



Crowe LLP
Independent Member Crowe Global

The Audits and Risk Management Committee of the
Teachers' Retirement Board of California
State Teachers' Retirement System
West Sacramento, California

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the audits noted below that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

We have audited the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity of State Teachers' Retirement Plan ("STRP" or the "Plan"), a plan administered by the California State Teachers' Retirement System ("CalSTRS" or the "System"), as well as total net pension liability as of June 30, 2022, total deferred outflows of resources, and total defer inflows of resources (specified caption totals) included in the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing entity.

It should be noted that throughout this report, the term "financial statements" refers to the basic financial statements of the System and "schedules" refer to the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity and Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity of the STRP.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity and total net pension liability as of June 30, 2023, total deferred outflows of resources, and total deferred inflows of resources (specified caption totals) included in the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity, that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audits of the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity and total net pension liability as of June 30, 2023, total deferred outflows of resources, and total deferred inflows of resources (specified caption totals) included in the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity do not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the System for further information on the responsibilities of management and Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the Plan's schedules are free of material misstatement, we performed tests of the Plan's compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of schedule amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE PLAN

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to the Plan under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have no relationships with the Plan that, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you on March 6, 2023.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- Where the System has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
 - The allocation of responsibilities between you and management.
 - The System's objectives and strategies, and the related business risks that may result in material misstatements.
 - Significant communications between the System and regulators.
 - Other matters you believe are relevant to the audit of the financial statements and schedules.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Critical Accounting Policies and Estimates: We are required to discuss with you our judgment about the Plan's critical accounting policies and estimates. Critical accounting policies and estimates are those that are both most important to the portrayal of the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity and total net pension liability as of June 30, 2023, total deferred outflows of resources, and total deferred inflows of resources (specified caption totals) included in the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We consider the following accounting policies and estimates to be critical, as defined above.

- Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity – Current year employer contributions are calculated by CalSTRS based on creditable compensation for active members reported by employers. Employer contributions are accrued monthly based on current contribution rates and estimates based on historical creditable compensation multiplied by an individually calculated accrual factor. Contributions and adjustments to contributions in the current year for service performed in a prior year are recognized as contributions in the current year and included in the schedule of proportionate share.

- Net Pension Liability as of June 30, 2023 - Notes to the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity provides a summary of the components of the net pension liability of the STRP for participating employers and the State of California (nonemployer contributing entity) in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. This information is heavily reliant upon estimates and actuarial assumptions including the investment rate of return, consumer price inflation, wage growth assumption, and mortality assumption, which are used to discount the total pension liability of the STRP. The projection of cash flows used to determine the discount rate assumed that contributions will be made at statutory contribution rates in accordance with Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1 %) and assumed that contributions, benefits payments and administrative expenses occur mid-year. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability. Should the funding levels per Assembly Bill 1469 not be achieved, projected benefit payments would likely be required to be discounted to their actuarial present value using a single (blended) rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension plan's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate (CalSTRS policy is to use The Bond Buyer's 20-Bond GO Index from Bondbuyer.com). Fluctuations in the investment rate of return could have a significant impact upon the calculation of the net pension liability. As described in Note 3, as of June 30, 2022, the most recent actuarial valuation date, the System's independent actuaries determined that the value of STRP's total pension liability rolled forward to June 30, 2023 exceeded the STRP's fiduciary net position by \$76.2 billion.

Significant Accounting Policies: The Audits and Risk Management Committee (ARM Committee) should be informed of the initial selection of and changes in significant accounting policies or their application. Also, the ARM Committee should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform the ARM Committee about such matters. To assist the ARM Committee in its oversight role, we also provide the following.

- Revenue recognition policy for preparation of the Plan's Schedule of Proportionate Share of Contributions of Employers and Nonemployer Contributing Entity:
 - Employer contributions to the STRP are calculated based on creditable compensation for active members reported by the employers. Employer and state contributions are accrued when the employer or state has made a formal commitment to provide the contributions. The Plan accrues employer contributions due monthly based on estimates. These estimates are based on historical data embedded within BusinessDirect and could fluctuate significantly at an employer level based on current business conditions and practices. The Plan accrues contributions due from the State of California, a nonemployer contributing entity, at the beginning of each fiscal year based on creditable earnings reported by the employers for the fiscal year ending in the immediately preceding calendar year.
 - The schedule reflects current year employer contributions calculated by the Plan with consideration given to separately financed and irregular employer contributions. Contributions and adjustments to contributions reported in the current year for service performed in a prior year are recognized as contributions in the current year and are included in the schedule.
 - The schedule includes the amount of the employer and nonemployer contributing entity's contributions as defined by this policy for the fiscal year, offset by the prior year accrual for each employer and nonemployer contributing entity.

We evaluated the reasonableness of this policy and its impact on the proportionate share of total employer and nonemployer contributing entity contributions per the schedule. Furthermore, we have evaluated the rounding of the proportionate share of employers and nonemployer contributing entity to three decimal places and concluded that the employers and nonemployer contributing entity are responsible for determining their proportionate share of the Plan’s net pension liability, which may or may not include reliance upon this schedule. Additionally, the schedule provides both the numerator and denominator for purpose of computing the proportionate share percentage, which would allow the employers and nonemployer contributing entity to compute their proportionate share without consideration for the impact of rounding.

- Total deferred inflows of resources and total deferred outflows of resources per the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity:
 - The schedule includes deferred outflows of resources and deferred inflows of resources that include differences between expected and actual experience, changes in actuarial assumptions and differences between projected and actual earnings on Plan investments.
 - Total deferred inflows of resources reflect the difference between expected and actual experience, amortized over 7 years, which is the closed period equal to the average remaining service life of plan members.

The deferred outflows of resources or inflows of resources reflect differences between expected and actual experience or changes in assumptions, amortized over 7 years, which is the closed period equal to the average remaining service life of plan members and the difference between the projected and actual earnings on Plan investments, amortized over a closed 5-year period, net of amortization expense in the current year, netted. We reviewed the reasonableness of this policy in accordance with the parameters set forth in GASB Statement No. 68, *Accounting and Financial reporting for Pensions*.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the schedules prepared by management and are based upon management’s current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management’s current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the Plan’s schedules, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Total Pension Liability for the STRP	The actuarial pension data contained in the Notes to the Plan’s Schedule of Aggregate Pension Amounts for employers and Nonemployer Contributing Entity is based on actuarial calculations performed in accordance with the parameters set forth in GASB Statement No. 67, <i>Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25</i> (“GASB 67”). Amounts reported for total pension liability require management to use estimates that may be subject to significant changes in the near term. These estimates are based on investment rate of return, consumer price inflation, wage growth, post-retirement benefit increases and mortality assumptions.	We evaluated the reasonableness of these estimates and actuarial assumptions.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the Plan's accounting policies and schedule disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the Plan, considering the need to balance the cost of providing information with the likely benefit to users of the Plan's schedules.
- The overall neutrality, consistency, and clarity of the disclosures in the schedules.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the schedules of significant risks and exposures, and uncertainties that are disclosed in the schedules.
- The extent to which the schedules are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the schedules.
- The issues involved, and related judgments made, in formulating particularly sensitive schedule disclosures.
- The factors affecting asset and liability carrying values.
- The selective correction of misstatements.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the schedules taken as a whole. There are no such misstatements.


OTHER COMMUNICATIONS

Communication Item	Results
<p>Other Information Included in an Annual Report</p> <p>Information may be prepared by management that accompanies or includes the schedules. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the schedules. We are also to remain alert for indications that:</p> <ul style="list-style-type: none"> • Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or • A material misstatement of fact exists, or the other information is otherwise misleading. <p>If we identify a material inconsistency between the other information and the schedules, we are to seek a resolution of the matter.</p>	<p>We read CalSTRS's Other pension information and noted no material inconsistencies or misstatement of facts in such information based on our reading thereof.</p>

Communication Item	Results
<p>Significant Difficulties Encountered During the Audit</p> <p>We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Disagreements with Management</p> <p>We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Plan's schedules or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p>Difficulties or Contentious Matters</p> <p>We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team.</p>	<p>During the audit, there were no such issues for which we consulted outside the engagement team.</p>
<p>Circumstances that Affect the Form and Content of the Auditor's Report</p> <p>We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.</p>	<p>The following circumstances affect the form and content of the auditor's report:</p> <ul style="list-style-type: none"> • We consider it necessary to include an other-matter paragraph in accordance with section 706, Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report, of SAS 134 or are required to do so by other AU-C sections.
<p>Consultations with Other Accountants</p> <p>If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p>Representations the Auditor Is Requesting from Management</p> <p>We are to provide you with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>
<p>Significant Issues Discussed, or Subject to Correspondence, With Management</p> <p>We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<ul style="list-style-type: none"> • Our report on internal control over financial reporting and on compliance and other matters based on an audit of schedules performed in accordance with <i>Government Auditing Standards</i>; • We have previously communicated to management the internal control deficiencies that we identified during our audits; • Our engagement letter (previously discussed with and approved by you); and • Our SAS 114 letter discussing the CalSTRS financial statement audit.
<p>Significant Related Party Findings or Issues</p> <p>We are to communicate to you significant findings or issues arising during the audit in connection with the Plan's related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>

<p>Other Findings or Issues We Find Relevant or Significant</p> <p>We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
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We are pleased to serve your System and the Plan as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the ARM Committee and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.



Crowe LLP

Sacramento, California
October 5, 2023



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Malia Cohen

Director of Finance

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State Treasurer

Fiona Ma

Superintendent of

Public Instruction

Tony Thurmond

Crowe LLP

Attention: Kevin W. Smith, Partner

400 Capitol Mall, Suite 1400

Sacramento, California 95814

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity of the State Teachers' Retirement Plan ("STRP"), a plan administered by the California State Teachers' Retirement System ("System" or "CalSTRS"), for the year ended June 30, 2023, and the related notes and the captions titled total net pension liability as of June 30, 2023, total deferred outflows of resources, and total deferred inflows of resources (specified caption totals) included in the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity as of June 30, 2023, and the related notes for the purpose of expressing an opinion as to whether the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity and the captions titled total net pension liability as of June 30, 2023, total deferred outflows of resources, and total deferred inflows of resources (specified caption totals) included in the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity present fairly, in all material respects, the proportionate share of contributions for employers and nonemployer contributing entity for the year ended June 30, 2023 and total net pension liability as of June 30, 2023, total deferred outflows of resources and total deferred inflows of resources as of June 30, 2023 for the STRP in conformity with accounting principles generally accepted in the United States of America.

We have previously provided a letter dated January 17, 2023, that was in connection with your audit of the basic financial statements of CalSTRS, a component unit of the State of California, as of June 30, 2023 and for the year then ended for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the fiduciary net position and changes in fiduciary net position of the System in conformity with accounting principles generally accepted in the United States of America. Representations in that letter should be considered in connection with this letter since the Net Pension Liability and contributions from employers and the nonemployer contributing entity to the STRP are elements included in the basic financial statements of the System.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that

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the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than the amounts in the table below, collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity and the captions titled total net pension liability as of June 30, 2023, total deferred outflows of resources, and total deferred inflows of resources (specified caption totals) included in the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity (hereinafter "schedules").

Schedule of Proportionate Share of Contributions for Employers of State Teachers' Retirement Plan	<ul style="list-style-type: none"> • \$ 41,200,000
<p>The following captions of the Schedule of Aggregate Pension Amounts for Employers:</p> <ul style="list-style-type: none"> • Total Net Pension Liability as of June 30, 2023 • Total Deferred Outflows of Resources • Total Deferred Inflows of Resources 	<ul style="list-style-type: none"> • \$ 840,000,000 • \$ 30,000,000 • \$ 55,920,000

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 17, 2023, for the preparation and fair presentation of the previously mentioned schedules in conformity with accounting principles generally accepted in the United States, and we believe the schedules are fairly presented. Due to certain limitations, the schedules reflect only the information available to the System and/or exclude certain items based on the intent of the schedules, therefore, the policies adopted to prepare the schedules include the following:

Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity (only)

- State contributions for the entire fiscal year (that are statutorily required) are recognized at the beginning of each fiscal year.
- Employer contributions are accrued monthly based on current contribution rates and estimated based on historical creditable compensation multiplied by an individually calculated accrual factor. Contributions and adjustments to

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contributions reported in the current year for service performed in a prior year are recognized as contributions in the current year and included in the schedule.

- Contributions on the schedule exclude employer contributions for retirement incentives, additional service credit and unused sick leave (separately financed liabilities of individual employers).
- Employer contributions include such contributions redirected to fund the Medicare Premium Payment Program.

Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity and Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity

- The schedules do not calculate the contributions by the state on behalf of the employers.
 - The schedules do not include deferred outflows/inflows of resources for changes in the employers' proportionate share of contributions.
 - The schedules do not include employer contributions made subsequent to the measurement date.
2. We are responsible for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to error or fraud. This includes internal controls over completeness and accuracy of contributions to the STRP and active census data received from the contributing entities, the completeness and accuracy of the census data submitted to the actuary (active, inactive and retiree), and the allocation of contributions to each of the respective employers and nonemployer contributing entity. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
 3. We are responsible for compliance with the laws, regulations, and provisions of contracts and agreements applicable to us, including tax or debt limits and debt contracts, and we have identified and disclosed to you all laws, regulations and provisions of contracts and agreements that we believe have a direct and material effect on the determination of amounts per the schedules including legal and contractual provisions for reporting specific activities in separate funds.
 4. With respect to audits in accordance with *Government Auditing Standards*:
 - We are responsible for compliance with laws, regulations, and provisions of contracts and agreements applicable to the STRP.

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- We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the determination of amounts per the schedules, and any other instances that warrant the attention of those charged with governance.
 - We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts that have a material effect on the determination of amounts per the schedules.
 - We have identified and disclosed to you all instances that have occurred or are likely to have occurred of abuse of assets that could be quantitatively or qualitatively material to the schedules.
 - We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, and contracts, or abuse of assets that the auditor reports.
 - We have a process to track the status of audit findings and recommendations.
 - We have identified for you previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
5. We have provided you:
- a. Access to all financial records, documentation and other information that is relevant to the preparation and fair presentation of the schedules;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the System from whom you determined it necessary to obtain audit evidence;
 - d. Results of the assessment of risk that the schedules may be materially misstated as a result of fraud.
6. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
7. There are no transactions that have not been properly recorded in the accounting records underlying the schedules.

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8. We have no plans or intentions that might materially affect the carrying value or classification of the total net pension liability as of June 30, 2023, total deferred outflows of resources; total deferred inflows of resources, contributions by employer and nonemployer contributing entity, and total contributions.
9. We have identified all accounting estimates that materially affect recorded amounts and disclosures in the schedules, and the key factors and significant assumptions underlying those estimates. We believe the methods, data, and significant assumptions used in developing the accounting estimates and the related disclosures are appropriate in the circumstances. These estimates include:
 - The Total Pension Liability of the STRP
 - Deferred Inflows of Resources
 - Deferred Outflows of Resources
 - Amortization periods for certain deferred inflows and/or outflows of resources (differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period and other amortization periods are based on a closed period equal to the average remaining service lives of plan members, which is 7 years as of June 30, 2023.)
 - Projected earnings on STRP investments
 - The fair value of investments and derivative instruments
 - Contributions revenues
10. Except as disclosed in the schedules, or directly to you, there are or have been no material:
 - a. Significant events that have occurred subsequent to the date of the schedules through the date of this letter that would require adjustment to, or disclosure in, the schedules;
 - b. Unrecorded transactions;
 - c. Amendments to the Teachers' Retirement Law during the year or subsequently.
11. Except as disclosed to you, we have no knowledge of any fraud or suspected fraud affecting the STRP involving:
 - a. Management, whether material or not;
 - b. Employees who have significant roles in internal control, whether material or not;

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- c. Others when the fraud could have a material effect on the schedules.
12. Except as disclosed to you, we believe the effects of cybersecurity risks and actual breaches are properly accounted for and disclosed in the schedules.
13. Except as disclosed to you, we have no knowledge of any allegations of fraud or suspected fraud affecting the schedules received in communications from employees, former employees, analysts, regulators, or others.
14. We understand that during the course of your audit, you have relied on work performed by the following specialists. We confirm that we have no relationships with those specialists that may bear on their objectivity, such as the ability through employment, ownership, contractual right, family relationship or otherwise to directly or indirectly control or significantly influence the specialist.
- Gabriel, Roeder, Smith & Company
15. We agree with the findings of specialists in evaluating the total pension liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the schedules and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of matters that have had an effect on the independence or objectivity of the specialists.
- Milliman
16. With respect to actuarial assumptions and valuations:
- The System's management and Board agree with the actuarial methods and assumptions used by the actuary for computing the total pension liability and net pension liability, of the STRP for participating employers and the State of California (employer and nonemployer contributing entity), and have no knowledge or belief that such methods or assumptions are inappropriate in the circumstances.
 - In connection with AB 1469, the System's management and Board agree with the actuarial assumption used by the actuary that with the provision of additional member, employer and state contributions, there is not a projected depletion of assets and therefore the use of the long-term rate of return on plan assets gross of administrative costs (currently 7.1%) is appropriate to calculate the total pension liability.
 - There were no omissions from the members' data provided to the System's actuary for the purpose of determining the total pension liability and other

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actuarially determined amounts in the schedules, that management believes will have a significant impact upon the actuarially determined amounts.

- The total pension liability was determined using actuarial valuations as of June 30, 2022, rolled forward to June 30, 2023. The System's management has evaluated the impact of relevant events and circumstances on this rollforward and have concluded a new actuarial valuation as of June 30, 2023, is not necessary as there have not been any significant changes in the size or composition of the member population or benefit terms.
 - The following have been properly recorded or disclosed in the schedules:
 - The actuarial methods or assumptions used in calculating amounts recorded or disclosed in the schedules.
 - Changes in the Teachers' Retirement Law between the actuarial valuation date and the date of this letter that have an impact upon the actuarially determined amounts.
 - We did not give any, nor cause any, instructions to be given to the System's actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the System's actuary.
17. During the course of your audit, we have provided to you physical or electronic copies of various original documents. We understand that you are relying on such copies as audit evidence in your audit and represent that the copies provided are an accurate and complete representation of the original documentation and that the copies have not been modified from their original version.
18. The schedules include all component units that meet the criteria of financial accountability or which are otherwise considered misleading to exclude, the classification of these component units as discretely presented or blended is appropriate, and the relationships and criteria for inclusion are properly disclosed.
19. CalSTRS is involved in litigation relating to various matters. After consultation with internal legal counsel, we believe the outcome of these matters is not expected to have a material adverse effect on the schedules.
20. We believe the STRP is a single plan, as defined by GASB 67, but is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program.

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21. We believe that calculating and disclosing to the 0.000% is adequate for the purposes of the users of the Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity.
22. We believe that the contributions made by the State of California meets the definition of a Special Funding Situation.
23. Although the Teachers' Retirement Law allows for employer-paid member contributions, known as "employer pick-ups," we believe that the number of employers that have elected this practice and the related employer pick-up contributions are immaterial to the STRP's Schedule of Proportionate Share of Contributions for Employers and Nonemployer Contributing Entity.

Very truly yours,



Cassandra Lichnock
Chief Executive Officer

Julie Underwood
Chief Financial Officer