



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

POWAY UNIFIED SCHOOL DISTRICT

ADMINISTRATION REPORT

FISCAL YEAR 2017/2018

COMMUNITY FACILITIES DISTRICT NO. 5

June 29, 2017

PREPARED FOR:

**Poway Unified
School District – Planning
Department**

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<u>SECTION</u>	<u>PAGE</u>
INTRODUCTION -----	1
I. FISCAL YEAR 2016/2017 LEVY SUMMARY -----	3
A. Special Tax Levy-----	3
B. Special Tax Delinquencies-----	3
II. FINANCIAL ACTIVITY -----	4
A. Sources of Funds-----	4
B. Uses of Funds-----	5
C. Fund and Account Balances-----	5
III. ANNUAL SPECIAL TAX REQUIREMENT -----	6
IV. DEVELOPMENT SUMMARY -----	7
V. FISCAL YEAR 2017/2018 LEVY SUMMARY -----	8
<u>EXHIBITS</u>	
EXHIBIT A: 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 Community Facilities District ("CFD") No. 5 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 CFD No. 5 for Fiscal Year 2016/2017 and (ii) the financial obligations of CFD No. 5 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 March 20, 2003, the 2003 Special Tax Bond ("2003 Bonds") were issued by CFD No. 5 in the amount of \$1,670,000. The 2003 Bonds were issued for the purpose of financing the Authorized Facilities of CFD No. 5, pursuant to the Resolution of Intention ("ROI") and are secured by and repaid from the annual levy of Special Taxes within CFD No. 5. On August 12, 2015, the 2015 Special Tax Refunding Bonds ("2015 Bonds") were issued by CFD No. 5 in the amount of \$1,125,000 (collectively, with the 2003 Bonds, "Bonds") for the purpose of refunding the outstanding 2003 Bonds.

Section II examines the financial activity within the various funds and accounts established pursuant to the Bond Indenture ("2003 Indenture") dated February 1, 2003 by and between CFD No. 5 and U.S. Bank National Association ("Previous Fiscal Agent") succeeded by Zions First National Bank, NA ("Fiscal Agent") and pursuant to the Bond Indenture dated August 1, 2015 ("2015 Indenture") (collectively, with the 2003 Indenture, the "Indentures") by and between CFD No. 3 and the 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 calculates the Annual Special Tax Requirement based on the financial obligations of CFD No. 5 for Fiscal Year 2017/2018.

SECTION IV

Section IV provides the development status of CFD No. 5.

SECTION V

Section V describes the methodology used to apportion the Annual Special Tax Requirement among the properties within CFD No. 5 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 CFD No. 5 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

Property Classification	Tax Class	Number of Units/Acres	Average Annual Special Tax Rate ^[1]	Total Annual Special Taxes
Developed - Not Fully Performed	1	0 Units	NA	\$0.00
Developed - Fully Performed	2	150 Units	\$1,057.19 per Unit	\$158,578.48
<i>Developed Property</i>		<i>150 Units</i>	<i>NA</i>	<i>\$158,578.48</i>
<i>Undeveloped Property</i>		<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
Total				\$158,578.48

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

B. Special Tax Delinquencies

Cooperative Strategies, LLC has received delinquency information for CFD No. 5 for Fiscal Year 2016/2017 from the County of San Diego ("County"). For Fiscal Year 2016/2017 (as of May 2, 2017), \$1,592.07 in Annual Special Taxes were delinquent yielding a delinquency rate of 1.00%.

II. FINANCIAL ACTIVITY

This section summarizes the activity within the various funds and accounts created by the Indentures. For a more detailed description of the various funds and accounts, please see Section 3.01 of the respective Indentures. 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 CFD No. 5 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

Sources	Amount
Bond Proceeds	\$0.00
Special Tax Receipts	\$97,623.19
Investment Earnings ^[1]	\$182.00
Miscellaneous Sources	\$0.00
Total	\$97,805.19
<i>[1] Data summarized in the table below.</i>	

Investment Earnings July 1, 2016 – April 30, 2017

Funds and Accounts	Amount
2015 Administrative Expense Fund	\$12.79
2015 Interest Account	\$0.00
2015 Principal Account	\$0.00
2015 Purchase Transfer Fund	\$0.00
2015 Redemption Fund	\$0.00
2015 School Facilities Fund	\$139.46
2015 Special Tax Fund	\$29.75
Total	\$182.00

B. Uses of Funds

Uses of funds for CFD No. 5 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**

Funds and Accounts	Amount
Interest Payments	\$45,075.00
Principal Payments	\$55,000.00
Acquisition/Construction Payments	\$0.00
Administrative Expenses	\$56,998.38
Miscellaneous Uses ^[1]	\$66,678.40
Total	\$223,751.78
<i>[1] \$66,678.40 was transferred to the CFD No. 5 Custodial Account.</i>	

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**

Funds and Accounts	Amount
2015 Administrative Expense Fund	\$14,323.54
2015 Interest Account	\$0.00
2015 Principal Account	\$0.00
2015 Purchase Transfer Fund ^[1]	\$0.00
2015 Redemption Fund	\$0.00
2015 School Facilities Fund	\$209,576.52
2015 Special Tax Fund	\$49,514.33
Total	\$273,414.39
<i>[1] Account closed as of October 2016.</i>	

III. ANNUAL SPECIAL TAX REQUIREMENT

For Fiscal Year 2017/2018, the Annual Special Tax Requirement for CFD No. 5, as calculated pursuant to the RMA, can be found in the table below.

Annual Special Tax Requirement For Fiscal Year 2017/2018

FY 2016/2017 Current and Projected Funds		\$108,877.55
Balance of the Special Tax Fund (as of April 30, 2017)	\$49,514.33	
Projected Special Tax Receipts	\$59,363.22	
FY 2016/2017 Remaining Obligations		\$108,877.55
Interest Payment Due September 1, 2017	\$22,262.50	
Principal Payment Due September 1, 2017	\$60,000.00	
Direct Construction/Additional Administrative Expenses	\$26,615.05	
FY 2016/2017 Surplus/(Draw on Reserve)		\$0.00
FY 2017/2018 Obligations		\$161,749.16
Interest Payment Due March 1, 2018	\$21,062.50	
Interest Payment Due September 1, 2018	\$21,062.50	
Principal Payment Due September 1, 2018	\$65,000.00	
Administrative Expense Budget for Fiscal Year 2017/2018	\$26,917.37	
Anticipated Special Tax Delinquencies (1.00%)	\$1,623.90	
Direct Construction/Additional Administrative Expenses	\$26,082.89	
Annual Special Tax Requirement		\$161,749.16

IV. DEVELOPMENT SUMMARY

Each Fiscal Year, the School District calculates the Annual Special Taxes to be levied against Taxable Property within CFD No. 5. 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 CFD No. 5 for which a Building Permit has been issued as of January 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 CFD No. 5 for the previous Fiscal Year and Fiscal Year 2017/2018.

Special Tax Classification

Property Classification	Tax Class	Previous Fiscal Year	Fiscal Year 2017/2018
Developed - Not Fully Performed	1	0 Units	0 Units
Developed - Fully Performed	2	150 Units	150 Units
<i>Developed Property</i>		<i>150 Units</i>	<i>150 Units</i>
<i>Undeveloped Property</i>		<i>0.00 Acres</i>	<i>0.00 Acres</i>
Total		150 Units	150 Units

V. FISCAL YEAR 2017/2018 LEVY SUMMARY

The Special Tax rates of CFD No. 5 needed to meet the 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 Annual Special Tax Requirement among Developed Property and Undeveloped Property, please see the RMA.

Annual Special Tax Rates For Fiscal Year 2017/2018

Property Classification	Tax Class	Number of Units/Acres	Average Annual Special Tax Rate ^[1]	Total Annual Special Taxes
Developed - Not Fully Performed	1	0 Units	NA	\$0.00
Developed - Fully Performed	2	150 Units	\$1,078.33 per Unit	\$161,749.16
<i>Developed Property</i>		<i>150 Units</i>	<i>NA</i>	<i>\$161,749.16</i>
<i>Undeveloped Property</i>		<i>0.00 Acres</i>	<i>\$0.00 per Acre</i>	<i>\$0.00</i>
Total				\$161,749.16
<i>[1] The Average Annual Special Tax Rate is the average of all the Special Tax Rates in each Tax Class, therefore they may not reflect the actual Assigned Annual Special Tax Rate for each parcel in a given 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**