



309 North Rios Avenue  
Solana Beach, California  
92075

Phone: (858) 792-6937

Fax: (858) 792-8270

Email: [jpa@sbsd.k12.ca.us](mailto:jpa@sbsd.k12.ca.us)

## BOARD OF DIRECTORS

**Eric Dill,**

Chairperson,

San Dieguito Union High

School District

**Doug Rafner,**

Vice Chairperson,

Del Mar Union School

District

**Terry Decker,**

Director,

Solana Beach School

District

**Mark Risco,**

Executive Director and

Board Secretary

# North City West School Facilities Financing Authority Board of Directors' Meeting

March 10, 2016 309 North Rios Avenue Solana Beach, CA 92075

2:30 p.m.

Phone: (858) 792-6937; Fax: (858) 792-8270

## Welcome...

### PUBLIC COMMENTS

With the exception of personnel items, individuals wishing to address the Board concerning an agenda item (or on other topics pertaining to JPA/CFD jurisdiction) are invited to do so at this time.

In the interest of time, **public presentations are limited to five (5) minutes per person, per topic.** If you wish to speak, please complete a card (located at the sign-in desk); and present it to the Board chairperson before commencement of the meeting. When the chairperson invites you to speak, please state your name, address and/or organization before making your presentation.

**Please note:** The law does not permit complaints and/or charges against an employee or staff member in an open Board of Directors' meeting.

In accordance with the Brown Act, there shall be no action taken for an item that has not been scheduled on a published agenda. Instead, the Board may:

- 1) Acknowledge receipt of the information,
- 2) Refer to staff for further study, or
- 3) Defer the matter to a future agenda.

We appreciate your cooperation.

### PUBLIC INSPECTION OF DOCUMENTS

In compliance with *Government Code 54957.5*, agenda related documents distributed to the Board less than 72 hours prior to meetings are available for inspection at North City West School Facilities Financing Authority executive offices located at 27368 Via Industria, Suite 110, Temecula, California.

### AMERICANS WITH DISABILITIES ACT

In compliance with the *Americans with Disabilities Act*, please contact the director at (858) 792-6937 by **noon**, the day before the Board meeting, to arrange reasonable accessibility for meeting participation.

Please set cellular phones and pagers to **silent mode**, and engage in conversations outside the meeting room.

# North City West School Facilities Financing Authority

**Directors:**

Eric Dill, Chairperson, San Dieguito Union High School District  
 Doug Rafner, Vice Chairperson, Del Mar Union School District  
 Terry Decker, Director, Solana Beach School District  
 Mark Risco, Executive Director and Board Secretary

## AGENDA

<u>Items</u>	<u>Page No.</u>
<b>1. CALL TO ORDER</b>	
<b>2. PLEDGE OF ALLEGIANCE</b>	
<b>3. APPROVAL OF AGENDA</b>	
<b>4. APPROVAL OF MINUTES</b>	
A. Regular meeting, December 10, 2015	<b>3-5</b>
B. Special meeting January 19, 2016	<b>6-7</b>
<b>5. PUBLIC COMMENT</b>	
<p>In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda.</p>	
<b>6. FINANCIAL REPORTS</b>	<b>7-20</b>
<p>The following reports record the routine business of the JPA/CFD for Fiscal Year 2015/16. Members of the Board, the administration or the public may request that specific items be discussed prior to their acknowledgement.</p>	
A. Executive Summary	
B. Building Permit Activity	
C. Financial Overview	
D. Income (through December 31, 2015)	
E. Expenditures (through December 31, 2015)	
F. Trust Fund Investments (as of December 31, 2015)	
<b>7. EXECUTIVE DIRECTOR'S REPORT</b>	
A. Delinquency Management Update	
B. Update on Independent financial audit for FY 2014-15.	
C. Update on CFD No. 3 formation.	
D. FY 2015-16 Master Plan Update	

# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

<u>Items</u>	<u>Page No.</u>
<b>8. PUBLIC HEARING – FORMATION OF NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY COMMUNITY FACILITIES NO. 3 (CFD No. 3)</b>	<b>17-18</b>
<ul style="list-style-type: none"><li>• Conduct Public Hearing</li><li>• Adopt Resolution 2016-04 Forming and Establishing Community Facilities District No. 3 And Authorizing Submittal of the Levy of a Special Tax to the Qualified Elector</li><li>• Adopt Resolution 2016-05 Declaring the Results of a Special Election in Community Facilities District No. 3</li><li>• Introduce Ordinance 2016-01 Authorizing the Levy of a Special Tax in Community Facilities District No. 3 for the First Reading and set the Second Reading for June 9, 2016.</li></ul>	
<b>9. ACTION ITEMS</b>	
A. Approve Fiscal Year 2015-16 NCWSFFA Master Plan Annual Review & Update Letter	<b>19</b>
B. Accept and file North City West School Facilities Financing Authority Financial Statements for the year ended June 30, 2015	<b>20</b>
<b>10. DISCUSSION ITEMS</b>	
A. FY 2015-16 student demographics for NCW area compared to districts overall	
B. Update on preliminary school cost overruns	
C. Update of Amendment to Facilities Financing Agreement	
<b>11. ADJOURNMENT</b>	
The next scheduled Board Meeting will be held on June 9, 2016 at the Solana Beach District Office. The District Office is located at 309 North Rios Avenue, Solana Beach, CA. 92075	

# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

### ITEM 4A

### MINUTES

The Directors of the **North City West School Facilities Financing Authority** and Community Facilities District 1 & 2 of the North City West School Facilities Financing Authority held a **Regular Meeting** on **December 10, 2015** at Solana Beach School District Offices, 309 North Rios Avenue, Solana Beach, CA, 92075. (The letters “JPA” will be used in place of North City West School Facilities Financing Authority and the letters “CFD” will be used in place of Community Facilities Districts 1 & 2).

#### 1. CALL TO ORDER

The meeting was called to order by Chairperson Dill at 2:34 p.m.

#### ROLL CALL

Directors: Eric Dill, Board Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Solana Beach School District

#### Quorum Achieved

Other Personnel, Member Districts:

Caroline Brown, Solana Beach School District  
Carlos Estella, Solana Beach School District  
Holly McClurg, Director, Del Mar Union School District  
Cathy Birks, Del Mar Union School District

Administration: Mark Risco, Secretary & Executive Director, Willdan Financial Services  
Bob Quaid, Willdan Financial Services

Guests: Mike Medve, Willdan Financial Services

#### 2. PLEDGE OF ALLEGIANCE

#### 3. APPROVAL OF AGENDA

- Moved by Director Decker, seconded by Director Rafner to approve the December 10, 2015 agenda.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

## 4. APPROVAL OF MINUTES

- Moved by Director Rafner, seconded by Director Decker to approve the minutes for the September 10, 2015 Regular Meeting minutes.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

## 5. PUBLIC COMMENT

There were no comments from the public.

## 6. FINANCIAL REPORTS

Executive Director reviewed Authority's financial position as of September 30, 2015.

## 7. EXECUTIVE DIRECTOR'S REPORT

### A. Delinquency Management Update

- County first Installment delinquency date is December 10, 2015. Delinquency updates will available for the Board in February.

### B. Independent Financial Audit for FY 2014-15

- No issues noted. Audited Financials will be presented to the Board at the next Regular Board meeting March 10, 2015.

### C. CFD No. 3 Formation

- Mike Medve with Willdan Financial Services is working on CFD formation documents.
- Public Hearing will be at the March 10, 2015 board meeting.
- The Board must decide what date they would like to have a Resolution of Intent Meeting between January 10, 2016 through February 10, 2016.

### D. FY 2015-16 Master Plan

- Master Plan will go around all three member districts to review plan before submitted to City of San Diego.

## 8. ACTION ITEMS

### A. San Dieguito Union High School District for the funding of the Carmel Valley Middle School Expansion

- Moved by Director Decker, seconded by Director Rafner to accept the application from San Dieguito Union High School District for the funding of the Carmel Valley Middle School Expansion and to authorize funds to be set aside for this purpose.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0



# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

### B. Amendment to the Facilities Financing Agreement

- Moved by Director Rafner, seconded by Director Decker to authorize Executive Director to initiate amendment to the Facilities Financing Agreement to allow for the funding of member agency overruns prior to the complete transfer of the Carmel Valley Middle School Expansion.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

### C. Set Dates For CFD Formation Proceedings

- The Board set the dates for CFD No. 3 formation as 1) Resolution of Intent to form Community Facilities District No. 3 will be held January 19, 2016 at 2:30 p.m. and 2) Public Hearing to ballot and approve the formation will be held at next Regular Board Meeting scheduled March 10, 2016.

### D. Investment Agreement with U.S. Bank

- Moved by Director Rafner, seconded by Director Decker to authorize Executive Director to enter into an Investment Management Agreement with U.S. Bank.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

### E. Mitigation Fee Report

- Moved by Director Decker, seconded by Director Rafner to accept and file FY 2014-15 Mitigation Fee Report as required by Government Code Section 66006.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

## 9. DISCUSSION ITEMS

- All demographics studies were not available to allow for review by the Board. Discussion has been postponed to at the next Regular Board Meeting March 10, 2016.

## 10. ADJOURNMENT OF MEETING

Moved by Director Rafner, seconded by Director Decker to adjourn meeting.

Ayes: Decker, Rafner, Dill. Motion Carried: 3:0:0.

Chairperson Dill adjourned the meeting at 3:00 P.M.

The next Regular Board Meeting will be on March 10, 2016 at the Solana Beach District Office. The District Office is located at 309 North Rios Avenue, Solana Beach, CA. 92075.

# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

## ITEM 4B

### MINUTES

The Directors of the **North City West School Facilities Financing Authority** and Community Facilities District 1 & 2 of the North City West School Facilities Financing Authority held a **Special Meeting** on **January 19, 2016** at Solana Beach School District Offices, 309 North Rios Avenue, Solana Beach, CA, 92075. (The letters "JPA" will be used in place of North City West School Facilities Financing Authority and the letters "CFD" will be used in place of Community Facilities Districts 1 & 2).

#### 1. CALL TO ORDER

The meeting was called to order by Chairperson Dill at 2:34 p.m.

#### ROLL CALL

Directors: Eric Dill, Board Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Solana Beach School District

#### Quorum Achieved

Other Personnel, Member Districts:

Caroline Brown, Solana Beach School District  
Carlos Estella, Solana Beach School District  
Holly McClurg, Director, Del Mar Union School District  
Cathy Birks, Del Mar Union School District

Administration: Mark Risco, Secretary & Executive Director, Willdan Financial Services  
Gladys Medina, Willdan Financial Services  
Bob Quaid, Willdan Financial Services

Guests: Warren Diven, Best Best & Krieger  
Nora O'Brian, Best Best & Krieger

#### 2. PLEDGE OF ALLEGIANCE

#### 3. APPROVAL OF AGENDA

Moved by Director Rafner, seconded by Director Decker to approve the January 19, 2016 agenda.  
Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

#### 4. PUBLIC COMMENT

There were no comments from the public.

# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

## 5. RESOLUTIONS RELATING TO FORMATION OF NEW CFD

### A. Resolution 2016-01

- Moved by Director Decker, seconded by Director Rafner to approve Resolution 2016-01, adopting a statement of local goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982, as amended.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

### B. Resolution 2016-02

- Moved by Director Decker, seconded by Director Rafner to approve Resolution 2016-02, adopting a boundary map showing territory proposed to be included in Community Facilities District No. 3.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

### C. Resolution 2016-03

- Moved by Director Decker, seconded by Director Rafner to approve Resolution 2016-03, with amendment to Section 5 to include Childcare/Pre-School Facilities and Modular Buildings, declaring its intention to establish Community Facilities District No. 3 and to authorize the levy of a Special Tax therein to finance certain school facilities.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

## 6. ADJOURNMENT OF SPECIAL MEETING

Moved by Director Rafner, seconded by Director Decker to adjourn meeting.

Ayes: Decker, Rafner, Dill. Motion Carried: 3:0:0.

Chairperson Dill adjourned the meeting at 3:05 P.M.

The next Regular Board Meeting will be on March 10, 2016 at the Solana Beach District Office. The District Office is located at 309 North Rios Avenue, Solana Beach, CA. 92075.



CARMEL VALLEY



# North City West School Facilities Financing Authority

**Directors:**

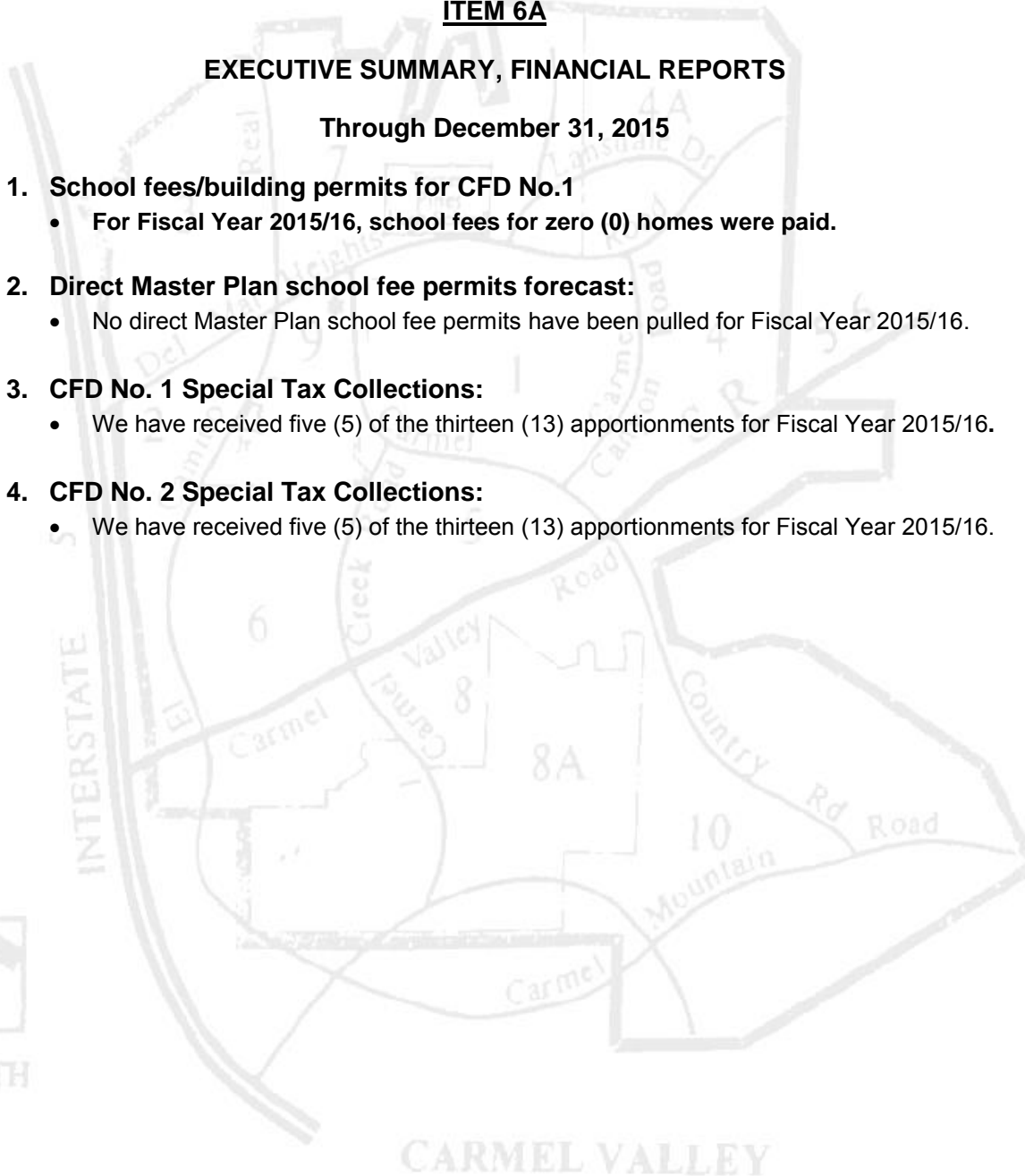
Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

## ITEM 6A

### EXECUTIVE SUMMARY, FINANCIAL REPORTS

Through December 31, 2015

1. **School fees/building permits for CFD No.1**
  - For Fiscal Year 2015/16, school fees for zero (0) homes were paid.
2. **Direct Master Plan school fee permits forecast:**
  - No direct Master Plan school fee permits have been pulled for Fiscal Year 2015/16.
3. **CFD No. 1 Special Tax Collections:**
  - We have received five (5) of the thirteen (13) apportionments for Fiscal Year 2015/16.
4. **CFD No. 2 Special Tax Collections:**
  - We have received five (5) of the thirteen (13) apportionments for Fiscal Year 2015/16.



# North City West School Facilities Financing Authority

**Directors:**

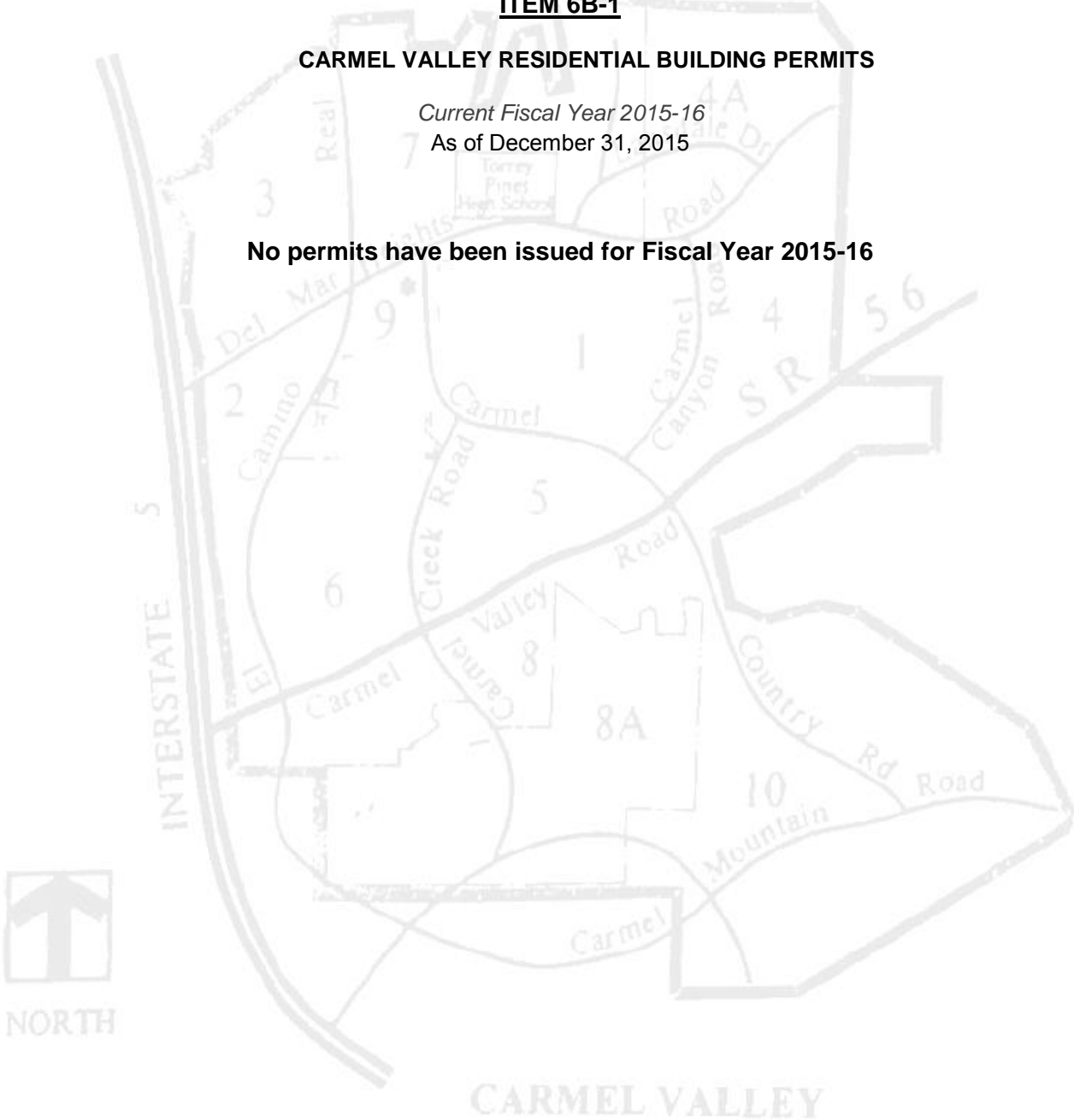
Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

**ITEM 6B-1**

**CARMEL VALLEY RESIDENTIAL BUILDING PERMITS**

*Current Fiscal Year 2015-16  
As of December 31, 2015*

**No permits have been issued for Fiscal Year 2015-16**



# North City West School Facilities Financing Authority

**Directors:**

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 Doug Rafner, Vice Chairperson, Del Mar Union School District  
 Terry Decker, Director, Solana Beach School District  
 Mark Risco, Executive Director and Board Secretary

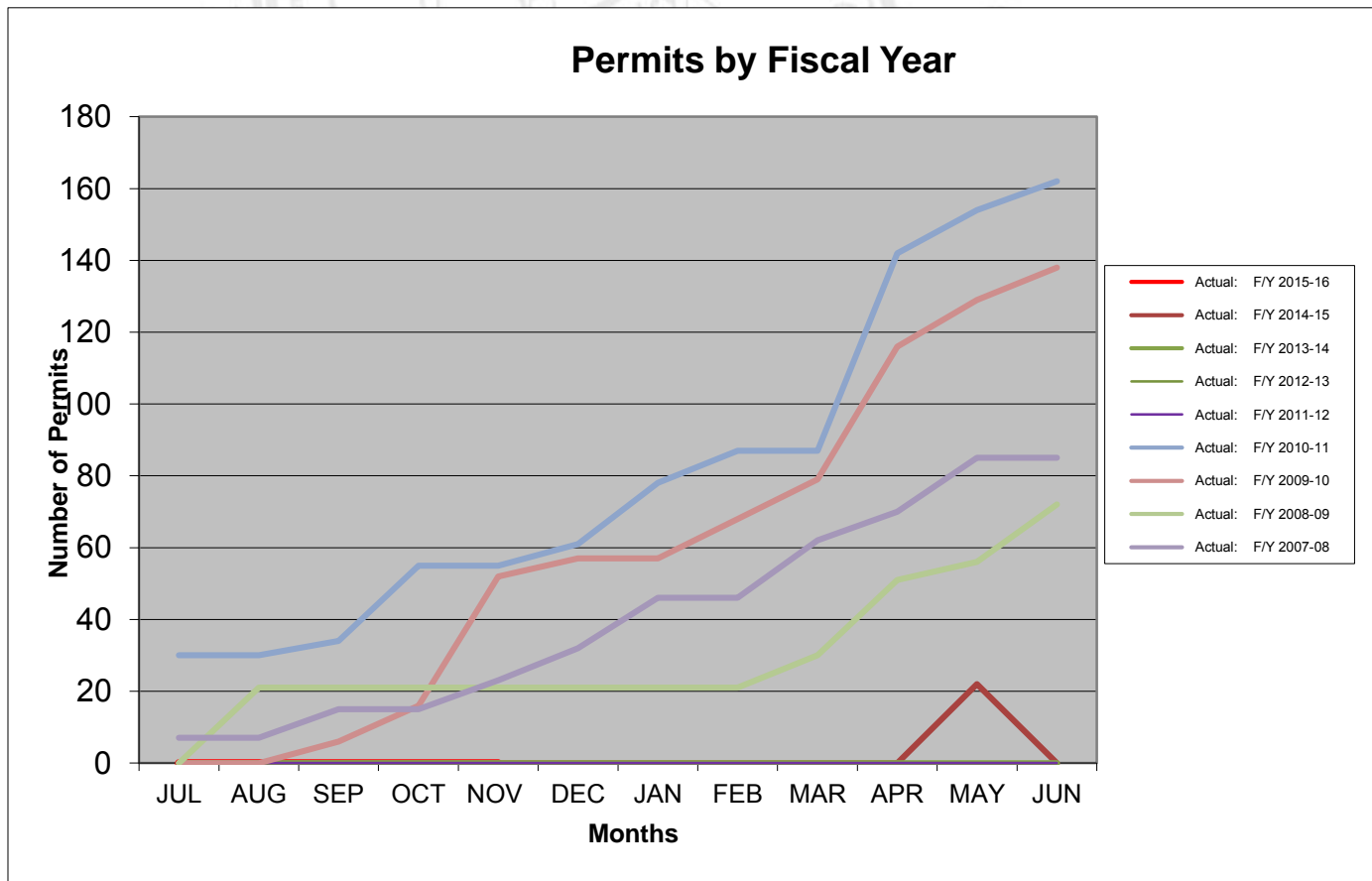
**ITEM 6B-2**

**CARMEL VALLEY RESIDENTIAL BUILDING PERMITS**

**YEAR TO DATE TOTALS**

*Current Fiscal Year 2015-16*

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>Actual: F/Y 2015-16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>						
Actual: F/Y 2014-15	0	0	0	0	0	0	0	0	0	0	22	0
Actual: F/Y 2013-14	0	0	0	0	0	0	0	0	0	0	0	0
Actual: F/Y 2012-13	0	0	0	0	0	0	0	0	0	0	0	0
Actual: F/Y 2011-12	0	0	0	0	0	0	0	0	0	0	0	0
Actual: F/Y 2010-11	30	30	34	55	55	61	78	87	87	142	154	162
Actual: F/Y 2009-10	0	0	6	16	52	57	57	68	79	116	129	138
Actual: F/Y 2008-09	0	21	21	21	21	21	21	21	30	51	56	72
Actual: F/Y 2007-08	7	7	15	15	23	32	46	46	62	70	85	85



# North City West School Facilities Financing Authority

## Directors:

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Doug Rafner, Vice Chairperson, Del Mar Union School District  
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Mark Risco, Executive Director and Board Secretary

### ITEM 6C

#### FINANCIAL OVERVIEW

The financial overview consists of three parts:

#### **ITEM 6C-1** - Summary of Current Funds Available for Future Projects

Shows funds on deposit as of the beginning of each fiscal quarter, less current fiscal year encumbrances, resulting in the balance of unencumbered funds available for future projects

Funds held in the San Diego County Treasury (through the S.D. County Office of Education).

- A. **Fund 18** (25-18): Direct Deposit Capital Facilities/Mitigation Fees collected under Master Plan.
- B. **Fund 77** (21-09): CFD No. 1 Special Tax Funds.
- C. **Fund 78** (21-10): CFD No. 1 Special Taxes collected by County of San Diego.
- D. **Fund 79** (35-00): CFD No. 2 Special Taxes collected by the County of San Diego.
- E. **Fund 83** (21-25): Del Mar Neighborhood #8A School Site Fun
- F. **Fund 84** (21-25): Del Mar Neighborhood #8A School Construction Fund
- G. **Fund 85** (21-39): Carmel Valley Middle School Expansion Fund

Currently inactive funds: 76, 80, 81, 82

#### **ITEM 6C-2** - Financial Status of Approved Projects

Shows the annual approved project budgets, the year to date project expenditures (by county fund or bonds), the percent of budget spent year to date, and the resulting unspent balance remaining for the fiscal year.

# North City West School Facilities Financing Authority

## Directors:

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 Mark Risco, Executive Director and Board Secretary

### ITEM 6C-1

#### CURRENT FUNDS AVAILABLE FOR FUTURE PROJECTS

As of December 31, 2013, 2014 & 2015

	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
<b>FUNDS ON DEPOSIT</b>			
Fund 18, Mitigation Fees	\$0.00	\$ -	\$ 287,810
Fund 76, subordinate tax fund	6,248.00	6,270	6,298
Fund 77, CFD #1 devel fees & check acct	1,257,796	1,522,714	1,305,660
Fund 78, CFD #1 Special Tax Fund	6,361,213	7,146,294	8,184,720
Fund 79, Master Plan fees & CFD #2	(6,758)	49,589	74,212
Fund 80, SBSB #6 site	-	-	-
Fund 81, La Costa Canyon	-	-	-
Fund 82, SBSB #6 construction	-	-	-
Fund 83, DMUSD #7 land	84,896	85,200	85,570
Fund 84, DMUSD #7 construction	4	4	4
2002 Bonds Special fund	41,054	41,054	41,054
2005A & B Bonds Project Fund	4,707,771	4,713,402	4,719,383
<b>Total Unrestricted Funds on Deposit</b>	<b>\$12,452,224.51</b>	<b>\$ 13,564,528</b>	<b>\$ 14,704,712</b>
<b>ENCUMBRANCES</b>			
Carmel Valley Middle School Expansion	\$ 5,368,166	\$ 5,525,448	\$ 5,586,098
La Costa Canyon High School			
Torrey Pines H.S. C.S.R. addition			
Ashley Falls School			
Ashley Falls addition			
Sage Canyon School (Neighb. #10)			
Sage Canyon 8 Relocatables			
Del Mar School (Neighb. #8A) site	72,852	72,852	72,852
Del Mar School (Neighb. #8A) construct.			
Other Del Mar JPA Relocatables			
Solana Pacific School construction			
Administration	81,520	-	
Next Debt Service on Bonds	1,649,740	1,471,765	1,370,015
NCW JPA Reserve			
<b>Total Encumbrances</b>	<b>\$ 7,172,277</b>	<b>\$ 7,070,065</b>	<b>\$ 7,028,965</b>
<b>SUMMARY</b>			
Total Unrestricted Funds on Deposit	\$ 12,452,225	\$ 13,564,528	\$ 14,704,712
Encumbrances (current fiscal year)	\$ (7,172,277)	\$ (7,070,065)	\$ (7,028,965)
<b>Unencumbered Funds Available</b>	<b>\$ 5,279,947</b>	<b>\$ 6,494,464</b>	<b>\$ 7,675,747</b>



# North City West School Facilities Financing Authority

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**ITEM 6C-2**

**FINANCIAL STATUS OF APPROVED PROJECTS**

Current Fiscal Year 2015-16  
 As of December 31, 2015

		<b>C.V. MIDDLE SCHOOL</b>	<b>DEL MAR ELEM. N #8A School</b>	<b>TOTAL PROJECTS</b>
<b>F/Y 2015/16</b>	<b>L</b>		\$ 72,852	\$ 72,852
<b>ENCUMBERED</b>	<b>C</b>	\$ 5,586,098	\$ -	\$ 5,586,098

<b>EXPEND.</b>	<b>L</b>			\$ -
<b>FUND 78</b>	<b>C</b>			\$ -
<b>EXPEND.</b>	<b>L</b>			\$ -
<b>FUND 79</b>	<b>C</b>			\$ -
<b>EXPEND.</b>	<b>L</b>			\$ -
<b>FACIL. FUND.</b>	<b>C</b>			\$ -
<b>TOTAL</b>	<b>L</b>			\$ -
<b>EXPEND.</b>	<b>C</b>	\$ -	\$ -	\$ -

<b>PERCENT</b>	<b>L</b>		<b>0.0%</b>	
<b>OF BUDGET</b>	<b>C</b>	<b>0.0%</b>	<b>0.0%</b>	

<b>BALANCE</b>	<b>L</b>		\$ 72,852	\$ 72,852
<b>REMAINING</b>	<b>C</b>	\$ 5,586,098	\$ -	\$ -

**L = Land purchase**  
**C = Construction/Operations**

# North City West

## School Facilities

### Financing Authority

**Directors:**

Eric Dill, Chairperson, San Dieguito Union High School District  
 Doug Rafner, Vice Chairperson, Del Mar Union School District  
 Terry Decker, Director, Solana Beach School District  
 Mark Risco, Executive Director and Board Secretary

**ITEM 6D**

**INCOME TO DATE, Funds 76, 77, 78, 79, 80, 81, 82, 83, & 84**

Current Fiscal Year 2015-16  
 As of December 31, 2015

DATE	ITEM NO.	SOURCE	FUND 18 (25-18)		FUND 77 (21-09)		FUND 78 (21-10)		FUND 79 (35-00)			FUND 76 (21-62)	FUNDS (21-00,25)
			MITIGATION INCOME	INTEREST INCOME	PERMIT INCOME	INTEREST INCOME	TAX APPN. INCOME	INTEREST INCOME	TAX APPN. INCOME	INTEREST INCOME	PERMIT INCOME	INTEREST INCOME	80, 81, 82, 83 & 84 INCOME
7/16/15	CT	Apportionment #13					\$ 27,770.24						
7/24/15	CT	County Int, 100% 6/30/15		\$ 280.86		\$ 1,258.04		\$ 10,879.87		\$ 62.61		\$ 6.14	\$ 83.49
7/24/15	CT	Deposit Permit-(Delinquencies Paid-APN 307-022-36-09)					666.70						
8/11/15	CT	Apportionment #1					12,957.49						
8/12/15	12-435312	Refund for Overpayment CFD 1 APN 307-022-38-01					(452.00)						
9/8/15	CT	Apportionment #2					11,768.77						
9/10/15	12-441314	Refund for Overpayment CFD 1 APN 307-022-37-59					(452.00)						
10/6/15	CT	Apportionment #3					3,647.73						
10/16/15	CT	County Int, 100% 9/30/15		\$ 347.03		\$ 1,574.30		\$ 11,021.72		\$ 72.29		\$ 7.59	\$ 103.19
11/3/15	CT	Apportionment #4					225,724.10		186.60				
12/2/15	J 0856	Undeliverable Refund Check to Owner					339.00						
12/8/15	CT	Apportionment #5					1,518,810.08		14,922.80				
<b>YEAR TO DATE TOTAL INCOME</b>			\$ -	\$ 627.89	\$ -	\$ 2,832.34	\$ 1,800,780.11	\$ 21,901.59	\$ 15,109.40	\$ 134.90	\$ -	\$ 13.73	\$ 186.68
<b>FORECAST TOTAL INCOME</b>			\$ -		\$ -		\$ 8,417,431.12		\$ 67,524.28		\$ -		
<b>PERCENT COLLECTED YEAR TO DATE</b>							21.4%		22.4%		NA		



# North City West

## School Facilities

### Financing Authority

**Directors:**

Eric Dill, Chairperson, San Dieguito Union High School District  
 Doug Rafner, Vice Chairperson, Del Mar Union School District  
 Terry Decker, Director, Solana Beach School District  
 Mark Risco, Executive Director and Board Secretary

**ITEM 6E**

**EXPENDITURES TO DATE, Funds 76, 77, 78, 79, 80, 81, 82, 83, & 84**

Current Fiscal Year 2015-16

As of December 31, 2015

DATE	VENDOR	PURPOSE	WARRANT / SOURCE	EXPENDITURES			Semi-Anl Paym. Int. & Principal
				21-09 Fund 77	(21-10) FUND 78	TOTAL EXPEND.	
07/20/15	SDCOE	Self Liability Insurance	A000167			\$ 4,145.00	
07/28/15	AT&T	Phone Service May 19 thru July 10	12-432298		83.09	\$ 83.09	
07/28/15	AT&T	Phone Service July 11 thru Aug 10	12-432298		42.99	\$ 42.99	
07/28/15	Best Best & Krieger LLP	Legal Services Rendered thru May 31	12-432299		2,323.00	\$ 2,323.00	
07/28/15	Best Best & Krieger LLP	Legal Services Rendered thru June 30	12-432299		2,290.02	\$ 2,290.02	
08/12/15	Del Mar USD	Demography Studies-Enr Projection for FY2014-2015	12-435311		11,259.43	\$ 11,259.43	
08/12/15	Solana Beach SD	Cash Conference for Caroline Brown February 23-25, 2015	12-435696		1,463.73	\$ 1,463.73	
08/12/15	Willdan Financial Services	Professional Services Rendered from March 1, 2015 through June 30, 2015	12-435313		14,438.15	\$ 14,438.15	
08/12/15	US Bank	Debt Service Payment-Spec Tax Rev Bonds Ser 2012A	12-435697		1,200,794.99	\$ 1,200,794.99	1,200,794.99
08/12/15	US Bank	Debt Service Payment-Spec Tax Rev Bonds Ser 2005B & Ser 2006C	12-435314		4,530,973.34	\$ 4,530,973.34	4,530,973.34
08/17/15	San Dieguito HSD	Demography Studies-New Construction 3462 for FY2014-2015	12-436092		6,943.87	\$ 6,943.87	
08/17/15	Del Mar USD	Cash Conference for Doug Rafner February 23-25, 2015	12-436091		1,762.50	\$ 1,762.50	
09/10/15	AT&T	Phone Service Aug 11 thru Sep 10	12-441313		53.56	\$ 53.56	
09/21/15	US Bank	Administrative Fee 6/1/2015 thru 5/31/2016 (Series 2012A & 2006C	12-444049		5,462.50	\$ 5,462.50	
10/07/15	Bondlogistix LLC	Interim Arbitrage Rebate Report - Series 2002, Series 2005AB & 2006C	12-447855		3,000.00	\$ 3,000.00	
10/07/15	AT&T	Phone Service Sep 11 thru Oct 10	12-447854		43.56	\$ 43.56	
10/21/15	US Bank	Administrative Fee 9/1/2015 thru 8/31/2016 (Series 2002)	12-449929		2,700.00	\$ 2,700.00	
10/27/15	AT&T	Phone Service Oct 11 thru Nov 10	12-450723		54.25	\$ 54.25	
11/24/15	AT&T	Phone Service Nov 11 thru Dec 10	12-454591		44.25	\$ 44.25	
11/24/15	Solana Beach SD	Demography Studies for FY2014-2015	12-454592		3,901.50	\$ 3,901.50	
<b>Total Expenditures To Date:</b>				\$ -	\$ 5,787,634.73	\$ 5,791,779.73	\$ 5,731,768.33

Note: There were no expenditures for Funds 79 through 84

# North City West School Facilities Financing Authority

**Directors:**

Eric Dill, Chairperson, San Dieguito Union High School District  
 Doug Rafner, Vice Chairperson, Del Mar Union School District  
 Terry Decker, Director, Solana Beach School District  
 Mark Risco, Executive Director and Board Secretary

**ITEM 6F**

**Trust Fund Investments**

Current Fiscal Year 2015-16  
 As of December 31, 2015

USB Account	Account Description	Issuer	Investment Type	Rating		Date Purchased	Maturity	Term Years	Par	% Rate	Investment	
				S&P/ Moody's							Mkt Value	% Yield
131352-004 2002 Reserve Fund		FNMA	Note	AA+/AAA		12/18/2012	11/15/2016	3.91	229,000	1.375	231,210	0.540
		FNMA	Note	AA+/AAA		12/18/2012	12/20/2017	5.01	240,000	0.875	240,607	0.800
		FNMA	Note	AA+/AAA		9/18/2013	9/18/2018	5.00	240,000	1.875	246,132	1.845
		First American Treasury	MMK						500,289	-	500,289	-
							<b>Total</b>		<b>\$ 1,209,289</b>		<b>\$ 1,218,238</b>	<b>0.630%</b>
												Weighted
790415-003 2005B/2006C Reserve Fund		FNMA	Note	AA+/AAA		12/18/2012	11/15/2016	3.91	341,000	1.375	344,290	0.540
		FNMA	Note	AA+/AAA		12/18/2012	12/20/2017	5.01	351,000	0.875	351,888	0.800
		FNMA	Note	AA+/AAA		9/18/2013	9/18/2018	5.00	360,000	1.875	369,198	1.880
		US Bank	MMK	AAAm					742,663	0.020	387,887	0.020
							<b>Total</b>		<b>\$ 1,794,663</b>		<b>\$ 1,453,263</b>	<b>0.640%</b>
												Weighted
790415-004 2005B Project Fund		US Bank	MMK	AAAm					\$4,719,383.00	0.020	\$4,718,987.70	0.020
								<b>Total</b>		<b>\$ 4,719,383</b>		<b>\$ 4,718,988</b>
							<b>Grand Total</b>		<b>\$ 7,723,335</b>		<b>\$ 7,390,489</b>	<b>0.241%</b>
												Weighted



CARMEL VALLEY

## ITEM 8

### **PUBLIC HEARING-COMMUNITY FACILITIES DISTRICT NO. 3**

**BACKGROUND:** At its January 19, 2016 Special meeting, the Board of Directors (the "Board") of the North City West School Facilities Financing Authority (the "NCWSFFA") adopted Resolution No. 2016-03 (the "Resolution of Intention") and declared its intention to form a community facilities district pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982" (the "Act") for the purpose of financing school facilities to house the students generated by the proposed 181 multi-family residential units to be constructed within such community facilities district. The community facilities district has been designated as North City West School Facilities Financing Authority Community Facilities District No. 3 (the "CFD No. 3").

At that time, the public hearing date was set for the March 10, 2016 regular Board meeting so that public testimony may be taken on question of establishing CFD No. 3. On February 24, 2016, notice was published in three newspapers of general circulation in Carmel Valley relating to the date, time and place of the public hearing and to the establishment of CFD No. 3.

The Registrar of Voters of the County of San Diego has certified that there are no registered voters residing within the proposed boundaries of CFD No. 3. Since there are no registered voters within the proposed boundaries of CFD No. 3, the ballot package for the election to approve the special taxes within CFD No. 3 was sent to the landowner of CFD No. 3 in accordance with the proper procedures required by the Act.

**FISCAL IMPACT:** CFD formation cost to the NCWSFFA of \$25,000. One-time special tax payment of \$2 million by the landowner.

**RECOMMENDED ACTION:** Four actions are presented to the Board.

- 1. Conduct Public Hearing.** At the public hearing, the testimony of all interested persons, including persons owning property in the area of the proposed CFD No. 3, will be heard on the subjects of the establishment of the CFD No. 3, the extent of the CFD No. 3, and the financing of the specified facilities. In addition, interested persons may submit written protests or comments to the Board Secretary. If owners of one-half or more of the area of land in the territory proposed to be included in the CFD No. 3 not exempt from the special tax file written protests against the establishment of the CFD No. 3, and the protests are not withdrawn to reduce the protests to less than a majority, the Board may take no further action to create CFD No. 3 or levy the special tax for a period of one year from the date of decision of the Board. If the majority protests of the landowners are only against the furnishing of a type or types of facilities within the CFD No. 3, those types of facilities will be eliminated from the proceeding to form CFD No. 3.
- 2. Adopt Resolution 2016-04 Forming and Establishing Community Facilities CFD No. 3 and Authorizing Submittal of the Levy of a Special Tax to the Qualified Elector.** This resolution contains all of the information in the Resolution of Intention, states that the proposed tax to be levied in CFD No. 3 has not been precluded by a majority protest, identifies the school facilities proposed to be funded with the special tax, sets forth the name, address and telephone number for the entity responsible for preparing the role of the special tax levy obligations, provides special tax lien disclosure, identifies the recorded boundary map, finds that all proceedings were valid and in conformity with the Act, authorizes the submittal of the levy of the special tax to the qualified elector of CFD No. 3 at a special election, and describes the ballot propositions, voting procedures and election procedures. The qualified elector has one vote per acre or portion of acre owned within the boundaries of CFD No. 3. The election will be held immediately after the adoption of this resolution with the ballots canvassed by the Board Secretary and reported to the Board immediately after the election.



# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

3. **Adopt Resolution 2016-05 Declaring the Results of a Special Election in Community Facilities CFD No. 3.** Once the Board Secretary, acting as the election official, has canvassed the ballots, he will report the results of the election to the Board. This resolution approves the Certificate of Election Official and Statement of Votes Cast submitted by the Board Secretary and directs the Board Secretary to enter into the minutes the results of the election. The Board Secretary will record the Notice of Special Tax Lien within fifteen (15) days after the election.
4. **First Reading of Ordinance 2016-01 Authorizing the Levy of a Special Tax in Community Facilities CFD No. 3.** This ordinance authorizes the levy of the special tax on the taxable properties within CFD No. 3 pursuant to the rate and method of apportionment, gives the Board the authority to levy the special tax and states that the special tax authorized to be levied will be secured by the lien imposed pursuant to Section 3114.5 and 3115.5 of the Streets and Highways Code of the State of California. This action will introduce the ordinance and waive the first reading. The second reading and adoption of the ordinance will be calendared for the next Board meeting on June 9, 2016. The ordinance shall be effective thirty (30) days after its adoption. Within fifteen (15) days after its adoption, the Board Secretary will publish the ordinance in a newspaper of general circulation.

## Attachments:

- Attachment 8.1 – Resolution 2016-04 Forming and Establishing Community Facilities CFD No. 3 and Authorizing Submittal of the Levy of a Special Tax to the Qualified Elector
- Attachment 8.2 – Resolution 2016-05 Declaring the Results of a Special Election in Community Facilities CFD No. 3
- Attachment 8.3 – Ordinance 2016-01 Authorizing the Levy of a Special Tax in Community Facilities CFD No. 3.



CARMEL VALLEY

**RESOLUTION NO. 2016 - 04****RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY, CALIFORNIA, FORMING AND ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 3, AND AUTHORIZING SUBMITTAL OF THE LEVY OF A SPECIAL TAX TO THE QUALIFIED ELECTOR**

**WHEREAS**, the Board of Directors (the "Board") of the North City West School Facilities Financing Authority (the "Authority"), has, by the adoption of Resolution No. 2016-03 (the "Resolution of Intention"), previously declared its intention to form a community facilities district pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act") for the purpose of financing school facilities to house the students generated by the proposed 181 multi-family residential units to be constructed within such community facilities district; and

**WHEREAS**, such community facilities district has been designated as North City West School Facilities Financing Authority Community Facilities District No. 3 ("CFD No. 3"); and

**WHEREAS**, notice of a public hearing relating to the establishment of CFD No. 3, the extent of CFD No. 3, the financing of school facilities by CFD No. 3 and all other related matters has been given, and a Community Facilities District Report, as ordered by this Board, has been presented to this Board and has been made a part of the record of the hearing to establish CFD No. 3; and

**WHEREAS**, all communication relating to the establishment of CFD No. 3, the financing of school facilities and the proposed rate and method of apportionment of special tax have been presented, and it has further been determined that a majority protest as defined by law has not been received against these proceedings; and

**WHEREAS**, the Registrar of Voters of the County of San Diego has certified that there are no registered voters residing within the proposed boundaries of CFD No. 3; and

**WHEREAS**, inasmuch as there are no registered voters within the proposed boundaries of CFD No. 3, the authorization to levy special taxes within CFD No. 3 shall be submitted to the landowner of CFD No. 3, such landowner being the qualified elector as authorized by law.

**RESOLUTION NO. 2016 - 04**

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the North City West School Facilities Financing Authority, California, as follows:

**Section 1. Recitals.** The above recitals are all true and correct.

**Section 2. Determinations.** It is hereby determined by the Board of Directors that:

- A. All prior proceedings pertaining to the formation of CFD No. 3 were valid and taken in conformity with the requirements of the law, and specifically the provisions of the Act, and this finding and determination is made pursuant to the provisions of Government Code Section 53325.1.
- B. The written protests received, if any, do not represent a majority protest as defined by the applicable provisions of the Act and, therefore, the special tax proposed to be levied within CFD No. 3 has not been precluded by a majority protest pursuant to Section 53324 of the Government Code of the State of California.
- C. CFD No. 3 as proposed conforms with the Authority's statement of goals and policies regarding the establishment of community facilities districts (the "Goals and Policies").
- D. The formation of CFD No. 3 and such authorization to levy the special tax within CFD No. 3 to finance the school facilities identified below constitutes the creation of a government funding mechanism which does not involve the commitment to any specific project which may result in a potentially significant impact on the environment. Therefore, the formation of CFD No. 3 and the authorization to levy the special tax within CFD No. 3 do not constitute a "project" which is subject to the provisions of the California Environmental Quality Act (California Public Resources Code Section 21000 and following).
- E. No registered voters have resided within the territory of CFD No. 3 for each of the ninety (90) days preceding the close of the public hearing and no registered voters currently resides, therefore, pursuant to the Act the qualified elector of CFD No. 3 shall be the landowner of CFD No. 3 as such term is defined in Government Code Section 53317(f) and such landowner who is the owner of record as of the close of the public hearing pertaining to the formation of CFD No. 3, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that such landowner owns within CFD No. 3.
- F. The time limit specified by the Act for conducting an election to submit the levy of the special tax to the qualified elector of CFD No. 3 and the requirements for impartial analysis and ballot arguments have been waived with the consent of the qualified elector of CFD No. 3.

**RESOLUTION NO. 2016 - 04**

- G. The Board Secretary, acting as the election official, has consented to conducting any required election on a date which is less than 125 days following the adoption of the resolution forming and establishing CFD No. 3.

**Section 3. Community Facilities District Report.** The Community Facilities District Report, as prepared pursuant to the Act and the Resolution of Intention and now submitted and received by this Board of Directors, shall stand as the Community Facilities District Report for all future proceedings and all terms and contents are approved as set forth therein.

**Section 4. Name of the Community Facilities District.** This legislative body does hereby establish and declare the formation of CFD No. 3 to be known and designated as “North City West School Facilities Financing Authority Community Facilities District No. 3.”

**Section 5. Boundaries of CFD No. 3.** The boundaries of CFD No. 3 are generally described is as follows:

All that property as shown on the Boundary Map as previously approved by this Board, such map designated as “Map of Proposed Boundaries of North City West School Facilities Financing Authority Community Facilities District No. 3, County of San Diego, State of California” (the “Boundary Map”). The Boundary Map has been filed pursuant to Sections 3111 and 3113 of the Streets and Highways Code of the State of California in the Office of the San Diego County Recorder, in Book 45, Page 25 of Maps of Assessment and Community Facilities Districts and as Document No. 2016-700055.

**Section 6. Description of School Facilities.** It is the intention of this Board to finance the purchase, construction, expansion, improvement or rehabilitation of certain types of school facilities. A general description of the types of school facilities (collectively, the “School Facilities”) that may be financed is as follows:

The acquisition, planning, construction and/or financing of those school facilities, including classrooms, multi-purpose, administration, childcare facilities, preschool facilities, modular buildings and auxiliary space at each school, central support and administrative facilities, interim housing, transportation and special education facilities, together with furniture, equipment and technology, needed by the school district in order to serve directly or indirectly the student population to be generated as a result of the development of the property within CFD No. 3, 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 such school districts as mitigation of environmental impacts associated with the development of such School Facilities. The School Facilities shall also include the

**RESOLUTION NO. 2016 - 04**

attributable costs of engineering, design, planning, materials testing, coordination, construction staking and construction.

The Board finds that the School Facilities are necessary to meet increased demands placed upon the Authority as a result of new development occurring within the boundaries of the proposed CFD No. 3.

**Section 7. Special Tax.** Except where funds are otherwise available, a special tax sufficient to finance the School Facilities (the "Special Tax") and related incidental expenses authorized by the Act, secured by recordation of a continuing lien against all non-exempt real property in CFD No. 3, will be levied within the boundaries of CFD No. 3 and will be due and payable pursuant to the rate and method of apportionment of the proposed Special Tax (the "Rate and Method"), a copy of which is attached as Exhibit A hereto and incorporated herein by this reference. For particulars as to the levy of the Special Tax reference is made to the Rate and Method which sets forth in sufficient detail the rate and method of apportionment of the Special Tax to allow each landowner or resident within proposed CFD No. 3 to clearly estimate the maximum amount of Special Tax that such person will have to pay for the School Facilities. Under no circumstances will the Special Tax be increased as a consequence of delinquency or default in the payment of the Special Tax by the owner of any other parcel or parcels used for private residential purposes within CFD No. 3 by more than 10 percent.

The Special Tax herein authorized, to the extent possible, shall be collected in the same manner as ad valorem property taxes or in such other manner as this Board or its designee shall determine, including direct billing of the affected property owners. Such Special Tax shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes. Any Special Tax that may not be collected on the County tax roll shall be collected through a direct billing procedure by the Authority.

Pursuant to Government Code Section 53340 and except as provided in Government Code Section 53317.3, properties of entities of the state, federal, and local governments shall be exempt from the levy of the Special Tax.

Upon recordation of a Notice of Special Tax Lien pursuant to Section 3114.5 of the Streets and Highways Code of the State of California, a continuing lien to secure each levy of the Special Tax shall attach to all non-exempt real property in CFD No. 3 and this lien shall continue in force and effect until collection of the special tax by the legislative body ceases.

**Section 8. Special Tax Accountability Measures.** Pursuant to and in compliance with the provisions of Government Code Section 50075.1, this Board of Directors hereby establishes the following accountability measures pertaining to the levy by CFD No. 3 of the Special Tax described in Section 7 above:

- A. The Special Tax shall be levied for the specific purposes set forth in Section 7 above.



**RESOLUTION NO. 2016 - 04**

- B. The proceeds of the levy of the Special Tax shall be applied only to the specific applicable purposes set forth in Section 7 above.
- C. CFD No. 3 shall establish a separate account into which the proceeds of the Special Tax shall be deposited.
- D. The Executive Director of the Authority, or his or her designee, acting for and on behalf of CFD No. 3, shall annually file a report with the Authority as required pursuant to Government Code Section 50075.3.

**Section 9. Preparation of Tax Roll.** The name, address and telephone number of the office, department, or bureau which will be responsible for preparing a current roll of Special Tax levy obligations by Assessor's parcel number and which shall be responsible for estimating future Special Tax levies pursuant to Section 53340.2 of the Government Code of the State of California, are as follows:

Mark Risco, Executive Director and Secretary  
 North City West School Facilities Financing Authority  
 c/o Willdan Financial Services  
 27368 Via Industria, Suite 200  
 Temecula, California 92590-4856  
 (800) 755-6864

**Section 10. Election.** This legislative body herewith submits the levy of the special taxes to the qualified elector of CFD No. 3, such elector being the landowner of the property within CFD No. 3, with such landowner having one (1) vote for each acre or portion thereof of land which he or she owns within the District.

This legislative body hereby further directs that the ballot proposition relating to the levy of the above referenced special taxes within CFD No. 3 be combined and consolidated with the proposition set forth in Section 11 below relating to the establishment of an appropriations limit for CFD No. 3.

The proposition related to the levy of the special taxes, together with a proposition to establish an appropriations limit for CFD No. 3, shall be submitted to the qualified elector of CFD No. 3 at a special election to be held on (a) March 10, 2016, immediately following the adoption of this resolution or (b) such other date as the qualified elector and the Board Secretary may mutually agree and such election shall be a special election to be conducted by the Board Secretary (hereinafter referred to as the "Election Official"). If the proposition for the levy of the special taxes receives the approval of more than two-thirds (2/3rds) of the votes cast on the proposition, the special tax thereby approved may be levied as provided for in this Resolution.

**Section 11. Ballot Propositions.** The ballot proposals to be submitted to the qualified elector of CFD No. 3 at the election shall generally be as follows:

**RESOLUTION NO. 2016 - 04****PROPOSITION A**

Shall North City West School Facilities Financing Authority Community Facilities District No. 3, County of San Diego, State of California, subject to accountability measures set forth in California Government Code Section 50075.1, levy special taxes throughout such community facilities district pursuant to the method of apportioning the special tax set forth in Attachment A to this Official Ballot for the purpose of financing school facilities to meet the increased demand for such school facilities resulting from new development within CFD No. 3 and the cost of administering the levy and collection of the special taxes and CFD No. 3?

**PROPOSITION B**

Shall an appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, be established for North City West School Facilities Financing Authority Community Facilities District No. 3, County of San Diego, State of California in the amount of \$2,000,000?

**Section 12. Vote.** The appropriate mark placed in the voting square before the word "YES" shall be counted in favor of the adoption of the proposition, and the appropriate mark placed in the voting square before the word "NO" in the manner as authorized, shall be counted against the adoption of such proposition.

**Section 13. Election Procedure.** The Election Official is hereby authorized to take any and all steps necessary for holding the above election. The Election Official shall perform and render all services and proceedings incidental to and connected with the conduct of the election, including but not limited to, the following:

1. Prepare and furnish the necessary election supplies for the conduct of the election.
2. Cause to be printed the requisite number of official ballots, tally sheets and other necessary forms.
3. Furnish official ballots for the qualified elector of CFD No. 3.
4. Cause the official ballots to be presented to the qualified elector, as required by law.
5. Receive the returns of the election and supplies.
6. Sort and assemble the election material and supplies in preparation for the canvassing of the returns.
7. Canvass the return of the election.
8. Furnish a tabulation of the number of votes given in the election.
9. Conduct and handle all other matters relating to the proceedings and conduct of the election in the manner and form as required by law.

**RESOLUTION NO. 2016 - 04**

**Section 14. Effective Date.** This resolution shall become effective upon its adoption.

**ADOPTED** by the Board of Directors of the North City West School Facilities Financing Authority, California, at a Regular Meeting thereof held this 10th day of March, 2016, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**APPROVED**

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**ERIC DILL, CHAIRPERSON**

**ATTEST**

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**MARK RISCO, SECRETARY**

## EXHIBIT A

### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 3

A One-Time Special Tax shall be levied once on Assessor's Parcels within the boundaries of Community Facilities District No. 3 of the North City West School Facilities Financing Authority ("CFD No. 3") and collected at the time and in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 3, unless exempted by law or by the provisions hereof, shall be subject to the tax for the purposes, to the extent, and in the manner herein provided.

#### 1. DEFINITIONS

The terms hereinafter set forth have the following meanings:

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

**"Assessor"** means the Assessor of the County of San Diego.

**"Assessor's Parcel"** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

**"Assessor's Parcel Map"** means an official map of the Assessor designating parcels by Assessor's Parcel Number.

**"Assessor's Parcel Number"** means the number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Board"** means the Board of Directors of the District serving as the legislative body of CFD No. 3 under the Act.

**"Building Permit"** means a building permit for construction of one or more Residential Units within CFD No. 3 issued by the City.

**"Certificate of Occupancy"** means a permanent certificate issued by the City, or other applicable government entity, that authorizes the actual occupancy of a Residential Unit for habitation by one or more residents.

**"CFD Administrator"** means an authorized representative of the District, or designee thereof, responsible for determining the One-Time Special Tax.

**"CFD No. 3"** means the Community Facilities District No. 3 of the North City West School Facilities Financing Authority.

**"City"** means the City of San Diego, California.

**"County"** means the County of San Diego, California.

**“District”** means the North City West School Facilities Financing Authority, California.

**“Fiscal Year”** means the period starting on July 1 and ending the following June 30.

**“Mitigation Agreement”** means the Mitigation Agreement and Limited Release entered into between MKSRV Solana Carmel Creek LLC, a Delaware limited liability company and the District on June 12, 2015 and any amendments to that agreement.

**“One-Time Special Tax”** means the single payment special tax to be collected from an Assessor’s Parcel of Taxable Property prior to the issuance of a Certificate of Occupancy, pursuant to Section 3 below.

**“Residential Property”** means all Assessor’s Parcels zoned for the purpose of constructing one or more Residential Units.

**“Residential Unit”** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

**“Special Tax”** means any special tax levied within CFD No. 3 pursuant to the Act, the Mitigation Agreement and this Rate and Method of Apportionment of Special Tax.

**“State”** means the State of California.

### **3. ONE-TIME SPECIAL TAX**

The One-Time Special Tax shall be equal to \$2,000,000 and shall be collected once.

### **4. COLLECTION OF SPECIAL TAXES**

The One-Time Special Tax shall be paid to the District once and in full prior to the issuance of the first Certificate of Occupancy for one or more Residential Units within CFD No. 3. The One-Time Special Tax will be paid by the owner(s) of such Assessor’s Parcel within CFD No. 3 at the earlier of the time of the issuance of a Certificate of Occupancy or June 12, 2018.

If a Certificate of Occupancy has not been issued prior to June 12, 2018, one or more active Building Permits have been issued within CFD No. 3, and the CFD Administrator has determined that Residential Units are actively being developed within the boundaries of CFD No. 3, then the One-Time Special Tax shall be paid in full to the District on June 12, 2018 by the owners of Residential Property within CFD No. 3. The total One-Time Special Tax collected will be equal to \$2,000,000 and will be apportioned to the Assessor’s Parcels of Residential Property based on the number of Residential Units authorized by the Building Permits that have been issued within CFD No. 3.

Any portion of the One-Time Special Tax that is not collected at that time may be levied on such Assessor’s Parcel in the same manner as ordinary *ad valorem* property taxes in any following Fiscal Year.

### **5. APPEALS**

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor’s Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation the CFD

Administrator determines that an error has occurred, then the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the District Board. Upon the receipt of such notice, the District Board or designee may establish such procedures as deemed necessary to undertake the review of any such appeal.

The District Board or designee thereof shall interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the District Board or designee shall be final and binding as to all persons.

**RESOLUTION NO. 2016 - 05****RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 3, DECLARING THE RESULTS OF A SPECIAL ELECTION IN SUCH COMMUNITY FACILITIES DISTRICT**

**WHEREAS**, the Board of Directors (the “Board”) of the North City West School Facilities Financing Authority (the “Authority”) has previously undertaken proceedings to establish and did establish a community facilities district pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982”, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”). This community facilities district shall hereinafter be referred to as North City West School Facilities Financing Authority Community Facilities District No. 3 (“CFD No. 3”); and

**WHEREAS**, this Board did call for and order to be held an election to submit to the qualified electors of CFD No. 3 propositions relating to the levy of a special tax within CFD No. 3 and the establishment of an appropriations limit for CFD No. 3; and,

**WHEREAS**, at this time said election has been held and the measures voted upon and each such measure did receive the favorable two-thirds vote of the qualified electors, and this Board of Directors desires to declare the results of the election in accordance with the provisions of the Elections Code of the State of California.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the North City West School Facilities Financing Authority, California, as follows:

**Section 1.** The above recitals are all true and correct.

**Section 2.** This Board hereby receives and approves the Certificate of Election Official and Statement of Votes Cast (“Certificate and Statement”), as submitted by the Board Secretary, acting in his capacity as the election official, said statement setting forth the number of votes cast in the election, the measures voted upon, and the number of votes given for and/or against the measures voted upon. A copy of the Certificate and Statement is attached hereto, marked Exhibit “A”, referenced and so incorporated.

**Section 3.** The Board Secretary is hereby directed, pursuant to the provisions of the Elections Code of the State of California, to enter in the minutes the results of the election as set forth in the Certificate and Statement.

[Remainder of this page intentionally left blank.]



**RESOLUTION NO. 2016 - 05**

**Section 4.** This resolution shall become effective upon its adoption.

**ADOPTED** by the Board of Directors of the North City West School Facilities Financing Authority, California, at a Regular Meeting thereof held this 10th day of March, 2016, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**APPROVED**

\_\_\_\_\_  
**ERIC DILL, CHAIRPERSON**

**ATTEST**

\_\_\_\_\_  
**MARK RISCO, SECRETARY**

**EXHIBIT A**

**CERTIFICATE OF ELECTION OFFICIAL  
AND STATEMENT OF VOTES CAST**

STATE OF CALIFORNIA )  
COUNTY OF SAN DIEGO ) ss.  
NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY )

The undersigned, ELECTION OFFICIAL OF THE NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DOES HEREBY CERTIFY that pursuant to the provisions of Section 53326 of the Government Code and Division 12, commencing with Section 17000 of the Elections Code of the State of California, I did canvass the returns of the votes cast at the

NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 3  
SPECIAL ELECTION

in such Community Facilities District, held March 10, 2016.

I FURTHER CERTIFY that this Statement of Votes Cast shows the whole number of votes cast in said Community Facilities District, and the whole number of votes cast for the Measures in such Community Facilities District, and the totals of the respective columns and the totals as shown for the Measures are full, true and correct.

- 1. VOTES CAST ON PROPOSITION A: YES \_\_\_\_\_  
NO \_\_\_\_\_
- 2. VOTES CAST ON PROPOSITION B: YES \_\_\_\_\_  
NO \_\_\_\_\_

WITNESS my hand this 10th day of March, 2016.

\_\_\_\_\_  
BOARD SECRETARY  
ELECTION OFFICIAL  
NORTH CITY WEST SCHOOL  
FACILITIES FINANCING AUTHORITY  
STATE OF CALIFORNIA

**ORDINANCE NO. 2016 - 01****ORDINANCE OF THE BOARD OF DIRECTORS OF THE NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 3, AUTHORIZING THE LEVY OF A SPECIAL TAX IN SUCH COMMUNITY FACILITIES DISTRICT**

**WHEREAS**, the Board of Directors (the “Board”) of the North City West School Facilities Financing Authority (the “Authority”), has undertaken proceedings to establish and has established a community facilities district and conducted an election therein and received a favorable vote from the qualified electors authorizing the levy of special taxes in such community facilities district, all as authorized pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982”, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”). This community facilities district is designated as North City West School Facilities Financing Authority Community Facilities District No. 3 (“CFD No. 3”); and

**NOW, THEREFORE**, this Board of Directors of the North City West School Facilities Financing Authority, California, acting as the legislative body of CFD No. 3, does hereby ordain as follows:

**Section 1.** This Board does, by the passage of this ordinance, authorize the levy of special taxes on taxable properties located in CFD No. 3 pursuant to the Rate and Method of Apportionment of Special Tax as set forth in Exhibit “A” attached hereto and incorporated herein by this reference (the “Rate and Method”).

**Section 2.** The special tax herein authorized, to the extent possible, shall be collected in the same manner as ad valorem property taxes or in such other manner as this Board or its designee shall determine, including direct billing of the affected property owners. Such special tax shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes. Any special tax that may not be collected on the County tax roll shall be collected through a direct billing procedure by the Authority.

**Section 3.** The special tax authorized to be levied shall be secured by the lien imposed pursuant to Section 3114.5 and 3115.5 of the Streets and Highways Code of the State of California, which lien shall be a continuing lien and shall secure each levy of the special tax. The lien of the special tax shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied and canceled in accordance with Section 53344 of the Government Code of the State of California or until the special tax ceases to be levied by the Board of Directors in the manner provided in Section 53330.5 of said Government Code or until the special tax obligation is permanently satisfied and canceled in accordance with Section 53344 of the Government Code.

**Section 4.** This Ordinance shall be effective thirty (30) days after its adoption. Within fifteen (15) days after its adoption, the Board Secretary shall cause this Ordinance to be published in a newspaper of general circulation pursuant to the provisions of California Government Code Section 36933.

**ORDINANCE NO. 2016 - 01**

Introduced and the first reading was waived at a regular meeting of the Board of Directors of the North City West School Facilities Financing Authority, California, on March 10, 2016.

**ENACTED** by the Board of Directors of the North City West School Facilities Financing Authority, California, at a Regular Meeting thereof held this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by the following roll call vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

**APPROVED**

\_\_\_\_\_  
**ERIC DILL, CHAIRPERSON**

**ATTEST**

\_\_\_\_\_  
**MARK RISCO, SECRETARY**

## EXHIBIT A

### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 3

A One-Time Special Tax shall be levied once on Assessor's Parcels within the boundaries of Community Facilities District No. 3 of the North City West School Facilities Financing Authority ("CFD No. 3") and collected at the time and in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 3, unless exempted by law or by the provisions hereof, shall be subject to the tax for the purposes, to the extent, and in the manner herein provided.

#### 1. DEFINITIONS

The terms hereinafter set forth have the following meanings:

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

**"Assessor"** means the Assessor of the County of San Diego.

**"Assessor's Parcel"** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

**"Assessor's Parcel Map"** means an official map of the Assessor designating parcels by Assessor's Parcel Number.

**"Assessor's Parcel Number"** means the number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Board"** means the Board of Directors of the District serving as the legislative body of CFD No. 3 under the Act.

**"Building Permit"** means a building permit for construction of one or more Residential Units within CFD No. 3 issued by the City.

**"Certificate of Occupancy"** means a permanent certificate issued by the City, or other applicable government entity, that authorizes the actual occupancy of a Residential Unit for habitation by one or more residents.

**"CFD Administrator"** means an authorized representative of the District, or designee thereof, responsible for determining the One-Time Special Tax.

**"CFD No. 3"** means the Community Facilities District No. 3 of the North City West School Facilities Financing Authority.

**"City"** means the City of San Diego, California.

**"County"** means the County of San Diego, California.

“**District**” means the North City West School Facilities Financing Authority, California.

“**Fiscal Year**” means the period starting on July 1 and ending the following June 30.

“**Mitigation Agreement**” means the Mitigation Agreement and Limited Release entered into between MKSRV Solana Carmel Creek LLC, a Delaware limited liability company and the District on June 12, 2015 and any amendments to that agreement.

“**One-Time Special Tax**” means the single payment special tax to be collected from an Assessor’s Parcel of Taxable Property prior to the issuance of a Certificate of Occupancy, pursuant to Section 3 below.

“**Residential Property**” means all Assessor’s Parcels zoned for the purpose of constructing one or more Residential Units.

“**Residential Unit**” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“**Special Tax**” means any special tax levied within CFD No. 3 pursuant to the Act, the Mitigation Agreement and this Rate and Method of Apportionment of Special Tax.

“**State**” means the State of California.

### **3. ONE-TIME SPECIAL TAX**

The One-Time Special Tax shall be equal to \$2,000,000 and shall be collected once.

### **4. COLLECTION OF SPECIAL TAXES**

The One-Time Special Tax shall be paid to the District once and in full prior to the issuance of the first Certificate of Occupancy for one or more Residential Units within CFD No. 3. The One-Time Special Tax will be paid by the owner(s) of such Assessor’s Parcel within CFD No. 3 at the earlier of the time of the issuance of a Certificate of Occupancy or June 12, 2018.

If a Certificate of Occupancy has not been issued prior to June 12, 2018, one or more active Building Permits have been issued within CFD No. 3, and the CFD Administrator has determined that Residential Units are actively being developed within the boundaries of CFD No. 3, then the One-Time Special Tax shall be paid in full to the District on June 12, 2018 by the owners of Residential Property within CFD No. 3. The total One-Time Special Tax collected will be equal to \$2,000,000 and will be apportioned to the Assessor’s Parcels of Residential Property based on the number of Residential Units authorized by the Building Permits that have been issued within CFD No. 3.

Any portion of the One-Time Special Tax that is not collected at that time may be levied on such Assessor’s Parcel in the same manner as ordinary *ad valorem* property taxes in any following Fiscal Year.

### **5. APPEALS**

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor’s Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation the CFD



Administrator determines that an error has occurred, then the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the District Board. Upon the receipt of such notice, the District Board or designee may establish such procedures as deemed necessary to undertake the review of any such appeal.

The District Board or designee thereof shall interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the District Board or designee shall be final and binding as to all persons.

# North City West School Facilities Financing Authority

**Directors:**

Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

**ITEM 9A**

**FY 2015-16 MASTER PLAN  
ANNUAL REVIEW & UPDATE LETTER**

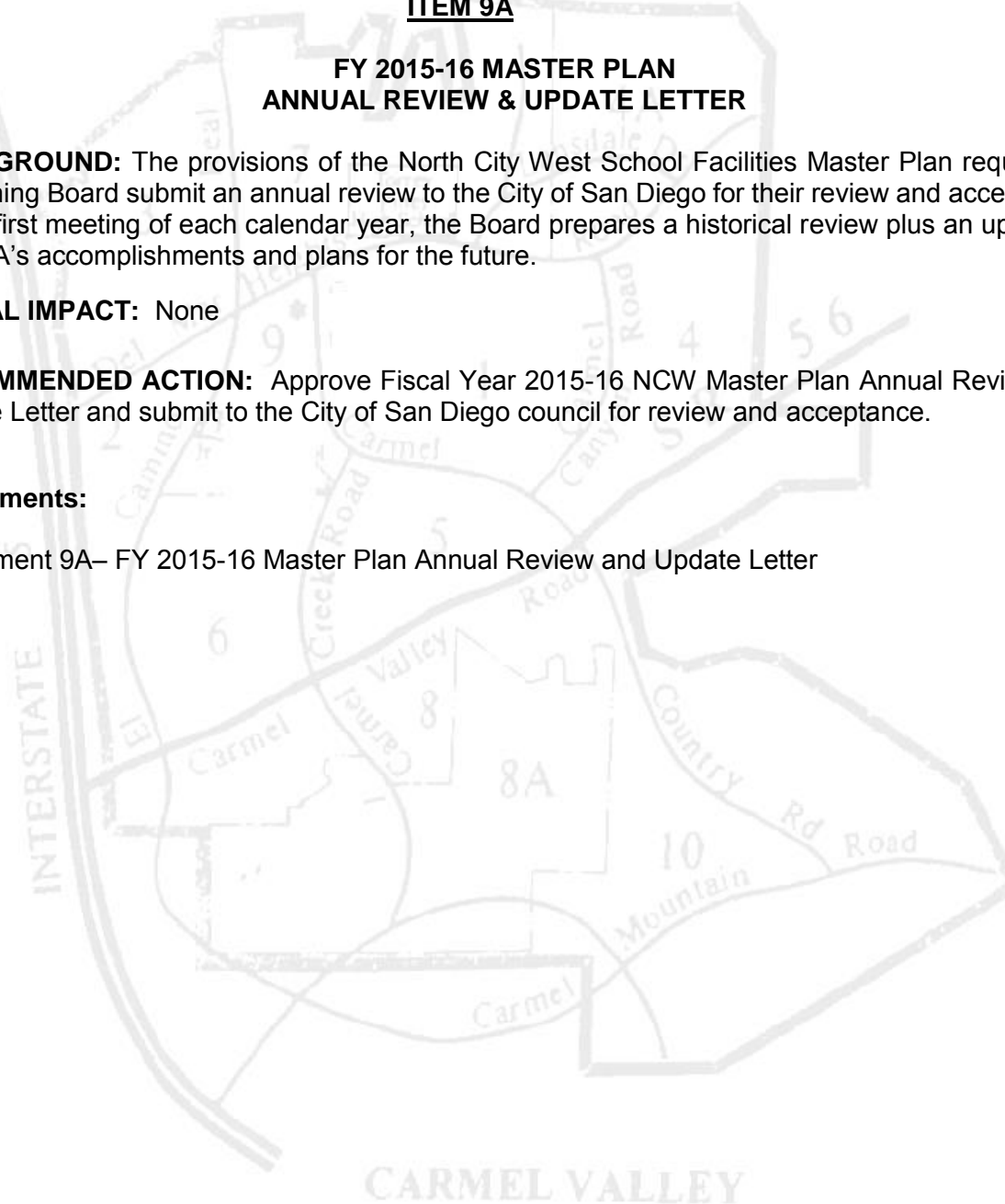
**BACKGROUND:** The provisions of the North City West School Facilities Master Plan require the Governing Board submit an annual review to the City of San Diego for their review and acceptance. At the first meeting of each calendar year, the Board prepares a historical review plus an update of the JPA's accomplishments and plans for the future.

**FISCAL IMPACT:** None

**RECOMMENDED ACTION:** Approve Fiscal Year 2015-16 NCW Master Plan Annual Review and Update Letter and submit to the City of San Diego council for review and acceptance.

**Attachments:**

Attachment 9A– FY 2015-16 Master Plan Annual Review and Update Letter



# North City West School Facilities Financing Authority And the Community Facilities Districts Nos. 1 & 2

March 10, 2016

Honorable Mayor and City Council  
City of San Diego  
City Administration Building, 202 "C" Street  
San Diego, CA 92101

Re: Annual review and update of the North City West School Facilities Master Plan for  
**Fiscal Year 2015-16** (currently known as the **Carmel Valley Community Plan area**).

In accordance with the provisions of the North City West School Facilities Master Plan adopted by City Council Resolution No. R-255381 on November 17, 1981, an annual review by the Joint Powers Agency (JPA) in consultation with the City Council is required. The annual review is to "evaluate the performance of the program, to reassess the ongoing commitments to the completion of the needed school facilities and to reevaluate the costs and deposits for the financing program" (See Exhibit E, page 3 of the Plan).

#### **Historical Overview:**

The Joint Powers Agency titled "North City West School Facilities Financing Authority" (JPA or NCWSFFA) came into existence on April 15, 1983, and was approved by the City Council on July 5, 1983 (City Council Resolution No. R-258883). The governing body of this unique Authority, which includes representatives of the Del Mar Union School District (DMUSD), Solana Beach School District (SBSD) (both kindergarten through 6<sup>th</sup> grades) and San Dieguito Union High School District (SDUHSD) (7<sup>th</sup> through 12<sup>th</sup> grades), held its organizational meeting on May 31, 1983.

The Master Plan created the procedures and the financial framework needed for the three JPA member school districts to provide the necessary kindergarten through twelfth grade public school facilities. The NCWSFFA was exempted from developer fee limitations (statutory school fees) imposed by the State legislature in 1986 by section GC65974 of the Government Code. Our official mission statement is: "The Mission of the North City West School Facilities Financing Authority is to provide school facilities, concurrent with need, to support the member School Districts' educational programs for Carmel Valley kindergarten through twelfth grade students".

In 1988, the JPA formed Community Facilities District No. 1 (CFD 1) to supplement the funding of school facilities and authorized the sale of \$80,000,000 in municipal bonds. The new CFD 1 covered approximately 96% of the vacant residential acreage remaining in Carmel Valley and, other than State funding, would become the primary source of school funding. In 1989, \$46,265,000 of the authorized Mello-Roos Bonds were issued.

In 1995, the JPA/CFD 1 refinanced the remaining \$45,600,000 of the original Bond issue to achieve: (1) an appreciably lower interest rate and (2) provide the needed construction funds sooner than they would have been available under the 1989 agreement. The balance of the \$33,735,000 Bond authorization was issued in 1997. There are 8,283 dwelling units in CFD No.1 as of July 1, 2015 that pay the Special Mello-Roos tax.

Master Plan review, March 10, 2016, page 2

In 1997, the JPA formed Community Facilities District No. 2 (CFD 2) to allow developers to annex vacant land into a CFD if a project using several parcels of land, one or more which was not in CFD 1, to permit the entire project to be marketed at similar prices. As of July 1, 2015, 52 single-family homes are in CFD 2 that pay the Special Mello-Roos tax.

On September 1, 2002, the JPA approved a Facilities Funding Agreement that identified and prioritized the remaining schools and school expansion projects needed through Carmel Valley build out. This unique document identified project cost estimates, and along with a Board Resolution approved in September 2001, identifies sources of JPA funds to be spent on the projects. These documents also formed the authorization of an additional \$21,857,921 in Subordinate Special Tax Revenue Bonds issued in September of 2002.

In August 2005, the JPA issued an additional \$17,665,000 of additional Mello-Roos Bonds (Series 2005A) and refunded the Series 1995B and 1997C Bonds, replacing them with Series 2005B and 2006C Bonds, issued at a substantially lower interest rate.

In June 2012, the JPA refunded a portion the Series 2002 and all of the Series 2005A Bonds, replacing them with Series 2012A Bonds, issued at a substantially lower interest rate.

There is currently a total **\$59,612,921** (par value) of Mello-Roos bonds issued and outstanding.

Approximately 4% of the undeveloped acreage was not included in CFD 1 or CFD 2 and remained under the NCWSFFA direct deposit fee schedule as outlined in the original Master Plan. The San Diego City Council approved the current direct deposit fee schedule in effect for this land through fiscal year 2017/18 on April 6, 2010.

Direct deposit school fees per residence are as follows:

	Approved <i>F/Y 2015-16</i>	Approved <i>F/Y 2016-17</i>
Single family	<b>\$28,124</b>	<b>\$29,249</b>
Multi family	<b>\$19,688</b>	<b>\$20,476</b>

In FY 2013-14, development outside of CFD Nos. 1 & 2 resulted in the payment of school direct deposit fees for the first time in over a decade. As of March 2016, there remains approximately 122 acres of vacant residentially zoned land potentially subject to the direct fees.

**School facilities provided or planned for Carmel Valley students:**

To date, the districts have completed the following projects:

<u>NAME</u>	<u>DISTRICT</u>	<u>YEAR COMPLETED</u>
Solana Highlands Elementary School	Solana Beach	1987
Torrey Pines High School, 22 classroom expansion	San Dieguito	1988
Carmel Del Mar Elementary School	Del Mar	1992
Carmel Del Mar Elementary School, 6 classroom addition	Del Mar	1993
Carmel Creek Elementary School	Solana Beach	1994
La Costa Canyon High School (1,800 student portion)	San Dieguito	1996
Ashley Falls Elementary School	Del Mar	1998
Carmel Creek Elementary School, 12 classroom addition	Solana Beach	1998
Solana Highlands Elementary School, 14 classroom addition	Solana Beach	1999
Ashley Falls Elementary School, 10 classroom addition	Del Mar	1999
Carmel Valley Middle School	San Dieguito	1999
Sage Canyon Elementary School	Del Mar	2000
Sage Canyon Elementary School, 8 classroom addition	Del Mar	2001
Torrey Pines High School, 5 rooms of a 25 room expansion to accommodate class size reduction	San Dieguito	2001
Solana Pacific Elementary School (Neighborhood #9)	Solana Beach	2004
56 relocatable classrooms	Various	1985-2001
Ocean Air Elementary School	Del Mar	2007

**State Funding of Schools:**

The 1981 Resolution adopted State funding as the primary mechanism for funding North City West schools. The Districts agree to keep active applications on file with the State of California Office of Public School Construction to obtain State funding in order to assist the funding of the necessary kindergarten through twelfth grade school facilities.

**Current strategies for size and number of schools:**

Since the adoption of the School Facilities Master Plan in 1981, there have been changes in State law that have affected the facility requirements of the kindergarten through twelfth grade school facilities. The implementation of the State Class Size Reduction program in 1995 increased the minimum school size acreage required for a 600 student elementary school to twelve acres and increased the number of classrooms in the facility.

Class size reduction was subsequently implemented at the high school level, which in turn has required additional classrooms to be added at the high school.

The student population in the Carmel Valley area is tracking slightly below forecast in the Master Plan. The 2015 school district demographic studies forecast a peak enrollment of 3,216 kindergarten through sixth grade students, 1,141 seventh and eighth grade students, and 2,334 ninth through twelfth grade students at Carmel Valley residential build out for a total of 6,691 students. The 1981 NCW Master Plan projected 7,000 K through twelfth grade students at build out.

Master Plan review, March 10, 2016, page 4

These changing demographics, student generation factors, type and size of dwelling units, environmental regulations, special education mandates, technology, and State legislation concerning class size reduction have caused the member school districts to reevaluate the size, number and location of needed facilities.

As a result of the above noted changes, both the Del Mar Union School District and the Solana Beach School District each established the need for an additional elementary school; and the San Dieguito Union High School District has established the need for additional facilities to accommodate additional students in grades 7 through 12.

**Fiscal Year 2015-16 plans:**

The JPA has funds encumbered of approximately \$5.6 million for the expansion of the Carmel Valley Middle School within SDUHSD. On December 10, 2015, the JPA Board approved the SDUHSD Board's plan to expand the Carmel Valley Middle School permanent facilities. The approved facilities included permanent core facilities for music, drama and food services to provide for projected enrollment. Construction is expected to commence in FY 2016-17. With the approval and funding in place for the Carmel Valley Middle School expansion facilities, the JPA will begin reimbursing member agencies for approved cost overruns on completed facilities as dictated by the Facilities Funding Agreement.

As the result of new development in the non-CFD areas of the JPA, the JPA board executed a mitigation agreement with a developer calling for the formation of Community Facilities District No. 3 and for payment of a one-time special tax to satisfy its direct deposit fee obligation with the JPA. The public hearing for the new CFD was held on March 10, 2016 and was approved by the JPA Board following a property owner election.

**General comments:**

While the residential development of Carmel Valley has matured and leveled off over the past five years and has seen minimal housing starts these past two years with the slowed economy, the strong growth seen over the past decade continues in large part to the desirability of the schools and the educational programs provided by the member school districts. Although the additional students and the State class size reduction programs continue to challenge the member school districts, we continue to provide school facilities concurrent with their need. The continued cooperation among the JPA member school districts, the home developers and the City of San Diego have contributed materially to this assessment.

We look forward to continued close cooperation with the City of San Diego.

Sincerely,

Eric Dill  
Chairperson, North City West School Facilities Financing Authority

# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Doug Rafner, Vice Chairperson, Del Mar Union School District  
Terry Decker, Director, Solana Beach School District  
Mark Risco, Executive Director and Board Secretary

### ITEM 9B

#### **AUDITED FINANCIAL STATEMENTS FOR FOR YEAR ENDED JUNE 30, 2015**

**BACKGROUND:** The annual independent audit of the North City West School Financing Facilities Authority (NCWSFFA) financial statements and review of internal controls for the year ended June 30, 2015 was conducted during the November 2015 by the firm Wilkinson Hadley King & Co., LLP, Certified Public Accountants.

The financial statements for the year ended June 30, 2015 include a full set of comparative statements for the prior year ended June 30, 2014. This is the second year comparative statements have been included in the annual audited report for the purpose of making the statements more in compliance with Governmental Accounting Standards.

The independent auditor's report states that the NCWFFA financial statements present fairly, in all material respects, the financial position of the NCWFFA as of June 30, 2015 and 2014 and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report on internal control states that no material weakness in internal control or any instances of noncompliance to Government Auditing Standards were identified during the audit.

The copy of the NCWSFFA financial statements as of June 30, 2015 is provided separately.

**FISCAL IMPACT:** None

**RECOMMENDED ACTION:** Accept and file North City West School Facilities Financing Authority Financial Statements for the year ended June 30, 2015.

**Attachments:**

Attachment 9B – Audited Financial Statement

**NORTH CITY WEST SCHOOL  
FACILITIES FINANCING AUTHORITY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015 AND 2014**



**NORTH CITY WEST SCHOOL  
FACILITIES FINANCING AUTHORITY  
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**WILKINSON HADLEY  
KING & CO. LLP**  
CPAs AND ADVISORS  
**INDEPENDENT AUDITOR'S REPORT**

P. Robert Wilkinson, CPA  
Brian K. Hadley, CPA

Aubrey W. King, CPA  
Kevin A. Sproule, CPA

**Board of Trustees  
North City West School  
Facilities Financing Authority  
Solana Beach, California**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of North City West School Facilities Financing Authority (the Entity), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the North City West School Facilities Financing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North City West School Facilities Financing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of North City West School Facilities Financing Authority as June 30, 2015 and 2014, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

El Cajon Office

218 W. Douglas Avenue El Cajon, CA 92020  
Tel. (619) 447-6700 Fax (619) 447-6707

Emeryville Office

1900 Powell Street, Suite 600 Emeryville, CA 94608  
Tel. (619) 510-588-8729 Fax (619) 447-6707

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2016 on our consideration of North City West School Facilities Financing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North City West School Facilities Financing Authority's internal control over financial reporting and compliance.

*Wilkinson Hadley King & Co., LLP*

El Cajon, California  
January 25, 2016

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
 (Required Supplementary Information-Unaudited)  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2015 and 2014**  
 (Unaudited)

This section of the North City West School Facilities Financing Authority's (the "Entity") annual financial report presents management's discussion and analysis of the Entity's financial performance during the fiscal years ended June 30, 2015 (FY 2015) and 2014 (FY 2014). The management's discussion and analysis is required as an element of the reporting model established by the Government Accounting Standards Board (GASB) in Statement Number 34. This is the eleventh year of implementation and the financial data and statements reflect prior year information. The Entity's financial statements follow this section.

### **Overview of the Entity**

The Entity is a Joint Powers Authority (JPA) established in 1983 to provide school facilities, concurrent with need, to support the educational programs for Carmel Valley kindergarten through twelfth grade students. Carmel Valley was formerly named North City West (changed in 1991), and sits within the coastal northwest portion of the City of San Diego. There are three member school districts in the Entity: Del Mar Union School District (grades K through 6); Solana Beach School District (grades K through 6); and San Dieguito Union High School District (grades 7 through 12).

The Entity provides funds for the needed school facilities using available state funding and school fees paid by residential construction. One of the methods currently employed to obtain needed funding from local sources has been to establish Community Facilities Districts (CFDs) and issue Mello-Roos bonds.

The individual school sites and buildings are owned and maintained by the member school districts. The Entity only has ownership of the relocatable classrooms located on school sites.

The absence of school facility assets and the obligation of long-term Mello-Roos bonds is the reason why the reader will see that the Entity's liabilities exceed its assets.

The Entity maintains cash accounts with the Treasurer of San Diego County and construction and other bond accounts with our Trustee, US Bank. While the Entity is not a school district, the San Diego County Office of Education uses its district accounting services to provide our accounting and monthly financial reporting. US Bank, our Trustee, provides the monthly bond fund accounting.

### **Overview of the Financial Statements**

This annual audit consists of three parts: Management's Discussion and Analysis (this section); the basic financial statements; and notes to the financial statements. In addition, our Combined Balance Sheet and Combined Statement of Revenues and Expenditures consist of three funding parts: general; construction; and debt service.

As described in Note B to the financial statements, in FY 2014 the Entity adopted new accounting guidelines under Government Accounting Standards Board Statement No. 63, which requires a change in certain terminology within the financial statements. The Entity also adopted new

accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

### Financial Highlights

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total net position is:	\$(44,430,497)	\$(49,737,602)
Total assets consist of: current assets	\$21,681,630	\$ 20,477,956
capital and intangible assets	\$ 889,585	\$ 1,040,814
Total liabilities consist of: current liabilities	\$5,265,191	\$5,120,111
long-term liabilities	\$62,495,107	\$66,976,814

### North City West School Facilities Financing Authority as a Financial Entity

Table 1 provides a comparative summary of the Entity's total net position for fiscal years ending June 30, 2015 and June 30, 2014.

Table 1  
Statement of Net Position

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Assets:</b>		
Cash in County Treasury	\$ 13,894,467	\$ 12,721,431
Cash with Fiscal Agent	7,774,592	7,745,120
Interest Receivable	<u>12,571</u>	<u>11,405</u>
Total Current Assets	21,681,630	20,477,956
Non-current Assets:		
Buildings and Improvements, net	889,585	1,040,814
Intangible Assets, net	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$22,571,215</u></b>	<b><u>\$21,518,770</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>\$ 758,586</u></b>	<b><u>840,553</u></b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	\$ 24,008	\$ 1,244
Accrued Interest	981,183	1,043,867
Bonds Payable – Current Portion	<u>4,260,000</u>	<u>4,075,000</u>
Total Current Liabilities	5,265,191	5,120,111
Non-current Liabilities:		
Bonds Payable	59,612,921	63,872,921
Unamortized Bond Premium	<u>2,882,186</u>	<u>3,103,893</u>
<b>Total Liabilities</b>	<b><u>67,760,298</u></b>	<b><u>72,096,925</u></b>
<b>Net Position:</b>		
Restricted	8,147,245	7,830,248
Unrestricted	<u>(52,577,742)</u>	<u>(57,567,850)</u>
Total Net Position	<u>(44,430,497)</u>	<u>(49,737,602)</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$23,329,801</u></b>	<b><u>\$22,359,323</u></b>

Tables 2, 3 and 4 summarize the revenues and expenses for the twelve-month periods ending June 30, 2015 and June 30, 2014.

Table 2  
Operating Revenue, Twelve Months Ended

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Operating Revenue:		
Mello-Roos Special Tax Apportionments	\$ 8,410,090	\$ 8,396,753
Mitigation Fees	<u>27,043</u>	<u>260,020</u>
Total Operating Revenue	<u>\$ 8,437,133</u>	<u>\$ 8,656,773</u>

Table 3  
Operating Expenses, Twelve Months Ended

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Operating Expenses:		
Professional Fees	\$ 86,894	\$ 52,000
Legal Fees	32,457	7,727
Demographic Study	60,385	-
General and Administration	34,362	33,518
Depreciation	151,229	159,601
Amortization	<u>81,967</u>	<u>81,967</u>
Total Operating Expenses	<u>\$ 447,294</u>	<u>\$ 334,813</u>

Table 4  
Non-Operating Revenues & Expenses, Twelve Months Ended

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Non-Operating Revenue & Expenses:		
Interest & Investment Income	\$ 70,450	\$ 68,992
Interest & Financing Charges	<u>(2,753,184)</u>	<u>(2,937,908)</u>
Total Non-Operating Revenues and Expenses	<u>\$ (2,682,734)</u>	<u>\$ (2,868,916)</u>

### Current Financial Related Activities

The Entity developed a Facilities Funding Agreement approved in September 2002 that identifies the school facilities remaining to be funded for Carmel Valley students. Included were two new schools: Solana Pacific Elementary School for the Solana Beach School District (completed and opened in September 2004) and Ocean Air Elementary School for the Del Mar Union School District (completed and opened in August 2007). Funding for a major expansion of the Carmel Valley Middle School in the San Dieguito High School District, which is currently under evaluation by the Entity, is also included in the document.

The Fiscal Year Ending June 30, 2015 (FY 2015) is highlighted by continuing new development in the areas of the Entity outside of the existing CFD No. 1 and No. 2 boundaries (non-CFD areas). This is evidenced by an increase in Professional Fees and Legal Fees relating to mitigation fee negotiations with a developer in the non-CFD area that will result in the formation of a new CFD in

FY 2016. Additional development in the non-CFD areas of the Entity boundaries is anticipated during FY 2016.

Total Assets increased by \$1 million in FY 2015 as the Entity continues to build funding for the Carmel Valley Middle School expansion and to reimburse member school districts for cost overruns on completed schools. Non-Current Liabilities continue to reduce as the Entity makes scheduled bond principal payments.

Total Operating Revenue for FY 2015 and FY 2014 is primarily from Special Taxes on developed residential property within the CFDs. Mitigation fees, or direct deposit fees, were received for one single family home being developed in the non-CFD areas of the Entity in FY 2015 compared to ten single family homes developed in the non-CFD areas of the Entity in FY 2014. Total Operating Expense for FY 2015 increased by \$112,481 (33.6%) compared to FY 2014 primarily due to the additional Professional and Legal Fees, as previously stated, and for an increase in Demographic Study reimbursements to member school districts including a \$27,000 catch-up payment to Solana Beach School District for FY 2007-2013 demographic studies not previously reimbursed.

### **Contacting the Entity's Financial Management**

This financial report is designed to provide citizens, taxpayers, and investors and credit rating agencies with a general overview of the Entity's finances and determine the Entity's accountability for the funds received and spent. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, North City West School Facilities Financing Authority, c/o Willdan Financial Services, 27368 Via Industria, Suite 110, Temecula, CA, 92590.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015 AND 2014**

	June 30,	
	2015	2014
<b>ASSETS</b>		
Current Assets:		
Cash in County Treasury	\$ 13,894,467	\$ 12,721,431
Cash with Fiscal Agent	7,774,592	7,745,120
Interest Receivable	12,571	11,405
Total Current Assets	21,681,630	20,477,956
Non-current Assets:		
Buildings and Improvements, net	889,585	1,040,814
<b>TOTAL ASSETS</b>	22,571,215	21,518,770
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	758,586	840,553
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	24,008	1,244
Accrued Interest	981,183	1,043,867
Bonds Payable - Current Portion	4,260,000	4,075,000
Total Current Liabilities	5,265,191	5,120,111
Non-current Liabilities:		
Bonds Payable	59,612,921	63,872,921
Unamortized Bond Premium	2,882,186	3,103,893
Total Non-current Liabilities	62,495,107	66,976,814
<b>TOTAL LIABILITIES</b>	67,760,298	72,096,925
<b>NET POSITION</b>		
Restricted	8,147,245	7,830,248
Unrestricted	(52,577,742)	(57,567,850)
<b>TOTAL NET POSITION</b>	\$ (44,430,497)	\$ (49,737,602)

See the accompanying notes to the financial statements

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2015 AND 2014**

	June 30,	
	2015	2014
<b>OPERATING REVENUES</b>		
Special Taxes	\$ 8,410,090	\$ 8,396,753
Mitigation Fees	27,043	260,020
<b>TOTAL OPERATING REVENUES</b>	<b>8,437,133</b>	<b>8,656,773</b>
<b>OPERATING EXPENSES</b>		
Professional Fees	86,894	52,000
Legal Fees	32,457	7,727
Demographic Study	60,385	-
General and Administration	34,362	33,518
Depreciation	151,229	159,601
Amortization	81,967	81,967
<b>TOTAL OPERATING EXPENSES</b>	<b>447,294</b>	<b>334,813</b>
<b>OPERATING INCOME (LOSS)</b>	<b>7,989,839</b>	<b>8,321,960</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and Investment Income	70,450	68,992
Interest and Fiscal Charges	(2,753,184)	(2,937,908)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(2,682,734)</b>	<b>(2,868,916)</b>
<b>INCREASE IN NET POSITION</b>	<b>5,307,105</b>	<b>5,453,044</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>(49,737,602)</b>	<b>(55,190,646)</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ (44,430,497)</b>	<b>\$ (49,737,602)</b>

See the accompanying notes to the financial statements

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY  
COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUND TYPES  
JUNE 30, 2015**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Construction</u>	<u>Debt Service</u>	
<b>ASSETS</b>				
Cash in County Treasury	\$ 13,809,079	\$ 85,388	\$ -	\$ 13,894,467
Cash with Fiscal Agent	-	4,718,910	3,055,682	7,774,592
Accrued Interest Receivable	12,488	83	-	12,571
	<u>\$ 13,821,567</u>	<u>\$ 4,804,381</u>	<u>\$ 3,055,682</u>	<u>\$ 21,681,630</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 24,008	\$ -	\$ -	\$ 24,008
Total Liabilities	<u>24,008</u>	<u>-</u>	<u>-</u>	<u>24,008</u>
Fund Balances:				
Restricted				
Debt Services	-	-	3,055,682	3,055,682
Capital Facilities	287,182	4,804,381	-	5,091,563
Unassigned				
Other Unassigned	13,510,377	-	-	13,510,377
Total Fund Balances	<u>13,797,559</u>	<u>4,804,381</u>	<u>3,055,682</u>	<u>21,657,622</u>
	<u>\$ 13,821,567</u>	<u>\$ 4,804,381</u>	<u>\$ 3,055,682</u>	<u>\$ 21,681,630</u>

See the accompanying notes to the financial statements.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY  
COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUND TYPES  
JUNE 30, 2014**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Construction</u>	<u>Debt Service</u>	
<b>ASSETS</b>				
Cash in County Treasury	\$ 12,636,387	\$ 85,044	\$ -	\$ 12,721,431
Cash with Fiscal Agent	-	4,713,203	3,031,917	7,745,120
Accrued Interest Receivable	<u>11,321</u>	<u>84</u>	<u>-</u>	<u>11,405</u>
	<u>\$ 12,647,708</u>	<u>\$ 4,798,331</u>	<u>\$ 3,031,917</u>	<u>\$ 20,477,956</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 1,244	\$ -	\$ -	\$ 1,244
Total Liabilities	<u>1,244</u>	<u>-</u>	<u>-</u>	<u>1,244</u>
<b>Fund Balances:</b>				
<b>Restricted</b>				
Debt Services	-	-	3,031,917	3,031,917
Capital Facilities	-	4,798,331	-	4,798,331
<b>Unassigned</b>				
Other Unassigned	<u>12,646,464</u>	<u>-</u>	<u>-</u>	<u>12,646,464</u>
Total Fund Balances	<u>12,646,464</u>	<u>4,798,331</u>	<u>3,031,917</u>	<u>20,476,712</u>
	<u>\$ 12,647,708</u>	<u>\$ 4,798,331</u>	<u>\$ 3,031,917</u>	<u>\$ 20,477,956</u>

See the accompanying notes to the financial statements.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015 AND 2014**

	June 30,	
	2015	2014
<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET</b>	<b>\$ 21,657,622</b>	<b>\$ 20,476,712</b>
 Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets in governmental activities are not reported in the funds, net of accumulated depreciation:	889,585	1,040,814
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities including long-term liabilities are reported. Long-term liabilities relating to governmental activities consisted of:	(66,755,107)	(71,051,814)
Unamortized prepaid insurance costs: In governmental funds, prepaid insurance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid insurance are amortized over the life of the debt. Unamortized prepaid insurance costs as deferred outflows of resources on the statement of net position are:	758,586	840,553
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturred interest owing at the end of the period was:	(981,183)	(1,043,867)
<b>NET GOVERNMENTAL POSITION - STATEMENT OF NET POSITION</b>	<b>\$ (44,430,497)</b>	<b>\$ (49,737,602)</b>

See the accompanying notes to the financial statements

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2015**

	General Fund	Construction Fund	Debt Service Fund	Totals (Memorandum Only)
<b>REVENUES</b>				
Special Taxes	\$ 8,410,090	\$ -	\$ -	\$ 8,410,090
Mitigation Fees	27,043	-	-	27,043
Investment Income	40,564	6,050	23,836	70,450
<b>TOTAL REVENUES</b>	<u>8,477,697</u>	<u>6,050</u>	<u>23,836</u>	<u>8,507,583</u>
<b>EXPENDITURES</b>				
Administration:				
Professional Fees	86,894	-	-	86,894
Legal Fees	32,457	-	-	32,457
Demographic Study	60,385	-	-	60,385
General and Administrative	34,362	-	-	34,362
<b>TOTAL EXPENDITURES</b>	<u>214,098</u>	<u>-</u>	<u>-</u>	<u>214,098</u>
Excess of Revenues Over (Under) Expenditures	<u>8,263,599</u>	<u>6,050</u>	<u>23,836</u>	<u>8,293,485</u>
<b>OTHER SOURCES (USES):</b>				
Principal Reduction	-	-	(4,075,000)	(4,075,000)
Interest Expense	-	-	(3,037,575)	(3,037,575)
Transfers In (Out)	(7,112,504)	-	7,112,504	-
<b>TOTAL OTHER SOURCES (USES)</b>	<u>(7,112,504)</u>	<u>-</u>	<u>(71)</u>	<u>(7,112,575)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,151,095	6,050	23,765	1,180,910
<b>FUND BALANCE, July 1, 2014</b>	<u>12,646,464</u>	<u>4,798,331</u>	<u>3,031,917</u>	<u>20,476,712</u>
<b>FUND BALANCE, June 30, 2015</b>	<u>\$ 13,797,559</u>	<u>\$ 4,804,381</u>	<u>\$ 3,055,682</u>	<u>\$ 21,657,622</u>

See the accompanying notes to the financial statements.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2014**

	General Fund	Construction Fund	Debt Service Fund	Totals (Memorandum Only)
<b>REVENUES</b>				
Special Taxes	\$ 8,396,753	\$ -	\$ -	\$ 8,396,753
Mitigation Fees	260,020	-	-	260,020
Investment Income	40,564	11,511	26,851	68,992
<b>TOTAL REVENUES</b>	<u>8,687,403</u>	<u>11,511</u>	<u>26,851</u>	<u>8,725,765</u>
<b>EXPENDITURES</b>				
Administration:				
Professional Fees	52,000	-	-	52,000
General and Administrative	41,245	-	-	41,245
<b>TOTAL EXPENDITURES</b>	<u>93,245</u>	<u>-</u>	<u>-</u>	<u>93,245</u>
Excess of Revenues Over (Under) Expenditures	<u>8,594,158</u>	<u>11,511</u>	<u>26,851</u>	<u>8,632,520</u>
<b>OTHER SOURCES (USES):</b>				
Principal Reduction	-	-	(3,955,000)	(3,955,000)
Interest Expense	-	-	(3,215,582)	(3,215,582)
Transfers In (Out)	(6,162,143)	-	6,162,143	-
<b>TOTAL OTHER SOURCES (USES)</b>	<u>(6,162,143)</u>	<u>-</u>	<u>(1,008,439)</u>	<u>(7,170,582)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,432,015	11,511	(981,588)	1,461,938
<b>FUND BALANCE, July 1, 2013</b>	<u>10,214,449</u>	<u>4,786,820</u>	<u>4,013,505</u>	<u>19,014,774</u>
<b>FUND BALANCE, June 30, 2014</b>	<u>\$ 12,646,464</u>	<u>\$ 4,798,331</u>	<u>\$ 3,031,917</u>	<u>\$ 20,476,712</u>

See the accompanying notes to the financial statements.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2015 AND 2014**

	June 30,	
	2015	2014
<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 1,180,910</b>	<b>\$ 1,461,938</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Capital outlay: In governmental funds, the cost of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:	(151,229)	(159,601)
Debt service: In governmental funds, repayment of long-term debt is reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for the repayment of the principal portion of long-term debt were:	4,075,000	3,955,000
Prepaid debt insurance costs: In governmental funds, prepaid debt insurance costs are recognized as expenditures in the period they are incurred. In the government-wide statements prepaid debt insurance costs are amortized over the life of the debt. The difference between prepaid debt insurance costs recognized in the current period and prepaid debt insurance costs amortized for the period is:	(81,967)	(81,967)
Amortization of debt issue premium: In governmental funds, if debt is issued at a premium, the premium is recognized as an other financing source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period is:	221,707	221,707
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:	62,684	55,967
<b>CHANGE IN NET GOVERNMENTAL POSITION - STATEMENT OF ACTIVITIES</b>	<b>\$ 5,307,105</b>	<b>\$ 5,453,044</b>

See the accompanying notes to the financial statements



**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**A. Organization:**

The North City West School Facilities Financing Authority (the Entity) was formed by a joint powers agreement among the following San Diego County School Districts: San Dieguito Union High School District, Del Mar Union School District, and Solana Beach School District. The purpose of the Entity is to collect developer fees and rebate the monies to the districts to build the necessary facilities. The North City West School Facilities Financing Authority is an entity separate and distinct from each of its participant districts.

**B. Summary of Significant Accounting Policies:**

*Reporting Entity*

In evaluating how to define the Entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles and GASB Statement No. 14. The basic, but not the only criterion for including a potential component unit within the reporting entity is the Board of Director's ability to exercise oversight responsibility. A second criterion used in evaluating potential component units is the scope of public services. A third criterion used to evaluate potential component units is the existence of special financing relationships, regardless of whether the Entity is able to exercise oversight responsibilities.

Based on these criteria, the Entity has no component units. Additionally, the Entity is not a component unit of any other reporting entity as defined by the GASB Statement.

*Basic of Presentation and Accounting*

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The Entity has no business-type activities.

Government-wide financial statements report information about the reporting unit as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**B. Summary of Significant Accounting Policies: (Continued)**

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The emphasis of fund financial statements is on major and non-major governmental funds each displayed in a separate column.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. The Entity has no proprietary fund types.

The Entity reports the following major governmental funds:

General Fund. This is the Entity's primary operating fund. It is used to account for all financial resources of the Entity except those required to be accounted for in another fund.

In addition, the Entity reports the following fund types:

Debt Service Fund. This fund is used to account for the payment of principal and interest on general long-term debt. The Entity maintains the debt service fund to account for the accumulation of resources for, and the repayment of bonds, interest and related costs.

Construction Fund. This fund is used to account for capital outlay expenditures to build the necessary facilities for each of the participating school districts.

*Budget and Budgetary Accounting*

By state law, the Entity's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The Entity's governing board satisfied these requirements.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**B. Summary of Significant Accounting Policies: (Continued)**

*Deposits and Investments*

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code Section 41001, the Entity maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other entities in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

*Property Taxes*

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the Entity. Tax revenues are recognized by the Entity when received.

*Fund Balance Reserves and Designations*

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** – represents amounts that can only be used for a specific purpose because of a formal action by the Entity's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**B. Summary of Significant Accounting Policies: (Continued)**

Assigned Fund Balance – represents amounts which the Entity intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Entity itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

*Fund Balance Reserves and Designations*

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the Entity considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Entity considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

*Total Columns on Combined Statements*

Total columns on the combined statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

*Capital Assets*

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. A capitalization threshold of \$5,000 is used.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset’s life is recorded in operating expense in the year which the expense was incurred. Depreciation is computed using the straight-line method with a half-year convention over the following estimated useful lives of the assets:

Relocatable Buildings and Improvements	25 years
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*Income Taxes*

The Entity is a governmental organization exempt from federal and state income taxes.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**B. Summary of Significant Accounting Policies: (Continued)**

*Funding Sources*

Significantly all of the Entity's primary funding sources come from tax apportionment fees and developer fees collected.

*Unearned Revenue*

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Entity prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Entity has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

*Deferred Inflows and Deferred Outflows of Resources*

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

*Changes in Accounting Policies*

In March 2012, the GASB issued Statement No. 65 Items Previously Reported as Assets and Liabilities. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The District has implemented the provisions of this Statement as of the year ended June 30, 2014.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**C. Cash and Investments:**

Cash in County Treasury

In accordance with Education Code Section 41001, the Entity maintains a substantial amount of its cash in the San Diego County Treasury as part of the common investment pool (\$12,721,431 as of June 30, 2014 and \$13,894,467 as of June 30, 2015). The fair value of the Entity's portion of this pool as of that date, as provided by the pool sponsor, was \$12,737,810 as of June 30, 2014 and \$13,912,238 as of June 30, 2015. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

The Entity is considered to be an involuntary participant in an external investment pool as the Entity is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the Entity's investments in the pool is reported in the accounting financial statements as amounts based upon the Entity's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash in Banks

Cash balances on hand and in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation.

Investments

The Entity's investments at June 30, 2014 are shown below:

<u>Investment or Investment Type</u>	<u>Days to Maturity</u>	<u>Amount Reported</u>	<u>Fair Value</u>
Money Market Funds	<30 Days	\$ 4,730,101	\$ 4,730,101
First American Treasury Obligations	44	54,076	54,076
U.S. Government Issues	>148 Days	<u>2,960,943</u>	<u>2,947,465</u>
Total Investments		<u>\$ 7,745,120</u>	<u>\$ 7,731,642</u>

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**C. Cash and Investments: (Continued)**

The Entity's investments at June 30, 2015 are shown below:

<u>Investment or Investment Type</u>	<u>Days to Maturity</u>	<u>Amount Reported</u>	<u>Fair Value</u>
Money Market Funds	<30 Days	\$ 5,103,413	\$ 5,103,413
First American Treasury Obligations	44	300,882	300,882
U.S. Government Issues	>148 Days	<u>2,370,297</u>	<u>2,365,851</u>
Total Investments		<u>\$ 7,774,592</u>	<u>\$ 7,770,146</u>

Analyst of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Entity was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurers repurchase or reverse repurchase agreements.

The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The San Diego County Investment Pool is rated AA+ by Standard and Poors. U.S. Government Issues are rated AA+ by Standard and Poors with a Moody's rating of AAA.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Entity's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Entity's name.

California Government Code requires that a financial institution secure deposits made by State or Local Governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**C. Cash and Investments: (Continued)**

The market value of the pledging securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having value of 105% of the secured deposits. As of June 30, 2015 and June 30, 2014, the Entity's money market funds of \$4,853,413 and \$4,480,101 respectively, were exposed to custodial credit risk because the funds were insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Entity.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The investment policy of the Entity contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the Entity was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Entity manages its exposure to interest rate risk by investing in the county pool and laddering maturities for government issues from 1-3 years.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Entity was not exposed to foreign currency risk.

Investment Accounting Policy

The Entity is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The Entity's general policy is to report money market investments and short-term participating interest-bearing investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.



**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**D. Capital Assets:**

A summary of changes in capital asset activity for the years ended June 30, 2014 and 2015 is as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Buildings and Improvements	\$ 4,321,049	\$ -	\$ -	\$ 4,321,049
Less Accumulated Depreciation	<u>(3,120,634)</u>	<u>(159,601)</u>	<u>-</u>	<u>(3,280,235)</u>
Net Capital Assets	<u>\$ 1,200,415</u>	<u>\$ (159,601)</u>	<u>\$ -</u>	<u>\$ 1,040,814</u>

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Buildings and Improvements	\$ 4,321,049	\$ -	\$ -	\$ 4,321,049
Less Accumulated Depreciation	<u>(3,280,235)</u>	<u>(151,229)</u>	<u>-</u>	<u>(3,431,464)</u>
Net Capital Assets	<u>\$ 1,040,814</u>	<u>\$ (151,229)</u>	<u>\$ -</u>	<u>\$ 889,585</u>

**E. Deferred Outflows of Resources:**

Debt issue costs for 2005B Bonds, 2006C Bonds, and 2012A Bonds each included prepaid debt insurance. In accordance with GASB Statement No. 65, prepaid debt insurance is recorded as a deferred outflow of resources and amortized over the life of the debt.

A summary of the deferred outflow of resources as of June 30, 2015 is as follows:

<u>Description</u>	<u>Amortization</u> <u>Term</u>	<u>Beginning</u> <u>Balance</u>	<u>Current Year</u> <u>Additions</u>	<u>Current Year</u> <u>Amortization</u>	<u>Ending</u> <u>Balance</u>
2005B Prepaid Debt Insurance	22 Years	\$ 405,937	\$ -	\$ 29,169	\$ 376,768
2006C Prepaid Debt Insurance	14 Years	228,417	-	38,069	190,348
2012A Prepaid Debt Insurance	16 Years	<u>206,199</u>	<u>-</u>	<u>14,729</u>	<u>191,470</u>
Total Deferred Outflows of Resources		<u>\$ 840,553</u>	<u>\$ -</u>	<u>\$ 81,967</u>	<u>\$ 758,586</u>

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**F. Bonds Payable:***Series 2002*

In September 2002 the Entity issued \$21,857,921 of subordinate special tax revenue bonds with an interest rate of 4.50% to 5.00%. These bonds were issued to finance the acquisition and construction of certain elementary and secondary school buildings and facilities. The bonds are special limited obligations of the Entity payable, as noted below, from proceeds of an annual special tax levied on the developed property located with the Entity district and the levy of the special tax on underdeveloped property to the extent the levy on the developed property, is insufficient to pay the bond requirements, the amounts held in the bond escrow fund and certain other funds and investment earnings pledged under the Trust Indenture and the Master Bond Resolution. In September 2012, \$17,450,000 in principal was refunded from the proceeds of the Subordinated Special Tax Revenue Bonds, Series 2012A.

The principal amount outstanding at June 30, 2015 was \$4,362,921. The bonds mature through September 1, 2027 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ -	\$ -
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021-2025	1,168,645	2,531,355	3,700,000
2025-2029	<u>3,194,276</u>	<u>8,080,724</u>	<u>11,275,000</u>
Totals	<u>\$ 4,362,921</u>	<u>\$ 10,612,079</u>	<u>\$ 14,975,000</u>

*Series 2005B*

In August 2005 the Entity issued \$31,110,000 of subordinate special tax refunding bonds with an interest rate of 3.00% to 5.25%. These bonds were issued to provide funds to refund the 1997C senior bonds and pay certain costs related to the bonds. The bonds are special limited obligations of the Entity payable, as noted below, from proceeds of an annual special tax levied on the developed property located within the Entity district and the levy of the special tax on undeveloped property to the extent the levy on the developed property, is insufficient to pay the bond requirements, the amounts held in the bond escrow fund and certain other funds and investment earnings pledged under the Trust Indenture and the Master Bond Resolution.

The principal amount outstanding at June 30, 2015 was \$20,880,000. Principal payments are made on September 1 of each year while interest is payable semi-annually on March 1 and September 1.

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**F. Bonds Payable: (Continued)**

The bonds mature through September 1, 2027 as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,160,000	\$ 1,065,750	\$ 2,225,750
2017	1,220,000	1,003,275	2,223,275
2018	1,285,000	937,519	2,222,519
2019	1,350,000	868,350	2,218,350
2020	1,425,000	795,506	2,220,506
2021-2025	8,320,000	2,742,863	11,062,863
2026-2030	<u>6,120,000</u>	<u>492,975</u>	<u>6,612,975</u>
Totals	<u>\$ 20,880,000</u>	<u>\$ 7,906,238</u>	<u>\$ 28,786,238</u>

*Series 2006C*

In June 2006 the Entity issued \$31,030,000 of subordinate special tax revenue refunding bonds with an interest rate of 5.00%. These bonds were issued to provide funds to refund the 1995B senior bonds and pay certain costs related to the bonds. The bonds are special limited obligations of the Entity payable, as noted below, from the proceeds of an annual special tax levied on the developed property located within the Entity district and the levy of the special tax on undeveloped property to the extent the levy on the developed property, is insufficient to pay the bond requirements, the amounts held in the bond escrow fund and certain other funds and investment earnings pledged under the Trust Indenture and the Master Bond Resolution.

The principal amount outstanding at June 30, 2015 was \$13,715,000. Principal payments are made on September 1 of each year while interest is payable semi-annually on March 1 and September 1.

The bonds mature through September 1, 2019 as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,480,000	\$ 623,750	\$ 3,103,750
2017	2,610,000	496,500	3,106,500
2018	2,735,000	362,875	3,097,875
2019	2,875,000	222,625	3,097,625
2020	<u>3,015,000</u>	<u>75,375</u>	<u>3,090,375</u>
Totals	<u>\$ 13,715,000</u>	<u>\$ 1,781,125</u>	<u>\$ 15,496,125</u>

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**F. Bonds Payable: (Continued)**

*Series 2012A*

On June 6, 2012, the Entity issued \$27,485,000 of Subordinate Special Tax Revenue Bonds, Series 2012A. The bonds bear fixed interest rates ranging from 2.00% to 5.00% with annual maturities from September 2012 through September 2027. The net proceeds of \$30,493,868 (after premium of \$3,547,307 less underwriters discount of \$178,653 and cost of assured guaranty insurance and surety premium in the amount of \$359,786) were used to refund \$15,310,000 of the District's outstanding Subordinate Special Tax Revenue Bonds, Series 2005A and partially refund \$17,495,000 of the District's outstanding Subordinate Special Tax Revenue Bonds, Series 2002. In addition, \$3,209,208 in prior bond funds from Series 2005A and \$28,111 in prior bond funds from Series 2002 were made available and used for an additional funding source for the refunding and to offset insurance expense, discounts, and other issuance costs.

Net proceeds of \$17,885,375 were deposited into an individual escrow fund for the refunding of the Series 2002 Bonds and net proceeds of \$12,284,239 were deposited into an individual escrow fund for the refunding of the Series 2005A Bonds with remaining funds of \$324,254 deposited to a cost issuance fund. The outstanding and remaining debt service of \$15,310,000 for the Series 2005A bonds was paid in full on June 12, 2012. The partial refunding of the Series 2002 bonds in the amount of \$17,495,000 was paid on September 4, 2012.

The 2012 Bonds are payable from installment payments to be made by the Community Facilities District pursuant to an agreement dated June 1, 2012. The installment payments are payable from certain special taxes levied on developed property within the boundaries of the Community Facilities District. The principal outstanding at June 30, 2015 was \$24,915,000. Principal payments are made on September 1 of each year while interest is payable semi-annually on March 1 and September 1.

The bonds mature through September 1, 2027 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 620,000	\$ 1,152,300	\$ 1,772,300
2017	685,000	1,132,725	1,817,725
2018	660,000	1,112,550	1,772,550
2019	730,000	1,088,050	1,818,050
2020	755,000	1,058,350	1,813,350
2021-2025	18,095,000	2,761,375	20,856,375
2026-2030	<u>3,370,000</u>	<u>258,000</u>	<u>3,628,000</u>
Totals	<u>\$ 24,915,000</u>	<u>\$ 8,563,350</u>	<u>\$ 33,478,350</u>

**NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(Continued)**

**G. Changes in Long-Term Debt:**

A schedule of changes in long-term debt is as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
2002 Bonds	\$ 4,362,921	\$ -	\$ -	\$ 4,362,921
2005B Bonds	21,980,000	-	1,100,000	20,880,000
2006C Bonds	16,075,000	-	2,360,000	13,715,000
2012A Bonds	25,530,000	-	615,000	24,915,000
2012A Bond Premium	<u>3,103,893</u>	<u>-</u>	<u>221,707</u>	<u>2,882,186</u>
Total	<u>\$71,051,814</u>	<u>\$ -</u>	<u>\$ 4,296,707</u>	<u>\$66,755,107</u>

**H. Bond Premium:**

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond as interest. Premium issued on the bonds resulted in an effective interest rate as follows:

	2012 Series A
	<u>Bonds</u>
Total Interest Payments on Bond	\$ 11,791,153
Less Bond Premium	<u>(3,547,306)</u>
Net Interest Payments	<u>\$ 8,243,847</u>
Par Amount of Bond	\$ 27,485,000
Periods	16
Effective Interest Rate	1.87%

**OTHER INDEPENDENT AUDITOR'S REPORTS**



P. Robert Wilkinson, CPA  
Brian K. Hadley, CPA

Aubrey W. King, CPA  
Kevin A. Sproule, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board of Trustees  
North City West School  
Facilities Financing Authority  
Solana Beach, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the aggregate remaining fund information of North City West School Facilities Financing Authority, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise North City West School Facilities Financing Authority's basic financial statements, and have issued our report thereon dated January 25, 2016.

**Internal Control Over Financing Reporting**

In planning and performing our audits, we considered North City West School Facilities Financing Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North City West School Facilities Financing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of North City West School Facilities Financing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the North City West School Facilities Financing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wilkinson Hadley King & Co., LLP*

El Cajon, California  
January 25, 2016