

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**
(A Component Unit of the State of California)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



California Infrastructure and Economic Development Bank



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CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION



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April 28, 2020

To the Board of Directors:

I am pleased to submit for the fiscal year ended June 30, 2019 the Comprehensive Annual Financial Report (CAFR) of the California Infrastructure and Economic Development Bank (IBank), a component unit of the State of California.

The CAFR includes the financial activities of the following IBank funds and related programs:

- California Infrastructure and Economic Development Bank Fund (CIEDB Fund)
 - Infrastructure State Revolving Fund (ISRF) Program
 - Including California Lending for Energy and Environmental Needs (CLEEN) Center Program
 - Bond Financing Program
- California Infrastructure Guarantee Trust Fund (Guarantee Trust Fund)
- California Small Business Expansion Fund (Expansion Fund) in the Small Business Finance Center (SBFC)
 - California Small Business Loan Guarantee (SBLG) Program
 - Farm Loan Program
 - Jump Start Loan Program
 - Disaster Relief Loan Guarantee Program
 - Surety Bonds Guarantee Program
 - Secondary Market for Guaranteed Loans Program

The continuing disclosure agreements related to IBank's revenue bonds that provided funding for the ISRF Program (ISRF Program Bonds) require annual audited financial statements and this CAFR fulfills that requirement.

The net position of IBank was \$370,640,218 as of June 30, 2019 all of which was restricted. Net position decreased by \$1,647,255 over the previous fiscal year as a result of negative earnings from operating activities. The demand throughout the State of California (State) for low-cost public financing continues to increase as in the past few years for infrastructure, economic expansion, clean energy, and water projects.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen LLP has issued an unmodified ("clean") opinion on IBank's basic financial statements for the fiscal year ended June 30, 2019. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of IBank

IBank was created in 1994 pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act contained in the California Government Code section 63000 *et seq.* to finance public infrastructure and private development that promote economic revitalization and public improvements necessary to maintain and create employment within the State. IBank is a component unit of the State of California located within the Governor's Office of Business and Economic Development (GO-Biz) and is governed by a five-member Board of Directors, consisting of the Director of GO-Biz, the State Treasurer, the Secretary of State Transportation Agency, the Director of the Department of Finance, and an appointee of the Governor.

IBank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies and certain tax-exempt nonprofit organizations that are sponsored by public agencies, provide credit enhancements (including guarantees), acquire or lease facilities, and leverage State and Federal funds. IBank's current programs consist of the ISRF Program, including the CLEEN Center, which is a sub-program of the ISRF Program, the Bond Financing program, and the SBFC's Programs, including the SBLG Program, the Farm Loan Program, the Jump Start Loan Program, and the Disaster Relief Loan Guarantee Program. IBank issues tax-exempt and taxable revenue bonds, loans, and commercial paper for private manufacturing under the Bond Financing Program, including direct revenue bonds for IBank, 501(c)(3) revenue bonds, industrial development revenue bonds, exempt facility revenue bonds, and public agency revenue bonds. The SBFC was created at IBank during the 2013-2014 fiscal year and the Expansion Fund in the SBFC is included in this CAFR.

All IBank funds are continuously appropriated for IBank's programs without regard to fiscal years.

Continuous appropriation authority means that no further appropriations are necessary to expend funds held in either the CIEDB Fund, the Guarantee Trust Fund, or the Expansion Fund.

Economic Condition

In a year over year comparison (August 2018 – August 2019), nonfarm payroll employment in California increased by 314,200 jobs (a 1.8 percent increase). The number of unemployed Californians was 791,000 in August, a decrease of 13,000 over the month, and down by 7,000 compared with August of last year. Nine of California's eleven industry sectors added a total of 315,200 jobs year over year.

The largest job gains were in professional and business services, up 78,600 jobs (a 2.9 percent increase); educational and health services, up 76,800 jobs (a 2.8 percent increase), and leisure and hospitality, up 49,100 jobs (a 2.5 percent increase). Only two industry sectors posted job declines over the year, including the trade, transportation and utilities industry with a decline of 900 jobs and mining and logging, down 100 jobs. California has now gained a total of 3,330,100 jobs since the economic expansion began in February 2010.

Moreover, the 2019 – 2020 Budget Act brings the Budget Stabilization Account/Rainy Day Fund to \$16.5 billion at the end of 2019-20. The Rainy Day Fund is now expected to reach its constitutional cap of 10 percent of General Fund Revenues in 2020-21—two years earlier than predicted in January. By the end of 2022-23, the Rainy Day Fund balance is projected to be \$18.7 billion. The Budget includes a comprehensive \$1.75 billion package to increase housing supply. This includes planning and infrastructure grants to local governments, an investment in the state's housing loan program, an expanded housing tax credit program, opportunities for innovative housing projects on excess state property, legal

assistance for renters, strategies to improve regional housing needs planning, and a framework that holds local governments accountable for building an adequate supply of housing to meet their needs. Finally, the 2019 – 2020 Budget Act continues state spending on the Governor’s key priorities – combating climate change, investing in wildland fire mitigation, and expanding California’s Earned Income Tax Credit for working families.

IBank experienced steady demand for the ISRF Program with 70 inquiries in fiscal year 2018-2019 for over \$860 million in infrastructure, economic development, clean energy, water, and environmental projects. We anticipate sustained demand for IBank’s ISRF Program and CLEEN Center as the State’s economy continues to grow and prospective borrowers are better positioned to finance public infrastructure, clean energy, water, environmental, and private development projects through IBank’s low-cost programs.

All required repayments were made by the borrowers on ISRF Program Loans, including all CLEEN Center Loans, during the fiscal year and continued timely repayments are expected.

All outstanding ISRF Revenue Bonds continue to have the top rating from each of the ‘Big Three’ Rating Agencies—Standard & Poor’s Rating Services (S&P) (“AAA”), Fitch Ratings (Fitch) (“AAA”), and Moody’s Investors Service (Moody’s) (“Aaa”). These strong ratings reflect the ISRF Program’s extremely strong financial risk score and very strong enterprise risk score. S&P, Fitch and Moody’s cited pool diversity, sound program management, financial policies, and market position, among other factors, as support for the ratings.

Long-term Financial Planning

IBank’s priorities for the upcoming years include, but are not limited to, the following: providing funding to infrastructure, clean energy, water, environmental, and economic development projects, creating sector-specific financing instruments and funds, developing public-private investment opportunities, and facilitating state-wide outreach to potential customers for all of IBank’s programs. These priorities will provide access to more affordable funds for California infrastructure, clean energy, water, environmental, and economic development projects, while maintaining IBank’s positive net position.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the California Infrastructure and Economic Development Bank for its CAFR for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR. This year’s CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I wish to acknowledge all of the staff of the California Infrastructure and Economic Development Bank for their consistent dedication and contribution to the success of IBank and the State. In particular, I wish to acknowledge the Fiscal Unit staff for the preparation of this CAFR and the members of IBank Executive Committee for their continued care and support in the management and guidance of IBank's programs.

Respectfully submitted,



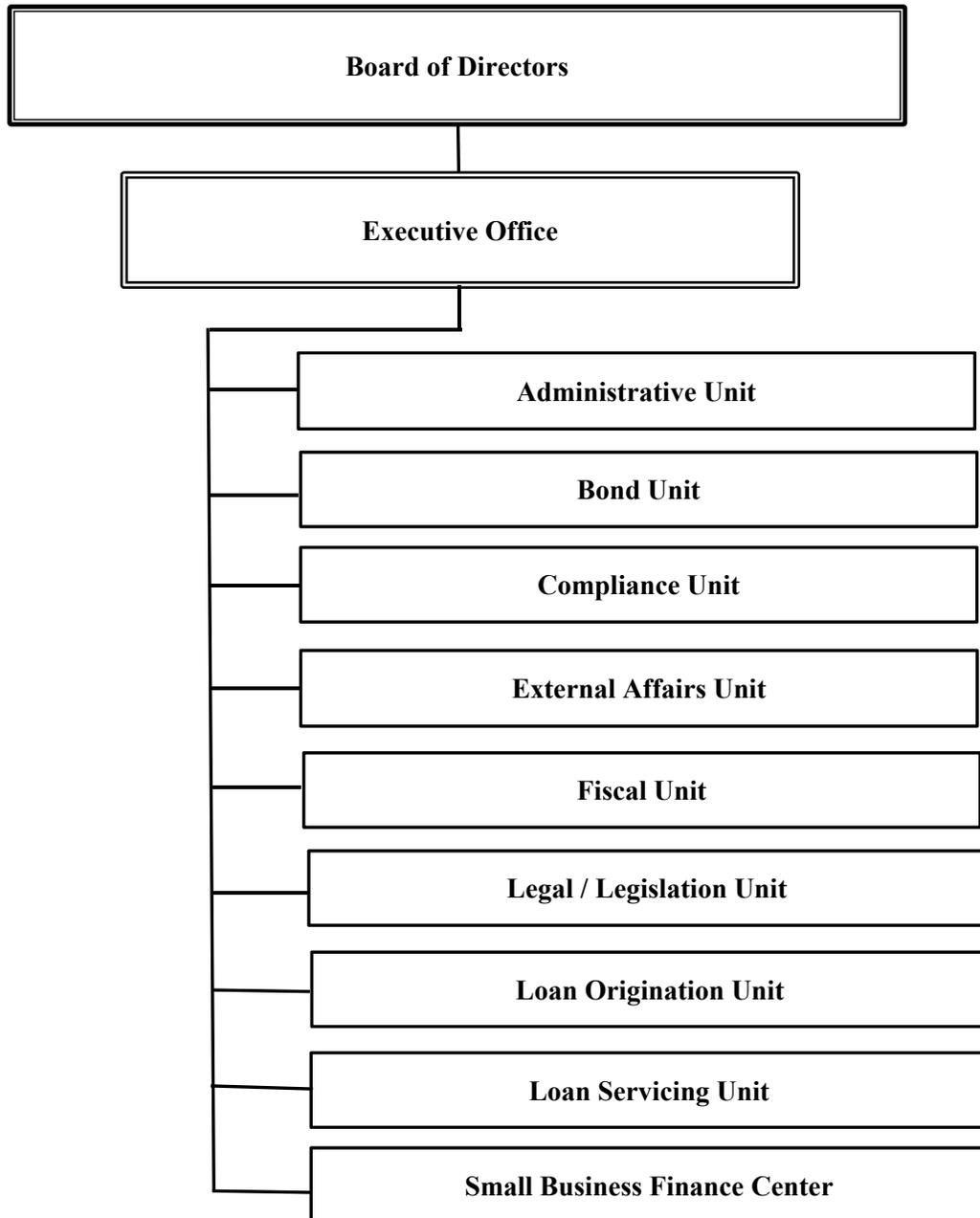
Nancee Robles

Chief Deputy Executive Director

**CALIFORNIA INFRASTRUCTURE
AND ECONOMIC DEVELOPMENT BANK**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ORGANIZATION CHART



**CALIFORNIA INFRASTRUCTURE
AND ECONOMIC DEVELOPMENT BANK**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PRINCIPAL OFFICIALS

IBank Board of Directors

Lenny Mendonca, Director, Governor's Office of Business and Economic Development

Fiona Ma, State Treasurer

David S. Kim, Secretary of the California State Transportation Agency

Keely Bosler, Director of the Department of Finance

Marc Steinorth, Governor's Appointee

IBank Executive Office and Management Staff

Scott Wu, Executive Director – effective 1/15/2020

Nancee Robles, Chief Deputy Executive Director

Michelle Jones, Fiscal Unit Manager – effective 2/24/2020

William D. Pahland, Jr., General Counsel

Stefan R. Spich, Deputy Director of Legislative Affairs

Jeffrey L. Ingles, Deputy Director of Compliance and Chief Risk Officer

Fariba A. Khoie, Bond Unit Manager

Lina Benedict, Loan Origination Unit Manager – effective 11/4/2019

Amarjit Singh, Loan Servicing Unit Manager

Emily R. Burgos, Small Business Finance Center Manager

**CALIFORNIA INFRASTRUCTURE
AND ECONOMIC DEVELOPMENT BANK**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**California Infrastructure and Economic
Development Bank**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morvill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
California Infrastructure and Economic Development Bank
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the California Infrastructure and Economic Development Bank Fund, Guarantee Trust Fund and the California Small Business Expansion Fund of the California Infrastructure and Economic Development Bank (IBank), a component unit of the State of California, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise IBank's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the California Infrastructure and Economic Development Bank Fund, Guarantee Trust Fund and the California Small Business Expansion Fund as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the fiscal year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedule of IBank’s proportionate share of the net pension liability, schedule of IBank’s contributions – pension plan, schedule of IBank’s proportionate share of the net OPEB liability, and schedule of IBank’s contributions – other postemployment benefit plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise IBank’s basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2020, on our consideration of IBank’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 IBank’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 IBank’s internal control over financial reporting and compliance.


CliftonLarsonAllen LLP

Roseville, California
April 28, 2020

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview to the financial statements of the California Infrastructure and Economic Development Bank (IBank), a division of the Governor's Office of Business and Economic Development (GO-Biz), a description of its activities, and an analysis of the financial position for the fiscal year ended June 30, 2019. IBank does not receive any State General Fund support.

The information presented in this section should be read in conjunction with the information in our letter of transmittal on pages 3-6 of this report and the financial statements and notes that follow this section.

IBank and Current Programs

IBank's funds are the California Infrastructure and Economic Development Bank Fund (CIEDB Fund), the California Infrastructure Guarantee Trust Fund (Guarantee Trust Fund), and the California Small Business Expansion Fund (Expansion Fund).

IBank is a State of California financing authority whose mission is to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong California economy, and improve the quality of life in California communities. IBank has broad authority to issue tax-exempt and taxable bonds, provide financing to public agencies, provide credit enhancements, including guarantees, acquire or lease facilities, and leverage State and Federal funds. IBank's current operations are funded generally from fees, investment earnings, and Infrastructure State Revolving Fund Program financing repayments. IBank is a component unit of the State (State) and the financial statements are included in the State's Comprehensive Annual Financial Report.

IBank's programs include the Infrastructure State Revolving Fund (ISRF) Program, which is a revolving financing program that provides financing to local government entities for a variety of public infrastructure and economic expansion projects, and numerous conduit bond financing programs, including the Industrial Development Bond Program for manufacturing and processing companies, the 501(c)(3) Revenue Bond Program for nonprofit public benefit corporations, State School Fund Bond Program, and the Public Agency Revenue Bond Program for governmental entities. Conduit bonds issued by IBank are a limited obligation of IBank payable solely from the revenues generated by the underlying borrower.

On October 4, 2013, the Small Business Financial Assistance Act of 2013 (SBFC Act) created the California Small Business Finance Center (SBFC) within IBank and transferred the administration of the California Small Business Loan Guarantee Program (SBLGP), the Farm Loan Program, the Surety Bonds Guarantee Program, the Disaster Relief Loan Guarantee Program, and the Secondary Market for Guaranteed Loans Program to IBank's Expansion Fund. Except for certain amounts spent for program administration support that require an annual appropriation by the State Legislature for the SBLG programs, the Expansion Fund is continuously appropriated without regard to the fiscal year and is available for expenditure for SBFC related purposes as stated in the SBFC Act.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

On August 25, 2015, the IBank Board of Directors approved the criteria, priorities, and guidelines to select and underwrite projects for financing under the California Lending for Energy and Environmental Needs (CLEEN) Center. IBank's CLEEN Center provides low-cost financing to eligible State and local governments, and public universities, schools, and hospitals. The approved eligible projects include commercially proven technologies that are expected to result in carbon reduction benefits, water conservation, or other environmental benefits within the State, including energy efficiency, renewable energy, energy storage, alternative technologies, alternative fuels, transportation, water, and environmental projects.

Small businesses in California's low-wealth communities generally suffer from economic and educational disadvantages not typically present with their competitors in higher-wealth communities, including inadequate access to capital, limited technical assistance resources, and a lack of business training. On September 27, 2016, the IBank Board of Directors approved the establishment of the Jump Start Loan Program to help ameliorate the economic and competitive disadvantages suffered by small businesses in California's low-wealth communities. The Jump Start Loan Program provides small businesses in California's low-wealth communities with access to capital, financial literacy training, and technical business training.

In the aftermath of the unprecedented wildfires plaguing California in the Fall of 2017, IBank became aware that small businesses in areas affected by the wildfires had suffered severe harm, loss to real and personal property, and faced potentially ruinous financial injury, and were located in areas affected by a state of emergency as declared by the Governor of the State of California or in areas affected by a state of disaster as declared by the President of the United States, the Administrator of the United States Small Business Administration, or the United States Secretary of Agriculture (collectively, Disaster Areas). IBank also became aware that many small business entrepreneurs in these areas who had suffered severe harm, loss to real and personal property, or faced potentially ruinous financial injury may not be able to obtain access to capital through traditional financing sources to recover from the disaster-caused injury and losses.

On October 24, 2017, the IBank Board of Directors consented to permitting all small businesses located in Disaster Areas to apply for direct financing under IBank's Jump Start Loan Program irrespective of whether such Disaster Areas are in low-wealth communities. In addition, the IBank Board reactivated and funded at that time the administration of the previously inactive and underfunded Disaster Relief Loan Guarantee Program (Disaster Relief Program) to provide necessary financial assistance to eligible small businesses in Disaster Areas by authorizing the transfer of up to \$10,000,000 from the SBLGP to the Disaster Relief Program at the times and in the amounts appropriate for the ongoing success of each Program. As of June 30, 2019, IBank has made \$80,000 in microloans to 8 small businesses and provided 412 hours of Technical Assistance to small businesses under the Jump Start Loan Program.

Financial Highlights 2018-2019

- The net position of IBank was \$370.6 million as of June 30, 2019, all of which was restricted. Net position decreased by \$1.6 million from the previous fiscal year.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

- Total cash, cash equivalents, and investments decreased during the fiscal year by \$70.9 million. The decrease is primarily a result of loan disbursements and bond debt service payments exceeding loan repayments.
- Total loans receivable increased during the fiscal year by \$79.5 million primarily because new loans exceeded loan repayments during the fiscal year.
- The revenue bonds payable decreased by \$13.9 million due to payments of principal and amortization of bond premiums.
- The net pension liability as of June 30, 2019 was \$6.3 million.
- The net OPEB liability as of June 30, 2019 was \$10.2 million.

Overview of the Basic Financial Statements

The financial section of this annual financial report consists of this MD&A, the basic financial statements, and the notes to the basic financial statements. This MD&A is a discussion of many aspects of the IBank's operations and financial status and its information was compiled from IBank's basic financial statements and accompanying notes.

The basic financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles and include the following three statements:

- The *Statement of Net Position* presents information on the assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position are expected to serve as a useful indicator of whether the financial position is improving or deteriorating.
- The *Statement of Revenues, Expenses, and Changes in Fund Net Position* presents information reflecting how the net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities, and investing activities, and the resulting impacts to cash and cash equivalents for the fiscal year.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. These notes can be found immediately following the basic financial statements.

Statement of Net Position

The net position was \$370.6 million as of June 30, 2019, all of which was restricted. Net position decreased by \$1.6 million from the previous fiscal year directly as a result of operating expenses exceeding operating income by \$11.4 million, which is offset by investment earnings of \$9.7 million from nonoperating activities.

The following table presents a condensed, combined Statement of Net Position as of June 30, 2019 and 2018, and the dollar and percentage change from the prior year.

	2019	2018	\$ Change	% Change
Cash, cash equivalents, and investments - restricted	\$ 371,993,293	\$ 442,887,794	\$ (70,894,501)	-16.0%
Loans receivable	441,396,425	361,864,933	79,531,492	22.0%
Other assets	<u>6,543,883</u>	<u>5,666,895</u>	<u>876,988</u>	15.5%
Total Assets	819,933,601	810,419,622	9,513,979	1.2%
Total Deferred Outflows of Resources	<u>5,025,050</u>	<u>6,642,164</u>	<u>(1,617,114)</u>	-24.3%
Total Assets and Deferred Outflows of Resources	<u>\$ 824,958,651</u>	<u>\$ 817,061,786</u>	<u>\$ 7,896,865</u>	1.0%
Revenue bonds payable	\$ 335,144,709	\$ 349,036,910	\$ (13,892,201)	-4.0%
Net pension liability	6,253,202	6,813,695	(560,493)	-8.2%
Net OPEB liability	10,183,000	9,809,000	374,000	3.8%
Other liabilities	15,153,569	9,373,263	5,780,306	61.7%
Undisbursed loan commitments	<u>85,368,359</u>	<u>68,481,432</u>	<u>16,886,927</u>	24.7%
Total Liabilities	452,102,839	443,514,300	8,588,539	1.9%
Total Deferred Inflows of Resources	2,215,594	1,260,013	955,581	75.8%
Net Position - Restricted - Expendable by Statute	<u>370,640,218</u>	<u>372,287,473</u>	<u>(1,647,255)</u>	-0.4%
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 824,958,651</u>	<u>\$ 817,061,786</u>	<u>\$ 7,896,865</u>	1.0%

Assets

Total cash, cash equivalents, and investments decreased during the fiscal year by \$70.9 million. The decrease is primarily a result of loan disbursements and bond debt service payments exceeding loan repayments.

Loans receivable (including pledged, non-pledged, CLEEN, Jump Start and Farm Loans) totaled \$441.4 million as of June 30, 2019, which is an increase of \$79.5 million from the prior year. The increase is primarily because new loans issued exceeded loan repayments during the fiscal year.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Liabilities

Total liabilities were \$452.1 million as of June 30, 2019, an increase of 1.9% over the prior fiscal year. The largest liability is revenue bonds payable, which consists of three series of ISRF Program Bonds, one issued in February 2014, one issued in June 2015, and one issued in June 2016. Revenue bonds payable decreased by \$13.9 million due to the payments of principal and amortization of bond premiums. The net pension liability was \$6.3 million while the net OPEB liability was \$10.2 million as of June 30, 2019. Undisbursed loan commitments increased by \$16.9 million due to loan issuances.

Deferred Outflows of Resources, Net Pension Liability, Net OPEB Liability, and Deferred Inflows of Resources

Deferred outflows of resources decreased by \$1.6 million and deferred inflows of resources increased by \$1.0 million. While the net pension liability decreased by \$0.6 million mostly as a result of a decrease in the CalPERS Plan total net pension liability as of the measurement period ended June 30, 2018, the net OPEB liability increased by \$0.4 million due to an increase in IBANK's proportionate share of the OPEB plans liability.

Statement of Revenues, Expenses, and Changes in Fund Net Position

The operating loss was \$11.4 million and net position decreased \$1.6 million for the fiscal year ended June 30, 2019. The following table presents the condensed, combined Statement of Revenues, Expenses, and Changes in Fund Net Position for the 2018-2019 and 2017-2018 fiscal years.

	2019	2018	\$ Change	% Change
Total operating revenues	\$ 15,099,260	\$ 13,429,110	\$ 1,670,150	12.4%
Total operating expenses	<u>26,473,315</u>	<u>21,768,881</u>	<u>4,704,434</u>	21.6%
Operating income (loss)	(11,374,055)	(8,339,771)	(3,034,284)	36.4%
Total nonoperating revenue	<u>9,726,800</u>	<u>4,229,945</u>	<u>5,496,855</u>	130.0%
Change in net position	(1,647,255)	(4,109,826)	2,462,571	-59.9%
Net position, beginning of year, restated*	<u>372,287,473</u>	<u>376,397,299</u>	<u>(4,109,826)</u>	-1.1%
Net position, end of year	<u>\$ 370,640,218</u>	<u>\$ 372,287,473</u>	<u>\$ (1,647,255)</u>	-0.4%

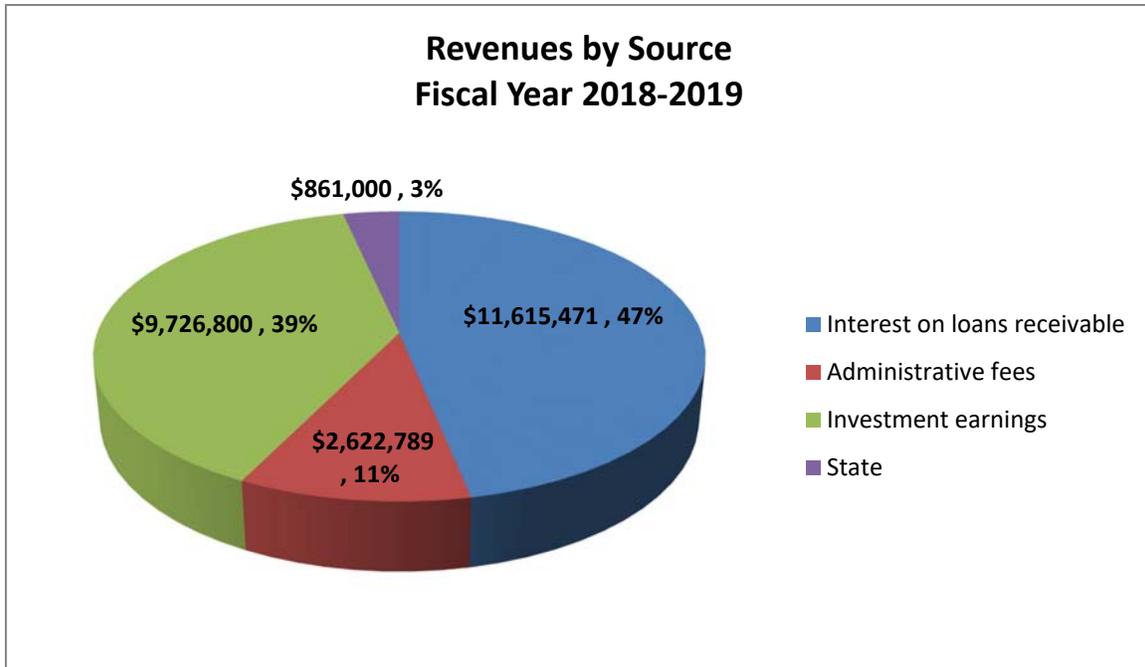
* Restated 2018 for implementation of GASB 75

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Revenues

The following chart presents operating and nonoperating revenues by source:



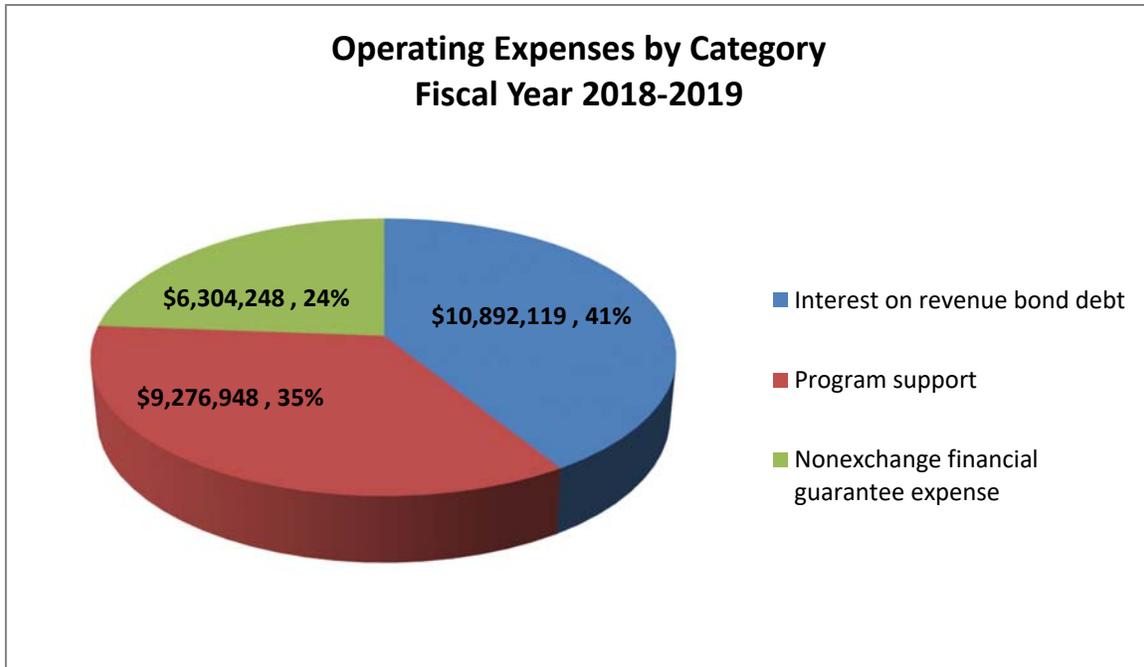
Total operating revenues were \$15.1 million during the fiscal year compared to \$13.4 million for the prior fiscal year, an increase of \$1.7 million is primarily due to an increase in interest on loans receivable.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Operating Expenses

The following chart presents operating expenses by category:



Total operating expenses were \$26.5 million during the fiscal year compared to \$21.8 million for the prior fiscal year, which is an increase of \$4.7 million, primarily due to increases of \$1.4 million in program support and in nonexchange financial guarantee expenses in the Expansion Fund of \$3.6 million. These increases are offset by a decrease in interest on revenue bond debt of \$0.3 million.

Budgetary Information

With the exception of funds for program support, which must be annually appropriated by the State Legislature, all other funds are continuously appropriated without regard to fiscal year. Continuous appropriation authority means that no further appropriations are necessary to expend funds held in either the CIEDB Fund, the Guarantee Trust Fund, or the Expansion Fund.

Debt Administration

IBank administers the ISRF Program, a leveraged revolving financing program. The initial ISRF Program Financings were funded with previous State General Fund appropriations. IBank issued \$51.37 million in ISRF Program Revenue Bonds in March 2004, \$52.80 million in December 2005, \$48.37 million in September 2008, \$95.96 million in February 2014, \$90.07 million in June 2015, and \$141.60 million in June 2016 (collectively, ISRF Program Bonds) to provide additional funding for ISRF Program financings. The 2014A ISRF Program Bonds were issued to refund the 2004 and 2005 ISRF Program Bonds and to refinance existing bond anticipation loans. The 2015A ISRF Program Bonds were issued to refund the

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2008 ISRF Program Bonds and to refinance existing bond anticipation loans. The 2016A ISRF Program Bonds were issued to finance and refinance existing bond anticipation loans. The ISRF Program Bonds were sold without a credit enhancement, and in 2004 and 2005, were initially rated AA, Aa2, and AA by Standard & Poor's Rating Services (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch), respectively. Upon the issuance of the 2008 ISRF Program Bonds, S&P and Fitch raised the ratings on the ISRF Program Bonds to AA+, citing proactive and strong program oversight and management, and thorough ongoing surveillance of existing Loans as key factors to the high credit ratings on the bonds. The 2014A and 2015A ISRF Program Bonds were assigned a rating of AAA, Aa1, and AAA by S&P, Moody's, and Fitch, respectively. S&P and Fitch assigned a stable outlook to the 2014A and 2015A ISRF Program Bonds. Moody's assigned a stable outlook to the 2014A ISRF Program Bonds and a positive outlook to the 2015A ISRF Program Bonds. Moody's rated the 2016A ISRF Program Bonds Aaa. In addition, Moody's upgraded IBank's Series 2014A and Series 2015A Bonds to Aaa, from Aa1. S&P and Fitch each rated the 2016A ISRF Program Bonds AAA and affirmed their respective AAA rating on the 2014A and 2015A ISRF Program Bonds. The credit rating agencies cited pool diversity, sound program management, financial policies, and market position, among other factors, as support for the ratings. All outstanding ISRF Program Bonds now have the top rating from S&P (AAA), Fitch (AAA), and Moody's (Aaa). These strong ratings reflect the ISRF Program's extremely strong financial risk score and very strong enterprise risk score. In addition, these strong ratings reflect the ISRF Program's ability to withstand defaults by the ISRF Program's borrowers while the ISRF Program could continue to pay the ISRF Program's bondholders.

Existing ISRF Program Financings are either funded from previous State General Fund appropriations, interest earned on the ISRF Program Financings, the repayment of principal on ISRF Program Financings receivable, investment earnings, administration fee revenue, or the proceeds of ISRF Program Bonds. The 2014A, 2015A and 2016A ISRF Program Bonds are each structured under an open-indenture model. All ISRF Program Bonds are limited obligations of IBank payable solely from and secured solely by pledged ISRF Program Financing repayments, reserves, and reserve account interest earnings. Note 4 of the Notes to the Financial Statements contains additional information about the outstanding ISRF Program Bonds.

IBank also issues conduit bonds including Industrial Development Bonds for certain privately-owned manufacturing and processing businesses, 501(c)(3) Revenue Bonds for nonprofit entities, State School Fund Bonds for financially troubled public school districts, Public Agency Revenue Bonds for other state and local governmental entities, loans, and commercial paper for private manufacturing. During the fiscal year, IBank served as the issuer for \$456 million of conduit revenue bonds. Conduit bonds are a limited obligation of IBank payable solely from the pledged revenues of the conduit borrower. As such, except for administration fee revenue related to the conduit bond programs, conduit bond financial activities are not reflected in IBank's financial statements.

Coronavirus Disease (COVID-19)

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to IBank, COVID-19 may impact nonexchange financial guarantees due to business closures and potential bankruptcies. Management believes IBank is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Requests for Information

This financial report is designed to provide interested parties with a general overview of the finances of IBank. Questions concerning the information provided in this report or requests for additional information should be addressed to Scott Wu, Executive Director, California Infrastructure and Economic Development Bank, P.O. Box 2830, Sacramento, California 95812-2830.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

STATEMENT OF NET POSITION JUNE 30, 2019

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	California Small Business Expansion Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents - restricted	\$ 219,523,461	\$ 25,729,779	\$ 22,430,735	\$ 267,683,975
Investments - restricted	7,307,689	-	29,744,188	37,051,877
Prepaid expenses	-	-	364,233	364,233
Pledged loans receivable - disbursed	16,075,008	-	-	16,075,008
Non-pledged loans receivable - disbursed	166,664	-	-	166,664
CLEEN pledged loans receivable - disbursed	412,432	-	-	412,432
Interest and other receivables	5,318,110	145,161	716,379	6,179,650
Total current assets	248,803,364	25,874,940	53,255,535	327,933,839
NON-CURRENT ASSETS				
Investments - restricted	15,100,921	-	52,156,520	67,257,441
Pledged loans receivable - disbursed	328,633,576	-	-	328,633,576
Pledged loans receivable - undisbursed	83,997,800	-	-	83,997,800
CLEEN pledged loans receivable - disbursed	4,442,000	-	-	4,442,000
CLEEN pledged loans receivable - undisbursed	1,370,560	-	-	1,370,560
Non-pledged loans receivable - disbursed	1,785,833	-	-	1,785,833
Jump Start loans receivable, net	-	-	169,180	169,180
Farm loans receivable	-	-	4,343,372	4,343,372
Total non-current assets	435,330,690	-	56,669,072	491,999,762
Total assets	684,134,054	25,874,940	109,924,607	819,933,601
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pension	1,978,629	-	73,607	2,052,236
Deferred outflows of resources related to OPEB	126,000	-	38,000	164,000
Loss on refunding debt	2,808,814	-	-	2,808,814
Total deferred outflows of resources	4,913,443	-	111,607	5,025,050
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 689,047,497	\$ 25,874,940	\$ 110,036,214	\$ 824,958,651
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$ 1,333,316	\$ -	\$ 242,342	\$ 1,575,658
Compensated absences payable	70,312	-	-	70,312
Loan payable - SMIF (SB 84)	47,656	-	-	47,656
Due to General Fund - SMIF (SB84)	17,344	-	-	17,344
Revenue bond interest payable	3,485,306	-	-	3,485,306
Revenue bonds payable, net of bond premiums	14,223,637	-	-	14,223,637
Nonexchange financial guarantees	-	-	7,971,907	7,971,907
Funds held on behalf of others - BAAQMD Funding	-	-	1,001,409	1,001,409
Undisbursed loan commitments - ISRF	47,761,486	-	-	47,761,486
Undisbursed loan commitments - CLEEN	642,553	-	-	642,553
Total current liabilities	67,581,610	-	9,215,658	76,797,268
NON-CURRENT LIABILITIES				
Compensated absences payable	249,147	-	32,486	281,633
Loan payable - SMIF (SB 84)	640,344	-	62,000	702,344
Net OPEB liability	7,358,000	-	2,825,000	10,183,000
Net pension liability	6,205,314	-	47,888	6,253,202
Undisbursed loan commitments - ISRF	36,236,314	-	-	36,236,314
Undisbursed loan commitments - CLEEN	728,006	-	-	728,006
Revenue bonds payable, net of bond premiums	320,921,072	-	-	320,921,072
Total non-current liabilities	372,338,197	-	2,967,374	375,305,571
Total liabilities	439,919,807	-	12,183,032	452,102,839
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pension	248,974	-	39,620	288,594
Deferred inflows of resources related to OPEB	1,392,000	-	535,000	1,927,000
Total deferred inflows of resources	1,640,974	-	574,620	2,215,594
NET POSITION				
Restricted - Expendable:				
Statute	247,486,716	25,874,940	97,278,562	370,640,218
Total net position	247,486,716	25,874,940	97,278,562	370,640,218
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 689,047,497	\$ 25,874,940	\$ 110,036,214	\$ 824,958,651

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	California Small Business Expansion Fund	Total
OPERATING REVENUES				
Interest on loans receivable	\$ 11,451,688	\$ -	\$ 163,783	\$ 11,615,471
State revenue	-	-	861,000	861,000
Administration fees and other income	<u>2,507,837</u>	<u>-</u>	<u>114,952</u>	<u>2,622,789</u>
Total operating revenues	<u>13,959,525</u>	<u>-</u>	<u>1,139,735</u>	<u>15,099,260</u>
OPERATING EXPENSES				
Interest on revenue bond debt	10,892,119	-	-	10,892,119
Nonexchange financial guarantee expense	-	-	6,304,248	6,304,248
Program support	<u>3,454,409</u>	<u>-</u>	<u>5,822,539</u>	<u>9,276,948</u>
Total operating expenses	<u>14,346,528</u>	<u>-</u>	<u>12,126,787</u>	<u>26,473,315</u>
OPERATING LOSS	<u>(387,003)</u>	<u>-</u>	<u>(10,987,052)</u>	<u>(11,374,055)</u>
NONOPERATING REVENUE				
Investment earnings	<u>5,572,852</u>	<u>539,445</u>	<u>3,614,503</u>	<u>9,726,800</u>
Total nonoperating revenue	<u>5,572,852</u>	<u>539,445</u>	<u>3,614,503</u>	<u>9,726,800</u>
Changes in net position	5,185,849	539,445	(7,372,549)	(1,647,255)
NET POSITION, Beginning of year	<u>242,300,867</u>	<u>25,335,495</u>	<u>104,651,111</u>	<u>372,287,473</u>
NET POSITION, End of year	<u>\$247,486,716</u>	<u>\$ 25,874,940</u>	<u>\$ 97,278,562</u>	<u>\$370,640,218</u>

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

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	California Infrastructure and Economic Development Bank Fund	California Infrastructure Guarantee Trust Fund	California Small Business Expansion Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipt of interest on loans receivable	\$ 10,685,684	\$ -	\$ 154,771	\$ 10,840,455
Receipt of administration fees	2,507,837	-	-	2,507,837
Receipt of program support	-	-	1,862,409	1,862,409
Receipt of recovered guarantee payments	-	-	114,952	114,952
Receipt of principal on loans receivable	15,047,543	-	1,187,484	16,235,027
Payment of loan guarantees	-	-	(1,922,310)	(1,922,310)
Payment of outstanding loan commitments	(78,343,223)	-	(586,369)	(78,929,592)
Payment of program support	(4,378,611)	-	(2,330,527)	(6,709,138)
Net cash used by operating activities	<u>(54,480,770)</u>	<u>-</u>	<u>(1,519,590)</u>	<u>(56,000,360)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payment of principal on revenue bond debt	(10,395,000)	-	-	(10,395,000)
Payment of interest on revenue bond debt	(14,156,975)	-	-	(14,156,975)
Net cash used by noncapital financing activities	<u>(24,551,975)</u>	<u>-</u>	<u>-</u>	<u>(24,551,975)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	-	-	115,556,053	115,556,053
Purchase of investments	-	-	(107,800,790)	(107,800,790)
Interest on investments	5,112,550	498,881	2,160,740	7,772,171
Net cash provided by investing activities	<u>5,112,550</u>	<u>498,881</u>	<u>9,916,003</u>	<u>15,527,434</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(73,920,195)	498,881	8,396,413	(65,024,901)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>293,443,656</u>	<u>25,230,898</u>	<u>14,034,322</u>	<u>332,708,876</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 219,523,461</u>	<u>\$ 25,729,779</u>	<u>\$ 22,430,735</u>	<u>\$ 267,683,975</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating loss	\$ (387,003)	\$ -	\$ (10,987,052)	\$ (11,374,055)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Interest on revenue bond debt	10,892,119	-	-	10,892,119
Changes in assets, liabilities, and deferred outflows/inflows:				
Prepaid expenses	-	-	(33,006)	(33,006)
Loans receivable	(80,182,607)	-	651,115	(79,531,492)
Interest on loans receivable	(766,004)	-	(9,012)	(775,016)
Accounts payable	420,094	-	61,860	481,954
Nonexchange financial guarantees liability	-	-	4,381,938	4,381,938
Funds held on behalf of others - BAAQMD Funding	-	-	1,001,409	1,001,409
Loan payable - SMIF (SB 84)	-	-	-	-
Due to General Fund - SMIF (SB84)	17,344	-	-	17,344
Compensated absences payable	7,494	-	(1,958)	5,536
Net OPEB liability and related deferred outflows/inflows	(2,085,412)	-	3,414,906	1,329,494
Net pension liability and related deferred outflows/inflows	716,278	-	210	716,488
Undisbursed loan commitments	16,886,927	-	-	16,886,927
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (54,480,770)</u>	<u>\$ -</u>	<u>\$ (1,519,590)</u>	<u>\$ (56,000,360)</u>
NONCASH FINANCING AND INVESTING ACTIVITIES				
Amortization of revenue bond premiums	\$ 3,497,201	\$ -	\$ -	\$ 3,497,201
Amortization of deferred outflows of resources on refunding of debt	340,220	-	-	340,220

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. THE FINANCIAL REPORTING ENTITY

The California Infrastructure and Economic Development Bank (IBank), a component unit of the State of California (State), is a public instrumentality of the State, organized and existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code commencing with Section 63000 (Act). IBank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide loans, credit enhancements, including guarantees, acquire or lease facilities, and leverage State funds. The mission of IBank is to finance public infrastructure, clean energy, water, environmental, and economic development projects that promote a healthy climate for job creation and retention, contribute to a strong California economy and a healthy environment, and improve the quality of life in California communities. IBank is governed by a five-member Board of Directors (Board) consisting of the Director of the Governor's Office of Business and Economic Development, who serves as the chair, the Director of the Department of Finance, the State Treasurer, the Secretary of the State Transportation Agency, and an appointee of the Governor.

IBank has reviewed criteria to determine whether other entities with activities that benefit the IBank should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity is financially accountable for the legally separate organization (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), the scope of public service, and a special financing relationship. Based upon these criteria, IBank determined that there are no other entities that are required to be included in IBank's financial reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

IBank operates in a similar manner as private sector businesses and is classified as an enterprise fund. The accounts of IBank are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of accounts in a separate column comprising of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. IBank's funds are organized as follows:

The California Infrastructure and Economic Development Bank Fund (CIEDB Fund) -
The CIEDB Fund is continuously appropriated, without regard to fiscal year, and is available for expenditure for the program related purposes stated in the Act.

The *Infrastructure State Revolving Fund (ISRF) Program* provides financing to State and local government entities for a wide variety of infrastructure projects throughout the State. Eligible ISRF Program borrowers include any State or local governmental entities, and any departments, agencies, commissions, cities, counties, special districts, assessment districts, joint powers authorities, enhanced infrastructure special districts, and sub-divisions thereof, and nonprofit public benefit organizations formed on behalf of or sponsored by any such governmental entity. IBank issues revenue bonds (ISRF Program Bonds) to provide additional funding for the ISRF Program. The ISRF Program Bond indentures require an

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

independent audit of the ISRF Programs. IBank also serves as a conduit issuer of tax-exempt and taxable revenue bonds, loans, and commercial paper for private manufacturing, nonprofit and other governmental entities (Bond Financing Program). Legislation requires an audit of IBank's activities under the Bond Financing Program.

The *California Lending for Energy and Environmental Needs (CLEEN) Center* is a sub-program of the ISRF Program and provides low-cost financing to eligible State and local governments, public universities, schools, and hospitals. The approved eligible projects include commercially proven technologies that are expected to result in carbon reduction benefits, water conservation, or other environmental benefits within the State, including energy efficiency, renewable energy, energy storage, alternative technologies, alternative fuels, transportation, and water.

The **California Infrastructure Guarantee Trust Fund** is continuously appropriated to IBank without regard to fiscal year for the purpose of insuring all or a portion of the accounts and subaccounts within the Guarantee Trust Fund, any contracts or obligations of IBank or a sponsor, as that term is defined in the Act, and all or a part of any series of bonds issued by IBank, by a special purpose trust or by a sponsor, and is available for expenditure for the Guarantee Trust Fund related purposes stated in the Act.

The **California Small Business Expansion Fund (Expansion Fund) in the Small Business Finance Center (SBFC)** helps small businesses create and retain jobs, and encourages investment in low- to moderate-income communities. Effective October 4, 2013, the Small Business Financial Assistance Act of 2013 (SBFC Act) established the SBFC within IBank and transferred the Expansion Fund, which accounts for the activities of the California Small Business Loan Guarantee (SBLG) Program, the Farm Loan Program, the Jump Start Program, the Surety Bonds Program, the Disaster Relief Program, and the Secondary Market Program to IBank. The Surety Bonds and Secondary Market Programs are currently inactive. With the exception of certain amounts spent for program administration support that require an annual appropriation by the State Legislature for the SBLG program, the Expansion Fund is continuously appropriated without regard to fiscal year and is available for expenditure for the program-related purposes stated in the SBFC Act.

The *California Small Business Loan Guarantee (SBLG) Program* was established in the State in 1968 to provide access to capital and create jobs and opportunities for small businesses primarily owned by minorities, women, and disabled persons. The term loans and lines of credit are made by financial institutions, typically banks, credit unions and federally chartered community development financial institutions. Seven nonprofit financial development corporations (FDC) contract with IBank to administer the guarantees issued under the SBLG Program. The SBLG Program enables participating small businesses to secure financing for their business plans, including expanding operations, purchasing new equipment and inventory, and accessing working capital. The guarantee provided by IBank serves as a credit enhancement and an incentive for financial institutions to make term loans and lines of credit to small businesses that otherwise may not be able to obtain such financing.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

In 2011, the State of California was approved for an allocation of \$168 million in federal funds from the U.S. Treasury under the State Small Business Credit Initiative (SSBCI), a component of President Obama's Small Business Jobs Act of 2010. The allocation was divided equally between two State agencies, with the SBLG Program receiving four disbursements (tranches) since inception. The SSBCI funds have unique federal requirements. Consequently, the SSBCI funded collection guarantees are administered by IBank separately as a subset of the SBLG Program. Thus, since 2011, the SBLG Program has consisted of two subsets: the state-funded portion of the SBLG program and the federal SSBCI-funded portion. As of June 30, 2019, IBank has expended for small businesses in the State loan guarantees and permissible administrative costs, all of the SSBCI funds allocated by the U.S Treasury to IBank under SSBCI.

The *Farm Loan Program* supports direct loans by IBank to small farms through participating FDCs. The term loans and lines of credit provide capital for farms that are primarily engaged in producing crops, livestock products, or aquatic organisms through the utilization and management of land, water, labor, capital, and basic materials including seed, feed, fertilizer, and fuel. The farm loans are 90% guaranteed by the U.S. Department of Agriculture, Farm Service Agency. Two FDCs are currently participating in the Farm Loan Program.

The *Jump Start Loan Program* is a micro-loan and financial literacy/technical assistance program exclusively for low-wealth entrepreneurs in low-wealth communities and areas affected by a state of emergency within California and declared a disaster by the President of the United States, the Administrator of the United States Small Business Administration, or the United States Secretary of Agriculture, or declared to be in a state of emergency by the Governor of the State of California (Disaster Area). IBank's goal is to make more small business micro-loans available to low-wealth entrepreneurs, including low-wealth businesses owned by women, minorities, veterans, persons with disabilities, and persons previously incarcerated, and small businesses in the State that have suffered significant actual physical damage to real or personal property and/or have suffered significant economic injury, as a result of a disaster in a Disaster Area. Five FDCs are currently participating in the Jump Start Loan Program.

B. ACCOUNTING PRINCIPLES

The accompanying financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance 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.

IBank distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with principal ongoing operations. The primary operating revenue reported is financing income, representing interest on financing provided to borrowers. Also recognized in operating revenue are the fees charged to ISRF Program borrowers, conduit Bond Financing Program borrowers, Expansion Fund guarantee recoveries, and Expansion Fund federal and state revenue including

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

interest on Jump Start Loans and Farm Loans. Operating expenses primarily include interest expense on the ISRF Program Bonds, Expansion Fund nonexchange financial guarantee expenses, and program support expenses. Investment income is reported as nonoperating revenue.

C. CASH AND EQUIVALENTS AND INVESTMENTS

IBank considers all short-term investments with an original maturity of three months or less at the time of purchase to be cash equivalents. In addition, the investment in the State's Surplus Money Investment Fund (SMIF), an investment pool within the State's centralized treasury system, is considered to be highly liquid and cash equivalents. All investment income, including changes in the fair value of investments, is recognized as revenue in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for deposits and investment risks are specified relating to the following risks: interest rate, credit, custodial credit, concentrations of credit, and foreign currency. In addition, other disclosures are specified including, but not limited to, the use of certain methods to present deposits and investments and highly sensitive investments at year-end.

Certificates of deposit are recorded at cost. It is the intent of IBank to hold these certificates of deposit until maturity. IBank holds investments that are measured at fair value on a recurring basis. IBank categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

D. LOANS RECEIVABLE

ISRF Loans - IBank enters into loan agreements, installment sale agreements, and lease agreements (Loans) to finance public infrastructure and economic development projects and projects for non-profit organizations sponsored by governmental entities pursuant to the ISRF Program. A majority of the Loans are pledged to the 2014A ISRF Program Bonds, 2015A ISRF Program Bonds, and the 2016A ISRF Program Bonds (Series Pledged Loans). Loans receivable includes pledged and non-pledged Loans. Pledged and non-pledged Loans receivable consists of two components – the disbursed and the undisbursed amount of Loans. The disbursed amount of pledged Loans receivable includes amounts drawn by the borrower for reimbursement or payment of project costs. The undisbursed amount of pledged Loans receivable includes the balance available to be drawn by the borrowers and draws submitted for payment but unpaid at year-end, and is offset by a liability for outstanding undisbursed loan commitments. Prior to the issuance of the ISRF Program Bonds, Loans were funded solely by General Fund appropriations received from the State, Loan repayments, fee revenue, and investment income. Since the issuance of the ISRF Program Bonds, Loans have been funded from the proceeds of the ISRF Program Bonds and/or from proceeds of Loan repayments, fee revenue, and investment income.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The current portion of loan commitments is an estimate and is generally based upon projections provided by borrowers. These estimates are subject to change due to unforeseen weather conditions, construction delays related to change orders, delayed material shipment, subcontractor performance problems, and other factors that cannot be reasonably predicted. There is no provision for uncollectible accounts as all Loans are current and expected at this time to be repaid according to the scheduled terms. ISRF Loans interest rates range from 1.73% to 4.07% and the loan terms are 10 to 30 years.

Farm Loans - IBank provides funding for direct loans to small farms through participating FDCs in the Farm Loan Program under the Expansion Fund. The disbursed amount of the Farm Loans receivable includes amounts drawn by the borrower for reimbursement or payment of farm costs. Farm loans are funded from the accounts dedicated to the Farm Loan Program under the Expansion Fund. Farm Loans interest rates range from 3.00% to 3.50% and the loan terms are 6 months to 30 years.

Jump Start Loans - During the 2018-2019 fiscal year, IBank made a total of \$80,000 of Jump Start Loans in California to 8 small businesses. Five FDCs under contract with IBank provided 412 hours of technical assistance to small businesses throughout California. Jump Start Loans interest rates range from 10.00% to 10.50% and the loan terms are 1 to 6 years.

There is a provision for uncollectible accounts of \$50,000 at June 30, 2019 for Jump Start loans receivables. There are no other provisions for uncollectible accounts as all other loans are current and expected at this time to be repaid according to the scheduled terms.

E. ISSUANCE COSTS

Costs associated with the issuance of each series of the ISRF Program Bonds included bond counsel and disclosure counsel fees, trustee fees, rating agency fees, underwriting costs, financial advisor fees, and other miscellaneous expenses. The ISRF Program bond issuance costs are recognized as an expense when incurred.

F. REVENUE BONDS PAYABLE

Revenue bonds payable are stated at their unpaid balance plus any remaining unamortized premiums. Bond premiums are amortized using the effective-interest method over the terms of the respective ISRF Program Bonds. The ISRF Program Bonds are subject to mandatory and optional redemption prior to their stated maturity. The ISRF Program Bonds are not obligations of the State, and the taxing power of the State is not pledged for their payments. The obligation of IBank to make such payments is a limited obligation, payable solely from the ISRF Program Bonds collateral pledged by IBank.

G. LOAN AND CONDUIT BOND FEES

IBank charges an origination fee and an annual servicing fee to ISRF Program borrowers. The origination fee is due upon execution of the Loan agreement and is collected no later than the date of the borrower's first disbursement. Loan origination fees are recognized as revenue when due. The annual servicing fee is recognized as revenue when earned. IBank also charges application, bond issuance, and annual fees to conduit Bond Financing Program borrowers. Conduit bond fees are recognized as revenue when earned.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

H. COMPENSATED ABSENCES PAYABLE

Compensated absences payable represents employees' earned but unused vacation, annual leave, and other similar leave program balances, which are eligible for payment upon separation from State service. Unused sick leave balances are not included as they are converted to additional service credit used in the calculation of postemployment benefits. Compensated absences payable is a long-term obligation because leave earned in the current period is considered to be used before any unused leave from prior years (LIFO) and it is anticipated that employees will not generally use more leave than the amount earned in the current period.

I. NONEXCHANGE FINANCIAL GUARANTEES LIABILITY

A nonexchange financial guarantee is a financial guarantee for obligations without receiving equal or approximately equal value in exchange (a nonexchange transaction). The nonexchange financial guarantee liability represents amounts that will more likely than not be required for the guarantees based on consideration of the likelihood of default of individual loan violations of agreements and initiation of the process of financial reorganization.

J. DEFERRED OUTFLOWS/DEFERRED INFLOWS OF RESOURCES

In addition to assets and liabilities, the Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The loss on refunding debt, resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as a deferred outflow of resources and is amortized over the shorter of the life of the refunded bond or refunding bond.

Contributions made to the pension and OPEB plans after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources and will reduce the net pension and OPEB liabilities in the next fiscal year.

Additional factors involved in the calculation of IBank's pension and OPEB expenses and net liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between IBank's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Notes 7 and 8 for further details related to these deferred outflows and inflows.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

K. 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 IBank's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. OTHER POSTEMPLOYMENT BENEFITS (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 IBank's portion of the State Plan (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. CLASSIFICATION OF NET POSITION

Restricted net position represents amounts restricted due to external restrictions imposed by creditors, laws or regulations of the government, and restrictions imposed by law through constitutional provisions or enabling legislation. The net position reported by IBank is restricted by statute for programs established by IBank and for programs administered pursuant to the Act.

N. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

IBank follows GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of the interest rate, credit, custodial credit, concentration of credit and foreign currency risks to the extent that they exist at the date of the Statement of Net Position. Additional disclosure detail required by GASB Statement No. 40 for cash deposits, investments, and derivatives within the State's centralized treasury system can be found in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 at https://sco.ca.gov/ard_state_cafr_sup.html, which is the latest available.

Due to the specified nature of the activities reported in IBank as established in the Act and the SBFC Act, all cash, cash equivalents, and investments are considered restricted at June 30, 2019, since these funds cannot be spent for any purpose other than as established in the Act and SBFC Act.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Investments are made pursuant to an investment policy initially adopted by the Board in March 2006. IBank's current investment policy contains a requirement for the Board to review the investment policy on an annual basis. The investment policy was last reviewed and approved by the Board on October 23, 2018. The Investment Policy provides guidelines for the prudent investment while maximizing efficiency and financial return in conformance with all applicable State statutes governing the investment of public funds, with the foremost objectives being safety and liquidity.

Pursuant to the Investment Policy, IBank may, from time to time, direct the State Treasurer (Treasurer) to invest monies in the CIEDB Fund and Guarantee Trust Fund held within the State's centralized treasury system that are not required for its current needs, in any eligible securities specified in Government Code Section 16430 as IBank shall designate. IBank may direct the Treasurer to invest monies in the Guarantee Trust Fund in certain repurchase agreements, investment agreements, and subordinated securities as specified in Government Code Section 63062(a). IBank may direct the Treasurer to deposit monies in interest-bearing accounts in qualified public depositories as established by State law, including any bank in the State or in any savings and loan association in the State. IBank may alternatively require the transfer of monies to SMIF for investment.

Government Code Sections 63052(e), 63062(b) and 5922(d) provide that bond proceeds and monies set aside and pledged to the repayment of bonds may be invested in securities or obligations described in the indenture for those bonds. Monies in each of the accounts with respect to the 2014A ISRF Program Bonds, 2015A ISRF Program Bonds, and 2016A ISRF Program Bonds issued under the Indenture, dated as of February 1, 2014, between IBank and US Bank National Association, as trustee (ISRF Trustee), as supplemented and amended by the First Supplemental Indenture dated as of February 1, 2014 between IBank and the ISRF Trustee, the Second Supplemental Indenture dated as of June 1, 2015 between IBank and the ISRF Trustee, and the Third Supplemental Indenture dated as of June 1, 2016 between IBank and the ISRF Trustee (Indenture) are held by the ISRF Trustee and shall be invested and reinvested by the ISRF Trustee in permitted investments, as that term is defined in the Indenture. The permitted investments mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed.

Government Code Section 63089.5 provides for the continued existence in the State Treasury of the Expansion Fund and also provides that all of the funds in the Expansion Fund may be paid out to a financial institution that will establish a trust fund and act as trustee of the funds. Monies in each account with respect to the Expansion Fund under the SBFC have been paid out to and are held by Fiduciary Trust International, as trustee (SBFC Trustee), and are invested and reinvested by the SBFC Trustee in permitted investments pursuant to the Investment Policy.

Investments Authorized by the California Government Code and the Investment Policy

The following table identifies the investment types that are authorized by Government Code sections 16430, 5922(d), 63052(d) and (e), and 63062(a) and (b) or the Investment Policy, where more restrictive. The table below also identifies certain provisions of the California Government Code, or the Investment Policy, where more restrictive, that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds and other monies held by the ISRF Trustee that are governed by the provisions of the Indenture, but rather the general provisions of the California Government Code or the Investment Policy.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Authorized Investments

<u>Authorized Investment Type</u>	<u>Maximum Maturity¹</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Credit Rating³</u>
U.S. Treasury Securities	5 Years	N/A ²	N/A	N/A
Federal Agency Securities	5 Years	N/A	40%	N/A
State of California Securities	5 Years	30%	30%	N/A
Local Agency Securities	5 Years	30%	5%	N/A
Commercial Paper	180 Days	30%	5%	A1/P1/F1
Bankers Acceptances	180 Days	40%	5%	N/A
Negotiable Certificates of Deposit	5 Years	30%	5%	N/A
Non-Negotiable Certificates of Deposit	5 Years	N/A	N/A	N/A
U.S. SBA or U.S. FHA Securities	5 Years	N/A	40%	N/A
Export-Import Bank Securities	5 Years	10%	N/A	N/A
Guaranteed Student Loan Program Securities	5 Years	10%	N/A	N/A
Development Bank Securities	5 Years	30%	5%	N/A
Corporate Debt Securities	5 Years	30%	5%	A
Investment Agreements	5 Years	N/A	N/A	N/A
Repurchase Agreements	5 Years	N/A	N/A	N/A
Reverse Repurchase Agreements	1 Year	20%	N/A	N/A

¹ Where the Investment Policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a collateral security underlying a repurchase agreement or collateral for an investment agreement, which at the time of the investment has a term remaining to maturity in excess of five years.

² N/A means neither the Government Code nor the Investment Policy sets a limit.

³ A rating by any nationally recognized rating agency will meet this requirement. The nationally recognized rating agencies include Standard & Poor's (S&P), Moody's Investors Services (Moody's), and Fitch Ratings (Fitch) (collectively, Rating Agencies).

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Investments Authorized by the ISRF Program Bond Series Indentures or the Indenture

Investment of debt proceeds and Loan repayments that are held by the ISRF Trustees are governed by the provisions of the Indenture. Such investments are referenced in the Investment Policy, which references Government Code sections 63052(e) and 5922(d).

Authorized Investments

<u>Authorized Investment Type</u>	<u>Maximum Maturity¹</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Credit Rating³</u>
U.S. Treasury Securities	5 Years	N/A ²	N/A	N/A
Federal Agency Securities	5 Years	N/A	30%	N/A
Commercial Paper	180 Days	30%	10%	A-2/P-2/F2
Bankers Acceptances	180 Days	N/A	N/A	A-3/P-3/F3
Negotiable Certificates of Deposit	5 Years	N/A	N/A	A
U.S. SBA or U.S. FHA Securities	5 Years	N/A	N/A	N/A
Export-Import Bank Securities	5 Years	N/A	N/A	N/A
Guaranteed Student Loan Program Securities	5 Years	N/A	N/A	N/A
Development Bank Securities	5 Years	N/A	N/A	N/A
Corporate Debt Securities	5 Years	N/A	N/A	A
Surplus Money Investment Fund	N/A	N/A	N/A	N/A
Repurchase Agreements	5 Years	N/A	N/A	A
Guaranteed Investment Contract	5 Years	N/A	N/A	AA
Collateralized Forward Purchase Agreements	5 Years	N/A	N/A	A
Money Market Funds	N/A	N/A	N/A	Am

¹ The Investment Policy authorizes investing bond reserve funds and bond revenue funds beyond five years if prudent in the opinion of the Executive Director.

² N/A means neither the Government Code nor the Investment Policy sets a limit.

³ As rated by each of S&P, Moody's, and Fitch.

IBank has invested excess cash held within the State's centralized treasury system in SMIF. All of the resources in SMIF are invested through the Pooled Money Investment Account (PMIA). The PMIA investment program is overseen by the Pooled Money Investment Board and is administered by the Treasurer.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash and cash equivalents at June 30, 2019 were as follows:

SMIF	\$ 66,811,603
Cash and Cash Equivalents with Financial Institutions	
Money Market Funds	179,458,281
Deposits	115,049
Held on behalf of others	1,001,409
U.S. Treasury Securities	<u>20,297,633</u>
Total Cash and Cash Equivalents	<u>\$ 267,683,975</u>

Investments at June 30, 2019 were as follows:

Corporate Debt Securities	\$ 33,373,521
Local Agency Securities	28,373,274
U.S. Treasury Securities	42,520,727
U.S. SBA or U.S. FHA Securities	7,507
Federal Agency Securities	<u>34,289</u>
Total Investments	<u>\$ 104,309,318</u>

Fair Value Measurement

GASB Statement No. 72 requires IBank to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

SMIF, being an investment pool, and Money Market Funds are subject to fair value measurement; however, they are not subject to the fair value hierarchy. The remaining investments are classified as Level 2 of the fair value hierarchy because they are valued using a matrix pricing model.

Deposit and Investment Risk Disclosures

Interest Rate Risk. Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity, measured by weighted average to maturity, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with a shorter duration. As of June 30, 2019, the weighted average maturity of the investments contained in SMIF is approximately 173 days. SMIF is considered to be highly liquid and a cash equivalent.

**CALIFORNIA INFRASTRUCTURE AND
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Information about the sensitivity of the fair values of investments to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity as of June 30, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
Corporate Debt Securities	\$ 33,373,521	\$ 13,014,445	\$ 6,666,553	\$ 13,692,523	\$ -
Local Agency Securities	28,373,274	10,264,540	8,175,750	9,932,984	-
U.S. Treasury Securities	62,818,359	34,070,524	19,311,243	9,436,592	-
U.S. SBA or U.S. FHA Securities	7,507	-	-	7,056	451
Federal Agency Securities	34,289	-	-	33,677	612
Money Market Funds	<u>179,541,779</u>	<u>179,541,779</u>	-	-	-
Total	<u>\$ 304,148,729</u>	<u>\$ 236,891,288</u>	<u>\$ 34,153,546</u>	<u>\$ 33,102,832</u>	<u>\$ 1,063</u>

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. SMIF and the certificate of deposit do not have a rating provided by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each of the remaining investment types as of June 30, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating as of Year-End</u>		
		<u>AAA to AA</u>	<u>AA- to A-</u>	<u>BBB+- to BB-</u>
Corporate Debt Securities	\$ 33,373,521	\$ 4,040,496	\$ 27,786,927	\$ 1,546,098
Local Agency Securities	28,373,274	20,745,395	7,627,879	-
U.S. Treasury Securities	62,818,359	62,818,359	-	-
U.S. SBA or U.S. FHA Securities	7,507	7,507	-	-
Federal Agency Securities	34,289	34,289	-	-
Money Market Funds	<u>179,541,779</u>	<u>179,541,779</u>	-	-
Total	<u>\$ 304,148,729</u>	<u>\$ 267,187,825</u>	<u>\$ 35,414,806</u>	<u>\$ 1,546,098</u>

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, IBank will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2019, IBank reported \$115,049 in deposit accounts, all of which was covered by federal deposit insurance.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, IBank will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2019, the investments were not subject to custodial credit risk.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

4. REVENUE BONDS PAYABLE

On February 6, 2014, IBank issued \$95,960,000 in ISRF Program Bonds. A portion of the proceeds, \$82,184,703, was used to advance refund \$78,440,000 of outstanding 2004 and 2005 ISRF Program Bonds. These proceeds were deposited in an irrevocable trust with an escrow agent to pay the future debt service on the refunded bonds. As a result, the 2004 and 2005 ISRF Program Bonds are considered defeased and the liability for those bonds was removed from the Statement of Net Position. The remaining proceeds were used to fund ISRF Program Loans that were made in anticipation of the issuance of the 2014 ISRF Program Bonds.

The reacquisition price (amount placed in escrow to repay the 2004 and 2005 ISRF Program Bonds) exceeded the net carrying amount of those bonds by \$896,045. This loss on the bond refunding is reported as a deferred outflow of resources on the Statement of Net Position and will be amortized over the remaining life of the refunded bonds. As of June 30, 2019, the balance of the loss on bond refunding was \$459,575.

The defeased 2004 and 2005 ISRF Program Bonds were redeemed on their October 1, 2014 call date.

On June 17, 2015, IBank issued \$90,070,000 in ISRF Program Bonds. A portion of the proceeds, \$39,285,137, was used to advance refund \$35,435,000 of outstanding 2008 ISRF Program Bonds. These proceeds were deposited in an irrevocable trust with an escrow agent to pay the future debt service on the refunded bonds. As a result, the 2008 ISRF Program Bonds are considered defeased and the liability for those bonds was removed from the Statement of Net Position. The remaining proceeds were used to fund ISRF Program Loans that were made in anticipation of the issuance of the 2015 ISRF Program Bonds.

The reacquisition price (amount placed in escrow to repay the 2008 ISRF Program Bonds) exceeded the net carrying amount of those bonds by \$3,587,748. This loss on the bond refunding is reported as a deferred outflow of resources on the Statement of Net Position and will be amortized over the remaining life of the refunded bonds. As of June 30, 2019, the balance of the loss on bond refunding was \$2,349,239.

On June 14, 2016, IBank issued \$141,600,000 in ISRF Program Bonds to provide funds for the ISRF Program Loans.

The defeased 2008 ISRF Program Bonds were redeemed on their October 1, 2018 call date.

The principal and interest payments received during the fiscal year from the Series-Pledged Loans are paid to the ISRF Trustees in amounts and at times sufficient to make the semi-annual debt service payments on the ISRF Program Bonds as they become due through 2046. The total principal and interest remaining to be paid on the ISRF Program Bonds is \$468,116,250. For the fiscal year ended June 30, 2019, Series Pledged Loan repayments and reserve account earnings were \$25,943,543. The debt service payments on ISRF Program Bonds for the fiscal year were \$24,444,100, resulting in a bond debt coverage ratio for the fiscal year of 1.06 times.

**CALIFORNIA INFRASTRUCTURE AND
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The following is a summary of bonds payable at June 30, 2019:

Infrastructure State Revolving Fund Revenue Bonds, Series 2014A, issued \$95,960,000 bearing 2.00% to 5.00% interest payable semi-annually, final maturity October 1, 2043 (2014 ISRF Program Bonds)	\$ 78,610,000
Infrastructure State Revolving Fund Revenue Bonds, Series 2015A, issued \$90,070,000 bearing 1.00% to 5.00% interest payable semi-annually, final maturity October 1, 2043 (2015A ISRF Program Bonds)	75,440,000
Infrastructure State Revolving Fund Revenue Bonds, Series 2016A, issued \$141,600,000 bearing 2.00% to 5.00% interest payable semi-annually, final maturity October 1, 2045 (2016A ISRF Program Bonds)	138,745,000
Plus: Unamortized Net Premium	<u>42,349,709</u>
Net ISRF Program Bonds Payable	<u>\$ 335,144,709</u>

The following is a schedule of the debt service requirements for the 2014 ISRF Program Bonds as of June 30, 2019:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 4,065,000	\$ 3,811,569	\$ 7,876,569
2021	4,275,000	3,603,068	7,878,068
2022	4,470,000	3,384,444	7,854,444
2023	4,480,000	3,160,694	7,640,694
2024	4,165,000	2,944,569	7,109,569
2025-2029	24,200,000	11,295,219	35,495,219
2030-2034	22,060,000	5,025,031	27,085,031
2035-2039	8,970,000 ¹	1,419,425	10,389,425
2040-2044	<u>1,925,000²</u>	<u>157,609</u>	<u>2,082,609</u>
Total	<u>\$ 78,610,000</u>	<u>\$ 34,801,628</u>	<u>\$ 113,411,628</u>

¹ Principal payments in the amount of \$4,640,000 will be made from sinking fund payments for the 2039 term bond.

² Principal payments in the amount of \$550,000 and \$1,375,000 will be made from sinking fund payments for the 2039 and 2043 term bonds, respectively.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The following is a schedule of the debt service requirements for the 2015A ISRF Program Bonds as of June 30, 2019:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 4,425,000	\$ 3,578,556	\$ 8,003,556
2021	4,655,000	3,351,556	8,006,556
2022	4,750,000	3,116,431	7,866,431
2023	4,835,000	2,876,807	7,711,807
2024	4,830,000	2,635,181	7,465,181
2025-2029	19,825,000	9,994,532	29,819,532
2030-2034	18,245,000	5,254,206	23,499,206
2035-2039	10,515,000 ³	1,858,028	12,373,028
2040-2044	3,360,000 ⁴	398,750	3,758,750
Total	\$ 75,440,000	\$ 33,064,047	\$ 108,504,047

³ Principal payments in the amount of \$3,205,000 will be made from sinking fund payments for the 2040 term bonds.

⁴ Principal payments in the amount of \$1,460,000 and \$1,900,000 will be made from sinking fund payments for the 2040 and 2043 term bonds, respectively.

The following is a schedule of the debt service requirements for the 2016A ISRF Program Bonds as of June 30, 2019:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 2,365,000	\$ 6,291,550	\$ 8,656,550
2021	2,460,000	6,182,750	8,642,750
2022	2,465,000	6,084,275	8,549,275
2023	2,660,000	5,994,100	8,654,100
2024	2,775,000	5,871,525	8,646,525
2025-2029	16,250,000	27,062,750	43,312,750
2030-2034	23,995,000	22,218,625	46,213,625
2035-2039	31,970,000 ⁵	15,692,175	47,662,175
2040-2044	37,190,000 ⁶	7,395,725	44,585,725
2045-2046	16,615,000 ⁷	662,100	17,277,100
Total	\$ 138,745,000	\$ 103,455,575	\$ 242,200,575

⁵ Principal payments in the amount of \$13,295,000 will be made from sinking fund payments for the 2041 term bonds.

⁶ Principal payments in the amount of \$22,595,000 and \$14,595,000 will be made from sinking fund payments for the 2041 and 2045 term bonds, respectively.

⁷ Principal payments in the amount of \$16,615,000 will be made from sinking fund payments for the 2045 term bonds.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

5. LONG-TERM OBLIGATIONS

The changes in long-term obligations for the fiscal year ended June 30, 2019 were as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion</u> <u>June 30, 2019</u>
Revenue Bonds Payable:					
2014A ISRF Program Bonds	\$ 82,470,000	\$ -	\$ 3,860,000	\$ 78,610,000	\$ 4,065,000
2015A ISRF Program Bonds	79,685,000	-	4,245,000	75,440,000	4,425,000
2016A ISRF Program Bonds	141,035,000	-	2,290,000	138,745,000	2,365,000
Unamortized Net Premium	<u>45,846,910</u>	<u>-</u>	<u>3,497,201</u>	<u>42,349,709</u>	<u>3,368,637</u>
Total Revenue Bonds Payable	349,036,910	-	13,892,201	335,144,709	14,223,637
Loan Payable – SMIF (SB 84)	750,000	-	-	750,000	47,656
Compensated Absences Payable	<u>346,409</u>	<u>291,105</u>	<u>285,569</u>	<u>351,945</u>	<u>70,312</u>
Total	<u>\$ 350,133,319</u>	<u>\$ 291,105</u>	<u>\$ 14,177,770</u>	<u>\$ 336,246,654</u>	<u>\$ 14,341,605</u>

6. CONDUIT BOND INFORMATION AND DEBT OBLIGATIONS

IBank has served as the conduit bond issuer for many private, nonprofit, and governmental entities. Conduit bonds are a limited obligation of IBank payable solely from the pledged revenues of the conduit borrower. As such, the balance of outstanding conduit bonds is not reflected in the Statement of Net Position due to the conduit bond borrower's repayment pledges for those bonds.

Conduit Bond information ¹:

• Fees earned from 7/1/18 thru 6/30/19:	
○ Application Fees	\$ 29,000
○ Issuance Fees	\$ 528,200
○ Annual Fees	\$ 76,911
○ Other	\$ 13,655
• Conduit Bond Support Operating Expenses	\$ 972,802 ²
• Amount of conduit bonds authorized but unsold as of 6/30/19	\$ 62,400,000
• Amount of conduit bond debt issued from 7/1/18-6/30/19	\$ 456,345,000
• Amount of conduit bonds outstanding as of 6/30/19	\$ 5.5 Billion ³
• Number of conduit bonds transactions outstanding as of 6/30/19	146

¹ This information is provided pursuant to Government Code section 5872(a).

² Conduit Bond Support Operating Expenses include expenses such as salaries and benefits, administrative services, rent, utilities, travel, training, equipment and external services.

³ Includes bonds issued by the former California Economic Development Financing Authority, which were assumed by IBank pursuant to Chapter 4, Statutes of 1998, bonds issued by the California Consumer Power and Conservation Financing Authority, which were assumed by IBank pursuant to Resolution 04-37 adopted by the IBank Board on September 28, 2004.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

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7. RETIREMENT PLAN

Plan Description

All of the employees of IBank participate in the California Public Employees' Retirement System (CalPERS), which is included in the State of California's (State) Comprehensive Annual Financial Report as a fiduciary component unit. CalPERS administers the Public Employees' Retirement Fund (PERF). PERF is an agent multiple-employer defined benefit retirement plan. Departments and agencies within the State, including IBank, are in a cost-sharing arrangement in which all risks and costs are shared proportionately by participating State agencies. Since all State agencies and certain related organizations, including IBank, are considered collectively to be a single employer for plan purposes, the actuarial present value of vested and non-vested accumulated plan benefits attributable to the IBank employees cannot be determined. The significant actuarial assumptions used to compute the actuarially determined State contribution requirements are the same as those used to compute the State pension benefit obligation as defined by CalPERS. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

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

Benefits Provided

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

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The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

First Tier:

	<u>Prior to January 15, 2011</u>	<u>January 15, 2011 to December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date			
Benefit formula	2% @ 55	2% @ 60	2% @ 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 to 67	50 to 67	52 to 67
Monthly benefits, as a % of eligible compensation	1.1 to 2.5%	1.092 to 2.418%	1.0 to 2.5%

Second Tier:

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

Contributions

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

For the measurement period ended June 30, 2018 (the measurement date), the employer's contribution rate is 28.325% of annual payroll.

These rates reflect Section 20683.2, which mandates that certain employees must contribute more as of July 1, 2013. Furthermore, any reduction in employer contributions due to the increase in the employee contributions must be paid by the employer towards the unfunded liability. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. IBank's contributions to the plan were \$730,441 for the fiscal year ended June 30, 2019.

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Included in IBank's contributions to the plan, during the fiscal year ended June 30, 2018, the State Surplus Money Investment Fund (SMIF) made a contribution to the Plan of \$750,000, on behalf of IBank, as required by Senate Bill No. 84 (SB 84) to fund future net pension liabilities. IBank established a loan payable to SMIF for this contribution as required by SB 84. This loan payable, is required to be repaid by IBank by June 30, 2030. Payments on the loan will begin during the June 30, 2020 fiscal year end.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pension

As of June 30, 2019, IBank reported a net pension liability for its proportionate share of the net pension liability of \$6,253,202. The net pension liability of the Plan is measured as of June 30, 2018, 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, 2017 rolled forward to June 30, 2018 using standard update procedures. IBank's proportion of the net pension liability was based on the State Controller's Office (SCO) projection for IBank. The SCO identified a total of 29 entities that are reported in the State's CAFR which are proprietary funds (enterprise and internal service) and fiduciary funds (pension and other employee benefit trust funds), component units (discretely presented and fiduciary), and related organizations, that have State employees with pensionable compensation (covered payroll). The SCO calculated and provided these funds/organizations with their allocated pensionable compensation percentages by plan. IBank's proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2019 and 2018 was 0.01991% and 0.01865%, respectively.

For the fiscal year ended June 30, 2019, IBank recognized pension expense of \$1,446,929. At June 30, 2019, IBank reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,086	\$ (43,566)
Changes in assumptions	564,075	(207,328)
Changes in proportion and differences between IBank contributions and proportionate share of contributions	626,032	(37,700)
Net differences between projected and actual investment earnings of pension plan investments	64,601	-
IBank's contributions subsequent to measurement date	730,441	-
Total	<u>\$ 2,052,236</u>	<u>\$ (288,594)</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The \$730,441 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 fiscal year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	
2020	\$ 799,824
2021	354,348
2022	(89,754)
2023	(31,217)

Actuarial Assumptions

For the measurement period ended June 30, 2018 (the measurement date), the Total Pension Liability (TPL) was determined by rolling forward the June 30, 2017 TPL. The June 30, 2018 TPL was based on the following actuarial method and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the 2017 CalPERS Experience Study and Review of Actuarial Assumptions report (Experience Study).

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at www.calpers.ca.gov.

Change of Assumptions

For the measurement period ended June 30, 2018 (the measurement date), demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Discount Rate

The discount rate used to measure the TPL was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plans members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefits payments to determine the total pension liability. CalPERS' approach for the cash flow projections are presented in the GASB 67 and 68 Crossover Testing Report, which may 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 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 (PERF) cash flows. Using historical returns of all the PERF asset classes, expected compound (geometric) 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 PERF 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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 used to measure the total pension liability.

<u>Asset Class^(a)</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 – 10^(b)</u>	<u>Real Return Years 11+^(c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

^(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

^(b) An expected inflation of 2.0% was used for this period.

^(c) An expected inflation of 2.92% was used for this period.

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Sensitivity of IBank’s Proportionate Share Net Pension Liability to Changes in the Discount Rate

The following presents IBank’s proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what IBank’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
IBank’s Proportionate Share of Plan’s Net Pension Liability	\$ 8,964,723	\$ 6,253,202	\$ 3,980,900

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The State also provides postemployment medical and prescription drug benefits to retired employees and dependents through CalPERS under the Public Employees’ Medical and Hospital Care Act, and dental benefits under the State Employees’ Dental Care Act. The State, and certain bargaining units and judicial employees (valuation groups) have agreed to prefund retiree healthcare benefits. Assets are held in separate accounts by valuation group within the California Employers’ Retiree Benefit Trust (CERBT) administered by CalPERS, an agent multiple-employer defined benefit other postemployment benefits plan (State’s Plan). Assets within each valuation group benefit retirees and dependents associated with that valuation group. CalPERS reports on the CERBT as part of it separately issued annual financial statements, which can be obtained from CalPERS on its website, at www.calpers.ca.gov.

The State has identified 25 separate valuation groups within the State Plan. For each agency and/or fund, the SCO determined the proportion of OPEB employer contributions attributable to employees within these valuation groups. SCO then used these proportions to allocate the OPEB accounting elements from the June 30, 2018 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 2018 monthly State contribution was \$725 for one-party, \$1,377 for two-party coverage, and \$1,766 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.

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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.

IBank 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 IBank were \$153,000 for the fiscal year ended June 30, 2019.

Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2019, IBank reported a liability of \$10,183,000 for its proportionate share of the State’s Plan net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. IBank’s proportion of the net OPEB liability was based on the SCO’s projection for IBank. IBank’s combined proportionate share, based on its attributable employee valuation groups OPEB employer contributions, as of June 30, 2018 was 0.046308%.

For the fiscal year ended June 30, 2019, IBank recognized OPEB expense of \$1,482,494. At June 30, 2019, IBank 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
Changes in assumptions	\$ -	\$ (1,210,000)
Differences in PAY GO contributions	11,000	(3,000)
Differences between Expected and Actual Experience	-	(714,000)
IBank’s contributions subsequent to measurement date	153,000	-
Total	\$ 164,000	\$ (1,927,000)

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The \$153,000 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 fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in IBank’s OPEB expense as follows:

Year Ending June 30	
2020	\$ (334,900)
2021	(334,900)
2022	(334,900)
2023	(334,900)
2024	(333,400)
Thereafter	(243,000)

Actuarial Assumptions

For the measurement period ended June 30, 2018 (the measurement date), the total OPEB liability was determined using a June 30, 2018 valuation date. The June 30, 2018 total OPEB liability was based on the following actuarial methods and assumptions:

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	Blended rate of each valuation group, consisting of 7.00% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 3.62%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.00%, net of OPEB plan investment expenses but without reduction for OPEB plan administrative expenses
Health care cost trend rates	<i>Pre-Medicare coverage:</i> Actual rates for 2019, increasing to 7.50% in 2020, then decreasing 0.50% per year to an ultimate rate of 4.50% for 2026 and later years <i>Post-Medicare coverage:</i> Actual rates for 2019, increasing to 8.00% in 2020, decreasing 0.50% per year to an ultimate rate of 4.50% for 2027 and later years <i>Dental coverage:</i> 0.26% in 2019 and 4.50% thereafter
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, 2018 valuation were also based on the results of the Experience Study, including updates to termination, disability, and retirement rates. The Experience Study report can be obtained from CalPERS’ website at www.calpers.ca.gov.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

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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 2015 experience study performed by Gabriel, Roeder, Smith and Company (GRS) for the period from 2007 to 2014. Other 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. To obtain a copy of the GRS experience study please email the State Controller's Office, State Accounting and Reporting Division, at StateGovReports@sco.ca.gov.

Changes in Assumptions

For the actuarial valuation as of June 30, 2018, healthcare related assumptions, including per capita healthcare cost and healthcare trend rates, were updated based on experience through June 30, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was based on a blended rate for each valuation group. The blended rate used to measure the June 30, 2018 total OPEB liability consists of the 20-year Municipal G.O. Bond AA Index rate of 3.62% as of June 30, 2018, as reported by Fidelity, when prefunding assets are not available to pay benefits, and 7.00% when prefunding assets are available to pay benefits. The cash flow projections used to calculate the blended discount rate were developed assuming that prefunding agreements in which actuarially determined normal costs are shared between employees and the State will continue and that the required contributions will be made on time and 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, 2018*, 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 CalPERS 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) returns were calculated over a closed period. Based on separate expected nominal returns for the short-term (first 10 years) and the long-term (11+ years), a single expected return rate of 7.00% 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11+</u>
Global Equity	59.00%	4.80%	5.98%
Fixed Income	25.00%	1.10%	2.62%
Treasury Inflation-Protected Securities	5.00%	0.25%	1.46%
Real Estate Investment Trusts	8.00%	3.50%	5.00%
Commodities	3.00%	1.50%	2.87%

The Real Return Years 1 – 10 used an expected inflation rate of 2.00% for this period. The Real Return Years 11+ used an expected inflation rate of 2.92% for this period.

Sensitivity of IBank’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents IBank’s proportionate share of the net OPEB liability, as well as what IBank’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:

	<u>Blended Discount Rate –1%</u>	<u>Blended Discount Rate</u>	<u>Blended Discount Rate +1%</u>
Net OPEB liability	\$ 12,021,662	\$ 10,183,000	\$ 8,713,912

Sensitivity of IBank’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Costs Trend Rates

The following presents IBank’s proportionate share of the net OPEB liability, as well as what IBank’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:

	<u>Healthcare Cost Trend Rates –1%</u>	<u>Healthcare Cost Trend Rates</u>	<u>Healthcare Cost Trend Rates +1%</u>
Net OPEB liability	\$ 8,873,880	\$ 10,183,000	\$ 11,856,818

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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". Additionally, CalPERS annually issues a Comprehensive Annual Financial Report which includes the CERBT fund's financial statements.

9. NONEXCHANGE FINANCIAL GUARANTEES

Nonexchange financial guarantees are executed in accordance with the Directives and Requirements that were adopted as of October 24, 2017 pursuant to the SBFC Act of 2013 (California Government Code 63088, and California Corporations Code Sections 1400 and following) (Law) to amend and restate the Directives and Requirements adopted by the IBank Board on May 24, 2016. As of June 30, 2019, IBank has guaranteed a specified percentage of outstanding loans in the amount of \$461 million. All of the guarantees under the SBLG Program are collection guarantees. Notwithstanding the maturity of the loans, the guarantees cannot extend beyond seven years. In the event that the borrower defaults on the term loan or line of credit for more than 60 days or files for bankruptcy, the lender may make a claim on IBank and, if the lender has satisfied the conditions of the guarantee, IBank is required to make the specified guarantee percentage payment of the loan. IBank considered individual loans risk of default and qualitative factors in determining the guarantee liability.

IBank entered into an agreement with the Bay Area Air Quality Management District ("BAAQMD") to guarantee a specified additional percentage of loans above the SBLG Program guarantee. All guarantees issued in part with BAAQMD's funds are subject to approved projects and the same maturity and default requirements for all SBLG loan guarantees.

The activity related to the liability recognized for nonexchange financial guarantees at June 30, 2019 is as follows:

Liability balance - beginning of year July 1, 2018	\$ 3,589,969
Increase in estimates for previously reported liabilities	179,463
Increase for additional liabilities	6,487,523
Guarantee payments made	(1,922,310)
Decrease in estimates for previously reported liabilities	<u>(362,738)</u>
Liability balance - end of year June 30, 2019	<u>\$ 7,971,907</u>

IBank does not expect to recover any of these amounts in future years.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

10. COMMITMENTS

Guarantee Trust Fund

In June 2003, the Board approved a preliminary loan guarantee commitment for the Imperial Irrigation District (IID). The preliminary loan guarantee commitment established a conditional obligation to guarantee a future issuance of revenue bonds by IID (IID Bonds) for the purpose of financing a water supply project (IID Guarantee). During the 2003-2004 fiscal year, IBank transferred \$20 million from the CIEDB Fund to the Guarantee Trust Fund in conjunction with the preliminary loan guarantee commitment for the IID. In October 2010, the State Legislature enacted Senate Bill 856 (SB 856) that directed IBank to deposit a specified amount required for the IID Guarantee in a reserve account within the Guarantee Trust Fund. SB 856 further directed that this IID Guarantee amount be held for the benefit of bondholders of potential IID Bonds. At June 30, 2019, the required IID Guarantee amount was on deposit in a reserve account within the Guarantee Trust Fund, and no IID Guarantee or IID Bonds have been issued.

11. SUBSEQUENT EVENT

Coronavirus Disease (COVID-19)

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities.

Specific to IBank, COVID-19 may impact nonexchange financial guarantees due to business closures and potential bankruptcies. Management believes IBank is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF IBANK'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST 10 YEARS***

	<u>Measurement Date</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
IBank's proportion of the net pension liability	0.01991%	0.01865%	0.01885%	0.01397%	0.01269%
IBank's proportionate share of the net pension liability	\$ 6,253,202	\$ 6,813,695	\$ 6,241,230	\$ 3,945,940	\$ 3,200,240
IBank's covered payroll	\$ 2,439,306	\$ 2,161,772	\$ 2,109,056	\$ 1,486,735	\$ 1,249,884
IBank's proportionate share of the net pension liability as a percentage of its covered payroll	256.35%	315.19%	295.93%	265.41%	256.04%
Plan fiduciary net position as a percentage of the total pension liability	71.83%	66.42%	66.81%	70.68%	73.05%

Notes to Schedule:

Change of benefit terms – For the measurement dates ended June 30, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement dates ended June 30, 2016 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the financial reporting discount rate for the Plan lowered from 7.65% to 7.15%. For the measurement date ended June 30, 2018, demographic assumptions and inflation rate were changed.

* Fiscal year 2015 was the first year of implementation, therefore only five years are presented. The Expansion Fund is included in the financial statements for the first time during fiscal year 2017. As a result, the Expansion fund is excluded from the measurement periods prior to the measurement period ended June 30, 2016.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF IBANK'S CONTRIBUTIONS
PENSION PLAN
LAST 10 YEARS***

	Fiscal Year				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 730,441	\$ 655,348	\$ 598,686	\$ 472,733	\$ 356,434
Contributions in relation to the contractually required contributions	<u>(730,441)</u>	<u>(1,405,348)</u>	<u>(598,686)</u>	<u>(472,733)</u>	<u>(356,434)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (750,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
IBank's covered payroll	\$ 2,493,143	\$ 2,313,673	\$ 2,161,772	\$ 2,075,028	\$ 1,486,735
Contributions as a percentage of covered payroll	29.30%	60.74%	27.69%	22.78%	23.97%

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation, therefore only five years are presented. The Expansion Fund is included in the financial statements for the first time during fiscal year 2017. As a result, the Expansion fund is excluded from the fiscal years prior to fiscal year ended June 30, 2017.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF IBANK'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST 10 YEARS***

	Measurement Date	
	<u>2018</u>	<u>2017</u>
IBank's proportion of the net OPEB liability	0.046308%	0.013441%
IBank's proportionate share of the net OPEB liability	\$ 10,183,000	\$ 9,809,000
IBank's covered-payroll	\$ 2,557,412	\$ 2,416,466
IBank's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	398.18%	405.92%
Plan fiduciary net position as a percentage of the total OPEB liability	1.011%	0.546%

Notes to Schedule:

Change of benefit terms – For the measurement dates ended June 30, 2018 and 2017, there were no changes to the benefit terms.

Changes in assumptions – For the measurement period ended June 30, 2018 and 2017, healthcare related assumptions were updated based on experience through June 30, 2018 and 2017, respectively.

* Fiscal year 2018 was the first year of implementation, therefore only two years are presented.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF IBANK'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST 10 YEARS***

	Fiscal Year	
	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 153,000	\$ 253,348
Contributions in relation to the contractually required contributions	<u>(153,000)</u>	<u>(253,348)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
IBank's covered-employee payroll	\$ 2,408,108	\$ 2,557,412
Contributions as a percentage of covered-employee payroll	6.35%	9.91%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation, therefore only two years are presented.

STATISTICAL SECTION

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

STATISTICAL SECTION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

This part of the comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements and note disclosures as it relates to the financial health.

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CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

SCHEDULE OF NET POSITION ¹

FOR THE PAST TEN FISCAL YEARS

	2009-10	2010-11	2011-12	2012-13	2013-14
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash, cash equivalents, and investments	\$ 113,447,173	\$ 103,701,676	\$ 99,283,799	\$ 93,685,407	\$ 143,080,564
Program loans receivable, net	331,209,650	320,958,196	323,333,231	314,813,422	291,868,218
Other assets	5,938,389	5,493,189	5,401,190	4,371,482	3,747,020
Total assets	450,595,212	430,153,061	428,018,220	412,870,311	438,695,802
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pension ⁴	-	-	-	-	-
Deferred outflows of resources related to OPEB ⁵	-	-	-	-	-
Loss on refunding debt ²	-	-	-	-	864,910
Total deferred outflows of resources	-	-	-	-	864,910
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 450,595,212	\$ 430,153,061	\$ 428,018,220	\$ 412,870,311	\$ 439,560,712
LIABILITIES. DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
LIABILITIES					
Revenue bonds payable	\$ 140,710,150	\$ 135,189,315	\$ 129,526,688	\$ 123,683,680	\$ 146,507,706
Undisbursed loan commitments	37,639,398	18,955,223	19,307,372	7,880,252	6,562,703
Net pension liability ⁴	-	-	-	-	-
Net OPEB liability ⁵	-	-	-	-	-
Other liabilities ³	5,434,308	5,272,741	5,415,247	2,787,755	4,794,542
Total liabilities	183,783,856	159,417,279	154,249,307	134,351,687	157,864,951
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pension ⁴	-	-	-	-	-
Deferred inflows of resources related to OPEB ⁵	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
NET POSITION					
Restricted - Expendable by statute	266,811,356	270,735,782	273,768,913	278,518,624	281,695,761
Total net position	266,811,356	270,735,782	273,768,913	278,518,624	281,695,761
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 450,595,212	\$ 430,153,061	\$ 428,018,220	\$ 412,870,311	\$ 439,560,712

¹ This schedule is condensed from its original format. Prior to fiscal year 2016-17, this schedule combined the California Infrastructure and Economic Development Bank Funds and the California Infrastructure Guarantee Trust Fund. Beginning in fiscal year 2016-17, the Expansion Fund is also combined.

² In fiscal years 2013-14 and 2014-15, Series 2014A and Series 2015A ISRF Program Bonds were issued in part to refund the Series 2004, Series 2005 and Series 2008 ISRF Program Bonds. These advance refundings resulted in a loss that is amortized over the life of the refunded

³ Beginning in fiscal year 2012-13, bond issuance costs were recognized as expense when incurred and loan origination fees were recognized as revenue when due.

⁴ Beginning in fiscal year 2014-15, GASB 68 required the recognition of the net pension liability and the related deferred outflows of resources, deferred inflows of resources, and pension expenses, decreasing beginning of the year net position.

⁵ Beginning in fiscal year 2017-18, GASB 75 required the recognition of the net OPEB liability and the related deferred outflows of resources, deferred inflows of resources, and OPEB expenses, decreasing beginning of the year net position.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

SCHEDULE OF NET POSITION ¹

FOR THE PAST TEN FISCAL YEARS

<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
					ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
					ASSETS
\$ 214,344,782	\$ 409,467,388	\$ 490,991,716	\$ 442,887,794	\$ 371,993,293	Cash, cash equivalents, and investments
310,513,224	308,116,217	335,510,902	361,864,933	441,396,425	Program loans receivable, net
<u>3,765,003</u>	<u>3,848,492</u>	<u>5,792,421</u>	<u>5,666,895</u>	<u>6,543,883</u>	Other assets
<u>528,623,009</u>	<u>721,432,097</u>	<u>832,295,039</u>	<u>810,419,622</u>	<u>819,933,601</u>	Total assets
					DEFERRED OUTFLOWS OF RESOURCES
356,434	830,397	2,494,949	3,163,636	2,052,236	Deferred outflows of resources related to pension ⁴
-	-	-	329,494	164,000	Deferred outflows of resources related to OPEB ⁵
<u>4,362,447</u>	<u>3,887,765</u>	<u>3,508,964</u>	<u>3,149,034</u>	<u>2,808,814</u>	Loss on refunding debt ²
<u>4,718,881</u>	<u>4,718,162</u>	<u>6,003,913</u>	<u>6,642,164</u>	<u>5,025,050</u>	Total deferred outflows of resources
<u>\$ 533,341,890</u>	<u>\$ 726,150,259</u>	<u>\$ 838,298,952</u>	<u>\$ 817,061,786</u>	<u>\$ 824,958,651</u>	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
					LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION
					LIABILITIES
\$ 208,290,797	\$ 372,570,634	\$ 361,018,026	\$ 349,036,910	\$ 335,144,709	Revenue bonds payable
37,666,191	63,432,168	75,529,338	68,481,432	85,368,359	Undisbursed loan commitments
3,200,240	3,945,940	6,241,230	6,813,695	6,253,202	Net pension liability ⁴
-	-	-	9,809,000	10,183,000	Net OPEB liability ⁵
<u>3,296,412</u>	<u>5,789,170</u>	<u>10,290,489</u>	<u>9,373,263</u>	<u>15,153,569</u>	Other liabilities ³
<u>252,453,640</u>	<u>445,737,912</u>	<u>453,079,083</u>	<u>443,514,300</u>	<u>452,102,839</u>	Total liabilities
					DEFERRED INFLOWS OF RESOURCES
596,410	86,138	31,570	123,013	288,594	Deferred inflows of resources related to pension ⁴
-	-	-	1,137,000	1,927,000	Deferred inflows of resources related to OPEB ⁵
<u>596,410</u>	<u>86,138</u>	<u>31,570</u>	<u>1,260,013</u>	<u>2,215,594</u>	Total deferred inflows of resources
<u>280,291,840</u>	<u>280,326,209</u>	<u>385,188,299</u>	<u>372,287,473</u>	<u>370,658,800</u>	NET POSITION
<u>280,291,840</u>	<u>280,326,209</u>	<u>385,188,299</u>	<u>372,287,473</u>	<u>370,658,800</u>	Restricted - Expendable by statute
<u>280,291,840</u>	<u>280,326,209</u>	<u>385,188,299</u>	<u>372,287,473</u>	<u>370,658,800</u>	Total net position
<u>\$ 533,341,890</u>	<u>\$ 726,150,259</u>	<u>\$ 838,298,952</u>	<u>\$ 817,061,786</u>	<u>\$ 824,977,233</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION ¹

FOR THE PAST TEN FISCAL YEARS

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
OPERATING REVENUES					
Interest on loans receivable	\$ 10,694,987	\$ 10,442,066	\$ 10,419,722	\$ 10,270,967	\$ 10,421,447
Other income	<u>1,830,283</u>	<u>1,535,375</u>	<u>1,826,084</u>	<u>1,428,048</u>	<u>1,726,297</u>
Total operating revenues	<u>12,525,270</u>	<u>11,977,441</u>	<u>12,245,806</u>	<u>11,699,015</u>	<u>12,147,744</u>
OPERATING EXPENSES					
Interest on bond debt	5,846,017	5,708,393	5,552,600	5,379,682	5,031,074
Amortization of bond issuance costs ²	99,620	152,327	110,719	-	-
Program support and other expenses	<u>3,545,456</u>	<u>2,673,325</u>	<u>3,968,784</u>	<u>3,058,486</u>	<u>4,158,113</u>
Total operating expenses	<u>9,491,093</u>	<u>8,534,045</u>	<u>9,632,103</u>	<u>8,438,168</u>	<u>9,189,187</u>
OPERATING INCOME (LOSS)	<u>3,034,177</u>	<u>3,443,396</u>	<u>2,613,703</u>	<u>3,260,847</u>	<u>2,958,557</u>
NONOPERATING REVENUE					
Investment earnings	<u>388,511</u>	<u>481,030</u>	<u>419,428</u>	<u>212,302</u>	<u>218,580</u>
Total nonoperating revenue	<u>388,511</u>	<u>481,030</u>	<u>419,428</u>	<u>212,302</u>	<u>218,580</u>
Changes in net position	3,422,688	3,924,426	3,033,131	3,473,149	3,177,137
NET POSITION, Beginning of year³	<u>259,599,605</u>	<u>263,022,293</u>	<u>266,946,719</u>	<u>275,045,475</u>	<u>278,518,624</u>
NET POSITION, End of year	<u>\$ 263,022,293</u>	<u>\$ 266,946,719</u>	<u>\$ 269,979,850</u>	<u>\$ 278,518,624</u>	<u>\$ 281,695,761</u>

¹ This schedule is condensed from its original format. Prior to fiscal year 2016-17, this schedule combined the California Infrastructure and Economic Development Bank Funds and the California Infrastructure Guarantee Trust Fund. Beginning in fiscal year 2016-17, the Expansion Fund is also combined.

² Beginning in fiscal year 2012-13, bond issuance costs were recognized as expense when incurred and loan origination fees were recognized as revenue when due.

³ Restated in fiscal years 2012-13, 2014-15, 2016-17, and 2017-18.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION ¹

FOR THE PAST TEN FISCAL YEARS

<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
					OPERATING REVENUES
\$ 9,206,557	\$ 9,170,753	\$ 10,894,101	\$ 10,388,706	\$ 11,615,471	Interest on loans receivable
<u>1,552,859</u>	<u>1,768,708</u>	<u>3,639,058</u>	<u>3,040,404</u>	<u>3,483,789</u>	Other income
<u>10,759,416</u>	<u>10,939,461</u>	<u>14,533,159</u>	<u>13,429,110</u>	<u>15,099,260</u>	Total operating revenues
					OPERATING EXPENSES
4,632,101	7,422,037	11,080,582	11,197,364	10,892,119	Interest on bond debt
-	-	-	-	-	Amortization of bond issuance costs ²
<u>4,206,661</u>	<u>4,227,415</u>	<u>10,447,512</u>	<u>10,571,517</u>	<u>15,581,196</u>	Program support and other expenses
<u>8,838,762</u>	<u>11,649,452</u>	<u>21,528,094</u>	<u>21,768,881</u>	<u>26,473,315</u>	Total operating expenses
<u>1,920,654</u>	<u>(709,991)</u>	<u>(6,994,935)</u>	<u>(8,339,771)</u>	<u>(11,374,055)</u>	OPERATING INCOME (LOSS)
					NONOPERATING REVENUE
<u>241,235</u>	<u>744,360</u>	<u>1,796,035</u>	<u>4,229,945</u>	<u>9,726,800</u>	Investment earnings
<u>241,235</u>	<u>744,360</u>	<u>1,796,035</u>	<u>4,229,945</u>	<u>9,726,800</u>	Total nonoperating revenue
2,161,889	34,369	(5,198,900)	(4,109,826)	(1,647,255)	Changes in net position
<u>278,129,951</u>	<u>280,291,840</u>	<u>390,387,199</u>	<u>376,397,299</u>	<u>372,287,473</u>	NET POSITION, Beginning of year³
<u>\$ 280,291,840</u>	<u>\$ 280,326,209</u>	<u>\$ 385,188,299</u>	<u>\$ 372,287,473</u>	<u>\$ 370,640,218</u>	NET POSITION, End of year

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT
BANK FUND AND CALIFORNIA INFRASTRUCTURE GUARANTEE
TRUST FUND, ENTERPRISE FUNDS OF THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FUND**

**INFRASTRUCTURE STATE REVOLVING FUND (ISRF) PROGRAM
TEN LARGEST BORROWERS ³**

AS OF JUNE 30, 2019 AND JUNE 30, 2010

	June 30, 2019			June 30, 2010		
	ISRF Program Loans Receivable ¹	Rank	Percentage of Total ISRF Program Loans Receivable	ISRF Program Loans Receivable ¹	Rank	Percentage of Total ISRF Program Loans Receivable
	City of Fresno Airport	\$ 35,000,000	1	8.13%		
City of Santa Cruz	32,739,889	2	7.60%			
City of San Diego	25,500,000	3	5.92%			
City of Del Mar	15,461,381	4	3.59%			
22nd District Agricultural Association	15,000,000	5	3.48%			
City of Escondido	15,000,000	6	3.48%	16,731,863	3	5.05%
Las Gallinas Valley Sanitary District	12,000,000	7	2.79%			
County of Sonoma Airport Terminal	11,880,000	8	2.76%			
City of San Luis Obispo	11,856,500	9	2.75%	\$ 16,248,803	4	4.91%
City of Paramount	11,158,240	10	2.59%			
City of Hawthorne				17,206,554	1	5.20%
Orange County School of the Arts ²				17,180,162	2	5.19%
City of Porterville				13,090,150	5	3.95%
City of Davis				10,000,000	6	3.02%
Bakersfield Redevelopment Agency				9,782,617	8	2.95%
City of San Bernardino Municipal Water Department				9,561,622	9	2.89%
City of Madera				9,527,831	10	2.88%
North Tahoe Fire Protection District				10,000,000	7	3.02%
Total of ten largest ISRF Program borrowers	185,596,010		43.10%	129,329,602		39.05%
All other ISRF Program borrowers	245,062,871		56.90%	201,835,528		60.95%
Total ISRF Program Loans receivable	\$ 430,658,881		100.00%	\$ 331,165,130		100.00%

¹ These amounts represent the total ISRF Program Loans receivable from each borrower and may include one or more Loans and may involve more than one type of revenue stream pledged to repay the Loans.

² Formerly Orange County High School of the Arts. The loan was paid in full during fiscal year 2013-14.

³ Includes CLEEN loans.



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CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

SCHEDULE OF ISRF AND CLEEN PROGRAM LOANS RECEIVABLE AND INTEREST RATES

FOR THE PAST TEN FISCAL YEARS

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Total ISRF Program Loans receivable	\$331,209,650	\$320,958,196	\$323,333,231	\$314,813,422	\$291,868,218
Weighted-average interest rate on total ISRF Program Loans receivable ¹	3.28%	3.29%	3.26%	3.25%	3.18%
Number of new ISRF Program Loans ²	6	1	3	1	3
Range of interest rates on new ISRF Program Loans	3.27 - 4.00%	3.24%	2.61 - 3.37%	2.29%	2.26 - 2.77%
Range of loan term on new ISRF Program Loans	20 - 30 years	30 years	20 - 30 years	30 years	20 - 30 years
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Total CLEEN Program Loans receivable					
Weighted-average interest rate on total CLEEN Program Loans receivable ¹					
Number of new CLEEN Program Loans ²					
Range of interest rates on new CLEEN Program Loans					
Range of loan term on new CLEEN Program Loans					

¹ The weighted-average interest rate on Program Loans receivable is calculated by multiplying each loan's outstanding balance by its interest rate, then dividing the sum of those individual amounts by the respective Program Loans receivable balance at June 30.

² Determined based upon the effective date of the Loan agreement.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

**SCHEDULE OF ISRF AND CLEEN PROGRAM
LOANS RECEIVABLE AND INTEREST RATES**

FOR THE PAST TEN FISCAL YEARS

<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
\$310,513,224	\$305,116,217	\$327,858,501	\$350,074,426	\$430,658,881	Total ISRF Program Loans receivable
3.17%	3.13%	3.17%	3.19%	3.18%	Weighted-average interest rate on total ISRF Program Loans receivable ¹
5	4	5	7	9	Number of new ISRF Program Loans ²
1.73 - 3.51%	2.17- 3.84%	3.24-3.59%	3.00-3.61%	3.00-3.58%	Range of interest rates on new ISRF Program Loans
10 - 30 years	20 - 30 years	Range of loan term on new ISRF Program Loans			
<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
	\$3,000,000	\$4,050,000	\$6,626,840	\$6,224,992	Total CLEEN Program Loans receivable
	2.32%	2.42%	2.46%	2.46%	Weighted-average interest rate on total CLEEN Program Loans receivable ¹
	1	1	1	0	Number of new CLEEN Program Loans ²
	2.32%	2.70%	3.47%	N/A	Range of interest rates on new CLEEN Program Loans
	20 years	30 years	20 years	N/A	Range of loan term on new CLEEN Program Loans

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

SCHEDULE OF STATUTORY DEBT LIMIT CAPACITY ¹

FOR THE PAST TEN FISCAL YEARS

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
IBank's legal limit on public development facility debt	\$5.00 billion				
Total amount outstanding on bonds issued to finance public development facilities ²	\$ 140,710,150	\$ 135,189,315	\$ 129,526,688	\$ 123,683,680	\$ 146,507,706
Remaining capacity for public development facility debt	\$4.86 billion	\$4.86 billion	\$4.87 billion	\$4.88 billion	\$4.85 billion
IBank's legal limit on rate reduction bonds	\$10.00 billion				
Total amount outstanding on rate reduction bonds ³	\$ -	\$ -	\$ -	\$ -	\$ -
Remaining capacity for rate reduction bonds	\$10.00 billion				

¹ Pursuant to California Government Code section 63071(b) and pertains only to bonds issued to finance public development facilities and for rate reduction bonds. There is no statutory debt limit on conduit revenue bonds issued for economic development facilities.

² The amount outstanding represents the ISRF Program Bonds shown in the Schedule of Outstanding ISRF Program Bonds and related Debt Ratio.

³ Rate reduction bonds are conduit revenue bonds.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

SCHEDULE OF STATUTORY DEBT LIMIT CAPACITY ¹

FOR THE PAST TEN FISCAL YEARS

<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
\$5.00 billion	IBank's legal limit on public development facility debt				
\$ 208,290,797	\$ 372,570,634	\$ 361,018,026	\$ 349,036,910	\$ 335,144,709	Total amount outstanding on bonds issued to finance public development facilities ²
\$4.79 billion	\$4.63 billion	\$4.64 billion	\$4.65 billion	\$3.28 billion	Remaining capacity for public development facility debt
\$10.00 billion	IBank's legal limit on rate reduction bonds				
\$ -	\$ -	\$ -	\$ -	\$ -	Total amount outstanding on rate reduction bonds ³
\$10.00 billion	Remaining capacity for rate reduction bonds				

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

**SCHEDULE OF OUTSTANDING ISRF PROGRAM BONDS AND RELATED DEBT RATIO
FOR THE PAST TEN FISCAL YEARS**

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Series 2004 ISRF Program Bonds ¹	\$ 44,910,000	\$ 43,515,000	\$ 42,055,000	\$ 40,525,000	\$ -
Series 2005 ISRF Program Bonds ¹	46,470,000	44,835,000	43,140,000	41,360,000	-
Series 2008 ISRF Program Bonds ²	46,605,000	44,500,000	42,330,000	40,095,000	37,795,000
Series 2014A ISRF Program Bonds	-	-	-	-	95,960,000
Series 2015A ISRF Program Bonds	-	-	-	-	-
Series 2016A ISRF Program Bonds	-	-	-	-	-
Unamortized Net Premium	<u>2,725,150</u>	<u>2,339,315</u>	<u>2,001,688</u>	<u>1,703,680</u>	<u>12,752,706</u>
 Total ISRF Program Bonds outstanding	 <u>\$ 140,710,150</u>	 <u>\$ 135,189,315</u>	 <u>\$ 129,526,688</u>	 <u>\$ 123,683,680</u>	 <u>\$ 146,507,706</u>
 Series-pledged ISRF Program Loans receivable ³	 \$ 203,348,112	 \$ 195,160,107	 \$ 185,227,425	 \$ 189,272,085	 \$ 254,251,622
 Ratio of ISRF Program Bonds outstanding to series-pledged ISRF Program Loans receivable	 0.69	 0.69	 0.70	 0.65	 0.58

¹ The Series 2014A ISRF Program Bonds issued in fiscal year 2013-14 refunded the Series 2004 and Series 2005 ISRF Program Bonds.

² The Series 2015A ISRF Program Bonds issued in fiscal year 2014-15 refunded the Series 2008 Program Bonds.

³ Excludes non-pledged loans.

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

**SCHEDULE OF OUTSTANDING ISRF PROGRAM BONDS AND RELATED DEBT RATIO
FOR THE PAST TEN FISCAL YEARS**

<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	Series 2004 ISRF Program Bonds ¹
-	-	-	-	-	Series 2005 ISRF Program Bonds ¹
-	-	-	-	-	Series 2008 ISRF Program Bonds ²
93,320,000	89,805,000	86,175,000	82,470,000	78,610,000	Series 2014A ISRF Program Bonds
90,070,000	87,590,000	83,780,000	79,685,000	75,440,000	Series 2015A ISRF Program Bonds
-	141,600,000	141,600,000	141,035,000	138,745,000	Series 2016A ISRF Program Bonds
<u>24,900,797</u>	<u>53,575,634</u>	<u>49,463,026</u>	<u>45,846,910</u>	<u>42,349,709</u>	Unamortized Net Premium
<u>\$ 208,290,797</u>	<u>\$ 372,570,634</u>	<u>\$ 361,018,026</u>	<u>\$ 349,036,910</u>	<u>\$ 335,144,709</u>	Total ISRF Program Bonds outstanding
\$ 305,562,752	\$ 302,696,519	\$ 325,589,256	\$ 347,960,854	\$ 428,703,384	Series-pledged ISRF Program Loans receivable ³
0.68	1.23	1.11	1.00	0.78	Ratio of ISRF Program Bonds outstanding to series-pledged ISRF Program Loans receivable

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

**SCHEDULE OF AGGREGATE PLEDGED RESOURCES COVERAGE
FOR ISRF PROGRAM BONDS ¹**

FOR THE PAST TEN FISCAL YEARS

Fiscal Year	Series-pledged ISRF Program Loan Repayments ²	Reserve Account Earnings ³	Total Amount Available for Debt Service ⁴	ISRF Program Bonds Debt Service			Debt Service Coverage Ratio
				Principal	Interest	Total	
2009-10	\$ 14,515,584	\$ 38,140	\$ 14,553,724	\$ 4,695,000	\$ 6,430,871	\$ 11,125,871	1.31
2010-11	14,863,784	3,005	14,866,789	5,135,000	6,242,953	11,377,953	1.31
2011-12	14,964,643	44,480	15,009,123	5,325,000	6,044,653	11,369,653	1.32
2012-13	14,716,041	70,085	14,786,126	5,545,000	5,838,753	11,383,753	1.30
2013-14	14,588,257	228,364	14,816,621	5,745,000	5,624,003	11,369,003	1.30
2014-15	25,441,134	67,309	25,508,443	5,000,000	6,841,797	11,841,797	2.15
2015-16	42,476,585	334,764	42,811,349	5,995,000	7,723,181	13,718,181	3.12
2016-17	49,271,490	61,002	49,332,492	7,440,000	13,274,552	20,714,552	2.38
2017-18	29,475,583	375,729 ⁵	29,475,583	8,365,000	14,534,375	22,899,375	1.29
2018-19	25,943,543	432,354	26,375,897	10,395,000	14,049,100	24,444,100	1.08

¹ Schedule reflects the aggregate of the ISRF Program Bond series outstanding at the end of each fiscal year.

² Includes interest and principal paid on Series-Pledged Loans

³ Investment income includes only that amount received on funds pledged to ISRF Program Bonds debt service.

⁴ Includes unscheduled full repayment of a Series-Pledged Loan.

⁵ Beginning with fiscal year 2017-18, the Reserve Account Earnings column will reflect only actual cash interest earnings.



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CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

CALIFORNIA DEMOGRAPHIC AND ECONOMIC INDICATORS FOR THE PAST TEN CALENDAR YEARS

	2009	2010	2011	2012	2013
State population (in thousands)	37,077	37,309	37,570	37,872	38,205
Personal income (in millions)	\$ 1,536,430	\$ 1,579,148	\$ 1,683,204	\$ 1,768,039	\$ 1,817,010
Per capita personal income ¹	\$ 41,439	\$ 42,326	\$ 44,802	\$ 46,685	\$ 47,559
Labor force and employment					
(in thousands)					
Civilian labor force	18,220	18,336	18,418	18,519	18,597
Employed	16,155	16,068	16,250	16,590	16,933
Unemployed	2,065	2,268	2,168	1,929	1,664
Unemployment rate	11.3%	12.4%	11.8%	10.4%	8.9%

Sources: Population as of December 2018 - Demographic Research Unit, California Department of Finance

Personal income as of March 26, 2019 - Bureau of Economic Analysis, United States Department of Commerce
Industry Employment & Labor force - by Annual Average as of March 2018 - Labor Market Information Division,
California Employment Development Department

¹ Calculated by dividing total personal income by population.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

CALIFORNIA DEMOGRAPHIC AND ECONOMIC INDICATORS

FOR THE PAST TEN CALENDAR YEARS

2014	2015	2016	2017	2018	
38,499	39,071	39,354	39,613	39,825	State population (in thousands)
\$ 1,944,369	\$ 2,061,337	\$ 2,197,492	\$ 2,303,870	\$ 2,475,728	Personal income (in millions)
\$ 50,504	\$ 52,759	\$ 55,839	\$ 58,159	\$ 62,165	Per capita personal income ¹
					Labor force and employment (in thousands)
18,811	18,982	19,103	19,312	19,398	Civilian labor force
17,397	17,799	18,065	18,388	18,583	Employed
1,414	1,183	1,038	924	815	Unemployed
7.5%	6.2%	5.4%	4.8%	4.2%	Unemployment rate

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

CALIFORNIA EMPLOYMENT BY INDUSTRY

FOR CALENDAR YEARS 2018 AND 2009

INDUSTRY	2018		2009	
	Employees	Percentage of Total State Employment	Employees	Percentage of Total State Employment
Farming	424,200	2.410%	371,800	2.510%
Mining and logging	22,900	0.130%	24,000	0.162%
Construction	859,600	4.884%	623,300	4.208%
Manufacturing	1,325,400	7.531%	1,286,000	8.683%
Trade, transportation & utilities	3,051,600	17.339%	2,629,200	17.752%
Information	543,700	3.089%	441,000	2.978%
Financial activities	836,300	4.752%	781,700	5.278%
Professional & business services	2,663,700	15.135%	2,072,100	13.990%
Educational & health services	2,726,500	15.492%	2,114,400	14.276%
Leisure and hospitality	1,986,100	11.285%	1,502,800	10.147%
Other services	572,100	3.251%	484,900	3.274%
Government:				
Federal	245,600	1.396%	251,200	1.696%
State	535,200	3.041%	490,700	3.313%
Local	1,806,500	10.265%	1,737,800	11.733%
TOTALS	17,599,400	100.000%	14,810,900	100.000%

Source: Labor Market Information Division, California Employment Development Department
Industry Employment and Labor Force - by Annual Average as of March 23, 2018

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY ¹ FOR THE PAST TEN FISCAL YEARS

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u> ²	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u> ⁶	<u>2018-19</u>
Executive/ Administration/ Legal ⁴	7	7	7	7	9	5	4	4	4	2
Bond Programs ⁵	4	4	4	4	3	4	4	4	4	3
Compliance ³						2	2	1	2	2
External Affairs ³						2	2	2	2	2
Fiscal ³						3	3	4	3	3
Legal/Legislation ³						3	3	2	2	2
Loan Programs ⁵	14	13	13	12	11	6	6	9	7	6
Small Business Finance Center ³						2	3	4	3	3
Total Employees	<u>25</u>	<u>24</u>	<u>24</u>	<u>23</u>	<u>23</u>	<u>27</u>	<u>27</u>	<u>30</u>	<u>27</u>	<u>23</u>

¹ Data represents filled permanent, full-time positions.

² Beginning for fiscal year 2013-14, IBank had two employees that were assigned to the Small Business Loan Guarantee Program, the activities of which were not included in this report prior to fiscal year 2016-17.

³ Beginning fiscal year 2014-15, employee activity categories were broken out further to specifically identify Compliance, External Affairs, Fiscal, Legal/Legislation and Small Business Finance Center.

⁴ Legal will be included in the title until fiscal year 2013-14.

⁵ Beginning fiscal year 2014-15, activity category title Conduit Financing Programs was changed to Bond Programs and Infrastructure State Revolving Fund Program and Support was changed to Loan Programs.

⁶ One Employee included in fiscal year 2017-18 is a Full-Time Limited-Term Position.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MAJOR PROGRAM ACTIVITY

FOR THE PAST TEN FISCAL YEARS

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Infrastructure State Revolving					
Fund (ISRF) Program:					
Preliminary Applications: ¹					
Number of applications received	14	9	2	8	-
Financing amount requested	\$ 29,597,760	\$ 49,887,500	\$ 5,470,231	\$ 27,908,700	-
Financing Applications:					
Number of applications received	4	2	1	6	7
Financing amount requested	\$ 6,020,000	\$ 7,737,500	\$ 10,000,000	\$ 18,722,500	\$ 48,243,460
Approved Loans:					
Number of loans approved	3	2	2	3	3
Financing amount approved	\$ 17,000,000	\$ 3,500,000	\$ 16,756,500	\$ 12,122,500	\$ 12,050,000
Loan Disbursements:					
Number of transactions	39	44	38	27	14
Total amount disbursed	\$ 21,146,788	\$ 19,861,726	\$ 16,151,949	\$ 18,927,120	\$ 6,540,050
Number of outstanding loans	85	86	88	88	90
CLEEN:					
Financing Applications:					
Number of applications received	-	-	-	-	-
Financing amount requested	-	-	-	-	-
Approved Loans:					
Number of loans approved	-	-	-	-	-
Financing amount approved	-	-	-	-	-
Loan Disbursements:					
Number of transactions	-	-	-	-	-
Total amount disbursed	-	-	-	-	-
Number of outstanding loans	-	-	-	-	-
Conduit Financing Programs:					
Preliminary Applications: ²					
Number of applications received	2	2	-	-	1
Financing amount requested	\$ 9,850,000	\$ 11,500,000	-	-	\$ 5,950,000
Financing Applications:					
Number of applications received	13	13	6	7	10
Financing amount requested	\$ 814,310,000	\$ 695,065,000	\$ 753,925,000	\$ 719,080,000	\$ 481,250,000
Bonds Sold:					
Number of bonds sold	17	10	9	5	11
Financing amount sold	\$ 985,885,000	\$ 203,300,000	\$ 851,100,000	\$ 328,780,000	\$ 735,423,063

¹ Beginning in fiscal year 2013-14, the ISRF Program no longer required Preliminary Applications.

² Industrial development conduit revenue bonds are the only Conduit Bond Financing Program applicants that submit a Preliminary Application. All other Conduit Bond Financing Program applicants submit only a Financing Application.

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

MAJOR PROGRAM ACTIVITY

FOR THE PAST TEN FISCAL YEARS

2014-15	2015-16	2016-17	2017-18	2018-19	
					Infrastructure State Revolving
					Fund Program:
					Preliminary Applications: ¹
-	-	-	-	-	Number of applications received
-	-	-	-	-	Financing amount requested
7	8	5	9	12	Financing Applications:
\$ 63,575,501	\$ 82,138,379	\$ 42,677,200	\$ 136,400,000	\$ 107,410,500	Number of applications received
					Financing amount requested
7	7	2	7	9	Approved Loans:
\$ 56,356,772	\$ 86,569,301	\$ 6,020,200	\$ 62,400,000	\$ 95,230,150	Number of loans approved
					Financing amount approved
16	13	27	41	39	Loan Disbursements:
\$ 4,263,908	\$ 7,854,117	\$ 50,439,569	\$ 48,370,285	\$ 75,768,953	Number of transactions
					Total amount disbursed
94	91	90	95	103	Number of outstanding loans
					CLEEN:
					Financing Applications:
-	1	2	1	-	Number of applications received
-	\$ 7,769,350	\$ 4,070,000	\$ 30,000,000	-	Financing amount requested
-	1	2	-	-	Approved Loans:
-	\$ 7,692,425	\$ 3,920,000	-	-	Number of loans approved
					Financing amount approved
-	-	-	2	9	Loan Disbursements:
-	-	-	\$ 3,347,621	\$ 2,201,819	Number of transactions
-	1	2	3	3	Total amount disbursed
					Number of outstanding loans
					Conduit Financing Programs:
					Preliminary Applications: ²
3	1	1	-	-	Number of applications received
\$ 16,351,499	\$ 3,810,000	\$ 8,000,000	-	-	Financing amount requested
14	14	9	11	9	Financing Applications:
\$ 429,181,499	\$ 1,344,600,000	\$ 957,403,000	\$ 970,650,000	\$ 331,940,000	Number of applications received
					Financing amount requested
10	17	16	14	17	Bonds Sold:
\$ 270,300,000	\$ 916,542,000	\$ 766,418,000	\$ 610,070,000	\$ 540,265,000	Number of bonds sold
					Financing amount sold

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

CALIFORNIA SMALL BUSINESS EXPANSION FUND¹
Dollars in Millions (rounded)

FOR THE PAST FIVE FISCAL YEARS

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19³</u>
California Small Business Expansion Fund:					
Guaranteed Loans in SSBCI Program					
Number of loans guarantees	252	291	252	275	
Loan guarantee amount	\$ 92.8	\$ 100.5	\$ 74.1	\$ 62.5	
Supporting Small Business loans	\$ 130.1	\$ 143.2	\$ 97.4	\$ 82.3	
Overall capital into small business community	\$ 211.6	\$ 244.0	\$ 207.0	\$ 126.6	
Number of jobs created or retained	11,781	11,236	6,847	4,957	
Default Rate	0.02%	0.03%	0.42%	N/A ²	
Guaranteed Loans in State-Funded Program					
Number of loans guarantees	124	78	82	125	
Loan guarantee amount	\$ 21.1	\$ 27.4	\$ 46.9	\$ 60.4	
Supporting Small Business loans	\$ 37.4	\$ 44.4	\$ 67.6	\$ 78.7	
Overall capital into small business community	\$ 197.4	\$ 69.0	\$ 95.0	\$ 127.1	
Number of jobs created or retained	2,813	2,132	2,302	4,342	
Default Rate	0.34%	0.09%	0.23%	0.55% ²	
Farm Loans					
Number of loans		6	13	15	
Amount of loans		\$ 1.3	\$ 1.2	\$ 5.2	
Total outstanding balance in trust fund		\$ 5.5	\$ 3.1	\$ 2.8	
Number of jobs created or retained		84	258	375	
Number of defaults		0	0	0	
Jump Start Loans					
Number of loans				22	
Amount of loans				\$ 0.2	
Total outstanding balance in trust fund				\$ 0.2	
Number of jobs created or retained				66	
Number of defaults				0	

¹The SBFC was created at IBank during the fiscal year 2013-14.

²Beginning in fiscal year 2017-18, the Default Rates for both the SSBCI Program and the State Funded Program are combined.

³Fiscal year 2018-19 data not available at the time of publishing CAFR.

Farm Loan data not published in fiscal years 2013-14 and 2014-15.

Jump Start Loan data not published in fiscal years 2013-14, 2014-15, 2015-16, and 2016-17.

All figures as reported in respective Annual Activity Reports.

This Comprehensive Annual Financial Report was prepared by the California Infrastructure and Economic Development Bank's Fiscal Unit.

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The Fiscal Unit was assisted by other IBank staff and the staff of the Governor's Office of Business and Economic Development, the California Department of General Service Contracted Fiscal Services Unit, and the California Department of Resources Recycling and Recovery Information Technology Services Branch.

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