

**FISCAL YEAR 2005-06  
ADMINISTRATION REPORT  
FOR ZONE 1 OF  
COMMUNITY FACILITIES DISTRICT  
No. 11 OF  
POWAY UNIFIED SCHOOL DISTRICT**

**June 27, 2005**

**FISCAL YEAR 2005-06  
ADMINISTRATION REPORT  
FOR  
ZONE 1 OF  
COMMUNITY FACILITIES DISTRICT No. 11**

**PREPARED FOR**

**POWAY UNIFIED SCHOOL DISTRICT**  
13626 Twin Peaks Road  
Poway, California 92064  
(858) 748-0010

**PREPARED BY**

**DAVID TAUSSIG & ASSOCIATES, INC.**  
1301 Dove Street, Suite 600  
Newport Beach, California 92660  
(949) 955-1500

**June 27, 2005**

# TABLE OF CONTENTS

<b>Section</b>	<b>Page</b>
<b>INTRODUCTION</b> .....	<b>1</b>
<b>I. ANNUAL SPECIAL TAX LEVY FOR FISCAL YEAR 2004-05</b> .....	<b>2</b>
<b>II. FUNDS AND ACCOUNTS</b> .....	<b>3</b>
A. Sources and Uses of Funds .....	4
B. Fund, Account and Subaccount Balances.....	5
<b>III. ZONE 1 ANNUAL SPECIAL TAX REQUIREMENT FOR FISCAL YEAR 2005-06</b> .....	<b>6</b>
<b>IV. SPECIAL TAX CLASSIFICATIONS AND DEVELOPMENT UPDATE</b> .....	<b>7</b>
A. Special Tax Classifications .....	7
B. Development Update .....	7
<b>V. METHOD OF APPORTIONMENT</b> .....	<b>8</b>

## **EXHIBITS**

- Exhibit A:** Summary of Transactions within Funds, Accounts and Subaccount Fiscal Year 2004-05
- Exhibit B:** Annual Special Tax Roll for Fiscal Year 2005-06

---

## **INTRODUCTION**

---

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Zone 1 of Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("District") resulting from the sale of the Series 2004 Special Tax Bonds ("Bonds") issued in March of 2004 in the amount of \$9,000,000. All capitalized terms herein are used as defined in the Rate and Method of Apportionment ("RMA") and the Bond Indenture ("Indenture") for CFD No. 11.

The Bonds are secured and repaid through the annual levy and collection of Special Taxes from all property subject to the Annual Special Tax within Zone 1 of CFD No. 11. In calculating the Annual Special Tax levy for Fiscal Year 2005-06, the Report describes (i) the remaining financial obligations of Zone 1 of CFD No. 11 for Fiscal Year 2004-05, (ii) the financial obligations of Zone 1 of CFD No. 11 for Fiscal Year 2005-06, and (iii) the amount of new development which has occurred within the boundaries of Zone 1 of CFD No. 11.

The Report is organized into the following sections:

### **Section I**

Section I provides a description of the Annual Special Tax levy for Fiscal Year 2004-05, including any delinquent Annual Special Taxes.

### **Section II**

Section II examines the financial activity in the funds, accounts and subaccount established pursuant to the Indenture by and between the District and Zions First National Bank ("Fiscal Agent") dated March 1, 2004. A Fiscal Year summary is provided which lists all disbursements, Annual Special Tax receipts, and interest earnings.

### **Section III**

Section III calculates the Zone 1 Annual Special Tax Requirement based on the financial obligations of Zone 1 of CFD No. 11 for Fiscal Year 2005-06.

### **Section IV**

Section IV provides (i) a description of the Special Tax classifications and (ii) an update of the development which has occurred within Zone 1 of CFD No. 11.

### **Section V**

Section V describes the Annual Special Tax rates and reviews the methodology used to apportion the Zone 1 Annual Special Tax Requirement between Developed Property and Undeveloped Property.

---

## **I. ANNUAL SPECIAL TAX LEVY FOR FISCAL YEAR 2004-05**

---

The aggregate Annual Special Tax levy for Fiscal Year 2004-05 equaled \$127,218.42. Special Taxes were levied on Developed Property in Zone 1. A summary of the levy for Fiscal Year 2004-05 is shown in Table 1.

<b>Land Use</b>	<b>Number Of Unit/Acres</b>	<b>Annual Special Tax Rate</b>	<b>Total Special Taxes</b>
Attached/Detached Units	63	\$2,019.34	\$127,218.42
Undeveloped	59.5917	\$0.00	\$0.00
<b><i>Total</i></b>	<b><i>NA</i></b>	<b><i>NA</i></b>	<b><i>\$127,218.42</i></b>

David Taussig & Associates, Inc. (“DTA”) has received delinquency information from the County of San Diego (“County”) for the first installment of Fiscal Year 2004-05. There were no Special Tax delinquencies for the first installment. DTA has concluded that Zone 1 of CFD No. 11 will be able to meet its remaining obligations for Fiscal Year 2004-05.

---

## II. FUNDS AND ACCOUNTS

---

The Indenture established eight (8) funds for Zone 1 of CFD No. 11. They are the Zone 1 Special Tax Fund, Bond Service Fund, Rebate Fund, Redemption Fund, School Facilities Fund, Reserve Fund, Administration Expense Fund, and Cost of Issuance Fund. In addition, within the Bond Fund, an Interest Account and a Principal Account were created and within the Interest Account, a Capitalized Interest Subaccount was created.

All receipts from the collection of Annual Special Taxes are to be deposited in the Zone 1 Special Tax Fund. The Indenture instructs the Fiscal Agent to transfer the Special Taxes to other funds and accounts in the amount and priority set forth below:

1. **Administrative Expense Fund** – an amount equal to the Administrative Expense Requirement for that Fiscal Year;
2. **Interest Account** – an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest due on the Bonds;
3. **Principal Account** – an amount required to cause the aggregate amount on deposit in the Principal Account to equal the amount of principal due on the Bonds;
4. **Reserve Fund** – an amount required to bring the balance in the Reserve Account to the Reserve Requirement
5. **Rebate Fund** – an amount required to be set aside or rebated to the Internal Revenue Service; and
6. **Administrative Expense Fund** – any amount, in excess of the Administrative Expense Requirement, necessary to defray the costs of administering CFD No. 11 for such Fiscal Year.

Any monies remaining in the Special Tax Fund after each of the above transfers are made shall remain on deposit in the Special Tax Fund. However, after such time as the levy of Special Taxes on Developed Property exceeds the Zone 1 Annual Special Tax Requirement, excess funds shall be paid to the District to be used to construct Supplemental School Facilities.

The Reserve Requirement is an amount equal to the lesser of (i) ten percent (10%) of the original proceeds of the Bonds, (ii) Maximum Annual Debt Service on the Bonds, or (iii) one hundred twenty-five percent (125%) of the average annual debt service on the Bonds. As of the date of the Report, the Reserve Requirement was \$822,694.29.

**A. Sources and Uses of Funds**

Sources of funds for Zone 1 of CFD No. 11 during the period of July 1, 2004, to May 1, 2005, totaled \$177,695.38. This amount consisted of \$81,913.07 in Special Taxes and \$95,782.31 in interest earnings.

Total uses of funds for this period was \$503,271.72, \$429,391.90 of interest was paid to Bond holders, and \$8,155.11 was paid in acquisition and construction payments, and \$65,724.71 was paid for legal/consulting/professional services. A detailed analysis of all transactions within these funds, accounts and subaccount for Fiscal Year 2004-05 is included as Exhibit A.

**B. Account Balances**

The balances as of May 1, 2005, in the funds, accounts and subaccount established pursuant to the Indenture are shown in Table 2.

**TABLE 2**

**FUND, ACCOUNT AND SUBACCOUNT BALANCES  
AS OF MAY 1, 2005**

<b>Funds, Accounts and Subaccount</b>	<b>Balance</b>
Administrative Expense Fund	\$25,480.18
Bond Service Fund	\$0.00
Interest Account	\$8.23
Principal Account	\$0.00
Cost of Issuance Fund	\$11,667.04
School Facilities Fund	\$7,182,858.76
Rebate Fund	\$0.00
Redemption Fund	\$0.00
Reserve Fund	\$812,539.99
Zone 1 Special Tax Fund	\$82,209.68
Capitalized Interest Subaccount	\$283,516.36

### III. ZONE 1 ANNUAL SPECIAL TAX REQUIREMENT FOR FISCAL YEAR 2005-06

The Zone 1 Annual Special Tax Requirement for Fiscal Year 2005-06 is \$372,812.94. This amount represents (i) interest and principal payments due to bondholders in Calendar Year 2006, (ii) anticipated Administrative Expenses for Fiscal Year 2005-06, and (iii) funds for school facilities. Table 3 shows the calculation of the Zone 1 Annual Special Tax Requirement for Fiscal Year 2005-06.

**TABLE 3**

#### SPECIAL TAX REQUIREMENT FOR FISCAL YEAR 2005-06

<b>FY 2004-05 Current and Projected Funds</b>		<b>\$371,662.49</b>
Balance of Capitalized Interest Subaccount (as of 5/1/05)	\$283,516.36	
Balance of Interest Account (as of 5/01/05)	\$8.23	
Balance of Special Tax Fund (as of 5/01/05)	\$82,209.68	
Projected Special Tax Receipts	\$5,928.22	
<b>FY 2004-05 Remaining Obligations</b>		<b>\$234,213.75</b>
Interest Payment Due September 1, 2005	\$234,213.75	
<b><i>FY 2004-05 Surplus/(Draw on Reserve)</i></b>		<b><i>\$137,448.74</i></b>
<b>FY 2005-06 Obligations</b>		<b>\$510,261.68</b>
Interest Payment Due March 1, 2006	\$234,213.75	
Interest Payment Due September 1, 2006	\$234,213.75	
Principal Payment Due September 1, 2006	\$25,000.00	
Remaining Surplus <sup>1</sup>	\$16,834.18	
<b><i>Annual Special Tax Requirement for FY 2005-06</i></b>		<b><i>\$372,812.94</i></b>
<sup>1</sup> Per the Indenture these funds will be retained and made available to satisfy the Zone 1 Annual Special Tax Requirement in Fiscal Year 2005-06.		



---

## IV. SPECIAL TAX CLASSIFICATIONS AND DEVELOPMENT UPDATE

---

Zone 1 of CFD No. 11 encompasses approximately 278 gross acres of land located in the City of San Diego ("City"). At build-out, Zone 1 of CFD No. 11 is expected to be developed with 277 Units.

### A. Special Tax Classifications

Each Fiscal Year, the District calculates the Annual Special Taxes to be levied against Taxable Property within Zone 1 of CFD No. 11. The RMA defines two (2) categories of Taxable Property: "Developed Property" and "Undeveloped Property". Developed Property is in turn divided into two (2) separate rate classifications which vary by Unit type (e.g., Detached Unit/Attached Unit and Assigned Unit). Developed Property is distinguished from Undeveloped Property by the issuance of a Building Permit. Specifically, Developed Property means, for any Fiscal Year, all Assessor's Parcels in Zone 1 of CFD No. 11 for which a Building Permit for Unit has been issued as of May 1 of the previous Fiscal Year. For example, all Assessor's Parcels in Zone 1 of CFD No. 11 for which a Building Permit was issued as of May 1, 2005 will be classified as Developed Property in Fiscal Year 2005-06.

### B. Development Update

As of May 1, 2005, the City had issued Building Permits for 63 Units, which equates to Zone 1 of CFD No. 11 being 65.34% percent built-out in Fiscal Year 2005-06. Table 5 lists the Developed Property of Zone 1 of CFD No. 11 by Special Tax class for Fiscal Years 2003-04 through 2005-06.

**TABLE 5**

**STATUS OF DEVELOPED PROPERTY**

<b>Unit Type</b>	<b>Fiscal Year 2003-04</b>	<b>Fiscal Year 2004-05</b>	<b>Fiscal Year 2005-06</b>
Detached Unit/Attached Unit	0	63	181
Assigned Unit	0	0	0

---

## V. METHOD OF APPORTIONMENT

---

Section F of the RMA apportions the Zone 1 Annual Special Tax Requirement to Taxable Property within Zone 1 of CFD No. 11 in a three (3) step process.

The first step states that the Annual Special Tax shall be levied against each parcel of Developed Property within Zone 1 at the Assigned Annual Special Tax rate applicable to such Assessor's Parcel. If the Special Taxes raised pursuant to the first step are less than the Zone 1 Annual Special Tax Requirement, then the second step is applied. This step states that the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property within Zone 1 up to the Assigned Annual Special Tax rate applicable to such Assessor's Parcel. If the Annual Special Taxes raised pursuant to the first two steps are less than the Zone 1 Annual Special Tax Requirement, then the third step is applied. This step states that the Annual Special Tax on each Assessor's Parcel of Developed Property within Zone 1 whose Maximum Special Tax is the Backup Annual Special Tax shall be increased Proportionately from the Assigned Annual Special Tax rate up to the Backup Annual Special Tax rate in order to satisfy the Zone 1 Annual Special Tax Requirement.

Application of the first step yields sufficient Special Taxes to satisfy the Zone 1 Annual Special Tax Requirement for Fiscal Year 2005-06. The Annual Special Tax rates of Zone 1 of CFD No. 11 for Fiscal Year 2005-06 are shown in Table 5. The Annual Special Tax roll, which lists the actual Annual Special Tax levied against each Assessor's Parcel, is included as Exhibit B.

**TABLE 5**

**SPECIAL TAX RATES  
FOR FISCAL YEAR 2005-06**

<b>Unit Type</b>	<b>Special Tax</b>
Detached Unit / Attached Unit	\$2,059.74 per Unit
Assigned Unit	\$0.00 per Acre

J:\CLIENTS\POWAY.USD\CFD NO. 11\Admin\05\_06\Adm Report0506.doc

**EXHIBIT A**

**SUMMARY OF TRANSACTIONS  
WITHIN FUNDS, ACCOUNTS AND SUBACCOUNT  
FISCAL YEAR 2004-05**

**EXHIBIT B**

**ANNUAL SPECIAL TAX ROLL  
FISCAL YEAR 2005-06**