CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY BOND PROGRAM

Audited Financial Statements

June 30, 2016

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BOND PROGRAM

AUDITED FINANCIAL STATEMENTS

June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Board Members
California Pollution Control Financing Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Bond Program of the California Pollution Control Financing Authority (the Authority) (Bond Program) as of and for the year ended June 30, 2016, and the related notes to the 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 opinions 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bond Program of the Authority as of June 30, 2016, 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 A, the financial statements present only the Bond Program and do not purport to, and do not present fairly the financial position of the Authority as of June 30, 2016, 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 management's discussion and analysis, Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to the Pension Plan 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 in 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bond Program's basic financial statements. The accompanying Schedule of Bonds Issues and Outstanding are presented for purposes of additional analysis and are not a required part of the basic financial statements. This schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017 on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

Richardson & Company, LLP

June 23, 2017

This section of the financial statements of the Bond Program accounts and records of the Authority presents the analysis of the financial performance of the Authority's Bond Program monies during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the financial statements that follow this section.

GENERAL BACKGROUND, OVERVIEW AND PROGRAMS

CPCFA's Consolidated Fund

CPCFA was established by Chapter 1257 (Statutes of 1972), with subsequent changes provided by Chapter 342 (Statutes of 1985), to provide California businesses with alternative methods of financing pollution control facilities. Over the last 45 years, CPCFA has evolved to meet California's needs not only through its Pollution Control Tax-Exempt Bond Program, but also: 1) for small businesses through the California Capital Access Program (CalCAP) and related financing programs, and 2) through grants and loans for the reuse and redevelopment of brownfields through the California Recycle Underutilized Sites Program (CALReUSE). The Authority's conduit financing activities include the Bond Program Support Fund and the Small Business Assistance Fees (SBAF) and can be collectively referred to as the Bond Program.

CPCFA has unusual status in State Government in that its statutes directed the creation of one "catch-all" fund that is continuously appropriated to administer all of the above statutorily-mandated programs ("Fund"). Consequently, all revenues and expenditures for all of CPCFA's programs are consolidated in that Fund, and have been since the inception of the Authority. The Administration and the Legislature authorized CPCFA, and its Fund, to have maximum flexibility in administering state authorized programs. This is fairly exclusive given that most state agencies establish a separate fund for each revenue source to enable the tracking of revenues received and expenditures made for each program, as specified.

CPCFA contracts with the State Treasurer's Office (STO) for administrative services which includes full accounting services for its consolidated Fund. The STO's Accounting Unit is required to utilize the State's California State Accounting & Reporting System (CALSTARS) developed in 1980-81. CALSTARS was designed to conform to Generally Accepted Accounting Principles (GAAP) as necessary, and to satisfy Government Codes, the State Administrative Manual (SAM), and other legally-mandated state accounting requirements. CALSTARS also incorporates the state's Uniform Codes Manual (UCM) to provide for consistency and uniformity. As evidenced by the STO Accounting Unit's annual "Certificate for Achieving Excellence in Financial Reporting" awarded by the State Controller's Office for the errorless preparation of specified CPCFA year-end financial reports, the accounting services provided to CPCFA are in compliance with all applicable state laws, rules and regulations. For the past 45 years, STO accounting staff provided comprehensive accounting services for CPCFA's Fund in the aggregate—but not its individual programs as anticipated by the independent audit of the Bond Program accounts and records directed by Senate Bill 99 in 2010.

Issues related to Authority accounts, including maintaining books, making adjustments to entries, reporting to other state entities and related activities are the responsibility of the STO. The Authority continues to work with the STO to identify areas where the Authority should maintain more direct knowledge and oversight of the accounts and funds traditionally overseen by the STO including areas that STO should consult with the Authority prior to making certain changes to financial statements and accounting records.

The relationship between CPCFA and STO, including the Accounting Unit, acknowledges that CPCFA retains the policy and program direction and expertise over the Bond Program, and that STO and its Accounting Unit retains the subject matter expertise for accounting principles and practices. This relationship and acknowledgment reduces redundancy, relieving CPCFA of expenses associated with hiring internal accounting specialists. In this discussion and analysis, while it is presumed that the Authority is ultimately responsible its financial statements, the use of the term "Management" herein this discussion and related audit documents refers to responsibilities or decisions which by nature are shared due to CPCFA's reliance on STO's expertise in preparing financial records.

Conduit Finance Activity

Since 1972, the Authority has served as a conduit issuer for eligible California businesses for the acquisition, construction, or installation of qualified pollution control, waste disposal, resource recovery and water furnishing facilities. The Authority also provides additional financial assistance to California businesses that meet the size standards set forth in Title 13 of the Code of Federal Regulations or are an eligible small business, which is defined as 500 employees or less, including affiliates.

The Authority uses the Small Business Assistance Fees (SBAF) collected from large businesses to help pay for the costs of issuance of tax-exempt bonds issued on behalf of small businesses. The SBAF may be used to pay for costs such as letter of credit fees, transaction fees and other costs associated with the issuance of bonds. This assistance reduces the net cost of financing to the small business to make it more competitive. On April 23, 2013, CPCFA waived the collection of SBAF from large businesses to incentivize the issuance of bonds, but continues to offer the subsidy to qualifying small businesses. This SBAF waiver will continue through December 31, 2016. Commencing January 1, 2017 through June 30, 2017 half of the SBAF fee will be waived from large businesses.

In December 2013, CPCFA made a change to its Administrative Fee for refunding bond issuances when coupled with a new money bond issuance. When the financing requested is a refunding of a prior sale of bonds previously approved by the Authority and the refunding is included as part of an application which also requests new financing by the same applicant for a new proposed project, the Authority has the discretion to charge the applicant the Authority's reasonable and necessary expenses allocable to the refunding request in lieu of the normal Administrative Fee. In June 2016 staff updated the regulations to clarify that the discretionary waiver of the refunding fee, limiting the option of charging allocable expenses only to those transactions a) submitted by a small business applicant and b) where the new money exceeds the refunding amount.

During the fiscal year ended June 30, 2016, the Authority served as the issuer for $426,210,000 in tax exempt bonds. As of June 30, 2016, the Authority's total conduit debt issued was $14,794,606,437 and total conduit debt outstanding was $3,542,907,607.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Authority's Bond Program includes the Independent Auditors' Report, Management Discussion and Analysis (MD&A), basic financial statements, accompanying notes and supplemental information.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority's Bond Program report information using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities.

> The ***Statement of Net Position*** include all of the assets and liabilities of the Authority's Bond Program for the year ended June 30, 2016 and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rates of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority's Bond Program.
>
> The ***Statement of Revenues, Expenses and Changes in Net Position*** accounts for all of the revenue and expenses of the Authority's Bond Program for the year ended June 30, 2016. This statement reflects the results of the Bond Program's operations over the year and can be used to determine the credit worthiness and its ability to successfully recover all its costs through fees, investment income and other revenues.
>
> The ***Statement of Cash Flows*** provides information about the Authority's Bond Program's cash receipts and cash payments during the year ended June 30, 2016. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, noncapital financing and investment activities. The statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting period covered.

The accompanying Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, the final section in this report also presents certain supplementary information. This supplementary information section contains the detail of conduit bonds issued and conduit bonds outstanding as of June 30, 2016.

ANALYSIS OF CHANGE IN BOND PROGRAM BALANCE FOR FISCAL YEAR ENDED JUNE 30, 2016

Statement of Net Position

The net position of the Bond Program was $26,483,502 as of June 30, 2016. The net position of the CPCFA Bond Program decreased by $189,855 from one year ago (2015 to 2016) due, in part, to a decrease in bond issuance closing fees received, including the SBAF waiver and the change to the refunding fee. The previous fiscal year (2014 to 2015) the fund decreased by $645,502, so this year has shown a significant improvement.

The following table presents a condensed, combined statement of net position as of June 30, 2016, and June 30, 2015, including dollar change from 2015 to 2016.

CONDENSED STATEMENTS OF NET POSITION

	2016	2015	Difference
Total Assets	$ 27,325,511	$ 27,434,610	$ (109,099)
Deferred Outflow of Resources	82,327	36,243	46,084
Current Liabilities	36,119	30,650	5,469
Long-Term Liabilities	823,755	430,288	339,467
Total Liabilities	859,874	460,938	398,936
Deferred Inflow of Resources	64,462	80,190	(15,728)
Restricted Net Position	$ 26,483,502	$ 26,929,725	$ (446,223)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2016	2015	Difference
Operating Revenues	$ 792,565	$ 241,112	$ 551,453
Nonoperating Revenues (Expenses)	98,031	69,426	28,605
Total Revenues	890,596	310,538	580,058
Operating Expenses	1,080,451	689,658	390,793
Extraordinary Expenses		266,382	(266,382)
Total Expenses	1,080,451	956,040	124,411
Change in Net Position	(189,855)	(645,502)	455,647
Net position at beginning of year	26,929,725	27,575,227	(645,502)
Restatement	(256,368)		(256,368)
Net Position at End of Year	$ 26,483,502	$ 26,929,725	$ (446,223)

Assets
Total assets decreased by $109,099 from the prior year, mostly due to a reduction of the Bond Program's cash balances, net of amounts due from other programs.

Liabilities
Total liabilities both current and long-term were $859,874 as of June 30, 2016, representing an increase of $398,936 from the prior fiscal year. This increase is due to the Bond Program's share of the pension liability increasing by $99,429 and also the recording of the Bond Program's other postemployment benefits (OPEB) liability for the first time in 2016 of $294,038.

Net Position
Net position decreased by $446,223 due to the recording of the OPEB liability of $294,038 and also expenses including revenues by $189,855.

Statement of Revenues, Expenses and Changes in Net Position
CPCFA Bond Program revenues were $792,565 while expenses were $1,080,451.

BOND PROGRAM OUTLOOK

Business investment in California using tax-exempt bonds declined noticeably during the recent economic downturn. As a result, Private Activity Bond (PAB) allocation has gone unused and CPCFA has received unused allocation as Carryforward Allocation. As of June 1, 2017 CPCFA has approximately $1.2 billion in Carryforward Allocation available for both small and large businesses to issue PABs. For the second year in a row the bond program saw an increase in the number of inducements and bond issuances between the 2014-2015 and 2015-2016 fiscal years, indicating the possibility of a positive trend in bond activity. The current amount of available allocation is listed in the table below.

Total 2014 Carryforward Allocation Available (as of 06/01/17)	**$1,216,438,172**
Solid Waste Disposal	$597,350,000
Sewage Facilities	$119,088,172
Water Furnishing	$500,000,000

As of June 30, 2016 the SBAF fund currently had a balance of approximately $14.6 million, CPCFA has implemented a temporary SBAF fee waiver, until December 31, 2016, for large businesses. Then, from January 1, 2017 to June 30, 2017, half of the SBAF fee will be waived for large businesses. This will not affect the SBAF assistance given to small businesses. CPCFA staff anticipates that the temporary fee waiver will entice large businesses to issue PABs by noticeably reducing a portion of the cost of issuance. The fee waiver could also serve as an incentive for national companies to focus investment in California while their overall fees are lower.

The additional refunding fee change made in June 2016 to the Administration fee, coupled with new money issues, has encouraged several applicants to issue bonds through CPCFA for new projects and refunding previously issued bonds with more attractive interest rates. We anticipate this trend to continue based on the increase of applications currently in the pipeline.

Additionally, as described above in **CPCFA's Consolidated Fund** the Bond Program typically provides financial support to other CPCFA programs and this is reflected in **Statement of Revenues, Expenses and Changes in Net Position**, although no such transfers occurred in FY 2015-2016.

The Bond Program does not receive any on-going State General Fund support and continues to generate revenues sufficient to support operating expenses.

ANALYSIS OF 2016 ACTIVITIES

Applications received in FY 2015/2016:

The following schedule presents a summary of applications received during the fiscal year ended June 30, 2016:

Application Number	Date Received	Applicant Name	Project Type	Amount
880	07/17/2015	Verdure Technologies, Inc.	SWD*	$12,830,000
881	10/23/2015	Recycling Industries, Inc.	SWD	$2,300,000
882	11/15/2015	Whitehall Corporation	SWD	$6,335,000
883	12/16/2015	Alameda County Industries, LLC	SWD	$16,580,000
884	01/22/2016	Poseidon Resources (Channelside) LP	WATRF**	$50,000,000
885	02/02/2016	Tri-City Economic Development	SWD	$5,500,000
886	02/12/2016	Kore Infrastructure, LLC	SWD	$38,675,000
887	02/12/2016	Mottra Corp/Metropolitan Waste	SWD	$8,250,000
888	03/16/2016	UrbanX Renewables Group, Inc.	SWD	$63,875,000
889	04/13/2016	Garaventa Enterprises, Inc.	SWD	$32,205,000
890	04/18/2016	EDCO Disposal Corporation	SWD	$79,199,000
891	05/16/2016	ABEC #2, LLC	SWD	$4,000,000
892	04/19/2016	EDCO Refuse Services, Inc.	SWD	$65,000,000
893	05/17/2016	Mid Valley Disposal, Inc.	SWD	$15,690,000
894	05/17/2016	Agua Via Ltd.	WATRF	$35,000,000
		TOTAL:		**$435,439,000**

* Solid Waste Disposal

**Water Furnishing

Initial Resolutions (IR) adopted in FY 2015/2016:

The following schedule presents a summary of Initial Resolutions adopted during the fiscal year ended June 30, 2016:

IR No.	Date Approved	Applicant Name	Project Type	Amount
15-01	07/21/2015	Aemerge, LLC	SWD*	$22,475,000
15-02	08/18/2015	Verdure Technologies, Inc.	SWD	$12,830,000
15-04	12/15/2015	Whitehall Corporation	SWD	$6,335,000
16-01	01/19/2016	Alameda County Industries, LLC	SWD	$3,780,000
16-02	02/16/2016	Poseidon Resources (Channelside) LP	WATRF**	$50,000,000
16-03	03/15/2016	Tri-City Economic Development	SWD	$3,723,579
16-05	03/15/2016	Mottra Corporation/Metropolitan Waste	SWD	$8,250,000
16-06	04/19/2016	UrbanX Renewables Group, Inc.	SWD	$63,875,000
16-07	05/17/2016	Garaventa Enterprises, Inc.	SWD	$8,165,000
16-08	05/17/2016	EDCO Disposal Corporation	SWD	$79,199,000
16-09	06/21/2016	ABEC #2, LLC	SWD	$4,000,000
16-10	06/21/2016	EDCO Refuse Services, Inc.	SWD	$56,295,000
16-11	06/21/2016	Mid Valley Disposal, Inc.	SWD	$11,125,000
16-2	06/21/2-16	Agua Via, Ltd.	WATRF	$35,000,000
		TOTAL:		**$365,052,579**

*Solid Waste Disposal

**Water Furnishing

Final Resolutions (FR) adopted in FY 2015/2016:

The following schedule presents a summary of Final Resolutions adopted during the fiscal year ended June 30, 2016:

FR No.	Date Approved	Applicant Name	Project Type	Amount
545	10/20/2015	Waste Management, Inc.	SWD	$126,000,000
546	01/19/2016	Aemerge, LLC	SWD	$28,250,000
548	11/17/2015	Eco-Modity, LLC	SWD	$6,145,000
552	03/15/2016	Alameda County Industries, LLC	SWD	$16,580,000
553	05/17/2016	CR&R, Incorporated	SWD	$61,360,000
554	04/19/2016	Tri-City Economic Development	SWD	$5,250,000
555	04/19/2016	Mottra Corporation/Metropolitan Waste	SWD	$8,250,000
576	06/21/2016	Garaventa Enterprises, Inc.	SWD	$32,205,000
		TOTAL:		**$284,040,000**

*Solid Waste Disposal

Bonds sold in FY 2015/2016:

The following schedule presents a summary of bonds sold during the fiscal year ended June 30, 2016:

Closing Date	Applicant Name	Project Type	Amount of Issue	Beginning Interest Rate	Mode
07/01/2015	Cal Waste Solutions, Inc. Series 2015A(R)(N)	SWD*	$22,222,222	2.06	Monthly
07/01/2015	Cal Waste Solutions, Inc. Series 2015B(R)(N)	SWD	$17,777,778	2.06	Monthly
07/01/2015	Waste Management, Inc. Series 2015A-1(R)(N)	SWD	$84,430,000	3.38	Fixed
07/01/2015	Waste Management, Inc. Series 2015A-2(R)(N)	SWD	$28,000,000	3.63	Fixed
07/01/2015	Waste Management, Inc. Series 2015A-3(R)(N)	SWD	$28,000,000	4.30	Fixed
07/01/2015	Waste Management, Inc. Series 2015B-1(R)(N)	SWD	$76,225,000	3.00	Fixed
07/01/2015	Waste Management, Inc. Series 2015B-2(R)(N)	SWD	$49,775,000	3.12	Fixed
01/27/2016	Aemerge Redpak Services S. Ca LLC Series 2016	SWD	$28,250,000	7.00	Fixed
04/06/2016	Alameda County Industries, Inc. Series 2016 (R)(N)	SWD	$16,580,000	3.35	Weekly
04/29/2016	Tri-City Economic Development Corp. Series 2016 (R)(N)	SWD	$5,250,000	2.75	Fixed
05/04/2016	Mottra Corp. Series 2016	SWD	$8,250,000	1.36	Weekly
06/01/2016	CR&R Inc., Series 2016 (R)(N)	SWD	$61,360,000	1.60	Weekly
	TOTAL:		**$426,120,000**		

*Solid Waste Disposal

Note: All bond sales negotiated.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's Bond Program's financial position and is intended for distribution to a variety of interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, California Pollution Control Financing Authority, P. O. Box 942809, Sacramento, CA 94209.

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CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND PROGRAM

STATEMENT OF NET POSITION

June 30, 2016

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		$ 24,178,351
Interest receivable		34,120
Prepaid expenses		134,040
Due from other programs		2,979,000
	TOTAL ASSETS	27,325,511
DEFERRED OUTFLOW OF RESOURCES		
Deferred outlfow of resources - pension activities		82,327
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable		537
Due to other governments		26,590
Accrued leave		8,992
	TOTAL CURRENT LIABILITIES	36,119
NONCURRENT LIABILTIES		
Net pension liability		529,717
Other postemployment benefits (OPEB) liability		294,038
	TOTAL LIABILITIES	859,874
DEFERRED INFLOW OF RESOURCES		
Deferred inflow of resources - pension activities		64,462
NET POSITION		
Restricted for pollution control financing		26,483,502
	TOTAL NET POSITION	$ 26,483,502

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

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND PROGRAM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2016

OPERATING REVENUES	
Application fees	$ 69,280
Closing fees	669,285
Agent for sale fees	54,000
TOTAL OPERATING REVENUES	$ 792,565
OPERATING EXPENSES	
Salaries, wages and benefits	453,974
Services and supplies	4,706
Consultant services	101,423
Small business financing assistance	513,070
Operating expenses	7,278
TOTAL OPERATING EXPENSES	1,080,451
OPERATING LOSS	(287,886)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment income	98,031
TOTAL NONOPERATING REVENUES	98,031
CHANGE IN NET POSITION	(189,855)
Net position, beginning of year, as previously reported	26,929,725
Restatement for OPEB liability	(256,368)
Net position, beginning of year, as restated	26,673,357
NET POSITION, END OF YEAR	$ 26,483,502

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

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND PROGRAM

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2016

	2016
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from fees	$ 792,565
Payments to vendors	(108,490)
Payments for salaries and benefits	(378,135)
Small Business Assistance	(647,110)
NET CASH USED BY OPERATING ACTIVITIES	(341,170)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from other programs nonoperating	(2,187,851)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(2,187,851)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment income received	83,113
NET CASH PROVIDED BY INVESTING ACTIVITIES	83,113
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,445,908)
Cash and cash equivalents at the beginning of the year	26,624,259
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 24,178,351
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	$ (287,886)
Changes in assets and liabilities	
Prepaid expenses	(134,040)
Accounts payable	72
Due to other governments	4,845
Accrued leave	552
Net pension liability and related deferred inflows/outflows	37,617
OPEB Liability	37,670
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (341,170)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority's Bond Program have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Bond Program are described below.

Organization and Reporting Entity: California Pollution Control Financing Authority (the Authority), a state agency within the California State Treasurer's Office, was created in 1972 to assist California businesses to meet their growth and capital needs by providing access to low-cost financing through private activity tax-exempt bonds and loans, and fosters compliance with government imposed environmental standards and requirements.

Irrespective of company size, financing is available for eligible California businesses for the acquisition, construction, or installation of qualified pollution control, waste disposal, resource recovery and water furnishing facilities. The Authority also provides additional financial assistance to California businesses that meet the size standards set forth in Title 13 of the Code of Federal Regulations or are an eligible small business, which is defined as 500 employees or less, including affiliates.

The Authority uses the Small Business Assistance Fees (SBAF) collected from larger bond transactions to help pay for the costs of issuance of tax-exempt bonds issued on behalf of small businesses. The SBAF may be used to pay for costs such as letter of credit fees, transaction fees and other costs associated with the issuance of bonds. This assistance reduces the net cost of financing to the small business to make it more competitive. As noted in the Management Discussion & Analysis, CPCFA has temporarily waived the collection of the fees from large businesses until June 30, 2016, but continues to provide the assistance to qualifying small businesses. CPCFA has also changed its refunding fee to encourage the submission of applications for new money projects coupled with refunding's of previously issued bonds.

Effective January 1, 2010, legislation (Senate Bill 99, which added Chapter 10.7 of Division 6 of Title 1, commencing with section 5870, to the Government Code) increased the reporting and auditing requirements for conduit issuers. The focus of the legislation was on the joint powers authorities that frequently issue bonds and also requires the inclusion of state finance authorities. The legislation was written to include the finance authorities chaired by the Treasurer. As a result, the Authority must comply with the same reporting/auditing requirements imposed on the joint powers authorities.

The Bond Program is one of many programs administered by the Authority. Other State agencies, such as the State Treasurer's Office and the State Controller's Office support the Authority by providing services and thus allocate a portion of their expenses to the Authority. The Authority allocates its portion of such expenses to its different programs along with any direct costs associated with each program. The Bond Program is entirely supported by staff at the Authority to perform all necessary functions. Thus, the accompanying financial statements of the Authority's Bond Program are not indicative of the Authority's financial position or net assets as a whole but only of that portion of the Authority's financial statements related to the Bond Program.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – Fund Accounting: The Bond Program's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The Bond Program uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principle operations of the Bond Program. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

Cash and Cash Equivalents: The Bond Program's cash and cash equivalents are considered cash and short term investments that are held on deposit with the State Controller's Office. Cash receipts and disbursements of the Authority are made through a cash pool maintained by the State Controller.

Accounts Receivable: Accounts receivable consist of application, initial and closing fees receivable on conduit bond financing programs. As of June 30, 2016, there were no accounts receivable.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Due from Other Programs: Due from other programs represents short-term funding by the Authority's Bond Program to other Authority programs until funding is established to reimburse the Bond Program.

Due from other State Agencies: The Bond Program has loans receivable from the California Alternative Energy and Advanced Transportation Financing Authority and California Urban Waterfront Area Restoration Financing Authority totaling $1,572,485 at June 30, 2016 that are deemed uncollectible and are offset with an allowance.

Capital Assets: Capital assets are recorded at cost and consist of furniture, fixtures and equipment and software. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is being provided using the straight-line method over the estimated useful lives of the assets ranging from 5 to 10 years.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2016, all capital assets were fully depreciated.

Net Position: Net position is categorized as net investment in capital assets, restricted and unrestricted. As of June 30, 2016, all of the net position of the Bond Program are classified as restricted by enabling legislation for purposes specified in the Act and as described in Note A.

General and Administrative Expenses: The Authority is subject to an allocation of intradepartmental support costs in accordance with an agreement between the Authority and the State Treasurer's Office (STO). Such costs could affect the Authority's financial position or operating results in a manner that differs from those that might have been obtained if the Authority was autonomous. The Authority records these costs as invoiced by STO for the fiscal year and allocates the costs to its different programs. However, the allocation is subject to review and adjustment subsequent to year-end. Any adjustment is included on invoices and recorded in the period in which the adjustment is identified.

Cost Allocation Within the Authority: The Authority allocates certain general and administrative expenses to its different programs based upon the employee hours worked on each program. The payroll and related costs for all employees working on the bond program are allocated based on actual hours worked as recorded on the monthly employee Personnel Activity Reports (PARs). Staff that recorded hours worked on the Bond Program included an Executive Assistant, three Associate Treasury Program Officers, a Treasury Program Manager I, a Treasury Program Manager II, and the Executive Director.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences: The Authority accrues unpaid vacation, personnel holiday, excess hours, compensating hours, holiday credit and personal leave that is payable when employees separate from employment. Unused vacation may be accumulated up to a specified maximum and is paid at the time of termination from employment. Unused sick leave balances are not included in the liability because they do not vest to employees. For further information, refer to the financial statements of the State of California for the year ended June 30, 2016.

Deferred Inflows and Outflows: The statement of net position includes a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net positon by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditures/expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the Authority's pension plan under GASB 68 as described in Note F.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' 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.

New Pronouncements: In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which replaces the requirements of GASB Statement No. 45 and requires governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria to report a net OPEB liability, which is the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments, on the face of the financial statements. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. This Statement is effective beginning the year ended June 30, 2018.

In June 2015, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective beginning the year ended June 30, 2017.

The Authority is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND CASH EQUIVALENTS

Deposits with State Treasury: The Bond Program's cash is held in the State's Surplus Money Investment Fund (SMIF). All of the resources of SMIF are invested through the Pooled Money Investment Board and is administered by the office of the State Treasurer. The fair value of the Bond Program's investment in this pool is reported in the accompanying financial statements at amounts based up on the Bond Program's pro-rata share of the fair value provided by SMIF for the entire SMIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by SMIF, which are recorded on an amortized cost basis. As of June 30, 2016, the Authority's Bond Program invested funds in SMIF in the amount of $24,178,351. During the year ended June 30, 2016, the Authority's Bond Program earned interest and investment income in the amount of $98,031, of which $34,120 is receivable as of June 30, 2016.

Disclosures regarding interest rate risk, credit risk, concentration of credit risk, custodial risk and other additional detailed disclosures required by GASB regarding cash deposits and investments, are presented in the financial statements of the State of California for the year ended June 30, 2016.

NOTE C – CAPITAL ASSETS

Capital assets are comprised of the following at June 30, 2016

	Restated July 1, 2015	Additions	Deletions	June 30, 2016
Fixtures, furniture and equipment	$ 29,943	$ -	$ -	$ 29,943
Accumulated depreciation	(29,943)	-	-	(29,943)
NET CAPITAL ASSETS	$ -	$ -	$ -	$ -

NOTE D – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities activity of the Bond Program for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Repayments	Balance June 30, 2016	Due Within One Year
Compensated absences	$ 8,440	$ 14,167	$ (13,615)	$ 8,992	$ 8,992
Net pension liability	430,288	99,429		529,717	
	$ 438,728	$113,596	$ (13,615)	$ 538,709	$ 8,992

NOTE E – CONDUIT FINANCING ACTIVITY

The Authority acts as a conduit by assisting eligible borrowers with access to low interest rate capital markets through the issuance of tax-exempt revenue bonds. The financings are secured by the full faith and credit of the participating institutions, and the Authority has no obligation for the repayment of the bonds beyond the resources provided by the participating institution. As a result, the financing obligations are not recorded in the Authority's financial statements. The borrowers' obligations generally are, but need not be, secured by insurance, a letter of credit or guaranty. At June 30, 2016, the aggregate amount of the Authority's conduit debt obligations outstanding issued on behalf of program participants totaled $3,526,752,607.

NOTE E – CONDUIT FINANCING ACTIVITY (Continued)

The Authority's conduit financing activity for the year ended June 30, 2016 is as follows:

Qualified Private Activity Debt	Debt issued during fiscal year 2016 (third party debt)	Debt outstanding at June 30, 2016 (third party debt)
Industrial development bonds	$ -	$ 4,056,742
Solid waste disposal facilities bonds	426,120,000	2,633,490,940
Water furnishing facilities revenue bonds	-	826,290,000
Wastewater treatment/sewage facilities	-	62,914,925
	$ 426,120,000	$ 3,526,752,607

NOTE F – EMPLOYEE RETIREMENT PLAN

Plan Descriptions: All qualified employees are eligible to participate in the Authority's agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The Authority has the following rate plans:

- Miscellaneous Plan Tier 1
- Miscellaneous Plan Tier 2

Benefit provisions under the Plan are established by State statute. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for Tier 2) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE F – EMPLOYEE RETIREMENT PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Miscellaneous Plan Tier 1		
Hire date	Prior to January 15, 2011	January 15, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.000%	8.000%	8.000%
Required employer contribution rates	25.150%	25.150%	25.150%

	Miscellaneous Plan Tier 2	
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 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	0.5% to 1.25%	0.65% to 1.25%
Required employee contribution rates	0.000%	0.000%
Required employer contribution rates	25.278%	25.278%

State bargaining unit agreements determine whether a state member is placed in a 2% at 55 or 2% at 60 formula. Legislation known as PEPRA established a new first tier formula, 2% at 62, for all "new state members" on or after January 1, 2013. State members have two options available within the first 180 days of employment from the date they begin contributing to CalPERS: Take no action and remain in first tier miscellaneous retirement formula or elect the second tier retirement formula. Currently no Authority employees are in the second tier miscellaneous retirement formula.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS: 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. California Pollution Control Financing Authority Bond Program is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

NOTE F – EMPLOYEE RETIREMENT PLAN (Continued)

For the year ended June 30, 2016, contributions to the Plan were $62,851.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2016, the Bond Program reported net pension liabilities of $529,717 for its proportionate share of the net pension liability of the Plan.

The Bond Program's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015 using standard update procedures. The Bond Program's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Bond Program's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	CalPERS
Proportionate share - June 30, 2015	0.00187%
Proportionate share - June 30, 2014	0.00174%
Change - Increase (Decrease)	0.00013%

For the year ended June 30, 2016, the Bond Program recognized pension expense of $100,468.

At June 30, 2016, the Bond Program 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	$ 58,559	
Differences between actual and expected experience	9,674	
Change in employer's proportion	14,094	
Net differences between projected and actual earnings on plan investments		$ (64,462)
Total	$ 82,327	$ (64,462)

NOTE F – EMPLOYEE RETIREMENT PLAN (Continued)

The $58,559 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 ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2017	$ (22,822)
2018	(20,195)
2019	(11,320)
2020	13,643
2021	-
Thereafter	-
	$ (40,694)

Actuarial Assumptions: The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	3.2% - 12.2% (1)
Investment Rate of Return	7.65% (2)
Mortality	Derived using CALPERS' membership data for all funds (3)

(1) Varies by entry age and service
(2) Net of pension plan investment expense, but without reduction for administrative expenses, includes inflation
(3) Mortality rates are based on the 2014 CalPERS Experience Study adopted by the CalPERS Board and include 20 years of mortality improvements using Scale BB published by the Society of Actuaries.

Post-retirement benefit increases are based on contract COLA up to 2.75% until Purchasing Power Allowance Floor on Purchasing Power applies, 2.75% thereafter.

NOTE F – EMPLOYEE RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.65% for the June 30, 2015 measurement date. 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website.

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

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. 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.

NOTE F – EMPLOYEE RETIREMENT PLAN (Continued)

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	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	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 the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Bond Program's proportionate share of the net pension liability, calculated using the discount rate, as well as what the 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 or 1-percentage point higher than the current rate:

	Discount Rate - 1% 6.65%	Current Discount Rate 7.65%	Discount Rate +1% 8.65%
Net Pension Liability	$ 748,152	$ 529,717	$ 346,448

Pension Plan Fiduciary Net Position: Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The Authority provides health benefits and dental benefits to annuitants through a State substantive single-employer defined benefit plan to which the Authority contributes as an employer (State substantive plan). The design of health and dental benefit plans can be amended by the California Public Employee's Retirement System (CalPERS) Board of Administration and the California Department of Human Resources (CalHR), respectively. Employer and retiree contributions are governed by the State and can be amended by the State through the Legislature. The State contributes to the California

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Employer's Retiree Benefit Trust Fund (CERBTF). The CERBTF is a self-funded trust fund for the prefunding of health, dental, and other non-pension benefits. CalPERS reports on the CERBTF as part of its separately issued annual financial statements, which can be obtained from CalPERS on its website at www.CalPERS.ca.gov.

To be eligible for these benefits, first-tier plan annuitants must retire on or after age 50 with at least five years of service, and second-tier plan annuitants must retire on or after age 55 with at least 10 years of service. In addition, annuitants must retire within 120 days of separation from employment to be eligible to receive these benefits.

Funding Policy: The contribution requirements of plan members, the State and the Authority are established and may be amended by the Legislature. In accordance with the California Government Code, the State generally pays 100% of the health insurance premium cost for annuitants, plus 90% of the additional premium required for the enrollment of family members of annuitants. The State generally pays all or a portion of the dental insurance premium cost for annuitants, depending upon the completed years of credited state service at retirement and the dental coverage selected by the annuitant, as specified in the California Government Code. The State funds the cost of providing health and dental insurance to annuitants primarily on a pay-as-you-go basis. The maximum 2016 monthly State contribution was $705 for one-party coverage, $1,343 for two-party coverage, and $1,727 for family coverage.

Annual OPEB Cost and Net OPEB Obligation: The Bond Program's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Bond Program's annual OPEB cost for 2016, the amount actually contributed to the plan, and changes in the Bond Program's net OPEB obligation to the OPEB plan:

Annual required contribution:	
Normal Cost	$ 57,552
Adjustment to annual required contribution	(9,069)
Interest on net OPEB obligation	9,766
Annual OPEB cost (expense)	58,249
Contributions made (premium payments made)	(20,579)
Change in net OPEB obligation	37,670
Net OPEB obligation, beginning of year	256,368
Net OPEB obligation, end of year	$ 294,038

The Bond Program's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 (the information for the two preceding years was not available) were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	$ 58,249	35.3%	$ 294,038

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Funded Status and Funding Progress: As of June 30, 2016, the most recent actuarial valuation date for the State substantive plan, the actuarial accrued liability (AAL) for benefits was $76.7 billion, and the actuarial value of assets was $148 million, resulting in an unfunded actuarial accrued liability (UAAL) of $76.5 billion. The covered payroll (annual payroll of active employees covered by the plan) was $20.2 billion, and the ratio of the UAAL to the covered payroll was 380%. The Schedule of Funding Progress for the two preceding actuarial valuations is presented in the State's Comprehensive Annual Financial Report available on the State Controller's website at www.sco.ca.gov.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past exceptions and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the June 30, 2016 State substantive plan actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.25% investment rate of return and an annual health care cost trend rate of actual increases for 2017 and 8.00% in 2018 initially, reduced to an ultimate rate of 4.50% in 2023. Both rates included a 2.75% annual inflation assumption. Annual wage inflation is assumed to be 3.00%. The UAAL is being amortized as a level percentage of active member payroll on an open basis over 30 years.

NOTE H – RESTATEMENT

GASB Statement No. 45 requires the recording of a liability for the difference between the actuarially determined annual required contribution for post-employment benefits and premium payments or other contributions made to the plan. This liability has not previously been reported in the Bond Program's financial statements. Due to the implementation of GASB 45, the Bond Program's June 30, 2015 net position was restated compared to the amounts reported in the June 30, 2015 financial statements, resulting in a decrease in net position of $256,368.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2016

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.000187%	0.000174%
Proportionate share of the net pension liability	$ 529,717	$ 430,288
Covered - employee payroll - measurement period	$ 218,888	$ 176,801
Proportionate share of the net pension liability as a percentage of covered payroll	242.00%	243.37%
Plan fiduciary net position as a percentage of the total pension liability	70.68%	66.48%

Notes to Schedule:
Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	2016	2017
Contractually required contribution (actuarially determined)	$ 48,440	$ 36,209
Contributions in relation to the actuarially determined contributions	(48,440)	(37,419)
Contribution deficiency (excess)	$ -	$ (1,210)
Covered - employee payroll - fiscal year	$ 242,924	$ 218,888
Contributions as a percentage of covered - employee payroll	19.94%	16.54%

Notes to Schedule:

Valuation Date:	June 30, 2014	June 30, 2013

Methods and assumptions used to determine contribution rates:

	Entry age normal	
Amortization method	Level percentage of payroll, closed	
Remaining amortization period	14 years	15 years
Asset valuation method	5-year smoothed market	
Inflation	2.75%	2.75%
Salary increases	Varies by entry age and service	
Investment rate of return	7.50%, net of pension plan investment expense, including inflation	

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SUPPLEMENTARY INFORMATION

Outstanding Bond Report

AS OF 6/30/2016

Year	Authority	Closing Date	Pgm Type	Bond Name	Final Maturity	Comments	Principal Issued	Principal Paid	Outstanding Debt	Outstanding Bond
19921	CPCFA	01/02/1992	LB	NCRRA SERIES 1991A	07/01/2017	DEFEASED 08/23/96	$ 94,970,000	$ 82,875,000	$ 12,095,000	$ 12,095,000
19961	CPCFA	05/23/1996	LB	PG&E 1996R SERIES C	11/01/2026	REFUNDS 06/01/88	$ 200,000,000	$ 0	$ 200,000,000	$ 200,000,000
19961	CPCFA	05/23/1996	LB	PG&E 1996R SERIES E	11/01/2026	REFUNDS 06/01/88	$ 165,000,000	$ 0	$ 165,000,000	$ 165,000,000
19961	CPCFA	05/23/1996	LB	PG&E 1996R SERIES F	11/01/2026	REFUNDS 06/01/88	$ 100,000,000	$ 0	$ 100,000,000	$ 100,000,000
19962	CPCFA	12/13/1996	LB	SO CAL WATER 1996A	12/01/2026	BULLET MATURITY 12/01/26	$ 8,000,000	$ 270,000	$ 7,730,000	$ 7,730,000
19971	CPCFA	06/18/1997	SBAF	TALCO PLASTICS 1997A	06/01/2027	MAN RED BEGINS 06/01/99	$ 4,300,000	$ 2,700,000	$ 1,600,000	$ 1,600,000
19972	CPCFA	09/16/1997	LB	PG&E 1997B (R)	11/01/2026	REFUNDS 12/17/87	$ 148,550,000	$ 0	$ 148,550,000	$ 148,550,000
19972	CPCFA	09/30/1997	LB	AIR P/CHEM 1997B (TX)	03/01/2042	TE CONVERSION FROM 04/03/08	$ 25,000,000	$ 0	$ 25,000,000	$ 25,000,000
19981	CPCFA	03/04/1998	SBAF	SANTA CLARA VALLEY, IND. SERIES 1998A	03/01/2018	MAN RED BEGINS 03/01/99	$ 8,495,000	$ 8,075,000	$ 420,000	$ 420,000
19982	CPCFA	07/01/1998	LB	USA WASTE 1998 A (R)	06/01/2018	BULLET MATURITY 06/01/18	$ 13,520,000	$ 0	$ 13,520,000	$ 13,520,000
19982	CPCFA	07/01/1998	LB	USA WASTE 1998 B (R)	06/01/2018	REFUNDS 12/30/85	$ 8,200,000	$ 0	$ 8,200,000	$ 8,200,000
19991	CPCFA	05/28/1999	SBAF	ATLAS DISPOSAL 1999A	05/01/2019	BULLET MATURITY 05/01/19	$ 5,400,000	$ 1,031,000	$ 4,369,000	$ 4,369,000

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20001	CPCFA	06/14/2000	SBAF	METROPOLITAN RECYCLING 2000A	06/01/2020	OPT RED BEGINS 06/01/00	$ 3,400,000	$ 2,280,000	$ 1,120,000	$ 1,120,000
20002	CPCFA	11/14/2000	LB	EXXONMOBIL SERIES 2000 (R)	11/01/2030	OPT RED BEGINS 11/01/30	$ 19,500,000	$ 0	$ 19,500,000	$ 19,500,000
20011	CPCFA	03/16/2001	LB	EXXONMOBIL SERIES 2001 (R)	12/01/2029	OPT RED BEGINS	$ 13,995,000	$ 0	$ 13,995,000	$ 13,995,000
20012	CPCFA	07/17/2001	LB	WASTE MANAGEMENT, INC. SERIES 2001A	07/01/2031	OPT RED BEGINS 07/01/02	$ 19,000,000	$ 0	$ 19,000,000	$ 19,000,000
20012	CPCFA	10/04/2001	SBAF	BOS FARMS SERIES 2001A	09/01/2021	OPT RED BEGINS 10/04/01	$ 1,550,000	$ 0	$ 1,550,000	$ 1,550,000
20012	CPCFA	10/11/2001	SBAF	WESTERN SKY DAIRY SERIES 2001	09/01/2026	OPT RED BEGINS 04/01/02	$ 5,000,000	$ 0	$ 5,000,000	$ 5,000,000
20022	CPCFA	10/10/2002	SBAF	CARLOS ECHEVERRIA & SONS DAIRY SERIES 2002	10/01/2027	OPT RED BEGINS 10/01/17	$ 3,500,000	$ 0	$ 3,500,000	$ 3,500,000
20022	CPCFA	10/22/2002	SBAF	SOUTH LAKE REFUSE COMPANY SERIES 2002	10/01/2027	MAN RED BEGINS 10/01/03	$ 6,750,000	$ 5,780,000	$ 970,000	$ 970,000
20022	CPCFA	11/06/2002	SBAF	T & W FARMS SERIES 2002	11/01/2027	OPT RED BEGINS 11/01/03	$ 3,200,000	$ 260,000	$ 2,940,000	$ 2,940,000
20022	CPCFA	11/07/2002	SBAF	BIDART DAIRY SERIES 2002	11/01/2027	BULLET MATURITY 11/01/27	$ 6,000,000	$ 0	$ 6,000,000	$ 6,000,000
20022	CPCFA	11/13/2002	SBAF	MILK-TIME DAIRY 2002A	11/01/2027	OPT RED BEGINS 11/13/03	$ 1,400,000	$ 0	$ 1,400,000	$ 1,400,000
20022	CPCFA	12/03/2002	LB	REPUBLIC SERVICES, INC. SERIES 2002B	06/01/2023	OPT RED BEGINS 12/01/17	$ 15,200,000	$ 2,830,000	$ 12,370,000	$ 12,370,000

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20022	CPCFA	12/03/2002	LB	REPUBLIC SERVICES, INC. SERIES 2002C	06/01/2023	OPT RED BEGINS 12/01/17	$ 91,355,000	$ 17,025,000	$ 74,330,000	$ 74,330,000
20022	CPCFA	12/17/2002	SBAF	ORANGE AVE DISPOSAL 2002A	12/01/2032	OPT RED BEGINS 01/01/04	$ 6,250,000	$ 1,700,000	$ 4,550,000	$ 4,550,000
20022	CPCFA	12/18/2002	LB	WASTE MANAGEMENT, INC. SERIES 2002C	12/01/2027	OPT RED BEGINS 11/30/07	$ 15,000,000	$ 0	$ 15,000,000	$ 15,000,000
20031	CPCFA	05/09/2003	SBAF	VANDERHAM FAM TRUST- L&J VAND DAIRY FKA K&S	05/01/2028	BULLET MATURITY 05/01/28	$ 2,000,000	$ 0	$ 2,000,000	$ 2,000,000
20031	CPCFA	05/23/2003	SBAF	JOHN B. AND ANN M. VERWEY PROJECT SERIES	05/01/2028	OPT RED BEGINS	$ 3,400,000	$ 0	$ 3,400,000	$ 3,400,000
20031	CPCFA	05/30/2003	SBAF	P&D DAIRY PROJECT SERIES 2003A	05/01/2028	OPT RED BEGINS 05/01/18	$ 3,000,000	$ 0	$ 3,000,000	$ 3,000,000
20032	CPCFA	11/06/2003	SBAF	JDS RANCH PROJECT SERIES 2003	11/01/2028	BULLET MATURITY 11/01/28	$ 2,350,000	$ 0	$ 2,350,000	$ 2,350,000
20032	CPCFA	11/20/2003	LB	WASTE MANAGEMENT, INC. SERIES 2003	11/01/2038	BULLET MATURITY 11/01/38	$ 35,700,000	$ 0	$ 35,700,000	$ 35,700,000
20032	CPCFA	12/18/2003	SBAF	GEORGE BORBA & SON DAIRY SERIES 2003A	12/02/2028	BULLET MATURITY 12/01/28	$ 3,800,000	$ 0	$ 3,800,000	$ 3,800,000
20041	CPCFA	05/19/2004	SBAF	AG RESOURCES III, LLC SERIES 2004	05/01/2034	OPT RED BEGINS 05/01/10	$ 8,350,000	$ 0	$ 8,350,000	$ 8,350,000
20041	CPCFA	06/08/2004	LB	EDCO DISPOSAL CORP. SERIES 2004A	10/01/2029	OPT RED BEGINS 10/01/05	$ 22,200,000	$ 19,435,000	$ 2,765,000	$ 2,765,000
20041	CPCFA	06/10/2004	SBAF	A&M FARMS SERIES 2004	06/01/2029	OPT RED BEGINS 06/01/15	$ 2,000,000	$ 200,000	$ 1,800,000	$ 1,800,000
20041	CPCFA	06/15/2004	SBAF	VANDERHAM TRUST-J&D WILSON & SONS DAIRY S.	06/01/2029	BULLET MATURITY 06/01/29	$ 2,500,000	$ 0	$ 2,500,000	$ 2,500,000

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20041	CPCFA	06/29/2004	LB	PG&E SERIES 2004 A (R)	12/01/2023	REDEEMED 06/01/17	$ 70,000,000	$ 0	$ 70,000,000	$ 70,000,000
20041	CPCFA	06/29/2004	LB	PG&E SERIES 2004 B (R)	12/01/2023	REDEEMED 06/01/17	$ 90,000,000	$ 0	$ 90,000,000	$ 90,000,000
20041	CPCFA	06/29/2004	LB	PG&E SERIES 2004 C (R)	12/01/2023	REDEEMED 06/01/17	$ 85,000,000	$ 0	$ 85,000,000	$ 85,000,000
20041	CPCFA	06/29/2004	LB	PG&E SERIES 2004 D (R)	12/01/2023	REDEEMED 06/01/17	$ 100,000,000	$ 0	$ 100,000,000	$ 100,000,000
20061	CPCFA	01/06/2006	SBAF	GREENWASTE RECOVERY, INC. SERIES 2006A	12/01/2035	REDEEMED 07/06/16	$ 12,315,000	$ 10,915,000	$ 1,400,000	$ 1,400,000
20061	CPCFA	01/26/2006	LB	BURRTEC WASTE GROUP, INC. SERIES 2006A	01/01/2036	REDEEMED 12/07/16	$ 18,445,000	$ 15,740,000	$ 2,705,000	$ 2,705,000
20061	CPCFA	02/09/2006	SBAF	PENA'S DISPOSAL, INC. SERIES 2006A	02/01/2036	REDEEMED 09/07/16	$ 5,390,000	$ 3,465,000	$ 1,925,000	$ 1,925,000
20061	CPCFA	05/11/2006	SBAF	MARIN SANITARY SERVICE SERIES 2006A	05/01/2026	OPT RED BEGINS 05/01/07	$ 13,845,000	$ 11,600,000	$ 2,245,000	$ 2,245,000
20061	CPCFA	06/02/2006	LB	BURRTEC WASTE & RECYCLING SERIES 2006A	06/01/2023	REFUNDED 10/05/16	$ 18,425,000	$ 9,720,000	$ 8,705,000	$ 8,705,000
20061	CPCFA	06/02/2006	LB	DESERT PROPERTIES PROJECT SERIES 2006B	06/01/2036	OPT RED BEGINS 06/01/12	$ 6,730,000	$ 3,870,000	$ 2,860,000	$ 2,860,000
20062	CPCFA	10/18/2006	SBAF	GARAVENTA ENTERPRISES SERIES 2006A	10/01/2036	REFUNDED 07/06/16	$ 18,940,000	$ 6,325,000	$ 12,615,000	$ 12,615,000
20062	CPCFA	12/15/2006	SBAF	MID-VALLEY DISPOSAL SERIES 2006A	12/01/2036	REFUNDED 08/03/16	$ 7,120,000	$ 2,555,000	$ 4,565,000	$ 4,565,000
20071	CPCFA	02/08/2007	SBAF	VALLEY VISTA SERVICES SERIES 2007A	02/01/2017	OPT RED BEGINS 02/08/12	$ 7,840,000	$ 1,835,000	$ 6,005,000	$ 6,005,000

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20072	CPCFA	07/09/2007	SBAF	RATTO GROUP OF COMPANIES SERIES 2007A	07/01/2037	OPT RED BEGINS 07/01/17	$ 42,600,000	$ 14,800,000	$ 27,800,000	$ 27,800,000
20072	CPCFA	07/12/2007	LB	WASTE CONNECTIONS INC. SERIES 2007	07/12/2007	OPT RED BEGINS 07/12/08	$ 15,500,000	$ 0	$ 15,500,000	$ 15,500,000
20072	CPCFA	08/01/2007	SBAF	NORTHERN RECYCLING & WASTE SERIVCES 2007A	08/01/2037	OPT RED BEGINS 08/01/17	$ 10,315,000	$ 7,585,000	$ 2,730,000	$ 2,730,000
20072	CPCFA	12/12/2007	LB	EDCO DISPOSAL CORPORATION SERIES	10/01/2037	OPT RED BEGINS 10/01/08	$ 31,960,000	$ 23,335,000	$ 8,625,000	$ 8,625,000
20081	CPCFA	02/21/2008	SBAF	AVI-PGS PROJECT SERIES 2008A	06/01/2018	OPT RED BEGINS 06/01/09	$ 5,630,000	$ 4,245,000	$ 1,385,000	$ 1,385,000
20081	CPCFA	05/07/2008	SBAF	GARAVENTA ENTERPRISES SERIES 2008A	10/01/2038	REFUNDED 07/06/16	$ 17,150,000	$ 5,725,000	$ 11,425,000	$ 11,425,000
20081	CPCFA	05/14/2008	SBAF	SOLID WASTES OF WILLITS INC. SERIES 2008A	09/01/2038	OPT RED BEGINS 09/10/13	$ 3,870,000	$ 785,000	$ 3,085,000	$ 3,085,000
20082	CPCFA	10/08/2008	LB	GREENWASTE OF PALO ALTO SERIES 2008B	06/01/2038	OPT RED BEGINS 10/08/13	$ 13,465,000	$ 10,475,000	$ 2,990,000	$ 2,990,000
20082	CPCFA	11/05/2008	LB	BURRTEC WASTE GROUP, INC. SERIES 2008A	10/01/2038	OPT RED BEGINS 10/01/13	$ 25,500,000	$ 2,980,000	$ 22,520,000	$ 22,520,000
20082	CPCFA	11/06/2008	SBAF	UPPER VALLEY DISPOSAL SERVICE SERIES 2008A	11/01/2028	MAN RED BEGINS 11/01/13	$ 4,235,000	$ 1,770,000	$ 2,465,000	$ 2,465,000
20092	CPCFA	11/19/2009	IDB	MUSCO FAMILY OLIVE COMPANY PROJECT 2009A	11/01/2019	02/04/11	$ 3,200,000	$ 0	$ 3,200,000	$ 3,200,000
20092	CPCFA	12/23/2009	SBAF	GARDEN CITY SANITATION, INC. 2009A(R)(N)	07/01/2039	07/06/10	$ 33,000,000	$ 11,650,000	$ 21,350,000	$ 21,350,000

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20092	CPCFA	12/23/2009	SBAF	GARDEN CITY SANITATION, INC. 2009B(R)(N)	07/01/2039	07/06/10	$ 10,000,000	$ 4,935,000	$ 5,065,000	$ 5,065,000
20092	CPCFA	12/23/2009	SBAF	MARBORG INDUSTRIES PROJECT SERIES 2009A(R)	06/01/2039	07/06/10	$ 11,755,000	$ 6,425,000	$ 5,330,000	$ 5,330,000
20101	CPCFA	02/25/2010	SBAF	PLEASANTON GARBAGE SERVICE INC. SERIES	06/01/2040	MAN RED BEGINS 02/21/13	$ 2,555,000	$ 1,920,000	$ 635,000	$ 635,000
20101	CPCFA	04/20/2010	LB	RECOLOGY INC. SERIES 2010A(R)(N)	04/01/2020	OPT RED BEGINS 05/03/15	$ 150,495,000	$ 0	$ 150,495,000	$ 150,495,000
20101	CPCFA	05/05/2010	SBAF	BLT ENTERPRISES OF FREMONT LLC PROJECT	06/01/2035	REFUNDED 10/05/16	$ 27,415,000	$ 3,650,000	$ 23,765,000	$ 23,765,000
20101	CPCFA	06/16/2010	SBAF	SAN JOSE WATER COMPANY SERIES 2010A	06/01/2040	OPT RED BEGINS 06/01/20	$ 50,000,000	$ 0	$ 50,000,000	$ 50,000,000
20102	CPCFA	08/02/2010	LB	REPUBLIC SERVICES, INC. SERIES 2010A(R)	08/01/2023	MAN RED BEGINS 11/01/10	$ 144,205,000	$ 0	$ 144,205,000	$ 144,205,000
20102	CPCFA	08/02/2010	LB	REPUBLIC SERVICES, INC. SERIES 2010B(R)	08/01/2024	MAN RED BEGINS 11/01/10	$ 20,655,000	$ 0	$ 20,655,000	$ 20,655,000
20102	CPCFA	08/11/2010	SBAF	MISSION TRAIL WASTE SYSTEMS INC. SERIES	12/01/2030	OPT RED BEGINS 03/01/11	$ 15,700,000	$ 7,030,000	$ 8,670,000	$ 8,670,000
20102	CPCFA	08/18/2010	LB	AMERICAN WATER CAPITAL CORP. PROJECT	08/01/2040	OPT RED BEGINS 08/01/20	$ 35,000,000	$ 0	$ 35,000,000	$ 35,000,000
20102	CPCFA	08/18/2010	IDB	WASTE RECOVERY WEST, INC. PROJECT SERIES 2010	08/15/2030	REDEEMED 03/14/17	$ 1,375,000	$ 518,259	$ 856,741	$ 856,741
20102	CPCFA	09/08/2010	LB	SOUTH BAY RECYCLING, LLC PROJECT SERIES	09/01/1930	OPT RED BEGINS 04/06/11	$ 6,290,000	$ 3,000,000	$ 3,290,000	$ 3,290,000
20102	CPCFA	11/02/2010	SBAF	BIO FUELS PROJECT SERIES 2010A	08/01/2021	MAN RED BEGINS 08/01/12	$ 11,610,000	$ 4,135,000	$ 7,475,000	$ 7,475,000

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20102	CPCFA	11/02/2010	SBAF	BIO FUELS PROJECT SERIES 2010B	08/01/2021	MAN RED BEGINS 08/01/12	$ 300,000	$ 90,000	$ 210,000	$ 210,000
20102	CPCFA	11/23/2010	LB	HILMAR CHEESE COMPANY INC., PROJECT SERIES	11/01/2034	MAN RED BEGINS 08/05/13	$ 9,695,000	$ 0	$ 9,695,000	$ 9,695,000
20102	CPCFA	12/22/2010	SBAF	BIG BEAR DISPOSAL INC. PROJECT SERIES 2010	12/01/2040	MAN RED BEGINS 06/30/11	$ 4,850,000	$ 950,000	$ 3,900,000	$ 3,900,000
20112	CPCFA	08/10/2011	SBAF	BAY COUNTIES WASTE SERVICES INC. SERIES	08/01/2041	REFUNDED 06/07/17	$ 20,100,000	$ 5,480,000	$ 14,620,000	$ 14,620,000
20112	CPCFA	09/01/2011	SBAF	SO CAL EDISON SERIES 2011(R)	09/01/2031	09/01/31	$ 30,000,000	$ 0	$ 30,000,000	$ 30,000,000
20112	CPCFA	10/19/2011	SBAF	ZEREP MANAGEMENT CORP. SERIES 2011A	10/01/2036	MAN RED BEGINS 10/15/16	$ 11,230,000	$ 0	$ 11,230,000	$ 11,230,000
20112	CPCFA	11/02/2011	SBA	RECYCLING INDUSTRIES, INC SERIES 2011	11/01/2041	REFUNDED 05/03/17	$ 7,265,000	$ 1,050,000	$ 6,215,000	$ 6,215,000
20122	CPCFA	07/18/2012	SBAF	METROPOLITAN RECYCLING 2012A	06/01/2042	MAN RED BEGINS 07/05/06	$ 12,120,000	$ 2,295,000	$ 9,825,000	$ 9,825,000
20122	CPCFA	08/30/2012	SBAF	CALIFORNIA WASTE RECOVERY SYSTEMS	08/01/2042	OPT RED BEGINS 04/03/13	$ 7,610,000	$ 500,000	$ 7,110,000	$ 7,110,000
20122	CPCFA	10/10/2012	SBAF	BEST WAY DISPOSAL CO. SERIES 2012	10/01/2042	OPT RED BEGINS 10/01/15	$ 15,600,000	$ 905,000	$ 14,695,000	$ 14,695,000
20122	CPCFA	11/02/2012	SBAF	RATTO GROUP OF COMPANIES SERIES 2012	10/01/2042	OPT RED BEGINS 10/01/15	$ 16,500,000	$ 0	$ 16,500,000	$ 16,500,000
20122	CPCFA	12/24/2012	SBAF	POSEIDON RESOURCES LP SERIES 2012	11/21/2045	MAN RED BEGINS 07/01/20	$ 530,345,000	$ 0	$ 530,345,000	$ 530,345,000
20122	CPCFA	12/24/2012	SBAF	SAN DIEGO CO. WATER AUTH. DESAL. PIPELINE	11/21/2045	MAN RED BEGINS 07/01/20	$ 203,215,000	$ 0	$ 203,215,000	$ 203,215,000

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20132	CPCFA	11/06/2013	SBAF	GREENWASTE RECOVERY, INC SERIES 2013(R)(N)	11/01/2033	OPT RED BEGINS 06/01/14	$ 40,880,000	$ 11,670,000	$ 29,210,000	$ 29,210,000
20132	CPCFA	11/06/2013	SBAF	ZANKER ROAD RESOURCE MANAGEMENT, LTD.	11/01/2033	OPT RED BEGINS 06/01/14	$ 29,755,000	$ 0	$ 29,755,000	$ 29,755,000
20132	CPCFA	11/06/2013	SBAF	ZERO WASTE ENERGY DEVELOPMENT SERIES	11/01/2033	OPT RED BEGINS 06/01/14	$ 32,390,000	$ 3,500,000	$ 28,890,000	$ 28,890,000
20141	CPCFA	02/04/2014	SBAF	MILL VALLEY REFUSE SERIES 2014	02/01/2044	OPT RED BEGINS 02/01/15	$ 4,675,000	$ 465,000	$ 4,210,000	$ 4,210,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES	04/01/2044	OPT RED BEGINS 11/01/14	$ 54,190,000	$ 0	$ 54,190,000	$ 54,190,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES	04/01/2044	OPT RED BEGINS 11/01/14	$ 22,000,000	$ 0	$ 22,000,000	$ 22,000,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES	04/01/2044	OPT RED BEGINS 11/01/14	$ 19,705,000	$ 0	$ 19,705,000	$ 19,705,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES	04/01/2044	OPT RED BEGINS 11/01/14	$ 8,000,000	$ 0	$ 8,000,000	$ 8,000,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES	04/01/2044	OPT RED BEGINS 11/01/14	$ 24,630,000	$ 0	$ 24,630,000	$ 24,630,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES	04/01/2044	OPT RED BEGINS 11/01/14	$ 10,000,000	$ 0	$ 10,000,000	$ 10,000,000
20141	CPCFA	05/15/2014	SBAF	ZEREP MANAGEMENT CORP. SERIES 2014	10/01/2044	BULLET MATURITY	$ 21,695,000	$ 0	$ 21,695,000	$ 21,695,000
20142	CPCFA	09/24/2014	SBAF	GARDEN CITY SANITATION, INC. 2014	07/01/2044	OPT RED BEGINS 04/01/15	$ 8,905,000	$ 0	$ 8,905,000	$ 8,905,000
20142	CPCFA	09/25/2014	LB	SIERRA PACIFIC INDUSTRIES SERIES 2014	09/01/2044	OPT RED BEGINS 06/01/14	$ 30,000,000	$ 0	$ 30,000,000	$ 30,000,000

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20142	CPCFA	10/15/2014	SBAF	BAY COUNTIES SMART SERIES 2014	08/01/2034	REFUNDED 06/07/17	$ 8,820,000	$ 400,000	$ 8,420,000	$ 8,420,000
20142	CPCFA	11/25/2014	SBAF	SACRAMENTO BIOSOLIDS SERIES 2014A(R)(N)	12/01/2024	OPT RED BEGINS 12/01/15	$ 13,730,000	$ 1,690,075	$ 12,039,925	$ 12,039,925
20142	CPCFA	12/04/2014	SBAF	GREENWASTE RECOVERY, INC. 2014	11/01/2034		$ 28,300,000	$ 2,700,000	$ 25,600,000	$ 25,600,000
20151	CPCFA	02/04/2015	SBAF	BLUE LINE TRANSFER, INC. SERIES 2015(R)(N)	10/01/2034	OPT RED BEGINS 09/02/15	$ 22,720,000	$ 0	$ 22,720,000	$ 22,720,000
20152	CPCFA	07/01/2015	SBAF	CAL WASTE SOLUTIONS, INC SERIES 2015A(R)(N)	08/01/2035	OPT RED BEGINS 02/03/16	$ 22,222,222	$ 0	$ 22,222,222	$ 22,222,222
20152	CPCFA	07/01/2015	SBAF	CAL WASTE SOLUTIONS, INC SERIES 2015B(R)(N)	08/01/2035	OPT RED BEGINS 02/03/16	$ 17,777,778	$ 0	$ 17,777,778	$ 17,777,778
20152	CPCFA	07/01/2015	LB	WASTE MANAGEMENT, INC SERIES 2015A-1(R)(N)	07/01/2025	OPT RED BEGINS 01/01/16	$ 84,430,000	$ 0	$ 84,430,000	$ 84,430,000
20152	CPCFA	07/01/2015	LB	WASTE MANAGEMENT, INC SERIES 2015A-2(R)(N)	07/01/2027	OPT RED BEGINS 01/01/16	$ 28,000,000	$ 0	$ 28,000,000	$ 28,000,000
20152	CPCFA	07/01/2015	LB	WASTE MANAGEMENT, INC SERIES 2015A-3(R)(N)	07/01/2040	OPT RED BEGINS 01/01/16	$ 28,000,000	$ 0	$ 28,000,000	$ 28,000,000
20152	CPCFA	11/10/2015	LB	WASTE MANAGEMENT, INC SERIES 2015B-1(R)(N)	11/01/2025		$ 76,225,000	$ 0	$ 76,225,000	$ 76,225,000
20152	CPCFA	11/10/2015	LB	WASTE MANAGEMENT, INC. SERIES 2015B-2(R)(N)	11/02/2025	OPT RED BEGINS 05/01/16	$ 49,775,000	$ 0	$ 49,775,000	$ 49,775,000
20161	CPCFA	01/27/2016	SBAF	AEMERGE REDPAK SERVICES S. CA LLC	12/01/2027	OPT RED BEGINS 12/01/23	$ 28,250,000	$ 0	$ 28,250,000	$ 28,250,000
20161	CPCFA	04/06/2016	SBAF	ALAMEDA COUNTY INDUSTRIES, INC. SERIES	06/01/2036	MAN RED BEGINS 06/01/36	$ 16,580,000	$ 620,000	$ 15,960,000	$ 15,960,000

Outstanding Bond Report

AS OF 6/30/2016

Year	Authority	Closing Date	Pgm Type	Bond Name	Final Maturity	Comments	Principal Issued	Principal Paid	Outstanding Debt	Outstanding Bond
20161	CPCFA	04/29/2016	SBAF	TRI-CITY ECONOMIC DEVELOP CORP SERIES	05/01/2026		$ 5,250,000	$ 38,060	$ 5,211,940	$ 5,211,940
20161	CPCFA	05/04/2016	SBAF	MOTTRA CORP SERIES 2016	05/01/2036	MAN RED BEGINS 05/01/36	$ 8,250,000	$ 0	$ 8,250,000	$ 8,250,000
20161	CPCFA	06/01/2016	LB	CR&R INC. SERIES 2016 (R) (N)	06/01/2046	MAN RED BEGINS 06/01/46	$ 61,360,000	$ 0	$ 61,360,000	$ 61,360,000
						Total:	**$3,900,710,000**	**$ 357,802,393**	**$ 3,542,907,607**	**$ 3,542,907,607**

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COMPLIANCE REPORT

RICHARDSON & COMPANY LLP
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INDEPENDENT AUDITOR'S 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*

To the Board Members
California Pollution Control 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 Bond Program of the California Pollution Control Financing Authority (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 23, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

To the Board Members
California Pollution Control Financing Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

June 23, 2017

SCHEDULE OF PRIOR YEAR FINDINGS

June 30, 2016

2015-1 Revenue and Accounts Receivable Cutoff

Condition:
Fees earned in the 2015-16 fiscal year were recognized as revenue and receivable amounts as of June 30, 2015.

Cause:
Adequate cutoff procedures were not in place to ensure revenue was recognized in the correct period.

Context:
Sixteen series of bonds, in various stages of the Bond Program's process, were evaluated in the course of our audit. Fees related to two series were not recognized in the correct period.

Effect:
Accounts Receivable, Closing Fee Revenue and Agent Fee Revenue were overstated by $333,770, $317,770 and $16,000, respectively, in the unaudited financial statements.

Status:
The Authority has established proper cut-off procedures and no similar finding was noted for 2016.