September 1, 2004

The Honorable Arnold Schwarzenegger
Governor of the State of California
State Capitol
Sacramento, CA 95814

Re: Report for FY 2002-03 and FY 2003-04

Dear Governor Schwarzenegger:

Enclosed please find a financial data report, as required by Government Code Section 12329, for fiscal years 2002-03 and 2003-04. Included in the report is the exact balance in the State's Treasury and a summary of the receipts and payments of the Treasury from July 1, 2002 through June 30, 2004. I also have included information regarding investment earnings and transactions, as well as the State's General Fund supported debt for the same period.

Sincerely,

Philip Angelides
State Treasurer

Enclosure

CALIFORNIA STATE TREASURER'S OFFICE

FINANCIAL DATA

FISCAL YEARS 2002-03 AND 2003-04

PHILIP ANGELIDES

STATE TREASURER

INTRODUCTION

This report is prepared in compliance with Government Code Section 12329, which states, in relevant part, that, "[on] or before the fifteenth day of September in each even-numbered year, the Treasurer shall report to the Governor the exact balance in the treasury…and [provide] a summary of the receipts and payments of the treasury…" This report satisfies said requirement for fiscal years 2002 – 03 and 2003 – 04.

Copies of the report may be obtained from the State Treasurer's website at http://www.treasurer.ca.gov/publications/index.asp, or by written request to the address below:

State Treasurer's Office
915 Capitol Mall, Room 110
Sacramento, CA 95814

TREASURY ASSET BALANCE

The asset balance in the State Treasury to the credit of the State totaled $56.52 billion on June 30, 2003 and $58.24 billion on June 30, 2004.

State of California

Treasury Assets

($ Thousands)

Cash Group		**June 30, 2003**		**June 30, 2004**
Demand Deposits		$764,789		$315,441
Fiscal Agent Deposits		309,592		263,774
Accounts Receivable/Payable		53,842		87,574
Pooled Money Investment Account				
Time Deposits	5,575,095		5,796,795	
Securities	45,088,494 *		46,797,098 *	
Loans	4,730,471		4,980,113	
PMIA Total		55,394,060		57,574,006
TOTAL		**$56,522,283**		**$58,240,795**

** Premium/discount amortization posted on June 30.*

CASH RECEIPTS AND DISBURSEMENTS

The cash receipts deposited through the centralized State Treasury totaled approximately $832.35 billion during the 2002-03 fiscal year and $878.23 billion during the 2003-04 fiscal year. Disbursements totaled approximately $831.73 billion during the 2002-03 fiscal year and $878.55 billion during the 2003-04 fiscal year.

State of California

2002 - 03 Quarterly Cash Receipts and Disbursements

($ Thousands)

	Receipts	Disbursements
July 2002 - September 2002	$158,956,456	$158,589,629
October 2002 - December 2002	198,915,096	199,237,922
January 2003 - March 2003	179,441,052	178,556,819
April 2003 - June 2003	295,042,331	295,343,133
TOTAL	**$832,354,935**	**$831,727,503**

2003 - 04 Quarterly Cash Receipts and Disbursements

($ Thousands)

	Receipts	Disbursements
July 2003 - September 2003	$215,848,621	$215,464,367
October 2003 - December 2003	187,382,699	187,702,616
January 2004 - March 2004	185,938,511	185,461,776
April 2004 - June 2004	289,058,440	289,919,927
TOTAL	**$878,228,271**	**$878,548,686**

INVESTMENTS

The investment earnings of the Pooled Money Investment Account (PMIA) for fiscal years 2002-03 and 2003-04 totaled $1.969 billion.

During the 2002-03 fiscal year, PMIA investment activity involved 7,524 transactions, totaling $305.1 billion. The table below provides a breakdown of the PMIA portfolio holdings as of June 30, 2003.

State of California
Pooled Money Investment Account Portfolio
($ Thousands)

Security Type	Principal Amount	Percent of Portfolio
Governments		
Bills	$1,593,303	2.87%
Bonds	-	-
Notes	8,311,148	14.99%
Strips	-	-
Total Governments	$9,904,451	17.86%
Federal Agency Coupons	$4,665,606	8.42%
Certificates of Deposit	5,740,493	10.36%
Bank Notes	100,003	0.18%
Bankers Acceptances	-	-
Repurchases	-	-
Federal Agency Discount Notes	8,440,754	15.23%
Time Deposits	5,575,095	10.06%
GNMA's	572	-
Commercial Paper	14,023,307	25.30%
FHLMC	4,910	0.01%
Corporate Bonds	2,236,844	4.04%
AB 55 Loans	4,730,471	8.54%
General Fund Loans	-	-
Reverse Repurchase	-	-
TOTAL (All Types)	**$55,422,506**	**100.00%**

INVESTMENTS (CONTINUED)

During the 2003-04 fiscal year, PMIA investment activity involved 6,630 transactions, totaling $269.1 billion. The table below provides a breakdown of the PMIA portfolio holdings as of June 30, 2004.

State of California
Pooled Money Investment Account Portfolio
($ Thousands)

Security Type	Principal Amount	Percent of Portfolio
Governments		
Bills	$2,485,515	4.31%
Bonds	-	-
Notes	5,218,873	9.06%
Strips	-	-
Total Governments	$7,704,388	13.37%
Federal Agency Coupons	$4,653,211	8.08%
Certificates of Deposit	9,290,086	16.13%
Bank Notes	1,224,975	2.13%
Bankers Acceptances	-	-
Repurchases	-	-
Federal Agency Discount Notes	11,186,900	19.42%
Time Deposits	5,796,795	10.06%
GNMA's	453	-
Commercial Paper	11,127,357	19.32%
FHLMC	3,193	0.01%
Corporate Bonds	1,633,228	2.84%
AB 55 Loans	4,980,113	8.64%
General Fund Loans	-	-
Reverse Repurchase	-	-
TOTAL (All Types)	**$57,600,699**	**100.00%**

The Treasurer continues to seek investment opportunities that promote the California economy. For example, by increasing investments with California financial institutions through the Time Deposit Program, the State fosters home and business financing throughout California. Time deposits averaged $5.31 billion in 2002-03 fiscal year, and $5.73 billion in 2003-04. This compares with time deposits that averaged $4.32 billion in fiscal year 2000-01 and $5.03 billion in 2001-02.

GENERAL FUND SUPPORTED DEBT OUTSTANDING

As of June 30, 2004, the State had $40.3 billion in aggregate principal amount of General Fund supported debt outstanding. This consisted of $33.0 billion in General Obligation bonds and Commercial Paper and $7.3 billion in Lease Revenue bonds.

Details of total June 30, 2003 and June 30, 2004 outstanding General Fund supported debt appear in the table below.

State of California
General Fund Supported Debt Outstanding*
($ Thousand)

	June 30, 2003	June 30, 2004
General Obligation (GO) Non-self Liquidating		
Corrections	$1,525,550	$1,408,450
Higher Education	3,879,990	4,287,425
Housing	-	6,400
K-12 Education	13,653,952	19,860,902
Social Services	1,794,435	1,871,615
State Office Buildings	48,000	51,010
Transportation & Clean Air	1,837,535	1,937,665
Water Quality Improvement & Parks	2,619,165	3,617,555
Total GO (Non-self Liquidating)	$25,358,627	$33,041,022
Lease Debt		
Community Colleges	$544,955	$542,835
Department of Corrections	2,302,444	2,532,120
Department of Youth Authority	17,615	16,975
Energy Efficiency	83,785	71,280
Regents of the University of California	1,167,914	1,119,122
Trustees of the California State University	607,945	579,715
Various State Office Buildings	1,979,940	2,426,100
Total Lease Debt	$6,704,598	$7,288,147
TOTAL GENERAL FUND SUPPORTED DEBT	**$32,063,225**	**$40,329,169**

** Outstanding amount includes commercial paper outstanding and the initial value of capital appreciation bonds.*

GENERAL FUND SUPPORTED DEBT SOLD

Since June 30, 2002 the State Treasurer has sold approximately $14.8 billion principal amount of General Fund supported debt. This figure is comprised of General Obligation bonds of the State and Lease Revenue bonds. The total amount of General Fund supported debt sold was $5.8 billion in fiscal year 2002-03 and $9.0 billion in fiscal year 2003-04.

State of California
General Fund Supported Debt Sold
($ Thousands)

	June 30, 2003	June 30, 2004
General Obligation (GO) Non-self Liquidating		
Corrections	$0	$85,735
Higher Education	708,265	648,450
Housing	-	395
K-12 Education	3,561,000	5,544,395
Social Services	256,000	148,340
State Office Buildings	-	6,450
Transportation & Clean Air	17,000	227,245
Water Quality Improvement & Parks	607,735	1,155,265
Total GO (Non-self Liquidating)	$5,150,000	$7,816,275
Lease Debt		
Community Colleges	$0	$25,505
Department of Corrections	-	670,545
Department of Youth Authority	5,465	-
Energy Efficiency	-	-
Regents of the University of California	205,765	-
Trustees of the California State University	-	-
Various State Office Buildings	455,165	508,545
Total Lease Debt	$666,395	$1,204,595
TOTAL GENERAL FUND SUPPORTED DEBT	**$5,816,395**	**$9,020,870**