

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**

Independent Auditor's Report, Financial
Statement, and Supplementary Information

As of and for the Year Ended June 30, 2016



Certified
Public
Accountants

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**
As of and for the Year Ended June 30, 2016

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Independent Auditor's Report

Board of Commissioners
California Statewide Communities
Development Authority
Sacramento, California

We have audited the accompanying statement of fiduciary assets and liabilities – agency funds of the California Statewide Communities Development Authority (CSCDA), as of June 30, 2016, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, where 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the financial position of CSCDA as of June 30, 2016, 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 on pages 3 through 5 be presented to supplement the financial statement. Such information, although not a part of the financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statement 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 financial statement, and other knowledge we obtained during our audit of the financial statement. 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 statement. The schedule of fiduciary fee collections/charges and disbursements related to the conduit finance activities – agency funds is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Macias Gini & O'Connell LLP

Sacramento, California

March 3, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

The California Statewide Communities Development Authority (CSCDA) was created in 1988, under California's Joint Exercise of Powers Act, to provide California's local governments with an effective tool for the timely financing of community-based public benefit projects.

Although cities, counties and special districts are able to issue their own debt obligations or serve as a conduit issuer of private activity bonds that promote economic development and provide critical community services, many local agencies find stand-alone financings too costly or lack the necessary resources or experience to facilitate the bond issuance and perform post-issuance activities for the term of the bonds.

In response, local governments formed CSCDA. CSCDA was created by and for local governments in California, and is sponsored by the California State Association of Counties (CSAC) and the League of California Cities (the League).

Today, over 500 cities, counties, and special districts have become Program Participants to CSCDA – which serves as their conduit issuer and provides access to an efficient and effective mechanism to finance locally-approved public benefit projects. At June 30, 2016, the aggregate amount of CSCDA's conduit debt obligations outstanding issued on behalf of program participants totaled \$24.0 billion.

CSCDA helps local governments build community infrastructure, provide affordable housing, create jobs, make access available to quality healthcare and education, and more. CSCDA provides an important resource to its local government members by ensuring that local community projects get funded quickly and reliably.

Conduit Finance Activity

During the fiscal year ended June 30, 2016, CSCDA served as issuer for \$2.811 billion in conduit revenue bonds related to its Private Activity, Public Agency, and Property Assessed Clean Energy (PACE) Finance Programs.

Private Activity Finance Program projects are those owned by the private sector, but which provide specific public benefits as authorized under the Internal Revenue Code and approved by the local City Council or County Board of Supervisors. During the year ended June 30, 2016, CSCDA provided conduit financing for 44 Private Activity Finance Program projects ranging from construction of affordable and senior housing apartments to erecting hospital and educational infrastructure to building new manufacturing facilities. In total, CSCDA provided conduit access to the tax-exempt and taxable municipal finance marketplace for approximately \$2.571 billion in Private Activity Finance Program projects.

Public Agency Finance Program projects are those where CSCDA serves as the conduit issuer for financings where a city, county, and/or special district is the borrower. CSCDA frequently conducts these types of financings on a pooled basis with more than one government entity participating in a single financing, thereby spreading the costs of issuance across borrowers to produce a lower-cost transaction than each local government would enjoy on its own. During the year ended June 30, 2016, CSCDA conducted 8 Public Agency Finance Program conduit issuances totaling approximately \$94 million and benefiting 27 of its public agency members.

PACE Finance Program allow property owners in participating cities and counties to finance renewable energy, energy water efficiency improvements, seismic improvements and electric vehicle charging infrastructure on their property. Participation in the assessment is 100% voluntary by the property owner. The improvements installed on the owner's property are financed by the issuance of bonds. The bonds are secured by a voluntary contractual assessment levied on the owner's property. Property owners who wish to participate in PACE agree to repay the money through the voluntary contractual assessment collected with property taxes. The voluntary contractual assessments are levied by CSCDA and collected in annual installments through the applicable county secured property tax bill. During the year ended June 30, 2016, the CSCDA PACE program conducted 271 bond issuances totaling \$146 million for residential PACE projects throughout California.

Overview of the Financial Statement

This discussion and analysis is intended to serve as an introduction to CSCDA's financial statement. CSCDA's financial statement comprises two components: 1) the statement of fiduciary assets and liabilities – agency funds and 2) notes to the financial statement.

Financial Statement. CSCDA has only one financial statement, the *statement of fiduciary assets and liabilities—agency funds*, which appears on page 6. This statement reports assets held in an agency capacity for others and that are not the property of CSCDA itself. As an issuer which acts exclusively in a conduit capacity, CSCDA has no assets, liabilities, revenues, or expenses of its own. Instead, cash flows related to the collection of CSCDA service fees are treated as discussed below in the sections titled "Bond Issuance" and "Bond Administration" while costs associated with CSCDA's operations are handled as discussed below in the sections titled "General Administrative Activities." Because of this structure, **in accordance with Accounting Principles Generally Accepted in the United States of America, CSCDA does not report either a statement of net position and governmental fund balance sheet or a statement of activities and governmental fund revenues, expenditures, and changes in fund balance.**

Notes to the Financial Statement. The notes provide additional information that is essential to a full understanding of the data provided in the financial statement. The notes to the financial statement can be found on pages 7 - 12 of this report.

Analysis of Fiduciary Assets and Liabilities—Agency Funds

Agency funds reported by CSCDA in the *statement of fiduciary assets and liabilities—agency funds* are the property of others. These agency funds fall into one of three categories, each of which is reported in the *schedule of fiduciary fee collections/charges and disbursements related to the conduit finance activities – agency funds*, which appears on page 14 as information supplemental to the financial statement. The categories are: 1) bond issuance, 2) bond administration, and 3) general administrative activities:

Bond Issuance. This agency fund represents amounts received from borrowers in CSCDA's name to pay for the program manager's services as well as for the program sponsorship, and marketing provided by CSAC and the League. CSCDA bills the borrower in advance for bond issuance fees and then places the payment on deposit with US Bank. Amounts held are invested in cash and cash equivalents.

Once bonds are issued, the trustee distributes payments pursuant to agreements approved by the CSCDA Board of Commissioners and for services provided to CSCDA. For the year ended June 30, 2016, CSCDA collected approximately \$6.6 million for bond issuance services and CDLAC deposits. At June 30, 2016, the related accounts held approximately \$2.5 million.

Bond Administration. This agency fund represents amounts assessed by CSCDA for the performance of ongoing administration and compliance work to help keep long-term bond issues in good standing. Bond administration fees are generally paid in advance by the borrower (sometimes several years in advance) and are remitted into various accounts with US Bank until the associated ongoing administration services are performed. These monies are invested either in cash and cash equivalents or in United States government treasury STRIPs.

Amounts held are considered to be the property of the payer until such time as the ongoing administration services are carried out by the program manager or others. Such services are primarily performed by the program manager and a housing compliance monitoring firm, each of which receives payments as services are rendered. For the year ended June 30, 2016, CSCDA collected approximately \$9.9 million in payments and prepayments for ongoing bond administration activities. At June 30, 2016, the related accounts held approximately \$5.0 million for bond administration activities pending performance of bond administration services.

General Administrative Activities. This agency fund represents amounts held in bank accounts where they are owned jointly by CSAC and the League. These accounts are funded by set-asides made prior to the distribution of bond administration service fees. Amounts held in these reserve accounts are first used, under the direction of the CSCDA Board of Commissioners, to pay the expenses of the CSCDA Executive Director and General Counsel, both of whom are engaged under contract with CSCDA. Remaining amounts are used by CSCDA for purposes such as marketing, funding public agency education programs, purchasing public official's insurance for the Board of Commissioners, to reimburse Commissioner expenses, and paying audit, legal, and other professional services expenses. For the year ended June 30, 2016 these accounts funded \$646,420 in general administrative expenses of which \$110,200 was paid to the Executive Director and \$223,777 was paid to General Counsel. At June 30, 2016, the general administrative activities agency fund totaled \$286,501.

Related Parties

CSCDA maintains agreements with CSAC and the League for the provision of program sponsorship, and marketing. In exchange, both organizations receive shares of the distributions made from agency funds collected for bond issuance and bond administration services. For the year ended June 30, 2016, CSAC and the League together received \$4,300,040, shared equally between them. Program administration services are performed under contract with CSCDA by Bridge Strategic Partners. For the year ended June 30, 2016, this company was paid \$2,118,417. Prior program administration fees are paid pursuant to an Agreement between CSCDA and HB Capital Resources, Ltd. For the year ended June 30, 2016, this company was paid \$6,446,428.

Requests for Information

This financial report is designed to provide a general overview of CSCDA'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:

California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, CA 95814

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**
Statement of Fiduciary Assets and Liabilities
Agency Funds
As of June 30, 2016

ASSETS

Cash and investments	\$ 7,855,490
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LIABILITIES

Accounts payable	\$ 101,379
Agency obligations	7,754,111
Total liabilities	\$ 7,855,490

See accompanying notes to the financial statement.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**

Notes to the Financial Statement
As of and for the Year Ended June 30, 2016

Note 1 - Nature of Organization

The California Statewide Communities Development Authority (CSCDA) is a conduit finance issuer only. It has no revenues, expenses, assets, or liabilities of its own. Debt obligations issued through CSCDA are those of the governments, non-profit organizations, and private companies who use CSCDA's own governmental status to access the tax-exempt and taxable municipal finance marketplace. Once a borrower uses CSCDA to issue debt, financial servicing of that debt falls to a trustee, or potentially to the investor itself in certain private placements. CSCDA maintains no ongoing interest in bonds issued through its conduit and no debt servicing responsibility.

CSCDA is a public agency established in 1988 as a Joint Powers Authority (JPA). It is sponsored by the California State Association of Counties and the League of California Cities and is set up per the provisions of California's Joint Exercise of Powers Act. Under this law, any two or more public agencies may by agreement jointly exercise powers common among them. In this manner, through CSCDA, local governments have a vehicle they control to complete public benefit projects that otherwise may not have been economical or practical to pursue were the local jurisdiction to have served as issuer. CSCDA is a cooperative repository of public benefit finance expertise that allows its members to use an array of tax-exempt programs without the burden of managing the associated set of issuance and ongoing administrative responsibilities directly themselves.

CSCDA is governed by a seven-member commission. CSCDA's Board of Commissioners (Board) is appointed by the California State Association of Counties (CSAC) and the League of California Cities (the League) (see Note 4—*Related Parties*), which together represent the interests of counties and cities throughout the state. This Board is required by the joint powers agreement to establish public benefit finance criteria and to evaluate every submitted project on the basis of benefit provided, after receiving the requisite local approval. No project can proceed without the approval of commissioners appointed by CSAC and the League, the structure of which ensures the preservation of both city and county interests. Since January 16, 2014, administration of CSCDA has been managed by an Executive Director engaged under contract by the Board.

Note 2 – Summary of Significant Accounting Policies

General

The accompanying financial statement of CSCDA has been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The financial statement is presented using the accrual basis of accounting. As discussed in Note 1, however, CSCDA has no revenues or expenses to report for the period covered.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**

Notes to the Financial Statement (Continued)

As of and for the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Agency Funds—Bond Issuance and Ongoing Bond Administration

While CSCDA has no revenues of its own, the League and CSCDA's designated Program Manager (see Note 4—*Related Parties*) oversee the collection of bond issuance and ongoing bond administration fees received in CSCDA's name. Such fees are published in CSCDA's fee schedule and are generally assessed as percentages of bonds issued or bonds outstanding. Fee collections, some of which are prepaid by borrowers, are deposited into one or more third-party trustee accounts where they are held until distributed to CSAC, the League, the Program Manager, the Prior Program Manager, or other designated payees. CSCDA recognizes no revenues or expenses related to these fee collections and disbursements, all of which accrue to the financial statements of CSAC, the League, the Program Manager, and other third parties. Funds held in third-party trustee accounts related to bond issuance and ongoing bond administration activities, and reported within the Statement of Fiduciary Assets and Liabilities—Agency Funds, amounted to \$7,467,610 at June 30, 2016.

Agency Fund—General Administrative Activities

Prior to the distribution of bond administration service fees to CSAC, the League, and the Program Manager (see Note 4—*Related Parties*) an allocation is made to accounts owned by CSAC and the League and held for them. These accounts are first used, under the direction of the Commission, to pay the expenses of the CSCDA Executive Director and General Counsel, both of whom are engaged under contract with CSCDA. Remaining amounts are used to buy insurance for CSCDA, fund certain marketing activities, reimburse Commissioner expenses, and support other general administrative activities. Amounts held in reserve accounts are for CSAC and the League and are reported within the Statement of Fiduciary Assets and Liabilities—Agency Funds. The general administrative activity agency fund amounted to \$286,501 at June 30, 2016.

Implementation of New Governmental Accounting Pronouncement

During the year, CSCDA implemented Governmental Accounting Standards Board Statement No. 72 (GASB 72), Fair Value Measurement and Application. The objective of GASB 72 is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. Information required by GASB 72 to be disclosed can be found in Note 5.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**

Notes to the Financial Statement (Continued)

As of and for the Year Ended June 30, 2016

Note 3 – Conduit Finance Activity

CSCDA's conduit finance activity for the year ended June 30, 2016 appears as follows:

<u>Private Activity</u> <u>Finance Programs</u>	No. of Projects Financed	No. of Bonds Issued	Debt Issued
- Qualified 501(c)(3) Nonprofit	18	11	\$ 1,888,985,000
- Affordable Multifamily Housing	25	25	676,698,947
- Airport	1	1	5,600,000
Total Private Activity	44	37	2,571,283,947

<u>Public Agency</u> <u>Finance Programs</u>	No. of Program Participants	No. of Bonds Issued	Debt Issued
- Statewide Community Infrastructure Program (SCIP)	14	3	30,715,000
- Community Facilities Districts (CFDs)	3	3	55,415,000
- Total Road Improvement Program (TRIP)	2	1	6,355,000
- Delinquent Property Tax Funding	8	1	1,521,112
Total Public Agency	27	8	94,006,112

<u>Property Assessed Clean Energy (PACE)</u> <u>Finance Programs</u>	No. of Bonds Issued	Debt Issued
- Open PACE Program	271	146,233,183
Total Debt Issued		\$ 2,811,523,242

At June 30, 2016, the aggregate amount of CSCDA's conduit debt obligations outstanding issued on behalf of program participants totaled \$24.0 billion.

The amount of conduit debt obligations authorized, but unsold as of June 30, 2016 was \$88,000,000.

Note 4 – Related Parties

CSCDA has entered into Intellectual Property License, Royalty, and Administrative Agreements with CSAC and the League (see Note 1—*Nature of Organization*) for sponsorship and marketing of CSCDA's conduit finance programs. In addition, per the provisions of the CSCDA Joint Powers Agreement, CSAC and the League appoint individuals to serve on CSCDA's seven-member commission.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**

Notes to the Financial Statement (Continued)

As of and for the Year Ended June 30, 2016

Note 4 – Related Parties (continued)

CSCDA has also entered into Program Administration Agreements with Bridge Strategic Partners for the provision of comprehensive staff services for daily operational and marketing purposes. Acting as CSCDA's staff, Bridge Strategic Partners personnel implement the issuance policies established by CSCDA's Board of Commissioners, execute aspects of the deal qualification and structuring process, analyze and present transactions to CSCDA's Board of Commissioners for review and approval, and work with the financial and legal community, local agencies and regulatory bodies, and others to ensure that conduit bonds issued in CSCDA's name remain in good standing. CSCDA has an ongoing prior administration agreement with HB Capital Resources Ltd. related to bond administration fees for bond issuances prior to July 1, 2015.

Pursuant to the above referenced program administration agreements, HB Capital Resources Ltd. receives a percentage of bond administration fees paid by borrowers for bond issuances prior to July 1, 2015 and Bridge Strategic Partners receives a set percentage of the bond issuance and ongoing bond administration fees assessed to borrowers in CSCDA's name after June 30, 2015, with such percentages varying based upon deal type. Under the Intellectual Property License, et seq. Agreement, CSAC and the League receive an equal portion of the remaining bond issuance and ongoing bond administration fees. CSAC, the League, HB Capital Resources and Bridge Strategic Partners pay all their own expenses related to the provision of their respective activities or services. For the year ended June 30, 2016, CSAC Finance Corporation and the League of California Cities together received \$4,300,040 split equally between them. Bridge Strategic Partners received \$2,118,417 and HB Capital Resources received \$6,446,428.

Note 5 – Cash and Investments

Cash and investments at June 30, 2016, consist of the following:

Investments:	
Money Market Funds	\$ 4,416,966
U.S. Treasury Obligations	<u>3,438,524</u>
Total	<u>\$ 7,855,490</u>

Agency Fund Investments Authorized by CSCDA's Investment Practice

The table below identifies the investment types authorized by CSCDA for agency funds held for the benefit of CSCDA's conduit issuance activities. "None," in the context used in the table, means there are no limitations. (This table does not address investments of conduit bond proceeds held by bond trustees that are governed by the provisions of the associated conduit debt agreements.)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
U.S. Treasury Obligations	None	None	None
Money Market Funds	N/A	None	None

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**
Notes to the Financial Statement (Continued)
As of and for the Year Ended June 30, 2016

Note 5 – Cash and Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. One of the ways that CSCDA manages the exposure of agency funds is by authorizing the purchase of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for conduit operations.

Information about the sensitivity of the fair values of agency fund investments to market rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

Investment Type	Maturities				Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months	
Money Market Funds	\$4,416,966	\$ -	\$ -	\$ -	\$4,416,966
U.S. Treasury Obligations	276,394	273,608	680,083	2,208,439	3,438,524
Total	<u>\$4,693,360</u>	<u>\$273,608</u>	<u>\$680,083</u>	<u>\$2,208,439</u>	<u>\$7,855,490</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. CSCDA mitigates the credit risk of agency funds by limiting permitted investments to U.S. Treasury obligations or money market funds that carry the assignment of a BBB or better rating by a nationally-recognized statistical rating organization. At June 30, 2016, agency fund investments were held entirely in money market funds and U.S. Treasury obligations with Standards & Poor's ratings of AAAm and AA+, respectively. However, under GASB 40, U.S. Treasury obligations are not considered to have credit risk.

Concentration of Credit Risk

CSCDA's investment practice with respect to agency funds limits concentration of credit risk by restricting investments to U.S. Treasury obligations or money market funds. CSCDA's agency fund investment position at June 30, 2016, was in compliance with this practice.

Custodial Credit Risk

The custodial credit risk for agency fund investments is the risk that, in the event of the failure of the counterparty to a transaction, the beneficiaries of the agency funds will not be able to recover the value of their investments or collateral securities that are in the possession of another party. CSCDA's agency fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**

Notes to the Financial Statement (Continued)
As of and for the Year Ended June 30, 2016

Note 5 – Cash and Investments (continued)

The custodial credit risk for agency fund deposits is the risk that, in the event of the failure of a depository financial institution, CSCDA will not be able to recover collateral securities that are in the possession of an outside party. Deposits that potentially subject CSCDA to custodial credit risk consist of demand deposits and money market accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). It is the practice of CSCDA to place its demand deposits and money market accounts with a high-credit, quality financial institution. CSCDA had no deposits at June 30, 2016 not covered by the FDIC. However, had they deposits not covered by the FDIC, they would be secured in accordance with the California Government Code, which requires that financial institutions secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Collateral is considered held in CSCDA's name.

Fair Value Measurements

CSCDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Authority has the following recurring fair value measurements as of June 30, 2016:

Investment Type	Total	Fair Value Measurements Using	
		Level 1	Level 2
Money Market Funds	\$ 4,416,966	\$ -	\$ 4,416,966
U.S. Treasury Obligations	3,438,524	3,438,524	-
	<u>\$ 7,855,490</u>	<u>\$ 3,438,524</u>	<u>\$ 4,416,966</u>

SUPPLEMENTARY INFORMATION

The following page contains information that is supplemental to the operations of the California Statewide Communities Development Authority (CSCDA). The information that appears shows the consolidated activity and balances of accounts used to collect issuance and administrative fees remitted to CSCDA by borrowers. Amounts collected in these accounts are the property of the California State Association of Counties Finance Corporation (CSAC), the League of California Cities (the League), and certain conduit borrowers for which services have not yet been performed, but who have deposited funds for the future payment of those services. CSCDA holds no right or title to these accounts.

**THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY (CSCDA)**
Schedule of Fiduciary Fee Collections/Charges and Disbursements
Related to the Conduit Finance Activities - Agency Funds
For the Year Ended June 30, 2016

	Bond Issuance	Bond Administration	General Administrative Activities	Total
<u>Amounts Collected and Charged in Benefit of Conduit Finance Activities of CSCDA</u>				
Bond Issuance Fees	\$ 3,830,391	\$ -	\$ -	\$ 3,830,391
Bond Administrative Fees	-	9,643,807	-	9,643,807
Deposits	2,815,347	-	-	2,815,347
Investment Income:				
Interest	440	648	91	1,179
Change in Fair Value of Investments	1	301,173	1	301,175
<u>Total Amounts Collected and Charged in Benefit of Conduit Finance Activities of CSCDA</u>	<u>6,646,179</u>	<u>9,945,628</u>	<u>92</u>	<u>16,591,899</u>
<u>Amounts Disbursed in Benefit of Conduit Finance Activities of CSCDA</u>				
Program Administration:				
Program Manager - Bridge Strategic Partners, LLC	1,894,126	110,738	-	2,004,864
Prior Program Manager - HB Capital Resources, Ltd.	-	5,820,325	-	5,820,325
Program Governance and Marketing:				
CSAC	845,936	1,304,084	-	2,150,020
League of California Cities	845,936	1,304,084	-	2,150,020
Compliance Monitoring:				
Compliance Services, LLC (a subsidiary of HB Capital Resources, Ltd.)	-	626,103	-	626,103
Urban Futures Bond Administration, Inc.	-	584,819	-	584,819
Bridge Strategic Partners, LLC	-	89,553	-	89,553
Executive Director & General Counsel Compensation	-	-	333,977	333,977
General Administrative:				
Bridge Strategic Partners, LLC	-	-	24,000	24,000
Others	-	-	288,443	288,443
Deposits Returned and Other	1,690,989	500,170	-	2,191,159
<u>Total Amounts Disbursed in Benefit of Conduit Finance Activities of CSCDA</u>	<u>5,276,987</u>	<u>10,339,876</u>	<u>646,420</u>	<u>16,263,283</u>
<u>Transfers</u>	<u>(299,395)</u>	<u>(530,207)</u>	<u>829,602</u>	<u>-</u>
Change in Agency Obligations	1,069,797	(924,455)	183,274	328,616
Agency Obligations, June 30, 2015	1,418,817	5,903,451	103,227	7,425,495
Agency Obligations, June 30, 2016	<u>\$ 2,488,614</u>	<u>\$ 4,978,996</u>	<u>\$ 286,501</u>	<u>\$ 7,754,111</u>