

State of California

# Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025



**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

May 12, 2026

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

As California’s Chief Fiscal Officer, I am pleased to submit the State of California’s Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. The State Controller’s Office (SCO) is tasked with ensuring the accurate accounting of California’s finances. For more than three years, the SCO has dedicated significant time and resources toward returning the ACFR publication to its Spring target date which, until now, was last achieved in 2018. Timely publication of the fiscal year 24-25 ACFR is the capstone of ongoing engagement with reporting entities, increased efficiencies through leveraging technology, and accelerated key milestones that historically delayed publication.

This year’s report was accelerated to completion just eight months after the previous ACFR – the fastest turnaround time on record. In addition, as a result of ongoing efforts to improve accuracy of financial reporting, I am proud to report that for the first time since 2019, the State has received an unmodified auditor’s opinion, meaning the financial statements are fairly presented and are reliable. This ACFR demonstrates that California is making measurable progress in financial accountability and reporting—reducing delays, resolving repeat findings, and restoring timely audited financial reporting for the fourth largest economy in the world.

This report meets the requirements of Government Code section 12460 for an annual report prepared in accordance with Generally Accepted Accounting Principles (GAAP) and contains information to help readers gain a reasonable understanding of California’s financial activities and condition. The ACFR provides a detailed and transparent account of the State’s long-term obligations, capital assets, revenues, expenditures, and overall fiscal performance. As a resource, it reflects California’s strong financial stewardship, reliable accounting, and financial transparency.

Our unprecedented “Team California” partnership was essential to the production of a financial report of this magnitude. The “Team California” partners included the Governor and his administration – in particular the Department of Finance, the state agencies and departments, and the Legislature who collaborated to meet the requirements of an audit performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) as conducted by the California State Auditor’s Office. To illustrate the scale of the State’s financial reporting structure and the noteworthy accomplishment of this year’s financial statements, the numbers below reflect the enormity of the fiscal year 2024-25 ACFR.

- \$595.5 billion in revenues reported by the primary government and component units
- \$582.5 billion in expenses reported by the primary government and component units
- \$1.2 trillion in fiduciary assets held in trust by the State of California
- 201 state agencies, departments, boards, and commissions

- 1,780 fund financial statement packages from departments
- 37 independent audit reports including the University of California, the California State University, California Public Employees Retirement System, and California State Teachers Retirement System.
- 13,650 journal entry lines

While there is no statutory deadline for publishing the ACFR, its timely and accurate completion satisfies several compliance requirements for the State and provides numerous benefits to California residents, taxpayers, creditors, and bondholders. Credit rating agencies closely evaluate the timeliness and quality of a government's financial reporting when assessing creditworthiness, and a higher credit rating directly benefits taxpayers by lowering the State's cost of borrowing for major infrastructure projects. If long-term interest costs are reduced, the State of California may direct more taxpayer dollars toward essential services, capital improvements, and long-term community investments rather than servicing debt.

Our progress does not stop here. In addition to an accurate and on-time ACFR, my office has launched several initiatives that are transforming the future of California's financial management and transparency with intentionality. These efforts include the following initiatives:

- **Book of Record Migration into FISCAL** – Migrating the State's accounting and reporting book of record from an aging legacy mainframe system to the Financial Information System for California (FISCAL).
- **Modernizing California's State Payroll System** – Modernizing California's payroll system from an aging legacy mainframe core human resources and payroll system to an integrated solution for the State of California.
- **Chief Financial Officer Academy** – Launching recurring financial forums later this calendar year and an annual Chief Financial Officer Public Finance Academy in the future. These forums and academy will shape the future of financial reporting in the State of California and aim to provide critical finance related education and updates, highlight emerging trends, deliver targeted training, and promote leading practices across the State government enterprise. This convening of senior finance leaders and industry experts to explore innovations and shape the future of public finance in California is similar to the State's successful Chief Information Officer Academy.

In closing, I would like to acknowledge "Team California" for every action taken and investment made in this milestone achievement. First, to the Governor and Legislature, thank you for ensuring that the SCO had the resources needed to return to accurate and on-time reporting. Second, to the Department of Finance, our 201 state agencies and departments, and our independent California State Auditor, thank you for fulfilling your respective roles in achieving this ACFR publication. And lastly, to the SCO State Accounting and Reporting team, thank you for your dedication and unwavering commitment to producing this complex financial report and realizing our goal of returning to accurate and timely ACFR reporting.

We continue to move California forward through fiscal oversight and transparency!

Sincerely,

*Original signed by*

Malia M. Cohen

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

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# STATE OF CALIFORNIA Annual Comprehensive Financial Report

For the Fiscal Year Ended  
June 30, 2025



*Prepared by the office of*

**MALIA M. COHEN**  
California State Controller

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# Introductory Section

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# Report Overview

## General Overview

The State's management assumes responsibility for the accuracy, completeness, and fairness of information presented in the Annual Comprehensive Financial Report (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 an unmodified opinion on the State's basic financial statements for the year ended June 30, 2025, 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.

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, 2025, and its economic performance as of December 31, 2025, for the year ending June 30, 2026. 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 2025, 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 13.8% of the U.S. Gross Domestic Product (GDP) in 2025 and at the end of the year kept the rank of the fourth largest in the world (in terms of GDP). Sectors of California's diverse economy include technology, trade, entertainment, manufacturing, agriculture, government, tourism, construction, education, and healthcare and services. Significant recent growth within the technology sector is due to investments and spending related to artificial intelligence, which has supported both economic activity and state revenue. California's GDP totaled \$4.2 trillion at fiscal year-end, representing a 3.3% increase during the fiscal year, which was less than the United States' GDP increase of 5.1%. In 2025, California exported \$188.4 billion in goods to approximately 227 foreign economies, a 2.78 % increase from the 2024 total of \$183.3 billion in exported goods. Despite uncertainty around the 2025 tariffs, California remained a top exporting state through the end of the year, accounting for roughly 9.1% of all U.S. goods exports and maintaining its rank as the second-largest exporting state in the nation. Conditions in the labor market showed slight weakening, as California's unemployment rate rose to 5.4% by June 2025. The state added 98,000 non-farm jobs overall; private education and health services added a combined 160,000 jobs, while several other job categories declined. The housing market faced persistent challenges from high home prices and elevated mortgage rates, which averaged 6.82% in June 2025. Personal income for Californians increased by 5.5%, exceeding the national growth rate of 5.1%. Consumer trends were mixed, but new vehicle registration surged by 6.6% in the first half of 2025 as buyers rushed to purchase vehicles before the anticipated tariff-related price increases took effect. Wildfires in the Los Angeles region in January 2025 caused major economic disruption, with an unprecedented economic loss of more than \$250.0 billion and destruction of an estimated 16,000 structures. Despite long-term income growth, the ongoing inflationary pressures and uncertainty regarding federal trade and immigration policies continue to pose significant risks to the State's economy.

## Budget Outlook

### Fiscal Year 2025-26

The State's enacted fiscal year 2025-26 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 2024-25. Enacted in June 2025, the California 2025-26 Budget Act authorized \$321.1 billion in total appropriations, allocating \$228.4 billion to the General Fund. While General Fund expenditures were initially budgeted to decrease by 2.2% from previous year, the State faced significant fiscal challenges that required immediate corrective actions to maintain a balanced fiscal plan. The General Fund shortfall of \$11.8 billion was driven by implementation of broad-based federal tariffs and a substantial spending increase in Medi-Cal programs. 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. The State implemented \$2.8 billion in spending reductions, such as cuts to health care center payments and pharmacy drug rebates. Additional solutions included \$7.8 billion in new revenue sources and borrowing and a \$7.1 billion drawdown from the Budget Stabilization Account (BSA), also known as the "Rainy Day Fund."

### Fiscal Year 2026-27

The Governor's Budget for the 2026-27 year, released in January 2026, reflects a significantly improved revenue outlook compared to previous estimates, though it remains tempered by a projected shortfall and substantial long-term risks.

General Fund revenues are anticipated to be \$227.4 billion after transfers. This represents a decrease of \$7.8 billion (3.3%) from the revised 2025-26 estimates, primarily due to changes in BSA transfers and a decline in other revenue sources. Despite an overall decline in General Fund revenues, personal income taxes are projected to increase by \$4.4 billion and corporate taxes by \$1.8 billion. General Fund expenditures are budgeted at \$248.3 billion, an increase of \$10.7 billion or 4.5% over the revised 2025-26 levels.

The State identified a General Fund budget shortfall of approximately \$2.9 billion prior to implementing fiscal solutions. To achieve a balanced budget for 2026-27, the Governor's Budget focuses on the continued implementation of previously approved investments rather than introducing significant new spending, retaining a discretionary reserve of \$4.5 billion, and managing the shortfall through reserve-related actions and adjustments. The Budget plans to maintain \$23.0 billion in total budgetary reserves, including \$14.4 billion in the BSA, \$4.5 billion in the operating reserve, and \$4.1 billion in the Public School System Stabilization Account.

Revenues for the three-year period 2024-25 through 2026-27 are projected to be \$42.0 billion higher than estimated in the 2025 Budget Act; the increase is driven largely by the technology sector and artificial intelligence. The reliance on tax revenues from artificial intelligence-related technology stock earnings poses a risk, however, as historical trends suggest that such revenue gains may not be sustained indefinitely. Additional risks include federal policy uncertainty regarding tariffs, immigration, and inflation.

## Long-term Financial Planning

California's long-term financial planning is focused on managing structural deficits, volatile revenue streams, and massive unfunded liabilities, while maintaining a robust reserve system to buffer against future economic shocks. The State's long-term financial outlook and planning include the following implementation issues and measures:

- While the State achieved a balanced budget for the 2026-27 fiscal year, the outlook for future years is concerning. The Governor's Budget projects a significant General Fund deficit of approximately \$22.0 billion for the 2027-28 fiscal year, with shortfalls expected to continue in the subsequent two years. Consequently, long-term planning currently focuses on curbing new spending and prioritizing the implementation of previously approved investments to provide long-term stability for critical programs.
- The State will focus on the management of long-term liabilities. At the end of fiscal year 2024-25, the State had a positive \$19.4 billion total net position, and the unrestricted net position stood at negative \$196.5 billion. The unrestricted net position deficit was primarily driven by unfunded employee obligations, which stood at approximately \$176.5 billion, or 89.8% of the unrestricted net position, consisting of long-term liabilities for pensions, other post-employment benefits, and compensated absences. These are recognized as obligations now, even though payments will occur over many future years. The State carries \$64.4 billion in bonded debt used to build capital assets for local school districts and other local governmental entities. Because the State does not own these assets, the debt reduces the State's net position without an offsetting asset. The State will continue to experience a deficit in its unrestricted net position as long as these unfunded obligations and local government-related debts remain outstanding. The Governor's proposed budget includes spending \$11.8 billion over the next four years (including \$3.0 billion in 2026-27) to pay down state pension liabilities.
- The State's long-term planning process aims to address the challenges of revenue sustainability and volatility. A substantial portion of recent revenue gains is attributable to the small number of technology companies involved in artificial intelligence; however, these gains may not be sustained indefinitely, and a downturn in technology stock prices poses a major risk to future General Fund revenues.
- The Consumer Price Index grew by 3.3% through the third quarter of 2025. During the same period, personal income growth for Californians was more robust, increasing by 5.5%. The uncertainty around federal policy regarding tariffs poses a risk to consumer prices and overall economic demand.
- California's minimum wage rose to \$16.50 per hour on January 1, 2025. While the increase in wages supports lower-income workers, it may contribute to higher labor costs for employers, particularly in sectors with high minimum-wage employment.
- The 2026-27 Governor's Budget continues to allocate significant funding to support climate change resilience, and to protect natural resources and the environment from climate related threats. California continues to face the risk of catastrophic wildfires that threaten communities, landscapes, and ecosystems across the state. The State is making progress—data collected by California Department of Forestry and Fire Protection indicates that more than 80% of fuel reduction projects analyzed have positively changed fire behavior, assisted in fire suppression efforts, or both.

## 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

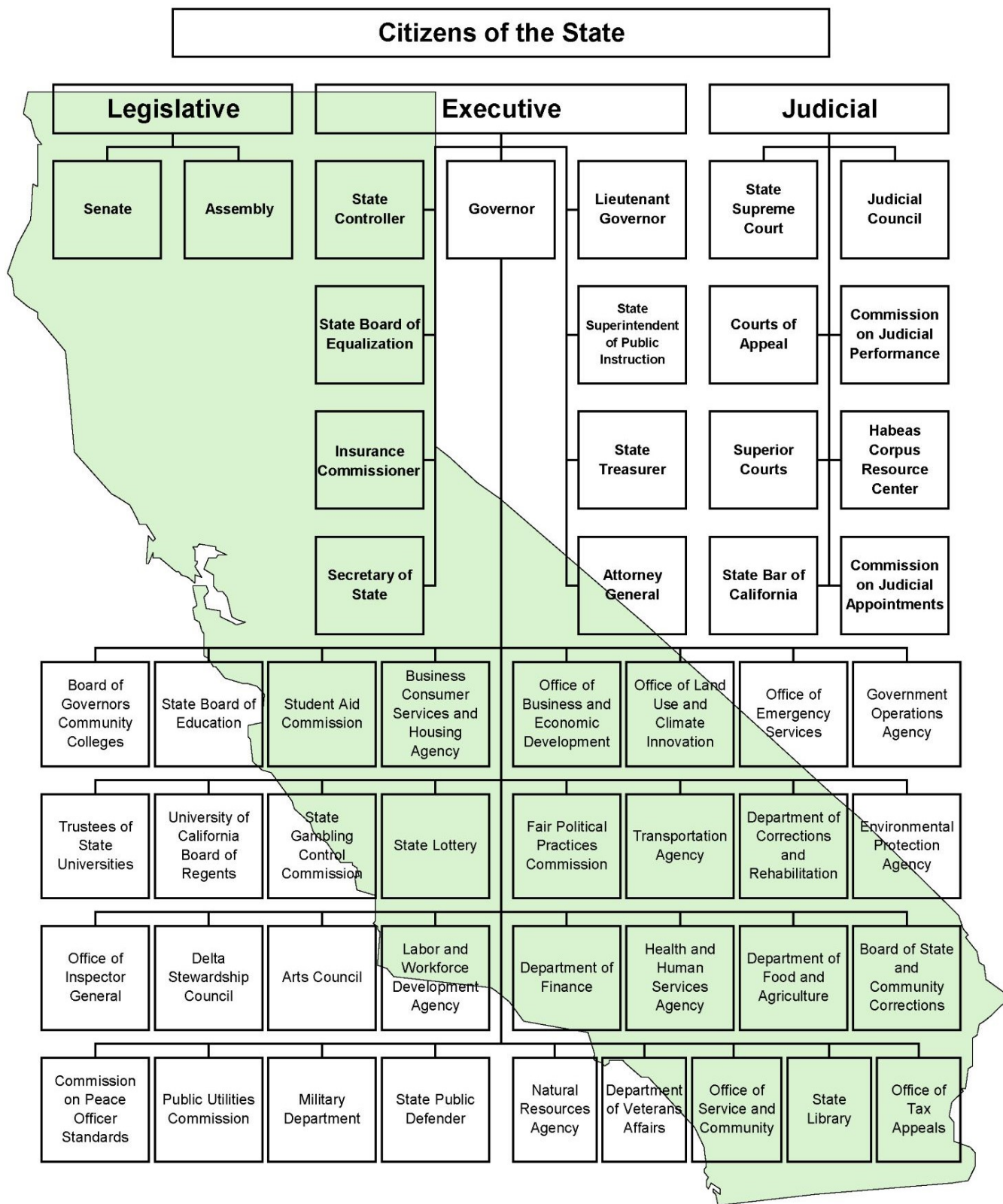
Monique Limón  
President pro Tempore, Senate

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

### **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, and the aggregate remaining fund information of the State of California, as of and for the year ended June 30, 2025, 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.

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of California, as of June 30, 2025, 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 84 percent of the assets and deferred outflows, and 52 percent of the revenues of the business-type activities.
- The University of California and the California Housing Finance Agency that represent 91 percent of the assets and deferred outflows, and 94 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 Building 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 50 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 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 Building Construction fund, the State Lottery fund, and the Campus Foundations of the University of California, which represents 14 percent of university's total assets and deferred outflows, and 5 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 unmodified audit opinions.

### **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 will issue a separate report 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

May 5, 2026

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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, 2025. 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

California continued its trend of gradual but steady economic expansion during fiscal year 2024-25, driven by growth in the technology, entertainment, agriculture, and manufacturing industry segments, as the state surpassed Japan to become the fourth largest economy in the world. Revenue growth for the State's primary government was also stimulated by an unexpected surge in financial markets in fiscal year 2024-25, characterized by back-to-back years of double-digit gains for the S&P 500 in spite of high interest rates and global geopolitical volatility. General revenues, comprised primarily of taxes, increased by \$28.6 billion (12.0%), compared to an increase of \$10.9 billion (4.8%) recorded for fiscal year 2023-24. This tax revenue increase was attributable to California's rebounding job market, stock market growth fueling capital gains, and aggressive changes in tax policy. The State's managed care organization (MCO) enrollment tax, intended to generate funding to support Medi-Cal programs, increased by \$2.2 billion, which also contributed to the increase in general revenues. As of June 30, 2025, the Budget Stabilization Account, California's "Rainy Day Fund," held reserves of \$18.3 billion, and accounted for a significant portion of the State's \$22.2 billion in total budgetary reserves. Expenses and transfers for the State's governmental activities increased by \$38.7 billion (8.8%), and were less than total revenues received, resulting in a \$3.5 billion increase in the governmental activities' net position, as restated. Total expenses for the State's business-type activities were less than total revenues and transfers, resulting in a \$1.3 billion increase in the business-type activities' net position, as restated, for fiscal year 2024-25.

For fiscal year 2024-25, the State implemented GASB Statement No. 101, *Compensated Absences*, which is intended to update the recognition and measurement guidance for compensated absences under a unified model. As a result of the implementation, the primary government's statement of net position had a decrease of \$1.4 billion for governmental activities. Additionally, the State implemented GASB Statement No. 102, *Certain Risk Disclosures*, to provide users of financial statements with essential information about risks related to vulnerabilities due to certain concentrations or constraints. Implementation of GASB Statement No. 102 resulted in no changes to the ACFR. See Note 2 for additional details related to accounting changes and error corrections.

*Net Position* – The primary government ended fiscal year 2024-25 with a net position of \$19.4 billion, an increase of \$4.8 billion (32.9%) from the previous year, as restated. The total net position is reduced by \$141.3 billion for net investment in capital assets and by \$74.6 billion for restricted net position, yielding a negative unrestricted net position of \$196.5 billion. Restricted net position is dedicated for specified uses and is not available to fund current activities. Approximately 89.8%, or \$176.5 billion, of the negative \$196.5 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 \$64.4 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, 2025, the primary government's governmental funds reported a combined ending fund balance of \$122.1 billion, a decrease of \$2.5 billion from the prior fiscal year fund balance, as restated. The unrestricted fund balance, comprised of committed, assigned, and unassigned balances, was \$55.0 billion, an increase of \$3.6 billion over the prior year unrestricted fund balance of \$51.4 billion. The nonspendable and restricted fund balances were \$3.4 billion and \$63.7 billion, respectively.

*Proprietary Funds* – As of June 30, 2025, the primary government's proprietary funds reported a combined ending deficit net position of \$19.6 billion, an increase of \$1.5 billion from the prior fiscal year, as restated. The total net position is reduced by \$4.6 billion for net investment in capital assets, expendable restrictions of \$10.9 billion, and nonexpendable restrictions of \$2 million, yielding a negative unrestricted net position of \$35.1 billion.

## Noncurrent Assets and Liabilities

As of June 30, 2025, the primary government's noncurrent assets totaled \$211.2 billion, of which \$184.2 billion is related to capital assets. State highway infrastructure assets of \$86.5 billion represent the largest portion of the State's capital assets, while buildings and other depreciable property are the second largest portion at \$64.8 billion.

The primary government's noncurrent liabilities totaled \$302.4 billion, consisting of \$176.5 billion in unfunded employee-related future obligations, \$76.1 billion in general obligation bonds, \$30.8 billion in revenue bonds, and \$19.0 billion in other noncurrent liabilities. During fiscal year 2024-25, the primary government's noncurrent liabilities decreased by \$3.2 billion (1.0%) from the previously reported noncurrent liabilities. The net decrease in noncurrent liabilities is primarily driven by a decrease of \$10.7 billion in net pension liability, offset by an increase of \$6.1 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 K–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 capital 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 \$4.8 billion (32.9%), from \$14.6 billion, as restated, to \$19.4 billion at June 30, 2025. The fiscal year 2024-25 beginning balance restatements were mainly due to the implementation of GASB Statement No. 101, *Compensated Absences*, which resulted in a decrease of \$1.4 billion to the primary government's beginning net position. More information concerning the implementation of GASB Statement No. 101 can be found in Note 2.

The primary government's \$141.3 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 \$74.6 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, 2025, the primary government's combined unrestricted deficit net position was \$196.5 billion—\$163.2 billion for governmental activities and \$33.3 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, 2025 and 2024

(amounts in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>ASSETS</b>						
Current and other assets .....	\$ 259,774	\$ 245,935	\$ 33,157	\$ 30,446	\$ 292,931	\$ 276,381
Capital assets .....	164,870	159,526	19,339	18,270	184,209	177,796
<b>Total assets .....</b>	<b>424,644</b>	<b>405,461</b>	<b>52,496</b>	<b>48,716</b>	<b>477,140</b>	<b>454,177</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
.....	34,664	41,663	5,318	6,281	39,982	47,944
<b>Total assets and deferred outflows of resources .....</b>	<b>\$ 459,308</b>	<b>\$ 447,124</b>	<b>\$ 57,814</b>	<b>\$ 54,997</b>	<b>\$ 517,122</b>	<b>\$ 502,121</b>
<b>LIABILITIES</b>						
Noncurrent liabilities .....	\$ 258,367	\$ 262,718	\$ 43,988	\$ 42,869	\$ 302,355	\$ 305,587
Other liabilities .....	143,240	124,821	25,959	24,578	169,199	149,399
<b>Total liabilities .....</b>	<b>401,607</b>	<b>387,539</b>	<b>69,947</b>	<b>67,447</b>	<b>471,554</b>	<b>454,986</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
.....	19,840	25,150	6,341	7,341	26,181	32,491
<b>Total liabilities and deferred inflows of resources .....</b>	<b>421,447</b>	<b>412,689</b>	<b>76,288</b>	<b>74,788</b>	<b>497,735</b>	<b>487,477</b>
<b>NET POSITION</b>						
Net investment in capital assets .....	137,256	134,089	4,015	3,867	141,271	137,956
Restricted .....	63,849	68,517	10,726	8,631	74,575	77,148
Unrestricted .....	(163,244)	(168,171)	(33,215)	(32,289)	(196,459)	(200,460)
<b>Total net position (deficit) .....</b>	<b>37,861</b>	<b>34,435</b>	<b>(18,474)</b>	<b>(19,791)</b>	<b>19,387</b>	<b>14,644</b>
<b>Total liabilities, deferred inflows of resources, and net position .....</b>	<b>\$ 459,308</b>	<b>\$ 447,124</b>	<b>\$ 57,814</b>	<b>\$ 54,997</b>	<b>\$ 517,122</b>	<b>\$ 502,121</b>

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, 2025, the primary government recognized \$176.5 billion (89.8% of the negative \$196.5 billion unrestricted net position) in unfunded employee-related obligations—net pension liability, net other post employment benefits liability and compensated absences. In addition, the primary government recognized \$64.4 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.

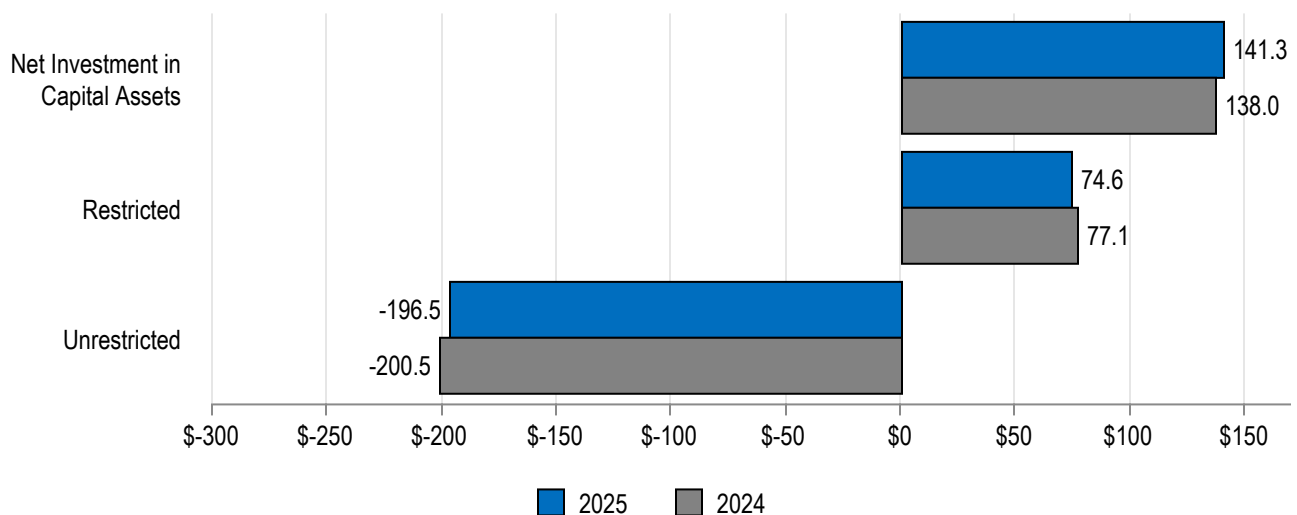
Chart 1 presents a two-year comparison of the State’s net position.

**Chart 1**

**Net Position – Primary Government – Two-year Comparison**

June 30, 2025 and 2024

(amounts in billions)



**Changes in Net Position**

The expenses of the primary government totaled \$520.0 billion for the fiscal year ended June 30, 2025. Of this amount, \$257.6 billion (49.5%) was funded with program revenues (charges for services or program-specific grants and contributions), leaving \$262.4 billion to be funded with general revenues (mainly taxes). The primary government’s general revenues of \$267.2 billion were greater than the unfunded expenses. As a result, the total net position, as restated, increased by \$4.8 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, 2025 and 2024

(amounts in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>REVENUES</b>						
Program Revenues:						
Charges for services .....	\$ 48,155	\$ 45,618	\$ 37,424	\$ 31,625	\$ 85,579	\$ 77,243
Operating grants and contributions .....	165,058	161,736	3,703	3,326	168,761	165,062
Capital grants and contributions .....	3,223	2,699	1	—	3,224	2,699
General Revenues:						
Taxes .....	262,959	234,506	—	—	262,959	234,505
Investment and interest .....	3,290	3,286	—	—	3,290	3,286
Miscellaneous .....	970	848	—	—	970	848
<b>Total revenues .....</b>	<b>483,655</b>	<b>448,692</b>	<b>41,128</b>	<b>34,951</b>	<b>524,783</b>	<b>483,643</b>
<b>EXPENSES</b>						
Program Expenses:						
General government .....	27,780	30,365	—	—	27,780	30,365
Education .....	111,485	104,989	—	—	111,485	104,989
Health and human services .....	267,964	239,313	—	—	267,964	239,312
Natural resources and environmental protection .....	17,002	15,844	—	—	17,002	15,844
Business, consumer services, and housing .....	4,677	4,588	—	—	4,677	4,588
Transportation .....	24,890	22,097	—	—	24,890	22,097
Corrections and rehabilitation .....	17,182	16,282	—	—	17,182	16,282
Interest on long-term debt .....	3,825	3,780	—	—	3,825	3,780
Water Resources .....	—	—	1,558	1,624	1,558	1,624
State Lottery .....	—	—	8,997	9,362	8,997	9,362
Unemployment Programs .....	—	—	21,371	18,212	21,371	18,212
California State University .....	—	—	12,923	11,868	12,923	11,868
Other enterprise programs .....	—	—	326	273	326	273
<b>Total expenses .....</b>	<b>474,805</b>	<b>437,257</b>	<b>45,175</b>	<b>41,339</b>	<b>519,980</b>	<b>478,596</b>
<b>Excess (deficiency) before transfers .....</b>	<b>8,850</b>	<b>11,435</b>	<b>(4,047)</b>	<b>(6,388)</b>	<b>4,803</b>	<b>5,047</b>
Gain/loss on early extinguishment of Transfers .....	—	(4)	—	—	—	(3)
Change in net position .....	3,500	7,167	1,303	(2,123)	4,803	5,044
<b>Net position (deficit), beginning, as previously reported .....</b>	<b>34,435</b>	<b>(20,276)</b>	<b>(19,791)</b>	<b>(17,668)</b>	<b>14,644</b>	<b>(37,944)</b>
Error corrections .....	1,368	47,544	—	—	1,368	47,544
Change within financial reporting entity .....	(27)	—	—	—	(27)	—
Changes in accounting principle .....	(1,415)	—	14	—	(1,401)	—
<b>Net position (deficit), beginning, as restated .....</b>	<b>34,361</b>	<b>27,268</b>	<b>(19,777)</b>	<b>(17,668)</b>	<b>14,584</b>	<b>9,600</b>
<b>Net position (deficit), ending .....</b>	<b>\$ 37,861</b>	<b>\$ 34,435</b>	<b>\$ (18,474)</b>	<b>\$ (19,791)</b>	<b>\$ 19,387</b>	<b>\$ 14,644</b>

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 2024-25, governmental activities' expenses and transfers totaled \$480.2 billion. Program revenues totaling \$216.5 billion, including \$168.3 billion in federal grants and contributions, funded 45.1% of expenses and transfers, leaving \$263.7 billion to be funded with general revenues (mainly taxes). General revenues for governmental activities of \$267.2 billion exceeded net unfunded expenses and transfers by \$3.5 billion, resulting in the governmental activities' net position of \$37.9 billion after restatement, as of June 30, 2025, an increase from the prior year's restated net position of \$34.4 billion.

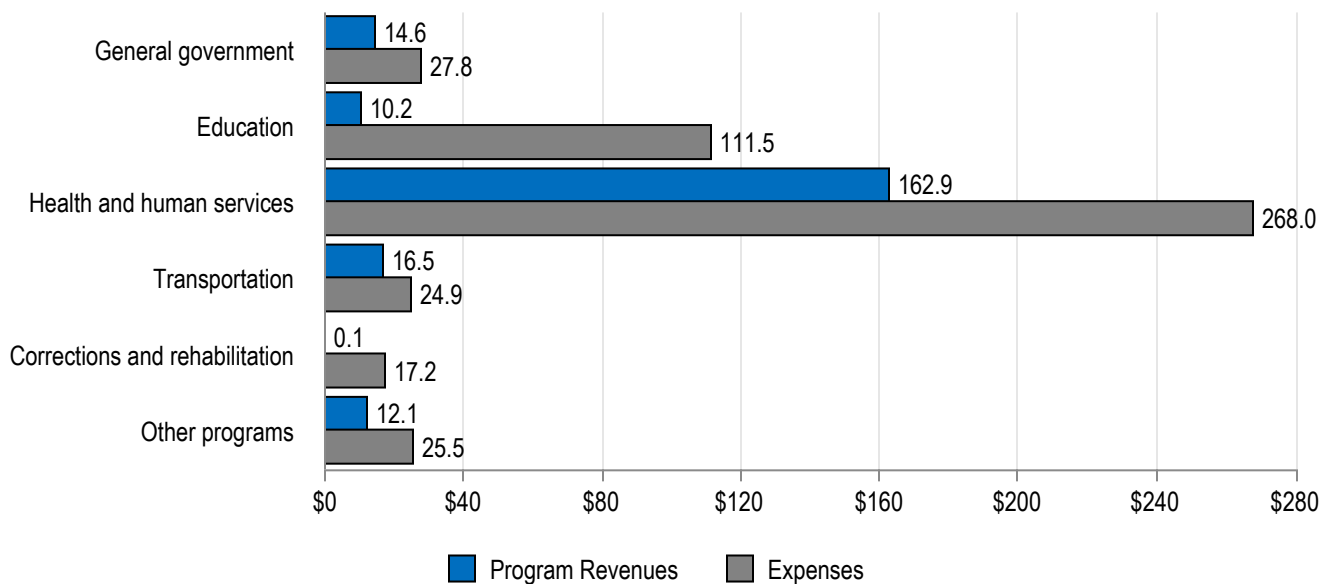
Chart 2 presents a comparison of governmental activities' expenses to related revenue by program.

**Chart 2**

### Program Revenues and Expenses – Governmental Activities

Year ended June 30, 2025

(amounts in billions)



For the fiscal year ended June 30, 2025, total governmental activities' revenue was \$483.7 billion, an increase of 7.8% from the prior year. General revenues increased by \$28.6 billion (12.0%), to \$267.2 billion, and program revenues increased by \$6.4 billion (3.0%), to \$216.5 billion. Personal income taxes increased by \$20.6 billion (17.7%) from the prior year in fiscal year 2024-25, primarily driven by sustained growth in AI in the technology sector, supporting elevated stock market performance and increased wage and bonus income. Corporation taxes rose by \$4.8 billion (12.8%) over the prior year due to aggressive state tax policy changes, including limitations in the use of business tax credits and suspension of net operating loss deductions. Sales and use taxes increased by \$392 million (0.7%) from the prior year. Additionally, the State's managed (MCO) tax contributed a \$2.2 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.

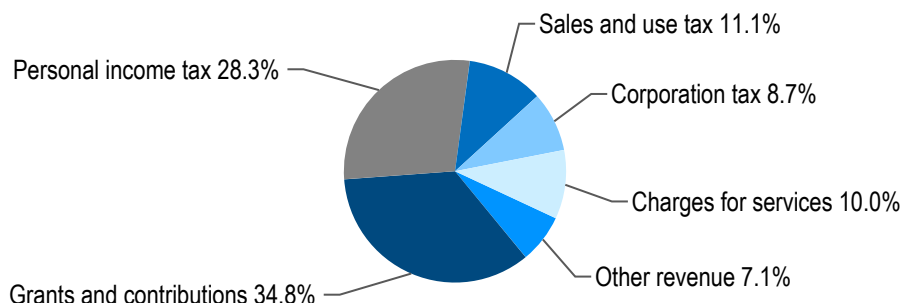
**Chart 3**

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**Revenues by Source**

Year ended June 30, 2025  
(as a percent)

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Overall, expenses for governmental activities increased by \$37.5 billion (8.6%) from the prior year, to \$474.8 billion. The largest increase in expenditures, \$28.7 billion (12.0%), occurred in health and human services due to expansion of the Medi-Cal program. Another notable increase in expenditures included \$6.5 billion (6.2%) in education.

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

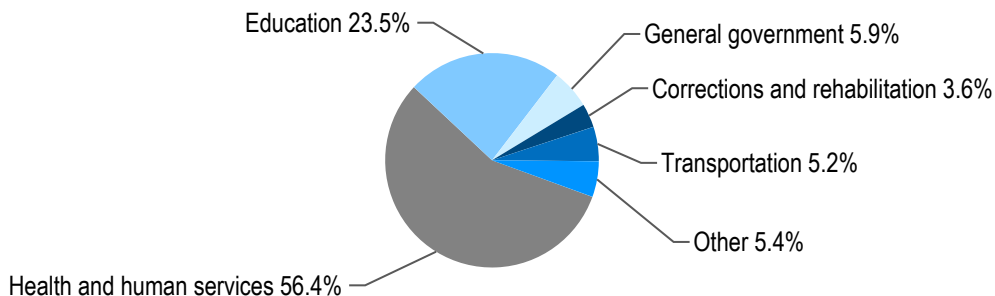
**Chart 4**

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**Expenses by Program**

Year ended June 30, 2025  
(as a percent)

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**Business-type Activities**

As of June 30, 2025, business-type activities' expenses totaled \$45.2 billion. Program revenues of \$41.1 billion, primarily generated from charges for services, and \$5.4 billion in transfers, were sufficient to cover these expenses. As a result, the restated business-type activities' net position increased from a deficit of \$19.8 billion, to a deficit of \$18.5 billion at June 30, 2025, an increase of \$1.3 billion.

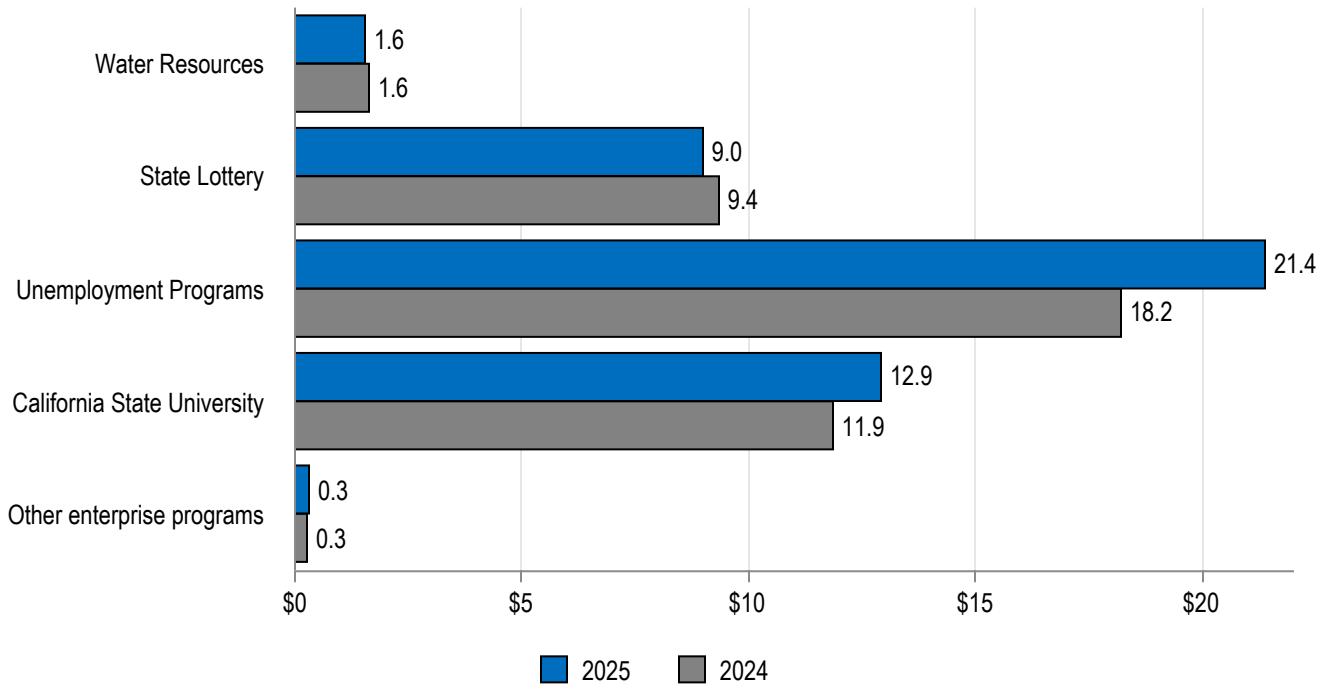
Chart 5 presents a two-year comparison of the expenses of the State's business-type activities.

**Chart 5**

**Expenses – Business-type Activities – Two-year Comparison**

Years ended June 30, 2025 and 2024

(amounts in billions)



## Fund Financial Analysis

The financial position of the State's governmental funds declined in fiscal year 2024-25, with a combined fund balance decrease of \$2.5 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 as a result of strong stock-market growth. Governmental funds also received a boost in revenue during fiscal year 2024-25 due to an increase of \$2.2 billion in managed care organization enrollment taxes, which was implemented in the fiscal year 2022-23 to address increasing costs related to the Medi-Cal program. Health and human services expenditures, consisting primarily of Medi-Cal, increased by \$28.1 billion (11.7%); this increase contributed largely to the decrease in the fund balance. The proprietary funds' total net position increased by \$1.5 billion during fiscal year 2024-25; the increase was comprised of a \$1.3 billion net position increase for enterprise funds, as well as a \$196 million increase for internal service funds. The increase in the enterprise funds' net position includes a net position increase of \$367 million in the California State University Fund to a deficit balance of \$13.9 billion, a net position increase of \$302 million in the Unemployment Programs Fund to a deficit balance of \$14.3 billion, and a net position increase of \$602 million in the nonmajor enterprise funds to a balance of \$8.7 billion. The deficit net position in Unemployment Programs reflects excessive advances from the federal government during the pandemic to sustain unemployment insurance benefits, pursuant to Title XII of the Social Security Act. The advance of federal funds was necessary due to the State's rising unemployment costs, outdated tax system, and failure to build adequate unemployment program reserves during periods of economic growth. As of June 30, 2025, the State's advances had been outstanding for more than two years, resulting in a reduction of 1.2% of the amount of Federal Unemployment Tax Act (FUTA) credits California employers could claim on their tax returns. These credit reductions will be applied to the State's outstanding advances until they are paid off.

### Governmental Funds

As of June 30, 2025, the governmental funds' balance sheet reported \$275.0 billion in assets, \$152.9 billion in liabilities and deferred inflows of resources, and fund balances totaling \$122.1 billion. Total assets of governmental funds increased by 2.7%, while total liabilities and deferred inflows of resources increased by 6.0%, which yielded a net fund balance decrease of \$2.5 billion.

Within the governmental funds' total fund balance, \$3.4 billion is classified as nonspendable, as this amount consists of long-term interfund receivables, loans receivable, and legal or contractual requirements. Another \$63.7 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, \$22.4 billion of the total fund balance is classified as committed for specific purposes and \$29.5 billion is classified as assigned for specific purposes. The remaining unassigned balance of the governmental funds is \$3.1 billion — \$517 million 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 \$482.5 billion in revenues, \$488.3 billion in expenditures, and \$3.3 billion in net proceeds from other financing sources. The ending fund balance of the governmental funds for the fiscal year ended June 30, 2025, was \$122.1 billion, a \$2.5 billion decrease from the prior year's restated ending fund balance of \$124.6 billion.

Governmental funds' revenue consists primarily of taxes (54.4%) and intergovernmental revenue (36.2%). Personal income taxes accounted for 52.0% of tax revenues, and increased by \$20.0 billion over the prior fiscal year. Sales and use taxes accounted for 20.4% of tax revenues, and increased by \$386 million from the prior fiscal year. Corporation taxes accounted for 16.1% of tax revenues, and increased by \$5.0 billion over the prior fiscal year. Intergovernmental revenue, primarily from the federal government, increased by \$7.2 billion (4.3%) over the prior fiscal year.

Governmental funds' expenditures increased by \$34.0 billion (7.5%) from the prior fiscal year. The increase is mainly due to the growth in health and human services expenditures of \$28.1 billion (11.7%), consisting primarily of spending on Medi-Cal. The overall increase in governmental funds' expenditures also consists of an increase in education expenditures of \$6.6 billion (6.3%) from the prior fiscal year to comply with constitutional requirements (Proposition 98) that provide 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 \$3.0 billion (11.7%) for transportation, and \$689 million (4.4%) for natural resources and environmental protection. Notable decreases in governmental funds' expenditures include \$2.2 billion (6.9%) for general government and \$1.1 billion (11.8%) for bond, commercial paper, and lease principal retirement.

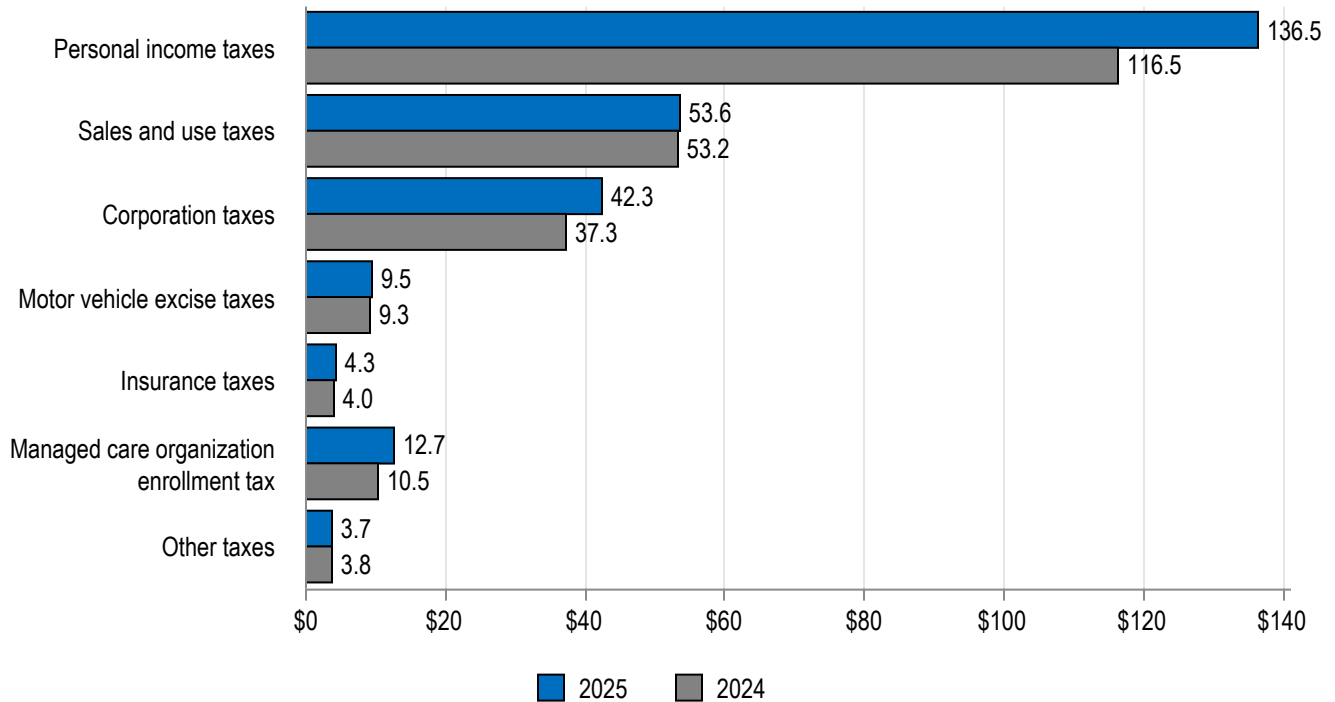
Chart 6 presents a two-year comparison of governmental funds' tax revenues.

**Chart 6**

**Governmental Funds Tax Revenue – Two-year Comparison**

Years ended June 30, 2025 and 2024

(amounts in billions)



The State's major governmental funds are the General Fund, the Federal Fund, and the Environmental and Natural Resources Fund. The General Fund ended the fiscal year with a fund balance of \$57.8 billion, a decrease of \$6.5 billion from the prior year's fund balance, as restated. The Federal Fund ended the year with a fund balance of \$533 million, while the Environmental and Natural Resources Fund ended the fiscal year with a fund balance of \$25.9 billion. The nonmajor governmental funds ended the fiscal year with a combined fund balance of \$37.8 billion.

*General Fund:* As shown on the Balance Sheet, the General Fund (the State's main operating fund) ended fiscal year 2024-25 with assets of \$132.0 billion; liabilities and deferred inflows of resources of \$74.2 billion; and nonspendable, restricted, committed, and assigned fund balances of \$3.4 billion, \$19.5 billion, \$2.0 billion, and \$29.4 billion, respectively. These balances left the General Fund with an unassigned fund balance of \$3.5 billion, a decrease of \$319 million from the prior year. Total assets of the General Fund increased by \$2.2 billion (1.7%) from the prior fiscal year, and total liabilities and deferred inflows of resources increased by \$7.7 billion (11.6%) from the prior year.

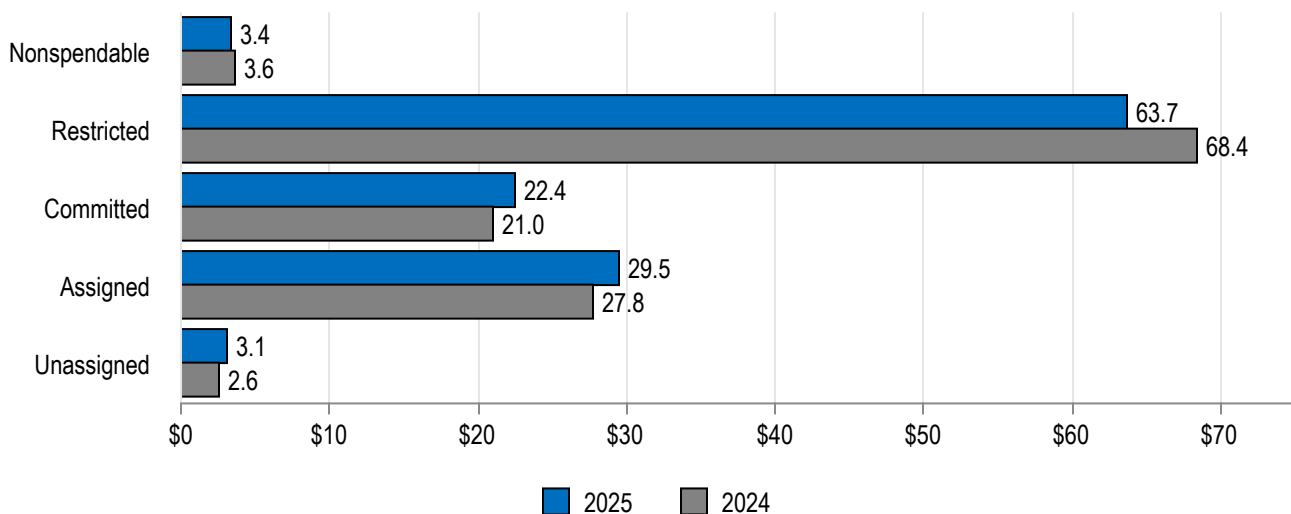
Chart 7 presents a two-year comparison of the components of the governmental funds' balance.

**Chart 7**

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

Years ended June 30, 2025 and 2024

(amounts in billions)



As shown on the Statement of Revenue, Expenditures, and Changes in Fund Balances, the General Fund had expenditures in excess of revenues of \$236 million (\$221.6 billion in revenues and \$221.8 billion in expenditures). Approximately \$210.2 billion (94.9%) of General Fund revenue is derived from the State's largest three taxes—personal income taxes (\$134.2 billion), corporation taxes (\$42.3 billion), and sales and use taxes (\$33.7 billion). A total of \$765 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 2024-25, total General Fund revenue increased by \$26.3 billion (13.5%), mainly due to an increase in personal income taxes resulting from stock market growth. Meanwhile, General Fund expenditures increased by \$31.5 billion. The General Fund ended the fiscal year with a fund balance of \$57.8 billion after transfers, a decrease of \$6.5 billion from the prior year's restated ending fund balance of \$64.3 billion. The General Fund's ending fund balance includes \$18.3 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 \$142.5 billion (86.1%) of the total \$165.4 billion in fund expenditures. Education, transportation, general government programs, and natural resources and environmental protection constituted \$10.1 billion (6.1%), \$6.1 billion (3.7%), \$4.7 billion (2.8%), and \$1.2 billion (0.7%) of the fund's expenditures, respectively. The Federal Fund's revenues increased by \$3.8 billion from the prior year, while expenditures and transfers had a combined increase of \$2.9 billion, resulting in a \$176 million increase from the prior year's ending fund balance of \$357 million, to \$533 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 decreased by \$1.8 billion (16.1%) from the prior year, and the expenditures decreased by \$600 million (5.7%). Other financing sources provided net receipts of \$2.3 billion, mainly from bond proceeds, including those sold under the Parks and Water Bond Act of 2018 (Proposition 68), passed by voters in June 2018. The Environmental and Natural Resources Fund ended the fiscal year with a \$25.9 billion fund balance, an increase of \$1.8 billion (7.5%) over the prior year's restated fund balance.

## Proprietary Funds

*Enterprise Funds:* The total deficit net position of the enterprise funds at June 30, 2025, was \$18.5 billion—a \$1.3 billion improvement from the prior year's restated deficit net position of \$19.8 billion. The largest portion of this improvement in net position was attributable to the Nonmajor Enterprise Funds, with a \$602 million increase to net position, ending the fiscal year with a net position of \$8.7 billion. Other improvements included increases in the net position of the California State University Fund by \$367 million, and the Unemployment Programs Fund by \$302 million.

As shown on the proprietary funds' Statement of Net Position, total assets and deferred outflows of resources for the enterprise funds were \$58.4 billion as of June 30, 2025. Of this amount, current assets totaled \$17.6 billion, noncurrent assets totaled \$35.5 billion, and deferred outflows of resources totaled \$5.3 billion. Total liabilities and deferred inflows of resources for the enterprise funds was \$76.9 billion. One of the largest liabilities of the enterprise funds was \$21.0 billion due to other governments, \$20.6 billion of which represents borrowings from the U.S. Department of Labor for the Unemployment Programs Fund, primarily associated with federal pandemic relief programs. Other noteworthy cumulative liabilities of the enterprise funds include a net OPEB liability of \$16.9 billion, \$15.7 billion in revenue bonds payable including the current portion, and \$9.0 billion in net pension liability. Total net position for enterprise funds consisted of four segments: net investment in capital assets of \$4.0 billion, nonexpendable restricted net position of \$2 million, restricted expendable net position of \$10.7 billion, and unrestricted net deficit of \$33.2 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 \$36.2 billion, operating expenses of \$42.4 billion, and net revenues from other transactions and transfers of \$7.6 billion. The largest sources of operating revenues were unemployment and disability insurance receipts of \$21.5 billion in the Unemployment Programs Fund, and lottery ticket sales of \$8.9 billion collected by the State Lottery Fund. Unemployment and disability insurance receipts in the Unemployment Programs Fund were \$5.9 billion (38.0%) greater than the prior fiscal year. The largest operating expenses were distributions to beneficiaries of \$21.0 billion reported in the Unemployment Programs Fund, personal services expenses of \$7.6 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 deficit net position of the internal service funds was \$1.1 billion as of June 30, 2025. The total deficit net position consists of three segments: net investment in capital assets of \$601 million, restricted expendable net position of \$144 million, and unrestricted deficit net position of \$1.8 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 \$993.4 billion. The private purpose trust funds ended the fiscal year with a net position of \$19.4 billion. The investment trust funds ended the fiscal year with a net position of \$24.8 billion. The custodial fund ended the fiscal year with a net position of \$879 million.

For the fiscal year ended June 30, 2025, the fiduciary funds' combined net position was \$1.0 trillion, a \$99.2 billion increase from the prior-year's net position. The net position of the investment trust funds increased by 11.5% compared to the prior year, and 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 \$226.8 billion was increased by \$2.2 billion during fiscal year 2024-25. This increase is primarily attributable to additional funding for health and human services.

The Health and Human Services budget increased based on higher overall enrollment in Medi-Cal due to redetermination of eligibility, and higher-than-projected caseload and pharmacy costs. Cost increases were offset by additional support from the MCO Tax.

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, 2025

(amounts in millions)

	Original	Final	Increase/ (Decrease)
<b>Budgeted amounts</b>			
Business, consumer services, and housing .....	\$ 4,665	\$ 4,672	\$ 7
Transportation .....	895	895	—
Natural resources and environmental protection .....	7,329	8,274	945
Health and human services .....	76,521	79,545	3,024
Corrections and rehabilitation .....	14,714	14,423	(291)
Education .....	97,863	96,758	(1,105)
General government:			
Tax relief .....	423	423	—
Debt service .....	5,170	5,175	5
Other general government .....	19,260	18,887	(373)
<b>Total</b> .....	<b>\$ 226,840</b>	<b>\$ 229,052</b>	<b>\$ 2,212</b>

## Capital Assets and Debt Administration

### Capital Assets

As of June 30, 2025, the State's investment in capital assets for its governmental and business-type activities amounted to \$184.2 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, 2025, the State's capital assets increased by \$6.4 billion, or 3.6% over the prior fiscal year. The majority of the increase is attributable to net additions to construction/development in progress of \$4.9 billion (primarily due to highway infrastructure and high-speed passenger rail projects), state highway infrastructure of \$1.3 billion, and buildings and other depreciable property of \$1.2 billion, offset by an increase in accumulated depreciation/amortization of \$1.8 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, 2025 and 2024

(amounts in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land .....	\$ 22,146	\$ 21,985	\$ 490	\$ 489	\$ 22,636	\$ 22,474
State highway infrastructure .....	86,499	85,170	—	—	86,499	85,170
Collections – nondepreciable .....	22	22	40	40	62	62
Buildings and other depreciable property .....	40,820	40,655	23,988	22,907	64,808	63,562
Intangible assets – amortizable .....	4,052	3,892	574	548	4,626	4,440
Right to use leased assets .....	4,591	4,463	987	833	5,578	5,296
Less: accumulated depreciation/amortization .....	(23,478)	(22,410)	(10,394)	(9,642)	(33,872)	(32,052)
Construction/development in progress .....	28,794	24,431	3,523	2,958	32,317	27,389
Intangible assets – nonamortizable .....	1,426	1,318	131	137	1,557	1,455
<b>Total .....</b>	<b>\$ 164,872</b>	<b>\$ 159,526</b>	<b>\$ 19,339</b>	<b>\$ 18,270</b>	<b>\$ 184,211</b>	<b>\$ 177,796</b>

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 2024-25, the actual amount spent on preservation was 48.8% 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 94.7% of bridge deck area judged to be of fair or better quality and 85.1% of lane miles judged to be of fair or better quality in the last completed pavement-condition survey. The State is responsible for maintaining 12,939 bridges and tunnels and 50,727 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, 2025, the State had total bonded debt outstanding of \$112.6 billion. Of this amount, \$80.3 billion (71.3%) 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 \$4.2 billion and the long-term portion is \$76.1 billion. The remaining \$32.3 billion (28.7%) 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 \$30.8 billion.

During the fiscal year, the State issued a total of \$8.0 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, 2025 and 2024

(amounts in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Government-wide noncurrent liabilities</b>						
General obligation bonds .....	\$ 75,181	\$ 75,458	\$ 901	\$ 636	\$ 76,082	\$ 76,094
Revenue bonds payable .....	15,751	15,717	15,002	14,540	30,753	30,257
<b>Total bonded debt .....</b>	<b>90,932</b>	<b>91,175</b>	<b>15,903</b>	<b>15,176</b>	<b>106,835</b>	<b>106,351</b>
Net pension liability .....	72,758	82,383	9,016	10,079	81,774	92,462
Net other postemployment benefits liability .....	73,313	68,707	16,862	15,403	90,175	84,110
Mandated cost claims payable .....	1,785	1,887	—	—	1,785	1,887
Loans payable .....	12	20	—	—	12	20
Compensated absences payable .....	4,287	5,304	269	293	4,556	5,597
Workers' compensation benefits payable .....	6,011	5,689	12	15	6,023	5,704
Lease liability .....	2,198	2,349	367	327	2,565	2,676
Subscription liability .....	70	37	56	25	126	62
Commercial paper .....	1,011	1,031	638	636	1,649	1,667
Other noncurrent liabilities .....	5,992	4,136	866	915	6,858	5,051
<b>Total noncurrent liabilities .....</b>	<b>258,369</b>	<b>262,718</b>	<b>43,989</b>	<b>42,869</b>	<b>302,358</b>	<b>305,587</b>
Current portion of long-term obligations .....	9,270	6,405	2,162	2,018	11,432	8,423
<b>Total long-term obligations .....</b>	<b>\$ 267,639</b>	<b>\$ 269,123</b>	<b>\$ 46,151</b>	<b>\$ 44,887</b>	<b>\$ 313,790</b>	<b>\$ 314,010</b>

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, 2025, the primary government's total long-term obligations decreased by \$1.8 billion from the prior year's balance. The largest decrease in long-term obligations during the fiscal year was a \$10.7 billion decrease in net pension liability resulting from an increase in pension plan net investment income. Other significant increases included a \$6.1 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, 2025, 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 ended June 30, 2025

During the 2024-25 fiscal year, California's economy exhibited slowing but relatively stable growth in the midst of a mature economic expansion, overtaking Japan to become the fourth-largest economy in the world. While cooling consumer spending moderated overall activity, continued strength in segments of the technology sector, including industries associated with artificial intelligence, partially offset weaker performance in other areas of the economy. Several economic headwinds started to emerge in the latter half of the fiscal year as the new federal administration enacted broad and elevated tariffs, began enforcing strict immigration policies, and made substantial cuts to the federal government workforce. California also experienced devastating wildfires in the Los Angeles region in January 2025, which burned an estimated 16,000 homes, businesses, and other structures and caused an unprecedented economic loss of more than \$250 billion, leading to a state tax filing postponement for affected individuals and businesses until October 15, 2025.

As a result of these challenges, California's economy continued in an incremental growth pattern amid vigilant oversight. California's real gross domestic product (GDP) reached \$4.2 trillion at June 30, 2025, an increase of 3.3% during fiscal year 2024-25, compared to real GDP of \$4.1 trillion at June 30, 2024, and growth of 6.3% during the 2023-24 fiscal year. California's economic growth was slower than that of the United States GDP, which increased by 5.1% during fiscal year 2024-25.

Labor market conditions weakened slightly during fiscal year 2024-25. The State experienced moderate job growth alongside an increase of approximately 29,000 unemployed workers, resulting in a 0.1% increase in the State's unemployment rate. Weekly unemployment insurance claims, which had decreased to 381,000 at the end of fiscal year 2023-24, increased marginally as California issued approximately 388,000 claims per week to unemployed workers by the end of fiscal year 2024-25. The unemployment rate rose slightly to 5.4% at June 30, 2025, compared to 5.3% at the end of the prior year. During fiscal year 2024-25, new non-farm jobs saw an increase of approximately 98,000 compared to approximately 78,000 jobs added in the prior fiscal year. Job growth was concentrated in a limited number of industries, with only three of California's 11 major industry sectors experiencing net employment gains. The private education and health services sectors saw growth for a fifth consecutive year, with a collective 5.8% gain in jobs during fiscal year 2023-24 and another 160,000 jobs added in fiscal year 2024-25, an increase of 4.9%. The private education and health services sectors include jobs in private educational institutions and services as well as health care and social assistance.

The California housing market continued to face challenges during fiscal year 2024-25 due to elevated mortgage rates and high home prices, despite signs of improving supply conditions. The median price of homes in California was \$899,790 as of June 2025, a decrease of 0.1% from the prior year and a nominal increase of 7.4% over a two-year span. By comparison, the national median home price increased by 1.3% from the prior year to \$432,700 in June 2025. Thirty-year fixed mortgage rates averaged approximately 6.8% in June 2025, slightly below the average of 6.9% in June 2024. The elevated rates continued to impact sales of existing single-family homes; in June 2025, sales were down 0.3% compared to June 2024. However, new active listings increased by approximately 43% over the same period, reflecting improved housing availability. New privately owned residential construction totaled approximately 99,900 units in the 2024-25 fiscal year, a decline of 5.6% from the prior year, as higher borrowing costs continued to dampen residential construction activity. Despite ongoing affordability challenges, rising inventory, longer on-market times, and a slight decline in the proportion of homes selling above asking price collectively indicate a gradual shift toward conditions that are more favorable to buyers.

Consumer activity showed mixed trends during the fiscal year. New light vehicle registrations increased by 6.6% during the first six months of calendar year 2025 compared to the same period in 2024, in part reflecting accelerated purchasing ahead of anticipated vehicle price increases associated with tariffs.

Personal income for Californians increased by 5.5% during fiscal year 2024-25, exceeding the national growth rate of 5.1%. Since 2015, California personal income has grown at an average annual rate of 5.7%, largely due to the low unemployment rate sustained during most of this period. Comparatively, personal income in the United States grew an average of 5.4% over the same period. Effective January 1, 2025, California's minimum wage increased to \$16.50 per hour, with an additional increase to \$16.90 per hour on January 1, 2026. The minimum wage is adjusted annually based on the national consumer price index for urban wage earners and clerical workers (CPI-W). The increase supports wage growth for lower-income workers but may contribute to higher labor costs for employers, particularly in sectors with a large share of minimum-wage employment. Despite long-term income growth, ongoing inflationary pressures and continued uncertainty related to federal policy on trade and immigration will continue to pose risks to the State's economy.

### **Economic Conditions for the 2025-26 Fiscal Year and Future Outlook**

In the 2025-26 fiscal year, California's economy demonstrated resilience despite ongoing uncertainties surrounding federal trade, immigration, and fiscal policies. While the implementation of sweeping tariff measures in early 2025 initially raised concerns about potential cost pressures and broader economic impacts, subsequent reductions in tariff rates helped limit their overall effect, and economic activity in California remained relatively stable. The stronger-than-expected economic performance was supported by continued consumer spending, protracted pass-through of higher tariff costs to consumers, and strong personal income growth. In addition, investment and spending related to artificial intelligence supported notable economic growth within the State's technology sector.

At the end of the third quarter of 2025, the State's GDP reached \$4.3 trillion, an increase of 4% over the same period in 2024. In comparison, the United States' GDP increased by 5.9%. Personal income growth for Californians was robust, increasing by 5.5% through the third quarter of 2025; the increase surpassed the 3.3% growth in the Consumer Price Index for the same period, but was below the United States' personal income growth of 6.1%. California added approximately 10,000 total non-farm jobs through the end of 2025 compared to approximately 22,000 added in the previous year. The unemployment rate remained relatively stable in 2025, standing at 5.5% as of the end of the year.

California's housing market closed out 2025 on solid footing, with both home sales and available inventory improving over the previous year. Existing home sales totaled approximately 288,000 units in December 2025, a 2.0% increase from the prior year. The 30-year fixed mortgage interest rate decreased from an average of 6.7% in December 2024, to a 6.2% average in December 2025. The statewide median home price was \$851,000 in December 2025, a small decrease from \$861,000 in the prior year. Easing price growth, improving inventory and mortgage rates at near-three-year lows have helped increase optimism for 2026, with increased opportunities for buyers and a healthier, more balanced market for both buyers and sellers.

New vehicle registrations increased 3.3% in 2025 compared to the previous year. Consumers faced the prospect of higher vehicle prices due to tariffs, which were expected to have a negative impact on new vehicle sales. However, the anticipation of tariffs during the first half of 2025 caused a surge in sales as car buyers moved to buy prior to the commencement of tariffs; this countered the impact of tariffs overall and produced better-than-expected sales results for the year. While tariff-related headwinds are projected to lower sales by 1.5% in 2026, pent-up demand and the prospect of lower interest rates should help prevent a significant decline.

California's economy continues to face risks due to the fast-moving and unpredictable nature of federal policymaking, especially as it relates to international trade and immigration. Although the inflationary effects of tariffs on consumer prices are now projected to be smaller and more gradual than initially anticipated, ongoing adjustments to tariff policy and uncertainty surrounding their administration continue to pose risks to consumer prices, business investment, and overall economic demand. In addition, ongoing changes to federal immigration policy poses risks to labor supply in key sectors of the California economy, including agriculture, construction, hospitality and health care, potentially weighing on job growth and consumer spending in the medium term. Finally, while equity markets have performed strongly—driven in part by elevated valuations of firms associated with artificial intelligence—any renewed market volatility or a significant downturn would negatively affect household wealth, consumer confidence, and state revenue performance.

### **California's 2025-26 Budget**

California's 2025-26 Budget Act was enacted on June 27, 2025. The Budget Act appropriated \$321.1 billion; \$228.4 billion from the General Fund, \$88.8 billion from special funds, and \$3.9 billion from bond funds. Budgeted expenditures for the General Fund decreased by \$5.2 billion (2.2%) from last year's budget, to \$228.4 billion, and General Fund revenues were projected to be \$215.7 billion after \$7.1 billion in transfers from the Budget Stabilization Account (BSA), the State's "Rainy Day Fund." General Fund revenue comes predominantly from taxes, with personal income taxes expected to provide 60.4% of total revenue in fiscal year 2025-26. California's major taxes, including personal income taxes, sales and use taxes, and corporation taxes were projected to supply approximately 94.2% of the General Fund's resources in the 2025-26 fiscal year. The General Fund was projected to end the 2025-26 fiscal year with \$15.7 billion in total reserves, including \$11.2 billion in the BSA for fiscal emergencies and \$4.5 billion in the State's operating reserve.

The 2025-26 Budget Act increased total state expenditures by \$21.7 billion from the 2024-25 enacted budget level. Notable General Fund spending changes included increases of \$15.8 billion for Health and Human Services and \$4.5 billion for General Government. The General Fund's share of the Proposition 98 guaranteed minimum funding level for TK-12 schools and community colleges decreased by \$724 million from the 2024-25 enacted budget level, to \$114.6 billion.

The Budget included total funding of \$137.6 billion for all TK-12 education programs, reflecting significant Proposition 98 funding intended to enable increased support for core programs such as the Local Control Funding Formula, special education, transitional kindergarten, nutrition, and preschool. The Budget provided \$2.1 billion in ongoing support for full implementation of universal transitional kindergarten; \$515 million for the full implementation of the Expanded Learning Opportunities Program for before, after, and summer school programs; and continued authority to spend from the previously approved \$2.5 billion to support ongoing fire recovery efforts in Los Angeles County. Additionally, the Budget enacted a series of statutory changes to significantly address the State's housing affordability challenges and to facilitate and streamline housing and infrastructure production, including a one-time \$500 million investment for the Low-Income Housing Tax Credit.

Despite substantial, ongoing uncertainty created by federal policy changes, the Budget provided a balanced fiscal plan that maintained significant reserves. It reduced state spending while maintaining support for key programs, and incorporated a comprehensive regulatory streamlining package to advance more affordable housing and infrastructure. The 2025-26 Governor's Budget projected modest but slow economic growth with a slight surplus in the budget window. However, the imposition of federal policy changes significantly slowed growth in the California economy. Most notably, broad-based tariffs blunted this growth and drove 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 Budget closed this gap through a range of solutions, taking difficult but necessary actions to reduce ongoing expenditure growth to maintain budget resilience, and provide long-term stability for critical state programs. Included in the Budget were \$2.8 billion in reductions, including a \$1.0 billion reduction in Prospective Payment System payments to health care centers and rural health clinics, and a \$370 million reduction in pharmacy drug rebates. Additional solutions included \$7.8 billion in revenue and borrowing, consisting of \$4.4 billion across the budget window for a Medical Providers Interim Payment Fund loan to support Medi-Cal, \$1.5 billion in additional special fund and internal borrowing, and \$1.3 billion in Proposition 35 support for Medi-Cal rate increases. The Budget also continued the \$7.1 billion draw down from the BSA which was authorized in the 2024 Budget Act.

In January 2026, the 2026-27 Governor's Budget was released, providing updated estimates of fiscal year 2025-26 General Fund revenues, expenditures, and reserves. The 2026-27 Governor's Budget projected fiscal year 2025-26 General Fund revenue of \$235.2 billion after transfers—\$19.4 billion (9.0%) more than projected in the 2025-26 Budget Act—and expenditures of \$237.7 billion. Total year-end reserves were estimated at \$41.3 billion—\$25.5 billion in the State's operating reserve, \$11.3 billion in the BSA, and \$4.5 billion in the Public School System Stabilization Account (PSSSA)—which was \$25.6 billion (162.9%) more than projected in the 2025-26 Budget Act.

### **California's 2026-27 Budget**

California's fiscal year 2026-27 Governor's Budget was released on January 9, 2026, and includes projections of fiscal year 2026-27 General Fund revenues, expenditures, and reserves. General Fund revenues are anticipated to be \$227.4 billion after transfers, a decrease of \$7.8 billion (3.3%) from revised fiscal year 2025-26 revenue estimates. The decline primarily reflects a change in the direction of BSA transfers and a projected decrease of \$4.8 billion in other revenue sources, partially offset by projected increases of \$4.4 billion in personal income taxes and \$1.8 billion in corporation taxes. General Fund expenditures for fiscal year 2026-27 are budgeted at \$248.3 billion, an increase of \$10.7 billion (4.5%) compared to the revised fiscal year 2025-26 estimates. The Governor's Budget maintains fiscal discipline by preserving a total of \$23.0 billion in budgetary reserves—\$14.4 billion in the BSA for fiscal emergencies, \$4.5 billion in the State's operating reserve, and \$4.1 billion in the PSSSA.

The 2026-27 Governor's Budget continues to allocate significant funding to education, climate change resilience, housing and homelessness, and safety net programs. The Budget allocates total funding of \$149.1 billion for all TK-12 education programs and \$50.4 billion for higher-education entities. Ongoing climate-related investments, the creation of the California Housing and Homelessness Agency under the Governor's Reorganization Plan, and health and social services programs remain key areas of expenditure.

The Budget reflects a significantly improved revenue outlook relative to the 2025 Budget Act. General Fund revenues over the 2024-25 through 2026-27 budget window are projected to be more than \$42.0 billion higher than previously estimated, driven primarily by higher cash receipts, elevated stock market valuations, and an improved economic outlook for the State. A substantial portion of this increase is attributable to a relatively small number of technology companies, particularly those associated with artificial intelligence-related activities. Given the outsized effect that technology companies' stocks have on personal income tax revenues, historical trends indicate that such revenue gains may not be sustained indefinitely. As a result, declines in asset prices—particularly within the technology sector—pose a significant risk to future General Fund revenues. Additional risks include uncertainty related to federal policies affecting tariffs, immigration, inflation, labor markets, and overall economic demand.

The Budget identifies a General Fund shortfall of approximately \$2.9 billion prior to budgetary solutions. The Budget proposes a combination of expenditure adjustments and reserve-related actions to address this shortfall, resulting in a balanced budget for the 2026-27 fiscal year while retaining a discretionary reserve of \$4.5 billion. However, absent additional corrective actions, the Governor's administration projects a deficit of approximately \$22.0 billion in the 2027-28 fiscal year and continuing shortfalls in the two subsequent fiscal years. Consequently, the Budget does not include significant new spending proposals and instead focuses on the continued implementation of previously approved investments. The Governor's administration intends to build on this proposal in May with a revised plan reflecting updated revenue and expenditure data.

## **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](mailto:StateGovReports@sco.ca.gov). This report is also available on the State Controller's Office website at [www.sco.ca.gov](http://www.sco.ca.gov).

# Basic Financial Statements

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# Government-wide Financial Statements

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## Statement of Net Position

June 30, 2025

(amounts in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 132,222,814	\$ 9,376,539	\$ 141,599,353	\$ 5,123,829
Amount on deposit with U.S. Treasury	—	345,933	345,933	—
Investments	820,052	3,850,664	4,670,716	10,255,744
Restricted assets:				
Cash and pooled investments	837,967	420,686	1,258,653	1,277,337
Investments	—	—	—	210,958
Due from other governments	—	234,099	234,099	—
Contracts and installments receivable	14,863	—	14,863	—
Receivables (net)	61,190,851	2,807,407	63,998,258	10,368,685
Internal balances	(168,874)	168,874	—	—
Due from primary government	—	—	—	1,043,141
Due from other governments	52,917,565	232,594	53,150,159	223,075
Prepaid items	236,855	80,862	317,717	2,487
Inventories	90,330	33,777	124,107	522,598
Other current assets	196,312	7,653	203,965	811,644
Total current assets	248,358,735	17,559,088	265,917,823	29,839,498
Noncurrent assets:				
Restricted assets:				
Cash and pooled investments	89,989	200,103	290,092	33,858
Investments	—	50,690	50,690	246,432
Loans receivable	—	5,658,667	5,658,667	—
Investments	—	3,163,899	3,163,899	57,500,544
Contracts and installments receivable	157,535	—	157,535	—
Receivables (net)	3,651,235	1,888,323	5,539,558	3,600,450
Loans receivable	7,516,502	4,063,787	11,580,289	3,784,721
Long-term prepaid charges	81	543,616	543,697	89
Capital assets:				
Land	22,145,574	490,083	22,635,657	2,552,900
State highway infrastructure	86,499,369	—	86,499,369	—
Collections - nondepreciable	21,691	40,374	62,065	715,610
Buildings and other depreciable property	40,819,532	23,987,947	64,807,479	76,951,292
Intangible assets - amortizable	8,642,718	1,560,476	10,203,194	6,931,563
Less: accumulated depreciation/amortization	(23,477,927)	(10,394,190)	(33,872,117)	(42,210,379)
Construction/development in progress	28,793,673	3,523,199	32,316,872	9,871,712
Intangible assets - nonamortizable	1,425,599	131,097	1,556,696	318
Other noncurrent assets	—	29,028	29,028	981,433
Total noncurrent assets	176,285,571	34,937,099	211,222,670	120,960,543
<b>Total assets</b>	<b>424,644,306</b>	<b>52,496,187</b>	<b>477,140,493</b>	<b>150,800,041</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>34,663,404</b>	<b>5,317,958</b>	<b>39,981,362</b>	<b>5,451,083</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 459,307,710</b>	<b>\$ 57,814,145</b>	<b>\$ 517,121,855</b>	<b>\$ 156,251,124</b>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable .....	\$ 64,139,614	\$ 985,668	\$ 65,125,282	\$ 5,903,675
Due to component units .....	1,043,141	—	1,043,141	—
Due to other governments .....	41,966,720	20,978,956	62,945,676	—
Revenues received in advance .....	3,130,352	259,141	3,389,493	2,016,524
Tax overpayments .....	19,273,187	—	19,273,187	—
Deposits .....	533,346	—	533,346	247,567
Contracts and notes payable .....	261	—	261	60,912
Unclaimed property liability .....	1,877,797	—	1,877,797	—
Interest payable .....	1,136,918	47,865	1,184,783	8,117
Securities lending obligations .....	—	—	—	2,422,644
Benefits payable .....	17,788	339,793	357,581	—
Current portion of long-term obligations .....	9,272,233	2,161,522	11,433,755	6,507,019
Other current liabilities .....	848,929	1,186,193	2,035,122	5,542,811
<b>Total current liabilities .....</b>	<b>143,240,286</b>	<b>25,959,138</b>	<b>169,199,424</b>	<b>22,709,269</b>
Noncurrent liabilities:				
Loans payable .....	12,172	—	12,172	11,354
Lottery prizes and annuities .....	—	540,710	540,710	—
Compensated absences payable .....	4,286,736	268,832	4,555,568	715,909
Workers' compensation benefits payable .....	6,010,564	12,031	6,022,595	1,702,657
Commercial paper and other borrowings .....	1,010,795	638,238	1,649,033	121,400
Lease liability .....	2,197,807	367,099	2,564,906	2,879,398
Subscription liability .....	70,056	55,516	125,572	169,258
General obligation bonds payable .....	75,181,146	900,922	76,082,068	—
Revenue bonds payable .....	15,750,938	15,001,772	30,752,710	34,006,398
Mandated cost claims payable .....	1,785,202	—	1,785,202	—
Net other postemployment benefits liability .....	73,312,584	16,862,094	90,174,678	20,026,236
Net pension liability .....	72,757,544	9,015,766	81,773,310	12,243,702
Revenues received in advance .....	—	4,208	4,208	17,360
Other noncurrent liabilities .....	5,991,716	320,739	6,312,455	2,912,698
<b>Total noncurrent liabilities .....</b>	<b>258,367,260</b>	<b>43,987,927</b>	<b>302,355,187</b>	<b>74,806,370</b>
<b>Total liabilities .....</b>	<b>401,607,546</b>	<b>69,947,065</b>	<b>471,554,611</b>	<b>97,515,639</b>
<b>DEFERRED INFLOWS OF RESOURCES .....</b>	<b>19,839,385</b>	<b>6,340,818</b>	<b>26,180,203</b>	<b>16,488,924</b>
<b>Total liabilities and deferred in flows of resources .....</b>	<b>\$ 421,446,931</b>	<b>\$ 76,287,883</b>	<b>\$ 497,734,814</b>	<b>\$ 114,004,563</b>

(continued)

## Statement of Net Position (continued)

June 30, 2025

(amounts in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>NET POSITION</b>				
Net investment in capital assets .....	\$ 137,255,696	\$ 4,014,699	\$ 141,270,395	\$ 21,946,390
Restricted:				
Nonexpendable - endowments .....	—	1,605	1,605	11,540,222
Expendable:				
Endowments and gifts .....	—	—	—	22,512,967
General government .....	8,165,681	139,167	8,304,848	—
Education .....	1,073,823	283,677	1,357,500	4,512,498
Health and human services .....	7,413,526	2,799,664	10,213,190	—
Natural resources and environmental protection .....	9,036,642	3,927,214	12,963,856	—
Business, consumer services and housing .....	8,147,944	95	8,148,039	—
Transportation .....	11,055,236	327	11,055,563	—
Corrections and rehabilitation .....	665,224	14,105	679,329	—
Unemployment programs .....	—	3,560,211	3,560,211	—
Indenture .....	—	—	—	857,444
Statute .....	—	—	—	4,778,609
Budget stabilization .....	18,291,422	—	18,291,422	—
Other purposes .....	—	—	—	582,547
Total expendable .....	63,849,498	10,724,460	74,573,958	33,244,065
Unrestricted .....	(163,244,415)	(33,214,502)	(196,458,917)	(24,484,116)
<b>Total net position (deficit) .....</b>	<b>37,860,779</b>	<b>(18,473,738)</b>	<b>19,387,041</b>	<b>42,246,561</b>
<b>Total liabilities, deferred inflows of resources, and net position .....</b>	<b>\$ 459,307,710</b>	<b>\$ 57,814,145</b>	<b>\$ 517,121,855</b>	<b>\$ 156,251,124</b>

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## Statement of Activities

Year Ended June 30, 2025

(amounts in thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government .....	\$ 27,779,495	\$ 6,856,175	\$ 7,713,184	\$ —
Education .....	111,485,163	88,036	10,096,459	—
Health and human services .....	267,963,925	20,351,921	142,557,373	—
Natural resources and environmental protection .....	17,002,436	8,694,375	1,356,939	—
Business, consumer services, and housing .....	4,676,884	1,684,583	411,489	—
Transportation .....	24,890,406	10,471,329	2,839,062	3,222,765
Corrections and rehabilitation .....	17,182,052	8,876	83,236	—
Interest on long-term debt .....	3,825,128	—	—	—
Total governmental activities .....	<u>474,805,489</u>	<u>48,155,295</u>	<u>165,057,742</u>	<u>3,222,765</u>
Business-type activities:				
Water Resources .....	1,557,452	1,581,506	—	—
State Lottery .....	8,997,179	9,004,421	—	—
Unemployment Programs .....	21,370,913	21,672,895	—	—
California State University .....	12,923,303	4,802,019	3,137,773	835
State Water Pollution Control Revolving .....	74,652	115,751	329,503	—
Safe Drinking Water State Revolving .....	45,918	37,065	235,382	—
Housing Loan .....	61,719	78,344	—	—
Other enterprise programs .....	143,999	132,617	—	—
Total business-type activities .....	<u>45,175,135</u>	<u>37,424,618</u>	<u>3,702,658</u>	<u>835</u>
<b>Total primary government</b> .....	<u><b>\$ 519,980,624</b></u>	<u><b>\$ 85,579,913</b></u>	<u><b>\$ 168,760,400</b></u>	<u><b>\$ 3,223,600</b></u>
<b>Component Units</b>				
University of California .....	59,173,221	42,053,266	14,782,203	40,698
California Housing Finance Agency .....	145,222	64,184	—	—
Nonmajor component units .....	3,150,596	959,150	1,407,886	28,695
<b>Total component units</b> .....	<u><b>\$ 62,469,039</b></u>	<u><b>\$ 43,076,600</b></u>	<u><b>\$ 16,190,089</b></u>	<u><b>\$ 69,393</b></u>
General revenues:				
Personal income taxes .....				
Sales and use taxes .....				
Corporation taxes .....				
Managed care organization enrollment tax .....				
Motor vehicle excise tax .....				
Insurance taxes .....				
Other taxes .....				
Investment and interest income (loss) .....				
Escheat .....				
Other .....				
Transfers .....				
<b>Total general revenues and transfers</b> .....				
Change in net position .....				
<b>Net position (deficit) – beginning, as previously reported</b> .....				
Error corrections .....				
Change within financial reporting entity .....				
Changes in accounting principle .....				
<b>Net position (deficit) – beginning, as restated</b> .....				
<b>Net position (deficit) – ending</b> .....				

<b>Net (Expenses) Revenues and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (13,210,136)		\$ (13,210,136)	
(101,300,668)		(101,300,668)	
(105,054,631)		(105,054,631)	
(6,951,122)		(6,951,122)	
(2,580,812)		(2,580,812)	
(8,357,250)		(8,357,250)	
(17,089,940)		(17,089,940)	
(3,825,128)		(3,825,128)	
<u>(258,369,687)</u>		<u>(258,369,687)</u>	
	24,054	24,054	
	7,242	7,242	
	301,982	301,982	
	(4,982,676)	(4,982,676)	
	370,602	370,602	
	226,529	226,529	
	16,625	16,625	
	<u>(11,382)</u>	<u>(11,382)</u>	
	<u>(4,047,024)</u>	<u>(4,047,024)</u>	
<b>\$ (258,369,687)</b>	<b>\$ (4,047,024)</b>	<b>\$ (262,416,711)</b>	
			\$ (2,297,054)
			(81,038)
			(754,865)
			<b>\$ (3,132,957)</b>
\$ 136,914,382	\$ —	\$ 136,914,382	\$ —
53,631,984	—	53,631,984	—
42,314,846	—	42,314,846	—
12,701,905	—	12,701,905	—
9,466,839	—	9,466,839	—
4,278,061	—	4,278,061	—
3,651,215	—	3,651,215	—
3,290,200	—	3,290,200	7,127,081
969,528	—	969,528	—
—	—	—	4,258,590
(5,349,759)	5,349,759	—	—
<b>261,869,201</b>	<b>5,349,759</b>	<b>267,218,960</b>	<b>11,385,671</b>
3,499,514	1,302,735	4,802,249	8,252,714
<b>34,435,206</b>	<b>(19,790,770)</b>	<b>14,644,436</b>	<b>32,998,913</b>
1,367,911	354	1,368,265	507,522
(27,081)	—	(27,081)	—
(1,414,771)	13,943	(1,400,828)	487,412
<b>34,361,265</b>	<b>(19,776,473)</b>	<b>14,584,792</b>	<b>33,993,847</b>
<b>\$ 37,860,779</b>	<b>\$ (18,473,738)</b>	<b>\$ 19,387,041</b>	<b>\$ 42,246,561</b>

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, 2025

(amounts in thousands)

	<u>General</u>	<u>Federal</u>
<b>ASSETS</b>		
Cash and pooled investments .....	\$ 65,359,964	\$ 1,418,887
Investments .....	—	—
Receivables (net) .....	45,676,562	3,832,105
Due from other funds .....	9,426,858	—
Due from other governments .....	6,749,392	44,804,502
Interfund receivables .....	2,704,541	—
Loans receivable .....	1,979,581	518,709
Other assets .....	133,521	22,346
<b>Total assets</b> .....	<b>\$ 132,030,419</b>	<b>\$ 50,596,549</b>
<b>LIABILITIES</b>		
Accounts payable .....	\$ 18,734,334	\$ 32,969,581
Due to other funds .....	1,569,091	6,107,120
Due to component units .....	485,014	476,365
Due to other governments .....	24,159,266	9,617,720
Interfund payables .....	4,401,293	—
Benefits payable .....	—	17,788
Revenues received in advance .....	53,556	844,143
Tax overpayments .....	19,273,187	—
Deposits .....	6,133	—
Unclaimed property liability .....	1,877,797	—
Other liabilities .....	567,477	27,650
<b>Total liabilities</b> .....	<b>71,127,148</b>	<b>50,060,367</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....	<b>3,054,677</b>	<b>3,511</b>
<b>Total liabilities and deferred inflows of resources</b> .....	<b>74,181,825</b>	<b>50,063,878</b>
<b>FUND BALANCES</b>		
Nonspendable .....	3,354,122	—
Restricted .....	19,463,236	953,733
Committed .....	2,099,524	—
Assigned .....	29,421,537	—
Unassigned .....	3,510,175	(421,062)
<b>Total fund balances (deficit)</b> .....	<b>57,848,594</b>	<b>532,671</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b> .....	<b>\$ 132,030,419</b>	<b>\$ 50,596,549</b>

Environmental and Natural Resources	Nonmajor Governmental	Total
\$ 25,385,330	\$ 36,415,414	\$ 128,579,595
—	820,052	820,052
535,773	14,714,434	64,758,874
350,038	3,778,663	13,555,559
8,337	1,329,904	52,892,135
1,213,648	2,765,873	6,684,062
1,171,846	3,842,464	7,512,600
4,284	36,178	196,329
<b>\$ 28,669,256</b>	<b>\$ 63,702,982</b>	<b>\$ 274,999,206</b>
\$ 1,232,362	\$ 10,434,677	\$ 63,370,954
352,370	5,330,534	13,359,115
5,830	75,932	1,043,141
858,847	7,389,808	42,025,641
2,227	25,256	4,428,776
—	—	17,788
235,609	338,109	1,471,417
—	—	19,273,187
235	525,829	532,197
—	—	1,877,797
28,104	1,043,997	1,667,228
<b>2,715,584</b>	<b>25,164,142</b>	<b>149,067,241</b>
15,619	758,687	3,832,494
<b>2,731,203</b>	<b>25,922,829</b>	<b>152,899,735</b>
—	16,235	3,370,357
8,637,229	34,651,012	63,705,210
17,300,824	3,027,014	22,427,362
—	85,892	29,507,429
—	—	3,089,113
<b>25,938,053</b>	<b>37,780,153</b>	<b>122,099,471</b>
<b>\$ 28,669,256</b>	<b>\$ 63,702,982</b>	<b>\$ 274,999,206</b>

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

(amounts in thousands)

**Total fund balances – governmental funds** **\$ 122,099,471**

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	22,143,494	
State highway infrastructure	86,499,369	
Collections – nondepreciable	21,691	
Buildings and other depreciable property	40,138,860	
Intangible assets – amortizable	7,886,481	
Less: accumulated depreciation/amortization	(22,681,838)	
Construction/development in progress	25,964,029	
Intangible assets – nonamortizable	1,425,599	
		161,397,685

- 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. 3,496,519
- 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. (9,541,854)
- 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. (7,472,470)
- Deferred inflows and outflows of resources related to pension and OPEB transactions are not reported in the funds. 15,404,890
- 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. (580,450)
- General obligation bonds and related accrued interest totaling \$72,884,174, revenue bonds totaling \$6,983,575, and commercial paper totaling \$1,010,795 are not due and payable in the current period and are not reported in the funds. (80,878,544)
- The following liabilities are not due and payable in the current period and are not reported in the funds:

Compensated absences	(6,582,934)	
Lease, subscription, and financed purchase liability	(2,586,936)	
Net pension liability	(71,551,482)	
Net other postemployment benefits liability	(71,535,023)	
Mandated cost claims	(1,785,202)	
Workers' compensation	(5,960,539)	
Pollution remediation obligations	(1,817,031)	
Proposition 98 funding guarantee	(1,916,848)	
Other noncurrent liabilities	(2,328,473)	
		(166,064,468)

**Net position of governmental activities** **\$ 37,860,779**

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# Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

Year Ended June 30, 2025

(amounts in thousands)

	General	Federal
<b>REVENUES</b>		
Personal income taxes .....	\$ 134,221,314	\$ —
Sales and use taxes .....	33,680,105	—
Corporation taxes .....	42,299,552	—
Motor vehicle excise taxes .....	168,853	—
Insurance taxes .....	4,278,061	—
Managed care organization enrollment tax .....	—	—
Other taxes .....	661,069	—
Intergovernmental .....	341,540	168,281,474
Licenses and permits .....	5,599	—
Charges for services .....	364,036	—
Fees .....	18,431	—
Penalties .....	649,929	33
Investment and interest .....	3,169,096	101,484
Escheat .....	969,434	—
Other .....	764,182	15,021
<b>Total revenues</b> .....	<b>221,591,201</b>	<b>168,398,012</b>
<b>EXPENDITURES</b>		
Current:		
General government .....	8,926,889	4,722,130
Education .....	101,426,636	10,103,619
Health and human services .....	78,939,314	142,546,040
Natural resources and environmental protection .....	7,896,845	1,201,658
Businesses, consumer services, and housing .....	2,086,799	657,082
Transportation .....	2,754,638	6,061,537
Corrections and rehabilitation .....	13,650,161	83,283
Capital outlay .....	185,760	19,805
Debt service:		
Bond, commercial paper, and lease principal retirement .....	3,062,982	13,872
Interest and fiscal charges .....	2,896,883	701
<b>Total expenditures</b> .....	<b>221,826,907</b>	<b>165,409,727</b>
Excess (deficiency) of revenues over (under) expenditures .....	(235,706)	2,988,285
<b>OTHER FINANCING SOURCES (USES)</b>		
General obligation bonds and commercial paper issued .....	—	—
Refunding debt issued .....	—	—
Payment to refund/remarket long-term debt .....	—	—
Premium on bonds issued .....	124,231	—
Long-term capital financing issued .....	174,817	14,923
Transfers in .....	3,203,413	2,100
Transfers out .....	(9,767,418)	(2,829,848)
<b>Total other financing sources (uses)</b> .....	<b>(6,264,957)</b>	<b>(2,812,825)</b>
Net change in fund balances .....	(6,500,663)	175,460
<b>Fund balances – beginning, as previously reported</b> .....	<b>63,392,765</b>	<b>357,211</b>
Error corrections .....	956,492	—
Change to or within the financial reporting entity .....	—	—
<b>Fund balances – beginning, as restated</b> .....	<b>64,349,257</b>	<b>357,211</b>
<b>Fund balances (deficits) – ending</b> .....	<b>\$ 57,848,594</b>	<b>\$ 532,671</b>

Environmental and Natural Resources	Nonmajor Governmental	Total
\$ —	\$ 2,269,742	\$ 136,491,056
—	19,949,617	53,629,722
—	—	42,299,552
75,033	9,222,953	9,466,839
—	—	4,278,061
—	12,701,905	12,701,905
284,911	2,719,341	3,665,321
—	5,874,405	174,497,419
493,762	10,993,869	11,493,230
147,476	687,807	1,199,319
3,209,156	14,095,984	17,323,571
83,325	501,287	1,234,574
991,046	1,217,395	5,479,021
—	1,556	970,990
4,104,841	2,922,451	7,806,495
<b>9,389,550</b>	<b>83,158,312</b>	<b>482,537,075</b>
316,392	15,713,505	29,678,916
3,638	715,955	112,249,848
51,052	45,896,296	267,432,702
6,599,656	604,518	16,302,677
106,557	1,694,745	4,545,183
1,613,006	18,234,184	28,663,365
—	2,446,271	16,179,715
102,584	422,848	730,997
1,073,216	4,443,579	8,593,649
11,186	1,002,632	3,911,402
<b>9,877,287</b>	<b>91,174,533</b>	<b>488,288,454</b>
(487,737)	(8,016,221)	(5,751,379)
1,203,575	3,607,390	4,810,965
774,615	2,966,600	3,741,215
(220,362)	(567,163)	(787,525)
121,690	296,198	542,119
20,154	132,360	342,254
717,114	6,296,767	10,219,394
(293,327)	(2,748,143)	(15,638,736)
<b>2,323,459</b>	<b>9,984,009</b>	<b>3,229,686</b>
1,835,722	1,967,788	(2,521,693)
<b>23,867,622</b>	<b>35,780,250</b>	<b>123,397,848</b>
234,709	59,196	1,250,397
—	(27,081)	(27,081)
<b>24,102,331</b>	<b>35,812,365</b>	<b>124,621,164</b>
<b>\$ 25,938,053</b>	<b>\$ 37,780,153</b>	<b>\$ 122,099,471</b>

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** **\$ (2,521,693)**

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	6,579,650	
Disposal of assets	(407,709)	
Depreciation expense, net of asset disposal	(1,229,552)	4,942,389
- Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are unavailable in governmental funds. 1,056,082
- 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. 195,764

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 Obligations Bonds	Revenue Bonds	Commercial Paper	Total	
Debt issued	(7,679,445)	—	(872,735)	(8,552,180)	
Premium on debt issued	(542,120)	—	—	(542,120)	
Accreted interest	—	(48,704)	—	(48,704)	
Principal repayments	6,778,365	320,080	893,110	7,991,555	
Payments to refund long-term debt	787,526	—	—	787,526	
Related expenses not reported in governmental funds:					
Premium/discount amortization	546,422	147	—	546,569	
Deferred gain/loss on refunding	44,905	(30,694)	—	14,211	
Accrued interest	(43,782)	612	—	(43,170)	
	(108,129)	241,441	20,375		153,687

(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	(156,033)	
Lease, subscription, and financed purchase liability	29,400	
Net pension liability	865,533	
Net other postemployment benefits liability	980,973	
Mandated cost claims	102,070	
Workers' compensation	(319,997)	
Pollution remediation obligations	(47,929)	
Other noncurrent liabilities	<u>(1,780,732)</u>	
		(326,715)

**Change in net position of governmental activities**

**\$ 3,499,514**  
(concluded)

## Statement of Net Position

### Proprietary Funds

June 30, 2025

(amounts in thousands)

	<b>Water Resources</b>	<b>State Lottery</b>
<b>ASSETS</b>		
Current assets:		
Cash and pooled investments .....	\$ 1,139,038	\$ 623,039
Amount on deposit with U.S. Treasury .....	—	—
Investments .....	—	56,390
Restricted assets:		
Cash and pooled investments .....	—	—
Due from other governments .....	—	—
Contracts and installments receivable .....	—	—
Receivables (net) .....	126,760	779,716
Due from other funds .....	—	10,575
Due from other governments .....	94,532	—
Prepaid items .....	—	—
Inventories .....	5,454	19,713
Other current assets .....	—	7,653
Total current assets .....	<u>1,365,784</u>	<u>1,497,086</u>
Noncurrent assets:		
Restricted assets:		
Cash and pooled investments .....	200,103	—
Investments .....	50,690	—
Loans receivable .....	—	—
Investments .....	—	466,182
Contracts and installments receivable .....	—	—
Receivables (net) .....	—	—
Interfund receivables .....	180,600	—
Loans receivable .....	5,472	—
Long-term prepaid charges .....	540,662	2,954
Capital assets:		
Land .....	224,530	18,798
Collections - nondepreciable .....	—	—
Buildings and other depreciable property .....	7,875,740	305,484
Intangible assets - amortizable .....	119,343	34,594
Less: accumulated depreciation/amortization .....	(3,074,911)	(186,321)
Construction/development in progress .....	1,740,213	—
Intangible assets - nonamortizable .....	119,253	—
Other noncurrent assets .....	—	—
Total noncurrent assets .....	<u>7,981,695</u>	<u>641,691</u>
<b>Total assets</b> .....	<b><u>9,347,479</u></b>	<b><u>2,138,777</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....	<b>344,144</b>	<b>147,053</b>
<b>Total assets and deferred outflows of resources</b> .....	<b><u>\$ 9,691,623</u></b>	<b><u>\$ 2,285,830</u></b>

Business-type Activities – Enterprise Funds				Governmental Activities
Unemployment Programs	California State University	Nonmajor Enterprise	Total	Internal Service Funds
\$ 4,308,811	\$ 1,947,307	\$ 1,358,344	\$ 9,376,539	\$ 3,643,209
345,933	—	—	345,933	—
—	3,794,274	—	3,850,664	—
—	—	420,686	420,686	837,967
—	—	234,099	234,099	—
—	—	—	—	647,398
1,301,980	446,875	152,076	2,807,407	77,370
141,099	2,833	32,425	186,932	878,413
29,470	—	108,592	232,594	25,429
—	80,822	40	80,862	236,855
—	—	8,610	33,777	90,330
—	—	—	7,653	—
6,127,293	6,272,111	2,314,872	17,577,146	6,436,971
—	—	—	200,103	89,989
—	—	—	50,690	—
—	—	5,658,667	5,658,667	—
—	2,682,602	15,115	3,163,899	—
—	—	—	—	7,973,725
1,081,218	807,105	—	1,888,323	5,842
402,479	—	3,761	586,840	40,182
1,889	27,038	4,029,388	4,063,787	3,902
—	—	—	543,616	81
—	245,482	1,273	490,083	2,080
—	40,374	—	40,374	—
34,537	15,744,677	27,509	23,987,947	680,672
244,119	1,136,952	25,468	1,560,476	756,236
(120,423)	(6,980,015)	(32,520)	(10,394,190)	(796,090)
—	1,782,986	—	3,523,199	2,829,644
—	11,844	—	131,097	—
—	19,810	9,218	29,028	—
1,643,819	15,518,855	9,737,879	35,523,939	11,586,263
<b>7,771,112</b>	<b>21,790,966</b>	<b>12,052,751</b>	<b>53,101,085</b>	<b>18,023,234</b>
200,525	4,604,630	21,606	5,317,958	738,309
<b>\$ 7,971,637</b>	<b>\$ 26,395,596</b>	<b>\$ 12,074,357</b>	<b>\$ 58,419,043</b>	<b>\$ 18,761,543</b>

(continued)

## Statement of Net Position (continued)

### Proprietary Funds

June 30, 2025

(amounts in thousands)

	Water Resources	State Lottery
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable .....	\$ 178,583	\$ 96,470
Due to other funds .....	153,014	407,391
Due to other governments .....	372,566	—
Revenues received in advance .....	—	2,543
Deposits .....	—	—
Contracts and notes payable .....	—	—
Interest payable .....	9,592	—
Benefits payable .....	—	—
Current portion of long-term obligations .....	279,362	1,025,996
Other current liabilities .....	—	150
<b>Total current liabilities</b> .....	<b>993,117</b>	<b>1,532,550</b>
Noncurrent liabilities:		
Interfund payables .....	—	—
Lottery prizes and annuities .....	—	540,710
Compensated absences payable .....	56,328	—
Workers' compensation benefits payable .....	—	7,535
Commercial paper and other borrowings .....	349,389	—
Lease liability .....	27,454	1,804
Subscription liability .....	2,469	485
General obligation bonds payable .....	—	—
Revenue bonds payable .....	2,970,997	—
Net other postemployment benefits liability .....	747,062	261,314
Net pension liability .....	550,008	158,994
Revenues received in advance .....	—	—
Other noncurrent liabilities .....	80,978	—
<b>Total noncurrent liabilities</b> .....	<b>4,784,685</b>	<b>970,842</b>
<b>Total liabilities</b> .....	<b>5,777,802</b>	<b>2,503,392</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....	<b>2,617,113</b>	<b>70,796</b>
<b>Total liabilities and deferred inflows of resources</b> .....	<b>8,394,915</b>	<b>2,574,188</b>
<b>NET POSITION</b>		
Net investment in capital assets .....	1,325,283	168,874
Restricted:		
Nonexpendable - endowments .....	—	—
Expendable:		
Construction .....	—	—
Debt service .....	—	—
Security for revenue bonds .....	—	—
Unemployment programs .....	—	—
Other purposes .....	—	—
<b>Total expendable</b> .....	<b>—</b>	<b>—</b>
Unrestricted .....	(28,575)	(457,232)
<b>Total net position (deficit)</b> .....	<b>1,296,708</b>	<b>(288,358)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b> .....	<b>\$ 9,691,623</b>	<b>\$ 2,285,830</b>

Business-type Activities – Enterprise Funds				Governmental Activities
Unemployment Programs	California State University	Nonmajor Enterprise	Total	Internal Service Funds
\$ 190,599	\$ 480,094	\$ 39,848	\$ 985,594	\$ 660,749
—	—	16,047	576,452	793,322
20,604,884	—	1,506	20,978,956	32,614
—	256,574	24	259,141	1,658,935
—	—	—	—	1,149
—	—	—	—	19,365
—	—	38,273	47,865	109,364
339,793	—	—	339,793	—
23,153	679,393	153,618	2,161,522	838,723
84,702	1,101,341	—	1,186,193	29,223
<u>21,243,131</u>	<u>2,517,402</u>	<u>249,316</u>	<u>26,535,516</u>	<u>4,143,444</u>
—	—	28,520	28,520	2,865,959
—	—	—	540,710	—
38,179	159,983	14,342	268,832	196,550
—	—	4,496	12,031	50,025
—	288,849	—	638,238	—
—	321,376	16,465	367,099	194,817
—	52,538	24	55,516	9,164
—	—	900,922	900,922	—
—	9,998,803	2,031,972	15,001,772	9,004,064
561,120	15,251,655	40,943	16,862,094	1,777,561
308,584	7,959,882	38,298	9,015,766	1,206,062
—	4,208	—	4,208	—
—	236,034	3,727	320,739	4,271
<u>907,883</u>	<u>34,273,328</u>	<u>3,079,709</u>	<u>44,016,447</u>	<u>15,308,473</u>
<b>22,151,014</b>	<b>36,790,730</b>	<b>3,329,025</b>	<b>70,551,963</b>	<b>19,451,917</b>
101,146	3,517,752	34,011	6,340,818	402,755
<u>22,252,160</u>	<u>40,308,482</u>	<u>3,363,036</u>	<u>76,892,781</u>	<u>19,854,672</u>
233,766	2,285,032	1,744	4,014,699	601,368
—	1,605	—	1,605	—
—	168,644	—	168,644	144,286
—	18,316	293,570	311,886	—
—	—	3,518,061	3,518,061	—
3,560,211	—	—	3,560,211	—
—	96,717	3,068,941	3,165,658	—
3,560,211	283,677	6,880,572	10,724,460	144,286
(18,074,500)	(16,483,200)	1,829,005	(33,214,502)	(1,838,783)
<b>(14,280,523)</b>	<b>(13,912,886)</b>	<b>8,711,321</b>	<b>(18,473,738)</b>	<b>(1,093,129)</b>
<u>\$ 7,971,637</u>	<u>\$ 26,395,596</u>	<u>\$ 12,074,357</u>	<u>\$ 58,419,043</u>	<u>\$ 18,761,543</u>

(concluded)

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

## Proprietary Funds

Year Ended June 30, 2025

(amounts in thousands)

	Water Resources	State Lottery
<b>OPERATING REVENUES</b>		
Unemployment and disability insurance .....	\$ —	\$ —
Lottery ticket sales .....	—	8,932,712
Power sales .....	97,266	—
Student tuition and fees .....	—	—
Services and sales .....	1,417,582	—
Investment and interest .....	—	—
Rent .....	—	—
Grants and contracts .....	—	—
Other .....	—	—
<b>Total operating revenues</b> .....	<b>1,514,848</b>	<b>8,932,712</b>
<b>OPERATING EXPENSES</b>		
Lottery prizes .....	—	5,994,177
Power purchases (net of recoverable power cost) .....	271,242	—
Personal services .....	506,120	142,050
Supplies .....	—	24,263
Services and charges .....	149,642	912,720
Depreciation .....	158,024	15,274
Scholarships and fellowships .....	—	—
Distributions to beneficiaries .....	—	—
Interest expense .....	—	—
Other .....	90,622	—
<b>Total operating expenses</b> .....	<b>1,175,650</b>	<b>7,088,484</b>
Operating income (loss) .....	339,198	1,844,228
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Donations and grants .....	—	—
Private gifts .....	—	—
Investment and interest income (loss) .....	66,658	71,582
Interest expense and fiscal charges .....	(86,329)	(22,088)
Lottery payments for education .....	—	(1,886,607)
Other .....	(295,473)	127
<b>Total nonoperating revenues (expenses)</b> .....	<b>(315,144)</b>	<b>(1,836,986)</b>
Income (loss) before capital contributions and transfers .....	24,054	7,242
Capital Contributions .....	—	—
Transfers in .....	—	—
Transfers out .....	—	—
Change in net position .....	24,054	7,242
<b>Total net position (deficit) – beginning, as previously reported</b> .....	<b>1,272,654</b>	<b>(295,600)</b>
Error corrections .....	—	—
Changes in accounting principle .....	—	—
<b>Total net position (deficit) – beginning, as restated</b> .....	<b>1,272,654</b>	<b>(295,600)</b>
<b>Total net position (deficit) – ending</b> .....	<b>\$ 1,296,708</b>	<b>\$ (288,358)</b>

Business-type Activities – Enterprise Funds				Governmental Activities
Unemployment Programs	California State University	Nonmajor Enterprise	Total	Internal Service Funds
\$ 21,540,039	\$ —	\$ —	\$ 21,540,039	\$ —
—	—	—	8,932,712	—
—	—	—	97,266	—
—	2,408,432	—	2,408,432	—
—	929,219	132,514	2,479,315	4,854,798
—	—	169,017	169,017	52,316
—	—	—	—	326,396
—	115,647	—	115,647	—
—	414,673	4,709	419,382	—
<b>21,540,039</b>	<b>3,867,971</b>	<b>306,240</b>	<b>36,161,810</b>	<b>5,233,510</b>
—	—	—	5,994,177	—
—	—	—	271,242	—
241,195	7,598,910	76,263	8,564,538	1,053,442
—	2,493,894	76,784	2,594,941	25,530
120,802	—	52,022	1,235,186	3,532,222
12,141	682,963	2,783	871,185	134,681
—	1,745,166	—	1,745,166	—
20,996,686	—	—	20,996,686	—
—	—	39,960	39,960	377,066
—	—	17,758	108,380	—
<b>21,370,824</b>	<b>12,520,933</b>	<b>265,570</b>	<b>42,421,461</b>	<b>5,122,941</b>
169,215	(8,652,962)	40,670	(6,259,651)	110,569
—	3,137,773	564,885	3,702,658	—
—	115,699	—	115,699	—
132,856	630,839	55,942	957,877	11,033
(90)	(402,370)	(55,763)	(566,640)	(7,048)
—	—	—	(1,886,607)	—
—	187,510	(3,359)	(111,195)	11,627
<b>132,766</b>	<b>3,669,451</b>	<b>561,705</b>	<b>2,211,792</b>	<b>15,612</b>
301,981	(4,983,511)	602,375	(4,047,859)	126,181
—	835	—	835	—
—	5,349,759	—	5,349,759	126,418
—	—	—	—	(56,835)
301,981	367,083	602,375	1,302,735	195,764
<b>(14,602,754)</b>	<b>(14,279,969)</b>	<b>8,114,899</b>	<b>(19,790,770)</b>	<b>(1,182,809)</b>
354	—	—	354	6,370
19,896	—	(5,953)	13,943	(112,454)
<b>(14,582,504)</b>	<b>(14,279,969)</b>	<b>8,108,946</b>	<b>(19,776,473)</b>	<b>(1,288,893)</b>
<b>\$ (14,280,523)</b>	<b>\$ (13,912,886)</b>	<b>\$ 8,711,321</b>	<b>\$ (18,473,738)</b>	<b>\$ (1,093,129)</b>

## Statement of Cash Flows

### Proprietary Funds

Year Ended June 30, 2025

(amounts in thousands)

	Water Resources	State Lottery
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers/employers	\$ 1,454,224	\$ 8,917,804
Receipts from interfund services provided	—	—
Payments to suppliers	(381,300)	(284,177)
Payments to employees	(506,120)	(129,211)
Payments for interfund services used	—	(16,871)
Payments for lottery prizes	—	(6,698,075)
Claims paid to other than employees	—	(614,805)
Other receipts (payments)	(10,591)	799,588
<b>Net cash provided by (used in) operating activities</b>	<b>556,213</b>	<b>1,974,253</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from / (payment on) notes receivable and leases receivable	—	—
Proceeds from / (payment on) loans and interfund borrowings	—	—
Proceeds from general obligation bonds	—	—
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	—	(2,051,363)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>—</b>	<b>(2,051,363)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(428,416)	(2,502)
Proceeds from sale of capital assets	—	52
Proceeds from notes payable and commercial paper	246,638	—
Principal paid on notes payable and commercial paper	(382,100)	—
Proceeds from long-term capital financing	—	—
Payment on long-term capital financing	—	(9,260)
Proceeds from revenue bonds	329,200	—
Retirement of general obligation/revenue bonds	(237,409)	—
Interest paid	(75,645)	—
Grants received	2,334	—
<b>Net cash used in capital and related financing activities</b>	<b>(545,398)</b>	<b>(11,710)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(252,172)	(14,907)
Proceeds from maturity and sale of investments	252,600	86,335
Proceeds from / (issuance of) loans receivable	668	—
Earnings on investments	65,776	46,463
<b>Net cash provided by (used in) investing activities</b>	<b>66,872</b>	<b>117,891</b>
Net increase (decrease) in cash and pooled investments	77,687	29,071
<b>Cash and pooled investments – beginning</b>	<b>1,261,454</b>	<b>593,968</b>
<b>Cash and pooled investments – ending</b>	<b>\$ 1,339,141</b>	<b>\$ 623,039</b>

Business-type Activities - Enterprise Funds				Governmental Activities
Unemployment Programs	California State University	Nonmajor Enterprise	Total	Internal Service Funds
\$ 21,458,343	\$ 3,211,201	\$ 281,982	\$ 35,323,554	\$ 11,743
—	—	108,127	108,127	5,553,241
(231,049)	(2,452,665)	(155,692)	(3,504,883)	(3,564,439)
(209,822)	(6,973,601)	(75,644)	(7,894,398)	(1,049,177)
(61,810)	—	(504)	(79,185)	(75,277)
—	—	—	(6,698,075)	—
(21,070,038)	—	—	(21,684,843)	—
1,483,939	(1,341,611)	(891,340)	39,985	(391,417)
<b>1,369,563</b>	<b>(7,556,676)</b>	<b>(733,071)</b>	<b>(4,389,718)</b>	<b>484,674</b>
16,460	(141,760)	(676)	(125,976)	709
—	(3,992)	800	(3,192)	(197,654)
—	—	300,000	300,000	—
—	—	(35,385)	(35,385)	—
—	58,240	80,000	138,240	—
—	(29,005)	(139,180)	(168,185)	—
—	1,458	—	1,458	26
—	(21,499)	(77,931)	(99,430)	—
—	4,878,462	223	4,878,685	130,039
—	—	—	—	(56,835)
—	3,341,309	562,420	3,903,729	—
—	—	—	(2,051,363)	—
<b>16,460</b>	<b>8,083,213</b>	<b>690,271</b>	<b>6,738,581</b>	<b>(123,715)</b>
(4,514)	(1,235,928)	(2,248)	(1,673,608)	(1,243,577)
—	3,274	352	3,678	102,725
—	—	—	246,638	—
—	—	—	(382,100)	—
—	—	—	—	16,341
—	(418,448)	(1,837)	(429,545)	(27,567)
—	906,443	—	1,235,643	1,940,416
—	—	—	(237,409)	(1,432,590)
(90)	(396,876)	(54)	(472,665)	(7,074)
—	45,705	—	48,039	—
<b>(4,604)</b>	<b>(1,095,830)</b>	<b>(3,787)</b>	<b>(1,661,329)</b>	<b>(651,326)</b>
—	(12,511,477)	(1,016)	(12,779,572)	—
128,188	12,803,143	—	13,270,266	—
—	—	—	668	—
132,856	404,536	58,501	708,132	11,033
<b>261,044</b>	<b>696,202</b>	<b>57,485</b>	<b>1,199,494</b>	<b>11,033</b>
1,642,463	126,909	10,898	1,887,028	(279,334)
<b>2,666,348</b>	<b>1,820,398</b>	<b>1,768,132</b>	<b>8,110,300</b>	<b>4,850,499</b>
<b>\$ 4,308,811</b>	<b>\$ 1,947,307</b>	<b>\$ 1,779,030</b>	<b>\$ 9,997,328</b>	<b>\$ 4,571,165</b>

(continued)

## Statement of Cash Flows (continued)

### Proprietary Funds

Year Ended June 30, 2025

(amounts in thousands)

	Water Resources	State Lottery
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss) .....	\$ 339,198	\$ 1,844,228
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation .....	158,024	15,274
Provisions and allowances .....	—	13,333
Amortization of premiums and discounts .....	—	—
Amortization of long-term prepaid charges and credits .....	86,309	—
Other .....	(10,591)	232
Change in account balances:		
Receivables .....	(22,324)	(50,231)
Due from other funds .....	—	—
Due from other governments .....	(12,512)	1
Prepaid items .....	—	2,658
Inventories .....	(52)	(12)
Contracts and installments receivable .....	—	—
Leases receivable .....	—	—
Other current assets .....	—	(411)
Loans receivable .....	—	—
Deferred outflow of resources .....	—	—
Accounts payable .....	44,984	41,454
Due to other funds .....	2,398	17,583
Due to other governments .....	(25,299)	—
Contracts and notes payable .....	—	—
Interest payable .....	—	—
Revenues received in advance .....	—	10
Other current liabilities .....	—	6,502
Benefits payable .....	—	—
Lottery prizes and annuities .....	—	95,432
Compensated absences payable .....	—	—
Other noncurrent liabilities .....	(3,922)	(11,800)
Deferred inflow of resources .....	—	—
Total adjustments .....	217,015	130,025
<b>Net cash provided by (used in) operating activities .....</b>	<b>\$ 556,213</b>	<b>\$ 1,974,253</b>
<b>Noncash investing, capital, and financing activities:</b>		
Unclaimed lottery prizes directly allocated to another entity .....	\$ —	\$ 44,969
Amortization/defeasance of bond premium and discount .....	45,633	—
Unrealized gain/loss on investments .....	—	8,085
Amortization of deferred loss on refundings .....	11,708	—
State's contribution for pension and OPEB .....	—	—
Other assets paid through long-term debt .....	—	—
Gifts in kind .....	—	—
Change / transfer of capital assets .....	—	—
Other miscellaneous noncash transactions .....	—	39,298

Business-type Activities - Enterprise Funds				Governmental Activities
Unemployment Programs	California State University	Nonmajor Enterprise	Total	Internal Service Funds
\$ 169,215	\$ (8,652,962)	\$ 40,670	\$ (6,259,651)	\$ 110,567
12,141	683,001	2,783	871,223	134,681
—	—	(702)	12,631	—
—	—	(1,770)	(1,770)	(123,057)
—	—	—	86,309	29
—	(3,187)	(939)	(14,485)	9,247
(81,695)	846	(5,831)	(159,235)	(1,917)
(37,851)	(2,430)	2,533	(37,748)	(60,221)
(3,418)	—	(1,743)	(17,672)	(7,418)
—	(1,258)	(28)	1,372	(44,846)
—	—	671	607	5,914
—	—	—	—	624,949
—	—	(13,260)	(13,260)	165
—	—	(1,539)	(1,950)	—
—	—	(749,986)	(749,986)	—
23,929	1,313,658	8,730	1,346,317	108,534
(110,275)	(30,045)	(2,932)	(56,814)	20,336
(10,138)	—	512	10,355	(137,969)
1,458,408	—	1,336	1,434,445	9,709
—	—	—	—	(9,448)
—	—	(4,308)	(4,308)	3,673
—	(167,456)	(2)	(167,448)	(45,506)
15,128	(25,354)	—	(3,724)	1,701
(73,324)	59,815	—	(13,509)	—
—	—	—	95,432	—
112	6,077	1,418	7,607	(2,882)
28,535	383,461	(5,583)	390,691	(1,312)
(21,204)	(1,120,842)	(3,101)	(1,145,147)	(110,255)
1,200,348	1,096,286	(773,741)	1,869,933	374,107
<b>\$ 1,369,563</b>	<b>\$ (7,556,676)</b>	<b>\$ (733,071)</b>	<b>\$ (4,389,718)</b>	<b>\$ 484,674</b>

(concluded)

\$ —	\$ —	\$ —	\$ 44,969	\$ —
—	29,985	—	75,618	—
—	230,916	—	239,001	—
—	6,974	—	18,682	—
—	471,297	—	471,297	—
—	163,836	—	163,836	—
—	113,549	—	113,549	—
—	140,069	—	140,069	1,874,889
—	—	3,406	42,704	40

## Statement of Fiduciary Net Position

### Fiduciary Funds and Similar Component Units

June 30, 2025

(amounts in thousands)

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust	Custodial
<b>ASSETS</b>				
Cash and pooled investments .....	\$ 4,934,784	\$ 152,351	\$ 24,489,901	\$ 2,716,564
Investments, at fair value:				
Short-term .....	38,624,730	312,614	1,196	—
Equity securities .....	413,518,936	11,206,432	148,826	—
Debt securities .....	256,395,809	3,288,678	162,799	—
Real estate .....	117,914,941	366,447	—	—
Securities lending collateral .....	47,528,250	—	—	—
Other .....	241,059,722	4,121,665	—	—
Total investments .....	1,115,042,388	19,295,836	312,821	—
Receivables (net) .....	60,443,056	8,096	262,238	3,452,613
Due from other funds .....	44,731	—	—	63,254
Due from other governments .....	119	—	—	1,301
Interfund receivable .....	—	—	—	12,172
Loans receivable .....	6,303,362	—	—	228
Other assets .....	1,086,180	428,599	—	15
<b>Total assets</b> .....	<b>1,187,854,620</b>	<b>19,884,882</b>	<b>25,064,960</b>	<b>6,246,147</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....	<b>319,947</b>	<b>—</b>	<b>11</b>	<b>170</b>
<b>Total assets and deferred outflows of resources</b> .....	<b>1,188,174,567</b>	<b>19,884,882</b>	<b>25,064,971</b>	<b>6,246,317</b>
<b>LIABILITIES</b>				
Accounts payable .....	6,914,369	20,902	82	1,055,525
Due to other governments .....	—	—	261,735	3,307,234
Tax overpayments .....	—	—	—	(10)
Benefits payable .....	5,214,605	—	—	—
Revenues received in advance .....	—	6,473	—	20
Deposits .....	—	428,501	—	987,122
Securities lending obligations .....	64,847,494	—	—	—
Loans payable .....	6,251,450	—	—	—
Other liabilities .....	111,213,857	—	103	17,387
<b>Total liabilities</b> .....	<b>194,441,775</b>	<b>455,876</b>	<b>261,920</b>	<b>5,367,278</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....	<b>355,084</b>	<b>—</b>	<b>56</b>	<b>215</b>
<b>Total liabilities and deferred inflows of resources</b> .....	<b>194,796,859</b>	<b>455,876</b>	<b>261,976</b>	<b>5,367,493</b>
<b>NET POSITION</b>				
Restricted:				
Pension benefits .....	936,417,052	—	313,328	—
Other postemployment benefits .....	25,213,244	—	—	—
Deferred compensation participants .....	31,735,129	—	—	—
Pool participants .....	—	—	24,489,667	—
Individuals, organizations, or other governments .....	12,283	19,429,006	—	878,824
<b>Total net position</b> .....	<b>\$ 993,377,708</b>	<b>\$ 19,429,006</b>	<b>\$ 24,802,995</b>	<b>\$ 878,824</b>

## Statement of Changes in Fiduciary Net Position

### Fiduciary Funds and Similar Component Units

Year Ended June 30, 2025

(amounts in thousands)

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust	Custodial
<b>ADDITIONS</b>				
Contributions:				
Employer .....	\$ 38,282,837	\$ —	\$ 54,238	\$ 30,086
Plan member .....	12,984,254	—	—	—
Non-employer .....	4,263,762	—	—	—
Total contributions .....	<u>55,530,853</u>	<u>—</u>	<u>54,238</u>	<u>30,086</u>
Investment income:				
Net appreciation in fair value of investments .....	85,101,568	121,997	26,759	—
Interest, dividends, and other investment income .....	19,344,683	1,807,810	978,702	8,129
Less: investment expense .....	(5,132,438)	(17,610)	(227)	—
Net investment income .....	<u>99,313,813</u>	<u>1,912,197</u>	<u>1,005,234</u>	<u>8,129</u>
Receipts from depositors .....	—	5,224,531	18,006,954	—
Other .....	434,606	—	650	273,862
<b>Total additions</b> .....	<b><u>155,279,272</u></b>	<b><u>7,136,728</u></b>	<b><u>19,067,076</u></b>	<b><u>312,077</u></b>
<b>DEDUCTIONS</b>				
Distributions paid and payable to participants .....	59,189,686	—	976,310	56,606
Refunds of contributions .....	543,959	—	—	—
Administrative expense .....	668,244	1,010	2,513	1,523
Interest expense .....	317,315	—	—	—
Payments to and for depositors .....	850,107	4,473,917	15,522,621	941
<b>Total deductions</b> .....	<b><u>61,569,311</u></b>	<b><u>4,474,927</u></b>	<b><u>16,501,444</u></b>	<b><u>59,070</u></b>
Change in net position .....	93,709,961	2,661,801	2,565,632	253,007
<b>Net position – beginning, as previously reported</b> .....	<b><u>899,667,747</u></b>	<b><u>16,740,124</u></b>	<b><u>22,237,363</u></b>	<b><u>684,083</u></b>
Error corrections .....	—	—	—	(58,266)
Change to or within the financial reporting entity .....	—	27,081	—	—
<b>Net position – beginning, as restated</b> .....	<b><u>899,667,747</u></b>	<b><u>16,767,205</u></b>	<b><u>22,237,363</u></b>	<b><u>625,817</u></b>
<b>Net position – ending</b> .....	<b><u>\$ 993,377,708</u></b>	<b><u>\$ 19,429,006</u></b>	<b><u>\$ 24,802,995</u></b>	<b><u>\$ 878,824</u></b>

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# **Discretely Presented Component Units Financial Statements**

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## Statement of Net Position

### Discretely Presented Component Units – Enterprise Activity

June 30, 2025

(amounts in thousands)

	University of California	California Housing Finance Agency	Nonmajor Component Units	Total
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments .....	\$ 886,158	\$ 2,156,540	\$ 2,081,131	\$ 5,123,829
Investments .....	9,300,004	2	955,738	10,255,744
Restricted assets:				
Cash and pooled investments .....	—	—	1,277,337	1,277,337
Investments .....	—	—	210,958	210,958
Receivables (net) .....	9,252,035	246,150	870,500	10,368,685
Due from primary government .....	1,043,061	—	80	1,043,141
Due from other governments .....	223,075	—	—	223,075
Prepaid items .....	—	573	1,914	2,487
Inventories .....	522,598	—	—	522,598
Other current assets .....	692,135	68,519	50,990	811,644
Total current assets .....	<u>21,919,066</u>	<u>2,471,784</u>	<u>5,448,648</u>	<u>29,839,498</u>
Noncurrent assets:				
Restricted assets:				
Cash and pooled investments .....	—	—	33,858	33,858
Investments .....	—	—	246,432	246,432
Investments .....	53,251,823	454,476	3,794,245	57,500,544
Receivables (net) .....	2,901,937	—	698,513	3,600,450
Loans receivable .....	—	3,203,899	580,822	3,784,721
Long-term prepaid charges .....	—	—	89	89
Capital assets:				
Land .....	2,334,215	—	218,685	2,552,900
Collections - nondepreciable .....	702,209	—	13,401	715,610
Buildings and other depreciable property .....	74,119,460	706	2,831,126	76,951,292
Intangible assets - amortizable .....	6,552,482	27,987	351,094	6,931,563
Less: accumulated depreciation/amortization .....	(40,700,292)	(9,864)	(1,500,223)	(42,210,379)
Construction/development in progress .....	9,691,226	—	180,486	9,871,712
Intangible assets - nonamortizable .....	—	—	318	318
Other noncurrent assets .....	876,337	33,276	71,820	981,433
Total noncurrent assets .....	<u>109,729,397</u>	<u>3,710,480</u>	<u>7,520,666</u>	<u>120,960,543</u>
<b>Total assets</b> .....	<b><u>131,648,463</u></b>	<b><u>6,182,264</u></b>	<b><u>12,969,314</u></b>	<b><u>150,800,041</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....	<b>5,306,903</b>	<b>19,948</b>	<b>124,232</b>	<b>5,451,083</b>
<b>Total assets and deferred outflows of resources</b> .....	<b><u>\$ 136,955,366</u></b>	<b><u>\$ 6,202,212</u></b>	<b><u>\$ 13,093,546</u></b>	<b><u>\$ 156,251,124</u></b>

	University of California	California Housing Finance Agency	Nonmajor Component Units	Total
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 4,244,952	\$ 41,995	\$ 1,616,728	\$ 5,903,675
Revenues received in advance	1,815,660	—	200,864	2,016,524
Deposits	—	246,031	1,536	247,567
Contracts and notes payable	—	—	60,912	60,912
Interest payable	—	5,192	2,925	8,117
Securities lending obligations	2,422,644	—	—	2,422,644
Current portion of long-term obligations	6,350,001	16,422	140,596	6,507,019
Other current liabilities	5,007,841	122,756	412,214	5,542,811
Total current liabilities	<u>19,841,098</u>	<u>432,396</u>	<u>2,435,775</u>	<u>22,709,269</u>
Noncurrent liabilities:				
Compensated absences payable	685,173	3,425	27,311	715,909
Workers' compensation benefits payable	1,697,952	—	4,705	1,702,657
Loans payable	—	—	11,354	11,354
Commercial paper and other borrowings	—	—	121,400	121,400
Lease liability	2,685,017	17,490	176,891	2,879,398
Subscription liability	165,697	—	3,561	169,258
Revenue bonds payable	32,700,128	450,425	855,845	34,006,398
Net other postemployment benefits liability	19,810,706	55,550	159,980	20,026,236
Net pension liability	11,939,036	35,204	269,462	12,243,702
Revenues received in advance	—	—	17,360	17,360
Other noncurrent liabilities	1,519,001	557,574	836,123	2,912,698
Total noncurrent liabilities	<u>71,202,710</u>	<u>1,119,668</u>	<u>2,483,992</u>	<u>74,806,370</u>
<b>Total liabilities</b>	<b><u>91,043,808</u></b>	<b><u>1,552,064</u></b>	<b><u>4,919,767</u></b>	<b><u>97,515,639</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>15,909,756</u>	<u>45,643</u>	<u>533,525</u>	<u>16,488,924</u>
<b>Total liabilities and deferred inflows of resources</b>	<b><u>106,953,564</u></b>	<b><u>1,597,707</u></b>	<b><u>5,453,292</u></b>	<b><u>114,004,563</u></b>
<b>NET POSITION</b>				
Net investment in capital assets	21,092,930	(768)	854,228	21,946,390
Restricted:				
Nonexpendable - endowments	9,355,363	—	2,184,859	11,540,222
Expendable:				
Endowments and gifts	22,467,182	—	45,785	22,512,967
Education	2,738,350	—	1,774,148	4,512,498
Indenture	—	857,444	—	857,444
Statute	—	3,292,381	1,486,228	4,778,609
Other purposes	—	495,285	87,262	582,547
Total expendable	<u>25,205,532</u>	<u>4,645,110</u>	<u>3,393,423</u>	<u>33,244,065</u>
Unrestricted	<u>(25,652,023)</u>	<u>(39,837)</u>	<u>1,207,744</u>	<u>(24,484,116)</u>
<b>Total net position</b>	<b><u>30,001,802</u></b>	<b><u>4,604,505</u></b>	<b><u>7,640,254</u></b>	<b><u>42,246,561</u></b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b><u>\$ 136,955,366</u></b>	<b><u>\$ 6,202,212</u></b>	<b><u>\$ 13,093,546</u></b>	<b><u>\$ 156,251,124</u></b>

## Statement of Activities

### Discretely Presented Component Units – Enterprise Activity

Year Ended June 30, 2025

(amounts in thousands)

	University of California	California Housing Finance Agency	Nonmajor Component Units	Total
<b>OPERATING EXPENSES</b>				
Personal services .....	\$ 35,437,245	\$ —	\$ 771,767	\$ 36,209,012
Scholarships and fellowships .....	1,097,826	—	127,384	1,225,210
Supplies .....	7,612,143	—	22,814	7,634,957
Services and charges .....	470,773	57,140	1,965,998	2,493,911
Department of Energy laboratories .....	1,194,419	—	—	1,194,419
Depreciation .....	3,124,013	2,429	121,242	3,247,684
Interest expense and fiscal charges .....	1,318,340	27,150	59,199	1,404,689
Other .....	8,918,462	58,503	82,192	9,059,157
<b>Total operating expenses</b> .....	<b>59,173,221</b>	<b>145,222</b>	<b>3,150,596</b>	<b>62,469,039</b>
<b>PROGRAM REVENUES</b>				
Charges for services .....	42,053,266	64,184	959,150	43,076,600
Operating grants and contributions .....	14,782,203	—	1,407,886	16,190,089
Capital grants and contributions .....	40,698	—	28,695	69,393
<b>Total program revenues</b> .....	<b>56,876,167</b>	<b>64,184</b>	<b>2,395,731</b>	<b>59,336,082</b>
Net revenues (expenses) .....	(2,297,054)	(81,038)	(754,865)	(3,132,957)
<b>GENERAL REVENUES</b>				
Investment and interest income (loss) .....	6,306,093	220,009	600,979	7,127,081
Other .....	3,170,394	84,170	1,004,026	4,258,590
<b>Total general revenues</b> .....	<b>9,476,487</b>	<b>304,179</b>	<b>1,605,005</b>	<b>11,385,671</b>
Change in net position .....	7,179,433	223,141	850,140	8,252,714
<b>Net position – beginning, as previously reported</b> .....	<b>22,321,935</b>	<b>3,877,738</b>	<b>6,799,240</b>	<b>32,998,913</b>
Error corrections .....	—	503,626	3,896	507,522
Changes in accounting principle .....	500,434	—	(13,022)	487,412
<b>Net position – beginning, as restated</b> .....	<b>22,822,369</b>	<b>4,381,364</b>	<b>6,790,114</b>	<b>33,993,847</b>
<b>Net position – ending</b> .....	<b>\$ 30,001,802</b>	<b>\$ 4,604,505</b>	<b>\$ 7,640,254</b>	<b>\$ 42,246,561</b>

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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](http://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](http://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 (UC)* 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 UC is a component unit of the State because the State appoints a voting majority of the Regents and provides financial assistance to the UC. The UC 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 UC's financial statements may be found on its website at [www.ucop.edu](http://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](http://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](mailto: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, 2024).

*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; 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, 2025, CADA had total assets and deferred outflows of resources of \$81 million, total liabilities and deferred inflows of resources of \$58 million, and total net position of \$23 million. Total revenues for the fiscal year were \$23 million and expenses were \$34 million, resulting in an decrease in net position of \$11 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](http://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.crmf.org/](http://www.crmf.org/).

## 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](http://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](http://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](http://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/cpcfca](http://www.treasurer.ca.gov/cpcfca).

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](http://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](http://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](http://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 most noteworthy 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 *CalSavers Retirement Savings Trust Program Fund* accounts for money received from California private employees to provide greater retirement savings in a convenient, voluntary, low-cost, and portable manner.

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 expended 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 expended 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 and internal service funds (No Place Like Home, Golden State Tobacco Securitization Corporation, and the Public Building Construction), 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. Leave that has not been used is recognized as a liability if it (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Employee leave benefits include annual leave, vacation leave, sick leave, and other paid leave programs. Liabilities for compensated absences are recognized when the leave is earned and meets the criteria above. The compensated absences liability is measured using the weighted average employee pay rate multiplied by the leave balances determined to be more likely than not to be used for time off or otherwise paid in cash or settled through noncash means as of the date of the financial statements. Certain salary-related payments that are directly and incrementally associated with payments to be made for compensated absences, such as Medicare and Social Security payroll taxes, are included in the calculation of the compensated absences liability.

## 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, 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 (UC), 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 UC 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 UC upon expiration of the ground lease. The facilities are reported as capital assets by the UC when placed in service, and a corresponding deferred inflow of resources is reported. The UC has not provided guarantees on financing obtained by the third parties under these arrangements.
- *Irrevocable Split-Interest Agreements:* The State’s 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 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, 2025, the government-wide financial statements show restricted net position for the primary government of \$74.6 billion, of which \$23.9 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, 2025, the Budget Stabilization Account had a restricted fund balance of \$18.3 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, 2025, the SFEU represented \$3.5 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, 2025, the PSSSA represented \$2.2 billion of cash reported in the General Fund, \$1.7 billion of which was due to other funds, and \$461 million of which was due to other governments. Accordingly, the PSSSA reported no fund balance as of June 30, 2025.

### 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, 2025:

GASB Statement No. 101, *Compensated Absences* is effective for the fiscal year ended June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. These requirements resulted in an increase of the State's compensated absence liability because sick leave is no longer excluded from recognition criteria. This Statement amends the existing requirement to disclose the gross increases and decreases in the liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). The State has chosen to present the change in compensated absence liability as a net figure in Note 10, Long-term Obligations. The impact on the State's Statement of Net Position as a result of the implementation of GASB Statement No. 101 is a decrease of \$1.4 billion in beginning net position of governmental activities and an increase of \$14 million in beginning net position of business-type activities.

GASB Statement No. 102, *Certain Risk Disclosures* is effective for the fiscal year ended June 30, 2025. Governments may be vulnerable to a variety of risks; although existing authoritative guidance requires governments to disclose information about their exposure to certain risks, information about other risks that are prevalent among governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires governments to assess whether an event or events associated with a concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued and disclose that information if all criteria have been met. Implementation of GASB Statement No. 102 resulted in no changes to the ACFR.

The University of California (UC), a discretely presented component unit of the State, increased its beginning net position by a net \$500 million due to the adoption of GASB 101 and a change in accounting principle not resulting from the adoption of a new accounting pronouncement. Additional information about this change in accounting principle can be found in the UC's separately issued financial statements on its website at [www.ucop.edu](http://www.ucop.edu).

## **B. Changes to or within the Financial Reporting Entity**

The State's administrator of the Scholarshare program made a change to the activities within an existing nonmajor governmental fund (Other Special Revenue Programs Fund) which required the fund to be reclassified as a private purpose trust fund (Other Private Purpose Trust Fund). The beginning fund balance decreased in nonmajor governmental funds and increased in the private purpose trust funds by \$27 million. As a result of this movement, the beginning net position of the primary government's governmental activities decreased by \$27 million.

California State University (CSU) Auxiliary Organizations, a nonmajor discretely presented component unit of the State, removed one of its component units due to the cessation of its operations. The change had no impact to the beginning net position of CSU. Additional information about this change to or within the financial reporting entity can be found in the CSU's separately issued financial statements on its website at [www.calstate.edu](http://www.calstate.edu).

## **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 \$1.4 billion for governmental activities. The errors affected capital assets, pollution remediation obligations, leases, financed purchases, availability payment arrangements, and other items.

- 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 \$326 million, the beginning balances of capital assets being depreciated or amortized decreased by \$631 million, and the beginning balances of accumulated depreciation and amortization increased by \$427 million. Overall, the error corrections resulted in a increase of \$122 million in beginning net position.
- Error corrections to pollution remediation obligations from the prior reporting period decreased beginning net position by \$83 million.

- The beginning net position of governmental activities increased by \$57 million to correct pension expense timing differences between the State's contributions and the actuarial validation report for the prior reporting period.
- Error corrections related to governmental funds and internal service funds increased beginning net position of governmental activities by \$1.2 billion, as described in the sections below.

## **2. Governmental Funds**

- Corrections to the General Fund resulted in an increase in the beginning fund balance by \$950 million due to a loan receivable that was not reported in the financial statements in the prior reporting period.
- Corrections to the Environmental and Natural Resources Fund resulted in an increase to the beginning fund balance of \$234 million due to grant commitments that were erroneously reported as due to other governments in the prior reporting period.
- Activities reported in the Custodial Fund in the prior reporting period were determined to not be fiduciary in nature. As a result, the fund activities were moved to the Health Care Related Programs Fund and increased the beginning fund balance of nonmajor governmental funds by \$58 million.

## **3. Custodial Fund**

Corrections to the Custodial Fund resulted in a decrease in the beginning net position of \$58 million. Refer to governmental funds above for more details.

## **4. Discretely Presented Component Units**

An increase of \$504 million to the beginning net position of the California Housing Finance Agency, a major component unit, occurred because the activities of a recently added agency program were not included in the prior year's financial statements

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

**Table 1**

**Restatements of Beginning Fund Balance and Net Position**

(amounts in thousands)

	6/30/2024 Balance (As Previously Reported)	Changes To or Within the Financial Reporting Entity
<b>Fund Balances or Net Position</b>		
<b>Government-wide</b>		
Governmental Activities .....	\$ 34,435,206	\$ (27,081)
Business-type Activities .....	(19,790,770)	—
<b>Total Primary Government</b> .....	<b>\$ 14,644,436</b>	<b>\$ (27,081)</b>
<b>Governmental funds</b>		
<b>Major funds</b>		
General .....	\$ 63,392,765	\$ —
Federal .....	357,211	—
Environmental & Natural Resources .....	23,867,622	—
<b>Nonmajor funds</b> .....	<b>35,780,250</b>	<b>(27,081)</b>
<b>Total governmental funds</b> .....	<b>\$ 123,397,848</b>	<b>\$ (27,081)</b>
<b>Proprietary funds</b>		
<b>Major funds</b>		
Water Resources .....	\$ 1,272,654	\$ —
State Lottery .....	(295,600)	—
Unemployment .....	(14,602,754)	—
California State University .....	(14,279,969)	—
<b>Nonmajor funds</b> .....	<b>8,114,899</b>	<b>—</b>
<b>Total proprietary funds</b> .....	<b>\$ (19,790,770)</b>	<b>\$ —</b>
<b>Internal service funds</b> .....	<b>\$ (1,182,809)</b>	<b>\$ —</b>
<b>Fiduciary funds</b>		
Pension/OPEB .....	\$ 899,667,747	\$ —
Private Purpose Trust .....	16,740,124	27,081
Investment Trust .....	22,237,363	—
Custodial Fund .....	684,083	—
<b>Total fiduciary funds</b> .....	<b>\$ 939,329,317</b>	<b>\$ 27,081</b>
<b>Discretely presented component units</b>		
University of California .....	\$ 22,321,935	\$ —
California Housing Finance Agency .....	3,877,738	—
<b>Nonmajor component units</b> .....	<b>6,799,240</b>	<b>—</b>
<b>Total discretely presented component units</b> .....	<b>\$ 32,998,913</b>	<b>\$ —</b>

Error Corrections	Changes in Accounting Principle	6/30/2024 Balance (As Restated)
\$ 1,367,911	\$ (1,414,771)	\$ 34,361,265
354	13,943	(19,776,473)
\$ 1,368,265	\$ (1,400,828)	\$ 14,584,792
\$ 956,492	\$ —	\$ 64,349,257
—	—	357,211
234,709	—	24,102,331
59,196	—	35,812,365
\$ 1,250,397	\$ —	\$ 124,621,164
\$ —	\$ —	\$ 1,272,654
—	—	(295,600)
354	19,896	(14,582,504)
—	—	(14,279,969)
—	(5,953)	8,108,946
\$ 354	\$ 13,943	\$ (19,776,473)
\$ 6,370	\$ (112,454)	\$ (1,288,893)
\$ —	\$ —	\$ 899,667,747
—	—	16,767,205
—	—	22,237,363
(58,266)	—	625,817
\$ (58,266)	\$ —	\$ 939,298,132
\$ —	\$ 500,434	\$ 22,822,369
503,626	—	4,381,364
3,896	(13,022)	6,790,114
\$ 507,522	\$ 487,412	\$ 33,993,847

## 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, 2025, increased the spending authority for the budgetary/legal basis-reported General Fund and decreased spending authority for 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](mailto: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, 2025, these discretely presented component units and related organizations accounted for approximately 2.46% 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, 2025, totaling approximately \$7.6 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, 2025, 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 \$3.1 billion in interest revenue received by the General Fund from the pooled investment program in the fiscal year 2024-25 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](http://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 their 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, 2025

(amounts in thousands)

	June 30, 2025	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Pooled Investments</b>			
U.S. Treasury bills and notes .....	\$ 99,557,816	\$ 99,557,816	\$ —
U.S. Agency bonds and discount notes .....	33,297,083	33,297,083	—
Supranational debentures and discount notes .....	12,499,733	12,499,733	—
Small Business Administration loans .....	244,165	244,165	—
Mortgage-backed securities .....	1,053	1,053	—
Certificates of deposit .....	16,448,095	—	16,448,095
Commercial paper .....	12,185,826	—	12,185,826
Corporate bonds .....	950,692	950,692	—
<b>Total pooled investments at fair value .....</b>	<b>175,184,463</b>	<b>\$ 146,550,542</b>	<b>\$ 28,633,921</b>
<b>Other primary government investments</b>			
U.S. Treasuries and agencies .....	1,959,599	\$ 753,633	\$ 1,205,966
Commercial paper .....	171,317	—	171,317
Corporate debt securities .....	1,277,312	—	1,277,312
Other .....	3,808,150	55,375	3,752,775
<b>Total other primary government investments at fair value .....</b>	<b>7,216,378</b>	<b>\$ 809,008</b>	<b>\$ 6,407,370</b>
<b>Investments measured at the net asset value (NAV)</b>			
Money market funds/2a-7 money market funds .....	584,306		
Short-Term Investments .....	48,401		
Other External Investment Pools .....	36,220		
<b>Total investments measured at the NAV .....</b>	<b>668,927</b>		
<b>Other investment instruments</b>			
State and Local Government Series securities <sup>1</sup> .....	1,973,698		
<b>Total other investment instruments .....</b>	<b>1,973,698</b>		
<b>Funds outside primary government included in pooled investments</b>			
Less: investment trust funds .....	24,489,901		
Less: other trust and custodial funds .....	4,636,521		
Less: discretely presented component units and related organizations .....	4,312,671		
<b>Total primary government investments .....</b>	<b>\$ 151,604,373</b>		

<sup>1</sup>Reported at carrying value

As of June 30, 2025, the weighted average maturity of the securities in the pooled investment program administered by the State Treasurer's Office was approximately 253 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, 2025, 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, 2025, structured notes and medium-term asset-backed securities comprised approximately 2.00% of the pooled investments. A portion of the structured notes was callable agency securities, which represented 1.86% 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 1.81% 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**

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>	<b>Credit Rating</b>
U.S. Treasury securities	5 years	N/A	N/A	N/A
Federal agency and supranational securities	5 years	N/A	N/A	AA by 2 NRSROs
Certificates of deposit	5 years	N/A	N/A	A-1, P1, or F1 by 1 NRSRO
Bankers' acceptances	180 days	N/A	N/A	A-1, P1, or F1 by 1 NRSRO
Commercial paper	270 days	30%	10% of issuer's outstanding Commercial paper	A-1, P1, or F1 by 1 NRSRO
Corporate bonds/notes	5 years	10%	N/A	A category by 2 NRSROs
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 \$5.3 billion of time deposits and \$262 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, 2025, only \$1 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, 2025

(amounts in thousands)

	<b>Fair Value at Year End</b>	<b>Weighted Average Maturity (in years)</b>
<b>Pooled investments</b>		
U.S. Treasury bills and notes .....	\$ 99,557,816	0.75
U.S. Agency bonds and discount notes .....	33,297,083	0.77
Supranational debentures and discount notes .....	12,499,733	0.95
Small Business Administration loans .....	244,165	0.25
Mortgage-backed securities .....	1,053	0.34
Certificates of deposit .....	16,448,095	0.28
Commercial paper .....	12,185,826	0.22
Corporate bonds .....	950,692	1.90
<b>Total pooled investments</b> .....	<b>175,184,463</b>	
<b>Other primary government investments</b>		
U.S. Treasuries and agencies .....	1,959,599	2.94
Commercial paper .....	171,317	0.04
State and Local Government Series securities <sup>1</sup> .....	1,973,698	—
Corporate debt securities .....	1,277,312	3.10
Other .....	4,477,077	2.22
<b>Total other primary government investments</b> .....	<b>9,859,003</b>	
<b>Funds outside primary government included in pooled investments</b>		
Less: investment trust funds .....	24,489,901	
Less: other trust and custodial funds .....	4,636,521	
Less: discretely presented component units and related organizations .....	4,312,671	
<b>Total primary government investments</b> .....	<b>\$ 151,604,373</b>	

<sup>1</sup>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, 2025

(amounts in thousands)

Credit Rating as of Year End		Fair Value
Short-term	Long-term	
<b>Pooled investments</b>		
A-1+/P-1/F-1+	AAA/Aaa/AAA	\$ 42,949,445
A-1/P-1/F-1	AA/Aa/AA	31,364,500
A-2/P-2/F-2	A/A/A	771,613
A-2/P-2/F-2	A/A/BBB	296,924
Not rated		—
Not applicable		99,801,981
<b>Total pooled investments</b>		<b>\$ 175,184,463</b>
<b>Other primary government investments</b>		
A-1+/P-1/F-1+	AAA/Aaa/AAA	\$ 1,011,473
A-1/P-1/F-1	AA/Aa/AA	2,696,546
A-2/P-2/F-2	A/A/A	1,267,782
A-3/P-3/F-3	BBB/Baa/BBB	19,124
B/NP/B	BB/Ba/BB	95,092
B/NP/B	B2/B	266,265
C/NP/C	CCC/Caa/CCC	18,914
Not rated		4,483,807
<b>Total other primary government investments</b>		<b>\$ 9,859,003</b>

**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, 2025, 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, except for corporate bonds and notes which is limited to 10% of the total pooled investments. As of June 30, 2025, the State had investments in the Federal Home Loan Bank totaling 9.01% 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. CalPERS and CalSTRS account for 96.02% 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](http://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](http://www.CalSTRS.com).

### **C. Discretely Presented Component Units**

The discretely presented component units consist of the University of California (UC) and its foundation, the California Housing Finance Agency (CalHFA), and various nonmajor component units. The UC and CalHFA constitute 92.37% 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 UC's investments and derivative instruments are included in the UC's separately issued financial statements, which may be found on its website at [www.ucop.edu](http://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](http://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 (UC), a discretely presented component unit of the State, reported current and noncurrent lease receivables of \$58 million and \$649 million, respectively. The State’s nonmajor component units reported current and noncurrent lease receivables of \$27 million and \$476 million, respectively. Additional disclosures for the UC are included in the UC’s separately issued financial statements, which may be found on its website at [www.ucop.edu](http://www.ucop.edu).

**Table 6**

**Schedule of Accounts Receivable**

June 30, 2025

(amounts in thousands)

	Taxes	Licenses, Permits, and Fees	Lottery Retailers
<b>Current governmental activities</b>			
General Fund .....	\$ 41,895,644	\$ 83	\$ —
Federal Fund .....	—	—	—
Environmental and Natural Resources Fund .....	24,971	426,158	—
Nonmajor governmental funds .....	5,224,197	8,560,518	—
Internal service funds .....	—	—	—
Adjustment:			
Unavailable revenue <sup>1</sup> .....	(2,766,342)	(13,333)	—
Leases receivable .....	—	—	—
<b>Total current governmental activities</b> .....	<b>\$ 44,378,470</b>	<b>\$ 8,973,426</b>	<b>\$ —</b>
<b>Amounts not scheduled for collection during the subsequent year (unavailable revenue)</b> .....	<b>\$ 2,766,342</b>	<b>\$ 13,333</b>	<b>\$ —</b>
<b>Current business-type activities</b>			
Water Resources Fund .....	—	—	—
State Lottery Fund .....	—	—	779,716
Unemployment Programs Fund .....	—	—	—
California State University .....	—	—	—
Nonmajor enterprise funds .....	—	—	—
<b>Total current business-type activities</b> .....	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 779,716</b>
<b>Amounts not scheduled for collection during the subsequent year (unavailable revenue)</b> .....	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

<sup>1</sup>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.

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Unemployment Programs	California State University	Other	Total
\$ 682,831	\$ —	\$ 3,098,004	\$ 45,676,562
—	—	3,832,105	3,832,105
—	—	84,644	535,773
—	—	929,719	14,714,434
—	—	83,212	83,212
(509,845)	—	(206,999)	(3,496,519)
—	—	(154,716)	(154,716)
<b>\$ 172,986</b>	<b>\$ —</b>	<b>\$ 7,665,969</b>	<b>\$ 61,190,851</b>
<b>\$ 509,845</b>	<b>\$ —</b>	<b>\$ 361,715</b>	<b>\$ 3,651,235</b>
—	—	126,760	126,760
—	—	—	779,716
1,301,980	—	—	1,301,980
—	446,875	—	446,875
—	—	152,076	152,076
<b>\$ 1,301,980</b>	<b>\$ 446,875</b>	<b>\$ 278,836</b>	<b>\$ 2,807,407</b>
<b>\$ 1,081,218</b>	<b>\$ 807,105</b>	<b>\$ —</b>	<b>\$ 1,888,323</b>

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**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, 2025

(amounts in thousands)

	Cash and Pooled Investments	Investments	Due From Other Governments	Loans Receivable	Total
<b>Primary government</b>					
Debt service .....	\$ 596,231	\$ 50,690	\$ 234,099	\$ 5,658,667	\$ 6,539,687
Construction .....	874,070	—	—	—	874,070
Operations .....	73,648	—	—	—	73,648
Other .....	4,796	—	—	—	4,796
<b>Total primary government .....</b>	<b>1,548,745</b>	<b>50,690</b>	<b>234,099</b>	<b>5,658,667</b>	<b>7,492,201</b>
<b>Discretely presented component units</b>					
Debt service .....	1,170,672	457,390	—	—	1,628,062
Other .....	140,523	—	—	—	140,523
<b>Total discretely presented component units .....</b>	<b>1,311,195</b>	<b>457,390</b>	<b>—</b>	<b>—</b>	<b>1,768,585</b>
<b>Total restricted assets .....</b>	<b>\$ 2,859,940</b>	<b>\$ 508,080</b>	<b>\$ 234,099</b>	<b>\$ 5,658,667</b>	<b>\$ 9,260,786</b>

**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, 2025

(amounts in thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Governmental activities</b>				
<b>Capital assets not being depreciated/amortized</b>				
Land .....	\$ 21,987,553 *	\$ 161,479	\$ 3,458	\$ 22,145,574
State highway infrastructure .....	85,480,148 *	1,035,191	15,970	86,499,369
Collections .....	21,691	—	—	21,691
Construction/development in progress .....	24,442,469 *	5,740,932	1,389,728	28,793,673
Intangible assets .....	1,320,549 *	105,050	—	1,425,599
<b>Total capital assets not being depreciated/amortized .....</b>	<b>133,252,410</b>	<b>7,042,652</b>	<b>1,409,156</b>	<b>138,885,906</b>
<b>Capital assets being depreciated/amortized</b>				
Buildings and improvements .....	32,020,884 *	452,189	22,954	32,450,119
Infrastructure .....	755,010	4,868	136	759,742
Equipment and other depreciable assets .....	7,198,864 *	777,025	366,218	7,609,671
Other intangible assets .....	3,887,850 *	187,237	23,170	4,051,917
<b>Total capital assets being depreciated/amortized .....</b>	<b>43,862,608</b>	<b>1,421,319</b>	<b>412,478</b>	<b>44,871,449</b>
<b>Less accumulated depreciation/amortization for:</b>				
Buildings and improvements .....	12,128,074 *	780,639	12,853	12,895,860
Infrastructure .....	496,116	14,145	10	510,251
Equipment and other depreciable assets .....	5,598,475 *	576,860	365,502	5,809,833
Other intangible assets .....	2,123,234 *	316,310	21,942	2,417,602
<b>Total accumulated depreciation/amortization .....</b>	<b>20,345,899</b>	<b>1,687,954</b>	<b>400,307</b>	<b>21,633,546</b>
<b>Total capital assets being depreciated/amortized, net .....</b>	<b>23,516,709</b>	<b>(266,635)</b>	<b>12,171</b>	<b>23,237,903</b>
<b>Right to use assets being amortized</b>				
Right to use leased land .....	50,175 *	9,475	2,219	57,431
Right to use leased buildings .....	4,156,068 *	516,189	564,688	4,107,569
Right to use leased equipment .....	43,303 *	323	18,029	25,597
Right to use subscription-based information technology arrangements .....	423,799 *	182,976	206,571	400,204
<b>Total right to use assets being amortized .....</b>	<b>4,673,345</b>	<b>708,963</b>	<b>791,507</b>	<b>4,590,801</b>
<b>Less accumulated amortization for:</b>				
Right to use leased land .....	12,608 *	5,883	637	17,854
Right to use leased buildings .....	1,389,905 *	527,484	297,786	1,619,603
Right to use leased equipment .....	27,653 *	8,110	18,029	17,734
Right to use subscription-based information technology arrangements .....	248,474 *	142,428	201,712	189,190
<b>Total accumulated amortization .....</b>	<b>1,678,640</b>	<b>683,905</b>	<b>518,164</b>	<b>1,844,381</b>
<b>Total right to use assets being amortized, net .....</b>	<b>2,994,705</b>	<b>25,058</b>	<b>273,343</b>	<b>2,746,420</b>
<b>Governmental activities, capital assets, net .....</b>	<b>\$ 159,763,824</b>	<b>\$ 6,801,075</b>	<b>\$ 1,694,670</b>	<b>\$ 164,870,229</b>

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

**Table 8 (continued)**

**Schedule of Changes in Capital Assets – Primary Government**

June 30, 2025

(amounts in thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Business-type activities</b>				
<b>Capital assets not being depreciated/amortized</b>				
Land .....	\$ 489,278	\$ 805	\$ —	\$ 490,083
Collections .....	39,774	600	—	40,374
Construction/development in progress .....	2,957,608	1,582,186	1,016,595	3,523,199
Intangible assets .....	136,840	844	6,587	131,097
<b>Total capital assets not being depreciated/amortized .....</b>	<b>3,623,500</b>	<b>1,584,435</b>	<b>1,023,182</b>	<b>4,184,753</b>
<b>Capital assets being depreciated/amortized</b>				
Buildings and improvements .....	20,673,866	963,511	2,843	21,634,534
Infrastructure .....	967,901	76,347	8,342	1,035,906
Equipment and other assets .....	1,266,220 *	86,628	35,341	1,317,507
Other intangible assets .....	547,858	26,560	759	573,659
<b>Total capital assets being depreciated/amortized .....</b>	<b>23,455,845</b>	<b>1,153,046</b>	<b>47,285</b>	<b>24,561,606</b>
<b>Less accumulated depreciation/amortization for:</b>				
Buildings and improvements .....	7,929,880 *	580,627	1,080	8,509,427
Infrastructure .....	231,324	35,609	8,514	258,419
Equipment and other assets .....	956,371 *	88,500	33,549	1,011,322
Other intangible assets .....	292,614	24,161	760	316,015
<b>Total accumulated depreciation/amortization .....</b>	<b>9,410,189</b>	<b>728,897</b>	<b>43,903</b>	<b>10,095,183</b>
<b>Total capital assets being depreciated/amortized, net .....</b>	<b>14,045,656</b>	<b>424,149</b>	<b>3,382</b>	<b>14,466,423</b>
<b>Right to use assets being amortized</b>				
Right to use leased land .....	3,518	1,442	152	4,808
Right to use leased buildings .....	639,447	77,544	17,213	699,778
Right to use leased equipment .....	16,980	6,649	3,097	20,532
Right to use subscription-based information technology arrangements .....	172,646	143,556	54,503	261,699
<b>Total right to use assets being amortized .....</b>	<b>832,591</b>	<b>229,191</b>	<b>74,965</b>	<b>986,817</b>
<b>Less accumulated amortization for:</b>				
Right to use leased land .....	807	556	141	1,222
Right to use leased buildings .....	125,477	51,018	17,130	159,365
Right to use leased equipment .....	7,832	3,823	3,052	8,603
Right to use subscription-based information technology arrangements .....	97,419	86,891	54,493	129,817
<b>Total accumulated amortization .....</b>	<b>231,535</b>	<b>142,288</b>	<b>74,816</b>	<b>299,007</b>
<b>Total right to use assets being amortized, net .....</b>	<b>601,056</b>	<b>86,903</b>	<b>149</b>	<b>687,810</b>
<b>Business-type activities, capital assets, net .....</b>	<b>\$ 18,270,212</b>	<b>\$ 2,095,487</b>	<b>\$ 1,026,713</b>	<b>\$ 19,338,986</b>

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

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, 2025

(amounts in thousands)

	<b>Amount</b>
<b>Governmental activities</b>	
General government .....	\$ 606,486
Education .....	127,098
Health and human services .....	330,571
Natural resources and environmental protection .....	369,892
Business, consumer services, and housing .....	43,373
Transportation .....	414,974
Corrections and rehabilitation .....	344,784
Internal service funds (charged to the activities that utilize the fund) .....	134,681
<b>Total governmental activities</b> .....	<b>2,371,859</b>
<b>Business-type activities</b> .....	<b>871,185</b>
<b>Total primary government</b> .....	<b>\$ 3,243,044</b>

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, 2025

(amounts in thousands)

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Capital assets not being depreciated/amortized</b>				
Land .....	\$ 2,311,410	\$ 250,001	\$ 8,511	\$ 2,552,900
Collections .....	671,247	46,908	2,545	715,610
Construction/development in progress .....	8,287,234	1,729,454	144,976	9,871,712
Intangible assets .....	305	35	22	318
<b>Total capital assets not being depreciated/amortized .....</b>	<b>11,270,196</b>	<b>2,026,398</b>	<b>156,054</b>	<b>13,140,540</b>
<b>Capital assets being depreciated/amortized</b>				
Buildings and improvements .....	57,067,283	3,540,673	72,920	60,535,036
Infrastructure .....	1,125,560	62,110	—	1,187,670
Equipment and other depreciable assets .....	14,502,841 *	1,111,469	385,724	15,228,586
Other intangible assets .....	1,836,935 *	152,182	71,449	1,917,668
<b>Total capital assets being depreciated/amortized .....</b>	<b>74,532,619</b>	<b>4,866,434</b>	<b>530,093</b>	<b>78,868,960</b>
<b>Less accumulated depreciation/amortization for:</b>				
Buildings and improvements .....	25,712,698 *	1,801,971	58,311	27,456,358
Infrastructure .....	597,332 *	37,567	—	634,899
Equipment and other depreciable assets .....	10,391,424 *	822,492	380,858	10,833,058
Other intangible assets .....	1,450,191 *	113,274	23,074	1,540,391
<b>Total accumulated depreciation/amortization .....</b>	<b>38,151,645</b>	<b>2,775,304</b>	<b>462,243</b>	<b>40,464,706</b>
<b>Total capital assets being depreciated/amortized, net .....</b>	<b>36,380,974</b>	<b>2,091,130</b>	<b>67,850</b>	<b>38,404,254</b>
<b>Right to use assets being amortized</b>				
Right to use leased land .....	88,979	21,125	(3,082)	113,186
Right to use leased buildings .....	3,423,016 *	694,993	227,816	3,890,193
Right to use leased equipment .....	284,799	67,772	53,013	299,558
Right to use subscription-based information technology arrangements .....	545,506 *	237,201	71,749	710,958
<b>Total right to use assets being amortized .....</b>	<b>4,342,300</b>	<b>1,021,091</b>	<b>349,496</b>	<b>5,013,895</b>
<b>Less accumulated amortization for:</b>				
Right to use leased land .....	16,563	4,600	1,236	19,927
Right to use leased buildings .....	1,179,746	254,940	152,052	1,282,634
Right to use leased equipment .....	114,934	48,464	37,525	125,873
Right to use subscription-based information technology arrangements .....	226,191 *	164,376	73,328	317,239
<b>Total accumulated amortization .....</b>	<b>1,537,434</b>	<b>472,380</b>	<b>264,141</b>	<b>1,745,673</b>
<b>Total right to use assets being amortized, net .....</b>	<b>2,804,866</b>	<b>548,711</b>	<b>85,355</b>	<b>3,268,222</b>
<b>Capital assets, net .....</b>	<b>\$ 50,456,036</b>	<b>\$ 4,666,239</b>	<b>\$ 309,259</b>	<b>\$ 54,813,016</b>

\* 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 \$3.8 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, 2025

(amounts in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Deferred outflows of resources:</b>				
Loss on refunding of debt .....	\$ 710,628	\$ 144,345	\$ 854,973	\$ 191,635
Decrease in fair value of hedging derivative instruments .....	—	—	—	17,479
Net pension liability .....	21,765,418	2,440,663	24,206,081	2,248,825
Net other postemployment benefits liability .....	12,187,358	2,732,950	14,920,308	2,406,867
Deferred asset retirement obligation .....	—	—	—	73,860
Other deferred outflows .....	—	—	—	512,417
<b>Total deferred outflows of resources .....</b>	<b>\$ 34,663,404</b>	<b>\$ 5,317,958</b>	<b>\$ 39,981,362</b>	<b>\$ 5,451,083</b>
<b>Deferred inflows of resources:</b>				
Gain on refunding of debt .....	\$ 1,292,421	\$ 2,495	\$ 1,294,916	\$ 122,536
Service concession arrangements .....	—	—	—	407,630
Irrevocable split-interest agreements .....	—	—	—	364,847
Net pension liability .....	5,319,970	301,706	5,621,676	5,724,332
Net other postemployment benefits liability .....	12,884,628	3,415,104	16,299,732	8,523,827
Other deferred inflows .....	342,366	2,621,513	2,963,879	1,345,752
<b>Total deferred inflows of resources .....</b>	<b>\$ 19,839,385</b>	<b>\$ 6,340,818</b>	<b>\$ 26,180,203</b>	<b>\$ 16,488,924</b>

**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, 2025

(amounts in thousands)

	<b>General Governmental</b>	<b>Education</b>	<b>Health and Human Services</b>
<b>Governmental activities</b>			
General Fund .....	\$ 2,419,200	\$ 613,408	\$ 14,407,899
Federal Fund .....	671,007	12,130	31,689,877
Environmental and Natural Resources Fund .....	7,034	—	117
Nonmajor governmental funds .....	829,716	3,784	7,303,651
Internal service funds .....	330,887	10	289,094
Adjustment:			
Fiduciary funds .....	46,148	—	—
<b>Total governmental activities</b> .....	<b>\$ 4,303,992</b>	<b>\$ 629,332</b>	<b>\$ 53,690,638</b>
<b>Business-type activities</b>			
Water Resources Fund .....	\$ —	\$ —	\$ —
State Lottery Fund .....	96,470	—	—
Unemployment Programs Fund .....	—	—	190,599
California State University .....	—	480,094	—
Nonmajor enterprise funds .....	216	304	370
Adjustment:			
Fiduciary funds .....	—	—	—
<b>Total business-type activities</b> .....	<b>\$ 96,686</b>	<b>\$ 480,398</b>	<b>\$ 190,969</b>

Natural Resources and Environmental Protection	Transportation	Other	Total
\$ 771,903	\$ 2,886	\$ 519,038	\$ 18,734,334
351,626	141,838	103,103	32,969,581
1,136,482	78,540	10,189	1,232,362
27,453	2,070,993	199,080	10,434,677
39,196	—	1,562	660,749
—	61,763	—	107,911
<b>\$ 2,326,660</b>	<b>\$ 2,356,020</b>	<b>\$ 832,972</b>	<b>\$ 64,139,614</b>
\$ 178,583	\$ —	\$ —	\$ 178,583
—	—	—	96,470
—	—	—	190,599
—	—	—	480,094
35,656	—	3,302	39,848
—	—	74	74
<b>\$ 214,239</b>	<b>\$ —</b>	<b>\$ 3,376</b>	<b>\$ 985,668</b>

## NOTE 10: LONG-TERM OBLIGATIONS

As of June 30, 2025, the primary government had long-term obligations totaling \$313.8 billion. Of that amount, \$11.4 billion was due within one year. Governmental activities had a net decrease in long-term obligations of \$3.1 billion, primarily consisting of a decrease of \$9.6 billion in net pension liability, offset by an increase of \$4.6 billion in net other postemployment benefits (OPEB) liability. Other significant increases included total other long-term obligations of \$1.9 billion.

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, 2025, pollution remediation obligations increased by \$49 million from the prior fiscal year-end, to \$1.8 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, 2025, the State estimates that remediation costs at Stringfellow will total \$579 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, 2025, the State estimates that the oil field abandonment liability is \$1.0 billion, and the State has reserves of \$396 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 \$15 million, availability payment arrangements of \$949 million, lessee-type financed purchases of \$17 million, Technology Services Revolving Fund notes payable of \$8 million and a Transportation Fund performance obligation of \$523 million. The net pension liability, net OPEB liability, 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 \$1.3 billion. Significant increases included \$1.5 billion in net OPEB liability and \$485 million in revenue bonds payable, while significant decreases included a \$1.1 billion decrease in net pension liability.

Table 13 summarizes the changes in long-term obligations during the fiscal year ended June 30, 2025.

**Table 13**

**Schedule of Changes in Long-term Obligations**

(amounts in thousands)

	Balance July 1, 2024	Additions
<b>Governmental activities</b>		
Loans payable adjustment for fiduciary funds	\$ 19,810	\$ —
Compensated absences payable <sup>1</sup>	6,734,348 *	154,014
Workers' compensation benefits payable	6,323,886	1,107,500
Commercial paper and other borrowings	1,031,170	872,735
Lease liability	2,925,099 *	479,511
Subscription liability	126,804 *	169,054
General obligation bonds outstanding	71,742,195	7,679,445
Premiums	7,744,833	542,120
Total general obligation bonds payable	<u>79,487,028</u>	<u>8,221,565</u>
Revenue bonds outstanding	14,967,578	1,770,790
Accreted interest	835,143	48,704
Premiums	777,683	169,626
Discounts	<u>(632)</u>	<u>—</u>
Total revenue bonds payable	16,579,772	1,989,120
Mandated cost claims payable	1,975,798	216,768
Net other postemployment benefits liability	68,707,301	9,304,948
Net pension liability	82,382,466	32,027,534
Other long-term obligations:		
Lessee-type financed purchases and availability payment arrangements	996,746 *	562
Oil field abandonment liability	1,041,750	—
Proposition 98 funding guarantee	—	1,916,848
Pollution remediation obligations	1,770,504 *	174,946
Other	617,855 *	45,637
Total other long-term obligations	<u>4,426,855</u>	<u>2,137,993</u>
<b>Total governmental activities</b>	<b><u>\$ 270,720,337</u></b>	<b><u>\$ 56,680,742</u></b>
<b>Business-type activities</b>		
Lottery prizes and annuities	\$ 1,467,475	\$ 6,815,596
Compensated absences payable <sup>1</sup>	472,080 *	39,489
Workers' compensation benefits payable	14,601	—
Commercial paper and other borrowings	656,727	459,890
Lease liability	525,824	83,998
Subscription liability	55,436	131,457
General obligation bonds outstanding	634,480	300,000
Premiums	11,943	—
Discounts	<u>(439)</u>	<u>—</u>
Total general obligation bonds payable	645,984	300,000
Revenue bonds outstanding	14,016,255	1,080,115
Premiums	1,149,393	123,153
Discounts	<u>(269)</u>	<u>—</u>
Total revenue bonds payable	15,165,379	1,203,268
Net other postemployment benefits liability	15,402,777	2,030,656
Net pension liability	10,078,529	3,358,964
Other long-term obligations	381,151	122,566
<b>Total business-type activities</b>	<b><u>\$ 44,865,963</u></b>	<b><u>\$ 14,545,884</u></b>

<sup>1</sup>The change in the compensated absences liability is presented as a net change.

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

Deductions	Balance June 30, 2025	Due Within One Year	Noncurrent Liabilities
\$ 7,638	\$ 12,172	\$ —	\$ 12,172
—	6,888,362	2,601,626	4,286,736
737,587	6,693,799	683,235	6,010,564
893,110	1,010,795	—	1,010,795
753,653	2,650,957	453,150	2,197,807
146,539	149,319	79,263	70,056
7,549,470	71,872,170	3,598,775	68,273,395
822,102	7,464,851	557,100	6,907,751
8,371,572	79,337,021	4,155,875	75,181,146
1,752,671	14,985,697	796,035	14,189,662
—	883,847	—	883,847
154,433	792,876	115,045	677,831
(108)	(524)	(122)	(402)
1,906,996	16,661,896	910,958	15,750,938
315,835	1,876,731	91,529	1,785,202
4,699,665	73,312,584	—	73,312,584
41,652,456	72,757,544	—	72,757,544
31,091	966,217	32,088	934,129
3,890	1,037,860	—	1,037,860
—	1,916,848	—	1,916,848
126,268	1,819,182	77,059	1,742,123
117,272	546,220	185,464	360,756
278,521	6,286,327	294,611	5,991,716
<b>\$ 59,763,572</b>	<b>\$ 267,637,507</b>	<b>\$ 9,270,247</b>	<b>\$ 258,367,260</b>
\$ 6,743,044	\$ 1,540,027	\$ 999,317	\$ 540,710
—	511,569	242,737	268,832
2,570	12,031	—	12,031
477,943	638,674	436	638,238
47,899	561,923	194,824	367,099
83,727	103,166	47,650	55,516
35,420	899,060	8,510	890,550
1,203	10,740	—	10,740
(71)	(368)	—	(368)
36,552	909,432	8,510	900,922
620,465	14,475,905	628,885	13,847,020
97,917	1,174,629	19,645	1,154,984
(37)	(232)	—	(232)
718,345	15,650,302	648,530	15,001,772
571,339	16,862,094	—	16,862,094
4,421,727	9,015,766	—	9,015,766
159,252	344,465	19,518	324,947
<b>\$ 13,262,398</b>	<b>\$ 46,149,449</b>	<b>\$ 2,161,522</b>	<b>\$ 43,987,927</b>

## 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](http://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](http://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 (UC), a discretely presented component unit, administers the University of California Retirement System (UCRS), which consists of two defined benefit plans funded with UC 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 UC's separately issued financial statements on its website at [www.ucop.edu](http://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, 2024, included the primary government and certain discretely presented component units; 1,336 school employers, including charter schools; and 1,600 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, 2023 Actuarial Valuation Report, which may be found on the CalPERS website at [www.CalPERS.ca.gov](http://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, 2024 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, 2024

	State Miscellaneous	State Industrial	State Safety	State Peace Officers and Firefighters	California Highway Patrol	Total PERF Plans
Inactive employees or beneficiaries currently receiving benefits .....	216,324	18,502	32,188	51,227	10,517	328,758
Inactive employees entitled to but not yet receiving benefits .....	82,960	4,776	10,986	10,045	606	109,373
Active employees .....	216,900	19,978	34,240	47,018	6,793	324,929
<b>Total .....</b>	<b>516,184</b>	<b>43,256</b>	<b>77,414</b>	<b>108,290</b>	<b>17,916</b>	<b>763,060</b>

**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, 2024.

**Table 15****Contribution Rates – PERF Plans**

June 30, 2024

	State Miscellaneous	State Industrial	State Safety	State Peace Officers and Firefighters	California Highway Patrol
Average active employee rate .....	7.49 %	8.65 %	10.95 %	11.87 %	12.57 %
Employer rate of annual payroll .....	30.97	20.42	22.72	47.91	69.01
<b>Total</b> .....	<b>38.46 %</b>	<b>29.07 %</b>	<b>33.67 %</b>	<b>59.78 %</b>	<b>81.58 %</b>

**Actuarial Methods and Assumptions:** The total pension liability for PERF plans was measured as of June 30, 2024 (measurement date), by rolling forward the total pension liability determined by the June 30, 2023 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, 2023
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	Derived using CalPERS' membership data for all funds.
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](http://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 <sup>1, 2</sup>
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)
<b>Total</b> .....	<b>100.0 %</b>	

<sup>1</sup>An expected inflation rate of 2.30% used for this period.

<sup>2</sup>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
<b>Balance at June 30, 2023</b> .....	\$ 139,507,612	\$ 101,081,537	\$ 38,426,075	\$ 6,119,522	\$ 4,908,110	\$ 1,211,412
<b>Changes recognized for the measurement period:</b>						
Service cost .....	2,713,022	—	2,713,022	157,301	—	157,301
Interest on total pension liability .....	9,509,569	—	9,509,569	419,207	—	419,207
Difference between expected and actual experience .....	910,930	—	910,930	22,880	—	22,880
Plan to plan resource movement .....	—	(480)	480	—	(1,172)	1,172
Employer contributions .....	—	6,093,536	(6,093,536)	—	231,104	(231,104)
Employee contributions .....	—	1,273,742	(1,273,742)	—	78,425	(78,425)
Net investment income .....	—	9,590,976	(9,590,976)	—	471,324	(471,324)
Benefit payments, including refunds of employee contributions .....	(7,910,411)	(7,910,411)	—	(291,180)	(291,180)	—
Administrative expense .....	—	(82,250)	82,250	—	(3,994)	3,994
<b>Net changes</b> .....	<b>5,223,110</b>	<b>8,965,113</b>	<b>(3,742,003)</b>	<b>308,208</b>	<b>484,507</b>	<b>(176,299)</b>
<b>Balance at June 30, 2024 (Measurement Date)</b> .....	<b>\$ 144,730,722</b>	<b>\$ 110,046,650</b>	<b>\$ 34,684,072</b>	<b>\$ 6,427,730</b>	<b>\$ 5,392,617</b>	<b>\$ 1,035,113</b>

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
\$ 18,204,224	\$ 14,879,300	\$ 3,324,924	\$ 62,861,062	\$ 46,103,000	\$ 16,758,062
565,174	—	565,174	1,249,852	—	1,249,852
1,250,737	—	1,250,737	4,289,911	—	4,289,911
98,235	—	98,235	261,062	—	261,062
—	1,761	(1,761)	—	(285)	285
—	784,227	(784,227)	—	2,877,620	(2,877,620)
—	321,424	(321,424)	—	517,361	(517,361)
—	1,445,883	(1,445,883)	—	4,466,739	(4,466,739)
(916,852)	(916,852)	—	(3,148,857)	(3,148,857)	—
—	(12,107)	12,107	—	(37,514)	37,514
<b>997,294</b>	<b>1,624,336</b>	<b>(627,042)</b>	<b>2,651,968</b>	<b>4,675,064</b>	<b>(2,023,096)</b>
<b>\$ 19,201,518</b>	<b>\$ 16,503,636</b>	<b>\$ 2,697,882</b>	<b>\$ 65,513,030</b>	<b>\$ 50,778,064</b>	<b>\$ 14,734,966</b>

(continued)

Table 18 (continued)

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

	California Highway Patrol			Total PERF Plans		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at June 30, 2023</b> .....	\$ 17,054,576	\$ 11,686,186	\$ 5,368,390	\$ 243,746,996	\$ 178,658,133	\$ 65,088,863
<b>Changes recognized for the measurement period:</b>						
Service cost .....	299,152	—	299,152	\$ 4,984,501	—	4,984,501
Interest on total pension liability .....	1,170,324	—	1,170,324	16,639,748	—	16,639,748
Difference between expected and actual experience .....	182,745	—	182,745	1,475,852	—	1,475,852
Plan to plan resource movement .....	—	176	(176)	—	—	—
Employer contributions .....	—	755,384	(755,384)	—	10,741,871	(10,741,871)
Employee contributions .....	—	134,856	(134,856)	—	2,325,808	(2,325,808)
Net investment income .....	—	1,113,204	(1,113,204)	—	17,088,126	(17,088,126)
Benefit payments, including refunds of employee contributions .....	(851,349)	(851,349)	—	(13,118,649)	(13,118,649)	—
Administrative expense .....	—	(9,509)	9,509	—	(145,374)	145,374
<b>Net changes</b> .....	<b>800,872</b>	<b>1,142,762</b>	<b>(341,890)</b>	<b>9,981,452</b>	<b>16,891,782</b>	<b>(6,910,330)</b>
<b>Balance at June 30, 2024 (Measurement Date)</b> .....	<b>\$ 17,855,448</b>	<b>\$ 12,828,948</b>	<b>\$ 5,026,500</b>	<b>\$ 253,728,448</b>	<b>\$ 195,549,915</b>	<b>\$ 58,178,533</b>

Reported in governmental activities	\$ 47,247,331
Reported in business-type activities	9,015,766
Reported by discretely presented component units	166,274
Not reported in government-wide Statement of Net Position <sup>1</sup>	1,749,162
<b>Total net pension liability – PERF plans</b>	<b>\$ 58,178,533</b>
	(concluded)

<sup>1</sup>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, 2024; 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, 2025

(amounts in thousands)

	Current Rate -1%	Current Rate 6.9%	Current Rate +1%
State Miscellaneous .....	\$ 52,640,125	\$ 34,684,072	\$ 19,696,468
State Industrial .....	1,926,418	1,035,113	303,886
State Safety .....	5,251,727	2,697,882	592,359
State Peace Officers and Firefighters .....	23,787,480	14,734,966	7,331,758
California Highway Patrol .....	7,515,701	5,026,500	2,993,517
<b>Total PERF plans .....</b>	<b>\$ 91,121,451</b>	<b>\$ 58,178,533</b>	<b>\$ 30,917,988</b>

**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, 2025, the State recognized pension expense of \$10.4 billion. At June 30, 2025, 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, 2024, but prior to the fiscal year ended June 30, 2025. 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, 2025

(amounts in thousands)

	State Miscellaneous	State Industrial	State Safety	State Peace Officers and Firefighters	California Highway Patrol	Total PERF Plans
<b>Pension Expense</b> .....	\$ 5,917,060	\$ 244,805	\$ 641,556	\$ 2,778,900	\$ 827,279	\$ 10,409,600
<b>Deferred Outflows of Resources:</b>						
Employer contributions .....	4,900,301	156,506	577,916	1,582,780	789,294	8,006,797
Changes of assumptions .....	1,127,362	18,089	130,063	792,157	231,891	2,299,562
Difference between expected and actual experience .....	1,869,294	54,299	183,741	1,106,941	275,811	3,490,086
Net difference between projected and actual earnings on pension plan investments .....	1,666,293	74,536	213,559	641,574	190,701	2,786,663
<b>Deferred Inflows of Resources:</b>						
Difference between expected and actual experience .....	337,287	7,698	71,871	291,181	59,366	767,403

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
2026 .....	\$ 1,330,786	\$ 45,299	\$ 121,126	\$ 712,672	\$ 222,183	\$ 2,432,066
2027 .....	3,491,630	138,663	460,430	1,694,620	442,921	6,228,264
2028 .....	(31,326)	(18,183)	(43,344)	59,515	18,568	(14,770)
2029 .....	(465,428)	(26,553)	(82,720)	(217,316)	(44,635)	(836,652)

**Payable to the Pension Plans:** At June 30, 2025, the State reported a payable of \$53 million for the outstanding amount of contributions to the PERF pension plans required for the fiscal year ended June 30, 2025.

## 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 PEPR 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](http://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, 2024, 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, 2024

	<u>Judges’</u>	<u>Judges’ II</u>	<u>Legislators’</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits ...	1,565	630	182	<b>2,377</b>
Inactive employees entitled to but not yet receiving benefits .....	—	2	3	<b>5</b>
Active employees .....	68	1,689	—	<b>1,757</b>
<b>Total</b> .....	<b><u>1,633</u></b>	<b><u>2,321</u></b>	<b><u>185</u></b>	<b><u>4,139</u></b>

**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 8.00% 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 8.00% of their annual compensation to the plan. The base total normal cost rate for PEPRA new members was re-determined in the June 30, 2024, actuarial valuation as 33.35%. 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. Legislators' contribution rates in the fiscal year 2023-24 reflect the closed nature of the plan and the termination of all active members as of June 30, 2023.

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, 2024.

**Table 23**

**Contribution Rates – Single-employer Plans**

June 30, 2024

	<b>Judges'</b>	<b>Judges' II</b>	<b>Legislators'</b>
Average active employee rate .....	"Pay-	9.94 %	— %
Employer rate of annual payroll .....	as-you-	23.58	—
<b>Total</b> .....	go"	<b>33.52 %</b>	<b>— %</b>

**Actuarial Methods and Assumptions:** The total pension liability for single-employer plans was measured as of June 30, 2024 (measurement date), by rolling forward the total pension liability determined by the June 30, 2023, 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, 2023
Actuarial cost method:	Entry age normal in accordance with the requirements of GASB 68.
Actuarial assumptions:	
Discount rate	Judges' 3.97%, 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' 3.97%, 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'* – 3.97%, reflecting the short-term nature of the assets. As the plan is insufficiently funded, CalPERS uses a discount rate of 3.97%, 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 Assumed Asset Allocation	Legislators' Assumed Asset Allocation	Real Return <sup>1,2</sup>
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
<b>Total</b> .....	<b>100.0 %</b>	<b>100.0 %</b>	

<sup>1</sup>An expected inflation rate of 2.30% used for this period.

<sup>2</sup>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 Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
<b>Balance at June 30, 2023</b>						
<b>(Valuation Date)</b> .....	\$ 2,493,768	\$ 46,327	\$ 2,447,441	\$ 2,293,612	\$ 2,328,782	\$ (35,170)
<b>Changes recognized for the measurement period:</b>						
Service cost .....	7,660	—	7,660	128,635	—	128,635
Interest on total pension liability .....	93,495	—	93,495	143,959	—	143,959
Difference between expected and actual experience .....	(14,317)	—	(14,317)	32,448	—	32,448
Changes of assumptions .....	(21,972)	—	(21,972)	—	—	—
Employer contributions .....	—	212,532	(212,532)	—	96,316	(96,316)
Employee contributions .....	—	1,481	(1,481)	—	42,936	(42,936)
Net investment income .....	—	3,416	(3,416)	—	267,417	(267,417)
Benefit payments, including refunds of employee contributions .....	(212,542)	(212,542)	—	(99,168)	(99,168)	—
Administrative expense .....	—	(2,411)	2,411	—	(2,638)	2,638
Other miscellaneous income .....	—	2,831	(2,831)	—	5	(5)
<b>Net changes</b> .....	<b>(147,676)</b>	<b>5,307</b>	<b>(152,983)</b>	<b>205,874</b>	<b>304,868</b>	<b>(98,994)</b>
<b>Balance at June 30, 2024</b>						
<b>(Measurement Date)</b> .....	<b>\$ 2,346,092</b>	<b>\$ 51,634</b>	<b>\$ 2,294,458</b>	<b>\$ 2,499,486</b>	<b>\$ 2,633,650</b>	<b>\$ (134,164)</b>

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)
\$ 88,315	\$ 95,669	\$ (7,354)	\$ 4,875,695	\$ 2,470,778	\$ 2,404,917
—	—	—	136,295	—	136,295
4,351	—	4,351	241,805	—	241,805
5,119	—	5,119	23,250	—	23,250
—	—	—	(21,972)	—	(21,972)
—	—	—	—	308,848	(308,848)
—	—	—	—	44,417	(44,417)
—	4,905	(4,905)	—	275,738	(275,738)
(7,436)	(7,436)	—	(319,146)	(319,146)	—
—	(663)	663	—	(5,712)	5,712
—	1	(1)	—	2,837	(2,837)
<u>2,034</u>	<u>(3,193)</u>	<u>5,227</u>	<u>60,232</u>	<u>306,982</u>	<u>(246,750)</u>
<u>\$ 90,349</u>	<u>\$ 92,476</u>	<u>\$ (2,127)</u>	<u>\$ 4,935,927</u>	<u>\$ 2,777,760</u>	<u>\$ 2,158,167</u>
Reported in governmental activities					<u>\$ 2,158,167</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate:** Judges’ net pension liability was calculated using a discount rate of 3.97%; 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, 2025

(amounts in thousands)

	Current Rate -1%	Current Rate	Current Rate +1%
Judges’ (3.97%) .....	\$ 2,502,307	\$ 2,294,458	\$ 2,113,796
Judges’ II (6.15%) .....	153,650	(134,164)	(371,317)
Legislators’ (4.85%) .....	8,699	(2,127)	(10,859)
<b>Total Single-employer Plans .....</b>	<b>\$ 2,664,656</b>	<b>\$ 2,158,167</b>	<b>\$ 1,731,620</b>

**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, 2024, the State recognized pension expense of \$143 million. At June 30, 2025, 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, 2024, but prior to June 30, 2025, 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, 2025

(amounts in thousands)

	Judges'	Judges' II	Legislators'	Total
<b>Pension Expense</b> .....	\$ 60,153	\$ 75,281	\$ 7,976	\$ 143,410
<b>Deferred Outflows of Resources:</b>				
Employer contributions subsequent to the measurement date .....	217,738	91,286	—	309,024
Difference between expected and actual experience .....	—	46,888	—	46,888
Net difference between projected and actual earnings on pension plan investments .....	—	12,219	7,569	19,788
<b>Deferred Inflows of Resources:</b>				
Difference between expected and actual experience .....	—	49,935	—	49,935
Changes of assumptions .....	—	41,620	—	41,620
Net difference between projected and actual earnings on pension plan investments .....	588	—	—	588

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
2026 .....	\$ 142	\$ (16,481)	\$ 2,527	\$ (13,812)
2027 .....	(27)	54,634	4,387	58,994
2028 .....	(395)	(38,885)	747	(38,533)
2029 .....	(308)	(33,826)	(92)	(34,226)
2030 .....	—	(2,526)	—	(2,526)
Thereafter .....	—	4,636	—	4,636

## 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](http://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, 471,000 active and 244,000 inactive program members, and 339,000 benefit recipients as of June 30, 2025. The payroll for employees covered by the DB Program for the fiscal year ended June 30, 2024, was approximately \$46.7 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 \$4.3 billion for the fiscal year 2024-25. CalSTRS' June 30, 2023 Defined Benefit Actuarial Valuation Report may be found on CalSTRS' website at [www.CalSTRS.com](http://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, 2024, the CBB Program had 29 contributing school districts and 42,793 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, 2024, 178 individuals were receiving benefits from the RB program.

**Actuarial Methods and Assumptions:** The total pension liability in the June 30, 2023 actuarial valuation (valuation date) was determined using the actuarial methods and assumptions shown in Table 30, applied to the measurement period ended June 30, 2024.

Table 30

**Actuarial Methods and Assumptions – CalSTRS**

Valuation date .....	June 30, 2023
Experience study .....	July 1, 2007, through June 30, 2022
Actuarial cost method .....	Entry age normal
Investment rate of return .....	7.10%
Consumer price inflation .....	2.75%
Payroll growth .....	3.25%
Wage growth .....	3.50%
Post-retirement benefit increases (COLAs) .....	2.00% simple

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality amongst our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023 and projected improvement is based on the MP-2021 Ultimate Projection Scale.

**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 2024 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**

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-term Expected Rate of Return</b>	<b>Long-term Expected Real Rate of Return</b>
Public equity .....	38.0 %	8.00 %	5.25 %
Real estate .....	15.0	6.80	4.05
Private equity .....	14.0	9.50	6.75
Fixed income .....	14.0	5.20	2.45
Risk mitigating strategies .....	10.0	5.00	2.25
Inflation sensitive .....	7.0	6.40	3.65
Cash/liquidity .....	2.0	2.80	0.05
<b>Total</b> .....	<b>100.0 %</b>		

**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, 2024 (measurement date), by applying update procedures and rolling forward the total pension liability determined by the actuarial valuation as of June 2023 (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, 2024, the State's proportionate share of the CalSTRS' net pension liability was 31.45%, or \$21.1 billion; this amount is reported in the governmental activities column of the government-wide Statement of Net Position as of June 30, 2025.

As a result of its requirement to contribute to CalSTRS, the State recognized expense of \$1.3 billion for the fiscal year ended June 30, 2025, 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, 2025

(amounts in thousands)

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions .....	\$ 92,466	\$ 1,442,657
Net difference between projected and actual earnings on pension plan investments .....	—	85,232
Difference between expected and actual experiences .....	2,389,332	923,716
Proportionate share change .....	—	1,805,656
State contributions subsequent to the measurement date .....	4,263,762	—
<b>Total</b> .....	<b>\$ 6,745,560</b>	<b>\$ 4,257,261</b>

The \$4.3 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, 2026.

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)

<b>Year Ending June 30</b>	<b>Amount</b>
2026 .....	\$ (2,080,850)
2027 .....	1,255,328
2028 .....	(438,336)
2029 .....	(314,872)
2030 .....	6,573
Thereafter .....	(203,306)

**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, 2025

(amounts in thousands)

	Current Rate -1%	Current Rate 7.10%	Current Rate +1%
State's proportionate share of net pension liability .....	\$ 37,571,679	\$ 21,123,435	\$ 7,388,469

**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, 33 trial courts provide pension benefits to their respective employees through agent multiple-employer defined benefit plans, and three 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](mailto:StateGovReports@sco.ca.gov).

**Net Pension Liability Actuarial Methods and Assumptions:** The net pension liability of 55 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 16 of the 22 county cost-sharing multiple-employer defined benefit plans, the net pension liability was measured as of June 30, 2024. Of these plans, five had a valuation date of June 30, 2024, and 11 had a valuation date of June 30, 2023. For the six remaining county cost-sharing multiple-employer plans, the net pension liability was measured as of December 31, 2024. Of these plans, four had a valuation date of December 31, 2023, one had a valuation date of January 1, 2024, and one had a valuation date of December 31, 2024. For 32 CalPERS agent multiple-employer defined benefit plans and one CalPERS cost-sharing multiple-employer defined benefit plan, the net pension liability was measured as of June 30, 2024, and valued as of June 30, 2023. One agent multiple-employer defined benefit plan and two 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**

	<b>Agent Multiple-Employer Defined Benefit Pension Plans</b>	<b>Cost-Sharing Multiple-Employer Defined Benefit Pension Plans</b>
Number of Plans:	32	23
Valuation date(s):	June 30, 2023	Twelve plans as of June 30, 2023. Four plans as of December 31, 2023. One plan as of January 1, 2024. Five plans as of June 30, 2024. One plan as of December 31, 2024.
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 \$13.3 billion and fiduciary net position of \$11.1 billion, which resulted in a net pension liability of \$2.2 billion as of June 30, 2025. For the fiscal year ended June 30, 2025, the State recognized pension expense of \$350 million. At June 30, 2025, the State reported deferred outflows of resources of \$1.0 billion and deferred inflows of resources of \$308 million. The reported deferred outflows of resources included \$387 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, 2026.

## 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 (UCRHBT), 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 UCRHBT. Additional information on the UCRHBT can be found in the University's separately issued financial statements on its website at [www.ucop.edu](http://www.ucop.edu).

### A. Retiree Health Benefits Program

**Plan Description:** Employer and retiree contributions to the Retiree Health Benefits 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 Retiree Health Benefits 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, 2025 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](http://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, 2024* (June 30, 2024 Actuarial Valuation Report), on the State Controller’s Office website, at [www.sco.ca.gov](http://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, 2024

OPEB Plan	Inactive employees or beneficiaries currently receiving benefits	Active Employees	Total
Service Employees International Union (SEIU) Plan .....	79,088	119,580	198,668
Bargaining Unit 5 Plan .....	8,123	7,116	15,239
Bargaining Unit 6 Plan .....	30,306	28,644	58,950
Bargaining Unit 9 Plan .....	9,398	14,700	24,098
Bargaining Unit 12 Plan .....	10,623	13,118	23,741
Other Funded Plans .....	33,852	52,490	86,342
Unfunded Plan .....	42,770	55,699	98,469
<b>Total</b> .....	<b>214,160</b>	<b>291,347</b>	<b>505,507</b>

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 39 for details on the fiduciary net positions of the OPEB plans. The maximum 2024 monthly state contribution was \$983 for one-party coverage, \$1,890 for two-party coverage, and \$2,366 for family coverage. For the year ended June 30, 2024, the State contributed \$3.7 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, 2024 (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, 2024
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 3.97%.
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 administrative expenses.
Healthcare cost trend rates	Pre-Medicare coverage: Actual rates for 2025, increasing to 7.00% in 2026, grading down to 4.50% from 2031 to 2039, and 4.25% for 2040 and later years. Post-Medicare coverage: Actual rates for 2025, increasing to rates ranging from 7.00% to 8.01% in 2026, grading down to 4.50% from 2035 to 2039, and 4.25% for 2040 and later years. Dental coverage: 0.00% for 2025, 2.00% for 2026, 3.00% for 2027, 4.00% for 2028, and 4.25% for 2029 and later years.
Mortality	Derived using CalPERS' membership data for all members.

Other demographic assumptions used in the June 30, 2024 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](http://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](http://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
<b>Total</b> .....	<b>100.0 %</b>		

**Discount Rates:** The blended rates used to measure the June 30, 2024 total OPEB liability consist of the 20-year Municipal G.O. Bond AA Index rate of 3.97% as of June 30, 2024, 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, 2024*, on the State Controller’s Office website, at [www.sco.ca.gov](http://www.sco.ca.gov).

Blended rates for the June 30, 2025 valuation will be determined using The Bond Buyer Index 20-year Municipal G.O. Bond AA Index rate of 5.20% 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
<b>Balance at June 30, 2023</b> .....	\$ 30,131,230	\$ 2,235,158	\$ 27,896,072
<b>Changes recognized for the measurement period:</b>			
Service cost .....	972,829	—	972,829
Interest on total OPEB liability .....	1,300,226	—	1,300,226
Difference between expected and actual experiences .....	1,587,749	—	1,587,749
Changes of assumptions .....	217,938	—	217,938
Employer contributions .....	—	1,451,868	(1,451,868)
Employee contributions .....	—	289,428	(289,428)
Net investment income .....	—	285,389	(285,389)
Benefit payments .....	(1,162,440)	(1,162,440)	—
Administrative expense .....	—	(815)	815
<b>Net changes</b> .....	<b>2,916,302</b>	<b>863,430</b>	<b>2,052,872</b>
<b>Balance at June 30, 2024 (Measurement Date)</b> .....	<b>\$ 33,047,532</b>	<b>\$ 3,098,588</b>	<b>\$ 29,948,944</b>

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
\$ 5,085,218	\$ 770,749	\$ 4,314,469	\$ 17,069,118	\$ 1,703,633	\$ 15,365,485
133,754	—	133,754	481,770	—	481,770
225,844	—	225,844	744,327	—	744,327
202,634	—	202,634	417,491	—	417,491
58,235	—	58,235	197,812	—	197,812
—	143,298	(143,298)	—	530,420	(530,420)
—	27,957	(27,957)	—	124,955	(124,955)
—	89,804	(89,804)	—	204,115	(204,115)
(98,136)	(98,136)	—	(405,466)	(405,466)	—
—	(262)	262	—	(592)	592
<b>522,331</b>	<b>162,661</b>	<b>359,670</b>	<b>1,435,934</b>	<b>453,432</b>	<b>982,502</b>
<b>\$ 5,607,549</b>	<b>\$ 933,410</b>	<b>\$ 4,674,139</b>	<b>\$ 18,505,052</b>	<b>\$ 2,157,065</b>	<b>\$ 16,347,987</b>

(continued)

Table 39 (continued)

**Changes in Net OPEB Liability**

(amounts in thousands)

	<b>Bargaining Unit 9 Plan</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Balance at June 30, 2023</b> .....	\$ 4,447,783	\$ 370,812	\$ 4,076,971
<b>Changes recognized for the measurement period:</b>			
Service cost .....	133,947	—	133,947
Interest on total OPEB liability .....	193,203	—	193,203
Difference between expected and actual experiences .....	224,536	—	224,536
Changes of assumptions .....	52,070	—	52,070
Employer contributions .....	—	181,486	(181,486)
Employee contributions .....	—	38,362	(38,362)
Net investment income .....	—	46,207	(46,207)
Benefit payments .....	(143,125)	(143,125)	—
Administrative expense .....	—	(132)	132
<b>Net changes</b> .....	<b>460,631</b>	<b>122,798</b>	<b>337,833</b>
<b>Balance at June 30, 2024 (Measurement Date)</b> .....	<b>\$ 4,908,414</b>	<b>\$ 493,610</b>	<b>\$ 4,414,804</b>

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
\$ 3,926,042	\$ 328,742	\$ 3,597,300	\$ 15,464,079	\$ 1,436,284	\$ 14,027,795
113,910	—	113,910	539,048	—	539,048
170,664	—	170,664	680,169	—	680,169
80,475	—	80,475	604,294	—	604,294
56,912	—	56,912	146,498	—	146,498
—	179,906	(179,906)	—	642,054	(642,054)
—	30,770	(30,770)	—	143,814	(143,814)
—	40,218	(40,218)	—	177,865	(177,865)
(149,137)	(149,137)	—	(498,238)	(498,238)	—
—	(116)	116	—	(510)	510
<b>272,824</b>	<b>101,641</b>	<b>171,183</b>	<b>1,471,771</b>	<b>464,985</b>	<b>1,006,786</b>
<b>\$ 4,198,866</b>	<b>\$ 430,383</b>	<b>\$ 3,768,483</b>	<b>\$ 16,935,850</b>	<b>\$ 1,901,269</b>	<b>\$ 15,034,581</b>

(continued)

Table 39 (continued)

**Changes in Net OPEB Liability**

(amounts in thousands)

	Unfunded Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at June 30, 2023</b> .....	\$ 15,903,054	\$ —	\$ 15,903,054
<b>Changes recognized for the measurement period:</b>			
Service cost .....	600,394	—	600,394
Interest on total OPEB liability .....	626,464	—	626,464
Difference between expected and actual experiences .....	537,274	—	537,274
Changes of assumptions .....	173,487	—	173,487
Employer contributions .....	—	552,876	(552,876)
Employee contributions .....	—	—	—
Net investment income .....	—	—	—
Benefit payments .....	(552,876)	(552,876)	—
Administrative expense .....	—	—	—
<b>Net changes</b> .....	<b>1,384,743</b>	<b>—</b>	<b>1,384,743</b>
<b>Balance at June 30, 2024 (Measurement Date)</b> .....	<b>\$ 17,287,797</b>	<b>\$ —</b>	<b>\$ 17,287,797</b>

<sup>1</sup>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, 2024, 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
\$ 92,026,524	\$ 6,845,378	\$ 85,181,146
2,975,652	—	2,975,652
3,940,897	—	3,940,897
3,654,453	—	3,654,453
902,952	—	902,952
—	3,681,908	(3,681,908)
—	655,286	(655,286)
—	843,598	(843,598)
(3,009,418)	(3,009,418)	—
—	(2,427)	2,427
<u>8,464,536</u>	<u>2,168,947</u>	<u>6,295,589</u>
<u>\$ 100,491,060</u>	<u>\$ 9,014,325</u>	<u>\$ 91,476,735</u>

Reported in governmental activities	\$ 71,809,905
Reported in business-type activities	16,862,094
Reported by discretely presented component units	116,650
Not reported in government-wide Statement of Net Position <sup>1</sup>	2,688,086
<b>Total net OPEB liability</b>	<b>\$ 91,476,735</b>
	(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 3.97% to 4.50% , 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, 2025

(amounts in thousands)

OPEB Plan	Blended Rate	Blended Discount Rates -1%	Blended Discount Rates	Blended Discount Rates +1%
Service Employees International Union (SEIU) Plan .....	4.39%	\$ 35,200,537	\$ 29,948,944	\$ 25,676,294
Bargaining Unit 5 Plan .....	4.46%	5,709,372	4,674,139	3,863,355
Bargaining Unit 6 Plan .....	4.38%	19,589,573	16,347,987	13,785,719
Bargaining Unit 9 Plan .....	4.38%	5,190,591	4,414,804	3,783,546
Bargaining Unit 12 Plan .....	4.39%	4,402,588	3,768,483	3,251,339
Other Funded Plans .....	4.33% to 4.50%	17,844,987	15,034,581	12,775,339
Unfunded Plan .....	3.97%	19,921,007	17,287,797	15,137,875
<b>Total</b> .....		<b>\$ 107,858,655</b>	<b>\$ 91,476,735</b>	<b>\$ 78,273,467</b>

**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, 2025

(amounts in thousands)

OPEB Plan	Healthcare Cost Trend Rates -1%	Healthcare Cost Trend Rates	Healthcare Cost Trend Rates +1%
Service Employees International Union (SEIU) Plan .....	\$ 25,285,764	\$ 29,948,944	\$ 35,875,277
Bargaining Unit 5 Plan .....	3,830,394	4,674,139	5,763,512
Bargaining Unit 6 Plan .....	13,672,282	16,347,987	19,768,952
Bargaining Unit 9 Plan .....	3,732,156	4,414,804	5,278,409
Bargaining Unit 12 Plan .....	3,220,839	3,768,483	4,455,707
Other Funded Plans .....	12,583,174	15,034,581	18,171,242
Unfunded Plan .....	14,954,983	17,287,797	20,238,290
<b>Total</b> .....	<b>\$ 77,279,592</b>	<b>\$ 91,476,735</b>	<b>\$ 109,551,389</b>

**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](http://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 \$3.2 billion for the year ended June 30, 2025. 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, 2025, 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, 2025

(amounts in thousands)

Description	Service Employees International Union (SEIU) Plan	Bargaining Unit 5 Plan	Bargaining Unit 6 Plan	Bargaining Unit 9 Plan
<b>OPEB Expense</b> .....	\$ 787,811	\$ 135,934	\$ 730,188	\$ 190,806
<b>Deferred Outflows of Resources:</b>				
Employer contributions subsequent to the measurement date.....	1,601,419	146,371	562,863	200,024
Difference between expected and actual experiences .....	2,061,948	173,971	800,039	363,931
Changes of assumptions.....	1,327,664	362,584	926,879	170,808
Net difference between projected and actual earnings on OPEB plan investments.....	—	1,674	—	—
<b>Deferred Inflows of Resources:</b>				
Difference between expected and actual experiences .....	1,483,857	293,460	564,919	142,972
Changes of assumptions.....	3,755,849	673,235	1,783,009	497,090
Net difference between projected and actual earnings on OPEB plan investments.....	16,724	—	1,074	1,762

The \$4.0 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, 2026.

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<b>Bargaining Unit 12 Plan</b>	<b>Other Funded Plans</b>	<b>Unfunded Plan</b>	<b>Total</b>
\$ 120,817	\$ 575,150	\$ 644,765	\$ 3,185,471
196,605	720,144	616,066	<b>4,043,492</b>
194,046	1,256,434	1,112,538	<b>5,962,907</b>
158,928	851,623	844,810	<b>4,643,296</b>
—	—	—	<b>1,674</b>
207,766	882,808	853,303	<b>4,429,085</b>
419,586	1,946,018	2,354,627	<b>11,429,414</b>
934	5,423	—	<b>25,917</b>

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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					
	2026	2027	2028	2029	2030	Thereafter
Service Employees International Union (SEIU) Plan .....	\$ (532,378)	\$ (553,720)	\$ (611,517)	\$ (510,528)	\$ (76,838)	\$ 418,163
Bargaining Unit 5 .....	(131,019)	(180,325)	(197,888)	33,262	42,673	4,831
Bargaining Unit 6 .....	(211,424)	(238,032)	(343,969)	84,783	86,558	—
Bargaining Unit 9 .....	(53,738)	(54,913)	(62,311)	(37,890)	52,096	49,671
Bargaining Unit 12 .....	(106,628)	(89,628)	(75,229)	(39,828)	19,094	16,907
Other Funded Plans .....	(297,964)	(226,808)	(213,054)	(108,414)	28,607	91,441
Unfunded Plan .....	(346,943)	(314,874)	(343,947)	(298,234)	(74,354)	127,770
<b>Total .....</b>	<b>\$ (1,680,094)</b>	<b>\$ (1,658,300)</b>	<b>\$ (1,847,915)</b>	<b>\$ (876,849)</b>	<b>\$ 77,836</b>	<b>\$ 708,783</b>

**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, 40 trial courts participate in an agent multiple-employer defined benefit OPEB plan, and 10 trial courts participate in single-employer defined benefit OPEB plans. Four trial courts (Fresno, Kings, 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](mailto: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, 2024 (measurement date), and the remaining 52 valuations had a measurement date of June 30, 2024. One of the courts had an actuarial valuation date of December 31, 2023, 52 courts were valued as of June 30, 2023, and one court was valued as of June 30, 2024.

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	One plan as of June 30, 2023. One plan as of December 31, 2023.  One plan as of June 30, 2024.
Actuarial assumptions:			
Discount rate	Single rate of 3.97%.	Blended and single rates ranging from 3.97% 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 7.00% 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, 2024 total OPEB liability consist of the 20-year Municipal G.O. Bond AA Index rate of 3.97% as of June 30, 2024, 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 3.97% 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 \$366 million, which resulted in a net OPEB liability of \$1.5 billion as of June 30, 2025, reported in governmental activities. For the year ended June 30, 2025, the State recognized OPEB expense of \$26 million. At June 30, 2025, the State reported deferred outflows of resources of \$225 million and deferred inflows of resources of \$432 million. Deferred outflows of resources included \$89 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, 2026.

## **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 program 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, 2025, 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, 2025, 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 \$1.1 billion. As of June 30, 2025, the enterprise fund commercial paper program had \$349 million in outstanding notes.

The primary government has a commercial paper program that consists of borrowing for capital improvements on certain California State University campuses. As of June 30, 2025, \$289 million in outstanding commercial paper existed in anticipation of the primary government issuing revenue bonds to the public.

The University of California (UC), a discretely presented component unit, has a commercial paper program and other uncollateralized borrowings. Additional disclosures for the UC's commercial paper and other long-term borrowings are included in the UC's separately issued financial statements, which can be obtained from the UC on its website at [www.ucop.edu](http://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, 2025, the primary government had a lease liability of \$2.7 billion and a subscription liability of \$149 million for governmental activities. For business-type activities, the lease liability was \$562 million, and the subscription liability was \$103 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 2.92% to 3.70%, depending on the duration of the lease or subscription term at the inception of each lease or SBITA agreement during the 2024-25 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
2026 .....	\$ 453,150	\$ 46,478	\$ 194,824	\$ 21,833	\$ 647,974	\$ 68,311
2027 .....	410,877	39,778	32,674	12,375	443,551	52,153
2028 .....	349,751	33,069	28,153	11,250	377,904	44,319
2029 .....	288,169	27,220	26,286	10,421	314,455	37,641
2030 .....	229,811	22,376	25,626	9,654	255,437	32,030
2031-2035 .....	656,348	56,141	104,182	38,040	760,530	94,181
2036-2040 .....	193,233	14,279	74,490	23,529	267,723	37,808
2041-2045 .....	36,935	3,486	48,365	11,028	85,300	14,514
2046-2050 .....	11,955	1,741	18,716	4,138	30,671	5,879
2051-2055 .....	10,328	848	7,949	1,336	18,277	2,184
Thereafter .....	10,400	536	658	871	11,058	1,407
<b>Total</b> .....	<b>\$ 2,650,957</b>	<b>\$ 245,952</b>	<b>\$ 561,923</b>	<b>\$ 144,475</b>	<b>\$ 3,212,880</b>	<b>\$ 390,427</b>
Less: current portion .....	453,150		194,824		647,974	
<b>Lease liability, net of current portion</b> .....	<b>\$ 2,197,807</b>		<b>\$ 367,099</b>		<b>\$ 2,564,906</b>	

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
2026	\$ 79,263	\$ 3,629	\$ 47,650	\$ 4,625	\$ 126,913	\$ 8,254
2027	50,908	1,361	32,748	2,529	83,656	3,890
2028	12,894	380	12,303	1,104	25,197	1,484
2029	6,049	101	8,180	511	14,229	612
2030	88	—	1,436	103	1,524	103
2031-2035	117	—	849	85	966	85
<b>Total</b>	<b>\$ 149,319</b>	<b>\$ 5,471</b>	<b>\$ 103,166</b>	<b>\$ 8,957</b>	<b>\$ 252,485</b>	<b>\$ 14,428</b>
Less: current portion	79,263		47,650		126,913	
<b>Subscription liability, net of current portion</b>	<b>\$ 70,056</b>		<b>\$ 55,516</b>		<b>\$ 125,572</b>	

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 \$96 million from variable lease payments and \$8 million from variable subscription payments for the year ended June 30, 2025.

As of June 30, 2025, the discretely presented component units, including the University of California (UC) 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 UC's lease and subscription liabilities are included in the UC's separately issued financial statements, which may be found on its website at [www.ucop.edu](http://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](http://www.CalHFA.ca.gov).

**NOTE 15: COMMITMENTS**

As of June 30, 2025, the primary government had commitments of \$10.0 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 \$8.4 billion from proceeds of approved federal grants and \$1.6 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 \$2.0 billion for various education programs, \$1.1 billion for housing and community development programs, \$442 million for services provided under various public health programs, \$237 million for community service programs, \$27 million for service and community engagement programs, \$22 million for services provided under the child support program, \$738 million for terrorism prevention and disaster-preparedness response projects, \$10 million for land use and climate innovation programs, and \$4 million for services provided under the welfare program.

The primary government had other commitments, totaling \$30.8 billion, that are not included as liabilities on the Balance Sheet or the Statement of Net Position. The \$30.8 billion in commitments includes grant agreements totaling approximately \$21.8 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 \$30.8 billion in commitments includes \$2.4 billion in undisbursed loan commitments to qualified agencies for clean water projects and \$3.5 billion in undisbursed loan commitments for various programs aimed at providing housing and emergency shelter to persons in need.

The \$30.8 billion in commitments also includes contracts of \$763 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 \$1.0 billion for CSU construction projects. In addition, CSU participates in forward-purchase contracts of electricity. As of June 30, 2025, CSU's obligation under these special purchase arrangements requires it to purchase at fixed prices an estimated total of \$17 million in electricity through December 2025. The California State Lottery Commission had commitments of \$1.3 billion for gaming and telecommunication systems and services. The primary government also had commitments of \$36 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, 2025, the primary government encumbered expenditures of \$13.5 billion for the General Fund, \$3.8 billion for the Environmental and Natural Resources Fund, and \$7.7 billion for the nonmajor governmental funds. The primary government also encumbered expenditures of \$1.1 billion for the Federal Fund, which will typically be reimbursed by the federal government. See Note 3, Budgeting and Budgetary Control, for an explanation of the primary government's policy concerning encumbrances.

As of June 30, 2025, 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 (UC) commitments is included in its separately issued financial statements, which may be found on its website at [www.ucop.edu](http://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](http://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](http://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](http://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, 2025, the State had \$71.9 billion in outstanding general obligation bonds related to governmental activities and \$899 million related to business-type activities. In addition, \$43.8 billion in long-term general obligation bonds had been authorized but not issued, of which \$43.3 billion is related to governmental activities and \$504 million is related to business-type activities. The total amount authorized but not issued (which may first be issued as commercial paper notes) includes \$5.3 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, 2025.

### A. Variable-rate General Obligation Bonds

The State issues both fixed and variable-rate general obligation bonds. As of June 30, 2025, the State had \$1.2 billion in outstanding variable-rate general obligation bonds, consisting of \$71 million in daily-rate bonds with credit enhancement, and \$1.2 billion 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 2024-25 fiscal year.

As of June 30, 2025, the letters of credit for the Series 2003 variable-rate bonds had expiration dates of 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 May 8, 2026 and February 25, 2028. The letters of credit for the Series 2024 variable-rate bonds had expiration dates of October 8, 2027 and October 9, 2029.

Sinking fund deposits, if any, for the variable-rate general obligation bonds issued prior to 2024 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 such 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 2024-25 fiscal year.

Sinking fund payments for the variable-rate general obligation bonds issued during 2024 are expected to be made in accordance with the applicable mandatory sinking fund schedules for the related issues.

## **B. Build America Bonds**

As of June 30, 2025, 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, 2025. The estimated debt service requirements for the \$1.2 billion 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, 2025. 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
2026	\$ 3,598,775	\$ 3,518,740	\$ 7,117,515	\$ 8,510	\$ 34,006	\$ 42,516
2027	3,905,310	3,360,590	7,265,900	30,805	32,586	63,391
2028	3,929,160	3,189,162	7,118,322	27,995	31,766	59,761
2029	4,010,245	3,010,293	7,020,538	32,425	30,899	63,324
2030	4,501,345	2,806,672	7,308,017	47,920	29,627	77,547
2031-2035	19,758,155	11,158,568	30,916,723	182,255	127,225	309,480
2036-2040	16,266,600	6,321,108	22,587,708	124,840	102,780	227,620
2041-2045	8,088,500	2,473,801	10,562,301	164,800	77,403	242,203
2046-2050	5,165,465	1,053,472	6,218,937	151,705	44,651	196,356
2051-2055	2,648,615	298,376	2,946,991	118,695	14,858	133,553
2056-2060	—	—	—	9,110	212	9,322
<b>Total</b>	<b>\$ 71,872,170</b>	<b>\$ 37,190,782</b>	<b>\$ 109,062,952</b>	<b>\$ 899,060</b>	<b>\$ 526,013</b>	<b>\$ 1,425,073</b>

## D. General Obligation Bond Defeasances

### 1. Current Year Activity

On September 5, 2024, the primary government issued \$1.8 billion in general obligation bonds to current refund \$1.9 billion of outstanding fixed rate and variable-rate general obligation bonds with principal redemptions scheduled in the fiscal years ended 2025 to 2038, 2040, and 2045. 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 \$269 million and resulted in an economic gain of \$199 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 3.18% per year over the life of the new bonds.

On November 5, 2024, the primary government issued \$532 million in general obligation bonds to current refund \$571 million of outstanding fixed rate general obligation bonds with principal redemptions scheduled in the fiscal years ended 2026 to 2035, and 2045. 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 \$106 million and resulted in an economic gain of \$65 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 2.98% per year over the life of the new bonds.

On March 27, 2025, the primary government issued \$30 million in general obligation bonds to advance refund \$32 million of outstanding fixed rate general obligation bonds with principal redemptions scheduled in the fiscal years ended 2031 to 2033, 2035 to 2036, 2044, and 2047. 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 \$7 million. The purpose of this refunding was to effect a favorable reorganization of the debt structure of the State.

On April 10, 2025, the primary government issued \$1.4 billion in general obligation bonds to current and advance refund \$1.5 billion of outstanding fixed rate general obligation bonds with principal redemptions scheduled in the fiscal years ended 2026 to 2033, 2035 to 2038, and 2045. 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 \$134 million and resulted in an economic gain of \$91 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 3.83% 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, 2025, there are \$777 million in outstanding defeased general obligation bonds.

## NOTE 17: REVENUE BONDS

### A. Governmental Activities

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 \$2.1 billion, payable through 2041. Interest paid in the current year totaled \$57 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 \$8.3 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 \$377 million, while Tobacco Settlement Revenue and interest earned totaled \$370 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 \$12.8 billion, payable through 2050. 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 (UC) 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 UC. For more information regarding revenue bonds, current year defeasances, and outstanding defeasances of the UC, refer to its separately issued financial report for the fiscal year 2024-25, which may be found on its website at [www.ucop.edu](http://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 Secured Overnight Financing Rate (SOFR) or the Effective Federal Fund Rate (EFFR) 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 and are not liabilities of the State. 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 2024-25, which may be found on its website at [www.CalHFA.ca.gov](http://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, 2025

(amounts in thousands)

**Primary government**

**Governmental activities**

Public Buildings Construction Fund .....	\$ 9,686,253
Nonmajor governmental funds:	
Golden State Tobacco Securitization Corporation Fund .....	5,398,218
No Place Like Home Program .....	1,577,425
<b>Total governmental activities .....</b>	<b>16,661,896</b>

**Business-type activities**

Water Resources Fund .....	3,213,307
California State University .....	10,265,993
Nonmajor enterprise funds .....	2,171,002
<b>Total business-type activities .....</b>	<b>15,650,302</b>

<b>Total primary government .....</b>	<b>32,312,198</b>
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**Discretely presented component units**

University of California .....	35,428,278
California Housing Finance Agency .....	459,340
Nonmajor component units .....	879,433
<b>Total discretely presented component units .....</b>	<b>36,767,051</b>
<b>Total revenue bonds payable .....</b>	<b>\$ 69,079,249</b>

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		
2026	\$ 796,035	\$ 617,292	\$ 628,885	\$ 570,905	\$ 1,020,493	\$ 1,500,893
2027	830,080	585,761	669,280	548,428	1,238,895	1,450,666
2028	869,440	555,506	703,445	524,218	805,466	1,412,468
2029	898,460	535,911	712,335	496,814	1,250,534	1,377,005
2030	901,216	504,305	730,975	468,799	1,879,685	1,312,176
2031-2035	4,448,683	2,024,561	3,339,120	1,907,044	6,852,082	5,683,307
2036-2040	3,397,299	1,287,853	2,274,085	1,301,761	6,190,087	4,132,299
2041-2045	1,941,343	903,269	2,224,015	857,808	4,750,078	2,780,020
2046-2050	1,536,978	351,201	2,070,775	410,797	4,238,865	1,770,603
2051-2055	77,500	3,875	1,022,445	91,933	3,158,328	922,088
2056-2060	—	—	100,545	10,136	1,171,554	587,782
2061 and thereafter	172,510	—	—	—	1,717,876	4,159,785
<b>Total</b>	<b>\$ 15,869,544</b>	<b>\$ 7,369,534</b>	<b>\$ 14,475,905</b>	<b>\$ 7,188,643</b>	<b>\$ 34,273,943</b>	<b>\$ 27,089,092</b>

\* Includes interest on variable-rate bonds based on rates in effect on June 30, 2025.

## D. Revenue Bond Defeasances

### 1. Current Year – Governmental Activities

During the 2024-25 fiscal year, the SPWB issued \$796 million in lease revenue refunding bonds. The bond proceeds were used to refund \$904 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 \$154 million and resulted in an economic gain of \$125 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, 2025, the outstanding balance of defeased revenue bonds were \$855 million for governmental activities and \$143 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 \$6.7 billion as of June 30, 2025. 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 \$9.3 billion is discounted to \$6.7 billion using a 3.5% interest rate. Of the total discounted liability, \$683 million is a current liability, of which \$517 million is included in the General Fund, \$162 million in the special revenue funds, and \$4 million in the internal service funds. The remaining \$6.0 billion is reported as workers' compensation benefits payable in the government-wide Statement of Net Position.

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

	2025	2024
Unpaid claims, beginning .....	\$ 6,338,487	\$ 6,036,847
Incurred claims .....	1,107,500	988,231
Claim payments .....	(740,157)	(686,591)
<b>Unpaid claims, ending .....</b>	<b><u>\$ 6,705,830</u></b>	<b><u>\$ 6,338,487</u></b>

## 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, 2025

(amounts in thousands)

Due From	Due To			
	General Fund	Environmental and Natural Resources Fund	Nonmajor Governmental Fund	State Lottery Fund
<b>Governmental funds</b>				
General Fund .....	\$ —	\$ —	\$ 1,071,032	\$ —
Federal Fund .....	4,601,878	65,571	1,321,942	—
Environmental and Natural Resources Fund .....	29,784	—	297,353	—
Nonmajor governmental funds .....	4,778,238	7,514	382,146	—
<b>Total governmental funds .....</b>	<b>9,409,900</b>	<b>73,085</b>	<b>3,072,473</b>	<b>—</b>
<b>Enterprise funds</b>				
Water Resources Fund .....	1	294	—	—
State Lottery Fund .....	1,536	—	405,855	—
Nonmajor enterprise funds .....	1,988	13,708	277	—
<b>Total enterprise funds .....</b>	<b>3,525</b>	<b>14,002</b>	<b>406,132</b>	<b>—</b>
<b>Internal service funds .....</b>	<b>13,433</b>	<b>262,951</b>	<b>300,058</b>	<b>10,575</b>
<b>Total due from other funds .....</b>	<b>\$ 9,426,858</b>	<b>\$ 350,038</b>	<b>\$ 3,778,663</b>	<b>\$ 10,575</b>

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Due To					
Unemployment Programs Fund	California State University Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Due To Other Funds
\$ 102,350	\$ 2,833	\$ —	\$ 344,876	\$ 48,000	\$ 1,569,091
—	—	13,981	103,748	—	6,107,120
—	—	—	25,233	—	352,370
—	—	—	104,221	58,415	5,330,534
<b>102,350</b>	<b>2,833</b>	<b>13,981</b>	<b>578,078</b>	<b>106,415</b>	<b>13,359,115</b>
—	—	—	152,719	—	153,014
—	—	—	—	—	407,391
—	—	—	—	74	16,047
—	—	—	<b>152,719</b>	<b>74</b>	<b>576,452</b>
38,749	—	18,444	147,616	1,496	<b>793,322</b>
<b>\$ 141,099</b>	<b>\$ 2,833</b>	<b>\$ 32,425</b>	<b>\$ 878,413</b>	<b>\$ 107,985</b>	<b>\$ 14,728,889</b>

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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 \$1.1 billion of interfund loans. There is an additional \$21 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, 2025

(amounts in thousands)

Interfund Receivables	Interfund Payables			
	General Fund	Environmental and Natural Resources Fund	Nonmajor Governmental Fund	Water Resources Fund
<b>Governmental funds</b>				
General Fund .....	\$ —	\$ 1,203,303	\$ 2,759,268	\$ —
Environmental and Natural Resources Fund .....	—	—	—	—
Nonmajor governmental funds .....	5,681	10,345	6,605	—
<b>Total governmental funds .....</b>	<b>5,681</b>	<b>1,213,648</b>	<b>2,765,873</b>	<b>—</b>
<b>Enterprise funds</b>				
Nonmajor enterprise funds .....	28,520	—	—	—
<b>Total enterprise funds .....</b>	<b>28,520</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Internal service funds .....</b>	<b>2,670,340</b>	<b>—</b>	<b>—</b>	<b>180,600</b>
<b>Total interfund receivables .....</b>	<b>\$ 2,704,541</b>	<b>\$ 1,213,648</b>	<b>\$ 2,765,873</b>	<b>\$ 180,600</b>

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Interfund Payables				
Unemployment Programs Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Interfund Payables
\$ 400,848	\$ 3,700	\$ 22,199	\$ 11,975	\$ 4,401,293
—	—	2,227	—	2,227
1,631	61	737	197	25,257
<b>402,479</b>	<b>3,761</b>	<b>25,163</b>	<b>12,172</b>	<b>4,428,777</b>
—	—	—	—	28,520
—	—	—	—	<b>28,520</b>
—	—	15,019	—	2,865,959
<b>\$ 402,479</b>	<b>\$ 3,761</b>	<b>\$ 40,182</b>	<b>\$ 12,172</b>	<b>\$ 7,323,256</b>

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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, 2025

(amounts in thousands)

	Due From	Due To		Total
		University of California	Nonmajor Component Units	
<b>Governmental funds</b>				
General Fund .....	\$ 485,014	\$ —	\$ 485,014	
Federal Fund .....	476,365	—	476,365	
Environmental and Natural Resources Fund .....	5,750	80	5,830	
Nonmajor governmental funds .....	75,932	—	75,932	
<b>Total governmental funds .....</b>	<b>1,043,061</b>	<b>80</b>	<b>1,043,141</b>	
<b>Total due from primary government .....</b>	<b>\$ 1,043,061</b>	<b>\$ 80</b>	<b>\$ 1,043,141</b>	

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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 \$5.4 billion to the California State University, an enterprise fund. The General Fund also transferred \$3.6 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 \$2.8 billion to General Fund for the emergency relief.

Table 54 shows interfund transfers of the primary government.

**Table 54**

**Schedule of Interfund Transfers**

June 30, 2025

(amounts in thousands)

Transferred From	Transferred To		
	General Fund	Federal Fund	Environmental and Natural Resources Fund
<b>Governmental funds</b>			
General Fund .....	\$ —	\$ 2,100	\$ 651,571
Federal Fund .....	2,797,706	—	21,523
Environmental and Natural Resources Fund .....	291,273	—	—
Nonmajor governmental funds .....	57,599	—	44,020
<b>Total governmental funds .....</b>	<b>3,146,578</b>	<b>2,100</b>	<b>717,114</b>
<b>Internal service funds .....</b>	<b>56,835</b>	<b>—</b>	<b>—</b>
<b>Total transfers from other funds .....</b>	<b>\$ 3,203,413</b>	<b>\$ 2,100</b>	<b>\$ 717,114</b>

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Transferred To			
Nonmajor Governmental Fund	California State University Fund	Internal Service Funds	Total Transfers To Other Funds
\$ 3,637,570	\$ 5,349,759	\$ 126,418	\$ 9,767,418
10,619	—	—	2,829,848
2,054	—	—	293,327
2,646,524	—	—	2,748,143
<b>6,296,767</b>	<b>5,349,759</b>	<b>126,418</b>	<b>15,638,736</b>
—	—	—	56,835
<b>\$ 6,296,767</b>	<b>\$ 5,349,759</b>	<b>\$ 126,418</b>	<b>\$ 15,695,571</b>

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**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, 2025

(amounts in thousands)

	General Fund	Federal Fund	Environmental and Natural Resources Fund	Nonmajor Governmental Funds
<b>Nonspendable</b>				
Long-term interfund receivables .....	\$ 2,704,541	\$ —	\$ —	\$ —
Long-term loans receivable .....	649,581	—	—	—
Other .....	—	—	—	16,235
<b>Total nonspendable .....</b>	<b>3,354,122</b>	<b>—</b>	<b>—</b>	<b>16,235</b>
<b>Restricted</b>				
General government .....	27,875	432,759	18,449	7,542,311
Education .....	86,645	—	—	987,178
Health and human services .....	732,469	1,616	93,741	6,585,700
Natural resources and environmental protection .....	—	780	8,419,873	615,989
Business, consumer services, and housing .....	3,584	518,578	105,166	7,520,615
Transportation .....	—	—	—	11,055,236
Corrections and rehabilitation .....	321,241	—	—	343,983
Budget stabilization .....	18,291,422	—	—	—
<b>Total restricted .....</b>	<b>19,463,236</b>	<b>953,733</b>	<b>8,637,229</b>	<b>34,651,012</b>
<b>Committed</b>				
General government .....	316,496	—	14,734	961,395
Education .....	177,150	—	—	45,008
Health and human services .....	177,958	—	—	1,305,041
Natural resources and environmental protection .....	1,427,920	—	17,145,927	453,213
Business, consumer services, and housing .....	—	—	140,163	203,603
Transportation .....	—	—	—	57,862
Corrections and rehabilitation .....	—	—	—	892
<b>Total committed .....</b>	<b>2,099,524</b>	<b>—</b>	<b>17,300,824</b>	<b>3,027,014</b>
<b>Assigned</b>				
General government .....	9,022,550	—	—	85,892
Education .....	50,094	—	—	—
Health and human services .....	12,140,724	—	—	—
Natural resources and environmental protection .....	5,292,217	—	—	—
Business, consumer services, and housing .....	772,514	—	—	—
Transportation .....	954,040	—	—	—
Corrections and rehabilitation .....	1,189,398	—	—	—
<b>Total assigned .....</b>	<b>29,421,537</b>	<b>—</b>	<b>—</b>	<b>85,892</b>
<b>Unassigned .....</b>	<b>3,510,175</b>	<b>(421,062)</b>	<b>—</b>	<b>—</b>
<b>Total fund balances .....</b>	<b>\$ 57,848,594</b>	<b>\$ 532,671</b>	<b>\$ 25,938,053</b>	<b>\$ 37,780,153</b>

## B. Net Position Deficits

Table 56 shows the net position deficit balances.

**Table 56**

### Schedule of Net Position Deficits

June 30, 2025

(amounts in thousands)

	<u>Internal Service Funds</u>	<u>Enterprise Funds</u>
Architecture Revolving .....	\$ 1,876	\$ —
Service Revolving Fund .....	622,079	—
Technology Services Revolving Fund .....	217,286	—
Water Resources Revolving Fund .....	12,950	—
Other Internal Service Programs Fund .....	757,366	—
State Lottery Fund .....	—	288,358
Unemployment Programs Fund .....	—	14,280,523
California State University Fund .....	—	13,912,886
<b>Total net position deficits .....</b>	<b><u>\$ 1,611,557</u></b>	<b><u>\$ 28,481,767</u></b>

## C. Discretely Presented Component Unit Endowments and Gifts

The University of California (UC), 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, 2025, the value of restricted endowments and gifts totaled \$31.8 billion, and unrestricted endowments and gifts totaled \$12.1 billion. The UC'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 \$4.3 billion at June 30, 2025. 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 \$2.2 billion and \$25 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, 2025, CalHFA had \$6.8 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, 2025, the nonmajor component units had approximately \$7.4 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, 2025; those in progress as of June 30, 2025, and settled or decided against the primary government as of May 5, 2026; and those having a high probability of resulting in a decision against the primary government as of May 5, 2026, 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 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.

The primary government is a defendant in more than 660 coordinated cases related to the Palisades Fire in 2025. Plaintiffs claim the State improperly owned, operated, controlled and/or maintained Topanga State Park by allowing mature dry chaparral to grow unchecked in and/or around the Temescal Canyon Trail near Skull Rock, knowing that chaparral is known to burn underground without visible flames for weeks. After being subjected to fire on January 1, 2025, the growth this chaparral continued to burn, resulting in the Palisades Fire. Plaintiffs also allege that the state defendants failed to contain the fire, allowing it to escape into the Pacific Palisades and Malibu. The Court sustained the State's demurrer in part and overruled in part. The State filed a writ petition on April 20, 2026 and awaits a ruling on a request for a stay of discovery. Prior to hearing the demurrer, the court has ordered coordinated late claim filing procedures and limited discovery of state and county personnel. The potential loss cannot be estimated at this time given the number of claimants and varying property values, and because the period to file late claim petitions has not yet expired; however, the total loss can easily exceed \$1.0 billion.

## **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 (UC), 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 UC, 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, 2025, but prior to the date of the auditor's report.

### **A. Debt Issuances**

In July 2025, the California State University (CSU) issued \$1.7 billion in revenue bonds to finance and refinance projects to acquire, construct, improve, and renovate CSU facilities, to refund certain outstanding systemwide revenue bonds, and to pay related issuance costs.

In December 2025 and January and February 2026, the University of California (UC), a major component unit, through its conduit, issued a total of \$4.3 billion in revenue bonds to finance or refinance certain capital projects of the UC, including the Series 2026 projects related to the development and historic rehabilitation of the McAllister Tower at UC Law San Francisco, refund certain prior bonds, and pay related issuance cost.

In September and October 2025, and March and April 2026 the primary government issued a total of \$6.8 billion in general obligation bonds to fund various capital projects, to pay certain commercial paper notes as they mature, to pay related issuance costs, and to refund outstanding bonds.

In October 2025 and March 2026, the State Public Works Board issued a total of \$1.4 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 October 2025 and April 2026 the primary government issued a total of \$171 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 December 2025 and March 2026, the California Infrastructure and Economic Development Bank (I-Bank), a component unit, issued \$679 million in Clean Water and Drinking Water Revolving Revenue Bond to advance refund and defease a portion of its outstanding bonds, to fund construction projects, and to pay related issuance costs.

In February 2026, the Department of Water Resources issued \$546 million in revenue bonds to repay all of the outstanding commercial paper, fund interest on a portion of outstanding bonds, pay related issuance costs, and fund construction of water system projects.

## **B. Other**

California experienced significant wildfire activity in 2025, with approximately 8,232 fires and 507,817 acres burned. As of April 2026, there have been 841 fires and 9,756 acres burned in the 2026 calendar year. The 2026-27 Governor's Budget proposes includes \$314 million to continue investments in various wildfire and forest resilience projects and programs. This includes \$58 million to fund wildfire prevention and hazardous fuels reduction near threatened communities, \$20 million for technical and financial assistance to help homeowners in vulnerable areas, and \$15 million for grants in coordination with the Office of Energy Infrastructure Safety to further support fuel reduction in at-risk communities.

California continues to experience large swings between drought and flood conditions; these swings are becoming more severe due to climate change. The Governor's Budget proposes \$792 million to continue investments that improve water storage, replenish groundwater, improve conditions in streams and rivers, and complete various water resilience and water-related infrastructure projects. The Governor's Budget commits to spending \$232 million for flood control projects, \$173 million for drinking water projects, and \$69 million for repairs to existing or new water conveyance projects.

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 July 1, 2025, the State had \$20.6 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 \$415 million after the fiscal year, to a balance of approximately \$21.0 billion as of April 14, 2026.

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 billions of dollars 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, 2025, California received \$13.9 billion for SNAP and \$102.4 billion for Medicaid.

In the November 4, 2025, general election, California voters approved the following proposition:

- Proposition 50 requires California to use new legislatively enacted congressional district maps for all congressional elections through 2030. The measure retains the California Citizens Redistricting Commission and directs the nonpartisan commission to resume enacting revisions to congressional district maps beginning in 2031 (after the 2030 census) and every ten years thereafter. The implementation of this legislation is expected to have a one-time cost to counties of up to a few million dollars statewide to update election materials, and a one-time state cost of approximately \$200,000. Chapter 97 of Senate Bill No. 280 appropriated \$251 million from the General Fund to cover the cost of conducting the statewide special election.

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# Required Supplementary Information

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## Schedule of Changes in Net Pension Liability and Related Ratios

For the Past Ten Fiscal Years

(amounts in thousands)

	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>
<b>PUBLIC EMPLOYEES' RETIREMENT FUND PLANS</b>			
<b>STATE MISCELLANEOUS<sup>1</sup></b>			
<b>Total pension liability</b>			
Service cost .....	\$ 1,576,695	\$ 1,668,682	\$ 1,927,531
Interest on total pension liability .....	6,970,837	7,220,961	7,381,049
Differences between expected and actual experience .....	693,639	(101,381)	(387,041)
Changes of assumptions .....	—	—	5,667,561
Benefit payments, including refunds of employee contributions .....	(5,098,222)	(5,346,864)	(5,572,707)
Net change in total pension liability .....	4,142,949	3,441,398	9,016,393
<b>Total pension liability – beginning .....</b>	<b>92,189,174</b>	<b>96,332,123</b>	<b>99,773,521</b>
<b>Total pension liability – ending (a) .....</b>	<b>\$ 96,332,123</b>	<b>\$ 99,773,521</b>	<b>\$ 108,789,914</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 2,608,785	\$ 2,818,406	\$ 3,094,941
Contributions – employee .....	771,046	801,023	843,772
Net investment income .....	1,505,042	339,588	7,329,859
Benefit payments, including refunds of employee contributions .....	(5,098,222)	(5,346,864)	(5,572,707)
Net plan to plan resource movement .....	(354)	(1,154)	(2,737)
Administrative expense .....	(76,678)	(41,497)	(98,419)
Other miscellaneous income/(expense) .....	—	—	—
Net change in plan fiduciary net position .....	(290,381)	(1,430,498)	5,594,709
<b>Plan fiduciary net position – beginning .....</b>	<b>68,380,562</b>	<b>68,090,181</b>	<b>66,659,683</b>
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 68,090,181</b>	<b>\$ 66,659,683</b>	<b>\$ 72,254,392</b>
<b>State's net pension liability – ending (a) – (b) .....</b>	<b>\$ 28,241,942</b>	<b>\$ 33,113,838</b>	<b>\$ 36,535,522</b>
Plan fiduciary net position as a percentage of the total pension liability .....	70.68 %	66.81 %	66.42 %
Covered payroll .....	\$ 10,640,884	\$ 11,189,932	\$ 11,591,576
State's net pension liability as a percentage of covered payroll .....	265.41 %	295.93 %	315.19 %

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

<sup>2</sup>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.

	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	1,953,761	\$ 2,042,862	\$ 2,125,738	\$ 2,212,280	\$ 2,438,345	\$ 2,566,832	\$ 2,713,022
	7,571,997	7,970,572	8,288,391	8,603,225	8,752,910	9,166,157	9,509,569
	445,743	2,032,459	742,481	628,341	(1,115,641)	2,105,822	910,930
	(1,377,556)	—	—	—	3,728,965	—	—
	(5,865,849)	(6,190,738)	(6,513,916)	(6,851,024)	(7,174,817)	(7,569,642)	(7,910,411)
	2,728,096	5,855,155	4,642,694	4,592,822	6,629,762	6,269,169	5,223,110
	<b>108,789,914</b>	<b>111,518,010</b>	<b>117,373,165</b>	<b>122,015,859</b>	<b>126,608,681</b>	<b>133,238,443</b>	<b>139,507,612</b>
	<b>\$ 111,518,010</b>	<b>\$ 117,373,165</b>	<b>\$ 122,015,859</b>	<b>\$ 126,608,681</b>	<b>\$ 133,238,443</b>	<b>\$ 139,507,612</b>	<b>\$ 144,730,722</b>
\$	7,044,360	\$ 3,777,484	\$ 5,008,537	\$ 3,778,435	\$ 5,110,276	\$ 6,271,650	\$ 6,093,536
	870,402	942,980	1,005,830	928,152	1,081,816	1,144,462	1,273,742
	6,127,761	5,163,147	4,138,143	19,299,096	(7,836,089)	5,874,720	9,590,976
	(5,865,849)	(6,190,738)	(6,513,916)	(6,851,024)	(7,174,817)	(7,569,642)	(7,910,411)
	(1,340)	(1,344)	(4,213)	(2,558)	(2,559)	(1,850)	(480)
	(112,592)	(57,163)	(118,050)	(87,165)	(64,984)	(70,176)	(82,250)
	(213,815)	185	—	—	—	—	—
	7,848,927	3,634,551	3,516,331	17,064,936	(8,886,357)	5,649,164	8,965,113
	<b>72,254,392</b>	<b>80,103,319</b>	<b>83,737,870</b>	<b>87,254,201</b>	<b>104,318,730</b>	<b>95,432,373</b>	<b>101,081,537</b>
	<b>\$ 80,103,319</b>	<b>\$ 83,737,870</b>	<b>\$ 87,254,201</b>	<b>\$ 104,319,137</b>	<b>\$ 95,432,373</b>	<b>\$ 101,081,537</b>	<b>\$ 110,046,650</b>
	<b>\$ 31,414,691</b>	<b>\$ 33,635,295</b>	<b>\$ 34,761,658</b>	<b>\$ 22,289,544</b>	<b>\$ 37,806,070</b>	<b>\$ 38,426,075</b>	<b>\$ 34,684,072</b>
	71.83 %	71.34 %	71.51 %	82.39 %	71.63 %	72.46 %	76.04 %
\$	12,254,527	\$ 12,913,195	\$ 13,579,610	\$ 12,909,399	\$ 14,727,596	\$ 15,486,977	\$ 16,690,904
	256.35 %	260.47 %	255.98 %	172.66 %	256.70 %	248.12 %	207.80 %

(continued)

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

For the Past Ten Fiscal Years

(amounts in thousands)

	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>
<b>PUBLIC EMPLOYEES' RETIREMENT FUND PLANS</b>			
<b>STATE INDUSTRIAL<sup>1</sup></b>			
<b>Total pension liability</b>			
Service cost .....	\$ 100,006	\$ 107,868	\$ 124,792
Interest on total pension liability .....	257,527	273,308	290,058
Differences between expected and actual experience .....	26,976	7,009	21,516
Changes of assumptions .....	—	—	245,450
Benefit payments, including refunds of employee contributions .....	(157,029)	(167,359)	(177,654)
Net change in total pension liability .....	227,480	220,826	504,162
<b>Total pension liability – beginning .....</b>	<b>3,367,907</b>	<b>3,595,387</b>	<b>3,816,213</b>
<b>Total pension liability – ending (a) .....</b>	<b>\$ 3,595,387</b>	<b>\$ 3,816,213</b>	<b>\$ 4,320,375</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 107,238	\$ 116,730	\$ 123,163
Contributions – employee .....	49,482	52,775	54,114
Net investment income .....	62,385	14,444	322,150
Benefit payments, including refunds of employee contributions .....	(157,029)	(167,359)	(177,654)
Net plan to plan resource movement .....	30	216	(141)
Administrative expense .....	(3,252)	(1,758)	(4,282)
Other miscellaneous income/(expense) .....	—	—	—
Net change in plan fiduciary net position .....	58,854	15,048	317,350
<b>Plan fiduciary net position – beginning .....</b>	<b>2,826,449</b>	<b>2,885,303</b>	<b>2,900,351</b>
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 2,885,303</b>	<b>\$ 2,900,351</b>	<b>\$ 3,217,701</b>
<b>State's net pension liability – ending (a) – (b) .....</b>	<b>\$ 710,084</b>	<b>\$ 915,862</b>	<b>\$ 1,102,674</b>
Plan fiduciary net position as a percentage of the total pension liability .....	80.25 %	76.00 %	74.48 %
Covered payroll .....	\$ 577,711	\$ 625,220	\$ 643,295
State's net pension liability as a percentage of covered payroll .....	122.91 %	146.49 %	171.41 %

	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	119,521	\$ 127,006	\$ 131,508	\$ 136,918	\$ 145,767	\$ 151,085	\$ 157,301
	301,134	324,909	343,896	363,230	374,401	398,940	419,207
	(19,063)	106,233	24,610	21,852	(65,431)	97,355	22,880
	(54,062)	—	—	—	153,761	—	—
	(190,683)	(205,544)	(220,912)	(238,188)	(255,704)	(273,392)	(291,180)
	156,847	352,604	279,102	283,812	352,794	373,988	308,208
	<b>4,320,375</b>	<b>4,477,222</b>	<b>4,829,826</b>	<b>5,108,928</b>	<b>5,392,740</b>	<b>5,745,534</b>	<b>6,119,522</b>
<b>\$</b>	<b>4,477,222</b>	<b>\$ 4,829,826</b>	<b>\$ 5,108,928</b>	<b>\$ 5,392,740</b>	<b>\$ 5,745,534</b>	<b>\$ 6,119,522</b>	<b>\$ 6,427,730</b>
\$	241,062	\$ 148,494	\$ 244,773	\$ 128,161	\$ 187,745	\$ 256,851	\$ 231,104
	58,404	61,338	65,268	58,867	67,664	70,548	78,425
	272,379	233,027	191,982	911,996	(374,909)	285,169	471,324
	(190,683)	(205,544)	(220,912)	(238,188)	(255,704)	(273,392)	(291,180)
	268	(754)	(1,037)	(663)	281	150	(1,172)
	(5,014)	(2,558)	(5,383)	(4,090)	(3,084)	(3,362)	(3,994)
	(9,522)	8	—	—	—	—	—
	366,894	234,011	274,691	856,083	(378,007)	335,964	484,507
	<b>3,217,701</b>	<b>3,584,595</b>	<b>3,818,606</b>	<b>4,093,297</b>	<b>4,950,153</b>	<b>4,572,146</b>	<b>4,908,110</b>
<b>\$</b>	<b>3,584,595</b>	<b>\$ 3,818,606</b>	<b>\$ 4,093,297</b>	<b>\$ 4,949,380</b>	<b>\$ 4,572,146</b>	<b>\$ 4,908,110</b>	<b>\$ 5,392,617</b>
<b>\$</b>	<b>892,627</b>	<b>\$ 1,011,220</b>	<b>\$ 1,015,631</b>	<b>\$ 443,360</b>	<b>\$ 1,173,388</b>	<b>\$ 1,211,412</b>	<b>\$ 1,035,113</b>
	80.06 %	79.06 %	80.12 %	91.78 %	79.58 %	80.20 %	83.90 %
\$	695,014	\$ 728,609	\$ 765,840	\$ 706,128	\$ 802,709	\$ 837,312	\$ 896,354
	128.43 %	138.79 %	132.62 %	62.79 %	146.18 %	144.68 %	115.48 %

(continued)

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

For the Past Ten Fiscal Years

(amounts in thousands)

	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>
<b>PUBLIC EMPLOYEES' RETIREMENT FUND PLANS</b>			
<b>STATE SAFETY<sup>1</sup></b>			
<b>Total pension liability</b>			
Service cost .....	\$ 422,634	\$ 438,147	\$ 497,129
Interest on total pension liability .....	734,333	786,096	827,412
Differences between expected and actual experience .....	(4,150)	(2,235)	(109,901)
Changes of assumptions .....	—	—	673,183
Benefit payments, including refunds of employee contributions .....	(469,275)	(502,427)	(538,735)
Net change in total pension liability .....	683,542	719,581	1,349,088
<b>Total pension liability – beginning</b> .....	<b>9,626,597</b> *	<b>10,310,139</b>	<b>11,029,720</b>
<b>Total pension liability – ending (a)</b> .....	<b>\$ 10,310,139</b>	<b>\$ 11,029,720</b>	<b>\$ 12,378,808</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 393,925	\$ 401,108	\$ 433,232
Contributions – employee .....	215,482	221,615	231,364
Net investment income .....	175,677	42,258	926,106
Benefit payments, including refunds of employee contributions .....	(469,275)	(502,427)	(538,735)
Net plan to plan resource movement .....	499	548	295
Administrative expense .....	(9,200)	(4,966)	(12,264)
Other miscellaneous income/(expense) .....	—	—	—
Net change in plan fiduciary net position .....	307,108	158,136	1,039,998
<b>Plan fiduciary net position – beginning</b> .....	<b>7,841,392</b>	<b>8,148,500</b>	<b>8,306,636</b>
<b>Plan fiduciary net position – ending (b)</b> .....	<b>\$ 8,148,500</b>	<b>\$ 8,306,636</b>	<b>\$ 9,346,634</b>
<b>State's net pension liability – ending (a) – (b)</b> .....	<b>\$ 2,161,639</b>	<b>\$ 2,723,084</b>	<b>\$ 3,032,174</b>
Plan fiduciary net position as a percentage of the total pension liability .....	79.03 %	75.31 %	75.51 %
Covered payroll .....	\$ 2,003,777	\$ 2,100,295	\$ 2,167,429
State's net pension liability as a percentage of covered payroll .....	107.88 %	129.65 %	139.90 %

	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	504,383	\$ 536,173	\$ 553,316	\$ 564,198	\$ 574,216	\$ 559,582	\$ 565,174
	877,944	951,075	1,012,593	1,072,105	1,110,294	1,184,611	1,250,737
	(21,592)	227,078	16,473	(33,477)	(238,531)	222,715	98,235
	(41,225)	—	—	—	455,219	—	—
	(578,504)	(626,451)	(677,362)	(733,697)	(788,819)	(856,901)	(916,852)
	741,006	1,087,875	905,020	869,129	1,112,379	1,110,007	997,294
	<b>12,378,808</b>	<b>13,119,814</b>	<b>14,207,689</b>	<b>15,112,709</b>	<b>15,981,838</b>	<b>17,094,217</b>	<b>18,204,224</b>
<b>\$</b>	<b>13,119,814</b>	<b>\$ 14,207,689</b>	<b>\$ 15,112,709</b>	<b>\$ 15,981,838</b>	<b>\$ 17,094,217</b>	<b>\$ 18,204,224</b>	<b>\$ 19,201,518</b>
\$	774,759	\$ 523,076	\$ 747,441	\$ 429,347	\$ 561,229	\$ 771,612	\$ 784,227
	245,021	257,071	267,822	223,408	244,938	279,174	321,424
	797,214	691,911	575,732	2,758,504	(1,131,785)	866,433	1,445,883
	(578,504)	(626,451)	(677,362)	(733,697)	(788,819)	(856,901)	(916,852)
	532	1,482	3,907	1,513	950	586	1,761
	(14,565)	(7,524)	(16,047)	(12,272)	(9,314)	(10,169)	(12,107)
	(27,658)	24	—	—	—	—	—
	1,196,799	839,589	901,493	2,666,803	(1,122,801)	1,050,735	1,624,336
	<b>9,346,634</b>	<b>10,543,433</b>	<b>11,383,022</b>	<b>12,284,515</b>	<b>14,951,366</b>	<b>13,828,565</b>	<b>14,879,300</b>
<b>\$</b>	<b>10,543,433</b>	<b>\$ 11,383,022</b>	<b>\$ 12,284,515</b>	<b>\$ 14,951,318</b>	<b>\$ 13,828,565</b>	<b>\$ 14,879,300</b>	<b>\$ 16,503,636</b>
<b>\$</b>	<b>2,576,381</b>	<b>\$ 2,824,667</b>	<b>\$ 2,828,194</b>	<b>\$ 1,030,520</b>	<b>\$ 3,265,652</b>	<b>\$ 3,324,924</b>	<b>\$ 2,697,882</b>
	80.36 %	80.12 %	81.29 %	93.55 %	80.90 %	81.74 %	85.95 %
\$	2,339,642	\$ 2,468,018	\$ 2,566,403	\$ 2,367,960	\$ 2,633,568	\$ 2,637,846	\$ 2,773,873
	110.12 %	114.45 %	110.20 %	43.52 %	124.00 %	126.05 %	97.26 %

(continued)

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

For the Past Ten Fiscal Years

(amounts in thousands)

	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>
<b>PUBLIC EMPLOYEES' RETIREMENT FUND PLANS</b>			
<b>STATE PEACE OFFICERS AND FIREFIGHTERS<sup>1</sup></b>			
<b>Total pension liability</b>			
Service cost .....	\$ 838,628	\$ 861,694	\$ 980,897
Interest on total pension liability .....	2,759,982	2,902,900	3,018,186
Differences between expected and actual experience .....	288,526	18,316	(286,527)
Changes of assumptions .....	—	—	2,608,752
Benefit payments, including refunds of employee contributions .....	(1,697,676)	(1,822,841)	(1,938,027)
Net change in total pension liability .....	2,189,460	1,960,069	4,383,281
<b>Total pension liability – beginning .....</b>	<b>36,219,196</b> *	<b>38,408,656</b>	<b>40,368,725</b>
<b>Total pension liability – ending (a) .....</b>	<b>\$ 38,408,656</b>	<b>\$ 40,368,725</b>	<b>\$ 44,752,006</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 1,146,192	\$ 1,265,145	\$ 1,427,240
Contributions – employee .....	366,419	381,185	399,946
Net investment income .....	584,142	137,927	2,954,170
Benefit payments, including refunds of employee contributions .....	(1,697,676)	(1,822,841)	(1,938,027)
Net plan to plan resource movement .....	194	114	1,628
Administrative expense .....	(30,069)	(16,295)	(39,395)
Other miscellaneous income/(expense) .....	—	—	—
Net change in plan fiduciary net position .....	369,202	(54,765)	2,805,562
<b>Plan fiduciary net position – beginning .....</b>	<b>26,367,989</b>	<b>26,737,191</b>	<b>26,682,426</b>
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 26,737,191</b>	<b>\$ 26,682,426</b>	<b>\$ 29,487,988</b>
<b>State's net pension liability – ending (a) – (b) .....</b>	<b>\$ 11,671,465</b>	<b>\$ 13,686,299</b>	<b>\$ 15,264,018</b>
Plan fiduciary net position as a percentage of the total pension liability .....	69.61 %	66.10 %	65.89 %
Covered payroll .....	\$ 3,115,287	\$ 3,241,895	\$ 3,416,627
State's net pension liability as a percentage of covered payroll .....	374.65 %	422.17 %	446.76 %

	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	1,011,482	\$ 1,044,955	\$ 1,062,486	\$ 1,111,888	\$ 1,167,715	\$ 1,242,191	\$ 1,249,852
	3,185,628	3,381,608	3,547,687	3,745,062	3,864,043	4,112,779	4,289,911
	354,089	664,430	172,204	585,665	(805,030)	1,381,891	261,062
	(25,104)	—	—	—	2,190,080	—	—
	(2,065,007)	(2,209,557)	(2,359,940)	(2,560,165)	(2,735,400)	(2,956,624)	(3,148,857)
	2,461,088	2,881,436	2,422,437	2,882,450	3,681,408	3,780,237	2,651,968
	<b>44,752,006</b>	<b>47,213,094</b>	<b>50,094,530</b>	<b>52,516,967</b>	<b>55,399,417</b>	<b>59,080,825</b>	<b>62,861,062</b>
<b>\$</b>	<b>47,213,094</b>	<b>\$ 50,094,530</b>	<b>\$ 52,516,967</b>	<b>\$ 55,399,417</b>	<b>\$ 59,080,825</b>	<b>\$ 62,861,062</b>	<b>\$ 65,513,030</b>
\$	3,068,270	\$ 1,665,872	\$ 3,220,740	\$ 1,310,946	\$ 2,171,675	\$ 3,371,914	\$ 2,877,620
	421,662	437,937	462,370	423,995	477,347	490,773	517,361
	2,522,044	2,175,528	1,812,785	8,602,827	(3,524,276)	2,690,552	4,466,739
	(2,065,007)	(2,209,557)	(2,359,941)	(2,560,165)	(2,735,400)	(2,956,624)	(3,148,857)
	(104)	350	735	(66)	1,076	931	(285)
	(45,950)	(23,765)	(49,832)	(38,396)	(28,764)	(31,280)	(37,514)
	(87,261)	77	—	—	—	—	—
	3,813,654	2,046,442	3,086,857	7,739,141	(3,638,342)	3,566,266	4,675,064
	<b>29,487,988</b>	<b>33,301,642</b>	<b>35,348,084</b>	<b>38,434,941</b>	<b>46,175,076</b>	<b>42,536,734</b>	<b>46,103,000</b>
<b>\$</b>	<b>33,301,642</b>	<b>\$ 35,348,084</b>	<b>\$ 38,434,941</b>	<b>\$ 46,174,082</b>	<b>\$ 42,536,734</b>	<b>\$ 46,103,000</b>	<b>\$ 50,778,064</b>
<b>\$</b>	<b>13,911,452</b>	<b>\$ 14,746,446</b>	<b>\$ 14,082,026</b>	<b>\$ 9,225,335</b>	<b>\$ 16,544,091</b>	<b>\$ 16,758,062</b>	<b>\$ 14,734,966</b>
	70.53 %	70.56 %	73.19 %	83.35 %	72.00 %	73.34 %	77.51 %
\$	3,557,011	\$ 3,676,854	\$ 3,904,615	\$ 3,629,097	\$ 4,035,339	\$ 4,148,789	\$ 4,347,064
	391.10 %	401.06 %	360.65 %	254.20 %	409.98 %	403.93 %	338.96 %

(continued)

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

For the Past Ten Fiscal Years

(amounts in thousands)

	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>
<b>PUBLIC EMPLOYEES' RETIREMENT FUND PLANS</b>			
<b>CALIFORNIA HIGHWAY PATROL</b>			
<b>Total pension liability</b>			
Service cost .....	\$ 198,665	\$ 210,619	\$ 237,064
Interest on total pension liability .....	764,348	809,691	833,062
Differences between expected and actual experience .....	75,593	125,614	(158,392)
Changes of assumptions .....	—	—	721,972
Benefit payments, including refunds of employee contributions .....	(487,061)	(516,723)	(543,456)
Net change in total pension liability .....	551,545	629,201	1,090,250
<b>Total pension liability – beginning .....</b>	<b>10,060,085</b>	<b>10,611,630</b>	<b>11,240,831</b>
<b>Total pension liability – ending (a) .....</b>	<b>\$ 10,611,630</b>	<b>\$ 11,240,831</b>	<b>\$ 12,331,081</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 351,197	\$ 375,928	\$ 426,603
Contributions – employee .....	85,791	86,111	91,116
Net investment income .....	146,782	33,918	747,272
Benefit payments, including refunds of employee contributions .....	(487,061)	(516,723)	(543,456)
Net plan to plan resource movement .....	(214)	292	1,050
Administrative expense .....	(7,600)	(4,111)	(9,923)
Other miscellaneous income/(expense) .....	—	—	—
Net change in plan fiduciary net position .....	88,895	(24,585)	712,662
<b>Plan fiduciary net position – beginning .....</b>	<b>6,656,447</b>	<b>6,745,342</b>	<b>6,720,757</b>
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 6,745,342</b>	<b>\$ 6,720,757</b>	<b>\$ 7,433,419</b>
<b>State's net pension liability – ending (a) – (b) .....</b>	<b>\$ 3,866,288</b>	<b>\$ 4,520,074</b>	<b>\$ 4,897,662</b>
Plan fiduciary net position as a percentage of the total pension liability .....	63.57 %	59.79 %	60.28 %
Covered payroll .....	\$ 809,610	\$ 808,032	\$ 851,427
State's net pension liability as a percentage of covered payroll .....	477.55 %	559.39 %	575.23 %

	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	248,531	\$ 257,384	\$ 266,192	\$ 268,009	\$ 292,213	\$ 298,022	\$ 299,152
	878,113	926,056	974,410	1,022,074	1,062,411	1,116,842	1,170,324
	103,283	135,148	120,496	98,575	(178,097)	198,448	182,745
	12,213	—	—	—	695,673	—	—
	(579,080)	(612,298)	(651,832)	(695,055)	(739,443)	(794,793)	(851,349)
	663,060	706,290	709,266	693,603	1,132,757	818,519	800,872
	<b>12,331,081</b>	<b>12,994,141</b>	<b>13,700,431</b>	<b>14,409,697</b>	<b>15,103,300</b>	<b>16,236,057</b>	<b>17,054,576</b>
<b>\$</b>	<b>12,994,141</b>	<b>\$ 13,700,431</b>	<b>\$ 14,409,697</b>	<b>\$ 15,103,300</b>	<b>\$ 16,236,057</b>	<b>\$ 17,054,576</b>	<b>\$ 17,855,448</b>
\$	978,060	\$ 507,055	\$ 559,585	\$ 802,064	\$ 628,308	\$ 674,104	\$ 755,384
	95,482	100,080	103,159	95,784	109,080	123,075	134,856
	639,591	556,379	450,669	2,200,671	(901,987)	678,131	1,113,204
	(579,080)	(612,298)	(651,832)	(695,055)	(739,443)	(794,793)	(851,349)
	330	265	638	1,773	252	183	176
	(11,583)	(6,090)	(12,800)	(9,519)	(7,428)	(8,099)	(9,509)
	(21,997)	20	—	—	—	—	—
	1,100,803	545,411	449,419	2,395,718	(911,218)	672,601	1,142,762
	<b>7,433,419</b>	<b>8,534,222</b>	<b>9,079,633</b>	<b>9,529,052</b>	<b>11,924,803</b>	<b>11,013,585</b>	<b>11,686,186</b>
<b>\$</b>	<b>8,534,222</b>	<b>\$ 9,079,633</b>	<b>\$ 9,529,052</b>	<b>\$ 11,924,770</b>	<b>\$ 11,013,585</b>	<b>\$ 11,686,186</b>	<b>\$ 12,828,948</b>
<b>\$</b>	<b>4,459,919</b>	<b>\$ 4,620,798</b>	<b>\$ 4,880,645</b>	<b>\$ 3,178,530</b>	<b>\$ 5,222,472</b>	<b>\$ 5,368,390</b>	<b>\$ 5,026,500</b>
	65.68 %	66.27 %	66.13 %	78.95 %	67.83 %	68.52 %	71.85 %
\$	884,197	\$ 933,689	\$ 948,000	\$ 882,119	\$ 936,496	\$ 977,794	\$ 1,048,891
	504.40 %	494.90 %	514.84 %	360.33 %	557.66 %	549.03 %	479.22 %

(continued)

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

For the Past Ten Fiscal Years

(amounts in thousands)

	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>
<b>SINGLE-EMPLOYER PLANS</b>			
<b>JUDGES'</b>			
<b>Total pension liability</b>			
Service cost .....	\$ 27,841	\$ 29,314	\$ 22,733
Interest on total pension liability .....	133,181	107,514	115,067
Differences between expected and actual experience .....	57,568	(59,421)	(366,200)
Changes of assumptions .....	158,646	384,306	(107,670)
Benefit payments, including refunds of employee contributions .....	(201,868)	(199,349)	(200,440)
Net change in total pension liability .....	175,368	262,364	(536,510)
<b>Total pension liability – beginning .....</b>	<b>3,357,212</b>	<b>3,532,580</b>	<b>3,794,944</b>
<b>Total pension liability – ending (a) .....</b>	<b>\$ 3,532,580</b>	<b>\$ 3,794,944</b>	<b>\$ 3,258,434</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 180,910	\$ 192,287	\$ 204,475
Contributions – employee .....	3,877	3,559	3,398
Net investment income .....	88	193	424
Benefit payments, including refunds of employee contributions .....	(201,867)	(199,349)	(200,440)
Administrative expense .....	(1,227)	(642)	(1,771)
Other miscellaneous income/(expense) .....	2,198	2,568	2,395
Net change in plan fiduciary net position .....	(16,021)	(1,384)	8,481
<b>Plan fiduciary net position – beginning .....</b>	<b>57,199</b>	<b>41,178</b>	<b>39,794</b>
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 41,178</b>	<b>\$ 39,794</b>	<b>\$ 48,275</b>
<b>State's net pension liability – ending (a) – (b) .....</b>	<b>\$ 3,491,402</b>	<b>\$ 3,755,150</b>	<b>\$ 3,210,159</b>
Plan fiduciary net position as a percentage of the total pension liability .....	1.17 %	1.05 %	1.48 %
Covered payroll .....	\$ 28,770	\$ 23,537	\$ 26,102
State's net pension liability as a percentage of covered payroll .....	12,135.56 %	15,954.24 %	12,298.52 %

2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$ 19,131	\$ 20,073	\$ 17,026	\$ 17,861	\$ 10,345	\$ 9,541	\$ 7,660
109,395	99,427	79,720	64,481	93,559	96,524	93,495
(121,259)	86,873	(41,794)	40,006	(92,633)	111,908	(14,317)
(20,879)	153,651	218,684	179,421	(598,096)	(36,907)	(21,972)
(207,823)	(221,954)	(213,234)	(210,951)	(210,491)	(216,271)	(212,542)
(221,435)	138,070	60,402	90,818	(797,316)	(35,205)	(147,676)
<b>3,258,434</b>	<b>3,036,999</b>	<b>3,175,069</b>	<b>3,235,471</b>	<b>3,326,289</b>	<b>2,528,973</b>	<b>2,493,768</b>
<b>\$ 3,036,999</b>	<b>\$ 3,175,069</b>	<b>\$ 3,235,471</b>	<b>\$ 3,326,289</b>	<b>\$ 2,528,973</b>	<b>\$ 2,493,768</b>	<b>\$ 2,346,092</b>
\$ 199,241	\$ 195,903	\$ 243,132	\$ 225,824	\$ 194,960	\$ 208,785	\$ 212,532
3,061	2,679	2,843	2,146	1,956	1,697	1,481
846	1,166	885	163	194	2,233	3,416
(207,823)	(221,954)	(213,234)	(210,951)	(210,491)	(216,271)	(212,542)
(2,106)	(10,032)	(2,270)	(1,731)	(1,677)	(2,032)	(2,411)
(1,863)	2,776	2,202	2,462	2,305	3,028	2,831
(8,644)	(29,462)	33,558	17,913	(12,753)	(2,560)	5,307
<b>48,275</b>	<b>39,631</b>	<b>10,169</b>	<b>43,727</b>	<b>61,640</b>	<b>48,887</b>	<b>46,327</b>
<b>\$ 39,631</b>	<b>\$ 10,169</b>	<b>\$ 43,727</b>	<b>\$ 61,640</b>	<b>\$ 48,887</b>	<b>\$ 46,327</b>	<b>\$ 51,634</b>
<b>\$ 2,997,368</b>	<b>\$ 3,164,900</b>	<b>\$ 3,191,744</b>	<b>\$ 3,264,649</b>	<b>\$ 2,480,086</b>	<b>\$ 2,447,441</b>	<b>\$ 2,294,458</b>
1.30 %	0.32 %	1.35 %	1.85 %	1.93 %	1.86 %	2.20 %
\$ 24,007	\$ 22,117	\$ 16,017	\$ 13,444	\$ 14,061	\$ 13,235	\$ 11,023
12,485.39 %	14,309.81 %	19,927.23 %	24,283.32 %	17,638.05 %	18,492.19 %	20,815.19 %

(continued)

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

For the Past Ten Fiscal Years

(amounts in thousands)

	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>
<b>SINGLE-EMPLOYER PLANS</b>			
<b>JUDGES' II</b>			
<b>Total pension liability</b>			
Service cost .....	\$ 79,641	\$ 86,635	\$ 97,679
Interest on total pension liability .....	69,128	78,412	85,654
Differences between expected and actual experience .....	(17,319)	(4,546)	(26,382)
Changes of assumptions .....	(16,619)	—	69,233
Benefit payments, including refunds of employee contributions .....	(14,041)	(21,704)	(22,406)
Net change in total pension liability .....	100,790	138,797	203,778
<b>Total pension liability – beginning .....</b>	<b>967,962</b>	<b>1,068,752</b>	<b>1,207,549</b>
<b>Total pension liability – ending (a) .....</b>	<b>\$ 1,068,752</b>	<b>\$ 1,207,549</b>	<b>\$ 1,411,327</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 65,629	\$ 65,839	\$ 67,102
Contributions – employee .....	22,242	24,598	25,076
Net investment income .....	(2,402)	20,810	115,057
Benefit payments, including refunds of employee contributions .....	(14,041)	(21,704)	(22,406)
Administrative expense .....	(1,127)	(732)	(1,682)
Other miscellaneous income/(expense) .....	—	—	—
Net change in plan fiduciary net position .....	70,301	88,811	183,147
<b>Plan fiduciary net position – beginning .....</b>	<b>1,013,840</b>	<b>1,084,141</b>	<b>1,172,952</b>
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 1,084,141</b>	<b>\$ 1,172,952</b>	<b>\$ 1,356,099</b>
<b>State's net pension liability/(asset) – ending (a) – (b) .....</b>	<b>\$ (15,389)</b>	<b>\$ 34,597</b>	<b>\$ 55,228</b>
Plan fiduciary net position as a percentage of the total pension liability .....	101.44 %	97.13 %	96.09 %
Covered payroll .....	\$ 180,230	\$ 192,739	\$ 192,786
State's net pension liability as a percentage of covered payroll .....	-8.54 %	17.95 %	28.65 %

	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	95,843	\$ 103,791	\$ 114,486	\$ 116,782	\$ 115,808	\$ 121,141	\$ 128,635
	91,418	103,889	115,517	126,949	120,585	131,805	143,959
	(26,875)	30,292	(2,797)	(10,976)	(67,751)	18,683	32,448
	(41,763)	—	—	—	(59,394)	—	—
	(31,795)	(36,204)	(34,547)	(61,994)	(66,739)	(83,868)	(99,168)
	86,828	201,768	192,659	170,761	42,509	187,761	205,874
	<b>1,411,327</b>	<b>1,498,154</b>	<b>1,699,922</b>	<b>1,892,581</b>	<b>2,063,342</b>	<b>2,105,851</b>	<b>2,293,612</b>
<b>\$</b>	<b>1,498,155</b>	<b>\$ 1,699,922</b>	<b>\$ 1,892,581</b>	<b>\$ 2,063,342</b>	<b>\$ 2,105,851</b>	<b>\$ 2,293,612</b>	<b>\$ 2,499,486</b>
\$	79,699	\$ 84,099	\$ 91,147	\$ 84,147	\$ 92,773	\$ 89,970	\$ 96,316
	27,514	31,375	35,796	34,094	36,529	38,669	42,936
	101,820	106,781	80,074	463,478	(324,365)	151,744	267,417
	(31,795)	(36,204)	(34,547)	(61,994)	(66,739)	(83,868)	(99,168)
	(2,370)	(1,477)	(2,552)	(1,703)	(1,842)	(2,126)	(2,638)
	(5,451)	—	—	—	4	4	5
	169,417	184,574	169,918	518,022	(263,640)	194,393	304,868
	<b>1,356,099</b>	<b>1,525,515</b>	<b>1,710,089</b>	<b>1,880,007</b>	<b>2,398,029</b>	<b>2,134,389</b>	<b>2,328,782</b>
<b>\$</b>	<b>1,525,516</b>	<b>\$ 1,710,089</b>	<b>\$ 1,880,007</b>	<b>\$ 2,398,029</b>	<b>\$ 2,134,389</b>	<b>\$ 2,328,782</b>	<b>\$ 2,633,650</b>
<b>\$</b>	<b>(27,361)</b>	<b>\$ (10,167)</b>	<b>\$ 12,574</b>	<b>\$ (334,687)</b>	<b>\$ (28,538)</b>	<b>\$ (35,170)</b>	<b>\$ (134,164)</b>
	101.83 %	100.60 %	99.34 %	116.22 %	101.36 %	101.53 %	105.37 %
\$	202,433	\$ 220,742	\$ 246,968	\$ 233,316	\$ 242,525	\$ 249,328	\$ 267,330
	-13.52 %	-4.61 %	5.09 %	-143.45 %	-11.77 %	-14.11 %	-50.19 %

(continued)

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

For the Past Ten Fiscal Years

(amounts in thousands)

	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>
<b>SINGLE-EMPLOYER PLANS</b>			
<b>LEGISLATORS'</b>			
<b>Total pension liability</b>			
Service cost .....	\$ 769	\$ 608	\$ 639
Interest on total pension liability .....	6,268	5,978	5,291
Differences between expected and actual experience .....	(4,246)	(3,530)	(5,998)
Changes of assumptions .....	(2,654)	—	7,857
Benefit payments, including refunds of employee contributions .....	(9,087)	(7,407)	(7,249)
Net change in total pension liability .....	(8,950)	(4,351)	540
<b>Total pension liability – beginning .....</b>	<b>115,521</b>	<b>106,571</b>	<b>102,220</b>
<b>Total pension liability – ending (a) .....</b>	<b>\$ 106,571</b>	<b>\$ 102,220</b>	<b>\$ 102,760</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 590	\$ 549	\$ 517
Contributions – employee .....	105	96	94
Net investment income .....	(94)	4,545	5,047
Benefit payments, including refunds of employee contributions .....	(9,087)	(7,407)	(7,249)
Administrative expense .....	(399)	(202)	(575)
Other miscellaneous income/(expense) .....	—	—	—
Net change in plan fiduciary net position .....	(8,885)	(2,419)	(2,166)
<b>Plan fiduciary net position – beginning .....</b>	<b>130,354</b>	<b>121,469</b>	<b>119,050</b>
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 121,469</b>	<b>\$ 119,050</b>	<b>\$ 116,884</b>
<b>State's net pension liability/(asset) – ending (a) – (b) .....</b>	<b>\$ (14,898)</b>	<b>\$ (16,830)</b>	<b>\$ (14,124)</b>
Plan fiduciary net position as a percentage of the total pension liability .....	113.98 %	116.46 %	113.74 %
Covered payroll .....	\$ 1,397	\$ 1,298	\$ 1,270
State's net pension liability as a percentage of covered payroll .....	-1,066.43 %	-1,296.61 %	-1,112.13 %

2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$ 542	\$ 268	\$ 100	\$ 101	\$ 108	\$ 52	\$ —
4,987	4,873	4,885	4,749	4,299	4,248	4,351
(2,061)	(427)	2,320	(732)	(992)	1,444	5,119
(2,529)	—	—	—	1,024	—	—
(6,918)	(7,350)	(6,939)	(6,761)	(6,647)	(7,088)	(7,436)
(5,979)	(2,636)	366	(2,643)	(2,208)	(1,344)	2,034
<b>102,760</b>	<b>96,780</b>	<b>94,144</b>	<b>94,510</b>	<b>91,867</b>	<b>89,659</b>	<b>88,315</b>
<b>\$ 96,781</b>	<b>\$ 94,144</b>	<b>\$ 94,510</b>	<b>\$ 91,867</b>	<b>\$ 89,659</b>	<b>\$ 88,315</b>	<b>\$ 90,349</b>
\$ 467	\$ 250	\$ 98	\$ 78	\$ 85	\$ 44	\$ —
82	92	22	21	23	11	—
5,486	7,860	7,011	15,099	(12,450)	601	4,905
(6,918)	(7,350)	(6,939)	(6,761)	(6,647)	(7,088)	(7,436)
(670)	(324)	(550)	(450)	(436)	(525)	(663)
(1,454)	—	2	13	1	2	1
(3,007)	528	(356)	8,000	(19,424)	(6,955)	(3,193)
<b>116,884</b>	<b>113,876</b>	<b>114,404</b>	<b>114,048</b>	<b>122,048</b>	<b>102,624</b>	<b>95,669</b>
<b>\$ 113,877</b>	<b>\$ 114,404</b>	<b>\$ 114,048</b>	<b>\$ 122,048</b>	<b>\$ 102,624</b>	<b>\$ 95,669</b>	<b>\$ 92,476</b>
<b>\$ (17,096)</b>	<b>\$ (20,260)</b>	<b>\$ (19,538)</b>	<b>\$ (30,181)</b>	<b>\$ (12,965)</b>	<b>\$ (7,354)</b>	<b>\$ (2,127)</b>
117.66 %	121.52 %	120.67 %	132.85 %	114.46 %	108.33 %	102.35 %
\$ 1,121	\$ 684	\$ 284	\$ 267	\$ 290	\$ 138	\$ —
-1,525.07 %	-2,961.99 %	-6,879.58 %	-11,303.75 %	-4,470.69 %	-5,328.99 %	— % (concluded)

## Schedule of State Pension Contributions

For the Past Ten Fiscal Years

(amounts in thousands)

	2016	2017	2018
<b>PUBLIC EMPLOYEES' RETIREMENT FUND PLANS</b>			
<b>STATE MISCELLANEOUS<sup>1</sup></b>			
Actuarially determined contribution .....	\$ 2,718,895	\$ 3,078,232	\$ 3,397,736
Contributions in relation to the actuarially determined contribution .....	(2,814,126)	(3,098,305)	(3,482,291)
<b>Contribution deficiency (excess) .....</b>	<b>\$ (95,231)</b>	<b>\$ (20,073)</b>	<b>\$ (84,555)</b>
Covered payroll .....	\$ 11,197,607	\$ 11,591,576	\$ 12,254,527
Contributions as a percentage of covered payroll .....	25.13 %	26.73 %	28.42 %
 <b>STATE INDUSTRIAL<sup>1</sup></b>			
Actuarially determined contribution .....	\$ 103,293	\$ 116,880	\$ 131,131
Contributions in relation to the actuarially determined contribution .....	(116,594)	(123,789)	(141,832)
<b>Contribution deficiency (excess) .....</b>	<b>\$ (13,301)</b>	<b>\$ (6,909)</b>	<b>\$ (10,701)</b>
Covered payroll .....	\$ 625,220	\$ 643,295	\$ 695,014
Contributions as a percentage of covered payroll .....	18.65 %	19.24 %	20.41 %
 <b>STATE SAFETY<sup>1</sup></b>			
Actuarially determined contribution .....	\$ 368,444	\$ 400,379	\$ 435,662
Contributions in relation to the actuarially determined contribution .....	(404,595)	(431,991)	(481,479)
<b>Contribution deficiency (excess) .....</b>	<b>\$ (36,151)</b>	<b>\$ (31,612)</b>	<b>\$ (45,817)</b>
Covered payroll .....	\$ 2,100,289	\$ 2,167,429	\$ 2,339,642
Contributions as a percentage of covered payroll .....	19.26 %	19.93 %	20.58 %
 <b>STATE PEACE OFFICERS AND FIREFIGHTERS<sup>1</sup></b>			
Actuarially determined contribution .....	\$ 1,197,160	\$ 1,343,177	\$ 1,462,630
Contributions in relation to the actuarially determined contribution .....	(1,263,436)	(1,431,851)	(1,573,299)
<b>Contribution deficiency (excess) .....</b>	<b>\$ (66,276)</b>	<b>\$ (88,674)</b>	<b>\$ (110,669)</b>
Covered payroll .....	\$ 3,241,763	\$ 3,416,627	\$ 3,557,011
Contributions as a percentage of covered payroll .....	38.97 %	41.91 %	44.23 %

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

2019	2020	2021	2022	2023	2024	2025
\$ 3,631,721 (3,794,379)	\$ 4,006,672 (5,032,209)	\$ 4,324,789 (3,791,620)	\$ 4,160,143 (4,281,402)	\$ 4,452,668 (4,918,505)	\$ 4,749,786 (5,305,363)	\$ 5,122,934 (4,651,700)
<b>\$ (162,658)</b>	<b>\$ (1,025,537)</b>	<b>\$ 533,169</b>	<b>\$ (121,259)</b>	<b>\$ (465,837)</b>	<b>\$ (555,577)</b>	<b>\$ 471,234</b>
\$ 12,913,195	\$ 13,579,610	\$ 12,909,399	\$ 14,727,596	\$ 15,486,977	\$ 16,690,904	\$ 17,812,079
29.38 %	37.06 %	29.37 %	29.07 %	31.76 %	31.79 %	26.12 %
\$ 134,969 (148,790)	\$ 153,724 (245,757)	\$ 166,535 (128,407)	\$ 132,980 (138,688)	\$ 157,441 (174,595)	\$ 164,652 (186,979)	\$ 178,276 (144,027)
<b>\$ (13,821)</b>	<b>\$ (92,033)</b>	<b>\$ 38,128</b>	<b>\$ (5,708)</b>	<b>\$ (17,154)</b>	<b>\$ (22,327)</b>	<b>\$ 34,249</b>
\$ 728,609	\$ 765,840	\$ 706,128	\$ 802,709	\$ 837,312	\$ 896,354	\$ 935,015
20.42 %	32.09 %	18.18 %	17.28 %	20.85 %	20.86 %	15.40 %
\$ 466,765 (531,360)	\$ 526,375 (759,505)	\$ 553,298 (473,147)	\$ 476,457 (499,621)	\$ 537,135 (579,316)	\$ 537,239 (609,278)	\$ 564,510 (538,560)
<b>\$ (64,595)</b>	<b>\$ (233,130)</b>	<b>\$ 80,151</b>	<b>\$ (23,164)</b>	<b>\$ (42,181)</b>	<b>\$ (72,039)</b>	<b>\$ 25,950</b>
\$ 2,468,018	\$ 2,566,403	\$ 2,367,960	\$ 2,633,568	\$ 2,637,846	\$ 2,773,873	\$ 2,945,213
21.53 %	29.59 %	19.98 %	18.97 %	21.96 %	21.96 %	18.29 %
\$ 1,581,049 (1,667,839)	\$ 1,755,306 (3,234,348)	\$ 1,871,841 (1,312,046)	\$ 1,262,871 (1,325,451)	\$ 1,850,940 (2,071,961)	\$ 1,952,094 (2,172,989)	\$ 2,063,719 (1,393,592)
<b>\$ (86,790)</b>	<b>\$ (1,479,042)</b>	<b>\$ 559,795</b>	<b>\$ (62,580)</b>	<b>\$ (221,021)</b>	<b>\$ (220,895)</b>	<b>\$ 670,127</b>
\$ 3,676,854	\$ 3,904,615	\$ 3,629,097	\$ 4,035,339	\$ 4,148,789	\$ 4,347,064	\$ 4,526,704
45.36 %	82.83 %	36.15 %	32.85 %	49.94 %	49.99 %	30.79 %

(continued)

## Schedule of State Pension Contributions (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	2016	2017	2018
<b>PUBLIC EMPLOYEES' RETIREMENT FUND PLANS</b>			
<b>CALIFORNIA HIGHWAY PATROL</b>			
Actuarially determined contribution .....	\$ 363,634	\$ 414,975	\$ 447,376
Contributions in relation to the actuarially determined contribution .....	(377,534)	(426,014)	(478,354)
<b>Contribution deficiency (excess) .....</b>	<b>\$ (13,900)</b>	<b>\$ (11,039)</b>	<b>\$ (30,978)</b>
Covered payroll .....	\$ 808,032	\$ 851,427	\$ 884,197
Contributions as a percentage of covered payroll .....	46.72 %	50.04 %	54.10 %
<b>SINGLE-EMPLOYER PLANS</b>			
<b>JUDGES'</b>			
Actuarially determined contribution .....	\$ 463,073	\$ 448,636	\$ 438,156
Contributions in relation to the actuarially determined contribution .....	(3,252)	(202,368)	(197,017)
<b>Contribution deficiency (excess) .....</b>	<b>\$ 459,821</b>	<b>\$ 246,268</b>	<b>\$ 241,139</b>
Covered payroll .....	\$ 29,771	\$ 23,822	\$ 27,003
Contributions as a percentage of covered payroll .....	10.92 %	849.50 %	729.61 %
<b>JUDGES' II</b>			
Actuarially determined contribution .....	\$ 58,362	\$ 66,951	\$ 79,181
Contributions in relation to the actuarially determined contribution .....	(60,476)	(55,965)	(73,916)
<b>Contribution deficiency (excess) .....</b>	<b>\$ (2,114)</b>	<b>\$ 10,986</b>	<b>\$ 5,265</b>
Covered payroll .....	\$ 186,505	\$ 195,066	\$ 199,438
Contributions as a percentage of covered payroll .....	32.43 %	28.69 %	37.06 %
<b>LEGISLATORS'</b>			
Actuarially determined contribution .....	\$ 141	\$ —	\$ 20
Contributions in relation to the actuarially determined contribution .....	(549)	(516)	(467)
<b>Contribution deficiency (excess) .....</b>	<b>\$ (408)</b>	<b>\$ (516)</b>	<b>\$ (447)</b>
Covered payroll .....	\$ 1,298	\$ 1,270	\$ 1,121
Contributions as a percentage of covered payroll .....	42.30 %	40.63 %	41.66 %

2019	2020	2021	2022	2023	2024	2025
\$ 484,056 (514,683)	\$ 532,159 (560,538)	\$ 574,509 (530,587)	\$ 600,841 (590,087)	\$ 599,039 (660,340)	\$ 653,801 (752,825)	\$ 686,478 (792,884)
<b>\$ (30,627)</b>	<b>\$ (28,379)</b>	<b>\$ 43,922</b>	<b>\$ 10,754</b>	<b>\$ (61,301)</b>	<b>\$ (99,024)</b>	<b>\$ (106,406)</b>
\$ 933,689	\$ 948,000	\$ 882,119	\$ 936,496	\$ 977,794	\$ 1,048,891	\$ 1,113,549
55.12 %	59.13 %	60.15 %	63.01 %	67.53 %	71.77 %	71.20 %
\$ 415,110 (194,189)	\$ 414,849 (241,993)	\$ 366,446 (224,928)	\$ 352,881 (193,763)	\$ 313,118 (207,835)	\$ 315,809 (211,503)	\$ 297,054 (217,738)
<b>\$ 220,921</b>	<b>\$ 172,856</b>	<b>\$ 141,518</b>	<b>\$ 159,118</b>	<b>\$ 105,283</b>	<b>\$ 104,306</b>	<b>\$ 79,316</b>
\$ 25,748	\$ 16,017	\$ 13,444	\$ 14,061	\$ 13,227	\$ 14,031	\$ 11,458
754.19 %	1,510.85 %	1,673.07 %	1,378.02 %	1,571.29 %	1,507.40 %	1,900.31 %
\$ 75,862 (76,155)	\$ 81,782 (83,872)	\$ 88,439 (78,784)	\$ 89,938 (81,960)	\$ 86,154 (73,614)	\$ 91,696 (87,640)	\$ 97,620 (91,286)
<b>\$ (293)</b>	<b>\$ (2,090)</b>	<b>\$ 9,655</b>	<b>\$ 7,978</b>	<b>\$ 12,540</b>	<b>\$ 4,056</b>	<b>\$ 6,334</b>
\$ 217,112	\$ 246,968	\$ 233,316	\$ 242,525	\$ 249,170	\$ 264,322	\$ 277,887
35.08 %	33.96 %	33.77 %	33.79 %	29.54 %	33.16 %	32.85 %
\$ — (261)	\$ 101 (100)	\$ 84 (79)	\$ 88 (85)	\$ 48 (44)	\$ — —	\$ 75 —
<b>\$ (261)</b>	<b>\$ 1</b>	<b>\$ 5</b>	<b>\$ 3</b>	<b>\$ 4</b>	<b>\$ —</b>	<b>\$ 75</b>
\$ 684	\$ 284	\$ 267	\$ 290	\$ 138	\$ —	\$ —
38.16 %	35.21 %	29.59 %	29.31 %	31.88 %	— %	— %

(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, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	See each plan's June 30, 2022, Funding Valuation Report.
Asset valuation method	PERF – Fair Value of assets; for details see plan's June 30, 2022, 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.

(concluded)

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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)

	<u>2015<sup>1</sup></u>	<u>2016<sup>1</sup></u>	<u>2017<sup>1</sup></u>
State’s proportion of CalSTRS’ net pension liability .....	34.59 %	36.28 %	37.17 %
State’s proportionate share of CalSTRS’ net pension liability .....	\$ 23,289,391	\$ 29,343,626	\$ 34,374,816
Plan fiduciary net position as a percentage of the total pension liability .....	74.02 %	70.04 %	69.46 %

<sup>1</sup>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)

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily required contribution .....	\$ 1,935,288	\$ 2,472,993	\$ 2,790,444
Contributions in relation to the statutorily required contribution .....	1,935,288	2,472,993	2,790,444
<b>Annual contribution deficiency/(excess) .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

### 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, 2023.

#### 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	3.25%
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

2018 <sup>1</sup>	2019 <sup>1</sup>	2020 <sup>1</sup>	2021 <sup>1</sup>	2022 <sup>1</sup>	2023 <sup>1</sup>	2024 <sup>1</sup>
36.41 %	35.30 %	34.02 %	33.47 %	33.37 %	32.39 %	31.45 %
\$ 33,462,419	\$ 31,880,645	\$ 32,963,596	\$ 15,233,348	\$ 23,186,783	\$ 24,670,833	\$ 21,123,435
70.99 %	72.56 %	71.82 %	87.21 %	81.25 %	80.62 %	83.55 %

2019	2020	2021	2022	2023	2024	2025
\$ 3,082,316	\$ 4,446,836	\$ 3,730,902	\$ 4,279,964	\$ 3,719,874	\$ 3,945,974	\$ 4,263,762
3,082,316	4,446,836	3,730,902	4,279,964	3,719,874	3,945,974	4,263,762
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

## Schedule of Changes in Net OPEB Liability and Related Ratios

For the Past Six Fiscal Years<sup>1</sup>

(amounts in thousands)

	2019 <sup>2, 6</sup>	2020 <sup>2</sup>	2021 <sup>2</sup>
<b>RETIREE HEALTH BENEFITS PROGRAM</b>			
<b>SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU)<sup>3</sup></b>			
<b>Total OPEB liability</b>			
Service cost .....	\$ 1,078,364	\$ 1,116,519	\$ 1,190,049
Interest on total OPEB liability .....	1,201,673	1,162,741	1,028,924
Differences between expected and actual experiences <sup>5</sup> .....	(525,007)	(720,036)	(2,498,623)
Changes in assumptions .....	1,213,332	480,992	1,275,481
Benefit payments .....	(856,494)	(910,765)	(962,640)
Net change in total OPEB liability .....	2,111,868	1,129,451	33,191
<b>Total OPEB liability – beginning</b> .....	<b>29,485,488</b>	<b>31,597,356</b>	<b>32,726,807</b>
<b>Total OPEB liability – ending (a)</b> .....	<b>\$ 31,597,356</b>	<b>\$ 32,726,807</b>	<b>\$ 32,759,998</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 856,494	\$ 910,765	\$ 962,640
Contributions – prefunding .....	71,712	174,235	241,973
Contributions – employee .....	71,712	174,235	—
Net investment income .....	8,202	9,788	162,795
Benefit payments .....	(856,494)	(910,765)	(962,640)
Administrative expense .....	(14)	(148)	(229)
Other expenses .....	—	—	—
Net change in plan fiduciary net position .....	151,612	358,110	404,539
<b>Plan fiduciary net position – beginning</b> .....	<b>—</b>	<b>151,612</b>	<b>509,722</b>
<b>Plan fiduciary net position – ending (b)</b> .....	<b>\$ 151,612</b>	<b>\$ 509,722</b>	<b>\$ 914,261</b>
<b>State’s net OPEB liability – ending (a) – (b)</b> .....	<b>\$ 31,445,744</b>	<b>\$ 32,217,085</b>	<b>\$ 31,845,737</b>
Plan fiduciary net position as a percentage of the total OPEB liability .....	0.48 %	1.56 %	2.79 %
Covered payroll .....	\$ 7,317,203	\$ 7,701,525	\$ 7,477,126
State’s net OPEB liability as a percentage of covered payroll .....	429.75 %	418.32 %	425.91 %

<sup>1</sup>This schedule will be built prospectively until it contains ten years of data.

<sup>2</sup>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.

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

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

<sup>5</sup>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.

<sup>6</sup>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.

<u>2022<sup>2</sup></u>	<u>2023<sup>2</sup></u>	<u>2024<sup>2</sup></u>
\$ 1,297,725	\$ 951,313	\$ 972,829
908,980	1,193,663	1,300,226
831,414	248,422	1,587,749
(6,216,338)	263,281	217,938
(1,038,983)	(1,068,245)	(1,162,440)
(4,217,202)	1,588,434	2,916,302
<b>32,759,998</b>	<b>28,542,796</b>	<b>30,131,230</b>
<b>\$ 28,542,796</b>	<b>\$ 30,131,230</b>	<b>\$ 33,047,532</b>
\$ 1,038,983	\$ 1,068,245	\$ 1,162,440
537,987	301,445	289,428
286,986	301,445	289,428
(228,601)	122,484	285,389
(1,038,983)	(1,068,245)	(1,162,440)
(333)	(516)	(815)
—	—	—
596,039	724,858	863,430
<b>914,261</b>	<b>1,510,300</b>	<b>2,235,158</b>
<b>\$ 1,510,300</b>	<b>\$ 2,235,158</b>	<b>\$ 3,098,588</b>
<b>\$ 27,032,496</b>	<b>\$ 27,896,072</b>	<b>\$ 29,948,944</b>
5.29 %	7.42 %	9.38 %
\$ 8,705,771	\$ 8,705,889	\$ 9,364,496
310.51 %	320.43 %	319.81 %
		(continued)

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

For the Past Eight Fiscal Years<sup>1</sup>

(amounts in thousands)

	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>
<b>RETIREE HEALTH BENEFITS PROGRAM</b>			
<b>BARGAINING UNIT 5 PLAN</b>			
<b>Total OPEB liability</b>			
Service cost .....	\$ 168,057	\$ 146,042	\$ 140,545
Interest on total OPEB liability .....	179,397	195,713	199,637
Differences between expected and actual experiences <sup>5</sup> .....	—	(108,271)	41,288
Changes in assumptions .....	(474,646)	(137,150)	318,292
Benefit payments .....	(95,517)	(77,897)	(78,501)
Net change in total OPEB liability .....	(222,709)	18,437	621,261
<b>Total OPEB liability – beginning .....</b>	<b>4,764,812</b>	<b>4,542,103</b>	<b>4,560,540</b>
<b>Total OPEB liability – ending (a) .....</b>	<b>\$ 4,542,103</b>	<b>\$ 4,560,540</b>	<b>\$ 5,181,801</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 95,517	\$ 77,897	\$ 78,501
Contributions – prefunding .....	77,454	59,697	57,567
Contributions – employee .....	12,783	4,089	3,943
Net investment income .....	21,109	20,988	23,834
Benefit payments .....	(95,517)	(77,897)	(78,501)
Administrative expense .....	(95)	(144)	(77)
Other expenses .....	(290)	—	—
Net change in plan fiduciary net position .....	110,961	84,630	85,267
<b>Plan fiduciary net position – beginning .....</b>	<b>135,701</b>	<b>246,662</b>	<b>331,052</b> *
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 246,662</b>	<b>\$ 331,292</b>	<b>\$ 416,319</b>
<b>State’s net OPEB liability – ending (a) – (b) .....</b>	<b>\$ 4,295,441</b>	<b>\$ 4,229,248</b>	<b>\$ 4,765,482</b>
Plan fiduciary net position as a percentage of the total OPEB liability .....	5.43 %	7.26 %	8.03 %
Covered payroll .....	\$ 866,040	\$ 895,430	\$ 942,765
State’s net OPEB liability as a percentage of covered payroll .....	495.99 %	472.31 %	505.48 %

2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$ 159,410	\$ 183,703	\$ 209,691	\$ 136,920	\$ 133,754
204,078	202,901	181,784	207,924	225,844
(64,174)	(699,133)	(92,802)	(15,291)	202,634
466,272	531,615	(1,359,809)	7,641	58,235
(84,544)	(87,872)	(92,183)	(92,714)	(98,136)
681,042	131,214	(1,153,319)	244,480	522,331
<b>5,181,801</b>	<b>5,862,843</b>	<b>5,994,057</b>	<b>4,840,738</b>	<b>5,085,218</b>
<b>\$ 5,862,843</b>	<b>\$ 5,994,057</b>	<b>\$ 4,840,738</b>	<b>\$ 5,085,218</b>	<b>\$ 5,607,549</b>
\$ 84,544	\$ 87,872	\$ 92,183	\$ 92,714	\$ 98,136
59,296	1	120,580	50,716	45,162
4,061	—	8,452	16,905	27,957
16,069	136,197	(102,287)	45,222	89,804
(84,544)	(87,872)	(92,183)	(92,714)	(98,136)
(217)	(188)	(177)	(200)	(262)
—	—	—	—	—
79,209	136,010	26,568	112,643	162,661
<b>416,319</b>	<b>495,528</b>	<b>631,538</b>	<b>658,106</b>	<b>770,749</b>
<b>\$ 495,528</b>	<b>\$ 631,538</b>	<b>\$ 658,106</b>	<b>\$ 770,749</b>	<b>\$ 933,410</b>
<b>\$ 5,367,315</b>	<b>\$ 5,362,519</b>	<b>\$ 4,182,632</b>	<b>\$ 4,314,469</b>	<b>\$ 4,674,139</b>
8.45 %	10.54 %	13.60 %	15.16 %	16.65 %
\$ 958,694	\$ 890,777	\$ 950,596	\$ 993,733	\$ 1,074,372
559.86 %	602.00 %	440.00 %	434.17 %	435.06 %

(continued)

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

For the Past Eight Fiscal Years<sup>1</sup>  
(amounts in thousands)

	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>
<b>RETIREE HEALTH BENEFITS PROGRAM</b>			
<b>BARGAINING UNIT 6 PLAN</b>			
<b>Total OPEB liability</b>			
Service cost .....	\$ 609,551	\$ 531,916	\$ 503,829
Interest on total OPEB liability .....	574,853	634,360	622,325
Differences between expected and actual experiences <sup>5</sup> .....	—	(1,186,530)	(460,414)
Changes in assumptions .....	(1,637,897)	(164,236)	912,754
Benefit payments .....	(325,344)	(327,604)	(294,213)
Net change in total OPEB liability .....	(778,837)	(512,094)	1,284,281
<b>Total OPEB liability – beginning .....</b>	<b>15,990,189</b>	<b>15,211,352</b>	<b>14,699,258</b>
<b>Total OPEB liability – ending (a) .....</b>	<b>\$ 15,211,352</b>	<b>\$ 14,699,258</b>	<b>\$ 15,983,539</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 325,344	\$ 327,604	\$ 294,213
Contributions – prefunding .....	146,933	65,245	106,592
Contributions – employee .....	23,181	65,245	106,592
Net investment income .....	15,089	17,235	33,447
Benefit payments .....	(325,344)	(327,604)	(294,213)
Administrative expense .....	(48)	(128)	(94)
Other expenses .....	—	—	—
Net change in plan fiduciary net position .....	185,155	147,597	246,537
<b>Plan fiduciary net position – beginning .....</b>	<b>—</b>	<b>185,155</b>	<b>332,511</b> *
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 185,155</b>	<b>\$ 332,752</b>	<b>\$ 579,048</b>
<b>State's net OPEB liability – ending (a) – (b) .....</b>	<b>\$ 15,026,197</b>	<b>\$ 14,366,506</b>	<b>\$ 15,404,491</b>
Plan fiduciary net position as a percentage of the total OPEB liability .....	1.22 %	2.26 %	3.62 %
Covered payroll .....	\$ 2,653,404	\$ 2,726,616	\$ 2,819,233
State's net OPEB liability as a percentage of covered payroll .....	566.30 %	526.90 %	546.41 %

	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	535,696	\$ 578,629	\$ 655,259	\$ 485,501	\$ 481,770
	608,903	562,522	531,126	683,945	744,327
	(354,942)	(1,113,335)	916,117	(128,638)	417,491
	675,803	1,438,841	(3,595,519)	114,998	197,812
	(357,726)	(370,922)	(389,079)	(391,600)	(405,466)
	1,107,734	1,095,735	(1,882,096)	764,206	1,435,934
	<b>15,983,539</b>	<b>17,091,273</b>	<b>18,187,008</b>	<b>16,304,912</b>	<b>17,069,118</b>
<b>\$</b>	<b>17,091,273</b>	<b>\$ 18,187,008</b>	<b>\$ 16,304,912</b>	<b>\$ 17,069,118</b>	<b>\$ 18,505,052</b>
\$	357,726	\$ 370,922	\$ 389,079	\$ 391,600	\$ 405,466
	129,540	109,211	234,564	121,509	124,954
	129,540	—	119,564	121,510	124,955
	24,249	247,525	(209,053)	97,891	204,115
	(357,726)	(370,922)	(389,079)	(391,600)	(405,466)
	(342)	(343)	(353)	(427)	(592)
	—	—	—	—	—
	282,987	356,393	144,722	340,483	453,432
	<b>579,048</b>	<b>862,035</b>	<b>1,218,428</b>	<b>1,363,150</b>	<b>1,703,633</b>
<b>\$</b>	<b>862,035</b>	<b>\$ 1,218,428</b>	<b>\$ 1,363,150</b>	<b>\$ 1,703,633</b>	<b>\$ 2,157,065</b>
<b>\$</b>	<b>16,229,238</b>	<b>\$ 16,968,580</b>	<b>\$ 14,941,762</b>	<b>\$ 15,365,485</b>	<b>\$ 16,347,987</b>
	5.04 %	6.70 %	8.36 %	9.98 %	11.66 %
\$	2,989,457	\$ 2,709,765	\$ 2,983,435	\$ 2,996,198	\$ 3,076,242
	542.88 %	626.20 %	500.82 %	512.83 %	531.43 %

(continued)

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

For the Past Eight Fiscal Years<sup>1</sup>  
(amounts in thousands)

	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>
<b>RETIREE HEALTH BENEFITS PROGRAM</b>			
<b>BARGAINING UNIT 9 PLAN<sup>3</sup></b>			
<b>Total OPEB liability</b>			
Service cost .....	\$ 166,173	\$ 142,954	\$ 127,060
Interest on total OPEB liability .....	154,495	174,062	165,399
Differences between expected and actual experiences <sup>5</sup> .....	—	(334,650)	(88,806)
Changes in assumptions .....	(475,991)	(200,549)	145,634
Benefit payments .....	(82,449)	(85,278)	(84,522)
Net change in total OPEB liability .....	(237,772)	(303,461)	264,765
<b>Total OPEB liability – beginning .....</b>	<b>4,640,159</b>	<b>4,402,387</b>	<b>4,098,926</b>
<b>Total OPEB liability – ending (a) .....</b>	<b>\$ 4,402,387</b>	<b>\$ 4,098,926</b>	<b>\$ 4,363,691</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 82,449	\$ 85,278	\$ 84,522
Contributions – prefunding .....	35,210	5,688	13,311
Contributions – employee .....	—	5,688	13,311
Net investment income .....	3,630	3,246	4,789
Benefit payments .....	(82,449)	(85,278)	(84,522)
Administrative expense .....	(11)	(22)	(14)
Other expenses .....	—	—	—
Net change in plan fiduciary net position .....	38,829	14,600	31,397
<b>Plan fiduciary net position – beginning .....</b>	<b>—</b>	<b>38,829</b>	<b>53,391</b> *
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 38,829</b>	<b>\$ 53,429</b>	<b>\$ 84,788</b>
<b>State's net OPEB liability – ending (a) – (b) .....</b>	<b>\$ 4,363,558</b>	<b>\$ 4,045,497</b>	<b>\$ 4,278,903</b>
Plan fiduciary net position as a percentage of the total OPEB liability .....	0.88 %	1.30 %	1.94 %
Covered payroll .....	\$ 1,366,302	\$ 1,376,743	\$ 1,502,529
State's net OPEB liability as a percentage of covered payroll .....	319.37 %	293.85 %	284.78 %

	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	136,522	\$ 155,301	\$ 173,027	\$ 130,885	\$ 133,947
	159,587	144,901	129,982	174,009	193,203
	(55,316)	(308,759)	222,406	62,131	224,536
	93,540	166,566	(879,542)	37,701	52,070
	(100,777)	(109,002)	(120,334)	(128,736)	(143,125)
	233,556	49,007	(474,461)	275,990	460,631
	<b>4,363,691</b>	<b>4,597,247</b>	<b>4,646,254</b>	<b>4,171,793</b>	<b>4,447,783</b>
<b>\$</b>	<b>4,597,247</b>	<b>\$ 4,646,254</b>	<b>\$ 4,171,793</b>	<b>\$ 4,447,783</b>	<b>\$ 4,908,414</b>
\$	100,777	\$ 109,002	\$ 120,334	\$ 128,736	\$ 143,125
	31,649	28,942	61,871	35,760	38,361
	31,649	—	33,871	35,761	38,362
	3,793	44,511	(42,399)	20,892	46,207
	(100,777)	(109,002)	(120,334)	(128,736)	(143,125)
	(55)	(62)	(69)	(90)	(132)
	—	—	—	—	—
	67,036	73,391	53,274	92,323	122,798
	<b>84,788</b>	<b>151,824</b>	<b>225,215</b>	<b>278,489</b>	<b>370,812</b>
<b>\$</b>	<b>151,824</b>	<b>\$ 225,215</b>	<b>\$ 278,489</b>	<b>\$ 370,812</b>	<b>\$ 493,610</b>
<b>\$</b>	<b>4,445,423</b>	<b>\$ 4,421,039</b>	<b>\$ 3,893,304</b>	<b>\$ 4,076,971</b>	<b>\$ 4,414,804</b>
	3.30 %	4.85 %	6.68 %	8.34 %	10.06 %
\$	1,596,949	\$ 1,498,878	\$ 1,770,060	\$ 1,796,847	\$ 1,927,511
	278.37 %	294.96 %	219.95 %	226.90 %	229.04 %

(continued)

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

For the Past Eight Fiscal Years<sup>1</sup>  
(amounts in thousands)

	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>
<b>RETIREE HEALTH BENEFITS PROGRAM</b>			
<b>BARGAINING UNIT 12 PLAN<sup>3</sup></b>			
<b>Total OPEB liability</b>			
Service cost .....	\$ 167,689	\$ 146,732	\$ 129,311
Interest on total OPEB liability .....	154,036	172,744	162,948
Differences between expected and actual experiences <sup>5</sup> .....	—	(362,455)	(97,510)
Changes in assumptions .....	(433,966)	(166,573)	152,849
Benefit payments .....	(110,860)	(114,235)	(120,833)
Net change in total OPEB liability .....	(223,101)	(323,787)	226,765
<b>Total OPEB liability – beginning .....</b>	<b>4,540,951</b>	<b>4,317,850</b>	<b>3,994,063</b>
<b>Total OPEB liability – ending (a) .....</b>	<b>\$ 4,317,850</b>	<b>\$ 3,994,063</b>	<b>\$ 4,220,828</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 110,860	\$ 114,235	\$ 120,833
Contributions – prefunding .....	1,076	8,280	16,268
Contributions – employee .....	1,076	8,280	16,268
Net investment income .....	872	1,051	3,552
Benefit payments .....	(110,860)	(114,235)	(120,833)
Administrative expense .....	(4)	(9)	(9)
Other expenses .....	—	—	—
Net change in plan fiduciary net position .....	3,020	17,602	36,079
<b>Plan fiduciary net position – beginning .....</b>	<b>7,186</b>	<b>10,206</b>	<b>27,788</b> *
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 10,206</b>	<b>\$ 27,808</b>	<b>\$ 63,867</b>
<b>State's net OPEB liability – ending (a) – (b) .....</b>	<b>\$ 4,307,644</b>	<b>\$ 3,966,255</b>	<b>\$ 4,156,961</b>
Plan fiduciary net position as a percentage of the total OPEB liability .....	0.24 %	0.70 %	1.51 %
Covered payroll .....	\$ 627,283	\$ 676,752	\$ 723,964
State's net OPEB liability as a percentage of covered payroll .....	686.71 %	586.07 %	574.19 %

	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	134,649	\$ 137,010	\$ 145,385	\$ 115,098	\$ 113,910
	154,691	135,412	118,610	158,792	170,664
	(149,086)	(348,753)	227,285	(61,321)	80,475
	21,353	165,715	(760,893)	52,679	56,912
	(127,671)	(132,052)	(139,651)	(142,038)	(149,137)
	33,936	(42,668)	(409,264)	123,210	272,824
	<b>4,220,828</b>	<b>4,254,764</b>	<b>4,212,096</b>	<b>3,802,832</b>	<b>3,926,042</b>
<b>\$</b>	<b>4,254,764</b>	<b>\$ 4,212,096</b>	<b>\$ 3,802,832</b>	<b>\$ 3,926,042</b>	<b>\$ 4,198,866</b>
\$	127,671	\$ 132,052	\$ 139,651	\$ 142,038	\$ 149,137
	26,329	31,233	63,357	33,161	30,769
	26,329	—	31,356	33,161	30,770
	2,974	36,034	(37,298)	18,472	40,218
	(127,671)	(132,052)	(139,651)	(142,038)	(149,137)
	(43)	(52)	(59)	(79)	(116)
	—	—	—	—	—
	55,589	67,215	57,356	84,715	101,641
	<b>63,867</b>	<b>119,456</b>	<b>186,671</b>	<b>244,027</b>	<b>328,742</b>
<b>\$</b>	<b>119,456</b>	<b>\$ 186,671</b>	<b>\$ 244,027</b>	<b>\$ 328,742</b>	<b>\$ 430,383</b>
<b>\$</b>	<b>4,135,308</b>	<b>\$ 4,025,425</b>	<b>\$ 3,558,805</b>	<b>\$ 3,597,300</b>	<b>\$ 3,768,483</b>
	2.81 %	4.43 %	6.42 %	8.37 %	10.25 %
\$	748,801	\$ 673,098	\$ 805,625	\$ 824,956	\$ 881,112
	552.26 %	598.04 %	441.74 %	436.06 %	427.70 %

(continued)

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

For the Past Eight Fiscal Years<sup>1</sup>  
(amounts in thousands)

	2017 <sup>2</sup>	2018 <sup>2, 4</sup>	2019 <sup>2, 4</sup>
<b>RETIREE HEALTH BENEFITS PROGRAM</b>			
<b>OTHER FUNDED PLANS<sup>3</sup></b>			
<b>Total OPEB liability</b>			
Service cost .....	\$ 92,991	\$ 501,028	\$ 528,502
Interest on total OPEB liability .....	74,923	523,258	581,170
Differences between expected and actual experiences <sup>5</sup> .....	—	(1,033,520)	(221,816)
Changes in assumptions .....	(197,059)	(304,299)	506,543
Benefit payments .....	(46,820)	(288,774)	(364,207)
Net change in total OPEB liability .....	(75,965)	(602,307)	1,030,192
<b>Total OPEB liability – beginning .....</b>	<b>2,116,405</b>	<b>12,699,917 *</b>	<b>14,074,765 *</b>
<b>Total OPEB liability – ending (a) .....</b>	<b>\$ 2,040,440</b>	<b>\$ 12,097,610</b>	<b>\$ 15,104,957</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 46,820	\$ 288,774	\$ 364,207
Contributions – prefunding .....	10,442	32,759	71,376
Contributions – employee .....	2,323	32,759	71,376
Net investment income .....	1,589	5,578	16,116
Benefit payments .....	(46,820)	(288,774)	(364,207)
Administrative expense .....	(7)	(47)	(43)
Other expenses .....	—	—	—
Net change in plan fiduciary net position .....	14,347	71,049	158,825
<b>Plan fiduciary net position – beginning .....</b>	<b>4,836</b>	<b>57,956 *</b>	<b>128,914 *</b>
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ 19,183</b>	<b>\$ 129,005</b>	<b>\$ 287,739</b>
<b>State's net OPEB liability – ending (a) – (b) .....</b>	<b>\$ 2,021,257</b>	<b>\$ 11,968,605</b>	<b>\$ 14,817,218</b>
Plan fiduciary net position as a percentage of the total OPEB liability .....	0.94 %	1.07 %	1.90 %
Covered payroll .....	\$ 851,868	\$ 3,469,855	\$ 4,162,765
State's net OPEB liability as a percentage of covered payroll .....	237.27 %	344.93 %	355.95 %

	2020 <sup>2</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>	2023 <sup>2</sup>	2024 <sup>2</sup>
\$	546,766	\$ 597,140	\$ 674,238	\$ 523,411	\$ 539,048
	570,727	508,583	464,427	621,278	680,169
	(517,882)	(1,092,126)	1,023,794	(38,737)	604,294
	305,572	811,046	(3,182,977)	207,290	146,498
	(371,323)	(401,508)	(436,182)	(454,415)	(498,238)
	533,860	423,135	(1,456,700)	858,827	1,471,771
	<b>15,104,957</b>	<b>15,638,817</b>	<b>16,061,952</b>	<b>14,605,252</b>	<b>15,464,079</b>
<b>\$</b>	<b>15,638,817</b>	<b>\$ 16,061,952</b>	<b>\$ 14,605,252</b>	<b>\$ 15,464,079</b>	<b>\$ 16,935,850</b>
\$	371,323	\$ 401,508	\$ 436,182	\$ 454,415	\$ 498,238
	124,916	127,043	262,488	139,289	143,816
	124,916	—	137,487	139,289	143,814
	13,386	163,783	(164,073)	81,057	177,865
	(371,323)	(401,508)	(436,182)	(454,415)	(498,238)
	(194)	(230)	(263)	(349)	(510)
	—	—	—	—	—
	263,024	290,596	235,639	359,286	464,985
	<b>287,739</b>	<b>550,763</b>	<b>841,359</b>	<b>1,076,998</b>	<b>1,436,284</b>
<b>\$</b>	<b>550,763</b>	<b>\$ 841,359</b>	<b>\$ 1,076,998</b>	<b>\$ 1,436,284</b>	<b>\$ 1,901,269</b>
<b>\$</b>	<b>15,088,054</b>	<b>\$ 15,220,593</b>	<b>\$ 13,528,254</b>	<b>\$ 14,027,795</b>	<b>\$ 15,034,581</b>
	3.52 %	5.24 %	7.37 %	9.29 %	11.23 %
\$	4,363,200	\$ 3,875,766	\$ 4,500,952	\$ 5,075,978	\$ 5,464,851
	345.80 %	392.71 %	300.56 %	276.36 %	275.11 %

(continued)

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

For the Past Eight Fiscal Years<sup>1</sup>

(amounts in thousands)

	2017 <sup>2</sup>	2018 <sup>2, 4</sup>	2019 <sup>2, 4, 6</sup>
<b>RETIREE HEALTH BENEFITS PROGRAM</b>			
<b>UNFUNDED PLAN<sup>3</sup></b>			
<b>Total OPEB liability</b>			
Service cost .....	\$ 2,805,040	\$ 2,008,794	\$ 651,082
Interest on total OPEB liability .....	2,112,139	1,959,522	576,896
Differences between expected and actual experiences <sup>5</sup> .....	—	(4,164,211)	(41,161)
Changes in assumptions .....	(6,610,919)	(1,766,620)	863,523
Benefit payments .....	(1,457,705)	(1,352,652)	(546,742)
Net change in total OPEB liability .....	(3,151,445)	(3,315,167)	1,503,598
<b>Total OPEB liability – beginning .....</b>	<b>64,144,931</b>	<b>50,334,009 *</b>	<b>15,556,199 *</b>
<b>Total OPEB liability – ending (a) .....</b>	<b>\$ 60,993,486</b>	<b>\$ 47,018,842</b>	<b>\$ 17,059,797</b>
<b>Plan fiduciary net position</b>			
Contributions – employer .....	\$ 1,457,705	\$ 1,352,652	\$ 546,742
Contributions – prefunding .....	—	—	—
Contributions – employee .....	—	—	—
Net investment income .....	—	—	—
Benefit payments .....	(1,457,705)	(1,352,652)	(546,742)
Administrative expense .....	—	—	—
Other expenses .....	—	—	—
Net change in plan fiduciary net position .....	—	—	—
<b>Plan fiduciary net position – beginning .....</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Plan fiduciary net position – ending (b) .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>State’s net OPEB liability – ending (a) – (b) .....</b>	<b>\$ 60,993,486</b>	<b>\$ 47,018,842</b>	<b>\$ 17,059,797</b>
Plan fiduciary net position as a percentage of the total OPEB liability .....	— %	— %	— %
Covered payroll .....	\$ 12,525,617	\$ 10,825,049	\$ 3,366,371
State’s net OPEB liability as a percentage of covered payroll .....	486.95 %	434.35 %	506.77 %

<u>2020<sup>2</sup></u>	<u>2021<sup>2</sup></u>	<u>2022<sup>2</sup></u>	<u>2023<sup>2</sup></u>	<u>2024<sup>2</sup></u>
\$ 695,884	\$ 826,026	\$ 828,893	\$ 579,259	\$ 600,394
547,791	447,744	350,040	575,416	626,464
(665,066)	(1,270,439)	1,171,850	(264,319)	537,274
583,238	476,706	(4,210,439)	264,317	173,487
<u>(512,702)</u>	<u>(522,538)</u>	<u>(530,610)</u>	<u>(527,794)</u>	<u>(552,876)</u>
649,145	(42,501)	(2,390,266)	626,879	1,384,743
<b>17,059,797</b>	<b>17,708,942</b>	<b>17,666,441</b>	<b>15,276,175</b>	<b>15,903,054</b>
<b><u>\$ 17,708,942</u></b>	<b><u>\$ 17,666,441</u></b>	<b><u>\$ 15,276,175</u></b>	<b><u>\$ 15,903,054</u></b>	<b><u>\$ 17,287,797</u></b>
\$ 512,702	\$ 522,538	\$ 530,610	\$ 527,794	\$ 552,876
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
(512,702)	(522,538)	(530,610)	(527,794)	(552,876)
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>
<b><u>\$ 17,708,942</u></b>	<b><u>\$ 17,666,441</u></b>	<b><u>\$ 15,276,175</u></b>	<b><u>\$ 15,903,054</u></b>	<b><u>\$ 17,287,797</u></b>
— %	— %	— %	— %	— %
\$ 3,536,386	\$ 3,483,142	\$ 3,539,212	\$ 3,805,373	\$ 4,079,450
500.76 %	507.20 %	431.63 %	417.91 %	423.78 % (concluded)

## Schedule of OPEB Contributions

For the Past Eight Fiscal Years<sup>1</sup>

(amounts in thousands)

	2018	2019 <sup>3</sup>	2020 <sup>3</sup>
<b>RETIREE HEALTH BENEFITS PROGRAM</b>			
<b>SERVICE EMPLOYEES INTERNATIONAL UNION PLAN<sup>2</sup></b>			
Actuarially determined contribution .....	\$ —	\$ —	\$ 1,543,231
Contributions in relation to the actuarially determined contribution .....	—	—	(1,077,554)
Contribution deficiency (excess) .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 465,677</u>
Covered payroll .....	\$ —	\$ —	\$ 7,701,525
Contributions as a percentage of covered payroll .....	—	—	13.99 %
<b>BARGAINING UNIT 5 PLAN</b>			
Actuarially determined contribution .....	\$ 204,361	\$ 210,626	\$ 229,183
Contributions in relation to the actuarially determined contribution .....	(184,456)	(137,475)	(139,230)
Contribution deficiency .....	<u>\$ 19,905</u>	<u>\$ 73,151</u>	<u>\$ 89,953</u>
Covered payroll .....	\$ 915,549	\$ 942,765	\$ 958,694
Contributions as a percentage of covered payroll .....	20.15 %	14.58 %	14.52 %
<b>BARGAINING UNIT 6 PLAN</b>			
Actuarially determined contribution .....	\$ 743,757	\$ 671,262	\$ 676,241
Contributions in relation to the actuarially determined contribution .....	(503,636)	(445,061)	(477,342)
Contribution deficiency .....	<u>\$ 240,121</u>	<u>\$ 226,201</u>	<u>\$ 198,899</u>
Covered payroll .....	\$ 2,805,093	\$ 2,819,233	\$ 2,989,457
Contributions as a percentage of covered payroll .....	17.95 %	15.79 %	15.97 %
<b>BARGAINING UNIT 9 PLAN<sup>2</sup></b>			
Actuarially determined contribution .....	\$ 207,027	\$ 191,109	\$ 194,353
Contributions in relation to the actuarially determined contribution .....	(125,471)	(102,971)	(131,031)
Contribution deficiency .....	<u>\$ 81,556</u>	<u>\$ 88,138</u>	<u>\$ 63,322</u>
Covered payroll .....	\$ 1,444,410	\$ 1,502,529	\$ 1,596,949
Contributions as a percentage of covered payroll .....	8.69 %	6.85 %	8.21 %

<sup>1</sup>This schedule will be built prospectively until it contains ten years of data.

<sup>2</sup>This schedule includes amounts attributable to related organizations, fiduciary component units, and discretely presented component units, which are not part of the primary government.

<sup>3</sup>The valuation groups that comprise the Unfunded and Other Funded plans shifted from the prior year.

2021	2022	2023	2024	2025
\$ 1,584,331 (1,204,613)	\$ 1,336,683 (1,576,969)	\$ 1,453,078 (1,369,690)	\$ 1,557,071 (1,451,868)	\$ 1,742,828 (1,601,419)
<b>\$ 379,718</b>	<b>\$ (240,286)</b>	<b>\$ 83,388</b>	<b>\$ 105,203</b>	<b>\$ 141,409</b>
\$ 7,477,126	\$ 8,705,771	\$ 8,705,889	\$ 9,364,496	\$ 9,950,053
16.11 %	18.11 %	15.73 %	15.50 %	16.09 %
\$ 240,749 (87,872)	\$ 239,989 (212,763)	\$ 230,075 (143,430)	\$ 236,378 (143,298)	\$ 254,589 (146,371)
<b>\$ 152,877</b>	<b>\$ 27,226</b>	<b>\$ 86,645</b>	<b>\$ 93,080</b>	<b>\$ 108,218</b>
\$ 890,777	\$ 950,596	\$ 993,733	\$ 1,074,372	\$ 1,144,416
9.86 %	22.38 %	14.43 %	13.34 %	12.79 %
\$ 772,683 (480,133)	\$ 681,831 (623,643)	\$ 769,312 (513,110)	\$ 825,327 (530,421)	\$ 904,388 (562,863)
<b>\$ 292,550</b>	<b>\$ 58,188</b>	<b>\$ 256,202</b>	<b>\$ 294,906</b>	<b>\$ 341,525</b>
\$ 2,709,765	\$ 2,983,435	\$ 2,996,198	\$ 3,076,242	\$ 3,137,556
17.72 %	20.90 %	17.13 %	17.24 %	17.94 %
\$ 212,002 (137,944)	\$ 182,301 (182,205)	\$ 205,694 (164,497)	\$ 224,963 (181,487)	\$ 252,502 (200,024)
<b>\$ 74,058</b>	<b>\$ 96</b>	<b>\$ 41,197</b>	<b>\$ 43,476</b>	<b>\$ 52,478</b>
\$ 1,498,878	\$ 1,770,060	\$ 1,796,847	\$ 1,927,511	\$ 2,029,192
9.20 %	10.29 %	9.15 %	9.42 %	9.86 %

(continued)

## Schedule of OPEB Contributions (continued)

For the Past Eight Fiscal Years

(amounts in thousands)

	<u>2018</u>	<u>2019<sup>3</sup></u>	<u>2020<sup>3</sup></u>
<b>RETIREE HEALTH BENEFITS PROGRAM</b>			
<b>BARGAINING UNIT 12 PLAN<sup>2</sup></b>			
Actuarially determined contribution .....	\$ 217,883	\$ 197,202	\$ 198,316
Contributions in relation to the actuarially determined contribution .....	(119,368)	(137,758)	(153,368)
Contribution deficiency (excess) .....	<u>\$ 98,515</u>	<u>\$ 59,444</u>	<u>\$ 44,948</u>
Covered payroll .....	\$ 663,143	\$ 723,870	\$ 748,801
Contributions as a percentage of covered payroll .....	18.00 %	19.03 %	20.48 %
<b>OTHER FUNDED PLANS<sup>2</sup></b>			
Actuarially determined contribution .....	\$ 109,630	\$ 608,960	\$ 707,352
Contributions in relation to the actuarially determined contribution .....	(61,064)	(366,050)	(492,373)
Contribution deficiency (excess) .....	<u>\$ 48,566</u>	<u>\$ 242,910</u>	<u>\$ 214,979</u>
Covered payroll .....	\$ 900,567	\$ 3,595,234	\$ 4,363,200
Contributions as a percentage of covered payroll .....	6.78 %	10.18 %	11.28 %
<b>UNFUNDED PLAN<sup>2</sup></b>			
Actuarially determined contribution .....	\$ 3,199,223	\$ 2,552,923	\$ 977,820
Contributions in relation to the actuarially determined contribution .....	(1,547,989)	(1,493,023)	(512,702)
Contribution deficiency .....	<u>\$ 1,651,234</u>	<u>\$ 1,059,900</u>	<u>\$ 465,118</u>
Covered payroll .....	\$ 13,241,681	\$ 11,391,811	\$ 3,536,386
Contributions as a percentage of covered payroll .....	11.69 %	13.11 %	14.50 %

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 203,358 (160,882)	\$ 169,461 (203,007)	\$ 190,550 (175,199)	\$ 200,732 (179,907)	\$ 217,800 (196,605)
<b>\$ 42,476</b>	<b>\$ (33,546)</b>	<b>\$ 15,351</b>	<b>\$ 20,825</b>	<b>\$ 21,195</b>
\$ 673,098	\$ 805,625	\$ 824,956	\$ 881,112	\$ 902,765
23.90 %	25.20 %	21.24 %	20.42 %	21.78 %
\$ 756,965 (522,778)	\$ 645,590 (698,669)	\$ 738,895 (593,704)	\$ 797,852 (642,053)	\$ 889,871 (720,144)
<b>\$ 234,187</b>	<b>\$ (53,079)</b>	<b>\$ 145,191</b>	<b>\$ 155,799</b>	<b>\$ 169,727</b>
\$ 3,875,766	\$ 4,500,952	\$ 5,075,978	\$ 5,464,851	\$ 5,963,861
13.49 %	15.52 %	11.70 %	11.75 %	12.08 %
\$ 944,654 (504,813)	\$ 915,632 (530,610)	\$ 1,056,808 (527,794)	\$ 1,155,890 (552,876)	\$ 1,315,474 (616,066)
<b>\$ 439,841</b>	<b>\$ 385,022</b>	<b>\$ 529,014</b>	<b>\$ 603,014</b>	<b>\$ 699,408</b>
\$ 3,483,142	\$ 3,539,212	\$ 3,805,373	\$ 4,079,450	\$ 4,318,552
14.49 %	14.99 %	13.87 %	13.55 %	14.27 %

(continued)

## 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, 2024.
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, 2023, Actuarial Valuation Report.
Inflation	2.30%
Healthcare cost trend rates	Pre-Medicare coverage: Actual rates for 2025, increasing to 7.00% in 2026, grading down to 4.50% from 2031 to 2039, and 4.25% for 2040 and later years.  Post-Medicare coverage: Actual rates for 2025, increasing to rates ranging from 7.00% to 8.01% in 2026, grading down to 4.50% from 2035 to 2039, and 4.25% for 2040 and later years.  Dental coverage: 0.00% for 2025, 2.00% for 2026, 3.00% for 2027, 4.00% for 2028, and 4.25% for 2029 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, 2025, are in the following categories and amounts: state highway infrastructure, consisting of completed highway projects totaling \$86.5 billion; land purchased for highway projects totaling \$15.4 billion; infrastructure construction-in-progress (uncompleted highway projects) totaling \$12.2 billion; and high-speed rail system infrastructure, consisting of construction-in-progress (uncompleted construction projects) totaling \$9.0 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, 2025, there were no donations of infrastructure land, and relinquishments were \$16 million of state highway infrastructure (completed highway projects) and \$3 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' (AASHTO) *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 2024-25 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 Condition <sup>1</sup>	Actual Condition
2023	90.0% Fair or Better	93.7% Fair or Better
2024	90.0% Fair or Better	94.0% Fair or Better
2025	90.0% Fair or Better	94.7% Fair or Better

<sup>1</sup>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, 2025:

Condition	Number of Bridges/Tunnels	Deck Area (sq. ft.)	Deck Area (%)
Good	6,911	116,778,042	43.89 %
Fair	5,646	135,223,746	50.83
Poor	382	14,046,042	5.28
<b>Total</b>	<b>12,939</b>	<b>266,047,830</b>	<b>100.00 %</b>

## 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 <sup>1</sup>	Established Condition Baseline Distressed Lane Miles (maximum) <sup>2</sup>	Actual Distressed Lane Miles	Actual Distressed Lane Miles as Percent of Total Lane Miles
July 2023	18,000	6,980	13.76 %
September 2024	18,000	7,453	14.69
July 2025	18,000	7,568	14.92

<sup>1</sup>Condition assessment for the State’s established condition baseline and actual distressed lane miles are being reported in the latest 2023 State of the Pavement Report with the publication date of July 2025.

<sup>2</sup>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	31,983	—
Fair	11,176	—
Poor	7,568	7,568
<b>Total</b>	<b>50,727</b>	<b>7,568</b>

### 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) <sup>1</sup>	Actual Preservation Costs (in millions) <sup>1</sup>
2021	\$ 255	\$ 256
2022	231	226
2023	307	302
2024	313	298
2025	241	196

<sup>1</sup>Some 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) <sup>1</sup>	Actual Preservation Costs (in millions) <sup>1</sup>
2021	\$ 5,263	\$ 5,168
2022	5,145	4,925
2023	7,503	6,669
2024	7,161	5,569
2025	6,287	3,068

<sup>1</sup>Some prior years were updated based on more current information.

## Budgetary Comparison Schedule

### General Fund and Major Special Revenue Funds

Year Ended June 30, 2025

(amounts in thousands)

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Corporation tax .....	\$ 43,199,442	\$ 41,338,259	\$ 41,655,877	\$ 317,618
Intergovernmental .....	—	—	—	—
Cigarette and tobacco taxes .....	36,832	37,026	37,026	—
Insurance gross premiums tax .....	4,063,907	4,298,323	4,264,423	(33,900)
Vehicle license fees .....	746	912	912	—
Personal income tax .....	121,106,412	130,177,960	132,764,985	2,587,025
Retail sales and use taxes .....	34,110,326	33,602,178	33,898,727	296,549
Other major taxes and licenses .....	423,340	414,268	419,039	4,771
Other revenues .....	6,047,751	8,637,025	8,488,629	(148,396)
<b>Total revenues</b> .....	<b>208,988,756</b>	<b>218,505,951</b>	<b>221,529,618</b>	<b>3,023,667</b>
<b>EXPENDITURES</b>				
Business, consumer services, and housing .....	4,664,887	4,672,276	4,012,903	(659,373)
Transportation .....	894,699	894,610	571,508	(323,102)
Natural resources and environmental protection .....	7,328,541	8,274,280	5,991,883	(2,282,397)
Health and human services .....	76,520,876	79,544,603	74,245,708	(5,298,895)
Corrections and rehabilitation .....	14,713,904	14,423,158	14,119,511	(303,647)
Education .....	97,863,049	96,758,116	96,686,709	(71,407)
General government:				
Tax relief .....	423,150	423,150	385,794	(37,356)
Debt service .....	5,169,604	5,174,678	5,130,977	(43,701)
Other general government .....	19,261,291	18,887,179	16,902,028	(1,985,151)
<b>Total expenditures</b> .....	<b>226,840,001</b>	<b>229,052,050</b>	<b>218,047,021</b>	<b>(11,005,029)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds .....			18,997,572	—
Transfers to other funds .....			(4,008,524)	—
Other additions (deductions) .....			6,257,241	—
<b>Total other financing sources (uses)</b> .....	<b>—</b>	<b>—</b>	<b>21,246,289</b>	<b>—</b>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses .....			24,728,886	—
<b>Fund balances – beginning</b> .....			<b>19,619,568</b> *	<b>—</b>
<b>Fund balances – ending</b> .....	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 44,348,454</b>	<b>\$ —</b>

\* Restated

Federal				Environmental and Natural Resources			
Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
152,863,825	152,863,825	152,863,825	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	166,289	166,289	166,289	—
31	31	31	—	9,184,426	9,184,426	9,184,426	—
<b>152,863,856</b>	<b>152,863,856</b>	<b>152,863,856</b>	<b>—</b>	<b>9,350,715</b>	<b>9,350,715</b>	<b>9,350,715</b>	<b>—</b>
550,581	550,581	550,581	—	380,006	379,587	342,118	(37,469)
5,802,246	5,802,246	5,802,246	—	1,975,800	1,975,832	1,565,653	(410,179)
1,316,896	1,316,896	1,316,896	—	7,380,161	7,219,332	6,740,943	(478,389)
121,581,914	121,581,914	121,581,914	—	66,346	63,319	52,438	(10,881)
83,301	83,301	83,301	—	—	—	—	—
7,819,036	7,819,036	7,819,036	—	3,663	3,663	3,651	(12)
—	—	—	—	—	—	—	—
—	—	—	—	(499)	(499)	(499)	—
7,022,724	7,022,724	7,022,724	—	181,264	179,288	159,402	(19,886)
<b>144,176,698</b>	<b>144,176,698</b>	<b>144,176,698</b>	<b>—</b>	<b>9,986,741</b>	<b>9,820,522</b>	<b>8,863,706</b>	<b>(956,816)</b>
—	—	17,800	—	—	—	1,048,011	—
—	—	(8,704,927)	—	—	—	(1,544,595)	—
—	—	—	—	—	—	950,919	—
—	—	<b>(8,687,127)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>454,335</b>	<b>—</b>
—	—	31	—	—	—	941,344	—
—	—	<b>701</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>24,077,474 *</b>	<b>—</b>
<b>\$ —</b>	<b>\$ —</b>	<b>\$ 732</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 25,018,818</b>	<b>\$ —</b>

## Reconciliation of Budgetary Basis Fund Balances of the General Fund and Major Special Revenue Funds to GAAP Basis Fund Balances

June 30, 2025

(amounts in thousands)

	Major Special Revenue Funds		
	General	Federal	Environmental and Natural Resources
<b>Budgetary fund balance reclassified into GAAP statement fund structure ....</b>	<b>\$ 44,348,454</b>	<b>\$ 732</b>	<b>\$ 25,018,818</b>
<b>Basis difference:</b>			
Interfund receivables .....	2,586,541		573,675
Loans receivable .....	1,979,581	518,709	1,159,867
Interfund payables .....	(4,423,327)		(2,227)
Escheat property .....	(2,182,406)		
Tax revenues .....	2,368,189		
Fund classification changes .....	21,286,881	19,472	
Other .....	(7,256,135)		(807,676)
<b>Timing difference:</b>			
Liabilities budgeted in subsequent years .....	(859,184)	(6,242)	(4,404)
<b>GAAP fund balance – ending .....</b>	<b>\$ 57,848,594</b>	<b>\$ 532,671</b>	<b>\$ 25,938,053</b>

### 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](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 \$2.6 billion in the General Fund, and \$574 million in the Environmental and Natural Resources Fund. The adjustments related to loans receivable caused increases of \$2.0 billion in the General Fund, \$519 million in the Federal Fund, and \$1.2 billion 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 \$4.4 billion in the General Fund, \$2 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 \$2.2 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 \$2.4 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 \$21.3 billion in the General Fund and \$19 million 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 a decrease of \$7.3 billion in the General Fund and a decrease of \$808 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 \$859 million in the General Fund and \$4 million in the Environmental and Natural Resources Fund. The large decrease in the General Fund primarily consists of \$517 million for workers' compensation claims.

# **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)

**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, 2025

(amounts in thousands)

	Special Revenue			
	Transportation	Health Care Related Programs	Business and Professions Regulatory and Licensing	Financing for Local Governments and the Public
<b>ASSETS</b>				
Cash and pooled investments .....	\$ 12,304,123	\$ 2,736,434	\$ 2,718,522	\$ 3,955,272
Investments .....	—	—	—	—
Receivables (net) .....	1,807,338	11,049,781	155,603	265,600
Due from other funds .....	1,779,454	357,558	39,146	713,135
Due from other governments .....	7,398	908,909	8,806	328,521
Interfund receivables .....	948	998,528	256,793	31,802
Loans receivable .....	—	759	54,355	3,402,312
Other assets .....	16,305	—	—	—
<b>Total assets</b> .....	<b>\$ 15,915,566</b>	<b>\$ 16,051,969</b>	<b>\$ 3,233,225</b>	<b>\$ 8,696,642</b>
<b>LIABILITIES</b>				
Accounts payable .....	\$ 2,126,022	\$ 7,183,068	\$ 151,305	\$ 295,637
Due to other funds .....	370,875	4,629,130	79,264	1,032
Due to component units .....	11,972	1,972	—	—
Due to other governments .....	1,285,661	888,524	30,650	508,193
Interfund payables .....	18,628	—	6,628	—
Revenues received in advance .....	67,009	1,453	76,966	5,969
Deposits .....	2,913	—	—	—
Other liabilities .....	841,195	—	33,447	125
<b>Total liabilities</b> .....	<b>4,724,275</b>	<b>12,704,147</b>	<b>378,260</b>	<b>810,956</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....	<b>70,608</b>	<b>181,540</b>	<b>—</b>	<b>—</b>
<b>Total liabilities and deferred inflows of resources</b> .....	<b>4,794,883</b>	<b>12,885,687</b>	<b>378,260</b>	<b>810,956</b>
<b>FUND BALANCES</b>				
Nonspendable .....	—	—	—	—
Restricted .....	11,063,064	2,441,353	2,056,872	7,683,652
Committed .....	57,619	724,929	798,093	202,034
Assigned .....	—	—	—	—
<b>Total fund balances</b> .....	<b>11,120,683</b>	<b>3,166,282</b>	<b>2,854,965</b>	<b>7,885,686</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b> .....	<b>\$ 15,915,566</b>	<b>\$ 16,051,969</b>	<b>\$ 3,233,225</b>	<b>\$ 8,696,642</b>

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	
\$ 2,529,516	\$ 4,019,584	\$ 1,327,307	\$ 74,524	\$ 5,862,740	\$ 35,528,022	
—	—	584,306	235,746	—	820,052	
710,129	17,539	232,837	210,569	262,086	14,711,482	
55,535	228,627	24,611	—	497,682	3,695,748	
38	—	39,872	—	31,924	1,325,468	
184,400	17,916	21,602	—	1,251,384	2,763,373	
176	335	404	—	61,295	3,519,636	
—	—	19,873	—	—	36,178	
<b>\$ 3,479,794</b>	<b>\$ 4,284,001</b>	<b>\$ 2,250,812</b>	<b>\$ 520,839</b>	<b>\$ 7,967,111</b>	<b>\$ 62,399,959</b>	
\$ 68,336	\$ 6,633	\$ 259,600	\$ —	\$ 331,497	\$ 10,422,098	
8,593	42,901	62,842	—	63,931	5,258,568	
49,739	—	—	—	12,249	75,932	
64,529	4,109,662	101,139	—	399,468	7,387,826	
—	—	—	—	—	25,256	
—	—	64,685	—	122,027	338,109	
59,167	—	389,056	—	74,693	525,829	
—	—	135,894	—	33,336	1,043,997	
<b>250,364</b>	<b>4,159,196</b>	<b>1,013,216</b>	<b>—</b>	<b>1,037,201</b>	<b>25,077,615</b>	
453,106	—	1,045	—	49,537	755,836	
<b>703,470</b>	<b>4,159,196</b>	<b>1,014,261</b>	<b>—</b>	<b>1,086,738</b>	<b>25,833,451</b>	
—	—	16,235	—	—	16,235	
2,714,368	68,899	982,676	520,839	6,009,974	33,541,697	
61,956	55,906	151,748	—	870,399	2,922,684	
—	—	85,892	—	—	85,892	
<b>2,776,324</b>	<b>124,805</b>	<b>1,236,551</b>	<b>520,839</b>	<b>6,880,373</b>	<b>36,566,508</b>	
<b>\$ 3,479,794</b>	<b>\$ 4,284,001</b>	<b>\$ 2,250,812</b>	<b>\$ 520,839</b>	<b>\$ 7,967,111</b>	<b>\$ 62,399,959</b>	

(continued)

## Combining Balance Sheet (continued)

### Nonmajor Governmental Funds

June 30, 2025

(amounts in thousands)

	Debt Service		
	No Place Like Home Debt Service	Transportation Debt Service	Total Nonmajor Debt Service
<b>ASSETS</b>			
Cash and pooled investments .....	\$ 96,073	\$ —	\$ 96,073
Investments .....	—	—	—
Receivables (net) .....	—	—	—
Due from other funds .....	1,701	70,256	71,957
Due from other governments .....	—	—	—
Interfund receivables .....	—	—	—
Loans receivable .....	—	—	—
Other assets .....	—	—	—
<b>Total assets</b> .....	<b>\$ 97,774</b>	<b>\$ 70,256</b>	<b>\$ 168,030</b>
<b>LIABILITIES</b>			
Accounts payable .....	\$ 201	\$ —	\$ 201
Due to other funds .....	29	70,256	70,285
Due to component units .....	—	—	—
Due to other governments .....	—	—	—
Interfund payables .....	—	—	—
Revenues received in advance .....	—	—	—
Deposits .....	—	—	—
Other liabilities .....	—	—	—
<b>Total liabilities</b> .....	<b>230</b>	<b>70,256</b>	<b>70,486</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total liabilities and deferred inflows of resources</b> .....	<b>230</b>	<b>70,256</b>	<b>70,486</b>
<b>FUND BALANCES</b>			
Nonspendable .....	—	—	—
Restricted .....	97,544	—	97,544
Committed .....	—	—	—
Assigned .....	—	—	—
<b>Total fund balances</b> .....	<b>97,544</b>	<b>—</b>	<b>97,544</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b> .....	<b>\$ 97,774</b>	<b>\$ 70,256</b>	<b>\$ 168,030</b>

Capital Projects					
Higher Education Construction	Hospital Construction	Local Government Construction	Other Capital Projects	Total Nonmajor Capital Projects	Total Nonmajor Governmental
\$ 332,103	\$ 38,002	\$ 99,688	\$ 321,526	\$ 791,319	\$ 36,415,414
—	—	—	—	—	820,052
—	—	—	2,952	2,952	14,714,434
3,425	453	1,070	6,010	10,958	3,778,663
—	—	4,436	—	4,436	1,329,904
—	—	—	2,500	2,500	2,765,873
—	—	—	322,828	322,828	3,842,464
—	—	—	—	—	36,178
<b>\$ 335,528</b>	<b>\$ 38,455</b>	<b>\$ 105,194</b>	<b>\$ 655,816</b>	<b>\$ 1,134,993</b>	<b>\$ 63,702,982</b>
\$ —	\$ 246	\$ —	\$ 12,132	\$ 12,378	\$ 10,434,677
—	425	—	1,256	1,681	5,330,534
—	—	—	—	—	75,932
—	—	—	1,982	1,982	7,389,808
—	—	—	—	—	25,256
—	—	—	—	—	338,109
—	—	—	—	—	525,829
—	—	—	—	—	1,043,997
—	<b>671</b>	—	<b>15,370</b>	<b>16,041</b>	<b>25,164,142</b>
—	—	—	2,851	2,851	758,687
—	<b>671</b>	—	<b>18,221</b>	<b>18,892</b>	<b>25,922,829</b>
—	—	—	—	—	16,235
335,528	37,784	105,194	533,265	1,011,771	34,651,012
—	—	—	104,330	104,330	3,027,014
—	—	—	—	—	85,892
<b>335,528</b>	<b>37,784</b>	<b>105,194</b>	<b>637,595</b>	<b>1,116,101</b>	<b>37,780,153</b>
<b>\$ 335,528</b>	<b>\$ 38,455</b>	<b>\$ 105,194</b>	<b>\$ 655,816</b>	<b>\$ 1,134,993</b>	<b>\$ 63,702,982</b>

(concluded)

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2025

(amounts in thousands)

	Special Revenue			
	Transportation	Health Care Related Programs	Business and Professions Regulatory and Licensing	Financing for Local Governments and the Public
<b>REVENUES</b>				
Personal income taxes .....	\$ —	\$ —	\$ —	\$ 2,269,742
Sales and use taxes .....	1,111,163	—	—	—
Motor vehicle excise taxes .....	9,071,534	—	87,633	63,786
Managed care organization enrollment tax .....	—	12,701,905	—	—
Other taxes .....	—	—	1,428	1,012,752
Intergovernmental .....	—	5,038,301	—	—
Licenses and permits .....	7,138,131	1,570	895,455	14,854
Charges for services .....	156,183	49,794	51,203	2,819
Fees .....	2,660,285	7,381,770	1,648,914	243,065
Penalties .....	10,614	—	71,951	181
Investment and interest .....	516,077	95,304	113,965	107,220
Escheat .....	—	—	93	—
Other .....	102,236	794,875	21,804	60,262
<b>Total revenues</b> .....	<b>20,766,223</b>	<b>26,063,519</b>	<b>2,892,446</b>	<b>3,774,681</b>
<b>EXPENDITURES</b>				
Current:				
General government .....	619,984	8,165	1,020,026	1,059,590
Education .....	9,266	371,074	29,315	653
Health and human services .....	4,641	24,553,036	721,379	4,043,393
Natural resources and environmental protection .....	188,947	535	126,652	67,321
Businesses, consumer services, and housing .....	117,805	—	938,552	587,593
Transportation .....	18,198,087	—	8,905	—
Corrections and rehabilitation .....	—	—	—	117,805
Capital outlay .....	101,790	—	23,127	—
Debt service:				
Bond, commercial paper, and lease principal retirement .....	1,416,162	66,052	46,219	110,415
Interest and fiscal charges .....	62,241	46,989	4,158	1,473
<b>Total expenditures</b> .....	<b>20,718,923</b>	<b>25,045,851</b>	<b>2,918,333</b>	<b>5,988,243</b>
Excess (deficiency) of revenues over (under) expenditures .....	47,300	1,017,668	(25,887)	(2,213,562)
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bonds and commercial paper issued .....	1,343,370	437,615	—	1,058,365
Refunding debt issued .....	1,575,855	—	—	90,965
Payment to refund/remarket long-term debt .....	(465,136)	—	—	(32,437)
Premium on bonds issued .....	139,083	3,926	—	4,851
Long-term capital financing issued .....	101,784	—	21,506	—
Transfers in .....	5,031	305,195	96,626	728,840
Transfers out .....	(2,296,834)	(10,000)	(55,634)	(163,505)
<b>Total other financing sources (uses)</b> .....	<b>403,153</b>	<b>736,736</b>	<b>62,498</b>	<b>1,687,079</b>
Net change in fund balances .....	450,453	1,754,404	36,611	(526,483)
<b>Fund balances – beginning, as previously reported</b> .....	<b>10,670,022</b>	<b>1,134,046</b>	<b>2,818,354</b>	<b>8,412,169</b>
Error corrections .....	208	58,266	—	—
Change to or within the financial reporting entity .....	—	219,566	—	—
<b>Fund balances – beginning, as restated</b> .....	<b>10,670,230</b>	<b>1,411,878</b>	<b>2,818,354</b>	<b>8,412,169</b>
<b>Fund balances – ending</b> .....	<b>\$ 11,120,683</b>	<b>\$ 3,166,282</b>	<b>\$ 2,854,965</b>	<b>\$ 7,885,686</b>

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
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,269,742
—	18,838,454	—	—	—	19,949,617
—	—	—	—	—	9,222,953
—	—	—	—	—	12,701,905
1,648,167	56,994	—	—	—	2,719,341
—	—	836,104	—	—	5,874,405
192	2,797,813	—	—	145,854	10,993,869
(68)	—	50,435	—	377,441	687,807
(75)	—	638,714	—	1,523,311	14,095,984
—	155	191,423	—	226,963	501,287
26,857	34,165	93,026	11,815	191,029	1,189,458
—	—	1,462	—	1	1,556
6,644	—	172,828	358,165	1,393,268	2,910,082
<b>1,681,717</b>	<b>21,727,581</b>	<b>1,983,992</b>	<b>369,980</b>	<b>3,857,867</b>	<b>83,118,006</b>
109,368	6,263,342	4,651,297	655	1,888,595	15,621,022
191,463	—	—	—	7,169	608,940
1,320,468	13,999,460	—	—	1,253,919	45,896,296
111,811	—	—	—	93,495	588,761
855	875	165	—	47,925	1,693,770
23,315	1	—	—	3,876	18,234,184
14,796	2,313,670	—	—	—	2,446,271
—	—	3,164	—	5,906	133,987
14	—	42,100	237,495	33,391	1,951,848
23	—	20,511	139,552	5,951	280,898
<b>1,772,113</b>	<b>22,577,348</b>	<b>4,717,237</b>	<b>377,702</b>	<b>3,340,227</b>	<b>87,455,977</b>
<b>(90,396)</b>	<b>(849,767)</b>	<b>(2,733,245)</b>	<b>(7,722)</b>	<b>517,640</b>	<b>(4,337,971)</b>
—	—	—	—	—	2,839,350
—	—	—	—	—	1,666,820
—	—	—	—	—	(497,573)
—	—	—	—	—	147,860
—	—	3,164	—	5,906	132,360
3	931,621	2,578,707	—	79,141	4,725,164
(45,252)	—	—	—	(176,100)	(2,747,325)
<b>(45,249)</b>	<b>931,621</b>	<b>2,581,871</b>	<b>—</b>	<b>(91,053)</b>	<b>6,266,656</b>
(135,645)	81,854	(151,374)	(7,722)	426,587	1,928,685
<b>3,131,535</b>	<b>42,951</b>	<b>1,387,924</b>	<b>528,561</b>	<b>6,480,147</b>	<b>34,605,709</b>
—	—	1	—	720	59,195
(219,566)	—	—	—	(27,081)	(27,081)
<b>2,911,969</b>	<b>42,951</b>	<b>1,387,925</b>	<b>528,561</b>	<b>6,453,786</b>	<b>34,637,823</b>
<b>\$ 2,776,324</b>	<b>\$ 124,805</b>	<b>\$ 1,236,551</b>	<b>\$ 520,839</b>	<b>\$ 6,880,373</b>	<b>\$ 36,566,508</b>

(continued)

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)

### Nonmajor Governmental Funds

Year Ended June 30, 2025

(amounts in thousands)

	Debt Service		Total Nonmajor Debt Service
	No Place Like Home Debt Service	Transportation Debt Service	
<b>REVENUES</b>			
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	6,281	—	6,281
Escheat	—	—	—
Other	—	—	—
<b>Total revenues</b>	<b>6,281</b>	<b>—</b>	<b>6,281</b>
<b>EXPENDITURES</b>			
Current:			
General government	325	—	325
Education	—	—	—
Health and human services	—	—	—
Natural resources and environmental protection	—	—	—
Businesses, consumer services, and housing	—	—	—
Transportation	—	—	—
Corrections and rehabilitation	—	—	—
Capital outlay	—	—	—
Debt service:			
Bond, commercial paper, and lease principal retirement	82,585	739,571	822,156
Interest and fiscal charges	56,584	647,601	704,185
<b>Total expenditures</b>	<b>139,494</b>	<b>1,387,172</b>	<b>1,526,666</b>
Excess (deficiency) of revenues over (under) expenditures	(133,213)	(1,387,172)	(1,520,385)
<b>OTHER FINANCING SOURCES (USES)</b>			
General obligation bonds and commercial paper issued	—	—	—
Refunding debt issued	—	—	—
Payment to refund/remarket long-term debt	—	—	—
Premium on bonds issued	—	—	—
Long-term capital financing issued	—	—	—
Transfers in	139,505	1,387,172	1,526,677
Transfers out	—	—	—
<b>Total other financing sources (uses)</b>	<b>139,505</b>	<b>1,387,172</b>	<b>1,526,677</b>
Net change in fund balances	6,292	—	6,292
<b>Fund balances – beginning, as previously reported</b>	<b>91,252</b>	<b>—</b>	<b>91,252</b>
Error corrections	—	—	—
Change to or within the financial reporting entity	—	—	—
<b>Fund balances – beginning, as restated</b>	<b>91,252</b>	<b>—</b>	<b>91,252</b>
<b>Fund balances – ending</b>	<b>\$ 97,544</b>	<b>\$ —</b>	<b>\$ 97,544</b>

Capital Projects					
Higher Education Construction	Hospital Construction	Local Government Construction	Other Capital Projects	Total Nonmajor Capital Projects	Total Nonmajor Governmental
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,269,742
—	—	—	—	—	19,949,617
—	—	—	—	—	9,222,953
—	—	—	—	—	12,701,905
—	—	—	—	—	2,719,341
—	—	—	—	—	5,874,405
—	—	—	—	—	10,993,869
—	—	—	—	—	687,807
—	—	—	—	—	14,095,984
—	—	—	—	—	501,287
9,586	228	8,724	3,118	21,656	1,217,395
—	—	—	—	—	1,556
—	—	—	12,369	12,369	2,922,451
<b>9,586</b>	<b>228</b>	<b>8,724</b>	<b>15,487</b>	<b>34,025</b>	<b>83,158,312</b>
—	92,158	—	—	92,158	15,713,505
—	—	107,015	—	107,015	715,955
—	—	—	—	—	45,896,296
—	—	—	15,757	15,757	604,518
—	—	—	975	975	1,694,745
—	—	—	—	—	18,234,184
—	—	—	—	—	2,446,271
260,153	625	69	28,014	288,861	422,848
235,345	233,160	1,153,755	47,315	1,669,575	4,443,579
3,736	641	13,106	66	17,549	1,002,632
<b>499,234</b>	<b>326,584</b>	<b>1,273,945</b>	<b>92,127</b>	<b>2,191,890</b>	<b>91,174,533</b>
(489,648)	(326,356)	(1,265,221)	(76,640)	(2,157,865)	(8,016,221)
285,775	202,435	115,145	164,685	768,040	3,607,390
276,205	68,695	954,880	—	1,299,780	2,966,600
(69,590)	—	—	—	(69,590)	(567,163)
31,221	17,341	99,335	441	148,338	296,198
—	—	—	—	—	132,360
—	—	—	44,926	44,926	6,296,767
—	—	(818)	—	(818)	(2,748,143)
<b>523,611</b>	<b>288,471</b>	<b>1,168,542</b>	<b>210,052</b>	<b>2,190,676</b>	<b>9,984,009</b>
33,963	(37,885)	(96,679)	133,412	32,811	1,967,788
<b>301,565</b>	<b>75,669</b>	<b>201,873</b>	<b>504,182</b>	<b>1,083,289</b>	<b>35,780,250</b>
—	—	—	1	1	59,196
—	—	—	—	—	(27,081)
<b>301,565</b>	<b>75,669</b>	<b>201,873</b>	<b>504,183</b>	<b>1,083,290</b>	<b>35,812,365</b>
<b>\$ 335,528</b>	<b>\$ 37,784</b>	<b>\$ 105,194</b>	<b>\$ 637,595</b>	<b>\$ 1,116,101</b>	<b>\$ 37,780,153</b>

(concluded)

## Budgetary Comparison Schedule

### Nonmajor Governmental Funds<sup>1</sup>

Year Ended June 30, 2025

(amounts in thousands)

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Cigarette and tobacco taxes .....	\$ 252,307	\$ 252,307	\$ —
Vehicle license fees .....	11,631,970	11,631,970	—
Personal income tax .....	2,269,742	2,269,742	—
Retail sales and use taxes .....	18,904,135	18,904,135	—
Other major taxes and licenses .....	7,619,827	7,619,827	—
Other revenues .....	210,678,923	210,678,923	—
<b>Total revenues</b> .....	<b>251,356,904</b>	<b>251,356,904</b>	<b>—</b>
<b>EXPENDITURES</b>			
Business, consumer services, and housing .....	1,529,720	1,445,313	(84,407)
Transportation .....	20,711,257	18,870,877	(1,840,380)
Natural resources and environmental protection .....	772,619	713,795	(58,824)
Health and human services .....	226,383,814	222,304,170	(4,079,644)
Corrections and rehabilitation .....	3,766	3,766	—
Education .....	576,775	351,756	(225,019)
General government:			
Tax relief .....	(696)	(696)	—
Other general government .....	11,553,989	11,075,439	(478,550)
<b>Total expenditures</b> .....	<b>261,531,244</b>	<b>254,764,420</b>	<b>(6,766,824)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds .....	—	68,586,982	—
Transfers to other funds .....	—	(67,096,949)	—
Other additions .....	—	2,517,941	—
<b>Total other financing sources (uses)</b> .....	<b>—</b>	<b>4,007,974</b>	<b>—</b>
Excess of revenues and other sources over expenditures and other uses .....	—	600,458	—
<b>Fund balances – beginning, restated</b> .....	<b>—</b>	<b>28,787,892</b>	<b>—</b>
<b>Fund balances – ending</b> .....	<b>\$ —</b>	<b>\$ 29,388,350</b>	<b>\$ —</b>

<sup>1</sup>On 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, 2025

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
<b>ASSETS</b>		
Current assets:		
Cash and pooled investments .....	\$ —	\$ 1,557,845
Restricted assets:		
Cash and pooled investments .....	837,967	—
Contracts and installments receivable .....	647,398	—
Receivables (net) .....	—	1,212
Due from other funds .....	213,882	43,207
Due from other governments .....	—	—
Prepaid items .....	—	15,014
Inventories .....	—	—
Total current assets .....	<u>1,699,247</u>	<u>1,617,278</u>
Noncurrent assets:		
Restricted assets:		
Cash and pooled investments .....	89,989	—
Contracts and installments receivable .....	7,973,725	—
Receivables (net) .....	—	—
Interfund receivables .....	—	—
Loans receivable .....	—	—
Long-term prepaid charges .....	81	—
Capital assets:		
Land .....	—	—
Buildings and other depreciable property .....	—	211
Intangible assets - amortizable .....	—	—
Less: accumulated depreciation/amortization .....	—	(211)
Construction/development in progress .....	2,828,069	—
Total noncurrent assets .....	<u>10,891,864</u>	<u>—</u>
<b>Total assets</b> .....	<b><u>12,591,111</u></b>	<b><u>1,617,278</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....	<u>73,486</u>	<u>684</u>
<b>Total assets and deferred outflows of resources</b> .....	<b><u>\$ 12,664,597</u></b>	<b><u>\$ 1,617,962</u></b>

<u>Service Revolving</u>	<u>Prison Industries</u>	<u>Financial Information Systems</u>	<u>Technology Services Revolving</u>	<u>Water Resources Revolving</u>	<u>Other Internal Service Programs</u>	<u>Total</u>
\$ 422,581	\$ 375,667	\$ 10,573	\$ 90,983	\$ 86,261	\$ 1,099,299	\$ 3,643,209
—	—	—	—	—	—	837,967
—	—	—	—	—	—	647,398
2,435	4,018	—	5,694	11,727	52,284	77,370
97,496	3,948	—	97,984	243,927	177,969	878,413
2,140	128	—	7,310	—	15,851	25,429
213,926	1,809	—	2,714	3,273	119	236,855
23,692	48,809	—	—	783	17,046	90,330
<u>762,270</u>	<u>434,379</u>	<u>10,573</u>	<u>204,685</u>	<u>345,971</u>	<u>1,362,568</u>	<u>6,436,971</u>
—	—	—	—	—	—	89,989
—	—	—	—	—	—	7,973,725
1,385	—	—	—	—	4,457	5,842
—	—	—	1,742	—	38,440	40,182
—	—	—	33	—	3,869	3,902
—	—	—	—	—	—	81
—	—	—	—	—	2,080	2,080
183,872	231,194	2,977	148,939	35,540	77,939	680,672
206,263	14,837	349,281	41,743	12,176	131,936	756,236
(190,132)	(189,341)	(91,605)	(141,900)	(45,196)	(137,705)	(796,090)
—	315	—	—	—	1,260	2,829,644
<u>201,388</u>	<u>57,005</u>	<u>260,653</u>	<u>50,557</u>	<u>2,520</u>	<u>122,276</u>	<u>11,586,263</u>
<u>963,658</u>	<u>491,384</u>	<u>271,226</u>	<u>255,242</u>	<u>348,491</u>	<u>1,484,844</u>	<u>18,023,234</u>
268,513	73,832	—	91,523	—	230,271	738,309
<u>\$ 1,232,171</u>	<u>\$ 565,216</u>	<u>\$ 271,226</u>	<u>\$ 346,765</u>	<u>\$ 348,491</u>	<u>\$ 1,715,115</u>	<u>\$ 18,761,543</u>

(continued)

## Combining Statement of Net Position (continued)

### Internal Service Funds

June 30, 2025

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable .....	\$ 35,215	\$ 16
Due to other funds .....	29,896	52,986
Due to other governments .....	15,602	—
Revenues received in advance .....	—	1,562,727
Deposits .....	—	—
Contracts and notes payable .....	—	—
Interest payable .....	109,364	—
Current portion of long-term obligations .....	682,189	197
Other current liabilities .....	16,812	—
<b>Total current liabilities</b> .....	<b>889,078</b>	<b>1,615,926</b>
Noncurrent liabilities:		
Interfund payables .....	2,552,340	450
Compensated absences payable .....	—	325
Workers' compensation benefits payable .....	—	201
Lease liability .....	—	—
Subscription liability .....	—	—
Revenue bonds payable .....	9,004,064	—
Net other postemployment benefits liability .....	—	632
Net pension liability .....	—	2,177
Other noncurrent liabilities .....	—	—
<b>Total noncurrent liabilities</b> .....	<b>11,556,404</b>	<b>3,785</b>
<b>Total liabilities</b> .....	<b>12,445,482</b>	<b>1,619,711</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....	<b>74,829</b>	<b>127</b>
<b>Total liabilities and deferred inflows of resources</b> .....	<b>12,520,311</b>	<b>1,619,838</b>
<b>NET POSITION</b>		
Net investment in capital assets .....	—	—
Restricted – expendable:		
Construction .....	144,286	—
<b>Total expendable</b> .....	<b>144,286</b>	<b>—</b>
Unrestricted .....	—	(1,876)
<b>Total net position (deficit)</b> .....	<b>144,286</b>	<b>(1,876)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b> .....	<b>\$ 12,664,597</b>	<b>\$ 1,617,962</b>

Service Revolving	Prison Industries	Financial Information Systems	Technology Services Revolving	Water Resources Revolving	Other Internal Service Programs	Total
\$ 40,714	\$ 1,712	\$ —	\$ 61,902	\$ 39,196	\$ 481,994	\$ 660,749
62,380	13,433	—	752	1,332	632,543	793,322
5,394	—	—	614	4,665	6,339	32,614
16,117	2,783	—	—	2,537	74,771	1,658,935
1,149	—	—	—	—	—	1,149
261	—	—	4,342	14,762	—	19,365
—	—	—	—	—	—	109,364
71,227	4,224	—	24,263	—	56,623	838,723
13	12,307	—	—	91	—	29,223
<u>197,255</u>	<u>34,459</u>	<u>—</u>	<u>91,873</u>	<u>62,583</u>	<u>1,252,270</u>	<u>4,143,444</u>
14,712	—	—	307	298,150	—	2,865,959
83,057	17,008	—	27,277	—	68,883	196,550
26,255	21,969	—	56	—	1,544	50,025
134,574	—	—	11,753	—	48,490	194,817
—	—	—	3,763	—	5,401	9,164
—	—	—	—	—	—	9,004,064
768,039	260,309	—	274,355	—	474,226	1,777,561
495,307	72,001	—	101,946	—	534,631	1,206,062
—	—	—	3,563	708	—	4,271
<u>1,521,944</u>	<u>371,287</u>	<u>—</u>	<u>423,020</u>	<u>298,858</u>	<u>1,133,175</u>	<u>15,308,473</u>
<b><u>1,719,199</u></b>	<b><u>405,746</u></b>	<b><u>—</u></b>	<b><u>514,893</u></b>	<b><u>361,441</u></b>	<b><u>2,385,445</u></b>	<b><u>19,451,917</u></b>
135,051	56,554	—	49,158	—	87,036	402,755
<b><u>1,854,250</u></b>	<b><u>462,300</u></b>	<b><u>—</u></b>	<b><u>564,051</u></b>	<b><u>361,441</u></b>	<b><u>2,472,481</u></b>	<b><u>19,854,672</u></b>
200,004	57,005	260,652	25,544	—	58,163	601,368
—	—	—	—	—	—	144,286
—	—	—	—	—	—	144,286
(822,083)	45,911	10,574	(242,830)	(12,950)	(815,529)	(1,838,783)
<b>(622,079)</b>	<b>102,916</b>	<b>271,226</b>	<b>(217,286)</b>	<b>(12,950)</b>	<b>(757,366)</b>	<b>(1,093,129)</b>
<b><u>\$ 1,232,171</u></b>	<b><u>\$ 565,216</u></b>	<b><u>\$ 271,226</u></b>	<b><u>\$ 346,765</u></b>	<b><u>\$ 348,491</u></b>	<b><u>\$ 1,715,115</u></b>	<b><u>\$ 18,761,543</u></b>

(concluded)

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

## Internal Service Funds

Year Ended June 30, 2025

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
<b>OPERATING REVENUES</b>		
Services and sales .....	\$ —	\$ 534,050
Investment and interest .....	52,316	—
Rent .....	325,226	—
<b>Total operating revenues</b> .....	<b>377,542</b>	<b>534,050</b>
<b>OPERATING EXPENSES</b>		
Personal services .....	—	4,618
Supplies .....	—	—
Services and charges .....	7,735	531,520
Depreciation .....	—	—
Interest expense .....	376,555	—
<b>Total operating expenses</b> .....	<b>384,290</b>	<b>536,138</b>
Operating income (loss) .....	(6,748)	(2,088)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment and interest income (loss) .....	—	—
Interest expense and fiscal charges .....	—	—
Other .....	7,887	—
<b>Total nonoperating revenues (expenses)</b> .....	<b>7,887</b>	<b>—</b>
Income (loss) before transfers .....	1,139	(2,088)
Transfers in .....	—	—
Transfers out .....	—	—
Change in net position .....	1,139	(2,088)
<b>Total net position (deficit) – beginning, as previously reported</b> .....	<b>137,319</b>	<b>704</b>
Error corrections .....	5,828	—
Changes in accounting principle .....	—	(492)
<b>Total net position (deficit) – beginning, as restated</b> .....	<b>143,147</b>	<b>212</b>
<b>Total net position (deficit) – ending</b> .....	<b>\$ 144,286</b>	<b>\$ (1,876)</b>

Service Revolving	Prison Industries	Financial Information Systems	Technology Services Revolving	Water Resources Revolving	Other Internal Service Programs	Total
\$ 905,169	\$ 316,686	\$ —	\$ 642,540	\$ 761,098	\$ 1,695,255	\$ 4,854,798
—	—	—	—	—	—	52,316
950	—	—	—	—	220	326,396
<b>906,119</b>	<b>316,686</b>	<b>—</b>	<b>642,540</b>	<b>761,098</b>	<b>1,695,475</b>	<b>5,233,510</b>
444,518	128,917	—	133,250	—	342,139	1,053,442
—	5,939	—	—	19,591	—	25,530
509,219	212,355	(38)	451,451	735,185	1,084,795	3,532,222
32,475	25,062	28,876	20,146	3,252	24,870	134,681
—	—	—	511	—	—	377,066
<b>986,212</b>	<b>372,273</b>	<b>28,838</b>	<b>605,358</b>	<b>758,028</b>	<b>1,451,804</b>	<b>5,122,941</b>
(80,093)	(55,587)	(28,838)	37,182	3,070	243,671	110,569
51	2,076	—	2,503	—	6,403	11,033
(2,916)	40	—	(601)	—	(3,571)	(7,048)
—	3,741	—	(1)	—	—	11,627
<b>(2,865)</b>	<b>5,857</b>	<b>—</b>	<b>1,901</b>	<b>—</b>	<b>2,832</b>	<b>15,612</b>
(82,958)	(49,730)	(28,838)	39,083	3,070	246,503	126,181
77,754	—	37,650	5,514	—	5,500	126,418
—	—	—	(15,000)	(1,692)	(40,143)	(56,835)
(5,204)	(49,730)	8,812	29,597	1,378	211,860	195,764
<b>(569,623)</b>	<b>152,646</b>	<b>262,332</b>	<b>(242,228)</b>	<b>(14,328)</b>	<b>(909,631)</b>	<b>(1,182,809)</b>
(850)	—	82	1,607	—	(297)	6,370
(46,402)	—	—	(6,262)	—	(59,298)	(112,454)
<b>(616,875)</b>	<b>152,646</b>	<b>262,414</b>	<b>(246,883)</b>	<b>(14,328)</b>	<b>(969,226)</b>	<b>(1,288,893)</b>
<b>\$ (622,079)</b>	<b>\$ 102,916</b>	<b>\$ 271,226</b>	<b>\$ (217,286)</b>	<b>\$ (12,950)</b>	<b>\$ (757,366)</b>	<b>\$ (1,093,129)</b>

## Combining Statement of Cash Flows

### Internal Service Funds

Year Ended June 30, 2025

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers .....	\$ 11,743	\$ —
Receipts from interfund services provided .....	929,768	388,145
Payments to suppliers .....	(10,409)	(531,519)
Payments to employees .....	—	(2,293)
Payments for interfund services used .....	—	—
Other receipts (payments) .....	(385,118)	—
<b>Net cash provided by (used in) operating activities .....</b>	<b>545,984</b>	<b>(145,667)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from / (payment on) interfund receivables .....	—	—
Proceeds from / (payment on) loans and interfund borrowings .....	(157,379)	(294)
Interest received .....	—	—
Transfers in .....	3,621	—
Transfers out .....	—	—
<b>Net cash provided by (used in) noncapital financing activities .....</b>	<b>(153,758)</b>	<b>(294)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets .....	(1,075,262)	—
Proceeds from sale of capital assets .....	—	—
Proceeds from long-term capital financing .....	—	—
Payment on long-term capital financing .....	—	—
Proceeds from revenue bonds .....	1,940,416	—
Retirement of revenue bonds .....	(1,432,590)	—
Interest paid .....	—	—
<b>Net cash used in capital and related financing activities .....</b>	<b>(567,436)</b>	<b>—</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on investments .....	—	—
<b>Net cash provided by investing activities .....</b>	<b>—</b>	<b>—</b>
Net increase (decrease) in cash and pooled investments .....	(175,210)	(145,961)
<b>Cash and pooled investments – beginning .....</b>	<b>1,103,166</b>	<b>1,703,806</b>
<b>Cash and pooled investments – ending .....</b>	<b>\$ 927,956</b>	<b>\$ 1,557,845</b>

Service Revolving	Prison Industries	Financial Information Systems	Technology Services Revolving	Water Resources Revolving	Other Internal Service Programs	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,743
1,023,500	315,785	—	612,721	725,914	1,557,408	5,553,241
(564,998)	(204,027)	(2)	(427,323)	(760,831)	(1,065,330)	(3,564,439)
(402,727)	(134,096)	—	(143,188)	—	(366,873)	(1,049,177)
—	(21,488)	—	—	—	(53,789)	(75,277)
3,674	3,517	—	(17,986)	897	3,599	(391,417)
<b>59,449</b>	<b>(40,309)</b>	<b>(2)</b>	<b>24,224</b>	<b>(34,020)</b>	<b>75,015</b>	<b>484,674</b>
—	(57)	—	(909)	—	1,675	709
(2,184)	—	(37,650)	(147)	—	—	(197,654)
—	40	—	—	—	(14)	26
77,754	—	37,650	5,514	—	5,500	130,039
—	—	—	(15,000)	(1,692)	(40,143)	(56,835)
<b>75,570</b>	<b>(17)</b>	<b>—</b>	<b>(10,542)</b>	<b>(1,692)</b>	<b>(32,982)</b>	<b>(123,715)</b>
(107,418)	(14,854)	—	(30,275)	(804)	(14,964)	(1,243,577)
95,155	715	—	4,832	—	2,023	102,725
—	—	—	15,603	—	738	16,341
(17,423)	—	—	—	—	(10,144)	(27,567)
—	—	—	—	—	—	1,940,416
—	—	—	—	—	—	(1,432,590)
(2,916)	—	—	(601)	—	(3,557)	(7,074)
<b>(32,602)</b>	<b>(14,139)</b>	<b>—</b>	<b>(10,441)</b>	<b>(804)</b>	<b>(25,904)</b>	<b>(651,326)</b>
51	2,076	—	2,503	—	6,403	11,033
<b>51</b>	<b>2,076</b>	<b>—</b>	<b>2,503</b>	<b>—</b>	<b>6,403</b>	<b>11,033</b>
102,468	(52,389)	(2)	5,744	(36,516)	22,532	(279,334)
<b>320,113</b>	<b>428,056</b>	<b>10,575</b>	<b>85,239</b>	<b>122,777</b>	<b>1,076,767</b>	<b>4,850,499</b>
<b>\$ 422,581</b>	<b>\$ 375,667</b>	<b>\$ 10,573</b>	<b>\$ 90,983</b>	<b>\$ 86,261</b>	<b>\$ 1,099,299</b>	<b>\$ 4,571,165</b>

(continued)

## Combining Statement of Cash Flows (continued)

### Internal Service Funds

Year Ended June 30, 2025

(amounts in thousands)

	Public Buildings Construction	Architecture Revolving
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Operating income (loss) .....	\$ (6,748)	\$ (2,088)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation .....	—	—
Amortization of premiums and discounts .....	(123,057)	—
Amortization of long-term prepaid charges .....	29	—
Other .....	5,730	—
Change in account balances:		
Receivables .....	—	1,390
Due from other funds .....	—	(1,796)
Due from other governments .....	(5,241)	—
Prepaid items .....	—	—
Inventories .....	—	—
Contracts and installments receivable .....	624,949	—
Leases receivable .....	—	—
Deferred outflow of resources .....	—	(684)
Accounts payable .....	(56)	1
Due to other funds .....	42,157	(116,089)
Due to other governments .....	—	—
Contracts and notes payable .....	—	—
Interest payable .....	3,673	—
Revenues received in advance .....	2,003	(29,410)
Other current liabilities .....	2,545	—
Compensated absences payable .....	—	30
Other noncurrent liabilities .....	—	2,852
Deferred inflow of resources .....	—	127
Total adjustments .....	552,732	(143,579)
<b>Net cash provided by (used in) operating activities .....</b>	<b>\$ 545,984</b>	<b>\$ (145,667)</b>
<b>Noncash investing, capital, and financing activities</b>		
Change / transfer of capital assets .....	1,874,889	—
Miscellaneous noncash activities transactions .....	—	—

Service Revolving	Prison Industries	Financial Information Systems	Technology Services Revolving	Water Resources Revolving	Other Internal Service Programs	Total
\$ (80,093)	\$ (55,588)	\$ (28,838)	\$ 37,182	\$ 3,069	\$ 243,671	\$ 110,567
32,475	25,062	28,876	20,146	3,252	24,870	134,681
—	—	—	—	—	—	(123,057)
—	—	—	—	—	—	29
—	3,517	—	—	—	—	9,247
1,727	(1,818)	—	(1,261)	(10,818)	8,863	(1,917)
121,228	1,445	—	(30,927)	(28,865)	(121,306)	(60,221)
(326)	103	—	(4,286)	—	2,332	(7,418)
(44,016)	(720)	—	(2,077)	623	1,344	(44,846)
1,983	2,869	—	—	(79)	1,141	5,914
—	—	—	—	—	—	624,949
—	—	—	—	—	165	165
40,778	4,111	—	(1,287)	—	65,616	108,534
(13,746)	(2,921)	(40)	26,716	(6,598)	16,980	20,336
(5,498)	(3,253)	—	2,368	4,306	(61,960)	(137,969)
4,629	—	—	(836)	4,649	1,267	9,709
(633)	—	—	(7,329)	(1,486)	—	(9,448)
—	—	—	—	—	—	3,673
(76)	(600)	—	—	194	(17,617)	(45,506)
4	(921)	—	—	73	—	1,701
675	(572)	—	(4,378)	—	1,363	(2,882)
40,473	6,067	—	6,125	(2,340)	(54,489)	(1,312)
(40,135)	(17,090)	—	(15,932)	—	(37,225)	(110,255)
139,542	15,279	28,836	(12,958)	(37,089)	(168,656)	374,107
<b>\$ 59,449</b>	<b>\$ (40,309)</b>	<b>\$ (2)</b>	<b>\$ 24,224</b>	<b>\$ (34,020)</b>	<b>\$ 75,015</b>	<b>\$ 484,674</b>
						(concluded)
—	—	—	—	—	—	1,874,889
—	40	—	—	—	—	40

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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.

**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, 2025

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
<b>ASSETS</b>		
Current assets:		
Cash and pooled investments .....	\$ 555,678	\$ 184,969
Restricted assets:		
Cash and pooled investments .....	293,570	53,468
Due from other governments .....	215,008	19,091
Receivables (net) .....	—	6,599
Due from other funds .....	12,401	13,019
Due from other governments .....	57,464	50,985
Prepaid items .....	—	—
Inventories .....	—	—
Total current assets .....	<u>1,134,121</u>	<u>328,131</u>
Noncurrent assets:		
Restricted assets:		
Loans receivable .....	4,998,880	659,787
Investments .....	—	—
Interfund receivables .....	1,668	—
Loans receivable .....	1,140,721	1,733,980
Capital assets:		
Land .....	—	—
Buildings and other depreciable property .....	—	—
Intangible assets - amortizable .....	—	—
Less: accumulated depreciation/amortization .....	—	—
Other noncurrent assets .....	—	—
Total noncurrent assets .....	<u>6,141,269</u>	<u>2,393,767</u>
<b>Total assets</b> .....	<u><b>7,275,390</b></u>	<u><b>2,721,898</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....		
<b>Total assets and deferred outflows of resources</b> .....	<u><b>\$ 7,275,390</b></u>	<u><b>\$ 2,721,898</b></u>

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ 359,244	\$ 2,169	\$ 256,284	\$ 1,358,344
—	73,648	—	420,686
—	—	—	234,099
37,106	107,732	639	152,076
4,064	—	2,941	32,425
—	—	143	108,592
—	—	40	40
—	—	8,610	8,610
<u>400,414</u>	<u>183,549</u>	<u>268,657</u>	<u>2,314,872</u>
—	—	—	5,658,667
15,115	—	—	15,115
—	—	2,093	3,761
1,100,547	—	54,140	4,029,388
444	—	829	1,273
16,260	—	11,249	27,509
—	872	24,596	25,468
(16,260)	(194)	(16,066)	(32,520)
9,218	—	—	9,218
<u>1,125,324</u>	<u>678</u>	<u>76,841</u>	<u>9,737,879</u>
<b><u>1,525,738</u></b>	<b><u>184,227</u></b>	<b><u>345,498</u></b>	<b><u>12,052,751</u></b>
4,077	4,791	12,738	21,606
<b><u>\$ 1,529,815</u></b>	<b><u>\$ 189,018</u></b>	<b><u>\$ 358,236</u></b>	<b><u>\$ 12,074,357</u></b>

(continued)

## Combining Statement of Net Position (continued)

### Nonmajor Enterprise Funds

June 30, 2025

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable .....	\$ —	\$ —
Due to other funds .....	3,205	10,987
Due to other governments .....	—	—
Revenues received in advance .....	—	—
Interest payable .....	17,910	636
Current portion of long-term obligations .....	115,438	7,657
<b>Total current liabilities</b> .....	<b>136,553</b>	<b>19,280</b>
Noncurrent liabilities:		
Interfund payables .....	—	—
Compensated absences payable .....	1,935	6,510
Workers' compensation benefits payable .....	—	—
Lease liability .....	—	—
Subscription liability .....	—	—
General obligation bonds payable .....	—	—
Revenue bonds payable .....	1,562,479	48,790
Net other postemployment benefits liability .....	—	—
Net pension liability .....	—	—
Other noncurrent liabilities .....	—	—
<b>Total noncurrent liabilities</b> .....	<b>1,564,414</b>	<b>55,300</b>
<b>Total liabilities</b> .....	<b>1,700,967</b>	<b>74,580</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....		
<b>Total liabilities and deferred inflows of resources</b> .....	<b>1,700,967</b>	<b>74,580</b>
<b>NET POSITION</b>		
Net investment in capital assets .....	—	—
Restricted – expendable		
Debt service .....	293,570	—
Security for revenue bonds .....	3,518,061	—
Other purposes .....	—	2,647,318
<b>Total expendable</b> .....	<b>3,811,631</b>	<b>2,647,318</b>
Unrestricted .....	1,762,792	—
<b>Total net position</b> .....	<b>5,574,423</b>	<b>2,647,318</b>
<b>Total liabilities, deferred inflows of resources, and net position</b> .....	<b>\$ 7,275,390</b>	<b>\$ 2,721,898</b>

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ —	\$ 35,639	\$ 4,209	\$ 39,848
1,175	—	680	16,047
147	—	1,359	1,506
—	—	24	24
19,727	—	—	38,273
24,445	298	5,780	153,618
<u>45,494</u>	<u>35,937</u>	<u>12,052</u>	<u>249,316</u>
—	—	28,520	28,520
—	312	5,585	14,342
—	—	4,496	4,496
—	459	16,006	16,465
—	24	—	24
900,922	—	—	900,922
420,703	—	—	2,031,972
7,178	5,971	27,794	40,943
10,802	4,660	22,836	38,298
3,727	—	—	3,727
<u>1,343,332</u>	<u>11,426</u>	<u>105,237</u>	<u>3,079,709</u>
<b>1,388,826</b>	<b>47,363</b>	<b>117,289</b>	<b>3,329,025</b>
1,377	27,147	5,487	34,011
<u>1,390,203</u>	<u>74,510</u>	<u>122,776</u>	<u>3,363,036</u>
444	—	1,300	1,744
—	—	—	293,570
—	—	—	3,518,061
139,168	114,508	167,947	3,068,941
139,168	114,508	167,947	6,880,572
—	—	66,213	1,829,005
<u>139,612</u>	<u>114,508</u>	<u>235,460</u>	<u>8,711,321</u>
<b>\$ 1,529,815</b>	<b>\$ 189,018</b>	<b>\$ 358,236</b>	<b>\$ 12,074,357</b>

(concluded)

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

### Nonmajor Enterprise Funds

Year Ended June 30, 2025

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
<b>OPERATING REVENUES</b>		
Services and sales .....	\$ 11,445	\$ —
Investment and interest .....	65,519	28,857
Other .....	—	—
<b>Total operating revenues</b> .....	<b>76,964</b>	<b>28,857</b>
<b>OPERATING EXPENSES</b>		
Personal services .....	9,503	31,389
Supplies .....	—	—
Services and charges .....	7,212	—
Depreciation .....	—	—
Interest expense .....	—	—
Other .....	4,548	13,210
<b>Total operating expenses</b> .....	<b>21,263</b>	<b>44,599</b>
Operating income (loss) .....	55,701	(15,742)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Donations and grants .....	329,503	235,382
Investment and interest income (loss) .....	38,787	8,208
Interest expense and fiscal charges .....	(53,389)	(1,319)
Other .....	—	—
<b>Total nonoperating revenues (expenses)</b> .....	<b>314,901</b>	<b>242,271</b>
Income (loss) before capital contributions and transfers .....	370,602	226,529
Change in net position .....	370,602	226,529
<b>Total net position – beginning, as previously reported</b> .....	<b>5,205,153</b>	<b>2,425,864</b>
Changes in accounting principle .....	(1,332)	(5,075)
<b>Total net position (deficit) – beginning, as restated</b> .....	<b>5,203,821</b>	<b>2,420,789</b>
<b>Total net position – ending</b> .....	<b>\$ 5,574,423</b>	<b>\$ 2,647,318</b>

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ 2,322	\$ 792	\$ 117,955	\$ 132,514
71,717	—	2,924	169,017
2,935	—	1,774	4,709
<b>76,974</b>	<b>792</b>	<b>122,653</b>	<b>306,240</b>
4,981	(399)	30,789	76,263
—	—	76,784	76,784
16,778	6,048	21,984	52,022
—	178	2,605	2,783
39,960	—	—	39,960
—	—	—	17,758
<b>61,719</b>	<b>5,827</b>	<b>132,162</b>	<b>265,570</b>
15,255	(5,035)	(9,509)	40,670
—	—	—	564,885
—	2,788	6,159	55,942
—	(1,000)	(55)	(55,763)
1,370	(4,954)	225	(3,359)
<b>1,370</b>	<b>(3,166)</b>	<b>6,329</b>	<b>561,705</b>
16,625	(8,201)	(3,180)	602,375
16,625	(8,201)	(3,180)	602,375
<b>122,987</b>	<b>123,108</b>	<b>237,787</b>	<b>8,114,899</b>
—	(399)	853	(5,953)
<b>122,987</b>	<b>122,709</b>	<b>238,640</b>	<b>8,108,946</b>
<b>\$ 139,612</b>	<b>\$ 114,508</b>	<b>\$ 235,460</b>	<b>\$ 8,711,321</b>

## Combining Statement of Cash Flows

### Nonmajor Enterprise Funds

Year Ended June 30, 2025

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers/employers .....	\$ 65,780	\$ 28,631
Receipts from interfund services provided .....	—	—
Payments to suppliers .....	(19,721)	—
Payments to employees .....	—	(41,638)
Payments for interfund services used .....	(37)	—
Other receipts (payments) .....	(452,869)	(157,599)
<b>Net cash provided by (used in) operating activities .....</b>	<b>(406,847)</b>	<b>(170,606)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from / (payment on) notes receivable and leases receivable .....	1,140	—
Proceeds from / (payment on) loans and interfund borrowings .....	—	—
Proceeds from general obligation bonds .....	—	—
Retirement of general obligation bonds .....	—	—
Proceeds from revenue bonds .....	—	—
Retirement of revenue bonds .....	(96,645)	(6,395)
Interest paid .....	(75,069)	(2,830)
Transfers in .....	—	—
Grants received .....	328,564	233,856
<b>Net cash provided by (used in) noncapital financing activities .....</b>	<b>157,990</b>	<b>224,631</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets .....	—	—
Proceeds from sale of capital assets .....	—	—
Payment on long-term capital financing .....	—	—
Interest paid .....	—	—
<b>Net cash used in capital and related financing activities .....</b>	<b>—</b>	<b>—</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments .....	—	—
Earnings on investments .....	41,744	7,813
<b>Net cash provided by (used in) investing activities .....</b>	<b>41,744</b>	<b>7,813</b>
Net increase (decrease) in cash and pooled investments .....	(207,113)	61,838
<b>Cash and pooled investments – beginning .....</b>	<b>1,056,361</b>	<b>176,599</b>
<b>Cash and pooled investments – ending .....</b>	<b>\$ 849,248</b>	<b>\$ 238,437</b>

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ 169,691	\$ —	\$ 17,880	\$ 281,982
—	792	107,335	108,127
(21,886)	(1,309)	(112,776)	(155,692)
(4,981)	(3,913)	(25,112)	(75,644)
—	—	(467)	(504)
(285,929)	9,555	(4,498)	(891,340)
<b>(143,105)</b>	<b>5,125</b>	<b>(17,638)</b>	<b>(733,071)</b>
—	—	(1,816)	(676)
—	—	800	800
300,000	—	—	300,000
(35,385)	—	—	(35,385)
80,000	—	—	80,000
(36,140)	—	—	(139,180)
(32)	—	—	(77,931)
—	—	223	223
—	—	—	562,420
<b>308,443</b>	<b>—</b>	<b>(793)</b>	<b>690,271</b>
—	—	(2,248)	(2,248)
—	—	352	352
—	(215)	(1,622)	(1,837)
—	—	(54)	(54)
<b>—</b>	<b>(215)</b>	<b>(3,572)</b>	<b>(3,787)</b>
(1,016)	—	—	(1,016)
—	2,785	6,159	58,501
<b>(1,016)</b>	<b>2,785</b>	<b>6,159</b>	<b>57,485</b>
164,322	7,695	(15,844)	10,898
<b>194,922</b>	<b>68,122</b>	<b>272,128</b>	<b>1,768,132</b>
<b>\$ 359,244</b>	<b>\$ 75,817</b>	<b>\$ 256,284</b>	<b>\$ 1,779,030</b>

(continued)

## Combining Statement of Cash Flows (continued)

### Nonmajor Enterprise Funds

Year Ended June 30, 2025

(amounts in thousands)

	State Water Pollution Control Revolving	Safe Drinking Water State Revolving
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Operating income (loss) .....	\$ 55,701	\$ (15,742)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation .....	—	—
Provisions and allowances .....	—	—
Amortization of premiums and discounts .....	—	—
Other .....	(9,588)	—
Change in account balances:		
Receivables .....	—	—
Due from other funds .....	(37)	—
Due from other governments .....	(1,444)	(226)
Prepaid items .....	—	—
Inventories .....	—	—
Leases receivable .....	—	—
Other current assets .....	—	—
Loans receivable .....	(453,021)	(157,599)
Deferred outflow of resources .....	—	—
Accounts payable .....	—	—
Due to other funds .....	939	1,526
Due to other governments .....	—	—
Interest payable .....	—	—
Revenues received in advance .....	—	—
Compensated absences payable .....	603	1,435
Other noncurrent liabilities .....	—	—
Deferred inflow of resources .....	—	—
Total adjustments .....	<u>(462,548)</u>	<u>(154,864)</u>
<b>Net cash provided by (used in) operating activities .....</b>	<b><u>\$ (406,847)</u></b>	<b><u>\$ (170,606)</u></b>
<b>Noncash investing, capital, and financing activities</b>		
Miscellaneous noncash activities .....	\$ —	\$ —

Housing Loan	Electric Power	Other Enterprise Programs	Total
\$ 15,255	\$ (5,035)	\$ (9,509)	\$ 40,670
—	178	2,605	2,783
(702)	—	—	(702)
(1,770)	—	—	(1,770)
94	8,555	—	(939)
(5,783)	—	(48)	(5,831)
—	—	2,570	2,533
—	—	(73)	(1,743)
—	—	(28)	(28)
—	—	671	671
—	—	(13,260)	(13,260)
(1,540)	—	1	(1,539)
(139,366)	—	—	(749,986)
—	2,471	6,259	8,730
215	210	(3,357)	(2,932)
(1,554)	—	(399)	512
—	—	1,336	1,336
(4,308)	—	—	(4,308)
—	—	(2)	(2)
—	(399)	(221)	1,418
(2,081)	(799)	(2,703)	(5,583)
(1,565)	(56)	(1,480)	(3,101)
(158,360)	10,160	(8,129)	(773,741)
<b>\$ (143,105)</b>	<b>\$ 5,125</b>	<b>\$ (17,638)</b>	<b>\$ (733,071)</b>
			(concluded)
\$ 3,406	\$ —	\$ —	\$ 3,406

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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)

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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, 2025

(amounts in thousands)

	Defined Benefit		
	Public Employees' Retirement	State Teachers' Retirement	Judges' Retirement
<b>ASSETS</b>			
Cash and pooled investments .....	\$ 4,548,563	\$ 315,522	\$ 5,000
Investments, at fair value:			
Short-term .....	19,517,725	16,998,037	65,416
Equity securities .....	225,676,209	148,774,287	—
Debt securities .....	187,124,506	57,731,782	—
Real estate .....	74,476,098	43,438,843	—
Securities lending collateral .....	8,824,622	38,703,628	—
Other .....	124,790,224	108,878,257	—
Total investments .....	<u>640,409,384</u>	<u>414,524,834</u>	<u>65,416</u>
Receivables (net) .....	53,565,956	6,669,338	1,211
Due from other funds .....	43,281	833	186
Due from other governments .....	—	119	—
Loans receivable .....	—	6,293,936	—
Other assets .....	196,956	889,221	—
<b>Total assets</b> .....	<b><u>698,764,140</u></b>	<b><u>428,693,803</u></b>	<b><u>71,813</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....	<u>174,929</u>	<u>139,537</u>	<u>802</u>
<b>Total assets and deferred outflows of resources</b> .....	<b><u>698,939,069</u></b>	<b><u>428,833,340</u></b>	<b><u>72,615</u></b>
<b>LIABILITIES</b>			
Accounts payable .....	12,118	6,888,945	280
Benefits payable .....	2,925,698	2,174,267	—
Securities lending obligations .....	26,113,443	38,734,051	—
Loans payable .....	—	6,251,450	—
Other liabilities .....	106,791,758	4,375,089	7,791
<b>Total liabilities</b> .....	<b><u>135,843,017</u></b>	<b><u>58,423,802</u></b>	<b><u>8,071</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....	<u>120,251</u>	<u>229,348</u>	<u>543</u>
<b>Total liabilities and deferred inflows of resources</b> .....	<b><u>135,963,268</u></b>	<b><u>58,653,150</u></b>	<b><u>8,614</u></b>
<b>NET POSITION</b>			
Restricted:			
Pension benefits .....	562,975,801	370,180,190	64,001
Other postemployment benefits .....	—	—	—
Deferred compensation participants .....	—	—	—
Individuals, organizations, or other governments .....	—	—	—
<b>Total net position</b> .....	<b><u>\$ 562,975,801</u></b>	<b><u>\$ 370,180,190</u></b>	<b><u>\$ 64,001</u></b>

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			
\$ 4,808	\$ 2,003	\$ 19,334	\$ 24,462	\$ 15,092		4,934,784
289	14	62,264	1,964,936	16,049		38,624,730
2,013,979	18,902	17,766,047	19,200,767	68,745		413,518,936
954,070	72,143	7,364,366	3,106,314	42,628		256,395,809
—	—	—	—	—		117,914,941
—	—	—	—	—		47,528,250
—	—	—	7,391,241	—		241,059,722
2,968,338	91,059	25,192,677	31,663,258	127,422		1,115,042,388
13,710	101	125,735	57,686	9,319		60,443,056
98	2	244	69	18		44,731
—	—	—	—	—		119
—	—	—	9,426	—		6,303,362
—	—	—	3	—		1,086,180
<b>2,986,954</b>	<b>93,165</b>	<b>25,337,990</b>	<b>31,754,904</b>	<b>151,851</b>		<b>1,187,854,620</b>
922	251	1,621	1,507	378		319,947
<b>2,987,876</b>	<b>93,416</b>	<b>25,339,611</b>	<b>31,756,411</b>	<b>152,229</b>		<b>1,188,174,567</b>
445	109	1,734	1,849	8,889		6,914,369
—	633	111,166	2,406	435		5,214,605
—	—	—	—	—		64,847,494
—	—	—	—	—		6,251,450
7,671	1,592	11,953	15,166	2,837		111,213,857
<b>8,116</b>	<b>2,334</b>	<b>124,853</b>	<b>19,421</b>	<b>12,161</b>		<b>194,441,775</b>
630	128	1,514	1,861	809		355,084
<b>8,746</b>	<b>2,462</b>	<b>126,367</b>	<b>21,282</b>	<b>12,970</b>		<b>194,796,859</b>
2,979,130	90,954	—	—	126,976		936,417,052
—	—	25,213,244	—	—		25,213,244
—	—	—	31,735,129	—		31,735,129
—	—	—	—	12,283		12,283
<b>\$ 2,979,130</b>	<b>\$ 90,954</b>	<b>\$ 25,213,244</b>	<b>\$ 31,735,129</b>	<b>\$ 139,259</b>		<b>\$ 993,377,708</b>

## 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, 2025

(amounts in thousands)

	Defined Benefit		
	Public Employees' Retirement	State Teachers' Retirement	Judges' Retirement
<b>ADDITIONS</b>			
Contributions:			
Employer .....	\$ 23,421,228	\$ 8,759,346	\$ 218,682
Plan member .....	6,801,588	4,847,178	1,274
Non-employer .....	—	4,263,762	—
Total contributions .....	<u>30,222,816</u>	<u>17,870,286</u>	<u>219,956</u>
Investment income:			
Net appreciation in fair value of investments .....	54,961,815	23,925,016	—
Interest, dividends, and other investment income .....	9,397,036	9,868,910	3,584
Less: investment expense .....	<u>(2,878,396)</u>	<u>(2,241,141)</u>	<u>(8)</u>
Net investment income .....	61,480,455	31,552,785	3,576
Other .....	8,472	376,490	3,136
<b>Total additions</b> .....	<b><u>91,711,743</u></b>	<b><u>49,799,561</u></b>	<b><u>226,668</u></b>
<b>DEDUCTIONS</b>			
Distributions paid and payable to participants .....	34,602,108	19,912,609	211,739
Refunds of contributions .....	393,145	147,829	—
Administrative expense .....	363,655	259,297	2,562
Interest expense .....	—	317,312	—
Payments to and for depositors .....	—	—	—
<b>Total deductions</b> .....	<b><u>35,358,908</u></b>	<b><u>20,637,047</u></b>	<b><u>214,301</u></b>
Change in net position .....	56,352,835	29,162,514	12,367
<b>Net position – beginning, as previously reported</b> .....	<b><u>506,622,966</u></b>	<b><u>341,017,676</u></b>	<b><u>51,634</u></b>
<b>Net position – ending</b> .....	<b><u>\$ 562,975,801</u></b>	<b><u>\$ 370,180,190</u></b>	<b><u>\$ 64,001</u></b>

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			
\$ 101,531	\$ 75	\$ 5,755,686	\$ 4,266	\$ 22,023	\$	\$ 38,282,837
45,898	—	—	1,237,578	50,738		12,984,254
—	—	—	—	—		4,263,762
147,429	75	5,755,686	1,241,844	72,761		55,530,853
308,378	6,555	2,605,076	3,282,021	12,707		85,101,568
537	18	4,803	69,339	456		19,344,683
(1,435)	(121)	(10,225)	(999)	(113)		(5,132,438)
307,480	6,452	2,599,654	3,350,361	13,050		99,313,813
—	—	16,873	29,578	57		434,606
<b>454,909</b>	<b>6,527</b>	<b>8,372,213</b>	<b>4,621,783</b>	<b>85,868</b>		<b>155,279,272</b>
105,931	7,336	4,093,013	186,988	69,962		59,189,686
589	—	—	2,396	—		543,959
2,909	712	6,786	31,687	636		668,244
—	—	—	2	1		317,315
—	—	46,434	797,007	6,666		850,107
<b>109,429</b>	<b>8,048</b>	<b>4,146,233</b>	<b>1,018,080</b>	<b>77,265</b>		<b>61,569,311</b>
345,480	(1,521)	4,225,980	3,603,703	8,603		93,709,961
<b>2,633,650</b>	<b>92,475</b>	<b>20,987,264</b>	<b>28,131,426</b>	<b>130,656</b>		<b>899,667,747</b>
<b>\$ 2,979,130</b>	<b>\$ 90,954</b>	<b>\$ 25,213,244</b>	<b>\$ 31,735,129</b>	<b>\$ 139,259</b>	<b>\$</b>	<b>\$ 993,377,708</b>

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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 **CalSavers Retirement Savings Trust Program Fund** accounts for money received from California private employees to provide greater retirement savings in a convenient, voluntary, low-cost, and portable manner.

The **Unclaimed Property Fund** accounts for unclaimed money and properties held in trust by the State.

**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, 2025

(amounts in thousands)

	Scholarshare Program Trust	Calsavers Retirement Savings Trust Fund	Unclaimed Property	Other Private Purpose Trust	Total
<b>ASSETS</b>					
Cash and pooled investments .....	\$ 9,672	\$ —	\$ 108,472	\$ 34,207	\$ 152,351
Investments, at fair value:					
Short-term .....	312,614	—	—	—	312,614
Equity securities .....	11,102,739	15,695	—	87,998	11,206,432
Debt securities .....	3,238,151	2,251	—	48,276	3,288,678
Real estate .....	366,447	—	—	—	366,447
Other .....	2,730,035	1,324,037	—	67,593	4,121,665
Total investments .....	17,749,986	1,341,983	—	203,867	19,295,836
Receivables (net) .....	3,488	26	3,107	1,475	8,096
Other assets .....	—	—	428,501	98	428,599
<b>Total assets</b> .....	<b>17,763,146</b>	<b>1,342,009</b>	<b>540,080</b>	<b>239,647</b>	<b>19,884,882</b>
<b>LIABILITIES</b>					
Accounts payable .....	14,448	322	2,030	4,102	20,902
Revenues received in advance .....	—	—	—	6,473	6,473
Deposits .....	—	—	428,501	—	428,501
<b>Total liabilities</b> .....	<b>14,448</b>	<b>322</b>	<b>430,531</b>	<b>10,575</b>	<b>455,876</b>
<b>NET POSITION</b>					
Restricted for individuals, organizations, or other governments .....	<u>\$ 17,748,698</u>	<u>\$ 1,341,687</u>	<u>\$ 109,549</u>	<u>\$ 229,072</u>	<u>\$ 19,429,006</u>

## Combining Statement of Changes in Fiduciary Net Position

### Private Purpose Trust Funds

Year Ended June 30, 2025

(amounts in thousands)

	Scholarshare Program Trust	Calsavers Retirement Savings Trust Fund	Unclaimed Property	Other Private Purpose Trust	Total
<b>ADDITIONS</b>					
Investment income:					
Net appreciation in fair value of investments .....	\$ —	\$ 121,997	\$ —	\$ —	\$ 121,997
Interest, dividends, and other investment income .....	1,762,806	28,566	—	16,438	\$ 1,807,810
Less: investment expense .....	(3,365)	(14,245)	—	—	(17,610)
Net investment income (loss) .....	1,759,441	136,318	—	16,438	1,912,197
Receipts from depositors .....	3,018,182	437,214	1,695,663	73,472	5,224,531
<b>Total additions</b> .....	<b>4,777,623</b>	<b>573,532</b>	<b>1,695,663</b>	<b>89,910</b>	<b>7,136,728</b>
<b>DEDUCTIONS</b>					
Administrative expense .....	—	—	—	1,010	1,010
Payments to and for depositors .....	2,609,813	172,330	1,654,384	37,390	4,473,917
<b>Total deductions</b> .....	<b>2,609,813</b>	<b>172,330</b>	<b>1,654,384</b>	<b>38,400</b>	<b>4,474,927</b>
Change in net position .....	2,167,810	401,202	41,279	51,510	2,661,801
<b>Net position – beginning, as previously reported</b> .....	<b>15,580,888</b>	<b>—</b>	<b>68,270</b>	<b>1,090,966</b>	<b>16,740,124</b>
Change to or within the financial reporting entity .....	—	940,485	—	(913,404)	27,081
<b>Net position – beginning, as restated</b> .....	<b>\$ 15,580,888</b>	<b>\$ 940,485</b>	<b>\$ 68,270</b>	<b>\$ 177,562</b>	<b>\$ 16,767,205</b>
<b>Net position – ending</b> .....	<b>\$ 17,748,698</b>	<b>\$ 1,341,687</b>	<b>\$ 109,549</b>	<b>\$ 229,072</b>	<b>\$ 19,429,006</b>

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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, 2025

(amounts in thousands)

	Local Agency Investment	California Employers' Pension Prefunding Trust	Total
<b>ASSETS</b>			
Cash and pooled investments .....	\$ 24,489,218	\$ 683	\$ 24,489,901
Investments, at fair value: .....			
Short-term .....	—	1,196	1,196
Equity securities .....	—	148,826	148,826
Debt securities .....	—	162,799	162,799
Total investments .....	—	312,821	312,821
Receivables (net) .....	262,197	41	262,238
<b>Total assets</b> .....	<b>24,751,415</b>	<b>313,545</b>	<b>25,064,960</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....			
<b>Total assets and deferred outflows of resources</b> .....	<b>24,751,415</b>	<b>313,556</b>	<b>25,064,971</b>
<b>LIABILITIES</b>			
Accounts payable .....	13	69	82
Due to other governments .....	261,735	—	261,735
Other liabilities .....	—	103	103
<b>Total liabilities</b> .....	<b>261,748</b>	<b>172</b>	<b>261,920</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....			
<b>Total liabilities and deferred inflows of resources</b> .....	<b>261,748</b>	<b>228</b>	<b>261,976</b>
<b>NET POSITION</b>			
Restricted:			
Pension and other postemployment benefits .....	—	313,328	313,328
Pool participants .....	24,489,667	—	24,489,667
<b>Total net position</b> .....	<b>\$ 24,489,667</b>	<b>\$ 313,328</b>	<b>\$ 24,802,995</b>

## Combining Statement of Changes in Fiduciary Net Position

### Investment Trust Funds

Year Ended June 30, 2025

(amounts in thousands)

	Local Agency Investment	California Employers' Pension Prefunding Trust	Total
<b>ADDITIONS</b>			
Contributions:			
Employer .....	\$ —	\$ 54,238	\$ 54,238
Total contributions .....	—	54,238	54,238
Investment income:			
Net appreciation in fair value of investments .....	—	26,759	26,759
Interest, dividends, and other investment income .....	978,631	71	978,702
Less: investment expense .....	—	(227)	(227)
Net investment income .....	978,631	26,603	1,005,234
Receipts from depositors .....	18,006,954	—	18,006,954
Other .....	—	650	650
<b>Total additions</b> .....	<b>18,985,585</b>	<b>81,491</b>	<b>19,067,076</b>
<b>DEDUCTIONS</b>			
Distributions paid and payable to participants .....	976,310	—	976,310
Administrative expense .....	2,323	190	2,513
Payments to and for depositors .....	15,491,516	31,105	15,522,621
<b>Total deductions</b> .....	<b>16,470,149</b>	<b>31,295</b>	<b>16,501,444</b>
Change in net position .....	2,515,436	50,196	2,565,632
<b>Net position – beginning, as previously reported</b> .....	<b>21,974,231</b>	<b>263,132</b>	<b>22,237,363</b>
<b>Net position – ending</b> .....	<b>\$ 24,489,667</b>	<b>\$ 313,328</b>	<b>\$ 24,802,995</b>

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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, 2024.

**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, 2025

(amounts in thousands)

	Financing Authorities	California State University Auxiliary Organizations
<b>ASSETS</b>		
Current assets:		
Cash and pooled investments .....	\$ 13,811	\$ 735,196
Investments .....	—	955,738
Restricted assets:		
Cash and pooled investments .....	1,170,672	—
Investments .....	207,750	—
Receivables (net) .....	313,784	496,682
Due from primary government .....	80	—
Prepaid items .....	—	—
Other current assets .....	—	46,280
Total current assets .....	<u>1,706,097</u>	<u>2,233,896</u>
Noncurrent assets:		
Restricted assets:		
Cash and pooled investments .....	—	33,858
Investments .....	242,096	—
Investments .....	—	3,643,275
Receivables (net) .....	—	692,676
Loans receivable .....	580,822	—
Long-term prepaid charges .....	—	—
Capital assets:		
Land .....	—	178,931
Collections - nondepreciable .....	—	12,966
Buildings and other depreciable property .....	9	1,480,657
Intangible assets - amortizable .....	—	347,170
Less: accumulated depreciation/amortization .....	(9)	(809,937)
Construction/development in progress .....	—	65,240
Intangible assets - nonamortizable .....	—	202
Other noncurrent assets .....	—	60,670
Total noncurrent assets .....	<u>822,918</u>	<u>5,705,708</u>
<b>Total assets</b> .....	<b><u>2,529,015</u></b>	<b><u>7,939,604</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> .....	<b>16,398</b>	<b>49,504</b>
<b>Total assets and deferred outflows of resources</b> .....	<b><u>\$ 2,545,413</u></b>	<b><u>\$ 7,989,108</u></b>

District Agricultural Associations	Other Component Units	Total
\$ 181,241	\$ 1,150,883	\$ 2,081,131
—	—	955,738
14,365	92,300	1,277,337
3,208	—	210,958
16,160	43,874	870,500
—	—	80
1,266	648	1,914
4,710	—	50,990
<u>220,950</u>	<u>1,287,705</u>	<u>5,448,648</u>
—	—	33,858
4,336	—	246,432
—	150,970	3,794,245
—	5,837	698,513
—	—	580,822
—	89	89
34,507	5,247	218,685
—	435	13,401
872,182	478,278	2,831,126
—	3,924	351,094
(615,724)	(74,553)	(1,500,223)
61,734	53,512	180,486
—	116	318
—	11,150	71,820
<u>357,035</u>	<u>635,005</u>	<u>7,520,666</u>
<u>577,985</u>	<u>1,922,710</u>	<u>12,969,314</u>
37,710	20,620	124,232
<u>\$ 615,695</u>	<u>\$ 1,943,330</u>	<u>\$ 13,093,546</u>

(continued)

## Combining Statement of Net Position (continued)

### Nonmajor Component Units

June 30, 2025

(amounts in thousands)

	Financing Authorities	California State University Auxiliary Organizations
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable .....	\$ 482,124	\$ 175,381
Revenues received in advance .....	1,496	187,052
Deposits .....	—	—
Contracts and notes payable .....	—	60,912
Interest payable .....	2,529	—
Current portion of long-term obligations .....	18,084	114,540
Other current liabilities .....	47,624	167,154
<b>Total current liabilities</b> .....	<b>551,857</b>	<b>705,039</b>
Noncurrent liabilities:		
Compensated absences payable .....	592	12,253
Workers' compensation benefits payable .....	—	4,705
Loans payable .....	—	—
Commercial paper and other borrowings .....	—	121,400
Lease liability .....	—	176,761
Subscription liability .....	—	2,866
Revenue bonds payable .....	348,750	54,448
Net other postemployment benefits liability .....	11,242	68,107
Net pension liability .....	10,402	119,617
Revenues received in advance .....	—	—
Other noncurrent liabilities .....	127,733	663,232
<b>Total noncurrent liabilities</b> .....	<b>498,719</b>	<b>1,223,389</b>
<b>Total liabilities</b> .....	<b>1,050,576</b>	<b>1,928,428</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> .....	<b>3,326</b>	<b>453,151</b>
<b>Total liabilities and deferred inflows of resources</b> .....	<b>1,053,902</b>	<b>2,381,579</b>
<b>NET POSITION</b>		
Net investment in capital assets .....	—	495,509
Restricted:		
Nonexpendable - endowments .....	—	2,153,510
Expendable:		
Endowments and gifts .....	—	—
Education .....	—	1,774,148
Statute .....	1,486,228	—
Other purposes .....	5,167	—
<b>Total expendable</b> .....	<b>1,491,395</b>	<b>1,774,148</b>
Unrestricted .....	116	1,184,362
<b>Total net position</b> .....	<b>1,491,511</b>	<b>5,607,529</b>
<b>Total liabilities, deferred inflows of resources, and net position</b> .....	<b>\$ 2,545,413</b>	<b>\$ 7,989,108</b>

District Agricultural Associations	Other Component Units	Total
\$ 22,498	\$ 936,725	\$ 1,616,728
7,680	4,636	200,864
1,510	26	1,536
—	—	60,912
396	—	2,925
2,149	5,823	140,596
5,253	192,183	412,214
<u>39,486</u>	<u>1,139,393</u>	<u>2,435,775</u>
7,861	6,605	27,311
—	—	4,705
11,354	—	11,354
—	—	121,400
—	130	176,891
—	695	3,561
30,257	422,390	855,845
17,167	63,464	159,980
89,935	49,508	269,462
17,360	—	17,360
23,301	21,857	836,123
<u>197,235</u>	<u>564,649</u>	<u>2,483,992</u>
<u>236,721</u>	<u>1,704,042</u>	<u>4,919,767</u>
28,465	48,583	533,525
<u>265,186</u>	<u>1,752,625</u>	<u>5,453,292</u>
298,804	59,915	854,228
—	31,349	2,184,859
—	45,785	45,785
—	—	1,774,148
—	—	1,486,228
22,731	59,364	87,262
<u>22,731</u>	<u>105,149</u>	<u>3,393,423</u>
28,974	(5,708)	1,207,744
<u>350,509</u>	<u>190,705</u>	<u>7,640,254</u>
<u>\$ 615,695</u>	<u>\$ 1,943,330</u>	<u>\$ 13,093,546</u>

(concluded)

## Combining Statement of Activities

### Nonmajor Component Units

Year Ended June 30, 2025

(amounts in thousands)

	Financing Authorities	California State University Auxiliary Organizations
<b>OPERATING EXPENSES</b>		
Personal services .....	\$ 22,829	\$ 562,389
Scholarships and fellowships .....	—	120,441
Supplies .....	—	—
Services and charges .....	11,992	1,745,639
Depreciation .....	—	87,581
Interest expense .....	10,884	26,123
Other .....	—	83,410
<b>Total operating expenses</b> .....	<b>45,705</b>	<b>2,625,583</b>
<b>PROGRAM REVENUES</b>		
Charges for services .....	3,559	558,669
Operating grants and contributions .....	268,634	1,106,663
Capital grants and contributions .....	—	28,695
<b>Total program revenues</b> .....	<b>272,193</b>	<b>1,694,027</b>
Net revenues (expenses) .....	226,488	(931,556)
<b>GENERAL REVENUES</b>		
Investment and interest income (loss) .....	79,126	465,293
Other .....	2,766	959,926
<b>Total general revenues</b> .....	<b>81,892</b>	<b>1,425,219</b>
Change in net position .....	308,380	493,663
<b>Net position – beginning, as previously reported</b> .....	<b>1,183,329</b>	<b>5,119,104</b>
Error corrections .....	—	3,896
Changes in accounting principle .....	(198)	(9,134)
<b>Net position – beginning, as restated</b> .....	<b>1,183,131</b>	<b>5,113,866</b>
<b>Net position – ending</b> .....	<b>\$ 1,491,511</b>	<b>\$ 5,607,529</b>

District Agricultural Associations	Other Component Units	Total
\$ 140,554	\$ 45,995	\$ 771,767
—	6,943	127,384
—	22,814	22,814
173,051	35,316	1,965,998
24,011	9,650	121,242
1,604	20,588	59,199
(8,364)	7,146	82,192
<b>330,856</b>	<b>148,452</b>	<b>3,150,596</b>
322,776	74,146	959,150
—	32,589	1,407,886
—	—	28,695
<b>322,776</b>	<b>106,735</b>	<b>2,395,731</b>
(8,080)	(41,717)	(754,865)
916	55,644	600,979
9,554	31,780	1,004,026
<b>10,470</b>	<b>87,424</b>	<b>1,605,005</b>
2,390	45,707	850,140
<b>348,119</b>	<b>148,688</b>	<b>6,799,240</b>
—	—	3,896
—	(3,690)	(13,022)
<b>348,119</b>	<b>144,998</b>	<b>6,790,114</b>
<b>\$ 350,509</b>	<b>\$ 190,705</b>	<b>\$ 7,640,254</b>

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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)

	<u>2016<sup>2</sup></u>	<u>2017</u>	<u>2018</u>	<u>2019<sup>3</sup></u>
<b>Governmental activities</b>				
Net investment in capital assets .....	\$ 104,596,917	\$ 107,042,274	\$ 109,614,321	\$ 112,279,950
Restricted – Expendable .....	29,060,971	33,832,232	35,053,202	41,371,805
Unrestricted <sup>1</sup> .....	(168,542,861)	(169,499,683)	(213,316,033)	(208,377,265)
<b>Total governmental activities net position (deficit) .....</b>	<b><u>\$ (34,884,973)</u></b>	<b><u>\$ (28,625,177)</u></b>	<b><u>\$ (68,648,510)</u></b>	<b><u>\$ (54,725,510)</u></b>
<b>Business-type activities</b>				
Net investment in capital assets .....	\$ 2,520,621	\$ 2,295,270	\$ 2,469,723	\$ 2,534,257
Restricted – Nonexpendable .....	8,653	1,746	1,708	1,693
Restricted – Expendable .....	5,750,634	6,307,218	12,083,737	12,945,567
Unrestricted .....	(3,707,406)	(1,321,132)	(16,464,573)	(16,718,860)
<b>Total business-type activities net position (deficit) .....</b>	<b><u>\$ 4,572,502</u></b>	<b><u>\$ 7,283,102</u></b>	<b><u>\$ (1,909,405)</u></b>	<b><u>\$ (1,237,343)</u></b>
<b>Primary government</b>				
Net investment in capital assets .....	\$ 107,117,538	\$ 109,337,544	\$ 112,084,044	\$ 114,814,207
Restricted – Nonexpendable .....	8,653	1,746	1,708	1,693
Restricted – Expendable .....	34,811,605	40,139,450	47,136,939	54,317,372
Unrestricted .....	(172,250,267)	(170,820,815)	(229,780,606)	(225,096,125)
<b>Total primary government net position (deficit) .....</b>	<b><u>\$ (30,312,471)</u></b>	<b><u>\$ (21,342,075)</u></b>	<b><u>\$ (70,557,915)</u></b>	<b><u>\$ (55,962,853)</u></b>

<sup>1</sup>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.

<sup>2</sup>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.

<sup>3</sup>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.

<sup>4</sup>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.

2020	2021	2022	2023	2024	2025 <sup>4</sup>
\$ 116,773,259	\$ 120,745,220	\$ 125,862,983	\$ 131,322,297	\$ 134,088,866	\$ 137,255,696
46,670,678	46,362,528	60,482,461	66,645,014	68,517,000	63,849,498
(207,968,523)	(174,427,918)	(221,863,616)	(218,243,000)	(168,171,253)	(163,244,415)
<b>\$ (44,524,586)</b>	<b>\$ (7,320,170)</b>	<b>\$ (35,518,172)</b>	<b>\$ (20,275,689)</b>	<b>\$ 34,434,613</b>	<b>\$ 37,860,779</b>
\$ 2,907,066	\$ 2,677,917	\$ 3,340,905	\$ 3,538,034	\$ 3,867,059	\$ 4,014,699
1,677	1,663	1,641	1,595	1,612	1,605
7,722,116	7,651,874	10,639,641	9,900,307	8,629,619	10,724,460
(20,948,611)	(52,668,204)	(33,212,073)	(31,107,513)	(32,289,060)	(33,214,502)
<b>\$ (10,317,752)</b>	<b>\$ (42,336,750)</b>	<b>\$ (19,229,886)</b>	<b>\$ (17,667,577)</b>	<b>\$ (19,790,770)</b>	<b>\$ (18,473,738)</b>
\$ 119,680,325	\$ 123,423,137	\$ 129,203,888	\$ 134,860,331	\$ 137,955,925	\$ 141,270,395
1,677	1,663	1,641	1,595	1,612	1,605
54,392,794	54,014,402	71,122,102	76,545,321	77,146,619	74,573,958
(228,917,134)	(227,096,122)	(255,075,689)	(249,350,513)	(200,460,313)	(196,458,917)
<b>\$ (54,842,338)</b>	<b>\$ (49,656,920)</b>	<b>\$ (54,748,058)</b>	<b>\$ (37,943,266)</b>	<b>\$ 14,643,843</b>	<b>\$ 19,387,041</b>

## Schedule of Changes in Net Position

### For the Past Ten Fiscal Years

(accrual basis of accounting, amounts in thousands)

	2016	2017	2018 <sup>4</sup>	2019
<b>Governmental activities</b>				
<b>Expenses</b>				
General government .....	\$ 16,686,037	\$ 17,400,482	\$ 18,378,216	\$ 17,900,629
Education .....	65,467,497	67,377,805	70,280,444	75,643,779
Health and human services .....	127,543,288	135,090,171	137,828,737	144,936,676
Natural resources and environmental protection .....	6,988,442	7,342,079	8,304,162	9,774,290
Business, consumer services, and housing .....	814,676	1,163,511	1,258,104	2,133,480
Transportation .....	12,120,820	12,947,296	14,259,461	17,022,071
Corrections and rehabilitation .....	11,875,294	13,086,499	14,921,295	15,153,502
Interest on long-term debt .....	4,231,581	4,191,283	4,154,485	3,995,597
<b>Total expenses</b> .....	<b>245,727,635</b>	<b>258,599,126</b>	<b>269,384,904</b>	<b>286,560,024</b>
<b>Program revenues</b>				
Charges for services:				
General government .....	6,525,736	5,825,533	5,726,900	5,755,165
Education .....	66,298	74,548	37,147	78,445
Health and human services .....	10,630,859	11,638,503	12,968,379	13,874,296
Natural resources and environmental protection .....	4,823,861	3,998,751	6,319,879	6,644,917
Business, consumer services, and housing .....	823,189	844,445	957,885	1,206,126
Transportation .....	4,532,300	4,611,244	6,053,140	7,093,122
Corrections and rehabilitation .....	19,411	17,988	39,887	10,993
Operating grants/contributions .....	86,628,827	89,497,290	87,812,627	94,501,862
Capital grants/contributions .....	1,480,351	3,027,780	1,882,595	1,561,483
<b>Total program revenues</b> .....	<b>115,530,832</b>	<b>119,536,082</b>	<b>121,798,439</b>	<b>130,726,409</b>
<b>Total governmental activities net program expenses</b> .....	<b>(130,196,803)</b>	<b>(139,063,044)</b>	<b>(147,586,465)</b>	<b>(155,833,615)</b>
<b>General revenues and other changes in net position</b>				
General revenues:				
Personal income taxes .....	80,303,076	85,712,013	94,460,551	100,657,551
Sales and use taxes .....	39,121,061	38,726,332	39,784,494	41,006,121
Corporation taxes .....	9,213,173	11,128,198	12,608,756	14,625,724
Motor vehicle excise taxes <sup>1</sup> .....	5,028,589	4,878,953	6,680,858	7,632,365
Insurance taxes .....	4,203,885	2,719,489	2,754,056	2,734,068
Managed care organization enrollment tax <sup>2</sup> .....	—	2,282,313	2,397,531	2,562,919
Other taxes <sup>1</sup> .....	2,158,874	2,574,456	3,573,848	3,790,987
Investment and interest .....	131,615	149,135	297,782	706,637
Escheat .....	304,960	325,755	378,180	447,401
Gain (loss) on early extinguishment of debt <sup>3</sup> .....	40,516	30,986	—	—
Transfers .....	(2,800,101)	(3,083,437)	(4,339,995)	(3,930,906)
<b>Total general revenues and other changes in net position</b> .....	<b>137,705,648</b>	<b>145,444,193</b>	<b>158,596,061</b>	<b>170,232,867</b>
<b>Total governmental activities change in net position</b> .....	<b>\$ 7,508,845</b>	<b>\$ 6,381,149</b>	<b>\$ 11,009,596</b>	<b>\$ 14,399,252</b>

<sup>1</sup>Motor vehicle excise taxes, reported separately in fiscal year 2012 due to material increases, were included with "other taxes" in prior years.

<sup>2</sup>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.

<sup>3</sup>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.

<sup>4</sup>In fiscal year 2018, the Safe Drinking Water State Revolving Fund was reclassified from a governmental fund to an enterprise fund.

<sup>5</sup>In fiscal year 2023, Electric Power was reclassified from a major to a nonmajor enterprise fund.

	2020	2021	2022	2023	2024	2025
\$	23,489,012	\$ 30,604,918	\$ 38,760,471	\$ 24,946,231	\$ 30,364,857	\$ 27,779,495
	75,803,990	101,569,505	108,450,558	100,496,652	104,989,072	111,485,163
	192,576,208	311,925,505	216,232,017	219,032,287	239,312,614	267,963,925
	10,110,777	9,923,185	12,502,619	13,314,762	15,843,903	17,002,436
	2,603,823	2,946,561	7,364,028	5,641,942	4,587,805	4,676,884
	18,424,746	18,119,697	15,792,836	19,100,099	22,096,992	24,890,406
	16,861,994	14,185,645	16,526,318	18,204,561	16,282,066	17,182,052
	3,841,351	3,505,827	3,508,229	3,705,403	3,780,126	3,825,128
	<b>343,711,901</b>	<b>492,780,843</b>	<b>419,137,076</b>	<b>404,441,937</b>	<b>437,257,435</b>	<b>474,805,489</b>
	5,847,276	6,583,975	6,167,925	6,992,729	7,657,849	6,856,175
	49,780	69,727	65,810	111,947	77,886	88,036
	13,836,881	12,664,071	11,402,121	14,195,544	16,884,897	20,351,921
	5,551,029	6,592,526	8,422,029	8,488,546	10,428,203	8,694,375
	1,378,181	1,697,687	1,671,025	1,561,023	1,589,280	1,684,583
	7,244,317	7,731,094	8,479,493	8,346,084	8,975,999	10,471,329
	14,753	15,776	13,563	11,403	3,415	8,876
	143,670,642	268,258,265	170,662,661	147,291,889	161,736,406	165,057,742
	2,107,963	1,847,263	1,895,160	1,847,186	2,698,882	3,222,765
	<b>179,700,822</b>	<b>305,460,384</b>	<b>208,779,787</b>	<b>188,846,351</b>	<b>210,052,817</b>	<b>216,435,802</b>
	<b>(164,011,079)</b>	<b>(187,320,459)</b>	<b>(210,357,289)</b>	<b>(215,595,586)</b>	<b>(227,204,618)</b>	<b>(258,369,687)</b>
	108,308,455	132,042,516	126,058,884	114,593,854	116,314,391	136,914,382
	40,703,239	45,905,984	52,328,196	53,471,988	53,239,701	53,631,984
	13,180,402	32,108,028	35,850,573	36,685,982	37,466,478	42,314,846
	7,876,545	7,942,519	8,453,232	8,654,176	9,266,839	9,466,839
	3,161,634	3,156,992	3,516,612	3,720,620	3,964,555	4,278,061
	1,031,357	2,318,011	2,584,077	3,478,815	10,451,644	12,701,905
	3,789,610	3,827,360	4,402,939	3,667,941	3,802,735	3,651,215
	690,169	140,329	788,612	2,596,512	3,286,074	3,290,200
	614,394	640,226	660,143	876,112	848,305	969,528
	—	—	11,576	22,783	(3,911)	—
	(5,963,068)	(3,851,666)	(5,465,790)	(6,047,026)	(4,265,059)	(5,349,759)
	<b>173,392,737</b>	<b>224,230,299</b>	<b>229,189,054</b>	<b>221,721,757</b>	<b>234,371,752</b>	<b>261,869,201</b>
\$	<b>9,381,658</b>	<b>\$ 36,909,840</b>	<b>\$ 18,831,765</b>	<b>\$ 6,126,171</b>	<b>\$ 7,167,134</b>	<b>\$ 3,499,514</b>

(continued)

## Schedule of Changes in Net Position (continued)

### For the Past Ten Fiscal Years

(accrual basis of accounting, amounts in thousands)

Business-type activities	2016	2017	2018 <sup>4</sup>	2019
<b>Expenses</b>				
Electric Power <sup>5</sup> .....	\$ 728,000	\$ 945,000	\$ 952,000	\$ 913,000
Water Resources .....	1,086,650	1,223,340	1,221,866	1,199,823
State Lottery .....	6,315,957	6,271,875	7,006,591	7,435,755
Unemployment Programs .....	11,458,966	11,907,623	12,133,531	13,229,332
California State University <sup>3</sup> .....	7,199,277	8,001,396	9,806,114	9,779,084
State Water Pollution Control Revolving .....	11,814	17,112	32,335	49,860
Safe Drinking Water State Revolving <sup>4</sup> .....	—	—	21,994	19,371
Housing Loan .....	55,627	62,885	57,088	54,402
Other enterprise programs .....	84,188	75,397	96,078	109,113
<b>Total expenses</b> .....	<b>26,940,479</b>	<b>28,504,628</b>	<b>31,327,597</b>	<b>32,789,740</b>
<b>Program revenues</b>				
Charges for services:				
Electric Power <sup>5</sup> .....	728,000	945,000	952,000	913,000
Water Resources .....	1,086,650	1,223,340	1,221,866	1,172,134
State Lottery .....	6,367,902	6,213,074	6,975,168	7,473,452
Unemployment Programs .....	13,866,028	14,437,094	15,594,045	14,039,030
California State University <sup>3</sup> .....	3,172,154	3,224,919	3,387,420	3,529,083
State Water Pollution Control Revolving .....	70,245	75,912	86,789	95,703
Safe Drinking Water State Revolving <sup>4</sup> .....	—	—	22,675	25,762
Housing Loan .....	53,617	52,842	52,735	60,002
Other enterprise programs .....	82,029	93,177	86,911	106,687
Operating grants/contributions .....	1,764,962	1,805,406	2,132,665	2,125,362
Capital grants/contributions .....	66,914	61,027	—	—
<b>Total program revenues</b> .....	<b>27,258,501</b>	<b>28,131,791</b>	<b>30,512,274</b>	<b>29,540,215</b>
<b>Total business-type activities net program revenues (expenses)</b> .....	<b>318,022</b>	<b>(372,837)</b>	<b>(815,323)</b>	<b>(3,249,525)</b>
<b>Other changes in net position</b>				
Transfers .....	2,800,101	3,083,437	4,339,995	3,930,906
<b>Total business-type activities change in net position</b> .....	<b>3,118,123</b>	<b>2,710,600</b>	<b>3,524,672</b>	<b>681,381</b>
<b>Total primary government change in net position</b> .....	<b>\$ 10,626,968</b>	<b>\$ 9,091,749</b>	<b>\$ 14,534,268</b>	<b>\$ 15,080,633</b>

2020	2021	2022	2023	2024	2025
\$ 905,115	\$ 290,411	\$ 36,239	\$ —	\$ —	\$ —
1,184,458	1,157,325	1,233,036	1,460,049	1,623,577	1,557,452
6,665,062	8,452,743	8,885,370	9,291,352	9,361,888	8,997,179
23,622,023	55,737,215	14,965,703	15,533,539	18,212,170	21,370,913
10,592,814	10,391,177	10,778,052	10,877,952	11,867,582	12,923,303
45,288	41,466	35,334	46,948	62,530	74,652
25,007	23,570	24,608	28,052	34,364	45,918
53,656	54,540	45,316	50,682	52,440	61,719
148,450	88,903	165,655	152,586	124,407	143,999
<b>43,241,873</b>	<b>76,237,350</b>	<b>36,169,313</b>	<b>37,441,160</b>	<b>41,338,958</b>	<b>45,175,135</b>
903,000	406,588	124,467	—	—	—
1,155,001	1,125,002	1,295,670	1,531,195	1,657,882	1,581,506
6,735,321	8,395,767	8,785,557	9,250,527	9,345,359	9,004,421
12,564,665	23,903,289	16,288,566	15,303,547	15,701,364	21,672,895
3,323,307	3,236,482	3,199,357	3,977,056	4,569,374	4,802,019
87,110	73,790	69,695	83,654	106,134	115,751
29,717	26,457	27,377	30,890	36,017	37,065
61,990	51,953	45,820	53,383	66,925	78,344
105,874	107,929	130,837	136,636	142,389	132,617
2,593,383	3,103,175	4,010,488	2,797,050	3,325,619	3,702,658
—	—	—	—	—	835
<b>27,559,368</b>	<b>40,430,432</b>	<b>33,977,834</b>	<b>33,163,938</b>	<b>34,951,063</b>	<b>41,128,111</b>
<b>(15,682,505)</b>	<b>(35,806,918)</b>	<b>(2,191,479)</b>	<b>(4,277,222)</b>	<b>(6,387,895)</b>	<b>(4,047,024)</b>
5,963,068	3,851,666	5,465,790	6,047,026	4,265,059	5,349,759
<b>(9,719,437)</b>	<b>(31,955,252)</b>	<b>3,274,311</b>	<b>1,769,804</b>	<b>(2,122,836)</b>	<b>1,302,735</b>
<b>\$ (337,779)</b>	<b>\$ 4,954,588</b>	<b>\$ 22,106,076</b>	<b>\$ 7,895,975</b>	<b>\$ 5,044,298</b>	<b>\$ 4,802,249</b>

(concluded)

## Schedule of Fund Balances – Governmental Funds

### For the Past Ten Fiscal Years

(modified accrual basis of accounting, amounts in thousands)

	2016	2017	2018	2019
<b>General Fund</b>				
Reserved .....	\$ —	\$ —	\$ —	\$ —
Unreserved .....	—	—	—	—
Nonspendable .....	75,939	103,903	559,644	1,180,575
Restricted .....	4,044,911	7,429,825	9,807,729	14,834,597
Committed .....	68,102	180,755	171,020	1,787,142
Assigned .....	—	—	—	—
Unassigned .....	(3,827,224)	(1,904,097)	1,648,511	765,568
<b>Total General Fund .....</b>	<b>\$ 361,728</b>	<b>\$ 5,810,386</b>	<b>\$ 12,186,904</b>	<b>\$ 18,567,882</b>
<b>All other governmental funds</b>				
Reserved .....	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in:				
Special revenue funds .....	—	—	—	—
Capital projects funds .....	—	—	—	—
Nonspendable .....	11,188	20,172	69,868	12,760
Restricted .....	24,885,166	26,233,389	25,051,548	26,329,109
Committed .....	5,652,478	5,847,879	7,897,362	9,994,978
Assigned .....	14,622	12,033	26,346	19,247
Unassigned .....	(1,037)	(15,152)	—	—
<b>Total all other governmental funds .....</b>	<b>\$ 30,562,417</b>	<b>\$ 32,098,321</b>	<b>\$ 33,045,124</b>	<b>\$ 36,356,094</b>

<sup>1</sup>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.

2020	2021	2022	2023	2024	2025 <sup>1</sup>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
2,129,227	2,878,611	2,958,319	3,950,919	3,574,494	3,354,122
16,709,782	12,928,039	23,251,079	24,830,454	26,028,140	19,463,236
2,965,662	668,351	4,024,689	4,210,891	2,239,352	2,099,524
3,080,372	4,938,117	7,290,655	20,714,283	27,722,047	29,421,537
3,616,557	52,731,990	36,522,416	10,297,141	3,828,732	3,510,175
<b>\$ 28,501,600</b>	<b>\$ 74,145,108</b>	<b>\$ 74,047,158</b>	<b>\$ 64,003,688</b>	<b>\$ 63,392,765</b>	<b>\$ 57,848,594</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
13,702	10,238	39,130	95,021	41,829	16,235
29,796,900	33,282,001	37,132,326	41,637,363	42,352,134	44,241,974
10,066,141	10,160,675	12,949,069	16,158,684	18,784,979	20,327,838
49,868	45,543	63,457	77,937	82,390	85,892
(2,474,960)	(8,822,239)	(55,655,634)	(46,430,334)	(1,256,249)	(421,062)
<b>\$ 37,451,651</b>	<b>\$ 34,676,218</b>	<b>\$ (5,471,652)</b>	<b>\$ 11,538,671</b>	<b>\$ 60,005,083</b>	<b>\$ 64,250,877</b>

## Schedule of Changes in Fund Balances - Governmental Funds

### For the Past Ten Fiscal Years

(modified accrual basis of accounting, amounts in thousands)

	2016	2017	2018	2019
<b>Revenues</b>				
Personal income taxes .....	\$ 79,934,285	\$ 85,737,905	\$ 94,484,443	\$ 96,801,076
Sales and use taxes .....	39,136,040	38,741,715	39,777,069	41,085,626
Corporation taxes .....	9,214,173	11,125,198	12,597,928	14,038,348
Motor vehicle excise taxes <sup>1</sup> .....	5,028,589	4,878,953	6,680,858	7,632,365
Insurance taxes .....	4,203,885	2,719,489	2,754,056	2,734,068
Managed care organization enrollment tax <sup>2</sup> .....	—	2,282,313	2,397,531	2,562,919
Other taxes <sup>1</sup> .....	2,185,690	2,565,928	3,548,182	3,688,531
Intergovernmental .....	91,069,753	95,709,784	92,904,469	99,867,750
Licenses and permits .....	7,612,551	8,113,542	8,761,620	9,186,945
Charges for services .....	870,142	860,241	975,314	956,032
Fees and penalties .....	11,882,699	11,571,934	13,548,471	14,187,698
Investment and interest .....	232,285	318,502	607,418	1,321,143
Escheat .....	305,394	327,614	382,793	448,756
Other .....	4,049,789	2,934,157	5,318,739	5,594,587
<b>Total revenues</b> .....	<b>255,725,275</b>	<b>267,887,275</b>	<b>284,738,891</b>	<b>300,105,844</b>
<b>Expenditures</b>				
General government .....	16,715,892	17,250,720	18,978,389	19,263,146
Education .....	65,213,542	67,224,796	69,902,627	75,071,188
Health and human services .....	127,201,314	134,372,094	138,018,275	144,543,589
Natural resources and environmental protection .....	6,278,363	6,712,838	7,987,878	9,069,777
Business, consumer services, and housing .....	1,130,213	1,103,694	1,189,365	2,013,409
Transportation .....	14,814,829	15,007,639	17,169,040	17,893,338
Corrections and rehabilitation .....	11,450,980	12,276,391	14,665,524	14,055,766
Capital outlay .....	1,492,442	1,238,700	612,769	287,487
Debt service:				
Bond and commercial paper retirement .....	6,929,866	9,364,550	8,598,856	10,444,825
Interest and fiscal charges .....	4,057,907	3,986,270	3,961,704	3,971,353
<b>Total expenditures</b> .....	<b>255,285,348</b>	<b>268,537,692</b>	<b>281,084,427</b>	<b>296,613,878</b>
Excess (deficiency) of revenues over (under) expenditures .....	439,927	(650,417)	3,654,464	3,491,966
<b>Other financing sources (uses)</b>				
General obligation bonds and commercial paper issued .....	4,074,980	4,325,075	5,283,365	3,626,765
Revenue bonds issued .....	—	—	—	—
Refunding/remarketing debt issued .....	5,220,320	7,074,225	6,681,855	5,683,865
Payment to refund/remarket long-term debt .....	(4,378,328)	(3,038,281)	(3,726,204)	(411,340)
Premium on bonds issued .....	1,037,920	1,309,254	1,036,320	1,003,337
Capital leases .....	1,148,774	988,680	405,930	50,506
Transfers in .....	4,385,123	4,586,199	4,266,596	4,414,250
Transfers out .....	(7,130,142)	(7,551,627)	(8,555,594)	(8,298,095)
<b>Total other financing sources</b> .....	<b>4,358,647</b>	<b>7,693,525</b>	<b>5,392,268</b>	<b>6,069,288</b>
<b>Total change in fund balance</b> .....	<b>\$ 4,798,574</b>	<b>\$ 7,043,108</b>	<b>\$ 9,046,732</b>	<b>\$ 9,561,254</b>
Debt service as a percentage of noncapital expenditures .....	4.3 %	5.0 %	4.5 %	4.9 %

<sup>1</sup>Motor vehicle excise taxes, reported separately in fiscal year 2012 due to material increases, were included with "other taxes" in prior years.

<sup>2</sup>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.

	2020	2021	2022	2023	2024	2025
\$	111,831,167	\$ 132,095,124	\$ 125,914,865	\$ 114,439,619	\$ 116,485,890	\$ 136,491,056
	40,709,462	45,906,755	52,317,376	53,469,731	53,243,830	53,629,722
	13,722,735	32,122,361	35,824,715	36,662,999	37,298,102	42,299,552
	7,876,545	7,942,519	8,453,232	8,654,176	9,266,839	9,466,839
	3,161,634	3,156,993	3,516,612	3,720,620	3,964,555	4,278,061
	1,031,357	2,318,011	2,584,077	3,478,815	10,451,644	12,701,905
	3,862,045	4,007,125	4,421,355	3,690,842	3,830,385	3,665,321
	148,951,650	272,691,880	175,107,421	151,498,528	167,307,839	174,497,419
	9,256,454	9,999,107	10,126,549	10,733,076	11,102,901	11,493,230
	972,805	1,025,167	1,028,747	1,127,528	1,133,899	1,199,319
	14,322,983	15,062,529	15,461,639	15,955,991	17,948,226	18,558,145
	1,328,956	626,478	643,594	3,610,075	5,140,098	5,479,021
	615,720	644,248	661,698	915,711	898,607	970,990
	4,595,386	6,802,576	7,862,830	8,378,244	10,718,697	7,806,495
	<b>362,238,899</b>	<b>534,400,873</b>	<b>443,924,710</b>	<b>416,335,955</b>	<b>448,791,512</b>	<b>482,537,075</b>
	27,393,107	29,908,484	44,249,597	29,427,864	31,854,563	29,678,916
	76,347,719	99,964,095	111,764,166	101,582,047	105,621,065	112,249,848
	191,819,998	311,093,756	216,174,091	219,002,631	239,291,354	267,432,702
	9,244,813	8,862,649	12,175,743	13,125,620	15,613,435	16,302,677
	2,457,248	2,824,462	7,637,467	5,644,310	4,578,734	4,545,183
	20,025,848	19,623,756	19,491,005	22,118,228	25,653,795	28,663,365
	14,680,705	12,598,851	15,689,740	17,279,129	16,932,135	16,179,715
	401,066	886,020	682,904	905,327	1,009,313	730,997
	10,276,581	9,594,575	13,402,490	10,243,562	9,739,972	8,593,649
	3,856,390	3,650,153	4,126,022	3,756,623	4,028,729	3,911,402
	<b>356,503,475</b>	<b>499,006,801</b>	<b>445,393,225</b>	<b>423,085,341</b>	<b>454,323,095</b>	<b>488,288,454</b>
	5,735,424	35,394,072	(1,468,515)	(6,749,386)	(5,531,583)	(5,751,379)
	5,085,590	5,051,305	4,552,690	6,822,625	6,033,760	4,810,965
	500,000	450,000	1,050,000	—	—	—
	4,384,895	3,657,445	10,011,411	3,701,890	3,511,780	3,741,215
	—	(428,395)	(2,935,087)	(37,408)	—	(787,525)
	1,217,615	1,218,766	1,229,185	679,529	662,745	542,119
	24,082	439,180	143,759	370,731	567,830	342,254
	5,776,094	6,408,853	7,121,202	8,372,233	10,112,016	10,219,394
	(11,731,486)	(10,249,393)	(12,547,219)	(14,485,271)	(14,379,065)	(15,638,736)
	<b>5,256,790</b>	<b>6,547,761</b>	<b>8,625,941</b>	<b>5,424,329</b>	<b>6,509,066</b>	<b>3,229,686</b>
\$	<b>10,992,214</b>	<b>\$ 41,941,833</b>	<b>\$ 7,157,426</b>	<b>\$ (1,325,057)</b>	<b>\$ 977,483</b>	<b>\$ (2,521,693)</b>
	4.0 %	2.7 %	3.9 %	3.3 %	3.0 %	2.6 %

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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)

	2015	2016	2017	2018
<b>Personal Income by Industry</b>				
(items restated as footnoted) <sup>1</sup>				
Farm earnings .....	\$ 21,222,250	\$ 18,646,282	\$ 20,041,415	\$ 15,669,285
Forestry, fishing, and other natural resources .....	9,216,947	9,898,303	10,176,211	10,765,747
Mining .....	4,963,527	3,753,851	3,216,216	3,717,373
Construction and utilities .....	88,130,646	93,511,037	102,974,465	112,396,379
Manufacturing .....	139,414,534	145,528,697	153,661,389	159,126,826
Wholesale trade .....	70,215,535	70,149,369	73,535,459	71,639,917
Retail trade .....	84,898,965	84,819,197	87,143,887	90,173,648
Transportation and warehousing .....	45,945,185	49,332,199	53,670,285	60,511,132
Information, finance, and insurance .....	174,617,028	190,140,120	206,955,669	218,388,275
Real estate and rental and leasing .....	51,762,077	54,244,467	55,830,864	60,774,043
Services .....	552,135,538	574,579,377	604,183,727	640,289,889
Federal, civilian .....	27,477,720	28,337,175	29,073,247	30,340,685
Military .....	14,952,018	16,333,621	16,101,002	15,238,777
State and local government .....	212,528,644	223,593,750	230,997,705	237,580,482
Other <sup>2</sup> .....	566,525,160	593,930,254	612,061,700	643,820,394
<b>Total personal income .....</b>	<b><u>\$ 2,064,005,774</u></b>	<b><u>\$ 2,156,797,699</u></b>	<b><u>\$ 2,259,623,241</u></b>	<b><u>\$ 2,370,432,852</u></b>
Average effective rate <sup>3</sup> .....	6.1 %	6.0 %	5.9 %	6.1 %

Source: Bureau of Economic Analysis, U.S. Department of Commerce

<sup>1</sup>Prior years were updated based on more current information.

<sup>2</sup>Other personal income includes dividends, interest, rental income, residence adjustment, government transfers for individuals, and deductions for social insurance.

<sup>3</sup>The total direct rate for personal income is not available. The average effective rate equals personal income tax revenue divided by adjusted gross income.

	2019	2020	2021	2022	2023	2024
\$	16,192,419	\$ 19,232,309	\$ 16,471,966	\$ 18,234,034	\$ 18,019,745	\$ 21,781,364
	11,259,948	12,689,471	12,444,904	12,840,052	13,948,047	14,377,173
	3,427,607	2,838,847	2,645,644	3,290,871	3,188,003	3,281,445
	120,231,080	117,968,369	121,987,442	128,532,688	131,740,311	138,364,578
	161,840,234	171,293,684	183,662,517	184,853,928	189,260,453	191,610,641
	72,711,508	73,699,658	76,812,628	83,358,125	86,624,274	89,205,592
	92,151,049	93,759,221	103,418,355	105,612,087	109,166,261	111,882,753
	70,688,682	69,688,753	83,398,091	87,500,562	89,390,349	95,124,226
	229,810,102	252,425,088	297,624,275	277,698,908	285,903,926	308,879,138
	69,547,739	72,019,823	77,713,341	71,383,466	71,716,323	74,302,303
	680,198,035	679,729,084	763,711,842	810,533,046	845,595,844	899,371,414
	30,890,265	33,016,293	33,628,940	34,900,835	37,328,194	39,523,559
	15,560,927	16,624,100	17,932,558	17,813,959	18,641,999	20,015,917
	245,254,988	254,577,628	263,233,270	268,138,994	289,115,086	311,587,305
	679,511,487	857,804,363	913,293,468	859,767,063	931,555,069	1,005,753,211
	<b>\$ 2,499,276,070</b>	<b>\$ 2,727,366,691</b>	<b>\$ 2,967,979,241</b>	<b>\$ 2,964,458,618</b>	<b>\$ 3,121,193,884</b>	<b>\$ 3,325,060,619</b>

6.0 %

6.5 %

6.5 %

6.0 %

5.7 %

6.2 %

(continued)

## Schedule of Revenue Base (continued)

### For the Past Ten Calendar Years

(amounts in thousands)

	2015	2016	2017	2018
<b>Taxable Sales by Industry</b>				
Retail and Food Services:				
Motor vehicle and parts dealers .....	\$ 80,346,595	\$ 84,225,652	\$ 86,983,280	\$ 89,696,669
Furniture and home furnishings stores .....	12,169,888	12,790,041	13,035,340	13,578,685
Electronics and appliance stores .....	16,349,542	17,120,030	17,170,671	17,520,474
Building materials, garden equipment, and supplies .....	33,601,538	35,238,333	37,504,347	39,469,798
Food and beverage .....	27,134,034	27,678,056	28,799,044	29,697,424
Health and personal care stores .....	12,364,559	13,163,569	13,669,415	14,384,602
Gasoline stations .....	48,203,175	43,273,182	47,434,923	54,302,232
Clothing and clothing accessories stores .....	38,438,074	39,698,156	40,206,581	42,233,560
Sporting goods, hobby, book, and music stores .....	11,341,328	11,441,556	10,900,749	10,467,200
General merchandise stores .....	53,119,200	53,032,357	54,684,182	56,416,293
Miscellaneous store retailers .....	19,852,685	19,617,820	19,719,301	20,503,078
Nonstore retailers .....	9,531,606	11,717,407	13,599,808	15,663,789
Food services and drinking places .....	73,889,708	78,494,623	82,355,474	85,226,197
All other outlets .....	202,290,021	206,365,477	211,760,378	217,675,199
<b>Total taxable sales .....</b>	<b>\$ 638,631,953</b>	<b>\$ 653,856,259</b>	<b>\$ 677,823,493</b>	<b>\$ 706,835,200</b>
Direct sales tax rate <sup>1</sup> .....	6.50% <sup>2</sup>	6.50%	6.00%	6.00% <sup>3</sup>

Source: California Department of Tax and Fee Administration (CDTFA)

<sup>1</sup>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.

<sup>2</sup>Rate change was effective on January 1, 2013.

<sup>3</sup>Rate change was effective on January 1, 2017.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$	88,526,876	\$ 87,847,344	\$ 106,686,238	\$ 108,863,945	\$ 103,274,029	\$ 100,974,064
	13,427,029	13,626,241	16,375,319	16,004,779	14,101,249	13,544,401
	16,999,111	16,926,013	19,232,973	18,833,052	17,469,866	17,611,351
	40,313,948	45,966,216	50,775,894	51,775,096	49,231,753	48,583,641
	30,216,432	32,042,780	33,308,785	34,725,455	34,700,617	35,042,086
	15,160,891	15,622,747	17,397,455	17,653,263	17,179,020	16,209,504
	54,141,178	38,345,721	56,231,375	71,264,403	63,541,643	59,802,626
	43,130,842	32,500,749	47,599,716	49,393,086	48,703,455	49,169,939
	10,407,608	10,110,131	11,776,823	11,389,486	10,803,928	10,491,441
	58,066,003	57,003,022	66,201,633	69,575,648	67,343,669	67,482,859
	20,952,870	20,863,193	24,996,467	26,319,225	25,631,272	25,210,420
	20,276,518	53,383,005	60,520,452	64,329,865	69,166,754	71,839,172
	89,403,960	63,665,386	87,700,329	102,862,887	108,416,494	111,592,269
	231,733,635	218,853,973	263,908,719	308,785,176	306,331,191	302,727,188
<u>\$</u>	<u>732,756,901</u>	<u>\$ 706,756,521</u>	<u>\$ 862,712,178</u>	<u>\$ 951,775,366</u>	<u>\$ 935,894,940</u>	<u>\$ 930,280,961</u>
	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
						(concluded)

## Schedule of Revenue Payers by Income Level/Industry

For Calendar Years 2016 and 2024

### Personal Income Tax Filers and Liability by Income Level<sup>1</sup>

		2016			
		Number of Filers	Percent of Total	Tax Liability <sup>2</sup>	Percent of Total
Under	\$ 50,000	9,755,695	58.8 %	\$ 1,509,949	2.1 %
50,000	to 99,999	3,574,352	21.6	6,119,371	8.6
100,000	to 149,999	1,475,206	8.9	7,079,762	9.9
150,000	to 199,999	709,674	4.3	6,097,561	8.5
200,000	to 299,999	558,663	3.4	8,039,257	11.3
300,000	to 399,999	206,184	1.2	4,802,525	6.7
400,000	to 499,999	97,265	0.6	3,194,414	4.5
500,000	to 599,999	54,106	0.3	2,295,079	3.2
600,000	to 699,999	34,242	0.2	1,788,843	2.5
700,000	to 799,999	23,556	0.1	1,477,139	2.1
800,000	to 899,999	15,838	0.1	1,171,187	1.6
900,000	to 999,999	12,182	0.1	1,032,173	1.4
1,000,000	to 1,999,999	43,561	0.3	5,775,297	8.1
2,000,000	to 2,999,999	10,807	0.1	2,825,340	4.0
3,000,000	to 3,999,999	4,702	—	1,811,273	2.5
4,000,000	to 4,999,999	2,629	—	1,342,549	1.9
\$ 5,000,000	and over	7,479	—	15,036,922	21.1
<b>Total</b>		<b>16,586,141</b>	<b>100.0 %</b>	<b>\$ 71,398,641</b>	<b>100.0 %</b>

		2024			
		Number of Filers	Percent of Total	Tax Liability <sup>2</sup>	Percent of Total
Under	\$ 50,000	8,041,122	46.2 %	\$ 1,078,874	0.9 %
50,000	to 99,999	4,338,206	24.7	6,136,967	5.4
100,000	to 149,999	1,963,511	11.2	8,179,566	7.2
150,000	to 199,999	1,056,637	6.0	8,045,095	7.1
200,000	to 299,999	988,775	5.6	12,915,227	11.3
300,000	to 399,999	411,736	2.3	8,804,270	7.7
400,000	to 499,999	216,797	1.2	6,380,603	5.6
500,000	to 599,999	130,872	0.7	4,962,870	4.4
600,000	to 699,999	86,126	0.5	3,995,227	3.5
700,000	to 799,999	59,489	0.3	3,238,617	2.8
800,000	to 899,999	42,811	0.2	2,714,745	2.4
900,000	to 999,999	31,159	0.2	2,222,165	1.9
1,000,000	to 1,999,999	109,737	0.6	12,052,571	10.6
2,000,000	to 2,999,999	24,378	0.1	5,173,451	4.5
3,000,000	to 3,999,999	10,183	0.1	3,144,140	2.8
4,000,000	to 4,999,999	5,558	—	2,254,937	2.0
\$ 5,000,000	and over	15,634	0.1	22,666,997	19.9
<b>Total</b>		<b>17,532,731</b>	<b>100.0 %</b>	<b>\$ 113,966,322</b>	<b>100.0 %</b>

Source: California Franchise Tax Board

<sup>1</sup>For California resident tax returns. Calendar year 2024 is the most applicable recent year for which data is available.

<sup>2</sup>Amounts are in thousands.

For Calendar Years 2015 and 2024

Sales Tax Permits and Tax Liability by Industry

	2015			
	Number of Permits	Percent of Total	Tax Liability <sup>1</sup>	Percent of Total
Retail and Food Services:				
Motor vehicle and parts dealers .....	35,346	3.2 %	\$ 5,222,529	12.6 %
Furniture and home furnishings stores .....	20,830	1.9	791,043	1.9
Electronics and appliance stores .....	26,125	2.3	1,062,720	2.6
Building materials, garden equipment, and supplies .....	18,339	1.6	2,184,100	5.3
Food and beverage .....	35,072	3.1	1,763,712	4.2
Health and personal care stores .....	36,119	3.2	803,696	1.9
Gasoline stations .....	10,045	0.9	3,133,206	7.5
Clothing and clothing accessories stores .....	104,645	9.4	2,498,475	6.0
Sporting goods, hobby, book, and music stores .....	36,480	3.3	737,186	1.8
General merchandise stores .....	26,535	2.4	3,452,748	8.3
Miscellaneous store retailers .....	188,910	16.9	1,290,425	3.1
Nonstore retailers .....	51,907	4.7	619,554	1.5
Food services and drinking places .....	108,961	9.8	4,802,831	11.6
All other outlets .....	415,252	37.3	13,148,851	31.7
<b>Total .....</b>	<b>1,114,566</b>	<b>100.0 %</b>	<b>\$ 41,511,076</b>	<b>100.0 %</b>
	<b>2024</b>			
	Number of Permits	Percent of Total	Tax Liability <sup>1</sup>	Percent of Total
Retail and Food Services:				
Motor vehicle and parts dealers .....	34,665	2.6 %	\$ 6,058,444	10.9 %
Furniture and home furnishings stores .....	16,381	1.2	812,664	1.5
Electronics and appliance stores .....	17,522	1.3	1,056,681	1.9
Building materials, garden equipment, and supplies .....	15,582	1.2	2,915,018	5.2
Food and beverage .....	39,197	2.9	2,102,525	3.8
Health and personal care stores .....	44,166	3.3	972,570	1.7
Gasoline stations .....	9,540	0.7	3,588,158	6.4
Clothing and clothing accessories stores .....	115,969	8.7	2,950,196	5.3
Sporting goods, hobby, book, and music stores .....	32,885	2.5	629,486	1.1
General merchandise stores .....	37,243	2.8	4,048,972	7.3
Miscellaneous store retailers .....	170,758	12.8	1,512,625	2.7
Nonstore retailers .....	70,429	5.3	4,310,350	7.7
Food services and drinking places .....	135,653	10.2	6,695,536	12.0
All other outlets .....	590,111	44.5	18,163,631	32.5
<b>Total .....</b>	<b>1,330,101</b>	<b>100.0 %</b>	<b>\$ 55,816,856</b>	<b>100.0 %</b>

Source: California Department of Tax and Fee Administration (CDTFA)

<sup>1</sup>Calculated by multiplying the taxable sales by industry shown on pages 322 and 323 by the direct sales tax rate. Amounts are in thousands.

## Schedule of Personal Income Tax Rates

For Calendar Years 2015-2024

Married Filing Jointly and Surviving Spouse				
Tax Rate <sup>1</sup>	2015	2016	2017	2018
	Income Level	Income Level	Income Level	Income Level
1.0	Up to \$15,700	Up to \$16,030	Up to \$16,446	Up to \$17,088
2.0	15,701 – 37,220	16,031 – 38,002	16,447 – 38,990	17,089 – 40,510
4.0	37,221 – 58,744	38,003 – 59,978	38,991 – 61,538	40,511 – 63,938
6.0	58,745 – 81,546	59,979 – 83,258	61,539 – 85,422	63,939 – 88,754
8.0	81,547 – 103,060	83,259 – 105,224	85,423 – 107,960	88,755 – 112,170
9.3	103,061 – 526,444	105,225 – 537,500	107,961 – 551,476	112,171 – 572,984
10.3	526,445 – 631,732	537,501 – 644,998	551,477 – 661,768	572,985 – 687,576
11.3	631,733 – 1,000,000	644,999 – 1,000,000	661,769 – 1,000,000	687,577 – 1,000,000
12.3	1,000,001 – 1,052,886	1,000,001 – 1,074,996	1,000,001 – 1,102,946	1,000,001 – 1,145,960
13.3	\$1,052,887 and over	\$1,074,997 and over	\$1,102,947 and over	\$1,145,961 and over

Single and Married Filing Separately				
Tax Rate <sup>1</sup>	2015	2016	2017	2018
	Income Level	Income Level	Income Level	Income Level
1.0	Up to \$7,850	Up to \$8,015	Up to \$8,223	Up to \$8,544
2.0	7,851 – 18,610	8,016 – 19,001	8,224 – 19,495	8,545 – 20,255
4.0	18,611 – 29,372	19,002 – 29,989	19,496 – 30,769	20,256 – 31,969
6.0	29,373 – 40,773	29,990 – 41,629	30,770 – 42,711	31,970 – 44,377
8.0	40,774 – 51,530	41,630 – 52,612	42,712 – 53,980	44,378 – 56,085
9.3	51,531 – 263,222	52,613 – 268,750	53,981 – 275,738	56,086 – 286,492
10.3	263,223 – 315,866	268,751 – 322,499	275,739 – 330,884	286,493 – 343,788
11.3	315,867 – 526,443	322,500 – 537,498	330,885 – 551,473	343,789 – 572,980
12.3	526,444 – 1,000,000	537,499 – 1,000,000	551,474 – 1,000,000	572,981 – 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				
Tax Rate <sup>1</sup>	2015	2016	2017	2018
	Income Level	Income Level	Income Level	Income Level
1.0	Up to \$15,710	Up to \$16,040	Up to \$16,457	Up to \$16,457
2.0	15,711 – 37,221	16,041 – 38,003	16,458 – 38,991	16,458 – 38,991
4.0	37,222 – 47,982	38,004 – 48,990	38,992 – 50,264	38,992 – 50,264
6.0	47,983 – 59,383	48,991 – 60,630	50,265 – 62,206	50,265 – 62,206
8.0	59,384 – 70,142	60,631 – 71,615	62,207 – 73,477	62,207 – 73,477
9.3	70,143 – 357,981	71,616 – 365,499	73,478 – 375,002	73,478 – 375,002
10.3	357,982 – 429,578	365,500 – 438,599	375,003 – 450,003	375,003 – 450,003
11.3	429,579 – 715,962	438,600 – 730,997	450,004 – 750,003	450,004 – 750,003
12.3	715,963 – 1,000,000	730,998 – 1,000,000	750,004 – 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)

<sup>1</sup>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)

	2015	2016	2017	2018
Personal income tax revenue <sup>1</sup> .....	\$ 76,879,115	\$ 78,510,777	\$ 84,253,851	\$ 92,808,996
Adjusted gross income <sup>2</sup> .....	\$ 1,265,341,200	\$ 1,318,362,700	\$ 1,430,332,000	\$ 1,531,670,000
Average effective rate <sup>3</sup> .....	6.1 %	6.0 %	5.9 %	6.1 %

<sup>1</sup>Personal income tax revenue is reported on a fiscal year basis.

<sup>2</sup>Source: California Franchise Tax Board. Fiscal year 2024 information reflects returns processed as of December 2025.

<sup>3</sup>The average effective rate equals personal income tax revenue divided by adjusted gross income.

**Married Filing Jointly and Surviving Spouse**

2019	2020	2021	2022	2023	2024
Income Level	Income Level	Income Level	Income Level	Income Level	Income Level
Up to \$17,618	Up to \$17,864	Up to \$18,650	Up to \$20,198	Up to \$20,824	Up to \$21,512
17,619 – 41,766	17,865 – 42,350	18,651 – 44,214	20,199 – 47,884	20,825 – 49,368	21,513 – 50,998
41,767 – 65,920	42,351 – 66,842	44,215 – 69,784	47,885 – 75,576	49,369 – 77,918	50,999 – 80,490
65,921 – 91,506	66,843 – 92,788	69,785 – 96,870	75,577 – 104,910	77,919 – 108,162	80,491 – 111,732
91,507 – 115,648	92,789 – 117,268	96,871 – 122,428	104,911 – 132,590	108,163 – 136,700	111,733 – 141,212
115,649 – 590,746	117,269 – 599,016	122,429 – 625,372	132,591 – 677,278	136,701 – 698,274	141,213 – 721,318
590,747 – 708,890	599,017 – 718,814	625,373 – 750,442	677,279 – 812,728	698,275 – 837,922	721,319 – 865,574
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	865,575 – 1,000,000
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	1,000,001 – 1,442,628
\$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	1,442,629 and over

**Single and Married Filing Separately**

2019	2020	2021	2022	2023	2024
Income Level	Income Level	Income Level	Income Level	Income Level	Income Level
Up to \$8,809	Up to \$8,932	Up to \$9,325	Up to \$10,099	Up to \$10,412	Up to \$10,756
8,810 – 20,883	8,933 – 21,175	9,326 – 22,107	10,099 – 23,942	10,413 – 24,684	10,757 – 25,499
20,884 – 32,960	21,176 – 33,421	22,108 – 34,892	23,943 – 37,788	24,685 – 38,959	25,500 – 40,245
32,961 – 45,753	33,422 – 46,394	34,893 – 48,435	37,789 – 52,455	38,960 – 54,081	40,246 – 55,866
45,754 – 57,824	46,395 – 58,634	48,436 – 61,214	52,456 – 66,295	54,082 – 68,350	55,867 – 70,606
57,825 – 295,373	58,635 – 295,508	61,215 – 312,686	66,296 – 338,639	68,351 – 349,137	70,607 – 360,659
295,374 – 354,445	295,509 – 359,407	312,687 – 375,221	338,640 – 406,364	349,138 – 418,961	360,660 – 432,787
354,446 – 590,742	359,408 – 599,012	375,222 – 625,369	406,365 – 677,275	418,962 – 698,271	432,788 – 721,314
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	721,315 – 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**

2019	2020	2021	2022	2023	2024
Income Level	Income Level	Income Level	Income Level	Income Level	Income Level
Up to \$17,629	Up to \$17,876	Up to \$18,663	Up to \$20,212	Up to \$20,839	Up to \$21,527
17,630 – 41,768	17,877 – 42,353	18,664 – 44,217	20,213 – 47,887	20,840 – 49,371	21,528 – 51,000
41,769 – 53,843	42,354 – 54,597	44,218 – 56,999	47,888 – 61,730	49,372 – 63,765	51,001 – 65,744
53,844 – 66,636	54,598 – 67,569	57,000 – 70,542	61,731 – 76,397	63,765 – 78,765	65,745 – 81,364
66,637 – 78,710	67,570 – 79,812	70,543 – 83,324	76,398 – 90,240	78,766 – 93,037	81,365 – 96,107
78,711 – 401,705	79,813 – 407,329	83,325 – 425,251	90,241 – 460,547	93,038 – 474,824	96,108 – 490,493
401,706 – 482,047	407,330 – 488,796	425,252 – 510,303	460,548 – 552,658	474,825 – 569,790	490,494 – 588,593
482,048 – 803,410	488,797 – 814,658	510,304 – 850,503	552,659 – 921,095	569,791 – 949,649	588,594 – 980,987
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	980,988 – 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

2019	2020	2021	2022	2023	2024
\$ 95,026,913	\$ 110,352,220	\$ 129,514,535	\$ 112,736,701	\$ 109,539,318	\$ 132,909,772
\$ 1,596,322,000	\$ 1,693,751,000	\$ 1,991,347,000	\$ 1,883,047,000	\$ 1,912,092,000	\$ 2,141,281,000
6.0 %	6.5 %	6.5 %	6.0 %	5.7 %	6.2 %

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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)

	2016	2017	2018	2019
<b>Governmental activities</b>				
General obligation bonds <sup>1</sup> .....	\$ 79,043,295	\$ 79,503,871	\$ 79,663,028	\$ 78,772,850
Revenue bonds .....	17,210,499	16,879,900	16,364,255	15,711,660
Certificates of participation and commercial paper <sup>2</sup> .....	771,215	1,158,080	859,695	1,032,760
Capital lease obligations <sup>5</sup> .....	370,182	416,468	481,261	434,876
Lease Liability .....	—	—	—	—
Subscription Liability .....	—	—	—	—
<b>Total governmental activities</b> .....	<b>97,395,191</b>	<b>97,958,319</b>	<b>97,368,239</b>	<b>95,952,146</b>
<b>Business-type activities</b>				
General obligation bonds <sup>1</sup> .....	794,369	703,754	694,100	850,762
Revenue bonds .....	13,928,374	14,955,858	14,319,372	14,521,460
Commercial paper .....	47,416	147,765	749,877	799,643
Capital lease obligations <sup>5</sup> .....	389,385	353,453	309,928	315,322
Lease Liability .....	—	—	—	—
Subscription Liability .....	—	—	—	—
<b>Total business-type activities</b> .....	<b>15,159,544</b>	<b>16,160,830</b>	<b>16,073,277</b>	<b>16,487,187</b>
<b>Total primary government</b> .....	<b>\$ 112,554,735</b>	<b>\$ 114,119,149</b>	<b>\$ 113,441,516</b>	<b>\$ 112,439,333</b>
Debt as a percentage of personal income <sup>3</sup> .....	5.4 %	5.2 %	4.9 %	4.7 %
Amount of debt per capita <sup>4</sup> .....	\$ 2,889	\$ 2,909	\$ 2,877	\$ 2,844

Note: Details regarding the State's outstanding debt can be found in Notes 10, 13, 14, 16, and 17 of the financial statements.

<sup>1</sup>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.

<sup>2</sup>All certificates of participation were retired in fiscal year 2016.

<sup>4</sup>Prior to fiscal year 2014, governmental activities reported a capital lease obligation to the Public Buildings Construction Fund. In fiscal year 2014, the fund was reclassified from an enterprise fund to an internal service fund and the governmental activities' obligation and the fund's net investment in direct financing leases were netted against each other within governmental activities.

<sup>3</sup>Ratio calculated using personal income data shown on pages 340 and 341 for the prior calendar year.

<sup>4</sup>Amount calculated using population data shown on pages 340 and 341 for the prior calendar year.

<sup>5</sup>Due to implementation of GASB 87, capital lease obligations are no longer reported.

2020	2021	2022	2023	2024	2025
\$ 78,883,746	\$ 78,481,408	\$ 77,346,130	\$ 78,693,097	\$ 79,487,028	\$ 79,337,021
15,905,264	15,998,239	17,157,391	16,097,912	16,579,772	16,661,896
1,108,720	1,176,235	1,448,725	1,327,110	1,031,170	1,010,795
393,089	359,812	—	—	—	—
—	—	2,659,291	2,513,875	2,925,099	2,650,957
—	—	160,866	136,463	126,804	149,319
<b>96,290,819</b>	<b>96,015,694</b>	<b>98,772,403</b>	<b>98,768,457</b>	<b>100,149,873</b>	<b>99,809,988</b>
788,052	598,384	536,352	675,362	645,984	909,432
14,277,362	14,806,645	14,421,501	14,605,513	15,165,379	15,650,302
1,049,226	401,219	323,313	401,804	656,727	638,674
357,072	336,081	—	—	—	—
—	—	332,851	358,448	525,824	561,923
—	—	95,145	66,804	55,436	103,166
<b>16,471,712</b>	<b>16,142,329</b>	<b>15,709,162</b>	<b>16,107,931</b>	<b>17,049,350</b>	<b>17,863,497</b>
<b>\$ 112,762,531</b>	<b>\$ 112,158,023</b>	<b>\$ 114,481,565</b>	<b>\$ 114,876,388</b>	<b>\$ 117,199,223</b>	<b>\$ 117,673,485</b>
4.4 %	4.1 %	3.8 %	3.8 %	3.7 %	3.5 %
\$ 2,851	\$ 2,839	\$ 2,925	\$ 2,942	\$ 2,990	\$ 2,984

## Schedule of Ratios of General Bonded Debt Outstanding

**For the Past Ten Fiscal Years**

(amounts in thousands, except per capita)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Net general bonded debt</b>				
General obligation bonds <sup>1</sup> .....	\$ 79,837,664	\$ 79,503,871	\$ 80,357,128	\$ 79,623,612
Economic Recovery bonds .....	—	—	—	—
Less: restricted debt service fund .....	—	—	—	—
Net Economic Recovery bonds <sup>2</sup> .....	—	—	—	—
<b>Net general bonded debt</b> .....	<b><u>\$ 79,837,664</u></b>	<b><u>\$ 79,503,871</u></b>	<b><u>\$ 80,357,128</u></b>	<b><u>\$ 79,623,612</u></b>
Net general bonded debt as a percentage of personal income <sup>3</sup> .....	3.8 %	3.6 %	3.5 %	3.3 %
Amount of net general bonded debt per capita <sup>4</sup> .....	\$ 2,049	\$ 2,027	\$ 2,038	\$ 2,014

Note: Details regarding the State's general bonded debt outstanding can be found in Note 16 of the financial statements

<sup>1</sup>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.

<sup>2</sup>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.

<sup>3</sup>Ratio calculated using personal income data shown on pages 341 and 342 for the prior calendar year.

<sup>4</sup>Amount calculated using population data shown on pages 341 and 342 for the prior calendar year.

2020	2021	2022	2023	2024	2025
\$ 79,671,798	\$ 79,079,792	\$ 77,882,481	\$ 79,368,459	\$ 80,133,012	\$ 80,246,453
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<b>\$ 79,671,798</b>	<b>\$ 79,079,792</b>	<b>\$ 77,882,481</b>	<b>\$ 79,368,459</b>	<b>\$ 80,133,012</b>	<b>\$ 80,246,453</b>
3.1 %	2.9 %	2.6 %	2.6 %	2.5 %	2.4 %
\$ 2,015	\$ 2,002	\$ 1,990	\$ 2,033	\$ 2,044	\$ 2,035

## Schedule of General Obligation Bonds Outstanding

June 30, 2025

(amounts in thousands)

### Governmental activity

Behavioral Health Infrastructure .....	\$ 300,000
California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection .....	1,472,460
California Drought, Water, Parks, Climate, Coastal Protection, and Out Door Access For All .....	1,714,325
California Library Construction and Renovation .....	182,975
California Park and Recreational Facilities .....	910
California Safe Drinking Water .....	10,935
California Stem Cell Research, Treatments, and Cures .....	1,961,875
California Wildlife, Coastal, and Park Land Conservation .....	12,530
Children's Hospital .....	1,575,960
Class-Size Reduction Public Education Facilities .....	2,531,240
Clean Air and Transportation Improvement .....	174,440
Clean Water and Water Conservation .....	485
Clean Water and Water Reclamation .....	2,385
County Correctional Facility Capital Expenditure and Youth Facility .....	4,420
Disaster Preparedness and Flood Prevention .....	2,702,250
Earthquake Safety and Public Buildings Rehabilitation .....	1,475
Fish and Wildlife Habitat Enhancement .....	1,700
Higher Education Facilities .....	39,830
Highway Safety, Traffic Reduction, Air Quality, and Port Security .....	12,341,970
Housing and Emergency Shelter .....	847,110
Kindergarten-University Public Education Facilities .....	27,127,200
New Prison Construction .....	2,740
Public Education Facilities .....	399,860
Safe, Clean, Reliable Water Supply .....	265,225
Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection .....	816,415
Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection .....	3,135,775
Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection .....	815,245
Safe, Reliable High-Speed Passenger Train .....	5,878,270
School Building and Earthquake .....	1,330
School Facilities .....	50,425
Seismic Retrofit .....	473,565
State, Urban, and Coastal Park .....	405
Veterans and Affordable Housing .....	1,464,710
Veterans Homes .....	29,455
Veterans Housing and Homeless Prevention .....	279,540
Voting Modernization .....	22,375
Water Conservation .....	3,810
Water Conservation and Water Quality .....	4,655
Water Quality, Supply, and Infrastructure Improvement .....	3,322,135
Water Security, Clean Drinking Water, Coastal and Beach Protection .....	1,899,760
<b>Total governmental activity .....</b>	<b><u>71,872,170</u></b>
<b>Business-type activity</b>	
Veterans' Farm and Home Purchase .....	899,060
<b>Total business-type activity .....</b>	<b><u>899,060</u></b>
<b>Total outstanding general obligation bonds .....</b>	<b>72,771,230</b>
Unamortized bond premiums/discounts .....	7,475,223 *
<b>Total general obligation bonds payable .....</b>	<b><u>\$ 80,246,453</u></b>

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 <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>3</sup>			
					Principal	Interest	Total	Coverage
Housing Loans	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
	2025	76,974	21,759	55,215	36,140	14,351	50,491	1.09
Water Resources	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	80,051	297,198	2.10
	2024	1,657,882	933,401	724,481	222,140	121,751	343,891	2.11
	2025	1,581,506	927,004	654,502	237,409	75,644	313,053	2.09
Water Pollution Control	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	95,602	9,114	86,488	94,250	50,123	144,373	0.60
	2025	104,306	14,051	90,255	96,645	53,389	150,034	0.60

(continued)

Source: California State Controller's Office

<sup>1</sup> 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.

<sup>2</sup> Total operating expenses are exclusive of depreciation, interest expense, and amortization (recovery) of long-term prepaid charges and refunding gains/losses.

<sup>3</sup> Debt service requirements include principal and interest of revenue bonds.

<sup>4</sup> All revenue bonds have been redeemed.

<sup>5</sup> 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.

<sup>6</sup> 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 (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	June 30	Gross Revenue <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>3</sup>			
					Principal	Interest	Total	Coverage
Electric Power	2016	\$ 728,000	\$ (182,000)	\$ 910,000	\$ 618,000	\$ 268,000	\$ 886,000	1.03
	2017	945,000	(29,000)	974,000	669,000	253,000	922,000	1.06
	2018	952,000	—	952,000	690,000	215,000	905,000	1.05
	2019	923,000	(5,000)	928,000	719,000	175,000	894,000	1.04
	2020	925,000	(11,000)	936,000	753,000	139,000	892,000	1.05
	2021	299,000	(7,000)	306,000	970,000	109,000	1,079,000	0.28
	2022	311,000	(140,000)	451,000	735,000	48,000	783,000	0.58
	2023	1,000	(1)	1,001	—	—	—	—
	2024	1,000	(1)	1,001	—	1,001	1,001	1.00
	2025	1,000	(399)	1,399	—	1,000	1,000	1.40
Public Buildings Construction	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
	2025	377,542	7,735	369,807	1,432,590	376,555	1,809,145	0.20
California State University	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	10,873,915	(3,653,103)	811,184	375,411	1,186,595	(3.08)
	2025	7,939,792	11,837,970	(3,898,178)	968,242	419,731	1,387,973	(2.81)

(continued)

## Schedule of Pledged Revenue Coverage (continued)

For the Past Ten Fiscal Years

(amounts in thousands)

	June 30	Gross Revenue <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>3</sup>			Coverage
					Principal	Interest	Total	
Building Authorities <sup>6</sup>	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	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
	2025	369,980	655	369,325	237,495	139,552	377,047	0.98
Grant Anticipation Revenue Vehicles <sup>4,5</sup>	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

	2015	2016	2017	2018
<b>Population (in thousands)<sup>1</sup></b>				
California .....	38,966	39,223	39,424	39,536
% Change .....	0.9 %	0.7 %	0.5 %	0.3 %
United States .....	321,829	324,368	326,623	328,542
% Change .....	0.8 %	0.8 %	0.7 %	0.6 %
<b>Total personal income (in millions)<sup>1</sup></b>				
California .....	\$ 2,097,050	\$ 2,191,138	\$ 2,295,049	\$ 2,411,055
% Change .....	6.2 %	4.5 %	4.7 %	5.1 %
United States .....	\$ 15,467,113	\$ 15,884,741	\$ 16,658,962	\$ 17,514,402
% Change .....	5.1 %	2.7 %	4.9 %	5.1 %
<b>Per capita personal income<sup>1,2</sup></b>				
California .....	\$ 53,817	\$ 55,863	\$ 58,214	\$ 60,984
% Change .....	5.3 %	3.8 %	4.2 %	4.8 %
United States .....	\$ 48,060	\$ 48,971	\$ 51,004	\$ 53,309
% Change .....	4.2 %	1.9 %	4.2 %	4.5 %
<b>Labor force and employment (in thousands)</b>				
California				
Civilian labor force .....	18,996	19,099	19,319	19,534
Employed .....	17,894	18,141	18,515	18,740
Unemployed .....	1,102	957	804	794
Unemployment rate .....	5.8 %	5.0 %	4.2 %	4.1 %
United States unemployment rate .....	5.3 %	4.9 %	4.3 %	3.9 %

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: April 27, 2026 - new statistics for 2025; revised statistics for 2020-2024

<sup>1</sup> Some prior years were updated based on more current information.

<sup>2</sup> Calculated by dividing total personal income by population.

2019	2020	2021	2022	2023	2024
39,548	39,502	39,143	39,041	39,199	39,431
— %	(0.1)	(0.9)%	(0.3)%	0.4 %	0.6 %
330,233	331,527	332,049	333,271	336,807	340,111
0.5 %	0.4 %	0.2 %	0.4 %	1.1 %	1.0 %
\$ 2,537,951	\$ 2,767,521	\$ 3,013,677	\$ 3,006,647	\$ 3,166,135	\$ 3,400,237
5.3 %	9.0 %	8.9 %	(0.2)%	5.3 %	7.4 %
\$ 18,343,601	\$ 19,609,985	\$ 21,392,812	\$ 21,820,248	\$ 23,380,269	\$ 24,897,613
4.7 %	6.9 %	9.1 %	2.0 %	7.1 %	6.5 %
\$ 64,174	\$ 70,061	\$ 76,991	\$ 77,013	\$ 80,771	\$ 86,232
5.2 %	9.2 %	9.9 %	— %	4.9	6.8 %
\$ 55,547	\$ 59,150	\$ 64,427	\$ 65,473	\$ 69,418	\$ 73,204
4.2 %	6.5 %	8.9 %	1.6 %	6.0 %	5.5 %
18,743	18,920	19,234	19,240	19,510	19,771
16,104	17,367	18,445	18,325	18,577	18,741
2,640	1,553	789	914	933	1,030
14.1 %	8.2 %	4.1 %	4.8 %	4.8 %	5.2 %
3.7 %	8.1 %	5.3 %	3.6 %	3.6 %	4.0 %

## Schedule of Employment by Industry

For Calendar Years 2015 and 2024

Industry	2015		2024	
	Employees	Percent of Total State Employment	Employees	Percent of Total State Employment
Services .....	7,353,300	44.5 %	8,694,300	47.4 %
Government				
Federal .....	185,200	1.1	193,000	1.0
Military .....	59,100	0.4	61,600	0.3
State and Local .....	2,218,600	13.5	2,429,600	13.2
Retail trade .....	1,648,300	10.0	1,585,500	8.6
Manufacturing .....	1,281,700	7.8	1,249,800	6.8
Information, finance, and insurance .....	1,022,700	6.2	1,031,600	5.6
Construction and utilities .....	790,800	4.8	981,000	5.3
Wholesale trade .....	691,100	4.2	657,800	3.6
Transportation and warehousing .....	502,000	3.0	767,700	4.2
Farming .....	422,800	2.6	409,100	2.2
Real estate .....	272,300	1.7	307,400	1.7
Natural resources and mining .....	26,600	0.2	19,000	0.1
<b>Total .....</b>	<b>16,474,500</b>	<b>100.0 %</b>	<b>18,387,400</b>	<b>100.0 %</b>

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	Natural Resources and Environmental Protection	State and Consumer Services	Business, Transportation, and Housing	Corrections and Rehabilitation	Total
2015	45,383	139,958	44,589	24,996	5,552	39,636	60,745	360,859

Fiscal Year	General Government	Education	Health and Human Services	Natural Resources and Environmental Protection	Business, Consumer Services, and Housing	Transportation	Corrections and Rehabilitation	Total
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	425,361
2025	53,974	181,644	51,308	35,969	60,658	8,046	43,076	434,675

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.

<sup>1</sup>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

	2016	2017	2018	2019
<b>General Government</b>				
<b>State Lottery</b>				
Total revenue <sup>1</sup> .....	\$ 6,276	\$ 6,233	\$ 6,966	\$ 7,388
Allocation to Education Fund <sup>1</sup> .....	\$ 1,563	\$ 1,499	\$ 1,665	\$ 1,825
<b>Judicial Council of California</b>				
<b>Supreme Court <sup>2,9</sup></b>				
Cases filed .....	8,090	7,325	6,825	6,896
Cases disposed .....	7,953	6,993	6,726	7,048
<b>Courts of Appeal <sup>9</sup></b>				
<b>Notices of appeal filed <sup>3</sup></b>				
Civil .....	5,935	5,975	6,002	5,697
Criminal .....	6,714	5,593	5,221	5,577
Juvenile .....	3,025	3,029	3,068	3,332
<b>Trial Courts <sup>9</sup></b>				
<b>Total civil cases <sup>4</sup></b>				
Filings .....	1,148,205	1,198,076	1,235,568	1,289,017
Dispositions .....	1,031,105	1,039,092	985,039	1,110,908
<b>Department of Food and Agriculture</b>				
Milk production (million lbs.) <sup>5,9</sup> .....	40,469	39,798	40,404	40,595
Farm land (thousand acres) <sup>5</sup> .....	24,800	24,500	24,300	24,300
<b>Education</b>				
<b>Public Colleges and Universities</b>				
<b>Fall enrollment <sup>9</sup></b>				
Community Colleges .....	1,674,798	1,681,195	1,681,514	1,659,399
California State University .....	478,638	484,297	481,210	481,929
University of California .....	270,112	278,996	286,271	285,216
<b>K-12 Schools</b>				
<b>Fall enrollment <sup>9</sup></b>				
Public .....	6,226,737	6,228,235	6,220,413	6,186,278
Private .....	500,543	490,966	488,854	495,693

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.

<sup>1</sup> Dollars in millions.

<sup>2</sup> Includes death penalty cases, habeas corpus related to automatic appeals, petitions for review, original proceedings, and State Bar matters.

<sup>3</sup> Includes only one notice of appeal per case.

<sup>4</sup> Includes personal injury, property damage, wrongful death, small claims, family law, probate, and other cases.

<sup>5</sup> Data based on calendar year.

<sup>6</sup> Total nonfarm and farm.

<sup>7</sup> Data compiled from a 10% sample of California licensed drivers.

<sup>8</sup> 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.

<sup>9</sup> Some prior years were updated based on more current information.

<sup>10</sup> The amount for fiscal year 2025 is projected.

N/A = Not Available

2020		2021		2022		2023		2024		2025	
\$	6,622	\$	8,418	\$	8,853	\$	9,239	\$	9,275	\$	8,933
\$	1,437	\$	1,863	\$	2,020	\$	2,257	\$	2,221	\$	1,887
	6,485		6,542		5,680		5,490		4,944		5,991
	6,354		6,314		5,776		5,764		4,825		5,605
	5,144		4,769		5,390		5,904		6,316		6,524
	6,286		4,546		4,321		6,665		7,952		6,515
	2,818		3,223		3,916		3,689		3,504		3,249
	1,112,225		989,249		1,019,879		1,114,331		886,644		1,414,605
	996,977		572,540		602,481		605,058		619,621		982,614
	41,311		41,861		41,800		40,902		40,283		40,950
	24,300		24,300		24,200		23,800		23,700		40,288
	1,459,960		1,355,658		1,386,854		1,517,943		1,315,733		271,215
	485,550		477,466		457,992		454,640		461,612		471,451
	285,862		294,662		294,309		295,573		299,407		301,093
	6,163,001		6,002,523		5,852,544		5,837,690		5,837,700		5,806,221
	488,984		471,653		498,486		516,571		501,650		494,464

(continued)

## Schedule of Operating Indicators by Function (continued)

For the Past Ten Fiscal Years

	2016	2017	2018	2019
<b>Health and Human Services</b>				
<b>Department of Public Health</b>				
Vital statistics				
Live births <sup>5,10</sup>	488,925	471,806	454,244	446,548
<b>Department of Social Services</b>				
Calfresh programs households (avg. per month)	2,130,583	2,032,818	1,979,526	1,782,500
<b>Employment Development Department</b>				
Number of employed <sup>5,6,9</sup>	16,905,700	17,249,500	17,593,600	17,583,000
<b>Resources</b>				
<b>Department of Fish and Wildlife</b>				
Sport fishing licenses sold <sup>5,9</sup>	2,508,490	2,502,863	2,498,077	2,371,800
Hunting licenses sold <sup>5,9</sup>	2,143,146	2,143,026	2,113,888	2,043,323
<b>California Energy Commission</b>				
Electrical energy generation plus net imports (gigawatt hours)	290,797	292,115	285,884	278,177
<b>Business, Consumer Services, and Housing</b>				
<b>Franchise Tax Board</b>				
Personal Income Tax <sup>9</sup>				
Number of tax returns filed	16,586,622	16,888,470	17,101,753	17,530,141
Taxable income <sup>1</sup>	\$ 1,159,688	\$ 1,259,819	\$ 1,357,636	\$ 1,412,083
Total tax liability <sup>1</sup>	\$ 71,558	\$ 79,999	\$ 87,168	\$ 90,071
Corporation Tax <sup>5,9</sup>				
Number of tax returns filed	900,358	936,211	974,652	1,003,389
Income reported for taxation <sup>1</sup>	\$ 129,452	\$ 127,290	\$ 172,954	\$ 191,621
Total tax liability <sup>1</sup>	\$ 9,276	\$ 8,822	\$ 11,625	\$ 13,861
<b>Transportation</b>				
<b>California Highway Patrol</b>				
Total number of DUI arrests <sup>5</sup>	63,210	58,894	59,708	66,059
<b>Department of Motor Vehicles</b>				
Motor vehicle registration <sup>5,9</sup>	34,721,195	35,391,347	35,707,821	36,423,657
License issued by age <sup>5,7,9</sup>				
Under age 18	225,569	219,572	213,402	215,084
Between 18-80	25,639,270	26,078,773	26,275,559	26,439,138
Over age 80	619,807	659,530	647,831	650,998
<b>Department of Transportation</b>				
Highway center-line miles – rural <sup>5,8,9</sup>	10,259	10,259	10,259	10,511
Highway center-line miles – urban <sup>5,8,9</sup>	4,833	4,833	4,833	4,547
<b>Correctional Programs</b>				
<b>Department of Corrections and Rehabilitation</b>				
Division of Adult Institutions				
Institution population at December 31 each year	129,415	130,263	127,709	124,027
Division of Juvenile Justice				
Institution population at June 30 each year	690	638	629	720

2020	2021	2022	2023	2024	2025
448,758	436,883	437,326	435,328	401,222	394,082
2,249,323	2,446,529	2,618,623	2,963,047	2,549,135	2,549,135
16,593,800	17,162,300	18,089,000	18,231,700	N/A	N/A
2,780,352	2,713,545	2,430,559	2,477,182	2,230,443	2,186,907
2,404,425	2,387,932	2,066,134	2,129,959	1,867,070	1,686,636
274,254	281,001	288,010	N/A	N/A	N/A
18,381,491	17,978,845	17,475,057	N/A	N/A	N/A
\$ 1,519,003	\$ 1,842,709	\$ 1,690,307	N/A	N/A	N/A
\$ 103,753	\$ 125,851	\$ 97,583	N/A	N/A	N/A
1,048,599	1,063,592	1,109,201	N/A	N/A	N/A
\$ 168,413	\$ 264,189	\$ 255,955	N/A	N/A	N/A
\$ 15,174	\$ 27,754	\$ 26,430	N/A	N/A	N/A
55,692	60,271	57,244	58,764	N/A	N/A
35,820,417	36,229,205	35,656,590	35,727,841	35,983,261	36,190,654
182,187	205,668	207,465	208,109	N/A	N/A
26,063,084	26,560,379	26,763,045	26,802,930	N/A	N/A
624,254	696,062	750,908	754,339	N/A	N/A
10,458	10,430	N/A	N/A	N/A	N/A
4,564	4,597	N/A	N/A	N/A	N/A
95,432	99,729	91,385	94,188	91,358	90,592
782	677	558	N/A	N/A	N/A (concluded)

## Schedule of Capital Asset Statistics by Function

For the Past Ten Fiscal Years

	2016	2017	2018	2019
<b>General Government</b>				
<b>Department of Food and Agriculture</b>				
Vehicles and mobile equipment .....	752	677	823	633
Square footage of structures (in thousands) .....	455	462	384	384
<b>Department of Justice</b>				
Vehicles and mobile equipment .....	484	511	509	495
<b>Department of Military</b>				
Vehicles and mobile equipment .....	217	218	261	221
Square footage of structures (in thousands) .....	3,965	3,954	3,770	3,268
<b>Department of Veterans Affairs</b>				
Veterans homes .....	8	8	8	8
Vehicles and mobile equipment .....	235	280	292	247
Square footage of structures (in thousands) .....	2,541	2,552	2,552	2,536
<b>Education</b>				
<b>California State University</b>				
Vehicles and mobile equipment .....	4,945	4,838	5,216	5,246
Campuses .....	23	23	23	23
Square footage of structures (in thousands) .....	75,292	75,786	76,227	76,969
<b>Health and Human Services</b>				
<b>Department of Developmental Services</b>				
Vehicles and mobile equipment .....	640	559	616	600
Developmental centers .....	3	3	3	2
Square footage of structures (in thousands) .....	3,664	3,664	3,595	3,578
<b>Department of State Hospitals</b>				
Vehicles and mobile equipment .....	678	674	728	820
State hospitals .....	8	5	5	5
Square footage of structures (in thousands) .....	6,445	5,944	5,944	6,425

Source: California Department of General Services (DGS).

Note: This schedule presents data available as of June 30, 2025.

2020	2021	2022	2023	2024	2025
780	752	672	672	639	625
384	394	394	394	394	396
485	549	536	536	503	548
241	212	212	212	222	218
3,254	3,253	3,217	3,191	3,168	3,155
8	8	8	8	8	8
276	279	278	278	282	283
2,541	2,541	2,541	2,524	2,524	2,524
5,397	5,447	5,434	5,467	5,569	5,571
23	23	23	23	23	23
78,447	79,572	80,271	81,973	83,383	83,439
490	418	392	392	340	352
2	2	2	2	6	6
2,321	2,321	2,321	2,321	2,321	2,298
969	900	973	973	924	961
5	5	5	5	5	5
6,433	6,478	6,485	6,485	6,888	6,822

(continued)

## Schedule of Capital Asset Statistics by Function (continued)

For the Past Ten Fiscal Years

	2016	2017	2018	2019
<b>Resources</b>				
<b>Department of Fish and Wildlife</b>				
Vehicles and mobile equipment .....	3,104	3,126	2,970	3,266
Square footage of structures (in thousands) .....	1,297	1,322	1,322	1,333
<b>Department of Forestry and Fire Protection</b>				
Vehicles and mobile equipment .....	3,151	3,073	3,115	3,144
Square footage of structures (in thousands) .....	3,666	3,677	3,640	3,626
<b>Department of Parks and Recreation</b>				
Vehicles and mobile equipment .....	3,538	3,542	3,804	3,571
State Parks .....	280	280	280	280
Acres of state park land (in thousands) .....	1,605	1,617	1,619	1,618
Square footage of structures (in thousands) .....	6,790	7,363	7,360	7,544
<b>State Lands Commission</b>				
Vehicles and mobile equipment .....	41	43	48	42
Acres of land (in thousands) .....	4,480	4,480	4,480	4,480
<b>Business, Consumer Services, and Housing</b>				
<b>Department of Consumer Affairs</b>				
Vehicles and mobile equipment .....	588	596	600	622
<b>Department of General Services</b>				
Vehicles and mobile equipment .....	4,697	4,476	4,465	4,552
Square footage of structures (in thousands) .....	19,311	19,487	19,565	19,490
<b>Transportation</b>				
<b>California Highway Patrol</b>				
Vehicles and mobile equipment .....	5,167	5,336	4,912	4,946
Square footage of structures (in thousands) .....	1,211	1,191	1,182	1,199
<b>Department of Motor Vehicles</b>				
Vehicles and mobile equipment .....	287	276	283	266
Square footage of structures (in thousands) .....	1,780	1,777	1,785	1,785
<b>Department of Transportation</b>				
Vehicles and mobile equipment .....	11,776	11,585	11,494	11,483
Square footage of structures (in thousands) .....	7,968	7,960	7,933	8,074
<b>Correctional Programs</b>				
<b>Department of Corrections and Rehabilitation</b>				
Vehicles and mobile equipment .....	5,291	8,079	7,571	7,139
Prisons and juvenile facilities .....	39	40	39	39
Square footage of structures (in thousands) .....	40,485	42,198	42,209	42,605

2020	2021	2022	2023	2024	2025
3,334	3,392	3,167	3,167	3,187	3,253
1,333	1,333	1,334	1,333	1,314	1,338
3,090	3,681	3,608	3,608	3,745	3,268
3,654	3,765	3,762	3,775	3,747	3,810
3,794	3,835	3,878	3,878	3,947	3,982
280	279	280	280	280	280
1,641	1,360	1,643	1,643	1,642	1,642
7,554	7,558	7,429	7,224	7,316	7,238
43	44	43	43	40	35
4,480	4,480	4,480	4,480	4,480	4,480
671	614	612	612	590	576
4,664	4,838	4,838	4,876	4,440	4,435
20,267	20,285	22,017	22,031	23,565	23,516
4,807	5,656	5,362	5,362	5,654	5,988
1,301	1,302	1,308	1,308	1,292	1,292
314	308	314	314	321	299
1,785	1,785	1,785	1,785	1,812	1,812
11,449	11,416	11,303	11,303	11,957	12,474
8,096	8,365	8,402	8,783	8,998	8,968
7,312	7,632	8,356	8,356	8,098	7,886
39	38	37	33	31	31
42,936	42,932	42,932	42,940	42,603	42,281
					(concluded)

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**Office of the State Controller**

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**CALIFORNIA STATE CONTROLLER**

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