CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY BOND FINANCING PROGRAM FUND

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2015

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

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Gilbert Associates, Inc.
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INDEPENDENT AUDITOR'S REPORT

CHFFA Members
California Health Facilities Financing Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the California Health Facilities Financing Authority's (CHFFA) Bond Financing Program Fund (Bond Program), a related organization of the State of California, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the CHFFA Bond Program's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the CHFFA Bond Program as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the CHFFA Bond Program adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the CHFFA Bond Financing Program Fund and do not purport to, and do not present fairly the financial position of CHFFA, as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of CHFFA Bond Program's Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 19 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the CHFFA Bond Program's basic financial statements. The Schedule of Bonds and Collateralized Notes, Authorized, Issued, and Outstanding is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Bonds and Collateralized Notes Authorized, Issued, and Outstanding is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Bonds and Collateralized Notes Authorized, Issued, and Outstanding is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2015 on our consideration of the CHFFA Bond Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CHFFA Bond Program's internal control over financial reporting and compliance.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

October 20, 2015

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

BALANCE SHEET
JUNE 30, 2015

ASSETS AND DEFERRED INFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	$	8,638,800
Restricted cash		300,000
Accounts receivable (net)		1,592,138
Due from external funds		31,404
Total current assets		10,562,342
NON-CURRENT ASSETS:		
Restricted cash		209,083
Capital assets (net)		23,684
Total noncurrent assets		232,767
DEFERRED INFLOWS OF RESOURCES:		
Pension contributions subsequent to the measurement date		186,885
TOTAL ASSETS AND DEFERRED INFLOWS OF RESOURCES	$	10,981,994
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$	24,993
Due to external funds		19,630
Current accrued vacation		126,730
Total current liabilities		171,353
NON-CURRENT LIABILITIES:		
Accrued vacation (net)		138,042
OPEB obligation		527,280
Net pension liability		1,513,015
TOTAL LIABILITIES		2,178,337
DEFERRED INFLOWS OF RESOURCES:		
Net differences between projected and actual earnings on the plan investments		281,972
NET POSITION:		
Restricted for purposes specified in enabling legislation		8,350,332
TOTAL LIABILITIES AND NET POSITION	$	10,981,994

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

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2015

OPERATING REVENUES:	
Fee revenue	$ 2,037,668
OPERATING EXPENSES:	
Personnel	1,458,741
Operating expenses	864,076
Total operating expenses	2,322,817
OPERATING LOSS	(285,149)
NON-OPERATING REVENUES:	
Interest income	20,947
CHANGES IN NET POSITION	(264,202)
NET POSITION, Beginning of Year, as restated (Note 10)	8,614,534
NET POSITION, End of Year	$ 8,350,332

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

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

STATEMENT OF CASH FLOWS
JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from fees	$ 2,815,398
Payments to employees	(1,272,868)
Payments to suppliers of goods and services	(763,671)
Net cash provided by operating activities	778,859
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interest and investment income	19,750
Net provided by noncapital financing activities	19,750
NET INCREASE IN CASH AND CASH EQUIVALENTS	798,609
BEGINNING CASH AND CASH EQUIVALENTS, as restated	8,349,274
ENDING CASH AND CASH EQUIVALENTS	$ 9,147,883
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	$ (285,149)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED BY OPERATIONS:	
Depreciation	6,460
(Increase) Decrease in:	
Accounts receivable	777,730
Due from external funds	122,324
Deferred outflows related to pensions	(186,885)
Increase (Decrease) in:	
Accounts payable	(15,346)
Due to external funds	(13,033)
Accrued vacation	148,181
OPEB obligation	115,440
Net penson liability	(172,835)
Deferred inflows related to pensions	281,972
Net cash provided by operating activities	$ 778,859

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

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL

The California Health Facilities Financing Authority (CHFFA) was created in 1979 and operates pursuant to the California Health Facilities Financing Authority Act (codified in the California Government Code Sections 15430-15462.5). CHFFA is a public instrumentality of the State of California, authorized and empowered by the provisions of the CHFFA Act for the purpose of providing financial assistance to eligible and creditworthy nonprofit and public health facilities in California through loans funded by the issuance of tax-exempt bonds, low-cost loans, and direct grant programs to promote important California health access, healthcare improvement and cost containment objectives. The CHFFA Bond Financing Program (Bond Program) was established to carry out these objectives. The diverse nature of the facilities funded by the CHFFA Bond Program reflects the changing health care needs of California. From rural community-based organizations to large multi-hospital systems, the CHFFA Bond Program has financed a wide range of providers and programs throughout California. The Bond Financing Program Fund is a sub-account within CHFFA.

CHFFA's enabling legislation guides the specific types of eligible entities, covering a wide range of entities, including without limitation, acute care hospitals, specialty centers, intermediate and skilled nursing care facilities, clinics and adult day health centers. The legislation also addresses project eligibility (including without limitation, construction, expansion, remodeling, renovation, and refinances), in addition to the make-up and responsibility of the nine member board. The CHFFA Bond Program has served as conduit issuer for a wide range of borrowers under the following bond financing programs:

Standard Bond Financing Program - This program provides borrowers with access to low interest rate capital markets through the issuance of tax-exempt revenue bonds. Proceeds from the bonds may be used to fund construction/renovation projects, land acquisition for future projects, acquisition of existing health facilities, refinancing of existing debt, and costs of issuance.

Pooled Bond Financing Program - This program provides borrowers, with more modest financing needs, the option to group or "pool" into a single bond financing, where bond issuance costs are shared by other participants. This type of financing will generally allow a borrower to finance an eligible project with a minimum bond issuance of $500,000.

Tax Exempt Equipment Financing Program - This program provides health facilities with access to tax-exempt fixed rate financing for equipment purchases. A borrower under the program can fund qualifying equipment purchases of $500,000 or more. The maturity of the notes must be related to the useful life of the equipment to be financed. Notes issued through the program are collateralized by the equipment that is purchased. Funds may be used to purchase or reimburse all types of qualifying equipment by an eligible health facility, including but not limited to, medical and diagnostic equipment, computers, and telecommunications equipment. Funds can also be used to finance minor equipment installation costs.

CHFFA contracts with the State of California to provide administrative support including, but not limited to accounting, budgets, data processing, personnel, legal, insurance, and business services.

B. THE REPORTING ENTITY

These financial statements present information on the financial activities of CHFFA's Bond Program. CHFFA is a related organization of the State of California. The California State Treasurer by legislation serves as the Chairperson and is responsible for the oversight of CHFFA.

C. BASIS OF PRESENTATION

As an enterprise fund, the accrual basis of accounting is utilized whereby revenues are recorded when earned and expenses are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). The financial statements of the CHFFA Bond Program have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

D. ACCOUNTS RECEIVABLE

Accounts receivable consist of initial and annual administration fees receivable from conduit bond financing borrowers. Accounts receivable are reported net of an allowance for doubtful accounts of $27,007 as of June 30, 2015. Management's estimate of the allowance is based on historical collection experience and a review of the current status of fees receivable.

E. REVENUES

Bond Financing Program (Standard and Pooled)

Fees are for the staff work related to bond financing and post-issuance activities and for the review of bond transactions. Fees vary based on the borrower: borrowers of bonds for the construction of a private health facility (or system) with annual gross revenues of $2.5 million or greater are charged an initial fee of 0.05% of the aggregate issue amount, up to a maximum of $100,000, and an annual administrative fee of 0.0175% of aggregate outstanding bonds, up to a maximum of $150,000. Borrowers of bonds for the construction of a private health facility (or system) with annual gross revenues of less than $2.5 million and public (city, county or district) health facilities are charged an initial fee of $1,000, and an annual administrative fee of 0.0175% of aggregate bonds outstanding, up to a maximum of $500.

Tax Exempt Equipment Financing Program

Fees for the staff work related to equipment financing and post-issuance activities are 0.05% of the aggregate issue amount, along with a non-refundable $500 application fee. The administration fees are $400 annually as long as there is an outstanding loan balance.

Fees are used to cover operating costs such as general communications, printing, professional services both internal and external, facilities operations, employee benefits, and other miscellaneous operating expenses, in addition to salaries and wages.

CHFFA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from issuing bonds and equipment loans.

F. BUDGET

As an enterprise fund, CHFFA is designed to be self-supporting, and therefore is not considered a budgetary fund.

G. CASH AND CASH EQUIVALENTS

CHFFA considers all short-term investments with an original maturity of three months or less to be cash equivalents.

H. CAPITAL ASSETS

Capital assets are defined as assets with a useful life of at least one year and a unit acquisition cost of at least $5,000. Equipment is depreciated using the straight-line method over five years to ten years. Computer software is amortized using the straight-line method over 3 years.

I. RISK MANAGEMENT

CHFFA is a related organization of the State of California, and participates in their risk management program. The State of California is primarily self-insured against loss or liability, with a few exceptions. The State generally does not maintain reserves; losses are covered by appropriations in the year in which the payment occurs. CHFFA has not had any claims subject to this coverage in the last three years. Additional disclosures are presented in the financial statements of the State of California.

J. ACCRUED VACATION

The accrued liability for the vacation compensation is recognized as an expense and liability in the CHFFA Bond Program's financial statements based on employee assignment to the program. Additionally, accumulated sick-leave balances are not recorded as compensated absences because they do not vest to employees. However, unused sick-leave balances convert to service credits upon retirement.

K. PENSION

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CHFFA Bond Program's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. NET POSITION

Net position is restricted by enabling legislation for the purposes of issuing bonds to assist expansion and construction of health facilities.

M. USE OF ESTIMATES TO PREPARE FINANCIAL STATEMENTS

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

N. CURRENT YEAR GASB IMPLEMENTATION

For the year ended June 30, 2015, the CHFFA Bond Program implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71) *Pensions Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, with required implementation for the CHFFA Bond Program during the year ended June 30, 2015. GASB 68 is an amendment of GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB 71 is an amendment of GASB 68. The primary objectives of GASB 68 and GASB 71 are to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. They require employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note 10 explains the effect of the current year GASB implementation.

2. CASH AND CASH EQUIVALENTS

A. GENERAL

Cash and cash equivalents at June 30, 2015 consist of the following:

Deposits in SMIF	$ 8,638,000
Cash in State Treasury	800
Restricted Cash – Current	300,000
Restricted Cash – Long-term	209,083
Total cash and cash equivalents	$ 9,147,883

Restricted cash are cash balances restricted in a Loan Loss Reserve Account for the HealthCap Loan Program, a joint venture with NCB Development Corporation.

B. STATE TREASURY

The CHFFA Bond Program invests excess cash funds in the State of California Surplus Money Investment Fund (SMIF). All of the resources of SMIF are invested through the Pooled Money Investment Account (PMIA). The PMIA investment program is designated by the Pooled Money Investment Board and is administered by the office of the State Treasurer.

Additional disclosure detail required by GASB Statements No. 3, No. 31, and No. 40, regarding cash deposits and investments in the State Treasury, including disclosures related to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk, are presented in the financial statements of the State of California for the year ended June 30, 2015.

3. DUE TO/FROM STATE – EXTERNAL FUNDS

Due to/from state external funds at June 30, 2015, includes the following:

Due From (Due To)	Description	
General Fund	Personnel costs	$ 4,538
SMIF	Interest Income	5,557
Children's Hospital Bond Act Fund	Personnel costs	3,788
Children's Hospital Fund	Personnel costs	17,521
General Fund	Miscellaneous	(16,459)
Services Revolving Fund	Miscellaneous	(578)
Legal Services	DOJ Attorney Services	(2,593)
Net Due From (To) State External Funds		$ 11,774

The amount due from SMIF represents unpaid interest earned by the CHFFA Bond Program. The amount due from other funds represents expenses paid by the CHFFA Bond Program for state external funds. The amount due to other funds represents expenses paid by other funds within the State of California on behalf of the CHFFA Bond Program.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
Capital assets, being depreciated and amortized:				
Equipment	$ 73,504			$ 73,504
Computer software - amortizable	65,000			65,000
Total capital assets being depreciated and amortized:	138,504			138,504
Less accumulated depreciation and amortization for:				
Equipment	(43,360)	$ (6,460)		(49,820)
Computer software	(65,000)			(65,000)
Total accumulated depreciation and amortization	(108,360)	(6,459)		(114,820)
Total capital assets, being depreciated	$ 30,144	$ (6,460)	$	$ 23,684

5. ACCRUED VACATION

The CHFFA Bond Program employees are granted vacation and sick leave in varying amounts, depending upon the employee. These hours are accrued for all employees on the basis of monthly payrolls. Upon separation, employees are paid for accumulated vacation days up to specified limits. Accrued vacation and sick leave follow State employees from agency to agency and are not necessarily earned since the inception of the CHFFA Bond Program.

Accrued vacation activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Transfers from/to Other State Agencies	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Accrued vacation	$ 116,591	$ 195,802	$ 79,109	$ (126,730)	$ 264,772	$ 126,730

6. JOINT VENTURE

The Authority participates in a joint venture, the HealthCap Program (the Program), along with the NCB Development Corporation (NCBDC). The relationship between the Authority and the HealthCap Program is such that the Program is not a component unit of the Authority for financial reporting purposes.

The Program was established in 2002 to increase access to capital for owners of eligible health facilities in the State of California. NCBDC's participation in the Program consists of making up to $10,000,000 in the aggregate available to expend loans to qualified borrowers based on the requirements set forth in the Program description. CHFFA's participation in the Program consists in maintaining a Loan Loss Reserve Account. The Loan Loss Reserve Account is required to be maintained at a minimum balance depending on the aggregate outstanding principal balance of all loans enrolled in the Program plus the aggregate amount of reserve deposit amounts paid by borrowers.

All interest earned on the Loan Loss Reserve account is split equally between CHFFA and NCBDC and interest is periodically remitted. As of June 30, 2015, the CHFFA Bond Program's portion of the balance in the Loan Loss Reserve Account was $509,083. CHFFA's risk of loss related to its participation in the Program is limited to its balance in the Loan Loss Reserve Account.

7. RETIREMENT PLAN

A. General Information about the Pension Plan

Plan Descriptions – All employees in a covered class of employment who work half-term or more are eligible to participate in the California Public Employees' Retirement System (CalPERS), which is included in the State of California's Comprehensive Annual Financial Report (CAFR) as a fiduciary component unit. CalPERS administers the Public Employees' Retirement Fund (PERF). PERF is an agent multiple-employer defined benefit retirement plan. Departments and agencies within the State of California (State), including CHFFA, a related organization of the State, are in a cost-sharing arrangement in which all risks and costs are shared proportionately by participating State agencies. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute.

Benefits Provided – The benefits for the Plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five or ten years of credited service.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

First Tier:

Hire date	Prior to January 15, 2011	January 15, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	10 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 to 67	50 to 67	52 to 67
Monthly benefits, as a % of eligible compensation	1.0 to 2.5%	1.092 to 2.418%	1.0 to 2.5%

Second Tier:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	1.25% @ 65	1.25% @ 67
Benefit vesting schedule	10 years service	10 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 to 67	52 to 67
Monthly benefits, as a % of eligible compensation	0.5 to 1.25%	0.65 to 1.25%

Contributions – Section 20814(c) of the California Public Employees Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. CHFFA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2014 (the measurement date) the average active employee contribution rate is 6.525% of annual pay, and the employer's contribution rate is 21.137% of annual payroll. These rates reflect Section 20683.2, which mandates that certain employees must contribute more as of July 1, 2013. Furthermore, any reduction in employer contributions due to the increase in the employee contributions must be paid by the employer towards the unfunded liability. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the year ended June 30, 2015, the contributions recognized as part of pension expense was $129,353.

B. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the CHFFA Bond Program reported net pension liabilities for their proportionate share of the net pension liability of $1,513,015.

The CHFFA Bond Program's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The CHFFA Bond Program's proportion of the net pension liability was based on the State Controller's Office (SCO) projection of the CHFFA Bond Program. The SCO identified a total of 29 entities that are reported in the State's CAFR which are proprietary funds (enterprise and internal service) and fiduciary funds (pension and other employee benefit trust funds), component units (discretely presented and fiduciary), and related organizations, that have State employees with pensionable compensation (covered payroll). The SCO calculated and provided these funds/organizations with their allocated pensionable compensation percentages by plan. The CHFFA Bond Program's proportionate share of the net pension liability for the Plan as of June 30, 2014 was 0.0060%.

For the year ended June 30, 2015, CHFFA Bond Program's recognized pension expense of $109,137. At June 30, 2015, CHFFA Bond Program's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 186,885	
Net differences between projected and actual earnings on plan investments		$ 281,972
Total	$ 186,885	$ 281,972

$186,885 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	$ (70,493)
2017	(70,493)
2018	(70,493)
2019	(70,493)
Total	$ (281,972)

Actuarial Assumptions – For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Salary Increases	Varies (1)
Investment Rate of Return	7.5% (2)
Mortality(3)	CalPERS' Membership Data
Post Retirement Benefit Increase	Up to 2.75%(4)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment and administrative expenses, including inflation

(3) The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

(4) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	**New Strategic Allocation**	**Real Return Years 1 – 10 (a)**	**Real Return Years 11+ (b)**
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Sensitivity of Programs' proportionate share Net Pension Liability to Changes in the Discount Rate – The following presents CHFFA Bond Program's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what CHFFA Bond Program's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Proportionate Share of Plan's Net Pension Liability	$ 2,202,479	$ 1,513,015	$ 935,857

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The State of California (the State) provides health care and dental benefits to annuitants of retirement systems to which the State contributes as an employer, through the State of California Other Post-employment Benefits Plan, a single-employer defined benefit plan. The health and dental benefits provided through the plan can be amended by the CalPERS Board of Administration and the California Department of Human Resources, respectively. Contributions are governed by the State of California and can be amended through legislation.

All State agencies and certain related organizations, including CHFFA, are considered collectively to be a single employer for plan purposes. A portion of the State's post-employment benefit costs have been allocated to the CHFFA Bond Program as follows:

	2015
Annual required contribution	$ 183,300
Interest on net OPEB obligation	29,640
Adjustment to annual required contribution	(27,300)
Annual OPEB cost (expense)	185,640
Contributions made	(70,200)
Increase in net OPEB obligation	115,460
Net OPEB obligation – beginning of year	411,840
Net OPEB obligation – end of year	$ 527,280

The CHFFA Bond Program's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015, and each of the preceding two years is as follows:

Fiscal year ended	Annual OBEB expense	% of annual OPEB expense contributed	Net OPEB obligation
6/30/13	$ 228,310	34.95%	$ 275,710
6/30/14	$ 216,840	37.22%	$ 411,840
6/30/15	$ 185,640	37.82%	$ 527,280

Additional disclosure detail required by GASB Statement No. 45 regarding other post-retirement benefits, including actuarial methods and assumptions, funding policies, and the funded status of the plan, is presented in the financial statements and required supplementary information of the State of California for the year ended June 30, 2014, which is the latest available on the State Controller's Office website at www.sco.ca.gov. Additionally, copies of the CalPERS annual financial report which include the Retiree Benefits Trust Fund may be obtained by writing to the CalPERS, Fiscal Services Division, P.O. Box 942703, Sacramento, California 94229-2703 or by visiting the CalPERS website at www.CalPERS.ca.gov.

9. CONDUIT FINANCING PROGRAMS

The CHFFA Bond Program acts as a conduit issuer by assisting eligible private nonprofit and public health facilities obtain financing through the issuance of revenue bonds. The financings are secured by the full faith and credit of the participating institutions, and neither CHFFA nor the CHFFA Bond Program is responsible for payment on any financing. As a result, the financing obligations are not recorded in the CHFFA Bond Program's financial statements. The borrowers' obligations may be secured by insurance, a letter of credit or guaranty.

As of June 30, 2015, there was $13,271,301,119 in conduit financings outstanding. The CHFFA Bond Program assisted with the issuance of financings in the amount of $850,775,000 for the year ended June 30, 2015. Additionally, the amounts of bonds authorized by the CHFFA Bond Program with active resolutions that remain unsold were $110,965,000 as of June 30, 2015.

10. RESTATEMENT OF BEGINNING NET POSITION

Beginning net position was restated in the current year due to a correction of an error to recognize the CHFFA Bond Program's deposits and interest income in the Loan Loss Reserve Account for the HealthCap Program, described in Note 6 above, as of June 30, 2014.

Additionally, GASB 68 requires retroactive application. The net pension liability offset by the related deferred outflow of resources as of June 30, 2014 reduces the beginning net position as of June 30, 2015. As a result, for the year ended June 30, 2015, the beginning net position decreased by $1,685,850 as the cumulative effect of changing in accounting principles.

Net position, as previously reported	$ 9,539,049
Restricted cash balance	761,335
Net pension liability	(1,685,850)
Beginning net position, as restated	$ 8,614,534

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

SCHEDULE OF CHFFA BOND PROGRAM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2015 LAST 10 YEARS*

		2015
Bond Programs' proportion of the net pension liability		0.0060%
Bond Programs' proportionate share of the net pension liability	$	1,513,015
Bond Programs' covered - employee payroll	$	668,857
Bond Programs' proportionate Share of the net pension liability as percentage of covered-employee payroll		226.21%
Plan fiduciary net position as a percentage of the total pension liability		73.05%

Notes to Schedule:

Changes of benefit terms. In 2015, there were no changes to the benefit terms.

Changes in assumptions. In 2015, there were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2015
LAST 10 YEARS*

	2015
Contractually required contribution	$ 186,885
Contributions in relation to the contractually required contributions	186,885
Contribution deficiency (excess)	$
Bond Programs' covered-employee payroll	$ 887,791
Contributions as a percentage of covered-employee payroll	21.29%

Notes to Schedule:

The actuarial methods and assumptions used to determine contribution rates for fiscal year ended June 30, 2015 was from the June 30, 2013 Valuation Date.

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Inflation	2.75%
Salary Increase	Varies (1)
Payroll Growth	3.0%
Investment Rate of Return	7.5% (2)
Retirement Age	2010 Experience Study(3)
Mortality	2010 Experience Study(4)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment and administrative expenses, including inflation
(3) The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
(4) The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

SUPPLEMENTARY INFORMATION

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2015

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2015
Adventist Health System/West - Sutter Health Revolving Loan Pool, Series 1991A & 1991B, dated 9/4/91	4-Sep-91	1-Aug-21	$ 59,800,000	$ 31,400,000	$ 28,400,000
Adventist Health System/West, 1998 Series A1 and A2, dated 2/18/98 and 1998 Series B, dated 2/28/98	28-Feb-98	A1=1-Sep-23 A2=1-Sep-28 B=1-Sep-28	114,500,000	47,800,000	66,700,000
Adventist Health System/West, 2009 Series A, dated May 20, 2009	20-May-09	1-Sep-39	90,000,000		90,000,000
Adventist Health System/West, 2009 Series B, dated May 20, 2009	20-May-09	1-Sep-38	30,000,000		30,000,000
Adventist Health System/West, 2009 Series C, dated May 20, 2009	20-May-09	1-Mar-21	54,495,000	48,495,000	6,000,000
Adventist Health System/West, Series 2011A, dated June 9, 2011 (Variable Rate)	9-Jun-11	1-Mar-41	130,000,000	8,160,000	121,840,000
Adventist Health System/West, Series 2013A, dated February 14, 2013	14-Feb-13	1-Mar-43	290,365,000	3,900,000	286,465,000
Alliance for Community Care, Series 2003, dated October 29, 2003	29-Oct-03	1-Jul-22	10,500,000	5,470,000	5,030,000
Ararat Home of Los Angeles, Inc., 2012 Series A, dated November 27, 2012	27-Nov-12	1-Jun-21	2,990,000	685,000	2,305,000
Asian Community Center of Sacramento Valley, Inc., 2007 Series A, dated October 3, 2007	3-Oct-07	1-Apr-37	19,405,000	1,365,000	18,040,000
Asian Health Services, 2009 Series A, dated October 21, 2009	21-Oct-09	1-Aug-20	4,005,000	1,580,000	2,425,000
Beacon House Association of San Pedro (The), Series 2011,dated October 20, 2011	20-Oct-11	1-Dec-23	1,505,000	320,000	1,185,000
Becoming Independent, Series 2013, dated April 30, 2013	30-Apr-13	1-Feb-29	4,865,000	510,000	4,355,000
California-Nevada Methodist Homes, Series 2006, dated May 3, 2006	3-May-06	1-Jul-36	42,280,000	13,255,000	29,025,000
Casa Colina, Series 2011, dated October 18, 2011	18-Oct-11	1-Apr-41	50,000,000	35,028,881	14,971,119
Casa Colina, Series 2013, dated September 13, 2013	13-Sep-13	1-Apr-32	21,190,000	1,175,000	20,015,000
Catholic Healthcare West Loan Program, 2004 Series K, dated May 19, 2004	19-May-04	1-Jul-33	60,000,000		60,000,000
Catholic Healthcare West Loan Program, 2009 Series H, dated November 12, 2009	12-Nov-09	1-Jul-33	90,000,000		90,000,000
Catholic Healthcare West, 1988 Series A, B & C, dated 6/23/88	23-Jun-88	B: 1-Jul-16 C: 1-Jul-20	120,000,000	67,600,000	52,400,000
Catholic Healthcare West, 1996 Series D, dated 5/30/96	30-May-96	1-Jul-21	104,900,000	84,200,000	20,700,000
Catholic Healthcare West, 1996 Series F and G, dated 12/12/96	12-Dec-96	F: 1-Jul-14 G: 1-Jul-23	67,500,000	37,000,000	30,500,000

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2015

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2015
Catholic Healthcare West, 1997 Series B, 1997 Series C, dated 10/15/97	15-Oct-97	1-Jul-22	70,000,000	47,600,000	22,400,000
Catholic Healthcare West, 2005 Series H, dated November 10, 2005	10-Nov-05	1-Jul-35	140,400,000		140,400,000
Catholic Healthcare West, 2005 Series I, dated November 10, 2005	10-Nov-05	1-Jul-35	59,600,000		59,600,000
Catholic Healthcare West, 2008 Series G, dated May 16, 2008	16-May-08	1-Jul-25	29,675,000		29,675,000
Catholic Healthcare West, 2009 Series A, dated May 14, 2009	14-May-09	1-Jul-39	339,115,000	45,560,000	293,555,000
Catholic Healthcare West, 2009 Series E, dated November 12, 2009	12-Nov-09	1-Jul-25	101,255,000		101,255,000
Catholic Healthcare West, 2011 Series A, dated November 9, 2011	9-Nov-11	1-Mar-41	350,005,000	23,700,000	326,305,000
Catholic Healthcare West, 2011 Series B, dated November 9, 2011	9-Nov-11	1-Mar-47	75,000,000		75,000,000
Catholic Healthcare West, 2011 Series C, dated November 9, 2011	9-Nov-11	1-Mar-47	75,000,000		75,000,000
Cedars-Sinai Medical Center, Series 2005, dated August 10, 2005	10-Aug-05	15-Nov-34	518,820,000	59,355,000	459,465,000
Cedars-Sinai Medical Center, Series 2009, dated October 21, 2009	21-Oct-09	15-Aug-39	535,000,000	100,000,000	435,000,000
Cedars-Sinai Medical Center, Series 2011, dated December 21, 2011	21-Dec-11	15-Aug-21	148,400,000	32,730,000	115,670,000
Childrens Hospital Los Angeles, Series 2010A, dated May 20, 2010	20-May-10	1-Jul-38	135,515,000	6,600,000	128,915,000
Children's Hospital Los Angeles, Series 2012A, dated August 15, 2012	15-Aug-12	15-Nov-34	120,760,000		120,760,000
Children's Hospital Los Angeles, Series 2012B, dated August 15, 2012	15-Aug-12	15-Nov-34	51,655,000		51,655,000
Children's Hospital of Orange County, 2009 Series A, dated June 30, 2009	30-Jun-09	1-Nov-38	139,565,000	12,505,000	127,060,000
Children's Hospital of Orange County, 2009 Series B, dated June 30, 2009	30-Jun-09	1-Nov-38	50,000,000	2,000,000	48,000,000
Children's Hospital of Orange County, 2009 Series C, dated June 30, 2009	30-Jun-09	1-Nov-38	50,000,000	2,000,000	48,000,000
Children's Hospital of Orange County, 2009 Series D, dated June 30, 2009	30-Jun-09	1-Nov-34	27,800,000	1,750,000	26,050,000
Children's Hospital of Orange County, Series 2011A, dated November 3, 2011	3-Nov-11	1-Nov-41	106,735,000		106,735,000
Chinese Hospital Association, Series 2012, dated November 8, 2012	8-Nov-12	1-Jun-42	65,000,000		65,000,000
City of Hope, Series 2012A, dated November 14, 2012	14-Nov-12	15-Nov-39	234,635,000	4,920,000	229,715,000

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2015

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2015
City of Hope, Series 2012B, dated November 14, 2012	14-Nov-12	15-Nov-42	32,500,000		32,500,000
City of Hope, Series 2012C, dated November 14, 2012	14-Nov-12	15-Nov-42	32,500,000		32,500,000
Clinicas de Salud del Pueblo, Inc. and Valley Health Team, Inc., 2008 Series A, dated 03/11/2008	11-Mar-08	1-Jul-32	6,250,000	4,505,000	1,745,000
Community Health Systems, Inc., 2000 Series A, dated 8/1/00	1-Aug-10	1-Aug-25	1,295,000	500,000	795,000
Community Program for Persons with Developmental Disabilities, 2011 Series A, dated February 17, 2011 (Tax Exempt)	17-Feb-11	1-Feb-26	44,725,000	8,790,000	35,935,000
Community Program for Persons with Developmental Disabilities, 2011 Series B, dated February 17, 2011 (Taxable)	17-Feb-11	1-Feb-26	32,245,000	5,970,000	26,275,000
Dignity Health, 2012 Series A, dated June 27, 2012	27-Jun-12	1-Mar-28	140,000,000		140,000,000
Dignity Health, 2014 Series B, dated October 15, 2014	15-Oct-14	1-Mar-25	294,510,000		294,510,000
El Camino Hospital, Series 2015A, dated May 7, 2015	7-May-15	1-Feb-45	160,455,000		160,455,000
FamiliesFirst, Inc., Series 2011, dated September 29, 2011	29-Sep-11	1-Dec-20	15,500,000	4,790,000	10,710,000
Fellowship Homes, Inc., Series 2011, dated October 7, 2011	7-Oct-11	1-Sep-19	2,785,000	950,000	1,835,000
Gateways Hospital and Mental Health Center, 2011 Series A, dated December 1, 2011	1-Dec-11	1-Dec-36	5,000,000		5,000,000
Gateways Hospital and Mental Health Center, 2011 Series B, dated December 1, 2011	1-Dec-11	1-Dec-24	3,085,000	635,000	2,450,000
HOPE Services, Series 2012, dated September 28, 2012	28-Sep-12	1-Nov-20	3,185,000	2,015,000	1,170,000
Insured Cal Pool Feedback Foundation Inc., Olive Crest Treatment Centers, Inc., Southern California Alcohol & Drug Programs 1992 Series A, dated 12/1/92	1-Dec-92	1-Dec-22	5,735,000	4,730,000	1,005,000
Insured Cal Pool Loan, Desarrollo Familiar Series 1986C, dated 12/1/86	1-Dec-86	1-Dec-16	150,000	130,000	20,000
Kaiser Permanente, 2006 Series A,dated June 8, 2006	8-Jun-06	1-Apr-39	200,000,000		200,000,000
Kaiser Permanente, 2006 Series C,dated June 8, 2006	8-Jun-06	5-Jun-41	325,000,000		325,000,000
Kaiser Permanente, 2006 Series E,dated June 8, 2006	8-Jun-06	1-Nov-40	175,000,000		175,000,000
Kaiser Permanente, 2011 Series A, dated May 3, 2011	3-May-11	1-Aug-31	50,000,000		50,000,000
Kaiser Permanente, 2011 Series B, dated May 3, 2011	3-May-11	1-Aug-31	50,000,000		50,000,000
Kaiser Permanente, 2011 Series C, dated May 3, 2011	3-May-11	1-Aug-31	50,000,000		50,000,000
Kaiser Permanente, 2011 Series D, dated May 3, 2011	3-May-11	1-Aug-31	54,545,000		54,545,000
Lincoln Glen Manor for Senior Citizens, Series 2015, dated February 11, 2015	11-Feb-15	1-Apr-36	11,965,000		11,965,000

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2015

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2015
Lucile Salter Packard Children's Hospital at Stanford, 2008 Series A, re-offered 3/21/2012	21-Mar-12	15-Aug-33	30,340,000		30,340,000
Lucile Salter Packard Children's Hospital at Stanford, 2008 Series B, re-offered 3/21/2012	21-Mar-12	15-Aug-33	30,340,000		30,340,000
Lucile Salter Packard Children's Hospital at Stanford, 2008 Series C, re-offered 3/21/2012	21-Mar-12	15-Aug-33	32,770,000		32,770,000
Lucile Salter Packard Children's Hospital at Stanford, 2012 Series A, dated March 21, 2012	21-Mar-12	15-Aug-51	200,000,000		200,000,000
Lucile Salter Packard Children's Hospital at Stanford, 2012 Series B, dated March 21, 2012	21-Mar-12	15-Aug-27	51,045,000	4,230,000	46,815,000
Lucile Salter Packard Children's Hospital at Stanford, 2014 Series A, dated May 8,2014	8-May-14	15-Aug-43	100,000,000		100,000,000
Lucile Salter Packard Children's Hospital at Stanford, 2014 Series B, dated May 8,2014	8-May-14	15-Aug-43	100,000,000		100,000,000
Marshall Medical Center, 2004 Series B, dated March 22, 2004	22-Mar-04	1-Nov-33	20,000,000		20,000,000
Marshall Medical Center, Series 2012A, dated September 26, 2012	26-Sep-12	1-Nov-22	17,805,000	4,065,000	13,740,000
Marshall Medical Center, Series 2015, dated April 9, 2015	9-Apr-15	1-Nov-33	26,895,000		26,895,000
Memorial Health Services, Series 1994, dated March 1, 1994	1-Mar-94	1-Oct-24	85,000,000	33,400,000	51,600,000
Memorial Health Services, Series 2012A, dated April 25, 2012	25-Apr-12	1-Oct-33	163,735,000	19,995,000	143,740,000
Memorial Health Services, Series 2013A, dated November 20, 2013	20-Nov-13	1-Oct-43	50,000,000		50,000,000
Memorial Health Services, Series 2013B, dated November 20, 2013	20-Nov-13	1-Oct-43	50,000,000		50,000,000
Northern California Presbyterian Homes and Services, Inc., Series 2015, Dated April 15, 2015	15-Apr-15	1-Jul-44	63,210,000		63,210,000
Paradise Valley Estates Project (NCROC), Series 2005, dated December 20, 2005	20-Dec-05	1-Dec-30	16,125,000	6,800,000	9,325,000
Paradise Valley Estates Project (NCROC), Series 2013, dated April 4, 2013	4-Apr-13	1-Jan-26	32,315,000	3,995,000	28,320,000
Petaluma Health Center, Inc., 2010 Series A, dated June 2, 2010	2-Jun-10	1-Jun-40	5,865,000	330,000	5,535,000
Pomona Valley Hospital Medical Center, 1997 Series A, dated 4/15/97	15-Apr-97	1-Jul-19	84,000,000	56,900,000	27,100,000
Prototypes, A Center for Innovation in Health Mental Health and Social Services & Social Model Recovery Systems, Inc., 2001 Series A, dated June 1, 2002	1-Jun-12	1-Jun-26	6,085,000	4,150,000	1,935,000
Providence Health & Services, 2008 Series C, dated November 6, 2008	6-Nov-08	1-Oct-38	289,195,000	269,410,000	19,785,000

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2015

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2015
Providence Health & Services, Series 2009B, dated July 29, 2009	29-Jul-09	1-Oct-39	150,000,000		150,000,000
Providence Health & Services, Series 2014A, dated June 26, 2014	26-Jun-14	1-Oct-38	275,850,000		275,850,000
Providence Health & Services, Series 2014B, dated August 6, 2014	6-Aug-14	1-Oct-44	118,740,000		118,740,000
Rady Children's Hospital - San Diego, Series 2011, dated November 22, 2011	22-Nov-11	15-Aug-41	100,000,000	3,110,000	96,890,000
San Diego Hospital Association 1988 Series A, dated June 23, 1988	23-Jun-88	15-Jul-18	25,000,000	18,100,000	6,900,000
San Fernando Valley Community Mental Health Center, Inc., Series 1998A, dated June 1, 1998	1-Jun-98	1-Jun-23	3,700,000	1,945,000	1,755,000
Scripps Health, 2001 Series A, dated July 10, 2001	10-Jul-01	1-Oct-23	60,000,000	48,900,000	11,100,000
Scripps Health, 2008 Series A, dated August 14, 2008	14-Aug-08	1-Oct-22	99,020,000	6,090,000	92,930,000
Scripps Health, 2008 Series B, dated August 14, 2008	14-Aug-08	1-Oct-31	44,205,000	10,535,000	33,670,000
Scripps Health, 2008 Series C, dated August 14, 2008	14-Aug-08	1-Oct-31	44,200,000	10,530,000	33,670,000
Scripps Health, 2008 Series D, dated August 14, 2008	14-Aug-08	1-Oct-31	44,200,000	10,555,000	33,645,000
Scripps Health, 2008 Series E, dated August 14, 2008	14-Aug-08	1-Oct-31	44,200,000	10,530,000	33,670,000
Scripps Health, 2008 Series F, dated August 14, 2008	14-Aug-08	1-Oct-31	44,425,000	10,585,000	33,840,000
Scripps Health, 2008 Series G, dated August 13, 2008	13-Aug-08	1-Oct-19	40,975,000	21,350,000	19,625,000
Scripps Health, 2010 Series A, dated February 4, 2010	4-Feb-10	15-Nov-36	120,000,000	5,425,000	114,575,000
Scripps Health, 2010 Series B, dated February 4, 2010	4-Feb-10	1-Oct-40	60,000,000		60,000,000
Scripps Health, 2010 Series C, dated February 4, 2010	4-Feb-10	1-Oct-40	40,000,000		40,000,000
Scripps Health, Series 2012A, dated February 1, 2012	4-Feb-10	15-Nov-40	175,000,000		175,000,000
Scripps Health, Series 2012B, dated February 1, 2012 (Variable)	1-Feb-12	1-Oct-42	60,000,000		60,000,000
Scripps Health, Series 2012C, dated February 1, 2012 (Variable)	1-Feb-12	1-Oct-42	40,000,000		40,000,000
Small Facilities Refinancing Program, 2005 Series A, dated April 12, 2005	12-Apr-05	1-Apr-25	22,545,000	18,445,000	4,100,000
Social Model Recovery Systems, Inc. Series 2014, dated April 2, 2014	2-Apr-14	1-Apr-39	5,000,000	145,000	4,855,000
Social Science Services, Inc., Series 2011, dated October 20, 2011	20-Oct-11	1-Aug-20	1,055,000	295,000	760,000
Solheim Lutheran Home, 2004 Series A, dated November 5, 2004	5-Nov-04	1-Nov-17	6,415,000	4,705,000	1,710,000
Southern California Alcohol & Drug Programs, Inc. 1997 Series A, dated December 1, 1997	1-Dec-97	1-Dec-22	4,095,000	2,295,000	1,800,000
Southern California Alcohol & Drug Programs, Inc. 2001 Series A, dated May 1, 2001	1-May-01	1-May-26	1,780,000	1,035,000	745,000
St. Joseph Health System, 2009 Series A, dated August 27, 2009	27-Aug-09	1-Jul-39	185,095,000		185,095,000

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2015

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2015
St. Joseph Health System, 2009 Series B, dated August 27, 2009	27-Aug-09	1-Jul-21	69,315,000	16,395,000	52,920,000
St. Joseph Health System, 2009 Series C, dated August 27, 2009	27-Aug-09	1-Jul-34	110,540,000	19,080,000	91,460,000
St. Joseph Health System, 2009 Series D, dated August 27, 2009	27-Aug-09	1-Jul-34	56,150,000		56,150,000
St. Joseph Health System, Series 2011A, dated July 14, 2011 (Variable Rate)	14-Jul-11	1-Jul-41	52,110,000		52,110,000
St. Joseph Health System, Series 2011B, dated July 14, 2011 (Variable Rate)	14-Jul-11	1-Jul-41	100,000,000		100,000,000
St. Joseph Health System, Series 2011C, dated July 14, 2011 (Variable Rate)	14-Jul-11	1-Jul-41	50,000,000		50,000,000
St. Joseph Health System, Series 2011D, dated July 14, 2011 (Variable Rate)	14-Jul-11	1-Jul-41	100,000,000		100,000,000
St. Joseph Health System, 2013 Series A, dated July 24, 2013 (Fixed Rate)	24-Jul-13	1-Jul-29	324,840,000		324,840,000
St. Joseph Health System, 2013 Series B dated July 24, 2013 (Variable Rate)	24-Jul-13	1-Jul-43	110,000,000		110,000,000
St. Joseph Health System, 2013 Series C, dated July 24, 2013 (Variable Rate)	24-Jul-13	1-Jul-43	110,000,000		110,000,000
St. Joseph Health System, 2013 Series D, dated July 24, 2013 (Variable Rate)	24-Jul-13	1-Jul-43	110,000,000		110,000,000
Stanford Health Care 2015 Series A, dated June 30, 2015	30-Jun-15	1-Aug-54	100,000,000		100,000,000
Stanford Health Care 2015 Series B, dated June 30, 2015	30-Jun-15	1-Aug-54	75,000,000		75,000,000
Stanford Hospital and Clinics, 2010 Series A, dated June 16, 2010	16-Jun-10	15-Nov-31	149,345,000	19,125,000	130,220,000
Stanford Hospital and Clinics, 2010 Series B, dated June 16, 2010	16-Jun-10	15-Nov-36	146,710,000		146,710,000
Stanford Hospital and Clinics, 2012 Series A, dated May 23, 2012	23-May-12	15-Aug-51	340,000,000		340,000,000
Stanford Hospital and Clinics, 2012 Series B, dated May 23, 2012	23-May-12	15-Aug-23	68,320,000	9,800,000	58,520,000
Stanford Hospital and Clinics, 2012 Series C, dated May 23, 2012 (Variable Rate)	23-May-12	15-Aug-51	60,000,000		60,000,000
Stanford Hospital and Clinics, 2012 Series D, dated May 23, 2012 (Variable Rate)	23-May-12	15-Aug-51	100,000,000		100,000,000
Stanford Hospital and Clinics, 2008 Series A-1, dated June 2, 2008	2-Jun-08	15-Nov-40	70,500,000	1,990,000	68,510,000
Stanford Hospital and Clinics, 2008 Series A-2, re-offer dated June 15, 2011	15-Jun-11	15-Nov-40	104,100,000	2,750,000	101,350,000
Stanford Hospital and Clinics, 2008 Series A-3, re-offer dated June 16, 2011	16-Jun-11	15-Nov-40	84,165,000	2,225,000	81,940,000

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND

SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2015

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2015
Stanford Hospital and Clinics, 2008 Series B-1, dated June 2, 2008	2-Jun-08	15-Nov-45	84,100,000		84,100,000
Stanford Hospital and Clinics, 2008 Series B-2, Sub Series 1, re-offer dated June 15, 2011	15-Jun-11	15-Nov-45	42,050,000		42,050,000
Stanford Hospital and Clinics, 2008 Series B-2, Sub Series 2, re-offer dated June 15, 2011	15-Jun-11	15-Nov-45	42,050,000		42,050,000
Sunny View Lutheran Home, 1997 Series A, dated September 1, 1997	1-Sep-97	1-Jan-19	4,430,000	3,260,000	1,170,000
Sunny View Lutheran Home, 1999 Series A, dated February 1, 1999	1-Feb-99	1-Jan-24	5,685,000	2,725,000	2,960,000
Sutter Health, 2007 Series A, dated May 1, 2007	1-May-07	15-Nov-46	756,410,000		756,410,000
Sutter Health, 2008 Series A, dated May 14, 2008	14-May-08	15-Aug-38	321,345,000	104,255,000	217,090,000
Sutter Health, 2011 Series B, dated February 10, 2011	10-Feb-11	15-Aug-42	475,000,000		475,000,000
Sutter Health, Series 2011D, dated December 22, 2011	22-Dec-11	15-Aug-35	310,300,000		310,300,000
Sutter Health, Series 2013A, dated April 24, 2013	24-Apr-13	15-Aug-52	450,000,000		450,000,000
The Help Group, Series 2012, dated November 2, 2012	2-Nov-12	1-Aug-37	6,210,000	195,000	6,015,000
The Hospital of the Good Samaritan 1991 Series A, dated August 15, 1991	15-Aug-91	1-Sep-21	105,000,000	57,955,000	47,045,000
TLC Child & Family Services, Series 2011, dated October 7, 2011	7-Oct-11	1-Sep-25	2,475,000	465,000	2,010,000
Valley Community Clinic, 2010 Series A, dated March 24, 2010	24-Mar-10	1-Apr-40	2,040,000	165,000	1,875,000
Vocational Visions, 2010 Series A, dated July 9, 2010	9-Jul-10	1-Jul-35	2,370,000	235,000	2,135,000
Grand Total:					$13,271,301,119

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

CHFFA Members
California Health Facilities Financing Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the California Health Facilities Financing Authority's (CHFFA) Bond Financing Program Fund (Bond Program), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the CHFFA Bond Program's basic financial statements, and have issued our report thereon dated October 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CHFFA Bond Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CHFFA Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the CHFFA Bond Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described in the separately issued letter to those charged with governance that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CHFFA Bond Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CHFFA's Response to Finding

CHFFA's response to the finding identified in our audit is described in the separately issued letter to those charged with governance. CHFFA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CHFFA Bond Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CHFFA Bond Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

October 20, 2015