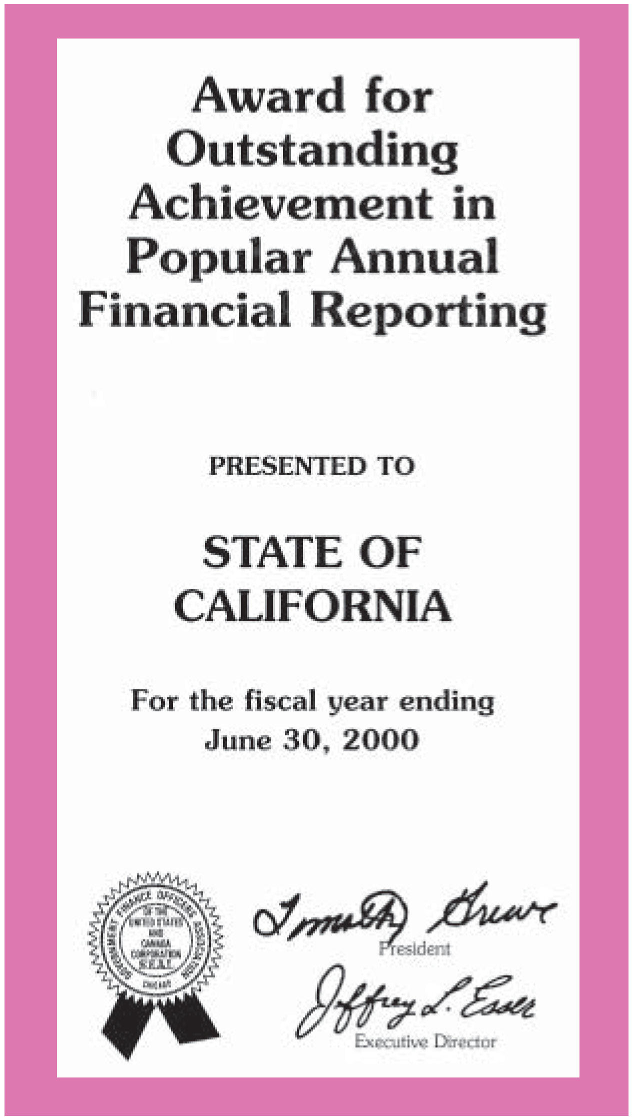

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

STATE OF CALIFORNIA

For the fiscal year ending June 30, 2000

President

Executive Director

This Popular Annual Financial Report provides the citizens of California with an overview of the state's financial condition. It presents selected basic information about the state of California's budget, economy, revenues, spending, and demographics in a nontechnical, easy to understand format.

The object of this report is to meet the State Controller's commitment to provide relevant disclosure to California taxpayers about the fiscal condition of the state, the economy and trends that affect the state's ability to meet the needs of its citizens. The report is presented in a concise, informal format. It is not intended to replace the more detailed reports prepared by the State Controller's Office. A more detailed and complete presentation of the State's financial information is contained in the Comprehensive Annual Financial Report.

Unless otherwise noted, this report uses generally accepted accounting principles (GAAP) to present financial information. This standardized method is the same or comparable to the methods used by other governmental entities in reporting financial data.

A Message From

KATHLEEN CONNELL

State Controller January 24, 2002

I am pleased to present the citizens of California with our third popular annual financial report of the State. The previous two reports have received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association. The award for last year's report can be seen on the inside front cover.

This report provides California taxpayers with a general overview of the State's financial condition and operations and economic trends of the last five years. This information, presented in a non-technical format, is intended to provide financial data that is relevant to the citizens of the state.

Over the last five years, major changes have taken place in California:

- Population in California has grown by 6.6%, or 2.1 million, in the last four years (1996-2000). Between 1996 and 1999, twice as many new immigrants moved into California as into any other state. This growth continues to impact the areas of education, health services, housing, and transportation.
- The overall unemployment rate is rising, though it is still low at 5.7% as of October 2001. Non-farm employment is expected to post a 1.9% rate of growth in 2001 with most of the gain occurring in the first half of the year. Consumer confidence in the Pacific region, which includes California, has declined sharply in recent months, jeopardizing the retail sector in the state. Real retail sales in California fell in 2001 and only a modest gain is forecast for 2002 because both job and income gains will be limited.
- The Federal Reserve's eleven interest rate cuts during 2001 have helped boost the housing sector and new residential construction. New single-family residential units authorized by building permits in California rose to an annual rate of 160,000 during the first ten months of 2001, the highest levels since 1989. Though the increase in new home construction is encouraging, the number of new homes is far from adequate, as it seriously lags the growth of population and jobs in the state. Housing is generally in short supply across coastal California and accordingly expensive, especially in the Bay Area counties.
- The median selling price of homes in California jumped 12% in 2001, to $266,000, the highest value on record. Among the larger California counties, Santa Clara County posted the highest median selling value in 2001, at $548,300. San Francisco County was not far behind with a median home price of $515,000. In Southern California, the median selling price in Los Angeles County during 2001 was a relatively affordable $238,600. In Orange County, the median price jumped 13% to $355,000.
- From 1997 to 2001, the State's revenues increased by 48%. Also, the unreserved fund balance of the State's governmental funds increased from a $3.5 billion deficit to a $7.0 billion surplus.
- The increase in the State's revenues allowed spending to increase 41% between 1997 and 2001. The great majority of this increase went to education and to health and human services, which make up a combined 75% of State spending. The increased State revenues also allowed the average fee for registering a vehicle to be reduced by 67% and the retail sales and use tax to be reduced by 0.5%.

While revenues have allowed California to increase program expenditures and reduce certain taxes over the last five years, the following recent events have caused the State's expected revenues to be substantially lower than previously projected and raise cash flow and budget issues for the coming year:

- The terrorist attack on America weakened an already softening national economy. This weakness has spread into California, especially from the decline in domestic and foreign travel, idling much of the state's visitor-serving sector during the early autumn months. However, a tourism rebound was evident by November, and consumers were beginning to spend again in time for Christmas.
- Labor markets are shedding jobs in Northern California but remain relatively stable in Southern California. To date, the slowdown of technology-sector growth has impacted the state's unemployment rate principally in the Bay Area counties. The Sacramento Valley and the Southern California economies are not reeling from the information-technology fallout that the Bay Area is experiencing. Unemployment rates remain at low levels in these regions, and job and income creation is still positive.
- In 2001, there were sharply lower capital gains from stock market sales. Wages and salary income growth is being limited by moderate labor market growth, and the extent of corporate income gains is weakened by the softening U.S. and state economies. Consequently, State revenue generation has suffered, especially since the spring of 2001. As the economy strengthens in 2002 and the stock market moves higher, an in-tandem rebound in revenue growth is expected.
- The State has been unable to sell energy bonds, originally scheduled for issuance in May 2001. The primary purpose of these bonds is to repay General Fund loans of $6.2 billion used to purchase electricity during the state's energy crisis. To avoid cash flow problems caused by this delay, $5.7 billion in Revenue Anticipation Notes was sold in October 2001.

This situation will require the Legislature and the Governor to take action to balance expenditures and revenues, and to restore stability to the State's finances. With effective action by the State's elected officials and a rebounding economy, the future of California and Californians can continue to improve, as it has in the last five years.

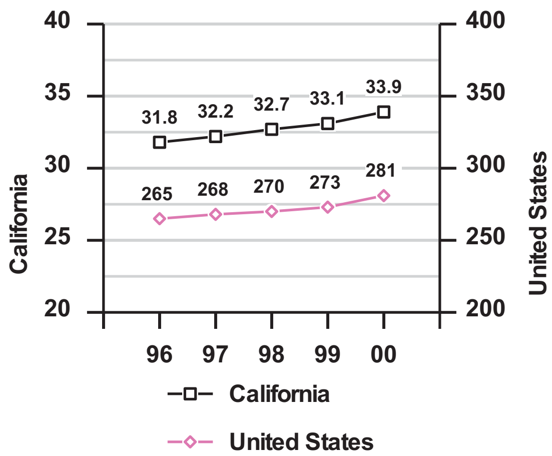
KATHLEEN CONNELL
California State Controller

Economy & Demographics

Lives and Livelihoods

California's geographic proximity to the Pacific Rim and its shared border with Mexico link its economic health to the global marketplace. These factors, coupled with trends related to the state's population, ethnic makeup, and earning abilities underscore the success of current state programs and identify areas where future needs may arise.

Population
As of July 1
(Amounts in millions)



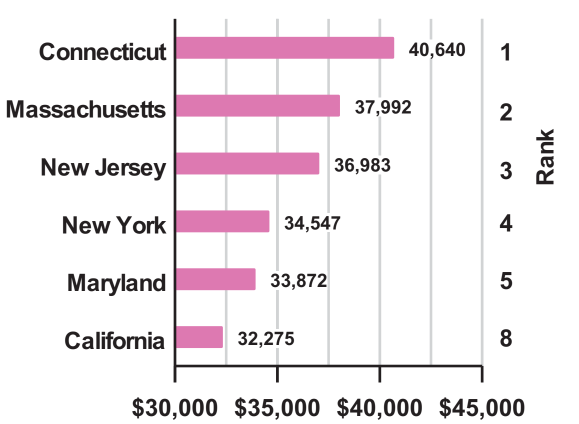
California's population has grown by 2.1 million people in the last four years.

Pasadena, Tournament of Roses Parade

Population Trends

- Between 1985 and Census 2000, the state's population has increased by 28.4%, while the U.S. population as a whole has increased by 18.1%. That means California's population is outpacing the nation's by 56.9%.
- In just the last four years (1996 until Census 2000), California's population has grown by 2.1 million people – a 6.6% increase. Overall, the U.S. population increased by 6.0% during this same period.
- Between July 1, 1996, and July 1, 1999, California was the destination for 782,000 international immigrants, twice as many as New York, the state with the next highest number. During this same time frame, California had 324,000 residents moving to other states, second only to New York, with 583,000 residents moving to other states.

2000 Per Capita Personal Income Ranked by State
Year Ended December 31, 2000
(Amounts in dollars)



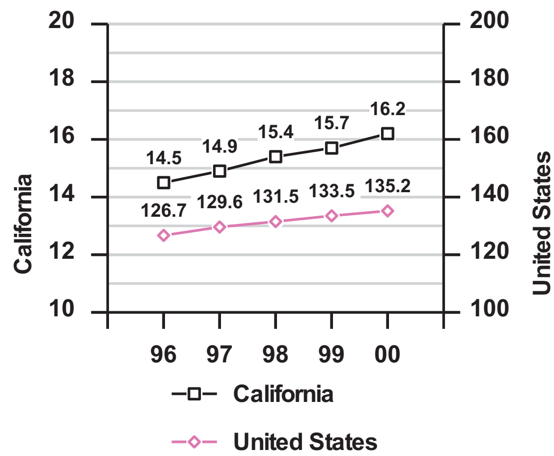
Personal Income

- California's per capita personal income increased by 27.2% between 1996 and 2000. United States per capita personal income increased by 21.4% during this same period.
- In 1996, California's per capita personal income was 3.8% greater than the national average of $24,436. In 2000, California's per capita personal income was 8.8% greater than the national average.
- In 2000, California ranked 8th in per capita personal income, 20.6% less than first-ranked Connecticut. The lowest-ranked state was Mississippi, with per capita personal income of $20,993.

Employment Trends

- California's unemployment rate dropped by 31.9% between 1996 and 2000, while jobs grew by 1.7 million. The national unemployment rate fell by 25.9% during the same period.
- The number of employed Californians increased by 11.7% between 1996 and 2000. During the same period, employment in the United States increased by 6.7%.
- In 2000, California employed approximately 16.2 million people, or 12.0% of the entire national work force, while the nation as a whole employed 135.2 million.

Employment
Annual Average
(Amounts in millions)

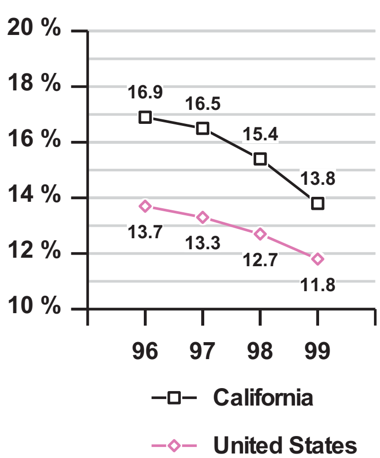


Cycles of Poverty

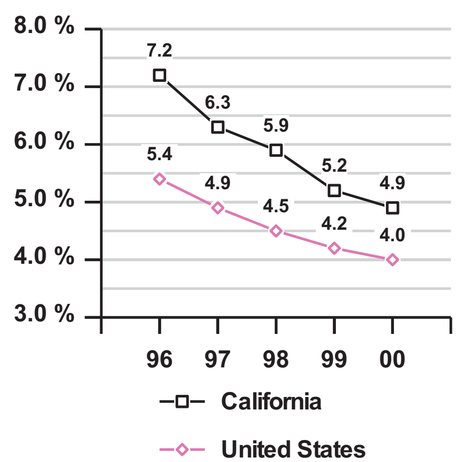
- Between 1996 and 1999, the percent of Californians living below the poverty level decreased by 3.1%, from 16.9%, to 13.8% of the population. Nationally, the percent of persons living below the poverty level declined by 1.9%, from 13.7% to 11.8%.
- In 1999, California ranked 11th in percent of population (13.8%) living below the poverty level. New Mexico had the highest level (20.7%). Utah's percentage was the lowest (5.7%), and Texas and New York were ranked 7th and 9th (15.0%) and (14.1%), respectively.

Oakland, Housewives Market

Population Below the Poverty Level
(Amounts in percent)



Unemployment Rate
Annual Average
(Amounts in percent)

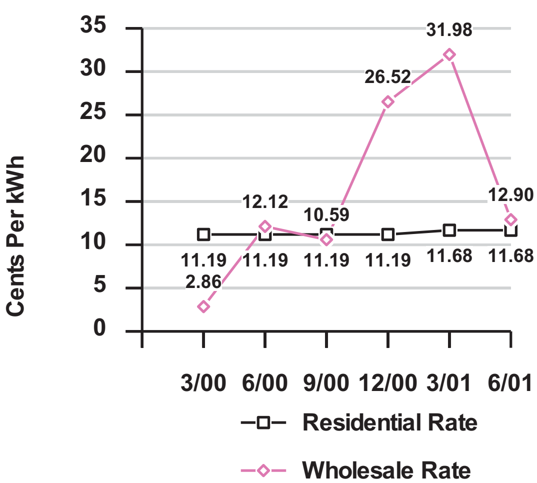


Electricity Costs

In mid-2000, wholesale electricity prices in California began to rise, swiftly and dramatically. Retail electricity rates permittted to be charged by California's investor-owned utilities (IOUs) had previously been frozen by California law. The resulting short-fall between revenues and costs adversely affected the credit worthiness of the IOUs and their ability to purchase electricity. As a result, many suppliers refused to sell electricity to the IOUs.

Due to the inability of the IOUs to purchase electricity, the Governor declared a state of emergency on January 17, 2001. With this action, the State Department of Water Resources began to purchase electricity on behalf of the IOUs. Between January 17, 2001 and June 30, 2001, the State spent $7.3 billion on electricity-related costs. These purchases were funded through General Fund loans totaling $6.2 billion and the proceeds of a $4.3 billion interim loan issued by the State Treasurer's Office. The Legislature authorized the Treasurer to issue up to $13.4 billion in revenue bonds to pay back the General Fund loans and to pay for the interim loan plus interest and penalty charges related to the delayed repayment of this loan. Any remainder would be used to continue to buy electricity for use by California customers and for administrative costs.

Average Wholesale and Residential Electricity Rates (Mar-00 to June-01)



Tehachapi Wind Farm

However, the State has been unable to sell energy bonds, originally scheduled for issuance in May 2001. The delay has been caused by the failure to secure Public Utilities Commission approval of a rate sharing structure needed to reimburse Department of Water Resources for its cost of purchasing electricity.

On April 24, 2001, Standard and Poor's (S&P), a leading Wall Street credit agency, downgraded California's credit rating from "AA" to "A+," because it had less confidence in California's ability to repay its debts. S&P stated that "the downgrade reflects the mounting and uncertain cost to the State of the current electrical power crisis, as well as its likely long-term detrimental effect on the state's economy."

The summer of 2001 was cool and that reduced the demand for power and the need for peak electricity generation in California. Hence, no brownouts or blackouts occurred in the state during its most vulnerable season. Voluntary conservation by consumers and businesses also helped to reduce the demand for electricity and avoid the possibility of blackouts.

By June 2001, most of the skyrocketing increases on wholesale electricity prices had evaporated. Wholesale electricity prices have continued to decline during fall 2001 and are now approximately at a pre-crisis level. However, the situation is fluid and subject to many uncertainties. There can be no assurance that disruptions in power supplies will not occur again.

Governmental Funds

Funding by the People for the People

This report focuses on the activities supported by governmental funds, which are the State's General Fund, special revenue funds, and capital projects funds. These funds provide services to Californians and are financed primarily by taxes and grants.

Key measures used to analyze the finances of a governmental entity are the financial position of the entity and operating results. Operating results measure the difference between receipts and spending during the fiscal year. Depending on whether spending is more or less than the receipts for the reporting period, deficits or surpluses result. The financial position shows the assets (what we own), liabilities (what we owe), and fund balance on a certain day (a snapshot in time).

Operating Results

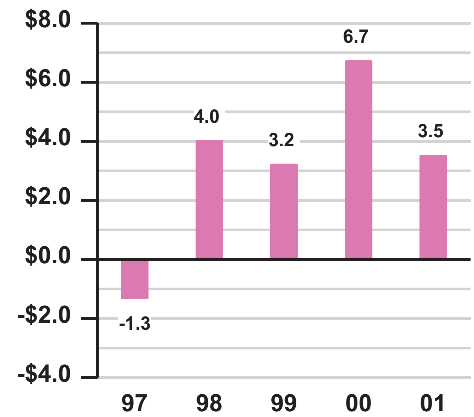
In the last four years, California's operating results have increased by $4.8 billion, from a negative $1.3 billion in 1997 to a positive $3.5 billion in 2001. In 2001, operating results decreased by $3.2 billion from $6.7 billon in 2000. The decrease was mainly caused by the state's softening economy, which resulted in revenues that were lower than expected during the last months of the fiscal year.

Fund Balance

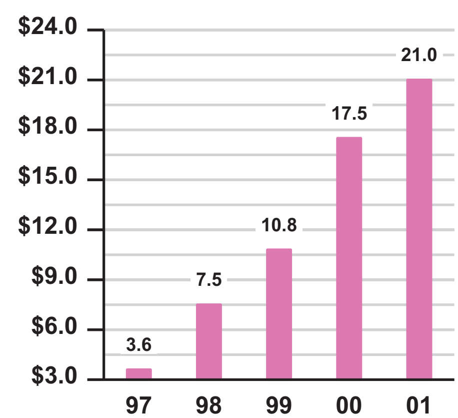
The difference between the assets and liabilities of a fund is called the fund balance. The fund balance is divided into two parts: reserved and unreserved. The **reserved fund balance** represents those amounts that are legally committed for encumbrances, advances and loans, continuing appropriations, and other specific purposes. A **positive unreserved fund balance** represents money available to spend in the next year's budget. A **negative unreserved fund balance** represents an over-commitment of available money.

- The total reserved and unreserved fund balance increased from $3.6 billion in 1997 to $21.0 billion in 2001, an increase of $17.4 billion.
- The unreserved fund balance improved from a negative $3.5 billion in 1997 to a positive $7.0 billion in 2001, an increase of $10.5 billion.

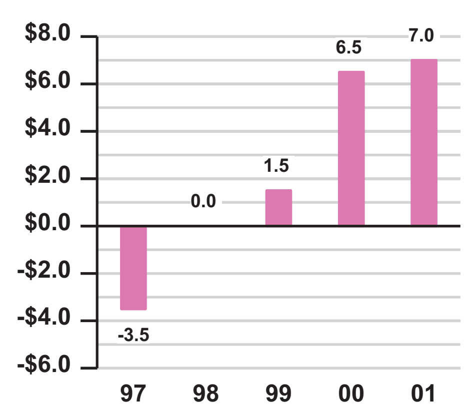
Governmental Funds Operating Results
Year Ended June 30
(Amounts in billions)



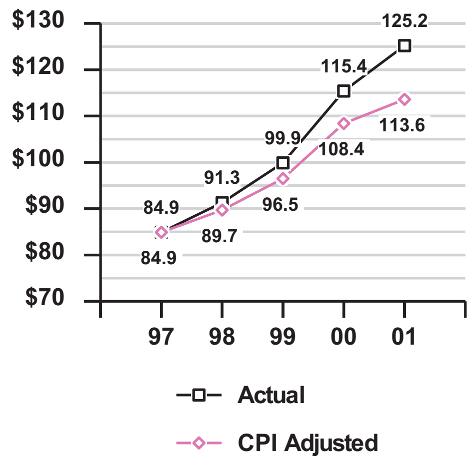
Governmental Funds Fund Balances
Year Ended June 30
(Amounts in billions)



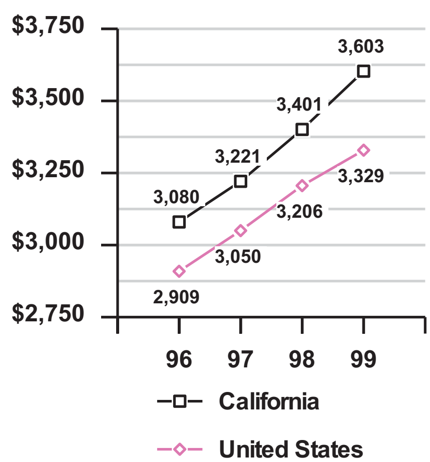
Governmental Funds
Unreserved Fund Balances
Year Ended June 30
(Amounts in billions)



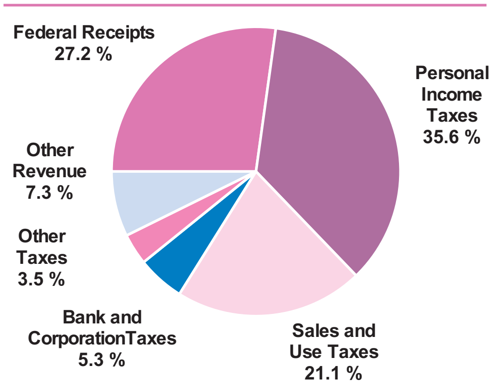
Revenues
Year Ended June 30
(Amounts in billions)



Per Capita Revenues
Fiscal Year Ended
(Amounts in dollars)



Revenues by Source
Year Ended June 30, 2001
(As a percent)



California's economic growth resulted in a 47.5% increase in State revenues between 1997 and 2001.

Healdsburg, Sonoma County

Revenues

Citizens Supporting Economic Growth

California enjoyed a period of robust economic growth from 1996 through the early part of 2001. However, sharply lower capital gains from stock market sales, wages and salary income growth being limited by moderate labor market growth, and corporate income being weakened by the softening U.S. and state economies has caused state revenue to suffer, especially since the spring of 2001.

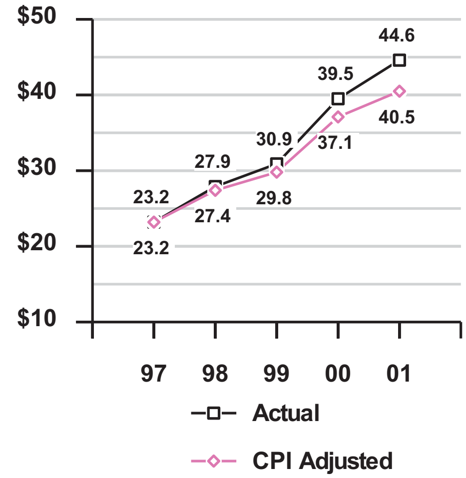
During strong economic periods, more revenue is collected. Figures from the year ended June 30, 2001 illustrate this fact. In 2001, California's revenues reached $125.2 billion, an 8.5% increase over the previous year and a 47.5% increase since 1997.

- More than half of California's revenue comes from its citizens, via the personal income tax (35.6%) and the sales tax (21.1%).
- California's revenues increased by 47.5% between 1997 and 2001. However, after adjusting for inflation (CPI adjusted), revenues increased by 33.8%.
- California's per capita revenues, including University of California revenues, increased by 17.0% between 1996 and 1999. Per capita revenues for the United States as a whole increased by 14.4% during the same period.
- California ranked 18th in per capita revenues when compared with other states. Alaska ranked first with $9,950 and New Hampshire ranked last with $2,588.

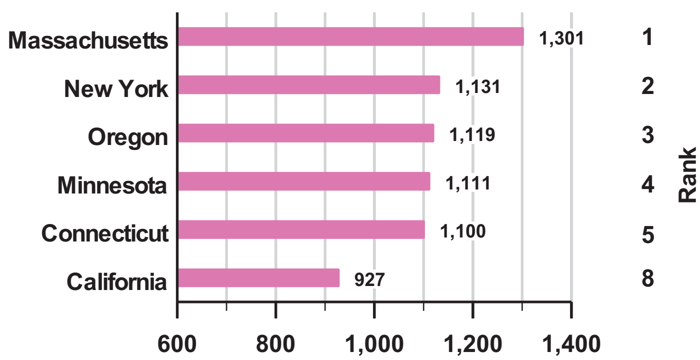
Personal Income Tax

- Personal income tax revenue increased by 92.2% between 1997 and 2001. However, after adjusting for inflation, this revenue increased by 74.6%.
- California's $927 per capita personal income tax collection was eighth among all states. It was 28.7% less than first-ranked Massachusetts' $1,301. The following states do not collect personal income taxes: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming.

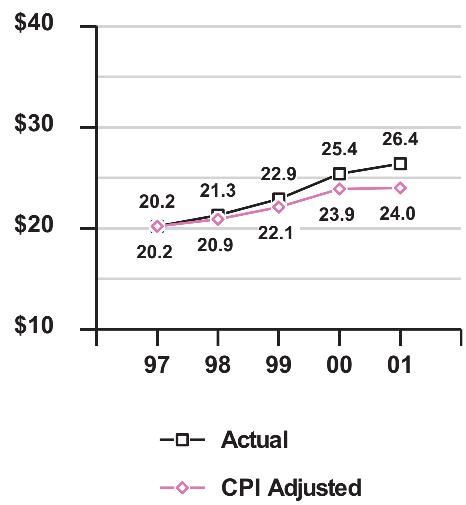
Personal Income Tax
Year Ended June 30
(Amounts in billions)



1999 Per Capita Personal Income Tax Ranked by State
Fiscal Year Ended
(Amounts in dollars)



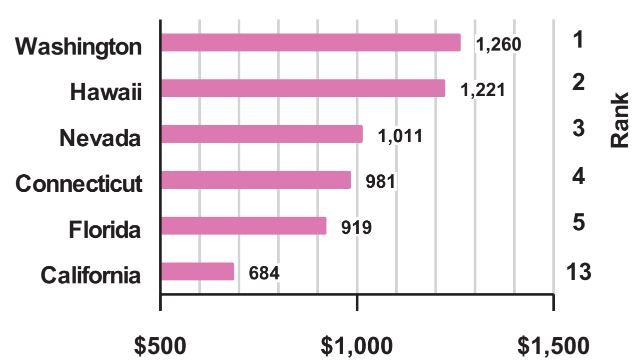
Sales and Use Tax
Year Ended June 30
(Amounts in billions)



Sales and Use Tax

- The State's share of sales and use tax revenue increased by 30.7% between 1997 and 2001. However, adjusted for inflation, this revenue increased by only 18.8%. Growth in sales and use tax slowed to 3.9% between 2000 and 2001.
- California's $684 per capita sales and use tax collection ranked 13th among all states. It was 45.7% less than first-ranked Washington's $1,260. The following states do not collect sales and use tax: Alaska, Delaware, Montana, New Hampshire, and Oregon.

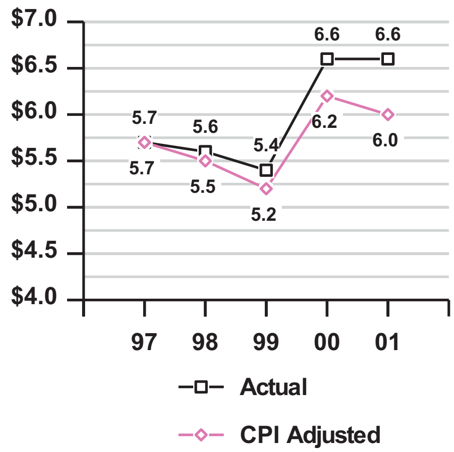
1999 Per Capita Sales and Use Tax Ranked by State
Fiscal Year Ended
(Amounts in dollars)



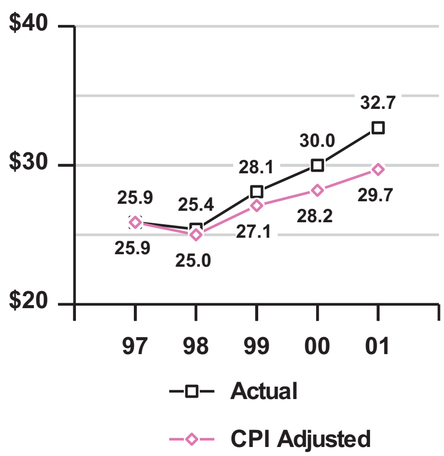
Bank and Corporation Income Tax Revenue

- Bank and corporation income tax revenue increased by 15.8% between 1997 and 2001. After adjusting for inflation, this revenue increased by 5.3%. With the economy slowing, bank and corporation income tax revenue stayed level between 2000 and 2001.
- California's $165 per capita bank and corporation income tax ranked eighth among all states. It was 51.8% less than first-ranked Alaska's $342. The following states do not collect bank and corporation income taxes: Nevada, Texas, Washington,and Wyoming.

Bank and Corporation Tax Revenue
Year Ended June 30
(Amounts in billions)



Federal Receipts
Year Ended June 30
(Amounts in billions)

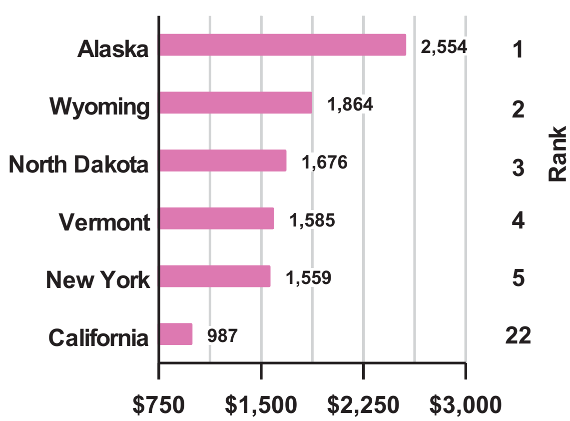


Horton Plaza, San Diego

Federal Receipts

- The State's share of federal receipts increased by 26.3% between 1997 and 2001. However, adjusted for inflation, this revenue increased by only 14.7%.
- California's $987 per capita federal aid ranked 22nd among all states. Alaska was ranked first with $2,554 and Virginia was the lowest of all the states with $641.

1999 Per Capita Federal Receipts Ranked by State
Year Ended June 30
(Amounts in dollars)



San Francisco, Cable Car on Hyde Street

Spending

Caring for Our Own

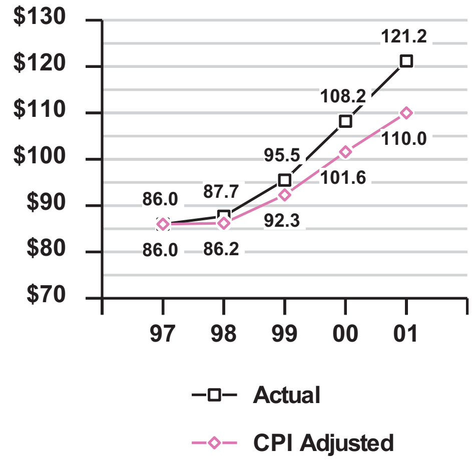
An analysis of spending data provides a view into the use of California tax dollars. For example, funding for kindergarten through twelfth grade (K-12) schools was increased by $3.0 billion in 2000-01 over the previous year, resulting in an 11% increase in per-pupil spending by the State's General Fund.

Spending data can also be used to evaluate the State's program priorities and, when compared to revenue data, can be used to measure the State's ability to support continuing programs.

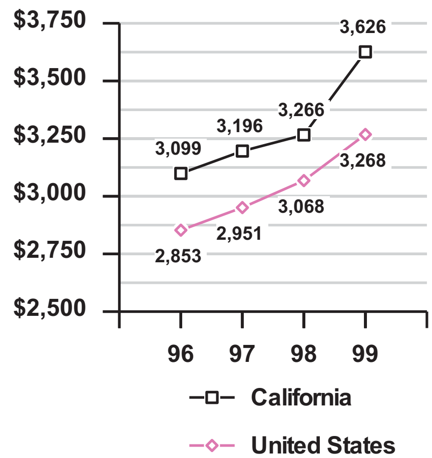
Education and health and human services spending represent 74.6% of State spending.

- State spending increased by 40.9% between 1997 and 2001. However, after adjusting for inflation, spending increased by 27.9%.
- California's per capita spending, including University of California spending, increased by 17.0% between 1996 and 1999. During the same period, per capita spending for the United States increased by 14.5%.
- California's $3,626 per capita spending ranked 13th among all states. Alaska was ranked first, with $8,994, and Texas was the lowest of all states, with $2,474.

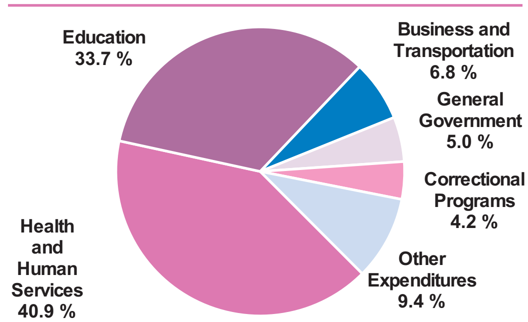
Spending
Year Ended June 30
(Amounts in billions)



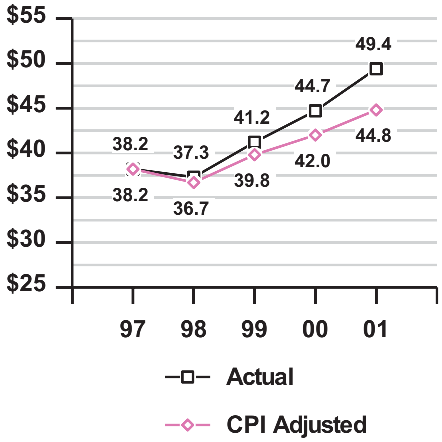
Per Capita Spending
Fiscal Year Ended
(Amounts in dollars)



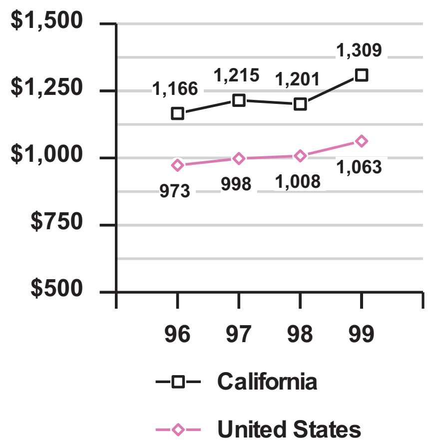
Spending by Program
Year ended June 30, 2001
(As a percent)



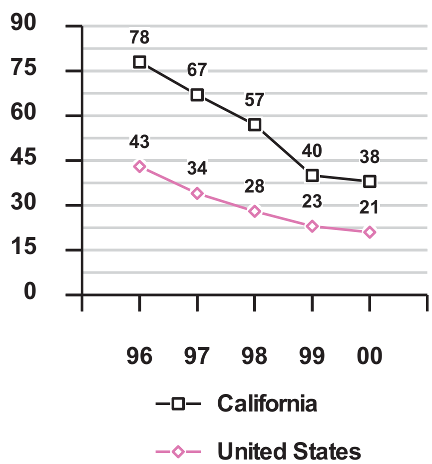
Health and Human Services Spending
Year Ended June 30
(Amounts in billions)



Per Capita Health and Human Services Spending
Fiscal Year Ended
(Amounts in dollars)



Social Services Recipients
(Per thousand population)

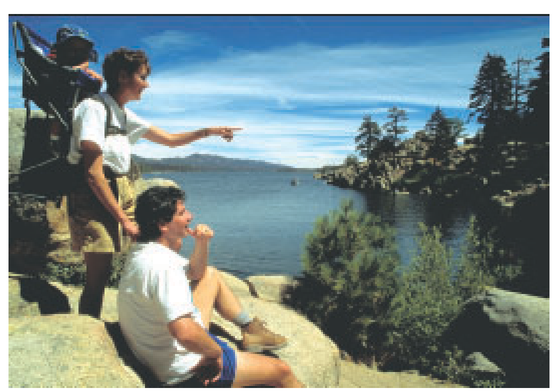


The number of social service recipients per thousand decreased by 51.3% in California. between 1996 and 2000.

Health and Human Services

Health and human services programs provide medical, mental health, and social services to California's neediest population. Beginning in January 1998, CalWORKs became California's version of the federal Temporary Assistance for Needy Families program as a result of the Federal Welfare Reform Act.

- Total health and human services spending by California state government increased by 29.3% between 1997 and 2001. After adjusting for inflation, spending increased by 17.3%.
- California's per capita health and human services spending increased by 12.3% between 1996 and 1999. During this period, the state's population increased by 4.4%.
- Per capita health and human services spending for all states increased by 9.2% between 1996 and 1999. The U.S. population increased by 2.8% during this period.
- California has more social services recipients per thousand population than the national average. In 1996, there were 81.4% more recipients in California per thousand than the national average. By 2000, that number had decreased slightly to 81.0% higher than the national average.
- Nationally, the number of social services recipients per thousand decreased by 51.2% between 1996 and 2000. The number of recipients per thousand decreased by 51.3% in California during the same period.



Big Bear Lake, hiking

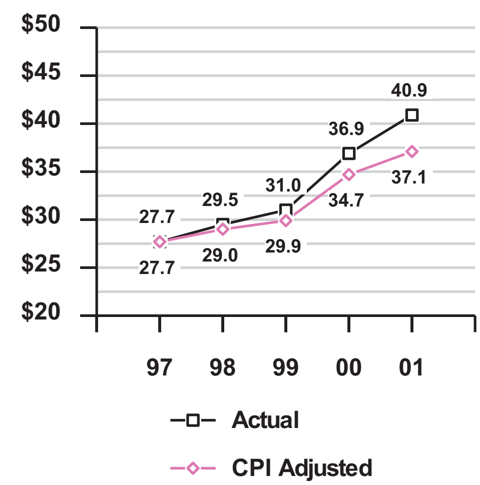
Education

With 5.9 million students in kindergarten through 12th grade (K-12), California is home to the largest number of students in the nation. California schools educate 12.7% of the nation's students in K-12.

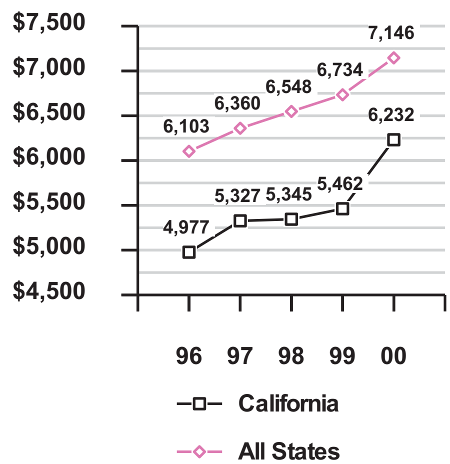
In 2000, California's spending per pupil improved from $1,272 below the national average in 1999, to $914 below the national average. Also, California is continuing to report growth in student performance as shown by the results of the State's Academic Performance Index (API). The median score for elementary schools statewide in 2000-01 grew by 19 points over the previous year. The median score for middle and high schools grew by 12 points and 2 points, respectively.

- Actual education spending by California state government increased by 47.7% between 1997 and 2001. Adjusted for inflation, spending increased by 33.9%.
- California's spending per pupil, based on average daily attendance (ADA), increased by 25.2% between 1996 and 2000. During the same time frame, spending for the U.S. as a whole increased by 17.1%.
- California's $6,232 average yearly spending per pupil is below the national average of $7,146. California is ranked 38th in K-12 per pupil spending in the nation in 2000.
- In 2000, California schools had more students per teacher than all other states except Utah. The ratio of students to teachers in California was 21:1. In contrast, the United States ratio was 16:1. Vermont had the lowest ratio at 12:1.
- California's total verbal and math Scholastic Aptitude Test (SAT) scores have increased by 0.5%, from 1,010 in 1997 to 1,015 in 2001. The national scores have increased by 0.4%, from 1,016 in 1997 to 1,020 in 2001. During the same period, Texas' combined score decreased by 0.3%, to 992, and Florida's combined score decreased by 0.1%, to 997.

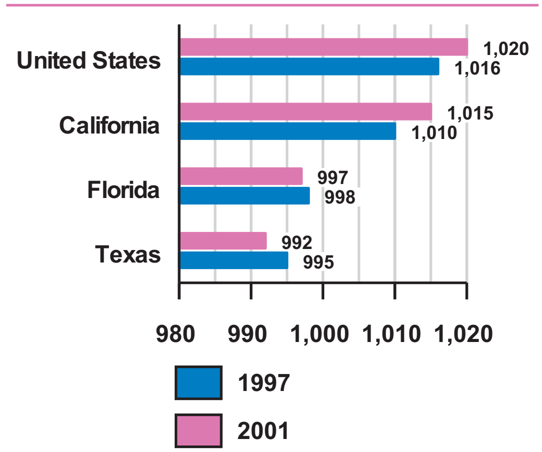
Education Spending
Year Ended June 30
(Amounts in billions)



Per Pupil K-12 Spending
School Year Ending in June
(Amounts in dollars)

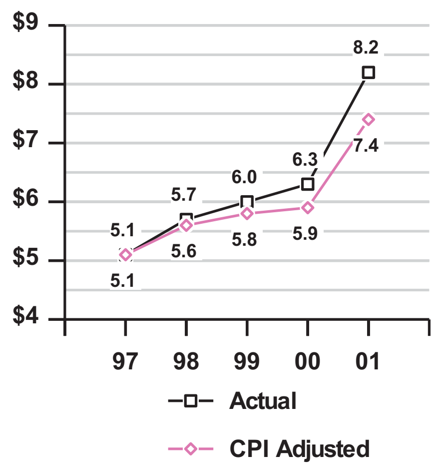


Scholastic Aptitude Test Scores
School Year Ending in June

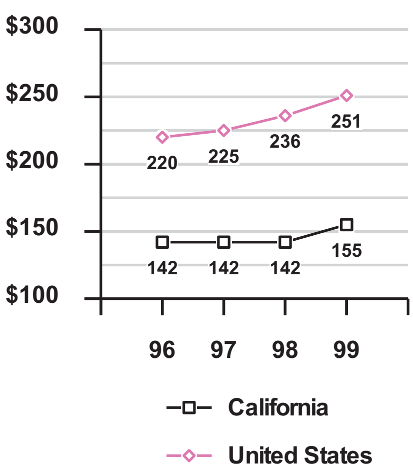


Santa Fe Station, San Diego

Transportation Spending
Year Ended June 30
(Amounts in billions)



Per Capita Highways Spending
Fiscal Year Ended
(Amounts in dollars)

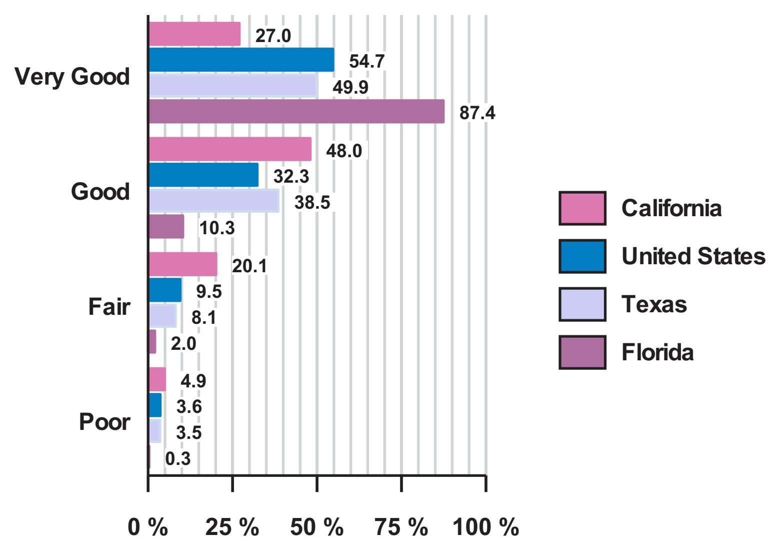


Transportation

California constructs, operates, and maintains a comprehensive transportation system of nine toll bridges and more than 50,000 lane miles of highways and freeways. Built over the last century, the state highway system is estimated to be worth $300 billion; its use is expected to increase from 146 billion annual vehicle miles traveled in 1995 to an estimated 196 billion vehicle miles traveled in 2005.

- Total transportation spending by California increased by 60.8% between 1997 and 2001. Adjusted for inflation, however, total spending increased by 45.1%. The increase in federal receipts and the State's revenues allowed California to spend $8.2 billion in 2001 on transportation-related costs, an increase of $1.9 billion from the $6.3 billion spent in 2000. The number of cars on California's roadways increased by 10.6% during that same period.
- California's per capita spending for highways was 35.5% below the national average in 1996 and 38.2% below in 1999. During the same four-year period, per capita transportation spending for all other states increased by 14.1%.
- California has a smaller percentage, 27.0%, of "very good" highway miles than the national average of 54.7%. California has a higher percentage, 25.0%, of "fair" and "poor" highway miles than the national average, 13.1%, as measured by the International Roughness Index. Highways with a fair or poor rating are candidates for rehabilitation.

2000 National Highway System Condition
Percentage of Miles Measured by Pavement Roughness



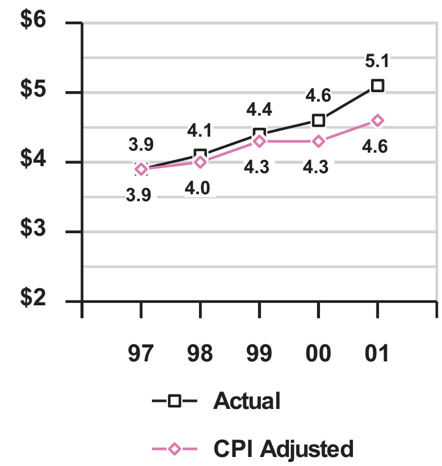
Since 1999, prison population per 100,000 residents has declined both nationally, and within the state.

Corrections

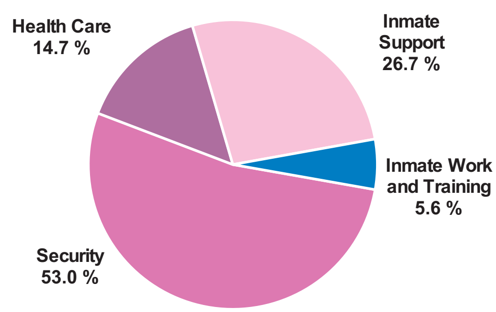
California is committed to providing safe and secure detention facilities for convicted felons and for the supervision of these felons after their release on parole. California's average inmate population in 2000 was 163,001.

- Actual corrections spending increased by 30.8% between 1997 and 2001. After adjusting for inflation, spending increased by 17.9%.
- California has 33 state prisons and 11 youth authority institutions.
- California's per capita corrections cost of $118 for the year ended June 30, 1999 was less than the national average of $121. The state with the highest per capita cost was Delaware with $268, and the state with the lowest was North Dakota, with $61.
- For the year ended June 30, 1999, the average cost to house an inmate in a California state prison was: security $11,016, health care $3,044, inmate support (meals, clothing, inmate evaluation) $5,540, and inmate work and training $1,158.
- In 1996, California's spending was 17.5% greater than the national average. In 1999, it was 2.5% less than the national average.
- Between 1996 and 2000, California's prison population per 100,000 residents increased by 6.9%. The increase for the nation as a whole was 9.8%. Since 1999, prison population per 100,000 residents has declined both nationally and within the state.
- California's inmate population per hundred thousand population remains above the national average. In 1996, California had 12.4% more state prisoners than the national average. By 2000, California had 9.5% more state prisoners than the national average.

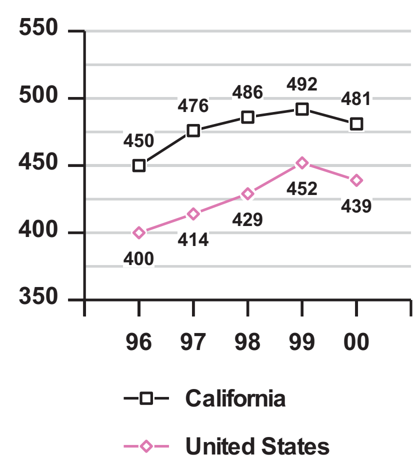
Corrections Spending
Year Ended June 30
(Amounts in billions)



Average Cost for an Inmate
Year ended June 30, 1999

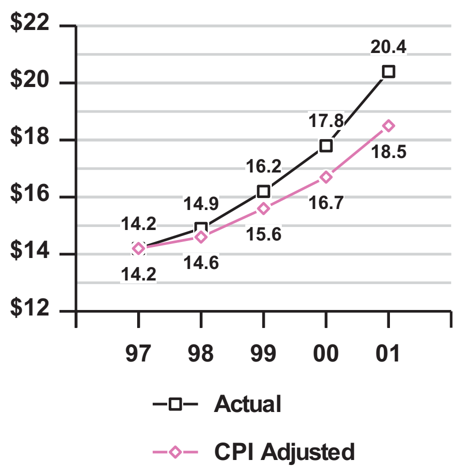


State Prison Inmate Population
(Per hundred thousand population)

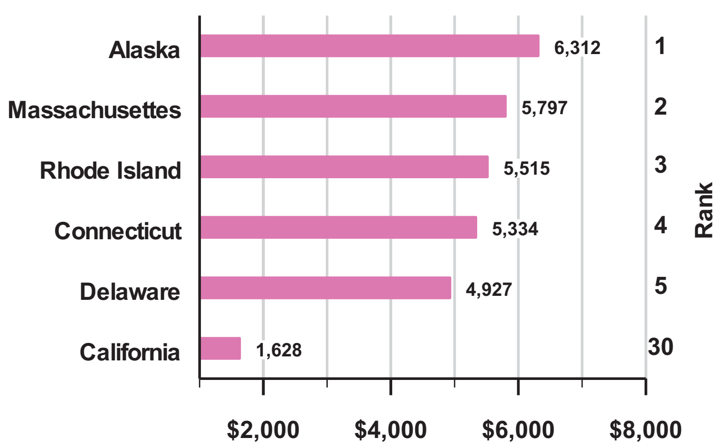


Salton Sea, Imperial Valley

State General Long-Term Obligation Bonds
Year Ended June 30
(Amounts in billions)



1999 Total Per Capita State Debt – Ranked by State
Fiscal Year Ended
(Amounts in dollars)



Bonded Debt

California's constitution permits the State to issue general long-term obligation bonds for the construction of water projects, correctional facilities, housing, educational facilities, and other major projects. General long-term obligation bonds are basically long-term loans that are backed by the full faith and credit of the State. Bonds must be approved by a two-thirds majority of both houses of the Legislature and by a majority of voters in a general or direct primary election.

In April 2001, Standard and Poor's lowered the rating on the State's general long-term obligation bonds to "A+" from "AA." This downgrade could increase the State's future borrowing costs.

Standard and Poor's is one of several companies that rate the degree of repayment risk that investors assume when they invest in bonds. "AAA" is Standard and Poor's highest rating. A rating of "A" indicates that the obligator's or borrower's capacity to meet its financial commitment is strong, but it is more susceptible to adverse effects of changes in economic conditions than obligations rated "AA" or "AAA." Just like a consumer's mortgage loan, the obligator's bond credit rating affects the interest rate of the obligation and therefore the additional interest, or debt service, that must also be paid. A higher rating means a lower interest rate, and therefore lower debt service – and actual cost – of the obligation.

- California's total general long-term obligation bonded debt as of June 30, 2001, is $20.4 billion.
- California's general long-term obligation bonded debt increased by 43.7% between 1997 and 2001. Adjusted for inflation, the debt increased by 30.3% during the period.
- California's per capita general long-term obligation bonded debt increased by 10.7% between 1997 and 1999.
- California's $1,628 per capita debt service ranked 30th among all states. Alaska had the highest with $6,312. Kansas spent the least on debt service with $559.

Sources

The following sources were used to compile this report:

San Francisco Golden Gate Bridge with ship

California State Controller's Office
California State Treasurer's Office
California Department of Corrections
California Department of Education
California Department of Motor Vehicles
California Employment Development Department
California Division of Tourism
California Department of Social Services
Education Data Partnership
National Center for Education Statistics
California Travel and Tourism Commission
The College Board
United States Census Bureau
United States Department of Health and Human Services
United States Department of Justice
United States Bureau of Labor Statistics
United States Department of Transportation

This publication presents financial information using accounting principles generally accepted in the United States of America (GAAP). GAAP financial information is presented in a standardized manner that is comparable to other governmental entities.

In order to provide comparisons with other states, the per capita receipt, spending, and debt information use data from the United States Census Bureau that is available only through 1999.

The U.S. Department of Transportation uses a worldwide standard for measuring pavement roughness called the International Roughness Index. The lower the index number, the smoother the ride. We have categorized the index numbers as very good, good, fair, and poor. These labels correspond to index readings of less than 94, 95 to 144, 145 to 194, and greater than 195, respectively.

This report is not intended to replace the more detailed reports prepared by the State Controller's Office. A more detailed and complete presentation of the State's GAAP financial information is presented in the *Comprehensive Annual Financial Report*, which is available from the State Controller's Office, Division of Accounting and Reporting, P.O. Box 942850, Sacramento, California 94250. This and other publications of the State Controller's Office are available at www.sco.ca.gov.

Photographs by Robert Holmes/CalTour, Tom Myers, Long Beach Area Convention & Visitors Bureau, and the University of California Los Angeles (excluding the photograph of Kathleen Connell).