



Independent Auditor's Report

THE GOVERNOR AND THE LEGISLATURE OF THE
STATE OF CALIFORNIA

Qualified, Unmodified, and Disclaimer of Opinions

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

Summary of Opinions

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

Disclaimer of Opinion on the Unemployment Programs Fund

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

Qualified Opinion on Business-Type Activities

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

Unmodified Opinions on Each of the Other Opinion Units

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

We did not audit the financial statements of the following:

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis for Disclaimer of Opinion on the Unemployment Programs Fund

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

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

Basis for Qualified and Unmodified Opinions

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

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

CALIFORNIA STATE AUDITOR

A handwritten signature in black ink that reads "Linus Li". The signature is written in a cursive, flowing style.

LINUS LI, CPA
Deputy State Auditor

Sacramento, California

September 5, 2025

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

NOTE 4: DEPOSITS AND INVESTMENTS

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

A. Primary Government

1. Control of State Funds

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

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

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

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

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

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

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

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

2. Valuation of State Investments

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

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

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

June 30, 2024

(amounts in thousands)

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

¹ Reported at carrying value

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

3. Oversight of Investing Activities

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

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

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

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

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

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

Table 3

Authorized Investments

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

4. Risk of Investments

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

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

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

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

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

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

a. Interest Rate Risk

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

Table 4

Schedule of Investments – Primary Government – Interest Rate Risk

June 30, 2024

(amounts in thousands)

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

¹ Reported at carrying value

b. Credit Risk

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

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

June 30, 2024

(amounts in thousands)

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

c. Custodial Credit Risk

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

d. Concentration of Credit Risk

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

B. Fiduciary Funds

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

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

C. Discretely Presented Component Units

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

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