



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

POWAY UNIFIED SCHOOL DISTRICT

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2017

PUBLIC FINANCING AUTHORITY

SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2015A

BASE CUSIP: 73885Q

JANUARY 31, 2018

PREPARED FOR:

**Poway Unified School
District – Planning
Department**

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Poway Unified School District
Public Financing Authority
Special Tax Revenue Refunding Bonds, Series 2015A

<u>Maturity Date (September 1)</u>	<u>CUSIP*</u>
2015	73885QFH7
2016	73885QFJ3
2017	73885QFK0
2018	73885QFL8
2019	73885QFM6
2020	73885QFN4
2021	73885QFP9
2022	73885QFQ7
2023	73885QFR5
2024	73885QFS3
2025	73885QFT1
2026	73885QFU8
2027	73885QFV6
2027	73885QFW4
2028	73885QFX2
2029	73885QFY0
2030	73885QFZ7
2031	73885QGA1
2031	73885QGB9
2032	73885QGC7
2033	73885QGD5
2034	73885QGE3
2035	73885QGF0
2036	73885QGH6

* CUSIP is a registered trademark of the American Bankers Association.

List of Participants

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T.O.C.

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I. ISSUER'S STATEMENT

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreement ("Disclosure Agreement") executed in connection with the issuance of the Special Tax Revenue Refunding Bonds, Series 2015A ("Bonds"), by the Poway Unified School District ("School District") Public Financing Authority ("Authority").

The Authority has agreed under the Disclosure Agreement and pursuant to Rule 15c2-12 of the Securities and Exchange Commission to provide certain annual financial information, operating data, and notices of certain listed events via the Electronic Municipal Market Access ("EMMA") system, a service of the Municipal Securities Rulemaking Board. This Report has been prepared by Cooperative Strategies at the direction of the Authority, for the benefit of the owners of the Bonds and the Participating Underwriter.

Any information contained herein which involves estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the School District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Report nor any sale made hereunder shall, under any circumstances, create any implication that there have been no change in the affairs of the School District or Authority since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Disclosure Agreement.

For a detailed listing of information provided in this Report, please contact Cooperative Strategies at taxinfo@coopstrategies.com. Information requested, in accordance with the Disclosure Agreement, will be uploaded to the Electronic Municipal Market Access website. Please visit <https://emma.msrb.org> for any updates.

Poway Unified School District

II. FINANCIAL INFORMATION

Audited financial statements of the Community Facilities Districts ("CFDs") are not prepared, however, the School District's annual audited financial statements for Fiscal Year 2016/2017 are available online at <http://emma.msrb.org/> and are hereby incorporated by reference.

The School District's annual financial statements are provided solely to comply with the Securities Exchange Commission staff's interpretation of Rule 15c2-12. No funds or assets of the Authority or the School District are required to be used to pay debt service on the Bonds, and neither Authority nor the School District is obligated to advance available funds to cover any delinquencies. Investors should not rely on the financial condition of the Authority or the School District in evaluating whether to buy, hold, or sell the Bonds.

III. BOND INFORMATION

Special Tax Revenue Refunding Bonds, Series 2015A. The Bonds were issued in the amount of \$89,405,000 on April 22, 2015. The Bonds were issued (i) to purchase two separate series of CFD Bonds for CFD No. 14 and Improvement Area ("IA") A of CFD No. 14 ("CFD Bonds") as listed in Exhibit A, (ii) to fund a reserve fund for the Bonds in the amount equal to the Reserve Requirement, and (iii) to pay costs of issuance of the Bonds and the CFD Bonds. Proceeds of the CFD Bonds will be used together with available funds to refund the outstanding Poway Unified School District CFD No. 14 2006 Special Tax Bonds and Poway Unified School District CFD No. 14 Improvement Area ("IA") A 2006 Special Tax Bonds ("Prior Bonds").

The Bonds are limited obligations of the Authority and are payable solely from revenues received through the collection of interest and principal on the CFD Bonds. The Bonds are not a debt of the School District, the State of California, or any of its political subdivisions.

The items below summarize information required by the Disclosure Agreement.

A. Principal Amount of Bonds Outstanding

Exhibit B includes the debt service schedule for the Bonds. The outstanding principal amount of the Bonds as of January 1, 2018 is \$84,350,000. The outstanding principal amount of the CFD Bonds is listed in the table below.

Principal Amount of Bonds Outstanding

CFD No.	Principal Amount Outstanding
CFD No. 14	\$42,105,000.00
IA A of CFD No. 14	\$42,245,000.00
Total	\$84,350,000.00

B. Fund and Account Balances

For more information regarding the funds and account balances of the Special Tax Bonds please refer to Exhibit C.

C. Reserve Requirement

As of January 1, 2018 the Reserve Requirement of the Bonds was \$8,457,750.00; therefore, based on the balance of \$8,471,978.83 in the Reserve Fund, the Reserve Requirement was satisfied as of this date.

D. Status of Projects

Special Tax Revenue Refunding Bonds, Series 2015A. There were no construction proceeds generated from the issuance of the Bonds. Proceeds generated from the issuance of the Bonds were used to purchase the CFD Bonds which were used to fully redeem the previous 2006 Special Tax Bonds of CFD No. 14 and the 2006 Special Tax Bonds of IA A of CFD No. 14 issued on June 22, 2006 in the amounts of \$51,515,000 and \$51,495,000, respectively.

E. Bond Authorization

The information required under Section 4 (b) (x) of the Disclosure Agreement is listed in the table below.

**CFD No. 14
Bond Authorization and Use of Bond Proceeds**

Bond Issuance	Issuance Date	Use of Proceeds	Amount
Original Bond Authorization			\$75,000,000.00
CFD No. 14, 2006 Special Tax Bonds	June 22, 2006	Finance the acquisition and construction of elementary school seats at Del Sur Elementary School.	\$51,515,000.00
Special Tax Refunding Bonds, Series 2015	April 22, 2015	Refund the outstanding Series 2006 Special Tax Bonds of CFD No. 14	\$0.00
Remaining Bond Authorization			\$23,485,000.00

**IA A of CFD No. 14
Bond Authorization and Use of Bond Proceeds**

Bond Issuance	Issuance Date	Use of Proceeds	Amount
Original Bond Authorization			\$75,000,000.00
IA A of CFD No. 14, 2006 Special Tax Bonds	June 22, 2006	Finance the acquisition and construction of certain Infrastructure Improvements, including (i) transportation improvements, (ii) park improvements, (iii) fire station improvements, (iv) library improvements, (v) water/sewer improvements, (vi) City of San Diego ("City") and California Transportation Department ("CalTrans") Improvements, including road improvements to Camino Del Sur, Carmel Valley Road, El Camino Real, and Camino del Norte and improvements included in the City's Non-Facilities Benefit Assessment ("FBA") program.	\$51,495,000.00
IA A Special Tax Refunding Bonds, Series 2015	April 22, 2015	Refund the outstanding Series 2006 Special Tax Bonds of IA A of CFD No. 14	\$0.00
Remaining Bond Authorization			\$23,505,000.00

IV. SPECIAL TAXES

Each CFD has covenanted to annually levy the respective Special Tax in accordance with the applicable Rate and Method of Apportionment ("RMA") so long as the Special Tax Bonds are outstanding. The items below summarize information required by the Disclosure Agreement.

A. Changes to the Rate and Method of Apportionment

There has been no change to the RMAs since the date of the Official Statement. A copy of each RMA has been included as Exhibit D.

B. Prepayments

There has been no prepayment of the Special Tax in Fiscal Year 2016/2017.

C. Special Tax Budget

A summary of the Fiscal Year 2017/2018 Special Tax budget for CFD No. 14 and IA A of CFD No. 14 is outlined in Exhibit E.

D. Debt Service Coverage

At the time the Bonds were sold, the Authority represented that the Debt Service of the CFD Bonds would yield 100.00% coverage of the annual debt service on the Bonds. CFD No. 14 represented that, the amount of Net Taxes that may be levied on the parcels for which a building permit has been issued, if levied in accordance with the RMA, would annually yield revenue in an amount not less than 1.10 times the annual debt service on the CFD Bonds.

In Fiscal Year 2017/2018 the amount of debt service on the CFD Bonds yields 100.00% of the of the annual debt service on the Bonds. An Annual Debt Service Coverage Summary Table for the Bonds and the CFD Bonds has been included as Exhibit F.

E. Special Tax Levy

A summary of the Fiscal Year 2016/2017 Special Tax levy, collections, and delinquencies as well as the Fiscal Year 2017/2018 Special Tax levy for CFD No. 14 and IA A of CFD No. 14 is listed in Exhibit G.

F. Major Taxpayers

"Major Taxpayers" are those property owners responsible for more than five percent (5.00%) of the Special Tax levy. There are no property owners responsible for more than five percent (5.00%) of the Special Taxes levied in Fiscal Year 2017/2018.

G. Special Tax Delinquencies

The Special Tax delinquencies for Fiscal Year 2016/2017 and prior Fiscal Years within CFD No. 14 and CFD No. 14 IA A are shown in Exhibit H.

There is no delinquent taxpayer within CFD No. 14 or IA A of CFD No. 14 obligated for more than five percent (5.00%) of the annual Special Tax Levy for Fiscal Year 2016/2017.

H. Special Tax Foreclosures

CFD No. 14 and IA A of CFD No. 14 have covenanted that it will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in the event any individual parcel has delinquent Special Taxes in excess of 4 or more semi annual installments by the August 30th following the close of each Fiscal Year in which such Special Taxes were due and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the August 30th following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied.

After reviewing the level of delinquencies within CFD No. 14 and IA A of CFD No. 14, as of June 1, 2017, the School District determined that it was required to initiate foreclosure proceedings on one (1) parcel within CFD No. 14 and IA A of CFD No. 14. Exhibit I contains a detailed listing of the Assessor's Parcel Numbers and their respective foreclosure status for prior Fiscal Years as of the date of this Report.

I. Teeter Plan

The County of San Diego ("County") and CFD No. 14 and IA A of CFD No. 14 do not participate in an alternative method for the distribution of secured property taxes, known as the "Teeter Plan", wherein a CFD receives the total annual Special Tax levy, including delinquent Special Taxes which have yet to be collected.

V. ASSESSED VALUES AND LAND SECURED BONDED INDEBTEDNESS

The assessed values and direct and overlapping land secured bonded indebtedness on individual parcels vary among parcels within CFD No. 14 and IA A of CFD No. 14. The value of and debt burden on individual parcels is significant because in the event of a delinquency in the payment of Special Taxes CFD No. 14 and IA A of CFD No. 14 may foreclose only against delinquent parcels. The items below summarize information required by the Disclosure Agreement.

A. Assessed Value Summary

A summary of the assessed value of the property within CFD No. 14 and IA A of CFD No. 14, distinguishing between the assessed value of improved parcels and unimproved parcels, is included in Exhibit J.

B. Overlapping Debt Report

Certain overlapping local agencies provide public services and assess property taxes, assessments, special taxes and other charges on the property within CFD No. 14 and IA A of CFD No. 14. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the property in CFD No. 14 and IA A of CFD No. 14 as of the date of this Report is outlined in Exhibit K. Exhibit K was prepared by National Tax Data, Inc., and has not been reviewed for completeness or accuracy by the School District or Cooperative Strategies. Additional indebtedness could be authorized by the School District or other public agencies at any time.

C. Assessed Values and Value-to-Lien Ratios

The assessed values and value-to-lien ratios for all parcels within CFD No. 14 and IA A of CFD No. 14 are shown in Exhibit L.

VI. REPORTS AND ADDITIONAL INFORMATION

In addition to the operational data included herein, the Disclosure Agreement require the Authority to incorporate within this Report various other reports and information, summarized below, regarding the Bonds.

A. Report to the California Debt and Investment Advisory Commission

A copy of the reports prepared and filed with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act for Fiscal Year 2016/2017 is included as Exhibit M.

B. Listed Events

Pursuant to the Disclosure Agreement, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities; if material;

- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

None of these events occurred in Fiscal Year 2016/2017.

C. Additional Information

In addition to any of the information expressly required to be provided by the Disclosure Agreement, the Authority shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

After careful review it has been determined that there is no such information for Fiscal Year 2016/2017.

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EXHIBIT A

Special Tax Bonds

EXHIBIT B

Debt Service Schedules

EXHIBIT C

Fund and Account Balances

EXHIBIT D

Rates and Methods of Apportionment

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Special Tax Budget

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Special Tax Levy Summary Tables

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Historical Special Tax Delinquency Summary Tables

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Assessed Value Summary Tables

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Detailed Direct and Overlapping Debt Reports

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Assessed Value-to-Lien Ratio Summary Tables

EXHIBIT M

Reports to the California Debt and Investment Advisory Commission