

**CALIFORNIA MUNICIPAL
FINANCE AUTHORITY**

Independent Auditor's Reports,
Management's Discussion and Analysis,
and Basic Financial Statements

For the Year Ended June 30, 2021



Certified
Public
Accountants

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

For the Year Ended June 30, 2021

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Independent Auditor's Report

To the Board of Directors
California Municipal Finance Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the California Municipal Finance Authority (CMFA), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CMFA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the California Municipal Finance Authority, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CMFA's basic financial statements. The CMFA Fee Schedules and Financing Approvals are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of 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 March 22, 2022 on our consideration of CMFA'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 entity'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 CMFA's internal control over financial reporting and compliance.



San Diego, California
March 22, 2022

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Management's Discussion and Analysis
(Unaudited)

This section of the California Municipal Finance Authority's (the CMFA) annual financial report presents the Management's Discussion and Analysis (MD&A)¹ of its financial performance during the year ended June 30, 2021. The information in this section should be read in conjunction with the financial statements and the notes following this section.

GENERAL BACKGROUND, OVERVIEW AND PROGRAMS

The CMFA was organized on August 12, 2004, under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The CMFA is a joint powers authority created to strengthen local communities by promoting economic development and charitable activities throughout the State of California. With the goal of giving back to California communities, the CMFA assists local governments, non-profits, and businesses with the issuance of taxable and tax-exempt financing aimed at improving the standard of living in California. Members of the CMFA include towns, cities, counties and special districts within California.

The CMFA is committed to promoting economic and social programs in its member communities. The CMFA shares a minimum of 25% of all issuance fees collected directly with its member communities and donates at a minimum another 25% to the California Foundation for Stronger Communities (Foundation), a blended component unit of the CMFA, for the support of local charities designated by its member agencies.

The CMFA acts as a municipal conduit issuer and assists eligible institutions in obtaining financing through the issuance of revenue bonds. The bonds are special, limited obligations of the CMFA, payable solely from the revenues of the projects and other funds of the borrowers.

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2021

- Restricted cash balances for FY 2021 are \$1,113,809 below the prior year due to borrowers not submitting performance deposits until receiving California Debt Limit Allocation Committee bond allocation.
- FY 2021 operating revenues are \$557,176 above the prior year due to a higher number of bond issuances than the prior year.
- Change in net position of \$23,847 is due mainly to the timing of charitable grant designations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The CMFA's financial statements include the MD&A, financial statements, and accompanying notes to the basic financial statements. This report also includes other information intended to furnish additional detail to the intended users.

Basis of Presentation: The transactions of the CMFA are accounted for as an enterprise fund utilizing the accrual basis of accounting.

¹ For purposes of this MD&A, "Management" refers to the Executive Director of the CMFA.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Management's Discussion and Analysis (Continued)
(Unaudited)

Blended Component Unit: Financial results for the Foundation are combined with the CMFA's financial statements for FY 2021. MD&A discussions comparing prior year financial results for the CMFA include activity related to the Foundation. Separately audited financial statements for the Foundation can be found on the CMFA's website and can also be obtained by contacting CMFA's management.

FINANCIAL STATEMENTS

The financial statements of the CMFA report information using accounting principles generally accepted in the United States of America (GAAP) 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. These statements offer both short-term and long-term financial information about the CMFA's activities.

- The ***Statement of Net Position*** includes all of the CMFA's assets and liabilities as of June 30, 2021 and provides information about the nature and amounts of investments in resources (assets) and the obligations to the CMFA's creditors (liabilities). It also provides the basis for evaluating the capital structure of the CMFA and assessing the liquidity and financial flexibility of the CMFA.
- The ***Statement of Revenues, Expenses and Change in Net Position*** accounts for all of the CMFA's revenues and expenses for the year ended June 30, 2021. This Statement reflects the results of the CMFA's operations over the year and can be used to determine the CMFA's credit worthiness and its ability to successfully recover all its costs through user fees and other income.
- The ***Statement of Cash Flows*** provides information about the CMFA's cash receipts and cash payments during the year ended June 30, 2021. This Statement reports cash receipts, cash payments, and net changes in cash resulting from operating and investing activities. The Statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting period covered.

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

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Management's Discussion and Analysis (Continued)
(Unaudited)

FINANCIAL ANALYSIS OF THE CMFA

The following is a brief discussion of key items contained in the Statement of Net Position.

CONDENSED STATEMENTS OF FINANCIAL POSITION

The assets, liabilities, and net position as of June 30, 2021 and 2020 and changes from the prior year are shown in the table below.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Asset:			
Cash	\$ 709,125	\$ 677,244	\$ 31,881
Restricted cash	5,162,250	6,276,059	(1,113,809)
Other assets	<u>150,967</u>	<u>70,526</u>	<u>80,441</u>
Total assets	<u>6,022,342</u>	<u>7,023,829</u>	<u>(1,001,487)</u>
Liabilities:			
Accounts payable and accrued liabilities	179,393	90,651	88,742
Refundable deposits	<u>5,162,250</u>	<u>6,276,059</u>	<u>(1,113,809)</u>
Total liabilities	<u>5,341,643</u>	<u>6,366,710</u>	<u>(1,025,067)</u>
Net Position:			
Unrestricted	<u>\$ 680,699</u>	<u>\$ 657,119</u>	<u>\$ (23,580)</u>

As part of the CMFA's program of giving back to local communities, the CMFA allocates a portion of its fees to the Foundation to be distributed to nonprofit charities throughout California. The timing of the cash receipts as well as these charitable distributions affects the levels of cash at year-end. During the years ended June 30, 2021 and 2020, charitable payments distributed through the Foundation were \$2,944,681 and \$2,959,571, respectively.

ASSETS

Restricted Cash

Restricted cash relates to the CMFA Commercial Property Assessed Clean Energy (C-PACE) program and to the deposits and filing fees paid by Project Sponsors (Borrowers) who are requesting Qualified Private Activity Bond Allocations, which require performance deposits by the California Debt Limit Allocation Committee (CDLAC). The filing fees are paid to CDLAC on behalf of the Borrower and deposits are either released to the Borrowers when the bonds are issued, or they are forfeited and sent to the CDLAC for non-performance.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Management's Discussion and Analysis (Continued)
(Unaudited)

LIABILITIES

Refundable Deposits

The CMFA, on behalf of Borrowers who are requesting Qualified Private Activity Bond Allocations, collects performance deposits and filing fees for the CDLAC. The filing fees are paid when due and the deposits are either released to the Borrowers when bonds are issued, or they are forfeited and sent to CDLAC for non-performance. Total performance deposits and fees as of June 30, 2021 and 2020 were \$5,162,250 and \$6,276,059, respectively. The \$1,326,661 decrease in performance deposits is due to a change in the CDLAC regulations where Borrowers now do not submit performance deposits until after receiving CDLAC allocation.

The following is a brief discussion of key items contained in the Statement of Revenues, Expenses and Change in Net Position.

OPERATING REVENUES

The CMFA generates operating revenues through annual fees, issuance fees, and application fees for activities related to bond financings. The CMFA issued \$2.8 billion and \$2.4 billion of new bonds, in FY 2021 and FY 2020, respectively. The CMFA received one-time income of \$175,000 for a breakage fee in FY 2020, which was reported as other income. Operating Revenues for FY 2021 and FY 2020 were \$8,927,407 and \$8,370,231, respectively.

	Operating Revenues		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Annual fees	\$ 5,466,951	\$ 5,160,598	\$ 306,353
Issuance fees	3,304,456	2,882,133	422,323
Application fees	156,000	152,500	3,500
Other income	<u>-</u>	<u>175,000</u>	<u>(175,000)</u>
	<u>\$ 8,927,407</u>	<u>\$ 8,370,231</u>	<u>\$ 557,176</u>

Under the fee schedules adopted by the CMFA on June 8, 2018 and August 20, 2020, application fees are credited against the issuance costs at closing. The application fee revenue is reported net of the application fee credits applied to the closing costs in FY 2021.

OPERATING EXPENSES

The CMFA's FY 2021 and FY 2020 operating expenses were \$8,906,104 and \$8,338,848, respectively. In FY 2021, professional consultant fees increased by \$417,164, charitable donations made through the Foundation decreased by \$14,890, and payments to the CMFA's member agencies were \$165,398 higher compared to FY 2020 due to more transactions closing in FY 2021.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Management's Discussion and Analysis (Continued)
(Unaudited)

Operating Expenses

	2021	2020	Change
Professional consultant fees	\$ 4,733,265	\$ 4,316,101	\$ 417,164
Charitable donations	2,944,681	2,959,571	(14,890)
Joint Powers Authority member distribution	1,037,926	872,528	165,398
General and administrative	140,372	136,638	3,734
Marketing	49,860	54,010	(4,150)
	<u>\$ 8,906,104</u>	<u>\$ 8,338,848</u>	<u>\$ 567,256</u>

NET POSITION

The following table presents a condensed Statement of Revenues, Expenses and Change in Net Position for the years ended June 30, 2021 and 2020. The items affecting the change in net position were previously detailed in the operating revenues and operating expenses discussion.

Condensed Statement of Revenues, Expenses and Change in Net Position

	2021	2020	Change
Revenues	\$ 8,929,684	\$ 8,372,641	\$ 557,043
Expenses	<u>8,906,104</u>	<u>8,338,848</u>	<u>567,256</u>
Change in net position	23,580	33,793	(10,213)
Net position - beginning of year	<u>657,119</u>	<u>623,326</u>	<u>33,793</u>
Net Position - end of year	<u>\$ 680,699</u>	<u>\$ 657,119</u>	<u>\$ 23,580</u>

ECONOMIC FACTORS

The overall economic environment was positive for the types of programs administered by the CMFA in FY 2021 and has continued to be so through the date of this MD&A. Of particular note is the strength of the CMFA's affordable housing program.

Although the economic environment has been positive, the Borrowers, and not the CMFA, determine the timing and whether or not a transaction will move forward. Therefore, the decisions of the conduit Borrowers will always be a major factor in the financing activity and ultimately the financial results of the CMFA.

CONTACTING THE CMFA'S FINANCIAL MANAGEMENT

This financial report was designed to provide a general overview of the CMFA's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Executive Director, California Municipal Finance Authority, 2111 Palomar Airport Road, Suite 320, Carlsbad, CA 92011.

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CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Statement of Net Position

June 30, 2021

ASSETS

Current assets:

Unrestricted assets:

Cash	\$ 709,125
Accounts receivable	141,224
Prepaid expenses	9,743

Total current assets	<u>860,092</u>
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Restricted assets:

Cash	<u>5,162,250</u>
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Total assets	<u><u>6,022,342</u></u>
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LIABILITIES

Current liabilities:

Accounts payable	109,498
Accrued expenses	69,895
Refundable deposits	<u>5,162,250</u>

Total liabilities	<u><u>5,341,643</u></u>
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NET POSITION

Unrestricted	<u><u>\$ 680,699</u></u>
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See Accompanying Notes to the Basic Financial Statements.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Statement of Revenues, Expenses and Change in Net Position
For the Year Ended June 30, 2021

OPERATING REVENUES:

Annual fees	\$ 5,466,951
Issuance fees	3,304,456
Application fees	156,000
Total operating revenues	<u>8,927,407</u>

OPERATING EXPENSES:

Professional consultant fees	4,733,265
Charitable donations	2,944,681
Municipal distributions to Joint Powers Authority members	1,037,926
General and administrative	140,372
Marketing	49,860
Total operating expenses	<u>8,906,104</u>

OPERATING INCOME	<u>21,303</u>
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NONOPERATING REVENUES

Interest income	<u>2,277</u>
Change in net position	23,580
Net position - beginning of year	657,119
Net position - end of year	<u><u>\$ 680,699</u></u>

See Accompanying Notes to the Basic Financial Statements.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Statement of Cash Flows
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from borrowers	\$ 8,800,936
Cash paid to suppliers for goods and services	(5,809,281)
Cash paid for general and administrative expenses	(93,253)
Cash payments for municipal distributions and charitable donations	<u>(3,982,607)</u>
Net cash used by operating activities	<u>(1,084,205)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income received	<u>2,277</u>
Net decrease in cash	(1,081,928)

Cash - beginning of year	<u>6,953,303</u>
Cash - end of year	<u>\$ 5,871,375</u>

**RECONCILIATION OF CASH TO THE
STATEMENT OF NET POSITION:**

Cash	\$ 709,125
Restricted cash	<u>5,162,250</u>
Cash - end of year	<u>\$ 5,871,375</u>

**RECONCILIATION OF OPERATING INCOME TO NET
CASH USED BY OPERATING ACTIVITIES:**

Operating income	\$ 21,303
Adjustments to reconcile operating income to net cash used by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(90,413)
Prepaid expenses	9,972
Accounts payable	300,505
Accrued expenses	1,089
Refundable deposits	<u>(1,326,661)</u>
Net cash used by operating activities	<u>\$ (1,084,205)</u>

See Accompanying Notes to the Basic Financial Statements.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: ORGANIZATION AND OPERATIONS

The California Municipal Finance Authority (CMFA) was organized on August 12, 2004 under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The CMFA is a joint powers authority created to strengthen local communities by promoting economic development and charitable activities throughout the State of California. With the goal of giving back to California communities, the CMFA assists local governments, non-profits and businesses with the issuance of taxable and tax-exempt financing aimed at improving the standard of living in California. Members of the CMFA include towns, cities, counties and special districts within California. The CMFA is governed by the Board of Directors of the California Foundation for Stronger Communities (Foundation), a 5-member board.

The CMFA is committed to promoting economic and social programs in its member communities. The CMFA shares a minimum of 25% of all issuance fees directly with its member communities and donates at a minimum another 25% to the Foundation for the support of local charities designated by its member communities.

As further discussed at Note 2, the Foundation is considered a component unit of the CMFA. Therefore, when the term CMFA is used within the footnotes, it is making reference to both the California Municipal Finance Authority and the Foundation (a blended component unit of the CMFA).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The CMFA's accounting policies and financial reporting conform to accounting principles generally accepted in the United States of America (GAAP) and are based upon the Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies:

Reporting Entity

As required by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*, these financial statements present the CMFA and its component unit. GASB Statement No. 39 defines special criteria for legally separate tax-exempt organizations as potential component units. A blended component unit, although a legally separate entity is, in substance, part of the reporting entity's operations, and so activities from a component unit is combined with data of the primary government. The CMFA identifies the Foundation as a blended component unit:

The Foundation was established on February 17, 2004, as a California nonprofit public benefit corporation, organized under the Nonprofit Public Benefit Law for public and charitable purposes. The Foundation was formed for the specific purpose of administering, assisting or advising in the administration of the CMFA and to provide financial grants or other financial support or benefits to nonprofit funds, foundations, and corporations to strengthen and enhance charitable activities throughout the State of California. Although a separate legal entity, the Foundation is a component unit of the CMFA, since the Foundation relies entirely on the CMFA for its financial support and the governing bodies are the same.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation issues separate financial statements, and these can be obtained from the CMFA's Finance Department; 2111 Palomar Airport Road, Suite 320, Carlsbad, CA 92011.

Basis of Accounting

The financial statements report information on all of the enterprise activities of the CMFA. The financial statements are prepared using the *economic resource* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Change in Net Position presents increases (revenues) and decreases (expenses) in the CMFA's total net position. Under the accrual basis of accounting, the CMFA recognizes revenue when earned while expenses are recognized when the liability is incurred regardless of the timing of cash flows.

Operating revenues are those revenues that are generated from the CMFA's primary operations. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the CMFA. The CMFA does not report any nonoperating expenses.

When both restricted and unrestricted resources are available for use, it is the CMFA's policy to use restricted resources first, then unrestricted resources as needed.

Cash and Restricted Cash

The CMFA's cash and restricted cash are comprised of demand deposits. Restricted cash relates to the CMFA Commercial Property Assessed Clean Energy (C-PACE) program and to refundable deposits, which are further described in Note 4. Cash and restricted cash are considered cash for purposes of the Statement of Cash Flows.

Accounts Receivable

Accounts receivable consist of issuance and annual administration fees which are reported at their net realizable value. Any amounts that remain outstanding after management has used reasonable collection efforts are deemed uncollectible and written-off through a charge to the valuation allowance and elimination of the accounts receivable. There is no valuation allowance recorded as of June 30, 2021, as all accounts receivable are deemed collectible.

Prepaid Expenses

The CMFA makes certain payments for insurance that reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The Statement of Net Position is designed to display the financial position of the CMFA and is categorized as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets. As of June 30, 2021, there were no amounts reported as net investment in capital assets.

Restricted – This amount consists of restricted assets which are reduced by liabilities related to those assets. As of June 30, 2021, there were no restricted amounts.

Unrestricted – This amount is the portion of net position that doesn't meet the definition of Net Investment in Capital Assets or Restricted Net Position.

When both restricted and unrestricted resources are available for use, it is the CMFA's policy to use restricted resources first, and then use unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management believes that all estimates embodied in the financial statements are reasonable.

Future GASB Pronouncements

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangement associated with conduit debt obligations, and 3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement will become effective in fiscal year 2023. CMFA is evaluating the potential impacts this Statement may have on the financial statements.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2021

NOTE 3: CASH AND RESTRICTED CASH

The carrying amount of the CMFA's cash held in demand deposit accounts was \$5,871,375 at June 30, 2021, while the related bank balance was \$7,118,061. The difference between the carrying value and the bank balance is related to outstanding checks. The bank balances at June 30, 2021, were fully insured or collateralized with securities held by the pledging financial institutions in the CMFA's name.

Custodial Credit Risk and Investment Policy

For deposits, custodial credit risk is the risk that, in the event of the failure of a deposit financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The CMFA may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

In July 2013, the Board of Directors of the CMFA formally adopted a deposit and investment policy that limits its allowable deposits or investments and addresses the types of risk to which the CMFA is exposed. The CMFA has historically deposited all of its excess cash in demand deposit accounts with a single financial institution.

NOTE 4: REFUNDABLE DEPOSITS

The CMFA, on behalf of Project Sponsors (borrowers who are requesting Qualified Private Activity Bond Allocations), collects performance deposits for the California Debt Limit Allocation Committee (CDLAC). These deposits are either released to the borrowers when the bonds are issued, or they are forfeited and sent to the CDLAC for non-performance. These amounts are held in a separate bank account by the CMFA and are classified as restricted cash. In addition, CMFA also held on to funds related to the CMFA Commercial Property Assessed Clean Energy (C-PACE) program. The CMFA had \$5,162,250 of refundable deposits as of June 30, 2021.

NOTE 5: ADVISORY FEES

The CMFA entered into a professional service agreement with an advisory company to manage the operations of the CMFA with respect to taxable and tax-exempt financing for corporations, governmental entities and non-profit institutions. The CMFA pays the advisory company a percentage of its fees. Advisory fees for the year ended June 30, 2021 amounted to \$4,568,647.

NOTE 6: CHARITABLE CONTRIBUTIONS TO THE FOUNDATION

The CMFA allocates a portion of fees collected to the Foundation. The amounts distributed to the Foundation for the year ended June 30, 2021, were \$3,056,332. In the financial statements of the CMFA the transfers are eliminated for presentation purposes.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2021

NOTE 7: CHARITABLE CONTRIBUTIONS BY THE FOUNDATION

The CMFA donates a portion of fees collected to various charitable activities within California communities through the Foundation. The amount donated by the CMFA during the year ended June 30, 2020 was \$2,944,681.

NOTE 8: CONDUIT DEBT

The CMFA is a Joint Powers Authority (JPA) created to strengthen local communities by assisting with the financing of economic development and charitable activities throughout the State of California.

The JPA acts as a municipal conduit issuer and assists eligible institutions in obtaining financing through the issuance of revenue bonds. The bonds are special, limited obligations of the CMFA, payable solely from revenues of the projects and other monies of the borrowers.

As of June 30, 2021, there was \$15,348,363,838 in conduit financing outstanding. The CMFA assisted with the issuance of financings in the amount of \$2,809,783,192 during the year ended June 30, 2021. In addition, the amount of bonds authorized by the CMFA and unsold was \$533,875,000 as of June 30, 2021.

The following is a summary of the amount of bonds authorized by the CMFA and unsold as of June 30, 2021:

Project Name	Authorized Amount
BOLD Program, Series 2021B	\$ 12,830,000
Corallina at Pacific Highlands Ranch Apartments	6,000,000
Fruitvale Transit Village IIB Apartments (aka Casa Suenos)	91,000,000
La Maestra Community Health Centers	15,000,000
Midway Village Phase I Apartments	100,000,000
Open Door Community Health Centers	37,000,000
Republic Services, Inc.	202,045,000
University of the Pacific	70,000,000
	<u>\$ 533,875,000</u>

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2021

NOTE 9: COMBINING FINANCIAL STATEMENT INFORMATION

Combining financial information of the CMFA and the Foundation (blended component unit) as of and for the year ended June 30, 2021 is as follows:

Condensed statement of net position:

	<u>CMFA</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash	\$ 5,868,017	\$ 3,358	\$ -	\$ 5,871,375
Other assets	<u>150,967</u>	<u>68,968</u>	<u>(68,968)</u>	<u>150,967</u>
Total assets	<u>6,018,984</u>	<u>72,326</u>	<u>(68,968)</u>	<u>6,022,342</u>
LIABILITIES				
Current	<u>5,344,036</u>	<u>66,575</u>	<u>(68,968)</u>	<u>5,341,643</u>
NET POSITION				
Unrestricted	<u>\$ 462,096</u>	<u>\$ 5,751</u>	<u>\$ -</u>	<u>\$ 467,847</u>

Condensed statement of revenues, expenses and change in net position:

	<u>CMFA</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues	\$ 8,927,407	\$ 3,056,332	\$ (3,056,332)	\$ 8,927,407
Operating expenses	<u>8,906,104</u>	<u>3,056,332</u>	<u>(3,056,332)</u>	<u>8,906,104</u>
Operating income	<u>21,303</u>	<u>-</u>	<u>-</u>	<u>21,303</u>
Nonoperating revenues	<u>2,093</u>	<u>184</u>	<u>-</u>	<u>2,277</u>
Change in net position	<u>23,396</u>	<u>184</u>	<u>-</u>	<u>23,580</u>
Net position				
Beginning of year	<u>651,552</u>	<u>5,567</u>	<u>-</u>	<u>657,119</u>
End of year	<u>\$ 674,948</u>	<u>\$ 5,751</u>	<u>\$ -</u>	<u>\$ 680,699</u>

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2021

NOTE 9: COMBINING FINANCIAL STATEMENT INFORMATION (Continued)Condensed statement of cash flows:

	<u>CMFA</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided (used) by:				
Operating activities	\$ (1,081,812)	\$ (2,393)	\$ -	\$(1,084,205)
Investing activities	<u>2,093</u>	<u>184</u>	<u>-</u>	<u>2,277</u>
Net decrease in cash	<u>(1,079,719)</u>	<u>(2,209)</u>	<u>-</u>	<u>(1,081,928)</u>
Cash				
Beginning of year	<u>6,947,736</u>	<u>5,567</u>	<u>-</u>	<u>6,953,303</u>
End of year	<u>\$ 5,868,017</u>	<u>\$ 3,358</u>	<u>\$ -</u>	<u>\$ 5,871,375</u>

NOTE 10: SEPARATE JOINT POWERS AUTHORITIES

In the normal course of business, when assisting with the issuance of conduit debt, the CMFA is, from time to time, asked to join with another public agency to form a separate joint powers authority (JPA) which is administered by the public agency. The primary reason for forming this JPA is to permit the separate public agency to access the provisions of the Joint Powers Act. The CMFA joins with the public agency to form the new JPA, however, all of the obligations of the new JPA are limited obligations payable from the actual borrower, which is the public agency that requests the CMFA to become a member. The joint powers agreement which the CMFA executes contains provisions which protect and indemnify the CMFA from the liabilities of the JPA. There is no ongoing financial responsibility of the CMFA, or financial interest related to the JPA.

NOTE 11: COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the CMFA may be subject to various claims, investigations, proceedings, and legal actions from time to time arising out of the conduct of the CMFA's business. Management believes that, based on current knowledge, there are no such pending matters.

The CMFA does not have any major contractual commitments or contingencies as of the year ended June 30, 2021.

The CMFA maintains insurance policies for general liability, excess liability, directors and officers and environmental liability, with deductibles that vary from \$10,000 to \$25,000. There are no material claims or judgments that would require disclosure or accrual in the accompanying financial statements. During each of the last three fiscal years, there were no reductions in insurance coverage or settlements.

OTHER INFORMATION
(Unaudited)

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Other Information
(Unaudited)

1: CALIFORNIA MUNICIPAL FINANCE AUTHORITY FEE SCHEDULES

The following fee schedule is effective for all conduit bond issuances after June 8, 2018:

Schedule of Fees (6) and (7) (bps = basis points)			
Type of Project	Issuance Fees		Annual Fee (3)
	\$0 - \$20 Million	Over \$20 Million	
Affordable Housing (1) (2)	18.75 bps	\$37,500 + 5 bps	5 bps
Nonprofit Corporations (1) (2)	20 bps on first \$10 million 5 bps on amounts above \$10 million Maximum Fee of \$75,000 per transaction		1.5 bps
Airports / Solid Waste Projects (1) (2)	25 bps	\$50,000 + 10 bps	5 bps
Manufacturing and Other (1) (2)	25 bps	\$50,000 + 10 bps	10 bps
Government Sponsored or School District Transactions	5 bps	5 bps	None
Public Private Partnerships requiring Ownership through a CMFA affiliate	5 bps	5 bps	1.5 bps
Community Facilities District (CFD) (4)	1%	1%	\$10,000 + Actual Cost
Residential PACE	\$160 per assessment	n/a	\$80 per assessment
Commercial PACE (5)	Option A: 75 bps or Option B: 25 bps	Option A: 75 bps or Option B: 25 bps	Option A: None or Option B: 7.5 bps (10 years)

Notes:

- 1) CMFA shares 25% of all Issuance Fees with the Host Municipality for each transaction.
- 2) CMFA donates another 25% of Issuance Fees to charitable organizations within the Host Municipality. When the borrower is a Nonprofit Corporation, it is deemed to be the recipient of this donation. The schedule of fees listed above reflects the discounted issuance fees for Affordable Housing and Nonprofit Corporation borrowers.
- 3) Annual Fees, which include compliance monitoring, are due in advance for each year and are based on bond amounts outstanding on the anniversary of each issue (not on the original issue amount). Minimum Annual Fee for Affordable Housing transactions will be \$4,000 per year (a \$1,000 annual compliance monitoring fee will replace the existing Annual Administration Fee throughout the CDLAC Compliance Period after the Qualified Project Period has expired). Minimum Annual Fee for all other transactions will be \$500.
- 4) CFD requires a \$20,000 upfront deposit.
- 5) Program Administrator may choose Option A at 75 bps issuance fee and no annual fee, or Option B with a 25 bps issuance fee and 7.5 bps annual fee for the next 10 years (100 bps total).
- 6) An application fee of \$2,500 is required for each transaction and should be included when an application is submitted. The application fee is applied to the issuance fee at closing.
- 7) In addition to the above, the Applicant will be responsible for all costs of issuance.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Other Information (Continued)
(Unaudited)

1: CALIFORNIA MUNICIPAL FINANCE AUTHORITY FEE SCHEDULES (Continued)

The following fee schedule is effective for all conduit bond issuances after August 28, 2020:

Schedule of Fees (6) and (7) (bps = basis points)			
Type of Project	Issuance Fees		Annual Fee (3)
	\$0 - \$20 Million	Over \$20 Million	
Affordable Housing (1) (2)	18.75 bps	\$37,500 + 5 bps	5 bps
Nonprofit Corporations (1) (2)	20 bps on first \$10 million 5 bps on amounts above \$10 million Maximum Fee of \$75,000 per transaction		1.5 bps
Airports / Solid Waste Projects (1) (2)	25 bps	\$50,000 + 10 bps	5 bps
Manufacturing and Other (1) (2)	25 bps	\$50,000 + 10 bps	10 bps
Government Sponsored or School District Transactions	5 bps	5 bps	None
Public Private Partnerships requiring Ownership through a CMFA affiliate	50 bps	25 bps	15 bps
Community Facilities District (CFD) (4)	1%	1%	10 bps
Residential PACE	\$160 per assessment	n/a	\$80 per assessment
Commercial PACE (5)	Option A: 75 bps or Option B: 25 bps	Option A: 75 bps or Option B: 25 bps	Option A: None or Option B: 7.5 bps (10 years)

Notes:

- 1) CMFA shares 25% of all Issuance Fees with the Host Municipality for each transaction.
- 2) CMFA donates another 25% of Issuance Fees to charitable organizations within the Host Municipality. When the borrower is a Nonprofit Corporation, it is deemed to be the recipient of this donation. The schedule of fees listed above reflects the discounted issuance fees for Affordable Housing and Nonprofit Corporation borrowers.
- 3) Annual Fees, which include compliance monitoring, are due in advance for each year and are based on bond amounts outstanding on the anniversary of each issue (not on the original issue amount). Minimum Annual Fee for Affordable Housing transactions will be \$4,000 per year (a \$1,000 annual compliance monitoring fee will replace the existing Annual Administration Fee throughout the CDLAC Compliance Period after the Qualified Project Period has expired). Minimum Annual Fee for all other transactions will be \$500.
- 4) CFD requires a \$20,000 upfront deposit.
- 5) Program Administrator may choose Option A at 75 bps issuance fee and no annual fee, or Option B with a 25 bps issuance fee and 7.5 bps annual fee for the next 10 years (100 bps total).
- 6) An application fee of \$2,500 is required for each transaction and should be included when an application is submitted. The application fee is applied to the issuance fee at closing.
- 7) In addition to the above, the Applicant will be responsible for all costs of issuance.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Other Information (Continued)

(Unaudited)

2: FINANCING APPROVALS

The following is a summary of the amount of the financing approvals adopted via initial resolution by the CMFA's Board of Directors during the year ended June 30, 2021:

Project Name	Initial Resolution Amount
1304 ECR Apartments	\$ 17,000,000
1500 Capitola Road Apartments	35,000,000
414 Petaluma Apartments	40,000,000
425 Auzerai Apartments	75,000,000
4995 Stockton Blvd Apartments	60,000,000
500 Lake Park Apartments	50,000,000
7th and Campbell Apartments	40,000,000
Allegheny Apartments	20,000,000
Alvarado Gardens Apartments	36,000,000
Alves Lane Apartments	35,000,000
Anaheim & Walnut Apartments	53,000,000
Ancora Place Apartments	50,000,000
Anton Butterfield Village Apartments	28,000,000
Arbor View Apartments	20,000,000
Archway Commons Apartments	35,000,000
Arroyo Crossing Apartments	50,000,000
Arroyo Crossing II Apartments	50,000,000
Aspen Wood Apartments	50,000,000
Barrett Terrace Apartments	50,000,000
Bell Street Gardens Apartments	55,000,000
Biosolids and Pyrolysis Project (Mannco)	50,660,000
Blake Apartments	32,000,000
Brentwood Crossing Apartments	30,000,000
Cal Ag Renewable Energy Systems (SynTech)	100,000,000
Cannery at Railroad Square Apartments	55,000,000
Canterbury Village Apartments	20,000,000
Carmel Street Apartments	65,000,000
Casa Manana Apartments	15,000,000
CFD 2020-4 County of Sacramento - Barrett Ranch East	28,900,000
CFD 2020-5 City of Rocklin - Granite Bluff	5,090,000
CFD 2020-8 County of Placer - Eureka Grove	6,500,000
CFD 2020-10 City of Lincoln - Twelve Bridges	16,360,000
CFD 2021-5 City of Lincoln - Greyson	2,460,000
CFD 2021-6 City of West Sacramento - The Rivers	143,000,000
CFD 2021-6 County of Placer - Placer Vineyards 400	143,000,000
CFD 2021-8 City of Lancaster - Pacific Palacio	3,500,000
Coalinga Pacific Apartments	24,000,000
College Creek Apartments	50,000,000

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Other Information (Continued)
(Unaudited)

2: FINANCING APPROVALS (Continued)

Project Name	Initial Resolution Amount
Corallina at Pacific Highlands Ranch Apartments	\$ 6,000,000
Devonwood Apartments	50,000,000
Diamond Village Apartments	25,000,000
Douglas 98	4,660,000
Drake Avenue Apartments	48,000,000
East End Village Apartments	70,000,000
East Garrison Apartments	25,000,000
El Dorado Family II Apartments	21,000,000
Elm Lane Apartments	43,000,000
Eureka Grove	6,500,000
Evoy Apartments	50,000,000
Finca Serena Apartments	27,000,000
Foon Lok East Apartments	60,000,000
Fruitvale Transit Village IIB Apartments (aka Casa Suenos)	100,000,000
Garden at Quail Run II Apartments	33,000,000
Goodman Street Apartments	53,000,000
Greyson	2,460,000
Hacienda Apartments	48,000,000
Heather Glen Apartments	14,000,000
Hecker Pass Apartments	45,000,000
Huntington Beach Senior Apartments	25,000,000
Imperial Village Apartments	16,000,000
Kifer Senior Apartments	35,000,000
Kristen Court III Apartments	14,000,000
Little Tokyo Towers Apartments	60,000,000
Long Beach Senior Apartments	30,000,000
Los Adobes de Maria I Apartments	25,000,000
MacArthur Studios Apartments	60,000,000
Madrone Terrace Apartments	60,000,000
Mahonia Glen Apartments	55,000,000
Maison's Village Apartments	40,000,000
Marina Dunes Apartments	45,000,000
Maudelle Miller Shirek Community Apartments	50,000,000
Mendes	11,380,000
Midway Village Phase I Apartments	80,000,000
Mojave View Apartments	23,000,000
Monroe Street Apartments	35,000,000
Moorpark Family Apartments	68,000,000
Mountain Elk Villas Apartments	50,000,000
Murrieta Family Apartments	16,000,000

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Other Information (Continued)
(Unaudited)

2: FINANCING APPROVALS (Continued)

Project Name	Initial Resolution Amount
Nook on Valdez II Apartments	\$ 18,000,000
Northstar Courts Apartments	30,000,000
Oasis Senior Villas Apartments	32,200,000
Osgood Apartments	65,000,000
Pacific Palacio	3,500,000
Pacific Wind Apartments	27,000,000
Palm Desert Family Apartments	62,000,000
Palm Terrace II Apartments	18,000,000
Perris Park Apartments	18,000,000
Pony Express Senior Apartments	30,000,000
Rancho Las Bolsas Apartments	27,000,000
River Oaks South	12,830,000
Sacramento Street Apartments	35,000,000
Sage at Folsom Apartments	25,000,000
San Leandro Durant Studios Apartments	65,000,000
Santa Fe Commons I Apartments	23,000,000
Soaring Ranch	4,675,000
Somis Ranch Apartments	50,000,000
Sunnyvale Apartments	30,000,000
Sunnyvale Block 15 Apartments	55,000,000
Sunrise Village Senior Apartments	11,000,000
The Bosco Apartments / One Church Street	17,000,000
The Bruce Apartments	45,000,000
The Lofts at Fort Visalia Apartments	25,000,000
The Meridian Apartments	40,000,000
The Parcel - Phase I Apartments	35,000,000
The Rivers	8,610,000
Twelve Bridges	16,360,000
Valley Green Fuels	250,000,000
Vermont Manchester Family Apartments	75,000,000
Vermont Manchester Senior Apartments	30,000,000
Villa Ciolino Apartments	20,000,000
Villa Oakland Apartments	35,000,000
Vista Sunrise II Apartments	19,000,000
Voltaire Villas Apartments	24,000,000
West Gateway Place - Phase II Apartments	27,000,000
Windsor Residences Apartments	35,000,000
Total	\$ 4,513,645,000

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Other Information (Continued)

(Unaudited)

2: FINANCING APPROVALS (Continued)

The following is a summary of the amount of financing approvals adopted via final resolution by the CMFA's Board of Directors during the year ended June 30, 2021:

Project Name	Final Resolution Amount
3706 San Pablo Apartments (Estrella Vista)	\$ 39,559,500
95th and International Apartments	23,913,000
Archway Commons Apartments	30,000,000
Barlow Respiratory Hospital	50,000,000
Baywood Court	8,000,000
BOLD Program, Series 2020B	18,385,000
BOLD Program, Series 2021A	25,000,000
BOLD Program, Series 2021B	12,830,000
Buckley School	23,000,000
Butterfly Gardens Apartments	28,000,000
Capital Christian Center	28,000,000
Cinnamon Villas II Apartments	7,500,000
Clinicas del Camino Real	73,610,000
CMFA (State Deferral Program) RAN	70,000,000
Coliseum Connections Transit Village Apartments	32,000,000
Community Health Centers of the Central Coast	75,000,000
Concordia University	35,000,000
Corallina at Pacific Highlands Ranch Apartments	6,000,000
Countryside II Apartments	12,000,000
Ecole Bilingue de Berkeley	12,000,000
El Dorado Family Apartments	10,000,000
Fairbanks Terrace II Apartments	5,600,000
FBI	225,000,000
Firehouse Square Apartments	50,000,000
Foothill Villa Apartments	55,000,000
Fruitvale Transit Village IIB Apartments (aka Casa Suenos)	91,000,000
Goodwill Central Coast	18,000,000
Grand View Village Apartments	34,000,000
Hacienda Apartments	67,000,000
HumanGood	90,000,000
Isla Vista Apartments	16,500,000
Keys School	12,000,000
La Maestra Community Health Centers	15,000,000
La Prensa Libre Apartments	32,500,000
Las Terrazas Apartments (Colton)	40,000,000
Madison Park Apartments	38,000,000
Maranatha High School	18,500,000
Midway Village Phase I Apartments	100,000,000

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Other Information (Continued)
(Unaudited)

2: FINANCING APPROVALS (Continued)

Project Name	Final Resolution Amount
Mission Heritage Plaza Apartments	\$ 40,000,000
Mountain View Apartments	44,201,442
Mutual Housing at 5th Street Apartments	20,000,000
North Harbor Village Apartments	35,000,000
Oceanside VA Health Care Center	100,000,000
Omni Family Health	26,080,000
OneLegacy	55,000,000
Open Door Community Health Centers	37,000,000
Pacific Primary School	3,700,000
Palomar Health Care District	35,000,000
Phoenix Charter Academy	13,000,000
Pitzer College	35,000,000
Plaza De Cabrillo Apartments	19,576,279
Point Loma Nazarene University	65,000,000
Pony Express Senior Apartments	28,300,000
Posada de Colores Apartments	20,592,443
Poway Commons Apartments	12,500,000
Pueblo Viejo Villas FKA 6th & Cesar Chavez Apartments	30,000,000
Republic Services, Inc.	202,045,000
River City Senior Apartments	25,000,000
Rocketship Public Schools	21,000,000
Rosefield Village Apartments	42,000,000
Scripps College	110,000,000
Sequoia Commons II Apartments	23,000,000
Simpson University	33,500,000
St. Andrew's Episcopal School	10,100,000
St. Francis High School	40,000,000
St. Stephen's Apartments	15,000,000
STREAM Charter School	15,000,000
Sugar Pine Village FKA Madera Village Apartments	20,000,000
Terracina at Lancaster FKA The Homestead Family Apts	41,000,000
The Bosco Apartments	17,000,000
The Bosco Apartments & One Church Street	13,880,000
The Harker School	25,000,000
The Learning Choice Academy	12,000,000
The Plateau Apartments	22,000,000
Tiger Woods Foundation	10,775,000
Trinity School	4,250,000
University of California, Davis (Orchard Park)	319,000,000
University of the Pacific	70,000,000

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

Other Information (Continued)

(Unaudited)

2: FINANCING APPROVALS (Continued)

Project Name	Final Resolution Amount
Villa Lakeshore Apartments	\$ 10,000,000
Villa Raymond Apartments	25,000,000
Vocational Visions	3,500,000
Waste Management	150,000,000
West County Health Center	9,500,000
Westmont College	60,000,000
Willowglen Apartments	18,000,000
Wilton Court Apartments	25,000,000
Windsor Country Club Mobile Home Park	18,000,000
Windsor Pointe Apartments	16,000,000
YMCA of Silicon Valley	14,500,000
Zoological Society of San Diego	35,000,000
Total	<u>\$ 3,623,897,664</u>

OTHER REPORT



**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 of Directors
California Municipal Finance Authority

We have audited, 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, the financial statements of the California Municipal Finance Authority (CMFA) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CMFA's basic financial statements, and have issued our report thereon dated March 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CMFA's internal control over financial reporting (internal control) as a basis for designing 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 CMFA's internal control. Accordingly, we do not express an opinion on the effectiveness of CMFA'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 CMFA'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.

A handwritten signature in black ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive, flowing style.

San Diego, California
March 22, 2022