

**IRVINE UNIFIED SCHOOL DISTRICT
FINANCING AUTHORITY**

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

OF ORANGE COUNTY

IRVINE, CALIFORNIA

(A Joint Powers Entity)

JUNE 30, 2018

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>
Sharon Wallin	Chairperson
Lauren Brooks	Vice Chairperson
Paul Bokota	Director
Ira Glasky	Director
Betty Carroll	Director

ADMINISTRATION

Terry Walker	Executive Director
John Fogarty	Treasurer

ORGANIZATION

The Irvine Unified School District Financing Authority (the Authority) was established on November 1, 2005, under a joint powers agreement between the Irvine Unified School District (the District) and Community Facilities District No. 86-1 of the Irvine Unified School District for the purpose of financing or refinancing of Public Capital Improvements for any Local Agency through the purchase by the Authority of Obligations of any Local Agency pursuant to Bond Purchase Agreements or the lending of funds by the Authority to a Local Agency. During the period ending June 30, 2018, the Authority owned Obligations of Irvine Unified School District Community Facilities District No. 04-1 (CFD 04-1) - Northwood, the Irvine Unified School District Community Facilities District No. 04-2 (CFD 04-2A) - Woodbury Improvement Area A, and the Irvine Unified School District Community Facilities District No. 04-2 (CFD 04-2B) - Woodbury Improvement Area B of the Irvine Unified School District.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Irvine Unified School District
Financing Authority
Irvine, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Irvine Unified School District Financing Authority (the Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the State Controller's *Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Irvine Unified School District Financing Authority at June 30, 2018, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the 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. The management of the Authority has elected to omit this information.

Vavines, Tunc, Day & Co. LLP

Rancho Cucamonga, California
November 28, 2018

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

STATEMENT OF NET POSITION JUNE 30, 2018

ASSETS

Investments	\$ 221,218
Accounts receivable	1,771,893
Long-term receivables	
Noncurrent portion of community facilities bonds receivable	<u>93,432,730</u>
Total Assets	<u>95,425,841</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on refunding	<u>3,917,054</u>
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LIABILITIES AND NET POSITION

Liabilities

Interest payable	1,625,210
Long-term obligations	
Current portion of long-term obligations	43,380,000
Noncurrent portion of long-term obligations	57,350,000
Premium on issuance of long-term obligations	<u>3,917,054</u>
Total Long-Term Obligations	<u>104,647,054</u>
Total Liabilities	<u>106,272,264</u>

Net Position

Restricted for:	
Debt service	221,218
Unrestricted (deficit)	<u>(7,150,587)</u>
Total Net Position	<u><u>\$ (6,929,369)</u></u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Net Governmental Activities</u>
GOVERNMENTAL ACTIVITIES			
Interest on long-term obligations	\$ 4,891,920	\$ -	\$ (4,891,920)
Other outgo	3,330,708	-	(3,330,708)
Total Governmental Activities	<u>\$ 8,222,628</u>	<u>\$ -</u>	<u>(8,222,628)</u>
GENERAL REVENUES			
Interest and investment earnings			<u>8,661,901</u>
Change in Net Position			439,273
Net Position (Deficit) - Beginning			<u>(7,368,642)</u>
Net Position (Deficit) - Ending			<u>\$ (6,929,369)</u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

**GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2018**

	<u>Debt Service Fund</u>
ASSETS	
Investments	<u>\$ 221,218</u>
FUND BALANCE	
Restricted	<u>\$ 221,218</u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

GOVERNMENTAL FUND RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2018

Total Fund Balance - Governmental Fund	\$ 221,218
Amounts reported for governmental activities in the Statement of Net Position are different because:	
In governmental funds, unmatured interest on long-term obligations are recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.	(1,625,210)
In governmental funds, unmatured interest on long-term receivables are recognized in the period when it is received. On the government-wide financial statements, unmatured interest on long-term receivables is recognized when it is earned.	1,771,893
In governmental funds, deferred outflows of resources are not reported. The balance represents the unamortized balance amount as of June 30, 2018.	3,917,054
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term obligations at year-end consist of the following:	
Special Tax Revenue bonds and premium	(104,647,054)
Long-term receivables, including bonds receivable, are not earned and received in the current period and, therefore, are not reported as receivables in the funds.	
Special Tax bonds	<u>93,432,730</u>
Total Net Position (Deficit) - Governmental Activities	<u>\$ (6,929,369)</u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

**GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

	Debt Service Fund
REVENUES	
Other local sources	<u>\$ 8,690,896</u>
EXPENDITURES	
Current	
Debt service	
Principal	3,760,000
Interest	<u>4,924,501</u>
Total Expenditures	<u>8,684,501</u>
Excess of Revenues Over Expenditures	<u>6,395</u>
Fund Balance - Beginning	<u>214,823</u>
Fund Balance - Ending	<u><u>\$ 221,218</u></u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

GOVERNMENTAL FUND RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balance - Governmental Fund	\$ 6,395
Amounts reported for governmental activities in the Statement of Activities are different because:	
Proceeds received from long-term accounts receivable are not earned and received in the current period and, therefore, are not reported as receivables in the funds:	
Revenue from Special Tax Bonds	(3,330,708)
Repayment of long-term obligations principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:	
Special Tax Revenue bonds	3,760,000
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available. This adjustment combines the net changes of the following balances:	
Amortization of deferred charge on refunding	(215,618)
Amortization of debt premium	215,618
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (Accrued interest on the Special Tax Revenue bonds decreased.)	32,581
Interest on long-term receivables in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as revenue in the funds when it is received. In the Statement of Activities, however, interest revenue is recognized as the interest accrues, regardless of when it is received.	(28,995)
Change in Net Position of Governmental Activities	<u>\$ 439,273</u>

The accompanying notes are an integral part of these financial statements.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Irvine Unified School District Financing Authority (the Authority) was established on November 1, 2005, under a joint powers agreement between the Irvine Unified School District (the District) and Community Facilities District No. 86-1 of the Irvine Unified School District for the purpose of financing or refinancing of Public Capital Improvements for any Local Agency through the purchase by the Authority of Obligations of any Local Agency pursuant to Bond Purchase Agreements or the lending of funds by the Authority to a Local Agency. During the period ending June 30, 2018, the Authority owned Obligations of Irvine Unified School District Community Facilities District No. 04-1 (CFD 04-1) - Northwood, the Irvine Unified School District Community Facilities District No. 04-2 (CFD 04-2A) - Woodbury Improvement Area A, and the Irvine Unified School District Community Facilities District No. 04-2 (CFD 04-2B) - Woodbury Improvement Area B of the Irvine Unified School District.

The Authority is governed by an appointed Board of Directors. The Board of Directors is comprised of five members. The Authority's significant accounting policies, as described below, are the same as for any joint powers authority.

Description of Funds

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The Authority's funds are identified as governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Authority's governmental fund:

Debt Service Funds The Debt Service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term obligations.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which is different from the manner in which governmental fund financial statements are prepared.

Since the Authority does not have program revenues, the financial Statement of Activities presents all revenues as general revenues. Expenses are reported on a functional basis.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Fund Financial Statements Fund financial statements report detailed information about the Authority. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The Authority only has one fund of which is considered a major governmental fund.

Governmental Funds All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenues - Exchange and Non-Exchange Transactions On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 or 60 days.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include the payments received from the CFDs. Revenue from these payments are recognized in the fiscal year in which the payments are received.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligation, which has not matured, are recognized when paid in the governmental funds.

Investments

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Special Tax Revenue bonds are recognized as a liability on the fund financial statements when due.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Fund Balances - Governmental Funds

As of June 30, 2018, fund balances of the governmental funds are classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Net Position

The net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Enabling legislation relates to laws passed that create revenue sources to be used for specific purposes. The government-wide financial statements report net position restricted by enabling legislation of \$221,218.

Budgets and Budgetary Accounting

Annually, the Authority's Board of Directors adopts an operating budget. The Board and Treasurer revise this budget during the year to give consideration to unanticipated revenues and expenses partially resulting from events unknown at the time of budget adoption.

Income Taxes

The Authority's income is exempt from Federal and State income taxes under Internal Revenue Code Section 115 and the corresponding section of the California Revenue and Taxation Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 2 - INVESTMENTS

Policies and Practices

The Authority is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority manages its exposure to interest rate risk by primarily investing in short-term money market funds.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investment in the Money Market Funds - Federated Treasury Obligation Funds are rated by S&P Global Ratings. Presented below is the minimum rating required by the California *Government Code*, the Authority's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Minimum Legal Rating	Rating June 30, 2018	Fair Value
Money Market Funds - Federated Treasury Obligation Funds	Not Required	AAAm	<u>\$ 221,218</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the Authority has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Authority's own data. The Authority should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the Authority are not available to other market participants.

The Authority's fair value measurements are as follows at June 30, 2018:

Investment Type	Reported Amount	Level 2
Money Market Funds - Federated Treasury Obligation Funds	<u>\$ 221,218</u>	<u>\$ 221,218</u>

All assets have been valued using a market approach, with quoted market prices.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 4 - RECEIVABLES

Receivables at June 30, 2018, consist of the following:

Local Sources	
Interest	<u>\$ 1,771,893</u>

Long-Term Accounts Receivable

On April 27, 2006, the Authority purchased \$70,935,000 of Special Tax bonds of the Irvine Unified School District Community Facilities District No. 04-1 - Northwood (CFD 04-1) Special Tax Bonds, Series 2006, the Irvine Unified School District Community Facilities District No. 04-2 -Woodbury Improvement Area A (CFD 04-2A) Special Tax Bonds, Series 2006, and the Irvine Unified School District Community Facilities District No. 04-2 Woodbury Improvement Area B (CFD 04-2B) Special Tax Bonds, Series 2006. CFD 04-1 and CFD 04-2B used the proceeds of the 2016 Refunding Bonds to fully refund their respective Series 2006 bonds on March 1, 2017. CFD 04-2A will use the proceeds of the 2016 Refunding Bonds, with a 20 percent call premium, to fully refund its Series 2006 bonds on September 1, 2018. The Special Tax bonds carry an interest rate of 7.422 percent. At June 30, 2018, the principal amount of Special Tax bonds due to the Authority was \$34,727,730.

Due within 1 year	<u>\$ 34,727,730</u>
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On December 13, 2016, the Authority purchased \$61,660,000 of Series 2016 Special Tax Refunding bonds of CFD 04-1, CFD 04-2A, and CFD 04-2B. The Special Tax Refunding Bonds carry an interest rate ranging from 2.0 percent to 5.0 percent and mature through September 1, 2036. At June 30, 2018, the principal amount of Series 2016 Special Tax Bonds due to the Authority was \$58,705,000.

Due within 1 year	\$ 1,355,000
Due within 1 to 5 years	8,720,000
Due within 6 to 10 years	13,370,000
Due within 11 to 15 years	19,675,000
Due within 16 to 20 years	<u>15,585,000</u>
Total	<u>\$ 58,705,000</u>

NOTE 5 - FUND BALANCE

Fund balance is composed of the following elements:

	<u>Debt Service Fund</u>
Restricted	
Debt service payments	<u>\$ 221,218</u>

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 6 - LONG-TERM OBLIGATIONS

Summary

A schedule of changes in long-term obligations for the year ended June 30, 2018, is shown below:

Authority Bonds	Balance July 1, 2017	Additions/ Adjustments	Deductions	Balance June 30, 2018	Due in One Year
Special Tax Revenue Bonds, Series 2006	\$ 42,830,000	\$ -	\$ 805,000	\$ 42,025,000	\$42,025,000
Special Tax Revenue Refunding Bonds, Series 2016	61,660,000	-	2,955,000	58,705,000	1,355,000
Premium on issuance of debt	4,132,672	-	215,618	3,917,054	-
	<u>\$108,622,672</u>	<u>\$ -</u>	<u>\$ 3,975,618</u>	<u>\$104,647,054</u>	<u>\$43,380,000</u>

NOTE 7 - SPECIAL TAX REVENUE BONDS

On April 27, 2006, the Authority issued \$82,860,000 Series 2006 Special Tax Revenue Bonds, to purchase \$70,935,000 of Special Tax Bonds of CFD 04-1, CFD 04-2A, and CFD 04-2B. CFD-04-1 and CFD 04-2B used the proceeds of the 2016 Refunding Bonds to fully refund their respective Series 2006. The Special Revenue Tax bonds carry an interest rate of 4.875 percent. At June 30, 2018, the principal amount of Special Revenue Tax bonds outstanding was \$42,025,000.

The annual debt service requirements to amortize the Special Tax Revenue Bonds, Series 2006 A, outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	<u>\$ 42,025,000</u>	<u>\$ 1,068,640</u>	<u>\$ 43,093,640</u>

The Series 2006 Special Tax Revenue Bonds are payable from the proceeds of the 2016 Special Tax Refunding Bonds with a 20 percent call premium.

On December 13, 2016, the Authority issued \$61,660,000 Series 2016 Special Tax Revenue Refunding Bonds to purchase \$61,660,000 of Series 2016 Special Tax Refunding bonds of CFD 04-1, CFD 04-2A, and CFD 04-2B. The Special Tax Refunding Bonds carry an interest rate ranging from 2.0 percent to 5.0 percent maturing through September 1, 2036. At June 30, 2018, the principal amount of Series 2016 Special Tax Revenue Refunding Bonds outstanding was \$58,705,000.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

The annual debt service requirements to amortize the Special Tax Revenue Refunding Bonds, Series 2016, outstanding as of June 30, 2018, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,355,000	\$ 2,718,025	\$ 4,073,025
2020	1,465,000	2,675,725	4,140,725
2021	1,590,000	2,621,950	4,211,950
2022	1,730,000	2,555,550	4,285,550
2023	1,880,000	2,473,950	4,353,950
2024-2028	12,305,000	10,700,375	23,005,375
2029-2033	18,265,000	6,911,875	25,176,875
2034-2037	20,115,000	1,771,375	21,886,375
Total	<u>\$ 58,705,000</u>	<u>\$ 32,428,825</u>	<u>\$ 91,133,825</u>

The Series 2016 Special Tax Refunding Bonds are payable solely from Special Tax revenue received from Irvine Unified School District CFD 04-1, CFD 04-2A, and CFD 04-2B.