CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY BOND PROGRAM

Audited Financial Statements

June 30, 2022

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CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND PROGRAM

AUDITED FINANCIAL STATEMENTS

June 30, 2022

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board Members
California Pollution Control Financing Authority
Sacramento, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Bond Program of the California Pollution Control Financing Authority (the Authority) (Bond Program) as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bond Program of the Authority as of June 30, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted standards and *Government Auditing Standards*, we :

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Bonds Issued and Outstanding but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or other information otherwise appears to be materially misstated. If based on the work performed, we conclude the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the Authority'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 solely 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 effectiveness of the Authority's 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 the Authority's internal control over financial reporting and compliance.

Richardson & Company, LLP

June 29, 2023

This section of the financial statements of the Bond Program accounts and records of the California Pollution Control Financing Authority (CPCFA or Authority) presents the analysis of the financial performance of the Authority's Bond Program monies during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the financial statements that follow this section.

GENERAL BACKGROUND, OVERVIEW AND PROGRAMS

CPCFA's Consolidated Fund

CPCFA was established by Chapter 1257 (Statutes of 1972), with subsequent changes provided by Chapter 342 (Statutes of 1985), to provide California businesses with alternative methods of financing pollution control facilities.

Over the last 50 years, CPCFA has evolved to meet California's needs with the Tax-Exempt Bond Program evolving to include water furnishing, waste disposal, and waste recovery facilities and equipment. In addition to its environmental financing Tax-Exempt Bond Program, CPCFA now includes the California Capital Access Program (CalCAP) and related financing programs, providing small business assistance; the California Recycle Underutilized Sites Program (CALReUSE), though currently unfunded it previously provided for the reuse and redevelopment of brownfields through grants and loans; and the newly created California Investment & Innovation Program (Cal IIP), providing small business support through grants to Community Development Financial Institutions (CDFIs).

The Authority's conduit financing activities include the Bond Program Support Fund and the Small Business Assistance Fees (SBAF) and can be collectively referred to as the Bond Program.

CPCFA has unusual status in State Government in that its statutes directed the creation of one "catch-all Fund" (Fund) that is continuously appropriated to administer all of the above statutorily mandated programs. Consequently, all revenues and expenditures for all of CPCFA's programs are consolidated in that Fund and have been since the inception of the Authority. The Administration and the Legislature authorized CPCFA, and CPCFA's Fund, to have maximum flexibility in administering state authorized programs. This is fairly exclusive given that most state agencies establish a separate fund for each revenue source to enable the tracking of revenues received and expenditures made for each program, as specified.

CPCFA contracts with the State Treasurer's Office (STO) for administrative services which includes full accounting services for its consolidated Fund. For the past 40 years, beginning with FY 1980-81, the STO's Accounting Unit was required to utilize the State's California State Accounting & Reporting System (CALSTARS). However, in fiscal year 2018-19, CPCFA converted from CALSTARS to the Financial Information System for California (FI$Cal), California's new statewide, accounting, budget, cash management and procurement IT system. FI$Cal was designed to conform to Generally Accepted Accounting Principles (GAAP) as necessary, and to satisfy Government Codes, the State Administrative Manual (SAM), and other legally mandated state accounting requirements. FI$Cal incorporates the state's Uniform Codes Manual (UCM) to provide for consistency and uniformity. As evidenced by the STO Accounting Unit's annual "Certificate for Achieving Excellence in Financial Reporting" awarded by the State

Controller's Office for the errorless preparation of specified CPCFA year-end financial reports, the accounting services provided to CPCFA are in compliance with all applicable state laws, rules and regulations. For the past 50 years, STO accounting staff provided comprehensive accounting services for CPCFA's Fund in the aggregate—but not its individual programs as anticipated by the independent audit of the Bond Program accounts and records directed by Senate Bill 99 in 2010.

Issues related to Authority accounts, including maintaining books, making adjustments to entries, reporting to other state entities and related activities are the responsibility of the STO. The Authority staff continues to work with the STO to identify areas where the Authority should maintain more direct knowledge and oversight of the accounts and funds traditionally overseen by the STO including areas that STO should consult with the Authority prior to making certain changes to financial statements and accounting records.

The relationship between CPCFA and STO, including the Accounting Unit, acknowledges that CPCFA retains the policy and program direction and expertise over the Bond Program, and that STO and its Accounting Unit retain the subject matter expertise for accounting principles and practices. This relationship and acknowledgment reduces redundancy, relieving CPCFA of expenses associated with hiring internal accounting specialists. In this discussion and analysis, while it is presumed that the Authority is ultimately responsible for its financial statements, the use of the term "Management" herein this discussion and related audit documents refers to responsibilities or decisions which by nature are shared due to CPCFA's reliance on the STO's expertise in preparing financial records.

Conduit Finance Activity

Since 1972, the Authority has served as a conduit issuer for eligible California businesses for the acquisition, construction, or installation of qualified pollution control, waste disposal, resource recovery and water furnishing facilities. The Authority also provides additional financial assistance to California businesses that meet the size standards set forth in Title 13 of the Code of Federal Regulations or are an eligible small business, which is defined as 500 employees or less, including affiliates.

The Authority uses the Small Business Assistance Fees (SBAF) collected from large businesses to help pay for the costs of issuance of tax-exempt bonds issued on behalf of small-business borrowers. The SBAF may be used to pay for costs such as letter of credit fees, transaction fees, and other costs associated with the issuance of the bonds. This assistance reduces the net cost of financing to the small business to make it more competitive. On March 3, 2023, CPCFA waived the collection of SBAF fees from large-business borrowers to incentivize the issuance of bonds until December 31, 2026. However, the SBAF is well funded based on previous SBAF usage volume and CPCFA continues to offer the SBAF subsidy to qualifying small-businesses borrowers.

In December 2013, CPCFA made a change to its Administrative Fee for refunding bond issuances when coupled with a new money bond issuance. When the financing requested is a refunding of a prior sale of bonds previously approved by the Authority and the refunding is included as part of an application which also requests new financing by the same applicant for a new proposed project, the Authority has the discretion to charge the applicant the Authority's reasonable and necessary expenses allocable to the refunding request in lieu of the standard Administrative Fee. In June of 2016 Authority staff updated the regulations to provide clarification that the discretionary waiver of the refunding fee, limiting the option of charging allocable expenses would be applicable to only those transactions that a) are submitted by a small-business applicant and b) have a new money request that exceeds the refunding amount.

In March of 2022, staff updated the CPCFA regulations via the emergency regulations process to update the permitted uses of the SBAF to include the payment of CPCFA fees related to post-issuance requests completed by small businesses due to the recent change from the London Interbank Offered Rate (LIBOR) index rate to the Secured Overnight Financing Rate (SOFR) index rate. This change is expected to provide needed financial assistance to small business borrowers to implement this change to bond documents.

During the fiscal year ended June 30, 2022, the Authority served as the issuer for $180,940,000 in tax exempt bonds. As of June 30, 2022, the Authority's total conduit debt issued was $16,908,101,437 and total conduit debt outstanding was $3,107,254,958.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Authority's Bond Program includes the Independent Auditors' Report, Management Discussion and Analysis (MD&A), basic financial statements, accompanying notes and supplemental information.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority's Bond Program 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.

The ***Statement of Net Position*** include all of the assets and liabilities of the Authority's Bond Program for the year ended June 30, 2022, and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rates of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority's Bond Program.

The ***Statement of Revenues, Expenses and Changes in Net Position*** accounts for all of the revenue and expenses of the Authority's Bond Program for the year ended June 30, 2022. This statement reflects the results of the Bond Program's operations over the year and can be used to determine the credit worthiness and its ability to successfully recover all its costs through fees, investment income and other revenues.

The ***Statement of Cash Flows*** provides information about the Authority's Bond Program's cash receipts and cash payments during the year ended June 30, 2022. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, noncapital financing and investment activities.

The statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting period covered.

The accompanying Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, the final section in this report also presents certain supplementary information. The required supplementary information section contains trend information related to the pension and other postemployment benefit plans. The other supplementary information section contains the detail of conduit bonds issued and conduit bonds outstanding as of June 30, 2022.

ANALYSIS OF CHANGE IN BOND PROGRAM BALANCE FOR FISCAL YEAR ENDED JUNE 30, 2022

Statement of Net Position

The net position of the Bond Program was $26,184,553 as of June 30, 2022. The net position of the CPCFA Bond Program increased by $390,217 from one year ago (2021 to 2022) due to revenues exceeding expenses during the fiscal year. Operating revenue increased from the prior year due to a substantial fee collected from one large borrower. However, salary and consulting expenses decreased related to a reduction in overall bond activity and a significant decrease in Small Business Financing Assistance expense.

The following table presents a condensed, combined statement of net position as of June 30, 2022, and June 30, 2021, including dollar change from 2021 to 2022.

CONDENSED STATEMENTS OF NET POSITION

	2022	2021	Difference
Total Assets	$28,901,133	$28,683,958	$217,175
Deferred Outflow of Resources	533,614	309,536	224,078
Current Liabilities	318,153	583,700	(265,547)
Long-Term Liabilities	2,321,562	2,284,335	37,227
Total Liabilities	2,639,715	2,868,035	(228,320)
Deferred Inflow of Resources	610,479	331,123	279,356
Restricted Net Position	$26,184,553	$25,794,336	$390,217

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2022	2021	Difference
Operating Revenues	$1,006,073	$902,440	$103,633
Nonoperating Revenues (Expenses)	56,995	75,100	(18,105)
Total Revenues	1,063,068	977,540	85,528
Operating Expenses	672,851	1,320,976	(648,125)
Total Expenses	672,851	1,320,976	(648,125)
Change in Net Position	390,217	(343,436)	(733,653)
Net Position at beginning of year	25,794,336	26,137,772	(343,436)
Net Position at End of Year	$26,184,553	$25,794,336	$390,217

Assets
Total assets increased by $217,175 from the prior year. The increase in assets is due to a decrease in cash, offset by an increase in the amounts owed the Bond Program by other CPCFA programs.

Liabilities
Total liabilities both current and long-term were $2,639,715 as of June 30, 2022, representing a decrease of $228,320 from the prior fiscal year. This decrease is due primarily to the Bond Program's decrease in performance deposit.

Statement of Revenues, Expenses and Changes in Net Position
CPCFA Bond Program revenues were $1,006,073, while expenses were $672,851. Revenues exceeded expenses by $390,217, primarily due to decreases in salary and consultant expenses related to a decrease in bond funding activity. Also, Small Business Financing Assistance expenses decreased by $270,000 in the current year.

BOND PROGRAM OUTLOOK

Business investment in California using tax-exempt bonds has been on a declining trend since the 2008 economic downturn. Other extenuating factors such as the global pandemic that hit in March of 2020 has not helped matters, either. Over the past three calendar years, CPCFA has closed an average of six issuances a year consisting of a mix of new money financings with refundings of previously issued bonds.

Commencing January 1, 2018, the California Debt Limit Allocation Committee (CDLAC) opted not to award either 2017 Carryforward Allocation or 2018 Allocation directly to CPCFA but rather set aside Allocation for Exempt Facility projects. As a result, the Exempt Facility applicants adhered to a two-step process of obtaining CPCFA Final Resolution Approval and then also applying to CDLAC for Allocation approval. However, at its July 17, 2019, Board meeting, the CDLAC Board awarded CPCFA 2018 Carryforward Allocation in the amount of $124,350,000. This action meant that once again CPCFA could sub-allocate the 2018 Carryforward Volume Cap Allocation to its Exempt Facility projects as necessary and effectively reinstated the one-stop-shop that CPCFA and its applicants had previously benefited from prior to Calendar Year 2017. However, this change was short-lived and CPCFA did not receive Carryforward Allocation by CDLAC in calendar years 2020 -2022. Since most of the state ceiling allocation has been given to the housing pool, it is not anticipated that CPCFA will return to the one-stop-shop that our borrowers have benefitted from in previous years. In February of 2023, the CDLAC Board awarded $630 million to the exempt facility project pool to be divided over three rounds, which includes CPCFA projects as well as those of other conduit issuers.

As of June 1, 2021, CPCFA exhausted all the 2018 Carryforward Allocation. CPCFA has seen an increase in the number of projects having both new money and refunding components during fiscal years 2019–2020 and 2020-2021, which may indicate a positive trend in bond activity and the possibility that more companies will refund previously issued bonds to save money. Additionally, the quarterly survey of our stakeholders indicates a robust pipeline of projects, which exceeds over $1.29 billion for the 2023 calendar year.

As of June 1, 2023, the SBAF fund has a balance of approximately $16.1 million. CPCFA recently implemented a change to the CPCFA regulations via the emergency and regular rulemaking processes to update the permitted uses of the SBAF to include the payment of CPCFA fees related to post-issuance requests done by small businesses as a result of the recent change from the London Interbank Offered Rate (LIBOR) index rate to the Secured Overnight Financing Rate (SOFR) index rate. Staff anticipates that this update to the allowable SBAF uses will provide much needed financial assistance to small business borrowers that have to make updates to existing bond documents to consider the updated index rate formula.

Additionally, CPCFA recently made a temporary change to its regulations to waive the collection of SBAF fees from large-business borrowers to incentivize the issuance of bonds until December 31, 2026.Based on SBAF previous use volume and the current SBAF account balance, CPCFA continues to offer the SBAF subsidy to qualifying small-businesses borrowers.

In the upcoming year, CPCFA management plans to review the current Bond Program issuance fees schedule to ensure that we are in alignment with comparable issuers and that we remain competitive as a conduit issuer. If changes to CPCFA fees are required, staff will utilize the emergency regulations and regular rulemaking processes with the Office of Administrative Law to make the relevant updates to the CPCFA Regulations.

Additionally, as described above in **CPCFA's Consolidated Fund** the Bond Program typically provides financial support to other CPCFA programs and this is reflected in **Statement of Revenues, Expenses and Changes in Net Position**, although no such transfers occurred in FY 2021-2022.

The Bond Program does not receive any on-going State General Fund support and continues to generate revenues sufficient to support operating expenses.

ANALYSIS OF 2022 ACTIVITIES

Applications received in FY 2021/2022:

The following schedule presents a summary of total applications received during the fiscal year ended June 30, 2022:

Application Number	Date Received	Applicant Name	Project Type	Amount
00952	07/01/2021	Enerra, Inc.	SWD*	$41,000,000
00953	03/08/2022	Belluno Organics, LLC	SWD	$110,000,000
00954	03/10/2022	Atlas Disposal Industries, LLC	SWD	$6,125,000
00955	06/30/2022	Garaventa Enterprises, Inc.	SWD	$30,500,000
		TOTAL:		**$187,625,000**

* Solid Waste Disposal

Initial Resolutions (IR) adopted in FY 2021/2022:

The following schedule presents a summary of Initial Resolutions adopted during the fiscal year ended June 30, 2022:

IR No.	Date Approved	Applicant Name	Project Type	Amount
21-09	08/31/2021	Enerra, Inc.	SWD*	$41,000,000
22-01	04/20/2022	Belluno Organics, LLC	SWD	$110,000,000
22-02	04/15/2022	Atlas Disposal Industries, LLC	SWD	$6,125,000
		TOTAL:		**$157,125,000**

*Solid Waste Disposal

Final Resolutions (FR) adopted in FY 2021/2022:

The following schedule presents a summary of Final Resolutions adopted during the fiscal year ended June 30, 2022:

FR No.	Date Approved	Applicant Name	Project Type	Amount
00614	07/20/2021	CalPlant I, LLC	SWD*	$18,000,000
00615	12/14/2021	Arakelian Enterprises, Inc.	SWD	$100,000,000
00616	06/21/2022	Poseidon Resources (Channelside) LP	WF**	$722,965,000
		TOTAL:		**$840,965,000**

*Solid Waste Disposal

**Water Furnishing

Bonds sold in FY 2021/2022:

The following schedule presents a summary of bonds sold during the fiscal year ended June 30, 2022:

Closing Date	Applicant Name	Project Type	Amount of Issue	Beginning Interest Rate	Mode
07/01/2021	Napa Recycling & Waste Services LLC Series 2021	SWD*	$59,020,000	.99%	Monthly
07/22/2021	Bay Counties Waste Services, Inc., Series 2021	SWD	$21,920,000	1.25%	Monthly
05/04/2022	Arakelian Enterprises, Inc. dba Athens Services	SWD	$100,000,000	.28%	Term
	TOTAL:		**$180,940,000**		

*Solid Waste Disposal

Note: All bond sales negotiated.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's Bond Program'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 Pollution Control Financing Authority, P.O. Box 942809, Sacramento, CA 94209.

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND PROGRAM

STATEMENT OF NET POSITION

June 30, 2022

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 18,758,973
Accounts receivable	28,013
Interest receivable	27,973
Due from other programs	10,086,174
TOTAL ASSETS	28,901,133
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of resources - pension activities	351,754
Deferred outflow of resources - other postemployment benefits (OPEB)	181,860
TOTAL DEFERRED OUTFLOW OF RESOURCES	533,614
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	25,577
Due to other governments	13,255
Accrued compensated absences	48,696
Performance deposits	230,625
TOTAL CURRENT LIABILITIES	318,153
NONCURRENT LIABILTIES	
Net pension liability	615,071
Other postemployment benefits (OPEB) liability	1,706,491
TOTAL LIABILITIES	2,639,715
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources - pension activities	311,076
Deferred inflow of resources - other postemployment benefits (OPEB)	299,403
TOTAL DEFERRED INFLOW OF RESOURCES	610,479
NET POSITION	
Restricted for pollution control financing	26,184,553
TOTAL NET POSITION	$ 26,184,553

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

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND PROGRAM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2022

OPERATING REVENUES		
Application fees		$ 13,063
Closing fees		233,840
Agent for sale fees		7,000
Small business financing assistance fees		660,000
Post issuance fees		33,420
Abatement revenue		41,250
Miscellaneous revenue		17,500
	TOTAL OPERATING REVENUES	1,006,073
OPERATING EXPENSES		
Salaries, wages and benefits		558,982
Services and supplies		1,942
Consultant services		111,927
	TOTAL OPERATING EXPENSES	672,851
	OPERATING INCOME	333,222
NONOPERATING REVENUES (EXPENSES)		
Interest and investment income		56,995
	TOTAL NONOPERATING REVENUES	56,995
	CHANGE IN NET POSITION	390,217
Net position, beginning of year		25,794,336
	NET POSITION, END OF YEAR	$ 26,184,553

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

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND PROGRAM

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from fees	$ 1,065,369
Payments to vendors	(102,982)
Payments for salaries and benefits	(482,036)
NET CASH PROVIDED BY OPERATING ACTIVITIES	480,351
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments received from other programs	(1,285,980)
Performance deposits received	230,625
Performance deposits refunded	(491,500)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(1,546,855)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment income received	41,393
NET CASH PROVIDED BY INVESTING ACTIVITIES	41,393
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,025,111)
Cash and cash equivalents at the beginning of the year	19,784,084
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 18,758,973
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating income	$ 333,222
Changes in assets and liabilities	
Accounts receivable	59,296
Accounts payable	15,736
Due to other governments	(4,849)
Accrued leave	(15,559)
Net pension liability	(205,347)
Deferred inflows/outflows	55,278
OPEB liability	242,574
NET CASH USED BY OPERATING ACTIVITIES	$ 480,351

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority's Bond Program have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Bond Program are described below.

Organization and Reporting Entity: California Pollution Control Financing Authority (the Authority), a state agency within the California State Treasurer's Office, was created in 1972 to assist California businesses to meet their growth and capital needs by providing access to low-cost financing through private activity tax-exempt bonds and loans and fosters compliance with government imposed environmental standards and requirements.

Irrespective of company size, financing is available for eligible California businesses for the acquisition, construction, or installation of qualified pollution control, waste disposal, resource recovery and water furnishing facilities. The Authority also provides additional financial assistance to California businesses that meet the size standards set forth in Title 13 of the Code of Federal Regulations or are an eligible small business, which is defined as 500 employees or less, including affiliates.

The Authority uses the Small Business Assistance Fees (SBAF) collected from larger bond transactions to help pay for the costs of issuance of tax-exempt bonds issued on behalf of small businesses. The SBAF may be used to pay for costs such as letter of credit fees, transaction fees and other costs associated with the issuance of bonds. This assistance reduces the net cost of financing to the small business to make it more competitive.

Effective January 1, 2010, legislation (Senate Bill 99, which added Chapter 10.7 of Division 6 of Title 1, commencing with section 5870, to the Government Code) increased the reporting and auditing requirements for conduit issuers. The focus of the legislation was on the joint powers authorities that frequently issue bonds and also requires the inclusion of state finance authorities. The legislation was written to include the finance authorities chaired by the Treasurer. As a result, the Authority must comply with the same reporting/auditing requirements imposed on the joint powers authorities.

The Bond Program is one of many programs administered by the Authority. Other State agencies, such as the State Treasurer's Office and the State Controller's Office, support the Authority by providing services and thus allocate a portion of their expenses to the Authority. The Authority allocates its portion of such expenses to its different programs along with any direct costs associated with each program. The Bond Program is entirely supported by staff at the Authority to perform all necessary functions. Thus, the accompanying financial statements of the Authority's Bond Program are not indicative of the Authority's financial position or net assets as a whole but only of that portion of the Authority's financial statements related to the Bond Program.

Basis of Presentation – Fund Accounting: The Bond Program's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred inflows and outflows associated with the operation of this fund are included on the Statement of Net Position. Net position is segregated into amounts invested in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The Bond Program uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principle operations of the Bond Program. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

Cash and Cash Equivalents: The Bond Program's cash and cash equivalents are considered cash and short-term investments that are held on deposit with the State Controller's Office. Cash receipts and disbursements of the Authority are made through a cash pool maintained by the State Controller.

Accounts Receivable: Accounts receivable, if any, consist of application, initial, and closing fees receivable on conduit bond financing programs and reimbursement of expenses from other State Agencies.

Due from Other Programs: Due from other programs represents short-term funding by the Authority's Bond Program to other Authority programs until funding is established to reimburse the Bond Program. The Authority has not anticipated when the Board Program will be reimbursed, if at all.

Due from other State Agencies: The Bond Program has loans receivable from the California Alternative Energy and Advanced Transportation Financing Authority and California Urban Waterfront Area Restoration Financing Authority totaling $1,572,485 at June 30, 2022 that are deemed uncollectible and are offset with an allowance totaling $1,572,485, netting to a zero loan balance.

Capital Assets: Capital assets are recorded at cost and consist of furniture, fixtures and equipment and software. The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 10 years.

As of June 30, 2022, all capital assets were fully depreciated.

Net Position: Net position is categorized as net investment in capital assets, restricted and unrestricted. As of June 30, 2022, all of the net position of the Bond Program are classified as restricted by enabling legislation for purposes specified in the Act and as described in Note A.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General and Administrative Expenses: The Authority is subject to an allocation of intradepartmental support costs in accordance with an agreement between the Authority and the State Treasurer's Office (STO). Such costs could affect the Authority's financial position or operating results in a manner that differs from those that might have been obtained if the Authority was autonomous. The Authority records these costs as invoiced by STO for the fiscal year and allocates the costs to its different programs. However, the allocation is subject to review and adjustment subsequent to year-end. All adjustments are included on the STO invoices and recorded in the period in which the adjustment is identified.

Cost Allocation Within the Authority: The Authority allocates certain general and administrative expenses to its different programs based upon the employee hours worked on each program. The payroll and related costs for all employees working on the bond program are allocated based on actual hours worked as recorded on the monthly employee Personnel Activity Reports (PARs). Staff that recorded hours worked on the Bond Program included an Executive Assistant, three Office Technicians, six Associate Treasury Program Officers, two Staff Services Manager I's, a Treasury Program Manager II, Deputy Executive Director, and the Executive Director.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences: The Authority accrues unpaid vacation, personnel holiday, excess hours, compensating hours, holiday credit and personal leave that is payable when employees separate from employment. Unused vacation may be accumulated up to a specified maximum and is paid at the time of termination from employment. Unused sick leave balances are not included in the liability because they do not vest to employees. Additional information on compensated absences is contained in the financial statements of the State of California for the year ended June 30, 2022.

Deferred Inflows and Outflows: The statement of net position includes a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditures/expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the Authority's pension plan under GASB 68 as described in Note F and OPEB plan under GASB Statement No. 75 as described in Note G.

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits Plan (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's portion of the State Substantive Plan (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, the OPEB benefit payments are recognized when currently due and payable in accordance with the OPEB benefit terms. Investments are reported at fair value.

New Pronouncements: In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The requirements of this Statement are effective for the Bond Program's year ended June 30, 2023.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement enhances comparability in accounting and financial reporting and consistency in authoritative literature, including clarification of provisions in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments*, related to the focus of the government-wide financial statements; terminology updates related to provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this Statement are effective immediately through periods beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The Authority continues to analyze the impact of the required implementation of these new statements, however, the Authority expects no significant impact.

NOTE B – CASH AND INVESTMENTS

Deposits in SMIF: The Bond Program's cash is held in the State's Surplus Money Investment Fund (SMIF). SMIF is part of the State's Pooled Money Investment Account (PMIA), which as of June 30, 2022 had a balance of $240.4 billion. The weighted average maturity of PMIA investments was 311 days as of June 30, 2022. The total amount of deposits in SMIF was $71 billion as of June 30, 2022. All of the resources of SMIF are invested through the Pooled Money Investment Board and is administered by the office of the State Treasurer. The fair value of the Bond Program's investment in this pool is reported in the accompanying financial statements at amounts based up on the Bond Program's pro-rata share of the fair value provided by SMIF for the entire SMIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by SMIF,

NOTE B – CASH AND INVESTMENTS

which are recorded on an amortized cost basis. As of June 30, 2022, the Authority's Bond Program invested funds in SMIF in the amount of $18,758,973. During the year ended June 30, 2022, the Authority's Bond Program earned interest and investment income in the amount of $56,995, of which $27,973 is receivable as of June 30, 2022.

Disclosures regarding interest rate risk, credit risk, concentration of credit risk, custodial risk and other additional detailed disclosures required by GASB regarding cash deposits and investments, are presented in the financial statements of the State of California for the year ended June 30, 2022.

NOTE C – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities activity of the Bond Program for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Repayments	Balance June 30, 2022	Due Within One Year
Compensated absences	$ 64,255	$ 29,235	$ (44,794)	$ 48,696	$ 48,696
Net pension liability	820,418		(205,347)	615,071	
OPEB liability	1,463,917	242,574		1,706,491	
	$ 2,348,590	$ 271,809	$ (250,141)	$ 2,370,258	$ 48,696

NOTE D – CONDUIT FINANCING ACTIVITY

The Authority acts as a conduit by assisting eligible borrowers with access to low interest rate capital markets through the issuance of tax-exempt revenue bonds. The financings are secured by the full faith and credit of the participating institutions, and the Authority has no obligation for the repayment of the bonds beyond the resources provided by the participating institution. As a result, the financing obligations are not recorded in the Authority's financial statements. The borrowers' obligations generally are, but need not be, secured by insurance, a letter of credit or guaranty. At June 30, 2022, the aggregate amount of the Authority's conduit debt obligations outstanding issued on behalf of program participants totaled $3,107,254,958.

The Authority's conduit financing activity for the year ended June 30, 2022 is as follows:

Qualified Private Activity Debt	Debt issued during fiscal year 2022 (third party debt)	Debt outstanding at June 30, 2022 (third party debt)
Solid waste disposal facilities bonds	$ 180,940,000	$ 2,233,843,266
Other exempt facilities bonds		873,411,692
	$ 180,940,000	$ 3,107,254,958

NOTE E – EMPLOYEE RETIREMENT PLAN

Plan Descriptions: All qualified employees are eligible to participate in the Authority's agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The Authority has the following rate plans:

- Miscellaneous Plan Tier 1
- Miscellaneous Plan Tier 2

Benefit provisions under the Plan are established by State statute. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for Tier 2) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous Plan Tier 1		
Hire date	Prior to January 15, 2011	January 15, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.000%	8.000%	8.000%
Required employer contribution rates	29.18%	29.18%	29.18%

	Miscellaneous Plan Tier 2	
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 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	0.5% to 1.25%	0.65% to 1.25%
Required employee contribution rates	0.000%	0.000%
Required employer contribution rates	29.18%	29.18%

NOTE E – EMPLOYEE RETIREMENT PLAN (Continued)

State bargaining unit agreements determine whether a state member is placed in a 2% at 55 or 2% at 60 formula. Legislation known as PEPRA established a new first tier formula, 2% at 62, for all "new state members" on or after January 1, 2013. State members have two options available within the first 180 days of employment from the date they begin contributing to CalPERS: Take no action and remain in first tier miscellaneous retirement formula or elect the second tier retirement formula. Currently no Authority employees are in the second tier miscellaneous retirement formula.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS: 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. The California Pollution Control Financing Authority Bond Program is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, contributions to the Plan were $85,051.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2022, the Bond Program reported net pension liabilities of $615,071 for its proportionate share of the net pension liability of the Plan.

The Bond Program's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, 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, 2020 rolled forward to June 30, 2020 using standard update procedures. The Bond Program's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Bond Program's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

Proportionate share - June 30, 2021	0.000275%
Proportionate share - June 30, 2020	0.000236%
Change - Increase (Decrease)	0.000039%

For the year ended June 30, 2022, the Bond Program recognized a pension credit of $158,985.

NOTE E – EMPLOYEE RETIREMENT PLAN (Continued)

At June 30, 2022, the Bond Program 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	$ 85,051	
Change in assumptions		$ (927)
Differences between actual and expected experience	39,386	
Change in employer's proportion	227,317	(47,965)
Net differences between projected and actual earnings on plan investments		(259,801)
Differences between actual and allocated contributions		(2,383)
Total	$ 351,754	$ (311,076)

The $85,051 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 following fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2023	$ (6,962)
2024	13,595
2025	13,174
2026	(64,180)
	$ (44,373)

NOTE E – EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Assumptions: The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Mortality	Derived using CALPERS' membership data for all funds (1)

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that could be found on the CalPERS website.

Post-retirement benefit increases are based on contract COLA up to 2.50% until Purchasing Power Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% for the June 30, 2021 measurement date. 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 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website.

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. 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 + 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.

NOTE E – EMPLOYEE RETIREMENT PLAN (Continued)

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. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%		(0.92)%
Total	100.0%		

(a) An expected inflation of 2.0% used for this period.
(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Bond Program's proportionate share of the net pension liability, calculated using the discount rate, as well as what the Bond Program's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability	$ 1,036,429	$ 615,071	$ 261,837

Pension Plan Fiduciary Net Position: Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE F – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The State also provides postemployment medical and prescription drug benefits to employees and dependents through CalPERS under the Public Employees' Medical and Hospital Care Act, and dental benefits under the State Employees' Dental Care Act. Benefits are set and may be amended by the State. The OPEB Plan is an agent multiple-employer defined benefit OPEB plan administered by the State. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The State has identified 25 separate valuation groups within the State Plan. For each agency and/or fund, the State Controller's Office (SCO) determined the proportion of pensionable compensation attributable

NOTE F – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

to employees within these valuation groups. SCO then used these proportions to allocate the OPEB accounting elements from the June 30, 2021 State of California Retiree Health Benefits Program Actuarial Valuation Report to State agencies and their funds.

Benefits Provided: In accordance with the California Government Code, the State generally pays 100% of the health insurance premium cost for annuitants, plus 90% of the additional premium required for the enrollment of family members of annuitants. The State generally pays all or a portion of the dental insurance premium cost for annuitants, depending upon the completed years of credited state service at retirement and the dental coverage selected. The maximum 2021 monthly State contribution was $798 for one-party, $1,519 for two-party coverage, and $1,937 for family coverage. To be eligible for these benefits, primary government first-tier plan annuitants must retire on or after age 50 with at least five years of service, and second tier plan annuitants must retire on or after age 55 with at least 10 years of service. In addition, annuitants must retire within 120 days of separation from employment to be eligible to receive these benefits.

Contributions: The design of the postemployment health and dental benefit programs can be amended by the CalPERS Board of Administration and the California Department of Human Resources, respectively. Employer and retiree contributions are governed by the State and may be amended by the Legislature.

The Authority participates in the State's Plan on a cost-sharing basis. The State funds the cost of providing health and dental insurance to annuitants primarily on a pay-as-you-go basis. The State obtains an annual actuarial valuation of the State's Plan which can be found on the SCO's website, at www.sco.ca.gov. Contributions to the State's Plan from the Bond Program were $67,304 for the fiscal year ended June 30, 2022.

Total OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB: At June 30, 2022, the Bond Program reported a liability of $1,706,491 for its proportionate share of the State's Plan net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The Bond Program's proportionate share, based on its attributable employee valuation groups pensionable compensation, as of June 30, 2021 was 0.0033673432%.

For the fiscal year ended June 30, 2022, the Bond Program recognized OPEB expense of $264,600. The SCO's policy is to fully expense each year's proportionate share change adjustment. The Authority followed this policy and fully expensed its proportionate share change adjustment. At June 30, 2022, the Bond Program reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 67,304	
Changes in assumptions	113,957	$ (72,567)
Changes in non-investment experience	199	(221,490)
Changes in investment experience	400	(5,346)
Total	$ 181,860	$ (299,403)

NOTE F – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

The $67,304 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the following fiscal year. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the Bond Program's OPEB expense as follows:

Year Ending June 30	
2023	$ (62,626)
2024	(56,073)
2025	(35,425)
2026	(8,511)
2027	(9,390)
Thereafter	(12,822)
	$ (184,847)

Actuarial Assumptions: For the measurement period ended June 30, 2021 (the measurement date), the total OPEB liability was determined using a June 30, 2021 valuation date. The June 30, 2020 beginning total OPEB liability was determined by rolling back the June 30, 2021 total OPEB liability. The June 30, 2021 total OPEB liability was based on the following actuarial methods and assumptions:

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	Blended rate consisting of 6.00% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 1.92%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Health care cost trend rates	*Pre-Medicare coverage and Post-Medicare coverage* : Actual rates for 2022, increasing to 7.50% in 2023, graded down over a six-year period until a trend rate of 4.50% in 2029, remains at 4.50% for nine years until the ultimate rate of 4.25% is reached in 2038. *Dental coverage* : 0.00% in 2021, 2.00% for 2023, 3.00% for 2024, 4.00% for 2025, and 4.25% for 2026 and beyond.
Mortality Rate Table	Derived using CalPERS' Membership data for all members

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries 90% Scale MP 2016. For more details on this table, refer to the 2017 *CalPERS Experience Study and Review of Actuarial Assumptions* report (Experience Study) for the period from 1997 to 2015. Other demographic assumptions used in the June 30, 2019 valuation were also based on the results of the Experience Study, including updates to termination, disability, mortality assumptions, and retirement rates. The Experience Study report can be obtained from CalPERS' website at www.calpers.ca.gov.

Healthcare related assumptions such as plan participation, aging factors, adjustments for disabled members, and adjustments for children of current retirees and survivors are based on the 2018 experience study performed by Gabriel, Roeder, Smith and Company (GRS) for the period from 2014 to 2018. Other

NOTE F – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

healthcare assumptions such as member healthcare plan selection, coverage and continuance, select and ultimate healthcare cost trend rates, and per capita claim costs and expenses, are based on the most current information available. A copy of the GRS experience study available at www.sco.ca.gov.

Changes in Assumptions: For the actuarial valuation as of June 30, 2021, healthcare related assumptions, including per capita healthcare cost and healthcare trend rates, were updated based on experience through June 30, 2021. The discount rate changed from 6.75% to 6.00% and the inflation rate changed from 2.25% to 2.30% as of June 30, 2022.

Discount Rate: The blended rates used to measure the June 30, 2021 total OPEB liability consist of the 20-year Municipal G.O. Bond AA Index rate of 1.92% as of June 30, 2021, as reported by Fidelity, when prefunding assets are not available to pay benefits, and 6.00% when prefunding assets are available to pay benefits. The cash flow projections used to calculate the blended discount rates were developed assuming that prefunding agreements in which actuarial determined normal costs are shared between employees and the State will continue and that the required contributions will be made on time as scheduled in future years. The prefunding agreements are subject to collective bargaining and legislative approval.

Detailed information on the blended discount rates by valuation group is available in the *State of California Retiree Health Benefits Program GASB Nos. 74 and 75 Actuarial Valuation Report as of June 30, 2019*, on the State Controller's Office website, at www.sco.ca.gov.

The long-term expected rate of return on OPEB plan investments was determined by Gabriel, Roeder, Smith & Company using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. Expected compound (geometric) real returns were calculated over a closed period. Based on separate expected real returns for the short-term (first 10 years) and the long-term (11-40 years), and an average inflation assumption of 2.30%, a single expected nominal return rate of 6.00% was calculated for the combined short-term and long-term periods. If applied to expected cash flows during that period, the resulting present value of benefits is expected to be consistent with the present value of benefits that would be determined by applying the short and long-term expected rates to the same cash flows.

The following table reflects the long-term expected real rate of return by asset class.

Asset Class	Target Asset Allocation	Real Return Years 1 - 10	Real Return Years 11 - 40
Global Equity	59.0%	4.80%	5.98%
Fixed Income	25.0%	1.10%	2.62%
Treasury Inflation-Protected Securities	5.0%	0.25%	1.46%
Real Estate Investment Trusts	8.0%	3.50%	5.00%
Commodities	3.0%	1.50%	2.87%

NOTE F – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total OPEB Liability: The change in net OPEB liability for the plan is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2021	$ 1,487,639	$ 23,722	$ 1,463,917
Changes for the year:			
Service cost	63,446		63,446
Interest on the total OPEB liability	55,023		55,023
Contribution - employer		51,691	(51,691)
Net investment income		8,916	(8,916)
Difference between expected actual experience	(133,043)		(133,043)
Change in assumption	68,210		68,210
Employer prefunding conribution		12,793	(12,793)
Proportionate share allocation	266,676	4,351	262,325
Administrative expense		(13)	13
Benefit payments	(51,691)	(51,691)	
Net changes	268,621	26,047	242,574
Balance at June 30, 2022	$ 1,756,260	$ 49,769	$ 1,706,491

Sensitivity of the Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate: The following presents the Bond Program's proportionate share of the net OPEB liability, as well as what the Bond Program's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

	Blended Discount Rate –1%	Blended Discount Rate	Blended Discount Rate +1%
Total OPEB liability	$ 2,018,829	$ 1,706,491	$ 1,455,466

Sensitivity of the Proportionate Share of the Total OPEB Liability to Changes in Healthcare Costs Trend Rates: The following presents the Bond Program's proportionate share of the net OPEB liability, as well as what the Bond Program's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates –1%	Healthcare Cost Trend Rates	Healthcare Cost Trend Rates +1%
Total OPEB liability	$ 1,429,247	$ 1,706,491	$ 2,065,569

NOTE F – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Plan Fiduciary Net Position: Detailed information about the State's Plan fiduciary net position is available on CalPERS website in an annual report titled "California Employers' Retiree Benefit Trust, Agent Multiple-Employer Other Postemployment Benefits Plan, Schedule of Changes in Fiduciary Net Position by Employer."

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REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.000275%	0.000236%	0.000242%	0.000274%	0.000244%	0.000223%	0.000187%	0.000174%
Proportionate share of the net pension liability	$ 615,071	$ 820,418	$ 816,467	$ 862,067	$ 894,837	$ 739,505	$ 529,717	$ 430,288
Covered payroll - measurement period	$ 398,643	$ 327,155	$ 284,896	$ 323,735	$ 278,600	$ 242,924	$ 218,888	$ 176,801
Proportionate share of the net pension liability as a percentage of covered payroll	154.29%	250.77%	286.58%	266.29%	321.19%	304.42%	242.00%	243.37%
Plan fiduciary net position as a percentage of the total pension liability	82.39%	71.51%	71.30%	71.80%	66.42%	66.81%	70.68%	66.48%

Notes to Schedule:
Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes effective after June 30, 2014 as they have minimal cost impact.

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and to 7.15% in 2017 and remained 7.15% in 2018, 2019, 2020 and 2021.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	2022	2021	2020	2019	2018	2017	2015	2014
Contractually required contribution (actuarially determined)	$ 85,051	$ 104,543	$ 99,003	$ 91,764	$ 95,593	$ 83,306	$ 62,851	$ 48,440
Contributions in relation to the actuarially determined contributions	(85,051)	(104,543)	(99,003)	(91,764)	(95,593)	(83,306)	(62,851)	(48,440)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - fiscal year	$ 278,924	$ 398,643	$ 327,155	$ 284,896	$ 323,735	$ 278,600	$ 242,924	$ 218,888
Contributions as a percentage of covered - employee payroll	30.49%	26.22%	30.26%	32.21%	29.53%	29.90%	25.87%	22.13%
Notes to Schedule:								
Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:								
Acturial cost method	Entry age normal							
Amortization method	Level percentage of payroll, closed							
Remaining amortization period	Varies, not more than 30 years							
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.50%	2.50%	2.625%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service							
Payroll growth	2.750%	2.750%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.15% (1)	7.15% (1)	7.25% (1)	7.375% (1)	7.50% (1)	7.50% (1)	7.50% (1)	7.50% (1)

Notes to Schedule:
(1) Net of administrative expenses, includes inflation.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF THE CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
Last 10 Years

Measurement Period	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 63,446	$ 50,407	$ 42,190	$ 54,314	$ 56,762
Interest	55,023	52,890	47,523	60,606	48,443
Difference in PayGo contributions				2,272	
Differences between expected and actual experience	(133,043)	(35,809)	(14,377)	(125,778)	
Changes of assumptions	68,210	21,269	37,960	(54,407)	(149,244)
Proportionate share allocation	266,676	175,196	(247,932)	165,749	
Benefit payments	(51,691)	(41,586)	(35,182)	(39,244)	(29,523)
Net change in total OPEB liability	268,621	222,367	(169,818)	63,512	(73,562)
Total OPEB liability - beginning	1,487,639	1,265,272	1,435,090	1,371,578	1,445,140
Total OPEB liability - ending (a)	$ 1,756,260	$ 1,487,639	$ 1,265,272	$ 1,435,090	$ 1,371,578
Plan fiduciary net position:					
Contributions - employer	$ 51,691	$ 41,586	$ 35,182	$ 39,244	$ 29,523
Net investment income	8,916	466	305		
Employer prefunding contribution	12,793	7,887	2,667		
Active member contribution		7,887	2,667		
Administrative expenses	(13)	(6)	(1)		
Proportionate share allocation	4,351	1,850			
Benefit payments	(51,691)	(41,586)	(35,182)	(39,244)	(29,523)
Net change in plan fiduciary net position	26,047	18,084	5,638	-	-
Plan fiduciary net position - beginning	23,722	5,638			
Plan fiduciary net position - ending (b)	$ 49,769	$ 23,722	$ 5,638	$ -	$ -
Net OPEB liability - ending (a)-(b)	$ 1,706,491	$ 1,463,917	$ 1,259,634	$ 1,435,090	$ 1,371,578
Plan fiduciary net position as a percentage of the total OPEB liability	2.83%	1.59%	0.45%	0.00%	0.00%
Covered-employee payroll - measurement period	$ 398,643	$ 327,155	$ 284,896	$ 323,735	$ 278,600
Net OPEB liability as percentage of covered-employee payroll	428.07%	447.47%	442.14%	443.29%	492.31%
Notes to schedule:					
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Measurement period - fiscal year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Change of benefit terms - For the measurement date ended June 30, 2020, there were no changes to the benefit terms.

Change in assumptions - For the measurement period ended June 30, 2021, healthcare-related assumptions were updated based on experience through June 30, 2021.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)
Last 10 Years

Measurement Period	2022	2021	2020	2019	2018
Contractually required contribution	$ 51,691	$ 41,586	$ 35,182	$ 39,244	$ 29,523
Contributions in relation to the contractually required contributions	(51,691)	(41,586)	(35,182)	(39,244)	(29,523)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll - fiscal year	$ 278,924	$ 398,643	$ 327,155	$ 284,896	$ 323,735
Contributions as a percentage of covered payroll	18.53%	10.43%	10.75%	13.77%	9.12%

Notes to Schedule:

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Measurement period - fiscal year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SUPPLEMENTARY INFORMATION

Outstanding Bond Report

AS OF 6/30/2022

Year	Authority	Closing Date	Pgm Type	Bond Name	Final Maturity	Comments	Principal Issued	Principal Paid	Outstanding Debt	Outstanding Bond
19962	CPCFA	12/13/1996	LB	SO CAL WATER 1996A	12/01/2026	BULLET MATURITY 12/01/26	$ 8,000,000	$ 270,000	$ 7,730,000	$ 7,730,000
19972	CPCFA	09/30/1997	LB	AIR P/CHEM 1997B (TX)	03/01/2042	TE CONVERSION FROM 04/03/08	$ 25,000,000	$ 0	$ 25,000,000	$ 25,000,000
20011	CPCFA	03/16/2001	LB	EXXONMOBIL SERIES 2001 (R)	12/01/2029	OPT RED BEGINS	$ 13,995,000	$ 0	$ 13,995,000	$ 13,995,000
20012	CPCFA	07/17/2001	LB	WASTE MANAGEMENT, INC. SERIES 2001A	07/01/2031	OPT RED BEGINS 07/01/02	$ 19,000,000	$ 0	$ 19,000,000	$ 19,000,000
20022	CPCFA	11/06/2002	SB	T & W FARMS SERIES 2002	11/01/2027	OPT RED BEGINS 11/01/03	$ 3,200,000	$ 260,000	$ 2,940,000	$ 2,940,000
20022	CPCFA	11/07/2002	SB	BIDART DAIRY SERIES 2002	11/01/2027	BULLET MATURITY 11/01/27	$ 6,000,000	$ 0	$ 6,000,000	$ 6,000,000
20022	CPCFA	12/18/2002	LB	WASTE MANAGEMENT, INC. SERIES 2002C	12/01/2027	OPT RED BEGINS 11/30/07	$ 15,000,000	$ 0	$ 15,000,000	$ 15,000,000
20031	CPCFA	05/09/2003	SB	VANDERHAM TRUST- L&J DAIRY FKA K&S DAIRY 2003	05/01/2028	BULLET MATURITY 05/01/28	$ 2,000,000	$ 0	$ 2,000,000	$ 2,000,000
20031	CPCFA	05/23/2003	SB	JOHN B. AND ANN M. VERWEY SERIES 2003	05/01/2028	OPT RED BEGINS	$ 3,400,000	$ 0	$ 3,400,000	$ 3,400,000
20031	CPCFA	05/30/2003	SB	P&D DAIRY SERIES 2003A	05/01/2028	OPT RED BEGINS 05/01/18	$ 3,000,000	$ 0	$ 3,000,000	$ 3,000,000
20032	CPCFA	11/06/2003	SB	JDS RANCH SERIES 2003	11/01/2028	BULLET MATURITY 11/01/28	$ 2,350,000	$ 0	$ 2,350,000	$ 2,350,000
20032	CPCFA	11/20/2003	LB	WASTE MANAGEMENT, INC. SERIES 2003	11/01/2038	BULLET MATURITY 11/01/38	$ 35,700,000	$ 0	$ 35,700,000	$ 35,700,000

Outstanding Bond Report

AS OF 6/30/2022

Year	Authority	Closing Date	Pgm Type	Bond Name	Final Maturity	Comments	Principal Issued	Principal Paid	Outstanding Debt	Outstanding Bond
20032	CPCFA	12/18/2003	SB	GEORGE BORBA & SON DAIRY SERIES 2003A	12/02/2028	BULLET MATURITY 12/01/28	$ 3,800,000	$ 0	$ 3,800,000	$ 3,800,000
20041	CPCFA	05/19/2004	SB	AG RESOURCES III, LLC SERIES 2004	05/01/2034	OPT RED BEGINS 05/01/10	$ 8,350,000	$ 2,030,000	$ 6,320,000	$ 6,320,000
20041	CPCFA	06/10/2004	SB	A&M FARMS SERIES 2004	06/01/2029	OPT RED BEGINS 06/01/15	$ 2,000,000	$ 800,000	$ 1,200,000	$ 1,200,000
20041	CPCFA	06/15/2004	SB	VANDERHAM TRUST-J&D WILSON & SONS 2004	06/01/2029	BULLET MATURITY 06/01/29	$ 2,500,000	$ 0	$ 2,500,000	$ 2,500,000
20061	CPCFA	06/02/2006	LB	DESERT PROPERTIES SERIES 2006B	06/01/2036	OPT RED BEGINS 06/01/12	$ 6,730,000	$ 3,870,000	$ 2,860,000	$ 2,860,000
20072	CPCFA	12/12/2007	LB	EDCO DISPOSAL CORP. SERIES 2007A	10/01/2037	OPT RED BEGINS 10/01/08	$ 31,960,000	$ 25,820,000	$ 6,140,000	$ 6,140,000
20102	CPCFA	08/02/2010	LB	REPUBLIC SERVICES, INC. SERIES 2010A(R)	08/01/2023	MAN RED BEGINS 11/01/10	$ 144,205,000	$ 0	$ 144,205,000	$ 144,205,000
20102	CPCFA	08/02/2010	LB	REPUBLIC SERVICES, INC. SERIES 2010B(R)	08/01/2024	MAN RED BEGINS 11/01/10	$ 20,655,000	$ 0	$ 20,655,000	$ 20,655,000
20102	CPCFA	11/23/2010	LB	HILMAR CHEESE COMPANY INC. SERIES 2010A	11/01/2034	MAN RED BEGINS 08/05/13	$ 9,695,000	$ 0	$ 9,695,000	$ 9,695,000
20102	CPCFA	12/22/2010	SB	BIG BEAR DISPOSAL INC. PROJECT SERIES 2010	12/01/2040	MAN RED BEGINS 06/30/11	$ 4,850,000	$ 3,110,000	$ 1,740,000	$ 1,740,000
20122	CPCFA	12/24/2012	SB	POSEIDON RESOURCES LP SERIES 2012	11/21/2045	MAN RED BEGINS 07/01/20	$ 530,345,000	$ 4,095,000	$ 526,250,000	$ 526,250,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES A-1(R)(N)	04/01/2044	OPT RED BEGINS 11/01/14	$ 54,190,000	$ 12,650,000	$ 41,540,000	$ 41,540,000

Outstanding Bond Report

AS OF 6/30/2022

Year	Authority	Closing Date	Pgm Type	Bond Name	Final Maturity	Comments	Principal Issued	Principal Paid	Outstanding Debt	Outstanding Bond
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES A-2(R)(N)	04/01/2044	OPT RED BEGINS 11/01/14	$ 22,000,000	$ 0	$ 22,000,000	$ 22,000,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES B-1(R)(N)	04/01/2044	OPT RED BEGINS 11/01/14	$ 19,705,000	$ 4,600,000	$ 15,105,000	$ 15,105,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES B-2(R)(N)	04/01/2044	OPT RED BEGINS 11/01/14	$ 8,000,000	$ 0	$ 8,000,000	$ 8,000,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES C-1(R)(N)	04/01/2044	OPT RED BEGINS 11/01/14	$ 24,630,000	$ 5,750,000	$ 18,880,000	$ 18,880,000
20141	CPCFA	04/02/2014	LB	ATHENS SERVICE PROJECT 2014 SERIES C-2(R)(N)	04/01/2044	OPT RED BEGINS 11/01/14	$ 10,000,000	$ 0	$ 10,000,000	$ 10,000,000
20142	CPCFA	09/25/2014	LB	SIERRA PACIFIC INDUSTRIES SERIES 2014	09/01/2044	OPT RED BEGINS 06/01/14	$ 30,000,000	$ 0	$ 30,000,000	$ 30,000,000
20142	CPCFA	11/25/2014	SB	SACRAMENTO BIOSOLIDS SERIES 2014A(R)(N)	12/01/2024	OPT RED BEGINS 12/01/15	$ 13,730,000	$ 9,723,308	$ 4,006,692	$ 4,006,692
20151	CPCFA	02/04/2015	SB	BLUE LINE TRANSFER, INC. SERIES 2015(R)(N)	10/01/2034	OPT RED BEGINS 09/02/15	$ 22,720,000	$ 4,194,000	$ 18,526,000	$ 18,526,000
20152	CPCFA	07/01/2015	LB	WASTE MANAGEMENT, INC SERIES 2015A-1(R)(N)	07/01/2025	OPT RED BEGINS 01/01/16	$ 84,430,000	$ 0	$ 84,430,000	$ 84,430,000
20152	CPCFA	07/01/2015	LB	WASTE MANAGEMENT, INC SERIES 2015A-2(R)(N)	07/01/2027	OPT RED BEGINS 01/01/16	$ 28,000,000	$ 0	$ 28,000,000	$ 28,000,000
20152	CPCFA	07/01/2015	LB	WASTE MANAGEMENT, INC SERIES 2015A-3(R)(N)	07/01/2040	OPT RED BEGINS 01/01/16	$ 28,000,000	$ 0	$ 28,000,000	$ 28,000,000
20152	CPCFA	11/10/2015	LB	WASTE MANAGEMENT, INC SERIES 2015B-1(R)(N)	11/01/2025		$ 76,225,000	$ 0	$ 76,225,000	$ 76,225,000
20152	CPCFA	11/10/2015	LB	WASTE MANAGEMENT, INC. SERIES 2015B-2(R)(N)	11/02/2025	OPT RED BEGINS 05/01/16	$ 49,775,000	$ 0	$ 49,775,000	$ 49,775,000

Outstanding Bond Report

AS OF 6/30/2022

Year	Authority	Closing Date	Pgm Type	Bond Name	Final Maturity	Comments	Principal Issued	Principal Paid	Outstanding Debt	Outstanding Bond
20161	CPCFA	01/27/2016	SB	AEMERGE REDPAK SERVICES S. CA LLC 2016	12/01/2027	OPT RED BEGINS 12/01/23	$ 28,250,000	$ 1,825,000	$ 26,425,000	$ 26,425,000
20161	CPCFA	04/29/2016	SB	TRI-CITY ECONOMIC DEVELOP CORP 2016 (R)(N)	05/01/2026		$ 5,250,000	$ 2,955,599	$ 2,294,401	$ 2,294,401
20161	CPCFA	05/04/2016	SB	MOTTRA CORP SERIES 2016	05/01/2036	MAN RED BEGINS 05/01/36	$ 8,250,000	$ 0	$ 8,250,000	$ 8,250,000
20161	CPCFA	06/01/2016	LB	CR&R INC. SERIES 2016 (R) (N)	06/01/2046	MAN RED BEGINS 06/01/46	$ 61,360,000	$ 19,600,000	$ 41,760,000	$ 41,760,000
20162	CPCFA	08/03/2016	SB	MID VALLEY DISPOSAL SERIES 2016 (R) (N)	12/01/2046	OPT RED BEGINS 07/01/20	$ 15,690,000	$ 0	$ 15,690,000	$ 15,690,000
20162	CPCFA	09/07/2016	SB	PENA'S DISPOSAL, INC. SERIES 2016 (R) (N)	02/01/2046	OPT RED BEGINS 04/03/17	$ 4,800,000	$ 820,000	$ 3,980,000	$ 3,980,000
20162	CPCFA	10/05/2016	SB	BLT ENTERPRISES OF FREMONT LLC 2016(R)	10/01/2046	OPT RED BEGINS 05/01/17	$ 23,765,000	$ 4,488,944	$ 19,276,056	$ 19,276,055
20162	CPCFA	10/05/2016	LB	EDCO REFUSE SERVICES, INC. SERIES 2016 (R) (N)	10/01/2046	OPT RED BEGINS 04/01/17	$ 65,000,000	$ 0	$ 65,000,000	$ 65,000,000
20162	CPCFA	12/20/2016	SB	SAN JOSE WATER COMPANY SERIES 2016	11/01/2046	OPT RED BEGINS 11/01/26	$ 70,000,000	$ 0	$ 70,000,000	$ 70,000,000
20171	CPCFA	06/14/2017	SB	CALPLANT I PROJECT SERIES 2017 (AMT)	07/01/2039	MAN RED BEGINS 01/01/21	$ 228,165,000	$ 0	$ 228,165,000	$ 228,165,000
20172	CPCFA	07/05/2017	SB	ZEREP MANAGEMENT CORP SERIES 2017 (R)	10/01/2044	OPT RED BEGINS 12/01/17	$ 21,695,000	$ 4,800,000	$ 16,895,000	$ 16,895,000
20172	CPCFA	07/05/2017	SB	ZEREP MANAGEMENT CORP SERIES 2017 (R)	10/01/2044	OPT RED BEGINS 12/01/17	$ 11,230,000	$ 3,900,000	$ 7,330,000	$ 7,330,000

Outstanding Bond Report

AS OF 6/30/2022

Year	Authority	Closing Date	Pgm Type	Bond Name	Final Maturity	Comments	Principal Issued	Principal Paid	Outstanding Debt	Outstanding Bond
20172	CPCFA	08/02/2017	SB	BEST WAY DISPOSAL CO., INC. SERIES 2017 (R)(N)	08/01/2037	OPT RED BEGINS 03/01/18	$ 21,430,000	$ 1,620,000	$ 19,810,000	$ 19,810,000
20172	CPCFA	08/23/2017	SB	AEMERGE REDPAK SERVICES S.CA, LLC 2017	12/01/2027	MAN RED BEGINS 12/01/17	$ 12,350,000	$ 0	$ 12,350,000	$ 12,350,000
20172	CPCFA	11/01/2017	SB	CAGLIA ENVIRONMENTAL LLC SERIES 2017 (R)(N)	11/01/2047	OPT RED BEGINS 06/01/18	$ 9,655,000	$ 0	$ 9,655,000	$ 9,655,000
20172	CPCFA	11/01/2017	SB	GARDEN CITY SANITATION, INC. SERIES 2017 (R)(N)	11/01/2047	REDEEMED 08/01/22	$ 60,000,000	$ 24,680,000	$ 35,320,000	$ 35,320,000
20172	CPCFA	11/21/2017	LB	REPUBLIC SERIVICES, INC. SERIES 2017	11/01/2042	OPT RED BEGINS 01/15/28	$ 100,000,000	$ 0	$ 100,000,000	$ 100,000,000
20172	CPCFA	12/14/2017	SB	ABEC #2 LLC SERIES 2017B	12/01/2037	OPT RED BEGINS 07/02/18	$ 1,929,000	$ 689,000	$ 1,240,000	$ 1,240,000
20172	CPCFA	12/14/2017	SB	ABEC #3 LLC SERIES 2017A	12/01/2028	OPT RED BEGINS 07/02/18	$ 1,373,000	$ 503,000	$ 870,000	$ 870,000
20172	CPCFA	12/14/2017	SB	ABEC #4 LLC SERIES 2017C	04/01/2028	OPT RED BEGINS 07/02/18	$ 2,843,000	$ 978,000	$ 1,865,000	$ 1,865,000
20172	CPCFA	12/20/2017	SB	MOTTRA CORPORATION SERIES 2017	12/10/2037	OPT RED BEGINS 08/01/18	$ 6,125,000	$ 0	$ 6,125,000	$ 6,125,000
20172	CPCFA	12/22/2017	SB	SONOMA CO RESOURCE RECOVERY, LLC 2017	12/01/2037	OPT RED BEGINS 07/02/18	$ 7,000,000	$ 2,800,000	$ 4,200,000	$ 4,200,000
20172	CPCFA	12/27/2017	SB	CA WASTE RECOVERY SYSTEMS, LLC 2017(R)(N)	05/25/2039	OPT RED BEGINS 08/01/18	$ 17,265,000	$ 2,060,000	$ 15,205,000	$ 15,205,000
20172	CPCFA	12/29/2017	LB	ZERO WASTE ENERGY @ DAVIS ST SERIES 2017	12/01/2039	OPT RED BEGINS 07/02/18	$ 31,030,000	$ 0	$ 31,030,000	$ 31,030,000
20182	CPCFA	07/05/2018	SB	METROPOLITAN RECYCLING, LLC 2018 (R)	07/01/2018	OPT RED BEGINS 01/05/19	$ 14,615,000	$ 5,411,855	$ 9,203,145	$ 9,203,145

Outstanding Bond Report

AS OF 6/30/2022

Year	Authority	Closing Date	Pgm Type	Bond Name	Final Maturity	Comments	Principal Issued	Principal Paid	Outstanding Debt	Outstanding Bond
20182	CPCFA	09/06/2018	LB	RECOLOGY, INC. SERIES 2018	09/01/2038	OPT RED BEGINS 09/01/23	$ 100,000,000	$ 0	$ 100,000,000	$ 100,000,000
20182	CPCFA	10/03/2018	SB	ATLAS DISPOSAL INDUSTRIES, LLC SERIES	12/01/2047	REFUNDED 08/17/22	$ 9,470,000	$ 0	$ 9,470,000	$ 9,470,000
20191	CPCFA	01/30/2019	SB	RIALTO BIOENERGY FACILITY LLC SERIES 2019	12/01/2040	OPT RED BEGINS 12/01/21	$ 117,200,000	$ 3,875,000	$ 113,325,000	$ 113,325,000
20191	CPCFA	02/20/2019	SB	SDCWA DESALINATION PIPELINE SERIES 2019 (R)	07/01/2039	OPT RED BEGINS 01/01/29	$ 183,155,000	$ 1,420,000	$ 181,735,000	$ 181,735,000
20191	CPCFA	06/03/2019	SB	ALAMEDA COUNTY INDUSTRIES, INC. 2019 (R)	06/01/2039	OPT RED BEGINS 01/01/20	$ 54,075,000	$ 0	$ 54,075,000	$ 54,075,000
20192	CPCFA	08/07/2019	SB	CALPLANT I, LLC SERIES 2019	12/01/2039	MAN RED BEGINS 01/01/19	$ 73,685,000	$ 0	$ 73,685,000	$ 73,685,000
20192	CPCFA	12/31/2019	SB	NORTH FORK COMMUNITY POWER, LLC 2019A(TE)	06/01/2039	MAN RED BEGINS 12/01/22	$ 10,430,000	$ 0	$ 10,430,000	$ 10,430,000
20192	CPCFA	12/31/2019	SB	NORTH FORK COMMUNITY POWER, LLC 2019B(TX)	06/01/2024	MAN RED BEGINS 12/01/22	$ 4,690,000	$ 0	$ 4,690,000	$ 4,690,000
20202	CPCFA	08/18/2020	LB	AMERICAN WATER CAPITAL CORP. SERIES 2020 (R)	08/01/2040	OPT RED BEGINS 07/01/23	$ 35,000,000	$ 0	$ 35,000,000	$ 35,000,000
20202	CPCFA	10/13/2020	SB	CALPLANT I, LLC SERIES 2020	07/01/2032	MAN RED BEGINS 07/01/23	$ 42,000,000	$ 0	$ 42,000,000	$ 42,000,000
20202	CPCFA	11/10/2020	LB	MISSION ROCK UTILITIES, INC. SERIES 2020 (FED TX)	11/01/2023	REDEEMED 07/13/22	$ 25,000,000	$ 0	$ 25,000,000	$ 25,000,000
20202	CPCFA	11/19/2020	SB	BLUE LINE TRANSFER, INC. SERIES 2020	11/01/2045	OPT RED BEGINS 12/01/24	$ 8,000,000	$ 0	$ 8,000,000	$ 8,000,000
20202	CPCFA	12/02/2020	SB	MISSION TRAIL WASTE SYSTEMS, INC. SERIES	12/01/2045	OPT RED BEGINS 06/02/21	$ 25,000,000	$ 0	$ 25,000,000	$ 25,000,000

Outstanding Bond Report

AS OF 6/30/2022

Year	Authority	Closing Date	Pgm Type	Bond Name	Final Maturity	Comments	Principal Issued	Principal Paid	Outstanding Debt	Outstanding Bond
20202	CPCFA	12/09/2020	SB	GARDEN CITY SANITATION, INC. SERIES 2020	12/01/2045	REDEEMED 08/01/22	$ 42,500,000	$ 6,041,335	$ 36,458,665	$ 36,458,665
20202	CPCFA	12/15/2020	SB	CAL WASTE SOLUTIONS, INC. SERIES 2020 (N)(R)	12/01/2050	OPT RED BEGINS 01/02/26	$ 85,000,000	$ 6,750,000	$ 78,250,000	$ 78,250,000
20211	CPCFA	05/03/2021	SB	GARAVENTA ENTERPRISES, INC. 2021 (N)(R)	05/01/2051	OPT RED BEGINS 12/01/21	$ 55,205,000	$ 0	$ 55,205,000	$ 55,205,000
20211	CPCFA	05/12/2021	SB	AMADOR VALLEY INDUSTRIES, LLC 2021 (N)	05/01/2033	OPT RED BEGINS 12/01/21	$ 13,085,000	$ 0	$ 13,085,000	$ 13,085,000
20211	CPCFA	06/30/2021	SB	SOCAL BIOMETHANE, LLC SERIES 2021	06/01/2041	OPT RED BEGINS 08/05/21	$ 13,000,000	$ 0	$ 13,000,000	$ 13,000,000
20212	CPCFA	07/01/2021	SB	NAPA RECYCLING & WASTE SERVICES LLC 2021 (N)(R)	07/01/2051	OPT RED BEGINS 02/02/22	$ 59,020,000	$ 0	$ 59,020,000	$ 59,020,000
20212	CPCFA	07/22/2021	SB	BAY COUNTIES WASTE SERVICE, INC. 2021 (N)(R)	07/01/2021	OPT RED BEGINS 02/02/22	$ 21,920,000	$ 0	$ 21,920,000	$ 21,920,000
20221	CPCFA	05/04/2022	LB	ATHENS SERVICES PROJECT 2022 SERIES A	05/01/2046	OPT RED BEGINS 12/01/22	$ 100,000,000	$ 0	$ 100,000,000	$ 100,000,000
						Total:	**$3,279,645,000**	**$ 172,390,042**	**$ 3,107,254,958**	**$ 3,107,254,958**

COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S 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*

To the Board Members
California Pollution Control Financing 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 Bond Program of the California Pollution Control Financing Authority (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 29, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program's internal control over financial reporting (internal control) as a basis for designing 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 the Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.

Board Members
California Pollution Control Financing Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond Program'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 financial statements. 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.

Richardson & Company, LLP

June 29, 2023