



**FISCAL YEAR 2022/23  
ANNUAL SB165 COMPLIANCE REPORT**

**TEMECULA VALLEY UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2005-1**

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December 12, 2023

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## **Section 1. PURPOSE AND OVERVIEW**

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The purpose of this Report is to provide the Board with an overview of Community Facilities District No. 2005-1 (“CFD No. 2005-1”) 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. 2005-1 was formed in June 2005 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. 2005-1:

<b>TABLE I FORMATION SUMMARY DATA</b>	
<b>Proceedings Item</b>	<b>Date / Resolution No.</b>
Resolution of Intention to Establish	4-19-2005 / Reso No. 2004-05/35
Resolution of Formation	6-7-2005 / Reso No. 2004-05/52
Date of Special Election	06/07/05
County Fund Number	68-6541-FC

### B. CFD LOCATION / BOUNDARIES

CFD No. 2005-1 consists of three separate tracts, one in the City of Temecula and two in the unincorporated area known as French Valley near the cities of Murrieta and Temecula in the County of Riverside. Appendix A contains the originally adopted and recorded boundary map of Community Facilities District No. 2005-1.

### 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. 2005-1.

The special tax revenue collected within CFD No. 2005-1 will fund school facilities necessary to meet increased demands placed upon the School District as a result of development within CFD No. 2005-1. The Special Tax Report for Community Facilities District No. 2005-1 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. 2005-1 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 October 2006, Special Tax Bonds were issued. In February 2015, the School District, acting as the legislative body of CFD No. 2005-1, 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. 2005-1. This action refunded the original bonds to capture recognized interest rate savings. The following table shows the original 2006 Special Tax Bond issuance information and the 2015 Special Tax Revenue Bond issuance information for CFD No. 2005-1.

<b>Proceedings Item</b>	<b>2006 Special Tax Bonds</b>	<b>2015 Special Tax Refunding Bonds</b>
Dated Date of Bonds	10/12/2006	02/26/2015
Final Maturity Date	Refunded	09/01/2039
Bond Issue Amount	\$9,945,000	\$9,025,000
School Facilities Proceeds	\$8,971,364	\$2,335,546
Interest Rate Range	3.60% to 5.00%	2.00% to 5.00%
Calculated Yield	4.81%	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. As of July 1, 2023, \$7,125,000 of principal remains outstanding.

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## **Section 4. DEVELOPMENT AND FISCAL STATUS**

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### **A. CURRENT DEVELOPMENT STATUS**

CFD No. 2005-1 is considered fully developed as to residential property. As of March 1, 2009, 432 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 2022/23. 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. 2005-1. 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 31<sup>st</sup>. 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. 2005-1 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. 2005-1 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. 2005-1.



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## **Section 6. APPENDICES**

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**Appendix A    Boundary Map**

**Appendix B    Fiscal Year 2022/23 Revenues and Expenditures**

**Appendix C    School Facilities Construction and Funding Status**

# Appendix A: Boundary Map

city

PROPOSED BOUNDARY MAP OF  
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2005-1  
COUNTY OF RIVERSIDE  
STATE OF CALIFORNIA

LOT DESIGNATION

LOT NO.	ZONE	TRACT	ASSESSOR'S PARCEL NUMBER
1	3	25004	957-650-001
2	3	25004	957-650-002
3	3	25004	957-650-003
4	3	25004	957-650-004
5	3	25004	957-650-005
6	3	25004	957-650-006
7	3	25004	957-650-007
8	3	25004	957-650-008
9	3	25004	957-650-009
10	3	25004	957-650-010
11	3	25004	957-650-011
12	3	25004	957-650-012
13	3	25004	957-650-013
14	3	25004	957-650-014
15	3	25004	957-650-015
16	3	25004	957-650-016
17	3	25004	957-650-017
18	3	25004	957-650-018
19	3	25004	957-650-019
20	3	25004	957-650-020
21	3	25004	957-650-021
22	3	25004	957-650-022
23	3	25004	957-651-001
24	3	25004	957-651-002
25	3	25004	957-651-003
26	3	25004	957-651-004
27	3	25004	957-651-005
28	3	25004	957-651-006
29	3	25004	957-651-007
30	3	25004	957-651-008
31	3	25004	957-651-009
32	3	25004	957-651-010
33	3	25004	957-651-011
34	3	25004	957-651-012
35	3	25004	957-651-013
36	3	25004	957-651-014
37	3	25004	957-651-015
38	3	25004	957-651-016
39	3	25004	957-651-017
40	3	25004	957-651-018

LOT DESIGNATION

LOT NO.	ZONE	TRACT	ASSESSOR'S PARCEL NUMBER
41	3	25004	957-651-019
42	3	25004	957-651-020
43	3	25004	957-651-021
44	3	25004	957-651-022
45	3	25004	957-651-023
46	3	25004	957-651-024
47	3	25004	957-651-025
48	3	25004	957-651-026
49	3	25004	957-651-027
50	3	25004	957-651-028
51	3	25004	957-651-029
52	3	25004	957-660-001
53	3	25004	957-660-002
54	3	25004	957-660-003
55	3	25004	957-660-004
56	3	25004	957-660-005
57	3	25004	957-660-006
58	3	25004	957-660-007
59	3	25004	957-660-008
60	3	25004	957-661-001
61	3	25004	957-661-002
62	3	25004	957-661-003
63	3	25004	957-661-004
64	3	25004	957-661-005
65	3	25004	957-661-006
66	3	25004	957-661-007
67	3	25004	957-661-008
68	3	25004	957-661-009
69	3	25004	957-662-001
70	3	25004	957-662-002
71	3	25004	957-662-003
72	3	25004	957-662-004
73	3	25004	957-662-005
74	3	25004	957-662-006
75	3	25004	957-662-007
76	3	25004	957-662-008
77	3	25004	957-662-009
78	3	25004	957-662-010
79	3	25004	957-662-011
80	1	30167	958-300-046
81	1	30167	958-300-086
82	1	30167	958-321-011
83	2	31007	958-300-081

FILED IN THE OFFICE OF THE SECRETARY OF THE BOARD OF EDUCATION OF THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT THIS 29<sup>th</sup> DAY OF APRIL, 2005.

*David B. Killmen*  
DAVID B. KILLMEN  
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. 2005-1, RIVERSIDE COUNTY, STATE OF CALIFORNIA, WAS PREPARED BY ME OR UNDER MY SUPERVISION AND THAT I AM A MEMBER OF THE BOARD OF EDUCATION OF THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT AT A REGULAR MEETING HELD ON THE 27<sup>th</sup> DAY OF APRIL, 2005, BY ITS RESOLUTION NO. 2005-122.

*David B. Killmen*  
DAVID B. KILLMEN  
SECRETARY OF THE BOARD OF EDUCATION  
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT  
STATE OF CALIFORNIA

FILED THIS 29<sup>th</sup> DAY OF APRIL, 2005, AT THE HOUR OF 8 O'CLOCK P.M. IN BOOK 38-40 MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AND AS INSTRUMENT NO. 2005-122 IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, STATE OF CALIFORNIA. Feb 21 2005

*Garry L. Gifford*  
GARRY L. GIFFORD  
COUNTY RECORDER OF RIVERSIDE COUNTY

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

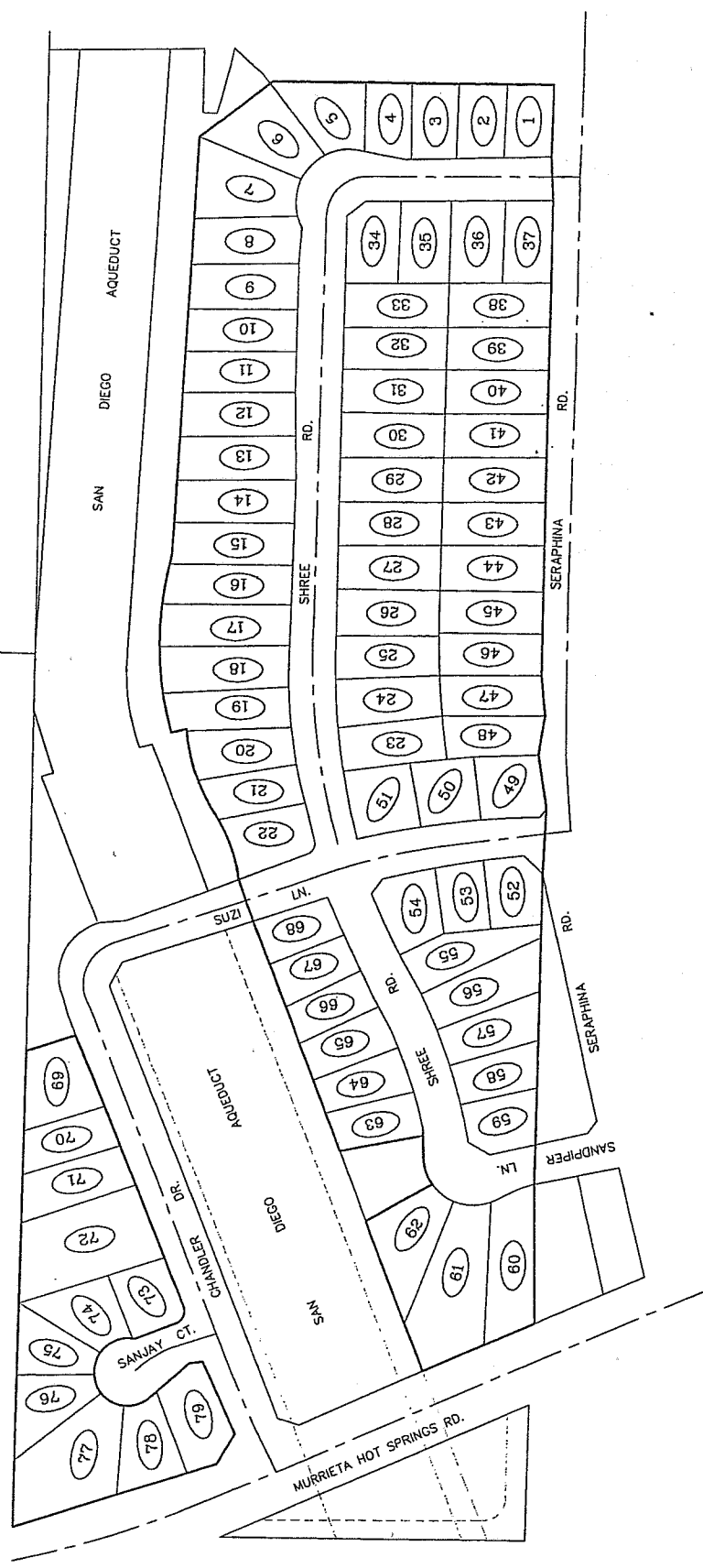
Special District Financing  
& Administration  
437 W. Grand Avenue  
Escondido, California 92025  
Tel: (760) 233-2630 Fax: (760) 233-2631

(04-020 MARCH 2005)

BOOK 62 PAGES 38-40 DOC NO 2005-0319613 4-22-05

6/15/05

PROPOSED BOUNDARY MAP OF  
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2005-1  
COUNTY OF RIVERSIDE  
STATE OF CALIFORNIA



Scale 1" = 100'

- LEGEND
- CFD BOUNDARY
  - LOT DESIGNATION

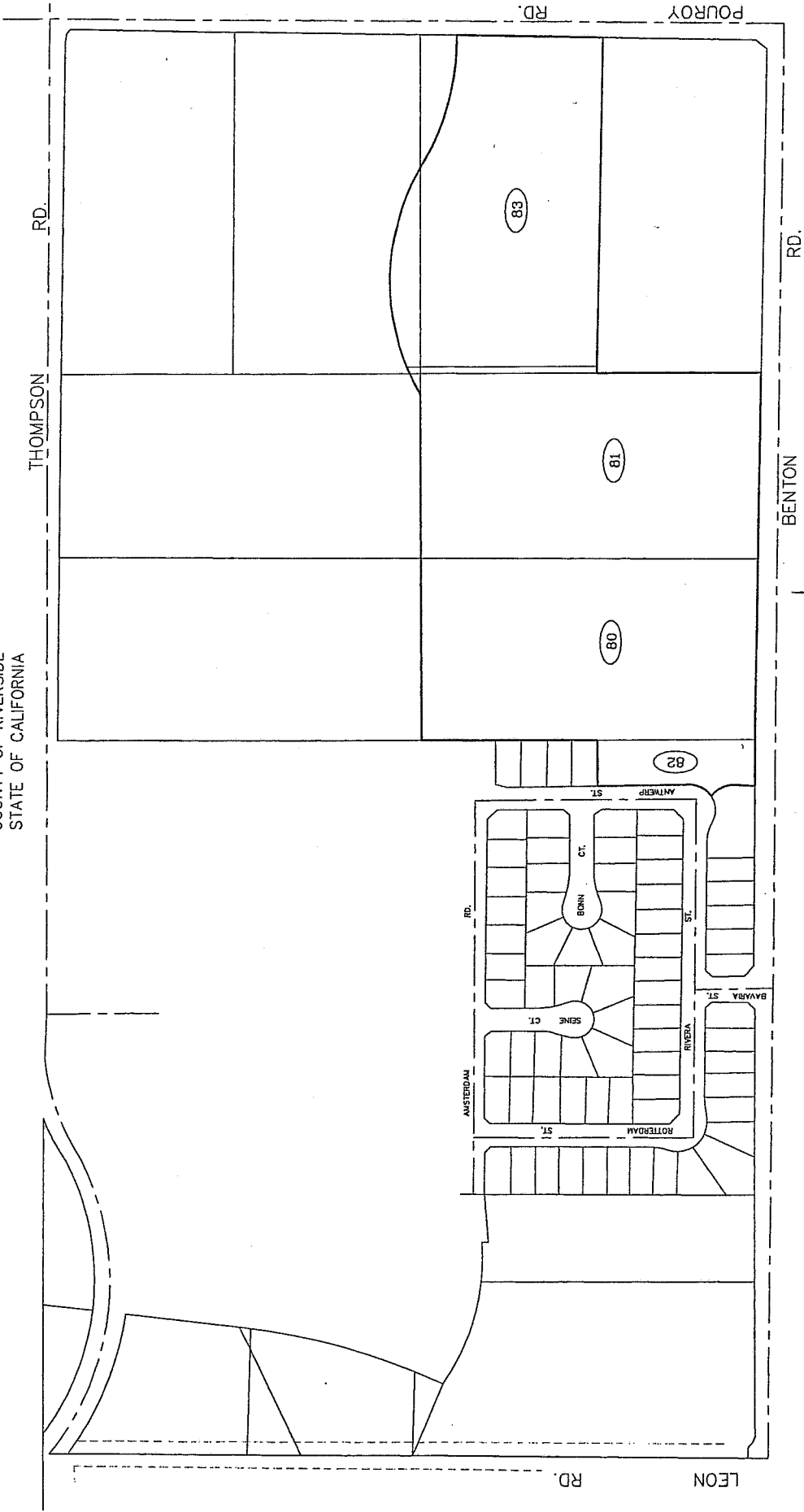
Special District Financing  
& Administration  
437 W. Grand Avenue  
Escondido, California 92025  
Tel: (760) 233-2630 Fax: (760) 233-2631

(04-020 MARCH 2005)

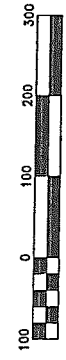
City

SHEET 3 OF 3

PROPOSED BOUNDARY MAP OF  
 TEMECULA VALLEY UNIFIED SCHOOL DISTRICT  
 COMMUNITY FACILITIES DISTRICT NO. 2005-1  
 COUNTY OF RIVERSIDE  
 STATE OF CALIFORNIA



BENTON RD.



Scale 1" = 100'

- LEGEND
- CFD BOUNDARY
  - LOT DESIGNATION

Special District Financing  
 & Administration  
 437 W. Grand Avenue  
 Escondido, California 92025  
 Tel: (760) 233-2630 Fax: (760) 233-2631  
 (04-020 MARCH 2005)

## **Appendix B: Fiscal Year 2022/23 Revenues and Expenditures**

## Appendix B

### Temecula Valley Unified School District Community Facilities District No. 2005-1 Revenues and Expenditures

	Fiscal Year 2022/23
Beginning Balance (July 1st) <sup>(1)</sup> :	\$1,360,230.32
Revenue:	
Special Taxes Collected <sup>(2)</sup>	756,792.20
Interest Earnings <sup>(3)</sup>	20,762.58
Total Revenue	\$777,554.78
Expenditures:	
Facilities	700,000.00
Bonded Indebtedness	
Principal	275,000.00
Interest	360,645.00
Administration	
Cost of Collection <sup>(4)</sup>	56,626.11
Other	0.00
Total Expenditures	\$1,392,271.11
Ending Balance (June 30th) <sup>(5)</sup> :	\$745,513.99

**Footnotes:**

- (1) Adjustment from the FY 2021/2022 balance due to data error which understated the Cost of Collections Expenditures by \$40.00.
- (2) 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.
- (3) Includes interest earned and accrued interest paid on investments.
- (4) Cost of Collection includes: the administrative expenses of the School District, the cost of an 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.
- (5) See Page 2 for balance details by account.

## Appendix B

Temecula Valley Unified School District  
**Community Facilities District No. 2005-1**  
Revenues and Expenditures

Fiscal Year End Balances by Account<sup>(1)</sup>

	Fiscal Year 2022/23
<b>Funds and Accounts as of June 30th:</b>	
Special Tax Fund	534,519.41
Principal Account	1.27
Interest Account	0.00
Bond Proceeds: School Facilities Account	0.00
Administrative Expense Fund	27,300.53
Direct Funding: School Facilities Account <sup>(2)</sup>	183,692.78
Reserve Fund <sup>(3)</sup>	0.00
Escrow Fund	0.00
<b>Ending Balance (June 30th)</b>	<b>\$745,513.99</b>

### 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. 2005-1**  
 School Facilities Construction and Funding Status

<b>Projects Authorized and Funded through the Issuance of Debt</b>
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<b>Project Funding from Proceeds: Activity and Balance</b>	<u>Fiscal Year 2022/23</u>
Beginning Balance (July 1st)	0.00
Deposits (Interest, Accrued Interest, Etc.)	0.00
Expenditures	0.00
Ending Balance (June 30th)	\$0.00

**Summary of Projects Authorized and Funded through Debt Issuance:**

<u>Site</u>	<u>Description</u>	<u>Status</u>	<u>Approx. % of Total</u>
Sparkman Alt Ed Center	Modernization	Complete	16%
Temecula Valley HS	Modernization	Complete	33%
Temecula Valley HS	Culinary & Science Building	Complete	7%
Temecula Valley HS	Spec Ed Bus Loop	Complete	64%
TK-8 Phase 1	New Construction	Complete	To Be Determined

<b>Projects Authorized and Funded Directly from Special Taxes</b>
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<b>Project Funding from Direct Funding: Activity and Balance</b>	<u>Fiscal Year 2022/23</u>
Beginning Balance (July 1st)	799,728.30
Deposits <sup>(1)</sup>	83,964.48
Expenditures	700,000.00
Ending Balance (June 30th)	\$183,692.78

**Fiscal Year 2022/23 Projects Authorized and Funded through Direct Funding:**

<u>Site</u>	<u>Description</u>	<u>Status</u>	<u>Approx. % of Total</u>
TK-8 Phase 2	New Construction		<i>In Progress</i>

**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. Identified balances 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.

## Appendix C

Temecula Valley Unified School District  
**Community Facilities District No. 2005-1**  
School Facilities Construction and Funding Status

Footnote:

- (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.