IBank

California Infrastructure and Economic Development Bank

2014-2015

Annual Activity Report

This report is also available online at www.ibank.ca.gov

MESSAGE FROM THE EXECUTIVE DIRECTOR

I am pleased to present the California Infrastructure and Economic Development Bank's (IBank) Annual Activity Report for fiscal year 2014-2015. The report summarizes the progress and activities of IBank as well as its contribution to the State and local economies.

Fiscal year 2014-2015 proved to be an exciting and historical time for IBank. As the State's infrastructure continues to require attention, IBank advanced its programs based on the needs of the economy, public agency requirements and the goals and objectives of the State.

As communities throughout California continue to face significant challenges addressing needed repairs and retrofits to their existing infrastructure, IBank remains committed to assist communities to meet their demands for financing for such infrastructure needs. IBank's infrastructure financings have resulted in improved accessibility of funds to communities, a greater number and a broader variety of projects being financed and increased benefits to more residents across the State.

A snapshot of IBank's accomplishments during the past fiscal year includes:

- On September 21, 2014, IBank's Board of Directors authorized a new Clean Energy Finance Center within IBank (now the "California Lending for Energy and Environmental Needs Center" (CLEEN Center)) in support of the Governor's greenhouse gas reduction goals. The CLEEN Center houses the Statewide Energy Efficiency Program (SWEEP), which provides low-cost financing to the State and local governments for energy efficiency projects. The CLEEN Center is also able to finance clean energy and environmental projects, including generation, distribution, transmission and storage of electrical energy, energy conservation measures, environmental mitigation measures and water treatment and distribution. There are widespread investment needs across the State for clean energy and environmental measures that could yield hundreds of millions of dollars of energy savings, create substantial employment opportunities and reduce greenhouse gas emissions. IBank's CLEEN Center will help the State achieve these goals.
- Successfully issued the Infrastructure State Revolving Fund (ISRF) Bonds, Series 2015A (Bonds) in the amount of **$90,070,000,** a portion of which was used to refund the Infrastructure State Revolving Fund Bonds, Series 2008, resulting in **$1,372,007** savings. This issuance strengthens IBank's ability to provide low-cost, long-term financing for much needed infrastructure and economic expansion projects throughout the State. Issuance of the Bonds provided **$68,417,001** to IBank for future financings**.**

- For the second year in a row, the ‘Big Three’ credit rating agencies--Standard and Poor’s Rating Services (S&P), Fitch Ratings (Fitch), and Moody’s Investors Service (Moody’s)--awarded IBank stellar ratings for its ISRF Revenue Bonds. Fitch and S&P each assigned the Bonds a AAA rating, and Moody’s assigned an Aa1 rating and modified its rating outlook upward to “positive”.
- Approved **$56,356,772** in Infrastructure State Revolving Fund (ISRF) Program loans to State and local governmental entities and local government-sponsored not-for-profit organizations for necessary infrastructure and economic expansion projects.
- Assisted the California Department of Public Health (CDPH) by making an ISRF short-term loan to CDPH for **$17,904,020**. This loan provided the required state match funds and was the catalyst for CDPH’s continued receipt of federal capitalization grants for the Safe Drinking Water State Revolving Fund (SDWSRF). The SDWSRF finances infrastructure improvements to water systems throughout California that are necessary to bring drinking water in various California communities into compliance with applicable federal and State standards.
- Issued **$270,300,000** of conduit revenue bonds for qualified 501(c)(3) nonprofit entities and a California manufacturing company to create and retain jobs in the State, enhance the economic status of communities, facilitate research and cultural endeavors, and for other public purposes.
- Increased the California Infrastructure and Economic Development Bank Fund (CIEDB), the California Infrastructure Guarantee Trust Fund, and the IBank Enterprise Funds (Funds), by **$2,161,889** over the previous fiscal year. This was achieved as a result of positive earnings from both operating and non-operating activities.

Since inception, IBank has loaned, financed, or participated in the financing of nearly **$34.7 billion** of infrastructure, economic expansion, and other efforts that drive economic development to serve the needs of the public throughout the State. We look forward to continuing to commit IBank resources as an integral economic stimulus tool in the areas of financing public infrastructure and private investments that promote economic development, create and retain jobs, and revitalize California’s communities.

Respectfully submitted,

Teveia R. Barnes
Executive Director

ABOUT IBANK

IBank is the State's only general purpose financing authority. The Legislature created IBank in 1994 to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy and improve the quality of life in California communities. IBank operates pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act contained in California Government Code Sections 63000 et seq. IBank is located within the Governor's Office of Business and Economic Development and is governed by a five-member Board of Directors; Michael E. Rossi, IBank Chair and Senior Advisor for Jobs and Business Development in the Office of the Governor; John Chiang, State Treasurer; Brian P. Kelly, Secretary of the Transportation Agency; Michael Cohen, Director of the Department of Finance; and Peter Luchetti, Governor's Appointee.

IBank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. IBank also helps small businesses through a loan guarantee program. IBank's current programs include:

Infrastructure State Revolving Fund (ISRF) Program that provides low-cost loans to public agencies and not-for-profit organizations sponsored by public agencies for a wide variety of public infrastructure and economic development projects.

City of San Gabriel Streets Project

Discovery Science Center of Orange County

Revenue Bond Financing (Bond) Programs that provide tax-exempt and taxable conduit bond financing under four product lines:

- Bonds for Not-for-Profit 501(c)(3) Organizations
- Industrial Development Bonds
- Public Agency Revenue Bonds
- Exempt Facility Bonds

CLEEN Center Typically Finances Solar Panels

California Lending for Energy and Environmental Needs (CLEEN) Center that encourages and supports the protection of the environment and the State's vast natural resources and helps the State achieve its greenhouse gas reduction goals by offering financing to various State and local governmental entities, including municipalities, universities, schools and hospitals (MUSH) and includes the:

- **Statewide Energy Efficiency Program (SWEEP)** that provides low-cost financing to MUSH borrowers for energy efficiency projects.

Family Services Association

Small Business Finance Center that includes the:

- **Small Business Loan Guarantee Program (SBGLP)**[1] that provides up to 80% guarantees to lenders of loans to small businesses.
- **Farm Loans Program** that provides direct loans to small farm businesses of which at least 90% of such loans are guaranteed by the United States Department of Agriculture.

[1] Per Government Code 63089.98 not later than January 1 of each year, the program manager shall prepare and submit to the Governor and the Legislature a report for the preceding fiscal year ending June 30, containing the expansion fund and trust fund financial product activity of each Financial Development Corporation that administer guarantees under the SBLGP. Program activity for the SBLGP is not included in this report.

This Annual Activity Report (Annual Report) is submitted in accordance with Government Code Section 63035, which requires IBank to submit to the Governor and the Joint Legislative Budget Committee a report of its activities for the preceding fiscal year.

The Annual Report includes:

- Information on the infrastructure bank fund, including, but not limited to, its present balance, moneys encumbered, moneys allocated, repayments, and other sources of revenues received during the fiscal year. This information is included in IBank's Comprehensive Annual Financial Report (CAFR) included herein as **(Attachment 1)**

- Information on the impact of the activities funded by the infrastructure bank fund moneys, including, but not limited to, the number of jobs created and retained, the environmental impact that resulted, and economic value provided to the state. **(Appendix 1)**

- A specification of conduit and revenue bonds sold and interest rates thereon, including, but not limited to, the use of the bond proceeds. **(Appendix 2)**

- The amount of other public and private funds leveraged by the assistance provided. **(Appendices 1 & 2)**

- A report of revenues and expenditures for the preceding fiscal year, including all of the IBank's costs. **(Attachment 1)** The information provided pursuant to this subdivision shall include, but need not be limited to, both of the following:

  - The amount and source of total bank revenues. Revenues shall be shown by main categories of revenues, including the General Fund, special funds, federal funds, interest earnings, fees collected, and bond proceeds, for each bank program.

  - The amount and type of total bank expenditures. Expenditures shall be shown by major categories of expenditures, including loans provided, debt service payments, and program support costs, for each bank program.

- A projection of IBank's needs and requirements for the coming year. **(Page 7)**

- Recommendations for changes in State and federal law necessary to meet the objectives of this division. **(Page 7)**

SUMMARY OF IBANK ACTIVITIES DURING FISCAL YEAR 2014/2015

The table below summarizes the ISRF Program and short-term financings approved, the conduit bonds sold, and the leverage and projected employment impact for each.

ACTIVITIES RELATED TO INFRASTRUCTURE BANK PROGRAMS				
Program	**Program Financings Approved/Conduit Bonds Sold**	**Expected Employment Impacts—Estimated Jobs[2]**	**Financing Amount**	**Leverage**
ISRF Program Financings	6	324	$38,452,752	$9,345,816
Short-Term Financing[3]	1	N/A	$17,904,020	$83,221,000
Subtotal:	**7**	**324**	**$56,356,772**	**$92,566,816**
Conduit Bonds Sold	12	255	$270,300,000	$67,095,432
ISRF Program Revenue Bonds Issued[4]	1	N/A	$90,070,000	N/A
Subtotal:	**13**	**255**	**$360,370,000**	**$67,095,432**
Total:	**20**	**579**	**$416,726,772**	**$159,662,248**

[2] Combined total of construction, full-time, and part-time permanent jobs as reported by borrowers.

[3] On October 29, 2013, IBank entered into a Master Loan Agreement (Agreement) with the California State Department of Public Health (CDPH) for the purpose of providing State Match Funds for federal capitalization grants. The Agreement allows CDPH to request additional short-term financings from IBank for State Match Funds for federal grants. The term of the Agreement is five (5) years.

[4] The ISRF Program is a "leveraged loan program," which involves the issuance of revenue bonds secured by the repayments received from approved ISRF Program Financings. IBank has issued several series of tax-exempt revenue bonds to provide additional ISRF Program financing. Beginning in 2004, then again in 2005, 2008, 2014, and 2015, IBank issued a total of $338,575,000 million (ISRF Program Bonds) of tax-exempt revenue bonds, all committed to ISRF Program borrowers. ISRF Program Bonds are paid solely from repayments received from ISRF Program borrowers, and are neither backed nor guaranteed by either the State or other IBank funds.

NEEDS AND REQUIREMENTS FOR THE COMING YEAR WITH RECOMMENDATIONS FOR CHANGES IN STATE AND FEDERAL LAW

During the upcoming fiscal year, IBank will continue to work closely with GO-Biz to develop strategic initiatives and programs that contribute to the Governor's economic and environmental goals. Currently, IBank does not recommend any changes to State law. IBank does support proposed modifications to Federal tax law that would increase the availability of tax-exempt industrial development bonds in California.

LIST OF APPENDICES

Appendix 1—ISRF Program Financings Approved Including Expected Employment Impacts
Appendix 2—Bond Programs Bonds Sold and Interest Rates Thereon

LIST OF ATTACHMENT(S)

Attachment 1—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, 2015 (CAFR)

APPENDIX 1—ISRF PROGRAM LOANS APPROVED						
Name of Borrower	**Project Location**	**Interest Rate**	**Category and Project Description**	**Public Benefits (Including Expected Employment, Environmental Impact and Economic Value)**	**Approved Loan Amount**	**Leverage**
City of Pittsburg	City of Pittsburg	3.51%	Water Treatment and Distribution: City of Pittsburg Water System Modifications Project.	Replace older existing infrastructure that would become subject to absorption of minerals and materials as the system continues to age. As a result, this project ensures water quality to existing and future water users. **Estimated Permanent Jobs: 0** **Estimated Construction Jobs: 75**	$11,387,398.00	$1,551,523.00
City of San Gabriel[5]	City of San Gabriel	3.50%	City Streets: Upgrade, reconstruct and rehabilitate approximately 5.4 lane miles of public streets.	Improve safety for vehicle and pedestrian traffic, increase property values, revitalize business, improve transportation avenues for the public and commerce, and reduce pollution factors. **Estimated Permanent Jobs: 4** **Estimated Construction Jobs: 8**	$6,400,000.00	$64,000.00
City of Santa Cruz	City of Santa Cruz	1.73%	City Streets: Pave, reconstruct, overlay, cape and slurry seal, and asphalt grinding of City arterial and collector roads.	Cost-effective funding to correct deficiencies, improve safety for vehicle and pedestrian traffic, improve transportation avenues for the public and commerce, increase citizen satisfaction with condition of road network as evidenced by a decline in citizen complaints, and a reduce long-term road rehabilitation costs. **Estimated Permanent Jobs: 1** **Estimated Construction Jobs: 176**	$14,130,000.00	$5,769,087.00
City of Alameda	City of Alameda	2.29%	Public Safety: Construct Fire Station No. 3 on vacant land owned by the City.	Additional space for firefighters, personnel and auxiliary equipment meets City's public safety mission. Relocating the Emergency Operations Center minimizes costs and provides efficient services to the public. **Estimated Permanent Jobs: 0** **Estimated Construction Jobs: 45**	$3,000,000.00	$1,961,206.00

[5] San Gabriel applied for and was approved for two loans, to be repaid from two different sources, in the total amount of $6,400,000.

APPENDIX 1—ISRF PROGRAM LOANS APPROVED						
Name of Borrower	**Project Location**	**Interest Rate**	**Category and Project Description**	**Public Benefits (Including Expected Employment, Environmental Impact and Economic Value)**	**Approved Loan Amount**	**Leverage**
City of Del Mar	City of Del Mar	2.17%	Sewage Collection and Treatment: Force main connection and pipeline upgrade and rehabilitation.	Implement a wastewater treatment alternative, rehabilitate and replace broken, clogged and damaged pipes. Reduce the loss of water from damaged pipes, reduce the health hazard of exposure to raw sewage and realize cost savings that will be passed on to the user. **Estimated Permanent Jobs: 0** **Estimated Construction Jobs: 15**	$3,535,354.00	N/A
Short-Term Financing						
California Department of Public Health (CDPH) Safe Drinking Water State Revolving Fund (SDWSRF)	Statewide		State Match Funds for federal capitalization grants.	State Match Funds for federal capitalization grants. Enables CDPH to use interest earned on federal funds already on deposit with CDPH, but currently ineligible for use as State Match Funds under Federal regulations, as a US EPA approved source for State Match Funds. The Financing enabled California to secure valuable federal capitalization grants. **Estimated Permanent Jobs: N/A** **Estimated Construction Jobs: N/A**	$17,904,020	$83,221,000
Total Loans Approved: 7				**Estimated Permanent Jobs: 5** / **Estimated Construction Jobs: 319** **Total Estimated Jobs: 324**	**$56,356,772**	**$92,566,816**

APPENDIX 2—BOND PROGRAMS BONDS SOLD							
Name of Borrower	**Project Location**	**Type of Financing**	**Interest Rate**	**Project Description**	**Public Benefits (Including Expected Employment Impact)**	**Financing Amount**	**Leverage**
The Switzer Center, Inc.	City of Torrance	501(c)(3)[6]	Fixed Rate 3.75% All-In TIC[7]	Refinance project including approximately 28,000 SF of building space containing a library, auditorium, classrooms and cafeteria.	Approximately 1.5 professionals and 2 paraprofessionals will be employed. **Estimated Permanent Jobs: 4** **Estimated Construction Jobs: N/A**	$2,200,000	$50,000
Brentwood School	City of Los Angeles	501(c)(3)	Fixed Rate 4.1% NIC[8]	Refund Bonds; refinance the cost of educational facilities.	Increase in school enrollment from 995 to 1,260; additional 50 employees. **Estimated Permanent Jobs: 50** **Estimated Construction Jobs: N/A**	$40,000,000	$27,956,143
Project Angel Food	City of Los Angeles	501(c)(3)	Variable Rate	Refinance the cost of acquisition, construction, renovation and equipping of the real property and improvements including: administrative offices, commercial kitchen and other ancillary facilities.	Over the next 12 to 24 months PAF expects to add an estimated 1 to 3 employees to support expected increases in operating activities. **Estimated Permanent Jobs: 3** **Estimated Construction Jobs: N/A**	$3,035,000	$43,500

[6] "501(c)(3)" means qualified 501(c)(3) conduit revenue bond, which provides tax-exempt financing for capital improvement projects of specified nonprofit corporations.
[7] TIC" means True Interest Cost.
[8] "NIC" means Net Interest Cost.

APPENDIX 2—BOND PROGRAMS BONDS SOLD							
Name of Borrower	**Project Location**	**Type of Financing**	**Interest Rate**	**Project Description**	**Public Benefits (Including Expected Employment Impact)**	**Financing Amount**	**Leverage**
Family Service Association Taxable Series 2014A	Riverside and San Bernardino Counties	501(c)(3)	Variable Rate	Finance and refinance the cost of acquisition, construction, renovation and equipping of real property and improvements to properties. Tax-exempt Series A	Each year approximately 25,000 clients are served quality human services, child development, housing and senior services. Project expected to add 30 additional staff over 3 years. **Estimated Permanent Jobs: 30** **Estimated Construction Jobs: N/A**	$6,944,673.00	$179,000
Family Service Association Tax-Exempt Series 2014B						$405,327.00	$0
Petersen Automotive Museum Foundation	City of Los Angeles	501(c)(3)	Fixed Rate 3.95% NIC	Expand exhibit space by adding galleries on the third floor of the building; expand and improve the function of public gathering spaces; add a new façade and open a public walkway through the first floor to provide access between the public parking structure and other museums.	Upon reopening in December 2015, Petersen expects to add over 40 staff. **Estimated Permanent Jobs: 40** **Estimated Construction Jobs: N/A**	$40,000,000	$35,000,000
Vermont Village Human Services Corporation	City of Los Angeles	501(c)(3)	Fixed Rate 4.186% All-In TIC	Refund Revenue Bonds Series 2003. Acquire and improve real property, including an office building and accompanying parking facilities, furniture, fixtures and equipment.	Commercial real estate development. **Estimated Permanent Jobs: N/A** **Estimated Construction Jobs: N/A**	$35,165,000	$2,744,500

APPENDIX 2—BOND PROGRAMS BONDS SOLD							
Name of Borrower	**Project Location**	**Type of Financing**	**Interest Rate**	**Project Description**	**Public Benefits (Including Expected Employment Impact)**	**Financing Amount**	**Leverage**
Canyon Plastics, Inc.; Livingston-SGN, LLC Series 2014A	County of Los Angeles	IDB[9]	Variable Rate	Refinance real estate, acquisition of new manufacturing equipment, solar panels and pay a portion of COI.	Employment expected to increase by 78 within 2 years of project completion. **Estimated Permanent Jobs: 78** **Estimated Construction Jobs: N/A**	$1,885,000.00	$0
Canyon Plastics, Inc.; Livingston-SGN, LLC Series 2014B						$7,580,000.00	$0
Guided Discoveries, Inc.	Santa Catalina Island	501(c)(3)	Variable Rate	Acquire, design, construct, restore, equip and install new pier.	New pier will serve an estimated 62,000 children in 2015. **Estimated Permanent Jobs: 50** **Estimated Construction Jobs: N/A**	$2,100,000	$142,289
The Colburn School Series 2015A	City of Los Angeles	501(c)(3)	Fixed Rate 3.09% All-In TIC	Refund prior Bonds Series 2008 and 2011, and pay the costs of issuance.	Borrower hosts free concerts and performances, and operates many community outreach programs impacting over 6,500 inner-city elementary schools, exposing about 20,000 elementary school children each year to performing arts. **Estimated Permanent Jobs: N/A** **Estimated Construction Jobs: N/A**	$66,060,000	$980,000
The Colburn School Series 2015B			Variable Rate			$64,925,000	$0

[9] "IDB" means Industrial Development Bonds, which are tax-exempt securities issued up to $10 million by a governmental entity to provide money for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities for private companies.

APPENDIX 2—BOND PROGRAMS BONDS SOLD							
Name of Borrower	**Project Location**	**Type of Financing**	**Interest Rate**	**Project Description**	**Public Benefits (Including Expected Employment Impact)**	**Financing Amount**	**Leverage**
IBank ISRF Program Revenue Bonds[2]							
IBank (ISRF Program Revenue Bonds Series 2015A)[10]	Statewide	ISRF Tax-Exempt Revenue Bonds	3.2% All-In TIC	Leverage outstanding ISRF Program loans and provide additional program loan funds.	Expand the capacity of the ISRF Program to make loans for municipal infrastructure without additional State General Fund appropriations. **Estimated Permanent Jobs: N/A** **Estimated Construction Jobs: N/A**	$90,070,000	N/A
Total Bonds Sold: 13					**Estimated Permanent FTE Jobs: 255** / **Estimated Construction Jobs: N/A** **Total Estimated Jobs: 255**	**$360,370,000**	**$67,095,432**

[10] The ISRF Program is a "leveraged loan program," which involves the issuance of revenue bonds secured by the repayments from approved loans. IBank has issued several series of tax-exempt revenue bonds to provide additional ISRF program financing. Beginning in 2004, then again in 2005, 2008, 2014 and 2015, IBank issued a total of $338,575,000 million (ISRF Program Bonds) of tax-exempt revenue bonds, all committed to ISRF Program borrowers. ISRF Program Bonds are paid solely from loan repayments received from ISRF Program borrowers, and are neither backed nor guaranteed by either the State or other IBank funds.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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, 2015

IBank

Diane J. Nanik, Manager Fiscal Unit

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, 2015

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INTRODUCTORY SECTION

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October 5, 2015

To the Board of Directors:

I am pleased to submit for the fiscal year ended June 30, 2015 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 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 $280,291,840 as of June 30, 2015, all of which was restricted. Net position increased by $2,161,889 over the previous fiscal year directly as a result of positive earnings from operating and nonoperating activities, but decreased by $3,565,810 for the cumulative effect of change in accounting principles for the implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This year IBank has experienced renewed demand for its current programs and is near completion of its new clean energy and environmental programs and financing instruments to confront the infrastructure, economic development, clean energy and environmental funding requirements of a wider spectrum of State and local governments and communities within the State. IBank has taken notice that the State and local governments continue to delay much-needed infrastructure, economic development, clean energy and environmental projects vital to fueling the State's economic engine. The limits on available funds and financings continue to restrict the infrastructure, economic development, clean energy and environmental projects that are needed to improve the quality of life throughout the State and are vital to the continued preservation of California's infrastructure and environment. IBank is uniquely positioned to be a major contributor to the success of the State's economic revitalization.

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, 2015. 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 newly formed California Lending for Energy and Environmental Needs (CLEEN) Center programs. No financial activity occurred in the CLEEN Center programs during the fiscal year ended June 30, 2015. The Small Business Loan Guarantee Program (SBLGP) became a program of IBANK during the 2013-14 fiscal year; however, the SBLGP'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

California's economy has rebounded well adding over 1.8 million jobs to recover all of the jobs lost during the recession. In 2014, California's job growth has outpaced the national average and the unemployment rate declined to the lowest point in over 5 years. Job growth has been led by strong gains in construction, trade and transport, retail, agriculture and high tech. Industries that have traditionally struggled in California are seeing gains. The manufacturing industry has added jobs for the fourth year in a row. Governor Brown this month signed a balanced, on-time 2015-2016 budget that saves billions of dollars and pays down debt. California's gross state product is over $2.3 trillion and the State is the 8th largest economy in the world, having surpassed Russia and Italy.

Interest in the ISRF Program continues to grow with stronger borrowers and more diverse projects. All required repayments were made by the borrowers on ISRF Program Loans during the fiscal year and continued timely repayment is expected.

We anticipate continued demand for IBank's programs as the economy continues to grow and prospective borrowers are better positioned to finance public infrastructure and private development projects. I am pleased to report that both Fitch Ratings and Standard & Poor's assigned their respective "AAA" long-term rating to the California Infrastructure and Economic Development Bank ISRF Program Bonds and noted that the outlook is stable. Moody's Investors Service assigned a rating of Aa1 to the ISRF 2015A Bonds and noted that the outlook is positive. 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 priority to infrastructure, clean energy, 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, environmental and economic development projects, while maintaining the Funds' positive net position.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the California Infrastructure and Economic Development Bank for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the fourth consecutive year that the California Infrastructure and Economic Development Bank has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report. This year's CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

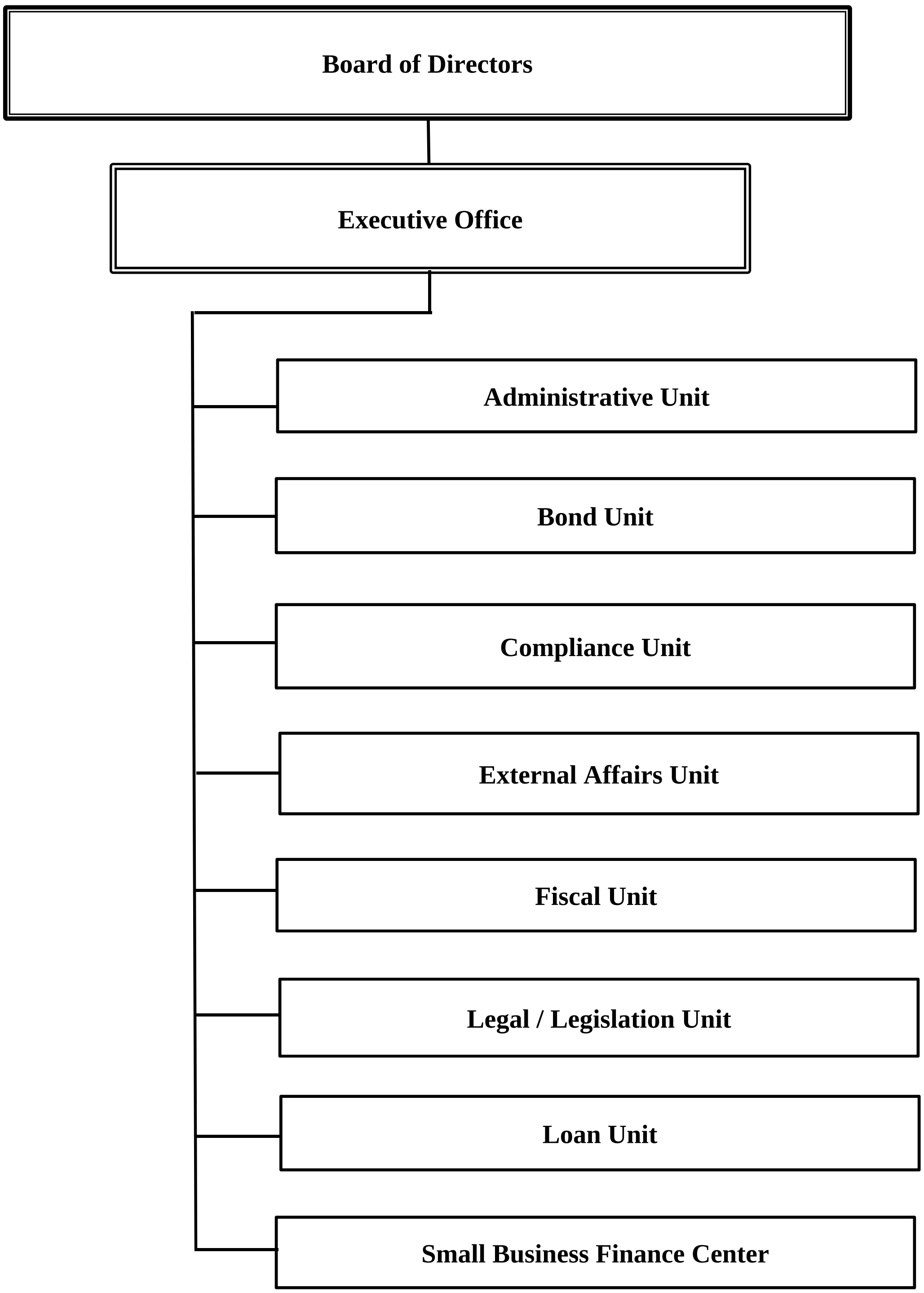
Respectfully submitted,

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, 2015

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, 2015

PRINCIPAL OFFICIALS

IBank Board of Directors

Michael E. Rossi, Chair, Senior Advisor for Jobs and Business to the Governor of California, Delegate of the 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

Ruben R. Rojas, Deputy Executive Director

Diane J. Nanik, Fiscal Unit Manager

Diane Cummings, Deputy Director of Credit and Chief Credit Officer

Marilyn Muñoz, Deputy Director of Legislative Affairs and General Counsel

Nancee Trombley, Deputy Director of Compliance and Chief Compliance Officer

Alice Scott, Deputy Director of External Affairs

Tad Thomas, Loan Unit Manager

Fariba Khoie, Bond Unit Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

California Infrastructure and Economic Development Bank

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Emer

Executive Director/CEO

FINANCIAL SECTION

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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, 2015, 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, 2015, 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.

Macias Gini & O'Connell LLP
3000 S Street, Suite 300
Sacramento, CA 95816

www.mgocpa.com

Emphasis of Matters

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, 2015, 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.

Change in Accounting Principles

As discussed in Note 2.B, for the fiscal year ended June 30, 2015, IBank implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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 5, 2015, 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 5, 2015

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, 2015

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, 2015 (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 loan[1] 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 (SBLGP), which issues guarantees to lenders of loans to small businesses having difficulty securing financing on their own, was established as a program of IBank in October 2013. However, the SBLGP program's financial activities and position are not included in this report.

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

Financial Highlights 2014-15

- The net position of the Funds was $280,291,840 as of June 30, 2015, all of which was restricted. Net position increased by $2,161,889 over the previous fiscal year directly as a result of positive earnings from operating and nonoperating activities, but decreased by $3,565,810 for the cumulative effect of change in accounting principles for the implementation of Government Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (collectively, the Statements). The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It requires employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.
- Total cash, cash equivalents, and investments increased during the fiscal year by $71,264,218 or 50% primarily as a result of proceeds received from the issuance of the 2015A ISRF Program Bonds and loan repayments exceeding loan disbursements and bond debt service payments.
- Total pledged and non-pledged loans receivable increased during the fiscal year by $18,645,006 because new loans closed exceeded loan repayments during the fiscal year.
- The revenue bonds payable increased by $61,783,091 or 42% primarily due to the issuance of $90,070,000 in ISRF Program Bonds on June 17, 2015. A portion of the proceeds, $39,285,137, was used to advance refund $35,435,000 of outstanding 2008 ISRF Program Bonds.
- The net pension liability as of June 30, 2015 was $3,200,240 as a result of the implementation of GASB 68.
- Deferred outflows of resources increased by $3,853,971 primarily as a result of the reacquisition price (amount placed in escrow to repay the 2008 ISRF Program Bonds) exceeding the net carrying amount of those bonds by $3,587,747.
- Undisbursed loan commitments increased by $31,103,488 due to an increased amount of undisbursed amounts of pledged loans receivable available to be drawn by the borrowers and draws submitted for payment but unpaid at year-end.
- Total operating revenues were $10,759,416 for the fiscal year, a decrease of $1,388,328 or 11% over the previous fiscal year due to a decrease in the interest on loans receivables as loans were repaid and a decrease in bond issuance fees due to a reduction in the par amounts of the total conduit bonds issued.

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.
- The *Statement of Revenues, Expenses, and Changes in 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 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.

Statement of Net Position

The net position of the Funds was $280,291,840 as of June 30, 2015, all of which was restricted. Net position increased by $2,161,889 over the previous fiscal year directly as a result of positive earnings from operating and nonoperating activities, but decreased by $3,565,810 for the cumulative effect of change in accounting principles for the implementation of the Statements.

The following table presents a condensed, combined Statement of Net Position as of June 30, 2015 and 2014, and the dollar and percentage change from the prior year.

	2015	2014	$ Change	% Change
Cash, cash equivalents, and investments--restricted	$ 214,344,782	$ 143,080,564	$ 71,264,218	49.81%
Program loans receivable	310,513,224	291,868,218	18,645,006	6.39%
Other assets	3,765,003	3,747,020	17,983	0.48%
Total Assets	**528,623,009**	**438,695,802**	**89,927,207**	**20.50%**
Total Deferred Outflows of Resources	**4,718,881**	**864,910**	**3,853,971**	**445.59%**
Total Assets and Deferred Outflows of Resources	**$ 533,341,890**	**$ 439,560,712**	**$ 93,781,178**	**21.34%**
Revenue bonds payable	$ 208,290,797	$ 146,507,706	$ 61,783,091	42.17%
Net pension liability	3,200,240	-	3,200,240	100.00%
Other liabilities	3,296,412	4,794,542	(1,498,130)	-31.25%
Undisbursed loan commitments	37,666,191	6,562,703	31,103,488	473.94%
Total Liabilities	**252,453,640**	**157,864,951**	**94,588,689**	**59.92%**
Total Deferred Inflows of Resources	**596,410**	**-**	**596,410**	**100.00%**
Net Position - Restricted - Expendable by Statute	**280,291,840**	**281,695,761**	**(1,403,921)**	**-0.50%**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 533,341,890**	**$ 439,560,712**	**$ 93,781,178**	**21.34%**

Assets

Total assets increased by $89.9 million over the prior year. Cash, cash equivalents, and investments--restricted increased as a result of cash received from the issuance of the 2015A ISRF Program Bonds whose proceeds were used to refund previously outstanding 2008 ISRF Program Bonds and to refinance existing bond anticipation loans.

ISRF Program loans receivable (both pledged and non-pledged) totaled $310.5 million as of June 30, 2015, increase of $18.6 million because new loans closed exceeded loan repayments during the fiscal year.

Deferred Outflows of Resources

Deferred outflows of resources increased by $3.9 million primarily as a result of the reacquisition price (amount placed in escrow to repay the 2008 ISRF Program Bonds) exceeding the net carrying amount of those bonds by $3.6 million. This amount will be amortized over the remaining life of the refunded bonds.

Liabilities

Total liabilities were $252.5 million as of June 30, 2015, an increase of 60% over the prior fiscal year. The largest liability is revenue bonds payable, which consists of two series of ISRF Program Bonds, one issued in February 2014 and one issued in June 2015. Revenue bonds payable increased by $61.8 million primarily due to the issuance of $90.1 million in 2015A ISRF Program Bonds on June 17, 2015. A portion of the proceeds, $39.3 million, was used to advance refund $35.4 million of outstanding 2008 ISRF Program Bonds. The net pension liability as of June 30, 2015 was $3.2 million as a result of the implementation of GASB 68.

Deferred Inflows of Resources

Deferred inflows of resources were $0.6 million as of June 30, 2015 as result of the implementation of GASB 68.

Statement of Revenues, Expenses, and Changes in Net Position

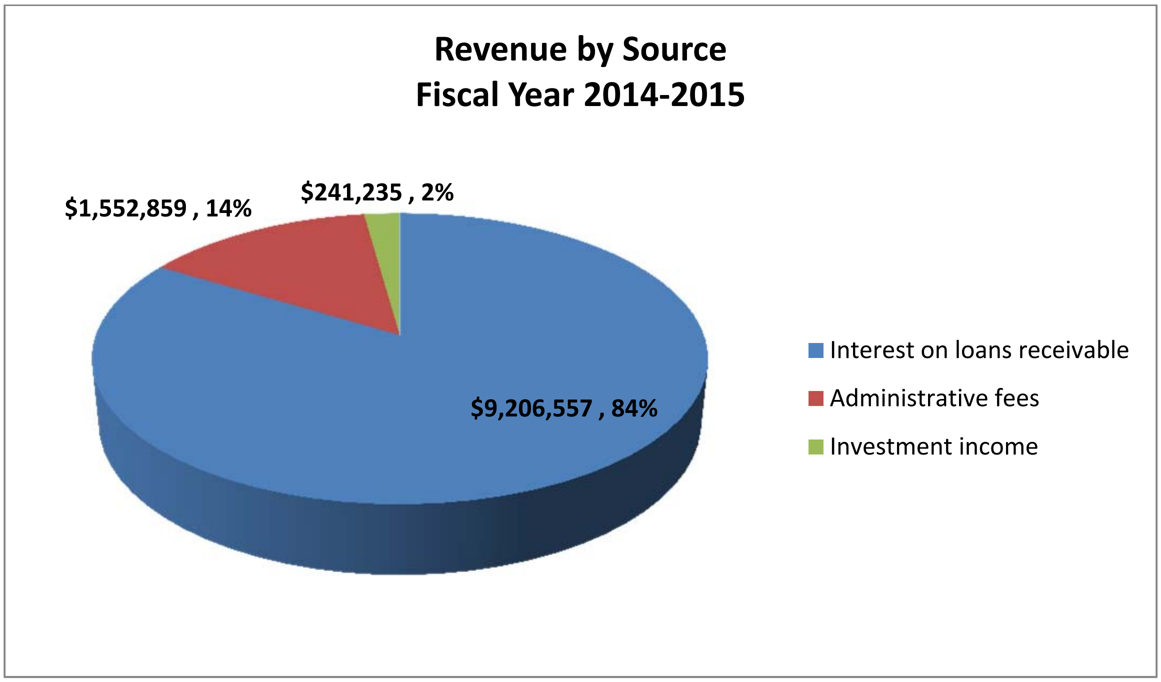
Operating income was $1,920,654 for the fiscal year ended June 30, 2015. The following table presents the condensed, combined Statement of Revenues, Expenses, and Changes in Net Position for the 2014-2015 and 2013-2014 fiscal years.

	2014-2015	2013-2014	$ Change	% Change
Interest on loans receivable	$ 9,206,557	$ 10,421,447	$ (1,214,890)	-11.66%
Administration fees	1,552,859	1,726,297	(173,438)	-10.05%
Total operating revenues	10,759,416	12,147,744	(1,388,328)	-11.43%
Total operating expenses	8,838,762	9,189,187	(350,425)	-3.81%
Operating income	1,920,654	2,958,557	(1,037,903)	-35.08%
Nonoperating revenue	241,235	218,580	22,655	10.36%
Changes in net position	**2,161,889**	**3,177,137**	**(1,015,248)**	**-31.95%**
Net Position, Beginning of year *	**278,129,951**	**278,518,624**	**(388,673)**	**-0.14%**
Net Position, End of year	**$ 280,291,840**	**$ 281,695,761**	**$ (1,403,921)**	**-0.50%**

* Restated 2014-2015 for implementation of GASB 68

Revenues

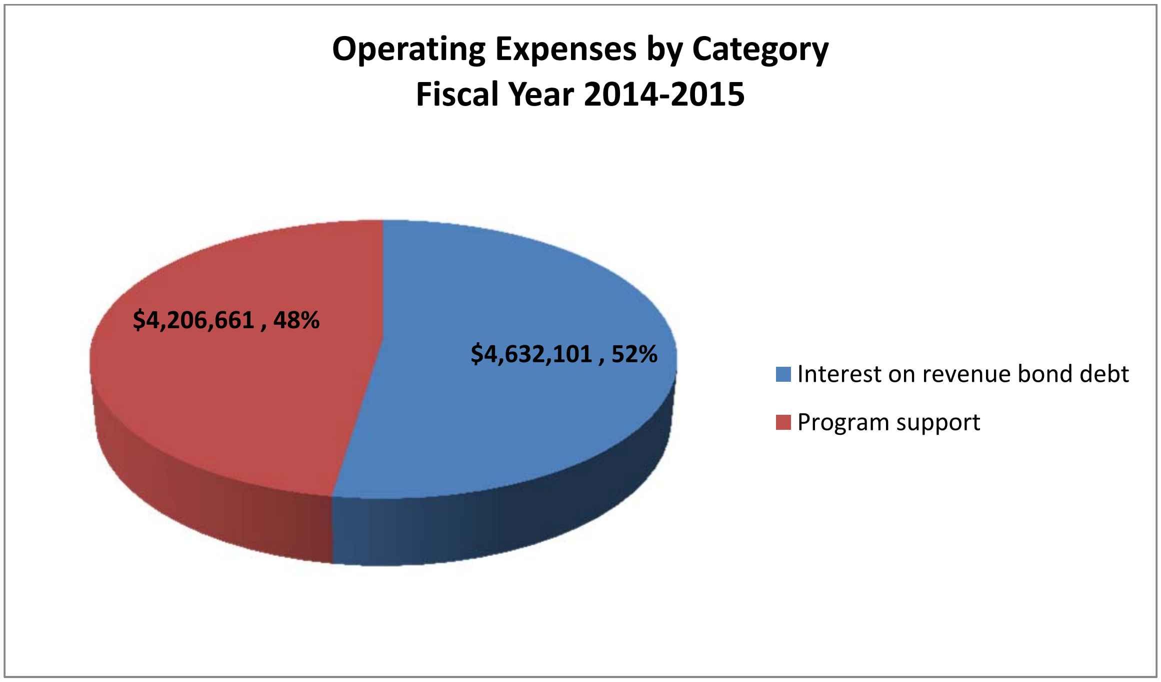
The following chart presents operating and nonoperating revenues by source:



Total operating revenues were $10.8 million for the fiscal year, a decrease of $1.4 million over the previous fiscal year due to a decrease in the interest on loans receivables as loans were repaid and a decrease in bond issuance fees due to a reduction in the par amounts of the total conduit bonds issued.

Operating Expenses

The following chart presents operating expenses by category:



Total operating expenses were $8.8 million during the fiscal year compared to $9.2 million for the prior fiscal year, a decrease of 4%.

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.

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 and $90.1 million in June 2015 (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. 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 and 2015A ISRF Program Bonds are structured under an open-indenture model. Both 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 $270,300,000 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.

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 Barnes, Executive Director, California Infrastructure and Economic Development Bank, P.O. Box 2830, Sacramento, California 95812-2830.

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

STATEMENT OF NET POSITION
JUNE 30, 2015

	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	$ 189,644,894	$ 24,699,888	$ 214,344,782
Pledged loans receivable - disbursed	15,271,138	-	15,271,138
Non-pledged loans receivable - disbursed	250,198	-	250,198
Interest and other receivables	3,747,608	17,395	3,765,003
Total current assets	208,913,838	24,717,283	233,631,121
NON-CURRENT ASSETS			
Pledged loans receivable - disbursed	252,625,423	-	252,625,423
Pledged loans receivable - undisbursed	37,666,191	-	37,666,191
Non-pledged loans receivable - disbursed	4,700,274	-	4,700,274
Total non-current assets	294,991,888	-	294,991,888
Total assets	503,905,726	24,717,283	528,623,009
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	356,434	-	356,434
Loss on refunding debt	4,362,447	-	4,362,447
Total deferred outflows of resources	4,718,881	-	4,718,881
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 508,624,607	$ 24,717,283	$ 533,341,890
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	$ 563,558	$ -	$ 563,558
Other liabilities	4,653	-	4,653
Revenue bond interest payable	1,126,261	-	1,126,261
Revenue bonds payable	5,995,000	-	5,995,000
Undisbursed loan commitments	20,407,220	-	20,407,220
Total current liabilities	28,096,692	-	28,096,692
NON-CURRENT LIABILITIES			
Compensated absences payable	314,940	-	314,940
Net other postemployment benefit obligation	1,287,000	-	1,287,000
Net pension liability	3,200,240	-	3,200,240
Undisbursed loan commitments	17,258,971	-	17,258,971
Revenue bonds payable	202,295,797	-	202,295,797
Total non-current liabilities	224,356,948	-	224,356,948
Total liabilities	252,453,640	-	252,453,640
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	596,410	-	596,410
Total deferred inflows of resources	596,410	-	596,410
NET POSITION			
Restricted - Expendable:			
Statute	255,574,557	24,717,283	280,291,840
Total net position	255,574,557	24,717,283	280,291,840
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 508,624,607	$ 24,717,283	$ 533,341,890

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

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	Total
OPERATING REVENUES			
Interest on loans receivable	$ 9,206,557	$ -	$ 9,206,557
Administration fees	1,552,859	-	1,552,859
Total operating revenues	10,759,416	-	10,759,416
OPERATING EXPENSES			
Interest on revenue bond debt	4,632,101	-	4,632,101
Program support	4,206,661	-	4,206,661
Total operating expenses	8,838,762	-	8,838,762
OPERATING INCOME	1,920,654	-	1,920,654
NONOPERATING REVENUE			
Investment earnings	178,619	62,616	241,235
Total nonoperating revenue	178,619	62,616	241,235
Changes in net position	2,099,273	62,616	2,161,889
NET POSITION, Beginning of year - as previously reported	257,041,094	24,654,667	281,695,761
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	(3,565,810)	-	(3,565,810)
NET POSITION, Beginning of year - as restated	253,475,284	24,654,667	278,129,951
NET POSITION, End of year	$ 255,574,557	$ 24,717,283	$ 280,291,840

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

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of interest on loans receivable	$ 9,206,557	$ -	$ 9,206,557
Receipt of administration fees	1,541,552	-	1,541,552
Receipt of principal on loans receivable	16,722,390	-	16,722,390
Payment of outstanding loan commitments	(4,263,908)	-	(4,263,908)
Payment of program support	(4,391,978)	-	(4,391,978)
Net cash provided by operating activities	18,814,613	-	18,814,613
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipt of revenue bond proceeds	68,978,608	-	68,978,608
Payment to advance refund escrow agent	(4,910,468)	-	(4,910,468)
Payment of principal on revenue bond debt	(5,000,000)	-	(5,000,000)
Payment of interest on revenue bond debt	(6,841,787)	-	(6,841,787)
Net cash provided by noncapital financing activities	52,226,353	-	52,226,353
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	9,415,000	-	9,415,000
Receipt of interest on investments	334,924	59,210	394,134
Net cash provided by investing activities	9,749,924	59,210	9,809,134
CHANGE IN CASH AND EQUIVALENTS	80,790,890	59,210	80,850,100
CASH AND EQUIVALENTS, Beginning of year	108,854,004	24,640,678	133,494,682
CASH AND EQUIVALENTS, End of year	$ 189,644,894	$ 24,699,888	$ 214,344,782
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 1,920,654	$ -	$ 1,920,654
Adjustments to reconcile operating income to net cash provided by operating activities:			
Interest on revenue bond debt	4,632,101	-	4,632,101
Underwriter's discount paid directly from bond proceeds	302,262	-	302,262
Changes in assets and liabilities:			
Loans receivable	(18,645,006)	-	(18,645,006)
Accounts payable	(569,243)	-	(569,243)
Other liabilities	(11,307)	-	(11,307)
Compensated absences payable	138,258	-	138,258
Net other postemployment benefit obligation	69,000	-	69,000
Net pension liability and related deferred inflows/outflows	(125,594)	-	(125,594)
Undisbursed loan commitments	31,103,488	-	31,103,488
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 18,814,613	$ -	$ 18,814,613
NONCASH FINANCING AND INVESTING ACTIVITIES			
Amortization of revenue bond premiums	$ 1,502,712	$ -	$ 1,502,712
Amortization of deferred outflow of resources	90,211	-	90,211
Bond proceeds paid directly to advance refund escrow agent	34,374,669	-	34,374,669
Accrued interest on refunded revenue bonds	327,653	-	327,653

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

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 a delegate 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.

Effective October 4, 2013, the Small Business Financial Assistance Act of 2013 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, 2015, 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.

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.

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.

For the fiscal year ended June 30, 2015, IBank implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions* – a*n amendment of GASB Statement No. 27* and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (collectively, the Statements). The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It requires employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The

Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Since the Statements require retroactive application, the net pension liability offset by the related deferred outflow of resources as of June 30, 2014 reduces the beginning net position for the fiscal year ended June 30, 2015. As a result, for the fiscal year ended June 30, 2015, the beginning net position decreased by $3,565,810 as the cumulative effect of the change in accounting 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

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 investments are stated at fair value in the Statement of Net Position. All investment income, including changes in the fair value of investments, is recognized as revenue in the Statement of Revenues, Expenses, and Changes in 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.

D. LOANS RECEIVABLE

IBank enters into loan agreements, installment sale agreements and lease agreements (Loans) to finance public infrastructure 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 and the 2015A 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 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.

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. 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.

J. 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.

K. 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.

3. CASH AND EQUIVALENTS

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, 2014, which is the latest available.

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, 2015, 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 was reviewed by the Board in May 2013 with minor changes and again 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 held by the Trustees in each of the accounts under the 2014A ISRF Program Bonds and 2015A ISRF Program Bonds Indenture shall be invested and reinvested by the respective Trustees in permitted investments, as that term is defined in the respective indentures, which 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 2014A ISRF Program Bonds Indenture or the 2015A ISRF Program Bonds Indenture, but rather the general provisions of the California Government Code or the Investment Policy.

Authorized Investments

Authorized Investment Type	Maximum Maturity[1]	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Credit Rating[3]
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).

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

Investment of debt proceeds and Loan repayments that are held by the Trustees are governed by the provisions of the 2014A and 2015A ISRF Program Bonds 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 Maturity[1]	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Credit Rating[3]
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.

Cash and equivalents at June 30, 2015 were as follows:

SMIF	$ 52,380,398
Money Market Deposit Accounts	161,964,384
Total Cash and Equivalents	$ 214,344,782

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, 2015, the weighted average maturity of the investments contained in SMIF is approximately 239 days.

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 does not have a rating provided by a nationally recognized statistical rating organization.

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, 2015, the Funds reported $161,964,384 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, 2015, SMIF was 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, 2015 the balance of the loss on bond refunding was $774,699.

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, 2015 the balance of the loss on bond refunding was $3,587,748. IBank refunded the 2008 ISRF Program Bonds to reduce its debt service payments by $8,246,654 over the next 22 years and to obtain an economic gain of $1,372,007 or 3.88% of the refunded par outstanding. The economic gain is the difference between the present values of the debt service payments on the old and new debt, discounted at 2.70%.

At June 30, 2015, the outstanding balance of the defeased 2008 ISRF Program Bonds was $35,435,000. 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. For the year ended June 30, 2015, Series Pledged Loan repayments and reserve account earnings were $25,508,443. The debt service payments on ISRF Program Bonds for the fiscal year was $11,841,797, resulting in a bond debt coverage ratio for the fiscal year of 2.15 times.

The following is a summary of bonds payable at June 30, 2015:

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)	$ 93,320,000
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)	90,070,000
Plus: Unamortized Net Premium	24,900,797
Net ISRF Program Bonds Payable	$ 208,290,797

The following is a schedule of the debt service requirements for the 2014 ISRF Program Bonds as of June 30, 2015:

Year Ending June 30	Principal	Interest	Total Debt Service
2016	$ 3,515,000	$ 4,452,319	$ 7,967,319
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
2021-2025	21,755,000	15,824,094	37,579,094
2026-2030	25,325,000	10,057,094	35,382,094
2031-2035	18,820,000	4,004,481	22,824,481
2036-2040	7,270,000 [1]	1,018,859	8,288,859
2041-2044	1,375,000 [2]	85,531	1,460,531
Total	**$ 93,320,000**	**$ 51,770,928**	**$ 145,090,928**

[1] Principal payments in the amount of $4,739,000 will be made from sinking fund payments for the 2039 term bonds.
[2] Principal payments in the amount of $1,375,000 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, 2015:

Year Ending June 30	Principal	Interest	Total Debt Service
2016	$ 2,480,000	$ 3,270,862	$ 5,750,862
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
2021-2025	23,775,000	14,376,781	38,151,781
2026-2030	19,050,000	9,022,656	28,072,656
2031-2035	17,420,000	4,393,931	21,813,931
2036-2040	8,235,000 [3]	1,440,747	9,675,747
2041-2044	2,535,000 [4]	251,375	2,786,375
Total	**$ 90,070,000**	**$ 48,129,801**	**$ 138,199,801**

[3] Principal payments in the amount of $4,030,000 will be made from sinking fund payments for the 2040 term bonds.
[4] Principal payments in the amount of $635,000 and $1,900,000 will be made from sinking fund payments for the 2040 and 2043 term bonds, respectively.

5. LONG-TERM OBLIGATIONS

The changes in long-term obligations for the fiscal year ended June 30, 2015 were as follows:

	Restated Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion June 30, 2015
Revenue Bonds Payable:					
2008 ISRF Program Bonds	$ 37,795,000	$ -	$ 37,795,000	$ -	$ -
2014A ISRF Program Bonds	95,960,000	-	2,640,000	93,320,000	3,515,000
2015A ISRF Program Bonds	-	90,070,000	-	90,070,000	2,480,000
Unamortized Net Premium	12,752,706	13,585,539	1,437,448	24,900,797	-
Total Revenue Bonds Payable	146,507,706	103,655,539	41,872,448	208,290,797	5,995,000
Net Pension Liability	3,839,409	230,840	870,009	3,200,240	-
Net Other Postemployment Benefit Obligation	1,218,000	69,000	-	1,287,000	-
Compensated Absences Payable	176,682	306,237	167,979	314,940	-
Total	**$ 151,741,797**	**$104,261,616**	**$ 42,910,436**	**$ 213,092,977**	**$ 5,995,000**

The June 30, 2014 balance has been increased by the $3,839,409 for the net pension liability as a result of implementing the Statements (see Note 2.B).

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 7/1/14 thru 6/30/15:		
o Application Fees	$	18,000
o Issuance Fees	$	257,458
o Annual Fees	$	69,500
o Other	$	947
• Conduit Bond Support Operating Expenses	$	950,652 [2]
• Amount of conduit bonds authorized but unsold as of 6/30/15	$	18,000,000
• Amount of conduit bond debt issued from 7/1/14-6/30/15	$	270,300,000
• Amount of conduit bonds outstanding as of 6/30/15	$	4 Billion [3]
• Number of conduit bonds transactions outstanding as of 6/30/15		101

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.

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

Benefits Provided

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

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

First Tier:

Hire date	Prior to January 15, 2011	January 15, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	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:

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

Contributions

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

For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate was 6.525% of annual pay and the employer's contribution rate is 21.137% of annual payroll.

These rates reflect Section 20683.2, which mandates that certain employees must contribute more as of July 1, 2013. Furthermore, any reduction in employer contributions due to the increase in the employee contributions must be paid by the employer towards the unfunded liability. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense was $273,600.

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

As of June 30, 2015, the Funds reported net pension liabilities for their proportionate share of the net pension liability of $3,200,240.

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, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The 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, 2014 was 0.01269%.

For the fiscal year ended June 30, 2015, the Funds' recognized pension expense of $230,840. At June 30, 2015, 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	$ 356,434	$ -
Net difference between projected and actual earnings on pension plan investments	-	596,410
Total	$ 356,434	$ 596,410

The $356,434 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		
2016	$	(149,102)
2017		(149,103)
2018		(149,102)
2019		(149,103)
Total	$	(596,410)

Actuarial Assumptions

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

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

(1) Depending on age, service and type of employment
(2) Net of pension plan investment and administrative expenses, including inflation
(3) The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.
(4) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

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

Discount Rate

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

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

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

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

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

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

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

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

Sensitivity of 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 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Funds' Proportionate Share of Plan's Net Pension Liability	$ 4,658,553	$ 3,200,240	$ 1,979,470

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	$ 110,000
Interest on net OPEB obligation	18,000
Adjustment to annual required contribution	(17,000)
Annual OPEB cost (expense)	111,000
Contributions made	(42,000)
Increase in net OPEB obligation	69,000
Net OPEB obligation – beginning of year	1,218,000
Net OPEB obligation – end of year	$ 1,287,000

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:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	$ 127,000	35%	$ 948,000
6/30/14	$ 418,000	35%	$ 1,218,000
6/30/15	$ 111,000	39%	$ 1,287,000

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, 2014, 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, 2015, 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, 2015 the Board had conditionally approved two Loans totaling $11,935,354 that do 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 three Loans 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, 2015, the bankruptcy case was still pending as the court awaits the results of negotiations between the borrower and its largest creditors. The borrower made all scheduled Loan payments during the fiscal year and the subsequent payments due on August 1, 2015; the borrower's next Loan payments are due February 1, 2016.

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, 2015

SCHEDULE OF THE FUNDS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
As of June 30, 2015
Last 10 Years*

		2015
Funds' proportion of the net pension liability		0.01269%
Funds' proportionate share of the net pension liability	$	3,200,240
Funds' covered-employee payroll	$	1,249,884
Fund's proportionate share of the net pension liability as a percentage of their covered-employee payroll		39.06%
Plan fiduciary net position as a percentage of the total pension liability		73.05%

Notes to Schedule:

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

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

* - Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only one year is shown.

SCHEDULE OF FUNDS' CONTRIBUTIONS
As of June 30, 2015
Last 10 Years*

		2015
Contractually required contribution	$	356,434
Contributions in relation to the contractually required contribution		356,434
Contribution deficiency (excess)	$	-
Funds' covered-employee payroll	$	1,615,972
Contributions as a percentage of covered-employee payroll		22.06%

Notes to Schedule:

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

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

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

* - Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only one year is shown

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, 2015

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.

CONTENTS **PAGE**

Financial Trends

These schedules contain trend information to help the reader understand how the financial performance has changed over time.

Revenue Capacity

This schedule contains information to help the reader assess the most significant revenue source.

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.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the financial activities take place.

Operating Information

These schedules contain data to help the reader understand how the information in the financial report relates to the programs provided and the activities performed.

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

	2005-06	2006-07	2007-08	2008-09	2009-10
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash, cash equivalents, and investments	$ 153,613,453	$ 126,220,856	$ 108,852,319	$ 125,709,510	$ 113,447,173
Program loans receivable	269,294,242	282,990,412	305,749,937	311,504,489	331,209,650
Other assets	4,991,913	5,474,496	5,371,504	5,583,167	5,938,389
Total assets	427,899,608	414,685,764	419,973,760	442,797,166	450,595,212
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions [4]	-	-	-	-	-
Loss on refunding debt [2]	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 427,899,608	$ 414,685,764	$ 419,973,760	$ 442,797,166	$ 450,595,212
LIABILITIES. DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
LIABILITIES					
Revenue bonds payable	$ 106,816,821	$ 103,510,754	$ 100,432,424	$ 145,839,491	$ 140,710,150
Undisbursed loan commitments	75,791,904	56,963,471	57,012,908	28,404,385	37,639,398
Net pension liability [4]	-	-	-	-	-
Other liabilities [3]	3,430,607	3,762,184	4,080,853	5,164,622	5,434,308
Total liabilities	186,039,332	164,236,409	161,526,185	179,408,498	183,783,856
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions [4]	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
NET POSITION					
Restricted - Expendable by statute	241,860,276	250,449,355	258,447,575	263,388,668	266,811,356
Total net position	241,860,276	250,449,355	258,447,575	263,388,668	266,811,356
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 427,899,608	$ 414,685,764	$ 419,973,760	$ 442,797,166	$ 450,595,212

[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

2010-11	2011-12	2012-13	2013-14	2014-15	
					ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
					ASSETS
$ 103,701,676	$ 99,283,799	$ 93,685,407	$ 143,080,564	$ 214,344,782	Cash, cash equivalents, and investments
320,958,196	323,333,231	314,813,422	291,868,218	310,513,224	Program loans receivable
5,493,189	5,401,190	4,371,482	3,747,020	3,765,003	Other assets
430,153,061	428,018,220	412,870,311	438,695,802	528,623,009	Total assets
					DEFERRED OUTFLOWS OF RESOURCES
-	-	-	-	356,434	Deferred outflows of resources related to pensions [4]
-	-	-	864,910	4,362,447	Loss on refunding debt [2]
-	-	-	864,910	4,718,881	Total deferred outflows of resources
$ 430,153,061	$ 428,018,220	$ 412,870,311	$ 439,560,712	$ 533,341,890	**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**
					LIABILITIES. DEFERRED INFLOWS OF RESOURCES AND NET POSITION
					LIABILITIES
$ 135,189,315	$ 129,526,688	$ 123,683,680	$ 146,507,706	$ 208,290,797	Revenue bonds payable
18,955,223	19,307,372	7,880,252	6,562,703	37,666,191	Undisbursed loan commitments
-	-	-	-	3,200,240	Net pension liability [4]
5,272,741	5,415,247	2,787,755	4,794,542	3,296,412	Other liabilities [3]
159,417,279	154,249,307	134,351,687	157,864,951	252,453,640	Total liabilities
					DEFERRED INFLOWS OF RESOURCES
-	-	-	-	596,410	Deferred inflows of resources related to pensions [4]
-	-	-	-	596,410	Total deferred inflows of resources
					NET POSITION
270,735,782	273,768,913	278,518,624	281,695,761	280,291,840	Restricted - Expendable by statute
270,735,782	273,768,913	278,518,624	281,695,761	280,291,840	Total net position
$ 430,153,061	$ 428,018,220	$ 412,870,311	$ 439,560,712	$ 533,341,890	**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

	2005-06	2006-07	2007-08	2008-09	2009-10
OPERATING REVENUES					
Interest on loans receivable	$ 8,206,839	$ 9,021,323	$ 9,530,573	$ 10,192,579	$ 10,694,987
Investment income [2]	2,978,175	4,694,661	3,789,063	-	-
Administration fees	1,136,241	1,918,934	1,721,640	1,956,453	1,830,283
Total operating revenues	12,321,255	15,634,918	15,041,276	12,149,032	12,525,270
OPERATING EXPENSES					
Interest on bond debt	3,088,414	4,631,379	4,204,219	5,452,702	5,846,017
Amortization of bond issuance costs [3]	74,009	88,639	86,010	99,690	99,620
Program support	2,783,542	2,325,821	2,752,827	3,620,774	3,545,456
Total operating expenses	5,945,965	7,045,839	7,043,056	9,173,166	9,491,093
OPERATING INCOME	6,375,290	8,589,079	7,998,220	2,975,866	3,034,177
NONOPERATING REVENUE					
Investment earnings [2]	-	-	-	1,965,227	388,511
Total nonoperating revenue	-	-	-	1,965,227	388,511
Changes in net position	6,375,290	8,589,079	7,998,220	4,941,093	3,422,688
NET POSITION, Beginning of year [4]	235,484,986	241,860,276	250,449,355	258,447,575	263,388,668
NET POSITION, End of year	$ 241,860,276	$ 250,449,355	$ 258,447,575	$ 263,388,668	$ 266,811,356

[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 2005-06, 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

2010-11	2011-12	2012-13	2013-14	2014-15	
					OPERATING REVENUES
$ 10,442,066	$ 10,419,722	$ 10,270,967	$ 10,421,447	$ 9,206,557	Interest on loans receivable
-	-	-	-	-	Investment income [2]
1,535,375	1,826,084	1,428,048	1,726,297	1,552,859	Administration fees
11,977,441	12,245,806	11,699,015	12,147,744	10,759,416	Total operating revenues
					OPERATING EXPENSES
5,708,393	5,552,600	5,379,682	5,031,074	4,632,101	Interest on bond debt
152,327	110,719	-	-	-	Amortization of bond issuance costs [3]
2,673,325	3,968,784	3,058,486	4,158,113	4,206,661	Program support
8,534,045	9,632,103	8,438,168	9,189,187	8,838,762	Total operating expenses
3,443,396	2,613,703	3,260,847	2,958,557	1,920,654	**OPERATING INCOME**
					NONOPERATING REVENUE
481,030	419,428	212,302	218,580	241,235	Investment earnings [2]
481,030	419,428	212,302	218,580	241,235	Total nonoperating revenue
3,924,426	3,033,131	3,473,149	3,177,137	2,161,889	Changes in net position
266,811,356	270,735,782	275,045,475	278,518,624	278,129,951	**NET POSITION, Beginning of year** [4]
$ 270,735,782	$ 273,768,913	$ 278,518,624	$ 281,695,761	$ 280,291,840	**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, 2015 AND JUNE 30, 2006

	June 30, 2015			June 30, 2006		
	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 San Bernardino Municipal Water Department	$ 20,644,105	1	6.65%	$ 9,157,873	10	3.40%
City of Hawthorne	14,309,658	2	4.61%	19,142,080	2	7.11%
City of Santa Cruz	14,130,000	3	4.55%			
City of San Luis Obispo	13,961,118	4	4.50%			
Fresno Metropolitan Flood Control District	13,827,730	5	4.45%	18,701,193	3	6.95%
City of Porterville	11,623,316	6	3.74%			
City of Pittsburg	11,387,398	7	3.67%			
North Tahoe Fire Protection District	9,267,744	8	2.98%			
City of Davis	8,977,402	9	2.89%			
City of Bakersfield as successor agency to the Bakersfield Redevelopment Agency [2]	8,589,986	10	2.77%			
Orange County School of the Arts [3]				19,180,864	1	7.12%
City of El Segundo				10,000,000	4	3.71%
City of San Bernardino				10,000,000	5	3.71%
City of Madera				10,000,000	6	3.71%
Stockton Port District				9,761,669	7	3.63%
County of Sacramento Redevelopment Agency Successor Agency [2]				9,561,676	8	3.55%
City of Hanford				9,560,386	9	3.55%
Total of ten largest ISRF Program borrowers	126,718,457		40.81%	125,065,741		46.44%
All other ISRF Program borrowers	183,794,767		59.19%	144,228,501		53.56%
Total ISRF Program Loans receivable	$ 310,513,224		100.00%	$ 269,294,242		100.00%

[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 ISRF PROGRAM LOANS RECEIVABLE AND INTEREST RATES

FOR THE PAST TEN FISCAL YEARS

	2005-06	2006-07	2007-08	2008-09	2009-10
Total ISRF Program Loans receivable	$269,294,242	$282,990,412	$305,749,937	$311,504,489	$331,209,650
Weighted-average interest rate on total ISRF Program Loans receivable [1]	3.29%	3.27%	3.23%	3.24%	3.28%
Number of new ISRF Program Loans [2]	7	8	10	3	6
Range of interest rate on new ISRF Program Loans	2.37 - 3.03%	2.66 - 3.15%	2.71 - 3.17%	3.25 - 4.07%	3.27 - 4.00%
Range of loan term on new ISRF Program Loans	10 - 30 years	15 - 30 years	15 - 30 years	25 - 30 years	20 - 30 years

[1] The weighted-average interest rate on ISRF 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 ISRF 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 ISRF PROGRAM LOANS RECEIVABLE AND INTEREST RATES

FOR THE PAST TEN FISCAL YEARS

2010-11	2011-12	2012-13	2013-14	2014-15	
$320,958,196	$323,333,231	$314,813,422	$291,868,218	$310,513,224	Total ISRF Program Loans receivable
3.29%	3.26%	3.25%	3.18%	3.17%	Weighted-average interest rate on total ISRF Program Loans receivable [1]
1	3	1	3	5	Number of new ISRF Program Loans [2]
3.24%	2.61 - 3.37%	2.29%	2.26 - 2.77%	1.73 - 3.51%	Range of interest rate on new ISRF Program Loans
30 years	20 - 30 years	30 years	20 - 30 years	10 - 30 years	Range of loan term on new ISRF 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

	2005-06	2006-07	2007-08	2008-09	2009-10
IBank's legal limit on public development facility debt	$5.00 billion	$5.00 billion	$5.00 billion	$5.00 billion	$5.00 billion
Total amount outstanding on bonds issued to finance public development facilities [2]	$ 106,816,821	$ 103,510,754	$ 100,432,424	$ 145,839,491	$ 140,710,150
Remaining capacity for public development facility debt	$4.89 billion	$4.90 billion	$4.90 billion	$4.85 billion	$4.86 billion
IBank's legal limit on rate reduction bonds	$10.00 billion	$10.00 billion	$10.00 billion	$10.00 billion	$10.00 billion
Total amount outstanding on rate reduction bonds [3]	$ 921,758,121	$ 313,693,353	$ 1,661,939	$ -	$ -
Remaining capacity for rate reduction bonds	$9.08 billion	$9.69 billion	$9.998 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

2010-11	2011-12	2012-13	2013-14	2014-15	
$5.00 billion	$5.00 billion	$5.00 billion	$5.00 billion	$5.00 billion	IBank's legal limit on public development facility debt
$ 135,189,315	$ 129,526,688	$ 123,683,680	$ 146,507,706	$ 208,290,797	Total amount outstanding on bonds issued to finance public development facilities [2]
$4.86 billion	$4.87 billion	$4.88 billion	$4.85 billion	$4.79 billion	Remaining capacity for public development facility debt
$10.00 billion	$10.00 billion	$10.00 billion	$10.00 billion	$10.00 billion	IBank's legal limit on rate reduction bonds
$ -	$ -	$ -	$ -	$ -	Total amount outstanding on rate reduction bonds [3]
$10.00 billion	$10.00 billion	$10.00 billion	$10.00 billion	$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

	2005-06	2006-07	2007-08	2008-09	2009-10
Series 2004 ISRF Program Bonds [1]	$ 50,225,000	$ 48,930,000	$ 47,615,000	$ 46,275,000	$ 44,910,000
Series 2005 ISRF Program Bonds [1]	52,800,000	50,960,000	49,530,000	48,030,000	46,470,000
Series 2008 ISRF Program Bonds [2]	-	-	-	48,375,000	46,605,000
Series 2014A ISRF Program Bonds	-	-	-	-	-
Series 2015A ISRF Program Bonds	-	-	-	-	-
Unamortized Net Premium	3,791,821	3,620,754	3,287,424	3,159,491	2,725,150
Total ISRF Program Bonds outstanding	$ 106,816,821	$ 103,510,754	$ 100,432,424	$ 145,839,491	$ 140,710,150
Series-pledged ISRF Program Loans receivable [3]	$ 154,295,885	$ 148,316,271	$ 143,622,194	$ 211,216,003	$ 203,348,112
Ratio of ISRF Program Bonds outstanding to series-pledged ISRF Program Loans receivable	0.69	0.70	0.70	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

2010-11	2011-12	2012-13	2013-14	2014-15	
$ 43,515,000	$ 42,055,000	$ 40,525,000	$ -	$ -	Series 2004 ISRF Program Bonds [1]
44,835,000	43,140,000	41,360,000	-	-	Series 2005 ISRF Program Bonds [1]
44,500,000	42,330,000	40,095,000	37,795,000	-	Series 2008 ISRF Program Bonds [2]
-	-	-	95,960,000	93,320,000	Series 2014A ISRF Program Bonds
-	-	-	-	90,070,000	Series 2015A ISRF Program Bonds
2,339,315	2,001,688	1,703,680	12,752,706	24,900,797	Unamortized Net Premium
$ 135,189,315	$ 129,526,688	$ 123,683,680	$ 146,507,706	$ 208,290,797	Total ISRF Program Bonds outstanding
$ 195,160,107	$ 185,227,425	$ 189,272,085	$ 254,251,622	$ 305,562,752	Series-pledged ISRF Program Loans receivable [3]
0.69	0.70	0.65	0.58	0.68	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 BOND YEARS [2]

Bond Year	Series-pledged ISRF Program Loan Repayments [3]	Reserve Account Earnings [4]	Total Amount Available for Debt Service [5]	ISRF Program Bonds Debt Service: Principal	ISRF Program Bonds Debt Service: Interest	ISRF Program Bonds Debt Service: Total	Debt Service Coverage Ratio
2004-05	$ 4,522,348	$ 136,247	$ 4,658,595	$ 1,145,000	$ 2,262,343	$ 3,407,343	1.37
2005-06	11,033,439 [6]	279,757	11,313,202	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	6,841,787	11,841,787	2.15

[1] Schedule reflects the aggregate of the ISRF Program Bond series outstanding in each bond year.
[2] Bond year means the period of twelve consecutive months from October 2 through the following October 1.
[3] Includes interest and principal paid on Series-Pledged Loans
[4] Investment income includes only that amount received on funds pledged to ISRF Program Bonds debt service.
[5] Excludes capitalized interest in bond year 2004-05.
[6] 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

	2005	2006	2007	2008	2009
State population (in thousands)	35,986	36,247	36,553	36,856	37,077
Personal income (in millions)	$ 1,396,173	$ 1,499,452	$ 1,564,441	$ 1,596,282	$ 1,536,430
Per capita personal income [1]	$ 38,798	$ 41,368	$ 42,799	$ 43,311	$ 41,439
Labor force and employment (in thousands)					
Civilian labor force	17,545	17,687	17,921	18,207	18,220
Employed	16,592	16,821	16,961	16,894	16,155
Unemployed	953	865	960	1,314	2,065
Unemployment rate	5.4%	4.9%	5.4%	7.2%	11.3%

Sources: Population as of December 2014 - Demographic Research Unit, California Department of Finance

Personal income as of March 25, 2015 - Bureau of Economic Analysis, United States Department of Commerce

Labor force and employment as of August 21, 2015 - 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

2010	2011	2012	2013	2014	
37,309	37,570	37,872	38,205	38,499	State population (in thousands)
$ 1,579,148	$ 1,683,204	$ 1,768,039	$ 1,817,010	$ 1,944,369	Personal income (in millions)
$ 42,326	$ 44,802	$ 46,685	$ 47,559	$ 50,504	Per capita personal income [1]
					Labor force and employment (in thousands)
18,336	18,418	18,519	18,597	18,811	Civilian labor force
16,068	16,250	16,590	16,933	17,397	Employed
2,268	2,168	1,929	1,664	1,414	Unemployed
12.4%	11.8%	10.4%	8.9%	7.5%	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 2014 AND 2005

	2014		2005	
INDUSTRY	Employees	Percentage of Total State Employment	Employees	Percentage of Total State Employment
Farming	417,200	2.60%	378,200	2.46%
Mining and logging	31,300	0.19%	23,600	0.15%
Construction	675,400	4.20%	905,300	5.88%
Manufacturing	1,269,600	7.90%	1,505,200	9.78%
Trade, transportation & utilities	2,871,100	17.89%	2,820,000	18.32%
Information	457,900	2.85%	473,600	3.08%
Financial activities	784,300	4.88%	920,300	5.98%
Professional & business services	2,433,400	15.15%	2,162,000	14.05%
Educational & health services	2,414,400	15.03%	1,802,300	11.71%
Leisure and hospitality	1,757,100	10.94%	1,475,200	9.58%
Other services	539,800	3.36%	505,500	3.28%
Government				
Federal	242,300	1.51%	250,400	1.63%
State	496,800	3.09%	463,300	3.01%
Local	1,672,000	10.41%	1,706,400	11.09%
TOTALS	16,062,600	100.00%	15,391,300	100.00%

Sourc Labor Market Information Division, California Employment Development Department
Industry Employment and Labor Force - by Annual Average as of August 15, 2015

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

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14[2]	2014-15[2]
Executive/ Administration/ Legal[4]	6	5	5	7	7	7	7	7	9	5
Bond Programs[5]	3	4	4	4	4	4	4	4	3	4
Compliance[3]										2
External Affairs[3]										2
Fiscal[3]										3
Legal/Legislation[3]										3
Loan Programs[5]	11	11	11	14	14	13	13	12	11	6
Small Business Finance Center[3]										2
Total Employees	20	20	20	25	25	24	24	23	23	27

[1] Data represents permanent, full-time positions.

[2] For FY 2013-14 and FY 2014-15, 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

	2005-06	2006-07	2007-08	2008-09	2009-10
Infrastructure State Revolving Fund (ISRF) Program					
Preliminary Applications: [1]					
Number of applications received	19	20	11	10	14
Financing amount requested	$ 48,293,789	$ 70,878,000	$ 32,074,224	$ 60,980,525	$ 29,597,760
Financing Applications:					
Number of applications received	12	8	7	4	4
Financing amount requested	$ 44,910,000	$ 29,110,000	$ 26,450,000	$ 14,297,000	$ 6,020,000
Approved Loans:					
Number of loans approved	11	6	8	6	3
Financing amount approved	$ 44,916,000	$ 23,800,000	$ 29,751,600	$ 22,847,500	$ 17,000,000
Loan Disbursements:					
Number of transactions	110	87	67	62	39
Total amount disbursed	$ 37,889,135	$ 38,909,915	$ 30,764,260	$ 43,879,185	$ 21,146,788
Number of outstanding loans	59	67	76	79	85
Conduit Financing Programs					
Preliminary Applications: [2]					
Number of applications received	2	3	3	2	2
Financing amount requested	$ 13,200,000	$ 20,500,000	$ 21,335,000	$ 20,000,000	$ 9,850,000
Financing Applications:					
Number of applications received	5	18	18	13	13
Financing amount requested	$ 177,300,000	$ 692,010,000	$1,559,380,000	$1,722,550,000	$ 814,310,000
Bonds Sold:					
Number of bonds sold	10	19	20	17	17
Financing amount sold	$ 265,640,000	$ 814,422,774	$1,030,136,886	$1,248,990,000	$ 985,885,000

[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

2010-11	2011-12	2012-13	2013-14	2014-15	
					Infrastructure State Revolving Fund Program
					Preliminary Applications: [1]
9	2	8	-	-	Number of applications received
$ 49,887,500	$ 5,470,231	$ 27,908,700	-	-	Financing amount requested
					Financing Applications:
2	1	6	7	7	Number of applications received
$ 7,737,500	$ 10,000,000	$ 18,722,500	$ 48,243,460	$ 63,575,501	Financing amount requested
					Approved Loans:
2	2	3	3	7	Number of loans approved
$ 3,500,000	$ 16,756,500	$ 12,122,500	$ 12,050,000	$ 56,356,772	Financing amount approved
					Loan Disbursements:
44	38	27	14	16	Number of transactions
$ 19,861,726	$ 16,151,949	$ 18,927,120	$ 6,540,050	$ 4,263,908	Total amount disbursed
86	88	88	90	94	Number of outstanding loans
					Conduit Financing Programs
					Preliminary Applications: [2]
2	-	-	1	3	Number of applications received
$ 11,500,000	-	-	$ 5,950,000	$ 16,351,499	Financing amount requested
					Financing Applications:
13	6	7	10	14	Number of applications received
$ 695,065,000	$ 753,925,000	$ 719,080,000	$ 481,250,000	$ 429,181,499	Financing amount requested
					Bonds Sold:
10	9	5	11	10	Number of bonds sold
$ 203,300,000	$ 851,100,000	$ 328,780,000	$ 735,423,063	$ 270,300,000	Financing amount sold

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

Diane J. Nanik
Manager

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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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