

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

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

**YEAR ENDED
JUNE 30, 2017**

**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, 2017, and the related notes to financial statements, which collectively comprise the CHFFA Bond Program's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of CHFFA Bond Program's Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 20 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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, 2017, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017 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.

A handwritten signature in cursive script that reads "Gilbert Associates, Inc.".

GILBERT ASSOCIATES, INC.
Sacramento, California

December 15, 2017

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

**BALANCE SHEET
JUNE 30, 2017**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:

Cash and cash equivalents	\$ 8,611,920
Restricted cash	310,936
Accounts receivable (net)	1,737,653
Due from external funds	<u>65,237</u>
Total current assets	<u>10,725,746</u>

NON-CURRENT ASSETS:

Restricted cash	200,000
Capital assets (net)	<u>10,766</u>
Total noncurrent assets	<u>210,766</u>

DEFERRED OUTFLOWS OF RESOURCES:

Deferred outflows of resources related to pensions	<u>733,088</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES \$ 11,669,600

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES:

Accounts payable	\$ 80,519
Due to external funds	20,578
Current accrued vacation	<u>69,843</u>
Total current liabilities	<u>170,940</u>

NON-CURRENT LIABILITIES:

Accrued vacation (net)	229,934
OPEB obligation	801,815
Net pension liability	<u>2,441,532</u>

TOTAL LIABILITIES 3,644,221

DEFERRED INFLOWS OF RESOURCES:

Deferred inflows of resources related to pensions	<u>10,929</u>
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NET POSITION:

Restricted for purposes specified in enabling legislation	<u>8,014,450</u>
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION \$ 11,669,600

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

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2017**

OPERATING REVENUES:

Fee revenue \$ 2,564,025

OPERATING EXPENSES:

Personnel 1,556,716

Operating expenses 1,333,240

Total operating expenses 2,889,956

OPERATING LOSS (325,931)

NON-OPERATING REVENUES:

Interest income 61,049

CHANGES IN NET POSITION (264,882)

NET POSITION, Beginning of Year 8,279,332

NET POSITION, End of Year \$ 8,014,450

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

**STATEMENT OF CASH FLOWS
JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from fees	\$ 3,367,850
Payments to employees	(1,262,715)
Payments to suppliers of goods and services	<u>(1,272,133)</u>
Net cash provided by operating activities	<u>833,002</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Interest and investment income	<u>53,354</u>
Net provided by noncapital financing activities	<u>53,354</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 886,356

BEGINNING CASH AND CASH EQUIVALENTS 8,236,500

ENDING CASH AND CASH EQUIVALENTS \$ 9,122,856

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Loss	\$ (325,931)
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ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED BY OPERATIONS:

Depreciation	6,459
(Increase) Decrease in:	
Accounts receivable	803,825
Due from external funds	(23,308)
Deferred outflows related to pensions	(149,221)
Increase (Decrease) in:	
Accounts payable	63,688
Due to external funds	14,268
Accrued vacation	32,559
OPEB obligation	135,845
Net pension liability	310,410
Deferred inflows related to pensions	<u>(35,592)</u>

Net cash provided by operating activities \$ 833,002

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY BOND FINANCING PROGRAM FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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, 2017**

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 \$54,872 as of June 30, 2017. Management's estimate of the allowance is based on historical collection experience and a review of the current status of fees receivable.

E. REVENUES

Bond Financing Program (Standard and Pooled)

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

Tax Exempt Equipment Financing Program

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

F. BUDGET

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

G. CASH AND CASH EQUIVALENTS

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

H. CAPITAL ASSETS

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

I. RISK MANAGEMENT

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

J. ACCRUED VACATION

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

K. PENSION

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

L. NET POSITION

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

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

M. USE OF ESTIMATES TO PREPARE FINANCIAL STATEMENTS

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

N. FUTURE ACCOUNTING PRONOUNCEMENTS

In June of 2015, the GASB issued GASB Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, with required implementation for CHFFA during the year ended June 30, 2018. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) 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 OPEB liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statement 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 75 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, 2017 consist of the following:

Deposits in SMIF	\$ 8,611,000
Cash in State Treasury	920
Restricted Cash – Short-term	310,936
Restricted Cash – Long-term	<u>200,000</u>
 Total cash and cash equivalents	 <u>\$ 9,122,856</u>

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

B. STATE TREASURY

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

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Additional disclosure detail required by GASB Statements No. 3, No. 31, No. 40, and No. 72 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.

3. DUE TO/FROM STATE – EXTERNAL FUNDS

Due to/from state external funds at June 30, 2017, includes the following:

<u>Due From (Due To)</u>	<u>Description</u>		
Mental Health Services Fund	Personnel costs	\$	16,500
SMIF	Interest Income		18,279
Children’s Hospital Bond Act Fund	Personnel costs		10,627
Children’s Hospital Fund	Personnel costs		19,831
General Fund	Miscellaneous		(1,030)
Department of General Services	Miscellaneous		(466)
Legal Services	DOJ Attorney Services		<u>(19,082)</u>
Net Due From (To) State External Funds		<u>\$</u>	<u>44,659</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, 2017, was as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets, being depreciated and amortized:				
Equipment	\$ 73,504			\$ 73,504
Computer software - amortizable	65,000			65,000
Total capital assets being depreciated and amortized:	<u>138,504</u>			<u>138,504</u>
Less accumulated depreciation and amortization for:				
Equipment	(56,279)	\$ (6,459)		(62,738)
Computer software	(65,000)			(65,000)
Total accumulated depreciation and amortization	<u>(121,279)</u>	<u>(6,459)</u>		<u>(127,738)</u>
Total capital assets, being depreciated	<u>\$ 17,225</u>	<u>\$ (6,459)</u>	<u>\$</u>	<u>\$ 10,766</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017, was as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Accrued vacation	\$ 267,218	\$ 102,402	\$ (69,843)	\$ 299,777	\$ 69,843

6. JOINT VENTURE

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

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

All interest earned on the Loan Loss Reserve account is split equally between CHFFA and NCBDC and interest is periodically remitted. As of June 30, 2017, the CHFFA Bond Program's portion of the balance in the Loan Loss Reserve Account was \$510,936. CHFFA's risk of loss related to its participation in the Program is limited to its balance in the Loan Loss Reserve Account.

7. RETIREMENT PLAN

A. General Information about the Pension Plan

Plan Descriptions – All of the employees of CHFFA participate in the California Public Employees' Retirement System (CalPERS), which is included in the State of California's (State) Comprehensive Annual Financial Report as a fiduciary component unit. CalPERS administers the Public Employees' Retirement Fund (PERF). PERF is an agent multiple-employer defined benefit retirement plan. Departments and agencies within the State, including CHFFA, are in a cost-sharing arrangement in which all risks and costs are

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS
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shared proportionately by participating State agencies. 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 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. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov

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

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

The Plans’ provisions and benefits in effect are summarized as follows:

First Tier:

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

Second Tier:

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

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

For the measurement period ended June 30, 2016 (the measurement date) the employer's contribution rate is approximately 25.20% of annual payroll. These rates reflect Section 20683.2, which mandates that certain employees must contribute more as of July 1, 2013. Furthermore, any reduction in employer contributions due to the increase in the employee contributions must be paid by the employer towards the unfunded liability. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Contributions to the plan were \$249,662 for the fiscal year ended June 30, 2017.

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

As of June 30, 2017, the CHFFA Bond Program reported net pension liabilities for their proportionate share of the net pension liability of \$2,441,532.

CHFFA's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, 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, 2015 rolled forward to June 30, 2016 using standard update procedures. The CHFFA Bond Program's proportion of the net pension liability was based on the State Controller's Office (SCO) projection for CHFFA. The SCO identified a total of 29 entities that are reported in the State's CAFR which are proprietary funds (enterprise and internal service) and fiduciary funds (pension and other employee benefit trust funds), component units (discretely presented and fiduciary), and related organizations, that have State employees with pensionable compensation (covered payroll). The SCO calculated and provided these funds/organizations with their allocated pensionable compensation percentages by plan. The CHFFA Bond Program's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2015 were 0.007373% and 0.007546%, respectively.

For the year ended June 30, 2017, CHFFA Bond Program's recognized pension expense of \$375,259.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

At June 30, 2017, CHFFA Bond Program's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 249,662	
Change in proportion	188,805	
Differences between expected and actual experience	24,916	\$ (5,606)
Change in proportionate share of contributions		(5,323)
Net differences between projected and actual earnings on plan investments	269,705	
Total	\$ 733,088	\$ (10,929)

\$249,662 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	\$ 153,434
2019	140,253
2020	108,527
2021	70,527

Actuarial Assumptions – For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 total pension liabilities were based on the following actuarial assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Interest Rate of Return	7.65% Net of Pension Plan Investment Expenses, included Inflation
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

⁽¹⁾The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

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All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Changes in Assumptions – There were no changes in assumptions.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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

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

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 – 10^(a)</u>	<u>Real Return Years 11+^(b)</u>
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

^(a) An expected inflation of 2.5% was used for this period.

^(b) An expected inflation of 3.0% was used for this period.

Sensitivity of Programs' proportionate share Net Pension Liability to Changes in the Discount Rate

The following presents CHFFA Bond Program's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what CHFFA Bond Program's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	<u>Discount Rate – 1% (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>Discount Rate + 1% (8.65%)</u>
CHFFA Bond Program's Proportionate Share of Plan's Net Pension Liability	\$ 3,323,868	\$ 2,441,532	\$ 1,700,797

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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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:

	2017
Annual required contribution	\$ 225,874
Interest on net OPEB obligation	43,467
Adjustment to annual required contribution	(51,995)
Annual OPEB cost (expense)	217,346
Contributions made	(81,501)
Increase in net OPEB obligation	135,845
Net OPEB obligation – beginning of year	665,970
Net OPEB obligation – end of year	\$ 801,815

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, 2017, and each of the preceding two years is as follows:

Fiscal year ended	Annual OPEB expense	% of annual OPEB expense contributed	Net OPEB obligation
6/30/15	\$ 185,640	37.82%	\$ 527,280
6/30/16	\$ 210,580	35.27%	\$ 655,970
6/30/17	\$ 217,346	35.59%	\$ 801,815

Additional disclosure detail required by GASB Statement No. 45 regarding other post-retirement benefits, including actuarial methods and assumptions, funding policies, and the funded status of the plan, is presented in the financial statements and required supplementary information of the State of California for the year ended June 30, 2016, which is the latest available on the State Controller's Office website at www.sco.ca.gov. Additionally, copies of the CalPERS annual financial report which include the Retiree Benefits Trust Fund may be obtained by writing to the CalPERS, Fiscal Services Division, P.O. Box 942703, Sacramento, California 94229-2703 or by visiting the CalPERS website at www.CalPERS.ca.gov.

9. CONDUIT FINANCING PROGRAMS

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

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As of June 30, 2017, there was \$16,927,304,063 in conduit financings outstanding. The CHFFA Bond Program assisted with the issuance of financings in the amount of \$6,006,325,000 for the year ended June 30, 2017. Additionally, the amounts of bonds authorized by the CHFFA Bond Program with active resolutions that remain unsold were \$4,301,505,000 as of June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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**SCHEDULE OF CHFFA BOND PROGRAM'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2017
LAST 10 YEARS***

	Measurement Period		
	2016	2015	2014
CHFFA Bond Program's proportion of the net pension liability	0.007373%	0.007546%	0.005999%
CHFFA Bond Program's proportionate share of the net pension liability	\$ 2,441,532	\$ 2,131,122	\$ 1,513,015
CHFFA Bond Program's covered-employee payroll	\$ 820,232	\$ 877,791	\$ 668,857
CHFFA Bond Program's proportionate share of the net pension liability as a percentage of their covered-employee payroll	33.59%	41.19%	226.21%
Plan fiduciary net position as a percentage of the total pension liability	66.81%	70.68%	73.05%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

Notes to Schedule:

Change of benefit terms. For the measurement date ended June 30, 2016, 2015, and 2014, there were no changes to the benefit terms.

Changes in assumptions. GASB 68 states that the long-term expected rate of return should be determined net pension plan investment expenses, but without reduction for pension plan administrative expense. The discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expenses. There were no changes in assumptions for the measurement periods ended June 30, 2016 and 2014.

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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**SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2017
LAST 10 YEARS***

	<u>Fiscal Year</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 249,662	\$ 200,708	\$ 186,885
Contributions in relation to the contractually required contribution	<u>(249,662)</u>	<u>(200,708)</u>	<u>(186,885)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CHFFA Bond Program's covered-employee payroll	\$ 832,270	\$ 820,232	\$ 877,791
Contributions as a percentage of covered-employee payroll	30.00%	24.47%	21.29%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

SUPPLEMENTARY INFORMATION

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
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**SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED,
ISSUED AND OUTSTANDING
JUNE 30, 2017**

<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, 2017</u>
Adventist Health System/West - Sutter Health Revolving Loan Pool, Series 1991A & 1991B, dated 9/4/91	9/4/1991	8/1/2021	\$ 59,800,000	\$ 31,400,000	\$ 28,400,000
Adventist Health System/West, 1998 Series A1 and A2, dated February 18, 1998 and 1998 Series B, dated February 28, 1998	2/28/1998	A1=9/1/2023 A2=9-1/2028 B=9/1/2028	114,500,000	90,600,000	23,900,000
Adventist Health System/West, 2009 Series B, dated May 20, 2009	5/20/2009	9/1/2038	30,000,000		30,000,000
Adventist Health System/West, 2009 Series C, dated May 20, 2009	5/20/2009	3/1/2021	54,495,000	50,495,000	4,000,000
Adventist Health System/West, Series 2011A, dated June 9, 2011 (Variable Rate)	6/9/2011	3/1/2041	130,000,000	14,535,000	115,465,000
Adventist Health System/West, Series 2013A, dated February 14, 2013	2/14/2013	3/1/2043	290,365,000	14,630,000	275,735,000
Adventist Health System/West, Series 2016A, dated September 8, 2016	9/8/2016	3/1/2039	280,010,000	6,975,000	273,035,000
Alliance for Community Care, Series 2003, dated October 29, 2003	10/29/2003	7/1/2022	10,500,000	6,565,000	3,935,000
AltaMed Health Services Corporation, Series 2015A, dated October 1, 2015	10/1/2015	10/1/2040	90,560,000		90,560,000
AltaMed Health Services Corporation, Series 2015B, dated October 1, 2015	10/1/2015	10/1/2035	11,000,000		11,000,000
Ampla Health, Series 2016 Dated October 13, 2016 [Taxable, Variable Rate Demand]	10/13/2016	10/1/2031	7,265,000		7,265,000
Ararat Home of Los Angeles, Inc., 2012 Series A, dated November 27, 2012	11/27/2012	6/1/2021	2,990,000	1,405,000	1,585,000
Asian Community Center of Sacramento Valley, Inc., Series 2016 Dated November 22, 2016	11/22/2016	4/1/2037	16,080,000		16,080,000
Beacon House Association of San Pedro (The), Series 2011, dated October 20, 2011	10/20/2011	12/1/2023	1,505,000	555,000	950,000
Becoming Independent, Series 2013, dated April 30, 2013	4/30/2013	2/1/2029	4,865,000	1,140,000	3,725,000
California-Nevada Methodist Homes, Series 2015, dated October 21, 2015	10/21/2015	7/1/2045	32,920,000	380,000	32,540,000
Casa Colina, Series 2013, dated September 13, 2013	9/13/2013	4/1/2032	21,190,000	2,795,000	18,395,000
Casa Colina, Series 2016, dated September 30, 2016 (Variable; Notes)	9/30/2016	4/1/2041	36,400,000	575,000	35,825,000
Catholic Healthcare West Loan Program, 2004 Series K, dated May 19, 2004	5/19/2004	7/1/2033	60,000,000		60,000,000
Catholic Healthcare West Loan Program, 2009 Series H, dated November 12, 2009	11/12/2009	7/1/2033	90,000,000		90,000,000
Catholic Healthcare West, 1988 Series A, B & C, dated June 23, 1988	6/23/1988	B: 7/1/2016 C: 7/1/2020	120,000,000	82,200,000	37,800,000
Catholic Healthcare West, 1996 Series D, dated May 30, 1996	5/30/1996	7/1/2021	104,900,000	91,100,000	13,800,000
Catholic Healthcare West, 1997 Series B, 1997 Series C, dated October 15, 1997	10/15/1997	7/1/2022	70,000,000	53,400,000	16,600,000
Catholic Healthcare West, 2005 Series H, dated November 10, 2005	11/10/2005	7/1/2035	140,400,000		140,400,000
Catholic Healthcare West, 2005 Series I, dated November 10, 2005	11/10/2005	7/1/2035	59,600,000		59,600,000

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JUNE 30, 2017**

<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, 2017</u>
Catholic Healthcare West, 2008 Series G, dated May 16, 2008	5/16/2008	7/1/2025	29,675,000		29,675,000
Catholic Healthcare West, 2009 Series E, dated November 12, 2009	11/12/2009	7/1/2025	101,255,000		101,255,000
Catholic Healthcare West, 2011 Series A, dated November 9, 2011	11/9/2011	3/1/2041	350,005,000	54,905,000	295,100,000
Catholic Healthcare West, 2011 Series B, dated November 9, 2011	11/9/2011	3/1/2047	75,000,000		75,000,000
Catholic Healthcare West, 2011 Series C, dated November 9, 2011	11/9/2011	3/1/2047	75,000,000		75,000,000
Cedars-Sinai Medical Center, Series 2009, dated October 21, 2009	10/21/2009	8/15/2039	535,000,000	509,700,000	25,300,000
Cedars-Sinai Medical Center, Series 2011, dated December 21, 2011	12/21/2011	8/15/2021	148,400,000	61,650,000	86,750,000
Cedars-Sinai Medical Center, Series 2015, dated November 17, 2015	11/17/2015	11/15/2034	370,220,000	480,000	369,740,000
Cedars-Sinai Medical Center, Series 2016A dated November 9, 2016	11/9/2016	8/15/2036	267,420,000		267,420,000
Cedars-Sinai Medical Center, Series 2016B dated November 9, 2016	11/9/2016	8/15/2039	402,305,000		402,305,000
Children's Hospital Los Angeles, Series 2012A, dated August 15, 2012	8/15/2012	11/15/2034	120,760,000	2,790,000	117,970,000
Children's Hospital Los Angeles, Series 2017A, dated June 6, 2017	6/6/2017	8/15/2049	274,520,000		274,520,000
Children's Hospital Los Angeles, Series 2017B, dated June 6, 2017 (Variable)	6/6/2017	8/15/2051	52,180,000		52,180,000
Children's Hospital of Orange County, 2009 Series A, dated June 30, 2009	6/30/2009	11/1/2038	139,565,000	18,415,000	121,150,000
Children's Hospital of Orange County, 2009 Series B, dated June 30, 2009	6/30/2009	11/1/2038	50,000,000	4,100,000	45,900,000
Children's Hospital of Orange County, 2009 Series C, dated June 30, 2009	6/30/2009	11/1/2038	50,000,000	4,100,000	45,900,000
Children's Hospital of Orange County, 2009 Series D, dated June 30, 2009	6/30/2009	11/1/2034	27,800,000	3,575,000	24,225,000
Children's Hospital of Orange County, Series 2011A, dated November 3, 2011	11/3/2011	11/1/2041	106,735,000	1,030,000	105,705,000
Chinese Hospital Association, Series 2012, dated November 8, 2012	11/8/2012	6/1/2042	65,000,000	2,630,000	62,370,000
City of Hope, Series 2012A, dated November 14, 2012	11/14/2012	11/15/2039	234,635,000	15,520,000	219,115,000
City of Hope, Series 2017A Dated February 10, 2017 (Variable Rate)	2/10/2017	11/15/2042	32,680,000		32,680,000
City of Hope, Series 2017B Dated February 10, 2017 (Variable Rate)	2/10/2017	11/15/2042	32,680,000		32,680,000
Clinicas de Salud del Pueblo, Inc. and Valley Health Team, Inc., 2008 Series A, dated 03/11/2008	3/11/2008	7/1/2032	6,250,000	4,730,000	1,520,000
Community Health Systems, Inc., 2000 Series A, dated August 1, 2000	8/1/2010	8/1/2025	1,295,000	610,000	685,000
Community Program for Persons with Developmental Disabilities, 2011 Series A, dated Feb. 17, 2011 (Tax Exempt)	2/17/2011	2/1/2026	44,725,000	13,840,000	30,885,000

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<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, 2017</u>
Community Program for Persons with Developmental Disabilities, 2011 Series B, dated Feb. 17, 2011 (Taxable)	2/17/2011	2/1/2026	32,245,000	9,435,000	22,810,000
Dignity Health, 2012 Series A, dated June 27, 2012	6/27/2012	3/1/2028	140,000,000		140,000,000
Dignity Health, 2014 Series B, Dated October 15, 2014	10/15/2014	3/1/2025	294,510,000		294,510,000
Dignity Health, Series 2016A Dated December 6, 2016	12/6/2016	3/1/2042	270,095,000		270,095,000
El Camino Hospital, Series 2015A, Dated May 7, 2015	5/7/2015	2/1/2045	160,455,000	9,110,000	151,345,000
El Camino Hospital, Series 2017, Dated March 14, 2017	3/14/2017	2/1/2047	292,435,000		292,435,000
Equipment Loan Program (BofA) AltaMed Health Services Corporation, Series 2015A, Dated September 29, 2015	9/29/2015	9/29/2022	17,200,000	4,085,937	13,114,063
FamiliesFirst, Inc., Series 2011, dated September 29, 2011	9/29/2011	12/1/2020	15,500,000	8,185,000	7,315,000
Fellowship Homes, Inc., Series 2011, dated October 7, 2011	10/7/2011	9/1/2019	2,785,000	1,650,000	1,135,000
Gateways Hospital and Mental Health Center, 2011 Series A, dated December 1, 2011	12/1/2011	12/1/2036	5,000,000		5,000,000
Gateways Hospital and Mental Health Center, 2011 Series B, dated December 1, 2011	12/1/2011	12/1/2024	3,085,000	1,070,000	2,015,000
Insured Cal Pool Feedback Foundation Inc., Olive Crest Treatment Centers, Inc., Southern California Alcohol & Drug Programs 1992 Series A, dated December 1, 1992	12/1/1992	12/1/2022	5,735,000	4,935,000	800,000
Kaiser Permanente, 2006 Series C, dated June 8, 2006	6/8/2006	6/5/2041	325,000,000		325,000,000
Kaiser Permanente, 2006 Series E, dated June 8, 2006	6/8/2006	11/1/2040	175,000,000		175,000,000
Kaiser Permanente, Series 2017A, Dated May 3, 2017	5/3/2017	11/1/2051	1,747,015,000		1,747,015,000
Kaiser Permanente, Series 2017B, Dated May 3, 2017	5/3/2017	11/1/2029	75,385,000		75,385,000
Kaiser Permanente, Series 2017C, Dated May 3, 2017	5/3/2017	8/1/2031	175,755,000		175,755,000
Kaiser Permanente, Series 2017D, Dated May 3, 2017	5/3/2017	11/1/2032	128,320,000		128,320,000
Lincoln Glen Manor for Senior Citizens, Series 2015, dated February 11, 2015	2/11/2015	4/1/2036	11,965,000		11,965,000
Lucile Salter Packard Children's Hospital at Stanford, 2012 Series A, dated March 21, 2012	3/21/2012	8/15/2051	200,000,000		200,000,000
Lucile Salter Packard Children's Hospital at Stanford, 2012 Series B, dated March 21, 2012	3/21/2012	8/15/2027	51,045,000	8,850,000	42,195,000
Lucile Salter Packard Children's Hospital at Stanford, 2014 Series A, dated May 8, 2014	5/8/2014	8/15/2043	100,000,000		100,000,000
Lucile Salter Packard Children's Hospital at Stanford, 2014 Series B, dated May 8, 2014	5/8/2014	8/15/2043	100,000,000		100,000,000
Lucile Salter Packard Children's Hospital at Stanford, 2016 Series A, Dated March 31, 2016 [Refunding]	3/31/2016	8/15/2033	76,975,000	3,300,000	73,675,000
Lucile Salter Packard Children's Hospital at Stanford, 2016 Series B, Dated March 31, 2016	3/31/2016	8/15/2055	100,000,000		100,000,000
Marshall Medical Center, 2004 Series B, dated March 22, 2004	3/22/2004	11/1/2033	20,000,000		20,000,000
Marshall Medical Center, Series 2012A, dated September 26, 2012	9/26/2012	11/1/2022	17,805,000	7,900,000	9,905,000
Marshall Medical Center, Series 2015, Dated April 9, 2015	4/9/2015	11/1/2033	26,895,000	245,000	26,650,000
Memorial Health Services, Series 1994, dated March 1, 1994	3/1/1994	10/1/2024	85,000,000	42,700,000	42,300,000
Memorial Health Services, Series 2012A, dated April 25, 2012	4/25/2012	10/1/2033	163,735,000	35,825,000	127,910,000
Memorial Health Services, Series 2013A, dated November 20, 2013	11/20/2013	10/1/2043	50,000,000		50,000,000

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JUNE 30, 2017**

<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, 2017</u>
Memorial Health Services, Series 2016A, Dated September 30, 2016	9/30/2016	10/1/2028	50,000,000		50,000,000
Memorial Health Services, Series 2016B, Dated September 30, 2016 (Variable Rate)	9/30/2016	10/1/2028	65,000,000		65,000,000
Montecito Retirement Association, Series 2017A, dated June 22, 2017 (Variable Rate)	6/22/2017	6/1/2022	30,500,000		30,500,000
Montecito Retirement Association, Series 2017B, dated June 22, 2017	6/22/2017	6/1/2032	16,000,000		16,000,000
Montecito Retirement Association, Series 2017C, dated June 22, 2017	6/22/2017	6/1/2024	6,000,000		6,000,000
Northern California Presbyterian Homes and Services, Inc., Series 2015, Dated April 15, 2015	4/15/2015	7/1/2044	63,210,000	1,310,000	61,900,000
Paradise Valley Estates Project (NCROC), Series 2013, dated April 4, 2013	4/4/2013	1/1/2026	32,315,000	8,250,000	24,065,000
Petaluma Health Center, Inc., 2016 Series A, dated September 13, 2016	9/13/2016	6/1/2040	5,775,000		5,775,000
Pomona Valley Hospital Medical Center, 1997 Series A, dated April 15, 1997	4/15/1997	7/1/2019	84,000,000	68,415,000	15,585,000
Prototypes, A Center for Innovation in Health Mental Health and Social Services & Social Model Recovery Systems, Inc., 2001 Series A, dated June 1, 2002	6/1/2012	6/1/2026	6,085,000	4,510,000	1,575,000
Providence Health & Services, 2008 Series C, dated November 6, 2008	11/6/2008	10/1/2038	289,195,000	277,410,000	11,785,000
Providence Health & Services, Series 2009B, dated July 29, 2009	7/29/2009	10/1/2039	150,000,000		150,000,000
Providence Health & Services, Series 2014A, dated June 26, 2014	6/26/2014	10/1/2038	275,850,000	2,800,000	273,050,000
Providence Health & Services, Series 2014B, dated August 6, 2014	8/6/2014	10/1/2044	118,740,000		118,740,000
Providence St. Joseph Health, Series 2016A, dated September 28, 2016	9/28/2016	10/1/2047	448,165,000		448,165,000
Providence St. Joseph Health, Series 2016B-1, dated September 28, 2016	9/28/2016	10/1/2036	95,240,000		95,240,000
Providence St. Joseph Health, Series 2016B-2, dated September 28, 2016	9/28/2016	10/1/2036	95,245,000		95,245,000
Providence St. Joseph Health, Series 2016B-3, dated September 28, 2016	9/28/2016	10/1/2036	95,245,000		95,245,000
Rady Children's Hospital - San Diego, Series 2011, dated November 22, 2011	11/22/2011	8/15/2041	100,000,000	6,425,000	93,575,000
San Diego Hospital Association 1988 Series A, dated June 23, 1988	6/23/1988	7/15/2018	25,000,000	21,300,000	3,700,000
San Fernando Valley Community Mental Health Center, Inc., Series 1998A, dated 6/1/98	6/1/1998	6/1/2023	3,700,000	2,315,000	1,385,000
Scripps Health, 2001 Series A, dated July 10, 2001	7/10/2001	10/1/2023	60,000,000	48,900,000	11,100,000
Scripps Health, 2008 Series A, dated August 14, 2008	8/14/2008	10/1/2022	99,020,000	19,100,000	79,920,000
Scripps Health, 2008 Series G, dated August 13, 2008	8/13/2008	10/1/2019	40,975,000	34,075,000	6,900,000
Scripps Health, 2010 Series A, dated February 4, 2010	2/4/2010	11/15/2036	120,000,000	11,250,000	108,750,000
Scripps Health, 2010 Series B, dated February 4, 2010	2/4/2010	10/1/2040	60,000,000		60,000,000
Scripps Health, 2010 Series C, dated February 4, 2010	2/4/2010	10/1/2040	40,000,000		40,000,000
Scripps Health, Series 2012A, dated February 1, 2012	2/4/2010	11/15/2040	175,000,000		175,000,000

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

**SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED,
ISSUED AND OUTSTANDING
JUNE 30, 2017**

<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, 2017</u>
Scripps Health, Series 2012B, dated February 1, 2012 (Variable)	2/1/2012	10/1/2042	60,000,000		60,000,000
Scripps Health, Series 2012C, dated February 1, 2012 (Variable)	2/1/2012	10/1/2042	40,000,000		40,000,000
Scripps Health, Series 2016A, dated February 29, 2016	2/29/2016	10/1/2025	50,000,000	2,580,000	47,420,000
Scripps Health, Series 2016B, dated February 29, 2016	2/29/2016	10/1/2025	100,000,000	10,000,000	90,000,000
Scripps Health, Series 2017A dated January 31, 2017 (Revenue Notes)	1/31/2017	10/1/2031	160,000,000		160,000,000
Small Facilities Refinancing Program, 2005 Series A, dated April 12, 2005	4/12/2005	4/1/2025	22,545,000	21,150,000	1,395,000
Social Model Recovery Systems, Inc. Series 2014, dated April 2, 2014	4/2/2014	4/1/2039	5,000,000	450,000	4,550,000
Social Science Services, Inc., Series 2011, dated October 20, 2011	10/20/2011	8/1/2020	1,055,000	535,000	520,000
Solheim Lutheran Home, 2004 Series A, dated November 5, 2004	11/5/2004	11/1/2017	6,415,000	5,825,000	590,000
St. Joseph Health System, 2009 Series A, dated August 27, 2009	8/27/2009	7/1/2039	185,095,000		185,095,000
St. Joseph Health System, 2009 Series B, dated August 27, 2009	8/27/2009	7/1/2021	69,315,000	26,830,000	42,485,000
St. Joseph Health System, 2009 Series C, dated August 27, 2009 [<i>re-offered on 10/16/2014, \$91,460,000</i>]	8/27/2009	7/1/2034	110,540,000	19,080,000	91,460,000
St. Joseph Health System, 2009 Series D, dated August 27, 2009	8/27/2009	7/1/2034	56,150,000		56,150,000
St. Joseph Health System, 2013 Series A, dated July 24, 2013 (Fixed Rate)	7/24/2013	7/1/2029	324,840,000		324,840,000
St. Joseph Health System, 2013 Series B dated July 24, 2013 (Variable Rate)	7/24/2013	7/1/2043	110,000,000		110,000,000
St. Joseph Health System, 2013 Series C, dated July 24, 2013 (Variable Rate)	7/24/2013	7/1/2043	110,000,000		110,000,000
St. Joseph Health System, 2013 Series D, dated July 24, 2013 (Variable Rate)	7/24/2013	7/1/2043	110,000,000		110,000,000
Stanford Health Care 2015 Series A, dated June 30, 2015	6/30/2015	8/15/2054	100,000,000		100,000,000
Stanford Health Care 2015 Series B, dated June 30, 2015	6/30/2015	8/15/2054	75,000,000		75,000,000
Stanford Hospital and Clinics, 2010 Series A, dated June 16, 2010	6/16/2010	11/15/2031	149,345,000	30,030,000	119,315,000
Stanford Hospital and Clinics, 2010 Series B, dated June 16, 2010	6/16/2010	11/15/2036	146,710,000		146,710,000
Stanford Hospital and Clinics, 2012 Series A, dated May 23, 2012	5/23/2012	8/15/2051	340,000,000		340,000,000
Stanford Hospital and Clinics, 2012 Series B, dated May 23, 2012	5/23/2012	8/15/2023	68,320,000	20,875,000	47,445,000
Stanford Hospital and Clinics, 2012 Series C, dated May 23, 2012 (Variable Rate)	5/23/2012	8/15/2051	60,000,000		60,000,000
Stanford Hospital and Clinics, 2012 Series D, dated May 23, 2012 (Variable Rate)	5/23/2012	8/15/2051	100,000,000		100,000,000
Stanford Hospital and Clinics, 2008 Series A-1, dated June 2, 2008	6/2/2008	11/15/2040	70,500,000	3,090,000	67,410,000
Stanford Hospital and Clinics, 2008 Series A-2, re-offer dated June 15, 2011	6/15/2011	11/15/2040	104,100,000	4,375,000	99,725,000

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

**SCHEDULE OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED,
ISSUED AND OUTSTANDING
JUNE 30, 2017**

<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, 2017</u>
Stanford Hospital and Clinics, 2008 Series A-3, re-offer dated June 16, 2011	6/16/2011	11/15/2040	84,165,000	3,550,000	80,615,000
Stanford Hospital and Clinics, 2008 Series B-1, dated June 2, 2008	6/2/2008	11/15/2045	84,100,000		84,100,000
Stanford Hospital and Clinics, 2008 Series B-2, Sub Series 1, re-offer dated June 15, 2011	6/15/2011	11/15/2045	42,050,000		42,050,000
Stanford Hospital and Clinics, 2008 Series B-2, Sub Series 2, re-offer dated June 15, 2011	6/15/2011	11/15/2045	42,050,000		42,050,000
Sunny View Lutheran Home, 1997 Series A, dated September 1, 1997	9/1/1997	1/1/2019	4,430,000	3,850,000	580,000
Sunny View Lutheran Home, 1999 Series A, dated February 1, 1999	2/1/1999	1/1/2024	5,685,000	3,260,000	2,425,000
Sutter Health, 2008 Series A, dated May 14, 2008	5/14/2008	8/15/2038	321,345,000	136,685,000	184,660,000
Sutter Health, 2011 Series B, dated February 10, 2011	2/10/2011	8/15/2042	475,000,000	20,330,000	454,670,000
Sutter Health, Series 2011D, dated December 22, 2011	12/22/2011	8/15/2035	310,300,000		310,300,000
Sutter Health, Series 2013A, dated April 24, 2013	4/24/2013	8/15/2052	450,000,000		450,000,000
Sutter Health, Series 2015A, dated November 12, 2015	11/12/2015	8/15/2043	189,165,000		189,165,000
Sutter Health, Series 2016A, dated February 3, 2016	2/3/2016	11/15/2046	475,445,000		475,445,000
Sutter Health, Series 2016B, dated August 17, 2016	8/17/2016	11/15/2046	748,610,000		748,610,000
Sutter Health, Series 2016C, dated August 17, 2016	8/17/2016	8/15/2053	100,000,000		100,000,000
The Help Group, Series 2012, dated November 2, 2012	11/2/2012	8/1/2037	6,210,000	585,000	5,625,000
TLC Child & Family Services, Series 2011, dated October 7, 2011	10/7/2011	9/1/2025	2,475,000	855,000	1,620,000
Valley Community Clinic, 2010 Series A, dated March 24, 2010	3/24/2010	4/1/2040	2,040,000	245,000	1,795,000
Vocational Visions, 2010 Series A, dated July 9, 2010	7/9/2010	7/1/2035	2,370,000	360,000	2,010,000
Grand Total:					<u>\$ 16,927,304,063</u>

ADDITIONAL INFORMATION

**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, 2017, 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 December 15, 2017.

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.

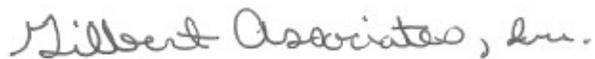
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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.
Sacramento, California

December 15, 2017