



**FISCAL YEAR 2023/24  
ANNUAL SB165 COMPLIANCE REPORT**

**TEMECULA VALLEY UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2017-1**

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December 17, 2024

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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. 2017-1 (“CFD No. 2017-1”) 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 JCFA’s 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. 2017-1 was formed in September 2017 to finance authorized public facilities. These “Public Facilities” include school facilities, sewer facilities to be owned and operated by Eastern Municipal Water District, and City of Temecula facilities to be owned and operated by the City of Temecula, each through a JCFA.

### 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. 2017-1:

TABLE I FORMATION SUMMARY DATA	
Proceedings Item	Date / Resolution No.
Resolution of Intention to Establish	05/16/2017 / Reso No. 2016-17/36
Resolution of Formation	09/19/2017 / Reso No. 2016-17/49
Date of Special Election	09/19/2017
County Fund Number	68-6546-FC

### B. CFD LOCATION / BOUNDARIES

CFD No. 2017-1 is located southeast of Temecula Lane and northwest of Loma Linda Road. Appendix A contains the adopted and recorded boundary map for Community Facilities District No. 2017-1.

### 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. 2017-1.

These new dwelling units together with other additional development within the School District will impact the area and cause the need for additional Public Facilities. The Special Tax revenues collected within the District will fund school facilities, sewer facilities and City facilities, each as defined below. The cost for a portion of these facilities will be funded by the collection of the Special Tax. The Special Tax Report for Community Facilities District No. 2017-1 states that facilities may include, but are not limited to, the following:

#### School Facilities:

The Special Tax revenues collected within CFD No. 2017-1 will fund a portion of the School Facilities necessary to meet increased demands placed upon the School District as a result of development within the District including area within CFD No. 2017-1. The School Facilities proposed to be planned for, designed, acquired, constructed, leased, expanded, improved, rehabilitated and/or financed by CFD No. 2017-1 are as follows:

1. Any school facility or facilities with an estimated useful life of five years or longer needed by the District, including, but not by way of limitation the following:
  - (a) K-12 school sites and facilities including acquisition of land, construction of buildings, appurtenances, athletic fields, playgrounds and improvements thereto, as well as, but not by way of limitation, portable or relocatable buildings or interim additions to existing buildings.
  - (b) Furniture, equipment and technology, including mobile devices and infrastructure therefor, with a useful life of at least five (5) years at such School Facilities, including modernization, rehabilitation, expansion, and technology upgrades and infrastructure.
  - (c) Central support, administrative facilities and transportation facilities, including lease rental payments therefor, including furniture, equipment buses, vehicles, and technology with a useful life of at least five (5) years.
2. The costs attributable to planning, engineering, designing, coordinating, leasing, financing, acquiring, expanding, relocating, rehabilitating, or constructing (or any combination thereof) of School Facilities described in this Exhibit (including, without limitation, construction management, inspection, materials testing, and construction staking); any "debt," as defined in Government Code Section 53317(d); the costs to issue and sell any such debt (including, without limitation, underwriters discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, special tax consultant, bond trustee or fiscal agent, bond and official statement printing, and administrative expenses of the District and/or CFD No. 2017-1), and all other incidental expenses.

Sewer Facilities:

Public Facilities to be financed by the District also include a portion of the cost of public improvements, and facilities connection and capacity fees to be owned, operated and maintained by EMWD. The types of facilities to be owned and operated by the EMWD and financed by the CFD No. 2017-1 are:

*Acquisition Facilities:* The type of Acquisition Facilities eligible to be financed by the Community Facilities District under the Act are as follows:

"Acquisition Facilities" means those facilities constructed by or on behalf of Developer and needed by EMWD in order to provide service to the Property

including, but not limited to, any of the following: sewer transmission lines, sewer pump stations, including all costs of site acquisition, planning, design, engineering, legal services, materials testing, coordination, surveying, construction, inspection, and any and all appurtenant facilities relating to the foregoing.

*EMWD Fee Facilities:* The type of Fee Facilities eligible to be financed by the CFD No. 2017-1 under the Act are as follows:

“EMWD Fee Facilities” means those sewer facilities included in the EMWD’s sewer capacity and connection fee programs used to finance expansion projects, exclusive of in-tract facilities contributed by the Developer. EMWD Fee Facilities include, but are not limited to the following: sewer transmission pipelines, sewer treatment plants, disposal ponds, pumping plants, and lift stations, including all costs of site acquisition, planning, design, engineering, legal services, materials testing, coordination, surveying, construction staking, construction, inspection, and any and all appurtenant facilities and appurtenant work relating to the foregoing.

City Facilities:

The types of facilities to be owned and operated by the City and that may be financed by the Community Facilities District are:

Park and landscaping improvements to be owned by the City. Of second priority are other facilities included in the City’s Capital Improvement Program for Fiscal Years 2016–2020 that are eligible to be funded with development impact fees collected by the City and that have an estimated useful life of 5 years or more.

## 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 April 2022, Special Tax Bonds were issued. The following table shows the 2022 Special Tax Bond issuance information for CFD No. 2017-1.

<b>TABLE II DEBT-ISSUANCE INFORMATION</b>	
<b>Proceedings Item</b>	<b>2022 Special Tax Bonds</b>
Dated Date of Bonds	05/05/2022
Final Maturity Date	09/01/2052
Bond Issue Amount	\$7,210,000.00
School Facilities Proceeds	\$3,161,441.74
Interest Rate Range	3.763% to 5.00%
Calculated Yield	4.31%
Payment Dates	March 1 & September 1
Subject to Arbitrage Calculation	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, 2024, \$6,900,000 of principal remains outstanding.

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

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

CFD No. 2017-1 is fully developed as of March 1, 2022. Building permits have been issued for each of the projected 245 dwelling units. Since formation, no parcels have prepaid their special tax obligation.

### **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 2023/24. 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. 2017-1. 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 Community Facilities District No. 2017-1 2022 Special Tax Bonds issued in April 2022 are subject to both the filing of the Yearly Fiscal Status Report and the Annual Debt Transparency 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 Community Facilities District No. 2017-1 2022 Special Tax Bonds issued in April 2022 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. 2017-1.

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## **Section 6. APPENDICES**

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**Appendix A    Boundary Map**

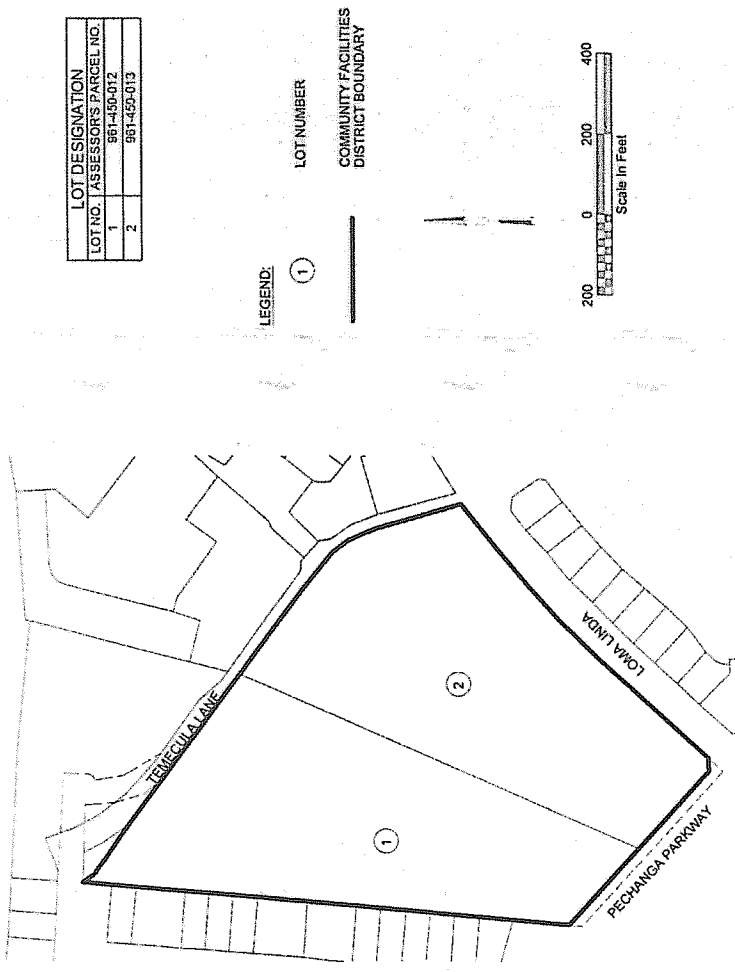
**Appendix B    Fiscal Year 2023/24 Revenues and Expenditures**

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

# Appendix A: Boundary Map

copy

PROPOSED BOUNDARY MAP OF  
 TEMECULA VALLEY UNIFIED SCHOOL DISTRICT  
 COMMUNITY FACILITIES DISTRICT NO. 2017-1  
 COUNTY OF RIVERSIDE  
 STATE OF CALIFORNIA



LOT DESIGNATION	
LOT NO.	ASSESSOR'S PARCEL NO.
1	981-430-012
2	981-430-013

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF EDUCATION OF THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT THIS 21<sup>st</sup> DAY OF April, 2017.

*Kelly*  
 CLERK OF THE BOARD OF EDUCATION  
 TEMECULA VALLEY UNIFIED SCHOOL DISTRICT  
 STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2017-1, 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 16<sup>th</sup> DAY OF MAY, 2017, BY ITS RESOLUTION NO. 16-17/38.

*Kelly*  
 CLERK OF THE BOARD OF EDUCATION  
 TEMECULA VALLEY UNIFIED SCHOOL DISTRICT  
 STATE OF CALIFORNIA

FILED THIS 21<sup>st</sup> DAY OF JUN, 2017, AT THE HOUR OF 11:02 O'CLOCK A. M. IN BOOK 30 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGES 79 AND AS INSTRUMENT NO. 2017-021347 IN THE OFFICES OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, STATE OF CALIFORNIA.  
 FEE: \$ 10.00

*Phoebe*  
 COUNTY RECORDER OF THE COUNTY OF RIVERSIDE

NOTE: FOR PARTICULARS OF LINES AND DIMENSIONS OF ASSESSOR'S PARCEL MAPS, REFER TO THE RIVERSIDE COUNTY ASSESSOR'S PARCEL MAPS.

SHEET	1 OF 1
DATE	JANUARY 2017
JOB NO.	CFD 2017-1

**SDFA**  
 SPECIAL DISTRICT FINANCING  
 & ADMINISTRATION  
 437 WEST GRAND AVENUE  
 ESCONDIDO, CALIFORNIA 92025  
 TELEPHONE: (760)233-2630  
 FAX: (760)233-2831

## **Appendix B: Fiscal Year 2023/24 Revenues and Expenditures**

## Appendix B

Temecula Valley Unified School District  
Community Facilities District No. 2017-1  
Revenues and Expenditures

	Fiscal Year 2023/24
Beginning Balance (July 1st):	\$3,165,753.93
Revenue:	
Special Taxes Collected <sup>(1)</sup>	518,143.46
Interest Earnings <sup>(2)</sup>	1,007.60
Total Revenue	\$519,151.06
Expenditures:	
Facilities <sup>(3)</sup>	565.00
Bonded Indebtedness	
Principal	125,000.00
Interest	308,418.76
Administration	
Cost of Collection <sup>(4)</sup>	25,983.68
Cost of Issuance	0.00
Other	0.00
Total Expenditures	\$459,967.44
Ending Balance (June 30th) <sup>(5)</sup> :	\$3,224,937.55

### 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) Expenditures were overstated in Fiscal Year 2022/23 by \$370, with \$10 allocated to the Nicolas Valley Elementary Security Improvements project and the remaining \$360 allocated to the Great Oak High SPED Bathroom Improvement project. Actual expenses in Fiscal Year 2023/24 totaled \$935, allocated to the Jackson Elementary Security Improvements project.
- (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. 2017-1**  
Fiscal Year End Balances by Account<sup>(1)</sup>

	Fiscal Year 2023/24
<b>Funds and Accounts as of June 30th:</b>	
Special Tax Fund	361,167.36
Principal Account	0.17
Interest Account	22.03
Bond Proceeds: School Facilities Account	0.00
Bond Proceeds: Non-School Facilities Account	0.00
Administrative Expense Fund	1,215.43
Direct Funding: School Facilities Account <sup>(2)</sup>	2,339,461.48
Mitigation Payment Deposits	0.00
Reserve Fund	435,933.15
Residual Fund <sup>(2)</sup>	87,137.93
Cost of Issuance Account	0.00
<b>Ending Balance (June 30th)</b>	<b>\$3,224,937.55</b>

Footnotes:

- (1) All funds are held by US Bank acting as Fiscal Agent for the District, except for a portion of 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.

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



## Appendix C

Temecula Valley Unified School District  
**Community Facilities District No. 2017-1**  
 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 2023/24</u>
Beginning Balance (July 1st)	2,259,717.01
Deposits (Interest, Accrued Interest, Etc.)	227.22
Expenditures	0.00
Ending Balance (June 30th)	\$2,259,944.23

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

<u>Site</u>	<u>Description</u>	<u>Status</u>	<u>Approx. % of Total</u>
Great Oak High	SPED Bathroom Improvement	In Progress	In Progress
Jackson Elementary	Security Improvements	Complete	Complete
Nicolas Valley Elementary	Security Improvements	Complete	Complete

<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 2023/24</u>
Beginning Balance (July 1st)	129,959.13
Deposits <sup>(1)</sup>	37,261.05
Expenditures <sup>(2)</sup>	565.00
Ending Balance (June 30th)	\$166,655.18

**Fiscal Year 2023/24 Projects Authorized and Funded through Direct Funding:**

<u>Site</u>	<u>Description</u>	<u>Status</u>	<u>Approx. % of Total</u>
Great Oak High	SPED Bathroom Improvement	In Progress	In Progress
Jackson Elementary	Security Improvements	Complete	Complete
Nicolas Valley Elementary	Security Improvements	Complete	Complete

**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.

**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.
- (2) Expenditures were overstated in Fiscal Year 2022/23 by \$370, with \$10 allocated to the Nicolas Valley Elementary Security Improvements project and the remaining \$360 allocated to the Great Oak High SPED Bathroom Improvement project. Actual expenses in Fiscal Year 2023/24 totaled \$935, allocated to the Jackson Elementary Security Improvements project.