



# COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

## POWAY UNIFIED SCHOOL DISTRICT ADMINISTRATION REPORT FISCAL YEAR 2017/2018 IMPROVEMENT AREA NO. 1 OF COMMUNITY FACILITIES DISTRICT NO. 2

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Rate and Method of Apportionment

### **EXHIBIT B:**

Summary of Transactions for Funds and Accounts

### **EXHIBIT C:**

Annual Special Tax Roll for Fiscal Year 2017/2018

## **INTRODUCTION**

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Improvement Area ("IA") No. 1 of Community Facilities District ("CFD") No. 2 of the Poway Unified School District ("School District") pursuant to the Rate and Method of Apportionment ("RMA") attached as Exhibit A for the purpose of calculating the Annual Special Tax levy for Fiscal Year 2017/2018. In calculating the Annual Special Tax levy for Fiscal Year 2017/2018, the Report describes (i) the remaining financial obligations of IA No. 1 of CFD No. 2 for Fiscal Year 2016/2017, and (ii) the financial obligations of IA No. 1 of CFD No. 2 for Fiscal Year 2017/2018.

The Report is organized into the following sections:

### **SECTION I**

Section I provides a description of the Annual Special Tax levy for Fiscal Year 2016/2017 including any delinquent Annual Special Taxes.

### **SECTION II**

On February 14, 2013, the 2013 Special Tax Revenue Bonds ("Bonds") were issued by IA No. 1 of CFD No. 2 in the amount of \$2,830,000. The Bonds were issued for the purpose of financing the Authorized Facilities of IA No. 1 of CFD No. 2, pursuant to the Resolution of Intention ("ROI") and are secured by and repaid from the annual levy of Special Taxes within IA No. 1 of CFD No. 2.

Section II examines the financial activity within the various funds and accounts established pursuant to the Bond Indenture ("Indenture") dated January 1, 2013 by and between IA No. 1 of CFD No. 2 and Zions First National Bank, NA ("Fiscal Agent") from July 1, 2016 to April 30, 2017. A summary is provided which lists all disbursements, Annual Special Tax receipts, and interest earnings.

### **SECTION III**

Section III contains a description of (i) the initial allocation of Bond proceeds and (ii) the expenditure of Special Taxes and Bond proceeds to fund Authorized Facilities of IA No. 1 of CFD No. 2 through April 30, 2017, as directed by Senate Bill 165 ("SB 165").

### **SECTION IV**

Section IV calculates the Minimum Annual Special Tax Requirement based on the financial obligations of IA No. 1 of CFD No. 2 for Fiscal Year 2017/2018.

### **SECTION V**

Section V provides the development status of IA No. 1 of CFD No. 2.

### **SECTION VI**

Section VI describes the methodology used to apportion the Minimum Annual Special Tax Requirement among the properties within IA No. 1 of CFD No. 2 and lists the Annual Special Tax rates for Fiscal Year 2017/2018.



## I. FISCAL YEAR 2016/2017 LEVY SUMMARY

### A. Special Tax Levy

The aggregate Annual Special Tax levy of IA No. 1 of CFD No. 2 in Fiscal Year 2016/2017 as well as a summary of the levy can be found in the table below.

#### Annual Special Tax Rates For Fiscal Year 2016/2017

Tax Class	Building Square Footage	Number of Units/Acres	Average Assigned Annual Special Tax Rate <sup>[1]</sup>	Total Annual Special Taxes
1	≤ 2,599	23 Units	\$1,516.94 per Unit	\$34,889.58
2	2,600 - 3,000	38 Units	\$1,642.16 per Unit	\$62,402.20
3	> 3,000	47 Units	\$1,791.73 per Unit	\$84,211.32
<i>Developed Property</i>		<i>108 Units</i>	<i>NA</i>	<i>\$181,503.10</i>
<i>Undeveloped Property</i>		<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
<b>Total</b>				<b>\$181,503.10</b>

[1] The average Assigned Annual Special Tax rate is the average of all the Special Tax rates in each Special Tax Class, therefore they may not reflect the actual Assigned Annual Special Tax rate for each parcel in a given Special Tax Class.

### B. Special Tax Delinquencies

Cooperative Strategies, LLC has received delinquency information for IA No. 1 of CFD No. 2 for Fiscal Year 2016/2017 from the County of San Diego ("County"). For Fiscal Year 2016/2017 (as of May 2, 2017), \$908.38 in Annual Special Taxes were delinquent yielding a delinquency rate of 0.50%.

## II. FINANCIAL ACTIVITY

This section summarizes the activity within the various funds and accounts created by the Indenture. For a more detailed description of the various funds and accounts, please see section 3.01 of the Indenture. A detailed analysis of all transactions within these funds and accounts for this period is included as Exhibit B.

### A. Sources of Funds

Sources of funds for IA No. 1 of CFD No. 2 for the period of July 1, 2016 to April 30, 2017 are summarized in the table below.

**Sources of Funds**  
**July 1, 2016 – April 30, 2017**

<b>Sources</b>	<b>Amount</b>
Bond Proceeds	\$0.00
Special Tax Receipts	\$137,516.44
Investment Earnings <sup>[1]</sup>	\$674.33
Miscellaneous Sources	\$0.00
<b>Total</b>	<b>\$138,190.77</b>
<i>[1] Data summarized in the table below.</i>	

**Investment Earnings**  
**July 1, 2016 – April 30, 2017**

<b>Funds and Accounts</b>	<b>Amount</b>
Administrative Expense Fund	\$19.00
Interest Account	\$0.00
Principal Account	\$0.00
Redemption Fund	\$0.05
School Facilities Fund	\$615.91
Special Tax Fund	\$39.37
<b>Total</b>	<b>\$674.33</b>

**B. Uses of Funds**

Uses of funds for IA No. 1 of CFD No. 2 for the period of July 1, 2016 to April 30, 2017 are summarized in the table below.

**Uses of Funds  
July 1, 2016 – April 30, 2017**

<b>Funds and Accounts</b>	<b>Amount</b>
Interest Payments	\$119,262.50
Principal Payments	\$20,000.00
Acquisition/Construction Payments	\$668,633.97
Administrative Expenses	\$10,010.10
Transfer to 2013 PFA School Facilities Surplus Fund	\$18,809.05
Miscellaneous Uses	\$0.00
<b>Total</b>	<b>\$836,715.62</b>

**C. Fund and Account Balances**

The balances as of April 30, 2017 in the funds and accounts established pursuant to the Indenture are shown in the table below.

**Fund and Account Balances  
As of April 30, 2017**

<b>Funds and Accounts</b>	<b>Amount</b>
Administrative Expense Fund	\$32,830.93
Interest Account	\$0.00
Principal Account	\$0.00
Redemption Fund	\$100.05
School Facilities Fund	\$400,567.95
Special Tax Fund	\$56,747.70
<b>Total</b>	<b>\$490,246.63</b>

### **III. SENATE BILL 165 COMPLIANCE**

The Board of Education ("Board") of the School District, pursuant to the provisions of the Local Agency Special Tax and Bond Accountability Act ("Accountability Act"), has directed the filing of the Special Tax and Bond Accountability Report for IA No. 1 of CFD No. 2. According to SB 165, any local special tax and/or bond measure subject to voter approval on or after January 1, 2001, must follow the requirements of the Accountability Act. All capitalized terms herein are used as defined in the RMA of IA No. 1 of CFD No. 2.

#### **A. School Facilities**

The acquisition, planning, construction, expansion and/or financing of those school facilities, including classrooms, multi-purpose, administration, and auxiliary space at each school, central support and administrative facilities, interim housing, transportation and special education facilities, together with furniture, equipment, and technology, including school buses, on-site office space at a school, central support and administrative facilities, interim housing, transportation and special education facilities, together with furniture, equipment and technology, needed by District in order to serve directly or indirectly the student population to be generated as a result of the development of the property within Improvement Area No. 1, together with all land or interests in land required for the construction of such facilities and all land or interests in land required to be provided by the District as mitigation of environmental impacts associated with the development of such school facilities as well as all that portion of the related incidental expenses and the costs to the District related to the negotiation, execution and implementation of the supplement to the Mitigation Agreement. "School Facilities" shall also mean the acquisition, planning, construction and/or financing of other additional school facilities ("Supplemental School Facilities"), including classrooms, multi-purpose, administration and auxiliary space at each school, central support and administrative facilities, interim housing, transportation and special education facilities, together with furniture, equipment and technology, including school buses, needed by District to serve the student population of the District and which are financed in whole or in part from the revenues of special taxes levied



in any fiscal year on Developed Property within Improvement Area No. 1 in excess of that required to satisfy the special tax requirement for Improvement Area No. 1 for such fiscal year.

The Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the District. Addition, deletion, or modification of descriptions of School Facilities may be made consistent with the requirements of the Board of Education of the District, CFD No. 2 and the Act.

**B. Bond Proceeds**

In accordance with the Indenture by and between the School District and the Fiscal Agent, the proceeds of the Bonds of IA No.1 of CFD No. 2 were deposited into the funds and accounts shown in the table below.

**Initial Deposit of Bond Proceeds**

<b>Funds, Accounts, and Subaccounts</b>	<b>Initial Deposit</b>
Purchase Transfer Account <sup>[1]</sup>	\$2,625,726.06
<b>Total</b>	<b>\$2,625,726.06</b>
<i>[1] \$2,625,726.06 was transferred to the Purchase Transfer Account from the Purchase Transfer Account of the 2013 Public Financing Authority pursuant to section 3.02 of the Authority Indenture. All Bond proceeds were/will be expended on the construction of approved school facilities pursuant to the ROI.</i>	

**C. Construction/Acquisition Accounts**

The table below shows the accruals and expenditures in the construction/acquisition accounts of IA No. 1 of CFD No. 2 from the Bond inception through April 30, 2017.

**Improvement Area No. 1 of CFD No. 2 School Facilities Fund**

<b>Balance as of February 14, 2013</b>		<b>\$0.00</b>
<b>Previously Accrued</b>	<b>\$2,624,501.71</b>	
<b>Previously Expended</b>	<b>(\$1,555,933.56)</b>	
<b>Balance as of April 30, 2016</b>		<b>\$1,068,568.15</b>
<b>Accruals</b>		<b>\$633.77</b>
Interest Earnings	\$633.77	
<b>Expenditures</b>		<b>(\$668,633.97)</b>
Elementary School Facilities	(\$668,633.97)	
<b>Balance as of April 30, 2017</b>		<b>\$400,567.95</b>

**D. Special Tax Fund**

Each Fiscal Year, IA No. 1 of CFD No. 2 will levy, collect, and expend Annual Special Taxes in an amount necessary to pay interest and principal to bondholders, cover Administrative Expenses, and fund school facilities necessary to serve students generated from residential units constructed within the boundaries of IA No. 1 of CFD No. 2. The table on the following page presents a detailed listing of the Annual Special Taxes collected and expended by IA No. 1 of CFD No. 2 from February 14, 2013 through April 30, 2017.

### Special Tax Fund

<b>Balance as of February 14, 2013</b>		<b>\$0.00</b>
<b>Previously Accrued</b>	<b>\$621,831.53</b>	
<b>Previously Expended</b>	<b>(\$572,349.85)</b>	
<b>Balance as of April 30, 2016</b>		<b>\$49,481.68</b>
<b>Accruals</b>		<b>\$186,561.73</b>
Special Tax Receipts	\$186,521.16	
Interest Earnings	\$40.57	
<b>Expenditures</b>		<b>(\$179,295.71)</b>
Transfer to Administrative Expense Fund	(\$21,224.16)	
Transfer to Interest Account	(\$119,262.50)	
Transfer to Principal Account	(\$20,000.00)	
Transfer to 2013 PFA School Facilities Surplus Fund	(\$18,809.05)	
<b>Balance as of April 30, 2017</b>		<b>\$56,747.70</b>

The table below presents a detailed listing the Special Taxes collected by IA No. 1 of CFD No. 2 prior to February 14, 2013.

### Custodial Account of CFD No. 2

<b>Balance as of May 1, 2010</b>		<b>\$0.00</b>
<b>Previously Accrued</b>	<b>\$229,929.76</b>	
<b>Previously Expended</b>	<b>(\$70,227.47)</b>	
<b>Balance as of April 30, 2016 <sup>[1]</sup></b>		<b>\$159,702.29</b>
<b>Accruals</b>		<b>\$0.00</b>
<b>Expenditures</b>		<b>(\$0.00)</b>
<b>Balance as of April 30, 2017 <sup>[1]</sup></b>		<b>\$159,702.29</b>

*[1] Special Taxes collected by IA No. 1 of CFD No. 2 prior to February 14, 2013 were deposited into the Custodial Account of CFD No. 2. The balance reported above represents the Special Taxes deposited into the CFD No. 2 Custodial Account and not the total balance of the account. All future Special Tax Receipts will be deposited into the Special Tax Fund of IA No. 1 of CFD No. 2.*

The table below presents a detailed listing of the Special Taxes deposited by IA No. 1 of CFD No. 2 Custodial Account from April 30, 2014 to April 30, 2017.

**Custodial Account (CFD No. 2 Improvement Area 1)**

<b>Balance as of April 30, 2014</b>		<b>\$0.00</b>
<b>Previously Accrued</b>	<b>\$59,055.20</b>	
<b>Previously Expended</b>	<b>(\$2,100.00)</b>	
<b>Balance as of April 30, 2016</b>		<b>\$56,955.20</b>
<b>Accruals</b>		<b>\$426.61</b>
Interest Earnings	\$39.12	
Transfer from the 2013 PFA School Facilities Surplus Fund	\$387.49	
<b>Expenditures</b>		<b>(\$0.00)</b>
<b>Balance as of April 30, 2017</b>		<b>\$57,381.81</b>

**E. Pooled Special Tax Accounts**

Pursuant to Section 3.02 of the 2013 Indenture, after all expenses have been paid all Surplus Special Taxes are to be transferred to the Schools Facilities Surplus Account of the 2013 Public Authority Financing Authority. The table below presents a detailed listing of the Annual Special Taxes collected and expended by Schools Facilities Surplus Account of the Public Financing Authority from February 14, 2013 through April 30, 2017.

**Public Financing Authority 2013 School Facilities Surplus Account**

<b>Balance as of February 14, 2014</b>		<b>\$0.00</b>
<b>Previously Accrued</b>	<b>\$2,678,927.33</b>	
<b>Previously Expended</b>	<b>(\$2,678,927.33)</b>	
<b>Balance as of April 30, 2016</b>		<b>\$0.00</b>
<b>Accruals</b>		<b>\$371,690.54</b>
Transfer from CFD No. 2 IA No. 1 Special Tax Fund	\$18,809.05	
Transfer from CFD No. 11 Zone 1 Special Tax Fund	\$65,278.00	
Transfer from CFD No. 11 Zone 2 Special Tax Fund	\$60,160.17	
Transfer from CFD No. 11 Zone 3 Special Tax Fund	224,643.33	
Transfer from 2013 Revenue Fund	\$2,564.60	
Interest Earnings	\$235.39	
<b>Expenditures</b>		<b>(\$2,720.19)</b>
Transfer to CFD No. 2 IA No. 1 Custodial Account	(\$387.49)	
Transfer to CFD No. 11 Zone 1 Custodial Account	(\$1,681.93)	
Transfer to CFD No. 10 IA F Custodial Account	(\$285.98)	
Transfer to CFD No. 10 IA C Custodial Account	(\$209.21)	
Transfer to 2013 PFA Interest Account	(\$155.58)	
<b>Balance as of April 30, 2017</b>		<b>\$368,970.35</b>



#### IV. MINIMUM ANNUAL SPECIAL TAX REQUIREMENT

For Fiscal Year 2017/2018, the Minimum Annual Special Tax Requirement for IA No. 1 of CFD No. 2, as calculated pursuant to the RMA, can be found in the table below.

##### Minimum Annual Special Tax Requirement For Fiscal Year 2017/2018

<b>FY 2016/2017 Current and Projected Funds</b>		<b>\$99,925.98</b>
Balance of the Special Tax Fund (as of April 30, 2017)	\$56,747.70	
Projected Special Tax Receipts	\$43,178.28	
<b>FY 2016/2017 Remaining Obligations</b>		<b>\$99,925.98</b>
Interest Payment Due September 1, 2017	\$59,481.25	
Principal Payment Due September 1, 2017	\$25,000.00	
Transfer to Authority Surplus/Additional Administrative Expense Budget	\$15,444.73	
<b>FY 2016/2017 Surplus/(Draw on Reserve)</b>		<b>\$0.00</b>
<b>FY 2017/2018 Obligations</b>		<b>\$185,133.58</b>
Interest Payment Due March 1, 2018	\$59,106.25	
Interest Payment Due September 1, 2018	\$59,106.25	
Principal Payment Due September 1, 2018	\$30,000.00	
Administrative Expense Budget for Fiscal Year 2017/2018	\$22,081.62	
Anticipated Special Tax Delinquencies (0.50%)	\$926.55	
Transfer to Authority Surplus/Additional Administrative Expense Budget	\$13,912.91	
<b>Minimum Annual Special Tax Requirement</b>		<b>\$185,133.58</b>

## V. DEVELOPMENT SUMMARY

Each Fiscal Year, the School District calculates the Annual Special Taxes to be levied against Taxable Property within IA No. 1 of CFD No. 2. Taxable Property is classified based on the issuance of a Building Permit. Specifically, Developed Property means, for any Fiscal Year, all Assessor's Parcels in IA No. 1 of CFD No. 2 for which a Building Permit has been issued as of March 1 of the previous Fiscal Year, provided that the Assessor's Parcel was created prior to January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot. The table below summarizes the Special Tax classification within IA No. 1 of CFD No. 2 for the previous Fiscal Year and Fiscal Year 2017/2018.

**Special Tax Classification**

<b>Tax Class</b>	<b>Building Square Footage</b>	<b>Previous Fiscal Year</b>	<b>Fiscal Year 2017/2018</b>
1	< 2,600	23 Units	23 Units
2	2,600 – 3,000	38 Units	38 Units
3	> 3,000	47 Units	47 Units
<i>Developed Property</i>		108 Units	108 Units
<i>Undeveloped Property</i>		0.00 Acres	0.00 Acres
<b>Total</b>		<b>108 Units</b>	<b>108 Units</b>

## VI. FISCAL YEAR 2017/2018 LEVY SUMMARY

The Special Tax rates of IA No. 1 of CFD No. 2 needed to meet the Minimum Annual Special Tax Requirement for Fiscal Year 2017/2018 are shown in the table below. The Special Tax roll, which lists the actual Special Tax levied against each Assessor's Parcel, is included as Exhibit C. For a more detailed explanation of the methodology used to apportion the Minimum Annual Special Tax Requirement among Developed Property and Undeveloped Property, please see the RMA.

### Annual Special Tax Rates For Fiscal Year 2017/2018

Tax Class	Building Square Footage	Number of Units/Acres	Average Assigned Annual Special Tax Rate <sup>[1]</sup>	Total Annual Special Taxes
1	≤ 2,599	23 Units	\$1,547.28 per Unit	\$35,587.40
2	2,600 - 3,000	38 Units	\$1,675.01 per Unit	\$63,650.48
3	> 3,000	47 Units	\$1,827.57 per Unit	\$85,895.70
<i>Developed Property</i>		<i>108 Units</i>	<i>NA</i>	<i>\$185,133.58</i>
<i>Undeveloped Property</i>		<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
<b>Total</b>				<b>\$185,133.58</b>
<i>[1] The average Assigned Annual Special Tax rate is the average of all the Special Tax rates in each Special Tax Class, therefore they may not reflect the actual Assigned Annual Special Tax rate for each parcel in a given Special Tax Class.</i>				

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**EXHIBIT A**

**Rate and Method of Apportionment**

**EXHIBIT B**

**Summary of Transactions for Funds and Accounts**



**EXHIBIT C**

**Annual Special Tax Roll  
Fiscal Year 2017/2018**