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The Treasury Note

A monthly newsletter of municipal finance
June 1, 2001

Governor's May Revision

On May 14, the Governor released the May Revision updating economic and revenue assumptions contained in the January Governor's Budget and describing the Governor's proposed program expenditure changes.

The May Revision projects that revenue will be above the January forecast by $1.144 billion in 2000-01 and below the January forecast by $4.592 billion in 2001-02, for a combined reduction of $3.448 billion.

Below is a summary of the 2001-02 General Fund Budget based on the May Revision:

2001-02 Governor's Budget
General Fund
Budget Summary
(Dollars in Millions)

	2000-01	2001-02
Prior Year Balance	$8,848	$6,645
Revenues and Transfers	$78,043	$74,842
Total Resources Available	**$86,891**	**$81,487**
Expenditures	$80,246	$79,676
Fund Balance	**$6,645**	**$1,811**
Budget Reserves and Set-Asides:		
Reserve for liquidation of Encumbrances	$701	$701
Set-aside for Legal Contingencies	$7	$100
Special Fund for Economic Uncertainties	$5,937	$1,010

Although California's economic growth continues to outpace the nation, the state is not immune to a nationwide slowdown in economic activity. Lower stock market valuations have directly impacted stock option income and, as a result, personal income growth and tax revenues have been revised downward.

For more details about the Governor's budget proposal, you can access the May Revision from our website at *www.treasurer.ca.gov/stofin.htm* or at the Department of Finance website at *www.dof.ca.gov*.

Buying California Bonds

If you are interested in purchasing new-issue State of California bonds, we suggest the following:

- Learn when new-issues will be available by checking our "Bond Sales Calendar," located at the bottom of the back page or on our website at *www.treasurer.ca.gov/Bonds/calendar.htm*. For up to the minute information, please call our *Investor Relations Section* at (800) 900-3873.

- Obtain more information about a particular sale by requesting a copy of its Preliminary Official Statement (POS) by calling (800) 900-3873 or by visiting our website. A POS is similar to a corporate prospectus and is available approximately two weeks before the scheduled sale date.

- Contact your broker about two weeks before the sale date to let him or her know that you are interested in purchasing a particular State of California bond.

Listing of Redemptions and Defeasances

This listing reflects redemptions and defeasances officially announced as of June 1, 2001.

Questions regarding redemptions or registration information can be directed to the *Investor Relations Section* at (800) 900-3873.

Department of Veterans Affairs of the State of California, Home Purchase Revenue Bonds, 1998 Series A, Dated Date: May 5, 1998 (Partial Redemption). $3,130,000 of the bonds due December 1, 2018 and $4,205,000 of the bonds due December 1, 2019 are being redeemed on June 1, 2001.

Department of Water Resources of the State of California, Central Valley Project Revenue Bonds (Devil Canyon and Castaic Facilities), Dated Date: July 1, 1972 (Partial Redemption). $2,565,000 of the bonds due July 1, 2012 will be redeemed on July 1, 2001.

State Public Works Board of the State of California, Lease Revenue Bonds (Department of Corrections), 1993 Series D (California State Prison—Lassen County, Susanville), Dated Date: October 1, 1993 (Partial Defeasance)
$12,925,000 of the bonds maturing on June 1, 2007, $13,600,000 of the bonds maturing on June 1 2008, and $62,025,000 of the bonds maturing June 1, 2012 will be redeemed on June 1, 2003.

State Public Works Board of the State of California, Lease Revenue Bonds (Department of Corrections), 1996 Series A (California Substance Abuse Treatment Facility and State Prison at Corcoran (Corcoran II), Dated Date: April 1, 1996 (Partial Defeasance)
$20,670,000 of the bonds maturing on January 1, 2012, and $21,855,000 of the bonds maturing on January 1, 2013 will be redeemed on January 1, 2006.

State Public Works Board of the State of California, Lease Revenue Bonds (The Regents of the University of California), 1993 Series B (Various University of California Projects), Dated Date: December 1, 1993 (Partial Defeasance)
$32,950,000 of the bonds maturing on June 1, 2014 will be redeemed on June 1, 2003.

Information & Assistance

To receive *The Treasury Note* newsletter monthly, enroll for direct deposit of your payments, or for bond-related questions, please call:

(800) 900-3873

Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information, check our website *(www.treasurer.ca.gov)* or call (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
Department of Veterans Affairs, General Obligation Bonds	$147 million*	6/6/01
Various Purpose General Obligation Bonds	$1 billion*	6/12/01
Water Resources Electric Power Program Bonds	To be determined	To be determined

***Subject to change without notice.**