

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK FUND AND
CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK
(A Component Unit of the State of California)**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



**Diane J. Nanik, Fiscal Unit Manager
California Infrastructure and Economic Development Bank**



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**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION



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October 13, 2016

To the Board of Directors:

I am pleased to submit for the fiscal year ended June 30, 2016 the Comprehensive Annual Financial Report (CAFR) of the California Infrastructure and Economic Development Bank Fund and the California Infrastructure Guarantee Trust Fund, enterprise funds of the California Infrastructure and Economic Development Bank (IBank), a component unit of the State of California. The CAFR includes the financial activities of IBank's Infrastructure State Revolving Fund (ISRF) Program, the California Lending for Energy and Environmental Needs (CLEEN) Center Program and Conduit Bond Program included in the California Infrastructure and Economic Development Bank Fund (CIEDB Fund) and the California Infrastructure Guarantee Trust Fund (Guarantee Trust Fund) (collectively, the CIEDB Fund and the Guarantee Trust Fund are the Funds). The continuing disclosure agreements related to IBank's revenue bonds that provided funding for the ISRF Program (ISRF Program Bonds) require annual audited financial statements and this CAFR fulfills that requirement.

The net position of the Funds was \$280,326,209 as of June 30, 2016, all of which was restricted. Net position increased by \$34,369 over the previous fiscal year directly as a result of positive investment earnings to offset the operating loss. This year the demand for IBank's current infrastructure program continues to increase, while at the same time IBank launched its new clean energy, water and environmental program to address the funding requirements of a wider spectrum of local governments and communities within the State of California (State). Local governments and communities have seriously begun to address the much-needed infrastructure, economic development, clean energy, water and environmental projects that have been delayed for many years, but are vital to the success and growth of the State's economy. The limits on affordable funds and financings continue to be a major consideration when starting such projects that are needed to improve the quality of life throughout the State and preserve California's infrastructure, environment and economy. IBank is now recognized as a major contributor to the success of the State's economic renewal.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Macias Gini & O'Connell LLP has issued an unmodified ("clean") opinion on the Funds' financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of IBank

IBank was established in 1994 to promote economic revitalization, enable future development, and encourage a healthy climate for jobs in California. IBank operates pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act contained in the California Government Code section 63000 *et seq.* IBank is a component unit of the State of California located within the Governor's Office of Business and Economic Development (GO-Biz) and is governed by a five-member Board of Directors.

IBank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies and certain tax-exempt non-profit organizations that are sponsored by public agencies, provide credit enhancements, including guarantees, acquire or lease facilities, and leverage State and Federal funds. IBank's current programs include the ISRF Program, 501(c)(3) Revenue Bond Program, Industrial Development Revenue Bond Program, Exempt Facility Revenue Bond Program, Public Agency Revenue Bond Program and the CLEEN Center programs. The CLEEN Center financed its first energy efficiency project for \$3,000,000 to fund the acquisition of city street lights and light emitting diode (LED) retrofit under its Statewide Energy Efficiency Program during the fiscal year ended June 30, 2016. The Small Business Finance Center (SBFC) became a program of IBank during the 2013-14 fiscal year; however, the SBFC's financial activities are not included in this report.

With the exception of funds for program support and the SBLGP administration, which must be annually appropriated by the State Legislature, all IBank funds are continuously appropriated without regard to fiscal year. Continuous appropriation authority means that no further appropriations are necessary to expend funds held in either the CIEDB Fund or the Guarantee Trust Fund.

Economic Condition

On a year-over-year basis (July 2015 to July 2016 seasonally adjusted), nonfarm payroll employment (wage and salary jobs) in California increased by 374,600 jobs (up 2.3 percent) and continues the State's seventh year of expansion. In July California's nonfarm payroll jobs increased by 36,400 for a total gain of 2,302,500 since the recovery began in 2010. The State's unemployment rate decreased from 6.1 percent in July 2015 to 5.4 percent in June 2016. Education and health services posted the largest year-over-year gain, adding 87,000 jobs, followed by professional and business services with a gain of 77,800 jobs. Other categories adding jobs over the year included leisure and hospitality (65,900), trade, transportation and utilities (53,500), and government (44,600). Governor Brown has signed a balanced, on-time 2016-2017 budget that prepares the State for the next recession by increasing the Rainy Day Fund to a total balance of \$6.7 billion and limiting new ongoing spending obligations.

Demand for the ISRF Program increases with 213 inquiries in fiscal year 2015-2016 over the 94 inquiries experienced in fiscal year 2014-2015. The increase in the credit quality of the borrowers and the amount of financing requested in excess of \$1.1 billion, clearly demonstrates that the demand over the past year for ISRF Program financings for infrastructure and economic development projects continue to intensify. We anticipate sustained demand for IBank's ISRF Program and CLEEN Center Program as the State's economy continues to grow and prospective borrowers are better positioned to finance public infrastructure, water and private development projects through IBank's low-cost programs.

All required repayments were made by the borrowers on ISRF Program Loans during the fiscal year and continued timely repayment is expected.

For the first time since IBank began issuing ISRF Revenue Bonds in 2004, Moody's Investors Service (Moody's) awarded its highest rating—"Aaa"—to the 2016A Bonds. In addition to awarding its "Aaa" rating to the 2016A Bonds, Moody's upgraded IBank's Series 2014A and Series 2015A Bonds to "Aaa", from "Aa1". Standard and Poor's Rating Services (S&P) and Fitch Ratings (Fitch) each also awarded a "AAA" rating to the 2016A Bonds and affirmed their respective "AAA" rating on the 2014A and 2015A Bonds. The credit rating agencies (Rating Agencies) cited pool diversity, sound program management, financial policies, and market position, among other factors, as support for the ratings. All outstanding ISRF Revenue Bonds now have the top rating from each of the 'Big Three' Rating Agencies—Standard and Poor's Rating Services (S&P) ("AAA"), Fitch Ratings (Fitch) ("AAA"), and Moody's Investors Service (Moody's) ("Aaa,"). These strong ratings reflect the ISRF Program's extremely strong financial risk score and very strong enterprise risk score.

Long-term Financial Planning

IBank's priorities for the upcoming years include but are not limited to the following: providing funding to infrastructure, clean energy, water, environmental and economic development projects, creating sector-specific financing instruments and funds, developing public-private investment opportunities, and facilitating state-wide outreach to potential customers for all of IBank's programs. These priorities will provide access to more affordable funds for California infrastructure, clean energy, water, environmental and economic development projects, while maintaining the Funds' positive net position.

I wish to acknowledge all of the staff of the California Infrastructure and Economic Development Bank for their consistent dedication and contribution to the success of the organization and the State. In particular, I wish to acknowledge the Fiscal Unit staff for the preparation of this Comprehensive Annual Financial Report.

Respectfully submitted,

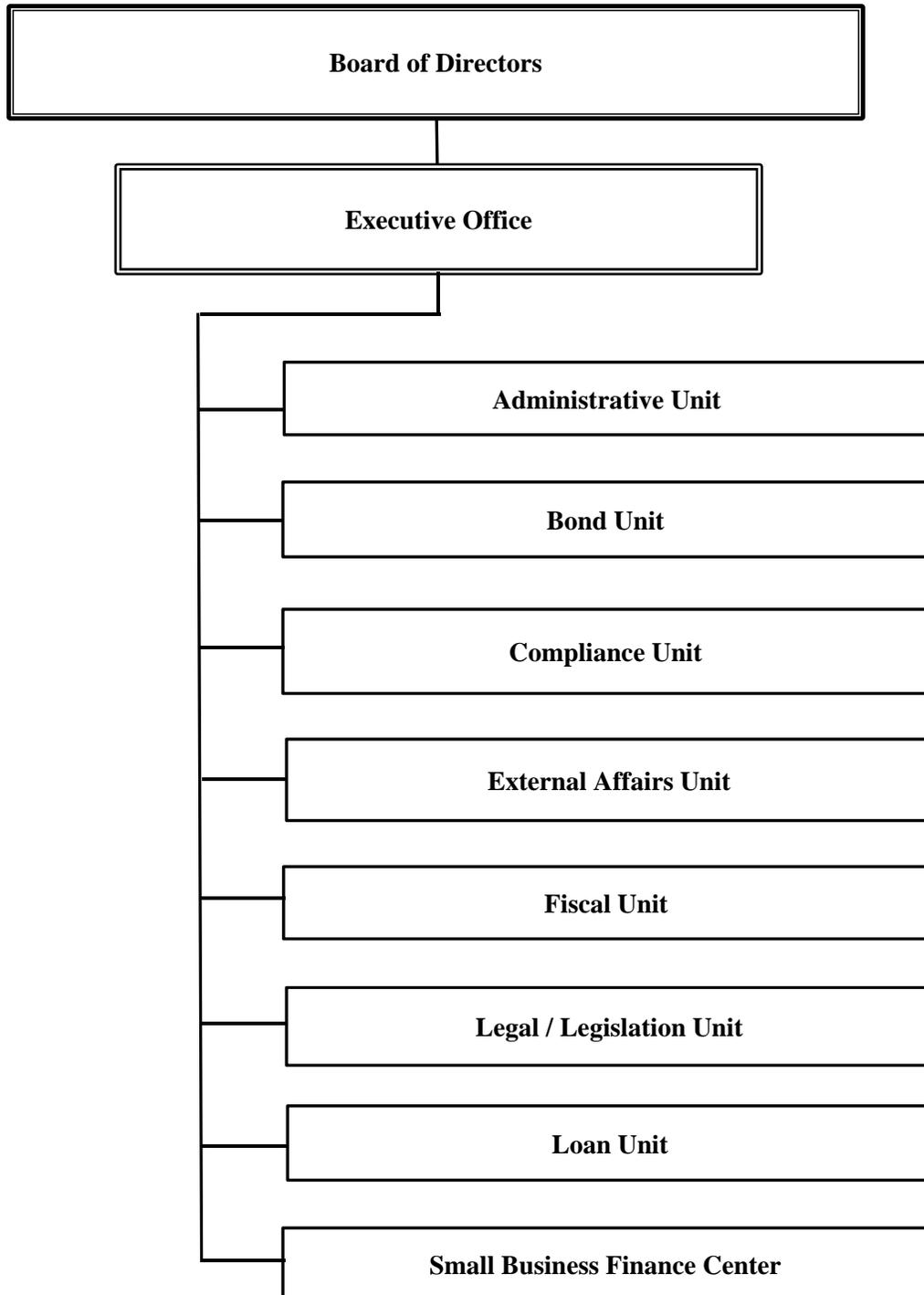


Teveia R. Barnes
Executive Director

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ORGANIZATION CHART



**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**PRINCIPAL OFFICIALS
(As of the date of issuance of the CAFR)**

IBank Board of Directors

Panorea Avdis, Director, Governor's Office of Business and Economic Development

John Chiang, State Treasurer

Brian P. Kelly, Secretary of the California State Transportation Agency

Michael Cohen, Director of the Department of Finance

Peter Luchetti, Governor's Appointee

IBank Executive Office and Management Staff

Teveia R. Barnes, Executive Director

Nancee Trombley, Chief Deputy Executive Director and Chief Compliance Officer

Diane J. Nanik, Fiscal Unit Manager

Diane Cummings, Deputy Director of Credit and Chief Credit Officer

Fritz Pahland, General Counsel

Alice Scott, Deputy Director of External Affairs

Stefan Spich, Deputy Director of Legislative Affairs

Fariba Khoie, Bond Unit Manager

Thomas Dear, Loan Origination Manager

Margrit Lockett, Loan Servicing Manager

Emily Burgos, Small Business Finance Center Manager

FINANCIAL SECTION



Independent Auditor's Report

To the Board of Directors of the
California Infrastructure and Economic Development Bank
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the California Infrastructure and Economic Development Bank Fund and California Infrastructure Guarantee Trust Fund (collectively, the Funds), enterprise funds of the California Infrastructure and Economic Development Bank (IBank), a component unit of the State of California, as of and for the fiscal 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 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 Funds of IBank, as of June 30, 2016, and the changes in their financial position and their cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Basis of Presentation

As discussed in Note 2.A, the financial statements present only the Funds and do not purport to, and do not, present fairly the financial position of IBank as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. IBank's California Small Business Expansion Fund, its only other fund, is included in and subject to the audit of the State of California's financial statements. 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 the Funds' proportionate share of the net pension liability, and the schedule of Funds' contributions, as listed in the table of contents, be presented to supplement the fund financial statements. Such information, although not a part of the fund financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the fund 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 fund financial statements, and other knowledge we obtained during our audit of the fund 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 an opinion on the fund financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not required parts of the fund financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the fund financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016, on our consideration of IBank's internal control over financial reporting as it relates to the Funds 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 IBank's internal control over financial reporting and compliance as it relates to the Funds.

Macias Gini & O'Connell LLP

Sacramento, California

October 13, 2016

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview to the financial statements of the California Infrastructure and Economic Development Bank Fund (CIEDB Fund) and California Infrastructure Guarantee Trust Fund (Guarantee Trust Fund), enterprise funds of the California Infrastructure and Economic Development Bank (IBank), a component unit of the State of California (State), a description of its activities, and an analysis of the financial position of the CIEDB Fund and the Guarantee Trust Fund for the fiscal year ended June 30, 2016 (collectively, the CIEDB Fund and the Guarantee Trust Fund are the Funds). The Funds do not receive any State General Fund support. The Funds' programs continue to provide revenues sufficient to support all operating expenses.

The information presented in this section should be read in conjunction with the information in our letter of transmittal on pages 3-5 of this report and the financial statements and notes that follow this section.

IBank and Current Programs

IBank is a State of California financing authority whose mission is to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong California economy, and improve the quality of life in California communities. IBank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, including guarantees, acquire or lease facilities, and leverage State and Federal funds. The Funds' current operations are funded solely from fees, interest earnings, and Infrastructure State Revolving Fund Program loan¹ repayments. IBank is a component unit of the State of California (State) and the Funds' financial statements are included in the State's Comprehensive Annual Financial Report.

IBank's major programs include the Infrastructure State Revolving Fund (ISRF) Program, which is a revolving loan program that provides financing to local government entities for eighteen categories of public infrastructure and economic expansion projects, and a variety of conduit revenue bond financing programs, including the Industrial Development Bond Program for manufacturing and processing companies, the 501(c)(3) Revenue Bond Program for nonprofit public benefit corporations, State School Fund Bond Program and the Public Agency Revenue Bond Program for governmental entities. Conduit bonds issued by IBank are a limited obligation of IBank payable solely from the revenues generated by the underlying borrower. The Small Business Loan Guarantee Program, which issues guarantees to lenders of loans to small businesses having difficulty securing financing on their own, was established under the Small Business Finance Center, a program of IBank, in October 2013. However, the Small Business Finance Center's financial activities and position are not included in this report.

¹ "Loan" is generically used to refer to a loan, a lease or an installment sale agreement.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

On August 25, 2015, the IBank Board of Directors approved the criteria, priorities and guidelines to select and underwrite projects for financing under the California Lending for Energy and Environmental Needs (CLEEN) Center. IBank's CLEEN Center provides low-cost financing to eligible State and local governments, and public universities, schools, and hospitals. The approved eligible projects include commercially proven technologies that are expected to result in carbon reduction benefits, water conservation or other environmental benefits within the State, including energy efficiency, renewable energy, energy storage, alternative technologies, alternative fuels, transportation and water. IBank financed its first energy efficiency project under the CLEEN Center in May 2016.

Financial Highlights 2015-16

- The net position of the Funds was \$280.3 million as of June 30, 2016, all of which was restricted. There was an operating loss of \$710 thousand. The operating loss was offset by investments earnings and resulted in an increase in net position of \$34 thousand.
- Total cash, cash equivalents, and investments increased during the fiscal year by \$195.1 million or 91% primarily as a result of proceeds received from the issuance of the 2016A ISRF Program Bonds and loan repayments exceeding loan disbursements and bond debt service payments.
- Total loans receivable decreased during the fiscal year by \$2.4 million because loan repayments exceeded new loans closed during the fiscal year.
- The revenue bonds payable increased by \$164.3 million or 79% primarily due to the issuance of \$141.6 million in 2016A ISRF Program Bonds on June 14, 2016.

Overview of the Financial Statements

The financial section of this annual financial report consists of this MD&A, the financial statements, and the notes to the financial statements. This MD&A is a discussion of many aspects of the Funds' operations and financial status and its information was compiled from the Funds' financial statements and accompanying notes.

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles and include the following three statements:

- The *Statement of Net Position* presents information on the assets, liabilities and deferred inflows/outflows of resources of the Funds, with the difference reported as net position. Over time, increases or decreases in net position are expected to serve as a useful indicator of whether the financial position of the Funds are improving or deteriorating.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

- The *Statement of Revenues, Expenses, and Changes in Fund Net Position* presents information reflecting how the net position of the Funds changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities and investing activities, and the resulting impacts to cash and cash equivalents for the fiscal year.

The financial statements included in this annual financial report are those of IBank's CIEDB Fund and Guarantee Trust Fund. As discussed in Note 1, The Financial Reporting Entity, the financial statements herein are intended to present the financial position, change in financial position and cash flows of only IBank's ISRF Program, CLEEN Center Program and Conduit Bond Program. The financial statements do not purport to present the financial position of the Small Business Loan Guarantee Program or any other reporting entity.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes can be found immediately following the financial statements.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Statement of Net Position

The following table presents a condensed, combined Statement of Net Position as of June 30, 2016 and 2015, and the dollar and percentage change from the prior year.

	2016	2015	\$ Change	% Change
Cash, cash equivalents, and investments - restricted	\$ 409,467,388	\$ 214,344,782	\$ 195,122,606	91.0%
Loans receivable	308,116,217	310,513,224	(2,397,007)	-0.8%
Other assets	3,848,492	3,765,003	83,489	2.2%
Total Assets	<u>721,432,097</u>	<u>528,623,009</u>	192,809,088	36.5%
Total Deferred Outflows of Resources	<u>4,718,162</u>	<u>4,718,881</u>	(719)	0.0%
Total Assets and Deferred Outflows of Resources	<u>\$ 726,150,259</u>	<u>\$ 533,341,890</u>	<u>\$ 192,808,369</u>	36.2%
Revenue bonds payable	\$ 372,570,634	\$ 208,290,797	\$ 164,279,837	78.9%
Net pension liability	3,945,940	3,200,240	745,700	23.3%
Other liabilities	5,789,170	3,296,412	2,492,758	75.6%
Undisbursed loan commitments	63,432,168	37,666,191	25,765,977	68.4%
Total Liabilities	<u>445,737,912</u>	<u>252,453,640</u>	193,284,272	76.6%
Total Deferred Inflows of Resources	86,138	596,410	(510,272)	-85.6%
Net Position - Restricted - Expendable by Statute	<u>280,326,209</u>	<u>280,291,840</u>	<u>34,369</u>	0.0%
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 726,150,259</u>	<u>\$ 533,341,890</u>	<u>\$ 192,808,369</u>	36.2%

Assets

Total assets increased by \$192.8 million over the prior year. Cash, cash equivalents, and investments-restricted increased as a result of cash received from the issuance of the 2016A ISRF Program Bonds.

Loans receivable (pledge, non-pledged and CLEEN) totaled \$308.1 million as of June 30, 2016, a decrease of \$2.4 million because loan repayments exceeded new loans closed during the fiscal year.

Liabilities

Total liabilities were \$445.7 million as of June 30, 2016, an increase of 77% over the prior fiscal year. The largest liability is revenue bonds payable, which consists of three series of ISRF Program Bonds, one issued in February 2014, one issued in June 2015 and one issued in June 2016. Revenue bonds payable increased by \$164.3 million due to the issuance of \$141.6 million in 2016A ISRF Program Bonds on June 14, 2016.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

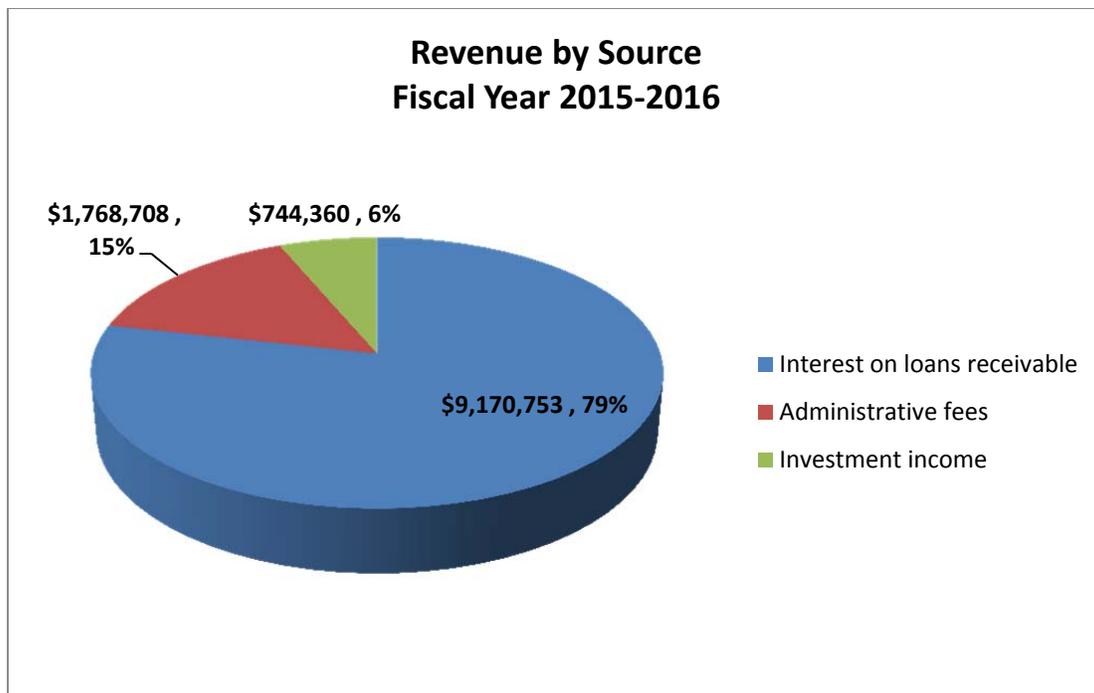
Statement of Revenues, Expenses, and Changes in Fund Net Position

The Operating loss was \$710 thousand and the change in net position was \$34 thousand for the fiscal year ended June 30, 2016. The following table presents the condensed, combined Statement of Revenues, Expenses, and Changes in Fund Net Position for the 2015-2016 and 2014-2015 fiscal years.

	2016	2015	\$ Change	% Change
Total operating revenues	\$ 10,939,461	\$ 10,759,416	180,045	1.7%
Total operating expenses	<u>11,649,452</u>	<u>8,838,762</u>	<u>2,810,690</u>	31.8%
Operating income (loss)	(709,991)	1,920,654	(2,630,645)	-137.0%
Total nonoperating revenue	<u>744,360</u>	<u>241,235</u>	<u>503,125</u>	208.6%
Change in net position	34,369	2,161,889	(2,127,520)	-98.4%
Net position, beginning of year	<u>280,291,840</u>	<u>278,129,951</u>	<u>2,161,889</u>	0.8%
Net position, end of year	<u><u>\$ 280,326,209</u></u>	<u><u>\$ 280,291,840</u></u>	<u><u>\$ 34,369</u></u>	0.0%

Revenues

The following chart presents operating and nonoperating revenues by source:

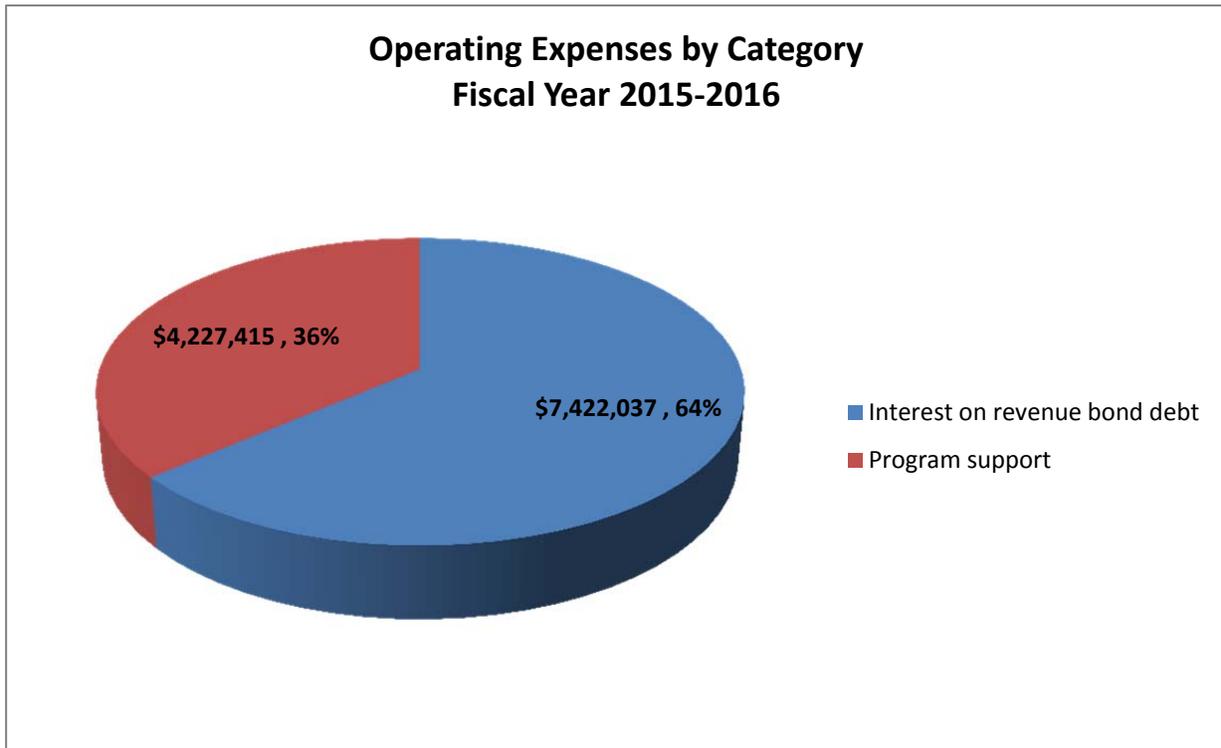


**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Operating Expenses

The following chart presents operating expenses by category:



Total operating expenses were \$11.6 million during the fiscal year compared to \$8.8 million for the prior fiscal year, an increase of 32%. This was due primarily to a full year of interest expense on the 2015A ISRF Program Bonds in the current year that was not incurred in the prior year because the 2015A ISRF Program Bonds were issued in June 2015.

Budgetary Information

With the exception of funds for program support, which must be annually appropriated by the State Legislature, all other IBank funds in the Funds are continuously appropriated without regard to fiscal year. Continuous appropriation authority means that no further appropriations are necessary to expend funds held in either the CIEDB Fund or the Guarantee Trust Fund.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Debt Administration

IBank administers the ISRF Program, a leveraged revolving loan program. Initial ISRF Program Loans were funded with previous State General Fund appropriations. IBank issued \$51.37 million in ISRF Program Revenue Bonds in March 2004, \$52.80 million in December 2005, \$48.37 million in September 2008, \$95.96 million in February 2014, \$90.1 million in June 2015 and \$141.6 million in June 2016 (collectively, ISRF Program Bonds) to provide additional funding for ISRF Program Loans. The 2014A ISRF Program Bonds were issued to refund the 2004 and 2005 ISRF Program Bonds and to refinance existing bond anticipation loans. The 2015A ISRF Program Bonds were issued to refund the 2008 ISRF Program Bonds and to refinance existing bond anticipation loans. The ISRF Program Bonds were sold without a credit enhancement, and in 2004 and 2005, were initially rated AA, Aa2, and AA by Standard & Poor's, Moody's Investors Service, and Fitch Ratings, respectively. Upon the issuance of the 2008 ISRF Program Bonds, Standard & Poor's and Fitch Ratings raised the ratings on the ISRF Program Bonds to AA+, citing proactive and strong program oversight and management, and thorough ongoing surveillance of existing Loans as key factors to the high credit ratings on the bonds. The 2014A and 2015A ISRF Program Bonds were assigned a rating of AAA, Aa1, and AAA by Standard & Poor's (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch), respectively. S&P and Fitch assigned a stable outlook to the 2014A and 2015A ISRF Program Bonds. Moody's assigned a stable outlook to the 2014A ISRF Program Bonds and a positive outlook to the 2015A ISRF Program Bonds. Moody's rated the 2016A ISRF Program Bonds Aaa. In addition, Moody's upgraded IBank's Series 2014A and Series 2015A Bonds to Aaa, from Aa1. S&P and Fitch each rated the 2016A ISRF Program Bonds AAA and affirmed their respective AAA rating on the 2014A and 2015A ISRF Program Bonds. The credit rating agencies cited pool diversity, sound program management, financial policies, and market position, among other factors, as support for the ratings. All outstanding ISRF Program Bonds now have the top rating from S&P (AAA), Fitch (AAA), and Moody's S&P (Aaa). These strong ratings reflect the ISRF Program's extremely strong financial risk score and very strong enterprise risk score. In addition, these strong ratings reflect the ISRF Program's ability to withstand defaults by the ISRF Program's borrowers while the ISRF Program could continue to pay the ISRF Program's bondholders.

Existing ISRF Program Loans are either funded from previous State General Fund appropriations, interest earned on the ISRF Program Loans, the repayment of principal on ISRF Program loans receivable, investment earnings, administration fee revenue, or the proceeds of ISRF Program Bonds. The 2014A, 2015A and 2016A ISRF Program Bonds are each structured under an open-indenture model. All ISRF Program Bonds are limited obligations of IBank payable solely from and secured solely by pledged ISRF Program Loan repayments, reserves, and reserve account interest earnings. Note 4 of the Notes to the Financial Statements contains additional information about the outstanding ISRF Program Bonds.

IBank also issues conduit revenue bonds including Industrial Development Bonds for certain privately-owned manufacturing and processing businesses, 501(c)(3) Revenue Bonds for nonprofit entities, State School Fund Bonds for financially troubled public school districts, and Public Agency Revenue Bonds for other state and local governmental entities. During the fiscal year, IBank served as the issuer for \$916,542,000 of conduit revenue bonds. Conduit bonds are a limited obligation of IBank payable solely from the pledged revenues of the conduit borrower. As such, except for administration fee revenue related to the conduit bond programs, conduit bond financial information is not reflected in the Funds' financial statements.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Requests for Information

This financial report is designed to provide interested parties with a general overview of the finances of the Funds. Questions concerning the information provided in this report or requests for additional information should be addressed to Teveia R. Barnes, Executive Director, California Infrastructure and Economic Development Bank, P.O. Box 2830, Sacramento, California 95812-2830.

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**STATEMENT OF NET POSITION
JUNE 30, 2016**

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and equivalents - restricted	\$ 371,918,616	\$ 24,787,828	\$ 396,706,444
Pledged loans receivable - disbursed	14,462,165	-	14,462,165
Non-pledged loans receivable - disbursed	150,453	-	150,453
Interest and other receivables	3,815,013	33,479	3,848,492
Total current assets	<u>390,346,247</u>	<u>24,821,307</u>	<u>415,167,554</u>
NON-CURRENT ASSETS			
Investments	12,760,944	-	12,760,944
Pledged loans receivable - disbursed	227,802,186	-	227,802,186
Pledged loans receivable - undisbursed	60,432,168	-	60,432,168
CLEEN loans receivable - undisbursed	3,000,000	-	3,000,000
Non-pledged loans receivable - disbursed	2,269,245	-	2,269,245
Total non-current assets	<u>306,264,543</u>	<u>-</u>	<u>306,264,543</u>
Total assets	<u>696,610,790</u>	<u>24,821,307</u>	<u>721,432,097</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	830,397	-	830,397
Loss on refunding debt	3,887,765	-	3,887,765
Total deferred outflows of resources	<u>4,718,162</u>	<u>-</u>	<u>4,718,162</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 701,328,952</u>	<u>\$ 24,821,307</u>	<u>\$ 726,150,259</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 1,997,751	\$ -	\$ 1,997,751
Compensated absences payable	17,230	-	17,230
Revenue bond interest payable	2,134,169	-	2,134,169
Revenue bonds payable	11,552,620	-	11,552,620
Undisbursed loan commitments	36,014,872	-	36,014,872
Total current liabilities	<u>51,716,642</u>	<u>-</u>	<u>51,716,642</u>
NON-CURRENT LIABILITIES			
Compensated absences payable	268,020	-	268,020
Net other postemployment benefit obligation	1,372,000	-	1,372,000
Net pension liability	3,945,940	-	3,945,940
Undisbursed loan commitments	27,417,296	-	27,417,296
Revenue bonds payable	361,018,014	-	361,018,014
Total non-current liabilities	<u>394,021,270</u>	<u>-</u>	<u>394,021,270</u>
Total liabilities	<u>445,737,912</u>	<u>-</u>	<u>445,737,912</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	86,138	-	86,138
Total deferred inflows of resources	<u>86,138</u>	<u>-</u>	<u>86,138</u>
NET POSITION			
Restricted - Expendable:			
Statute	255,504,902	24,821,307	280,326,209
Total net position	<u>255,504,902</u>	<u>24,821,307</u>	<u>280,326,209</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 701,328,952</u>	<u>\$ 24,821,307</u>	<u>\$ 726,150,259</u>

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

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
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**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	Total
OPERATING REVENUES			
Interest on loans receivable	\$ 9,170,753	\$ -	\$ 9,170,753
Administration fees and other income	<u>1,768,708</u>	<u>-</u>	<u>1,768,708</u>
Total operating revenues	<u>10,939,461</u>	<u>-</u>	<u>10,939,461</u>
OPERATING EXPENSES			
Interest on revenue bond debt	7,422,037	-	7,422,037
Program support	<u>4,227,415</u>	<u>-</u>	<u>4,227,415</u>
Total operating expenses	<u>11,649,452</u>	<u>-</u>	<u>11,649,452</u>
OPERATING LOSS	<u>(709,991)</u>	<u>-</u>	<u>(709,991)</u>
NONOPERATING REVENUE			
Investment earnings	<u>640,336</u>	<u>104,024</u>	<u>744,360</u>
Total nonoperating revenue	<u>640,336</u>	<u>104,024</u>	<u>744,360</u>
Changes in net position	(69,655)	104,024	34,369
NET POSITION, Beginning of year	<u>255,574,557</u>	<u>24,717,283</u>	<u>280,291,840</u>
NET POSITION, End of year	<u>\$ 255,504,902</u>	<u>\$ 24,821,307</u>	<u>\$ 280,326,209</u>

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**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of interest on loans receivable	\$ 9,170,753	\$ -	\$ 9,170,753
Receipt of administration fees	1,764,063	-	1,764,063
Receipt of principal on loans receivable	35,971,361	-	35,971,361
Payment of outstanding loan commitments	(7,808,377)	-	(7,808,377)
Payment of program support	<u>(2,554,077)</u>	<u>-</u>	<u>(2,554,077)</u>
Net cash provided by operating activities	<u>36,543,723</u>	<u>-</u>	<u>36,543,723</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipt of revenue bond proceeds	171,636,193	-	171,636,193
Payment of principal on revenue bond debt	(5,995,000)	-	(5,995,000)
Payment of interest on revenue bond debt	<u>(7,723,181)</u>	<u>-</u>	<u>(7,723,181)</u>
Net cash provided by noncapital financing activities	<u>157,918,012</u>	<u>-</u>	<u>157,918,012</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	(12,589,299)	-	(12,589,299)
Receipt of interest on investments	<u>401,286</u>	<u>87,940</u>	<u>489,226</u>
Net cash provided by investing activities	<u>(12,188,013)</u>	<u>87,940</u>	<u>(12,100,073)</u>
CHANGE IN CASH AND EQUIVALENTS	182,273,722	87,940	182,361,662
CASH AND EQUIVALENTS, Beginning of year	<u>189,644,894</u>	<u>24,699,888</u>	<u>214,344,782</u>
CASH AND EQUIVALENTS, End of year	<u>\$ 371,918,616</u>	<u>\$ 24,787,828</u>	<u>\$ 396,706,444</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating loss	\$ (709,991)	\$ -	\$ (709,991)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Interest on revenue bond debt	7,422,037	-	7,422,037
Cost of issuance paid directly from bond proceeds	422,378	-	422,378
Changes in assets and liabilities:			
Loans receivable	2,397,007	-	2,397,007
Accounts payable	1,434,185	-	1,434,185
Other liabilities	(4,645)	-	(4,645)
Compensated absences payable	(29,690)	-	(29,690)
Net other postemployment benefit obligation	85,000	-	85,000
Net pension liability and related deferred inflows/outflows	(238,535)	-	(238,535)
Undisbursed loan commitments	<u>25,765,977</u>	<u>-</u>	<u>25,765,977</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 36,543,723</u>	<u>\$ -</u>	<u>\$ 36,543,723</u>
NONCASH FINANCING AND INVESTING ACTIVITIES			
Unrealized gains on investments	\$ 171,645	\$ -	\$ 171,645
Amortization of revenue bond premiums	1,783,734	-	1,783,734
Amortization of deferred outflow on refunding of debt	474,682	-	474,682

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



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1. THE FINANCIAL REPORTING ENTITY

The California Infrastructure and Economic Development Bank, a component unit of the State of California (State), is a public instrumentality of the State, organized and existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code commencing with Section 63000 (Act). The California Infrastructure and Economic Development Bank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, including guarantees, acquire or lease facilities, and leverage State and Federal funds. The mission of the California Infrastructure and Economic Development Bank is to finance public infrastructure, clean energy, environmental and economic development projects that promote a healthy climate for job creation and retention, contribute to a strong California economy, and a healthy environment, and improve the quality of life in California communities. The California Infrastructure and Economic Development Bank is governed by a five-member Board of Directors (Board) consisting of the Director of the Governor's Office of Business and Economic Development, who serves as the chair, the Director of the Department of Finance, the State Treasurer, the Secretary of the State Transportation Agency, and an appointee of the Governor.

The California Infrastructure and Economic Development Bank (IBank) issues loans to municipal entities pursuant to the Infrastructure State Revolving Fund (ISRF) Program, the activities of which are accounted for in the California Infrastructure and Economic Development Bank Fund (CIEDB Fund) and the California Infrastructure Guarantee Trust Fund (Guarantee Trust Fund) (collectively, the CIEDB Fund and the Guarantee Trust Fund are the Funds), enterprise funds of IBank. The ISRF Program provides financing to local government entities for a wide variety of infrastructure projects throughout the State. Eligible ISRF Program borrowers include cities, counties, special districts, assessment districts, joint power authorities, non-profit corporations formed by local government entities, and non-profit organizations sponsored by a governmental entity. IBank issues revenue bonds (ISRF Program Bonds) to provide additional funding for the ISRF Program. The ISRF Program Bond indentures require an independent audit of the ISRF Programs. IBank also serves as a conduit issuer of revenue bonds, loans, and commercial paper for private, nonprofit and other governmental entities (Conduit Bond Programs), the activities of which are also accounted for in the Funds. Legislation requires an audit of IBank's activities under the Conduit Bond Program.

On August 25, 2015, the IBank Board of Directors approved the criteria, priorities and guidelines to select and underwrite projects for financing under the California Lending for Energy and Environmental Needs (CLEEN) Center, the activities of which are also accounted for in the Funds. IBank's CLEEN Center provides low-cost financing to eligible State and local governments, and public universities, schools, and hospitals. The approved eligible projects include commercially proven technologies that are expected to result in carbon reduction benefits, water conservation or other environmental benefits within the State, including energy efficiency, renewable energy, energy storage, alternative technologies, alternative fuels, transportation and water. IBank financed its first energy efficiency project under the CLEEN Center in May 2016.

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Effective October 4, 2013, the Small Business Financial Assistance Act of 2013 created the Small Business Finance Center at the California Infrastructure and Economic Development Bank and transferred the California Small Business Expansion Fund, which accounts for the activities of the California Small Business Loan Guarantee Program (SBLGP), to the California Infrastructure and Economic Development Bank. The SBLGP provides repayment guarantees to lenders of loans to small businesses having difficulty securing financing on their own. The guarantees are issued by non-profit financial development corporations, on behalf of the California Infrastructure and Economic Development Bank, to banks and other lenders to help small business owners finance their business plans, including expanding operations, purchasing new equipment and infusing small businesses with working capital. Guarantees may also be issued on loans for start-up costs. The California Small Business Expansion Fund is not included in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION / FUND FINANCIAL STATEMENTS

The financial statements presented in this report include only the financial activities of the Funds and do not purport to, and do not present fairly the financial position of IBank as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. IBank's California Small Business Expansion Fund, its only other fund, is included in and subject to the audit of the State of California's financial statements.

Monies in the Funds are held within the California State Treasury or by the bond trustees for the ISRF Program Bonds (Trustees).

CIEDB Fund – With the exception of amounts spent for program support that require an annual appropriation by the State Legislature, the CIEDB Fund is continuously appropriated without regard to fiscal year and is available for expenditure for the program related purposes stated in the Act. The CIEDB Fund is an enterprise fund that includes the CLEEN Center programs. The CLEEN Center programs are currently funded with IBank equity.

Guarantee Trust Fund – The Guarantee Trust Fund is continuously appropriated to IBank without regard to fiscal year for the purpose of insuring all or a portion of the accounts and subaccounts within the CIEDB Fund, any contracts or obligations of IBank or a sponsor, as that term is defined in the Act, and all or a part of any series of bonds issued by IBank, by a special purpose trust or by a sponsor. Uncommitted monies may be transferred between the CIEDB Fund and the Guarantee Trust Fund when appropriate to accomplish the financing objectives of IBank. The Guarantee Trust Fund is an enterprise fund.

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B. ACCOUNTING PRINCIPLES

The accompanying financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance 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.

The Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with principal ongoing operations. The primary operating revenue reported in the Funds is financing income, representing interest on loans provided to ISRF Program borrowers. Also recognized in the Funds as operating revenue are the fees charged to ISRF Program borrowers and Conduit Bond Programs borrowers. Operating expenses primarily include interest expense on the ISRF Program Bonds and program support expenses. Investment income is reported as nonoperating revenue.

C. CASH AND EQUIVALENTS AND INVESTMENTS

IBank considers all short-term investments with an original maturity of three months or less to be cash equivalents. Cash and investments held in either the State's Surplus Money Investment Fund (SMIF), an internal investment pool, money market deposit accounts or funds held by the Trustees are considered to be highly liquid and cash equivalents. All investment income, including changes in the fair value of investments, is recognized as revenue in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for deposits and investment risks are specified relating to the following risks: interest rate, credit, custodial credit, concentrations of credit and foreign currency. In addition, other disclosures are specified including, but not limited to, the use of certain methods to present deposits and investments, highly sensitive investments and credit quality at year-end.

Certificates of deposit are recorded at cost. It is the intent of IBank to hold these certificates of deposit until maturity. IBank holds investments that are measured at fair value on a recurring basis. IBank categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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D. LOANS RECEIVABLE

IBank enters into loan agreements, installment sale agreements and lease agreements (Loans) to finance public infrastructure and economic development projects and projects for non-profit organizations sponsored by governmental entities pursuant to the ISRF Program. A majority of the Loans are pledged to the 2014A ISRF Program Bonds, 2015A ISRF Program Bonds and the 2016A ISRF Program Bonds (Series Pledged Loans). Loans receivable includes pledged and non-pledged Loans. Pledged and non-pledged Loans receivable consists of two components – the disbursed and the undisbursed amount of Loans. The disbursed amount of pledged Loans receivable includes amounts drawn by the borrower for reimbursement or payment of project costs. The undisbursed amount of pledged Loans receivable includes the balance available to be drawn by the borrowers and draws submitted for payment but unpaid at year-end, and is offset by a liability for outstanding undisbursed loan commitments. The current portion of undisbursed pledged and non-pledged Loan commitments is an estimate and is generally based upon projections provided by borrowers. These estimates are subject to change due to unforeseen weather conditions, construction delays related to change orders, delayed material shipment, subcontractor performance problems and other factors that cannot be reasonably predicted.

Prior to the issuance of the ISRF Program Bonds, Loans were funded solely by General Fund appropriations received from the State, Loan repayments, fee revenue, and investment income. Since the issuance of the ISRF Program Bonds, Loans have been funded from the proceeds of the ISRF Program Bonds and/or from proceeds of Loan repayments, fee revenue and investment income. There is no provision for uncollectible accounts as all Loans are current and expected at this time to be repaid according to the scheduled terms.

E. ISSUANCE COSTS

Costs associated with the issuance of each series of the ISRF Program Bonds included bond counsel and disclosure counsel fees, trustee fees, rating agency fees, underwriting costs, financial advisor fees and other miscellaneous expenses. The ISRF Program bond issuance costs are recognized as an expense when incurred.

F. REVENUE BONDS PAYABLE

Revenue bonds payable are stated at their unpaid balance plus any remaining unamortized premiums. Bond premiums are amortized using the effective-interest method over the terms of the respective ISRF Program Bonds. The ISRF Program Bonds are subject to mandatory and optional redemption prior to their stated maturity. The ISRF Program Bonds are not obligations of the State, and the taxing power of the State is not pledged for their payments. The obligation of IBank to make such payments is a limited obligation, payable solely from the ISRF Program Bonds collateral pledged by IBank.

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G. LOAN AND CONDUIT BOND FEES

IBank charges an origination fee and an annual servicing fee to ISRF Program borrowers. The origination fee is due upon execution of the Loan agreement and is collected no later than the date of the borrower's first disbursement. Loan origination fees are recognized as revenue when due. The annual servicing fee is recognized as revenue when earned. IBank also charges application, bond issuance and annual fees to Conduit Bond Programs borrowers. Conduit bond fees are recognized as revenue when earned.

H. COMPENSATED ABSENCES PAYABLE

Compensated absences payable represents employees' earned but unused vacation, annual leave, and other similar leave program balances which are eligible for payment upon separation from state service. Unused sick-leave balances are not included as they are converted to additional service credit used in the calculation of postemployment benefits. Compensated absences payable is a long-term obligation because leave earned in the current period is considered to be used before any unused leave from prior years (LIFO) and it is anticipated that employees will not generally use more leave than the amount earned in the current period.

I. DEFERRED OUTFLOWS/DEFERRED INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The loss on refunding debt resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as a deferred outflow of resources and is amortized over the shorter of the life of the refunded debt or refunding bond.

Contributions made to the pension plan after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of IBank's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between IBank's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 7 for further details related to these pension deferred outflows and inflows.

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J. PENSIONS

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 Funds' 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.

K. CLASSIFICATION OF NET POSITION

Restricted net position represents amounts restricted due to external restrictions imposed by creditors, laws or regulations of the government, and restrictions imposed by law through constitutional provisions or enabling legislation. The net position reported in the Funds is restricted by statute for programs established by IBank and for programs administered pursuant to the Act.

L. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. CURRENT YEAR GASB IMPLEMENTATION

For the year ended June 30, 2016, IBank implemented GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. The primary objective of GASB 72 is to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no material impact on IBank's financial statements as a result of the implementation of Statement No. 72. All required disclosures were added to Note 3.

3. CASH AND EQUIVALENTS AND INVESTMENTS

IBank follows GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of the interest rate, credit, custodial credit, concentration of credit and foreign currency risks to the extent that they exist at the date of the Statement of Net Position. Additional disclosure detail required by GASB Statement No. 40 for cash deposits, investments, and derivatives within the State's centralized treasury system can be found in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015, which is the latest available.

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Due to the specified nature of the activities reported in the Funds as established in the Act, all cash, cash equivalents, and investments are considered restricted at June 30, 2016, since these funds cannot be spent for any purpose other than as established in the Act.

Investments are made pursuant to an investment policy initially adopted by the Board in March 2006 and as amended by the Board on April 27, 2010. The Investment Policy, with certain clarifications and changes, was reviewed and approved by the Board on February 24, 2015. The Investment Policy provides guidelines for the prudent investment while maximizing efficiency and financial return in conformance with all applicable State statutes governing the investment of public funds, with the foremost objectives being safety and liquidity.

Pursuant to the Investment Policy, IBank may, from time to time, direct the State Treasurer (Treasurer) to invest monies in the CIEDB Fund and Guarantee Trust Fund held within the State's centralized treasury system that are not required for its current needs, in any eligible securities specified in Government Code Section 16430 as IBank shall designate. IBank may direct the Treasurer to invest monies in the Guarantee Trust Fund in certain repurchase agreements, investment agreements and subordinated securities as specified in Government Code Section 63062(a). IBank may direct the Treasurer to deposit monies in the Funds in interest-bearing accounts in qualified public depositories as established by State law, including any bank in the State or in any savings and loan association in the State. IBank may alternatively require the transfer of monies in the Funds to the SMIF for investment.

Government Code Sections 63052(e), 63062(b) and 5922(d) provide that bond proceeds and monies set aside and pledged to the repayment of bonds may be invested in securities or obligations described in the indenture for those bonds. Monies in each of the accounts with respect to the 2014A ISRF Program Bonds, 2015A ISRF Program Bonds and 2016A ISRF Program Bonds issued under the Indenture, dated as of February 1, 2014, between IBank and US Bank National Association, as trustee, (Trustee) as supplemented and amended by the First Supplemental Indenture dated as of February 1, 2014 between IBank and the Trustee, the Second Supplemental Indenture dated as of June 1, 2015 between IBank and the Trustee and the Third Supplemental Indenture dated as of June 1, 2016 between IBank and the Trustee (Indenture) are held by the Trustee and shall be invested and reinvested by the Trustee in permitted investments, as that term is defined in the Indenture. The permitted investments mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed.

Investments Authorized by the California Government Code and the Investment Policy

The following table identifies the investment types that are authorized by Government Code sections 16430, 5922(d), 63052(d) and (e), and 63062(a) and (b) or the Investment Policy, where more restrictive. The table below also identifies certain provisions of the California Government Code, or the Investment Policy, where more restrictive, that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds and other monies held by the Trustees that are governed by the provisions of the Indenture, but rather the general provisions of the California Government Code or the Investment Policy.

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Authorized Investments

Authorized Investment Type	Maximum Maturity¹	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Credit Rating³
U.S. Treasury Securities	5 Years	N/A ²	N/A	N/A
Federal Agency Securities	5 Years	N/A	40%	N/A
State of California Securities	5 Years	30%	30%	N/A
Local Agency Securities	5 Years	30%	5%	N/A
Commercial Paper	180 Days	30%	5%	A1/P1/F1
Bankers Acceptances	180 Days	40%	5%	N/A
Negotiable Certificates of Deposit	5 Years	30%	5%	N/A
U.S. SBA or U.S. FHA Securities	5 Years	N/A	40%	N/A
Export-Import Bank Securities	5 Years	10%	N/A	N/A
Guaranteed Student Loan Program Securities	5 Years	10%	N/A	N/A
Development Bank Securities	5 Years	30%	5%	N/A
Corporate Debt Securities	5 Years	30%	5%	A

¹ Where the Investment Policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a collateral security underlying a repurchase agreement or collateral for an investment agreement, which at the time of the investment has a term remaining to maturity in excess of five years.

² N/A means neither the Government Code nor the Investment Policy sets a limit.

³ A rating by any nationally recognized rating agency will meet this requirement. The nationally recognized rating agencies include Standard & Poor's (S&P), Moody's Investors Services (Moody's), and Fitch Ratings (Fitch) (collectively, Rating Agencies).

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Investments Authorized by the ISRF Program Bond Series Indentures or the Indenture

Investment of debt proceeds and Loan repayments that are held by the Trustees are governed by the provisions of the Indenture. Such investments are referenced in the Investment Policy, which references Government Code sections 63052(e) and 5922(d).

Authorized Investments

Authorized Investment Type	Maximum Maturity¹	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Credit Rating³
U.S. Treasury Securities	5 Years	N/A ²	N/A	N/A
Federal Agency Securities	5 Years	N/A	30%	N/A
Commercial Paper	180 Days	30%	10%	A-2/P-2/F2
Bankers Acceptances	180 Days	N/A	N/A	A-3/P-3/F3
Negotiable Certificates of Deposit	5 Years	N/A	N/A	A
U.S. SBA or U.S. FHA Securities	5 Years	N/A	N/A	N/A
Export-Import Bank Securities	5 Years	N/A	N/A	N/A
Guaranteed Student Loan Program Securities	5 Years	N/A	N/A	N/A
Development Bank Securities	5 Years	N/A	N/A	N/A
Corporate Debt Securities	5 Years	N/A	N/A	A
Surplus Money Investment Fund	N/A	N/A	N/A	N/A
Repurchase Agreements	5 Years	N/A	N/A	A
Guaranteed Investment Contract	5 Years	N/A	N/A	AA
Collateralized Forward Purchase Agreements	5 Years	N/A	N/A	A
Money Market Funds	N/A	N/A	N/A	Am

¹ The Investment Policy authorizes investing bond reserve funds and bond revenue funds beyond five years if prudent in the opinion of the Executive Director.

² N/A means neither the Government Code nor the Investment Policy sets a limit.

³ As rated by each of S&P, Moody's and Fitch.

IBank has invested excess cash reported in the Funds held within the State's centralized treasury system in SMIF. All of the resources in SMIF are invested through the Pooled Money Investment Account (PMIA). The PMIA investment program is overseen by the Pooled Money Investment Board and is administered by the Treasurer.

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Cash and equivalents at June 30, 2016 were as follows:

SMIF	\$ 53,981,676
Money Market Deposit Accounts	<u>342,724,768</u>
Total Cash and Equivalents	<u>\$ 396,706,444</u>

Investments at June 30, 2016 were as follows:

Certificate of Deposit	\$ 6,308,000
Medium Term Note	<u>6,452,944</u>
Total Investments	<u>\$ 12,760,944</u>

Fair Value Measurement

GASB 72 requires the IBank to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The certificate of deposit is not negotiable and therefore, not subject to fair value measurement as the redemption terms do not consider market rates. SMIF, being an investment pool, is subject to the fair value measurement; however, it is not subject to the fair value hierarchy. The medium term note is classified as Level 2 of the fair value hierarchy because it is valued using a matrix pricing model.

Deposit and Investment Risk Disclosures

Interest Rate Risk. Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity, measured by weighted average to maturity, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with a shorter duration. As of June 30, 2016, the weighted average maturity of the investments contained in SMIF is approximately 167 days. The certificate of deposit and medium term note mature on July 24, 2017 and May 26, 2020, respectively.

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. SMIF and the certificate of deposit do not have a rating provided by a nationally recognized statistical rating organization. The medium term note was rated A1 by S&P.

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Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, IBank will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2016, the Funds reported \$342,724,768 in money market deposit accounts with U.S. Bank, a national depository financial institution, \$250,000 of which was covered by federal deposit insurance. The remainder was uncollateralized.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, IBank will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2016, SMIF and the investments were not subject to custodial credit risk.

4. REVENUE BONDS PAYABLE

On February 6, 2014, IBank issued \$95,960,000 in ISRF Program Bonds. A portion of the proceeds, \$82,184,703, was used to advance refund \$78,440,000 of outstanding 2004 and 2005 ISRF Program Bonds. These proceeds were deposited in an irrevocable trust with an escrow agent to pay the future debt service on the refunded bonds. As a result, the 2004 and 2005 ISRF Program Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The remaining proceeds were used to fund ISRF Program Loans that were made in anticipation of the issuance of the 2014 ISRF Program Bonds.

The reacquisition price (amount placed in escrow to repay the 2004 and 2005 ISRF Program Bonds) exceeded the net carrying amount of those bonds by \$896,045. This loss on the bond refunding is reported as a deferred outflow of resources on the Statement of Net Position and will be amortized over the remaining life of the refunded bonds. As of June 30, 2016 the balance of the loss on bond refunding was \$688,870.

On June 17, 2015, IBank issued \$90,070,000 in ISRF Program Bonds. A portion of the proceeds, \$39,285,137, was used to advance refund \$35,435,000 of outstanding 2008 ISRF Program Bonds. These proceeds were deposited in an irrevocable trust with an escrow agent to pay the future debt service on the refunded bonds. As a result, the 2008 ISRF Program Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The remaining proceeds were used to fund ISRF Program Loans that were made in anticipation of the issuance of the 2015 ISRF Program Bonds.

The reacquisition price (amount placed in escrow to repay the 2008 ISRF Program Bonds) exceeded the net carrying amount of those bonds by \$3,587,748. This loss on the bond refunding is reported as a deferred outflow of resources on the Statement of Net Position and will be amortized over the remaining life of the refunded bonds. As of June 30, 2016 the balance of the loss on bond refunding was \$3,198,895.

On June 14, 2016, IBank issued \$141,600,000 in ISRF Program Bonds to provide funds for the ISRF Program Loans.

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At June 30, 2016, the outstanding balance of the defeased 2008 ISRF Program Bonds was \$32,980,000. The bonds will be redeemed on their October 1, 2018 call date.

The principal and interest payments received during the fiscal year from the Series-Pledged Loans are paid to the respective Trustees in amounts and at times sufficient to make the semi-annual debt service payments on the ISRF Program Bonds as they become due through 2046. The total principal and interest remaining to be paid on the ISRF Program Bonds is \$532,282,154. For the year ended June 30, 2016, Series Pledged Loan repayments and reserve account earnings were \$42,811,349. The debt service payments on ISRF Program Bonds for the fiscal year was \$13,718,181, resulting in a bond debt coverage ratio for the fiscal year of 3.12 times.

The following is a summary of bonds payable at June 30, 2016:

Infrastructure State Revolving Fund Revenue Bonds, Series 2014A, issued \$95,960,000 bearing 2.00% to 5.00% interest payable semi-annually, final maturity October 1, 2043 (2014 ISRF Program Bonds)	\$ 89,805,000
Infrastructure State Revolving Fund Revenue Bonds, Series 2015A, issued \$90,070,000 bearing 1.00% to 5.00% interest payable semi-annually, final maturity October 1, 2043 (2015A ISRF Program Bonds)	87,590,000
Infrastructure State Revolving Fund Revenue Bonds, Series 2016A, issued \$141,600,000 bearing 2.00% to 5.00% interest payable semi-annually, final maturity October 1, 2036 (2016A ISRF Program Bonds)	141,600,000
Plus: Unamortized Net Premium	<u>53,575,634</u>
Net ISRF Program Bonds Payable	<u>\$ 372,570,634</u>

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The following is a schedule of the debt service requirements for the 2014 ISRF Program Bonds as of June 30, 2016:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 3,630,000	\$ 4,326,994	\$ 7,956,994
2018	3,705,000	4,180,294	7,885,294
2019	3,860,000	4,009,693	7,869,693
2020	4,065,000	3,811,569	7,876,569
2021	4,275,000	3,603,069	7,878,069
2022-2026	22,085,000	14,728,094	36,813,094
2027-2031	26,455,000	8,762,594	35,217,594
2032-2036	15,165,000	3,157,631	18,322,631
2037-2041	5,715,000 ¹	700,422	6,415,422
2042-2044	850,000 ²	38,250	888,250
Total	\$ 89,805,000	\$ 47,318,610	\$ 137,123,610

¹ Principal payments in the amount of \$5,190,000 and \$525,000 and will be made from sinking fund payments for the 2039 and 2043 term bonds, respectively.

² Principal payments in the amount of \$850,000 will be made from sinking fund payments for the 2043 term bonds.

The following is a schedule of the debt service requirements for the 2015A ISRF Program Bonds as of June 30, 2016:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 3,810,000	\$ 4,079,931	\$ 7,889,931
2018	4,095,000	3,940,881	8,035,881
2019	4,245,000	3,774,081	8,019,081
2020	4,425,000	3,578,556	8,003,556
2021	4,655,000	3,351,556	8,006,556
2022-2026	22,910,000	13,209,656	36,119,656
2027-2031	19,140,000	8,067,906	27,207,906
2032-2036	15,830,000	3,608,319	19,438,319
2037-2041	6,580,000 ³	1,107,555	7,687,555
2042-2044	1,900,000 ⁴	140,500	2,040,500
Total	\$ 87,590,000	\$ 44,858,941	\$ 132,448,941

³ Principal payments in the amount of \$4,665,000 will be made from sinking fund payments for the 2040 term bonds.

⁴ Principal payments in the amount of \$1,900,000 will be made from sinking fund payments for the 2043 term bonds.

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The following is a schedule of the debt service requirements for the 2016A ISRF Program Bonds as of June 30, 2016:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ -	\$ 4,867,628	\$ 4,867,628
2018	565,000	6,413,200	6,978,200
2019	2,290,000	6,373,200	8,663,200
2020	2,365,000	6,291,550	8,656,550
2021	2,460,000	6,182,750	8,642,750
2022-2026	13,905,000	29,258,075	43,163,075
2027-2031	17,975,000	25,351,875	43,326,875
2032-2036	28,570,000	19,714,025	48,284,025
2037-2041	34,355,000 ⁵	12,630,275	46,985,275
2042-2046	39,115,000 ⁶	4,027,025	43,142,025
Total	<u>\$ 141,600,000</u>	<u>\$ 121,109,603</u>	<u>\$ 262,709,603</u>

⁵ Principal payments in the amount of \$27,985,000 will be made from sinking fund payments for the 2041 term bonds.

⁶ Principal payments in the amount of \$7,905,000 and \$31,210,000 will be made from sinking fund payments for the 2041 and 2045 term bonds, respectively.

5. LONG-TERM OBLIGATIONS

The changes in long-term obligations for the fiscal year ended June 30, 2016 were as follows:

	<u>Balance June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>	<u>Current Portion June 30, 2016</u>
Revenue Bonds Payable:					
2014A ISRF Program Bonds	\$ 93,320,000	\$ -	\$ 3,515,000	\$ 89,805,000	\$ 3,630,000
2015A ISRF Program Bonds	90,070,000	-	2,480,000	87,590,000	3,810,000
2016A ISRF Program Bonds	-	141,600,000	-	141,600,000	-
Unamortized Net Premium	<u>24,900,797</u>	<u>30,458,571</u>	<u>1,783,734</u>	<u>53,575,634</u>	<u>4,112,620</u>
Total Revenue Bonds Payable	208,290,797	172,058,571	7,778,734	372,570,634	11,552,620
Compensated Absences Payable	<u>314,940</u>	<u>213,750</u>	<u>243,440</u>	<u>285,250</u>	<u>17,230</u>
Total	<u>\$ 208,605,737</u>	<u>\$172,272,321</u>	<u>\$ 8,022,174</u>	<u>\$ 372,855,884</u>	<u>\$ 11,569,850</u>

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6. CONDUIT BOND INFORMATION AND DEBT OBLIGATIONS

IBank has served as the conduit bond issuer for many private, nonprofit and governmental entities. Conduit bonds are a limited obligation of IBank payable solely from the pledged revenues of the conduit borrower. As such, the balance of outstanding conduit bonds is not reflected in the financial statements due to the conduit bond borrower's repayment pledges for those bonds.

Conduit Bond information ¹:

• Fees earned from 7/1/15 thru 6/30/16:		
○ Application Fees	\$	18,000
○ Issuance Fees	\$	309,061
○ Annual Fees	\$	67,500
○ Other	\$	(1,762)
• Conduit Bond Support Operating Expenses	\$	872,313 ²
• Amount of conduit bonds authorized but unsold as of 6/30/16	\$	314,000,000
• Amount of conduit bond debt issued from 7/1/15-6/30/16	\$	916,542,000
• Amount of conduit bonds outstanding as of 6/30/16	\$	4.4 Billion ³
• Number of conduit bonds transactions outstanding as of 6/30/16		158

¹ This information is provided pursuant to Government Code section 5872(a).

² Conduit Bond Support Operating Expenses include expenses such as salaries and benefits, administrative services, rent, utilities, travel, training, equipment and external services.

³ Includes bonds issued by the former California Economic Development Financing Authority, which were assumed by IBank pursuant to Chapter 4, Statutes of 1998, bonds issued by the California Consumer Power and Conservation Financing Authority, which were assumed by IBank pursuant to Resolution 04-37 adopted by the IBank Board on September 28, 2004, and excludes conduit bonds that were issued by special purpose trusts created by IBank.

7. RETIREMENT PLAN

Plan Description

All of the employees of IBank 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 the Funds, are in a cost-sharing arrangement in which all risks and costs are shared proportionately by participating State agencies. Since all State agencies and certain related organizations, including the Funds, 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 IBank 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.

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

Benefits Provided

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

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

First Tier:

	<u>Prior to January 15, 2011</u>	<u>January 15, 2011 to December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date			
Benefit formula	2% @ 55	2% @ 60	2% @ 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 to 67	50 to 67	52 to 67
Monthly benefits, as a % of eligible compensation	1.1 to 2.5%	1.092 to 2.418%	1.0 to 2.5%

Second Tier:

	<u>Prior to January 1, 2013</u>	<u>On or after 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%

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. IBank is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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For the measurement period ended June 30, 2015 (the measurement date), the employer's contribution rate is approximately 24.3% 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 \$472,733 for the fiscal year ended June 30, 2016.

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

As of June 30, 2016, the Funds reported net pension liabilities for their proportionate share of the net pension liability of \$3,945,940.

The Funds' 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, 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 Funds' proportion of the net pension liability was based on the State Controller's Office (SCO) projection for the Funds. 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 Funds' proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2014 was 0.01397% and 0.01269%, respectively.

For the fiscal year ended June 30, 2016, the Funds' recognized pension expense of \$238,535. At June 30, 2016, the Funds' 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
IBank contributions subsequent to the measurement date	\$ 472,733	\$ -
Change in proportion	285,599	-
Difference between expected versus actual experience	72,065	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>(86,138)</u>
Total	<u>\$ 830,397</u>	<u>\$ (86,138)</u>

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The \$472,733 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 fiscal year ending June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>		
2017	\$	60,740
2018		60,740
2019		48,407
2020		101,639

Actuarial Assumptions

For the measurement period ended June 30, 2015 (the measurement date), the Total Pension Liability (TPL) was determined by rolling forward the June 30, 2014 TPL. The June 30, 2015 TPL was based on the following actuarial method and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses, includes Inflation
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.

All other actuarial assumptions used in the June 30, 2014 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.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Assumptions

GASB 68 states that the long-term expected rate of return should be determined net of 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.

Discount Rate

The discount rate used to measure the TPL 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 INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	19.00%	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	2.00%	-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 the Funds' Proportionate Share Net Pension Liability to Changes in the Discount Rate

The following presents the Funds' 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 the Funds' 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>
Funds' Proportionate Share of Plan's Net Pension Liability	\$ 5,573,100	\$ 3,945,940	\$ 2,580,753

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The State also provides postemployment health care and dental benefits to its employees and their spouses and dependents, when applicable, through a substantive single-employer defined benefit plan to which the State contributes as an employer (State's Substantive Plan). The design of health and dental benefit plans can be amended by the CalPERS Board of Administration and the California Department of Human Resources, respectively. Employer and retiree contributions are established and may be amended by the Legislature. The employer contribution for health premiums maintains the average 100/90 percent contribution formula established in the Government Code. Under this formula, the State averages the premiums of the four largest health benefit plans in order to calculate the maximum amount the State will contribute toward the retiree's health benefits. The State also contributes 90 percent of this average for the health benefits of each of the retiree's dependents. Employees vest for this benefit after serving 10 years with the State. With 10 years of service credit, employees are entitled to 50 percent of the State's full contribution. This rate increases by 5% per year and with 20 years of service, the employee is entitled to the full 100/90 formula. IBank participates in the State's Substantive Plan on a cost sharing basis. IBank recognizes the costs of providing health and dental insurance to annuitants based on the required contribution, which is actuarially determined, and funded on a pay-as-you-go basis. The State Controller's Office obtains an annual actuarial valuation of the State's Substantive Plan which can be found on its website at www.sco.ca.gov.

A portion of the State's postemployment benefit costs have been allocated to the CIEDB Fund as follows:

Annual required contribution	\$	130,000
Interest on net OPEB obligation		22,000
Adjustment to annual required contribution		<u>(21,000)</u>
Annual OPEB cost (expense)		131,000
Contributions made		<u>(46,000)</u>
Increase in net OPEB obligation		85,000
Net OPEB obligation – beginning of year		<u>1,287,000</u>
Net OPEB obligation – end of year	\$	<u><u>1,372,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years, allocated to the CIEDB Fund, were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/14	\$ 418,000	35%	\$ 1,218,000
6/30/15	\$ 111,000	39%	\$ 1,287,000
6/30/16	\$ 131,000	35%	\$ 1,372,000

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Additional disclosure detail required by GASB Statement No. 45, regarding other postemployment benefits is presented in the State's Comprehensive Annual Financial Report for the year ended June 30, 2015, which is the latest available on the State Controller's Office website at www.sco.ca.gov.

9. COMMITMENTS

In June 2003, the Board approved a preliminary loan guarantee commitment for the Imperial Irrigation District (IID). The preliminary loan guarantee commitment established a conditional obligation to guarantee a future issuance of revenue bonds by IID (IID Bonds) for the purpose of financing a water supply project (IID Guarantee). During the 2003-2004 fiscal year, IBank transferred \$20 million from the CIEDB Fund to the Guarantee Trust Fund in conjunction with the preliminary loan guarantee commitment for the IID. In October 2010, the State Legislature enacted Senate Bill 856 (SB 856) that directed IBank to deposit a specified amount required for the IID Guarantee in a reserve account within the Guarantee Trust Fund. SB 856 further directed that this IID Guarantee amount be held for the benefit of bondholders of potential IID Bonds. At June 30, 2016, the required IID Guarantee amount was on deposit in a reserve account within the Guarantee Trust Fund, and no IID Guarantee or IID Bonds have been approved or issued.

As of June 30, 2016 the Board had conditionally approved four Loans totaling approximately \$59.5 million that did not yet have fully executed loan documentation. When IBank and the borrower execute the required loan documentation, IBank will be obligated to fund the Loan.

10. CONTINGENCIES

One borrower with a Loan pledged to the common pool of loans supporting the 2014 and 2015 ISRF Bonds declared a fiscal emergency on July 18, 2012, and filed a Chapter 9 bankruptcy petition on August 1, 2012. On August 28, 2013, the federal bankruptcy court judge ruled that the borrower was eligible for Chapter 9 bankruptcy protection. On May 29, 2015 the borrower filed a plan of adjustment with the bankruptcy court reflecting an intent to continue routine debt service payments to IBank. IBank filed a proof claim in bankruptcy court on June 17, 2015. As of June 30, 2016, the plan of adjustment was still under consideration before the bankruptcy court. The borrower made all scheduled Loan payments during the fiscal year and the subsequent payments due on August 1, 2016; the borrower's next scheduled Loan payments are due February 1, 2017.

REQUIRED SUPPLEMENTARY INFORMATION



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**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**SCHEDULE OF THE FUNDS' PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
As of June 30, 2016
Last 10 Years***

Measurement Period	<u>2015</u>	<u>2014</u>
Funds' proportion of the net pension liability	0.01397%	0.01269%
Funds' proportionate share of the net pension liability	\$ 3,945,940	\$ 3,200,240
Funds' covered-employee payroll	\$ 1,486,735	\$ 1,249,884
Fund's proportionate share of the net pension liability as a percentage of their covered-employee payroll	37.68%	39.06%
Plan fiduciary net position as a percentage of the total pension liability	70.68%	73.05%

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

Notes to Schedule:

Change of benefit terms. In 2016 and 2015, 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 year ended June 30, 2015.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**SCHEDULE OF FUNDS' CONTRIBUTIONS
As of June 30, 2016
Last 10 Years***

Fiscal Year	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 472,733	\$ 356,434
Contributions in relation to the contractually required contribution	<u>472,733</u>	<u>356,434</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Funds' covered-employee payroll	\$ 1,854,471	\$ 1,486,735
Contributions as a percentage of covered-employee payroll	25.49%	23.97%

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

Notes to Schedule:

The actuarial method and assumptions used to determine contribution rates for fiscal year ended June 30, 2016 was from the June 30, 2014 Valuation Date.

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Payroll Growth	3.0%
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses, includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries

STATISTICAL SECTION



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**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

**STATISTICAL SECTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This part of the comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements and note disclosures as it relates to the financial health.

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These schedules contain trend information to help the reader understand how the financial performance has changed over time.	
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Revenue Capacity	
This schedule contains information to help the reader assess the most significant revenue source.	
Schedule of Program Loans Receivable and Interest Rates	50
Debt Capacity	
These schedules contain information to help the reader assess the current level of outstanding debt and capacity to issue additional debt in the future.	
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**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

SCHEDULE OF NET POSITION ¹

FOR THE PAST TEN FISCAL YEARS

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash, cash equivalents, and investments	\$ 126,220,856	\$ 108,852,319	\$ 125,709,510	\$ 113,447,173	\$ 103,701,676
Program loans receivable	282,990,412	305,749,937	311,504,489	331,209,650	320,958,196
Other assets	<u>5,474,496</u>	<u>5,371,504</u>	<u>5,583,167</u>	<u>5,938,389</u>	<u>5,493,189</u>
Total assets	<u>414,685,764</u>	<u>419,973,760</u>	<u>442,797,166</u>	<u>450,595,212</u>	<u>430,153,061</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions ⁴	-	-	-	-	-
Loss on refunding debt ²	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 414,685,764</u>	<u>\$ 419,973,760</u>	<u>\$ 442,797,166</u>	<u>\$ 450,595,212</u>	<u>\$ 430,153,061</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
LIABILITIES					
Revenue bonds payable	\$ 103,510,754	\$ 100,432,424	\$ 145,839,491	\$ 140,710,150	\$ 135,189,315
Undisbursed loan commitments	56,963,471	57,012,908	28,404,385	37,639,398	18,955,223
Net pension liability ⁴	-	-	-	-	-
Other liabilities ³	<u>3,762,184</u>	<u>4,080,853</u>	<u>5,164,622</u>	<u>5,434,308</u>	<u>5,272,741</u>
Total liabilities	<u>164,236,409</u>	<u>161,526,185</u>	<u>179,408,498</u>	<u>183,783,856</u>	<u>159,417,279</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions ⁴	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Restricted - Expendable by statute	<u>250,449,355</u>	<u>258,447,575</u>	<u>263,388,668</u>	<u>266,811,356</u>	<u>270,735,782</u>
Total net position	<u>250,449,355</u>	<u>258,447,575</u>	<u>263,388,668</u>	<u>266,811,356</u>	<u>270,735,782</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 414,685,764</u>	<u>\$ 419,973,760</u>	<u>\$ 442,797,166</u>	<u>\$ 450,595,212</u>	<u>\$ 430,153,061</u>

¹ This schedule is condensed from its original format and combines the California Infrastructure and Economic Development Bank Fund and the California Infrastructure Guarantee Trust Fund.

² In fiscal year 2013-14 and 2015-16, Series 2014A and Series 2015A ISRF Program Bonds were issued in part to refund the Series 2004, Series 2005 and Series 2008 ISRF Program Bonds. These advance refundings resulted in a loss that is amortized over the life of the refunded bonds.

³ Beginning in fiscal year 2012-13, bond issuance costs were recognized as expense when incurred, loan origination fees were recognized as revenue when due, and beginning of the year net position was restated to include prior year unamortized balances.

⁴ Beginning in fiscal year 2014-15, GASB 68 required the recognition of the net pension liability and the related deferred outflows of resources, deferred inflows of resources, and pension expenses.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

SCHEDULE OF NET POSITION ¹

FOR THE PAST TEN FISCAL YEARS

<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	
					ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
					ASSETS
\$ 99,283,799	\$ 93,685,407	\$ 143,080,564	\$ 214,344,782	409,467,388	Cash, cash equivalents, and investments
323,333,231	314,813,422	291,868,218	310,513,224	308,116,217	Program loans receivable
<u>5,401,190</u>	<u>4,371,482</u>	<u>3,747,020</u>	<u>3,765,003</u>	<u>3,848,492</u>	Other assets
<u>428,018,220</u>	<u>412,870,311</u>	<u>438,695,802</u>	<u>528,623,009</u>	<u>721,432,097</u>	Total assets
					DEFERRED OUTFLOWS OF RESOURCES
-	-	-	356,434	830,397	Deferred outflows of resources related to pensions ⁴
-	-	864,910	4,362,447	3,887,765	Loss on refunding debt ²
<u>-</u>	<u>-</u>	<u>864,910</u>	<u>4,718,881</u>	<u>4,718,162</u>	Total deferred outflows of resources
<u>\$ 428,018,220</u>	<u>\$ 412,870,311</u>	<u>\$ 439,560,712</u>	<u>\$ 533,341,890</u>	<u>\$ 726,150,259</u>	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
					LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION
					LIABILITIES
\$ 129,526,688	\$ 123,683,680	\$ 146,507,706	\$ 208,290,797	\$ 372,570,634	Revenue bonds payable
19,307,372	7,880,252	6,562,703	37,666,191	63,432,168	Undisbursed loan commitments
-	-	-	3,200,240	3,945,940	Net pension liability ⁴
<u>5,415,247</u>	<u>2,787,755</u>	<u>4,794,542</u>	<u>3,296,412</u>	<u>5,789,170</u>	Other liabilities ³
<u>154,249,307</u>	<u>134,351,687</u>	<u>157,864,951</u>	<u>252,453,640</u>	<u>445,737,912</u>	Total liabilities
					DEFERRED INFLOWS OF RESOURCES
-	-	-	596,410	86,138	Deferred inflows of resources related to pensions ⁴
<u>-</u>	<u>-</u>	<u>-</u>	<u>596,410</u>	<u>86,138</u>	Total deferred inflows of resources
<u>273,768,913</u>	<u>278,518,624</u>	<u>281,695,761</u>	<u>280,291,840</u>	<u>280,326,209</u>	NET POSITION
<u>273,768,913</u>	<u>278,518,624</u>	<u>281,695,761</u>	<u>280,291,840</u>	<u>280,326,209</u>	Restricted - Expendable by statute
<u>273,768,913</u>	<u>278,518,624</u>	<u>281,695,761</u>	<u>280,291,840</u>	<u>280,326,209</u>	Total net position
<u>\$ 428,018,220</u>	<u>\$ 412,870,311</u>	<u>\$ 439,560,712</u>	<u>\$ 533,341,890</u>	<u>\$ 726,150,259</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION ¹**

FOR THE PAST TEN FISCAL YEARS

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
OPERATING REVENUES					
Interest on loans receivable	\$ 9,021,323	\$ 9,530,573	\$ 10,192,579	\$ 10,694,987	\$ 10,442,066
Investment income ²	4,694,661	3,789,063	-	-	-
Administration fees	1,918,934	1,721,640	1,956,453	1,830,283	1,535,375
Total operating revenues	<u>15,634,918</u>	<u>15,041,276</u>	<u>12,149,032</u>	<u>12,525,270</u>	<u>11,977,441</u>
OPERATING EXPENSES					
Interest on bond debt	4,631,379	4,204,219	5,452,702	5,846,017	5,708,393
Amortization of bond issuance costs ³	88,639	86,010	99,690	99,620	152,327
Program support	2,325,821	2,752,827	3,620,774	3,545,456	2,673,325
Total operating expenses	<u>7,045,839</u>	<u>7,043,056</u>	<u>9,173,166</u>	<u>9,491,093</u>	<u>8,534,045</u>
OPERATING INCOME	<u>8,589,079</u>	<u>7,998,220</u>	<u>2,975,866</u>	<u>3,034,177</u>	<u>3,443,396</u>
NONOPERATING REVENUE					
Investment earnings ²	-	-	1,965,227	388,511	481,030
Total nonoperating revenue	<u>-</u>	<u>-</u>	<u>1,965,227</u>	<u>388,511</u>	<u>481,030</u>
Changes in net position	8,589,079	7,998,220	4,941,093	3,422,688	3,924,426
NET POSITION, Beginning of year⁴	<u>241,860,276</u>	<u>250,449,355</u>	<u>258,447,575</u>	<u>263,388,668</u>	<u>266,811,356</u>
NET POSITION, End of year	<u>\$ 250,449,355</u>	<u>\$ 258,447,575</u>	<u>\$ 263,388,668</u>	<u>\$ 266,811,356</u>	<u>\$ 270,735,782</u>

¹ This schedule combines the California Infrastructure and Economic Development Bank Fund and the California Infrastructure Guarantee Trust Fund.

² Beginning in fiscal year 2008-09, investment income was classified as nonoperating revenue.

³ Beginning in fiscal year 2012-13, bond issuance costs were recognized as expense when incurred and beginning of the year net position was reduced by the unamortized balance.

⁴ Restated in fiscal years 2012-13 and 2014-15.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION ¹**

FOR THE PAST TEN FISCAL YEARS

<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	
					OPERATING REVENUES
\$ 10,419,722	\$ 10,270,967	\$ 10,421,447	\$ 9,206,557	\$ 9,170,753	Interest on loans receivable
-	-	-	-	-	Investment income ²
<u>1,826,084</u>	<u>1,428,048</u>	<u>1,726,297</u>	<u>1,552,859</u>	<u>1,768,708</u>	Administration fees
<u>12,245,806</u>	<u>11,699,015</u>	<u>12,147,744</u>	<u>10,759,416</u>	<u>10,939,461</u>	Total operating revenues
					OPERATING EXPENSES
5,552,600	5,379,682	5,031,074	4,632,101	7,422,037	Interest on bond debt
110,719	-	-	-	-	Amortization of bond issuance costs ³
<u>3,968,784</u>	<u>3,058,486</u>	<u>4,158,113</u>	<u>4,206,661</u>	<u>4,227,415</u>	Program support
<u>9,632,103</u>	<u>8,438,168</u>	<u>9,189,187</u>	<u>8,838,762</u>	<u>11,649,452</u>	Total operating expenses
<u>2,613,703</u>	<u>3,260,847</u>	<u>2,958,557</u>	<u>1,920,654</u>	<u>(709,991)</u>	OPERATING INCOME
					NONOPERATING REVENUE
419,428	212,302	218,580	241,235	744,360	Investment earnings ²
<u>419,428</u>	<u>212,302</u>	<u>218,580</u>	<u>241,235</u>	<u>744,360</u>	Total nonoperating revenue
3,033,131	3,473,149	3,177,137	2,161,889	34,369	Changes in net position
<u>270,735,782</u>	<u>275,045,475</u>	<u>278,518,624</u>	<u>278,129,951</u>	<u>280,291,840</u>	NET POSITION, Beginning of year⁴
<u>\$ 273,768,913</u>	<u>\$ 278,518,624</u>	<u>\$ 281,695,761</u>	<u>\$ 280,291,840</u>	<u>\$ 280,326,209</u>	NET POSITION, End of year

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**INFRASTRUCTURE STATE REVOLVING FUND (ISRF) PROGRAM
TEN LARGEST BORROWERS**

AS OF JUNE 30, 2016 AND JUNE 30, 2007

	June 30, 2016			June 30, 2007		
	ISRF Program Loans Receivable ¹	Rank	Percentage of Total ISRF Program Loans Receivable	ISRF Program Loans Receivable ¹	Rank	Percentage of Total ISRF Program Loans Receivable
	City of Del Mar	\$ 19,696,354	1	6.39%		
City of San Bernardino Municipal Water Department	19,121,775	2	6.21%	\$ 8,715,598	10	3.08%
City of San Luis Obispo	13,459,275	3	4.37%			
Fresno Metropolitan Flood Control District	13,180,323	4	4.28%	18,235,566	3	6.45%
City of Santa Cruz	12,823,545	5	4.16%			
Coastside County Water District	11,771,789	6	3.82%			
City of Porterville	11,263,185	7	3.66%			
City of Pittsburg	11,167,172	8	3.62%			
Phelan Piñon Hills Community Services District	9,270,452	9	3.01%			
North Tahoe Fire Protection District	9,007,524	10	2.92%			
Orange County School of the Arts ³				18,747,761	1	6.63%
City of Hawthorne				18,686,758	2	6.60%
City of San Bernardino				14,207,116	4	5.02%
City of Madera				10,000,000	5	3.53%
City of El Segundo				10,000,000	6	3.53%
Stockton Port District				9,515,687	7	3.36%
County of Sacramento Redevelopment Agency Successor Agency ²				9,330,876	8	3.30%
City of Hanford				9,328,973	9	3.30%
Total of ten largest ISRF Program borrowers	<u>130,761,394</u>		<u>42.44%</u>	<u>126,768,335</u>		<u>44.80%</u>
All other ISRF Program borrowers	<u>177,354,823</u>		<u>57.56%</u>	<u>156,222,077</u>		<u>55.20%</u>
Total ISRF Program Loans receivable	<u><u>\$ 308,116,217</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 282,990,412</u></u>		<u><u>100.00%</u></u>

¹ These amounts represent the total ISRF Program Loans receivable from each borrower and may include one or more Loans and may involve more than one type of revenue stream pledged to repay the Loans.

² Effective February 1, 2012, California redevelopment agencies were dissolved and other governmental entities became successor agencies. A successor agency assumed the obligations of the former redevelopment agency, including Loans.

³ Formerly Orange County High School of the Arts. The loan was paid in full during fiscal year 2013/14.



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**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**SCHEDULE OF PROGRAM
LOANS RECEIVABLE AND INTEREST RATES
FOR THE PAST TEN FISCAL YEARS**

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Total ISRF Program Loans receivable	\$282,990,412	\$305,749,937	\$311,504,489	\$331,209,650	\$320,958,196
Weighted-average interest rate on total ISRF Program Loans receivable ¹	3.27%	3.23%	3.24%	3.28%	3.29%
Number of new ISRF Program Loans ²	8	10	3	6	1
Range of interest rate on new ISRF Program Loans	2.66 - 3.15%	2.71 - 3.17%	3.25 - 4.07%	3.27 - 4.00%	3.24%
Range of loan term on new ISRF Program Loans	15 - 30 years	15 - 30 years	25 - 30 years	20 - 30 years	30 years
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Total CLEEN Program Loans receivable					
Weighted-average interest rate on total CLEEN Program Loans receivable ¹					
Number of new CLEEN Program Loans ²					
Range of interest rate on new CLEEN Program Loans					
Range of loan term on new CLEEN Program Loans					

¹ The weighted-average interest rate on Program Loans receivable is calculated by multiplying each loan's outstanding balance by its interest rate, then dividing the sum of those individual amounts by the respective Program Loans receivable balance at June 30.

² Determined based upon the effective date of the Loan agreement.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**SCHEDULE OF PROGRAM
LOANS RECEIVABLE AND INTEREST RATES**

FOR THE PAST TEN FISCAL YEARS

<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	
\$323,333,231	\$314,813,422	\$291,868,218	\$310,513,224	\$308,116,217	Total ISRF Program Loans receivable
3.26%	3.25%	3.18%	3.17%	3.13%	Weighted-average interest rate on total ISRF Program Loans receivable ¹
3	1	3	5	4	Number of new ISRF Program Loans ²
2.61 - 3.37%	2.29%	2.26 - 2.77%	1.73 - 3.51%	2.17- 3.84%	Range of interest rate on new ISRF Program Loans
20 - 30 years	30 years	20 - 30 years	10 - 30 years	10 - 30 years	Range of loan term on new ISRF Program Loans
<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	
				\$3,000,000	Total CLEEN Program Loans receivable
				2.32%	Weighted-average interest rate on total CLEEN Program Loans receivable ¹
				1	Number of new CLEEN Program Loans ²
				2.32%	Range of interest rate on new CLEEN Program Loans
				10 years	Range of loan term on new CLEEN Program Loans

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

SCHEDULE OF STATUTORY DEBT LIMIT CAPACITY ¹

FOR THE PAST TEN FISCAL YEARS

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
IBank's legal limit on public development facility debt	\$5.00 billion				
Total amount outstanding on bonds issued to finance public development facilities ²	\$ 103,510,754	\$ 100,432,424	\$ 145,839,491	\$ 140,710,150	\$ 135,189,315
Remaining capacity for public development facility debt	\$4.90 billion	\$4.90 billion	\$4.85 billion	\$4.86 billion	\$4.86 billion
IBank's legal limit on rate reduction bonds	\$10.00 billion				
Total amount outstanding on rate reduction bonds ³	\$ 313,693,353	\$ 1,661,939	\$ -	\$ -	\$ -
Remaining capacity for rate reduction bonds	\$9.69 billion	\$10.00 billion	\$10.00 billion	\$10.00 billion	\$10.00 billion

¹ Pursuant to California Government Code section 63071(b) and pertains only to bonds issued to finance public development facilities and for rate reduction bonds. There is no statutory debt limit on conduit revenue bonds issued for economic development facilities.

² The amount outstanding represents the ISRF Program Bonds shown in the Schedule of Outstanding ISRF Program Bonds and Debt Ratio.

³ Rate reduction bonds are conduit revenue bonds.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

SCHEDULE OF STATUTORY DEBT LIMIT CAPACITY ¹

FOR THE PAST TEN FISCAL YEARS

<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	
\$5.00 billion	IBank's legal limit on public development facility debt				
\$ 129,526,688	\$ 123,683,680	\$ 146,507,706	\$ 208,290,797	\$ 372,570,634	Total amount outstanding on bonds issued to finance public development facilities ²
\$4.87 billion	\$4.88 billion	\$4.85 billion	\$4.79 billion	\$4.63 billion	Remaining capacity for public development facility debt
\$10.00 billion	IBank's legal limit on rate reduction bonds				
\$ -	\$ -	\$ -	\$ -	\$ -	Total amount outstanding on rate reduction bonds ³
\$10.00 billion	Remaining capacity for rate reduction bonds				

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

SCHEDULE OF OUTSTANDING ISRF PROGRAM BONDS AND RELATED DEBT RATIO

FOR THE PAST TEN FISCAL YEARS

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Series 2004 ISRF Program Bonds ¹	\$ 48,930,000	\$ 47,615,000	\$ 46,275,000	\$ 44,910,000	\$ 43,515,000
Series 2005 ISRF Program Bonds ¹	50,960,000	49,530,000	48,030,000	46,470,000	44,835,000
Series 2008 ISRF Program Bonds ²	-	-	48,375,000	46,605,000	44,500,000
Series 2014A ISRF Program Bonds	-	-	-	-	-
Series 2015A ISRF Program Bonds	-	-	-	-	-
Series 2016A ISRF Program Bonds	-	-	-	-	-
Unamortized Net Premium	<u>3,620,754</u>	<u>3,287,424</u>	<u>3,159,491</u>	<u>2,725,150</u>	<u>2,339,315</u>
 Total ISRF Program Bonds outstanding	 <u>\$ 103,510,754</u>	 <u>\$ 100,432,424</u>	 <u>\$ 145,839,491</u>	 <u>\$ 140,710,150</u>	 <u>\$ 135,189,315</u>
 Series-pledged ISRF Program Loans receivable ³	 \$ 148,316,271	 \$ 143,622,194	 \$ 211,216,003	 \$ 203,348,112	 \$ 195,160,107
 Ratio of ISRF Program Bonds outstanding to series-pledged ISRF Program Loans receivable	 0.70	 0.70	 0.69	 0.69	 0.69

¹ The Series 2014A ISRF Program Bonds issued in fiscal year 2013-14 refunded the Series 2004 and Series 2005 ISRF Program Bonds.

² The Series 2015A ISRF Program Bonds issued in fiscal year 2014-15 refunded the Series 2008 Program Bonds.

³ Excludes non-pledged loans.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND
SCHEDULE OF OUTSTANDING ISRF PROGRAM BONDS AND RELATED DEBT RATIO
FOR THE PAST TEN FISCAL YEARS**

<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	
\$ 42,055,000	\$ 40,525,000	\$ -	\$ -	\$ -	Series 2004 ISRF Program Bonds ¹
43,140,000	41,360,000	-	-	-	Series 2005 ISRF Program Bonds ¹
42,330,000	40,095,000	37,795,000	-	-	Series 2008 ISRF Program Bonds ²
-	-	95,960,000	93,320,000	89,805,000	Series 2014A ISRF Program Bonds
-	-	-	90,070,000	87,590,000	Series 2015A ISRF Program Bonds
-	-	-	-	141,600,000	Series 2016A ISRF Program Bonds
2,001,688	1,703,680	12,752,706	24,900,797	53,575,634	Unamortized Net Premium
<u>\$ 129,526,688</u>	<u>\$ 123,683,680</u>	<u>\$ 146,507,706</u>	<u>\$ 208,290,797</u>	<u>\$ 372,570,634</u>	Total ISRF Program Bonds outstanding
\$ 185,227,425	\$ 189,272,085	\$ 254,251,622	\$ 305,562,752	\$ 302,696,519	Series-pledged ISRF Program Loans receivable ³
0.70	0.65	0.58	0.68	1.23	Ratio of ISRF Program Bonds outstanding to series-pledged ISRF Program Loans receivable

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**SCHEDULE OF AGGREGATE PLEDGED RESOURCES COVERAGE
FOR ISRF PROGRAM BONDS ¹**

FOR THE PAST TEN FISCAL YEARS

Fiscal Year	Series-pledged ISRF Program Loan Repayments ²	Reserve Account Earnings ³	Total Amount Available for Debt Service	ISRF Program Bonds Debt Service			Debt Service Coverage Ratio
				Principal	Interest	Total	
2005-06	\$ 11,033,439 ⁴	\$ 279,757	\$ 11,313,200	\$ 3,135,000	\$ 4,200,794	\$ 7,335,794	1.54
2006-07	9,595,561	346,128	9,941,689	2,745,000	4,600,174	7,345,174	1.35
2007-08	9,591,891	335,755	9,927,646	2,840,000	4,516,674	7,356,674	1.35
2008-09	14,515,584	38,140	14,553,724	4,695,000	6,430,871	11,125,871	1.31
2009-10	14,863,784	3,005	14,866,789	5,135,000	6,242,953	11,377,953	1.31
2010-11	14,964,643	44,480	15,009,123	5,325,000	6,044,653	11,369,653	1.32
2011-12	14,716,041	70,085	14,786,126	5,545,000	5,838,753	11,383,753	1.30
2012-13	14,588,257	228,364	14,816,621	5,745,000	5,624,003	11,369,003	1.30
2013-14	25,441,134	67,309	25,508,443	5,000,000	6,841,797	11,841,797	2.15
2014-15	42,476,585	334,764	42,811,349	5,995,000	7,723,181	13,718,181	3.12

¹ Schedule reflects the aggregate of the ISRF Program Bond series outstanding in each fiscal year.

² Includes interest and principal paid on Series-Pledged Loans

³ Investment income includes only that amount received on funds pledged to ISRF Program Bonds debt service.

⁴ Includes unscheduled full repayment of a Series-Pledged Loan.



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**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**CALIFORNIA DEMOGRAPHIC AND ECONOMIC INDICATORS
FOR THE PAST TEN CALENDAR YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
State population (in thousands)	36,247	36,553	36,856	37,077	37,309
Personal income (in millions)	\$ 1,499,452	\$ 1,564,441	\$ 1,596,282	\$ 1,536,430	\$ 1,579,148
Per capita personal income ¹	\$ 41,368	\$ 42,799	\$ 43,311	\$ 41,439	\$ 42,326
Labor force and employment (in thousands)					
Civilian labor force	17,687	17,921	18,207	18,220	18,336
Employed	16,821	16,961	16,894	16,155	16,068
Unemployed	865	960	1,314	2,065	2,268
Unemployment rate	4.9%	5.4%	7.2%	11.3%	12.4%

Sources: Population as of December 2015 - Demographic Research Unit, California Department of Finance

Personal income as of March 24, 2016 - Bureau of Economic Analysis, United States Department of Commerce

Labor force and employment as of July 22, 2016 - Labor Market Information Division, California
Employment Development Department

¹ Calculated by dividing total personal income by population.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**CALIFORNIA DEMOGRAPHIC AND ECONOMIC INDICATORS
FOR THE PAST TEN CALENDAR YEARS**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
37,570	37,872	38,205	38,499	39,071	State population (in thousands)
\$ 1,683,204	\$ 1,768,039	\$ 1,817,010	\$ 1,944,369	\$ 2,061,337	Personal income (in millions)
\$ 44,802	\$ 46,685	\$ 47,559	\$ 50,504	\$ 52,759	Per capita personal income ¹
					Labor force and employment (in thousands)
18,418	18,519	18,597	18,811	18,982	Civilian labor force
16,250	16,590	16,933	17,397	17,799	Employed
2,168	1,929	1,664	1,414	1,183	Unemployed
11.8%	10.4%	8.9%	7.5%	6.2%	Unemployment rate

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**CALIFORNIA EMPLOYMENT BY INDUSTRY
FOR CALENDAR YEARS 2015 AND 2006**

INDUSTRY	2015		2006	
	Employees	Percentage of Total State Employment	Employees	Percentage of Total State Employment
Farming	423,300	2.57%	375,200	2.39%
Mining and logging	29,100	0.18%	25,100	0.16%
Construction	727,400	4.42%	933,700	5.95%
Manufacturing	1,291,900	7.84%	1,490,900	9.49%
Trade, transportation & utilities	2,938,300	17.83%	2,876,400	18.32%
Information	483,000	2.93%	466,100	2.97%
Financial activities	797,400	4.84%	927,400	5.91%
Professional & business services	2,493,800	15.14%	2,244,600	14.30%
Educational & health services	2,456,200	14.91%	1,883,100	11.99%
Leisure and hospitality	1,830,000	11.11%	1,519,000	9.67%
Other services	545,700	3.31%	507,100	3.23%
Government				
Federal	244,300	1.48%	248,600	1.58%
State	508,800	3.09%	473,600	3.02%
Local	1,705,800	10.35%	1,730,000	11.02%
TOTALS	16,475,000	100.00%	15,700,800	100.00%

Source: Labor Market Information Division, California Employment Development Department
Industry Employment and Labor Force - by Annual Average as of June 17, 2016

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY ¹
FOR THE PAST TEN FISCAL YEARS**

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14²</u>	<u>2014-15²</u>	<u>2015-16²</u>
Executive/ Administration/ Legal ⁴	5	5	7	7	7	7	7	9	5	4
Bond Programs ⁵	4	4	4	4	4	4	4	3	4	4
Compliance ³									2	2
External Affairs ³									2	2
Fiscal ³									3	3
Legal/Legislation ³									3	3
Loan Programs ⁵	11	11	14	14	13	13	12	11	6	6
Small Business Finance Center ³									2	3
Total Employees	<u>20</u>	<u>20</u>	<u>25</u>	<u>25</u>	<u>24</u>	<u>24</u>	<u>23</u>	<u>23</u>	<u>27</u>	<u>27</u>

¹ Data represents permanent, full-time positions.

² Beginning for FY 2013-14, IBank had two employees that were assigned to the Small Business Loan Guarantee Program, the activities of which are not included in this report.

³ Beginning FY 2014-15, employee activity categories were broken out further to specifically identify Compliance, External Affairs, Fiscal, Legal/Legislation and Small Business Finance Center.

⁴ Legal will be included in the title until FY 2013-14.

⁵ Beginning FY 2014-15, activity category title Conduit Financing Programs was changed to Bond Programs and Infrastructure State Revolving Fund Program and Support was changed to Loan Programs.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**MAJOR PROGRAM ACTIVITY
FOR THE PAST TEN FISCAL YEARS**

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Infrastructure State Revolving Fund (ISRF) Program					
Preliminary Applications: ¹					
Number of applications received	20	11	10	14	9
Financing amount requested	\$ 70,878,000	\$ 32,074,224	\$ 60,980,525	\$ 29,597,760	\$ 49,887,500
Financing Applications:					
Number of applications received	8	7	4	4	2
Financing amount requested	\$ 29,110,000	\$ 26,450,000	\$ 14,297,000	\$ 6,020,000	\$ 7,737,500
Approved Loans:					
Number of loans approved	6	8	6	3	2
Financing amount approved	\$ 23,800,000	\$ 29,751,600	\$ 22,847,500	\$ 17,000,000	\$ 3,500,000
Loan Disbursements:					
Number of transactions	87	67	62	39	44
Total amount disbursed	\$ 38,909,915	\$ 30,764,260	\$ 43,879,185	\$ 21,146,788	\$ 19,861,726
Number of outstanding loans	67	76	79	85	86
CLEEN:					
Financing Applications:					
Number of applications received	-	-	-	-	-
Financing amount requested	-	-	-	-	-
Approved Loans:					
Number of loans approved	-	-	-	-	-
Financing amount approved	-	-	-	-	-
Conduit Financing Programs					
Preliminary Applications: ²					
Number of applications received	3	3	2	2	2
Financing amount requested	\$ 20,500,000	\$ 21,335,000	\$ 20,000,000	\$ 9,850,000	\$ 11,500,000
Financing Applications:					
Number of applications received	18	18	13	13	13
Financing amount requested	\$ 692,010,000	\$ 1,559,380,000	\$ 1,722,550,000	\$ 814,310,000	\$ 695,065,000
Bonds Sold:					
Number of bonds sold	19	20	17	17	10
Financing amount sold	\$ 814,422,774	\$ 1,030,136,886	\$ 1,248,990,000	\$ 985,885,000	\$ 203,300,000

¹ Beginning in fiscal year 2013-14, the ISRF Program no longer required Preliminary Applications.

² Industrial development conduit revenue bonds are the only Conduit Bond Financing Program applicants that submit a Preliminary Application. All other Conduit Bond Financing Program applicants submit only a Financing Application.

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**MAJOR PROGRAM ACTIVITY
FOR THE PAST TEN FISCAL YEARS**

<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	
					Infrastructure State Revolving Fund Program
					Preliminary Applications: ¹
2	8	-	-	-	Number of applications received
\$ 5,470,231	\$ 27,908,700	-	-	-	Financing amount requested
					Financing Applications:
1	6	7	7	8	Number of applications received
\$ 10,000,000	\$ 18,722,500	\$ 48,243,460	\$ 63,575,501	\$ 82,138,379	Financing amount requested
					Approved Loans:
2	3	3	7	7	Number of loans approved
\$ 16,756,500	\$ 12,122,500	\$ 12,050,000	\$ 56,356,772	\$ 86,569,301	Financing amount approved
					Loan Disbursements:
38	27	14	16	13	Number of transactions
\$ 16,151,949	\$ 18,927,120	\$ 6,540,050	\$ 4,263,908	\$ 7,854,117	Total amount disbursed
88	88	90	94	92	Number of outstanding loans
					CLEEN:
					Financing Applications:
-	-	-	-	1	Number of applications received
-	-	-	-	\$ 7,769,350	Financing amount requested
					Approved Loans:
-	-	-	-	1	Number of loans approved
-	-	-	-	\$ 7,692,425	Financing amount approved
					Conduit Financing Programs
					Preliminary Applications: ²
-	-	1	3	1	Number of applications received
-	-	\$ 5,950,000	\$ 16,351,499	\$ 3,810,000	Financing amount requested
					Financing Applications:
6	7	10	14	14	Number of applications received
\$ 753,925,000	\$ 719,080,000	\$ 481,250,000	\$ 429,181,499	\$ 1,344,600,000	Financing amount requested
					Bonds Sold:
9	5	11	10	17	Number of bonds sold
\$ 851,100,000	\$ 328,780,000	\$ 735,423,063	\$ 270,300,000	\$ 916,542,000	Financing amount sold

This Comprehensive Annual Financial Report was prepared by the California Infrastructure and Economic Development Bank's Fiscal Unit.

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The Fiscal Unit was assisted by other IBank staff and the staff of the Governor's Office of Business and Economic Development, the California Department of General Service Contracted Fiscal Services Unit, and the California Department of Resources Recycling and Recovery Information Technology Services Branch.

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This report is also available on IBank's website at www.ibank.ca.gov.