

November 29, 2023

Board of Directors
California Public Finance Authority
Hanford, California

Dear Board of Directors:

We have audited the financial statements of California Public Finance Authority (the "Authority") for the year ended June 30, 2023, and have issued our report thereon dated November 27, 2023. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter dated July 27, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. We have read Management's Discussion and Analysis and have found no material inconsistencies with the information appearing in the audited financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussions about planning matters, in addition to our engagement letter dated July 27, 2023, accepted by Michael La Pierre.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. The application of existing accounting policies were not changed during the year.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of revenue recognition methodologies for each revenue stream in Note 1.
- The disclosure of related party transactions and significant contracts in Note 4.
- The disclosure of net position restrictions in Note 5.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

We proposed no audit adjustments that could, in our judgement, either individually or in the aggregate, have a significant effect on the Authority's financial reporting process.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2023, a copy of which accompanies this letter.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of accounting principles generally accepted in the United States which would affect the Authority's financial statements or on the type of opinion which may be rendered on the financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of the Authority as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies and material weaknesses may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 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.

We consider the following deficiency in internal control to be a significant deficiency:

Segregation of Duties (same deficiency as in 2022)

Under normal conditions, the Authority's accounting staff is assigned roles and responsibilities that provide for appropriate segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. However, certain individuals have access to modules and can process transactions, including journal entries, within the accounting system that are inconsistent with their primary responsibilities. Because review and oversight may not be sufficient to prevent or detect errors or exceptions that may arise out of this condition, this is considered a significant deficiency in internal control.

Without adequate segregation of duties, the likelihood that unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

We appreciate the opportunity to be of service to the Authority.

This communication is intended solely for the information and use of the Board of Directors and, if appropriate, management and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Enc.

California Public Finance Authority

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022



CalPFA

**CALIFORNIA
PUBLIC
FINANCE
AUTHORITY**

WIPFLI

Independent Auditor's Report

Board of Directors
California Public Finance Authority
Hanford, California

Opinion

We have audited the accompanying financial statements of California Public Finance Authority as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise California Public Finance Authority's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of California Public Finance Authority as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 California Public Finance Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California Public Finance 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 opinion. 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 GAAS 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 GAAS, 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 California Public Finance 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 California Public Finance 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.

Other Matter

Supplementary Information

Required Supplementary Information

GAAP requires that the management's discussion and analysis on pages 3–5 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 GAAS, 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.



Wipfli LLP

Milwaukee, Wisconsin

November 27, 2023

California Public Finance Authority

Management's Discussion and Analysis

(Unaudited)

June 30, 2023 and 2022

As management of the California Public Finance Authority ("CalPFA" or the "Authority"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2023 and 2022.

CalPFA is a political subdivision of the State of California established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt and taxable conduit bonds for public and private entities throughout California. CalPFA was created by Kings County and the Housing Authority of Kings County, California in May 2015.

The Authority's financings consist of conduit finance issuer transactions. Conduit debt obligations issued through CalPFA are those of the governments, nonprofit organizations, and private companies who are the borrower when the Authority issues conduit bonds under its own governmental status in the tax-exempt and taxable municipal finance marketplace.

CalPFA was established by local governments, for local governments, to provide a means to efficiently and reliably finance projects on behalf of local governments in California. CalPFA is empowered to promote economic, cultural, and community development opportunities that create temporary and permanent jobs, affordable housing, community infrastructure, and improve the overall quality of life in local communities.

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 financing 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.

Financial Highlights

For the year ended June 30, 2023, the Authority issued a total of 5 conduit revenue bonds totaling \$125 million and for the year ended June 30, 2022, the Authority issued a total of 12 conduit revenue bonds totaling \$615 million. As of June 30, 2023 and 2022, the total amount of CalPFA conduit debt obligations outstanding issued on behalf of program participants totaled \$2,396 million and \$2,346 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to CalPFA's financial statements. The financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Analysis of the Financial Statements

The statement of net position provides information about the nature and amount of investment in resources (assets) and the obligations (liabilities) of the Authority, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

California Public Finance Authority

Management's Discussion and Analysis

(Unaudited)
June 30, 2023 and 2022

Table 1
Condensed Statement of Net Position

At June 30,	2023	2022
Total current assets	\$ 2,024,106	\$ 1,697,411
Total current liabilities	518,359	394,407
Net position:		
Restricted	1,489,995	1,282,698
Unrestricted	15,752	20,306
Total net position	\$ 1,505,747	\$ 1,303,004

Assets reported by CalPFA at June 30, 2023 and 2022, consist of cash and cash equivalents received from bond issuance and bond administration fee payments, borrower deposits, deposits held for housing projects submitted to the California Debt Limit Advisory Commission ("CDLAC"), bond administration fees receivable, and restricted cash held in reserve accounts to be used to pay specific expenses of the Authority. Current liabilities are comprised of amounts payable to the Authority's program administrator, GPM Municipal Advisors, LLC (the "Program Administrator"), per the provisions of the Master Services Agreement (Note 4), amounts payable to legal counsel, amounts payable to local communities, and unearned revenue related to pending bond issues and deposits held for CDLAC. At June 30, 2023 and 2022, total payables to the Program Administrator were \$71,135 and \$77,578, and total unearned revenue was \$154,431 and \$141,897.

The statement of revenues, expenses and changes in net position show how the Authority's net position changed during the years ended June 30, 2023 and 2022, and accounts for all of the period's revenues and expenses.

Table 2
Condensed Statement of Revenues, Expenses and Changes in Net Position

Years ended June 30,	2023	2022
Total revenues	\$ 777,808	\$ 903,435
Conduit debt expenses	584,523	644,782
Operating income	193,285	258,653
Interest income	9,458	215
Change in net position	202,743	258,868
Beginning net position	1,303,004	1,044,136
Ending net position	\$ 1,505,747	\$ 1,303,004

California Public Finance Authority

Management's Discussion and Analysis

(Unaudited)

June 30, 2023 and 2022

Revenues are comprised of bond issuance and bond administration fees earned by the Authority. Issuance fees are amounts charged to borrowers by CalPFA to issue conduit revenue bonds. The Authority contracts program management services from the Program Administrator. The Authority invoices the borrower in advance for bond issuance fees for conduit issuance services and then places the payment on deposit in trust with nationally-recognized banking institutions. Once the bonds are issued, the trustee distributes payments for services directly to the Program Administrator and the Authority's sponsors, and the deposits become revenue.

Bond administration fees are amounts assessed by the Authority 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 semi-annually in arrears by the borrower and are remitted into a trust account with a nationally-recognized bank. For the year ended June 30, 2023 and 2022, the amount of administration fees earned was \$605,837 and \$521,806.

The Authority's operating expenses are comprised of management fees and professional service fees.

The statement of cash flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, capital and related financing, and investing activities.

Currently Known Facts and Economic Factors

The Authority expects revenues to remain consistent with past years as it leverages its years of experience in tax-exempt private activity and municipal finance to benefit local communities.

Requests for Information

This financial report is designed to provide a general overview of the Authority'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 Public Finance Authority
1400 West Lacey Boulevard, Building 1
Hanford, California 93230

California Public Finance Authority

Statements of Net Position

At June 30,	2023	2022
Assets		
Current assets:		
Unrestricted cash and cash equivalents	\$ 187,521	\$ 191,909
Restricted cash and cash equivalents	1,521,388	1,307,733
Restricted cash and cash equivalents - CDLAC	214,608	108,836
Unbilled administration fees	100,589	88,933
Total assets	\$ 2,024,106	\$ 1,697,411
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 71,135	\$ 77,578
Accounts payable - from restricted assets	78,185	66,096
CDLAC deposits	214,608	108,836
Unearned revenue	154,431	141,897
Total current liabilities	518,359	394,407
Net position:		
Restricted	1,489,995	1,282,698
Unrestricted	15,752	20,306
Total net position	1,505,747	1,303,004
Total liabilities and net position	\$ 2,024,106	\$ 1,697,411

See accompanying notes to financial statements.

California Public Finance Authority

Statements of Revenues, Expenses, and Change in Net Position

For the Years Ended June 30,	2023	2022
Bond issuance fees	\$ 171,971	\$ 381,629
Bond administration fees	605,837	521,806
Total revenues	777,808	903,435
Operating expenses:		
Management fees	501,078	574,645
Professional fees	73,995	64,964
Other expenses	9,450	5,173
Total operating expenses	584,523	644,782
Operating income	193,285	258,653
Nonoperating revenues:		
Interest income	9,458	215
Change in net position	202,743	258,868
Total net position - Beginning	1,303,004	1,044,136
Total net position - Ending	\$ 1,505,747	\$ 1,303,004

See accompanying notes to financial statements.

California Public Finance Authority

Statements of Cash Flows

For the Years Ended June 30,	2023	2022
Cash flows from operating activities:		
Cash received from customers	\$ 884,458	\$ 157,898
Cash paid to suppliers and service providers	(578,877)	(602,803)
Net cash and cash equivalents provided by (used in) operating activities	305,581	(444,905)
Cash flows from investing activities:		
Interest received	9,458	215
Net cash and cash equivalents provided by investing activities	9,458	215
Net increase (decrease) in cash and cash equivalents	315,039	(444,690)
Cash and cash equivalents - Beginning of period	1,608,478	2,053,168
Cash and cash equivalents - End of period	\$ 1,923,517	\$ 1,608,478
Schedule reconciling operating income to net cash and cash equivalents from operating activities:		
Operating income	\$ 193,285	\$ 258,653
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:		
Changes in operating assets and liabilities:		
Unbilled administration fees	(11,656)	(26,575)
Accounts payable	5,646	41,979
CDLAC deposits	105,772	(672,457)
Unearned revenue	12,534	(46,505)
Total adjustments	112,296	(703,558)
Net cash and cash equivalents provided (used) by operating activities	\$ 305,581	\$ (444,905)

See accompanying notes to financial statements.

California Public Finance Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Organization

California Public Finance Authority ("CalPFA" or the "Authority") is a political subdivision of the State of California established under the Joint Exercise of Powers Act. CalPFA is empowered to promote economic, cultural and community development opportunities through the issuance of tax-exempt and taxable bonds for public and private entities throughout California. CalPFA was created by Kings County, California and the Kings County Housing Authority.

CalPFA was established by local governments, for local governments, to provide a means to efficiently and reliably finance projects on behalf of local governments in California. CalPFA provides local governments and eligible private entities access to low-cost, tax-exempt and other financing for projects that contribute to social and economic growth and improve the overall quality of life in communities throughout the state.

CalPFA's governing board (the "Board") is comprised of elected Supervisors of Kings County. The Board determines all of CalPFA's financing policies and procedures, which includes a review and approval process for each proposed financing.

Conduit debt obligations issued through the Authority are those of the governments, non-profit organizations, and private companies who use the Authority's own governmental status to access the tax-exempt and taxable municipal finance marketplace. Once a borrower uses the Authority to issue debt, financial servicing of that debt falls to a trustee, or potentially to the investor itself in certain private placements. The Authority maintains no ongoing interest in bonds issued through its conduit and no debt servicing responsibility.

Basis of Accounting and Management Focus

These basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. GAAP also includes guidance from the American Institute of Certified Public Accountants in the publication entitled State and Local Governments. The more significant of the Authority's accounting policies are described below.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Operating revenues result from providing services in connection with the Authority's principal ongoing operations. Operating expenses include management fees, professional fees, and other expenses. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

California Public Finance Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates and are subject to change in the near term.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments, which are readily convertible to cash and have remaining maturities of three months or less at the date of acquisition.

Restricted Cash and Net Position

Restricted cash and net position represent net position set aside for CalPFA or program manager purposes as required by the Authority's Services Agreement (see Note 4). Such funds may be disbursed for only the purposes specified in the Services Agreement. Accounts payable from these restricted accounts is separately classified. If disbursed for CalPFA purposes, authorization of the Board is required, and if disbursed for Program Manager purposes, the consent of all management service providers is required.

Certain restricted cash and cash equivalents consist of deposits received from applicants for housing projects submitted to the California Debt Limit Allocation Committee (CDLAC). Deposits are returned to the applicant or remitted to CDLAC based upon CDLAC instructions to the Authority. Funds reserved for these purposes have no impact on net position.

California Public Finance Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Authority receives revenue from various fees. Bond issuance fees are received from bond proceeds and are recognized as revenue upon issuance of the bonds. Administrative fees are invoiced to borrowers monthly or semiannually in arrears and recognized as revenue and receivables as earned.

CalPFA borrower fees consist of the following for the year ended June 30, 2023:

Bond Program	Issuance Fee (up to \$20 million in bonding)	Issuance Fee (over \$20 million in bonding)	Annual Administration Fee
Affordable Housing	17.5 basis points (bps)	\$35,000 Plus 5.0 bps on bond amount over \$20 million	5.0 bps**
501(c)(3) Nonprofit ***	17.5 bps on the first \$10 million plus 5.0 bps on the amount over \$10 million	17.5 bps on the first \$10 million plus 5.0 bps on the amount over \$10 million	1.5 bps
Other exempt facilities, Airports, Solid waste	17.5 bps	\$35,000 plus 10.0 bps on bond amount over \$20 million	5.0 bps
Industrial development	\$20,000	N/A	10.0 bps
Taxable	15.0 bps	\$30,000 plus 5.0 bps on bond amount over \$20 million	1.5 bps
Municipal	12.5 bps	\$25,000 plus 2.5 bps on bond amount over \$20 million	1.5 bps

** Annual administration fee for affordable housing bonds assessed against outstanding bond principal on interest payment date. Minimum fee for each affordable housing project is \$4,000 (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).

***501(c)(3) nonprofit healthcare financing issuance fee will be capped at \$75,000 per issuance.

All bond-financed projects located within Kings County, California will receive a 25% discount from the standard fees stated above.

Unearned revenue is recorded when issuance fees or administration fees are received prior to their service period. As of June 30, 2023 and 2022, unearned revenues were \$154,431 and \$141,897.

CalPFA shares a portion of its annual administrative fee with public agencies under its Community Benefit Reserve Fund as indicated in Note 4.

California Public Finance Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Authority is a public entity that is exempt from federal and state taxation.

Subsequent Events

The Authority has evaluated subsequent events through November 27, 2023, which is the date the financial statements were available to be issued.

Note 2: Deposits and Investments

California Government Code Section 53601 (the Code) permits the Authority to invest available cash balances in various investments, as outlined by the Code. The Authority maintains its cash and equivalents in a money market account with a financial institution.

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2023, the Authority's bank balances exceeded custodial limits by approximately \$1,623,000.

Note 3: Conduit Debt

Conduit debt refers to certain limited-obligation revenue bonds and notes issued by CalPFA for the express purpose of providing capital financing for a specific third party. Although the conduit debt obligations bear the name of CalPFA, CalPFA has no obligation for such debt beyond the resources provided by financing loans with third parties on whose behalf they were issued. Accordingly, the bonds and notes are not reported as liabilities in the Authority's basic financial statements. There were no conduit bonds authorized but unsold at June 30, 2023 and 2022.

Conduit debt activity for the years ended June 30, 2023 and 2022, are summarized as follows:

Balance at June 30, 2021	\$ 1,751,871,926
New issuances	614,735,518
Principal repayments	(20,457,658)
Balance at June 30, 2022	2,346,149,786
New issuances	124,717,725
Principal repayments	(74,829,995)
Balance at June 30, 2023	\$ 2,396,037,516

At June 30, 2023, there were approximately \$969,000,000 in bonds pending but not issued.

California Public Finance Authority

Notes to Financial Statements

Note 4: Related-Party Transactions/Significant Contracts

CalPFA has entered into a Services Agreement with GPM Municipal Advisors, LLC and certain affiliates (collectively "GPM") for advisory, consulting, and project management services related to CalPFA's finance programs, including post-issuance management and compliance oversight. Acting as CalPFA's staff, GPM personnel implement the issuance policies established by the Board, present transactions to the Board for review and approval, and work with the financial and legal community, local agencies and regulatory bodies, and others to ensure that bonds issued in CalPFA's name remain in good standing. The Services Agreement expires July 6, 2025, with the option for up to three successive five-year renewal periods.

Under the Services Agreement as amended, CalPFA incurred service, consulting, and management fees to GPM of \$506,578 and \$580,145 for the years ended June 30, 2023 and 2022. At June 30, 2023 and 2022, \$71,135 and \$77,578 was payable to GPM for such services.

In addition, the Services Agreement calls for the establishment of the following reserve funds:

Reserve Fund ("RF") - A custody account owned by the Authority and maintained by GPM for the benefit of the Authority with a financial institution acceptable to the Authority for the purpose of payment by GPM on behalf of the Authority of legal, legislative representation, accounting, consulting, professional, and other service fees incurred by GPM in connection with any Authority programs or otherwise in connection with the Service Agreement, subject to authorization by the Authority. The RF receives 5% of issuance and administrative fees.

Community Benefit Reserve Fund ("CBRF") - A custody account owned by the Authority and maintained by GPM for the benefit of the Authority with a financial institution acceptable to the Authority for the purpose of payment by GPM of fees to public agencies. The CBRF receives 10% (affordable housing, industrial development, and other facilities) or 15% (501(c)(3) non-profit) of annual administrative fees collected. The CBRF is designed to offset the cost of public services to any Authority program over the life of the financing.

Note 5: Restricted Net Position

According to the Services Agreement, GPM is directed to deposit 5% of bond issuance and administration fees into the RF (see Note 4). At June 30, 2023 and 2022, \$21,221 and \$33,060, of net position are restricted for this purpose. When the balance in the RF reaches \$250,000, deposits into the fund will be suspended until such time as the balance falls below \$200,000.

According to the Services Agreement, the Authority retains a portion of the issuance fees and administration fees received. These funds are reserved for use as directed by the CalPFA Board of Directors for the benefit of the Kings County community. Funds reserved for these purposes as of June 30, 2023 and 2022 are \$1,456,260 and \$1,242,036.

Additionally, GPM is directed to deposit a portion of bond administration fees into the CBRF (see Note 4). These funds are paid out to the Authority members who held required TEFRA meetings for the Authority in the process of issuing the conduit bonds. The funds are paid out annually, 45 days after fiscal year end. At June 30, 2023 and 2022, \$12,514 and \$7,602 of net position are restricted for this purpose.

California Public Finance Authority

Notes to Financial Statements

Note 5: Restricted Net Position (Continued)

Restricted net position is summarized as follows:

<i>June 30,</i>	2023	2022
Reserve Fund	\$ 21,221	\$ 33,060
Kings County Community Fund	1,456,260	1,242,036
Community Benefit Reserve Fund	12,514	7,602
Total restricted net assets	\$ 1,489,995	\$ 1,282,698