FISCAL YEAR 2024/25
ANNUAL SB165 COMPLIANCE REPORT

TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2003-2

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Section 1. PURPOSE AND OVERVIEW

The purpose of this Report is to provide the Board with an overview of Community Facilities District No. 2003-2 ("CFD No. 2003-2") of the Temecula Valley Unified School District (the "School District" or "District"). This analysis was performed by Special District Financing & Administration, LLC ("SDFA") as the Special Tax Consultant and CFD Administrator to the District in conjunction with District staff.

A. SUMMARY OF AUTHORIZING LEGISLATION

The Mello-Roos Community Facilities Act ("Act") of 1982 came about as a response to the lack of adequate financing for public capital facilities and services in the post-Proposition 13 Era. State Senators Mello and Roos sponsored this Bill, which was enacted into law by the California Legislature and is now Sections 53311 through 53368.3 of the *California Government Code*. The Act, as amended, authorizes a local governmental agency, such as a school district or city, to form a Community Facilities District ("CFD") within a defined set of boundaries for the purposes of providing public facilities and/or services. A CFD is formed for financing purposes only and is governed by the agency that formed it. Funding is provided through the levy of voter-approved special taxes. The Act also provides that multiple agencies can join together through a Joint Community Facilities Agreement ("JCFA") to form one CFD.

B. HISTORICAL USE OF COMMUNITY FACILITY DISTRICTS AT TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

Since 1990, the District has utilized the Act to form Mello-Roos Community Facilities Districts to provide for the funding of school facilities both directly and through the use of debt financing. The District has entered into JCFAs with other municipalities to allow for the formation of one CFD to fund various public facilities, such as water and sewer facilities, to be owned and operated by the controlling municipal agency.

Section 2. SUMMARY OF FORMATION PROCEEDINGS

Community Facilities District No. 2003-2 was formed in October 2003 to finance authorized school facilities.

A. FORMATION PROCEEDING ACTIONS

The following table provides a summary of actions taken by the Board of the School District to form Community Facilities District No. 2003-2:

TABLE I
FORMATION SUMMARY DATA

Proceedings Item	Date / Resolution No.
Resolution of Intention to Establish	10/7/2003 / Reso No. 2003-04/07
Resolution of Formation	11/18/2003 / Reso No.2003-04/20
Date of Special Election	11/18/2003
County Fund Number	68-6537-FC

B. CFD LOCATION / BOUNDARIES

CFD No. 2003-2 consists of two residential neighborhoods ("LaFayette" and "Vedado") which are located at the southwest corner of Pourroy Road and Thompson Road in an unincorporated area of the southern portion of Riverside County within the community known as the French Valley. Appendix A contains the originally adopted and recorded boundary map for Community Facilities District No. 2003-2.

C. AUTHORIZED FACILITIES

At the time of formation, a Special Tax Report is prepared which identifies the permitted use of the special tax funds collected and the proceeds from the issuance of debt. Additional formation documents, as well as documents adopted at the time of the issuance of any debt, may add additional specifics. The repayment of any issued debt is made from the special taxes levied within CFD No. 2003-2.

The special tax revenues collected within CFD No. 2003-2 will fund School Facilities necessary to meet increased demands placed upon the School District as a result of development within CFD No. 2003-2. The Special Tax Report for Community Facilities District No. 2003-2 states that these School Facilities may include, but are not limited to, the following:

> New elementary, middle, and high school facilities, central administration and support facilities as well as interim facilities, as necessary, including modernization thereof, if necessary, together with land and all necessary equipment with an estimated useful life of five (5)

years or longer to serve the properties within CFD No. 2003-2 to house grades K through 12. Costs include site purchase and preparation, design, utility connection, general site development, facility construction, incidentals, and financing.

Section 3. DEBT-ISSUANCE INFORMATION

After a CFD is formed and an acceptable amount of development occurs, the CFD may issue debt with the approval of the Board acting as the legislative body of the CFD. Many different types of debt may be issued, such as Special Tax Bonds or Certificates of Participation. The repayment of the debt is the obligation of the CFD and is not an obligation of the School District.

In December 2004, Special Tax Bonds were issued. In February 2015, the School District, acting as the legislative body of CFD No. 2003-2, issued, through the Temecula Valley Unified School District Financing Authority ("the Authority"), Special Tax Revenue Bonds of which a portion was allocated to CFD No. 2003-2. This action refunded the original bonds to capture recognized interest rate savings. The following table shows the original 2004 Special Tax Bond issuance information and the 2015 Special Tax Revenue Bond issuance information for CFD No. 2003-2.

TABLE II
DEBT-ISSUANCE INFORMATION

Proceedings Item	2004 Special Tax Bonds	2015 Special Tax Revenue Bonds
Dated Date of Bonds	12/16/2004	02/26/2015
Final Maturity Date	Refunded	09/01/2040
Bond Issue Amount	$7,105,000	$6,925,000
School Facilities Proceeds	$6,215,279	$2,508,151
Interest Rate Range	2.50% to 5.50%	2.00% to 5.00%
Calculated Yield	5.16%	2.85%
Payment Dates	March 1 & September 1	March 1 & September 1
Subject to Arbitrage Calculation	Defeased	Yes

Appendix C provides information on the use of the funds deposited into the school facilities account from the sale of bonds. The 2015 Special Tax Revenue Bonds debt service was amended through the issuance of the 2024 Special Tax Revenue Bonds of the Temecula Valley Unified School District Financing Authority. As of July 1, 2025, $4,755,000 of principal remains outstanding.

Section 4. DEVELOPMENT AND FISCAL STATUS

A. CURRENT DEVELOPMENT STATUS

CFD No. 2003-2 is fully developed. As of March 1, 2006, 295 building permits have been issued and therefore classified as Developed Property. To date, no lots have had the special tax obligation fully or partially prepaid and permanently satisfied.

B. FISCAL OVERVIEW

The special tax rates proposed to be levied in the coming fiscal year are presented to the Board annually and are set at an amount adequate to meet annual debt service requirements, cover administrative costs and fund school facilities directly from special taxes as authorized in the Rate and Method of Apportionment of Special Tax adopted at formation.

Appendix B provides a report of the funds collected and expended for Fiscal Year 2024/25. Appendix C contains the status of school facilities construction and funding which was authorized at the time of formation. This information is presented in compliance with SB165, the “Bond Accountability Act” which was codified in Government Code Sections 50075.1, 50075.3 and 50075.5. Appendix B also contains additional information which complies with Government Code Section 53343.1. The requirement to comply with Government Code Section 53343.1 is only applicable if requested by a person who resides in or owns property in CFD No. 2003-2. To date, this information has not been requested, but is being provided here for transparency purposes.

Section 5. ADMINISTRATIVE OBLIGATIONS

This section of the Report overviews administrative obligations under which the School District has an obligation to comply.

A. CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION ("CDIAC") REPORTING OBLIGATIONS

California Government Code requires that a report entitled, Yearly Fiscal Status Report, be filed with the California Debt and Investment Advisory Commission ("CDIAC") each October for debt issued after January 1, 1993, as well as posted on the School District website on or before January 31st. In addition, CDIAC also requires an Annual Debt Transparency Report to be filed each January for debt issued after January 1, 2017. The outstanding Temecula Valley Unified School District Financing Authority 2015 Special Tax Revenue Bonds issued in February 2015 of which Community Facilities District No. 2003-2 is a part are subject only to the filing of the Yearly Fiscal Status Report. The School District is in compliance with this requirement and such report is available on the School District's website at https://www.tvusd.k12.ca.us/domain/10996.

B. SECONDARY MARKET REPORTING REQUIREMENTS (RULE 15C2-12)

Secondary Market Reporting Requirements are applicable to certain debt issues dated after July 3, 1995. The Temecula Valley Unified School District Financing Authority 2015 Special Tax Revenue Bonds issued in February 2015 of which Community Facilities District No. 2003-2 is a part, are subject to this requirement. The School District is in compliance with this requirement and has timely posted the required data onto the Municipal Securities Rulemaking Board website, "EMMA" (Electronic Municipal Market Access) as required.

C. NOTICE OF SPECIAL TAX TO HOMEOWNERS

In accordance with Section 53340.2 of the Government Code, an agency will designate an office, department, or bureau to establish procedures to promptly respond to inquiries concerning current and future estimated tax liability. For purposes of enabling sellers of real property subject to the levy of special taxes to satisfy the notice requirements, the designated party will furnish a Notice of Special Tax to any individual requesting the notice within five (5) business days of receiving a request for such notice. The local agency may charge a reasonable fee for this service not to exceed ten dollars ($10.00). SDFA is the direct contact to comply with all requests for this notice as well as general questions regarding CFD No. 2003-2.

Section 6. APPENDICES

Appendix A Boundary Map

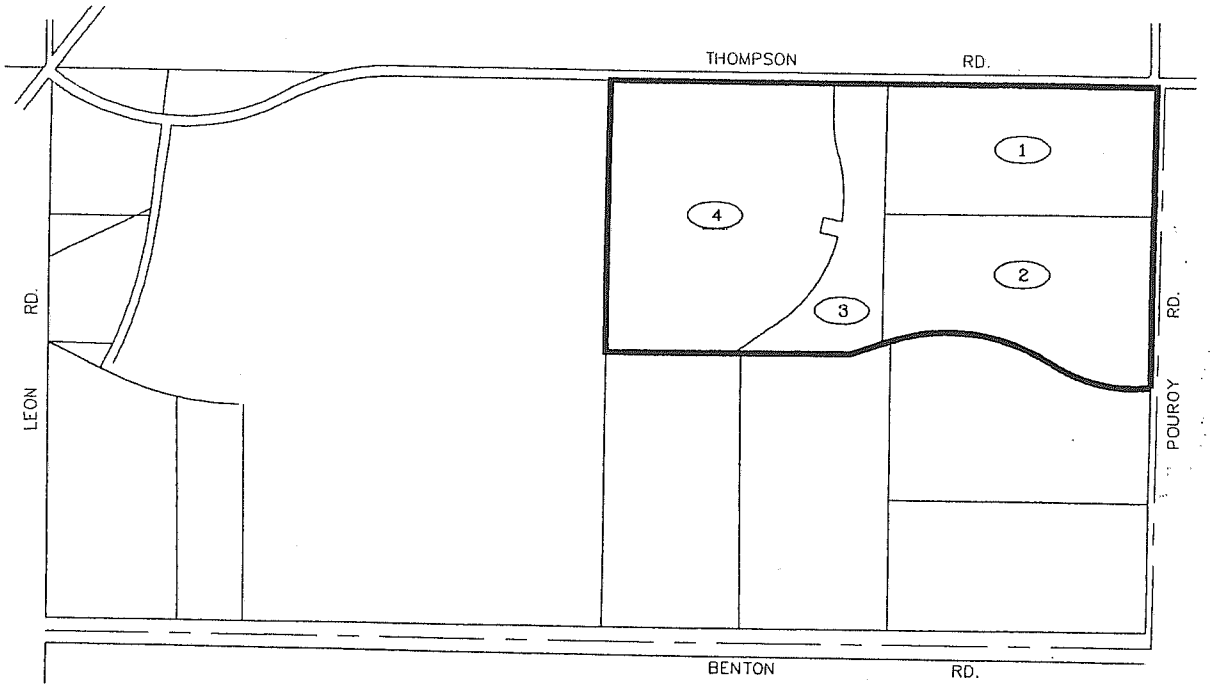
Appendix B Fiscal Year 2024/25 Revenues and Expenditures

Appendix C School Facilities Construction and Funding Status

Appendix A: Boundary Map

PROPOSED BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 2003-2

OF THE
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA



LOT DESIGNATION

LOT	ASSESSOR'S PARCEL NO.
1	958-300-039
2	958-300-080
3	958-300-088
4	958-300-089

FILED IN THE OFFICE OF THE SECRETARY OF THE BOARD OF EDUCATION OF THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT THIS 17TH DAY OF SEPTEMBER 2003.

DAVID B. ALLMEN
SECRETARY OF THE BOARD OF EDUCATION
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO 2003-2, RIVERSIDE COUNTY, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF EDUCATION OF THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT AT A REGULAR MEETING THEREOF HELD ON THE 7TH DAY OF OCTOBER, 2003, BY ITS RESOLUTION NO. 2003-0757.

DAVID B. ALLMEN
SECRETARY OF THE BOARD OF EDUCATION
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
STATE OF CALIFORNIA

FILED THIS 20TH DAY OF OCTOBER 2003, AT THE HOUR OF 8 O'CLOCK A. M. IN BOOK 55 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGES 5 AND AS INSTRUMENT NO. 2003-827051 IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, STATE OF CALIFORNIA.

GARY L. ORSO
COUNTY RECORDER OF RIVERSIDE COUNTY

DEPUTY

NOTE: FOR PARTICULARS OF LINES AND DIMESSIONS OF ASSESSOR'S PARCELS, REFEREENCE IS MADE TO THE RIVERSIDE COUNTY ASSESSOR PARCEL MAPS.

LEGEND

CFD BOUNDARY

1 LOT DESIGNATION

400 0 400 800 1200

Scale 1" = 400'

Special District Financing & Administration
333 South Juniper Street, Suite 208
Escondido, California 92025
Tel: (760) 233-2630 Fax: (760) 233-2631

(03-009 AUGUST 2003)

Appendix B: Fiscal Year 2024/25 Revenues and Expenditures

Appendix B

Temecula Valley Unified School District
Community Facilities District No. 2003-2
Revenues and Expenditures

	Fiscal Year 2024/25
Beginning Balance (July 1st):	$567,619.90
Revenue:	
Special Taxes Collected[(1)]	561,777.34
Interest Earnings[(2)]	7,563.26
Sweep	0.00
Total Revenue	$569,340.60
Expenditures:	
Facilities	0.00
Bonded Indebtedness	
Principal	210,000.00
Interest	263,320.00
Administration	
Cost of Collection[(3)]	42,709.12
Other	0.00
Total Expenditures	$516,029.12
Ending Balance (June 30th)[(4)]:	$620,931.38

Footnotes:

(1) Represents the total amount of special taxes received from the County of Riverside along with the payment of delinquent special taxes directly to the CFD. These payments may include interest earnings on current year special tax payments, as well as penalties and interest on delinquent prior year special taxes paid.

(2) Includes interest earned and accrued interest paid on investments.

(3) independent financial consultant, bank fees and charges, as well as the cost of legal fees as needed or required. The Cost of Collection does not include the cost of placing the levy onto the roll of the County of Riverside as these charges are collected by the County as a reduction in the amount of special taxes received annually.

(4) See Page 2 for balance details by account.

Appendix B

Temecula Valley Unified School District
Community Facilities District No. 2003-2
Fiscal Year End Balances by Account[1]

	Fiscal Year 2024/25
Funds and Accounts as of June 30th:	
Special Tax Fund	421,808.73
Principal Account	0.45
Interest Account	0.43
Bond Proceeds: School Facilities Account	0.00
Administrative Expense Fund	6,072.46
Direct Funding: School Facilities Account [2]	193,049.31
Reserve Fund [3]	0.00
Escrow Fund	0.00
Ending Balance (June 30th)	$620,931.38

Footnotes:

(1) All funds are held by US Bank acting as Fiscal Agent for the District, except the School Facilities Account for Direct Funding.

(2) Direct funding of School Facilities represents special tax funds annually deposited from the levy of special taxes in excess of debt service and required administration. Use of such funds is described in Appendix C.

(3) The 2015 Refunding Bonds were issued as a Marks Roos Pooled Refunding issue, as such the Reserve Fund is held at the Authority Level. The requirement is satisfied by a surety bond.

Appendix C: School Facilities Construction and Funding Status

Appendix C

Temecula Valley Unified School District
Community Facilities District No. 2003-2
School Facilities Construction and Funding Status

Projects Authorized and Funded through the Issuance of Debt

Project Funding from Proceeds: Activity and Balance	Fiscal Year 2024/25
Beginning Balance (July 1st)	0.00
Expenditures	0.00
Other (Interest, Accrued Interest, Etc.)	0.00
Ending Balance (June 30th)	$0.00

Summary of Projects Authorized and Funded through Debt Issuance:

Site	Description	Status	Approx. % of Total
Alamos ES	New Construction	Complete	1%
Bella Vista MS	New Construction	Complete	1%
Crowne Hill ES	New Construction	Complete	53%
District Office Conference Center	Modernization	Complete	80%
French Valley ES	New Construction Wing Bldg	Complete	3%
French Valley ES	BASES	Complete	69%
High School #4	Planning	Complete	< 1%
Joan F. Sparkman Alt Ed Center	Modernization	Complete	22%
TK-8 Phase 1	New Construction	Complete	To Be Determined
Susan La Vorgna ES	New Construction	Complete	3%
Tony Tobin ES	New Construction	Complete	11%

Projects Authorized and Funded Directly from Special Taxes

Project Funding from Direct Funding: Activity and Balance	Fiscal Year 2024/25
Beginning Balance (July 1st)	151,501.59
Deposits[(2)]	41,547.72
Expenditures	0.00
Ending Balance (June 30th)	$193,049.31

Fiscal Year 2024/25 Projects Authorized and Funded through Direct Funding:

Site	Description	Status	Approx. % of Total
No expenditures - Fiscal Year 2024/25			

Projected Projects Authorized and Funded through Fund Balances:

The above identified fund balances will be used to directly or indirectly benefit property within the CFD. These funds have not yet been dedicated but have been found to be needed to mitigate the impact of the development on school facilities. See the 2021 School Facilities Master Plan as to possible projects to be funded when adequate funding is available.

Footnotes:

(1) Represents the Special Taxes Collected less Expenditures within the fiscal year, both as described in Appendix B, including interest earnings and accrued interest paid. This total does not match the net change in total fund balance shown in Appendix B due to ending balances held in individual funds.