



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

**Terry Decker,**

Vice Chairperson,

Solana Beach School  
District

**Doug Rafner,**

Director,

Del Mar Union School  
District

**Mark Risco,**

Executive Director and  
Board  
Secretary

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

September 14, 2017 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 200, Temecula, California.

### CLOSED SESSION

To consider timely, qualified matters of litigation, personnel, or on real estate negotiations, the Board may meet in a closed session.

### 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  
 Terry Decker, Vice Chairperson, Solana Beach School District  
 Doug Rafner, Director, Del Mar Union 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>1-2</b>
<b>4. APPROVAL OF MINUTES</b>	<b>3-5</b>
A. Regular meeting, June 8, 2017	
<b>5. PUBLIC COMMENT</b>	
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.	
<b>6. FINANCIAL REPORTS</b>	<b>6-15</b>
The following reports record the routine business of the JPA/CFD for Fiscal Year 2016-17 & 2017-18. Members of the Board, the administration or the public may request that specific items be discussed prior to their acknowledgement.	
A. Executive Summary	
B. Building Permit Activity	
C. Financial Overview	
D. Income (through June 2017)	
E. Expenditures (through June 2017)	
F. Trust Fund Investments (at June 2017)	

# North City West School Facilities Financing Authority

## Directors:

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

## 7. ACTION ITEMS

16-17

- A. Approve Agreement with Wilkinson Hadley & King Co., LLP to perform annual independent audit of FY 2016-17 North City West School Facilities Financing Authority financial statements for an amount not to exceed \$6,200 including expenses.
- B. Approve and file FY 2016-17 Mitigation Fee Report as required by Government Code Section 66006.

## 8. DISCUSSION ITEMS

- A. Legal interpretations in Facilities Fund Agreement regarding cost overrun provision.
- B. Allocation between Member Agencies of One Paseo Mitigation Fee and CFD 3 special tax.
- C. Update on website development proposals. (Handout)

## 9. ADJOURNMENT

The next scheduled Board Meeting will be held on December 14, 2017 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  
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Doug Rafner, Director, Del Mar Union 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 Nos. 1, 2 and 3 of the North City West School Facilities Financing Authority held a **Regular Meeting** on **June 8, 2017** at Solana Beach School District Offices, 309 North Rios Avenue, Solana Beach, CA, 92075. (The letters "NCW" 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 District Nos. 1, 2 & 3).

#### 1. CALL TO ORDER

The meeting was called to order by Chairperson Dill at 2:30 p.m.

#### ROLL CALL

Directors: Eric Dill, Board Chairperson, San Dieguito Union High School District  
Terry Decker, Solana Beach School District  
Holly McClurg, Alternate Director, Del Mar Union School District

#### Quorum Achieved

Other Personnel, Member Districts:

John Addleman, Alternate Director -San Dieguito Union High School District  
Lisa Davis, Alternate Director-Solana Beach School District  
Caroline Brown, Solana Beach 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

#### 2. PLEDGE OF ALLEGIANCE

#### 3. APPROVAL OF AGENDA

Moved by Director Decker, seconded by Director McClurg to approve the June 8, 2017 agenda  
Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0

#### 4. APPROVAL OF MINUTES

- A. Moved by Director Decker, seconded by Director McClurg to approve the minutes for the 1-10-17 Special Meeting minutes as amended.  
Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0
- B. Moved by Director Decker, seconded by Director McClurg to approve the minutes for the 3-14-17 Regular Meeting draft minutes.

# North City West School Facilities Financing Authority

## Directors:

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

## 5. PUBLIC COMMENT

There were no comments from the public.

## 6. FINANCIAL REPORTS

- Authority is solid financially.
- No Building Permits have been pulled for FY 2016-17.

## 7. EXECUTIVE DIRECTOR'S REPORT

- Kilroy Mitigation balance is received - subsequent action item to create a fund to place money.
- Carmel Valley Middle School Expansion Project – First reimbursement request has been received from San Dieguito Union High School District.
- There were very low delinquencies; CFD 1 and CFD 2 is around 1-2%. Delinquencies are typically reduced near end of June.
- Acceptance by City of San Diego for the NCWSFFA FY 2016-17 Master Plan has been pushed to the July or August agenda. Willdan will continue to follow up on dates and report back.

## 8. ACTION ITEMS

- A.** Motion by Director McClurg, seconded by Director Decker to approve proposed budget adjustments for FY 2016-17.  
Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0
- B.** Motion by Director Decker, seconded by Director McClurg to approve North City West JPA administrative budget for FY 2017-18.  
**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0**
- C.** Election of North City West JPA Board Officers for FY 2017-18
- 1) Move by Director Decker, second by Director McClurg to elect Eric Dill as Chairperson of the North City West School Facilities Financing Authority for FY 2017-18.  
**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0**
  - 2) Moved by Director Dill, second by Director McClurg to elect Terry Decker as Vice-Chairperson of the North City West School Facilities Financing Authority for FY 2017-18.  
Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0
  - 3) Move by Director McClurg, second by Director Decker to elect Mark Risco as Secretary of the North City West School Facilities Financing Authority for FY 2017-18.  
**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0**



# North City West School Facilities Financing Authority

## Directors:

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

- D. Motion by Director McClurg, seconded by Director Decker to approve dates and times for Regular North City West JPA Board Meetings for FY 2017-18 as follows:  
September 14, 2017      December 14, 2017  
March 8, 2018              June 14, 2018  
**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0**
- E. Motion by Director Decker, seconded by Director McClurg to approve Annual Special Tax levy for CFD No. 1 Special Taxes for FY 2017-18.  
**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0**
- F. Motion by Director McClurg, seconded by Director Decker to approve Annual Special Tax levy for CFD No. 2 Special Taxes for FY 2017-18.  
**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0**
- G. Motion by Director Decker, seconded by Director McClurg to approve the Ratification of Mitigation Agreement & Limited Release.  
**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0**
- H. Motion by Director Decker, seconded by Director McClurg to approve Resolution 2017-01 to establish a restricted fund known as the One Paseo Fund with San Diego County Auditor and Treasurer.  
**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0**
- I. Motion by Director Decker, seconded by Director McClurg to approve Resolution 2017-02 to establish a restricted fund known as the Community Facilities District No. 3 Fund with San Diego County Auditor and Treasurer.  
**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0**

## 9. DISCUSSION ITEMS



- Willdan Financial Services will follow up with Best Best & Krieger regarding the opinion letter from to Wendy Wiles of Bowie, Arneson, Wiles & Giannone addressing the Ocean Air overrun amount due Del Mar Union School District. The issue of overruns will be further discussed at next Regular Board Meeting in September.

## 11. ADJOURNMENT OF MEETING

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

**Ayes: Dill, McClurg, Decker. Motion Carried: 3:0:0.**

Chairperson Dill adjourned the meeting at 2:47 P.M.

The next regular Board Meeting will be on September 14, 2017 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  
Terry Decker, Vice Chairperson, Solana Beach School District  
Doug Rafner, Director, Del Mar Union School District  
Mark Risco, Executive Director and Board Secretary

### ITEM 6A

#### **SUBJECT: EXECUTIVE SUMMARY, FINANCIAL REPORTING THROUGH July 31, 2017**

##### **1. School fees/building permits for CFD No.1**

For Fiscal Year 2017/18, 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 2017/18.

##### **3. CFD No. 1 Special Tax Collections:**

We received twelve (12) of the twelve (12) apportionments for Fiscal Year 2016/17.

We have received one (1) of the twelve (12) apportionments for Fiscal Year 2017/18.

##### **4. CFD No. 2 Special Tax Collections:**

We received twelve (12) of the twelve (12) apportionments for Fiscal Year 2016/17.

We have received one (1) of the twelve (12) apportionments for Fiscal Year 2017/18.

##### **5. CFD No. 3 Special Tax Collections:**

Collection of one-time special tax from property owner expected in September 2017.

##### **6. One Paseo Mitigation Fund:**

We have received the one-time \$3,636,288.76 mitigation fee payment in June 2016.



CARMEL VALLEY

# North City West School Facilities Financing Authority

**Directors:**

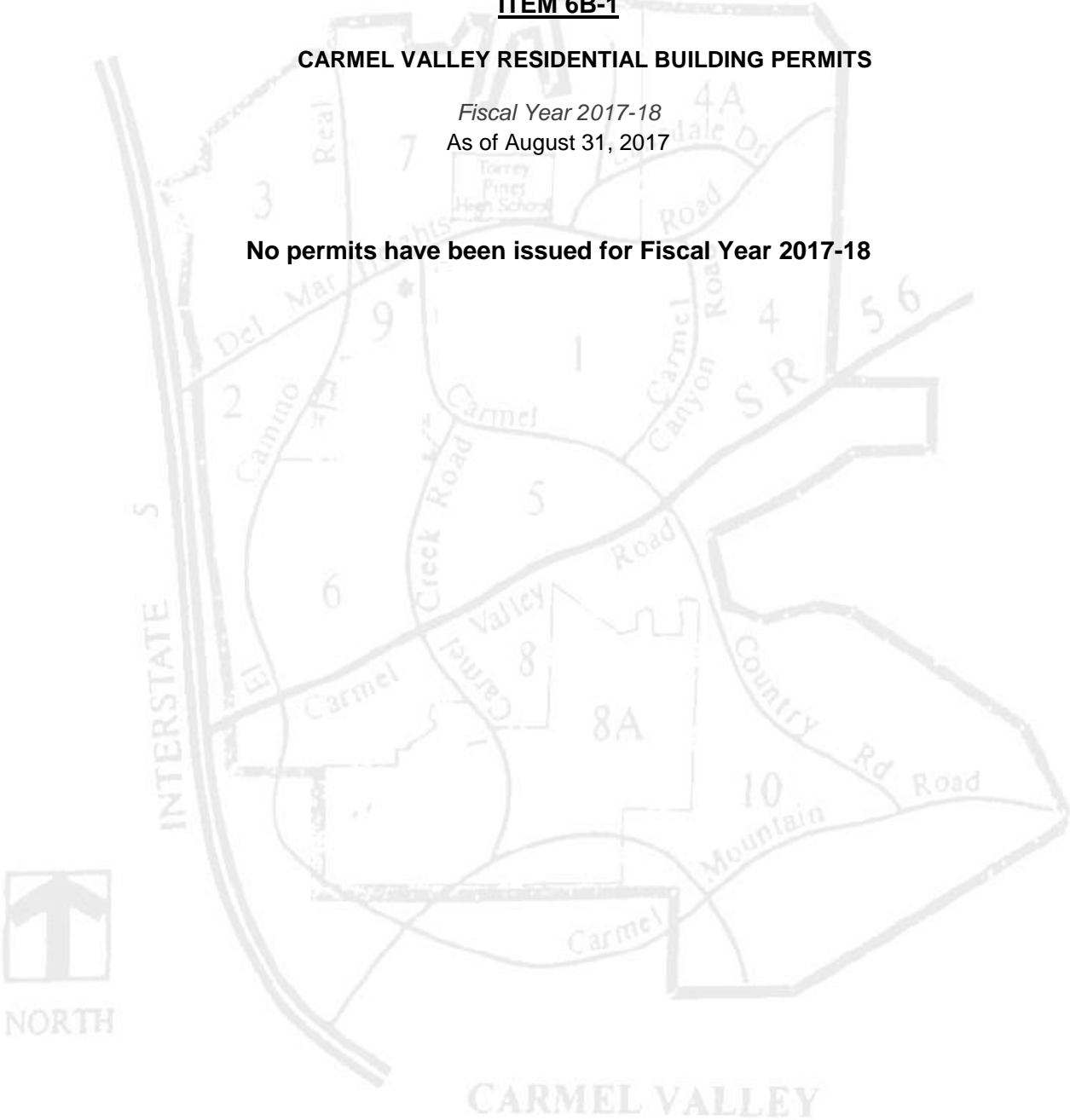
Eric Dill, Chairperson, San Dieguito Union High School District  
Terry Decker, Vice Chairperson, Solana Beach School District  
Doug Rafner, Director, Del Mar Union School District  
Mark Risco, Executive Director and Board Secretary

**ITEM 6B-1**

**CARMEL VALLEY RESIDENTIAL BUILDING PERMITS**

*Fiscal Year 2017-18*  
As of August 31, 2017

**No permits have been issued for Fiscal Year 2017-18**





# North City West School Facilities Financing Authority

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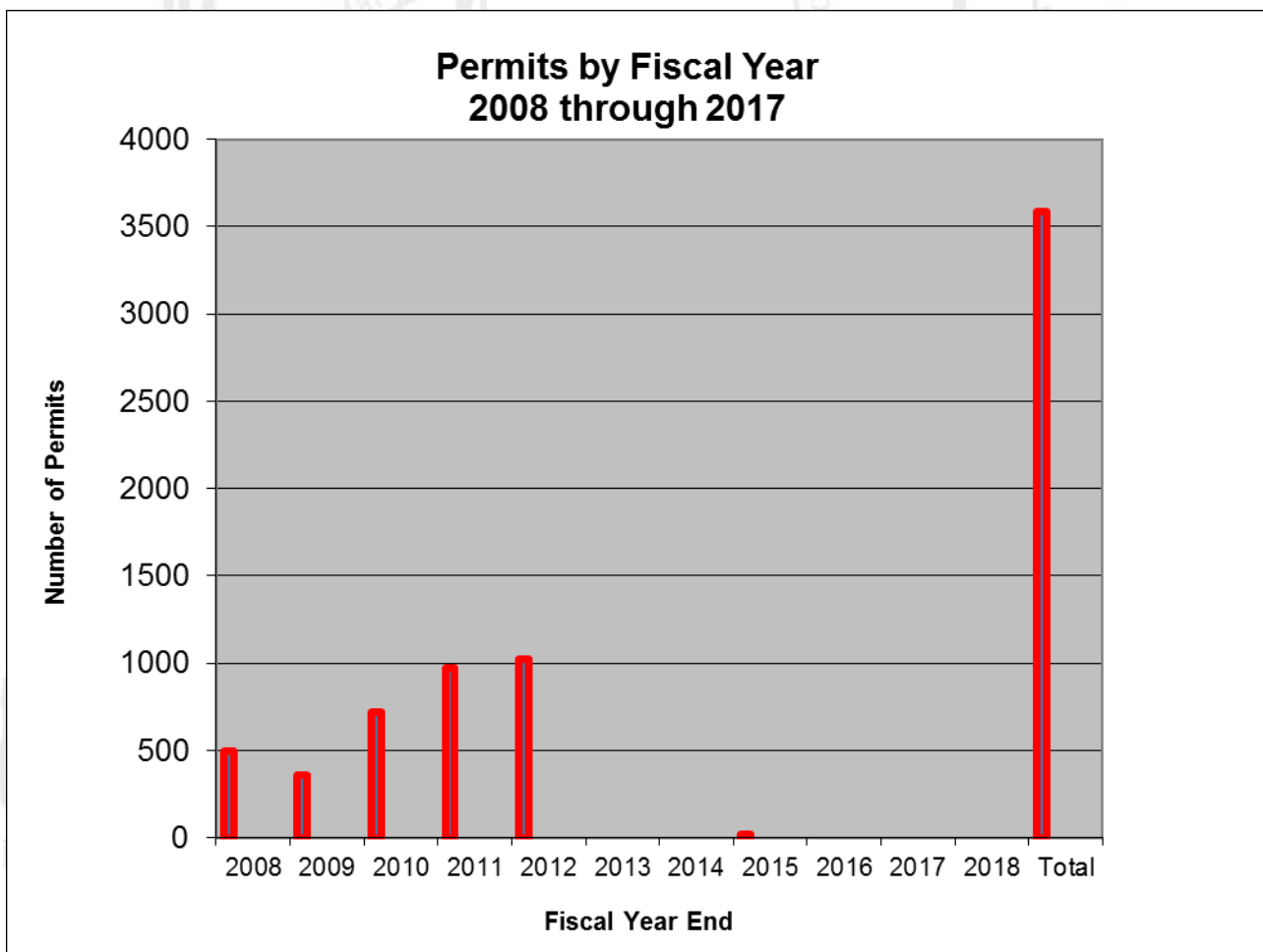
**ITEM 6B-2**

**CARMEL VALLEY RESIDENTIAL BUILDING PERMITS**

**YEAR TO DATE TOTALS**

*Through August 31, 2017*

FYE	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
<b>Actual:</b>	<b>493</b>	<b>356</b>	<b>718</b>	<b>975</b>	<b>1,024</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,588</b>



# North City West School Facilities Financing Authority

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### 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 54900** (25-18): Direct Deposit Capital Facilities/Mitigation Fees collected under Master Plan.
- B. **Fund 54911** (21-09): CFD No. 1 Special Tax Funds.
- C. **Fund 54904** (21-10): CFD No. 1 Special Taxes collected by County of San Diego.
- D. **Fund 54907** (35-00): CFD No. 2 Special Taxes collected by the County of San Diego.
- E. **Fund 54908** (21-25): Del Mar Neighborhood #8A School Site Fund.
- F. **Fund 54909** (21-25): Del Mar Neighborhood #8A School Construction Fund.
- G. **Fund 54912** (21-39): Carmel Valley Middle School Expansion Fund.
- H. **Fund 54914** (49-01): CFD No. 3 Special Taxes Fund.
- I. **Fund 54915** (25-01): One-Paseo Fund.

##### **ITEM 7C-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.

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**ITEM 6C-1**

**SUMMARY OF CURRENT FUNDS AVAILABLE FOR FUTURE PROJECTS**

As of June 30, 2017

	June 30, 2015	June 30, 2016	June 30, 2017
<b>FUNDS ON DEPOSIT</b>			
Fund 54900, Mitigation Fees	\$287,182	\$288,707	\$291,224
Fund 54915, One Paseo Mitigation Fees			3,636,289
Fund 54902, subordinate tax fund	6,284	6,317	6,372
Fund 54911, CFD #1 devel fees & check acct	1,302,827	1,309,730	1,321,147
Fund 54904, CFD #1 Special Tax Fund	12,149,673	13,310,352	14,520,730
Fund 54907, Master Plan fees & CFD #2	63,113	59,223	63,597
Fund 54903, SBSB #6 site	-	-	
Fund 54905, La Costa Canyon	-	-	
Fund 54906, SBSB #6 construction	-	-	1
Fund 54908, DMUSD #7 land	85,384	75,687	76,348
Fund 54909, DMUSD #7 construction	4	4	4
2002 Bonds Special fund	41,054	-	41,010
2005A & B Bonds Project Fund	4,718,910	4,723,552	4,460,866
<b>Total Unrestricted Funds on Deposit</b>	<b>\$18,654,431</b>	<b>\$19,773,573</b>	<b>\$24,417,588</b>
<b>ENCUMBRANCES</b>			
Carmel Valley Middle School Expansion	\$5,586,098	\$5,586,098	\$5,287,643
Del Mar School (Neighb. #8A) site	72,852	85,718	76,319
Administration	151,084	126,630	125,852
Next Debt Service on Bonds	5,731,765	5,885,025	5,942,475
NCW JPA Reserve			
<b>Total Encumbrances</b>	<b>\$11,541,799</b>	<b>\$11,683,471</b>	<b>\$11,432,289</b>
<b>SUMMARY</b>			
Total Unrestricted Funds on Deposit	\$18,654,431	\$19,773,573	\$24,417,588
Encumbrances (current fiscal year)	(11,541,799)	(11,683,471)	(11,432,289)
<b>Unencumbered Funds Available</b>	<b>\$7,112,633</b>	<b>\$8,090,102</b>	<b>\$12,985,299</b>



CARMEL VALLEY

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## ITEM 6C-2

### FINANCIAL STATUS OF APPROVED PROJECTS

As of June 30, 2017

		C.V. MIDDLE SCHOOL	DEL MAR ELEM. N #8A School	TOTAL PROJECTS
F/Y 2016/17	L		\$ 76,319	\$ 76,319
ENCUMBERED	C	\$ 5,586,098	\$ -	\$ 5,586,098

EXPEND.	L		\$ -	\$ -
FUND 83	C			\$ -
EXPEND.	L			\$ -
FUND 85	C			\$ -
EXPEND.	L			\$ -
FACIL. FUND.	C	\$ 298,455		\$ 298,455
TOTAL	L	\$ -	\$ -	\$ -
EXPEND.	C	\$ 298,455	\$ -	\$ 298,455

PERCENT	L		0.0%	
OF BUDGET	C	0.0%	0.0%	

BALANCE	L		\$ 76,319	\$ 76,319
REMAINING	C	\$ 5,287,643	\$ -	\$ 5,287,643

L = Land purchase

C = Construction/Operations

# North City West School Facilities Financing Authority

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**ITEM 6D**

**INCOME TO DATE, Active Funds**

As of June 30, 2017

DATE	ITEM NO.	SOURCE	FUND 54900 (25-18)		FUND 54911 (21-09)		FUND 54904 (21-10)			FUND 54907 (35-00)		FUND 54902 (21-62)	FUNDS (21-00,25)
			MITIGATION INCOME	INTEREST INCOME	PERMIT INCOME	INTEREST INCOME	TAX APPN. INCOME	INTEREST INCOME	MISC. INCOME	TAX APPN. INCOME	INTEREST INCOME	INTEREST INCOME	INCOME
07/19/16	CT	Apportionment #13					\$37,116.53						
07/20/16	CT	County Int, 100% 6/30/16		\$413.80		\$1,877.22		\$17,815.18			\$74.80	\$9.05	\$109.45
8/9/16	CT	Apportionment #1					13,376,698.18			59,297.63			
9/6/16	CT	Apportionment #2					5,168.74						
10/4/16	CT	Apportionment #3					6,269.65						
10/19/16	CT	County Int, 100% 9/30/16		630.39		2,859.81		23,005.27			129.30	13.79	165.27
11/1/16	CT	Apportionment #4					195,915.26			1,860.80			
12/6/16	CT	Apportionment #5					1,480,281.77			13,248.60			
1/17/17	CT	Apportionment #6					3,074,594.88			22,400.09			
1/20/17	CT	County Int, 100% 12/31/16		622.37		2,823.40		17,263.45			138.03	13.62	163.16
2/14/17	CT	Apportionment #7					412,787.09			2,503.00			
3/24/17	6359354	Refund for overpayment 307-022-37-33					(452.00)						
4/4/17	CT	Apportionment #8					3,074,594.88			22,400.09			
4/24/17	CT	County Int, 100% 03/31/17		741.71		3,364.80		28,796.83			186.65	16.23	194.45
5/2/17	CT	Apportionment #9					2,494,995.28			16,794.02			
5/15/17	CT	County Int, 100% 04/30/17		108.46		492.03		4,210.88			27.29	2.37	28.43
5/23/17	CT	Mitigation Fee Deposit-Kilroy	2,636,288.76										
5/24/17	CT	Apportionment #10					49,048.40			12.33			
6/1/17	CT	Mitigation Fee Deposit-Kilroy	1,000,000.00										
6/14/17	CT	Apportionment #11					33,689.05			1.80			
YEAR TO DATE TOTAL INCOME			\$3,636,288.76	\$2,516.73	\$0.00	\$11,417.26	\$8,357,859.53	\$91,091.61	\$0.00	\$63,040.64	\$556.07	\$55.06	\$660.76
FORECAST TOTAL INCOME			\$0.00		\$0.00		\$8,229,016.50			\$62,822.00			
FORECAST YEAR TO DATE INCOME			\$0.00		\$0.00		\$6,963,013.96			\$53,157.08			
PERCENT COLLECTED YEAR TO DATE							101.6%			100.3%			



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## ITEM 6E

### EXPENDITURES TO DATE, Active Funds

As of June 30, 2017

DATE	VENDOR	PURPOSE	WARRANT / SOURCE	(21-10) FUND 54904	(21-00) F. FUND AGR 54908/54909	(35-00) FUND 54907 ADMIN	TOTAL EXPEND.	(21-10) Semi-Anl Paym. 54904 Int. & Principal
07/07/16	MKS	MKS 50% Reimbursement for CFD 3	CT	(\$16,877.22)			(\$16,877.22)	
07/29/16	US Bank	(Annual Trustee Fees FY 2016/17)(Series 2012A)	6283911	2,400.00			2,400.00	
07/29/16	US Bank	(Annual Trustee Fees FY 2016/17)(Series 2006C)	6283911	3,062.50			3,062.50	
08/10/16	AT&T	Jul 11-Aug 10	6285489	46.48			46.48	
08/18/16	US BANK CORPORATE TRUST	SEPTEMBER 1, 2016 DEBT SERVICE PAYMENT (SERIES 2012A)	6288824	1,256,478.14			1,256,478.14	1,256,478.14
08/18/16	US BANK CORPORATE TRUST	SEPTEMBER 1, 2016 DEBT SERVICE PAYMENT (SERIES 2005B)	6288825	1,737,630.20			1,737,630.20	1,737,630.20
08/18/16	US BANK CORPORATE TRUST	SEPTEMBER 1, 2016 DEBT SERVICE PAYMENT (SERIES 2006C)	6288826	2,890,864.25			2,890,864.25	2,890,864.25
08/24/16	San Dieguito USHD	FY 2015-16 Demographic Study Reimbursement	6288821	4,674.24			4,674.24	
08/29/16	AT&T	Aug 11-Sept 10	6291791	56.48			56.48	
08/29/16	Best Best & Krieger	General Counsel June 30, 2016	6291803	345.00			345.00	
08/29/16	Best Best & Krieger	CFD Formation Services June 30, 2016	6291802	130.50			130.50	
08/29/16	Solana Beach SD	FY 2015-16 Demographic Study Reimbursement	6292068	3,495.25			3,495.25	
08/29/16	SD County School Risk JPA	FY 2016-17 JPA P&L Insurance Contribution	6290933	4,145.00			4,145.00	
11/09/16	AT&T	Monthly Service - Sept 11 thru Nov 10	6312366	108.37			108.37	
11/09/16	Best Best & Krieger	Services Rendered through August 31, 2016 (General Counsel)	6312387	1,482.34			1,482.34	
11/09/16	US Bank (Annual Trustee Fees FY 2016/17)(Series 2002)	Annual Trustee Fees 2016/2017	6312837	2,700.00			2,700.00	
12/12/16	AT&T	Monthly Service - Nov 11 thru Dec 10	6329000	48.47			48.47	
12/12/16	Willdan Financial Services	Professional Services Rendered July 1, 2016 thru September 30, 2016	6329227	21,894.48			21,894.48	
12/14/16	BLX Group LLC	Arbitrage Series 2005A / B & 2006C for Period Ending 09/02/2016	6329836	1,500.00			1,500.00	
12/14/16	BLX Group LLC	Arbitrage Series 2002 for Period Ending 09/02/2016	6329837	1,500.00			1,500.00	
01/12/17	Wilkinson Hadley King & Co. LLP	Progress Billing for the FY2015-16 Annual Audit	6338242	4,500.00			4,500.00	
01/18/17	AT&T	Monthly Service - Dec 11 thru Jan 10	6339399	48.27			48.27	
02/13/17	AT&T	Monthly Service - Jan 11 thru Feb 10	6347938	48.30			48.30	
02/16/17	US Bank	Wire Transfer -Debt Service Payment (Series 2005B)	WFB ID 9982	485,577.52			485,577.52	485,577.52
02/16/17	US Bank	Wire Transfer -Debt Service Payment (Series 2006C)	WFB ID 9984	215,546.01			215,546.01	215,546.01
02/16/17	US Bank	Wire Transfer -Debt Service Payment (Series 2012A)	WFB ID 9985	561,203.77			561,203.77	561,203.77
02/17/17	Best Best & Krieger	Services Rendered through December 31, 2016 (General Counsel)	6349682	2,862.00			2,862.00	
02/22/17	Willdan Financial Services	Professional Services Rendered July 1, 2016 thru December 31, 2016	6350707	14,847.86			14,847.86	





# North City West School Facilities Financing Authority

Directors:

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

## ITEM 6E

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

As of June 30, 2017

DATE	VENDOR	PURPOSE	WARRANT / SOURCE	(21-10) FUND 54904	(21-00) F. FUND AGR 54908/54909	(35-00) FUND 54907 ADMIN	TOTAL EXPEND.	(21-10) Semi-Anl Paym. 54904 Int. & Principal
03/01/17	AT&T	Monthly Service - Feb 11 thru Mar 10	6352362	48.30			48.30	
3/1/2017	Best Best & Krieger	Services Rendered through October 31, 2016 (One Paseo)	6352381	2,308.70			2,308.70	
3/1/2017	Best Best & Krieger	Services Rendered through September 30, 2016 (One Paseo)	6352382	4,211.90			4,211.90	
3/1/2017	Wilkinson Hadley King & Co. LLP	Final Billing for the 2016 Audit	6352784	1,700.00			1,700.00	
03/22/17	Best Best & Krieger	Services Rendered through January 31, 2017 (General Counsel)	6358302	1,351.50			1,351.50	
03/22/17	Solana Beach SD	CASH Conference for Caroline Brown February 20-22, 2017	6358677	1,638.80			1,638.80	
03/29/17	AT&T	Monthly Service - Mar 11 thru Apr 10	6360168	57.97			57.97	
04/10/17	Best Best & Krieger	Services Rendered through November 30, 2016 (General Counsel)	6363892	1,510.50			1,510.50	
04/10/17	Best Best & Krieger	Services Rendered through December 31, 2016 (General Counsel)	6363893	2,968.00			2,968.00	
4/28//17	Willdan Financial Services	Professional Services Rendered January 1, 2017 thru March 31, 2017	6369480	20,325.74			20,325.74	
05/01/17	AT&T	Monthly Service - April 11 thru May 10	6369749	55.55			55.55	
05/01/17	Del Mar Union SD	(Dolinka Enrollment Study FY 2015-16)	6369827	9,887.00			9,887.00	
05/24/17	Best Best & Krieger	Services Rendered through February 28, 2017 (One Paseo)	6376597	8,673.51			8,673.51	
06/02/17	AT&T	Monthly Service - May 11 thru June 10	6379355	55.55			55.55	
06/02/17	Best Best & Krieger	Services Rendered through April 30, 2017 (General Counsel)	6379371	132.50			132.50	
06/02/17	Best Best & Krieger	Services Rendered through March 31, 2017 (General Counsel)	6379372	371.00			371.00	
06/02/17	Best Best & Krieger	Services Rendered through April 30, 2017 (One Paseo)	6379373	14,166.00			14,166.00	
06/21/17	Del Mar Union SD	Reimbursement for Cash Conference	6384609	1,900.71			1,900.71	
06/28/17	AT&T	Monthly Service - Mar 11 thru Apr 10	6386965	55.55			55.55	
06/28/17	San Deiguito USHD	FY 2016-17 Demographic Study Reimbursement	6387505	5,200.07			5,200.07	
06/30/17	Willdan Financial Services	Professional Services Rendered April 1, 2017 thru June 30, 2017	6388376	20,859.03			20,859.03	
<b>Total Expenditures To Date:</b>				<b>\$7,297,796.09</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,297,796.09</b>	<b>\$7,147,299.89</b>



# North City West School Facilities Financing Authority

Directors:

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

## ITEM 6F

### Trust Fund Investments

As of June 30, 2017

USB Account	Account Description	Issuer	Investment Type	Rating S&P/ Moody's	Date Purchased	Maturity	Term Years	Investment						
								CUSIP I.D.	Par	% Rate	Cost/ Price	% Yield	Market Value	
131352-004	2002 Reserve Fund	FNMA	Note	AA+/AAA	12/18/2012	12/20/2017	5.01	3135G0RT2	240,000.00	0.875	240,881.45	0.872	239,676.00	
		FNMA	Note	AA+/AAA	9/18/2013	9/18/2018	5.00	3135G0YM9	240,000	1.875	240,342.15	1.872	241,498	
		FHLB	Note	AA+/AAA	2/10/2016	2/10/2020	5.00	3130A7A70	250,000	1.370	250,000.00	1.370	247,430	
		FFCB	Note	AA+/AAA	2/11/2016	2/11/2019	5.00	3133EYFT8	250,000	1.200	250,000.00	1.200	248,840	
		FNMA	Note	AA+/AAA	11/25/2016	8/25/2020	3.75	3136G4HR7	240,000	1.625	240,000.00	1.625	238,651	
								1,220,000.00		1,221,223.60		1.37%		1,216,094.80
Weighted														
790415-003	2005B/2006C Reserve	FNMA	Note	AA+/AAA	12/18/2012	12/20/2017	5.01	3135G0RT2	\$ 351,000	0.875	\$ 352,289	0.872	\$ 350,526	
		FNMA	Note	AA+/AAA	9/18/2013	9/18/2018	5.00	3135G0YM9	360,000	1.875	360,513	1.872	362,246	
		FHLM	Note	AA+/AAA	1/13/2017	10/26/2017	0.78	3130AAM47	360,000	1.200	350,000	1.200	349,528	
		FHLB	Note	AA+/AAA	2/10/2016	2/10/2020	5.00	3133EFYTS	370,000	1.200	370,000	1.200	368,283	
		FFCB	Note	AA+/AAA	2/11/2016	2/11/2019	5.00	3130A7A70	370,000	1.370	370,000	1.370	366,196	
								\$ 1,811,000		\$ 1,802,802		1.288%		\$ 1,796,780
Weighted														
790415-004	2005B Project Fund	FHLMC	Note	NA	2/23/2017	9/28/2017	0.60	313397MG3	\$ 850,000	0.673	846,583	0.673	847,884	
		FHLMC	Note	AA+/NA	2/27/2017	12/15/2017	0.81	3137EADX4	\$ 300,000	1.000	300,375	0.999	299,769	
		FFCB	Note	AAA/AA+	2/23/2017	12/17/2017	0.85	3133EFWW3	\$ 1,000,000	0.875	999,979	0.899	999,170	
		FFCB	Note	AAA/AA+	3/28/2017	3/12/2018	0.97	3133EETE0	\$ 700,000	1.125	699,706	1.130	699,706	
		FHLAB	Note	NA	7/12/2017	10/11/2017	0.25	313385MV5	\$ 300,000	1.053	299,213	1.053	299,213	
								\$ 3,150,000		\$ 3,145,856		0.759%		\$ 3,145,741
								<b>\$ 6,181,000</b>		<b>\$ 6,169,881</b>		<b>0.980%</b>		<b>\$ 6,158,615</b>
Weighted														
											San Diego County Investment Pool for First Quarter 2017		1.258%	



CARMEL VALLEY

# North City West School Facilities Financing Authority

## Directors:

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

### ITEM 7A

#### **AGREEMENT TO PERFORM INDEPENDENT AUDIT FOR FY 2016-17**

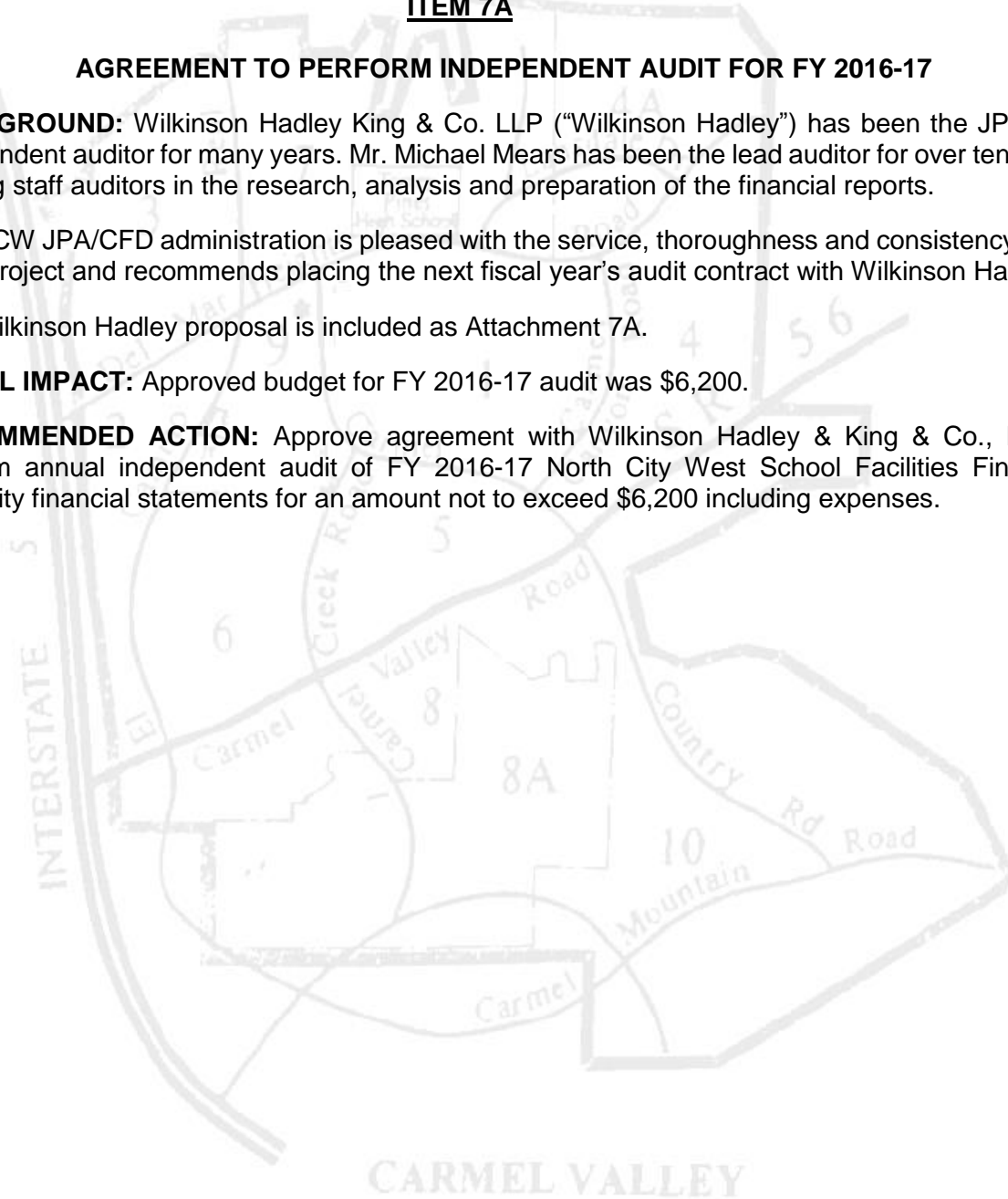
**BACKGROUND:** Wilkinson Hadley King & Co. LLP (“Wilkinson Hadley”) has been the JPA/CFD independent auditor for many years. Mr. Michael Mears has been the lead auditor for over ten years, leading staff auditors in the research, analysis and preparation of the financial reports.

The NCW JPA/CFD administration is pleased with the service, thoroughness and consistency of the audit project and recommends placing the next fiscal year’s audit contract with Wilkinson Hadley.

The Wilkinson Hadley proposal is included as Attachment 7A.

**FISCAL IMPACT:** Approved budget for FY 2016-17 audit was \$6,200.

**RECOMMENDED ACTION:** Approve agreement with Wilkinson Hadley & King & Co., LLP to perform annual independent audit of FY 2016-17 North City West School Facilities Financing Authority financial statements for an amount not to exceed \$6,200 including expenses.



# North City West School Facilities Financing Authority

**Directors:**

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

**ITEM 7B**

**FY 2016-17 MITIGATION FEE REPORT**

**BACKGROUND:** Government Code Section 66006 requires any local agency receiving a fee in connection with the approval of development must deposit the funds in a separate capital facilities fund and within 180 days after the end of the fiscal year make available to the public certain information for each such fund for which the fee was deposited.

Information required to be reported is presented in the table below.

**FISCAL IMPACT:** None

**RECOMMENDED ACTION:** Accept and file FY 2016-17 Mitigation Fee Report as required by Government Code Section 66006.

North City West School Facilities Financing Authority Annual Mitigation Fee Report (Govt. Code Section 66006) Fiscal Year 2016-17			
		Fund 54900 (25-18) Capital Facilities Mitigation Fees	Fund 54915 (25-01) One Paseo Fund
Description	Date		
<u>Receipts</u>			
Mitigation Fees			\$ 3,636,288.76
Interest Earnings		2,516.73	-
	Total Receipts	\$ 2,516.73	\$ 3,636,288.76
<u>Disbursements</u>			
	Total Disbursements	\$ -	
	Net Activity	\$ 2,516.73	\$ 3,636,288.76
Beginning Fund Balance	7/1/2016	\$ 288,707.13	\$ -
Ending Fund Balance	6/30/2017	\$ 291,223.86	\$ 3,636,288.76
<u>Proposed Use of Funds</u>			
Fund 54900 are currently designated in FY 2016/2017 for the San Deguito Middle School Expansion and for payment of Overrun Amounts as defined in the Facilities Financing Agreement.			
Fund 54215 is designated for currently unspecified school facilities for Solana Beach School District and San Dieguito Union High School District.			
Prepared by Willdan Financial Services.			





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

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

August 3, 2017

Mark Risco, Executive Director  
North City West School Facilities Financing Authority  
27368 Via Industria, Suite 200  
Temecula, Ca. 92590

We are pleased to confirm our understanding of the services we are to provide North City West School Facilities Financing Authority (Authority) for the fiscal years ended June 30, 2017 and June 30, 2016. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority as of and for the fiscal years ended June 30, 2017 and June 30, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's 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. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the first paragraph when considered in relation to the financial statements as a whole.

The objective also includes reporting on—

- Internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Single Audit Act Amendments of 1996; and will include tests of accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit.

#### 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. (510) 588-8729 Fax (619) 447-6707

Our reports will be addressed to the board of trustees of the Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

### **Management Responsibilities**

Management is responsible for (a) designing, implementing, and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable, and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform the audit (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review after year end, if applicable.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information.

You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.



Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, related notes, and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention.

We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions.

We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements.

Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Other Services**

We will also assist in preparing the financial statements and related notes of the Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Wilkinson Hadley King & Co. LLP and constitutes confidential information.

However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the California State Controller's Office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request.

If requested, access to such audit documentation will be provided under the supervision of Wilkinson Hadley King & Co. LLP personnel.

Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the California State Controller's Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party or parties contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit within four months after your fiscal year end and to issue our reports no later than January 15, 2017. Brian Hadley is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$6,200.

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to North City West School Facilities Financing Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Wilkinson Hadley King & Co., LLP*

Wilkinson Hadley King & Co. LLP

RESPONSE:

This letter correctly sets forth the understanding of North City West School Facilities Financing Authority.

Management signature:

\_\_\_\_\_

Title:

\_\_\_\_\_

Date:

\_\_\_\_\_

Governance signature:

\_\_\_\_\_

Title:

\_\_\_\_\_

Date:

\_\_\_\_\_