

To the Board of Directors of the
California Infrastructure and Economic Development Bank
Sacramento, California

We have audited the financial statements of the California Infrastructure and Economic Development Bank (the I-Bank), a component unit of the State of California, for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 27, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the I-Bank are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the I-Bank during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We do not consider any of the estimates utilized by I-Bank to be significant.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We do not consider any of the financial statement disclosures to be sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 29, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the California Infrastructure and Economic Development Bank and is not intended to be and should not be used by anyone other than these specified parties.

Maciel Mini & O'Connell LLP

Sacramento, California
September 29, 2011

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011



**Fiscal Unit
California Infrastructure and
Economic Development Bank**



This page has been intentionally left blank.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	3
Organization Chart	6
Principal Officials	7
FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	13
Basic Financial Statements	
Statement of Net Assets	21
Statement of Revenues, Expenses, and Changes in Net Assets	22
Statement of Cash Flows	23
Notes to the Financial Statements	24
STATISTICAL SECTION	
Financial Trends	
Schedule of Net Assets	42
Schedule of Revenues, Expenses, and Changes in Net Assets	44
Infrastructure State Revolving Fund (ISRF) Program	
Ten Largest Borrowers	47
Revenue Capacity	
Schedule of ISRF Program Loans Receivable and Interest Rates	48
Debt Capacity	
Schedule of Statutory Debt Limit Capacity	50
Schedule of Outstanding ISRF Program Bonds and Debt Ratio	52
Schedule of Aggregate Pledged Resources Coverage	
for ISRF Program Bonds	55
Demographics and Economic Information	
California Demographic and Economic Indicators	56
California Employment by Industry	59
Operating Information	
Number of I-Bank Employees by Identifiable Activity	60
Major I-Bank Program Activity	62



This page has been intentionally left blank.

INTRODUCTORY SECTION



This page has been intentionally left blank.



California Infrastructure and Economic Development Bank

September 30, 2011

To the Board of Directors:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the California Infrastructure and Economic Development Bank (I-Bank) for the fiscal year ended June 30, 2011. This report includes the financial activities of the I-Bank and the California Infrastructure and Economic Development Bank Fund (CIEDB Fund) and the California Infrastructure Guarantee Trust Fund (Guarantee Trust Fund). The continuing disclosure agreements related to the I-Bank's revenue bonds that provided funding for the Infrastructure State Revolving Fund (ISRF) Program (ISRF Program Bonds) require annual audited financial statements and this CAFR fulfills that requirement.

Overall, as a result of the financial crisis of 2008 and the ensuing recession, both the California and national economies continue to remain weak but there are signs pointing to a slow recovery. In spite of the depressed economy, I am pleased to report that the I-Bank's net assets grew by over \$3.9 million in fiscal year 2010-11, principally from the effective operation of our bond and loan financing programs. Applications and financings for new bond and loan projects were depressed during the fiscal year as a direct result of the instability of the capital markets and budget pressures on local governments. In spite of this depressed program activity, the I-Bank was still very busy during the fiscal year assisting numerous current bond and loan customers with financing agreement amendments when project construction costs were lower than projected, and assisting with conduit revenue bond refundings that took advantage of low financing rates resulting in debt relief for several borrowers. The I-Bank also continues to experience depressed investment earnings, but did not incur any losses by investing cash and bond reserve funds in conservative investments that focused on safety first, then liquidity and finally on return. Overall, I believe that the I-Bank staff remain good stewards of the trust that the public places in us to prudently administer our financing programs while maximizing impact on jobs and economic development.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost on internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Macias Gini & O'Connell LLP has issued an unqualified ("clean") opinion on the I-Bank's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basis financial statement. The MD&A complements this letter of transmittal and should be read in conjunction with it.



California Infrastructure and Economic Development Bank

Profile of the I-Bank

The I-Bank was created in 1994 to promote economic revitalization, enable future development, and encourage a healthy climate for jobs in California. The I-Bank operates pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act contained in the California Government Code section 63000 *et seq.* The I-Bank is a component unit of the State of California located within the Business, Transportation and Housing Agency and is governed by a five-member Board of Directors.

The I-Bank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. The I-Bank's current programs include the Infrastructure State Revolving Fund (ISRF) Program, 501(c)(3) Revenue Bond Program, Industrial Development Revenue Bond Program, Exempt Facility Revenue Bond Program and Public Agency Revenue Bond Program.

With the exception of funds for program support, which must be annually appropriated by the State Legislature, all I-Bank funds are continuously appropriated without regard to fiscal year. Continuous appropriation authority means that no further appropriations are necessary to expend funds held in either the CIEDB Fund or the Guarantee Trust Fund.

Economic Condition

Coming out of the recession of 2007-2010, it appears that the State and the nation are in a slow recovery. California has certainly received its fair share of negative attention this past fiscal year mainly focused on our state and local government fiscal troubles and the State's severely impacted housing market. While these are serious economic problems, I agree with the California Department of Finance economists who have determined that these problems obscure a number of noteworthy strengths of the California economy, and that our State's economy is basically sound, prosperous and is outgrowing all but the fastest growing national economies.

While activity in all I-Bank programs slowed during the fiscal year because of the continued slow statewide economic recovery, I am pleased to report that the staff continue to effectively administer our current programs, and in particular, I am proud to report that both Moody's Investors Service and Fitch Ratings publically acknowledged our staff's solid, strong, pro-active management of the Infrastructure State Revolving Fund Program bonds and loans in their respective annual bond rating updates.

The staff and I continue to work closely with the Governor's Office to develop strategic initiatives and programs that will contribute to the Governor's clean energy and jobs goals. The staff and I are also focusing our efforts on maximizing the use of non-State resources by leveraging funding from the public capital markets, from private sources such as pension funds and from the Federal government.



California Infrastructure and Economic Development Bank

Acknowledgements

I would like to sincerely thank all of the I-Bank staff for their continued stellar work, and in particular, acknowledge the I-Bank's Fiscal Unit staff for the preparation of this inaugural Comprehensive Annual Financial Report, which has far exceeded my expectations. Additionally, we do not do our good work alone, and I would also like to acknowledge the staff at the Business, Transportation and Housing Agency, the California Highway Patrol, and the California Department of Resources, Recycling & Recovery whose efforts enable the I-Bank staff to deliver the various I-Bank programs that have such a substantial and positive impact on the State's economy and jobs.

Respectfully submitted,

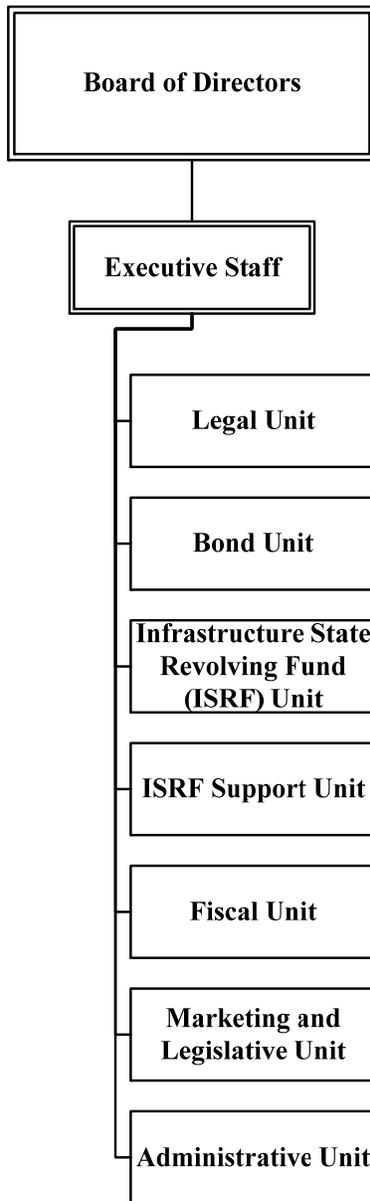
A handwritten signature in blue ink that reads "Stanton C. Hazelroth". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Stanton C. Hazelroth
Executive Director

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

ORGANIZATION CHART



**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PRINCIPAL OFFICIALS

I-Bank Board of Directors

Vacant, Secretary of the Business, Transportation, and Housing Agency, Chair



**Bill Lockyer
State Treasurer**



**Anna M. Caballero
Secretary of the State and
Consumer Services Agency**



**Ana J. Matosantos
Director of the
Department of Finance**



**C. Everett Rice
Governor's Appointee**

I-Bank Executive and Management Staff



Stanton C. Hazelroth, Executive Director

Roma Cristia-Plant, Assistant Executive Director

Marilyn Muñoz, General Counsel

Vacant, Bond Unit Manager

Diane Cummings, ISRF Unit Manager

Carlos Nakata, ISRF Support Unit Manager

Julianne Talbot, Fiscal Unit Manager



This page has been intentionally left blank.

FINANCIAL SECTION



This page has been intentionally left blank.

To the Board of Directors of the
California Infrastructure and Economic Development Bank
Sacramento, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the California Infrastructure and Economic Development Bank (I-Bank), a component unit of the State of California, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the I-Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the I-Bank's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the I-Bank as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the I-Bank's financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Macie Mei & O'Connell LLP

Sacramento, California
September 29, 2011



This page has been intentionally left blank.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Introduction

The following Management's Discussion & Analysis (MD&A) provides an overview to the financial statements of the California Infrastructure and Economic Development Bank (I-Bank), a description of its activities, and an analysis of the financial position of the California Infrastructure and Economic Development Bank Fund (CIEDB Fund) and the California Infrastructure Guarantee Trust Fund (Guarantee Trust Fund) for the fiscal year ended June 30, 2011 (collectively, the CIEDB Fund and the Guarantee Trust Fund are the Funds). The information presented in this section should be read in conjunction with the information in our letter of transmittal on pages 3-5 of this report and the financial statements and notes that follow this section.

The I-Bank and Current Programs

The I-Bank is a State of California financing authority whose mission is to finance public infrastructure and private development that promote economic development, revitalize communities and enhance quality of life throughout California. The I-Bank has broad statutory powers to issue revenue bonds and provide loans, lease financing and other forms of financing, including the provision of credit enhancements, for a wide variety of public infrastructure and economic development projects. The I-Bank's current operations are funded solely from fees, interest earnings and Infrastructure State Revolving Fund Program loan¹ repayments. The I-Bank is a component unit of the State of California (State) and the I-Bank's financial statements are included in the State's Comprehensive Annual Financial Report.

The I-Bank's major programs include the Infrastructure State Revolving Fund (ISRF) Program, which is a revolving loan program that provides low-cost financing to local government entities for sixteen categories of public infrastructure projects, and a variety of conduit revenue bond financing programs, including the Industrial Development Bond Program for manufacturing and processing companies, the 501(c)(3) Revenue Bond Program for nonprofit public benefit corporations, State School Fund Bond Program and the Public Agency Revenue Bond Program for governmental entities. Conduit bonds issued by the I-Bank are a limited obligation of the I-Bank payable solely from the revenues generated by the underlying borrower.

Financial Highlights 2010-2011

- Net assets increased by \$3,924,426 to \$270,735,782 during the fiscal year due to earnings from operations and investment income.
- Total pledged and non-pledged loans receivable decreased during the fiscal year by \$10,251,454 due to loan repayments exceeding completed loan closings during the fiscal year.
- Total operating revenues were \$11,977,441 for the fiscal year, a decrease of \$547,829 or 4.37% from the previous fiscal year. The decrease in operating revenues consists of a decrease in both interest on loans receivable and administration fees.

¹ "Loan" is generically used to refer to a loan, a lease or an installment sale agreement.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

- Total operating expenses were \$8,534,045 during the fiscal year compared to \$9,491,093 for the prior fiscal year, a decrease of 10.08%. The decrease in operating expenses is mostly due to a decrease in expenses for program support.
- Interest on bond debt was \$5,708,393 during the fiscal year, a decrease of \$137,624 or 2.35% from the prior fiscal year. The decrease is attributable to the decreased balance of revenue bonds payable.
- Investment income, a nonoperating revenue, was \$481,030 for the fiscal year, an increase of \$92,519 from the prior fiscal year, principally due to interest earnings and unrealized gains on U.S. Treasury notes purchased during the fiscal year.

Overview of the Financial Statements

The financial section of this annual financial report consists of this MD&A, the basic financial statements, and the notes to the financial statements. This MD&A is a discussion of many aspects of the I-Bank's operations and financial status and its information was compiled from the I-Bank's financial statements and accompanying notes.

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles and include the following three statements:

- The *Statement of Net Assets* presents information on the assets and liabilities of the Funds and the I-Bank, with the difference between the assets and the liabilities reported as net assets. Over time, increases or decreases in net assets are expected to serve as a useful indicator of whether the financial position of the Funds are improving or deteriorating.
- The *Statement of Revenues, Expenses and Changes in Net Assets* presents information reflecting how the net assets of the Funds and the I-Bank changed during the fiscal year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities and investing activities, and the resulting impacts to cash and cash equivalents for the fiscal year.

The financial statements included in this annual financial report are those of the I-Bank. As discussed in Note 1, The Financial Reporting Entity, the basic financial statements herein are intended to present the financial position, change in financial position and cash flows of only the I-Bank. The financial statements do not purport to present the financial position of any other reporting entity.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes can be found immediately following the financial statements.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Statement of Net Assets

Net assets were \$270,735,782 as of June 30, 2011, all of which were restricted. Net assets increased by \$3,924,426 over the previous fiscal year directly as a result of positive earnings from operating and nonoperating activities.

The following table presents a condensed, combined statement of net assets as of June 30, 2011 and 2010, and the dollar and percentage change from the prior year:

	2010-2011	2009-2010	\$ Change	% Change
Cash, cash equivalents, and investments--restricted	\$ 103,701,676	\$ 113,447,173	\$ (9,745,497)	-8.59%
Program loans receivable	320,958,196	331,209,650	(10,251,454)	-3.10%
Other assets	5,493,189	5,938,389	(445,200)	-7.50%
Total Assets	\$ 430,153,061	\$ 450,595,212	\$ (20,442,151)	-4.54%
Accounts payable	\$ 419,945	\$ 283,193	\$ 136,752	48.29%
Revenue bonds payable	135,189,315	140,710,150	(5,520,835)	-3.92%
Other liabilities	4,852,796	5,151,115	(298,319)	-5.79%
Undisbursed loan commitments	18,955,223	37,639,398	(18,684,175)	-49.64%
Total Liabilities	159,417,279	183,783,856	(24,366,577)	-13.26%
Net Assets	270,735,782	266,811,356	3,924,426	1.47%
Total Liabilities and Net Assets	\$ 430,153,061	\$ 450,595,212	\$ (20,442,151)	-4.54%

Assets

Total assets decreased by \$20.4 million from the prior year. Cash, cash equivalents, and investments--restricted decreased as a result of continued loan disbursements during the fiscal year.

ISRF Program loans receivable (both pledged and non-pledged) totaled \$320,958,196 as of June 30, 2011, a decrease of \$10,251,454 from the prior year due to loan repayments exceeding completed loan closings during the fiscal year.

Liabilities

Total liabilities were \$159,417,279 as of June 30, 2011, a decrease of 13.26% from the prior fiscal year. The decrease in liabilities was impacted by a decrease in undisbursed loan commitments, which represents the activity associated with ISRF Program loan disbursements during the fiscal year.

Revenue bonds payable consists of three series of ISRF Program Bonds issued in prior years to leverage the ISRF Program. Revenue bonds payable decreased by \$5.5 million from the prior year as scheduled repayments were made and premiums were amortized.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Statement of Revenue, Expenses, and Changes in Net Assets

Operating income was \$3,443,396 for the fiscal year ending June 30, 2011. The following table presents the condensed, combined statement of revenues, expenses, and changes in net assets for the 2010-2011 and 2009-2010 fiscal years:

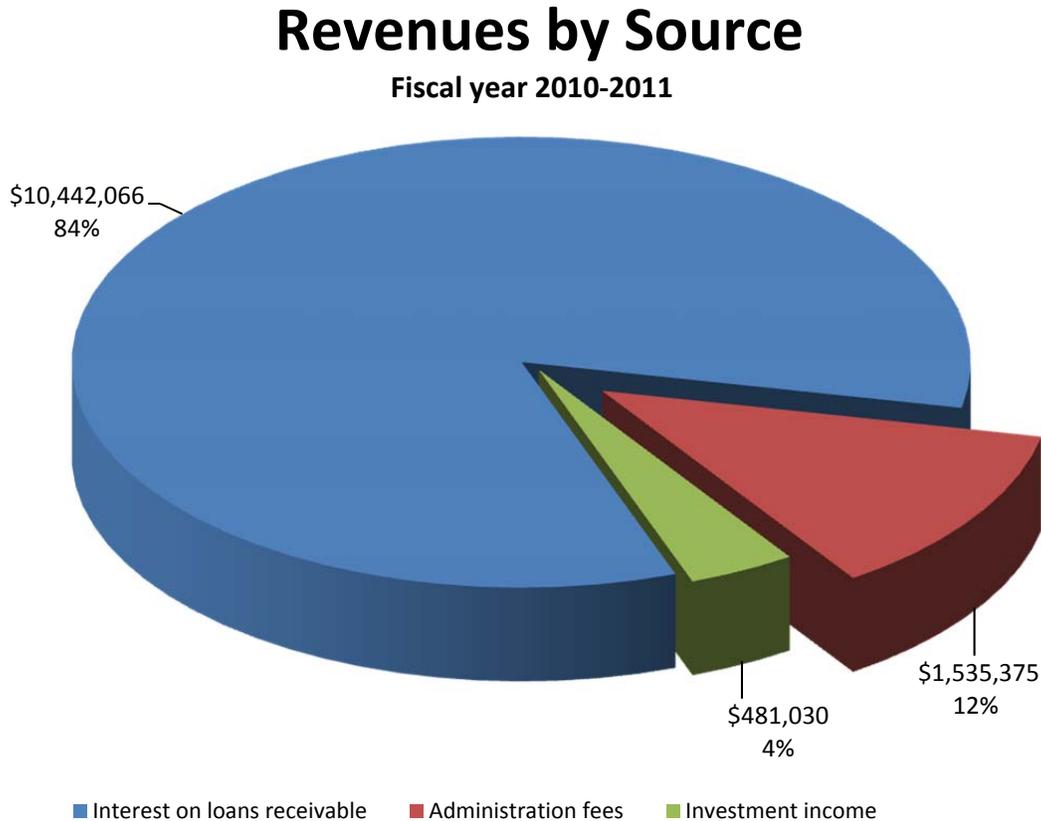
	2010-2011		2009-2010		\$ Change	% Change
Total operating revenues	\$ 11,977,441	\$ 12,525,270	\$ (547,829)	-4.37%		
Total operating expenses	8,534,045	9,491,093	(957,048)	-10.08%		
Operating income	3,443,396	3,034,177	409,219	13.49%		
Nonoperating revenue	481,030	388,511	92,519	23.81%		
Change in net assets	3,924,426	3,422,688	501,738	14.66%		
Net Assets, Beginning of year	266,811,356	263,388,668	3,422,688	1.30%		
Net Assets, End of year	\$ 270,735,782	\$ 266,811,356	\$ 3,924,426	1.47%		

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Operating Revenues

The following chart presents Operating and Nonoperating revenues by source:



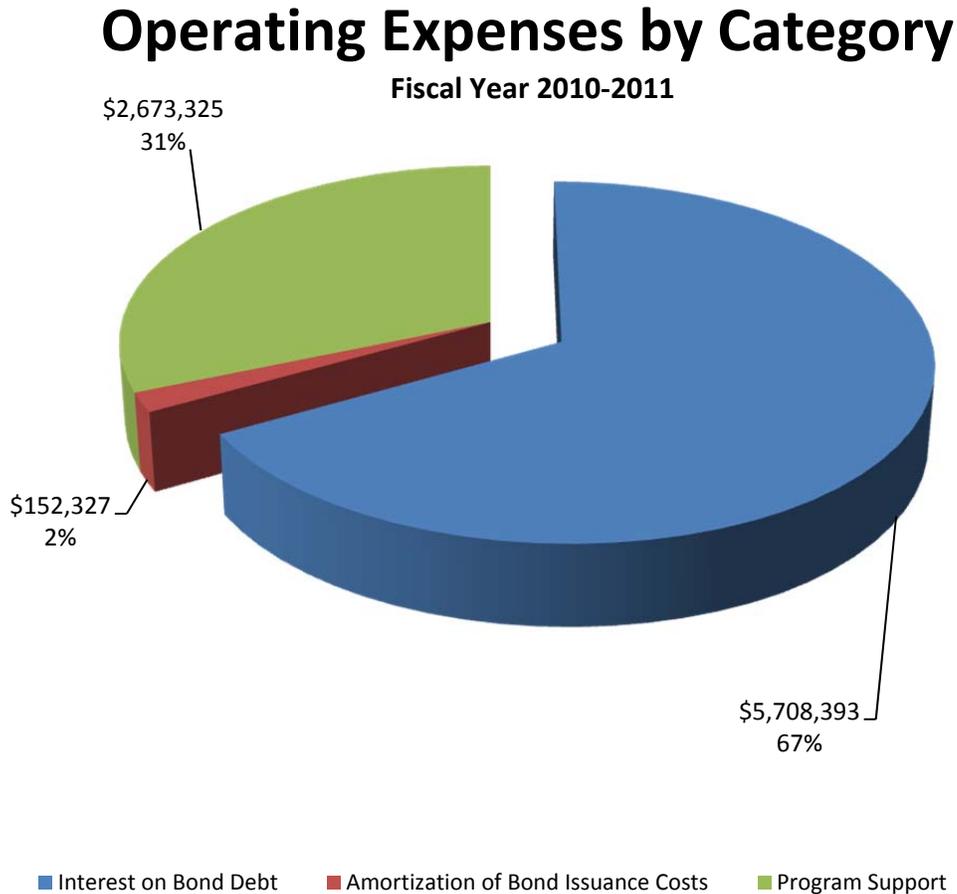
Total operating revenues include interest on loans receivable and administration fees, and declined 4.37% from the prior fiscal year due principally to a decrease in both administration fees and interest earnings on loans receivable caused by a decrease in the balance of outstanding ISRF Program Loans. Nonoperating revenue consists of investment income of \$481,030 for the fiscal year. Investment income increased during the fiscal year, principally due to interest earnings and unrealized gains on U.S. Treasury notes purchased during the fiscal year. The interest earning rates on these investments is higher than the rates earned on cash and equivalents that are conservatively invested in money market funds.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Operating Expenses

The following chart presents Operating Expenses by category:



Total operating expenses were \$8,534,045 during the fiscal year, a 10.08% decrease from the prior fiscal year.

The interest on ISRF Program Bonds of \$5,708,393 represents the largest operating expense category and accounts for 67% of total operating expenses, and was \$137,624 less than the prior fiscal year. The decrease is directly related to the decreased balance of revenue bonds payable. Program support, which represents 31% of total operating expenses, decreased from the prior fiscal year by \$872,131.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Budgetary Information

With the exception of funds for program support, which must be annually appropriated by the State Legislature, all other I-Bank funds in the Funds are continuously appropriated without regard to fiscal year. Continuous appropriation authority means that no further appropriations are necessary to expend funds held in either the CIEDB Fund or the Guarantee Trust Fund.

Debt Administration

I-Bank administers the ISRF Program, a leveraged revolving loan program. Initial ISRF Program loans were funded with previous State General Fund appropriations. The I-Bank issued \$51.37 million in ISRF Program Revenue Bonds (ISRF Program Bonds) in March 2004, \$52.80 million in December 2005, and \$48.37 million in September 2008 to provide additional funding for ISRF Program loans. The ISRF Program Bonds were sold without a credit enhancement, and in 2004 and 2005 were initially rated AA, Aa2, and AA by Standard & Poor's, Moody's Investors Service, and Fitch Ratings, respectively. Upon the issuance of the 2008 ISRF Program Bonds, Standard & Poor's and Fitch Ratings raised the ratings on the ISRF Program Bonds to AA+, citing proactive and strong program oversight and management, and thorough ongoing surveillance of existing loans as key factors to the high credit ratings on the bonds. Moody's Investor Service and Fitch Ratings reaffirmed their respective bond ratings during the fiscal year.

Existing ISRF Program Loans are either funded from previous State General Fund appropriations, interest earnings, the repayment of principal on ISRF Program loans receivable, investment earnings, administration fee revenue, or the proceeds of previously issued ISRF Program Bonds. The ISRF Program Bonds are structured under a master-series model, and are a limited obligation of the I-Bank payable solely from and secured by pledged ISRF Program loans. Note 5 of the Notes to the Financial Statements contain additional information about the outstanding ISRF Program Bonds. No new ISRF Program Bonds were issued during the fiscal year, while principal payments on the ISRF Program Bonds reduced the outstanding balance by \$5,135,000 during the year.

The I-Bank also issues conduit revenue bonds including Industrial Development Bonds for certain privately-owned manufacturing and processing businesses, 501(c)(3) Revenue Bonds for nonprofit entities, State School Fund Bonds for financially troubled public school districts, and Public Agency Revenue Bonds for other state and local governmental entities. During the fiscal year, the I-Bank served as the issuer for over \$203,300,000 of conduit revenue bonds. Conduit bonds are a limited obligation of the I-Bank payable solely from the pledged revenues of the conduit borrower. As such, except for administration fee revenue related to the conduit bond programs, conduit bond financial information is not reflected in the I-Bank's financial statements.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Economic Conditions and Outlook

The California Department of Finance (DOF) reported in its *California Economic Indicators*, bimonthly summary reports of economic trends and data relating to the State of California, that the mid-2011 economic indicators are consistent with a gradual economic recovery that may have hit a temporary soft patch. As with the nation, 2010 was a transition year for California during which severe job losses from the recession switched to modest gains. This job trend continued into the early months of 2011. However, after adding over 100,000 jobs in the first two months of the year, the State gained only 7,700 jobs during the four months ending in June. According to the DOF, weak real estate market conditions, depressed construction activity, and public sector fiscal problems remain the principal impediment to stronger job growth. Also, by mid-2011, the national economic recovery appeared to stall from factors like tornadoes and floods, high gasoline prices, and manufacturing supply chain disruptions caused by the earthquake and tsunami in Japan. In its reports, the DOF contends that a modest recovery is still underway but uncertainty looms. The DOF forecasts that the return to pre-recession conditions will be slow and steady, and that financial crises historically lead to prolonged readjustment periods that last for years. The steep drop in California's home values means that a full recovery in residential construction and all associated sectors could be delayed for several years. Likewise, government spending and public sector employment will be lower for the foreseeable future.

The slow recovery and state and local government budget challenges are having some impact on the I-Bank's financing activity. The new financing activity during the 2010-11 fiscal year, was down slightly from the prior year, but is expected to slowly increase in the 2011-12 fiscal year. The I-Bank is considering alternative programs and additional funding sources that may generate additional financing activity for the I-Bank and help stimulate economic development and jobs throughout California. While the ISRF Program's local government borrowers continue to experience budget challenges, all required repayments were made on ISRF Program Loans during the fiscal year and continued timely repayment is expected.

The I-Bank does not receive any on-going State General Fund support and its programs continued to provide revenues sufficient to support operating expenses.

Requests for Information

This financial report is designed to provide interested parties with a general overview of the finances of the I-Bank and the Funds. Questions concerning the information provided in this report or requests for additional information should be addressed to Stanton C. Hazelroth, Executive Director, California Infrastructure and Economic Development Bank, 980 9th Street, Suite 900, Sacramento, California 95814.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and equivalents - restricted	\$ 68,804,744	\$ 24,403,171	\$ 93,207,915
Pledged loans receivable - disbursed	11,338,816	-	11,338,816
Non-pledged loans receivable - disbursed	696,474	-	696,474
Interest and other receivables	4,190,099	29,219	4,219,318
Total current assets	<u>85,030,133</u>	<u>24,432,390</u>	<u>109,462,523</u>
NON-CURRENT ASSETS			
Investments - restricted	10,493,761	-	10,493,761
Pledged loans receivable - disbursed	270,933,126	-	270,933,126
Pledged loans receivable - undisbursed	18,955,223	-	18,955,223
Non-pledged loans receivable - disbursed	19,034,557	-	19,034,557
Unamortized bond issuance costs	1,273,871	-	1,273,871
Total non-current assets	<u>320,690,538</u>	<u>-</u>	<u>320,690,538</u>
TOTAL ASSETS	<u>\$ 405,720,671</u>	<u>\$ 24,432,390</u>	<u>\$ 430,153,061</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 419,945	\$ -	\$ 419,945
Conduit bond performance deposit liability	43,875	-	43,875
Other liabilities	82,089	-	82,089
Revenue bonds payable	5,325,000	-	5,325,000
Undisbursed loan commitments	18,955,223	-	18,955,223
Revenue bond interest payable	1,511,163	-	1,511,163
Total current liabilities	<u>26,337,295</u>	<u>-</u>	<u>26,337,295</u>
NON-CURRENT LIABILITIES			
Net other postemployment benefit obligation	711,000	-	711,000
Deferred loan origination fees	2,490,477	-	2,490,477
Revenue bonds payable	129,864,315	-	129,864,315
Arbitrage rebate payable	14,192	-	14,192
Total non-current liabilities	<u>133,079,984</u>	<u>-</u>	<u>133,079,984</u>
Total liabilities	<u>159,417,279</u>	<u>-</u>	<u>159,417,279</u>
NET ASSETS			
Restricted - Expendable:			
Statute	<u>246,303,392</u>	<u>24,432,390</u>	<u>270,735,782</u>
Total net assets	<u>246,303,392</u>	<u>24,432,390</u>	<u>270,735,782</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 405,720,671</u>	<u>\$ 24,432,390</u>	<u>\$ 430,153,061</u>

The accompanying notes are an integral part of these financial statements.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	Total
OPERATING REVENUES			
Interest on loans receivable	\$ 10,442,066	\$ -	\$ 10,442,066
Administration fees	1,535,375	-	1,535,375
Total operating revenues	<u>11,977,441</u>	<u>-</u>	<u>11,977,441</u>
OPERATING EXPENSES			
Interest on revenue bond debt	5,708,393	-	5,708,393
Amortization of revenue bond issuance costs	152,327	-	152,327
Program support	2,673,325	-	2,673,325
Total operating expenses	<u>8,534,045</u>	<u>-</u>	<u>8,534,045</u>
OPERATING INCOME	<u>3,443,396</u>	<u>-</u>	<u>3,443,396</u>
NONOPERATING REVENUE			
Investment income	362,472	118,558	481,030
Total nonoperating revenue	<u>362,472</u>	<u>118,558</u>	<u>481,030</u>
Change in net assets	3,805,868	118,558	3,924,426
NET ASSETS, Beginning of year	<u>242,497,524</u>	<u>24,313,832</u>	<u>266,811,356</u>
NET ASSETS, End of year	<u>\$ 246,303,392</u>	<u>\$ 24,432,390</u>	<u>\$ 270,735,782</u>

The accompanying notes are an integral part of these financial statements.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of interest on loans receivable	\$ 10,590,495	\$ -	\$ 10,590,495
Receipt of administration fees	1,528,904	-	1,528,904
Receipt of loan origination fees	21,250	-	21,250
Receipt of principal on loans receivable	11,383,803	-	11,383,803
Payment of outstanding loan commitments	(19,816,524)	-	(19,816,524)
Payment of program support	(2,424,628)	-	(2,424,628)
Net cash provided by operating activities	<u>1,283,300</u>	<u>-</u>	<u>1,283,300</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Refund of revenue bond issuance costs	4,048	-	4,048
Payment of principal on revenue bond debt	(5,135,000)	-	(5,135,000)
Payment of interest on revenue bond debt	(6,143,803)	-	(6,143,803)
Net cash used for noncapital financing activities	<u>(11,274,755)</u>	<u>-</u>	<u>(11,274,755)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest on investments	103,589	123,150	226,739
Purchase of investments	(10,474,542)	-	(10,474,542)
Net cash provided by (used for) investing activities	<u>(10,370,953)</u>	<u>123,150</u>	<u>(10,247,803)</u>
CHANGE IN CASH AND EQUIVALENTS	(20,362,408)	123,150	(20,239,258)
CASH AND EQUIVALENTS, Beginning of year	<u>89,167,152</u>	<u>24,280,021</u>	<u>113,447,173</u>
CASH AND EQUIVALENTS, End of year	<u>\$ 68,804,744</u>	<u>\$ 24,403,171</u>	<u>\$ 93,207,915</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 3,443,396	\$ -	\$ 3,443,396
Adjustments to reconcile operating income to net cash provided by operating activities:			
Amortization of revenue bond issuance costs	152,327	-	152,327
Interest on revenue bond debt	5,708,393	-	5,708,393
Changes in assets and liabilities:			
Loans receivable	10,251,454	-	10,251,454
Interest and other receivables	309,418	-	309,418
Accounts payable	136,752	-	136,752
Conduit bond performance deposit liability	7,125	-	7,125
Other liabilities	(134,371)	-	(134,371)
Net other postemployment benefit obligation	213,000	-	213,000
Undisbursed loan commitments	(18,684,175)	-	(18,684,175)
Deferred loan origination	(120,019)	-	(120,019)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,283,300</u>	<u>\$ -</u>	<u>\$ 1,283,300</u>
NONCASH FINANCING AND INVESTING ACTIVITIES			
Amortization of revenue bond premiums	\$ 385,835	\$ -	\$ 385,835
Unrealized gain on investments	19,219	-	19,219

The accompanying notes are an integral part of these financial statements.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. THE FINANCIAL REPORTING ENTITY

The California Infrastructure and Economic Development Bank (I-Bank), a component unit of the State of California (State), is a public instrumentality of the State, organized and existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code commencing with Section 63000 (Act). The I-Bank has broad powers to provide financing for a wide array of infrastructure and economic development projects. The general mission of the I-Bank is to finance public infrastructure and private development that promote economic development, revitalize communities and enhance the quality of life throughout California. The I-Bank is governed by a five-member Board of Directors (Board) consisting of the Secretary of the Business, Transportation and Housing Agency, who serves as the chair, the Director of the Department of Finance, the State Treasurer, the Secretary of the State and Consumer Services Agency and an appointee of the Governor.

The I-Bank issues loans to municipal entities pursuant to the Infrastructure State Revolving Fund (ISRF) Program. The ISRF Program provides low-cost financing to local government entities for a variety of infrastructure projects throughout the State. Eligible ISRF Program borrowers include cities, counties, redevelopment agencies, special districts, assessment districts, joint power authorities and non-profit corporations formed by local government entities. The I-Bank issued three series of revenue bonds (ISRF Program Bonds) to provide additional funding for the ISRF Program. Each series of bonds is issued under a master indenture (Master Indenture) and its own series indenture (Series Indenture). The I-Bank also serves as a conduit issuer of revenue bonds, loans, and commercial paper for private, nonprofit and other governmental entities (Conduit Bond Programs).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION / FUND FINANCIAL STATEMENTS

The basic financial statements of the I-Bank include the financial activities of the California Infrastructure and Economic Development Bank Fund (CIEDB Fund) and the California Infrastructure Guarantee Trust Fund (Guarantee Trust Fund) (collectively, the CIEDB Fund and the Guarantee Trust Fund are the Funds).

Monies in the Funds are held within the California State Treasury or by the bond trustee for the ISRF Program Bonds (Trustee).

CIEDB Fund – The CIEDB Fund is continuously appropriated without regard to fiscal year for the support of the I-Bank and is available for expenditure for the purposes stated in the Act. However, monies in the CIEDB Fund are available for expenditure for general administration only upon appropriation by the State Legislature. The CIEDB Fund is an enterprise fund.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION / FUND FINANCIAL STATEMENTS (Continued)

Guarantee Trust Fund – The Guarantee Trust Fund is continuously appropriated to the I-Bank without regard to fiscal year for the purpose of guaranteeing all or a portion of the accounts and subaccounts within the CIEDB Fund, any contracts or obligations of the I-Bank or a sponsor, as that term is defined in the Act, and all or a part of any series of bonds issued by the I-Bank, by a special purpose trust, or by a sponsor. Monies may be transferred between the CIEDB Fund and the Guarantee Trust Fund when appropriate to accomplish the financing objectives of the I-Bank. The Guarantee Trust Fund is an enterprise fund.

B. ACCOUNTING PRINCIPLES

The accompanying financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The Funds are maintained by the I-Bank in accordance with the principles of fund accounting. The I-Bank management has elected under Government Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The I-Bank management has elected the option, under GASB Statement No. 20, not to apply all FASB Statements and Interpretations issued after November 30, 1989.

The I-Bank distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with I-Bank's principal ongoing operations. The primary operating revenue of the I-Bank is financing income, representing interest on indebtedness received from ISRF Program borrowers. The I-Bank also recognizes as operating revenue the fees charged to ISRF Program borrowers and Conduit Bond Programs borrowers. Operating expenses primarily include interest expense on the ISRF Program Bonds and program support expenses. Investment income is reported as nonoperating revenue.

C. CASH AND EQUIVALENTS, AND INVESTMENTS

The I-Bank considers all short-term investments with an original maturity of three months or less to be cash equivalents. Cash and investments held in either the State's Surplus Money Investment Fund (SMIF), an internal investment pool, or money market funds held by the Trustee are considered to be highly liquid and cash equivalents. All investments are stated at fair value in the statement of net assets. All investment income, including changes in the fair value of investments, is recognized as revenue in the statement of revenues, expenses, and changes in net assets.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. CASH AND EQUIVALENTS, AND INVESTMENTS (Continued)

In accordance with GASB Statement No. 40 (GASB 40), *Deposit and Investment Risk Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for deposits and investment risks are specified relating to the following risks: interest rate, credit, custodial credit, concentrations of credit and foreign currency. In addition, other disclosures are specified including, but not limited to, the use of certain methods to present deposits and investments, highly sensitive investments and credit quality at year-end.

D. LOANS RECEIVABLE

The I-Bank enters into loan agreements, installment sale agreements and lease agreements (Loans) for the purpose of financing public infrastructure pursuant to the ISRF Program. A majority of the Loans are pledged to the ISRF Program Bonds or the related Master Indenture. Loans receivable includes pledged and non-pledged loans. Pledged and non-pledged Loans receivable consists of two components – the disbursed and the undisbursed amount of Loans. The disbursed amount of pledged Loans receivable includes amounts drawn by the borrower for reimbursement or payment of project costs. The undisbursed amount of pledged Loans receivable includes the balance available to be drawn by the borrowers and draws submitted for payment but unpaid at year-end, and is offset by a liability for outstanding undisbursed loan commitments. The current portion of undisbursed pledged and non-pledged loan commitments is an estimate and is generally based upon projections provided by borrowers. These estimates are subject to change due to unforeseen weather conditions, construction delays related to change orders, delayed material shipment, subcontractor performance problems and other factors that cannot be reasonably predicted.

Prior to the issuance of the ISRF Program Bonds, Loans were funded solely by General Fund appropriations received from the State, Loan repayments, fee revenue and investment income. Since the issuance of the ISRF Program Bonds, Loans have been funded from the proceeds of the ISRF Program Bonds and/or from proceeds of Loan repayments, fee revenue and investment income.

There is no provision for uncollectible accounts as all Loans are current, and management believes all Loans will be repaid according to the scheduled terms. However, one borrower whose loan is pledged under the Master Indenture has filed for bankruptcy protection. In a subsequent event on July 29, 2011, that borrower's bankruptcy plan was approved in court and repayment of the loan was not impacted under the bankruptcy plan. However, an appeal to the court order approving the bankruptcy plan has been filed.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ISSUANCE COSTS

Costs associated with the issuance of each series of the ISRF Program Bonds included bond counsel fees, trustee fees, rating agency fees, underwriting costs, financial advisor fees and other miscellaneous expenses. Bond issuance costs are amortized using the effective-interest method.

F. BONDS PAYABLE

Revenue bonds payable are stated at their unpaid balance plus any remaining unamortized premiums. Bond premiums are amortized using the effective-interest method over the terms of the respective ISRF Program Bonds. The ISRF Program Bonds are subject to mandatory and optional redemption prior to their stated maturity. The ISRF Program Bonds are not obligations of the State, and the taxing power of the State is not pledged for their payments. The obligation of the I-Bank to make such payments is a limited obligation, payable solely from the ISRF Program Bonds Collateral pledged by the I-Bank.

G. LOAN AND CONDUIT BOND FEES

The I-Bank charges an origination fee and an annual servicing fee to ISRF Program borrowers. The origination fee is due no later than the date of the borrower's first disbursement and reported as deferred revenue when billed. The origination fee is recognized as revenue on a straight line basis over the life of the corresponding Loan. The annual servicing fee is recognized as income when earned. The I-Bank also charges an application, bond issuance and an annual fee to Conduit Bond Programs borrowers. Conduit bond fees are recognized as revenue when earned.

H. CLASSIFICATION OF NET ASSETS

Restricted net assets represent amounts restricted due to external restrictions imposed by creditors, laws or regulations of the government, and restrictions imposed by law through constitutional provisions or enabling legislation.

All of the I-Bank's net assets are restricted by statute for programs established by the I-Bank and for programs administered pursuant to the Act.

I. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

3. CASH AND EQUIVALENTS, AND INVESTMENTS

The I-Bank follows GASB Statement No. 40, Deposit and Investment Risk Disclosures. This statement requires the disclosure of the interest rate, credit, custodial credit, concentration of credit and foreign currency risks to the extent that they exist at the date of the statement of net assets. Additional disclosure detail required by GASB Statement No. 40 regarding cash deposits, investments, and derivatives, can be found in the State's Comprehensive Annual Financial Report for the year ended June 30, 2010, which is the latest available.

Due to the specified nature of the I-Bank's activities as established in the Act, all cash, cash equivalents, and investments are considered restricted at June 30, 2011, since these funds cannot be spent for any purpose other than as established in the Act.

Investments are made pursuant to an investment policy initially adopted by the Board in March 2006 and as amended by the Board on April 27, 2010 (Investment Policy). The Investment Policy is annually reviewed by the Board. The Investment Policy was reviewed by the Board in March 2011 with no change and its next scheduled review is in March 2012. The Investment Policy provides guidelines for the prudent investment of the Funds while maximizing efficiency and financial return in conformance with all applicable State statutes governing the investment of public funds, with the foremost objectives being safety and liquidity.

Pursuant to the Investment Policy, the I-Bank may, from time to time, direct the State Treasurer (Treasurer) to invest monies in the CIEDB Fund and Guarantee Trust Fund held within the State's centralized treasury system that are not required for its current needs, in any eligible securities specified in Government Code Section 16430 as the I-Bank shall designate. The I-Bank may direct the Treasurer to invest monies in the Guarantee Trust Fund in certain repurchase agreements, investment agreements and subordinated securities as specified in Government Code Section 63062(a). The I-Bank may direct the Treasurer to deposit monies in the Funds in interest-bearing accounts in qualified public depositories as established by State law, including any bank in the State or in any savings and loan association in the State. The I-Bank may alternatively require the transfer of monies in the Funds to the SMIF for investment.

Government Code Sections 63052(e), 63062(b) and 5922(d) provides that bond proceeds and monies set aside and pledged to the repayment of bonds may be invested in securities or obligations described in the indenture for those bonds. Monies held by the Trustee in each of the funds and accounts under the ISRF Program Bonds Series Indenture and Master Indenture shall be invested and reinvested by the Trustee in permitted investments, as that term is defined in the respective indenture, which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed.

Investments Authorized by the California Government Code and the Investment Policy

The following table identifies the investment types that are authorized by Government Code Sections 16430, 5922(d), 63052(d) and (e), and 63062(a) and (b) or the Investment Policy, where more restrictive. The table below also identifies certain provisions of the California Government Code, or the Investment Policy, where more restrictive, that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the Trustee that are governed by the provisions of the ISRF Program Bond Series Indentures or the Master Indenture, but rather the general provisions of the California Government Code or the Investment Policy.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

3. CASH AND EQUIVALENTS, AND INVESTMENTS (Continued)

Authorized Investments

Authorized Investment Type	Maximum Maturity¹	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Credit Rating³
U.S. Treasury Securities	5 Years	N/A ²	N/A	N/A
Federal Agency Securities	5 Years	N/A	30%	N/A
State of California Securities	5 Years	N/A	30%	N/A
Local Agency Securities	5 years	30%	10%	N/A
Commercial Paper	180 days	30%	10%	A1/P1/F1
Bankers Acceptances	180 days	40%	10%	N/A
Negotiable Certificates of Deposit	5 Years	N/A	10%	N/A
U.S. SBA or U.S. FHA Securities	5 Years	25%	N/A	N/A
Export-Import Bank Securities	5 Years	10%	N/A	N/A
Guaranteed Student Loan Program Securities	5 Years	10%	N/A	N/A
Development Bank Securities	5 Years	N/A	10%	N/A
Corporate Debt Securities	5 Years	30%	10%	A

¹ Where the Investment Policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a collateral security underlying a repurchase agreement or collateral for an investment agreement, which at the time of the investment has a term remaining to maturity in excess of five years.

² N/A means neither the Government Code nor the Investment Policy sets a limit.

³ A rating by any nationally recognized rating agency will meet this requirement. The nationally recognized rating agencies include Standard & Poor's (S&P), Moody's Investors Services (Moody's), and Fitch Ratings (Fitch) (collectively, Rating Agencies).

Investments Authorized by the ISRF Program Bond Series Indentures or the Master Indenture

Investment of debt proceeds and Loan repayments that are held by the Trustee are governed by the provisions of the ISRF Program Bond Series Indentures or the Master Indenture. Such investments are referenced in the Investment Policy, which references Government Code Sections 63052(e) and 5922(d).

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

3. CASH AND EQUIVALENTS, AND INVESTMENTS (Continued)

Authorized Investments

Authorized Investment Type	Maximum Maturity¹	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Credit Rating³
U.S. Treasury Securities	5 Years	N/A ²	N/A	N/A
Federal Agency Securities	5 Years	N/A	30%	N/A
Commercial Paper	180 Days	30%	10%	A-2/P-2/F-2
Bankers Acceptances	180 Days	N/A	N/A	A-3/P-3/F-3
Negotiable Certificates of Deposit	5 Years	N/A	N/A	A
U.S. SBA or U.S. FHA Securities	5 Years	N/A	N/A	N/A
Export-Import Bank Securities	5 Years	N/A	N/A	N/A
Guaranteed Student Loan Program Securities	5 Years	N/A	N/A	N/A
Development Bank Securities	5 Years	N/A	N/A	N/A
Corporate Debt Securities	5 Years	N/A	N/A	A
Surplus Money Investment Fund	N/A	N/A	N/A	N/A
Repurchase Agreements	5 Years	N/A	N/A	A
Guaranteed Investment Contract	5 Years	N/A	N/A	AA
Collateralized Forward Purchase Agreements	5 Years	N/A	N/A	A
Money Market Funds	N/A	N/A	N/A	Am

¹ The Investment Policy authorizes investing bond reserve funds and bond revenue funds beyond five years if prudent in the opinion of the Executive Director.

² N/A means neither the Government Code nor the Investment Policy sets a limit.

³ As rated by each of S&P, Moody's and Fitch.

The I-Bank has invested excess cash funds held within the State's centralized treasury system in SMIF. All of the resources in SMIF are invested through the Pooled Money Investment Account (PMIA). The PMIA investment program is designated by the Pooled Money Investment Board and is administered by the Treasurer.

Cash and equivalents at June 30, 2011 were as follows:

Cash on Hand	\$ 45,375
Deposits in Surplus Money Investment Fund	81,470,023
Deposits in Money Market Funds	<u>11,692,517</u>
Total Cash and Equivalents	<u>\$ 93,207,915</u>

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

3. CASH AND EQUIVALENTS, AND INVESTMENTS (Continued)

The I-Bank has invested a portion of the monies set aside for ISRF Program Bond repayment that are held by the Trustee in U.S. Treasury notes maturing on November 30, 2012.

Investments in U.S. Treasury notes at June 30, 2011 were as follows:

	<u>Face Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Notes	\$ 10,468,000	\$ 10,472,687	\$ 10,493,761

Deposit and Investment Risk Disclosures

Interest Rate Risk. Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity, measured by duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with a shorter duration. Information about the sensitivity of the fair values of the I-Bank's investments to market interest rate risk fluctuations is provided by the following table that shows the maturity date of each investment.

<u>Investment</u>		<u>Weighted Average to Maturity</u>
Surplus Money Investment Fund	\$ 81,470,023	237 days
Money Market Funds	11,692,517	29 days
U.S. Treasury Notes	<u>10,493,761</u>	1.41 years
Total Cash and Equivalents	\$ <u>103,656,301</u>	

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the table below is the minimum rating required by, and where applicable, the California Government Code, the Investment Policy or the ISRF Program Bond Series Indenture along with the investment's actual rating as of year end for each investment type.

		<u>Minimum Legal Rating</u>	<u>Rating as of Year End¹</u>
Surplus Money Investment Fund	\$ 81,470,023	N/A	Not Rated
Money Market Funds	11,692,517	Am	AAAm/Aaa
U.S. Treasury Notes	<u>10,493,761</u>	N/A	AAA ² /Aaa
Total Cash and Equivalents	\$ <u>103,656,301</u>		

¹ As rated by each of S&P and Moody's.

² On August 5, 2011, S&P subsequently downgraded the U.S.'s AAA credit rating to AA+ citing its failure to cut spending or raise revenue enough to reduce record budget deficits.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

3. CASH AND EQUIVALENTS, AND INVESTMENTS (Continued)

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the I-Bank will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, the I-Bank had no funds on deposit with a depository financial institution.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a risk that the I-Bank will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2011, the I-Bank's SMIF and money market investments were not subject to custodial credit risk. The I-Bank's investment in U.S Treasury notes were not subject to custodial credit risk as of June 30, 2011 because they are held by the Trustee and registered in the I-Bank's name.

Concentration of Credit Risk. Concentration of credit risk is the risk associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

The Investment Policy places no limitation as to the percentage of the portfolio that may be invested in the SMIF or U.S Treasury notes. Within the investments permitted by Government Code Section 16430, the Investment Policy places limitations on the percentage of deposits and investments that can be invested with any one entity in order to provide sufficient diversification by security type and institution to avoid incurring unreasonable and avoidable risks. As of June 30, 2011, the I-Bank did not hold any investments in any one issuer (other than mutual funds, the Surplus Money Investment Fund, and U.S. Treasury notes) that represent 5% or more of its investments.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Government Code does not allow investment in foreign currency.

4. PLEDGED LOANS RECEIVABLE

Pledged loans receivable consist of Loans that were pledged by the I-Bank to the ISRF Program Bonds Series Indentures and the Master Indenture (Pledged Loans). The principal and interest payments received during the fiscal year from these Pledged Loans are paid to the Trustee in amounts and at times sufficient to make the semi-annual debt service payments on the ISRF Program Bonds as they become due.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

5. BONDS PAYABLE

The following is a summary of bonds payable at June 30, 2011:

Infrastructure State Revolving Fund Revenue Bonds, Series 2004, issued \$51,370,000 bearing 2.00% to 5.00% interest payable semi-annually, final maturity October 1, 2032 (2004 ISRF Programs Bonds)	\$ 43,515,000
Infrastructure State Revolving Fund Revenue Bonds, Series 2005, issued \$52,800,000 bearing 4.00% to 5.00% interest payable semi-annually, final maturity October 1, 2033 (2005 ISRF Program Bonds)	44,835,000
Infrastructure State Revolving Fund Revenue Bonds, Series 2008, issued \$48,375,000 bearing 2.60% to 5.00% interest payable semi-annually, final maturity October 1, 2036 (2008 ISRF Program Bonds)	44,500,000
Plus: Unamortized Premiums	<u>2,339,315</u>
Net ISRF Program Bonds Payable	<u>\$ 135,189,315</u>

The following is a schedule of the debt service requirements for the 2004 ISRF Program Bonds as of June 30, 2011:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 1,460,000	2,013,368	\$ 3,473,368
2013	1,530,000	1,938,617	3,468,617
2014	1,600,000	1,876,368	3,476,368
2015	1,640,000	1,826,127	3,466,127
2016	1,690,000	1,757,638	3,447,638
2017-2021	9,265,000	7,526,781	16,791,781
2022-2026	10,570,000 ¹	5,075,250	15,645,250
2027-2031	12,955,000 ²	2,179,006	15,134,006
2032-2033	<u>2,805,000³</u>	<u>101,256</u>	<u>2,906,256</u>
Total	<u>\$ 43,515,000</u>	<u>\$ 24,294,411</u>	<u>\$ 67,809,411</u>

¹ Principal payments in the amount of \$2,255,000 are made from sinking fund payments for the 2029 term bonds.

² Principal payments in the amount of \$7,415,000 and \$2,835,000 are made from sinking fund payments for the 2029 and 2032 term bonds, respectively

³ Principal payments in the amount of \$1,825,000 are made from sinking fund payments for the 2032 term bonds.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

5. BONDS PAYABLE (Continued)

The following is a schedule of the debt service requirements for the 2005 ISRF Program Bonds as of June 30, 2011:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 1,695,000	2,107,731	3,802,731
2013	1,780,000	2,038,232	3,818,232
2014	1,845,000	1,965,731	3,810,731
2015	1,935,000	1,880,456	3,815,456
2016	2,025,000	1,781,456	3,806,456
2017-2021	11,875,000	7,241,157	19,116,157
2022-2026	10,420,000 ⁴	4,292,756	14,712,756
2027-2031	9,975,000 ⁵	2,065,972	12,040,972
2032-2034	3,285,000 ⁶	223,375	3,508,375
Total	\$ 44,835,000	\$ 23,596,866	\$ 68,431,866

⁴ Principal payments in the amount of \$5,020,000 are made from sinking fund payments for the 2028 term bonds.

⁵ Principal payments in the amount of \$3,795,000 and \$4,150,000 are made from sinking fund payments for the 2028 and 2033 term bonds, respectively.

⁶ Principal payments in the amount of \$2,470,000 are made from sinking fund payments for the 2033 term bonds.

The following is a schedule of the debt service requirements for the 2008 ISRF Program Bond as of June 30, 2011:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 2,170,000	1,820,604	3,990,604
2013	2,235,000	1,754,529	3,989,529
2014	2,300,000	1,691,104	3,991,104
2015	2,360,000	1,614,004	3,974,004
2016	2,455,000	1,530,593	3,985,593
2017-2021	8,645,000	6,608,756	15,253,756
2022-2026	9,040,000	4,683,034	13,723,034
2027-2031	8,075,000 ⁷	2,702,431	10,777,431
2032-2036	6,185,000 ⁸	958,856	7,143,856
2037	1,035,000	25,875	1,060,875
Total	\$ 44,500,000	\$ 23,389,786	\$ 67,889,786

⁷ Principal payments in the amount of \$4,285,000 are made from sinking fund payments for the 2031 term bonds.

⁸ Principal payments in the amount of \$4,570,000 are made from sinking fund payments for the 2036 term bonds.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

5. BONDS PAYABLE (Continued)

Bonds payable activity for the year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Current</u> <u>Portion</u> <u>June 30, 2011</u>
2004 ISRF					
Program Bonds	\$ 44,910,000	\$ -	\$ 1,395,000	\$ 43,515,000	\$ 1,460,000
2005 ISRF					
Program Bonds	46,470,000	-	1,635,000	44,835,000	1,695,000
2008 ISRF					
Program Bonds	46,605,000	-	2,105,000	44,500,000	2,170,000
Unamortized					
Premiums	<u>2,725,150</u>	<u>-</u>	<u>385,835</u>	<u>2,339,315</u>	<u>-</u>
Total	<u>\$ 140,710,150</u>	<u>\$ -</u>	<u>\$ 5,520,835</u>	<u>\$ 135,189,315</u>	<u>\$ 5,325,000</u>

6. CONDUIT BOND INFORMATION AND DEBT OBLIGATIONS

The I-Bank has served as the conduit bond issuer for many private, nonprofit and governmental entities. Conduit bonds are a limited obligation of the I-Bank payable solely from the pledged revenues of the conduit borrower. As such, the balance of outstanding conduit bonds is not reflected on the I-Bank's financial statements due to the conduit bond borrower's repayment pledges for those bonds.

Conduit Bond information¹:

• Fees earned from 7/1/10-6/30/11:	
○ Application Fees	\$ 21,000
○ Issuance Fees	\$352,390
○ Annual Fees	\$ 73,000
• Conduit Bond Support Operating Expenses	\$884,139 ²
• Amount of conduit bonds authorized but unsold as of 6/30/11	\$150,000,000
• Amount of conduit bond debt issued from 7/1/10-6/30/11	\$203,300,000
• Amount of conduit bonds outstanding as of 6/30/11	\$5.04 billion ³
• Number of conduit bonds transactions outstanding as of 6/30/11	130

¹ This information is provided pursuant to Government Code section 5872(a).

² Conduit Bond Support Operating Expenses include expenses such as salaries and benefits, administrative services, rent, utilities, travel, training, equipment and external services.

³ Includes bonds issued by the former California Economic Development Financing Authority, which were assumed by the I-Bank pursuant to Chapter 4, Statutes of 1998, and bonds issued by the California Consumer Power and Conservation Financing Authority, which were assumed by the I-Bank pursuant to Resolution 04-37 adopted by the I-Bank Board on September 28, 2004, and excludes conduit bonds that were issued by special purpose trusts created by the I-Bank.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

7. RETIREMENT PLAN

Plan Description

All of the employees of the I-Bank participate in the California Public Employees' Retirement System (CalPERS), which is included in the State of California's Comprehensive Annual Financial Report as a fiduciary component unit. CalPERS administers the Public Employees' Retirement Fund (PERF). PERF is an agent multiple-employer defined benefit retirement plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Departments and agencies within the State of California, including the I-Bank, are in a cost-sharing arrangement in which all risks and costs are shared proportionately by participating State agencies. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

The pension plan provides retirement benefits, survivor benefits, and death disability benefits based upon the employee's years of credited service, age and final compensation. Vesting occurs after five or ten years of credited services depending on the benefit tier. Employees who retire at or after age 50 with five or more years of service are entitled to a retirement benefit payable monthly for the remainder of their lives. Benefit provisions and all other requirements are established by State statute.

Funding Policy

For the year ended June 30, 2011, the State had elected to contribute the full employer retirement contribution for State Miscellaneous Tier 1 and State Miscellaneous Tier 2 active members.

The I-Bank is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERF Board of Administration. The required employer contribution rates for July through December 2010 were 19.922% for State Miscellaneous Tier 1 and 19.622% for State Miscellaneous Tier 2. The required employer contribution rates for January through June 2011 were 17.528% for State Miscellaneous Tier 1 and 16.442% for State Miscellaneous Tier 2. I-Bank's contribution requirement for the year ended June 30, 2011 was \$309,184. The employee contribution rates for State Miscellaneous Tier 1 is 8% of salary above \$513 per month for employees covered by social security and 9% of salary above \$317 per month for employees not covered by social security. State Miscellaneous Tier 2 employees do not contribute. The contribution requirements of the plan members are established by State statute and collective bargaining and the employer contribution rates are established and may be amended by CalPERS. Additional information is reported at a statewide level in the State of California's Comprehensive Annual Financial Report.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

7. RETIREMENT PLAN (Continued)

The following table shows the I-Bank's required contributions (annual pension cost) and the percentage contributed for the past three fiscal years:

Period Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2009	\$ 249,812	100%
June 30, 2010	236,515	100%
June 30, 2011	309,184	100%

8. OTHER POST-EMPLOYMENT BENEFITS

The State also provides post-employment health care and dental benefits to its employees and their spouses and dependents, when applicable. The employer contribution for health premiums maintains the average 100/90 percent contribution formula established in the Government Code. Under this formula, the State averages the premiums of the four largest health benefit plans in order to calculate the maximum amount the State will contribute toward the retiree's health benefits. The State also contributes 90 percent of this average for the health benefits of each of the retiree's dependents. Employees vest for this benefit after serving 10 years with the state. With 10 years of service credit, employees are entitled to 50 percent of the State's full contribution. This rate increases by 5 percent per year and with 20 years of service, the employee is entitled to the full 100/90 formula. The I-Bank participates in the State's plan on a cost sharing basis. The I-Bank recognizes the costs of providing health and dental insurance to annuitants based on the required contribution, which is actuarially determined, and funded on a pay-as-you-go basis. The State's substantive plan does not issue a separate report.

A portion of the State's post-retirement benefit costs have been allocated to the CIEDB Fund as follows:

Annual required contribution	\$ 333,000
Interest on net OPEB obligation	26,000
Adjustment to annual required contribution	(23,000)
Annual OPEB cost (expense)	336,000
Contributions made	(123,000)
Increase in net OPEB obligation	213,000
Net OPEB obligation – beginning of year	498,000
Net OPEB obligation – end of year	\$ 711,000

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

8. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The I-Bank's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2011, 2010, and 2009 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 170,000	36%	\$ 344,000
6/30/10	234,000	34	498,000
6/30/11	336,000	37	711,000

Additional disclosure detail required by Government Accounting Standards Board Statement No. 45, regarding other post-employment benefits is presented in the State's Comprehensive Annual Financial Report for the year ended June 30, 2010, which is the latest available.

9. COMMITMENTS AND CONTINGENCIES

In June 2003, the Board approved a preliminary loan guarantee commitment for the Imperial Irrigation District (IID). The preliminary loan guarantee commitment established a conditional obligation to guarantee a future issuance of revenue bonds by IID (IID Bonds) for the purpose of financing a water supply project (IID Guarantee). During the 2003-2004 fiscal year, the I-Bank transferred \$20 million from the CIEDB Fund to the Guarantee Trust Fund in conjunction with the preliminary loan guarantee commitment for the IID. In October 2010, the State Legislature enacted Senate Bill 856 (SB 856) that directed the I-Bank to deposit a specified amount required for the IID Guarantee in a reserve account within the Guarantee Trust Fund. SB 856 further directed that this IID Guarantee amount be held for the benefit of bondholders of the IID Bonds. At June 30, 2011, the required IID Guarantee amount was on deposit in a reserve account within the Guarantee Trust Fund and no IID Guarantee or IID Bonds have been approved or issued.

STATISTICAL SECTION



This page has been intentionally left blank.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**STATISTICAL SECTION
FOR THE YEAR ENDED JUNE 30, 2011**

This part of the California Infrastructure and Economic Development Bank's (I-Bank's) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the I-Bank's financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the I-Bank's financial performance has changed over time.	
Schedule of Net Assets	42
Schedule of Revenues, Expenses, and Changes in Net Assets	44
Infrastructure State Revolving Fund (ISRF) Program	
Ten Largest Borrowers	47
Revenue Capacity	
This schedule contains information to help the reader assess the I-Bank's most significant revenue source.	
Schedule of ISRF Program Loans Receivable and Interest Rates	48
Debt Capacity	
These schedules contain information to help the reader assess the I-Bank's current level of outstanding debt and its capacity to issue additional debt in the future.	
Schedule of Statutory Debt Limit Capacity	50
Schedule of Outstanding ISRF Program Bonds and Debt Ratio	52
Schedule of Aggregate Pledged Resources Coverage	
for ISRF Program Bonds	55
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the I-Bank's financial activities take place.	
California Demographic and Economic Indicators	56
California Employment by Industry	59
Operating Information	
These schedules contain data to help the reader understand how the information in the I-Bank's financial report relates to the products the I-Bank provides and the activities it performs.	
Number of I-Bank Employees by Identifiable Activity	60
Major I-Bank Program Activity	62

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**SCHEDULE OF NET ASSETS ¹
FOR THE PAST EIGHT FISCAL YEARS**

	2003-04 ²	2004-05	2005-06	2006-07
ASSETS				
Cash, cash equivalents, and investments	\$ 159,346,164	\$ 126,831,703	\$ 153,613,453	\$ 126,220,856
Program loans receivable	196,234,860	229,996,808	269,294,242	282,990,412
Other assets	2,988,512	3,037,546	4,991,913	5,474,496
TOTAL ASSETS	<u>\$ 358,569,536</u>	<u>\$ 359,866,057</u>	<u>\$ 427,899,608</u>	<u>\$ 414,685,764</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Revenue bonds payable	\$ 54,398,829	\$ 54,179,786	\$ 106,816,821	\$ 103,510,754
Undisbursed loan commitments	73,447,184	68,181,039	75,791,904	56,963,471
Other liabilities	4,386,563	3,763,821	3,430,607	3,762,184
Total liabilities	<u>132,232,576</u>	<u>126,124,646</u>	<u>186,039,332</u>	<u>164,236,409</u>
NET ASSETS				
Restricted - Expendable by statute	<u>226,336,960</u>	<u>233,741,411</u>	<u>241,860,276</u>	<u>250,449,355</u>
Total net assets	<u>226,336,960</u>	<u>233,741,411</u>	<u>241,860,276</u>	<u>250,449,355</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 358,569,536</u>	<u>\$ 359,866,057</u>	<u>\$ 427,899,608</u>	<u>\$ 414,685,764</u>

¹ This schedule is condensed from its original format and combines the California Infrastructure and Economic Development Bank Fund and the California Infrastructure Guarantee Trust Fund.

² First year that comparable audited financial information is available.

2007-08	2008-09	2009-10	2010-11	
				ASSETS
\$ 108,852,319	\$ 125,709,510	\$ 113,447,173	\$ 103,701,676	Cash, cash equivalents, and investments
305,749,937	311,504,489	331,209,650	320,958,196	Program loans receivable
5,371,504	5,583,167	5,938,389	5,493,189	Other assets
<u>\$ 419,973,760</u>	<u>\$ 442,797,166</u>	<u>\$ 450,595,212</u>	<u>\$ 430,153,061</u>	TOTAL ASSETS
				LIABILITIES AND NET ASSETS
				LIABILITIES
\$ 100,432,424	\$ 145,839,491	\$ 140,710,150	\$ 135,189,315	Revenue bonds payable
57,012,908	28,404,385	37,639,398	18,955,223	Undisbursed loan commitments
4,080,853	5,164,622	5,434,308	5,272,741	Other liabilities
<u>161,526,185</u>	<u>179,408,498</u>	<u>183,783,856</u>	<u>159,417,279</u>	Total liabilities
				NET ASSETS
<u>258,447,575</u>	<u>263,388,668</u>	<u>266,811,356</u>	<u>270,735,782</u>	Restricted - Expendable by statute
<u>258,447,575</u>	<u>263,388,668</u>	<u>266,811,356</u>	<u>270,735,782</u>	Total net assets
<u>\$ 419,973,760</u>	<u>\$ 442,797,166</u>	<u>\$ 450,595,212</u>	<u>\$ 430,153,061</u>	TOTAL LIABILITIES AND NET ASSETS

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS ¹**

FOR THE PAST EIGHT FISCAL YEARS

	2003-04 ²	2004-05	2005-06	2006-07
OPERATING REVENUES				
Interest on loans receivable	\$ 4,245,523	\$ 7,749,686	\$ 8,206,839	\$ 9,021,323
Investment income ³	1,853,364	1,987,753	2,978,175	4,694,661
Administration fees	787,611	1,318,010	1,136,241	1,918,934
Total operating revenues	<u>6,886,498</u>	<u>11,055,449</u>	<u>12,321,255</u>	<u>15,634,918</u>
OPERATING EXPENSES				
Interest on bond debt	676,760	1,994,303	3,088,414	4,631,379
Amortization of bond issuance costs	19,745	59,126	74,009	88,639
Program support	3,533,218	1,597,569	2,783,542	2,325,821
Total operating expenses	<u>4,229,723</u>	<u>3,650,998</u>	<u>5,945,965</u>	<u>7,045,839</u>
OPERATING INCOME	<u>2,656,775</u>	<u>7,404,451</u>	<u>6,375,290</u>	<u>8,589,079</u>
NONOPERATING REVENUE				
Investment income ³	-	-	-	-
Total nonoperating revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	2,656,775	7,404,451	6,375,290	8,589,079
NET ASSETS, Beginning of year ⁴	<u>223,680,185</u>	<u>226,336,960</u>	<u>235,484,986</u>	<u>241,860,276</u>
NET ASSETS, End of year	<u>\$ 226,336,960</u>	<u>\$ 233,741,411</u>	<u>\$ 241,860,276</u>	<u>\$ 250,449,355</u>

¹ This schedule combines the California Infrastructure and Economic Development Bank Fund and the California Infrastructure Guarantee Trust Fund.

² First year that comparable audited financial information is available.

³ Beginning in fiscal year 2008-09, investment income was classified as nonoperating revenue.

⁴ Restated in fiscal year 2005-06.

<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	
\$ 9,530,573	\$ 10,192,579	\$ 10,694,987	\$ 10,442,066	OPERATING REVENUES
3,789,063	-	-	-	Interest on loans receivable
1,721,640	1,956,453	1,830,283	1,535,375	Investment income ³
15,041,276	12,149,032	12,525,270	11,977,441	Administration fees
				Total operating revenues
				OPERATING EXPENSES
4,204,219	5,452,702	5,846,017	5,708,393	Interest on bond debt
86,010	99,690	99,620	152,327	Amortization of bond issuance costs
2,752,827	3,620,774	3,545,456	2,673,325	Program support
7,043,056	9,173,166	9,491,093	8,534,045	Total operating expenses
7,998,220	2,975,866	3,034,177	3,443,396	OPERATING INCOME
				NONOPERATING REVENUE
-	1,965,227	388,511	481,030	Investment income ³
-	1,965,227	388,511	481,030	Total nonoperating revenue
7,998,220	4,941,093	3,422,688	3,924,426	Change in net assets
250,449,355	258,447,575	263,388,668	266,811,356	NET ASSETS, Beginning of year ⁴
<u>\$ 258,447,575</u>	<u>\$ 263,388,668</u>	<u>\$ 266,811,356</u>	<u>\$ 270,735,782</u>	NET ASSETS, End of year



This page has been intentionally left blank.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**INFRASTRUCTURE STATE REVOLVING FUND (ISRF) PROGRAM
TEN LARGEST BORROWERS**

FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2004

	2010-11			2003-04 ¹		
	ISRF Program Loans Receivable ²	Rank	Percentage of Total ISRF Program Loans Receivable	ISRF Program Loans Receivable ²	Rank	Percentage of Total ISRF Program Loans Receivable
	City of Hawthorne	\$ 16,672,456	1	5.19%	\$ 20,000,000	1
Orange County High School of the Arts	16,631,455	2	5.18%	19,636,000	2	10.00%
Fresno Metropolitan Flood Control District	16,192,780	3	5.05%	19,582,819	3	9.98%
City of San Luis Obispo	15,819,301	4	4.93%	7,596,024	9	3.87%
City of San Bernardino Municipal Water Department	15,517,628	5	4.83%	10,000,000	4	5.10%
City of Porterville	12,949,422	6	4.03%			
North Tahoe Fire Protection District	10,000,000	7	3.12%			
City of Davis	9,811,201	8	3.06%			
Bakersfield Redevelopment Agency	9,558,473	9	2.98%			
City of San Bernardino	9,306,004	10	2.90%			
Stockton Port District				10,000,000	5	5.10%
Redevelopment Agency of the County of Sacramento				10,000,000	6	5.10%
City of Hanford				10,000,000	7	5.10%
Trinity Public Utilities District				7,803,800	8	3.97%
City of El Centro				5,806,612	10	2.96%
Total of ten largest ISRF Program borrowers	132,458,720		41.27%	120,425,255		61.37%
All other ISRF Program borrowers	188,499,476		58.73%	75,809,605		38.63%
Total ISRF Program Loans receivable	\$ 320,958,196		100.00%	\$ 196,234,860		100.00%

¹ First year that comparable audited financial information is available.

² These amounts represent the total ISRF Program Loans receivable from each borrower and may include one or more loans.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**SCHEDULE OF ISRF PROGRAM
LOANS RECEIVABLE AND INTEREST RATES
FOR THE PAST EIGHT FISCAL YEARS**

	<u>2003-04</u> ¹	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Total ISRF Program Loans receivable	\$196,234,860	\$229,996,808	\$269,294,242	\$282,990,412
Weighted average interest rate on total ISRF Program Loans receivable ²	3.47%	3.40%	3.29%	3.27%
Number of new ISRF Program Loans	5	11	7	8
Range of interest rate on new ISRF Program Loans ³	2.73 - 3.53%	2.92 - 3.22%	2.37 - 3.03%	2.66 - 3.15%
Range of loan term on new ISRF Program Loans ⁴	20 - 30 years	25 - 30 years	10 - 30 years	15 - 30 years

¹ First year that comparable audited financial information is available.

² The weighted average interest rate on ISRF Program Loans receivable is calculated by multiplying each loan's outstanding balance by its interest rate, then dividing the sum of those individual amounts by the ISRF Program Loans receivable balance at June 30.

³ The I-Bank charges fixed interest rates on ISRF Program Loans at approximately 67% of Thompson's Municipal Market Data Index for an "A" rated tax-exempt security with a weighted average life similar to the loan. The interest rates for each ISRF Program Loan is calculated as of the first business day of the month in which the I-Bank Board approved the loan.

⁴ ISRF Program Loan terms cannot exceed the lesser of the financed project's useful life or 30 years. However, borrowers have requested shorter terms.

<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	
\$305,749,937	\$311,504,489	\$331,209,650	\$320,958,196	Total ISRF Program Loans receivable
3.23%	3.24%	3.28%	3.29%	Weighted average interest rate on total ISRF Program Loans receivable ²
10	3	6	1	Number of new ISRF Program Loans
2.71 - 3.17%	3.25 - 4.07%	3.27 - 4.00%	3.24%	Range of interest rate on new ISRF Program Loans ³
15 - 30 years	25 - 30 years	20 - 30 years	30 years	Range of loan term on new ISRF Program Loans ⁴

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**SCHEDULE OF STATUTORY DEBT LIMIT CAPACITY¹
FOR THE PAST TEN FISCAL YEARS**

	2001-02	2002-03	2003-04	2004-05	2005-06
I-Bank's legal limit on public development facility debt	\$5.00 billion				
Total amount outstanding on bonds issued to finance public development facilities ²	\$ 10,000,000	\$ 338,005,000	\$1,549,650,000	\$1,559,415,000	\$422,625,000
Remaining capacity for public development facility debt	\$4.99 billion	\$4.66 billion	\$3.45 billion	\$3.44 billion	\$4.58 billion
I-Bank's legal limit on rate reduction bonds	\$10.00 billion				
Total amount outstanding on rate reduction bonds ³	\$3,341,705,022	\$2,736,497,789	\$2,131,392,162	\$1,526,249,177	\$921,758,121
Remaining capacity for rate reduction bonds	\$6.66 billion	\$7.26 billion	\$7.87 billion	\$8.47 billion	\$9.08 billion

¹ Pursuant to California Government Code section 63071(b) and pertains only to public development facilities and rate reduction bonds. There is no statutory debt limit on conduit revenue bonds issued for economic development facilities.

² Beginning in the 2003-04 fiscal year, a portion of the amount outstanding represents the ISRF Program Bonds shown on page 42. The remaining amount outstanding represents conduit revenue bonds.

³ The amount outstanding represents conduit revenue bonds only.

<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	
\$5.00 billion	I-Bank's legal limit on public development facility debt				
\$389,930,000	\$379,650,000	\$371,525,000	\$336,020,000	\$300,305,000	Total amount outstanding on bonds issued to finance public development facilities ²
\$4.61 billion	\$4.62 billion	\$4.63 billion	\$4.66 billion	\$4.70 billion	Remaining capacity for public development facility debt
\$10.00 billion	I-Bank's legal limit on rate reduction bonds				
\$313,693,353	\$ 1,661,939	\$ -	\$ -	\$ -	Total amount outstanding on rate reduction bonds ³
\$9.69 billion	\$9.998 billion	\$10.00 billion	\$10.00 billion	\$10.00 billion	Remaining capacity for rate reduction bonds

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**SCHEDULE OF OUTSTANDING ISRF PROGRAM BONDS AND DEBT RATIO
FOR THE PAST EIGHT FISCAL YEARS**

	2003-04 ¹	2004-05	2005-06	2006-07
Series 2004 ISRF Program Bonds	\$ 51,370,000	\$ 51,370,000	\$ 50,225,000	\$ 48,930,000
Series 2005 ISRF Program Bonds	-	-	52,800,000	50,960,000
Series 2008 ISRF Program Bonds	-	-	-	-
Total ISRF Program Bonds outstanding	<u>\$ 51,370,000</u>	<u>\$ 51,370,000</u>	<u>\$ 103,025,000</u>	<u>\$ 99,890,000</u>
Series-pledged ISRF Program Loans receivable ²	\$ 83,205,998	\$ 80,524,229	\$ 154,295,885	\$ 148,316,271
Ratio of ISRF Program Bonds outstanding to series-pledged ISRF Program Loans receivable	0.62	0.64	0.67	0.67

¹ First year that ISRF Program Bonds were issued and comparable audited financial information is available.

² Excludes loans pledged to the Master Indenture and non-pledged loans.

2007-08	2008-09	2009-10	2010-11	
\$ 47,615,000	\$ 46,275,000	\$ 44,910,000	\$ 43,515,000	Series 2004 ISRF Program Bonds
49,530,000	48,030,000	46,470,000	44,835,000	Series 2005 ISRF Program Bonds
-	48,375,000	46,605,000	44,500,000	Series 2008 ISRF Program Bonds
<u>\$ 97,145,000</u>	<u>\$ 142,680,000</u>	<u>\$ 137,985,000</u>	<u>\$ 132,850,000</u>	Total ISRF Program Bonds outstanding
\$ 143,622,194	\$ 211,216,003	\$ 203,348,112	\$ 195,160,107	Series-pledged ISRF Program Loans receivable ²
0.68	0.68	0.68	0.68	Ratio of ISRF Program Bonds outstanding to series-pledged ISRF Program Loans receivable



This page has been intentionally left blank.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**SCHEDULE OF AGGREGATE PLEDGED RESOURCES COVERAGE
FOR ISRF PROGRAM BONDS ¹
FOR THE PAST SEVEN BOND YEARS ²**

Bond Year	Series-pledged ISRF Program Loan Repayments ³	Reserve Account Earnings ⁴	Total Amount Available for Debt Service ⁵	ISRF Program Bonds Debt Service			Debt Service Coverage Ratio
				Principal	Interest	Total	
2003-04 ⁶	\$ 2,627,424	\$ 41,165	\$ 2,668,589	\$ -	\$ 1,319,700	\$ 1,319,700	2.02
2004-05	4,522,348	136,247	4,658,595	1,145,000	2,262,343	3,407,343	1.37
2005-06	11,033,439 ⁷	279,757	11,313,203	3,135,000	4,200,794	7,335,794	1.54
2006-07	9,595,561	346,128	9,941,689	2,745,000	4,600,174	7,345,174	1.35
2007-08	9,591,891	335,755	9,927,646	2,840,000	4,516,674	7,356,674	1.35
2008-09	14,515,584	38,140	14,553,724	4,695,000	6,430,871	11,125,871	1.31
2009-10	14,863,784	3,005	14,866,789	5,135,000	6,242,953	11,377,953	1.31

¹ Schedule reflects the aggregate of the three series of ISRF Program Bonds.

² Bond year means the period of twelve consecutive months from October 2 through the following October 1.

³ Includes interest and principal paid on series-pledged loans and excludes interest and principal paid on loans pledged to the Master Indenture and non-pledged loans.

⁴ Investment income includes only that amount received on funds pledged to ISRF Program Bonds debt service.

⁵ Excludes capitalized interest in bond years 2003-04 and 2004-05.

⁶ First year of ISRF Program Bonds debt service payments.

⁷ Includes unscheduled full repayment of a series-pledged loan.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**CALIFORNIA DEMOGRAPHIC AND ECONOMIC INDICATORS
FOR THE PAST TEN CALENDAR YEARS**

	2001	2002	2003	2004	2005
State population (in thousands)	34,513	34,938	35,389	35,753	35,986
Personal income (in millions)	\$1,168,723	\$1,187,348	\$1,232,981	\$1,312,227	\$1,387,661
Per capita personal income ¹	\$33,863	\$33,984	\$34,841	\$36,703	\$38,561
Labor force and employment (in thousands)					
Civilian labor force	17,152	17,344	17,391	17,444	17,545
Employed	16,220	16,181	16,200	16,355	16,592
Unemployed	932	1,163	1,191	1,090	953
Unemployment rate	5.4%	6.7%	6.8%	6.2%	5.4%

Sources: Population as of August 2011 - Demographic Research Unit, California Department of Finance
Personal income as of September 22, 2011 - Bureau of Economic Analysis, United States Department of
Labor force and employment as of September 16, 2011 - Labor Market Information Division, California
Employment Development Department

¹ Calculated by dividing total personal income by population.

2006	2007	2008	2009	2010	
36,247	36,553	36,856	37,077	37,371	State population (in thousands)
\$1,495,533	\$1,566,400	\$1,610,319	\$1,528,457	\$1,590,279	Personal income (in millions)
\$41,259	\$42,853	\$43,692	\$41,224	\$42,554	Per capita personal income ¹
					Labor force and employment (in thousands)
17,687	17,929	18,191	18,204	18,176	Civilian labor force
16,821	16,970	16,883	16,142	15,916	Employed
865	959	1,308	2,063	2,260	Unemployed
4.9%	5.3%	7.2%	11.3%	12.4%	Unemployment rate



This page has been intentionally left blank.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)
CALIFORNIA EMPLOYMENT BY INDUSTRY
FOR CALENDAR YEARS 2010 AND 2001**

INDUSTRY	2010		2001	
	Employees	Percentage of Total State Employment	Employees	Percentage of Total State Employment
Farming	381,600	2.67%	379,500	2.53%
Mining and logging	26,800	0.19%	25,600	0.17%
Construction	559,800	3.92%	780,400	5.21%
Manufacturing	1,242,400	8.70%	1,778,600	11.87%
Trade, transportation & utilities	2,616,800	18.33%	2,748,600	18.35%
Information	429,000	3.01%	551,900	3.68%
Financial Activities	759,800	5.32%	829,600	5.54%
Professional & business services	2,069,400	14.49%	2,187,000	14.60%
Educational & health services	1,786,900	12.52%	1,454,000	9.71%
Leisure and hospitality	1,493,700	10.46%	1,365,000	9.11%
Other services	484,700	3.39%	499,200	3.33%
Government				
Federal	267,900	1.88%	254,300	1.70%
State	482,800	3.38%	461,200	3.08%
Local	1,676,400	11.74%	1,666,600	11.12%
TOTALS	14,278,000	100.00%	14,981,500	100.00%

Source: Labor Market Information Division, California Employment Development Department
Industry Employment and Labor Force - by Annual Average as of September 16, 2011

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

**NUMBER OF I-BANK EMPLOYEES BY IDENTIFIABLE ACTIVITY¹
FOR THE PAST TEN FISCAL YEARS**

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Infrastructure State Revolving Fund Program and Support	10	10	10	10	11
Conduit Financing Programs	3	3	3	3	3
Executive/Administration/Legal	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>6</u>
Total Employees	<u><u>20</u></u>	<u><u>20</u></u>	<u><u>20</u></u>	<u><u>20</u></u>	<u><u>20</u></u>

¹ Data represents permanent, full-time positions.

<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	
11	11	14	14	13	Infrastructure State Revolving Fund Program and Support
4	4	4	4	4	Conduit Financing Programs
<u>5</u>	<u>5</u>	<u>7</u>	<u>7</u>	<u>7</u>	Executive/Administration/Legal
<u><u>20</u></u>	<u><u>20</u></u>	<u><u>25</u></u>	<u><u>25</u></u>	<u><u>24</u></u>	Total Employees

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)
MAJOR I-BANK PROGRAM ACTIVITY
FOR THE PAST EIGHT FISCAL YEARS**

	2003-04 ¹	2004-05	2005-06	2006-07
Infrastructure State Revolving Fund Program				
Preliminary Applications:				
Number of applications received	10	20	19	20
Financing amount requested	\$38,727,352	\$105,547,328	\$48,293,789	\$70,878,000
Financing Applications:				
Number of applications received	13	7	12	8
Financing amount requested	\$49,202,350	\$25,650,000	\$44,910,000	\$29,110,000
Approved Loans:				
Number of loans approved	10	8	12	6
Financing amount approved	\$35,528,800	\$26,962,000	\$44,916,000	\$23,800,000
Loan Disbursements:				
Number of transactions	102	79	110	87
Total amount disbursed	\$46,276,967	\$43,767,624	\$37,889,135	\$38,909,915
Number of outstanding loans	43	54	59	67
Conduit Financing Programs				
Preliminary Applications: ²				
Number of applications received	2	2	2	3
Financing amount requested	\$10,100,000	\$9,950,000	\$13,200,000	\$20,500,000
Financing Applications:				
Number of applications received	9	13	5	18
Financing amount requested	\$1,168,350,000	\$1,188,490,000	\$177,300,000	\$692,010,000
Bonds Sold:				
Number of bonds sold	11	15	10	19
Financing amount sold	\$1,484,327,250	\$2,465,635,000	\$265,640,000	\$814,422,774

¹ First year that complete comparable information is available.

² Industrial development conduit revenue bonds are the only Bond Financing Programs applicants that submit a Preliminary Application. All other Bonds Financing Programs applicants submit only Financing Applications.

2007-08	2008-09	2009-10	2010-11
11	10	14	9
\$32,074,224	\$60,980,525	\$29,597,760	\$49,887,500
7	4	4	2
\$26,450,000	\$14,297,000	\$6,020,000	\$7,737,500
8	6	3	2
\$29,751,600	\$22,847,500	\$17,000,000	\$3,500,000
67	62	39	44
\$30,764,260	\$43,879,185	\$21,146,788	\$19,861,726
76	79	85	86
3	2	2	2
\$21,335,000	\$20,000,000	\$9,850,000	\$11,500,000
18	13	13	13
\$1,559,380,000	\$1,722,550,000	\$814,310,000	\$695,065,000
20	18	17	10
\$1,030,136,886	\$1,248,990,000	\$985,885,000	\$203,300,000

**Infrastructure State Revolving
Fund Program**

Preliminary Applications:
Number of applications received
Financing amount requested

Financing Applications:
Number of applications received
Financing amount requested

Approved Loans:
Number of loans approved
Financing amount approved

Loan Disbursements:
Number of transactions
Total amount disbursed

Number of outstanding loans

Conduit Financing Programs

Preliminary Applications: ²
Number of applications received
Financing amount requested

Financing Applications:
Number of applications received
Financing amount requested

Bonds Sold:
Number of bonds sold
Financing amount sold

This Comprehensive Annual Financial Report was prepared by the California Infrastructure and Economic Development Bank's (I-Bank) Fiscal Unit.

Julianne Talbot, CPA
Manager

Betty Daquioag
Senior Accounting Officer

Tracey Thompson
Senior Accounting Officer

The Fiscal Unit was assisted by other I-Bank staff, the California Highway Patrol External Services Unit staff, and the California Department of Resources Recycling and Recovery Information Technology Services Branch staff.

To obtain copies of this report, please contact:

STANTON C. HAZELROTH, EXECUTIVE DIRECTOR
California Infrastructure and Economic Development Bank
P.O. Box 2830
Sacramento, CA 95814
(916) 322-6314

This report is also available on the I-Bank's website at www.ibank.ca.gov.