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



**INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2024

**MUN CPAs, LLP
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SACRAMENTO, CALIFORNIA 95833**

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
California Statewide Communities Development Authority
Sacramento, California

Opinion

We have audited the accompanying financial statements of the California Statewide Communities Development Authority (the Authority), as of June 30, 2024, 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 respective financial position of the California Statewide Communities Development Authority as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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 the financial statements that is 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The schedule of fiduciary fee collections/charges and disbursements related to the conduit finance activities - custodial fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of fiduciary fee collections/charges and disbursements related to the conduit finance activities - custodial fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

MUN CPAs, LLP

Sacramento, California
November 25, 2024

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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 (Cal Cities).

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, 2024, the aggregate amount of CSCDA's conduit debt obligations outstanding issued on behalf of program participants totaled \$24.4 billion, compared to \$25 billion at June 30, 2023.

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 years ended June 30, 2024 and 2023, CSCDA served as issuer for \$1.3 billion and \$1.2 billion, respectively, in conduit revenue bonds related to its Private Activity and Public Agency 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 years ended June 30, 2024 and 2023, CSCDA provided conduit financing for 13 and 24, respectively, Private Activity Finance Program projects ranging from construction of affordable and senior housing apartments to erecting hospital and educational infrastructure. In total, During the years ended June 30, 2024 and 2023 CSCDA provided conduit access to the tax-exempt and taxable municipal finance marketplace for approximately \$0.4 billion and \$1.2 billion, respectively, in Private Activity Finance Program projects.

Public Agency Finance Program projects are those where CSCDA serves as the conduit issuer for financing 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 years ended June 30, 2024 and 2023, CSCDA conducted 10 and 7, respectively, Public Agency Finance Program conduit issuances totaling approximately \$131,250,000 million and \$141,965,000, respectively, and benefiting 10 and 11, respectively, 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 years ended June 30, 2024 and 2023 there were 122 and 116, respectively, bond issuances totaling \$721 million and \$136 million, respectively, through the CSCDA PACE program.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to CSCDA's financial statements. CSCDA's financial statements comprises three components: 1) the statement of fiduciary net position; 2) the statement of changes in fiduciary net position and 3) notes to the financial statements.

Financial Statements. CSCDA has two financial statements, the statement of fiduciary net position, which appears on page 6. This statement reports assets held in an custodial 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. The statement of changes in fiduciary net position, which appears on page 7, reports 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".

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 8 - 13 of this report.

Analysis of Fiduciary Activity

CSCDA is comprised of one custodial fund which is segregated 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 - custodial fund, 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 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 Cal Cities. 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 years ended June 30, 2024 and 2023 CSCDA collected approximately \$6.6 million, and \$6.5 million, respectively, for bond issuance services and CDLAC deposits. At June 30, 2024 and 2023, the related accounts held approximately \$0.2 million and \$0.1 million, respectively.

Bond Administration 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 years ended June 30, 2024 and 2023, CSCDA collected approximately \$9.1 million and \$8.6 million, respectively, in payments and prepayments for ongoing bond administration activities. At June 30, 2024 and 2023, the related accounts held approximately \$0.6 million and \$0.5 million, respectively, for bond administration activities pending performance of bond administration services.

General Administrative Activities represents amounts held in bank accounts where they are owned jointly by CSAC and Cal Cities. 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 years ended June 30, 2024 and 2023, these accounts funded \$469,956 and \$463,278, respectively, in general administrative expenses of which \$60,325 and \$65,738, respectively, was paid to the Executive Director and \$183,274 and \$213,558, respectively, was paid to General Counsel. At June 30, 2024 and 2023 the general

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

administrative activities totaled \$159,492 and \$223,277, respectively.

Related Parties

CSCDA maintains agreements with CSAC and Cal Cities for the provision of program sponsorship and marketing. In exchange, both organizations receive shares of the distributions made from custodial funds collected for bond issuance and bond administration services. For the years ended June 30, 2024 and 2023, CSAC and Cal Cities together received \$6,852,902 and \$6,588,564, respectively, shared equally between them. Program administration services are performed under contract with CSCDA by Bridge Strategic Partners. For the years ended June 30, 2024 and 2023, this company was paid \$5,090,006 and \$4,963,217, respectively. Prior program administration fees are paid pursuant to an Agreement between CSCDA and HB Capital Resources, Ltd. For the years ended June 30, 2024 and 2023, this company was paid \$2,980,785 and \$2,929,983, respectively.

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, California 95814

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
AS OF JUNE 30, 2024**

ASSETS

Cash and investments (Note 5)	\$ 4,443,747
Other assets	<u>25,451</u>
TOTAL ASSETS	<u>4,469,198</u>

LIABILITIES

Accounts payable	814,228
Developer deposits	841,730
Unearned revenues	<u>1,828,241</u>
TOTAL LIABILITIES	<u>3,484,199</u>

NET POSITION

Restricted for organizations and other governments	<u>984,999</u>
TOTAL NET POSITION	<u>\$ 984,999</u>

See accompanying notes to the financial statements

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

ADDITIONS

Bond issuance fees	\$ 6,573,154
Bond administrative fees	9,067,966
Interest income	<u>110,345</u>
Total Additions	<u>15,751,465</u>

DEDUCTIONS

Program administration	7,436,037
Program governance and marketing	6,852,902
Compliance monitoring	834,629
Executive director & general counsel	243,599
General administrative	<u>226,357</u>
Total Deductions	<u>15,593,524</u>

NET INCREASE IN NET POSITION	157,941
TOTAL NET POSITION, BEGINNING OF YEAR	<u>827,058</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 984,999</u>

See accompanying notes to the financial statements

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: NATURE OF ORGANIZATION

The California Statewide Communities Development Authority (CSCDA or the "Authority") 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 (the "Board" or "Commission") is appointed by the California State Association of Counties (CSAC) and the League of California Cities (Cal Cities) (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 the commissioners 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

A. General

The accompanying financial statements of CSCDA has been prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities. The financial statements are presented using the accrual basis of accounting.

CSCDA is comprised of one custodial fund. Custodial funds are a type of fiduciary fund that account for resources held by the Authority on behalf of other governments, non-profit organizations and private companies. The financial statements are presented using the accrual basis of accounting.

B. Bond Issuance and Ongoing Bond Administration

While CSCDA has no revenues of its own, the Program Manager (see Note 4: Related Parties) oversees 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, Cal Cities, 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 are reported in the financial statements of CSAC, Cal Cities, 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 net position, amounted to \$825,507 at June 30, 2024.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. General Administrative Activities

Prior to the distribution of bond administration service fees to CSAC, Cal Cities, and the Program Manager (see Note 4: Related Parties), an allocation is made to accounts owned by CSAC and Cal Cities 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 Cal Cities and are reported within the statement of fiduciary net position. The general administrative activity custodial fund totaled \$159,492, at June 30, 2024.

D. Unearned Revenues

Under the accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

E. Recently Adopted Government Accounting Standards

Effective July 1, 2023, CSCDA implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. There was no financial impact to CSCDA as a result of implementation.

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. There was no financial impact to CSCDA as a result of implementation.

F. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2024 and may be applicable for CSCDA. However, CSCDA has not determined the effects, if any, on the financial statements.

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for CSCDA's fiscal year ending June 30, 2025.

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No, 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. The requirements of this statement are effective for CSCDA's fiscal year ending June 30, 2026.

Governmental Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No, 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for CSCDA's fiscal year ending June 30, 2026.

Governmental Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No, 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for CSCDA's fiscal year ending June 30, 2026.

NOTE 3: CONDUIT FINANCE ACTIVITY

CSCDA's conduit finance activity for the year ended June 30, 2024 appears as follows:

<u>Private Activity Finance Programs</u>	<u>No. of Projects Financed</u>	<u>No. of Bonds Issued</u>	<u>Debt Issued</u>
Qualified 501(c)(3) Nonprofit	1	1	\$ 67,065,000
Affordable Multifamily Housing	<u>12</u>	<u>12</u>	<u>341,885,836</u>
Total Private Activity	<u>13</u>	<u>13</u>	<u>\$ 408,950,836</u>
<u>Public Agency Finance Programs</u>	<u>No. of Program Participants</u>	<u>No. of Bonds Issued</u>	<u>Debt Issued</u>
Statewide Community Infrastructure Program (SCIP)	4	4	\$ 70,975,000
Community Facilities Districts (CFDs)	<u>6</u>	<u>6</u>	<u>60,275,000</u>
Total Public Agency	<u>10</u>	<u>10</u>	<u>\$ 131,250,000</u>

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3: CONDUIT FINANCE ACTIVITY (CONTINUED)

<u>Property Assessed Clean Energy (PACE) Finance Programs</u>	<u>No. of Bonds Issued</u>	<u>Debt Issued</u>
Open PACE Program	<u>122</u>	\$ <u>721,120,325</u>
Total PACE	<u>122</u>	\$ <u>721,120,325</u>
Total Debt Issued	<u>145</u>	\$ <u>1,261,321,161</u>

At June 30, 2024 the aggregate amount of CSCDA's conduit debt obligations outstanding issued on behalf of program participants totaled \$24.4 billion.

The amount of conduit debt obligations authorized, but unsold as of June 30, 2024 was \$90,000,000.

NOTE 4: RELATED PARTIES

CSCDA has entered into Intellectual Property License, Royalty, and Administrative Agreements with CSAC and Cal Cities (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 Cal Cities appoint individuals to serve on CSCDA's seven-member commission.

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 Cal Cities receive an equal portion of the remaining bond issuance and ongoing bond administration fees. CSAC, Cal Cities, 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, 2024, CSAC and Cal Cities together received \$6,852,902 split equally between them, while Bridge Strategic Partners received \$5,090,006 and HB Capital Resources received \$2,980,785.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5: CASH AND INVESTMENTS

Cash and investments at June 30, 2024 consisted of the following:

Investments	
Money Market Funds	\$ 2,709,908
U.S. Treasury Obligations	<u>1,733,839</u>
Total investments	<u>\$ 4,443,747</u>

A. Custodial Fund Investments Authorized by CSCDA's Investment Practice

The table below identifies the investment types authorized by CSCDA for custodial 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>
Money Market Funds	N/A	None	None
U.S. Treasury Obligations	None	None	None

B. 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 custodial 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 custodial fund investments to market rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Maturities</u>				<u>Total</u>
	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>	
Money Market Funds	\$ 2,709,908	\$ -	\$ -	\$ -	\$ 2,709,908
U.S Treasury Obligations	<u>182,317</u>	<u>174,125</u>	<u>560,758</u>	<u>816,639</u>	<u>1,733,839</u>
Total	<u>\$ 2,892,225</u>	<u>\$ 174,125</u>	<u>\$ 560,758</u>	<u>\$ 816,639</u>	<u>\$ 4,443,747</u>

C. 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 custodial 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, 2024, custodial fund investments were held entirely in money market funds and U.S. Treasury obligations with Standards & Poor's ratings of AAA and AA+, respectively. However, under GASB 40, U.S. Treasury obligations are not considered to have credit risk.

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5: CASH AND INVESTMENTS (CONTINUED)

D. Concentration of Credit Risk

CSCDA's investment practice with respect to custodial funds limits concentration of credit risk by restricting investments to U.S. Treasury obligations or money market funds. CSCDA's custodial fund investment position at June 30, 2024, was in compliance with this practice.

E. Custodial Credit Risk

The custodial credit risk for custodial fund investments is the risk that, in the event of the failure of the counterparty to a transaction, the beneficiaries of the custodial 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 custodial 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 custodial credit risk for custodial 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. At June 30, 2024, CSCDA held all of its funds at one financial institution which provides FDIC coverage of deposits up to \$250,000. Deposits not covered by the FDIC are 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.

F. 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.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Government Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period.

Following is a description of the valuation methodologies used:

U.S. Treasury Obligations and Money Market Funds: Fair values are based on quoted market prices for similar securities markets that are not active, and model-based techniques for which all significant assumptions are observable in the market resulting in a Level 2 valuation.

The Authority has the following recurring fair value measurements as of June 30, 2024:

Investment Type	Fair Value Measurements Using:			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ -	\$ 2,709,908	\$ -	\$ 2,709,908
U.S. Treasury Obligations	-	1,733,839	-	1,733,839
Total	<u>\$ -</u>	<u>\$ 4,443,747</u>	<u>\$ -</u>	<u>\$ 4,443,747</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 (CSAC), the League of California Cities (Cal Cities), 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.

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
SCHEDULE OF FIDUCIARY FEE COLLECTIONS/CHARGES AND DISBURSEMENTS
RELATED TO THE CONDUIT FINANCE ACTIVITIES
CUSTODIAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Bond Issuance</u>	<u>Bond Administration</u>	<u>General Administrative Activities</u>	<u>Total</u>
Amounts Collected and Charged in Benefit of Conduit Finance Activities of CSCDA				
Bond issuance fees	\$ 6,573,154	\$ -	\$ -	\$ 6,573,154
Bond administrative fees	-	9,067,966	-	9,067,966
Investment income:				
Interest	<u>63,449</u>	<u>46,896</u>	-	<u>110,345</u>
Total Amounts Collected and Charged in Benefit of Conduit Finance Activities of CSCDA	<u>6,636,603</u>	<u>9,114,862</u>	-	<u>15,751,465</u>
Amounts Disbursed in Benefit of Conduit Finance Activities of CSCDA				
Program Administration:				
Program Manager - Bridge Strategic Partners, LLC	3,093,705	1,361,547	-	4,455,252
Prior Program Manager - HB Capital Resources, Ltd.	-	2,980,785	-	2,980,785
Program Governance and Marketing:				
CSAC	1,739,224	1,687,227	-	3,426,451
League of California Cities	1,739,224	1,687,227	-	3,426,451
Compliance Monitoring:				
Urban Futures Bond Administration, Inc.	-	199,875	-	199,875
Bridge Strategic Partners, LLC	-	634,754	-	634,754
Executive Director & General Counsel Compensation	-	-	243,599	243,599
General Administrative:				
Others	<u>-</u>	<u>-</u>	<u>226,357</u>	<u>226,357</u>
Total Amounts Disbursed in Benefit of Conduit Finance Activities of CSCDA	<u>6,572,153</u>	<u>8,551,415</u>	<u>469,956</u>	<u>15,593,524</u>
Transfers	<u>-</u>	<u>(406,171)</u>	<u>406,171</u>	<u>-</u>
CHANGE IN ACCOUNT BALANCE	<u>64,450</u>	<u>157,276</u>	<u>(63,785)</u>	<u>157,941</u>
BEGINNING BALANCES, JULY 1, 2023	<u>133,271</u>	<u>470,510</u>	<u>223,277</u>	<u>827,058</u>
ENDING BALANCES, JUNE 30, 2024	<u>\$ 197,721</u>	<u>\$ 627,786</u>	<u>\$ 159,492</u>	<u>\$ 984,999</u>

See accompanying notes to the financial statements