

**IRVINE UNIFIED SCHOOL DISTRICT
FINANCING AUTHORITY**

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

OF ORANGE COUNTY

IRVINE, CALIFORNIA

(A Joint Powers Entity)

JUNE 30, 2016

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>
Paul Bokota	Chairperson
Ira Glasky	Vice Chairperson
Lauren Brooks	Director
Michael Parham	Director
Sharon Wallin	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 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 one-year period ending June 30, 2016, the Authority owned Obligations of Community Facilities Districts 01-1, 04-1, 04-2A and 04-2B of the Irvine Unified School District.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

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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, 2016, 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, 2016, 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.

Vavrieh, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 27, 2017

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

STATEMENT OF NET POSITION JUNE 30, 2016

ASSETS

Investments	\$ 208,724
Accounts receivable	1,371,617
Long-term receivables	
Noncurrent portion of community facilities bonds receivable	<u>64,706,023</u>
Total Assets	<u><u>\$ 66,286,364</u></u>

LIABILITIES AND NET POSITION

Liabilities

Interest payable	\$ 1,232,479
Long-term obligations	
Current portion of long-term obligations	1,170,000
Noncurrent portion of long-term obligations	<u>71,680,000</u>
Total Long-Term Obligations	<u>72,850,000</u>
Total Liabilities	<u>74,082,479</u>

Net Position

Restricted for:	
Debt service	347,862
Unrestricted (deficit)	<u>(8,143,977)</u>
Total Net Position	<u>(7,796,115)</u>
Total Liabilities and Net Position	<u><u>\$ 66,286,364</u></u>

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

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

**GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2016**

	Debt Service Fund
ASSETS	
Investments	<u>\$ 208,724</u>
FUND BALANCE	
Restricted	<u>\$ 208,724</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, 2016

Total Fund Balance - Governmental Fund	\$ 208,724
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.	
	(1,232,479)
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.	
	1,371,617
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 bonds	(72,850,000)
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>64,706,023</u>
Total Net Position (Deficit) - Governmental Activities	<u><u>\$ (7,796,115)</u></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, 2016**

	Debt Service Fund
REVENUES	
Other local sources	\$ 4,768,264
EXPENDITURES	
Current	
Debt service	
Principal	1,040,000
Interest and other	3,721,878
Total Expenditures	<u>4,761,878</u>
Excess of Revenues Over Expenditures	<u>6,386</u>
Other Financing Sources	
Other sources - refunding bond proceeds	98,115,000
Other uses - payment for retirement of CFD No. 01-1	<u>(98,115,000)</u>
Net Financing Sources	<u>-</u>
Net Change in Fund Balance	6,386
Fund Balance - Beginning	202,338
Fund Balance - Ending	<u>\$ 208,724</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, 2016

Net Change in Fund Balance - Governmental Fund	\$ 6,386
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:	
Special tax bonds	(98,750,335)
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 bonds	99,155,000
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 debt premium	1,107,733
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 bonds decreased.)	1,627,758
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.	(1,623,508)
Change in Net Position of Governmental Activities	<u>\$ 1,523,034</u>

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

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, by a joint powers agreement with Irvine Unified School District (the District). The purpose of the Authority is to finance the cost of certain school facilities. The Authority's relationship with the District is such that the Authority is treated as a component unit of the 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.

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. Non-major funds are aggregated and presented in a single column. The Authority only has one fund of which is considered a major governmental fund.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 90 days.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include the special tax assessments. Revenue from these special tax assessments is recognized in the fiscal year in which the taxes 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, 2016, 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 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, 2016

Fund Balances - Governmental Funds

As of June 30, 2016, 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 source to be used for specific purposes. The government-wide financial statements report net position restricted by enabling legislation of \$347,862.

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 principals 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, 2016

Change in Accounting Principles

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The Authority has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The Authority has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of GASB Statement No. 31, as amended.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures, for both the qualifying external investment pools and their participants, include information about any limitations or restrictions on participant withdrawals.

The Authority has implemented the provisions of this Statement as of June 30, 2016.

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.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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.

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.

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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, 2016:

Investment Type	Reported Amount	Level 2
Money Market Funds - Federated Treasury Obligation Funds	\$ 208,724	\$ 208,724

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

NOTE 4 - RECEIVABLES

Receivables at June 30, 2016, consist of the following:

Local Sources	
Interest	\$ 1,371,617

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Long-Term Accounts Receivable

On April 27, 2006, the Authority purchased community facilities bonds in the amount of \$70,935,000 with maturity dates through September 1, 2036. On February 19, 2015, the Authority purchased community facilities bonds in the amount of \$88,170,000 with maturity dates through September 1, 2038. The collection of the long-term accounts receivable is as follows:

Due within 1 year	\$ 752,585
Due within 1 to 5 years	6,090,778
Due within 6 to 10 years	11,095,847
Due within 11 to 15 years	18,281,313
Due within 16 to 20 years	28,485,500
Total	<u>\$ 64,706,023</u>

NOTE 5 - FUND BALANCE

Fund balance is composed of the following elements:

Restricted	
Debt service payments	<u>\$ 208,724</u>

NOTE 6 - LONG-TERM OBLIGATIONS

Summary

A schedule of changes in long-term obligations for the year ended June 30, 2016, is shown below:

Community Facilities District Bonds	Balance July 1, 2015	Additions/ Adjustments	Deductions	Balance June 30, 2016	Due in One Year
Special Tax Revenue Bonds, Series 2005 A	\$ 98,115,000	\$ -	\$ 98,115,000	\$ -	\$ -
Premium on issuance of debt	1,107,733	-	1,107,733	-	-
Special Tax Revenue Bonds, Series 2006 A	73,890,000	-	1,040,000	72,850,000	1,170,000
	<u>\$ 173,112,733</u>	<u>\$ -</u>	<u>\$ 100,262,733</u>	<u>\$ 72,850,000</u>	<u>\$ 1,170,000</u>

IRVINE UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 7 - COMMUNITY FACILITIES DISTRICT BONDS

On June 12, 2003, the Community Facilities District No. 01-1 (CFD 01-1) of the District issued \$92,500,000 CFD 01-1 Special Tax Bonds, Series 2003 to finance a portion of the rest of the acquisition of land and construction of certain facilities. In November 2005, the Authority issued \$103,475,000 Special Tax Bonds, Series 2005 A to refinance CFD 01-1 Special Tax Bonds, Series 2003 and to finance a portion of the rest of the acquisition of land and construction of certain facilities. The Special Tax Bonds carry an interest rate ranging from 3.10 percent to 6.00 percent. In September 2015, the Special Tax Revenue Bonds were paid off in full.

On April 27, 2006, the Authority issued \$82,860,000 Special Tax Bonds, Series 2006 to finance a portion of the acquisition of land and construction of certain facilities. The Special Tax Bonds carry an interest rate ranging from 3.850 percent to 5.125 percent. At June 30, 2016, the principal outstanding was \$72,850,000.

The annual debt service requirements to amortize the Special Revenue Bonds, Series 2006 A, outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,170,000	\$ 3,669,650	\$ 4,839,650
2018	1,325,000	3,610,062	4,935,062
2019	1,490,000	3,541,944	5,031,944
2020	1,655,000	3,464,250	5,119,250
2021	1,840,000	3,376,875	5,216,875
2022-2026	12,295,000	15,229,250	27,524,250
2027-2031	18,795,000	11,344,637	30,139,637
2032-2036	27,495,000	5,465,941	32,960,941
2037	6,785,000	173,866	6,958,866
Total	<u>\$ 72,850,000</u>	<u>\$ 49,876,475</u>	<u>\$ 122,726,475</u>

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