

BLACKROCK CALIFORNIA MUNICIPAL INCOME TRUST
Form N-CSR
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES**

Investment Company Act file number 811-10331

Name of Fund: BlackRock California Municipal Income Trust (BFZ)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Anne F. Ackerley, Chief Executive Officer, BlackRock California
Municipal Income Trust, 40 East 52nd Street, New York, NY 10022.

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 07/31/2009

Date of reporting period: 07/31/2009

Item 1 Report to Stockholders

Annual Report

JULY 31, 2009

BlackRock California Investment Quality Municipal Trust Inc. (RAA)

BlackRock California Municipal Income Trust (BFZ)

BlackRock Florida Municipal 2020 Term Trust (BFO)

BlackRock Investment Quality Municipal Income Trust (RFA)

BlackRock Municipal Income Investment Trust (BBF)

BlackRock New Jersey Investment Quality Municipal Trust Inc. (RNJ)

BlackRock New Jersey Municipal Income Trust (BNJ)

BlackRock New York Investment Quality Municipal Trust Inc. (RNY)

BlackRock New York Municipal Income Trust (BNY)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

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Dear Shareholder

The past 12 months reveal two distinct market backdrops – one of extreme investor pessimism and decided weakness, and another of cautious optimism and nascent signs of recovery. The first half of the period was characterized by the former, as the global financial crisis erupted into the worst recession in decades. Daily headlines recounted universal macroeconomic deterioration, financial sector casualties, volatile swings in global equity markets, and unprecedented government intervention that included widespread (and globally coordinated) monetary and quantitative easing by central banks and large-scale fiscal stimuli. Sentiment improved noticeably in March 2009, however, on the back of new program announcements by the US Treasury Department and Federal Reserve, as well as generally stronger-than-expected economic data in a few key areas, including retail sales, business and consumer confidence, manufacturing and housing.

In this environment, US equities contended with extraordinary volatility, posting steep declines through mid-March 2009 before going on a three-month rally that largely negated year-to-date losses. Late in the period, investor enthusiasm waned and a correction ensued for several weeks, mostly as a result of profit taking and portfolio rebalancing, as opposed to a change in the economic outlook. Equities rallied once again as the period drew to a close, resulting in positive year-to-date returns for all major indexes. The experience in international markets was similar to that in the United States, though performance was generally more extreme both on the decline and on the upturn. Notably, emerging markets, which lagged most developed regions through the downturn, reassumed leadership in 2009 as these areas of the globe have generally seen a stronger acceleration in economic recovery.

In fixed income markets, while the flight to quality remained a prevalent theme, relatively attractive yields and distressed valuations, alongside a more favorable macro environment, eventually captured investor attention, leading to a sharp recovery in non-Treasury assets. This has been particularly evident in the high yield sector, which has firmly outpaced all other taxable asset classes since the start of 2009. At the same time, the municipal bond market enjoyed a strong return after the exceptional market volatility of 2008, buoyed by a combination of attractive valuations, robust retail investor demand and a slowdown in forced selling. Direct aid to state and local governments via the American Recovery and Reinvestment Act of 2009 has also lent support to municipal bonds.

Total Returns as of July 31, 2009	6-month	12-month
US equities (S&P 500 Index)	21.18%	(19.96)%
Small cap US equities (Russell 2000 Index)	26.61	(20.72)
International equities (MSCI Europe, Australasia, Far East Index)	30.63	(22.60)
US Treasury securities (Merrill Lynch 10-Year US Treasury Index)	(3.91)	7.58
Taxable fixed income (Barclays Capital US Aggregate Bond Index)	4.47	7.85
Tax-exempt fixed income (Barclays Capital Municipal Bond Index)	4.38	5.11
High yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index)	30.11	5.30

Past performance is no guarantee of future results. Index performance shown for illustrative purposes only. You cannot invest directly in an index.

The market environment has clearly improved since the beginning of the year, but a great deal of uncertainty and risk remain. Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For additional insight and timely food for thought, we invite you to visit our award-winning *Shareholder*® magazine, now available exclusively online at www.blackrock.com/shareholdermagazine. We thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

Announcement to Shareholders

On June 16, 2009, BlackRock, Inc. announced that it received written notice from Barclays PLC ("Barclays") in which Barclays' Board of Directors had accepted BlackRock's offer to acquire Barclays Global Investors ("BGI"). At a special meeting held on August 6, 2009, BlackRock's proposed purchase of BGI was approved by an overwhelming majority of Barclays' voting shareholders, an important step toward closing the transaction. The combination of BlackRock and BGI will bring together market leaders in active and index strategies to create the preeminent asset management firm. The transaction is scheduled to be completed in the fourth quarter of 2009, subject to important fund shareholder and regulatory approvals.

THIS PAGE NOT PART OF YOUR FUND REPORT

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Trust Summary as of July 31, 2009

BlackRock California Investment Quality Municipal Trust Inc.

Investment Objective

BlackRock California Investment Quality Municipal Trust Inc. (RAA) (the Trust) seeks to provide high current income which, in the opinion of bond counsel to the issuer, is exempt from regular federal and California income tax consistent with preservation of capital. No assurance can be given that the Trust's investment objective will be achieved.

Performance

For the 12 months ended July 31, 2009, the Trust returned (0.93)% based on market price and 1.28% based on net asset value (NAV). For the same period, the closed-end Lipper California Municipal Debt Funds category posted an average return of (3.92)% based on market price and (5.13)% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. Duration positioning was neutral for most of the period. The majority of the Trust's outperformance was derived from a tightening in credit spreads. Cash and short-term investment reserves ranged from 1% to 13% of assets under management during the period. Overall, the cash position was beneficial to performance as it lowered portfolio duration and enhanced the Trust's yield as a portion of the cash reserves was invested in higher-yielding variable-rate demand notes. Along with attractive borrowing costs, the portfolio's accrual permitted an increase in dividends in June. Our strategy is to pursue a balanced approach to returns, continue to bolster current yield and commit cash reserves when research uncovers appropriate opportunities. Credit fundamentals warrant monitoring in the current weak economic environment, especially in California, considering budgetary challenges. Management is alert to improve quality as opportunities arise.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Trust Information

Symbol on NYSE Amex	RAA
Initial Offering Date	May 28, 1993
Yield on Closing Market Price as of July 31, 2009 (\$11.20) ¹	5.52%
Tax Equivalent Yield ²	8.49%
Current Monthly Distribution per Common Share ³	\$0.0515
Current Annualized Distribution per Common Share ³	\$0.6180
Leverage as of July 31, 2009 ⁴	37%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

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⁴ Represents Auction Market Preferred Shares (Preferred Shares) and tender option bond trusts (TOBs) as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 13. The table below summarizes the changes in the Trust's market price and NAV per share:

	7/31/09	7/31/08	Change	High	Low
Market Price	\$ 11.20	\$ 11.96	(6.35)%	\$ 12.52	\$ 6.92
Net Asset Value	\$ 12.35	\$ 12.90	(4.26)%	\$ 13.35	\$ 9.88

The following unaudited charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	7/31/09	7/31/08
County/City/Special District/School District	34%	22%
Utilities	19	14
Education	12	3
Health	10	11
State	10	19
Transportation	10	2
Corporate	5	9
Housing		8
Tobacco		12

Credit Quality Allocations⁵

	7/31/09	7/31/08
AAA/Aaa	12%	39%
AA/Aa	47	24
A/A	33	17
BBB/Baa	6	11
B	2	4
Not Rated		5

⁵ Using the higher of Standard & Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.

Trust Summary as of July 31, 2009

BlackRock California Municipal Income Trust

Investment Objective

BlackRock California Municipal Income Trust (BFZ) (the Trust) seeks to provide high current income which, in the opinion of bond counsel to the issuer, is exempt from regular federal income tax and California income taxes. No assurance can be given that the Trust's investment objective will be achieved.

Performance

For the 12 months ended July 31, 2009, the Trust returned (4.81)% based on market price and (2.36)% based on NAV. For the same period, the closed-end Lipper California Municipal Debt Funds category posted an average return of (3.92)% based on market price and (5.13)% on a NAV basis. All returns reflect reinvestment of dividends. The Trust moved from a premium to NAV to a discount by period-end, which accounts for the difference between performance based on price and performance based on NAV. The Trust's duration positioning was slightly above neutral for most of the period. The Trust's outperformance based on NAV was derived from a tightening in credit spreads, although zero-coupon positions did contribute negatively as spreads for these structures widened. Along with attractive borrowing costs, the portfolio accrual permitted an increase in dividends in June. Our strategy is to pursue a balanced approach to returns, continue to bolster current yield and commit cash reserves when research uncovers appropriate opportunities. Credit fundamentals warrant monitoring in the current weak economic environment, especially in California, considering budgetary challenges. Management is alert to improve quality as opportunities arise.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Trust Information

Symbol on New York Stock Exchange (NYSE)	BFZ
Initial Offering Date	July 27, 2001
Yield on Closing Market Price as of July 31, 2009 (\$12.40) ¹	7.33%
Tax Equivalent Yield ²	11.28%
Current Monthly Distribution per Common Share ³	\$0.0757
Current Annualized Distribution per Common Share ³	\$0.9084
Leverage as of July 31, 2009 ⁴	40%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 13.

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The table below summarizes the changes in the Trust's market price and NAV per share:

	7/31/09	7/31/08	Change	High	Low
Market Price	\$ 12.40	\$ 13.99	(11.37)%	\$ 14.54	\$ 7.36
Net Asset Value	\$ 12.71	\$ 13.98	(9.08)%	\$ 14.30	\$ 10.32

The following unaudited charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	7/31/09	7/31/08
County/City/Special District/School District	37%	27%
Education	18	10
Health	11	17
Utilities	10	4
Transportation	10	7
State	6	8
Housing	6	16
Corporate	2	4
Tobacco		7

Credit Quality Allocations⁵

	7/31/09	7/31/08
AAA/Aaa	21%	33%
AA/Aa	28	22
A/A	40	24
BBB/Baa	8	11
B	1	1
Not Rated ⁶	2	9

⁵ Using the higher of S&P's or Moody's ratings.

⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2009 and 2008, the market value of these securities was \$1,974,163, representing 1% and \$2,242,216, representing 1%, respectively, of the Trust's long-term investments.

Trust Summary as of July 31, 2009

BlackRock Florida Municipal 2020 Term Trust

Investment Objective

BlackRock Florida Municipal 2020 Term Trust (BFO) (the Trust) seeks to provide current income that is exempt from regular federal income tax and Florida intangible personal property taxes and to return \$15.00 per share (the initial public offering price) on or about December 31, 2020. No assurance can be given that the Trust's investment objective will be achieved.

Performance

For the 12 months ended July 31, 2009, the Trust returned 3.95%, based on market price and (0.48)%, based on NAV. For the same period, the closed-end Lipper Florida Municipal Debt Funds category posted an average return of 7.14% based on market price and 1.51% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. Although the Trust benefited from a declining interest rate environment during the period, Florida was a weak performer among the states, with only Michigan and Ohio posting lower returns, which hampered performance. Sector allocation was also an important component to performance. In particular, the Trust's exposure to high yield bonds and the health sector, which significantly underperformed, detracted from results. Low short-term rates, however, resulted in increased income to the Trust from leverage, which allowed for a dividend increase beginning with the July 1, 2009 distribution.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Trust Information

Symbol on NYSE	BFO
Initial Offering Date	September 30, 2003
Termination Date (on or about)	December 31, 2020
Yield on Closing Market Price as of July 31, 2009 (\$12.31) ¹	5.46%
Tax Equivalent Yield ²	8.40%
Current Monthly Distribution per Common Share ³	\$0.056
Current Annualized Distribution per Common Share ³	\$0.672
Leverage as of July 31, 2009 ⁴	39%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 13.

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The table below summarizes the changes in the Trust's market price and NAV per share:

	7/31/09	7/31/08	Change	High	Low
Market Price	\$ 12.31	\$ 12.50	(1.52)%	\$ 12.97	\$ 8.15
Net Asset Value	\$ 13.35	\$ 14.16	(5.72)%	\$ 14.45	\$ 11.27

The following unaudited charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	7/31/09	7/31/08
County/City/Special District/School District	48%	46%
Utilities	18	20
Health	11	13
State	9	7
Corporate	6	6
Housing	5	5
Transportation	2	2
Education	1	1

Credit Quality Allocations⁵

	7/31/09	7/31/08
AAA/Aaa	31%	29%
AA/Aa	10	34
A/A	30	7
BBB/Baa	6	9
BB/Ba	2	2
Not Rated ⁶	21	19

⁵ Using the higher of S&P's or Moody's ratings.

⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2009 and 2008, the market value of these securities was \$13,543,166, representing 11% and \$11,848,675, representing 9%, respectively, of the Trust's long-term investments.

Trust Summary as of July 31, 2009

BlackRock Investment Quality Municipal Income Trust

Investment Objective

BlackRock Investment Quality Municipal Income Trust (RFA) (the Trust) seeks to provide current income which, in the opinion of bond counsel to the issuer, is exempt from regular federal income tax and to provide an exemption from Florida intangible personal property taxes consistent with preservation of capital. Effective September 16, 2008, BlackRock Florida Investment Quality Municipal Trust was renamed BlackRock Investment Quality Municipal Income Trust. No assurance can be given that the Trust's investment objective will be achieved.

Performance

For the 12 months ended July 31, 2009, the Trust returned (1.93)% based on market price and (3.68)% based on NAV. For the same period, the closed-end Lipper General Municipal Debt Funds (Leveraged) category posted an average return of 2.20% based on market price and (2.40)% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. Sector allocation played an important role in determining the Trust's performance during the period. Spread products, such as health care, tax increment and corporate-backed bonds, underperformed significantly, as the economic downturn continued to add more stress on the fundamental credit qualities of these sectors. The Trust's holdings in these segments, therefore, detracted from performance. Certain municipal bonds that are issued for a private purpose such as certain housing bonds may be subject to the alternative minimum tax (AMT). These bonds typically have higher yields than non-AMT bonds to compensate for the potential tax treatment of these issues. Exposure to AMT bonds also detracted from results, as these issues underperformed amid significant spread widening during the 12 months.

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Trust Information

Symbol on NYSE Amex	RFA
Initial Offering Date	May 28, 1993
Yield on Closing Market Price as of July 31, 2009 (\$10.08) ¹	6.79%
Tax Equivalent Yield ²	10.45%
Current Monthly Distribution per Common Share ³	\$0.057
Current Annualized Distribution per Common Share ³	\$0.684
Leverage as of July 31, 2009 ⁴	39%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 13.

The table below summarizes the changes in the Trust's market price and NAV per share:

	7/31/09	7/31/08	Change	High	Low
Market Price	\$ 10.08	\$ 10.93	(7.78)%	\$ 10.93	\$ 6.54
Net Asset Value	\$ 11.15	\$ 12.31	(9.42)%	\$ 12.54	\$ 8.98

The following unaudited charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	7/31/09	7/31/08
County/City/Special District/School District	27%	37%
Utilities	21	16
Transportation	13	9
Health	12	14
State	10	9
Education	9	3
Housing	8	8
Corporate		4

Credit Quality Allocations⁵

	7/31/09	7/31/08
AAA/Aaa	14%	40%
AA/Aa	44	29
A/A	32	4
BBB/Baa		9
BB/Ba	1	2
Not Rated ⁶	9	16

⁵ Using the higher of S&P's or Moody's ratings.

⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2009 and 2008, the market value of these securities was \$461,249, representing 2% and \$722,157, representing 3%, respectively, of the Trust's long-term investments.

Trust Summary as of July 31, 2009

BlackRock Municipal Income Investment Trust

Investment Objective

BlackRock Municipal Income Investment Trust (BBF) (the Trust) seeks to provide current income which, in the opinion of bond counsel to the issuer, is exempt from regular federal income tax and Florida intangible personal property tax. Effective September 18, 2008, BlackRock Florida Municipal Income Trust was renamed BlackRock Municipal Income Investment Trust. No assurance can be given that the Trust's investment objective will be achieved.

Performance

For the 12 months ended July 31, 2009, the Trust returned (1.46)% based on market price and (2.57)% based on NAV. For the same period, the closed-end Lipper General Municipal Debt Funds (Leveraged) category posted an average return of 2.20% based on market price and (2.40)% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. Sector allocation played an important role in determining how the Trust performed during the reporting period. The Trust was significantly overweight in pre-refunded securities in the one- to five-year maturity range. This enhanced performance as the yield curve steepened. Conversely, spread products, such as health care, land increment and corporate-backed bonds, significantly underperformed, as the economic downturn continued to add more stress on the fundamental credit quality for these sectors. The Trust's holdings in these segments, therefore, detracted from performance.

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Trust Information

Symbol on NYSE	BBF
Initial Offering Date	July 27, 2001
Yield on Closing Market Price as of July 31, 2009 (\$12.49) ¹	7.24%
Tax Equivalent Yield ²	11.14%
Current Monthly Distribution per Common Share ³	\$0.075375
Current Annualized Distribution per Common Share ³	\$0.904500
Leverage as of July 31, 2009 ⁴	40%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

⁴ Represents Preferred Shares and TOBs as a percentage of managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 13.

The table below summarizes the changes in the Trust's market price and NAV per share:

	7/31/09	7/31/08	Change	High	Low
Market Price	\$ 12.49	\$ 13.68	(8.70)%	\$ 14.06	\$ 6.18
Net Asset Value	\$ 12.71	\$ 14.08	(9.73)%	\$ 14.35	\$ 10.65

The following unaudited charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	7/31/09	7/31/08
County/City/Special District/School District	27%	39%
Utilities	22	10
Health	21	30
Education	16	13
State	7	5
Transportation	6	1
Housing	1	
Corporate		2

Credit Quality Allocations⁵

	7/31/09	7/31/08
AAA/Aaa	9%	25%
AA/Aa	47	30
A/A	28	11
BBB/Baa	5	9
BB/Ba	1	2
Not Rated ⁶	10	23

⁵ Using the higher of S&P's or Moody's ratings.

⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of July 31, 2009 and 2008, the market value of these securities was \$10,029,093, representing 7% and \$13,484,932, representing 9%, respectively, of the Trust's long-term investments.

Trust Summary as of July 31, 2009

BlackRock New Jersey Investment Quality Municipal Trust Inc.

Investment Objective

BlackRock New Jersey Investment Quality Municipal Trust Inc. (RNJ) (the Trust) seeks to provide high current income which, in the opinion of bond counsel to the issuer, is exempt from regular federal income tax and New Jersey gross income tax consistent with preservation of capital. No assurance can be given that the Trust's investment objective will be achieved.

Performance

For the 12 months ended July 31, 2009, the Trust returned 4.01% based on market price and (1.09)% based on NAV. For the same period, the closed-end Lipper New Jersey Municipal Debt Funds category posted an average return of 4.58% based on market price and 1.31% on a NAV basis. All returns reflect reinvestment of dividends. The Trust moved from a discount to NAV to a premium by period-end, which accounts for the difference between performance based on price and performance based on NAV. Sector allocation played an important role in the Trust's performance during the period. Spread products, such as health care and corporate-backed bonds, underperformed significantly, as the economic downturn continued to add more stress on the fundamental credit qualities of these sectors. The Trust's holdings in these segments, therefore, detracted from performance. Certain municipal bonds that are issued for a private purpose such as certain housing bonds may be subject to the AMT. These bonds typically have higher yields than non-AMT bonds to compensate for the potential tax treatment of these issues. Exposure to AMT bonds also detracted from results, as spreads widened out significantly during the 12 months. During the 12 months, Trust management maintained high cash allocations in an effort to reduce volatility and ensure that ample cash was available to take advantage of potential opportunities in the new-issue market. The Trust's cash balance lowered portfolio duration, which was beneficial; however, it also held the yield down slightly as the money was invested in lower-yielding short-term investments, a negative factor.

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Trust Information

Symbol on NYSE Amex	RNJ
Initial Offering Date	May 28, 1993
Yield on Closing Market Price as of July 31, 2009 (\$11.68) ¹	6.31%
Tax Equivalent Yield ²	9.71%
Current Monthly Distribution per Common Share ³	\$0.0614
Current Annualized Distribution per Common Share ³	\$0.7368
Leverage as of July 31, 2009 ⁴	38%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

³ The distribution is not constant and is subject to change.

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⁴ Represents Preferred Shares and TOBs as a percentage of managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 13.

The table below summarizes the changes in the Trust's market price and NAV per share:

	7/31/09	7/31/08	Change	High	Low
Market Price	\$ 11.68	\$ 11.96	(2.34)%	\$ 12.56	\$ 6.95
Net Asset Value	\$ 11.33	\$ 12.20	(7.13)%	\$ 12.47	\$ 9.13

The following unaudited charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	7/31/09	7/31/08
State	22%	15%
Transportation	20	16
Health	18	22
Education	10	15
Housing	9	8
Utilities	7	10
Corporate	7	6
County/City/Special District/School District	6	4
Tobacco	1	4

Credit Quality Allocations⁵

	7/31/09	7/31/08
AAA/Aaa	24%	24%
AA/Aa	17	29
A/A	20	16
BBB/Baa	27	14
B/B	4	4
Not Rated	8	13

⁵ Using the higher of S&P's or Moody's ratings.

Trust Summary as of July 31, 2009

BlackRock New Jersey Municipal Income Trust

Investment Objective

BlackRock New Jersey Municipal Income Trust (BNJ) (the Trust) seeks to provide high current income which, in the opinion of bond counsel to the issuer, is exempt from regular federal income tax and New Jersey gross income tax. No assurance can be given that the Trust's investment objective will be achieved.

Performance

For the 12 months ended July 31, 2009, the Trust returned 0.04% based on market price and (2.62)% based on NAV. For the same period, the closed-end Lipper New Jersey Municipal Debt Funds category posted an average return of 4.58% based on market price and 1.31% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's premium to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. Sector allocation played an important role in the Trust's performance during the period. Spread products, such as health care and corporate-backed bonds, underperformed significantly, as the economic downturn continued to add more stress on the fundamental credit qualities of these sectors. The Trust's holdings in these segments, therefore, detracted from performance. Certain municipal bonds that are issued for a private purpose such as certain housing bonds may be subject to the AMT. These bonds typically have higher yields than non-AMT bonds to compensate for the potential tax treatment of these issues. Exposure to AMT bonds also detracted from results, as spreads widened out significantly during the 12 months. During the 12 months, Trust management maintained high cash allocations in an effort to reduce volatility and ensure that ample cash was available to take advantage of potential opportunities in the new-issue market. The Trust's cash balance lowered portfolio duration, which was beneficial; however, it also held the yield down slightly as the money was invested in lower-yielding short-term investments, a negative factor.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Trust Information

Symbol on NYSE	BNJ
Initial Offering Date	July 27, 2001
Yield on Closing Market Price as of July 31, 2009 (\$14.00) ¹	6.65%
Tax Equivalent Yield ²	10.23%
Current Monthly Distribution per Common Share ³	\$0.0776
Current Annualized Distribution per Common Share ³	\$0.9312
Leverage as of July 31, 2009 ⁴	38%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

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³ The distribution is not constant and is subject to change.

⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 13.

The table below summarizes the changes in the Trust's market price and NAV per share:

	7/31/09	7/31/08	Change	High	Low
Market Price	\$ 14.00	\$ 15.09	(7.22)%	\$ 15.18	\$ 9.71
Net Asset Value	\$ 12.78	\$ 14.15	(9.68)%	\$ 14.51	\$ 10.41

The following unaudited charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	7/31/09	7/31/08
Health	23%	29%
State	22	18
Housing	20	17
Transportation	12	8
County/City/Special District/School District	9	9
Education	9	8
Corporate	4	5
Tobacco	1	6

Credit Quality Allocations⁵

	7/31/09	7/31/08
AAA/Aaa	26%	32%
AA/Aa	20	12
A/A	27	26
BBB/Baa	17	18
B/B	3	3
Not Rated	7	9

⁵ Using the higher of S&P's or Moody's ratings.

Trust Summary as of July 31, 2009

BlackRock New York Investment Quality Municipal Trust Inc.

Investment Objective

BlackRock New York Investment Quality Municipal Trust Inc. (RNY) (the Trust) seeks to provide high current income which, in the opinion of bond counsel to the issuer, is exempt from regular federal income taxes and New York State and New York City income tax consistent with preservation of capital. No assurance can be given that the Trust's investment objective will be achieved.

Performance

For the 12 months ended July 31, 2009, the Trust returned 4.81% based on market price and 2.71% based on NAV. For the same period, the closed-end Lipper New York Municipal Debt Funds category posted an average return of 1.84% based on market price and (2.86)% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. Performance was positively affected by a slightly-above-average distribution rate, as well as the Trust's positioning in longer-dated maturities. The one-year period comprised two separate and major fixed income market moves. The end of 2008 witnessed severe dislocations whereby, as a result of illiquidity and credit concerns, municipal bonds were treated as risk assets and traded at historically-wide spreads versus Treasuries. The second half of the period saw a return of liquidity and more normal demand metrics, accompanied by significant spread compression and yield curve flattening. The Trust outperformed during the latter time due to its overweight in longer-dated bonds, its barbell credit structure, its slightly longer duration and its participation in new-issue deals, which were coming at significant discounts to secondary market levels. We also used the new-issue market to increase the Trust's exposure to bonds that have retail appeal, as these bonds should benefit from an environment with favorable municipal supply and demand factors.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Trust Information

Symbol on NYSE Amex	RNY
Initial Offering Date	May 28, 1993
Yield on Closing Market Price as of July 31, 2009 (\$12.61) ¹	6.49%
Tax Equivalent Yield ²	9.98%
Current Monthly Distribution per Common Share ³	\$0.0682
Current Annualized Distribution per Common Share ³	\$0.8184
Leverage as of July 31, 2009 ⁴	37%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

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³ The distribution is not constant and is subject to change.

⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 13.

The table below summarizes the changes in the Trust's market price and NAV per share:

	7/31/09	7/31/08	Change	High	Low
Market Price	\$ 12.61	\$ 12.83	(1.71)%	\$ 13.09	\$ 7.48
Net Asset Value	\$ 12.81	\$ 13.30	(3.68)%	\$ 13.64	\$ 10.21

The following unaudited charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	7/31/09	7/31/08
County/City/Special District/School District	26%	26%
Education	19	16
Utilities	13	12
Health	11	12
State	10	10
Corporate	9	9
Housing	7	8
Transportation	3	5
Tobacco	2	2

Credit Quality Allocations⁵

	7/31/09	7/31/08
AAA/Aaa	29%	36%
AA/Aa	24	37
A/A	28	9
BBB/Baa	9	8
BB/Ba	2	1
B/B	7	7
Not Rated	1	2

⁵ Using the higher of S&P's or Moody's ratings

Trust Summary as of July 31, 2009

BlackRock New York Municipal Income Trust

Investment Objective

BlackRock New York Municipal Income Trust (BNY) (the Trust) seeks to provide high current income which, in the opinion of bond counsel to the issuer, is exempt from regular federal income tax and New York State and New York City personal income taxes. No assurance can be given that the Trust's investment objective will be achieved.

Performance

For the 12 months ended July 31, 2009, the Trust returned (1.44)% based on market price and (1.28)% based on NAV. For the same period, the closed-end Lipper New York Municipal Debt Funds category posted an average return of 1.84% based on market price and (2.86)% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's premium to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. Performance was positively affected by a slightly-above-average distribution rate, as well as the Trust's positioning in longer-dated maturities. The one-year period comprised two separate and major fixed income market moves. The end of 2008 witnessed severe dislocations whereby, as a result of illiquidity and credit concerns, municipal bonds were treated as risk assets and traded at historically-wide spreads versus Treasuries. The second half of the period saw a return of liquidity and more normal demand metrics, accompanied by significant spread compression and yield curve flattening. The Trust outperformed during the latter time due to its overweight in longer-dated bonds, its barbell credit structure, its slightly longer duration and its participation in new-issue deals, which were coming at significant discounts to secondary market levels. We also used the new-issue market to increase the Trust's exposure to bonds that have retail appeal, as these bonds should benefit from an environment with favorable municipal supply and demand factors.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Trust Information

Symbol on NYSE	BNY
Initial Offering Date	July 27, 2001
Yield on Closing Market Price as of July 31, 2009 (\$13.95) ¹	6.88%
Tax Equivalent Yield ²	10.58%
Current Monthly Distribution per Common Share ³	\$0.08
Current Annualized Distribution per Common Share ³	\$0.96
Leverage as of July 31, 2009 ⁴	40%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

² Tax equivalent yield assumes the maximum federal tax rate of 35%.

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³ The distribution is not constant and is subject to change.

⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 13.

The table below summarizes the changes in the Trust's market price and NAV per share:

	7/31/09	7/31/08	Change	High	Low
Market Price	\$ 13.95	\$ 15.26	(8.58)%	\$ 15.41	\$ 7.75
Net Asset Value	\$ 12.71	\$ 13.88	(8.43)%	\$ 14.21	\$ 9.95

The following unaudited charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	7/31/09	7/31/08
County/City/Special District/School District	15%	14%
Housing	14	15
Transportation	14	16
Education	13	11
State	12	11
Utilities	11	11
Corporate	11	11
Tobacco	6	8
Health	4	3

Credit Quality Allocations⁵

	7/31/09	7/31/08
AAA/Aaa	27%	30%
AA/Aa	22	31
A/A	27	17
BBB/Baa	17	15
BB/Ba	1	1
B/B	5	5
Not Rated	1	1

⁵ Using the higher of S&P's or Moody's ratings.

The Benefits and Risks of Leveraging

The Trusts may utilize leverage to seek to enhance the yield and NAV of their Common Shares. However, these objectives cannot be achieved in all interest rate environments.

To leverage, the Trusts issue Preferred Shares, which pay dividends at prevailing short-term interest rates, and invest the proceeds in long-term municipal bonds. In general, the concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by each Trust on its longer-term portfolio investments. To the extent that the total assets of the Trust (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Trust's Common Shareholders will benefit from the incremental yield.

To illustrate these concepts, assume a Trust's Common Shares capitalization is \$100 million and it issues Preferred Shares for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Trust pays dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the securities purchased by the Trust with assets received from the Preferred Shares issuance earn the income based on long-term interest rates. In this case, the dividends paid to Preferred Shareholders are significantly lower than the income earned on the Trust's long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental net income.

Conversely, if prevailing short-term interest rates rise above long-term interest rates of 6%, the yield curve has a negative slope. In this case, the Trust pays dividends on the higher short-term interest rates whereas the Trust's total portfolio earns income based on lower long-term interest rates. If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup on the Common Shares will be reduced or eliminated completely.

Furthermore, the value of the Trust's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Trust's Preferred Shares does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Trust's NAV positively or negatively in addition to the impact on Trust performance from leverage from Preferred Shares discussed above.

The Trusts may also, from time to time, leverage their assets through the use of tender option bond (TOB) programs, as described in Note 1 of the Notes to Financial Statements. TOB investments generally will provide the Trusts with economic benefits in periods of declining short-term interest rates, but expose the Trusts to risks during periods of rising short-term interest rates similar to those associated with Preferred Shares issued by the Trusts, as described above. Additionally, fluctuations in the market value of municipal bonds deposited into the TOB trust may adversely affect the Trusts' NAV per share.

The use of leverage may enhance opportunities for increased returns to the Trusts and Common Shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Trusts' NAV, market price and dividend rate than a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Trusts' net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, the Trusts' net income will be less than if leverage had not been used, and therefore the amount available for distribution to Common Shareholders will be reduced. The Trusts may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Trusts to incur losses. The use of leverage may limit the Trusts' ability to invest in certain types of securities or use certain types of hedging strategies, such as in the case of certain restrictions imposed by ratings agencies that rate preferred shares issued by a Trust. The Trusts will incur expenses in connection with the use of leverage, all of which are borne by the holders of the Common Shares and may reduce returns on the Common Shares.

Under the Investment Company Act of 1940, each Trust is permitted to issue Preferred Shares in an amount of up to 50% of its total managed assets at the time of issuance. Under normal circumstances, each Trust anticipates that the total economic leverage from Preferred Shares and TOBs will not exceed 50% of its total managed assets at the time such leverage is incurred. As of July 31, 2009, the Trusts had economic leverage from Preferred Shares and/or TOBs as a percentage of their total managed assets as follows:

	Percent of Leverage
BlackRock California Investment Quality Municipal Trust Inc.	37%
BlackRock California Municipal Income Trust	40%
BlackRock Florida Municipal 2020 Term Trust	39%
BlackRock Investment Quality Municipal Income Trust	39%
BlackRock Municipal Income Investment Trust	40%
BlackRock New Jersey Investment Quality Municipal Trust Inc.	38%
BlackRock New Jersey Municipal Income Trust	38%
BlackRock New York Investment Quality Municipal Trust Inc.	37%
BlackRock New York Municipal Income Trust	40%

Derivative Financial Instruments

The Trusts may invest in various derivative instruments, including financial futures contracts and swaps, as specified in Note 2 of the Notes to Financial Statements, which constitute forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the counterparty to the transaction and illiquidity of the derivative instrument. The Trusts' ability to successfully use a derivative instrument depends on the investment advisor's ability to accurately predict pertinent market movements, which cannot be assured. The use of derivative instruments may result in losses greater than if they had not been used, may require a Trust to sell or purchase portfolio securities at inopportune times or for distressed values, may limit the amount of appreciation a Trust can realize on an investment or may cause a Trust to hold a security that it might otherwise sell. The Trusts' investments in these instruments are discussed in detail in the Notes to Financial Statements.

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Schedule of Investments July 31, 2009

BlackRock California Investment Quality Municipal Trust Inc. (RAA)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
California 126.8%		
Corporate 6.8%		
California Pollution Control Financing Authority, RB, Waste Management Inc. Project, Series A-2, AMT, 5.40%, 4/01/25	\$ 500	\$ 458,815
Los Angeles Regional Airports Improvement Corp., California, Refunding RB, Facilities Sublease, Los Angeles International Airport, Series B, AMT, 7.50%, 12/01/24	500	387,095
		845,910
County/City/Special District/School District 37.9%		
Butte-Glenn Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/30	500	514,725
County of Kern California, COP, Capital Improvement Projects, Series A (AGC), 6.00%, 8/01/35	500	519,430
Los Alamitos Unified School District, California, GO, School Facilities Improvement District No. 1, 5.50%, 8/01/33	500	507,015
Los Angeles Community College District, California, GO, 2003 Election, Series F-1, 5.00%, 8/01/33	335	318,823
Los Angeles Unified School District, California, GO, Series D, 5.30%, 1/01/34	500	497,940
San Diego Regional Building Authority, California, RB, County Operations Center & Annex, Series A, 5.38%, 2/01/36	500	500,185
San Jose Unified School District, Santa Clara County California, GO, Election of 2002, Series D, 5.00%, 8/01/32	250	243,010
Santa Ana Unified School District, GO (MBIA), 5.38%, 8/01/27	500	502,540
Santa Cruz County Redevelopment Agency, California, TAN, Live Oak, Soquel Community Improvement, Series A, 7.00%, 9/01/36	100	101,726
Vacaville Unified School District, California, GO, Election of 2001 (MBIA), 5.00%, 8/01/30	500	486,690
Westminster Redevelopment Agency, California, TAN, Subordinate, Commercial Redevelopment Project No. 1 (AGC), 6.25%, 11/01/39	500	519,300
		4,711,384
Education 10.2%		
California Educational Facilities Authority, RB, Stanford University, Series Q, 5.25%, 12/01/32	500	511,440
California Infrastructure & Economic Development Bank, Refunding RB, Salvation Army Western (AMBAC), 5.00%, 9/01/27	500	505,025
Snowline Joint Unified School District, COP, Refinancing Program (AGC), 5.75%, 9/01/38	250	254,195
		1,270,660

Municipal Bonds	Par (000)	Value
California (continued)		
Health 15.3%		
ABAG Finance Authority for Nonprofit Corps, RB, Sharp Healthcare, 6.25%, 8/01/39	\$ 250	\$ 249,327
California Health Facilities Financing Authority, California, RB:		

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Catholic Healthcare West, Series A, 6.00%, 7/01/39	250	241,898
Providence Health & Services, Series C, 6.50%, 10/01/38	250	268,720
California Statewide Communities Development Authority, RB:		
Catholic Healthcare West, Series E, 5.50%, 7/01/31	250	228,605
Kaiser Permanente, Series A, 5.00%, 4/01/31	500	452,120
Kaiser, Series C, Remarketed, 5.25%, 8/01/31	500	467,240

1,907,910

State 15.2%

California State Public Works Board, RB, Department Corrections & Rehabilitation, Series H, 5.00%, 11/01/31	500	435,665
California State Public Works Board, RB, Department Education, Riverside Campus Project, Series B, 6.50%, 4/01/34	340	359,193
California State University, RB, Systemwide, Series C (MBIA), 5.00%, 11/01/38	625	565,481
State of California, GO, Various Purpose, 6.50%, 4/01/33	490	529,749

1,890,088

Transportation 15.0%

County of Orange California, RB, Series B, 5.75%, 7/01/34	500	508,135
County of Sacramento California, RB, Senior, Series B, 5.75%, 7/01/39	250	242,528
Los Angeles Department of Airports, Refunding RB, Ontario International Airport, Series A (MBIA), AMT, 5.00%, 5/15/26	510	474,830
Port of Oakland, RB, Series K (MBIA), AMT, 5.75%, 11/01/29	495	462,429
San Francisco City & County Airports Commission, Refunding RB, 2nd Series A-3, AMT, 6.75%, 5/01/19	175	183,418

1,871,340

Utilities 26.4%

California Infrastructure & Economic Development Bank, RB, California Independent System Operator, Series A, 6.25%, 2/01/39	400	407,000
Chino Basin Regional Financing Authority, California, RB, Inland Empire Utility Agency, Series A (AMBAC), 5.00%, 11/01/33	500	482,260

Portfolio Abbreviations

To simplify the listings of portfolio holdings in each Trust's Schedule of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

ACA	American Capital Access Corp.
AGC	Assured Guaranty Corp.
AMBAC	American Municipal Bond Assurance Corp.
AMT	Alternative Minimum Tax (subject to)
ARB	Airport Revenue Bond
BAN	Bond Anticipation Note
CAB	Capital Appreciation Bonds
CIFG	CDC IXIS Financial Guaranty
COP	Certificates of Participation
EDA	Economic Development Authority
FGIC	Financial Guaranty Insurance Co.
FHA	Federal Housing Administration
FNMA	Federal National Mortgage Association
FSA	Financial Security Assurance Inc.
GNMA	Government National Mortgage Association

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GO	General Obligation Bonds
HFA	Housing Finance Agency
IDA	Industrial Development Authority
ISD	Independent School District
MBIA	Municipal Bond Investors Assurance (National Public Finance Guaranty Corp.)
PILOT	Payment in Lieu of Taxes
RB	Revenue Bonds
S/F	Single-Family
TAN	Tax Anticipation Notes
VHA	Veterans Hospital Administration
XLCA	XL Capital Assured

See Notes to Financial Statements.

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ANNUAL REPORT

JULY 31, 2009

Schedule of Investments (concluded)

BlackRock California Investment Quality Municipal Trust Inc. (RAA)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
California (concluded)		
Utilities (concluded)		
Contra Costa Water District, Refunding RB, Series O (AMBAC), 5.00%, 10/01/24	\$ 600	\$ 620,898
Eastern Municipal Water District, California, COP, Series H, 5.00%, 7/01/35	285	271,089
Los Angeles Department of Water & Power, RB, Power System, Sub-Series A-1 (FSA), 5.00%, 7/01/35	500	487,915
San Diego Public Facilities Financing Authority, RB, Senior, Series A, 5.25%, 5/15/39	250	243,695
San Diego Public Facilities Financing Authority, Refunding RB, Series A, 5.25%, 8/01/38	500	486,930
Southern California Public Power Authority, RB, Transmission (MBIA), 5.50%, 7/01/20	40	40,119
Western Municipal Water District Facilities Authority, RB, Series B, 5.00%, 10/01/39	250	238,390
		3,278,296
Total Municipal Bonds in California		15,775,588
Puerto Rico 4.4%		
Education 4.4%		
Puerto Rico Industrial Tourist Educational Medical & Environmental Control Facilities Financing Authority, RB, Ana G. Mendez University System Project, 5.00%, 3/01/26	700	544,880
Total Municipal Bonds in Puerto Rico		544,880
Total Municipal Bonds 131.2%		16,320,468

Municipal Bonds Transferred to
Tender Option Bond Trusts (a)

California 16.8%		
County/City/Special District/School District 12.3%		
Los Angeles Community College District, California, GO, 2008 Election, Series A, 6.00%, 8/01/33	480	516,296
San Diego Community College District, California, GO, Election of 2002, 5.25%, 8/01/33	509	516,834
Santa Clara County Financing Authority, Refunding RB, Lease Series L, 5.25%, 5/15/36	495	491,848
		1,524,978

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Education 2.6%		
University of California, RB, Series O, 5.75%, 5/15/34	300	322,272
Utilities 1.9%		
Eastern Municipal Water District, California, COP, Series H, 5.00%, 7/01/33	250	239,778
Total Municipal Bonds Transferred to Tender Option Bond Trusts 16.8%		2,087,028
Total Long-Term Investments		
(Cost \$18,953,553) 148.0%		18,407,496

Short-Term Securities	Shares	Value
CMA California Municipal Money Fund, 0.04% (b)(c)	1,637,526	\$ 1,637,526
Total Short-Term Securities		
(Cost \$1,637,526) 13.1%		1,637,526
Total Investments (Cost \$20,591,079*) 161.1%		20,045,022
Liabilities in Excess of Other Assets (3.6)%		(445,496)
Liability for Trust Certificates, Including Interest Expense and Fees Payable (9.9)%		(1,233,307)
Preferred Shares, at Redemption Value (47.6)%		(5,925,376)
Net Assets Applicable to Common Shares 100.0%		\$ 12,440,843

* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 19,381,083
Gross unrealized appreciation	\$ 230,421
Gross unrealized depreciation	(799,365)
Net unrealized depreciation	\$ (568,944)

- (a) Securities represent bonds transferred to a tender option bond trust in exchange for which the Trust acquired the residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (b) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate

Income

	Net Activity	
CMA California Municipal Money Fund	1,105,390	\$ 6,325

(c) Represents the current yield as of report date.

Effective August 1, 2008, the Trust adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical securities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of July 31, 2009 in determining the fair valuation of the Trust's investments:

Valuation Inputs		Investments in Securities
		Assets
Level 1	Short-Term Securities	\$ 1,637,526
Level 2	Long-Term Investments	18,407,496
Level 3		
Total		\$ 20,045,022

¹ See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

Schedule of Investments July 31, 2009

BlackRock California Municipal Income Trust (BFZ)
 (Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
California 109.5%		
Corporate 3.3%		
California Pollution Control Financing Authority, RB, Waste Management Inc. Project, Series C, AMT, 6.75%, 12/01/27	\$ 2,475	\$ 2,546,725
City of Chula Vista California, RB, San Diego Gas, Series A, Remarketed, 5.88%, 2/15/34	680	689,316
Los Angeles Regional Airports Improvement Corp., California, RB, Series C, AMT, 7.50%, 12/01/24	4,110	3,181,921
		6,417,962
County/City/Special District/School District 36.8%		
Butte-Glenn Community College District, GO, Election of 2002, Series C, 5.50%, 8/01/30	4,425	4,555,316
Chino Basin Desalter Authority, Refunding RB, Series A (AGC), 5.00%, 6/01/35	5,275	5,010,670
Elk Grove Unified School District, California, Special Tax, CAB, Community Facilities No. 1 (AMBAC) (a):		
5.60%, 12/01/29	7,485	2,001,190
5.60%, 12/01/30	7,485	1,855,457
5.60%, 12/01/31	7,485	1,708,975
Huntington Beach Union High School District, California, GO, CAB, Election of 2004 (FGIC), 5.02%, 8/01/33 (a)	5,000	969,750
Lathrop Financing Authority, RB, Water Supply Project:		
5.90%, 6/01/27	2,855	2,290,224
6.00%, 6/01/35	5,140	3,871,859
Live Oak Unified School District, GO, CAB, Election of 2004, Series B, (Syncora) (a)(b):		
5.59%, 8/01/18	985	294,377
5.60%, 8/01/18	1,030	290,800
5.61%, 8/01/18	1,080	287,993
5.62%, 8/01/18	1,125	283,297
5.63%, 8/01/18	1,175	279,368
5.64%, 8/01/18	1,230	276,061
5.65%, 8/01/18	1,285	272,189
5.66%, 8/01/18	1,340	267,826
5.67%, 8/01/18	1,400	263,984
5.68%, 8/01/18	1,465	260,565
Long Beach Unified School District, California, GO, Election of 2008, Series A, 5.75%, 8/01/33	2,135	2,237,032
Los Angeles Municipal Improvement Corp., RB, Real Property, Series B (AGC), 5.50%, 4/01/30	2,570	2,602,459
Modesto Irrigation District, COP, Series B, 5.50%, 7/01/35	3,300	3,250,533
Pittsburg Redevelopment Agency, TAN, Refunding, Subordinate, Los Medanos Community Project, Series A, 6.50%, 9/01/28	2,500	2,581,100
Rancho Cucamonga Redevelopment Agency, California, TAN, Rancho Redevelopment Project (MBIA), 5.13%, 9/01/30	15,500	13,487,790
San Diego Regional Building Authority, California, RB, County Operations Center & Annex, Series A, 5.38%, 2/01/36	2,900	2,901,073
San Jose Unified School District, Santa Clara County California, GO, Election of 2002, Series D, 5.00%, 8/01/32	2,875	2,794,615
Santa Ana Unified School District, GO, Election of 2008, Series A, 5.13%, 8/01/33	8,000	7,695,600

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Santa Cruz County Redevelopment Agency, California, TAN, Live Oak, Soquel Community Improvement, Series A, 7.00%, 9/01/36	1,200	1,220,712
Torrance Unified School District, California, GO, Election of 2008, Measure Z, 6.00%, 8/01/33	2,500	2,649,825

Municipal Bonds	Par (000)	Value
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California (continued)

County/City/Special District/School District (concluded)

Val Verde Unified School District, California, Special Tax, Refunding, Junior Lien, 6.25%, 10/01/28	\$ 2,245	\$ 1,974,163
Westminster Redevelopment Agency, California, TAN, Subordinate, Commercial Redevelopment Project No. 1 (AGC), 6.25%, 11/01/39	2,350	2,440,710

70,875,513

Education 9.4%

California Infrastructure & Economic Development Bank, RB, J David Gladstone Institute Project, 5.25%, 10/01/34	15,250	14,069,955
Oak Grove School District, California, GO, Election of 2008, Series A, 5.50%, 8/01/33	4,000	4,058,400

18,128,355

Health 18.2%

ABAG Finance Authority for Nonprofit Corps, RB, Sharp Healthcare, 6.25%, 8/01/39	3,000	2,991,930
California Health Facilities Financing Authority, California, RB, Catholic Healthcare West, Series A, 6.00%, 7/01/34	3,000	2,916,750
California Infrastructure & Economic Development Bank, RB, Kaiser Hospital Assistance I, LLC, Series A, 5.55%, 8/01/31	13,500	13,314,510
California Statewide Communities Development Authority, RB, Catholic Healthcare West: Series B, 5.50%, 7/01/30	3,000	2,765,460
Series E, 5.50%, 7/01/31	2,000	1,828,840
California Statewide Communities Development Authority, RB: Daughters of Charity Health, Series A, 5.25%, 7/01/30	2,000	1,565,360
Sutter Health, Series B, 5.63%, 8/15/42	10,000	9,587,900

34,970,750

Housing 3.3%

City of San Jose California, RB, Villages Parkway Senior Apartments, Series D (FNMA), AMT, 5.50%, 4/01/34	3,595	3,356,040
Santa Clara County Housing Authority, California, RB, Series A: John Burns Gardens Apartments Project, AMT, 5.85%, 8/01/31	1,715	1,731,172
Rivertown Apartments Project, AMT, 6.00%, 8/01/41	1,235	1,232,209

6,319,421

State 10.4%

California State Public Works Board, RB, Department Development Services, Porterville, Series C: 6.00%, 4/01/26	1,165	1,181,951
6.00%, 4/01/27	1,355	1,371,707
California State Public Works Board, RB, Department Education, Riverside Campus Project, Series B: 6.00%, 4/01/27	1,675	1,695,653
6.50%, 4/01/34	5,000	5,282,250
State of California, GO, Various Purpose, 6.50%, 4/01/33	9,700	10,486,864

20,018,425

Transportation 15.7%

County of Orange California, RB, Series B, 5.75%, 7/01/34	3,000	3,048,810
County of Sacramento California, RB, Senior, Series B, 5.75%, 7/01/39	1,350	1,309,649

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock California Municipal Income Trust (BFZ)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
California (concluded)		
Transportation (concluded)		
Foothill Eastern Transportation Corridor Agency, California, Refunding RB:		
5.75%, 1/15/40	\$ 10,030	\$ 7,773,451
CAB, 5.88%, 1/15/26 (c)	5,000	4,237,750
CAB, 6.09%, 1/15/33 (a)	5,000	666,300
CAB, 6.09%, 1/15/34 (a)	5,000	611,400
CAB, 6.18%, 1/15/35 (a)	13,445	1,508,798
Port of Oakland, RB (MBIA), AMT:		
Series K, AMT, 5.75%, 11/01/29	3,970	3,708,774
Series L, 5.38%, 11/01/27	3,710	3,377,955
San Francisco City & County Airports Commission, Refunding RB, 2nd Series A-3, AMT, 6.75%, 5/01/19	3,775	3,956,577
		30,199,464
Utilities 12.4%		
California Infrastructure & Economic Development Bank, RB, California Independent System Operator, Series A, 6.25%, 2/01/39	2,500	2,543,750
Calleguas-Las Virgenes Public Financing Authority, California, RB, Calleguas Municipal Water District Project, Series A (FGIC), 5.13%, 7/01/32	5,475	5,488,961
City of Richmond California, RB, CAB (FGIC), 5.76%, 8/01/31 (a)(d)	1,905	623,735
Los Angeles Department of Water & Power, RB, System, Series A:		
5.38%, 7/01/34	1,400	1,420,076
5.38%, 7/01/38	1,800	1,820,466
San Diego County Water Authority, COP, Series 2008 A, COP (FSA), 5.00%, 5/01/33	6,040	5,916,180
San Diego Public Facilities Financing Authority, RB, Senior, Series A:		
5.25%, 5/15/34	4,000	3,961,880
5.25%, 5/15/39	2,250	2,193,255
		23,968,303
Total Municipal Bonds in California		210,898,193
Multi-State (e)(f) 6.1%		
Housing 6.1%		
Charter Mac Equity Issuer Trust, 6.80%, 11/30/50	4,000	4,131,920
MuniMae TE Bond Subsidiary LLC, 6.30%, 6/30/49	7,000	5,669,860
MuniMae TE Bond Subsidiary LLC, 6.80%, 6/30/50	3,000	1,949,310
Total Municipal Bonds in Multi-State		11,751,090

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Total Municipal Bonds	115.6%	222,649,283
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Municipal Bonds Transferred to Tender Option Bond Trusts (g)	Par (000)	Value
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California 47.3%

County/City/Special District/School District 23.9%

Los Angeles Community College District, California, GO, 2008 Election, Series A, 6.00%, 8/01/33	\$ 9,596	\$ 10,325,918
Mount San Antonio Community College District, California, GO, Election 2001, Series C (FSA), 5.00%, 9/01/31	10,770	10,365,479
San Diego Community College District, California, GO, Election 2002 (FSA): 5.00%, 5/01/25	10,615	10,831,763
5.25%, 8/01/33	4,487	4,560,305
Santa Clara County Financing Authority, Refunding, RB, Lease Series L, 5.25%, 5/15/36	10,000	9,942,169
		46,025,634

Education 19.2%

California Educational Facilities Authority, RB, Stanford University, Series Q, 5.25%, 12/01/32	10,000	10,228,912
California Educational Facilities Authority, RB, University Southern California, Series A, 5.25%, 10/01/39	6,900	7,112,106
Los Angeles Unified School District, California, GO, Series I, 5.00%, 1/01/34	5,000	4,815,550
San Diego Community College District, California, GO, Election 2006 (FSA), 5.00%, 8/01/32	9,000	8,748,360
University of California, RB, Series O, 5.75%, 5/15/34	5,595	6,010,373
		36,915,301

Utilities 4.2%

Eastern Municipal Water District, California, COP, Series H, 5.00%, 7/01/33	8,356	8,018,201
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Total Municipal Bonds Transferred to Tender Option Bond Trusts	47.3%	90,959,136
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Total Long-Term Investments (Cost \$329,769,436) 162.9%	313,608,419
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Short-Term Securities	Shares
CMA California Municipal Money Fund, 0.04% (h)(i)	3,630,796

Total Short-Term Securities (Cost \$3,630,796) 1.9%	3,630,796
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Total Investments (Cost \$333,400,232*)	164.8%	317,239,215
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Other Assets Less Liabilities	1.4%	2,748,839
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Liability for Trust Certificates, Including Interest Expense and Fees Payable	(29.3)%	(56,432,724)
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Preferred Shares, at Redemption Value	(36.9)%	(71,004,510)
Net Assets Applicable to Common Shares	100.0%	\$ 192,550,820

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock California Municipal Income Trust (BFZ)

- * The cost and unrealized appreciation (depreciation) of investments as of July 31, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 276,419,926
Gross unrealized appreciation	\$ 3,850,332
Gross unrealized depreciation	(19,409,820)
Net unrealized depreciation	\$ (15,559,488)

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) US government securities, held in escrow, are used to pay interest on this security as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (d) Security is collateralized by Municipal or US Treasury Obligations.
- (e) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (f) Security represents a beneficial interest in a trust. The collateral deposited into the trust is federally tax-exempt revenue bonds issued by various state or local governments, or their respective agencies or authorities. The security is subject to remarketing prior to its stated maturity, and is subject to mandatory redemption at maturity.
- (g) Securities represent bonds transferred to a tender option bond trust in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (h) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
CMA California Municipal Money Fund	(13,825,340)	\$ 75,890

- (i) Represents the current yield as of report date.

Effective August 1, 2008, the Trust adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair

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values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical securities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of July 31, 2009 in determining the fair valuation of the Trust's investments:

Valuation Inputs		Investments in Securities
		Assets
Level 1	Short-Term Securities	\$ 3,630,796
Level 2	Long-Term Investments	313,608,419
Level 3		
Total		\$ 317,239,215

¹ See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

Schedule of Investments July 31, 2009

BlackRock Florida Municipal 2020 Term Trust (BFO)
 (Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Florida 148.2%		
Corporate 8.3%		
County of Escambia Florida, RB, Series A, Environmental, AMT, 5.75%, 11/01/27	\$ 4,000	\$ 3,265,200
Hillsborough County IDA, RB, Tampa Electric Co. Project, 5.50%, 10/01/23	1,955	1,896,858
Hillsborough County IDA, RB, Tampa Electric, Series A, Remarketed, 5.65%, 5/15/18	1,000	1,015,820
		6,177,878
County/City/Special District/School District 69.7%		
Broward County School Board, Florida, COP, Series A (FSA), 5.25%, 7/01/22	2,500	2,589,900
County of Hillsborough Florida, RB (AMBAC), 5.00%, 11/01/20	5,545	5,820,864
County of Miami-Dade Florida, RB, Sub-Series B (MBIA), 5.63%, 10/01/32 (a)	7,560	1,531,505
County of Miami-Dade Florida, Refunding RB, Sub-Series A (MBIA) (a):		
5.31%, 10/01/19	5,365	2,931,221
5.29%, 10/01/20	10,000	5,095,500
County of Orange Florida, Refunding RB, Series A (MBIA), 5.13%, 1/01/22	2,200	2,243,714
Crossings At Fleming Island Community Development District, RB, 6.75%, 10/01/09 (b)	4,400	4,529,404
Hillsborough County School Board, COP (MBIA), 5.00%, 7/01/27	1,000	997,610
Miami-Dade County Educational Facilities Authority, Florida, RB, University Miami, Series A (AMBAC), 5.00%, 4/01/14 (b)	2,000	2,284,700
Miami-Dade County School Board, Florida, COP, Series B (AGC), 5.25%, 5/01/21	4,000	4,147,320
Northern Palm Beach County Improvement District, RB, Water Control & Improvement 43:		
6.10%, 8/01/11 (b)	2,735	2,968,514
6.10%, 8/01/21	380	351,089
Northern Palm Beach County Improvement District, Special Assessment, Refunding, Water Control & Improvement, No. 43, Series B (ACA):		
4.50%, 8/01/22	1,000	658,620
5.00%, 8/01/31	1,000	585,360
Sterling Hill Community Development District, Special Assessment, Series A, 6.10%, 5/01/23	4,105	3,771,428
Stevens Plantation Improvement Project Dependent Special District, RB, 6.38%, 5/01/13	2,425	1,920,479
Tolomato Community Development District, Special Assessment, 6.38%, 5/01/17	1,300	1,074,814
Village Center Community Development District Recreational RB, Sub-Series B, 6.35%, 1/01/18	2,000	1,818,700
Village Center Community Development District Utility RB (MBIA), 5.25%, 10/01/23	5,000	4,654,100
Village Community Development District No. 5, Florida, Special Assessment, Series A, 6.00%, 5/01/22	1,310	1,271,289
Watergrass Community Development District, Special Assessment, Series B, 5.13%, 11/01/14	1,000	525,370
		51,771,501
Education 1.0%		
Orange County Educational Facilities Authority, RB, Rollins College Project (AMBAC), 5.25%, 12/01/22	725	753,398

Municipal Bonds	Par (000)	Value
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Florida (concluded)

Health 17.2%

Escambia County Health Facilities Authority, RB, Florida Health Care Facilities Loan, VHA Program (AMBAC), 5.95%, 7/01/20	\$ 471	\$ 486,957
Halifax Hospital Medical Center, Refunding RB & Improvement, Series A, 5.25%, 6/01/26	2,500	2,199,075
Hillsborough County IDA, RB, H. Lee Moffitt Cancer Center Project, Series A, 5.25%, 7/01/22	1,500	1,466,925
Lee County IDA, Florida, Refunding RB, Shell Point, Alliance Community Project, 5.00%, 11/15/22	1,500	1,123,605
Marion County Hospital District, Florida, Refunding RB & Improvement, Health System, Munroe Registered, 5.00%, 10/01/22	1,500	1,316,115
Miami Beach Health Facilities Authority, Refunding RB, Mount Sinai Medical Center Florida, 6.75%, 11/15/21	1,310	1,106,164
Orange County Health Facilities Authority, RB, Hospital, Adventist Health System, 5.63%, 11/15/12 (b)	4,450	5,030,725
		12,729,566

Housing 4.1%

Florida Housing Finance Corporation, RB, Homeowner Mortgage, Series 2 (GNMA), AMT, 4.70%, 7/01/22	2,165	2,090,069
Jacksonville HFA, RB, Series A-1 (GNMA), AMT, 5.63%, 10/01/39	935	953,803
		3,043,872

State 15.3%

Florida Municipal Loan Council, RB, CAB, Series A (MBIA), 5.17%, 4/01/20 (a)	4,000	2,337,560
Florida State Board of Education, GO, Public Education: Series I, 5.00%, 6/01/18	500	543,625
Series J (AMBAC), 5.00%, 6/01/24	6,150	6,398,521
Florida State Board of Education, RB, Series B 5.00%, 7/01/23	2,000	2,047,040
		11,326,746

Transportation 4.0%

County of Lee Florida, Refunding RB, Series B (AMBAC), 5.00%, 10/01/22	3,000	3,001,140
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Utilities 28.6%

City of Deltona Florida, RB (MBIA), 5.00%, 10/01/23	1,095	1,105,578
City of Lakeland Florida, Refunding RB & Improvement, 5.00%, 10/01/27	1,000	1,011,310
City of Marco Island Florida, RB (MBIA): 5.25%, 10/01/21	1,000	1,014,480
5.00%, 10/01/22	2,000	2,000,600
5.00%, 10/01/23	1,375	1,361,154
City of Palm Coast Florida, RB (MBIA): 5.00%, 10/01/22	1,770	1,783,965
5.00%, 10/01/23	1,485	1,493,212
5.00%, 10/01/24	1,500	1,506,045
Sumter County IDA, RB, North Sumter Utility Co. LLC, AMT, 6.80%, 10/01/32	1,165	992,592
Tohopekaliga Water Authority, RB (FSA): Series A, 5.00%, 10/01/21	3,630	3,700,386
Series A, 5.00%, 10/01/23	2,000	2,024,600
Series B, 5.00%, 10/01/22	1,975	2,023,328
Series B, 5.00%, 10/01/23	1,180	1,203,919
		21,221,169

Total Municipal Bonds in Florida

110,025,270

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock Florida Municipal 2020 Term Trust (BFO)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
U.S. Virgin Islands 1.6%		
Corporate 1.6%		
Virgin Islands Public Finance Authority, RB, Senior Secured, Hovensa Refinery, AMT, 4.70%, 7/01/22	\$ 1,500	\$ 1,233,105
Total Municipal Bonds in the U.S. Virgin Islands		1,233,105
Total Municipal Bonds 149.8%		111,258,375
Municipal Bonds Transferred to Tender Option Bond Trusts (c)		
County/City/Special District/School District 8.8%		
Palm Beach County School Board, Florida, COP, Refunding, Series D (FSA), 5.00%, 8/01/28	6,510	6,511,823
Housing 3.2%		
Manatee County HFA, RB, Series A (GNMA), AMT, 5.90%, 9/01/40	917	922,509
Lee County HFA, RB, Multi-County Program, Series A-2 (GNMA), AMT, 6.00%, 9/01/40	1,380	1,483,528
		2,406,037
Total Municipal Bonds Transferred to Tender Option Bond Trusts 12.0%		8,917,860
Total Long-Term Investments (Cost \$126,088,078) 161.8%		120,176,235
Short-Term Securities	Shares	
CMA Florida Municipal Money Fund, 0.04% (d)(e)	120,735	120,735
Total Short-Term Securities (Cost \$120,735) 0.2%		120,735
Total Investments (Cost \$126,208,813*) 162.0%		120,296,970
Other Assets Less Liabilities 2.1%		1,531,082
Liability for Trust Certificates, Including Interest Expense and Fees Payable (6.3)%		(4,667,841)

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Preferred Shares, at Redemption Value	(57.8)%	(42,904,262)
Net Assets Applicable to Common Shares	100.0%	\$ 74,255,949

* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 121,518,412
Gross unrealized appreciation	\$ 1,341,818
Gross unrealized depreciation	(7,196,833)
Net unrealized depreciation	\$ (5,855,015)

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) Securities represent bonds transferred to a tender option bond trust in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (d) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
CMA Florida Municipal Money Fund	(281,811)	\$ 19,328

- (e) Represents the current yield as of report date.

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical securities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the

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Notes to Financial Statements.

The following table summarizes the inputs used as of July 31, 2009 in determining the fair valuation of the Trust's investments:

Valuation Inputs		Investments in Securities
		Assets
Level 1	Short Term Securities	\$ 120,735
Level 2	Long Term Investments	120,176,235
Level 3		
Total		\$ 120,296,970

¹ See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

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Schedule of Investments July 31, 2009

BlackRock Investment Quality Municipal Income Trust (RFA)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
California 14.4%		
California Health Facilities Financing Authority, California, RB, Catholic Healthcare West, Series A, 6.00%, 7/01/39	\$ 130	\$ 125,787
California State Public Works Board, RB, Department General Services, Buildings 8 & 9, Series A, 6.25%, 4/01/34	300	304,530
San Diego Public Facilities Financing Authority, RB, Series B, 5.50%, 8/01/39	615	617,491
San Diego Regional Building Authority, California, RB, County Operations Center & Annex, Series A, 5.38%, 2/01/36	240	240,089
San Francisco City & County Airports Commission, Refunding RB, 2nd Series A-3, AMT, 6.75%, 5/01/19	500	524,050
		<hr/> 1,811,947
Florida 34.3%		
Arborwood Community Development District, Special Assessment, Master Infrastructure Projects, Series B, 5.10%, 5/01/14	215	150,874
Ave Maria Stewardship Community Development District, Special Assessment, BAN, 4.80%, 11/01/12	500	340,650
Broward County, HFA, RB, Series E, AMT, 5.90%, 10/01/39	215	216,888
Capital Region Community Development District, Florida, Special Assessment, Capital Improvement, Series A, 7.00%, 5/01/39	125	91,059
City of Boynton Beach Florida, Refunding RB (FGIC), 6.25%, 11/01/20 (a)	170	208,610
County of Miami-Dade Florida, RB, Miami International Airport, Series A (FSA), AMT, 5.50%, 10/01/41	115	103,255
County of Miami-Dade Florida, RB, Sub-Series B (MBIA), 5.65%, 10/01/31 (b)	5,000	1,091,700
County of Saint Johns Florida, RB, CAB (AMBAC), 5.40%, 6/01/32 (b)	1,000	242,230
Florida Higher Educational Facilities Financial Authority, RB, Flagler College Inc. Project (Syncora), 5.25%, 11/01/36	555	461,249
Heritage Harbour North Community Development District, Special Assessment, 6.38%, 5/01/38	240	161,928
Jacksonville Economic Development Commission, RB, Metropolitan Parking Solutions Project (ACA), AMT, 5.50%, 10/01/30	500	383,815
Miami Beach Health Facilities Authority, Refunding RB, Mount Sinai Medical Center Florida, 6.75%, 11/15/21	230	194,212
New River Community Development District, Special Assessment, Series B, 5.00%, 5/01/13 (c)(d)	250	107,790
Tolomato Community Development District, Special Assessment, Special Assessment, 6.55%, 5/01/27	250	181,393
Village Center Community Development District Recreational RB, Series A (MBIA), 5.00%, 11/01/32	450	366,345
		<hr/> 4,301,998

Municipal Bonds	Par (000)	Value
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Georgia 4.4%

Municipal Electric Authority of Georgia, RB, General Resolution Projects, Sub-Series D, 6.00%, 1/01/23	\$	500	\$	556,120
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Illinois 4.2%

Illinois Finance Authority, RB, Series A:				
Northwestern Memorial Hospital, 6.00%, 8/15/39		250		258,368
Rush University Medical Center Obligation Group, 7.25%, 11/01/30		250		266,425
				524,793

Indiana 2.8%

Indiana Municipal Power Agency, Indiana, RB, Indiana Muni Power Agency Series B, 6.00%, 1/01/39		335		347,914
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Kansas 2.0%

Kansas Development Finance Authority, RB, Adventist Health, 5.50%, 11/15/29		250		250,953
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Kentucky 3.5%

Louisville & Jefferson County Metropolitan Government RB:				
Jewish Hospital Saint Marys Healthcare, 6.13%, 2/01/37		215		214,290
Parking Authority, Series A, 5.75%, 12/01/34		220		231,321
				445,611

Maine 1.9%

Maine State Housing Authority, Maine, RB, Series C, AMT, 5.45%, 11/15/23		235		235,101
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Massachusetts 6.0%

Massachusetts HFA, Massachusetts, RB, Housing, Series F, AMT, 5.70%, 6/01/40		250		239,497
Massachusetts Health & Educational Facilities Authority, RB, Tufts University, 5.38%, 8/15/38		250		260,810
Massachusetts State College Building Authority, RB, Series A, 5.50%, 5/01/39		250		256,428
				756,735

Michigan 5.0%

Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 6.00%, 10/15/38		250		257,092
Royal Oak Hospital Finance Authority, Michigan, RB, William Beaumont Hospital, 8.25%, 9/01/39		325		366,623
				623,715

Nevada 2.1%

City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34		250		263,645
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See Notes to Financial Statements.

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JULY 31, 2009

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Schedule of Investments (continued)

BlackRock Investment Quality Municipal Income Trust (RFA)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
New Jersey 3.7%		
New Jersey EDA, Refunding RB, School Facilities Construction, Series AA, 5.50%, 12/15/29	\$ 250	\$ 263,817
New Jersey Transportation Trust Fund Authority, New Jersey, RB, Transportation System, Series A, 5.88%, 12/15/38	190	201,286
		465,103
New York 6.3%		
New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-3, 5.25%, 1/15/39	250	249,620
New York State Dormitory Authority, RB, Education, Series B, 5.25%, 3/15/38	300	305,196
Triborough Bridge & Tunnel Authority, New York, RB, General Purpose, Series A-2, 5.38%, 11/15/38	225	232,542
		787,358
Pennsylvania 7.6%		
Pennsylvania Economic Development Financing Authority, RB, Pennsylvania, American Water Co. Project, 6.20%, 4/01/39	300	312,132
Pennsylvania Turnpike Commission, RB: Sub-Series B, 5.25%, 6/01/39	425	410,563
Sub-Series C (AGC), 6.25%, 6/01/38	215	237,564
		960,259
Puerto Rico 4.8%		
Puerto Rico HFA, RB, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27	225	225,248
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 5.75%, 8/01/37	385	380,773
		606,021
Texas 7.0%		
Conroe ISD, Texas, GO, School Building, Series A, 5.75%, 2/15/35	140	146,924
Harris County Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B, 7.13%, 12/01/31	250	269,850
Houston Texas Airport Systems Revenue, ARB, Refunding, Senior Lien, Series A, 5.50%, 7/01/39	85	83,345
Lower Colorado River Authority, Refunding RB, 5.75%, 5/15/28	120	123,857
North Texas Tollway Authority, Refunding RB, System, First Tier, Series K-1 (AGC), 5.75%, 1/01/38	250	260,690
		884,666
Virginia 2.2%		
Virginia Public School Authority, Virginia, RB, School Financing, 6.50%, 12/01/35	250	279,455
Total Municipal Bonds 112.2%		14,101,394

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Municipal Bonds Transferred to Tender Option Bond Trusts (e)	Par (000)	Value
California 10.7%		
California Educational Facilities Authority, RB, University Southern California, Series A, 5.25%, 10/01/39	\$ 300	\$ 309,222
Los Angeles Community College District, California, GO, 2008 Election, Series A, 6.00%, 8/01/33	700	752,932
Los Angeles Unified School District, California, GO, Series I, 5.00%, 1/01/34	60	57,787
University of California, RB, Series O, 5.75%, 5/15/34	210	225,590
		1,345,531
District of Columbia 4.1%		
District of Columbia, RB, Series A, 5.50%, 12/01/30	195	209,625
District of Columbia Water & Sewer Authority, RB, Series A, 5.50%, 10/01/39	300	311,804
		521,429
Florida 9.2%		
Hillsborough County Aviation Authority, Florida, RB, Series A (AGC), AMT, 5.50%, 10/01/38	280	253,607
JEA, RB, Issue Three, Series Two, River Power Park, 5.00%, 10/01/37	210	201,415
Lee County HFA, RB, Multi-County Program, Series A-2 (GNMA), AMT, 6.00%, 9/01/40	450	483,759
Manatee County HFA, RB, Series A (GNMA), AMT, 5.90%, 9/01/40	220	221,564
		1,160,345
Illinois 5.6%		
Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/38	400	441,044
Illinois State Toll Highway Authority, RB, Series B, 5.50%, 1/01/33	250	261,417
		702,461
Nevada 4.2%		
Clark County Water Reclamation District, GO, Limited Tax, 6.00%, 7/01/38	500	533,000
New Hampshire 1.4%		
New Hampshire Health & Education Facilities Authority, RB, Dartmouth College, 5.25%, 6/01/39	165	171,855
New York 4.2%		
New York City Municipal Water Finance Authority, RB:		
Fiscal 2009, Series A, 5.75%, 6/15/40	240	257,047
Series FF-2, 5.50%, 6/15/40	255	267,896
		524,943
South Carolina 4.3%		
South Carolina State Public Service Authority, RB, Santee Cooper Series A, 5.50%, 1/01/38	510	536,377
Texas 5.6%		
City of San Antonio, Texas, Refunding RB, Series A, 5.25%, 2/01/31	300	308,521
Harris County Cultural Education Facilities Finance Corp., RB, Texas Children's Hospital Project, 5.50%, 10/01/39	400	399,380
		707,901

See Notes to Financial Statements.

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ANNUAL REPORT

JULY 31, 2009

Schedule of Investments (concluded)

BlackRock Investment Quality Municipal Income Trust (RFA)
(Percentages shown are based on Net Assets)

Municipal Bonds Transferred to Tender Option Bond Trusts (e)	Par (000)	Value
Virginia 1.1%		
Fairfax County IDA, Virginia, RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35	\$ 130	\$ 132,161
Total Municipal Bonds Transferred to Tender Option Bond Trusts 50.4%		6,336,003
Total Long-Term Investments (Cost \$21,059,938) 162.6%		20,437,397

Short-Term Securities	Shares	
FFI Institutional Tax-Exempt Fund, 0.42% (f)(g)	100,105	100,105
Total Short-Term Securities (Cost \$100,105) 0.8%		100,105
Total Investments (Cost \$21,160,043*) 163.4%		20,537,502
Other Assets Less Liabilities 1.1%		131,224
Liability for Trust Certificates, Including Interest Expense and Fees Payable (28.1)%		(3,528,242)
Preferred Shares, at Redemption Value (36.4)%		(4,575,218)
Net Assets Applicable to Common Shares 100.0%		\$ 12,565,266

* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 17,680,547
Gross unrealized appreciation	\$ 656,592
Gross unrealized depreciation	(1,323,747)
Net unrealized depreciation	\$ (667,155)

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- (a) Security is collateralized by Municipal or US Treasury Obligations.
- (b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) Non-income producing security.
- (d) Issuer filed for bankruptcy and/or is in default of interest payments.
- (e) Securities represent bonds transferred to a tender option bond trust in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (f) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
CMA Florida Municipal Money Fund	(519,263)	\$ 10,238
FFI Institutional Tax-Exempt Fund	100,105	\$ 485

- (g) Represents the current yield as of report date.

Effective August 1, 2008, the Trust adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical securities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of July 31, 2009 in determining the fair valuation of the Trust's investments:

Valuation Inputs	Investments in Securities
	Assets
Level 1 Short-Term Securities	\$ 100,105
Level 2 Long-Term Investments	20,437,397
Level 3	
Total	\$ 20,537,502

¹ See above Schedule of Investments for values in each state.

See Notes to Financial Statements.

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Schedule of Investments July 31, 2009

BlackRock Municipal Income Investment Trust (BBF)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
California 10.3%		
County/City/Special District/School District 1.9%		
San Diego Regional Building Authority, California, RB, County Operations Center & Annex, Series A, 5.38%, 2/01/36	\$ 1,600	\$ 1,600,592
Health 1.0%		
California Health Facilities Financing Authority, California, RB, Catholic Healthcare West, Series A, 6.00%, 7/01/39	890	861,155
State 2.5%		
California State Public Works Board, RB, Department General Services, Buildings 8 & 9, Series A, 6.25%, 4/01/34	2,075	2,106,332
Utilities 4.9%		
San Diego Public Facilities Financing Authority, RB, Series B, 5.50%, 8/01/39	4,210	4,227,050
Total Municipal Bonds in California		8,795,129
District of Columbia 1.2%		
Utilities 1.2%		
District of Columbia Water & Sewer Authority, RB, Series A, 5.25%, 10/01/29	1,000	1,033,740
Total Municipal Bonds in District of Columbia		1,033,740
Florida 54.0%		
County/City/Special District/School District 29.0%		
Ave Maria Stewardship Community Development District, Special Assessment, BAN, 4.80%, 11/01/12	1,000	681,300
Capital Region Community Development District, Florida, Special Assessment, Capital Improvement, Series A, 7.00%, 5/01/39	640	466,221
City of Jacksonville Florida, RB (MBIA), 5.00%, 10/01/26	4,000	4,034,040
County of Miami-Dade Florida, RB (a):		
Sub-Series B (MBIA), 5.61%, 10/01/33	9,700	1,825,637
Sub-Series C (MBIA), 5.63%, 10/01/28	23,630	6,534,876
Heritage Harbour North Community Development District, Special Assessment, 6.38%, 5/01/38	1,430	964,821
Laguna Lakes Community Development District, Florida, RB, Series A, 6.40%, 5/01/13 (b)	1,550	1,827,450
New River Community Development District, Special Assessment, Series B, 5.00%, 5/01/13 (c)(d)	1,500	646,740
Northern Palm Beach County Improvement District, RB:		

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Water Control & Improvement, Unit Development No. 43, 6.13%, 8/01/11 (b)	2,950	3,291,551
Water Control & Improvement 43, 6.10%, 8/01/11 (b)	1,155	1,253,614
Balance, Water Control Improvement 43, 6.10%, 8/01/11	155	143,208
Tolomato Community Development District, Special Assessment, Special Assessment, 6.55%, 5/01/27	1,250	906,963
Village Center Community Development District Recreational Revenue, RB, Series A (MBIA), 5.00%, 11/01/32	1,795	1,461,310
Village Community Development District No. 5, Florida, Special Assessment, Series A, 6.50%, 5/01/33	65	65,545

Municipal Bonds	Par (000)	Value
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Florida (concluded)

County/City/Special District/School District (concluded)

Watergrass Community Development District, Special Assessment, Series B, 5.13%, 11/01/14	\$ 1,000	\$ 525,370
		24,628,646

Education 9.9%

Capital Projects Finance Authority, RB, Capital Projects Loan Program, Senior Series F-1 (MBIA), 5.00%, 10/01/31	2,185	1,733,579
City of Tampa Florida, RB, University Tampa Project (Radian), 5.63%, 4/01/32	5,400	4,854,870
Volusia County Educational Facility Authority, RB, Educational Facilities, Embry Riddle Aero, Series A, 5.75%, 10/15/29	2,000	1,862,100
		8,450,549

Health 7.8%

Escambia County Health Facilities Authority, RB, Florida Health Care Facilities Loan, VHA Program (AMBAC), 5.95%, 7/01/20	664	685,873
Highlands County Health Facilities Authority, RB, Hospital, Adventist, Sunbelt, Series A, 6.00%, 11/15/11 (b)	4,150	4,654,847
Miami Beach Health Facilities Authority, Refunding RB, Mount Sinai Medical Center Florida, 6.75%, 11/15/21	1,565	1,321,486
		6,662,206

Transportation 1.2%

Miami-Dade County Expressway Authority, Florida, Refunding RB (MBIA), 5.13%, 7/01/25	1,000	1,006,540
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Utilities 6.1%

City of Tampa Florida, Refunding RB, Series A, 5.00%, 10/01/26	4,000	4,054,640
County of Saint Johns Florida, RB, CAB (AMBAC), 5.34%, 6/01/30 (a)	3,945	1,098,919
		5,153,559

Total Municipal Bonds in Florida

45,901,500

Georgia 3.8%

Utilities 3.8%

Municipal Electric Authority of Georgia, RB, General Resolution Projects, Sub-Series D, 6.00%, 1/01/23	2,900	3,225,496
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Total Municipal Bonds in Georgia	3,225,496
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Illinois 4.3%

Health 4.3%

Illinois Finance Authority, RB:

Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39	1,900	1,963,593
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Rush University Medical Center Obligation Group, Series B, 7.25%, 11/01/30	1,600	1,705,120
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3,668,713

Total Municipal Bonds in Illinois	3,668,713
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See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Municipal Income Investment Trust (BBF)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Indiana 2.7%		
Utilities 2.7%		
Indiana Municipal Power Agency, Indiana, RB, Indiana Muni Power Agency Series B, 6.00%, 1/01/39	\$ 2,210	\$ 2,295,195
Total Municipal Bonds in Indiana		2,295,195
Kansas 1.9%		
Health 1.9%		
Kansas Development Finance Authority, RB, Adventist Health, 5.50%, 11/15/29	1,600	1,606,096
Total Municipal Bonds in Kansas		1,606,096
Kentucky 3.6%		
County/City/Special District/School District 1.9%		
Louisville & Jefferson County Metropolitan Government Parking Authority, RB, Series A, 5.75%, 12/01/34	1,500	1,577,190
Health 1.7%		
Louisville, Jefferson County Metropolitan Government, RB, Jewish Hospital Saint Marys Healthcare, 6.13%, 2/01/37	1,450	1,445,215
Total Municipal Bonds in Kentucky		3,022,405
Massachusetts 2.1%		
Education 1.2%		
Massachusetts Health & Educational Facilities Authority, RB, Tufts University, 5.38%, 8/15/38	1,000	1,043,240
State 0.9%		
Massachusetts State College Building Authority, RB, Series A, 5.50%, 5/01/39	750	769,282
Total Municipal Bonds in Massachusetts		1,812,522

Michigan 2.5%**Health 1.3%**

Royal Oak Hospital Finance Authority, Michigan, RB, William Beaumont Hospital, 8.25%, 9/01/39	995	1,122,430
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State 1.2%

Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 6.00%, 10/15/38	1,000	1,028,370
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Total Municipal Bonds in Michigan		2,150,800
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Nevada 2.0%**County/City/Special District/School District 2.0%**

City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34	1,600	1,687,328
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Total Municipal Bonds in Nevada		1,687,328
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New Jersey 1.6%**Transportation 1.6%**

New Jersey Transportation Trust Fund Authority, New Jersey, RB, Transportation System, Series A, 5.88%, 12/15/38	1,295	1,371,923
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Total Municipal Bonds in New Jersey		1,371,923
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Municipal Bonds	Par (000)	Value
New York 7.3%		
County/City/Special District/School District 1.8%		
New York City Transitional Finance Authority, RB, Fiscal 2009, Series S-3, 5.25%, 1/15/39	\$ 1,500	\$ 1,497,720
State 2.4%		
New York State Dormitory Authority, RB, Education, Series B, 5.25%, 3/15/38	2,000	2,034,640
Transportation 1.8%		
Triborough Bridge & Tunnel Authority, New York, RB, General Purpose, Series A-2, 5.38%, 11/15/38	1,510	1,560,615
Utilities 1.3%		
Long Island Power Authority, RB, Series A, 5.50%, 4/01/24	1,055	1,116,528
Total Municipal Bonds in New York		6,209,503

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Pennsylvania 4.0%

Transportation 3.4%

Pennsylvania Turnpike Commission, RB, Sub-Series B, 5.25%, 6/01/39	2,945	2,844,958
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Utilities 0.6%

Pennsylvania Economic Development Financing Authority, RB, Pennsylvania, American Water Co. Project, 6.20%, 4/01/39	500	520,220
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Total Municipal Bonds in Pennsylvania

3,365,178

Puerto Rico 4.8%

Housing 1.8%

Puerto Rico HFA, RB, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27	1,500	1,501,650
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State 3.0%

Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 5.75%, 8/01/37	2,605	2,576,397
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Total Municipal Bonds in Puerto Rico

4,078,047

Texas 7.3%

County/City/Special District/School District 1.1%

Conroe ISD, Texas, GO, School Building, Series A, 5.75%, 2/15/35	890	934,019
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Health 0.6%

Harris County Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B, 7.13%, 12/01/31	500	539,700
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Transportation 2.2%

Houston Texas Airport Systems Revenue, ARB, Refunding, Senior Lien, Series A, 5.50%, 7/01/39 (e)	595	583,415
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North Texas Tollway Authority, Refunding RB, System, First Tier, Series K-1 (AGC), 5.75%, 1/01/38	1,250	1,303,450
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1,886,865

Utilities 3.4%

Lower Colorado River Authority, Refunding RB:		
5.75%, 5/15/28	810	836,033
5.50%, 5/15/33	2,000	2,013,360

2,849,393

Total Municipal Bonds in Texas

6,209,977

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Municipal Income Investment Trust (BBF)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Virginia 1.3%		
State 1.3%		
Virginia Public School Authority, Virginia, RB, School Financing, 6.50%, 12/01/35	\$ 1,000	\$ 1,117,820
Total Municipal Bonds in Virginia		1,117,820
Total Municipal Bonds 114.7%		97,551,372

Municipal Bonds Transferred to
Tender Option Bond Trusts (f)

California 9.7%		
Education 9.7%		
California Educational Facilities Authority, RB, University Southern California, Series A, 5.25%, 10/01/39	1,995	2,056,326
Los Angeles Community College District, California, GO, 2008 Election, Series A, 6.00%, 8/01/33	3,898	4,194,904
Los Angeles Unified School District, California, GO, Series I, 5.00%, 1/01/34	400	385,244
University of California, RB, Series O, 5.75%, 5/15/34	1,500	1,611,361
Total California Municipal Bonds Transferred to Tender Option Bond Trusts		8,247,835

District of Columbia 4.0%

County/City/Special District/School District 1.8%		
District of Columbia, RB, Series A, 5.50%, 12/01/30	1,395	1,499,626
Utilities 2.2%		
District of Columbia Water & Sewer Authority, RB, Series A, 5.50%, 10/01/39	1,799	1,870,823
Total District of Columbia Municipal Bonds Transferred to Tender Option Bond Trusts		3,370,449

Florida 10.1%

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Health 8.9%		
Jacksonville Economic Development Commission, RB, Mayo Clinic Jacksonville, Series B, 5.50%, 11/15/36	7,490	7,540,782

Utilities 1.2%		
Jacksonville Electric Authority, RB, Issue Three, Series Two, River Power Park, 5.00%, 10/01/37	1,110	1,064,624

Total Florida Municipal Bonds Transferred to Tender Option Bond Trusts		8,605,406
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Illinois 3.6%

Education 3.6%		
Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/38	2,800	3,087,308

Total Illinois Municipal Bonds Transferred to Tender Option Bond Trusts		3,087,308
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Nevada 5.6%

County/City/Special District/School District 5.6%		
Clark County Water Reclamation District, GO:		
Limited Tax, 6.00%, 7/01/38	2,500	2,665,000
Series B, 5.50%, 7/01/29	1,994	2,106,669

Total Nevada Municipal Bonds Transferred to Tender Option Bond Trusts		4,771,669
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Municipal Bonds Transferred to Tender Option Bond Trusts (f)	Par (000)	Value
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New Hampshire 1.3%

Education 1.3%		
New Hampshire Health & Education Facilities Authority, RB, Dartmouth College, 5.25%, 6/01/39	\$ 1,094	\$ 1,140,487

Total New Hampshire Municipal Bonds Transferred to Tender Option Bond Trusts		1,140,487
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New York 4.3%

Utilities 4.3%		
New York City Municipal Water Finance Authority, RB:		
Fiscal 2009, Series A, 5.75%, 6/15/40	1,410	1,510,151
Series FF-2, 5.50%, 6/15/40	1,994	2,095,893

Total New York Municipal Bonds Transferred to Tender Option Bond Trusts		3,606,044
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South Carolina 2.2%

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Utilities 2.2%

South Carolina State Public Service Authority, RB, Santee Cooper Series A, 5.50%, 1/01/38	1,755	1,845,769
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Total South Carolina Municipal Bonds Transferred to Tender Option Bond Trusts	1,845,769
--	------------------

Texas 5.7%

Health 3.2%

Harris County Cultural Education Facilities Finance Corp., RB, Texas Children's Hospital Project, 5.50%, 10/01/39	2,750	2,745,738
---	-------	-----------

Utilities 2.5%

City of San Antonio, Texas, RB, Refunding, Series A, 5.25%, 2/01/31	2,025	2,082,515
---	-------	-----------

Total Texas Municipal Bonds Transferred to Tender Option Bond Trusts	4,828,253
---	------------------

Virginia 1.1%

Health 1.1%

Fairfax County IDA, Virginia, RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35	899	914,958
--	-----	---------

Total Virginia Municipal Bonds Transferred to Tender Option Bond Trusts	914,958
--	----------------

Total Municipal Bonds Transferred to Tender Option Bond Trusts 47.6%	40,418,178
---	-------------------

Total Long-Term Investments	
(Cost \$140,675,633) 162.3%	137,969,550

Short-Term Securities

Shares

FFI Institutional Tax-Exempt Fund, 0.42% (g)(h)	1,702,906	1,702,906
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Total Short-Term Securities	
(Cost \$1,702,906) 2.0%	1,702,906

Total Investments (Cost \$142,378,539*) 164.3%	139,672,456
---	--------------------

Other Assets Less Liabilities 2.2%	1,875,694
---	------------------

Liability for Trust Certificates, Including Interest Expense and Fees Payable (26.2)%	(22,245,220)
--	---------------------

Preferred Shares, at Redemption Value (40.3)%	(34,252,721)
--	---------------------

Net Assets Applicable to Common Shares 100.0%	\$ 85,050,209
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See Notes to Financial Statements.

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ANNUAL REPORT

JULY 31, 2009

Schedule of Investments (concluded)

BlackRock Municipal Income Investment Trust (BBF)

- * The cost and unrealized appreciation (depreciation) of investments as of July 31, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 120,561,464
Gross unrealized appreciation	\$ 4,122,726
Gross unrealized depreciation	(7,240,498)
Net unrealized depreciation	\$ (3,117,772)

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) Non-income producing security.
- (d) Issuer filed for bankruptcy and/or is in default of interest payments.
- (e) When-issued security.
- (f) Securities represent bonds transferred to a tender option bond trust in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (g) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
CMA Florida Municipal Money Fund	(6,503,333)	\$ 51,123
FFI Institutional Tax-Exempt Fund	1,702,906	\$ 4,821

- (h) Represents the current yield as of report date.

Effective August 1, 2008, the Trust adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical securities

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Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of July 31, 2009 in determining the fair valuation of the Trust's investments:

Valuation Inputs		Investments in Securities
		Assets
Level 1	Short-Term Securities	\$ 1,702,906
Level 2	Long-Term Investments	137,969,550
Level 3		
Total		\$ 139,672,456

¹ See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

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Schedule of Investments July 31, 2009

BlackRock New Jersey Investment Quality Municipal Trust Inc. (RNJ)

(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
New Jersey 138.5%		
Corporate 10.4%		
New Jersey EDA, RB, Continental Airlines Inc. Project, AMT, 7.00%, 11/15/30	\$ 925	\$ 689,458
New Jersey EDA, RB, Disposal, Waste Management New Jersey, Series A, AMT, 5.30%, 6/01/15	500	499,330
		1,188,788
County/City/Special District/School District 10.0%		
City of Perth Amboy New Jersey, GO, CAB (FSA), 4.85%, 7/01/34 (a)	100	82,659
Essex County Improvement Authority, Refunding, RB, County Guaranteed, Project Consolidation (MBIA), 5.50%, 10/01/29	260	277,748
Hudson County Improvement Authority, RB:		
CAB, County Guaranteed, Series A-1 (MBIA), 4.49%, 12/15/32 (b)	1,000	233,890
County, Guaranteed, Harrison Parking Facilities Project, Series C (AGC), 5.38%, 1/01/44	340	348,364
Middlesex County Improvement Authority, RB, Subordinate, Heldrich Center Hotel, Series B, 6.25%, 1/01/37	200	101,972
Salem County Improvement Authority, RB, Finlaw State Office Building (FSA), 5.25%, 8/15/38	100	102,367
		1,147,000
Education 10.8%		
New Jersey Educational Facilities Authority, RB, Montclair State University, Series J, 5.25%, 7/01/38	100	97,384
New Jersey Educational Facilities Authority, Refunding, RB:		
College of New Jersey, Series D (FSA), 5.00%, 7/01/35	380	387,102
Ramapo College, Series I (AMBAC), 4.25%, 7/01/31	250	214,808
Rowan University, Series B (AGC), 5.00%, 7/01/24	255	274,951
Series D, Georgian Court University, 5.00%, 7/01/33	100	86,022
University Medical & Dentistry, Series B, 7.50%, 12/01/32	175	184,942
		1,245,209
Health 27.5%		
Burlington County Bridge Commission, RB, The Evergreens Project, 5.63%, 1/01/38	150	101,172
New Jersey EDA, RB, First Mortgage, Lions Gate Project, Series A:		
5.75%, 1/01/25	60	49,588
5.88%, 1/01/37	110	81,729
New Jersey EDA, Refunding, RB:		
First Mortgage, Winchester, Series A, 5.80%, 11/01/31	1,000	882,910
Seabrook Village Inc. Facilities, 5.25%, 11/15/26	140	107,502
New Jersey Health Care Facilities Financing Authority, RB, CAB, Saint Barnabas Health, Series B (b):		
5.90%, 7/01/30	500	82,540
5.69%, 7/01/36	840	77,154
5.76%, 7/01/37	900	75,447
New Jersey Health Care Facilities Financing Authority, RB:		

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Hackensack University Medical Center, 6.00%, 1/01/25	1,000	1,003,300
Hospital Asset Transformation Program, Series A, 5.25%, 10/01/38	250	250,522
Meridian Health, Series I (AGC), 5.00%, 7/01/38	100	98,641
Saint Barnabas Health Care System, Series A, 5.00%, 7/01/29	250	194,687
Virtua Health (AGC), 5.50%, 7/01/38	150	149,776
		3,154,968

Municipal Bonds	Par (000)	Value
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New Jersey (concluded)

Housing 10.6%

New Jersey State Housing & Mortgage Finance Agency, RB, Series AA:		
6.38%, 10/01/28	\$ 250	\$ 270,898
6.50%, 10/01/38	200	212,750
S/F Housing, Series X, AMT, 4.85%, 4/01/16	500	514,565
Newark Housing Authority, RB, South Ward Police Facility (AGC), 6.75%, 12/01/38	200	213,630
		1,211,843

State 28.3%

New Jersey EDA, RB:		
Cigarette Tax (Radian), 5.75%, 6/15/34	1,000	805,850
Newark Downtown District Management Corp., 5.13%, 6/15/37	100	74,141
School Facilities Construction, Series Z (AGC) 5.50%, 12/15/34	500	524,330
School Facilities Construction, Series Z (AGC) 6.00%, 12/15/34	300	326,967
New Jersey EDA, RB, Transportation Project Sublease, Series A (FSA), 5.75%, 5/01/10	900	934,623
New Jersey Transportation Trust Fund Authority, New Jersey, RB, Transportation System, Series A:		
6.00%, 12/15/38	150	160,295
(AGC), 5.63%, 12/15/28	100	106,473
New Jersey EDA, Refunding, RB, School Facilities Construction, Series AA, 5.50%, 12/15/29	200	211,054
State of New Jersey, COP, Equipment Lease Purchase, Series A, 5.25%, 6/15/28	100	100,376
		3,244,109

Tobacco 1.1%

Tobacco Settlement Financing Corp., New Jersey, RB, Series 1A, 4.50%, 6/01/23	150	128,195
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Transportation 29.0%

Delaware River Port Authority Pennsylvania & New Jersey, RB (FSA), 5.75%, 1/01/26	1,000	1,004,200
New Jersey State Turnpike Authority, RB:		
Series C (AMBAC), 6.50%, 1/01/16 (c)	785	914,023
Series C-2005 (AMBAC), 6.50%, 1/01/16	160	193,707
Series C-2005 (AMBAC), 6.50%, 1/01/16 (c)	55	69,192
Series E, 5.25%, 1/01/40	300	300,648
New Jersey Transportation Trust Fund Authority, New Jersey, RB, Transportation System, Series A, 5.88%, 12/15/38	175	185,395
Port Authority of New York & New Jersey, RB, Consolidated, 152nd, AMT, 5.75%, 11/01/30	250	258,355
South Jersey Transportation Authority, RB, Series A (MBIA), 4.50%, 11/01/35	490	408,302
		3,333,822

Utilities 10.8%

New Jersey EDA, RB, Series A, New Jersey, American Water (AMBAC), AMT, 5.25%, 11/01/32	250	215,167
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Passaic Valley Sewage Commissioners, GO, Sewer System, Series E (AMBAC), 5.75%, 12/01/21	1,000	1,019,770
		1,234,937
Total Municipal Bonds in New Jersey		15,888,871

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock New Jersey Investment Quality Municipal Trust Inc. (RNJ)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Puerto Rico 12.5%		
Education 4.1%		
Puerto Rico Industrial Tourist Educational Medical & Environmental Control Facilities Financing Auth, RB, Ana G. Mendez University System Project, 5.00%, 3/01/26	\$ 600	\$ 467,040
Housing 2.6%		
Puerto Rico HFA, RB, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27	300	300,330
State 5.8%		
Puerto Rico Infrastructure Financing Authority, RB, CAB, Series A (AMBAC), 4.36%, 7/01/37 (b)	795	90,384
Puerto Rico Public Buildings Authority, Refunding, RB, Government Facilities, M-3 (MBIA), 6.00%, 7/01/27	215	212,663
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 5.75%, 8/01/37	365	360,992
		664,039
Total Municipal Bonds in Puerto Rico		1,431,409
Total Municipal Bonds 151.0%		17,320,280

Municipal Bonds Transferred to
Tender Option Bond Trusts (d)

Transportation 2.0%		
Port Authority of New York & New Jersey, Refunding, RB, Consolidated 152nd, AMT, 5.25%, 11/01/35	240	234,875
Total Municipal Bonds Transferred to Tender Option Bond Trusts 2.0%		234,875

Total Long-Term Investments
(Cost \$18,894,931) 153.0% 17,555,155

Short-Term Securities	Shares	
CMA New Jersey Municipal Money Fund, 0.07% (e)(f)	819,689	819,689

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Total Short-Term Securities

(Cost \$819,689) 7.1% 819,689

Total Investments (Cost \$19,714,620*) 160.1% 18,374,844

Other Assets Less Liabilities 1.4% 160,115

Liability for Trust Certificates, Including Interest Expense and Fees Payable (1.4)% (159,981)

Preferred Shares, at Redemption Value (60.1)% (6,900,547)

Net Assets Applicable to Common Shares 100.0% \$ 11,474,431

* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 19,542,466
Gross unrealized appreciation	\$ 513,817
Gross unrealized depreciation	(1,841,356)
Net unrealized depreciation	\$ (1,327,539)

- (a) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) Security is collateralized by Municipal or US Treasury Obligations.
- (d) Securities represent bonds transferred to a tender option bond trust in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (e) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
CMA New Jersey Municipal Money Fund	403,358	\$6,120

- (f) Represents the current yield as of report date.

Effective August 1, 2008, the Trust adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

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Level 1 price quotations in active markets/exchanges for identical securities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of July 31, 2009 in determining the fair valuation of the Trust's investments:

Valuation Inputs		Investments in Securities
		Assets
Level 1	Short-Term Securities	\$ 819,689
Level 2	Long-Term Investments	17,555,155
Level 3		
Total		\$ 18,374,844

¹ See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

ANNUAL REPORT

JULY 31, 2009

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Schedule of Investments July 31, 2009

BlackRock New Jersey Municipal Income Trust (BNJ)
 (Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
New Jersey 122.4%		
Corporate 6.3%		
New Jersey EDA, RB, Continental Airlines Inc. Project, AMT:		
7.00%, 11/15/30	\$ 3,450	\$ 2,571,492
7.20%, 11/15/30	2,000	1,525,980
New Jersey EDA, RB, Disposal, Waste Management New Jersey, Series A, AMT, 5.30%, 6/01/15	2,000	1,997,320
		<u>6,094,792</u>
County/City/Special District/School District 14.2%		
City of Perth Amboy New Jersey, GO, CAB (FSA) (a):		
4.91%, 7/01/34	1,075	888,584
4.92%, 7/01/35	175	143,820
City of Vineland New Jersey, GO, Electric Utility (MBIA), AMT:		
5.30%, 5/15/30	1,500	1,410,465
5.38%, 5/15/31	1,500	1,414,500
Essex County Improvement Authority, Refunding, RB, County Guaranteed, Project Consolidation (MBIA), 5.50%, 10/01/29	2,630	2,809,524
Hudson County Improvement Authority, RB, County, Guaranteed, Harrison Parking Facilities Project, Series C (AGC), 5.38%, 1/01/44	2,400	2,459,040
Middlesex County Improvement Authority, RB, Subordinate, Heldrich Center Hotel, Series B, 6.25%, 1/01/37	1,790	912,649
Newark Housing Authority, Refunding RB, Additional, Newark Redevelopment Project (MBIA), 4.38%, 1/01/37	2,625	2,247,578
Salem County Improvement Authority, RB, Finlaw State Office Building (FSA), 5.25%, 8/15/38	225	230,326
Trenton Parking Authority, Refunding RB (MBIA), 5.00%, 4/01/30	1,440	1,228,147
		<u>13,744,633</u>
Education 13.1%		
New Jersey EDA, Refunding, RB, School Facilities Construction, Series AA, 5.50%, 12/15/29	2,000	2,110,540
New Jersey Educational Facilities Authority, RB, Georgian Court College Project, Series C, 6.50%, 7/01/13 (b)	2,120	2,535,117
New Jersey Educational Facilities Authority, RB, Montclair State University, Series J, 5.25%, 7/01/38	580	564,827
New Jersey Educational Facilities Authority, Refunding RB:		
College of New Jersey, Series D (FSA), 5.00%, 7/01/35	3,230	3,290,369
Fairleigh Dickinson, Series C, 6.00%, 7/01/20	2,000	2,017,640
Georgian Court University, Series D, 5.00%, 7/01/33	250	215,055
Ramapo College, Series I (AMBAC), 4.25%, 7/01/31	500	429,615
University Medical & Dentistry, Series B, 7.50%, 12/01/32	1,450	1,532,375
		<u>12,695,538</u>

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Health 34.8%

Burlington County Bridge Commission, RB, The Evergreens Project, 5.63%, 1/01/38	1,000	674,480
City of Newark New Jersey, RB, New Community Urban Renewal, Series A (GNMA), 5.20%, 6/01/30	1,830	1,791,131
New Jersey EDA, RB, First Mortgage, Lions Gate Project, Series A: 5.75%, 1/01/25	500	413,235
5.88%, 1/01/37	855	635,256
New Jersey EDA, RB, Masonic Charity Foundation Project, 5.50%, 6/01/31	2,000	1,847,020

Municipal Bonds	Par (000)	Value
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New Jersey (continued)

Health (concluded)

New Jersey EDA, Refunding RB:		
First Mortgage, Winchester, Series A, 5.75%, 11/01/24	\$ 4,050	\$ 3,721,707
Seabrook Village Inc. Facilities, 5.25%, 11/15/26	1,790	1,374,487
New Jersey Health Care Facilities Financing Authority, RB, CAB, Saint Barnabas Health, Series B (c):		
5.90%, 7/01/30	2,500	412,700
5.69%, 7/01/36	7,700	707,245
5.76%, 7/01/37	7,250	607,767
New Jersey Health Care Facilities Financing Authority, RB:		
Atlantic City Medical Center, 5.75%, 7/01/25	1,255	1,269,671
Health System, Catholic Health East, Series A, 5.38%, 11/15/12 (b)	3,000	3,401,100
Hospital Asset Transformation Program, Series A, 5.25%, 10/01/38	2,250	2,254,702
Kennedy Health System, 5.63%, 7/01/31	2,130	2,068,549
Meridian Health, Series I (AGC), 5.00%, 7/01/38	750	739,807
Saint Barnabas Health Care System, Series A, 5.00%, 7/01/29	750	584,062
South Jersey Hospital, 6.00%, 7/01/12 (b)	7,460	8,490,151
South Jersey Hospital, 5.00%, 7/01/46	1,650	1,394,217
Virtua Health (AGC), 5.50%, 7/01/38	1,250	1,248,137
		33,635,424

Housing 15.3%

Middlesex County Improvement Authority, RB (FNMA), AMT:		
Administration Building Residential Project, 5.35%, 7/01/34	1,400	1,382,850
New Brunswick Apartments Rental Housing, 5.30%, 8/01/35	4,375	4,242,962
New Jersey State Housing & Mortgage Finance Agency, RB, Series AA:		
6.38%, 10/01/28	1,500	1,625,385
6.50%, 10/01/38	2,470	2,627,462
New Jersey State Housing & Mortgage Finance Agency, RB, S/F Housing, AMT:		
Series T, 4.70%, 10/01/37	700	603,148
Series X, 4.85%, 4/01/16	1,750	1,800,978
Newark Housing Authority, RB, South Ward Police Facility (AGC):		
5.75%, 12/01/30	580	585,348
6.75%, 12/01/38	1,850	1,976,078
		14,844,211

State 23.3%

Garden State Preservation Trust, RB, CAB, Series B (FSA), 5.22%, 11/01/26 (c)	6,000	2,578,200
New Jersey EDA, RB:		
Cigarette Tax (Radian), 5.75%, 6/15/34	5,000	4,029,250
Kapkowski Road Landfill, Series B, AMT, 6.50%, 4/01/31	5,000	3,744,550
School Facilities Construction, Series Z (AGC), 5.50%, 12/15/34	3,000	3,145,980
School Facilities Construction, Series Z (AGC), 6.00%, 12/15/34	3,000	3,269,670

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New Jersey EDA, Special Assessment, Refunding, Kapkowski Road Landfill Project, 6.50%, 4/01/28	2,500	2,012,000
New Jersey Transportation Trust Fund Authority, New Jersey, RB, CAB, Transportation System, Series C (FSA), 4.84%, 12/15/32 (c)	4,000	935,560

See Notes to Financial Statements.

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JULY 31, 2009

Schedule of Investments (continued)

BlackRock New Jersey Municipal Income Trust (BNJ)
 (Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
New Jersey (concluded)		
State (concluded)		
New Jersey Transportation Trust Fund Authority, New Jersey, RB, Transportation System, Series A:		
6.00%, 12/15/38	\$ 1,450	\$ 1,549,514
(AGC), 5.63%, 12/15/28	670	713,369
State of New Jersey, COP, Equipment Lease Purchase, Series A, 5.25%, 6/15/28	600	602,256
		<u>22,580,349</u>
Tobacco 1.3%		
Tobacco Settlement Financing Corp., New Jersey, RB:		
CAB, Series 1B, 5.65%, 6/01/41 (c)	3,300	143,319
Series 1A, 4.50%, 6/01/23	1,255	1,072,561
		<u>1,215,880</u>
Transportation 13.6%		
New Jersey State Turnpike Authority, RB, Series E, 5.25%, 1/01/40	3,205	3,211,923
New Jersey Transportation Trust Fund Authority, New Jersey, RB, Transportation System, Series A:		
5.88%, 12/15/38	1,465	1,552,021
(AGC), 5.50%, 12/15/38	1,000	1,046,130
Port Authority of New York & New Jersey, RB, Consolidated, 152nd, AMT, 5.75%, 11/01/30	1,750	1,808,485
Port Authority of New York & New Jersey, RB, Special Project, JFK International Air Terminal 6 (MBIA), AMT, 5.75%, 12/01/22	6,000	5,492,040
		<u>13,110,599</u>
Utilities 0.5%		
Rahway Valley Sewerage Authority, RB, CAB, Series A (MBIA), 4.39%, 9/01/33 (c)	2,000	479,600
Total Municipal Bonds in New Jersey		<u>118,401,026</u>
Multi-State (d)(e) 6.5%		
Housing 6.5%		
Charter Mac Equity Issuer Trust, 6.80%, 11/30/50	2,500	2,582,450
MuniMae TE Bond Subsidiary LLC:		
6.30%, 6/30/49	3,000	2,429,940
6.80%, 6/30/50	2,000	1,299,540

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Total Municipal Bonds in Multi-State 6,311,930

Municipal Bonds	Par (000)	Value
Puerto Rico 19.5%		
Housing 7.8%		
Puerto Rico HFA, RB, Subordinate, Capital Fund Modernization, 5.13%, 12/01/27	\$ 2,500	\$ 2,502,750
Puerto Rico Housing Finance Corp., RB, Mortgage Backed Securities, Series A (GNMA):		
Series A, 5.20%, 12/01/33	2,550	2,554,616
Series B, AMT, 5.30%, 12/01/28	2,545	2,529,577
		7,586,943
State 9.5%		
Puerto Rico Infrastructure Financing Authority, RB, CAB, Series A (AMBAC), 4.36%, 7/01/37 (c)	6,000	682,140
Puerto Rico Public Buildings Authority, RB, CAB, Series D (AMBAC) (a):		
5.44%, 7/01/31	1,335	988,848
5.44%, 7/01/31 (b)	3,665	3,617,868
Puerto Rico Public Buildings Authority, Refunding RB, Government Facilities, Series M-3 (MBIA), 6.00%, 7/01/27	850	840,761
Puerto Rico Sales Tax Financing Corp., RB, First Sub-Series A, 5.75%, 8/01/37	3,075	3,041,237
		9,170,854
Transportation 2.2%		
Puerto Rico Highway & Transportation Authority, Refunding RB, Series CC (AGC), 5.50%, 7/01/31	2,000	2,091,220
Total Municipal Bonds in Puerto Rico		18,849,017
Total Municipal Bonds 148.4%		143,561,973

Municipal Bonds Transferred to
Tender Option Bond Trusts (f)

Transportation 2.1%		
Port Authority of New York & New Jersey, Refunding RB, Consolidated 152nd, AMT, 5.25%, 11/01/35	2,039	1,996,436
Total Municipal Bonds Transferred to Tender Option Bond Trusts 2.1%		1,996,436

Total Long-Term Investments
(Cost \$156,032,143) 150.5% 145,558,409

Short-Term Securities	Shares	
CMA New Jersey Municipal Money Fund, 0.07% (g)(h)	10,639,704	10,639,704

Total Short-Term Securities			
(Cost	\$10,639,704)	11.0%	10,639,704
Total Investments (Cost			
\$166,671,847*)	161.5%		156,198,113
Other Assets Less Liabilities			
	1.0%		960,589
Liability for Trust Certificates, Including Interest Expense and Fees			
Payable	(1.4)%		(1,359,845)
Preferred Shares, at Redemption Value			
	(61.1)%		(59,102,821)
Net Assets Applicable to Common Shares			
	100.0%		\$ 96,696,036

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock New Jersey Municipal Income Trust (BNJ)

- * The cost and unrealized appreciation (depreciation) of investments as of July 31, 2009, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 164,657,583
Gross unrealized appreciation	\$ 4,473,259
Gross unrealized depreciation	(14,292,025)
Net unrealized depreciation	\$ (9,818,766)

- (a) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield as of report date.
- (b) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (e) Security represents a beneficial interest in a trust. The collateral deposited into the trust is federally tax-exempt revenue bonds issued by various state or local governments, or their respective agencies or authorities. The security is subject to remarketing prior to its stated maturity, and is subject to mandatory redemption at maturity.
- (f) Securities represent bonds transferred to a tender option bond trust in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (g) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
CMA New Jersey Municipal Money Fund	9,141,934	\$68,437

- (h) Represents the current yield as of report date.

Effective August 1, 2008, the Trust adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value

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of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical securities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of July 31, 2009 in determining the fair valuation of the Trust's investments:

Valuation Inputs		Investments in Securities
		Assets
Level 1	Short-Term Investments	\$ 10,639,704
Level 2	Long-Term Investments	145,558,409
Level 3		
Total		\$ 156,198,113

¹ See above Schedule of Investments for values in each sector.

See Notes to Financial Statements.

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Schedule of Investments July 31, 2009

BlackRock New York Investment Quality Municipal Trust Inc. (RNY)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
New York 141.1%		
Corporate 14.7%		
Essex County Industrial Development Agency, New York, RB, International Paper Co. Project, Series A, AMT, 6.63%, 9/01/32	\$ 100	\$ 89,079
New York City Industrial Development Agency, RB:		
American Airlines, JFK International Airport, AMT, 7.63%, 8/01/25	950	746,510
American Airlines, JFK International Airport, AMT, 7.75%, 8/01/31	300	229,740
Liberty, Interactive Corp., 5.00%, 9/01/35	500	310,735
New York Liberty Development Corp., RB, Goldman Sachs Headquarters, 5.50%, 10/01/37	200	194,542
Port Authority of New York & New Jersey, RB, Continental, Eastern Project, LaGuardia, AMT, 9.13%, 12/01/15	905	905,281
		<hr/> 2,475,887
County/City/Special District/School District 39.0%		
City of New York New York, GO:		
Series A, 6.00%, 5/15/10 (a)	500	527,100
Series A, 6.00%, 5/15/30	10	10,189
Sub-Series J-1, 4.50%, 5/15/30	125	118,799
Haverstraw-Stony Point Central School District, New York, GO (FSA), 3.00%, 10/15/26	250	193,720
Hudson Yards Infrastructure Corp., RB, Series A:		
(FGIC), 5.00%, 2/15/47	100	85,417
(MBIA), 4.50%, 2/15/47	75	59,498
New York City Industrial Development Agency, RB, Queens Baseball Stadium, PILOT:		
(AGC), 6.38%, 1/01/39	100	108,656
(AMBAC), 5.00%, 1/01/39	250	209,922
(AMBAC), 5.00%, 1/01/46	400	327,512
New York City Transitional Finance Authority, RB:		
Fiscal 2008, Series S-1, 4.50%, 1/15/38	100	89,524
Fiscal 2009, Series S-3, 5.25%, 1/15/39	150	149,772
Future Tax Secured, Series B, 6.00%, 5/15/10 (a)	1,815	1,913,373
New York Convention Center Operating Corp., RB, Hotel Unit Fee Secured (AMBAC), 5.00%, 11/15/44	850	731,569
Sales Tax Asset Receivable Corp., RB, Series A (AMBAC), 5.00%, 10/15/32	2,000	2,033,740
		<hr/> 6,558,791
Education 25.5%		
Albany Industrial Development Agency, RB, New Covenant Charter School Project, Series A:		
7.00%, 5/01/25	95	63,886
7.00%, 5/01/35	60	37,405
Madison County Industrial Development Agency, New York, RB, Colgate University Project, Series B, 5.00%, 7/01/23	2,000	2,063,360
New York City Industrial Development Agency, RB, Polytechnic University Project (ACA), 5.25%, 11/01/37	100	78,670
New York City Trust for Cultural Resources, RB, Juilliard School, Series A, 5.00%, 1/01/39	250	254,120
New York Liberty Development Corp., RB, National Sports Museum Project, Series A, 6.13%, 2/15/19 (b)(c)	175	175

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New York State Dormitory Authority, RB:		
5.83%, 7/01/39 (d)	175	130,779
Brooklyn Law School, Refunding, 5.75%, 7/01/33	75	74,706
Insured, Manhattan College, Series B (Radian), 5.30%, 7/01/37	150	123,953
NY University, Insured, Series 1 (AMBAC), 5.50%, 7/01/40	250	275,223
Rochester Institute Technology, Series A, 6.00%, 7/01/33	175	183,607
Teachers College, 5.50%, 3/01/39	200	201,694

Municipal Bonds	Par (000)	Value
New York (concluded)		
Education (concluded)		
New York State Dormitory Authority, RB: (concluded)		
University Rochester, Series A, 5.13%, 7/01/39	\$ 215	\$ 212,235
Yeshiva University, 5.00%, 9/01/38	75	73,532
Schenectady Industrial Development Agency, Refunding RB, Union College Project, 5.00%, 7/01/31	500	504,340
		<hr/>
		4,277,685

Health 17.8%		
Genesee County Industrial Development Agency, New York, RB, United Memorial Medical Center Project, 5.00%, 12/01/27		
	100	66,931
New York State Dormitory Authority, RB:		
Hospital (FHA), Insured Mortgage, Lutheran Medical Center, 5.00%, 8/01/31	250	247,368
Hudson Valley Hospital (FSA), 5.00%, 8/15/36	150	151,083
Kateri Residence, 5.00%, 7/01/22	1,000	1,013,430
Mount Sinai Health, Series A, 6.50%, 7/01/25	1,000	1,018,720
NY & Presbyterian Hospital (FHA), 5.25%, 2/15/31	100	101,455
NYS Association for Retarded Children, Inc., Series A, 6.00%, 7/01/32	75	75,162
NYU Hospital Center, Series B, 5.63%, 7/01/37	150	134,243
Saratoga County Industrial Development Agency, New York, RB, Saratoga Hospital Project, Series B, 5.25%, 12/01/32	100	83,616
Suffolk County Industrial Development Agency, New York, Refunding RB, Jeffersons Ferry Project, 5.00%, 11/01/28	115	93,480
		<hr/>
		2,985,488

Housing 10.7%		
New York City Housing Development Corp., RB:		
Series A (GNMA), 5.25%, 5/01/30	1,000	1,006,590
Series B-1, AMT, 5.15%, 11/01/37	250	236,137
Series J-2, Series A, Remarketed, AMT, 4.75%, 11/01/27	500	463,630
New York Mortgage Agency, New York, RB, Series 143, AMT, 4.90%, 10/01/37	100	88,495
		<hr/>
		1,794,852

State 10.0%		
New York State Dormitory Authority, RB:		
Education, Series B, 5.75%, 3/15/36	150	161,229
Municipal Health Facilities, Lease, Sub-Series 2-4, 4.75%, 1/15/30	300	285,291
State of New York, GO, Series A, 5.00%, 2/15/39	125	126,416
State University Educational Facilities, Series A (AMBAC), 5.25%, 5/15/15	1,005	1,101,520
		<hr/>
		1,674,456

Transportation 5.3%		
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Metropolitan Transportation Authority, RB:

Series 2008C, 6.50%, 11/15/28	250	276,982
Series B, 5.00%, 11/15/34	250	245,335
Series B, 4.50%, 11/15/37	250	216,570
Triborough Bridge & Tunnel Authority, New York, RB, General Purpose, Series A (MBIA), 5.00%, 1/01/32	155	155,343

894,230

Utilities 18.1%

Albany Municipal Water Finance Authority, RB, Series B (MBIA), 5.00%, 12/01/33	1,000	928,240
Long Island Power Authority, RB, Series A, 6.25%, 4/01/33	100	110,613
New York City Municipal Water Finance Authority, RB:		
Series B (FSA), 5.00%, 6/15/36	1,000	998,470
Series C, 5.13%, 6/15/33	1,000	1,008,570

3,045,893

Total Municipal Bonds in New York	23,707,282
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See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock New York Investment Quality Municipal Trust Inc. (RNY)
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
Guam 2.5%		
County/City/Special District/School District 0.7%		
Territory of Guam, RB, Section 30, Series A, 5.75%, 12/01/34	\$ 120	\$ 117,637
State 0.6%		
Territory of Guam, GO, Series A, 7.00%, 11/15/39	100	99,611
Tobacco 0.4%		
Guam Economic Development & Commerce Authority, RB, Tobacco Settlement Asset Backed, 5.63%, 6/01/47	100	70,774
Utilities 0.8%		
Guam Government Waterworks Authority, RB, Water, 5.88%, 7/01/35	150	131,710
Total Municipal Bonds in Guam		419,732
Puerto Rico 10.7%		
Education 3.7%		
Puerto Rico Industrial, Tourist, Educational, Medical & Environmental Control Facilities Financing Auth, RB, Ana G. Mendez University System Project, 5.00%, 3/01/26	800	622,720
State 4.9%		
Commonwealth of Puerto Rico, GO, Refunding, Sub-Series C-7 (MBIA), 6.00%, 7/01/28	250	247,200
Puerto Rico Infrastructure Financing Authority, RB, CAB, Series A (AMBAC), 5.00%, 7/01/44 (e)	395	26,386
Puerto Rico Public Finance Corp., RB, Commonwealth Appropriation, E, 5.50%, 2/01/12 (a)	495	545,074
		818,660
Tobacco 2.1%		
Children s Trust Fund, RB, Asset Backed Bonds, 5.63%, 5/15/43	500	355,870
Total Municipal Bonds in Puerto Rico		76 (359) 11,983
Total debt securities	53,807	549 (591) 53,765
Mutual funds	345	— 345
Total	\$ 54,152	\$ 549 \$(591) \$ 54,110
Held-to-maturity		

U.S. Government-sponsored enterprises	\$ 5,217	\$ —	\$(101) \$ 5,116
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Investment securities with a carrying amount of \$8.4 million and \$25.7 million at December 31, 2016 and 2015, respectively, were pledged as collateral for public deposits, customer repurchase agreements and for other purposes as required or permitted by law.

Information pertaining to all investment securities with gross unrealized losses as of the balance sheet dates, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

December 31, 2016	Less Than 12 Months		12 Months and Over		Total	
	Number of Fair Value Securities	Gross Unrealized Loss	Number of Fair Value Securities	Gross Unrealized Loss	Number of Fair Value Securities	Gross Unrealized Loss
	(Dollars in thousands)					
Debt securities:						
U.S. Government-sponsored enterprises	13	\$8,351	\$ (180)	3	\$1,172	\$ (16)
Agency MBS	22	15,141	(261)	1	344	(8)
State and political subdivisions	40	16,481	(650)	—	—	—
Corporate	8	3,973	(56)	4	1,627	(73)
Total	83	\$43,946	\$ (1,147)	8	\$3,143	\$ (97)
December 31, 2015	Less Than 12 Months		12 Months and Over		Total	
	Number of Fair Value Securities	Gross Unrealized Loss	Number of Fair Value Securities	Gross Unrealized Loss	Number of Fair Value Securities	Gross Unrealized Loss
	(Dollars in thousands)					
Debt securities:						
U.S. Government-sponsored enterprises	12	\$9,081	\$ (157)	5	\$3,607	\$ (87)
Agency MBS	127	459	(58)	1	259	(6)
State and political subdivisions	4	1,512	(14)	2	785	(11)
Corporate	125	750	(277)	4	1,632	(82)
Total	40	\$23,802	\$ (506)	12	\$6,283	\$ (186)

The Company has the ability to hold the investment securities that had unrealized losses at December 31, 2016 for the foreseeable future and no declines were deemed by management to be OTT.

The following table presents the proceeds, gross gains and gross losses from sales of available-for-sale securities:

For The Years Ended			
December 31,			
	2016	2015	2014
	(Dollars in thousands)		
Proceeds	\$6,620	\$11,540	\$7,420
Gross gains	131	66	393
Gross losses	(60)	(13)	(78)
Net gains	\$71	\$53	\$315

The amortized cost and estimated fair value of debt securities by contractual scheduled maturity as of December 31, 2016, were as follows:

	Amortized Cost	Fair Value
	(Dollars in thousands)	
Available-for-sale		
Due in one year or less	\$627	\$631
Due from one to five years	5,834	5,882
Due from five to ten years	24,063	23,768
Due after ten years	17,351	16,831
	47,875	47,112
Agency MBS	18,283	18,041
Total debt securities available-for-sale	\$66,158	\$65,153
Held-to-maturity		
Due from one to five years	\$999	\$999
Total debt securities held-to-maturity	\$999	\$999

Actual maturities may differ for certain debt securities that may be called by the issuer prior to the contractual maturity. Actual maturities may differ from contractual maturities on agency MBS because the mortgages underlying the securities may be prepaid, usually without any penalties. Therefore, these agency MBS are shown separately and not included in the contractual maturity categories in the above maturity summary.

Note 5. Loans Held for Sale and Loan Servicing

At December 31, 2016 and 2015, Loans held for sale consisted of conventional residential mortgages originated for subsequent sale. At December 31, 2016 and 2015, the estimated fair value of these loans was in excess of their carrying value, and therefore no valuation reserve was necessary for loans held for sale.

Commercial and residential mortgage loans serviced for others are not included in the accompanying balance sheets. The unpaid principal balance of commercial and residential mortgage loans serviced for others was \$452.0 million and \$422.3 million at December 31, 2016 and 2015, respectively.

Loans sold consisted of the following during the years ended December 31:

	2016		2015		2014	
	Loans Sold	Net Gains on Sale	Loans Sold	Net Gains on Sale	Loans Sold	Net Gains on Sale
	(Dollars in thousands)					
Residential loans	\$135,294	\$2,880	\$131,706	\$2,871	\$94,892	\$2,097
Commercial loans	251	18	—	—	—	—
Total	\$135,545	\$2,898	\$131,706	\$2,871	\$94,892	\$2,097

There were no obligations to repurchase loans for any amount at December 31, 2016, but there were contractual risk sharing commitments on certain sold loans totaling \$634 thousand as of such date.

The Company generally retains the servicing rights on loans sold. At December 31, 2016 and 2015, the unamortized balance of servicing rights on loans sold with servicing retained was \$1.6 million and \$1.5 million, respectively, included in Other assets. The estimated fair value of these servicing rights was in excess of their carrying value at December 31, 2016 and 2015, and therefore no impairment reserve was necessary. The net capitalization and amortization of MSRs is included in Other income.

The following table presents the capitalization and amortization of loan servicing rights:

	For The Years Ended December 31, 2016 2015 2014 (Dollars in thousands)		
Capitalization of servicing rights	\$823	\$839	\$571
Amortization of servicing rights	720	670	528
Net capitalization of servicing rights	\$103	\$169	\$43

Note 6. Loans

The composition of Net loans at December 31, was as follows:

	2016	2015
	(Dollars in thousands)	
Residential real estate	\$172,727	\$165,396
Construction real estate	34,189	42,889
Commercial real estate	249,063	230,442
Commercial	41,999	21,397
Consumer	3,962	3,963
Municipal	31,350	36,419
Gross loans	533,290	500,506
Allowance for loan losses	(5,247)	(5,201)
Net deferred loan costs	649	515
Net loans	\$528,692	\$495,820

The loans purchased in the 2011 Branch Acquisition were initially recorded at \$32.9 million, the estimated fair value at the time of purchase, which contained an accretable loan premium component of \$545 thousand and a nonaccretable credit risk component of \$318 thousand. The accretable component was amortizable as an adjustment to the related loan yield over the average life of the loan and the nonaccretable component represented probable loss due to credit risk, which was reviewed by management periodically and subject to adjustment as deemed necessary. There were no acquired loans at December 31, 2016 and December 31, 2015, as the remaining residential and commercial real estate acquired loan portfolios were transferred to the Bank's existing loan portfolios during 2015. Prior to that transfer, changes in the accretable and nonaccretable components of the fair value of the acquired loans were charged to Interest and fees on loans on the Company's consolidated statements of income for the applicable periods.

The following table summarizes activity in the accretable loan premium component for the acquired loan portfolio:

For The Years Ended December 31, 2015 2014 (Dollars in thousands)

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Balance at beginning of year	\$ \$292	\$ 374
Loan premium amortization	—(72)	(80)
Changes in expected cash flows due to paydowns	—(7)	2
Adjustment to transfer acquired loans into the Bank's existing loan portfolio	—(213)	(4)
Balance at end of year	\$ \$—	\$ 292

The following table summarizes activity in the nonaccretable credit risk component for the acquired loan portfolio:

	For The Years Ended December 31, 2015 2014 (Dollars in thousands)
Balance at beginning of year	\$ \$193 \$296
Loss recognized on acquired residential loan	— (24)
Adjustment to transfer acquired loans into the Bank's existing loan portfolio	— (193) (79)
Balance at end of year	\$ \$— \$193

Residential real estate loans aggregating \$17.2 million at December 31, 2015 were pledged as collateral on deposits of municipalities. There were no loans pledged as collateral on deposits of municipalities at December 31, 2016. Qualifying residential first mortgage loans and certain commercial real estate loans held by Union may also be pledged as collateral for borrowings from the FHLB under a blanket lien.

A summary of current, past due and nonaccrual loans as of the balance sheet dates follows:

		90 Days				
December 31, 2016	Current	30-59 Days	60-89 Days	and over and accruing	Nonaccrual	Total
	(Dollars in thousands)					
Residential real estate	\$ 168,125	\$ 1,661	\$ 472	\$ 672	\$ 1,797	\$ 172,727
Construction real estate	34,148	17	—	—	24	34,189
Commercial real estate	245,402	1,642	153	157	1,709	249,063
Commercial	41,920	12	42	10	15	41,999
Consumer	3,946	12	3	1	—	3,962
Municipal	31,350	—	—	—	—	31,350
Total	\$ 524,891	\$ 3,344	\$ 670	\$ 840	\$ 3,545	\$ 533,290

		90 Days				
December 31, 2015	Current	30-59 Days	60-89 Days	and over and accruing	Nonaccrual	Total
	(Dollars in thousands)					
Residential real estate	\$ 159,895	\$ 2,034	\$ 1,195	\$ 368	\$ 1,904	\$ 165,396
Construction real estate	42,616	7	204	34	28	42,889
Commercial real estate	228,513	667	641	111	510	230,442
Commercial	20,977	—	20	321	79	21,397
Consumer	3,950	10	1	2	—	3,963
Municipal	36,419	—	—	—	—	36,419
Total	\$ 492,370	\$ 2,718	\$ 2,061	\$ 836	\$ 2,521	\$ 500,506

There was one residential real estate loan totaling \$50 thousand in process of foreclosure at December 31, 2016. Aggregate interest on nonaccrual loans not recognized was \$1.3 million for the year ended December 31, 2016, \$1.2 million for the year ended December 31, 2015 and \$1.1 million for the year ended December 31, 2014.

Note 7. Allowance for Loan Losses and Credit Quality

Changes in the ALL, by class of loans, were as follows for the years ended:

December 31, 2016	Residential Real Estate	Construction Real Estate	Commercial Real Estate	Commercial	Consumer	Municipal	Unallocated	Total
	(Dollars in thousands)							
Balance, December 31, 2015	\$ 1,419	\$ 514	\$ 2,792	\$ 209	\$ 28	\$ 38	\$ 201	\$5,201
Provision (credit) for loan losses	64	(135)	(105)	158	5	2	161	150
Recoveries of amounts charged off	36	12	—	8	3	—	—	59
	1,519	391	2,687	375	36	40	362	5,410
Amounts charged off	(120)	—	—	(33)	(10)	—	—	(163)
Balance, December 31, 2016	\$ 1,399	\$ 391	\$ 2,687	\$ 342	\$ 26	\$ 40	\$ 362	\$5,247
December 31, 2015	Residential Real Estate	Construction Real Estate	Commercial Real Estate	Commercial	Consumer	Municipal	Unallocated	Total
	(Dollars in thousands)							
Balance, December 31, 2014	\$ 1,330	\$ 439	\$ 2,417	\$ 176	\$ 27	\$ 42	\$ 263	\$4,694
Provision (credit) for loan losses	136	47	375	46	12	(4)	(62)	550
Recoveries of amounts charged off	36	28	—	16	3	—	—	83
	1,502	514	2,792	238	42	38	201	5,327
Amounts charged off	(83)	—	—	(29)	(14)	—	—	(126)
Balance, December 31, 2015	\$ 1,419	\$ 514	\$ 2,792	\$ 209	\$ 28	\$ 38	\$ 201	\$5,201
December 31, 2014	Residential Real Estate	Construction Real Estate	Commercial Real Estate	Commercial	Consumer	Municipal	Unallocated	Total
	(Dollars in thousands)							
Balance, December 31, 2013	\$ 1,251	\$ 390	\$ 2,644	\$ 163	\$ 23	\$ 35	\$ 141	\$4,647
Provision (credit) for loan losses	177	37	(93)	59	36	7	122	345
Recoveries of amounts charged off	1	12	8	8	13	—	—	42
	1,429	439	2,559	230	72	42	263	5,034
Amounts charged off	(99)	—	(142)	(54)	(45)	—	—	(340)
Balance, December 31, 2014	\$ 1,330	\$ 439	\$ 2,417	\$ 176	\$ 27	\$ 42	\$ 263	\$4,694

The allocation of the ALL, summarized on the basis of the Company's impairment methodology by class of loan, as of the balance sheet dates were as follows:

December 31, 2016	Residential Real Estate	Construction Real Estate	Commercial Real Estate	Commercial	Consumer	Municipal	Unallocated	Total
	(Dollars in thousands)							
Individually evaluated for impairment	\$ 63	\$ —	\$ 40	\$ —	\$ —	\$ —	\$ —	\$103
Collectively evaluated	1,336	391	2,647	342	26	40	362	5,144

for impairment

Total allocated	\$ 1,399	\$ 391	\$ 2,687	\$ 342	\$ 26	\$ 40	\$ 362	\$ 5,247
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December 31, 2015	Residential Real Estate	Construction Real Estate	Commercial Real Estate	Commercial	Consumer	Municipal	Unallocated	Total
	(Dollars in thousands)							
Individually evaluated for impairment	\$109	\$ —	\$ 227	\$ 21	\$ —	\$ —	\$ —	\$357
Collectively evaluated for impairment	1,310	514	2,565	188	28	38	201	4,844
Total allocated	\$1,419	\$ 514	\$ 2,792	\$ 209	\$ 28	\$ 38	\$ 201	\$5,201

Despite the allocation shown in the tables above, the ALL is general in nature and is available to absorb losses from any class of loan.

The recorded investment in loans, summarized on the basis of the Company's impairment methodology by class of loan, as of the balance sheet dates were as follows:

December 31, 2016	Residential Real Estate	Construction Real Estate	Commercial Real Estate	Commercial	Consumer	Municipal	Total
	(Dollars in thousands)						
Individually evaluated for impairment	\$1,448	\$ 88	\$ 3,328	\$ 432	\$ —	\$ —	\$5,296
Collectively evaluated for impairment	171,279	34,101	245,735	41,567	3,962	31,350	527,994
Total	\$172,727	\$ 34,189	\$ 249,063	\$ 41,999	\$ 3,962	\$ 31,350	\$533,290

December 31, 2015	Residential Real Estate	Construction Real Estate	Commercial Real Estate	Commercial	Consumer	Municipal	Total
	(Dollars in thousands)						
Individually evaluated for impairment	\$1,197	\$ 92	\$ 3,094	\$ 493	\$ —	\$ —	\$4,876
Collectively evaluated for impairment	164,199	42,797	227,348	20,904	3,963	36,419	495,630
Total	\$165,396	\$ 42,889	\$ 230,442	\$ 21,397	\$ 3,963	\$ 36,419	\$500,506

Risk and collateral ratings are assigned to loans and are subject to ongoing monitoring by lending and credit personnel with such ratings updated annually or more frequently if warranted. The following is an overview of the Company's loan rating system:

1-3 Rating - Pass

Risk-rating grades "1" through "3" comprise loans ranging from those with lower than average credit risk, defined as borrowers with high liquidity, excellent financial condition, strong management, favorable industry trends or loans secured by highly liquid assets, through those with marginal credit risk, defined as borrowers that, while creditworthy, exhibit some characteristics requiring special attention by the account officer.

4/M Rating - Satisfactory/Monitor

Borrowers exhibit potential credit weaknesses or downward trends warranting management's attention. While potentially weak, these borrowers are currently marginally acceptable; no loss of principal or interest is envisioned. When warranted, these credits may be monitored on the watch list.

5-7 Rating - Substandard

Borrowers exhibit well defined weaknesses that jeopardize the orderly liquidation of debt. The loan may be inadequately protected by the net worth and paying capacity of the obligor and/or the underlying collateral is inadequate.

The following tables summarize the loan ratings applied to the Company's loans by class as of the balance sheet dates:

December 31, 2016	Residential Real Estate	Construction Real Estate	Commercial Real Estate	Commercial	Consumer	Municipal	Total
	(Dollars in thousands)						
Pass	\$ 158,140	\$ 29,248	\$ 182,247	\$ 38,219	\$ 3,928	\$ 31,350	\$ 443,132
Satisfactory/Monitor	10,641	4,830	62,193	3,109	34	—	80,807
Substandard	3,946	111	4,623	671	—	—	9,351
Total	\$ 172,727	\$ 34,189	\$ 249,063	\$ 41,999	\$ 3,962	\$ 31,350	\$ 533,290

December 31, 2015	Residential Real Estate	Construction Real Estate	Commercial Real Estate	Commercial	Consumer	Municipal	Total
	(Dollars in thousands)						
Pass	\$ 150,535	\$ 37,750	\$ 175,438	\$ 18,347	\$ 3,902	\$ 36,419	\$ 422,391
Satisfactory/Monitor	11,329	4,968	49,745	2,384	61	—	68,487
Substandard	3,532	171	5,259	666	—	—	9,628
Total	\$ 165,396	\$ 42,889	\$ 230,442	\$ 21,397	\$ 3,963	\$ 36,419	\$ 500,506

The following tables provide information with respect to impaired loans by class of loan as of and for the years ended December 31, 2016, 2015 and 2014:

	December 31, 2016			For The Year Ended December 31, 2016	
	Recorded Investment (1)	Principal Balance (1)	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(Dollars in thousands)				
Residential real estate	\$ 308	\$ 317	\$ 63		
Commercial real estate	488	520	40		
With an allowance recorded	796	837	103		
Residential real estate	1,140	1,561	—		
Construction real estate	88	88	—		
Commercial real estate	2,840	2,910	—		
Commercial	432	432	—		
With no allowance recorded	4,500	4,991	—		
Residential real estate	1,448	1,878	63	\$ 1,303	\$ 50
Construction real estate	88	88	—	90	4
Commercial real estate	3,328	3,430	40	3,113	107
Commercial	432	432	—	462	33
Total	\$ 5,296	\$ 5,828	\$ 103	\$ 4,968	\$ 194

	December 31, 2015			For The Year Ended December 31, 2015	
	Recorded Investment (1)	Principal Balance (1)	Related Allowance	Average Interest Recorded Investment	Interest Income Recognized
(Dollars in thousands)					
Residential real estate	\$659	\$ 668	\$ 109		
Commercial real estate	2,142	2,161	227		
Commercial	493	493	21		
With an allowance recorded	3,294	3,322	357		
Residential real estate	538	697	—		
Construction real estate	92	92	—		
Commercial real estate	952	1,015	—		
With no allowance recorded	1,582	1,804	—		
Residential real estate	1,197	1,365	109	\$942	\$ 34
Construction real estate	92	92	—	162	19
Commercial real estate	3,094	3,176	227	3,523	219
Commercial	493	493	21	123	—
Total	\$4,876	\$ 5,126	\$ 357	\$4,750	\$ 272
	December 31, 2014			For The Year Ended December 31, 2014	
	Recorded Investment (1)	Principal Balance (1)	Related Allowance	Average Interest Recorded Investment	Interest Income Recognized
(Dollars in thousands)					
Residential real estate	\$537	\$ 546	\$ 73		
Commercial real estate	2,127	2,136	70		
With an allowance recorded	2,664	2,682	143		
Residential real estate	413	602	—		
Construction real estate	275	298	—		
Commercial real estate	1,205	1,256	—		
Commercial	123	172	—		
With no allowance recorded	2,016	2,328	—		
Residential real estate	950	1,148	73	\$805	\$ 26
Construction real estate	275	298	—	314	14
Commercial real estate	3,332	3,392	70	3,883	195
Commercial	123	172	—	106	7
Total	\$4,680	\$ 5,010	\$ 143	\$5,108	\$ 242

(1) Does not reflect government guaranties on impaired loans as of as of December 31, 2016, 2015 and 2014 totaling \$637 thousand, \$606 thousand and \$244 thousand, respectively.

The following is a summary of TDR loans by class of loan as of the balance sheet dates:

	December 31, 2016		December 31, 2015	
	Number of Loans	Principal Balance	Number of Loans	Principal Balance
	(Dollars in thousands)			
Residential real estate	20	\$ 1,448	11	\$ 1,197
Construction real estate	1	88	1	92
Commercial real estate	101	452	5	950
Commercial	2	431	2	493
Total	33	\$ 3,419	19	\$ 2,732

The TDR loans above represent loan modifications in which a concession was provided to the borrower, including due date extensions, maturity date extensions, interest rate reductions or the forgiveness of accrued interest. Troubled loans that are restructured and meet established thresholds are classified as impaired and a specific reserve amount is allocated to the ALL on the basis of the fair value of the collateral for collateral dependent loans, an observable market price, or the present value of anticipated future cash flows.

The following table provides new TDR activity by class of loan for the years ended December 31, 2016 and 2015:

	New TDRs During the Year Ended December 31, 2016		New TDRs During the Year Ended December 31, 2015	
	Pre-Modification Number of Outstanding Recorded Contracts Investment	Post-Modification Outstanding Recorded Investment	Pre-Modification Number of Outstanding Recorded Contracts Investment	Post-Modification Outstanding Recorded Investment
	(Dollars in thousands)			
Residential real estate	9	\$ 349	6	\$ 590
Commercial real estate	6	803	2	281
Commercial	—	—	2	493

At December 31, 2016 and 2015, there were no TDR loans modified within the previous twelve months that had subsequently defaulted during the years then ended. TDR loans are considered defaulted at 90 days past due.

At December 31, 2016 and 2015, the Company was not committed to lend any additional funds to borrowers whose loans were nonperforming, impaired or restructured.

Note 8. Premises and Equipment

The major classes of premises and equipment and accumulated depreciation at December 31, were as follows:

	2016	2015
	(Dollars in thousands)	
Land and land improvements	\$2,930	\$2,617
Building and improvements	13,057	12,288
Furniture and equipment	8,833	7,890
Construction in progress and deposits on equipment	34	442
	24,854	23,237
Less accumulated depreciation	(11,329)	(10,182)
	\$13,525	\$13,055

Depreciation included in Occupancy and Equipment expenses amounted to \$1.3 million, \$1.1 million and \$976 thousand for the years ended December 31, 2016, 2015 and 2014, respectively.

The Company is obligated under noncancelable operating leases for premises that expire in various years through the year 2021. Options to renew for additional periods are available with these leases. Future minimum rental commitments for these leases with original or remaining terms of one year or more at December 31, 2016 were as follows:

	(Dollars in thousands)
2017	\$ 135
2018	103
2019	65
2020	40
2021	40
	\$ 383

Rent expense for 2016, 2015 and 2014 amounted to \$144 thousand, \$138 thousand and \$123 thousand, respectively. Occupancy expense is shown in the consolidated statements of income, net of rental income of \$220 thousand, \$227 thousand and \$224 thousand in 2016, 2015 and 2014, respectively.

Note 9. Goodwill and Other Intangible Assets

As a result of the 2011 Branch Acquisition, the Company recorded goodwill amounting to \$2.2 million. The goodwill is not amortizable. Goodwill is evaluated for impairment annually, in accordance with current authoritative accounting guidance. Management assesses qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the Company, in total, is less than its carrying amount. Management is not aware of any such events or circumstances that would cause it to conclude that the fair value of the Company is less than its carrying amount.

The Company also recorded \$1.7 million of acquired identifiable intangible assets in connection with the 2011 Branch Acquisition, representing the core deposit intangible which is subject to straight-line amortization over the estimated 10 year average life of the acquired core deposit base, absent any future impairment. Management will evaluate the core deposit intangible for impairment if conditions warrant.

Amortization expense for the core deposit intangible was \$171 thousand for 2016, 2015 and 2014. The amortization expense is included in Other expenses on the consolidated statements of income and is deductible for tax purposes. As of December 31, 2016, the remaining amortization expense related to the core deposit intangible, absent any future impairment, is expected to be as follows:

	(Dollars in thousands)
2017	171
2018	171
2019	171
2020	171
2021	70
Total	\$ 754

Note 10. Investment in Real Estate Limited Partnerships

The Company has purchased from time to time various limited partnership interests established to acquire, own and rent residential housing for elderly, low or moderate income individuals in northern Vermont and New Hampshire. The carrying values of investments carried at equity were \$2.8 million and \$2.4 million at December 31, 2016 and 2015, respectively. The capital contribution payable related to these investments at December 31, 2016 was \$27

thousand and there was no capital contribution payable at December 31, 2015. The provision for undistributed net losses of the partnerships charged to earnings was \$565 thousand for 2016, \$484 thousand for 2015, and \$800 thousand for 2014. In 2014, \$144 thousand of the provision for undistributed net losses charged to earnings related to the exit from three limited partnerships that had reached the final year of tax credits and were near or at the end of the limited partnership compliance period under the applicable federal tax credit program. The federal income tax credits related to limited partnership investments were \$881 thousand, \$564 thousand, and \$735 thousand for the years ended December 31, 2016, 2015 and 2014, respectively, and are recorded as a reduction of the Provision for income taxes.

Note 11. Deposits

The following is a summary of interest bearing deposits at December 31:

	2016	2015
	(Dollars in thousands)	
Interest bearing checking accounts	\$ 143,037	\$ 126,404
Savings and money market accounts	239,046	183,799
Time deposits, \$100,000 and over	40,581	88,640
Other time deposits	62,612	61,739
	\$ 485,276	\$ 460,582

The following is a summary of time deposits by maturity at December 31, 2016:

	(Dollars in thousands)
2017	\$ 60,952
2018	23,746
2019	10,795
2020	2,711
2021	4,989
	\$ 103,193

Time deposits of \$8.7 million and \$54.8 million meet or exceed the FDIC insurance limit of \$250 thousand at December 31, 2016 and 2015, respectively.

Note 12. Borrowed Funds

Borrowed funds were comprised of option advance borrowings from the FHLB of \$30.5 million and \$7.9 million at December 31, 2016 and 2015, respectively, and secured customer repurchase agreement sweeps of \$1.1 million and \$1.6 million at December 31, 2016 and 2015, respectively.

The FHLB option advance borrowings are a mix of straight bullets, balloons and amortizers with maturities through 2021. All of the FHLB borrowings had fixed interest rates ranging from 0.00% to 4.31% at December 31, 2016 and 0.99% to 5.32% at December 31, 2015. The weighted average interest rates on the borrowings were 1.42% and 3.46% at December 31, 2016 and 2015, respectively.

The contractual payments due for FHLB option advance borrowings, as of December 31, 2016, were as follows:

	(Dollars in thousands)
2017	\$ 10,280
2018	9,765
2019	10,287
2020	—
2021	164
	\$ 30,496

The Company has established both overnight and longer term lines of credit with the FHLB . These borrowings are secured by a blanket lien on qualified collateral consisting primarily of loans with first mortgages secured by one-to-four family properties and certain commercial real estate loans. At December 31, 2016, pledged loans with a

carrying value of \$162.3 million carried a \$91.5 million borrowing capacity at the FHLB, less borrowings and other credit subject to collateralization of \$31.7 million, resulting in remaining year-end capacity of \$59.8 million. At December 31, 2015, pledged loans with a carrying value of \$81.7 million carried a \$49.5 million borrowing capacity at the FHLB, less borrowings and other credit subject to collateralization of \$9.1 million, resulting in remaining year-end capacity of \$40.4 million.

In addition to its borrowing arrangements with the FHLB, Union maintains preapproved Federal Funds lines of credit with correspondent banks totaling \$12.0 million. Interest on these borrowings is payable daily and charged at the federal funds rate at

the time of the borrowing. Union also maintains a repurchase agreement line of credit and has access to the Federal Reserve discount window. There were no outstanding borrowings on the Federal Funds purchase lines, repurchase agreement line, or at the discount window at December 31, 2016 or 2015.

Secured customer repurchase agreement sweeps are collateralized by U.S. Government-sponsored enterprise securities with a carrying value of \$1.8 million at December 31, 2016 and \$2.4 million at December 31, 2015. The average daily balance of these repurchase agreement sweeps was \$1.6 million during 2016 and 2015 with weighted average interest rates of 0.26% and 0.27%, during 2016 and 2015, respectively. The maximum borrowings outstanding on these agreements during 2016 and 2015 was \$4.4 million and \$3.8 million, respectively. These repurchase agreements mature the next business day and carried weighted average interest rates of 0.23% at December 31, 2016 and 0.25% as of December 31, 2015.

Note 13. Income Taxes

The components of the Provision for income taxes for the years ended December 31, were as follows:

	2016	2015	2014
	(Dollars in thousands)		
Current tax provision	\$1,467	\$1,838	\$2,010
Deferred tax provision (benefit)	566	341	(37)
	\$2,033	\$2,179	\$1,973

The total Provision for income taxes differs from the amounts computed at the statutory federal income tax rate of 34% primarily due to the following for the years ended December 31:

	2016	2015	2014
	(Dollars in thousands)		
Computed "expected" tax expense	\$3,585	\$3,419	\$3,287
Tax exempt interest	(596)	(613)	(560)
Increase in cash surrender value of COLI	(115)	(96)	(42)
Tax credits	(896)	(564)	(735)
Other	55	33	23
	\$2,033	\$2,179	\$1,973

Listed below are the significant components of the net deferred tax asset at December 31:

	2016	2015
	(Dollars in thousands)	
Components of the deferred tax asset		
Bad debts	\$1,813	\$1,768
Deferred compensation	334	338
Net pension liability	316	470
Core deposit intangible	110	89
Limited partnership investments	—	91
Unrealized loss on investment securities available-for-sale	342	14
Other	146	164
Total deferred tax asset	3,061	2,934

Components of the deferred tax liability

Depreciation	(893)	(819)
Mortgage servicing rights	(563)	(519)

Limited partnership investments	(17)—
Goodwill	(286)(231)
Total deferred tax liability	(1,759)(1,569)
Net deferred tax asset	\$1,302 \$1,365

Deferred tax assets are recognized subject to management's judgment that it is more likely than not that the deferred tax asset will be realized. Based on the temporary taxable items, historical taxable income and estimates of future taxable income, the Company believes that it is more likely than not that the deferred tax assets at December 31, 2016 will be realized and therefore no valuation allowance is warranted.

Net deferred income tax assets are included in Other assets in the consolidated balance sheets at December 31, 2016 and 2015.

Based on management's evaluation, management has concluded that there were no significant uncertain tax positions requiring recognition in the Company's financial statements at December 31, 2016 and 2015. Although the Company is not currently the subject of a tax examination by the IRS, the Company's tax years ended December 31, 2013 through 2015 are open to examination by the IRS under the applicable statute of limitations. The 2016 tax return has not yet been filed.

The Company may from time to time be assessed interest and/or penalties by federal or state tax jurisdictions, although any such assessments historically have been minimal and immaterial to the Company's financial results. In the event that the Company receives an assessment for interest and/or penalties, it will be classified in the financial statements as Other expenses.

Note 14. Employee Benefit Plans

Defined Benefit Pension Plan: Union sponsors a noncontributory defined benefit pension plan covering all eligible employees employed prior to October 5, 2012. On that date, the Company closed the Plan to new participants and froze the accrual of retirement benefits for current participants. Union continues to maintain the frozen Plan and related trust and continues to distribute benefits to participants at such time and in such manner as provided under the terms of the Plan. The Company will continue to recognize pension expense/benefit and cash funding obligations for the remaining life of the associated liability for the frozen benefits under the Plan. The Plan provides defined benefits based on years of service and final average salary prior to October 5, 2012, as defined by the Plan.

There was no minimum required contribution under the ERISA guidelines for 2016 or 2015. Union measures defined benefit plan assets and obligations as of December 31, its fiscal year-end.

Union's policy is to accrue annually an amount equal to the actuarially calculated expense for future benefits. Information pertaining to the activity in the Plan is as follows:

Obligations and funded status at December 31:

	2016	2015
	(Dollars in thousands)	
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	\$17,177	\$18,103
Interest cost	701	680
Actuarial loss (gain)	544	(809)
Benefits paid	(735)	(797)
Projected benefit obligation at end of year	17,687	17,177
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	15,717	17,300
Actuarial gain (loss) on plan assets	899	(786)
Employer contributions	750	—

Benefits paid	(735)	(797)
Fair value of plan assets at end of year	16,631	15,717
Net liability for pension benefits	\$(1,056)	\$(1,460)

	2016	2015
	(Dollars in	
	thousands)	
Accumulated benefit obligation at December 31	\$17,687	\$17,177

The impact of the Plan activity for 2016 and 2015 on OCI is detailed in Note 23.

The expected pension adjustment to Accumulated OCI in the upcoming fiscal year is an increase of \$203 thousand, reflecting recognition of actuarial gain.

The Company uses the alternate amortization method for prior service costs, as provided in FASB ASC Topic 715, Employers' Accounting for Pensions.

Net periodic pension benefit for 2016, 2015 and 2014 consisted of the following components:

	2016	2015	2014
	(Dollars in thousands)		
Interest cost on projected benefit obligation	\$701	\$680	\$757
Expected return on plan assets	(1,036)	(1,144)	(1,193)
Amortization of net actuarial loss	165	56	—
Net periodic pension benefit	\$(170)	\$(408)	\$(436)

The estimated net periodic pension benefit for 2017 is \$202 thousand.

Weighted average assumptions used to determine pension benefit obligation were a discount rate of 3.99%, 4.17% and 3.83% at December 31, 2016, 2015 and 2014, respectively. There was no assumed rate of compensation increase for 2016, 2015 or 2014 due to the freeze on benefit accruals in 2012.

Weighted average assumptions used to determine net periodic pension benefit for the years ended December 31, 2016, 2015 and 2014 were a discount rate of 4.17%, 3.83% and 4.84%, respectively, no rate of compensation increase for 2016, 2015 or 2014, and an expected long-term rate of return on plan assets of 6.75% for all three years.

The overall expected long-term rate of return on assets is consistent with future expected long-term rate of inflation assumptions as well as consideration of historical asset returns and the current financial marketplace. The return is more conservative than the Plan's long-term actual results and is at a level that management believes is sustainable. The 2016 pension benefit obligation discount rate is based on the Plan's expected benefit payment stream utilizing December 2016 benchmark pension liability index yield curve spot rates and a review of published high quality bond indices.

Union's Plan asset allocations at December 31, 2016 and 2015, by asset category based on their fair values, were as follows:

Asset Category	2016	2015
Cash and cash equivalents	3.4 %	3.5 %
Interest bearing deposits in banks	— %	0.8 %
Debt securities	49.7 %	31.2 %
Equity securities	46.9 %	64.3 %
Mutual and exchange traded funds	— %	0.2 %
Total	100.0 %	100.0 %

The investment philosophy for the Plan is to prudently invest Plan assets and future contributions received in a diversified manner that will ensure that sufficient assets are available to fund the future pension benefits due to participants and beneficiaries over a long-term horizon as well as provide liquidity to pay current benefits. The Trustees of the Plan seek to protect the Plan assets through prudent asset allocation, FDIC insurance on a portion of plan assets, utilization of professional asset management and periodic reviews. Investments in stocks and fixed income investments are diversified in a way which is consistent with risk tolerance, investment objectives and current financial market risks.

In order to achieve this goal the investment objective is to maintain a mix of growth and income investments allocated as follows, with no more than 5% of the equity portion of the portfolio invested in one company and no fewer than 30 securities diversified by industry and sector:

Equity securities and international mutual funds	38-58%
Debt securities	40-60%
Cash and cash equivalents	0-5%

There are no securities of the Company or Union held by the Plan. The equity securities of the Plan are managed by Union's Asset Management Group with the advice of the registered investment adviser engaged by Union's Asset Management Group, under the guidance of the Plan's Trustees. There is no minimum required employer contribution for 2017, however the Company may decide to make a discretionary contribution.

The fair values of the Plan's investments at December 31, 2016 and 2015, segregated by fair value hierarchy level, are summarized below:

		Fair Value Measurement December 31, 2016			
		Quoted Prices in Active Markets for Identical Assets (Level 1)			
		Significant Other Observable Inputs (Level 2)			
		Significant Unobservable Inputs (Level 3)			
		Fair Value			
		(Dollars in thousands)			
U.S. Government	\$1,826	\$—	\$ 1,826	\$	—
Common trust funds	5,207	5,207	—	—	—
Marketable equity securities:					
Information technology	976	976	—	—	—
Financial	813	813	—	—	—
Industrials	1,212	1,212	—	—	—
Healthcare	1,393	1,393	—	—	—
Consumer	2,131	2,131	—	—	—
Energy	1,275	1,275	—	—	—
Mutual and exchange traded funds	1,798	1,798	—	—	—
Total	\$16,631	\$14,805	\$ 1,826	\$	—

		Fair Value Measurement December 31, 2015			
		Quoted Prices in Active Markets for Identical Assets (Level 1)			
		Significant Other Observable Inputs (Level 2)			
		Significant Unobservable Inputs (Level 3)			
		Fair Value			
		(Dollars in thousands)			
Interest bearing deposits in banks	\$131	\$—	\$ 131	\$	—
U.S. Government	341	341	—	—	—
Corporate bonds	4,569	2,003	2,566	—	—
Marketable equity securities:					

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Information technology	1,544	1,544	—	—
Financial	1,368	1,368	—	—
Industrials	945	945	—	—
Healthcare	1,746	1,746	—	—
Consumer	3,346	3,346	—	—
Energy	1,154	1,154	—	—
Mutual and exchange traded funds	573	573	—	—
Total	\$15,717	\$13,020	\$ 2,697	\$ —

The fair values of the Plan assets are determined by an independent pricing service which, given the nature of the assets within the portfolio, is able to utilize quoted prices in an active market to value the majority of the assets held. The market inputs sought for assets without a specific quote listed, in approximate order of priority, include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications that vary by asset class. For certain security types, additional inputs may be used, or some standard inputs may not

be applicable. There were no significant transfers in or out of Levels 1 and 2 for the year ended December 31, 2016, nor were there any Level 3 assets held at any time during the year.

The following table summarizes the estimated future benefit payments expected to be paid under the Plan:

	(Dollars in thousands)
2017	\$ 738
2018	762
2019	769
2020	797
2021	863
Years 2022 to 2026	4,485

Nonqualified Deferred Compensation Plans: The Company and Union have two nonqualified deferred compensation plans for directors and certain key officers. The 2008 Plan replaced a 1990 Plan that was not compliant with section 409A of the Internal Revenue Code. The Company accrued an expense of \$9 thousand in 2016, and \$8 thousand in 2015 and 2014 under the 2008 Plan. The benefit obligations under the 2008 Plan represent general unsecured obligations of the Company and no assets are segregated for such payments. However, the Company and Union have purchased life insurance contracts on the lives of each participant in order to recoup the funding costs of these benefits. The benefits accrued under the 2008 Plan aggregated \$613 thousand and \$699 thousand at December 31, 2016 and 2015, respectively, and are included in Accrued interest and other liabilities. The cash surrender value of the life insurance policies purchased to recoup the funding costs under the 2008 Plan aggregated \$945 thousand and \$1.3 million at December 31, 2016 and 2015, respectively, and are included in Company-owned life insurance in the Company's consolidated balance sheets.

The 2006 Plan was adopted for directors and certain key officers. The 2006 Plan is a defined contribution plan that provides a means by which participants may elect to defer receipt of current compensation from the Company or its subsidiary in order to provide retirement or other benefits as selected in the individual adoption agreements. Participants may select among designated reference investments consisting of investment funds, with the performance of the participant's account mirroring the selected reference investment. Distributions are made only upon a qualifying distribution event, which may include a separation from service, death, disability or unforeseeable emergency, or upon a date specified in the participant's deferral election form. The 2006 Plan is intended to comply with the provisions of Section 409A of the Internal Revenue Code. The 2006 Plan is unfunded, representing a general unsecured obligation of the Company of \$353 thousand and \$295 thousand as of December 31, 2016 and 2015, respectively.

401(k) Plan: Union maintains a defined contribution 401(k) plan under which employees may elect to make tax deferred contributions of up to the IRS maximum from their annual salary. All employees meeting service requirements are eligible to participate in the plan. Union may make employer matching and profit-sharing contributions to the 401(k) plan at the discretion of the Board. Company contributions are fully vested after three years of service. Union amended its 401(k) plan effective January 1, 2013, to include "Safe Harbor" provisions requiring annual nondiscretionary minimum contributions to the plan for all eligible plan participants in an amount equal to 3% of eligible earnings of each eligible plan participant. Additionally, in 2016, 2015, and 2014 a discretionary profit-sharing contribution was made to the plan in an amount equal to 3% percent of each employee's eligible earnings as defined by the plan. The following table summarizes employer contributions for the years ended December 31, 2016, 2015 and 2014:

	2016	2015	2014
	(Dollars in thousands)		
Employer matching	\$ 221	\$ 200	\$ 195

Profit sharing	301	274	236
Safe harbor	294	264	262
Total	\$816	\$738	\$693

Note 15. Stock Based Compensation

The Company's current stock-based compensation plan is the Union Bankshares, Inc. 2014 Equity Incentive Plan. Under the 2014 Equity Plan, 50,000 shares of the Company's common stock are available for equity awards of incentive stock options, nonqualified stock options, restricted stock and RSUs to eligible officers and (except for awards of incentive stock options) nonemployee

directors. Shares available for issuance of awards under the 2014 Equity Plan consist of unissued shares of the Company's common stock and/or shares held in treasury.

During the year ended December 31, 2016 the following awards and contingent awards were made to eligible officers under the 2014 Equity Plan:

A total of 5,445 RSUs were granted at a fair value of \$27.91 per share, based on the closing market price of the Company's common stock on December 31, 2015, the earned date of the award. Each RSU represents the right to receive one share of the Company's common stock upon satisfaction of applicable vesting conditions. 50% of the RSUs awarded were in the form of Time-Based RSUs, which vest over three years, approximately one-third per year on the anniversary of the earned date beginning in 2016; and 50% of the RSUs awarded were in the form of Performance-Based RSUs, which are subject to both performance and time based vesting conditions. The Performance-Based conditions were satisfied for 2015 and vesting of the Performance-Based RSUs occurs over two years, approximately one-half per year on the anniversary of the earned date beginning in 2016. Prior to vesting, the RSUs do not earn dividends or dividend equivalents, nor do they bear any voting rights. The general terms of the awards were described in a 2015 Award Summary, with final awards, including related 2015 performance results and December 31, 2015 stock price, certified by the Board of Directors during the first quarter of 2016. Unrecognized compensation expense related to the unvested RSUs as of December 31, 2016 was \$86 thousand.

A total of 4,456 contingent RSUs were provisionally granted in 2016 at a fair value of \$29.10 per share. An estimated number of contingent RSUs provisionally granted was based on the closing market price of the Company's common stock on the March 16, 2016 grant date and on target payout amounts as detailed in the 2016 Award Plan Summary adopted by the Board of Directors. As with the 2015 grants, one half is in the form of Time-Based RSUs and one-half is in the form of Performance-Based RSUs. The actual number of RSUs granted (if any) will be determined as of the December 31, 2016 earned date of the award based on the market price of the Company's common stock on December 31, 2016 and on the actual level of attainment of performance based conditions as certified by the Board of Directors during the first quarter of 2017. The contingent RSUs were granted on substantially the same terms and conditions as the RSUs granted under the 2015 Award Plan Summary. As of December 31, 2016 the estimated unrecognized compensation expense related to the contingent unvested RSUs, based on the closing market price of the Company's stock on the grant date of March 16, 2016 was \$130 thousand.

The 2014 Equity Plan replaced the Company's 2008 ISO Plan. As of December 31, 2016, 4,000 options granted under the 2008 ISO Plan remained outstanding and exercisable, with the last of such options expiring in December 2020.

The exercise price of outstanding options under both plans is equal to the market price of the stock at the date of grant; therefore, the intrinsic value of the options at the date of the grant is \$0. All outstanding options have a one year requisite service period, vest after one year, and have a seven year contractual term. There were no options granted in 2016 or 2015, and 6,000 options were granted in 2014 under the 2014 Equity Plan. The compensation cost charged against income for stock options issued under the plans was \$0 for 2016, \$35 thousand for 2015, \$20 thousand for 2014.

The fair value of each option award is estimated on the date of grant using a Black-Scholes based option valuation model. The estimated weighted average grant date fair values for options granted during 2014 and the weighted average assumptions used are presented in the following table:

	2014
Fair value per share	\$5.84
Expected volatility	23.91 %
Expected dividends	4.50 %
Risk free interest rate	1.61 %
Expected term (in years)	5.00

Vesting periods (in years) 1.00

Expected volatilities are based on historical volatilities of the market value of the Company's stock, and, possibly, other factors. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted is estimated from past exercise activity, and represents the period of time that granted options are expected to be outstanding. The risk free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve at the time of grant. The expected dividend rate is estimated by annualizing the last dividend paid, divided by the closing price of the Company's stock on the grant date of the option.

The following summarizes the option activity under the 2014 Equity Plan for the year ended December 31, 2016:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Period End Aggregate Intrinsic Value
Outstanding at January 1, 2016	6,000	\$ 24.00		
Exercised	(1,500)	24.00		
Forfeited/expired	—	—		
Outstanding at December 31, 2016	4,500	\$ 24.00	4.96	—
Exercisable at December 31, 2016	4,500	\$ 24.00	4.96	—

The following summarizes the option activity under the 2008 ISO Plan for the year ended December 31, 2016:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Period End Aggregate Intrinsic Value
Outstanding at January 1, 2016	5,000	\$ 21.04		
Exercised	(1,000)	19.60		
Forfeited/expired	—	—		
Outstanding at December 31, 2016	4,000	\$ 21.40	3.68	—
Exercisable at December 31, 2016	4,000	\$ 21.40	3.68	—

The following summarizes information regarding the proceeds received by the Company from the exercise of options during each of the last three years:

	2016	2015	2014
	(Dollars in thousands, except per share data)		
Proceeds received	\$56	\$53	\$39
Number of shares exercised	2,500	2,500	2,010
Weighted average price per share	\$22.24	\$21.04	\$19.60
Total intrinsic value of options exercised	\$21	\$9	\$10

As of December 31, 2016, there was no unrecognized compensation cost as all options under both plans were fully vested and exercisable.

Note 16. Earnings Per Share

The following table presents the reconciliation of the calculation of basic earnings per share for the years ended December 31, 2016, 2015 and 2014:

	2016	2015	2014
	(Dollars in thousands, except per share data)		
Net income	\$8,511	\$ 7,878	\$ 7,694
Weighted average common shares outstanding	4,459,000	4,58,037	4,458,393
Basic earnings per share	\$1.91	\$ 1.77	\$ 1.73

Basic earnings per share were computed by dividing net income by the weighted average number of shares outstanding during the year. There were incentive stock options with respect to 8,500 shares, 11,000 shares, and 13,500 shares outstanding at December 31, 2016, 2015 and 2014, respectively, excluded from the computation of diluted earnings per share since dilution resulting from these stock options is immaterial.

Note 17. Financial Instruments With Off-Balance-Sheet Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, standby letters of credit, interest rate caps and floors written on adjustable-rate loans, commitments to participate in or sell loans, commitments to buy or sell securities, guarantees on certain sold loans and risk-sharing commitments on certain sold loans under the MPF program with the FHLB. At December 31, 2016 and 2015, the Company had binding loan commitments to sell residential mortgages at fixed rates totaling \$7.3 million and \$3.8 million, respectively. The fair value of these commitments is not material to the Company's financial statements.

Such instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments and the potential impact on the Company's future financial position, financial performance and cash flow.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. For interest rate caps and floors embedded in adjustable-rate loans, the contract or notional amounts do not represent exposure to credit loss. The Company controls the risk of interest rate cap agreements through credit approvals, limits and monitoring procedures. Interest rate caps and floors on adjustable rate loans permit the Company to manage its interest rate risk and cash flow risk on these loans within parameters established by Company policy.

The Company generally requires collateral or other security to support financial instruments with credit risk. The following table shows financial instruments outstanding whose contract amount represents credit risk at December 31:

	Contract or Notional Amount 2016 (Dollars in thousands)	2015
Commitments to originate loans	\$ 31,404	\$ 24,176
Unused lines of credit	76,544	77,542
Standby and commercial letters of credit	1,624	1,614
Credit card arrangement	1,341	1,369
MPF credit enhancement obligation, net (See Note 18)	610	572
Commitment to purchase investment in a real estate limited partnership	980	980
Commitment to purchase investment securities	—	1,336
Total	\$ 112,503	\$ 107,589

Commitments to extend credit are agreements to lend to a customer at either a fixed or variable interest rate as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates within 90 days of the commitment. Unused lines of credit are generally renewable at least annually except for home equity lines which usually have a specified draw period followed by a specified repayment period. Unused lines may have other termination clauses and may require payment of a fee.

Since many of the commitments and lines are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company, upon issuance of a commitment to extend credit is based on management's credit evaluation of the customer. Collateral held varies but may include real estate, accounts receivable, inventory, property, plant and equipment and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are issued to support the customer's private borrowing arrangements or guarantee the customer's contractual performance on behalf of a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers and the Company evaluates each customer's creditworthiness on a case-by-case basis. The fair value of standby letters of credit has not been included in the Company's consolidated balance sheet for either year as the fair value is immaterial.

The Company did not hold or issue derivative instruments or hedging instruments during the years ended December 31, 2016 and 2015.

Note 18. Commitments and Contingencies

Contingent Liabilities: The Company sells 1-4 family residential mortgage loans under the MPF program with FHLB (See Note 17). Under this program the Company shares in the credit risk of each mortgage loan, while receiving fee income in return. The Company is responsible for a Credit Enhancement Obligation based on the credit quality of these loans. FHLB funds a First Loss Account based on the Company's outstanding MPF mortgage loan balances. This creates a ladder approach to sharing in any losses. In the event of default, homeowner's equity and private mortgage insurance, if any, are the first sources of repayment; the FHLB First Loss Account funds are then utilized, followed by the member's Credit Enhancement Obligation, with the balance the responsibility of FHLB. These loans meet specific underwriting standards of the FHLB. As of December 31, 2016, the Company had sold \$26.9 million in loans through the MPF program since inception of its participation in the program, with an outstanding balance of \$16.0 million as of such date.

The volume of loans sold to the MPF program and the corresponding credit obligation are closely monitored by management. As of December 31, 2016 and 2015, the notional amount of the maximum contingent contractual liability related to this program was \$634 thousand and \$595 thousand, respectively, of which \$24 thousand and \$23 thousand had been recorded as a reserve through Accrued interest and other liabilities at December 31, 2016 and 2015, respectively.

Legal Contingencies: In the normal course of business, the Company is involved in various legal and other proceedings. In the opinion of management, any liability resulting from such proceedings is not expected to have a material adverse effect on the Company's consolidated financial statements.

Note 19. Fair Value Measurement

The following is a description of the valuation methodologies used for the Company's assets that are measured on a recurring basis at estimated fair value:

Investment securities available-for-sale: Marketable equity securities and mutual funds have been valued using unadjusted quoted prices from active markets and therefore have been classified as Level 1. However, the majority of the Company's AFS investment securities have been valued utilizing Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include market maker bids, quotes and pricing models. Inputs to the pricing models include recent trades, benchmark interest rates, spreads and actual and projected cash flows.

Assets measured at fair value on a recurring basis at December 31, 2016 and 2015, segregated by fair value hierarchy level, are summarized below:

Fair Value	Fair Value Measurement		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Dollars in thousands)		

December 31, 2016:

Investment securities available-for-sale

Debt securities:

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U.S. Government-sponsored enterprises	\$ 10,040	\$ —	\$ 10,040	\$ —
Agency MBS	18,041	—	18,041	—
State and political subdivisions	27,372	—	27,372	—
Corporate	9,700	—	9,700	—
Total debt securities	65,153	—	65,153	—
Mutual funds	403	403	—	—
Total	\$65,556	\$ 403	\$ 65,153	\$ —

Fair Value	Fair Value Measurement		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Dollars in thousands)		

December 31, 2015:

Investment securities available-for-sale

Debt securities:

U.S. Government-sponsored enterprises	\$ 10,692	\$ —	\$ 10,692	\$ —
Agency MBS	11,058	—	11,058	—
State and political subdivisions	20,032	—	20,032	—
Corporate	11,983	—	11,983	—
Total debt securities	53,765	—	53,765	—
Mutual funds	345	345	—	—
Total	\$ 54,110	\$ 345	\$ 53,765	\$ —

There were no significant transfers in or out of Levels 1 and 2 for the year ended December 31, 2016, nor were there any Level 3 assets at any time during the period. Certain other assets and liabilities are measured at fair value on a nonrecurring basis, that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). Assets and liabilities measured at fair value on a nonrecurring basis in periods after initial recognition, such as impaired loans, HTM investment securities, MSRs and OREO, were not considered material at December 31, 2016 or 2015. The Company has not elected to apply the fair value method to any financial assets or liabilities other than those situations where other accounting pronouncements require fair value measurements.

FASB ASC Topic 825, Financial Instruments, requires disclosure of the estimated fair value of financial instruments. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Management's estimates and assumptions are inherently subjective and involve uncertainties and matters of significant judgment. Changes in assumptions could dramatically affect the estimated fair values.

Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Certain financial instruments and all nonfinancial instruments may be excluded from disclosure requirements. Thus, the aggregate fair value amounts presented may not necessarily represent the actual underlying fair value of such instruments of the Company.

The following methods and assumptions were used by the Company in estimating the fair value of its significant financial instruments:

Cash and cash equivalents: The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents approximate those assets' fair values and are classified as Level 1.

Interest bearing deposits in banks: Fair values for interest bearing deposits in banks are based on discounted present values of cash flows and are classified as Level 2.

Investment securities: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair value measurements consider observable data which may include market maker bids, quotes and pricing models. Inputs to the pricing models include recent trades, benchmark interest rates, spreads and actual and projected cash flows. Investment securities are classified as Level 1 or Level 2 depending on availability of recent trade information.

Loans held for sale: The fair value of loans held for sale is estimated based on quotes from third party vendors, resulting in a Level 2 classification.

Loans: The fair values of loans are estimated for portfolios of loans with similar financial characteristics and segregated by loan class or segment. For variable-rate loan categories that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts adjusted for credit risk. The fair values for other loans (for example, fixed-rate residential, commercial real estate, and rental property mortgage loans as well as commercial and industrial loans) are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loan fair value estimates include judgments regarding future cash flows, future expected loss experience and risk characteristics. Fair values for impaired loans are estimated using discounted cash flow analysis or underlying collateral values, where applicable. The fair value methods and assumptions that utilize unobservable inputs as defined by current accounting standards are classified as Level 3.

Accrued interest receivable and payable: The carrying amounts of accrued interest approximate their fair values and are classified as Level 1, 2 or 3 in accordance with the classification of the related principal's valuation.

Nonmarketable equity securities: It is not practical to determine the fair value of the nonmarketable securities, such as FHLB stock, due to restrictions placed on their transferability.

Deposits: The fair values disclosed for noninterest bearing deposits and other interest bearing nontime deposits are, by definition, equal to the amount payable on demand at the reporting date, resulting in a Level 1 classification. The fair values for time deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits to a schedule of aggregated expected maturities on such deposits, resulting in a Level 2 classification. At December 31, 2015, other interest bearing nontime deposits were classified as Level 2 as the fair value was estimated using a discounted cash flow calculation that applied interest rates that were being offered on similar deposits to a schedule of aggregated expected maturities on such deposits.

Borrowed funds: The fair values of the Company's short-term debt approximate the carrying amounts reported in the consolidated balance sheet, resulting in a Level 1 classification. The fair values of the Company's long-term debt are estimated using discounted cash flow analysis based on interest rates currently being offered on similar debt instruments, resulting in a Level 2 classification.

Off-balance-sheet financial instruments: Fair values for off-balance-sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The only commitments to extend credit that are normally longer than one year in duration are the home equity lines whose interest rates are variable quarterly. The only fees collected for commitments are an annual fee on credit card arrangements and often a flat fee on commercial lines of credit and standby letters of credit. The fair value of off-balance-sheet financial instruments as of the balance sheet dates was not significant.

As of the balance sheet dates, the estimated fair values and related carrying amounts of the Company's significant financial instruments were as follows:

December 31, 2016						
Fair Value Measurement						
	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(Dollars in thousands)						
Financial assets						
Cash and cash equivalents	\$39,275	\$39,275	\$39,275	\$—	—	—
Interest bearing deposits in banks	9,504	9,528	—	9,528	—	
Investment securities	66,555	66,555	403	66,152	—	
Loans held for sale	7,803	7,958	—	7,958	—	
Loans, net						
Residential real estate	171,538	173,024	—	—		173,024
Construction real estate	33,840	33,963	—	—		33,963
Commercial real estate	246,317	245,979	—	—		245,979
Commercial	41,708	41,491	—	—		41,491
Consumer	3,941	4,014	—	—		4,014
Municipal	31,348	31,749	—	—		31,749
Accrued interest receivable	2,259	2,259	—	414		1,845
Nonmarketable equity securities	2,354	N/A	N/A	N/A		N/A
Financial liabilities						
Deposits						
Noninterest bearing	112,384	112,384	112,384	—		—
Interest bearing	382,083	382,083	382,083	—		—
Time	103,193	102,594	—	102,594		—
Borrowed funds						
Short-term	1,099	1,099	1,099	—		—
Long-term	30,496	30,423	—	30,423		—
Accrued interest payable	92	92	—	92		—

December 31, 2015					
Fair Value Measurement					
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Carrying Amount	Estimated Fair Value				
(Dollars in thousands)					

Financial assets					
Cash and cash equivalents	\$ 17,961	\$ 17,961	\$ 17,961	\$ —	—
Interest bearing deposits in banks	12,753	12,610	—	12,610	—
Investment securities	59,327	59,226	345	58,881	—
Loans held for sale	5,635	5,745	—	5,745	—
Loans, net					
Residential real estate	164,147	164,462	—	—	164,462
Construction real estate	42,419	41,956	—	—	41,956
Commercial real estate	227,686	230,282	—	—	230,282
Commercial	21,210	20,849	—	—	20,849
Consumer	3,939	4,032	—	—	4,032
Municipal	36,419	38,131	—	—	38,131
Accrued interest receivable	1,832	1,832	—	389	1,443
Nonmarketable equity securities	1,932	N/A	N/A	N/A	N/A
Financial liabilities					
Deposits					
Noninterest bearing	99,826	99,826	99,826	—	—
Interest bearing	310,203	310,200	—	310,200	—
Time	150,379	150,665	—	150,665	—
Borrowed funds					
Short-term	3,622	3,621	3,621	—	—
Long-term	5,942	6,296	—	6,296	—
Accrued interest payable	269	269	—	269	—

The carrying amounts in the preceding tables are included in the consolidated balance sheets under the applicable captions.

Note 20. Transactions with Related Parties

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with principal stockholders, directors, principal officers, their immediate families and affiliated companies in which they are principal stockholders (commonly referred to as related parties), all of which have been, in the opinion of management, on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and which do not represent more than the normal risk of collectability or present other unfavorable features.

Aggregate loan transactions with related parties for the years ended December 31 were as follows:

2016 2015

	(Dollars in thousands)	
Balance, January 1,	\$507	\$909
New loans and advances on lines	263	550
Repayments	(295)	(570)
Other, net	—	(382)
Balance, December 31,	\$475	\$507
Balance available on lines of credit or loan commitments	\$691	\$636

There were no loans to related parties that were past due, in nonaccrual status or that had been restructured to provide a reduction or deferral of interest or principal because of deterioration in the financial position of the borrower, or that were considered classified at December 31, 2016 or 2015.

Deposit accounts with related parties were \$1.1 million at December 31, 2016 and 2015. Union's Asset Management Group also invested \$595 thousand and \$779 thousand in certificates of deposit with Union at December 31, 2016 and 2015, respectively.

Note 21. Regulatory Capital Requirements

The Company (on a consolidated basis) and Union are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's and Union's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Union must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and Union's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Under rules effective January 1, 2015, a bank holding company, such as the Company, is considered "well capitalized" if the bank holding company (i) has a total risk based capital ratio of at least 10%, (ii) has a Tier I risk-based capital ratio of at least 8%, and (iii) is not subject to any written agreement order, capital directive or prompt corrective action directive to meet and maintain a specific capital level for any capital measure. In addition, the FDIC has amended its prompt corrective action rules to reflect the revisions made by the new capital rules implementing Basel III. Under the FDIC's revised rules, which became effective January 1, 2015, an FDIC supervised institution such as Union is considered "well capitalized" if it (i) has a total risk-based capital ratio of 10.0% or greater; (ii) a Tier I risk-based capital ratio of 8.0% or greater; (iii) a common Tier I equity ratio of at least 6.5% or greater, (iv) a leverage capital ratio of 5.0% or greater; and (iv) is not subject to any written agreement, order, capital directive, or prompt corrective action directive to meet and maintain a specific capital level for any capital measure. The final rule also requires unrealized gains and losses on certain "available-for-sale" securities holdings to be included for purposes of calculating regulatory capital requirements unless a one-time opt-out is exercised. The Bank elected to opt-out of this regulatory capital provision. By opting out of the provision, the bank retains what is known as the accumulated other comprehensive income filter. Subject to a phase in period ending in 2019, the rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" of 2.5% above the amounts necessary to meet its minimum capital adequacy requirements.

Management believes that, as of December 31, 2016 and 2015, the Company and Union met all capital adequacy requirements to which they were subject. As of December 31, 2016 and 2015, the most recent notification from the FDIC categorized Union as well capitalized under the regulatory framework for prompt corrective action as then in effect. The prompt corrective action capital category framework applies to FDIC insured depository institutions such as Union but does not apply directly to bank holding companies such as the Company. Under applicable regulations in effect as of December 31, 2016, to be categorized as well capitalized, an insured depository institution must maintain minimum total risk based, Tier I risk based, common equity Tier 1 risk based, and Tier I leverage ratios as set forth in the table below. There are no conditions or events since the date of the most recent notification that management believes might result in an adverse change to Union's regulatory capital category. As a bank holding company, the Company is subject to substantially similar capital adequacy requirements of the FRB.

Union's and the Company's regulatory capital amounts and ratios as of the balance sheet dates are presented in the following tables:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
As of December 31, 2016	Amount	Ratio	Amount	Ratio	Amount	Ratio
Company:	(Dollars in thousands)					
Total capital to risk weighted assets	\$62,128	13.32 %	\$37,314	8.00 %	N/A	N/A
Tier 1 capital to risk weighted assets	56,881	12.20 %	27,974	6.00 %	N/A	N/A
Common Equity Tier 1 to risk weighted assets	56,881	12.20 %	20,981	4.50 %	N/A	N/A
Tier 1 capital to average assets	56,881	8.40 %	27,086	4.00 %	N/A	N/A
Union:						
Total capital to risk weighted assets	\$61,856	13.29 %	\$37,235	8.00 %	\$46,543	10.00 %
Tier 1 capital to risk weighted assets	56,609	12.16 %	27,932	6.00 %	37,243	8.00 %
Common Equity Tier 1 to risk weighted assets	56,609	12.16 %	20,949	4.50 %	30,260	6.50 %
Tier 1 capital to average assets	56,609	8.37 %	27,053	4.00 %	33,817	5.00 %
	Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions	
As of December 31, 2015	Amount	Ratio	Amount	Ratio	Amount	Ratio
Company:	(Dollars in thousands)					
Total capital to risk weighted assets	\$58,478	13.42 %	\$34,860	8.00 %	N/A	N/A
Tier 1 capital to risk weighted assets	53,277	12.22 %	26,159	6.00 %	N/A	N/A
Common Equity Tier 1 to risk weighted assets	53,277	12.22 %	19,619	4.50 %	N/A	N/A
Tier 1 capital to average assets	53,277	8.54 %	24,954	4.00 %	N/A	N/A
Union:						
Total capital to risk weighted assets	\$58,094	13.37 %	\$34,761	8.00 %	\$43,451	10.00 %
Tier 1 capital to risk weighted assets	52,893	12.17 %	26,077	6.00 %	34,769	8.00 %
Common Equity Tier 1 to risk weighted assets	52,893	12.17 %	19,558	4.50 %	28,250	6.50 %
Tier 1 capital to average assets	52,893	8.50 %	24,891	4.00 %	31,114	5.00 %

Dividends paid by Union are the primary source of funds available to the Company for payment of dividends to its stockholders. Union is subject to certain requirements imposed by federal banking laws and regulations, which among other things, establish minimum levels of capital and restrict the amount of dividends that may be distributed by Union to the Company.

Note 22. Treasury Stock

The basis for the carrying value of the Company's treasury stock is the purchase price of the shares at the time of purchase. The Company maintains a limited stock repurchase plan which authorizes the repurchase of up to a fixed number of shares of its common stock each calendar quarter in open market purchases or privately negotiated transactions, as management may deem advisable and as market conditions may warrant. The repurchase authorization

for a calendar quarter expires at the end of that quarter to the extent it has not been exercised, and is not carried forward into future quarters. The quarterly repurchase program, which was initially adopted in 2010, was most recently reauthorized in January 2017 and will expire on December 31, 2017 unless reauthorized. For 2016, the share repurchase authorization under the plan was increased from 2,500 shares per quarter to 3,000 shares per quarter. The Company repurchased 213 shares under this program, at a total cost of \$6 thousand during 2016, while 3,753 shares, at a total cost of \$94 thousand were repurchased under the program during 2015. Since inception, the Company has repurchased 13,754 shares of its common stock at prices ranging from \$17.86 to \$26.67 per share, at a total cost of \$291 thousand.

During the first quarter of 2016, the Company adopted a Dividend Reinvestment and Stock Purchase Plan (DRIP) whereby registered stockholders may elect to reinvest cash dividends and optional cash contributions to purchase additional shares of the Company's common stock. The Company has reserved 200,000 shares of its common stock for issuance and sale under the DRIP. As of December 31, 2016, 315 shares of stock had been issued from treasury stock under the DRIP.

Note 23. Other Comprehensive Loss

The components of Accumulated OCI, net of tax, at December 31 were:

	2016	2015
	(Dollars in thousands)	
Net unrealized loss on investment securities available-for-sale	\$(664)	\$(27)
Defined benefit pension plan net unrealized actuarial loss	(2,615)	(2,275)
Total	\$(3,279)	\$(2,302)

The following table discloses the tax effects allocated to each component of OCI for the years ended:

	December 31, 2016			December 31, 2015			December 31, 2014		
	Tax			Tax			Tax		
	Before-Tax	Expense	Net-of-Tax	Before-Tax	Expense	Net-of-Tax	Before-Tax	Expense	Net-of-Tax
	Amount or		Amount	Amount or		Amount	Amount or		Amount
	Benefit			Benefit			Benefit		
	(Dollars in thousands)								
Investment securities available-for-sale:									
Net unrealized holding (losses) gains arising during the year on investment securities available-for-sale	\$(894)	\$ 304	\$(590)	\$(279)	\$ 95	\$(184)	\$1,383	\$(470)	\$913
Reclassification adjustment for net gains on investment securities available-for-sale realized in net income	(71)	24	(47)	(53)	18	(35)	(315)	107	(208)
Total	(965)	328	(637)	(332)	113	(219)	1,068	(363)	705
Defined benefit pension plan:									
Net actuarial loss arising during the year	(680)	231	(449)	(1,121)	381	(740)	(3,276)	1,114	(2,162)
Reclassification adjustment for amortization of net actuarial loss realized in net income	165	(56)	109	56	(19)	37	—	—	—
Total	(515)	175	(340)	(1,065)	362	(703)	(3,276)	1,114	(2,162)
Total other comprehensive loss	\$(1,480)	\$ 503	\$(977)	\$(1,397)	\$ 475	\$(922)	\$(2,208)	\$ 751	\$(1,457)

The following table discloses information concerning the reclassification adjustments from OCI for the years ended December 31:

Reclassification Adjustment Description	2016	2015	2014	Affected Line Item in Consolidated Statements of Income
	(Dollars in thousands)			
Investment securities available-for-sale:				
Net gains on investment securities available-for-sale	\$(71)	\$(53)	\$(315)	Net gains on sales of investment securities available-for-sale
Tax benefit	24	18	107	Provision for income taxes
	(47)	(35)	(208)	Net income
Defined benefit pension plan:				
Net actuarial loss	165	56	—	Pension and other employee benefits
Tax expense	(56)	(19)	—	Provision for income taxes
	109	37	—	Net income

Total reclassifications	\$62	\$2	\$(208)	Net income
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Note 24. Subsequent Events

Events occurring subsequent to December 31, 2016 have been evaluated as to their potential impact to the consolidated financial statements. On January 18, 2017, Union Bankshares, Inc. declared a \$0.29 per share regular quarterly cash dividend payable February 8, 2017 to stockholders of record on January 28, 2017.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Under the new guidance, which will replace the existing incurred loss model for recognizing credit losses, banks and other lending institutions will be required to recognize the full amount of expected credit losses. The new guidance, which is referred to as the current expected credit loss model ("CECL"), requires that expected credit losses for financial assets held at the reporting date that are accounted for at amortized cost be measured and recognized based on historical experience and current and reasonably supportable forecasted conditions to reflect the full amount of expected credit losses. A modified version of these requirements also applies to debt securities classified as available for sale. The ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within such years. The Company has established a CECL implementation team and developed a transition project plan. Team members have been assigned specific tasks to begin the implementation process and evaluation of the potential impact of the ASU on the Company's consolidated financial statements.

Note 25. Condensed Financial Information (Parent Company Only)

The following condensed financial statements are for Union Bankshares, Inc. (Parent Company Only), and should be read in conjunction with the consolidated financial statements of Union Bankshares, Inc. and Subsidiary.

UNION BANKSHARES, INC. (PARENT COMPANY ONLY)

CONDENSED BALANCE SHEETS

December 31, 2016 and 2015

	2016	2015
	(Dollars in thousands)	
ASSETS		
Cash	\$49	\$57
Investment securities available-for-sale	97	110
Investment in subsidiary - Union	56,007	53,184
Other assets	805	941
Total assets	\$56,958	\$54,292
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Other liabilities	\$679	\$724
Total liabilities	679	724
STOCKHOLDERS' EQUITY		
Common stock, \$2.00 par value; 7,500,000 shares authorized; 4,936,652 shares issued at December 31, 2016 and 4,931,796 shares issued at December 31, 2015	9,874	9,864
Additional paid-in capital	620	501
Retained earnings	53,086	49,524
Treasury stock at cost; 474,517 shares at December 31, 2016 and 474,619 shares at December 31, 2015	(4,022)	(4,019)
Accumulated other comprehensive loss	(3,279)	(2,302)
Total stockholders' equity	56,279	53,568
Total liabilities and stockholders' equity	\$56,958	\$54,292

The investment in subsidiary is carried under the equity method of accounting. The investment in subsidiary and cash, which is on deposit with Union, have been eliminated in consolidation.

UNION BANKSHARES, INC. (PARENT COMPANY ONLY)

CONDENSED STATEMENTS OF INCOME

Years Ended December 31, 2016, 2015 and 2014

	2016	2015	2014
Revenues	(Dollars in thousands)		
Dividends - bank subsidiary - Union	\$5,050	\$5,100	\$4,950
Other income	40	25	52
Total revenues	5,090	5,125	5,002
Expenses			
Interest	25	23	32
Stock based compensation expense	—	35	20
Administrative and other	441	351	401
Total expenses	466	409	453
Income before applicable income tax benefit and equity in undistributed net income of subsidiary	4,624	4,716	4,549
Applicable income tax benefit	(153)	(124)	(134)
Income before equity in undistributed net income of subsidiary	4,777	4,840	4,683
Equity in undistributed net income - Union	3,734	3,038	3,011
Net income	\$8,511	\$7,878	\$7,694

UNION BANKSHARES, INC. (PARENT COMPANY ONLY)

CONDENSED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016, 2015 and 2014

	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES	(Dollars in thousands)		
Net income	\$8,511	\$7,878	\$7,694
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net income of Union	(3,734)	(3,038)	(3,011)
Stock based compensation expense	—	35	20
Net gains on sale of investment securities available-for-sale	—	—	(20)
Decrease (increase) in other assets	38	50	(71)
(Decrease) increase in other liabilities	(45)	(67)	30
Net cash provided by operating activities	4,770	4,858	4,642
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment securities available-for-sale	16	16	56
Purchases of investment securities available-for-sale	(4)	(1)	(17)
Proceeds of Company-owned life insurance death benefit	99	—	—
Net cash provided by investing activities	111	15	39
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(4,939)	(4,816)	(4,637)
Issuance of common stock	56	53	39
Purchase of treasury stock	(6)	(94)	(45)
Net cash used in financing activities	(4,889)	(4,857)	(4,643)
Net (decrease) increase in cash	(8)	16	38
Cash, beginning of year	57	41	3
Cash, end of year	\$49	\$57	\$41
Supplemental Disclosures of Cash Flow Information			
Interest paid	\$25	\$23	\$31
Dividends paid on Common Stock:			
Dividends declared	\$4,949	\$4,816	\$4,637

Dividends reinvested	(10)—	—	
	\$4,939	\$4,816	\$4,637

Note 26. Quarterly Financial Data (Unaudited)

A summary of consolidated financial data for each of the four quarters of 2016, 2015 and 2014 is presented below:

	Quarters in 2016 Ended			
	March	June	Sept.	Dec.
	31,	30,	30,	31,
	(Dollars in thousands, except per share data)			
Interest and dividend income	\$6,448	\$6,688	\$6,786	\$6,914
Interest expense	513	519	471	\$558
Net interest income	5,935	6,169	6,315	6,356
Provision for loan losses	75	75	—	—
Noninterest income	2,186	2,597	2,804	2,553
Noninterest expenses	5,821	5,926	6,179	6,295
Net income	1,759	2,139	2,268	2,345
Earnings per common share	\$0.39	\$0.48	\$0.51	\$0.53

	Quarters in 2015 Ended			
	March	June	Sept.	Dec.
	31,	30,	30,	31,
	(Dollars in thousands, except per share data)			
Interest and dividend income	\$6,117	\$6,276	\$6,373	\$6,378
Interest expense	565	521	461	478
Net interest income	5,552	5,755	5,912	5,900
Provision for loan losses	100	150	150	150
Noninterest income	2,335	2,526	2,533	2,398
Noninterest expenses	5,390	5,556	5,674	5,684
Net income	1,884	2,017	2,050	1,927
Earnings per common share	\$0.42	\$0.46	\$0.45	\$0.44

	Quarters in 2014 Ended			
	March	June	Sept.	Dec.
	31,	30,	30,	31,
	(Dollars in thousands, except per share data)			
Interest and dividend income	\$6,112	\$6,184	\$6,258	\$6,298
Interest expense	577	529	528	521
Net interest income	5,535	5,655	5,730	5,777
Provision for loan losses	75	75	150	45
Noninterest income	1,953	2,126	2,709	2,121
Noninterest expenses	5,179	5,286	5,552	5,577
Net income	1,764	1,919	2,126	1,885
Earnings per common share	\$0.40	\$0.43	\$0.47	\$0.43

Note 27. Other Noninterest Income and Other Noninterest Expenses

There are no components of other noninterest income that were in excess of one percent of total revenues for the years ended December 31, 2016, 2015 or 2014. The components of other noninterest expenses which are in excess of one percent of total revenues for the years ended December 31, 2016, 2015 and 2014 were as follows:

	2016	2015	2014
	(Dollars in thousands)		
Expenses			
ATM and debit card expense	\$639	\$783	\$695
Supplies and printing	298	305	480
Advertising and public relations	507	456	305
Vermont franchise tax	555	538	508
FDIC insurance assessment	307	345	348
Professional fees	731	641	617
Equity in losses of limited partnerships	565	484	800
Trust expenses	409	379	377
Other expenses	3,104	2,725	2,950
Total other expenses	\$7,115	\$6,656	\$7,080

Independent Registered Public Accounting Firm Report

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Union Bankshares, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheets of Union Bankshares, Inc. and Subsidiary (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years in the three-year period ended December 31, 2016. We have also audited Union Bankshares, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Union Bankshares, Inc.'s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U. S. generally accepted accounting principles (GAAP). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Board of Directors and Stockholders
Union Bankshares, Inc. and Subsidiary
Page 2

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Union Bankshares, Inc. and Subsidiaries as of December 31, 2016 and 2015, and the consolidated results of their operations and their consolidated cash flows for each of the years in the three-year period ending December 31, 2016, in conformity with GAAP. Also, in our opinion, Union Bankshares, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in COSO.

Portland, Maine
March 15, 2017
Vermont Registration No. 92-0000278

PART IV

Item 15. Exhibits, Financial Statement Schedules

Documents Filed as Part of this Report:

(1) The following consolidated financial statements are included:

- 1) Consolidated Balance Sheets at December 31, 2016 and 2015
- 2) Consolidated Statements of Income for the years ended December 31, 2016, 2015 and 2014
- 3) Consolidated Statements of Comprehensive Income for the years ended December 31, 2016, 2015 and 2014
- 4) Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2016, 2015 and 2014
- 5) Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014
- 6) Notes to the Consolidated Financial Statements
- 7) Report of Independent Registered Public Accounting Firm

(2) The following exhibits are either filed herewith as part of this report, or are incorporated herein by reference:

- | | |
|-------------|---|
| Item
No: | |
| 3.1 | Amended and Restated Articles of Incorporation of Union Bankshares, Inc. (as of August 1, 2007), previously filed with the Commission as Exhibit 3.1 to the Company's June 30, 2007 Form 10-Q and incorporated herein by reference. |
| 3.2 | Bylaws of Union Bankshares, Inc., as amended, previously filed with the Commission as Exhibit 3.1 to the Company's September 30, 2007 Form 10-Q and incorporated herein by reference. |
| 10.1 | Stock Registration Agreement dated as of February 16, 1999, among Union Bankshares, Inc., Genevieve L. Hovey, individually and as Trustee of the Genevieve L. Hovey Trust (U.A. dated 8/22/89), and Franklin G. Hovey, II, individually, previously filed with the Commission as Exhibit 3.1 to the Company's Registration Statement on Form S-4 (#333-82709) and incorporated herein by reference. |
| 10.2 | 2008 Amended and Restated Nonqualified Deferred Compensation Plan of Union Bankshares, previously filed with the Commission as Exhibit 10.3 to the Company's 2008 Form 10-K and incorporated herein by reference.* |
| 10.3 | Union Bankshares, Inc. Executive Nonqualified Excess Plan, previously filed with the Commission as Exhibit 10.4 to the Company's 2006 Form 10-K and incorporated herein by reference.* |
| 10.4 | First Amendment to the Union Bankshares, Inc. Executive Nonqualified Excess Plan, previously filed with the Commission as Exhibit 10.5 to the Company's 2008 Form 10-K and incorporated herein by reference.* |
| 10.5 | 2008 Incentive Stock Option Plan of Union Bankshares Inc. and Subsidiary, previously filed on April 10, 2008 with the Commission as Exhibit 10.1 to Form 8-K and incorporated herein by reference.* |
| 10.6 | Short Term Incentive Performance Plan, previously filed with the Commission on February 9, 2012 as Exhibit 10.1 to Form 8-K and incorporated herein by reference.* |
| 10.7 | Union Bankshares, Inc. 2014 Equity Incentive Plan, previously filed with the Commission on April 15, 2014 as Appendix A to the Definitive Proxy Statement for the 2014 Annual Meeting of Shareholders and incorporated herein by reference.* |
| 10.8 | Change in Control Agreement dated June 2, 2014, between Union Bank and David S. Silverman, previously filed with the Commission on June 4, 2014 as Exhibit 10.1 to Form 8-K and incorporated herein by reference.* |
| 10.9 | Change in Control Agreement dated June 2, 2014, between Union Bank and Karyn J. Hale, previously filed with the Commission on June 4, 2014 as Exhibit 10.2 to Form 8-K and incorporated herein by reference.* |
| 10.10 | Change in Control Agreement date June 2, 2014, between Union Bank and Jeffery G. Coslett, previously filed with the Commission on June 4, 2014 as Exhibit 10.2 to Form 8-K and incorporated herein by reference.* |
| 10.11 | Form of Stock Option Agreement for 2008 Incentive Stock Option Plan of Union Bankshares, Inc. and Subsidiary. * |
| 10.12 | Form of Stock Option Agreement for 2014 Equity Incentive Plan of Union Bankshares, Inc. and Subsidiary. * |
| 21.1 | Subsidiaries of the Company. |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |

- 32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
- 32.2 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
- 101 The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2016 formatted in eXtensible Business Reporting Language (XBRL): (i) the audited consolidated balance sheets, (ii) the audited consolidated statements of income for the years ended December 31, 2016, 2015 and 2014, (iii) the audited consolidated statements of comprehensive income, (iv) the audited consolidated statement of changes in stockholders' equity, (v) the audited consolidated statements of cash flows and (vi) related notes.

*denotes compensatory plan or agreement

This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or
**otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any
filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, as of May 10, 2017.

Union Bankshares, Inc.

By: /s/ David S. Silverman	By: /s/ Karyn J. Hale
David S. Silverman	Karyn J. Hale
Chief Executive Officer and President	Chief Financial Officer

EXHIBIT INDEX *

21.1 Subsidiaries of the Company.

31.1 Certifications of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certifications of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

32.2 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2016 formatted in eXtensible Business Reporting Language (XBRL): (i) the audited consolidated balance sheets,
101 (ii) the audited consolidated statements of income for the years ended December 31, 2016, 2015 and 2014, (iii) the audited consolidated statements of comprehensive income, (iv) the audited consolidated statements of changes in stockholders' equity, (v) the audited consolidated statements of cash flows and (vi) related notes.

*other than exhibits incorporated by reference to prior filings.

This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or
**otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any
filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.