

**CAPISTRANO UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT
No. 88-1**

August 4, 2014

*Public Finance
Public Private Partnerships
Urban Economics*

Newport Beach

Fresno

Riverside

San Francisco

Chicago

Dallas

**ADMINISTRATION REPORT
FISCAL YEAR 2014-2015**

**CAPISTRANO UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT No. 88-1**

Prepared for

CAPISTRANO UNIFIED SCHOOL DISTRICT
33122 Valle Road
San Juan Capistrano, California 92675

Prepared by

DAVID TAUSSIG & ASSOCIATES, INC.
5000 Birch Street, Suite 6000
Newport Beach, California 92660
(949) 955-1500

Table of Contents

<i>Section</i>	<i>Page</i>
<i>Introduction</i>	1
<i>I. Fiscal Year 2013-2014 Special Tax Levy</i>	2
<i>II. CFD No. 88-1 Remaining Obligations</i>	3

EXHIBITS

Exhibit A - Boundary Map

Exhibit B - Special Tax Delinquencies by Parcel as of July 30, 2014

Introduction

This report provides an analysis of the financial and administrative obligations of Community Facilities District No. 88-1 ("CFD No. 88-1") of the Capistrano Unified School District (the "School District") resulting from the sale of the \$12,500,000 Series 1989 Special Tax Bonds (the "1989 Bonds") which were refunded by the sale of the \$12,755,000 Series 1996 Special Tax Refunding Bonds (the "1996 Bonds") issued in May 1996. In addition to refunding the 1989 Bonds, a portion of the proceeds of the 1996 Bonds were used to finance additional facilities for CFD No. 88-1.

CFD No. 88-1 is a legally constituted governmental entity established under the Mello-Roos Community Facilities Act of 1982, (the "Act") as amended. The Act provides an alternative method for the financing of certain public capital facilities and services. Specifically, CFD No. 88-1 is authorized to issue up to \$14,000,000 in bonds and has sold \$12,500,000 in 1989 Bonds plus \$678,513 of new money in the 1996 Bonds. The proceeds from the 1989 and the 1996 Bonds are to be used for the construction of certain elementary and intermediate school facilities necessary for development within the boundaries of the community facilities district.

The bonded indebtedness of CFD No. 88-1 is both secured and repaid through the annual levy and collection of special taxes from all property subject to the tax within the community facilities district. As the final debt service payment due on the 1996 Bonds is scheduled to be made on September 1, 2014, the School District has determined that there is no need to levy special taxes for fiscal year 2014-2015.

A map showing the property in CFD No. 88-1 is included in Exhibit A.

This report is organized into the following sections:

Section I

Section I analyzes the previous fiscal year's special tax levy and includes a discussion of delinquent special taxes.

Section II

Section II discusses the remaining financial obligations of CFD No. 88-1.

I. Fiscal Year 2013-2014 Special Tax Levy

The aggregate special tax levy for fiscal year 2013-2014 equaled \$1,470,880. As of July 30, 2014, \$1,463,451 in special taxes had been collected by the County. The remaining \$7,429 in special taxes are delinquent, resulting in a delinquency rate of 0.51 percent.

As a participant in the Teeter Program, the School District will receive an apportionment from the County equal to the delinquent unpaid special taxes for fiscal year 2013-2014. This apportionment is anticipated to occur early in fiscal year 2014-2015.

In addition to the Teeter Program, CFD No. 88-1 has covenanted to commence foreclosure proceedings against (i) parcels with delinquent special taxes in excess of \$2,500 and (ii) all properties with delinquent special taxes if the delinquency rates exceed five percent (5.00%). Notwithstanding the foregoing, CFD No. 88-1 may elect to defer foreclosure proceedings on any parcel which is owned by a delinquent property owner whose property is not, in the aggregate, delinquent in the payment of special taxes in an amount in excess of \$2,500 and the amount in the Reserve Account is at least equal to the Reserve Requirement.

Based on the current level of delinquencies, no foreclosure action is required.

A summary all remaining special taxes that are delinquent as of July 30, 2014 is shown below. A detailed summary by parcel number is included as Exhibit B.

Remaining Special Tax Delinquencies

Fiscal Year	Total Tax Levy	Number of Delinquent Parcels	Delinquent Special Tax	Delinquency Rate
2011-2012	\$1,525,416	2	\$789	0.05%
2012-2013	\$1,509,093	6	\$2,696	0.18%
2013-2014	\$1,470,880	21	\$7,429	0.51%

II. CFD No. 88-1 Remaining Obligations

The final debt service payment due on the 1996 Bonds is scheduled to be made on September 1, 2014. Therefore, the School District has determined that there is no special tax liability for fiscal year 2014-2015.

In addition, it is expected that the Board of Trustees of the School District, upon receipt of documentation evidencing the final maturity of the 1996 Bonds from the Fiscal Agent, will direct the execution and recording of a Notice of Cancellation of Special Taxes on all non-delinquent parcels subject to the CFD No. 88-1 special tax lien. Such notice would permanently cease the annual special tax levy on non-delinquent property within CFD No. 88-1.

Based on a memorandum from Bowie, Arneson, Wiles & Giannone dated July 11, 2014, following the recording of the Notice of Cancellation, any remaining CFD No. 88-1 funds not used to pay obligations as indicated below may be transferred from the Fiscal Agent to the School District on behalf of CFD No. 88-1 to be used for any authorized purpose.

CFD No. 88-1's remaining sources and uses of funds are as follows:

Community Facilities District No. 88-1 Remaining Obligations

Fund Balances as of June 30, 2014		\$2,075,150
Special Tax Fund	\$755,590	
Interest Account	\$0	
Principal Account	\$665,019	
Rebate Fund	\$16,791	
Reserve Fund Release	\$637,750	
Remaining Fiscal Year 2013-2014 Sources of Funds		\$22,933
Teeter and Final Paid Apportionment	\$22,933	
Remaining Fiscal Year 2013-2014 Obligations		(\$1,390,023)
Interest Due September 1, 2014	(\$43,225)	
Principal Due September 1, 2014	(\$1,330,000)	
Administrative Expenses	(\$0)	
Estimated Rebate Payment [1]	(\$16,798)	
Special Reserve Fund	(\$0)	
Surplus to be Transferred to CUSD [2]		\$708,064

[1] Estimated. Current cumulative Rebate Liability is \$16,788.83 (as of May 1, 2013) based information provided by BLX. The final calculation of Rebate Liability is expected subsequent to September 1, 2014; payment is due no later than 60 days after September 1, 2014.

[2] Estimated.

EXHIBIT A

*CFD No. 88-1 of the
Capistrano Unified School District*

Boundary Map

**Capistrano Unified School District
Community Facilities District No. 88-1**



© 2011 Google

33°37'40.00" N 117°37'16.36" W elev 777 ft

EXHIBIT B

*CFD No. 88-1 of the
Capistrano Unified School District*

*Special Tax Delinquencies by Parcel
As of July 30, 2014*

**CAPISTRANO UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 88-1
DELINQUENCIES BY PARCEL
AS OF JULY 30, 2014 [1]**

Assessor's Parcel Number	Owner [2]	FY 2011-2012 Amount Delinquent	FY 2012-2013 Amount Delinquent	FY 2013-2014 Amount Delinquent	Total Amount Delinquent
805-141-21		\$0.00	\$0.00	\$292.89	\$292.89
805-191-09		\$0.00	\$0.00	\$311.16	\$311.16
805-262-51		\$0.00	\$0.00	\$814.69	\$814.69
805-321-31		\$0.00	\$0.00	\$423.16	\$423.16
805-331-15		\$0.00	\$442.50	\$431.30	\$873.80
805-331-20		\$0.00	\$885.01	\$0.00	\$885.01
930-217-86		\$0.00	\$0.00	\$272.04	\$272.04
930-218-20		\$597.44	\$0.00	\$0.00	\$597.44
931-836-28		\$0.00	\$0.00	\$406.10	\$406.10
931-836-82		\$0.00	\$0.00	\$413.91	\$413.91
931-836-84		\$0.00	\$0.00	\$413.91	\$413.91
935-435-95		\$0.00	\$0.00	\$191.77	\$191.77
935-452-17		\$0.00	\$568.95	\$554.54	\$1,123.49
935-452-50		\$0.00	\$148.36	\$144.61	\$292.97
935-452-57		\$0.00	\$0.00	\$181.12	\$181.12
935-453-33		\$0.00	\$371.65	\$362.24	\$733.89
935-453-42		\$191.45	\$0.00	\$0.00	\$191.45
935-453-74		\$0.00	\$0.00	\$184.60	\$184.60
935-454-08		\$0.00	\$0.00	\$184.60	\$184.60
935-454-32		\$0.00	\$0.00	\$369.21	\$369.21
935-454-74		\$0.00	\$0.00	\$383.55	\$383.55
938-060-23		\$0.00	\$0.00	\$544.08	\$544.08
938-080-54		\$0.00	\$0.00	\$277.27	\$277.27
938-835-70		\$0.00	\$279.11	\$272.04	\$551.15
Total Delinquent Amount:		\$788.89	\$2,695.58	\$7,428.79	\$10,913.26
Total Collection Amount:		\$1,524,627.27	\$1,506,397.42	\$1,463,451.47	
Total Levy:		\$1,525,416.16	\$1,509,093.00	\$1,470,880.26	
Delinquency Rate:		0.05%	0.18%	0.51%	
Number of Parcels Subject to Levy:		2,659	2,659	2,659	
Number of Delinquent Parcels:		2	6	21	

[1] From County of Orange Treasurer-Tax Collector's website (http://tax.ocgov.com/tcweb/search_page.asp).

[2] From County of Orange final 2014 Assessor's Roll.