



► **ADMINISTRATION REPORT
FISCAL YEAR 2022/2023
IMPROVEMENT AREA NO. 2 OF
COMMUNITY FACILITIES DISTRICT NO. 2003-1**

VAL VERDE UNIFIED SCHOOL DISTRICT

JULY 1, 2022

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ASSESS • PLAN • FUND • BUILD

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EXHIBITS

EXHIBIT A:

Modified Rate and Method of Apportionment

EXHIBIT B:

Summary of Transactions for Funds and Accounts

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Annual Special Tax Roll for Fiscal Year 2022/2023

INTRODUCTION

This Administration Report ("Report") provides an analysis of the financial and administrative obligations of Improvement Area ("IA") No. 2 of Community Facilities District ("CFD") No. 2003-1 of the Val Verde Unified School District ("School District"), pursuant to the Modified Rate and Method of Apportionment ("RMA") attached as Exhibit A, for the purpose of calculating the Special Tax levy for Fiscal Year 2022/2023. In calculating the Special Tax levy for Fiscal Year 2022/2023, the Report describes (i) the remaining financial obligations of IA No. 2 of CFD No. 2003-1 for Fiscal Year 2021/2022 and (ii) the financial obligations of IA No. 2 of CFD No. 2003-1 for Fiscal Year 2022/2023.

The Report is organized into the following sections:

SECTION I

Section I provides a description of the Special Tax levy for Fiscal Year 2021/2022 including any delinquent Special Taxes.

SECTION II

On February 26, 2015 the 2015 Special Tax Refunding Bonds ("2015 Bonds") were issued by IA No. 2 of CFD No. 2003-1 in the amount of \$2,420,000. The 2015 Bonds were issued for the purpose of refunding the 2005 Special Tax Bonds of IA No. 2 of CFD No. 2003-1 ("2005 Bonds") (collectively, with the 2015 Bonds, "Bonds") and financing Authorized Facilities of IA No. 2 of CFD No. 2003-1, pursuant to the Resolution of Intention ("ROI") and are secured by and repaid from the annual levy of Special Taxes within IA No. 2 of CFD No. 2003-1.

Section II examines the financial activity within the various funds and accounts established pursuant to the Fiscal Agent Agreement ("2005 FAA") dated April 1, 2005 by and between IA No. 2 of CFD No. 2003-1 and US Bank, NA ("Previous Fiscal Agent") and the Fiscal Agent Agreement ("2015 FAA", collectively, with the 2005 FAA, "FAAs") dated February 1, 2015 by and between IA No. 2 of CFD No. 2003-1 and Zions Bancorporation, NA ("Fiscal Agent") from July 1, 2021 to June 30, 2022. 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. 2 of CFD No. 2003-1 through June 30, 2022, as directed by Senate Bill 165 ("SB 165").

SECTION IV

Section IV calculates the Special Tax Requirement based on the financial obligations of IA No. 2 of CFD No. 2003-1 for Fiscal Year 2022/2023.

SECTION V

Section V provides the development status of IA No. 2 of CFD No. 2003-1.

SECTION VI

Section VI describes the methodology used to apportion the Special Tax Requirement among the properties within IA No. 2 of CFD No. 2003-1 and lists the Special Tax rates for Fiscal Year 2022/2023.

FISCAL YEAR 2021/2022 LEVY SUMMARY

A. SPECIAL TAX LEVY

The aggregate Special Tax levy of IA No. 2 of CFD No. 2003-1 in Fiscal Year 2021/2022 as well as a summary of the levy can be found in the table below.

SPECIAL TAX LEVY FOR FISCAL YEAR 2021/2022

| Tax Class | Building Square Footage | Number of Units/Acres | Assigned Special Tax Rate | Applied Special Tax Rate | Percent of Assigned | Total Applied Special Taxes |
|-----------------------------|--------------------------------|------------------------------|----------------------------------|---------------------------------|----------------------------|------------------------------------|
| 1 | < 2,001 | 29 Units | \$1,556.00 per Unit | \$1,314.60 per Unit | 84.49% | \$38,123.40 |
| 2 | 2,001 – 2,500 | 53 Units | \$1,666.00 per Unit | \$1,407.54 per Unit | 84.49% | \$74,599.62 |
| 3 | > 2,500 | 65 Units | \$1,775.00 per Unit | \$1,499.62 per Unit | 84.49% | \$97,475.30 |
| <i>Developed Property</i> | | <i>147 Units</i> | <i>NA</i> | <i>NA</i> | <i>NA</i> | <i>\$210,198.32</i> |
| <i>Undeveloped Property</i> | | <i>0.00 Acres</i> | <i>\$12,427.00 per Acre</i> | <i>\$0.00 per Acre</i> | <i>0.00%</i> | <i>\$0.00</i> |
| <i>Non-Residential</i> | | <i>0.00 Acres</i> | <i>\$12,427.00 per Acre</i> | <i>\$0.00 per Acre</i> | <i>0.00%</i> | <i>\$0.00</i> |
| Total | | | | | NA | \$210,198.32 |

B. SPECIAL TAX DELINQUENCIES

Cooperative Strategies, LLC has received delinquency information for IA No. 2 of CFD No. 2003-1 for Fiscal Year 2021/2022 from the County of Riverside ("County"). For the second installment of Fiscal Year 2021/2022 (as of May 5, 2022), \$1,499.62 in Annual Special Taxes were delinquent, yielding a delinquency rate of 0.71%.

FINANCIAL ACTIVITY

This section summarizes the activity within the various funds and accounts created by the 2015 FAA. For a more detailed description of the various funds and accounts, please see Article 3 of the 2015 FAA. 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. 2 of CFD No. 2003-1 for the period of July 1, 2021 to June 30, 2022 are summarized in the table below.

SOURCES OF FUNDS JULY 1, 2021 – JUNE 30, 2022

| Sources | Amount |
|------------------------------------|---------------------|
| Bond Proceeds | \$0.00 |
| Special Tax Receipts | \$211,468.32 |
| Investment Earnings ^[1] | \$97.19 |
| Miscellaneous ^[2] | \$27.82 |
| Total | \$211,593.33 |

[1] Data summarized in the table below.

[2] Please reference Exhibit B for details regarding Miscellaneous Sources of funds.

INVESTMENT EARNINGS JULY 1, 2021 – JUNE 30, 2022

| Funds and Accounts | Amount |
|----------------------------------|----------------|
| 2015 Acquisition Fund | \$0.00 |
| 2015 Administrative Expense Fund | \$6.79 |
| 2015 Interest Account | \$1.13 |
| 2015 Principal Account | \$10.89 |
| 2015 School Facilities | \$48.24 |
| 2015 Special Tax Fund | \$30.14 |
| Total | \$97.19 |

B. USES OF FUNDS

Uses of funds for IA No. 2 of CFD No. 2003-1 for the period of July 1, 2021 to June 30, 2022 are summarized in the table below.

**USES OF FUNDS
JULY 1, 2021 – JUNE 30, 2022**

| Uses | Amount |
|-----------------------------------|---------------------|
| Interest Payments | \$0.00 |
| Principal Payments | \$0.00 |
| Acquisition/Construction Payments | \$0.00 |
| Administrative Expenses | \$14,935.60 |
| Miscellaneous ^[1] | \$168,393.76 |
| Total | \$183,329.36 |

[1] Please reference Exhibit B for details regarding Miscellaneous Uses of funds.

C. FUND AND ACCOUNT BALANCES

The balances as of June 30, 2022 in the funds and accounts established pursuant to the 2015 FAA are shown in the table below.

**FUND AND ACCOUNT BALANCES
AS OF JUNE 30, 2022**

| Funds and Accounts | Amount |
|----------------------------------|---------------------|
| 2015 Acquisition Fund | \$5.65 |
| 2015 Administrative Expense Fund | \$18,486.83 |
| 2015 Interest Account | \$27.82 |
| 2015 Principal Account | \$32,231.72 |
| 2015 School Facilities | \$158,745.56 |
| 2015 Special Tax Fund | \$166,148.39 |
| Total | \$375,645.97 |

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. 2 of CFD No. 2003-1. 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. 2 of CFD No. 2003-1.

A. AUTHORIZED FACILITIES

Pursuant to the Mello-Roos Community Facilities Act of 1982, as Amended ("Act"), IA No. 2 of CFD No. 2003-1 can only be used to fund the "Authorized Facilities" as outlined at the time of formation. The following is an excerpt taken from the ROI to establish IA No. 2 of CFD No. 2003-1 which describes the Authorized Facilities.

The facilities described below are proposed to be financed by Val Verde Unified School District Community Facilities District No. 2003-1 (Meritage Homes) ("the CFD"). No change in the types of facilities has been proposed from the formation of the CFD. The facilities shall include the attributable costs of engineering, design, planning and coordination, together with the expense related to the issuance and sale of any special tax bonds, including underwriter's discount, appraisal fee, amounts to be maintained in the reserve fund, amounts necessary to pay capitalized interest, bond counsel fees, financial advisor fees, special tax consultant fees, bond and official statement printing costs and all other expenses incidental thereto. The facilities will be constructed pursuant to plans and specifications approved by the Agency and the officials thereof.

Facilities

The facilities include real or other tangible property described below, to serve the area located within the CFD, including all furnishings, equipment and appurtenances related thereto (collective including facilities, the "Facilities"), which Facilities have a useful life of five years or longer and which the Board of Education is authorized, pursuant to an agreement meeting the requirements of Section 53316.2 of the Act or otherwise to contribute revenue to or construct, own or finance, and which are required to adequately meet the needs of the CFD.

A general description of the Facilities is as follows:

Improvement Area No. 2

- 1. School site acquisition, improvements to superpad condition and installation of school facilities including related improvements and appurtenances, or mitigation fees represent such facilities.
- 2. Sewer treatment capacity facilities to be owned, operated and maintained by the Eastern Municipal Water District, to provide service to the Improvement Area, including related engineering and design, improvements and appurtenances.

B. BOND PROCEEDS

In accordance with the 2005 FAA by and between IA No. 2 of CFD No. 2003-1 and the Previous Fiscal Agent dated April 1, 2005, the proceeds of the 2005 Bonds were deposited into the funds and accounts shown in the table below.

INITIAL DEPOSIT OF 2005 BOND PROCEEDS

| Funds and Accounts | Initial Deposit |
|---|------------------------|
| Reserve Fund | \$186,180.00 |
| Capitalized Interest Account ^[1] | \$158,482.00 |
| Cost of Issuance Account ^[2] | \$303,655.00 |
| Administrative Expense Fund | \$15,000.00 |
| School Facilities | \$1,115,278.00 |
| Non-School Facilities | \$972,405.00 |
| Total | \$2,751,000.00 |

*[1] This represents Capitalized Interest on the Bonds through June 1, 2006.
 [2] This amount includes the Underwriter's discount of \$79,779.00 and the Original Issue Premium of \$33,216.00. However, the actual amount deposited in the Costs of Issuance Fund was \$190,660.00.*

In accordance with the 2015 FAA by and between IA No. 2 of CFD No. 2003-1 and the Fiscal Agent dated February 1, 2015, the proceeds of the 2015 Bonds were deposited into the funds and accounts shown in the table on the following page.

INITIAL DEPOSIT OF 2015 BOND PROCEEDS

| Funds and SubAccounts | Initial Deposit |
|--|------------------------|
| Escrow Fund | \$2,405,032.50 |
| Share of Reserve Fund | \$200,547.49 |
| Share of Cost of Issuance ^[1] | \$66,595.26 |
| Acquisition Fund | \$158,387.75 |
| Total ^[2] | \$2,830,563.00 |

[1] This amount includes the Underwriter's Discount of \$33,880.00. The actual amount deposited in the Cost of Issuance Account was \$32,715.26.00.

[2] This amount includes the Original Issue Premium of \$164,315.50 and the available funds from the 2005 Bonds of \$246,247.50. The actual par amount of the 2015 Bonds was \$2,420,000.00.

C. CONSTRUCTION/ACQUISITION ACCOUNTS

The table below shows the accruals and expenditures in the construction/acquisition accounts of IA No. 2 of CFD No. 2003-1 from the initial deposit of proceeds through June 30, 2022 for the construction of Facilities.

2015 ACQUISITION FUND

| | | |
|--|-----------------------|---------------------|
| Initial Deposit from 2015 Bond Proceeds | | \$158,387.75 |
| Accruals | \$17.28 | |
| Expenditures | (\$158,399.38) | |
| Balance as of June 1, 2021 | | \$5.65 |
| Accruals | | \$0.00 |
| Expenditures | | (\$0.00) |
| Balance as of June 30, 2022 | | \$5.65 |

All other Construction Accounts/Funds created pursuant to the FAAs have been closed and all funds have been expended. For an accounting of accruals and expenditures within these accounts refer to the Administration Reports for IA No. 2 of CFD No. 2003-1 for prior Fiscal Years.

D. SPECIAL TAX FUND

Each Fiscal Year, IA No. 2 of CFD No. 2003-1 will levy, collect, and expend Special Taxes in an amount necessary to pay interest and principal to bondholders, cover Administrative Expenses, and fund facilities necessary to serve students generated from residential units constructed within the boundaries of IA No. 2 of CFD No. 2003-1. The table below presents a detailed listing of the Special Taxes collected and expended by IA No. 2 of CFD No. 2003-1 through June 30, 2022.

2015 SPECIAL TAX FUND

| | | |
|---|-------------------------|-----------------------|
| Balance as of February 1, 2015 | | \$0.00 |
| Previously Accrued | \$1,421,267.88 | |
| Previously Expended | (\$1,234,262.46) | |
| Balance as of June 1, 2021 | | \$187,005.42 |
| Accruals | | \$211,499.36 |
| Special Tax Receipts | \$211,468.32 | |
| Investment Earnings | \$31.04 | |
| Expenditures | | (\$232,356.39) |
| Transfer to 2015 School Facilities Fund | (\$114,371.38) | |
| Transfer to 2015 Interest Account | (\$43,542.09) | |
| Transfer to 2015 Principal Account | (\$74,442.92) | |
| Balance as of June 30, 2022 | | \$166,148.39 |

Special Taxes collected in excess of annual debt service obligations are transferred to the 2015 School Facilities Account to be used by the School District for the construction of Authorized Facilities. The table below shows the accruals and expenditures within the 2015 School Facilities Account through June 30, 2022.

2015 SCHOOL FACILITIES SURPLUS FUND

| | | |
|---------------------------------------|--------------------|---------------------|
| Balance as of February 1, 2015 | | \$0.00 |
| Previously Accrued | \$44,325.56 | |
| Previously Expended | (\$0.00) | |
| Balance as of June 1, 2021 | | \$44,325.56 |
| Accruals | | \$114,420.00 |
| Transfer from 2015 Special Tax Fund | \$114,371.38 | |
| Investment Earnings | \$48.62 | |
| Expenditures | | (\$0.00) |
| Balance as of June 30, 2022 | | \$158,745.56 |

All other School Facilities surplus accounts/funds created pursuant to the FAAs have been closed and all funds have been expended. For an accounting of accruals and expenditures within these accounts refer to the Administration Reports for IA No. 2 of CFD No. 2003-1 for prior Fiscal Years.

SPECIAL TAX REQUIREMENT

For Fiscal Year 2022/2023, the Special Tax Requirement for IA No. 2 of CFD No. 2003-1, as calculated pursuant to the RMA, can be found in the table below.

SPECIAL TAX REQUIREMENT FOR FISCAL YEAR 2022/2023

| | | |
|--|--------------|---------------------|
| FY 2021/2022 Current Funds | | \$198,380.11 |
| Balance of the Special Tax Fund (as of June 30, 2022) | \$166,148.39 | |
| Balance of the Principal Account (as of June 30, 2022) | \$32,231.72 | |
| FY 2021/2022 Remaining Obligations | | \$198,380.11 |
| Interest Payment Due September 1, 2022 | \$43,396.88 | |
| Principal Payment Due September 1, 2022 | \$85,000.00 | |
| Special Tax Delinquencies/Direct Construction of Authorized Facilities | \$69,983.23 | |
| FY 2021/2022 Surplus/(Draw on Reserve) | | \$0.00 |
| FY 2022/2023 Obligations | | \$210,198.32 |
| Interest Payment Due March 1, 2023 | \$41,696.88 | |
| Interest Payment Due September 1, 2023 | \$41,696.88 | |
| Principal Payment Due September 1, 2023 | \$85,000.00 | |
| Administrative Expense Budget for Fiscal Year 2022/2023 | \$20,000.00 | |
| Special Tax Delinquencies/Direct Construction of Authorized Facilities | \$21,804.56 | |
| Special Tax Requirement | | \$210,198.32 |

DEVELOPMENT SUMMARY

As of Fiscal Year 2005/2006 all Assessor's Parcels within IA No. 2 of CFD No. 2003-1 have been classified as Developed Property; therefore, IA No. 2 of CFD No. 2003-1 is built-out.

FISCAL YEAR 2022/2023 LEVY SUMMARY

The Special Tax rates of IA No. 2 of CFD No. 2003-1 needed to meet the Special Tax Requirement for Fiscal Year 2022/2023 are shown in the table below. The Special Tax roll, which lists the actual proportional 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 Special Tax Requirement among Developed Property and Undeveloped Property, please see the RMA.

SPECIAL TAX LEVY FOR FISCAL YEAR 2022/2023

| Tax Class | Building Square Footage | Number of Units/Acres | Assigned Special Tax Rate | Applied Special Tax Rate | Percent of Assigned | Total Applied Special Taxes |
|-----------------------------|-------------------------|-----------------------|-----------------------------|--------------------------|---------------------|-----------------------------|
| 1 | < 2,001 | 29 Units | \$1,556.00 per Unit | \$1,314.60 per Unit | 84.49% | \$38,123.40 |
| 2 | 2,001 – 2,500 | 53 Units | \$1,666.00 per Unit | \$1,407.54 per Unit | 84.49% | \$74,599.62 |
| 3 | > 2,500 | 65 Units | \$1,775.00 per Unit | \$1,499.62 per Unit | 84.49% | \$97,475.30 |
| <i>Developed Property</i> | | <i>147 Units</i> | <i>NA</i> | <i>NA</i> | <i>NA</i> | <i>\$210,198.32</i> |
| <i>Undeveloped Property</i> | | <i>0.00 Acres</i> | <i>\$12,427.00 per Acre</i> | <i>\$0.00 per Acre</i> | <i>0.00%</i> | <i>\$0.00</i> |
| <i>Non-Residential</i> | | <i>0.00 Acres</i> | <i>\$12,427.00 per Acre</i> | <i>\$0.00 per Acre</i> | <i>0.00%</i> | <i>\$0.00</i> |
| Total | | | | | NA | \$210,198.32 |

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EXHIBIT A

MODIFIED RATE AND METHOD OF APPORTIONMENT

EXHIBIT B

SUMMARY OF TRANSACTIONS FOR FUNDS AND ACCOUNTS

EXHIBIT C

ANNUAL SPECIAL TAX ROLL FISCAL YEAR 2022/2023