STATE OF CALIFORNIA

Debt Affordability Report

OCTOBER 2010

BILL LOCKYER
California State Treasurer

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TREASURER
STATE OF CALIFORNIA

October 1, 2010

Fellow Californians:

The recession continues to take a terrible toll on California communities and families. High unemployment plagues most sectors, and the housing market remains depressed. Family income has shrunk, and consumer spending has dropped. All these factors, in turn, continue to erode the revenues of state and local government. And that erosion compounds the economic stresses by fueling further reductions in jobs and public services at the very time both are needed most.

This year's Debt Affordability Report notes once again the increasing percentage of the State's General Fund devoted to debt payment. The increase has occurred in large part because the State has sold more bonds to finance critically-needed, voter-enacted infrastructure projects at a time when the State's overall revenues have dropped precipitously (if temporarily) from their pre-recession levels. This "denominator effect" somewhat skews the analysis of the State's ability to take on more debt over the longer term. The fact remains, however, that California needs to pay serious attention to its growing debt service. And policymakers need to develop a long-term Master Plan to meet California's infrastructure needs with a better blend of state, federal, local and private sector investment.

The 2010 Debt Affordability Report provides useful and straightforward information about the nature and extent of the State's debt. It should be a valuable resource for municipal finance professionals and California policymakers, and all those who want to take a closer look at how the State uses its borrowing authority to meet the objectives set by voters, the Legislature and the Governor.

I commend and thank the staff of the State Treasurer's Office as well as our financial advisors and economists. They are professionals who work very hard and well to protect the interests and pocketbooks of Californians. And they understand the importance of the work they do in creating the kind of future California wants and needs.

On their behalf and mine, thank you for the opportunity to serve.

Bill Lockyer

BILL LOCKYER
California State Treasurer

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Preface

The Treasurer must submit an annual debt affordability report to the Governor and Legislature in accordance with the requirement of Government Code Section 12330. The law requires the Treasurer to provide the following information:

- A listing of authorized but unissued debt that the Treasurer intends to sell during the current year (2010-11) and the budget year (2011-2012) and the projected increase in debt service as a result of those sales.
- A description of the market for State bonds.
- An analysis of the credit ratings of State bonds.
- A listing of outstanding debt supported by the General Fund and a schedule of debt service requirements for this debt.
- A listing of authorized but unissued debt that would be supported by the General Fund.
- Identification of pertinent debt ratios, such as debt service to General Fund revenues, debt to personal income, debt to estimated full value of property and debt per capita.
- A comparison of these debt ratios with the comparable debt ratios for the 10 most populous states.
- A description of the percentage of the State's outstanding general obligation bonds constituting fixed rate bonds, variable rate bonds, bonds that have an effective fixed interest rate through a hedging contract and bonds that have an effective variable interest rate through a hedging contract.
- A description of any hedging contract, the outstanding face value, the effective date, the expiration date, the name and ratings of the counterparty, the rate or floating index paid by the counterparty, and an assessment of how the performance of the State's hedging contracts met the objectives of the hedging contracts.

NOTES ON TERMINOLOGY

- This report frequently uses the words "bonds" and "debt" interchangeably, even when the underlying obligation behind the bonds does not constitute debt, subject to limitation, under California's constitution. This conforms to the market convention for the general use of the terms "debt" and "debt service" as applied to a broad variety of instruments in the municipal market, regardless of their precise legal status.
- Fiscal years are referenced without using the term "fiscal year" or "fiscal." For example, 2010-11 means the 2010-11 fiscal year.
- When referring to the government the word "State" is capitalized. When referring to California, the word "state" is lower-cased.

SECTION 1 | *Market for State Bonds*

The State is the largest issuer in the $2 trillion U.S. tax-exempt municipal bond market. In addition, as a result of the Build America Bonds (BABs) program the State, over the last 18 months, has become one of the largest issuers in the taxable bond market. The market and price for the State's bonds are affected by factors that are specific to the State, as well as factors that affect the wider bond market. These factors include the State's fiscal condition and the amount of bonds it is selling, as well as the rates on alternative, but similar, investment vehicles – namely other bonds.

The financial challenges still confronting the State are similar to those confronting many other entities, both public and private. The severe recession of the last few years has caused significant revenue declines across all sectors. Because of these losses as well as economy-driven increases in service needs, significant and persistent budget deficits will continue to plague most governments, including the State. In addition, recession-related investment losses have substantially increased public pension systems' unfunded liabilities. As a result, over the last year or so, the press and some investors have zeroed in on these municipal credit challenges and the long-term financial health of municipal governments. Notwithstanding the current challenges, two of the three major rating agencies, in April 2010, recalibrated municipal issuer ratings onto a global ratings scale. The recalibrations by Moody's Investors Service (Moody's) and Fitch Ratings (Fitch) produced higher ratings for thousands of municipal governments, including the State. Additionally, they had a positive effect on the prices for the State's bonds. The higher ratings better reflect the fundamental credit strength of municipal bonds, as evidenced by their extremely low default rates and high recovery ratios. However, even after the recalibrations, municipal bonds still are rated lower than corporate debt with similar historical default rates. Treasurer Lockyer advocates further reform to more directly tie municipal ratings to risk of default. Treasurer Lockyer, in written testimony to the SEC in September 2010, stated "It is important that default risk is the primary basis for the rating."

To provide a better understanding of the market for the State's bonds, the discussion below reviews the larger municipal and taxable bond markets.

BUILD AMERICA BONDS

In 2009-10, the most significant municipal bond market development was the large number of issuances of BABs, which were authorized in February 2009 as a part of the America Recovery and Reinvestment Act of 2009 (ARRA). In particular, BABs transformed the way municipal governments access capital in the public debt markets. Under the BABs program, municipal issuers can sell federally taxable bonds to fund projects normally financed with tax-exempt bonds. Because the interest on the BABs would be subject to federal income taxation, the interest rates on these bonds are higher than those on traditional tax-exempt bonds. However, to offset the higher interest rates, the U.S. Treasury Department pays the issuer a direct subsidy equal to 35 percent of the interest paid on the BABs, with the issuer paying only 65 percent. In many instances, the effective rate on the BABs, net of the federal subsidy, has been less than tax-exempt interest rates on comparable maturities. As a result of the significant issuer savings they provide and the relatively high yield, BABs quickly became popular with both issuers and investors. As of August 2010, more than $120 billion of BABs had been issued nationwide. The State accounted for more than $12 billion of that total.

The large volume of BABs established closer links between the municipal and taxable bond markets. At first, this resulted in municipal BABs issuers conforming to the technical conventions of the taxable bond market, including maturity structure and call features. In addition, many taxable investors initially evaluated the creditworthiness of municipal governments by drawing parallels to sovereign entities and corporate issuers, despite the real differences between them. For example, the State, with rare exception, issues bonds to finance long-term capital projects, unlike many sovereign governments, which often issue debt to fund operating deficits. Municipal issuers have gradually incorporated a number of the more flexible features of the municipal bond market into their BABs issues and educated investors about the positive differences between municipal credits and sovereign and corporate credits.

Despite being a clear success, the fate of the BABs program remains uncertain. The program is set to expire on January 1, 2011. Current Congressional proposals would extend the program, but they propose lower subsidy levels which likely would reduce the issuance of direct subsidy BABs. The uncertainty hanging over the program negatively affects the willingness of institutional investors to expand or even to continue participating in this new and potentially very large asset class.

INTEREST RATE VOLATILITY

Interest rates and interest rate relationships for municipal bonds were highly volatile in fiscal 2009-10 through the beginning of fiscal 2010-11. The high volatility reflects shifts in investor sentiment, including their evaluation of international sovereign versus municipal credit risk, the duration of the current recession, and the direction of equity, commodity and other investments.

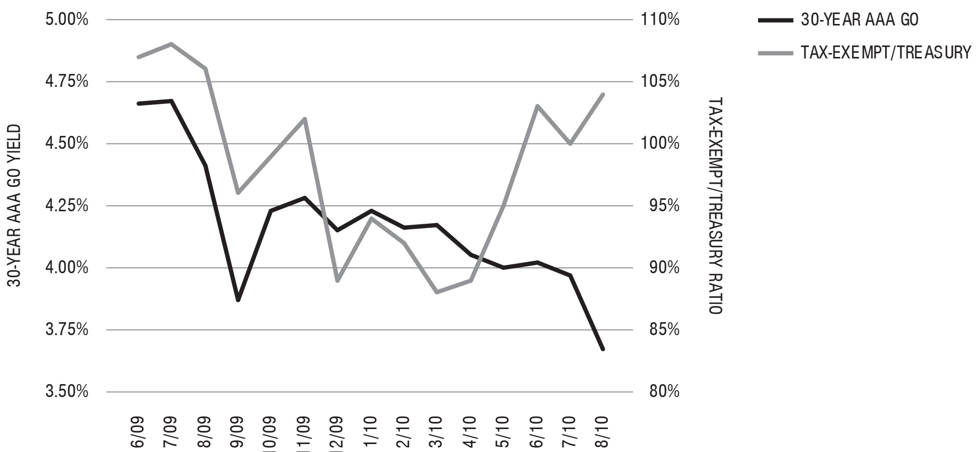
As governments grapple with continued economic weakness around the world, many face ongoing budget deficits. In addition, weak investment performance has resulted in significant increases in public pension systems' unfunded liabilities. As a result, over the last year or so, investors have closely scrutinized governments' ability to operate and repay their obligations over the long-term. The sovereign debt crisis in Dubai, Greece, and Spain, and the specter of contagion across Europe, initially had a negative effect on the pricing of municipal bonds. Over time, however, as clear distinctions were recognized between these two types of credits, pricing pressures on municipal bonds subsided. Still, degradation in the European sovereign debt markets did eventually create opportunities for investors seeking higher returns, which led to further pricing volatility.

In addition, many investors have fled to the quality of U.S. Treasuries and high-grade municipal bonds, causing significant rallies in those markets. As U.S. Treasury yields reached historic lows, other types of securities were unable to keep pace, causing dislocations in fundamental ratios and spreads. Similarly, the high-grade municipal bond market rally resulted in widening spreads between various credits in the municipal market. However, at various points in time, when the prospect of economic recovery increased, investors reacted quickly and sought municipal bonds from issuers that were perceived to be distressed, producing significant changes in bond pricing.

The following charts demonstrate the impact that the flight to quality has had on the relationships between U.S. Treasuries and tax-exempt municipal bonds (Figure 1) and corporate taxable bonds (Figure 2).

FIGURE 1

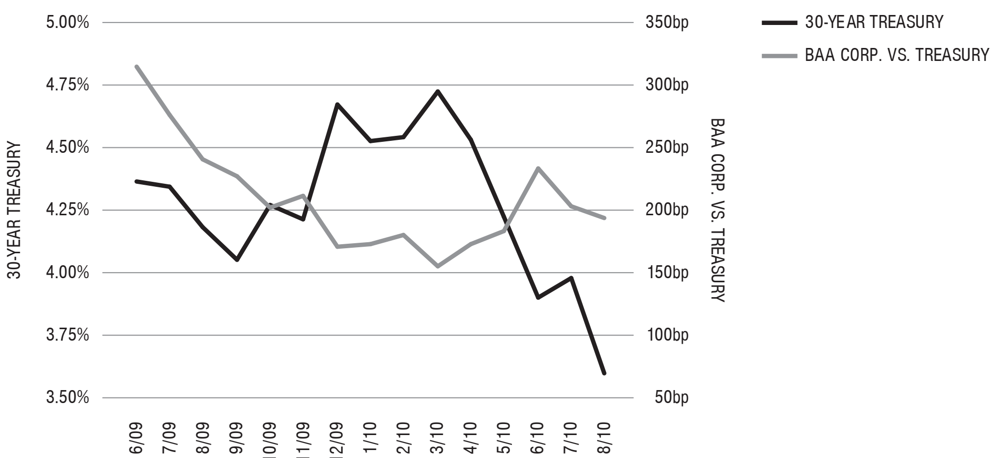
TRENDS OF TAX-EXEMPT INTEREST RATES



Source: Thomson Municipal Market Monitor (TM3)

FIGURE 2

TRENDS OF TAXABLE INTEREST RATES



Source: Federal Reserve Board

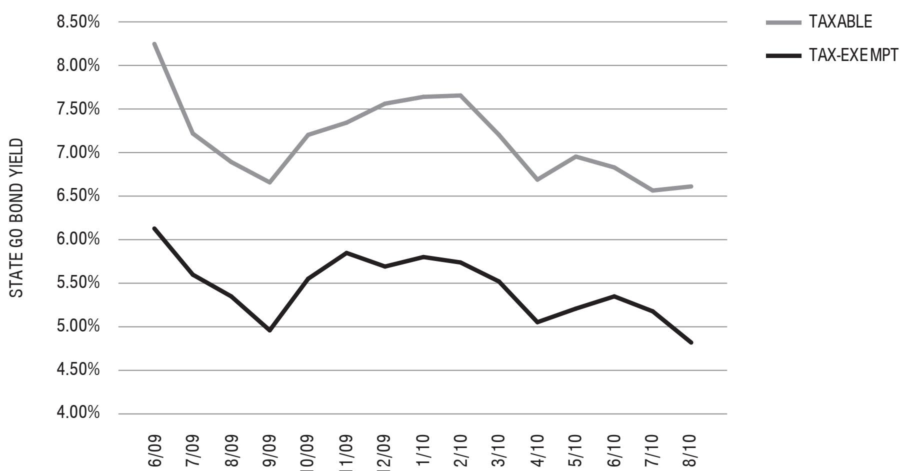
THE STATE'S BONDS

From July 1, 2009 through August 31, 2010, yields on the State's tax exempt and taxable general obligation (GO) bonds have fluctuated along with the yields in the broader municipal and taxable bond markets. In addition, investor perception of the State's creditworthiness, upgrades to the State's credit ratings from recalibrations, and the varying amount of bonds the State has offered at different times have affected the relative pricing of the State's GO Bonds. Yields on the State's 30-year tax-exempt GO bonds ranged from a low of 4.82 percent to a high of 6.10 percent. Compared to benchmark "AAA"-rated tax-exempt GO interest rates, these translate to spreads of 87 to 172 basis points. As the BABs market has evolved, yields for the State's 30-year taxable GO Bonds have been even more volatile. From the beginning of fiscal 2009-10 to August 2010, the yields ranged from approximately 6.50 percent to approximately 8.25 percent, with spreads to the 30-year U.S. Treasury Bond fluctuating between 210 and 390 basis points.

The following charts illustrate the absolute yields for the State's GO bonds (Figure 3), as well as the yields in relation to benchmark interest rates (Figure 4).

FIGURE 3

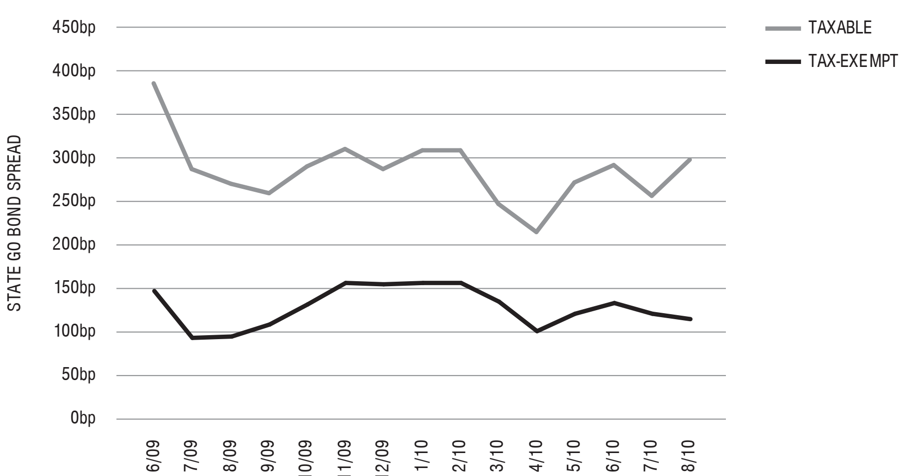
TRENDS OF CALIFORNIA GO BOND YIELDS



Source: Thomson Municipal Market Monitor (TM3) and MSRB

FIGURE 4

TRENDS OF CALIFORNIA GO BOND SPREADS



Source: Thomson Municipal Market Monitor (TM3) and MSRB

SECTION 2 | *Snapshot of State's Debt*

OVERVIEW

Figure 5 summarizes the State's debt as of June 30, 2010. This debt includes GO bonds approved by voters, lease revenue bonds authorized by the Legislature, Proposition 1A Receivables bonds authorized by the 2009-10 State budget[1] and certain other Special Fund or Self Liquidating bonds[2]. The numbers include both bonds the State already has sold (outstanding) and bonds authorized but not yet sold. A detailed list of the State's outstanding bonds, and

FIGURE 5

SUMMARY OF THE STATE'S DEBT,
AS OF JUNE 30, 2010 (DOLLARS IN BILLIONS)

GENERAL FUND SUPPORTED ISSUES	OUTSTANDING	AUTHORIZED BUT UNISSUED	TOTAL
General Obligation Bonds	$68.77	$41.58	$110.35
Lease Revenue Bonds	9.89	9.83	19.72
Proposition 1A Receivables Bonds	1.90	–	1.90
TOTAL GENERAL FUND SUPPORTED ISSUES	$80.56	$51.41	$131.97
SPECIAL FUND/SELF LIQUIDATING ISSUES			
Economic Recovery Bonds	$7.94	$ –	$7.94
Veterans General Obligation Bonds	1.00	1.14	2.14
California Water Resources Development General Obligation Bonds	0.48	0.17	0.65
TOTAL SPECIAL FUND/SELF LIQUIDATING ISSUES	$9.42	$1.31	$10.73
TOTAL	$89.98	$52.72	$142.70

1 The Proposition 1A Receivables bonds were issued by the California Statewide Communities Development Authority pursuant to Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

2 Debt obligations not included in Figure 5: Any short-term obligations such as commercial paper, revenue anticipation notes or revenue anticipation warrants; revenue bonds issued by state agencies which are repaid from specific revenues outside of the General Fund; and "conduit" bonds, such as those issued by state financing authorities on behalf of other governmental or private entities whose obligations secure the bonds.

their debt service requirements, can be found in Appendices A and B.

- Approximately 6.6 percent of all GO bonds carry variable interest rates. The law authorizes up to 20 percent of GO bonds (including Economic Recovery Bonds) to be variable rate. The remaining 93.4 percent of the State's GO bonds have fixed interest rates.

- The State has no interest rate hedging contracts on any debt discussed in this report.

INTENDED ISSUANCE OF GENERAL FUND-BACKED BONDS

The State Treasurer's Office intended issuance estimates are based on Department of Finance (DOF) projections of State departments' funding needs as of April 1, 2010. These projections are updated from time to time, and are therefore subject to change. Other factors that could impact the amount of issuance include the timing of budget enactment as well as market conditions. Figure 6 shows intended issuances over the next two fiscal years of General Fund-backed bonds[3].

Only currently authorized but unissued GO bonds are reflected in Figure 6's numbers. The intended issuances may increase should new bond programs be approved.

As shown in Figure 6, the State intends to issue $26.78 billion of General Fund-backed bonds in 2010-11 and 2011-12. The STO estimates this issuance will increase debt service payments from the General Fund by $193.80 million in 2010-11 and $1.25 billion in 2011-12.

FIGURE 6

INTENDED ISSUANCES
GENERAL FUND-SUPPORTED BONDS
(DOLLARS IN MILLIONS)

	2010-2011	2011-2012
General Obligation Bonds	$13,000	$9,903
Lease Revenue Bonds	$1,523	$2,352
TOTAL GENERAL FUND-SUPPORTED BONDS	$14,523	$12,255

[3] Debt issuances not included in Figure 6: Any short-term obligations such as commercial paper, revenue anticipation notes or revenue anticipation warrants; revenue bonds issued by state agencies which are repaid from specific revenues outside of the General Fund; and "conduit" bonds, such as those issued by state financing authorities on behalf of other governmental or private entities whose obligations secure the bonds.

SECTION 3 | *Measuring Debt Burden*

DEBT RATIOS

Measuring California's debt level with various ratios – while not particularly helpful in assessing debt affordability – does provide a way to compare the State's burden to those of other borrowers. The three most commonly-used ratios are: debt service as a percentage of General Fund revenues; debt as a percentage of personal income; and debt per capita.

Debt as a percentage of Gross Domestic Product (GDP) has not historically been used to measure a municipal issuer's debt burden. However, with the development of the BABs program and the increasing amount of municipal issuers selling debt in the taxable market, this ratio can be a useful tool to compare an issuer's debt burden to other borrowers.

DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND REVENUES

Because debt service is considered a fixed part of a State's budget, credit analysts compare a state's General Fund-supported debt service to its General Fund revenues as a measure of the state's fiscal flexibility. California's ratio of debt service to General Fund revenues was 6.69 percent in 2009-10, based on $5.790 billion[4] in GO, lease revenue and Proposition 1A Receivables debt service payments versus $86.521 billion in General Fund revenues. This ratio is projected to be 7.17 percent in 2010-11, based on $6.558 billion[5] in debt service payments versus $91.451 billion in General Fund revenues as projected by the Department of Finance.[6]

DEBT AS A PERCENTAGE OF PERSONAL INCOME

Comparing a state's level of debt to the total personal income of its residents measures a borrower's ability to repay its obligations because it provides one indicator of a state's ability to generate revenues. In its 2010 State Debt Medians report, Moody's lists the State's ratio of net tax-supported debt to personal income at 5.6 percent.

DEBT PER CAPITA

Debt per capita measures residents' average share of a state's total outstanding debt. It does not account for the employment status, income or financial resources of residents. As a result, debt per capita does not reflect a state's ability to repay its obligations as well as the debt service as a percentage of General Fund revenues or debt

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4 Reflects interest subsidies received under the BABs program.

5 Reflects interest subsidies received under the BABs program.

6 Excludes Special Fund bonds, for which debt service each year is paid from dedicated funds. Ratio reflects debt service from only a portion of the bond sales listed in Figure 6. For example, $6.3 billion of the $13 billion in general obligation bonds planned for fiscal year 2010-11 will be sold during the first half of the fiscal year. These bonds will have interest payments in the second half of the fiscal year. The remaining $6.7 billion in general obligation bonds will not have a debt service payment during the 2010-11 fiscal year and will therefore not affect the ratio. The lease revenue bond sales planned for the spring of fiscal year 2010-11 also are not expected to have any net debt service payments during fiscal year 2010-11. When the debt service on the Economic Recovery Bonds (ERB's) is added to General Fund-supported debt service and the revenue from the quarter-cent sales tax (that is dedicated for payment of the ERB's) is added to General Fund revenues, the resulting ratio of debt service to General Fund revenues increases to 7.77 percent in 2009-10 and 7.92 percent in 2010-11.

as a percentage of personal income. In its 2010 State Debt Medians report, Moody's lists the State's debt per capita at $2,362.

DEBT AS A PERCENTAGE OF GDP

Debt as a percentage of GDP generally is used to measure the financial leverage of an issuer's economy. Specifically, this debt ratio compares what an issuer owes versus what it produces. Since California has one of the world's largest and most diverse economies, ranking eighth, this debt ratio can be a useful tool to compare the State's debt burden to other issuers. Using Moody's 2010 State Debt Medians report and the California GDP figure produced by the U.S. Bureau of Economic Analysis, California's debt to GDP ratio is 4.73 percent.

CALIFORNIA'S DEBT LEVELS COMPARED TO OTHER LARGE STATES

Moody's calculates the ratios of debt to personal income and debt per capita for each state and publishes an annual report containing the median ratios (State Debt Medians report). In addition, the U.S. Bureau of Economic Analysis publishes GDP figures for each state and publishes the statistics annually. It's useful to compare California's debt levels with those of its "peer group" of the 10 most populous states. As shown in Figure 7, the debt to personal income and debt per capita ratios of these 10 states are, on average, higher than the Moody's median for all states combined. California's ratios of debt to personal income, debt per capita, and debt as a percentage of GDP rank well above the medians for the 10 most populous states.

FIGURE 7

DEBT RATIOS OF 10 MOST POPULOUS STATES
RANKED BY RATIO OF DEBT TO PERSONAL INCOME

STATE	MOODY'S/S&P/ FITCH (1)	DEBT TO PERSONAL INCOME (2)	DEBT PER CAPITA (3)	DEBT AS A % OF STATE GDP (4)
Texas	Aaa/AA+/AAA	1.4%	$520	1.05%
Michigan	Aa2/AA-/AA-	2.1%	$748	1.96%
Pennsylvania	Aa1/AA/AA+	2.3%	$938	2.13%
North Carolina	Aaa/AAA/AAA	2.3%	$765	1.80%
Ohio	Aa1/AA+/AA+	2.4%	$933	2.29%
Florida	Aa1/AAA/AAA	2.9%	$1,123	2.80%
Georgia	Aaa/AAA/AAA	3.3%	$1,120	2.77%
Illinois	A1/A+/A	4.4%	$1,856	3.79%
California	A1/A-/A-	5.6%	$2,362	4.73%
New York	Aa2/AA/AA	6.5%	$3,135	5.36%
Moody's Median all States		2.5%	$936-	
Median for the 10 Most Populous States		2.7%	$1,029	2.53%

(1) Moody's Investors Service, Standard & Poor's, and Fitch Ratings, as of August 2010.

(2) Figures as reported by Moody's Investors Service in their 2010 State Debt Median Report released May 2010. Debt as of calendar year end 2009. Personal income as of 2008.

(3) Figures as reported by Moody's Investors Service in their 2010 State Debt Median Report released May 2010. Amounts as of calendar year end 2009.

(4) Debt as reported by Moody's Investors Service in their 2010 State Debt Median Report released May 2010. Debt amounts as of calendar year end 2009. GDP as reported by the U.S. Bureau of Economic Analysis for 2008.

SECTION 4 | *Analysis of State's Credit Ratings*

The State's current GO bond ratings are 'A-' from Fitch, 'A1' from Moody's and 'A-' from Standard & Poor's (S&P). These ratings continue to be the lowest GO bond ratings of all 50 states. The action taken on the State's credit rating in 2010 is summarized in Figure 8. In lowering the State's rating in January 2010, S&P cited the State's fiscal imbalance and cash flow weakness. In addition, S&P stated that an integral part to the State's rating outlook hinges on the State's ability and willingness to raise revenues or reduce expenditures in a timely manner through tax increases or program reductions.

In April 2010, Moody's and Fitch implemented their widespread recalibration of credit ratings for municipal issuers. The rating agencies stated that the recalibration did not constitute rating upgrades, but rather a move to standardize municipal bond credits to sovereign governments and private corporations. As a result of the recalibration, Moody's increased the State's rating three notches, from 'Baa1' to 'A1', while Fitch increased the State's rating two notches, from 'BBB' to 'A-'. S&P has stated that it currently uses a single global scale. Although the recalibration of municipal credit ratings was a step in the right direction, municipal debt continues to be rated lower than corporate debt with similar historical default rates. Treasurer Lockyer advocates further ratings reform to more directly tie municipal ratings to risk of default.

FIGURE 8

RATING ACTIONS IN 2010

RATING AGENCY	ACTION	DATE
S&P	Lowered GO Rating from 'A' to 'A-'	January 2010
Fitch	Recalibrated GO Rating from 'BBB' to 'A-'	April 2010
Moody's	Recalibrated GO Rating from 'Baa1' to 'A1'	April 2010

A summary of the rating agencies' opinion of the State's credit strengths and challenges is presented in Figure 9.

FIGURE 9

STATE OF CALIFORNIA GENERAL OBLIGATION RATING AGENCY COMMENTARY

	FITCH RATINGS	MOODY'S INVESTORS SERVICE	STANDARD & POOR'S
RATING STRENGTHS	• Broad and diverse economy despite the current economic contraction • Manageable debt levels	• Large, diverse and wealthy economy • High likelihood of bond repayment due to the state's hierarchy of priority payments	• Indications of economic stabilization and revenue performance compared to the state's budget assumptions • Cash management legislation which improves cash balances throughout the year • A conservatively structured, albeit growing, debt burden
RATING CHALLENGES	• A large and persistent structural imbalance combined with pronounced revenue cyclicality • Institutional weakness, including inflexibility imposed by voter initiatives and a partisan policy-making environment • Significant expenditure pressures and cash flow stress	• Political environment in which making timely and productive budget decisions is difficult • Reliance on one-time solutions (including past deficit borrowing) for longer-term problems • Limited financial and budgetary flexibility	• Two-thirds constitutional requirement for both budget approval and tax increases • General Fund revenue composition, which is sensitive to economic and equity market performance • Constitutional amendments that limit discretion over major portions of General Fund spending

APPENDIX A | The State's Debt

STATE OF CALIFORNIA
AUTHORIZED AND OUTSTANDING
NON-SELF LIQUIDATING GENERAL OBLIGATION BONDS
AS OF JUNE 30, 2010 (DOLLARS IN THOUSANDS)

GENERAL FUND BONDS (NON-SELF LIQUIDATING)	VOTER AUTHORIZATION DATE	VOTER AUTHORIZATION AMOUNT	LONG TERM BONDS OUTSTANDING (a)	LONG TERM BONDS UNISSUED (b)
1988 School Facilities Bond Act	11/08/88	$800,000	$129,210	$2,255
1990 School Facilities Bond Act	06/05/90	800,000	207,490	2,125
1992 School Facilities Bond Act	11/03/92	900,000	403,869	1,789
California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002	03/05/02	2,600,000	2,166,020	389,060
California Library Construction and Renovation Bond Act of 1988	11/08/88	75,000	26,780	2,595
California Park and Recreational Facilities Act of 1984	06/05/84	370,000	30,515	1,100
California Parklands Act of 1980	11/04/80	285,000	6,490	–
California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000	03/07/00	350,000	266,355	40,785
California Safe Drinking Water Bond Law of 1976	06/08/76	175,000	10,300	2,500
California Safe Drinking Water Bond Law of 1984	11/06/84	75,000	5,215	–
California Safe Drinking Water Bond Law of 1986	11/04/86	100,000	34,760	–
California Safe Drinking Water Bond Law of 1988	11/08/88	75,000	39,695	580
California Wildlife, Coastal, and Park Land Conservation Act	06/07/88	776,000	199,765	7,330
Children's Hospital Bond Act of 2004	11/02/04	750,000	658,560	85,715
Children's Hospital Bond Act of 2008	11/04/08	980,000	525,320	454,680
Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998 (Higher Education)	11/03/98	2,500,000	2,128,965	–
Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998 (K-12)	11/03/98	6,700,000	5,099,000	11,860
Clean Air and Transportation Improvement Bond Act of 1990	06/05/90	1,990,000	1,071,945	99,580
Clean Water Bond Law of 1970	11/03/70	250,000	500	–
Clean Water Bond Law of 1974	06/04/74	250,000	1,485	–

STATE OF CALIFORNIA
AUTHORIZED AND OUTSTANDING
NON-SELF LIQUIDATING GENERAL OBLIGATION BONDS
AS OF JUNE 30, 2010 (DOLLARS IN THOUSANDS) CONTINUED

GENERAL FUND BONDS (NON-SELF LIQUIDATING)	VOTER AUTHORIZATION DATE	VOTER AUTHORIZATION AMOUNT	LONG TERM BONDS OUTSTANDING (a)	LONG TERM BONDS UNISSUED (b)
Clean Water Bond Law of 1984	11/06/84	325,000	22,195	–
Clean Water and Water Conservation Bond Law of 1978	06/06/78	375,000	8,200	–
Clean Water and Water Reclamation Bond Law of 1988	11/08/88	65,000	32,750	–
Community Parklands Act of 1986	06/03/86	100,000	9,285	–
County Correctional Facility Capital Expenditure Bond Act of 1986	06/03/86	495,000	57,105	–
County Correctional Facility Capital Expenditure and Youth Facility Bond Act of 1988	11/08/88	500,000	152,870	–
County Jail Capital Expenditure Bond Act of 1981	11/02/82	280,000	800	–
Disaster Preparedness and Flood Prevention Bond Act of 2006	11/07/06	4,090,000	1,577,470	2,512,060
Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990	06/05/90	300,000	178,015	12,410
Fish and Wildlife Habitat Enhancement Act of 1984	06/05/84	85,000	8,750	–
Higher Education Facilities Bond Act of 1986	11/04/86	400,000	3,800	–
Higher Education Facilities Bond Act of 1988	11/08/88	600,000	89,670	–
Higher Education Facilities Bond Act of June 1990	06/05/90	450,000	115,285	550
Higher Education Facilities Bond Act of June 1992	06/02/92	900,000	469,865	1,305
Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006	11/07/06	19,925,000	6,952,215	12,952,510
Housing and Emergency Shelter Trust Fund Act of 2002	11/05/02	2,100,000	1,759,070	191,270
Housing and Emergency Shelter Trust Fund Act of 2006	11/07/06	2,850,000	1,472,595	1,377,405
Housing and Homeless Bond Act of 1990	06/05/90	150,000	3,790	–
Kindergarten-University Public Education Facilities Bond Act of 2002 (Hi-Ed)	11/05/02	1,650,000	1,556,105	8,820
Kindergarten-University Public Education Facilities Bond Act of 2002 (K-12)	11/05/02	11,400,000	9,898,580	645,150
Kindergarten-University Public Education Facilities Bond Act of 2004 (Hi-Ed)	03/02/04	2,300,000	2,088,475	167,505
Kindergarten-University Public Education Facilities Bond Act of 2004 (K-12)	03/02/04	10,000,000	8,016,450	1,738,630
Kindergarten-University Public Education Facilities Bond Act of 2006 (Hi-Ed)	11/07/06	3,087,000	2,492,255	593,305
Kindergarten-University Public Education Facilities Bond Act of 2006 (K-12)	11/07/06	7,329,000	3,604,520	3,717,595
Lake Tahoe Acquisitions Bond Act	08/02/82	85,000	4,660	–
New Prison Construction Bond Act of 1986	11/04/86	500,000	26,025	–
New Prison Construction Bond Act of 1988	11/08/88	817,000	111,095	3,170
New Prison Construction Bond Act of 1990	06/05/90	450,000	100,025	605
Passenger Rail and Clean Air Bond Act of 1990	06/05/90	1,000,000	284,960	–
Public Education Facilities Bond Act of 1996 (Higher Education)	03/26/96	975,000	666,380	37,465
Public Education Facilities Bond Act of 1996 (K-12)	03/26/96	2,025,000	1,287,045	12,965
Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act	03/07/00	1,970,000	1,500,180	277,190
Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006	11/07/06	5,388,000	2,038,940	3,348,140
Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000	03/07/00	2,100,000	1,677,680	172,900

STATE OF CALIFORNIA
AUTHORIZED AND OUTSTANDING
NON-SELF LIQUIDATING GENERAL OBLIGATION BONDS
AS OF JUNE 30, 2010 (DOLLARS IN THOUSANDS) CONTINUED

GENERAL FUND BONDS (NON-SELF LIQUIDATING)	VOTER AUTHORIZATION DATE	VOTER AUTHORIZATION AMOUNT	LONG TERM BONDS OUTSTANDING (a)	LONG TERM BONDS UNISSUED (b)
Safe, Clean, Reliable Water Supply Act	11/05/96	995,000	733,505	101,820
Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century	11/04/08	9,950,000	258,395	9,691,605
School Building and Earthquake Bond Act of 1974	11/05/74	40,000	21,310	–
School Facilities Bond Act of 1988	06/07/88	800,000	47,335	–
School Facilities Bond Act of 1990	11/06/90	800,000	282,870	–
School Facilities Bond Act of 1992	06/02/92	1,900,000	844,630	10,280
Seismic Retrofit Bond Act of 1996	03/26/96	2,000,000	1,531,445	–
State School Building Lease-Purchase Bond Law of 1984	11/06/84	450,000	4,600	–
State School Building Lease-Purchase Bond Law of 1986	11/04/86	800,000	20,550	–
State, Urban, and Coastal Park Bond Act of 1976	11/02/76	280,000	6,505	–
Stem Cell Research and Cures Bond Act of 2004	11/02/04	3,000,000	1,028,545	1,971,455
Veterans Homes Bond Act of 2000	03/07/00	50,000	40,345	975
Voting Modernization Bond Act of 2002	03/05/02	200,000	72,705	64,495
Water Conservation Bond Law of 1988	11/08/88	60,000	31,580	5,235
Water Conservation and Water Quality Bond Law of 1986	06/03/86	150,000	50,230	15,535
Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002	11/05/02	3,440,000	2,512,410	843,745
TOTAL GENERAL FUND BONDS		$130,782,000	$68,766,304	$41,578,049

(a) Includes the initial value of capital appreciation bonds rather than the accreted value.

(b) A portion of unissued bonds may be issued initially in the form of commercial paper notes, as authorized from time to time by the respective Finance Committees. A total of not more than $2 billion of commercial paper principal plus accrued interest may be owing at one time.

STATE OF CALIFORNIA
AUTHORIZED AND OUTSTANDING
SELF LIQUIDATING GENERAL OBLIGATION BONDS
AS OF JUNE 30, 2010 (DOLLARS IN THOUSANDS)

ENTERPRISE FUND BONDS (SELF LIQUIDATING)	VOTER AUTHORIZATION DATE	VOTER AUTHORIZATION AMOUNT	LONG TERM BONDS OUTSTANDING (a)	LONG TERM BONDS UNISSUED (b)
California Water Resources Development Bond Act	11/08/60	$1,750,000	$476,915	$167,600
Veterans Bond Act of 1984	11/06/84	650,000	22,820	–
Veterans Bond Act of 1986	06/03/86	850,000	173,295	–
Veterans Bond Act of 1988	06/07/88	510,000	169,010	–
Veterans Bond Act of 1990	11/06/90	400,000	143,545	–
Veterans Bond Act of 1996	11/05/96	400,000	242,665	–
Veterans Bond Act of 2000	11/07/00	500,000	250,890	238,610
Veterans Bond Act of 2008	11/04/08	900,000	–	900,000
TOTAL ENTERPRISE FUND BONDS		5,960,000	1,479,140	1,306,210
SPECIAL REVENUE FUND BONDS (SELF LIQUIDATING)				
Economic Recovery Bond Act	04/10/04	15,000,000	7,939,005	–
TOTAL SPECIAL REVENUE FUND BONDS		15,000,000	7,939,005	–
TOTAL SELF LIQUIDATING GENERAL OBLIGATION BONDS		$20,960,000	$9,418,145	$1,306,210

(a) Includes the initial value of capital appreciation bonds rather than the accreted value.

(b) A portion of unissued bonds may be issued initially in the form of commercial paper notes, as authorized from time to time by the respective Finance Committees. A total of not more than $2 billion of commercial paper principal plus accrued interest may be owing at one time.

STATE OF CALIFORNIA
OUTSTANDING AND AUTHORIZED BUT UNISSUED BONDS
LEASE REVENUE BONDS
AS OF JUNE 30, 2010 (DOLLARS IN THOUSANDS)

GENERAL FUND SUPPORTED ISSUES	BONDS OUTSTANDING	AUTHORIZED BUT UNISSUED
STATE PUBLIC WORKS BOARD		
University of California (a)	$2,323,650	$46,619
California State University	841,785	93,031
California Community Colleges	491,600	–
Department of Corrections and Rehabilitation	2,302,400	7,630,176
State Buildings (b)	3,393,855	2,064,875
Energy Efficiency Revenue Bonds (c)	7,960	–
TOTAL STATE PUBLIC WORKS BOARD	9,361,250	9,834,701
TOTAL OTHER STATE BUILDING LEASE-REVENUE (d)	526,350	–
TOTAL GENERAL FUND SUPPORTED ISSUES	$9,887,600	$9,834,701

(a) The Regents' obligations to the State Public Works Board are payable from lawfully available funds of The Regents which are held in The Regents' treasury funds are separate from the State General Fund. A portion of The Regents' annual budget is derived from General Fund appropriations.

(b) Includes $277 Million Appropriated for the FI$Cal project

(c) This program is self-liquidating based on energy cost savings.

(d) Includes $134,670,000 Sacramento City Financing Authority Lease-Revenue Bonds State of California – Cal/EPA Building, 1998 Series A, which are supported by lease rentals from the California Environmental Protection Agency; these rental payments are subject to annual appropriation by the State Legislature.

APPENDIX B | *The State's Debt Service*

SCHEDULE OF DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION NON-SELF LIQUIDATING BONDS FIXED RATE, AS OF JUNE 30, 2010

FISCAL YEAR ENDING JUNE 30	CURRENT DEBT		
	INTEREST (a)	PRINCIPAL (b)	TOTAL
2011	$3,518,361,827.26	$2,007,599,045.16	$5,525,960,872.42
2012	3,434,790,228.69	1,931,030,000.00	5,365,820,228.69
2013	3,343,472,625.95	1,599,315,000.00	4,942,787,625.95
2014	3,264,690,148.39	2,226,410,000.00	5,491,100,148.39
2015	3,157,030,742.50	2,336,360,000.00	5,493,390,742.50
2016	3,046,112,415.00	2,003,435,000.00	5,049,547,415.00
2017	2,945,494,427.79	1,802,860,000.00	4,748,354,427.79
2018	2,856,095,592.12	1,760,125,000.00	4,616,220,592.12
2019	2,766,722,649.27	1,883,495,000.00	4,650,217,649.27
2020	2,647,866,726.65	2,220,430,000.00	4,868,296,726.65
2021	2,548,866,108.96	1,827,315,000.00	4,376,181,108.96
2022	2,455,406,595.94	1,915,400,000.00	4,370,806,595.94
2023	2,357,206,436.98	1,872,920,000.00	4,230,126,436.98
2024	2,265,774,719.29	1,686,855,000.00	3,952,629,719.29
2025	2,179,565,744.34	1,893,325,000.00	4,072,890,744.34
2026	2,080,869,571.70	2,006,075,000.00	4,086,944,571.70
2027	1,972,714,853.64	2,028,635,000.00	4,001,349,853.64
2028	1,871,431,603.12	2,219,300,000.00	4,090,731,603.12
2029	1,762,653,756.25	2,190,385,000.00	3,953,038,756.25
2030	1,652,320,807.96	2,448,440,000.00	4,100,760,807.96
2031	1,531,658,126.56	2,070,470,000.00	3,602,128,126.56
2032	1,427,436,305.00	2,305,075,000.00	3,732,511,305.00
2033	1,305,230,145.00	2,259,295,000.00	3,564,525,145.00
2034	1,183,189,298.80	3,387,935,000.00	4,571,124,298.80
2035	948,977,041.25	2,830,030,000.00	3,779,007,041.25
2036	777,804,138.26	2,679,740,000.00	3,457,544,138.26
2037	610,615,071.97	2,625,870,000.00	3,236,485,071.97
2038	452,133,153.14	2,410,635,000.00	2,862,768,153.14
2039	333,518,600.00	3,093,990,000.00	3,427,508,600.00
2040	73,331,868.75	1,523,885,000.00	1,597,216,868.75
TOTAL	$60,771,341,330.53	$65,046,634,045.16	$125,817,975,375.69

(a) The amounts do not reflect any interest subsidy under the Build America Bonds program. Subsidy not pledged to the repayment of debt service.

(b) Includes scheduled mandatory sinking fund payments.

SCHEDULE OF DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION NON-SELF LIQUIDATING BONDS VARIABLE RATE, AS OF JUNE 30, 2010

FISCAL YEAR ENDING JUNE 30	CURRENT DEBT INTEREST (a)(b)	PRINCIPAL (c)	TOTAL
2011	$56,008,662.37	$ –	$56,008,662.37
2012	52,890,103.41	–	52,890,103.41
2013	52,903,898.42	–	52,903,898.42
2014	52,863,783.98	–	52,863,783.98
2015	52,863,783.98	–	52,863,783.98
2016	52,884,437.02	32,000,000.00	84,884,437.02
2017	52,729,881.30	326,945,000.00	379,674,881.30
2018	51,842,654.12	431,245,000.00	483,087,654.12
2019	50,745,172.40	197,450,000.00	248,195,172.40
2020	50,191,298.46	184,250,000.00	234,441,298.46
2021	49,741,104.94	108,600,000.00	158,341,104.94
2022	49,536,601.87	58,000,000.00	107,536,601.87
2023	49,414,731.57	88,200,000.00	137,614,731.57
2024	49,228,690.86	270,600,000.00	319,828,690.86
2025	48,717,067.09	174,200,000.00	222,917,067.09
2026	48,371,592.20	318,000,000.00	366,371,592.20
2027	47,828,330.50	46,100,000.00	93,928,330.50
2028	47,732,004.56	49,700,000.00	97,432,004.56
2029	47,620,409.34	87,500,000.00	135,120,409.34
2030	46,946,508.59	106,440,000.00	153,386,508.59
2031	45,327,757.05	129,335,000.00	174,662,757.05
2032	43,390,676.70	132,435,000.00	175,825,676.70
2033	41,445,824.43	135,335,000.00	176,780,824.43
2034	39,510,175.03	54,235,000.00	93,745,175.03
2035	37,731,323.62	52,635,000.00	90,366,323.62
2036	35,955,311.82	52,635,000.00	88,590,311.82
2037	34,179,263.87	52,635,000.00	86,814,263.87
2038	32,403,252.07	52,635,000.00	85,038,252.07
2039	30,627,228.22	557,600,000.00	588,227,228.22
2040	320,232.35	20,960,000.00	21,280,232.35
TOTAL	$1,351,951,762.16	$3,719,670,000.00	$5,071,621,762.16

(a) The estimate of future interest payments is based on rates in effect as of June 30, 2010. The interest rates for the daily and weekly rate bonds range from 0.10 - 0.90%. The 2009 Stem Cell Bonds, 2009B and 2009C Highway Safety, Traffic Reduction, Air Quality and Port Security Private Placement Bonds, the 2009A Solano County Private Placement Bonds and the 2009A UC Private Placement Bonds currently bear interest at fixed rates of 5.65%, 3.77%, 3.30%, 3.18%, and 3.183% respectively, until reset date, and are assumed to bear those rates from reset until maturity.

(b) The amounts do not reflect any interest subsidy under the Build America Bonds program. Subsidy not pledged to the repayment of debt service.

(c) Includes scheduled mandatory sinking fund payments for the 2009 Stem Cell Bonds, the Series 2009B and 2009C of the Highway Safety, Traffic Reduction, Air Quality and Port Security Private Placement Bonds, the 2009A Solano County Private Placement Bonds and the 2009A UC Private Placement Bonds.

SCHEDULE OF DEBT SERVICE REQUIREMENTS FOR SPECIAL REVENUE FUND SELF LIQUIDATING BONDS (ECONOMIC RECOVERY BONDS) FIXED RATE, AS OF JUNE 30, 2010

FISCAL YEAR ENDING JUNE 30	CURRENT DEBT INTEREST	CURRENT DEBT PRINCIPAL (a)	CURRENT DEBT TOTAL
2011	$315,832,132.50	$439,955,000.00	$755,787,132.50
2012	294,816,967.50	240,330,000.00	535,146,967.50
2013	278,116,960.00	476,470,000.00	754,586,960.00
2014	253,545,855.00	500,470,000.00	754,015,855.00
2015	227,360,123.75	525,615,000.00	752,975,123.75
2016	199,987,330.00	556,690,000.00	756,677,330.00
2017	172,061,875.00	584,210,000.00	756,271,875.00
2018	142,939,488.75	612,540,000.00	755,479,488.75
2019	113,287,497.50	592,955,000.00	706,242,497.50
2020	86,381,762.50	496,145,000.00	582,526,762.50
2021	61,485,062.50	507,445,000.00	568,930,062.50
2022	36,945,093.75	451,575,000.00	488,520,093.75
2023	12,591,250.00	500,000,000.00	512,591,250.00
2024	45,625.00	2,000,000.00	2,045,625.00
TOTAL	$2,195,397,023.75	$6,486,400,000.00	$8,681,797,023.75

(a) Includes scheduled mandatory sinking fund payments.

SCHEDULE OF DEBT SERVICE REQUIREMENTS FOR SPECIAL REVENUE FUND SELF LIQUIDATING BONDS (ECONOMIC RECOVERY BONDS) VARIABLE RATE, AS OF JUNE 30, 2010

FISCAL YEAR ENDING JUNE 30	CURRENT DEBT		
	INTEREST (a)	PRINCIPAL (b)	TOTAL
2011	$25,903,896.00	$ –	$25,903,896.00
2012	25,907,188.01	–	25,907,188.01
2013	25,911,864.51	–	25,911,864.51
2014	25,898,265.74	–	25,898,265.74
2015	23,973,840.74	–	23,973,840.74
2016	22,058,338.01	–	22,058,338.01
2017	22,051,753.99	–	22,051,753.99
2018	22,055,046.00	25,000,000.00	47,055,046.00
2019	20,566,306.53	115,000,000.00	135,566,306.53
2020	14,657,077.49	189,500,000.00	204,157,077.49
2021	6,798,016.34	240,155,000.00	246,953,016.34
2022	2,611,502.96	219,190,000.00	221,801,502.96
2023	1,443,810.12	271,160,000.00	272,603,810.12
2024	105,083.84	392,600,000.00	392,705,083.84
TOTAL	$239,941,990.28	$1,452,605,000.00	$1,692,546,990.28

(a) The estimate of future interest payments is based on rates in effect as of June 30, 2010. The interest rates for the daily and weekly rate bonds range from 0.10 - 0.35%. $500,000,000 of the series 2009B Economic Recovery Bonds bear interest at fixed rates ranging from 3.50 - 5.00% until reset date, and are assumed to bear interest at the rate of 4.00% from each reset date to maturity.

(b) Includes scheduled mandatory sinking fund payments.

SCHEDULE OF DEBT SERVICE REQUIREMENTS FOR ENTERPRISE FUND SELF LIQUIDATING BONDS FIXED RATE, AS OF JUNE 30, 2010

FISCAL YEAR ENDING JUNE 30	CURRENT DEBT		
	INTEREST	PRINCIPAL (a)	TOTAL
2011	$64,670,412.46	$86,480,000.00	$151,150,412.46
2012	60,523,753.50	100,080,000.00	160,603,753.50
2013	56,820,458.50	86,055,000.00	142,875,458.50
2014	53,240,590.00	107,040,000.00	160,280,590.00
2015	49,806,454.33	80,775,000.00	130,581,454.33
2016	46,710,240.38	75,620,000.00	122,330,240.38
2017	43,958,180.13	63,900,000.00	107,858,180.13
2018	40,890,657.39	74,470,000.00	115,360,657.39
2019	37,149,798.92	85,090,000.00	122,239,798.92
2020	33,786,877.36	52,590,000.00	86,376,877.36
2021	31,116,133.75	45,615,000.00	76,731,133.75
2022	28,773,350.03	41,240,000.00	70,013,350.03
2023	27,185,822.62	20,690,000.00	47,875,822.62
2024	26,078,422.38	25,145,000.00	51,223,422.38
2025	24,674,311.71	32,470,000.00	57,144,311.71
2026	23,239,696.05	26,825,000.00	50,064,696.05
2027	21,909,018.65	28,940,000.00	50,849,018.65
2028	20,514,605.30	29,490,000.00	50,004,605.30
2029	18,695,830.30	46,130,000.00	64,825,830.30
2030	16,324,896.19	52,400,000.00	68,724,896.19
2031	13,861,787.28	50,490,000.00	64,351,787.28
2032	11,371,757.50	53,235,000.00	64,606,757.50
2033	8,761,341.25	55,095,000.00	63,856,341.25
2034	6,889,425.00	22,940,000.00	29,829,425.00
2035	5,786,720.00	23,560,000.00	29,346,720.00
2036	4,731,100.00	21,210,000.00	25,941,100.00
2037	3,670,842.50	23,885,000.00	27,555,842.50
2038	2,756,210.00	15,590,000.00	18,346,210.00
2039	2,028,212.50	16,330,000.00	18,358,212.50
2040	1,257,530.00	17,110,000.00	18,367,530.00
2041	450,087.50	17,925,000.00	18,375,087.50
2042	28,050.00	350,000.00	378,050.00
2043	9,562.50	375,000.00	384,562.50
TOTAL	$787,672,135.98	$1,479,140,000.00	$2,266,812,135.98

(a) Includes scheduled mandatory sinking fund payments.

SCHEDULE OF DEBT SERVICE REQUIREMENTS FOR STATE OF CALIFORNIA PROPOSITION 1A RECEIVABLES PROGRAM (a) REVENUE BONDS, FIXED RATE AS OF JUNE 30, 2010

FISCAL YEAR ENDING JUNE 30	CURRENT DEBT INTEREST	CURRENT DEBT PRINCIPAL	CURRENT DEBT TOTAL
2011	$90,800,000.00	$ –	$90,800,000.00
2012	90,800,000.00	–	90,800,000.00
2013	90,800,000.00	1,895,000,000.00	1,985,800,000.00
TOTAL	$272,400,000.00	$1,895,000,000.00	$2,167,400,000.00

(a) Bonds were issued by the California Statewide Communities Development Authority pursuant to Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

SCHEDULE OF DEBT SERVICE REQUIREMENTS FOR LEASE-REVENUE BONDS FIXED RATE, AS OF JUNE 30, 2010

FISCAL YEAR ENDING JUNE 30	CURRENT DEBT		
	INTEREST (a)	PRINCIPAL (b)	TOTAL
2011	$512,520,374.16	$460,470,000.00	$972,990,374.16
2012	495,875,683.49	456,785,000.00	952,660,683.49
2013	473,550,326.05	483,720,000.00	957,270,326.05
2014	449,223,020.20	510,475,000.00	959,698,020.20
2015	423,393,890.32	535,190,000.00	958,583,890.32
2016	396,623,581.88	525,545,000.00	922,168,581.88
2017	369,804,676.59	538,170,000.00	907,974,676.59
2018	342,611,419.67	559,140,000.00	901,751,419.67
2019	314,649,639.45	528,080,000.00	842,729,639.45
2020	287,918,642.71	508,940,000.00	796,858,642.71
2021	263,296,001.20	457,430,000.00	720,726,001.20
2022	239,730,203.33	440,100,000.00	679,830,203.33
2023	218,309,540.75	400,850,000.00	619,159,540.75
2024	198,317,716.13	327,230,000.00	525,547,716.13
2025	181,094,870.06	344,460,000.00	525,554,870.06
2026	163,234,543.32	344,535,000.00	507,769,543.32
2027	144,390,317.60	363,370,000.00	507,760,317.60
2028	124,442,938.38	367,595,000.00	492,037,938.38
2029	104,835,813.79	319,840,000.00	424,675,813.79
2030	86,992,738.82	300,625,000.00	387,617,738.82
2031	70,057,388.41	255,565,000.00	325,622,388.41
2032	54,587,907.75	239,695,000.00	294,282,907.75
2033	39,039,859.95	229,840,000.00	268,879,859.95
2034	23,594,827.23	211,880,000.00	235,474,827.23
2035	8,504,034.62	178,070,000.00	186,574,034.62
TOTAL	$5,986,599,955.86	$9,887,600,000.00	$15,874,199,955.86

(a) The amounts do not reflect any interest subsidy under the Build America Bonds program. Subsidy not pledged to the repayment of debt service.

(b) Includes scheduled mandatory sinking fund payments.

STATE OF CALIFORNIA ESTIMATED DEBT SERVICE REQUIREMENTS ON INTENDED SALES OF AUTHORIZED BUT UNISSUED BONDS DURING FISCAL YEARS 2010-11 AND 2011-12

FISCAL YEAR ENDING JUNE 30	FY 2010-11 GO SALES DEBT SERVICE	FY 2011-12 GO SALES DEBT SERVICE	FY 2010-11 LRB SALES DEBT SERVICE	FY 2011-12 LRB SALES DEBT SERVICE	TOTAL DEBT SERVICE ALL SALES
2011	$173,250,000	$ –	$20,554,525	$ –	$193,804,525
2012	914,806,988	155,059,500	123,150,975	58,450,425	1,251,467,888
2013	721,307,513	594,163,500	123,158,085	192,714,125	1,631,343,223
2014	914,803,563	724,427,900	123,151,548	192,717,735	1,955,100,745
2015	914,806,488	724,428,450	123,154,390	192,719,960	1,955,109,288
2016	914,806,288	724,432,150	123,144,323	192,714,085	1,955,096,845
2017	914,806,375	724,429,000	123,147,963	192,717,735	1,955,101,073
2018	914,803,625	724,427,650	123,151,503	192,716,885	1,955,099,663
2019	914,802,225	724,429,050	123,155,401	192,712,180	1,955,098,856
2020	914,809,125	724,427,350	123,150,349	192,713,275	1,955,100,099
2021	914,803,588	724,429,750	123,150,963	192,713,505	1,955,097,805
2022	914,803,200	724,430,600	123,155,734	192,715,050	1,955,104,584
2023	914,806,738	724,427,300	123,143,023	192,714,100	1,955,091,160
2024	914,805,588	724,429,700	123,150,075	192,715,525	1,955,100,888
2025	914,803,038	724,429,200	123,148,045	192,717,875	1,955,098,158
2026	914,804,288	724,430,100	123,152,451	192,713,050	1,955,099,889
2027	914,805,588	724,427,950	123,157,448	192,711,795	1,955,102,780
2028	914,805,100	724,425,450	123,147,241	192,712,875	1,955,090,666
2029	914,807,038	724,431,550	123,149,126	192,713,240	1,955,100,954
2030	914,806,250	724,426,150	123,148,879	192,713,025	1,955,094,304
2031	914,803,938	724,431,000	123,146,640	192,715,220	1,955,096,798
2032	914,806,225	724,427,900	123,145,989	192,716,000	1,955,096,114
2033	914,804,738	724,424,900	123,148,603	192,713,900	1,955,092,140
2034	914,806,025	724,424,800	123,154,880	192,715,310	1,955,101,015
2035	914,806,013	724,430,450	123,149,016	192,713,650	1,955,099,129
2036	914,810,425	724,429,150	123,148,054	192,714,700	1,955,102,329
2037	914,808,638	724,428,400	–	192,716,435	1,831,953,473
2038	914,809,125	724,429,100	–	–	1,639,238,225
2039	914,803,600	724,425,850	–	–	1,639,229,450
2040	914,806,600	724,426,800	–	–	1,639,233,400
2041	914,800,200	724,427,600	–	–	1,639,227,800
2042	–	724,431,250	–	–	724,431,250
TOTAL:	$27,423,918,125	$21,757,649,500	$3,099,315,225	$4,876,321,660	$57,157,204,510

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Printed in-house by State employees represented by SEIU Local 1000, AFL-CIO