

**FISCAL YEAR 2005-06  
ADMINISTRATION REPORT  
FOR  
COMMUNITY FACILITIES DISTRICT NO. 6  
OF  
POWAY UNIFIED SCHOOL DISTRICT**

**June 27, 2005**

**FISCAL YEAR 2005-06  
ADMINISTRATION REPORT  
FOR  
COMMUNITY FACILITIES DISTRICT NO. 6**

**PREPARED FOR**

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**June 27, 2005**

# TABLE OF CONTENTS

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

## **EXHIBITS**

**Exhibit A:** Summary of Transactions within Funds and Accounts Fiscal Year 2004-05

**Exhibit B:** Annual Special Tax Rates for Fiscal Year 2005-06

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## **INTRODUCTION**

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This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Community Facilities District ("CFD") No. 6 of the Poway Unified School District ("District") resulting from the sale of the Series 2002 Special Tax Bonds ("Bonds") issued in September of 2002 in the amount of \$25,000,000. All capitalized terms herein are used as defined in the Rate and Method of Apportionment ("RMA") and the Bond Indenture ("Indenture") for CFD No. 6.

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 CFD No. 6. In calculating the Annual Special Tax levy for Fiscal Year 2005-06, the Report describes (i) the remaining financial obligations of CFD No. 6 for Fiscal Year 2004-05, (ii) the financial obligations of CFD No. 6 for Fiscal Year 2005-06, and (iii) the amount of new development which has occurred within the boundaries of the CFD.

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 and accounts established pursuant to the Indenture by and between the District and State Street Bank and Trust Company of California NA ("Fiscal Agent") dated August 1, 2002. A Fiscal Year summary is provided which lists all disbursements, Annual Special Tax receipts, and interest earnings.

### **Section III**

Section III calculates the Special Tax Requirement based on the financial obligations of CFD No. 6 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 CFD No. 6.

### **Section V**

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

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

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The aggregate Annual Special Tax levy for Fiscal Year 2004-05 equaled \$3,362,369.60. Special Taxes were levied only on Developed Property in Fiscal Year 2004-05.

**TABLE 1**

**AVERAGE SPECIAL TAX RATES AND LEVY  
OF FISCAL YEAR 2004-05**

<b>Unit Type</b>	<b>Number of Units</b>	<b>Average Annual Tax</b>	<b>Total Annual Special Taxes</b>
Detached Unit	1,551	\$2,167.87	\$3,362,369.60
Attached Unit	0	\$0.00	\$0.00
<b><i>Total</i></b>	<b><i>1,551</i></b>	<b><i>NA</i></b>	<b><i>\$3,362,369.60</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. The Special Tax delinquencies for the first installment equaled \$50,931.16, resulting in a delinquency rate of 1.51% percent. DTA has concluded the CFD No. 6 will be able to meet its remaining obligations in Fiscal Year 2004-05.

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## II. FUNDS AND ACCOUNTS

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The Indenture established eight (8) funds for CFD No. 6. They are the Special Tax Fund, Bond 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 Principal Account were created and within the School Facilities Fund, a 4S Ranch Middle School Hold Bank Account was created.

All receipts from the collection of Annual Special Taxes are deposited in the Special Tax Fund, which is administered by the Fiscal Agent. Pursuant to the Indenture, the Fiscal Agent transfers the Special Tax receipts to the funds 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. **Bond Fund** – an amount, taking into account any amount then on deposit, sufficient to meet the principal, premiums, if any, and interest due on the next interest payment date;
3. **Reserve Fund** – an amount required to bring the balance in the Reserve Fund to the Reserve Requirement
4. **Rebate Fund** – an amount required to be set aside or rebated to the Internal Revenue Service; and
5. **Administrative Expense Fund** – any amount, in excess of the Administrative Expense Requirement, necessary to defray the costs of administering CFD No. 6 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 Special Tax Requirement, excess funds shall be paid to the District to be used to construct 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 \$2,322,192.24.

**A. Sources and Uses of Funds**

Sources of funds for CFD No. 6 during the period of July 1, 2004, to May 1, 2005, totaled \$2,407,530.73. Of this amount Special Tax receipts totaled \$2,358,685.17, interest earnings equaled \$46,867.52. Table 2 shows the interest earnings for each fund, account and subaccount of CFD No. 6 for the period stated above.

**TABLE 2**  
**INTEREST EARNINGS**  
**JULY 1, 2004 – MAY 1, 2005**

<b>Funds and Accounts</b>	<b>Interest Earnings</b>
Administrative Expense Fund	\$440.05
Interest Account	\$0.00
Principal Account	\$0.00
Cost of Issuance Fund	\$0.00
School Facilities Fund	\$3,689.37
Rebate Fund	\$0.00
Redemption Fund	\$0.00
Reserve Fund	\$14,786.86
4S Ranch Middle School Hold Back Account	\$0.00
Bond Service Fund	\$0.00
Special Tax Fund	\$11,536.00
<b>Total</b>	<b>\$46,867.52</b>

Total uses of funds for this period totaled \$4,262,659.23. Of this amount, \$1,346,902.50 bondholders of interest was paid to bondholders, \$25,000.00 of principal was paid to the bondholders, \$2,772,317.18 was used for the construction of school facilities, and \$57,939.55 was paid for legal/consulting/professional services. A detailed analysis of all transactions within these funds and accounts for the period is included as Exhibit A.

**B. Account Balances**

The balances as of May 1, 2005, in the funds and accounts established pursuant to the Indenture are shown in Table 3.

**TABLE 3**

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

<b>Funds, and Accounts</b>	<b>Balance</b>
Administrative Expense Fund	\$85,040.21
Bond Service Fund	\$0.00
Interest Account	\$0.00
Principal Account	\$0.00
Cost of Issuance Account	\$0.00
School Facilities Fund	\$0.11
Rebate Fund	\$0.00
Redemption Fund	\$0.00
Reserve Fund	\$2,312,169.67
Special Tax Fund	\$1,905,707.99
4S Ranch Middle School Hold Back Account	\$1,535,738.57



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

The Special Tax Requirement of CFD No. 6 for Fiscal Year 2005-06 is \$3,603,560.90. 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) funding for school facilities. Table 4 shows the calculation of the Special Tax Requirement of CFD No. 6 for Fiscal Year 2005-06.

**TABLE 4**

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

<b>FY 2004-05 Current and Projected Funds</b>		<b>\$2,946,065.68</b>
Balance of Special Tax Fund (as of 5/01/05)	\$1,905,707.99	
Projected Special Tax Receipts	\$1,040,357.69	
<b>FY 2004-05 Remaining Obligations</b>		<b>\$2,946,065.68</b>
Interest Due September 1, 2005	\$673,295.00	
Principal Due September 1, 2005	\$55,000.00	
Direct Construction Funding	\$2,217,770.68	
<b><i>FY 2004-05 Surplus/(Draw on Reserve)</i></b>		<b><i>\$0.00</i></b>
<b>FY 2005-06 Obligations</b>		<b>\$3,603,560.90</b>
Interest Due March 1, 2006	\$672,470.00	
Interest Due September 1, 2006	\$672,470.00	
Principal Due September 1, 2006	\$85,000.00	
Administrative Expense Budget for Fiscal Year 2005-06	\$42,448.32	
Direct Construction Funding	\$2,131,172.58	
<b><i>Special Tax Requirement for FY 2005-06</i></b>		<b><i>\$3,603,560.90</i></b>

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## IV. SPECIAL TAX CLASSIFICATIONS AND DEVELOPMENT UPDATE

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CFD No. 6 encompasses approximately 2,888 gross acres of land located in the unincorporated portion of the County. At build-out CFD No. 6 is expected to be developed with of 4,715 Units.

### A. Special Tax Classifications

Each Fiscal Year, the District calculates the Annual Special Taxes to be levied against Taxable Property within CFD No. 6. The RMA defines two (2) categories of Taxable Property, "Developed Property" and "Undeveloped Property". Developed Property is in turn divided into four (4) separate rate classifications which vary with Land Use Class (e.g., Residential Property and Commercial/Industrial Property) and Unit type (e.g., Detached Unit, Attached Unit and Affordable 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 CFD No. 6 for which a Building Permit for a Unit has been issued as of January 1 of the previous Fiscal Year. For example, all Assessor's Parcels in CFD No. 6 for which a Building Permit was issued as of January 1, 2005 will be classified as Developed Property in Fiscal Year 2005-06.

### B. Development Update

As of January 1, 2005, the County had issued Building Permits for 1,750 Units, which equates to CFD No. 6 being 37.12% percent built-out in Fiscal Year 2004-05. Table 5 lists the Developed Property of CFD No. 6 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	717	1,551	1,630
Attached Unit <sup>1</sup>	199	0	0
Affordable Unit	0	120	120
Commercial/Industrial Property <sup>2</sup>	NA	NA	NA

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## V. METHOD OF APPORTIONMENT

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Section F of the RMA apportions the Special Tax Requirement to Taxable Property of CFD No. 6 in a three (3) step process.

The first step states that the Annual Special Tax shall be levied against each parcel of Developed Property 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 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 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 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 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 Special Tax Requirement.

Application of the first step yields sufficient Special Taxes to satisfy the Special Tax Requirement for Fiscal Year 2005-06. The Initial Special Tax rates of CFD No. 6 for Fiscal Year 2005-06 are shown in Table 6. The Special Tax roll, which lists the actual Annual Special Tax levied against each Assessor's Parcel, is included as Exhibit B.

**TABLE 6**

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

<b>Land Use Class</b>	<b>Unit Type</b>	<b>Initial Annual Special Tax</b>
Residential Property	Detached Unit	\$2,382.78
Residential Property	Attached Unit	\$1,053.92
Residential Property	Affordable Unit	\$0.00
Commercial/Industrial Property	NA	\$0.00

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**EXHIBIT A**

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

**EXHIBIT B**

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