

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

REGULAR MEETING
TELECONFERENCE MEETING NOTICE and AGENDA
LOCATIONS LISTED BELOW

10:30 A.M.

Thursday, October 31, 2013

Teleconference Phone Information

(712) 432-0075 - Conference Code: 514901

Call to Order and Roll Call
Statement of Disclosure

Approval of Minutes

1. Approve the Regular Meeting Minutes of October 3, 2013.

Action Items

Public Hearing

2. Approve Resolution 13-51 Approving Associate Membership of the City of Gardena in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.
3. Approve Resolution 13-52 Approving Associate Membership of the City of Hawthorne in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.
4. Approve Resolution 13-53 Approving Associate Membership of the City of Hermosa Beach in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.
5. Approve Resolution 13-54 Approving Associate Membership of the City of Rancho Palos Verdes in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.
6. Approve Resolution 13-55 Approving Associate Membership of the City of Rolling Hills in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.
7. Review and Approval of Audit and Audit Findings.

Public Comment

Chair Report

PACE Report

Other Business

Adjournment

Members of CEDA and members of the public may access this meeting at the following locations:

550 Bercut Drive, Suite G, Sacramento, CA 95814 • (916) 448-8252, ext. 12

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

California Association for Local
Economic Development
550 Bercut Drive, Suite G
Sacramento, CA 95811

City of Eureka City Hall
531 K Street
Eureka, CA 95501

Tuolumne County EDA
99 North Washington St.
Sonora, CA 95370

City of Elk Grove
8401 Laguna Palms Way
Elk Grove, CA 95758

City of Selma
1710 Tucker St.
Selma, CA 93662

Economic Development Collaborative-
Ventura County
1601 Carmen Drive, #215
Camarillo, CA 93010

Los Angeles EDC
444 S. Flower St., 37th Floor
Los Angeles, CA 90071

City of Vista
200 Civic Center Dr.
Vista, CA 92084

This agenda can be obtained at www.ceda.caed.org. The California Enterprise Development Authority complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities and by providing this notice and information in alternative formats when requested. If you need further assistance, you may contact us before the meeting at (916) 448-8252, ext. 12.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

MINUTES

Regular Meeting

***TELECONFERENCE MEETING ***

CEDA BOARD OF DIRECTORS

Thursday, October 3, 2013

Teleconference Locations

California Association for Local Economic Development
550 Bercut Drive, Suite G
Sacramento, CA 95811

City of Selma
1710 Tucker St.
Selma, CA 93662

Los Angeles EDC
444 S. Flower St., 37th Floor
Los Angeles, CA 90071

City of Vista
200 Civic Center Dr.
Vista, CA 92084

City of Eureka City Hall
531 K Street
Eureka, CA 95501

Tuolumne County EDA
99 North Washington St.
Sonora, CA 95370

Economic Development Collaborative-Ventura County
1601 Carmen Drive, #215
Camarillo, CA 93010

City of Elk Grove
8401 Laguna Palms Way
Elk Grove, CA 95758

Call to Order

Bruce Stenslie, Acting Board Chair of the California Enterprise Development Authority, called the meeting to order at 10:42 am.

Roll Call

Members Present: Larry Cope
DB Heusser
Carrie Rogers (non-voting)
Gurbax Sahota (non-voting)
Randy Starbuck (non-voting)
Bruce Stenslie
Cindy Trobitz-Thomas (non-voting)

CALED Management/Staff

Present: Michelle Stephens

Public Present: Sam Balisy, Kutak Rock

Statement of Disclosure

None

Additional Agenda Item

Motion: Board Member DB Heusser made the motion to add Resolution 13-50 to the October 3, 2013 agenda. Board Treasurer Larry Cope seconded the motion on the floor and it passed with the following roll call vote:

Larry Cope	Aye
DB Heusser	Aye
Bruce Stenslie	Aye

Discussion: Acting Board Chair, Bruce Stenslie, brought up the request to add a resolution to the agenda. Bond Counsel, Sam Balisy explained that the Board could approve this addition and still be compliant under the Brown Act. Board Member DB Heusser explained how his city

council has completed similar actions in the past, needing 2/3 of the Board or a unanimous vote of those members present to add the resolution to the agenda and then a regular vote to approve the item once it was added to the agenda.

Action Items

1. Approve the Regular Meeting Minutes of September 19, 2013.

Motion: *Board Treasurer Larry Cope made the motion to approve the Regular Meeting Minutes of September 19, 2013. Board Member DB Heusser seconded the motion on the floor and it passed with the following roll call vote:*

Larry Cope	Aye
DB Heusser	Aye
Bruce Stenslie	Aye

2. Approve Resolution 13-43 Making Certain Findings and Determinations in Connection with and Confirming the Report Regarding the Establishment of a Contractual Assessment Program to Finance Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements; Confirming Assessments to be Levied Within the Parameters of the Report; and Taking Certain Other Actions in the County of San Diego.

Approve Resolution 13-44 Making Certain Findings and Determinations in Connection with and Confirming the Report Regarding the Establishment of a Contractual Assessment Program to Finance Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements; Confirming Assessments to be Levied Within the Parameters of the Report; and Taking Certain Other Actions in the City of Oceanside.

Approve Resolution 13-45 Making Certain Findings and Determinations in Connection with and Confirming the Report Regarding the Establishment of a Contractual Assessment Program to Finance Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements; Confirming Assessments to be Levied Within the Parameters of the Report; and Taking Certain Other Actions in the City of San Marcos.

Approve Resolution 13-46 Making Certain Findings and Determinations in Connection with and Confirming the Report Regarding the Establishment of a Contractual Assessment Program to Finance Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements; Confirming Assessments to be Levied Within the Parameters of the Report; and Taking Certain Other Actions in the City of Santee.

Approve Resolution 13-47 Making Certain Findings and Determinations in Connection with and Confirming the Report Regarding the Establishment of a Contractual Assessment Program to Finance Distributed Generation Renewable Energy Sources and Energy and Water Efficiency Improvements; Confirming Assessments to be Levied Within the Parameters of the Report; and Taking Certain Other Actions in the City of Vista.

Motion: *Board Member DB Heusser made the motion to approve Resolutions 13-43, 13-44, 13-45, 13-36, and 13-47. Board Treasurer Larry Cope seconded the motion on the floor and it passed with the following roll call vote:*

Larry Cope	Aye
DB Heusser	Aye
Bruce Stenslie	Aye

Discussion: Acting Board Chair Bruce Stenslie opened the Public Hearing. Hearing no comments from the public, he then closed the Public Hearing.

Michelle Stephens explained the background of these resolutions to the Board. Acting Board Chair Bruce Stenslie asked if it was necessary to vote on each resolution individually to which Mr. Balisy said no.

3. Approve Resolution 13-48 Approving Associate Membership of the City of Lomita in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.

Motion: *Board Secretary Larry Cope made the motion to approve Resolution 13-48. Board Member DB Heusser seconded the motion on the floor and it passed with the following roll call vote:*

Larry Cope	Aye
DB Heusser	Aye
Bruce Stenslie	Aye

Discussion: Ms. Stephens explained the background on this project to the board.

4. Approve Resolution 13-49 Approving Associate Membership of the City of Turlock in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.

Motion: *Board Member DB Heusser made the motion to approve Resolution 13-49. Board Treasurer Larry Cope seconded the motion on the floor and it passed with the following roll call vote:*

Larry Cope	Aye
DB Heusser	Aye
Bruce Stenslie	Aye

Discussion: Ms. Stephens explained the background on this Resolution of Intention.

5. Approve Resolution 13-50 Amending Resolution 12-33 Authorizing the Issuance of the California Enterprise Development Authority Water Efficiency and Property Assessed Clean Energy (PACE) and Job Creation Program Limited Obligation Improvement Bonds, Authorizing the Execution and Delivery of Related Bond Documents, Authorizing Actions Necessary to the Delivery of Such Bonds.

Motion: *Board Member DB Heusser made the motion to approve Resolution 13-50. Board Treasurer Larry Cope seconded the motion on the floor and it passed with the following roll call vote:*

Larry Cope	Aye
DB Heusser	Aye
Bruce Stenslie	Aye

Discussion: Ms. Stephens explained the background on this Resolution. Bond Counsel Sam Balisy also added information regarding the original resolution to be amended and discussed how later the Board should create policy around the minimum bond amounts for PACE issuances. Mr. Heusser asked if the minimums would not take care of themselves since the project would need to pencil out. Mr. Balisy said yes, usually but since everyone is eager to see these projects successful, the minimums might need to be considered to make sure all parties are adequately repaid.

Public Comment

Chair Report

Board Chair, Gurbax Sahota mentioned that the Board should discuss the topic of CEDA expanding to nationwide PACE issuances at one of the future meetings. Specifically looking at if this is consistent with the CEDA mission and what resources would be necessary to be successful in this endeavor. Mr. Stenslie agreed that this should be discussed soon.

PACE Report

Other Business

Adjournment

Motion: *Board Member DB Heusser moved to adjourn the meeting. Board Treasurer Larry Cope seconded the motion. The motion passed unanimously by voice vote.*

Acting Board Chair, Bruce Stenslie adjourned the meeting at 11:03 am.

Staff Report

<p>Actions Requested</p>	<p>Approve Resolution 13-51 Approving Associate Membership of the City of Gardena in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.</p> <p>Approve Resolution 13-52 Approving Associate Membership of the City of Hawthorne in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.</p> <p>Approve Resolution 13-53 Approving Associate Membership of the City of Hermosa Beach in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.</p> <p>Approve Resolution 13-54 Approving Associate Membership of the City of Rancho Palos Verdes in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.</p> <p>Approve Resolution 13-55 Approving Associate Membership of the City of Rolling Hills in the California Enterprise Development Authority and the Execution of Associate Membership Agreements Relating to said Associate Memberships.</p>
<p>Prior Actions</p>	<p>On October 8, 2013, the City Council of the City of Gardena approved becoming an Associate Member in the California Enterprise Development Authority.</p> <p>On August 13, 2013, the City Council of the City of Hawthorne approved becoming an Associate Member in the California Enterprise Development Authority.</p> <p>On September 10, 2013, the City Council of the City of Hermosa Beach approved becoming an Associate Member in the California Enterprise Development Authority.</p> <p>On September 3, 2013, the City Council of the City of Rancho Palos Verdes approved becoming an Associate Member in the California Enterprise Development Authority.</p> <p>On October 14, 2013, the City Council of the City of Rolling Hills approved becoming an Associate Member in the California Enterprise Development Authority.</p>
<p>Public Benefits</p>	<p>Adoption of Resolutions 13-51, 13-52, 13-53, 13-54, and 13-55 will allow CEDA to issue bonds and other tax-exempt financings within the Cities of Gardena, Hawthorne, Hermosa Beach, Rancho Palos Verdes, and Rolling Hills. CEDA's issuance costs and ongoing annual fees are competitive and/or lower than other conduit issuers. The savings realized by borrowers using CEDA conduit-financing programs can then be used to further expand the underlying business and/or hire additional employees.</p>
<p>Recommendation</p>	<p>Staff recommends approval of Resolutions 13-51, 13-52, 13-53, 13-54, and 13-55</p>

	<p>Approving Associate Memberships of the Cities of Gardena, Hawthorne, Hermosa Beach, Rancho Palos Verdes, and Rolling Hills in The California Enterprise Development Authority and the Execution of Associate Membership Agreement Relating to said Associate Membership.</p>
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RESOLUTION NO. 13-51

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

RESOLUTION APPROVING ASSOCIATE MEMBERSHIP OF THE CITY OF GARDENA IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AND THE EXECUTION OF ASSOCIATE MEMBERSHIP AGREEMENTS RELATING TO SAID ASSOCIATE MEMBERSHIPS

WHEREAS, pursuant to the provisions of the Joint Powers Act, Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, the cities of Eureka, Lancaster and Selma entered into a joint exercise of powers agreement (the “Agreement”) for the creation of the California Enterprise Development Authority (the “Authority”); and

WHEREAS, pursuant to Section 2.10 of the Agreement, a local agency may be admitted as an associate member of the Authority upon approval of the Board of Directors of the Authority and the adoption by the legislative body of the local agency of a Resolution Approving an Associate Membership Agreement; and

WHEREAS, the City of Gardena (the “Public Entity”) desire to join the Authority and has adopted the authorizing resolution approving an Associate Membership Agreement (the “Associate Membership Agreement”); and

WHEREAS, the Board of Directors desires to admit the Public Entity into the Authority as an associate member.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1. The Public Entity is hereby admitted as an associate member of the Authority.

Section 2. The Chair or the Vice Chair of the Board of Directors is hereby authorized to execute the Associate Membership Agreement with the Public Entity.

Section 3. This resolution shall take effect immediately upon its adoption.

The foregoing Resolution was on the 31st day of October 2013, adopted by the Board of Directors of the California Enterprise Development Authority.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By: _____
Gurbax Sahota, Chair

ATTEST:

By: _____
Michelle Stephens, Assistant Secretary

RESOLUTION NO. 13-52

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

RESOLUTION APPROVING ASSOCIATE MEMBERSHIP OF THE CITY OF HAWTHORNE IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AND THE EXECUTION OF ASSOCIATE MEMBERSHIP AGREEMENTS RELATING TO SAID ASSOCIATE MEMBERSHIPS

WHEREAS, pursuant to the provisions of the Joint Powers Act, Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, the cities of Eureka, Lancaster and Selma entered into a joint exercise of powers agreement (the “Agreement”) for the creation of the California Enterprise Development Authority (the “Authority”); and

WHEREAS, pursuant to Section 2.10 of the Agreement, a local agency may be admitted as an associate member of the Authority upon approval of the Board of Directors of the Authority and the adoption by the legislative body of the local agency of a Resolution Approving an Associate Membership Agreement; and

WHEREAS, the City of Hawthorne (the “Public Entity”) desire to join the Authority and has adopted the authorizing resolution approving an Associate Membership Agreement (the “Associate Membership Agreement”); and

WHEREAS, the Board of Directors desires to admit the Public Entity into the Authority as an associate member.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1. The Public Entity is hereby admitted as an associate member of the Authority.

Section 2. The Chair or the Vice Chair of the Board of Directors is hereby authorized to execute the Associate Membership Agreement with the Public Entity.

Section 3. This resolution shall take effect immediately upon its adoption.

The foregoing Resolution was on the 31st day of October 2013, adopted by the Board of Directors of the California Enterprise Development Authority.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By: _____
Gurbax Sahota, Chair

ATTEST:

By: _____
Michelle Stephens, Assistant Secretary

RESOLUTION NO. 13-53

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

RESOLUTION APPROVING ASSOCIATE MEMBERSHIP OF THE CITY OF HERMOSA BEACH IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AND THE EXECUTION OF ASSOCIATE MEMBERSHIP AGREEMENTS RELATING TO SAID ASSOCIATE MEMBERSHIPS

WHEREAS, pursuant to the provisions of the Joint Powers Act, Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, the cities of Eureka, Lancaster and Selma entered into a joint exercise of powers agreement (the “Agreement”) for the creation of the California Enterprise Development Authority (the “Authority”); and

WHEREAS, pursuant to Section 2.10 of the Agreement, a local agency may be admitted as an associate member of the Authority upon approval of the Board of Directors of the Authority and the adoption by the legislative body of the local agency of a Resolution Approving an Associate Membership Agreement; and

WHEREAS, the City of Hermosa Beach (the “Public Entity”) desire to join the Authority and has adopted the authorizing resolution approving an Associate Membership Agreement (the “Associate Membership Agreement”); and

WHEREAS, the Board of Directors desires to admit the Public Entity into the Authority as an associate member.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1. The Public Entity is hereby admitted as an associate member of the Authority.

Section 2. The Chair or the Vice Chair of the Board of Directors is hereby authorized to execute the Associate Membership Agreement with the Public Entity.

Section 3. This resolution shall take effect immediately upon its adoption.

The foregoing Resolution was on the 31st day of October 2013, adopted by the Board of Directors of the California Enterprise Development Authority.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By: _____
Gurbax Sahota, Chair

ATTEST:

By: _____
Michelle Stephens, Assistant Secretary

RESOLUTION NO. 13-54

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

RESOLUTION APPROVING ASSOCIATE MEMBERSHIP OF THE CITY OF RANCHO PALOS VERDES IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AND THE EXECUTION OF ASSOCIATE MEMBERSHIP AGREEMENTS RELATING TO SAID ASSOCIATE MEMBERSHIPS

WHEREAS, pursuant to the provisions of the Joint Powers Act, Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, the cities of Eureka, Lancaster and Selma entered into a joint exercise of powers agreement (the “Agreement”) for the creation of the California Enterprise Development Authority (the “Authority”); and

WHEREAS, pursuant to Section 2.10 of the Agreement, a local agency may be admitted as an associate member of the Authority upon approval of the Board of Directors of the Authority and the adoption by the legislative body of the local agency of a Resolution Approving an Associate Membership Agreement; and

WHEREAS, the City of Rancho Palos Verdes (the “Public Entity”) desire to join the Authority and has adopted the authorizing resolution approving an Associate Membership Agreement (the “Associate Membership Agreement”); and

WHEREAS, the Board of Directors desires to admit the Public Entity into the Authority as an associate member.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1. The Public Entity is hereby admitted as an associate member of the Authority.

Section 2. The Chair or the Vice Chair of the Board of Directors is hereby authorized to execute the Associate Membership Agreement with the Public Entity.

Section 3. This resolution shall take effect immediately upon its adoption.

The foregoing Resolution was on the 31st day of October 2013, adopted by the Board of Directors of the California Enterprise Development Authority.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By: _____
Gurbax Sahota, Chair

ATTEST:

By: _____
Michelle Stephens, Assistant Secretary

RESOLUTION NO. 13-55

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

RESOLUTION APPROVING ASSOCIATE MEMBERSHIP OF THE CITY OF ROLLING HILLS IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AND THE EXECUTION OF ASSOCIATE MEMBERSHIP AGREEMENTS RELATING TO SAID ASSOCIATE MEMBERSHIPS

WHEREAS, pursuant to the provisions of the Joint Powers Act, Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California, the cities of Eureka, Lancaster and Selma entered into a joint exercise of powers agreement (the “Agreement”) for the creation of the California Enterprise Development Authority (the “Authority”); and

WHEREAS, pursuant to Section 2.10 of the Agreement, a local agency may be admitted as an associate member of the Authority upon approval of the Board of Directors of the Authority and the adoption by the legislative body of the local agency of a Resolution Approving an Associate Membership Agreement; and

WHEREAS, the City of Rolling Hills (the “Public Entity”) desire to join the Authority and has adopted the authorizing resolution approving an Associate Membership Agreement (the “Associate Membership Agreement”); and

WHEREAS, the Board of Directors desires to admit the Public Entity into the Authority as an associate member.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1. The Public Entity is hereby admitted as an associate member of the Authority.

Section 2. The Chair or the Vice Chair of the Board of Directors is hereby authorized to execute the Associate Membership Agreement with the Public Entity.

Section 3. This resolution shall take effect immediately upon its adoption.


The foregoing Resolution was on the 31st day of October 2013, adopted by the Board of Directors of the California Enterprise Development Authority.

CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY

By: _____
Gurbax Sahota, Chair

ATTEST:

By: _____
Michelle Stephens, Assistant Secretary

 **James Marta & Company**
Certified Public Accountants
Accounting, Auditing, Consulting, and Tax

**California Enterprise
Development Authority**
Year Ended June 30, 2013

Presented by
David Becker
Partner

Audit Highlights 

- n Our audit opinion is unqualified
- n Net Position of \$570,080 at June 30, 2013
- n Revenues up from \$113K in 2012 to \$262K in 2013.
- n 10 bonds issued in 2013 compared to 4 in 2012.

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Certified Public Accountants 2

**Management Discussion and
Analysis**

- n It will address the financial highlights and important trends that CEDA is experiencing.
- n Provides 3 years of comparative financial information



James Marta & Company LLP
Certified Public Accountants 3

Financial Results - 2013

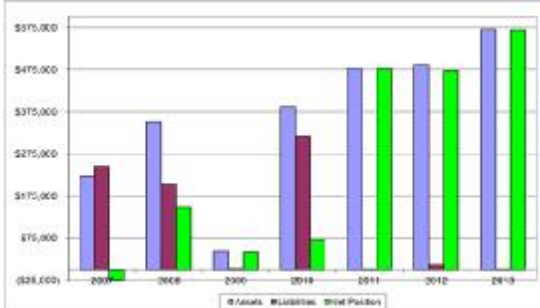
- n Fee revenues are up \$150K (133%)
- n Expenses
 - Management fees up \$38K (44%)
- n Result is net income of \$96,753



James Marta & Company LLP
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4

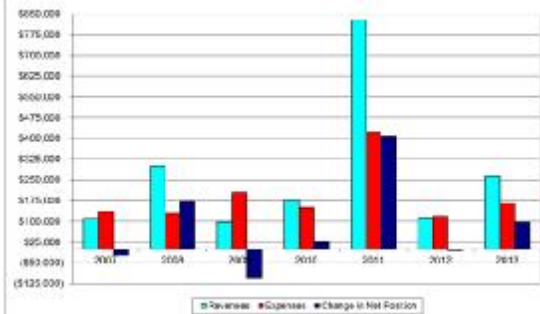
Statement of Net Position



James Marta & Company LLP
Certified Public Accountants

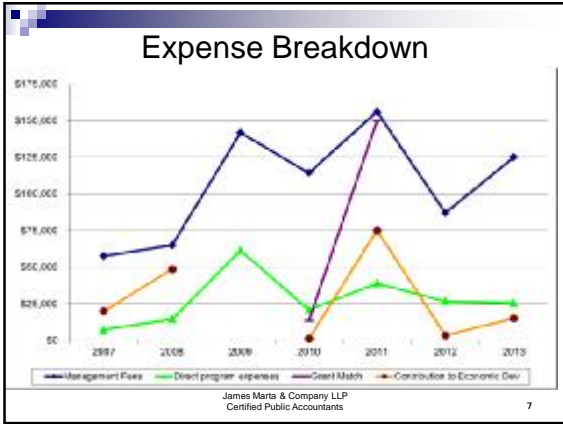
5

Statement of Revenues, Expenses and Change in Net Position



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6



Letters

- n Along with the audit report there are 3 corresponding letters:
 - Report on Internal Control Over Financial Reporting**
 - n No material weaknesses
 - Communication with those charged with governance**
 - n Planned Scope and Timing of the Audit
 - n Significant difficulties encountered during the audit - none
 - n Uncorrected and corrected misstatements – One adjustment
 - n Disagreements with management - none
 - n Representations requested from management – attached to the letter
 - n Management's consultation with other accountants - none
 - n Other significant findings or issues – none
 - Management letter**
 - n One current year recommendation – Accounts payable

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Summary

- n Strong financial position with \$570K in net position.
- n Excellent management team.

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Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Directors
California Enterprise Development Authority
Sacramento, California

We have audited the financial statements of the California Enterprise Development Authority (CEDA) for the years ended June 30, 2013 and 2012 and have issued our report thereon dated September 12, 2013. Professional standards require that we communicate certain matters to you related to our audit. These are provided below:

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter dated February 15, 2013, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of CEDA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing California Enterprise Development Authority's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Qualitative Aspects of the Organization's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by CEDA is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2011/12. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

We are not aware of any significant estimates in the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the California Enterprise Development Authority's financial statements relate to the conduit debt obligations in Note 5 to the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. We are not aware of any uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We posted an entry to accrue \$27,500 in issuance fees receivable for two bonds that were issued just prior to June 30, 2013.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 12, 2013.

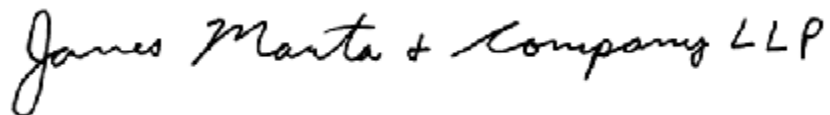
Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with CEDA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Organization, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

This report is intended solely for the use of the Board of Directors and management of California Enterprise Development Authority and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
September 12, 2013



California Enterprise Development Authority

Targeting Capital Resources to Grow Local Economies

MANAGEMENT REPRESENTATION LETTER

September 12, 2013

James Marta & Company LLP
701 Howe Avenue, Suite E3
Sacramento, California 95825

This representation letter is provided in connection with your audit of the Statement of Financial Position, Statement of Activities and Statement of Cash Flows of California Enterprise Development Authority (CEDA) as of June 30, 2013 and 2012 and for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the CEDA in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$14,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 12, 2013:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated February 15, 2013 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP, except for the League's recognition of the cost of its defined benefit pension plan in accordance with accounting principles promulgated by the Government Accounting Standards Board, which is not in accordance with GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All activities are properly classified.
- All net assets components have been properly reported.
- All revenues within the statement of activities have been properly classified.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.

- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The CEDA has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the CEDA is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed.
- CEDA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Additional Representations

- We have reviewed, approved, and taken responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.
- Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the Statement of Financial Position date and have been appropriately reduced to their estimated net realizable value.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
- With regards to required supplementary information:
 - We acknowledge our responsibility for the presentation of the Required Supplementary Information and in accordance with the applicable criteria;
 - We believe that the Required Supplementary Information, including its form and content, is fairly presented in accordance with the applicable criteria;
 - The methods of measurement or presentation have not changed from those used in the prior period.

- The following are significant assumptions or interpretations underlying the measurement or presentation of the supplementary information: financial information is based on audited financial statements.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



Gurbax Sahota, Chair



Michelle Stephens, Program Manager



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

MANAGEMENT LETTER

To the Board of Directors
California Enterprise Development Authority
Sacramento, California

We have recently completed the audit of the financial statements of California Enterprise Development Authority (the "Authority") and have issued our report thereon dated September 12, 2013. In planning and performing our audit of your financial statements for year ended June 30, 2013, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Although our audit was not designed to provide assurance on the internal control structure and its operation, we are following up on items noted in the June 30, 2012 audit. This letter does not affect our report dated September 12, 2013 on the financial statements of the Authority.

Current Year Recommendations

Management currently enters all accounts payable as a journal entry in the accounting system. We recommend that accounts payable amounts be entered in the appropriate module in the Quick Books accounting software. This will allow management to track and reconcile accounts payable with the general ledger postings. It can also provide an aging of accounts payable to ensure amounts are paid in a timely manner.

Prior Year Recommendations

No matters were noted in the prior year audit.

We believe that the implementation of these recommendations provides the Authority with a stronger system of internal accounting control while also making its operations more efficient.

This report is intended solely for the information and use of the Board of Directors, management, and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

James Marta & Company LLP
Certified Public Accountants
September 12, 2013

**CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY**

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2013 AND 2012**

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

JUNE 30, 2013

BOARD OF DIRECTORS

Gurbax Sahota	Chair
Cindy Trobitz-Thomas	Vice Chair
Larry Cope	Secretary/Treasurer
Kevin Ham	Member
D-B Heusser	Member
Kathy Millison	Member
Randy Starbuck	Member
Bruce Stenslie	Member

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

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James Marta & Company LLP
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Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Enterprise Development Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying Statement of Net Position of California Enterprise Development Authority (the Authority) as of June 30, 2013 and 2012 and the related Statement of Revenues, Expenses and Changes in Net Position for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

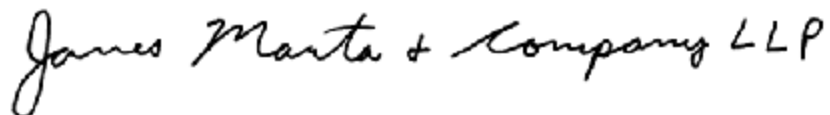
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of California Enterprise Development Authority as of June 30, 2013 and 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 - 4 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2013 on our consideration of California Enterprise Development Authority internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 California Enterprise Development Authority internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
September 12, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013 AND 2012

Overview

This section of the California Enterprise Development Authority (CEDA) annual financial report presents management's discussion and analysis of its financial performance during the fiscal year that ended on June 30, 2013. It is being provided for the purpose of enhancing the information in the financial audit and should be reviewed in concert with that report.

CEDA is a joint powers authority created in 2006. The Authority has a governing Board of seven members who comprise the Executive Committee of the California Association for Local Economic Development (CALED) and the President/CEO of CALED. Public agency members of CEDA join to facilitate the issuance of private activity bonds for the purpose of economic and community development.

Guiding Principles for Budget Development

CEDA prepares a budget using the following principles to align its financial resources with its mission and organizational priorities:

- CEDA's financial and administrative activities are governed by means of a Management Agreement with CALED.
- Programs and services are funded within the limits of fee revenue derived from bond issuance.
- Two reserve funds (operating budget and legal) are budgeted and shown in the adopted budget. At the end of the year, excess funds may be committed to the reserves.

Financial Highlights

As noted in prior audits, CEDA has experienced uneven growth through the years. This is mainly due to the current bond environment, including the limited number of banks that are willing to provide letters of credit for potential projects. In the face of this unevenness though, CEDA has steadily increased its bond issuances. Fee Revenues in 2012-2013 increased from \$112,625 in 2012 to \$262,175 in 2013. As the economy slowly recovers, CEDA experienced a stable year with a continuous flow of projects.

This activity resulted in an increase in the Management Fees paid to CALED. This increase from 2012 was made to reimburse CALED for Gurbax Sahota's time spent on overseeing the Property Assessed Clean Energy (PACE) program as well as Michelle Stephens's time to shepherd transactions through the conduit bond process. Though the expenses increased from \$117,215 in 2012 to \$165,596 in 2013, the growth in revenue easily covered this increase. The revenue increase also allowed CEDA to contribute funds to economic development. The 2013 contribution to economic development was \$15,000 as compared to \$3,500 in 2012.

At the end of June 2013, our net assets were \$570,080 as compared with \$473,327 in 2012. We are pleased with this as it reveals CEDA's success and increased business in 2013.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013 AND 2012

Condensed Statement of Net Position

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current Assets	\$ 571,127	\$ 485,800	\$ 477,981
Current Liabilities	<u>1,047</u>	<u>12,473</u>	<u>300</u>
Net Position, unrestricted	<u>\$ 570,080</u>	<u>\$ 473,327</u>	<u>\$ 477,681</u>

Condensed Statement of Activities

	<u>2013</u>	<u>2012</u>	<u>2010</u>
Revenues	\$ 262,349	\$ 112,861	\$ 827,779
Expenses	<u>165,596</u>	<u>117,215</u>	<u>419,920</u>
Change in Net Position	<u>\$ 96,753</u>	<u>\$ (4,354)</u>	<u>\$ 407,859</u>

Economic Factors Affecting the Future

Primary sources of revenue are derived from application, issuance and annual fees. Primary expenditures are the Management Agreement with CALED, various direct expenses (such as travel), and contributions of excess funds to CALED for economic development purposes.

The bond market in which CEDA operates continues to be impacted by the general economic downturn. Banks have been struggling with their own issues and have not been willing to provide a letter of credit needed for IDB issuances. Additionally, this business sector has been suffering from lower manufacturing demand and consequently has not been investing in large capital purchases like real estate and capital equipment.

Like last year, it is our hope to continue to grow our presence in the 501(c)(3) market as well as look for ways to expand CEDA's ability to issue into other areas. Additionally, we believe that our CA PACE program will start seeing successes and we will start issuing bonds to finance these projects as well.

BASIC FINANCIAL STATEMENTS

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

STATEMENTS OF NET POSITION

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 542,221	\$ 482,825
Accounts receivable	28,500	2,700
Prepaid expenses	<u>406</u>	<u>275</u>
Total assets	<u>571,127</u>	<u>485,800</u>
LIABILITIES		
Current Liabilities		
Accounts payable	-	28
Due to affiliated entity	<u>1,047</u>	<u>12,445</u>
Total liabilities	<u>1,047</u>	<u>12,473</u>
NET POSITION		
Net position, unrestricted	<u>\$ 570,080</u>	<u>\$ 473,327</u>

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Fee revenues	<u>\$ 262,175</u>	<u>\$ 112,625</u>
OPERATING EXPENSES		
Management fees	125,000	87,000
Contribution to economic development	15,000	3,500
Direct program expenses	<u>25,596</u>	<u>26,715</u>
Total operating expenses	<u>165,596</u>	<u>117,215</u>
Operating income	96,579	(4,590)
NONOPERATING REVENUES		
Interest income	<u>174</u>	<u>236</u>
Change in net position	96,753	(4,354)
Net position, July 1	<u>473,327</u>	<u>477,681</u>
Net position, June 30	<u><u>\$ 570,080</u></u>	<u><u>\$ 473,327</u></u>

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash receipts from fees charged	\$ 236,375	\$ 181,725
Cash paid for economic development	(151,398)	(75,083)
Cash paid for direct program expenses	<u>(25,755)</u>	<u>(26,962)</u>
Net cash provided by operating activities	<u>59,222</u>	<u>79,680</u>
Cash flows from investing activities:		
Interest income received	<u>174</u>	<u>236</u>
Increase in cash	59,396	79,916
Beginning cash and cash equivalents	<u>482,825</u>	<u>402,909</u>
Ending cash and cash equivalents	<u>\$ 542,221</u>	<u>\$ 482,825</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 96,579	\$ (4,590)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Decrease (increase) in:		
Accounts receivable	(25,800)	69,400
Due from affiliated entity	-	2,972
Prepaid expenses	(131)	(275)
Increase (decrease) in:		
Accounts payable	(28)	28
Due to affiliated entities	(11,398)	12,445
Performance deposits	<u>-</u>	<u>(300)</u>
Net cash provided by operating activities	<u>\$ 59,222</u>	<u>\$ 79,680</u>

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

California Enterprise Development Authority (the "Authority") is a joint powers agency formed on June 1, 2006 pursuant to the provisions of Title I, Division 7, Chapter 5, Article I of the Government Code of the State of California. The purpose of the Authority is to assist the members, for-profit and non-profit organizations located within the jurisdictions of the members in financing industrial and commercial development projects and other public purpose projects.

The Authority issues conduit debt for the express purpose of providing capital financing for a specific third party that is not part of the Authority's financial reporting entity. Although the conduit debt obligations may bear the name of California Enterprise Development Authority, the Authority has no obligation for such debt beyond the resources provided by a lease or a loan with the third party on whose behalf they are issued.

B. BASIS OF ACCOUNTING

The Authority is accounted for as an enterprise fund and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority include application and issuance fees. Operating expenses of the Authority include the cost of providing the services, administrative expenses and management fees. All revenues and expenses not meeting this definition are reported as non-operating revenue and expense.

The Authority presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, and has elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989.

C. CASH AND CASH EQUIVALENTS

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

D. INCOME TAXES

The Authority is a tax-exempt corporation under Section 115(1) of the Internal Revenue Code and Section 23701d of the California and Taxation Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

E. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Cash in banks	<u>\$ 542,221</u>	<u>\$ 482,825</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Cash and cash equivalents include deposits with financial institutions. As of June 30, 2013 and 2012, the Authority's balances per the bank of \$542,233 and \$482,945, respectively, are entirely insured or collateralized. Section 53652 of the California Governmental Code requires financial institutions to secure deposits made by governmental units in excess of insured amounts, by the pledging of governmental securities as collateral. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by governmental units.

3. PERFORMANCE DEPOSIT

Any organization applying for Industrial Development Bonds is required to submit a performance deposit to the Authority equal to 0.5% of the amount of the Qualified Private Activity Bond Allocation being requested, not to exceed \$100,000. Upon issuance of the Bonds, the state notifies the Authority who returns the performance deposit to the applicant. As of June 30, 2013 and 2012, the Authority was not holding any performance deposits.

4. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2013 through September 12, 2013, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

5. RELATED PARTY TRANSACTIONS

The Joint Powers Agreement has designated California Association for Local Economic Development (CALED), a California nonprofit corporation, as the administrator and executor of the agreement. The agreement also designates the Executive Committee of the Board of Directors of CALED and the President of CALED as the Board of Directors of the Authority.

For the years ended June 30, 2013 and 2012, the Authority entered into a management agreement with CALED, an affiliated entity, for an annual fee of \$125,000 and \$87,000, respectively. CALED provides administrative oversight, office space and other related expenses and services under the management agreement.

As of June 30, 2013 and 2012, there was a balance due to CALED in the amount of \$1,046 and \$12,445, respectively, which represents expenses paid by CALED on behalf of the Authority.

6. CONDUIT DEBT OBLIGATIONS

The Authority has issued Industrial Development Bonds to provide financial assistance to organizations for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the organization served by the bond issuance. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2013, the Authority had the following number of Conduit Bonds authorized, related authorized bond issue amount, related aggregate principal balance due as of June 30 and related fees charged:

Fiscal Year Ended June 30:	Number of Bonds Authorized	Dollar Amount of Bonds Authorized	Outstanding Principal Balance	Issuance Fees
2013	10	\$ 199,966,780	\$ 164,166,780	\$ 188,125
2012	4	56,250,000	55,823,636	60,625
2011	32	520,747,271	407,117,083	762,170
2010	7	73,684,455	59,509,526	137,886
2009	6	45,500,000	394,214,568	80,000
2008	13	188,192,839	172,451,287	297,680
2007	3	40,065,000	27,760,403	101,525
Totals	75	\$ 1,124,406,345	\$ 1,281,043,283	\$1,628,011

SUPPLEMENTARY INFORMATION



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
California Enterprise Development Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of California Enterprise Development Authority (the "Authority"), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

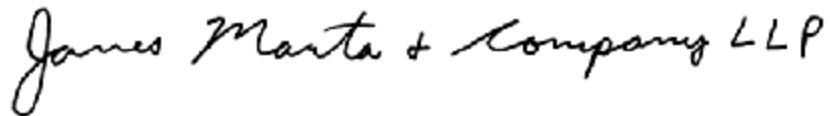
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Enterprise Development Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. This report is intended solely for the information and use of management, the board of directors, others within the entity, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
September 12, 2013