



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

POWAY UNIFIED SCHOOL DISTRICT

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDING JUNE 30, 2017:

PUBLIC FINANCING AUTHORITY

SPECIAL TAX REVENUE REFUNDING BONDS, SERIES 2017 B

BASE CUSIP: 73885Q

JANUARY 31, 2018

PREPARED FOR:

Poway Unified

School District

Planning Department

13626 Twin Peaks Road

Poway, CA 92064

T 858.748.0010

PREPARED BY:

Cooperative Strategies

8955 Research Drive

Irvine, CA 92618

T 949.250.8300

Poway Unified School District
Public Financing Authority
Special Tax Revenue Bonds, Series 2017 B

Uninsured Bonds

<u>Maturity Date (September 1)</u>	<u>CUSIP*</u>
2017	73885QKJ7
2018	73885QKK4
2019	73885QKL2
2020	73885QKM0
2021	73885QKN8
2022	73885QKP3
2023	73885QKQ1
2024	73885QKR9
2025	73885QKS7
2026	73885QKT5
2027	73885QKU2
2028	73885QKV0
2029	73885QKW8
2030	73885QKX6
2031	73885QKY4

Insured Bonds

2032	73885QKZ1
2033	73885QLA5
2034	73885QLB3
2035	73885QLC1
2036	73885QLD9
2037	73885QLE7
2038	73885QLF4
2039	73885QLG2

* CUSIP is a registered trademark of the American Bankers Association.

List of Participants

Issuer

Poway Unified School District- Planning Department
13626 Twin Peaks Road
Poway, CA 92064
T 858.748.0010
<http://www.powayusd.com>

Bond Counsel

Best Best & Krieger LLP
655 West Broadway 15th Floor
San Diego, CA 92101

Disclosure Counsel

James F. Anderson Law Firm, A Professional Corporation
23282 Mill Creek Drive, Suite 240
Laguna Hills, CA 92653

Community Facilities District Administrator and Dissemination Agent

Cooperative Strategies, LLC
8955 Research Drive
Irvine, CA 92618
Phone: 949.250.8300
Fax: 949.250.8301
www.coopstrategies.com

Fiscal Agent

Zions Bank, a division of ZB, National Association
550 South Hope Street, Suite 2875
Los Angeles, CA 90071
Phone: 213.593.3152
Fax: 213.593.3160
www.zionsbank.com

Underwriter

Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, CA 90071
Phone: 213.443.5006
Fax: 213.443.5023

T.O.C.

SECTION	PAGE
I. ISSUER'S STATEMENT -----	1
II. FINANCIAL INFORMATION -----	2
III. BOND INFORMATION -----	3
A. Principal Amount of Bonds Outstanding	
B. Fund and Account Balances	
C. Reserve Requirement	
D. Status of Projects	
E. Bond Authorization	
IV. SPECIAL TAXES -----	6
A. Changes to the Rate and Method of Apportionment	
B. Prepayments	
C. Special Tax Budget	
D. Debt Service Coverage	
E. Special Tax Levy	
F. Major Taxpayers	
G. Special Tax Delinquencies	
H. Special Tax Foreclosures	
I. Special Taxes Are Not Within Teeter Plan	
V. ASSESSED VALUES AND LAND SECURED BONDED INDEBTEDNESS -----	9
A. Assessed Value Summary	
B. Overlapping Debt Report	
C. Assessed Value and Value-to-Lien Ratios	
VI. REPORTS AND ADDITIONAL INFORMATION -----	10
A. Report to the California Debt and Investment Advisory Commission	
B. Listed Events	
C. Additional Information	

EXHIBITS

EXHIBIT A:

Special Tax Bonds

EXHIBIT B:

Debt Service Schedules

EXHIBIT C:

Funds and Account Balances

EXHIBIT D:

Rates and Methods of Apportionment

EXHIBIT E:

Special Tax Budgets

EXHIBIT F:

Annual Debt Service Coverage Summary Tables

EXHIBIT G:

Special Tax Levy Summary Tables

EXHIBIT H:

Historical Special Tax Delinquency Summary Tables

EXHIBIT I:

Assessed Value Summary Tables

EXHIBIT J:

Direct and Overlapping Debt Reports

EXHIBIT K:

Assessed Value-to-Lien Ratio Summary Tables

EXHIBIT L:

Reports to the California Debt and Investment Advisory Commission

I. ISSUER'S STATEMENT

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreement ("Disclosure Agreement") executed in connection with the issuance of the Special Tax Revenue Refunding Bonds, Series 2017B ("Bonds"), by the Poway Unified School District ("School District") Public Financing Authority ("Authority").

The Authority has agreed under the Disclosure Agreement and pursuant to Rule 15c2-12 of the Securities and Exchange Commission to provide certain annual financial information, operating data, and notices of certain listed events via the Electronic Municipal Market Access ("EMMA") system, a service of the Municipal Securities Rulemaking Board. This Report has been prepared by Cooperative Strategies at the direction of the Authority, for the benefit of the owners of the Bonds and the Participating Underwriter.

Any information contained herein which involves estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the School District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Report nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District or Authority since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Disclosure Agreement.

For a detailed listing of information provided in this Report, please contact Cooperative Strategies at taxinfo@coopstrategies.com. Information requested, in accordance with the Disclosure Agreement, will be uploaded to the Electronic Municipal Market Access website. Please visit <https://emma.msrb.org> for any updates.

Poway Unified School District

II. FINANCIAL INFORMATION

Audited Financial Statements of the Authority are not prepared, however, the School District's annual audited financial statements for Fiscal Year 2016/2017 are available online at <http://emma.msrb.org/> and are hereby incorporated by reference.

The School District's annual financial statements are provided solely to comply with the Securities Exchange Commission staff's interpretation of Rule 15c2-12. No funds or assets of the Authority or the School District, other than Net Special Taxes, are required to be used to pay debt service on the Bonds, and neither Authority nor the School District is obligated to advance available funds to cover any delinquencies. Investors should not rely on the financial condition of the Authority or the School District in evaluating whether to buy, hold, or sell the Bonds.

III. BOND INFORMATION

Special Tax Revenue Refunding Bonds, Series 2017B. The Bonds were issued in the amount of \$5,815,000 on February 8, 2017. The Bonds were issued to purchase (i) the Zone 2 2017 Special Tax Revenue Bonds of Community Facilities District ("CFD") No. 11 of School District ("Zone 2 Bonds") and the Zone 3 2017 Special Tax Revenue Bonds of CFD No. 11 of the School District ("Zone 3 Bonds", collectively with the Zone 2 Bonds, "Special Tax Bonds"), (ii) to acquire a reserve insurance policy for the Bonds and (iii) to pay costs of issuance of the Bonds and the Special Tax Bonds, including the premium for a municipal bond insurance policy.

The Bonds are limited obligations of the Authority and are payable solely from revenues received through the collection of interest and principal on the Special Tax Bonds. The Bonds are not a debt of the School District, the State of California, or any of its political subdivisions.

The items below summarize information required by the Disclosure Agreement.

A. Principal Amount of Bonds Outstanding

Exhibit B includes the debt service schedule for the Bonds. The outstanding principal amount of the Bonds as of January 1, 2018, is \$5,655,000. The outstanding principal amount of the Special Tax Bonds is shown in the table on below.

Principal Amount of Bonds Outstanding

CFD No.	Principal Amount Outstanding
Zone 2 of CFD No. 11	\$3,295,000.00
Zone 3 of CFD No. 11	\$2,360,000.00
Total	\$5,655,000.00

B. Fund and Account Balances

For more information regarding the funds and account balances of the Special Tax Bonds please refer to Exhibit C.

C. Reserve Requirement

As of January 1, 2018, the Reserve Requirement of the Bonds was \$519,985.80; as of this date, this balance is satisfied through a Reserve Policy.

D. Status of Projects

Zone 2 of Community Facilities District No. 11, 2017 Special Tax Revenue Bonds. School Facilities funding generated from the issuance of the Special Tax Bonds were utilized to refund a portion the 2009 Lease Revenue Bonds of the School District which were utilized to construct the school facilities mentioned in Section E.

Zone 3 of Community Facilities District No. 11, 2017 Special Tax Revenue Bonds. School Facilities funding generated from the issuance of the Special Tax Bonds were utilized to refund a portion the 2009 Lease Revenue Bonds of the School District which were utilized to construct the school facilities mentioned in Section E.

E. Bond Authorization

The information required under Section 4 (b) (viii) of the Disclosure Agreement is listed in the table on the following page.

Bond Authorization and Use of Bond Proceeds

Bond Issuance	Issuance Date	Use of Proceeds	Amount
Original Bond Authorization			\$60,000,000.00
Zone 1			
2004 Special Tax Bonds	April 1, 2004	(i) Construction of Elementary School seats at Morning Creek Elementary School;	\$9,000,000.00
2013 Special Tax Bonds	February 14, 2013	(ii) Construction of Middle School Seats at Meadowbrook Middle School; and (iii) Construction and improvements of High School Seats at Mt. Carmel High School.	\$2,390,000.00
Zone 1 Subtotal			\$11,390,000.00
Zone 2 ^[1]			
2009 Special Tax Bonds	July 2, 2009	(i) Construction of Elementary School seats at Morning Creek Elementary School;	\$5,150,000.00
2014 Special Tax Revenue Bonds	August 7, 2014	(ii) Construction of Middle School Seats at Meadowbrook Middle School; and (iii) Construction and improvements of High School Seats at Mt. Carmel High School.	\$2,565,000.00
Zone 2 Subtotal			\$7,715,000.00
Zone 3 ^[1]			
2009 Special Tax Bonds	July 2, 2009	(i) Construction of Elementary School seats at Morning Creek Elementary School;	\$3,845,000.00
2014 Special Tax Revenue Bonds	August 7, 2014	(ii) Construction of Middle School Seats at Meadowbrook Middle School; and (iii) Construction and improvements of High School Seats at Mt. Carmel High School.	\$7,500,000.00
Zone 3 Subtotal			\$11,345,000.00
Total Amount Utilized			\$30,450,000.00
Remaining Bond Authorization			\$29,550,000.00

[1] The Zone 2 and Zone 3 2013 Special Tax Revenue Bonds of CFD No. 11 were issued on February 14, 2013 which refunded all outstanding maturities of the Zone 2 and Zone 3 2009 Special Tax Bonds of CFD No. 11 except the term Bonds maturing on September 15, 2039. They did not generate any additional school facilities funding or affect the remaining bond authorization. The term Bonds maturing on September 15, 2039 were refunded by the Series 2017 B Special Tax Revenue Refunding Bonds on February 8, 2017.

IV. SPECIAL TAXES

CFD No. 11 has covenanted to annually levy the respective Special Tax in accordance with the applicable Rate and Method of Apportionment ("RMA") so long as the Special Tax Bonds are outstanding. The items below summarize information required by the Disclosure Agreement.

A. Changes to the Rate and Method of Apportionment

There have been no changes to the RMA since the date of the Official Statement. A copy of the RMA has been included as Exhibit D.

B. Prepayments

A summary of the Assessor Parcels that have prepaid their Special Tax obligations on or after Fiscal Year 2016/2017 is presented in the table on the following page.

Assessor's Parcel Number	Fiscal Year Prepaid	Series of Bonds Called	Amount of Special Tax Bond Principal Redeemed	Special Tax Bond Principal Redemption Date
Zone 2 of CFD No. 11				
325-104-20-00	2016/2017	2014	\$35,000.00	September 1, 2016
325-081-05-00	2017/2018	2014	\$35,000.00	September 1, 2017
325-091-15-00	2017/2018	2014	\$50,000.00	September 1, 2017
Zone 2 of CFD No. 11 Subtotal		NA	\$120,000.00	NA
Zone 3 of CFD No. 11				
325-160-05-00	2016/2017	2014	\$35,000.00	March 1, 2017
325-160-17-00	2016/2017	2014	\$40,000.00	March 1, 2017
325-170-27-00	2017/2018	2014	\$35,000.00	September 1, 2017
325-121-12-00	2017/2018	2014	\$30,000.00	September 1, 2017
325-140-03-00	2017/2018	2014	\$30,000.00	September 1, 2017
Zone 3 of CFD No. 11 Subtotal		NA	\$170,000.00	NA
Total		NA	\$290,000.00	NA
<i>*Projected Bonds to be Redeemed</i>				

C. Special Tax Budget

A summary of the Fiscal Year 2017/2018 Special Tax budget for Zone 2 and Zone 3 of CFD No. 11 is outlined in Exhibit E.

D. Debt Service Coverage

At the time the Bonds were sold, the Authority represented that the Debt Service of the Special Tax Bonds would yield 100.00% coverage of the annual debt service on the Bonds. CFD No. 11 represented that, the amount of Net Taxes that may be levied on the parcels for which a building permit has been issued, if levied in accordance with the RMA, would annually yield revenue in an amount not less than 1.10 times the annual debt service on the Special Tax Bonds.

In Fiscal Year 2017/2018 the amount of debt service on the Special Tax Bonds yields 100.00% of the of the annual debt service on the Bonds. An Annual Debt Service Coverage Summary Table for the Bonds and the Special Tax Bonds has been included as Exhibit F.

E. Special Tax Levy

A summary of the Fiscal Year 2016/2017 Special Tax levy and collections/delinquencies as well as the 2017/2018 Special Tax levy for each Zone within CFD No. 11 is listed in Exhibit G.

F. Major Taxpayers

There are no property owners responsible for more than five percent (5.00%) of the Special Taxes levied in Fiscal Year 2017/2018 in Zone 2 of CFD No. 11 nor in Zone 3 of CFD No. 11.

G. Special Tax Delinquencies

The Special Tax delinquencies for Fiscal Year 2016/2017 and prior Fiscal Years within Zone 2 and Zone 3 of CFD No. 11 are shown in Exhibit H. There is no delinquent tax payer obligated for greater than five percent (5.00%) of the Fiscal Year 2016/2017 Special Tax levy.

H. Special Tax Foreclosures

CFD No. 11 has covenanted that it will commence judicial foreclosure proceedings against a parcel with delinquent Special Taxes in the event (i) any single parcel has aggregate delinquent Special Taxes in excess of \$7,500 or (ii) a property owner of multiple parcels has delinquent Special Taxes in excess of \$10,000 by the August 30th following the close of each Fiscal Year in which such Special Taxes were due and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the August 30th following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied.

After reviewing the level of delinquencies within Zone 2 of CFD No. 11 and Zone 3 of CFD No. 11 as of June 1, 2017 it was determined Zone 2 of CFD No. 11 was required to initiate foreclosure proceedings for Fiscal Year 2016/2017. Information regarding the one parcel taken into foreclosure is summarized in the table below.

Zone 2 of CFD No. 11 Special Tax Foreclosures

APN	Fiscal Year	Amount ^[1]	Status
325-103-14-00	2009/2010	\$2,350.28	Unresolved
325-103-14-00	2012/2013	\$2,494.16	Unresolved
325-103-14-00	2013/2014	\$1,272.02	Unresolved
325-103-14-00	2015/2016	\$2,646.82	Unresolved
325-103-14-00	2016/2017	\$2,699.76	Unresolved

[1] Amount does not include interest, penalties and attorney fees.

I. Special Taxes Are Not Within Teeter Plan

The County of San Diego ("County") has adopted a Teeter Plan under which a tax distribution procedure is implemented, and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. However, by policy, the County does not include special taxes, assessments or reassessments in its Teeter Plan. The Special Taxes of the CFDs are not included in the County's Teeter Plan.

V. ASSESSED VALUES AND LAND SECURED BONDED INDEBTEDNESS

The assessed values and direct and overlapping land secured bonded indebtedness on individual parcels vary among parcels within Zone 2 and Zone 3 of CFD No. 11. The value of and debt burden on individual parcels is significant because in the event of a delinquency in the payment of Special Taxes CFD No. 11 may foreclose only against delinquent parcels. The items below summarize information required by the Disclosure Agreement.

A. Assessed Value Summary

A summary of the assessed value of the property within Zone 2 and Zone 3 of CFD No. 11, distinguishing between the assessed value of improved parcels and unimproved parcels, is included in Exhibit I.

B. Overlapping Debt Report

Certain overlapping local agencies provide public services and assess property taxes, assessments, special taxes and other charges on the property within Zone 2 and Zone 3 of CFD No. 11. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the property in Zone 2 and Zone 3 of CFD No. 11 as of the date of this Report is outlined in Exhibit J. Exhibit J was prepared by National Tax Data, Inc., and has not been reviewed for completeness or accuracy by the School District or Cooperative Strategies. Additional indebtedness could be authorized by the School District or other public agencies at any time.

C. Assessed Values and Value-to-Lien Ratios

The assessed values and value-to-lien ratios for both Zone 2 and Zone 3 of CFD No. 11 are shown in Exhibit K.

VI. REPORTS AND ADDITIONAL INFORMATION

In addition to the operational data included herein, the Disclosure Agreement require the Authority to incorporate within this Report various other reports and information, summarized below, regarding the Bonds.

A. Report to the California Debt and Investment Advisory Commission

A copy of the reports prepared and filed with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act for Fiscal Year 2016/2017 is included as Exhibit L.

B. Listed Events

Pursuant to the Disclosure Agreement, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves (including e.g., the Reserve Fund) reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities; if material;
- (xi) Rating changes;

- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

None of these events occurred in Fiscal Year 2016/2017.

C. Additional Information

In addition to any of the information expressly required to be provided by the Disclosure Agreement, the Authority shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

After careful review it has been determined that there is no such information for Fiscal Year 2016/2017.

S:\Clients\Poway Unified SD\SADM\CFDs\Authority 2017B\FY1617\Reports\Continuing Disclosure\ContDisc.2017BAuthority_1617_Fn.PDF

EXHIBIT A

Special Tax Bonds

EXHIBIT B

Debt Service Schedules

EXHIBIT C

Fund and Account Balances

EXHIBIT D

Rate and Method of Apportionment

EXHIBIT E

Special Tax Budgets

EXHIBIT F

Annual Debt Service Coverage Summary Tables

EXHIBIT G

Special Tax Levy Summary Tables

EXHIBIT H

Historical Special Tax Delinquency Summary Tables

EXHIBIT I

Assessed Value Summary Tables

EXHIBIT J

Detailed Direct and Overlapping Debt Reports

EXHIBIT K

Assessed Value-to-Lien Ratio Summary Tables

EXHIBIT L

**Reports to the California Debt and
Investment Advisory Commission**