

**CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED
JUNE 30, 2014**

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

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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, 2014, and the related notes to the 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.

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, 2014, 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.

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, 2014, 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 Matter

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 24, 2014 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.
Sacramento, California

October 24, 2014

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**BALANCE SHEET
JUNE 30, 2014**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 7,587,939
Accounts receivable (net)	2,369,868
Due from external funds	<u>152,531</u>
Total current assets	<u>10,110,338</u>

NON-CURRENT ASSETS:

Capital assets (net)	<u>30,144</u>
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TOTAL ASSETS \$ 10,140,482

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Accounts payable	\$ 40,339
Due to external funds	32,663
Current accrued vacation	<u>85,799</u>
Total current liabilities	<u>158,801</u>

NON-CURRENT LIABILITIES:

Accrued vacation (net)	30,792
OPEB obligation	<u>411,840</u>

TOTAL LIABILITIES 601,433

NET POSITION:

Restricted for purposes specified in enabling legislation	<u>9,539,049</u>
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TOTAL LIABILITIES AND NET POSITION \$ 10,140,482

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2014**

OPERATING REVENUES:

Fee revenue \$ 1,977,254

OPERATING EXPENSES:

Personnel 1,075,100

Operating expenses 1,069,596

Total operating expenses 2,144,696

OPERATING LOSS

(167,442)

NON-OPERATING REVENUES:

Interest income 20,341

CHANGES IN NET POSITION

(147,101)

NET POSITION, Beginning of Year, as restated (Note 10) 9,686,150

NET POSITION, End of Year \$ 9,539,049

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**STATEMENT OF CASH FLOWS
JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from fees	\$ 481,423
Payments to employees	(961,049)
Payments to suppliers of goods and services	<u>(1,137,275)</u>
Net cash used by operating activities	<u>(1,616,901)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Interest and investment income	<u>20,989</u>
Net provided by noncapital financing activities	<u>20,989</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (1,595,912)

BEGINNING CASH AND CASH EQUIVALENTS 9,183,851

ENDING CASH AND CASH EQUIVALENTS \$ 7,587,939

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES:**

Operating loss	\$ (167,442)
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**ADJUSTMENTS TO RECONCILE NET LOSS TO NET
CASH USED BY OPERATIONS:**

Depreciation	6,459
(Increase) Decrease in:	
Accounts receivable	(1,495,831)
Due from external funds	(88,131)
Increase (Decrease) in:	
Accounts payable	8,960
Due to external funds	5,033
Accrued vacation	(22,079)
OPEB obligation	<u>136,130</u>
Net cash used by operating activities	<u>\$ (1,616,901)</u>

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY BOND FINANCING PROGRAM FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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.

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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 \$27,379 as of June 30, 2014. 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.

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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. NET POSITION

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

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

L. 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.

M. FUTURE GASB IMPLEMENTATION

In June of 2012, GASB issued GASB Statement 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, with required implementation for CHFFA during the June 30, 2015 fiscal year-end. GASB 68 is an amendment of GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers*. The primary objective of GASB 68 is 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. It will 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. GASB 68 identifies 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. GASB 68 is required to be implemented retroactively and will require a restatement of beginning net position.

2. CASH AND CASH EQUIVALENTS

A. GENERAL

Cash and cash equivalents at June 30, 2014 consist of the following:

Deposits in SMIF	\$ 7,587,000
Cash in State Treasury	<u>939</u>
Total cash and cash equivalents	<u>\$ 7,587,939</u>

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, 2014.

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

3. DUE TO/FROM STATE – EXTERNAL FUNDS

Due to/from state external funds at June 30, 2014, includes the following:

<u>Due From (Due To)</u>	<u>Description</u>	
General Fund	Personnel costs	\$ 142,923
SMIF	Interest Income	4,360
Children’s Hospital Fund	Personnel costs	5,248
General Fund	Miscellaneous	(10,018)
Services Revolving Fund	Miscellaneous	(281)
Children’s Hospital Fund	Personnel costs	(16,371)
Legal Services	DOJ Attorney Services	<u>(5,993)</u>
Net Due From (To) State External Funds		<u>\$ 119,868</u>

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, 2014, was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets, being depreciated and amortized:				
Equipment	\$ 73,504			\$ 73,504
Computer software - amortizable	<u>65,000</u>			<u>65,000</u>
Total capital assets being depreciated and amortized:	<u>138,504</u>			<u>138,504</u>
Less accumulated depreciation and amortization for:				
Equipment	(36,901)	\$ (6,459)		(43,360)
Computer software	<u>(65,000)</u>			<u>(65,000)</u>
Total accumulated depreciation and amortization	<u>(101,901)</u>	<u>(6,459)</u>		<u>(108,360)</u>
Total capital assets, being depreciated	<u>\$ 36,603</u>	<u>\$ (6,459)</u>	<u>\$</u>	<u>\$ 30,144</u>

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014, was as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Accrued vacation	\$ 138,670	\$ 63,720	\$ (85,799)	\$ 116,591	\$ 85,799

6. RETIREMENT PLAN

CHFFA is a participant in the State of California's Public Employees' Retirement System (CalPERS), which is an agent multiple-employer and cost-sharing defined benefit plan. Since all State agencies and certain related organizations, including CHFFA, are considered collectively to be a single employer for plan purposes, the actuarial present value of vested and non-vested accumulated plan benefits attributable to the CHFFA Bond Program's employees cannot be determined. The significant actuarial assumptions used to compute the actuarially determined State contribution requirements are the same as those used to compute the State pension benefit obligation as defined by CalPERS. Generally, full-time and permanent part-time employees are eligible to participate in CalPERS. Depending upon the plan option selection, benefits vest after five or ten years of service. Participants are eligible for service retirement after age 50 or 55 and must have five or ten years of CalPERS credited service, depending upon the tier of participation. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. The amount of pension contributions by the CHFFA Bond Program to CalPERS is actuarially determined under a program wherein contributions plus the expected earnings of CalPERS will provide the necessary funds to pay the earned benefits of the employees when due. The total payroll of the CHFFA Bond Program is covered.

The CHFFA Bond Program's contribution to CalPERS for the year ended June 30, 2014 was \$125,259, and equal 100% of the required contributions for each year. Participant contributions range from zero to six percent of their salary depending on the tier of participation. The excess of plan assets over vested and unvested benefits at June 30, 2014 was not available. Such information is available for CalPERS as a whole, which is audited annually by other independent auditors. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report 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.

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

7. 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:

	<u>2014</u>
Annual required contribution	\$ 213,720
Interest on net OPEB obligation	30,420
Adjustment to annual required contribution	<u>(27,300)</u>
Annual OPEB cost (expense)	216,840
Contributions made	<u>(80,710)</u>
Increase in net OPEB obligation	136,130
Net OPEB obligation – beginning of year	<u>275,710</u>
Net OPEB obligation – end of year	<u>\$ 411,840</u>

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, 2014, and each of the preceding two years is as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB expense</u>	<u>% of annual OPEB expense contributed</u>	<u>Net OPEB obligation</u>
6/30/12	\$ 198,290	35.46%	\$ 127,190
6/30/13	\$ 228,310	34.95%	\$ 275,710
6/30/14	\$ 216,840	37.22%	\$ 411,840

Additional disclosure detail required by GASB Statement No. 45 regarding 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. Additionally, copies of the CalPERS annual financial report which includes 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.

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

8. 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, 2014, there was \$13,160,946,185 in conduit financings outstanding. The CHFFA Bond Program assisted with the issuance of financings in the amount of \$1,256,880,000 for the year ended June 30, 2014. Additionally, the amounts of bonds authorized by the CHFFA Bond Program with active resolutions that remain unsold were \$182,150,000 as of June 30, 2014.

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED,
ISSUED AND OUTSTANDING
JUNE 30, 2014**

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2014
Adventist Health System/West - Sutter Health Revolving Loan Pool, Series 1991A & 1991B	4-Sep-91	1-Aug-21 A1: 1-Sep-23 A2: 1-Sep-28	\$ 59,800,000	\$ 31,400,000	\$ 28,400,000
Adventist Health System/West, 1998 Series A1, A2 and B	28-Feb-98	B: 1-Sep-28	114,500,000	44,100,000	70,400,000
Adventist Health System/West, 2009 Series A	20-May-09	1-Sep-39	90,000,000		90,000,000
Adventist Health System/West, 2009 Series B	20-May-09	1-Sep-38	30,000,000		30,000,000
Adventist Health System/West, 2009 Series C	20-May-09	1-Mar-21	54,495,000	47,495,000	7,000,000
Adventist Health System/West, Series 2011A	9-Jun-11	1-Mar-41	130,000,000	5,460,000	124,540,000
Adventist Health System/West, Series 2013A	14-Feb-13	1-Mar-43	290,365,000		290,365,000
Aldersly, 2002 Series A	1-Sep-02	1-Mar-32	7,125,000	1,685,000	5,440,000
Alliance for Community Care, Series 2003	29-Oct-03	1-Jul-22	10,500,000	4,960,000	5,540,000
Ararat Home of Los Angeles, Inc., 2012 Series A	27-Nov-12	1-Jun-21	2,990,000	340,000	2,650,000
Asian Community Center of Sacramento Valley, Inc., 2007 Series A	3-Oct-07	1-Apr-37	19,405,000	1,145,000	18,260,000
Asian Health Services, 2009 Series A	21-Oct-09	1-Aug-20	4,005,000	1,230,000	2,775,000
Beacon House Association of San Pedro (The), Series 2011	20-Oct-11	1-Dec-23	1,505,000	205,000	1,300,000
Becoming Independent, Series 2013	30-Apr-13	1-Feb-29	4,865,000	205,000	4,660,000
California-Nevada Methodist Homes, Series 2006	3-May-06	1-Jul-36	42,280,000	12,535,000	29,745,000
Casa Colina, Series 2011	18-Oct-11	1-Apr-41	50,000,000	34,273,882	15,726,118
Casa Colina, Series 2013,	13-Sep-13	1-Apr-32	21,190,000	410,000	20,780,000
Catholic Healthcare West Loan Program, 2004 Series K	19-May-04	1-Jul-33	60,000,000		60,000,000
Catholic Healthcare West Loan Program, 2009 Series H	12-Nov-09	1-Jul-33 B: 1-Jul-16	90,000,000		90,000,000
Catholic Healthcare West, 1988 Series A, B & C	23-Jun-88	C: 1-Jul-20	120,000,000	61,200,000	58,800,000
Catholic Healthcare West, 1996 Series D	30-May-96	1-Jul-21 F: 1-Jul-14	104,900,000	80,000,000	24,900,000
Catholic Healthcare West, 1996 Series F and G	12-Dec-96	G: 1-Jul-23	67,500,000	34,600,000	32,900,000
Catholic Healthcare West, 1997 Series B and C	15-Oct-97	1-Jul-22	70,000,000	45,000,000	25,000,000
Catholic Healthcare West, 2004 Series G	28-Apr-04	1-Jul-23	29,100,000	295,000	28,805,000
Catholic Healthcare West, 2004 Series I	28-Apr-04	1-Jul-26	50,000,000	100,000	49,900,000
Catholic Healthcare West, 2005 Series H	10-Nov-05	1-Jul-35	140,400,000		140,400,000
Catholic Healthcare West, 2005 Series I	10-Nov-05	1-Jul-35	59,600,000		59,600,000
Catholic Healthcare West, 2008 Series G	16-May-08	1-Jul-25	29,675,000		29,675,000
Catholic Healthcare West, 2008 Series H	16-May-08	1-Jul-22	54,650,000	28,275,000	26,375,000
Catholic Healthcare West, 2008 Series I	16-May-08	1-Jul-22	53,725,000	28,225,000	25,500,000
Catholic Healthcare West, 2008 Series J	16-May-08	1-Jul-32	67,700,000		67,700,000
Catholic Healthcare West, 2008 Series K	16-May-08	1-Jul-22	54,100,000	23,525,000	30,575,000
Catholic Healthcare West, 2008 Series L	16-May-08	1-Jul-22	38,850,000	14,300,000	24,550,000
Catholic Healthcare West, 2009 Series A	14-May-09	1-Jul-39	339,115,000	20,000,000	319,115,000
Catholic Healthcare West, 2009 Series D	14-May-09	1-Jul-28	119,895,000	79,560,000	40,335,000
Catholic Healthcare West, 2009 Series E	12-Nov-09	1-Jul-25	101,255,000		101,255,000
Catholic Healthcare West, 2009 Series F	12-Nov-09	1-Jul-27	66,930,000		66,930,000
Catholic Healthcare West, 2011 Series A	9-Nov-11	1-Mar-41	350,005,000	14,110,000	335,895,000
Catholic Healthcare West, 2011 Series B	9-Nov-11	1-Mar-47	75,000,000		75,000,000
Catholic Healthcare West, 2011 Series C	9-Nov-11	1-Mar-47	75,000,000		75,000,000
Cedars-Sinai Medical Center, Series 2005	10-Aug-05	15-Nov-34	518,820,000	50,315,000	468,505,000
Cedars-Sinai Medical Center, Series 2009	21-Oct-09	15-Aug-39	535,000,000	78,225,000	456,775,000
Cedars-Sinai Medical Center, Series 2011	21-Dec-11	15-Aug-21	148,400,000	22,885,000	125,515,000

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM FUND**

**SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED,
ISSUED AND OUTSTANDING
JUNE 30, 2014**

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2014
Childrens Hospital Los Angeles, Series 2010A	20-May-10	1-Jul-38	135,515,000		135,515,000
Children's Hospital Los Angeles, Series 2012A	15-Aug-12	15-Nov-34	120,760,000		120,760,000
Children's Hospital Los Angeles, Series 2012B	15-Aug-12	15-Nov-34	51,655,000		51,655,000
Children's Hospital of Orange County, 2009 Series A	30-Jun-09	1-Nov-38	139,565,000	9,770,000	129,795,000
Children's Hospital of Orange County, 2009 Series B	30-Jun-09	1-Nov-38	50,000,000	1,000,000	49,000,000
Children's Hospital of Orange County, 2009 Series C	30-Jun-09	1-Nov-38	50,000,000	1,000,000	49,000,000
Children's Hospital of Orange County, 2009 Series D	30-Jun-09	1-Nov-34	27,800,000	850,000	26,950,000
Children's Hospital of Orange County, Series 2011A	3-Nov-11	1-Nov-41	106,735,000		106,735,000
Chinese Hospital Association, Series 2012	8-Nov-12	1-Jun-42	65,000,000		65,000,000
Citrus Valley Health Partners, Equipment Note	31-Mar-10	1-Apr-15	2,500,000	2,040,429	459,571
Citrus Valley Medical Center & Foothill Hospital Equipment Note	1-Mar-10	2-Apr-15	2,500,000	2,044,504	455,496
City of Hope, Series 2012A	14-Nov-12	15-Nov-39	234,635,000		234,635,000
City of Hope, Series 2012B	14-Nov-12	15-Nov-42	32,500,000		32,500,000
City of Hope, Series 2012C	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	11-Mar-08	1-Jul-32	6,250,000	4,400,000	1,850,000
Community Health Systems, Inc., 2000 Series A	1-Aug-10	1-Aug-25	1,295,000	450,000	845,000
Community Program for Persons with Developmental Disabilities, 2011 Series A	17-Feb-11	1-Feb-26	44,725,000	6,435,000	38,290,000
Community Program for Persons with Developmental Disabilities, 2011 Series B	17-Feb-11	1-Feb-26	32,245,000	4,370,000	27,875,000
Cottage Health System Obligated Group, 2003 Series B	13-Nov-03	1-Nov-33	60,000,000	12,020,000	47,980,000
Dignity Health, 2012 Series A	27-Jun-12	1-Mar-28	140,000,000		140,000,000
Exceptional Children's Foundation 1995 Series A	1-Sep-95	1-May-21	2,990,000	1,820,000	1,170,000
FamiliesFirst, Inc., Series 2011	29-Sep-11	1-Dec-20	15,500,000	3,155,000	12,345,000
Fellowship Homes, Inc., Series 2011	7-Oct-11	1-Sep-19	2,785,000	610,000	2,175,000
Gateways Hospital and Mental Health Center, 2011 Series A	1-Dec-11	1-Dec-36	5,000,000		5,000,000
Gateways Hospital and Mental Health Center, 2011 Series B	1-Dec-11	1-Dec-24	3,085,000	420,000	2,665,000
HOPE Services, Series 2012	28-Sep-12	1-Nov-20	3,185,000	385,000	2,800,000
Insured Cal Pool Feedback Foundation Inc., Olive Crest Treatment Centers, Inc., Southern California Alcohol & Drug Programs 1992 Series A	1-Dec-92	1-Dec-22	5,735,000	4,635,000	1,100,000
Insured Cal Pool Loan, Desarrollo Familiar Series 1986C	1-Dec-86	1-Dec-16	150,000	120,000	30,000
Kaiser Permanente, 2006 Series A	8-Jun-06	1-Apr-39	200,000,000		200,000,000
Kaiser Permanente, 2006 Series C	8-Jun-06	5-Jun-41	325,000,000		325,000,000
Kaiser Permanente, 2006 Series E	8-Jun-06	1-Nov-40	175,000,000		175,000,000
Kaiser Permanente, 2011 Series A	3-May-11	1-Aug-31	50,000,000		50,000,000
Kaiser Permanente, 2011 Series B	3-May-11	1-Aug-31	50,000,000		50,000,000
Kaiser Permanente, 2011 Series C	3-May-11	1-Aug-31	50,000,000		50,000,000
Kaiser Permanente, 2011 Series D	3-May-11	1-Aug-31	54,545,000		54,545,000
Lucile Salter Packard Children's Hospital at Stanford, 2008 Series A	21-Mar-12	15-Aug-33	30,340,000		30,340,000
Lucile Salter Packard Children's Hospital at Stanford, 2008 Series B	21-Mar-12	15-Aug-33	30,340,000		30,340,000
Lucile Salter Packard Children's Hospital at Stanford, 2008 Series C	21-Mar-12	15-Aug-33	32,770,000		32,770,000

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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JUNE 30, 2014**

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2014
Lucile Salter Packard Children's Hospital at Stanford, 2012 Series A	21-Mar-12	15-Aug-51	200,000,000		200,000,000
Lucile Salter Packard Children's Hospital at Stanford, 2012 Series B	21-Mar-12	15-Aug-27	51,045,000	2,030,000	49,015,000
Lucile Salter Packard Children's Hospital at Stanford, 2014 Series A	8-May-14	15-Aug-43	100,000,000		100,000,000
Lucile Salter Packard Children's Hospital at Stanford, 2014 Series B	8-May-14	15-Aug-43	100,000,000		100,000,000
Marshall Medical Center, 2004 Series A	17-Mar-04	1-Nov-33	30,000,000	825,000	29,175,000
Marshall Medical Center, 2004 Series B	22-Mar-04	1-Nov-33	20,000,000		20,000,000
Marshall Medical Center, Series 2012A	26-Sep-12	1-Nov-22	17,805,000	2,245,000	15,560,000
Memorial Health Services, Series 1994	1-Mar-94	1-Oct-24	85,000,000	28,900,000	56,100,000
Memorial Health Services, Series 2012A	25-Apr-12	1-Oct-33	163,735,000	12,535,000	151,200,000
Memorial Health Services, Series 2013A	20-Nov-13	1-Oct-43	50,000,000		50,000,000
Memorial Health Services, Series 2013B	20-Nov-13	1-Oct-43	50,000,000		50,000,000
Nipomo Community Medical Center Inc. 1990 Series A	1-Jul-90	1-Jul-20	770,000	455,000	315,000
Northern California Presbyterian Homes and Services, Inc., Series 1998	1-Jul-98	1-Jul-28	25,000,000	7,805,000	17,195,000
Northern California Presbyterian Homes and Services, Inc., Series 2004	15-Sep-04	1-Jul-34	43,000,000	8,000,000	35,000,000
Paradise Valley Estates Project (NCROC), Series 2005	20-Dec-05	1-Dec-30	16,125,000	6,400,000	9,725,000
Paradise Valley Estates Project (NCROC), Series 2013	4-Apr-13	1-Jan-26	32,315,000	1,975,000	30,340,000
Petaluma Health Center, Inc., 2010 Series A	2-Jun-10	1-Jun-40	5,865,000	215,000	5,650,000
Pomona Valley Hospital Medical Center, 1997 Series A	15-Apr-97	1-Jul-19	84,000,000	51,595,000	32,405,000
Prototypes, A Center for Innovation in Health Mental Health and Social Services & Social Model Recovery Systems, Inc., 2001 Series A	1-Jun-12	1-Jun-26	6,085,000	3,985,000	2,100,000
Providence Health & Services, Series C	6-Nov-08	1-Oct-38	289,195,000	265,410,000	23,785,000
Providence Health & Services, Series 2009B	29-Jul-09	1-Oct-39	150,000,000		150,000,000
Providence Health & Services, Series 2014A	26-Jun-14	1-Oct-38	275,850,000		275,850,000
Rady Children's Hospital - San Diego, Series 2011	22-Nov-11	15-Aug-41	100,000,000	1,545,000	98,455,000
San Diego Hospital Association 1988 Series A	23-Jun-88	15-Jul-18	25,000,000	16,600,000	8,400,000
San Fernando Valley Community Mental Health Center, Inc., Series 1998A	1-Jun-98	1-Jun-23	3,700,000	1,775,000	1,925,000
Scripps Health, 2001 Series A	10-Jul-01	1-Oct-23	60,000,000	48,900,000	11,100,000
Scripps Health, 2008 Series A	14-Aug-08	1-Oct-22	99,020,000	3,155,000	95,865,000
Scripps Health, 2008 Series B	14-Aug-08	1-Oct-31	44,205,000	10,535,000	33,670,000
Scripps Health, 2008 Series C	14-Aug-08	1-Oct-31	44,200,000	10,530,000	33,670,000
Scripps Health, 2008 Series D	14-Aug-08	1-Oct-31	44,200,000	10,555,000	33,645,000
Scripps Health, 2008 Series E	14-Aug-08	1-Oct-31	44,200,000	10,530,000	33,670,000
Scripps Health, 2008 Series F	14-Aug-08	1-Oct-31	44,425,000	10,585,000	33,840,000
Scripps Health, 2008 Series G	13-Aug-08	1-Oct-19	40,975,000	12,125,000	28,850,000
Scripps Health, 2010 Series A	4-Feb-10	15-Nov-36	120,000,000	2,640,000	117,360,000
Scripps Health, 2010 Series B	4-Feb-10	1-Oct-40	60,000,000		60,000,000
Scripps Health, 2010 Series C	4-Feb-10	1-Oct-40	40,000,000		40,000,000
Scripps Health, Series 2012A	4-Feb-10	15-Nov-40	175,000,000		175,000,000
Scripps Health, Series 2012B	1-Feb-12	1-Oct-42	60,000,000		60,000,000
Scripps Health, Series 2012C	1-Feb-12	1-Oct-42	40,000,000		40,000,000
Sisters of Providence Series 1996	1-Mar-96	1-Oct-16	63,075,000	60,100,000	2,975,000

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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**SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED,
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JUNE 30, 2014**

<u>Issued</u>	<u>Date Issued</u>	<u>Date of Final Maturity</u>	<u>Total Bonds Issued</u>	<u>Total Bonds Retired</u>	<u>Bonds Outstanding as of June 30, 2014</u>
Small Facilities Refinancing Program, 2005 Series A	12-Apr-05	1-Apr-25	22,545,000	11,340,000	11,205,000
Social Model Recovery Systems, Inc. Series 2014	2-Apr-14	1-Apr-39	5,000,000		5,000,000
Social Science Services, Inc., Series 2011	20-Oct-11	1-Aug-20	1,055,000	180,000	875,000
Solheim Lutheran Home, 2004 Series A	5-Nov-04	1-Nov-17	6,415,000	4,175,000	2,240,000
Southern California Alcohol & Drug Programs, Inc. 1997 Series A	1-Dec-97	1-Dec-22	4,095,000	2,105,000	1,990,000
Southern California Alcohol & Drug Programs, Inc. 2001 Series A	1-May-01	1-May-26	1,780,000	965,000	815,000
St. Joseph Health System, 2009 Series A	27-Aug-09	1-Jul-39	185,095,000		185,095,000
St. Joseph Health System, 2009 Series B	27-Aug-09	1-Jul-21	69,315,000	11,095,000	58,220,000
St. Joseph Health System, 2009 Series C	27-Aug-09	1-Jul-34	110,540,000		110,540,000
St. Joseph Health System, 2009 Series D	27-Aug-09	1-Jul-34	56,150,000		56,150,000
St. Joseph Health System, Series 2011A	14-Jul-11	1-Jul-41	52,110,000		52,110,000
St. Joseph Health System, Series 2011B	14-Jul-11	1-Jul-41	100,000,000		100,000,000
St. Joseph Health System, Series 2011C	14-Jul-11	1-Jul-41	50,000,000		50,000,000
St. Joseph Health System, Series 2011D	14-Jul-11	1-Jul-41	100,000,000		100,000,000
St. Joseph Health System, 2013 Series A	24-Jul-13	1-Jul-29	324,840,000		324,840,000
St. Joseph Health System, 2013 Series B	24-Jul-13	1-Jul-43	110,000,000		110,000,000
St. Joseph Health System, 2013 Series C	24-Jul-13	1-Jul-43	110,000,000		110,000,000
St. Joseph Health System, 2013 Series D	24-Jul-13	1-Jul-43	110,000,000		110,000,000
Stanford Hospital and Clinics, 2010 Series A	16-Jun-10	15-Nov-31	149,345,000	14,040,000	135,305,000
Stanford Hospital and Clinics, 2010 Series B	16-Jun-10	15-Nov-36	146,710,000		146,710,000
Stanford Hospital and Clinics, 2012 Series A	23-May-12	15-Aug-51	340,000,000		340,000,000
Stanford Hospital and Clinics, 2012 Series B	23-May-12	15-Aug-23	68,320,000	4,765,000	63,555,000
Stanford Hospital and Clinics, 2012 Series C	23-May-12	15-Aug-51	60,000,000		60,000,000
Stanford Hospital and Clinics, 2012 Series D	23-May-12	15-Aug-51	100,000,000		100,000,000
Stanford Hospital and Clinics, 2008 Series A-1	2-Jun-08	15-Nov-40	70,500,000	1,715,000	68,785,000
Stanford Hospital and Clinics, 2008 Series A-2	15-Jun-11	15-Nov-40	104,100,000	2,350,000	101,750,000
Stanford Hospital and Clinics, 2008 Series A-3	16-Jun-11	15-Nov-40	84,165,000	1,925,000	82,240,000
Stanford Hospital and Clinics, 2008 Series B-1	2-Jun-08	15-Nov-45	84,100,000		84,100,000
Stanford Hospital and Clinics, 2008 Series B-2, Sub Series 1	15-Jun-11	15-Nov-45	42,050,000		42,050,000
Stanford Hospital and Clinics, 2008 Series B-2, Sub Series 2	15-Jun-11	15-Nov-45	42,050,000		42,050,000
Sunny View Lutheran Home, 1997 Series A	1-Sep-97	1-Jan-19	4,430,000	2,990,000	1,440,000
Sunny View Lutheran Home, 1999 Series A	1-Feb-99	1-Jan-24	5,685,000	2,475,000	3,210,000
Sutter Health, 2007 Series A	1-May-07	15-Nov-46	756,410,000		756,410,000
Sutter Health, 2008 Series A	14-May-08	15-Aug-38	321,345,000	92,525,000	228,820,000
Sutter Health, 2011 Series B	10-Feb-11	15-Aug-42	475,000,000		475,000,000
Sutter Health, Series 2011D	22-Dec-11	15-Aug-35	310,300,000		310,300,000
Sutter Health, Series 2013A	24-Apr-13	15-Aug-52	450,000,000		450,000,000
The Help Group, Series 2012	2-Nov-12	1-Aug-37	6,210,000		6,210,000
The Hospital of the Good Samaritan 1991 Series A	15-Aug-91	1-Sep-21	105,000,000	52,875,000	52,125,000
TLC Child & Family Services, Series 2011	7-Oct-11	1-Sep-25	2,475,000	280,000	2,195,000
Valley Community Clinic, 2010 Series A	24-Mar-10	1-Apr-40	2,040,000	130,000	1,910,000
Vocational Visions, 2010 Series A	9-Jul-10	1-Jul-35	2,370,000	175,000	2,195,000
TOTAL					<u>\$ 13,160,946,185</u>

**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, 2014, 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 24, 2014.

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 24, 2014