

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**



**California Infrastructure and Economic Development Bank**



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# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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## **INTRODUCTORY SECTION**



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January 15, 2025

To the Board of Directors:

I am pleased to submit for the fiscal year ended June 30, 2024, the Annual Comprehensive Financial Report (ACFR) of the California Infrastructure and Economic Development Bank (IBank), a component unit of the State of California.

The ACFR 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
  - 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
  - Small Business Loan Catalyst Program (program created to participate in the California Rebuilding Fund)
  - Expanding Venture Capital Access Program
- Climate Catalyst Revolving Loan Fund (Climate Catalyst Fund)
  - Forest Resilience
  - Clean Energy Transmission

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 ACFR fulfills that requirement.

The net position of IBank was \$1,179,018,677 as of June 30, 2024 all of which was restricted. Net position increased by \$160,475,564 over the previous fiscal year as a result of positive earnings from operating activities. \$110 million of this increase is attributable to a transfer of the California Pollution Control Financing Authority's the State Small Business Credit Initiative (SSBCI) funds to IBank because IBank was deploying funds at a faster pace. \$25 million of this increase is attributable to a State General Fund allocation providing the Climate Catalyst Fund with the funds dedicated to projects that increase access to zero-carbon resources through new clean energy transmission infrastructure, which resulted in total program funds of \$225 million for that purpose. A continued higher interest rate environment provided for increased investment earnings of \$48.5 million that also contributed to this increase.

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, 2024. The independent auditors’ report is located at the front of the financial section of this report. The Management’s Discussion and Analysis (MD&A) follows this letter of transmittal 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, or their respective designees, and an appointee of the Governor.

IBank has broad authority to provide a wide array of financings, including issuing tax-exempt and taxable revenue bonds, providing direct financing to public agencies and certain tax-exempt nonprofit organizations that are sponsored by public agencies, providing credit enhancements (including guarantees), acquiring or leasing facilities, and leveraging State and Federal funds. IBank's current programs consist of the ISRF Program, the Bond Financing Program, the Climate Catalyst Revolving Loan Fund Program (Climate Catalyst), the Expanding Venture Capital Access Program, and the SBFC’s Programs, including the SBLG Program, the Farm Loan Program, the Jump Start Loan Program, the Disaster Relief Loan Guarantee Program, and the California Rebuilding Fund. IBank issues tax-exempt and taxable revenue bonds, loans 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 established within IBank during the 2013-2014 fiscal year and the Expansion Fund in the SBFC is included in this ACFR. The Expanding Venture Capital Access Program was created in Fiscal Year 2022-23 with a portion of the SSBCI funds. The Climate Catalyst Revolving Loan Fund Program was established in June 2020.

IBank funds are generally continuously appropriated for IBank’s programs without regard to fiscal years. However, funds for administrative costs in the CIEDB Fund and funds for administrative costs or from certain federal appropriations in the Climate Catalyst Fund are not continuously appropriated.

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

### **Economic Condition**

In a year over year comparison (July 2023 – July 2024), as of August 27, 2024, nonfarm payroll employment in California increased by 284,000 jobs (a 1.6 percent increase). The number of unemployed Californians was 1,008,200 in July 2024, an increase of 7,800 persons over June 2024, and an increase of 108,300 compared with July of last year.

The largest gains by industry sector were in private education and health services, up 161,100 jobs; and government, up 87,000 jobs.

Emerging from the COVID-19 Pandemic, California has experienced significant revenue volatility—seeing unprecedented revenue growth that was quickly followed by a sharp and deep correction back toward historical trends. Additionally, the unprecedented Internal Revenue Service tax filing and payment postponement in 2023—affecting 99 percent of California taxpayers—significantly clouded the state’s revenue forecast. With the revenue picture now clearer, the state budget takes steps to ensure California is on sound fiscal footing by setting the state on a fiscally responsible long-term path that protects vital programs assisting millions of Californians. In addressing a \$46.8 billion deficit, the state budget maintains the multiyear fiscal structure, providing positive balances in the state’s operating reserves.

The ISRF program received inquiries totaling over \$865.8 million in infrastructure, economic development, clean energy, water, and environmental projects in fiscal year 2023-2024, versus \$919.8 million in fiscal year 2022-2023. The Origination Unit had conversations with various state entities for potential loan activity that did not include specific project details and as such were not included in the count above. We anticipate continued uncertainty for IBank’s various programs as the State’s economy adjusts to current economic conditions. In fiscal year 2021-22, the federal government passed two significant funding measures related to infrastructure and climate change (Infrastructure Investments and Jobs Act and the Inflation Reduction Act of 2022). Prospective borrowers will assess their needs arising from the evolving circumstances, but will continue to seek 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, during the fiscal year and continued timely repayments are expected.

In December 2020, IBank issued ISRF Bonds, Series 2020A (Series 2020A Bonds) in the amount of \$324,340,000 to advance refund and defease all of the outstanding ISRF Revenue Bonds Series 2014A, Series 2015A, and Series 2016A. The Series 2020A Bonds bear interest at rates ranging from 0.178% to 2.786% and mature through October 2043. In December 2022, IBank issued additional ISRF Bonds, Series 2022A (Series 2022A Bonds) in the amount of \$103,785,000 to finance and refinance ISRF loans. The bonds were purchased at a premium providing IBank total net proceeds of \$115,822,595. The Series 2022A Bonds bear interest at rates ranging from 2.35% to 3.8%.

The 2020A ISRF Bonds and the Series 2022A Bonds have the top rating from Standard & Poor’s Rating Services (S&P) (“AAA”), and Fitch Ratings (Fitch) (“AAA”), and were not rated by Moody’s Investors Service (Moody’s). As explained by S&P, its strong ratings reflect the ISRF Program’s extremely strong financial risk score and very strong enterprise risk score. S&P and Fitch 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, climate-enhancement, water, environmental, and economic development projects; creating and implementing sector-specific financing instruments and funds, such as the Climate Catalyst Revolving Loan Fund; implementing the recapitalized State Small Business Credit Initiative; 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.

**Acknowledgements**

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. I wish to acknowledge the Fiscal Unit staff for the preparation of this ACFR and the members of IBank's management team for their continued care and support in the management and guidance of IBank's programs.

Respectfully submitted,



Scott Wu

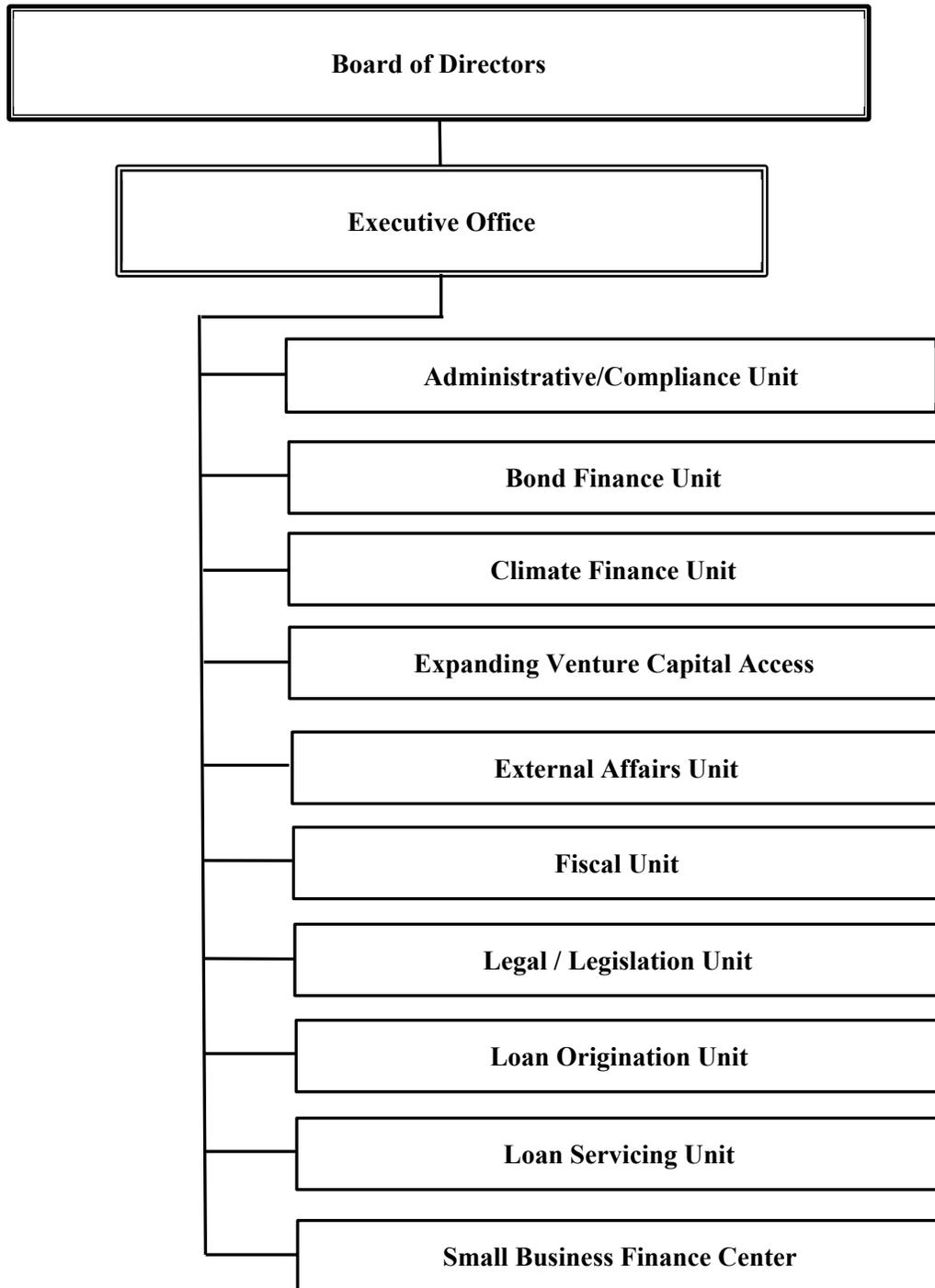
Executive Director

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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## ORGANIZATION CHART



# **CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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## **PRINCIPAL OFFICIALS**

### **IBank Board of Directors**

**Dee Dee Myers, Director, Governor's Office of Business and Economic Development**

**Fiona Ma, State Treasurer**

**Toks Omishakin, Secretary of the California State Transportation Agency**

**Joe Stephenshaw, Director of the Department of Finance**

**Marc Steinorth, Governor's Appointee**

### **IBank Executive Office and Management Staff**

**Scott Wu, Executive Director**

**Clint Kellum, Chief Deputy Executive Director**

**Ross Culverwell, Chief Credit Officer**

**Mei Kwee, Fiscal Unit Manager**

**Stefan R. Spich, General Counsel and Deputy Director of Legislative Affairs**

**Karen Naungayan, Deputy Director of External Affairs**

**Dan Adler, Deputy Director for Climate Finance**

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

**Fariba A. Khoie, Bond Finance Unit Manager**

**Lina Moeller, Loan Origination Unit Manager**

**John Weir, Loan Servicing Unit Manager**

**Derrick Tang, Deputy Director of Venture Capital**

**Megan Hodapp, Small Business Finance Center Manager**

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the California Infrastructure and Economic Development Bank Fund, California Infrastructure Guarantee Trust Fund, the California Small Business Expansion Fund and the Climate Catalyst Revolving Loan 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, 2024, and the related notes to the financial statements, which collectively comprise IBank's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California Infrastructure and Economic Development Bank Fund, California Infrastructure Guarantee Trust Fund, the California Small Business Expansion Fund and the Climate Catalyst Revolving Loan Fund of IBank, a component unit of the state of California, as of and for the fiscal year ended June 30, 2024, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of 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, 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 GAAS which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2025, 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  
January 15, 2025

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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### 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) and an analysis of the financial position for the fiscal year ended June 30, 2024. 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.

### Financial Highlights 2023-24

- The net position of IBank was \$1.179 billion as of June 30, 2024, all of which was restricted. Net position increased by \$160 million from the previous fiscal year. \$110 million of this increase is attributable to a transfer of the California Pollution Control Financing Authority's State Small Business Credit Initiative (SSBCI) funds because IBank was deploying funds quicker. \$25 million of this increase is attributable to a State General Fund allocation providing the Climate Catalyst Fund with the funds dedicated to projects that increase access to zero-carbon resources through new clean energy transmission infrastructure, which brought the total for that program to \$225 million. A continued higher interest rate environment provided for increased investment earnings of \$48.5 million that also contributed to this increase.
- Total cash, cash equivalents, and investments increased during the fiscal year by \$170.4 million. The increase is primarily attributable to items referenced above.
- Total loans receivable increased during the fiscal year by \$28.8 million primarily because new loans disbursed outpaced loan repayments during the fiscal year.
- The net pension liability as of June 30, 2024 was \$7.2 million.
- The net OPEB liability as of June 30, 2024 was \$5.6 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 the IBank's 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.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

- 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.

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 \$1.179 billion as of June 30, 2024, all of which was restricted. Net position increased by approximately \$160 million from the previous fiscal year directly as a result of operating revenues exceeding operating expenditures by approximately \$111.2 million and investment gains of approximately \$49.2 million from nonoperating activities.

The following table presents a condensed, combined Statement of Net Position as of June 30, 2024 and 2023, and the dollar and percentage change from the prior year.

|  | 2024                        | 2023                        | \$ Change                 | %<br>Change |
|--|-----------------------------|-----------------------------|---------------------------|-------------|
| Cash, cash equivalents, and investments - restricted         | \$ 1,158,514,496            | \$ 988,093,087              | \$ 170,421,409            | 17.2%       |
| Loans receivable   | 557,018,986                 | 528,229,310                 | 28,789,676                | 5.5%        |
| Other assets   | 12,644,414                  | 8,896,280                   | 3,748,134                 | 42.1%       |
| <b>Total Assets</b>  | <u>1,728,177,896</u>        | <u>1,525,218,677</u>        | <u>202,959,219</u>        | 13.3%       |
| <b>Total Deferred Outflows of Resources</b>                  | <u>16,263,462</u>           | <u>16,488,333</u>           | <u>(224,871)</u>          | -1.4%       |
| Revenue bonds payable  | \$ 384,980,857              | \$ 403,004,019              | \$ (18,023,162)           | -4.5%       |
| Net pension liability  | 7,222,245                   | 7,280,853                   | (58,608)                  | -0.8%       |
| Net OPEB liability   | 5,619,000                   | 2,416,000                   | 3,203,000                 | 132.6%      |
| Other liabilities  | 18,336,435                  | 11,337,625                  | 6,998,810                 | 61.7%       |
| Undisbursed loan commitments                                 | 146,384,720                 | 97,887,186                  | 48,497,534                | 49.5%       |
| <b>Total Liabilities</b>                                     | <u>562,543,257</u>          | <u>521,925,683</u>          | <u>40,617,574</u>         | 7.8%        |
| <b>Total Deferred Inflows of Resources</b>                   | <u>2,879,424</u>            | <u>1,238,214</u>            | <u>1,641,210</u>          | 132.5%      |
| <br><b>Net Position - Restricted - Expendable by Statute</b> | <br><u>\$ 1,179,018,677</u> | <br><u>\$ 1,018,543,113</u> | <br><u>\$ 160,475,564</u> | <br>15.8%   |

### Assets

Total cash, cash equivalents, and investments increased during the fiscal year by \$170.4 million. The significant associated increases are discussed in the financial highlights section on the previous page.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Loans receivable (including pledged, non-pledged, Jump Start, Farm, Rebuilding Fund, and Venture Capital) totaled \$557 million as of June 30, 2024, which is an increase of \$28.8 million from the prior year. The increase is primarily because new loans disbursed outpaced loan repayments during the fiscal year.

### Liabilities

Total liabilities were \$562.5 million as of June 30, 2024, an increase of \$40.6 million over the prior fiscal year. The largest liability is revenue bonds payable, which consists of the Series 2020A Bonds and Series 2022A Bonds issued in December 2020 and 2022, respectively. Revenue bonds payable decreased by \$18 million due to principal payments on the 2020A and 2022A Bonds during the fiscal year. Undisbursed loan commitments increased by \$48.5 million due to new loans being closed.

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

Deferred outflows of resources decreased by \$225 thousand and deferred inflows of resources increased by \$1.6 million. While the net pension liability decreased by \$59 thousand, the net OPEB liability increased by \$3.2 million mainly 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 revenue was \$155.6 million and net position increased \$160.5 million for the fiscal year ended June 30, 2024. The following table presents the condensed, combined Statement of Revenues, Expenses, and Changes in Fund Net Position for the 2023-24 and 2022-23 fiscal years.

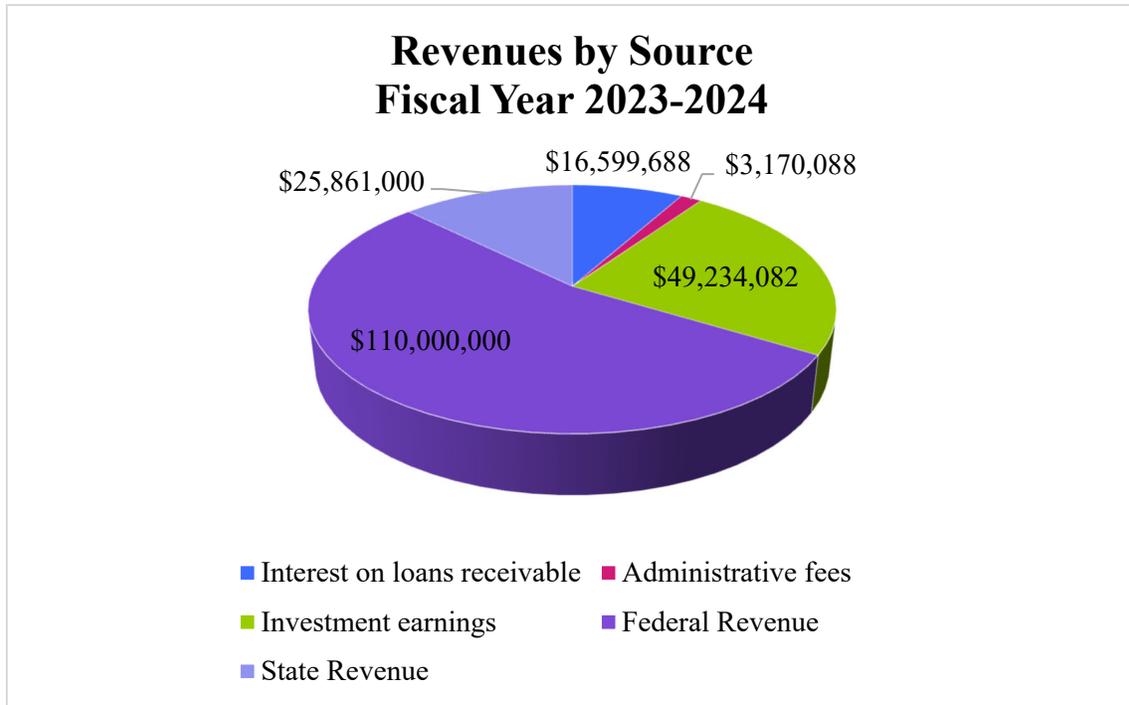
|   | 2024                    | 2023                    | \$ Change             | % Change |
|---|-------------------------|-------------------------|-----------------------|----------|
| Interest on loans                           | \$ 16,599,688           | \$ 14,642,382           | \$ 1,957,306          | 13.4%    |
| Federal revenue                             | 110,000,000             | 178,556,939             | (68,556,939)          | -        |
| State revenue                               | 25,861,000              | 200,861,000             | (175,000,000)         | -87.1%   |
| Administration fees and other income        | 3,170,088               | 3,141,921               | 28,167                | 0.9%     |
| <b>Total operating revenues</b>             | <u>155,630,776</u>      | <u>397,202,242</u>      | <u>(241,571,466)</u>  | -60.8%   |
| Interest on revenue bond debt               | 11,085,436              | 8,952,600               | 2,132,836             | 23.8%    |
| Nonexchange financial guarantee expense     | 16,467,148              | 2,263,202               | 14,203,946            | 627.6%   |
| Program support                             | 12,189,615              | 11,448,332              | 741,283               | 6.5%     |
| Pension and OPEB Expense                    | 4,647,095               | 523,905                 | 4,123,190             | 787.0%   |
| <b>Total operating expenses</b>             | <u>44,389,294</u>       | <u>23,188,039</u>       | <u>21,201,255</u>     | 91.4%    |
| <b>Operating income</b>                     | 111,241,482             | 374,014,203             | (262,772,721)         | -70.3%   |
| <b>Total nonoperating revenue (expense)</b> | <u>49,234,082</u>       | <u>16,601,436</u>       | <u>32,632,646</u>     | 196.6%   |
| <b>Change in net position</b>               | 160,475,564             | 390,615,639             | (230,140,075)         | -58.9%   |
| <b>Net position, beginning of year</b>      | <u>1,018,543,113</u>    | <u>627,927,474</u>      | <u>390,615,639</u>    | 62.2%    |
| <b>Net position, end of year</b>            | <u>\$ 1,179,018,677</u> | <u>\$ 1,018,543,113</u> | <u>\$ 160,475,564</u> | 15.8%    |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

### Revenues

The following chart presents operating and nonoperating revenues by source:



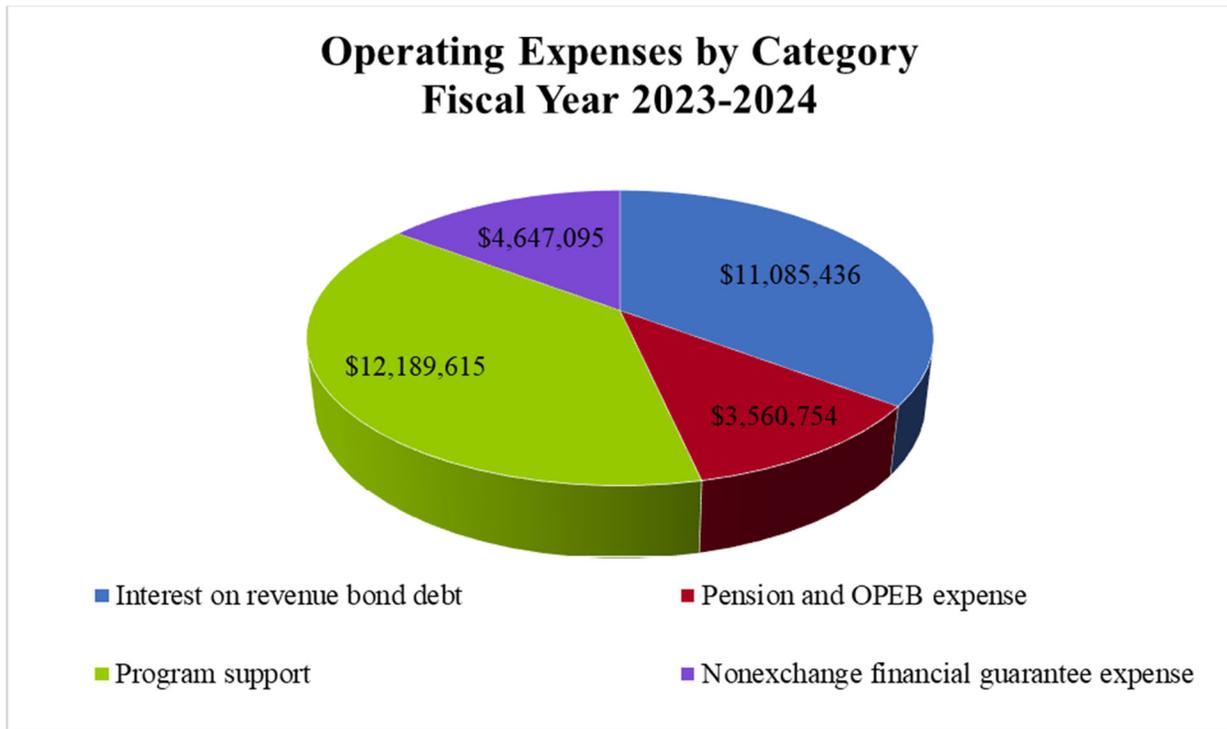
Total operating revenues were \$155.6 million during the fiscal year compared to \$397.2 million for the prior fiscal year, a decrease of \$241.6 million is primarily due to a decrease in Federal and State Revenue.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

### Operating Expenses

The following chart presents operating expenses by category:



Total operating expenses were \$44.4 million during the fiscal year compared to \$23.2 million for the prior fiscal year, which is an increase of \$21.2 million, primarily due to an increase of \$14.2 million in nonexchange financial guarantee expenses, \$4.1 million in pension and OPEB expense, \$2.1 million in bond interest expense, and \$741 thousand in program support expenses.

### State Budget

The 2023-24 state budget included budget reductions for IBank due to reduced state revenues. The Budget included the following funding reductions to IBank's programs:

- \$50 million for underserved small businesses (Small Business Expansion Fund), provided in the 2021-22 Budget;
- \$25 million for climate smart agriculture (Climate Catalyst Fund), provided in the 2022-23 Budget, these funds were never transferred to IBank before being proposed for reduction, so they never were reflected in our financial statements;
- \$25 million for clean energy transmission (Climate Catalyst Fund), expected to be allocated in the 2023-24 Budget, note these funds were never appropriated so they were not reflected in our financial statements; and

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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- \$16 million for forest resilience projects (Climate Catalyst Fund), provided in a late amendment to the 2020-21 Budget, and expenditure authorization was not provided until 2021-22.

However, the 2023-24 Budget:

- Added \$25 million more for clean energy transmission (Climate Catalyst Fund), bringing the total for that category to \$225 million, prior to being eliminated.

We note that while \$16 million and \$50 million reductions noted above were part of the 2023-24 Budget, the funds have yet to be transferred from IBank so they are still reflected in the financial statements. We expect these funds to be transferred by the state and not included in future financial statements.

The 2024-25 state budget included further budget reductions for IBank due to reduced state revenues. The Budget included the following funding reductions to IBank's programs:

- \$225 million for clean energy transmission (Climate Catalyst Fund) that was appropriated to IBank over fiscal years 2022-23 and 2023-24. Consequently, there will be no funds available for this program.
- \$6 million for forest resilience projects (Climate Catalyst Fund). This reduction coupled with the \$16 million from 2023-24 leaves \$25 million remaining that has been lent to the California Wildfire Innovation Fund.

Because these reductions were authorized as 2024-25 budget reductions, these funds are still reflected in the financial statements and will be removed in future years.

### **Federal Greenhouse Gas Reduction Funds**

The federal Inflation Reduction Act authorized the US EPA to implement the \$27 billion GGRF via three grant competitions:

1. National Clean Investment Fund (NCIF)—\$14 billion competition provided grants to 3 national nonprofit clean financing institutions capable of directly financing and partnering with the private sector and green banks across all ten US EPA regions. This is the main competition of interest for IBank
  - a. Climate United Fund (\$6,970,000,000)
  - b. Coalition for Green Capital (\$5,000,000,000)
  - c. Power Forward Communities (\$2,000,000,000)
2. Clean Communities Investment Accelerator (CCIA)—\$6 billion competition provided grants to 5 hub nonprofits that will, in turn, deliver funding and technical assistance to build the clean financing capacity of local community lenders working in low-income and disadvantaged communities. The state of California will not be a direct recipient of any significant funding under this award.
3. Solar for All (SFA)—\$7 billion competition awarded 60 grants to states, territories, Tribal governments, municipalities, and eligible nonprofit recipients. IBank coordinated the state's application, which was awarded \$249,800,000 and which was transferred to the California Energy Commission for implementation because IBank did receive funds under this program.

# **CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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IBank anticipates gaining access to up to \$446 million through a subgrant from the Coalition for Green Capital that it anticipates being available in quarter 4 of 2024 and will be reflected in next year's financial statements.

### **State Small Business Credit Initiative**

The American Rescue Plan Act of 2021 included \$10 billion for the reauthorization of the State Small Business Credit Initiative (SSBCI). SSBCI was originally created through federal legislation, the Small Business Jobs Act of 2010. In 2010, SSBCI was funded with \$1.5 billion to strengthen state programs that support financing of small businesses. California received \$168 million of the \$1.5 billion and IBank and the State Treasurer's Office split the funding evenly. In November 2021, the U.S. Treasury released a state-by-state allocation of the \$10 billion appropriated except the technical assistance funds and California has been allocated \$1.182 billion. The funds will be provided in three tranches as utilized and all funds must be spent by September 30, 2030. IBank and the State Treasurer's Office signed the allocation agreement with U.S. Treasury on September 15, 2022. The first tranche of funding provided to California was \$357,113,879 in September 2022 that was originally split evenly between IBank and the State Treasurer's Office. IBank requested the state's second tranche of \$407 million in July 2024 and expects to receive it in quarter 4 of 2024, to again be split with the State Treasurer's Office. The final tranche will be available in future years as more funds are deployed.

### **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, 1325 J Street, Suite 1300, Sacramento, CA 95814.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## STATEMENT OF NET POSITION JUNE 30, 2024

|  | California<br>Infrastructure<br>and Economic<br>Development<br>Bank Fund | California<br>Infrastructure<br>Guarantee<br>Trust Fund | California<br>Small<br>Business<br>Expansion<br>Fund | Climate<br>Catalyst<br>Revolving<br>Loan Fund | Total            |
|--|--|---|--|---|------------------|
| <b>ASSETS</b>                                    |  |   |  |   |                  |
| <b>CURRENT ASSETS</b>                            |  |   |  |   |                  |
| Cash and cash equivalents - restricted           | \$ 239,373,399   | \$ 27,946,491   | \$ 277,012,717                                       | \$ 267,994,730                                | \$ 812,327,337   |
| Investments - restricted                         | 25,892,701   | -   | 64,634,431   | 10,678,556                                    | 101,205,688      |
| ISRF loans receivable                            | 24,293,257   | -   | -  | -   | 24,293,257       |
| Interest and other receivables                   | 7,946,749  | 304,229   | 3,504,661  | 888,775                                       | 12,644,414       |
| Total current assets                             | 297,506,106  | 28,250,720  | 345,151,809  | 279,562,061                                   | 950,470,696      |
| <b>NON-CURRENT ASSETS</b>                        |  |   |  |   |                  |
| Investments - restricted                         | 1,508,499  | -   | 235,652,177  | 7,820,795                                     | 244,981,471      |
| ISRF loans receivable                            | 506,513,598  | -   | -  | -   | 506,513,598      |
| Jump Start loans receivable, net                 | -  | -   | 103,926  | -   | 103,926          |
| Farm loans receivable                            | -  | -   | 7,816,690  | -   | 7,816,690        |
| California Rebuilding Fund loans receivable, net | -  | -   | 4,191,515  | -   | 4,191,515        |
| Venture Capital loans receivable                 | -  | -   | 14,100,000   | -   | 14,100,000       |
| Total non-current assets                         | 508,022,097  | -   | 261,864,308  | 7,820,795                                     | 777,707,200      |
| Total assets                                     | 805,528,203  | 28,250,720  | 607,016,117  | 287,382,856                                   | 1,728,177,896    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |  |   |  |   |                  |
| Total deferred outflows of resources             | 14,128,147   | -   | 2,135,315  | -   | 16,263,462       |
| <b>LIABILITIES</b>                               |  |   |  |   |                  |
| <b>CURRENT LIABILITIES</b>                       |  |   |  |   |                  |
| Accounts payable                                 | \$ 6,003,610   | \$ -  | \$ 870,181   | \$ 57,929                                     | \$ 6,931,720     |
| Compensated absences payable                     | 328,842  | -   | -  | -   | 328,842          |
| Loan payable - SMIF (SB 84)                      | 120,889  | -   | 11,237   | -   | 132,126          |
| Due to other governments                         | 79,823   | -   | -  | -   | 79,823           |
| Revenue bond interest payable                    | 2,557,563  | -   | -  | -   | 2,557,563        |
| Revenue bonds payable                            | 18,613,162   | -   | -  | -   | 18,613,162       |
| Nonexchange financial guarantees                 | -  | -   | 5,653,167  | -   | 5,653,167        |
| Funds held on behalf of others - BAAQMD Funding  | -  | -   | 2,019,091  | -   | 2,019,091        |
| Undisbursed loan commitments - ISRF              | 23,170,527   | -   | -  | -   | 23,170,527       |
| Total current liabilities                        | 50,874,416   | -   | 8,553,676  | 57,929  | 59,486,021       |
| <b>NON-CURRENT LIABILITIES</b>                   |  |   |  |   |                  |
| Compensated absences payable                     | 597,304  | -   | -  | -   | 597,304          |
| Loan payable - SMIF (SB 84)                      | 31,645   | -   | 5,154  | -   | 36,799           |
| Net OPEB liability                               | 4,219,000  | -   | 1,400,000  | -   | 5,619,000        |
| Net pension liability                            | 5,014,690  | -   | 2,207,555  | -   | 7,222,245        |
| Undisbursed loan commitments - ISRF              | 110,689,247  | -   | -  | -   | 110,689,247      |
| Undisbursed loan commitments - VC                | -  | -   | 12,524,946   | -   | 12,524,946       |
| Revenue bonds payable                            | 366,367,695  | -   | -  | -   | 366,367,695      |
| Total non-current liabilities                    | 486,919,581  | -   | 16,137,655   | -   | 503,057,236      |
| Total liabilities                                | 537,793,997  | -   | 24,691,331   | 57,929  | 562,543,257      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |  |   |  |   |                  |
| Total deferred inflows of resources              | 2,403,177  | -   | 476,247  | -   | 2,879,424        |
| <b>NET POSITION</b>                              |  |   |  |   |                  |
| Restricted - Expendable - Statute                | \$ 279,459,176   | \$ 28,250,720   | \$ 583,983,854                                       | \$ 287,324,927                                | \$ 1,179,018,677 |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|   | California<br>Infrastructure<br>and Economic<br>Development<br>Bank Fund | California<br>Infrastructure<br>Guarantee<br>Trust Fund | California<br>Small<br>Business<br>Expansion<br>Fund | Climate<br>Catalyst<br>Revolving<br>Loan Fund | Total                   |
|---|--|---|--|---|-------------------------|
| <b>OPERATING REVENUES</b>               |  |   |  |   |                         |
| Interest on loans receivable            | \$ 16,288,981  | \$ -  | \$ 310,707   | \$ -  | \$ 16,599,688           |
| Federal revenue                         | -  | -   | 110,000,000  | -   | 110,000,000             |
| State revenue                           | -  | -   | 861,000  | 25,000,000                                    | 25,861,000              |
| Administration fees and other income    | 2,859,342  | -   | 310,746  | -   | 3,170,088               |
| Total operating revenues                | <u>19,148,323</u>  | <u>-</u>  | <u>111,482,453</u>                                   | <u>25,000,000</u>                             | <u>155,630,776</u>      |
| <b>OPERATING EXPENSES</b>               |  |   |  |   |                         |
| Interest on revenue bond debt           | 11,085,436   | -   | -  | -   | 11,085,436              |
| Nonexchange financial guarantee expense | -  | -   | 16,467,148   | -   | 16,467,148              |
| Program support                         | 3,675,707  | -   | 7,080,107  | 1,433,801                                     | 12,189,615              |
| Pension and OPEB Expense                | 2,708,185  | -   | 1,938,910  | -   | 4,647,095               |
| Total operating expenses                | <u>17,469,328</u>  | <u>-</u>  | <u>25,486,165</u>                                    | <u>1,433,801</u>                              | <u>44,389,294</u>       |
| <b>OPERATING INCOME</b>                 | <u>1,678,995</u>   | <u>-</u>  | <u>85,996,288</u>                                    | <u>23,566,199</u>                             | <u>111,241,482</u>      |
| <b>NONOPERATING REVENUE</b>             |  |   |  |   |                         |
| Investment earnings                     | 8,566,681  | 1,089,264   | 26,662,592   | 12,915,545                                    | 49,234,082              |
| Total nonoperating revenue              | <u>8,566,681</u>   | <u>1,089,264</u>  | <u>26,662,592</u>                                    | <u>12,915,545</u>                             | <u>49,234,082</u>       |
| Changes in net position                 | 10,245,676   | 1,089,264   | 112,658,880  | 36,481,744                                    | 160,475,564             |
| <b>NET POSITION, Beginning of year</b>  | <u>269,213,500</u>   | <u>27,161,456</u>                                       | <u>471,324,974</u>                                   | <u>250,843,183</u>                            | <u>1,018,543,113</u>    |
| <b>NET POSITION, End of year</b>        | <u>\$ 279,459,176</u>  | <u>\$ 28,250,720</u>                                    | <u>\$ 583,983,854</u>                                | <u>\$ 287,324,927</u>                         | <u>\$ 1,179,018,677</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, 2024

|  | California<br>Infrastructure<br>and Economic<br>Development<br>Bank Fund | California<br>Infrastructure<br>Guarantee<br>Trust Fund | California<br>Small<br>Business<br>Expansion<br>Fund | Climate<br>Catalyst<br>Revolving<br>Loan Fund | Total           |
|--|--|---|--|---|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |   |  |   |                 |
| Receipt of interest on loans receivable  | \$ 15,251,189  | \$ -  | \$ 273,979   | \$ -  | \$ 15,525,168   |
| Receipt of administration fees   | 2,859,342  | -   | -  | -   | 2,859,342       |
| Receipt of federal funds   | -  | -   | 110,000,000  | -   | 110,000,000     |
| Receipt of state funds   | -  | -   | 861,000  | 25,000,000                                    | 25,861,000      |
| Receipt of recovered guarantee payments  | -  | -   | 310,746  | -   | 310,746         |
| Receipt of principal on loans receivable   | 26,165,780   | -   | 1,687,570  | -   | 27,853,350      |
| Payment of loan guarantees   | -  | -   | (12,825,354)   | -   | (12,825,354)    |
| Payment of outstanding loan commitments  | (4,027,412)  | -   | (6,978,717)  | -   | (11,006,129)    |
| Payment of program support   | (1,404,836)  | -   | (4,205,753)  | (1,434,087)                                   | (7,044,676)     |
| Net cash provided by operating activities  | 38,844,063   | -   | 89,123,471   | 23,565,913                                    | 151,533,447     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                     |  |   |  |   |                 |
| Payment of principal on revenue bond debt  | (17,415,000)   | -   | -  | -   | (17,415,000)    |
| Payment of interest on revenue bond debt   | (10,257,506)   | -   | -  | -   | (10,257,506)    |
| Net cash used by noncapital financing activities   | (27,672,506)   | -   | -  | -   | (27,672,506)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |   |  |   |                 |
| Sale of investments  | 249,118,430  | -   | 1,189,514,347  | 525,219,001                                   | 1,963,851,778   |
| Purchase of investments  | (174,387,940)  | -   | (1,262,914,484)                                      | (514,081,695)                                 | (1,951,384,119) |
| Interest on investments  | 6,433,915  | 987,436   | 18,335,350   | 12,566,143                                    | 38,322,844      |
| Net cash provided (used) by investing activities   | 81,164,405   | 987,436   | (55,064,787)   | 23,703,449                                    | 50,790,503      |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>   | 92,335,962   | 987,436   | 34,058,684   | 47,269,362                                    | 174,651,444     |
| <b>CASH AND CASH EQUIVALENTS, Beginning of year</b>  | 147,037,437  | 26,959,055  | 242,954,033  | 220,725,368                                   | 637,675,893     |
| <b>CASH AND CASH EQUIVALENTS, End of year</b>  | \$ 239,373,399   | \$ 27,946,491   | \$ 277,012,717                                       | \$ 267,994,730                                | \$ 812,327,337  |
| <b>RECONCILIATION OF OPERATING INCOME TO NET<br/>CASH PROVIDED BY OPERATING ACTIVITIES</b> |  |   |  |   |                 |
| Operating income   | \$ 1,678,995   | \$ -  | \$ 85,996,288  | \$ 23,566,199                                 | \$ 111,241,482  |
| Adjustments to reconcile operating income to net cash provided by operating activities:    |  |   |  |   |                 |
| Interest on revenue bond debt  | 11,085,436   | -   | -  | -   | 11,085,436      |
| Changes in assets, liabilities, and deferred outflows/inflows:                             |  |   |  |   |                 |
| Loans receivable   | (13,834,220)   | -   | (2,430,510)  | -   | (16,264,730)    |
| Interest on loans receivable   | (1,074,520)  | -   | -  | -   | (1,074,520)     |
| Internal balances  | 36,728   | -   | (36,728)   | -   | -               |
| Accounts payable   | 3,169,814  | -   | 278,780  | (286)   | 3,448,308       |
| Nonexchange financial guarantees liability   | -  | -   | 3,641,794  | -   | 3,641,794       |
| Funds held on behalf of others - BAAQMD Funding  | -  | -   | 77,824   | -   | 77,824          |
| Loan payable - SMIF (SB 84)  | (116,608)  | -   | (10,836)   | -   | (127,444)       |
| Due to other governments   | (160,177)  | -   | -  | -   | (160,177)       |
| Compensated absences payable   | 132,132  | -   | -  | -   | 132,132         |
| Net OPEB liability   | 2,028,000  | -   | 1,175,000  | -   | 3,203,000       |
| OPEB related deferred outflows/inflows   | 133,000  | -   | 107,000  | -   | 240,000         |
| Net pension liability and related deferred outflows/inflows                                | (207,105)  | -   | 324,859  | -   | 117,754         |
| Undisbursed loan commitments   | 35,972,588   | -   | -  | -   | 35,972,588      |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   | \$ 38,844,063  | \$ -  | \$ 89,123,471  | \$ 23,565,913                                 | \$ 151,533,447  |
| <b>NONCASH FINANCING AND INVESTING ACTIVITIES</b>  |  |   |  |   |                 |
| Amortization of revenue bond premiums  | \$ 608,162   | \$ -  | \$ -   | \$ -  | \$ 608,162      |
| Amortization of deferred outflows of resources on refunding of debt                        | \$ 1,449,719   | \$ -  | \$ -   | \$ -  | \$ 1,449,719    |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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### 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 and credit enhancements, including guarantees, acquire or lease facilities, and leverage State funds. The mission of IBank is to finance public infrastructure, climate-enhanced, 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, except for administrative costs, 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, including green 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 subdivisions 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 independent audit of the ISRF Programs.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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The ***Bond Financing Program*** includes IBank as a conduit issuer of tax-exempt and taxable revenue bonds, loans, and commercial paper for private, nonprofit and other governmental entities (Bond Financing Program).

The **California Infrastructure Guarantee Trust Fund (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 Disaster Relief Program, Expanding Venture Capital Access, and the Small Business Loan Catalyst Program to IBank. 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.

The American Rescue Plan Act of 2021 included \$10 billion for the reauthorization of the State Small Business Credit Initiative (SSBCI). SSBCI was originally created through federal legislation, the Small Business Jobs Act of 2010. In 2010, SSBCI was funded with \$1.5 billion to strengthen state programs that support financing of small businesses. California received \$168 million of the \$1.5 billion and IBank and the State Treasurer's Office split the funding evenly. In September 2022, IBank and the State Treasurer's Office signed an allocation agreement with the United States Treasury that provides up to \$1.182 billion to California under SSBCI 2.0 to be split evenly between the two entities. IBank's planned utilization of the funds is \$391 million to the SBLG Program and \$200 million to the Expanding Venture Capital Access program, noted below. The funds will be provided in three tranches as utilized and all funds must be spent by September 30, 2030.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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During the 2023-2024 fiscal year, with its goal to help California meet its climate goals, through a statewide Climate Tech Finance partnership with Bay Area Air Quality Management District, the Small Business Finance Center guaranteed three loans, resulting in \$4.7 million in loan guarantees that supported more than \$5.9 million in Climate Tech loans.

The ***Disaster Relief Program*** was created to help businesses recover from a declared disaster. The loan guarantees provided by the Disaster Relief Loan Guarantee Program help mitigate barriers to capital for small businesses that have suffered a loss (either physical or economic) due to a disaster. The program helps businesses remain solvent during an extremely difficult time and eventually recover from their losses. In April 2020, IBank received a \$50 million General Fund allocation and launched a new initiative to target small businesses needing help to overcome economic injuries caused by COVID-19. The COVID-19 Micro Loan Guarantee Fund serves small business owners who may not qualify for federal disaster assistance and businesses that are female owned, minority owned, or located in low-wealth communities. Loan proceeds for the COVID-19 Micro Loan Guarantee Fund must be used for business continuance and to cure a “significant economic injury” as the result of the COVID-19 pandemic. The COVID-19 Micro Loan Guarantee Fund ended in December 2023.

The ***Small Business Loan Catalyst Program (California Rebuilding Fund)*** was established in August 2020 to enable IBank’s direct or indirect participation with Lenders and/or Special Purpose Entities to catalyze Small Business lending in California. In fiscal year 2020-21, IBank provided \$37.5 million in one-time General Fund allocations to serve as the anchor investment to create the California Rebuilding Fund, the first loan under the Small Business Loan Catalyst Program, which combined investments from private, philanthropic, and public sector sources to provide low-interest loans to California’s smallest businesses as they reopened and recovered from the impacts of the COVID-19 pandemic. The Fund closed in November 2022. It is anticipated that the Fund will make some repayments to IBank in the coming years as the small businesses repay their loans to the Fund.

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. One FDC is 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

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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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.

The *Expanding Venture Capital Access Program* was established in December 2022 and capitalized with \$200 million of SSBCI 2.0 funds, and the program was augmented with \$50 million of state funds in FY 22-23. The program is designed to create a more inclusive venture capital ecosystem, by: supporting underrepresented venture capital managers; investing in underrepresented and underserved entrepreneurs and business owners; investing in geographic areas that are socio-economically disadvantaged or that receive very limited venture capital funding; and promoting climate equity and climate justice. It is anticipated \$150 million of the program's funds will be invested in venture capital funds, and the balance directly to businesses.

The *Climate Catalyst Revolving Loan Fund* (Climate Catalyst Fund) is continuously appropriated, without regard to fiscal year, except for administrative costs and federal appropriations and is available for expenditure for the program related purposes stated in the Climate Catalyst Revolving Loan Fund Act of 2020 (Government Code Sections 63048.91 -63048.100).

The *Climate Catalyst Revolving Loan Fund Program* (Climate Catalyst) was established in law in June 2020 to fill an important gap in the state's robust response to climate change. Open to both private- and public-sector applicants, the Climate Catalyst Fund is designed to:

- Jumpstart critical climate solutions through flexible, affordable credit and credit support.
- Help bridge the financing gap that currently prevents these advanced technologies and practices from scaling into the marketplace.
- Mobilize public and private finance for shovel-ready projects that are stuck in the deployment phase.
- Accelerate the speed and scale at which technologically proven, critical climate solutions are deployed.

The Climate Catalyst Fund is flexible, offering a range of financial instruments to help bridge the financing gap and accelerate the adoption and deployment of climate solutions into the marketplace. It received its first capitalization in fiscal year 2021-22 with a focus on supporting forest resilience projects.

### 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 revenues reported are state and federal

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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revenue. Also recognized in operating revenue are financing income, representing interest on financing provided to borrowers; the fees charged to ISRF Program borrowers; conduit Bond Financing Program borrowers; Expansion Fund guarantee recoveries; and Expansion Fund revenue including 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 a cash equivalent. 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.

IBank generally purchases short term investment grade securities in its trust accounts with the intent to hold securities to maturity. However, governmental accounting standards require that securities are marked to fair market value, which reflects gains or losses in the financial statements that may not be realized.

### D. LOANS RECEIVABLE

*ISRF Loans* - IBank is authorized to enter into loan agreements, installment sale agreements, and lease agreements (Loans) to finance public infrastructure and economic development projects to finance (1) public infrastructure and economic development projects for a variety of governmental entities and (2) economic development projects for non-profit organizations sponsored by governmental entities pursuant to the ISRF Program. A majority of the Loans (Series Pledged Loans) are pledged to the ISRF Program Bonds. 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

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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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.

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 Loan interest rates range from 1.00% to 4.37% 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 9.75% to 10.50% and the loan terms are 6 months to 20 years.

*Jump Start Loans* – 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. Five FDCs under contract with IBank provided 68.2 hours of technical assistance to small businesses throughout California. Jump Start Loans interest rates range from 13.25% to 13.50% and the loan terms are 3 to 5 years.

*California Rebuilding Fund Loans* – IBank disbursed to the California Rebuilding Fund a total of \$8 million, which was 23% of disbursements to the fund. The loan is part of a multi-lender financing designed to help small businesses obtain needed financing to recover from the pandemic, which funded over \$82 million in total loans to 1,385 small businesses across the state. Lenders in third priority position (IBank) will have the ability to receive up to 3% interest, but only if the second and first priority lenders are paid in full. The likelihood of third priority lenders receiving any interest is low.

*Venture Capital Fund Loans* – The Expanding Venture Capital Access Program was established in December 2022 and capitalized with \$200 million of SSBCI 2.0 funds, and the program was augmented with \$50 million of state funds in FY 22-23. The program is designed to create a more inclusive venture capital ecosystem, by: supporting underrepresented venture capital managers; investing in underrepresented and underserved entrepreneurs and business owners; investing in geographic areas that are socio-economically disadvantaged or that receive very limited venture capital funding; and promoting climate equity and climate justice. It is anticipated that \$150 million of the program's funds will be invested in venture capital funds, and the balance directly to businesses.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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There is a provision for uncollectible accounts of \$34,642 for Jump Start loans receivables and \$3,761,173 for the California Rebuilding Fund at June 30, 2024. 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 fees, financial advisor fees, agent for sale fees, escrow agent fees, verification agent fees and other miscellaneous expenses. The ISRF Program bond issuance costs are recognized as an expense when incurred.

### F. REVENUE BONDS PAYABLE

The Revenue bonds payable are stated at their unpaid balance. 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, amendment, and annual fees to conduit Bond Financing Program borrowers. Conduit bond fees are recognized as revenue when earned.

### 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 to make payment in relation to those guarantees based on consideration of the likelihood of payment default of individual loans that have received a guarantee.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

### 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. Additionally, the table below summarizes the reported deferred outflows and inflows by IBank at June 30, 2024:

|                        | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|------------------------|---|--|
| Related to pension     | \$ 4,039,244                                  | \$ (1,462,424)                               |
| Related to OPEB        | 877,000                                       | (1,417,000)                                  |
| Loss on refunding debt | 11,347,218                                    | -  |
| Total                  | \$ 16,263,462                                 | \$ (2,879,424)                               |

### 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.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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### 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 Annual Comprehensive Financial Report (ACFR) at [https://sco.ca.gov/ard\\_state\\_acfr\\_sup.html](https://sco.ca.gov/ard_state_acfr_sup.html), where the latest State ACFR is available.

Due to the specified nature of the activities reported in IBank as established in the Act, the SBFC Act, and the Climate Catalyst Revolving Loan Fund Act, all cash, cash equivalents, and investments are considered restricted at June 30, 2024, since these funds cannot be spent for any purpose other than as established in the Acts, SBFC Act, and Climate Catalyst Revolving Loan Fund Act.

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 January 26, 2022. The Investment Policy provides guidelines for 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, liquidity, and yield. IBank generally purchases short term investment grade securities in its trust accounts with the intent to hold securities to maturity. However, governmental accounting standards require that securities are marked to fair market value, which reflects gains or losses in the financial statements that may not be realized.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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Pursuant to the Investment Policy, IBank may, from time to time, direct the State Treasurer (Treasurer) to invest monies in the CIEDB Fund, Guarantee Trust Fund, and the Climate Catalyst 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) 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, 2016A ISRF Program Bonds, 2020A ISRF Program Bonds, and 2022A 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, the Third Supplemental Indenture dated as of June 1, 2016 between IBank and the ISRF Trustee, the Fourth Supplemental Indenture dated as of December 1, 2020, and the Fifth Supplemental Indenture dated as of December 1, 2022 (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) 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, 2024

### Authorized Investments

| <u>Authorized Investment Type</u>          | <u>Maximum Maturity<sup>1</sup></u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> | <u>Credit Rating<sup>3</sup></u> |
|--|-------------------------------------|--|---|----------------------------------|
| U.S. Treasury Securities                   | 7 Years                             | N/A <sup>2</sup>                       | N/A                                     | N/A                              |
| Federal Agency Securities                  | 7 Years                             | N/A                                    | 40%                                     | N/A                              |
| State of California Securities             | 7 Years                             | 30%                                    | N/A                                     | N/A                              |
| Local Agency Securities                    | 7 Years                             | 40%                                    | 5%                                      | N/A                              |
| Commercial Paper                           | 270 Days                            | 30%                                    | 5%                                      | A1/P1/F1                         |
| Bankers Acceptances                        | 7 Years                             | 40%                                    | 5%                                      | N/A                              |
| Negotiable Certificates of Deposit         | 7 Years                             | 30%                                    | 5%                                      | N/A                              |
| U.S. SBA or U.S. FHA Securities            | 7 Years                             | 30%                                    | 5%                                      | N/A                              |
| Export-Import Bank Securities              | 7 Years                             | 30%                                    | 5%                                      | N/A                              |
| Guaranteed Student Loan Program Securities | 7 Years                             | N/A                                    | N/A                                     | N/A                              |
| Development Bank Securities                | 7 Years                             | N/A                                    | N/A                                     | N/A                              |
| Corporate Debt Securities                  | 7 Years                             | 30%                                    | 5%                                      | A                                |
| Investment Agreements                      | 7 Years                             | N/A                                    | N/A                                     | N/A                              |
| Repurchase Agreements                      | 7 Years                             | N/A                                    | N/A                                     | N/A                              |
| Reverse Repurchase Agreements              | 7 Years                             | N/A                                    | N/A                                     | N/A                              |

<sup>1</sup> No investment shall be made in any security, other than a collateral security underlying a repurchase agreement or collateral for any permitted investment agreement, that at the time of the investment either (1) has a term remaining to maturity in excess of seven years, or (2) an average life in excess of seven years. In either case, securities with greater maturities or average lives may be purchased if authorized by the Act (in particular, Government Code Section 63081) or herein, or the Board has granted express authority to make that investment or has authorized an investment program of a longer maturity or average life that is applicable to such investment. This maturity restriction shall not take into consideration the settlement period for an investment.

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

<sup>3</sup> 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). Per Government Code, Investment agreements, repurchase agreements, and reverse repurchase agreements are required to be within the top three rating categories of a nationally recognized rating service.

### Investments Held by IBank

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). All other IBank investments are invested according to the IBank investment policy.

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. The Treasurer values participants' shares in the pooled program on an amortized cost basis.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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Cash and cash equivalents at June 30, 2024 were as follows:

|   |                           |
|---|---------------------------|
| SMIF  | \$ 100,459,804            |
| Cash and Cash Equivalents with Financial Institutions |                           |
| Money Market Funds                                    | 235,637,170               |
| Deposits  | 189,539                   |
| Held on behalf of others                              | 2,007,902                 |
| U.S. Treasury Securities <sup>1</sup>                 | <u>474,032,922</u>        |
| <br>Total Cash and Cash Equivalents                   | <br><u>\$ 812,327,337</u> |

Investments at June 30, 2024 were as follows:

|                                       |                           |
|---------------------------------------|---------------------------|
| Corporate Debt Securities             | \$ 79,718,684             |
| Local Agency Securities               | 96,453,700                |
| U.S. Treasury Securities <sup>2</sup> | 159,914,352               |
| U.S. SBA or U.S. FHA Securities       | <u>10,100,423</u>         |
| <br>Total Investments                 | <br><u>\$ 346,187,159</u> |

<sup>1</sup> U.S. Treasury Securities classified as cash equivalents had 3 month or less until maturity at date of initial purchase.

<sup>2</sup> U.S Treasury Securities classified as investments had more than 3 months until maturity at date of initial purchase.

### 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, 2024, the weighted average maturity of the investments contained in SMIF is approximately 260 days. SMIF is considered to be highly liquid and a cash equivalent.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024:

| <u>Investment Type</u>             | <u>Fair Value</u>       | <u>Remaining Maturity (in Months)</u> |                         |                         |                                |
|------------------------------------|-------------------------|---------------------------------------|-------------------------|-------------------------|--------------------------------|
|                                    |                         | <u>12 Months<br/>or Less</u>          | <u>13-24<br/>Months</u> | <u>25-60<br/>Months</u> | <u>More Than<br/>60 Months</u> |
| Corporate Debt Securities          | \$ 79,718,684           | \$ 23,318,690                         | \$ 26,599,400           | \$ 29,800,594           | \$ -                           |
| Local Agency Securities            | 96,453,700              | 36,380,404                            | 34,009,515              | 26,063,781              | -                              |
| U.S. Treasury Securities           | 633,947,274             | 505,439,460                           | 126,308,428             | 2,199,386               | -                              |
| U.S. SBA or U.S. FHA<br>Securities | 10,100,423              | 10,100,056                            | 367                     | -                       | -                              |
| SMIF                               | 100,459,804             | 100,459,804                           | -                       | -                       | -                              |
| Money Market Funds                 | 235,637,170             | 235,637,170                           | -                       | -                       | -                              |
| Total                              | <u>\$ 1,156,317,055</u> | <u>\$ 911,335,584</u>                 | <u>\$ 186,917,710</u>   | <u>\$ 58,063,761</u>    | <u>\$ -</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 does 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, 2024:

| <u>Investment Type</u>             | <u>Fair Value</u>       | <u>Rating as of Year-End</u> |                      |                         |                          |
|------------------------------------|-------------------------|------------------------------|----------------------|-------------------------|--------------------------|
|                                    |                         | <u>AAA<br/>to AA</u>         | <u>AA- to A-</u>     | <u>BBB+- to<br/>BB-</u> | <u>Not Rated</u>         |
| Corporate Debt Securities          | \$ 79,718,684           | \$ 3,632,900                 | \$ 71,720,851        | \$ 4,364,933            | \$ -                     |
| Local Agency Securities            | 96,453,700              | 62,904,783                   | 21,485,940           | -                       | 12,062,977               |
| U.S. Treasury Securities           | 633,947,274             | 219,348,336                  | -                    | -                       | 414,598,938 <sup>1</sup> |
| U.S. SBA or U.S. FHA<br>Securities | 10,100,423              | 10,100,056                   | -                    | -                       | 367                      |
| SMIF                               | 100,459,804             | -                            | -                    | -                       | 100,459,804              |
| Money Market Funds                 | 235,637,170             | 235,637,170                  | -                    | -                       | -                        |
| Total                              | <u>\$ 1,156,317,055</u> | <u>\$ 531,623,245</u>        | <u>\$ 93,206,791</u> | <u>\$ 4,364,933</u>     | <u>\$ 527,122,086</u>    |

<sup>1</sup> Unrated U.S. Treasury Securities consist of shares of unrated short-term investment pools that hold U.S. Treasury Securities.

**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.

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, 2024, 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, 2024

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### 4. REVENUE BONDS PAYABLE

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, \$141.60 million in June 2016, \$324.34 million in December 2020, and \$103.79 million in December 2022 (collectively, ISRF Program Bonds) to provide additional funding for ISRF Program financings and/or refund prior ISRF Program Bond issuances.

The 2014A ISRF Program Bonds were issued to refund the 2004 and 2005 ISRF Program Bonds and to reimburse existing bond anticipation loans. The 2015A ISRF Program Bonds were issued to refund the 2008 ISRF Program Bonds and to reimburse existing bond anticipation loans. The 2016A ISRF Program Bonds were issued to finance new loans and to reimburse existing bond anticipation loans. The 2020A ISRF Program Bonds were issued to advance refund and defease all of the outstanding ISRF Revenue Bonds Series 2014A, Series 2015A, and Series 2016A. The Series 2022A ISRF Program Bonds were to reimburse existing bond anticipation loans and finance new 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. In addition, the 2020A and the 2022A ISRF Program Bonds received the top rating from S&P (AAA) and Fitch (AAA). As explained by S&P, its rating reflects the ISRF Program's extremely strong financial risk score and very strong enterprise risk score. In addition, Fitch explains that its cash flow modeling demonstrates the ISRF Program remains able to pay bond debt service even with loan defaults in excess of Fitch's 'AAA' liability rating stress hurdle.

On December 20, 2022, IBank issued \$103,785,000 in ISRF Program Bonds with a \$12,945,140 premium amount. A portion of the proceeds, \$115,818,685, was deposited to the Project Fund to finance or refinance loans to eligible borrowers under the ISRF Program. The remaining proceeds were used to pay costs of issuance of the Series 2022A Bonds.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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On December 17, 2020, IBank issued \$324,340,000 in ISRF Program Bonds. A portion of the proceeds, \$322,801,640, was used to advance refund \$270,550,000 of outstanding 2014A, 2015A and 2016A 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 2014A, 2015A, and 2016A 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 pay costs of issuance of the Series 2020A bonds.

The reacquisition price (amount placed in escrow to repay the 2014A, 2015A, and 2016A ISRF Program Bonds) exceeded the net carrying amount of those bonds by \$14,892,672. 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, 2024, the balance of the loss on bond refunding was \$9,916,781. IBank refunded the 2014A, 2015A, and 2016A ISRF Program Bonds to reduce its debt service payments by \$27,337,712 over the subsequent 25 years and to obtain an economic gain of \$19,042,646 or 7.04% of the refunded par outstanding. The economic gain is the difference between the present value of the debt service payments on the old and new debt, discounted at 1.43%, 2.15%, and 2.24% for the 2014A, 2015A, and 2016A ISRF Program Bonds respectively.

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 2052. The total principal and interest remaining to be paid on the ISRF Program Bonds is \$528,740,996 as of June 30, 2024. For the fiscal year ended June 30, 2024, Series Pledged Loan repayments and reserve account earnings were \$41,854,244. The debt service payments on ISRF Program Bonds for the fiscal year were \$27,672,506 resulting in a bond debt coverage ratio for the fiscal year of 1.51 times. This Debt Service Coverage Ratio is calculated as of June 30, 2024 and therefore will not agree with the Debt Service Coverage Ratio prepared for the Bond Indenture annual reporting which is prepared as of September 30, annually.

The following is a summary of bonds payable at June 30, 2024:

|   |                       |
|---|-----------------------|
| Infrastructure State Revolving Fund Revenue Bonds, Series 2020A, issued \$324,340,000 bearing up to 2.786% interest payable semi-annually, final maturity October 1, 2043 (2020 ISRF Program Bonds) | \$ 269,315,000        |
| Infrastructure State Revolving Fund Revenue Bonds, Series 2022A, issued \$103,785,000 bearing up to 3.80% interest payable semi-annually, final maturity October 1, 2052 (2022 ISRF Program Bonds)  | 103,785,000           |
| Plus: Unamortized Net Premium   | <u>11,880,857</u>     |
| Net ISRF Program Bonds Payable  | <u>\$ 384,980,857</u> |

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The following is a schedule of the debt service requirements for the 2020 ISRF Program Bonds as of June 30, 2024:

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>        | <b>Interest</b>      | <b>Total<br/>Debt Service</b> |
|--------------------------------|-------------------------|----------------------|-------------------------------|
| 2025                           | \$ 18,005,000           | \$ 4,982,935         | \$ 22,987,935                 |
| 2026                           | 17,010,000              | 4,859,806            | 21,869,806                    |
| 2027                           | 17,045,000              | 4,706,535            | 21,751,535                    |
| 2028                           | 16,860,000              | 4,514,216            | 21,374,216                    |
| 2029                           | 16,910,000              | 4,286,155            | 21,196,155                    |
| 2030-2034                      | 79,925,000              | 17,223,966           | 97,148,966                    |
| 2035-2039                      | 60,560,000 <sup>1</sup> | 9,752,716            | 70,312,716                    |
| 2040-2044                      | 43,000,000 <sup>2</sup> | 2,641,792            | 45,641,792                    |
| <b>Total</b>                   | <b>\$ 269,315,000</b>   | <b>\$ 52,968,121</b> | <b>\$ 322,283,121</b>         |

<sup>1</sup> Principal payments in the amount of \$34,430,000 will be made from sinking fund payments for the 2041 term bonds.

<sup>2</sup> Principal payments in the amount of \$19,755,000 and \$23,245,000 will be made from sinking fund payments for the 2041 and 2044 term bonds, respectively.

The following is a schedule of the debt service requirements for the 2022 ISRF Program Bonds as of June 30, 2024:

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>        | <b>Interest</b>       | <b>Total<br/>Debt Service</b> |
|--------------------------------|-------------------------|-----------------------|-------------------------------|
| 2025                           | \$ -                    | \$ 5,189,250          | \$ 5,189,250                  |
| 2026                           | -                       | 5,189,250             | 5,189,250                     |
| 2027                           | 835,000                 | 5,168,375             | 6,003,375                     |
| 2028                           | 680,000                 | 5,130,500             | 5,810,500                     |
| 2029                           | 850,000                 | 5,092,250             | 5,942,250                     |
| 2030-2034                      | 7,190,000               | 24,657,500            | 31,847,500                    |
| 2035-2039                      | 15,375,000              | 21,633,625            | 37,008,625                    |
| 2040-2044                      | 15,370,000 <sup>1</sup> | 17,960,750            | 33,330,750                    |
| 2045-2049                      | 41,455,000 <sup>2</sup> | 10,544,625            | 51,999,625                    |
| 2050-2053                      | 22,030,000 <sup>3</sup> | 2,106,750             | 24,136,750                    |
| <b>Total</b>                   | <b>\$ 103,785,000</b>   | <b>\$ 102,672,875</b> | <b>\$ 206,457,875</b>         |

<sup>1</sup> Principal payments in the amount of \$4,570,000 will be made from sinking fund payments for the 2048 term bonds.

<sup>2</sup> Principal payments in the amount of \$33,750,000 and \$7,705,000 will be made from sinking fund payments for the 2048 and 2053 term bonds, respectively.

<sup>3</sup> Principal payments in the amount of \$22,030,000 will be made from sinking fund payments for the 2053 term bonds.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

### 5. LONG-TERM OBLIGATIONS

The changes in long-term obligations for the fiscal year ended June 30, 2024 were as follows:

|                              | <b>Balance</b><br><b>June 30, 2023</b> | <b>Increases</b>  | <b>Decreases</b>     | <b>Balance</b><br><b>June 30, 2024</b> | <b>Current</b><br><b>Portion</b><br><b>June 30, 2024</b> |
|------------------------------|--|-------------------|----------------------|--|--|
| Revenue Bonds Payable:       |  |                   |                      |  |  |
| 2020A ISRF Program Bonds     | \$ 286,730,000                         | \$ -              | \$ 17,415,000        | \$ 269,315,000                         | \$ 18,005,000  |
| Revenue Bonds Payable        |  |                   |                      |  |  |
| 2022A ISRF Program Bonds     | 103,785,000                            | -                 | -                    | 103,785,000                            | -  |
| Unamortized Premium          | 12,489,019                             | -                 | 608,162              | 11,880,857                             | 608,162  |
| Loan Payable – SMIF (SB 84)  | 296,369                                | -                 | 127,444              | 168,925                                | 132,126  |
| Compensated Absences Payable | 794,014                                | 458,545           | 326,413              | 926,146                                | 328,842  |
| <b>Total</b>                 | <b>\$ 404,094,402</b>                  | <b>\$ 458,545</b> | <b>\$ 18,477,019</b> | <b>\$ 386,075,928</b>                  | <b>\$ 19,074,130</b>                                     |

### 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 <sup>1</sup>:

|  |                               |
|--|-------------------------------|
| • Fees earned from 7/1/23 thru 6/30/24:                          |                               |
| ○ Application Fees   | \$ 37,000                     |
| ○ Issuance Fees  | \$ 706,564                    |
| ○ Annual Fees  | \$ 179,563                    |
| ○ Other (Amendment Fees)   | \$ 1,163                      |
| • Conduit Bond Support Operating Expenses                        | \$ 927,991 <sup>2</sup>       |
| • Amount of conduit bonds authorized but unsold as of 6/30/24    | \$ 3,000,000,000              |
| • Amount of conduit bond debt issued from 7/1/23-6/30/24         | \$ 1,373,897,770              |
| • Amount of conduit bonds outstanding as of 6/30/24              | \$ 7,210,035,541 <sup>3</sup> |
| • Number of conduit bonds transactions outstanding as of 6/30/24 | 128                           |

<sup>1</sup> This information is provided pursuant to Government Code section 5872(a).

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

<sup>3</sup> Includes bonds issued by the former California Economic Development Financing Authority, which were assumed by IBank pursuant to Chapter 4, Statutes of 1998.

### 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) Annual Comprehensive Financial Report as a fiduciary component unit. CalPERS administers the Public Employees’ Retirement Fund (PERF).

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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](http://www.calpers.ca.gov).

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

### Benefits Provided

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

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

#### *First Tier:*

|   | <b><u>Prior to<br/>January 15, 2011</u></b> | <b><u>January 15, 2011 to<br/>December 31, 2012</u></b> | <b><u>On or after<br/>January 1, 2013</u></b> |
|---|---|---|---|
| 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:*

|   | <b><u>Prior to<br/>January 1, 2013</u></b> | <b><u>On or after<br/>January 1, 2013</u></b> |
|---|--|---|
| 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                                   | 55 to 67                                      |
| Monthly benefits, as a % of eligible compensation | 0.5 to 1.25%                               | 0.77 to 1.25%                                 |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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### **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 1<sup>st</sup> 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, 2023 (the measurement date), the employer's contribution rate is 32.00% 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 \$1,086,340 for the fiscal year ended June 30, 2024.

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 and payments began during the June 30, 2020 fiscal year end. See Note 5 for further details related to this loan payable.

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

As of June 30, 2024, IBank reported a net pension liability for its proportionate share of the net pension liability of \$7,222,245. The net pension liability of the Plan is measured as of June 30, 2023, 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, 2022 rolled forward to June 30, 2023 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 ACFR 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, 2023 and 2022 was 0.01880% and 0.01926%, respectively.

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

For the fiscal year ended June 30, 2024, IBank recognized pension expense of \$1,204,095. At June 30, 2024, IBank reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 346,097                                    | \$ (112,158)                                 |
| Changes in assumptions  | 374,881                                       | -  |
| Changes in proportion and differences between IBank<br>contributions and proportionate share of contributions | 1,357,584                                     | (1,350,266)                                  |
| Net differences between projected and actual<br>investment earnings of pension plan investments               | 874,342                                       | -  |
| IBank's contributions subsequent to measurement date  | <u>1,086,340</u>                              | <u>-</u>                                     |
| Total   | <u>\$ 4,039,244</u>                           | <u>\$ (1,462,424)</u>                        |

The \$1,086,340 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized as pension expense as follows:

| <b>Year Ending<br/>June 30</b> |    |         |
|--------------------------------|----|---------|
| 2025                           | \$ | 455,271 |
| 2026                           |    | 325,919 |
| 2027                           |    | 673,188 |
| 2028                           |    | 36,102  |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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### Actuarial Assumptions

For the measurement period ended June 30, 2023 (the measurement date), the Total Pension Liability (TPL) was determined by rolling forward the June 30, 2022 TPL. The June 30, 2023 TPL was based on the following actuarial method and assumptions:

| Actuarial Cost Method               | Entry-Age Actuarial Cost Method  |
|-------------------------------------|--|
| Actuarial Assumptions:              |  |
| Discount Rate                       | 6.90%  |
| Inflation                           | 2.30%  |
| Salary Increases                    | Varies by Entry Age and Service  |
| Investment Rate of Return           | 6.90%  |
| Mortality Rate Table <sup>(1)</sup> | Derived using CalPERS' Membership data for all Funds   |
| Post Retirement Benefit Increase    | The lesser of Contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter |

<sup>(1)</sup> The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality, and retirement rates.

### Change of Assumptions

There were no assumption changes in 2023.

### Discount Rate

The discount rate used to measure the TPL was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan 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.

### Long-term Expected Rate of Return

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

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

| <u>Asset Class<sup>(a)</sup></u> | <u>Assumed<br/>asset<br/>allocation</u> | <u>Real<br/>Return<sup>(a)(b)</sup></u> |
|----------------------------------|---|---|
| Global Equity – Cap-weighted     | 30.00%                                  | 4.54%                                   |
| Global Equity – Non-Cap-weighted | 12.00%                                  | 3.84%                                   |
| Private Equity                   | 13.00%                                  | 7.28%                                   |
| Treasury                         | 5.00%                                   | 0.27%                                   |
| Mortgage-backed Securities       | 5.00%                                   | 0.50%                                   |
| Investment Grade Corporates      | 10.00%                                  | 1.56%                                   |
| High Yield                       | 5.00%                                   | 2.27%                                   |
| Emerging Market Debt             | 5.00%                                   | 2.48%                                   |
| Private Debt                     | 5.00%                                   | 3.57%                                   |
| Real Assets                      | 15.00%                                  | 3.21%                                   |
| Leverage                         | (5.00%)                                 | (0.59%)                                 |

<sup>(a)</sup> An expected inflation of 2.3% used for this period.

<sup>(b)</sup> Figures are based on the 2021 Asset Liability Management study.

### **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 6.90%, 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 (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

|   | <u>Discount<br/>Rate – 1%<br/>(5.90%)</u> | <u>Current<br/>Discount Rate<br/>(6.90%)</u> | <u>Discount<br/>Rate + 1%<br/>(7.90%)</u> |
|---|---|--|---|
| IBank's Proportionate Share of Plan's Net Pension Liability | \$ 10,479,272                             | \$ 7,222,245                                 | \$ 4,502,992                              |

## **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

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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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](http://www.calpers.ca.gov).

The State has identified 17 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, 2023 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 annuitants' family members. 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 by the annuitant, as specified in the California Government Code. The maximum 2023 monthly State contribution was \$883 for one-party, \$1,699 for two-party coverage, and \$2,124 for family coverage. To be eligible for these benefits, primary government first-tier plan annuitants must retire on or after age 50 with at least five years of service, and second tier plan annuitants must retire on or after age 55 with at least 10 years of service. In addition, annuitants must retire within 120 days of separation from employment to be eligible to receive these benefits.

### **Contributions**

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

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, with a modest amount of prefunding for members. 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](http://www.sco.ca.gov). Contributions to the State's Plan from IBank were \$264,000 for the fiscal year ended June 30, 2024.

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

At June 30, 2024, IBank reported a liability of \$5,619,000 for its proportionate share of the State's Plan net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. 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, 2023 was 0.00839%.

For the fiscal year ended June 30, 2024, IBank recognized OPEB expense of \$3,443,000. At June 30, 2024, IBank reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Changes in assumptions   | \$ 292,000                                    | \$ (956,000)                                 |
| Differences between Expected and Actual Experience                           | 297,000                                       | (461,000)                                    |
| Difference between Projected and Actual Earnings on<br>OPEB Plan Investments | 24,000  | -  |
| IBank's contributions subsequent to measurement date                         | <u>264,000</u>                                | <u>-</u>                                     |
| Total  | <u>\$ 877,000</u>                             | <u>\$ (1,417,000)</u>                        |

The \$264,000 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, 2025. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in IBank's OPEB expense as follows:

| <u>Year Ending<br/>June 30</u> |              |
|--------------------------------|--------------|
| 2025                           | \$ (231,100) |
| 2026                           | (138,700)    |
| 2027                           | (134,600)    |
| 2028                           | (139,700)    |
| 2029                           | (117,600)    |
| Thereafter                     | (42,300)     |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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### Actuarial Assumptions

For the measurement period ended June 30, 2023 (the measurement date), the total OPEB liability was determined using a June 30, 2023 valuation date. The June 30, 2023 total OPEB liability was based on the following actuarial methods and assumptions:

|                              |   |
|------------------------------|---|
| Valuation Date:              | June 30, 2023   |
| Actuarial Cost Method:       | Entry-Age Normal  |
| Actuarial Assumptions:       |   |
| Discount Rate                | Blended rate of each valuation group, consisting of 6.00% when assets are available to pay benefits, otherwise 20-year Municipal G.O. Bond AA Index rate of 3.86%   |
| Inflation                    | 2.30%   |
| Salary Increases             | Varies by entry age and service   |
| Investment Rate of Return    | 6.00%, 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 2024, increasing to 7.00% in 2025, grading down to 4.50% from 2030 to 2038, and 4.25% for 2039 and later years<br><i>Post-Medicare coverage:</i> Actual rates for 2024, increasing to rates ranging from 7.00% to 7.66% in 2025, grading down to 4.50% from 2035 to 2038, and 4.25% for 2039 and later years<br><i>Dental coverage:</i> 0.23% for 2024, 2.00% for 2025, 3.00% for 2026, 4.00% for 2027, and 4.25% for 2028 and later years |
| 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 80% Scale MP 2020. For more details on this table, refer to the 2021 *CalPERS Experience Study and Review of Actuarial Assumptions* report (2021 Experience Study) for the period from 2000 to 2019. Other demographic assumptions used in the June 30, 2023 valuation were also based on the results of the 2021 Experience Study, including updates to termination, disability, and retirement rates. The 2021 Experience Study report can be obtained from CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Healthcare related assumptions such as plan participation, aging factors, adjustments for disabled members, and adjustments for children of current retirees and survivors are based on the State of California Retiree Health Benefits Program 2022 Experience Review performed by Gabriel, Roeder, Smith and Company (GRS) for the period from 2018 to 2022. 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. The GRS 2022 Experience Review is available at [www.sco.ca.gov](http://www.sco.ca.gov).

### Changes in Assumptions

There were no assumption changes in 2023.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

### Discount Rate

The blended rate used to measure the June 30, 2023 total OPEB liability consists of the 20-year Municipal G.O. Bond AA Index rate of 3.86% as of June 30, 2023, as reported by Fidelity, when prefunding assets are not available to pay benefits, and 6.00% when prefunding assets are available to pay benefits. The cash flow projections used to calculate the blended discount 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, 2022*, on the State Controller’s Office website, at [www.sco.ca.gov](http://www.sco.ca.gov).

The long-term expected rate of return on OPEB plan investments was determined by GRS 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 5 years) and the long-term (6-20 years), and an average inflation assumption of 2.30%, a single expected nominal return rate of 6.00% was calculated for the combined short-term and long-term periods. If applied to expected cash flows during that period, the resulting present value of benefits is expected to be consistent with the present value of benefits that would be determined by applying the short and long-term expected rates to the same cash flows.

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

| <u>Asset Class</u>                      | <u>Target Allocation</u> | <u>Real Return Years 1 - 5</u> | <u>Real Return Years 6-20</u> |
|---|--------------------------|--------------------------------|-------------------------------|
| Global Equity                           | 49.00%                   | 4.40%                          | 4.50%                         |
| Fixed Income                            | 23.00%                   | (1.00)%                        | 2.20%                         |
| Treasury Inflation-Protected Securities | 5.00%                    | (1.80)%                        | 1.30%                         |
| Real Estate Investment Trusts           | 20.00%                   | 3.00%                          | 3.90%                         |
| Commodities                             | 3.00%                    | 0.80%                          | 1.20%                         |

### 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 | \$ 6,593,360                     | \$ 5,619,000                 | \$ 4,829,237                     |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

### **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:

|                    | <b>Healthcare<br/>Cost Trend<br/>Rates -1%</b> | <b>Healthcare<br/>Cost Trend<br/>Rates</b> | <b>Healthcare<br/>Cost Trend<br/>Rates +1%</b> |
|--------------------|--|--|--|
| Net OPEB liability | \$ 4,937,660                                   | \$ 5,619,000                               | \$ 6,487,064                                   |

### **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 an Annual Comprehensive 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, 2024, IBank has guaranteed a specified percentage of outstanding loans in the amount of \$955 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.

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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The activity related to the liability recognized for nonexchange financial guarantees at June 30, 2024 is as follows:

|   |                     |
|---|---------------------|
| Liability balance - beginning of year July 1, 2023        | \$ 2,011,373        |
| Increase in estimates for previously reported liabilities | 19,218              |
| Increase for additional liabilities                       | 16,716,502          |
| Guarantee payments made                                   | (12,825,354)        |
| Decrease in estimates for previously reported liabilities | <u>(268,572)</u>    |
| Liability balance - end of year June 30, 2024             | <u>\$ 5,653,167</u> |

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

**10. COMMITMENTS AND CONTINGENCIES**

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, 2024, 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

|   | Measurement Date |              |              |              |              |              |              |              |              |              |
|---|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2023             | <u>2022</u>  | <u>2021</u>  | <u>2020</u>  | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  | <u>2014</u>  |
| IBank's proportion of the net pension liability   | 0.01880%         | 0.01926%     | 0.01777%     | 0.01664%     | 0.01746%     | 0.01991%     | 0.01865%     | 0.01885%     | 0.01397%     | 0.01269%     |
| IBank's proportionate share of the net pension liability  | \$ 7,222,245     | \$ 7,280,853 | \$ 3,960,065 | \$ 5,785,644 | \$ 5,872,380 | \$ 6,253,202 | \$ 6,813,695 | \$ 6,241,230 | \$ 3,945,940 | \$ 3,200,240 |
| IBank's covered payroll   | \$ 2,910,804     | \$ 2,836,303 | \$ 2,293,545 | \$ 2,260,156 | \$ 2,254,513 | \$ 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 | 248.12%          | 256.70%      | 172.66%      | 255.98%      | 260.47%      | 256.35%      | 315.19%      | 295.93%      | 265.41%      | 256.04%      |
| Plan fiduciary net position as a percentage of the total pension liability                      | 72.46%           | 71.63%       | 82.39%       | 71.51%       | 71.34%       | 71.83%       | 66.42%       | 66.81%       | 70.68%       | 73.05%       |

**Notes to Schedule:**

**Change of benefit terms** – For the measurement dates ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

**Changes in assumptions** – For the measurement dates ended June 30, 2023, 2021, 2020, 2019, 2016 and 2014, there were no 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 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. For the measurement date ended June 30, 2022, the discount rate was reduced from 7.15% to 6.90%, in addition to demographic assumptions and inflation rate changes.

\* 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, 2024

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

|   | Fiscal Year        |                    |                  |                  |                  |                  |                     |                  |                  |                  |
|---|--------------------|--------------------|------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|
|   | 2024               | <u>2023</u>        | <u>2022</u>      | <u>2021</u>      | <u>2020</u>      | <u>2019</u>      | <u>2018</u>         | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      |
| Contractually required contribution (actuarially determined)          | \$ 1,086,340       | \$ 1,066,520       | \$ 761,909       | \$ 613,013       | \$ 780,339       | \$ 730,441       | \$ 655,348          | \$ 598,686       | \$ 472,733       | \$ 356,434       |
| Contributions in relation to the contractually required contributions | <u>(1,086,340)</u> | <u>(1,066,520)</u> | <u>(761,909)</u> | <u>(613,013)</u> | <u>(780,339)</u> | <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>\$ -</u>        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ (750,000)</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| IBank's covered payroll   | \$ 3,394,813       | \$ 3,332,875       | \$ 2,607,491     | \$ 1,950,407     | \$ 2,260,156     | \$ 2,254,513     | \$ 2,439,306        | \$ 2,161,772     | \$ 2,075,028     | \$ 1,486,735     |
| Contributions as a percentage of covered payroll                      | 32.00%             | 32.00%             | 29.22%           | 31.43%           | 34.53%           | 32.40%           | 57.61%              | 27.69%           | 22.78%           | 23.97%           |

**Notes to Schedule:**

\* 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, 2024

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

|  | Measurement Date |              |              |              |              |               |              |
|--|------------------|--------------|--------------|--------------|--------------|---------------|--------------|
|  | <u>2023</u>      | <u>2022</u>  | <u>2021</u>  | <u>2020</u>  | <u>2019</u>  | <u>2018</u>   | <u>2017</u>  |
| IBank's proportion of the net OPEB liability   | 0.008390%        | 0.003660%    | 0.002490%    | 0.008182%    | 0.006613%    | 0.046308%     | 0.013441%    |
| IBank's proportionate share of the net OPEB liability  | \$ 5,619,000     | \$ 2,416,000 | \$ 1,917,000 | \$ 6,608,000 | \$ 5,244,000 | \$ 10,183,000 | \$ 9,809,000 |
| IBank's covered payroll  | \$ 3,800,016     | \$ 3,226,317 | \$ 2,548,181 | \$ 2,352,790 | \$ 2,408,108 | \$ 2,557,412  | \$ 2,416,466 |
| IBank's proportionate share of the net OPEB liability as a percentage of its covered payroll | 147.87%          | 74.88%       | 75.23%       | 280.86%      | 217.76%      | 398.18%       | 405.92%      |
| Plan fiduciary net position as a percentage of the total OPEB liability                      | 7.468%           | 5.861%       | 4.037%       | 2.748%       | 1.693%       | 1.011%        | 0.546%       |

**Notes to Schedule:**

**Change of benefit terms** – For the measurement dates ended June 30, 2023, 2020, 2019, 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. For measurement period ended June 30, 2019, the discount rate was lowered from 7.00% to 6.75% and inflation assumptions were reduced by 0.25%. For the measurement period ended June 30, 2020, the blended discount rate was changed from 3.13% to 2.45%. For the measurement period ended June 30, 2022, the discount rate and long-term expected return on assets was lowered from 6.75% to 6.00%, the general inflation assumption was changed from 2.25% to 2.30%, and the wage inflation assumption was changed from 2.50% to 2.80%.

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

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

|   | Fiscal Year      |                  |                  |                 |                  |                  |                  |
|---|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|
|   | <u>2024</u>      | <u>2023</u>      | <u>2022</u>      | <u>2021</u>     | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      |
| Contractually required contribution                                   | \$ 264,000       | \$ 271,000       | \$ 130,000       | \$ 68,000       | \$ 221,000       | \$ 153,000       | \$ 253,348       |
| Contributions in relation to the contractually required contributions | <u>(264,000)</u> | <u>(271,000)</u> | <u>(130,000)</u> | <u>(68,000)</u> | <u>(221,000)</u> | <u>(153,000)</u> | <u>(253,348)</u> |
| Contribution deficiency (excess)                                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| IBank's covered payroll   | \$ 4,342,241     | \$ 3,800,016     | \$ 3,226,317     | \$ 2,548,181    | \$ 2,352,790     | \$ 2,408,108     | \$ 2,557,412     |
| Contributions as a percentage of covered payroll                      | 6.08%            | 7.13%            | 4.03%            | 2.67%           | 9.39%            | 6.35%            | 9.91%            |

**Notes to Schedule:**

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

## **STATISTICAL SECTION**

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## STATISTICAL SECTION FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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This part of the Annual Comprehensive 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 <sup>1</sup>

### FOR THE PAST TEN FISCAL YEARS

|  | 2014-15        | 2015-16        | 2016-17        | 2017-18        | 2018-19        |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                   |                |                |                |                |                |
| <b>ASSETS</b>  |                |                |                |                |                |
| Cash, cash equivalents, and investments                            | \$ 214,344,782 | \$ 409,467,388 | \$ 490,991,716 | \$ 442,887,794 | \$ 371,993,293 |
| Program loans receivable, net                                      | 310,513,224    | 308,116,217    | 335,510,902    | 361,864,933    | 441,396,425    |
| Other assets   | 3,765,003      | 3,848,492      | 5,792,421      | 5,666,895      | 6,543,883      |
| Total assets   | 528,623,009    | 721,432,097    | 832,295,039    | 810,419,622    | 819,933,601    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                              |                |                |                |                |                |
| Deferred outflows of resources related to pension                  | 356,434        | 830,397        | 2,494,949      | 3,163,636      | 2,052,236      |
| Deferred outflows of resources related to OPEB <sup>3</sup>        | -              | -              | -              | 329,494        | 164,000        |
| Loss on refunding debt <sup>2</sup>                                | 4,362,447      | 3,887,765      | 3,508,964      | 3,149,034      | 2,808,814      |
| Total deferred outflows of resources                               | \$ 4,718,881   | \$ 4,718,162   | \$ 6,003,913   | \$ 6,642,164   | \$ 5,025,050   |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> |                |                |                |                |                |
| <b>LIABILITIES</b>   |                |                |                |                |                |
| Revenue bonds payable  | \$ 208,290,797 | \$ 372,570,634 | \$ 361,018,026 | \$ 349,036,910 | \$ 335,144,709 |
| Undisbursed loan commitments                                       | 37,666,191     | 63,432,168     | 75,529,338     | 68,481,432     | 85,368,359     |
| Net pension liability  | 3,200,240      | 3,945,940      | 6,241,230      | 6,813,695      | 6,253,202      |
| Net OPEB liability <sup>3</sup>                                    | -              | -              | -              | 9,809,000      | 10,183,000     |
| Other liabilities  | 3,296,412      | 5,789,170      | 10,290,489     | 9,373,263      | 15,153,569     |
| Total liabilities  | 252,453,640    | 445,737,912    | 453,079,083    | 443,514,300    | 452,102,839    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                |                |                |                |                |
| Deferred inflows of resources related to pension                   | 596,410        | 86,138         | 31,570         | 123,013        | 288,594        |
| Deferred inflows of resources related to OPEB <sup>3</sup>         | -              | -              | -              | 1,137,000      | 1,927,000      |
| Total deferred inflows of resources                                | 596,410        | 86,138         | 31,570         | 1,260,013      | 2,215,594      |
| <b>NET POSITION</b>  |                |                |                |                |                |
| Restricted - Expendable by statute                                 | 280,291,840    | 280,326,209    | 385,188,299    | 372,287,473    | 370,640,218    |
| Total net position   | \$ 280,291,840 | \$ 280,326,209 | \$ 385,188,299 | \$ 372,287,473 | \$ 370,640,218 |

<sup>1</sup> 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.

<sup>2</sup> 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 bonds.

<sup>3</sup> 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<sup>1</sup>

### FOR THE PAST TEN FISCAL YEARS

| <u>2019-2020</u>      | <u>2020-2021</u>      | <u>2021-2022</u>      | <u>2022-2023</u>        | <u>2023-2024</u>        |  |
|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|--|
|                       |                       |                       |                         |                         | <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                   |
|                       |                       |                       |                         |                         | <b>ASSETS</b>  |
| \$ 418,106,799        | \$ 462,770,866        | \$ 526,373,430        | \$ 988,093,087          | \$ 1,158,514,496        | Cash, cash equivalents, and investments                            |
| 427,237,132           | 430,116,797           | 462,397,532           | 528,229,310             | 557,018,986             | Program loans receivable, net                                      |
| 6,679,819             | 6,160,421             | 8,669,817             | 8,896,280               | 12,644,414              | Other assets   |
| <u>852,023,750</u>    | <u>899,048,084</u>    | <u>997,440,779</u>    | <u>1,525,218,677</u>    | <u>1,728,177,896</u>    | Total assets   |
|                       |                       |                       |                         |                         | <b>DEFERRED OUTFLOWS OF RESOURCES</b>                              |
| 1,651,655             | 1,220,923             | 1,298,209             | 3,145,396               | 4,039,244               | Deferred outflows of resources related to pension                  |
| 371,000               | 311,000               | 255,000               | 546,000                 | 877,000                 | Deferred outflows of resources related to OPEB <sup>3</sup>        |
| <u>2,489,162</u>      | <u>16,001,061</u>     | <u>14,346,614</u>     | <u>12,796,937</u>       | <u>11,347,218</u>       | Loss on refunding debt <sup>2</sup>                                |
| <u>\$ 4,511,817</u>   | <u>\$ 17,532,984</u>  | <u>\$ 15,899,823</u>  | <u>\$ 16,488,333</u>    | <u>\$ 16,263,462</u>    | Total deferred outflows of resources                               |
|                       |                       |                       |                         |                         | <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> |
|                       |                       |                       |                         |                         | <b>LIABILITIES</b>   |
| \$ 320,921,072        | \$ 324,340,000        | \$ 304,885,000        | \$ 403,004,019          | \$ 384,980,857          | Revenue bonds payable  |
| 79,071,081            | 47,049,316            | 61,221,701            | 97,887,186              | 146,384,720             | Undisbursed loan commitments                                       |
| 5,872,380             | 5,785,644             | 3,960,065             | 7,280,853               | 7,222,245               | Net pension liability  |
| 5,244,000             | 6,608,000             | 1,917,000             | 2,416,000               | 5,619,000               | Net OPEB liability <sup>3</sup>                                    |
| <u>12,276,092</u>     | <u>11,937,961</u>     | <u>11,033,452</u>     | <u>11,337,625</u>       | <u>18,336,435</u>       | Other liabilities  |
| <u>423,384,625</u>    | <u>395,720,921</u>    | <u>383,017,218</u>    | <u>521,925,683</u>      | <u>562,543,257</u>      | Total liabilities  |
|                       |                       |                       |                         |                         | <b>DEFERRED INFLOWS OF RESOURCES</b>                               |
| 791,020               | 698,309               | 2,050,910             | 392,214                 | 1,462,424               | Deferred inflows of resources related to pension                   |
| <u>846,000</u>        | <u>1,019,000</u>      | <u>345,000</u>        | <u>846,000</u>          | <u>1,417,000</u>        | Deferred inflows of resources related to OPEB <sup>3</sup>         |
| <u>1,637,020</u>      | <u>1,717,309</u>      | <u>2,395,910</u>      | <u>1,238,214</u>        | <u>2,879,424</u>        | Total deferred inflows of resources                                |
|                       |                       |                       |                         |                         | <b>NET POSITION</b>  |
| <u>431,513,922</u>    | <u>519,142,838</u>    | <u>627,927,474</u>    | <u>1,018,543,113</u>    | <u>1,179,018,677</u>    | Restricted - Expendable by statute                                 |
| <u>\$ 431,513,922</u> | <u>\$ 519,142,838</u> | <u>\$ 627,927,474</u> | <u>\$ 1,018,543,113</u> | <u>\$ 1,179,018,677</u> | Total net position   |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION <sup>1</sup>

### FOR THE PAST TEN FISCAL YEARS

|   | 2014-15        | 2015-16        | 2016-17        | 2017-18        | 2018-19        |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>OPERATING REVENUES</b>                           |                |                |                |                |                |
| Interest on loans receivable                        | \$ 9,206,557   | \$ 9,170,753   | \$ 10,894,101  | \$ 10,388,706  | \$ 11,615,471  |
| Other income  | 1,552,859      | 1,768,708      | 3,639,058      | 3,040,404      | 3,483,789      |
| Total operating revenues                            | 10,759,416     | 10,939,461     | 14,533,159     | 13,429,110     | 15,099,260     |
| <b>OPERATING EXPENSES</b>                           |                |                |                |                |                |
| Interest on bond debt                               | 4,632,101      | 7,422,037      | 11,080,582     | 11,197,364     | 10,892,119     |
| Nonexchange financial guarantee expense             | -              | -              | 1,892,608      | 2,681,577      | 6,304,248      |
| Program support                                     | 3,975,821      | 4,465,950      | 9,030,472      | 6,929,213      | 7,230,966      |
| Pension and OPEB Expense                            | 230,840        | (238,535)      | (475,568)      | 960,727        | 2,045,982      |
| Total operating expenses                            | 8,838,762      | 11,649,452     | 21,528,094     | 21,768,881     | 26,473,315     |
| <b>OPERATING INCOME (LOSS)</b>                      | 1,920,654      | (709,991)      | (6,994,935)    | (8,339,771)    | (11,374,055)   |
| <b>NONOPERATING REVENUE</b>                         |                |                |                |                |                |
| Investment earnings                                 | 241,235        | 744,360        | 1,796,035      | 4,229,945      | 9,726,800      |
| Total nonoperating revenue                          | 241,235        | 744,360        | 1,796,035      | 4,229,945      | 9,726,800      |
| Changes in net position                             | 2,161,889      | 34,369         | (5,198,900)    | (4,109,826)    | (1,647,255)    |
| <b>NET POSITION, Beginning of year <sup>2</sup></b> | 278,129,951    | 280,291,840    | 390,387,199    | 376,397,299    | 372,287,473    |
| <b>NET POSITION, End of year</b>                    | \$ 280,291,840 | \$ 280,326,209 | \$ 385,188,299 | \$ 372,287,473 | \$ 370,640,218 |

<sup>1</sup> 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.

<sup>2</sup> Beginning net position was restated in fiscal year 2014-2015 due to the implementation of GASB 68, and in 2017-18 due to the implementation of GASB 75. Beginning net position was restated in fiscal year 2016-17 due to the inclusion of the Small Business Expansion Fund in the reporting entity.

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION <sup>1</sup>

### FOR THE PAST TEN FISCAL YEARS

| <u>2019-2020</u>      | <u>2020-2021</u>      | <u>2021-2022</u>      | <u>2022-2023</u>        | <u>2023-2024</u>        |   |
|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|---|
|                       |                       |                       |                         |                         | <b>OPERATING REVENUES</b>                           |
| \$ 13,264,619         | \$ 13,362,712         | \$ 13,224,623         | \$ 14,642,382           | \$ 16,599,688           | Interest on loans receivable                        |
| <u>53,208,419</u>     | <u>91,709,744</u>     | <u>122,345,173</u>    | <u>382,559,860</u>      | <u>139,031,088</u>      | Other income  |
| <u>66,473,038</u>     | <u>105,072,456</u>    | <u>135,569,796</u>    | <u>397,202,242</u>      | <u>155,630,776</u>      | Total operating revenues                            |
|                       |                       |                       |                         |                         | <b>OPERATING EXPENSES</b>                           |
| 10,502,915            | 5,901,084             | 6,800,008             | 8,952,600               | 11,085,436              | Interest on bond debt                               |
| 1,565,217             | 2,565,291             | 1,394,588             | 2,263,202               | 16,467,148              | Nonexchange financial guarantee expense             |
| 5,998,043             | 8,592,919             | 8,099,613             | 11,448,332              | 12,189,615              | Program support                                     |
| <u>(5,704,815)</u>    | <u>1,848,285</u>      | <u>(5,859,264)</u>    | <u>523,905</u>          | <u>4,647,095</u>        | Pension and OPEB Expense                            |
| <u>12,361,360</u>     | <u>18,907,579</u>     | <u>10,434,945</u>     | <u>23,188,039</u>       | <u>44,389,294</u>       | Total operating expenses                            |
| <u>54,111,678</u>     | <u>86,164,877</u>     | <u>125,134,851</u>    | <u>374,014,203</u>      | <u>111,241,482</u>      | <b>OPERATING INCOME (LOSS)</b>                      |
|                       |                       |                       |                         |                         | <b>NONOPERATING REVENUE</b>                         |
| <u>6,762,026</u>      | <u>1,464,039</u>      | <u>(16,350,215)</u>   | <u>16,601,436</u>       | <u>49,234,082</u>       | Investment earnings                                 |
| <u>6,762,026</u>      | <u>1,464,039</u>      | <u>(16,350,215)</u>   | <u>16,601,436</u>       | <u>49,234,082</u>       | Total nonoperating revenue                          |
| 60,873,704            | 87,628,916            | 108,784,636           | 390,615,639             | 160,475,564             | Changes in net position                             |
| <u>370,640,218</u>    | <u>431,513,922</u>    | <u>519,142,838</u>    | <u>627,927,474</u>      | <u>1,018,543,113</u>    | <b>NET POSITION, Beginning of year <sup>2</sup></b> |
| <u>\$ 431,513,922</u> | <u>\$ 519,142,838</u> | <u>\$ 627,927,474</u> | <u>\$ 1,018,543,113</u> | <u>\$ 1,179,018,677</u> | <b>NET POSITION, End of year</b>                    |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## INFRASTRUCTURE STATE REVOLVING FUND (ISRF) PROGRAM TEN LARGEST BORROWERS

AS OF JUNE 30, 2024 AND JUNE 30, 2014

|   | June 30, 2024                                    |               |   | June 30, 2014                                    |      |   |
|---|--|---------------|---|--|------|---|
|   | ISRF Program<br>Loans<br>Receivable <sup>1</sup> | Rank          | Percentage of<br>Total ISRF<br>Program<br>Loans<br>Receivable | ISRF Program<br>Loans<br>Receivable <sup>1</sup> | Rank | Percentage of<br>Total ISRF<br>Program<br>Loans<br>Receivable |
|   | City of San Diego                                | \$ 61,567,754 | 1   | 11.60%   |      |   |
| City of Escondido   | 37,404,712                                       | 2             | 7.05%   |  |      |   |
| Sacramento County   | 34,413,543                                       | 3             | 6.48%   |  |      |   |
| City of Fresno  | 31,829,685                                       | 4             | 6.00%   |  |      |   |
| City of Santa Cruz  | 25,878,731                                       | 5             | 4.88%   |  |      |   |
| City of San Luis Obispo   | 20,804,345                                       | 6             | 3.92%   |  |      |   |
| 22nd District Agricultural Association                            | 20,740,848                                       | 7             | 3.91%   |  |      |   |
| City of Pacifica  | 20,629,305                                       | 8             | 3.89%   |  |      |   |
| City of Encinitas   | 18,924,668                                       | 9             | 3.57%   |  |      |   |
| City of Del Mar   | 15,804,190                                       | 10            | 2.98%   |  |      |   |
| City of San Bernadino Municipal Water Department                  |  |               |   | \$ 22,123,153                                    | 1    | 7.58%   |
| City of Hawthorne   |  |               |   | 14,936,161                                       | 2    | 5.12%   |
| Fresno Metropolitan Flood Control District                        |  |               |   | 14,451,857                                       | 3    | 4.95%   |
| City of San Luis Obispo   |  |               |   | 14,447,577                                       | 4    | 4.95%   |
| City of Porterville   |  |               |   | 11,971,618                                       | 5    | 4.10%   |
| Phelon Pinon Hills Community Services District                    |  |               |   | 9,845,414  | 6    | 3.37%   |
| North Tahoe Fire Protection District                              |  |               |   | 9,519,724  | 7    | 3.26%   |
| City of Davis   |  |               |   | 9,198,270  | 8    | 3.15%   |
| City of Bakersfield as successor agency to<br>the Bakersfield RDA |  |               |   | 8,843,341  | 9    | 3.03%   |
| City of Madera  |  |               |   | 8,495,173  | 10   | 2.91%   |
| Total of ten largest ISRF Program<br>borrowers                    | 287,997,781                                      |               | 54.26%  | 123,832,288                                      |      | 42.43%  |
| All other ISRF Program borrowers                                  | 242,809,074                                      |               | 45.74%  | 168,035,930                                      |      | 57.57%  |
| Total ISRF Program Loans receivable                               | \$ 530,806,855                                   |               | 100.00%   | \$ 291,868,218                                   |      | 100.00%   |

<sup>1</sup> Amounts represent the total ISRF Program Loans receivable from each borrower and may include more than one Loan with more than one type of revenue stream pledged to repay the Loans.



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**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

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

**FOR THE PAST TEN FISCAL YEARS**

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|  | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Total ISRF Program Loans receivable  | \$310,513,224  | \$308,116,217  | \$331,908,501  | \$356,701,266  | \$436,883,873  |
| Weighted-average interest rate on total ISRF Program Loans receivable <sup>1</sup> | 3.17%          | 3.12%          | 3.16%          | 3.18%          | 3.17%          |
| Number of new ISRF Program Loans <sup>2</sup>                                      | 5              | 5              | 6              | 8              | 9              |
| Range of interest rates on new ISRF Program Loans                                  | 1.73 - 3.51%   | 2.17- 3.84%    | 2.42-3.59%     | 2.46-3.61%     | 2.46-3.58%     |
| Range of loan term on new ISRF Program Loans                                       | 10 - 30 years  | 20 - 30 years  |

<sup>1</sup> 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.

<sup>2</sup> Determined based upon the effective date of the Loan agreement.

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

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

**FOR THE PAST TEN FISCAL YEARS**

---

| <b>2019-20</b> | <b>2020-21</b> | <b>2021-2022</b> | <b>2022-2023</b> | <b>2023-2024</b> |   |
|----------------|----------------|------------------|------------------|------------------|---|
| \$423,112,494  | \$425,039,513  | \$449,648,314    | \$516,972,635    | \$530,806,855    | Total ISRF Program Loans receivable   |
| 3.14%          | 3.10%          | 3.03%            | 3.14%            | 3.23%            | Weighted-average interest rate on total<br>ISRF Program Loans receivable <sup>1</sup> |
| 1              | 4              | 3                | 5                |                  | 1 Number of new ISRF Program Loans <sup>2</sup>                                       |
| 2.50%          | 2.45-2.64%     | 2.20%            | 3.00-4.37%       | 3.89%            | Range of interest rates on<br>new ISRF Program Loans                                  |
| 30 years       | 30 years       | 30 years         | 15-30 years      | 20 years         | Range of loan term on new ISRF<br>Program Loans                                       |

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

**SCHEDULE OF STATUTORY DEBT LIMIT CAPACITY<sup>1</sup>  
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>   |
|--|------------------|------------------|------------------|------------------|------------------|
| IBank's legal limit on public development facility debt and rate reduction bonds <sup>4</sup>  | \$ 5,000,000,000 | \$ 5,000,000,000 | \$ 5,000,000,000 | \$ 5,000,000,000 | \$ 5,000,000,000 |
| Total amount outstanding on bonds issued to finance public development facilities <sup>2</sup> | \$ 183,390,000   | \$ 318,995,000   | \$ 1,246,455,000 | \$ 1,652,865,000 | \$ 1,717,480,000 |
| Total amount outstanding on rate reduction bonds <sup>3</sup>                                  |                  |                  |                  |                  |                  |
| Remaining capacity for public development facility debt and rate reduction bonds <sup>4</sup>  | \$ 4,816,610,000 | \$ 4,681,005,000 | \$ 3,753,545,000 | \$ 3,347,135,000 | \$ 3,282,520,000 |
| IBank's legal limit on rate reduction bonds  | \$10,000,000,000 | \$10,000,000,000 | \$10,000,000,000 | \$10,000,000,000 | \$10,000,000,000 |
| Total amount outstanding on rate reduction bonds <sup>3</sup>                                  | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Remaining capacity for rate reduction bonds  | \$10,000,000,000 | \$10,000,000,000 | \$10,000,000,000 | \$10,000,000,000 | \$10,000,000,000 |

<sup>1</sup> 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.

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

<sup>3</sup> Rate reduction bonds are conduit revenue bonds.

<sup>4</sup> Pursuant to Assembly Bill No. 78, effective June 28, 2020, the bill limits the "total amount of rate reduction bonds and bonds issued to finance public development facilities that may be outstanding at any one time under that authority to \$15 billion."

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

**SCHEDULE OF STATUTORY DEBT LIMIT CAPACITY <sup>1</sup>**

**FOR THE PAST TEN FISCAL YEARS**

| <u>2019-20 <sup>4</sup></u> | <u>2020-21</u>   | <u>2021-2022</u> | <u>2022-2023</u> | <u>2023-2024</u> |  |
|-----------------------------|------------------|------------------|------------------|------------------|--|
| \$15,000,000,000            | \$15,000,000,000 | \$15,000,000,000 | \$15,000,000,000 | \$15,000,000,000 | IBank's legal limit on public development facility debt and rate reduction bonds <sup>4</sup>  |
| \$ 1,626,390,000            | \$ 2,330,765,000 | \$ 2,112,545,000 | \$ 2,750,335,000 | \$ 2,905,210,000 | Total amount outstanding on bonds issued to finance public development facilities <sup>2</sup> |
| \$ -                        | \$ -             |                  | \$ -             |                  | Total amount outstanding on rate reduction bonds <sup>3</sup>                                  |
| \$13,373,610,000            | \$12,669,235,000 | \$12,887,455,000 | \$12,249,665,000 | \$12,094,790,000 | Remaining capacity for public development facility debt and rate reduction bonds <sup>4</sup>  |

IBank's legal limit on rate reduction bonds

Total amount outstanding on rate reduction bonds <sup>3</sup>

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>2014-15</u>              | <u>2015-16</u>              | <u>2016-17</u>              | <u>2017-18</u>              | <u>2018-19</u>              |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Series 2004 ISRF Program Bonds <sup>1</sup>   | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        |
| Series 2005 ISRF Program Bonds <sup>1</sup>   | -                           | -                           | -                           | -                           | -                           |
| Series 2008 ISRF Program Bonds <sup>2</sup>   | -                           | -                           | -                           | -                           | -                           |
| Series 2014A ISRF Program Bonds <sup>3</sup>  | 93,320,000                  | 89,805,000                  | 86,175,000                  | 82,470,000                  | 78,610,000                  |
| Series 2015A ISRF Program Bonds <sup>3</sup>  | 90,070,000                  | 87,590,000                  | 83,780,000                  | 79,685,000                  | 75,440,000                  |
| Series 2016A ISRF Program Bonds <sup>3</sup>  | -                           | 141,600,000                 | 141,600,000                 | 141,035,000                 | 138,745,000                 |
| Series 2020A ISRF Program Bonds   | -                           | -                           | -                           | -                           | -                           |
| Series 2022A ISRF Program Bonds   | -                           | -                           | -                           | -                           | -                           |
| Unamortized Net Premium   | <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>           |
| <b>Total ISRF Program Bonds outstanding</b>   | <b><u>\$208,290,797</u></b> | <b><u>\$372,570,634</u></b> | <b><u>\$361,018,026</u></b> | <b><u>\$349,036,910</u></b> | <b><u>\$335,144,709</u></b> |
| Series-pledged ISRF Program Loans<br>receivable <sup>4</sup>                                  | \$305,562,752               | \$302,696,519               | \$325,589,256               | \$354,587,694               | \$434,931,376               |
| Ratio of ISRF Program Bonds outstanding<br>to series-pledged ISRF Program Loans<br>receivable | 0.68                        | 1.23                        | 1.11                        | 0.98                        | 0.77                        |

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

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

<sup>3</sup> The Series 2020A ISRF Program Bonds issued in fiscal year 2020-21 refunded the Series 2014A, 2015A, and 2016A Program Bonds

<sup>4</sup> CLEEN loans not pledged prior to 2017-18.

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

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

| <u>2019-20</u>        | <u>2020-21</u>        | <u>2021-2022</u>      | <u>2022-2023</u>      | <u>2023-2024</u>      |   |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---|
| \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | Series 2004 ISRF Program Bonds <sup>1</sup>   |
| -                     | -                     | -                     | -                     | -                     | - Series 2005 ISRF Program Bonds <sup>1</sup>   |
| -                     | -                     | -                     | -                     | -                     | - Series 2008 ISRF Program Bonds <sup>2</sup>   |
| 74,545,000            | -                     | -                     | -                     | -                     | - Series 2014A ISRF Program Bonds <sup>3</sup>  |
| 71,015,000            | -                     | -                     | -                     | -                     | - Series 2015A ISRF Program Bonds <sup>3</sup>  |
| 136,380,000           | -                     | -                     | -                     | -                     | - Series 2016A ISRF Program Bonds <sup>3</sup>  |
| -                     | 324,340,000           | 304,885,000           | 286,730,000           | 269,315,000           | Series 2020A ISRF Program Bonds   |
| -                     | -                     | -                     | 103,785,000           | 103,785,000           | Series 2022A ISRF Program Bonds   |
| <u>38,981,072</u>     | <u>-</u>              | <u>-</u>              | <u>12,489,019</u>     | <u>11,880,857</u>     | Unamortized Net Premium   |
| <u>\$ 320,921,072</u> | <u>\$ 324,340,000</u> | <u>\$ 304,885,000</u> | <u>\$ 403,004,019</u> | <u>\$ 384,980,857</u> | Total ISRF Program Bonds outstanding  |
| \$ 420,273,566        | \$ 422,373,033        | \$ 449,648,314        | \$ 514,669,210        | \$ 528,694,459        | Series-pledged ISRF Program Loans<br>receivable <sup>4</sup>                                  |
| 0.76                  | 0.77                  | 0.68                  | 0.78                  | 0.73                  | Ratio of ISRF Program Bonds outstanding<br>to series-pledged ISRF Program Loans<br>receivable |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## SCHEDULE OF AGGREGATE PLEDGED RESOURCES COVERAGE FOR ISRF PROGRAM BONDS <sup>1</sup>

### FOR THE PAST TEN FISCAL YEARS

| Fiscal Year | Series-pledged ISRF Program Loan Repayments <sup>2</sup> | Reserve Account Earnings <sup>3</sup> | Total Amount Available for Debt Service <sup>4</sup> | ISRF Program Bonds Debt Service |            |            | Debt Service Coverage Ratio <sup>6</sup> |
|-------------|--|---------------------------------------|--|---------------------------------|------------|------------|--|
|             |  |                                       |  | Principal                       | Interest   | Total      |  |
| 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     | 30,119,144   | 375,729 <sup>5</sup>                  | 30,494,873   | 8,365,000                       | 14,534,375 | 22,899,375 | 1.33                                     |
| 2018-19     | 25,522,834   | 432,354                               | 25,955,188   | 10,395,000                      | 14,156,975 | 24,551,975 | 1.06                                     |
| 2019-20     | 40,328,860   | 418,149                               | 40,747,009   | 10,855,000                      | 13,681,675 | 24,536,675 | 1.66                                     |
| 2020-21     | 39,945,983   | 76,170                                | 40,022,153   | 11,390,000                      | 8,205,063  | 19,595,063 | 2.04                                     |
| 2021-22     | 33,743,465   | -                                     | 33,743,465   | 19,455,000                      | 5,154,219  | 24,609,219 | 1.37                                     |
| 2022-23     | 33,764,979   | -                                     | 33,764,979   | 18,155,000                      | 6,572,080  | 24,727,080 | 1.37                                     |
| 2023-24     | 41,854,244   | -                                     | 41,854,244   | 17,415,000                      | 10,257,506 | 27,672,506 | 1.51                                     |

<sup>1</sup> Schedule reflects the aggregate of the ISRF Program Bond series outstanding at the end of each fiscal year and is prepared on a cash basis.

<sup>2</sup> Includes interest and principal paid on Series-Pledged Loans.

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

<sup>4</sup> Includes unscheduled full repayment of a Series-Pledged Loan.

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

<sup>6</sup> Debt Service Coverage Ratio is calculated as of June 30 fiscal year ended and therefore will not agree with the Debt Service Coverage Ratio prepared for the Bond Indenture annual reporting which is prepared as of September 30 annually.



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# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## CALIFORNIA DEMOGRAPHIC AND ECONOMIC INDICATORS FOR THE PAST TEN CALENDAR YEARS

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

Sources: Population as of January 1 2024 - Demographic Research Unit, California Department of Finance

Personal income as of May 23, 2024 - Bureau of Economic Analysis, United States Department of Commerce  
Industry Employment & Labor force - by Annual Average as of Dec 2023 - Labor Market Information Division,  
California Employment Development Department

<sup>1</sup> 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

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| 2019         | 2020         | 2021         | 2022         | 2023         |   |
|--------------|--------------|--------------|--------------|--------------|---|
| 39,512       | 39,368       | 39,303       | 38,940       | 39,128       | State population (in thousands)               |
| \$ 2,632,280 | \$ 2,763,312 | \$ 3,092,045 | \$ 3,081,471 | \$ 3,133,679 | Personal income (in millions)                 |
| \$ 66,620    | \$ 70,192    | \$ 78,672    | \$ 79,134    | \$ 80,088    | Per capita personal income <sup>1</sup>       |
|              |              |              |              |              | Labor force and employment<br>(in thousands): |
| 19,412       | 18,821       | 19,237       | 19,362       | 19,342       | Civilian labor force                          |
| 18,627       | 16,913       | 18,348       | 18,431       | 18,352       | Employed                                      |
| 784          | 1,908        | 889          | 932          | 990          | Unemployed                                    |
| 4.0%         | 10.1%        | 4.6%         | 4.8%         | 5.1%         | Unemployment rate                             |

**CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

**CALIFORNIA EMPLOYMENT BY INDUSTRY**

**FOR CALENDAR YEARS 2023 AND 2014**

| <b>INDUSTRY</b>                   | <b>2023</b>       |   | <b>2014</b>       |   |
|-----------------------------------|-------------------|---|-------------------|---|
|                                   | <b>Employees</b>  | <b>Percentage of<br/>Total State<br/>Employment</b> | <b>Employees</b>  | <b>Percentage of<br/>Total State<br/>Employment</b> |
| Farming                           | 448,400           | 2.437%  | 417,200           | 2.597%  |
| Mining and logging                | 19,900            | 0.108%  | 31,300            | 0.195%  |
| Construction                      | 933,700           | 5.075%  | 675,400           | 4.205%  |
| Manufacturing                     | 1,336,700         | 7.266%  | 1,269,600         | 7.904%  |
| Trade, transportation & utilities | 3,106,500         | 16.886%   | 2,871,100         | 17.874%   |
| Information                       | 535,400           | 2.910%  | 457,900           | 2.851%  |
| Financial activities              | 810,400           | 4.405%  | 784,300           | 4.883%  |
| Professional & business services  | 2,763,100         | 15.019%   | 2,433,400         | 15.149%   |
| Educational & health services     | 3,185,000         | 17.312%   | 2,414,400         | 15.031%   |
| Leisure and hospitality           | 2,031,300         | 11.041%   | 1,757,100         | 10.939%   |
| Other services                    | 598,700           | 3.254%  | 539,800           | 3.361%  |
| Government:                       |                   |   |                   |   |
| Federal                           | 251,900           | 1.369%  | 242,300           | 1.508%  |
| State                             | 556,700           | 3.026%  | 496,800           | 3.093%  |
| Local                             | 1,819,600         | 9.891%  | 1,672,000         | 10.409%   |
| <b>TOTALS</b>                     | <b>18,397,300</b> | <b>100.000%</b>                                     | <b>16,062,600</b> | <b>100.000%</b>                                     |

Source: Labor Market Information Division, California Employment Development Department  
*Industry Employment and Labor Force - by Annual Average as of March 2023*

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY <sup>1</sup> FOR THE PAST TEN FISCAL YEARS

|   | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> <sup>4</sup> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> |
|---|----------------|----------------|----------------|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Executive                                     | 5              | 4              | 4              | 4                           | 2              | 3              | 5              | 6              | 3              | 3              |
| Bond Programs <sup>3</sup>                    | 4              | 4              | 4              | 4                           | 3              | 3              | 3              | 2              | 3              | 3              |
| Compliance <sup>2</sup>                       | 2              | 2              | 1              | 2                           | 2              | 2              | 3              | 3              | 3              | 4              |
| External Affairs <sup>2</sup>                 | 2              | 2              | 2              | 2                           | 2              | 2              |                | 2              | 2              | 3              |
| Fiscal <sup>2</sup>                           | 3              | 3              | 4              | 3                           | 3              | 4              | 3              | 4              | 4              | 4              |
| Legal/Legislation <sup>2</sup>                | 3              | 3              | 2              | 2                           | 2              | 2              | 3              | 3              | 3              | 3              |
| Loan Programs <sup>3</sup>                    | 6              | 6              | 9              | 7                           | 6              | 8              | 6              | 9              | 10             | 10             |
| Small Business<br>Finance Center <sup>2</sup> | 2              | 3              | 4              | 3                           | 3              | 4              | 3              | 4              | 5              | 5              |
| Climate Catalyst <sup>5</sup>                 |                |                |                |                             |                |                |                |                | 2              | 4              |
| Expanding Venture<br>Capital <sup>5</sup>     |                |                |                |                             |                |                |                |                | 2              | 2              |
| Total Employees                               | <u>27</u>      | <u>27</u>      | <u>30</u>      | <u>27</u>                   | <u>23</u>      | <u>28</u>      | <u>26</u>      | <u>33</u>      | <u>37</u>      | <u>41</u>      |

<sup>1</sup> Data represents filled permanent, full-time positions.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> One Employee included in fiscal year 2017-18 is a Full-Time Limited-Term Position.

<sup>5</sup> Beginning in fiscal year 2022-2023, two new units were established, Climate Catalyst Unit and Expanding Venture Capital Unit

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## MAJOR PROGRAM ACTIVITY

### 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> |
|--|----------------|------------------|----------------|----------------|----------------|
| <b>Infrastructure State Revolving Fund (ISRF) Program:</b> |                |                  |                |                |                |
| Financing Applications:                                    |                |                  |                |                |                |
| Number of applications received                            | 7              | 10               | 6              | 10             | 10             |
| Financing amount requested                                 | \$ 38,720,000  | \$ 117,544,832   | \$ 47,945,000  | \$ 172,300,000 | \$ 105,188,815 |
| Approved Loans:  |                |                  |                |                |                |
| Number of loans approved                                   | 7              | 8                | 4              | 7              | 9              |
| Financing amount approved                                  | \$ 56,356,772  | \$ 94,261,726    | \$ 9,940,200   | \$ 62,400,000  | \$ 95,230,150  |
| Loan Disbursements:  |                |                  |                |                |                |
| Number of transactions                                     | 16             | 13               | 27             | 43             | 48             |
| Total amount disbursed                                     | \$ 4,263,908   | \$ 7,854,117     | \$ 50,439,569  | \$ 51,717,906  | \$ 77,970,772  |
| Number of outstanding loans                                | 94             | 92               | 92             | 98             | 106            |
| <b>Conduit Financing Programs:</b>                         |                |                  |                |                |                |
| Financing Applications:                                    |                |                  |                |                |                |
| Number of applications received                            | 14             | 14               | 9              | 11             | 9              |
| Financing amount requested                                 | \$ 429,181,499 | \$ 1,344,600,000 | \$ 957,403,000 | \$ 970,650,000 | \$ 331,940,000 |
| Bonds Sold:  |                |                  |                |                |                |
| Number of bonds sold                                       | 10             | 17               | 16             | 14             | 17             |
| Financing amount sold                                      | \$ 270,300,000 | \$ 916,542,000   | \$ 766,418,000 | \$ 610,070,000 | \$ 540,265,000 |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## MAJOR PROGRAM ACTIVITY

### FOR THE PAST TEN FISCAL YEARS

| <u>2019-20</u>   | <u>2020-21</u>   | <u>2021-2022</u> | <u>2022-23</u>   | <u>2023-24</u> |   |
|------------------|------------------|------------------|------------------|----------------|---|
|                  |                  |                  |                  |                | <b>Infrastructure State Revolving<br/>Fund Program:</b> |
|                  |                  |                  |                  |                | Financing Applications:                                 |
| 2                | 5                | 2                | 4                | 1              | Number of applications received                         |
| \$ 26,284,132    | \$ 84,200,000    | \$ 27,500,000    | \$ 66,300,000    | \$ 8,500,000   | Financing amount requested                              |
|                  |                  |                  |                  |                | Approved Loans:   |
| 2                | 4                | 3                | 4                | 2              | Number of loans approved                                |
| \$ 24,300,000    | \$ 70,200,000    | \$ 41,500,000    | \$ 66,300,000    | \$ 48,500,000  | Financing amount approved                               |
|                  |                  |                  |                  |                | Loan Disbursements:                                     |
| 44               | 41               | 35               | 20               | 11             | Number of transactions                                  |
| \$ 20,597,279    | \$ 56,434,857    | \$ 32,030,559    | \$ 49,512,301    | \$ 4,027,412   | Total amount disbursed                                  |
| 101              | 102              | 100              | 104              | 101            | Number of outstanding loans                             |
|                  |                  |                  |                  |                | <b>Conduit Financing Programs:</b>                      |
|                  |                  |                  |                  |                | Financing Applications:                                 |
| 13               | 8                | 5                | 7                |                | Number of applications received                         |
| \$ 1,186,295,592 | \$ 2,970,538,282 | \$ 597,000,000   | \$ 2,148,050,000 |                | Financing amount requested                              |
|                  |                  |                  |                  |                | Bonds Sold:   |
| 12               | 19               | 9                | 9                |                | Number of bonds sold                                    |
| \$ 880,572,259   | \$ 1,880,801,738 | \$ 454,785,000   | \$ 736,758,500   |                | Financing amount sold                                   |

# CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

## CALIFORNIA SMALL BUSINESS EXPANSION FUND Dollars in Millions (rounded)

### 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>   | <u>2019-20</u>   | <u>2020-21</u>   | <u>2021-22</u>   | <u>2022-23</u>   | <u>2023-24</u> |
|--|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| California Small Business Expansion Fund:                |                |                |                |                  |                  |                  |                  |                  |                  |                |
| Guaranteed Loans in SSBCI Program <sup>1</sup>           |                |                |                |                  |                  |                  |                  |                  |                  |                |
| Number of loans guarantees                               | 252            | 291            | 252            | 275              | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | 442              | 708            |
| Loan guarantee amount                                    | \$ 92.8        | \$ 100.5       | \$ 74.1        | \$ 62.5          | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | \$ 73.5          | \$ 153.9       |
| Supporting Small Business loans                          | \$ 130.1       | \$ 143.2       | \$ 97.4        | \$ 82.3          | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | \$ 93.1          | \$ 211.6       |
| Overall capital into small business community            | \$ 211.6       | \$ 244.0       | \$ 207.0       | \$ 126.6         | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | \$ 125.1         | \$ 229.3       |
| Number of jobs created or retained                       | 11,781         | 11,236         | 6,847          | 4,957            | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | N/A <sup>2</sup> | 6,001.5          | 8,114.0        |
| Annual Net Charge Off Rate <sup>3</sup>                  | 0.02%          | 0.03%          | 0.42%          | N/A <sup>4</sup> | N/A <sup>2</sup> | 0.95%          |
| Guaranteed Loans in State-Funded Program                 |                |                |                |                  |                  |                  |                  |                  |                  |                |
| Number of loans guarantees                               | 124            | 78             | 82             | 125              | 579              | 470              | 363              | 642              | 318              | 316            |
| Loan guarantee amount                                    | \$ 21.1        | \$ 27.4        | \$ 46.9        | \$ 60.4          | \$ 223.0         | \$ 165.0         | \$ 111.0         | \$ 201.0         | \$ 145.9         | \$ 103.8       |
| Supporting Small Business loans                          | \$ 37.4        | \$ 44.4        | \$ 67.6        | \$ 78.7          | \$ 317.2         | \$ 240.0         | \$ 163.0         | \$ 278.0         | \$ 197.1         | \$ 155.0       |
| Overall capital into small business community            | \$ 197.4       | \$ 69.0        | \$ 95.0        | \$ 127.1         | \$ 509.6         | \$ 303.0         | \$ 228.0         | \$ 426.0         | \$ 273.4         | \$ 251.2       |
| Number of jobs created or retained                       | 2,813          | 2,132          | 2,302          | 4,342            | 15,780           | 15,403           | 9,866            | 12,472           | 7,167            | 4,963          |
| Annual Net Charge Off Rate <sup>3</sup>                  | 0.18%          | 0.13%          | 0.58%          | 0.83%            | 0.42%            | 0.88%            | 0.28%            | 0.36%            | 0.32%            | 1.47%          |
| Guaranteed Loans in Disaster Relief Program <sup>5</sup> |                |                |                |                  |                  |                  |                  |                  |                  |                |
| Number of loans guarantees                               |                |                |                |                  |                  | 155              | 1,615            | 465              | 178              | 18             |
| Loan guarantee amount                                    |                |                |                |                  |                  | \$ 8.7           | \$ 73.5          | \$ 25.7          | \$ 11.1          | \$ 0.7         |
| Supporting Small Business loans                          |                |                |                |                  |                  | \$ 9.4           | \$ 77.7          | \$ 27.2          | \$ 11.7          | \$ 0.7         |
| Number of jobs created or retained                       |                |                |                |                  |                  | 1,229            | 9,024            | 2,514            | 994              | 97             |
| Annual Net Charge Off Rate <sup>3</sup>                  |                |                |                |                  |                  | 0.00%            | 0.00%            | 0.70%            | 4.58%            | 7.97%          |
| Farm Loans   |                |                |                |                  |                  |                  |                  |                  |                  |                |
| Number of loans  |                | 6              | 13             | 15               | 23               | 8                | 10               | 7                | 4                | 12             |
| Amount of loans  |                | \$ 1.3         | \$ 1.2         | \$ 5.2           | \$ 7.5           | \$ 2.0           | \$ 2.8           | \$ 2.0           | \$ 1.1           | \$ 6.3         |
| Total outstanding balance in trust fund                  |                | \$ 5.5         | \$ 3.1         | \$ 2.8           | \$ 4.3           | \$ 3.8           | \$ 4.8           | \$ 4.3           | \$ 4.2           | \$ 0.3         |
| Number of jobs created or retained                       |                | 84             | 258            | 375              | 478              | 144              | 351              | 230              | 171              | 519            |
| Number of defaults                                       |                | 0              | 0              | 0                | 0                | 0                | 0                | 0                | 0                | 0              |
| Jump Start Loans   |                |                |                |                  |                  |                  |                  |                  |                  |                |
| Number of loans  |                |                |                | 22               | 30               | 15               | 6                | 2                | 5                | 3              |
| Amount of loans  |                |                |                | \$ 0.2           | \$ 0.3           | \$ 0.1           | \$ 0.1           | \$0.0            | \$0.0            | \$0.0          |
| Total outstanding balance in trust fund                  |                |                |                | \$ 0.2           | \$ 0.2           | \$ 1.1           | \$ 1.1           | \$1.1            | \$1.0            | \$1.0          |
| Number of jobs created or retained                       |                |                |                | 66               | 92               | 37               | 9                | 40               | 19               | 10             |
| Number of defaults                                       |                |                |                | 0                | 0                | 4                | 0                | 3                | 3                | 6              |

<sup>1</sup> SSBCI data through 2017-18 represents activity under the first round of the program ("SSBCI 1.0"). Activity starting in 2022-23 represents the second round of the program ("SSBCIU 2.0").

<sup>2</sup> Federal SSBCI Funds were exhausted during the 18-19 fiscal year.

<sup>3</sup> Annual Net Charge Off Rate is annual net claims (default payments - recoveries) divided by the average outstanding guarantee balance.

<sup>4</sup> Beginning in fiscal year 2017-18, the Annual Net Charge Off Rate for both the SSBCI 1.0 Program and the State Funded Program are combined.

<sup>5</sup> The Disasters Relief Loan Guarantee Program did not have a dedicated trust account unit fiscal 2019-20.

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

All figures as reported in respective Annual Activity Reports.

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

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