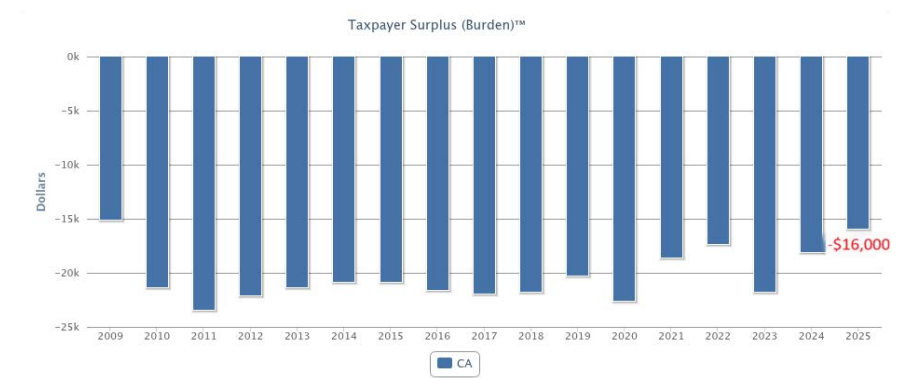


CALIFORNIA'S FINANCIAL BREAKDOWN

Money Needed to Pay Bills	\$218.9 billion	Ranking (Out of 50)	46
Taxpayer Burden™	\$16,000	Financial Grade	D

In 2025, California's financial situation improved, but it still didn't have enough money to pay all of its bills and needed \$218.9 billion to fill the gap. That means each taxpayer would have to contribute \$16,000 to help pay off the state's debt. As a result, California earned a "D" grade from Truth in Accounting.

California's money needed declined, with revenues exceeded expenditures, supported by a 12 percent increase in tax revenues. Strong investment returns also contributed to substantial reductions in pension and retiree health care liabilities. Additionally, revised assumptions for estimating future retiree benefit payments further reduced these obligations. While the state's overall financial position increased, they still have major challenges ahead with \$218.9 billion in money needed.



California received approximately \$188.2 billion in federal grants, which represented 32 percent of its revenue. The federal government mandates that entities receiving significant federal funds undergo a Single Audit. These audits are intended to be the taxpayers' first line of defense against potential fraud and abuse. In 2025, auditors found several errors in federal reporting, including \$260 million in federal programs that were unnecessarily included in the Schedule of Expenditures of Federal Awards (SEFA), \$117 million in non-cash assistance that was not properly reported, and about \$668 million that was classified under the wrong federal programs.

The data in this report is derived from California's audited 2025 Annual Comprehensive Financial Report and its retirement systems' reports. To explore prior years or compare financial, demographic, and economic data across other states and cities, visit Data-Z.org.

CALIFORNIA'S FINANCIAL FACTS

FACT #1: California had \$267.5 billion available to pay \$486.4 billion worth of bills.	FACT #2: The outcome was a \$218.9 billion shortfall, which breaks down to a burden of \$16,000 per taxpayer.
FACT #3: California received 32 percent of its revenue from federal grants and was required to undergo a Single Audit, which identified potential fraud and abuse.	

THE STATE'S BILLS EXCEEDED ITS ASSETS

\$626,897,393,000	→	Total Assets
- \$240,032,692,000	→	Minus: Capital Assets
- \$119,359,850,000	→	Minus: Restricted Assets
= \$267,504,851,000	→	Assets Available to Pay Bills
- \$486,371,644,000	→	Minus: Total Bills*
= \$218,866,793,000	→	Money Needed to Pay Bills
/ Divide by the estimated number of taxpayers		
= \$16,000	→	Each Taxpayer's Share of This Burden

*BREAKDOWN OF TOTAL BILLS

\$146,565,049,000	→	Bonds
+ \$222,326,242,000	→	Other Liabilities
- \$76,815,907,000	→	Minus: Debt Related to Capital Assets
+ \$95,133,814,000	→	Unfunded Pension Benefits
+ \$99,162,446,000	→	Unfunded Retiree Health Care Benefits
= \$486,371,644,000	→	Total Bills



Bottom line: California would need \$16,000 from each of its taxpayers to pay all of its outstanding bills and received a "D" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 is given a "D" grade.