

**CALIFORNIA SCHOOL  
FINANCE AUTHORITY FUND**

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

**YEARS ENDED  
JUNE 30, 2014 AND 2013**

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

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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 California School Finance Authority Fund (the Fund), a related organization of the State of California administered by California School Finance Authority (the Authority), as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Fund'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Authority, as of June 30, 2014 and 2013, and the changes in its financial position or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matter***

***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The Schedules of Bonds and Collateralized Notes Authorized, Issued, and Outstanding (Supplemental Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is 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 January 27, 2015, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**January 27, 2015**

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## BALANCE SHEETS JUNE 30, 2014 AND 2013

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	<u>2014</u>	<u>2013</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 569,196	\$ 278,130
Accounts Receivable	919	1,477
Due from Authority	25,913	4,079
Due from Other External Funds	<u>274</u>	<u>730</u>
Total Current Assets	<u>596,302</u>	<u>284,416</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 596,302</u>	 <u>\$ 284,416</u>
 <b>LIABILITIES AND NET POSITION</b>		
 <b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 48,447	\$ 8,175
Due to Authority	100,973	40,579
Due to Other External Funds	<u>343</u>	<u>5,823</u>
Total Current Liabilities	<u>149,763</u>	<u>54,577</u>
 <b>NET POSITION:</b>		
Restricted for Educational Purposes	<u>446,539</u>	<u>229,839</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <u>\$ 596,302</u>	 <u>\$ 284,416</u>

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEARS ENDED JUNE 30, 2014 AND 2013

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	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUE:</b>		
Fee Revenue	\$ 442,153	\$ 230,018
<b>OPERATING EXPENSES:</b>		
Debt Issuance Costs	117,493	84,745
Salaries, Wages, and Benefits	88,487	40,579
Audit Fees	10,708	6,599
Annual Fees to Department of Finance	2,415	3,707
Equipment	33	1,789
Meetings and Conferences		1,085
Miscellaneous	7,272	2,679
Total Operating Expenses	<u>226,408</u>	<u>141,183</u>
<b>OPERATING INCOME</b>	215,745	88,835
<b>NON-OPERATING REVENUE:</b>		
Interest Income	955	703
Miscellaneous Income		551
Total Non-Operating Revenues	<u>955</u>	<u>1,254</u>
<b>CHANGE IN NET POSITION</b>	216,700	90,089
<b>NET POSITION, Beginning of year</b>	<u>229,839</u>	<u>139,750</u>
<b>NET POSITION, End of year</b>	<u>\$ 446,539</u>	<u>\$ 229,839</u>

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

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2014 AND 2013

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	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Fees	\$ 442,711	\$ 229,041
Payments to Suppliers	(111,302)	(93,814)
Payments to Employees	(41,754)	
Net cash provided by operating activities	<u>289,655</u>	<u>135,227</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Miscellaneous Receipts	<u>551</u>	<u>          </u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Received	<u>860</u>	<u>658</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	291,066	135,885
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>278,130</u>	<u>142,245</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 569,196</u>	<u>\$ 278,130</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 215,745	\$ 88,835
Changes in:		
Accounts Receivable	558	(977)
Due from Authority	(21,834)	(4,079)
Accounts Payable	40,272	7,639
Due to Authority	60,394	40,579
Due to Other External Funds	<u>(5,480)</u>	<u>3,230</u>
Net cash provided by operating activities	<u>\$ 289,655</u>	<u>\$ 135,227</u>

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

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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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. Within these Education Code sections, 17181(a) established the California School Finance Authority Fund (the Fund). The Fund is the bond and note financing program that is administered by the Authority.

The Fund acts as a conduit by assisting eligible educational 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 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. The Authority contracts with the State Treasurer's Office to provide administrative support including, but not limited to accounting, budgets, data processing, personnel, and business services.

#### B. THE REPORTING ENTITY

These financial statements present information on the financial activities of the Fund. The Fund is an enterprise fund of the California School Finance Authority (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

As an enterprise fund, the accrual basis of accounting is utilized, whereby revenues are recorded when earned and expenses are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). The financial statements of the Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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### D. REVENUES

The Fund charges fees to institutions for assistance in bond and note financing as follows:

	<u>Bond Financing</u>	<u>Note Financing</u>
Application Fee (non-refundable)	\$1,500	\$1,500
Issuance Fee	0.15% of par	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.

### E. CASH AND CASH EQUIVALENTS

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

### F. 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 Fund has not had any claims subject to this coverage. Additional disclosures are presented in the financial statements of the State of California.

### G. NET POSITION

Net position is restricted by enabling legislation for the purposes of assisting in the issuance of revenue bonds and notes for eligible educational organizations.

### H. USE OF ESTIMATES TO PREPARE FINANCIAL STATEMENTS

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

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

### 2. CASH AND CASH EQUIVALENTS IN STATE TREASURY

Cash and cash equivalents at June 30 are classified in the accompanying financial statements as follows:

	<u>2014</u>	<u>2013</u>
Deposits in SMIF	\$ 568,000	\$ 278,000
Cash in State Treasury	996	130
Cash on hand	<u>200</u>	<u>          </u>
Total Cash and Cash Equivalents	<u>\$ 569,196</u>	<u>\$ 278,130</u>

The Fund invests excess cash funds in the 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. As of June 30, 2014 and 2013, the Fund invested funds in SMIF in the amount of \$568,000 and \$278,000, respectively.

Additional disclosure detail required by GASB Statements No. 3, No. 31, and No. 40, regarding cash deposits and investments in 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 years ended June 30, 2014 and 2013.

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

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

<u>Due From (Due To)</u>	<u>Description</u>	<u>2014</u>	<u>2013</u>
SMIF	Interest Income	\$ 274	\$ 179
State Compensation Insurance Fund	Insurance costs		551
Department of General Services	Miscellaneous	(88)	
Department of Justice	Miscellaneous	<u>(255)</u>	<u>(5,823)</u>
Net Due From (To) Other External Funds		<u>\$ (69)</u>	<u>\$ (5,093)</u>

The amount due from SMIF represents unpaid interest earned by the Fund. The amount due from the State Compensation Insurance Fund represents excess insurance payments due back to the Fund. The amount due to external funds represents expenses paid by the Department of Justice and Department of General Services within the State of California on behalf of the Fund.

In addition, the Fund has \$25,913 and \$4,079 due from the Authority for expenses paid on behalf of the Authority as of June 30, 2014 and 2013, respectively, and owes \$100,973 and \$40,759 to the Authority for personnel costs allocated to the Fund and other operating costs paid out of the General Fund as of June 30, 2014 and 2013, respectively.

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

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### 4. CONDUIT DEBT

As a conduit debt provider, the Authority assisted, through the Fund, with the issuance of financings in the amount of \$167,865,000 and \$91,874,956 for the years ended June 30, 2014 and 2013, respectively, and there was \$279,745,000 and \$124,836,501 in conduit financings outstanding at June 30, 2014 and 2013, respectively. Additionally, the amount of bonds authorized by the Authority and unsold was \$40,000,000 and \$86,503,325 at June 30, 2014 and 2013, respectively.

### 5. EMPLOYEE RETIREMENT PLAN

The Authority is a participant 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. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Since all State agencies are considered collectively to be a single employer, the actuarial present value of vested and non-vested accumulated plan benefits attributable to the Authority's employees cannot be determined. The significant actuarial assumptions used to compute the actuarially determined State contribution requirements are the same as those used to compute the State pension benefit obligation as defined by CalPERS. Generally, fulltime and permanent part-time employees are eligible to participate in CalPERS. Depending upon the plan option selection, benefits vest after five to ten years of service. Participants are eligible for service retirement after age 50 or 55 and must have five to ten years of CalPERS credited service, depending upon the tier of participation. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. The amount of pension contributions by the Authority to CalPERS is actuarially determined under a program where contributions plus the expected earnings of CalPERS will provide the necessary funds to pay the earned benefits of the employees when due. The total payroll of the Authority is covered.

The Fund's allocation of the Authority's contribution to CalPERS for the years ended June 30, 2014 and 2013 was \$13,062 and \$5,848, respectively. Participant contributions range from zero to six percent of their salary depending on the tier of participation. The excess of plan assets over vested and unvested benefits at June 30, 2014 and 2013 was not available. Such information is available for CalPERS as a whole, which is audited annually by other independent auditors. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained by writing to the CalPERS, Fiscal Services Division, P.O. Box 942703, Sacramento, California 94229-2703 or by visiting the CalPERS website at [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov).

## **SUPPLEMENTAL INFORMATION**

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2014

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2014
Birmingham Community Charter High (RAN)	3-Aug-10	1-Nov-11	\$ 3,000,000	\$ 3,000,000	
High Tech High - Chula Vista (QSCB)	11-Aug-10	1-Jul-20	12,000,000		\$ 12,000,000
Aspire Public Schools (RAN)	24-Aug-10	15-Nov-11	6,850,000	6,850,000	
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	350,000	1,665,000
New Jerusalem (QSCB)	14-Apr-11	1-Nov-25	5,100,000	855,000	4,245,000
High Tech High - North County (QSCB)	28-Apr-11	1-Jan-21	3,950,000		3,950,000
Aspire Public Schools (RAN)	27-May-11	15-Nov-11	3,000,000	3,000,000	
Working Capital Program 2012A (RAN)	1-Mar-12	31-Dec-12	4,841,000	4,841,000	
Working Capital Program 2012B (RAN)	18-Apr-12	31-Dec-12	4,708,000	4,708,000	
Aspire 2012A (RAN)	18-Apr-12	1-Mar-13	5,777,100	5,777,100	
Aspire 2012B (RAN)	18-Apr-12	1-Mar-13	3,392,900	3,392,900	
Tri-Valley Learning Corporation 2013B (QSCB)	4-Oct-12	1-Oct-35	15,000,000		15,000,000
Tri-Valley Learning Corporation 2013A (Tax Exempt Bonds)	4-Oct-12	1-Jun-47	27,500,000		27,500,000
New Designs 2013A (Tax Exempt Bonds)	24-Oct-12	1-Jun-32	6,130,000		6,130,000
New Designs 2013A (Tax Exempt Bonds)	24-Oct-12	1-Jun-42	10,445,000		10,445,000
New Designs 2013C (Tax Exempt Bonds)	24-Oct-12	1-Jun-17	1,255,000		1,255,000
New Designs 2013B (Taxable Bonds)	24-Oct-12	1-Jun-23	2,035,000		2,035,000
Working Capital Program 2012C (RAN)	25-Oct-12	15-Oct-13	800,580	800,580	
Rocketship 2013A (RAN)	29-Oct-12	31-Oct-13	3,018,939	3,018,939	
Rocketship 2013B (RAN)	29-Oct-12	31-Oct-13	3,018,939	3,018,939	
Working Capital Program 2012D (RAN)	20-Dec-12	15-Oct-13	1,856,498	1,856,498	
Coastal Academy 2013A (Tax Exempt Bonds)	7-Feb-13	1-Oct-42	13,855,000		13,855,000
Coastal Academy 2013B (Taxable Bonds)	7-Feb-13	1-Oct-16	300,000		300,000
Aspire 2013A (RAN)	5-Apr-13	1-Mar-14	1,625,000	1,625,000	
Aspire 2013B (RAN)	5-Apr-13	1-Mar-14	1,625,000	1,625,000	
Working Capital Program 2013A (RAN)	25-Apr-13	15-Oct-13	3,410,000	3,410,000	
Value Schools 2013A (Tax Exempt)	4-Aug-13	1-Jul-23	1,300,000		1,300,000
Value Schools 2013B (Tax Exempt)	4-Aug-13	1-Jul-33	2,575,000		2,575,000
Value Schools 2013C (Tax Exempt)	4-Aug-13	1-Jul-43	4,955,000		4,955,000
Value Schools 2013D (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
Classical Academies Series 2013A (Tax Exempt)	12-Sep-13	1-Oct-43	24,240,000		24,240,000
Classical Academies Series 2013B (Taxable Bonds)	12-Sep-13	1-Oct-18	935,000		935,000
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		2,065,000
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

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING (CONTINUED) JUNE 30, 2014

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2014
Alliance 2023 Union Series B (Taxable Bonds)	16-Oct-13	1-Jul-14	\$ 85,000		\$ 85,000
ICEF View Park High School Series 2013A (Tax Exempt)	24-Oct-13	1-Oct-33	2,715,000		2,715,000
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
ICEF View Park High School Series 2013B (Taxable Bonds)	24-Oct-13	1-Oct-18	345,000		345,000
Camino Nuevo Series 2013A (Tax Exempt)	20-Dec-13	1-Jan-34	7,245,000		7,245,000
Partnerships to Uplift Valley Project Series 2014A (Tax Exempt)	12-Mar-14	1-Aug-24	3,290,000		3,290,000
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
Partnerships to Uplift Valley Project Series 2014B (Taxable Bonds)	12-Mar-14	1-Aug-17	670,000		670,000
Rocketship (RAN)	11-Apr-14	31-Oct-14	2,287,500		2,287,500
Rocketship (RAN)	11-Apr-14	31-Oct-14	2,287,500		2,287,500
Alliance College Ready Public Schools Series 2014A (QZAB)	22-May-14	15-Mar-34	5,000,000		5,000,000
Alliance College Ready Public Schools Series 2014B (Tax Exempt)	22-May-14	15-Mar-34	3,975,000		3,975,000
KIPP Los Angeles Schools Series 2014A (Tax Exempt)	25-Jun-14	1-Jul-24	4,825,000		4,825,000
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
KIPP Los Angeles Schools Series 2014B (Taxable Bonds)	25-Jun-14	1-Jul-16	405,000		405,000
Magnolia Science Academy - Reseda 2014A (Tax Exempt)	26-Jun-14	1-Jul-24	660,000		660,000
Magnolia Science Academy - Reseda 2014A (Tax Exempt)	26-Jun-14	1-Jul-34	1,780,000		1,780,000
Magnolia Science Academy - Reseda 2014A (Tax Exempt)	26-Jun-14	1-Jul-44	3,235,000		3,235,000
Magnolia Science Academy - Reseda 2014B (Taxable Bonds)	26-Jun-14	1-Jul-19	345,000		345,000
<b>TOTAL</b>			<u>\$ 327,873,956</u>	<u>\$ 48,128,956</u>	<u>\$ 279,745,000</u>

# CALIFORNIA SCHOOL FINANCE AUTHORITY FUND

## SCHEDULE OF BONDS AND COLLATERALIZED NOTES AUTHORIZED, ISSUED AND OUTSTANDING JUNE 30, 2013

Bonds and Notes	Date Issued	Date of Final Maturity	Amounts Issued	Amount of Bonds Retired	Bonds Outstanding as of June 30, 2013
Birmingham Community Charter High (RAN)	3-Aug-10	1-Nov-11	\$ 3,000,000	\$ 3,000,000	
High Tech High - Chula Vista (QSCB)	11-Aug-10	1-Jul-20	12,000,000		\$ 12,000,000
Aspire Public Schools (RAN)	24-Aug-10	15-Nov-11	6,850,000	6,850,000	
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	220,000	1,795,000
New Jerusalem (QSCB)	14-Apr-11	1-Nov-25	5,100,000	520,000	4,580,000
High Tech High - North County (QSCB)	28-Apr-11	1-Jan-21	3,950,000		3,950,000
Aspire Public Schools (RAN)	27-May-11	15-Nov-11	3,000,000	3,000,000	
Working Capital Program 2012A (RAN)	1-Mar-12	31-Dec-12	4,841,000	4,841,000	
Working Capital Program 2012B (RAN)	18-Apr-12	31-Dec-12	4,708,000	4,708,000	
Aspire 2012A (RAN)	18-Apr-12	1-Mar-13	5,777,100	5,777,100	
Aspire 2012B (RAN)	18-Apr-12	1-Mar-13	3,392,900	3,392,900	
Tri-Valley Learning Corporation 2013B (QSCB)	4-Oct-12	1-Oct-35	15,000,000		15,000,000
Tri-Valley Learning Corporation 2013A (Tax Exempt Bonds)	4-Oct-12	1-Jun-47	27,500,000		27,500,000
New Designs 2013A (Tax Exempt Bonds)	24-Oct-12	1-Jun-32	6,130,000		6,130,000
New Designs 2013A (Tax Exempt Bonds)	24-Oct-12	1-Jun-42	10,445,000		10,445,000
New Designs 2013C (Tax Exempt Bonds)	24-Oct-12	1-Jun-17	1,255,000		1,255,000
New Designs 2013B (Taxable Bonds)	24-Oct-12	1-Jun-23	2,035,000		2,035,000
Working Capital Program 2012C (RAN)	25-Oct-12	15-Oct-13	800,580	317,616	482,964
Rocketship 2013A (RAN)	29-Oct-12	31-Oct-13	3,018,939		3,018,939
Rocketship 2013B (RAN)	29-Oct-12	31-Oct-13	3,018,939		3,018,939
Working Capital Program 2012D (RAN)	20-Dec-12	15-Oct-13	1,856,498	744,424	1,112,074
Coastal Academy 2013A (Tax Exempt Bonds)	7-Feb-13	1-Oct-42	13,855,000		13,855,000
Coastal Academy 2013B (Taxable Bonds)	7-Feb-13	1-Oct-16	300,000		300,000
Aspire 2013A (RAN)	5-Apr-13	1-Mar-14	1,625,000		1,625,000
Aspire 2013B (RAN)	5-Apr-13	1-Mar-14	1,625,000		1,625,000
Working Capital Program 2013A (RAN)	25-Apr-13	15-Oct-13	3,410,000	1,801,415	1,608,585
<b>TOTAL</b>			<u>\$ 160,008,956</u>	<u>\$ 35,172,455</u>	<u>\$ 124,836,501</u>

## **ADDITIONAL INFORMATION**

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the California School Finance Authority Fund (the Fund), a related organization of the State of California administered by California School Finance Authority (the Authority), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 27, 2015.

**Internal Control Over Financial Reporting**

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

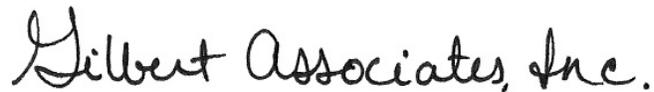
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**January 27, 2015**