CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

Audited Financial Statements

June 30, 2022

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CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

AUDITED FINANCIAL STATEMENTS

June 30, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board Members
California Educational Facilities Authority
Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the California Educational Facilities Authority (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for out audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to the Pension Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of Contributions to the OPEB Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 accompanying Schedule of Bonds Issued and Outstanding are presented for purposes of additional analysis and are not a required part of the basic financial statements. This schedule has not been subjected to the auditing procedures applied in the audit on the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2023, 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.

Richardson & Company, LLP

July 11, 2023

This section of the financial statements of the California Educational Facilities Authority (CEFA) presents management's discussion and analysis of the financial performance during the fiscal years that ended on June 30, 2022, 2021, and 2020. Please read it in conjunction with the financial statements that follow this section.

GENERAL BACKGROUND, OVERVIEW AND PROGRAMS

CEFA was established in 1973 for the purpose of issuing revenue bonds to assist private non-profit institutions of higher learning in the expansion and construction of educational facilities.

CEFA provides students with better access and broader opportunities in higher education by providing qualified non-profit private higher education institutions with the assistance needed to reduce their capital costs of financing academic-related facilities through a tax-exempt revenue bond program. Additionally, CEFA administers the College Access Tax Credit Fund (CATCF) and is responsible for allocating and certifying tax credits for individuals, businesses, and insurance companies.

Conduit Financing Activity

During the fiscal years ended June 30, 2022, 2021, and 2020, CEFA issued bonds totaling $35,000,000, $353,395,000, and $51,620,000 respectively. As of June 30, 2022, CEFA's total conduit debt issued was approximately $14.4 billion, and the total conduit debt outstanding was approximately $4.2 billion. As of June 30, 2021, total conduit debt issued was approximately $14.4 billion and total conduit debt outstanding was approximately $4.4 billion. As of June 30, 2020, total conduit debt issued was approximately $14 billion and total conduit debt outstanding was approximately $4.3 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of CEFA include the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), basic financial statements, accompanying notes and supplementary information.

REQUIRED FINANCIAL STATEMENTS

CEFA's financial statements report information using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities. The financial statement prepared for fiscal year ended June 30, 2022, was performed by the auditing firm Richardson & Company LLP. The financial statements prepared for fiscal year ended June 30, 2021 and 2020, were performed by the auditing firm Gilbert CPAs.

The ***Statements of Net Position*** include CEFA's assets, deferred outflows, liabilities, deferred inflows, and net position for the years ended June 30, 2022, 2021, and 2020 and provide information about the nature and amounts of investments in resources (assets) and the obligations to CEFA's creditors (liabilities) (see Table 1).

Table 1

Statements of Net Position

	2022	2021	2020
Assets			
Current Assets	$ 1,237,764	$ 1,106,036	$ 1,046,567
Non-Current Assets	3,631	4,669	-
Total Assets	1,241,395	1,110,705	1,046,567
Deferred Outflows of Resources	199,016	179,242	216,826
Total Assets and Deferred Outflows of Resources	1,440,411	1,289,947	1,263,393
Liabilities			
Current Liabilities	31,902	40,512	59,903
Non-Current Liabilities	1,359,932	1,664,949	1,689,645
Total Liabilities	1,391,834	1,705,461	1,749,548
Deferred Inflows of Resources	375,464	266,397	376,352
Net Position			
Net Investments in Capital Assets	3,631	-	-
Restricted for Educational Purposes	(330,518)	(681,911)	(862,507)
Total Net Position	(326,887)	(681,911)	(862,507)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,440,411	$ 1,289,947	$ 1,263,393

CEFA's Total Assets was $1,440,411 as of fiscal year ended June 30, 2022, which was an increase from $1,289,947 as of fiscal year ended of June 30, 2021. The increase was primarily driven by current assets, which consist primarily of cash and cash equivalents and charges for services. The increase in current assets can be attributed to the increase in Fee Revenue as well as Other Revenue on Table 2. CEFA collects other revenues from fees from the California Health Facilities Financing Authority (CHFFA), the CHFFA Nondesignated Public Hospital Program (NDPH), and CATCF for staff time spent on those programs.

The ***Statements of Revenues, Expenses, and Changes in Net Position*** accounts for all of the revenue earned and expenses incurred by CEFA for the years ended June 30, 2022, 2021, and 2020. These statements reflect the results of CEFA's operations in each of the respective years (see Table 2).

Table 2

Statements of Revenues, Expenses, and Changes In Net Position

	2022	2021	2020
Operating Revenues			
Fee Revenue	$ 314,535	$ 395,211	$ 345,548
Miscellaneous Revenue	372,613	224,357	192,935
Total Operating Revenues	687,148	619,568	538,483
Operating Expenses			
Personnel	192,497	308,115	257,313
Operating Expenses	142,668	134,581	157,140
Total Operating Expenses	335,165	442,696	414,453
Operating Income	351,983	176,872	124,030
Non-Operating Revenues			
Interest and Investment Income	3,041	3,724	13,857
Change in Net Position	355,024	180,596	137,887
Net Position - Beginning of Year	(681,911)	(862,507)	(1,000,394)
Net Position - End of Year	$ (326,887)	$ (681,911)	$ (862,507)

For the fiscal year ended June 30, 2022, CEFA's Change in Net Position of $355,024 reflects a significant increase from $180,596 for fiscal year ended June 30, 2021. Part of this increase can be attributed to increased other revenue as it relates to revenue collected from CEFA's interagency contracts with CHFFA and CATCF than in the previous year. Specifically, in fiscal year ended June 30, 2022, CEFA staff worked on the CHFFA NDPH program, which increased other revenue by nearly $65,000. Additionally, in fiscal year ended June 30, 2022, personnel expenses appear to decrease significantly from the previous fiscal year due to adjustments made to pension and OPEB accounts. CEFA maintains positive income earnings.

The ***Statements of Cash Flows*** provide information about CEFA's cash receipts and cash payments during the fiscal years ended June 30, 2022, 2021, and 2020. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, noncapital financing and investment activities. The statements provide answers to questions of where cash came from, what cash was used for, and what caused changes in cash for the reporting period covered (see Table 3).

Table 3
Statements of Cash Flows

	2022	2021	2020
Cash Flows From Operating Activities			
Net Cash Provided by Operating Activities	$ 233,307	$ 174,095	$ 17,945
Cash Flows from Capital Financing Activities			
Net Cash Used by Capital Financing Activities	-	(5,188)	-
Cash Flows from Investing Activities			
Net Cash Provided by Investing Activities	2,116	5,271	15,667
Net Increase in Cash and Cash Equivalents	235,423	174,178	33,612
Beginning Cash and Cash Equivalents	770,106	595,928	562,316
Ending Cash and Cash Equivalents	$ 1,005,529	$ 770,106	$ 595,928

The Ending Cash and Cash Equivalents increased from $770,106 in fiscal year ended June 30, 2021 to $1,005,529 in fiscal year ended June 30, 2022. This net increase is primarily due to an increase of receipts from fees, much of which is attributable to revenues related to bond financings and interagency contracts.

ANALYSIS OF FISCAL YEAR 2022/2021 BOND ACTIVITIES

Applications Received: **1**

Final Resolutions Adopted: **1**

Bonds Sold (not including tax-exempt commercial paper): **$35,000,000**

ANALYSIS OF FISCAL YEAR 2021/2020 BOND ACTIVITIES

Applications Received: **2**

Final Resolutions Adopted: **2**

Bonds Sold (not including tax-exempt commercial paper): **$353,395,000**

ANALYSIS OF FISCAL YEAR 2020/2019 BOND ACTIVITIES

Applications Received:	**1**
Final Resolutions Adopted:	**1**
Bonds Sold:	**$51,620,000**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of CEFA's financial position 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 Carolyn Aboubechara, Interim Executive Director, California Educational Facilities Authority, 901 P street, Suite 313, Sacramento, California 95814.

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2022

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 1,005,529
Accounts receivable	35,157
Interest receivable	1,451
Due from State - external funds	195,627
TOTAL CURRENT ASSETS	1,237,764
NON-CURRENT ASSETS:	
Capital assets, net	3,631
TOTAL ASSETS	1,241,395
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of resources - pension activities	103,697
Deferred outflow of resources - other postemployment benefits (OPEB)	95,319
	199,016
TOTAL ASSETS AND DEFFERED OUTFLOW OF RESOURCES	$ 1,440,411
CURRENT LIABILITIES	
Accounts payable	$ 8,959
Due to State - external funds	592
Accrued vacation, due within one year	22,351
TOTAL CURRENT LIABILITIES	31,902
NONCURRENT LIABILTIES	
Accrued vacation	33,852
Loan payable	84,177
Net pension liability	374,719
Other postemployment benefits (OPEB) liability	867,184
TOTAL NON-CURRENT LIABILITIES	1,359,932
TOTAL LIABILITIES	1,391,834
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources - pension activities	223,346
Deferred inflow of resources - other postemployment benefits (OPEB)	152,118
	375,464
NET POSITION	
Net investment in capital assets	3,631
Restricted for educational purposes	(330,518)
TOTAL NET POSITION	(326,887)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 1,440,411

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

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2022

OPERATING REVENUES		
Fee revenue		$ 314,535
Miscellaneous revenue		372,613
	TOTAL OPERATING REVENUES	687,148
OPERATING EXPENSES		
Salaries and wages		277,907
Operating expenses		142,668
Pension and OPEB		(227,579)
Benefits and other personnel related		142,169
	TOTAL OPERATING EXPENSES	335,165
	OPERATING INCOME (LOSS)	351,983
NONOPERATING REVENUES (EXPENSES)		
Interest and investment income		3,041
	TOTAL NONOPERATING REVENUES	3,041
	CHANGE IN NET POSITION	355,024
Net position, beginning of year		(681,911)
	NET POSITION, END OF YEAR	$ (326,887)

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

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from fees	$	791,768
Payments to vendors		(139,640)
Payments for salaries and benefits		(418,821)
NET CASH PROVIDED BY OPERATING ACTIVITIES		233,307
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment income received		2,116
NET CASH PROVIDED BY INVESTING ACTIVITIES		2,116
NET INCREASE IN CASH AND CASH EQUIVALENTS		235,423
Cash and cash equivalents at the beginning of the year		770,106
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	1,005,529
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	$	351,983
Depreciation		1,038
Changes in assets and liabilities		
Accounts receivable		181,723
Due from other funds		(77,103)
Accounts payable		3,993
Due to other funds		(2,003)
Accrued leave		1,255
Net pension liability		(251,056)
Deferred inflows/outflows		89,293
OPEB liability		(65,816)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	233,307

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of CEFA are described below.

Organization and Reporting Entity: CEFA, a state agency within the California State Treasurer's Office, was created by Chapter 1432, Statutes of 1972, which became effective March 7, 1973, and was subsequently amended. Legislation pertaining to the Act is contained in Division 10, Part 59, Chapter 2 of the California Education Code commencing with Code Section 94100. Effective January 1, 1996, legislation was passed to consolidate the California Student Loan Authority (CSLA) with CEFA. The Educational Facilities Authority Fund (EFAF) is maintained within CEFA.

The CSLA was originally established for the primary purpose of financing insured student and parent loans directly to students. Following the consolidation with CEFA, CEFA is authorized to issue negotiable revenue bonds in order to provide funds for achieving its purposes and to assign and pledge all or any portion of its interests in insured loans or the revenue there from for the benefit of holders of CEFA's bonds. Neither the full faith and credit nor the taxing power of the State of California or its political subdivisions is liable for payment of the debt of the CEFA.

The Authority was created for the purpose of issuing revenue bonds to assist private non-profit institutions of higher learning, in the expansion and construction of educational facilities. Because the Authority is authorized to issue tax-exempt bonds, the Authority may provide more favorable financing to such private institutions that might otherwise be obtainable.

The law specifically provides that bonds issued under the Act shall not be a debt, liability, or claim on the faith and credit or the taxing power of the Authority, the State of California, or any of its political subdivisions. The full faith and credit of the participating institutions, however, is normally pledged to the payment of the bonds. Bonds 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 California State Treasure's Office to provide administrative support including, but not limited to accounting, budgets, data processing, personnel, legal, insurance, and business services.

Basis of Presentation – Fund Accounting: The Authority's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The Authority uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principle operations of the Authority. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

Cash and Cash Equivalents: The Authority's cash and cash equivalents are considered cash and short-term investments that are held on deposit with the State Controller's Office. Cash receipts and disbursements of the Authority are made through a cash pool maintained by the State Controller.

Accounts Receivable: Accounts receivable consist primarily of initial and annual administration fees receivable from conduit bond financing borrowers.

Capital Assets: Capital assets are recorded at cost and consist of furniture, fixtures and equipment. The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over three to five years.

Net Position: Net position is categorized as net investment in capital assets, restricted and unrestricted. As of June 30, 2022, all of the net position of the Authority are classified as restricted by enabling legislation for purposes specified in the Act and as described in Note A.

General and Administrative Expenses: The Authority is subject to an allocation of intradepartmental support costs in accordance with an agreement between the Authority and the State Treasurer's Office (STO). Such costs could affect the Authority's financial position or operating results in a manner that differs from those that might have been obtained if the Authority was autonomous. The Authority records these costs as invoiced by STO for the fiscal year and allocates the costs to its different programs. However, the allocation is subject to review and adjustment subsequent to year-end. All adjustments are included on the STO invoices and recorded in the period in which the adjustment is identified.

Compensated Absences: The Authority accrues unpaid vacation, personnel holiday, excess hours, compensating hours, holiday credit and personal leave that is payable when employees separate from employment. Unused vacation may be accumulated up to a specified maximum and is paid at the time of termination from employment. Unused sick leave balances are not included in the liability because they do not vest to employees. Accrued vacation and sick leave follow state employees from agency to agency and are not necessarily earned since the inception of CEFA's fund. Additional information on compensated absences is contained in the financial statements of the State of California for the year ended June 30, 2022.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows and Outflows: The statement of net position includes a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditures/expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the Authority's pension plan under GASB 68 as described in Note F and OPEB plan under GASB Statement No. 75 as described in Note G.

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' 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.

Other Postemployment Benefits Plan (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, the OPEB benefit payments are recognized when currently due and payable in accordance with the OPEB benefit terms. Investments are reported at fair value.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements: In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The requirements of this Statement are effective for the Authority's year ended June 30, 2023.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The Authority continues to analyze the impact of the required implementation of these new statements, however, the Authority expects no significant impact.

NOTE B – CASH AND INVESTMENTS

Deposits in SMIF: The Authority's cash is held in the State's Surplus Money Investment Fund (SMIF). SMIF is part of the State's Pooled Money Investment Account (PMIA), which as of June 30, 2022 had a balance of $240.4 billion. The weighted average maturity of PMIA investments was 311 days as of June 30, 2022. The total amount of deposits in SMIF was $71.2 billion as of June 30, 2022. All of the resources of SMIF are invested through the Pooled Money Investment Board and is administered by the office of the State Treasurer. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based up on the Authority's pro-rata share of the fair value provided by SMIF for the entire SMIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by SMIF, which are recorded on an amortized cost basis. As of June 30, 2022, the Authority's invested funds in SMIF in the amount of $954,000. During the year ended June 30, 2022, the Authority earned interest and investment income in the amount of $3,041, of which $1,451 is receivable as of June 30, 2022.

Disclosures regarding interest rate risk, credit risk, concentration of credit risk, custodial risk and other additional detailed disclosures required by GASB regarding cash deposits and investments, are presented in the financial statements of the State of California for the year ended June 30, 2022.

NOTE C – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets, being depreciated and amortized:				
Equipment	$ 12,259			$ 12,259
Less accumulated depreciation and amortization for:				
Equipment	(7,590)	$ (1,038)		(8,628)
NET CAPITAL ASSETS	$ 4,669	$ (1,038)	$ -	$ 3,631

NOTE D – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities activity of the Authority for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Compensated absences	$ 54,948	$ 23,606	$ (22,351)	$ 33,852	$ 22,351
Loan payable	84,177			84,177	21,000
Net pension liability	625,775		(251,056)	374,719	
OPEB liability	933,000		(65,816)	867,184	
	$ 1,697,900	$ 23,606	$ (339,223)	$ 1,359,932	$ 43,351

NOTE D – LONG-TERM LIABILITIES (Continued)

Loan Payable: During the fiscal year ended June 30, 2018, SMIF made a contribution to the Plan of $111,000, on behalf of CEFA, as required by Senate Bill No. 84, Chapter 50, Statutes of 2017 (SB 84), to fund future Net Pension Liabilities. CEFA established a loan payable to SMIF for this contribution as required by SB 84. This loan payable is required to be repaid by CEFA by June 30, 2030. The outstanding balance on the loan payable as of June 30, 2022 was $84,177.

NOTE E – CONDUIT FINANCING ACTIVITY

The Authority acts as a conduit by assisting eligible borrowers with access to low interest rate capital markets through the issuance of tax-exempt revenue bonds. The financings are secured by the full faith and credit of the participating institutions, and the Authority has no obligation for the repayment of the bonds beyond the resources provided by the participating institution. As a result, the financing obligations are not recorded in the Authority's financial statements. The borrowers' obligations generally are, but need not be, secured by insurance, a letter of credit or guaranty. At June 30, 2022, the aggregate amount of the Authority's conduit debt obligations outstanding issued on behalf of program participants totaled $4,156,903,072.

The Authority's conduit financing activity for the year ended June 30, 2022 is as follows:

Qualified Private Activity Debt	Debt issued during fiscal year 2022 (third party debt)	Debt outstanding at June 30, 2022 (third party debt)
Qualified 501(c)(3) Nonprofit - Educational Facility Bonds	$ 35,000,000	$ 4,156,903,072

NOTE F – EMPLOYEE RETIREMENT PLAN

Plan Descriptions: All qualified employees are eligible to participate in the Authority's agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Departments and agencies within the state, including CEFA, are in a cost-sharing arrangement in which all risks and costs are shared proportionately by participating state agencies. Since all state agencies and certain related organizations, including CEFA, are considered collectively to be a single employer for plan purposes, the actuarial present value of vested and non-vested accumulated plan benefits attributable to the CEFA 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. The Authority has the following rate plans:

- Miscellaneous Plan Tier 1
- Miscellaneous Plan Tier 2

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

NOTE F – EMPLOYEE RETIREMENT PLAN (Continued)

first time after December 2012. Benefit provisions and other requirements are established by state statute. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members become fully vested in their retirement benefits earned to date after five or ten years of credited service.

The Plans' provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous Plan Tier 1		
Hire date	Prior to January 15, 2011	January 15, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 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 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.000%	8.000%	8.000%
Required employer contribution rates	31.43%	31.43%	31.43%

	Miscellaneous Plan Tier 2	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	1.25% @ 65	1.25% @ 67
Benefit vesting schedule	10 years service	10 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	0.5% to 1.25%	0.65% to 1.25%
Required employee contribution rates	0.000%	0.000%
Required employer contribution rates	31.43%	31.43%

Contributions: Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 year ended June 30, 2022, contributions to the Plan were $74,834.

NOTE F – EMPLOYEE RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2022, the Authority reported net pension liabilities of $374,719 for its proportionate share of the net pension liability of the Plan.

The Authority's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, 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, 2020 rolled forward to June 30, 2020 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

Proportionate share - June 30, 2021	0.0017%
Proportionate share - June 30, 2020	0.0018%
Change - Increase (Decrease)	-0.0001%

For the year ended June 30, 2022, the Authority recognized a pension credit of $155,562.

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 74,834	
Change in assumptions	(2)	$ (566)
Differences between actual and expected experience	23,995	(1)
Change in employer's proportion	4,870	(64,501)
Net differences between projected and actual earnings on plan investments		(158,278)
Total	$ 103,697	$ (223,346)

The $74,834 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 following fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2023	$ (56,859)
2024	(47,913)
2025	(45,287)
2026	(44,423)
	$ (194,482)

NOTE F – EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Assumptions: The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Mortality	Derived using CALPERS' membership data for all funds (1)

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that could be found on the CalPERS website.

Post-retirement benefit increases are based on contract COLA up to 2.50% until Purchasing Power Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% for the June 30, 2021 measurement date. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can 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.

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

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

NOTE F – EMPLOYEE RETIREMENT PLAN (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%		(0.92)%
Total	100.0%		

(a) An expected inflation of 2.0% used for this period.
(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate, 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 or 1-percentage point higher than the current rate:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability	$ 631,426	$ 374,719	$ 159,553

Pension Plan Fiduciary Net Position: Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The State also provides postemployment medical and prescription drug benefits to employees and dependents through CalPERS under the Public Employees' Medical and Hospital Care Act, and dental benefits under the State Employees' Dental Care Act. Benefits are set and may be amended by the State. The OPEB Plan is an agent multiple-employer defined benefit OPEB plan administered by the State. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

The State has identified 25 separate valuation groups within the State Plan. For each agency and/or fund, the State Controller's Office (SCO) determined the proportion of pensionable compensation attributable to employees within these valuation groups. SCO then used these proportions to allocate the OPEB accounting elements from the June 30, 2022, State of California Retiree Health Benefits Program Actuarial Valuation Report to State agencies and their funds.

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Benefits Provided: In accordance with the California Government Code, the State generally pays 80% of the health insurance premium cost for annuitants, plus 80% 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 2021 monthly State contribution was $607 for one-party, $1,216 for two-party coverage, and $1,567 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 postemployment 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 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 Plan which can be found on the SCO's website, at www.sco.ca.gov. Contributions to the State's Plan from the Authority were $32,835 for the fiscal year ended June 30, 2022.

Total OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB: At June 30, 2022, the Authority reported a liability of $867,184 for its proportionate share of the State's Plan net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The Authority's proportionate share, based on its attributable employee valuation groups pensionable compensation, as of June 30, 2021 was 0.001213%.

For the fiscal year ended June 30, 2022, the Authority recognized an OPEB credit of $76,686. The SCO's policy is to fully expense each year's proportionate share change adjustment. The Authority followed this policy and fully expensed its proportionate share change adjustment. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 37,000	
Changes in assumptions	58,077	$ (36,742)
Changes in non-investment experience	38	(112,656)
Changes in investment experience	204	(2,720)
Total	$ 95,319	$ (152,118)

The $37,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the following fiscal year. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense as follows:

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Year Ending June 30		
2023	$	(31,773)
2024		(28,437)
2025		(17,996)
2026		(4,267)
2027		(4,759)
Thereafter		(6,567)
	$	(93,799)

Actuarial Assumptions: For the measurement period ended June 30, 2021 (the measurement date), the total OPEB liability was determined using a June 30, 2020 valuation date. The June 30, 2020 beginning total OPEB liability was determined by rolling back the June 30, 2021 total OPEB liability. The June 30, 2021 total OPEB liability was based on the following actuarial methods and assumptions:

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	Blended rate consisting of 6.00% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 1.92%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Health care cost trend rates	*Pre-Medicare coverage and Post-Medicare coverage* : Actual rates for 2022, increasing to 7.50% in 2023, graded down over a six-year period until a trend rate of 4.50% in 2029, remains at 4.50% for nine years until the ultimate rate of 4.25% is reached in 2038. *Dental coverage* : 0.00% in 2022, 2.00% for 2023, 3.00% for 2024, 4.00% for 2025, and 4.25% for 2026 and beyond.
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 Experience Study, including updates to termination, disability, mortality assumptions, and retirement rates. The Experience Study report can be obtained from CalPERS' website at 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 2018 experience study 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. A copy of the GRS experience study available at www.sco.ca.gov.

Changes in Assumptions: For the actuarial valuation as of June 30, 2021, healthcare related assumptions, including per capita healthcare cost and healthcare trend rates, were updated based on experience through June 30, 2021. The discount rate was reduced from 6.75% to 6.00% and the inflation rate was increased from 2.25% to 2.30% as of June 30, 2022.

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate: The blended rates used to measure the June 30, 2021 total OPEB liability consist of the 20-year Municipal G.O. Bond AA Index rate of 1.92% as of June 30, 2021, as reported by Fidelity, when prefunding assets are not available to pay benefits, and 6.00% when prefunding assets are available to pay benefits. The cash flow projections used to calculate the blended discount rates were developed assuming that prefunding agreements in which actuarial determined normal costs are shared between employees and the State will continue and that the required contributions will be made on time as scheduled in future years. 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.

The long-term expected rate of return on OPEB plan investments was determined by Gabriel, Roeder, Smith & Company 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) real returns were calculated over a closed period. Based on separate expected real returns for the short-term (first 10 years) and the long-term (11-40 years), and an average inflation assumption of 2.30%, a single expected nominal return rate of 6.00% 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.

Asset Class	Target Asset Allocation	Real Return Years 1 - 10	Real Return Years 11 - 40
Global Equity	59.0%	4.80%	5.98%
Fixed Income	25.0%	1.10%	2.62%
Treasury Inflation-Protected Securities	5.0%	0.25%	1.46%
Real Estate Investment Trusts	8.0%	3.50%	5.00%
Commodities	3.0%	1.50%	2.87%

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Net OPEB Liability: The change in net OPEB liability for the plan is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2021	$ 948,000	$ 15,000	$ 933,000
Changes for the year:			
Service cost	32,279		32,279
Interest on the total OPEB liability	27,980		27,980
Contribution - employer		26,322	(26,322)
Net investment income		4,537	(4,537)
Difference between expected actual experience	(67,940)		(67,940)
Change in assumption	34,608		34,608
Employer prefunding conribution		6,513	(6,513)
Active member contribution			-
Proportionate share allocation	(56,095)	(718)	(55,377)
Administrative expense		(6)	6
Benefit payments	(26,322)	(26,322)	
Net changes	(55,490)	10,326	(65,816)
Balance at June 30, 2022	$ 892,510	$ 25,326	$ 867,184

Sensitivity of the Proportionate Share of the Total 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:

	Blended Discount Rate –1%	Blended Discount Rate	Blended Discount Rate +1%
Total OPEB liability	$ 739,630	$ 867,184	$ 1,025,883

Sensitivity of the Proportionate Share of the Total 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:

	Healthcare Cost Trend Rates –1%	Healthcare Cost Trend Rates	Healthcare Cost Trend Rates +1%
Total OPEB liability	$ 1,049,656	$ 867,184	$ 726,294

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Plan Fiduciary Net Position: Detailed information about the State's Plan fiduciary net position is available on CalPERS 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."

REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.0017%	0.0018%	0.0019%	0.0020%	0.0031%	0.0032%	0.0026%	0.0032%
Proportionate share of the net pension liability	$ 374,719	$ 625,775	$ 639,436	$ 619,197	$ 1,122,077	$ 1,075,056	$ 737,826	$ 816,426
Covered payroll - measurement period	$ 228,101	$ 255,610	$ 245,551	$ 246,287	$ 367,327	$ 343,432	$ 277,995	$ 318,863
Proportionate share of the net pension liability as a percentage of covered payroll	164.28%	244.82%	260.41%	251.41%	305.47%	313.03%	265.41%	256.04%
Plan fiduciary net position as a percentage of the total pension liability	82.39%	71.51%	71.30%	71.80%	66.42%	66.81%	70.68%	73.05%

Notes to Schedule:
Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes effective after June 30, 2014 as they have minimal cost impact.

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and to 7.15% in 2017 and remained 7.15% in 2018, 2019, 2020, 2021 and 2022.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 74,834	$ 63,740	$ 75,165	$ 72,170	$ 68,654	$ 95,152	$ 91,367	$ 67,497
Contributions in relation to the actuarially determined contributions	(74,834)	(63,740)	(75,165)	(72,170)	(179,654)	(95,152)	(91,367)	(67,497)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ (111,000)	$ -	$ -	$ -
Covered payroll - fiscal year	$ 276,652	$ 228,101	$ 255,610	$ 245,551	$ 246,287	$ 367,327	$ 343,432	$ 277,995
Contributions as a percentage of covered - employee payroll	27.05%	27.94%	29.41%	29.39%	27.88%	25.90%	26.60%	24.28%

Notes to Schedule:								
Valuation Date:	June 30, 2020	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:								
Acturial cost method	Entry age normal							
Amortization method	Level percentage of payroll, closed							
Remaining amortization period	Varies, not more than 30 years							
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.50%	2.50%	2.625%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service							
Payroll growth	2.750%	2.750%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.15% (1)	7.15% (1)	7.25% (1)	7.375% (1)	7.50% (1)	7.50% (1)	7.50% (1)	7.50% (1)

Notes to Schedule:
(1) Net of administrative expenses, includes inflation.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF THE CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
Last 10 Years

Measurement Period	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.001213%	0.001208%	0.001244%	0.003308%	0.002210%
Proportiate share of the net OPEB liability	$ 867,184	$ 933,000	$ 953,000	$ 1,020,000	$ 1,714,000
Covered-employee payroll	$ 228,101	$ 255,610	$ 245,551	$ 246,287	$ 367,327
Proportionate share of the net OPEB liablity as a percentage of its covered-employee payroll	380.18%	365.01%	388.11%	414.15%	466.61%
Plan fiduciary net position as a percentage of the total OPEB liability	2.838%	2.748%	1.693%	1.011%	0.546%
Notes to schedule:					
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Measurement period - fiscal year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Change of benefit terms - For the measurement date ended June 30, 2021, there were no changes to the benefit terms.

Change in assumptions - For the measurement period ended June 30, 2021, healthcare-related assumptions were updated based on experience through June 30, 2020.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)
Last 10 Years

Measurement Period	2022	2021	2020	2019	2018
Contractually required contribution	$ 32,835	$ 32,000	$ 31,000	$ 29,000	$ 25,433
Contributions in relation to the contractually required contributions	(32,835)	(32,000)	(31,000)	(29,000)	(25,433)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll - fiscal year	$ 276,652	$ 228,101	$ 255,610	$ 245,551	$ 246,287
Contributions as a percentage of covered payroll	11.87%	14.03%	12.13%	11.81%	10.33%

Notes to Schedule:

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Measurement period - fiscal year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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SUPPLEMENTARY INFORMATION

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CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
OUTSTANDING BOND ISSUES
JUNE 30, 2022

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Bonds Retired	Bonds Outstanding as of June 30, 2022
Art Center College of Design, Series 2018A	30-Aug-18	1-Dec-48	$ 100,000,000	$ 4,085,000	$ 95,915,000
Art Center College of Design, Series 2022A	10-Feb-22	1-Dec-51	$ 35,000,000	$ -	$ 35,000,000
California Institute of Technology, Series 1994	27-Oct-94	1-Jan-24	$ 30,000,000	$ -	$ 30,000,000
California Institute of Technology, Series 2006 A	12-Jul-06	1-Oct-36	$ 82,500,000	$ -	$ 82,500,000
California Institute of Technology, Series 2006 B	12-Jul-06	1-Oct-36	$ 82,500,000	$ -	$ 82,500,000
Chapman University, Series 2015	21-Jul-15	1-Apr-45	$ 114,485,000	$ 12,610,000	$ 101,875,000
Chapman University, Series 2017A (Taxable)	16-Nov-17	1-Apr-42	$ 111,015,000	$ 15,655,000	$ 95,360,000
Chapman University, Series 2017B	16-Nov-17	1-Apr-47	$ 37,650,000	$ -	$ 37,650,000
Chapman University, Series 2021A	1-Apr-21	1-Apr-31	$ 52,995,000	$ 4,215,000	$ 48,780,000
Charles Drew University, Series 2014 (Private Placement)	22-Dec-14	1-Jan-42	$ 32,875,000	$ 2,415,000	$ 30,460,000
Claremont McKenna College, Series 2015	3-Dec-15	1-Jan-39	$ 111,785,000	$ 15,485,000	$ 96,300,000
Claremont University Consortium, Series 2011	7-Apr-11	1-Oct-35	$ 9,000,000	$ 4,320,000	$ 4,680,000
Claremont University Consortium, Series 2012	2-Aug-12	1-Oct-33	$ 8,065,000	$ 2,645,000	$ 5,420,000
Golden Gate University, Series 2012 (Private Placement)	19-Dec-12	1-Jan-43	$ 46,000,000	$ 19,020,537	$ 26,979,463
Loma Linda University, Series 2017A	8-Mar-17	1-Apr-47	$ 134,945,000	$ 6,185,000	$ 128,760,000
Loma Linda University, Series 2017B (Taxable)	8-Mar-17	1-Apr-33	$ 43,440,000	$ 10,945,000	$ 32,495,000
Loyola Marymount University, Series 2001A	14-Jun-01	1-Oct-39	$ 75,449,126	$ 50,228,675	$ 25,220,451
Loyola Marymount University, Series 2011	22-Nov-11	1-Oct-24	$ 22,105,000	$ 19,615,000	$ 2,490,000
Loyola Marymount University, Series 2013A (Taxable)	26-Mar-13	1-Oct-43	$ 37,000,000	$ 6,860,000	$ 30,140,000
Loyola Marymount University, Series 2018A (Taxable)	6-Nov-18	1-Oct-48	$ 29,210,000	$ -	$ 29,210,000
Loyola Marymount University, Series 2018B	6-Nov-18	1-Oct-48	$ 57,330,000	$ 1,850,000	$ 55,480,000
Loyola Marymount University, Series 2019	17-Sep-19	1-Oct-40	$ 51,620,000	$ 7,370,000	$ 44,250,000
Mount Saint Mary's University, Series 2018A	6-Sep-18	1-Oct-46	$ 34,940,000	$ -	$ 34,940,000
Mount Saint Mary's University, Series 2018B (Taxable)	6-Sep-18	1-Oct-48	$ 5,800,000	$ -	$ 5,800,000
Occidental College, Series 2015	7-Jan-16	1-Oct-45	$ 34,270,000	$ 9,980,000	$ 24,290,000
Occidental College,Taxable Series 2013B	5-Jun-13	1-Oct-27	$ 6,370,000	$ 2,150,000	$ 4,220,000
Pepperdine University, Series 2015	2-Sep-15	1-Sep-45	$ 76,455,000	$ 67,950,000	$ 8,505,000
Pepperdine University, Series 2016	17-Mar-16	1-Oct-49	$ 100,000,000	$ 92,000,000	$ 8,000,000
Pepperdine University, Series 2017B	21-Dec-17	1-Sep-33	$ 20,870,000	$ 1,195,000	$ 19,675,000
Pomona College, Series 2005 A/2	24-Feb-05	1-Jul-41	$ 25,144,739	$ 8,330,305	$ 16,814,434
Saint Mary's College of California, Series 2007	30-Aug-07	1-Oct-43	$ 71,100,000	$ 17,825,000	$ 53,275,000
Santa Clara University, Series 1999	15-Apr-99	1-Sep-26	$ 82,181,741	$ 55,333,391	$ 26,848,350
Santa Clara University, Series 2015	28-Aug-15	1-Apr-45	$ 102,230,000	$ 9,160,000	$ 93,070,000
Santa Clara University, Series 2017A (Taxable)	10-Aug-17	1-Apr-37	$ 97,530,000	$ -	$ 97,530,000
Santa Clara University, Series 2017B	10-Aug-17	1-Apr-40	$ 25,035,000	$ -	$ 25,035,000
Santa Clara University, Series 2017C	28-Dec-17	1-Apr-48	$ 52,485,000	$ 955,000	$ 51,530,000
Southwestern University Series 2003	29-May-03	01-Nov-23	$ 11,880,000	$ 10,190,000	$ 1,690,000
Stanford University, Series 1998 L-6	28-Oct-98	1-Oct-22	$ 17,815,000	$ -	$ 17,815,000
Stanford University, Series 1999 L-7	28-Oct-99	1-Oct-22	$ 18,393,000	$ -	$ 18,393,000
Stanford University, Series 2004 S-1	24-Jun-04	1-Nov-39	$ 40,000,000	$ -	$ 40,000,000
Stanford University, Series 2004 S-2	24-Jun-04	1-Nov-39	$ 40,000,000	$ 9,790,000	$ 30,210,000
Stanford University, Series 2004 S-3	24-Jun-04	1-Nov-39	$ 50,000,000	$ -	$ 50,000,000
Stanford University, Series 2004 S-4	24-Jun-04	1-Nov-50	$ 51,200,000	$ -	$ 51,200,000
Stanford University, Series 2008 TECP	15-May-08	1-May-38	$ 300,000,000	$ -	$ -
Stanford University, Series T-1	19-Jun-07	15-Mar-39	$ 111,775,000	$ -	$ 111,775,000
Stanford University, Series T-3	6-Sep-07	15-Mar-26	$ 25,360,000	$ -	$ 25,360,000
Stanford University, Series T-5	28-Jul-09	15-Mar-23	$ 51,765,000	$ -	$ 51,765,000
Stanford University, Series U-1	6-May-10	1-Apr-40	$ 215,375,000	$ -	$ 215,375,000
Stanford University, Series U-2	17-Apr-12	1-Oct-32	$ 77,760,000	$ -	$ 77,760,000
Stanford University, Series U-3	15-May-13	1-Jun-43	$ 261,410,000	$ -	$ 261,410,000
Stanford University, Series U-4	15-May-13	1-Jun-43	$ 39,215,000	$ -	$ 39,215,000
Stanford University, Series U-6	14-May-14	1-May-45	$ 278,980,000	$ -	$ 278,980,000
Stanford University, Series U-7	22-Jun-16	1-Jun-46	$ 170,350,000	$ -	$ 170,350,000
Stanford University, Series V-1	14-Apr-19	1-May-49	$ 441,830,000	$ -	$ 441,830,000
Stanford University, Series V-2	28-Apr-21	1-Apr-51	$ 300,400,000	$ -	$ 300,400,000
University of Redlands, 2014 Series A	7-Jan-15	1-Oct-35	$ 31,595,000	$ 11,275,000	$ 20,320,000
University of Redlands, 2016 Series A	1-Apr-16	1-Oct-38	$ 30,690,000	$ 2,290,000	$ 28,400,000
University of San Diego, Series 1999	4-Feb-99	1-Oct-28	$ 31,778,189	$ 28,666,683	$ 3,111,506
University of San Diego, Series 2011	16-Mar-11	1-Oct-22	$ 18,640,000	$ 16,840,000	$ 1,800,000
University of San Francisco, 2017 Tax Exempt Loan	21-Dec-17	1-Oct-36	$ 31,310,000	$ 1,229,132	$ 30,080,868
University of San Francisco, Series 2017 (Private Placement)	3-Apr-17	1-Oct-35	$ 75,000,000	$ 14,755,000	$ 60,245,000
University of San Francisco, Series 2018A	21-Nov-18	1-Oct-53	$ 140,000,000	$ -	$ 140,000,000
University of San Francisco, Series 2018B (Taxable)	21-Nov-18	1-Oct-36	$ 35,880,000	$ 4,015,000	$ 31,865,000
University of the Pacific, Series 2014 (Private Placement)	12-May-14	1-May-34	$ 36,500,000	$ 24,805,000	$ 11,695,000
University of the Pacific, Series 2015	4-Aug-15	1-Nov-36	$ 68,005,000	$ 13,145,000	$ 54,860,000
TOTAL					**$ 4,156,903,072**

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COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S 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*

To the Board Members
California Educational Facilities Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the California Educational Facilities Authority (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 11, 2023.

Report on 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 opinion 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 or significant deficiencies may exist that have not been identified.

Board Members
California Educational Facilities Authority

Report on 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

July 11, 2023