

**CALIFORNIA ALTERNATIVE
ENERGY AND ADVANCED
TRANSPORTATION
FINANCING AUTHORITY
BOND PROGRAM**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
JUNE 30, 2023 AND 2022**

**CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
TRANSPORTATION FINANCING AUTHORITY
BOND PROGRAM**

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INDEPENDENT AUDITOR'S REPORT

**Members of the Board
California Alternative Energy and
Advanced Transportation Financing Authority**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bond Program of the California Alternative Energy and Advanced Transportation Financing Authority (the Authority or CAEATFA), as of and for the years ended June 30, 2023 and 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 Authority's Bond Program, as of June 30, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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's Bond Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the Authority's Bond Program, and do not purport to, and do not, present fairly the financial position of the Authority nor the State of California, as of June 30, 2023 and 2022, the changes in its financial position, or its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's Bond Program'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.

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 on pages 4–8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's Bond Program's basic financial statements. The accompanying schedule of bonds, authorized, issued and outstanding is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of bonds, authorized, issued and outstanding is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of the Authority's Bond Program'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 Bond Program'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 Bond Program's internal control over financial reporting and compliance.



GILBERT CPAs
Sacramento, California

June 4, 2024

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY BOND PROGRAM

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

This section of the financial statements of the California Alternative Energy and Advanced Transportation Financing Authority's (CAEATFA or the Authority) Bond Program presents the analysis of the financial performance of the Authority's Bond Program during the fiscal years that ended on June 30, 2023, and 2022. Please read it in conjunction with the financial statements that follow this section.

GENERAL BACKGROUND, OVERVIEW AND PROGRAMS

CAEATFA, a public instrumentality, was created in 1980 to assist specified entities by providing credit enhancements, access to low-cost financing through private activity tax-exempt bonds, loans, and other forms of financial assistance.

CAEATFA provides financial assistance for facilities that manufacture alternative energy products, components or systems or use alternative energy sources and technologies. CAEATFA also provides financial assistance for facilities needed to develop and commercialize advanced transportation technologies that conserve energy, reduce air pollution, and promote economic development and jobs.

The Authority, in conjunction with other State agencies, including, but not limited to, the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC), from time to time develops new and innovative programs.

Conduit Financing Activity

During the fiscal years ended June 30, 2023, and 2022, the Authority did not issue any tax exempt bonds. As of June 30, 2023, the Authority's total conduit debt issued was approximately \$212 million and total conduit debt outstanding was approximately \$2.47 million. As of June 30, 2022, the Authority's total conduit debt issued was approximately \$212 million and total conduit debt outstanding was approximately \$3.28 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the Authority's Bond Program include the Independent Auditors' Report, Management Discussion & 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.

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BOND PROGRAM**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

The *Statements of Net Position* include all of the assets and liabilities of the Authority's Bond Program for the years ended June 30, 2023, 2022, and 2021 and provide 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 Bond Program and assessing the liquidity and financial flexibility of the Authority's Bond Program (see Table 1).

Table 1			
Statements of Net Position			
	<u>2021</u>	<u>2022</u>	<u>2023</u>
<i>Assets</i>			
Current Assets	\$ 1	\$ 595	\$ 2,014
Total Assets	<u>\$ 1</u>	<u>\$ 595</u>	<u>\$ 2,014</u>
<i>Liabilities</i>			
Current Liabilities	\$ 498,198	\$ 534,766	\$ 561,054
Total Liabilities	<u>498,198</u>	<u>534,766</u>	<u>561,054</u>
Net Position	<u>(498,197)</u>	<u>(534,171)</u>	<u>(559,040)</u>
Total Net Position	<u>(498,197)</u>	<u>(534,171)</u>	<u>(559,040)</u>
Total Liabilities and Net Position	<u>\$ 1</u>	<u>\$ 595</u>	<u>\$ 2,014</u>

**CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
TRANSPORTATION FINANCING AUTHORITY
BOND PROGRAM**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

The *Statements of Revenues, Expenses, and Changes in Net Position* accounts for all of the revenue and expenses of the Authority’s Bond Program for the years ended June 30, 2023, 2022, and 2021. These statements reflect 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 (see Table 2).

Table 2			
Statements of Revenues, Expenses, and Changes in Net Position			
	<u>2021</u>	<u>2022</u>	<u>2023</u>
<i>Operating Revenues</i>			
Annual Fees	\$ 2,168	\$ 2,168	\$ 2,168
Total Operating Revenues	<u>2,168</u>	<u>2,168</u>	<u>2,168</u>
<i>Operating Expenses</i>			
Operating Expenses	<u>34,857</u>	<u>38,144</u>	<u>27,060</u>
Total Operating Expenses	<u>34,857</u>	<u>38,144</u>	<u>27,060</u>
Operating Loss	(32,689)	(35,976)	(24,892)
<i>Non-Operating Revenues</i>			
Interest Income	<u>8</u>	<u>2</u>	<u>23</u>
Change in Net Position	(32,681)	(35,974)	(24,869)
Net Position – Beginning	<u>(465,516)</u>	<u>(498,197)</u>	<u>(534,171)</u>
Net Position – Ending	<u>\$ (498,197)</u>	<u>\$ (534,171)</u>	<u>\$ (559,040)</u>

The *Statements of Cash Flows* provide information about the Authority’s Bond Program’s cash receipts and cash payments during the year ended June 30, 2023, and 2022. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, noncapital financing and investment activities. The statements provide answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting period covered.

The accompanying *Notes to 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*. This supplementary information section contains the detail of conduit bonds issued and conduit bonds outstanding as of June 30, 2023, and 2022.

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**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

ANALYSIS OF FISCAL YEAR 2022/2023 ACTIVITIES

Applications received in FY 2022/2023 - None

Initial Resolutions (IR) Adopted in FY 2022/2023 - None

Final Resolutions (FR) Adopted in FY 2022/2023 - None

Bonds Sold in FY 2022/2023 - None

ANALYSIS OF FISCAL YEAR 2021/2022 ACTIVITIES

Applications received in FY 2021/2022 - None

Initial Resolutions (IR) Adopted in FY 2021/2022 - None

Final Resolutions (FR) Adopted in FY 2021/2022 - None

Bonds Sold in FY 2021/2022 - None

ANALYSIS OF CHANGE IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

As of June 30, 2023, the Bond Program of CAEATFA has a deficit in net position of \$559,040.

During the year ended June 30, 2023, the net position of the Authority's Bond Program decreased by \$24,869 from the previous fiscal year. The Authority's Bond Program had \$2,191 in revenues during the fiscal year while its operating expenses were \$27,060. The total operating costs allocated by the Authority to the Bond Program remain at less than 1% in 2023. CAEATFA's total operating expenses have decreased, including costs attributable to the Bond Program.

ANALYSIS OF CHANGE IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2022

As of June 30, 2022, the Bond Program of CAEATFA has a deficit in net position of \$534,171.

During the year ended June 30, 2022, the net position of the Authority's Bond Program decreased by \$35,974 from the previous fiscal year. The Authority's Bond Program had \$2,170 in revenues during the fiscal year while its operating expenses were \$38,144. The total operating costs allocated by the Authority to the Bond Program remain at less than 1% in 2022. CAEATFA's total operating expenses have increased, however, allocation adjustments reduced costs attributable to the Bond Program.

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**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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 Alternative Energy and Advanced Transportation Financing Authority, 915 Capitol Mall, Sacramento, California 95814.

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**STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,000	\$ 594
Due from other funds	<u>14</u>	<u>1</u>
TOTAL ASSETS	<u>\$ 2,014</u>	<u>\$ 595</u>
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Due to other funds	\$ 335,105	\$ 308,611
Accounts payable	1,074	1,280
Due to CPCFA	<u>224,875</u>	<u>224,875</u>
Total current liabilities	<u>561,054</u>	<u>534,766</u>
 DEFICIT NET POSITION:		
Restricted for purposes specified in enabling legislations	<u>(559,040)</u>	<u>(534,171)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,014</u>	<u>\$ 595</u>

**CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
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**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUE:		
Annual fees	\$ 2,168	\$ 2,168
Total operating revenues	<u>2,168</u>	<u>2,168</u>
OPERATING EXPENSES:		
Professional fees	13,648	14,077
Salaries, wages, and benefits	12,379	22,453
Services and supplies	169	261
Other operating expenses	<u>864</u>	<u>1,353</u>
Total operating expenses	<u>27,060</u>	<u>38,144</u>
OPERATING LOSS	<u>(24,892)</u>	<u>(35,976)</u>
NON-OPERATING REVENUE:		
Interest income	<u>23</u>	<u>2</u>
DECREASE IN NET POSITION	(24,869)	(35,974)
DEFICIT NET POSITION, Beginning of year	<u>(534,171)</u>	<u>(498,197)</u>
DEFICIT NET POSITION, End of year	<u>\$ (559,040)</u>	<u>\$ (534,171)</u>

**CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
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**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipt of annual fees	\$ 2,168	\$ 2,168
Payments to employees and suppliers	<u>(772)</u>	<u>(1,576)</u>
Net cash received by operating activities	<u>1,396</u>	<u>592</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>10</u>	<u>2</u>
Net cash provided by investing activities	<u>10</u>	<u>2</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>594</u>	<u> </u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,000</u>	<u>\$ 594</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH RECEIVED BY OPERATING ACTIVITIES:		
Operating loss	\$ (24,892)	\$ (35,976)
Adjustments to reconcile operating loss to net cash received by operating activities:		
Changes in:		
Due to other funds	26,494	47,887
Accounts payable	<u>(206)</u>	<u>(11,319)</u>
Net cash received by operating activities	<u>\$ 1,396</u>	<u>\$ 592</u>

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY BOND PROGRAM

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL OPERATIONS

The California Alternative Energy and Advanced Transportation Financing Authority (the Authority or CAEATFA), a public instrumentality, was created in 1980 to assist specified entities by providing credit enhancements, access to low-cost financing through private activity tax-exempt bonds, loans, and other forms of financial assistance.

CAEATFA provides financial assistance for facilities that manufacture alternative energy products, components or systems or use alternative energy sources and technologies. CAEATFA also provides financial assistance for facilities needed to develop and commercialize advanced transportation technologies that conserve energy, reduce air pollution, and promote economic development and jobs.

The Authority's 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. Then, the Authority allocates its portion of such expenses to its different programs along with any direct costs associated with each program. Thus, the accompanying financial statements of the Authority's Bond Program are not indicative of the Authority's financial position or net position as a whole.

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

B. REPORTING ENTITY

These financial statements present information on the financial activities of the Bond Program of the California Alternative Energy and Advanced Transportation Financing Authority, State of California. The financial information is included in the State of California's Annual Comprehensive Financial Report as a component unit and presented as a Business-Type Activity. The California State Treasurer by legislation serves as the Chairperson and is responsible for the oversight of the Authority's Bond Program.

C. BASIS OF PRESENTATION

The accompanying financial statements are presented on the accrual basis of accounting whereby revenues and the related assets are recognized when earned, and expenses and the related liabilities are recognized when the obligation is incurred (when goods are received or services rendered). The financial statements of the Authority's Bond Program have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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BOND PROGRAM**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

D. CASH AND CASH EQUIVALENTS

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

E. NET POSITION

Net position of the Authority's Bond Program is restricted by legislation for the purpose of assisting specified entities access to low-cost financing through private activity tax-exempt bonds.

F. REVENUES

The Authority's Bond Program charges fees to institutions for assistance in bond financing as follows:

Application Fee – .0005 (one twentieth of one percent) of the principal amount of financing for each project to be considered for financing. The fee shall be a minimum of \$250 but not to exceed \$5,000. This shall be paid at the time the formal application is submitted. The application fee is deducted from the administrative fee.

Administrative Fee – The Authority charges a one-time administrative fee due at closing of the financing. For all projects the following apply:

- If the financial assistance requested is up to \$5,000,000 then the fee will be .005 (five tenths of one percent) of the principal amount of financing.
- If the financial assistance requested is greater than \$5,000,000 and up to \$25,000,000 then the fee will be \$25,000 plus .003 (three tenths of one percent) of the principal amount of financing over \$5,000,000.
- If the financial assistance requested is greater than \$25,000,000 then the fee will be \$85,000 plus .0025 (twenty-five one hundredths of one percent) of the principal amount of financing over \$25,000,000.
- In no case shall the fee be less than \$15,000 nor more than \$250,000.

The applicant shall also reimburse the Authority for all reasonable and necessary out of pocket expenses the Authority may incur at the applicant's request, and all other direct or indirect expenses properly allocable to the proposed financing unless paid out of the proceeds of the bond issue. All fees for a particular proposed financing shall be paid by the applicant and deposited in the Authority fund.

Annual Fee – The Authority shall assess an annual fee each year for the life of the financial assistance in the amount of .0003 (three one-hundredths of one percent) of the approved financial assistance amount with a minimum fee of \$500 and a maximum fee of \$10,000. This fee is effective for bonds issued after October 28, 2009.

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY BOND PROGRAM

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

During each of the years ended June 30, 2023 and 2022, the Authority's Bond Program earned \$2,168 in annual fee revenue. The fees are used to cover operating costs such as general communications, printing, professional services (both internal and external), facilities operations, and other miscellaneous operating expenses.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues.

G. OPERATING 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). The Authority records these costs as invoiced by STO for the fiscal year and allocates the costs to its programs.

Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. The Authority allocates all operating expenses to its different programs based upon the employee head count of each program being administered and under development. A portion equal to approximately 2% of payroll and related costs of the Authority is allocated to the Authority's Bond Program. This portion may vary from year to year depending on its programs. This percentage, which is derived from total payroll and related costs allocated to the Authority's Bond Program over the total payroll and related costs of the Authority, has been used to allocate all other operating expenses to the Authority's Bond Program.

H. USE OF ESTIMATES

The preparation of the Authority's Bond Program's 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.

I. RISK MANAGEMENT

The Authority is self-insured against loss or liability through the State of California. The State of California generally does not maintain reserves; losses are covered by appropriations in the year in which the payment occurs. The Authority's Bond Program has not had any claims subject to this coverage. Additional disclosures related to risk of loss are presented in the basic financial statements of the State of California.

2. DUE TO OTHER STATE AGENCY AND OTHER FUNDS

The Authority entered into multiple loan agreements with the California Pollution Control Financing Authority (CPCFA) for amounts up to \$549,500. The loans are due on demand. As of June 30, 2023 and 2022, outstanding loans used for the Authority's Bond Program amounting to \$224,875 are due

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BOND PROGRAM**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

to CPCFA and are included in current liabilities on the statements of net position. Under the terms of the contract approving the loans between the two agencies, the loans are to bear interest at the SMIF rate. However, the understanding among the two agencies is that interest will only be assessed and computed up to the amounts that the two parties will agree on at the time of loan repayments. Therefore, no interest has been accrued as of June 30, 2023 and 2022.

In addition, as of June 30, 2023 and 2022, the due to other funds of \$335,105 and \$308,611 represent negative cash in state treasury balances in the Authority's Bond Program, respectively.

3. CONDUIT FINANCE ACTIVITY

The Authority's Bond Program acts as a conduit by assisting eligible borrowers with access to low interest rate capital markets through the issuance of bonds and other forms of financial assistance. The financings are secured by the full faith and credit of the participating party or borrower, and the Authority's Bond Program is not responsible for payment in any financing. As a result, the financing obligations are not recorded in the Authority's Bond Program financial statements. The borrowers' obligations generally are, but need not be, secured by insurance, a letter of credit or guaranty. In addition, no commitments beyond providing credit enhancements, access to low-cost financing through private activity tax-exempt bonds, loans, and other forms of financial assistance were extended by the Authority for any of those bonds.

As a conduit debt provider, there was \$2,467,321 and \$3,281,239 in conduit financings outstanding at June 30, 2023 and 2022, respectively. The Authority's Bond Program did not assist with the issuance of any financings during the years ended June 30, 2023 and 2022, and there were no unissued authorized bonds as of June 30, 2023 and 2022.

4. FINANCIAL CONDITION

As of June 30, 2023 and 2022 the Authority's Bond Program generated a net loss of \$24,869 and \$35,974, respectively, and had a deficit in fund balance of \$559,040 and \$534,171, respectively. The Authority had funds loaned or provided by other state agencies and such financial support from other programs or state agencies will be necessary for the Authority's Bond Program to continue to accomplish its mission.

SUPPLEMENTARY INFORMATION

**CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
TRANSPORTATION FINANCING AUTHORITY
BOND PROGRAM**

**SCHEDULE OF BONDS AUTHORIZED, ISSUED, AND OUTSTANDING
JUNE 30, 2023**

<u>Bonds</u>	<u>Date Issued</u>	<u>Date of Final Maturity</u>	<u>Amounts Issued</u>	<u>Amount of Bonds Retired</u>	<u>Bonds Outstanding as of June 30, 2023</u>
Indian Valley Hydroelectric Partnership Project	September 15, 1982	August 1, 2004	\$ 5,000,000	\$ 5,000,000	
Litchfield Developers 1982	December 20, 1982	January 1, 1992	810,000	810,000	
Catalyst/IPT Cogen. Partnership 1983	September 27, 1983	September 1, 2003	4,400,000	4,400,000	
Lever Brothers Company 1983	September 27, 1983	December 1, 1991	1,000,000	1,000,000	
JELD-WEN Inc. 1983	December 21, 1983	December 1, 1995	3,100,000	3,100,000	
Soledad Cogeneration Associates 1984	May 16, 1984	May 1, 2003	4,120,000	4,120,000	
Santa Cruz Cogeneration Associates 1984	July 24, 1984	June 1, 1995	3,820,000	3,820,000	
Sverdrup Hydro Projects 1984	November 30, 1984	November 1, 2014	6,000,000	6,000,000	
West Coast Basin Barrier 1984	December 1, 1984	January 1, 2005	2,100,000	2,100,000	
Veterans Home of California 1985	April 18, 1985	May 1, 2008	5,700,000	5,700,000	
D'Arrigo Bros. Project 1985	June 24, 1985	June 1, 1991	1,935,000	1,935,000	
California Cedar Products Company Project 1985A	June 26, 1985	June 1, 1990	1,300,000	1,300,000	
Fairhaven Power Company 1985	September 12, 1985	September 1, 2005	20,000,000	20,000,000	
SRI International Project 1985	December 16, 1985	December 1, 2005	11,250,000	11,250,000	
University of San Francisco 1985	December 17, 1985	December 1, 2005	4,000,000	4,000,000	
Modesto Energy Project 1985A	December 30, 1985	December 1, 2005	30,000,000	30,000,000	
Santa Cruz Cogeneration Associates 1986	October 7, 1986	October 1, 2016	3,295,000	3,295,000	
Nove Investments Project 1986	November 20, 1986	December 1, 1994	3,000,000	3,000,000	
Rock Creek Limited Partnership Project 1986	November 20, 1986	November 1, 2016	5,600,000	5,600,000	
University of San Francisco Refunding 1987	July 14, 1987	July 1, 2007	3,575,000	3,575,000	
Veterans Home of California Project Refunding 1988	May 27, 1988	May 1, 2008	5,365,000	5,365,000	
Arroyo Energy Project 1993A	October 1, 1993	October 1, 2020	27,500,000	27,500,000	
Arroyo Energy Project 1993B	October 1, 1993	October 1, 2020	27,500,000	27,500,000	
SRI International Project 1985	October 31, 1995	December 1, 2020	4,475,000	4,475,000	
Caltrans 2009	June 10, 2009	December 15, 2023	20,000,000	19,573,867	\$ 426,133
Fallbrook Public Utility District Solar Project 2010	November 18, 2010	November 18, 2027	7,227,000	5,185,812	2,041,188
TOTAL			<u>\$ 212,072,000</u>	<u>\$ 209,604,679</u>	<u>\$ 2,467,321</u>

**CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
TRANSPORTATION FINANCING AUTHORITY
BOND PROGRAM**

**SCHEDULE OF BONDS AUTHORIZED, ISSUED, AND OUTSTANDING
JUNE 30, 2022**

<u>Bonds</u>	<u>Date Issued</u>	<u>Date of Final Maturity</u>	<u>Amounts Issued</u>	<u>Amount of Bonds Retired</u>	<u>Bonds Outstanding as of June 30, 2022</u>
Indian Valley Hydroelectric Partnership Project	September 15, 1982	August 1, 2004	\$ 5,000,000	\$ 5,000,000	
Litchfield Developers 1982	December 20, 1982	January 1, 1992	810,000	810,000	
Catalyst/IPT Cogen. Partnership 1983	September 27, 1983	September 1, 2003	4,400,000	4,400,000	
Lever Brothers Company 1983	September 27, 1983	December 1, 1991	1,000,000	1,000,000	
JELD-WEN Inc. 1983	December 21, 1983	December 1, 1995	3,100,000	3,100,000	
Soledad Cogeneration Associates 1984	May 16, 1984	May 1, 2003	4,120,000	4,120,000	
Santa Cruz Cogeneration Associates 1984	July 24, 1984	June 1, 1995	3,820,000	3,820,000	
Sverdrup Hydro Projects 1984	November 30, 1984	November 1, 2014	6,000,000	6,000,000	
West Coast Basin Barrier 1984	December 1, 1984	January 1, 2005	2,100,000	2,100,000	
Veterans Home of California 1985	April 18, 1985	May 1, 2008	5,700,000	5,700,000	
D'Arrigo Bros. Project 1985	June 24, 1985	June 1, 1991	1,935,000	1,935,000	
California Cedar Products Company Project 1985A	June 26, 1985	June 1, 1990	1,300,000	1,300,000	
Fairhaven Power Company 1985	September 12, 1985	September 1, 2005	20,000,000	20,000,000	
SRI International Project 1985	December 16, 1985	December 1, 2005	11,250,000	11,250,000	
University of San Francisco 1985	December 17, 1985	December 1, 2005	4,000,000	4,000,000	
Modesto Energy Project 1985A	December 30, 1985	December 1, 2005	30,000,000	30,000,000	
Santa Cruz Cogeneration Associates 1986	October 7, 1986	October 1, 2016	3,295,000	3,295,000	
Nove Investments Project 1986	November 20, 1986	December 1, 1994	3,000,000	3,000,000	
Rock Creek Limited Partnership Project 1986	November 20, 1986	November 1, 2016	5,600,000	5,600,000	
University of San Francisco Refunding 1987	July 14, 1987	July 1, 2007	3,575,000	3,575,000	
Veterans Home of California Project Refunding 1988	May 27, 1988	May 1, 2008	5,365,000	5,365,000	
Arroyo Energy Project 1993A	October 1, 1993	October 1, 2020	27,500,000	27,500,000	
Arroyo Energy Project 1993B	October 1, 1993	October 1, 2020	27,500,000	27,500,000	
SRI International Project 1985	October 31, 1995	December 1, 2020	4,475,000	4,475,000	
Caltrans 2009	June 10, 2009	December 15, 2023	20,000,000	19,147,733	\$ 852,267
Fallbrook Public Utility District Solar Project 2010	November 18, 2010	November 18, 2027	7,227,000	4,798,028	2,428,972
TOTAL			<u>\$ 212,072,000</u>	<u>\$ 208,790,761</u>	<u>\$ 3,281,239</u>

**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***

**Members of the Board
California Alternative Energy and
Advanced Transportation Financing Authority**

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 Alternative Energy and Advanced Transportation Financing Authority (the Authority or CAEATFA), as of and for year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s Bond Program’s basic financial statements, and have issued our report thereon dated June 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s 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 Authority’s Bond Program’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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 Authority's Bond Program'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 Authority's Bond Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



GILBERT CPAs
Sacramento, California

June 4, 2024