



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

POWAY UNIFIED SCHOOL DISTRICT

ADMINISTRATION REPORT

FISCAL YEAR 2017/2018

COMMUNITY FACILITIES DISTRICT NO. 9

June 29, 2017

PREPARED FOR:

**Poway Unified
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INTRODUCTION

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Community Facilities District ("CFD") No. 9 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 Assigned Annual Special Tax levy for Fiscal Year 2017/2018. In calculating the Assigned Annual Special Tax levy for Fiscal Year 2017/2018, the Report describes (i) the remaining financial obligations of CFD No. 9 for Fiscal Year 2016/2017, and (ii) the financial obligations of CFD No. 9 for Fiscal Year 2017/2018.

The Report is organized into the following sections:

SECTION I

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

SECTION II

On June 20, 2007, the 2007 Special Tax Bonds ("2007 Bonds") were issued by CFD No. 9 in the amount of \$1,711,000. The 2007 Bonds were issued for the purpose of financing the Authorized Facilities of CFD No. 9, pursuant to the Resolution of Intention ("ROI"). On August 17, 2016, the 2016 Special Tax Refunding Bonds ("2016 Bonds") were issued by CFD No. 9 in the amount of \$1,270,000. The 2016 Bonds were issued for the purpose of refunding the 2007 Bonds and are secured by and repaid from the annual levy of Special Taxes within CFD No. 9.

Section II examines the financial activity within the various funds and accounts established pursuant to the Bond Indenture ("Indenture") dated April 1, 2007 by and between CFD No. 9 and Zions First National Bank, NA ("Fiscal Agent") and the 2016 Bond Indenture ("2016 Indenture" collectively, with the 2007 Indenture "Indentures") dated August 1, 2016 by and between CFD No. 9 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 Assigned Annual Special Tax requirement based on the financial obligations of CFD No. 9 for Fiscal Year 2017/2018.

SECTION IV

Section IV provides the development status of CFD No. 9.

SECTION V

Section V describes the methodology used to apportion the Assigned Annual Special Tax requirement among the properties within CFD No. 9 and lists the Assigned Annual Special Tax rates for Fiscal Year 2017/2018.

I. FISCAL YEAR 2016/2017 LEVY SUMMARY

A. Special Tax Levy

The aggregate Assigned Annual Special Tax levy of CFD No. 9 in Fiscal Year 2016/2017 as well as a summary of the levy can be found in the table below.

**Assigned Annual Special Tax Rates
For Fiscal Year 2016/2017**

Property Classification	Number of Units/Acres	Average Assigned Annual Special Tax Rate ^[1]	Total Assigned Annual Special Taxes
<i>Developed Property</i>	63 Units	\$2,606.58 per Unit	\$164,214.30
<i>Undeveloped Property</i>	0.00 Acres	\$0.00 per Acre	\$0.00
Total			\$164,214.30

[1] The Average Assigned 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. 9 for Fiscal Year 2016/2017 from the County of San Diego ("County"). For Fiscal Year 2016/2017 (as of May 2, 2017), \$9,130.45 in Assigned Annual Special Taxes were delinquent yielding a delinquency rate of 5.56%.

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 the respective 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 CFD No. 9 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	\$1,247,167.83
Special Tax Receipts	\$111,596.52
Investment Earnings ^[1]	\$124.51
Miscellaneous Sources	\$0.00
Total	\$1,358,888.86
<i>[1] Data summarized in the table on the following page.</i>	

Investment Earnings
July 1, 2016 – April 30, 2017

Funds and Accounts	Amount
2016 Bonds	
2016 Administrative Expense Fund	\$90.37
2016 Interest Account	\$0.00
2016 Principal Account	\$0.00
2016 Purchase Transfer	\$0.00
2016 Special Tax Fund	\$28.22
2007 Bonds	
Administrative Expense Fund	\$3.75
Bond Interest Account	\$0.00
Bond Principal Account	\$0.00
Special Tax Fund	\$2.17
Total	\$124.51

B. Uses of Funds

Uses of funds for CFD No. 9 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	\$16,451.94
Principal Payments	\$0.00
Acquisition/Construction Payments	\$0.00
Administrative Expenses	\$10,152.71
Transfer to the JAA CFD No. 9 Available Special Tax Fund	\$15,620.21
Miscellaneous Uses ^[1]	\$1,325,263.83
Total	\$1,367,488.69

[1] \$1,325,263.83 was transferred to the Escrow Fund of the 2016 PFA for the redemption of the 2007 Bonds.

C. Fund and Account Balances

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

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

Funds and Accounts	Amount
2016 Bonds	
2016 Administrative Expense Fund	\$188,366.18
2016 Interest Account	\$0.00
2016 Principal Account	\$0.00
2016 Purchase Transfer ^[1]	\$0.00
2016 Special Tax Fund	\$59,441.44
2007 Bonds ^[1]	
Administrative Expense Fund	\$0.00
Bond Interest Account	\$0.00
Bond Principal Account	\$0.00
Special Tax Fund	\$0.00
Total	\$247,807.62
<i>[1] Accounts closed as of October 2016.</i>	

III. ASSIGNED ANNUAL SPECIAL TAX REQUIREMENT

For Fiscal Year 2017/2018, the Assigned Annual Special Tax requirement for CFD No. 9, as calculated pursuant to the RMA, can be found in the table below.

Assigned Annual Special Tax Requirement For Fiscal Year 2017/2018

FY 2016/2017 Current and Projected Funds		\$102,928.77
Balance of the Special Tax Fund (as of April 30, 2017)	\$59,441.44	
Projected Special Tax Receipts	\$43,487.33	
FY 2016/2017 Remaining Obligations		\$102,928.77
Interest Payment Due September 1, 2017	\$15,367.00	
Principal Payment Due September 1, 2017	\$84,000.00	
Transfer to the JAA CFD No. 9 Available Special Tax Fund	\$3,561.77	
FY 2016/2017 Surplus/(Draw on Reserve)		\$0.00
FY 2017/2018 Obligations		\$167,499.02
Interest Payment Due March 1, 2018	\$14,350.60	
Interest Payment Due September 1, 2018	\$14,350.60	
Principal Payment Due September 1, 2018	\$90,000.00	
Administrative Expense Budget for Fiscal Year 2017/2018	\$36,420.27	
Anticipated Special Tax Delinquencies (5.56%)	\$9,313.08	
Transfer to the JAA CFD No. 9 Available Special Tax Fund	\$3,064.46	
Assigned Annual Special Tax Requirement		\$167,499.02

The Poway Unified School District Financing Authority ("2014 PFA") issued the 2014 Special Tax Revenue Bonds ("2014 Bonds") in the amount of \$40,000,000 on February 27, 2014. The Bonds are secured and repaid from Installment Payments due annually pursuant to the Joint Acquisition Agreement ("JAA") by and between the School District, Zions First National Bank, N.A., and ten (10) of the CFDs formed by the School District ("Participating CFDs"). The Participating CFDs include CFD Nos. 2, 4, 6, 9, 10, 12, 13, 14, 15 and Improvement Area B of CFD No. 8. Though the Special Taxes of each Participating CFD are available to pay Installment Payment it is expected that the Special Taxes of CFD No. 15 will be used as the sole source for the payment of the Installments Payments once sufficient development has occurred. The 2014 Bonds were issued for the purpose of financing Authorized Facilities of CFD No. 15, pursuant to the Resolution of Intention ("ROI"). For more information regarding the 2014 Special Tax

Revenue Bonds please refer to the Administration Report for the 2014 PFA.

As of April 30, 2017, no Special Taxes of CFD No. 9 have been utilized for Installment Payments or other authorized uses of the 2014 PFA. For more information regarding the CFD No. 9 accounts established under the JAA, please see the Administration Report for the 2014 Public Financing Authority.

IV. DEVELOPMENT SUMMARY

Each Fiscal Year, the School District calculates the Assigned Annual Special Taxes to be levied against Taxable Property within CFD No. 9. 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. 9 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. 9 for the previous Fiscal Year and Fiscal Year 2017/2018.

Special Tax Classification

Property Classification	Previous Fiscal Year	Fiscal Year 2017/2018
Developed Property	63 Units	63 Units
Undeveloped Property	0.00 Acres	0.00 Acres
Total	63 Units	63 Units

V. FISCAL YEAR 2017/2018 LEVY SUMMARY

The Special Tax rates of CFD No. 9 needed to meet the Assigned 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 Assigned Annual Special Tax requirement among Developed Property and Undeveloped Property, please see the RMA.

Assigned Annual Special Tax Rates For Fiscal Year 2017/2018

Property Classification	Number of Units/Acres	Average Assigned Annual Special Tax Rate ^[1]	Total Assigned Annual Special Taxes
<i>Developed Property</i>	63 Units	\$2,658.71 per Unit	\$167,499.02
<i>Undeveloped Property</i>	0.00 Acres	\$0.00 per Acre	\$0.00
Total			\$167,499.02

[1] The Average Assigned 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.

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EXHIBIT A

Rate and Method of Apportionment

EXHIBIT B

Summary of Transactions for Funds and Accounts

EXHIBIT C

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