The State of California
2006 Debt Affordability Report

October 1, 2006

PHILIP ANGELIDES
CALIFORNIA STATE TREASURER

PHILIP ANGELIDES
Treasurer
State of California

September 29, 2006

THE HONORABLE ARNOLD SCHWARZENEGGER
Governor

THE HONORABLE DON PERATA
President pro Tempore of the Senate

THE HONORABLE FABIAN NÚÑEZ
Speaker of the Assembly

I am hereby transmitting for your consideration California's Debt Affordability Report, which is statutorily required to be submitted by the Treasurer on October 1st of each year.

Though not required by law, past Debt Affordability Reports have included an analysis of the State's debt capacity and potential impacts of borrowing under a variety of scenarios. Without a structurally balanced budget, an analysis of this nature does not provide meaningful or accurate results. Accordingly, this Debt Affordability Report does not contain such an analysis.

I hope that the information in this report is of assistance in formulating sound capital financing policies that help support State infrastructure and secure California's economic strength in the decades ahead.

Sincerely,

PHIL ANGELIDES
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 (2006-07) and the budget year (2007-08) 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 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.

The rating agencies and the investor community evaluate the State's debt position based on "net tax-supported bonds." Net tax-supported bonds are those that must be repaid by the General Fund. Net tax-supported bonds *exclude*: 1) commercial paper and short-term obligations, such as revenue anticipation notes and warrants; 2) "self-supporting" state bonds, which are repaid from specific revenues outside the General Fund; and 3) bonds of federal, state and local governments and their agencies that are not obligations of the State's General Fund. It also excludes all types of "conduit" bonds, such as those issued by financing authorities on behalf of other governmental or private entities whose obligations secure the bonds.

This report frequently uses the words "bonds" and "debt" interchangeably, even when the underlying obligation behind the bonds does not constitute debt 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.

THE MARKET FOR STATE BONDS

The State of California's net tax-supported bonds are a subset of the United States' municipal bond market. Investors in this overall market include insurance companies, mutual funds, hedge and investment funds, investment banks, trust departments, corporations, individual investors, and money market funds. Each of these buying groups has its own preference for the structure and maturities of the bonds it purchases. As one of the largest issuers of municipal bonds in the country, the State is able to draw significant attention from all of these buyers.

The borrowing cost for each issuer of municipal bonds is determined by the strength of the overall market for municipal bonds and investors' view of, and demand for, each issuer's credit. In determining what rates of return they require on their investments, investors consider an issuer's ability and willingness to repay its obligations as compared to the likelihood of full repayment by other possible issuers and investments. Investors have historically viewed California's bonds as high-quality investments because of the State's large economy, its taxing authority, and its solid bond payment history.

Traditionally, the large numbers of investors residing in California and the State's income tax system have created increased demand for the State's General Fund-backed tax-exempt bonds. However, during the period from 2000 through 2004, investor demand for California debt weakened as the State's credit deteriorated and investors grew concerned over the magnitude of the State's budget shortfalls. In 2003, the State's credit was downgraded by the three major rating agencies to the lowest level of any state. The State's borrowing costs rose accordingly. Since then, all three credit-rating agencies have upgraded the State's ratings; however, California remains rated second to last in the nation, only above Louisiana.

As of the most recent General Obligation Bond sale on September 7, 2006, the State's 20-year borrowing cost was 4.37 percent, which was 0.24 percentage points above the national 20-year AAA-rated average. Although the State's current borrowing cost has improved relative to the 20-year AAA-rated average since 2003, the State's current relative borrowing cost is still .40 percentage points above the level achieved by the State in September 2000. One of the primary reasons for this gap is the State's low credit ratings (see "The State's Credit Ratings"), which reflect the persistent imbalance between State revenues and expenditures.

THE STATE'S CREDIT RATINGS

Bond ratings provided by a credit-rating agency are an independent assessment of the relative credit risk associated with purchasing and holding a particular bond through its scheduled term of repayment. Bond ratings serve as independent opinions of a borrower's financial strength and ability to repay its debt on a timely basis. Bond ratings are one of the most important indicators of creditworthiness readily available to the investment community and directly influence the borrowing rates paid by the State.

After deteriorating for several consecutive years, the State's credit rating has shown recent improvement. Fitch Ratings, Moody's Investors Service, and Standard & Poor's currently rate the State as A+, A1, and A+ respectively. These credit ratings reflect the State's large and diverse economy and better-than-expected financial performance as offset by the ongoing structural imbalance of the State budget. This imbalance of revenues and expenditures has not been addressed in recent budgets and results in ongoing structural deficits. The State's current credit ratings remain the lowest of all states except for Louisiana as determined by the rating agencies. A summary of the rating agencies' opinions of the State's credit strengths and weaknesses is presented in Figure 1.

Figure 1

State of California General Obligation Credit Ratings and Agency Commentary			
	Fitch Ratings	**Moody's Investors Service**	**Standard & Poor's**
As of July 1, 2002	AA	A1	A+
July 1, 2003	A	A2	A
July 1, 2004	BBB	A3	BBB
July 1, 2005	A-	A3	A
July 1, 2006	A+	A1	A+
October 1, 2006	A+*	A1*	A+*
Ratings Strengths	• Broad resources and diverse economy • Moderate debt ratios • Continued progress in reducing fiscal imbalances	• Large, diverse and wealthy economy • Strong economic and tax revenue trends • Better than expected financial performance in fiscal 2006 and a moderately improved financial outlook for 2007 and beyond	• Large and diverse economy, which has exhibited strong recent growth, producing healthy tax revenue increases
Ratings Weaknesses/ Risks	• Structural imbalance remains in fiscal 2007 and beyond leaving the State vulnerable to capital gains (including from real estate transactions) and disproportionate share of taxes from highest income earners • Constrained financial flexibility due to voter approved initiatives	• Ongoing fiscal challenges (stubborn structural budget gap, relatively narrow budget reserves, high degree of reliance on volatile tax sources such as corporate net income, capital gains, stock options and high income taxpayers) as well as constitutional and political constraints (two-thirds voter majority to approve budget, voter initiative process, constitutional spending mandates and restrictions on state finances) on its financial flexibility	• History of uneven financial operations • Inability to eliminate its structural deficit despite prosperous economic conditions • Current revenue surge could be of onetime nature • Constitutional structural impediments (Prop 1A, school spending, two-thirds legislative vote to approve budget) • Net tax-supported debt levels are rising rapidly, moderate debt levels could rise to high levels

* Second to lowest in the nation after Louisiana.

GENERAL FUND DEBT

Bonds Outstanding and Bonds Authorized But Unissued

As of July 1, 2006, the State had a total of $37.066 billion in voter authorized general obligation bonds outstanding (this number excludes the $11.3 billion of Economic Recovery Bonds sold to date) and a total of $26.638 billion authorized but unissued. In addition, the State has legislatively authorized, General Fund-supported lease revenue bonds in the amount of $7.785 billion outstanding and $3.207 billion authorized but unissued. A detailed list of the State's outstanding general obligation and General Fund-supported lease revenue bonds and their debt service requirements can be found in Appendix 1.

Intended Issuances of Net Tax-Supported Bonds

Intended issuances are based on prior spending patterns and departmental expenditure projections and are subject to change. Intended issuances of General Fund net tax-supported bonds for the next two fiscal years are shown in Figure 2. Net tax-supported bonds are those that must be repaid by the General Fund. Net tax-supported bonds *exclude*: 1) commercial paper and short-term obligations, such as revenue anticipation notes and warrants; 2) "self-supporting" state bonds, which are repaid from specific revenues outside the General Fund; and 3) bonds of federal, state and local governments and their agencies that are not obligations of the State's General Fund. It also excludes all types of "conduit" bonds, such as those issued by financing authorities on behalf of other governmental or private entities whose obligations secure the bonds.

The State's intended issuances of net tax-supported bonds listed in Figure 2 include only currently authorized but unissued bonds. The intended issuances may increase should new bond programs be approved.

Figure 2

Intended Issuances ($ Millions)		
	2006-2007	**2007-2008**
General Obligation	$5,000	$5,500
Lease Revenue	$330	$662
Total General Fund Supported Bonds	$5,330	$6,162

The State's combined total intended issuance of $11.492 billion of General Fund net-tax supported bonds during fiscal years 2006-07 and 2007-08 is expected to increase General Fund-supported debt service by $40.195 million in fiscal year 2006-07 and $415.903 million in fiscal year 2007-08. A detailed schedule of the projected annual payments on these obligations can be found in Appendix 2.

DEBT RATIOS

Measuring California's debt level through the use of debt ratios provides a convenient way to compare California's circumstances to those of other borrowers. The most common debt ratios applied to state issuers are: (1) debt service as a percentage of General Fund revenues, (2) debt as a percentage of personal income, and (3) debt per capita.

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 to measure the state's fiscal flexibility. California's ratio of debt service to General Fund revenues was 4.73 percent for fiscal year 2005-06, based on $3.927 billion in debt service payments versus $83.081 billion in General Fund revenues. This ratio is projected to be 4.32 percent for fiscal year 2006-07, based on $4.052 billion in debt service payments versus $93.882 billion in General Fund revenues as projected by the Department of Finance.

This projected ratio reflects debt service from only a portion of the bond sales listed in Figure 2 and does not include the Economic Recovery Bonds, for which debt service each year is paid from a dedicated quarter-cent sales tax. For example, $1.75 billion of the $5 billion in general obligation bonds planned for fiscal year 2006-07 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 $3.25 billion in general obligation bonds will not have a debt service payment during the 2006-07 fiscal year and will therefore not affect the ratio. The lease revenue bond sales planned for fiscal year 2006-07 also are not expected to have any net debt service payments during fiscal year 2006-07. When the debt service on the Economic Recovery Bonds is added to General Fund-supported debt service and the revenue from the dedicated quarter-cent sales tax is added to General Fund revenues, the resulting ratio of debt service to General Fund revenues increases to 5.62% in 2005-06 and 4.72% in 2006-07.

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 since it indicates the potential ability of a state to generate revenues. In its 2006 State Debt Medians report released April 2006, Moody's Investors Services lists the State's ratio of net tax-supported debt to personal income as 4.6 percent. This figure includes the Economic Recovery Bonds; if this ratio were adjusted to exclude the Economic Recovery Bonds, the ratio of debt to personal income would be 3.8 percent. Alone, the Economic Recovery Bonds represent a ratio to personal income of 0.8 percent.

Debt Per Capita

Debt per capita measures state residents' average share of the State's total debt outstanding. It does not account for the employment status, income, or financial resources of the residents. As a result, debt per capita does not reflect a state's ability to repay its obligations as well as the other two ratios and is generally considered the least informative of the three debt ratios. In their 2006 State Debt Medians report released April 2006, Moody's Investors Services lists the State's net tax-supported debt per capita as $1,597. This figure includes the Economic Recovery Bonds; if this figure were adjusted to exclude the Economic Recovery Bonds, the debt per capita would drop to $1,326. Alone, the Economic Recovery Bonds represent a debt of $271 per capita.

California's Debt Levels Compared to Other Large States

The State's debt levels are consistent with those of other large states. Moody's Investors Services calculates the ratios of debt to personal income and debt per capita for each state and publishes an annual report containing the median ratios. It is useful to compare California's debt ratios not only to the Moody's state medians but also to its "peer group" of the 10 most populous states. As shown in Figure 3, the debt ratios of these 10 states are, on average, higher than the Moody's median for all states combined. California's ratio of net tax-supported debt to personal income and debt per capita ranks well above the medians for the 10 most populous states. However, as noted previously, a substantial share of California's debt load is for deficit borrowing, not investment in capital projects.

Figure 3

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[2]
Texas	Aa1/AA/AA+	1.0%	$307
Michigan	Aa2/AA/AA	2.1%	$683
Pennsylvania	Aa2/AA/AA	2.3%	$762
Georgia	Aaa/AAA/AAA	2.7%	$784
Ohio	Aa1/AA+/AA+	2.9%	$915
Florida	Aa1/AAA/AA+	3.2%	$976
California	***A1/A+/A+***	***4.6%***	***$1,597***
Illinois	Aa3/AA/AA	5.9%	$2,026
New York	Aa3/AA/AA-	6.7%	$2,569
New Jersey	Aa3/AA/AA-	12.1%	$3,276
Moody's Median all States		**2.5%**	**$754**
Median for the 10 Most Populous States [3]		**3.1%**	**$946**

(1) Moody's Investors Service, Standard & Poor's, and Fitch Rating, as of June 2006.

(2) Figures as reported by Moody's Investors Services in their 2006 State Debt Medians report released April 2006.

(3) Calculated as the average of the ratios reported for each measure for the fifth- and sixth-ranked states.

APPENDIX 1

State of California Outstanding Debt Service Requirements
General Obligation Bonds (Fixed Rate)
as of July 1, 2006

Fiscal Year Ending June 30	Interest	Principal (a)	Total	
2007	$ 1,689,137,766	$ 1,414,360,000	$ 3,103,497,766	(b)
2008	1,630,752,594	1,529,368,078	3,160,120,672	
2009	1,548,167,710	1,602,850,000	3,151,017,710	
2010	1,461,596,541	1,688,755,000	3,150,351,541	
2011	1,372,966,820	1,666,174,045	3,039,140,865	
2012	1,279,399,009	1,465,305,000	2,744,704,009	
2013	1,207,826,320	1,183,620,000	2,391,446,320	
2014	1,150,771,345	1,096,145,000	2,246,916,345	
2015	1,098,164,527	1,037,825,000	2,135,989,527	
2016	1,045,692,678	883,705,000	1,929,397,678	
2017	1,000,262,997	857,995,000	1,858,257,997	
2018	957,527,508	822,500,000	1,780,027,508	
2019	915,367,480	864,460,000	1,779,827,480	
2020	871,015,733	986,200,000	1,857,215,733	
2021	822,449,925	927,285,000	1,749,734,925	
2022	775,460,324	1,127,295,000	1,902,755,324	
2023	718,323,782	1,172,620,000	1,890,943,782	
2024	660,372,309	1,092,905,000	1,753,277,309	
2025	604,357,692	1,263,160,000	1,867,517,692	
2026	542,138,844	1,204,545,000	1,746,683,844	
2027	481,902,250	1,235,780,000	1,717,682,250	
2028	418,236,656	1,327,835,000	1,746,071,656	
2029	352,882,293	1,242,970,000	1,595,852,293	
2030	288,890,080	1,373,330,000	1,662,220,080	
2031	222,027,330	1,110,770,000	1,332,797,330	
2032	165,299,865	1,109,630,000	1,274,929,865	
2033	109,582,239	997,905,000	1,107,487,239	
2034	60,003,883	744,560,000	804,563,883	
2035	25,667,150	366,430,000	392,097,150	
2036	7,939,625	269,945,000	277,884,625	
TOTAL	**$ 23,484,183,273**	**$ 33,666,227,123**	**$ 57,150,410,396**	

(a) Includes scheduled mandatory sinking fund payments.
(b) Total represents the remaining debt service requirements from August 1, 2006 through June 30, 2007.

SOURCE: State of California, Office of the Treasurer.

APPENDIX 1 (Continued)

State of California Outstanding Debt Service Requirements
General Obligation Bonds (Variable Rate)
as of July 1, 2006

Fiscal Year Ending June 30	Interest (a)	Principal (b)	Total	
2007	$ 120,378,686	$ 19,000,000	$ 139,378,686	(c)
2008	130,448,715	-	130,448,715	
2009	129,828,556	-	129,828,556	
2010	129,971,413	-	129,971,413	
2011	130,306,830	-	130,306,830	
2012	130,132,313	-	130,132,313	
2013	130,412,337	-	130,412,337	
2014	129,648,724	-	129,648,724	
2015	129,663,308	-	129,663,308	
2016	130,281,221	67,455,000	197,736,221	
2017	126,026,333	372,685,000	498,711,333	
2018	111,719,698	476,190,000	587,909,698	
2019	94,113,975	238,680,000	332,793,975	
2020	84,258,519	230,050,000	314,308,519	
2021	75,712,158	183,510,000	259,222,158	
2022	69,272,396	97,060,000	166,332,396	
2023	65,217,288	119,800,000	185,017,288	
2024	60,336,697	296,540,000	356,876,697	
2025	48,895,163	201,180,000	250,075,163	
2026	40,540,801	346,030,000	386,570,801	
2027	28,111,898	74,285,000	102,396,898	
2028	25,475,204	77,260,000	102,735,204	
2029	22,287,999	110,350,000	132,637,999	
2030	18,203,317	114,760,000	132,963,317	
2031	13,802,426	119,350,000	133,152,426	
2032	9,368,407	124,125,000	133,493,407	
2033	4,640,223	129,090,000	133,730,223	
2034	96,108	1,600,000	1,696,108	
2035	38,880	-	38,880	
2036	39,049	-	39,049	
2037	38,711	-	38,711	
2038	38,880	-	38,880	
2039	38,880	-	38,880	
2040	35,649	1,000,000	1,035,649	
TOTAL	**$2,189,380,763**	**$ 3,400,000,000**	**$ 5,589,380,763**	

(a) The estimate of future interest payments is based on rates in effect as of July 1, 2006. The interest rates for the daily, weekly and auction rate bonds range from 3.64 – 3.97%

(b) Includes scheduled mandatory sinking fund payments.

(c) Total represents the remaining estimated debt service requirements through June 30, 2007.

SOURCE: State of California, Office of the Treasurer.

APPENDIX 1 (Continued)

State of California Outstanding Debt Service Requirements
Lease Revenue Bonds
as of July 1, 2006

Fiscal Year Ending June 30	Interest	Principal (a)	Total	
2007	$ 395,212,291	$ 373,678,920	$ 768,891,211	(b)
2008	382,897,237	388,286,788	771,184,025	
2009	368,172,844	410,977,732	779,150,577	
2010	342,583,653	401,636,634	744,220,287	
2011	311,655,160	414,720,000	726,375,160	
2012	290,905,189	400,420,000	691,325,189	
2013	270,450,322	411,735,000	682,185,322	
2014	249,310,742	417,425,000	666,735,742	
2015	227,559,645	440,320,000	667,879,645	
2016	204,724,559	424,510,000	629,234,559	
2017	182,330,362	432,715,000	615,045,362	
2018	160,074,237	450,620,000	610,694,237	
2019	137,291,501	413,230,000	550,521,501	
2020	116,111,500	387,700,000	503,811,500	
2021	97,477,601	328,275,000	425,752,601	
2022	80,614,319	304,245,000	384,859,319	
2023	66,493,734	257,710,000	324,203,734	
2024	54,251,303	174,515,000	228,766,303	
2025	45,428,985	183,320,000	228,748,985	
2026	36,626,671	174,340,000	210,966,671	
2027	27,723,630	183,205,000	210,928,630	
2028	18,444,578	176,825,000	195,269,578	
2029	10,230,076	117,655,000	127,885,076	
2030	4,472,808	86,370,000	90,842,808	
2031	782,621	30,570,000	31,352,621	
TOTAL	**$ 4,081,825,567**	**$ 7,785,005,075**	**$ 11,866,830,642**	

(a) Includes scheduled mandatory sinking fund payments.
(b) Total represents the remaining debt service requirements through June 30, 2007.

SOURCE: State of California, Office of the Treasurer.

APPENDIX 1 (Continued)

State of California Outstanding and Authorized but Unissued Bonds
General Obligation Bonds
as of July 1, 2006 ($ Thousands)

	Voter Authorization Date	Voter Authorization Amount	Bonds Outstanding (a)	Authorized but Unissued (b)
GENERAL FUND BONDS (Non-Self Liquidating)				
1988 School Facilities Bond Act	11/8/1988	$ 800,000	$ 341,790	$ 2,255
1990 School Facilities Bond Act	6/5/1990	800,000	372,860	2,125
1992 School Facilities Bond Act	11/3/1992	900,000	506,207	3,789
California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002	3/5/2002	2,600,000	510,900	2,083,970
California Library Construction and Renovation Bond Act of 1988	11/8/1988	75,000	39,665	2,595
California Library Construction and Renovation Bond Act of 2000	3/7/2000	350,000	62,125	275,640
California Park and Recreational Facilities Act of 1984	6/5/1984	370,000	79,215	1,100
California Parklands Act of 1980	11/4/1980	285,000	14,390	-
California Safe Drinking Water Bond Law of 1976	6/8/1976	175,000	24,430	2,500
California Safe Drinking Water Bond Law of 1984	11/6/1984	75,000	15,835	-
California Safe Drinking Water Bond Law of 1986	11/4/1986	100,000	48,935	-
California Safe Drinking Water Bond Law of 1988	11/8/1988	75,000	43,925	6,975
California Wildlife, Coastal, and Park Land Conservation Act	6/7/1988	776,000	322,915	7,330
Children's Hospital Bond Act of 2004	11/2/2004	750,000	63,495	686,506
Class Size Reduction Public Education Facilities Bond Act of 1998 (Hi-Ed)	11/3/1998	2,500,000	2,260,040	134,600
Class Size Reduction Public Education Facilities Bond Act of 1998 (K-12)	11/3/1998	6,700,000	6,028,510	11,860
Clean Air and Transportation Improvement Bond Act of 1990	6/5/1990	1,990,000	1,244,125	209,915
Clean Water Bond Law of 1970	11/3/1970	250,000	2,500	-
Clean Water Bond Law of 1974	6/4/1974	250,000	5,605	-
Clean Water Bond Law of 1984	11/6/1984	325,000	53,320	-
Clean Water and Water Conservation Bond Law of 1978	6/6/1978	375,000	15,665	-
Clean Water and Water Reclamation Bond Law of 1988	11/8/1988	65,000	41,805	-
Community Parklands Act of 1986	6/3/1986	100,000	27,975	-
County Correctional Facility Capital Expenditure Bond Act of 1986	6/3/1986	495,000	147,955	-
County Correctional Facility Capital Expenditure and Youth Facility Bond Act of 1988	11/8/1988	500,000	252,395	-
County Jail Capital Expenditure Bond Act of 1981	11/2/1982	280,000	23,400	-
County Jail Capital Expenditure Bond Act of 1984	6/5/1984	250,000	17,400	-
Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990	6/5/1990	300,000	214,085	28,300
Fish and Wildlife Habitat Enhancement Act of 1984	6/5/1984	85,000	18,135	-
Hazardous Substance Cleanup Bond Act of 1984	11/6/1984	100,000	-	-
Higher Education Facilities Bond Act of 1986	11/4/1986	400,000	71,900	-
Higher Education Facilities Bond Act of 1988	11/8/1988	600,000	236,460	10,440
Higher Education Facilities Bond Act of June 1990	6/5/1990	450,000	208,615	2,110
Higher Education Facilities Bond Act of June 1992	6/2/1992	900,000	578,310	7,235
Housing and Emergency Shelter Trust Fund Act of 2002	11/5/2002	2,100,000	28,790	2,071,125
Housing and Homeless Bond Act of 1990	6/5/1990	150,000	5,530	-
Kindergarten-University Public Education Facilities Bond Act of 2002 (Hi-Ed)	11/5/2002	1,650,000	641,440	997,990
Kindergarten-University Public Education Facilities Bond Act of 2002 (K-12)	11/5/2002	11,400,000	9,327,125	1,955,980
Kindergarten-University Public Education Facilities Bond Act of 2004 (Hi-Ed)	3/2/2004	2,300,000	20,845	2,278,840
Kindergarten-University Public Education Facilities Bond Act of 2004 (K-12)	3/2/2004	10,000,000	2,393,800	7,603,580
Lake Tahoe Acquisitions Bond Act	8/2/1982	85,000	15,480	-

APPENDIX 1 (Continued)

State of California Outstanding and Authorized but Unissued Bonds
General Obligation Bonds (continued)
as of July 1, 2006 ($ Thousands)

	Voter Authorization		Bonds	
	Date	Amount	Outstanding (a)	Unissued (b)
New Prison Construction Bond Act of 1981	6/8/1982	$ 495,000	$ -	$ -
New Prison Construction Bond Act of 1984	6/5/1984	300,000	-	-
New Prison Construction Bond Act of 1986	11/4/1986	500,000	105,050	-
New Prison Construction Bond Act of 1988	11/8/1988	817,000	325,755	7,190
New Prison Construction Bond Act of 1990	6/5/1990	450,000	190,005	2,355
Passenger Rail and Clean Air Bond Act of 1990	6/5/1990	1,000,000	487,145	-
Public Education Facilities Bond Act of 1996 (Hi-Ed)	3/26/1996	975,000	805,360	37,465
Public Education Facilities Bond Act of 1996 (K-12)	3/26/1996	2,025,000	1,584,860	12,965
Safe Drinking Water Bond Act 2000	3/7/2000	1,970,000	783,660	1,096,963
Safe Neighborhood Parks Bond Act of 2000	3/7/2000	2,100,000	1,260,550	773,415
Safe, Clean, Reliable Water Supply Act of 1996	11/5/1996	995,000	662,750	276,310
School Building and Earthquake Bond Act of 1974	11/5/1974	40,000	26,650	-
School Facilities Bond Act of 1988	6/7/1988	800,000	290,090	-
School Facilities Bond Act of 1990	11/6/1990	800,000	417,370	-
School Facilities Bond Act of 1992	6/2/1992	1,900,000	1,049,295	13,555
Seismic Retrofit Bond Act of 1996	3/26/1996	2,000,000	1,630,195	143,870
Senior Center Bond Act of 1984	11/6/1984	50,000	-	-
State Beach, Park, Recreational and Historical Facilities Bond Act of 1974	6/4/1974	250,000	-	-
State School Building Lease-Purchase Bond Law of 1982	11/2/1982	500,000	-	-
State School Building Lease-Purchase Bond Law of 1984	11/6/1984	450,000	46,250	-
State School Building Lease-Purchase Bond Law of 1986	11/4/1986	800,000	168,650	-
State, Urban, and Coastal Park Bond Act of 1976	11/2/1976	280,000	10,250	-
Stem Cell Research and Cures Act of 2004	11/2/2004	3,000,000	-	3,000,000
Veterans Homes Bond Act of 2000	3/7/2000	50,000	3,080	46,920
Voting Modernization Bond Act of 2002	3/5/2002	200,000	36,100	137,370
Water Conservation Bond Law of 1988	11/8/1988	60,000	36,255	9,525
Water Conservation and Water Quality Bond Law of 1986	6/3/1986	150,000	56,390	27,600
Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002	11/5/2002	3,440,000	762,620	2,665,845
Total General Fund Bonds		$ 79,128,000	$ 37,066,227	$ 26,638,108

(a) Includes the initial value of capital appreciation bonds rather than the accreted value.
(b) Includes authorized commercial paper.

SOURCE: State of California, Office of the Treasurer.

APPENDIX 1 (Continued)

State of California Outstanding and Authorized but Unissued Bonds Lease Revenue Bonds as of July 1, 2006 ($ Thousands)		
	Bonds Outstanding	**Authorized but Unissued**
Lease Revenue Bonds		
University of California	$ 1,793,567	$ 548,791
California State University	543,715	171,842
California Community Colleges	554,210	86,755
Department of Corrections and Rehabilitation	2,237,038	381,788
State Buildings	2,611,880	2,017,552
Energy Efficiency Revenue Bonds	44,595	
Total Lease Revenue Bonds	**$ 7,785,005**	**$ 3,206,728**

APPENDIX 2 (AMENDED)

State of California Debt Service Requirements on Intended Sales of Authorized but Unissued Bonds during Fiscal Years 2006-07 and 2007-08

Fiscal Year Ending June 30,	FY 2006-07 GO Sales Debt Service	FY 2007-08 GO Sales Debt Service	FY 2006-07 LRB Sales Debt Service	FY 2007-08 LRB Sales Debt Service	Total Debt Service All Sales
2007	$ 40,195,459	$ -	$ 5,443,350	$ -	$ 45,638,809
2008	346,736,567	69,166,667	25,662,950	8,326,800	449,892,984
2009	346,733,250	397,151,850	25,656,650	40,198,950	809,740,700
2010	346,738,750	397,150,950	25,643,600	40,190,000	809,723,300
2011	346,735,150	397,152,850	25,632,450	40,184,700	809,705,150
2012	346,734,350	397,150,800	25,641,700	40,160,800	809,687,650
2013	346,732,650	397,153,600	25,624,250	40,155,300	809,665,800
2014	346,730,400	397,153,850	25,619,350	40,135,050	809,638,650
2015	346,732,750	397,153,100	25,610,050	40,112,050	809,607,950
2016	346,727,900	397,151,850	25,599,700	40,102,400	809,581,850
2017	346,733,800	397,154,550	25,596,200	40,067,800	809,552,350
2018	346,736,950	397,153,850	25,577,600	40,059,500	809,527,900
2019	346,733,200	397,151,650	25,567,250	40,032,850	809,484,950
2020	346,727,550	397,153,350	25,562,450	40,003,800	809,447,150
2021	346,733,250	397,152,550	25,550,650	39,982,850	809,419,300
2022	346,736,950	397,151,350	25,534,600	39,964,450	809,387,350
2023	346,734,700	397,155,200	25,517,050	39,928,350	809,335,300
2024	346,730,950	397,152,750	25,505,000	39,890,050	809,278,750
2025	346,733,700	397,151,000	25,490,150	39,868,250	809,243,100
2026	346,728,850	397,149,550	25,469,500	39,835,900	809,183,800
2027	346,731,200	397,155,900	25,460,050	39,802,150	809,149,300
2028	346,733,450	397,155,150	25,442,300	39,759,500	809,090,400
2029	346,731,300	397,150,450	25,428,250	40,420,300	809,730,300
2030	346,733,550	397,157,250	25,398,550	40,404,150	809,693,500
2031	346,732,100	397,152,700	25,379,600	40,405,000	809,669,400
2032	346,731,300	397,157,000	25,356,150	40,402,550	809,647,000
2033	346,728,350	397,151,450	-	40,396,500	784,276,300
2034	346,737,850	397,154,800	-	-	743,892,650
2035	346,730,950	397,151,750	-	-	743,882,700
2036	346,737,500	397,153,700	-	-	743,891,200
2037	346,732,650	397,153,000	-	-	743,885,650
Totals:	$ 10,442,187,326	$ 11,586,604,467	$ 643,969,400	$ 1,010,790,000	$ 23,683,551,193

Source: State of California, Office of the Treasurer.