

**CALIFORNIA SCHOOL  
FINANCE AUTHORITY**

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

**YEAR ENDED  
JUNE 30, 2021**

# CALIFORNIA SCHOOL FINANCE AUTHORITY

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## **INDEPENDENT AUDITOR'S REPORT**

**California School Finance Authority Members  
Los Angeles, California**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the California School Finance Authority (the Authority), a related organization of the State of California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of bonds and collateralized notes authorized, issued, and outstanding is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of bonds and collateralized notes authorized, issued, and outstanding and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of bonds and collateralized notes authorized, issued, and outstanding and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Gilbert CPAs". The signature is written in a cursive, flowing style.

**GILBERT CPAs**  
**Sacramento, California**

**September 29, 2022**

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) FOR THE YEAR ENDED JUNE 30, 2021

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This section of the financial statements of the California School Finance Authority (Authority) provides an overview of the Authority's programs and presents the analysis of the financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the Authority's basic financial statements that follow this section.

### **AUTHORITY BACKGROUND AND PROGRAMS**

The Authority was created in 1985 to provide tax-exempt, low-cost financing to school districts and community college districts for use in the repair and construction of school facilities as well as provide financing for working capital purposes. The Authority serves as a conduit issuer of bonds and notes on behalf of school districts, community college districts, and, since 2010, charter schools. The Authority is chaired by the State Treasurer, and the Superintendent of Public Instruction and the Director of Finance serve as members. The Authority has offices in Los Angeles and Sacramento. The Authority administers a number of federally- and state-funded grant, loan, and bond programs, which are described below.

Charter School Facilities Program: The Charter School Facilities Program (CSFP) was enacted in 2002 by Assembly Bill 14, amended by Senate Bill 15 and Assembly Bill 16, and funded through Proposition 47 (\$100 million), Proposition 55 (\$300 million), Proposition 1D (\$500 million), and Proposition 51 (\$500 million) for the purposes of constructing, acquiring, or renovating new facilities for site-based charter school students throughout California. The CSFP allows charter schools to access state facility funding for new construction directly or through the school district where the charter school is physically located. The program funds 50 percent of project costs as a grant (paid by the State), while the charter school, in the form of a long-term lease or a lump sum payment, repays the other 50 percent. The Program is jointly administered by Office of Public School Construction (OPSC) staff, and for its part, the OPSC makes recommendations to the State Allocation Board (SAB) regarding which Program applicants receive preliminary apportionments (a reservation of program funds) based on criteria outlined in statute and in SAB program regulations. Among other things, the Authority is responsible for: 1) making a financial soundness determination for all Program applicants at the time of preliminary, advance and final apportionment; 2) conducting on-going monitoring and due diligence of recipients' financial soundness before and after final apportionment; 3) carrying out due diligence on guarantors or related organizations, when applicable; 4) developing, negotiating, and maintaining Program agreements on behalf of the State; and 5) integrating Program funding into the Authority's existing financing programs. This program is accounted for in the Charter School Facilities Program Account Fund.

Charter School Facility Grant (SB740) Program: The Charter School Facility Grant (SB740) Program provides annual grants to offset on-going annual facility costs for charter schools serving a high percentage of students eligible for free or reduced-price meals (FRPM) or schools that are located in a public elementary school boundary serving a similar demographic. This program is accounted for in the Charter Schools Facility Grant Program Fund.

Charter School Facilities Credit Enhancement Grant Program: The federally-funded Charter School Facilities Credit Enhancement Grant Program provides grants to fully or partially fund debt service reserve accounts on bond transactions issued through the Authority. The grant is intended to reduce the overall cost of borrowing for charter schools as it eliminates the need to fund the reserve through bond proceeds. In addition to the existing \$8.3 million grant, the Authority was awarded \$8 million for the Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program in September 2017. This program enhances financing to charter schools to accelerate the development of permanent charter school

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) FOR THE YEAR ENDED JUNE 30, 2021

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facilities. In August 2019, through the same federal grant program, the Authority was awarded a \$20 million grant for the Charter Access to Bank Loan Enhancement (Charter ABLE) Program. This program is accounted for in the Federal Trust Fund (CFDA 85.354A).

State Charter School Facilities Incentive Grants Program: The federally-funded State Charter School Facilities Incentive Grants Program assists charter schools in offsetting on-going costs as well as acquisition, construction and renovation. The three-year grant provides funding for rent, lease, mortgage, construction costs, or debt service. Charter schools are eligible to apply for grant funds to supplement California's Charter School Facility Grant Program for its charter school students. This program is accounted for in the Federal Trust Fund (CFDA 84.282D).

Charter School Revolving Loan Fund Program: The Charter School Revolving Loan Fund (CSRLF) Program provides low-cost loans of up to \$250,000 to charter schools, with priority given to schools opening in the current fiscal year. This program is accounted for in the Charter School Revolving Loan Fund.

Conduit Financing Program: The conduit financing program provides school districts, community college districts, county offices of education, and non-profit borrowers access to tax-exempt and other tax-advantaged bonds and notes through capital markets. This program is accounted for in the California School Finance Authority Fund.

### OVERVIEW OF FINANCIAL STATEMENTS

This financial report of the Authority's bond, state and federal programs includes an independent auditor report, management discussion and analysis, and basic financial statements.

### BASIC FINANCIAL STATEMENTS

The *Statement of Net Position* includes all of the assets and liabilities of the Authority's programs for the year that ended on June 30, 2021.

The *Statement of Activities* accounts for all of the Authority's revenue and expenses for the year that ended on June 30, 2021. This statement reflects the result of the Authority's operations over the year and may be used to determine the Authority's credit worthiness and its ability to successfully recover all of its costs.

The *Fund Financial Statements* provide information about the Authority's funds for the year that ended on June 30, 2021. Separate statements for governmental and enterprise funds are presented.

The *Statement of Cash Flows-Proprietary Funds* provides information about the Authority's Enterprise Fund's cash receipts and cash payments during the year that ended on June 30, 2021. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, noncapital financing and investment activities. The statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting period covered.

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



# CALIFORNIA SCHOOL FINANCE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) FOR THE YEAR ENDED JUNE 30, 2021

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### ANALYSIS OF CHANGE IN PROGRAM BALANCE FOR FISCAL YEAR ENDED JUNE 30, 2021

#### Net Change in Fund Balances – Total Governmental Funds

Long-term loans by governmental funds are treated as expenditures in the year advanced, and as revenue in the year the loan is repaid, and is measurable and available in the fund financial statement. The loans receivable are recorded in the fund statements, but are deferred to indicate it does not represent current financial resources. The loans are recognized when advanced in the government-wide statement.

Changes in liability for compensated absences, early retirement incentives and other postemployment benefits were not recorded as expenditures in governmental funds as they were not expected to be liquidated with current financial resources.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) FOR THE YEAR ENDED JUNE 30, 2021

### STATEMENT OF NET POSITION

The following chart represents a statement of net positions as of June 30, 2021:

#### CALIFORNIA SCHOOL FINANCE AUTHORITY STATEMENT OF NET POSITION June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 18,775,511	\$ 18,463,861	\$ 37,239,372
Accounts Receivable	16,330	227,130	243,460
Due from External Funds	1,139,151	65,384	1,204,535
Internal Balances	3,410	(3,410)	-
Long-Term Loans Receivable, Net	<u>20,003,508</u>	<u>-</u>	<u>20,003,508</u>
Total Assets	<u>39,937,910</u>	<u>18,752,965</u>	<u>58,690,875</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Outflows of Resources Related to Pensions	296,511	-	296,511
Deferred Outflows of Resources Related to OPEB	<u>47,000</u>	<u>-</u>	<u>47,000</u>
Total Deferred Outflows of Resources	<u>343,511</u>	<u>-</u>	<u>343,511</u>
<b>LIABILITIES:</b>			
Accounts Payable	939,073	7,206	946,279
Advances from Federal Government		17,000,379	17,000,379
Due to External Funds	840,486	36,202	876,688
Loans Payable – SMIF (SB 84)	11,568	-	11,568
Long-Term Advances from Federal Government	6,376,447	-	6,376,447
Long-Term Accrued Vacation	223,752	-	223,752
Long-Term OPEB Liability, Net	513,000	-	513,000
Long-Term Pension Liabilities, Net	<u>1,415,100</u>	<u>-</u>	<u>1,415,100</u>
Total Liabilities	<u>10,319,426</u>	<u>17,043,787</u>	<u>27,363,213</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows of Resources Related to Pensions	74,238	-	74,238
Deferred inflows of resources Related to OPEB	<u>77,000</u>	<u>-</u>	<u>77,000</u>
Total Inflows of Resources	<u>151,238</u>	<u>-</u>	<u>151,238</u>
<b>NET POSITION:</b>			
Restricted for Educational Purposes	<u>29,810,757</u>	<u>1,709,178</u>	<u>31,519,935</u>
Total Net Position	<u>\$ 29,810,757</u>	<u>\$ 1,709,178</u>	<u>\$ 31,519,935</u>

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) FOR THE YEAR ENDED JUNE 30, 2021

The following chart represents a statement of net positions as of June 30, 2020:

### CALIFORNIA SCHOOL FINANCE AUTHORITY STATEMENT OF NET POSITION June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Current Assets	\$ 14,122,160	\$ 1,394,369	\$ 15,516,529
Long-Term Assets	23,361,230	333,420	23,694,650
Deferred Outflows of Resources	<u>318,357</u>	<u>-</u>	<u>318,357</u>
Total Assets and Outflows of Resources	<u>37,801,747</u>	<u>1,727,789</u>	<u>39,529,536</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>			
Current Liabilities	893,009	35,120	928,129
Long-Term Liabilities	9,363,247	-	9,363,247
Deferred Inflows of Resources	<u>214,100</u>	<u>-</u>	<u>214,100</u>
Total Liabilities and Inflows of Resources	<u>10,470,356</u>	<u>35,120</u>	<u>10,505,476</u>
<b>NET POSITION:</b>			
Restricted for Educational Purposes	<u>\$ 27,331,391</u>	<u>\$ 1,692,669</u>	<u>\$ 29,024,060</u>

#### NOTES AND ACCOUNTS RECEIVABLE

Long-term loans issued under the Charter Schools Revolving Loan Fund Program in the Charter School Revolving Loan Fund are treated as expenditures in the year advanced, and as revenue in the year repayment is measurable and available in the fund financial statements. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements.

Loan and interest receivable balances are reported as net of an allowance for doubtful accounts. This is based on historical collection experience and a review of the current status of loan receivables.

#### DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The Authority has deferred outflows related to pension of \$296,511 and deferred outflows related to OPEB of \$47,000 on the statement of net position.

The Authority has deferred inflows related to pension of \$74,238 and deferred inflows related to OPEB of \$77,000 on the statement of net position. The Charter Schools Revolving Loan Fund has unavailable revenue of \$12,591,691 due to the Charter School Revolving Loan Fund Program on the fund financial statements.

# **CALIFORNIA SCHOOL FINANCE AUTHORITY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) FOR THE YEAR ENDED JUNE 30, 2021**

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### **INTERFUND BALANCES AND TRANSFERS**

Interfund balances and transfers related to information on loans, provided services, reimbursements or transfers during the year that ended on June 30, 2021.

### **PENSION PLANS**

The Authority participates in the State of California's Public Employees' Retirement System (CalPERS), which is a defined benefit agent multi-employer contributory retirement plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries.

### **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The State of California provides health care and dental benefits to annuitants of retirement systems to which the State contributes as an employer, through the State of California Other Post-Employment Benefits Plan, a single-employee defined benefit plan. The health and dental benefits provided through the plan can be amended by the CalPERS Board of Administration and the California Department of Human Resources. The net OPEB liability as of June 30, 2021 was \$513,000.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) FOR THE YEAR ENDED JUNE 30, 2021

### STATEMENT OF ACTIVITIES

The following chart represents the statement of activities as of June 30, 2021:

### CALIFORNIA SCHOOL FINANCE AUTHORITY STATEMENT OF ACTIVITIES June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>OPERATING REVENUE:</b>			
Operating Grants			
State Apportionment	\$ 130,333,268	\$ -	\$ 130,333,268
Federal Revenues	11,439,680	-	11,439,680
Charges for Services			
Fee Revenue	-	825,712	825,712
Total Operating Revenue	141,772,948	825,712	142,598,660
<b>OPERATING EXPENSES:</b>			
State Grants Issued	128,888,346	-	128,888,346
Federal Grants Issued	11,142,108	-	11,142,108
Salaries and Wages	694,711	289,952	984,663
Operating Expenses	360,794	435,096	795,890
Benefits and Payroll Taxes	420,255	85,298	505,553
Pension and OPEB	282,937	-	282,937
Uncollectable Loans – Bad Debt	72,586	-	72,586
Miscellaneous Expenses	188,127	5,313	220,612
Total Operating Expenses	142,077,036	815,659	142,892,695
<b>OPERATING INCOME</b>	<b>(304,088)</b>	<b>10,053</b>	<b>(294,035)</b>
<b>NON-OPERATING REVENUE:</b>			
Interest Income	1,145,521	6,456	1,179,149
Total Non-Operating Revenue	1,172,693	6,456	1,179,149
Increase in Net Position	868,605	16,509	885,114
Net Position – Beginning	28,942,152	1,692,669	30,634,821
Net Position - Ending	<b>\$ 29,810,757</b>	<b>\$ 1,709,178</b>	<b>\$ 31,519,935</b>

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) FOR THE YEAR ENDED JUNE 30, 2021

The following chart represents the statement of activities as of June 30, 2020:

### CALIFORNIA SCHOOL FINANCE AUTHORITY STATEMENT OF ACTIVITIES June 30, 2020

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Total Operating Revenues	\$ 158,671,395	\$ 572,027	\$ 159,243,422
Total Operating Expenses	157,413,773	233,399	157,647,172
Operating Income	1,257,622	338,628	1,596,250
Total Non-Operating Revenues	257,144	22,624	279,768
Increase in Net Position	1,514,766	361,252	1,876,018
Net Position – Beginning	25,816,625	1,331,417	27,148,042
Net Position - Ending	<u>\$ 27,331,391</u>	<u>\$ 1,692,669</u>	<u>\$ 29,024,060</u>

#### REVENUES

The Authority's revenues are derived from federal and state appropriations to assist charter schools with facility and related expenses. Additional revenues are generated through fees charged to borrowers through the Authority's conduit bond program.

#### EXPENSES

The Authority's expenses represent grant and loan proceeds disbursed to charter schools. Other expenses are attributed to the Authority's operations and pay for salary and benefit costs, as well as administrative costs such as facilities and support services.

#### NET POSITION

The Authority's Net Position on the government-wide financial statements are statutorily restricted for the purposes of assisting eligible charter schools through loan, grant, and bond programs.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) FOR THE YEAR ENDED JUNE 30, 2021

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### ECONOMIC FACTORS AND CURRENT ACTIVITIES

The Authority anticipates the following considerations that could impact program activity.

- Given the protracted nature of the COVID-19 pandemic, and its impact on the economy, the Authority anticipates continued volatility in the capital markets. Additionally, the war in Ukraine has had an impact on the capital markets. This volatility may impact the Authority's Conduit Financing Program.
- The implementation of the Authority's federal grant programs (CFDA 85.354A) will bring in additional revenue and may require additional resources to carry out the grant program.
- The development of new financing programs for school and community college districts may bring in additional revenue and require additional resources needed to carry out the Authority's core programs.
- Changes in state and federal funding or new subsidies could increase the Authority's activities.
- Continued interest rate increases by the Federal Reserve may slow down the economy which could have an impact on state revenues. Changes in state revenue could impact state revenues to local educational agencies which in turn impacts the Authority's programmatic activities.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's bond, state, and federal financial positions, and is intended for distribution to a variety of interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Katrina Johantgen, Executive Director  
California School Finance Authority  
300 S. Spring Street, Suite 8500  
Los Angeles, California 90013  
[kjohantgen@treasurer.ca.gov](mailto:kjohantgen@treasurer.ca.gov)  
[www.treasurer.ca.gov/csfa/financial.asp](http://www.treasurer.ca.gov/csfa/financial.asp)

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## STATEMENT OF NET POSITION JUNE 30, 2021

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 18,775,511	\$ 18,463,861	\$ 37,239,372
Accounts receivable	16,330	227,130	243,460
Due from external funds	1,139,151	65,384	1,204,535
Internal balances	3,410	(3,410)	
Long-term loans receivable, net	20,003,508		20,003,508
Total Assets	39,937,910	18,752,965	58,690,875
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources related to pension	296,511		296,511
Deferred outflows of resources related to OPEB	47,000		47,000
Total Deferred Outflows of Resources	343,511		343,511
<b>LIABILITIES:</b>			
Accounts payable	939,073	7,206	946,279
Advances from federal government		17,000,379	17,000,379
Due to external funds	840,486	36,202	876,688
Loan payable - SMIF (SB 84)	11,568		11,568
Long-term advances from federal government	6,376,447		6,376,447
Long-term accrued vacation	223,752		223,752
Long-term net OPEB liability	513,000		513,000
Long-term net pension liability	1,415,100		1,415,100
Total Liabilities	10,319,426	17,043,787	27,363,213
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows of resources related to pension	74,238		74,238
Deferred inflows of resources related to OPEB	77,000		77,000
Total Deferred Inflows of Resources	151,238		151,238
<b>NET POSITION:</b>			
Restricted for Educational Purposes	29,810,757	1,709,178	31,519,935
Total Net Position	\$ 29,810,757	\$ 1,709,178	\$ 31,519,935

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



# CALIFORNIA SCHOOL FINANCE AUTHORITY

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>OPERATING REVENUES:</b>			
Operating grants:			
State apportionment	\$ 130,333,268		\$ 130,333,268
Federal revenues	11,439,680		11,439,680
Charges for services:			
Fee revenue		\$ 825,712	825,712
Total Operating Revenue	141,772,948	825,712	142,598,660
<b>OPERATING EXPENSES:</b>			
State grants issued	128,888,346		128,888,346
Federal grants issued	11,142,108		11,142,108
Salaries and wages	694,711	289,952	984,663
Operating expense	360,794	435,096	795,890
Benefits and payroll taxes	420,255	85,298	505,553
Pension and OPEB	282,937		282,937
Uncollectable loans - bad debt	72,586		72,586
Miscellaneous expense	188,127	5,313	193,440
Total Operating Expenses	142,049,864	815,659	142,865,523
<b>OPERATING INCOME (LOSS)</b>	<b>(276,916)</b>	<b>10,053</b>	<b>(266,863)</b>
<b>NON-OPERATING REVENUE:</b>			
Miscellaneous revenue			
Interest income	1,145,521	6,456	1,151,977
Total Non-Operating Revenues	1,145,521	6,456	1,151,977
Increase in Net Position	868,605	16,509	885,114
Net Position - Beginning, as restated	28,942,152	1,692,669	30,634,821
Net Position - Ending	\$ 29,810,757	\$ 1,709,178	\$ 31,519,935

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

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## BALANCE SHEETS GOVERNMENTAL FUNDS JUNE 30, 2021

	Charter Schools Facilities Grant Program Fund	Charter School Revolving Loan Fund	Federal Trust Fund	Charter Schools Facilities Account Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 1,837,371	\$ 15,775,986	\$ 1,162,154		\$ 18,775,511
Accounts receivable	9		15,404	\$ 917	16,330
Due from external funds	176,723		961,615	813	1,139,151
Due from internal funds	284		11,249	108,717	120,250
Long-term loans receivable, net		12,591,691	7,411,817		20,003,508
Total Assets	\$ 2,014,387	\$ 28,367,677	\$ 9,562,239	\$ 110,447	\$ 40,054,750
<b>LIABILITIES:</b>					
Accounts payable			\$ 889,165	\$ 49,908	\$ 939,073
Due to external funds	\$ 10		834,135	6,341	840,486
Due to internal funds		\$ 4	116,556	280	116,840
Long-term advances from federal government			6,376,447		6,376,447
Total Liabilities	10	4	8,216,303	56,529	8,272,846
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue		\$ 12,591,691			12,591,691
<b>FUND BALANCES:</b>					
Restricted for Educational Purposes	2,014,377	15,775,982	1,345,936	53,918	19,190,213
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,014,387	\$ 28,367,677	\$ 9,562,239	\$ 110,447	\$ 40,054,750

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

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES JUNE 30, 2021

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Total Fund Balance, Governmental Funds	\$ 19,190,213
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Long-term receivables are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	12,591,691
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In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources are reported as follows:

Deferred outflows of resources related to pension	296,511
Deferred outflows of resources related to OPEB	47,000
Deferred inflows of resources related to pension	(74,238)
Deferred inflows of resources related to OPEB	(77,000)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities are included in governmental activities in the statement of net position as follows:

Accrued vacation	(223,752)
Loan payable - SMIF (SB 84)	(11,568)
Net OPEB liability	(513,000)
Net pension liability	<u>(1,415,100)</u>

Total Net Position, Governmental Activities	<u>\$ 29,810,757</u>
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**CALIFORNIA SCHOOL FINANCE AUTHORITY**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	<b>Charter Schools Facilities Grant Program Fund</b>	<b>Charter School Revolving Loan Fund</b>	<b>Federal Trust Fund</b>	<b>Charter Schools Facilities Account Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>					
State apportionment	\$ 129,417,784			\$ 915,484	\$ 130,333,268
Loan principal repayments		\$ 7,086,064			7,086,064
Federal revenues			\$ 11,439,680		11,439,680
Interest income	226,623		48,898		275,521
Charter repayment			870,000		870,000
Total Revenues	<u>129,644,407</u>	<u>7,086,064</u>	<u>12,358,578</u>	<u>915,484</u>	<u>150,004,533</u>
<b>EXPENDITURES:</b>					
Salaries and wages	224,330		177,784	292,597	694,711
Benefits and payroll taxes	105,631		81,155	120,968	307,754
Operating expense	4		21,519	339,271	360,794
State grants issued	128,888,346				128,888,346
Loans issued		5,200,000			5,200,000
Federal grants issued			11,142,108		11,142,108
Miscellaneous expenses	58,261	1	17,114	112,752	188,128
Total Expenditures	<u>129,276,572</u>	<u>5,200,001</u>	<u>11,439,680</u>	<u>865,588</u>	<u>146,781,841</u>
Excess of Revenues over Expenditures	<u>367,835</u>	<u>1,886,063</u>	<u>918,898</u>	<u>49,896</u>	<u>3,222,692</u>
Increase in Fund Balances	367,835	1,886,063	918,898	49,896	3,222,692
Fund Balances - Beginning, as restated	<u>1,646,542</u>	<u>13,889,919</u>	<u>427,038</u>	<u>4,022</u>	<u>15,967,521</u>
Fund Balances - Ending	<u>\$ 2,014,377</u>	<u>\$ 15,775,982</u>	<u>\$ 1,345,936</u>	<u>\$ 53,918</u>	<u>\$ 19,190,213</u>

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

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES GOVERNMENTAL ACTIVITIES YEAR ENDED JUNE 30, 2021

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Net Change in Fund Balances - Total Governmental Funds	\$ 3,222,692
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Amounts reported for governmental activities in the statement of activities are different because:

Long-term loans by governmental funds are treated as expenditures in the year advanced and as revenue in the year repayment is measurable and available in the fund financial statements. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements.

Revenues	(7,086,064)	
Expenditures	<u>5,200,000</u>	(1,886,064)

Uncollectable loans receivable are treated as a reduction in loans receivable and unavailable revenue in the period determined to be uncollectable in the fund financial statements. The bad debt expense is not shown on the fund financial statements, but is recorded on the government-wide statements. (72,585)

Changes in the liability for compensated absences are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In government-wide statements, they are recognized when earned. (112,501)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual-basis pension costs and actual employer contributions was: (13,937)

In governmental funds, other postemployment benefit costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. The difference between accrual-basis OPEB costs and actual employer contributions was: (269,000)

Change in Net Position of Governmental Activities	<u>\$ 868,605</u>
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# CALIFORNIA SCHOOL FINANCE AUTHORITY

## STATEMENT OF NET POSITION ENTERPRISE FUND JUNE 30, 2021

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	<b>California School Finance Authority Fund</b>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 18,463,861
Accounts receivable	227,130
Due from external funds	65,384
Due from internal funds	<u>116,556</u>
Total Current Assets	<u>18,872,931</u>
<b>CURRENT LIABILITIES:</b>	
Accounts payable	7,206
Advances from federal government	17,000,379
Due to external funds	36,202
Due to internal funds	<u>119,966</u>
Total Current Liabilities	<u>17,163,753</u>
<b>NET POSITION:</b>	
Restricted for Educational Purposes	<u>1,709,178</u>
Total Net Position	<u>\$ 1,709,178</u>

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION ENTERPRISE FUND YEAR ENDED JUNE 30, 2021

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	<b>California School Finance Authority Fund</b>
<b>OPERATING REVENUES:</b>	
Fee revenue	\$ 825,712
<b>OPERATING EXPENSES:</b>	
Salaries and wages	289,952
Debt issuance costs and other operating expense	435,096
Benefits and payroll taxes	85,298
Miscellaneous expense	5,313
Total Operating Expenses	<u>815,659</u>
<b>OPERATING INCOME</b>	<u>10,053</u>
<b>NON-OPERATING REVENUE:</b>	
Interest income	<u>6,456</u>
Increase in Net Position	16,509
Net Position - Beginning	<u>1,692,669</u>
Net Position - Ending	<u>\$ 1,709,178</u>

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## STATEMENT OF CASH FLOWS ENTERPRISE FUND YEAR ENDED JUNE 30, 2021

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	<b>California School Finance Authority Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from fees	\$ 794,554
Payments to suppliers	(403,822)
Payments to charters	(74,019,618)
Receipts from federal government	91,019,997
Payments to employees	(266,533)
Net cash and cash equivalents provided by operating activities	<u>17,124,578</u>
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Miscellaneous expenditures	<u>(61,542)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	<u>6,456</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	17,069,492
 <b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>1,394,369</u>
 <b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 18,463,861</u>
 <b>RECONCILIATION OF OPERATING INCOME TO CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 10,053
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(31,158)
Due from internal funds	184,205
Accounts payable	(6,058)
Advances from federal government	17,000,379
Due to external funds	14,346
Due to internal funds	<u>(47,189)</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 17,124,578</u>

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



# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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### 1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### A. GENERAL

The California School Finance Authority (the Authority) was created in 1985 to finance educational facilities and provide school districts and community college districts access to working capital. Since its inception, the Authority has developed a number of school facilities financing programs, and most recently is focused on meeting charter schools' facility and working capital needs. The Authority is comprised of a three-member board with the State Treasurer serving as Chair and the Superintendent of Public Instruction and the Director of Finance serving as members. Legislation pertaining to the California School Finance Authority Act (the Act) that established the Authority is contained in Education Code Sections 17170 through 17199.5.

The Authority contracts with the State Treasurer's Office to provide administrative support including, but not limited to accounting, legal, budgets, data processing, personnel, and business services.

#### B. THE REPORTING ENTITY

These financial statements present information on the financial activities of the Authority. The Authority is a related organization of the State of California. The California State Treasurer by legislation serves as the Chairperson and is responsible for the oversight of the Authority.

#### C. BASIS OF PRESENTATION

##### *Government-Wide Financial Statements*

The statement of net position and statement of activities display information about the Authority as a whole. These statements include the financial activities of the Authority. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Authority. Governmental activities, which normally are supported by operating grant revenues, are reported separately from business-type activities, which rely on fees charged to external parties.

The statement of activities demonstrates the degree to which the operating expenses are offset by operating revenues for the program purpose of the Authority, which is school financing assistance. Revenues that are not classified as program revenues are presented instead as non-operating revenues.

##### *Fund Financial Statements*

The fund financial statements provide information about the Authority's funds. Separate statements for each fund category ~ governmental, proprietary and fiduciary ~ are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. There are no non-major funds as of June 30, 2021.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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The Authority reports the following major governmental funds:

- The *Charter Schools Facilities Grant Program Fund* is a state funded program that provides grants to charter schools for facilities (rent and leases) servicing a high-percentage of students eligible for free or reduced price meals or that are located in a public elementary school boundary serving a similar demographic. The fund also collects the interest earned from the revolving loan balances issued by the Charter Schools Revolving Loan Fund. Proceeds from the interest earned on these loans can be transferred over to the Charter Schools Revolving Loan Fund, if approved by the State of California Department of Finance.
- The *Charter School Revolving Loan Fund* was established to administer the Charter Schools Revolving Loan Fund Program (CSRLF) which is a state funded program that provides low-interest loans of up to \$250,000 to new charter schools. The statutory provisions governing the CSRLF are California Education Code sections 41365, 41366.5, 41366.7 and 41367.
- The *Federal Trust Fund* was established to account for the two federally funded programs administered by the Authority described below:
  - ALN 84.282D Charter School Facilities Incentive Grants Program is a federally funded program that provides grants to charter schools for facilities servicing a high-percentage of students eligible for free or reduced price meals or that are located in a public elementary school boundary serving a similar demographic.
  - ALN 84.354 Charter School Enhancement Program is a federally funded grant program that reduces the overall cost of borrowing for charter schools as it eliminates the need of Charter Schools to fund the reserve through bond proceeds. Under this program, the Authority provides loans to Charter Schools to fund debt service reserve accounts. Any interest earned by the Trust Fund holding the debt service reserve accounts is remitted with the principal amount of the loan upon bond maturity, bond refunding, or closing of the charter school. This program was funded in advance and proceeds received from the US Department of Education to operate this program are recorded as an Advance from the Federal Government as they will be remitted back to the grantor upon the program completion or if the Performance Goals in the Grant Award are not met.
- The *Charter Schools Facilities Account Fund* was established to administer the Charter Schools Facility Program which passes-through administrative costs associated with the administration of Proposition 47, 55, and 1d for the purposes of construction, acquiring, or renovating new facilities for site based charter school students. The Authority acts as the administrator for these funds to ensure that applicants meet the requirements and establishing the initial terms. The Department of General Services is responsible for the payment (50% as a direct grant and 50% as a loan) and collection of the 50% payback portion.

The Authority reports the following major enterprise fund:

- The *California School Finance Authority Fund* acts as a conduit by assisting eligible education organizations in obtaining financing through the issuance of revenue bonds and notes. The financings are secured by the full faith and credit of the participating organization, and the Fund is not responsible for payment on any financing. As a result, the financing obligations are not recorded in the Fund's financial statements. The borrowers' obligations generally are, but need not be, secured by insurance, a letter of credit or guarantee. Bonds and notes are issued at either

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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public or private sales after details of the proposed project and satisfactory evidence of the ability of the participating institution to meet financial obligations have been submitted to the Authority and approved by the Board.

In the year ended June 30 2021, in response to State deferrals of 2020-201 funding apportionments to charter schools, the Authority issued notes through the Advances on State Aid Payments (ASAP) Program and State Aid Intercept Notice (SAIN) Program. At June 30, 2021 \$17,000,379 was held by the Authority and is to be disbursed to Charters. This amount is included as Advances from Federal Government on the financial statements.

### D. BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as does the enterprise fund. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. State appropriations and federal grants and charges for services are accrued when their receipt occurs within 60 days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

### E. CASH AND CASH EQUIVALENTS

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

### F. RECEIVABLES

Long-term loans issued under the Charter School Revolving Loan program in the Charter School Revolving Loan Fund, a governmental fund, are treated as expenditures in the year advanced and as revenue in the year repayment is measurable and available in the fund financial statements. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements.

Long-term loans issued under the federal Charter School Facilities Incentive Grants program and the Charter School Credit Enhancement program in the Federal Trust Fund, a governmental fund, are treated as expenditures in the year advanced and as revenue in the year repayment is measurable and available in the fund financial statements. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements.

Loan and interest receivable balances are reported net of an allowance for doubtful accounts as described in Note 3. Management's estimate of the allowance is based on historical collection experience and a review of the current status of loan receivable.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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### G. ACCRUED VACATION

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

### H. PENSION

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

### I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's portion of the State Substantive Plan (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

### J. INTERFUND BALANCES

Interfund transactions are reflected as loans, provided services, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation. Net interfund activity and balances between the governmental activities and business-type activities are shown in the statement of net position as internal balances.

### K. DEFERRED OUTFLOW/INFLOW OF RESOURCES

In addition to assets, the statements report a separate section from deferred outflows of resources. This separate financial element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized an inflow of resources (revenue) until that time.

The Authority has a deferred inflow which arises only under modified accrual basis of accounting that qualifies for reporting in the category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue for loans issued under the Charter Schools Revolving Loan Fund. On the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the period of availability have been offset with unavailable revenue.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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

Additional factors involved in the calculation of the Authority's pension and OPEB expenses and net liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, and changes in proportion. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 6 for further details related to the pension deferred outflows and inflows. See Note 7 for further details related to the OPEB deferred outflows and inflows.

### L. REVENUES

The Charter Schools Facilities Grant Program Fund and Charter Schools Facilities Account Fund are fully funded through State apportionments. Revenues in the Federal Trust fund are receipts received in a reimbursement basis to operate the federal Charter School Facilities Incentive Grants program. Revenues in the Charter School Revolving Loan Fund are loan principal repayments for loans issued under the Charter School Revolving Loan Program.

The School Finance Authority Fund charges fees to institutions for assistance in bond and note financing. The fee schedule is as follows:

	<u>Bond Financing</u>	<u>Note Financing</u>
Application Fee (non-refundable)	\$1,500	\$1,500
Issuance Fee	0.15% of par amount of bonds issued up to \$10,000,000, and 0.05% on amounts above \$10,000,000. Maximum fee of \$75,000 per transaction	0.075% of par
Annual Administration Fee	0.015% of outstanding principal (\$500 min.)	No fee

The fees are used to cover operating costs such as general communications, printing, professional services (both internal and external), facilities operations, and other miscellaneous operating expenses.

The local educational agencies borrowing through the ASAP Program and SAINs remitted an issuance fee to the Authority based on the principal amount borrowed subject to a maximum fee of \$2,500 per borrower. The Authority received issuance fees totaling \$40,790 for the ASAP Program and \$36,670 for the SAINs.

### M. RISK MANAGEMENT

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

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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### N. NET POSITION/FUND BALANCE

As of June 30, 2021, the fund balance for all funds and the net position on the government-wide financial statement are restricted by enabling legislation for the purposes of assisting in the issuance of revenue bonds, loans, and grants for eligible educational organizations.

### O. USE OF ESTIMATES

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

### P. BUDGET

A budget for the Authority by fund has not been legally adopted and is not required. Therefore, a statement of revenues, expenditures, and changes in fund balance, actual and budget, normally presented by special revenue funds, is not included in the financial statements.

### Q. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2021, the Authority implemented GASB Statement No. 84, *Fiduciary Activities*, amended by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 84). The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this statement has resulted in changing the presentation of the financial statements by including the previous Charter School Security Fund within the Charter Schools Facilities Grant Program Fund as a result of this fund not meeting the definition of a fiduciary activity under the new standards. GASB 84 requires retroactive application resulting in a restatement of the Charter Schools Facilities Grant Program Fund net position of \$1,610,761.

## 2. CASH AND CASH EQUIVALENTS IN STATE TREASURY

### A. GENERAL

The Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents at June 30, 2021 are classified in the accompanying financial statements as follows:

Deposits in SMIF	\$ 19,616,000
Cash in State Treasury	<u>17,623,372</u>
Total Cash and Cash Equivalents	<u>\$ 37,239,372</u>

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

The cash and cash equivalents were classified and reported on the Authority's financial statements as follows:

Governmental activities	\$ 18,775,511
Business-type activities	<u>18,463,861</u>
Total Cash and Cash Equivalents	<u>\$ 37,239,372</u>

### B. STATE TREASURY

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

Additional disclosure detail required by GASB Statements No. 3, No. 31, No. 40, and No. 72 regarding cash deposits and investments in the State Treasury, including disclosures related to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk, are presented in the financial statements of the State of California for the year ended June 30, 2021.

### 3. RECEIVABLES

Receivable balances are reported net of an allowance for doubtful accounts as follows:

Fund	Receivable	Allowance for Doubtful Accounts	Net
Accounts Receivable:			
California School Finance Authority Fund	\$ 406,483	\$ (179,353)	\$ 227,130
Federal Trust Fund	\$ 15,404	\$ -	\$ 15,404
Charter School Facilities Grant Program Fund	\$ 9	\$ -	\$ 9
Charter Schools Facilities Account Fund	\$ 917	\$ -	\$ 917
Loans Receivable:			
Charter School Revolving Loan Fund	\$ 16,843,035	\$ (4,251,344)	\$ 12,591,691
Long-term Loans Receivable:			
Federal Trust Fund	\$ 7,411,817	\$ -	\$ 7,411,817

### 4. DUE TO/FROM OTHER EXTERNAL FUNDS

Due to/from other external funds at June 30, 2021 includes the following:

Due From (Due To)	Description	
SMIF	Interest Income	\$ 66,265
General Fund	Various	100,506
Department of Education	Federal Grants	<u>161,076</u>
	Net Due From (To) Other External Funds	<u>\$ 327,847</u>

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

### 5. ACCRUED VACATION

The Authority employees are granted vacation and sick leave in varying amounts, depending upon the employee. These hours are accrued for all employees on the basis of monthly payrolls. Upon separation, employees are paid for accumulated vacation days up to specified limits. Accrued vacation and sick leave follow State employees from agency to agency and are not necessarily earned since the inception of the Authority.

Accrued vacation activity for the year ended June 30, 2021, was as follows:

	<b>Balance June 30, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2021</b>	<b>Due Within One Year</b>
Accrued vacation	\$ 111,251	\$ 179,873	\$ (67,372)	\$ 223,752	\$

### 6. EMPLOYEE RETIREMENT PLAN

#### *A. General Information about the Pension Plan*

**Plan Descriptions** – All employees in a covered class of employment who work half-term or more are eligible to participate in the California Public Employees’ Retirement System (CalPERS), which is included in the State of California’s Comprehensive Annual Financial Report (CAFR) 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 of California (State), including the Authority, a related organization of the State, are in a cost-sharing arrangement in which all risks and costs are shared proportionately by participating State agencies. 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](http://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.



# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

*First Tier:*

	<b><u>Prior to January 15, 2011</u></b>	<b><u>January 15, 2011 to December 31, 2012</u></b>	<b><u>On or after January 1, 2013</u></b>
Hire date			
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 to 67	50 to 67	52 to 67
Monthly benefits, as a % of eligible compensation	1.1 to 2.5%	1.092 to 2.418%	1.0 to 2.5%

*Second Tier:*

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

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

For the measurement period ended June 30, 2020 (the measurement date), the employer's contribution rate is approximately 30.977% of annual payroll.

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

Contributions to the plan were \$191,348 for the fiscal year ended June 30, 2021.

Included in the Authority's contributions to the plan, during the fiscal year ended June 30, 2018, the State Surplus Money Investment Fund (SMIF) made a contribution to the Plan, on behalf of the Authority, as required by Senate Bill No. 84 (SB 84) to fund future net pension liabilities. The Authority established a loan payable to SMIF for this contribution as required by SB 84. This loan payable is required to be repaid by the Authority by June 30, 2030. Payments on the loan began during the fiscal year ending June 30, 2021.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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

As of June 30, 2021, the Authority reported net pension liabilities for their proportionate share of the net pension liability of \$1,415,100.

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, 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, 2019 rolled forward to June 30, 2020 using standard update procedures. The Authority's proportion of the net pension liability was based on the State Controller's Office (SCO) projection of the Authority. 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 Authority's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 were 0.003865% and 0.004071% respectively.

For the year ended June 30, 2021, the Authority recognized pension expense of \$205,284. At June 30, 2021, the Authority's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 191,348	
Change in proportion		\$ (59,191)
Changes in assumption		(15,047)
Differences between expected and actual experience	70,275	
Net differences between projected and actual earnings on plan investments	34,888	
Total	\$ 296,511	\$ (74,238)

\$191,348 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ended June 30</b>	
2022	\$ (16,641)
2023	(8,751)
2024	37,014
2025	19,303

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

**Actuarial Assumptions** – For the measurement period ended June 30, 2020 (the measurement date), the Total Pension Liability (TPL) was determined by rolling forward the June 30, 2019 TPL. The June 30, 2020 TPL was based on the following actuarial assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract cola or 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

<sup>(1)</sup> The mortality rate table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvement using 90% of Scale MP-2016. For more details on this table, please refer to the 2017 CalPERS Experience Study and Review of Actuarial Assumptions report (Experience Study) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

### Change of Assumptions

For the measurement period ended June 30, 2020 (the measurement date), there were no changes in assumptions.

**Discount Rate** – The discount rate used to measure the total pension liability (TPL) was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plans members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefits payments to determine the total pension liability. CalPERS' approach for the cash flow projections are presented in the GASB 67 and 68 Crossover Testing Report, which may be obtained from the CalPERS' website.

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.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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 (PERF) cash flows. Using historical returns of all the PERF asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 PERF 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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 <sup>(a)</sup>	Current Target Allocation	Real Return Years 1 – 10 <sup>(b)</sup>	Real Return Years 11+ <sup>(c)</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

<sup>(a)</sup> In the System’s CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

<sup>(b)</sup> An expected inflation of 2.0% was used for this period.

<sup>(c)</sup> An expected inflation of 2.92% was used for this period.

***Sensitivity of Programs’ proportionate share Net Pension Liability to Changes in the Discount Rate –***

The following presents the Authority’s proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Proportionate Share of Plan’s Net Pension Liability	\$ 2,016,651	\$ 1,415,100	\$ 910,943

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

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### 7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

#### Plan Description

The State also provides postemployment medical and prescription drug benefits to retired employees and dependents through CalPERS under the Public Employees' Medical and Hospital Care Act, and dental benefits under the State Employees' Dental Care Act. The State, and certain bargaining units and judicial employees (valuation groups) have agreed to prefund retiree healthcare benefits. Assets are held in separate accounts by valuation group within the California Employers' Retiree Benefit Trust (CERBT) administered by CalPERS, an agent multiple-employer defined benefit other postemployment benefits plan (State's Plan). Assets within each valuation group benefit retirees and dependents associated with that valuation group. CalPERS reports on the CERBT as part of it separately issued annual financial statements, which can be obtained from CalPERS on its website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The State has identified 25 separate valuation groups within the State Plan. For each agency and/or fund, the SCO determined the proportion of OPEB employer contributions attributable to employees within these valuation groups. SCO then used these proportions to allocate the OPEB accounting elements from the June 30, 2020 State of California Retiree Health Benefits Program Actuarial Valuation Report to State agencies and their funds.

#### Benefits Provided

In accordance with the California Government Code, the State generally pays 100% of the health insurance premium cost for annuitants, plus 90% of the additional premium required for the enrollment of family members of annuitants. The State generally pays all or a portion of the dental insurance premium cost for annuitants, depending upon the completed years of credited state service at retirement and the dental coverage selected. The maximum 2020 monthly State contribution was \$767 for one-party, \$1,461 for two-party coverage, and \$1,868 for family coverage. To be eligible for these benefits, primary government first-tier plan annuitants must retire on or after age 50 with at least five years of service, and second tier plan annuitants must retire on or after age 55 with at least 10 years of service. In addition, annuitants must retire within 120 days of separation from employment to be eligible to receive these benefits.

#### Contributions

The design of the health and dental benefit programs can be amended by the CalPERS Board of Administration and the California Department of Human Resources, respectively. Employer and retiree contributions are governed by the State and may be amended by the Legislature.

The Authority participates in the State's Substantive Plan on a cost-sharing basis. The State funds the cost of providing health and dental insurance to annuitants primarily on a pay-as-you-go basis. The State obtains an annual actuarial valuation of the State's Substantive Plan which can be found on the SCO's website at [www.sco.ca.gov](http://www.sco.ca.gov). Contributions to the State's Substantive Plan from the Authority were \$27,000 for the fiscal year ended June 30, 2021.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

### Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, the Authority reported a liability of \$513,000 for its proportionate share of the State's Substantive Plan net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The Authority's proportion of the net OPEB liability was based on the SCO's projection for the Authority. The Authority's combined proportionate share, based on its attributable employee valuation groups pensionable compensation, as of June 30, 2020 was 0.000646%.

For the fiscal year ended June 30, 2021, the Authority recognized OPEB expense of \$296,000. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 19,000	\$ (43,000)
Differences between Expected and Actual Experience	1,000	(34,000)
Authority's contributions subsequent to measurement date	27,000	
Total	\$ 47,000	\$ (77,000)

\$27,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense as follows:

<b>Year Ending June 30</b>	
2022	\$ (16,400)
2023	(16,400)
2024	(14,700)
2025	(8,100)
2026	(300)
Thereafter	(1,100)

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

### Actuarial Assumptions

For the measurement period ended June 30, 2020 (the measurement date), the total OPEB liability was determined using a June 30, 2020 valuation date. The June 30, 2020 total OPEB liability was based on the following actuarial methods and assumptions:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	Blended rate for each valuation group, consisting of 6.75% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 2.45%
Inflation	2.25%
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.75%, net of OPEB plan investment expenses
Health care cost trend rates	<i>Pre-Medicare coverage:</i> Actual rates for 2021, increasing to 7.50% in 2022, then decreasing 0.50% per year to an ultimate rate of 4.50% for 2028 through 2036, then 4.25% for 2037 and later years <i>Post-Medicare coverage:</i> Actual rates for 2021, increasing to 7.50% in 2022, then decreasing 0.50% per year to an ultimate rate of 4.50% for years 2028 through 2036, then to 4.25% for 2037 and later years <i>Dental coverage:</i> 0.00% in 2021, 2.00% for 2022, 3.00% for 2023, 4.00% for 2024, and 4.25% for 2025 and later
Mortality Rate Table	Derived using CalPERS' Membership data for all members

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries 90% Scale MP 2016. For more details on this table, refer to the 2017 CalPERS Experience Study and Review of Actuarial Assumptions report (Experience Study) for the period from 1997 to 2015. Other demographic assumptions used in the June 30, 2019 valuation were also based on the results of the 2017 Experience Study, including updates to termination, disability, and retirement rates. The 2017 Experience Study report can be obtained from CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Healthcare related assumptions such as plan participation, aging factors, adjustments for disabled members, and adjustments for children of current retirees and survivors are based on the State of California Retiree Health Benefits Program 2018 Experience Review performed by Gabriel, Roeder, Smith and Company (GRS) for the period from 2014 to 2018. Other healthcare assumptions such as member healthcare plan selection, coverage and continuance, select and ultimate healthcare cost trend rates, and per capita claim costs and expenses, are based on the most current information available. The GRS 2018 Experience Review is available at [www.sco.ca.gov](http://www.sco.ca.gov).

### Changes in Assumptions

For the actuarial valuation as of June 30, 2020, the blended discount rate was changed from 3.13% to 2.45%, which is equal to the municipal bond rate at June 30, 2020.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

### Discount Rate

The blended rate used to measure the June 30, 2020 total OPEB liability consists of the 20-year Municipal G.O. Bond AA Index rate of 2.45% as of June 30, 2020, as reported by Fidelity, when prefunding assets are not available to pay benefits, and 6.75% when prefunding assets are available to pay benefits. The cash flow projections used to calculate the blended discount rate were developed assuming that prefunding agreements in which actuarially determined normal costs are shared between employees and the State will continue and that the required contributions will be made on time and as scheduled beginning in 2023 and thereafter. The actuarial valuation as of June 30, 2020 includes the impact of the temporary suspensions of employee contributions under the Personal Leave Program that was in effect during the fiscal years ended June 30, 2021 and June 30, 2022. The prefunding agreements are subject to collective bargaining and legislative approval. Detailed information on the blended discount rates by valuation group is available in the *State of California Retiree Health Benefits Program GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2020* on the State Controller's Office website, at [www.sco.ca.gov](http://www.sco.ca.gov).

The long-term expected rate of return on OPEB plan investments was determined by GRS using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. Expected compound (geometric) returns were calculated over a closed period. Based on separate expected nominal returns for the short-term (first 10 years) and the long-term (11-40 years), and an average inflation assumption of 2.25%, a single expected nominal return rate of 6.75% was calculated for the combined short-term and long-term periods. If applied to expected cash flows during that period, the resulting present value of benefits is expected to be consistent with the present value of benefits that would be determined by applying the short and long-term expected rates to the same cash flows.

The following table reflects the long-term expected real rate of return by asset class:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Real Return Years 1 - 10</b>	<b>Real Return Years 11 - 60</b>
Global Equity	59.00%	4.80%	5.98%
Fixed Income	25.00%	1.10%	2.62%
Treasury Inflation-Protected Securities	5.00%	0.25%	1.46%
Real Estate Investment Trusts	8.00%	3.50%	5.00%
Commodities	3.00%	1.5%	2.87%

GRS used an expected inflation rate of 1.75% for the real return rates in years 1 – 10 and 2.67% for the real return rates in years 11 – 40.



# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

### Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

	<u>Blended Discount Rate -1%</u>	<u>Blended Discount Rate</u>	<u>Blended Discount Rate +1%</u>
Net OPEB liability	\$ 607,939	\$ 513,000	\$ 438,324

### Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Costs Trend Rates

The following presents the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	<u>Healthcare Cost Trend Rates -1%</u>	<u>Healthcare Cost Trend Rates</u>	<u>Healthcare Cost Trend Rates +1%</u>
Net OPEB liability	\$ 448,266	\$ 513,000	\$ 597,318

### OPEB Plan Fiduciary Net Position

Detailed information about the State's Substantive Plan fiduciary net position is available on CalPER's website in an annual report titled "California Employers' Retiree Benefit Trust, Agent Multiple-Employer Other Postemployment Benefits Plan, Schedule of Changes in Fiduciary Net Position by Employer". Additionally, CalPERS annually issues a Comprehensive Annual Financial Report which includes the CERBT fund's financial statements.

## 8. CONDUIT FINANCING PROGRAM

As a conduit debt provider, the Authority assisted with the issuance of financings in the amount of \$333,489,891 for the year ended June 30, 2021 and there was \$1,603,713,499 in conduit financings outstanding at June 30, 2021. Additionally, the amount of bonds authorized by the Authority and unsold was \$112,760,000 at June 30, 2021.

In 2021, in response to State deferrals of 2020-2021 funding apportionments to local educational agencies, the Authority issued \$98,470,000 of revenue notes for the Advances on State Aid Payments (ASAP) Program and \$432,835,000 of State Aid Intercept Notes (SAINs) on behalf of charter schools. At June 30, 2021, all the issued amounts of the ASAP Program notes and SAINs were outstanding.

At June 30, 2021, the amount of ASAP Program notes authorized but unissued by the Authority was \$101,530,000, and the amount of SAINs authorized but unissued by the Authority was \$742,165,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2021 LAST 10 YEARS\*

	Measurement Date						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Authority's proportion of the net pension liability	0.0040710%	0.0038650%	0.0047710%	0.0044538%	0.004218%	0.003654%	0.003813%
The Authority's proportionate share of the net pension liability	\$ 1,415,100	\$ 1,300,147	\$ 1,498,749	\$ 1,626,861	\$ 1,396,634	\$ 1,031,889	\$ 907,823
The Authority's covered-employee payroll	\$ 906,886	\$ 884,391	\$ 911,260	\$ 828,287	\$ 716,170	\$ 545,311	\$ 507,872
The Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.04%	147.01%	164.47%	196.41%	195.01%	189.23%	178.75%
Plan fiduciary net position as a percentage of the total pension liability	71.51%	71.34%	71.83%	66.42%	66.81%	70.68%	73.05%

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

### Notes to Schedule:

**Change of benefit terms** – For the measurement dates ended June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, there were no changes to the benefit terms.

**Changes in assumptions** – For the measurement date ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement dates ended June 30, 2020, 2019, 2016 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the discount rate changed from 7.65% to 7.15%. For the measurement date ended June 30, 2018, demographic assumptions and inflation rate were changed.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF PENSION CONTRIBUTIONS AS OF JUNE 30, 2021 LAST 10 YEARS\*

	<u>Fiscal Year</u>						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 191,348	\$ 170,361	\$ 224,060	\$ 166,174	\$ 137,957	\$ 118,697	\$ 134,980
Contributions in relation to the contractually required contribution	<u>(191,348)</u>	<u>(170,361)</u>	<u>(224,060)</u>	<u>(292,174)</u>	<u>(137,957)</u>	<u>(118,697)</u>	<u>(134,980)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (126,000)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
The Authority's covered-employee payroll	\$ 984,662	\$ 903,886	\$ 884,391	\$ 911,260	\$ 828,287	\$ 716,170	\$ 545,311
Contributions as a percentage of covered-employee payroll	19.43%	18.85%	25.33%	32.06%	16.66%	16.57%	24.75%

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

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AS OF JUNE 30, 2021 LAST 10 YEARS\*

	Measurement Date			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
The Authority's proportion of the net OPEB liability	0.000646%	0.000323%	0.009598%	0.003210%
The Authority's proportionate share of the net OPEB liability	\$ 513,000	\$ 257,000	\$ 257,000	\$ 2,365,000
The Authority's covered-employee payroll	\$ 903,866	\$ 884,391	\$ 911,260	\$ 828,287
The Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	56.76%	29.06%	28.20%	285.53%
Plan fiduciary net position as a percentage of the total OPEB liability	2.748%	1.693%	1.011%	0.546%

\* Fiscal year 2018 was the first year of implementation, therefore only four years are presented.

### Notes to Schedule:

**Change of benefit terms** – For the measurement dates ended June 30, 2020, 2019, 2018 and 2017, there were no changes to the benefit terms.

**Changes in assumptions** –For the measurement period ended June 30, 2018 and 2017, healthcare related assumptions were updated based on experience through June 30, 2018 and 2017, respectively. For measurement period ended June 30, 2019, the discount rate was lowered from 7.00% to 6.75% and inflation assumptions were reduced by 0.25%. For the measurement period ended June 30, 2020, the blended discount rate was changed from 3.13% to 2.45%.

**CALIFORNIA SCHOOL FINANCE AUTHORITY**

**SCHEDULE OF OPEB CONTRIBUTIONS  
AS OF JUNE 30, 2021  
LAST 10 YEARS\***

	<u>Fiscal Year</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 27,000	\$ 17,000	\$ 84,000	
Contributions in relation to the contractually required contributions	<u>(27,000)</u>	<u>(17,000)</u>	<u>(84,000)</u>	<u>                    </u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
The Authority's covered-employee payroll	\$ 984,662	\$ 903,886	\$ 884,391	\$ 911,260
Contributions as a percentage of covered-employee payroll	2.74%	1.88%	9.50%	0.00%

\* Fiscal year 2018 was the 1st year of implementation, therefore only four years are presented.

## **SUPPLEMENTARY INFORMATION**

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2021

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2021
High Tech High - Chula Vista (QSCB)	11-Aug-10	1-Jul-20	\$ 12,000,000	\$ 12,000,000	
Vaughn Next Century Learning Center (QSCB)	14-Oct-10	1-Jul-20	8,500,000	8,500,000	
Granada Hills Charter High (QSCB)	14-Oct-10	1-Jul-20	5,000,000	5,000,000	
Oak Grove/Willowside (QSCB)	24-Feb-11	1-Nov-25	2,015,000	1,275,000	\$ 740,000
New Jerusalem (QSCB)	14-Apr-11	1-Nov-25	5,100,000	3,225,000	1,875,000
New Designs - Series 2012B (Taxable)	24-Oct-12	1-Jun-23	2,035,000	1,535,000	500,000
New Designs - Series 2012A (Tax-Exempt)	24-Oct-12	1-Jun-32	6,130,000		6,130,000
New Designs - Series 2012A (Tax-Exempt)	24-Oct-12	1-Jun-42	10,445,000		10,445,000
Coastal Academy - Series 2013A (Tax-Exempt)	7-Feb-13	1-Oct-22	1,860,000	1,235,000	625,000
Coastal Academy - Series 2013A (Tax-Exempt)	7-Feb-13	1-Oct-33	4,755,000		4,755,000
Coastal Academy - Series 2013A (Tax-Exempt)	7-Feb-13	1-Oct-42	7,240,000		7,240,000
Value Schools - Series 2013 (Tax Exempt)	4-Aug-13	1-Jul-23	1,300,000	790,000	510,000
Value Schools - Series 2013 (Tax Exempt)	4-Aug-13	1-Jul-33	2,575,000		2,575,000
Value Schools - Series 2013 (Tax Exempt)	4-Aug-13	1-Jul-43	4,955,000		4,955,000
Value Schools - Series 2013 (Tax Exempt)	4-Aug-13	1-Jul-48	4,040,000		4,040,000
High Tech High - North County Elementary (QSCB)	20-Aug-13	1-Jul-23	11,500,000	11,500,000	
Alliance for College-Ready Public Schools (QSCB)	19-Sep-13	15-Jun-34	10,750,000		10,750,000
Alliance 2023 Union - Series A (Tax-Exempt)	16-Oct-13	1-Jul-23	2,065,000	1,405,000	660,000
Alliance 2023 Union - Series A (Tax-Exempt)	16-Oct-13	1-Jul-33	3,215,000		3,215,000
Alliance 2023 Union - Series A (Tax-Exempt)	16-Oct-13	1-Jul-43	5,840,000		5,840,000
Alliance 2023 Union - Series A (Tax-Exempt)	16-Oct-13	1-Jul-48	4,570,000		4,570,000
ICEF View Park High School - Series 2013A (Tax-Exempt)	24-Oct-13	1-Oct-33	2,715,000	300,000	2,415,000
ICEF View Park High School - Series 2013A (Tax-Exempt)	24-Oct-13	1-Oct-43	3,935,000		3,935,000
ICEF View Park High School - Series 2013A (Tax-Exempt)	24-Oct-13	1-Oct-48	3,230,000		3,230,000
Camino Nuevo Series 2013 (Tax-Exempt)	20-Dec-13	1-Jan-34	7,245,000	2,024,589	5,220,411
Partnerships to Uplift Valley Project - Series 2014A (Tax-Exempt)	12-Mar-14	1-Aug-24	3,290,000	1,295,000	1,995,000
Partnerships to Uplift Valley Project - Series 2014A (Tax-Exempt)	12-Mar-14	1-Aug-34	7,640,000		7,640,000
Partnerships to Uplift Valley Project - Series 2014A (Tax-Exempt)	12-Mar-14	1-Aug-44	14,430,000		14,430,000
Alliance College Ready Public Schools - Series 2014A (QZAB)	22-May-14	15-Mar-34	5,000,000	385,814	4,614,186
Alliance College Ready Public Schools - Series 2014B (Tax-Exempt)	22-May-14	15-Mar-34	3,975,000	54,378	3,920,622
KIPP Los Angeles Schools - Series 2014A (Tax-Exempt)	25-Jun-14	1-Jul-24	4,825,000	2,265,000	2,560,000
KIPP Los Angeles Schools - Series 2014A (Tax-Exempt)	25-Jun-14	1-Jul-34	8,905,000		8,905,000
KIPP Los Angeles Schools - Series 2014A (Tax-Exempt)	25-Jun-14	1-Jul-44	14,590,000		14,590,000



# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2021

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2021
Magnolia Science Academy - Reseda - Series 2014A (Tax-Exempt)	26-Jun-14	1-Jul-24	660,000	105,000	555,000
Magnolia Science Academy - Reseda - Series 2014A (Tax-Exempt)	26-Jun-14	1-Jul-34	1,780,000		1,780,000
Magnolia Science Academy - Reseda - Series 2014A (Tax-Exempt)	26-Jun-14	1-Jul-44	3,235,000		3,235,000
New Designs Series 2014A (Tax-Exempt)	12-Aug-14	1-Jun-24	995,000	535,000	460,000
New Designs Series 2014A (Tax-Exempt)	12-Aug-14	1-Jun-34	2,205,000		2,205,000
New Designs Series 2014A (Tax-Exempt)	12-Aug-14	1-Jun-44	3,890,000		3,890,000
Alta Public Schools - Series 2014B (Taxable)	20-Aug-14	1-Nov-21	460,000	410,000	50,000
Alta Public Schools - Series 2014A (Tax Exempt)	20-Aug-14	1-Nov-45	7,140,000	235,000	6,905,000
ICEF ES/MS - Series 2014A (Tax-Exempt)	10-Oct-14	1-Oct-24	1,960,000	785,000	1,175,000
ICEF ES/MS - Series 2014A (Tax-Exempt)	10-Oct-14	1-Oct-34	4,280,000		4,280,000
ICEF ES/MS - Series 2014A (Tax-Exempt)	10-Oct-14	1-Oct-44	7,475,000		7,475,000
ICEF ES/MS - Series 2014A (Tax-Exempt)	10-Oct-14	1-Oct-49	5,695,000		5,695,000
HTH Learning - Series 2014	6-Nov-14	1-Oct-29	11,000,000	11,000,000	
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-20	1,115,000	1,115,000	
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-21	1,150,000		1,150,000
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-22	1,195,000		1,195,000
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-23	1,245,000		1,245,000
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-24	1,290,000		1,290,000
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-25	1,345,000		1,345,000
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-30	7,730,000		7,730,000
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-35	4,010,000		4,010,000
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-35	5,750,000		5,750,000
Alliance College Ready Public Schools - Series 2015A (Tax-Exempt)	15-Apr-15	1-Jul-45	27,955,000		27,955,000
Rocketship Education - Series 2015A (Tax-Exempt)	7-Aug-15	1-Mar-28	6,135,000	2,300,000	3,835,000
KIPP Los Angeles - Series 2015A (Tax-Exempt)	17-Sep-15	1-Jul-25	4,805,000	1,730,000	3,075,000
KIPP Los Angeles - Series 2015A (Tax-Exempt)	17-Sep-15	1-Jul-35	8,600,000		8,600,000
KIPP Los Angeles - Series 2015A (Tax-Exempt)	17-Sep-15	1-Jul-45	14,015,000		14,015,000
Green Dot - Series 2015B (Taxable)	29-Sep-15	1-Aug-23	4,395,000	2,565,000	1,830,000
Green Dot - Series 2015A (Tax-Exempt)	29-Sep-15	1-Aug-25	1,530,000		1,530,000
Green Dot - Series 2015A (Tax-Exempt)	29-Sep-15	1-Aug-35	9,570,000		9,570,000
Green Dot - Series 2015A (Tax-Exempt)	29-Sep-15	1-Aug-45	15,610,000		15,610,000

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## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2021

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2021
High Tech High - Series 2015	27-Oct-15	1-Oct-30	11,650,000	11,650,000	
River Springs - Series 2015A (Tax-Exempt)	24-Nov-15	1-Jul-46	27,860,000	2,545,000	25,315,000
Aspire Public Schools - Series 2015 (Tax-Exempt)	17-Dec-15	1-Aug-30	20,535,000	1,460,000	19,075,000
Rocketship Education - Series 2016A (Tax-Exempt)	5-Feb-16	1-Jun-21	1,865,000	1,865,000	
Rocketship Education - Series 2016A (Tax-Exempt)	5-Feb-16	1-Jun-26	3,035,000		3,035,000
Rocketship Education - Series 2016A (Tax-Exempt)	5-Feb-16	1-Jun-31	3,870,000		3,870,000
Rocketship Education - Series 2016A (Tax-Exempt)	5-Feb-16	1-Jun-36	4,945,000		4,945,000
Rocketship Education - Series 2016A (Tax-Exempt)	5-Feb-16	1-Jun-46	14,365,000		14,365,000
Alliance College Ready Public Schools - Series 2016C (Tax-Exempt)	14-Feb-16	1-Jul-20	495,000	495,000	
Alliance College Ready Public Schools - Series 2016C (Tax-Exempt)	14-Feb-16	1-Jul-21	610,000		610,000
Alliance College Ready Public Schools - Series 2016C (Tax-Exempt)	14-Feb-16	1-Jul-22	640,000		640,000
Aspire Public Schools - Series 2016 (Tax-Exempt)	25-Feb-16	1-Aug-31	83,170,000	6,620,000	76,550,000
HTH Learning - Series 2016	16-Mar-16	1-Jan-31	3,269,000	3,269,000	
Downtown College Prep - Series 2016 (Tax-Exempt)	28-Apr-16	1-Jun-26	3,785,000	570,000	3,215,000
Downtown College Prep - Series 2016 (Tax-Exempt)	28-Apr-16	1-Jun-31	3,915,000		3,915,000
Downtown College Prep - Series 2016 (Tax-Exempt)	28-Apr-16	1-Jun-36	4,865,000		4,865,000
Downtown College Prep - Series 2016 (Tax-Exempt)	28-Apr-16	1-Jun-46	13,930,000		13,930,000
Downtown College Prep - Series 2016 (Tax-Exempt)	28-Apr-16	1-Jun-51	9,910,000		9,910,000
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-20	210,000	210,000	
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-21	225,000		225,000
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-22	235,000		235,000
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-23	250,000		250,000
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-24	270,000		270,000
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-25	285,000		285,000
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-26	300,000		300,000
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-31	1,830,000		1,830,000
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-36	2,505,000		2,505,000

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2021

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2021
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-46	7,510,000		7,510,000
Alliance College Ready Public Schools - Series 2016A (Tax-Exempt)	28-Jul-16	1-Jul-51	5,370,000		5,370,000
City Charter Schools - Series 2016A (Tax-Exempt)	2-Sep-16	1-Jun-26	1,155,000	230,000	925,000
City Charter Schools - Series 2016A (Tax-Exempt)	2-Sep-16	1-Jun-42	5,045,000		5,045,000
City Charter Schools - Series 2016A (Tax-Exempt)	2-Sep-16	1-Jun-52	5,860,000		5,860,000
TEACH Public Schools - Series 2016B (Taxable)	2-Nov-16	1-Jun-21	250,000	250,000	
TEACH Public Schools - Series 2016A (Tax-Exempt)	2-Nov-16	1-Jun-42	5,915,000	60,000	5,855,000
TEACH Public Schools - Series 2016A (Tax-Exempt)	2-Nov-16	1-Jun-52	6,365,000		6,365,000
Encore Education - Series 2016B (Taxable)	2-Nov-16	1-Jun-21	2,135,000	2,135,000	
Encore Education - Series 2016A (Tax-Exempt)	2-Nov-16	1-Jun-26	1,195,000		1,195,000
Encore Education - Series 2016A (Tax-Exempt)	2-Nov-16	1-Jun-42	6,530,000		6,530,000
Encore Education - Series 2016A (Tax-Exempt)	2-Nov-16	1-Jun-52	7,580,000		7,580,000
ACE Charter Schools - Series 2016B (Taxable)	14-Nov-16	1-Jun-22	795,000	450,000	345,000
ACE Charter Schools - Series 2016A (Tax-Exempt)	14-Nov-16	1-Jun-29	2,640,000		2,640,000
ACE Charter Schools - Series 2016A (Tax-Exempt)	14-Nov-16	1-Jun-42	5,505,000		5,505,000
ACE Charter Schools - Series 2016A (Tax-Exempt)	14-Nov-16	1-Jun-52	4,390,000		4,390,000
Grimmway Schools - Series 2016B (Taxable)	18-Nov-16	1-Jul-21	425,000	345,000	80,000
Grimmway Schools - Series 2016A (Tax-Exempt)	18-Nov-16	1-Jul-28	3,300,000		3,300,000
Grimmway Schools - Series 2016A (Tax-Exempt)	18-Nov-16	1-Jul-36	4,850,000		4,850,000
Grimmway Schools - Series 2016A (Tax-Exempt)	18-Nov-16	1-Jul-46	9,435,000		9,435,000
Grimmway Schools - Series 2016A (Tax-Exempt)	18-Nov-16	1-Jul-51	6,785,000		6,785,000
Alliance College Ready Public Schools - Series 2016D (Taxable)	14-Dec-16	1-Jul-20	335,000	335,000	
Alliance College Ready Public Schools - Series 2016C (Tax-Exempt)	14-Dec-16	1-Jul-26	3,295,000		3,295,000
Alliance College Ready Public Schools - Series 2016C (Tax-Exempt)	14-Dec-16	1-Jul-31	5,675,000		5,675,000
Alliance College Ready Public Schools - Series 2016C (Tax-Exempt)	14-Dec-16	1-Jul-46	28,305,000		28,305,000
Alliance College Ready Public Schools - Series 2016C (Tax-Exempt)	14-Dec-16	1-Jul-52	18,660,000		18,660,000
Value Schools - Series 2016B (Taxable)	26-Dec-16	1-Jul-25	410,000		410,000
Value Schools - Series 2016A (Tax-Exempt)	26-Dec-16	1-Jul-41	1,560,000		1,560,000
Value Schools - Series 2016A (Tax-Exempt)	26-Dec-16	1-Jul-51	5,905,000		5,905,000
Value Schools - Series 2016A (Tax-Exempt)	29-Dec-16	1-Jul-31	625,000		625,000
Rocketship Education - Series 2017B (Taxable)	22-Feb-17	1-Jun-25	3,665,000	2,910,000	755,000
Rocketship Education - Series 2017A (Tax-Exempt)	22-Feb-17	1-Jun-27	1,780,000	520,000	1,260,000
Rocketship Education - Series 2017A (Tax-Exempt)	22-Feb-17	1-Jun-34	6,165,000	1,790,000	4,375,000
Rocketship Education - Series 2017A (Tax-Exempt)	22-Feb-17	1-Jun-47	7,820,000	2,275,000	5,545,000
Rocketship Education - Series 2017A (Tax-Exempt)	22-Feb-17	1-Jun-52	7,330,000	2,140,000	5,190,000

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2021

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2021
Granada Hills - Series 2017B (Taxable)	28-Mar-17	1-Jul-22	370,000	255,000	115,000
Granada Hills - Series 2017A (Tax-Exempt)	28-Mar-17	1-Jul-27	655,000		655,000
Granada Hills - Series 2017A (Tax-Exempt)	28-Mar-17	1-Jul-37	1,680,000		1,680,000
Granada Hills - Series 2017A (Tax-Exempt)	28-Mar-17	1-Jul-48	3,085,000		3,085,000
Kepler Neighborhood Schools - Series 2017B (Taxable)	2-May-17	1-May-22	390,000	250,000	140,000
Kepler Neighborhood Schools - Series 2017A (Tax-Exempt)	2-May-17	1-May-27	1,160,000	70,000	1,090,000
Kepler Neighborhood Schools - Series 2017A (Tax-Exempt)	2-May-17	1-May-37	3,145,000		3,145,000
Kepler Neighborhood Schools - Series 2017A (Tax-Exempt)	2-May-17	1-May-47	5,535,000		5,535,000
Camino Nuevo - Series 2017	22-Jun-17	1-Jun-47	5,311,000	800,035	4,510,965
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-20	360,000	360,000	
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-21	370,000		370,000
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-22	385,000		385,000
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-23	400,000		400,000
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-24	420,000		420,000
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-25	435,000		435,000
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-26	455,000		455,000
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-27	470,000		470,000
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-32	2,705,000		2,705,000
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-37	3,455,000		3,455,000
HTH Learning - Series 2017A (Tax-Exempt)	13-Jul-17	1-Jul-49	12,700,000		12,700,000
Escuela Popular - Series 2017 (Tax-Exempt)	27-Jul-17	1-Jul-27	2,750,000	520,000	2,230,000
Escuela Popular - Series 2017 (Tax-Exempt)	27-Jul-17	1-Jul-37	5,790,000	335,000	5,455,000
Escuela Popular - Series 2017 (Tax-Exempt)	27-Jul-17	1-Jul-50	15,500,000	900,000	14,600,000
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-20	710,000	710,000	
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-21	740,000		740,000
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-22	770,000		770,000
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-23	800,000		800,000
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-24	830,000		830,000
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-25	875,000		875,000
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-26	920,000		920,000
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-27	965,000		965,000
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-37	12,720,000		12,720,000
KIPP Los Angeles - Series 2017A (Tax-Exempt)	16-Aug-17	1-Jul-47	20,735,000		20,735,000
Magnolia Public Schools - Series 2017A (Tax-Exempt)	6-Sep-17	1-Jul-44	20,015,000	870,000	19,145,000
Magnolia Public Schools - Series 2017A (Tax-Exempt)	6-Sep-17	1-Jul-44	4,985,000	225,000	4,760,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-21	360,000	360,000	
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-22	305,000		305,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-23	320,000		320,000

**CALIFORNIA SCHOOL FINANCE AUTHORITY**

**SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED,  
ISSUED AND OUTSTANDING  
JUNE 30, 2021**

<b>Bonds and Notes</b>	<b>Date Issued</b>	<b>Date of Final Maturity</b>	<b>Amounts Issued</b>	<b>Amount of Bonds Retired</b>	<b>Bonds Outstanding as of June 30, 2021</b>
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-24	335,000		335,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-25	350,000		350,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-26	375,000		375,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-27	390,000		390,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-28	410,000		410,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-29	425,000		425,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-30	450,000		450,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-31	470,000		470,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-37	3,370,000		3,370,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-47	8,370,000		8,370,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-53	7,375,000		7,375,000
Summit Public Schools - Series 2017 (Tax-Exempt)	17-Oct-17	1-Jun-53	5,000,000	5,000,000	
Rocketship G & H - Series 2017H (Taxable)	18-Dec-17	1-Jun-25	665,000		665,000
Rocketship G & H - Series 2017G (Tax-Exempt)	18-Dec-17	1-Jun-30	1,565,000		1,565,000
Rocketship G & H - Series 2017G (Tax-Exempt)	18-Dec-17	1-Jun-37	2,755,000		2,755,000
Rocketship G & H - Series 2017G (Tax-Exempt)	18-Dec-17	1-Jun-47	5,975,000		5,975,000
Rocketship G & H - Series 2017G (Tax-Exempt)	18-Dec-17	1-Jun-53	5,265,000		5,265,000
Bright Star School - Series 2017 (Tax-Exempt)	21-Dec-17	1-Jun-27	4,510,000	1,180,000	3,330,000
Bright Star School - Series 2017 (Tax-Exempt)	21-Dec-17	1-Jun-37	5,355,000		5,355,000
Bright Star School - Series 2017 (Tax-Exempt)	21-Dec-17	1-Jun-47	7,695,000		7,695,000
Bright Star School - Series 2017 (Tax-Exempt)	21-Dec-17	1-Jun-54	7,405,000		7,405,000
River Springs Charter School - Series 2017B (Taxable)	28-Dec-17	1-Jul-20	660,000	660,000	
River Springs Charter School - Series 2017A (Tax-Exempt)	28-Dec-17	1-Jul-30	3,950,000	60,000	3,890,000
River Springs Charter School - Series 2017A (Tax-Exempt)	28-Dec-17	1-Jul-37	4,105,000		4,105,000
River Springs Charter School - Series 2017A (Tax-Exempt)	28-Dec-17	1-Jul-47	8,910,000		8,910,000
River Springs Charter School - Series 2017A (Tax-Exempt)	28-Dec-17	1-Jul-52	6,370,000		6,370,000
Classical Academies - Series 2017A (Tax-Exempt)	28-Dec-17	1-Oct-27	3,750,000		3,750,000
Classical Academies - Series 2017A (Tax-Exempt)	28-Dec-17	1-Oct-32	4,655,000		4,655,000
Classical Academies - Series 2017A (Tax-Exempt)	28-Dec-17	1-Oct-37	5,940,000		5,940,000
Classical Academies - Series 2017A (Tax-Exempt)	28-Dec-17	1-Oct-44	11,220,000		11,220,000
Classical Academies - Series 2017A (Tax-Exempt)	28-Dec-17	1-Oct-22	2,995,000	1,675,000	1,320,000
Ednovate -- Series 2017 (Tax Exempt)	12-Jul-18	1-Jun-30	1,900,000	70,000	1,830,000
Ednovate -- Series 2017 (Tax Exempt)	12-Jul-18	1-Jun-37	2,110,000		2,110,000
Ednovate -- Series 2017 (Tax Exempt)	12-Jul-18	1-Jun-48	5,185,000		5,185,000
Ednovate -- Series 2017 (Tax Exempt)	12-Jul-18	1-Jun-56	5,960,000		5,960,000
HTH Mesa -- 2017 (Loan)	16-Jul-18	1-Jul-23	31,500,000	31,500,000	
Larchmont Charter -- Series 2017 (Tax Exempt)	29-Aug-18	1-Jun-28	1,095,000	10,000	1,085,000
Larchmont Charter -- Series 2017 (Taxable)	29-Aug-18	1-Jun-28	330,000	330,000	
Larchmont Charter -- Series 2017 (Tax Exempt)	29-Aug-18	1-Jun-33	1,025,000		1,025,000

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2021

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2021
Larchmont Charter -- Series 2017 (Tax Exempt)	29-Aug-18	1-Jun-43	3,000,000		3,000,000
Larchmont Charter -- Series 2017 (Tax Exempt)	29-Aug-18	1-Jun-55	6,185,000		6,185,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-20	315,000	315,000	
Green Dot -- Series 2018 (Taxable)	11-Oct-18	1-Aug-20	585,000	585,000	
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-21	945,000		945,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-22	995,000		995,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-23	1,045,000		1,045,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-24	1,095,000		1,095,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-25	1,150,000		1,150,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-26	1,205,000		1,205,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-27	1,270,000		1,270,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-28	1,330,000		1,330,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-38	17,590,000		17,590,000
Green Dot -- Series 2018 (Tax Exempt)	11-Oct-18	1-Aug-48	28,630,000		28,630,000
Equitas -- Series 2018 (Taxable)	30-Nov-18	1-Jun-22	1,195,000	720,000	475,000
Equitas -- Series 2018 (Tax Exempt)	30-Nov-18	1-Jun-29	4,845,000		4,845,000
Equitas -- Series 2018 (Tax Exempt)	30-Nov-18	1-Jun-35	5,270,000		5,270,000
Equitas -- Series 2018 (Tax Exempt)	30-Nov-18	1-Jun-41	6,090,000		6,090,000
Equitas -- Series 2018 (Tax Exempt)	30-Nov-18	1-Jun-48	7,545,000		7,545,000
Equitas -- Series 2018 (Tax Exempt)	30-Nov-18	1-Jun-56	8,850,000		8,850,000
KIPP Bay Area -- 2019 (Bank Loan)	14-Mar-19	1-Apr-49	16,000,000	612,938	15,387,062
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-22	600,000		600,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-23	625,000		625,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-24	655,000		655,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-25	685,000		685,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-26	735,000		735,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-27	765,000		765,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-28	795,000		795,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-29	830,000		830,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-39	11,075,000		11,075,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-49	18,050,000		18,050,000
KIPP LA -- 2019 (Tax Exempt)	20-Jun-19	1-Jul-54	12,900,000		12,900,000
Inspire Schools - 2019B (Notes) Tax Exempt	10-Jul-19	15-Jul-20	26,420,000	26,420,000	
Inspire Schools - 2019C (Notes) Taxable	10-Jul-19	15-Jul-20	19,300,000	19,300,000	
New Designs - Series 2019B (Taxable)	31-Jul-19	1-Jun-23	630,000	260,000	370,000
New Designs - Series 2019A (Tax Exempt)	31-Jul-19	1-Jun-30	2,570,000		2,570,000
New Designs - Series 2019A (Tax Exempt)	31-Jul-19	1-Jun-40	5,190,000		5,190,000
New Designs - Series 2019A (Tax Exempt)	31-Jul-19	1-Jun-50	8,450,000		8,450,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-23	635,000		635,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-24	660,000		660,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-25	685,000		685,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-26	715,000		715,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-27	740,000		740,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-28	770,000		770,000

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2021

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2021
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-29	805,000		805,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-30	835,000		835,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-31	875,000		875,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-32	920,000		920,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-33	965,000		965,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-34	1,015,000		1,015,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-43	11,755,000		11,755,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-49	11,250,000		11,250,000
Granada Hills Charter - Series 2019 Bonds	10-Sep-19	1-Jul-54	15,220,000		15,220,000
Encore Education - 2019 (Notes)	17-Sep-19	15-Aug-20	3,920,000	3,920,000	
REAL Journey Academies - Series 2020B (Taxable)	16-Oct-19	1-Jun-23	660,000	275,000	385,000
REAL Journey Academies - Series 2019A (Tax Exempt)	16-Oct-19	1-Jun-32	3,600,000		3,600,000
REAL Journey Academies - Series 2019A (Tax Exempt)	16-Oct-19	1-Jun-49	12,355,000		12,355,000
REAL Journey Academies - Series 2019A (Tax Exempt)	16-Oct-19	1-Jun-58	12,090,000		12,090,000
TEACH Public Schools - Series 2019B (Taxable)	12-Dec-19	1-Jun-22	250,000	125,000	125,000
TEACH Public Schools - Series 2019A (Tax Exempt)	12-Dec-19	1-Jun-29	1,415,000		1,415,000
TEACH Public Schools - Series 2019A (Tax Exempt)	12-Dec-19	1-Jun-39	2,970,000		2,970,000
TEACH Public Schools - Series 2019A (Tax Exempt)	12-Dec-19	1-Jun-49	4,875,000		4,875,000
TEACH Public Schools - Series 2019A (Tax Exempt)	12-Dec-19	1-Jun-58	12,800,000		12,800,000
Arts in Action Charter Schools - Series 2019B (Taxable)	9-Jan-20	1-Jun-26	1,000,000		1,000,000
Arts in Action Charter Schools - Series 2019A (Tax Exempt)	9-Jan-20	1-Jun-30	1,945,000		1,945,000
Arts in Action Charter Schools - Series 2019A (Tax Exempt)	9-Jan-20	1-Jun-40	5,935,000		5,935,000
Arts in Action Charter Schools - Series 2019A (Tax Exempt)	9-Jan-20	1-Jun-50	9,665,000		9,665,000
Arts in Action Charter Schools - Series 2019A (Tax Exempt)	9-Jan-20	1-Jun-59	13,795,000		13,795,000
Alta Public Schools - 2020B (Taxable)	6-Feb-20	1-Jun-31	1,465,000		1,465,000
Alta Public Schools - Series 2020A (Tax-Exempt)	6-Feb-20	1-Jun-59	17,855,000		17,855,000
Fenton Charter - Series 2020B (Taxable)	12-Feb-20	1-Jul-25	1,875,000		1,875,000
Fenton Charter - Series 2020A (Tax Exempt)	12-Feb-20	1-Jul-30	2,480,000		2,480,000
Fenton Charter - Series 2020A (Tax Exempt)	12-Feb-20	1-Jul-40	5,010,000		5,010,000
Fenton Charter - Series 2020A (Tax Exempt)	12-Feb-20	1-Jul-50	5,360,000		5,360,000
Fenton Charter - Series 2020A (Tax Exempt)	12-Feb-20	1-Jul-58	6,645,000		6,645,000
Caliber Schools - 2020 (Loan)	28-Feb-20	1-Mar-50	14,219,046	332,702	13,886,344

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2021

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2021
Encore Education - 2020 (Loan)	1-Mar-20	1-Feb-21	2,500,000	2,500,000	
HTH - 2020A (Tax Exempt)	1-Jul-20	1-Jul-50	71,225,000	1,451,930	69,773,070
College Preparatory Middle School - 2020B (Taxable)	23-Jul-20	15-Jun-23	330,000	80,000	250,000
College Preparatory Middle School - 2020A (Tax Exempt)	23-Jul-20	15-Jun-55	11,750,000		11,750,000
Grossmont Union High School District - 2020	4-Aug-20	1-Jul-40	33,185,000		33,185,000
REAL Journey Academies - 2020B (Taxable)	4-Sep-20	1-Jun-23	500,000		500,000
REAL Journey Academies - 2020A (Tax Exempt)	4-Sep-20	1-Jun-30	1,290,000		1,290,000
REAL Journey Academies - 2020A (Tax Exempt)	4-Sep-20	1-Jun-40	1,695,000		1,695,000
REAL Journey Academies - 2020A (Tax Exempt)	4-Sep-20	1-Jun-50	2,740,000		2,740,000
REAL Journey Academies - 2020A (Tax Exempt)	4-Sep-20	1-Jun-59	3,915,000		3,915,000
Contra Costa School of Performing Arts - 2020A (Taxable)	10-Sep-20	15-Jun-26	285,000		285,000
Contra Costa School of Performing Arts - 2020A (Tax Exempt)	10-Sep-20	15-Jun-58	16,065,000		16,065,000
Classical Academies - 2020A (Tax Exempt)	24-Sep-20	1-Oct-30	630,000		630,000
Classical Academies - 2020A (Tax Exempt)	24-Sep-20	1-Oct-40	1,215,000		1,215,000
Classical Academies - 2020A (Tax Exempt)	24-Sep-20	1-Oct-50	15,320,000		15,320,000
Everest Values - 2020A (Tax Exempt)	20-Nov-20	1-Jul-30	635,000		635,000
Everest Values - 2020A (Tax Exempt)	20-Nov-20	1-Jul-40	1,305,000		1,305,000
Everest Values - 2020B (Taxable)	20-Nov-20	1-Jul-45	2,070,000		2,070,000
Everest Values - 2020A (Tax Exempt)	20-Nov-20	1-Jul-59	5,135,000		5,135,000
Aspire 2020A (Taxable)	8-Dec-20	1-Aug-25	1,720,000		1,720,000
Aspire 2020A (Taxable)	8-Dec-20	1-Aug-32	3,535,000		3,535,000
Aspire 2020A (Tax Exempt)	8-Dec-20	1-Aug-40	5,625,000		5,625,000
Aspire 2020A (Tax Exempt)	8-Dec-20	1-Aug-50	10,940,000		10,940,000
Aspire 2020A (Tax Exempt)	8-Dec-20	1-Aug-59	15,615,000		15,615,000
Equitas - 2020	22-Dec-20	1-Dec-55	30,811,625		30,811,625
Scholarship Prep - 2020B (Taxable)	23-Dec-20	1-Jun-27	575,000		575,000
Scholarship Prep - 2020A (Tax Exempt)	23-Dec-20	1-Jun-60	17,745,000		17,745,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-24	500,000		500,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-25	525,000		525,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-26	550,000		550,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-27	580,000		580,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-28	610,000		610,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-29	640,000		640,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-30	670,000		670,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-40	8,460,000		8,460,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-50	12,515,000		12,515,000
KIPP - 2020A (Tax Exempt)	29-Dec-20	1-Jul-55	8,360,000		8,360,000
Lifeline - 2020B (Taxable)	29-Dec-20	1-Jul-24	365,000		365,000
Lifeline - 2020A (Tax Exempt)	29-Dec-20	1-Jul-30	1,095,000		1,095,000
Lifeline - 2020A (Tax Exempt)	29-Dec-20	1-Jul-45	4,090,000		4,090,000



# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2021

<b>Bonds and Notes</b>	<b>Date Issued</b>	<b>Date of Final Maturity</b>	<b>Amounts Issued</b>	<b>Amount of Bonds Retired</b>	<b>Bonds Outstanding as of June 30, 2021</b>
Lifeline - 2020A (Tax Exempt)	29-Dec-20	1-Jul-55	4,950,000		4,950,000
State Aid Intercept Notes 2021 Series B (Taxable)	24-Mar-21	30-Aug-21	31,725,000		31,725,000
State Aid Intercept Notes 2021 Series C (Taxable)	22-Apr-21	30-Aug-21	30,375,000		30,375,000
State Aid Intercept Notes 2021 Series A-1 (Tax Exempt)	24-Mar-21	30-Dec-21	79,095,000		79,095,000
State Aid Intercept Notes 2021 Series A-2 (Tax-Exempt) (Tax Exempt)	24-Mar-21	30-Dec-21	126,975,000		126,975,000
State Aid Intercept Notes 2021 Series C (Taxable) (Taxable)	22-Apr-21	30-Dec-21	164,665,000		164,665,000
Revenue Notes (ASAP Program) Series 2021A-1	30-Mar-21	30-Dec-21	15,475,000		15,475,000
Revenue Notes (ASAP Program) Series 2021A-2	30-Mar-21	30-Dec-21	15,475,000		15,475,000
Revenue Notes (ASAP Program) Series 2021B-1	30-Mar-21	30-Dec-21	33,760,000		33,760,000
Revenue Notes (ASAP Program) Series 2021B-1	30-Mar-21	30-Dec-21	33,760,000		33,760,000
KIPP Nor Cal Loan - 2021	28-Apr-21	1-Mar-56	11,733,266	9,053	11,724,213
iLEAD Lancaster - 2021A (Taxable)	29-Apr-21	1-Jun-26	525,000		525,000
iLEAD Lancaster - 2021A (Tax Exempt)	29-Apr-21	1-Jun-31	750,000		750,000
iLEAD Lancaster - 2021A (Tax Exempt)	29-Apr-21	1-Jun-41	1,995,000		1,995,000
iLEAD Lancaster - 2021A (Tax Exempt)	29-Apr-21	1-Jun-51	3,250,000		3,250,000
iLEAD Lancaster 2021A (Tax Exempt)	29-Apr-21	1-Jun-61	5,280,000		5,280,000
Classical Academies - 2021A (Taxable)	12-May-21	1-Oct-23	295,000		295,000
Classical Academies - 2021A (Tax Exempt)	12-May-21	1-Oct-26	1,130,000		1,130,000
Classical Academies - 2021A (Tax Exempt)	12-May-21	1-Oct-31	1,615,000		1,615,000
Classical Academies - 2021A (Tax Exempt)	12-May-21	1-Oct-46	7,150,000		7,150,000
			<u>\$ 2,353,758,937</u>	<u>\$ 218,740,438</u>	<u>\$ 2,135,018,499</u>

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2021

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<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Education:</b>			
Charter School Facilities Incentive Grants Program	84.282D	<u>\$ 11,439,680</u>	<u>\$ 11,439,680</u>
<b>Total U.S. Department of Education and Expenditures of Federal Awards</b>		<u><u>\$ 11,439,680</u></u>	<u><u>\$ 11,439,680</u></u>

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

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### 1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all of the federal grant programs of the California School Finance Authority (the Authority). The Authority's reporting entity is defined in Note 1 of the Authority's financial statements. Expenditures of federal awards are amounts received directly from federal agencies.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** – Funds received under the various grant programs have been recorded within the funds of the Authority. The accompanying SEFA is presented using the modified accrual basis of accounting for expenditures.

**Relationship to Financial Statements** – Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the Authority's financial statements.

### 3. LOANS OUTSTANDING

The Authority also issued loans for credit enhancement for bond issuances under the Charter School Enhancement Program, ALN #84.354. During the fiscal year ended June 30, 2021, no loans were issued. As of June 30, 2021, \$7,411,817 in loans are outstanding. These loans are due back to the Authority upon bond maturity, bond refinancing, or charter school closure.

### 4. INDIRECT COST RATE

The Authority did not elect to use the 10% de minimis indirect cost rate for federal programs.

## **OTHER INDEPENDENT AUDITOR'S REPORTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

**Independent Auditor's Report**

**California School Finance Authority Members  
Los Angeles, California**

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the California School Finance Authority (the Authority), a related organization of the State of California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 29, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Authority's Response to Findings**

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**GILBERT CPAs**  
**Sacramento, California**

**September 29, 2022**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**Independent Auditor's Report**

**California School Finance Authority Members  
Los Angeles, California**

**Report on Compliance for Each Major Federal Program**

We have audited California School Finance Authority's (the Authority's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**GILBERT CPAs**  
**Sacramento, California**

**September 29, 2022**



## **FINDINGS AND RECOMMENDATIONS SECTION**

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2021

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### SUMMARY OF AUDITOR'S RESULTS

#### *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified?            Yes       ✓       No  
Significant deficiency(ies) identified?       ✓       Yes            None Reported

Noncompliance material to financial statements noted?            Yes       ✓       No

#### *Federal Awards*

Internal control over major programs:  
Material weakness(es) identified?            Yes       ✓       No  
Significant deficiency(ies) identified?            Yes       ✓       None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?            Yes       ✓       No

#### Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Programs or Cluster</u>
84.282D	Charter School Facilities Incentive Grants Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?       ✓       Yes            No

### FINANCIAL STATEMENT FINDINGS

#### 2021-001 - Financial Closing Process

##### Condition:

Accurate financial reporting is an important element of an entity's performance evaluation and strategic decision making process. The year-end close and reconciliation of the Authority's financial data represents a significant internal control process of its financial reporting and should not rely on the additional level of control supplied by an external financial audit. We identified adjustments necessary to properly present the Authority's financial statements and notes to the financial statements in accordance with generally accepted accounting principles (GAAP) as of June 30, 2021.

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2021

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### Criteria:

Conversion entries should be prepared by management to convert the governmental fund statements from modified accrual to full accrual and management should ensure that the financial statements are presented in accordance with generally accepted accounting principles.

### Cause:

The Authority's closing process did not completely identify all necessary adjustments necessary to present statements in accordance with GAAP. Management was cooperative and worked diligently toward improving the reconciliation process.

### Effect:

Accurate financial reporting enables management to have a sound financial basis for decision making. Conversely, the absence of accurate financial data may undermine the plans and initiatives of management. The lack of a complete close and reconciliation process of the Authority represents a significant internal control which should not require or rely on the additional level of control supplied by an audit.

### Recommendation:

We recommend the Authority document in detail the year-end closing process and outline procedures, responsible parties, and timelines to improve the efficiency and accuracy of the process. We recommend that the Authority focus on conversion entries required to convert governmental funds from modified accrual to full accrual that required significant adjustments as a result of our audit:

### Views of Responsible Officials and Planned Corrective Actions:

Management is working with contracted accountants to ensure that sufficient GAAP expertise is acquired by appropriate agents to accurately convert entries to comply with GAAP, as required by audit standards. Accounting staff will then further evaluate to ensure that any additional conversion entries are corrected with the originally submitted conversion entries in future audits.

The Authority launched two new programs in fiscal year 2020/21 – the Advances on State Aid Payments (ASAP) Program and State Aid Intercept Note (SAIN) Program. Given the unique funding and use of these new programs, accounting staff were unaware of the GAAP requirement which directed the fund balance for these programs to be zero at the end of the fiscal year. If there is any activity that creates a balance, it will be zeroed out according to GAAP standards.

Accounting sought guidance for several accruals that were not cleared in the system in fiscal year 2020/21. Because staff was unable to obtain direction for these accruals, these items were not reversed properly in the system. While this was an unforeseen issue, prospectively, staff will closely monitor all accruals, especially those that require input from outside parties.

The State Controller's Office and the Department of Finance have agreed that Funds 9734/9735 will close without posting any due to/from DGS cash accounts which will eliminate any future issues.

# **CALIFORNIA SCHOOL FINANCE AUTHORITY**

## **SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2021**

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### **FEDERAL COMPLIANCE**

There were no federal findings reported.

### **STATUS OF PRIOR YEAR AUDIT FINDINGS**

#### **FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings reported in the prior year.

#### **FEDERAL COMPLIANCE FINDINGS**

There were no federal compliance findings reported in the prior year.