CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

2010 ANNUAL REPORT

STATE OF CALIFORNIA
CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
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EXECUTIVE DIRECTOR:
Ronald L. Washington

March 4, 2011

Dear Members:

I am pleased to present to you the 2010 California Educational Facilities Authority ("CEFA" or "Authority") annual report. Established in 1973, the Authority continues to serve as a conduit issuer of tax-exempt bonds on behalf of California independent colleges and universities. As of December 31, 2010, the Authority has issued approximately $9,978,253,538 in tax-exempt bonds, which has enabled our borrowers to realize their capital and construction financing objectives.

The annual report highlights the Authority's activity for the 2010 calendar year. In total, the Authority approved 9 new applications, amended 2 applications, and closed 5 financings, issuing $403,710,000 in bonds.

The success of the Authority is made possible by the hard work and dedication of its Board Members and staff. The Authority continues to serve as a valuable resource by assisting higher educational institutions in expanding educational opportunities for all California students and their families.

If you desire further information or have questions concerning the Authority, please feel free to call me at (916) 653-2872. Additional information can be found about the Authority on our website: http://www.treasurer.ca.gov/cefa.

Sincerely,

Ronald L. Washington
Executive Director

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THE AUTHORITY

The California Educational Facilities Authority ("CEFA" or "Authority") was established in 1973 and operates pursuant to the California Educational Facilities Authority Act (the "CEFA Act"), as set forth in sections 94100-94216.11 of the California Education Code.

CEFA was created for the purpose of issuing revenue bonds to assist private nonprofit institutions of higher learning in the expansion and construction of educational facilities. Because it is authorized to issue tax-exempt bonds, the Authority may be able to provide financing terms that are more favorable to private institutions than might otherwise be available through commercial lenders or other taxable debt instruments.

The CEFA Act explicitly states that bonds issued by the Authority shall not be a debt, liability, or claim on the full faith and credit or the taxing power of the State of California, or any of its political subdivisions. The full faith and credit of the participating institution is normally pledged to the payment of the bonds.

CEFA Mission Statement

The mission of the California Educational Facilities Authority is to provide students with better access and broader opportunities in higher education by providing qualified non-profit private higher education institutions with the assistance needed to reduce their capital costs of financing academic related facilities through a tax-exempt revenue bond program.

Authority Members

Bill Lockyer	*Chairman, California State Treasurer*
John Chiang	*Vice Chairman, California State Controller*
Ana J. Matosantos	*Director, California Department of Finance*
Sylvia Scott-Hayes	*Trustee, Los Angeles Community College District Board*
Michael L. Jackson	*Vice President, Student Affairs, University of Southern California*

CEFA PROGRAMS

Bond Financing – This program provides borrowers access to low interest rate capital markets through the issuance of tax-exempt bonds. Given the cost of issuing bonds, this is the option most often pursued by borrowers with capital project financing needs in excess of $5 million. Colleges or universities with more modest financing needs may be grouped or "pooled" by CEFA into a single bond financing, allowing bond issuance costs to be shared by the pool participants.

Simplified Equipment Financing Program ("SEFP") – Designed as a simple, economical, fast, and practical way for nonprofit colleges and universities to finance a broad range of essential equipment needs, the SEFP can be used to fund qualifying purchases of $100,000 or more. Qualifying purchases include, but are not limited to, computer hardware and software, classroom furnishings and laboratory equipment, vehicles, communication systems, heating, air-conditioning, ventilation, and other energy-efficient projects. CEFA does not charge an application fee for this program and the financing terms generally range from 3 to 15 years with flexible repayment options.

Student Loan Programs - In the late 1990s, CEFA developed two fixed interest rate student loan programs. Bonds were issued in 1997 and 2001 for the Cal Loan Program, which offered financial needs-based loans. In 1998, bonds were issued for the CalEdge Loan Program, which offered credit-based loans. The CalEdge bonds were defeased on September 29, 2010.

As the market for student loans shifted from higher fixed interest rates to lower variable rate interest rates, demand for both of the programs declined significantly, resulting in no new loan originations in 2010. Currently, the administrator, trustee and servicer continue in their roles as students repay their outstanding loans. Meanwhile, CEFA continues to explore viable student loan opportunities to further assist college students and their families in financing the costs of attending college.

2010 LEGISLATIVE CHANGES

No Legislative changes to report in 2010.

SUMMARY OF 2010 CALENDAR YEAR FINANCINGS

In 2010, the Authority authorized $1,290,115,000 in bond financings for 9 California colleges and universities which resulted in the issuance of $403,710,000 in bond financings for 4 institutions. The following table provides a summary of all CEFA bond issues that closed in 2010.

Colleges and Universities	Amount Issued	Closing Date	Sr. Manager(s)
Carnegie Institution of Washington, 2010 Series A	$ 34,525,000	03/24/10	Barclays Capital
Loyola Marymount University, Series 2010A	65,185,000	03/30/10	Morgan Stanley
Loyola Marymount University, Series 2010B	38,500,000	03/30/10	Morgan Stanley
Stanford University, Series U-1	215,375,000	05/06/10	Morgan Stanley/Goldman Sach & Co./ JP Morgan/Prager, Sealy & Co.
Santa Clara University, Series 2010	50,125,000	09/15/10	Morgan Stanley
TOTAL	$ 403,710,000		

Carnegie Institution of Washington, 2010 Series A- $34,525,000 – Bonds were issued to refund its CEFA Series 1993B and CEFA Series 2006A bonds.

Loyola Marymount University, Series 2010A - $65,185,000, Series 2010B - $38,500,000 – Bonds were issued to finance renovation of the Von der Ahe Library; upgrades to ADA restroom and accessibility, fire life safety, energy and mechanical improvements, seismic upgrades, and interior tenant improvements. In addition, proceeds were used to refund the CEFA Series 1997 and Series 2008 bonds.

Stanford University, Series U-1 - $215,375,000 – Bonds were issued to refund all or a portion of its CEFA Series P, Q, R, S, T-4 bonds and its outstanding Tax-Exempt Commercial Paper notes (TECP). In addition, proceeds will be used to support various planned capital expenditures and improvements. Additional projects were added to the CEFA Series 2008 Tax-Exempt Commercial Paper Notes authorized project list which can be used for the purposes of funding various capital projects.

Santa Clara University, Series 2010 – $50,125,000 – Bonds were issued to finance renovation of the University's residence halls. In addition, proceeds were used to refund the CEFA Series 2002A bonds.

CEFA PORTFOLIO

As of December 31, 2010, the Authority had 123 outstanding bond issues totaling $4,690,640,741. A complete listing of the bonds outstanding, issues through fiscal year 2009-10, is provided on page 22 of the attached Independent Auditor's Report (Appendix A).

CEFA FINANCIAL STATEMENTS

Appendix A includes a complete copy of CEFA's June 30, 2010 and 2009 Independent Auditor's Report as prepared by Gilbert Associates, Inc., Certified Public Accountants of Sacramento, CA.

AUTHORITY STAFF

The Authority staff and contact information is provided in Appendix B.

APPENDIX A

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED
JUNE 30, 2010 AND 2009

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

JUNE 30, 2010 AND 2009

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Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT

CEFA Members
California Educational Facilities Authority
Sacramento, California

We have audited the accompanying financial statements of the California Educational Facilities Authority (CEFA), a fund of the State of California, as of and for the fiscal years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of CEFA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only CEFA and do not purport to, and do not, present fairly the financial position of the State of California, as of June 30, 2010 and 2009, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements, referred to above present fairly, in all material respects, the financial position of CEFA as of June 30, 2010 and 2009, and the changes in financial position, and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010, on our consideration of the CEFA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CEFA's basic financial statements. The additional information, as described in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

October 15, 2010

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

BALANCE SHEETS
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and Investments in State Treasury	$ 12,328,527	$ 12,294,067
Restricted Cash and Investments with Fiscal Agent	3,105,752	5,148,995
Accounts Receivable	3,273,134	3,863,070
Due from Other External Funds	17,206	55,105
Prepaid Expenses	18,653	33,852
Other Assets	8,147	9,592
Deferred Charges	16,268	15,885
Total Current Assets	18,767,687	21,420,566
NON-CURRENT ASSETS:		
Restricted Cash and Investments with Fiscal Agent	1,951,880	1,951,800
Accounts Receivable (Net)	10,399,928	12,779,461
Deferred Charges (Net)	169,929	210,472
Capital Assets (Net)	62,160	3,991
Total Non-Current Assets	12,583,897	14,945,724
TOTAL ASSETS	$ 31,351,584	$ 36,366,290
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	$ 97,408	$ 46,812
Accrued Arbitrage	12,259	12,259
Accrued Expenses	526,637	599,196
Due to Other External Funds	7,873	7,371
Other Liabilities	223,532	224,061
Total Current Liabilities	867,709	889,699
NON-CURRENT LIABILITIES:		
Accrued Vacation	71,438	26,215
Bonds Payable	17,035,000	22,105,000
OPEB Obligation	92,000	48,000
Participant Collateral Accounts	270,000	270,000
Total Non-Current Liabilities	17,468,438	22,449,215
TOTAL LIABILITIES	18,336,147	23,338,914
NET ASSETS		
Restricted for Educational Purposes	13,015,437	13,027,376
Total Net Assets	13,015,437	13,027,376
TOTAL LIABILITIES AND NET ASSETS	$ 31,351,584	$ 36,366,290

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

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
OPERATING REVENUES:		
Interest Income on Student Loans	$ 1,623,292	$ 1,873,946
Fee Revenue	706,037	811,487
Total Operating Revenues	2,329,329	2,685,433
OPERATING EXPENSES:		
Personnel	445,612	318,108
Operating Expenses	1,228,370	2,431,630
Total Operating Expenses	1,673,982	2,749,738
OPERATING INCOME (LOSS)	655,347	(64,305)
NON-OPERATING REVENUES (EXPENSES):		
Interest Income on Investments	433,504	912,558
Interest Expense	(1,098,990)	(1,545,630)
Arbitrage Expense	(1,800)	(8,600)
CHANGE IN NET ASSETS	(11,939)	(705,977)
NET ASSETS		
NET ASSETS, Beginning of Year	13,027,376	13,733,353
NET ASSETS, End of Year	$ 13,015,437	$ 13,027,376

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

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Principal Repayments from Students	$ 3,001,390	$ 3,110,935
Interest Receipts from Student Loans	1,135,179	1,444,050
Receipts from Fees	707,662	812,737
Payments to Employees	(356,389)	(345,912)
Payments to Suppliers of Goods and Services	(643,512)	(631,238)
Net Cash Provided by Operating Activities	3,844,330	4,390,572
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest Paid on Bonds Payable	(1,189,436)	(1,705,818)
Payment on Bonds Payable	(5,070,000)	(8,210,000)
Net Cash Used by Noncapital Financing Activities	(6,259,436)	(9,915,818)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of Capital Assets	(65,000)	
Net Cash Used by Capital Financing Activities	(65,000)	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Receipts from Investments	471,403	962,153
Net Cash Provided by Investing Activities	471,403	962,153
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,008,703)	(4,563,093)
BEGINNING CASH AND CASH EQUIVALENTS	19,394,862	23,957,955
ENDING CASH AND CASH EQUIVALENTS	$ 17,386,159	$ 19,394,862
RECONCILIATION OF NET LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	$ 655,347	$ (64,305)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED BY OPERATIONS:		
Amortization	40,160	99,842
Depreciation	6,831	1,414
(Increase) Decrease in:		
Accounts Receivable	2,514,902	3,034,681
Allowance for Uncollectible Accounts	454,567	1,347,607
Due to/from Other External Funds	502	(23,952)
Prepaid Expenses	15,199	(4,333)
Other Assets	1,445	1,633
Increase (Decrease) in:		
Accounts Payable	50,596	11,999
Accrued Expenses	16,087	4,590
Accrued Vacation	45,223	(27,804)
OPEB Obligation	44,000	
Other Liabilities	(529)	9,200
Net Cash Provided by Operating Activities	$ 3,844,330	$ 4,390,572

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL

The California Educational Facilities Authority (CEFA) was created by Chapter 1432, Statutes of 1972, which became effective March 7, 1973, and was subsequently amended. Legislation pertaining to the Act is contained in Division 10, Part 59, Chapter 2 of the Education Code commencing with Code Section 94100. Effective January 1, 1996, legislation was passed to consolidate the California Student Loan Authority (CSLA) with CEFA. The Student Loan Authority Fund and the Educational Facilities Authority Fund are maintained within CEFA and the combined balance sheet and results of operations and cash flows are presented in these financial statements.

CEFA was created for the purpose of issuing revenue bonds to assist private non-profit institutions of higher learning in the expansion and construction of educational facilities. Because it is authorized to issue tax-exempt bonds, CEFA may provide more favorable financing to such private institutions to reduce their capital costs of financing. The provisions of Assembly Bill 89, Section 94153 of the Education Code has been repealed thereby deleting the limitation of the total amount of bonds authorized to be outstanding at any time.

The law specifically provides that bonds issued under the Act shall not be a debt, liability or claim on the faith and credit or the taxing power of the State of California, or any of its political subdivisions. The full faith and credit of the participating institutions, however, is normally pledged to the payment of the bonds. Bonds are issued at either public or private sales after details of the proposed project and satisfactory evidence of the ability of the participating institution to meet financial obligations have been submitted to CEFA.

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

CEFA's authority has been expanded to include the financing of student loans. Students attending both public and private non-profit colleges and universities are eligible. In 1997, the first bond issuance under this program funded the Cal Loan Program to enable students to borrow defined amounts if basic student aid is insufficient to cover expenses. $30,260,000 in tax-exempt bonds were issued, enough to finance approximately 9,000 loans. The bonds were payable out of funds pledged under the program's indenture, which includes payments, proceeds, charges and other cash income received in account of, or with respect to, any student loan. CEFA issued its second bond of this type in 1998 in the amount of $25,000,000, enough to finance approximately 4,000 loans. This bond funded the CalEdge Program and the structure of the bond is similar to the Cal Loan Program, although the programs offer different types of student loans. On June 27, 2001, CEFA issued a second series of Cal Loan Bonds (Cal Loan Program, Series 2001 A) in the amount of $45,000,000 and contributed $1.1 million in up-front cash.

ALL Student Loan Resources Corporation provides program oversight for Cal Loan and CalEdge.

In 2002, CEFA's authority was further expanded to include the financing of grants to eligible colleges for outreach programs contributing to the expansion of postsecondary educational opportunities for low- and very low-income students. Funds for the $2 million program were provided from CEFA's existing fund balance and was disbursed over a three-year period. The last disbursement period occurred during the year ended June 30, 2008.

CEFA contracts with the State Treasurer's Office to provide administrative support including, but not limited to accounting, budgets, data processing, personnel and business services.

B. THE REPORTING ENTITY

These financial statements present information on the financial activities of CEFA. CEFA is an enterprise fund of the State of California. The financial information is included in the State of California's Business Type Activities. The California State Treasurer is responsible for the oversight of CEFA.

C. BASIS OF PRESENTATION

CEFA is a public instrumentality of the State of California and is treated as an enterprise fund. The accrual basis of accounting is utilized whereby revenues are recorded when earned and expenses are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a governmental entity, CEFA follows the accounting standard hierarchy established by the GASB. However, since CEFA operates proprietary activities, which are usually thought to be business-type activities (enterprise fund accounting), applicable statements and interpretations of the Financial Accounting Standards Board (FASB) issued before November 30, 1989 may apply unless they conflict with or contradict GASB pronouncements. CEFA has elected not to apply FASB pronouncements issued after November 30, 1989.

D. ACCOUNTS RECEIVABLE

Accounts receivable consist of loans that are either deferred or in repayment. A reserve of $7,900,000 and $7,400,000 for the Cal Loan program (netted against accounts receivable) was established as of June 30, 2010 and 2009, respectively. A reserve of $122,267 and $167,700 for the CalEdge program was established as of June 30, 2010 and 2009, respectively. Similar to Cal Loan, this reserve is netted against accounts receivable.

E. REVENUES

Educational Facilities Authority Fund (EFAF)

Fees are for review of bond issuance as follows: $1,000 non-refundable application fee (no application fee charged for equipment loans), and .15% of the aggregate issue amount (.075% for equipment loans) of each successful financing up to a maximum amount of $75,000. The administration fees are $500 annually for the first five years, and $250 annually thereafter for the life of the bond issue. The annual administration fees, for equipment loans, are waived if the participant has other CEFA debt. Fees are used to cover operating costs such as general communications, printing, professional services both internal and external, facilities operations, employee benefits, and other miscellaneous operating expenses, in addition to salaries and wages.

Student Loan Authority Fund (SLAF)

The CalEdge and Cal Loan Bond funds earn interest on student loans outstanding and on the investments of bond trust funds and from loan guarantee fees. Net excess earnings (retained earnings) are restricted for the respective loan programs.

Administration fund cash for both EFAF and SLAF is held by Surplus Money Investment Fund and generates investment income.

CEFA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing student loans.

F. BUDGET

As enterprise funds, EFAF and SLAF are designed to be self-supporting, and therefore are not considered a budgetary fund. The Education Code sections of the Act (E.C. 94100 et. Seq.) do not require annual budgets or the establishment of appropriation limits. Section 94141 specifically limits expenses to moneys from revenues generated by operations.

G. CASH AND CASH EQUIVALENTS

CEFA considers all short-term investments with an original maturity of three months or less to be cash equivalents.

H. CAPITAL ASSETS

Capital assets are defined as assets with a useful life of at least one year and a unit acquisition cost of at least $5,000. Equipment is depreciated using the straight-line method over five years. Computer software is amortized using the straight-line method over 3 years.

I. RISK MANAGEMENT

CEFA is an enterprise fund of the State of California, which is primarily self-insured against loss or liability. The State generally does not maintain reserves; losses are covered by appropriations in the year in which the payment occurs. CEFA has not had any claims subject to this coverage in the last ten years. Additional disclosures are presented in the basic financial statements of the State of California.

J. DEFERRED CHARGES

Deferred charges are bond issuance costs and discounts that are being amortized over the life of the bonds, generally 20 years for the Cal Loan bond and 30 years for the CalEdge bond.

K. NET ASSETS

Net assets are restricted by enabling legislation for the purposes of providing student loans, financing of grants to eligible colleges for outreach programs, and issuing revenue bonds to assist private non-profit institutions of higher learning in the expansion and construction of educational facilities.

L. USE OF ESTIMATES TO PREPARE FINANCIAL STATEMENTS

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

M. RECLASSIFICATIONS

Certain reclassifications have been made to the 2009 balances to conform to the 2010 presentation. These reclassifications had no effect on CEFA's total net assets.

2. CASH AND INVESTMENTS

A. GENERAL

Cash and investments at June 30, are classified in the accompanying financial statements as follows:

	2010	2009
Cash and Investments in State Treasury	$ 12,328,527	$ 12,294,067
Restricted Cash and Investments with Fiscal Agent	3,105,752	5,148,995
Restricted Cash and Investments with Fiscal Agent, Non-Current	1,951,880	1,951,800
Total Cash and Investments	$ 17,386,159	$ 19,394,862

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

	2010	2009
Deposits in Surplus Money Investment Fund	$ 12,328,000	$ 12,293,000
Cash in State Treasury	527	1,067
Money Market Funds with Fiscal Agent	1,066,957	1,024,642
Investments with Fiscal Agent	3,990,675	6,076,153
Total Cash and Investments	$ 17,386,159	$ 19,394,862

B. STATE TREASURY

CEFA invests excess cash funds in the Surplus Money Investment Fund (SMIF). All of the resources of SMIF are invested through the Pooled Money Investment Account (PMIA). The PMIA investment program is designated by the Pooled Money Investment Board and is administered by the office of the State Treasurer. As of June 30, 2010 and 2009, CEFA invested funds in SMIF in the amount of $12,328,000 and $12,293,000, respectively.

Additional disclosure detail required by Government Accounting Standards Board Statement No. 3, No. 31, No. 40, and GASB Technical Bulletin 94-1, regarding cash deposits and investments, are presented in the financial statements of the State of California for the years ended June 30, 2010 and 2009.

C. FISCAL AGENTS

CEFA has invested proceeds from its student loan program in trust indentures held by two commercial banks: The Bank of New York and Union Bank of California. Cash and investments of the trusts are restricted and are being held to make student loans, repay bond debt, finance program expenditures, and maintain reserves.

Investment of debt proceeds by fiscal agents are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the State of California's investment policy. The table below identifies the investment types that are authorized for investments held by CEFA's fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	1 year	None	None
Commercial Paper	270 days	None	None
Money Market Funds	None	None	None
Investment Agreements	None	None	None
General State Obligations	None	None	None
State or Municipality Bonds or Notes	None	None	None
Repurchase Agreements	30 days	None	None
Certificates of Deposit	None	None	None
Federal Funds	1 year	None	None

Changes in market interest rates will adversely affect the fair value of an investment, resulting in interest rate risk. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways to manage exposure to interest rate risk is by purchasing a combination 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 evenly over time as necessary to provide the cash flow and liquidity needed for operations. The interest rate risk inherent in a portfolio can be measured using the weighted average maturity of the portfolio. The debt agreements have no specific limitations with respect to this metric.

Funds can be withdrawn from Cal Loan's and CalEdge's guaranteed investment contracts with a two-day notice. Funds can be withdrawn from all of the money market accounts daily.

CEFA's cash and investments as of June 30 are stated at fair value and are summarized below.

2010

Investment Type	Weighted Average Maturity (in years)	Maturity Date	Interest Rates	Cal Loan	CalEdge	Carrying Value
Guaranteed Investment Contract	.0055	6/01/16	6.37%	$ 1,786,644		$ 1,786,644
Guaranteed Investment Contract	.0055	3/29/28	5.73		$ 1,906,326	1,906,326
Guaranteed Investment Contract	.0055	3/01/21	5.25	36,017		36,017
Guaranteed Investment Contract	.0055	2/24/21	5.25	261,688		261,688
Money Market Funds	.0004	N/A	0.01	924,823	142,134	1,066,957
Total				$ 3,009,172	$ 2,048,460	$ 5,057,632

2009

Investment Type	Weighted Average Maturity (in years)	Maturity Date	Interest Rates	Cal Loan	CalEdge	Carrying Value
Guaranteed Investment Contract	.0055	6/01/16	6.37%	$ 3,893,513		$ 3,893,513
Guaranteed Investment Contract	.0055	3/29/28	5.73		$ 1,899,946	1,906,326
Guaranteed Investment Contract	.0055	3/01/21	5.25	21,044		21,044
Guaranteed Investment Contract	.0055	2/24/21	5.25	261,650		261,650
Money Market Funds	.0004	N/A	0.08	855,455	142,134	997,589
Total				$ 5,031,662	$ 2,069,133	$ 7,100,795

All of the guaranteed investment contracts are issued by Financial Guarantee Insurance Company, are unrated by credit rating agencies, and are uninsured and not registered in CEFA's name. The Cal Loan money market funds are invested in the Dreyfus Government money market funds at June 30, 2010 and 2009. The Dreyfus Government money market funds are rated AAA, the fund is uninsured, and not registered in CEFA's name. The CalEdge money market funds are invested in Blackrock Institutional Funds T-Fund Institutional Shares, which are uninsured, not registered in CEFA's name and rated AAA.

The following table presents a summary of the legal restrictions on cash and investments with fiscal agent as of June 30:

Categories	2010	2009
Cal Loan		
Current:		
Proceeds Fund – Student Loan Account	$ 1,365,310	$ 3,324,848
Reserve Fund - Revenue	132,044	83,310
Guaranty Reserve	1,826	1,826
Accrued Interest	58,120	169,886
Total Current Cash and Investments with Fiscal Agent	1,557,300	3,579,870
Non-Current:		
Reserve Fund – General Account	1,451,872	1,451,792
Total Cal Loan Cash and Investments with Fiscal Agent	3,009,172	5,031,662
CalEdge		
Current:		
Loan Fund		15,047
Principal Fund	277,427	263,588
Loan Reserve Fund	960,790	933,456
Interest Fund	190,347	213,451
Collection Account	100,248	131,651
Revenue Account	19,640	11,932
Total Current Cash and Investments with Fiscal Agent	1,548,452	1,569,125
Non-Current:		
Debt Service Reserve Account	500,008	500,008
Total CalEdge Cash and Investments with Fiscal Agent	2,048,460	2,069,133
Total Cash and Investments with Fiscal Agent	$ 5,057,632	$ 7,100,795
Total Current Cash and Investments with Fiscal Agent	$ 3,105,752	$ 5,148,995
Total Non-Current Cash and Investments with Fiscal Agent	1,951,880	1,951,800
Total Restricted Cash and Investments with Fiscal Agent	$ 5,057,632	$ 7,100,795

3. ACCOUNTS RECEIVABLE

A detail of the accounts receivable at June 30 is as follows:

	2010	2009
Cal Loan:		
Student Loan Receivables	$ 13,208,117	$ 15,289,927
Student Loan – Interest	2,220,062	1,749,506
Allowance for Loan Losses	(7,900,000)	(7,400,000)
	7,528,179	9,639,433
CalEdge		
Student Loan Receivables	6,200,356	7,103,019
Student Loan – Interest	48,230	57,518
Loans in Process	15,189	5,261
Allowance for Loan Losses	(122,267)	(167,700)
	6,141,508	6,998,098
EFAF		
Fees	3,375	5,000
Accounts Receivable, Net	$ 13,673,062	$ 16,642,531

4. DUE TO/FROM OTHER FUNDS – EXTERNAL FUNDS

Due to/from other funds at June 30 includes the following:

Due From (Due To)	Description	2010	2009
SLAF			
SMIF	Interest Income	$ 10,582	28,474
EFAF			
SMIF	Interest Income	6,624	26,631
Other Funds	Miscellaneous	(7,873)	(7,371)
Net due to/from other funds		$ 9,333	$ 47,734

The amount due from SMIF represents unpaid interest earned by CEFA. The amount due to other funds represents expenses paid by other funds within the State of California on behalf of CEFA.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Capital assets, being depreciated and amortized:				
Equipment	$ 7,071			$ 7,071
Computer software - amortizable		$ 65,000		65,000
Total capital assets being depreciated and amortized:	7,071	65,000		72,071
Less accumulated depreciation and amortization for:				
Equipment	(3,080)	(1,414)		(4,494)
Software		(5,417)		(5,417)
Total accumulated deprecation and amortization	(3,080)	(6,831)		(9,911)
Total capital assets, being depreciated	$ 3,991	$ 58,169	$	$ 62,160

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009
Capital assets, being depreciated:				
Equipment	$ 7,071			$ 7,071
Less accumulated depreciation for:				
Equipment	(1,666)	$ (1,414)		(3,080)
Total capital assets, being depreciated	$ 5,405	$ (1,414)	$	$ 3,991

6. BONDS PAYABLE

The detail of the bonds payable is as follows:

5.55% Term Series 1998 Bonds, due April 1, 2028. Student loan revenue bonds (CalEdge). Interest due semi-annually, payable from revenues and recoveries of principal, including all receipts with respect to student loans financed pursuant to the indenture.	$ 6,035,000
5.10% Term Series 2001 A Bonds, due March 1, 2014. Student loan revenue bonds (Cal Loan). Interest due semi-annually, payable from revenues and recoveries of principal, including all receipts with respect to student loans financed pursuant to the indenture.	5,000,000
5.40% Term Series 2001 A Bonds, due March 1, 2021. Student loan revenue bonds (Cal Loan). Interest due semi-annually, payable from revenues and recoveries of principal, including all receipts with respect to student loans financed pursuant to the indenture.	6,000,000
Total Bonds Payable	$ 17,035,000

Both CalEdge and Cal Loan are interest only bonds with no principal payments due until maturity. During 2010 principal payments of $1,070,000 and $4,000,000 were made for the CalEdge Series 1998 Bonds and the Cal Loan Series 2001A Bonds, respectively. During 2009, principal payments of $1,210,000 and $7,000,000 were made for the CalEdge Series 1998 Bonds and Cal Loan Series 2001A Bonds, respectively.

CEFA has pledged future student loan revenue, which includes payments, proceeds, charges and other cash income received in account of, or with respect to, any student loan, net of specified operating expenses, to repay $17,035,000 million in revenue bonds as described above. The bonds are payable solely from student loan net revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require approximately 100 percent of net revenues, as the bonds are subject to mandatory accelerated redemption provisions. The total principal and interest remaining to be paid on the bonds is $27,343,321. Principal and interest paid for the current year and total student loan net revenues were $7,257,636 and $4,000,806, respectively.

Bonds Bond Payable activity for the year ended June 30, 2010 were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
5.55% Series 1998	$ 7,105,000		$ 1,070,000	$ 6,035,000
5.10% Series 2001A	5,000,000			5,000,000
5.40% Series 2001A	10,000,000		4,000,000	6,000,000
Long-term liabilities	$ 22,105,000	$	$ 5,070,000	$ 17,035,000

The summary of principal and interest for bonds payable as of June 30, 2010 are as follows:

1998 Bonds (CalEdge)

Year Ending June 30,	Principal	Interest	Total
2011		$ 334,943	$ 334,943
2012		334,943	334,943
2013		334,943	334,943
2014		334,943	334,943
2015		334,943	334,943
2016-2020		1,674,713	1,674,713
2021-2025		1,674,713	1,674,713
2026-2028	$ 6,035,000	893,180	6,928,180
Total	$ 6,035,000	$ 5,917,321	$ 11,952,321

2001 A Bonds (Cal Loan)

Year Ending June 30,	Principal	Interest	Total
2011		$ 255,000	$ 255,000
2012		255,000	255,000
3013		255,000	255,000
2014	$ 5,000,000	170,000	5,170,000
Total	$ 5,000,000	$ 935,000	$ 5,935,000

2001 A Bonds (Cal Loan)

Year Ending June 30,	Principal	Interest	Total
2011		$ 324,000	$ 324,000
2012		324,000	324,000
2013		324,000	324,000
2014		324,000	324,000
2015		324,000	324,000
2016-2020		1,620,000	1,620,000
2021	$ 6,000,000	216,000	6,216,000
Total	$ 6,000,000	$ 3,456,000	$ 9,456,000

7. RETIREMENT PLAN

CEFA is a participant in the State of California's Public Employees' Retirement System (CalPERS), which is a defined benefit, agent multiple-employer contributory retirement plan. Since all State agencies are considered collectively to be a single employer, the actuarial present value of vested and non-vested accumulated plan benefits attributable to CEFA's employees cannot be determined. The significant actuarial assumptions used to compute the actuarially determined State contribution requirements are the same as those used to compute the State pension benefit obligation as defined by CalPERS. Generally, full-time and permanent part-time employees are eligible to participate in CalPERS. Depending upon the plan option selection, benefits vest after five or ten years of service. Participants are eligible for service retirement after age 50 or 55 and must have five or ten years of CalPERS credited service, depending upon the tier of participation. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. The amount of pension contributions by CEFA to CalPERS is actuarially determined under a program wherein contributions plus the expected earnings of CalPERS will provide the necessary funds to pay the earned benefits of the employees when due. The total payroll of CEFA is covered.

CEFA's contributions to CalPERS for the years ended June 30, 2010 and 2009 were $43,377 and $35,760, respectively. Participant contributions range from zero to six percent of their salary depending on the tier of participation. The excess of plan assets over vested and unvested benefits at June 30, 2010 and 2009 was not available. Such information is available for CalPERS as a whole, which is audited annually by other independent auditors. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Additional disclosure detail required by Government Accounting Standards Board Statement No. 25, No. 27, and No. 50, regarding the defined benefit plan are presented in the financial statements of the State of California for the year ended June 30, 2010.

8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The State of California (the State) provides health care and dental benefits to annuitants of retirement systems to which the State contributes as an employer. A portion of the State's post-employment benefit costs have been allocated to CEFA as follows:

Annual required contribution	$ 66,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	(4,000)
Annual OPEB cost (expense)	66,000
Contributions made	(22,000)
Increase in net OPEB obligation	44,000
Net OPEB obligation – beginning of year	48,000
Net OPEB obligation – end of year	$ 92,000

Additional disclosure detail required by Government Accounting Standards Board Statement No. 45, regarding post-retirement benefits are presented in the financial statements of the State of California for the year ended June 30, 2010.

9. CONDUIT FINANCING PROGRAMS

CEFA acts as a conduit by assisting eligible private nonprofit institutions of higher learning in obtaining financing through the issuance of revenue bonds. The financings are secured by the full faith and credit of the participating institutions, and CEFA is not responsible for payment on any financing. As a result, the financing obligations are not recorded in CEFA's financial statements. The borrowers' obligations generally are, but need not be, secured by insurance, a letter of credit or guaranty.

As of June 30, 2010 and 2009, there were $4,736,523,782 and $4,442,222,183, respectively, in conduit financings outstanding. CEFA assisted with the issuance of financings in the amount of $739,670,000 and $790,320,000 for the years ended June 30, 2010 and 2009, respectively. Additionally, the amount of bonds authorized by CEFA and unsold were $1,158,340,000 as of June 30, 2010.

10. SUBSEQUENT EVENT

Subsequent to fiscal year end June 30, 2010, the CalEdge 1998 Series bonds were fully defeased via deposit of sufficient funds from College Access Foundation with the Trustee to provide for a closing on August 30, 2010. All settlements to CEFA and all third parties received payments under the terms of the indenture and associated documents at closing with the exception of the bondholders who under the terms of the documents require 30 days notice of the redemption of the bonds. The Trustee gave notice to bond holders on the call date and held the funds needed to effect the call settlement on September 29, 2010. Further, all student loans associated with the CalEdge fund have been transferred to College Access Foundation pursuant to the terms of the indenture of the bonds.

ADDITIONAL INFORMATION

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

CONSOLIDATING BALANCE SHEET
JUNE 30, 2010

	Student Loan Authority Fund				Educational Facilities Authority	
	Administration	Cal Loan	CalEdge	Total	Fund	Total
ASSETS						
CURRENT ASSETS:						
Cash & Investments in State Treasury	$ 7,599,184			$ 7,599,184	$ 4,729,343	$ 12,328,527
Restricted Cash and Investments with Fiscal Agent		$ 1,557,300	$ 1,548,452	3,105,752		3,105,752
Accounts Receivable		2,692,709	577,050	3,269,759	3,375	3,273,134
Due from Other External Funds	10,582			10,582	6,624	17,206
Prepaid Expenses		18,653		18,653		18,653
Other Assets			8,147	8,147		8,147
Deferred Charges		11,204	5,064	16,268		16,268
Total Current Assets	7,609,766	4,279,866	2,138,713	14,028,345	4,739,342	18,767,687
NON-CURRENT ASSETS:						
Restricted Cash and Investments with Fiscal Agent		1,451,872	500,008	1,951,880		1,951,880
Accounts Receivable (Net)		4,835,470	5,564,458	10,399,928		10,399,928
Deferred Charges (Net)		89,190	80,739	169,929		169,929
Advances to (from) Other Funds	2,657,669	(2,000,000)	(657,669)			
Capital Assets (Net)					62,160	62,160
Total Non-Current Assets	2,657,669	4,376,532	5,487,536	12,521,737	62,160	12,583,897
TOTAL ASSETS	$ 10,267,435	$ 8,656,398	$ 7,626,249	$ 26,550,082	$ 4,801,502	$ 31,351,584
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts Payable		$ 8,985		$ 8,985	$ 88,423	$ 97,408
Accrued Arbitrage		12,259		12,259		12,259
Accrued Expenses		442,901	$ 83,736	526,637		526,637
Due to Other External Funds					7,873	7,873
Other Liabilities			222,782	222,782	750	223,532
Total Current Liabilities		464,145	306,518	770,663	97,046	867,709
NON-CURRENT LIABILITIES:						
Accrued Vacation					71,438	71,438
Bonds Payable		11,000,000	6,035,000	17,035,000		17,035,000
OPEB Obligation					92,000	92,000
Participant Collateral Accounts		270,000		270,000		270,000
Total Non-Current Liabilities		11,270,000	6,035,000	17,305,000	163,438	17,468,438
TOTAL LIABILITIES		11,734,145	6,341,518	18,075,663	260,484	18,336,147
NET ASSETS (DEFICIT):						
Restricted for Educational Purposes	$ 10,267,435	(3,077,747)	1,284,731	8,474,419	4,541,018	13,015,437
Total Net Assets (Deficit)	10,267,435	(3,077,747)	1,284,731	8,474,419	4,541,018	13,015,437
TOTAL LIABILITIES AND NET ASSETS	$ 10,267,435	$ 8,656,398	$ 7,626,249	$ 26,550,082	$ 4,801,502	$ 31,351,584

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010

	Student Loan Authority Fund				Educational Facilities Authority Fund	
	Administration	Cal Loan	CalEdge	Total		Total
OPERATING REVENUES:						
Interest Income on Student Loans		$ 1,117,171	$ 506,121	$ 1,623,292		$ 1,623,292
Fee Revenue		28,871	34,674	63,545	$ 642,492	706,037
Total Operating Revenues		1,146,042	540,795	1,686,837	642,492	2,329,329
OPERATING EXPENSES:						
Salaries and Wages					445,612	445,612
Operating Expenses	$ 25,875	778,461	84,621	888,957	339,413	1,228,370
Total Operating Expenses	25,875	778,461	84,621	888,957	785,025	1,673,982
OPERATING INCOME (LOSS)	(25,875)	367,581	456,174	797,880	(142,533)	655,347
NON-OPERATING REVENUES (EXPENSES):						
Interest Income on Investments	49,235	246,790	106,274	402,299	31,205	433,504
Interest Expense		(733,800)	(365,190)	(1,098,990)		(1,098,990)
Arbitrage Expense			(1,800)	(1,800)		(1,800)
CHANGE IN NET ASSETS	23,360	(119,429)	195,458	99,389	(111,328)	(11,939)
NET ASSETS						
NET ASSETS (DEFICIT) Beginning of Year	10,244,075	(2,958,318)	1,089,273	8,375,030	4,652,346	13,027,376
NET ASSETS (DEFICIT) End of Year	$ 10,267,435	$ (3,077,747)	$ 1,284,731	$ 8,474,419	$ 4,541,018	$ 13,015,437

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

EDUCATION FACILITIES AUTHORITY FUND (CEFA)
STATEMENT OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2010

Bond	Date Issued	Date of Final Maturity	Amount of Bond Issued	Amount of Bond Retired	Bonds Outstanding as of June 30, 2010
1999 CEFA Pool, Series A	27-Apr-99	1-Apr-23	10,405,000	10,405,000	$ -
American Film Institute	28-Aug-92	1-May-07	4,900,000	4,900,000	-
Carnegie Institute of Washington 1993 Series B	1-Nov-93	1-Oct-23	17,500,000	17,500,000	-
Carnegie Institution of Washington, Series 2006A	9-Jan-06	1-Oct-40	18,300,000	18,300,000	-
Loyola Marymount University, Series 1997	11-Dec-97	1-Oct-22	19,295,000	19,295,000	-
Loyola Marymount University, Series 1999	6-Jan-00	1-Oct-39	62,142,839	62,142,839	-
Loyola Marymount University, Series 2008	11-Dec-08	1-Oct-34	71,895,000	71,895,000	-
Pepperdine University, Series 1999 A	25-Mar-99	1-Nov-29	30,000,000	30,000,000	-
San Francisco Conservatory of Music, Series 2000	22-Mar-00	1-Mar-25	10,000,000	10,000,000	-
University of Southern California, Series 1997A (Forward Refunding)	8-Jul-97	1-Oct-15	40,085,000	40,085,000	-
University of Southern California, Series 1998A	27-Oct-98	1-Oct-28	30,360,000	30,360,000	-
University of Southern California, Series 1999	6-Jul-99	1-Oct-27	60,000,000	60,000,000	-
1993 CEFA Pool, Series B	12-Aug-93	1-Jun-18	38,290,000	37,735,000	555,000
Stanford University, Series 1993 L-1	28-Dec-93	1-Oct-14	5,055,000	-	5,055,000
Stanford University, Series 1994 L-2	19-Oct-94	1-Oct-14	8,775,000	-	8,775,000
California Institute of Technology, Series 1994	27-Oct-94	1-Jan-24	30,000,000	-	30,000,000
Stanford University, Series 1995 L-3	19-Oct-95	1-Oct-15	9,840,000	-	9,840,000
University of San Francisco, Series 1996	1-May-96	1-Oct-26	75,000,000	70,740,000	4,260,000
Stanford University, Series 1996 L-4	25-Oct-96	1-Oct-16	8,775,000	-	8,775,000
1997 CEFA Pool, Series A	30-Apr-97	1-Apr-13	13,105,000	12,130,000	975,000
1997 CEFA Pool, Series C	1-Oct-97	1-Mar-15	17,485,000	15,520,000	1,965,000
Stanford University, Series 1997 L-5	23-Oct-97	1-Oct-17	15,165,000	-	15,165,000
Southern California University of Health Sciences (Formerly the Los Angeles College of Chiropractic, Series 1997)	4-Nov-97	1-Nov-17	18,000,000	8,490,000	9,510,000
Mills College, Series 1997	20-Nov-97	1-Sep-22	11,065,000	3,945,000	7,120,000
University of San Diego, Series 1998	25-Feb-98	1-Oct-22	41,490,000	21,155,000	20,335,000
California Western School of Law, Series 1998	4-Apr-98	1-Oct-28	16,000,000	3,350,000	12,650,000
1998 CEFA Pool, Series A	28-May-98	1-Jul-23	35,050,000	30,770,000	4,280,000
University of the Pacific, Series 1998	25-Jun-98	1-Nov-23	12,500,000	3,075,000	9,425,000
Stanford University, Series 1998 O	6-Oct-98	1-Jan-31	89,555,000	-	89,555,000
California Institute of Technology, Series 1998	22-Oct-98	1-Apr-28	103,865,000	-	103,865,000
Stanford University, Series 1998 L-6	28-Oct-98	1-Oct-22	17,815,000	-	17,815,000
University of Judaism, 1998 Series A (Variable)	17-Dec-98	1-Dec-28	13,500,000	2,300,000	11,200,000
University of Judaism, 1998 Series B (Taxable Variable)	17-Dec-98	1-Dec-28	7,000,000	1,300,000	5,700,000
University of San Diego, Series 1999	4-Feb-99	1-Oct-28	31,778,189	922,701	30,855,488
Pomona College, Series 1999	10-Feb-99	1-Jan-17	17,885,000	14,175,000	3,710,000
Claremont McKenna University, Series 1999	1-Mar-99	1-Nov-29	24,000,000	15,835,000	8,165,000
Life Chiropractic College West, 1999 (Variable)	4-Mar-99	1-Jan-25	18,000,000	2,550,000	15,450,000

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

EDUCATION FACILITIES AUTHORITY FUND (CEFA)
STATEMENT OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2010

Bond	Date Issued	Date of Final Maturity	Amount of Bond Issued	Amount of Bond Retired	Bonds Outstanding as of June 30, 2010
Claremont University Center, Series 1999A (Claremont Graduate University)	16-Mar-99	1-Mar-17	7,180,000	4,305,000	2,875,000
Claremont University Consortium, Series 1999 B (Central Programs & Services)	16-Mar-99	1-Mar-23	8,295,000	2,520,000	5,775,000
Stanford University, Series 1999 P	30-Mar-99	1-Dec-23	110,440,000	59,180,000	51,260,000
Santa Clara University, Series 1999	15-Apr-99	1-Sep-26	82,181,741	14,937,313	67,244,428
1999 CEFA Pool, Series B	27-Apr-99	1-Apr-24	19,745,000	11,175,000	8,570,000
Stanford University, Series 1999 L-7	28-Oct-99	1-Oct-22	18,393,000	-	18,393,000
Fresno Pacific University, Series 2000A	2-Mar-00	1-Mar-19	9,160,000	3,555,000	5,605,000
University of San Francisco, Series 2000 (Variable)	16-May-00	1-May-30	27,000,000	5,400,000	21,600,000
University of the Pacific, Series 2000	22-Jun-00	1-Nov-30	41,000,000	28,290,000	12,710,000
Chapman University, Series 2000 (Variable)	8-Aug-00	1-Dec-30	18,000,000	3,300,000	14,700,000
Stanford University, Series 2001 Q	3-May-01	1-Dec-32	101,860,000	-	101,860,000
Loyola Marymount University, Series 2001A	14-Jun-01	1-Oct-24	75,449,126	4,525,000	70,924,126
California College of Arts & Crafts, Series 2001	1-Jun-01	1-Aug-30	14,490,000	75,000	14,415,000
Stanford University, Series 2001 R	16-Aug-01	1-Nov-21	111,585,000	-	111,585,000
Scripps College, Series 2001	29-Aug-01	1-Aug-31	12,250,000	6,595,000	5,655,000
Golden Gate University, Series 2001	18-Oct-01	1-Oct-31	29,360,000	3,290,000	26,070,000
Pomona College, Series 2001	28-Nov-01	1-Jan-17	15,220,000	6,420,000	8,800,000
Santa Clara University, Series 2002 A	31-Jan-02	1-Feb-32	21,600,000	3,085,000	18,515,000
Art Center College of Design 2002 Series A (Variable)	23-May-02	1-Dec-32	11,545,000	1,900,000	9,645,000
Art Center College of Design 2002 Series B (Variable)	23-May-02	1-Dec-32	13,055,000	2,200,000	10,855,000
University of San Diego, Series 2002A	6-Jun-02	1-Oct-32	14,110,000	-	14,110,000
University of Southern California, Series 2003A	20-Mar-03	01-Oct-33	150,000,000	100,000,000	50,000,000
University of Redlands, 2003 Series A	27-Mar-03	01-Jun-33	17,280,000	2,475,000	14,805,000
Pepperdine University, Series 2003 A	30-Apr-03	01-Sep-33	45,000,000	-	45,000,000
University of San Francisco, Series 2003 (Variable)	28-May-03	01-May-33	40,000,000	4,500,000	35,500,000
Southwestern University Series 2003	29-May-03	01-Nov-23	11,880,000	2,930,000	8,950,000
University of Redlands, Series 2003B	11-Jun-03	01-Oct-25	17,000,000	3,405,000	13,595,000
Claremont McKenna University, Series 2003	25-Jun-03	01-Jan-33	9,975,000	1,315,000	8,660,000
University of Southern California, Series 2003B	8-Jul-03	01-Oct-15	12,795,000	6,105,000	6,690,000
Santa Clara University, Series 2003A	16-Jul-03	01-Sep-33	23,600,000	12,240,000	11,360,000
Harvey Mudd College, Series 2003	24-Jul-03	01-Dec-33	7,110,000	3,580,000	3,530,000
Saint Mary's College of California Equipment Loan 2004	02-Apr-04	2-Apr-11	1,650,000	1,391,903	258,097
Stanford University, Series 2004 S-1 (Remarketed 4/08)	24-Jun-04	9-Jun-19	40,000,000	-	40,000,000
Stanford University, Series 2004 S-2 (Remarketed 4/08)	24-Jun-04	1-Nov-18	40,000,000	-	40,000,000
Stanford University, Series 2004 S-3 (Remarketed 4/08)	24-Jun-04	1-Nov-39	50,000,000	-	50,000,000
Stanford University, Series 2004 S-4 (Variable)	24-Jun-04	1-Nov-50	51,200,000	-	51,200,000

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

EDUCATION FACILITIES AUTHORITY FUND (CEFA)
STATEMENT OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2010

Bond	Date Issued	Date of Final Maturity	Amount of Bond Issued	Amount of Bond Retired	Bonds Outstanding as of June 30, 2010
University of the Pacific, Series 2004	12-Aug-04	1-May-34	11,500,000	2,975,000	8,525,000
California Lutheran University, Series 2004A (Variable)	16-Nov-04	1-Oct-29	5,465,000	-	5,465,000
California Lutheran University, Series 2004C	16-Nov-04	1-Oct-29	27,915,000	2,080,000	25,835,000
Pomona College, Series 2005 A/1 (Current Interest Bonds)	24-Feb-05	1-Jul-45	16,735,000	-	16,735,000
Pomona College, Series 2005 A/2 (Capital Appreciation)	24-Feb-05	1-Jul-45	25,144,739	-	25,144,739
Occidental College, Series 2005A	12-Apr-05	1-Oct-36	54,320,000	2,020,000	52,300,000
Occidental College, Series 2005B	12-Apr-05	1-Oct-27	16,015,000	1,580,000	14,435,000
Pitzer College, Series 2005A	29-Apr-05	1-Apr-35	16,085,000	-	16,085,000
California College of Arts, Series 2005	12-May-05	1-Jun-35	18,535,000	-	18,535,000
Golden Gate University, Series 2005	12-May-05	1-Oct-36	15,000,000	170,000	14,830,000
Mills College, Series 2005 A	16-Jun-05	1-Sep-35	25,000,000	90,000	24,910,000
University of Redlands, Series 2005 A	7-Jul-05	1-Oct-35	27,180,000	1,740,000	25,440,000
Pepperdine University, Series 2005 A	3-Aug-05	1-Dec-35	92,365,000	-	92,365,000
University of Southern California, Series 2005	3-Aug-05	1-Oct-28	66,545,000	-	66,545,000
University of San Francisco, Series 2005 A (Variable Auction Rate)	18-Aug-05	1-Oct-26	23,410,000	800,000	22,610,000
University of San Francisco, Series 2005B Variable Rate Demand	18-Aug-05	1-Oct-35	27,500,000	300,000	27,200,000
Pepperdine University, Series 2005B (Delayed Delivery)	6-Sep-05	1-Dec-32	16,340,000	-	16,340,000
Mills College, Series 2005 B (Delayed Delivery)	9-Sep-05	1-Sep-20	2,835,000	715,000	2,120,000
University of La Verne, Series 2005A	10-Nov-05	1-Jun-23	20,680,000	2,235,000	18,445,000
University of La Verne, Series 2005B (Taxable Variable)	10-Nov-05	1-Jun-35	8,160,000	-	8,160,000
Woodbury University, Series 2006	1-Jan-06	1-Jan-36	19,995,000	1,370,000	18,625,000
Dominican University of California, Series 2006	25-Jan-06	1-Dec-36	19,795,000	250,000	19,545,000
University of the Pacific, Series 2006	31-May-06	1-Nov-36	77,180,000	1,680,000	75,500,000
California Institute of Technology, Series 2006 A (Variable Rate Demand)	12-Jul-06	1-Oct-36	82,500,000	-	82,500,000
California Institute of Technology, Series 2006 B (Variable Rate Demand)	12-Jul-06	1-Oct-36	82,500,000	-	82,500,000
University of San Francisco, Series 2006 (Variable Rate) (Auction Rate Securities)	27-Jul-06	1-Oct-36	56,900,000	600,000	56,300,000
Claremont Graduate University, 2007 Series A	15-Feb-07	1-Mar-42	36,000,000	-	36,000,000
California College of the Arts, (Shared Financing 2007)	27-Feb-07	1-Feb-24	11,240,000	1,040,000	10,200,000
Dominican University of California (Shared Financing 2007)	27-Feb-07	1-Feb-31	10,960,000	830,000	10,130,000
Keck Graduate Institute (Shared Financing 2007)	27-Feb-07	1-Feb-30	8,565,000	-	8,565,000
Woodbury University (Shared Financing 2007)	27-Feb-07	1-Feb-37	7,000,000	340,000	6,660,000
Saint Mary's College of California Equipment Financing, Series 2007	8-May-07	8-Mar-17	2,484,966	507,628	1,977,338
University of Southern California, Series 2007	24-May-07	1-Oct-37	263,395,000	1,500,000	261,895,000
Claremont McKenna College, Series 2007	31-May-07	1-Jan-38	40,425,000	555,000	39,870,000
University of the Pacific Equipment Financing, Series 2007	15-Jun-07	15-Jun-14	4,250,000	1,680,434	2,569,566
Stanford University, Series T-1	19-Jun-07	15-Mar-39	111,775,000	-	111,775,000
Saint Mary's College of California, Series 2007 (Remarketed 7/30/08)	30-Aug-07	1-Oct-43	71,100,000	2,750,000	68,350,000
Stanford University, Series T-3	6-Sep-07	15-Mar-26	25,360,000	-	25,360,000

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

EDUCATION FACILITIES AUTHORITY FUND (CEFA)
STATEMENT OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2010

Bond	Date Issued	Date of Final Maturity	Amount of Bond Issued	Amount of Bond Retired	Bonds Outstanding as of June 30, 2010
Scripps College, Series 2007	31-Oct-07	1-Nov-37	30,555,000	685,000	29,870,000
Charles Drew University of Medicine & Science, Series 2007	15-Nov-07	1-Nov-42	43,000,000	-	43,000,000
Occidental College, Series 2008	6-Mar-08	31-Oct-38	20,000,000	-	20,000,000
University of La Verne, Series 2008	27-Mar-08	1-Mar-38	22,500,000	-	22,500,000
Stanford University, Series T-4 (2008)	15-May-08	15-May-14	172,410,000	-	172,410,000
University of Redlands, Series 2008 A	22-May-08	1-Aug-38	21,125,000	-	21,125,000
Stanford University, Series 2008 TECP	15-May-08	1-May-38	300,000,000	189,568,000	110,432,000
Pomona College, Series 2008 A	5-Jun-08	1-Jan-18	59,475,000	-	59,475,000
Chapman University, Series 2008 A (Variable Rate)	2-Jul-08	1-Oct-36	53,515,000	2,245,000	51,270,000
Chapman University, Series 2008 B (Variable Rate)	2-Jul-08	1-Oct-26	21,665,000	1,670,000	19,995,000
Chapman University, Series 2008 C (Variable Rate)	2-Jul-08	1-Oct-26	13,705,000	1,085,000	12,620,000
California Lutheran University, Series 2008	31-Jul-08	1-Oct-38	38,060,000	-	38,060,000
Claremont Graduate University, 2008 Series A	21-Aug-08	1-Mar-38	15,000,000	-	15,000,000
Santa Clara University, Series 2008	11-Dec-08	1-Apr-37	72,485,000	3,230,000	69,255,000
University of Southern California, Series 2009A	15-Jan-09	1-Oct-39	217,605,000	-	217,605,000
Claremont McKenna College, Series 2009	22-Jan-09	1-Jan-39	83,095,000	-	83,095,000
University of Southern California, Series 2009B	25-Feb-09	1-Oct-39	197,900,000	-	197,900,000
Pomona College, Series 2009 A	2-Apr-09	1-Jan-24	62,290,000	-	62,290,000
University of the Pacific, Series 2009	28-May-09	1-Nov-39	15,000,000	-	15,000,000
University of Southern California, Series 2009C	9-Jul-09	1-Oct-09	82,305,000	-	82,305,000
Stanford University, Series T-5 (2009)	28-Jul-09	15-Mar-23	51,765,000	-	51,765,000
California Institute of Technology, Commercial Paper Notes	28-Jul-09	1-Jul-59	100,000,000	100,000,000	-
California Institute of Technology, Series 2009	28-Jul-09	1-Nov-39	80,000,000	-	80,000,000
Art Center College of Design, Series 2009	13-Aug-09	1-Dec-39	9,940,000	110,000	9,830,000
Pitzer College, Series 2009	18-Nov-09	1-Apr-40	62,075,000	-	62,075,000
Carnegie Institution of Washington, 2010 Series A	24-Mar-10	1-Jul-40	34,525,000	-	34,525,000
Loyola Marymount University, Series 2010A	30-Mar-10	1-Oct-40	65,185,000	-	65,185,000
Loyola Marymount University, Series 2010B	30-Mar-10	1-Oct-15	38,500,000	-	38,500,000
Stanford University, Series U-1	6-May-10	1-Oct-40	215,375,000	-	215,375,000
TOTAL					$ 4,736,523,782

Gilbert Associates, Inc.
CPAs and Advisors

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

CEFA Members
California Educational Facilities Authority
Sacramento, California

We have audited the basic financial statements of the California Education Facilities Authority (CEFA) as of and for the year ended June 30, 2010 and have issued our report thereon dated October 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller's General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CEFA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CEFA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CEFA's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in a separate letter issued to those charged with governance, that we consider to be significant deficiencies in internal control over financial reporting. 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether CEFA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, CEFA Members and the Office of Controller, State of California, and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC
Sacramento, California

October 15, 2010

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

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