

State of California Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

Malia M. Cohen
California State Controller



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

Cover designed by Sacramento Artist Matteo Borges



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

September 12, 2025

To the Citizens, Governor, and Members of the Legislature of the State of California:

I am pleased to submit the State of California's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This report contains useful information designed and presented to assist readers in understanding California's primary government and discretely presented component unit revenue, totaling \$549.5 billion, expenses totaling \$537.6 billion, and fiduciary fund assets of over \$1.09 trillion. It meets the requirements of Government Code section 12460 for an annual report prepared in accordance with generally accepted accounting principles and contains information to help readers gain a reasonable understanding of California's financial activities and condition.

As fiscal stewards with the responsibility to ensure the accurate accounting of California's finances, my office has worked diligently over the past three years to restore ACFR publication to its target date in March, which was last achieved in 2018. The production of California's ACFR is a sizable undertaking that involves highly specialized and detailed accounting of over 1,000 total funds used throughout more than 200 state departments for critical budget programs, as well as more than three dozen component financial statements and independent audits that feed into this publication. Upon becoming State Controller in 2023, I challenged my office to engage and collaborate with all state entities involved in this enormous operation to restore the ACFR publication timeline. With this statewide "Team California" collaboration, including the Governor and his administration, and the Legislature, the ultimate goal of restoring the ACFR publication timeline is not only realistic, but it is attainable.

The State Controller's Office's (SCO) ability to produce this report is dependent upon several factors, including a partnership with the California Department of Finance and the State's numerous agencies, departments, boards, and commissions, as well as the ability of the State to meet the requirements of an audit performed in accordance with Government Auditing Standards, administered by the California State Auditor's Office. While there is no statutory deadline for publishing the ACFR, its completion satisfies several compliance requirements for the State, and the delivery of this ACFR positions California to return to the timely publication of the fiscal year 2024-25 ACFR.

California's economic climate for the fiscal year ended June 30, 2024, included various high and low points. At the onset of the fiscal year, California projected a budget deficit exacerbated by slow revenue growth. Ultimately, due to the Governor's and Legislature's actions to reduce spending levels, the deficit was eased by the taxes paid by the highest income earners. California also experienced higher jobless rates compared to those in other states and global instability – all while poised to become the world's fourth-largest economy in 2024. As noted in the ACFR, for the fiscal year ended June 30, 2024, California's revenues exceeded expenses by \$5.0 billion for the primary government. The General Fund ended the fiscal year in a strong financial position with total revenues of \$195.3 billion—an increase of 1.5% over the prior fiscal year—and a cash balance of \$67.9 billion at June 30, 2024. Given California's outsized stature as a global-leading economy, it remains critical for the State to engage in timely and transparent financial reporting reflective of our strong and sustainable systems of fiscal management in light of ongoing geopolitical uncertainty.

Team California's ongoing, multiyear effort has developed a governance structure and operating model, standardized reporting tasks, harnessed technology for greater efficiencies, and provided substantive engagement, technical assistance, and training to departments and agencies on financial reporting. I offer my continued thanks and appreciation to our Team California partners for recognizing that the transparent accounting of the State's finances upholds California's fiscal integrity, and more importantly for taking the appropriate action to make financial reporting a priority.

I also want to recognize my office's State Accounting and Reporting Division. In producing this complex financial report and meeting our publication goals, these SCO team members continue to uphold our T.R.U.S.T.E.D. values by delivering excellence and fulfilling our purpose to move California forward so that everyone thrives.

Sincerely,

Original signed by

Malia M. Cohen

NOTE: Please see Report Overview beginning on Page v for additional transmittal components.

STATE OF CALIFORNIA

Annual

Comprehensive

Financial Report

For the Fiscal Year Ended
June 30, 2024



Prepared by the office of

MALIA M. COHEN
California State Controller

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Introductory Section

Report Overview

General Overview

The State's management assumes responsibility for the accuracy, completeness, and fairness of information presented in the ACFR, including all disclosures, based on a comprehensive framework of internal controls established for this purpose. The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatements. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Legislature and Governor.

The California State Auditor has issued a modified opinion on certain components of the State's basic financial statements for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, which warrants additional description:

- An *unmodified opinion* has been issued for the General Fund, Federal Fund, Environmental and Natural Resources Fund, Water Resources Fund, State Lottery Fund, California State University Fund, aggregate remaining fund information, governmental activities within the government-wide Statement of Net Position and Statement of Activities, and aggregate discretely presented component units.
- A *modified opinion*, consisting of a *disclaimer of opinion*, has been issued for the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Fund Net Position; and Statement of Cash Flows of the Unemployment Programs Fund.
- A *modified opinion*, consisting of a *qualified opinion*, has been issued for business-type activities within the government-wide Statement of Net Position and Statement of Activities.

The two modified opinions are the result of the State's inability to provide the California State Auditor with sufficient appropriate audit evidence to conclude that certain accounts in the aforementioned financial statements are free from material misstatement. The modified opinions are the result of ongoing financial accounting and reporting challenges experienced by one state department in administering California's unemployment insurance programs.

The State of California is also required to undergo an annual Single Audit in conformity with the provisions of the United States Code of Federal Regulations, Title 2, Part 200, Subpart F, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. This report is issued separately.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and contains an introduction, overview, and analysis of the financial statements. The MD&A also contains information regarding California's economy for the year ended June 30, 2024, and its economic performance as of and for the year ended June 30, 2025, and beyond. The MD&A complements this report overview and should be read in conjunction with it.

Profile of the State of California

The State of California was admitted to the Union on September 9, 1850. The State's population, as of 2024, is estimated to be approximately 40 million residents. The State's government is divided into three branches: Executive, Legislative, and Judicial. Executive power is vested in the Governor. Other members of the Executive branch include the Lieutenant Governor, Attorney General, Secretary of

State, State Treasurer, State Controller, Insurance Commissioner, and the State Superintendent of Public Instruction. All officers of the Executive branch are elected to a four-year term. The Legislative branch of government is the State's law-making authority and is made up of two houses: the Senate and the Assembly. The Judicial branch is charged with interpreting the laws of the State. It provides settlement of disputes between parties in controversy, determines the guilt or innocence of those accused of violating laws, and protects the rights of Californians.

California's government includes control agencies that help to regulate internal governmental operations. The State Controller's Office, the State's independent fiscal watchdog, ensures that the State's budget is spent properly, offers fiscal guidance to local governments, reports on the State's financial position, and uncovers fraud and abuse of taxpayer dollars. The Department of Finance, part of the Executive branch of government, establishes fiscal policies to carry out the State's programs and serves as the Governor's chief fiscal policy advisor. The California State Auditor promotes the efficient and effective management of public funds through independent evaluations of state and local governments.

The State of California provides a wide range of services to its citizens, including social, health, and human services; transitional kindergarten through 12th grade (TK-12) and higher education; transportation; business, consumer services, and housing; corrections and rehabilitation programs; and other general government services. The State is also financially accountable for legally separate entities (component units) that provide and support post-secondary education programs; provide financing for low and moderate income housing and other public needs; promote agricultural activities; and provide financial assistance to public agencies and small businesses. The State, through its related organizations (organizations for which the primary government is not financially accountable), provides services such as the operation of the statewide energy transmission grid; earthquake insurance for homeowners and renters; workers' compensation insurance; health insurance for individuals, families, and employees of small businesses; financing for pollution control facilities, and for acquiring, constructing, and equipping health facilities; and loans to students attending public and private nonprofit colleges and universities. The financial information of the related organizations is not included in the State's financial statements.

The State Legislature approves an annual budget that contains estimates of revenues and expenditures for the ensuing fiscal year. This budget is the result of negotiations between the Governor and the Legislature. The State Controller's Office is statutorily responsible for controlling revenues due the primary government and for expenditures of each appropriation contained in the budget. The State's annual budget is submitted by the Governor no later than January 10 preceding the beginning of the fiscal year on July 1, and must be approved by the Legislature by June 15 each year. This annual budget serves as the foundation for the State's financial planning and control. Additional information on the budgetary basis of accounting can be found in Note 3, Budgetary and Legal Compliance, in the Budgetary Comparison Schedule at the end of the nonmajor governmental funds combining statements, and in the Required Supplementary Information section of the ACFR that follows the Notes to the Financial Statements.

Overview of the State's Economy

California's economy, the largest among the 50 states, accounted for 14.0% of the U.S. Gross Domestic Product (GDP) in 2024 and grew to rank fourth largest in the world (in terms of GDP) at the end of the year. Sectors of California's diverse economy include technology, trade, entertainment, manufacturing, government, tourism, construction, and services. California's GDP totaled \$4.1 trillion at fiscal year-end and, as the nation's leader in agricultural production, the state's farming operations generated approximately \$59.4 billion in cash receipts for the 2023 crop year. In 2024, California exported \$183.3 billion in products; its three largest export markets are Mexico (\$33.5 billion), Canada (\$18.4 billion), and China (\$15.1 billion). California's six largest exports are computer and electronic products, machinery (except electrical), chemicals, transportation equipment, agricultural products, and miscellaneous manufactured commodities. California enjoys one of the finest and most diverse

collections of natural, cultural, and recreational resources in the nation. In 2024, California's travel and tourism industry generated revenues of \$157.3 billion, a 3.0% increase over the previous year, and travel-generated state and local tax revenues of \$12.6 billion, a 3.1% increase over the previous year.

Budget Outlook

Fiscal Year 2024-25

The State's enacted fiscal year 2024-25 Budget took steps to set California on a fiscally responsible long-term path, after the State experienced troublesome delays in General Fund cash receipts during fiscal year 2023-24. The 2023-24 delays were caused by an emergency postponement of tax filing and payment deadlines by the Franchise Tax Board in response to statewide flooding in early 2023, which affected 99% of California taxpayers. The enacted Budget projected General Fund revenues of \$212.1 billion after a \$4.9 billion transfer from the Budget Stabilization Account (BSA), California's "rainy day" fund. The 2024-25 Budget authorized the withdrawal of \$12.2 billion in funds from the BSA over two years to address structural budget issues and allow for greater budget resiliency.

Fiscal Year 2025-26

California enacted the 2025-26 Budget Act on June 27, 2025, during a time of economic uncertainty resulting from federal policy changes imposed by the new administration, including sweeping tariffs and presumed significant funding cuts to states. In addition, significant growth in Medi-Cal and other core state programs resulted in a General Fund shortfall of \$11.8 billion. The Budget aims to close this gap by leveraging reserves and reducing expenditure growth of critical state programs while maintaining funding for multiple initiatives that continue to improve the lives of Californians. By the end of the fiscal year 2025-26, the Budget estimates a decrease in total reserves by \$6.5 billion, to \$15.7 billion, consisting of \$11.2 billion in the BSA and \$4.5 billion in the Special Fund for Economic Uncertainties.

The 2025-26 Budget projects General Fund revenue of \$215.7 billion (\$250.9 billion after transfers) and expenditures of \$228.4 billion. The Budget anticipates increased revenues from sales and use taxes, and decreased revenues from personal income taxes and corporation taxes. The Budget estimates that personal income taxes will contribute to the majority of General Fund revenue, at 60.4% (\$126.0 billion); corporation taxes are estimated to contribute 17.1% (\$35.6 billion); and sales and use taxes are estimated to contribute 16.7% (\$34.9 billion).

Long-term Financial Planning

Long-term financial planning issues and initiatives that will affect the State's long-term financial goals include the following:

- California's economy has maintained a steady growth pattern in spite of the uncertainty surrounding the impact of federal policy changes from the new administration. The 2025-26 Budget reflects an overall decrease in expected General Fund revenues of 6.0% from the prior year. The State's "Big Three" General Fund revenue sources—personal income taxes, sales taxes, and corporation taxes—are projected to decrease by 2.6% from the prior year. The Budget anticipates that fiscal year 2025-26 personal income tax revenues will decrease from \$126.3 billion in the previous fiscal year to \$126.0 billion, sales and use tax revenues will increase from \$33.7 billion to \$34.9 billion, and corporation tax revenues will decrease from \$41.7 billion to \$35.6 billion.
- The Consumer Price Index increased 2.7% during the year ended June 30, 2025. The food index increased 3.0%, and the shelter index increased 3.8%. The energy index decreased by 0.8%. These indices have normalized in comparison to the high inflation in the aftermath of the pandemic.

- Between March 17, 2022, and July 27, 2024, the Federal Reserve Board increased interest rates by 525 basis points. Since July 27, 2024, the Federal Reserve Board has decreased interest rates by 100 basis points, with the last decrease on December 19, 2024. In addition to economic impacts, the net increase in interest rates of 425 basis points will continue to impact the State's future cost of borrowing.
- The 2025-26 Budget Act reflects the State's commitment to addressing the unfunded pension liabilities over the long term. The Budget includes \$584 million in one-time Proposition 2 debt repayment funding to further reduce the unfunded liabilities of the State's pension plans. Depending on the availability of Proposition 2 funding, an additional \$2.1 billion is projected to be paid to CalPERS over the next two fiscal years to fund the State's pension liabilities.
- The State's employee bargaining units and excluded and exempt employees prefund retiree health benefits. To pay future retiree health benefits, the State has accumulated more than \$9.0 billion in a prefunding trust as of June 30, 2024, and \$11.6 billion as of June 30, 2025. Due to budget shortfalls, the State has temporarily suspended prefunding contributions to the trust for fiscal year 2025-26 for most employee collective bargaining units; however, the State remains committed to fully fund the trust in the long term.
- The 2024 fire season saw a substantial increase in the number and magnitude of wildfires in the state, with approximately one million acres burned. The 2025 fire season total acreage burned was lower, with approximately 517,341 acres burned. The 2025-26 Budget Act includes a \$10.0 billion Climate Bond (Proposition 4) which includes \$1.5 billion reserved to reduce the risk of severe and destructive wildfires. The Budget Act also includes adjustments of \$3.3 billion from the General Fund to the Greenhouse Gas Reduction Fund over four years to support the State's fire protection activities.
- California continues to face serious climate challenges, including heat waves, droughts, floods, and wildfires, which have caused widespread damage and displacement. In response, the State is investing heavily in climate initiatives. The 2025-26 Budget Act includes a \$10.0 billion Climate Bond (Proposition 4), to reduce pollution, support clean energy, and achieve the State's climate goals.

Principal Officials of the State of California

Executive Branch

Gavin Newsom
Governor

Eleni Kounalakis
Lieutenant Governor

Malia M. Cohen
State Controller

Rob Bonta
Attorney General

Fiona Ma, CPA
State Treasurer

Dr. Shirley N. Weber
Secretary of State

Tony Thurmond
Superintendent of Public Instruction

Ricardo Lara
Insurance Commissioner

Board of Equalization
Ted Gaines, Member, First District
Sally J. Lieber, Member, Second District
Antonio Vazquez, Member, Third District
Mike Schaefer, Member, Fourth District

Legislative Branch

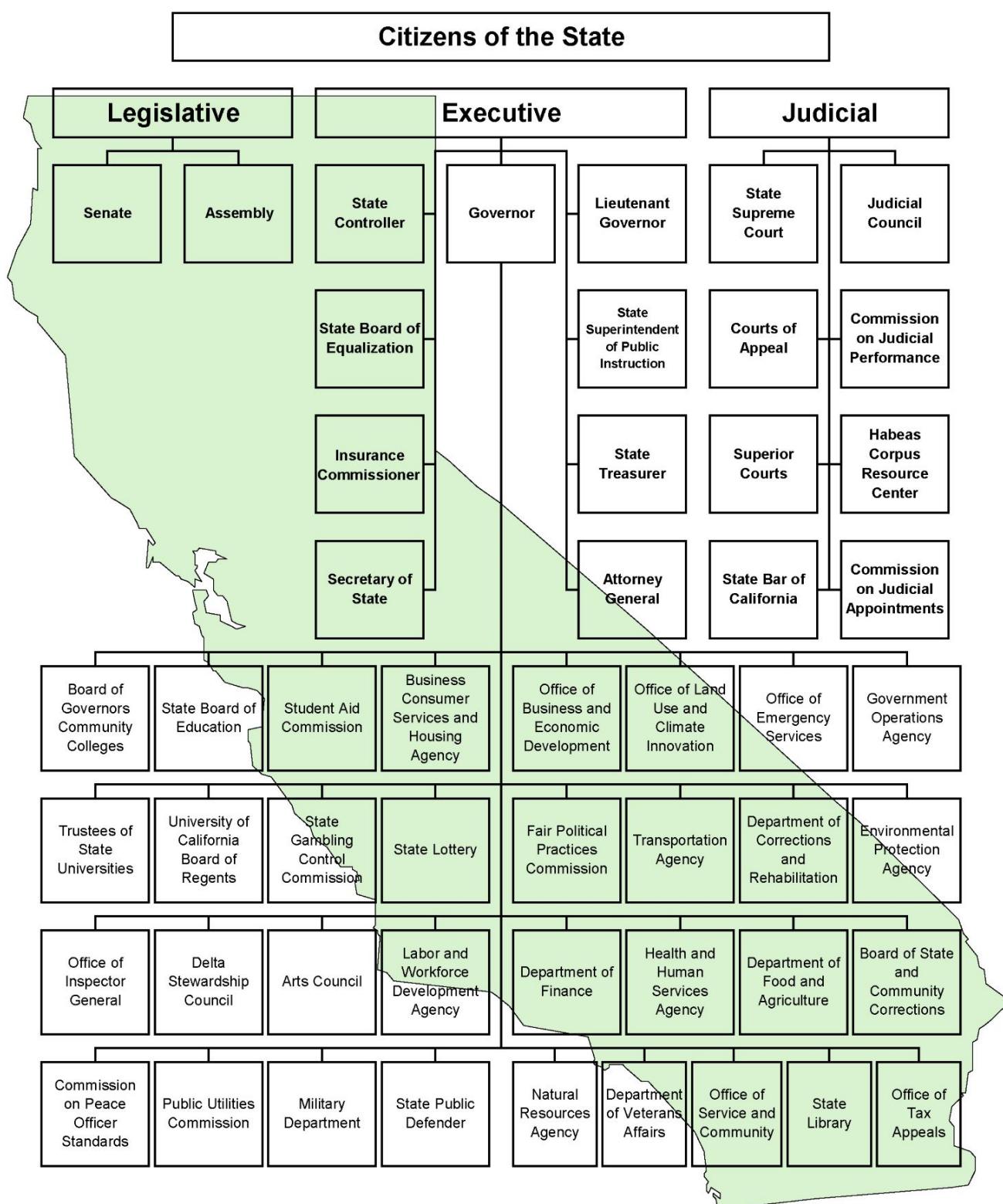
Mike McGuire
President pro Tempore, Senate

Robert Rivas
Speaker of the Assembly

Judicial Branch

Patricia Guerrero
Chief Justice, State Supreme Court

Organization Chart of the State of California



Financial Section



Independent Auditor's Report

THE GOVERNOR AND THE LEGISLATURE OF THE STATE OF CALIFORNIA

Qualified, Unmodified, and Disclaimer of Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund except for the Unemployment Programs Fund, and the aggregate remaining fund information; and we were engaged to audit the Unemployment Programs Fund of the State of California, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the State of California's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>OPINION UNIT</u>	<u>TYPE OF OPINION</u>
Governmental Activities.....Unmodified
Business-Type Activities.....Qualified
Aggregate Discretely Presented Component Units.....Unmodified
General Fund.....Unmodified
Federal Fund.....Unmodified
Environmental and Natural Resources Fund.....Unmodified
Water Resources Fund.....Unmodified
State Lottery Fund.....Unmodified
Unemployment Programs Fund.....Disclaimer
California State University Fund.....Unmodified
Aggregate Remaining Fund Information.....Unmodified

Disclaimer of Opinion on the Unemployment Programs Fund

We do not express an opinion on the financial statements of the Unemployment Programs Fund. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on the Unemployment Programs Fund* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Unemployment Programs Fund.

Qualified Opinion on Business-Type Activities

In our opinion, based on our audit and the reports of other auditors, except for the effects of the matter described in the *Basis for Qualified and Unmodified Opinions* section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Business-Type Activities of the State of California, as of June 30, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each of the Other Opinion Units

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, aggregate discretely presented component units, each major fund except for the Unemployment Programs Fund, and the aggregate remaining fund information of the State of California, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following:

Government-wide Financial Statements

- Certain governmental funds that, in the aggregate, represent 1 percent of the assets and deferred outflows, and less than 1 percent of the revenues of the governmental activities.
- Certain enterprise funds that, in the aggregate, represent 86 percent of the assets and deferred outflows, and 58 percent of the revenues of the business-type activities.
- The University of California and the California Housing Finance Agency that represent 92 percent of the assets and deferred outflows, and 95 percent of the revenues of the discretely presented component units.

Fund Financial Statements

- The following major enterprise funds: Water Resources, State Lottery, and California State University.
- The Golden State Tobacco Securitization Corporation, the Public Buildings Construction, the Public Employees' Retirement, the State Teachers' Retirement, the State Water Pollution Control Revolving, the Safe Drinking Water State Revolving, and the 1943 Veterans Farm and Home Building funds, that represent 86 percent of the assets and deferred outflows, and 48 percent of the additions, revenues, and other financing sources of the aggregate remaining fund information.
- The discretely presented component units noted above.

The related financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those funds and entities, are based solely on the reports of the other auditors.

Basis for Disclaimer of Opinion on the Unemployment Programs Fund

The Employment Development Department had inadequate internal control over its financial reporting for unemployment benefits. As a result, the department was unable to provide complete and accurate accounting information supporting the financial activity of the State's unemployment program. The condition of the department's records did not permit us, nor was it practicable to extend other auditing procedures, to obtain sufficient appropriate evidence to conclude that Cash and Pooled

Investments, Amount on Deposit with U.S. Treasury, Due to Other Governments, Unemployment and Disability Insurance, and Distributions to Beneficiaries, within the Unemployment Programs Fund are free of material misstatement. In addition, the lack of sufficient appropriate evidence precluded us from determining whether the omission of a material amount of \$768 million should be reported as Non-Operating Revenues or as a Special Item. As a result of this matter, we were unable to determine whether further audit adjustments to these accounts were necessary. The issues described above also caused material misstatements of \$768 million in Distributions to Beneficiaries and \$580 million in Due to Other Governments.

Basis for Qualified and Unmodified Opinions

We conducted our audit 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 of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Golden State Tobacco Securitization Corporation, the Public Buildings Construction fund, the State Lottery fund, and the Campus Foundations of the University of California, which represent 14 percent of the university's total assets and deferred outflows, and 2 percent of its revenues, were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the State of California, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on Business-Type Activities

The issues we discuss in the *Basis for Disclaimer of Opinion on the Unemployment Programs Fund* section of our report also affect the Business-Type Activities. Therefore, we were unable to obtain sufficient appropriate evidence about the Unemployment Programs Fund balances that represent 37 percent of Cash and Pooled Investments, 98 percent of Due to Other Governments, 100 percent of Unemployment Programs Expenses, and 100 percent of Unemployment Programs Revenues, within Business-Type Activities.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2024, the State of California restated the beginning fund balance of the Federal Fund and beginning net position of Governmental Activities to correct prior year errors, primarily related to the unemployment program. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of California's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of California's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of California's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of California's basic financial statements. The combining financial statements and schedules of nonmajor and other funds are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures by us and other auditors, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the combining financial statements and schedules of nonmajor and other funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2025, on our consideration of the State of California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of California's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of California's internal control over financial reporting and compliance.

CALIFORNIA STATE AUDITOR



LINUS LI, CPA
Deputy State Auditor

Sacramento, California

September 5, 2025

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Management's Discussion and Analysis

The following Management's Discussion and Analysis is required supplementary information to the State of California's financial statements. It describes and analyzes the financial position of the State, providing an overview of the State's activities for the fiscal year ended June 30, 2024. We encourage readers to consider the information that we present here in conjunction with the information presented in the Controller's transmittal letter at the front of this report and in the State's financial statements and notes, which follow this section.

Financial Highlights – Primary Government

Government-wide Highlights

Despite softness in the state's labor market and inflation driving consumer spending into decline, California bounded into a year of overall revenue growth for the primary government in fiscal year 2023-24. General revenues, comprised primarily of taxes, increased by \$10.9 billion (4.8%), compared to a decrease of \$6.9 billion (2.9%) recorded for fiscal year 2022-23. This revenue increase was attributable in part to an increase in state tax collections from high income earning Californians, who saw an increase in bonuses and stock-based compensation driven by an active stock market inspired by advances in artificial intelligence. The State's managed care organization (MCO) enrollment tax, intended to generate funding to offset Medi-Cal programs, increased by \$7.0 billion, which also contributed largely to the increase in general revenues. As of June 30, 2024, the Budget Stabilization Account, California's "Rainy Day Fund," held reserves of \$22.6 billion, and accounted for a significant portion of the State's \$37.8 billion in total budgetary reserves. Expenses and transfers for the State's governmental activities increased by \$31.0 billion (7.6%), and were less than total revenues received, resulting in a \$7.1 billion increase in the governmental activities' net position, as restated. Total expenses for the State's business-type activities exceeded total revenues and transfers, resulting in a \$2.1 billion decrease in the business-type activities' net position, as restated, for fiscal year 2023-24.

For fiscal year 2023-24, the State implemented GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, which is intended to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, consistent, and relevant information for decision-making and assessing accountability. As a result of the implementation, the primary government's beginning net position increased by \$47.5 billion due to the correction of errors that affected loan receivables, capital assets, deferred receivables, pollution remediation obligations, and other liabilities. The largest component of the error corrections was a restatement related to the State's unemployment programs, which increased the beginning net position of governmental activities by \$46.2 billion. See Note 2 for additional details related to accounting changes and error corrections.

Net Position – The primary government ended fiscal year 2023-24 with a net position of \$14.6 billion, an increase of \$5.0 billion (52.5%) from the previous year, as restated. The total net position is reduced by \$138.0 billion for net investment in capital assets and by \$77.1 billion for restricted net position, yielding a negative unrestricted net position of \$200.5 billion. Restricted net position is dedicated for specified uses and is not available to fund current activities. Approximately 90.8%, or \$182.1 billion, of the negative \$200.5 billion unrestricted net position consists of unfunded, employee-related, long-term liabilities (net pension liability, net other post employment benefits liability, and compensated absences) that are recognized as soon as an obligation occurs, even though payment will occur over many future periods. In addition, the State's outstanding bonded debt consists of \$66.2 billion to build capital assets

of school districts and other local governmental entities. Bonded debt reduces the State's unrestricted net position; however, local governments, not the State, own the capital assets that would normally offset this reduction.

Fund Highlights

Governmental Funds – As of June 30, 2024, the primary government's governmental funds reported a combined ending fund balance of \$123.4 billion, an increase of \$1.0 billion over the prior fiscal year fund balance, as restated. The unrestricted fund balance, comprised of committed, assigned, and unassigned balances, was \$51.4 billion, an increase of \$46.4 billion over the prior year unrestricted fund balance of \$5.0 billion. The prior year unrestricted fund balance did not reflect the \$46.2 billion prior-period adjustment to the Federal Fund resulting from error corrections related to the State's unemployment programs. The nonspendable and restricted fund balances were \$3.6 billion and \$68.4 billion, respectively.

Proprietary Funds – As of June 30, 2024, the primary government's proprietary funds reported a combined ending deficit net position of \$21.0 billion, a decrease of \$2.1 billion from the prior fiscal year, as restated. The total net position is reduced by \$4.5 billion for net investment in capital assets, expendable restrictions of \$8.7 billion, and nonexpendable restrictions of \$2 million, yielding a negative unrestricted net position of \$34.2 billion.

Noncurrent Assets and Liabilities

As of June 30, 2024, the primary government's noncurrent assets totaled \$200.2 billion, of which \$177.8 billion is related to capital assets. State highway infrastructure assets of \$85.2 billion represent the largest portion of the State's capital assets, while buildings and other depreciable property are the second largest portion at \$63.6 billion.

The primary government's noncurrent liabilities totaled \$305.6 billion, consisting of \$182.1 billion in unfunded employee-related future obligations, \$76.1 billion in general obligation bonds, \$30.3 billion in revenue bonds, and \$17.1 billion in other noncurrent liabilities. During fiscal year 2023-24, the primary government's noncurrent liabilities increased by \$7.0 billion (2.3%) from the previously reported noncurrent liabilities. The net increase in noncurrent liabilities is driven by an increase of \$2.6 billion in net pension liability and an increase of \$2.3 billion in net other post-employment benefits (OPEB) liability.

Overview of the Financial Statements

This discussion and analysis is an introduction to the section presenting the State's basic financial statements, which include four components: (1) government-wide financial statements, (2) fund financial statements, (3) discretely presented component units financial statements, and (4) notes to the financial statements. This report also contains required supplementary information, and combining financial statements and schedules intended to furnish additional detail that supports the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the State's finances. The government-wide financial statements do not include fiduciary programs and

activities of the primary government and component units because fiduciary resources are not available to support state programs.

The statements provide both short-term and long-term information about the State's financial position to help readers assess the State's economic condition at the end of the fiscal year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, similar to methods used by most businesses. These statements take into account all revenues and expenses connected with the fiscal year, regardless of when the State received or paid the cash. The government-wide financial statements include two statements: the Statement of Net Position and the Statement of Activities.

- The *Statement of Net Position* presents all of the State's financial and capital resources in a format in which assets and deferred outflows of resources equal liabilities and deferred inflows of resources, plus net position. Over time, increases or decreases in net position indicate whether the financial position of the State is improving or deteriorating.
- The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. The State reports changes in net position as soon as the event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, this statement reports revenues and expenses for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

The government-wide financial statements separate into different columns the three types of state programs and activities—governmental activities, business-type activities, and component units.

- *Governmental activities* are mostly supported by taxes, such as personal income and sales and use taxes, and intergovernmental revenues, primarily federal grants. Most services and expenses normally associated with state government fall into this activity category, including general government; education (public TK–12 schools and institutions of higher education); health and human services; natural resources and environmental protection; business, consumer services, and housing; transportation; corrections and rehabilitation; and interest on long-term debt.
- *Business-type activities* typically recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the State of California include providing unemployment insurance programs, providing housing loans to California veterans, providing water to local water districts, providing services to California State University students, selling California State Lottery tickets, selling electric power, and providing wildfire prevention programs. These activities are conducted with minimal financial assistance from the governmental activities or general revenues of the State.
- *Component units* are organizations that are legally separate from the State, but for which the State is financially accountable, or whose relationship with the State is so significant that their exclusion would cause the State's financial statements to be misleading or incomplete. Various types of component units are presented; all are legally separate. However, blended component units function as part of the State's operations. Fiduciary component units are primarily the resources and

operations of the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System. Discretely presented component units contain some form of accountability either from or to the State.

Most component units prepare their own separately issued financial statements. For information regarding obtaining the financial statements of the individual component units, refer to Note 1A, Reporting Entity.

Fund Financial Statements

The State of California, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal and contractual requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the State may be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds* are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. This approach is known as the *flow of current financial resources measurement focus* and the *modified accrual basis of accounting*. These governmental fund statements provide a detailed short-term view of the State's finances, enabling readers to determine whether adequate financial resources exist to meet the State's current needs. Because governmental fund financial statements provide a narrower focus than do government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities. Primary differences between the government-wide and fund-based statements relate to noncurrent assets, such as land and buildings, and noncurrent liabilities, such as bonded debt and amounts owed for net pension liability, compensated absences, and lease obligations. These amounts are reported in the government-wide statements but not in the fund-based statements.
- *Proprietary funds* show activities that operate more like those found in the private sector. The State of California has two proprietary fund types—enterprise funds and internal service funds.
 - *Enterprise funds* record activities for which a fee is charged to external users; they are presented as business-type activities in the government-wide financial statements.
 - *Internal service funds* accumulate and allocate costs internally among the State's various functions. For example, internal service funds provide public buildings construction, information

technology, printing, fleet management, and architectural services primarily for state departments. As a result, their activity is considered governmental.

- *Fiduciary funds* account for resources held for the benefit of parties outside the State. Fiduciary funds and the activities of fiduciary component units are not reflected in the government-wide financial statements because the resources of these funds are not available to support state programs. The accounting used for fiduciary funds and similar component units is similar to that used for trusts.

Discretely Presented Component Units Financial Statements

The State has financial accountability for discretely presented component units, which have certain independent qualities and operate in a similar manner to private sector businesses. The activities of the discretely presented component units are classified as enterprise activities.

Notes to the Financial Statements

The notes to the financial statements in this publication provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements, which describe particular accounts in more detail, immediately follow the discretely presented component units' financial statements.

Required Supplementary Information

A section of required supplementary information follows the notes to the basic financial statements in this publication. This section includes several schedules of information for the State's pension and OPEB plans and the State's contributions to those plans; information on infrastructure assets based on the modified approach; a budgetary comparison schedule; and a reconciliation of the budgetary basis and the GAAP basis fund balances for the major governmental funds presented in the governmental fund financial statements.

Combining Financial Statements and Schedules

The Combining Financial Statements and Schedules—Nonmajor and Other Funds section presents combining statements that provide separate financial statements for nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor component units as supplementary information. The basic financial statements present only summary information for these activities.

Government-wide Financial Analysis

Net Position

The primary government's combined net position (governmental and business-type activities) improved by \$5.0 billion (52.5%), from \$9.6 billion, as restated, to \$14.6 billion at June 30, 2024. The fiscal year 2023-24 beginning balance restatements were mainly due to error corrections of \$46.2 billion to the Federal Fund in estimating the State's liability to the federal government for pandemic unemployment programs that began in fiscal year 2019-20.

The primary government's \$138.0 billion net investment in capital assets, such as land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets), comprise a significant

portion of its net position. This component of net position consists of capital assets net of any outstanding debt used to acquire those assets. The State uses capital assets when providing services to citizens; consequently, these assets are not available for future spending. Although the State's investment in capital assets is reported net of related debt, the resources needed to repay this debt must come from other sources because the State cannot use the capital assets to pay off the liabilities.

The primary government's net position includes another \$77.1 billion, which represents resources that are externally restricted as to how they may be used, such as resources pledged to debt service. The internally imposed earmarking of resources is not presented in this publication as restricted net position. As of June 30, 2024, the primary government's combined unrestricted deficit net position was \$200.5 billion—\$168.2 billion for governmental activities and \$32.3 billion for business-type activities.

Table 1 presents condensed financial information derived from the Statement of Net Position for the primary government.

Table 1

Net Position – Primary Government – Two-year Comparison

June 30, 2024 and 2023
(amounts in millions)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 245,935	\$ 247,267	\$ 30,446	\$ 31,112	\$ 276,381	\$ 278,379
Capital assets	159,526	154,278	18,270	17,302	177,796	171,580
Total assets	405,461	401,545	48,716	48,414	454,177	449,959
DEFERRED OUTFLOWS OF RESOURCES						
	41,663	42,404	6,281	6,236	47,944	48,640
Total assets and deferred outflows of resources	\$ 447,124	\$ 443,949	\$ 54,997	\$ 54,650	\$ 502,121	\$ 498,599
LIABILITIES						
Noncurrent liabilities	\$ 262,718	\$ 257,664	\$ 42,869	\$ 40,931	\$ 305,587	\$ 298,595
Other liabilities	124,821	175,453	24,578	22,766	149,399	198,219
Total liabilities	387,539	433,117	67,447	63,697	454,986	496,814
DEFERRED INFLOWS OF RESOURCES						
	25,150	31,108	7,341	8,621	32,491	39,729
Total liabilities and deferred inflows of resources	412,689	464,225	74,788	72,318	487,477	536,543
NET POSITION						
Net investment in capital assets	134,089	131,322	3,867	3,538	137,956	134,860
Restricted	68,518	66,645	8,631	9,902	77,149	76,547
Unrestricted	(168,171)	(218,243)	(32,289)	(31,108)	(200,460)	(249,351)
Total net position (deficit)	34,436	(20,276)	(19,791)	(17,668)	14,645	(37,944)
Total liabilities, deferred inflows of resources, and net position	\$ 447,125	\$ 443,949	\$ 54,997	\$ 54,650	\$ 502,122	\$ 498,599

Note: Prior-year adjustments recorded in the current year have not been reflected in the prior-year column due to the complexity and quantity of adjustments to various accounts. Refer to Note 2 Accounting Changes and Error Corrections for details of current-year adjustments.

A significant factor contributing to the unrestricted net position is that governments recognize a liability on the government-wide Statement of Net Position as soon as an obligation occurs, while financing and budgeting functions focus on when a liability will be paid. As of June 30, 2024, the primary government recognized \$182.1 billion (90.8% of the \$200.5 billion unrestricted net position) in unfunded

employee-related obligations—net pension liability, net OPEB liability and compensated absences. In addition, the primary government recognized \$66.2 billion in outstanding bonded debt issued to build capital assets for school districts and other local governmental entities, a common state practice nationwide. As the State does not own these capital assets, neither the assets nor the related bonded debt is included in the portion of net position reported as net investment in capital assets. Instead, the bonded debt is reported as a noncurrent liability that increases the State's unrestricted deficit net position. The State can expect continued deficits in the unrestricted net position of governmental activities as long as it has significant unfunded employee-related obligations and outstanding obligations for school districts and other local governmental entities.

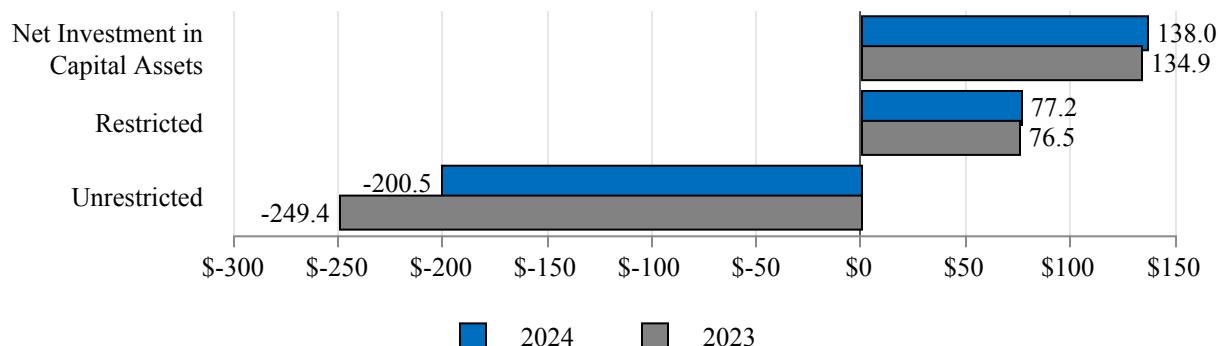
Chart 1 presents a two-year comparison of the State's net position.

Chart 1

Net Position – Primary Government – Two-year Comparison

June 30, 2024 and 2023

(amounts in billions)



Changes in Net Position

The expenses of the primary government totaled \$478.6 billion for the fiscal year ended June 30, 2024. Of this amount, \$245.0 billion (51.2%) was funded with program revenues (charges for services or program-specific grants and contributions), leaving \$233.6 billion to be funded with general revenues (mainly taxes). The primary government's general revenues of \$238.6 billion were greater than the unfunded expenses. As a result, the total net position, as restated, increased by \$5.0 billion.

Table 2 presents condensed financial information derived from the Statement of Activities for the primary government.

Table 2

Changes in Net Position – Primary Government – Two-year Comparison

Years ended June 30, 2024 and 2023

(amounts in millions)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program Revenues:						
Charges for services	\$ 45,618	\$ 39,707	\$ 31,625	\$ 30,367	\$ 77,243	\$ 70,074
Operating grants and contributions	161,736	147,292	3,326	2,797	165,062	150,089
Capital grants and contributions	2,699	1,847	—	—	2,699	1,847
General Revenues:						
Taxes	234,505	224,274	—	—	234,505	224,274
Investment and interest	3,286	2,597	—	—	3,286	2,597
Miscellaneous	848	876	—	—	848	876
Total revenues	448,692	416,593	34,951	33,164	483,643	449,757
EXPENSES						
Program Expenses:						
General government	30,365	24,946	—	—	30,365	24,946
Education	104,989	100,497	—	—	104,989	100,497
Health and human services	239,312	219,032	—	—	239,312	219,032
Natural resources and environmental protection	15,844	13,315	—	—	15,844	13,315
Business, consumer services, and housing	4,588	5,642	—	—	4,588	5,642
Transportation	22,097	19,100	—	—	22,097	19,100
Corrections and rehabilitation	16,282	18,205	—	—	16,282	18,205
Interest on long-term debt	3,780	3,705	—	—	3,780	3,705
Water Resources	—	—	1,624	1,460	1,624	1,460
State Lottery	—	—	9,362	9,291	9,362	9,291
Unemployment Programs	—	—	18,212	15,534	18,212	15,534
California State University	—	—	11,868	10,878	11,868	10,878
Other enterprise programs	—	—	273	279	273	279
Total expenses	437,257	404,442	41,339	37,442	478,596	441,884
Excess (deficiency) before transfers	11,435	12,151	(6,388)	(4,278)	5,047	7,873
Gain/loss on early extinguishment of debt	(3)	23	—	—	(3)	23
Transfers	(4,265)	(6,047)	4,265	6,047	—	—
Change in net position	7,167	6,127	(2,123)	1,769	5,044	7,896
Net position (deficit), beginning, as previously reported	(20,276)	(26,403)	(17,668)	(19,437)	(37,944)	(45,840)
Error corrections	47,544	—	—	—	47,544	—
Net position (deficit), beginning, as restated	27,268	(26,403)	(17,668)	(19,437)	9,600	(45,840)
Net position (deficit), ending	\$ 34,435	\$ (20,276)	\$ (19,791)	\$ (17,668)	\$ 14,644	\$ (37,944)

Note: Prior-year adjustments recorded in the current year have not been reflected in the prior-year column. Refer to Note 2 Accounting Changes and Error Corrections for details of current year adjustments.

Governmental Activities

During fiscal year 2023-24, governmental activities' expenses and transfers totaled \$441.5 billion. Program revenues totaling \$210.1 billion, including \$164.4 billion in federal grants and contributions, funded 47.6% of expenses and transfers, leaving \$231.5 billion to be funded with general revenues (mainly taxes). General revenues for governmental activities of \$238.6 billion exceeded net unfunded expenses and transfers by \$7.1 billion, resulting in the governmental activities' net position of \$34.5 billion after restatement, as of June 30, 2024, an increase from the prior year's restated net position of \$27.3 billion.

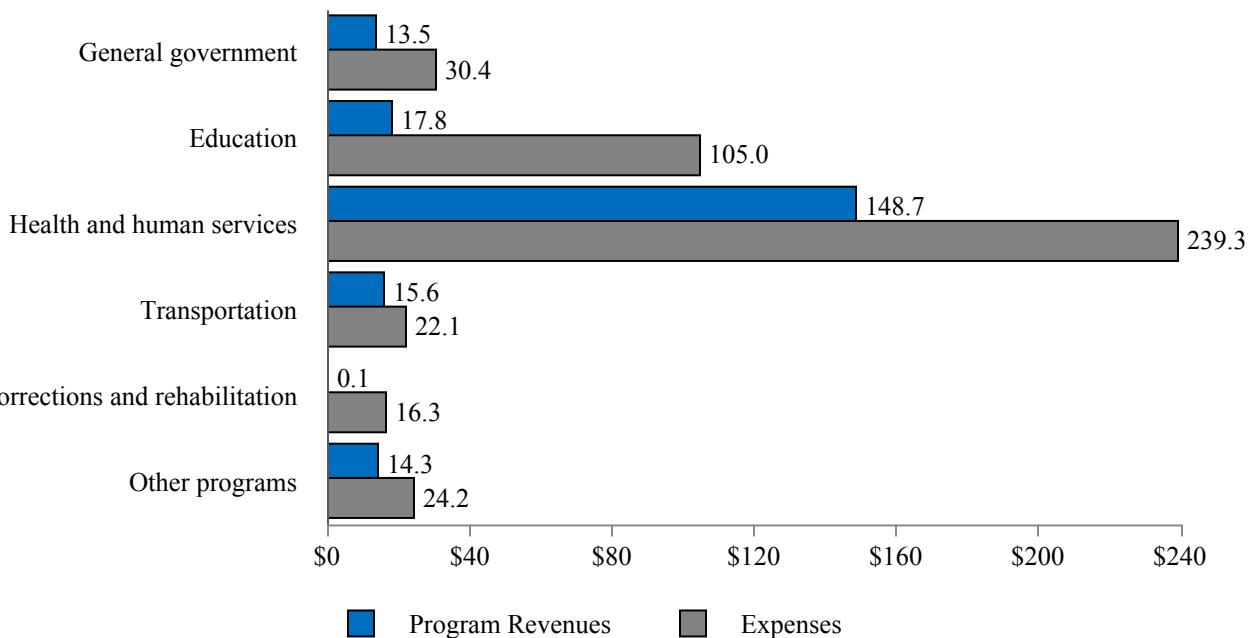
Chart 2 presents a comparison of governmental activities' expenses to related revenue by program.

Chart 2

Program Revenues and Expenses – Governmental Activities

Year ended June 30, 2024

(amounts in billions)



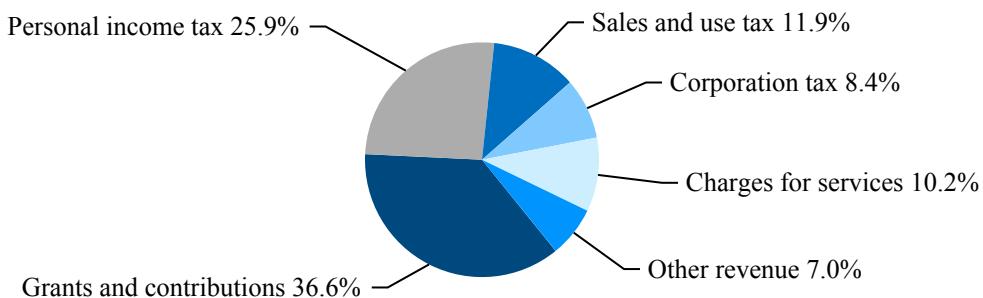
For the fiscal year ended June 30, 2024, total governmental activities' revenue was \$448.7 billion, an increase of 7.7% from the prior year. General revenues increased by \$10.9 billion (4.8%), to \$238.6 billion, and program revenues increased by \$21.2 billion (11.2%), to \$210.1 billion. Personal income taxes increased by \$1.7 billion (1.5%) from the prior year in fiscal year 2023-24, primarily due to an increase in collections from high-income-earning Californians, who saw an increase in bonuses and stock-based compensation. Corporation taxes rose marginally, by \$780 million (2.1%) over the prior year, due to growth in retail sales earnings fueled by inflation. Sales and use taxes decreased by \$232 million (0.4%) from the prior year due to a decline in consumer spending on services fueled by inflation. Additionally, the State's MCO tax contributed a \$7.0 billion increase to general revenues, and is expected to be a continuous revenue source due to voter approval of Proposition 35 in November 2024.

Chart 3 presents the percentage of total revenues by source for each governmental activities program.

Chart 3

Revenues by Source

Year ended June 30, 2024
(as a percent)



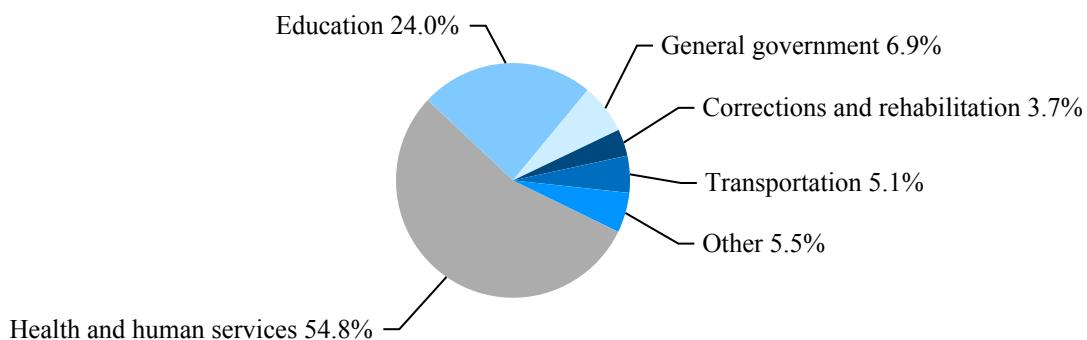
Overall, expenses for governmental activities increased by \$32.8 billion (8.1%) from the prior year, to \$437.3 billion. The largest increase in expenditures, \$20.3 billion (9.3%), occurred in health and human services due to expansion of the Medi-Cal program. Other increases in expenditures include an increase of \$5.4 billion (21.7%) in general government and an increase of \$4.5 billion (4.5%) in education expenditures.

Chart 4 presents the percentage of total expenses for each governmental activities program.

Chart 4

Expenses by Program

Year ended June 30, 2024
(as a percent)



Business-type Activities

As of June 30, 2024, business-type activities' expenses totaled \$41.4 billion. Program revenues of \$35.0 billion, primarily generated from charges for services, and \$4.3 billion in transfers, were not sufficient to cover these expenses. As a result, the restated business-type activities' net position decreased from a deficit of \$17.7 billion, to a deficit of \$19.8 billion at June 30, 2024, a decrease of \$2.1 billion.

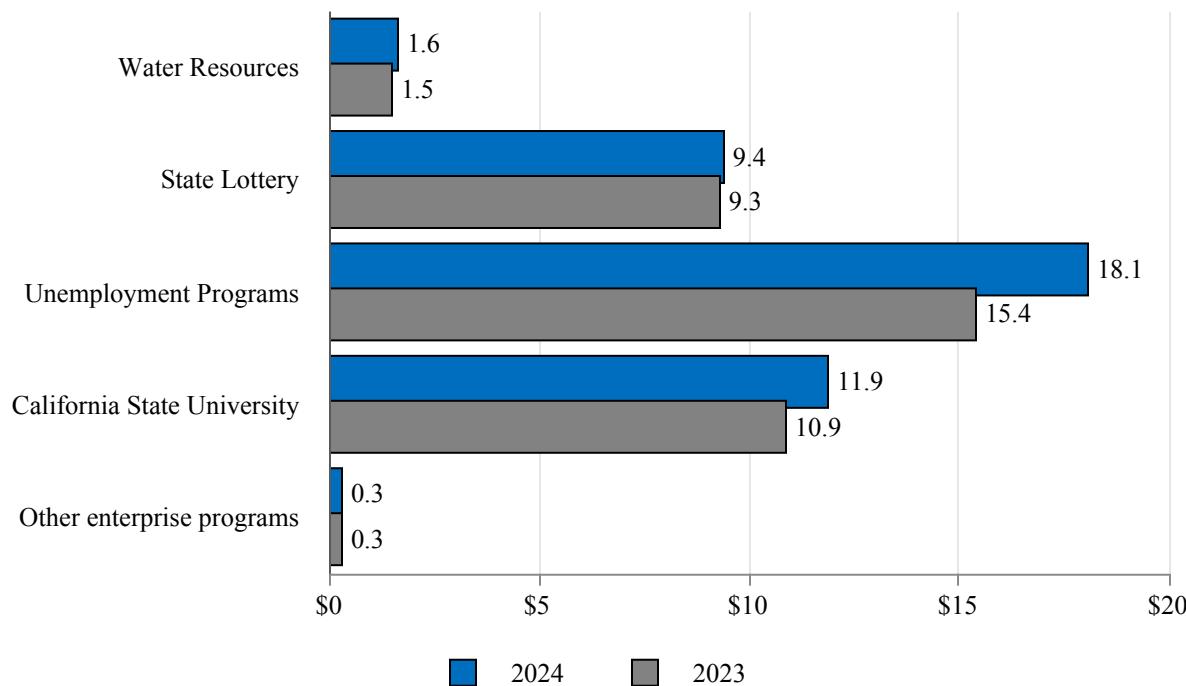
Chart 5 presents a two-year comparison of the expenses of the State's business-type activities.

Chart 5

Expenses – Business-type Activities – Two-year Comparison

Years ended June 30, 2024 and 2023

(amounts in billions)



Fund Financial Analysis

The financial position of the State's governmental funds improved in fiscal year 2023-24, with a combined fund balance increase of \$1.0 billion from the prior year's restated ending fund balance. Governmental funds rely heavily on taxes to support the majority of the State's services and programs. The State's "Big Three" tax revenues (personal income, sales and use, and corporation) had a combined net increase during the fiscal year, primarily due to an increase in personal income taxes from high-income-earning Californians, as a result of increased bonuses and stock compensation. The governmental funds also received a boost in revenue during fiscal year 2023-24 due to an increase of \$7.0 billion in managed care organization enrollment taxes, which were implemented in the previous fiscal year to offset increasing costs related to the Medi-Cal program. The proprietary funds' total net position decreased by \$2.1 billion during fiscal year 2023-24—comprised of a \$2.1 billion net position decrease for enterprise funds, as well as a \$23 million decrease for internal service funds. The decrease in the enterprise funds' net position includes a net position decrease of \$384 million in the California State University Fund to a deficit balance of \$14.3 billion, and a net position decrease of \$2.5 billion in the Unemployment Programs Fund to a deficit balance of \$14.6 billion. The deficit net position in Unemployment Programs reflects excessive borrowings from the federal government during the pandemic to sustain unemployment insurance benefits; the borrowing of federal funds was necessary,

due to the State's outdated tax system, ever-growing unemployment costs, and failure to build adequate unemployment program reserves during periods of economic growth.

Governmental Funds

As of June 30, 2024, the governmental funds' balance sheet reported \$267.7 billion in assets, \$144.3 billion in liabilities and deferred inflows of resources, and fund balances totaling \$123.4 billion. Total assets of governmental funds increased by 2.9%, while total liabilities and deferred inflows of resources decreased by 21.8%, which yielded a net fund balance increase of \$1.0 billion.

Within the governmental funds' total fund balance, \$3.6 billion is classified as nonspendable, as this amount consists of long-term interfund receivables, loans receivable, and legal or contractual requirements. Another \$68.4 billion is classified as restricted for specific programs by external constraints such as debt covenants and contractual obligations, or by constitutional provisions or enabling legislation. Furthermore, \$21.0 billion of the total fund balance is classified as committed for specific purposes and \$27.8 billion is classified as assigned for specific purposes. The remaining unassigned balance of the governmental funds is \$2.6 billion — \$38.7 billion more than the unassigned balance from the prior fiscal year.

The Statement of Revenues, Expenditures, and Changes in Fund Balances of the governmental funds reported \$448.8 billion in revenues, \$454.3 billion in expenditures, and \$6.5 billion in net proceeds from other financing sources. The ending fund balance of the governmental funds for the fiscal year ended June 30, 2024, was \$123.4 billion, a \$1.0 billion increase from the prior year's restated ending fund balance of \$122.4 billion.

Governmental funds' revenue consists primarily of taxes (52.3%) and intergovernmental revenue (37.3%). Personal income taxes accounted for 49.7% of tax revenues and increased by \$2.1 billion over the prior fiscal year. Sales and use taxes accounted for 22.7% of tax revenues and decreased by \$226 million from the prior fiscal year. Corporation taxes accounted for 15.9% of tax revenues and increased by \$635 million over the prior fiscal year. Intergovernmental revenue, primarily from the federal government, increased by \$15.8 billion (10.4%) over the prior fiscal year.

Governmental funds' expenditures increased by \$31.2 billion (7.4%) from the prior fiscal year. The increase is mainly due to the growth in health and human services expenditures of \$20.3 billion (9.3%), consisting primarily of spending on Medi-Cal. The overall increase in governmental funds' expenditures also consists of an increase in education expenditures of \$4.0 billion (4.0%) from the prior fiscal year. While the original Budget did not increase the Proposition 98 calculation for fiscal year 2023-24, higher-than-anticipated General Fund revenues allowed for a large true-up investment in education. Proposition 98 outlines the constitutional requirement that provides a minimum funding guarantee to support California's TK-12 schools and community colleges. Other notable increases in governmental funds' expenditures over the prior year include \$3.5 billion (16.0%) for transportation, and \$2.5 billion (19.0%) for natural resources and environmental protection.

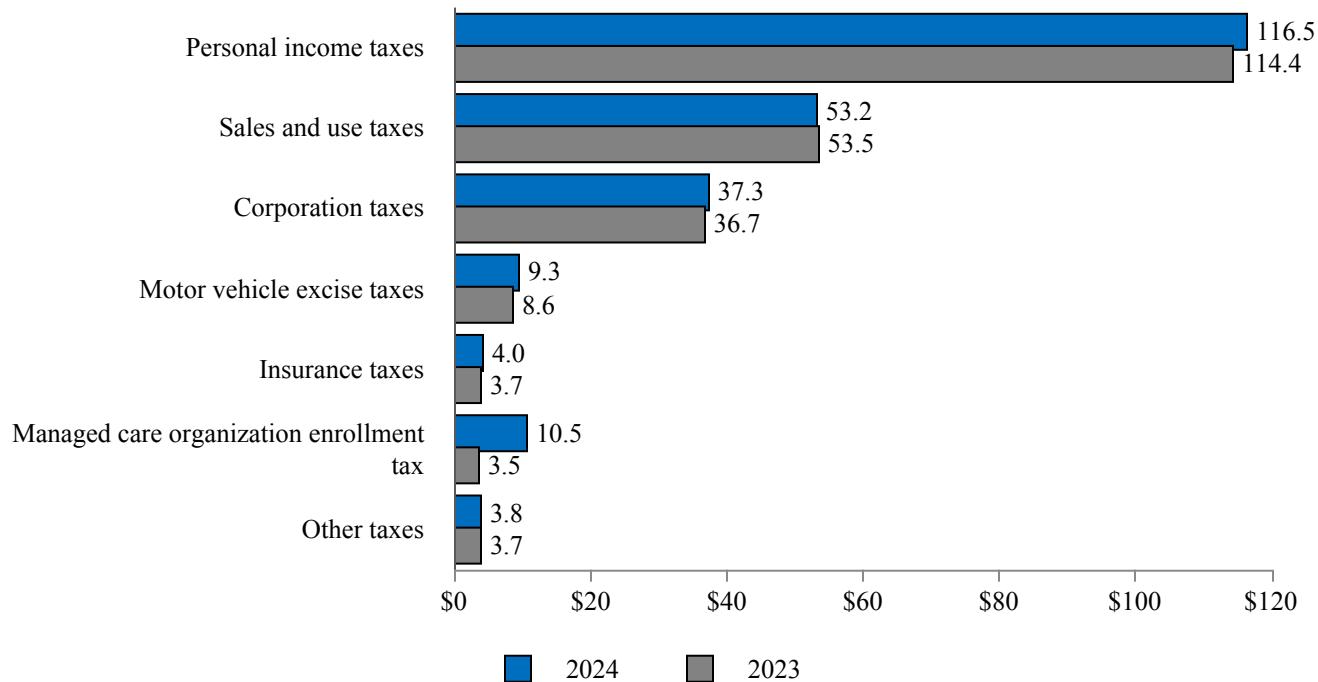
Chart 6 presents a two-year comparison of governmental funds' tax revenues.

Chart 6

Governmental Funds Tax Revenue – Two-year Comparison

Years ended June 30, 2024 and 2023

(amounts in billions)



The State's major governmental funds are the General Fund, the Federal Fund, and the Environmental and Natural Resources Fund. The Transportation Fund and Health Care Related Programs Fund were previously reported as major governmental funds. These funds were reclassified to nonmajor and are now reported with other nonmajor governmental special revenue funds. Refer to Note 2, Accounting Changes and Error Corrections for further details. The General Fund ended the fiscal year with a fund balance of \$63.4 billion, a decrease of \$1.0 billion from the prior year's fund balance, as restated. The Federal Fund ended the year with a fund balance of \$357 million, while the Environmental and Natural Resources Fund ended the fiscal year with a fund balance of \$23.9 billion. The nonmajor governmental funds ended the fiscal year with a combined fund balance of \$35.8 billion.

General Fund: As shown on the Balance Sheet, the General Fund (the State's main operating fund) ended fiscal year 2023-24 with assets of \$129.9 billion; liabilities and deferred inflows of resources of \$66.5 billion; and nonspendable, restricted, committed, and assigned fund balances of \$3.6 billion, \$26.0 billion, \$2.3 billion, and \$27.7 billion, respectively. This left the General Fund with an unassigned fund balance of \$3.8 billion, a decrease of \$6.5 billion from the prior year. Total assets of the General Fund decreased by \$3.7 billion (2.8%) from the prior fiscal year, and total liabilities and deferred inflows of resources decreased by \$3.1 million (4.4%) from the prior year.

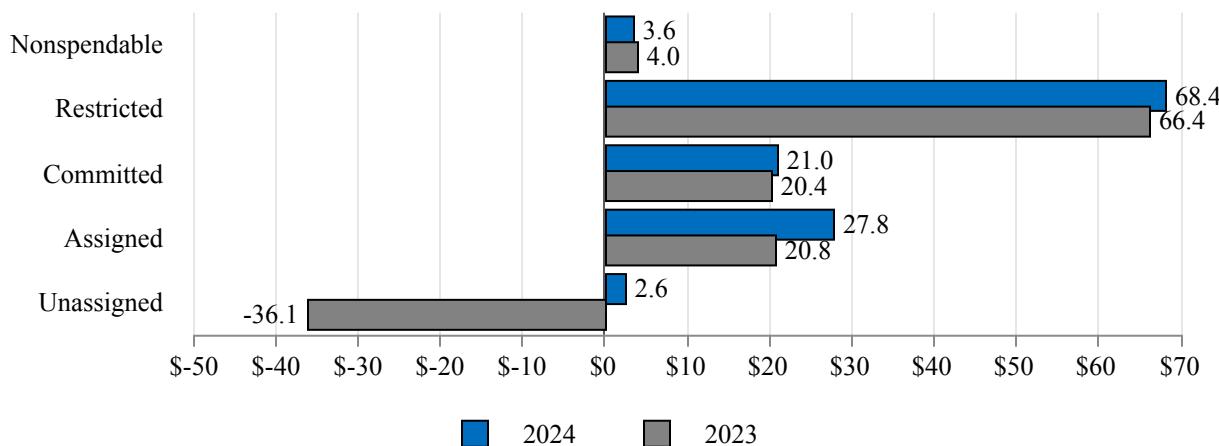
Chart 7 presents a two-year comparison of the components of the governmental funds' balance.

Chart 7

Governmental Funds – Components of Fund Balance – Two-year Comparison

Years ended June 30, 2024 and 2023

(amounts in billions)



As shown on the Statement of Revenue, Expenditures, and Changes in Fund Balances, General Fund revenues exceeded expenditures by \$5.0 billion (\$195.3 billion in revenues and \$190.3 billion in expenditures). Approximately \$184.8 billion (94.6%) of General Fund revenue is derived from the State's largest three taxes—personal income taxes (\$114.3 billion), corporation taxes (\$37.3 billion), and sales and use taxes (\$33.2 billion). A total of \$826 million in revenue is included in the General Fund as a result of fund classifications made to comply with generally accepted governmental accounting principles. These revenues are not considered General Fund revenues for any budgetary purposes or for the State's Budgetary/Legal Basis Annual Report.

During fiscal year 2023-24, total General Fund revenue increased by \$2.9 billion (1.5%), mainly due to an increase in personal income taxes. Meanwhile, General Fund expenditures decreased by \$692 million. The General Fund ended the fiscal year with a fund balance of \$63.4 billion after transfers, a decrease of \$1.0 billion from the prior year's restated ending fund balance of \$64.4 billion. The General Fund's ending fund balance includes \$22.6 billion restricted for budget stabilization if the Governor must declare a budget emergency during an economic crisis, such as the COVID-19 pandemic, floods, or wildfires.

Federal Fund: The Federal Fund reports federal grant revenues and the related expenditures to support grant programs. The largest of these programs is for health and human services, including Medi-Cal and unemployment programs, which accounted for \$132.4 billion (81.4%) of the total \$162.7 billion in fund expenditures. Education, transportation, and general government programs also constituted \$18.0 billion (11.1%), \$5.3 billion (3.2%) and \$4.4 billion (2.7%) of the fund's expenditures, respectively. The Federal Fund's revenues increased by \$15.3 billion from the prior year, while expenditures and transfers had a combined increase of \$16.3 billion, resulting in a \$667 million decrease from the prior year's restated ending fund balance of \$1.0 billion, to \$357 million.

Environmental and Natural Resources Fund: The Environmental and Natural Resources Fund accounts for fees, bond proceeds, and other revenues that are used for maintaining the State's natural resources and improving the environmental quality of its air, land, and water. The Environmental and Natural Resources Fund's revenues increased by \$2.0 billion (21.9%) over the prior year, due to the spending requirements related to the Parks and Water Bond Act of 2018 (Proposition 68), passed by voters in June 2018. Expenditures increased by \$1.8 billion (20.9%). Other financing sources provided net receipts of \$2.4 billion, mainly from bond proceeds, including those sold under Proposition 68. The Environmental and Natural Resources Fund ended the fiscal year with a \$23.9 billion fund balance, an increase of \$3.2 billion (15.3%) over the prior year.

Proprietary Funds

Enterprise Funds: The total deficit net position of the enterprise funds at June 30, 2024, was \$19.8 billion—a \$2.1 billion decline from the prior year's restated deficit net position of \$17.7 billion. The largest portion of this decline in net position was attributable to the Unemployment Programs Fund, with a \$2.5 billion decrease to net position, ending the fiscal year with a deficit net position of \$14.6 billion. The decline was offset by the increase in the net position of nonmajor enterprise funds of \$754 million. The net position of the California State University Fund decreased by \$384 million and the net position of the State Lottery Fund decreased by \$17 million.

As shown on the proprietary funds' Statement of Net Position, total assets and deferred outflows of resources for the enterprise funds were \$55.7 billion as of June 30, 2024. Of this amount, current assets totaled \$16.0 billion, noncurrent assets totaled \$33.4 billion, and deferred outflows of resources totaled \$6.3 billion. Total liabilities and deferred inflows of resources for the enterprise funds was \$75.5 billion. One of the largest liabilities of the enterprise funds is \$19.5 billion due to other governments, \$19.1 billion of which represents borrowings from the U.S. Department of Labor for the Unemployment Programs Fund, primarily associated with federal pandemic relief programs. As of June 30, 2024, the Unemployment Programs Fund also reported a balance on deposit with the U.S. Treasury of \$474 million, funds also used to pay unemployment claims during the pandemic. Other noteworthy cumulative liabilities of the enterprise funds include a net OPEB liability of \$15.4 billion, \$15.1 billion in revenue bonds payable including the current portion, and \$10.1 billion in net pension liability. Total net position for enterprise funds consisted of four segments: net investment in capital assets of \$3.9 billion, nonexpendable restricted net position of \$2 million, restricted expendable net position of \$8.6 billion, and unrestricted net deficit of \$32.3 billion.

As shown on the Statement of Revenues, Expenses, and Changes in Fund Net Position of proprietary funds, the enterprise funds ended the year with operating revenues of \$30.4 billion, operating expenses of \$38.4 billion, and net revenues from other transactions and transfers of \$5.8 billion. The largest sources of operating revenues were unemployment and disability insurance receipts of \$15.6 billion in the Unemployment Programs Fund, and lottery ticket sales of \$9.3 billion collected by the State Lottery Fund. Unemployment and disability insurance receipts in the Unemployment Programs Fund were \$397 million (2.6%) greater than the prior fiscal year. The largest operating expenses were distributions to beneficiaries of \$17.8 billion reported in the Unemployment Programs Fund, personal services expenses of \$6.9 billion reported in the California State University Fund, and lottery prizes of \$6.0 billion distributed by the State Lottery Fund.

Internal Service Funds: The total net position of the internal service funds was \$1.2 billion as of June 30, 2024. The net position consists of three segments: net investment in capital assets of \$622 million, restricted expendable net position of \$137 million, and unrestricted deficit net position of \$2.0 billion.

Fiduciary Funds

The State of California has four types of fiduciary funds: pension and other employee benefit trust funds, private purpose trust funds, investment trust funds, and custodial funds. The pension and other employee benefit trust funds ended the fiscal year with a net position of \$899.7 billion. The private purpose trust funds ended the fiscal year with a net position of \$16.7 billion. The investment trust funds ended the fiscal year with a net position of \$22.2 billion. The custodial fund ended the fiscal year with a net position of \$684 million.

For the fiscal year ended June 30, 2024, the fiduciary funds' combined net position was \$939.3 billion, a \$72.3 billion increase from the prior year's net position. Although the net position of the investment trust funds decreased by 13.9% compared to the prior year, the overall net position of the fiduciary funds increased primarily because contributions received and investment income in pension and other employee benefit trust funds exceeded payments made to participants.

General Fund Budget Highlights

The original General Fund budget of \$154.7 billion was increased by \$68.0 billion during fiscal year 2023-24. This increase is primarily attributable to additional funding for education, health and human services, and other general government expenditures.

Education increased due to an increase in guaranteed minimum funding levels for TK-12 schools and community colleges under Proposition 98.

Health and Human Services increased because of investments made by the State to expand Medi-Cal eligibility to all income-eligible adults, address homelessness, and strengthen the public health infrastructure.

Other general government increased due to a rise in funding for retirement health benefits and the accelerated payment of state retirement liabilities.

Table 3 presents a summary of the General Fund original and final budgets.

Table 3**General Fund Original and Final Budgets**

Year ended June 30, 2024

(amounts in millions)

	Original	Final	Increase/ (Decrease)
Budgeted amounts			
Business, consumer services, and housing	\$ 2,963	\$ 2,432	\$ (531)
Transportation	4,659	6,709	2,050
Natural resources and environmental protection	12,310	12,055	(255)
Health and human services	71,181	76,567	5,386
Corrections and rehabilitation	14,116	15,395	1,279
Education	41,059	98,484	57,425
General government:			
Tax relief	382	415	33
Debt service	6,893	5,348	(1,545)
Other general government	1,185	5,356	4,171
Total	\$ 154,748	\$ 222,761	\$ 68,013

Capital Assets and Debt Administration**Capital Assets**

As of June 30, 2024, the State's investment in capital assets for its governmental and business-type activities amounted to \$177.8 billion (net of accumulated depreciation/amortization). The State's capital assets include land, state highway infrastructure, collections, buildings and other depreciable property, intangible assets, and construction/development in progress. The buildings and other depreciable property account includes buildings, improvements other than buildings, equipment, certain infrastructure assets, certain books, and other capitalized and depreciable property. Intangible assets include computer software, land use rights, patents, copyrights, and trademarks. Infrastructure assets are items that normally are immovable, such as roads and bridges, and can be preserved for a greater number of years than can most capital assets.

As of June 30, 2024, the State's capital assets increased by \$5.8 billion, or 3.4% over the prior fiscal year. The majority of the increase is attributed to net additions to buildings and other depreciable property of \$3.5 billion, construction/development in progress of \$2.1 billion, and state highway infrastructure of \$2.1 billion. Additional information on the State's capital assets can be found in Note 7.

Table 4 presents a summary of the primary government's capital assets for governmental and business-type activities.

Table 4

Capital Assets – Primary Government – Two-year Comparison

June 30, 2024 and 2023

(amounts in millions)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land.....	\$ 21,985	\$ 22,496	\$ 489	\$ 466	\$ 22,474	\$ 22,962
State highway infrastructure.....	85,170	83,022	—	—	85,170	83,022
Collections – nondepreciable.....	22	22	40	37	62	59
Buildings and other depreciable property.....	40,655	38,228	22,907	21,882	63,562	60,110
Intangible assets – amortizable.....	3,892	3,752	548	475	4,440	4,227
Right to use leased assets.....	4,463	3,638	833	587	5,296	4,225
Less: accumulated depreciation/amortization.....	(22,410)	(20,452)	(9,642)	(8,880)	(32,052)	(29,332)
Construction/development in progress.....	24,431	22,741	2,958	2,598	27,389	25,339
Intangible assets – nonamortizable.....	1,318	1,254	137	137	1,455	1,391
Total	\$ 159,526	\$ 154,701	\$ 18,270	\$ 17,302	\$ 177,796	\$ 172,003

Note: Prior-year adjustments recorded in the current year have not been reflected in the prior-year column.

Modified Approach for Infrastructure Assets

The State has elected to use the modified approach for capitalizing infrastructure assets of the state highway system (state bridges and roadways). Under the modified approach, the State does not report depreciation expense for its bridges and roads but capitalizes all costs that add to their capacity and efficiency. All maintenance and preservation costs are expensed. Under the modified approach, the State maintains an asset management system to demonstrate that the infrastructure is preserved at or above established condition levels. During fiscal year 2023-24, the actual amount spent on preservation was 48.0% of the estimated budgeted amount needed to maintain the infrastructure assets at established condition levels. Although the amount spent fell short of the budgeted amount, the assessed condition of the State's bridges and roadways is better than the established condition baselines, with 94.0% of bridge deck area judged to be of fair or better quality and 85.3% of lane miles judged to be of fair or better quality in the last completed pavement-condition survey. The State is responsible for maintaining 12,681 bridges and tunnels and 50,607 lane miles.

The Required Supplementary Information includes additional information on how the State uses the modified approach for infrastructure assets; it also presents the established condition standards, condition assessments, and preservation costs.

Debt Administration

At June 30, 2024, the State had total bonded debt outstanding of \$111.9 billion. Of this amount, \$80.1 billion (71.6%) represents general obligation bonds, which are backed by the full faith and credit of the State. The current portion of general obligation bonds outstanding is \$4.0 billion and the

long-term portion is \$76.1 billion. The remaining \$31.8 billion (28.4%) of bonded debt outstanding represents revenue bonds, which are secured solely by specified revenue sources. The current portion of revenue bonds outstanding is \$1.5 billion and the long-term portion is \$30.3 billion.

During the fiscal year, the State issued a total of \$8.3 billion in new general obligation bonds to fund various capital projects and other voter-approved costs related to TK-12 schools and higher education facilities, transportation improvements and high-speed rail, water quality and environmental protection, and other public purposes.

Table 5 presents a summary of all the primary government's long-term obligations for governmental and business-type activities.

Table 5

Long-term Obligations – Primary Government – Two-year Comparison

Years ended June 30, 2024 and 2023

(amounts in millions)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Government-wide noncurrent liabilities						
General obligation bonds.....	\$ 75,458	\$ 74,713	\$ 636	\$ 671	\$ 76,094	\$ 75,384
Revenue bonds payable.....	15,717	15,278	14,540	14,008	30,257	29,286
Total bonded debt.....	<u>91,175</u>	<u>89,991</u>	<u>15,176</u>	<u>14,679</u>	<u>106,351</u>	<u>104,670</u>
Net pension liability.....	82,383	80,146	10,079	9,686	92,462	89,832
Net other postemployment benefits liability.....	68,707	67,360	15,403	14,454	84,110	81,814
Mandated cost claims payable.....	1,887	1,810	—	—	1,887	1,810
Loans payable.....	20	31	—	—	20	31
Compensated absences payable.....	5,304	5,312	293	297	5,597	5,609
Workers' compensation benefits payable.....	5,689	5,390	15	13	5,704	5,403
Lease liability.....	2,349	2,062	327	319	2,676	2,381
Subscription liability.....	37	53	25	31	62	84
Commercial paper.....	1,031	1,327	636	381	1,667	1,708
Other noncurrent liabilities.....	4,136	4,183	915	1,071	5,051	5,254
Total noncurrent liabilities.....	262,718	257,665	42,869	40,931	305,587	298,596
Current portion of long-term obligations.....	6,405	6,421	2,018	1,841	8,423	8,262
Total long-term obligations.....	\$ 269,123	\$ 264,086	\$ 44,887	\$ 42,772	\$ 314,010	\$ 306,858

Note: Prior-year adjustments recorded in the current year have not been reflected in the prior-year column.

During the fiscal year ended June 30, 2024, the primary government's total long-term obligations increased by \$6.9 billion from the prior year's balance. The largest increase in long-term obligations during the fiscal year was a \$2.6 billion increase in net pension liability resulting from a decrease in pension plan net investment income. Other significant increases included a \$2.3 billion increase in net other postemployment benefit liability.

Note 10, Long-term Obligations, and Notes 11 through 18 include additional information on the State's long-term obligations.

During the year ended June 30, 2024, the State's general obligation bonds rating from Fitch Ratings, Standard and Poor's Rating Services, and Moody's Investors Service remained unchanged at "AA", "AA-", and "Aa2", respectively.

Economic Condition and Future Budgets

The Economy for the Fiscal Year Ending June 30, 2024

California's economy was in an extended slowdown during the 2023-24 fiscal year, characterized by a soft labor market and weak consumer spending, primarily driven by the Federal Reserve's efforts to tamp down inflation by raising interest rates and shrinking how much money was available for lending and investment. While this slowdown has been gradual and the severity milder than a recession, outside of government and healthcare, the state experienced minimal job growth over an 18-month period and the number of unemployed workers in California rose by nearly 160,000 during the 2023-24 fiscal year, resulting in a 0.7% increase to the state's unemployment rate. Despite the economic slowdown, a bright spot emerged: strong growth in total pay to California workers. Total pay grew at an above-average rate of 17% annualized in the first half of 2024, as optimism surrounding artificial intelligence led to a surge in the stock market. Total pay aims to capture the full economic value of a job, and includes components beyond base salary and wages, such as incentive pay, employee benefits, and stock options.

California's real gross domestic product (GDP) reached \$4.1 trillion at June 30, 2024, an increase of 6.3% during fiscal year 2023-24, compared to real GDP of \$3.8 trillion at June 30, 2023, growth of 6.1% during the 2022-23 fiscal year. California's economic growth was faster than that of the United States GDP, which increased by 5.7% during fiscal year 2023-24.

During the 2023-24 fiscal year, the California real estate market continued to experience challenges posed by elevated mortgage rates, high home prices, and a low supply of homes available for sale. The median price of homes in California was \$900,720 as of June 2024, an increase of 7.5% from the prior year and a nominal increase of 5.0% over a two-year span. By comparison, the national median home price increased by 2.7% from the prior year to \$421,400 in June 2024. The housing market saw 30-year fixed mortgage rates rise to an average of 6.9% in June 2024, compared to 6.7% in June 2023. The rate increase impacted sales of existing single-family homes; in June 2024, sales were down 2.7% from the prior year. New active listings increased by 37% from June 2023 to June 2024. However, the number of new privately owned residential units in California decreased during fiscal year 2023-24 by approximately 1,659 units. A more favorable interest rate may loosen up the "lock-in effect"—the reluctance of homeowners to sell their homes with lower-interest mortgages and improve housing inventory; this in turn could encourage buyers and sellers to return to the market and boost both home sales and prices.

The real estate market was not the only segment of the state's economy that was adjusting during the 2023-24 fiscal year. New light vehicle registrations decreased by 0.7% in the first six months of 2024 compared to the prior year, as monthly finance and lease costs remain elevated due to higher interest rates.

Unemployment insurance claims per week, which had increased to 385,000 at the end of the 2022-23 fiscal year, decreased marginally as California issued approximately 381,000 claims per week to unemployed workers by June 30, 2024. Conversely, the unemployment rate rose to 5.3% by the end of fiscal year 2023-24, compared to 4.6% at the end of the prior period. During fiscal year 2023-24, the increase of approximately 78,000 new non-farm jobs was an alarming deceleration compared to

approximately 157,000 jobs gained in the prior fiscal year. Only four of California's 11 major industry sectors experienced job growth. The private education and health services sectors saw growth for a fourth consecutive year, with a 5.8% gain in jobs during fiscal year 2022-23 and another 181,000 jobs added in fiscal year 2023-24, an increase of 5.8%. The private education and health services sectors include jobs in private educational institutions and services as well as health care and social assistance.

Californians' personal income increased 7.5% during the period, which was in line with the national increase of 7.5%. Since 2014, personal income of Californians has grown an average of 5.6% annually, due largely to the low unemployment rate sustained during the majority of this period. Comparatively, personal income in the United States grew an average of 5.2% during the same period. Effective January 1, 2024, California's minimum wage increased to \$16.00 per hour. The minimum wage continued to increase to \$16.50 per hour on January 1, 2025; fast food restaurant employees' minimum wage increased to \$20.00 per hour on April 1, 2024; and certain health care workers received \$20.00 per hour minimum wage on October 16, 2024. Despite the long-term growth trend of personal earnings for Californians and other positive economic growth factors, ongoing inflationary pressures and elevated Federal Reserve interest rates will continue to pose a risk to the state's economy.

Economic Conditions for the 2024-25 Fiscal Year and Future Outlook

In the 2024-25 fiscal year, California's economy experienced the slow but relatively stable growth characteristic of a mature economic expansion, overtaking Japan to become the fourth-largest economy in the world. However, with the change in U.S. presidential administrations, risks to California's economy began to emerge in early 2025 from various federal policies including broad and elevated tariffs and strict immigration policies. California is the nation's largest importer and second-largest exporter, and tariffs are expected to have a wide-ranging impact on the economy, potentially leading to slower job and income growth and higher inflation. California also faces threats in federal funding cuts that could put the state's healthcare, safety net, and education programs at risk. In addition, in January 2025, California experienced devastating wildfires in the Los Angeles region that burned an estimated 16,000 homes, businesses, and other structures. The fires caused an unprecedented economic loss of more than \$250.0 billion, leading to a state tax filing postponement for affected individuals and businesses until October 15, 2025.

Because of these challenges, California's economy continued in an incremental growth pattern amid vigilant oversight. At the end of 2024, the state's GDP climbed to \$4.2 trillion, an increase of 4.2% over the previous year, which was less than the United States GDP increase of 4.7% over the same period. Personal income growth for Californians was robust, increasing by 5.0% during 2024. Statewide personal income growth outpaced both the increase in Consumer Price Index of 2.7% during the period and the U.S. national personal income increase of 4.5%. California's unemployment rate for the 2024-25 fiscal year was relatively stable throughout the year, ending at 5.3% in April 2025.

The California housing market entered a period of uncertainty during the latter half of fiscal year 2024-25, as consumers remained worried about their financial outlook for the year ahead, and the Federal Reserve has held interest rates steady until the impact of federal policy changes and global events becomes more clear. Existing home sales totaled 265,000 units in May 2025, a 4.0% decrease from May 2024. The 30-year fixed mortgage interest rate decreased slightly, from an average of 7.1% in May 2024, to a 6.8% average in May 2025. As demand for homes continued to outpace supply, the statewide median home price rose to \$900,170 in May 2025, a decrease of 0.9% from May 2024. While

higher levels of active home listings not seen in the prior two years should help to moderate price growth, elevated mortgage rates will continue to pose a challenge to homebuyers in the months ahead.

New vehicle registrations increased by 8.3% in the first quarter of 2025 compared to the same period last year. This increase in new registrations is mainly attributable to purchases made in anticipation of the implementation of new auto tariffs. Although pent-up demand and increased affordability due to lower interest rates were expected to propel the market in 2025, the outlook remains uncertain due to the volatile nature of current trade policy.

In the first half of 2025, the federal administration enacted a series of sweeping tariff measures, including a global 10% tariff on nearly all imports, and elevated reciprocal tariffs on specific countries including China, the European Union, and Japan. It also enacted, targeted increases of 50% on steel and aluminum, and 25% on automobiles. As California serves as a gateway for goods imported from Asia, and the state's three largest trading partners are Canada, Mexico and China, the state is expected to be especially vulnerable to the tariffs. Job growth in the leisure and hospitality, professional and business services, manufacturing, trade, transportation, and utilities sectors is projected to be impacted most severely. Additionally, the state could see an uptick in inflation across all major consumer price index categories. If tariffs are scaled back substantially, the state's economy will likely remain on a lower trajectory in the near-term, as businesses and consumers are expected to remain cautious in the face of ongoing uncertainty.

California's 2024-25 Budget

California's 2024-25 Budget Act was enacted on June 26, 2024. The Budget Act appropriated \$297.9 billion: \$211.5 billion from the General Fund, \$84.0 billion from special funds, and \$2.4 billion from bond funds. Budgeted expenditures for the General Fund decreased by \$11.6 billion (5.2%) from last year's budget, to \$211.5 billion, and General Fund revenues were projected to be \$212.1 billion. General Fund revenue comes predominantly from taxes, with personal income taxes expected to provide 56.2% of total revenue in fiscal year 2024-25. California's major taxes, including personal income taxes, sales and use taxes, and corporation taxes, were projected to supply approximately 93.2% of the General Fund's resources in the 2024-25 fiscal year. The General Fund was projected to end the 2024-2025 fiscal year with \$22.2 billion in total reserves, including \$17.6 billion in the Budget Stabilization Account (BSA) for fiscal emergencies, \$1.1 billion in the Public School System Stabilization Account (PSSSA), and \$3.5 billion in the State's operating reserve.

The 2024-25 Budget Act decreased total state expenditures by \$12.4 billion from the 2023-24 budgeted level. Notable General Fund spending changes included decreases of \$6.9 billion for General Government operations and \$2.5 billion for Health and Human Services, and an increase of \$2.2 billion for K-12 Education. The General Fund's share of the Proposition 98 guaranteed minimum funding level for K-12 schools and community colleges increased by \$15.5 billion from the revised 2023-24 fiscal year level, to \$82.6 billion.

The Budget included total funding of \$133.8 billion for all K-12 education programs, reflecting significant Proposition 98 funding to enable increased support for core programs such as the Local Control Funding Formula, special education, transitional kindergarten, nutrition, and preschool. The Budget included \$1.0 billion in one-time funding for the Homeless Housing Assistance and Prevention Program; maintained Medi-Cal funding for the expansion of health care and In-Home Support Services benefit levels to all income-eligible Californians regardless of immigration status; preserved \$7.1 billion

in funding for Behavioral Health; preserved \$250 million for the Middle Mile Broadband Initiative; and preserved \$2.0 billion for Last Mile projects over fiscal years 2024-25, 2025-26, and 2026-27.

In the aftermath of the COVID-19 pandemic, the State experienced significant revenue volatility, seeing unprecedented revenue growth that was quickly followed by a sharp correction back toward historical trends. Additionally, the unprecedented Internal Revenue Service tax filing and payment postponement in 2023, affecting 99% of state taxpayers, significantly clouded the State's revenue forecast. Over the past decade, the State has accumulated reserves to better prepare for economic downturns and to mitigate against the volatility in the state's revenue structure. The Budget took steps to put California on sound financial footing by pursuing a fiscally responsible long-term path that would protect vital programs and solve a \$46.8 billion deficit for the fiscal year through a mix of broad-based solutions. Included in the Budget were \$16.0 billion in reductions, including ongoing reductions to state operations and a vacant position sweep, a \$500 million reduction in the California Student Housing Revolving Loan Program, a \$1.1 billion reduction to various affordable housing programs, and a \$746 million reduction for various healthcare workforce programs. The Budget included \$13.6 billion in additional revenue sources and borrowed internally from special funds, leveraging creative solutions such as a suspension on the use of net operating losses, a limit on credits for business taxes, and an increase in the Managed Care Organization Tax to support the Medi-Cal program. The Budget also enacted a \$6.0 billion draw down from reserves, including \$5.1 billion from the BSA and \$900 million from the Safety Net Reserve in fiscal year 2024-25. Moreover, the Budget shifted \$6.0 billion in certain expenditures from the General Fund to other funds, minimized the use of \$3.1 billion in delays to avoid both increased future obligations and potential shortfalls, and deferred \$2.1 billion in certain payments to future years.

In June 2025, the 2025-26 Budget Act was enacted; it provided updated estimates of fiscal year 2024-25 General Fund revenues, expenditures, and reserves. The 2025-26 Budget Act projected fiscal year 2024-25 General Fund revenue of \$226.7 billion after transfers—\$14.6 billion (6.9%) more than projected in the 2024-25 Budget Act—and expenditures of \$233.6 billion. Total year-end reserves were estimated at \$35.9 billion—\$18.3 billion in the BSA, \$17.1 billion in the State's operating reserve, and \$455 million in the PSSA—which was \$13.7 billion (61.7%) more than projected in the 2024-25 Budget Act.

California's 2025-26 Budget

California's fiscal year 2025-26 Budget Act was enacted on June 27, 2025; it includes projections of fiscal year 2025-26 General Fund revenues, expenditures, and reserves. General Fund revenues are anticipated to be \$215.7 billion, a decrease of \$11.0 billion (4.9%) from revised fiscal year 2024-25 revenue estimates. The decrease is primarily due to projected decreases of \$8.2 billion in other revenue sources and \$6.1 billion in corporation taxes, partially offset by projected increases of \$1.2 billion in sales and use taxes and \$2.2 billion in transfers from the BSA. General Fund expenditures for fiscal year 2025-26 are budgeted at \$228.4 billion, a decrease of \$5.2 billion (2.2%) compared to the revised fiscal year 2024-25 estimates. The Budget maintains fiscal discipline by preserving a total of \$15.7 billion in budgetary reserves—\$11.2 billion in the BSA for fiscal emergencies and \$4.5 billion in the State's operating reserve.

The 2025-26 Budget Act maintains the State's commitment to increase funding for education and preserves its investment in the Los Angeles fire recovery efforts. The Budget allocates total funding of \$137.6 billion for all TK-12 education programs, and \$45.1 billion for all higher education entities. The

Budget also continues authority to spend from the previously approved \$2.5 billion for the Los Angeles fire recovery efforts.

In January 2025, the 2025-26 Governor's Budget projected modest but slow economic growth, with a slight surplus in the budget window. This was followed by continued positive signs early in the year, as revenues came in substantially higher than projected, reflecting strong performance in California's economy and the stock market in 2024 and early 2025. However, the subsequent imposition of federal policy changes significantly slowed growth in the California economy. Most notably, broad-based tariffs blunted this growth and prompted a downgrade to California's economic and revenue forecasts at the 2025-26 May Revision. At the same time, California also experienced substantial cost and caseload growth in several core state programs, most notably in Medi-Cal, which combined to create a General Fund shortfall of \$11.8 billion. The 2025-26 Budget Act closes this gap through a range of solutions, including difficult but necessary actions that reduce ongoing expenditure growth to maintain budget resilience and provide long-term stability for critical state programs, while also maintaining significant reserves. The Budget Act also incorporates a comprehensive regulatory streamlining package that will advance more affordable housing and infrastructure. Because the Budget Act was approved in late June 2025, it does not reflect the impact of the substantial cuts in federal spending included in the federal omnibus tax and spending bill signed in early July 2025. The Governor's administration continues to evaluate the impacts of this measure and will work with the state legislature if any changes to the 2025-26 Budget are necessary.

Requests for Information

The State Controller's Office designed this financial report to provide interested parties with a general overview of the State of California's finances. Address questions concerning the information provided in this report or requests for additional information via email to the State Controller's Office, State Accounting and Reporting Division at StateGovReports@sco.ca.gov. This report is also available on the State Controller's Office website at www.sco.ca.gov.

Basic Financial Statements

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Government-wide Financial Statements

Statement of Net Position

June 30, 2024

(amounts in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total		
ASSETS					
Current assets:					
Cash and pooled investments	\$ 136,464,084	\$ 7,152,913	\$ 143,616,997	\$ 4,454,153	
Amount on deposit with U.S. Treasury	—	474,121	474,121	—	
Investments	1,815,136	4,083,930	5,899,066	9,967,962	
Restricted assets:					
Cash and pooled investments	996,378	779,743	1,776,121	908,178	
Investments	—	—	—	103,851	
Due from other governments	—	238,058	238,058	—	
Contracts and installments receivable	10,931	—	10,931	—	
Receivables (net)	52,639,489	2,766,538	55,406,027	9,017,051	
Internal balances	(36,970)	36,970	—	—	
Due from primary government	—	—	—	561,726	
Due from other governments	45,796,791	220,142	46,016,933	222,359	
Prepaid items	192,008	81,845	273,853	2,669	
Inventories	96,244	34,384	130,628	438,656	
Other current assets	137,913	7,241	145,154	733,009	
Total current assets	<u>238,112,004</u>	<u>15,875,885</u>	<u>253,987,889</u>	<u>26,409,614</u>	
Noncurrent assets:					
Restricted assets:					
Cash and pooled investments	106,788	177,644	284,432	27,390	
Investments	—	50,655	50,655	251,908	
Loans receivable	—	5,508,401	5,508,401	—	
Investments	—	3,036,670	3,036,670	53,375,414	
Contracts and installments receivable	172,397	—	172,397	—	
Receivables (net)	2,600,318	1,616,631	4,216,949	4,371,461	
Loans receivable	4,943,400	3,451,013	8,394,413	3,064,552	
Long-term prepaid charges	110	697,257	697,367	96	
Capital assets:					
Land	21,984,954	489,278	22,474,232	2,311,410	
State highway infrastructure	85,170,476	—	85,170,476	—	
Collections – nondepreciable	21,691	39,774	61,465	671,247	
Buildings and other depreciable property	40,655,476	22,907,839	63,563,315	72,691,678	
Intangible assets – amortizable	8,354,780	1,380,449	9,735,229	6,183,650	
Less: accumulated depreciation/amortization	(22,410,093)	(9,641,930)	(32,052,023)	(39,691,173)	
Construction/development in progress	24,430,761	2,957,608	27,388,369	8,287,234	
Intangible assets – nonamortizable	1,318,261	136,840	1,455,101	305	
Other noncurrent assets	—	32,260	32,260	869,127	
Total noncurrent assets	<u>167,349,319</u>	<u>32,840,389</u>	<u>200,189,708</u>	<u>112,414,299</u>	
Total assets	<u>405,461,323</u>	<u>48,716,274</u>	<u>454,177,597</u>	<u>138,823,913</u>	
DEFERRED OUTFLOWS OF RESOURCES					
Total assets and deferred outflows of resources	<u>\$ 447,124,286</u>	<u>\$ 54,996,902</u>	<u>\$ 502,121,188</u>	<u>\$ 145,562,507</u>	

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total		
LIABILITIES					
Current liabilities:					
Accounts payable.....	\$ 54,286,689	\$ 994,644	\$ 55,281,333	\$ 4,498,089	
Due to component units.....	561,726	—	561,726	—	
Due to other governments.....	36,685,415	19,544,696	56,230,111	—	
Revenues received in advance.....	2,481,712	420,397	2,902,109	2,397,105	
Tax overpayments.....	19,946,046	—	19,946,046	—	
Deposits.....	531,216	—	531,216	235,599	
Contracts and notes payable.....	894	—	894	38,890	
Unclaimed property liability.....	1,397,848	—	1,397,848	—	
Interest payable.....	1,090,074	54,459	1,144,533	6,298	
Securities lending obligations.....	—	—	—	2,299,343	
Benefits payable.....	22,943	413,117	436,060	—	
Current portion of long-term obligations.....	6,405,488	2,018,062	8,423,550	7,850,402	
Other current liabilities.....	1,410,878	1,133,043	2,543,921	3,996,253	
Total current liabilities.....	<u>124,820,929</u>	<u>24,578,418</u>	<u>149,399,347</u>	<u>21,321,979</u>	
Noncurrent liabilities:					
Loans payable.....	19,810	—	19,810	11,772	
Lottery prizes and annuities.....	—	559,346	559,346	—	
Compensated absences payable.....	5,304,138	292,999	5,597,137	518,300	
Workers' compensation benefits payable.....	5,688,903	14,601	5,703,504	1,340,754	
Commercial paper and other borrowings.....	1,031,170	636,199	1,667,369	76,599	
Lease liability.....	2,348,912	326,928	2,675,840	2,479,799	
Subscription liability.....	37,456	25,014	62,470	148,536	
General obligation bonds payable.....	75,457,496	635,759	76,093,255	—	
Revenue bonds payable.....	15,717,175	14,540,351	30,257,526	31,153,064	
Mandated cost claims payable.....	1,887,272	—	1,887,272	—	
Net other postemployment benefits liability.....	68,707,301	15,402,777	84,110,078	21,119,912	
Net pension liability.....	82,382,466	10,078,529	92,460,995	17,816,122	
Revenues received in advance.....	—	20,449	20,449	29,384	
Other noncurrent liabilities.....	4,136,198	335,318	4,471,516	3,071,695	
Total noncurrent liabilities.....	<u>262,718,297</u>	<u>42,868,270</u>	<u>305,586,567</u>	<u>77,765,937</u>	
Total liabilities.....	<u>387,539,226</u>	<u>67,446,688</u>	<u>454,985,914</u>	<u>99,087,916</u>	
DEFERRED INFLOWS OF RESOURCES					
Total liabilities and deferred inflows of resources.....	<u>25,149,854</u>	<u>7,340,984</u>	<u>32,490,838</u>	<u>13,475,678</u>	
\$ 412,689,080	\$ 74,787,672	\$ 487,476,752	\$ 112,563,594		

(continued)

Statement of Net Position (continued)

June 30, 2024

(amounts in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET POSITION				
Net investment in capital assets	\$ 134,088,866	\$ 3,867,059	\$ 137,955,925	\$ 19,408,901
Restricted:				
Nonexpendable – endowments	—	1,612	1,612	10,801,323
Expendable:				
Endowments and gifts	—	—	—	20,751,374
General government	9,612,588	122,987	9,735,575	—
Education	1,250,322	146,540	1,396,862	2,468,519
Health and human services	8,515,657	2,571,069	11,086,726	—
Natural resources and environmental protection	7,914,894	3,777,280	11,692,174	—
Business, consumer services, and housing	7,509,436	95	7,509,531	—
Transportation	10,571,860	313	10,572,173	—
Corrections and rehabilitation	583,414	20,145	603,559	—
Unemployment programs	—	1,991,190	1,991,190	—
Indenture	—	—	—	790,624
Statute	—	—	—	4,306,692
Budget stabilization	22,559,422	—	22,559,422	—
Other purposes	—	—	—	48,703
Total expendable	68,517,593	8,629,619	77,147,212	28,365,912
Unrestricted	(168,171,253)	(32,289,060)	(200,460,313)	(25,577,223)
Total net position (deficit).....	34,435,206	(19,790,770)	14,644,436	32,998,913
Total liabilities, deferred inflows of resources, and net position	\$ 447,124,286	\$ 54,996,902	\$ 502,121,188	\$ 145,562,507

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Statement of Activities

Year Ended June 30, 2024

(amounts in thousands)

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 30,364,857	\$ 7,657,849	\$ 5,849,794	\$ —
Education	104,989,072	77,886	17,680,283	—
Health and human services	239,312,614	16,884,897	131,849,456	—
Natural resources and environmental protection	15,843,903	10,428,203	1,227,827	—
Business, consumer services, and housing	4,587,805	1,589,280	1,089,499	—
Transportation	22,096,992	8,975,999	3,947,453	2,698,882
Corrections and rehabilitation	16,282,066	3,415	92,094	—
Interest on long-term debt	3,780,126	—	—	—
Total governmental activities	437,257,435	45,617,529	161,736,406	2,698,882
Business-type activities:				
Water Resources	1,623,577	1,657,882	—	—
State Lottery	9,361,888	9,345,359	—	—
Unemployment Programs	18,212,170	15,701,364	—	—
California State University	11,867,582	4,569,374	2,651,438	—
State Water Pollution Control Revolving	62,530	106,134	475,509	—
Safe Drinking Water State Revolving	34,364	36,017	198,672	—
Housing Loan	52,440	66,925	—	—
Other enterprise programs	124,407	142,389	—	—
Total business-type activities	41,338,958	31,625,444	3,325,619	—
Total primary government	\$ 478,596,393	\$ 77,242,973	\$ 165,062,025	\$ 2,698,882
Component Units				
University of California	55,976,093	37,110,230	14,114,027	186,020
California Housing Finance Agency	128,610	46,316	—	—
Nonmajor component units	2,904,499	901,634	1,113,197	31,680
Total component units	\$ 59,009,202	\$ 38,058,180	\$ 15,227,224	\$ 217,700
General revenues:				
Personal income taxes				
Sales and use taxes				
Corporation taxes				
Motor vehicle excise tax				
Insurance taxes				
Managed care organization enrollment tax				
Other taxes				
Investment and interest income (loss)				
Escheat				
Other				
Gain/loss on early extinguishment of debt				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit) – beginning, as previously reported				
Error corrections				
Change within financial reporting entity				
Net position (deficit) – beginning, as restated				
Net position (deficit) – ending				

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (16,857,214)	\$ (16,857,214)		
(87,230,903)	(87,230,903)		
(90,578,261)	(90,578,261)		
(4,187,873)	(4,187,873)		
(1,909,026)	(1,909,026)		
(6,474,658)	(6,474,658)		
(16,186,557)	(16,186,557)		
(3,780,126)	(3,780,126)		
<u>(227,204,618)</u>	<u>(227,204,618)</u>		
			34,305
			(16,529)
			(2,510,806)
			(4,646,770)
			519,113
			200,325
			14,485
			17,982
		<u>(6,387,895)</u>	<u>(6,387,895)</u>
<u>\$ (227,204,618)</u>	<u>\$ (6,387,895)</u>		<u>\$ (233,592,513)</u>
			\$ (4,565,816)
			(82,294)
			<u>(857,988)</u>
			<u><u>\$ (5,506,098)</u></u>
\$ 116,314,391	\$ —	\$ 116,314,391	\$ —
53,239,701	—	53,239,701	—
37,466,478	—	37,466,478	—
9,266,839	—	9,266,839	—
3,964,555	—	3,964,555	—
10,451,644	—	10,451,644	—
3,802,735	—	3,802,735	—
3,286,074	—	3,286,074	7,229,224
848,305	—	848,305	—
—	—	—	5,104,229
(3,911)	—	(3,911)	—
(4,265,059)	4,265,059	—	—
<u>234,371,752</u>	<u>4,265,059</u>	<u>238,636,811</u>	<u>12,333,453</u>
7,167,134	(2,122,836)	5,044,298	6,827,355
<u>(20,276,419)</u>	<u>(17,667,577)</u>	<u>(37,943,996)</u>	<u>26,186,230</u>
47,544,491	(357)	47,544,134	(3,391)
—	—	—	(11,281)
<u>27,268,072</u>	<u>(17,667,934)</u>	<u>9,600,138</u>	<u>26,171,558</u>
<u>\$ 34,435,206</u>	<u>\$ (19,790,770)</u>	<u>\$ 14,644,436</u>	<u>\$ 32,998,913</u>

The notes to the financial statements are an integral part of this statement.

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Fund Financial Statements

Balance Sheet

Governmental Funds

June 30, 2024

(amounts in thousands)

	General	Federal
ASSETS		
Cash and pooled investments.....	\$ 67,911,388	\$ 5,513,513
Investments.....	—	—
Receivables (net).....	36,524,775	3,189,084
Due from other funds.....	15,723,982	228,129
Due from other governments.....	6,060,340	38,907,651
Interfund receivables.....	3,472,783	—
Loans receivable.....	106,452	437,264
Other assets.....	77,597	—
Total assets	\$ 129,877,317	\$ 48,275,641
LIABILITIES		
Accounts payable.....	\$ 16,296,044	\$ 26,610,927
Due to other funds.....	3,211,892	10,180,309
Due to component units.....	521,281	—
Due to other governments.....	16,574,635	10,637,530
Interfund payables.....	3,998,270	—
Benefits payable.....	—	22,943
Revenues received in advance.....	52,091	179,487
Tax overpayments.....	19,946,046	—
Deposits.....	4,861	—
Unclaimed property liability.....	1,397,848	—
Other liabilities.....	519,308	267,704
Total liabilities	62,522,276	47,898,900
DEFERRED INFLOWS OF RESOURCES		
Total liabilities and deferred inflows of resources	3,962,276	19,530
FUND BALANCES		
Nonspendable.....	3,574,494	—
Restricted.....	26,028,140	717,843
Committed.....	2,239,352	—
Assigned.....	27,722,047	—
Unassigned.....	3,828,732	(360,632)
Total fund balances (deficit)	63,392,765	357,211
Total liabilities, deferred inflows of resources, and fund balances	\$ 129,877,317	\$ 48,275,641

Environmental and Natural Resources	Nonmajor Governmental	Total
\$ 23,699,006	\$ 35,592,844	\$ 132,716,751
—	1,815,136	1,815,136
596,880	14,847,478	55,158,217
382,345	3,761,739	20,096,195
12,829	792,718	45,773,538
1,328,899	2,237,763	7,039,445
950,069	3,445,474	4,939,259
—	60,316	137,913
\$ 26,970,028	\$ 62,553,468	\$ 267,676,454
\$ 830,835	\$ 8,637,212	\$ 52,375,018
131,314	7,202,900	20,726,415
3,027	37,418	561,726
1,275,005	8,261,007	36,748,177
576,338	21,746	4,596,354
—	—	22,943
241,254	302,436	775,268
—	—	19,946,046
235	524,971	530,067
—	—	1,397,848
28,354	1,295,285	2,110,651
3,086,362	26,282,975	139,790,513
16,044	490,243	4,488,093
3,102,406	26,773,218	144,278,606
—	41,829	3,616,323
7,509,037	34,125,254	68,380,274
16,358,585	2,426,394	21,024,331
—	82,390	27,804,437
—	(895,617)	2,572,483
23,867,622	35,780,250	123,397,848
\$ 26,970,028	\$ 62,553,468	\$ 267,676,454

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

(amounts in thousands)

Total fund balances – governmental funds	\$ 123,397,848
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Amounts reported for governmental activities in the Statement of Net Position are different from those in the Governmental Funds Balance Sheet because:

- The following capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	21,982,874
State highway infrastructure	85,170,476
Collections – nondepreciable	21,691
Buildings and other depreciable property	39,974,335
Intangible assets – amortizable	7,572,121
Less: accumulated depreciation/amortization	(21,651,766)
Construction/development in progress	22,358,982
Intangible assets – nonamortizable	1,318,261
	<hr/>
	156,746,974

- State revenues that are earned and measurable, but not available within 12 months of the end of the reporting period, are reported as deferred inflows of resources in the funds. 2,440,437
- Internal service funds are used by management to charge the costs of certain activities, such as building construction and architectural, procurement, and technology services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position, excluding amounts for activity between the internal service funds and governmental funds. (9,922,238)
- Bond premiums/discounts and prepaid insurance charges are amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Position. (7,752,599)
- Deferred inflows and outflows of resources related to pension and OPEB transactions are not reported in the funds. 18,525,483
- Deferred inflows and outflows of resources resulting from bond refunding gains and losses, respectively, are amortized over the life of the bonds and are not reported in the funds. (335,402)
- General obligation bonds and related accrued interest totaling \$72,710,417, revenue bonds totaling \$7,255,563, and commercial paper totaling \$1,031,170 are not due and payable in the current period and are not reported in the funds. (80,997,150)
- The following liabilities are not due and payable in the current period and are not reported in the funds:

Compensated absences	(5,124,584)
Lease, subscription, and financed purchase liability	(2,722,199)
Net pension liability	(81,035,003)
Net other postemployment benefits liability	(67,076,038)
Mandated cost claims	(1,887,272)
Workers' compensation	(5,640,542)
Pollution remediation obligations	(1,686,308)
Other noncurrent liabilities	(2,496,201)
	<hr/>
	(167,668,147)

Net position of governmental activities	\$ 34,435,206
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Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2024

(amounts in thousands)

	General	Federal
REVENUES		
Personal income taxes	\$ 114,316,015	\$ —
Sales and use taxes	33,179,166	—
Corporation taxes	37,298,102	—
Motor vehicle excise taxes	169,780	—
Insurance taxes	3,964,555	—
Managed care organization enrollment tax	—	—
Other taxes	642,873	—
Intergovernmental	17,841	164,426,438
Licenses and permits	5,961	—
Charges for services	372,133	—
Fees	19,225	—
Penalties	549,560	29
Investment and interest	3,028,301	169,108
Escheat	848,242	—
Other	931,942	—
Total revenues	195,343,696	164,595,575
EXPENDITURES		
Current:		
General government	10,385,441	4,389,060
Education	86,391,760	18,033,380
Health and human services	64,139,315	132,437,521
Natural resources and environmental protection	6,443,790	1,293,996
Business, consumer services, and housing	1,088,342	1,112,615
Transportation	1,036,187	5,264,522
Corrections and rehabilitation	14,527,777	98,973
Capital outlay	254,506	9,544
Debt service:		
Bond, commercial paper, and lease principal retirement	3,016,679	11,615
Interest and fiscal charges	3,034,841	352
Total expenditures	190,318,638	162,651,578
Excess (deficiency) of revenues over (under) expenditures	5,025,058	1,943,997
OTHER FINANCING SOURCES (USES)		
General obligation bonds and commercial paper issued	—	—
Refunding debt issued	—	—
Premium on bonds issued	257,193	—
Long-term capital financing issued	250,963	9,543
Transfers in	3,107,558	—
Transfers out	(9,656,450)	(2,620,069)
Total other financing sources (uses)	(6,040,736)	(2,610,526)
Net change in fund balances	(1,015,678)	(666,529)
Fund balances – beginning, as previously reported	64,003,688	(45,220,048)
Error corrections	404,755	46,243,788
Change to or within the financial reporting entity	—	—
Fund balances – beginning, as restated	64,408,443	1,023,740
Fund balances (deficits) – ending	\$ 63,392,765	\$ 357,211

Transportation (formerly major)	Environmental and Natural Resources	Health Care Related Programs (formerly major)	Nonmajor Governmental	Total
\$	\$	\$	\$	\$
—	—	2,169,875	116,485,890	
—	—	20,064,664	53,243,830	
—	—	—	37,298,102	
103,355	—	8,993,704	9,266,839	
—	—	—	3,964,555	
—	—	10,451,644	10,451,644	
253,546	—	2,933,966	3,830,385	
—	—	2,863,560	167,307,839	
490,343	—	10,606,597	11,102,901	
143,914	—	617,852	1,133,899	
3,154,759	—	12,781,257	15,955,241	
455,568	—	987,828	1,992,985	
807,887	—	1,134,802	5,140,098	
—	—	50,365	898,607	
5,793,652	—	3,993,103	10,718,697	
11,203,024	—	77,649,217	448,791,512	
545,731	—	16,534,331	31,854,563	
3,110	—	1,192,815	105,621,065	
54,513	—	42,660,005	239,291,354	
7,295,340	—	580,309	15,613,435	
334,292	—	2,043,485	4,578,734	
1,063,658	—	18,289,428	25,653,795	
—	—	2,305,385	16,932,135	
101,216	—	644,047	1,009,313	
1,046,574	—	5,665,104	9,739,972	
9,555	—	983,981	4,028,729	
10,453,989	—	90,898,890	454,323,095	
749,035	—	(13,249,673)	(5,531,583)	
2,110,710	—	3,923,050	6,033,760	
285,920	—	3,225,860	3,511,780	
83,343	—	322,209	662,745	
8,937	—	298,387	567,830	
58,494	—	6,945,964	10,112,016	
(131,343)	—	(1,971,203)	(14,379,065)	
2,416,061	—	12,744,267	6,509,066	
3,165,096	—	(505,406)	977,483	
10,776,722	20,702,620	2,035,150	23,244,227	75,542,359
(94)	—	229,557	46,878,006	
(10,776,722)	—	12,811,872	—	
20,702,526	23,867,622	(2,035,150)	36,285,656	122,420,365
\$	\$	\$	\$	\$ 123,397,848

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

(amounts in thousands)

Net change in fund balances – total governmental funds	\$ 977,483
---	-------------------

Amounts reported for governmental activities in the Statement of Activities are different from those in the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds because:

- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts are:

Purchase of assets	5,613,431
Disposal of assets	(240,908)
Depreciation expense, net of asset disposal	<u>(1,311,376)</u>
	4,061,147

- Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are unavailable in governmental funds. (162,270)
- Internal service funds are used by management to charge the costs of certain activities, such as building construction and architectural services, procurement, and technology services, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (23,487)
- The issuance of long-term debt instruments provides current financial resources to governmental funds, while the repayment of the principal of long-term debt is an expenditure of governmental funds. Neither transaction, however, has any effect on the Statement of Activities. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The following shows the effect of these differences in the treatment of long-term debt and related items:

	General Obligation Bonds	Revenue Bonds	Commercial Paper	Total
Debt issued	(8,300,640)	—	(1,244,900)	(9,545,540)
Premium on debt issued	(662,745)	—	—	(662,745)
Accreted interest	—	(69,643)	—	(69,643)
Principal repayments	7,224,520	334,601	1,540,840	9,099,961
Related expenses not reported in governmental funds:				
Premium/discount amortization	696,866	140	—	697,006
Deferred gain/loss on refunding	31,680	(30,694)	—	986
Accrued interest	(41,089)	569	—	(40,520)
	<u>(1,051,408)</u>	<u>234,973</u>	<u>295,940</u>	<u>(520,495)</u>

(continued)

- The following expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not recognized as expenditures in governmental funds. Once the use of current financial resources is required, expenditures are recognized in governmental funds but are eliminated from the Statement of Activities. In the current period, the net adjustment consists of:

Compensated absences	(1,618)
Lease, subscription, and financed purchase liability	(10,702)
Net pension liability	23,647
Net other postemployment benefits liability	3,117,401
Mandated cost claims	(77,393)
Workers' compensation	(301,111)
Pollution remediation obligations	53,932
Other noncurrent liabilities	30,600
	<hr/>
	2,834,756
Change in net position of governmental activities	\$ 7,167,134
	<hr/>
	(concluded)

Statement of Net Position

Proprietary Funds

June 30, 2024

(amounts in thousands)

	Water Resources	State Lottery
ASSETS		
Current assets:		
Cash and pooled investments	\$ 1,083,810	\$ 593,968
Amount on deposit with U.S. Treasury	—	—
Investments	—	84,014
Restricted assets:		
Cash and pooled investments	—	—
Due from other governments	—	—
Contracts and installments receivable	—	—
Receivables (net)	91,684	743,050
Due from other funds	—	10,519
Due from other governments	94,353	—
Prepaid items	—	—
Inventories	5,402	19,701
Other current assets	—	7,241
Total current assets	1,275,249	1,458,493
Noncurrent assets:		
Restricted assets:		
Cash and pooled investments	177,644	—
Investments	50,655	—
Loans receivable	—	—
Investments	—	484,691
Contracts and installments receivable	—	—
Receivables (net)	—	—
Interfund receivables	180,894	—
Loans receivable	6,140	—
Long-term prepaid charges	691,644	5,613
Capital assets:		
Land	223,730	18,798
Collections – nondepreciable	—	—
Buildings and other depreciable property	7,515,387	311,353
Intangible assets – amortizable	108,055	26,310
Less: accumulated depreciation/amortization	(2,921,481)	(179,579)
Construction/development in progress	1,683,090	—
Intangible assets – nonamortizable	124,996	—
Other noncurrent assets	—	—
Total noncurrent assets	7,840,754	667,186
Total assets	9,116,003	2,125,679
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	\$ 9,528,750	\$ 2,290,027

Business-type Activities – Enterprise Funds					Governmental Activities	
Unemployment Programs	California State University	Nonmajor Enterprise	Total	Internal Service Funds		
\$ 2,666,348	\$ 1,820,398	\$ 988,389	\$ 7,152,913	\$ 3,747,333		
474,121	—	—	474,121	—		
—	3,999,916	—	4,083,930	—		
—	—	779,743	779,743	996,378		
—	—	238,058	238,058	—		
—	—	—	—	613,688		
1,364,035	427,764	140,005	2,766,538	74,669		
93,111	2,833	30,706	137,169	810,773		
26,051	—	99,738	220,142	23,253		
—	81,833	12	81,845	192,008		
—	—	9,281	34,384	96,244		
—	—	—	7,241	—		
4,623,666	6,332,744	2,285,932	15,976,084	6,554,346		
—	—	—	177,644	106,788		
—	—	—	50,655	—		
—	—	5,508,401	5,508,401	—		
—	2,537,880	14,099	3,036,670	—		
—	—	—	—	8,309,069		
937,470	679,161	—	1,616,631	6,921		
418,658	—	3,064	602,616	40,709		
2,170	29,262	3,413,441	3,451,013	4,141		
—	—	—	697,257	110		
—	245,477	1,273	489,278	2,080		
—	39,774	—	39,774	—		
30,535	15,023,794	26,770	22,907,839	681,141		
244,118	974,602	27,364	1,380,449	782,659		
(109,148)	(6,398,420)	(33,302)	(9,641,930)	(758,327)		
—	1,274,407	111	2,957,608	2,071,779		
—	11,844	—	136,840	—		
—	24,394	7,866	32,260	—		
1,523,803	14,442,175	8,969,087	33,443,005	11,247,070		
6,147,469	20,774,919	11,255,019	49,419,089	17,801,416		
224,454	5,446,331	32,748	6,280,628	857,634		
\$ 6,371,923	\$ 26,221,250	\$ 11,287,767	\$ 55,699,717	\$ 18,659,050		

(continued)

Statement of Net Position (continued)

Proprietary Funds

June 30, 2024

(amounts in thousands)

	Water Resources	State Lottery
LIABILITIES		
Current liabilities:		
Accounts payable.....	\$ 138,810	\$ 55,265
Due to other funds.....	120,528	526,890
Due to other governments.....	397,865	—
Revenues received in advance.....	—	2,533
Deposits.....	—	—
Contracts and notes payable.....	—	—
Interest payable.....	9,034	—
Benefits payable.....	—	—
Current portion of long-term obligations.....	274,684	925,793
Other current liabilities.....	—	190
Total current liabilities.....	940,921	1,510,671
Noncurrent liabilities:		
Interfund payables.....	3,921	842
Lottery prizes and annuities.....	—	559,346
Compensated absences payable.....	45,688	—
Workers' compensation benefits payable.....	—	10,173
Commercial paper and other borrowings.....	484,850	—
Lease liability.....	30,349	2,532
Subscription liability.....	226	—
General obligation bonds payable.....	—	—
Revenue bonds payable.....	2,885,688	—
Net other postemployment benefits liability.....	703,809	236,760
Net pension liability.....	620,797	172,964
Revenues received in advance.....	—	—
Other noncurrent liabilities.....	88,780	—
Total noncurrent liabilities.....	4,864,108	982,617
Total liabilities.....	5,805,029	2,493,288
DEFERRED INFLOWS OF RESOURCES		
Total liabilities and deferred inflows of resources.....	2,451,067	92,339
8,256,096	2,585,627	
NET POSITION		
Net investment in capital assets.....	1,238,081	171,073
Restricted:		
Nonexpendable – endowments.....	—	—
Expendable:		
Construction.....	—	—
Debt service.....	34,573	—
Security for revenue bonds.....	—	—
Unemployment programs.....	—	—
Other purposes.....	—	—
Total expendable.....	34,573	—
Unrestricted.....	—	(466,673)
Total net position (deficit).....	1,272,654	(295,600)
Total liabilities, deferred inflows of resources, and net position.....	\$ 9,528,750	\$ 2,290,027

Business-Type Activities – Enterprise Funds					Governmental Activities
Unemployment Programs	California State University	Nonmajor Enterprise	Total	Internal Service Funds	
\$ 300,874	\$ 473,857	\$ 25,825	\$ 994,631	\$ 720,362	
—	—	12,814	660,232	848,812	
19,146,476	—	355	19,544,696	25,764	
—	417,838	26	420,397	1,706,444	
—	—	—	—	1,149	
—	—	—	—	28,813	
—	—	45,425	54,459	105,690	
413,117	—	—	413,117	—	
—	659,835	157,750	2,018,062	696,653	
69,575	1,063,278	—	1,133,043	27,091	
19,930,042	2,614,808	242,195	25,238,637	4,160,778	
—	10,032	27,801	42,596	3,063,630	
—	—	—	559,346	—	
81,116	156,001	10,194	292,999	191,819	
—	—	4,428	14,601	48,361	
—	151,349	—	636,199	—	
—	276,484	17,563	326,928	207,539	
—	24,786	2	25,014	1,541	
—	—	635,759	635,759	—	
—	9,546,697	2,107,966	14,540,351	8,690,370	
461,003	13,964,336	36,869	15,402,777	1,631,263	
380,166	8,856,579	48,023	10,078,529	1,347,463	
—	20,449	—	20,449	—	
—	242,994	3,544	335,318	12,145	
922,285	33,249,707	2,892,149	42,910,866	15,194,131	
20,852,327	35,864,515	3,134,344	68,149,503	19,354,909	
122,350	4,636,704	38,524	7,340,984	486,950	
20,974,677	40,501,219	3,172,868	75,490,487	19,841,859	
274,647	2,181,881	1,377	3,867,059	621,858	
—	1,612	—	1,612	—	
—	45,317	—	45,317	137,319	
—	5,067	399,410	439,050	—	
—	—	3,218,553	3,218,553	—	
1,991,190	—	—	1,991,190	—	
—	96,156	2,839,353	2,935,509	—	
1,991,190	146,540	6,457,316	8,629,619	137,319	
(16,868,591)	(16,610,002)	1,656,206	(32,289,060)	(1,941,986)	
(14,602,754)	(14,279,969)	8,114,899	(19,790,770)	(1,182,809)	
\$ 6,371,923	\$ 26,221,250	\$ 11,287,767	\$ 55,699,717	\$ 18,659,050	

(concluded)

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2024

(amounts in thousands)

	Water Resources	State Lottery
OPERATING REVENUES		
Unemployment and disability insurance.....	\$ —	\$ —
Lottery ticket sales.....	—	9,275,114
Power sales.....	149,166	—
Student tuition and fees.....	—	—
Services and sales.....	1,454,989	—
Investment and interest.....	—	—
Rent.....	—	—
Grants and contracts.....	—	—
Other.....	—	—
Total operating revenues.....	1,604,155	9,275,114
OPERATING EXPENSES		
Lottery prizes.....	—	6,031,572
Power purchases (net of recoverable power costs).....	377,146	—
Personal services.....	506,850	123,281
Supplies.....	—	25,055
Services and charges.....	49,405	920,862
Depreciation.....	155,162	16,175
Scholarships and fellowships.....	—	—
Distributions to beneficiaries.....	—	—
Interest expense.....	—	—
Amortization of long-term prepaid charges.....	—	—
Other.....	204,320	—
Total operating expenses.....	1,292,883	7,116,945
Operating income (loss).....	311,272	2,158,169
NONOPERATING REVENUES (EXPENSES)		
Donations and grants.....	—	—
Private gifts.....	—	—
Investment and interest income (loss).....	53,727	70,051
Interest expense and fiscal charges.....	(88,266)	(24,138)
Lottery payments for education.....	—	(2,220,805)
Other.....	(242,428)	194
Total nonoperating revenues (expenses).....	(276,967)	(2,174,698)
Income (loss) before capital contributions and transfers.....	34,305	(16,529)
Loss on early extinguishment of debt.....	—	—
Transfers in.....	—	—
Transfers out.....	—	—
Change in net position.....	34,305	(16,529)
Total net position (deficit) – beginning, as previously reported.....	1,238,349	(279,071)
Error corrections.....	—	—
Total net position (deficit) – beginning, as restated.....	1,238,349	(279,071)
Total net position (deficit) – ending.....	\$ 1,272,654	\$ (295,600)

Business-type Activities – Enterprise Funds				Governmental Activities	
Unemployment Programs	California State University	Nonmajor Enterprise	Total	Internal Service Funds	
\$ 15,603,912	\$ —	\$ —	\$ 15,603,912	\$ —	
—	—	—	9,275,114	—	
—	—	—	149,166	—	
—	2,335,398	—	2,335,398	—	
—	862,562	138,615	2,456,166	5,163,786	
—	—	154,274	154,274	54,641	
—	—	—	—	320,526	
—	99,774	—	99,774	—	
—	368,084	5,052	373,136	—	
15,603,912	3,665,818	297,941	30,446,940	5,538,953	
—	—	—	6,031,572	—	
—	—	—	377,146	—	
319,891	6,945,782	66,414	7,962,218	963,082	
—	2,476,903	69,307	2,571,265	27,591	
100,673	—	33,607	1,104,547	4,023,961	
11,829	636,480	4,985	824,631	133,507	
—	1,451,230	—	1,451,230	—	
17,779,387	—	—	17,779,387	—	
—	—	34,306	34,306	332,572	
—	—	—	—	33	
—	—	12,437	216,757	—	
18,211,780	11,510,395	221,056	38,353,059	5,480,746	
(2,607,868)	(7,844,577)	76,885	(7,906,119)	58,207	
—	2,651,438	674,181	3,325,619	—	
—	117,070	—	117,070	—	
97,452	618,043	51,821	891,094	8,230	
(390)	(357,187)	(52,685)	(522,666)	(15,779)	
—	—	—	(2,220,805)	—	
—	168,443	1,703	(72,088)	(72,224)	
97,062	3,197,807	675,020	1,518,224	(79,773)	
(2,510,806)	(4,646,770)	751,905	(6,387,895)	(21,566)	
—	—	—	—	(3,911)	
—	4,263,059	2,000	4,265,059	58,336	
—	—	—	—	(56,346)	
(2,510,806)	(383,711)	753,905	(2,122,836)	(23,487)	
(12,091,948)	(13,895,901)	7,360,994	(17,667,577)	(1,156,896)	
—	(357)	—	(357)	(2,426)	
(12,091,948)	(13,896,258)	7,360,994	(17,667,934)	(1,159,322)	
\$ (14,602,754)	\$ (14,279,969)	\$ 8,114,899	\$ (19,790,770)	\$ (1,182,809)	

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2024

(amounts in thousands)

	Water Resources	State Lottery
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers/employers	\$ 1,777,924	\$ 9,331,500
Receipts from interfund services provided	—	—
Payments to suppliers	(516,651)	(321,209)
Payments to employees	(506,850)	(123,567)
Payments for interfund services used	—	(15,746)
Payments for lottery prizes	—	(7,410,327)
Claims paid to other than employees	—	(632,667)
Receipts from other states	—	1,325,801
Other receipts (payments)	(8,554)	216
Net cash provided by (used in) operating activities	745,869	2,154,001
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from / (payment on) notes receivable and leases receivable	—	—
Proceeds from / (payment on) loans and interfund borrowings	—	—
Retirement of general obligation bonds	—	—
Proceeds from revenue bonds	—	—
Retirement of revenue bonds	—	—
Interest received	—	—
Interest paid	—	—
Transfers in	—	—
Transfers out	—	—
Grants received	—	—
Lottery payments for education	—	(2,357,879)
Net cash provided by (used in) noncapital financing activities	—	(2,357,879)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(413,340)	(2,021)
Proceeds from sale of capital assets	—	146
Proceeds from notes payable and commercial paper	284,631	—
Principal paid on notes payable and commercial paper	(55,171)	—
Proceeds from long-term capital financing	—	—
Payment on long-term capital financing	—	(5,945)
Retirement of general obligation bonds	(85)	—
Proceeds from revenue bonds	—	—
Retirement of revenue bonds	(222,140)	—
Interest paid	(121,756)	—
Grants received	22,536	—
Net cash used in capital and related financing activities	(505,325)	(7,820)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(151,327)	(5,767)
Proceeds from maturity and sale of investments	151,780	85,436
Proceeds from / (issuance of) loans receivable	776	—
Earnings on investments	46,662	64,301
Net cash provided by (used in) investing activities	47,891	143,970
Net increase (decrease) in cash and pooled investments	288,435	(67,728)
Cash and pooled investments – beginning	973,019	661,696
Cash and pooled investments – ending	\$ 1,261,454	\$ 593,968

Business-type Activities - Enterprise Funds					Governmental Activities
Unemployment Programs	California State University	Nonmajor Enterprise	Total	Internal Service Funds	
\$ 15,594,237	\$ 3,128,439	\$ 244,488	\$ 30,076,588	\$ 11,177	
22,359	—	105,888	128,247	6,481,108	
(74,886)	(2,374,158)	(150,277)	(3,437,181)	(3,864,771)	
(190,809)	(6,772,497)	(39,232)	(7,632,955)	(986,196)	
—	—	(1,146)	(16,892)	—	
—	—	—	(7,410,327)	—	
(17,744,646)	—	—	(18,377,313)	—	
—	—	—	1,325,801	—	
1,448,878	(1,011,323)	(985,658)	(556,441)	(372,812)	
(944,867)	(7,029,539)	(825,937)	(5,900,473)	1,268,506	
—	170	—	170	9,210	
123,730	3,997	9,794	137,521	(520,013)	
—	—	(28,220)	(28,220)	—	
—	47,245	301,544	348,789	—	
—	(23,855)	(132,170)	(156,025)	—	
—	18,081	—	18,081	—	
—	(18,298)	(71,714)	(90,012)	(99)	
—	3,848,629	2,000	3,850,629	73,133	
—	—	—	—	(57,318)	
—	2,895,253	687,758	3,583,011	—	
—	—	—	(2,357,879)	—	
123,730	6,771,222	768,992	5,306,065	(495,087)	
(865)	(1,113,761)	(2,456)	(1,532,443)	(1,231,262)	
146	29,075	18	29,385	8,792	
—	—	—	284,631	—	
—	—	—	(55,171)	—	
—	—	—	—	7,296	
—	(353,987)	(752)	(360,684)	(27,756)	
—	—	—	(85)	—	
—	875,675	—	875,675	2,066,784	
—	—	—	(222,140)	(1,186,620)	
(390)	(352,219)	(80)	(474,445)	(15,680)	
—	62,402	—	84,938	—	
(1,109)	(852,815)	(3,270)	(1,370,339)	(378,446)	
—	(12,754,011)	(2,807)	(12,913,912)	—	
954	13,936,355	—	14,174,525	—	
(301,557)	—	—	(300,781)	—	
97,452	291,575	46,578	546,568	7,922	
(203,151)	1,473,919	43,771	1,506,400	7,922	
(1,025,397)	362,787	(16,444)	(458,347)	402,895	
3,691,745	1,457,611	1,784,576	8,568,647	4,447,604	
\$ 2,666,348	\$ 1,820,398	\$ 1,768,132	\$ 8,110,300	\$ 4,850,499	

(continued)

Statement of Cash Flows (continued)

Proprietary Funds

Year Ended June 30, 2024

(amounts in thousands)

	Water Resources	State Lottery
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss).....	\$ 311,272	\$ 2,158,169
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation.....	155,162	16,175
Provisions and allowances	—	(7,401)
Amortization of premiums and discounts	—	—
Amortization of long-term prepaid charges and credits	32,352	—
Other	(8,554)	74
Change in account balances:		
Receivables.....	132,285	42,028
Due from other funds	—	478
Due from other governments.....	2,680	—
Prepaid items	—	3,613
Inventories	(457)	(3,125)
Contracts and installments receivable	—	—
Leases receivable.....	—	—
Other current assets	—	(92)
Loans receivable	—	—
Deferred outflow of resources	—	—
Accounts payable.....	101,101	(807)
Due to other funds	(12,696)	(55,117)
Due to other governments	43,314	—
Deposits	—	—
Contracts and notes payable	—	—
Interest payable	—	—
Revenues received in advance	—	(206)
Other current liabilities.....	—	2,782
Benefits payable	—	—
Lottery prizes and annuities	—	(52,955)
Compensated absences payable	—	—
Other noncurrent liabilities.....	(10,590)	50,385
Deferred inflow of resources	—	—
Total adjustments.....	434,597	(4,168)
Net cash provided by (used in) operating activities.....	\$ 745,869	\$ 2,154,001
Noncash investing, capital, and financing activities:		
Unclaimed lottery prizes directly allocated to another entity	\$ —	\$ 67,128
Amortization/defeasance of bond premium and discount	44,532	—
Unrealized gain/loss on investments.....	—	15,444
Amortization of deferred loss on refundings	11,767	—
State's contribution for pension and OPEB	—	—
Gifts in kind	—	—
Change in capital assets	—	—
Other miscellaneous noncash transactions.....	—	42,027

Business-type Activities – Enterprise Funds					Governmental Activities	
Unemployment Programs	California State University	Nonmajor Enterprise	Total		Internal Service Funds	
\$ (2,607,868)	\$ (7,844,577)	\$ 76,885	\$ (7,906,119)	\$ 58,207		
11,829	636,480	4,985	824,631	133,507		
—	—	(128)	(7,529)	—		
—	—	(1,663)	(1,663)	(122,430)		
—	—	—	32,352	33		
—	(6,845)	(3,041)	(18,366)	6,951		
51,328	(7,969)	6,564	224,236	69,330		
(26,917)	(7,321)	805	(32,955)	(24,009)		
70,564	—	(9,389)	63,855	15,811		
—	16,450	18	20,081	(1,805)		
—	—	(2,949)	(6,531)	7,426		
—	—	—	—	632,309		
—	—	(1,000)	(1,000)	2,779		
—	—	2,199	2,107	—		
—	—	(710,373)	(710,373)	—		
(27,266)	465,514	(172,051)	266,197	18,903		
(8,692)	24,828	(9,972)	106,458	173,688		
13,736	—	(969)	(55,046)	242,961		
1,450,714	—	(21)	1,494,007	(2,996)		
—	—	—	—	3,356		
—	—	—	—	(5,555)		
—	—	10,534	10,534	7,933		
(61,003)	(27,719)	(6)	(88,934)	97,930		
(36,860)	(20,414)	351	(54,141)	11,571		
69,220	84,916	—	154,136	—		
—	—	—	(52,955)	—		
(13,884)	19,827	(2,809)	3,134	(9,284)		
163,445	969,372	(14,428)	1,158,184	73,382		
6,787	(1,332,081)	521	(1,324,773)	(121,492)		
1,663,001	815,038	(902,822)	2,005,646	1,210,299		
\$ (944,867)	\$ (7,029,539)	\$ (825,937)	\$ (5,900,473)	\$ 1,268,506		

(concluded)

\$ —	\$ —	\$ —	\$ —	\$ 67,128	\$ —
—	29,502	—	—	74,034	—
—	258,999	—	—	274,443	—
—	7,504	—	—	19,271	—
—	414,430	—	—	414,430	—
—	115,159	—	—	115,159	—
—	300,916	—	—	300,916	—
—	—	3,299	45,326	84,308	

Statement of Fiduciary Net Position

Fiduciary Funds and Similar Component Units

June 30, 2024

(amounts in thousands)

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust	Custodial
ASSETS				
Cash and pooled investments	\$ 4,814,325	\$ 87,957	\$ 21,974,329	\$ 2,288,806
Investments, at fair value:				
Short-term	31,995,167	281,038	594	—
Equity securities	376,660,509	9,285,330	122,033	—
Debt securities	227,550,731	3,282,801	139,606	—
Real estate	109,168,849	336,049	—	—
Securities lending collateral	41,468,241	—	—	—
Other	200,349,054	3,485,726	—	—
Total investments	987,192,551	16,670,944	262,233	—
Receivables (net)	40,702,138	6,418	245,163	3,486,642
Due from other funds	1,141,532	—	—	49,790
Due from other governments	13	—	—	984
Interfund receivable	—	—	—	19,810
Loans receivable	6,264,528	—	—	367
Other assets	1,018,975	287,714	—	15
Total assets	1,041,134,062	17,053,033	22,481,725	5,846,414
DEFERRED OUTFLOWS OF RESOURCES	394,010	—	38	259
Total assets and deferred outflows of resources	1,041,528,072	17,053,033	22,481,763	5,846,673
LIABILITIES				
Accounts payable	6,619,328	13,513	77	1,086,293
Due to other governments	—	—	244,136	3,131,746
Benefits payable	4,980,913	—	60	—
Revenues received in advance	—	11,682	—	20
Deposits	—	287,714	—	928,055
Securities lending obligations	53,794,354	—	—	—
Loans payable	5,785,091	—	—	—
Other liabilities	70,197,592	—	53	16,201
Total liabilities	141,377,278	312,909	244,326	5,162,315
DEFERRED INFLOWS OF RESOURCES	483,048	—	74	275
Total liabilities and deferred inflows of resources	141,860,326	312,909	244,400	5,162,590
NET POSITION				
Restricted:				
Pension benefits	850,538,710	—	263,132	—
Other postemployment benefits	20,987,264	—	—	—
Deferred compensation participants	28,131,426	—	—	—
Pool participants	—	—	21,974,231	—
Individuals, organizations, or other governments	10,346	16,740,124	—	684,083
Total net position	\$ 899,667,746	\$ 16,740,124	\$ 22,237,363	\$ 684,083

Statement of Changes in Fiduciary Net Position

Fiduciary Funds and Similar Component Units

Year Ended June 30, 2024

(amounts in thousands)

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust	Custodial
ADDITIONS				
Contributions:				
Employer	\$ 39,342,670	\$ —	\$ 107,701	\$ 27,461
Plan member	12,279,232	—	—	—
Non-employer	3,945,974	—	—	—
Total contributions	<u>55,567,876</u>	<u>—</u>	<u>107,701</u>	<u>27,461</u>
Investment income:				
Net appreciation (depreciation) in fair value of investments	63,771,788	82,147	16,630	—
Interest, dividends, and other investment income	16,987,935	1,744,059	894,679	6,994
Less: investment expense	(4,529,510)	(14,907)	(119)	—
Net investment income	<u>76,230,213</u>	<u>1,811,299</u>	<u>911,190</u>	<u>6,994</u>
Receipts from depositors	—	3,830,011	14,399,979	—
Other	451,328	—	460	57,660
Total additions	<u>132,249,417</u>	<u>5,641,310</u>	<u>15,419,330</u>	<u>92,115</u>
DEDUCTIONS				
Distributions paid and payable to participants	56,140,257	—	892,415	74,442
Refunds of contributions	516,513	—	—	—
Administrative expense	630,773	738	2,292	1,487
Interest expense	333,508	—	—	—
Payments to and for depositors	1,126,184	3,307,464	18,104,712	283
Total deductions	<u>58,747,235</u>	<u>3,308,202</u>	<u>18,999,419</u>	<u>76,212</u>
Change in net position	73,502,182	2,333,108	(3,580,089)	15,903
Net position – beginning, as previously reported	<u>826,165,564</u>	<u>14,407,016</u>	<u>25,817,452</u>	<u>668,180</u>
Net position – ending	<u>\$ 899,667,746</u>	<u>\$ 16,740,124</u>	<u>\$ 22,237,363</u>	<u>\$ 684,083</u>

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Discretely Presented Component Units Financial Statements

Statement of Net Position

Discretely Presented Component Units – Enterprise Activity

June 30, 2024

(amounts in thousands)

	University of California	California Housing Finance Agency	Nonmajor Component Units	Total
ASSETS				
Current assets:				
Cash and pooled investments	\$ 765,504	\$ 1,925,650	\$ 1,762,999	\$ 4,454,153
Investments	9,051,079	14	916,869	9,967,962
Restricted assets:				
Cash and pooled investments	—	—	908,178	908,178
Investments	—	—	103,851	103,851
Receivables (net)	8,066,821	235,666	714,564	9,017,051
Due from primary government	561,553	—	173	561,726
Due from other governments	222,359	—	—	222,359
Prepaid items	—	451	2,218	2,669
Inventories	438,656	—	—	438,656
Other current assets	600,255	92,690	40,064	733,009
Total current assets	<u>19,706,227</u>	<u>2,254,471</u>	<u>4,448,916</u>	<u>26,409,614</u>
Noncurrent assets:				
Restricted assets:				
Cash and pooled investments	—	—	27,390	27,390
Investments	—	—	251,908	251,908
Investments	49,510,006	400,917	3,464,491	53,375,414
Receivables (net)	3,608,213	—	763,248	4,371,461
Loans receivable	—	2,531,826	532,726	3,064,552
Long-term prepaid charges	—	—	96	96
Capital assets:				
Land	2,115,496	—	195,914	2,311,410
Collections – nondepreciable	657,982	—	13,265	671,247
Buildings and other depreciable property	70,095,391	701	2,595,586	72,691,678
Intangible assets – amortizable	5,807,627	27,987	348,036	6,183,650
Less: accumulated depreciation/amortization	(38,267,885)	(7,803)	(1,415,485)	(39,691,173)
Construction/development in progress	8,163,806	—	123,428	8,287,234
Intangible assets – nonamortizable	—	—	305	305
Other noncurrent assets	<u>760,078</u>	<u>47,910</u>	<u>61,139</u>	<u>869,127</u>
Total noncurrent assets	<u>102,450,714</u>	<u>3,001,538</u>	<u>6,962,047</u>	<u>112,414,299</u>
Total assets	<u>122,156,941</u>	<u>5,256,009</u>	<u>11,410,963</u>	<u>138,823,913</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total assets and deferred outflows of resources	<u>\$ 128,727,659</u>	<u>\$ 5,278,143</u>	<u>\$ 11,556,705</u>	<u>\$ 145,562,507</u>

	University of California	California Housing Finance Agency	Nonmajor Component Units	Total
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 3,468,303	\$ 41,610	\$ 988,176	\$ 4,498,089
Revenues received in advance	2,182,463	—	214,642	2,397,105
Deposits	—	234,549	1,050	235,599
Contracts and notes payable	—	—	38,890	38,890
Interest payable	—	3,314	2,984	6,298
Securities lending obligations	2,299,343	—	—	2,299,343
Current portion of long-term obligations	7,620,397	10,010	219,995	7,850,402
Other current liabilities	3,510,383	210,397	275,473	3,996,253
Total current liabilities	<u>19,080,889</u>	<u>499,880</u>	<u>1,741,210</u>	<u>21,321,979</u>
Noncurrent liabilities:				
Compensated absences payable	496,781	2,736	18,783	518,300
Workers' compensation benefits payable	1,335,275	—	5,479	1,340,754
Loans payable	—	379	11,393	11,772
Commercial paper and other borrowings	—	—	76,599	76,599
Lease liability	2,265,878	19,597	194,324	2,479,799
Subscription liability	145,167	—	3,369	148,536
Revenue bonds payable	30,156,670	120,461	875,933	31,153,064
Net other postemployment benefits liability	20,911,103	51,954	156,855	21,119,912
Net pension liability	17,494,965	38,486	282,671	17,816,122
Revenues received in advance	—	—	29,384	29,384
Other noncurrent liabilities	1,652,370	601,919	817,406	3,071,695
Total noncurrent liabilities	<u>74,458,209</u>	<u>835,532</u>	<u>2,472,196</u>	<u>77,765,937</u>
Total liabilities	<u>93,539,098</u>	<u>1,335,412</u>	<u>4,213,406</u>	<u>99,087,916</u>
DEFERRED INFLOWS OF RESOURCES				
Total liabilities and deferred inflows of resources	<u>12,866,626</u>	<u>64,993</u>	<u>544,059</u>	<u>13,475,678</u>
Total liabilities, deferred inflows of resources, and net position	<u>106,405,724</u>	<u>1,400,405</u>	<u>4,757,465</u>	<u>112,563,594</u>
NET POSITION				
Net investment in capital assets	18,601,613	(730)	808,018	19,408,901
Restricted:				
Nonexpendable – endowments	8,773,628	—	2,027,695	10,801,323
Expendable:				
Endowments and gifts	20,711,854	—	39,520	20,751,374
Education	898,500	—	1,570,019	2,468,519
Indenture	—	790,624	—	790,624
Statute	—	3,127,674	1,179,018	4,306,692
Other purposes	—	—	48,703	48,703
Total expendable	<u>21,610,354</u>	<u>3,918,298</u>	<u>2,837,260</u>	<u>28,365,912</u>
Unrestricted	<u>(26,663,660)</u>	<u>(39,830)</u>	<u>1,126,267</u>	<u>(25,577,223)</u>
Total net position	<u>22,321,935</u>	<u>3,877,738</u>	<u>6,799,240</u>	<u>32,998,913</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 128,727,659</u>	<u>\$ 5,278,143</u>	<u>\$ 11,556,705</u>	<u>\$ 145,562,507</u>
				(concluded)

Statement of Activities

Discretely Presented Component Units – Enterprise Activity

Year Ended June 30, 2024

(amounts in thousands)

	University of California	California Housing Finance Agency	Nonmajor Component Units	Total
OPERATING EXPENSES				
Personal services	\$ 34,624,417	\$ 41,072	\$ 687,700	\$ 35,353,189
Scholarships and fellowships	963,827	—	119,804	1,083,631
Supplies	6,410,253	—	23,949	6,434,202
Services and charges	422,983	7,723	1,826,941	2,257,647
Department of Energy laboratories	1,146,576	—	—	1,146,576
Depreciation	3,202,066	2,418	114,174	3,318,658
Interest expense and fiscal charges	1,225,704	24,383	57,750	1,307,837
Other	7,980,267	53,014	74,181	8,107,462
Total operating expenses	55,976,093	128,610	2,904,499	59,009,202
PROGRAM REVENUES				
Charges for services	37,110,230	46,316	901,634	38,058,180
Operating grants and contributions	14,114,027	—	1,113,197	15,227,224
Capital grants and contributions	186,020	—	31,680	217,700
Total program revenues	51,410,277	46,316	2,046,511	53,503,104
Net revenues (expenses)	(4,565,816)	(82,294)	(857,988)	(5,506,098)
GENERAL REVENUES				
Investment and interest income (loss)	6,518,525	181,490	529,209	7,229,224
Other	4,104,827	53,453	945,949	5,104,229
Total general revenues	10,623,352	234,943	1,475,158	12,333,453
Change in net position	6,057,536	152,649	617,170	6,827,355
Net position – beginning, as previously reported	16,275,680	3,725,089	6,185,461	26,186,230
Error corrections	—	—	(3,391)	(3,391)
Change to or within the financial reporting entity	(11,281)	—	—	(11,281)
Net position – beginning, as restated	16,264,399	3,725,089	6,182,070	26,171,558
Net position – ending	\$ 22,321,935	\$ 3,877,738	\$ 6,799,240	\$ 32,998,913

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Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements present information on the financial activities of the State of California over which the Governor, the Legislature, and other elected officials have direct or indirect governing and fiscal control. These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

A. Reporting Entity

These financial statements present the primary government of the State and its component units. The **primary government** consists of all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the State. **Component units** are organizations that are legally separate from the State, but for which the State is financially accountable, or organizations whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading. Following is information on the blended, fiduciary, and discretely presented component units of the State.

1. Blended Component Units

Blended component units, although legally separate entities, are in substance part of the primary government's operations. Therefore, data from these blended component units are integrated into the appropriate funds for reporting purposes.

The *Golden State Tobacco Securitization Corporation (GSTSC)* is a not-for-profit corporation established through legislation in September 2002 solely for the purpose of purchasing Tobacco Settlement Revenues from the State. The five voting members of the State Public Works Board serve ex officio as the directors of the corporation. The GSTSC is authorized to issue bonds as necessary to provide sufficient funds for carrying out its purpose. The GSTSC's financial activity is reported in the combining statements in the Nonmajor Governmental Funds section as a special revenue fund. For information regarding obtaining copies of the financial statements of GSTSC, contact the Department of Finance, Natural Resources, Energy, Environmental, and Capital Outlay Section, 915 L Street, 9th Floor, Sacramento, California 95814.

2. Fiduciary Component Units

The State has two legally separate fiduciary component units that administer pension and other employee benefit trust funds. The State appoints a voting majority of the board members of both plans which, due to their fiduciary nature, are presented in the fiduciary fund statements as pension and other employee benefit trust funds, along with other primary government fiduciary funds.

The *California Public Employees' Retirement System (CalPERS)* administers pension and health benefit plans for state employees, non-teaching school employees, and employees of California public agencies. Its Board of Administration has plenary authority and fiduciary responsibility for the investment of monies and the administration of the plans. CalPERS administers the following seven pension and other employee benefit trust funds: the Public Employees' Retirement Fund, the Judges' Retirement Fund, the

Judges' Retirement Fund II, the Legislators' Retirement Fund, the Public Employees' Deferred Compensation Fund, the public employee Supplemental Contributions Program Fund, and the California Employers' Retiree Benefit Trust Fund. CalPERS administers one investment trust fund: the California Employers' Pension Prefunding Trust Fund. CalPERS also maintains two custodial funds: the Replacement Benefit Fund, and the Old Age and Survivors' Insurance Revolving Fund. CalPERS' separately issued financial statements may be found on its website at www.CalPERS.ca.gov.

The *California State Teachers' Retirement System (CalSTRS)* administers pension benefit plans for California public school teachers and certain other employees of the public school system. The State is financially accountable for CalSTRS. CalSTRS administers a hybrid retirement system consisting of the State Teachers' Retirement Plan, a defined benefit plan, composed of the Defined Benefit Program, the Defined Benefit Supplement Program, the Cash Balance Benefit Program, and the Replacement Benefits Program; two defined contribution plans; a postemployment benefit plan; and a fund used to account for ancillary activities associated with various deferred compensation plans and programs. CalSTRS' separately issued financial statements may be found on its website at www.CalSTRS.com.

3. Discretely Presented Component Units

Enterprise activity of discretely presented component units is reported in a separate column in the government-wide financial statements. Discretely presented component units are legally separate from the primary government and usually provide services to entities and individuals outside the primary government. Discretely presented component units that report enterprise activity include the University of California, the California Housing Finance Agency, and nonmajor component units. Most component units separately issue their own financial statements. In general, the notes to the financial statements in this publication do not include information found in the component units' separately issued financial statements. Instead, references to the individual component unit financial statements are provided where applicable.

The *University of California* was founded in 1868 as a public, state-supported, land-grant institution. It was written into the State Constitution of 1879 as a public trust to be administered by a governing board, the Regents of the University of California (Regents). The University is a component unit of the State because the State appoints a voting majority of the Regents and provides financial assistance to the University. The University offers defined benefit pension plans and defined contribution pension plans to its employees through the University of California Retirement System (UCRS), a fiduciary responsibility of the Regents. The financial information of the UCRS is not included in the financial statements of this report due to its fiduciary nature. The University's financial statements may be found on its website at www.ucop.edu.

The *California Housing Finance Agency (CalHFA)* was created by the Zenovich-Moscone-Chacon Housing and Home Finance Act, as amended. CalHFA's purpose is to finance the housing needs of persons and families of low and moderate income. It is a component unit of the State because the State appoints a voting majority of CalHFA's governing board and the executive director, who administers the day-to-day operations. CalHFA's financial statements may be found on its website at www.CalHFA.ca.gov.

State legislation created various nonmajor component units to provide certain services outside the primary government and to provide certain private and public entities with a low-cost source of financing for programs deemed to be in the public interest. California State University Auxiliary Organizations are considered component units because they exist entirely or almost entirely for the direct benefit of the universities. The remaining nonmajor component units are considered component

units because the majority of members of their governing boards are appointed by or are members of the primary government, and the primary government can impose its will on the entity; or the entity provides a specific financial benefit to or imposes a financial burden on the primary government. For information regarding obtaining copies of the financial statements of these component units, email the State Controller's Office, State Accounting and Reporting Division at StateGovReports@sco.ca.gov.

The nonmajor consolidated component unit segments are:

California State University Auxiliary Organizations, which provide services primarily to university students through foundations, associated student organizations, student unions, food service entities, book stores, and similar organizations.

Financing authorities, which provide financing for specific purposes. These agencies include:

- The *California Alternative Energy and Advanced Transportation Financing Authority*, which provides financing for alternative energy and advanced transportation technologies;
- The *California Infrastructure and Economic Development Bank*, which provides financing for business development and public improvements; and
- The *California Urban Waterfront Area Restoration Financing Authority*, which provides financing for coastal and inland urban waterfront restoration projects.

District agricultural associations, which exhibit all of the industries, industrial enterprises, resources, and products of the State (the district agricultural associations' financial report is as of and for the year ended December 31, 2023).

Other component units, which include the following entities:

- The *University of California College of the Law, San Francisco*, which was established as the law department of the University of California to provide legal education programs and operates independently under its own board of directors. The college has a discretely presented component unit, the Foundation, which provides private sources of funds for academic programs, scholarships, and faculty research;
- The *State Assistance Fund for Enterprise, Business and Industrial Development Corporation*, which provides financial assistance to small business; and
- The *Public Employees' Contingency Reserve*, which provides health benefit plans for state employees and annuitants.

4. Joint Venture

A joint venture is an entity resulting from a contractual arrangement; it is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control. In such an arrangement, the participants retain an ongoing financial interest or an ongoing financial responsibility in the entity. These entities are not part of the primary government or a component unit.

The State participates in a joint venture called the *Capitol Area Development Authority (CADA)*. CADA was created in 1978 by the joint exercise of powers agreement between the primary government and the City of Sacramento for the location of state buildings and other improvements. CADA is a public entity, separate from the primary government and the city; it is administered by a board composed of five

members—two appointed by the primary government, two appointed by the city, and one appointed by the affirmative vote of at least three of the other four members of the board. The primary government designates the chairperson of the board. Although the primary government does not have an equity interest in CADA, it does have an ongoing financial interest. The primary government subsidizes CADA’s operations by leasing land to CADA without consideration; however, the primary government is not obligated to do so. At June 30, 2024, CADA had total assets and deferred outflows of resources of \$87 million, total liabilities and deferred inflows of resources of \$53 million, and total net position of \$34 million. Total revenues for the fiscal year were \$20 million and expenses were \$14 million, resulting in an increase in net position of \$6 million. As the primary government does not have equity interest in CADA, CADA’s financial information is not included in the financial statements of this report. Separately issued financial statements may be obtained on CADA’s website at www.cadanet.org.

5. Jointly Governed Organization

A jointly governed organization is a regional government or other multigovernmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. These entities are not part of the primary government or a component unit.

The State participates in a jointly governed organization called the *California Residential Mitigation Program (CRMP)*. CRMP was created in 2011 by the joint exercise of powers agreement between the primary government and the *California Earthquake Authority (CEA)*; a related organization. The purpose of CRMP is to provide for the joint exercise of powers common to the primary government and the CEA by funding and managing programming to supply grants, assistance, and incentives to owners of dwellings in California who wish to retrofit their homes to protect against earthquake damage. CRMP is a public entity, separate from the primary government and the CEA; it is administered by a board composed of four members – two appointed by the primary government, and two appointed by the CEA. As the primary government does not have an ongoing financial interest or responsibility for CRMP, the financial information of this institution is not included in the financial statements of this report. For information regarding obtaining copies of the financial statements of CRMP, go to its website at www.californiaresidentialmitigationprogram.com.

6. Related Organizations

A related organization is an organization for which a primary government is accountable because that government appoints a voting majority of the organization’s governing board, but for which the primary government is not financially accountable.

Chapter 854 of the Statutes of 1996 created an *Independent System Operator (ISO)*, a state-chartered, nonprofit market institution. The ISO provides centralized control of the statewide electrical transmission grid to ensure the efficient use and reliable operation of the transmission system. The ISO is governed by a five-member board, the members of which are appointed by the Governor and confirmed by the Senate. The State’s accountability for this institution does not extend beyond making the initial oversight board appointments. As the primary government is not financially accountable for the ISO, the financial information of this institution is not included in the financial statements of this report. For information regarding obtaining copies of the financial statements of the ISO, go to its website at www.caiso.com.

The *California Earthquake Authority (CEA)*, a legally separate organization, offers earthquake insurance for California homeowners, renters, condominium owners, and mobile home owners. A three-member board composed of state-elected officials governs the CEA. The State's accountability for this institution does not extend beyond making the appointments. As the primary government is not financially accountable for the CEA, the financial information of this institution is not included in the financial statements of this report. For information regarding obtaining copies of the financial statements of the CEA, go to its website at www.earthquakeauthority.com.

The *State Compensation Insurance Fund (State Fund)* was established by the State through legislation enacted in 1913 to provide an available market for workers' compensation insurance to employees located in California. State Fund operates in competition with other insurance carriers to serve California businesses. The State appoints all 11 members of the State Fund's governing board. The State's accountability for this institution does not extend beyond making the initial oversight board appointments. As the primary government is not financially accountable for the State Fund, the financial information of this institution is not included in the financial statements of this report. For information regarding obtaining copies of the financial statements of the State Fund, go to its website at www.statefundca.com.

The *California Health Benefit Exchange (Exchange)*, an independent public entity, offers health insurance to individuals, families, and small businesses. A five-member board of state-appointed officials governs the Exchange. The State's accountability for this institution does not extend beyond making the appointments. As the primary government is not financially accountable for the Exchange, the financial information of this institution is not included in the financial statements of this report. For information regarding obtaining copies of the financial statements of the Exchange, go to its website at <https://hbex.coveredca.com>.

The *California Pollution Control Financing Authority (CPCFA)* was created through the California Pollution Control Financing Authority Act of 1972. The CPCFA is a legally separate entity that provides financing for pollution control facilities. A three-member board composed of state-elected officials and an appointee governs the CPCFA. The State's accountability for this institution does not extend beyond making the appointments. As the primary government is not financially accountable for the CPCFA, the financial information of this institution is not included in the financial statements of this report. For information regarding obtaining copies of the financial statements of the CPCFA, go to its website at www.treasurer.ca.gov/cpcf.

The *California Health Facilities Financing Authority (CHFFA)* was established by the State through legislation enacted in 1979. The CHFFA is a legally separate entity that provides financing for the construction, equipping, and acquisition of health facilities. A nine-member board composed of state-elected officials and appointees govern the CHFFA. The State's accountability for this institution does not extend beyond making the appointments. As the primary government is not financially accountable for the CHFFA, the financial information of this institution is not included in the financial statements of this report. For information regarding obtaining copies of the financial statements of the CHFFA, go to its website at www.treasurer.ca.gov/chffa.

The *California Educational Facilities Authority (CEFA)* was created by the State through legislation effective in 1973. The CEFA is a legally separate entity established to issue revenue bonds to finance loans for students attending public and private colleges and universities, and to assist private educational institutions of higher learning in financing the expansion and construction of educational facilities. A

five-member board composed of state-elected officials and appointees govern the CEFA. The State's accountability for this institution does not extend beyond making the appointments. As the primary government is not financially accountable for the CEFA, the financial information of this institution is not included in the financial statements of this report. For information regarding obtaining copies of the financial statements for the CEFA, go to its website at www.treasurer.ca.gov/cefa.

The *California School Finance Authority (CSFA)* was created in 1985. The CSFA is a legally separate entity that provides loans to school and community college districts to assist them in obtaining equipment and facilities. A three-member board composed of state-elected officials and an appointee governs the CSFA. The State's accountability for this institution does not extend beyond making the appointments. As the primary government is not financially accountable for the CSFA, the financial information for this institution is not included in the financial statements of this report. For information regarding obtaining copies of the financial statements of the CSFA, go to its website at www.treasurer.ca.gov/csfa.

B. Government-wide and Fund Financial Statements

Government-wide financial statements (the Statement of Net Position and the Statement of Activities) provide information on all of the nonfiduciary activities of the primary government and its component units. The primary government is reported separately from legally separate component units for which the State is financially accountable. Within the primary government, the State's governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The effect of interfund activity has been removed from the statements, with the exception of amounts between governmental and business-type activities, which are presented as internal balances and transfers. Centralized services provided by the General Fund for other funds are charged as direct costs to the funds that received those services. Also, the General Fund recovers the cost of centralized services provided to federal programs from the federal government.

The Statement of Net Position reports all of the financial and capital resources of the government as a whole in a format in which assets and deferred outflows of resources equal liabilities and deferred inflows of resources, plus net position. The Statement of Activities demonstrates the degree to which the expenses of a given function are offset by program revenues. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items that are not program-related are reported as general revenues.

Fund financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and discretely presented component units. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The State maintains the minimum number of funds consistent with legal and managerial requirements. Fiduciary funds, although excluded from the government-wide statements, are included in the fund financial statements. Major governmental and enterprise funds are reported in separate columns in the fund financial statements. Nonmajor governmental and proprietary funds are grouped into separate columns. Discretely presented component unit statements, which follow the fiduciary fund statements, also separately report the enterprise activity of the major discretely presented component units. In this report, the enterprise activity of nonmajor discretely presented component units is grouped in a separate column.

Governmental fund types are used to account for activities primarily supported by taxes, grants, and similar revenue sources.

The State reports the following major governmental funds:

The *General Fund* is the main operating fund of the State. It accounts for transactions related to resources obtained and used for those services that need not be accounted for in another fund.

The *Federal Fund* accounts for the receipt and use of grants, entitlements, and shared revenues received from the federal government that are all restricted by federal regulations.

The *Environmental and Natural Resources Fund* accounts for fees, bond proceeds, and other revenues that are restricted for maintaining the State's natural resources and improving the environmental quality of its air, land, and water.

Proprietary fund types focus on the determination of operating income, changes in net position, financial position, and cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. For its proprietary funds, the State applies all applicable GASB pronouncements.

The State has two proprietary fund types: enterprise funds and internal service funds.

Enterprise funds record business-type activity for which a fee is charged to external users for goods and services. In addition, the State is required to report activities as enterprise funds in the context of the activity's principal revenue sources when any of the following criteria are met:

- The activity's debt is secured solely by fees and charges of the activity;
- There is a legal requirement to recover costs; or
- The pricing policies of fees and charges are designed to recover costs.

The State reports the following major enterprise funds:

The *Water Resources Fund* accounts for charges to local water districts and the sale of excess power to public utilities.

The *State Lottery Fund* accounts for the sale of California State Lottery (Lottery) tickets and the Lottery's payments for education.

The *Unemployment Programs Fund* accounts for employer and worker contributions used for payments of unemployment insurance and disability benefits.

The *California State University Fund* accounts for student fees and other receipts from gifts, bequests, donations, federal and state grants, and loans that are used for educational purposes.

Nonmajor enterprise funds account for additional operations that are financed and operated in a manner similar to private business enterprises.

Additionally, the State reports *internal service funds* as a proprietary fund type with governmental activities. Internal service funds account for goods or services provided to other agencies, departments, or governments on a cost-reimbursement basis. The goods and services provided include architectural services, public building construction and improvements, printing and procurement services, goods produced by inmates of state prisons, data processing services, and administrative services related to water delivery. Internal service funds are included in the governmental activities at the government-wide level.

Fiduciary fund types are used to account for assets held by the State. The State acts as a trustee or as a custodian for individuals, private organizations, other governments, or other funds. Fiduciary funds, including fiduciary component units, are not included in the government-wide financial statements.

The State has the following four fiduciary fund types:

Private purpose trust funds account for all trust arrangements, other than those properly reported in pension or investment trust funds, whereby principal and income benefit individuals, private organizations, or other governments. The following are the State's largest private purpose trust funds:

The *Scholarshare Program Trust Fund* accounts for money received from participants to fund their beneficiaries' higher education expenses at certain postsecondary educational institutions.

The *Unclaimed Property Fund* accounts for unclaimed money and properties held in trust by the State. Unclaimed money is remitted to the General Fund where it can be used by the State until it is claimed.

Pension and other employee benefit trust funds of the primary government and fiduciary component units account for transactions, assets, liabilities, and net position available for plan benefits of the retirement systems and for other employee benefit programs.

Investment trust funds consist of the external portion of investment pools and account for the deposits, withdrawals, and earnings of local governments and public agencies.

The *Custodial Fund* generally accounts for fiduciary activities that are not held under a trust agreement or equivalent, such as receipts and disbursements of sales tax, use tax, and other assessments held for local agencies, cash deposits for bail solicitors, and condemnation deposits.

Discretely presented component units consist of certain organizations that have enterprise activity. The enterprise activity component units are the University of California, the California Housing Finance Agency, and nonmajor component units. In this report, all of the enterprise activity of the discretely presented component units is reported in a separate column in the government-wide financial statements and on separate pages following the fund financial statements.

C. Measurement Focus and Basis of Accounting

1. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar transactions are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

2. Fund Financial Statements

The measurement focus and basis of accounting for the fund financial statements vary with the type of fund. **Governmental fund types** are presented using the current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets; the unassigned fund balance is a measure of available, spendable resources.

The accounts of the governmental fund types are reported using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred. The State records revenue sources when they are earned or when they are due, provided they are measurable and available within the ensuing 12 months. When an asset is recorded in a governmental fund statement, but the revenue is not available within the ensuing 12 months, the State reports a deferred inflow of resources until such time as the revenue becomes available. Principal tax revenues susceptible to accrual are recorded as taxpayers earn income (personal income and corporation taxes), as sales are made (consumption and use taxes), and as a taxable event occurs (miscellaneous taxes), net of estimated tax overpayments. Principal tax revenues are reported net of immaterial tax abatements from programs that promote economic development and otherwise benefit the State, such as the Film and Television Tax Credit, the California Competes Tax Credit, the Low-Income Housing Tax Credit, and the Sales and Use Tax Exclusion Program.

Proprietary fund types and **fiduciary fund types** are accounted for using the economic resources measurement focus.

The accounts of the proprietary fund types and fiduciary fund types are reported using the accrual basis of accounting. Under the accrual basis, most transactions are recorded when they occur, regardless of when cash is received or disbursed. Lottery revenue and the related prize expenses are recognized when sales are made. Certain prizes are payable in deferred installments. Such liabilities are recorded at the present value of amounts payable in the future.

Discretely presented component units are accounted for using the economic resources measurement focus and the accrual basis of accounting.

D. Cash and Investments

The State considers cash and pooled investments, for the purpose of the Statement of Cash Flows, as cash and cash equivalents. Cash and cash equivalents are considered to be cash on hand; deposits in the State's pooled investment program; restricted cash and pooled investments for debt service, construction, and operations; restricted cash on deposit with fiscal agents (for example, revenue bond trustees); and highly liquid investments with an original maturity date of three months or less.

The State reports investments at fair value, as prescribed by GAAP. Additional information on the State's investments and fair value measurement can be found in Note 4, Deposits and Investments.

E. Receivables

Amounts are aggregated into a single receivables account net of allowance for uncollectible amounts. The detail of the primary government's accounts receivable can be found in Note 5, Accounts Receivable.

F. Inventories

Inventories of supplies are reported at cost and inventories held for resale are stated at the lower of average cost or market. In the government-wide financial statements, inventories for both governmental and business-type activities are expensed when they are consumed and unused inventories are reported as an asset on the Statement of Net Position. In the fund financial statements, governmental funds report inventories as expenditures when purchased, and proprietary funds report inventories as expenditures when consumed. The discretely presented component units have inventory policies similar to those of the primary government.

G. Long-term Prepaid Charges

The long-term prepaid charges account in the enterprise funds primarily represents operating and maintenance costs that will be recognized in the Water Resources Fund as expenses over the remaining life of long-term state water supply contracts. These costs are billable in future years. In addition, the account includes unbilled interest earnings on unrecovered capital costs that are recorded as long-term prepaid charges. These charges are recognized when billed in the future years under the terms of water supply contracts. Long-term prepaid charges are also included in the State Lottery Fund. These prepaid charges are incurred in connection with certain contracts that extend beyond a one-year period, which are amortized as expenses over the remaining life of the contracts. The long-term prepaid charges for the Public Buildings Construction Fund, an internal service fund, include prepaid insurance costs on revenue bonds issued. In the government-wide financial statements, the prepaid charges for governmental activities include prepaid insurance costs on revenue bonds issued.

H. Capital Assets and Right-to-Use Assets

Capital assets are categorized into land, state highway infrastructure, collections, buildings and other depreciable property, intangible assets, and construction in progress. The buildings and other depreciable property account includes buildings, improvements other than buildings, equipment, certain infrastructure assets, certain books, and other capitalized and depreciable property. Intangible assets include computer software, land-use rights, patents, copyrights, trademarks, and right-to-use assets. The value of the capital assets, including the related accumulated depreciation and amortization, is reported in the applicable governmental, business-type, or component unit activities columns in the government-wide Statement of Net Position.

The primary government has a large collection of historical and contemporary treasures that have important documentary and artistic value. These assets are not capitalized or depreciated because they are cultural resources and cannot reasonably be valued and/or the assets have inexhaustible useful lives. These treasures and works of art include furnishings, portraits and other paintings, books, statues, photographs, and miscellaneous artifacts. These collections meet the conditions for exemption from capitalization because the collections are held for public exhibition, education, or research in furtherance of public service, rather than financial gain; protected, kept unencumbered, cared for, and preserved; and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

In general, capital assets of the primary government are defined as assets that have a normal useful life of at least one year and a unit cost of at least \$5,000. These assets are recorded at historical cost or estimated historical cost, including all costs related to the acquisition. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date received. Major capital asset outlays are capitalized as projects are constructed.

Buildings and other depreciable or amortizable capital assets are depreciated using the straight-line method with no salvage value for governmental activities. Generally, buildings and other improvements are depreciated over 40 years, equipment is depreciated over five years, and intangible assets are amortized over 10 to 20 years. Depreciable or amortizable assets of business-type activities are depreciated or amortized using the straight-line method over their estimated useful or service lives, ranging from one to 100 years.

California has elected to use the modified approach for capitalizing the infrastructure assets of the state highway system. The state highway system is maintained by the California Department of Transportation. By using the modified approach, the infrastructure assets of the state highway system are not depreciated and all expenditures made for those assets, except for additions and improvements, are expensed in the period incurred. All additions and improvements made after June 30, 2001 are capitalized. All infrastructure assets that are related to projects completed prior to July 1, 2001 are recorded at the historical costs contained in annual reports of the American Association of State Highway and Transportation Officials and the Federal Highway Administration.

The capital assets of the discretely presented component units are reported at cost at the date of acquisition or at fair market value at the date of donation, in the case of gifts. They are depreciated or amortized over their estimated useful service lives.

The State is a lessee for various non-cancelable leases of land, buildings, equipment. For leases that meet the capitalization threshold of \$100,000 or greater in total payments over the lease term, the State recognizes right-to-use lease assets at the commencement of a lease. Right-to-use lease assets represent the State's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset, ranging from two to 50 years, using the straight-line method. Leases below the capitalization threshold and leases with a maximum possible term of 12 months or less at commencement are expensed or expensed as incurred.

The State has non-cancelable subscription-based information technology arrangements (SBITAs) for the right to use information technology (IT) arrangements. For SBITAs that meet the capitalization threshold of \$50,000 or greater in total payments over the subscription term, the State recognizes right-to-use SBITA assets at the commencement of a SBITA. Right-to-use SBITA assets represent the State's right to use underlying IT assets for the subscription term. The right-to-use SBITA asset is measured at the initial value of the subscription liability, plus any subscription payments made to the SBITA vendor before commencement of the subscription term and capitalizable implementation costs, less any vendor incentive received at or before the SBITA commencement date. The right-to-use SBITA asset is amortized over the shorter of the subscription term or useful life of the underlying IT assets, ranging from two to 10 years, using the straight-line method. SBITAs below the capitalization threshold and SBITAs with a maximum possible term of 12 months or less at commencement are expensed or expensed as incurred.

I. Long-term Obligations

Long-term obligations consist of various types of bonds and other long-term payables, including unmatured general obligation bonds, unmatured revenue bonds, lease liabilities, subscription liabilities, certificates of participation, commercial paper, net pension liability, net other postemployment benefits liability, employees' compensated absences and workers' compensation claims, pollution remediation obligations, asset retirement obligations, amounts owed for lawsuits, reimbursement for costs mandated by the State, outstanding Proposition 98 funding guarantee owed to schools, the liability for lottery prizes and annuities, loans from other governments, and the primary government's share of the University of California's pension liability that is due in more than one year. In the government-wide financial statements, the obligations are reported as liabilities in the applicable governmental activities, business-type activities, and component units columns of the Statement of Net Position. The current portion—amount due within one year—of the long-term obligations is reported under current liabilities.

Pollution remediation obligations are recorded by the State when one or more of the GASB Statement No. 49 obligating events have occurred and when a reasonable estimate of the remediation cost is available. These liabilities are measured using actual contract costs, where no change in cost is expected, or the expected cash flow technique. The remediation obligation estimates that appear in this report are subject to change over time. Costs may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations, and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the State's obligation.

Asset retirement obligations are recorded by the State when the internal and external obligating events described in GASB Statement No. 83 have occurred and when a reasonable estimate of the cost to retire

certain tangible capital assets is available. The types of underlying assets include above ground and underground fuel and chemical storage tanks, various medical equipment, dams, water treatment facilities, bridges and other infrastructure, and electric power generating equipment. Asset retirement obligation estimates are based on professional judgment, experience, and historical cost data, and are subject to change over time due to price fluctuations, changes in technology, updated information from engineering studies or other evaluations, changes to statutes or regulations, and other factors that could result in revisions to these estimates.

Bond premiums and discounts for business-type activities and component units are deferred and amortized over the life of the bonds. In these instances, bonds payable is reported net of the applicable premium and discount. Bond premiums and discounts for governmental funds are reported as other financing sources (uses). However, in the government-wide financial statements, the bonds payable for governmental activities is reported net of the applicable unamortized premium and discount. Bond issuance costs, excluding prepaid insurance, are expensed when incurred.

With advance approval from the Legislature, certain authorities and state agencies may issue revenue bonds. Principal and interest on revenue bonds are payable from the pledged revenues of the respective funds and agencies. The General Fund has no legal liability for payment of principal and interest on revenue bonds. With the exception of certain special revenue funds (No Place Like Home and the Golden State Tobacco Securitization Corporation), the liability for revenue bonds is recorded in the respective fund.

Lease liabilities represent the State's obligation to make lease payments arising from a lease contract. Lease liabilities are recognized by the State at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate explicitly stated in the lease contract, the incremental borrowing rate published on the State Controller's website, or other determined incremental borrowing rates. Variable lease payments based on future performance of the lessee or usage of the underlying asset are expensed as incurred, and are not included in the measurement of the lease liability. Subsequent to their initial measurement, lease liabilities are reduced by the principal portion of lease payments made. The State assesses each lease liability annually for changes in the terms of the lease, interest rate, impairment of the underlying leased asset, or other factors that may impact the expected future lease payments. Lease amendments and other modifications could necessitate remeasuring the lease liability.

Subscription liabilities represent the State's obligation to make subscription payments arising from a SBITA contract. Subscription liabilities are recognized by the State at the SBITA commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate explicitly stated in the SBITA contract, the incremental borrowing rate published on the State Controller's Office website, or other determined incremental borrowing rates. Variable payments based on future performance of the government, usage of the underlying IT assets, or number of user seats are expensed as incurred, and are not included in the measurement of the subscription liability. The State assesses each subscription liability annually for changes in the terms of the SBITA, change in the interest rate, impairment of the underlying IT assets, or other factors that may impact the expected future subscription payments. SBITA amendments and other modifications could necessitate remeasuring the subscription liability.

Availability Payment Arrangement (APA) liabilities represent the State's obligation to make APA payments arising from an APA agreement where the operator provides the design, construction, or

financing of a nonfinancial asset whose ownership transfers to the State at the end of the agreement. APA liabilities are recognized by the State when the APA asset is placed into service and are based on the present value of future APA payments expected to be made during the APA term. The present value of APA payments is discounted based on a borrowing rate explicitly stated in the APA agreement, the incremental borrowing rate published on the State Controller's Office website, or other determined incremental borrowing rates. APA agreements are reported as a financed purchase by the State.

J. Compensated Absences

The government-wide financial statements report both the current and the noncurrent liabilities for compensated absences, which are vested unpaid vacation, annual leave, and other paid leave programs. However, unused sick-leave balances are not included in the compensated absences because they do not vest to employees. In the governmental fund financial statements, only the compensated absences liability for employees who have left state service and have unused reimbursable leave at fiscal year-end is included. The amounts of vested unpaid vacation and annual leave accumulated by state employees are accrued in proprietary funds when incurred. In the discretely presented component units, the compensated absences are accounted for in the same manner as in the proprietary funds of the primary government.

K. Deferred Outflows and Deferred Inflows of Resources

The government-wide and fund financial statements report deferred outflows of resources and deferred inflows of resources.

1. Deferred Outflows of Resources

Deferred outflows of resources are the consumption of assets that are applicable to future reporting periods. Deferred outflows of resources are presented separately after "Total Assets" in the Balance Sheet and Statement of Net Position.

Deferred outflows of resources consist of the following transactions:

- *Loss on Refunding of Debt:* The defeasance of previously outstanding general obligation and revenue bonds results in deferred refunding losses for governmental activities, business-type activities, and component units. These deferred losses are recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- *Decrease in Fair Value of Hedging Derivative Instruments:* Negative changes in the fair value of hedging derivative instruments are reported for component units.
- *Net Pension Liability:* Increases in net pension liability that are not recognized in pension expense for the reporting period are reported as deferred outflows of resources related to pensions. Differences between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic or demographic factors, or of other inputs used by the actuaries to determine total pension liability; and increases in the State's proportionate share of net pension liability for plans that have a special funding situation, such as CalSTRS, are all recognized in pension expense over the average of the expected remaining service lives of participating employees. A deferred outflow of resources is also reported when projected earnings on pension plan investments exceed actual earnings, with the net difference amortized to pension

expense over a five-year period beginning in the current reporting period. Employer contributions, and state contributions in the case of CalSTRS' special funding situation, made subsequent to the measurement date are reported as deferred outflows of resources related to pensions and reduce net pension liability in the following year. Deferred outflows of resources related to net pension liability are reported for governmental activities, business-type activities, fiduciary funds, and component units.

- *Net Other Postemployment Benefits (OPEB) Liability:* Increases in net OPEB liability that are not recognized in OPEB expense for the reporting period are reported as deferred outflows of resources related to OPEB. Differences between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic or demographic factors, or of other inputs used by the actuaries to determine total OPEB liability; and differences between the actual and proportionate share of OPEB contribution amounts, are all recognized as OPEB expense over the average of the expected remaining service lives of participating employees. A deferred outflow of resources is also reported when projected earnings on OPEB plan investments exceed actual earnings, with the net difference amortized to OPEB expense over a five-year period beginning in the current reporting period. Employer contributions made subsequent to the measurement date are reported as deferred outflows of resources related to OPEB and reduce net OPEB liability in the following year. Deferred outflows of resources related to net OPEB liability are reported for governmental activities, business-type activities, fiduciary funds, and component units.
- *Asset Retirement Obligations:* Increases in asset retirement obligations that are not recognized as expense in the current reporting period are reported as deferred outflows of resources for component units.

2. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of assets that are applicable to future reporting periods. Deferred inflows of resources are presented separately after "Total Liabilities" in the Balance Sheet and Statement of Net Position.

The State's deferred inflows of resources consist of the following transactions:

- *Unavailable Revenues:* Governmental funds report deferred inflows of resources for earned and measurable revenue from long-term receivables that is not available within 12 months of the end of the reporting period. These deferred amounts are recognized as revenue in the periods that they become available.
- *Gain on Refunding of Debt:* The defeasance of previously outstanding general obligation and revenue bonds results in deferred refunding gains for governmental activities and discretely presented component units. These deferred gains are recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

- *Service Concession Arrangements:* The University of California, a discretely presented component unit of the State, has entered into service concession arrangements with third parties for parking, student housing and certain other faculty and student services. Under these arrangements, the University enters into ground leases with third parties at minimal or no cost, and gives the third party the right to construct, operate and maintain a facility, primarily for the benefit of students and faculty at competitive rates. Rate increases for use of the facilities are subject to certain constraints, and ownership of the facilities reverts to the University upon expiration of the ground lease. The facilities are reported as capital assets by the University when placed in service, and a corresponding deferred inflow of resources is reported. The University has not provided guarantees on financing obtained by the third parties under these arrangements.
- *Irrevocable Split-Interest Agreements:* The State and its discretely presented component units have entered into irrevocable split-interest agreements with third parties to receive donations of monetary assets and real property. The value of assets received or expected to be received from the third parties are reported as deferred inflows of resources.
- *Net Pension Liability:* Reductions in net pension liability that are not recognized in pension expense for the reporting period are reported as deferred inflows of resources related to pensions. Differences between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic or demographic factors, or of other inputs used by the actuaries to determine total pension liability; and decreases in the State's proportionate share of net pension liability for plans that have a special funding situation, such as CalSTRS, are all recognized against pension expense over the average of the expected remaining service lives of participating employees. A deferred inflow of resources is also reported when actual earnings on pension plan investments exceed projected earnings, with the net difference amortized against pension expense over a five-year period beginning in the current reporting period. Deferred inflows of resources related to net pension liability are reported for governmental activities, business-type activities, fiduciary funds, and component units.
- *Net Other Postemployment Benefits Liability:* Reductions in net OPEB liability that are not recognized in OPEB expense for the reporting period are reported as deferred inflows of resources related to OPEB. Differences between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic or demographic factors, or of other inputs used by the actuaries to determine total OPEB liability; and differences between the actual and proportionate share of OPEB contribution amounts, are all recognized against OPEB expense over the average of the expected remaining service lives of participating employees. A deferred inflow of resources is also reported when actual earnings on OPEB plan investments exceed projected earnings, with the net difference amortized against OPEB expense over a five-year period beginning in the current reporting period. Deferred inflows of resources related to net OPEB liability are reported for governmental activities, business-type activities, fiduciary funds, and component units.
- *Deferred Inflows of Resources Related to Leases:* For lease contracts where the State is a lessor, deferred inflows of resources are reported for governmental and proprietary funds, governmental activities, business-type activities, and component units. Deferred inflows of resources related to leases are recognized as inflows of resources (revenue) on a straight-line basis over the term of each lease contract.

- *Other Deferred Inflows of Resources:* Revenues generated from current rates charged by regulated business-type activities that are intended to recover costs expected to be incurred in the future are reported in the government-wide Statement of Net Position. A component unit's sale of future royalty payments and nonexchange transactions are reported as a deferred inflow of resources.

L. Nonmajor Enterprise Segment Information

Four nonmajor enterprise fund segments are displayed discretely in the Combining Statement of Net Position; the Combining Statement of Revenues, Expenses, and Changes in Fund Net Position; and the Combining Statement of Cash Flows of the nonmajor enterprise funds. A *segment* is an identifiable activity reported as or within an enterprise fund or another stand-alone entity for which debt is outstanding and a revenue stream has been pledged in support of that debt. In addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for revenues, expenses, gains and losses, assets and deferred outflows of resources, and liabilities and deferred inflows of resources. All of the activities reported for the fund segments listed below meet these requirements.

State Water Pollution Control Revolving Fund: Interest charged on loans to communities for construction of water pollution control facilities and projects.

Safe Drinking Water State Revolving Fund: Interest charged on loans to communities for construction of water systems for drinking water infrastructure projects.

Housing Loan Fund: Interest payments from low-interest, long-term farm and home mortgage loan contracts to eligible veterans living in California.

Electric Power Fund: The acquisition and resale of electric power to retail end-use customers, and charges to public utilities for wildfire prevention and recovery.

M. Net Position and Fund Balance

The difference between fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources is called “net position” on the government-wide financial statements, the proprietary and fiduciary fund statements, and the component unit statements; it is called “fund balance” on the governmental fund statements.

1. Net Position

The government-wide financial statements include the following categories of net position:

Net investment in capital assets represents capital assets, net of accumulated depreciation, reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results from transactions with purpose restrictions and is designated as either *nonexpendable* or *expendable*. *Nonexpendable restricted* net position is subject to externally imposed restrictions that must be retained in perpetuity. *Expendable restricted* net position is subject to externally imposed restrictions that can be fulfilled by actions of the State. As of June 30, 2024, the government-wide financial statements show restricted net position for the primary government of \$77.1 billion, of which \$20.2 billion is due to enabling legislation.

Unrestricted net position is neither restricted nor invested in capital assets.

2. Fund Balance

In the fund financial statements, proprietary funds include categories of net position similar to those in the government-wide financial statements. Fund balance amounts for governmental funds are reported as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form (inventories; prepaid amounts; long-term portion of loans or notes receivable; or property held for resale unless the proceeds are restricted, committed, or assigned) or they are legally or contractually required to remain intact.

Restricted fund balance has constraints placed upon the use of the resources either by an external party (creditors, grantors, contributors, or laws and regulations of other governments) or through a constitutional provision or enabling legislation.

Committed fund balance can be used only for specific purposes pursuant to constraints imposed by state law as adopted by the California State Legislature. The state law that commits fund balance to a specific purpose must have been adopted prior to the end of the reporting period, but the amount subject to the constraint may be determined in a subsequent period. Committed fund balance incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: California does not have a formal policy to delegate authority to assign resources. However, fund balance can be classified as assigned when a purchase order creates an outstanding encumbrance amount, unless the purchase order relates to restricted or committed resources. Furthermore, in governmental funds created by state law for a specific purpose, other than the General Fund, all resources that are not reported as nonspendable, restricted, or committed are classified as assigned for the purpose of the respective funds.

Unassigned fund balance is the residual amount of the General Fund not included in the four classifications described above. In other governmental funds in which expenditures incurred for specific purposes exceeded amounts restricted, committed, or assigned to those purposes, a negative unassigned fund balance is reported.

Fund balance spending order: For the purpose of reporting fund balance in this financial report under GASB Statement No. 54, the State considers resources to be spent in the following order when an expenditure is incurred for which these classifications are available: restricted, committed, assigned, and unassigned.

Fiduciary fund net position represents amounts held in trust for pension and other postemployment benefits, deferred compensation or pool participants, individuals, organizations, or other governments.

N. Stabilization Arrangements

1. Budget Stabilization Account

In accordance with Article 16, Section 20 of the California State Constitution, the State maintains the Budget Stabilization Account. The Budget Stabilization Account is reported in the General Fund. By

October 1 of each fiscal year, a transfer must be made from the General Fund to the Budget Stabilization Account in an amount equal to one-half of (a) 1.5% of the estimated General Fund revenues for that fiscal year and (b) personal capital gains tax revenues in excess of 8.0% of estimated General Fund taxes for that fiscal year less amounts that must be spent on Proposition 98. The remaining half of the calculated amount is used as appropriated by the State Legislature to pay down (a) interfund loans, (b) specified debts to local governments, and (c) debts for pension and retiree health benefits.

The State Legislature may suspend or reduce the transfer of funds to, or withdrawal of funds from, the Budget Stabilization Account if the Governor declares a budget emergency. For this purpose, budget emergency means either (a) a natural disaster or other event that creates a condition of extreme peril to the safety of persons or property, or (b) there is not enough money to keep General Fund spending at the highest level of the past three fiscal years (adjusted for changes in state population and cost of living). The amount of the withdrawal from the Budget Stabilization Account is limited to the actual amount needed for the natural disaster or to keep General Fund spending at the highest level of the past three years. In addition, if no budget emergency occurred in the prior fiscal year, then no more than one-half of the Budget Stabilization Account balance may be withdrawn; however, the entire remaining balance may be withdrawn in the second straight year of a budget emergency.

When the balance of the Budget Stabilization Account reaches 10% of the estimated General Fund revenues for that fiscal year, the amount that would have been transferred to the Budget Stabilization Account would instead be used to build and maintain infrastructure. At June 30, 2024, the Budget Stabilization Account had a restricted fund balance of \$22.6 billion.

2. Special Fund for Economic Uncertainties

State law established the Special Fund for Economic Uncertainties (SFEU) as a contingency reserve to help the State meet its General Fund obligations in the event of declining revenues or unanticipated expenditures. A control section of the State's Budget Act establishes the annual reserve balance of the SFEU, but that amount would be reduced if certain constitutionally defined excess revenue limits are met during the fiscal year. In addition, SFEU funds may be set aside in a separate account and committed for disaster response operation costs incurred by state agencies as a result of a proclamation of a state of emergency by the Governor. The SFEU is a discretionary budget reserve and is available without additional legislative action to meet the cash needs of the General Fund and to eliminate any General Fund deficit at the end of a fiscal year. The SFEU is reported in the General Fund, and at June 30, 2024, the SFEU represented \$3.8 billion of the unassigned balance of the General Fund.

3. Public School System Stabilization Account

State law established the Public School System Stabilization Account (PSSSA) as a reserve specifically for schools and community colleges. The State deposits Proposition 98 funding into this reserve when it receives high levels of capital gains revenue and the minimum guarantee is growing relatively quickly, and will withdraw funding from the reserve under certain conditions—generally when the guarantee is growing slowly relative to inflation and student attendance. If the Governor declares a budget emergency, the Legislature can make discretionary withdrawals. At June 30, 2024, the PSSSA represented \$10.8 billion of cash reported in the General Fund, \$10.8 billion of which was due to other funds, and \$1 million of which was due to other governments. Accordingly, the PSSSA reported no fund balance as of June 30, 2024.

O. Guaranty Deposits

The State is the custodian of guaranty deposits held to protect consumers, to secure the State's deposits in financial institutions, and to ensure payment of taxes and fulfillment of obligations to the State. Guaranty deposits of securities and other properties are not shown on the financial statements.

NOTE 2: ACCOUNTING CHANGES AND ERROR CORRECTIONS

A. Changes in Accounting Principles

The provisions of the following Governmental Accounting Standards Board (GASB) Statements have been implemented for the fiscal year ended June 30, 2024:

GASB Statement No. 99, *Omnibus 2022* is effective for the fiscal year ended June 30, 2024. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The following elements were implemented for the fiscal year ended June 30, 2024; these elements had an insignificant impact on the State's ACFR:

- Accounting and financial reporting for financial guarantees.
- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.

GASB Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62* is effective for the fiscal year ended June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement prescribes the accounting and financial reporting for each type of accounting change and error correction. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Implementation of GASB Statement No. 100 resulted in the removal of Section N., Restatement of Beginning Fund Balances and Net Position, from within Note 1, Summary of Significant Accounting Policies. Implementation of GASB Statement No. 100 also resulted in the creation of a new footnote to the financial statements—Note 2, Accounting Changes and Error Corrections. Further, the implementation of GASB Statement No. 100 has the potential to impact any of the 12 basic or combining financial statements if the presented information includes accounting changes or error corrections.

B. Changes to or within the Financial Reporting Entity

Two major governmental funds, the Transportation Fund and the Health Care Related Programs Fund, were reclassified to nonmajor governmental funds. The reclassification of the Transportation Fund and the Health Care Related Programs Fund resulted in a decrease of \$10.8 billion and \$2.0 billion, respectively, in the beginning fund balance of major governmental funds, and a combined \$12.8 billion increase in the beginning fund balance of nonmajor governmental funds. The effects of this change are shown in the Changes To or Within the Financial Reporting Entity column of Table 1 below.

The beginning net position of the University of California, a discretely presented component unit of the State, decreased by \$11 million. The University's ownership of a blended component unit decreased such that the component unit no longer qualified to be blended, but was now to be accounted for under the equity method of accounting. The effects of this change are shown in the Changes To or Within the Financial Reporting Entity column of Table 1 below.

C. Error Corrections in Previously Issued Financial Statements

1. Government-wide Governmental Activities

Error corrections affecting the prior reporting period increased beginning net position by \$47.5 billion for governmental activities. The errors affected loan receivables, capital assets, deferred receivables, pollution remediation obligations, and other liabilities.

- Identification of reporting errors such as capital assets unreported, assets reported as capital assets that do not meet the State's capitalization policy, unreported transfers of capital assets between departments, and other various errors in recognition and measurement of capital assets led to corrections from various departments within the primary government. The beginning balances of capital assets that are not being depreciated or amortized increased by \$37 million, the beginning balances of capital assets being depreciated or amortized increased by \$594 million, and the beginning balances of accumulated depreciation and amortization decreased by \$7 million. Overall, the error corrections resulted in an increase of \$638 million in beginning net position.
- Error corrections related to managed care health programs, the Public Hospital Bridge Loan Program, the Veteran Housing and Homelessness Prevention Program, Medi-Cal, and to the State's unemployment programs increased beginning net position by \$320 million, \$79 million, \$6 million, \$223 million, and \$46.2 billion, respectively, as described in the section for governmental fund error corrections below.
- Corrections to right-to-use capital assets such as leases and SBITAs resulted from a failure to apply recognition criteria correctly to both eligible and ineligible contracts, and errors in measurement or remeasurement of lease and SBITA obligations from the prior reporting period. Corrections of these errors decreased beginning net position by \$53 million, and included adjustments to lease receivables, right-to-use capital assets and related accumulated amortization, lease and subscription liabilities, deferred inflows of resources, and expenses.
- Errors in combining entities within the California State University Fund required corrections to construction/development in progress, equipment, related accumulated depreciation, and net investment in capital assets that increased beginning net position by \$357 thousand.

- Errors in reporting of accounts receivable and deferred inflows of resources for the State's corrections and rehabilitation programs required corrections that resulted in a decrease of \$2 million to beginning net position.
- Error corrections to pollution remediation obligations for the State's transportation and water resources programs increased beginning net position by \$90 million.

2. Government-wide Business-type Activities

Error corrections related to capital assets for the California State University Fund decreased beginning net position by \$357 thousand, as described in the section for proprietary fund error corrections.

3. Governmental Funds

- Corrections to the prior reporting period for leases in which the State is a lessor resulted from a failure to apply recognition criteria correctly to both eligible and ineligible contracts, and errors in measurement or remeasurement of lease contracts. Corrections to the beginning balance of lease receivables and deferred inflows of resources increased beginning fund balance by \$8 million for governmental funds. Specifically, there was a \$6 million increase to the General Fund, a \$94 thousand decrease to the Environmental and Natural Resources Fund, and a \$2 million increase to nonmajor special revenue funds (Transportation Fund and Other Special Revenue Programs Funds).
- Unreported receivables for contract overpayments related to managed care health plans resulted in error corrections that increased beginning fund balance of the General Fund by \$320 million.
- Unreported loan receivables for the nondesignated public hospital bridge loan program resulted in error corrections that increased the beginning fund balance of the General Fund by \$79 million.
- An error in reporting prior year loan disbursements for the Veteran Housing and Homelessness Prevention Program resulted in a correction that increased the beginning fund balance of nonmajor governmental funds by \$6 million.
- An error in reporting prior year accruals of Medi-Cal expenditures and reimbursements resulted in a correction that increased the beginning fund balance of nonmajor governmental funds by \$223 million.
- As of June 30, 2022, the State's unemployment insurance department accrued a liability of \$55.3 billion in the Federal Fund to account for the large volume of unemployment benefit claims paid to beneficiaries through federal pandemic programs under the CARES Act, for which the State was unable to validate eligibility. In the fiscal year ended June 30, 2023, the amount in the Federal Fund was adjusted down to \$46.2 billion. In December 2023, the U.S. Department of Labor (DOL) released Unemployment Insurance Program Letter (UIPL) 05-24, which raised the possibility for states to apply their statutes of limitations to CARES Act unemployment compensation claims. UIPL 05-24 prompted further inquiry from the State due to the lack of clear guidance on this issue. In January 2025, DOL informed the State that under the CARES Act, as amended, there is no requirement for states to repay the federal government for CARES Act unemployment compensation overpayments that remain unrecovered. Accordingly, the position of the State's unemployment insurance department is that the liability that was accrued in the Federal Fund has been determined to not be owed to the federal government and should be reversed. For the fiscal year ended June 30, 2024, an error correction to reduce the beginning balance of other liabilities and increase beginning fund balance by \$46.2 billion is reflected in the Federal Fund.

4. Proprietary Funds

The California State University Fund, a major enterprise fund, made error corrections to the prior reporting period construction/development in progress, equipment, related accumulated depreciation, and net investment in capital assets that resulted in a decrease of \$357 thousand in beginning fund net position.

5. Internal Service Funds

Corrections to right-to-use capital assets such as leases and SBITAs resulted from failure to apply recognition criteria correctly to both eligible and ineligible contracts, and from errors in measurement or remeasurement of lease and SBITA obligations from the prior reporting period. Correction of these errors decreased the beginning fund net position by \$2 million for internal service funds and included adjustments to right-to-use capital assets and related accumulated amortization, and lease and subscription liabilities.

6. Discretely Presented Component Units

The beginning net position of the California State University Auxiliary Organizations, a nonmajor component unit, decreased by \$3 million due to prior-period corrections to various accounts such as accounts receivable, prepaid expenses, capital assets, accounts payable, lease liabilities, other current liabilities, unearned revenues, other operating revenues, and interest expense.

The sum effect of the above restatements are shown in the Error Corrections column in Table 1 below.

7. Other Restatements

In addition, the following restatements impacted various accounts from the prior reporting period but did not impact beginning fund balance, fund net position, or net position:

- The California State University Fund, a major enterprise fund, reported lease revenue bonds in the prior reporting period as other long-term obligations. The balance of \$97 million was reclassified to revenue bonds outstanding.
- The Water Resources Fund, a major enterprise fund, reduced the beginning balance of pollution remediation obligations by \$6 million after discovering an error in the measurement estimate of its pollution remediation obligations.
- A nonmajor component unit reclassified capital assets and related accumulated depreciation which led to a reduction of infrastructure and an increase to buildings and improvements of \$59 million.

Table 1 presents the effects of restatements to beginning fund balances and net position due to changes to or within the financial reporting entity and error corrections.

Table 1

Restatements of Beginning Fund Balance and Net Position

(amounts in thousands)

Fund Balances or Net Position	6/30/2023 Balance (As Previously Reported)	Changes To or Within the Financial Reporting Entity
Government-wide		
Governmental Activities.....	\$ (20,276,419)	\$ —
Business-type Activities.....	(17,667,577)	—
Total Primary Government.....	\$ (37,943,996)	\$ —
Governmental funds		
Major funds:		
General	\$ 64,003,688	\$ —
Federal	(45,220,048)	—
Transportation.....	10,776,722	(10,776,722)
Environmental & Natural Resources.....	20,702,620	—
Health Care and Related Programs.....	2,035,150	(2,035,150)
Nonmajor funds	23,244,227	12,811,872
Total governmental funds.....	\$ 75,542,359	\$ —
Proprietary funds		
Major funds:		
Water Resources	\$ 1,238,349	\$ —
State Lottery	(279,071)	—
Unemployment	(12,091,948)	—
California State University	(13,895,901)	—
Nonmajor funds	7,360,994	—
Total proprietary funds.....	\$ (17,667,577)	\$ —
Internal service funds.....	\$ (1,156,896)	\$ —
Fiduciary funds		
Pension/OPEB.....	\$ 826,165,564	\$ —
Private Purpose Trust.....	14,407,016	—
Investment Trust.....	25,817,452	—
Custodial Fund.....	668,180	—
Total fiduciary funds.....	\$ 867,058,212	\$ —
Discretely presented component units		
University of California	\$ 16,275,680	\$ (11,281)
California Housing Finance Agency.....	3,725,089	—
Nonmajor component units	6,185,461	—
Total discretely presented component units	\$ 26,186,230	\$ (11,281)

Error Corrections	6/30/2023 Balance (As Restated)
\$ 47,544,491	\$ 27,268,072
(357)	(17,667,934)
<u>47,544,134</u>	<u>9,600,138</u>

\$ 404,755	\$ 64,408,443
46,243,788	1,023,740
—	—
(94)	20,702,526
—	—
229,557	36,285,656
<u>46,878,006</u>	<u>122,420,365</u>

\$ —	\$ 1,238,349
—	(279,071)
—	(12,091,948)
(357)	(13,896,258)
—	7,360,994
<u>(357)</u>	<u>(17,667,934)</u>
<u>(2,426)</u>	<u>(1,159,322)</u>

\$ —	\$ 826,165,564
—	14,407,016
—	25,817,452
—	668,180
<u>—</u>	<u>867,058,212</u>

\$ —	\$ 16,264,399
—	3,725,089
(3,391)	6,182,070
<u>(3,391)</u>	<u>26,171,558</u>

NOTE 3: BUDGETARY AND LEGAL COMPLIANCE

A. Budgeting and Budgetary Control

The State's annual budget is primarily prepared on a modified accrual basis for governmental funds. The Governor recommends a budget for approval by the Legislature each year. This recommended budget includes estimated revenues, but revenues are not included in the annual budget bill adopted by the Legislature. Under state law, the State cannot adopt a spending plan that exceeds estimated revenues.

Under the State Constitution, money may be drawn from the treasury only through a legal appropriation. The appropriations contained in the Budget Act, as approved by the Legislature and signed by the Governor, are the primary sources of annual expenditure authorizations and establish the legal level of control for the annual operating budget. The Budget can be amended throughout the year by special legislative action, budget revisions by the Department of Finance, or executive orders of the Governor. Amendments to the original budget for the fiscal year ended June 30, 2024, increased the spending authority for the budgetary/legal basis-reported General Fund and the Environmental and Natural Resources Funds.

Appropriations are generally available for expenditure or encumbrance either in the year appropriated or for a period of three years if the legislation does not specify a period of availability. At the end of the availability period, the encumbering authority for the unencumbered balance lapses. Some appropriations continue indefinitely, while others are available until fully spent. Generally, encumbrances must be liquidated within two years from the end of the period in which the appropriation is available. If the encumbrances are not liquidated within this additional two-year period, the spending authority for these encumbrances lapses.

B. Legal Compliance

State agencies are responsible for exercising basic budgetary control and ensuring that appropriations are not overspent. The State Controller's Office is responsible for overall appropriation control and does not allow expenditures in excess of authorized appropriations.

Financial activities are mainly controlled at the appropriation level but can vary, depending on the presentation and wording contained in the Budget Act. The Budget Act appropriations are identified by department, reference item, and fund. The annual appropriated budget may establish detailed allocations to specific programs, projects, or sources of reimbursement within an appropriation. The Department of Finance can authorize adjustments between the detail allocations but cannot increase the amount of the overall appropriation. While the financial activities are controlled at various levels, the legal level of budgetary control—the extent to which management may amend the budget without seeking approval of the governing body—has been established in the Budget Act for the annual operating budget.

The Budgetary Comparison Schedule is not presented in this document at the legal level of budgetary control because such a presentation would be extremely lengthy and cumbersome. The State prepares a separate report, the Annual Comprehensive Financial Report Supplement, which includes statements that demonstrate compliance with the legal level of budgetary control in accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, section 2400.121. The supplement includes the comparison of the annual appropriated budget with expenditures at the legal level of control. A copy of the Annual Comprehensive Financial Report Supplement is available upon

email request to the State Controller's Office, State Accounting and Reporting Division at StateGovReports@sco.ca.gov or visit [State Government Annual Financial Reports](#).

NOTE 4: DEPOSITS AND INVESTMENTS

Cash balances not required for immediate use are invested by the State Treasurer. The State Treasurer administers a single pooled investment program comprising both an internal investment pool and an external investment pool (the Local Agency Investment Fund). A single portfolio of investments exists, with all participants having an undivided interest in the portfolio. Both pools are administered in the same manner.

A. Primary Government

1. Control of State Funds

The State's pooled investment program and certain funds of the primary government are allowed by state statutes, bond resolutions, and investment policy resolutions to invest in U.S. government securities, federal agency securities, negotiable certificates of deposit, bankers' acceptances, commercial paper, corporate bonds, bank notes, other debt securities, repurchase agreements, reverse repurchase agreements, and other investments.

Certain discretely presented component units and related organizations participate in the State Treasurer's Office pooled investment program. As of June 30, 2024, these discretely presented component units and related organizations accounted for approximately 2.08% of the State Treasurer's pooled investment portfolio. This program enables the State Treasurer's Office to combine available cash from all funds and to invest cash that exceeds current needs.

Both deposits and investments are included in the State's investment program. For certain banks, the State Treasurer's Office maintains cash deposits that cover uncleared checks deposited in the State's accounts and earn income that compensates the banks for their services.

Demand and time deposits held by financial institutions as of June 30, 2024, totaling approximately \$6.4 billion, were insured by federal depository insurance or by collateral held by the State Treasurer's Office or an agent of the State Treasurer's Office in the State's name. The California Government Code requires that collateral pledged for demand and time deposits be deposited with the State Treasurer.

As of June 30, 2024, the State Treasurer's Office had on deposit with a fiscal agent amounts totaling \$18 million related to principal and interest payments to bondholders. These deposits were insured by federal depository insurance or by collateral held by an agent of the State Treasurer's Office in the State's name.

Certain funds have elected to participate in the pooled investment program even though they have the authority to invest on their own. Others may be required by legislation to participate in the program; as a result, the deposits of these funds may be considered involuntary. However, these funds are part of the State's reporting entity. The remaining participant in the pool, the Local Agency Investment Fund, is voluntary.

Certain funds that have deposits in the State Treasurer's pooled investment program do not receive the interest earnings on their deposits. Instead, by law, the earnings are assigned to the State's General Fund. Most of the \$2.9 billion in interest revenue received by the General Fund from the pooled investment program in the fiscal year 2023-24 was earned on balances in these funds.

Enterprise funds and special revenue funds also make separate investments, which are presented at fair value.

2. Valuation of State Investments

The State Treasurer's Office reports its investments at fair value. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. The fair value of securities in the State Treasurer's pooled investment program is generally based on quoted market prices. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. These valuations can be obtained from the State Treasurer's Office website at www.treasurer.ca.gov.

Table 2 categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities. Level 1 inputs are quoted prices for identical assets or liabilities in active markets at the date of measurement. Level 2 inputs are significant other directly or indirectly observable inputs other than quoted prices. Debt securities classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on its relationship to similar securities with an active market. Level 3 inputs are significant unobservable inputs. The State has no investments measured at Level 3.

Table 2**Schedule of Investments – Primary Government – Investments by Fair Value Level**

June 30, 2024

(amounts in thousands)

	<u>June 30, 2024</u>	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Pooled Investments			
U.S. Treasury bills and notes	\$ 101,239,531	\$ 101,239,531	\$ —
U.S. Agency bonds and discount notes	34,096,899	34,096,899	—
Supranational debentures and discount notes	9,306,253	9,306,253	—
Small Business Administration loans	251,790	251,790	—
Mortgage-backed securities	1,530	1,530	—
Certificates of deposit	15,446,182	—	15,446,182
Commercial paper	11,811,743	—	11,811,743
Corporate bonds	678,297	—	678,297
Total pooled investments at fair value	172,832,225	\$ 144,896,003	\$ 27,936,222
Other primary government investments			
U.S. Treasuries and agencies	2,950,503	\$ 1,443,330	\$ 1,507,173
Commercial paper	244,883	—	244,883
Corporate debt securities	1,393,394	—	1,393,394
Other	3,430,234	93,854	3,336,380
Total other primary government investments at fair value	8,019,014	\$ 1,537,184	\$ 6,481,830
Investments measured at the net asset value (NAV)			
Money market funds/2a-7 money market funds	897,312		
Short-Term Investments	70,065		
Total investments measured at the NAV	967,377		
Other investment instruments			
State and Local Government Series securities ¹	2,124,977		
Total other investment instruments	2,124,977		
Funds outside primary government included in pooled investments			
Less: investment trust funds	21,973,595		
Less: other trust and custodial funds	6,471,400		
Less: discretely presented component units and related organizations	3,589,981		
Total primary government investments	\$ 151,908,617		

¹ Reported at carrying value

As of June 30, 2024, the weighted average maturity of the securities in the pooled investment program administered by the State Treasurer's Office was approximately 220 days. Weighted average maturity is the average number of days, given a dollar-weighted value of individual investments, that the securities in the portfolio have remaining from evaluation date to stated maturity.

3. Oversight of Investing Activities

The Pooled Money Investment Board (PMIB) provides oversight of the State Treasurer's pooled investment program. The purpose of the board is to design and administer an effective cash management and investment program, using all monies flowing through the State Treasurer's Office bank accounts and keeping all available funds invested in a manner consistent with the goals of safety, liquidity, and yield. The PMIB is comprised of the State Treasurer as chair, the State Controller, and the Director of Finance. This board designates the amounts of money available for investment. The State Treasurer is charged with making the actual investment transactions for this program. This investment program is not registered with the Securities and Exchange Commission as an investment company.

The value of the deposits in the State Treasurer's pooled investment program, including the Local Agency Investment Fund, is equal to the dollars deposited in the program. The fair value of the position in the program may be greater or less than the value of the deposits, with the difference representing the unrealized gain or loss. As of June 30, 2024, this difference was immaterial to the valuation of the program. The pool is run with "dollar-in, dollar-out" participation. There are no share-value adjustments to reflect changes in fair value.

The State Treasurer's pooled investment program values participants' shares on an amortized cost basis. Specifically, the program distributes income to participants quarterly, based on their relative participation during the quarter. This participation is calculated based on (a) realized investment gains and losses calculated on an amortized cost basis, (b) interest income based on stated rates (both paid and accrued), (c) amortization of discounts and premiums on a straight-line basis, and (d) investment and administrative expenses. This amortized cost method differs from the fair value method used to value investments in these financial statements; the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair value of the pool's investments. Because the total difference between the fair value of the investments in the pool and the value distributed to pool participants using the amortized cost method described above is not material, no adjustment was made to the financial statements. The State Treasurer's Office also reports participant fair value as a ratio of amortized cost on a quarterly basis. The State Treasurer's Office has not provided or obtained a legally binding guarantee to support the principal invested in the investment program.

As of June 30, 2024, structured notes and medium-term asset-backed securities comprised approximately 1.45% of the pooled investments. A portion of the structured notes was callable agency securities, which represented 1.30% of the pooled investments. The asset-backed securities consist of mortgage-backed securities, Small Business Administration (SBA) pools, and asset-backed commercial paper. The mortgage-backed securities, called real estate mortgage investment conduits (REMICs), are securities backed by pools of mortgages. The REMICs in the State's portfolio have a fixed principal payment schedule. A portion of the asset-backed securities consisted of floating-rate SBA notes. For floating-rate SBA notes held in the portfolio during the fiscal year, the interest received by the State Treasurer's pooled investment program rose or fell as the underlying index rate rose or fell. The structure of the floating-rate SBA notes in the State Treasurer's pooled investment program portfolio provided a hedge against the risk of increasing interest rates. A portion of the asset-backed portfolio

holdings were short-term, asset-backed commercial paper (ABCP), which represented 1.66% of the pooled investments.

Table 3 identifies the investment types that are authorized by the California Government Code and the State Treasurer's Office Investment Policy for the Pooled Investment Program. Maturities are limited by the State Treasurer's Office Investment Policy for the Pooled Money Investment Program. For commercial paper, the Investment Policy matches the Government Code. For corporate bonds and notes, the Government Code requires that a security falls within the top three ratings of a nationally recognized statistical ratings organization (NRSRO). Items reported as N/A have no limitation in either the Government Code or the State Treasurer's Office Investment Policy.

Table 3**Authorized Investments**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Credit Rating
U.S. Treasury securities	5 years	N/A	N/A	N/A
Federal agency and supranational securities	5 years	N/A	N/A	N/A
Certificates of deposit	5 years	N/A	N/A	N/A
Bankers' acceptances	180 days	N/A	N/A	N/A
Commercial paper	270 days	30%	10% of issuer's outstanding Commercial paper	A-2/P-2/F-2
Corporate bonds/notes	5 years	N/A	N/A	A-/A3/A-
Repurchase agreements	1 year	N/A	N/A	N/A
Reverse repurchase agreements	1 year	10%	N/A	N/A

4. Risk of Investments

The following types of risks are common in deposits and investments, including those of the State:

Interest Rate Risk is the risk that the value of fixed-income securities will decline because of changing interest rates. The prices of fixed-income securities with longer time to maturity tend to be more sensitive to changes in interest rates than those with shorter durations.

Credit Risk is the risk that a debt issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline.

Custodial Credit Risk is the risk that in the event a financial institution or counterparty fails, the investor will not be able to recover the value of deposits, investments, or collateral.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

a. Interest Rate Risk

Table 4 presents the interest rate risk of the primary government's investments. In calculating SBA holdings' weighted average maturity, the State Treasurer's Office assumes that stated maturity is the quarterly reset date. Total pooled investments do not include \$5.1 billion of time deposits and \$363 million of internal loans to state funds. Most mortgage-backed securities are issued by U.S. government agencies, or government-sponsored enterprises such as the Federal National Mortgage Association, and entitle the purchaser to receive a share of the cash flows, such as principal and interest payments, from a pool of mortgages. Mortgage-backed securities are highly sensitive to interest rate changes because principal prepayments either increase (in a low interest rate environment) or decrease (in a high interest rate environment) the security yield. As of June 30, 2024, only \$2 million, or less than 0.01% of the total pooled investments, was invested in mortgage-backed securities.

Table 4

Schedule of Investments – Primary Government – Interest Rate Risk

June 30, 2024

(amounts in thousands)

	Fair Value at Year End	Weighted Average Maturity (in years)
Pooled investments		
U.S. Treasury bills and notes	\$ 101,239,531	0.69
U.S. Agency bonds and discount notes	34,096,899	0.56
Supranational debentures and discount notes	9,306,253	0.76
Small Business Administration loans	251,790	0.25
Mortgage-backed securities	1,530	0.09
Certificates of deposit	15,446,182	0.25
Commercial paper	11,811,743	0.21
Corporate bonds	678,297	2.31
Total pooled investments	172,832,225	
Other primary government investments		
U.S. Treasuries and agencies	2,950,503	2.34
Commercial paper	244,883	0.03
State and Local Government Series securities ¹	2,124,977	—
Corporate debt securities	1,393,394	2.42
Other	4,397,611	2.03
Total other primary government investments	11,111,368	
Funds outside primary government included in pooled investments		
Less: investment trust funds	21,973,595	
Less: other trust and custodial funds	6,471,400	
Less: discretely presented component units and related organizations	3,589,981	
Total primary government investments	\$ 151,908,617	

¹ Reported at carrying value

b. Credit Risk

Table 5 presents the credit risk of the primary government's debt securities. If a particular security has multiple ratings, the lowest rating of the three major NRSROs is used. Similar to interest rate risk shown in Table 4, time deposits and internal loans to state funds are not included.

Table 5**Schedule of Investments in Debt Securities – Primary Government – Credit Risk**

June 30, 2024

(amounts in thousands)

Credit Rating as of Year End			
Short-term	Long-term	Fair Value	
Pooled investments			
A-1+/P-1/F-1+	AAA/Aaa/AAA	\$	40,372,776
A-1/P-1/F-1	AA/Aa/AA		30,327,605
A-2/P-2/F-2	A/A/A		432,401
A-2/P-2/F-2	A/A/BBB		208,122
Not rated			—
Not applicable			101,491,321
Total pooled investments		\$	172,832,225
Other primary government investments			
A-1+/P-1/F-1+	AAA/Aaa/AAA	\$	1,016,704
A-1/P-1/F-1	AA/Aa/AA		2,922,827
A-2/P-2/F-2	A/A/A		1,399,834
A-3/P-3/F-3	BBB/Baa/BBB		6,958
B/NP/B	BB/Ba/BB		84,540
B/NP/B	B2/B		238,087
C/NP/C	CCC/Caa/CCC		16,922
Not rated			5,425,496
Total other primary government investments		\$	11,111,368

c. Custodial Credit Risk

The State has a deposit policy for custodial credit risk that requires deposits held by financial institutions to be insured by federal depository insurance or secured by collateral. As of June 30, 2024, there were no guaranteed investment contracts.

d. Concentration of Credit Risk

The investment policy of the State Treasurer's Office contains no limitations on the amount that can be invested in any one issuer beyond those limitations stipulated in the California Government Code. As of June 30, 2024, the State had investments in the Federal Home Loan Bank totaling 9.9% of the total pooled investments and other primary government investments.

B. Fiduciary Funds

The fiduciary funds include investment and pension and other employee benefit trust funds of the following fiduciary funds and component units: California Public Employees' Retirement System (CalPERS), California State Teachers' Retirement System (CalSTRS), the fund for the California Scholarshare program, and various other funds. Funds administered by CalPERS and CalSTRS account for 96.04% of these separately invested funds. CalPERS and CalSTRS exercise their authority under the State Constitution and invest in stocks, bonds, mortgages, real estate, and other investments, including derivative instruments.

Additional disclosures for CalPERS' investments and derivative instruments are included in CalPERS' separately issued financial statements, which may be found on its website at www.CalPERS.ca.gov. Additional disclosures for CalSTRS' investments and derivative instruments are included in CalSTRS' separately issued financial statements, which may be found on its website at www.CalSTRS.com.

C. Discretely Presented Component Units

The discretely presented component units consist of the University of California and its foundation, the California Housing Finance Agency (CalHFA), and various nonmajor component units. The University and CalHFA constitute 92.56% of the total investments of discretely presented component units. State law, bond resolutions, and investment policy resolutions allow component units to invest in U.S. government securities, state and municipal securities, commercial paper, corporate bonds, investment agreements, real estate, and other investments. Additionally, a portion of the cash and pooled investments of CalHFA, and other nonmajor component units are invested in the State Treasurer's pooled investment program.

Additional disclosures for the University of California's investments and derivative instruments are included in the University's separately issued financial statements, which may be found on its website at www.ucop.edu. Additional disclosures for CalHFA's investments and derivative instruments are included in CalHFA's separately issued financial statements, which may be found on its website at www.CalHFA.ca.gov.

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NOTE 5: ACCOUNTS RECEIVABLE

Table 6 presents the disaggregation of accounts receivable attributable to taxes; licenses, permits, and fees; Lottery retailer collections; unemployment program receipts; and the California State University. Other receivables are for interest, gifts, grants, penalties, leases, and other charges.

The University of California, a discretely presented component unit of the State, reported current and noncurrent lease receivables of \$48 million and \$625 million, respectively. The State's nonmajor component units reported current and noncurrent lease receivables of \$27 million and \$483 million, respectively. Additional disclosures for the University of California are included in the University's separately issued financial statements, which may be found on its website at www.ucop.edu.

Table 6**Schedule of Accounts Receivable**

June 30, 2024

(amounts in thousands)

	Taxes	Licenses, Permits, and Fees	Lottery Retailers
Current governmental activities			
General Fund	\$ 32,871,429	\$ 136	\$ —
Federal Fund	—	—	—
Environmental and Natural Resources Fund	26,240	514,035	—
Nonmajor governmental funds	7,187,593	6,779,367	—
Internal service funds	—	—	—
Adjustment:			
Unavailable revenue ¹	(2,073,200)	(14,878)	—
Leases receivable	—	—	—
Total current governmental activities	\$ 38,012,062	\$ 7,278,660	\$ —
Amounts not scheduled for collection during the subsequent year (unavailable revenue)	\$ 2,073,200	\$ 14,878	\$ —
Current business-type activities			
Water Resources Fund	—	—	—
State Lottery Fund	—	—	743,050
Unemployment Programs Fund	—	—	—
California State University	—	—	—
Nonmajor enterprise funds	—	—	—
Total current business-type activities	\$ —	\$ —	\$ 743,050
Amounts not scheduled for collection during the subsequent year (unavailable revenue)	\$ —	\$ —	\$ —

¹ The unavailable revenue reported in the governmental fund financial statements represents revenues that are earned and measurable, but not available within 12 months of the end of the reporting period.

California					
Unemployment Programs	State University	Other		Total	
\$ 621,956	\$ —	\$ 3,031,254	\$ 36,524,775		
—	—	3,189,084	3,189,084		
—	—	56,605	596,880		
—	—	880,518	14,847,478		
—	—	81,590	81,590		
(150,506)	—	(201,853)	(2,440,437)		
—	—	(159,881)	(159,881)		
\$ 471,450	\$ —	\$ 6,877,317	\$ 52,639,489		
\$ 150,506	\$ —	\$ 361,734	\$ 2,600,318		
—	—	91,684	91,684		
—	—	—	743,050		
1,364,035	—	—	1,364,035		
—	427,764	—	427,764		
—	—	140,005	140,005		
\$ 1,364,035	\$ 427,764	\$ 231,689	\$ 2,766,538		
\$ 937,470	\$ 679,161	\$ —	\$ 1,616,631		

NOTE 6: RESTRICTED ASSETS

Table 7 presents a summary of the legal restrictions placed on assets of the primary government and the discretely presented component units.

Table 7

Schedule of Restricted Assets

June 30, 2024

(amounts in thousands)

	Cash	Due From			Total
	and Pooled Investments	Investments	Other Governments	Loans Receivable	
Primary government					
Debt service	\$ 945,346	\$ 50,655	\$ 238,058	\$ 5,508,401	\$ 6,742,460
Construction	1,045,680	—	—	—	1,045,680
Operations	66,745	—	—	—	66,745
Other	2,782	—	—	—	2,782
Total primary government.....	2,060,553	50,655	238,058	5,508,401	7,857,667
Discretely presented component units					
Debt service	812,327	355,759	—	—	1,168,086
Other	123,241	—	—	—	123,241
Total discretely presented component units.....	935,568	355,759	—	—	1,291,327
Total restricted assets.....	\$ 2,996,121	\$ 406,414	\$ 238,058	\$ 5,508,401	\$ 9,148,994

NOTE 7: CAPITAL ASSETS

Table 8 summarizes the capital assets activity for the primary government.

Table 8

Schedule of Changes in Capital Assets – Primary Government

June 30, 2024

(amounts in thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 21,830,184 *	\$ 170,986	\$ 16,216	\$ 21,984,954
State highway infrastructure	83,820,142 *	1,385,394	35,060	85,170,476
Collections	21,828	—	137	21,691
Construction/development in progress	22,648,708 *	4,862,376	3,080,323	24,430,761
Intangible assets	1,251,001 *	67,260	—	1,318,261
Total capital assets not being depreciated/amortized ...	129,571,863	6,486,016	3,131,736	132,926,143
Capital assets being depreciated/amortized				
Buildings and improvements	31,166,014 *	1,559,013	30,005	32,695,022
Infrastructure	755,931	143	1,064	755,010
Equipment and other depreciable assets	6,466,275 *	918,811	179,642	7,205,444
Other intangible assets	3,751,692 *	160,256	19,779	3,892,169
Total capital assets being depreciated/amortized	42,139,912	2,638,223	230,490	44,547,645
Less accumulated depreciation/amortization for:				
Buildings and improvements	11,822,415 *	799,247	18,627	12,603,035
Infrastructure	482,585	14,337	806	496,116
Equipment and other depreciable assets	5,297,183 *	481,405	173,339	5,605,249
Other intangible assets	1,843,444 *	298,769	16,773	2,125,440
Total accumulated depreciation/amortization	19,445,627	1,593,758	209,545	20,829,840
Total capital assets being depreciated/amortized, net ...	22,694,285	1,044,465	20,945	23,717,805
Right to use assets being amortized				
Right to use leased land	43,996 *	6,773	3,456	47,313
Right to use leased buildings	3,730,619 *	602,482	277,556	4,055,545
Right to use leased equipment	23,227 *	—	—	23,227
Right to use subscription-based information technology arrangements	280,423 *	141,256	85,153	336,526
Total right to use assets being amortized	4,078,265	750,511	366,165	4,462,611
Less accumulated amortization for:				
Right to use leased land	8,523 *	5,505	1,060	12,968
Right to use leased buildings	990,250 *	521,829	131,871	1,380,208
Right to use leased equipment	2,586 *	12,975	—	15,561
Right to use subscription-based information technology arrangements	109,831 *	144,081	82,396	171,516
Total accumulated amortization	1,111,190	684,390	215,327	1,580,253
Total right to use assets being amortized, net	2,967,075	66,121	150,838	2,882,358
Governmental activities, capital assets, net	\$ 155,233,223	\$ 7,596,602	\$ 3,303,519	\$ 159,526,306

*Restated - Refer to Note 2 Accounting Changes and Error Corrections

(continued)

Table 8 (continued)

Schedule of Changes in Capital Assets – Primary Government (continued)

June 30, 2024

(amounts in thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
Business-type activities				
Capital assets not being depreciated/amortized				
Land	\$ 466,071	\$ 23,207	\$ —	\$ 489,278
Collections	37,312	3,073	611	39,774
Construction/development in progress	2,598,437 *	1,359,188	1,000,017	2,957,608
Intangible assets	136,896	365	421	136,840
Total capital assets not being depreciated/amortized	3,238,716	1,385,833	1,001,049	3,623,500
Capital assets being depreciated/amortized				
Buildings and improvements	19,893,722	782,232	2,088	20,673,866
Infrastructure	780,119	193,251	5,469	967,901
Equipment and other assets	1,209,065 *	95,250	38,243	1,266,072
Other intangible assets	474,779	75,643	2,564	547,858
Total capital assets being depreciated/amortized	22,357,685	1,146,376	48,364	23,455,697
Less accumulated depreciation/amortization for:				
Buildings and improvements	7,370,339 *	560,557	662	7,930,234
Infrastructure	201,354	35,325	5,355	231,324
Equipment and other assets	905,551 *	87,287	36,615	956,223
Other intangible assets	275,716	19,413	2,515	292,614
Total accumulated depreciation/amortization	8,752,960	702,582	45,147	9,410,395
Total capital assets being depreciated/amortized, net....	13,604,725	443,794	3,217	14,045,302
Right to use assets being amortized				
Right to use leased land	7,081	129	3,692	3,518
Right to use leased buildings	430,650	214,078	5,281	639,447
Right to use leased equipment	11,562	7,545	2,127	16,980
Right to use subscription-based information technology arrangements	137,622	50,180	15,156	172,646
Total right to use assets being amortized	586,915	271,932	26,256	832,591
Less accumulated amortization for:				
Right to use leased land	996	338	527	807
Right to use leased buildings	79,722	50,849	5,094	125,477
Right to use leased equipment	4,583	4,306	1,057	7,832
Right to use subscription-based information technology arrangements	43,057	66,556	12,194	97,419
Total accumulated amortization	128,358	122,049	18,872	231,535
Total right to use assets being amortized, net	458,557	149,883	7,384	601,056
Business-type activities, capital assets, net	\$ 17,301,998	\$ 1,979,510	\$ 1,011,650	\$ 18,269,858

* Restated - Refer to Note 2 Accounting Changes and Error Corrections

(concluded)

Table 9 summarizes the depreciation and amortization expense charged to the activities of the primary government.

Table 9**Schedule of Depreciation and Amortization Expense – Primary Government**

June 30, 2024

(amounts in thousands)

	Amount
Governmental activities	
General government	\$ 596,414
Education	130,734
Health and human services	338,322
Natural resources and environmental protection	274,691
Business, consumer services, and housing	53,754
Transportation	388,682
Corrections and rehabilitation	362,044
Internal service funds (charged to the activities that utilize the fund)	133,507
Total governmental activities	2,278,148
Business-type activities	824,631
Total primary government	\$ 3,102,779

Table 10 summarizes the capital assets activity for discretely presented component units.

Table 10

Schedule of Changes in Capital Assets – Discretely Presented Component Units

June 30, 2024

(amounts in thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets not being depreciated/amortized				
Land	\$ 1,899,824	\$ 431,015	\$ 19,429	\$ 2,311,410
Collections	660,251	11,010	14	671,247
Construction/development in progress	6,672,314	2,130,623	515,703	8,287,234
Intangible assets	2,420	34	2,149	305
Total capital assets not being depreciated/amortized....	9,234,809	2,572,682	537,295	11,270,196
Capital assets being depreciated/amortized				
Buildings and improvements	52,889,133 *	4,368,182	190,032	57,067,283
Infrastructure	1,089,684 *	35,876	—	1,125,560
Equipment and other depreciable assets	13,827,703	1,085,032	413,900	14,498,835
Other intangible assets	1,838,007	128,934	126,000	1,840,941
Total capital assets being depreciated/amortized.....	69,644,527	5,618,024	729,932	74,532,619
Less accumulated depreciation/amortization for:				
Buildings and improvements	24,172,665 *	1,871,989	330,368	25,714,286
Infrastructure	559,624 *	37,714	—	597,338
Equipment and other depreciable assets	10,014,300	800,281	433,192	10,381,389
Other intangible assets	1,395,879	163,646	99,214	1,460,311
Total accumulated depreciation/amortization	36,142,468	2,873,630	862,774	38,153,324
Total capital assets being depreciated/amortized, net ...	33,502,059	2,744,394	(132,842)	36,379,295
Right to use assets being amortized				
Right to use leased land	88,906	73	—	88,979
Right to use leased buildings	3,356,166	176,950	110,107	3,423,009
Right to use leased equipment	201,452	116,815	33,468	284,799
Right to use subscription-based information technology arrangements	406,966 *	200,470	61,514	545,922
Total right to use assets being amortized.....	4,053,490	494,308	205,089	4,342,709
Less accumulated amortization for:				
Right to use leased land	12,113	4,450	—	16,563
Right to use leased buildings	946,262	269,107	35,623	1,179,746
Right to use leased equipment	99,007	43,487	27,560	114,934
Right to use subscription-based information technology arrangements	159,603 *	127,984	60,981	226,606
Total accumulated amortization.....	1,216,985	445,028	124,164	1,537,849
Total right to use assets being amortized, net	2,836,505	49,280	80,925	2,804,860
Capital assets, net.....	\$ 45,573,373	\$ 5,366,356	\$ 485,378	\$ 50,454,351

* Restated - Refer to Note 2 Accounting Changes and Error Corrections

NOTE 8: DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

In the fund financial statements, governmental funds reported deferred inflows of resources of \$4.5 billion. This amount represents revenues that are earned and measurable, but not available within 12 months of the end of the reporting period.

Table 11 shows the detail of the deferred outflows of resources and deferred inflows of resources reported in the government-wide Statement of Net Position. For descriptions of the deferred outflows and deferred inflows of resources transactions, see Note 1.K.

Table 11

Schedule of Deferred Outflows and Deferred Inflows of Resources

June 30, 2024

(amounts in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred outflows of resources:				
Loss on refunding of debt	\$ 783,065	\$ 162,554	\$ 945,619	\$ 235,551
Decrease in fair value of hedging derivative instruments	—	—	—	14,054
Net pension liability	29,793,373	3,627,296	33,420,669	2,523,572
Net other postemployment benefits liability	11,086,525	2,490,778	13,577,303	3,369,010
Deferred asset retirement obligation	—	—	—	59,087
Other deferred outflows	—	—	—	537,320
Total deferred outflows of resources	\$ 41,662,963	\$ 6,280,628	\$ 47,943,591	\$ 6,738,594
Deferred inflows of resources:				
Gain on refunding of debt	\$ 1,082,959	\$ 3,077	\$ 1,086,036	\$ 71,689
Service concession arrangements	—	—	—	223,504
Irrevocable split-interest agreements	—	—	—	339,948
Net pension liability	4,635,623	421,101	5,056,724	2,728,392
Net other postemployment benefits liability	17,375,870	4,505,726	21,881,596	8,728,771
Other deferred inflows	2,055,402	2,411,080	4,466,482	1,383,374
Total deferred inflows of resources	\$ 25,149,854	\$ 7,340,984	\$ 32,490,838	\$ 13,475,678

NOTE 9: ACCOUNTS PAYABLE

Accounts payable are amounts, related to different programs, that are due taxpayers, vendors, customers, beneficiaries, and employees. Table 12 presents details related to accounts payable.

The adjustment for the fiduciary funds represents amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net Position.

Table 12

Schedule of Accounts Payable

June 30, 2024

(amounts in thousands)

	General Government	Education	Health and Human Services
Governmental activities			
General Fund	\$ 1,457,603	\$ 1,086,642	\$ 12,438,033
Federal Fund	200,563	166,613	25,924,206
Environmental and Natural Resources Fund	6,026	—	4,902
Nonmajor governmental funds	941,088	11,099	5,878,588
Internal service funds	377,758	6	285,306
Adjustment:			
Fiduciary funds	1,141,576	—	—
Total governmental activities	\$ 4,124,614	\$ 1,264,360	\$ 44,531,035
Business-type activities			
Water Resources Fund	\$ —	\$ —	\$ —
State Lottery Fund	55,265	—	—
Unemployment Programs Fund	—	—	300,874
California State University	—	473,857	—
Nonmajor enterprise funds	252	2,173	582
Adjustment:			
Fiduciary funds	—	—	—
Total business-type activities	\$ 55,517	\$ 476,030	\$ 301,456

**Natural Resources
and Environmental**

Protection	Transportation	Other	Total
\$ 749,216	\$ 16,726	\$ 547,824	\$ 16,296,044
99,569	166,678	53,298	26,610,927
732,486	65,920	21,501	830,835
19,475	1,010,096	776,866	8,637,212
45,152	—	12,140	720,362
—	49,733	—	1,191,309
\$ 1,645,898	\$ 1,309,153	\$ 1,411,629	\$ 54,286,689

\$ 138,810	\$ —	\$ —	\$ 138,810
—	—	—	55,265
—	—	—	300,874
—	—	—	473,857
18,229	—	4,589	25,825
—	—	13	13
\$ 157,039	\$ —	\$ 4,602	\$ 994,644

NOTE 10: LONG-TERM OBLIGATIONS

As of June 30, 2024, the primary government had long-term obligations totaling \$314.0 billion. Of that amount, \$8.4 billion is due within one year. Governmental activities had a net increase in long-term obligations of \$4.8 billion, primarily due to increases of \$2.2 billion in net pension liability and \$1.3 billion in net other postemployment benefits (OPEB) liability. Other significant increases included general obligation bonds payable of \$794 million.

Not included in the mandated cost claims payable shown in Table 13 are certain state-mandated programs that are in the adjudication process. Until the Commission on State Mandates rules on a test claim and the claim's parameters and guidelines are established, expected costs cannot be reasonably determined; however, a positive finding for any of the claimants could individually or in aggregate pose a significant cost to the State.

As of June 30, 2024, pollution remediation obligations decreased by \$53 million from the prior fiscal year-end, to \$1.7 billion. Under federal Superfund law, responsibility for pollution remediation is placed on current and previous owners or operators of polluted sites. Currently, the State's most significant Superfund site is the Stringfellow Class 1 Hazardous Waste Disposal Facility (Stringfellow) located in Riverside County. As of June 30, 2024, the State estimates that remediation costs at Stringfellow will total \$577 million. At BKK Landfill in Los Angeles County, an obligating event has occurred that will likely result in a liability to the State, but a reasonable estimate of the remediation cost cannot be determined at this time. BKK is a closed Class 1 landfill site at which the State is conducting post-closure care. In addition to Superfund sites, the State's other pollution remediation efforts include underground storage tank removal and cleanup, cleanup of polluted groundwater, and contaminated soil removal and cleanup as required by state law.

The primary government has identified tangible capital assets with associated retirement obligations. Some of these assets have a legally enforceable liability associated with their retirement, but the liability is not yet reasonably estimable. Examples include dams, sewer systems, waste ponds, bridges, roadways, and certain long-term use equipment. The State either has no prior experience decommissioning these types of assets to develop an estimate, or the assets are maintained indefinitely so an estimated useful life cannot be determined. The State will record the asset retirement obligations for such assets once they are reasonably estimable. The remaining measurable asset retirement obligations are immaterial.

The State receives a share of net profits generated by the operations of the Wilmington Oil Field. Various unit and production agreements control the character of the oil operations, including the liability associated with the future abandonment of the oil and gas wells and facilities. The State's share of the liability is apportioned based on its net profit interest, among other factors. The State retains a large majority of the total abandonment liability at the end of oil operations. As of June 30, 2024, the State estimates that the oil field abandonment liability is \$1.0 billion, and the State has reserves of \$345 million in the Environmental and Natural Resources Fund (a special revenue fund) to liquidate future oil field abandonment costs.

The other long-term obligations for governmental activities consist of Water Resources Revolving Fund notes payable of \$19 million, availability payment arrangements of \$977 million, lessee-type financed purchases of \$19 million, Technology Services Revolving Fund notes payable of \$21 million and a Transportation Fund performance obligation of \$583 million. The net pension liability, net OPEB liability, compensated absences, and availability payment arrangements will be liquidated by the

General Fund, special revenue funds, capital projects funds, and internal service funds. Workers' compensation and leases will be liquidated by the General Fund, special revenue funds, and internal service funds. The General Fund will liquidate the Proposition 98 funding guarantee, lawsuits, and reimbursement of costs incurred by local agencies and school districts for costs mandated by the State.

Overall, business-type activities experienced a net increase in long-term obligations of \$2.1 billion. Significant increases included \$949 million in net OPEB liability, \$463 million in revenue bonds payable, and \$392 million in net pension liability.

Table 13 summarizes the changes in long-term obligations during the fiscal year ended June 30, 2024.

Table 13

Schedule of Changes in Long-term Obligations
(amounts in thousands)

	Balance July 1, 2023	Additions
Governmental activities		
Loans payable adjustment for fiduciary funds	\$ 31,041	\$ —
Compensated absences payable	5,326,953	1,905,105
Workers' compensation benefits payable	6,024,132	986,345
Commercial paper and other borrowings	1,327,110	1,244,900
Lease liability	2,874,707 *	605,213
Subscription liability	151,774 *	126,342
General obligation bonds outstanding	70,666,075	8,300,640
Premiums	8,027,022	662,744
Total general obligation bonds payable	78,693,097	8,963,384
Revenue bonds outstanding	14,563,829	1,924,970
Accreted interest	765,500	69,643
Premiums	769,309	141,814
Discounts	(726)	—
Total revenue bonds payable	16,097,912	2,136,427
Mandated cost claims payable	1,959,233	200,460
Net other postemployment benefits liability	67,359,807	6,209,391
Net pension liability	80,145,864	34,797,228
Other long-term obligations:		
Lessee-type financed purchases and availability payment arrangements	1,026,777 *	—
Oil field abandonment liability	1,046,320	—
Pollution remediation obligations	1,740,853 *	43,949
Other	565,928	256,351
Total other long-term obligations	4,379,878	300,300
Total governmental activities	\$ 264,371,508	\$ 57,475,095
Business-type activities		
Lottery prizes and annuities	\$ 1,563,421	\$ 7,381,510
Compensated absences payable	474,603	169,735
Workers' compensation benefits payable	12,715	1,886
Commercial paper and other borrowings	401,804	383,397
Lease liability	358,448	217,114
Subscription liability	66,804	40,892
General obligation bonds outstanding	662,785	—
Premiums	13,087	—
Discounts	(510)	—
Total general obligation bonds payable	675,362	—
Revenue bonds outstanding	13,527,915 *	1,072,305
Premiums	1,174,709	71,552
Discounts	(306)	—
Total revenue bonds payable	14,702,318	1,143,857
Net other postemployment benefits liability	14,453,980	1,675,200
Net pension liability	9,686,137	3,891,652
Other long-term obligations	370,244 *	72,532
Total business-type activities	\$ 42,765,836	\$ 14,977,775

*Restated - Refer to Note 2 Accounting Changes and Error Corrections

Deductions	Balance June 30, 2024	Due Within One Year	Noncurrent Liabilities
\$ 11,231	\$ 19,810	\$ —	\$ 19,810
1,912,481	5,319,577	15,439	5,304,138
686,591	6,323,886	634,983	5,688,903
1,540,840	1,031,170	—	1,031,170
654,911	2,825,009	476,097	2,348,912
155,213	122,903	85,447	37,456
7,224,520	71,742,195	3,470,475	68,271,720
944,933	7,744,833	559,057	7,185,776
<u>8,169,453</u>	<u>79,487,028</u>	<u>4,029,532</u>	<u>75,457,496</u>
1,521,221	14,967,578	749,130	14,218,448
—	835,143	—	835,143
133,440	777,683	113,575	664,108
(94)	(632)	(108)	(524)
<u>1,654,567</u>	<u>16,579,772</u>	<u>862,597</u>	<u>15,717,175</u>
183,895	1,975,798	88,526	1,887,272
4,861,897	68,707,301	—	68,707,301
32,560,626	82,382,466	—	82,382,466
30,093	996,684	30,941	965,743
4,570	1,041,750	—	1,041,750
97,092	1,687,710	59,858	1,627,852
199,358	622,921	122,068	500,853
<u>331,113</u>	<u>4,349,065</u>	<u>212,867</u>	<u>4,136,198</u>
\$ 52,722,818	\$ 269,123,785	\$ 6,405,488	\$ 262,718,297
\$ 7,477,456	\$ 1,467,475	\$ 908,129	\$ 559,346
151,889	492,449	199,450	292,999
—	14,601	—	14,601
128,474	656,727	20,528	636,199
49,738	525,824	198,896	326,928
52,260	55,436	30,422	25,014
28,305	634,480	10,225	624,255
1,144	11,943	—	11,943
(71)	(439)	—	(439)
<u>29,378</u>	<u>645,984</u>	<u>10,225</u>	<u>635,759</u>
583,965	14,016,255	603,405	13,412,850
96,868	1,149,393	21,623	1,127,770
(37)	(269)	—	(269)
<u>680,796</u>	<u>15,165,379</u>	<u>625,028</u>	<u>14,540,351</u>
726,403	15,402,777	—	15,402,777
3,499,260	10,078,529	—	10,078,529
61,625	381,151	25,384	355,767
\$ 12,857,279	\$ 44,886,332	\$ 2,018,062	\$ 42,868,270

NOTE 11: PENSION TRUSTS

The California Public Employees' Retirement System (CalPERS) provides retirement benefits to eligible employees of the State, public agencies, and public schools through single-employer, agent multiple-employer, and cost-sharing plans. The California State Teachers' Retirement System (CalSTRS) provides pension benefits to full-time and part-time employees of the State's public school system. Both are fiduciary component units of the State, and their financial activity is included in the pension and other employee benefit trust funds column of the fiduciary funds and similar component units' financial statements of this report.

CalPERS administers four defined benefit retirement plans: the Public Employees' Retirement Fund (PERF), the Judges' Retirement Fund (Judges'), the Judges' Retirement Fund II (Judges' II), and the Legislators' Retirement Fund (Legislators'). CalPERS also administers two defined contribution plans: the Public Employees' Deferred Compensation Fund and the Supplemental Contributions Program Fund.

The PERF accounts for the majority of assets and liabilities reported for CalPERS' plans. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for these plans. The report may be found on CalPERS' website at www.CalPERS.ca.gov.

Contributions to CalPERS' pension trust funds are recognized in the period in which the contributions are due, pursuant to legal requirements. Benefits and refunds in the defined benefit plans are recognized when due and payable in accordance with the terms of each plan.

CalSTRS administers four defined benefit retirement plans within the State Teachers' Retirement Plan: the Defined Benefit Program, the Defined Benefit Supplement Program, the Cash Balance Benefit Program, and the Replacement Benefits Program. CalSTRS also administers two defined contribution plans: the Pension2 403(b) Plan and the Pension2 457(b) Plan. CalSTRS issues a publicly available financial report that includes financial statements and required supplementary information for these plans. This report may be found on its website at www.CalSTRS.com.

Member, employer, and state contributions to CalSTRS' pension plans are recognized in the period in which the contributions are required by statute. Benefits and refunds are recognized when due and payable, in accordance with the retirement and benefits programs.

Fifty-eight county superior courts (trial courts) are included in the primary government. Either CalPERS or the counties administer the pension plans in which the trial courts participate.

For the purpose of measuring net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of CalPERS' plans and CalSTRS' plans, and changes to the plans' fiduciary net positions have been determined on the same basis as reported by the plans.

The University of California, a discretely presented component unit, administers the University of California Retirement System (UCRS), which consists of two defined benefit plans funded with University and employee contributions, and four defined contribution plans with options to participate in internally or externally managed investment portfolios generally funded with employee non-elective and elective contributions. The State does not directly contribute to the UCRS. Additional information on the

UCRS can be found in the University's separately issued financial statements on its website at www.ucop.edu.

A. California Public Employees' Retirement System

1. Public Employees' Retirement Fund (PERF)

Plan Description: The PERF is comprised of and reported as three separate entities for financial reporting purposes, of which the State reports only PERF A. PERF A is comprised of agent multiple-employer plans, which include the State of California and most public agencies' rate plans with more than 100 active members. PERF B is a cost-sharing multiple-employer plan comprised of school employers and consisting of non-teaching and non-certified employee members. PERF C is a cost-sharing multiple-employer plan comprised of public agencies' plans that generally have fewer than 100 active members. Employers participating in the PERF as of June 30, 2023, included the primary government and certain discretely presented component units; 1,332 school employers, including charter schools; and 1,595 public agencies. As the State is not an employer in PERF B or PERF C, the term PERF is used hereafter to refer exclusively to the agent multiple-employer plans that include employees of the primary government and certain discretely presented component units.

CalPERS acts as the common investment and administrative agent for participating employers. State employees served by the PERF include first- and second-tier miscellaneous and industrial employees, California Highway Patrol (CHP) employees, peace officers and firefighters, and other safety members.

Benefits Provided: All employees in a covered class of employment who work half-time or more are eligible to participate in the PERF. The PERF provides retirement, death, disability, and survivor benefits. Vesting occurs after five years, or after ten years for second-tier employees. The benefit provisions are established by the Public Employees' Retirement Law (PERL) and the Public Employees' Pension Reform Act of 2013 (PEPRA), and are summarized in Appendix B of the State's June 30, 2022 Actuarial Valuation Report, which may be found on the CalPERS website at www.CalPERS.ca.gov. In general, retirement benefits for the PERF plans are based on a formula using a member's years of service credit, age at retirement, and final compensation (average salary for a defined period of employment). Retirement formulas vary based on:

- Classification (e.g., miscellaneous, safety, industrial, CHP, or peace officers and firefighters);
- Membership category (pre-PEPRA and post-PEPRA); and
- Specific provisions in employees' contracts.

The four basic types of retirement are:

- Service Retirement – The normal retirement is a lifetime benefit. In most cases, employees become eligible for service retirement as early as age 50 with five years of service credit. If the employee became a member on or after January 1, 2013, he or she must be at least 52 years old with at least five years of service to retire. Second-tier employees (miscellaneous and industrial) become eligible at age 55 with at least 10 years of service credit.
- Vested Deferred Retirement – Vested members who leave employment but keep their contribution balances on deposit with CalPERS are eligible for this benefit.
- Disability Retirement – Vested members who can no longer perform the usual duties of their current position due to illness or injury may receive this benefit.

- Industrial Disability Retirement – This benefit is available for eligible safety members, industrial employees, CHP employees, and peace officers and firefighters who are unable to perform the usual duties of their current position due to job-related illness or injury.

Employees Covered by Benefit Terms: The State's June 30, 2023 Actuarial Valuation Report provides information about the number of employees by type covered within the various PERF plans. Table 14 shows the number of employees covered by the benefit terms of each of the PERF plans as of the most recent valuation.

Table 14

Number of Employees by Type Covered by Benefit Terms – PERF Plans

June 30, 2023

	State Miscellaneous	State Industrial	State Safety	State Peace Officers and Firefighters	California Highway Patrol	Total PERF Plans
Inactive employees or beneficiaries currently receiving benefits	213,206	18,014	31,293	49,558	10,252	322,323
Inactive employees entitled to but not yet receiving benefits	78,846	4,482	10,790	9,268	641	104,027
Active employees	<u>210,072</u>	<u>19,605</u>	<u>32,483</u>	<u>47,172</u>	<u>6,704</u>	316,036
Total	<u>502,124</u>	<u>42,101</u>	<u>74,566</u>	<u>105,998</u>	<u>17,597</u>	<u>742,386</u>

Contributions: Section 20814(c) of PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by pension plan terms as plan member contribution requirements are classified as plan member contributions.

Table 15 shows the average active employee and the employer contribution rates for each of the PERF plans as a percentage of annual pay for the measurement period ended June 30, 2023.

Table 15**Contribution Rates – PERF Plans**

June 30, 2023

	State Miscellaneous	State Industrial	State Safety	State Peace Officers and Firefighters	California Highway Patrol
Average active employee rate.....	7.47 %	8.68 %	10.92 %	11.86 %	12.53 %
Employer rate of annual payroll	30.81	20.39	22.31	48.86	65.21
Total	<u>38.28 %</u>	<u>29.07 %</u>	<u>33.23 %</u>	<u>60.72 %</u>	<u>77.74 %</u>

Actuarial Methods and Assumptions: The total pension liability for PERF plans was measured as of June 30, 2023 (measurement date), by rolling forward the total pension liability determined by the June 30, 2022 actuarial valuation (valuation date), based on the actuarial methods and assumptions shown in Table 16.

Table 16**Actuarial Methods and Assumptions – PERF Plans**

Valuation date:	June 30, 2022
Actuarial cost method:	Entry age normal in accordance with the requirements of GASB 68
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90% net of pension plan investment expense but without reduction for administrative expenses; includes inflation
Mortality	Mortality rates are based on the 2021 CalPERS Experience Study adopted by the CalPERS Board, and incorporate full generational mortality improvement using 80% of Scale MP-2020, published by the Society of Actuaries
Post-retirement benefit adjustments (COLAs)	The lesser of Contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies; 2.30% thereafter

Discount Rate: The discount rate used to measure the total pension liability was 6.90% for the PERF. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at actuarially determined statutorily required rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied

to all periods of projected benefit payments to determine the total pension liability. The stress test results are presented in the GASB Crossover Testing Report, which may be found on CalPERS' website at www.CalPERS.ca.gov

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

Table 17 shows the long-term expected geometric real rate of return by asset class for all plans in the PERF.

Table 17

Long-term Expected Real Rate of Return by Asset Class – PERF Plans

Asset Class	Assumed Asset Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.0 %	4.54 %
Global Equity - Non-Cap-weighted	12.0	3.84
Private Equity	13.0	7.28
Treasury	5.0	0.27
Mortgage-backed Securities	5.0	0.50
Investment Grade Corporates	10.0	1.56
High Yield	5.0	2.27
Emerging Market Debt	5.0	2.48
Private Debt	5.0	3.57
Real Assets	15.0	3.21
Leverage	(5.0)	(0.59)
Total	<u>100.0 %</u>	

¹ An expected inflation rate of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

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Changes in Net Pension Liability: Table 18 shows changes in net pension liability recognized over the measurement period for the PERF plans.

Table 18

Changes in Net Pension Liability – PERF Plans
(amounts in thousands)

	State Miscellaneous			State Industrial		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022	\$ 133,238,443	\$ 95,432,373	\$ 37,806,070	\$ 5,745,534	\$ 4,572,146	\$ 1,173,388
Changes recognized for the measurement period:						
Service cost	2,566,832	—	2,566,832	151,085	—	151,085
Interest on total pension liability	9,166,157	—	9,166,157	398,940	—	398,940
Changes of assumptions	—	—	—	—	—	—
Difference between expected and actual experience	2,105,822	—	2,105,822	97,355	—	97,355
Plan to plan resource movement	—	(1,850)	1,850	—	150	(150)
Employer contributions	—	6,271,650	(6,271,650)	—	256,851	(256,851)
Employee contributions	—	1,144,462	(1,144,462)	—	70,548	(70,548)
Net investment income	—	5,874,720	(5,874,720)	—	285,169	(285,169)
Benefit payments, including refunds of employee contributions	(7,569,642)	(7,569,642)	—	(273,392)	(273,392)	—
Administrative expense	—	(70,176)	70,176	—	(3,362)	3,362
Net changes	6,269,169	5,649,164	620,005	373,988	335,964	38,024
Balance at June 30, 2023 (Measurement Date)	\$ 139,507,612	\$ 101,081,537	\$ 38,426,075	\$ 6,119,522	\$ 4,908,110	\$ 1,211,412

State Safety			State Peace Officers and Firefighters		
Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
\$ 17,094,217	\$ 13,828,565	\$ 3,265,652	\$ 59,080,825	\$ 42,536,734	\$ 16,544,091
559,582	—	559,582	1,242,191	—	1,242,191
1,184,611	—	1,184,611	4,112,779	—	4,112,779
—	—	—	—	—	—
222,715	—	222,715	1,381,891	—	1,381,891
—	586	(586)	—	931	(931)
—	771,612	(771,612)	—	3,371,914	(3,371,914)
—	279,174	(279,174)	—	490,773	(490,773)
—	866,433	(866,433)	—	2,690,552	(2,690,552)
(856,901)	(856,901)	—	(2,956,624)	(2,956,624)	—
—	(10,169)	10,169	—	(31,280)	31,280
1,110,007	1,050,735	59,272	3,780,237	3,566,266	213,971
\$ 18,204,224	\$ 14,879,300	\$ 3,324,924	\$ 62,861,062	\$ 46,103,000	\$ 16,758,062

(continued)

Table 18 (continued)

Changes in Net Pension Liability – PERF Plans (continued)
 (amounts in thousands)

	California Highway Patrol			Total PERF Plans		
	Total	Plan	Net	Total	Plan	Net
	Pension Liability	Fiduciary Net Position	Pension Liability	Pension Liability	Fiduciary Net Position	Pension Liability
Balance at June 30, 2022	\$ 16,236,057	\$ 11,013,585	\$ 5,222,472	\$ 231,395,076	\$ 167,383,403	\$ 64,011,673
Changes recognized for the measurement period:						
Service cost	298,022	—	298,022	4,817,712	—	4,817,712
Interest on total pension liability	1,116,842	—	1,116,842	15,979,329	—	15,979,329
Changes of assumptions	—	—	—	—	—	—
Difference between expected and actual experience	198,448	—	198,448	4,006,231	—	4,006,231
Plan to plan resource movement	—	183	(183)	—	—	—
Employer contributions	—	674,104	(674,104)	—	11,346,131	(11,346,131)
Employee contributions	—	123,075	(123,075)	—	2,108,032	(2,108,032)
Net investment income	—	678,131	(678,131)	—	10,395,005	(10,395,005)
Benefit payments, including refunds of employee contributions	(794,793)	(794,793)	—	(12,451,352)	(12,451,352)	—
Administrative expense	—	(8,099)	8,099	—	(123,086)	123,086
Net changes	818,519	672,601	145,918	12,351,920	11,274,730	1,077,190
Balance at June 30, 2023 (Measurement Date)	\$ 17,054,576	\$ 11,686,186	\$ 5,368,390	\$ 243,746,996	\$ 178,658,133	\$ 65,088,863

Reported in governmental activities	\$ 52,840,197
Reported in business-type activities	10,078,529
Reported by discretely presented component units	170,504
Not reported in government-wide Statement of Net Position ¹	1,999,633
Total net pension liability – PERF plans	\$ 65,088,863

(concluded)

¹ Includes amounts allocated to related organizations and fiduciary funds. Also includes the difference in net pension liability for discretely presented component units with a reporting period ended December 31, 2023; and minor differences related to amounts reported in separately issued financial statements of proprietary funds and discretely presented component units.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: Table 19 shows the net pension liability of the State, with regard to the PERF plans, calculated using the discount rate of 6.90%, as well as what the State's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate.

Table 19**Net Pension Liability Sensitivity – PERF Plans**

June 30, 2024

(amounts in thousands)

	Current Rate	Current Rate	Current Rate
	-1%	6.9%	+1%
State Miscellaneous	\$ 55,755,127	\$ 38,426,075	\$ 23,958,238
State Industrial	2,063,189	1,211,412	512,524
State Safety	5,758,834	3,324,924	1,318,882
State Peace Officers and Firefighters	25,514,357	16,758,062	9,600,291
California Highway Patrol	7,763,546	5,368,390	3,412,888
Total PERF plans	\$ 96,855,053	\$ 65,088,863	\$ 38,802,823

Pension Plans Fiduciary Net Position: Detailed information about the PERF plans' fiduciary net position is available in the separately issued CalPERS financial report.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions: For the PERF plans, for the fiscal year ended June 30, 2024, the State recognized pension expense of \$11.7 billion. At June 30, 2024, the State reported deferred outflows of resources from contributions made by the State to the PERF plans subsequent to the measurement date of June 30, 2023, but prior to the fiscal year ended June 30, 2024. Differences between expected and actual experience are recognized as deferred outflows and inflows of resources. The changes of assumptions are recognized as deferred outflows and inflows of resources. The aggregate differences (positive and negative) between projected and actual earnings on pension plan investments arising in different measurement periods are reported as net deferred outflows of resources. Deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Table 20 shows pension expense and sources of deferred outflows and deferred inflows of resources related to each PERF plan.

Table 20

Pension Expense and Sources of Deferred Outflows and Deferred Inflows of Resources

Related to Pensions – PERF Plans

June 30, 2024

(amounts in thousands)

	State Miscellaneous	State Industrial	State Safety	State Peace Officers and Firefighters	California Highway Patrol	Total PERF Plans
Pension Expense	\$ 6,511,356	\$ 276,426	\$ 764,336	\$ 3,254,693	\$ 874,577	\$ 11,681,388
Deferred Outflows of Resources:						
Employer contributions	6,093,536	231,104	784,227	2,877,620	755,385	10,741,872
Changes of assumptions	1,994,563	63,313	238,448	1,258,131	386,485	3,940,940
Difference between expected and actual experience	1,841,416	70,424	168,867	1,343,668	231,596	3,655,971
Net difference between projected and actual earnings on pension plan investments	4,651,947	222,431	668,651	2,034,532	533,684	8,111,245
Deferred Inflows of Resources:						
Difference between expected and actual experience	596,738	26,942	136,104	462,464	98,943	1,321,191

Table 21 shows amounts reported as deferred outflows and inflows of resources related to pensions that will be recognized as pension expense in future years for the PERF plans. Increases to pension expense are shown as positive amounts and decreases to pension expense are shown as negative amounts.

Table 21

Recognition of Deferred Outflows and Deferred Inflows of Resources – PERF Plans

(amounts in thousands)

Year Ending June 30	State Miscellaneous	State Industrial	State Safety	State Peace Officers and Firefighters	California Highway Patrol	Total PERF Plans
2025	\$ 2,148,687	\$ 99,734	\$ 225,871	\$ 1,105,103	\$ 310,005	\$ 3,889,400
2026	1,647,923	64,918	177,995	913,325	241,898	3,046,059
2027	3,808,767	158,284	517,300	1,895,272	462,636	6,842,259
2028	285,811	6,290	18,696	260,167	38,283	609,247

Payable to the Pension Plans: At June 30, 2024, the State reported a payable of \$1.2 billion for the outstanding amount of contributions to the PERF pension plans required for the fiscal year ended June 30, 2024.

2. Single-employer Plans

Plan Description: CalPERS administers three single-employer defined benefit retirement plans.

Judges' – Judges' membership includes judges working in the California Supreme Court, the courts of appeal, and the superior courts who were appointed or elected prior to November 9, 1994. Judges' is funded on a "pay-as-you-go" basis, where short-term investments, contributions received during the year, and a General Fund augmentation are used to provide funding for benefit payments.

Judges' II – Judges' II membership includes judges working in the California Supreme Court, the courts of appeal, and the superior courts, who were appointed or elected on or after November 9, 1994. There are two types of service retirement available for plan members: the Defined Benefit Plan and the Monetary Credit Plan, in which members can choose a single lump sum payment or annuity at retirement.

Legislators' – Legislators' was established in 1947; its members consist of state legislators, constitutional officers, and legislative statutory officers. The PEPRA closed Legislators' to new participants effective January 1, 2013.

Benefits Provided: All employees in a covered class of employment who work on a half-time basis or more are eligible to participate. The benefits for the defined benefit plans are based on a member's years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date, to the extent funded, after five years of credited service. Benefits are established in accordance with the provisions of the Judges' Retirement Law, Judges' Retirement System II Law, and Legislators' Retirement Law. Additional information is available in the Actuarial Valuation Report for each plan, which may be found on CalPERS' website at www.CalPERS.ca.gov.

Judges' – The five basic types of retirement are:

- Service Retirement – Members must be at least age 60 with 20 years of service or age 70 with at least 10 years of service.
- Deferred Retirement – Vested members are eligible for deferred retirement at any age with at least five years of service.
- Disability Retirement (non-work related) – There is no age requirement, but there may be a service requirement depending on when the member became a judge. The retirement allowance is 65% of a judge's final salary, or 75% of his or her final salary if the judge has 20 or more years of service.
- Disability Retirement (work-related) – There is no age or service requirement if the disability is a result of work-related injury or disease. The retirement allowance is the same as non-work-related disability retirement.
- Death Benefits – Beneficiaries may receive 25% of a current active judge's salary for life if the judge was not eligible for retirement. Beneficiaries receive one-half of what the retirement allowance would have been if the judge was retired on the date of death.

Judges' II – The four basic types of retirement are:

- Service Retirement – 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.
- 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.
- Disability Retirement (work-related) – Judges receive 65% of their average monthly salary earned during the 12 or 36 months preceding their retirement date, regardless of age or length of service.
- Death Benefits – Beneficiaries receive the judge's monetary credits or three times the annual salary at the time of death, whichever is greater, if the judge was not eligible for retirement. Beneficiaries receive one-half of the retirement pension for life if the judge was retired on the date of death.

Legislators' – The three basic types of retirement are:

- Service Retirement – Members must be age 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.
- Disability Retirement – Disability retirement uses the same formula as service retirement. There is no reduction for members of the Legislature if retirement is before age 60.
- Death Benefits – Beneficiaries have multiple options depending on whether the member was eligible for retirement or was retired at the time of death.

Employees Covered by Benefit Terms: The June 30, 2023 actuarial valuation reports for each single-employer plan provide information about the number of employees by type covered within the plans. Table 22 shows the number of employees covered by the benefit terms of each of the single-employer plans as of the most recent valuation.

Table 22

Number of Employees by Type Covered by Benefit Terms – Single-employer Plans
June 30, 2023

	<u>Judges'</u>	<u>Judges' II</u>	<u>Legislators'</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits.....	1,609	535	183	2,327
Inactive employees entitled to but not yet receiving benefits	—	4	3	7
Active employees.....	80	1,659	—	1,739
Total	1,689	2,198	186	4,073

Contributions: As Judges' is funded on a “pay-as-you-go” basis, the contributions made will be less than the actuarially determined contribution requirement of normal cost plus a 10-year amortization of the unfunded accrued liability. The actual contribution is the estimated amount of benefit payouts during the year. Currently, Judges' member contributions are 8.0% of pay. In certain situations, employers make member contributions.

Judges' II contribution rates are determined through CalPERS' annual actuarial valuation process as required by section 75600.5(c) of the PERL. Classic members contribute 8.0% of their annual compensation to the plan. The base total normal cost rate for PEPRA new members was re-determined in the June 30, 2023 actuarial valuation as 32.1%. The percentage changes in any given year only once the change to the total normal cost is greater than 1.0% from the base total normal cost. The new member rate should be 50% of the new normal cost rounded to the nearest quarter percentage.

For Legislators', contribution rates are determined through CalPERS' annual actuarial valuation process as required by section 9358 of the PERL. The minimum employer contribution rate under PEPRA is the greater of the actuarially determined employer rate or the employer normal cost.

Table 23 shows the average active employee and the employer contribution rates for each of the single-employer plans as a percentage of annual pay for the measurement period ended June 30, 2023.

Table 23

Contribution Rates – Single-employer Plans

June 30, 2023

	Judges'	Judges' II	Legislators'
Average active employee rate.....	"Pay-as-you-go"	9.72 %	8.00 %
Employer rate of annual payroll.....		23.23	31.80
Total		32.95 %	39.80 %

Actuarial Methods and Assumptions: The total pension liability for single-employer plans was measured as of June 30, 2023 (measurement date), by rolling forward the total pension liability determined by the June 30, 2022 actuarial valuations (valuation date), based on the actuarial methods and assumptions shown in Table 24.

Table 24

Actuarial Methods and Assumptions – Single-employer Plans

Valuation date:	June 30, 2022
Actuarial cost method:	Entry age normal in accordance with the requirements of GASB 68
Actuarial assumptions:	
Discount rate	Judges' 3.86%, Judges' II 6.15%, Legislators' 4.85%
Inflation	All single-employer plans – 2.30%
Salary increases	All single-employer plans – 2.80%
Investment rate of return	Judges' 3.86%, Judges' II 6.15%, Legislators' 4.85%, net of pension plan investment without reduction of administrative expense
Mortality	Mortality rates are based on the 2021 CalPERS Experience Study adopted by the CalPERS Board, and incorporate full generational mortality improvement using 80% of Scale MP-2020, published by the Society of Actuaries
Post-retirement benefit adjustments (COLAs)	Judges' – 2.80% Judges' II – 2.30% Legislators' – 2.30%

Discount Rate: To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress-tested plans that would most likely result in a discount rate that would differ from the actuarially assumed discount rate. For the single-employer plans, the following rates were used:

Judges' – 3.86%, reflecting the short-term nature of the assets. As the plan is insufficiently funded, CalPERS uses a discount rate of 3.86%, which falls within a reasonable range of yields on 20-year tax-exempt general obligation municipal bonds with an average rating of AA.

Judges'II – 6.15%

Legislators' – 4.85%

With the exception of *Judges'*, which uses a lower rate of return, the information regarding the discount rate and the long-term expected real rate of return described previously for the PERF plans is also applicable to the single-employer plans. GAAP requires that the long-term discount rate should be determined without reduction for pension plan administrative expense.

Table 25 shows long-term expected real rates of return by asset class for Judges' II and Legislators'.

Table 25**Long-term Expected Real Rate of Return by Asset Class – Judges' II and Legislators' Plans**

Asset Class	Judges' II	Legislators'	Real Return ^{1,2}
	Assumed Asset Allocation	Assumed Asset Allocation	
Public equity	51.0 %	18.0 %	4.50 %
Global fixed income	21.0	45.0	1.40
Inflation sensitive	5.0	20.0	0.50
Commodities	3.0	3.0	1.10
Real estate	20.0	14.0	3.70
Total	100.0 %	100.0 %	

¹ An expected inflation rate of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

Changes in Net Pension Liability: Table 26 shows the changes in net pension liability recognized over the measurement period for the single-employer plans.

Table 26

Changes in Net Pension Liability – Single-employer Plans
(amounts in thousands)

	Judges'			Judges' II		
	Total	Plan	Net	Total	Plan	Net
	Pension Liability	Fiduciary Net Position	Pension Liability/(Asset)	Pension Liability	Fiduciary Net Position	Pension Liability/(Asset)
Balance at June 30, 2022 (Valuation Date).....	\$ 2,528,973	\$ 48,887	\$ 2,480,086	\$ 2,105,851	\$ 2,134,389	\$ (28,538)
Changes recognized for the measurement period:						
Service cost	9,541	—	9,541	121,141	—	121,141
Interest on total pension liability	96,524	—	96,524	131,805	—	131,805
Change of benefit terms	—	—	—	(1,452)	—	(1,452)
Difference between expected and actual experience	111,908	—	111,908	20,135	—	20,135
Changes of assumptions	(36,907)	—	(36,907)	—	—	—
Employer contributions	—	208,785	(208,785)	—	89,970	(89,970)
Employee contributions	—	1,697	(1,697)	—	38,669	(38,669)
Net investment income.....	—	2,233	(2,233)	—	151,744	(151,744)
Benefit payments, including refunds of employee contributions	(216,271)	(216,271)	—	(83,868)	(83,868)	—
Administrative expense.....	—	(2,032)	2,032	—	(2,126)	2,126
Other miscellaneous income	—	3,028	(3,028)	—	4	(4)
Net changes	(35,205)	(2,560)	(32,645)	187,761	194,393	(6,632)
Balance at June 30, 2023 (Measurement Date).....	\$ 2,493,768	\$ 46,327	\$ 2,447,441	\$ 2,293,612	\$ 2,328,782	\$ (35,170)

Legislators'			Total Single-employer Plans					
Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)			
\$ 89,659	\$ 102,624	\$ (12,965)	\$ 4,724,483	\$ 2,285,900	\$ 2,438,583			
52	—	52	130,734	—	130,734			
4,248	—	4,248	232,577	—	232,577			
—	—	—	(1,452)	—	(1,452)			
1,444	—	1,444	133,487	—	133,487			
—	—	—	(36,907)	—	(36,907)			
—	44	(44)	—	298,799	(298,799)			
—	11	(11)	—	40,377	(40,377)			
—	601	(601)	—	154,578	(154,578)			
(7,088)	(7,088)	—	(307,227)	(307,227)	—			
—	(525)	525	—	(4,683)	4,683			
—	2	(2)	—	3,034	(3,034)			
(1,344)	(6,955)	5,611	151,212	184,878	(33,666)			
\$ 88,315	\$ 95,669	\$ (7,354)	\$ 4,875,695	\$ 2,470,778	\$ 2,404,917			
Reported in governmental activities						\$ 2,404,917		

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: Judges' net pension liability was calculated using a discount rate of 3.86%; Judges' II used 6.15%; and Legislators' used 4.85%. Table 27 shows the net pension liability for each single-employer plan, calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

Table 27

Net Pension Liability/Asset Sensitivity – Single-employer Plans

June 30, 2024

(amounts in thousands)

	Current Rate	Current Rate	Current Rate
	-1%		+1%
Judges' (3.86%)	\$ 2,674,529	\$ 2,447,441	\$ 2,250,450
Judges' II (6.15%)	234,093	(35,170)	(257,800)
Legislators' (4.85%)	3,377	(7,354)	(16,002)
Total Single-employer Plans	\$ 2,911,999	\$ 2,404,917	\$ 1,976,648

Pension Plans Fiduciary Net Position: Detailed information about the single-employer plans' fiduciary net position is available in the separately issued CalPERS financial report.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions: For the single-employer plans, for the fiscal year ended June 30, 2023, the State recognized pension expense of \$258 million. At June 30, 2024, the State reported deferred outflows of resources from contributions made by the State to the single-employer plans subsequent to the measurement date of June 30, 2023, but prior to June 30, 2024, which will be recognized as a reduction of the net pension liability in the subsequent year.

Table 28 shows pension expense and sources of deferred outflows and deferred inflows of resources related to each single-employer plan.

Table 28

**Pension Expense and Sources of Deferred Outflows and Deferred Inflows of Resources
Related to Pensions – Single-employer Plans**

June 30, 2024

(amounts in thousands)

	Judges'	Judges' II	Legislators'	Total
Pension Expense	\$ 175,951	\$ 78,725	\$ 3,426	\$ 258,102
Deferred Outflows of Resources:				
Employer contributions subsequent to the measurement date.....	211,503	87,640	—	299,143
Changes of assumptions	—	8,654	—	8,654
Difference between expected and actual experience	—	26,218	—	26,218
Net difference between projected and actual earnings on pension plan investments.....	1,046	141,561	10,316	152,923
Deferred Inflows of Resources:				
Difference between expected and actual experience	—	67,656	—	67,656
Changes of assumptions	—	54,591	—	54,591

Table 29 shows amounts reported as deferred outflows and deferred inflows of resources related to pensions that will be recognized in pension expense in future years for the single-employer plans. Increases to pension expense are shown as positive amounts and decreases to pension expense are shown as negative amounts.

Table 29

Recognition of Deferred Outflows and Deferred Inflows of Resources – Single-employer Plans
(amounts in thousands)

Year Ending June 30	Judges'	Judges' II	Legislators'	Total
2025	\$ 403	\$ 16,011	\$ 2,379	\$ 18,793
2026	450	3,492	2,619	6,561
2027	281	74,608	4,479	79,368
2028	(88)	(18,911)	839	(18,160)
2029	—	(13,853)	—	(13,853)
Thereafter	—	(7,161)	—	(7,161)

B. California State Teachers' Retirement System

The State reports a net pension liability, deferred outflows and deferred inflows of resources, and expenses as a result of its statutory requirement to contribute to the State Teachers' Retirement Fund as a non-employer contributing entity.

Plan Description: CalSTRS administers the State Teachers' Retirement Fund, which is an employee benefit trust fund created to finance the State Teachers' Retirement Plan (STRP). The STRP is a cost-sharing multiple-employer defined benefit pension plan that provides retirement, disability, and survivor benefits to teachers and certain other employees of the California public school system. Four programs comprise the STRP: the Defined Benefit (DB) Program, the Defined Benefit Supplement (DBS) Program, the Cash Balance Benefit (CBB) Program, and the Replacement Benefits (RB) Program. CalSTRS issues a publicly available financial report, which may be found on CalSTRS' website at www.CalSTRS.com.

Benefits Provided: Membership in the DB Program is mandatory for all employees meeting certain statutory requirements. The DB Program provides retirement benefits based on a member's age, final compensation, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members. The Teachers' Retirement Law establishes the benefits for the DB Program. The DB Program had approximately 1,800 contributing employers, 467,000 active and 240,000 inactive program members, and 333,000 benefit recipients as of June 30, 2024. The payroll for employees covered by the DB Program for the fiscal year ended June 30, 2023, was approximately \$42.6 billion.

Membership in the DBS Program is automatic for all members of the DB Program. The DBS Program provides benefits based on the amount of funds contributed. Vesting in the DBS Program occurs automatically with vesting in the DB Program. The Teachers' Retirement Law establishes the benefits for the DBS Program. The primary government does not contribute to the DBS Program.

Contributions: The DB Program contribution rates are based on the provisions of AB 1469 and Education Code section 22955.1(b). The Legislature may amend these provisions at any time and submit the amendment to the Governor for approval. The contribution rates for members and employers for the reporting period were 10.21% and 19.10% of creditable compensation, respectively. The General Fund contributed an additional 6.311% of total creditable compensation of the fiscal year ending in the prior calendar year. Contributions will remain at 6.311% in the next year and may increase until the fiscal year 2045-46. Accordingly, the State contributed \$3.9 billion for the fiscal year 2023-24. CalSTRS' June 30, 2022 Defined Benefit Actuarial Valuation Report may be found on CalSTRS' website at www.CalSTRS.com.

The CBB Program is designed for employees of California public schools who are hired to perform creditable service for less than 50% of the full-time equivalent for the position. Employer participation in the CBB Program is optional. However, if the employer elects to offer the CBB Program, then each eligible employee will automatically be covered by the CBB Program, unless the member elects to participate in the DB Program or an alternative plan provided by the employer within 60 days of hire or the election period determined by the employer. At June 30, 2023, the CBB Program had 29 contributing school districts and 42,095 contributing participants.

The RB Program is a qualified excess benefits arrangement for DB Program members that is administered through a separate pension trust apart from the other three STRP programs; it was established in accordance with Internal Revenue Code section 415(m). Internal Revenue Code

section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan. Monthly contributions that would otherwise be credited to the DB program are instead credited to the RB Program to fund monthly program costs. Monthly employer contributions are received and paid to members in amounts equal to the benefits not paid as a result of Internal Revenue Code section 415(b), subject to withholding for any applicable income or employment taxes. At June 30, 2023, 205 individuals were receiving benefits from the RB program.

Actuarial Methods and Assumptions: The total pension liability in the June 30, 2022 actuarial valuation (valuation date) was determined using the actuarial methods and assumptions shown in Table 30, applied to the measurement period ended June 30, 2023.

Table 30**Actuarial Methods and Assumptions – CalSTRS**

Valuation date	June 30, 2022
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Post-retirement benefit increases (COLAs)	2.00% simple

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rate at each age, resulting in increases in future life expectancies. CalSTRS uses base mortality tables customized to best fit the patterns of mortality among its members. The projection scale was set to equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale table, issued by the Society of Actuaries.

Discount Rate: The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases created by AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occur midyear. 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS' consulting actuary reviews the return assumption for reasonableness based on the current capital market assumptions.

Table 31 shows the assumed allocation and best estimates of the 20-year geometric real rate of return for each major asset class.

Table 31

Long-term Expected Real Rate of Return by Asset Class – CalSTRS

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Public equity	38.0 %	5.25 %
Real estate	15.0	4.05
Private equity	14.0	6.75
Fixed income	14.0	2.45
Risk mitigating strategies	10.0	2.25
Inflation sensitive	7.0	3.65
Cash/liquidity	2.0	0.05
Total	100.0 %	

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions: CalSTRS' net pension liability was measured as of June 30, 2023 (measurement date), by applying update procedures and rolling forward the total pension liability determined by the actuarial valuation as of June 30, 2022 (valuation date). The State's proportion of the net pension liability was based on CalSTRS' calculated non-employer contributions to the pension plan relative to the total contributions of the State and all participating school districts. Per CalSTRS' revenue recognition policy, CalSTRS recognizes state contributions for the entire fiscal year at the beginning of each fiscal year. Contributions excluded from the proportionate share per CalSTRS' policy include employer contributions for retirement incentives, additional service credit, and unused sick leave. As of June 30, 2023, the State's proportionate share of the CalSTRS' net pension liability was 32.39%, or \$24.7 billion; this amount is reported in the governmental activities column of the government-wide Statement of Net Position as of June 30, 2024.

As a result of its requirement to contribute to CalSTRS, the State recognized expense of \$2.9 billion for the fiscal year ended June 30, 2024, and reported deferred outflows and deferred inflows of resources as shown in Table 32.

Table 32**Sources of Deferred Outflows and Deferred Inflows of Resources Related to Pensions – CalSTRS**

June 30, 2024

(amounts in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 142,853	\$ —
Net difference between projected and actual earnings on pension plan investments	105,601	—
Difference between expected and actual experiences	1,938,721	1,320,014
Proportionate share change	—	1,767,779
State contributions subsequent to the measurement date	3,945,974	—
Total	\$ 6,133,149	\$ 3,087,793

The \$3.9 billion reported as deferred outflows of resources resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025.

Table 33 shows amounts reported as deferred outflows and deferred inflows of resources related to pensions that will be recognized in pension expense in future years as a result of the State's requirement to contribute to CalSTRS. Increases to pension expense are shown as positive amounts and decreases to pension expense are shown as negative amounts.

Table 33**Recognition of Deferred Outflows and Deferred Inflows of Resources – CalSTRS**

(amounts in thousands)

Year Ending June 30	Amount
2025	\$ (1,329,972)
2026	(1,678,065)
2027	1,754,128
2028	5,088
2029	129,894
Thereafter	218,309

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: Table 34 shows the State's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate.

Table 34

Net Pension Liability Sensitivity – CalSTRS

June 30, 2024

(amounts in thousands)

	Current Rate	Current Rate	Current Rate
	-1%	7.10%	+1%
State's proportionate share of net pension liability	\$ 41,383,353	\$ 24,670,833	\$ 10,789,137

Pension Plan Fiduciary Net Position: Detailed information about CalSTRS' pension plans' fiduciary net position is available in the separately issued CalSTRS financial report.

C. Trial Court Pension Plans

Plan Description: The 58 trial courts are reported as part of the primary government. Twenty-two of the trial courts provide pension benefits to their respective employees through cost-sharing multiple-employer defined benefit plans administered by their respective county public employee retirement systems. Thirty-six of the trial courts participate in county retirement plans administered by CalPERS. Of those participating in CalPERS plans, 32 trial courts provide pension benefits to their respective employees through agent multiple-employer defined benefit plans, and four trial courts provide pension benefits to their respective employees through cost-sharing multiple-employer defined benefit plans.

Benefits Provided, Contributions, and Employees Covered by Benefit Terms: To obtain information on eligibility terms, benefits provided, contributions, and actuarial assumptions from individual trial court pension actuarial valuation reports, email the State Controller's Office, State Accounting and Reporting Division at StateGovReports@sco.ca.gov.

Net Pension Liability Actuarial Methods and Assumptions: The net pension liability of 54 trial courts was measured as of each individual plan's measurement date, by applying update procedures and rolling forward the total pension liability determined by the actuarial valuation as of each individual plan's valuation date, based on the actuarial methods and assumptions used by each plan. For 17 of the 23 county cost-sharing multiple-employer defined benefit plans, the net pension liability was measured as of June 30, 2023. Of these plans, five had a valuation date of June 30, 2023, and 12 had a valuation date of June 30, 2022. For the six remaining county cost-sharing multiple-employer plans, the net pension liability was measured as of December 31, 2023. Of these plans, three had a valuation date of December 31, 2022, two had a valuation date of January 1, 2023, and one had a valuation date of December 31, 2023. For 31 of the CalPERS agent multiple-employer defined benefit plans, the net pension liability was measured as of June 30, 2023, and valued as of June 30, 2022. One agent multiple-employer defined benefit plan and three cost-sharing multiple employer defined benefit plans administered by CalPERS did not provide an actuarial valuation for this reporting period.

Table 35 shows selected actuarial assumptions for the trial court pension plans, by plan type.

Table 35**Actuarial Methods and Assumptions – Trial Court Pension Plans**

	Agent Multiple-Employer Defined Benefit Pension Plans	Cost-Sharing Multiple-Employer Defined Benefit Pension Plans
Number of Plans:	31	23
Valuation date(s):	June 30, 2022	Twelve plans as of June 30, 2022. Three plans as of December 31, 2022. Two plans as of January 1, 2023. Five plans as of June 30, 2023. One plan as of December 31, 2023.
Actuarial assumptions:		
Discount rate	6.90%	Rates ranging from 6.42% to 7.25%

Discount Rates: The discount rate used to measure the total pension liability of the trial courts that participate in the agent multiple-employer defined benefit pension plan was 6.90%. The discount rates used to measure the total pension liability of each trial court that participates in a cost-sharing multiple employer defined benefit plan ranged from 6.42% to 7.25% as of the respective measurement date.

Pension Accounting Elements: For the trial court pension plans, the State reported total pension liability of \$12.9 billion and fiduciary net position of \$10.4 billion, which resulted in a net pension liability of \$2.5 billion as of June 30, 2024. For the fiscal year ended June 30, 2024, the State recognized pension expense of \$386 million. At June 30, 2024, the State reported deferred outflows of resources of \$1.2 billion and deferred inflows of resources of \$293 million. The reported deferred outflows of resources included \$376 million from pension contributions the trial courts made subsequent to the measurement date. These contributions will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025.

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS

The State provides medical and prescription drug benefits to annuitants and their dependents under the Public Employees' Medical and Hospital Care Act, and dental benefits under the State Employees' Dental Care Act, through the State of California Retiree Health Benefits Program (Retiree Health Benefits Program). The Retiree Health Benefits Program consists of a number of defined benefit other postemployment benefit (OPEB) plans, to which the State contributes as an employer. The State also offers life insurance, long-term care, and vision benefits to retirees; however, because these benefits are completely paid for by the retirees, the State has no liability. The design of health and dental benefit plans can be amended by the CalPERS Board of Administration and the California Department of Human Resources, respectively. CalPERS is a fiduciary component unit of the State, and its financial activity is included in the pension and other employee benefit trust funds column of the fiduciary funds and similar component units' financial statements of this report.

Fifty-eight county superior courts (trial courts) are included in the primary government. The trial courts offer OPEB outside of the Retiree Health Benefits Program and have separately issued actuarial valuation reports. Additional information related to the trial courts is provided in section B.

For the purpose of measuring net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of the Retiree Health Benefits Program and the trial court OPEB plans, and changes to the plans' fiduciary net positions, have been determined on the same basis as reported by the plans.

The University of California, a discretely presented component unit, administers the University of California Retiree Health Benefit Trust (UCRHT), which consists of single-employer OPEB plans that provide medical, dental, and vision benefits to eligible retirees and their dependents. The costs of medical and dental benefits are shared between the University and participating retirees. These costs are funded on a pay-as-you-go basis, and the University does not contribute toward the cost of other benefits available to retirees. The State does not directly contribute to the UCRHT. Additional information on the UCRHT can be found in the University's separately issued financial statements on its website at www.ucop.edu.

A. Retiree Health Benefits Program

Plan Description: Employer and retiree contributions to the Retiree Health Benefits Program (the Program) are established and amended by state law for different groups of employees. Through the collective bargaining process and through state law, certain bargaining units, judicial employees, and Exempt, Excluded, and Executive (EEE) employees (valuation groups) have begun prefunding retiree healthcare and dental benefits. Assets are held in separate state subaccounts by valuation group within the California Employers' Retiree Benefit Trust Fund (CERBTF), an agent multiple-employer trust administered by CalPERS for the prefunding of health, dental, and other non-pension benefits. In accordance with California Government Code section 22940, assets accumulated in the CERBTF will be invested and are not available to pay benefits until the earlier of 2046, or the date the funded ratio of the subaccount of a particular valuation group reaches at least 100% of the actuarially determined liability for the valuation group, and then only for the purposes of paying benefits of annuitants and dependents associated with that valuation group.

The Program has 17 different valuation groups that include different categories of employees. Effective July 1, 2018, valuation groups 1, 3, 4, 11, 14, 15, 17, 20 and 21, were consolidated as one actuarial valuation group, Service Employees International Union (SEIU). Valuation groups that have accumulated prefunding assets in a CERBTF subaccount are reported as separate OPEB plans. As of the June 30, 2024 reporting date, these valuation groups included SEIU as well as Bargaining Units 2, 5, 6, 7, 8, 9, 10, 12, 13, 16, 18, 19, the Judicial Branch, and EEE employees. The OPEB plans for SEIU as well as Bargaining Units 5, 6, 9, and 12 are each reported discretely. The OPEB plans for Bargaining Units 2, 7, 8, 10, 13, 16, 18, 19, the Judicial Branch, and EEE employees are collectively reported as “Other Funded Plans.” The remaining valuation groups (the California State University and Other) for which the State made contributions through the CERBTF on a “pay-as-you-go” basis to fund benefit payments are collectively reported as the “Unfunded Plan.” Prefunding contributions to the CERBTF are nonrefundable, and state employees have no claims or rights to the assets. CalPERS reports on the CERBTF as part of its separately issued annual financial statements, which can be obtained from CalPERS on its website at www.CalPERS.ca.gov.

The OPEB plans have common benefit terms and are valued using common actuarial methods and assumptions, with the exception of certain demographic and economic assumptions that are specific to certain valuation groups. The valuation groups also have different prefunding contribution rates determined through collective bargaining and state law.

Benefits Provided: Benefit terms are governed by state law and can be amended by the Legislature. To be eligible for OPEB benefits, annuitants must retire within 120 days of separation from employment. Survivors of eligible annuitants may also enroll within 60 days of the annuitant’s death. Dependents of annuitants who are enrolled or eligible to enroll at the time of the annuitant’s death qualify for benefits.

Annuitants who qualify for premium-free Medicare Part A, either on their own or through a spouse, must enroll in Medicare Part B coverage as soon as they qualify for Medicare Part A. The annuitant must then enroll in a Medicare supplemental insurance plan sponsored by CalPERS which lowers the costs of retirees’ health care premiums and provides some coverage beyond Medicare.

Employees Covered by Benefit Terms: Detailed information about the number of employees covered within the OPEB plans is provided in the *State of California Retiree Health Benefits Program GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2023* (June 30, 2023 Actuarial Valuation Report), on the State Controller’s Office website, at www.sco.ca.gov.

Table 36 shows the number of employees covered by the benefit terms.

Table 36

Number of Employees by Type Covered by Benefit Terms – Retiree Health Benefits Program

June 30, 2023

OPEB Plan	Inactive employees or beneficiaries currently receiving benefits	Active Employees	Total
Service Employees International Union (SEIU) Plan	77,976	115,637	193,613
Bargaining Unit 5 Plan	7,861	6,846	14,707
Bargaining Unit 6 Plan	29,451	28,954	58,405
Bargaining Unit 9 Plan	9,046	13,959	23,005
Bargaining Unit 12 Plan	10,609	12,956	23,565
Other Funded Plans	33,294	50,267	83,561
Unfunded Plan	42,925	55,320	98,245
Total	211,162	283,939	495,101

Note: Inactive employees that are entitled to, but not receiving benefits are not currently being tracked.

Contributions: The contribution requirements of plan members and the State are established and may be amended by the Legislature, and can be subject to collective bargaining. In accordance with the California Government Code, the State generally pays 100% of the health insurance premium cost for annuitants, plus 90% of the additional premium required for the enrollment of annuitants' family members. The State generally pays all or a portion of the dental insurance premium cost for annuitants, depending on the completed years of credited state service at retirement and the dental coverage selected by the annuitant, as specified in the California Government Code. The State funds the cost of providing health and dental insurance to annuitants primarily on a "pay-as-you-go" basis, with a modest amount of prefunding for members of SEIU, Bargaining Units 5, 6, 9, 12, and other funded plans. See Table 38 for details on the fiduciary net positions of the OPEB plans. The maximum 2023 monthly State contribution was \$883 for one-party coverage, \$1,699 for two-party coverage, and \$2,124 for family coverage. For the year ended June 30, 2023, the State contributed \$3.5 billion toward annuitants' health and dental benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes for the OPEB plans include the types of benefits provided at the time of each valuation and the established pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are consistent with a long-term perspective.

For the measurement period ended June 30, 2023 (the measurement date), total OPEB liability for each plan was based on the actuarial methods and assumptions shown in Table 37.

Table 37**Actuarial Methods and Assumptions – Retiree Health Benefits Program**

Valuation date:	June 30, 2023
Actuarial cost method:	Entry age normal in accordance with the requirements of GASB Statement No. 75
Actuarial assumptions:	
Discount rate	Blended rate for each valuation group, consisting of 6.00% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 3.86%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.00%, net of OPEB plan investment expenses but without reduction for OPEB plan administrative expenses
Healthcare cost trend rates	Pre-Medicare coverage: Actual rates for 2024, increasing to 7.00% in 2025, grading down to 4.50% from 2030 to 2038, and 4.25% for 2039 and later years Post-Medicare coverage: Actual rates for 2024, increasing to rates ranging from 7.00% to 7.66% in 2025, grading down to 4.50% from 2035 to 2038, and 4.25% for 2039 and later years Dental coverage: 0.23% for 2024, 2.00% for 2025, 3.00% for 2026, 4.00% for 2027, and 4.25% for 2028 and later years
Mortality	Derived using CalPERS' membership data for all members

Other demographic assumptions used in the June 30, 2023 valuation were based on the results of the *2021 CalPERS Experience Study and Review of Actuarial Assumptions* report for the period from 2000 to 2019 and included updates to termination, disability, and retirement rates. The CalPERS experience study can be obtained from CalPERS' website at www.CalPERS.ca.gov.

Healthcare-related assumptions such as plan participation, aging factors, adjustments for disabled members, and adjustments for children of current retirees and survivors are based on the State of California Retiree Health Benefits Program 2022 Experience Review performed by Gabriel, Roeder, Smith and Company (GRS) for the period from 2018 to 2022. Other healthcare assumptions such as member healthcare plan selection, coverage and continuance, select and ultimate healthcare cost trend rates, and per capita claim costs and expenses are based on the most current information available. The 2022 GRS Experience Review can be obtained from the State Controller's Office website, at www.sco.ca.gov.

Investment Rate of Return: The long-term expected rate of return on OPEB plan investments was determined by GRS using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. Expected compound (geometric) returns were calculated over a closed period. Based on separate expected real returns for the short-term (first five years) and the long-term (six-20 years), and an average inflation assumption of 2.30%, a single expected return rate of 6.00% was calculated for the combined short-term and long-term periods. If applied to expected cash flows during that period, the resulting present value of benefits is expected to be consistent with the present value of benefits that would be determined by applying the short and long-term expected rates to the same cash flows.

Table 38 shows the long-term expected real rate of return by asset class.

Table 38

Long-term Expected Real Rate of Return by Asset Class

Asset Class	Target Asset Allocation	Real Return Years 1 – 5	Real Return Years 6 - 20
Global Equity	49.0 %	4.40 %	4.50 %
Fixed Income	23.0	(1.00)	2.20
Treasury Inflation-Protected Securities	5.0	(1.80)	1.30
Real Estate Investment Trusts	20.0	3.00	3.90
Commodities.....	3.0	0.80	1.20
Total.....	<u>100.0 %</u>		

Discount Rates: The blended rates used to measure the June 30, 2023 total OPEB liability consist of the 20-year Municipal G.O. Bond AA Index rate of 3.86% as of June 30, 2023, as reported by Fidelity, when prefunding assets are not available to pay benefits, and 6.00% when prefunding assets are available to pay benefits. The cash flow projections used to calculate the blended discount rates were developed assuming that prefunding agreements in which actuarial determined normal costs are shared between employees and the State will continue and that the required contributions will be made on time and as scheduled in future years. The prefunding agreements are subject to collective bargaining and legislative approval. Detailed information on the blended discount rates by valuation group is available in the *State of California Retiree Health Benefits Program GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2023*, on the State Controller's Office website, at www.sco.ca.gov.

Blended rates for the June 30, 2024 valuation will be determined using the Fidelity Index 20-year Municipal G.O. Bond AA Index rate of 3.97% when prefunding assets are not available to pay benefits.

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Changes in Net OPEB Liability: Table 39 shows the changes in net OPEB liability for the OPEB plans, recognized over the measurement period.

Table 39

Changes in Net OPEB Liability

(amounts in thousands)

	SEIU		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 28,542,796	\$ 1,510,300	\$ 27,032,496
Changes recognized for the measurement period:			
Service cost	951,313	—	951,313
Interest on total OPEB liability	1,193,663	—	1,193,663
Difference between expected and actual experiences	248,422	—	248,422
Changes of assumptions	263,281	—	263,281
Employer contributions	—	1,369,690	(1,369,690)
Employee contributions	—	301,445	(301,445)
Net investment income	—	122,484	(122,484)
Benefit payments	(1,068,245)	(1,068,245)	—
Administrative expense	—	(516)	516
Net changes	1,588,434	724,858	863,576
Balance at June 30, 2023 (Measurement Date)	\$ 30,131,230	\$ 2,235,158	\$ 27,896,072

Bargaining Unit 5 Plan			Bargaining Unit 6 Plan		
Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
\$ 4,840,738	\$ 658,106	\$ 4,182,632	\$ 16,304,912	\$ 1,363,150	\$ 14,941,762
136,920	—	136,920	485,501	—	485,501
207,924	—	207,924	683,945	—	683,945
(15,291)	—	(15,291)	(128,638)	—	(128,638)
7,641	—	7,641	114,998	—	114,998
—	143,430	(143,430)	—	513,109	(513,109)
—	16,905	(16,905)	—	121,510	(121,510)
—	45,222	(45,222)	—	97,891	(97,891)
(92,714)	(92,714)	—	(391,600)	(391,600)	—
—	(200)	200	—	(427)	427
244,480	112,643	131,837	764,206	340,483	423,723
\$ 5,085,218	\$ 770,749	\$ 4,314,469	\$ 17,069,118	\$ 1,703,633	\$ 15,365,485

(continued)

Table 39 (continued)

Changes in Net OPEB Liability (continued)

(amounts in thousands)

	Bargaining Unit 9 Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 4,171,793	\$ 278,489	\$ 3,893,304
Changes recognized for the measurement period:			
Service cost	130,885	—	130,885
Interest on total OPEB liability	174,009	—	174,009
Difference between expected and actual experiences	62,131	—	62,131
Changes of assumptions	37,701	—	37,701
Employer contributions	—	164,496	(164,496)
Employee contributions	—	35,761	(35,761)
Net investment income	—	20,892	(20,892)
Benefit payments	(128,736)	(128,736)	—
Administrative expense	—	(90)	90
Net changes	275,990	92,323	183,667
Balance at June 30, 2023 (Measurement Date)	\$ 4,447,783	\$ 370,812	\$ 4,076,971

Bargaining Unit 12			Other Funded Plans		
Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
\$ 3,802,832	\$ 244,027	\$ 3,558,805	\$ 14,605,252	\$ 1,076,998	\$ 13,528,254
115,098	—	115,098	523,411	—	523,411
158,792	—	158,792	621,278	—	621,278
(61,321)	—	(61,321)	(38,737)	—	(38,737)
52,679	—	52,679	207,290	—	207,290
—	175,199	(175,199)	—	593,704	(593,704)
—	33,161	(33,161)	—	139,289	(139,289)
—	18,472	(18,472)	—	81,057	(81,057)
(142,038)	(142,038)	—	(454,415)	(454,415)	—
—	(79)	79	—	(349)	349
123,210	84,715	38,495	858,827	359,286	499,541
\$ 3,926,042	\$ 328,742	\$ 3,597,300	\$ 15,464,079	\$ 1,436,284	\$ 14,027,795

(continued)

Table 39 (continued)

Changes in Net OPEB Liability (continued)

(amounts in thousands)

	Unfunded Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 15,276,175	\$ —	\$ 15,276,175
Changes recognized for the measurement period:			
Service cost	579,259	—	579,259
Interest on total OPEB liability	575,416	—	575,416
Difference between expected and actual experiences	(264,319)	—	(264,319)
Changes of assumptions	264,317	—	264,317
Employer contributions	—	527,794	(527,794)
Employee contributions	—	—	—
Net investment income	—	—	—
Benefit payments	(527,794)	(527,794)	—
Administrative expense	—	—	—
Net changes	626,879	—	626,879
Balance at June 30, 2023 (Measurement Date)	\$ 15,903,054	\$ —	\$ 15,903,054

¹ Includes amounts allocated to related organizations and fiduciary funds. Also includes the difference in net OPEB liability for discretely presented component units with a reporting period ended December 31, 2023, and minor differences related to amounts reported in separately issued financial statements of proprietary funds and discretely presented component units.

Total		
Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
\$ 87,544,498	\$ 5,131,070	\$ 82,413,428
2,922,387	—	2,922,387
3,615,027	—	3,615,027
(197,753)	—	(197,753)
947,907	—	947,907
—	3,487,422	(3,487,422)
—	648,071	(648,071)
—	386,018	(386,018)
(2,805,542)	(2,805,542)	—
—	(1,661)	1,661
4,482,026	1,714,308	2,767,718
\$ 92,026,524	\$ 6,845,378	\$ 85,181,146
Reported in governmental activities	\$ 67,166,435	
Reported in business-type activities	15,402,777	
Reported by discretely presented component units	105,869	
Not reported in government-wide Statement of Net Position ¹	2,506,065	
Total net OPEB liability	\$ 85,181,146	
		(concluded)

Sensitivity of the Net OPEB Liability to Changes in Blended Discount Rates: Table 40 shows the net OPEB liability for each plan as of the measurement date, calculated using their respective blended discount rates ranging from 3.86% to 4.38%, as well as what the net OPEB liability would be if it were calculated using rates that are one percentage-point lower or one percentage-point higher than the blended discount rates.

Table 40

Net OPEB Liability Sensitivity to Changes in Blended Discount Rates

June 30, 2024

(amounts in thousands)

OPEB Plan	Blended Rate	Blended Discount Rates		Blended Discount Rates	
		-1%	Blended Discount Rates	+1%	Blended Discount Rates
Service Employees International Union (SEIU) Plan	4.26%	\$ 32,698,607	\$ 27,896,072	\$ 23,989,954	
Bargaining Unit 5 Plan	4.37%	5,256,931	4,314,469	3,576,804	
Bargaining Unit 6 Plan	4.29%	18,364,263	15,365,485	12,996,313	
Bargaining Unit 9 Plan	4.28%	4,780,552	4,076,971	3,504,388	
Bargaining Unit 12 Plan	4.30%	4,194,151	3,597,300	3,111,092	
Other Funded Plans	4.21% to 4.38%	16,597,674	14,027,795	11,962,547	
Unfunded Plan	3.86%	18,324,432	15,903,054	13,926,153	
Total		\$ 100,216,610	\$ 85,181,146	\$ 73,067,251	

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: Table 41 shows the net OPEB liability for each plan as of the measurement date, calculated using the select and ultimate healthcare cost trend rates presented in Table 37, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the healthcare cost trend rates presented in Table 37.

Table 41

Net OPEB Liability Sensitivity to Changes in the Healthcare Cost Trend Rates

June 30, 2024

(amounts in thousands)

OPEB Plan		Healthcare Cost Trend Rates		Healthcare Cost Trend Rates	
		-1%	Healthcare Cost Trend Rates	+1%	Healthcare Cost Trend Rates
Service Employees International Union (SEIU) Plan	\$	24,519,879	\$ 27,896,072	\$ 32,182,770	
Bargaining Unit 5 Plan		3,668,724	4,314,469	5,145,585	
Bargaining Unit 6 Plan		13,325,714	15,365,485	17,964,399	
Bargaining Unit 9 Plan		3,586,832	4,076,971	4,695,128	
Bargaining Unit 12 Plan		3,178,269	3,597,300	4,123,199	
Other Funded Plans		12,209,575	14,027,795	16,371,660	
Unfunded Plan		14,213,913	15,903,054	18,028,048	
Total		\$ 74,702,906	\$ 85,181,146	\$ 98,510,789	

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plans' fiduciary net positions is available in the separate report issued by CalPERS, at www.CalPERS.ca.gov.

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB: The State recognized OPEB expense for the OPEB plans of \$1.1 billion for the year ended June 30, 2024. Deferred outflows of resources are recognized for changes of assumptions, for employer contributions subsequent to the measurement date, and for the difference between expected and actual experience. Deferred inflows of resources are recognized for changes of assumptions and for the difference between expected and actual experience. Net deferred outflows of resources are recognized for the aggregate difference (positive and negative) between projected and actual earnings on the OPEB plans' investments occurring in different measurement periods.

As of June 30, 2024, the State reported OPEB expense and deferred outflows and deferred inflows of resources as shown in Table 42.

Table 42

OPEB Expense and Sources of Deferred Outflows and Deferred Inflows of Resources Related to OPEB

June 30, 2024

(amounts in thousands)

Description	Service Employees International Union (SEIU) Plan	Bargaining Unit 5 Plan	Bargaining Unit 6 Plan	Bargaining Unit 9 Plan
OPEB Expense	\$ 98,686	\$ 43,905	\$ 354,241	\$ 83,140
Deferred Outflows of Resources:				
Employer contributions subsequent to the measurement date	1,451,868	143,298	530,421	181,487
Difference between expected and actual experiences	826,096	10,618	608,239	211,233
Changes of assumptions	1,578,930	525,289	1,269,972	193,116
Net difference between projected and actual earnings on OPEB plan investments	127,713	45,122	98,826	21,072
Deferred Inflows of Resources:				
Difference between expected and actual experiences	2,375,377	455,564	983,056	227,086
Changes of assumptions	4,741,109	920,965	2,398,799	633,933

The \$3.7 billion reported as deferred outflows of resources resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

Bargaining Unit 12 Plan	Other Funded Plans	Unfunded Plan	Total
\$ 21,596	\$ 292,962	\$ 230,803	\$ 1,125,333
179,907	642,053	552,876	3,681,910
159,317	886,716	824,694	3,526,913
171,825	976,370	986,405	5,701,907
19,122	83,154	—	395,009
318,832	1,289,580	1,304,702	6,954,197
537,016	2,456,542	3,049,833	14,738,197

Table 43 shows amounts for each plan reported as deferred outflows and deferred inflows of resources related to OPEB that will be recognized as OPEB expense in future years. Increases to OPEB expense are shown as positive amounts and decreases to OPEB expense are shown as negative amounts.

Table 43

Recognition of Deferred Outflows and Deferred Inflows of Resources Related to OPEB
(amounts in thousands)

OPEB Plan	Year Ending June 30					
	2025	2026	2027	2028	2029	Thereafter
Service Employees International Union (SEIU) Plan	\$ (1,255,719)	\$ (742,664)	\$ (764,006)	\$ (821,803)	\$ (720,813)	\$ (278,742)
Bargaining Unit 5	(181,962)	(165,411)	(214,717)	(232,280)	(1,130)	—
Bargaining Unit 6	(348,801)	(298,268)	(324,876)	(430,813)	(2,060)	—
Bargaining Unit 9	(107,167)	(87,304)	(88,479)	(95,877)	(71,457)	14,686
Bargaining Unit 12	(127,907)	(122,972)	(105,972)	(91,573)	(56,174)	(986)
Other Funded Plans	(489,650)	(381,516)	(310,360)	(296,606)	(188,281)	(133,469)
Unfunded Plan	(683,439)	(448,289)	(416,220)	(445,293)	(389,943)	(160,252)
Total	\$ (3,194,645)	\$ (2,246,424)	\$ (2,224,630)	\$ (2,414,245)	\$ (1,429,858)	\$ (558,763)

B. Trial Court OPEB Plans

Plan Description: The 58 trial courts are reported as part of the primary government, but each trial court may utilize a separate OPEB plan, where OPEB is offered to employees, and obtain a separate actuarial valuation report for GASB Statement No. 75 reporting purposes. One trial court (Los Angeles) participates in both an agent multiple-employer defined benefit OPEB plan and a single-employer plan, three trial courts (Alameda, Orange, and San Diego) participate in county administered cost-sharing multiple-employer defined benefit OPEB plans, 39 trial courts participate in an agent multiple-employer defined benefit OPEB plan, and 12 trial courts participate in single-employer defined benefit OPEB plans. Three trial courts (Fresno, Mendocino, and Stanislaus) do not have an OPEB plan.

Benefits Provided, Contributions, and Employees Covered by Benefit Terms: To obtain information on eligibility terms, benefits provided, contributions, and actuarial assumptions from individual trial court OPEB actuarial valuation reports, email the State Controller's Office, State Accounting and Reporting Division at StateGovReports@sco.ca.gov.

Net OPEB Liability Actuarial Methods and Assumptions: For two of the trial court valuations, the net OPEB liability was measured as of December 31, 2023 (measurement date), and the remaining 53 valuations had a measurement date of June 30, 2023. One of the courts had an actuarial valuation date of December 31, 2023, and 54 courts were valued as of June 30, 2023.

Table 44 shows selected actuarial assumptions for the trial court OPEB plans, by plan type.

Table 44**Actuarial Methods and Assumptions – Trial Court OPEB Plans**

	Single-Employer Defined Benefit OPEB Plans	Agent Multiple-Employer Defined Benefit OPEB Plans	Cost-Sharing Multiple-Employer Defined Benefit OPEB Plans
Valuation date:	June 30, 2023	June 30, 2023	Two plans as of June 30, 2023. One plan as of December 31, 2023.
Actuarial assumptions:			
Discount rate	Single rate of 3.86%.	Blended and single rates ranging from 3.86% to 7.00%.	Single rates ranging from 6.50% to 7.00%.
Healthcare cost trend rates	Initial rate of 7.60% in 2024, gradually decreasing to an ultimate rate of 3.90% over 52 years per the Society of Actuaries Getzen model.	Initial rate of 7.60% in 2024, gradually decreasing to an ultimate rate of 3.90% over 52 years per the Society of Actuaries Getzen model	Initial rates ranging from 7.25% to 8.50%, decreasing gradually to ultimate rates ranging from 3.45% to 4.50% in 2035 and later years.

Discount Rates: The discount rates used to measure the total OPEB liability were based on either a single or a blended rate for each trial court. The blended rates used to measure the June 30, 2023 total OPEB liability consist of the 20-year Municipal G.O. Bond AA Index rate of 3.86% as of June 30, 2023, when prefunding assets are not available to pay benefits, and full funding discount rates ranging from 4.25% to 7.00% when prefunding assets are available to pay benefits. Single rates range from 3.86% to 7.00%. The projections of cash flows used to determine the discount rates assumed that plan contributions will be made according to funding policy, benefits will be paid out of OPEB trusts until assets are depleted, and employer contributions will first be applied to employee service costs in each period.

OPEB Accounting Elements: For the trial court OPEB plans, the State reported total OPEB liability of \$1.9 billion and fiduciary net position of \$335 million, which resulted in a net OPEB liability of \$1.5 billion as of June 30, 2024, reported in governmental activities. For the year ended June 30, 2024, the State recognized OPEB expense of \$37 million. At June 30, 2024, the State reported deferred outflows of resources of \$275 million and deferred inflows of resources of \$508 million. Deferred outflows of resources included \$84 million from OPEB contributions made subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

NOTE 13: COMMERCIAL PAPER AND OTHER LONG-TERM BORROWINGS

The primary government has two commercial paper borrowing programs: a general obligation commercial paper program and an enterprise fund commercial paper program for the Department of Water Resources. Commercial paper (new issuance or rollover notes that replace maturing new issuances) may be issued at the prevailing market rate, not to exceed 11% for the general obligation and 12% for the Department of Water Resources enterprise fund program, for periods not to exceed 270 days from the date of issuance. The proceeds from the initial issuance of commercial paper are used for voter-approved projects of the general obligation bond program and certain state water projects. For both commercial paper borrowing programs, the commercial paper is retired by the issuance of long-term debt, so commercial paper is considered a noncurrent liability.

To provide liquidity for the programs, the State has entered into revolving credit agreements with credit providers such as commercial banks, which total the maximum authorized issuance of general obligation and enterprise fund commercial paper notes. As of June 30, 2024, there were no borrowings with the banks under the revolving credit agreements. The current “Letter of Credit” agreements for the general obligation commercial paper program authorize the issuance of notes in an aggregate principal amount not to exceed \$2.5 billion. As of June 30, 2024, the general obligation commercial paper program had \$1.0 billion in outstanding commercial paper notes for governmental activities. The current agreements for the enterprise fund commercial paper program authorize the issuance of notes in an aggregate principal amount not to exceed \$1.4 billion. As of June 30, 2024, the enterprise fund commercial paper program had \$485 million in outstanding notes.

The primary government has a bond anticipation note program that consists of borrowing for capital improvements on certain California State University campuses. As of June 30, 2024, \$172 million in outstanding bond anticipation notes existed in anticipation of the primary government issuing revenue bonds to the public.

The University of California, a discretely presented component unit, has a commercial paper program and other uncollateralized borrowings. Additional disclosures for the University’s commercial paper and other long-term borrowings are included in the University’s separately issued financial statements, which can be obtained from the University on its website at www.ucop.edu.

NOTE 14: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The State leases land, buildings, equipment, and other assets as a lessee under a variety of noncancellable long-term lease agreements. The State also has noncancellable subscription-based information technology arrangements (SBITAs) for the right to use information technology software. As of June 30, 2024, the primary government had a lease liability of \$2.8 billion and a subscription liability of \$123 million for governmental activities. For business-type activities, the lease liability was \$526 million, and the subscription liability was \$55 million. The State is required to make principal and interest payments through maturity of the lease and SBITA agreements. For governmental activities, the required payments are discounted using either the rates explicit in the lease and SBITA agreements or the State’s incremental borrowing rates. The State’s incremental borrowing rates ranged from 2.63% to 3.26%, depending on the duration of the lease or subscription term at the inception of each lease or SBITA agreement during the 2023-24 fiscal year. Required payments for business-type activities are discounted using the rates explicit in the lease and SBITA agreements, the State’s incremental borrowing rates, or other determined incremental borrowing rates.

Table 45 includes the principal and interest requirements to maturity for the lease liability of the primary government.

Table 45
Schedule of Principal and Interest Requirements to Maturity - Lease Liability
 (amounts in thousands)

Year Ending June 30	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 476,097	\$ 43,031	\$ 198,896	\$ 10,001	\$ 674,993	\$ 53,032
2026	426,199	37,099	32,988	9,484	459,187	46,583
2027	373,350	31,458	28,037	8,626	401,387	40,084
2028	326,586	26,171	23,280	7,774	349,866	33,945
2029	261,314	21,415	21,610	7,171	282,924	28,586
2030-2034	679,504	56,578	95,006	27,979	774,510	84,557
2035-2039	226,101	14,931	58,970	17,336	285,071	32,267
2040-2044	44,371	2,643	34,845	9,824	79,216	12,467
2045-2049	6,167	700	22,185	4,981	28,352	5,681
2050-2054	2,890	271	7,604	1,753	10,494	2,024
Thereafter	2,430	603	2,403	962	4,833	1,565
Total	\$ 2,825,009	\$ 234,900	\$ 525,824	\$ 105,891	\$ 3,350,833	\$ 340,791
Less: current portion	476,097		198,896		674,993	
Lease liability, net of current portion	<u>\$ 2,348,912</u>		<u>\$ 326,928</u>		<u>\$ 2,675,840</u>	

Table 46 includes the principal and interest requirements to maturity for the subscription liability of the primary government.

Table 46

Schedule of Principal and Interest Requirements to Maturity - Subscription Liability
(amounts in thousands)

Year Ending June 30	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 85,447	\$ 1,803	\$ 30,422	\$ 2,293	\$ 115,869	\$ 4,096
2026	29,971	492	16,055	1,113	46,026	1,605
2027	5,402	133	3,803	390	9,205	523
2028	1,766	28	2,735	221	4,501	249
2029	104	1	1,450	104	1,554	105
2030-2034	213	—	971	41	1,184	41
Total	\$ 122,903	\$ 2,457	\$ 55,436	\$ 4,162	\$ 178,339	\$ 6,619
Less: current portion	<u>85,447</u>		<u>30,422</u>		<u>115,869</u>	
Subscription liability, net of current portion	<u>\$ 37,456</u>		<u>\$ 25,014</u>		<u>\$ 62,470</u>	

Certain lease and SBITA agreements require variable payments that are not included in the lease and subscription liabilities or related right-to-use lease and SBITA assets. The primary government recognized expenses of \$102 million from variable lease payments and \$8 million from subscription variable payments for the year ended June 30, 2024.

As of June 30, 2024, the discretely presented component units, including the University of California and its foundation, the California Housing Finance Agency (CalHFA), and various nonmajor component units, reported lease liabilities for land, buildings, equipment, and other assets and subscription liabilities for information technology software. Additional disclosures for the University of California's lease and subscription liabilities are included in the University's separately issued financial statements, which may be found on its website at www.ucop.edu. Additional disclosures for CalHFA's lease liability are included in CalHFA's separately issued financial statements, which may be found on its website at www.CalHFA.ca.gov.

NOTE 15: COMMITMENTS

As of June 30, 2024, the primary government had commitments of \$10.3 billion for certain highway construction projects. These commitments are not included as a liability in the Federal Fund or the Transportation Fund because future expenditures related to these commitments will be reimbursed with \$8.6 billion from proceeds of approved federal grants and \$1.7 billion from local governments. The primary government also had other commitments for which the future expenditures will be reimbursed by the proceeds of approved federal grants of \$5.1 billion for various education programs, \$3.5 billion for housing and community development programs, \$837 million for terrorism prevention and disaster-preparedness response projects, \$495 million for services provided under various public health programs, \$270 million for community service programs, \$47 million for planning and

research programs, \$24 million for services provided under the child support program, and \$17 million for water resources programs.

The primary government had other commitments, totaling \$37.4 billion, that are not included as a liability on the Balance Sheet or the Statement of Net Position. The \$37.4 billion in commitments includes grant agreements totaling approximately \$28.8 billion to reimburse other entities for construction projects for school building aid, parks, transportation-related infrastructure, housing, and other improvements; and to reimburse counties and cities for costs associated with various programs. Any assets that have been constructed will not belong to the primary government, whose payments are contingent upon the other entities entering into construction contracts. The \$37.4 billion in commitments includes \$2.5 billion in undisbursed loan commitments to qualified agencies for clean water projects and \$2.8 billion in undisbursed loan commitments for various programs aimed at providing housing and emergency shelter to persons in need.

The \$37.4 billion in commitments also includes contracts of \$790 million for the construction of water projects and the purchase and transmission of power that are not included as a liability on the Statement of Net Position of the Water Resources Fund. Included in this amount are certain power purchase, sale, and exchange contracts. The primary government had commitments of \$968 million for CSU construction projects. In addition, CSU participates in forward-purchase contracts of electricity. As of June 30, 2024, CSU's obligation under these special purchase arrangements requires it to purchase at fixed prices an estimated total of \$25 million in electricity through December 2025. The California State Lottery Commission had commitments of \$1.5 billion for gaming and telecommunication systems and services. The primary government also had commitments of \$41 million to veterans for the purchase of properties under contracts of sale. These are long-term projects, and all of the contracts' needs may not have been defined. The projects will be funded with existing and future program resources or with the proceeds of revenue and general obligation bonds.

As of June 30, 2024, the primary government encumbered expenditures of \$13.6 billion for the General Fund, \$4.1 billion for the Environmental and Natural Resources Fund, and \$6.5 billion for the nonmajor governmental funds. See Note 3, Budgeting and Budgetary Control, for an explanation of the primary government's policy concerning encumbrances.

As of June 30, 2024, the discretely presented and fiduciary component units had other commitments that were not included as liabilities on the corresponding Statement of Net Position. Additional disclosure for the University of California's commitments is included in its separately issued financial statements, which may be found on its website at www.ucop.edu. Additional disclosure for the California Housing Finance Agency's (CalHFA) commitments is included in its separately issued financial statements, which may be found on its website at www.CalHFA.ca.gov. Additional disclosure for the California Public Employees' Retirement System's (CalPERS) commitments is included in its separately issued financial statements, which may be found on its website at www.CalPERS.ca.gov. Additional disclosure for the California State Teachers' Retirement System's (CalSTRS) commitments is included in its separately issued financial statements, which may be found on its website at www.CalSTRS.com.

NOTE 16: GENERAL OBLIGATION BONDS

The State Constitution permits the primary government to issue general obligation bonds for specific purposes and in such amounts as approved by a two-thirds vote of both houses of the Legislature and by a majority of voters in a general or direct primary election. The debt service for general obligation bonds is appropriated from the General Fund. Under the State Constitution, the General Fund is used first to support the public school system and public institutions of higher education; the General Fund can then be used to service the debt on outstanding general obligation bonds. Enterprise funds and certain other funds reimburse the General Fund for any debt service that it provides on their behalf. General obligation bonds that are directly related to, and are expected to be paid from, the resources of enterprise funds are included as a liability of such funds in the financial statements. However, the General Fund may be liable for the payment of any principal and interest on these bonds that is not met from the resources of such enterprise funds.

As of June 30, 2024, the State had \$71.7 billion in outstanding general obligation bonds related to governmental activities and \$634 million related to business-type activities. In addition, \$28.1 billion in long-term general obligation bonds had been authorized but not issued, of which \$27.3 billion is related to governmental activities and \$804 million is related to business-type activities. The total amount authorized but not issued (which may first be issued as commercial paper notes) includes \$7.0 billion authorized by the applicable finance committees for issuance in the form of commercial paper notes or bonds. In addition, the State had \$1.0 billion in general obligation indebtedness in the form of commercial paper notes that had been issued but not yet retired by long-term bonds as of June 30, 2024.

A. Variable-rate General Obligation Bonds

The State issues both fixed and variable-rate general obligation bonds. As of June 30, 2024, the State had \$669 million in variable-rate general obligation bonds outstanding, consisting of \$182 million in daily-rate bonds with credit enhancement, and \$487 million in weekly-rate bonds with credit enhancement. The interest rates associated with the credit-enhanced bonds are determined by the remarketing agents, to be the lowest rate that would allow the bonds to sell on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount. The interest on variable-rate bonds is generally paid on the first business day of each calendar month.

The credit-enhanced bonds are secured by letters of credit that secure payment of principal and interest on the bonds and, as applicable, payment of purchase price upon tender by the holder. The State has entered into different credit agreements with various banks (credit providers) for one or more series of credit-enhanced bonds. Under these credit agreements, the credit providers agree to pay all principal and interest payments to the bondholders up to a commitment amount identified in the applicable credit agreement; the State is then required to reimburse the credit providers for the amounts paid. In return, the credit providers are compensated with commitment fees that are calculated as a percentage of the applicable commitment amount. The bondholders have the right to tender the bonds on any business day in accordance with the applicable bond documents. Upon a tender, the remarketing agent will attempt to remarket the tendered bond to a new investor. If the remarketing of the tendered bond is unsuccessful, the bond will be purchased by the applicable credit provider and become a bank bond and accrue interest at higher rates, which cannot exceed 11% as permitted by law until remarketed, redeemed, or paid at maturity. If a bond cannot be remarketed and remains a bank bond for a period ranging from 90 days to 180 days, the bond will be subject to amortization payments in equal installments under the terms stated in the applicable credit agreement. The amortization period may exceed the expiration date of the

applicable credit agreement. A bank bond may be remarketed at any time during the amortization period. There were no bank bonds during the 2023-24 fiscal year.

As of June 30, 2024, the letters of credit for the Series 2003 variable-rate bonds had expiration dates of December 16, 2024; August 25, 2025; and May 10, 2028. The letter of credit for the Series 2004 variable-rate bonds had an expiration date of December 29, 2025. The letters of credit for the Series 2005 variable-rate bonds had expiration dates of November 18, 2024; April 22, 2025; and May 8, 2026.

Sinking fund deposits for the variable-rate general obligation bonds are set aside in a sinking fund at the beginning of each fiscal year; such deposits are required and will continue for each fiscal year with scheduled sinking fund payments. The deposits set aside in any fiscal year may be applied, with approval of the State Treasurer and the appropriate bond finance committees, to the redemption or purchase and retirement of any other general obligation bonds (bonds other than the bonds to which the sinking fund deposits relate) then outstanding. If a sinking fund deposit is not applied by January 31 of that fiscal year to such other bonds, the State Treasurer will select the related variable-rate general obligation bonds that will be redeemed in whole or in part on an interest payment date in that fiscal year. The required sinking fund deposits were set aside for the 2023-24 fiscal year.

B. Build America Bonds

As of June 30, 2024, the State had \$11.3 billion in taxable various-purpose general obligation bonds outstanding that were issued as “Build America Bonds” under the American Recovery and Reinvestment Act of 2009 (ARRA) signed into law on February 17, 2009. The bonds have scheduled maturity dates in the fiscal years ended 2027, 2034, and 2039 to 2041. Pursuant to ARRA, the State receives a cash subsidy payment from the U. S. Treasury equal to 35% of the interest payable by the State on the Build America Bonds on or near each interest payment date. Subsequent federal legislation reduced the Build America Bonds subsidy by 5.7% for the federal fiscal years ending September 30, 2021 to September 30, 2031. The cash payment does not constitute a full faith and credit guarantee of the federal government, but is required to be paid by the U. S. Treasury under ARRA. The subsidy payments are deposited into the State’s General Fund.

C. Debt Service Requirements

Table 47 shows the debt service requirements for all general obligation bonds as of June 30, 2024. The estimated debt service requirements for the \$669 million variable-rate general obligation bonds, which are included as part of Governmental Activities, are calculated using the actual interest rates in effect on June 30, 2024. The amounts include scheduled mandatory sinking fund redemptions but do not reflect any interest subsidy under the Build America Bonds program or any other offsets to general fund costs of debt service.

Table 47**Schedule of Debt Service Requirements for General Obligation Bonds**

(amounts in thousands)

Year Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025.....	\$ 3,470,475	\$ 3,537,514	\$ 7,007,989	\$ 10,225	\$ 22,345	\$ 32,570
2026.....	3,579,610	3,396,550	6,976,160	6,965	22,175	29,140
2027.....	3,845,280	3,221,356	7,066,636	26,585	21,736	48,321
2028.....	3,826,185	3,051,282	6,877,467	23,880	21,037	44,917
2029.....	3,859,160	2,878,952	6,738,112	28,070	20,293	48,363
2030-2034.....	19,756,395	11,662,444	31,418,839	180,435	83,009	263,444
2035-2039.....	17,304,330	6,889,831	24,194,161	89,455	61,260	150,715
2040-2044.....	8,919,605	2,608,334	11,527,939	112,305	44,914	157,219
2045-2049.....	4,657,540	1,013,811	5,671,351	111,165	22,038	133,203
2050-2054.....	2,523,615	269,185	2,792,800	45,395	4,589	49,984
Total.....	\$ 71,742,195	\$ 38,529,259	\$ 110,271,454	\$ 634,480	\$ 323,396	\$ 957,876

D. General Obligation Bond Defeasances

1. Current Year Activity

On September 14, 2023, the primary government issued \$1.5 billion in general obligation bonds to current refund \$1.6 billion of outstanding fixed rate general obligation bonds with principal redemptions scheduled in the fiscal years ended 2025 to 2033, and 2044. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the financial statements. The refunding decreased overall debt service by \$159 million and resulted in an economic gain of \$118 million. The economic gain is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at 3.71% per year over the life of the new bonds.

On November 15, 2023, the primary government issued \$682 million in general obligation bonds to current refund \$741 million of outstanding fixed rate general obligation bonds with principal redemptions scheduled in the fiscal years ended 2025 to 2034. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the financial statements. The refunding decreased overall debt service by \$90 million and resulted in an economic gain of \$71 million. The economic gain is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at 3.27% per year over the life of the new bonds.

On April 4, 2024, the primary government issued \$1.3 billion in general obligation bonds to current refund \$1.4 billion of outstanding fixed rate general obligation bonds with principal redemptions scheduled in the fiscal years ended 2025 to 2026, 2028 to 2038, and 2044. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the financial statements. The refunding decreased overall debt service by \$252 million and resulted in an economic gain of \$178 million. The economic gain is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at 3.16% per year over the life of the new bonds.

2. Outstanding Balance

In the current and prior years, the primary government placed the proceeds of the refunding bonds and other resources in a special irrevocable escrow trust account with the State Treasury to provide for all future debt service payments on defeased bonds. The assets of the trust accounts and liability for defeased bonds are not included in the State's financial statements. As of June 30, 2024, there are \$1.4 billion in outstanding defeased general obligation bonds.

NOTE 17: REVENUE BONDS

A. Governmental Activities

The California Alternative Energy and Advanced Transportation Financing Authority is authorized to issue Clean Renewable Energy Bonds to fund the acquisition and installation of certain transportation-related solar energy facilities located throughout the State. These bonds finance activity in the Transportation Fund and are included in the governmental activities column of the government-wide Statement of Net Position. All the principal and interest remaining on the bonds were fully paid during the fiscal year 2023-24.

The California Health Facilities Financing Authority (CHFFA) is authorized to issue No Place Like Home Program Senior Revenue Bonds to provide permanent supportive housing for persons experiencing homelessness or chronic homelessness, or who are at-risk for chronic homelessness, and who are in need of mental health services. These bonds are secured by and payable from a portion of Proposition 63 Tax Transfers. The primary government has no legal liability for the payment of principal and interest on these revenue bonds. Total principal and interest remaining on the bonds are \$2.2 billion, payable through 2041. Interest paid in the current year totaled \$58 million. These bonds are included in the governmental activities column of the government-wide Statement of Net Position.

The Golden State Tobacco Securitization Corporation (GSTSC), a blended component unit, as authorized by state law, has issued asset-backed bonds to purchase 100% of the State's rights to future revenues from the Master Settlement Agreement with participating tobacco companies. These bonds are secured by and payable solely from future Tobacco Settlement Revenue and interest earned on that revenue. The primary government has no legal liability for the payment of principal and interest on the bonds. The Legislature has annually granted a General Fund appropriation for payment of debt service in the event tobacco settlement revenues and other available amounts prove insufficient to make these payments during the next fiscal year. However, the use of the appropriated monies has never been required. Total principal and interest remaining on all asset-backed bonds is \$9.0 billion, payable through 2066. All of the Tobacco Settlement Revenue and interest has been pledged in support of these asset-backed bonds. Principal and interest paid in the current year totaled \$398 million, while Tobacco

Settlement Revenue and interest earned totaled \$392 million. These bonds are included in the governmental activities column of the government-wide Statement of Net Position.

Under state law, the State Public Works Board (SPWB), an agency that accounts for its activity in the Public Buildings Construction Fund, an internal service fund, may issue revenue bonds. These bonds are issued for the purpose of designing, acquiring, or constructing state buildings, related improvements, and equipment. Leases with state agencies pay the principal and interest on the revenue bonds issued by the Public Buildings Construction Fund. The General Fund has no legal liability for the payment of principal and interest on these revenue bonds. Total principal and interest remaining on the bonds is \$12.2 billion, payable through 2049. These revenue bonds are included in the governmental activities column of the government-wide Statement of Net Position.

For the specific debt service coverage ratios, refer to the Schedule of Pledged Revenue Coverage in the Statistical Section.

B. Business-type Activities

Revenue bonds that are directly related to, and are expected to be paid from, the resources of enterprise funds are included in the accounts of such funds. Principal and interest on revenue bonds are payable from the pledged revenues of the respective funds of agencies that issued the bonds. The General Fund has no legal liability for payment of principal and interest on revenue bonds. For specific debt service coverage ratios, refer to the Schedule of Pledged Revenue Coverage in the Statistical Section.

Revenue bonds to acquire, construct, or renovate state facilities or to refund outstanding revenue bonds in advance of maturity are issued for water resources, state university campuses, and certain nonmajor enterprise funds.

Revenue bonds related to two enterprise funds contain provisions that define events of default related to punctuality of the payment of the outstanding principal and interest, which could result in acceleration of debt payments.

C. Discretely Presented Component Units

The University of California issues revenue bonds to finance various auxiliary, administrative, academic, medical center, and research facilities. The revenue bonds are not collateralized by any encumbrance, mortgage, or other pledge of property except pledged revenues, and do not constitute general obligations of the University. For more information regarding revenue bonds, current year defeasances, and outstanding defeasances of the University, refer to its separately issued financial report for the fiscal year 2023-24, which may be found on its website at www.ucop.edu.

Under state law, the California Housing Finance Agency (CalHFA) issues fixed-rate and variable-rate revenue bonds to fund loans to qualified borrowers for single-family houses and multifamily developments. Variable-rate debt is typically related to remarketed rates or common indices, such as the Securities Industry and Financial Markets Association (SIFMA) or Secured Overnight Financing Rate (SOFR) and is reset periodically. CalHFA issues both federally taxable and tax-exempt bonds. The bonds issued by CalHFA are payable solely from and collateralized by revenues and other pledged assets. For more information regarding revenue bonds, current year defeasances, and outstanding defeasances of the CalHFA, refer to its separately issued financial report for the fiscal year 2023-24,

which may be found on its website at www.CalHFA.ca.gov.

Table 48 shows outstanding revenue bonds of the primary government and the discretely presented component units.

Table 48

Schedule of Revenue Bonds Payable

June 30, 2024

(amounts in thousands)

Primary government

Governmental activities

Public Buildings Construction Fund	\$ 9,332,605
Nonmajor governmental funds:	
Golden State Tobacco Securitization Corporation Fund	5,587,157
No Place Like Home Program	1,660,010
Total governmental activities	16,579,772

Business-type activities

Water Resources Fund	3,123,863
California State University	9,789,072
Nonmajor enterprise funds	2,252,444
Total business-type activities	15,165,379

Total primary government

Discretely presented component units

University of California	32,693,807
California Housing Finance Agency	124,857
Nonmajor component units	900,059
Total discretely presented component units	33,718,723

Total revenue bonds payable

\$ 65,463,874

Table 49 shows the debt service requirements for fixed-rate and variable-rate bonds. It excludes unamortized premiums and discounts that are included in Table 48.

Table 49

Schedule of Debt Service Requirements for Revenue Bonds
(amounts in thousands)

Year Ending June 30	Primary Government				Discretely Presented Component Units	
	Governmental Activities		Business-type Activities		Principal	Interest *
	Principal	Interest	Principal	Interest		
2025	\$ 749,130	\$ 609,297	\$ 603,405	\$ 542,363	\$ 1,092,825	\$ 1,358,177
2026	773,975	579,919	623,930	518,420	1,362,893	1,320,323
2027	808,615	547,802	627,255	497,096	1,195,775	1,275,113
2028	847,020	518,485	655,225	475,206	783,801	1,238,890
2029	1,261,975	669,828	661,700	450,153	950,664	1,204,653
2030-2034	4,265,383	1,971,004	3,141,385	1,860,572	6,595,868	5,262,992
2035-2039	3,037,102	1,222,760	2,386,355	1,256,214	5,154,598	3,932,055
2040-2044	1,832,214	903,490	2,078,180	830,952	4,529,286	2,762,555
2045-2049	1,166,355	521,669	2,030,315	412,393	3,817,672	1,729,050
2050-2054	937,145	42,319	1,112,875	95,936	3,264,171	912,962
2055-2059	—	—	95,630	10,991	185,690	577,307
2060 and thereafter..	123,807	—	—	—	2,574,298	4,268,783
Total	\$ 15,802,721	\$ 7,586,573	\$ 14,016,255	\$ 6,950,296	\$ 31,507,541	\$ 25,842,860

* Includes interest on variable-rate bonds based on rates in effect on June 30, 2024.

D. Revenue Bond Defeasances

1. Current Year – Governmental Activities

During the 2023-24 fiscal year, the SPWB issued \$640 million in lease revenue refunding bonds. The bond proceeds were used to refund \$704 million in outstanding lease revenue bonds. The net proceeds of the refunding bonds, along with additional resources, were deposited in an escrow account to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liabilities for those bonds have been removed from the financial statements. The refunding decreased debt service payments by \$73 million and resulted in an economic gain of \$54 million. The lease revenue bonds are reported in the Public Buildings Construction Fund, an internal service fund.

2. Outstanding Balances

In current and prior fiscal years, the primary government placed the proceeds of the refunding bonds and other resources in irrevocable trust accounts to provide for all future debt service requirements. Accordingly, the assets and liabilities for these defeased bonds are not included in the financial statements. As of June 30, 2024, the outstanding balance of defeased revenue bonds were \$2.5 billion for governmental activities and \$490 million for business-type activities.

NOTE 18: RISK MANAGEMENT

The primary government has elected, with a few exceptions, to be self-insured against loss or liability. The primary government generally does not maintain reserves. Losses are covered by appropriations from each fund responsible for payment in the year in which the payment occurs. The State is permissively self-insured and, barring any extraordinary catastrophic event, the potential amount of loss faced by the State is not considered material in relation to the primary government's financial position. Generally, the exceptions are when a bond resolution or a contract requires the primary government to purchase commercial insurance for coverage against property loss or liability. There have been no significant reductions in insurance coverage from the prior year. In addition, no insurance settlement in the last three years has exceeded insurance coverage. All claim payments are on a "pay-as-you-go" basis, with workers' compensation benefits for self-insured agencies initially being paid by the State Compensation Insurance Fund.

The discounted liability for unpaid self-insurance claims of the primary government is estimated to be \$6.3 billion as of June 30, 2024. This estimate is primarily based on actuarial reviews of the State's workers' compensation program and includes indemnity payments to claimants, as well as all other costs of providing workers' compensation benefits, such as medical care and rehabilitation. The estimate also includes the liability for unpaid services fees, industrial disability leave benefits, and incurred-but-not-reported amounts. The estimated total liability of approximately \$8.8 billion is discounted to \$6.3 billion using a 3.5% interest rate. Of the total discounted liability, \$635 million is a current liability, of which \$477 million is included in the General Fund, \$155 million in the special revenue funds, and \$4 million in the internal service funds. The remaining \$5.7 billion is reported as other noncurrent liabilities in the government-wide Statement of Net Position.

The University of California, a discretely presented component unit, is self-insured or insured through a wholly-owned captive insurance company. Additional disclosures for the University's risk management and self-insurance claims liability are included in its separately issued financial statements, which can be obtained from the University on its website at www.ucop.edu.

Table 50 shows the changes in the self-insurance claims liability for the primary government.

Table 50

Schedule of Changes in Self-insurance Claims

Year Ended June 30
(amounts in thousands)

	2024	2023
Unpaid claims, beginning	\$ 6,036,847	\$ 5,472,227
Incurred claims	988,231	1,244,814
Claim payments	(686,591)	(680,194)
Unpaid claims, ending	\$ 6,338,487	\$ 6,036,847

NOTE 19: INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

Short-term interfund receivables and payables result from the time lag between the dates on which goods and services are delivered and the dates on which payments between entities are made. In addition, interfund borrowing, mainly from nonmajor governmental funds, is used to meet temporary imbalances of receipts and disbursements in the General Fund.

Table 51 shows the amounts due from and due to other funds.

Table 51

Schedule of Due From Other Funds and Due To Other Funds

June 30, 2024

(amounts in thousands)

Due From	Due To				
	General Fund	Federal Fund	Environmental and Natural Resources Fund	Nonmajor Governmental Fund	State Lottery Fund
Governmental funds					
General Fund	\$ —	\$ —	\$ —	\$ 1,699,254	\$ —
Federal Fund.....	9,214,505	—	95,285	854,538	—
Environmental and Natural Resources Fund	65,606	—	—	43,018	—
Nonmajor governmental funds.....	6,427,475	208,674	21,933	387,706	—
Total governmental funds	15,707,586	208,674	117,218	2,984,516	—
Enterprise funds					
Water Resources Fund	1	—	268	—	—
State Lottery Fund.....	1,247	—	—	525,643	—
Nonmajor enterprise funds.....	686	—	11,392	711	—
Total enterprise funds	1,934	—	11,660	526,354	—
Internal service funds					
Internal service funds	14,462	19,455	253,467	250,869	10,519
Total due from other funds ..	\$ 15,723,982	\$ 228,129	\$ 382,345	\$ 3,761,739	\$ 10,519

Due To						
California						
Unemployment Programs	State University Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Due To Other Funds	
\$ 69,934	\$ 2,833	\$ 2,316	\$ 295,669	\$ 1,141,886	\$ 3,211,892	
—	—	11,516	4,367	98	10,180,309	
—	—	—	22,690	—	131,314	
—	—	—	109,353	47,759	7,202,900	
69,934	2,833	13,832	432,079	1,189,743	20,726,415	
—	—	—	120,259	—	120,528	
—	—	—	—	—	526,890	
—	—	—	12	13	12,814	
—	—	—	120,271	13	660,232	
23,177	—	16,874	258,423	1,566	848,812	
\$ 93,111	\$ 2,833	\$ 30,706	\$ 810,773	\$ 1,191,322	\$ 22,235,459	

Interfund receivables and payables are the result of interfund loans that are not expected to be repaid within one year. In addition to the temporary interfund cash-flow borrowing shown in Table 51, annual enacted budgets provide for long-term loans from many of the State's special funds—mainly the Environmental and Natural Resources Fund, nonmajor governmental funds, and Unemployment Programs Fund—to the General Fund.

In fiscal year 2017-18, a supplemental employer contribution was made to the California Public Employees' Retirement System (CalPERS) to help reduce the State's net pension liability. The supplemental employer contribution was funded through a cash loan from borrowable deposits in the State's internal investment pool—mainly from the Environmental and Natural Resources Fund and nonmajor governmental funds. The General Fund and other funds that normally contribute to CalPERS and benefit from the supplemental contribution will repay the loan and replenish the internal investment pool deposits. The table below includes an outstanding balance of \$1.9 billion of interfund loans. There is an additional \$34 million reported as loans receivable from entities outside of the State's primary government.

Table 52 shows the primary government's interfund receivables and payables.

Table 52

Schedule of Interfund Receivables and Payables

June 30, 2024

(amounts in thousands)

Interfund Receivables	Interfund Payables			
	General Fund	Environmental and Natural Resources Fund	Nonmajor Governmental Fund	Water Resources Fund
Governmental funds				
General Fund	\$ —	\$ 1,318,257	\$ 2,216,064	\$ —
Environmental and Natural Resources Fund.....	574,014	—	—	—
Nonmajor governmental funds	5,681	—	15,448	—
Total governmental funds	579,695	1,318,257	2,231,512	—
Enterprise funds				
Water Resources Fund.....	—	2,273	1,335	—
State Lottery Fund	—	488	287	—
California State University Fund	—	5,813	3,414	—
Nonmajor enterprise funds	27,720	47	28	—
Total enterprise funds.....	27,720	8,621	5,064	—
Internal service funds				
2,865,368	2,021	1,187	180,894	
Total interfund receivables	\$ 3,472,783	\$ 1,328,899	\$ 2,237,763	\$ 180,894

ANSWER

Interfund Payables

Unemployment Programs Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Interfund Payables
\$ 417,500	\$ 3,034	\$ 23,801	\$ 19,614	\$ 3,998,270
—	—	2,324	—	576,338
—	—	617	—	21,746
417,500	3,034	26,742	19,614	4,596,354
247	6	18	42	3,921
53	1	4	9	842
633	17	48	107	10,032
5	—	—	1	27,801
938	24	70	159	42,596
220	6	13,897	37	3,063,630
\$ 418,658	\$ 3,064	\$ 40,709	\$ 19,810	\$ 7,702,580

The amounts shown as due from primary government and due to component units represent short-term receivables and payables between the primary government and component units resulting from the time lag between the dates on which goods and services are provided and received and the dates on which payments between entities are made.

Table 53 shows the amounts due from the primary government and due to component units.

Table 53

Schedule of Due From Primary Government and Due To Component Units

June 30, 2024

(amounts in thousands)

Due From	Due To Component Units			Total
	University of California	Nonmajor Component Units		
Governmental funds				
General Fund	\$ 521,281	\$ —		\$ 521,281
Environmental and Natural Resources Fund	2,854	173		3,027
Nonmajor governmental funds	37,418	—		37,418
Total governmental funds	561,553	173		561,726
Total due from primary government.....	\$ 561,553	\$ 173		\$ 561,726

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B. Interfund Transfers

Transfers move money collected by one fund to another fund, which then disburses it as required by law. The General Fund and certain other funds transfer money to support various programs accounted for in other funds. The largest transfer from the General Fund was \$4.3 billion to the California State University, an enterprise fund. The General Fund also transferred \$4.8 billion to nonmajor governmental funds, mainly for support of trial courts and mental health services. The Transportation Fund transferred \$1.4 billion in weight fee revenues to the Transportation Debt Service Fund, a nonmajor governmental fund, for transportation-related debt service costs. The Federal Fund transferred \$390 million to the General Fund for administration of the Unemployment Insurance Program.

Table 54 shows interfund transfers of the primary government.

Table 54

Schedule of Interfund Transfers

June 30, 2024

(amounts in thousands)

Transferred From	Transferred To		
	General Fund	Environmental and Natural Resources Fund	Nonmajor Governmental Funds
Governmental funds			
General Fund	\$ —	\$ 18,202	\$ 5,316,853
Federal Fund	2,598,188	10,331	11,550
Environmental and Natural Resources Fund	127,269	—	2,074
Nonmajor governmental funds	325,755	29,961	1,615,487
Total governmental funds	3,051,212	58,494	6,945,964
Internal service funds	56,346	—	—
Total transfers from other funds	\$ 3,107,558	\$ 58,494	\$ 6,945,964

Transferred To					
California					
State University Fund	Nonmajor Enterprise Funds	Internal Service Funds	Total	Transfers To Other Funds	
\$ 4,263,059	\$ —	\$ 58,336	\$ 9,656,450		
—	—	—	2,620,069		
—	2,000	—	131,343		
—	—	—	1,971,203		
4,263,059	2,000	58,336	14,379,065		
—	—	—	56,346		
\$ 4,263,059	\$ 2,000	\$ 58,336	\$ 14,435,411		

NOTE 20: FUND BALANCES, NET POSITION DEFICITS, AND ENDOWMENTS

A. Fund Balances

Table 55 shows the composition of the governmental fund balances.

Table 55

Schedule of Fund Balances by Function

June 30, 2024

(amounts in thousands)

	General Fund	Federal Fund	Environmental and Natural Resources Fund	Nonmajor Governmental Funds
Nonspendable				
Long-term interfund receivables	\$ 3,472,783	\$ —	\$ —	\$ —
Long-term loans receivable	101,711	—	—	—
Other	—	—	—	41,829
Total nonspendable	3,574,494	—	—	41,829
Restricted				
General government	2,120,840	50,759	17,782	7,285,888
Education	93,402	—	—	1,156,920
Health and human services	970,643	229,324	85,220	7,230,470
Natural resources and environmental protection	—	747	7,328,126	586,021
Business, consumer services, and housing	871	437,013	77,909	6,993,643
Transportation	—	—	—	10,571,860
Corrections and rehabilitation	282,962	—	—	300,452
Budget stabilization	22,559,422	—	—	—
Total restricted	26,028,140	717,843	7,509,037	34,125,254
Committed				
General government	594,375	—	10,527	1,007,453
Education	354,595	—	—	64,840
Health and human services	1,216,045	—	—	685,172
Natural resources and environmental protection	74,337	—	16,217,187	442,388
Business, consumer services, and housing	—	—	130,871	171,721
Transportation	—	—	—	53,719
Corrections and rehabilitation	—	—	—	1,101
Total committed	2,239,352	—	16,358,585	2,426,394
Assigned				
General government	5,548,848	—	—	82,390
Education	122,559	—	—	—
Health and human services	12,644,915	—	—	—
Natural resources and environmental protection	6,831,181	—	—	—
Business, consumer services, and housing	427,117	—	—	—
Transportation	1,067,616	—	—	—
Corrections and rehabilitation	1,079,811	—	—	—
Total assigned	27,722,047	—	—	82,390
Unassigned	3,828,732	(360,632)	—	(895,617)
Total fund balances	\$ 63,392,765	\$ 357,211	\$ 23,867,622	\$ 35,780,250

B. Net Position Deficits

Table 56 shows the net position deficit balances.

Table 56

Schedule of Net Position Deficits

June 30, 2024

(amounts in thousands)

	Internal Service Funds	Enterprise Funds
Service Revolving Fund	569,623	—
Technology Services Revolving Fund	242,228	—
Water Resources Revolving Fund	14,328	—
Other Internal Service Programs Fund	909,631	—
State Lottery Fund	—	295,600
Unemployment Programs Fund	—	14,602,754
California State University Fund	—	14,279,969
Total net position deficits	\$ 1,735,810	\$ 29,178,323

C. Discretely Presented Component Unit Endowments and Gifts

The University of California, a discretely presented component unit, administers certain restricted nonexpendable, restricted expendable, and unrestricted endowments that are included in the related net position categories of the government-wide and fund financial statements. As of June 30, 2024, the value of restricted endowments and gifts totaled \$29.5 billion, and unrestricted endowments and gifts totaled \$11.8 billion. The University's policy is to retain realized and unrealized appreciation on investments with the endowment after an annual income distribution. The net appreciation available to meet future spending needs upon approval by the Board of Regents amounted to \$3.9 billion at June 30, 2024. The portion of investment returns earned on endowments and distributed each year to support current operations is based on a rate approved by the Board of Regents. In addition, the California State University Auxiliary Organizations and the University of California College of the Law, San Francisco, nonmajor component units, have restricted nonexpendable and restricted expendable endowments of \$2.0 billion and \$22 million, respectively.

NOTE 21: CONDUIT DEBT

The California Housing Finance Agency (CalHFA), a major component unit, issued conduit debt to provide financial assistance for the acquisition, construction, and development of multifamily rental housing. As of June 30, 2024, CalHFA had \$6.2 billion of conduit debt obligations outstanding. CalHFA provides a limited commitment for such debt. Neither CalHFA, nor the State assumes the liabilities for the debt service of the debt issuances in the event of default. Revenues and other assets pledged and assigned under applicable indentures and agreements secure the debt.

Certain debt of the nonmajor component units is issued to finance activities such as the promotion of renewable energy sources and financing for economic development projects. As of June 30, 2024, the nonmajor component units had approximately \$5.2 billion of conduit debt obligations outstanding. The nonmajor component units provide a limited commitment for such debt. Neither the nonmajor component units, nor the State assume the liabilities for the debt service of the debt issuances in the event of default. Revenues and other assets pledged and assigned under applicable indentures and agreements secure the debt.

NOTE 22: CONTINGENT LIABILITIES

A. Litigation

The primary government is a party to numerous legal proceedings, many of which are not unusual for governmental operations. To the extent they existed, the following legal proceedings were accrued as a liability in the government-wide financial statements: those decided against the primary government before June 30, 2024; those in progress as of June 30, 2024, and settled or decided against the primary government as of September 5, 2025; and those having a high probability of resulting in a decision against the primary government as of September 5, 2025, and for which amounts could be estimated. In the governmental fund financial statements, the portion of the liability that is expected to be paid within the next 12 months is recorded as a liability in the fund from which payment will be made. In the proprietary fund financial statements, the entire liability is recorded in the fund from which payment will be made.

In addition, the primary government is involved in certain other legal proceedings that, if decided against the primary government, may impair its revenue sources or require it to make significant expenditures. Because of the prospective nature of these proceedings, no provision for the potential liability has been made in the financial statements.

Following are descriptions of the more significant lawsuits pending against the primary government:

The primary government was a defendant in the following cases: *Anthem Blue Cross v. David Maxwell-Jolly, et al.*; *Molina Family Health Plan v. Department of Health Care Services*; and *Health Net of California v. Department of Health Care Services* regarding application of budget reduction factors to managed-care capitated rates. These cases were settled on a contingent basis based on the plans' profitability. The estimated combined total potential loss is more than \$400 million based on three separate settlement agreements that were entered into in 2013 and 2014.

The primary government was a defendant in a case, *Amalgamated Transit Union International, et al. v. U.S. Department of Labor, et al.* Under federal law, as a condition of receiving certain federal transit grants, transit agencies must demonstrate to the Department of Labor's (DOL) satisfaction that they provide fair and equitable labor arrangements for transit workers, including arrangements that ensure the "continuation of collective bargaining rights." After California enacted PEPRA in 2012, DOL issued a certification decision finding that PEPRA interfered with the continuation of transit workers' bargaining rights. The State successfully challenged this determination as violating the Administrative Procedure Act, and the Eastern District of California permanently enjoined DOL from relying on PEPRA as a basis to deny grants to two transit agencies. In 2019, DOL began certifying grants in conformity with the district court's orders. A transit union objected to these certifications and filed the pending case, asking the same federal judge to reconsider the earlier ruling and reach the opposite conclusion. The State of California intervened in the case to defend DOL's certification decision. The parties filed and briefed cross-motions for summary judgment, but after the change in presidential administrations in 2020, DOL sought and obtained a voluntary remand of proceedings so it could reconsider its position. In October 2021, DOL issued a new decision reverting to its prior view that PEPRA precludes certification under section 13(c) of the Urban Mass Transportation Act of 1964. The October 2021 reconsideration again finds, in spite of the court's prior contrary rulings, that PEPRA interferes with the collective bargaining rights of transit workers. The reconsideration states that DOL will decline to certify any future grant applications from local transit agencies that are subject to PEPRA. Media reports have estimated the anticipated loss to California transit agencies of funds under the American Rescue Plan Act to be around \$2.5 billion, along with around \$9.5 billion of anticipated funds under the Infrastructure Improvement and Jobs Act. The State filed a cross-complaint against DOL challenging the reconsidered certification decision as arbitrary and capricious in violation of the Administrative Procedure Act. In December 2022, the district court ruled in the State's favor on its motion for summary judgement and entered final judgement on behalf of the State, including a permanent injunction preventing DOL from relying on PEPRA as a basis not to certify grants. The plaintiff and DOL appealed to the Ninth Circuit court and in July 2024, the appellate court vacated the district court's decision and dismissed the underlying proceedings as prudently unripe on the basis that the 2021 determination did not itself result in the denial of certification of any particular grant application. There was no settlement or monetary judgment against the State for this case; however, on March 31, 2025, DOL issued a letter returning to the position that it took in 2019, that PEPRA does not disqualify California transit agencies from receiving federal grants. This may result in the filing of new litigation upon the approval certification for a specific grant application.

The primary government is a defendant in a case, *Bear Mountain Development Company, LLC v. State of California*, for breach of contract regarding cancellation of a contract for delivery of Personal Protective Equipment (PPE). The State filed a demurrer on August 13, 2021. The court heard the demurrer on December 15, 2021, and the demurrer was granted with leave to amend. On July 27, 2022, the court heard the State's second demurrer to the Second Amended Complaint, and the demurrer was overruled. The court ordered the plaintiff to file a third amended complaint by August 8, 2022. The State filed an answer to the Third Amended Complaint and filed a cross-complaint alleging fraud and misrepresentation. Plaintiff demurred to the State's cross-complaint. On March 9, 2023, the court overruled the demurrer to the fraud cause of action. The court sustained the demurrer to the negligent misrepresentation cause of action with leave to amend. The court granted the State's motion for summary judgment on March 1, 2024, dismissing Bear Mountain's breach of contract action. The State is pursuing cross claims against defendants and third parties. Plaintiff is seeking damages of \$799 million for the State's cancellation of a contract for delivery of PPE.

B. Federal Audit Exceptions

The primary government receives substantial funding from the federal government in the form of grants and other federal assistance. The primary government, the University of California, California Housing Finance Agency (CalHFA), and certain nonmajor discretely presented component units are entitled to these resources only if they comply with the terms and conditions of the grants and contracts and with the applicable federal laws and regulations; they may spend these resources only for eligible purposes. If audits disclose exceptions, the primary government, the University, CalHFA, and certain nonmajor discretely presented component units may incur a liability to the federal government.

NOTE 23: SUBSEQUENT EVENTS

The following information describes significant events that occurred subsequent to June 30, 2024, but prior to the date of the auditor's report.

A. Debt Issuances

In August 2024 and July 2025, the California State University (CSU) issued \$2.4 billion in revenue bonds to finance and refinance projects to acquire, construct, improve, and renovate certain CSU facilities, to refund certain outstanding system-wide revenue bonds, and to pay related issuance costs.

In July 2024, and January and March 2025, the University of California, a major component unit, through its conduit, issued a total of \$4.9 billion in revenue bonds to finance or refinance certain capital projects of the University, refund certain prior bonds, purchase obligations of the United States and certain federal agencies, and pay related issuance costs.

In August and October 2024, and March and April 2025, the primary government issued a total of \$7.7 billion in General Obligation bonds to fund various capital projects related to TK-12 schools and higher education facilities, transportation improvements and high-speed rail, water quality and environmental protection, and other public purposes, to pay certain commercial paper notes as they mature, to pay related issuance costs, and to refund outstanding bonds for debt service savings.

In September and October 2024, and April 2025, the State Public Works Board issued a total of \$1.8 billion in lease revenue bonds to finance and refinance the design and/or construction of various projects, refund and defease previously issued lease revenue bonds, reimburse interim loans from the General Fund, fund capitalized interest on bonds, and pay related issuance costs.

In July 2024, the California Earthquake Authority issued \$250 million in revenue bonds to enhance its claim-paying capacity.

In October 2024 and March 2025, the primary government issued a total of \$380 million in Veterans general obligation and revenue bonds to finance the acquisition of residential property for California military veterans, reimburse the department for contracts funded by the 1943 fund, and fund deferred payment assistant loans for the closing costs of the residential property.

In March 2025, the State of California Department of Water Resources issued \$329 million in Revenue Bonds. The proceeds from this issuance will support infrastructure and capital investments in the State Water Project.

B. Other

California has experienced significant wildfire activity in 2024, with approximately 8,110 fires and 1.1 million acres burned. As of September 2025, there have been 6,844 fires and 517,341 acres burned. The enacted 2025-26 Budget Act includes \$181 million from the voter-approved \$10.0 billion Climate Bond (Proposition 4) for wildfire and forest resilience and shifts \$1.0 billion from the General Fund to the Greenhouse Gas Reduction Fund to support CAL FIRE operations. In addition, the Budget provides \$39 million General Fund in 2025-26 to begin transitioning seasonal firefighter positions to permanent status, strengthening California's wildfire response capacity.

California continues to experience large swings between drought and flood conditions; these swings are becoming more severe due to climate change. The 2025-26 Budget Act commits to developing an expenditure plan with the Legislature to allocate funding from the \$10.0 billion Climate Bond (Proposition 4) for drought, flood, and water resilience projects, ensuring long-term investments to strengthen the state's capacity to endure these climate extremes.

In response to the federally declared disaster resulting from the wildfires and straight-line winds that began on January 7, 2025, in Los Angeles County, the federal government extended the 2024 tax payment and filing deadlines for impacted individuals and businesses from April 15, 2025, to October 15, 2025. The California Franchise Tax Board followed suit by extending the State's tax filing deadlines to the same dates. This extension will impact revenues available to the State during the 2024-25 and 2025-26 fiscal years.

The United States federal government has provided California with over \$43.0 billion in combined recovery funds through the American Rescue Plan Act of 2021, to cover costs incurred by the State between March 3, 2021, and December 31, 2024, to mitigate the impacts of the COVID-19 pandemic. Of the \$43.0 billion, \$27.0 billion has been allocated to the Coronavirus State Fiscal Recovery Fund (SFRF) to help California build back a stronger, more equitable economy and address the disproportionate negative economic impacts of the pandemic on low-wage earners. Funds from the SFRF have been used to address public health impacts, address negative economic impacts, invest in broadband infrastructure projects, and replace lost state revenue. As of December 31, 2024, California has fully expended its \$27.0 billion allocation from the SFRF.

To meet the surge in demand for unemployment insurance benefits during the COVID-19 pandemic, California borrowed larger than normal amounts from the U.S. Department of Labor. As of June 28, 2024, the State had \$19.1 billion in such loans, which were used to cover the deficits in the Unemployment Programs Fund and continue to provide benefit payments to displaced California workers. Loans outstanding from the U.S. Department of Labor increased by \$1.8 billion after the fiscal year to a balance of approximately \$20.9 billion as of September 3, 2025.

On July 4, 2025, the federal government enacted the One Big Beautiful Bill Act (Public Law No: 119-21), which impacts the federal Medicaid program and potentially impacts state and county health and social services programs, including the Supplemental Nutrition Assistance Program (SNAP). According to the Governor's Office, the new law could put 3.4 million Californians at risk of losing their health insurance coverage due to the proposed Medicaid changes, which could result in an estimated \$24.7 billion in annual federal funding reductions for California. The Governor's Office also stated that anticipated cuts to federal funding of up to \$4.0 billion annually for SNAP could eliminate essential food assistance to hundreds of thousands of Californians. According to the State's Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2024, California received

\$13.8 billion for SNAP and \$92.0 billion for Medicaid. For the fiscal year ended June 30, 2023, California received \$18.4 billion for SNAP and \$87.5 billion for Medicaid.

In August 2025, the State's contracted actuary published the State of California Retiree Health Benefits Program GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2024, which will be used to measure the State's net Other Post-Employment Benefits (OPEB) liability as of June 30, 2025. Based on the Actuarial Valuation Report, the State will report a net OPEB liability as of June 30, 2025, of \$91.5 billion, an increase of \$6.3 billion from the net OPEB liability reported as of June 30, 2024. The report is available on the State Controller's Office website, at www.sco.ca.gov.

In the November 5, 2024, general election, California voters approved the following propositions:

- Proposition 2 authorizes the State to issue up to \$10.0 billion in bonds for repair, upgrade, and construction of TK-12 public schools (including charter schools) and Local Community Colleges. The bonds will result in estimated increased state education costs of up to \$500 million annually.
- Proposition 4 authorizes the State to issue up to \$10.0 billion in bonds for various projects intended to reduce climate risks and impacts. The projects include those related to increasing water resilience and available safe drinking water supplies; wildfire prevention and extreme heat mitigation; the protection of natural lands, parks, and wildlife; the protection of coastal lands, bays and oceans; development of clean energy infrastructure; and improvement of farms and agriculture. The bonds will result in estimated increased costs of up to \$400 million annually.
- Proposition 35 makes permanent the existing Managed Care Organization (MCO) Provider Tax ("health plan tax"), which was set to expire in 2026. This tax provides revenues to fund health care services under the Medi-Cal program, including primary and specialty care, emergency care, family planning, mental health, and prescription drugs. The proposition implements new rules that direct how the State must spend these tax revenues on Medi-Cal expenditures, which will result in estimated increased General Fund costs between \$1.0 billion and \$2.0 billion annually.

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

For the Past Ten Fiscal Years

(amounts in thousands)

	2014 ²	2015 ²	2016 ²
PUBLIC EMPLOYEES' RETIREMENT FUND PLANS			
STATE MISCELLANEOUS¹			
Total pension liability			
Service cost	\$ 1,477,762	\$ 1,576,695	\$ 1,668,682
Interest on total pension liability	6,670,928	6,970,837	7,220,961
Differences between expected and actual experience	—	693,639	(101,381)
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(4,844,631)	(5,098,222)	(5,346,864)
Net change in total pension liability	3,304,059	4,142,949	3,441,398
Total pension liability – beginning	88,885,115	92,189,174	96,332,123
Total pension liability – ending (a)	\$ 92,189,174	\$ 96,332,123	\$ 99,773,521
Plan fiduciary net position			
Contributions – employer	\$ 2,156,312	\$ 2,608,785	\$ 2,818,406
Contributions – employee	766,896	771,046	801,023
Net investment income	10,370,838	1,505,042	339,588
Benefit payments, including refunds of employee contributions	(4,844,631)	(5,098,222)	(5,346,864)
Net plan to plan resource movement	—	(354)	(1,154)
Administrative expense	(86,473)	(76,678)	(41,497)
Other miscellaneous income/(expense)	—	—	—
Net change in plan fiduciary net position	8,362,942	(290,381)	(1,430,498)
Plan fiduciary net position – beginning	60,017,620	68,380,562	68,090,181
Plan fiduciary net position – ending (b)	\$ 68,380,562	\$ 68,090,181	\$ 66,659,683
State's net pension liability – ending (a) – (b)	\$ 23,808,612	\$ 28,241,942	\$ 33,113,838
Plan fiduciary net position as a percentage of the total pension liability	74.17 %	70.68 %	66.81 %
Covered payroll	\$ 10,019,739	\$ 10,640,884	\$ 11,189,932
State's net pension liability as a percentage of covered payroll	237.62 %	265.41 %	295.93 %

¹ This schedule includes amounts attributable to related organizations, fiduciary component units, and discretely presented component units, which are not part of the primary government.

² The date in the column heading represents the end of the measurement period of the net pension liability, which is one year prior to the reporting period.

* Beginning balance of pension assets was restated from the prior period.

2017²	2018²	2019²	2020²	2021²	2022²	2023²
\$ 1,927,531	\$ 1,953,761	\$ 2,042,862	\$ 2,125,738	\$ 2,212,280	\$ 2,438,345	\$ 2,566,832
7,381,049	7,571,997	7,970,572	8,288,391	8,603,225	8,752,910	9,166,157
(387,041)	445,743	2,032,459	742,481	628,341	(1,115,641)	2,105,822
5,667,561	(1,377,556)	—	—	—	3,728,965	—
(5,572,707)	(5,865,849)	(6,190,738)	(6,513,916)	(6,851,024)	(7,174,817)	(7,569,642)
9,016,393	2,728,096	5,855,155	4,642,694	4,592,822	6,629,762	6,269,169
99,773,521	108,789,914	111,518,010	117,373,165	122,015,859	126,608,681	133,238,443
\$ 108,789,914	\$ 111,518,010	\$ 117,373,165	\$ 122,015,859	\$ 126,608,681	\$ 133,238,443	\$ 139,507,612
<hr/>						
\$ 3,094,941	\$ 7,044,360	\$ 3,777,484	\$ 5,008,537	\$ 3,778,435	\$ 5,110,276	\$ 6,271,650
843,772	870,402	942,980	1,005,830	928,152	1,081,816	1,144,462
7,329,859	6,127,761	5,163,147	4,138,143	19,299,096	(7,836,089)	5,874,720
(5,572,707)	(5,865,849)	(6,190,738)	(6,513,916)	(6,851,024)	(7,174,817)	(7,569,642)
(2,737)	(1,340)	(1,344)	(4,213)	(2,558)	(2,559)	(1,850)
(98,419)	(112,592)	(57,163)	(118,050)	(87,165)	(64,984)	(70,176)
—	(213,815)	185	—	—	—	—
5,594,709	7,848,927	3,634,551	3,516,331	17,064,936	(8,886,357)	5,649,164
66,659,683	72,254,392	80,103,319	83,737,870	87,254,201	104,318,730	* 95,432,373
\$ 72,254,392	\$ 80,103,319	\$ 83,737,870	\$ 87,254,201	\$ 104,319,137	\$ 95,432,373	\$ 101,081,537
\$ 36,535,522	\$ 31,414,691	\$ 33,635,295	\$ 34,761,658	\$ 22,289,544	\$ 37,806,070	\$ 38,426,075
<hr/>						
66.42 %	71.83 %	71.34 %	71.51 %	82.39 %	71.63 %	72.46 %
\$ 11,591,576	\$ 12,254,527	\$ 12,913,195	\$ 13,579,610	\$ 12,909,399	\$ 14,727,596	\$ 15,486,977
315.19 %	256.35 %	260.47 %	255.98 %	172.66 %	256.70 %	248.12 %

(continued)

Schedule of Changes in Net Pension Liability and Related Ratios (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	2014²	2015²	2016²
PUBLIC EMPLOYEES' RETIREMENT FUND PLANS			
STATE INDUSTRIAL¹			
Total pension liability			
Service cost	\$ 92,324	\$ 100,006	\$ 107,868
Interest on total pension liability	241,278	257,527	273,308
Differences between expected and actual experience	—	26,976	7,009
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(146,977)	(157,029)	(167,359)
Net change in total pension liability	186,625	227,480	220,826
Total pension liability – beginning	3,181,282	3,367,907	3,595,387
Total pension liability – ending (a)	\$ 3,367,907	\$ 3,595,387	\$ 3,816,213
Plan fiduciary net position			
Contributions – employer	\$ 88,516	\$ 107,238	\$ 116,730
Contributions – employee	44,459	49,482	52,775
Net investment income	423,076	62,385	14,444
Benefit payments, including refunds of employee contributions	(146,977)	(157,029)	(167,359)
Net plan to plan resource movement	—	30	216
Administrative expense	(3,583)	(3,252)	(1,758)
Other miscellaneous income/(expense)	—	—	—
Net change in plan fiduciary net position	405,491	58,854	15,048
Plan fiduciary net position – beginning	2,420,958	2,826,449	2,885,303
Plan fiduciary net position – ending (b)	\$ 2,826,449	\$ 2,885,303	\$ 2,900,351
State's net pension liability – ending (a) – (b)	\$ 541,458	\$ 710,084	\$ 915,862
Plan fiduciary net position as a percentage of the total pension liability	83.92 %	80.25 %	76.00 %
Covered payroll	\$ 532,490	\$ 577,711	\$ 625,220
State's net pension liability as a percentage of covered payroll	101.68 %	122.91 %	146.49 %

2017²	2018²	2019²	2020²	2021²	2022²	2023²
\$ 124,792	\$ 119,521	\$ 127,006	\$ 131,508	\$ 136,918	\$ 145,767	\$ 151,085
290,058	301,134	324,909	343,896	363,230	374,401	398,940
21,516	(19,063)	106,233	24,610	21,852	(65,431)	97,355
245,450	(54,062)	—	—	—	153,761	—
(177,654)	(190,683)	(205,544)	(220,912)	(238,188)	(255,704)	(273,392)
504,162	156,847	352,604	279,102	283,812	352,794	373,988
3,816,213	4,320,375	4,477,222	4,829,826	5,108,928	5,392,740	5,745,534
\$ 4,320,375	\$ 4,477,222	\$ 4,829,826	\$ 5,108,928	\$ 5,392,740	\$ 5,745,534	\$ 6,119,522
\$ 123,163	\$ 241,062	\$ 148,494	\$ 244,773	\$ 128,161	\$ 187,745	\$ 256,851
54,114	58,404	61,338	65,268	58,867	67,664	70,548
322,150	272,379	233,027	191,982	911,996	(374,909)	285,169
(177,654)	(190,683)	(205,544)	(220,912)	(238,188)	(255,704)	(273,392)
(141)	268	(754)	(1,037)	(663)	281	150
(4,282)	(5,014)	(2,558)	(5,383)	(4,090)	(3,084)	(3,362)
—	(9,522)	8	—	—	—	—
317,350	366,894	234,011	274,691	856,083	(378,007)	335,964
2,900,351	3,217,701	3,584,595	3,818,606	4,093,297	4,950,153	* 4,572,146
\$ 3,217,701	\$ 3,584,595	\$ 3,818,606	\$ 4,093,297	\$ 4,949,380	\$ 4,572,146	\$ 4,908,110
\$ 1,102,674	\$ 892,627	\$ 1,011,220	\$ 1,015,631	\$ 443,360	\$ 1,173,388	\$ 1,211,412
74.48 %	80.06 %	79.06 %	80.12 %	91.78 %	79.58 %	80.20 %
\$ 643,295	\$ 695,014	\$ 728,609	\$ 765,840	\$ 706,128	\$ 802,709	837,312
171.41 %	128.43 %	138.79 %	132.62 %	62.79 %	146.18 %	144.68 %
						(continued)

Schedule of Changes in Net Pension Liability and Related Ratios (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	2014 ²	2015 ²	2016 ²
PUBLIC EMPLOYEES' RETIREMENT FUND PLANS			
STATE SAFETY¹			
Total pension liability			
Service cost	\$ 402,902	\$ 422,634	\$ 438,147
Interest on total pension liability	663,219	734,333	786,096
Differences between expected and actual experience	—	(4,150)	(2,235)
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(429,353)	(469,275)	(502,427)
Net change in total pension liability	636,768	683,542	719,581
Total pension liability – beginning	8,682,750	9,626,597	* 10,310,139
Total pension liability – ending (a)	\$ 9,319,518	\$ 10,310,139	\$ 11,029,720
Plan fiduciary net position			
Contributions – employer	\$ 339,232	\$ 393,925	\$ 401,108
Contributions – employee	196,148	215,482	221,615
Net investment income	1,162,050	175,677	42,258
Benefit payments, including refunds of employee contributions	(429,353)	(469,275)	(502,427)
Net plan to plan resource movement	—	499	548
Administrative expense	(9,945)	(9,200)	(4,966)
Other miscellaneous income/(expense)	—	—	—
Net change in plan fiduciary net position	1,258,132	307,108	158,136
Plan fiduciary net position – beginning	6,583,260	7,841,392	8,148,500
Plan fiduciary net position – ending (b)	\$ 7,841,392	\$ 8,148,500	\$ 8,306,636
State's net pension liability – ending (a) – (b)	\$ 1,478,126	\$ 2,161,639	\$ 2,723,084
Plan fiduciary net position as a percentage of the total pension liability	84.14 %	79.03 %	75.31 %
Covered payroll	\$ 1,901,235	\$ 2,003,777	\$ 2,100,295
State's net pension liability as a percentage of covered payroll	77.75 %	107.88 %	129.65 %

2017²	2018²	2019²	2020²	2021²	2022²	2023²
\$ 497,129	\$ 504,383	\$ 536,173	\$ 553,316	\$ 564,198	\$ 574,216	\$ 559,582
827,412	877,944	951,075	1,012,593	1,072,105	1,110,294	1,184,611
(109,901)	(21,592)	227,078	16,473	(33,477)	(238,531)	222,716
673,183	(41,225)	—	—	—	455,219	—
(538,735)	(578,504)	(626,451)	(677,362)	(733,697)	(788,819)	(856,902)
1,349,088	741,006	1,087,875	905,020	869,129	1,112,379	1,110,007
\$ 11,029,720	\$ 12,378,808	\$ 13,119,814	\$ 14,207,689	\$ 15,112,709	\$ 15,981,838	\$ 17,094,217
<u>\$ 12,378,808</u>	<u>\$ 13,119,814</u>	<u>\$ 14,207,689</u>	<u>\$ 15,112,709</u>	<u>\$ 15,981,838</u>	<u>\$ 17,094,217</u>	<u>\$ 18,204,224</u>
\$ 433,232	\$ 774,759	\$ 523,076	\$ 747,441	\$ 429,347	\$ 561,229	\$ 771,612
231,364	245,021	257,071	267,822	223,408	244,938	279,174
926,106	797,214	691,911	575,732	2,758,504	(1,131,785)	866,433
(538,735)	(578,504)	(626,451)	(677,362)	(733,697)	(788,819)	(856,901)
295	532	1,482	3,907	1,513	950	586
(12,264)	(14,565)	(7,524)	(16,047)	(12,272)	(9,314)	(10,169)
—	(27,658)	24	—	—	—	—
1,039,998	1,196,799	839,589	901,493	2,666,803	(1,122,801)	1,050,735
\$ 8,306,636	\$ 9,346,634	\$ 10,543,433	\$ 11,383,022	\$ 12,284,515	\$ 14,951,366	* \$ 13,828,565
<u>\$ 9,346,634</u>	<u>\$ 10,543,433</u>	<u>\$ 11,383,022</u>	<u>\$ 12,284,515</u>	<u>\$ 14,951,318</u>	<u>\$ 13,828,565</u>	<u>\$ 14,879,300</u>
\$ 3,032,174	\$ 2,576,381	\$ 2,824,667	\$ 2,828,194	\$ 1,030,520	\$ 3,265,652	\$ 3,324,924
75.51 %	80.36 %	80.12 %	81.29 %	93.55 %	80.90 %	81.74 %
\$ 2,167,429	\$ 2,339,642	\$ 2,468,018	\$ 2,566,403	\$ 2,367,960	\$ 2,633,568	\$ 2,637,846
139.90 %	110.12 %	114.45 %	110.20 %	43.52 %	124.00 %	126.05 %
						(continued)

Schedule of Changes in Net Pension Liability and Related Ratios (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	2014 ²	2015 ²	2016 ²
PUBLIC EMPLOYEES' RETIREMENT FUND PLANS			
STATE PEACE OFFICERS AND FIREFIGHTERS¹			
Total pension liability			
Service cost	\$ 816,836	\$ 838,628	\$ 861,694
Interest on total pension liability	2,622,406	2,759,982	2,902,900
Differences between expected and actual experience	—	288,526	18,316
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(1,568,738)	(1,697,676)	(1,822,841)
Net change in total pension liability	1,870,504	2,189,460	1,960,069
Total pension liability – beginning	34,655,771	36,219,196	* 38,408,656
Total pension liability – ending (a)	\$ 36,526,275	\$ 38,408,656	\$ 40,368,725
Plan fiduciary net position			
Contributions – employer	\$ 959,741	\$ 1,146,192	\$ 1,265,145
Contributions – employee	331,956	366,419	381,185
Net investment income	3,964,754	584,142	137,927
Benefit payments, including refunds of employee contributions	(1,568,738)	(1,697,676)	(1,822,841)
Net plan to plan resource movement	—	194	114
Administrative expense	(33,334)	(30,069)	(16,295)
Other miscellaneous income/(expense)	—	—	—
Net change in plan fiduciary net position	3,654,379	369,202	(54,765)
Plan fiduciary net position – beginning	22,713,610	26,367,989	26,737,191
Plan fiduciary net position – ending (b)	\$ 26,367,989	\$ 26,737,191	\$ 26,682,426
State's net pension liability – ending (a) – (b)	\$ 10,158,286	\$ 11,671,465	\$ 13,686,299
Plan fiduciary net position as a percentage of the total pension liability	72.19 %	69.61 %	66.10 %
Covered payroll	\$ 3,241,895	\$ 3,115,287	\$ 3,241,895
State's net pension liability as a percentage of covered payroll	313.34 %	374.65 %	422.17 %

2017²	2018²	2019²	2020²	2021²	2022²	2023²
\$ 980,897	\$ 1,011,482	\$ 1,044,955	\$ 1,062,486	\$ 1,111,888	\$ 1,167,715	\$ 1,242,191
3,018,186	3,185,628	3,381,608	3,547,687	3,745,062	3,864,043	4,112,779
(286,527)	354,089	664,430	172,204	585,665	(805,030)	1,381,891
2,608,752	(25,104)	—	—	—	2,190,080	—
(1,938,027)	(2,065,007)	(2,209,557)	(2,359,940)	(2,560,165)	(2,735,400)	(2,956,624)
4,383,281	2,461,088	2,881,436	2,422,437	2,882,450	3,681,408	3,780,237
40,368,725	44,752,006	47,213,094	50,094,530	52,516,967	55,399,417	59,080,825
\$ 44,752,006	\$ 47,213,094	\$ 50,094,530	\$ 52,516,967	\$ 55,399,417	\$ 59,080,825	\$ 62,861,062
\$ 1,427,240	\$ 3,068,270	\$ 1,665,872	\$ 3,220,740	\$ 1,310,946	\$ 2,171,675	\$ 3,371,914
399,946	421,662	437,937	462,370	423,995	477,347	490,773
2,954,170	2,522,044	2,175,528	1,812,785	8,602,827	(3,524,276)	2,690,552
(1,938,027)	(2,065,007)	(2,209,557)	(2,359,941)	(2,560,165)	(2,735,400)	(2,956,624)
1,628	(104)	350	735	(66)	1,076	931
(39,395)	(45,950)	(23,765)	(49,832)	(38,396)	(28,764)	(31,280)
—	(87,261)	77	—	—	—	—
2,805,562	3,813,654	2,046,442	3,086,857	7,739,141	(3,638,342)	3,566,266
26,682,426	29,487,988	33,301,642	35,348,084	38,434,941	46,175,076	* 42,536,734
\$ 29,487,988	\$ 33,301,642	\$ 35,348,084	\$ 38,434,941	\$ 46,174,082	\$ 42,536,734	\$ 46,103,000
\$ 15,264,018	\$ 13,911,452	\$ 14,746,446	\$ 14,082,026	\$ 9,225,335	\$ 16,544,091	\$ 16,758,062
65.89 %	70.53 %	70.56 %	73.19 %	83.35 %	72.00 %	73.34 %
\$ 3,416,627	\$ 3,557,011	\$ 3,676,854	\$ 3,904,615	\$ 3,629,097	\$ 4,035,339	4,148,789
446.76 %	391.10 %	401.06 %	360.65 %	254.20 %	409.98 %	403.93 %

(continued)

Schedule of Changes in Net Pension Liability and Related Ratios (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	2014 ²	2015 ²	2016 ²
PUBLIC EMPLOYEES' RETIREMENT FUND PLANS			
CALIFORNIA HIGHWAY PATROL			
Total pension liability			
Service cost	\$ 191,730	\$ 198,665	\$ 210,619
Interest on total pension liability	724,474	764,348	809,691
Differences between expected and actual experience	—	75,593	125,614
Changes of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(460,991)	(487,061)	(516,723)
Net change in total pension liability	455,213	551,545	629,201
Total pension liability – beginning	9,604,872	10,060,085	10,611,630
Total pension liability – ending (a)	\$ 10,060,085	\$ 10,611,630	\$ 11,240,831
Plan fiduciary net position			
Contributions – employer	\$ 277,702	\$ 351,197	\$ 375,928
Contributions – employee	83,161	85,791	86,111
Net investment income	1,005,007	146,782	33,918
Benefit payments, including refunds of employee contributions	(460,991)	(487,061)	(516,723)
Net plan to plan resource movement	—	(214)	292
Administrative expense	(8,417)	(7,600)	(4,111)
Other miscellaneous income/(expense)	—	—	—
Net change in plan fiduciary net position	896,462	88,895	(24,585)
Plan fiduciary net position – beginning	5,759,985	6,656,447	6,745,342
Plan fiduciary net position – ending (b)	\$ 6,656,447	\$ 6,745,342	\$ 6,720,757
State's net pension liability – ending (a) – (b)	\$ 3,403,638	\$ 3,866,288	\$ 4,520,074
Plan fiduciary net position as a percentage of the total pension liability	66.17 %	63.57 %	59.79 %
Covered payroll	\$ 765,283	\$ 809,610	\$ 808,032
State's net pension liability as a percentage of covered payroll	444.76 %	477.55 %	559.39 %

	2017²	2018²	2019²	2020²	2021²	2022²	2023²
\$	237,064	\$ 248,531	\$ 257,384	\$ 266,192	\$ 268,009	\$ 292,213	\$ 298,022
833,062	878,113	926,056	974,410	1,022,074	1,062,411	1,116,842	
(158,392)	103,283	135,148	120,496	98,575	(178,097)	198,448	
721,972	12,213	—	—	—	695,673	—	
(543,456)	(579,080)	(612,298)	(651,832)	(695,055)	(739,443)	(794,793)	
1,090,250	663,060	706,290	709,266	693,603	1,132,757	818,519	
\$ 11,240,831	\$ 12,331,081	\$ 12,994,141	\$ 13,700,431	\$ 14,409,697	\$ 15,103,300	\$ 15,236,057	
\$ 12,331,081	\$ 12,994,141	\$ 13,700,431	\$ 14,409,697	\$ 15,103,300	\$ 16,236,057	\$ 17,054,576	
\$	426,603	\$ 978,060	\$ 507,055	\$ 559,585	\$ 802,064	\$ 628,308	\$ 674,103
91,116	95,482	100,080	103,159	95,784	109,080	123,075	
747,272	639,591	556,379	450,669	2,200,671	(901,987)	678,131	
(543,456)	(579,080)	(612,298)	(651,832)	(695,055)	(739,443)	(794,793)	
1,050	330	265	638	1,773	252	184	
(9,923)	(11,583)	(6,090)	(12,800)	(9,519)	(7,428)	(8,099)	
—	(21,997)	20	—	—	—	—	
712,662	1,100,803	545,411	449,419	2,395,718	(911,218)	672,601	
\$ 6,720,757	\$ 7,433,419	\$ 8,534,222	\$ 9,079,633	\$ 9,529,052	\$ 11,924,803	* \$ 11,013,585	
\$ 7,433,419	\$ 8,534,222	\$ 9,079,633	\$ 9,529,052	\$ 11,924,770	\$ 11,013,585	\$ 11,686,186	
\$ 4,897,662	\$ 4,459,919	\$ 4,620,798	\$ 4,880,645	\$ 3,178,530	\$ 5,222,472	\$ 5,368,390	
	60.28 %	65.68 %	66.27 %	66.13 %	78.95 %	67.83 %	68.52 %
\$	851,427	\$ 884,197	\$ 933,689	\$ 948,000	\$ 882,119	\$ 936,496	\$ 977,794
	575.23 %	504.40 %	494.90 %	514.84 %	360.33 %	557.66 %	549.03 %
							(continued)

Schedule of Changes in Net Pension Liability and Related Ratios (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	2014 ²	2015 ²	2016 ²
SINGLE-EMPLOYER PLANS			
JUDGES'			
Total pension liability			
Service cost	\$ 27,581	\$ 27,841	\$ 29,314
Interest on total pension liability	140,256	133,181	107,514
Differences between expected and actual experience	—	57,568	(59,421)
Changes of assumptions	—	158,646	384,306
Benefit payments, including refunds of employee contributions	(193,935)	(201,868)	(199,349)
Net change in total pension liability	(26,098)	175,368	262,364
Total pension liability – beginning	3,383,310	3,357,212	3,532,580
Total pension liability – ending (a)	\$ 3,357,212	\$ 3,532,580	\$ 3,794,944
Plan fiduciary net position			
Contributions – employer	\$ 191,148	\$ 180,910	\$ 192,287
Contributions – employee	7,248	3,877	3,559
Net investment income	59	88	193
Benefit payments, including refunds of employee contributions	(193,935)	(201,867)	(199,349)
Administrative expense	(1,141)	(1,227)	(642)
Other miscellaneous income/(expense)	—	2,198	2,568
Net change in plan fiduciary net position	3,379	(16,021)	(1,384)
Plan fiduciary net position – beginning	53,820	57,199	41,178
Plan fiduciary net position – ending (b)	\$ 57,199	\$ 41,178	\$ 39,794
State's net pension liability – ending (a) – (b)	\$ 3,300,013	\$ 3,491,402	\$ 3,755,150
Plan fiduciary net position as a percentage of the total pension liability	1.70 %	1.17 %	1.05 %
Covered payroll	\$ 163,574	\$ 28,770	\$ 23,537
State's net pension liability as a percentage of covered payroll	2017.44 %	12135.56 %	15954.24 %

<u>2017²</u>	<u>2018²</u>	<u>2019²</u>	<u>2020²</u>	<u>2021²</u>	<u>2022²</u>	<u>2023²</u>
\$ 22,733	\$ 19,131	\$ 20,073	\$ 17,026	\$ 17,861	\$ 10,345	\$ 9,541
115,067	109,395	99,427	79,720	64,481	93,559	96,524
(366,200)	(121,259)	86,873	(41,794)	40,006	(92,633)	111,908
(107,670)	(20,879)	153,651	218,684	179,421	(598,096)	(36,907)
(200,440)	(207,823)	(221,954)	(213,234)	(210,951)	(210,491)	(216,271)
(536,510)	(221,435)	138,070	60,402	90,818	(797,316)	(35,205)
3,794,944	3,258,434	3,036,999	3,175,069	3,235,471	3,326,289	2,528,973
<u>\$ 3,258,434</u>	<u>\$ 3,036,999</u>	<u>\$ 3,175,069</u>	<u>\$ 3,235,471</u>	<u>\$ 3,326,289</u>	<u>\$ 2,528,973</u>	<u>\$ 2,493,768</u>
\$ 204,475	\$ 199,241	\$ 195,903	\$ 243,132	\$ 225,824	\$ 194,960	\$ 208,785
3,398	3,061	2,679	2,843	2,146	1,956	1,697
424	846	1,166	885	163	194	2,233
(200,440)	(207,823)	(221,954)	(213,234)	(210,951)	(210,491)	(216,271)
(1,771)	(2,106)	(10,032)	(2,270)	(1,731)	(1,677)	(2,032)
2,395	(1,863)	2,776	2,202	2,462	2,305	3,028
8,481	(8,644)	(29,462)	33,558	17,913	(12,753)	(2,560)
39,794	48,275	39,631	10,169	43,727	61,640	48,887
<u>\$ 48,275</u>	<u>\$ 39,631</u>	<u>\$ 10,169</u>	<u>\$ 43,727</u>	<u>\$ 61,640</u>	<u>\$ 48,887</u>	<u>\$ 46,327</u>
<u>\$ 3,210,159</u>	<u>\$ 2,997,368</u>	<u>\$ 3,164,900</u>	<u>\$ 3,191,744</u>	<u>\$ 3,264,649</u>	<u>\$ 2,480,086</u>	<u>\$ 2,447,441</u>
1.48 %	1.30 %	0.32 %	1.35 %	1.85 %	1.93 %	1.86 %
\$ 26,102	\$ 24,007	\$ 22,117	\$ 16,017	\$ 13,444	\$ 14,061	\$ 13,235
12298.52 %	12485.39 %	14309.81 %	19927.23 %	24283.32 %	17638.05 %	18492.19 %
(continued)						

Schedule of Changes in Net Pension Liability and Related Ratios (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	2014 ²	2015 ²	2016 ²	
SINGLE-EMPLOYER PLANS				
JUDGES' II				
Total pension liability				
Service cost	\$ 78,670	\$ 79,641	\$ 86,635	
Interest on total pension liability	61,044	69,128	78,412	
Differences between expected and actual experience	—	(17,319)	(4,546)	
Changes of assumptions	—	(16,619)	—	
Benefit payments, including refunds of employee contributions	(8,950)	(14,041)	(21,704)	
Net change in total pension liability	130,764	100,790	138,797	
Total pension liability – beginning	837,198	967,962	1,068,752	
Total pension liability – ending (a)	\$ 967,962	\$ 1,068,752	\$ 1,207,549	
Plan fiduciary net position				
Contributions – employer	\$ 57,027	\$ 65,629	\$ 65,839	
Contributions – employee	20,413	22,242	24,598	
Net investment income	150,168	(2,402)	20,810	
Benefit payments, including refunds of employee contributions	(8,950)	(14,041)	(21,704)	
Administrative expense	(785)	(1,127)	(732)	
Other miscellaneous income/(expense)	—	—	—	
Net change in plan fiduciary net position	217,873	70,301	88,811	
Plan fiduciary net position – beginning	795,967	1,013,840	1,084,141	
Plan fiduciary net position – ending (b)	\$ 1,013,840	\$ 1,084,141	\$ 1,172,952	
State's net pension liability/(asset) – ending (a) – (b)	\$ (45,878)	\$ (15,389)	\$ 34,597	
Plan fiduciary net position as a percentage of the total pension liability		104.74 %	101.44 %	97.13 %
Covered payroll	\$ 40,476	\$ 180,230	\$ 192,739	
State's net pension liability as a percentage of covered payroll		-113.35 %	-8.54 %	17.95 %

2017²	2018²	2019²	2020²	2021²	2022²	2023²
\$ 97,679	\$ 95,843	\$ 103,791	\$ 114,486	\$ 116,782	\$ 115,808	\$ 121,141
85,654	91,418	103,889	115,517	126,949	120,585	131,805
(26,382)	(26,875)	30,292	(2,797)	(10,976)	(67,751)	18,683
69,233	(41,763)	—	—	—	(59,394)	—
(22,406)	(31,795)	(36,204)	(34,547)	(61,994)	(66,739)	(83,868)
203,778	86,828	201,768	192,659	170,761	42,509	187,761
\$ 1,207,549	\$ 1,411,327	\$ 1,498,154	\$ 1,699,922	\$ 1,892,581	\$ 2,063,342	\$ 2,105,851
\$ 1,411,327	\$ 1,498,155	\$ 1,699,922	\$ 1,892,581	\$ 2,063,342	\$ 2,105,851	\$ 2,293,612
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\$ 67,102	\$ 79,699	\$ 84,099	\$ 91,147	\$ 84,147	\$ 92,773	\$ 89,970
25,076	27,514	31,375	35,796	34,094	36,529	38,669
115,057	101,820	106,781	80,074	463,478	(324,365)	151,744
(22,406)	(31,795)	(36,204)	(34,547)	(61,994)	(66,739)	(83,868)
(1,682)	(2,370)	(1,477)	(2,552)	(1,703)	(1,842)	(2,126)
—	(5,451)	—	—	—	4	3
183,147	169,417	184,574	169,918	518,022	(263,640)	194,393
\$ 1,172,952	\$ 1,356,099	\$ 1,525,515	\$ 1,710,089	\$ 1,880,007	\$ 2,398,029	\$ 2,134,389
\$ 1,356,099	\$ 1,525,516	\$ 1,710,089	\$ 1,880,007	\$ 2,398,029	\$ 2,134,389	\$ 2,328,782
<hr/>						
\$ 55,228	\$ (27,361)	\$ (10,167)	\$ 12,574	\$ (334,687)	\$ (28,538)	\$ (35,170)
<hr/>						
96.09 %	101.83 %	100.60 %	99.34 %	116.22 %	101.36 %	101.53 %
\$ 192,786	\$ 202,433	\$ 220,742	\$ 246,968	\$ 233,316	\$ 242,525	\$ 249,328
28.65 %	-13.52 %	-4.61 %	5.09 %	-143.45 %	-11.77 %	-14.11 %
						(continued)

Schedule of Changes in Net Pension Liability and Related Ratios (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	2014 ²	2015 ²	2016 ²
SINGLE-EMPLOYER PLANS			
LEGISLATORS'			
Total pension liability			
Service cost.....	\$ 732	\$ 769	\$ 608
Interest on total pension liability.....	6,465	6,268	5,978
Differences between expected and actual experience.....	—	(4,246)	(3,530)
Changes of assumptions.....	—	(2,654)	—
Benefit payments, including refunds of employee contributions.....	(7,482)	(9,087)	(7,407)
Net change in total pension liability.....	(285)	(8,950)	(4,351)
Total pension liability – beginning.....	115,806	115,521	106,571
Total pension liability – ending (a).....	\$ 115,521	\$ 106,571	\$ 102,220
Plan fiduciary net position			
Contributions – employer.....	\$ 565	\$ 590	\$ 549
Contributions – employee.....	113	105	96
Net investment income.....	15,372	(94)	4,545
Benefit payments, including refunds of employee contributions.....	(7,482)	(9,087)	(7,407)
Administrative expense.....	(362)	(399)	(202)
Other miscellaneous income/(expense).....	—	—	—
Net change in plan fiduciary net position.....	8,206	(8,885)	(2,419)
Plan fiduciary net position – beginning.....	122,148	130,354	121,469
Plan fiduciary net position – ending (b).....	\$ 130,354	\$ 121,469	\$ 119,050
State's net pension liability/(asset) – ending (a) – (b).....	\$ (14,833)	\$ (14,898)	\$ (16,830)
Plan fiduciary net position as a percentage of the total pension liability.....	112.84 %	113.98 %	116.46 %
Covered payroll.....	\$ 1,471	\$ 1,397	\$ 1,298
State's net pension liability as a percentage of covered payroll.....	-1008.36 %	-1066.43 %	-1296.61 %

2017²	2018²	2019²	2020²	2021²	2022²	2023²
\$ 639	\$ 542	\$ 268	\$ 100	\$ 101	\$ 108	\$ 52
5,291	4,987	4,873	4,885	4,749	4,299	4,248
(5,998)	(2,061)	(427)	2,320	(732)	(992)	1,444
7,857	(2,529)	—	—	—	1,024	—
(7,249)	(6,918)	(7,350)	(6,939)	(6,761)	(6,647)	(7,088)
540	(5,979)	(2,636)	366	(2,643)	(2,208)	(1,344)
102,220	102,760	96,780	94,144	94,510	91,867	89,659
\$ 102,760	\$ 96,781	\$ 94,144	\$ 94,510	\$ 91,867	\$ 89,659	\$ 88,315
\$ 517	\$ 467	\$ 250	\$ 98	\$ 78	\$ 85	\$ 44
94	82	92	22	21	23	11
5,047	5,486	7,860	7,011	15,099	(12,450)	601
(7,249)	(6,918)	(7,350)	(6,939)	(6,761)	(6,647)	(7,088)
(575)	(670)	(324)	(550)	(450)	(436)	(525)
—	(1,454)	—	2	13	1	2
(2,166)	(3,007)	528	(356)	8,000	(19,424)	(6,955)
119,050	116,884	113,876	114,404	114,048	122,048	102,624
\$ 116,884	\$ 113,877	\$ 114,404	\$ 114,048	\$ 122,048	\$ 102,624	\$ 95,669
\$ (14,124)	\$ (17,096)	\$ (20,260)	\$ (19,538)	\$ (30,181)	\$ (12,965)	\$ (7,354)
113.74 %	117.66 %	121.52 %	120.67 %	132.85 %	114.46 %	108.33 %
\$ 1,270	\$ 1,121	\$ 684	\$ 284	\$ 267	\$ 290	\$ 138
-1112.13 %	-1525.07 %	-2961.99 %	-6879.58 %	-11303.75 %	-4470.69 %	-5328.99 %
						(concluded)

Schedule of State Pension Contributions

For the Past Ten Fiscal Years

(amounts in thousands)

	2015	2016	2017
PUBLIC EMPLOYEES' RETIREMENT FUND PLANS			
STATE MISCELLANEOUS¹			
Actuarially determined contribution	\$ 2,421,157	\$ 2,718,895	\$ 3,078,232
Contributions in relation to the actuarially determined contribution	(2,583,400)	(2,814,126)	(3,098,305)
Contribution deficiency (excess).....	\$ (162,243)	\$ (95,231)	\$ (20,073)
Covered payroll	\$ 10,655,117	\$ 11,197,607	\$ 11,591,576
Contributions as a percentage of covered payroll	24.25 %	25.13 %	26.73 %
STATE INDUSTRIAL¹			
Actuarially determined contribution	\$ 92,024	\$ 103,293	\$ 116,880
Contributions in relation to the actuarially determined contribution	(104,769)	(116,594)	(123,789)
Contribution deficiency (excess).....	\$ (12,745)	\$ (13,301)	\$ (6,909)
Covered payroll	\$ 577,713	\$ 625,220	\$ 643,295
Contributions as a percentage of covered payroll	18.14 %	18.65 %	19.24 %
STATE SAFETY¹			
Actuarially determined contribution	\$ 341,509	\$ 368,444	\$ 400,379
Contributions in relation to the actuarially determined contribution	(387,508)	(404,595)	(431,991)
Contribution deficiency (excess).....	\$ (45,999)	\$ (36,151)	\$ (31,612)
Covered payroll	\$ 2,003,716	\$ 2,100,289	\$ 2,167,429
Contributions as a percentage of covered payroll	19.34 %	19.26 %	19.93 %
STATE PEACE OFFICERS AND FIREFIGHTERS¹			
Actuarially determined contribution	\$ 1,086,102	\$ 1,197,160	\$ 1,343,177
Contributions in relation to the actuarially determined contribution	(1,148,597)	(1,263,436)	(1,431,851)
Contribution deficiency (excess).....	\$ (62,495)	\$ (66,276)	\$ (88,674)
Covered payroll	\$ 3,115,364	\$ 3,241,763	\$ 3,416,627
Contributions as a percentage of covered payroll	36.87 %	38.97 %	41.91 %

¹ This schedule includes amounts attributable to related organizations, fiduciary component units, and discretely presented component units, which are not part of the primary government.

* Updated based on more current information.

2018	2019	2020	2021	2022	2023	2024
\$ 3,397,736	\$ 3,631,721	\$ 4,006,672	\$ 4,324,789	\$ 4,160,143	\$ 4,452,668	\$ 4,749,786
(3,482,291)	(3,794,379)	(5,032,209)	(3,791,620)	(4,281,402)	(4,918,505)	(5,305,363)
<u>\$ (84,555)</u>	<u>\$ (162,658)</u>	<u>\$ (1,025,537)</u>	<u>\$ 533,169</u>	<u>\$ (121,259)</u>	<u>\$ (465,837)</u>	<u>\$ (555,577)</u>
\$ 12,254,527	\$ 12,913,195	\$ 13,579,610	\$ 12,909,399	\$ 14,727,596	\$ 15,486,977	\$ 16,690,904
28.42 %	29.38 %	37.06 %	29.37 %	29.07 %	31.76 %	31.79 %
\$ 131,131	\$ 134,969	\$ 153,724	\$ 166,535	\$ 132,980	\$ 157,441	\$ 164,652
(141,832)	(148,790)	(245,757)	(128,407)	(138,688)	(174,595)	(186,979)
<u>\$ (10,701)</u>	<u>\$ (13,821)</u>	<u>\$ (92,033)</u>	<u>\$ 38,128</u>	<u>\$ (5,708)</u>	<u>\$ (17,154)</u>	<u>\$ (22,327)</u>
\$ 695,014	\$ 728,609	\$ 765,840	\$ 706,128	\$ 802,709	\$ 837,312	\$ 896,354
20.41 %	20.42 %	32.09 %	18.18 %	17.28 %	20.85 %	20.86 %
\$ 435,662	\$ 466,765	\$ 526,375	\$ 553,298	\$ 476,457	\$ 537,135	\$ 537,239
(481,479)	(531,360)	(759,505)	(473,147)	(499,621)	(579,316)	(609,278)
<u>\$ (45,817)</u>	<u>\$ (64,595)</u>	<u>\$ (233,130)</u>	<u>\$ 80,151</u>	<u>\$ (23,164)</u>	<u>\$ (42,181)</u>	<u>\$ (72,039)</u>
\$ 2,339,642	\$ 2,468,018	\$ 2,566,403	\$ 2,367,960	\$ 2,633,568	\$ 2,637,846	\$ 2,773,873
20.58 %	21.53 %	29.59 %	19.98 %	18.97 %	21.96 %	21.96 %
\$ 1,462,630	\$ 1,581,049	\$ 1,755,306	\$ 1,871,841	\$ 1,262,871	\$ 1,850,940	\$ 1,952,094
(1,573,299)	(1,667,839)	(3,234,348)	(1,312,046)	(1,325,451)	(2,071,961)	(2,172,989)
<u>\$ (110,669)</u>	<u>\$ (86,790)</u>	<u>\$ (1,479,042)</u>	<u>\$ 559,795</u>	<u>\$ (62,580)</u>	<u>\$ (221,021)</u>	<u>\$ (220,895)</u>
\$ 3,557,011	\$ 3,676,854	\$ 3,904,615	\$ 3,629,097	\$ 4,035,339	\$ 4,148,789	\$ 4,347,064
44.23 %	45.36 %	82.83 %	36.15 %	32.85 %	49.94 %	49.99 %

(continued)

Schedule of State Pension Contributions (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	2015	2016	2017
PUBLIC EMPLOYEES' RETIREMENT FUND PLANS			
CALIFORNIA HIGHWAY PATROL			
Actuarially determined contribution	\$ 323,393	\$ 363,634	\$ 414,975
Contributions in relation to the actuarially determined contribution	<u>(352,139)</u>	<u>(377,534)</u>	<u>(426,014)</u>
Contribution deficiency (excess).....	<u>\$ (28,746)</u>	<u>\$ (13,900)</u>	<u>\$ (11,039)</u>
Covered payroll	\$ 809,610	\$ 808,032	\$ 851,427
Contributions as a percentage of covered payroll	43.49 %	46.72 %	50.04 %
SINGLE-EMPLOYER PLANS			
JUDGES'			
Actuarially determined contribution	\$ 1,884,555	\$ 463,073	\$ 448,636
Contributions in relation to the actuarially determined contribution	<u>(3,598)</u>	<u>(3,252)</u>	<u>(202,368)</u>
Contribution deficiency (excess).....	<u>\$ 1,880,957</u>	<u>\$ 459,821</u>	<u>\$ 246,268</u>
Covered payroll	\$ 167,542	\$ 29,771	\$ 23,822
Contributions as a percentage of covered payroll	2.15 %	10.92 %	849.50 %
JUDGES' II			
Actuarially determined contribution	\$ 63,193	\$ 58,362	\$ 66,951
Contributions in relation to the actuarially determined contribution	<u>(59,982)</u>	<u>(60,476)</u>	<u>(55,965)</u>
Contribution deficiency (excess).....	<u>\$ 3,211</u>	<u>\$ (2,114)</u>	<u>\$ 10,986</u>
Covered payroll	\$ 41,458	\$ 186,505	\$ 195,066
Contributions as a percentage of covered payroll	144.68 %	32.43 %	28.69 %
LEGISLATORS'			
Actuarially determined contribution	\$ 260	\$ 141	\$ —
Contributions in relation to the actuarially determined contribution	<u>(544)</u>	<u>(549)</u>	<u>(516)</u>
Contribution deficiency (excess).....	<u>\$ (284)</u>	<u>\$ (408)</u>	<u>\$ (516)</u>
Covered payroll	\$ 1,397	\$ 1,298	\$ 1,270
Contributions as a percentage of covered payroll	38.94 %	42.30 %	40.63 %

2018	2019	2020	2021	2022	2023	2024
\$ 447,376	\$ 484,056	\$ 532,159	\$ 574,509	\$ 600,841	\$ 599,039	\$ 653,801
(478,354)	(514,683)	(560,538)	(530,587)	(590,087)	(660,340)	(752,825)
<u>\$ (30,978)</u>	<u>\$ (30,627)</u>	<u>\$ (28,379)</u>	<u>\$ 43,922</u>	<u>\$ 10,754</u>	<u>\$ (61,301)</u>	<u>\$ (99,024)</u>
\$ 884,197	\$ 933,689	\$ 948,000	\$ 882,119	\$ 936,496	\$ 977,794	\$ 1,048,891
54.10 %	55.12 %	59.13 %	60.15 %	63.01 %	67.53 %	71.77 %
\$ 438,156	\$ 415,110	\$ 414,849	\$ 366,446	\$ 352,881	\$ 313,118	\$ 315,809
(197,017)	(194,189)	(241,993)	(224,928)	(193,763)	(207,835)	(211,503)
<u>\$ 241,139</u>	<u>\$ 220,921</u>	<u>\$ 172,856</u>	<u>\$ 141,518</u>	<u>\$ 159,118</u>	<u>\$ 105,283</u>	<u>\$ 104,306</u>
\$ 27,003	\$ 25,748	\$ 16,017	\$ 13,444	\$ 14,061	\$ 13,227	* \$ 14,031
729.61 %	754.19 %	1,510.85 %	1,673.07 %	1,378.02 %	1,571.29 % *	1,507.40 %
\$ 79,181	\$ 75,862	\$ 81,782	\$ 88,439	\$ 89,938	* \$ 86,154	\$ 91,696
(73,916)	(76,155)	(83,872)	(78,784)	(81,960)	(73,614)	(87,640)
<u>\$ 5,265</u>	<u>\$ (293)</u>	<u>\$ (2,090)</u>	<u>\$ 9,655</u>	<u>\$ 7,978</u>	<u>\$ 12,540</u>	<u>\$ 4,056</u>
\$ 199,438	\$ 217,112	\$ 246,968	\$ 233,316	\$ 242,525	\$ 249,170	* \$ 264,322
37.06 %	35.08 %	33.96 %	33.77 %	33.79 %	29.54 % *	33.16 %
\$ 20	\$ —	\$ 101	\$ 84	\$ 88	\$ 48	\$ —
(467)	(261)	(100)	(79)	(85)	(44)	\$ —
<u>\$ (447)</u>	<u>\$ (261)</u>	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ —</u>
\$ 1,121	\$ 684	\$ 284	\$ 267	\$ 290	\$ 138	\$ —
41.66 %	38.16 %	35.21 %	29.59 %	29.31 %	31.80 %	— %

(continued)

Schedule of State Pension Contributions (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

Notes to Required Supplementary Information for the most recent fiscal year presented:

Public Employees' Retirement Fund (PERF) and Single-Employer Plans

Actual contribution amounts:	Based on statutorily required contributions as outlined in California Government Code section 20683.2, which dictates that any excess employer contributions due to increased employee contributions must be allocated to the unfunded liability.
Covered payroll:	Pensionable earnings provided by the employer.
Valuation date:	Actuarially determined contribution rates were calculated as of June 30, 2022.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	See each plan's June 30, 2021 Funding Valuation Report.
Asset valuation method	PERF – Fair Value of assets; for details see plan's June 30, 2021 Funding Valuation Report. Judges' – Fair Value of Assets Judges' II – Fair Value of Assets Legislators' – Fair Value of Assets
Inflation	PERF – 2.30% Judges' – 2.30% Judges' II – 2.30% Legislators' – 2.30%
Salary increases	PERF – varies by entry age and service Judges' – 2.80% Judges' II – 2.80% Legislators' – 2.80%
Payroll growth	PERF – 2.80% Judges' – 2.75% Judges' II – 2.75% Legislators' – 2.75%
Investment rate of return	Net of pension plan investment expenses and administrative expenses; includes inflation: PERF – 6.80%, which is used for contribution purposes Judges' – 3.00% Judges' II – 6.00% Legislators' – 4.50%
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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Schedule of the State's Proportionate Share of Net Pension Liability – CalSTRS

For the Past Ten Fiscal Years

(amounts in thousands)

	2014 ¹	2015 ¹	2016 ¹
State's proportion of CalSTRS' net pension liability	37.65 %	34.59 %	36.28 %
State's proportionate share of CalSTRS' net pension liability	\$ 22,001,531	\$ 23,289,391	\$ 29,343,626
Plan fiduciary net position as a percentage of the total pension liability	76.52 %	74.02 %	70.04 %

¹ The date in the column heading represents the end of the measurement period of the net pension liability, which is one year prior to the reporting period.

Schedule of the State's Contributions – CalSTRS

For the Past Ten Fiscal Years

(amounts in thousands)

	2015	2016	2017
Statutorily required contribution	\$ 1,486,004	\$ 1,935,288	\$ 2,472,993
Contributions in relation to the statutorily required contribution	<u>1,486,004</u>	<u>1,935,288</u>	<u>2,472,993</u>
Annual contribution deficiency/(excess).....	\$ —	\$ —	\$ —

Notes to Required Supplementary Information for the most recent fiscal year presented:

State's participation in CalSTRS

Actual contribution amounts: Based on statutorily required contributions as outlined in California Education Code sections 22954, 22955 and 22955.1, as well as California Public Resources Code section 6217.

Valuation date: Actuarially determined contribution rates were calculated as of June 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	Level percent of payroll, closed period, ending June 30, 2046
Asset valuation method	Adjustment to fair value
Consumer price inflation	2.75%
Payroll growth	3.50%
Investment rate of return	For calculating the actuarially determined contribution: 7.00%, net of pension plan investment and administrative expenses For calculating total pension liability: 7.10%, net of pension plan investment expenses, but gross of administrative expenses
Interest on accounts	3.00%
Post-retirement benefit increases (COLAs)	2.00% simple

2017¹	2018¹	2019¹	2020¹	2021¹	2022¹	2023¹
37.17 % \$ 34,374,816	36.41 % \$ 33,462,419	35.30 % \$ 31,880,645	34.02 % \$ 32,963,596	33.47 % \$ 15,233,348	33.37 % \$ 23,186,783	32.39 % \$ 24,670,833
69.46 %	70.99 %	72.56 %	71.82 %	87.21 %	81.25 %	80.62 %

2018	2019	2020	2021	2022	2023	2024
\$ 2,790,444	\$ 3,082,316	\$ 4,446,836	\$ 3,730,902	\$ 4,279,964	\$ 3,719,874	\$ 3,945,974
2,790,444	3,082,316	4,446,836	3,730,902	4,279,964	3,719,874	3,945,974
\$ —						

Schedule of Changes in Net OPEB Liability and Related Ratios

For the Past Five Fiscal Years¹

(amounts in thousands)

	2019 ^{2,6}	2020 ²
RETIREE HEALTH BENEFITS PROGRAM		
SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU)³		
Total OPEB liability		
Service cost	\$ 1,078,364	\$ 1,116,519
Interest on total OPEB liability	1,201,673	1,162,741
Differences between expected and actual experiences ⁵	(525,007)	(720,036)
Changes in assumptions	1,213,332	480,992
Benefit payments	<u>(856,494)</u>	<u>(910,765)</u>
Net change in total OPEB liability	2,111,868	1,129,451
Total OPEB liability – beginning	29,485,488	31,597,356
Total OPEB liability – ending (a)	\$ 31,597,356	\$ 32,726,807
Plan fiduciary net position		
Contributions – employer	\$ 856,494	\$ 910,765
Contributions – prefunding	71,712	174,235
Contributions – employee	71,712	174,235
Net investment income	8,202	9,788
Benefit payments	<u>(856,494)</u>	<u>(910,765)</u>
Administrative expense	(14)	(148)
Other expenses	—	—
Net change in plan fiduciary net position	151,612	358,110
Plan fiduciary net position – beginning	—	151,612
Plan fiduciary net position – ending (b)	\$ 151,612	\$ 509,722
State's net OPEB liability – ending (a) – (b)	\$ 31,445,744	\$ 32,217,085
Plan fiduciary net position as a percentage of the total OPEB liability	0.48 %	1.56 %
Covered payroll	\$ 7,317,203	\$ 7,701,525
State's net OPEB liability as a percentage of covered payroll	429.75 %	418.32 %

¹ This schedule will be built prospectively until it contains ten years of data.

² The date in the column heading represents the end of the measurement period of the net OPEB liability, which is one year prior to the reporting period.

³ This schedule includes amounts attributable to related organizations, fiduciary component units, and discretely presented component units, which are not part of the primary government.

⁴ The valuation groups that comprise the Unfunded and Other Funded plans shifted from the prior year.

⁵ Includes differences between projected pay-as-you-go contributions, based on expected benefit payments, disclosed in the *State of California Retiree Health Benefits Program - GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2023*, and the actual pay-as-you-go contributions allocated to plans.

⁶ This is the first year the SEIU valuation group is presented, as it began prefunding in the 2018-19 measurement period and shifted from the Unfunded plan from the prior year.

* Beginning balance of OPEB assets was restated from the prior period.

2021²	2022²	2023²
\$ 1,190,049	\$ 1,297,725	\$ 951,313
1,028,924	908,980	1,193,663
(2,498,623)	831,414	248,422
1,275,481	(6,216,338)	263,281
(962,640)	(1,038,983)	(1,068,245)
33,191	(4,217,202)	1,588,434
\$ 32,726,807	\$ 32,759,998	\$ 28,542,796
\$ 32,759,998	\$ 28,542,796	\$ 30,131,230
\$ 962,640	\$ 1,038,983	\$ 1,068,245
241,973	537,987	301,445
—	286,986	301,445
162,795	(228,601)	122,484
(962,640)	(1,038,983)	(1,068,245)
(229)	(333)	(516)
—	—	—
404,539	596,039	724,858
509,722	914,261	1,510,300
\$ 914,261	\$ 1,510,300	\$ 2,235,158
\$ 31,845,737	\$ 27,032,496	\$ 27,896,072
2.79 %	5.29 %	7.42 %
\$ 7,477,126	\$ 8,705,771	\$ 8,705,889
425.91 %	310.51 %	320.43 %
		(continued)

Schedule of Changes in Net OPEB Liability and Related Ratios (continued)

For the Past Seven Fiscal Years¹

(amounts in thousands)

	2017²	2018²
RETIREE HEALTH BENEFITS PROGRAM		
BARGAINING UNIT 5 PLAN		
Total OPEB liability		
Service cost	\$ 168,057	\$ 146,042
Interest on total OPEB liability	179,397	195,713
Differences between expected and actual experiences ⁵	—	(108,271)
Changes in assumptions	(474,646)	(137,150)
Benefit payments	(95,517)	(77,897)
Net change in total OPEB liability	(222,709)	18,437
Total OPEB liability – beginning	4,764,812	4,542,103
Total OPEB liability – ending (a)	\$ 4,542,103	\$ 4,560,540
Plan fiduciary net position		
Contributions – employer	\$ 95,517	\$ 77,897
Contributions – prefunding	77,454	59,697
Contributions – employee	12,783	4,089
Net investment income	21,109	20,988
Benefit payments	(95,517)	(77,897)
Administrative expense	(95)	(144)
Other expenses	(290)	—
Net change in plan fiduciary net position	110,961	84,630
Plan fiduciary net position – beginning	135,701	246,662
Plan fiduciary net position – ending (b)	\$ 246,662	\$ 331,292
State's net OPEB liability – ending (a) – (b)	\$ 4,295,441	\$ 4,229,248
Plan fiduciary net position as a percentage of the total OPEB liability	5.43 %	7.26 %
Covered payroll	\$ 866,040	\$ 895,430
State's net OPEB liability as a percentage of covered payroll	495.99 %	472.31 %

	2019²		2020²		2021²		2022²		2023²
\$	140,545	\$	159,410	\$	183,703	\$	209,691	\$	136,920
	199,637		204,078		202,901		181,784		207,924
	41,288		(64,174)		(699,133)		(92,802)		(15,291)
	318,292		466,272		531,615		(1,359,809)		7,641
	(78,501)		(84,544)		(87,872)		(92,183)		(92,714)
	621,261		681,042		131,214		(1,153,319)		244,480
	4,560,540		5,181,801		5,862,843		5,994,057		4,840,738
\$	5,181,801	\$	5,862,843	\$	5,994,057	\$	4,840,738	\$	5,085,218
\$	78,501	\$	84,544	\$	87,872	\$	92,183	\$	92,714
	57,567		59,296		1		120,580		50,716
	3,943		4,061		—		8,452		16,905
	23,834		16,069		136,197		(102,287)		45,222
	(78,501)		(84,544)		(87,872)		(92,183)		(92,714)
	(77)		(217)		(188)		(177)		(200)
	—		—		—		—		—
	85,267		79,209		136,010		26,568		112,643
	331,052	*	416,319		495,528		631,538		658,106
\$	416,319	\$	495,528	\$	631,538	\$	658,106	\$	770,749
\$	4,765,482	\$	5,367,315	\$	5,362,519	\$	4,182,632	\$	4,314,469
	8.03 %		8.45 %		10.54 %		13.60 %		15.16 %
\$	942,765	\$	958,694	\$	890,777	\$	950,596	\$	993,733
	505.48 %		559.86 %		602.00 %		440.00 %		434.17 %
									(continued)

Schedule of Changes in Net OPEB Liability and Related Ratios (continued)

For the Past Seven Fiscal Years¹

(amounts in thousands)

	2017 ²	2018 ²
RETIREE HEALTH BENEFITS PROGRAM		
BARGAINING UNIT 6 PLAN		
Total OPEB liability		
Service cost	\$ 609,551	\$ 531,916
Interest on total OPEB liability	574,853	634,360
Differences between expected and actual experiences ⁵	—	(1,186,530)
Changes in assumptions	(1,637,897)	(164,236)
Benefit payments	(325,344)	(327,604)
Net change in total OPEB liability	<u>(778,837)</u>	<u>(512,094)</u>
Total OPEB liability – beginning	15,990,189	15,211,352
Total OPEB liability – ending (a)	\$ 15,211,352	\$ 14,699,258
Plan fiduciary net position		
Contributions – employer	\$ 325,344	\$ 327,604
Contributions – prefunding	146,933	65,245
Contributions – employee	23,181	65,245
Net investment income	15,089	17,235
Benefit payments	(325,344)	(327,604)
Administrative expense	(48)	(128)
Other expenses	—	—
Net change in plan fiduciary net position	<u>185,155</u>	<u>147,597</u>
Plan fiduciary net position – beginning	—	185,155
Plan fiduciary net position – ending (b)	\$ 185,155	\$ 332,752
State's net OPEB liability – ending (a) – (b)	\$ 15,026,197	\$ 14,366,506
Plan fiduciary net position as a percentage of the total OPEB liability	1.22 %	2.26 %
Covered payroll	\$ 2,653,404	\$ 2,726,616
State's net OPEB liability as a percentage of covered payroll	566.30 %	526.90 %

	2019²	2020²	2021²	2022²	2023²
\$ 503,829	\$ 535,696	\$ 578,629	\$ 655,259	\$ 485,501	
622,325	608,903	562,522	531,126	683,945	
(460,414)	(354,942)	(1,113,335)	916,117	(128,638)	
912,754	675,803	1,438,841	(3,595,519)	114,998	
(294,213)	(357,726)	(370,922)	(389,079)	(391,600)	
1,284,281	1,107,734	1,095,735	(1,882,096)	764,206	
\$ 14,699,258	\$ 15,983,539	\$ 17,091,273	\$ 18,187,008	\$ 16,304,912	
\$ 15,983,539	\$ 17,091,273	\$ 18,187,008	\$ 16,304,912	\$ 17,069,118	
\$ 294,213	\$ 357,726	\$ 370,922	\$ 389,079	\$ 391,600	
106,592	129,540	109,211	234,564	121,509	
106,592	129,540	—	119,564	121,510	
33,447	24,249	247,525	(209,053)	97,891	
(294,213)	(357,726)	(370,922)	(389,079)	(391,600)	
(94)	(342)	(343)	(353)	(427)	
—	—	—	—	—	
246,537	282,987	356,393	144,722	340,483	
\$ 332,511	* 579,048	862,035	1,218,428	1,363,150	
\$ 579,048	\$ 862,035	\$ 1,218,428	\$ 1,363,150	\$ 1,703,633	
\$ 15,404,491	\$ 16,229,238	\$ 16,968,580	\$ 14,941,762	\$ 15,365,485	
3.62 %	5.04 %	6.70 %	8.36 %	9.98 %	
\$ 2,819,233	\$ 2,989,457	\$ 2,709,765	\$ 2,983,435	\$ 2,996,198	
546.41 %	542.88 %	626.20 %	500.82 %	512.83 %	
				(continued)	

Schedule of Changes in Net OPEB Liability and Related Ratios (continued)

For the Past Seven Fiscal Years¹

(amounts in thousands)

	2017 ²	2018 ²
RETIREE HEALTH BENEFITS PROGRAM		
BARGAINING UNIT 9 PLAN³		
Total OPEB liability		
Service cost	\$ 166,173	\$ 142,954
Interest on total OPEB liability	154,495	174,062
Differences between expected and actual experiences ⁵	—	(334,650)
Changes in assumptions	(475,991)	(200,549)
Benefit payments	(82,449)	(85,278)
Net change in total OPEB liability	(237,772)	(303,461)
Total OPEB liability – beginning	4,640,159	4,402,387
Total OPEB liability – ending (a)	\$ 4,402,387	\$ 4,098,926
Plan fiduciary net position		
Contributions – employer	\$ 82,449	\$ 85,278
Contributions – prefunding	35,210	5,688
Contributions – employee	—	5,688
Net investment income	3,630	3,246
Benefit payments	(82,449)	(85,278)
Administrative expense	(11)	(22)
Other expenses	—	—
Net change in plan fiduciary net position	38,829	14,600
Plan fiduciary net position – beginning	—	38,829
Plan fiduciary net position – ending (b)	\$ 38,829	\$ 53,429
State's net OPEB liability – ending (a) – (b)	\$ 4,363,558	\$ 4,045,497
Plan fiduciary net position as a percentage of the total OPEB liability	0.88 %	1.30 %
Covered payroll	\$ 1,366,302	\$ 1,376,743
State's net OPEB liability as a percentage of covered payroll	319.37 %	293.85 %

	2019²	2020²	2021²	2022²	2023²
\$	127,060	\$ 136,522	\$ 155,301	\$ 173,027	\$ 130,885
165,399	159,587	144,901	129,982	174,009	
(88,806)	(55,316)	(308,759)	222,406	62,131	
145,634	93,540	166,566	(879,542)	37,701	
(84,522)	(100,777)	(109,002)	(120,334)	(128,736)	
264,765	233,556	49,007	(474,461)	275,990	
4,098,926	4,363,691	4,597,247	4,646,254	4,171,793	
\$ 4,363,691	\$ 4,597,247	\$ 4,646,254	\$ 4,171,793	\$ 4,447,783	
\$	84,522	\$ 100,777	\$ 109,002	\$ 120,334	\$ 128,736
13,311	31,649	28,942	61,871	35,760	
13,311	31,649	—	33,871	35,761	
4,789	3,793	44,511	(42,399)	20,892	
(84,522)	(100,777)	(109,002)	(120,334)	(128,736)	
(14)	(55)	(62)	(69)	(90)	
—	—	—	—	—	
31,397	67,036	73,391	53,274	92,323	
53,391	* 84,788	151,824	225,215	278,489	
\$ 84,788	\$ 151,824	\$ 225,215	\$ 278,489	\$ 370,812	
\$ 4,278,903	\$ 4,445,423	\$ 4,421,039	\$ 3,893,304	\$ 4,076,971	
1.94 %	3.30 %	4.85 %	6.68 %	8.34 %	
\$ 1,502,529	\$ 1,596,949	\$ 1,498,878	\$ 1,770,060	\$ 1,796,847	
284.78 %	278.37 %	294.96 %	219.95 %	226.90 %	
				(continued)	

Schedule of Changes in Net OPEB Liability and Related Ratios (continued)

For the Past Seven Fiscal Years¹

(amounts in thousands)

	2017 ²	2018 ²
RETIREE HEALTH BENEFITS PROGRAM		
BARGAINING UNIT 12 PLAN³		
Total OPEB liability		
Service cost	\$ 167,689	\$ 146,732
Interest on total OPEB liability	154,036	172,744
Differences between expected and actual experiences ⁵	—	(362,455)
Changes in assumptions	(433,966)	(166,573)
Benefit payments	(110,860)	(114,235)
Net change in total OPEB liability	<u>(223,101)</u>	<u>(323,787)</u>
Total OPEB liability – beginning	4,540,951	4,317,850
Total OPEB liability – ending (a)	\$ 4,317,850	\$ 3,994,063
Plan fiduciary net position		
Contributions – employer	\$ 110,860	\$ 114,235
Contributions – prefunding	1,076	8,280
Contributions – employee	1,076	8,280
Net investment income	872	1,051
Benefit payments	(110,860)	(114,235)
Administrative expense	(4)	(9)
Other expenses	—	—
Net change in plan fiduciary net position	3,020	17,602
Plan fiduciary net position – beginning	7,186	10,206
Plan fiduciary net position – ending (b)	\$ 10,206	\$ 27,808
State's net OPEB liability – ending (a) – (b)	\$ 4,307,644	\$ 3,966,255
Plan fiduciary net position as a percentage of the total OPEB liability	0.24 %	0.70 %
Covered payroll	\$ 627,283	\$ 676,752
State's net OPEB liability as a percentage of covered payroll	686.71 %	586.07 %

	2019²	2020²	2021²	2022²	2023²
\$	129,311	\$ 134,649	\$ 137,010	\$ 145,385	\$ 115,098
162,948	154,691	135,412	118,610	158,792	
(97,510)	(149,086)	(348,753)	227,285	(61,321)	
152,849	21,353	165,715	(760,893)	52,679	
(120,833)	(127,671)	(132,052)	(139,651)	(142,038)	
226,765	33,936	(42,668)	(409,264)	123,210	
3,994,063	4,220,828	4,254,764	4,212,096	3,802,832	
\$ 4,220,828	\$ 4,254,764	\$ 4,212,096	\$ 3,802,832	\$ 3,926,042	
\$	120,833	\$ 127,671	\$ 132,052	\$ 139,651	\$ 142,038
16,268	26,329	31,233	63,357	33,161	
16,268	26,329	—	31,356	33,161	
3,552	2,974	36,034	(37,298)	18,472	
(120,833)	(127,671)	(132,052)	(139,651)	(142,038)	
(9)	(43)	(52)	(59)	(79)	
—	—	—	—	—	
36,079	55,589	67,215	57,356	84,715	
27,788	* 63,867	119,456	186,671	244,027	
\$ 63,867	\$ 119,456	\$ 186,671	\$ 244,027	\$ 328,742	
\$ 4,156,961	\$ 4,135,308	\$ 4,025,425	\$ 3,558,805	\$ 3,597,300	
1.51 %	2.81 %	4.43 %	6.42 %	8.37 %	
\$ 723,964	\$ 748,801	\$ 673,098	\$ 805,625	\$ 824,956	
574.19 %	552.26 %	598.04 %	441.74 %	436.06 %	
				(continued)	

Schedule of Changes in Net OPEB Liability and Related Ratios (continued)

For the Past Seven Fiscal Years¹

(amounts in thousands)

	2017 ²	2018 ^{2,4}
RETIREE HEALTH BENEFITS PROGRAM		
OTHER FUNDED PLANS³		
Total OPEB liability		
Service cost	\$ 92,991	\$ 501,028
Interest on total OPEB liability	74,923	523,258
Differences between expected and actual experiences ⁵	—	(1,033,520)
Changes in assumptions	(197,059)	(304,299)
Benefit payments	(46,820)	(288,774)
Net change in total OPEB liability	(75,965)	(602,307)
Total OPEB liability – beginning	2,116,405	12,699,917
Total OPEB liability – ending (a)	\$ 2,040,440	\$ 12,097,610
Plan fiduciary net position		
Contributions – employer	\$ 46,820	\$ 288,774
Contributions – prefunding	10,442	32,759
Contributions – employee	2,323	32,759
Net investment income	1,589	5,578
Benefit payments	(46,820)	(288,774)
Administrative expense	(7)	(47)
Other expenses	—	—
Net change in plan fiduciary net position	14,347	71,049
Plan fiduciary net position – beginning	4,836	57,956
Plan fiduciary net position – ending (b)	\$ 19,183	\$ 129,005
State's net OPEB liability – ending (a) – (b)	\$ 2,021,257	\$ 11,968,605
Plan fiduciary net position as a percentage of the total OPEB liability	0.94 %	1.07 %
Covered payroll	\$ 851,868	\$ 3,469,855
State's net OPEB liability as a percentage of covered payroll	237.27 %	344.93 %

	2019^{2,4}	2020²	2021²	2022²	2023²
\$	528,502	\$ 546,766	\$ 597,140	\$ 674,238	\$ 523,411
	581,170	570,727	508,583	464,427	621,278
(221,816)	(517,882)	(1,092,126)		1,023,794	(38,737)
506,543	305,572	811,046	(3,182,977)		207,290
(364,207)	(371,323)	(401,508)	(436,182)		(454,415)
1,030,192	533,860	423,135	(1,456,700)		858,827
\$ 14,074,765	\$ 15,104,957	\$ 15,638,817	\$ 16,061,952	\$ 14,605,252	\$ 14,605,252
\$ 15,104,957	\$ 15,638,817	\$ 16,061,952	\$ 14,605,252	\$ 15,464,079	
\$	364,207	\$ 371,323	\$ 401,508	\$ 436,182	\$ 454,415
	71,376	124,916	127,043	262,488	139,289
71,376	124,916	—	137,487		139,289
16,116	13,386	163,783	(164,073)		81,057
(364,207)	(371,323)	(401,508)	(436,182)		(454,415)
(43)	(194)	(230)	(263)		(349)
—	—	—	—		—
158,825	263,024	290,596	235,639		359,286
\$ 128,914	* 287,739	\$ 550,763	\$ 841,359	\$ 1,076,998	\$ 1,076,998
\$ 287,739	\$ 550,763	\$ 841,359	\$ 1,076,998	\$ 1,436,284	
\$ 14,817,218	\$ 15,088,054	\$ 15,220,593	\$ 13,528,254	\$ 14,027,795	
	1.90 %	3.52 %	5.24 %	7.37 %	9.29 %
\$	4,162,765	\$ 4,363,200	\$ 3,875,766	\$ 4,500,952	\$ 5,075,978
	355.95 %	345.80 %	392.71 %	300.56 %	276.36 %
					(continued)

Schedule of Changes in Net OPEB Liability and Related Ratios (continued)

For the Past Seven Fiscal Years¹

(amounts in thousands)

	2017 ²	2018 ^{2,4}
RETIREE HEALTH BENEFITS PROGRAM		
UNFUNDED PLAN³		
Total OPEB liability		
Service cost.....	\$ 2,805,040	\$ 2,008,794
Interest on total OPEB liability	2,112,139	1,959,522
Differences between expected and actual experiences ⁵	—	(4,164,211)
Changes in assumptions	(6,610,919)	(1,766,620)
Benefit payments.....	(1,457,705)	(1,352,652)
Net change in total OPEB liability	(3,151,445)	(3,315,167)
Total OPEB liability – beginning	64,144,931	50,334,009
Total OPEB liability – ending (a)	\$ 60,993,486	\$ 47,018,842
Plan fiduciary net position		
Contributions – employer.....	\$ 1,457,705	\$ 1,352,652
Contributions – prefunding	—	—
Contributions – employee	—	—
Net investment income	—	—
Benefit payments.....	(1,457,705)	(1,352,652)
Administrative expense	—	—
Other expenses	—	—
Net change in plan fiduciary net position	—	—
Plan fiduciary net position – beginning	—	—
Plan fiduciary net position – ending (b)	\$ —	\$ —
State's net OPEB liability – ending (a) – (b)	\$ 60,993,486	\$ 47,018,842
Plan fiduciary net position as a percentage of the total OPEB liability.....	— %	— %
Covered payroll.....	\$ 12,525,617	\$ 10,825,049
State's net OPEB liability as a percentage of covered payroll.....	486.95 %	434.35 %

	2019^{2,4,6}	2020²	2021²	2022²	2023²
\$	651,082	\$ 695,884	\$ 826,026	\$ 828,893	\$ 579,259
576,896	547,791	447,744	350,040	575,416	
(41,161)	(665,066)	(1,270,439)	1,171,850	(264,319)	
863,523	583,238	476,706	(4,210,439)	264,317	
(546,742)	(512,702)	(522,538)	(530,610)	(527,794)	
1,503,598	649,145	(42,501)	(2,390,266)	626,879	
\$ 15,556,199	\$ 17,059,797	\$ 17,708,942	\$ 17,666,441	\$ 15,276,175	\$ 15,903,054
\$ 17,059,797	\$ 17,708,942	\$ 17,666,441	\$ 15,276,175	\$ 15,903,054	
\$	546,742	\$ 512,702	\$ 522,538	\$ 530,610	\$ 527,794
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
(546,742)	(512,702)	(522,538)	(530,610)	(527,794)	
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$ 17,059,797	\$ 17,708,942	\$ 17,666,441	\$ 15,276,175	\$ 15,903,054	
— %	— %	— %	— %	— %	— %
\$ 3,366,371	\$ 3,536,386	\$ 3,483,142	\$ 3,539,212	\$ 3,805,373	
506.77 %	500.76 %	507.20 %	431.63 %	417.91 %	
				(concluded)	

Schedule of OPEB Contributions

For the Past Seven Fiscal Years¹

(amounts in thousands)

	2018	2019 ³
RETIREE HEALTH BENEFITS PROGRAM		
SERVICE EMPLOYEES INTERNATIONAL UNION PLAN²		
Actuarially determined contribution	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	—	—
Contribution deficiency (excess)	\$ —	\$ —
Covered payroll	\$ —	\$ —
Contributions as a percentage of covered payroll	—	—
BARGAINING UNIT 5 PLAN		
Actuarially determined contribution	\$ 204,361	\$ 210,626
Contributions in relation to the actuarially determined contribution	(184,456)	(137,475)
Contribution deficiency	\$ 19,905	\$ 73,151
Covered payroll	\$ 915,549	\$ 942,765
Contributions as a percentage of covered payroll	20.15 %	14.58 %
BARGAINING UNIT 6 PLAN		
Actuarially determined contribution	\$ 743,757	\$ 671,262
Contributions in relation to the actuarially determined contribution	(503,636)	(445,061)
Contribution deficiency	\$ 240,121	\$ 226,201
Covered payroll	\$ 2,805,093	\$ 2,819,233
Contributions as a percentage of covered payroll	17.95 %	15.79 %
BARGAINING UNIT 9 PLAN²		
Actuarially determined contribution	\$ 207,027	\$ 191,109
Contributions in relation to the actuarially determined contribution	(125,471)	(102,971)
Contribution deficiency	\$ 81,556	\$ 88,138
Covered payroll	\$ 1,444,410	\$ 1,502,529
Contributions as a percentage of covered payroll	8.69 %	6.85 %

¹ This schedule will be built prospectively until it contains ten years of data.

² This schedule includes amounts attributable to related organizations, fiduciary component units, and discretely presented component units, which are not part of the primary government.

³ The valuation groups that comprise the Unfunded and Other Funded plans shifted from the prior year.

2020³	2021	2022	2023	2024
\$ 1,543,231 <u>(1,077,554)</u> \$ 465,677	\$ 1,584,331 <u>(1,204,613)</u> \$ 379,718	\$ 1,336,683 <u>(1,576,969)</u> \$ (240,286)	\$ 1,453,078 <u>(1,369,690)</u> \$ 83,388	\$ 1,557,071 <u>(1,451,868)</u> \$ 105,203
\$ 7,701,525	\$ 7,477,126	\$ 8,705,771	\$ 8,705,889	\$ 9,364,496
13.99 %	16.11 %	18.11 %	15.73 %	15.50 %
\$ 229,183 <u>(139,230)</u> \$ 89,953	\$ 240,749 <u>(87,872)</u> \$ 152,877	\$ 239,989 <u>(212,763)</u> \$ 27,226	\$ 230,075 <u>(143,430)</u> \$ 86,645	\$ 236,378 <u>(143,298)</u> \$ 93,080
\$ 958,694	\$ 890,777	\$ 950,596	\$ 993,733	\$ 1,074,372
14.52 %	9.86 %	22.38 %	14.43 %	13.34 %
\$ 676,241 <u>(477,342)</u> \$ 198,899	\$ 772,683 <u>(480,133)</u> \$ 292,550	\$ 681,831 <u>(623,643)</u> \$ 58,188	\$ 769,312 <u>(513,110)</u> \$ 256,202	\$ 825,327 <u>(530,421)</u> \$ 294,906
\$ 2,989,457	\$ 2,709,765	\$ 2,983,435	\$ 2,996,198	\$ 3,076,242
15.97 %	17.72 %	20.90 %	17.13 %	17.24 %
\$ 194,353 <u>(131,031)</u> \$ 63,322	\$ 212,002 <u>(137,944)</u> \$ 74,058	\$ 182,301 <u>(182,205)</u> \$ 96	\$ 205,694 <u>(164,497)</u> \$ 41,197	\$ 224,963 <u>(181,487)</u> \$ 43,476
\$ 1,596,949	\$ 1,498,878	\$ 1,770,060	\$ 1,796,847	\$ 1,927,511
8.21 %	9.20 %	10.29 %	9.15 %	9.42 %

(continued)

Schedule of OPEB Contributions (continued)

For the Past Seven Fiscal Years¹

(amounts in thousands)

	2018	2019 ³
RETIREE HEALTH BENEFITS PROGRAM		
BARGAINING UNIT 12 PLAN²		
Actuarially determined contribution	\$ 217,883	\$ 197,202
Contributions in relation to the actuarially determined contribution	(119,368)	(137,758)
Contribution deficiency (excess)	\$ 98,515	\$ 59,444
Covered payroll	\$ 663,143	\$ 723,870
Contributions as a percentage of covered payroll	18.00 %	19.03 %
OTHER FUNDED PLANS²		
Actuarially determined contribution	\$ 109,630	\$ 608,960
Contributions in relation to the actuarially determined contribution	(61,064)	(366,050)
Contribution deficiency (excess)	\$ 48,566	\$ 242,910
Covered payroll	\$ 900,567	\$ 3,595,234
Contributions as a percentage of covered payroll	6.78 %	10.18 %
UNFUNDED PLAN²		
Actuarially determined contribution	\$ 3,199,223	\$ 2,552,923
Contributions in relation to the actuarially determined contribution	(1,547,989)	(1,493,023)
Contribution deficiency	\$ 1,651,234	\$ 1,059,900
Covered payroll	\$ 13,241,681	\$ 11,391,811
Contributions as a percentage of covered payroll	11.69 %	13.11 %

2020³	2021	2022	2023	2024
\$ 198,316	\$ 203,358	\$ 169,461	\$ 190,550	\$ 200,732
(153,368)	(160,882)	(203,007)	(175,199)	(179,907)
\$ 44,948	\$ 42,476	\$ (33,546)	\$ 15,351	\$ 20,825
\$ 748,801	\$ 673,098	\$ 805,625	\$ 824,956	\$ 881,112
20.48 %	23.90 %	25.20 %	21.24 %	20.42 %
\$ 707,352	\$ 756,965	\$ 645,590	\$ 738,895	\$ 797,852
(492,373)	(522,778)	(698,669)	(593,704)	(642,053)
\$ 214,979	\$ 234,187	\$ (53,079)	\$ 145,191	\$ 155,799
\$ 4,363,200	\$ 3,875,766	\$ 4,500,952	\$ 5,075,978	\$ 5,464,851
11.28 %	13.49 %	15.52 %	11.70 %	11.75 %
\$ 977,820	\$ 944,654	\$ 915,632	\$ 1,056,808	\$ 1,155,890
(512,702)	(504,813)	(530,610)	(527,794)	(552,876)
\$ 465,118	\$ 439,841	\$ 385,022	\$ 529,014	\$ 603,014
\$ 3,536,386	\$ 3,483,142	\$ 3,539,212	\$ 3,805,373	\$ 4,079,450
14.50 %	14.49 %	14.99 %	13.87 %	13.55 % (concluded)

Schedule of OPEB Contributions (continued)

For the Past Fiscal Year

Notes to Required Supplementary Information for the most recent fiscal year presented:

Retiree Health Benefits Program

Covered payroll:	Pensionable earnings provided by employer
Valuation date:	Actuarially determined contribution rates were calculated as of June 30, 2023.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Market value of assets; for details see the June 30, 2022 Actuarial Valuation Report
Inflation	2.30%
Healthcare cost trend rates	Pre-Medicare coverage: Actual rates for 2024, increasing to 7.00% in 2025, grading down to 4.50% in 2030 to 2038, and 4.25% for 2039 and later years. Post-Medicare coverage: Actual rates for 2024, increasing to rates ranging from 7.00% to 7.66% in 2025, grading down to 4.50% from 2035 to 2038, and 4.25% for 2039 and later years. Dental coverage: 0.23% for 2024, 2.00% for 2025, 3.00% for 2026, 4.00% for 2027, and 4.25% for 2028 and later years.
Salary increases	Varies by entry age and service
Investment rate of return	6.00%, net of OPEB plan investment expenses but without reduction for OPEB administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019.
Mortality	Mortality rates are based on the 2021 CalPERS Experience Study adopted by the CalPERS Board. Post-retirement mortality rates include 15 years of projected ongoing mortality improvements using 80% of scale MP-2020 published by the Society of Actuaries.

(concluded)

Infrastructure Assets Using the Modified Approach

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 34, the State uses the modified approach to report the cost of its infrastructure assets (state bridges, roadways, and high-speed rail). Under the modified approach, the State does not report depreciation expense for infrastructure assets but capitalizes all costs that add to the capacity and efficiency of state-owned bridges, roads, and the high-speed rail system. All maintenance and preservation costs are expensed and not capitalized.

A. Infrastructure Asset Reporting Categories

The infrastructure assets reported in the State's financial statements for the fiscal year ending June 30, 2024, are in the following categories and amounts: state highway infrastructure, consisting of completed highway projects totaling \$85.2 billion; land purchased for highway projects totaling \$15.3 billion; infrastructure construction-in-progress (uncompleted highway projects) totaling \$10.5 billion; and high-speed rail system infrastructure, consist of construction work-in-progress (uncompleted construction projects) totaling \$7.8 billion.

Donation and Relinquishment: Donation and relinquishment activity affects the inventory of statewide lane miles, land, and/or bridges as adjustments to the infrastructure assets and/or land balance in the State's financial statements. For the fiscal year ending June 30, 2024, there were no donations of infrastructure land, and relinquishments were \$35 million of state highway infrastructure (completed highway projects) and \$7 million of infrastructure land.

B. Condition Baselines and Assessments

1. Bridges

The federal Fixing America's Surface Transportation (FAST) Act required all states to adopt national asset management performance measures to establish nationwide consistency for condition reporting of highway assets. Under the FAST Act, the national performance measure for bridges/tunnels is total deck area of the structures in good, fair, or poor condition. The inspection data is based on the American Association of State Highway Transportation Officials' *Manual for Bridge Element Inspection*, the *Caltrans Bridge Element Inspection Manual*, *National Tunnel Inspection Standards*, *Specifications for the National Tunnel Inventory*, and the *Tunnel Operations Maintenance Inspection and Evaluation Manual*.

The State's established condition baseline for fiscal year 2023-24 is to have at least 90% of the State's bridge deck area in fair or better condition.

The following table shows the State's established condition baseline and actual statewide bridge condition for the last three fiscal years:

Fiscal Year Ended June 30	Established Condition¹	Actual Condition
2022	90.0% Fair or Better	94.1% Fair or Better
2023	90.0% Fair or Better	93.7% Fair or Better
2024	90.0% Fair or Better	94.0% Fair or Better

¹ The actual statewide bridge conditions should not be lower than the baseline condition established by the State.

The following table provides details on the actual condition of the State's bridges as of June 30, 2024:

Condition	Number of Bridges/Tunnels	Deck Area (sq. ft.)	Deck Area (%)
Good	6,388	110,942,776	43.05 %
Fair	5,769	131,264,291	50.93
Poor	524	15,522,868	6.02
Total	12,681	257,729,935	100.00 %

2. Roadways

The State conducts a periodic pavement-condition survey, which evaluates ride quality and structural integrity and identifies the number of distressed lane miles. The State classifies a roadway's pavement condition by the following descriptions:

- Excellent/good condition – few potholes or cracks
- Fair condition – moderate number of potholes or cracks
- Poor condition – significant or extensive number of potholes or cracks

Statewide lane miles are considered “distressed lane miles” if they are in poor condition. The actual distressed lane miles are compared to the established condition baseline to ensure that the baseline is not exceeded.

The following table shows the State's established condition baseline and actual distressed lane miles from the last three completed pavement-condition surveys:

Condition Assessment Date ¹	Established Condition Baseline Distressed Lane Miles (maximum) ²	Actual Distressed Lane Miles	Actual Distressed Lane Miles as Percent of Total Lane Miles
April 2022	18,000	6,872	13.6 %
July 2023	18,000	6,980	13.8
September 2024	18,000	7,453	14.7

¹ Condition assessment for the State's established condition baseline and actual distressed lane miles are being reported in the latest 2022 *State of the Pavement Report* with the publication date of September 2024.

² The actual statewide distressed lane miles should not exceed the maximum distressed lane miles established by the State.

The following table provides details on the State's actual distressed lane miles as of the last completed pavement-condition survey:

Pavement Condition	Lane Miles	Distressed Lane Miles
Excellent/Good	32,788	—
Fair	10,365	—
Poor	7,453	7,453
Total	50,606	7,453

C. Budgeted and Actual Preservation Costs

The estimated budgeted preservation costs represent the preservation projects approved by the California Transportation Commission and the State's scheduled preservation work for each fiscal year. The actual preservation costs represent the cumulative cost to date for the projects approved and work scheduled in each fiscal year.

1. Bridges

The following table shows the State's budgeted and actual preservation cost information for the State's bridges for the most recent and four previous fiscal years:

Fiscal Year Ending June 30	Estimated Budgeted Preservation Costs (in millions)¹	Actual Preservation Costs (in millions)¹
2020	\$ 228	\$ 228
2021	256	250
2022	231	226
2023	293	270
2024	245	192

¹Some prior years were updated based on more current information.

2. Roadways

The following table shows the State's budgeted and actual preservation cost information for the State's roadways for the most recent and four previous fiscal years:

Fiscal Year Ending June 30	Estimated Budgeted Preservation Costs (in millions)¹	Actual Preservation Costs (in millions)¹
2020	\$ 5,076	\$ 4,932
2021	5,258	5,015
2022	5,116	4,643
2023	7,360	5,357
2024	6,944	3,261

¹Some prior years were updated based on more current information.

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Budgetary Comparison Schedule

General Fund and Major Special Revenue Funds

Year Ended June 30, 2024

(amounts in thousands)

	General				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final			
REVENUES					
Corporation tax	\$ 36,913,221	\$ 34,317,908	\$ 35,148,505	\$ 830,597	
Intergovernmental	—	—	—	—	
Cigarette and tobacco taxes	43,322	39,609	39,609	—	
Insurance gross premiums tax	3,893,820	3,966,362	3,957,601	(8,761)	
Vehicle license fees	801	1,077	1,077	—	
Motor vehicle fuel tax	—	—	—	—	
Personal income tax	113,768,047	113,379,954	111,651,539	(1,728,415)	
Retail sales and use taxes	34,642,737	33,341,796	33,194,001	(147,795)	
Other major taxes and licenses	427,063	418,350	417,175	(1,175)	
Other revenues	6,249,135	6,850,052	7,066,697	216,645	
Total revenues	195,938,146	192,315,108	191,476,204	(838,904)	
EXPENDITURES					
Business, consumer services, and housing	2,962,719	2,432,148	2,266,646	(165,502)	
Transportation	4,658,918	6,708,918	4,540,279	(2,168,639)	
Natural resources and environmental protection	12,310,243	12,054,747	9,098,962	(2,955,785)	
Health and human services	71,180,889	76,567,341	71,738,551	(4,828,790)	
Corrections and rehabilitation	14,115,668	15,395,425	14,981,654	(413,771)	
Education	41,059,480	98,483,679	97,549,330	(934,349)	
General government:					
Tax relief	382,351	415,001	382,351	(32,650)	
Debt service	6,893,465	5,348,274	5,333,273	(15,001)	
Other general government	1,184,498	5,355,733	2,763,878	(2,591,855)	
Total expenditures	154,748,231	222,761,266	208,654,924	(14,106,342)	
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	—	—	5,078,099	—	
Transfers to other funds	—	—	(4,295,647)	—	
Other additions (deductions)	—	—	3,912,182	—	
Total other financing sources (uses)	—	—	4,694,634	—	
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	—	—	(12,484,086)	—	
Fund balances – beginning	—	—	32,103,655	—	
Fund balances – ending	\$ —	\$ —	\$ 19,619,569	\$ —	

Federal				Environmental and Natural Resources			
Budgeted Amounts		Actual		Variance with		Budgeted Amounts	
Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
139,971,835	139,971,835	139,971,835	139,971,835	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	166,939	166,939	166,939	—
27	27	27	—	10,874,113	10,874,113	10,874,113	—
139,971,862	139,971,862	139,971,862	—	11,041,052	11,041,052	11,041,052	—
281,663	281,663	281,663	—	330,488	331,018	284,023	(46,995)
6,065,992	6,065,992	6,065,992	—	1,018,325	1,018,373	798,367	(220,006)
824,707	824,707	824,707	—	8,312,884	8,400,490	7,429,914	(970,576)
111,401,793	111,401,793	111,401,793	—	64,943	65,589	50,222	(15,367)
87,556	87,556	87,556	—	—	—	—	—
7,794,789	7,794,789	7,794,789	—	3,131	3,133	3,118	(15)
—	—	—	—	—	—	—	—
—	—	—	—	4,627	4,627	4,627	—
5,341,506	5,341,506	5,341,506	—	93,940	557,876	536,665	(21,211)
131,798,006	131,798,006	131,798,006	—	9,828,338	10,381,106	9,106,936	(1,274,170)
—	—	15,642	—	—	—	1,109,670	—
—	—	(8,191,341)	—	—	—	(1,121,742)	—
—	—	1,870	—	—	—	1,635,828	—
—	—	(8,173,829)	—	—	—	1,623,756	—
—	—	27	—	—	—	3,557,872	—
—	—	674	—	—	—	20,519,598	—
\$ —	\$ —	\$ 701	\$ —	\$ —	\$ —	\$ 24,077,470	\$ —

Reconciliation of Budgetary Basis Fund Balances of the General Fund and Major Special Revenue Funds to GAAP Basis Fund Balances

June 30, 2024

(amounts in thousands)

	Major Special Revenue Funds		
	Environmental and Natural Resources		
	General	Federal	Resources
Budgetary fund balance reclassified into GAAP statement fund structure	\$ 19,619,569	\$ 701	\$ 24,077,470
Basis difference:			
Interfund receivables	3,354,783	—	253,223
Loans receivable	106,452	437,264	930,139
Interfund payables	(4,039,433)	—	(593,320)
Escheat property	(1,553,567)	—	—
Tax revenues	4,734,887	—	—
Fund classification changes	30,139,770	2,029,681	—
Other	14,257,503	8,023,978	(795,874)
Timing difference:			
Liabilities budgeted in subsequent years	(3,227,199)	(10,134,413)	(4,016)
GAAP fund balance – ending	<u>\$ 63,392,765</u>	<u>\$ 357,211</u>	<u>\$ 23,867,622</u>

Notes to the Required Supplementary Information

Budgetary Comparison Schedule

The State annually reports its financial condition based on a Generally Accepted Accounting Principles (GAAP) basis and on the State's budgetary provisions (budgetary basis). The Budgetary Comparison Schedule for the General Fund and Major Special Revenue Funds reports the original budget, the final budget, the actual expenditures, and the variance between the final budget and the actual expenditures, using the budgetary basis of accounting.

On the budgetary basis, individual appropriations are charged as expenditures when commitments for goods and services are incurred. However, for financial reporting purposes, the State reports expenditures based on the year in which goods and services are received. The Budgetary Comparison Schedule includes all of the current-year expenditures for the General Fund and major special revenue funds, as well as related appropriations that typically are legislatively authorized annually, continually, or by project. While the encumbrances relate to all programs' expenditures on a budgetary basis, adjustments for encumbrances are made under "other general government," except for Environmental and Natural Resources, for which adjustments for encumbrances are made under each program's expenditures.

The Budgetary Comparison Schedule is not presented in this document at the legal level of budgetary control because such a presentation would be extremely lengthy and cumbersome. The State of California prepares a separate report, the Annual Comprehensive Financial Report Supplement, which

includes statements that demonstrate compliance with the legal level of budgetary control in accordance with Government Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2400.121. The supplement includes a comparison of the annual appropriated budget with expenditures at the legal level of control. A copy of the Annual Comprehensive Financial Report Supplement is available at https://sco.ca.gov/ard_state_acfr_sup.html.

Reconciliation of Budgetary with GAAP Basis

The reconciliation of budgetary basis fund balances of the General Fund and the major special revenue funds to GAAP basis fund balances is presented on the previous page, and the reconciling items are explained in the following paragraphs.

Basis Difference

Interfund Receivables and Loans Receivable: Loans made to other funds or to other governments are normally recorded as either expenditures or transfers on a budgetary basis. However, in accordance with GAAP, these loans are recorded as assets. The adjustments related to interfund receivables caused increases of \$3.4 billion in the General Fund, and \$253 million in the Environmental and Natural Resources Fund. The adjustments related to loans receivable caused increases of \$106 million in the General Fund, \$437 million in the Federal Fund, and \$930 million in the Environmental and Natural Resources Fund.

Interfund Payables: Loans received from other funds are normally recorded as transfers on a budgetary basis. However, in accordance with GAAP, these loans are recorded as liabilities. The adjustments related to interfund payables caused decreases of \$4.0 billion in the General Fund, \$593 million in the Environmental and Natural Resources Fund.

Escheat Property: A liability for the estimated amount of escheat property expected to ultimately be reclaimed and paid is not reported on a budgetary basis. The liability is required to be reported on a GAAP basis. This adjustment caused a \$1.6 billion decrease in the General Fund.

Tax Revenues: Estimated tax payments are accrued on a budgetary basis pursuant to Chapter 751, Statutes of 2008; however, in accordance with GAAP, tax payments are accrued based on the portion of estimated net final payments related to the fiscal year. This adjustment caused an increase of \$4.7 billion in the General Fund.

Fund Classification Changes: The fund balance amounts for governmental funds have been reclassified in accordance with governmental accounting standards. These reclassifications caused increases of \$30.1 billion in the General Fund and \$2.0 billion in the Federal Fund. These increases represent the fund balances of funds that are not considered part of the General Fund or the Federal Fund for any budgetary purpose or for the Budgetary/Legal Basis Annual Report.

Other: Certain other adjustments and reclassifications are necessary to present the financial statements in accordance with GAAP. The other adjustments caused an increase of \$14.3 billion in the General Fund, a decrease of \$8.0 billion in the Federal Fund, and a decrease of \$796 million in the Environmental and Natural Resources Fund.

Timing Difference

Liabilities Budgeted in Subsequent Years: On a budgetary basis, the primary government does not accrue liabilities for which there is no existing appropriation or no currently available appropriation. The adjustments made to account for these liabilities in accordance with GAAP caused decreases of \$3.2 billion in the General Fund, \$10.1 billion in the Federal Fund, and \$4 million in the Environmental and Natural Resources Fund. The large decrease in the General Fund primarily consists of \$2.3 billion for medical assistance and \$477 million for workers' compensation claims. The large decrease in the Federal Fund consists of \$8.4 billion for unemployment programs and \$1.7 billion for coronavirus relief.

Combining Financial Statements and Schedules – Nonmajor and Other Funds

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Nonmajor Governmental Funds

Nonmajor governmental funds account for the State's activities that do not meet the criteria of a major governmental fund. Following are brief descriptions of nonmajor governmental funds.

Special revenue funds account for the proceeds of specific revenue sources, other than debt service or capital projects, that are restricted, committed, or assigned to expenditures for specific purposes.

The **Transportation Fund** accounts for fuel taxes, bond proceeds, automobile registration fees, and other revenues used for bridge and highway maintenance, passenger rail construction, and transportation safety programs.

The **Health Care Related Programs Fund** accounts for fees, taxes, intergovernmental revenue, bond proceeds, transfers from other state funds, and other revenue used for the Medi-Cal program, medical research, and other health care related programs.

The **Business and Professions Regulatory and Licensing Fund** accounts for fees and other revenues charged for regulating and licensing specific industries, professions, and vocations.

The **Financing for Local Governments and the Public Fund** accounts for taxes, fees, bond proceeds, and other revenues used to finance the construction and maintenance of parks, jails, and other public and local government programs.

The **Cigarette, Tobacco, and Cannabis Tax Fund** accounts for a surtax on cigarette and tobacco products that is used for various health programs; and cannabis excise and cultivation taxes that are used for various health, youth education, and research programs.

The **Local Revenue and Public Safety Fund** accounts for vehicle license fees and a 1.5625% state sales tax dedicated to local governments for realigning costs from the State to local governments, and a 0.5% state sales tax dedicated to local governments to fund public safety programs.

The **Trial Courts Fund** accounts for the various fees collected by the courts, maintenance-of-effort payments from the counties, transfers in from the General Fund, and trial court operating costs.

The **Golden State Tobacco Securitization Corporation Fund** is a blended component unit that accounts for the receipt of Tobacco Revenue Settlements pledged for the payment of debt service.

Other special revenue programs funds account for all other proceeds of revenue sources, other than debt service or capital projects, that are restricted or committed to expenditures for specific purposes.

(continued)

(continued)

Debt service funds account for and report financial resources that are restricted, committed, or assigned for the payment of principal and interest on general long-term obligations.

The **No Place Like Home Fund** accounts for bond proceeds and other revenues used to implement and administer the No Place Like Home Program to reduce homelessness and provide affordable housing for individuals with mental illness.

The **Transportation Debt Service Fund** accounts for Transportation Fund transfers used for the payment of principal and interest related to various transportation-related general obligation bonds.

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The **Higher Education Construction Fund** accounts for bond proceeds used to construct state colleges and universities.

The **Hospital Construction Fund** accounts for bond proceeds used to construct hospitals.

The **Local Government Construction Fund** accounts for bond proceeds used to construct schools, libraries, and other major capital facilities for local governments.

Other capital projects funds account for transactions related to resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

(amounts in thousands)

	Special Revenue			
	Transportation	Health Care	Business and Professions	Financing for Local Governments and the Public
		Related Programs	Regulatory and Licensing	
ASSETS				
Cash and pooled investments	\$ 11,775,889	\$ 3,109,872	\$ 2,605,227	\$ 3,511,214
Investments.....	—	—	—	681,708
Receivables (net).....	2,045,465	10,362,945	170,559	248,691
Due from other funds.....	1,119,863	90,650	56,566	1,454,771
Due from other governments.....	4,526	491,862	1,653	214,235
Interfund receivables.....	113,280	516,520	290,225	81,301
Loans receivable.....	1,257	1,603	70,541	3,050,034
Other assets.....	14,125	—	—	—
Total assets	\$ 15,074,405	\$ 14,573,452	\$ 3,194,771	\$ 9,241,954
LIABILITIES				
Accounts payable.....	\$ 1,532,942	\$ 5,267,168	\$ 180,134	\$ 391,281
Due to other funds.....	337,043	6,340,108	48,483	567
Due to component units.....	8,528	—	—	—
Due to other governments.....	1,347,676	1,675,349	16,893	436,775
Interfund payables.....	617	—	21,129	—
Revenues received in advance.....	10,992	1,527	71,360	1,032
Deposits.....	3,107	—	—	—
Other liabilities.....	1,100,981	—	38,418	130
Total liabilities	4,341,886	13,284,152	376,417	829,785
DEFERRED INFLOWS OF RESOURCES	62,497	155,254	—	—
Total liabilities and deferred inflows of resources	4,404,383	13,439,406	376,417	829,785
FUND BALANCES				
Nonspendable.....	—	—	—	—
Restricted.....	10,617,666	1,887,729	2,007,657	8,224,913
Committed.....	52,356	121,332	810,697	207,858
Assigned.....	—	—	—	—
Unassigned.....	—	(875,015)	—	(20,602)
Total fund balances	10,670,022	1,134,046	2,818,354	8,412,169
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,074,405	\$ 14,573,452	\$ 3,194,771	\$ 9,241,954

Special Revenue

Cigarette, Tobacco, and Cannabis Tax	Local Revenue and Public Safety	Trial Courts	Golden State Tobacco Securitization Corporation	Other Special Revenue Programs	Total Nonmajor Special Revenue
\$ 2,970,690	\$ 3,944,845	\$ 1,183,531	\$ 77,323	\$ 5,500,464	\$ 34,679,055
—	—	897,312	236,116	—	1,815,136
1,223,125	12,682	270,458	215,125	296,762	14,845,812
6,796	203,542	110,971	—	627,658	3,670,817
83	—	42,547	—	34,751	789,657
17,579	36,802	42,577	—	1,135,527	2,233,811
326	682	789	—	60,646	3,185,878
—	—	46,191	—	—	60,316
\$ 4,218,599	\$ 4,198,553	\$ 2,594,376	\$ 528,564	\$ 7,655,808	\$ 61,280,482
\$ 506,153	\$ 5,410	\$ 405,856	\$ 3	\$ 341,575	\$ 8,630,522
234,558	63,215	65,956	—	32,042	7,121,972
20,943	—	—	—	7,947	37,418
76,231	4,086,977	117,232	—	494,691	8,251,824
—	—	—	—	—	21,746
—	—	107,832	—	109,693	302,436
26,281	—	384,567	—	111,016	524,971
—	—	123,627	—	32,129	1,295,285
864,166	4,155,602	1,205,070	3	1,129,093	26,186,174
222,898	—	1,382	—	46,568	488,599
1,087,064	4,155,602	1,206,452	3	1,175,661	26,674,773
—	—	41,829	—	—	41,829
3,093,489	1,427	1,058,552	528,561	5,620,436	33,040,430
38,046	41,524	205,153	—	859,711	2,336,677
—	—	82,390	—	—	82,390
—	—	—	—	—	(895,617)
3,131,535	42,951	1,387,924	528,561	6,480,147	34,605,709
\$ 4,218,599	\$ 4,198,553	\$ 2,594,376	\$ 528,564	\$ 7,655,808	\$ 61,280,482

(continued)

Combining Balance Sheet (continued)

Nonmajor Governmental Funds

June 30, 2024

(amounts in thousands)

	Debt Service		
	No Place Like Home Debt Service	Transportation Debt Service	Total Nonmajor Debt Service
ASSETS			
Cash and pooled investments	\$ 89,776	\$ —	\$ 89,776
Investments	—	—	—
Receivables (net)	—	—	—
Due from other funds	1,677	77,403	79,080
Due from other governments	—	—	—
Interfund receivables	—	—	—
Loans receivable	—	—	—
Other assets	—	—	—
Total assets	\$ 91,453	\$ 77,403	\$ 168,856
LIABILITIES			
Accounts payable	\$ 201	\$ —	\$ 201
Due to other funds	—	77,403	77,403
Due to component units	—	—	—
Due to other governments	—	—	—
Interfund payables	—	—	—
Revenues received in advance	—	—	—
Deposits	—	—	—
Other liabilities	—	—	—
Total liabilities	201	77,403	77,604
DEFERRED INFLOWS OF RESOURCES	—	—	—
Total liabilities and deferred inflows of resources	201	77,403	77,604
FUND BALANCES			
Nonspendable	—	—	—
Restricted	91,252	—	91,252
Committed	—	—	—
Assigned	—	—	—
Total fund balances	91,252	—	91,252
Total liabilities, deferred inflows of resources, and fund balances	\$ 91,453	\$ 77,403	\$ 168,856

Capital Projects

Higher Education Construction	Hospital Construction	Local Government Construction	Other Capital Projects	Total Nonmajor Capital Projects	Total Nonmajor Governmental
\$ 298,569	\$ 75,890	\$ 197,665	\$ 251,889	\$ 824,013	\$ 35,592,844
—	—	—	—	—	1,815,136
—	—	—	1,666	1,666	14,847,478
3,132	815	1,852	6,043	11,842	3,761,739
—	—	3,056	5	3,061	792,718
—	—	—	3,952	3,952	2,237,763
—	—	—	259,596	259,596	3,445,474
—	—	—	—	—	60,316
\$ 301,701	\$ 76,705	\$ 202,573	\$ 523,151	\$ 1,104,130	\$ 62,553,468
\$ 1	\$ 243	\$ 3	\$ 6,242	\$ 6,489	\$ 8,637,212
135	793	697	1,900	3,525	7,202,900
—	—	—	—	—	37,418
—	—	—	9,183	9,183	8,261,007
—	—	—	—	—	21,746
—	—	—	—	—	302,436
—	—	—	—	—	524,971
—	—	—	—	—	1,295,285
136	1,036	700	17,325	19,197	26,282,975
—	—	—	1,644	1,644	490,243
136	1,036	700	18,969	20,841	26,773,218
—	—	—	—	—	41,829
301,565	75,669	201,873	414,465	993,572	34,125,254
—	—	—	89,717	89,717	2,426,394
—	—	—	—	—	82,390
301,565	75,669	201,873	504,182	1,083,289	35,780,250
\$ 301,701	\$ 76,705	\$ 202,573	\$ 523,151	\$ 1,104,130	\$ 62,553,468

(concluded)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2024

(amounts in thousands)

	Special Revenue			
	Transportation	Health Care Related Programs	Business and Professions Regulatory and Licensing	Financing for Local Governments and the Public
REVENUES				
Personal income taxes	\$ —	\$ —	\$ —	\$ 2,169,875
Sales and use taxes	1,265,733	—	—	—
Motor vehicle excise taxes	8,846,285	—	85,216	62,203
Managed care organization enrollment tax	—	10,451,644	—	—
Other taxes	—	—	1,320	949,136
Intergovernmental	—	2,032,890	—	—
Licenses and permits	5,996,118	661	906,674	14,741
Charges for services	144,795	49,955	54,892	2,891
Fees	2,424,275	5,819,124	1,903,300	237,491
Penalties	10,645	997	56,456	186
Investment and interest	462,887	163,282	96,379	105,306
Escheat	5	—	58	—
Other	86,913	1,849,888	23,291	67,165
Total revenues	19,237,656	20,368,441	3,127,586	3,608,994
EXPENDITURES				
Current:				
General government	508,107	373,841	1,043,656	1,189,307
Education	10,633	324,592	29,842	341
Health and human services	5,001	21,211,239	755,083	4,006,562
Natural resources and environmental protection	200,945	483	147,170	81,959
Business, consumer services, and housing	115,559	—	855,359	1,035,847
Transportation	18,257,547	—	12,115	105
Corrections and rehabilitation	—	—	—	—
Capital outlay	205,850	682	57,193	—
Debt service:				
Bond, commercial paper, and lease principal retirement	2,229,341	7,566	55,683	191,927
Interest and fiscal charges	68,514	28,860	4,849	722
Total expenditures	21,601,497	21,947,263	2,960,950	6,506,770
Excess (deficiency) of revenues over (under) expenditures	(2,363,841)	(1,578,822)	166,636	(2,897,776)
OTHER FINANCING SOURCES (USES)				
General obligation bonds and commercial paper issued	1,692,760	486,525	—	682,475
Refunding debt issued	1,574,370	—	—	10
Premium on bonds issued	160,235	3,537	—	1,940
Long-term capital financing issued	202,706	682	56,892	—
Transfers in	2,598	457,974	55,461	1,696,531
Transfers out	(1,375,694)	(271,000)	(12,756)	(181,123)
Total other financing sources (uses)	2,256,975	677,718	99,597	2,199,833
Net change in fund balances	(106,866)	(901,104)	266,233	(697,943)
Fund balances – beginning, as previously reported	—	—	2,552,121	9,110,112
Error corrections	166	—	—	—
Change to or within the financial reporting entity	10,776,722	2,035,150	—	—
Fund balances – beginning, as restated	10,776,888	2,035,150	2,552,121	9,110,112
Fund balances – ending	\$ 10,670,022	\$ 1,134,046	\$ 2,818,354	\$ 8,412,169

Special Revenue						
Cigarette, Tobacco, and Cannabis Tax	Local Revenue and Public Safety	Trial Courts	Golden State Tobacco Securitization Corporation	Other Special Revenue Programs	Total Nonmajor Special Revenue	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,169,875	
—	18,775,453	—	—	23,478	20,064,664	
—	—	—	—	—	8,993,704	
—	—	—	—	—	10,451,644	
1,983,510	—	—	—	—	2,933,966	
—	—	830,670	—	—	2,863,560	
188	3,549,868	—	—	138,296	10,606,546	
670	—	47,837	—	316,812	617,852	
1,212	—	632,916	—	1,762,939	12,781,257	
—	108	194,110	—	725,326	987,828	
24,560	31,149	45,762	14,169	157,226	1,100,720	
—	—	50,302	—	—	50,365	
1,007	—	112,865	378,034	1,467,357	3,986,520	
2,011,147	22,356,578	1,914,462	392,203	4,591,434	77,608,501	
369,744	6,250,436	4,377,310	955	2,282,444	16,395,800	
91,807	—	—	—	6,458	463,673	
1,726,483	13,891,678	—	—	1,063,959	42,660,005	
61,686	—	—	—	76,121	568,364	
3,116	1,054	117	—	32,433	2,043,485	
16,673	—	—	—	2,988	18,289,428	
12,963	2,292,422	—	—	—	2,305,385	
—	—	1,318	—	36,790	301,833	
734	—	33,390	252,750	31,705	2,803,096	
83	—	20,552	145,327	7,143	276,050	
2,283,289	22,435,590	4,432,687	399,032	3,540,041	86,107,119	
(272,142)	(79,012)	(2,518,225)	(6,829)	1,051,393	(8,498,618)	
—	—	—	—	—	2,861,760	
—	—	—	—	—	1,574,380	
—	—	—	—	—	165,712	
—	—	1,318	—	36,789	298,387	
439,493	20,011	2,611,632	—	110,105	5,393,805	
(13,898)	3	—	—	(115,913)	(1,970,381)	
425,595	20,014	2,612,950	—	30,981	8,323,663	
153,453	(58,998)	94,725	(6,829)	1,082,374	(174,955)	
2,755,551	101,949	1,293,199	535,390	5,396,421	21,744,743	
222,531	—	—	—	1,352	224,049	
—	—	—	—	—	12,811,872	
2,978,082	101,949	1,293,199	535,390	5,397,773	34,780,664	
\$ 3,131,535	\$ 42,951	\$ 1,387,924	\$ 528,561	\$ 6,480,147	\$ 34,605,709	

(continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)

Nonmajor Governmental Funds

Year Ended June 30, 2024

(amounts in thousands)

	Debt Service			Total Nonmajor Debt Service
	No Place Like Home Debt Service	Transportation Debt Service	Total Nonmajor Debt Service	
REVENUES				
Personal income taxes	\$ —	\$ —	\$ —	\$ —
Sales and use taxes	—	—	—	—
Motor vehicle excise taxes	—	—	—	—
Managed care organization enrollment tax	—	—	—	—
Other taxes	—	—	—	—
Intergovernmental	—	—	—	—
Licenses and permits	—	—	—	—
Charges for services	—	—	—	—
Fees	—	—	—	—
Penalties	—	—	—	—
Investment and interest	5,467	—	—	5,467
Escheat	—	—	—	—
Other	—	—	—	—
Total revenues	5,467	—	—	5,467
EXPENDITURES				
Current:				
General government	290	—	—	290
Education	—	—	—	—
Health and human services	—	—	—	—
Natural resources and environmental protection	—	—	—	—
Business, consumer services, and housing	—	—	—	—
Transportation	—	—	—	—
Corrections and rehabilitation	—	—	—	—
Capital outlay	—	—	—	—
Debt service:				
Bond, commercial paper, and lease principal retirement	81,425	737,743	819,168	819,168
Interest and fiscal charges	57,745	633,759	691,504	691,504
Total expenditures	139,460	1,371,502	1,510,962	1,510,962
Excess (deficiency) of revenues over (under) expenditures	(133,993)	(1,371,502)	(1,505,495)	(1,505,495)
OTHER FINANCING SOURCES (USES)				
General obligation bonds and commercial paper issued	—	—	—	—
Refunding debt issued	—	—	—	—
Premium on bonds issued	—	—	—	—
Long-term capital financing issued	—	—	—	—
Transfers in	139,531	1,371,502	1,511,033	1,511,033
Transfers out	—	—	—	—
Total other financing sources (uses)	139,531	1,371,502	1,511,033	1,511,033
Net change in fund balances	5,538	—	5,538	5,538
Fund balances – beginning, as previously reported	85,714	—	85,714	85,714
Error corrections	—	—	—	—
Change to or within the financial reporting entity	—	—	—	—
Fund balances – beginning, as restated	85,714	—	85,714	85,714
Fund balances – ending	\$ 91,252	\$ —	\$ 91,252	\$ 91,252

Capital Projects

Higher Education Construction	Hospital Construction	Local Government Construction	Other Capital Projects	Total Nonmajor Capital Projects	Total Nonmajor Governmental
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,169,875
—	—	—	—	—	20,064,664
—	—	—	—	—	8,993,704
—	—	—	—	—	10,451,644
—	—	—	—	—	2,933,966
—	—	—	—	—	2,863,560
—	—	—	51	51	10,606,597
—	—	—	—	—	617,852
—	—	—	—	—	12,781,257
—	—	—	—	—	987,828
9,099	96	17,019	2,401	28,615	1,134,802
—	—	—	—	—	50,365
—	—	—	6,583	6,583	3,993,103
9,099	96	17,019	9,035	35,249	77,649,217
—	118,414	—	19,827	138,241	16,534,331
—	—	729,142	—	729,142	1,192,815
—	—	—	—	—	42,660,005
—	—	—	11,945	11,945	580,309
—	—	—	—	—	2,043,485
—	—	—	—	—	18,289,428
—	—	—	—	—	2,305,385
316,804	856	5,972	18,582	342,214	644,047
531,610	55,875	1,413,300	42,055	2,042,840	5,665,104
4,938	40	11,408	41	16,427	983,981
853,352	175,185	2,159,822	92,450	3,280,809	90,898,890
(844,253)	(175,089)	(2,142,803)	(83,415)	(3,245,560)	(13,249,673)
464,545	205,200	286,815	104,730	1,061,290	3,923,050
417,375	5	1,234,100	—	1,651,480	3,225,860
54,628	6,170	95,260	439	156,497	322,209
—	—	—	—	—	298,387
—	—	—	41,126	41,126	6,945,964
—	—	(807)	(15)	(822)	(1,971,203)
936,548	211,375	1,615,368	146,280	2,909,571	12,744,267
92,295	36,286	(527,435)	62,865	(335,989)	(505,406)
209,270	39,383	729,308	435,809	1,413,770	23,244,227
—	—	—	5,508	5,508	229,557
—	—	—	—	—	12,811,872
209,270	39,383	729,308	441,317	1,419,278	36,285,656
\$ 301,565	\$ 75,669	\$ 201,873	\$ 504,182	\$ 1,083,289	\$ 35,780,250

(concluded)

Budgetary Comparison Schedule

Nonmajor Governmental Funds¹

Year Ended June 30, 2024

(amounts in thousands)

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Cigarette and tobacco taxes	\$ 288,446	\$ 288,446	\$ —
Vehicle license fees	11,359,618	11,359,618	—
Personal income tax	2,169,875	2,169,875	—
Retail sales and use taxes	18,796,909	18,796,909	—
Other major taxes and licenses	7,288,036	7,288,036	—
Other revenues	185,475,407	185,475,407	—
Total revenues	225,378,291	225,378,291	—
EXPENDITURES			
Business, consumer services, and housing	1,450,230	1,257,515	(192,715)
Transportation	21,804,167	19,409,827	(2,394,340)
Natural resources and environmental protection	661,610	604,657	(56,953)
Health and human services	197,839,912	196,599,146	(1,240,766)
Corrections and rehabilitation	85,658	85,629	(29)
Education	1,395,003	1,284,975	(110,028)
General government:			
Tax relief	6,301	6,301	—
Other general government	12,128,836	11,434,748	(694,088)
Total expenditures	235,371,717	230,682,798	(4,688,919)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	—	64,477,302	—
Transfers to other funds	—	(62,725,533)	—
Other additions	—	3,264,407	—
Total other financing sources (uses)	—	5,016,176	—
Excess of revenues and other sources over expenditures and other uses	—	(288,331)	—
Fund balances – beginning, restated	—	29,103,304	—
Fund balances – ending	\$ —	\$ 28,814,973	\$ —

¹On a budgetary basis, the State's funds are classified as either governmental cost funds or nongovernmental cost funds. The governmental cost funds include the General Fund, the Environmental and Natural Resources Fund, and many other funds that make up the nonmajor governmental funds reported in these financial statements. Governmental cost funds derive their revenue from taxes, licenses, and fees that support the general operations of the State. The appropriations of the budgetary basis governmental cost funds form the annual appropriated budget of the State. Nongovernmental cost funds consist of funds that derive their receipts from sources other than general and special taxes, licenses, fees, or state revenues and mainly represent the proprietary and fiduciary funds reported in these financial statements. Expenditures of these funds do not represent a cost of government and most of the nongovernmental cost funds are not included in the annual appropriated budget. Therefore, the expenditures of these funds are not included in this schedule. The Federal Fund is one nongovernmental cost fund that is included in the annual appropriated budget. The Budgetary Comparison Schedule for the General Fund, Federal Fund, and Environmental and Natural Resources Fund is included in the Required Supplementary Information section; the remaining governmental cost funds are reflected in this schedule. Additional information on the budgetary basis of accounting can be found in the Management's Discussion and Analysis, Note 3 – Budgetary and Legal Compliance, notes to the Required Supplementary Information, and in the separately issued Annual Comprehensive Financial Report Supplement.

Internal Service Funds

Internal service funds account for state activities that provide goods and services to other state departments or agencies on a cost reimbursement basis. Following are brief descriptions of the internal service funds.

The **Public Buildings Construction Fund** accounts for rental charges from the lease of public assets and the related lease-purchase revenue bonds.

The **Architecture Revolving Fund** accounts for charges for the costs of architectural services, construction, and improvements.

The **Service Revolving Fund** accounts for charges for printing and procurement services rendered by the Department of General Services for state departments and other public entities.

The **Prison Industries Fund** accounts for charges for goods produced by inmates in state prisons that are sold to state departments and other governmental entities.

The **Financial Information Systems Fund** accounts for charges for the development and subsequent use of the State's new financial information system.

The **Technology Services Revolving Fund** accounts for charges for technology services performed for various state, federal, and local government entities by the Department of Technology.

The **Water Resources Revolving Fund** accounts for charges for administrative services related to water delivery provided by the Department of Water Resources to federal, state, and local government agencies.

Other internal service program funds account for all other goods and services provided to other agencies, departments, or governments on a cost-reimbursement basis.

Combining Statement of Net Position

Internal Service Funds

June 30, 2024

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
ASSETS		
Current assets:		
Cash and pooled investments	\$ —	\$ 1,703,806
Restricted assets:		
Cash and pooled investments	996,378	—
Contracts and installments receivable	613,688	—
Receivables (net)	—	2,602
Due from other funds	254,139	41,342
Due from other governments	—	—
Prepaid items	—	15,014
Inventories	—	—
Total current assets	1,864,205	1,762,764
Noncurrent assets:		
Restricted assets:		
Cash and pooled investments	106,788	—
Contracts and installments receivable	8,309,069	—
Receivables (net)	—	—
Interfund receivables	—	—
Loans receivable	—	—
Long-term prepaid charges	110	—
Capital assets:		
Land	—	—
Buildings and other depreciable property	—	211
Intangible assets – amortizable	—	—
Less: accumulated depreciation/amortization	—	(211)
Construction/development in progress	2,069,383	—
Total noncurrent assets	10,485,350	—
Total assets	12,349,555	1,762,764
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	\$ 12,433,832	\$ 1,762,764

Service Revolving	Prison Industries	Financial Information Systems	Technology Services Revolving	Water Resources Revolving	Other Internal Service Programs	Total
\$ 320,113	\$ 428,056	\$ 10,575	\$ 85,239	\$ 122,777	\$ 1,076,767	\$ 3,747,333
—	—	—	—	—	—	996,378
—	—	—	—	—	—	613,688
3,258	2,362	—	4,433	909	61,105	74,669
218,671	2,051	—	69,839	219,148	5,583	810,773
1,814	231	—	3,024	—	18,184	23,253
169,910	1,088	—	637	3,896	1,463	192,008
25,675	51,678	—	—	704	18,187	96,244
739,441	485,466	10,575	163,172	347,434	1,181,289	6,554,346
—	—	—	—	—	—	106,788
—	—	—	—	—	—	8,309,069
2,289	—	—	—	—	4,632	6,921
—	—	—	850	—	39,859	40,709
—	—	—	16	—	4,125	4,141
—	—	—	—	—	—	110
—	—	—	—	—	2,080	2,080
180,242	223,475	2,977	156,071	34,852	83,313	681,141
248,462	11,474	349,281	34,424	12,176	126,842	782,659
(208,489)	(168,381)	(62,812)	(148,615)	(42,060)	(127,759)	(758,327)
—	1,137	—	—	—	1,259	2,071,779
222,504	67,705	289,446	42,746	4,968	134,351	11,247,070
961,945	553,171	300,021	205,918	352,402	1,315,640	17,801,416
309,291	77,943	—	90,236	—	295,887	857,634
\$ 1,271,236	\$ 631,114	\$ 300,021	\$ 296,154	\$ 352,402	\$ 1,611,527	\$ 18,659,050

(continued)

Combining Statement of Net Position (continued)

Internal Service Funds

June 30, 2024

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 43,530	\$ 108
Due to other funds	23,902	168,913
Due to other governments	18,463	—
Revenues received in advance	—	1,592,137
Deposits	—	—
Contracts and notes payable	—	—
Interest payable	105,690	—
Current portion of long-term obligations	642,235	—
Other current liabilities	13,836	—
Total current liabilities	<u>847,656</u>	<u>1,761,158</u>
Noncurrent liabilities:		
Interfund payables	2,709,718	744
Compensated absences payable	—	—
Workers' compensation benefits payable	—	158
Lease liability	—	—
Subscription liability	—	—
Revenue bonds payable	8,690,370	—
Net other postemployment benefits liability	—	—
Net pension liability	—	—
Other noncurrent liabilities	—	—
Total noncurrent liabilities	<u>11,400,088</u>	<u>902</u>
Total liabilities	<u>12,247,744</u>	<u>1,762,060</u>
DEFERRED INFLOWS OF RESOURCES		
Total liabilities and deferred inflows of resources	<u>48,769</u>	<u>—</u>
Total liabilities and deferred inflows of resources	<u>12,296,513</u>	<u>1,762,060</u>
NET POSITION		
Net investment in capital assets	—	—
Restricted – expendable:		
Construction	137,319	—
Total expendable	137,319	—
Unrestricted	—	704
Total net position (deficit)	<u>137,319</u>	<u>704</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 12,433,832</u>	<u>\$ 1,762,764</u>

Service Revolving	Prison Industries	Financial Information Systems	Technology Services Revolving	Water Resources Revolving	Other Internal Service Programs	Total
\$ 61,099	\$ 12,278	\$ 39	\$ 35,623	\$ 45,152	\$ 522,533	\$ 720,362
61,187	6,454	—	729	1,756	585,871	848,812
764	—	—	1,450	15	5,072	25,764
16,193	3,383	—	—	2,343	92,388	1,706,444
1,149	—	—	—	—	—	1,149
894	—	—	11,671	16,248	—	28,813
—	—	—	—	—	—	105,690
21,468	3,670	—	5,163	—	24,117	696,653
9	13,228	—	—	18	—	27,091
162,763	39,013	39	54,636	65,532	1,229,981	4,160,778
16,896	17	37,650	455	298,150	—	3,063,630
85,497	17,580	—	41,934	—	46,808	191,819
24,526	22,350	—	46	—	1,281	48,361
151,389	—	—	1,332	—	54,818	207,539
—	—	—	1,140	—	401	1,541
—	—	—	—	—	—	8,690,370
678,631	241,558	—	250,255	—	460,819	1,631,263
545,971	84,305	—	114,397	—	602,790	1,347,463
—	—	—	9,097	3,048	—	12,145
1,502,910	365,810	37,650	418,656	301,198	1,166,917	15,194,131
1,665,673	404,823	37,689	473,292	366,730	2,396,898	19,354,909
175,186	73,645	—	65,090	—	124,260	486,950
1,840,859	478,468	37,689	538,382	366,730	2,521,158	19,841,859
220,025	67,705	289,529	16,554	—	28,045	621,858
—	—	—	—	—	—	137,319
—	—	—	—	—	—	137,319
(789,648)	84,941	(27,197)	(258,782)	(14,328)	(937,676)	(1,941,986)
(569,623)	152,646	262,332	(242,228)	(14,328)	(909,631)	(1,182,809)
\$ 1,271,236	\$ 631,114	\$ 300,021	\$ 296,154	\$ 352,402	\$ 1,611,527	\$ 18,659,050
(concluded)						

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Internal Service Funds

Year Ended June 30, 2024

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
OPERATING REVENUES		
Services and sales	\$ —	\$ 1,297,378
Investment and interest	54,523	—
Rent	319,198	—
Total operating revenues	373,721	1,297,378
OPERATING EXPENSES		
Personal services	—	1,581
Supplies	—	—
Services and charges	9,548	1,294,662
Depreciation	—	—
Interest expense	331,936	—
Amortization of long-term prepaid charges	33	—
Total operating expenses	341,517	1,296,243
Operating income (loss)	32,204	1,135
NONOPERATING REVENUES (EXPENSES)		
Investment and interest income	—	—
Interest expense and fiscal charges	—	—
Other	(68,171)	—
Total nonoperating revenues (expenses)	(68,171)	—
Income (loss) before transfers	(35,967)	1,135
Loss on early extinguishment of debt	(3,911)	—
Transfers in	—	—
Transfers out	—	—
Change in net position	(39,878)	1,135
Total net position (deficit) – beginning, as previously reported	177,197	(431)
Error corrections	—	—
Total net position (deficit) – beginning, as restated	177,197	(431)
Total net position (deficit) – ending	\$ 137,319	\$ 704

Service Revolving	Prison Industries	Financial Information Systems	Technology Services Revolving	Water Resources Revolving	Other Internal Service Programs	Total
\$ 866,665	\$ 362,008	\$ —	\$ 562,405	\$ 748,131	\$ 1,327,199	\$ 5,163,786
45	—	—	—	—	73	54,641
1,108	—	—	—	—	220	320,526
867,818	362,008	—	562,405	748,131	1,327,492	5,538,953
427,128	115,258	—	41,291	—	377,824	963,082
—	4,202	—	—	23,389	—	27,591
343,023	226,623	275	398,077	716,454	1,035,299	4,023,961
40,142	10,698	28,960	21,475	3,983	28,249	133,507
—	—	—	636	—	—	332,572
—	—	—	—	—	—	33
810,293	356,781	29,235	461,479	743,826	1,441,372	5,480,746
57,525	5,227	(29,235)	100,926	4,305	(113,880)	58,207
—	1,148	—	1,387	—	5,695	8,230
(3,336)	(95)	—	(384)	—	(11,964)	(15,779)
—	(3,615)	—	(438)	—	—	(72,224)
(3,336)	(2,562)	—	565	—	(6,269)	(79,773)
54,189	2,665	(29,235)	101,491	4,305	(120,149)	(21,566)
—	—	—	—	—	—	(3,911)
46,321	—	—	6,515	—	5,500	58,336
—	—	—	—	—	(56,346)	(56,346)
100,510	2,665	(29,235)	108,006	4,305	(170,995)	(23,487)
(669,839)	149,981	291,567	(349,112)	(18,633)	(737,626)	(1,156,896)
(294)	—	—	(1,122)	—	(1,010)	(2,426)
(670,133)	149,981	291,567	(350,234)	(18,633)	(738,636)	(1,159,322)
\$ (569,623)	\$ 152,646	\$ 262,332	\$ (242,228)	\$ (14,328)	\$ (909,631)	\$ (1,182,809)

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2024

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 11,177	\$ —
Receipts from interfund services provided	916,083	1,413,246
Payments to suppliers	(6,957)	(1,294,539)
Payments to employees	—	(1,713)
Other receipts (payments)	(371,879)	(954)
Net cash provided by (used in) operating activities	548,424	116,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from / (payment on) interfund receivables.....	—	—
Proceeds from / (payment on) loans and interfund borrowings.....	(502,184)	(2,275)
Interest paid	—	—
Transfers in	14,005	—
Transfers out	(180)	—
Net cash provided by (used in) noncapital financing activities	(488,359)	(2,275)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,137,426)	—
Proceeds from sale of capital assets	—	—
Proceeds from long-term capital financing	—	—
Payment on long-term capital financing	—	—
Proceeds from revenue bonds	2,066,784	—
Retirement of revenue bonds	(1,186,620)	—
Interest paid	—	—
Net cash used in capital and related financing activities	(257,262)	—
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on investments	—	—
Net cash provided by investing activities	—	—
Net increase (decrease) in cash and pooled investments	(197,197)	113,765
Cash and pooled investments – beginning	1,300,363	1,590,041
Cash and pooled investments – ending	\$ 1,103,166	\$ 1,703,806

Service Revolving	Prison Industries	Financial Information Systems	Technology Services Revolving	Water Resources Revolving	Other Internal Service Programs	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,177
865,516	359,927	1,764	551,651	783,445	1,589,476	6,481,108
(377,039)	(211,350)	—	(399,728)	(724,799)	(850,359)	(3,864,771)
(390,004)	(113,979)	—	(120,806)	—	(359,694)	(986,196)
(13,799)	5	—	7,760	(6,833)	12,888	(372,812)
84,674	34,603	1,764	38,877	51,813	392,311	1,268,506
—	(1,085)	—	(866)	—	11,161	9,210
(11,453)	—	—	(4,101)	—	—	(520,013)
—	(95)	—	—	—	(4)	(99)
47,113	—	—	6,515	—	5,500	73,133
(792)	—	—	—	—	(56,346)	(57,318)
34,868	(1,180)	—	1,548	—	(39,689)	(495,087)
(21,054)	(9,854)	—	(14,187)	(1,446)	(47,295)	(1,231,262)
4,650	28	—	576	—	3,538	8,792
586	—	—	—	—	6,710	7,296
(19,673)	—	—	(4,177)	—	(3,906)	(27,756)
—	—	—	—	—	—	2,066,784
—	—	—	—	—	—	(1,186,620)
(3,336)	—	—	(384)	—	(11,960)	(15,680)
(38,827)	(9,826)	—	(18,172)	(1,446)	(52,913)	(378,446)
—	840	—	1,387	—	5,695	7,922
—	840	—	1,387	—	5,695	7,922
80,715	24,437	1,764	23,640	50,367	305,404	402,895
239,398	403,619	8,811	61,599	72,410	771,363	4,447,604
\$ 320,113	\$ 428,056	\$ 10,575	\$ 85,239	\$ 122,777	\$ 1,076,767	\$ 4,850,499

(continued)

Combining Statement of Cash Flows (continued)

Internal Service Funds

Year Ended June 30, 2024

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 32,204	\$ 1,135
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	—	—
Amortization of premiums and discounts	(122,430)	—
Amortization of long-term prepaid charges	33	—
Other	6,946	—
Change in account balances:		
Receivables	—	(992)
Due from other funds	(29,587)	26,059
Due from other governments	—	—
Prepaid items	—	—
Inventories	—	—
Contracts and installments receivable	632,309	—
Leases receivable	—	—
Deferred outflow of resources	—	—
Accounts payable	5,595	123
Due to other funds	10,801	10,100
Due to other governments	—	(954)
Deposits	—	—
Contracts and notes payable	—	—
Interest payable	7,933	—
Revenues received in advance	940	80,701
Other current liabilities	3,680	—
Compensated absences payable	—	(290)
Other noncurrent liabilities	—	158
Deferred inflow of resources	—	—
Total adjustments	<u>516,220</u>	<u>114,905</u>
Net cash provided by (used in) operating activities	\$ 548,424	\$ 116,040
Noncash investing, capital, and financing activities		
Transfers of construction work-in-progress to state departments	\$ 84,214	\$ —
Miscellaneous noncash activities transactions	—	—

Service Revolving	Prison Industries	Financial Information Systems	Technology Services Revolving	Water Resources Revolving	Other Internal Service Programs	Total
\$ 57,525	\$ 5,227	\$ (29,235)	\$ 100,926	\$ 4,305	\$ (113,880)	\$ 58,207
40,142	10,698	28,960	21,475	3,983	28,249	133,507
—	—	—	—	—	—	(122,430)
—	—	—	—	—	—	33
—	5	—	—	—	—	6,951
(1,733)	4,015	—	986	539	66,515	69,330
(17,938)	(1,445)	—	(9,715)	32,430	(23,813)	(24,009)
155	(34)	—	13,763	—	1,927	15,811
(3,526)	338	2,000	55	(674)	2	(1,805)
(1,343)	6,993	—	—	17	1,759	7,426
—	—	—	—	—	—	632,309
2,624	—	—	—	—	155	2,779
(10,285)	(3,142)	—	28,640	—	3,690	18,903
(29,147)	(732)	39	(1,070)	15,701	183,179	173,688
15,646	3,708	—	(2,025)	1,149	203,582	242,961
(2,694)	—	—	1,450	7	(805)	(2,996)
—	—	—	—	—	3,356	3,356
(457)	—	—	(2,082)	(3,016)	—	(5,555)
—	—	—	—	—	—	7,933
(901)	449	—	—	1,196	15,545	97,930
(10,803)	10,282	—	—	2	8,410	11,571
(11,629)	3,046	—	(2,561)	—	2,150	(9,284)
88,560	43,956	—	(91,895)	(3,826)	36,429	73,382
(29,522)	(48,761)	—	(19,070)	—	(24,139)	(121,492)
27,149	29,376	30,999	(62,049)	47,508	506,191	1,210,299
\$ 84,674	\$ 34,603	\$ 1,764	\$ 38,877	\$ 51,813	\$ 392,311	\$ 1,268,506
(concluded)						
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 84,214
—	—	94	—	—	—	94

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Nonmajor Enterprise Funds

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, in which the costs of providing goods or services to the general public on a continuing basis are intended to be financed or recovered primarily through user charges. Following are brief descriptions of nonmajor enterprise funds.

The **State Water Pollution Control Revolving Fund** accounts for loans to finance the construction of publicly owned water pollution control facilities.

The **Safe Drinking Water State Revolving Fund** accounts for loans to finance the construction of publicly owned water systems for drinking water infrastructure projects.

The **Housing Loan Fund** accounts for financing and contracts for the sale of properties to eligible California veterans.

The **Electric Power Fund** accounts for assistance in mitigating the effects of a statewide energy supply emergency.

The **Other enterprise program funds** account for all other goods or services provided to the general public on a continuing basis when all or most of the cost involved is to be financed by user charges, or when periodic measurement of the results of operations is appropriate for management control, accountability, capital maintenance, public policy, or other purposes.

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2024

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
ASSETS		
Current assets:		
Cash and pooled investments	\$ 406,224	\$ 113,738
Restricted assets:		
Cash and pooled investments	650,137	62,861
Due from other governments	218,133	19,925
Receivables (net)	—	6,373
Due from other funds	14,383	11,098
Due from other governments	50,710	47,087
Prepaid items	—	—
Inventories	—	—
Total current assets	<u>1,339,587</u>	<u>261,082</u>
Noncurrent assets:		
Restricted assets:		
Loans receivable	4,814,573	693,828
Investments	—	—
Interfund receivables	2,787	—
Loans receivable	864,625	1,545,404
Capital assets:		
Land	—	—
Buildings and other depreciable property	—	—
Intangible assets – amortizable	—	—
Less: accumulated depreciation/amortization	—	—
Construction/development in progress	—	—
Other noncurrent assets	—	—
Total noncurrent assets	<u>5,681,985</u>	<u>2,239,232</u>
Total assets	<u>7,021,572</u>	<u>2,500,314</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	<u>\$ 7,021,572</u>	<u>\$ 2,500,314</u>

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ 194,922	\$ 1,377	\$ 272,128	\$ 988,389
—	66,745	—	779,743
—	—	—	238,058
29,163	103,877	592	140,005
—	—	5,225	30,706
1,871	—	70	99,738
—	—	12	12
—	—	9,281	9,281
225,956	171,999	287,308	2,285,932
—	—	—	5,508,401
14,099	—	—	14,099
—	—	277	3,064
962,532	—	40,880	3,413,441
444	—	829	1,273
16,260	—	10,510	26,770
—	636	26,728	27,364
(16,260)	(181)	(16,861)	(33,302)
—	—	111	111
7,866	—	—	7,866
984,941	455	62,474	8,969,087
1,210,897	172,454	349,782	11,255,019
5,489	8,262	18,997	32,748
\$ 1,216,386	\$ 180,716	\$ 368,779	\$ 11,287,767

(continued)

Combining Statement of Net Position (continued)

Nonmajor Enterprise Funds

June 30, 2024

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
LIABILITIES		
Current liabilities:		
Accounts payable	\$ —	\$ —
Due to other funds	2,266	9,461
Due to other governments	—	—
Revenues received in advance	—	—
Interest payable	19,398	716
Current portion of long-term obligations	<u>116,837</u>	<u>7,826</u>
Total current liabilities	<u>138,501</u>	<u>18,003</u>
Noncurrent liabilities:		
Interfund payables	—	—
Compensated absences payable	—	—
Workers' compensation benefits payable	—	—
Lease liability	—	—
Subscription liability	—	—
General obligation bonds payable	—	—
Revenue bonds payable	1,677,918	56,447
Net other postemployment benefits liability	—	—
Net pension liability	—	—
Other noncurrent liabilities	—	—
Total noncurrent liabilities	<u>1,677,918</u>	<u>56,447</u>
Total liabilities	<u>1,816,419</u>	<u>74,450</u>
DEFERRED INFLOWS OF RESOURCES		
Total liabilities and deferred inflows of resources	<u>1,816,419</u>	<u>74,450</u>
NET POSITION		
Net investment in capital assets	—	—
Restricted – expendable:		
Debt service	399,410	—
Security for revenue bonds	3,218,553	—
Other purposes	—	2,425,864
Total expendable	<u>3,617,963</u>	<u>2,425,864</u>
Unrestricted	1,587,190	—
Total net position	<u>5,205,153</u>	<u>2,425,864</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,021,572</u>	<u>\$ 2,500,314</u>

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ —	\$ 18,201	\$ 7,624	\$ 25,825
351	—	736	12,814
332	—	23	355
—	—	26	26
25,311	—	—	45,425
30,005	461	2,621	157,750
55,999	18,662	11,030	242,195
81	—	27,720	27,801
—	—	10,194	10,194
—	—	4,428	4,428
—	311	17,252	17,563
—	2	—	2
635,759	—	—	635,759
373,601	—	—	2,107,966
7,316	6,011	23,542	36,869
12,745	5,419	29,859	48,023
3,544	—	—	3,544
1,033,046	11,743	112,995	2,892,149
1,089,045	30,405	124,025	3,134,344
4,354	27,203	6,967	38,524
1,093,399	57,608	130,992	3,172,868
—	—	1,377	1,377
—	—	—	399,410
—	—	—	3,218,553
122,987	123,108	167,394	2,839,353
122,987	123,108	167,394	6,457,316
—	—	69,016	1,656,206
122,987	123,108	237,787	8,114,899
\$ 1,216,386	\$ 180,716	\$ 368,779	\$ 11,287,767

(concluded)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Nonmajor Enterprise Funds

Year Ended June 30, 2024

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
OPERATING REVENUES		
Services and sales	\$ 10,532	\$ —
Investment and interest	60,201	29,738
Other	—	—
Total operating revenues.....	70,733	29,738
OPERATING EXPENSES		
Personal services	6,150	23,415
Supplies	—	—
Services and charges	3,293	—
Depreciation	—	—
Interest expense	—	—
Other	2,964	9,473
Total operating expenses.....	12,407	32,888
Operating income (loss)	58,326	(3,150)
NONOPERATING REVENUES (EXPENSES)		
Donations and grants	475,509	198,672
Investment and interest income	35,401	6,279
Interest expense and fiscal charges	(50,123)	(1,476)
Other	—	—
Total nonoperating revenues (expenses).....	460,787	203,475
Income (loss) before capital contributions and transfers	519,113	200,325
Transfers in	—	—
Transfers out	—	—
Change in net position	519,113	200,325
Total net position – beginning, as previously reported	4,686,040	2,225,539
Total net position – ending	\$ 5,205,153	\$ 2,425,864

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ 1,907	\$ 182	\$ 125,994	\$ 138,615
61,842	—	2,493	154,274
2,736	—	2,316	5,052
66,485	182	130,803	297,941
4,830	—	32,019	66,414
—	—	69,307	69,307
13,304	4,986	12,024	33,607
—	159	4,826	4,985
34,306	—	—	34,306
—	—	—	12,437
52,440	5,145	118,176	221,056
14,045	(4,963)	12,627	76,885
—	—	—	674,181
—	2,433	7,708	51,821
—	(1,000)	(86)	(52,685)
440	1,263	—	1,703
440	2,696	7,622	675,020
14,485	(2,267)	20,249	751,905
—	—	2,000	2,000
—	—	—	—
14,485	(2,267)	22,249	753,905
108,502	125,375	215,538	7,360,994
\$ 122,987	\$ 123,108	\$ 237,787	\$ 8,114,899

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year Ended June 30, 2024

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers/employers	\$ 50,823	\$ 27,557
Receipts from interfund services provided	—	—
Payments to suppliers	(11,814)	(43,582)
Payments to employees	—	—
Payments for interfund services used	(236)	—
Other receipts (payments)	(583,085)	(166,030)
Net cash provided by (used in) operating activities	(544,312)	(182,055)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from/(payment on) loans and interfund borrowings	191	—
Retirement of general obligation bonds	—	—
Proceeds from revenue bonds	301,544	—
Retirement of revenue bonds	(94,250)	(6,410)
Interest paid	(68,548)	(3,160)
Transfers in	—	—
Grants received	478,089	209,669
Net cash provided by (used in) noncapital financing activities	617,026	200,099
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	—	—
Proceeds from sale of capital assets	—	—
Payment on long-term capital financing	—	—
Interest paid	—	—
Net cash used in capital and related financing activities	—	—
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	—	—
Earnings on investments	30,855	5,358
Net cash provided by (used in) investing activities	30,855	5,358
Net increase (decrease) in cash and pooled investments	103,569	23,402
Cash and pooled investments – beginning	952,792	153,197
Cash and pooled investments – ending	\$ 1,056,361	\$ 176,599

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ 134,928	\$ —	\$ 31,180	\$ 244,488
—	182	105,706	105,888
(4,248)	(488)	(90,145)	(150,277)
(4,828)	(4,856)	(29,548)	(39,232)
(81)	—	(829)	(1,146)
(231,262)	8,804	(14,085)	(985,658)
(105,491)	3,642	2,279	(825,937)
82	—	9,521	9,794
(28,220)	—	—	(28,220)
—	—	—	301,544
(31,510)	—	—	(132,170)
—	—	(6)	(71,714)
—	—	2,000	2,000
—	—	—	687,758
(59,648)	—	11,515	768,992
—	—	(2,456)	(2,456)
—	—	18	18
—	(177)	(575)	(752)
—	—	(80)	(80)
—	(177)	(3,093)	(3,270)
(2,807)	—	—	(2,807)
—	2,657	7,708	46,578
(2,807)	2,657	7,708	43,771
(167,946)	6,122	18,409	(16,444)
362,868	62,000	253,719	1,784,576
\$ 194,922	\$ 68,122	\$ 272,128	\$ 1,768,132

(continued)

Combining Statement of Cash Flows (continued)

Nonmajor Enterprise Funds

Year Ended June 30, 2024

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 58,326	\$ (3,150)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	—	—
Provisions and allowances	—	—
Amortization of premiums and discounts	—	—
Other	(12,192)	—
Change in account balances:		
Receivables	—	—
Due from other funds	(236)	—
Due from other governments	(7,246)	(2,181)
Prepaid items	—	—
Inventories	—	—
Other current assets	—	—
Loans receivable	(583,557)	—
Deferred outflow of resources	—	(166,030)
Leases receivable	—	—
Accounts payable	—	(10,694)
Due to other funds	593	—
Due to other governments	—	—
Interest payable	—	—
Revenues received in advance	—	—
Other current liabilities	—	—
Compensated absences payable	—	—
Other noncurrent liabilities	—	—
Deferred inflows of resources	—	—
Total adjustments	<u>(602,638)</u>	<u>(178,905)</u>
Net cash provided by (used in) operating activities	<u>\$ (544,312)</u>	<u>\$ (182,055)</u>
Noncash investing, capital, and financing activities		
Miscellaneous noncash activities transactions	\$ —	\$ —

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ 14,045	\$ (4,963)	\$ 12,627	\$ 76,885
—	159	4,826	4,985
(128)	—	—	(128)
(1,663)	—	—	(1,663)
347	8,804	—	(3,041)
6,573	—	(9)	6,564
—	—	1,041	805
—	—	38	(9,389)
—	—	18	18
—	—	(2,949)	(2,949)
2,199	—	—	2,199
(130,953)	—	4,137	(710,373)
(4,548)	700	(2,173)	(172,051)
—	(1,000)	—	(1,000)
(900)	(29)	1,651	(9,972)
(1,653)	—	91	(969)
—	—	(21)	(21)
10,534	—	—	10,534
—	—	(6)	(6)
351	—	—	351
—	—	(2,809)	(2,809)
(719)	62	(13,771)	(14,428)
1,024	(91)	(412)	521
<hr/> <u>(119,536)</u>	<hr/> <u>8,605</u>	<hr/> <u>(10,348)</u>	<hr/> <u>(902,822)</u>
\$ (105,491)	\$ 3,642	\$ 2,279	\$ (825,937)
(concluded)			
\$ 3,299	\$ —	\$ —	\$ 3,299

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Fiduciary Funds and Similar Component Units – Pension and Other Employee Benefit Trust Funds

Pension and other employee benefit trust funds account for transactions, assets, liabilities, and net position available for pension and other employee benefits of the two public employees' retirement systems that are fiduciary component units, and for other primary government employee benefit programs. Following are brief descriptions of pension and other employee benefit trust funds.

Defined Benefit Pension Plans are pension plans that provide defined benefit pensions to employees after separation from service:

The **Public Employees' Retirement Fund** is administered by the California Public Employees' Retirement System (CalPERS) and accounts for the employee and employer contributions of the agent and cost-sharing multiple-employer retirement plans that provide pension benefits to employees of the State of California, non-teaching school employees, and employees of California public agencies.

The **State Teachers' Retirement Fund** is administered by the California State Teachers' Retirement System (CalSTRS) and accounts for the employee, employer, and primary government contributions of the cost-sharing multiple-employer retirement plan that provides pension benefits to teachers and certain other employees of the California public school system.

The **Judges' Retirement Fund** is administered by CalPERS and accounts for the employee and employer contributions of the single-employer retirement plan that provides pension benefits to judges of the California Supreme Court, courts of appeal, and superior courts who were appointed or elected prior to November 9, 1994.

The **Judges' Retirement Fund II** is administered by CalPERS and accounts for the employee and employer contributions of the single-employer retirement plan that provides pension benefits to judges of the California Supreme Court, courts of appeal, and superior courts who were appointed or elected on or subsequent to November 9, 1994.

The **Legislators' Retirement Fund** is administered by CalPERS and accounts for the employee and employer contributions of the single-employer retirement plan that provides pension benefits to members of the Legislature serving prior to November 7, 1990, constitutional officers, and legislative statutory officers who elect to participate in the plan.

(continued)

(continued)

The **Defined Benefit Other Postemployment Benefits (OPEB) Plan** provides defined benefit OPEB, other than pensions, to employees after separation from service:

The **Annuitants' Health Care Coverage Fund** is administered by CalPERS as the California Employers' Retiree Benefit Trust Fund (CERBTF), an agent multiple-employer plan for employers to prefund health, dental, and other nonpension postemployment benefits for state and local government annuitants, and to pay related administrative costs.

The **Deferred Compensation Fund** accounts for monies withheld from the salaries of participants per Internal Revenue Code sections 401(k), 457, and 403(b). The monies are invested until the employee retires or resigns, at which time all money withdrawn, including investment income, is subject to income taxes, with the exclusion of eligible Roth 457 contributions and earnings, which are protected from income tax during distribution.

Other pension and other employee benefit trust funds account for funds contributed to smaller retirement plans and programs that are not defined benefit pension plans including the Teachers' Health Benefits Fund, Supplemental Contributions Program Fund, Boxers' Pension Fund, and Flexelect Benefit Fund.

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Combining Statement of Fiduciary Net Position

Fiduciary Funds and Similar Component Units – Pension and Other Employee Benefit Trust Funds

June 30, 2024

(amounts in thousands)

	Defined Benefit		
	Public Employees' Retirement	State Teachers' Retirement	Judges' Retirement
ASSETS			
Cash and pooled investments	\$ 4,417,279	\$ 330,069	\$ 4,954
Investments, at fair value:			
Short-term	17,311,934	11,633,279	52,486
Equity securities	204,590,819	138,429,197	—
Debt securities	166,380,465	51,262,571	—
Real estate	65,737,642	43,431,207	—
Securities lending collateral	8,903,958	32,564,283	—
Other	94,294,392	100,721,524	—
Total investments	557,219,210	378,042,061	52,486
Receivables (net)	34,167,951	6,351,002	1,419
Due from other funds	1,140,033	882	183
Due from other governments	—	13	—
Loans receivable	—	6,256,014	—
Other assets	204,623	814,350	—
Total assets	597,149,096	391,794,391	59,042
DEFERRED OUTFLOWS OF RESOURCES			
Total assets and deferred outflows of resources	221,564	165,165	1,017
597,370,660	391,959,556	60,059	
LIABILITIES			
Accounts payable	11,180	6,595,949	333
Benefits payable	2,776,010	2,099,378	—
Securities lending obligations	21,221,026	32,573,328	—
Loans payable	—	5,785,091	—
Other liabilities	66,587,698	3,564,306	7,403
Total liabilities	90,595,914	50,618,052	7,736
DEFERRED INFLOWS OF RESOURCES			
Total liabilities and deferred inflows of resources	151,780	323,828	689
90,747,694	50,941,880	8,425	
NET POSITION			
Restricted:			
Pension benefits	506,622,966	341,017,676	51,634
Other postemployment benefits	—	—	—
Deferred compensation participants	—	—	—
Individuals, organizations, or other governments	—	—	—
Total net position	\$ 506,622,966	\$ 341,017,676	\$ 51,634

Pension Plans		Defined Benefit OPEB Plan		Other Pension and Other Employee Benefit Trust		Total
Judges' Retirement II	Legislators' Retirement	Annuitants' Health Care Coverage	Deferred Compensation			
\$ 5,127	\$ 2,024	\$ 20,123	\$ 21,212	\$ 13,537	\$ 4,814,325	
266	14	45,923	2,935,310	15,955	31,995,167	
1,947,765	32,465	14,501,366	17,095,266	63,631	376,660,509	
675,806	60,058	6,414,877	2,715,777	41,177	227,550,731	
—	—	—	—	—	109,168,849	
—	—	—	—	—	41,468,241	
—	—	—	5,333,138	—	200,349,054	
2,623,837	92,537	20,962,166	28,079,491	120,763	987,192,551	
11,363	35	119,541	44,018	6,809	40,702,138	
116	—	248	50	20	1,141,532	
—	—	—	—	—	13	
—	—	—	8,514	—	6,264,528	
—	—	—	2	—	1,018,975	
2,640,443	94,596	21,102,078	28,153,287	141,129	1,041,134,062	
1,205	319	2,413	1,880	447	394,010	
2,641,648	94,915	21,104,491	28,155,167	141,576	1,041,528,072	
438	125	1,538	3,261	6,504	6,619,328	
—	641	104,235	109	540	4,980,913	
—	—	—	—	—	53,794,354	
—	—	—	—	—	5,785,091	
6,738	1,500	9,405	17,733	2,809	70,197,592	
7,176	2,266	115,178	21,103	9,853	141,377,278	
822	174	2,049	2,638	1,068	483,048	
7,998	2,440	117,227	23,741	10,921	141,860,326	
2,633,650	92,475	—	—	120,309	850,538,710	
—	—	20,987,264	—	—	20,987,264	
—	—	—	28,131,426	—	28,131,426	
—	—	—	—	10,346	10,346	
\$ 2,633,650	\$ 92,475	\$ 20,987,264	\$ 28,131,426	\$ 130,655	\$ 899,667,746	

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds and Similar Component Units – Pension and Other Employee Benefit Trust Funds

Year Ended June 30, 2024

(amounts in thousands)

	Defined Benefit		
	Public Employees' Retirement	State Teachers' Retirement	Judges' Retirement
ADDITIONS			
Contributions:			
Employer	\$ 24,872,799	\$ 8,585,432	\$ 212,532
Plan member	6,389,252	4,734,724	1,481
Non-employer	—	3,945,974	—
Total contributions	<u>31,262,051</u>	<u>17,266,130</u>	<u>214,013</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	38,350,526	19,748,609	—
Interest, dividends, and other investment income	8,384,128	8,538,398	3,428
Less: investment expense	(2,404,885)	(2,113,947)	(12)
Net investment income	<u>44,329,769</u>	<u>26,173,060</u>	<u>3,416</u>
Other	<u>13,996</u>	<u>391,348</u>	<u>2,831</u>
Total additions	<u>75,605,816</u>	<u>43,830,538</u>	<u>220,260</u>
DEDUCTIONS			
Distributions to beneficiaries	32,815,645	19,046,225	212,542
Refunds of contributions	366,423	141,857	—
Administrative expense	378,941	209,788	2,411
Interest expense	—	333,502	—
Payments to and for depositors	—	—	—
Total deductions	<u>33,561,009</u>	<u>19,731,372</u>	<u>214,953</u>
Change in net position	<u>42,044,807</u>	<u>24,099,166</u>	<u>5,307</u>
Net position – beginning, as previously reported	<u>464,578,159</u>	<u>316,918,510</u>	<u>46,327</u>
Net position – ending	<u>\$ 506,622,966</u>	<u>\$ 341,017,676</u>	<u>\$ 51,634</u>

Pension Plans		Defined Benefit OPEB Plan		Other Pension and Other Employee Benefit Trust		Total
Judges' Retirement II	Legislators' Retirement	Annuitants' Health Care Coverage	Deferred Compensation			
\$ 96,316	\$ —	\$ 5,548,531	\$ 3,470	\$ 23,590	\$ 39,342,670	
42,936	—	—	1,064,228	46,611	12,279,232	
—	—	—	—	—	3,945,974	
139,252	—	5,548,531	1,067,698	70,201	55,567,876	
268,015	5,030	1,940,405	3,447,453	11,750	63,771,788	
594	19	5,427	55,439	502	16,987,935	
(1,193)	(145)	(8,388)	(806)	(134)	(4,529,510)	
267,416	4,904	1,937,444	3,502,086	12,118	76,230,213	
5	1	16,127	26,942	78	451,328	
406,673	4,905	7,502,102	4,596,726	82,397	132,249,417	
98,912	7,436	3,759,272	132,572	67,653	56,140,257	
256	—	—	7,977	—	516,513	
2,637	663	5,977	29,660	696	630,773	
—	—	—	5	1	333,508	
—	—	408,933	711,212	6,039	1,126,184	
101,805	8,099	4,174,182	881,426	74,389	58,747,235	
304,868	(3,194)	3,327,920	3,715,300	8,008	73,502,182	
2,328,782	95,669	17,659,344	24,416,126	122,647	826,165,564	
\$ 2,633,650	\$ 92,475	\$ 20,987,264	\$ 28,131,426	\$ 130,655	\$ 899,667,746	

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Private Purpose Trust Funds

Private purpose trust funds account for all trust arrangements, other than those properly reported in pension and other employee benefit trust funds or investment trust funds, under which both principal and income benefit individuals, private organizations, or other governments. Following are brief descriptions of private purpose trust funds.

The **Scholarshare Program Trust Fund** accounts for money received from participants to fund their beneficiaries' higher-education expenses at certain postsecondary educational institutions.

The **Unclaimed Property Fund** accounts for unclaimed money and properties held in trust by the State.

The **Other private purpose trust funds** account for other assets held in a trustee capacity when both principal and income benefit individuals, private organizations, or other governments.

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2024

(amounts in thousands)

	Scholarshare Program Trust	Unclaimed Property	Other Private Purpose Trust	Total
ASSETS				
Cash and pooled investments	\$ 6,239	\$ 68,611	\$ 13,107	\$ 87,957
Investments, at fair value:				
Short-term	281,038	—	—	281,038
Equity securities	9,214,820	—	70,510	9,285,330
Debt securities	3,244,285	—	38,516	3,282,801
Real estate	336,049	—		336,049
Other	2,504,947	—	980,779	3,485,726
Total investments	15,581,139	—	1,089,805	16,670,944
Receivables (net)	4,356	1,600	462	6,418
Other assets	—	287,714	—	287,714
Total assets	15,591,734	357,925	1,103,374	17,053,033
LIABILITIES				
Accounts payable	10,846	1,941	726	13,513
Revenues received in advance	—	—	11,682	11,682
Deposits	—	287,714	—	287,714
Total liabilities	10,846	289,655	12,408	312,909
NET POSITION				
Restricted for individuals, organizations, or other governments	\$ 15,580,888	\$ 68,270	\$ 1,090,966	\$ 16,740,124

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

Year Ended June 30, 2024

(amounts in thousands)

	Scholarshare Program Trust	Unclaimed Property	Other Private Purpose Trust	Total
ADDITIONS				
Investment income:				
Net appreciation (depreciation) in fair value of investments	\$ —	\$ —	\$ 82,147	\$ 82,147
Interest, dividends, and other investment income	1,715,292	—	28,767	1,744,059
Less: investment expense	(3,251)	—	(11,656)	(14,907)
Net investment income (loss).....	1,712,041	—	99,258	1,811,299
Receipts from depositors	2,345,100	1,023,367	461,544	3,830,011
Total additions	4,057,141	1,023,367	560,802	5,641,310
DEDUCTIONS				
Administrative expenses	—	—	738	738
Payments to and for depositors	2,151,186	1,014,109	142,169	3,307,464
Total deductions	2,151,186	1,014,109	142,907	3,308,202
Change in net position	1,905,955	9,258	417,895	2,333,108
Net position – beginning, as previously reported	13,674,933	59,012	673,071	14,407,016
Net position – ending	\$ 15,580,888	\$ 68,270	\$ 1,090,966	\$ 16,740,124

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Investment Trust Funds

Investment trust funds account for the external portion of investment pools held in a trust. Following are brief descriptions of investment trust funds.

The **Local Agency Investment Fund** accounts for the deposits, withdrawals, and earnings of local governments and public agencies.

The **California Employers' Pension Prefunding Trust Fund** is administered by the California Public Employees' Retirement System (CalPERS) to invest prefunding deposits made by local governments and public agency employers for the purpose of funding future defined benefit pension plan contributions.

Combining Statement of Fiduciary Net Position

Investment Trust Funds

June 30, 2024

(amounts in thousands)

	Local Agency Investment	California Employers' Pension Prefunding Trust	Total
ASSETS			
Cash and pooled investments.....	\$ 21,973,259	\$ 1,070	\$ 21,974,329
Investments, at fair value:			
Short-term.....	—	594	594
Equity securities.....	—	122,033	122,033
Debt securities.....	—	139,606	139,606
Total investments.....	—	262,233	262,233
Receivables (net).....	245,153	10	245,163
Total assets	22,218,412	263,313	22,481,725
DEFERRED OUTFLOWS OF RESOURCES			
Total assets and deferred outflows of resources	22,218,412	263,351	22,481,763
LIABILITIES			
Accounts payable.....	45	32	77
Due to other governments.....	244,136	—	244,136
Benefits payable.....	—	60	60
Other liabilities.....	—	53	53
Total liabilities	244,181	145	244,326
DEFERRED INFLOWS OF RESOURCES			
Total liabilities and deferred inflows of resources	244,181	219	244,400
NET POSITION			
Restricted:			
Pension and other postemployment benefits.....	—	263,132	263,132
Pool participants.....	21,974,231	—	21,974,231
Total net position	\$ 21,974,231	\$ 263,132	\$ 22,237,363

Combining Statement of Changes in Fiduciary Net Position

Investment Trust Funds

Year Ended June 30, 2024

(amounts in thousands)

	Local Agency Investment	California Employers' Pension Prefunding Trust	Total
ADDITIONS			
Contributions:			
Employer	\$ —	\$ 107,701	<u>\$ 107,701</u>
Total contributions	—	107,701	<u>107,701</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	—	16,630	<u>16,630</u>
Interest, dividends, and other investment income	894,593	86	<u>894,679</u>
Less: investment expense	—	(119)	<u>(119)</u>
Net investment income	894,593	16,597	<u>911,190</u>
Receipts from depositors	14,399,979	—	<u>14,399,979</u>
Other	—	460	<u>460</u>
Total additions	15,294,572	124,758	<u>15,419,330</u>
DEDUCTIONS			
Distributions paid and payable to participants	892,415	—	<u>892,415</u>
Administrative expense	2,178	114	<u>2,292</u>
Payments to and for depositors	18,103,077	1,635	<u>18,104,712</u>
Total deductions	18,997,670	1,749	<u>18,999,419</u>
Change in net position	(3,703,098)	123,009	<u>(3,580,089)</u>
Net position – beginning, as previously reported	25,677,329	140,123	<u>25,817,452</u>
Net position – ending	<u>\$ 21,974,231</u>	<u>\$ 263,132</u>	<u>\$ 22,237,363</u>

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Nonmajor Component Units

Nonmajor component units are legally separate entities that are discretely presented in the State's financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The inclusion of component units in the State's financial statements reflects the State's financial accountability for or relationships with these organizations such that exclusion would cause the State's financial statements to be misleading. Following are brief descriptions of the nonmajor consolidated component unit segments.

Financing authorities provide financing for transportation, business development and public improvements, and coastal and inland urban waterfront restoration projects. These agencies include the California Alternative Energy and Advanced Transportation Financing Authority, the California Infrastructure and Economic Development Bank, and the California Urban Waterfront Area Restoration Financing Authority.

California State University Auxiliary Organizations provide services primarily to university students through foundations, associated student organizations, student unions, food service entities, book stores, and similar organizations.

District agricultural associations were created to exhibit all of the industries, industrial enterprises, resources, and products of the State. The financial information presented is as of and for the year ended December 31, 2023.

Other component units provide legal education programs, financial assistance to businesses, and health benefits for state employees and annuitants. These entities include the University of California College of the Law, San Francisco; the State Assistance Fund for Enterprise, Business and Industrial Development Corporation; and the Public Employees' Contingency Reserve.

Combining Statement of Net Position

Nonmajor Component Units

June 30, 2024

(amounts in thousands)

	Financing Authorities	California State University Auxiliary Organizations
ASSETS		
Current assets:		
Cash and pooled investments	\$ 11,896	\$ 677,433
Investments	—	916,869
Restricted assets:		
Cash and pooled investments	812,327	—
Investments	101,206	—
Receivables (net)	38,717	616,773
Due from primary government	173	—
Prepaid items	—	—
Other current assets	—	35,703
Total current assets	<u>964,319</u>	<u>2,246,778</u>
Noncurrent assets:		
Restricted assets:		
Cash and pooled investments	—	27,390
Investments	244,981	—
Investments	—	3,278,728
Receivables (net)	—	756,666
Loans receivable	532,726	—
Long-term prepaid charges	—	—
Capital assets:		
Land	—	159,182
Collections – nondepreciable	—	12,830
Buildings and other depreciable property	9	1,256,449
Intangible assets – amortizable	—	343,319
Less: accumulated depreciation/amortization	(9)	(749,652)
Construction/development in progress	—	69,874
Intangible assets – nonamortizable	—	189
Other noncurrent assets	—	50,408
Total noncurrent assets	<u>777,707</u>	<u>5,205,383</u>
Total assets	<u>1,742,026</u>	<u>7,452,161</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	<u>\$ 1,760,795</u>	<u>\$ 7,517,856</u>

District Agricultural Associations	Other Component Units	Total
\$ 194,528	\$ 879,142	\$ 1,762,999
—	—	916,869
17,026	78,825	908,178
2,645	—	103,851
17,719	41,355	714,564
—	—	173
1,183	1,035	2,218
4,361	—	40,064
237,462	1,000,357	4,448,916
—	—	27,390
6,927	—	251,908
—	185,763	3,464,491
—	6,582	763,248
—	—	532,726
—	96	96
31,485	5,247	195,914
—	435	13,265
861,158	477,970	2,595,586
—	4,717	348,036
(598,700)	(67,124)	(1,415,485)
44,727	8,827	123,428
—	116	305
—	10,731	61,139
345,597	633,360	6,962,047
583,059	1,633,717	11,410,963
34,772	26,506	145,742
\$ 617,831	\$ 1,660,223	\$ 11,556,705

(continued)

Combining Statement of Net Position (continued)

Nonmajor Component Units

June 30, 2024

(amounts in thousands)

	Financing Authorities	California State University Auxiliary Organizations
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 7,569	\$ 162,891
Revenues received in advance	1,024	201,787
Deposits	—	—
Contracts and notes payable	—	38,890
Interest payable	2,558	—
Current portion of long-term obligations	18,942	193,280
Other current liabilities	30,843	156,801
Total current liabilities	60,936	753,649
Noncurrent liabilities:		
Compensated absences payable	597	10,014
Workers' compensation benefits payable	—	5,479
Loans payable	39	—
Commercial paper and other borrowings	—	76,599
Lease liability	—	194,149
Subscription Liability	—	2,892
Revenue bonds payable	366,368	51,213
Net other postemployment benefits liability	10,758	69,260
Net pension liability	11,292	123,621
Revenues received in advance	—	—
Other noncurrent liabilities	123,214	650,437
Total noncurrent liabilities	512,268	1,183,664
Total liabilities	573,204	1,937,313
DEFERRED INFLOWS OF RESOURCES		
Total liabilities and deferred inflows of resources	577,466	2,398,752
NET POSITION		
Net investment in capital assets	—	437,783
Restricted:		
Nonexpendable – endowments	—	1,999,323
Expendable:		
Endowments and gifts	—	—
Education	—	1,570,019
Statute	1,179,018	—
Other purposes	4,200	—
Total expendable	1,183,218	1,570,019
Unrestricted	111	1,111,979
Total net position	1,183,329	5,119,104
Total liabilities, deferred inflows of resources, and net position	\$ 1,760,795	\$ 7,517,856

District Agricultural Associations	Other Component Units	Total
\$ 21,128	\$ 796,588	\$ 988,176
8,710	3,121	214,642
1,023	27	1,050
—	—	38,890
426	—	2,984
2,428	5,345	219,995
3,832	83,997	275,473
37,547	889,078	1,741,210
8,172	—	18,783
—	—	5,479
11,354	—	11,393
—	—	76,599
—	175	194,324
—	477	3,369
32,878	425,474	875,933
12,777	64,060	156,855
83,586	64,172	282,671
29,384	—	29,384
25,102	18,653	817,406
203,253	573,011	2,472,196
240,800	1,462,089	4,213,406
28,912	49,446	544,059
269,712	1,511,535	4,757,465
286,629	83,606	808,018
—	28,372	2,027,695
—	39,520	39,520
—	—	1,570,019
—	—	1,179,018
24,620	19,883	48,703
24,620	59,403	2,837,260
36,870	(22,693)	1,126,267
348,119	148,688	6,799,240
\$ 617,831	\$ 1,660,223	\$ 11,556,705

(concluded)

Combining Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2024

(amounts in thousands)

	Financing Authorities	California State University Auxiliary Organizations
OPERATING EXPENSES		
Personal services	\$ 21,856	\$ 482,001
Scholarships and fellowships	—	113,109
Supplies	—	—
Services and charges	13,782	1,632,696
Depreciation	—	83,511
Interest expense and fiscal charges	11,088	24,438
Other	—	64,920
Total operating expenses	46,726	2,400,675
PROGRAM REVENUES		
Charges for services	3,174	526,248
Operating grants and contributions	135,861	944,732
Capital grants and contributions	—	31,604
Total program revenues	139,035	1,502,584
Net revenues (expenses)	92,309	(898,091)
GENERAL REVENUES		
Investment and interest income (loss)	65,834	418,258
Other	2,542	910,868
Total general revenues	68,376	1,329,126
Change in net position	160,685	431,035
Net position – beginning, as previously reported	1,022,644	4,691,460
Error correction	—	(3,391)
Net position – beginning, as restated	1,022,644	4,688,069
Net position – ending	\$ 1,183,329	\$ 5,119,104

District Agricultural Associations	Other Component Units	Total
\$ 138,454	\$ 45,389	\$ 687,700
—	6,695	119,804
—	23,949	23,949
145,864	34,599	1,826,941
22,483	8,180	114,174
1,724	20,500	57,750
1,882	7,379	74,181
310,407	146,691	2,904,499
292,603	79,609	901,634
—	32,604	1,113,197
—	76	31,680
292,603	112,289	2,046,511
(17,804)	(34,402)	(857,988)
831	44,286	529,209
4,761	27,778	945,949
5,592	72,064	1,475,158
(12,212)	37,662	617,170
360,331	111,026	6,185,461
—	—	(3,391)
360,331	111,026	6,182,070
\$ 348,119	\$ 148,688	\$ 6,799,240

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Statistical Section



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Financial Trends

Financial trend schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time. This section includes the following financial trend schedules.

Schedule of Net Position by Component

Schedule of Changes in Net Position

Schedule of Fund Balances – Governmental Funds

Schedule of Changes in Fund Balances – Governmental Funds

Source: The information in the following schedules is derived from the State's Annual Comprehensive Financial Reports.

Schedule of Net Position by Component

For the Past Ten Fiscal Years

(accrual basis of accounting, amounts in thousands)

	2015²	2016	2017	2018³
Governmental activities				
Net investment in capital assets	\$ 100,694,652	\$ 104,596,917	\$ 107,042,274	\$ 109,614,321
Restricted – Expendable	26,632,502	29,060,971	33,832,232	35,053,202
Unrestricted ¹	(169,744,967)	(168,542,861)	(169,499,683)	(213,316,033)
Total governmental activities net position (deficit)	\$ (42,417,813)	\$ (34,884,973)	\$ (28,625,177)	\$ (68,648,510)
 Business-type activities				
Net investment in capital assets	\$ 2,278,252	\$ 2,520,621	\$ 2,295,270	\$ 2,469,723
Restricted – Nonexpendable	13,448	8,653	1,746	1,708
Restricted – Expendable	4,523,496	5,750,634	6,307,218	12,083,737
Unrestricted	(5,360,817)	(3,707,406)	(1,321,132)	(16,464,573)
Total business-type activities net position (deficit)	\$ 1,454,379	\$ 4,572,502	\$ 7,283,102	\$ (1,909,405)
 Primary government				
Net investment in capital assets	\$ 102,972,904	\$ 107,117,538	\$ 109,337,544	\$ 112,084,044
Restricted – Nonexpendable	13,448	8,653	1,746	1,708
Restricted – Expendable	31,155,998	34,811,605	40,139,450	47,136,939
Unrestricted	(175,105,784)	(172,250,267)	(170,820,815)	(229,780,606)
Total primary government net position (deficit)	\$ (40,963,434)	\$ (30,312,471)	\$ (21,342,075)	\$ (70,557,915)

¹ Governmental activities' unrestricted net position reflects a negative balance because of outstanding bonded debt issued to build capital assets for school districts and other local governmental entities and unfunded employee-related obligations—net pension liability, net other postemployment benefits (OPEB) liability and compensated absences.

² In fiscal year 2015, the net position of governmental activities and business-type activities significantly decreased as a result of implementing GASB Statements No. 68 and No. 71 requiring the recognition of net pension liability and related pension expense and deferred outflows and inflows of resources.

³ In fiscal year 2018, the net position of governmental activities and business-type activities significantly decreased as a result of implementing GASB Statement No. 75 requiring the recognition of net OPEB liability and related OPEB expense and deferred outflows and inflows of resources.

⁴ Prior-year adjustments recorded in the current year have not been reflected in the prior-year columns due to the complexity and quantity of adjustments to various accounts. Refer to Note 2 Accounting Changes and Error Corrections for details of current year adjustments.

2019	2020	2021	2022	2023	2024⁴
\$ 112,279,950	\$ 116,773,259	\$ 120,745,220	\$ 125,862,983	\$ 131,322,297	\$ 134,088,866
41,371,805	46,670,678	46,362,528	60,482,461	66,645,014	68,517,593
(208,377,265)	(207,968,523)	(174,427,918)	(221,863,616)	(218,243,729)	(168,171,253)
\$ (54,725,510)	\$ (44,524,586)	\$ (7,320,170)	\$ (35,518,172)	\$ (20,276,418)	\$ 34,435,206
\$ 2,534,257	\$ 2,907,066	\$ 2,677,917	\$ 3,340,905	\$ 3,538,034	\$ 3,867,059
1,693	1,677	1,663	1,641	1,595	1,612
12,945,567	7,722,116	7,651,874	10,639,641	9,900,307	8,629,619
(16,718,860)	(20,948,611)	(52,668,204)	(33,212,073)	(31,107,513)	(32,289,060)
\$ (1,237,343)	\$ (10,317,752)	\$ (42,336,750)	\$ (19,229,886)	\$ (17,667,577)	\$ (19,790,770)
\$ 114,814,207	\$ 119,680,325	\$ 123,423,137	\$ 129,203,888	\$ 134,860,331	\$ 137,955,925
1,693	1,677	1,663	1,641	1,595	1,612
54,317,372	54,392,794	54,014,402	71,122,102	76,545,321	77,147,212
(225,096,125)	(228,917,134)	(227,096,122)	(255,075,689)	(249,351,242)	(200,460,313)
\$ (55,962,853)	\$ (54,842,338)	\$ (49,656,920)	\$ (54,748,058)	\$ (37,943,995)	\$ 14,644,436

Schedule of Changes in Net Position

For the Past Ten Fiscal Years

(accrual basis of accounting, amounts in thousands)

	2015	2016	2017	2018⁴
Governmental activities				
Expenses				
General government	\$ 15,804,281	\$ 16,686,037	\$ 17,400,482	\$ 18,378,216
Education	59,521,018	65,467,497	67,377,805	70,280,444
Health and human services	122,063,805	127,543,288	135,090,171	137,828,737
Natural resources and environmental protection	6,419,591	6,988,442	7,342,079	8,304,162
Business, consumer services, and housing	903,782	814,676	1,163,511	1,258,104
Transportation	12,897,591	12,120,820	12,947,296	14,259,461
Corrections and rehabilitation	11,483,573	11,875,294	13,086,499	14,921,295
Interest on long-term debt	4,880,625	4,231,581	4,191,283	4,154,485
Total expenses	233,974,266	245,727,635	258,599,126	269,384,904
Program revenues				
Charges for services:				
General government	6,502,363	6,525,736	5,825,533	5,726,900
Education	53,498	66,298	74,548	37,147
Health and human services	8,259,696	10,630,859	11,638,503	12,968,379
Natural resources and environmental protection	4,546,413	4,823,861	3,998,751	6,319,879
Business, consumer services, and housing	626,960	823,189	844,445	957,885
Transportation	4,382,901	4,532,300	4,611,244	6,053,140
Corrections and rehabilitation	18,557	19,411	17,988	39,887
Operating grants/contributions	84,896,237	86,628,827	89,497,290	87,812,627
Capital grants/contributions	1,319,430	1,480,351	3,027,780	1,882,595
Total program revenues	110,606,055	115,530,832	119,536,082	121,798,439
Total governmental activities net program expenses	(123,368,211)	(130,196,803)	(139,063,044)	(147,586,465)
General revenues and other changes in net position				
General revenues:				
Personal income taxes	78,098,865	80,303,076	85,712,013	94,460,551
Sales and use taxes	38,224,080	39,121,061	38,726,332	39,784,494
Corporation taxes	10,720,647	9,213,173	11,128,198	12,608,756
Motor vehicle excise taxes ¹	5,393,994	5,028,589	4,878,953	6,680,858
Insurance taxes	3,926,319	4,203,885	2,719,489	2,754,056
Managed care organization enrollment tax ²	—	—	2,282,313	2,397,531
Other taxes ¹	2,235,498	2,158,874	2,574,456	3,573,848
Investment and interest	58,016	131,615	149,135	297,782
Escheat	400,807	304,960	325,755	378,180
Gain (loss) on early extinguishment of debt ³	—	40,516	30,986	—
Transfers	(2,554,970)	(2,800,101)	(3,083,437)	(4,339,995)
Total general revenues and other changes in net position	136,503,256	137,705,648	145,444,193	158,596,061
Total governmental activities change in net position	\$ 13,135,045	\$ 7,508,845	\$ 6,381,149	\$ 11,009,596

¹ Motor vehicle excise taxes, reported separately in fiscal year 2012 due to material increases, were included with "other taxes" in prior years.

² In fiscal year 2017, the State restructured its managed care organization enrollment tax to conform to federal Medicaid requirements. This tax revenue was included with "insurance taxes" in prior years.

³ In fiscal year 2016, the California State University, an enterprise fund, assumed debt on behalf of the Public Buildings Construction Fund, an internal service fund. In fiscal year 2017, the Golden State Tobacco Securitization Corporation, a nonmajor special revenue fund, recognized a gain from using existing resources to defease a portion of its capital appreciation bonds. In fiscal year 2022, the Public Building Construction Fund, an internal service fund, recognized a gain on extinguishment of debt.

⁴ In fiscal year 2018, the Safe Drinking Water State Revolving Fund was reclassified from a governmental fund to an enterprise fund.

⁵ In fiscal year 2023, Electric Power was reclassified from a major to a nonmajor enterprise fund.

2019	2020	2021	2022	2023	2024
\$ 17,900,629	\$ 23,489,012	\$ 30,604,918	\$ 38,760,471	\$ 24,946,231	\$ 30,364,857
75,643,779	75,803,990	101,569,505	108,450,558	100,496,652	104,989,072
144,936,676	192,576,208	311,925,505	216,232,017	219,032,287	239,312,614
9,774,290	10,110,777	9,923,185	12,502,619	13,314,762	15,843,903
2,133,480	2,603,823	2,946,561	7,364,028	5,641,942	4,587,805
17,022,071	18,424,746	18,119,697	15,792,836	19,100,099	22,096,992
15,153,502	16,861,994	14,185,645	16,526,318	18,204,561	16,282,066
3,995,597	3,841,351	3,505,827	3,508,229	3,705,403	3,780,126
286,560,024	343,711,901	492,780,843	419,137,076	404,441,937	437,257,435
5,755,165	5,847,276	6,583,975	6,167,925	6,992,729	7,657,849
78,445	49,780	69,727	65,810	111,947	77,886
13,874,296	13,836,881	12,664,071	11,402,121	14,195,544	16,884,897
6,644,917	5,551,029	6,592,526	8,422,029	8,488,546	10,428,203
1,206,126	1,378,181	1,697,687	1,671,025	1,561,023	1,589,280
7,093,122	7,244,317	7,731,094	8,479,493	8,346,084	8,975,999
10,993	14,753	15,776	13,563	11,403	3,415
94,501,862	143,670,642	268,258,265	170,662,661	147,291,889	161,736,406
1,561,483	2,107,963	1,847,263	1,895,160	1,847,186	2,698,882
130,726,409	179,700,822	305,460,384	208,779,787	188,846,351	210,052,817
(155,833,615)	(164,011,079)	(187,320,459)	(210,357,289)	(215,595,586)	(227,204,618)
100,657,551	108,308,455	132,042,516	126,058,884	114,593,854	116,314,391
41,006,121	40,703,239	45,905,984	52,328,196	53,471,988	53,239,701
14,625,724	13,180,402	32,108,028	35,850,573	36,685,982	37,466,478
7,632,365	7,876,545	7,942,519	8,453,232	8,654,176	9,266,839
2,734,068	3,161,634	3,156,992	3,516,612	3,720,620	3,964,555
2,562,919	1,031,357	2,318,011	2,584,077	3,478,815	10,451,644
3,790,987	3,789,610	3,827,360	4,402,939	3,667,941	3,802,735
706,637	690,169	140,329	788,612	2,596,512	3,286,074
447,401	614,394	640,226	660,143	876,112	848,305
—	—	—	11,576	22,783	(3,911)
(3,930,906)	(5,963,068)	(3,851,666)	(5,465,790)	(6,047,026)	(4,265,059)
170,232,867	173,392,737	224,230,299	229,189,054	221,721,757	234,371,752
\$ 14,399,252	\$ 9,381,658	\$ 36,909,840	\$ 18,831,765	\$ 6,126,171	\$ 7,167,134

(continued)

Schedule of Changes in Net Position (continued)

For the Past Ten Fiscal Years

(accrual basis of accounting, amounts in thousands)

	2015	2016	2017	2018⁴
Business-type activities				
Expenses				
Electric Power ⁵	\$ 799,000	\$ 728,000	\$ 945,000	\$ 952,000
Water Resources	1,019,378	1,086,650	1,223,340	1,221,866
State Lottery	5,560,299	6,315,957	6,271,875	7,006,591
Unemployment Programs	11,390,227	11,458,966	11,907,623	12,133,531
California State University ³	6,847,789	7,199,277	8,001,396	9,806,114
State Water Pollution Control Revolving	9,082	11,814	17,112	32,335
Safe Drinking Water State Revolving ⁴	—	—	—	21,994
Housing Loan	58,280	55,627	62,885	57,088
Other enterprise programs	77,475	84,188	75,397	96,078
Total expenses	25,761,530	26,940,479	28,504,628	31,327,597
Program revenues				
Charges for services:				
Electric Power ⁵	799,000	728,000	945,000	952,000
Water Resources	1,019,378	1,086,650	1,223,340	1,221,866
State Lottery	5,553,418	6,367,902	6,213,074	6,975,168
Unemployment Programs	13,402,902	13,866,028	14,437,094	15,594,045
California State University ³	3,113,988	3,172,154	3,224,919	3,387,420
State Water Pollution Control Revolving	65,959	70,245	75,912	86,789
Safe Drinking Water State Revolving ⁴	—	—	—	22,675
Housing Loan	57,742	53,617	52,842	52,735
Other enterprise programs	78,625	82,029	93,177	86,911
Operating grants/contributions	1,666,292	1,764,962	1,805,406	2,132,665
Capital grants/contributions	107,746	66,914	61,027	—
Total program revenues	25,865,050	27,258,501	28,131,791	30,512,274
Total business-type activities net program revenues (expenses)	103,520	318,022	(372,837)	(815,323)
Other changes in net position				
Gain (loss) on early extinguishment of debt ²	—	—	—	—
Transfers	2,554,970	2,800,101	3,083,437	4,339,995
Total business-type activities change in net position	2,658,490	3,118,123	2,710,600	3,524,672
Total primary government change in net position	\$ 15,793,535	\$ 10,626,968	\$ 9,091,749	\$ 14,534,268

	2019	2020	2021	2022	2023⁵	2024
\$	913,000	\$ 905,115	\$ 290,411	\$ 36,239	\$ —	\$ —
1,199,823	1,184,458	1,157,325	1,233,036	1,460,049	1,623,577	
7,435,755	6,665,062	8,452,743	8,885,370	9,291,352	9,361,888	
13,229,332	23,622,023	55,737,215	14,965,703	15,533,539	18,212,170	
9,779,084	10,592,814	10,391,177	10,778,052	10,877,952	11,867,582	
49,860	45,288	41,466	35,334	46,948	62,530	
19,371	25,007	23,570	24,608	28,052	34,364	
54,402	53,656	54,540	45,316	50,682	52,440	
109,113	148,450	88,903	165,655	152,586	124,407	
32,789,740	43,241,873	76,237,350	36,169,313	37,441,160	41,338,958	
913,000	903,000	406,588	124,467	—	—	
1,172,134	1,155,001	1,125,002	1,295,670	1,531,195	1,657,882	
7,473,452	6,735,321	8,395,767	8,785,557	9,250,527	9,345,359	
14,039,030	12,564,665	23,903,289	16,288,566	15,303,547	15,701,364	
3,529,083	3,323,307	3,236,482	3,199,357	3,977,056	4,569,374	
95,703	87,110	73,790	69,695	83,654	106,134	
25,762	29,717	26,457	27,377	30,890	36,017	
60,002	61,990	51,953	45,820	53,383	66,925	
106,687	105,874	107,929	130,837	136,636	142,389	
2,125,362	2,593,383	3,103,175	4,010,488	2,797,050	3,325,619	
—	—	—	—	—	—	
29,540,215	27,559,368	40,430,432	33,977,834	33,163,938	34,951,063	
(3,249,525)	(15,682,505)	(35,806,918)	(2,191,479)	(4,277,222)	(6,387,895)	
—	—	—	—	—	—	
3,930,906	5,963,068	3,851,666	5,465,790	6,047,026	4,265,059	
681,381	(9,719,437)	(31,955,252)	3,274,311	1,769,804	(2,122,836)	
\$ 15,080,633	\$ (337,779)	\$ 4,954,588	\$ 22,106,076	\$ 7,895,975	\$ 5,044,298	
						(concluded)

Schedule of Fund Balances – Governmental Funds

For the Past Ten Fiscal Years

(modified accrual basis of accounting, amounts in thousands)

	2015	2016	2017	2018
General Fund				
Reserved	\$ —	\$ —	\$ —	\$ —
Unreserved	—	—	—	—
Nonspendable	53,431	75,939	103,903	559,644
Restricted	2,266,635	4,044,911	7,429,825	9,807,729
Committed	102,793	68,102	180,755	171,020
Assigned	—	—	—	—
Unassigned	(4,651,491)	(3,827,224)	(1,904,097)	1,648,511
Total General Fund	<u>\$ (2,228,632)</u>	<u>\$ 361,728</u>	<u>\$ 5,810,386</u>	<u>\$ 12,186,904</u>
 All other governmental funds				
Reserved	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in:				
Special revenue funds	—	—	—	—
Capital projects funds	—	—	—	—
Nonspendable	5,620	11,188	20,172	69,868
Restricted	24,224,167	24,885,166	26,233,389	25,051,548
Committed	4,090,563	5,652,478	5,847,879	7,897,362
Assigned	16,767	14,622	12,033	26,346
Unassigned	(6,456)	(1,037)	(15,152)	—
Total all other governmental funds	<u>\$ 28,330,661</u>	<u>\$ 30,562,417</u>	<u>\$ 32,098,321</u>	<u>\$ 33,045,124</u>

¹ Prior-year adjustments recorded in the current year have not been reflected in the prior-year columns due to the complexity and quantity of adjustments to various accounts. Refer to Note 2 Accounting Changes and Error Corrections for details of current year adjustments.

2019	2020	2021	2022	2023	2024¹
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
1,180,575	2,129,227	2,878,611	2,958,319	3,950,919	3,574,494
14,834,597	16,709,782	12,928,039	23,251,079	24,830,454	26,028,140
1,787,142	2,965,662	668,351	4,024,689	4,210,891	2,239,352
—	3,080,372	4,938,117	7,290,655	20,714,283	27,722,047
765,568	3,616,557	52,731,990	36,522,416	10,297,141	3,828,732
\$ 18,567,882	\$ 28,501,600	\$ 74,145,108	\$ 74,047,158	\$ 64,003,688	\$ 63,392,765

\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
12,760	13,702	10,238	39,130	95,021	41,829
26,329,109	29,796,900	33,282,001	37,132,326	41,637,363	42,352,134
9,994,978	10,066,141	10,160,675	12,949,069	16,158,684	18,784,979
19,247	49,868	45,543	63,457	77,937	82,390
—	(2,474,960)	(8,822,239)	(55,655,634)	(46,430,334)	(1,256,249)
\$ 36,356,094	\$ 37,451,651	\$ 34,676,218	\$ (5,471,652)	\$ 11,538,671	\$ 60,005,083

Schedule of Changes in Fund Balances - Governmental Funds

For the Past Ten Fiscal Years

(modified accrual basis of accounting, amounts in thousands)

	2015	2016	2017	2018
Revenues				
Personal income taxes	\$ 78,245,616	\$ 79,934,285	\$ 85,737,905	\$ 94,484,443
Sales and use taxes	38,389,972	39,136,040	38,741,715	39,777,069
Corporation taxes	10,780,647	9,214,173	11,125,198	12,597,928
Motor vehicle excise taxes ¹	5,393,994	5,028,589	4,878,953	6,680,858
Insurance taxes	3,926,319	4,203,885	2,719,489	2,754,056
Managed care organization enrollment tax ²	—	—	2,282,313	2,397,531
Other taxes ¹	2,312,875	2,185,690	2,565,928	3,548,182
Intergovernmental	87,740,667	91,069,753	95,709,784	92,904,469
Licenses and permits	7,270,994	7,612,551	8,113,542	8,761,620
Charges for services	849,895	870,142	860,241	975,314
Fees and penalties	10,510,727	11,882,699	11,571,934	13,548,471
Investment and interest	119,690	232,285	318,502	607,418
Escheat	406,899	305,394	327,614	382,793
Other	3,975,144	4,049,789	2,934,157	5,318,739
Total revenues	249,923,439	255,725,275	267,887,275	284,738,891
Expenditures				
General government	16,202,395	16,715,892	17,250,720	18,978,389
Education	62,952,621	65,213,542	67,224,796	69,902,627
Health and human services	122,259,036	127,201,314	134,372,094	138,018,275
Natural resources and environmental protection	6,006,446	6,278,363	6,712,838	7,987,878
Business, consumer services, and housing	670,774	1,130,213	1,103,694	1,189,365
Transportation	15,137,217	14,814,829	15,007,639	17,169,040
Corrections and rehabilitation	11,182,926	11,450,980	12,276,391	14,665,524
Capital outlay	1,019,335	1,492,442	1,238,700	612,769
Debt service:				
Bond and commercial paper retirement	8,482,380	6,929,866	9,364,550	8,598,856
Interest and fiscal charges	4,473,799	4,057,907	3,986,270	3,961,704
Total expenditures	248,386,929	255,285,348	268,537,692	281,084,427
Excess (deficiency) of revenues over (under) expenditures	1,536,510	439,927	(650,417)	3,654,464
Other financing sources (uses)				
General obligation bonds and commercial paper issued	4,343,165	4,074,980	4,325,075	5,283,365
Revenue bonds issued	—	—	—	—
Refunding/remarketing debt issued	5,086,100	5,220,320	7,074,225	6,681,855
Payment to refund/remarket long-term debt	(3,865,093)	(4,378,328)	(3,038,281)	(3,726,204)
Premium on bonds issued	1,116,811	1,037,920	1,309,254	1,036,320
Leases	625,282	1,148,774	988,680	405,930
Transfers in	5,344,134	4,385,123	4,586,199	4,266,596
Transfers out	(7,934,754)	(7,130,142)	(7,551,627)	(8,555,594)
Total other financing sources	4,715,645	4,358,647	7,693,525	5,392,268
Total change in fund balance	\$ 6,252,155	\$ 4,798,574	\$ 7,043,108	\$ 9,046,732
Debt service as a percentage of noncapital expenditures	5.2 %	4.3 %	5.0 %	4.5 %

¹ Motor vehicle excise taxes, reported separately in fiscal year 2012 due to material increases, were included with "other taxes" in prior years.

² In fiscal year 2017, the State restructured its managed care organization enrollment tax to conform to federal Medicaid requirements. This tax revenue was included with "insurance taxes" in prior years.

2019	2020	2021	2022	2023	2024
\$ 96,801,076	\$ 111,831,167	\$ 132,095,124	\$ 125,914,865	\$ 114,439,619	\$ 116,485,890
41,085,626	40,709,462	45,906,755	52,317,376	53,469,731	53,243,830
14,038,348	13,722,735	32,122,361	35,824,715	36,662,999	37,298,102
7,632,365	7,876,545	7,942,519	8,453,232	8,654,176	9,266,839
2,734,068	3,161,634	3,156,993	3,516,612	3,720,620	3,964,555
2,562,919	1,031,357	2,318,011	2,584,077	3,478,815	10,451,644
3,688,531	3,862,045	4,007,125	4,421,355	3,690,842	3,830,385
99,867,750	148,951,650	272,691,880	175,107,421	151,498,528	167,307,839
9,186,945	9,256,454	9,999,107	10,126,549	10,733,076	11,102,901
956,032	972,805	1,025,167	1,028,747	1,127,528	1,133,899
14,187,698	14,322,983	15,062,529	15,461,639	15,955,991	17,948,226
1,321,143	1,328,956	626,478	643,594	3,610,075	5,140,098
448,756	615,720	644,248	661,698	915,711	898,607
5,594,587	4,595,386	6,802,576	7,862,830	8,378,244	10,718,697
300,105,844	362,238,899	534,400,873	443,924,710	416,335,955	448,791,512
19,263,146	27,393,107	29,908,484	44,249,597	29,427,864	31,854,563
75,071,188	76,347,719	99,964,095	111,764,166	101,582,047	105,621,065
144,543,589	191,819,998	311,093,756	216,174,091	219,002,631	239,291,354
9,069,777	9,244,813	8,862,649	12,175,743	13,125,620	15,613,435
2,013,409	2,457,248	2,824,462	7,637,467	5,644,310	4,578,734
17,893,338	20,025,848	19,623,756	19,491,005	22,118,228	25,653,795
14,055,766	14,680,705	12,598,851	15,689,740	17,279,129	16,932,135
287,487	401,066	886,020	682,904	905,327	1,009,313
10,444,825	10,276,581	9,594,575	13,402,490	10,243,562	9,739,972
3,971,353	3,856,390	3,650,153	4,126,022	3,756,623	4,028,729
296,613,878	356,503,475	499,006,801	445,393,225	423,085,341	454,323,095
3,491,966	5,735,424	35,394,072	(1,468,515)	(6,749,386)	(5,531,583)
3,626,765	5,085,590	5,051,305	4,552,690	6,822,625	6,033,760
—	500,000	450,000	1,050,000	—	—
5,683,865	4,384,895	3,657,445	10,011,411	3,701,890	3,511,780
(411,340)	—	(428,395)	(2,935,087)	(37,408)	—
1,003,337	1,217,615	1,218,766	1,229,185	679,529	662,745
50,506	24,082	439,180	143,759	370,731	567,830
4,414,250	5,776,094	6,408,853	7,121,202	8,372,233	10,112,016
(8,298,095)	(11,731,486)	(10,249,393)	(12,547,219)	(14,485,271)	(14,379,065)
6,069,288	5,256,790	6,547,761	8,625,941	5,424,329	6,509,066
\$ 9,561,254	\$ 10,992,214	\$ 41,941,833	\$ 7,157,426	\$ (1,325,057)	\$ 977,483

4.9 %

4.0 %

2.7 %

3.9 %

3.3 %

3.0 %

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Revenue Capacity

Revenue capacity schedules contain information to help the reader assess the State's capacity to raise revenue and the sources of that revenue. This section includes the following revenue capacity schedules.

- Schedule of Revenue Base
- Schedule of Revenue Payers by Income Level/Industry
- Schedule of Personal Income Tax Rates

Schedule of Revenue Base

For the Past Ten Calendar Years

(amounts in thousands)

	2014	2015	2016	2017
Personal Income by Industry				
(items restated as footnoted) ¹				
Farm earnings.....	\$ 22,609,066	\$ 21,222,250	\$ 18,646,282	\$ 20,041,415
Forestry, fishing, and other natural resources.....	8,303,175	9,216,947	9,898,303	10,176,211
Mining.....	6,712,256	4,963,527	3,753,851	3,216,216
Construction and utilities.....	79,692,915	88,130,646	93,511,037	102,974,465
Manufacturing.....	133,035,011	139,414,534	145,528,697	153,661,389
Wholesale trade.....	65,805,068	70,215,535	70,149,369	73,535,459
Retail trade.....	81,107,100	84,898,965	84,819,197	87,143,887
Transportation and warehousing.....	42,142,663	45,945,185	49,332,199	53,670,285
Information, finance, and insurance.....	159,848,610	174,617,028	190,140,120	206,955,669
Real estate and rental and leasing.....	49,055,596	51,762,077	54,244,467	55,830,864
Services.....	516,952,464	552,135,538	574,579,377	604,183,727
Federal, civilian.....	26,450,856	27,477,720	28,337,175	29,073,247
Military.....	15,071,769	14,952,018	16,333,621	16,101,002
State and local government.....	200,331,079	212,528,644	223,593,750	230,997,705
Other ²	517,464,525	566,525,160	593,930,254	612,061,700
Total personal income	\$ 1,924,582,153	\$ 2,064,005,774	\$ 2,156,797,699	\$ 2,259,623,241
Average effective rate ³		5.6 %	6.1 %	6.0 %
				5.9 %

Source: Bureau of Economic Analysis, U.S. Department of Commerce

¹ Prior years were updated based on more current information.

² Other personal income includes dividends, interest, rental income, residence adjustment, government transfers for individuals, and deductions for social insurance.

³ The total direct rate for personal income is not available. The average effective rate equals personal income tax revenue divided by adjusted gross income.

	2018	2019	2020	2021	2022	2023
\$	15,669,285	\$ 15,978,888	\$ 17,315,815	\$ 15,575,403	\$ 16,004,335	\$ 14,625,032
10,765,747	11,261,626	12,690,920	12,409,090	12,925,476	14,007,676	
3,717,373	3,427,775	2,839,729	2,644,161	3,050,869	3,419,007	
112,396,379	120,240,852	117,965,220	122,073,288	128,386,931	132,808,626	
159,126,826	161,854,115	172,313,755	187,218,373	194,388,210	203,479,845	
71,639,917	72,727,682	73,620,933	76,454,399	82,264,226	87,659,558	
90,173,648	92,171,144	93,632,170	103,125,834	107,785,050	109,434,715	
60,511,132	69,759,793	68,916,210	82,190,820	87,291,248	91,746,013	
218,388,275	229,828,550	252,396,092	293,219,543	284,043,606	294,571,411	
60,774,043	69,549,333	72,006,102	77,184,395	71,136,357	71,842,577	
640,289,889	680,264,303	678,958,934	760,246,498	812,720,468	848,768,567	
30,340,685	31,010,832	32,936,947	33,470,612	34,627,542	37,068,768	
15,238,777	15,611,106	16,600,127	17,841,972	17,727,105	18,693,772	
237,580,482	245,796,913	255,052,712	263,859,389	269,916,478	286,351,192	
643,820,394	677,994,115	858,162,187	919,383,466	838,104,995	903,270,844	
\$ 2,370,432,852	\$ 2,497,477,027	\$ 2,725,407,853	\$ 2,966,897,243	\$ 2,960,372,896	\$ 3,117,747,603	

6.1 %

6.0 %

6.5 %

6.5 %

6.0 %

5.7 %

(continued)

Schedule of Revenue Base (continued)

For the Past Ten Calendar Years

(amounts in thousands)

	2014	2015	2016	2017
Taxable Sales by Industry				
Retail and Food Services:				
Motor vehicle and parts dealers	\$ 73,232,242	\$ 80,346,595	\$ 84,225,652	\$ 86,983,280
Furniture and home furnishings stores	11,408,837	12,169,888	12,790,041	13,035,340
Electronics and appliance stores	15,148,893	16,349,542	17,120,030	17,170,671
Building materials, garden equipment, and supplies	31,299,110	33,601,538	35,238,333	37,504,347
Food and beverage	26,298,414	27,134,034	27,678,056	28,799,044
Health and personal care stores	11,640,870	12,364,559	13,163,569	13,669,415
Gasoline stations	55,733,384	48,203,175	43,273,182	47,434,923
Clothing and clothing accessories stores	36,822,241	38,438,074	39,698,156	40,206,581
Sporting goods, hobby, book, and music stores	11,056,024	11,341,328	11,441,556	10,900,749
General merchandise stores	52,013,855	53,119,200	53,032,357	54,684,182
Miscellaneous store retailers	19,024,905	19,852,685	19,617,820	19,719,301
Nonstore retailers	8,292,788	9,531,606	11,717,407	13,599,808
Food services and drinking places	67,864,614	73,889,708	78,494,623	82,355,474
All other outlets	195,985,698	202,290,021	206,365,477	211,760,378
Total taxable sales	\$ 615,821,875	\$ 638,631,953	\$ 653,856,259	\$ 677,823,493
Direct sales tax rate ¹	6.50 % ²	6.50 %	6.50 %	6.00 %

Source: California Department of Tax and Fee Administration (CDTFA)

¹ The direct sales tax rate used is the state tax rate that provides revenue to the State's General Fund. It does not include the local tax rate that is allocated to cities and counties.

² Rate change was effective on January 1, 2013.

³ Rate change was effective on January 1, 2017.

2018	2019	2020	2021	2022	2023
\$ 89,696,669	\$ 88,526,876	\$ 87,847,344	\$ 106,686,238	\$ 108,863,945	\$ 103,274,029
13,578,685	13,427,029	13,626,241	16,375,319	16,004,779	14,101,249
17,520,474	16,999,111	16,926,013	19,232,973	18,833,052	17,469,866
39,469,798	40,313,948	45,966,216	50,775,894	51,775,096	49,231,753
29,697,424	30,216,432	32,042,780	33,308,785	34,725,455	34,700,617
14,384,602	15,160,891	15,622,747	17,397,455	17,653,263	17,179,020
54,302,232	54,141,178	38,345,721	56,231,375	71,264,403	63,541,643
42,233,560	43,130,842	32,500,749	47,599,716	49,393,086	48,703,455
10,467,200	10,407,608	10,110,131	11,776,823	11,389,486	10,803,928
56,416,293	58,066,003	57,003,022	66,201,633	69,575,648	67,343,669
20,503,078	20,952,870	20,863,193	24,996,467	26,319,225	25,631,272
15,663,789	20,276,518	53,383,005	60,520,452	64,329,865	69,166,754
85,226,197	89,403,960	63,665,386	87,700,329	102,862,887	108,416,494
217,675,199	231,733,635	218,853,973	263,908,719	308,785,176	306,331,191
\$ 706,835,200	\$ 732,756,901	\$ 706,756,521	\$ 862,712,178	\$ 951,775,366	\$ 935,894,940

6.00 %³

6.00 %

6.00 %

6.00 %

6.00 %

6.00 %
(concluded)

Schedule of Revenue Payers by Income Level/Industry

For Calendar Years 2015 and 2023

Personal Income Tax Filers and Liability by Income Level¹

2015					
		Number of Filers	Percent of Total	Tax Liability ²	
				Percent of Total	
Under \$ 50,000		9,733,138	59.8 %	\$ 1,493,142	2.1 %
50,000 to 99,999		3,457,434	21.2	6,048,161	8.5
100,000 to 149,999		1,423,390	8.7	6,871,415	9.7
150,000 to 199,999		671,279	4.1	5,862,855	8.3
200,000 to 299,999		524,092	3.2	7,575,259	10.7
300,000 to 399,999		191,247	1.2	4,471,202	6.3
400,000 to 499,999		91,808	0.6	3,043,316	4.3
500,000 to 599,999		50,815	0.3	2,164,174	3.1
600,000 to 699,999		32,404	0.2	1,708,745	2.4
700,000 to 799,999		21,106	0.1	1,331,637	1.9
800,000 to 899,999		15,130	0.1	1,115,407	1.6
900,000 to 999,999		11,665	0.1	990,301	1.4
1,000,000 to 1,999,999		43,790	0.3	5,849,776	8.3
2,000,000 to 2,999,999		11,041	0.1	2,910,335	4.1
3,000,000 to 3,999,999		4,828	—	1,879,590	2.7
4,000,000 to 4,999,999		2,727	—	1,405,595	2.0
\$ 5,000,000 and over		8,051	—	15,956,198	22.6
Total		16,293,945	100.0 %	\$ 70,677,108	100.0 %

2023					
		Number of Filers	Percent of Total	Tax Liability ²	
				Percent of Total	
Under \$ 50,000		8,347,920	47.8 %	\$ 1,160,763	1.2 %
50,000 to 99,999		4,273,358	24.5	6,256,706	6.4
100,000 to 149,999		1,904,088	10.9	8,120,046	8.4
150,000 to 199,999		1,010,979	5.8	7,811,483	8.0
200,000 to 299,999		921,923	5.3	12,177,567	12.6
300,000 to 399,999		380,518	2.2	8,147,667	8.4
400,000 to 499,999		196,251	1.1	5,780,535	6.0
500,000 to 599,999		116,577	0.7	4,412,303	4.6
600,000 to 699,999		75,646	0.4	3,490,080	3.6
700,000 to 799,999		51,931	0.2	2,813,421	2.9
800,000 to 899,999		36,633	0.2	2,285,746	2.4
900,000 to 999,999		27,139	0.2	1,932,575	2.0
1,000,000 to 1,999,999		87,181	0.5	9,254,119	9.6
2,000,000 to 2,999,999		19,094	0.1	3,885,211	4.0
3,000,000 to 3,999,999		7,972	—	2,327,720	2.4
4,000,000 to 4,999,999		4,496	—	1,698,321	1.8
\$ 5,000,000 and over		12,149	0.1	15,189,004	15.7
Total		17,473,855	100.0 %	\$ 96,743,267	100.0 %

Source: California Franchise Tax Board

¹ For California resident tax returns. Calendar year 2023 is the most applicable recent year for which data is available.

² Amounts are in thousands.

For Calendar Years 2014 and 2023

Sales Tax Permits and Tax Liability by Industry

	2014			
	Number of Permits	Percent of Total	Tax Liability ¹	Percent of Total
Retail and Food Services:				
Motor vehicle and parts dealers	31,278	3.1 %	\$ 73,232,242	11.9 %
Furniture and home furnishings stores	16,283	1.6	11,408,837	1.9
Electronics and appliance stores	21,345	2.2	15,148,893	2.5
Building materials, garden equipment, and supplies	15,551	1.5	31,299,110	5.0
Food and beverage	31,014	3.1	26,298,414	4.2
Health and personal care stores	22,318	2.2	11,640,870	1.9
Gasoline stations	9,797	1.0	55,733,384	9.0
Clothing and clothing accessories stores	59,174	5.9	36,822,241	6.0
Sporting goods, hobby, book, and music stores	23,946	2.4	11,056,024	1.8
General merchandise stores	14,366	1.4	52,013,855	8.5
Miscellaneous store retailers	108,378	10.8	19,024,905	3.1
Nonstore retailers	233,431	23.3	8,292,788	1.4
Food services and drinking places	99,340	9.9	67,864,614	11.0
All other outlets	317,586	31.6	195,985,698	31.8
Total	1,003,807	100.0 %	\$ 615,821,875	100.0 %
	2023			
	Number of Permits	Percent of Total	Tax Liability ¹	Percent of Total
Retail and Food Services:				
Motor vehicle and parts dealers	33,381	2.5 %	\$ 103,274,029	11.0 %
Furniture and home furnishings stores	16,655	1.3	14,101,249	1.5
Electronics and appliance stores	17,927	1.4	17,469,866	1.9
Building materials, garden equipment, and supplies	15,755	1.2	49,231,753	5.3
Food and beverage	37,469	2.8	34,700,617	3.7
Health and personal care stores	44,489	3.4	17,179,020	1.8
Gasoline stations	10,535	0.8	63,541,643	6.8
Clothing and clothing accessories stores	116,201	8.8	48,703,455	5.2
Sporting goods, hobby, book, and music stores	31,675	2.4	10,803,928	1.2
General merchandise stores	32,957	2.5	67,343,669	7.2
Miscellaneous store retailers	164,914	12.5	25,631,272	2.7
Nonstore retailers	83,763	6.4	69,166,754	7.4
Food services and drinking places	131,433	10.0	108,416,494	11.6
All other outlets	579,191	44.0	306,331,191	32.7
Total	1,316,345	100.0 %	\$ 935,894,940	100.0 %

Source: California Department of Tax and Fee Administration (CDTFA)

¹ Calculated by multiplying the taxable sales by industry shown on pages [326](#) and [327](#) by the direct sales tax rate. Amounts are in thousands.

Schedule of Personal Income Tax Rates

For Calendar Years 2014-2023

Married Filing Jointly and Surviving Spouse				
	2014	2015	2016	2017
Tax Rate ¹	Income Level	Income Level	Income Level	Income Level
1.0	Up to \$15,498	Up to \$15,700	Up to \$16,030	Up to \$16,446
2.0	15,499 – 36,742	15,701 – 37,220	16,031 – 38,002	16,447 – 38,990
4.0	36,743 – 57,990	37,221 – 58,744	38,003 – 59,978	38,991 – 61,538
6.0	57,991 – 80,500	58,745 – 81,546	59,979 – 83,258	61,539 – 85,422
8.0	80,501 – 101,738	81,547 – 103,060	83,259 – 105,224	85,423 – 107,960
9.3	101,739 – 519,688	103,061 – 526,444	105,225 – 537,500	107,961 – 551,476
10.3	519,689 – 623,624	526,445 – 631,732	537,501 – 644,998	551,477 – 661,768
11.3	623,625 – 1,000,000	631,733 – 1,000,000	644,999 – 1,000,000	661,769 – 1,000,000
12.3	1,000,001 – 1,039,374	1,000,001 – 1,052,886	1,000,001 – 1,074,996	1,000,001 – 1,102,946
13.3	\$1,039,375 and over	\$1,052,887 and over	\$1,074,997 and over	\$1,102,947 and over
Single and Married Filing Separately				
	2014	2015	2016	2017
Tax Rate ¹	Income Level	Income Level	Income Level	Income Level
1.0	Up to \$7,749	Up to \$7,850	Up to \$8,015	Up to \$8,223
2.0	7,750 – 18,371	7,851 – 18,610	8,016 – 19,001	8,224 – 19,495
4.0	18,372 – 28,995	18,611 – 29,372	19,002 – 29,989	19,496 – 30,769
6.0	28,996 – 40,250	29,373 – 40,773	29,990 – 41,629	30,770 – 42,711
8.0	40,251 – 50,869	40,774 – 51,530	41,630 – 52,612	42,712 – 53,980
9.3	50,870 – 259,844	51,531 – 263,222	52,613 – 268,750	53,981 – 275,738
10.3	259,845 – 311,812	263,223 – 315,866	268,751 – 322,499	275,739 – 330,884
11.3	311,813 – 519,687	315,867 – 526,443	322,500 – 537,498	330,885 – 551,473
12.3	519,688 – 1,000,000	526,444 – 1,000,000	537,499 – 1,000,000	551,474 – 1,000,000
13.3	\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over
Head of Household				
	2014	2015	2016	2017
Tax Rate ¹	Income Level	Income Level	Income Level	Income Level
1.0	Up to \$15,508	Up to \$15,710	Up to \$16,040	Up to \$16,457
2.0	15,509 – 36,743	15,711 – 37,221	16,041 – 38,003	16,458 – 38,991
4.0	36,744 – 47,366	37,222 – 47,982	38,004 – 48,990	38,992 – 50,264
6.0	47,367 – 58,621	47,983 – 59,383	48,991 – 60,630	50,265 – 62,206
8.0	58,622 – 69,242	59,384 – 70,142	60,631 – 71,615	62,207 – 73,477
9.3	69,243 – 353,387	70,143 – 357,981	71,616 – 365,499	73,478 – 375,002
10.3	353,388 – 424,065	357,982 – 429,578	365,500 – 438,599	375,003 – 450,003
11.3	424,066 – 706,774	429,579 – 715,962	438,600 – 730,997	450,004 – 750,003
12.3	706,775 – 1,000,000	715,963 – 1,000,000	730,998 – 1,000,000	750,004 – 1,000,000
13.3	\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over

Source: California Franchise Tax Board (FTB)

¹ FTB tax brackets are indexed to the California Consumer Price Index and are adjusted accordingly on a yearly basis.

Average Effective Rate

(amounts in thousands)

	2014	2015	2016	2017
Personal income tax revenue ¹	\$ 67,584,256	\$ 76,879,115	\$ 78,510,777	\$ 84,253,851
Adjusted gross income ²	\$ 1,216,002,700	\$ 1,265,341,200	\$ 1,318,362,700	\$ 1,430,332,000
Average effective rate ³	5.6 %	6.1 %	6.0 %	5.9 %

¹ Personal income tax revenue is reported on a fiscal year basis.

² Source: California Franchise Tax Board. Fiscal year 2023 information reflects returns processed as of December 2024

³ The average effective rate equals personal income tax revenue divided by adjusted gross income.

Married Filing Jointly and Surviving Spouse					
2018	2019	2020	2021	2022	2023
Income Level	Income Level	Income Level	Income Level	Income Level	Income Level
Up to \$17,088	Up to \$17,618	Up to \$17,864	Up to \$18,650	Up to \$20,198	Up to \$20,824
17,089 – 40,510	17,619 – 41,766	17,865 – 42,350	18,651 – 44,214	20,199 – 47,884	20,825 – 49,368
40,511 – 63,938	41,767 – 65,920	42,351 – 66,842	44,215 – 69,784	47,885 – 75,576	49,369 – 77,918
63,939 – 88,754	65,921 – 91,506	66,843 – 92,788	69,785 – 96,870	75,577 – 104,910	77,919 – 108,162
88,755 – 112,170	91,507 – 115,648	92,789 – 117,268	96,871 – 122,428	104,911 – 132,590	108,163 – 136,700
112,171 – 572,984	115,649 – 590,746	117,269 – 599,016	122,429 – 625,372	132,591 – 677,278	136,701 – 698,274
572,985 – 687,576	590,747 – 708,890	599,017 – 718,814	625,373 – 750,442	677,279 – 812,728	698,275 – 837,922
687,577 – 1,000,000	708,891 – 1,000,000	718,815 – 1,000,000	750,443 – 1,000,000	812,729 – 1,000,000	837,923 – 1,000,000
1,000,001 – 1,145,960	1,000,001 – 1,181,484	1,000,001 – 1,198,024	1,000,001 – 1,250,738	1,000,001 – 1,354,550	1,000,001 – 1,396,542
\$1,145,961 and over	\$1,181,485 and over	1,198,025 and over	1,250,739 and over	1,354,551 and over	1,396,543 and over
Single and Married Filing Separately					
2018	2019	2020	2021	2022	2023
Income Level	Income Level	Income Level	Income Level	Income Level	Income Level
Up to \$8,544	Up to \$8,809	Up to \$8,932	Up to \$9,325	Up to \$10,099	Up to \$10,412
8,545 – 20,255	8,810 – 20,883	8,933 – 21,175	9,326 – 22,107	10,099 – 23,942	10,413 – 24,684
20,256 – 31,969	20,884 – 32,960	21,176 – 33,421	22,108 – 34,892	23,943 – 37,788	24,685 – 38,959
31,970 – 44,377	32,961 – 45,753	33,422 – 46,394	34,893 – 48,435	37,789 – 52,455	38,960 – 54,081
44,378 – 56,085	45,754 – 57,824	46,395 – 58,634	48,436 – 61,214	52,456 – 66,295	54,082 – 68,350
56,086 – 286,492	57,825 – 295,373	58,635 – 295,508	61,215 – 312,686	66,296 – 338,639	68,351 – 349,137
286,493 – 343,788	295,374 – 354,445	295,509 – 359,407	312,687 – 375,221	338,640 – 406,364	349,138 – 418,961
343,789 – 572,980	354,446 – 590,742	359,408 – 599,012	375,222 – 625,369	406,365 – 677,275	418,962 – 698,271
572,981 – 1,000,000	590,743 – 1,000,000	599,013 – 1,000,000	625,370 – 1,000,000	677,276 – 1,000,000	698,272 – 1,000,000
\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over
Head of Household					
2018	2019	2020	2021	2022	2023
Income Level	Income Level	Income Level	Income Level	Income Level	Income Level
Up to \$17,099	Up to \$17,629	Up to \$17,876	Up to \$18,663	Up to \$20,212	Up to \$20,839
17,099 – 40,512	17,630 – 41,768	17,877 – 42,353	18,664 – 44,217	20,213 – 47,887	20,840 – 49,371
40,512 – 52,224	41,769 – 53,843	42,354 – 54,597	44,218 – 56,999	47,888 – 61,730	49,372 – 63,765
52,224 – 64,632	53,844 – 66,636	54,598 – 67,569	57,000 – 70,542	61,731 – 76,397	63,765 – 78,765
64,632 – 76,343	66,637 – 78,710	67,570 – 79,812	70,543 – 83,324	76,398 – 90,240	78,766 – 93,037
76,343 – 389,627	78,711 – 401,705	79,813 – 407,329	83,325 – 425,251	90,241 – 460,547	93,038 – 474,824
389,627 – 467,553	401,706 – 482,047	407,330 – 488,796	425,252 – 510,303	460,548 – 552,658	474,825 – 569,790
467,553 – 779,253	482,048 – 803,410	488,797 – 814,658	510,304 – 850,503	552,659 – 921,095	569,791 – 949,649
779,253 – 1,000,000	803,411 – 1,000,000	814,659 – 1,000,000	850,504 – 1,000,000	921,096 – 1,000,000	949,650 – 1,000,000
\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over	\$1,000,001 and over	1,000,001 and over
2018	2019	2020	2021	2022	2023
\$ 92,808,996	\$ 95,026,913	\$ 110,352,220	\$ 129,514,535	\$ 112,736,701	\$ 109,539,318
\$ 1,531,670,000	\$ 1,596,322,000	\$ 1,693,751,000	\$ 1,991,347,000	\$ 1,883,047,000	\$ 1,912,092,000
6.1 %	6.0 %	6.5 %	6.5 %	6.0 %	5.7 %

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Debt Capacity

Debt capacity schedules contain information to help the reader understand the State's outstanding debt, the capacity to repay that debt, and the ability to issue additional debt in the future. This section includes the following debt capacity schedules.

Schedule of Ratios of Outstanding Debt by Type

Schedule of Ratios of General Bonded Debt Outstanding

Schedule of General Obligation Bonds Outstanding

Schedule of Pledged Revenue Coverage

Sources: Unless otherwise noted, the information in the following schedules is derived from the State's Annual Comprehensive Financial Reports.

Schedule of Ratios of Outstanding Debt by Type

For the Past Ten Fiscal Years

(amounts in thousands, except per capita)

	2015	2016	2017	2018
Governmental activities				
General obligation bonds ¹	\$ 80,509,802	\$ 79,043,295	\$ 79,503,871	\$ 79,663,028
Revenue bonds	18,409,971	17,210,499	16,879,900	16,364,255
Certificates of participation and commercial paper ²	493,770	771,215	1,158,080	859,695
Capital lease obligations ⁵	274,760	370,182	416,468	481,261
Lease Liability	—	—	—	—
Subscription Liability	—	—	—	—
Total governmental activities	99,688,303	97,395,191	97,958,319	97,368,239
Business-type activities				
General obligation bonds ¹	650,133	794,369	703,754	694,100
Revenue bonds	12,670,619	13,928,374	14,955,858	14,319,372
Commercial paper	237,186	47,416	147,765	749,877
Capital lease obligations ⁵	1,210,409	389,385	353,453	309,928
Lease Liability	—	—	—	—
Subscription Liability	—	—	—	—
Total business-type activities	14,768,347	15,159,544	16,160,830	16,073,277
Total primary government	\$ 114,456,650	\$ 112,554,735	\$ 114,119,149	\$ 113,441,516
Debt as a percentage of personal income ³	5.7%	5.2%	5.0%	4.8%
Amount of debt per capita ⁴	\$ 2,965	\$ 2,892	\$ 2,914	\$ 2,882

Note: Details regarding the State's outstanding debt can be found in Notes 10, 13, 14, 16, and 17 of the financial statements.

¹ Beginning in fiscal year 2013, refunding gains/losses are no longer included in bonds payable, but are shown as deferred inflows and deferred outflows of resources.

² All certificates of participation were retired in fiscal year 2016.

³ Ratio calculated using personal income data shown on pages 344 and 345 for the prior calendar year.

⁴ Amount calculated using population data shown on pages 344 and 345 for the prior calendar year.

⁵ Due to implementation of GASB 87, capital lease obligations are no longer reported.

2019	2020	2021	2022	2023	2024
\$ 78,772,850	\$ 78,883,746	\$ 78,481,408	\$ 77,346,130	\$ 78,693,097	\$ 79,487,028
15,711,660	15,905,264	15,998,239	17,157,391	16,097,912	16,579,772
1,032,760	1,108,720	1,176,235	1,448,725	1,327,110	1,031,170
434,876	393,089	359,812	—	—	—
—	—	—	2,659,291	2,513,875	2,825,009
—	—	—	160,866	136,463	122,903
95,952,146	96,290,819	96,015,694	98,772,403	98,768,457	100,045,882
850,762	788,052	598,384	536,352	675,362	645,984
14,521,460	14,277,362	14,806,645	14,421,501	14,605,513	15,165,379
799,643	1,049,226	401,219	323,313	401,804	656,727
315,322	357,072	336,081	—	—	—
—	—	—	332,851	358,448	525,824
—	—	—	95,145	66,804	55,436
16,487,187	16,471,712	16,142,329	15,709,162	16,107,931	17,049,350
\$ 112,439,333	\$ 112,762,531	\$ 112,158,023	\$ 114,481,565	\$ 114,876,388	\$ 117,095,232
4.5%	4.3%	4.1%	3.8%	3.8%	3.7%
\$ 2,849	\$ 2,859	\$ 2,839	\$ 2,925	\$ 2,935	\$ 2,987

Schedule of Ratios of General Bonded Debt Outstanding

For the Past Ten Fiscal Years

(amounts in thousands, except per capita)

	2015	2016	2017	2018
Net general bonded debt				
General obligation bonds ¹	\$ 80,215,650	\$ 79,837,664	\$ 79,503,871	\$ 80,357,128
Economic Recovery bonds	944,285	—	—	—
Less: restricted debt service fund	818,321	—	—	—
Net Economic Recovery bonds ²	125,964	—	—	—
Net general bonded debt	\$ 80,341,614	\$ 79,837,664	\$ 79,503,871	\$ 80,357,128
Net general bonded debt as a percentage of personal income ³	4.0%	3.7%	3.5%	3.4%
Amount of net general bonded debt per capita ⁴	\$ 2,082	\$ 2,051	\$ 2,030	\$ 2,042

Note: Details regarding the State's general bonded debt outstanding can be found in Note 16 of the financial statements.

¹ Beginning in fiscal year 2013, refunding gains/losses are no longer included in bonds payable, but are shown as deferred inflows and deferred outflows of resources.

² In fiscal year 2016, the outstanding balance of the Economic Recovery bonds was defeased and the balance in the restricted debt service fund was transferred out.

³ Ratio calculated using personal income data shown on pages [344](#) and [345](#) for the prior calendar year.

⁴ Amount calculated using population data shown on pages [344](#) and [345](#) for the prior calendar year.

2019	2020	2021	2022	2023	2024
\$ 79,623,612	\$ 79,671,798	\$ 79,079,792	\$ 77,882,481	\$ 79,368,459	\$ 80,133,012
—	—	—	—	—	—
—	—	—	—	—	—
\$ 79,623,612	\$ 79,671,798	\$ 79,079,792	\$ 77,882,481	\$ 79,368,459	\$ 80,133,012
3.2%	3.0%	2.9%	2.6%	2.6%	2.5%
\$ 2,018	\$ 2,020	\$ 2,002	\$ 1,990	\$ 2,033	\$ 2,044

Schedule of General Obligation Bonds Outstanding

June 30, 2024

(amounts in thousands)

Governmental activity

California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection	\$ 1,501,870
California Drought, Water, Parks, Climate, Coastal Protection, and Out Door Access For All	1,298,955
California Library Construction and Renovation	188,080
California Park and Recreational Facilities	1,555
California Parklands	50
California Safe Drinking Water	13,495
California Stem Cell Research and Cures	1,605,360
California Wildlife, Coastal, and Park Land Conservation	18,155
Children's Hospital	1,453,535
Class-Size Reduction Public Education Facilities	2,905,735
Clean Air and Transportation Improvement	202,845
Clean Water	100
Clean Water and Water Conservation	755
Clean Water and Water Reclamation	3,000
County Correctional Facility Capital Expenditure and Youth Facility	6,875
Disaster Preparedness and Flood Prevention	2,781,900
Earthquake Safety and Public Buildings Rehabilitation	2,200
Fish and Wildlife Habitat Enhancement	1,925
Higher Education Facilities	53,050
Highway Safety, Traffic Reduction, Air Quality, and Port Security	12,951,205
Housing and Emergency Shelter	891,840
Kindergarten-University Public Education Facilities	28,091,905
New Prison Construction	3,145
Public Education Facilities	484,125
Safe, Clean, Reliable Water Supply	289,075
Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection	875,730
Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection	3,152,255
Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection	878,810
Safe, Reliable High-Speed Passenger Train	5,185,860
School Building and Earthquake	2,660
School Facilities	70,200
Seismic Retrofit	550,150
State, Urban, and Coastal Park	535
Veterans and Affordable Housing	969,855
Veterans Homes	29,455
Veterans Housing and Homeless Prevention	242,020
Voting Modernization	35,635
Water Conservation	4,575
Water Conservation and Water Quality	5,715
Water Quality, Supply, and Infrastructure Improvement	2,913,435
Water Security, Clean Drinking Water, Coastal and Beach Protection	2,074,570
Total governmental activity	71,742,195
Business-type activity	
California Water Resources Development	35
Veterans' Farm and Home Purchase	634,445
Total business-type activity	634,480
Total outstanding general obligation bonds	72,376,675
Unamortized bond premiums/discounts	7,756,337 *
Total general obligation bonds payable	\$ 80,133,012

Source: California State Treasurer's Office, except for SCO calculated amount denoted by *

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Schedule of Pledged Revenue Coverage

For the Past Ten Fiscal Years

(amounts in thousands)

	June 30	Gross Revenue ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements ³			
					Principal	Interest	Total	Coverage
Housing Loans	2015	\$ 57,742	\$ 24,413	\$ 33,329	\$ 12,960	\$ 14,095	\$ 27,055	1.23
	2016	53,428	21,916	31,512	381,175	21,525	402,700	0.08
	2017	52,117	30,926	21,191	131,010	11,368	142,378	0.15
	2018	52,480	25,943	26,537	14,000	10,380	24,380	1.09
	2019	59,743	20,248	39,495	6,435	11,401	17,836	2.21
	2020	61,588	15,463	46,125	17,980	11,392	29,372	1.57
	2021	51,953	20,035	31,918	79,140	11,296	90,436	0.35
	2022	45,820	18,656	27,164	142,575	9,132	151,707	0.18
	2023	53,383	18,358	35,025	25,145	11,130	36,275	0.97
	2024	66,485	18,134	48,351	31,510	11,109	42,619	1.13
Water Resources	2015	\$ 1,019,378	\$ 607,407	\$ 411,971	\$ 203,481	\$ 200,563	\$ 404,044	1.02
	2016	1,086,650	796,591	290,059	171,455	84,099	255,554	1.14
	2017	1,223,340	941,984	281,356	134,185	34,408	168,593	1.67
	2018	1,221,866	820,163	401,703	138,570	75,670	214,240	1.88
	2019	1,172,134	784,173	387,961	129,400	86,809	216,209	1.79
	2020	1,155,001	720,577	434,424	147,035	139,197	286,232	1.52
	2021	1,125,002	856,011	268,991	172,815	87,404	260,219	1.03
	2022	1,295,670	660,537	635,133	160,300	88,108	248,408	2.56
	2023	1,531,195	908,463	622,732	217,147	8,051	225,198	2.77
	2024	1,657,882	933,401	724,481	222,140	121,751	343,891	2.11
Water Pollution Control	2015	\$ 56,350	\$ 1,092	\$ 55,258	\$ 13,000	\$ 293	\$ 13,293	4.16
	2016	59,034	321	58,713	13,000	2,199	15,199	3.86
	2017	65,635	350	65,285	12,940	12,458	25,398	2.57
	2018	77,135	183	76,952	27,350	28,748	56,098	1.37
	2019	86,828	435	86,393	58,845	37,384	96,229	0.90
	2020	80,627	353	80,274	77,170	35,174	112,344	0.71
	2021	66,662	355	66,307	82,615	33,155	115,770	0.57
	2022	61,698	510	61,188	87,375	30,656	118,031	0.52
	2023	71,514	2,265	69,249	92,820	39,140	131,960	0.52
	2024	95,601	9,114	86,487	94,250	50,123	144,373	0.60

(continued)

Source: California State Controller's Office

¹ Total gross revenue includes non-operating interest revenue. Building authorities' revenue includes operating transfers in. The nature of the revenue pledged for each type of debt is as follows: investment and interest earnings for Housing Loans bonds and Water Pollution Control bonds; charges for services and sales for Water Resources bonds; power sales revenue for Electric Power bonds; rental revenue for Public Buildings Construction bonds and building authorities bonds; residence fees for California State University bonds; tobacco settlements and investment earnings for the Golden State Tobacco Securitization Corporation bonds; and federal transportation funds for Grant Anticipation Revenue Vehicles.

² Total operating expenses are exclusive of depreciation, interest expense, and amortization (recovery) of long-term prepaid charges and refunding gains/losses.

³ Debt service requirements include principal and interest of revenue bonds.

⁴ All revenue bonds have been redeemed.

⁵ Federal transportation funds are the only source of state revenue to pay these bonds, and the state obligation to pay debt service on these bonds is limited to and dependent on receipt of the federal funds.

⁶ San Francisco State Building Authority bond was paid off in fiscal year 2021-2022. Oakland State Building Authority and Riverside County Public Financing Authority final debt service payment was made during the year ended June 30, 2023.

Schedule of Pledged Revenue Coverage

For the Past Ten Fiscal Years

(amounts in thousands)

	June 30	Gross Revenue ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements ³			
					Principal	Interest	Total	Coverage
Electric Power	2015	\$ 799,000	\$ (132,000)	\$ 931,000	\$ 618,000	\$ 268,000	\$ 886,000	1.05
	2016	728,000	(182,000)	910,000	669,000	253,000	922,000	0.99
	2017	945,000	(29,000)	974,000	690,000	215,000	905,000	1.08
	2018	952,000	—	952,000	719,000	175,000	894,000	1.06
	2019	923,000	(5,000)	928,000	753,000	139,000	892,000	1.04
	2020	925,000	(11,000)	936,000	970,000	109,000	1,079,000	0.87
	2021	299,000	(7,000)	306,000	735,000	48,000	783,000	0.39
	2022	311,000	(140,000)	451,000	—	—	—	—
	2023	1,000	(1)	1,001	—	1,001	1,001	1.00
	2024	1,000	—	1,000	—	1,000	1,000	1.00
Public Buildings Construction	2015	\$ 462,703	\$ 3,646	\$ 459,057	\$ 782,975	\$ 492,868	\$ 1,275,843	0.36
	2016	413,807	6,455	407,352	1,192,065	452,796	1,644,861	0.25
	2017	447,238	6,899	440,339	481,680	402,201	883,881	0.50
	2018	440,902	4,023	436,879	709,805	415,551	1,125,356	0.39
	2019	442,022	1,945	440,077	518,640	363,983	882,623	0.50
	2020	422,614	4,430	418,184	635,985	353,371	989,356	0.42
	2021	344,095	4,879	339,216	535,695	345,741	881,436	0.38
	2022	366,050	7,396	358,654	1,922,085	411,384	2,333,469	0.15
	2023	383,331	3,936	379,395	1,294,870	307,543	1,602,413	0.24
	2024	377,632	9,548	368,084	1,186,620	331,936	1,518,556	0.24
California State University	2015	\$ 4,780,280	\$ 6,363,534	\$ (1,583,254)	\$ 400,412	\$ 177,642	\$ 578,054	(2.74)
	2016	4,937,116	6,672,956	(1,735,840)	114,585	166,964	281,549	(6.17)
	2017	5,030,325	7,479,645	(2,449,320)	120,570	200,678	321,248	(7.62)
	2018	5,393,953	9,225,942	(3,831,989)	296,516	255,133	551,649	(6.95)
	2019	5,573,812	9,139,677	(3,565,865)	237,971	297,486	535,457	(6.66)
	2020	5,695,853	9,908,839	(4,212,986)	299,162	342,642	641,804	(6.56)
	2021	6,279,180	9,685,352	(3,406,172)	245,384	364,037	609,421	(5.59)
	2022	7,675,072	9,969,192	(2,294,120)	498,712	345,120	843,832	(2.72)
	2023	6,622,233	9,990,465	(3,368,232)	603,600	339,531	943,131	(3.57)
	2024	7,220,812	10,878,380	(3,657,568)	811,184	375,411	1,186,595	(3.08)

(continued)

Schedule of Pledged Revenue Coverage (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	June 30	Gross Revenue ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements ³			
					Principal	Interest	Total	Coverage
Building Authorities ⁶	2015	\$ 54,090	\$ —	\$ 54,090	\$ 38,800	\$ 19,701	\$ 58,501	0.92
	2016	48,722	—	48,722	19,815	14,502	34,317	1.42
	2017	40,718	—	40,718	27,420	10,096	37,516	1.09
	2018	38,251	—	38,251	30,180	7,441	37,621	1.02
	2019	38,327	—	38,327	31,605	6,012	37,617	1.02
	2020	35,546	—	35,546	33,215	4,383	37,598	0.95
	2021	25,434	—	25,434	31,580	2,774	34,354	0.74
	2022	11,478	—	11,478	29,485	1,260	30,745	0.37
	2023	1,971	—	1,971	10,650	268	10,918	0.18
Golden State Tobacco Securitization Corporation	2015	\$ 414,992	\$ 394	\$ 414,598	\$ 133,900	\$ 292,173	\$ 426,073	0.97
	2016	365,300	586	364,714	70,535	299,935	370,470	0.98
	2017	370,612	462	370,150	745,888	308,638	1,054,526	0.35
	2018	433,836	518	433,318	2,044,750	319,550	2,364,300	0.18
	2019	446,462	653	445,809	878,094	288,841	1,166,935	0.38
	2020	423,369	530	422,839	154,190	265,519	419,709	1.01
	2021	471,222	535	470,687	212,215	323,920	536,135	0.88
	2022	482,247	371	481,876	2,981,103	799,366	3,780,469	0.13
	2023	476,351	1,191	475,160	644,351	55,867	700,218	0.68
	2024	392,203	955	391,248	252,750	145,327	398,077	0.98
Grant Anticipation Revenue Vehicles ^{4,5}	2015	\$ 84,289	\$ —	\$ 84,289	\$ 78,090	\$ 6,199	\$ 84,289	1.00
	2016	11,393	—	11,393	8,970	2,423	11,393	1.00
	2017	11,390	—	11,390	9,360	2,030	11,390	1.00
	2018	11,393	—	11,393	9,830	1,563	11,393	1.00
	2019	11,390	—	11,390	10,320	1,070	11,390	1.00
	2020	11,390	—	11,390	10,835	555	11,390	1.00

(concluded)

Demographic and Economic Information

The **demographic and economic** schedules contain trend information to help the reader understand the environment in which the State's financial activities occur. This section includes the following demographic and economic schedules.

Schedule of Demographic and Economic Indicators

Schedule of Employment by Industry

Schedule of Demographic and Economic Indicators

For the Past Ten Calendar Years

	2014	2015	2016	2017
Population (in thousands)¹				
California.....	38,636	38,966	39,223	39,424
% Change.....	0.9%	0.9%	0.7%	0.5%
United States.....	319,270	321,829	324,368	326,609
% Change.....	0.8%	0.8%	0.8%	0.7%
Total personal income (in millions)¹				
California.....	\$ 1,955,718	\$ 2,097,050	\$ 2,191,138	\$ 2,295,049
% Change.....	6.2%	7.2%	4.5%	4.7%
United States.....	\$ 14,778,160	\$ 15,467,113	\$ 15,884,741	\$ 16,658,962
% Change.....	5.1%	4.7%	2.7%	4.9%
Per capita personal income^{1,2}				
California.....	\$ 50,619	\$ 53,817	\$ 55,863	\$ 58,214
% Change.....	5.3%	6.3%	3.8%	4.2%
United States.....	\$ 46,287	\$ 48,060	\$ 48,971	\$ 51,006
% Change.....	4.2%	3.8%	1.9%	4.2%
Labor force and employment (in thousands)				
California				
Civilian labor force.....	18,941	18,996	19,099	19,205
Employed.....	17,600	17,894	18,141	18,278
Unemployed.....	1,341	1,102	957	927
Unemployment rate.....	7.1%	5.8%	5%	4.8%
United States unemployment rate.....	6.2%	5.3%	4.9%	4.3%

Sources: Economic Research Unit, California Department of Finance; Bureau of Economic Analysis, U.S. Department of Commerce; Labor Market Information Division, California Employment Development Department; and Bureau of Labor Statistics, U.S. Department of Labor.

Note: Last updated: March 29, 2024-- new statistics for 2023; revised statistics for 2020-2022.

¹ Some prior years were updated based on more current information.

² Calculated by dividing total personal income by population.

2018	2019	2020	2021	2022	2023
39,536 0.3%	39,548 —	39,502 -0.1%	39,143 -0.9%	39,041 -0.3%	39,199 0.4%
328,530 0.6%	330,226 0.5%	331,527 0.4%	332,049 0.2%	333,271 0.4%	336,806 1.1%
\$ 2,411,055 5.1%	\$ 2,537,951 5.3%	\$ 2,767,521 9.0%	\$ 3,013,677 8.9%	\$ 3,006,647 -0.2%	\$ 3,166,135 5.3%
\$ 17,514,402 5.1%	\$ 18,343,601 4.7%	\$ 19,609,985 6.9%	\$ 21,392,812 9.1%	\$ 21,820,248 2.0%	\$ 23,380,269 7.1%
\$ 60,984 4.8%	\$ 64,174 5.2%	\$ 70,061 9.2%	\$ 76,991 9.9%	\$ 77,013 —	\$ 80,771 4.9%
\$ 53,311 4.5%	\$ 55,547 4.2%	\$ 59,150 6.5%	\$ 64,427 8.9%	\$ 65,473 1.6%	\$ 69,418 6.0%
19,307 18,485 821 4.3% 3.9%	18,743 16,104 2,640 14.1% 3.7%	18,920 17,367 1,553 8.2% 8.1%	19,234 18,445 789 4.1% 5.3%	19,240 18,325 914 4.7% 3.6%	19,471 18,552 919 4.7% 3.6%

Schedule of Employment by Industry

For Calendar Years 2014 and 2023

Industry	2014		2023	
	Employees	Percent of Total State Employment	Employees	Percent of Total State Employment
Services	7,097,800	44.4 %	8,526,500	46.8 %
Government				
Federal	184,200	1.1	189,600	1.0
Military	58,200	0.4	61,000	0.3
State and Local	2,171,500	13.6	2,349,500	12.9
Retail trade	1,615,700	10.1	1,606,300	8.8
Manufacturing	1,282,100	8.0	1,285,600	7.1
Information, finance, and insurance	985,000	6.2	1,066,700	5.8
Construction and utilities	732,900	4.6	976,800	5.4
Wholesale trade	684,200	4.3	666,800	3.7
Transportation and warehousing	468,900	2.9	766,900	4.2
Farming	416,800	2.6	407,700	2.2
Real estate	265,800	1.6	305,200	1.7
Natural resources and mining	29,400	0.2	19,400	0.1
Total	15,992,500	100.0 %	18,228,000	100.0 %

Source: Labor Market Information Division, California Employment Development Department

Operating Information

The *operating information* schedules assist the reader in evaluating the size, efficiency, and effectiveness of the State's government. This section includes the following operating information schedules.

Schedule of Full-time Equivalent State Employees by Function

Schedule of Operating Indicators by Function

Schedule of Capital Asset Statistics by Function

Schedule of Full-time Equivalent State Employees by Function

For the Past Ten Fiscal Years

Fiscal Year	General Government	Education	Health and Human Services	and Environmental Protection	State and Consumer Services	Business, Transportation, and Housing	Corrections and Rehabilitation	Total
	Natural Resources							
2014	43,858	136,244	44,343	24,156	5,409	39,015	60,871	353,896
Fiscal Year	General Government ¹	Education	Health and Human Services	and Environmental Protection	State and Consumer Services, and Housing ¹	Business, Transportation ¹	Corrections and Rehabilitation	Total
2015	45,383	139,958	44,589	24,996	5,552	39,636	60,745	360,859
2016	42,904	146,552	40,943	22,804	5,083	39,050	53,344	350,680
2017	44,844	154,479	41,350	23,880	5,153	38,375	53,662	361,743
2018	44,041	161,842	40,399	21,785	5,327	38,488	56,638	368,520
2019	44,989	164,337	40,761	24,447	5,644	39,670	57,140	376,988
2020	45,028	166,059	41,965	25,410	5,876	40,316	57,812	382,466
2021	45,300	166,799	48,596	26,187	6,008	40,454	57,350	390,694
2022	50,360	169,350	51,137	30,701	7,430	41,444	61,823	412,245
2023	52,052	176,300	50,670	33,210	7,749	42,477	64,828	427,286
2024	53,250	173,452	50,803	34,821	7,877	42,737	62,421	425,360

Source: Annual Governor's Budget Summary, California Department of Finance

Note: The number of full-time equivalent employees is calculated by counting each person who works full time as one full-time equivalent and those who work part time as fractional equivalents based on time worked.

¹ Effective July 1, 2013, under the Governor's 2012 Reorganization Plan No. 2, a significant reorganization took place that impacted previously reported functions. The Government Operations Agency, including but not limited to Franchise Tax Board, Department of General Services, and the Public Employees' Retirement System, was created and added to the General Government function. Also, the business and housing components under the previously reported Business, Transportation, and Housing function merged with the State and Consumer Services function and the remaining transportation components now comprise the Transportation Agency. Information reported under the new functions are not comparable to that of prior years.

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Schedule of Operating Indicators by Function

For the Past Ten Fiscal Years

	2015	2016	2017	2018
General Government				
State Lottery				
Total revenue ¹	\$ 5,525	\$ 6,276	\$ 6,233	\$ 6,966
Allocation to Education Fund ¹	\$ 1,364	\$ 1,563	\$ 1,499	\$ 1,665
Judicial Council of California				
Supreme Court ^{2,9}				
Cases filed	7,871	8,090	7,325	6,825
Cases disposed	7,554	7,953	6,993	6,726
Courts of Appeal ⁹				
Notices of appeal filed ³				
Civil	6,062	5,935	5,975	6,002
Criminal	7,113	6,714	5,593	5,221
Juvenile	3,036	3,025	3,029	3,068
Trial Courts ⁹				
Total civil cases ⁴				
Filings	1,145,892	1,148,205	1,198,076	1,235,568
Dispositions	1,118,443	1,031,105	1,039,092	985,039
Department of Food and Agriculture				
Milk production (million lbs.) ^{5,9}	40,897	40,469	39,798	40,404
Farm land (thousand acres) ⁵	24,900	24,800	24,500	24,300
Education				
Public Colleges and Universities				
Fall enrollment ⁹				
Community Colleges	1,674,652	1,674,798	1,681,195	1,681,514
California State University	474,571	478,638	484,297	481,210
University of California	257,438	270,112	278,996	286,271
K-12 Schools				
Fall enrollment ⁹				
Public	6,235,520	6,226,737	6,228,235	6,220,413
Private	503,295	500,543	490,966	488,854

Sources: California State Lottery; Judicial Council of California; U.S. Department of Agriculture, National Agricultural Statistics Service; California Departments of the California Highway Patrol, Finance, Fish and Wildlife, Education, Public Health, Motor Vehicles, Transportation, Corrections and Rehabilitation; Employment Development Department; California Energy Commission; Franchise Tax Board; California Community Colleges Chancellor's Office; The California State University, and California Department of Education.

Note: This schedule presents data available as of September 2024.

¹ Dollars in millions.

² Includes death penalty cases, habeas corpus related to automatic appeals, petitions for review, original proceedings, and State Bar matters.

³ Includes only one notice of appeal per case.

⁴ Includes personal injury, property damage, wrongful death, small claims, family law, probate, and other cases.

⁵ Data based on calendar year.

⁶ Total nonfarm and farm.

⁷ Data compiled from a 10% sample of California licensed drivers.

⁸ A center-line mile is measured by the yellow dividing strip that runs down the middle of the road, regardless of the number of lanes on each side.

⁹ Some prior years were updated based on more current information.

¹⁰ The amount for fiscal year 2024 is projected.

N/A = Not Available

2019	2020	2021	2022	2023	2024
\$ 7,388	\$ 6,622	\$ 8,418	\$ 8,853	\$ 9,239	\$ 9,275
\$ 1,825	\$ 1,437	\$ 1,863	\$ 2,020	\$ 2,257	\$ 2,221
6,896	6,485	6,542	5,680	5,490	4,944
7,048	6,354	6,314	5,776	5,764	4,825
5,697	5,144	4,769	5,390	5,904	6,316
5,577	6,286	4,546	4,321	6,665	7,952
3,332	2,818	3,223	3,916	3,689	3,504
1,289,017	1,112,225	989,249	1,019,879	1,114,331	886,644
1,110,908	996,977	572,540	602,481	605,058	619,621
40,595	41,311	41,861	41,800	40,902	40,283
24,300	24,300	24,300	24,200	23,800	23,700
1,659,399	1,459,960	1,355,658	1,386,854	1,517,943	1,315,733
481,929	485,550	477,466	457,992	454,640	461,612
285,216	285,862	294,662	294,309	295,573	299,407
6,186,278	6,163,001	6,002,523	5,852,544	5,837,690	5,837,700
495,693	488,984	471,653	498,486	516,571	501,650

(continued)

Schedule of Operating Indicators by Function (continued)

For the Past Ten Fiscal Years

	2015	2016	2017	2018
Health and Human Services				
Department of Public Health				
Vital statistics				
Live births ^{5, 10}	491,789	488,925	471,806	454,244
Department of Social Services				
Calfresh programs households (avg. per month).....	2,102,031	2,130,583	2,032,818	1,979,526
Employment Development Department				
Number of employed ^{5, 6, 9}	16,474,300	16,905,700	17,249,500	17,593,600
Resources				
Department of Fish and Wildlife				
Sport fishing licenses sold ^{5, 9}	2,485,400	2,508,490	2,502,863	2,498,077
Hunting licenses sold ^{5, 9}	2,131,655	2,143,146	2,143,026	2,113,888
California Energy Commission				
Electrical energy generation plus net imports (gigawatt hours) ⁹	295,878	290,797	292,115	285,884
Business, Consumer Services, and Housing				
Franchise Tax Board				
Personal Income Tax ^{5, 9}				
Number of tax returns filed	16,293,947	16,586,622	16,888,470	17,101,753
Taxable income ¹	\$ 1,127,700	\$ 1,159,688	\$ 1,259,819	\$ 1,357,636
Total tax liability ¹	\$ 70,677	\$ 71,558	\$ 79,999	\$ 87,168
Corporation Tax ^{5, 9}				
Number of tax returns filed	865,593	900,358	936,211	974,652
Income reported for taxation ¹	\$ 140,534	\$ 129,452	\$ 127,290	\$ 172,954
Total tax liability ¹	\$ 9,235	\$ 9,276	\$ 8,822	\$ 11,625
Transportation				
California Highway Patrol				
Total number of DUI arrests ⁵	65,016	63,210	58,894	59,708
Department of Motor Vehicles				
Motor vehicle registration ^{5, 9}	34,346,325	34,721,195	35,391,347	35,707,821
License issued by age ^{5, 7, 9}				
Under age 18	221,250	225,569	219,572	213,402
Between 18-80	25,089,910	25,639,270	26,078,773	26,275,559
Over age 80	603,691	619,807	659,530	647,831
Department of Transportation				
Highway center-line miles – rural ^{5, 8, 9}	10,407	10,259	10,259	10,259
Highway center-line miles – urban ^{5, 8, 9}	4,686	4,833	4,833	4,833
Correctional Programs				
Department of Corrections and Rehabilitation				
Division of Adult Institutions				
Institution population at December 31 each year ...	127,815	129,415	130,263	127,709
Division of Juvenile Justice				
Institution population at June 30 each year	681	690	638	629

2019	2020	2021	2022	2023	2024
446,548	448,758	436,883	437,326	435,328	401,222
1,782,500	2,249,323	2,446,529	2,618,623	2,963,047	2,549,135
17,583,000	16,593,800	17,162,300	18,089,000	18,231,700	N/A
2,371,800	2,780,352	2,713,545	2,430,559	2,477,182	2,230,443
2,043,323	2,404,425	2,387,932	2,066,134	2,129,959	1,867,070
278,177	274,254	281,001	288,010	N/A	N/A
17,530,141	18,381,491	17,978,845	17,475,057	N/A	N/A
\$ 1,412,083	\$ 1,519,003	\$ 1,842,709	\$ 1,690,307	N/A	N/A
\$ 90,071	\$ 103,753	\$ 125,851	\$ 97,583	N/A	N/A
1,003,389	1,048,599	1,063,592	1,109,201	N/A	N/A
\$ 191,621	\$ 168,413	\$ 264,189	\$ 255,955	N/A	N/A
\$ 13,861	\$ 15,174	\$ 27,754	\$ 26,430	N/A	N/A
66,059	55,692	60,271	57,244	58,764	N/A
36,423,657	35,820,417	36,229,205	35,656,590	35,727,841	35,983,261
215,084	182,187	205,668	207,465	208,109	N/A
26,439,138	26,063,084	26,560,379	26,763,045	26,802,930	N/A
650,998	624,254	696,062	750,908	754,339	N/A
10,511	10,458	10,430	N/A	N/A	N/A
4,547	4,564	4,597	N/A	N/A	N/A
124,027	95,432	99,729	91,385	94,188	91,358
720	782	677	558	N/A	N/A
				(concluded)	

Schedule of Capital Asset Statistics by Function

For the Past Ten Fiscal Years

	2015	2016	2017	2018
General Government				
Department of Food and Agriculture				
Vehicles and mobile equipment	747	752	677	823
Square footage of structures (in thousands)	455	455	462	384
Department of Justice				
Vehicles and mobile equipment	520	484	511	509
Department of Military				
Vehicles and mobile equipment	211	217	218	261
Square footage of structures (in thousands)	3,977	3,965	3,954	3,770
Department of Veterans Affairs				
Veterans homes	8	8	8	8
Vehicles and mobile equipment	285	235	280	292
Square footage of structures (in thousands)	2,541	2,541	2,552	2,552
Education				
California State University				
Vehicles and mobile equipment	4,619	4,945	4,838	5,216
Campuses	23	23	23	23
Square footage of structures (in thousands)	73,988	75,292	75,786	76,227
Health and Human Services				
Department of Developmental Services				
Vehicles and mobile equipment	571	640	559	616
Developmental centers	3	3	3	3
Square footage of structures (in thousands)	4,699	3,664	3,664	3,595
Department of State Hospitals				
Vehicles and mobile equipment	752	678	674	728
State hospitals	7	8	5	5
Square footage of structures (in thousands)	6,445	6,445	5,944	5,944

Source: California Department of General Services (DGS).

Note: This schedule presents data available as of June 2024.

2019	2020	2021	2022	2023	2024
633	780	752	672	672	639
384	384	394	394	394	394
495	485	549	536	536	503
221	241	212	212	212	222
3,268	3,254	3,253	3,217	3,191	3,168
8	8	8	8	8	8
247	276	279	278	278	282
2,536	2,541	2,541	2,541	2,524	2,524
5,246	5,397	5,447	5,434	5,467	5,569
23	23	23	23	23	23
76,969	78,447	79,572	80,271	81,973	83,383
600	490	418	392	392	340
2	2	2	2	2	2
3,578	2,321	2,321	2,321	2,321	2,321
820	969	900	973	973	924
5	5	5	5	5	5
6,425	6,433	6,478	6,485	6,485	6,888

(continued)

Schedule of Capital Asset Statistics by Function (continued)

For the Past Ten Fiscal Years

	2015	2016	2017	2018
Resources				
Department of Fish and Wildlife				
Vehicles and mobile equipment	2,954	3,104	3,126	2,970
Square footage of structures (in thousands)	1,311	1,297	1,322	1,322
Department of Forestry and Fire Protection				
Vehicles and mobile equipment	2,748	3,151	3,073	3,115
Square footage of structures (in thousands)	3,664	3,666	3,677	3,640
Department of Parks and Recreation				
Vehicles and mobile equipment	3,489	3,538	3,542	3,804
State Parks	280	280	280	280
Acres of state park land (in thousands)	1,605	1,605	1,617	1,619
Square footage of structures (in thousands)	6,761	6,790	7,363	7,360
State Lands Commission				
Vehicles and mobile equipment	41	41	43	48
Acres of land (in thousands)	4,482	4,480	4,480	4,480
Business, Consumer Services, and Housing				
Department of Consumer Affairs				
Vehicles and mobile equipment	554	588	596	600
Department of General Services				
Vehicles and mobile equipment	5,053	4,697	4,476	4,465
Square footage of structures (in thousands)	19,448	19,311	19,487	19,565
Transportation				
California Highway Patrol				
Vehicles and mobile equipment	5,170	5,167	5,336	4,912
Square footage of structures (in thousands)	1,169	1,211	1,191	1,182
Department of Motor Vehicles				
Vehicles and mobile equipment	295	287	276	283
Square footage of structures (in thousands)	1,786	1,780	1,777	1,785
Department of Transportation				
Vehicles and mobile equipment	11,596	11,776	11,585	11,494
Square footage of structures (in thousands)	7,965	7,968	7,960	7,933
Correctional Programs				
Department of Corrections and Rehabilitation				
Vehicles and mobile equipment	5,968	5,291	8,079	7,571
Prisons and juvenile facilities	39	39	40	39
Square footage of structures (in thousands)	40,590	40,485	42,198	42,209

2019	2020	2021	2022	2023	2024
3,266	3,334	3,392	3,167	3,167	3,187
1,333	1,333	1,333	1,334	1,333	1,314
3,144	3,090	3,681	3,608	3,608	3,745
3,626	3,654	3,765	3,762	3,775	3,747
3,571	3,794	3,835	3,878	3,878	3,947
280	280	279	280	280	280
1,618	1,641	1,360	1,643	1,643	1,642
7,544	7,554	7,558	7,429	7,224	7,316
42	43	44	43	43	40
4,480	4,480	4,480	4,480	4,480	4,480
622	671	614	612	612	590
4,552	4,664	4,838	4,838	4,876	4,440
19,490	20,267	20,285	22,017	22,031	23,565
4,946	4,807	5,656	5,362	5,362	5,654
1,199	1,301	1,302	1,308	1,308	1,292
266	314	308	314	314	321
1,785	1,785	1,785	1,785	1,785	1,812
11,483	11,449	11,416	11,303	11,303	11,957
8,074	8,096	8,365	8,402	8,783	8,998
7,139	7,312	7,632	8,356	8,356	8,098
39	39	38	37	33	31
42,605	42,936	42,932	42,932	42,940	42,603

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