credit—A return of only the member contributions plus interest (compounded annually).

CalPERS Program Data

Insurance Benefit—State Employees Only

Eligible To Retire or Not Eligible To Retire With 20 Years or More of State Service Credit—\$5,000 in a lump sum.

Not Eligible To Retire With Less Than 20 Years of State Service Credit—\$5,000 in a lump sum plus six months' pay (50 percent of annual compensation).

Alternate Death Benefit¹—For State Members in Bargaining Units Contracting for This Benefit, Who Are Not Eligible to Retire, With 20 Years or More of State Service Credit

A monthly allowance payable to a surviving spouse until death, then to children under age 18. It is calculated similarly to pre-retirement Option 2 (if the beneficiary is a spouse), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had been old enough to retire. A spouse or minor child may receive continued health and dental insurance with the Alternate Death Benefit.

Alternate Death Benefit for Firefighters—Local Agency Employers Contracting for This Benefit, With 20 Years or More of Total Service Credit

A monthly non-job-related allowance payable to a surviving spouse until death, then to children under age 18. It is calculated similarly to pre-retirement Option 2 (if the beneficiary is a spouse, even if the agency does not contract separately for the pre-retirement Option 2 benefit), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had either been old enough to retire (if the member died before reaching retirement age), or based on the member's actual age if the member was eligible to retire at the time of death. This benefit applies to all service credit earned by the member, including service that may have been earned with a local agency that does not contract for the Alternate Death Benefit, as long as the member was employed at the time of death by a local agency that provides this benefit in their contract.

Pre-Retirement Optional Settlement 2 Benefit—Local Agencies by Contract, Married

A monthly allowance payable to the surviving spouse until death, equal to what the deceased member would have received had they retired on the date of their death and elected Optional Settlement 2W.

Pre-Retirement Optional Settlement 2 Benefit¹—For All State Members, Married

A monthly allowance payable to the surviving spouse until death, equal to what the deceased member would have received had they retired on the date of their death and elected Optional Settlement 2W.

1957 Survivor Benefit¹—Local Members, Married

For all married members eligible to retire, a monthly allowance payable to the surviving spouse until death, then to children under age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death.

1957 Survivor Benefit¹—All Members, Not Married

For all unmarried members eligible to retire with surviving minor children, a monthly allowance payable to the unmarried surviving minor children until age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death. Once allowance stops, the total allowance paid is compared to the Basic Death Benefit amount, and any difference is paid in a lump sum to all of the member's surviving children.

1959 Survivor Benefit—State and School Members and by Contract Option, Local Agency Members Not Coordinated With Social Security

A monthly benefit paid to survivors of deceased members who died prior to retirement. This benefit is similar to the Social Security Survivor Benefit and is paid in addition to any other applicable pre-retirement death benefit, except the Special Death Benefit.

NOTE:

¹ The surviving spouse of other than a State member, or guardian of a minor child, may elect the Basic Death Benefit or the 1957 Survivor Benefit. The surviving spouse of a State member may elect the Basic Death Benefit or the Optional Settlement 2 Death Benefit.

CalPERS Program Data

Special Death Benefit¹—Survivors of Patrol, State and Local Safety, State Industrial, and State Peace Officer/Firefighter Members, State Miscellaneous² and Local Miscellaneous by Contract Amendment²

A monthly allowance equal to 50 percent of final compensation payable to the surviving spouse until death, or if no spouse, to natural or adopted unmarried children up to age 22. The monthly allowance is recalculated annually on October 1 based on the salary rates for employees who work in the position the member held at the time of death until such time as the member would have attained age 50.

Special Death Benefit¹—Violent Death

Provides increased benefits (up to 75 percent of final compensation) based upon the number of surviving children, if the member's death is the result of external violence or physical force.

Death Benefits (After Retirement)

Basic Death Benefit—State Members Only

A \$2,000 lump sum payable in addition to any optional settlement elected.

Basic Death Benefit—Local and School Members

A \$500, \$600, \$2,000, \$3,000, \$4,000, or \$5,000 lump sum (depending on the employer contract) payable in addition to any optional settlement elected.

Survivor Continuance Benefit—State Members, School Members and, by Contract Option, Local Agency Members

Service Not Coordinated With Social Security—50 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

Service Coordinated With Social Security—25 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

Optional Settlements

For All Members

All the disability and service retirement allowances discussed in this section are the highest (unmodified) allowances payable to a retired member. There are six optional settlements to allow a member to reduce their allowance to provide a benefit to a named beneficiary at the member's death. Under two of these options, if the beneficiary predeceases the member, the member's allowance will be increased to the higher (unmodified) amount.

Cost-Of-Living Adjustments

For All Members—Except State Second Tier

A maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies).

For State Second Tier Members Only

A fixed 3 percent compounded annually.

NOTES:

¹ The surviving spouse or beneficiary may be eligible for the Special Death Benefit if the member's death is job-related.

² The survivor of a State or local miscellaneous member qualifies for the Special Death Benefit if the member was killed or fatally injured while performing their official duties.

CalPERS Program Data

Membership & Retirement Data

Three-Year Review

	2003	2002	2001
Active & Inactive Members			
State Members			
State Miscellaneous	231,693	227,522	219,095
University of California	244	258	281
State Industrial	11,000	10,997	11,390
California Highway Patrol	11,959	11,754	6,668
State Safety	17,782	17,478	16,390
Peace Officer/Firefighter (POF)	46,599	45,801	42,950
Total State Members	319,277	313,810	296,774
Contracting Public Agency Members			
Schools	373,171	358,837	337,160
Cities	160,155	154,871	144,557
Counties	89,838	87,887	80,743
Districts & Other Public Agencies	71,919	66,772	57,398
Total Public Agency Members	695,083	668,367	619,858
Total Members—Active & Inactive	1,014,360	982,177	916,632
Retired Members & Active Member Death Benefit Recipients			
Service	326,163	313,762	303,427
Disability	41,808	41,036	40,207
Industrial Disability	28,180	26,948	25,644
Industrial Death	946	931	928
1957 Survivor Benefit	2,802	2,714	2,625
1959 Survivor Benefit	2,841	2,735	2,709
Total Recipients	402,740¹	388,126	375,540

NOTE:

¹ This total differs from Total Benefit Recipients on page 120. Total Recipients shown here include Active Death Benefits paid as a result of a member death prior to retirement.

CalPERS Program Data

Active & Inactive Members

Employer/Category	Active	Inactive	Total
State Miscellaneous—			
First Tier	158,687	32,183	190,870
State Miscellaneous—			
Second Tier	16,384	24,439	40,823
State Industrial—			
First Tier	7,564	826	8,390
State Industrial—			
Second Tier	1,580	1,030	2,610
Highway Patrol	10,463	1,496	11,959
State Safety	15,103	2,679	17,782
Peace Officer/Firefighter	41,531	5,068	46,599
University of California ¹	30	214	244
Total State Members	251,342	67,935	319,277
School—Miscellaneous	299,945	72,552	372,497
School—Safety	512	162	674
Total School Members	300,457	72,714	373,171
Public Agency—			
Miscellaneous	209,205	56,767	265,972
Public Agency—			
Safety	48,642	7,298	55,940
Total Public Agency Members	257,847	64,065	321,912
Total Members	809,646	204,714	1,014,360

NOTES:

¹ The number of University of California members continues to decline since new employees must join the University of California Retirement System (UCRS).

² These payments were made from the Purchasing Power Protection Account, which is structured to maintain current benefit levels and to restore CalPERS allowances to 75 percent of their original purchasing power (80 percent for public agencies).

³ The actual number of benefit recipients is by the employer category from which they retired, regardless of whether they had service in other employer categories. The total includes only those recipients receiving a monthly allowance, and does not include recipients of one-time only payments.

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$5,517,803,137
Disability Retirement	414,169,213
Industrial Disability Retirement	788,510,695
PPPA Payments ²	78,716,677
Total	\$6,799,199,722
Basic Death Benefit/ Group Term Life Insurance	\$50,135,006
1957 Survivor Benefit	45,509,640
1959 Survivor Benefit	28,548,728
Industrial Death Allowance	24,347,863
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	44,172,841
Total	\$192,714,078
Grand Total	\$6,991,913,800

Benefit Recipients by Employer Category ³

Employer	Retired Members	Survivors & Beneficiaries	Total
State Miscellaneous—			
First Tier	93,402	19,960	113,362
State Miscellaneous—			
Second Tier	2,450	338	2,788
State Industrial—			
First Tier	3,090	519	3,609
State Industrial—			
Second Tier	101	9	110
Highway Patrol	5,001	836	5,837
State Safety	17,382	2,418	19,800
Peace Officer/ Firefighter	1,885	180	2,065
Total State	123,311	24,260	147,571
School—Miscellaneous	101,559	16,468	118,027
School—Safety	0	0	0
Total School	101,559	16,468	118,027
Public Agency—			
Miscellaneous	84,698	14,584	99,282
Public Agency—Safety	27,545	3,726	31,271
Total Public Agency	112,243	18,310	130,553
Total	337,113	59,038	396,151

CalPERS Program Data

Benefit Payments by Type

Six-Year Review

Category	2003	2002	2001	2000	1999	1998
Service Retirement	\$5,517,803,137	\$5,023,585,476	\$4,527,931,149	\$3,969,347,915	\$3,656,434,639	\$3,390,510,194
Disability Retirement	414,169,213	395,028,004	367,110,934	331,413,880	304,240,355	277,987,958
Industrial Disability Retirement	788,510,695	700,349,277	620,520,770	547,420,009	496,096,480	450,725,838
PPPA Payments	78,716,677	82,516,981	122,985,198	186,743,547	182,989,884	193,701,094
Total	\$6,799,199,722	\$6,201,479,738	\$5,638,548,051	\$5,034,925,351	\$4,639,761,358	\$4,312,925,084
Basic Death Benefit/ Group Term Life Insurance	\$50,135,006	\$38,555,448	\$39,833,188	\$42,270,500	\$36,875,983	\$37,431,073
1957 Survivor Benefit	45,509,640	42,917,465	39,475,959	38,318,792	31,734,005	31,909,007
1959 Survivor Benefit	28,548,728	25,242,446	24,292,309	23,934,323	12,410,800	11,536,209
Industrial Death Allowance	24,347,863	23,117,626	20,305,890	18,184,723	16,149,980	15,376,889
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	44,172,841	99,706,393	30,493,571	18,440,006	39,937,173	16,745,149
Total	\$192,714,078	\$229,539,378	\$154,400,917	\$141,148,344	\$137,107,941	\$112,998,327
Grand Total	\$6,991,913,800	\$6,431,019,116	\$5,792,948,968	\$5,176,073,695	\$4,776,869,299	\$4,425,923,411

CalPERS Program Data

Average Benefit Payments—as of June 30, 2002¹

Six-Year Review

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2001/02							
Average Monthly Benefit	\$671	\$674	\$1,038	\$1,421	\$1,962	\$3,125	\$4,381
Average Final Monthly Salary ²	\$4,837	\$3,543	\$3,615	\$3,878	\$4,164	\$5,015	\$5,653
Number of Retirees	503	2,518	3,667	3,152	3,074	2,951	4,284
2000/01							
Average Monthly Benefit	\$599	\$614	\$990	\$1,323	\$1,810	\$2,875	\$4,138
Average Final Monthly Salary ²	\$4,504	\$3,289	\$3,517	\$3,604	\$3,937	\$4,750	\$5,371
Number of Retirees	453	2,620	4,082	3,284	3,024	2,948	4,794
1999/00							
Average Monthly Benefit	\$478	\$568	\$921	\$1,221	\$1,705	\$2,515	\$3,710
Average Final Monthly Salary ²	\$4,028	\$3,227	\$3,397	\$3,480	\$3,831	\$4,460	\$5,026
Number of Retirees	403	2,229	3,222	2,442	2,402	2,074	2,903
1998/99							
Average Monthly Benefit	\$435	\$521	\$851	\$1,135	\$1,522	\$2,424	\$3,351
Average Final Monthly Salary ²	\$3,795	\$3,116	\$3,230	\$3,346	\$3,621	\$4,411	\$4,844
Number of Retirees	312	2,249	3,081	2,387	2,264	2,044	2,475
1997/98							
Average Monthly Benefit	\$574	\$514	\$823	\$1,085	\$1,613	\$2,529	\$3,401
Average Final Monthly Salary ²	\$3,017	\$2,911	\$3,085	\$3,143	\$3,524	\$4,320	\$4,687
Number of Retirees	239	1,713	2,220	1,872	1,830	1,630	2,111
1996/97							
Average Monthly Benefit	\$495	\$500	\$762	\$1,077	\$1,515	\$2,632	\$3,275
Average Final Monthly Salary ²	\$2,043	\$2,740	\$2,826	\$3,000	\$3,418	\$4,078	\$4,562
Number of Retirees	371	2,254	2,438	2,345	2,051	1,681	2,284

NOTES:

¹ June 30, 2002 is the latest Average Benefit Payment information available.

² Average Final Monthly Salary is the average of all salaries earned by all retirees in the last year of employment prior to retirement.

CalPERS Public Agency Employers

Contract Actions Summary

On June 30, 2003, 1,483 public agency contracts provided retirement, death, and survivor benefits for employees of 57 county superintendents of schools; four school district offices; 443 cities and towns; 36 counties; and 943 districts and other public agencies. The 57 county superintendents of schools contracts provide benefits for 1,056 school districts, bringing the total number of public agency employers to 2,539.

	Added	Merged	Terminated	Total
County Superintendents of Schools (for 1,056 school districts)	—	—	—	57
Los Angeles City Schools and Community College Districts	—	—	—	2
Los Angeles County Superintendents of Schools and San Diego County Superintendent of Schools	—	—	—	2
Cities/Towns	2	—	—	443
Counties	—	—	—	36
Districts and Other Public Agencies	35	-1	-1	943
Total Public Agency Contracts	37	-1	-1	1,483

Amendments

Public agency contracts vary depending upon the member categories covered, the formula the agency elects to provide, and the optional benefit provisions selected from the group of approximately 63 benefits. These optional benefits may be provided at the time the original contract is established or they may be added later through the contract amendment process.

During the 2002-03 fiscal year, 581 benefit changes were made through 398 contract amendments. The benefit formula changes for public agencies included: 67 to provide the 2.7% at 55 formula for miscellaneous members; 45 to provide the 2.5% at 55 formula for miscellaneous members; 43 to provide the 3% at 60 formula for miscellaneous members; 27 to provide the 2% at 55 formula for miscellaneous members; 56 to provide the 3% at 50 formula for safety members; 29 to provide the 3% at 55 formula for safety members; and eight to provide the 2% at 50 formula for safety members. There were no new optional benefits added during the year.

Two Years of Additional Service Credit—The Golden Handshake

Contracting agencies can amend their contracts to provide additional service credit if there are impending mandatory transfers, layoffs, or demotions. Eligible employees who retire within a 90- to 180-day window

period established by the employer receive two years additional service credit. The county schools can also contract for this benefit when there is an impending curtailment of, or change in the manner of performing services, and their best interest would be served by granting the additional service credit. Once the contract is amended, the employer may establish additional window periods.

In the 2002-03 fiscal year, 14 public agencies amended their contracts to provide the two years of additional service credit and 20 additional window periods were established. The County Offices of Education established 67 additional window periods for the Golden Handshake benefit.

Popular Benefit Amendments

2% at 55 Local Misc. Formula	27 amendments
2.5% at 55 Local Misc. Formula	45 amendments
2.7% at 55 Local Misc. Formula	67 amendments
3% at 50 Local Safety Formula	56 amendments
3% at 55 Local Safety Formula	29 amendments
3% at 60 Local Misc. Formula	43 amendments
One Year Final Compensation	46 amendments
Military Service Credit/Pub. Service	44 amendments
Military Service Credit/Prior Service	32 amendments
Pre-Retirement Optional Settlement 2 Death Benefit	23 amendments

CalPERS Public Agency Employers

Mergers

The Northridge Water District merged with the Arcade Water District, a non-CalPERS agency, creating the Sacramento Suburban Water District, effective September 30, 2002.

Terminations

During the year, the Descanso Community Water District terminated their contract.

New Contracts

During the 2002-03 fiscal year, 37 additional agencies contracted with CalPERS for retirement, death, and survivor benefits. The new contracting agencies are:

Effective Date	Public Agency	Miscellaneous Member Formula	Safety Member Formula
7/01/02	Alta California Regional Center	2% at 60	
7/01/02	Contra Costa Community College District		2% at 50
7/01/02	Humboldt Waste Management Authority	2% at 55	
7/18/02	Hopland Public Utility District	2% at 55	
7/28/02	Plumas Local Agency Formation Commission	2% at 55	
8/01/02	Westborough Water District	2% at 55	
8/31/02	Butte County Association of Governments	2% at 55	
9/01/02	Silicon Valley Animal Control Authority	2% at 55	
9/30/02	Sacramento Suburban Water District	3% at 60	
10/01/02	Redwood Coast Regional Center	2% at 60	
10/04/02	Rosamond Community Services District	2% at 60	
10/05/02	Stallion Springs Community Services District	2% at 60	2% at 55
10/06/02	Yolo County In-Home Supportive Services Public Authority	2% at 55	
10/14/02	Regional Center of the East Bay, Inc.	2% at 60	
10/14/02	Bolinas Fire Protection District	2% at 55	
10/16/02	College of the Canyons Foundation	2% at 55	
10/16/02	North Bay Developmental Disabilities Services, AKA North Bay Regional Center	2% at 60	
10/16/02	Foresthill Public Utility District	3% at 60	
10/20/02	Esparto Fire Protection District	2% at 55	
11/01/02	Far Northern Regional Center	2% at 60	
12/01/02	Aliso Viejo, City of	2% at 55	
12/02/02	Goleta, City of	2% at 55	
12/16/02	Lake Hemet Municipal Water District	2% at 55	
1/01/03	Santa Monica Community College District		3% at 55
3/01/03	Lake Arrowhead Community Services District	2% at 55	
3/01/03	Housing Authority of the City of Eureka	2.7% at 55	
3/01/03	Rosedale-Rio Bravo Water Storage District	3% at 60	
3/01/03	North Kern-South Tulare Hospital District	2% at 60	
3/03/03	Municipal Water District of Orange County	2% at 55	
3/16/03	California Redevelopment Association	2% at 55	
4/01/03	Pasadena Unified School District		3% at 50
4/01/03	Santa Ana Unified School District		3% at 50
4/26/03	Butte County In-Home Supportive Services Public Authority	2% at 55	
5/01/03	California Special Districts Association	2% at 60	
6/19/03	South Tahoe Public Utility District	2% at 55	
6/20/03	Bella Vista Water District	2% at 60	
6/28/03	Colfax Cemetery District	2% at 60	

CalPERS Public Agency Employers

Reciprocal Systems

Reciprocity is a valuable addition to the CalPERS benefit package. Its purpose is to encourage career public service by allowing members to move between employers under different public retirement systems without losing their retirement and related benefits. The following retirement systems have reciprocity with CalPERS.

Counties Under the County Employees' Retirement Law of 1937

Alameda	Sacramento
Contra Costa	San Bernardino
Fresno	San Diego
Imperial	San Joaquin
Kern	San Mateo
Los Angeles	Santa Barbara
Marin	Sonoma
Mendocino	Stanislaus
Merced	Tulare
Orange	Ventura

The University of California Retirement Plan (UCRP)

Reciprocal Public Retirement Systems

California Administrative Services Authority
 Concord, City of
 Contra Costa Water District
 Costa Mesa, City of (safety only)
 East Bay Municipal Utility District
 East Bay Regional Park District (safety only)
 Fresno Employees Retirement System
 Fresno Fire and Police Retirement System
 Long Beach Schools Business Management Authority
 Los Angeles, City of
 Los Angeles County Metropolitan Transportation Authority
 (Non-Contract Employees' Retirement Income Plan)
 Oakland, City of (non-safety only)
 Pasadena, City of (fire and police only)
 Sacramento, City of
 San Clemente, City of (non-safety only)
 San Diego, City of
 San Francisco, City and County of
 San Jose, City of
 San Luis Obispo, County of

Systems with Limited Reciprocity

Judges' Retirement System
 Legislators' Retirement System
 California State Teachers' Retirement System

Participating Public Agencies by Type

Total number of CalPERS members for each agency follows its name.

County Superintendents of Schools

Alameda - 10,980	Orange - 21,841
Alpine - 33	Placer - 2,805
Amador - 200	Plumas - 341
Butte - 2,479	Riverside - 14,682
Calaveras - 488	Sacramento - 12,053
Colusa - 259	San Benito - 538
Contra Costa - 7,133	San Bernardino - 17,690
Del Norte - 191	San Diego - 25,902
El Dorado - 1,670	San Joaquin - 5,579
Fresno - 8,933	San Luis Obispo - 2,202
Glenn - 377	San Mateo - 4,765
Humboldt - 1,550	Santa Barbara - 3,702
Imperial - 2,069	Santa Clara - 13,479
Inyo - 257	Santa Cruz - 2,405
Kern - 8,578	Shasta - 1,988
Kings - 1,448	Sierra - 57
Lake - 777	Siskiyou - 696
Lassen - 373	Solano - 3,033
Los Angeles - 79,402	Sonoma - 3,859
Madera - 1,206	Stanislaus - 5,215
Marin - 1,889	Sutter - 706
Mariposa - 179	Tehama - 778
Mendocino - 1,473	Trinity - 254
Merced - 3,020	Tulare - 5,149
Modoc - 218	Tuolumne - 470
Mono - 182	Ventura - 6,183
Monterey - 4,326	Yolo - 1,452
Napa - 1,307	Yuba - 908
Nevada - 728	

Total - 57

School District Offices

Los Angeles Unified School District - 41,381
 Los Angeles Community College District - 2,876
 Los Angeles County Office of Education - 3,596
 San Diego County Office of Education - 1,061

Total - 4

CalPERS Public Agency Employers

Counties

Alpine - 109	Kings - 1,666	Placer - 3,167	Siskiyou - 1,012
Amador - 646	Lake - 1,243	Plumas - 639	Solano - 3,795
Butte - 2,816	Lassen - 627	Riverside - 19,319	Sutter - 1,272
Calaveras - 617	Madera - 1,575	San Benito - 635	Tehama - 1,191
Colusa - 410	Mariposa - 396	San Francisco City & County ¹ - 1,523	Trinity - 717
Del Norte - 675	Modoc - 524	Santa Clara - 20,212	Tuolumne - 1,473
El Dorado - 2,459	Mono - 381	Santa Cruz - 3,391	Yolo - 2,292
Glenn - 670	Monterey - 6,139	Shasta - 2,287	Yuba - 1,234
Humboldt - 2,439	Napa - 1,652	Sierra - 154	
Inyo - 589	Nevada - 1,415		Total - 36

Cities

Adelanto - 124	Blue Lake - 10	Colusa - 51	Escalon - 49
Agoura Hills - 45	Blythe - 130	Commerce - 187	Escondido - 1,093
Alameda - 845	Bradbury - 3	Compton - 743	Etna - 9
Albany - 103	Brawley - 178	Concord - 711	Eureka - 320
Alhambra - 658	Brea - 508	Corcoran - 91	Exeter - 43
Aliso Viejo - 6	Brentwood - 289	Corning - 51	Fairfax - 63
Alturas - 30	Brisbane - 133	Corona - 983	Fairfield - 679
American Canyon - 84	Buellton - 21	Coronado - 351	Farmersville - 38
Anaheim - 3,092	Buena Park - 427	Corte Madera - 91	Fillmore - 53
Anderson - 67	Burbank - 1,652	Costa Mesa - 967	Firebaugh - 59
Angels - 47	Burlingame - 334	Cotati - 58	Folsom - 631
Antioch - 460	Calabasas - 104	Covina - 312	Fontana - 619
Apple Valley - 87	Calexico - 264	Crescent City - 85	Fort Bragg - 76
Arcadia - 436	California City - 107	Cudahy - 33	Fortuna - 87
Arcata - 138	Calimesa - 13	Culver City - 913	Fountain Valley - 313
Arroyo Grande - 118	Calipatria - 26	Cupertino - 205	Fowler - 33
Artesia - 54	Calistoga - 65	Cypress - 235	Fremont - 1,208
Arvin - 50	Camarillo - 167	Daly City - 854	Fullerton - 762
Atascadero - 170	Campbell - 225	Dana Point - 59	Galt - 200
Atherton - 91	Canyon Lake - 7	Davis - 566	Garden Grove - 867
Atwater - 153	Capitola - 105	Del Mar - 79	Gardena - 533
Auburn - 120	Carlsbad - 762	Del Rey Oaks - 14	Gilroy - 332
Avalon - 68	Carmel-By-The-Sea - 130	Desert Hot Springs - 80	Glendale - 2,401
Avenal - 36	Carpinteria - 49	Diamond Bar - 65	Glendora - 258
Azusa - 412	Carson - 405	Dinuba - 188	Goleta - 17
Bakersfield - 1,512	Cathedral City - 239	Dixon - 124	Gonzales - 46
Baldwin Park - 648	Cerritos - 569	Dos Palos - 37	Grand Terrace - 70
Banning - 194	Chico - 440	Downey - 551	Grass Valley - 134
Barstow - 156	Chino - 497	Duarte - 70	Greenfield - 45
Beaumont - 83	Chowchilla - 78	Dublin - 106	Gridley - 53
Bell - 192	Chula Vista - 1,314	Dunsmuir - 15	Grover Beach - 87
Bell Gardens - 179	Citrus Heights - 66	East Palo Alto - 82	Guadalupe - 53
Bellflower - 134	Claremont - 270	El Cajon - 758	Gustine - 24
Belmont - 189	Clayton - 40	El Centro - 336	Half Moon Bay - 75
Belvedere - 28	Clearlake - 69	El Cerrito - 200	Hanford - 278
Benicia - 303	Cloverdale - 61	El Monte - 542	Hawaiian Gardens - 97
Berkeley - 2,067	Clovis - 741	El Segundo - 444	Hawthorne - 559
Beverly Hills - 1,138	Coachella City - 73	Elk Grove - 36	Hayward - 1,122
Biggs - 9	Colma - 57	Emeryville - 86	Healdsburg - 148
Bishop - 42	Colton - 448	Encinitas - 274	Hemet - 388

NOTE:

¹ This agency has both city and county employees and is listed in both areas; however, it is included only in the “total” count of the Cities category.

CalPERS Public Agency Employers

Cities

Hercules - 180	Los Altos Hills - 27	Pacifica - 291	San Carlos - 188
Hermosa Beach - 209	Los Banos - 156	Palm Desert - 198	San Clemente - 59
Hesperia - 119	Los Gatos - 262	Palm Springs - 587	San Dimas - 94
Hidden Hills - 5	Loyalton - 3	Palmdale - 375	San Fernando - 169
Highland - 36	Lynwood - 347	Palo Alto - 1,398	San Francisco - 1,523
Hillsborough - 130	Madera - 321	Palos Verdes Estates - 88	San Gabriel - 206
Hollister - 214	Malibu - 69	Paradise - 121	San Jacinto - 107
Hughson - 39	Mammoth Lakes - 114	Paramount - 147	San Joaquin - 20
Huntington Beach - 1,239	Manhattan Beach - 334	Parlier - 37	San Jose - 15
Huntington Park - 234	Manteca - 390	Pasadena - 2,206	San Leandro - 561
Imperial - 44	Marina - 118	Paso Robles - 194	San Luis Obispo - 467
Imperial Beach - 98	Martinez - 64	Patterson - 73	San Marcos - 230
Indian Wells - 42	Marysville - 94	Perris - 82	San Marino - 136
Indio - 238	Maywood - 84	Petaluma - 429	San Mateo - 740
Industry - 42	Menlo Park - 367	Pico Rivera - 211	San Pablo - 171
Inglewood - 1,084	Merced - 505	Piedmont - 133	San Ramon - 258
Ione - 22	Mill Valley - 207	Pinole - 156	Sand City - 32
Irvine - 144	Millbrae - 213	Pismo Beach - 116	Sanger - 149
Irwindale - 90	Milpitas - 613	Pittsburg - 322	Santa Ana - 2,057
Jackson - 39	Mission Viejo - 158	Placentia - 163	Santa Barbara - 1,595
King City - 61	Modesto - 1,360	Placerville - 104	Santa Clara - 1,201
Kingsburg - 73	Monrovia - 358	Pleasant Hill - 187	Santa Clarita - 506
La Canada Flintridge - 38	Montague - 7	Pleasanton - 609	Santa Cruz - 1,101
La Habra - 558	Montclair - 289	Pomona - 867	Santa Fe Springs - 260
La Habra Heights - 20	Monte Sereno - 11	Port Hueneme - 164	Santa Maria - 570
La Mesa - 314	Montebello - 702	Porterville - 316	Santa Monica - 2,429
La Mirada - 114	Monterey - 626	Portola - 15	Santa Paula - 170
La Palma - 111	Monterey Park - 462	Portola Valley - 15	Santa Rosa - 1,460
La Puente - 57	Moorpark - 85	Poway - 319	Santee - 168
La Quinta - 97	Moraga - 31	Rancho Cucamonga - 468	Saratoga - 97
La Verne - 198	Moreno Valley - 516	Rancho Mirage - 102	Sausalito - 157
Laguna Beach - 312	Morgan Hill - 233	Rancho Palos Verdes - 122	Scotts Valley - 112
Laguna Hills - 50	Morro Bay - 147	Red Bluff - 133	Seal Beach - 125
Laguna Niguel - 96	Mountain View - 871	Redding - 940	Seaside - 204
Laguna Woods - 9	Mt. Shasta - 44	Redlands - 581	Sebastopol - 56
Lake Elsinore - 70	Murrieta - 168	Redondo Beach - 688	Selma - 161
Lake Forest - 66	Napa - 486	Redwood City - 869	Shafter - 135
Lakeport - 61	National City - 405	Reedley - 132	Shasta Lake - 53
Lakewood - 315	Needles - 194	Rialto - 423	Sierra Madre - 89
Lancaster - 479	Nevada City - 30	Richmond - 1,093	Signal Hill - 168
Larkspur - 73	Newark - 315	Ridgecrest - 153	Simi Valley - 759
Lathrop - 82	Newman - 50	Rio Vista - 53	Solana Beach - 82
Lawndale - 109	Newport Beach - 1,058	Ripon - 20	Soledad - 45
Lemon Grove - 71	Norco - 157	Riverbank - 68	Solvang - 43
Lemoore - 132	Norwalk - 299	Riverside - 2,421	Sonoma - 109
Lincoln - 144	Novato - 307	Rocklin - 361	Sonora - 55
Lindsay - 110	Oakdale - 100	Rohnert Park - 244	South El Monte - 82
Live Oak - 26	Oakland - 5,555	Rolling Hills - 5	South Gate - 587
Livermore - 621	Oakley - 15	Rolling Hills Estates - 43	South Lake Tahoe - 274
Livingston - 66	Oceanside - 1,190	Rosemead - 48	South Pasadena - 187
Lodi - 637	Ojai - 51	Roseville - 1,214	South San Francisco - 584
Loma Linda - 108	Ontario - 1,132	Ross - 21	St. Helena - 85
Lomita - 62	Orange - 828	Sacramento - 4,957	Stanton - 70
Lompoc - 469	Orange Cove - 18	Salinas - 560	Stockton - 2,226
Long Beach - 6,359	Orland - 39	San Anselmo - 105	Suisun City - 131
Loomis - 12	Oroville - 145	San Bernardino - 1,732	Sunnyvale - 1,322
Los Alamitos - 78	Oxnard - 2,317	San Bruno - 318	Susanville - 85
Los Altos - 212	Pacific Grove - 162	San Buenaventura - 868	Sutter Creek - 19

CalPERS Public Agency Employers

Cities

Taft - 151	Twentynine Palms - 54	Wasco - 65	Willows - 44
Tehachapi - 33	Ukiah - 205	Waterford - 18	Windsor - 82
Temecula - 203	Union City - 376	Watsonville - 457	Winters - 30
Temple City - 57	Upland - 360	Weed - 39	Woodlake - 46
Thousand Oaks - 525	Vacaville - 640	West Covina - 514	Woodland - 381
Tiburon - 52	Vallejo - 704	West Hollywood - 294	Woodside - 26
Torrance - 1,776	Vernon - 442	West Sacramento - 383	Yorba Linda - 133
Tracy - 547	Victorville - 498	Westlake Village - 19	Yountville - 30
Truckee - 121	Villa Park - 7	Westminster - 358	Yreka - 87
Tulare - 423	Visalia - 626	Westmorland - 7	Yuba City - 321
Tulelake - 14	Vista - 432	Whittier - 509	Yucaipa - 76
Turlock - 432	Walnut - 73	Williams - 23	Yucca Valley - 72
Tustin - 379	Walnut Creek - 592	Willits - 65	

Total - 443

Districts & Other Public Agencies

Academic Senate for California Community Colleges - 9	Association of California Water Agencies - 68
Access Services Incorporated - 86	Association of California Water Agencies - Joint Powers Insurance - 52
Agoura Hills and Calabasas Community Center - 12	Atascadero Cemetery District - 4
Alameda Alliance for Health - 178	Auburn Area Recreation and Park District - 68
Alameda Corridor Transportation Authority - 22	Auburn Public Cemetery District - 8
Alameda County Congestion Management Agency - 13	Avila Beach Community Services District - 1
Alameda County Fire Department - 264	Aztec Shops, Ltd., San Diego University - 101
Alameda County Law Library - 16	Baldwin Park Unified School District - 800
Alameda County Mosquito Abatement District - 14	Bard Water District - 18
Alameda County Schools Insurance Group - 9	Bardsdale Cemetery District - 2
Alameda County Transportation Authority - 11	Barstow Cemetery District - 4
Alameda County Waste Management Authority - 40	Bay Area Air Quality Management District - 400
Alameda County Water District - 249	Bay Area Library and Information System - 4
Albany Municipal Services Joint Powers Authority - 20	Beach Cities Health District - 104
Alhambra Redevelopment Agency - 7	Bear Mountain Recreation and Park District - 5
Aliso Water Management Agency - 8	Bear Valley Community Services District - 43
Alliance of Schools for Cooperative Insurance Programs - 13	Beaumont District Library - 7
Alpine Fire Protection District - 21	Beaumont-Cherry Valley Recreation and Park District - 7
Alta California Regional Center - 311	Beaumont-Cherry Valley Water District - 17
Alta Irrigation District - 39	Bella Vista Water District - 2
Altadena Library District - 21	Belvedere-Tiburon Library Agency - 17
Amador Rapid Transit District - 37	Ben Lomand Fire Protection District - 2
Amador Water Agency - 60	Benicia City Housing Authority - 20
American Canyon Fire District - 15	Bennett Valley Fire Protection District - 4
American River Flood Control District - 8	Big Bear Area Regional Wastewater Agency - 19
Anderson Cemetery District - 2	Big Bear City Airport District - 6
Anderson Fire Protection District - 6	Big Bear City Community Services District - 74
Angiola Water District - 5	Big Bear Municipal Water District - 15
Antelope Valley Mosquito and Vector Control District - 6	Bighorn-Desert View Water Agency - 2
Antelope Valley Schools Transportation Agency - 253	Black Gold Cooperative Library System - 22
Antelope Valley Transit Authority - 11	Blanchard/Santa Paula Public Library District - 10
Apple Valley Fire Protection District - 67	Bodega Bay Fire Protection District - 20
Aptos/La Selva Fire Protection Agency - 41	Bolinas Community Public Utility District - 5
Arbuckle-College City Fire Protection District - 4	Bolinas Fire Protection District - 3
Arcata Fire Protection District - 12	Bonita-Sunnyside Fire Protection District - 17
Area 12 Agency on Aging - 31	Boron Community Services District - 3
Armona Community Services District - 4	Borrego Springs Fire Protection District - 17
Arrowbear Park County Water District - 6	Borrego Water District - 11
Arroyo Grande District Cemetery - 6	Branciforte Fire Protection District - 3
Associated Students California State University, San Bernardino - 3	Brannan-Andrus Levee Maintenance District - 1
Association of Bay Area Governments - 132	

CalPERS Public Agency Employers

Districts & Other Public Agencies

- Broadmoor Police Protection District - 19
- Brooktrails Township Community Services District - 12
- Browns Valley Irrigation District - 13
- Buena Park Library District - 20
- Burney Basin Mosquito Abatement District - 1
- Burney Fire District - 6
- Burney Water District - 8
- Butte County Association of Governments - 8
- Butte County Air Quality Management District - 12
- Butte County In-Home Supportive Services Public Authority - 0
- Butte County Mosquito and Vector Control District - 19
- Butte Schools Self-Funded Programs - 2
- Byron-Bethany Irrigation District - 10
- Cachuma Operations and Maintenance Board - 16
- Cal Poly Pomona Foundation, Inc. - 389
- Calaveras County Water District - 81
- Calaveras Public Utility District - 7
- California Association for Park and Recreation Insurance - 3
- California Authority of Racing Fairs - 26
- California Bear Credit Union - 71
- California Fair Services Authority - 59
- California Fairs Financing Authority - 51
- California Firefighter Joint Apprenticeship Committee - 32
- California Interscholastic Federation, Central Section - 3
- California Interscholastic Federation, Central Coast Section - 4
- California Interscholastic Federation, North Coast Section - 11
- California Interscholastic Federation, Northern Section - 1
- California Interscholastic Federation, Sac-Joaquin Section - 5
- California Interscholastic Federation, San Diego Section - 4
- California Interscholastic Federation, Southern Section - 17
- California Interscholastic Federation, State Office - 11
- California Joint Powers Insurance Authority - 22
- California Joint Powers Risk Management Authority - 5
- California Maritime Academy Foundation, Inc. - 3
- California Municipal Utilities Association - 4
- California Pines Community Services District - 7
- California Redevelopment Association - 9
- California School Boards Association - 146
- California Special Districts Association - 10
- California State and Federal Employees Credit Union No. 20 - 16
- California State University, Bakersfield Foundation - 112
- California State University Foundation - 26
- California State University, Fresno Association, Inc. - 157
- California State University, Fresno Athletic Corporation - 120
- California State University, Sacramento Foundation - 249
- California State University, Stanislaus Auxiliary and Business Services - 77
- Callayomi County Water District - 3
- Calleguas Municipal Water District - 75
- Camarillo Health Care District - 57
- Cambria Cemetery District - 1
- Cambria Community Healthcare District - 10
- Cambria Community Services District - 36
- Cameron Park Community Services District - 17
- Camrosa Water District - 25
- Capitol Area Development Authority - 57
- Carmel Highlands Fire Protection District of Monterey County - 1
- Carmel Valley Fire Protection District - 11
- Carmichael Water District - 32
- Carpinteria Sanitary District - 15
- Carpinteria Valley Water District - 17
- Casitas Municipal Water District - 56
- Castaic Lake Water Agency - 86
- Castro Valley Sanitary District - 14
- Castroville Water District - 7
- Cawelo Water District - 19
- Cayucos Sanitary District - 8
- Cayucos-Morro Bay Cemetery District - 3
- Central Basin Municipal Water District - 69
- Central Calaveras Fire and Rescue Protection District - 4
- Central Coast Computing Authority - 9
- Central Coast Water Authority - 39
- Central Contra Costa Transit Authority - 428
- Central Fire Protection District of Santa Cruz County - 69
- Central Marin Sanitation Agency - 37
- Central Sierra Planning Council - 5
- Central Valley Regional Center, Inc. - 338
- Central Water District - 4
- Chester Fire Protection District - 2
- Chester Public Utility District - 4
- Chico Area Recreation and Park District - 58
- Chino Basin Watermaster - 8
- Chino Valley Independent Fire District - 130
- Citrus Heights Water District - 30
- Clear Creek Community Services District - 12
- Clearlake Oaks County Water District - 21
- Clearlake Oaks Fire Protection District - 5
- Cloverdale Citrus Fair - 6
- Cloverdale Fire Protection District - 4
- Clovis Cemetery District - 13
- Coachella Valley Association of Governments - 27
- Coachella Valley Mosquito Abatement District - 63
- Coachella Valley Public Cemetery District - 6
- Coachella Valley Water District - 504
- Coalinga-Huron Cemetery District - 2
- Coalinga-Huron Mosquito Abatement District - 0
- Coalinga-Huron Recreation and Park District - 23
- Coalinga-Huron Unified School District Library District - 9
- Coast Life Support District - 6
- Coastal Developmental Services Foundation - 223
- Coastal Municipal Water District - 0
- Coastside County Water District - 20
- Colfax Cemetery District - 0
- College Town - 0
- College of the Canyons Foundation - 5
- Colusa Mosquito Abatement District - 4
- Community College League of California - 26
- Community Development Commission of Mendocino County - 39
- Community Development Commission of the City of National City - 43
- Compton Creek Mosquito Abatement District - 1
- Compton Unified School District - 1,913
- Conejo Recreation and Park District - 215
- Consolidated Mosquito Abatement District - 12

CalPERS Public Agency Employers

Districts & Other Public Agencies

Contra Costa Community College District - 861
Contra Costa County Law Library - 5
Contra Costa County Schools Insurance Group - 54
Contra Costa Transportation Authority - 20
Cooperative Personnel Services - 220
Copperopolis Fire Protection District - 6
Cordelia Fire Protection District of Solano County - 5
Corning Water District - 5
Cottonwood Fire Protection District - 2
Cottonwood Water District - 2
Crescent City Harbor District - 20
Crescenta Valley Water District - 33
Crestline Lake Arrowhead Water Agency - 11
Crockett-Valone Sanitary District - 1
CSAC Excess Insurance Authority - 29
Cucamonga County Water District - 125
Cutler Public Utility District - 4
Cutler-Orosi Joint Powers Wastewater Authority - 3
Cuyama Valley Recreation District - 1
Dairy Council of California - 94
Daly City Redevelopment Agency - 0
Deer Springs Fire Protection District - 0
Del Norte County Library District - 5
Del Paso Manor Water District - 3
Del Puerto Water District - 5
Del Rey Community Services District - 4
Delano Mosquito Abatement District - 6
Delta Vector Control District - 16
Denair Community Services District - 5
Desert Water Agency - 73
Diamond Springs/El Dorado Fire Protection District - 18
Dixon Unified School District Library District - 4
Donald P. and Katherine B. Loker University Student Union, Inc. - 12
Dougherty Regional Fire Authority - 4
Downey Cemetery District - 0
Dublin San Ramon Services District - 112
East Bay Dischargers Authority - 3
East Bay Regional Park District - 468
East Contra Costa Irrigation District - 21
East County Fire Protection District - 38
East Kern Airport District - 33
East Orange County Water District - 9
East Palo Alto Sanitary District - 11
East Quincy Services District - 6
East San Gabriel Valley Human Services Consortium - 93
East Valley Resource Conservation District - 13
East Valley Water District - 71
Eastern Municipal Water District - 585
Ebbetts Pass Fire Protection District - 21
El Dorado County Fire Protection District - 80
El Dorado County Transit Authority - 62
El Dorado Hills Community Services District - 42
El Dorado Hills County Water District - 49
El Dorado Irrigation District - 282
Elk Grove Community Services District - 307
Elsinore Valley Municipal Water District - 173
Encina Wastewater Authority - 77
Esparto Community Services District - 5
Esparto Fire Protection District - 2
Estero Municipal Improvement District - 310
Fair Oaks Recreation and Park District - 48
Fair Oaks Water District - 45
Fairfield-Suisun Sewer District - 24
Fall River Mills Community Services District - 3
Fallbrook Public Utility District - 79
Far Northern Regional Center - 167
Feather River Air Quality Management District - 11
Feather River Recreation and Park District - 34
Feather Water District - 5
Felton Fire Protection District - 2
Fern Valley Water District - 5
Florin County Water District - 8
Florin Resource Conservation District/Elk Grove Water Works - 15
Fontana Unified School District - 1,084
Foothill Municipal Water District - 9
Foresthill Public Utility District - 9
Forestville County Water District - 3
Forestville Fire Protection District - 6
Fort Bragg Fire Protection Authority - 5
Fort Ord Reuse Authority - 18
Forty-Niner Fire Protection District - 8
Fresno City Housing Authority - 183
Fresno County Housing Authority - 167
Fresno County Law Library - 5
Fresno Westside Mosquito Abatement District - 8
Fruitridge Fire Protection District - 0
Fullerton California State University Associated Students - 69
Fullton-El Camino Recreation and Parks District - 19
Galt Fire Protection District - 26
Garden Valley Fire Protection District - 4
Georgetown Divide Public Utility District - 25
Georgetown Fire Protection District - 15
Gilsizer County Drainage District - 6
Glen Ellen Fire Protection District - 5
Glendale College, Associated Students - 18
Glendale Community College District - 430
Glenn County Mosquito and Vector Control District - 1
Gold Ridge Fire Protection District - 2
Golden Gate Bridge Highway and Transportation District - 658
Golden Sierra Job Training Agency - 50
Goleta Sanitary District - 39
Goleta Water District - 73
Goleta West Sanitary District - 9
Great Basin Unified Air Pollution Control District - 31
Greater Anaheim Special Education Local Plan Area - 39
Greater Los Angeles County Vector Control District - 52
Greater Vallejo Recreation District - 46
Green Valley County Water District - 2
Gridley-Biggs Cemetery District - 5
Grossmont Healthcare District - 5
Grossmont Schools Federal Credit Union - 22
Groveland Community Services District - 29
Gualala Community Services District - 3
Halcumb Cemetery District - 0
Half Moon Bay Fire Protection District - 50

CalPERS Public Agency Employers

Districts & Other Public Agencies

Hamilton Branch Fire Protection District - 3
Happy Camp Sanitary District - 2
Happy Homestead Cemetery District - 2
Happy Valley Fire Protection District - 2
Hayward Area Recreation and Park District - 177
Hayward California State University, Auxiliary Foundation, Inc. - 190
Health Plan of San Joaquin - 105
Heartland Communications Facility Authority - 32
Heber Public Utility District - 10
Helix Water District - 167
Henry Miller Reclamation District No. 2131 - 31
Herald Fire Protection District - 1
Heritage Ranch Community Services District - 12
Hesperia County Water District - 46
Hesperia Fire Protection District - 56
Hi-Desert Water District - 47
Hidden Valley Lake Community Services District - 15
Higgins Area Fire Protection District - 20
Hilton Creek Community Services District - 2
Hopland Public Utility District - 2
Housing Authority of the City of Alameda - 17
Housing Authority of the City of Calxico - 31
Housing Authority of the City of Eureka - 20
Housing Authority of the City of Los Angeles - 1,549
Housing Authority of the County of Butte - 35
Housing Authority of the County of Santa Cruz - 87
Hub Cities Consortium - 66
Human Rights/Fair Housing Commission of the City and County of Sacramento - 29
Humboldt Bay Harbor Recreation and Conservation District - 18
Humboldt Bay Municipal Water District - 23
Humboldt Community Services District - 26
Humboldt County Association of Governments - 3
Humboldt Fire Protection District No. 1 - 22
Humboldt State College University Center - 72
Humboldt Transit Authority - 61
Humboldt Waste Management Authority - 4
Idyllwild Fire Protection District - 8
Independent Cities Association, Inc. - 0
Indian Wells Valley Water District - 32
Inland Counties Regional Center, Inc. - 619
Inland Empire Health Plan - 374
Inland Empire Utilities Agency - 280
Inland Empire West Resource Conservation District - 7
Intelcom Intelligent Telecommunications - 47
Intergovernmental Training and Development Center - 9
Inverness Public Utility District - 3
Irvine Child Care Project - 0
Irvine Ranch Water District - 370
Isla Vista Recreation and Park District - 14
Jamestown Sanitary District - 3
Janesville Fire Protection District - 0
June Lake Public Utility District - 8
Jurupa Area Recreation and Park District - 9
Jurupa Community Services District - 63
Kaweah Delta Water Conservation District - 27
Kelseyville Fire Protection District - 13
Kensington Community Services District - 13
Kentfield Fire District - 12
Kenwood Fire Protection District - 2
Kern County Cemetery District No. 1 - 9
Kern County Council of Governments - 22
Kern County Housing Authority - 135
Kern County Law Library - 4
Kern County Local Agency Formation Commission - 2
Kern Health Systems - 114
Kettleman City Community Services District - 4
Kings County Waste Management Authority - 82
Kings Mosquito Abatement District - 12
Kinneloa Irrigation District - 3
Kirkwood Meadows Public Utilities District - 11
La Branza Water District - 0
LaHabra Heights County Water District - 10
La Puente Valley County Water District - 10
Laguna Beach County Water District - 46
Lake Arrowhead Community Services District - 33
Lake County Vector Control District - 7
Lake Don Pedro Community Services District - 8
Lake Hemet Municipal Water District - 74
Lake Shastina Community Services District - 11
Lake Valley Fire Protection District - 31
Lakeport County Fire Protection District - 9
Lakeshore Fire Protection District - 12
Lakeside Fire Protection District - 91
Lakeside Water District - 10
Lamont Public Utility District - 3
Las Gallinas Valley Sanitary District - 13
Las Virgenes Municipal Water District - 150
Lassen County Waterworks District No. 1 - 1
League of California Cities - 112
Leucadia County Water District - 23
Levee District No. 1 of Sutter County - 2
Linda County Water District - 11
Linda Fire Protection District - 11
Linden-Peters Rural County Fire Protection District - 10
Lindsay Strathmore Public Cemetery District - 4
Little Lake Fire Protection District - 4
Littlerock Creek Irrigation District - 7
Live Oak Cemetery District - 3
Livermore City Housing Authority - 16
Livermore/Amador Valley Transit Authority - 13
Local and Sub-Regional Government Services Authority - 9
Lompico County Water District - 2
Long Beach City College Associated Student Body Enterprises - 31
Long Beach State University, Associated Students - 73
Long Beach State University, Forty-Niner Shops, Inc. - 88
Los Alamos Community Services District - 5
Los Angeles City Community Redevelopment Agency - 259
Los Angeles County Area 'E' Civil Defense and Disaster Board - 1
Los Angeles County Community Development Commission - 1,193
Los Angeles County Housing Authority - 26
Los Angeles County Law Library - 56
Los Angeles County Sanitation District No. 2 - 2,096

CalPERS Public Agency Employers

Districts & Other Public Agencies

Los Angeles County West Vector Control District - 42	Montecito Water District - 27
Los Angeles Memorial Coliseum Commission - 43	Monterey Bay Area Governments, Association of - 20
Los Angeles Regionalized Insurance Services Authority - 1	Monterey Bay Unified Air Pollution Control District - 42
Los Angeles to Pasadena Metro Blue Line Construction Authority - 14	Monterey County Water Resources Agency - 70
Los Gatos-Saratoga Department of Community Education and Recreation - 46	Monterey Peninsula Airport District - 58
Los Osos Community Services District - 33	Monterey Peninsula Regional Park District - 10
Lower Lake County Waterworks District No. 1 - 5	Monterey Peninsula Water Management District - 37
Lower Lake Fire Protection District - 2	Monterey Regional Waste Management District - 157
Lower Tule River Irrigation District - 32	Monterey Regional Water Pollution Control Agency - 93
Lucerne Recreation and Park District - 6	Monterey-Salinas Transit - 344
Madera Cemetery District - 19	Montezuma Fire Protection District - 9
Madera County Economic Development Commission - 1	Morongo Basin Transit Authority - 50
Madera County Mosquito and Vector Control District - 11	Mother Lode Job Training Agency - 42
Madera Housing Authority - 55	Moulton-Niguel Water District - 126
Main San Gabriel Basin Watermaster - 14	Mountain View Sanitary District of Contra Costa County - 16
Majestic Pines Community Services District - 3	Mountains Recreation and Conservation Authority - 211
Mammoth Lakes Fire District - 7	Mountain-Valley Library System - 5
Management of Emeryville Services Authority - 122	Mt. San Antonio College Auxiliary Services - 46
March Joint Powers Authority - 16	Municipal Water District of Orange County - 29
Marin Children and Families Commission - 4	Murphys Sanitary District - 5
Marin County Housing Authority - 99	Murrieta County Water District - 24
Marin County Sanitary District No. 1 - 21	Murrieta Fire Protection District - 32
Marin Healthcare District - 1	Napa County Mosquito Abatement District - 5
Marin Municipal Water District - 306	Napa County Resource Conservation District - 12
Marinwood Community Services District - 30	Napa Sanitation District - 45
Mariposa Public Utility District - 6	National Orange Show - 111
Maxwell Public Utility District - 3	Natomas Fire Protection District - 0
McCloud Community Services District - 13	Nevada Cemetery District - 3
McFarland Recreation and Park District - 7	Nevada County Consolidated Fire District - 45
McKinleyville Community Services District - 25	Nevada County Local Agency Formation Commission - 3
MEEKS Bay Fire Protection District - 6	Nevada Irrigation District - 182
Meiners Oaks County Water District - 4	Newcastle, Rocklin, Gold Hill Cemetery District - 5
Mendocino City Community Services District - 4	Newhall County Water District - 44
Mendocino Transit Authority - 62	Newport Beach City Employees Federal Credit Union - 6
Menlo Park Fire Protection District - 113	Nice Community Services District - 5
Merced County Housing Authority - 86	Niland Fire District - 1
Merced County Mosquito Abatement District - 14	Niland Sanitary District - 1
Merced Irrigation District - 205	Nipomo Community Services District - 11
Merritt College Associated Students, Inc. - 1	North Bay Cooperative Library System - 13
Mesa Consolidated Water District - 68	North Bay Developmental Disabilities Services, AKA North Bay Regional Center - 184
Metropolitan Cooperative Library System - 30	North Bay Schools Insurance Authority - 19
Metropolitan Transportation Commission - 155	North Central Counties Consortium - 12
Metropolitan Water District of Southern California - 2,218	North Coast County Water District - 23
Mid City Development Corporation - 2	North Coast Railroad Authority - 2
Mid-Peninsula Regional Open Space District - 102	North Coast Unified Air Quality Management District - 8
Mid-Peninsula Water District - 24	North County Fire Protection District of Monterey County - 34
Mid-Placer Public Schools Transportation Agency - 109	North County Fire Protection District of San Diego County - 83
Midway City Sanitary District - 35	North County Transit District - 744
Millview County Water District - 5	North Kern Cemetery District - 9
Minter Field Airport District - 10	North Kern-South Tulare Hospital District - 102
Mission Springs Water District - 46	North Kern Water Storage District - 25
Mojave Water Agency - 40	North Los Angeles County Regional Center - 496
Mokelumne Rural Fire District - 9	North Marin Water District - 67
Monte Vista County Water District - 42	North of the River Municipal Water District - 7
Montecito Fire Protection District - 52	North State Cooperative Library System - 7
Montecito Sanitary District of Santa Barbara County - 16	North Tahoe Fire Protection District - 54
	Northern California Power Agency - 169

CalPERS Public Agency Employers

Districts & Other Public Agencies

Northern California Special Districts Insurance Authority - 2
Northern Sierra Air Quality Management District - 10
Northstar Community Services District - 24
Northwest Mosquito and Vector Control District - 21
Novato Sanitary District - 30
Oakdale Irrigation District - 71
Oakdale Rural Fire Protection District - 10
Oakland City Housing Authority - 399
Oakland Unified School District - 2,958
Oceano Community Services District - 9
Ojai Valley Sanitary District - 22
Olcese Water District - 1
Olivenhain Municipal Water District - 91
Omnitrans - 957
Ophir Hill Fire Protection District - 2
Orange County Health Authority (CALOPTIMA) - 464
Orange County Transportation Commission - 18
Orange Cove Fire Protection District of Fresno and Tulare Counties - 1
Orchard Dale County Water District - 9
Orland Cemetery District - 3
Oro Loma Sanitary District - 59
Orosi Public Utility District - 5
Oroville Cemetery District - 8
Oroville Mosquito Abatement District - 1
Otay Water District - 222
Oxnard Drainage District No. 2 - 0
Oxnard Harbor District - 38
Pacific Fire Protection District - 2
Padre Dam Municipal Water District - 149
Pajaro Valley Fire Protection Agency - 0
Pajaro Valley Public Cemetery District - 6
Pajaro Valley Water Management Agency - 19
Palm Ranch Irrigation District - 4
Palmdale Water District - 90
Palo Verde Cemetery District - 9
Palo Verde Valley District Library - 5
Palos Verdes Library District - 55
Pasadena City College Bookstore - 13
Pasadena Unified School District - 1,435
Paso Robles City Housing Authority - 6
Patterson Irrigation District - 11
Pauma Valley Community Services District - 35
Peardale Chicago Park Fire Protection District - 2
Peninsula Fire Protection District - 8
Penn Valley Fire Protection District - 20
Personal Assistance Services Council - 22
Pico Water District - 16
Pine Cove Water District - 4
Pinedale County Water District - 6
Pioneer Cemetery District - 5
Pixley Irrigation District - 7
Placer Consolidated Fire Protection District - 29
Placer County Cemetery District No. 1 - 5
Placer County Mosquito Abatement District - 10
Placer County Resource Conservation District - 2
Placer County Transportation Commission - 10
Placer County Water Agency - 174
Placer Hills Fire Protection District - 11
Plain View Water District - 2
Planning and Service Area II Agency on Aging - 6
Pleasant Hill-Martinez Joint Facilities Agency - 170
Pleasant Hill Recreation and Park District - 61
Pleasant Valley County Water District - 6
Pleasant Valley Recreation and Park District - 92
Plumas Local Agency Formation Commission - 1
Point Montara Fire Protection District - 0
Pomona Valley Transportation Authority - 3
Pomona, California State Polytechnic University, Associated Students - 47
Port San Luis Harbor District - 29
Porter Vista Public Utility District - 2
Porterville Irrigation District - 5
Porterville Public Cemetery District - 13
Provident Central Credit Union - 1
Public Agency Risk Sharing Authority of California - 4
Public Entity Risk Management Authority - 9
Public Transportation Services Corporation - 2,109
Pupil Transportation Cooperative - 167
Purissima Hills County Water District - 9
Quartz Hill Water District - 18
Quincy Community Services District - 13
Rag Gulch Water District - 7
Rainbow Municipal Water District - 60
Ramona Municipal Water District - 76
Rancho Adobe Fire Protection District - 22
Rancho California Water District - 140
Rancho Cucamonga Fire Protection District - 101
Rancho Murieta Community Services District - 48
Rancho Santa Fe Fire Protection District - 71
Rancho Santiago Community College Associated Students - 4
Rancho Simi Recreation and Park District - 182
Reclamation District No. 3 - 2
Reclamation District No. 833 - 3
Reclamation District No. 999 - 4
Reclamation District No. 1000 - 12
Reclamation District No. 1001 - 14
Reclamation District No. 1660 - 0
Red Bluff Cemetery District - 5
Redevelopment Agency of the City of Fresno - 7
Redwood Coast Regional Center - 123
Redwood Empire Municipal Insurance Fund - 14
Redwood Empire School Insurance Group - 16
Reedley Cemetery District - 7
Regional Center of the East Bay, Inc. - 336
Regional Council of Rural Counties - 73
Regional Water Authority - 4
Rescue Fire Protection District - 6
Resort Improvement District No. 1 - 16
Richardson Bay Sanitary District - 6
Rincon Del Diablo Municipal Water District - 27
Rincon Valley Fire Protection District - 30
Rio Alto Water District - 7
Rio Linda Elverta Community Water District - 14
Rio Vista Cemetery District - 3
Riverbank City Housing Authority - 2

CalPERS Public Agency Employers

Districts & Other Public Agencies

Riverside County Air Pollution Control District - 0	San Francisco City and County Housing Authority - 434
Riverside County Citrus Pest Control District No. 2 - 6	San Francisco City and County Redevelopment Agency - 177
Riverside County Flood Control and Water Conservation District - 221	San Francisco Community College Bookstore Auxiliary - 18
Riverside County Law Library - 10	San Francisco County Law Library - 16
Riverside County Regional Park and Open Space District - 111	San Francisco County Transportation Authority - 26
Riverside County Transportation Commission - 36	San Francisco Health Authority - 98
Riverside County Waste Resources Management District - 126	San Gabriel County Water District - 21
Riverside Transit Agency - 503	San Gabriel Valley Council of Governments - 11
Riverview Water District - 8	San Gabriel Valley Mosquito and Vector Control District - 29
Rockville Cemetery District - 3	San Gabriel Valley Municipal Water District - 15
Rosamond Community Services District - 10	San Geronimo Pass Water Agency - 4
Rose Bowl Operating Company - 24	San Jacinto Valley Cemetery District - 11
Rosedale-Rio Bravo Water Storage District - 4	San Joaquin County Housing Authority - 116
Roseville Public Cemetery District - 10	San Joaquin County (Local Health District) - 162
Ross Valley Fire Service - 27	San Joaquin Delta Community College District - 489
Rowland Water District - 24	San Juan Water District - 51
Rubidoux Community Services District - 1	San Lorenzo Valley Water District - 30
Running Springs Water District - 38	San Luis Obispo - Cal Poly - Associated Students, Inc. - 107
Russian River Fire Protection District - 14	San Luis Obispo - Cal Poly Foundation - 397
Sacramento Area Council of Governments - 64	San Luis Obispo Council of Governments - 16
Sacramento City Housing Authority - 405	San Luis Obispo Regional Transit Authority - 10
Sacramento County Law Library - 27	San Luis Water District - 17
Sacramento Metropolitan Air Quality Management District - 93	San Mateo County Harbor District - 51
Sacramento Metropolitan Cable Television Commission - 14	San Mateo County In-Home Supportive Services Public Authority - 6
Sacramento Metropolitan Fire District - 727	San Mateo County Law Library - 4
Sacramento Municipal Utility District - 2,707	San Mateo County Schools Insurance Group - 13
Sacramento Public Library Authority - 394	San Mateo County Transit District - 962
Sacramento Regional Fire/EMS Communications Center - 79	San Mateo Local Agency Formation Commission - 2
Sacramento Suburban Water District - 41	San Miguel Consolidated Fire Protection District - 126
Sacramento Transportation Authority - 4	San Pablo City Housing Authority - 7
Sacramento-Yolo Mosquito and Vector Control District - 59	San Simeon Community Services District - 3
Salida Fire Protection District - 9	Sanger Cemetery District - 6
Salinas Rural Fire District - 29	Sanitary District No. 5 of Marin County - 10
Salton Community Services District - 21	Santa Ana River Flood Protection Agency - 0
Samoa Peninsula Fire Protection District - 0	Santa Ana Unified School District - 2,502
San Andreas Regional Center, Inc. - 287	Santa Ana Watershed Project Authority - 33
San Andreas Sanitary District - 6	Santa Barbara County Law Library - 3
San Benito County Water District - 35	Santa Barbara County Special Education Local Plan Area - 115
San Bernardino County Housing Authority - 129	Santa Barbara Regional Health Authority - 159
San Bernardino County Transportation Authority - 0	Santa Clara County Central Fire Protection District - 247
San Bernardino Economic Development Agency - 31	Santa Clara County Health Authority - 127
San Bernardino Valley Municipal Water District - 25	Santa Clara County Law Library - 6
San Bernardino Valley Water Conservation District - 13	Santa Clara County Schools Insurance Group - 7
San Bernardino, California State University, Foundation - 234	Santa Clara County Traffic Authority - 2
San Bernardino, California State University, Student Union - 12	Santa Clara Valley Transportation Authority - 992
San Diego Association of Governments - 115	Santa Clara Valley Water District - 966
San Diego County Law Library - 55	Santa Clarita Valley School Food Services Agency - 124
San Diego County Water Authority - 294	Santa Cruz Consolidated Emergency Communications Center - 84
San Diego Metropolitan Transit Development Board - 129	Santa Cruz County Law Library - 3
San Diego Rural Fire Protection District - 21	Santa Cruz Local Agency Formation Commission - 2
San Diego State University, Associated Students - 26	Santa Cruz Metropolitan Transit District - 377
San Diego Trolley, Inc. - 554	Santa Fe Irrigation District - 56
San Diego Unified School District - 8,525	Santa Margarita Water District - 162
San Dieguito Water District - 23	Santa Maria Public Airport District - 15
San Elijo Joint Powers Authority - 22	Santa Monica Community College District - 635
San Francisco Bay Area Rapid Transit District - 4,025	Santa Nella County Water District - 8

CalPERS Public Agency Employers

Districts & Other Public Agencies

Santa Paula City Housing Authority - 11
Santa Rosa Community Services District - 6
Santa Ynez River Water Conservation District, Improvement District No. 1 - 15
Saratoga Fire Protection District - 32
Sausalito-Marín City Sanitary District - 8
School Risk and Insurance Management Group - 7
Schools Excess Liability Fund - 7
Schools Insurance Authority - 71
Scotts Valley Fire Protection District - 30
Scotts Valley Water District - 15
Selma Cemetery District - 7
Selma-Kingsburg-Fowler County Sanitation District - 32
Serrano Water District - 12
Sewer Authority Mid-Coastside - 18
Sewerage Commission - Oroville Region - 9
Shafter Wasco Irrigation District - 10
Shasta Area Safety Communications Agency - 64
Shasta Community Services District - 4
Shasta Lake Fire Protection District - 10
Shasta Mosquito and Vector Control District - 14
Shasta Valley Cemetery District - 2
Shiloh Public Cemetery District - 3
Sierra Lakes County Water District - 6
Sierra-Sacramento Valley Emergency Medical Services Agency - 10
Silicon Valley Animal Control Authority - 11
Silveyville Cemetery District - 5
Solano County Mosquito Abatement District - 9
Solano County Water Agency - 7
Solano Irrigation District - 114
Solano Transportation Authority - 17
Soledad Community Health Care District - 1
Sonoma County Library - 175
Sonoma State Enterprises, Inc. - 20
Sonoma Student Union Corporation - 10
Soquel Creek Water District - 47
South Bay Regional Public Communications Authority - 85
South Bayside System Authority - 77
South Central Los Angeles Regional Center for Developmentally Disabled Persons - 273
South Coast Area Transit - 173
South Coast Water District - 72
South County Fire Protection Authority - 64
South East Regional Reclamation Authority - 13
South Kern Cemetery District - 5
South Lake County Fire Protection District - 5
South Orange County Wastewater Authority - 64
South Placer Fire District - 55
South Placer Municipal Utility District - 21
South San Joaquin Irrigation District - 74
South San Luis Obispo County Sanitation District - 13
South Tahoe Public Utility District - 5
Southeast Area Social Services Funding Authority - 80
Southern California Association of Governments - 224
Southern California Public Power Authority - 8
Southern California Regional Rail Authority - 237
Southern San Joaquin Municipal Utility District - 16
Southwest Transportation Agency - 93
Special District Risk Management Authority - 9
Squaw Valley Public Service District - 27
Stallion Springs Community Services District - 11
Stanislaus Consolidated Fire Protection District - 60
Stanislaus County Housing Authority - 98
State Bar of California - 858
State Water Contractors - 6
Stege Sanitary District - 14
Stinson Beach County Water District - 15
Stockton East Water District - 33
Stockton Unified School District - 1,523
Strawberry Recreation District - 16
Suisun Fire Protection District - 1
Suisun-Fairfield Cemetery District - 5
Suisun Resource Conservation District - 8
Summit Cemetery District - 9
Sunnyslope County Water District - 14
Susanville Consolidated Sanitary District - 11
Sutter Cemetery District - 10
Sutter County Housing Authority - 38
Sweetwater Authority - 155
Sweetwater Springs Water District - 12
Sylvan Cemetery District - 4
Tahoe City Public Utility District - 68
Tahoe Transportation District - 0
Tahoe-Truckee Sanitation Agency - 71
Tehachapi Valley Recreation and Park District - 8
Tehama County Mosquito Abatement District - 4
Templeton Community Services District - 13
Three Arch Bay Community Services District - 1
Three Valleys Municipal Water District - 25
Tiburon Fire Protection District - 29
Torrance City Redevelopment Agency - 0
Trabuco Canyon Water District - 32
Tracy Rural County Fire Protection District - 1
Transportation Agency for Monterey County - 14
Tri-City Mental Health Center - 429
Tri-Counties Association for the Developmentally Disabled - 340
Tri-County Schools Insurance Group - 7
Tri-Dam Housing and Personnel Agency - 24
Trinity County Waterworks District No. 1 - 5
Truckee Fire Protection District - 30
Truckee Sanitary District - 44
Truckee-Tahoe Airport District - 33
Tulare Mosquito Abatement District - 5
Tulare Public Cemetery District - 12
Tuolumne Utilities District - 68
Turlock Mosquito Abatement District - 14
Twentynine Palms Water District - 41
Twin Cities Police Authority - 54
Ukiah Valley Fire District - 9
Union Public Utility District - 7
Union Sanitary District - 156
United Water Conservation District - 72
Upland City Housing Authority - 33
Upper San Gabriel Valley Municipal Water District - 14

CalPERS Public Agency Employers

Districts & Other Public Agencies

Vacaville Fire Protection District - 7	West County Wastewater District - 59
Vacaville-Elmira Cemetery District - 15	West End Communications Authority - 2
Vallecitos Water District - 95	West Stanislaus Irrigation District - 20
Vallejo Sanitation and Flood Control District - 100	West Valley Sanitation District of Santa Clara County - 31
Valley Center Municipal Water District - 70	West Valley-Mission Community College District - 447
Valley County Water District - 23	West Valley Water District - 57
Valley Mountain Regional Center, Inc. - 384	Westborough Water District - 6
Valley of the Moon Water District - 23	Western Municipal Water District - 98
Valley Sanitary District - 20	Western Riverside Council of Governments - 23
Valley Springs Public Utility District - 3	Westlands Water District - 132
Valley-Wide Recreation and Park District - 78	Westwood Community Services District - 6
Vandenberg Village Community Services District - 13	Wheeler Ridge-Maricopa Water Storage District - 48
Ventura County Law Library - 7	Wildomar Cemetery District - 2
Ventura County Schools Business Services Authority - 10	Willow Creek Community Services District - 5
Ventura County Schools Self-Funding Authority - 7	Willows Cemetery District - 4
Ventura County Transportation Commission - 24	Wilton Fire Protection District - 1
Ventura Port District - 44	Windsor Fire Protection District - 13
Ventura River County Water District - 4	Winterhaven Water District - 2
Veterans Home of California Post Fund - 27	Winters Cemetery District - 3
Victor Valley Wastewater Reclamation Authority - 37	Winters Fire Protection District - 6
Victor Valley Water District - 55	Woodbridge Rural County Fire Protection District - 35
Visalia Public Cemetery District - 10	Woodlake Fire District - 3
Vista Irrigation District - 115	Woodside Fire Protection District - 50
Walnut Valley Water District - 63	Yolo County Communications Emergency Services Agency - 51
Walton Fire Protection District - 1	Yolo County Federal Credit Union - 92
Wasco Recreation and Park District - 7	Yolo County Housing Authority - 47
Washington Colony Cemetery District - 4	Yolo County In-Home Supportive Services Public Authority - 5
Water Facilities Authority - 8	Yolo County Public Agency Risk Management Insurance Authority - 8
Water Replenishment District of Southern California - 42	Yolo County Transportation District - 11
Weaverville Community Services District - 8	Yolo-Solano Air Quality Management District - 29
Weaverville Fire Protection District - 1	Yorba Linda Water District - 69
Weaverville Sanitary District - 2	Yuba County Water Agency - 28
West Almanor Community Services District - 2	Yuba Sutter Transit Authority - 3
West Basin Municipal Water District - 1	Yucaipa Valley Water District - 79
West Bay Sanitary District - 35	Yuima Municipal Water District - 9
West Cities Communication Center - 22	
West County Transportation Agency - 111	

Total - 943

Judges' Retirement System Program Data

Primary Benefits

The Judges' Retirement System (JRS) was established in 1937. The operational activities of the JRS were transferred from the State Controller's Office to CalPERS in 1979. Benefits payable through the JRS are financed by the General Fund, the payroll contributions of members, and the State's contribution as an employer. Both employer and members contribute at the rate of 8 percent of compensation.

Membership

The Judges' Retirement System provides retirement, death, health, and dental benefits for Supreme and Appellate Court Justices, Superior Court Judges, Municipal Court Judges, and beneficiaries.

Service Retirement

Retirement Age

Members must be at least age 60 with 20 years of service, or age 70 with at least 10 years of service.

Retirement Benefit Formula

The retirement allowance is a percentage of the current salary of the last judicial office held and is increased proportionally with active judicial salaries. The allowance is based on a member's age and years of service as follows:

Age	Years of Service	Retirement Allowance
60–70	20	75%
66	18	65%
67	16	65%
68	14	65%
69	12	65%
70	10	65%

Judges can work as long as they want and receive their full pension of either 65 percent or 75 percent (depending on credited service). In addition, a surviving spouse benefit of at least one-half of the judge's allowance is provided.

Deferred Retirement

Judges are eligible for deferred retirement at any age if they have at least five years of service. However, judges are not paid the allowance until they reach the age they would be eligible for normal retirement if they had remained in office. A judge must be at least age 63, or age 60 with 20 years of service, to receive a retirement allowance. The allowance is based on years of service multiplied by a percentage of the judge's final salary—varying from 2 percent for five years to 3.75 percent for 12 or more years of service. The maximum benefit they can receive is 75 percent of salary.

Disability Retirement (Non-Work Related)

Judges must apply to the Commission on Judicial Performance to receive a disability retirement. There is no age requirement.

The service requirement is four years. The retirement allowance is 65 percent of the judge's final salary, or 75 percent of their final salary if the judge has 20 or more years of service.

Judges' Retirement System Program Data

Disability Retirement (Work Related)

Judges receive the same amount as those for a non-work related disability. Any person becoming a judge between January 1, 1980 and December 31, 1988, must have at least two years of judicial service; or after January 1, 1989, must have four years of judicial service, unless the disability is a result of injury or disease arising out of and in the course of judicial service.

Death Benefits (Before Retirement)

Not Eligible to Retire

Spouses can receive 25 percent of current active judges' salary for life or return of contributions plus one month's salary, for each year of service not to exceed six months; or the surviving spouse can elect a monthly allowance for life or until remarriage, if the judge had paid an extra \$2 per month and had 10 to 20 years of service. This allowance would be equal to 1.625 percent of the salary multiplied by the number of years of service.

Eligible to Retire

Spouses receive one-half of what the retirement allowance would have been if the judge had retired on date of death, or at any time while in office, a judge can make an irrevocable election for their eligible surviving spouse or designated beneficiary to receive the survivor benefit (Option 2) in the event of the judge's pre-retirement death.

Death Benefits (After Retirement)

Spouses receive 50 percent of the retirement pension for life, or until remarriage, if the member retired with the standard retirement benefit formula, or on disability.

Judges who retire under Government Code Section 75033.5 may elect to take a reduced retirement allowance in order to enhance the survivor benefits to their spouse.

Cost-Of-Living Adjustments (COLA)

The allowance increases are based on the current salary of an active judge. Retirees receive the same increase as active judges.

Membership & Retirement Data Three-Year Review

	2003	2002	2001
Active Judges & Former Judges on Deferred Retirement	1,039	1,125	1,164
Total Active & Deferred Members	1,039	1,125	1,164
Retired Members & Death Benefit Allowances			
Service Retirement	609	601	598
Disability Retirement	51	52	55
Deferred Retirement	667	654	650
Optional Settlement	120	92	70
Pre-Retirement Survivor	76	77	76
Total Allowances	1,523	1,476	1,449

Active Members & Former Judges on Deferred Retirement

Active	941
Deferred Retirement	98
Total Active & Deferred Members	1,039

Benefit Recipients by Retirement Type

Category	Retired Judges	Survivors & Beneficiaries	Total
Service Retirement	313	296	609
Disability Retirement	51	—	51
Deferred Retirement	531	136	667
Optional Settlement	97	23	120
Pre-Retirement Survivor	N/A	76	76
Total	992	531	1,523

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$86,654,918
Disability Retirement	4,714,453
Beneficiary Death Benefits/Life Allowance	22,568,235
Total	\$113,937,606

Judges' Retirement System II Program Data

Primary Benefits

The Judges' Retirement System II (JRS II) was established in 1994 to create a fully funded, actuarially-sound retirement system for judges appointed or elected on or after November 9, 1994. This system provides a unique combination of two basic types of retirement benefits: a defined benefit plan and a monetary credit plan. The defined benefit plan provides a lifetime monthly retirement allowance of up to 75 percent of final compensation. The monetary credit plan allows for a refund of member contributions, a portion of the employer contributions, and interest. Members contribute at the rate of 8 percent of compensation.

Membership

The JRS II provides retirement, death, health, and dental benefits for Supreme and Appellate Court Justices, Superior Court Judges, Municipal Court Judges, first appointed or elected after November 9, 1994, and their beneficiaries.

Service Retirement

Retirement Age

Judges must be at least age 65 with 20 years of service or age 70 with a minimum of five years of service to receive the defined benefit plan. Judges must have at least five years of service to receive the monetary credit plan.

Retirement Formula

Defined Benefit Plan

This option provides a "defined benefit" of 3.75 percent of the highest 12-month average salary per year of service, up to 75 percent for judges reaching age 65 with at least 20 years of service. Optional settlements are available which reduce a judge's retirement allowance to provide a lifetime benefit for a surviving spouse upon death of the judge.

Monetary Credit Plan

This option provides a cash payment in a single lump sum, or the member may elect to receive an annuity at retirement based on the accumulated contributions of the employee and the employer. To receive the annuity a judge must meet the minimum qualifications required under the defined benefit plan. Lifetime benefits are not provided under this plan.

Disability Retirement (Non-Work Related)

Judges who have five years of service and become permanently disabled because of a mental or physical disability may apply to the Commission on Judicial Performance for disability retirement.

An allowance is based on the judge's age and will be the amount equal to the lower of the following:

- the monthly benefit of 3.75 percent of the final compensation multiplied by the number of years of service the judge would have been credited had the judge continued to work until the age the judge would have first been eligible to retire, or
- 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date.

Disability Retirement (Work Related)

Judges receive 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date, regardless of age or length of service.

Judges' Retirement System II Program Data

Death Benefits (Before Retirement)

Eligible for the Defined Benefit Plan

Spouses receive either the monthly retirement allowance equal to one-half of the judge's "defined benefit" plan allowance or the judge's monetary credits. Recent legislation also allows a judge, at any time while in office, to make an irrevocable election for their eligible surviving spouse to receive the maximum survivor benefit (Option 2) in the event of the judge's pre-retirement death.

Eligible for the Monetary Credit Plan

Spouses receive the judge's monetary credits or three times the annual salary at the time of death, whichever is greater.

Death Benefits (After Retirement)

Defined Benefit Plan

The surviving spouse of a retired judge who elected an Optional Settlement in the Defined Benefit Plan receives one of four options:

- Option 1—return of unused accumulated contributions;
- Option 2-4—the Optional Settlement Benefit, the amount varies based on option chosen by the member.

Monetary Credit Plan

If the judge elected to receive the Monetary Credit Plan in a lump sum, there are no survivor benefits. If the judge elected Monetary Credit Plan in an annuity, the spouse receives the remaining funds at the time of the judge's death.

Cost-Of-Living Adjustments (COLA)

The retirement allowance of retired judges who have elected the Defined Benefit Plan will be adjusted every January after the judge has been retired six months. The adjustment is based on the United States city

average of the "Consumer Price Index For All Urban Consumers," as published by the United States Bureau of Statistics. This adjustment will not be less than 1 percent or more than 3 percent.

Membership & Retirement Data

Three-Year Review

	2003	2002	2001
Active Judges	624	531	462
Total Members	624	531	462
Retired Members & Death Benefit Allowances			
Service Retirement	—	—	—
Disability Retirement	—	—	—
Optional Settlement	—	—	—
Pre-Retirement Survivor	3	1	1
Total Allowances	3	1	1

Active Judges

Active	624
Total Members	624

Benefit Recipients by Retirement Type

Category	Retired Judges	Survivors & Beneficiaries	Total
Service Retirement	—	—	—
Disability Retirement	—	—	—
Optional Settlement	—	—	—
Pre-Retirement Survivor	N/A	3	3
Total	—	3	3

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$ —
Disability Retirement	—
Beneficiary Death Benefits	307,365
Beneficiary Death Benefits/Life Allowance	—
Total	\$307,365

Legislators' Retirement System Program Data

Primary Benefits

CalPERS has administered the Legislators' Retirement System (LRS) since its inception in 1947. The duties of the Board with respect to administering the LRS are the same as for CalPERS on such items as determining membership and benefit rights, making investments, crediting interest, and obtaining information necessary for administration.

Benefits payable by the LRS are financed through member contributions, the State's contribution as an employer, and interest earned on investments. The employer statutory contribution rate was eliminated in January 2000, and the CalPERS Board is now authorized to establish actuarially determined rates.

When the actuarial value of the assets exceeds the present value of benefits, resulting in a 0 percent employer contribution rate, the Board may reduce the member contribution rates for the same fiscal year in which the State rate is 0 percent. For fiscal year 2003-04, the Board has determined that both the employer rate and the member rate will be 0 percent. Interest credited to the member's accounts is the net earnings rate of investments.

Proposition 140

Proposition 140, the Political Reform Act of 1990, requires that Legislators (Senators and Members of the Assembly) first elected after November 7, 1990 participate in the federal Social Security program and in no other retirement system.

Membership

Members of the Legislature serving prior to November 7, 1990, elected Constitutional Officers, and Legislative Statutory Officers are eligible for benefits.

Service Retirement

Retirement Age

The retirement age is 60, with four or more years of service credit, or any age with 20 or more years. The retirement age for Legislative Statutory Officers is 55, or any age with 20 years or more of service credit.

Members of the Legislature Benefit Formula

The retirement formula consists of three separate formulas that are totaled together to provide the members with their allowance. The first part of the formula consists of 5 percent of the first \$500 of salary up to 15 years of service. The second part is 3 percent per year of the same \$500 of salary for years in excess of 15 years. And finally, total years of service is multiplied by 3 percent per year of their salary above \$500. In no case may a member receive more than two-thirds of their salary.

Constitutional Officers' Benefit Formula

Five percent per year of service up to eight years (40 percent) of their highest salary. If the member has 24 or more years of service, the retirement allowance is 60 percent of their final salary.

Statutory Officers' Benefit Formula

Statutory Officers receive 3 percent per year of service, not to exceed 66 percent of final monthly compensation.

Early Retirement Options for Members of the Legislature & Constitutional Officers

Legislators and Constitutional Officers may retire before age 60 with 15 years of service. However, their retirement allowance is reduced by 2 percent for each year they retire before age 60.

Legislators' Retirement System Program Data

Disability Retirement

Disability retirement uses the same formula as service retirement. There is no reduction if retirement is before age 60 for members of the Legislature.

Death Benefits (Before Retirement)

Not Eligible to Retire

One month's salary for each year of service, plus the return of the member's contributions with interest payable to a survivor.

Eligible to Retire

If the member has elected one of the optional settlements, their beneficiary will receive the benefit provided by the option selected, calculated as if the date of death had been the date of retirement. In lieu of this benefit, the beneficiary may elect an allowance of one-half the unmodified retirement allowance, payable until death or remarriage.

Death Benefits While in Office

Beneficiaries receive a lump sum benefit in an amount equal to the annual compensation of an LRS member during the 12 months preceding the member's death, regardless of whether the member was eligible to retire.

Death Benefits (After Retirement)

Members choose between one of four options. The level of survivor benefit is based on the option chosen, without a reduction in allowance. Beneficiaries also receive a \$600 lump sum payment.

Cost-Of-Living Adjustments (COLA)

The annual COLA is determined by the Consumer Price Index.

Legislators' Retirement System Program Data

Membership & Retirement Data

Three-Year Review

	2003	2002	2001
Active & Inactive Members			
Members of the Legislature	38	47	48
Constitutional Officers	18	15	16
Legislative Statutory Officers	4	4	4
Total Members	60	66	68
Retired Members & Death Benefit Allowances			
Members of the Legislature			
Service	219	219	223
Disability	7	7	8
Pre-Retirement Option 2	2	2	2
Total Members of the Legislature	228	228	233
Constitutional Officers			
Service	26	25	29
Disability	1	1	1
Pre-Retirement Option 2	2	2	2
Total Constitutional Officers	29	28	32
Legislative Statutory Officers			
Service	7	7	7
Disability	—	—	—
Pre-Retirement Option 2	—	—	—
Total Legislative Statutory Officers	7	7	7
Total Allowances	264	263	272

Legislators' Retirement System Program Data

Active & Inactive Members

Category	Active	Inactive	Total
Members of the Legislature	7	31	38
Constitutional Officers	10	8	18
Legislative Statutory Officers	4	—	4
Total Members	21	39	60

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$6,440,641
Disability Retirement	196,795
Beneficiary Death Benefits	600
Beneficiary Death Benefits/Allowance	213,544
Total	\$6,851,580

Benefit Recipients by Type

Category	Retired Members	Survivors & Beneficiaries	Total
Members of the Legislature			
Service Retirement	126	93	219
Disability Retirement	3	4	7
Pre-Retirement Option 2	—	2	2
Total Members of the Legislature	129	99	228
Constitutional Officers			
Service Retirement	23	3	26
Disability Retirement	1	—	1
Pre-Retirement Option 2	—	2	2
Total Constitutional Officers	24	5	29
Legislative Statutory Officers			
Service Retirement	4	3	7
Disability Retirement	—	—	—
Pre-Retirement Option 2	—	—	—
Total Legislative Statutory Officers	4	3	7
Total	157	107	264

Volunteer Firefighters' Length of Service Award System Program Data

Primary Benefits

The Volunteer Firefighters' Length of Service Award System, administered through CalPERS, was established in 1980 as a way for fire departments to offer their volunteers monetary acknowledgment for their service. A fire department contracts with CalPERS to handle the administration of length of service benefits to its volunteers who follow the program guidelines. All costs for the program are paid for by department contributions. There are no contributions from volunteers. An actuarial valuation is conducted at the start of the contract to determine the contributions required.

Service Awards

A volunteer member with 20 or more years of service credit can receive \$1,200 annually for life (paid in monthly installments). The minimum award a volunteer can receive is \$600 annually for life for 10 years of service.

Membership Data

Three-Year Review

	2003	2002	2001
Active/Inactive Firefighters	3,483	3,294	3,149
Firefighters Receiving Awards	70	58	55
Total Members	3,553	3,352	3,204

Active & Inactive Members

Active/Inactive Firefighters	3,483
Firefighters Receiving Awards	70
Total Members	3,553

Benefit Payments by Type

Category	Amount Paid
Award Payments	\$76,957

Volunteer Firefighters' Length of Service Award System Program Data

Participating Agencies

American Canyon Fire Protection District	Olancha-Cartago Fire Department
Bethel Island Fire Protection District	Orange County Fire Department
Boulder Creek Fire Department	Palomar Mountain Volunteer Fire Department
Cambria Fire Department	Placerville Fire Department, City of
Ceres Department of Public Safety	Pleasant Valley Fire Protection District
Clearlake Oaks Fire Protection District	Pollock Pines/Camino Volunteer Fire Association
Coalinga Fire Department	Red Bluff Fire Department, City of
Coloma-Lotus Volunteer Fire Association	Ross Valley Fire Protection District
Columbia Fire Protection District	Sacramento Metropolitan Fire District
Corcoran Volunteer Fire Department	Samoa Peninsula Fire Protection District
Cresten Volunteer Fire Department	San Juan Bautista Fire Department
Diamond Springs Fire Department	San Mateo County Fire Department
El Dorado County Fire Protection District	San Ramon Valley Fire Protection District
Fairfield Volunteer Fire Department	Scott Valley Fire Protection District
Foothill Volunteer Fire Department	Sebastopol Fire Protection District
Fort Dick Fire Protection District	Shasta County Fire Department
Georgetown Volunteer Fire Department	Shasta Lake Fire Protection District
Gonzales Volunteer Fire Department	Shingle Springs Fire Department
Grass Valley Fire Department	Sierra Madre Fire Department
Hammond Ranch Fire Company	South Placer Fire District
Humboldt No. 1 Fire Department District	St. Helena Volunteer Fire Department
Idyllwild Fire Protection District	Susan River Fire Protection District
Julian Cuyamaca Fire Protection District	Sutter Creek Fire Protection District
Kentfield Fire Protection District	Templeton Community Service District - Fire Department
Lakeshore Fire Protection District	Town of Paradise Fire Department
Latrobe Fire Protection District	Truckee Fire Protection District
Long Valley Fire Protection District	Valley of the Moon Fire Protection District
Los Banos Fire Department, City of	Willow Creek Volunteer Fire Department
Marysville Fire Department	Willows Fire Department
Mt. Laguna Volunteer Fire Department	Woodland Fire Department
North Central Fire Protection District	

Total - 61

Other Programs



Health Benefits Program

Enrollments by Health Plan

	Basic			Supplemental			Total Enrollments
	Active	Retired	Total	Active	Retired	Total	
Blue Shield California	155,965	18,485	174,450	16	14,735	14,751	189,201
CAHP	5,886	2,212	8,098	0	1,495	1,495	9,593
CCPOA	4,864	496	5,360	0	81	81	5,441
Kaiser California	135,735	23,848	159,583	37	31,743	31,780	191,363
Kaiser Out-of-State	46	492	538	0	676	676	1,214
PERSCare	12,270	6,601	18,871	30	37,314	37,344	56,215
PERS Choice	70,317	17,018	87,335	9	12,564	12,573	99,908
PORAC	3,089	1,070	4,159	0	339	339	4,498
Western Health Advantage	1,739	106	1,845	0	181	181	2,026
Total	389,911	70,328	460,239	92	99,128	99,220	559,459

Five-Year Enrollments

	2003	2002	2001	2000	1999
Total Covered Lives—Employees, Annuitants, & Dependents	1,240,595	1,249,175	1,204,860	1,140,984	1,074,329
Total Prime Lives—Employees & Annuitants	559,459	560,668	536,208	504,478	472,345

Basic & Supplemental Health Plan Enrollments

Plan Type	Basic			Supplemental			Total Enrollments
	Active	Retired	Total	Active	Retired	Total	
PPO	82,587	23,619	106,206	39	49,878	49,917	156,123
Health Maintenance Association	293,485	42,931	336,416	53	47,335	47,388	383,804
	13,839	3,778	17,617	0	1,915	1,915	19,532
Total	389,911	70,328	460,239	92	99,128	99,220	559,459

Health Benefits Program

Participating Public Agency Summary

	2003	2002
Counties	29	27
Cities	314	295
Districts & Other Public Agencies	692	653
School Districts	114	109
Total	1,149	1,084

Participating Public Agencies by Type

Total number of CalPERS Health Benefits Program members for each agency follows its name.

Counties

Amador - 84	Napa - 734
Butte - 2,074	Nevada - 1,221
Calaveras - 444	Placer - 2,820
Colusa - 369	Riverside - 894
Contra Costa - 1,126	San Benito - 227
Glenn - 497	San Luis Obispo - 2,402
Humboldt - 1,697	Santa Cruz - 2,444
Inyo - 498	Shasta - 1,068
Lake - 819	Siskiyou - 741
Lassen - 368	Solano - 1,792
Madera - 1,107	Trinity - 561
Mariiposa - 425	Tuolumne - 111
Modoc - 23	Yolo - 1,612
Mono - 322	Yuba - 795
Monterey - 4,142	Total - 29

Cities

Agoura Hills - 41	Atwater - 122
Alameda - 810	Auburn - 91
Albany - 92	Avalon - 61
Alhambra - 437	Avenal - 3
Aliso Viejo - 6	Azusa - 247
American Canyon - 50	Baldwin Park - 248
Angels - 33	Barstow - 216
Antioch - 374	Bell - 142
Arcadia - 334	Bellflower - 111
Arroyo Grande - 115	Belmont - 148
Artesia - 47	Belvedere - 26
Atherton - 56	Beverly Hills - 1,001

Cities

Biggs - 8	Danville - 69
Bishop - 74	Davis - 394
Blythe - 126	Del Rey Oaks - 10
Brawley - 153	Diamond Bar - 34
Brea - 420	Dixon - 73
Brentwood - 216	Duarte - 67
Brisbane - 90	Dublin - 91
Buellton - 16	El Cajon - 473
Buena Park - 494	El Monte - 423
Burbank - 1,123	El Segundo - 475
Burlingame - 466	Elk Grove - 16
Calabasas - 74	Emeryville - 127
California City - 53	Encinitas - 186
Calimesa - 1	Escalon - 26
Camarillo - 137	Etna - 6
Campbell - 185	Eureka - 53
Canyon Lake - 3	Fairfax - 33
Capitola - 62	Fairfield - 1
Carlsbad - 642	Farmersville - 31
Carmel-By-The-Sea - 53	Firebaugh - 39
Carpinteria - 34	Folsom - 534
Carson - 459	Fort Jones - 3
Cathedral City - 207	Foster - Elected Officials - 0
Cerritos - 342	Fountain Valley - 340
Chino - 227	Fremont - 800
Chino Hills - 23	Fullerton - 119
Citrus Heights - 34	Garden Grove - 751
Claremont - 174	Gilroy - 268
Clayton - 23	Glendora - 177
Coachella City - 35	Goleta - 16
Colma - 51	Gonzales - 27
Colton - 150	Grass Valley - 114
Colusa - 38	Gridley - 51
Commerce - 259	Guadalupe - 30
Compton - 824	Half Moon Bay - 44
Concord - 576	Hanford - 194
Corona - 905	Hawaiian Gardens - 69
Coronado - 210	Hawthorne - 439
Corte Madera - 84	Hayward - 1,177
Costa Mesa - 713	Hercules - 66
Covina - 195	Hesperia - 65
Crescent City - 55	Hidden Hills - 3
Cudahy - 30	Highland - 22
Culver City - 1,017	Hillsborough - 181
Cupertino - 222	Hollister - 90
Cypress - 200	Hughson - 14
Daly City - 644	Huntington Park - 308
Dana Point - 26	Imperial Beach - 49

Health Benefits Program

Cities

Indian Wells - 47	Mission Viejo - 73	Rancho Santa Margarita - 15	Shasta Lake - 46
Indio - 240	Modesto - 153	Redlands - 497	Sierra Madre - 74
Inglewood - 991	Monrovia - 254	Redwood City - 750	Signal Hill - 164
Ione - 15	Montague - 5	Reedley - 114	Solana Beach - 55
Irwindale - 117	Monte Sereno - 4	Rialto - 438	Solvang - 35
Jackson - 37	Montebello - 563	Richmond - 1,226	South El Monte - 45
King City - 55	Monterey - 365	Ridgecrest - 73	South Gate - 367
La Canada Flintridge - 23	Monterey Park - 450	Rio Vista - 52	South Pasadena - 231
La Habra - 328	Moorpark - 56	Riverbank - 45	Stanton - 58
La Habra Heights - 15	Moreno Valley - 223	Rocklin - 269	Suisun City - 63
La Mesa - 299	Morgan Hill - 131	Rolling Hills - 7	Sunnyvale - 1,421
La Mirada - 113	Morro Bay - 117	Rolling Hills Estates - 32	Sutter Creek - 17
La Palma - 75	Mt. Shasta - 30	Rosemead - 57	Temecula - 97
La Puente - 54	Murrieta - 145	Roseville - 1,157	Temple City - 60
La Quinta - 74	Napa - 82	Ross - 20	Thousand Oaks - 503
Laguna Niguel - 53	Newark - 174	Salinas - 553	Thousand Oaks City - Excluded - 19
Laguna Woods - 7	Newport Beach - 632	San Anselmo - 73	Tiburon - 44
Lake Elsinore - 72	Norco - 143	San Bernardino - 1,644	Torrance - 1,582
Lake Forest - 48	Norwalk - 373	San Buenaventura - 678	Tracy - 193
Lakeport - 10	Novato - 165	San Carlos - 141	Tustin - 293
Lakewood - 125	Oakdale - 60	San Clemente - 182	Twentynine Palms - 33
Larkspur - 91	Oakland - 6,473	San Dimas - 62	Ukiah - 75
Lathrop - 57	Oceanside - 992	San Fernando - 213	Union City - 260
Lawndale - 44	Ojai - 44	San Francisco City and County - 129	Upland - 285
Lemon Grove - 58	Ontario - 1,171	San Gabriel - 171	Vacaville - 656
Lemoore - 87	Orange - 729	San Juan Capistrano - 93	Vallejo - 916
Lincoln - 136	Orinda - 33	San Leandro - 550	Villa Park - 12
Live Oak - 14	Orland - 32	San Luis Obispo - 297	Weed - 8
Lodi - 546	Oxnard - 579	San Marcos - 48	West Covina - 454
Loma Linda - 66	Pacific Grove - 121	San Marino - 136	West Hollywood - 192
Lomita - 54	Pacifica - 70	San Mateo - 850	West Sacramento - 76
Lompoc - 377	Palm Desert - 167	San Pablo - 152	Westlake Village - 8
Loomis - 8	Palm Springs - 136	San Rafael - 616	Westminster - 404
Los Alamitos - 75	Palmdale - 306	Sand City - 6	Williams - 22
Los Altos - 144	Palo Alto - 1,593	Santa Ana - 1,222	Willows - 36
Los Altos Hills - 23	Paradise - 123	Santa Barbara - 1,071	Winters - 16
Los Banos - 180	Paramount - 131	Santa Clara - 1,103	Woodlake - 22
Los Gatos - 178	Pasadena - 1,902	Santa Clarita - 237	Woodland - 345
Lynwood - 261	Patterson - 39	Santa Cruz - 862	Woodside - 12
Malibu - 38	Perris - 77	Santa Fe Springs - 362	Yorba Linda - 102
Mammoth Lakes - 75	Petaluma - 331	Santa Maria - 356	Yountville - 24
Manhattan Beach - 272	Pico Rivera - 216	Santa Monica - 1,820	Yreka - 46
Manteca - 352	Piedmont - 103	Santa Paula - 53	Yuba City - 241
Marina - 77	Pinole - 133	Santa Rosa - 373	Yucaipa - 41
Martinez - 61	Pismo Beach - 69	Saratoga - 68	Yuca Valley - 44
Marysville - 68	Placerville - 80	Sausalito - 81	
Maywood - 73	Pomona - 934	Scotts Valley - 80	
Menlo Park - 295	Port Hueneme - 29	Seal Beach - 120	
Millbrae - 135	Portola Valley - 11	Selma - 112	
Milpitas - 416	Rancho Palos Verdes - 48		

Total - 314

Health Benefits Program

Districts & Other Public Agencies

Academic Senate for California Community Colleges - 5	Blanchard/Santa Paula Public Library District - 9
Agoura Hills and Calabasas Community Center - 9	Bodega Bay Fire Protection District - 14
Alameda Corridor Transportation Authority - 17	Bonita-Sunnyside Fire Protection District - 24
Alameda County Congestion Management Agency - 6	Boulder Creek Fire Protection District - 2
Alameda County Fire Department - 328	Branciforte Fire Protection District - 4
Alameda County Law Library - 16	Brannan-Andrus Levee Maintenance District - 2
Alameda County Mosquito Abatement District - 28	Buena Park Library District - 28
Alameda County Schools Insurance Group - 3	Burney Cemetery District - 2
Alameda County Transportation Authority - 9	Butte County Air Quality Management District - 11
Alameda County Waste Management Authority - 34	Butte County In-Home Supportive Services Public Authority - 0
Alameda County Water District - 316	Butte County Law Library - 1
Albany Municipal Services Joint Powers Authority - 18	Cal Poly Pomona Foundation, Inc. - 244
Alhambra Redevelopment Agency - 4	Calaveras County Superior Court - 18
Aliso Water Management Agency - 0	Calaveras County Water District - 69
Alliance of Schools for Cooperative Insurance Programs - 12	Calaveras Public Utility District - 3
Alpine Springs County Water District - 3	California Administrative Services Authority - 75
Altadena Library District - 34	California Authority of Racing Fairs - 10
Amador Water Agency - 48	California Bear Credit Union - 33
American Canyon Fire District - 14	California Beef Council - 4
Anderson Cemetery District - 2	California Fair Services Authority - 36
Anderson Fire Protection District - 11	California Fairs Financing Authority - 38
Antelope Valley Mosquito and Vector Control District - 7	California Interscholastic Federation, Central Coast Section - 2
Apple Valley Fire Protection District - 56	California Interscholastic Federation, North Coast Section - 6
Aptos/La Selva Fire Protection Agency - 48	California Interscholastic Federation, Northern Section - 1
Arbuckle-College City Fire Protection District - 3	California Interscholastic Federation, Sac-Joaquin Section - 3
Arcade Water District - 0	California Interscholastic Federation, San Diego Section - 8
Arcata Fire Protection District - 23	California Interscholastic Federation, Southern Section - 21
Area 12 Agency on Aging - 14	California Interscholastic Federation, State Office - 13
Arrowbear Park County Water District - 7	California Joint Powers Insurance Authority - 19
Arroyo Grande District Cemetery - 4	California Maritime Academy Foundation, Inc. - 0
Associated Students California State University, San Bernardino - 4	California Municipal Utilities Association - 6
Association of Bay Area Governments - 67	California Prune Board - 7
Atascadero Cemetery District - 5	California State and Federal Employees Credit Union, No. 20 - 9
Auburn Public Cemetery District - 8	California State University, Bakersfield Foundation - 64
Aztec Shops, Ltd., San Diego University - 117	California State University, Fresno Association, Inc. - 172
Banning-Cabazon Cemetery District - 3	California State University, Fresno Athletic Corporation - 65
Bardsdale Cemetery District - 1	California State University, Fullerton Foundation - 108
Bay Area Air Quality Management District - 420	California State University, Long Beach Foundation - 172
Bay Area Library and Information System - 2	California State University, Los Angeles, Auxiliary Service - 205
Beach Cities Health District - 40	California State University, Los Angeles, USU Board - 20
Bear Mountain Recreation and Park District - 4	California State University, Stanislaus Auxiliary and Business Services - 51
Beaumont District Library - 5	Calleguas Municipal Water District - 79
Beaumont Public Cemetery District - 2	Camarillo Health Care District - 15
Beaumont-Cherry Valley Recreation and Park District - 1	Cambria Cemetery District - 1
Beaumont-Cherry Valley Water District - 18	Cambria Community Healthcare District - 5
Bella Vista Water District - 26	Cambria Community Services District - 44
Belvedere-Tiburon Joint Recreation - 1	Cameron Park Community Services District - 15
Belvedere-Tiburon Library Agency - 11	Capistrano Bay Community Services District - 6
Ben Lomond Fire Protection District - 3	Capitol Area Development Authority - 45
Benicia City Housing Authority - 12	Carmel Highlands Fire Protection District of Monterey County - 1
BETA Healthcare Group Risk Management Authority - 51	Carmel Valley Fire Protection District - 16
Big Bear Area Regional Wastewater Agency - 16	Carmel/Carmel Valley/Big Sur Ambulance - 8
Big Bear City Airport District - 5	Carpinteria Public Cemetery District - 1
Big Bear City Community Services District - 77	Castaic Lake Water Agency - 72
Black Gold Cooperative Library System - 11	

Health Benefits Program

Districts & Other Public Agencies

Castro Valley County Fire Protection District - 25	Del Norte County Library District - 3
Castro Valley Sanitary District - 23	Del Norte Healthcare District - 4
Castroville Water District - 5	Del Paso Manor Water District - 3
Cayucos Sanitary District - 5	Del Puerto Water District - 3
Cayucos-Morro Bay Cemetery District - 1	Del Rey Community Services District - 7
Central Contra Costa Transit Authority - 283	Delta Vector Control District - 17
Central Fire Protection District of Santa Cruz County - 90	Denair Community Services District - 3
Central Marin Sanitation Agency - 42	Desert Healthcare District - 11
Central Valley Fire Protection District - 0	Diamond Springs/El Dorado Fire Protection District - 24
Central Valley Regional Center, Inc. - 310	Dixon Housing Authority - 0
Channel Islands Beach Community Services District - 7	Dominguez Hills, CSU, Associated Students - 4
Chester Fire Protection District - 2	Dominguez Hills, CSU, Associated Students - Child Development Center - 4
Chester Public Utility District - 4	Dominguez Hills Foundation, California State University - 64
Chico Area Recreation and Park District - 27	Donald P. and Katherine B. Loker University Student Union, Inc. - 10
Chino Basin Watermaster - 2	Dougherty Regional Fire Authority - 15
Chino Valley Independent Fire District - 115	Dublin San Ramon Services District - 107
Chowchilla Cemetery District - 5	Dunnigan Water District - 3
Christian Valley Park Community Service District - 0	East Bay Dischargers Authority - 6
Clearlake Oaks County Water District - 0	East Bay Regional Park District - 47
Cloverdale Citrus Fair - 0	East Diablo Fire District - 41
Coachella Valley Association of Governments - 13	East Kern Airport District - 37
Coachella Valley Public Cemetery District - 7	East Palo Alto Sanitary District - 5
Coalinga-Huron Recreation and Park District - 11	East Quincy Services District - 5
Coastal Animal Services Authority - 8	East Valley Resource Conservation District - 0
Coastal Developmental Services Foundation - 188	East Valley Water District - 66
Coastal Municipal Water District - 0	Eastern Municipal Water District - 533
Coastal San Luis Resource Conservation - 0	Eastern Plumas Health Care District - 119
Colusa Mosquito Abatement District - 5	Eastern Sierra Community Service District - 5
Community College League of California - 15	Ebbetts Pass Fire Protection District - 18
Compton Creek Mosquito Abatement District - 1	El Camino Irrigation District - 4
Concord, City of - Retirement System - 52	El Dorado County Fire Protection District - 87
Conejo Recreation and Park District - 84	El Dorado County Transportation Commission - 0
Consolidated Area Housing Authority of Sutter County - 26	El Dorado Hills Community Services District - 10
Contra Costa County Law Library - 6	El Dorado Hills County Water District - 50
Contra Costa County Schools Insurance Group - 24	El Dorado Irrigation District - 262
Contra Costa Fire Protection District - 560	Elk Grove Community Services District - 172
Contra Costa Mosquito Vector Control District - 29	Emeryville Redevelopment Agency - 1
Contra Costa Special Education Local Plan Area - 11	Encinitas Fire Protection District - 28
Contra Costa Transportation Authority - 13	Encinitas Sanitary District - 1
Cooperative Personnel Services - 140	Esparto Community Services District - 0
Corning Water District - 5	Estero Municipal Improvement District - 243
Cottonwood Cemetery District - 2	Fair Oaks Cemetery District - 4
Cottonwood Fire Protection District - 3	Fair Oaks Fire District - 0
Crescent City Harbor District - 20	Fair Oaks Recreation and Park District - 18
Crestline Lake Arrowhead Water Agency - 11	Fairfield-Suisun Sewer District - 19
Crockett-Valona Sanitary District - 1	Fall River Mills Community Services District - 3
CSAC Excess Insurance Authority - 16	Fallbrook Healthcare District - 5
CSU Chico, Associated Students - 81	Feather River Air Quality Management District - 8
CSU Chico, Research Foundation - 110	Feather Water District - 2
Cutler-Orosi Joint Powers Wastewater Authority - 0	Felton Fire Protection District - 1
Cuyama Valley Recreation District - 0	Fern Valley Water District - 4
Cypress Recreation and Park District - 1	Florin County Water District - 8
Dairy Council of California - 37	Foothill/Eastern Transportation Corridor Agency - 86
Davis Cemetery District - 3	Foresthill Public Utility District - 13
Deer Springs Fire Protection District - 2	
Del Mar Manor Water District-Directors - 1	

Health Benefits Program

Districts & Other Public Agencies

Forestville Fire Protection District - 6	Indian Valley Health Care District - 65
Fort Bragg Fire Protection Authority - 4	Inland Empire Utilities Agency - 200
Fort Ord Reuse Authority - 11	Inland Empire West Resource Conservation District - 3
Forty-Niner Fire Protection District - 4	Intelcom Intelligent Telecommunications - 30
Fresno City Housing Authority - 133	Inverness Public Utility District - 6
Fresno County Housing Authority - 134	Ironhouse Sanitary District - 30
Fresno County Law Library - 6	Irvine Ranch Water District - 319
Fresno Irrigation District - 65	Jamestown Sanitary District - 5
Fresno-Madera Area Agency on Aging - 33	Judicial Council - 0
Fruitridge Fire Protection District - 4	Jurupa Community Services District - 57
Fullerton, CSU, Associated Students - 56	Kanawha Water District - 4
Fulton-El Camino Recreation and Park District - 17	Kensington Community Service District - 18
Galt Fire Protection District - 21	Kensington Fire Protection District - 10
Galt-Arno Cemetery District - 2	Kentfield Fire Protection District - 22
Georgetown Fire Protection District - 15	Kenwood Fire Protection District - 3
Gilsizer County Drainage District - 3	Kern County Council of Governments - 21
Glen Ellen Fire Protection District - 5	Kern County Housing Authority - 143
Glenn County Mosquito and Vector Control District - 2	Kern County Law Library - 4
Glenn-Colusa Irrigation District - 0	Kern Regional Center - 159
Gold Ridge Fire Protection District - 3	Kingsburg Cemetery District - 6
Golden Sierra Job Training Agency - 49	Kirkwood Meadows Public Utilities District - 12
Goleta Cemetery District - 5	Lake Don Pedro Community Services District - 12
Goleta West Sanitary District - 13	Lake Hemet Municipal Water District - 63
Great Basin Unified Air Pollution Control District - 26	Lake Valley Fire Protection District - 28
Greater Anaheim Special Education Local Plan Area - 18	Lakeside Fire Protection District - 96
Greater Los Angeles County Vector Control District - 53	Las Gallinas Valley Sanitary District of Marin County - 24
Gridley Biggs Cemetery District - 5	Lassen County Superior Court - 13
Grossmont Healthcare District - 9	Leucadia County Water District - 21
Grossmont Schools Federal Credit Union - 14	Levee District No. 1 of Sutter County - 1
Guerneville Fire Protection District-Elect - 0	Linda Fire Protection District - 9
Half Moon Bay Fire Protection District - 64	Linden-Peters Rural County Fire Protection District - 12
Hamilton Branch Fire Protection District - 2	Littlerock Creek Irrigation District - 6
Hamilton City Community Services District - 3	Live Oak Cemetery District - 2
Harbor Developmental Disabilities Foundation - 195	Livermore/Amador Valley Transit Authority - 13
Hayward, CSU, Auxiliary Foundation, Inc. - 144	Local Agency Formation Commission of San Luis Obispo County - 1
Heartland Communications Facility Authority - 4	Local and Subregional Government Services Authority - 6
Heritage Ranch Community Services District - 8	Lompoc Cemetery District - 5
Hesperia County Water District - 25	Lompoc Health Care District - 238
Hesperia Fire Protection District - 37	Long Beach State University, Associated Students - 47
Hesperia Recreation and Park District - 27	Long Beach State University, Forty-Niner Shops, Inc. - 85
Hidden Valley Lake Community Services District - 10	Los Angeles County Area 'E' Civil Defense and Disaster Board - 1
Higgins Area Fire Protection District - 10	Los Angeles County Housing Authority - 42
Hilton Creek Community Services District - 2	Los Angeles County Law Library - 62
Housing Authority of the City of Alameda - 0	Los Angeles County Sanitation District No. 2 - 2,420
Housing Authority of the City of Eureka - 17	Los Angeles County West Vector Control District - 36
Housing Authority of the City of Los Angeles - 682	Los Angeles Memorial Coliseum Commission - 43
Housing Authority of the County of Butte - 0	Los Osos Community Services District - 18
Housing Authority of the County of Santa Cruz - 69	Lower Tule River Irrigation District - 38
Hub Cities Consortium - 32	Lumberjack Enterprises, Inc. - 0
Humboldt County Association of Governments - 2	Madera Cemetery District - 25
Humboldt County Superior Court - 76	Madera County Economic Development Commission - 0
Humboldt No. 1 Fire Protection District of Humboldt County - 17	Majestic Pines Community Services District - 1
Humboldt State College University Center - 64	Mammoth Lakes Fire District - 7
Humboldt Transit Authority - 38	Management of Emeryville Services Authority - 94
Idyllwild Fire Protection District - 15	March Joint Powers Authority - 6

Health Benefits Program

Districts & Other Public Agencies

Marin County Housing Authority - 64
Marin County Sanitary District No. 1 - 17
Marin Health Care District - 1
Marin Municipal Water District - 351
Marinwood Community Services District - 30
Maxwell Public Utility District - 2
Mayers Memorial Hospital District - 152
McCloud Community Services District - 14
Meadow Vista County Water District - 5
Mendocino Coast Hospital District - 221
Menlo Park Fire Protection District - 130
Merced County Housing Authority - 59
Mesa Consolidated Water District - 58
Metropolitan Cooperative Library System - 17
Metropolitan Transportation Commission - 149
Metropolitan Water District of Southern California - 2,918
Mid-Carmel Valley Fire Protection District - 15
Midpeninsula Regional Open Space District - 70
Midway City Sanitary District - 40
Midway Heights Water District - 2
Millville Masonic and Odd Fellows Cemetery District - 1
Mission Valley Regional Occupation Program - 33
Mojave Desert Air Quality Management - 23
Mojave Water Agency - 35
Monte Vista County Water District - 24
Montecito Fire Protection District - 77
Monterey Bay Area Governments, Association of - 8
Monterey Bay Unified Air Pollution Control District - 27
Monterey Bay, CSU Foundation - 75
Monterey County Law Library - 1
Monterey County Water Resources Agency - 55
Monterey Peninsula Airport District - 43
Monterey Peninsula Regional Park District - 10
Monterey-Salinas Transit - 193
Moraga Fire Protection District - 0
Moraga-Orinda Fire Protection District - 122
Morongo Basin Transit Authority - 20
Moss Landing Harbor District - 9
Mt. View Sanitary District of Contra Costa County - 15
Mt. Diablo Health Care District - 5
Mt. San Antonio College Auxiliary Services - 59
Muir Beach Community Services District - 1
Murrieta County Water District - 16
Murrieta Fire Protection District - 39
Napa County Mosquito Abatement District - 8
Napa County Superior Court - 37
Napa Sanitation District - 60
Nevada Cemetery District - 3
Nevada County Consolidated Fire District - 23
Newport Beach City Employees Federal Credit Union - 5
Nipomo Community Services District - 10
North Bay Regional Center - 155
North Bay Schools Insurance Authority - 11
North Coast Railroad Authority - 1
North Coast Unified Air Quality Management District - 11
North County Fire Protection District of Monterey County - 43
North County Fire Protection District of San Diego County - 71
North County Transit District - 414
North Delta Water District - 1
North Los Angeles County Regional Center, Inc. - 328
North Marin Water District - 75
North State Cooperative Library System - 10
North Tahoe Fire Protection District - 53
Northern California Power Agency - 188
Northern California Special District Insurance Authority - 3
Northern Sierra Air Quality Management District - 8
Northridge Water District - 0
Northridge, CSU, Associated Students - 33
Northstar Community Services District - 19
Novato Fire Protection District - 149
Novato Sanitary District - 36
Oak Hill Cemetery District - 3
Oakland City Housing Authority - 356
Oceanside Small Craft Harbor District - 1
Ojai Valley Sanitary District - 23
Ophir Hill Fire Protection District - 2
Orange County Fire Authority - 286
Orange County Health Authority (CALOPTIMA) - 219
Orinda Fire Protection District - 0
Orland Cemetery District - 0
Orland-Artois Water District - 5
Oro Loma Sanitary District - 72
Oroville Cemetery District - 8
Oroville Mosquito Abatement District - 1
Oxnard Harbor District - 47
Pacific Fire Protection District - 15
Pajaro Valley Fire Protection Agency - 0
Pajaro Valley Public Cemetery District - 6
Palm Drive Health Care District - 109
Palm Ranch Irrigation District - 5
Palm Springs Cemetery District - 4
Palo Verde Valley District Library - 2
Paradise Recreation and Park District - 16
Paso Robles City Housing Authority - 10
Peardale Chicago Park Fire Protection District - 1
Peninsula Library System - 24
Penn Valley Fire Protection District - 9
Penryn Fire Protection District - 1
Pine Cove Water District - 1
Pinedale County Water District - 9
Pioneer Cemetery District - 4
Pixley Irrigation District - 11
Placer Consolidated Fire Protection District - 23
Placer County Cemetery District No. 1 - 5
Placer County Resource Conservation District - 1
Placer County Superior Court - 102
Placer County Transportation Commission - 5
Placer County Water Agency - 186
Planning and Service Area II Area Agency on Aging - 3
Pleasant Valley Recreation and Park District - 40
Plumas Local Agency Formation Commission - 1
Point Montara Fire Protection District - 1

Health Benefits Program

Districts & Other Public Agencies

Pomona, California State Polytechnic University, Associated Students, Inc. - 34	Sacramento Transportation Authority - 3
Port San Luis Harbor District - 23	Salida Fire Protection District - 8
Princeton-Codora-Glenn Irrigation District - 5	Salinas Rural Fire District - 52
Processing Strawberry Advisory Board - 4	Salton Community Services District - 24
Processing Tomato Advisory Board - 5	Samoa Peninsula Fire Protection District - 4
Project D.A.Y. - 1	San Andreas Regional Center, Inc. - 239
Provident Irrigation District - 7	San Andreas Sanitary District - 4
Public Agency Risk Sharing Authority of California - 4	San Benito County Water District - 17
Public Entity Risk Management Authority - 5	San Bernardino County Housing Authority - 157
Quincy Cemetery District - 1	San Bernardino County Law Library - 8
Quincy Community Services District - 4	San Bernardino County Transportation Authority - 0
Rainbow Municipal Water District - 2	San Bernardino Economic Development Agency - 20
Ramona Cemetery District - 8	San Bernardino, CSU, Foundation - 135
Rancho Cucamonga Fire Protection District - 113	San Bernardino, CSU, Student Union - 10
Rancho Murieta Community Services District - 39	San Diego Association of Governments - 74
Rancho Simi Recreation and Park District - 81	San Diego County Law Library - 45
Reclamation District No. 70 - 7	San Diego Metropolitan Transit Development Board - 87
Reclamation District No. 341 - 2	San Diego State University, Associated Students - 19
Reclamation District No. 800 - 2	San Diego Trolley, Inc. - 328
Reclamation District No. 833 - 4	San Dieguito Water District - 27
Reclamation District No. 900 - 8	San Elijo Joint Powers Authority - 13
Reclamation District No. 1000 - 17	San Francisco Bay Area Rapid Transit District - 4,119
Reclamation District No. 1001 - 16	San Francisco City and County Housing Authority - 269
Reclamation District No. 1601 - 3	San Francisco City and County Redevelopment Agency - 216
Reclamation District No. 1660 - 1	San Francisco Community College District Bookstore Auxiliary - 20
Redway Community Services District - 4	San Francisco County Transportation Authority - 13
Regional Council of Rural Counties - 31	San Gabriel Valley Mosquito and Vector Control District - 11
Regional Government Services Authority - 1	San Geronimo Pass Water Agency - 3
Regional Water Authority - 4	San Jacinto Valley Cemetery District - 14
Rescue Fire Protection District - 7	San Joaquin County Housing Authority - 154
Richardson Bay Sanitary District - 7	San Joaquin County Mosquito and Vector Control District - 44
Rincon Del Diablo Municipal Water District - 32	San Joaquin Hills Transportation Corridor Agency - 0
Rio Linda Elverta Community Water District - 12	San Jose State University Foundation - 296
Riverbank City Housing Authority - 2	San Jose State University, Associated Students - 35
Riverdale Public Utility District - 1	San Juan Water District - 55
Riverside County Air Pollution Control District - 0	San Lorenzo Valley Water District - 19
Riverside County Housing Authority - 3	San Luis Obispo - Cal Poly, Associated Students, Inc. - 66
Riverside County Law Library - 6	San Luis Obispo - Cal Poly, Foundation - 291
Riverside County Superior Court - 12	San Luis Obispo Council of Governments - 8
Riverside County Transportation Commission - 30	San Luis Obispo County Pension Trust - 3
Riverside Transit Agency - 347	San Luis Obispo Regional Transit Authority - 5
Roseville Public Cemetery District - 9	San Marcos, CSU, Foundation - 44
Ross Valley Fire Service - 45	San Marcos Fire Protection District - 8
Rubidoux Community Services District - 20	San Mateo County Resource Conservation District - 1
Ruth Lake Community Services District - 1	San Mateo County Schools Insurance Group - 7
Sacramento Area Council of Governments - 48	San Mateo County Transit District - 809
Sacramento City Housing Authority - 408	San Miguel Community Services District - 2
Sacramento County Fire Protection District - 11	San Miguel Consolidated Fire Protection District - 161
Sacramento County Public Law Library - 14	San Pablo City Housing Authority - 3
Sacramento Metropolitan Air Quality Management District - 53	San Ramon Valley Fire Protection District - 239
Sacramento Metropolitan Cable Television Commission - 3	San Simeon Community Services District - 2
Sacramento Metropolitan Fire District - 1,002	Sanitary District No. 5 of Marin County - 7
Sacramento Regional Fire/EMS Communications Center - 44	Santa Barbara City Housing Authority - 70
Sacramento Regional Transit District - 276	Santa Barbara County Association of Governments - 18
Sacramento Suburban Water District - 56	Santa Barbara Coastal Vector Control District - 4

Health Benefits Program

Districts & Other Public Agencies

Santa Barbara County Law Library - 4	Southern Inyo Health Care District - 67
Santa Barbara Regional Health Authority - 74	Southern San Joaquin Municipal Utility District - 27
Santa Clara County Health Authority - 88	Spartan Shops, Inc. - 129
Santa Clara County Law Library - 2	Squaw Valley Public Service District - 17
Santa Cruz Consolidated Emergency Communications Center - 57	Student Assistance Fund En., Business Ind. Dev. - 2
Santa Cruz County Law Library - 2	Stanislaus County Housing Authority - 112
Santa Cruz County Superior Court - 117	State Water Contractors - 5
Santa Cruz Local Agency Formation Commission - 3	Stege Sanitary District - 10
Santa Cruz Metropolitan Transit District - 371	Stinson Beach County Water District - 10
Santa Fe Irrigation District - 67	Student Union of San Jose State University - 27
Santa Maria Public Airport District - 9	Summit Cemetery District - 10
Santa Paula City Housing Authority - 12	Sunnyslope County Water District - 13
Santa Ynez River Water Conservation District, Improvement District No. 1 - 14	Susanville Consolidated Sanitary District - 10
Saratoga Fire Protection District - 38	Sutter Cemetery District - 10
Sausalito-Marín City Sanitary District - 13	Sweetwater Springs Water District - 11
School Personnel Credit Union - 13	Sylvan Cemetery District - 5
Schools Excess Liability Fund - 7	Tahoe City Fire Protection District - 0
Scotts Valley Fire Protection District - 36	Tahoe City Public Utility District - 49
Scotts Valley Water District - 20	Tahoe-Truckee Sanitation Agency - 70
Selma-Kingsburg-Fowler County Sanitation District - 33	Temecula Public Cemetery District - 2
Sewer Authority Mid-Coastside - 14	Templeton Community Services District - 13
Shasta Area Safety Communications Agency - 38	Three Arch Bay Community Services District - 1
Shasta Community Services District - 0	Tiburon Fire Protection District - 32
Shasta County Superior Court - 40	Trabuco Canyon Water District - 25
Shasta Dam Area Public Utility District - 0	Tracy Rural County Fire Protection District - 3
Shasta Lake Fire Protection District - 13	Transportation Agency for Monterey County - 14
Shasta Mosquito and Vector Control District - 18	Tri-Counties Association for the Developmentally Disabled - 232
Shasta Valley Cemetery District - 3	Truckee Fire Protection District - 38
Sierra Lakes County Water District - 8	Tulare County Housing Authority - 50
Sierra-Sacramento Valley Emergency Medical Services Agency - 6	Tulare Mosquito Abatement District - 6
Smith River Community Services District - 3	Tuolumne Regional Water District - 0
Solano County Mosquito Abatement District - 14	Tuolumne Utilities District - 80
Solano County Water Agency - 3	Turlock Mosquito Abatement District - 17
Solano Transportation Authority - 12	Twain Harte Community Services District - 11
Sonoma State Enterprises, Inc. - 2	Twin Cities Police Authority - 63
Sonoma Student Union Corporation - 8	Ukiah Valley Fire District - 5
Sonoma Valley Healthcare District - 140	Union Sanitary District - 168
Soquel Creek Water District - 48	United Water Conservation District - 47
South Bay Regional Public Communications Authority - 50	University Corporation - 100
South Bayside System Authority - 65	Upland City Housing Authority - 23
South Coast Area Transit - 102	Vallejo Sanitation and Flood Control District - 104
South County Fire Protection Authority - 91	Valley County Water District - 45
South East Regional Reclamation Authority - 0	Valley Mountain Regional Center, Inc. - 228
South Feather Water and Power Agency - 77	Valley of the Moon Fire District - 24
South Kern Cemetery District - 1	Valley of the Moon Water District - 13
South Orange County Wastewater Authority - 59	Valley Sanitary District - 15
South Placer Fire District - 49	Valley-Wide Recreation and Park District - 22
South Placer Municipal Utility District - 20	Ventura County Law Library - 5
South San Luis Obispo County Sanitation District - 8	Ventura County Transportation Commission - 19
Southeast Area Social Services Funding Authority - 19	Ventura Port District - 28
Southern California Association of Governments - 135	Ventura Regional Sanitation District - 69
Southern California Public Power Authority - 6	Veterans Home of California Post Fund - 13
Southern California Regional Rail Authority - 209	Victor Valley Wastewater Reclamation Authority - 24
Southern Humboldt Community Health Care District - 59	Victor Valley Water District - 60
	Walton Fire Protection District - 1
	Water Facilities Authority - 5

Health Benefits Program

Districts & Other Public Agencies

Weaverville Fire Protection District - 1	Winters Cemetery District - 3
Weaverville Sanitary District - 4	Winters Fire Protection District - 3
West Bay Sanitary District - 26	Woodbridge Rural County Fire Protection District - 24
West Cities Communication Center - 11	Woodlake Fire District - 3
West Cities Communication Center Joint Powers Authority - 0	Woodside Fire Protection District - 72
West Contra Costa Healthcare District - 8	Yolo County Communications Emergency Services Agency - 33
West County Wastewater District - 58	Yolo County Housing Authority - 44
West Plainfield Fire Protection District - 0	Yolo County In-Home Supportive Services Public Authority - 3
Western Canal Water District - 9	Yolo County Public Agency Risk Management Insurance Authority - 7
Western Riverside Council of Governments - 15	Yolo County Transit Authority - 0
Westlands Water District - 141	Yolo County Transportation District - 8
Wildomar Cemetery District - 3	Yolo-Solano Air Quality Management District - 25
Willow Creek Community Services District - 2	Yuba County Water Agency - 24
Willow Oak Fire District - 0	Yuba Sutter Transit Authority - 2
Willows Cemetery District - 3	
Wilton Fire Protection District - 1	
Windsor Fire Protection District - 9	
	Total - 692

School Districts

Acalanes Union High School District - 569	El Segundo Unified School District - 237
Alameda City Unified School District - 875	Empire Union Elementary School District - 358
Alta-Dutch Flat Union Elementary School District - 14	Fairfield-Suisun Unified School District - 1,429
Aurora High School District - 3	Fillmore Unified School District - 358
Berryessa Union Elementary School District - 739	Fremont Unified School District - 2,046
Beverly Hills Unified School District - 673	Garfield Charter School - 47
Bonita Unified School District - 560	Gavilan Joint Community College District - 235
Brisbane Elementary School District - 71	Golden Valley Charter School - 7
Burbank Unified School District - 1,577	Hayward Unified School District - 1,640
Burlingame Elementary School District - 226	Hickman Elementary School District - 68
Byron Union School District - 64	Hillsborough City School District - 124
Campbell Union High School District - 712	Holtville Unified School District - 3
Castaic Union Elementary School District - 191	Howell Mountain Elementary School District - 10
Centinela Valley Union High School District - 890	John Swett Unified School District - 153
Cerritos Community College District - 902	Knights Ferry Elementary School District - 7
Charter Learning Center - 7	Knightsen School District - 27
Charter Oak Unified School District - 332	La Grange Elementary School District - 2
Chatom Union Elementary School District - 21	Laguna Salada Union Elementary School District - 356
Compton Unified School District - 2,397	Las Lomas Elementary School District - 131
Connecting Waters - 31	Las Virgenes Unified School District - 872
County School Service - 551	Liberty Union High School District - 121
County School Services - Alameda County Schools - 225	Little Lake City Elementary School District - 391
County School Service - Napa County Schools - 191	Los Nietos Elementary School District - 200
County School Service - Sacramento County Schools - 653	Lowell Joint Elementary School District - 276
County School Service - San Mateo County Schools - 571	Magnolia Elementary School District - 573
County School Service - Stanislaus County Schools - 385	Martinez Unified School District - 378
County Superintendent of Schools Office - 1,831	Menlo Park City Elementary School District - 262
Culver City Unified School District - 701	Millbrae Elementary School District - 228
Davis Joint Unified School District - 577	Modesto City Elementary School District - 2,544
Duarte Unified School District - 345	Morgan Hill Unified School District - 602
Dublin Unified School District - 227	Mountain House Elementary School District - 1
El Camino Community College District - 1,024	Mt. Diablo Unified School District - 3,262
El Monte Elementary School District - 998	Mt. Pleasant Elementary School District - 186

Health Benefits Program

School Districts

Mt. San Antonio Community College District - 1,245
Napa Community College District - 386
Newman-Crows Landing Unified School District - 176
North Monterey County Unified School District - 492
North Orange County Community College District - 2,025
Ohlone Community College District - 390
Ophir Elementary School District - 2
Orinda Union School District - 252
Palos Verdes Peninsula Unified School District - 1,066
Paradise Elementary School District - 17
Penryn Elementary School District - 10
Pittsburg Unified School District - 726
Pleasant Valley Elementary School District - 720
Pope Valley Union Elementary School District - 5
Ravenswood City Elementary School District - 313
Redwood City Elementary School District - 924
Reed Union Elementary School District - 134
Rio Hondo Community College District - 650
Riverbank Unified School District - 220
Ross Elementary School District - 51
Ross Valley Elementary School District - 190
Sacramento City Unified School District - 3,347
San Bruno Park Elementary School District - 296
San Carlos Elementary School District - 183
San Mateo County Community College District - 1,457

San Mateo Union High School District - 1,312
San Mateo-Foster City School District - 919
San Rafael City Elementary School District - 340
San Rafael City High School District - 274
Santa Monica Community College District - 1,088
Santa Monica-Malibu Unified School District - 1,413
Saugus Union Elementary School District - 517
Sequoia Union High School District - 1,102
South Pasadena Unified School District - 358
South San Francisco Unified School District - 1,126
South Whittier School District - 410
Temple City Unified School District - 350
Tri-Cities Regional Occupational Program - 39
Turlock Joint Elementary School District - 418
Turlock Joint Union High School District - 211
Vacaville Unified School District - 645
Valle Lindo Elementary School District - 95
Vallejo City Unified School District - 1,936
Waterford Unified School District - 147
West Contra Costa Unified School District - 4,453
Whittier City Elementary School District - 600
William S. Hart Union High School District - 1,386
Wiseburn Elementary School District - 159

Total - 114

Deferred Compensation Program

By saving for the future, CalPERS members can face the road to retirement with confidence. CalPERS helps by providing an important tool to meet future needs—the CalPERS 457 Deferred Compensation Program. As of June 30, 2003, this program was adopted by 454 public agencies.

During fiscal year 2002-03, membership grew to 15,687, up from 12,729. Assets increased from \$226.6 million to \$279.6 million, as a result of \$70.1 million in contributions, investment gains of \$3.4 million, and distributions and withdrawals paid to participants of \$20.4 million.

Designed with high standards of quality and service, the CalPERS 457 Deferred Compensation Program is a way to defer a portion of pre-tax salary into investments of an individual's own choosing. It is a deferred compensation program that allows both the amount deferred, and the amount earned on the investment, to be protected from income tax until the money is taken out during retirement. The program complements the retirement benefit plans offered by CalPERS.

State law enacted in 1990 allowed CalPERS to make the deferred compensation program available to all California public agencies. This includes counties, cities, special districts, and school districts. The CalPERS 457 Deferred Compensation Program meets all federal requirements of eligible deferred compensation plans organized under the Internal Revenue Code.

The program offers participants 14 investment options. Eight separate “core” funds have been created specifically for this program, or participants can choose from three lifestyle options that automatically invest their money in a conservative, moderate, or aggressive investment mix of core funds. All of these funds are managed by CalPERS staff and its professional investment managers, according to strict investment objectives and performance standards set by the CalPERS Board of Administration. In addition to the core funds and lifestyle funds, participants are offered three options to invest in federally-insured bank certificates of deposit, an Insured Money Market Account, or through a discount brokerage service that lets them select from more than 3,000 retail mutual funds through a self-managed account.

Participating Public Agency Summary

Counties	15
Cities	76
Community Services Districts	21
Police & Fire Protection Districts	36
Health Agencies	5
Housing Authorities	8
Insurance Groups	11
Irrigation/Reclamation Districts	8
Libraries	11
School Districts	91
Water Districts	56
Other Districts	74
Other Public Agencies	42
Total	454

The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The assets are held in trust by the Board for the exclusive benefit of participating employees, which adds security.

The program delivers its investments and services at low cost through a simple fee structure. There are no hidden costs or restrictions on investments. Total fees for administration and investment management of the core funds are less than 1 percent, half of what other programs typically charge. By paying less in fees, participants are able to invest more and earn returns building up their account over time.

Deferred compensation programs provide an immediate tax break and the advantage of the full earning power of a person's money. Because earnings automatically reinvest tax free, the savings potential grows significantly over time. The CalPERS 457 Deferred Compensation Program offers valuable trust protection public agency employees can count on to secure their retirement savings.

The financial statements for this program are in this report as part of the Financial Section and the accompanying notes and schedules.

Long-Term Care Program

The CalPERS Long-Term Care (LTC) Program provides financial protection to members from the high cost of extended care that may be caused by illness, injury, or the frailty of old age. Six out of every 10 people over the age of 65 will need such care. Unfortunately, these types of personal services are not covered by regular health insurance or Medicare.

The CalPERS LTC Program is a self-funded, not-for-profit, member-paid program that continues to add substantial membership on an annual basis. During fiscal year 2002-03, membership grew to 172,680 from 165,128 last year, and annual premiums were \$200.9 million, which increased from \$186.6 million for 2002. Additionally, the Program reserve grew to more than \$918.2 million, and \$41.1 million in benefits were paid on behalf of members, up from \$720.0 million and \$31.5 million, respectively.

Our LTC Program continues to be the largest and most respected long-term care program of its kind in the nation. Entering its seventh year, the CalPERS Long-Term Care Program is devoted to providing the best long-term care benefits with affordable premiums.

The financial statements for this program are in this report as part of the Financial Section and the accompanying notes and schedules.



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