

General Purpose Financial Statements

Combined Balance Sheet

All Fund Types, Account Groups, and Discretely Presented Component Units

June 30, 1998

(Amounts in thousands)

| | Governmental Fund Types | | | Proprietary Fund Types | |
|---|-------------------------|----------------------|-------------------|------------------------|---------------------|
| | General | Special Revenue | Capital Projects | Enterprise | Internal Service |
| ASSETS AND OTHER DEBITS | | | | | |
| Cash and pooled investments (Note 3)..... | \$ 1,176,939 | \$ 5,538,465 | \$ 232,125 | \$ 2,984,951 | \$ 301,564 |
| Investments (Note 3)..... | — | — | 2,839 | 4,753,309 | 184,297 |
| Amount on deposit with U.S. Treasury..... | — | — | — | — | — |
| Receivables (net)..... | 256,134 | 309,369 | 47 | 122,540 | 3,732 |
| Due from other funds (Note 4)..... | 5,161,485 | 2,606,438 | 61,367 | 256,799 | 449,682 |
| Due from primary government..... | — | — | — | — | — |
| Due from other governments..... | 308,064 | 4,952,278 | 114 | 62,506 | 5,748 |
| Prepaid items..... | — | — | — | 22,535 | 17,298 |
| Food stamps (Note 1D)..... | — | 591,952 | — | — | — |
| Inventories, at cost..... | — | — | — | 13,156 | 69,277 |
| Net investment in direct financing leases (Note 6)..... | — | — | — | 4,941,288 | — |
| Advances and loans receivable..... | 545,840 | 1,407,801 | — | 2,545,195 | — |
| Deferred charges..... | — | — | — | 1,129,982 | — |
| Fixed assets (Note 7)..... | — | — | — | 4,894,090 | 460,765 |
| Investment in UCSF Stanford Health Care..... | — | — | — | — | — |
| Other assets..... | 1,179 | 22,445 | 2 | 44,644 | 9,090 |
| Amount to be provided for retirement of long-term obligations..... | — | — | — | — | — |
| Total Assets and Other Debits..... | \$ 7,449,641 | \$ 15,428,748 | \$ 296,494 | \$ 21,770,995 | \$ 1,501,453 |

| Fiduciary Fund Type | Account Groups | | Total Primary Government (Memorandum Only) | Component Units | | Total Reporting Entity (Memorandum Only) |
|------------------------|----------------------------|-------------------------------------|--|--------------------------------|-----------------------------------|--|
| | General Fixed Assets | General Long-Term Obligations | | University of California | Special Purpose Authorities | |
| \$ 18,538,010 | \$ — | \$ — | \$ 28,772,054 | \$ 82,075 | \$ 649,620 | \$ 29,503,749 |
| 263,128,261 | — | — | 268,068,706 | 54,678,587 | 7,630,478 | 330,377,771 |
| 4,485,855 | — | — | 4,485,855 | — | — | 4,485,855 |
| 10,125,541 | — | — | 10,817,363 | 1,655,950 | 320,583 | 12,793,896 |
| 5,343,688 | — | — | 13,879,459 | 152,648 | — | 14,032,107 |
| — | — | — | — | 135,356 | 2,564 | 137,920 |
| 1,047,233 | — | — | 6,375,943 | 158,840 | 264 | 6,535,047 |
| 8,359 | — | — | 48,192 | — | — | 48,192 |
| — | — | — | 591,952 | — | — | 591,952 |
| — | — | — | 82,433 | 88,267 | — | 170,700 |
| — | — | — | 4,941,288 | — | — | 4,941,288 |
| 1,510,824 | — | — | 6,009,660 | — | 4,768,258 | 10,777,918 |
| — | — | — | 1,129,982 | 52,243 | 59,998 | 1,242,223 |
| — | 16,771,485 | — | 22,126,340 | 14,570,910 | 581,650 | 37,278,900 |
| — | — | — | — | 417,349 | — | 417,349 |
| 96,707 | — | — | 174,067 | 2,099 | 884,761 | 1,060,927 |
| — | — | 23,030,548 | 23,030,548 | — | — | 23,030,548 |
| \$ 304,284,478 | \$ 16,771,485 | \$ 23,030,548 | \$ 390,533,842 | \$ 71,994,324 | \$ 14,898,176 | \$ 477,426,342 |

(Continued)

Combined Balance Sheet

All Fund Types, Account Groups, and Discretely Presented Component Units

June 30, 1998

(Amounts in thousands)

| | Governmental Fund Types | | | Proprietary Fund Types | |
|--|-------------------------|----------------------|-------------------|------------------------|---------------------|
| | General | Special Revenue | Capital Projects | Enterprise | Internal Service |
| LIABILITIES | | | | | |
| Accounts payable..... | \$ 1,292,643 | \$ 1,281,269 | \$ 26,485 | \$ 144,379 | \$ 140,951 |
| Due to other funds (Note 4)..... | 1,841,764 | 4,448,733 | 48,729 | 379,220 | 221,843 |
| Due to component units (Note 4)..... | 36,487 | 98,869 | — | — | — |
| Due to other governments..... | 2,856,839 | 1,622,202 | 3,064 | 150,391 | 69,488 |
| Dividends payable..... | — | — | — | — | — |
| Deferred revenue (Note 1D)..... | — | 591,952 | — | — | — |
| Advances from other funds..... | 590,995 | 53,564 | — | 25,656 | 92,951 |
| Tax overpayments..... | — | 7,642 | — | — | — |
| Benefits payable..... | — | — | — | 267,767 | 41,085 |
| Deposits..... | 4 | 12,805 | — | 9,526 | 1,257 |
| Contracts and notes payable..... | — | — | — | 1,000 | 39,637 |
| Lottery prizes and annuities..... | — | — | — | 2,914,419 | — |
| Compensated absences payable (Note 9)..... | 119,742 | — | — | 24,568 | 36,040 |
| Certificates of participation, commercial paper, and other borrowings (Notes 10, 11)..... | — | — | — | 29,277 | — |
| Capital lease obligations (Note 12)..... | — | — | — | — | 23,527 |
| Advance collections..... | 20,570 | 284,260 | 2,691 | 303,647 | 171,738 |
| General obligation bonds payable (Note 14)..... | — | — | — | 4,016,865 | — |
| Revenue bonds payable (Note 15)..... | — | — | — | 8,789,010 | — |
| Interest payable..... | — | — | 27,048 | 153,221 | — |
| Securities lending obligation..... | — | — | — | — | — |
| Other liabilities..... | 143,216 | 183,022 | — | 588,096 | 33,310 |
| Total Liabilities..... | 6,902,260 | 8,584,318 | 108,017 | 17,797,042 | 871,827 |
| FUND EQUITY AND OTHER CREDITS | | | | | |
| Contributed capital (Notes 1K, 17B)..... | — | — | — | 195,233 | 344,184 |
| Investment in general fixed assets (Notes 1K, 7)..... | — | — | — | — | — |
| Retained earnings | | | | | |
| Reserved for regulatory requirements (Note 1K)..... | — | — | — | 250,560 | — |
| Unreserved (Note 1K)..... | — | — | — | 3,528,160 | 285,442 |
| Total Retained Earnings..... | — | — | — | 3,778,720 | 285,442 |
| Fund balances | | | | | |
| Reserved for | | | | | |
| Encumbrances (Note 1K)..... | 478,684 | 2,475,179 | 299,525 | — | — |
| Local agencies (Notes 1K, 3)..... | — | — | — | — | — |
| Advances and loans (Note 1K)..... | 545,840 | 1,407,801 | — | — | — |
| Employees' pension benefits (Note 1K)..... | — | — | — | — | — |
| Continuing appropriations (Note 1K)..... | 122,836 | 2,209,751 | 40,779 | — | — |
| Other specific purposes (Note 1K)..... | — | — | — | — | — |
| Total Reserved..... | 1,147,360 | 6,092,731 | 340,304 | — | — |
| Unreserved | | | | | |
| Undesignated (Deficit) (Note 1K)..... | (599,979) | 751,699 | (151,827) | — | — |
| Total Fund Equity and Other Credits (Note 1K)..... | 547,381 | 6,844,430 | 188,477 | 3,973,953 | 629,626 |
| Total Liabilities, Fund Equity, and Other Credits.... | \$ 7,449,641 | \$ 15,428,748 | \$ 296,494 | \$ 21,770,995 | \$ 1,501,453 |

| Fiduciary Fund Type | Account Groups | | Total Primary Government (Memorandum Only) | Component Units | | Total Reporting Entity (Memorandum Only) |
|------------------------|------------------------|----------------------------|--|--------------------------------|-----------------------------------|--|
| | Trust and Agency | General Fixed Assets | General Long-Term Obligations | University of California | Special Purpose Authorities | |
| \$ 5,287,984 | \$ — | \$ — | \$ 8,173,711 | \$ 1,419,674 | \$ 25,390 | \$ 9,618,775 |
| 6,939,170 | — | — | 13,879,459 | 152,648 | — | 14,032,107 |
| 2,564 | — | — | 137,920 | — | — | 137,920 |
| 3,321,484 | — | — | 8,023,468 | — | 10,301 | 8,033,769 |
| — | — | — | — | — | 205,102 | 205,102 |
| — | — | — | 591,952 | — | — | 591,952 |
| 423,729 | — | — | 1,186,895 | — | — | 1,186,895 |
| 1,682,760 | — | — | 1,690,402 | — | — | 1,690,402 |
| 867,203 | — | — | 1,176,055 | — | 4,684,083 | 5,860,138 |
| 4,636,691 | — | — | 4,660,283 | 924,278 | 97,077 | 5,681,638 |
| 34,890 | — | — | 75,527 | — | 3,928 | 79,455 |
| — | — | — | 2,914,419 | — | — | 2,914,419 |
| — | — | 1,003,960 | 1,184,310 | 303,015 | 27,175 | 1,514,500 |
| — | — | 1,141,511 | 1,170,788 | 1,081,618 | — | 2,252,406 |
| — | — | 3,546,867 | 3,570,394 | 1,284,984 | — | 4,855,378 |
| 70,508 | — | — | 853,414 | — | 185,957 | 1,039,371 |
| — | — | 14,894,090 | 18,910,955 | — | — | 18,910,955 |
| — | — | 759,440 | 9,548,450 | 2,184,171 | 5,679,927 | 17,412,548 |
| — | — | — | 180,269 | — | 138,381 | 318,650 |
| 28,118,114 | — | — | 28,118,114 | 6,434,432 | — | 34,552,546 |
| 2,074,918 | — | 1,684,680 | 4,707,242 | — | 909,784 | 5,617,026 |
| 53,460,015 | — | 23,030,548 | 110,754,027 | 13,784,820 | 11,967,105 | 136,505,952 |
| — | — | — | 539,417 | — | 99 | 539,516 |
| — | 16,771,485 | — | 16,771,485 | 10,720,683 | — | 27,492,168 |
| — | — | — | 250,560 | — | 548,700 | 799,260 |
| — | — | — | 3,813,602 | — | 2,382,272 | 6,195,874 |
| — | — | — | 4,064,162 | — | 2,930,972 | 6,995,134 |
| — | — | — | 3,253,388 | — | — | 3,253,388 |
| 11,732,527 | — | — | 11,732,527 | — | — | 11,732,527 |
| 588,003 | — | — | 2,541,644 | — | — | 2,541,644 |
| 232,074,642 | — | — | 232,074,642 | 39,977,633 | — | 272,052,275 |
| — | — | — | 2,373,366 | — | — | 2,373,366 |
| 6,429,291 | — | — | 6,429,291 | 4,451,726 | — | 10,881,017 |
| 250,824,463 | — | — | 258,404,858 | 44,429,359 | — | 302,834,217 |
| — | — | — | (107) | 3,059,462 | — | 3,059,355 |
| 250,824,463 | 16,771,485 | — | 279,779,815 | 58,209,504 | 2,931,071 | 340,920,390 |
| \$ 304,284,478 | \$ 16,771,485 | \$ 23,030,548 | \$ 390,533,842 | \$ 71,994,324 | \$ 14,898,176 | \$ 477,426,342 |

(Concluded)

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

All Governmental Fund Types and Expendable Trust Funds

Year Ended June 30, 1998

(Amounts in thousands)

| | Governmental Fund Types | | | Fiduciary Fund Type | Total Primary Government (Memorandum Only) |
|---|-------------------------|---------------------|---------------------|------------------------|--|
| | General | Special Revenue | Capital Projects | Expendable Trust | |
| REVENUES | | | | | |
| Taxes..... | \$ 53,575,173 | \$ 4,444,397 | \$ — | \$ 4,361,940 | \$ 62,381,510 |
| Intergovernmental..... | 5,993 | 26,497,691 | — | 472,959 | 26,976,643 |
| Licenses and permits..... | 108,542 | 3,079,853 | — | — | 3,188,395 |
| Natural resources..... | 9,793 | 29,911 | — | — | 39,704 |
| Charges for services..... | 129,189 | 477,964 | — | 4,470 | 611,623 |
| Fees and penalties..... | 274,765 | 1,697,858 | — | 525,044 | 2,497,667 |
| Interest..... | 298,741 | 288,390 | 13,481 | 382,507 | 983,119 |
| Escheat..... | — | — | — | 139,397 | 139,397 |
| Receipts from depositors..... | — | — | — | 147,281 | 147,281 |
| Other..... | 97,411 | 268,069 | 4,715 | 445,138 | 815,333 |
| Total Revenues..... | 54,499,607 | 36,784,133 | 18,196 | 6,478,736 | 97,780,672 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government..... | 1,524,130 | 2,501,969 | 12 | 62,488 | 4,088,599 |
| Education..... | 25,429,938 | 4,071,318 | 3 | 1,505,691 | 31,006,950 |
| Health and welfare..... | 14,344,376 | 22,989,501 | — | 4,437,364 | 41,771,241 |
| Resources..... | 558,659 | 1,410,931 | 6,071 | 30,790 | 2,006,451 |
| State and consumer services..... | 388,088 | 356,666 | 2,457 | 562 | 747,773 |
| Business and transportation..... | 63,433 | 5,889,876 | 23 | 11,206 | 5,964,538 |
| Correctional programs..... | 3,819,686 | 272,516 | — | — | 4,092,202 |
| Property tax relief..... | 617,030 | 290 | — | — | 617,320 |
| Payments to depositors..... | — | — | — | 120,541 | 120,541 |
| Capital outlay..... | 630,482 | 255,543 | 474,763 | — | 1,360,788 |
| Debt service | | | | | |
| Principal retirement..... | 978,134 | 4,951 | 19,026 | — | 1,002,111 |
| Interest and fiscal charges..... | 995,600 | 76,908 | 28,857 | — | 1,101,365 |
| Total Expenditures..... | 49,349,556 | 37,830,469 | 531,212 | 6,168,642 | 93,879,879 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures..... | 5,150,051 | (1,046,336) | (513,016) | 310,094 | 3,900,793 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from general obligation bonds, commercial paper, and capital leases..... | 630,482 | 3,252,840 | 242,667 | — | 4,125,989 |
| Proceeds from refunding long-term debt..... | — | 784,670 | 246,058 | — | 1,030,728 |
| Proceeds from revenue bonds..... | — | — | 197,418 | — | 197,418 |
| Operating transfers in..... | 222,113 | 2,546,969 | 79,139 | 259,389 | 3,107,610 |
| Operating transfers out..... | (646,018) | (2,152,646) | (3,360) | (211,846) | (3,013,870) |
| Transfers out - component unit..... | (2,332,356) | (52,053) | (12,219) | — | (2,396,628) |
| Payment to refunding escrow agent..... | — | (784,670) | (246,058) | — | (1,030,728) |
| Payment to refund commercial paper..... | — | (1,577,100) | — | — | (1,577,100) |
| Total Other Financing Sources (Uses)..... | (2,125,779) | 2,018,010 | 503,645 | 47,543 | 443,419 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses..... | 3,024,272 | 971,674 | (9,371) | 357,637 | 4,344,212 |
| Fund Balances (Deficit), July 1, 1997..... | (2,476,891) | 5,872,756 | 197,848 | 6,659,657 * | 10,253,370 |
| Fund Balances, June 30, 1998..... | \$ 547,381 | \$ 6,844,430 | \$ 188,477 | \$ 7,017,294 | \$ 14,597,582 |

*Restated (see Note 1L)

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings

All Proprietary Fund Types and Discretely Presented Component Units – Special Purpose Authorities

Year Ended June 30, 1998

(Amounts in thousands)

| | Proprietary Fund Types | | Total Primary Government (Memorandum Only) | Component Units Special Purpose Authorities | Total Reporting Entity (Memorandum Only) |
|--|------------------------|---------------------|--|---|--|
| | Enterprise | Internal Service | | | |
| OPERATING REVENUES | | | | | |
| Lottery ticket sales..... | \$ 2,294,424 | \$ — | \$ 2,294,424 | \$ — | \$ 2,294,424 |
| Service and sales..... | 1,227,415 | 2,187,446 | 3,414,861 | 155,108 | 3,569,969 |
| Earned premiums (net)..... | 336 | — | 336 | 1,052,835 | 1,053,171 |
| Investment and interest..... | 294,507 | — | 294,507 | 346,295 | 640,802 |
| Contributions..... | — | — | — | 2,636 | 2,636 |
| Rent..... | 364,332 | — | 364,332 | 20,164 | 384,496 |
| Other..... | 9,682 | 7,544 | 17,226 | 59,465 | 76,691 |
| Total Operating Revenues..... | 4,190,696 | 2,194,990 | 6,385,686 | 1,636,503 | 8,022,189 |
| OPERATING EXPENSES | | | | | |
| Lottery prizes..... | 1,182,038 | — | 1,182,038 | — | 1,182,038 |
| Personal services..... | 288,942 | 306,855 | 595,797 | 60,293 | 656,090 |
| Supplies..... | 74,274 | 29,107 | 103,381 | — | 103,381 |
| Services and charges..... | 921,538 | 1,775,067 | 2,696,605 | 213,132 | 2,909,737 |
| Depreciation..... | 99,191 | 70,146 | 169,337 | 12,012 | 181,349 |
| Benefit payments..... | 536 | — | 536 | 1,263,074 | 1,263,610 |
| Interest expense..... | 542,005 | 3,947 | 545,952 | 346,029 | 891,981 |
| Amortization of deferred charges..... | 21,239 | — | 21,239 | 147,160 | 168,399 |
| Total Operating Expenses..... | 3,129,763 | 2,185,122 | 5,314,885 | 2,041,700 | 7,356,585 |
| Operating Income (Loss)..... | 1,060,933 | 9,868 | 1,070,801 | (405,197) | 665,604 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Grants received..... | 329 | — | 329 | 71,253 | 71,582 |
| Grants provided..... | (26,890) | — | (26,890) | (71,253) | (98,143) |
| Interest revenue..... | 155,458 | 16,271 | 171,729 | 731,082 | 902,811 |
| Interest expense and fiscal charges..... | (203,266) | (33) | (203,299) | (3,269) | (206,568) |
| Dividends paid..... | — | — | — | (73,012) | (73,012) |
| Lottery payments for education..... | (803,525) | — | (803,525) | — | (803,525) |
| Other..... | (3,161) | 1,405 | (1,756) | 4,210 | 2,454 |
| Total Nonoperating Revenues (Expenses)..... | (881,055) | 17,643 | (863,412) | 659,011 | (204,401) |
| Income Before Operating Transfers..... | 179,878 | 27,511 | 207,389 | 253,814 | 461,203 |
| OPERATING TRANSFERS | | | | | |
| Operating transfers in..... | 24,974 | 13,461 | 38,435 | — | 38,435 |
| Operating transfers out..... | (132,002) | (173) | (132,175) | — | (132,175) |
| Total Operating Transfers..... | (107,028) | 13,288 | (93,740) | — | (93,740) |
| Net Income..... | 72,850 | 40,799 | 113,649 | 253,814 | 367,463 |
| Retained Earnings, July 1, 1997..... | 3,705,870 * | 244,643 * | 3,950,513 | 2,677,158 * | 6,627,671 |
| Retained Earnings, June 30, 1998..... | \$ 3,778,720 | \$ 285,442 | \$ 4,064,162 | \$ 2,930,972 | \$ 6,995,134 |

*Restated (see Note 1L)

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Non-GAAP Budgetary Basis - Budget and Actual All Governmental Cost Funds

Year Ended June 30, 1998

(Amounts in thousands)

| | General Fund | | Variance Favorable (Unfavorable) |
|---|---------------|--------------|--|
| | Budget | Actual | |
| REVENUES | | | |
| Major taxes and licenses | | | |
| Bank and corporation taxes..... | — | \$ 5,836,627 | — |
| Cigarette and tobacco tax..... | — | 161,503 | — |
| Inheritance, estate and gift taxes..... | — | 780,197 | — |
| Insurance gross premiums tax..... | — | 1,221,285 | — |
| Vehicle license fees..... | — | 34,978 | — |
| Motor vehicle fuel tax..... | — | — | — |
| Personal income tax..... | — | 27,925,096 | — |
| Retail sales and use taxes..... | — | 17,582,517 | — |
| Other major taxes and licenses..... | — | 316,635 | — |
| Total Major Taxes and Licenses..... | — | 53,858,838 | — |
| Minor revenues..... | — | 938,884 | — |
| Total Revenues..... | — | 54,797,722 | — |
| EXPENDITURES | | | |
| Legislative, judicial, executive..... | \$ 1,522,990 | 1,508,438 | \$ 14,552 |
| State and consumer services..... | 397,490 | 392,690 | 4,800 |
| Business, transportation and housing..... | 26,866 | 26,492 | 374 |
| Trade and commerce..... | 48,603 | 48,437 | 166 |
| Resources..... | 522,410 | 514,161 | 8,249 |
| Environmental protection..... | 89,727 | 68,133 | 21,594 |
| Health and welfare..... | 15,130,856 | 14,665,907 | 464,949 |
| Correctional programs..... | 3,925,730 | 3,891,431 | 34,299 |
| Education..... | 27,895,601 | 27,862,055 | 33,546 |
| General government | | | |
| Tax relief and shared revenues..... | 626,972 | 619,309 | 7,663 |
| Debt service..... | 1,990,440 | 1,978,878 | 11,562 |
| Other general government..... | 1,533,114 | 1,513,762 | 19,352 |
| Total Expenditures..... | \$ 53,710,799 | 53,089,693 | \$ 621,106 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from other funds..... | — | 132,009 | — |
| Transfers to other funds..... | — | (174,501) | — |
| Other additions and deductions..... | — | 154,355 | — |
| Total Other Financing Sources (Uses)..... | — | 111,863 | — |
| Excess of Revenues and Other Sources Over Expenditures and Other Uses..... | | | |
| | — | 1,819,892 | — |
| FUND BALANCES | | | |
| Fund Balances, July 1, 1997, Restated (Note 2C)..... | — | 972,592 | — |
| Fund Balances, June 30, 1998..... | — | \$ 2,792,484 | — |

| Other Governmental Cost Funds | | | Total | | |
|-------------------------------|---------------------|--|----------------------|---------------------|--|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| — | \$ 254 | — | — | \$ 5,836,881 | — |
| — | 482,794 | — | — | 644,297 | — |
| — | — | — | — | 780,197 | — |
| — | — | — | — | 1,221,285 | — |
| — | 3,880,841 | — | — | 3,915,819 | — |
| — | 2,853,846 | — | — | 2,853,846 | — |
| — | 2,844 | — | — | 27,927,940 | — |
| — | 3,749,174 | — | — | 21,331,691 | — |
| — | 1,780,997 | — | — | 2,097,632 | — |
| — | 12,750,750 | — | — | 66,609,588 | — |
| — | 3,493,803 | — | — | 4,432,687 | — |
| — | 16,244,553 | — | — | 71,042,275 | — |
| | | | | | |
| \$ 405,841 | 387,790 | \$ 18,051 | \$ 1,928,831 | 1,896,228 | \$ 32,603 |
| 415,465 | 378,754 | 36,711 | 812,955 | 771,444 | 41,511 |
| 4,164,375 | 4,034,494 | 129,881 | 4,191,241 | 4,060,986 | 130,255 |
| 18,395 | 13,798 | 4,597 | 66,998 | 62,235 | 4,763 |
| 881,645 | 809,699 | 71,946 | 1,404,055 | 1,323,860 | 80,195 |
| 547,164 | 537,451 | 9,713 | 636,891 | 605,584 | 31,307 |
| 3,407,308 | 3,393,704 | 13,604 | 18,538,164 | 18,059,611 | 478,553 |
| 10,163 | 9,865 | 298 | 3,935,893 | 3,901,296 | 34,597 |
| 758,424 | 734,943 | 23,481 | 28,654,025 | 28,596,998 | 57,027 |
| | | | | | |
| 3,725,757 | 3,725,757 | — | 4,352,729 | 4,345,066 | 7,663 |
| 501 | 333 | 168 | 1,990,941 | 1,979,211 | 11,730 |
| 304,438 | 287,389 | 17,049 | 1,837,552 | 1,801,151 | 36,401 |
| \$ 14,639,476 | 14,313,977 | \$ 325,499 | \$ 68,350,275 | 67,403,670 | \$ 946,605 |
| | | | | | |
| — | 12,344,854 | — | — | 12,476,863 | — |
| — | (14,012,727) | — | — | (14,187,228) | — |
| — | 196,521 | — | — | 350,876 | — |
| — | (1,471,352) | — | — | (1,359,489) | — |
| | | | | | |
| — | 459,224 | — | — | 2,279,116 | — |
| | | | | | |
| — | 4,131,191 | — | — | 5,103,783 | — |
| — | \$ 4,590,415 | — | — | \$ 7,382,899 | — |

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

Combined Statement of Cash Flows

All Proprietary Fund Types and Discretely Presented Component Units – Special Purpose Authorities

Year Ended June 30, 1998

(Amounts in thousands)

| | Proprietary Fund Types | | Component Units |
|--|-------------------------------|---------------------------------|--|
| | Enterprise | Internal Service (1) | Special Purpose Authorities |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss)..... | \$ 1,060,933 | \$ 9,868 | \$ (405,197) |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATIONS | | | |
| Interest expense on operating debt..... | (4,599) | 3,947 | 343,967 |
| Depreciation..... | 99,191 | 70,146 | 12,012 |
| Accretion of capital appreciation bonds..... | 11,173 | — | 9,956 |
| Provisions and allowances..... | 12,407 | — | 14,863 |
| Accrual of deferred charges..... | (3,117) | — | (143,053) |
| Amortization of deferred credits..... | (254) | — | (4,600) |
| Amortization of discounts..... | (18,130) | — | 6,136 |
| Amortization of deferred charges..... | 19,342 | — | 145,980 |
| Purchase of program loans..... | — | — | (774,636) |
| Collection of principal from program loans..... | 355 | — | 364,385 |
| Other..... | (6,560) | 2,274 | (12,643) |
| Change in assets and liabilities | | | |
| Receivables..... | (37,597) | (1,763) | (21,617) |
| Due from other funds..... | 4,466 | (176,745) | 446 |
| Due from primary government..... | — | — | 1,061 |
| Due from other governments..... | (3,675) | (2,032) | — |
| Prepaid items..... | 16 | (1,248) | (35) |
| Inventories..... | 7,457 | (4,838) | — |
| Net investment in direct financing leases..... | 180,904 | — | — |
| Advances and loans receivable..... | 221,090 | — | — |
| Other assets..... | 8,010 | (3,421) | (118,862) |
| Accounts payable..... | (38,726) | (69,342) | 1,926 |
| Interest payable..... | (28,768) | (27) | — |
| Due to other funds..... | (24,136) | 109,602 | — |
| Due to component units..... | (1,556) | — | — |
| Due to other governments..... | 28,737 | 68,915 | 3 |
| Benefits payable..... | 101,725 | 41,085 | 77,940 |
| Deposits..... | 3,195 | (143) | 8,656 |
| Lottery prizes and annuities..... | (17,497) | — | — |
| Contract and notes payable..... | 53 | 1,435 | — |
| Compensated absences payable..... | (1,239) | (615) | 1,416 |
| Advance collections..... | (23,171) | 49,061 | (20,903) |
| Other liabilities..... | (7,220) | 9,978 | 99,442 |
| Total Adjustments..... | 481,876 | 96,269 | (8,160) |
| Net Cash Provided by (Used In) Operating Activities..... | 1,542,809 | 106,137 | (413,357) |

(Continued)

(1) Internal service funds made *non-cash transactions* for installment purchases totaling approximately \$17 million to acquire equipment and equipment totaling approximately \$232 million moved from the General Fixed Assets Account Group. Noncash transactions are those portions of investing, financing, or capital activities that affected assets and liabilities but did not result in cash receipts or payments during the period.

| | Proprietary Fund Types | | Component Units |
|---|------------------------|----------------------|-----------------------------|
| | Enterprise | Internal Service (1) | Special Purpose Authorities |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Dividends paid..... | — | — | (83,991) |
| Return of advances from other funds..... | (72,806) | (360) | — |
| Proceeds from general obligation bonds..... | 447,535 | — | — |
| Proceeds from revenue bonds..... | — | — | 1,148,159 |
| Retirement of general obligation bonds..... | (138,670) | — | — |
| Retirement of revenue bonds..... | (52,525) | — | (670,442) |
| Interest paid on operating debt..... | — | — | (337,224) |
| Operating transfers in..... | 20,969 | 13,461 | — |
| Operating transfers out..... | (134,771) | (173) | — |
| Grants provided..... | (26,890) | — | (71,253) |
| Lottery payments for education..... | (762,917) | — | — |
| Net Cash Provided by (Used In) Noncapital Financing Activities..... | (720,075) | 12,928 | (14,751) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Unamortized water project costs..... | (8,809) | — | — |
| Acquisition of intangible assets..... | — | (3,453) | — |
| Acquisition of fixed assets..... | (431,526) | (60,492) | (20,020) |
| Proceeds from sale of fixed assets..... | 596 | 13,400 | 2,175 |
| Advances from other funds..... | 296,280 | — | — |
| Return of advances from other funds..... | (321,020) | (1,280) | — |
| Proceeds from notes payable and commercial paper..... | 44,552 | — | — |
| Principal paid on notes payable and commercial paper..... | (75,085) | (10,958) | — |
| Payment of capital lease obligations..... | — | (6,735) | — |
| Retirement of general obligation bonds..... | (37,595) | — | — |
| Proceeds from revenue bonds..... | 1,392,228 | — | 25,000 |
| Retirement of revenue bonds..... | (1,084,626) | — | (2,261) |
| Interest paid..... | (201,024) | (3,980) | (3,432) |
| Contributed capital..... | — | 423 | — |
| Grants received..... | 327 | — | 71,253 |
| Operating transfers in..... | 7,268 | — | 8,086 |
| Payment to refunding bond escrow agent..... | (31,324) | — | — |
| Net Cash Provided by (Used In) Capital and Related Financing Activities..... | (449,758) | (73,075) | 80,801 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of investments..... | (738,463) | (179,935) | (670,063) |
| Advances and loans provided..... | (8,405) | — | — |
| Collection of advances and loans..... | 10,957 | — | — |
| Proceeds from maturity and sale of investments..... | 396,249 | — | 180,738 |
| Interest on investments..... | 119,928 | 16,303 | 720,243 |
| Net Cash Provided by Investing Activities..... | (219,734) | (163,632) | 230,918 |
| Net Increase (Decrease) in Cash and Pooled Investments..... | 153,242 | (117,642) | (116,389) |
| Cash and Pooled Investments at July 1, 1997..... | 2,831,709 | 419,206 | 766,009 |
| Cash and Pooled Investments at June 30, 1998..... | \$ 2,984,951 | \$ 301,564 | \$ 649,620 |

(Concluded)

Combined Statement of Changes in Plan Net Assets

Pension Trust Funds and Discretely Presented Component Unit – University of California

Year Ended June 30, 1998

(Amounts in thousands)

| | Primary Government Pension Trust Funds | Component Unit University of California Retirement System Funds |
|---|---|--|
| ADDITIONS | | |
| Contributions | | |
| Employer..... | \$ 4,728,616 | \$ 328 |
| Plan member..... | 2,765,336 | 386,293 |
| Total Contributions..... | 7,493,952 | 386,621 |
| Investment income | | |
| Net appreciation in fair value of investments..... | 28,858,222 | 5,618,711 |
| Interest, dividends, and other investment income..... | 9,492,675 | 1,514,107 |
| Less: Investment expense..... | (1,857,285) | (279,623) |
| Net Investment Income..... | 36,493,612 | 6,853,195 |
| Other..... | 8,836 | — |
| Total Additions..... | 43,996,400 | 7,239,816 |
| DEDUCTIONS | | |
| Benefits..... | 7,612,916 | 948,977 |
| Refunds of contributions..... | 231,788 | — |
| Administrative expense..... | 166,029 | 21,171 |
| Total Deductions..... | 8,010,733 | 970,148 |
| Net Increase in Fund Balance Reserved for Employees' Pension Benefits..... | 35,985,667 | 6,269,668 |
| Fund Balance Reserved for Employees' Pension Benefits, July 1, 1997..... | 196,088,975 * | 33,707,965 |
| Fund Balance Reserved for Employees' Pension Benefits, June 30, 1998..... | \$ 232,074,642 | \$ 39,977,633 |

*Restated (see Note 1L)

Statement of Changes in Net Assets

Investment Trust Fund – Local Agency Investment

Year Ended June 30, 1998

(Amounts in thousands)

| | |
|--|----------------------|
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS | |
| Income from investments..... | \$ 628,067 |
| Less: Operating expenditures and expenses..... | (1,365) |
| Net Increase in Net Assets Resulting From Operations..... | 626,702 |
| DISTRIBUTIONS TO PARTICIPANTS | |
| Distributions paid and payable..... | (626,702) |
| CHANGE IN NET ASSETS RESULTING FROM DEPOSITOR TRANSACTIONS | |
| Receipts from depositors..... | 14,385,660 |
| Less: Withdrawals by depositors..... | (13,459,365) |
| Net Increase in Net Assets Resulting from Depositor Transactions..... | 926,295 |
| Total Change in Net Assets..... | 926,295 |
| Net Assets Held in Trust for Pool Participants, July 1, 1997..... | 10,806,232 * |
| Net Assets Held in Trust for Pool Participants, June 30, 1998..... | \$ 11,732,527 |

*Restated (see Note 1L)

Combined Balance Sheet – Discretely Presented Component Unit – University of California

June 30, 1998

(Amounts in thousands)

| | Current Funds | Loan Funds | Endowment and Similar Funds | Plant Funds | Agency Funds | Retirement System Funds | Total (Memorandum Only) |
|---|---------------------|-------------------|-----------------------------------|----------------------|-------------------|-------------------------------|-------------------------------|
| ASSETS | | | | | | | |
| Cash..... | \$ 80,046 | \$ — | \$ — | \$ 2,029 | \$ — | \$ — | \$ 82,075 |
| Investments..... | 3,745,954 | 53,111 | 4,216,843 | 1,358,594 | 665,295 | 44,638,790 | 54,678,587 |
| Receivables (net)..... | 980,338 | 275,968 | 119,359 | 1,791 | — | 278,494 | 1,655,950 |
| Due from other funds..... | 12,442 | — | 13,729 | 3,213 | — | 123,264 | 152,648 |
| Due from primary government..... | 135,356 | — | — | — | — | — | 135,356 |
| Due from other governments..... | 153,553 | 5,287 | — | — | — | — | 158,840 |
| Inventories, at cost..... | 88,267 | — | — | — | — | — | 88,267 |
| Deferred charges..... | 52,243 | — | — | — | — | — | 52,243 |
| Fixed assets..... | — | — | — | 14,570,910 | — | — | 14,570,910 |
| Investment in UCSF Stanford Health Care..... | — | — | — | 417,349 | — | — | 417,349 |
| Other assets..... | — | — | — | 2,099 | — | — | 2,099 |
| Total Assets..... | \$ 5,248,199 | \$ 334,366 | \$ 4,349,931 | \$ 16,355,985 | \$ 665,295 | \$ 45,040,548 | \$ 71,994,324 |
| LIABILITIES AND FUND EQUITY | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable..... | \$ 1,300,316 | \$ — | \$ 44,463 | \$ 47,899 | \$ — | \$ 26,996 | \$ 1,419,674 |
| Due to other funds..... | 123,265 | 2,000 | 12,327 | 15,056 | — | — | 152,648 |
| Deposits..... | 255,053 | — | — | 3,930 | 665,295 | — | 924,278 |
| Compensated absences..... | 303,015 | — | — | — | — | — | 303,015 |
| Commercial paper and other borrowings..... | 57,686 | — | — | 1,023,932 | — | — | 1,081,618 |
| Capital lease obligations..... | — | — | — | 1,284,984 | — | — | 1,284,984 |
| Revenue bonds payable..... | — | 11,480 | — | 2,172,691 | — | — | 2,184,171 |
| Securities lending obligation..... | 747,953 | 10,798 | 404,910 | 234,852 | — | 5,035,919 | 6,434,432 |
| Total Liabilities..... | 2,787,288 | 24,278 | 461,700 | 4,783,344 | 665,295 | 5,062,915 | 13,784,820 |
| Fund Equity | | | | | | | |
| Investment in general fixed assets..... | — | — | — | 10,720,683 | — | — | 10,720,683 |
| Fund balances | | | | | | | |
| Employees' pension benefits..... | — | — | — | — | — | 39,977,633 | 39,977,633 |
| Reserved for other specific purposes..... | 739,178 | 279,406 | 3,026,808 | 406,334 | — | — | 4,451,726 |
| Undesignated..... | 1,721,733 | 30,682 | 861,423 | 445,624 | — | — | 3,059,462 |
| Total Fund Equity..... | 2,460,911 | 310,088 | 3,888,231 | 11,572,641 | — | 39,977,633 | 58,209,504 |
| Total Liabilities and Fund Equity..... | \$ 5,248,199 | \$ 334,366 | \$ 4,349,931 | \$ 16,355,985 | \$ 665,295 | \$ 45,040,548 | \$ 71,994,324 |

Combined Statement of Changes in Fund Balances – Discretely Presented Component Unit – University of California

Year Ended June 30, 1998

(Amounts in thousands)

| | Current Funds | Loan Funds | Endowment and Similar Funds | Plant Funds |
|--|---------------------|-------------------|-----------------------------------|----------------------|
| REVENUES AND OTHER ADDITIONS | | | | |
| Student tuition and fees..... | \$ 1,056,843 | \$ — | \$ — | \$ 16,432 |
| U.S. government..... | 4,212,471 | 3,182 | — | 9,759 |
| Local government..... | 102,484 | — | — | — |
| Sales and services | | | | |
| Educational activities..... | 792,875 | — | — | — |
| Medical centers..... | 1,956,546 | — | — | — |
| Auxiliary enterprises..... | 571,698 | — | — | — |
| Private gifts, grants, and contracts..... | 631,430 | 313 | 26,210 | 90,936 |
| Investment income | | | | |
| Endowment activities..... | 121,143 | — | 4,409 | — |
| Securities lending..... | 79,896 | 722 | — | 7,032 |
| Other..... | 185,102 | 9,153 | — | 46,949 |
| Net appreciation in fair value of investments | 9,989 | 42 | 659,332 | 5,020 |
| Expended for plant facilities (including \$400,861 of current funds)..... | — | — | — | 614,404 |
| Retirement of indebtedness..... | — | — | — | 179,527 |
| Other revenues..... | 285,381 | — | — | — |
| Transfers in — primary government..... | 2,349,812 | — | — | 46,816 |
| Other additions..... | 46,719 | 5,469 | 451 | 7,491 |
| Total Revenues and Other Additions..... | 12,402,389 | 18,881 | 690,402 | 1,024,366 |
| EXPENDITURES AND OTHER DEDUCTIONS | | | | |
| Current fund expenditures | | | | |
| Educational and general..... | 6,405,386 | — | — | — |
| Medical centers..... | 1,854,194 | — | — | — |
| Auxiliary enterprises..... | 474,390 | — | — | — |
| Department of Energy laboratories..... | 2,726,809 | — | — | — |
| Securities lending fees and rebates..... | 76,989 | 695 | — | 6,776 |
| Plant fund expenditures (including noncapitalized expenditures of \$23,069)..... | — | — | — | 236,612 |
| Debt service | | | | |
| Principal retirement..... | — | — | — | 179,527 |
| Interest..... | — | — | — | 231,448 |
| Disposal of plant assets..... | — | — | — | 398,917 |
| Debt extinguishment..... | — | — | — | 1,895 |
| Other..... | 168,874 | 7,591 | 294 | — |
| Total Expenditures and Other Deductions..... | 11,706,642 | 8,286 | 294 | 1,055,175 |
| TRANSFERS AMONG FUNDS | | | | |
| Mandatory contractual arrangements | | | | |
| Loan funds matching grants..... | (890) | 890 | — | — |
| Principal and interest..... | (309,839) | — | — | 309,839 |
| Nonmandatory (discretionary allocations)..... | (386,314) | 1,834 | 28,706 | 355,774 |
| Total Transfers Among Funds..... | (697,043) | 2,724 | 28,706 | 665,613 |
| Net Increase (Decrease) in Fund Balances..... | (1,296) | 13,319 | 718,814 | 634,804 |
| Fund Balances, July 1, 1997..... | 2,462,207 | 296,769 | 3,169,417 | 10,937,837 |
| Fund Balances, June 30, 1998..... | \$ 2,460,911 | \$ 310,088 | \$ 3,888,231 | \$ 11,572,641 |

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes – Discretely Presented Component Unit – University of California

Year Ended June 30, 1998

(Amounts in thousands)

| | Current Funds | | Total (Memorandum Only) |
|---|--------------------|------------------|-------------------------------|
| | Unrestricted | Restricted | |
| REVENUES | | | |
| Student tuition and fees..... | \$ 1,056,843 | \$ — | \$ 1,056,843 |
| U.S. government appropriations, grants and contracts..... | 280,923 | 1,177,840 | 1,458,763 |
| Local government grants and contracts..... | 1,645 | 99,765 | 101,410 |
| Sales and services | | | |
| Education activities..... | 792,875 | — | 792,875 |
| Medical centers..... | 1,956,546 | — | 1,956,546 |
| Auxiliary enterprises..... | 571,698 | — | 571,698 |
| Private gifts, grants and contracts..... | 56,950 | 510,462 | 567,412 |
| Investment income | | | |
| Endowment and similar funds..... | 27,527 | 73,435 | 100,962 |
| Securities lending..... | 52,379 | 26,516 | 78,895 |
| Other..... | 147,151 | — | 147,151 |
| Net appreciation in fair value of investments..... | 8,803 | — | 8,803 |
| Department of Energy laboratories..... | 29,625 | 2,726,809 | 2,756,434 |
| Other revenues..... | 285,341 | — | 285,341 |
| Transfers in — primary government..... | 1,998,232 | 249,798 | 2,248,030 |
| Total Revenues..... | 7,266,538 | 4,864,625 | 12,131,163 |
| EXPENDITURES AND MANDATORY TRANSFERS | | | |
| Educational and general | | | |
| Instructional..... | 1,971,751 | 139,494 | 2,111,245 |
| Research..... | 273,573 | 1,436,356 | 1,709,929 |
| Public service..... | 96,735 | 101,405 | 198,140 |
| Academic support..... | 753,227 | 107,961 | 861,188 |
| Student services..... | 261,187 | 9,817 | 271,004 |
| Institutional support..... | 492,663 | 30,916 | 523,579 |
| Operation and maintenance of plant..... | 287,121 | 2,644 | 289,765 |
| Student financial aid..... | 169,088 | 271,448 | 440,536 |
| Total Educational and General..... | 4,305,345 | 2,100,041 | 6,405,386 |
| Mandatory transfers | | | |
| Loan fund matching grant..... | 795 | 95 | 890 |
| Debt service..... | 91,931 | 105,762 | 197,693 |
| Total Mandatory Transfers..... | 92,726 | 105,857 | 198,583 |
| Medical Centers | | | |
| Expenditures..... | 1,851,361 | 2,833 | 1,854,194 |
| Mandatory transfers..... | 63,315 | — | 63,315 |
| Total Medical Centers..... | 1,914,676 | 2,833 | 1,917,509 |
| Auxiliary enterprises | | | |
| Expenditures..... | 465,964 | 8,426 | 474,390 |
| Mandatory transfers..... | 48,831 | — | 48,831 |
| Total Auxiliary Enterprises..... | 514,795 | 8,426 | 523,221 |
| Department of Energy laboratories..... | — | 2,726,809 | 2,726,809 |
| Securities lending fees and rebates..... | 50,473 | 26,516 | 76,989 |
| Total Expenditures and Mandatory Transfers..... | 6,878,015 | 4,970,482 | 11,848,497 |
| OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS) | | | |
| Restricted receipts in excess of restricted expenditures..... | — | 224,508 | 224,508 |
| Nonmandatory transfers..... | (337,300) | (49,014) | (386,314) |
| Other..... | (124,680) | 2,524 | (122,156) |
| Total Other Transfers and Additions (Deductions)..... | (461,980) | 178,018 | (283,962) |
| Net Increase (Decrease) in Fund Balances..... | \$ (73,457) | \$ 72,161 | \$ (1,296) |

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

