CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2017 AND 2016

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

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JUNE 30, 2017 AND 2016

Gilbert Associates, Inc.
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INDEPENDENT AUDITOR'S REPORT

CEFA Members
California Educational Facilities Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the California Educational Facilities Authority (CEFA), a related organization of the State of California, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise CEFA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of CEFA as of June 30, 2017 and 2016, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of CEFA's Proportionate Share of the Net Pension Liability and Schedule of Contributions, on pages 3–7, 24, and 25, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CEFA's basic financial statements. The Statement of Bonds and Collateralized Notes is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Bonds and Collateralized Notes is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Bonds and Collateralized Notes is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017 on our consideration of CEFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CEFA's internal control over financial reporting and compliance.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 15, 2017

This section of the financial statements of the California Educational Facilities Authority ("CEFA") presents management's discussion and analysis of the financial performance during the fiscal years that ended on June 30, 2017 and 2016. Please read it in conjunction with the financial statements that follow this section.

GENERAL BACKGROUND, OVERVIEW AND PROGRAMS

CEFA was established in 1973 for the purpose of issuing revenue bonds to assist private non-profit institutions of higher learning in the expansion and construction of educational facilities.

CEFA provides 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.

Conduit Financing Activity

During the fiscal years ended June 30, 2017 and June 2016, CEFA issued $253,385,000 and $911,125,000, respectively. As of June 30, 2017, CEFA's total conduit debt issued was approximately $12.8 billion and the total conduit debt outstanding was approximately $4.1 billion. As of June 30, 2016, the CEFA's total conduit debt issued was approximately $12.5 billion and total conduit debt outstanding was approximately $4.8 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of CEFA include the Independent Auditors' Report, Management's Discussion & Analysis (MD&A), basic financial statements, accompanying notes and supplemental information.

REQUIRED FINANCIAL STATEMENTS

CEFA's financial statements report information using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about its activities.

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017 AND 2016

The ***Balance Sheets*** include all of CEFA's assets, liabilities, and net position for the years ended June 30, 2017 and 2016 and provide information about the nature and amounts of investments in resources (assets) and the obligations to CEFA's creditors (liabilities) (see Table 1).

Table 1
Balance Sheets

	2017	**2016**	**2015**
Assets			
Current Assets	$ 1,315,542	$ 1,857,263	$ 2,255,651
Total Assets	1,315,542	1,857,263	2,255,651
Deferred Outflows of Resources			
Pension contributions subsequent to the measurement date	268,630	104,842	67,497
Total Assets and Deferred Outflows of Resources	$ 1,584,172	$ 1,962,105	$ 2,323,148
Liabilities			
Current Liabilities	$ 58,421	$ 52,593	$ 97,097
Non-Current Liabilities	1,636,425	1,252,527	1,252,890
Total Liabilities	1,694,846	1,305,120	1,349,987
Deferred Inflows of Resources			
Net differences between Projected and actual earnings on the plan investments	2,469	155,045	152,151
Net Position (Deficit)			
Restricted for Educational Purposes	(113,143)	501,940	821,010
Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)	$ 1,584,172	$ 1,962,105	$ 2,323,148

CEFA's Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit) were $1,584,172 as of June 30, 2017, which was a decrease from $1,962,105, as of June 30, 2016. The decrease was primarily due to continual increases in personnel expenses and decreased operating revenues from 2016.

The ***Statements of Revenues, Expenses, and Changes in Net Position*** accounts for all of the revenue earned and expenses incurred by CEFA for the years ended June 30, 2017 and 2016. These statements reflect the results of CEFA's operations over the year (see Table 2).

Table 2
Statements of Revenues, Expenses, and Changes In Net Position

	2017	2016	2015
Operating Revenues			
Fee Revenue	$ 351,904	$ 651,650	$ 270,560
Total Operating Revenues	351,904	651,650	270,560
Operating Expenses			
Personnel	648,343	501,230	461,421
Operating Expenses	329,195	477,639	417,613
Total Operating Expenses	977,538	978,869	879,034
Operating Loss	(625,634)	(327,219)	(608,474)
Non-Operating Revenues (Expenses)			
Interest Income on Investments	10,551	8,149	15,864
Change in Net Position Before Special Items	(615,083)	(319,070)	(592,610)
Special Items			
Transfer to CSAC for repayment of program advances	-	-	(5,781,366)
Change in Net Position	(615,083)	(319,070)	(6,373,976)
Net Position - Beginning of Year	501,940	821,010	7,194,986
Net Position (Deficit)- End of Year	$ (113,143)	$ 501,940	$ 821,010

For the fiscal year ended June 30, 2017, CEFA's Change in Net Position reflected a loss of $615,083. This loss is attributed primarily to increased Personnel Expenses and a decrease of Operating Revenues.

The ***Statements of Cash Flows*** provide information about CEFA's cash receipts and cash payments during the year ended June 30, 2017 and 2016. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, noncapital financing and investment activities. The statements provide answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting period covered.

Table 3
Statements of Cash Flows

	2017	2016	2015
Cash Flows From Operating Activities			
Net Cash Provided (Used) by Operating Activities	$ (575,836)	$ (428,079)	$ 6,385,397)
Cash Flows from Investing Activities			
Net Cash Provided by Investing Activities	10,152	7,322	17,526
Net Decrease in Cash and Cash Equivalents	(565,684)	(420,757)	(6,367,871)
Beginning Cash and Cash Equivalents	1,769,282	2,190,585	8,558,456
Ending Cash and Cash Equivalents	$ 1,204,144	$ 1,769,282	$ 2,190,585

The Ending Cash and Cash Equivalents declined in fiscal year ending June 30, 2017 from $1,769,828 to $1,204,144. This decrease is due to continued increases in Personnel Expenses and a decrease in Operating Revenue from 2016.

ANALYSIS OF FISCAL YEAR 2016/2017 ACTIVITIES

Applications received in FY 2016/2017 **3**

Final Resolutions (FR) Adopted in FY 2016/2017: **3**

Bonds Sold in FY 2016/2017: **$253,385,000**

ANALYSIS OF FISCAL YEAR 2015/2016 ACTIVITIES

Applications received in FY 2015/2016:	**8**
Final Resolutions (FR) Adopted in FY 2015/2016:	**8**
Bonds Sold in FY 2015/2016:	**$911,125,000**

SIGNIFICANT CHANGES

Chapter 154, Statutes of 2014 (AB 1668 Wieckowski) – With the ability to now offer direct or private placement loans to private, non-profit colleges and universities in California for campus expansion and construction projects or refinancing, CEFA continues to look for opportunities to inform the borrowers about the program and improve the direct or private placement program. In 2016/17, CEFA successfully closed 1 private placement loan.

Chapter 816, Statutes of 2014 (AB 2377 Perez) - CEFA continues to research options to fund the California Student Loan Refinancing Program and is currently looking at possible changes to legislation that will assist staff with the ability to fund this program and begin developing eligibility requirements and program procedures with the goal of helping college graduates to refinance student loan debt at more favorable rates.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of CEFA's financial position and is intended for distribution to a variety of interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, California Educational Facilities CEFA, 915 Capitol Mall, Sacramento, California 95814.

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

BALANCE SHEETS
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and Investments in State Treasury	$ 1,204,144	$ 1,769,828
Accounts Receivable	78,489	47,191
Due from State - External Funds	32,909	40,244
Total Current Assets	1,315,542	1,857,263
TOTAL ASSETS	1,315,542	1,857,263
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions	268,630	104,842
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,584,172	$ 1,962,105
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts Payable	$ 12,463	$ 7,785
Current Accrued Vacation	42,806	31,883
Due to State - External Funds	3,152	12,925
Total Current Liabilities	58,421	52,593
NON-CURRENT LIABILITIES:		
Accrued Vacation	64,369	71,701
OPEB Obligation	497,000	443,000
Net Pension Liability	1,075,056	737,826
Total Non-Current Liabilities	1,636,425	1,252,527
TOTAL LIABILITIES	1,694,846	1,305,120
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to pensions	2,469	155,045
NET POSITION (DEFICIT):		
Restricted for Educational Purposes	(113,143)	501,940
Total Net Position (Deficit)	(113,143)	501,940
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 1,584,172	$ 1,962,105

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

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Fee Revenue	$ 351,904	$ 651,650
Total Operating Revenues	351,904	651,650
OPERATING EXPENSES:		
Personnel	648,343	501,230
Operating Expenses	329,195	477,639
Total Operating Expenses	977,538	978,869
OPERATING LOSS	(625,634)	(327,219)
NON-OPERATING REVENUES:		
Interest Income on Investments	10,551	8,149
CHANGE IN NET POSITION	(615,083)	(319,070)
NET POSITION (DEFICIT)		
NET POSITION, Beginning of Year	501,940	821,010
NET POSITION (DEFICIT), End of Year	$ (113,143)	$ 501,940

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

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Fees	$ 328,650	$ 630,108
Payments to Employees	(570,196)	(544,604)
Payments to Suppliers of Goods and Services	(334,290)	(513,583)
Net Cash Used by Operating Activities	(575,836)	(428,079)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Receipts from Investments	10,152	7,322
Net Cash Provided by Investing Activities	10,152	7,322
NET DECREASE IN CASH AND CASH EQUIVALENTS	(565,684)	(420,757)
BEGINNING CASH AND CASH EQUIVALENTS	1,769,828	2,190,585
ENDING CASH AND CASH EQUIVALENTS	$ 1,204,144	$ 1,769,828
RECONCILIATION OF NET LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	$ (625,634)	$ (327,219)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED (USED) BY OPERATIONS:		
(Increase) Decrease in:		
Accounts Receivable	(31,298)	16,302
Due to/from State - External Funds	(2,039)	(53,193)
Deferred outflows related to pensions	(163,788)	(37,345)
Increase (Decrease) in:		
Accounts Payable	4,678	(20,595)
Accrued Vacation	3,591	12,677
OPEB Obligation	54,000	57,000
Net Pension Liability	337,230	(78,600)
Deferred inflows related to pensions	(152,576)	2,894
Net Cash Used by Operating Activities	$ (575,836)	$ (428,079)

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 Educational Facilities Authority Fund (EFAF) is maintained within CEFA. The Student Loan Authority Fund (SLAF) was maintained within CEFA and was closed during fiscal year 2016.

CEFA was created for the purpose of issuing revenue bonds to assist California 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 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 CEFA, 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 and approved by the Board.

The CSLA was originally established for the primary purpose of financing 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 insured loans or the revenue there from for the benefit of holders of CEFA's bonds. Neither the full 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 contracts with the California State Treasurer's Office to provide administrative support including, but not limited to accounting, budgets, data processing, personnel, legal, insurance, and business services.

B. THE REPORTING ENTITY

These financial statements present information on the financial activities of CEFA. CEFA is a related organization of the State of California. The California State Treasurer by legislation serves as the Chairperson and is responsible for the oversight of CEFA.

C. BASIS OF PRESENTATION

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 financial statements of CEFA have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

D. ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of bond issuance, application and administrative fees.

E. REVENUES

Fees are for the staff work related to bond and equipment financing and post-issuance activities and for the review of bond transactions.

Bond financing program fees are as follows:

Closing Date of Issuance	Application Fee	Initial Fee	Annual Administrative Fee
December 5, 2013 – June 30, 2017:	$1,000, applied to the Initial Fee at closing	0.15% of the par amount up to $10,000,000, plus 0.05% of the par amount in excess of $10,000,000, up to a maximum fee of $75,000	For issuances closed on or before July 31, 2013: $500 annually. For issuances closed August 1, 2013 and thereafter: 0.015% of the par amount outstanding, up to a maximum fee of $12,000.

Equipment financing program fees are as follows:

Closing Date of Issuance	Application Fee	Initial Fee	Annual Administrative Fee
July 1, 2013 – June 30, 2017:	None	0.075% of the financed amount	$500 annually for the first five years, $250 annually thereafter. Fee is waived for participants with other outstanding 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.

Cash is held by Surplus Money Investment Fund (SMIF) and generates investment income.

CEFA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from issuing bonds.

F. BUDGET

As an enterprise fund, CEFA is 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 a related organization of the State of California and participates in their risk management program. The State of California is primarily self-insured against loss or liability, with a few exceptions. 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 financial statements of the State of California.

J. ACCRUED VACATION

The accrued liability for vacation compensation is recognized as an expense and liability in CEFA's financial statements. Additionally, accumulated sick-leave balances are not recorded as compensated absences because they do not vest to employees. However, unused sick-leave balances convert to service credits upon retirement.

K. PENSION

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of CEFA's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. NET POSITION

Net position is restricted by enabling legislation for the purposes of issuing revenue bonds to assist private non-profit institutions of higher learning in the expansion and construction of educational facilities.

M. 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.

N. FUTURE ACCOUNTING PRONOUNCEMENTS

In June of 2015, the GASB issued GASB Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, with required implementation for CEFA during the year ended June 30, 2018. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It will require employers to report a net OPEB liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 75 is required to be implemented retroactively and will require a restatement of beginning net position.

2. CASH AND CASH EQUIVALENTS IN STATE TREASURY

CEFA considers all short-term investments with an original maturity of three months or less to be cash equivalents. Cash and equivalents in the State Treasury as June 30 were as follows:

	2017	2016
Deposits in SMIF	$ 1,204,000	$ 1,769,000
Cash in State Treasury	144	828
Total Cash and Investments	$ 1,204,144	$ 1,769,828

The investments must be allowable through the Pooled Money Investment Account (PMIA), which is operated by the State Treasurer's Office, which is granted by the authority by California Government Code Sections 16430 and 16480.4. Allowable investments are as follows:

- U.S. government securities
- Securities of federally-sponsored agencies
- Domestic corporate bonds
- Interest-bearing time deposits in California banks
- Savings and loan associations and credit unions
- Prime-rated commercial paper
- Repurchase and reverse repurchase agreements
- Security Loans
- Banker's Acceptances
- Negotiable certificates of deposits
- Loans to various bond funds

CEFA invests excess cash funds in SMIF. All of the resources of SMIF are invested through the PMIA. The PMIA investment program is designated by the Pooled Money Investment Board and is administered by the office of the State Treasurer.

Additional disclosure detail required by GASB Statements No. 3, No. 31, No. 40, and No. 72 regarding cash deposits and investments in State Treasury, including disclosures related to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk, are presented in the financial statements of the State of California.

3. DUE TO/FROM STATE – EXTERNAL FUNDS

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

Due From (Due To)	Description	2017	2016
EFAF:			
CA College Tax Credit	Cost Recovery - Abatement	$ 29,800	$ 37,844
SMIF	Interest Income	2,799	2,400
State Compensation Insurance Fund	Insurance Premium Refund	310	
General Fund	Miscellaneous	(4)	(10,004)
State Compensation Insurance Fund	Miscellaneous		(629)
Department of General Service Fund	Records Center Management	(88)	(82)
Legal Services	DOJ Attorney Services	(3,060)	(2,210)
Net Due From (To) State External Funds		$ (29,757)	$ (27,319)

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.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
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:	72,071			72,071
Less accumulated depreciation and amortization for:				
Equipment	(7,071)			(7,071)
Software	(65,000)			(65,000)
Total accumulated depreciation and amortization	(72,071)			(72,071)
Total capital assets, being depreciated	$	$	$	$

5. ACCRUED VACATION

CEFA employees are granted vacation and sick leave in varying amounts, depending upon the employee. These hours are accrued for all employees on the basis of monthly payrolls. Upon separation, employees are paid for accumulated vacation days up to specified limits. Accrued vacation and sick leave follow State employees from agency to agency and are not necessarily earned since the inception of CEFA's fund.

Accrued vacation activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Accrued vacation	$ 103,584	$ 46,397	$ (42,806)	$ 107,175	$ 42,806

Accrued vacation activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Accrued vacation	$ 90,907	$ 44,560	$ (31,883)	$ 103,584	$ 31,883

6. RETIREMENT PLAN

A. General Information about the Pension Plan

Plan Descriptions – All of the employees of CEFA participate in the California Public Employees' Retirement System (CalPERS), which is included in the State of California's (State) Comprehensive Annual Financial Report as a fiduciary component unit. CalPERS administers the Public Employees' Retirement Fund (PERF). PERF is an agent multiple-employer defined benefit retirement plan. Departments and agencies within the State, including CEFA, are in a cost-sharing arrangement in which all risks and costs are shared proportionately by participating State agencies. Since all State agencies and certain related organizations, including CEFA, are considered collectively to be a single employer for plan purposes, the actuarial present value of vested and non-vested accumulated plan benefits attributable to the CEFA 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. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute.

Benefits Provided – The benefits for the Plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five or ten years of credited service.

The Plan's provisions and benefits are summarized as follows:

First Tier:

Hire date	Prior to January 15, 2011	January 15, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	10 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 to 67	50 to 67	52 to 67
Monthly benefits, as a % of eligible compensation	1.0 to 2.5%	1.092 to 2.418%	1.0 to 2.5%

Second Tier:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	1.25% @ 65	1.25% @ 67
Benefit vesting schedule	10 years service	10 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 to 67	52 to 67
Monthly benefits, as a % of eligible compensation	0.5 to 1.25%	0.65 to 1.25%

Contributions **–** Section 20814(c) of the California Public Employees Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. CEFA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2016 (the measurement date), the employer's contribution rate is approximately 25.2% of annual payroll. For the measurement period ended June 30, 2015, the employer's contribution rate was approximately 24.30% of annual payroll.

These rates reflect Section 20683.2, which mandates that certain employees must contribute more as of July 1, 2013. Furthermore, any reduction in employer contributions due to the increase in the employee contributions must be paid by the employer towards the unfunded liability. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. Contributions to the Plan were $95,152 and $91,637for the fiscal years ended June 30, 2017 and 2016, respectively.

B. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017 and 2016, CEFA reported net pension liabilities for their proportionate shares of the net pension liability of $1,075,056 and $737,826, respectively.

CEFA's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. CEFA's proportion of the net pension liability was based on the State Controller's Office (SCO) projection for CEFA. The SCO identified a total of 29 entities that are reported in the State's CAFR which are proprietary funds (enterprise and internal service) and fiduciary funds (pension and other employee benefit trust funds), component units (discretely presented and fiduciary), and related organizations, that have State employees with pensionable compensation (covered payroll). The SCO calculated and provided these funds/organizations with their allocated pensionable compensation percentages by plan. CEFA's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2015 was 0.00325% and 0.00261%, respectively.

For the year ended June 30, 2017 and 2016, CEFA's recognized pension expense of $116,018 and $(21,684), respectively.

At June 30, 2017, CEFA's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 95,152	
Change in proportion	43,746	
Differences between expected and actual experience	10,971	$ (2,469)
Net differences between projected and actual earnings on plan investments	118,761	
Total	$ 268,630	$ (2,469)

$95,152 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	$ 18,480
2019	22,694
2020	98,777
2021	31,058

For the year ended June 30, 2016, CEFA's recognized pension expense of $(21,684). At June 30, 2016, CEFA's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 91,367	
Change in proportion		$ (138,939)
Differences between expected and actual experience	13,475	
Net differences between projected and actual earnings on plan investments		(16,106)
Total	$ 104,842	$ (155,045)

$91,367 reported as deferred outflows of resources related to contributions subsequent to the measurement date were recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		
2017	$	(54,967)
2018		(54,967)
2019		(50,641)
2020		19,005

Actuarial Assumptions – For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 and the June 30, 2015 total pension liabilities were based on the following actuarial assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Interest Rate of Return	7.65% Net of Pension Plan Investment Expenses, included Inflation
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Changes in Assumptions – There were no changes in assumptions during the June 30, 2016 measurement date. GASB 68 states that the long-term expected rate of return should be determined net pension plan investment expenses, but without reduction for pension plan administrative expense. The discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expenses.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 – 10[(a)]	Real Return Years 11+[(b)]
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.00%		

[(a)] An expected inflation of 2.5% was used for this period.
[(b)] An expected inflation of 3.0% was used for this period.

Sensitivity of CEFA's Proportionate Share Net Pension Liability to Changes in the Discount Rate

The following presents CEFA's proportionate share of the net pension liability of the Plan as of the June 30, 2016 measurement date, calculated using the discount rate of 7.65 percent, as well as what CEFA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
CEFA's Proportionate Share of Plan's Net Pension Liability	$ 1,463,565	$ 1,075,056	$ 748,895

The following presents CEFA's proportionate share of the net pension liability of the Plan as of the June 30, 2015 measurement date, calculated using the discount rate of 7.65 percent, as well as what CEFA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Proportionate Share of Plan's Net Pension Liability	$ 5,573,100	$ 3,945,940	$ 2,580,753

7. 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, through the State of California Other Post-employment Benefits Plan, a single-employer defined benefit plan. The health and dental benefits provided through the plan can be amended by the CalPERS Board of Administration and the California Department of Human Resources, respectively. Contributions are governed by the State of California and can be amended through legislation.

All State agencies and certain related organizations, including CEFA, are considered collectively to be a single employer for plan purposes. A portion of the State's post-employment benefit costs have been allocated to CEFA as follows:

	2017	2016
Annual required contribution	$ 83,000	$ 87,000
Interest on net OPEB obligation	16,000	15,000
Adjustment to annual required contribution	(15,000)	(14,000)
Annual OPEB cost (expense)	84,000	88,000
Contributions made	(30,000)	(31,000)
Increase in net OPEB obligation	54,000	57,000
Net OPEB obligation – beginning of year	443,000	386,000
Net OPEB obligation – end of year	$ 497,000	$ 443,000

CEFA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2017, and each of the preceding two years is as follows:

Fiscal year ended	Annual OBEB expense	% of annual OPEB expense contributed	Net OPEB obligation
6/30/15	$ 94,000	37.23%	$ 386,000
6/30/16	$ 88,000	35.23%	$ 443,000
6/30/17	$ 84,000	35.71%	$ 497,000

Additional disclosure detail required by GASB Statement No. 45 regarding other post-retirement benefits, including actuarial methods and assumptions, funding policies, and the funded status of the plan, is presented in the financial statements and required supplementary information of the State of California for the year ended June 30, 2016, which is the latest available on the State Controller's Office website at www.sco.ca.gov. Additionally, copies of the CalPERS annual financial report which include the Retiree Benefits Trust Fund may be obtained by writing to the CalPERS, Fiscal Services Division, P.O. Box 942703, Sacramento, California 94229-2703 or by visiting the CalPERS website at www.CalPERS.ca.gov.

8. CONDUIT FINANCING PROGRAMS

CEFA acts as a conduit issuer 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, 2017 and 2016, there were $4,126,583,169 and $4,815,033,387, respectively, in conduit financings outstanding. CEFA assisted with the issuance of financings in the amount of $253,385,000 and $911,125,000 for the years ended June 30, 2017 and 2016, respectively. Additionally, the amounts of bonds authorized by CEFA with active resolutions that remain unsold were $1,083,615,000 and $1,079,590,000 as of June 30, 2017 and 2016, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

SCHEDULE OF CEFA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2017 LAST 10 YEARS*

	Measurement Period		
	2016	**2015**	**2014**
CEFA’s proportion of the net pension liability	0.003247%	0.002613%	0.003237%
CEFA’s proportionate share of the net pension liability	$ 1,075,056	$ 737,826	$ 816,426
CEFA’s covered-employee payroll	$ 343,432	$ 277,995	$ 318,863
CEFA’s proportionate share of the net pension liability as a percentage of their covered-employee payroll	31.95%	37.68%	39.05%
Plan fiduciary net position as a percentage of the total pension liability	66.81%	70.68%	73.05%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

Notes to Schedule:

Change of benefit terms. For the measurement dates ended June 30, 2016, 2015, and 2014, there were no changes to the benefit terms.

Changes in assumptions. GASB 68 states that the long-term expected rate of return should be determined net pension plan investment expenses, but without reduction for pension plan administrative expense. The discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expenses. There were no changes in assumptions for the measurement periods ended June 30, 2016 and 2014.

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2017
LAST 10 YEARS*

	Fiscal Year		
	2017	**2016**	**2015**
Contractually required contribution	$ 95,152	$ 91,367	$ 67,497
Contributions in relation to the contractually required contribution	(95,152)	(91,367)	(67,497)
Contribution deficiency (excess)	$	$	$
CEFA's covered-employee payroll	$ 367,327	$ 343,432	$ 277,995
Contributions as a percentage of covered-employee payroll	25.90%	26.60%	24.28%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

ADDITIONAL INFORMATION

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

EDUCATIONAL FACILITIES AUTHORITY FUND (CEFA)
STATEMENT OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2017

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2017
California College of the Arts (Shared Financing 2007)	27-Feb-07	1-Feb-24	$ 11,240,000	$ 11,240,000	
California Institute of Technology, Series 2009	28-Jul-09	1-Nov-39	80,000,000	80,000,000	
Dominican University of California (Shared Financing 2007)	27-Feb-07	1-Feb-31	10,960,000	10,960,000	
Dominican University of California, Series 2006	25-Jan-06	1-Dec-36	19,795,000	19,795,000	
Pomona College, Series 2005 A/1 (Current Interest Bonds)	24-Feb-05	1-Jul-45	16,735,000	16,735,000	
Pomona College, Series 2011	12-Jul-11	1-Jan-17	7,310,000	7,310,000	
Saint Mary's College of California Equipment Financing, Series 2007	8-May-07	8-Mar-17	2,484,966	2,484,966	
Stanford University, Series 1996 L-4	25-Oct-96	1-Oct-16	8,775,000	8,775,000	
Stanford University, Series 2008 TECP	15-May-08	1-May-38	300,000,000	300,000,000	
University of San Francisco, Series 2000 (Variable Rate Demand)	16-May-00	1-May-30	27,000,000	27,000,000	
University of San Francisco, Series 2003 (Variable Rate Demand)	28-May-03	1-May-33	40,000,000	40,000,000	
University of San Francisco, Series 2005B (Variable Rate Demand)	18-Aug-05	1-Oct-35	27,500,000	27,500,000	
University of Southern California, Series 2007	24-May-07	1-Oct-37	263,395,000	263,395,000	
University of Southern California, Series 2009A	15-Jan-09	1-Oct-39	217,605,000	217,605,000	
University of Southern California, Series 2009B	25-Feb-09	1-Oct-39	197,900,000	197,900,000	
California Institute of Technology, Series 1994 (Variable Rate Demand)	27-Oct-94	1-Jan-24	30,000,000		$ 30,000,000
Stanford University, Series 1997 L-5	23-Oct-97	1-Oct-17	15,165,000		15,165,000
California Western School of Law, Series 1998	4-Apr-98	1-Oct-28	16,000,000	6,730,000	9,270,000
Stanford University, Series 1998 L-6	28-Oct-98	1-Oct-22	17,815,000		17,815,000
University of San Diego, Series 1999 (Part Capital Appreciation)	4-Feb-99	1-Oct-28	31,778,189	25,368,563	6,409,626
Life Chiropractic College West, 1999 (Variable Rate Demand)	4-Mar-99	1-Jan-25	18,000,000	7,875,000	10,125,000
Santa Clara University, Series 1999 (Part Capital Appreciation & Current Interest)	15-Apr-99	1-Sep-26	82,181,741	34,523,500	47,658,241
Stanford University, Series 1999 L-7	28-Oct-99	1-Oct-22	18,393,000		18,393,000
California College of Arts & Crafts, Series 2001	1-Jun-01	1-Aug-19	14,490,000	13,300,000	1,190,000
Loyola Marymount University, Series 2001A (Part Capital Appreciation & Capitol Interest)	14-Jun-01	1-Oct-39	75,449,126	41,253,337	34,195,789
Southwestern University Series 2003	29-May-03	1-Nov-23	11,880,000	6,630,000	5,250,000
Stanford University, Series 2004 S-1 (Remarketed 4/08 Commercial Paper Rate Mode)	24-Jun-04	9-Jun-19	40,000,000		40,000,000
Stanford University, Series 2004 S-2 (Remarketed 4/08 Commercial Paper Rate Mode) (Remarked 5/15/13 Fixed Rate)	24-Jun-04	1-Nov-18	40,000,000	9,790,000	30,210,000
Stanford University, Series 2004 S-3 (Remarketed 4/08 Commercial Paper Rate Mode)	24-Jun-04	1-Nov-39	50,000,000		50,000,000
Stanford University, Series 2004 S-4 (Variable Rate Demand)	24-Jun-04	1-Nov-50	51,200,000		51,200,000
Pomona College, Series 2005 A/2 (Variable Rate Demand)	24-Feb-05	1-Jul-41	25,144,739		25,144,739

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

EDUCATIONAL FACILITIES AUTHORITY FUND (CEFA)
STATEMENT OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2017

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2017
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
Claremont McKenna College, Series 2007	31-May-07	1-Jan-38	40,425,000	29,290,000	11,135,000
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 (Remarked 10/3/12)	30-Aug-07	1-Oct-43	71,100,000	10,700,000	60,400,000
Stanford University, Series T-3	6-Sep-07	15-Mar-26	25,360,000		25,360,000
Scripps College, Series 2007	31-Oct-07	1-Nov-37	30,555,000	4,500,000	26,055,000
Pomona College, Series 2008 A (Part Capital Appreciation & Current Interest)	5-Jun-08	1-Jan-18	59,475,000		59,475,000
California Lutheran University, Series 2008	31-Jul-08	1-Oct-38	38,060,000	2,840,000	35,220,000
Santa Clara University, Series 2008	11-Dec-08	1-Apr-37	72,485,000	66,800,000	5,685,000
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	2,990,000	12,010,000
University of Southern California, Series 2009C	9-Jul-09	1-Oct-24	82,305,000		82,305,000
Stanford University, Series T-5 (2009)	28-Jul-09	15-Mar-23	51,765,000		51,765,000
Pitzer College, Series 2009	18-Nov-09	1-Apr-40	62,075,000	6,580,000	55,495,000
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	18,200,000	46,985,000
Stanford University, Series U-1	6-May-10	1-Apr-40	215,375,000		215,375,000
Santa Clara University, Series 2010	15-Sep-10	1-Feb-40	50,125,000	7,130,000	42,995,000
University of San Francisco, Series 2011	15-Feb-11	1-Oct-36	79,770,000	15,000,000	64,770,000
University of San Diego, Series 2011	16-Mar-11	1-Oct-22	18,640,000	9,080,000	9,560,000
Claremont University Consortium, Series 2011	7-Apr-11	1-Oct-35	9,000,000	2,290,000	6,710,000
Harvey Mudd College, Series 2011	19-May-11	1-Dec-41	15,065,000	1,435,000	13,630,000
Claremont McKenna College, Series 2011	7-Jul-11	1-Jan-30	5,480,000	765,000	4,715,000
Chapman University,Series 2011	3-Oct-11	1-Apr-31	100,000,000	17,510,000	82,490,000
Loyola Marymount University, Series 2011	22-Nov-11	1-Oct-24	22,105,000	12,870,000	9,235,000
University of the Pacific, Series 2012A	26-Jan-12	1-Nov-42	35,435,000	5,415,000	30,020,000
Stanford University, Series U-2	17-Apr-12	1-Oct-32	77,760,000		77,760,000
Pepperdine University, Series 2012	5-Jun-12	1-Sep-33	50,000,000	6,250,000	43,750,000
Claremont University Consortium, Series 2012	2-Aug-12	1-Oct-33	8,065,000	1,285,000	6,780,000
University of Southern California, Series 2012A	29-Aug-12	1-Oct-23	41,595,000		41,595,000
California College of the Arts, Series 2012	25-Oct-12	1-Jun-30	11,465,000	570,000	10,895,000
Claremont McKenna College, Series 2012	28-Nov-12	1-Jan-42	30,000,000	1,150,000	28,850,000
Golden Gate University, Series 2012 (Private Placement)	19-Dec-12	1-Jan-43	46,000,000	14,558,992	31,441,008
Loyola Marymount University, Taxable Series 2013A	26-Mar-13	1-Oct-43	37,000,000	2,915,000	34,085,000
Stanford University, Series U-3	15-May-13	1-Jun-43	261,410,000		261,410,000
Stanford University, Series U-4	15-May-13	1-Jun-43	39,215,000		39,215,000
Occidental College, Series 2013A	5-Jun-13	1-Oct-43	48,625,000	1,065,000	47,560,000
Occidental College, Taxable Series 2013B	5-Jun-13	1-Oct-27	6,370,000	140,000	6,230,000
University of the Pacific, Series 2014 (Private Placement)	12-May-14	1-May-34	36,500,000	12,644,234	23,855,766
Stanford University, Series U-5	14-May-14	1-May-21	124,115,000		124,115,000
Stanford University, Series U-6	14-May-14	1-May-45	278,980,000		278,980,000

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

EDUCATIONAL FACILITIES AUTHORITY FUND (CEFA)
STATEMENT OF BONDS AND COLLATERALIZED NOTES, AUTHORIZED, ISSUED AND OUTSTANDING
JUNE 30, 2017

Issued	Date Issued	Date of Final Maturity	Total Bonds Issued	Total Bonds Retired	Bonds Outstanding as of June 30, 2017
Art Center College of Design, Series 2014A (Private Placement)	16-Jul-14	1-Dec-44	45,680,000	2,545,000	43,135,000
Art Center College of Design, Series 2014B (Private Placement)	16-Jul-14	1-Dec-44	20,550,000	1,120,000	19,430,000
Charles Drew University, Series 2014 (Private Placement)	22-Dec-14	1-Jan-42	32,875,000	385,000	32,490,000
Pepperdine University, Series 2014	24-Dec-14	1-Dec-44	51,485,000	585,000	50,900,000
University of Redlands, 2014 Series A	7-Jan-15	1-Oct-35	31,595,000	2,665,000	28,930,000
Loyola Marymount University, Series 2015 (Private Placement)	17-Jun-15	1-Oct-34	30,025,000	2,100,000	27,925,000
University of Southern California, Series 2015	7-Jul-15	1-Oct-25	42,960,000		42,960,000
Chapman University, Series 2015	21-Jul-15	1-Apr-45	114,485,000	1,905,000	112,580,000
University of the Pacific, Series 2015	4-Aug-15	1-Nov-36	68,005,000	3,410,000	64,595,000
Santa Clara University, Series 2015	28-Aug-15	1-Apr-45	102,230,000		102,230,000
Pepperdine University, Series 2015	2-Sep-15	1-Sep-45	76,455,000	1,225,000	75,230,000
Claremont McKenna College, Series 2015	3-Dec-15	1-Jan-39	111,785,000	1,830,000	109,955,000
Occidental College, Series 2015	7-Jan-16	1-Oct-45	34,270,000	1,955,000	32,315,000
Claremont Graduate University, Series 2016 A (Private Placement)	26-Feb-16	1-Mar-26	12,500,000	500,000	12,000,000
Claremont Graduate University, Series 2016 B (Private Placement)	26-Feb-16	1-Mar-42	40,435,000		40,435,000
Claremont Graduate University, Series 2016 C (Private Placement)	26-Feb-16	1-Mar-38	6,960,000		6,960,000
Pepperdine University, Series 2016	17-Mar-16	1-Oct-49	100,000,000		100,000,000
University of Redlands, 2016 Series A	1-Apr-16	1-Oct-38	30,690,000	355,000	30,335,000
Stanford University, Series U7	22-Jun-16	1-Jun-46	170,350,000		170,350,000
Loma Linda University, Series 2017A	8-Mar-17	1-Apr-47	134,945,000	1,410,000	133,535,000
Loma Linda University, Series 2017B Taxable	8-Mar-17	1-Apr-33	43,440,000		43,440,000
University of San Francisco, Series 2017	3-Apr-17	1-Oct-35	75,000,000	1,675,000	73,325,000
TOTAL					**$ 4,126,583,169**

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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*

Independent Auditor's Report

CEFA Members
California Educational Facilities Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the California Educational Facilities Authority (CEFA), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise CEFA's basic financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CEFA's internal control over financial reporting (internal control) to determine the audit 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 CEFA's internal control. Accordingly, we do not express an opinion on the effectiveness of CEFA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether CEFA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 15, 2017