

CITY OF LATHROP

2019/20 Annual Report For:

**Community Facilities District No. 2003-2
(Joint Wastewater Project)**

February 2020

Prepared by:



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1. DISTRICT ANALYSIS

1.1 District

Community Facilities District No. 2003-2 (Joint Wastewater Project) (the “District”) was formed in October 2003 to pay for acquisition of capacity in the wastewater treatment facilities and sanitary sewer facilities. In December 2003 the City issued the \$7,535,000 City of Lathrop Community Facilities District No. 2003-2 (Joint Wastewater Project) Special Tax Bonds Series 2003 (the “Bonds”). The special tax may be levied until all principal and interest on the Bonds have been repaid and facilities to be constructed from Special Tax proceeds have been completed, but no later than Fiscal Year 2039/40.

1.2 Levy

The Wastewater Quality Control Facility Special Tax levy for Fiscal Year 2019/20 was levied on 18 parcels for a total of \$608,179.26. The McKinley and Wynona Special Taxes were not required to be levied in Fiscal Year 2019/20. There were 15 parcels in Improvement Area #1, two (2) parcels in Improvement Area #2, and one (1) parcel in Improvement Area #3. All parcels were levied at 81.66% of their Maximum Special Tax rate for Fiscal Year 2019/20.

There are two parcels owned by the City of Lathrop that are required to be billed directly.

1.3 Funds

The June 30, 2019 balance in the Bond Fund was sufficient to cover the September debt service payment and estimated administrative expenses for the first half of the fiscal year with a surplus of approximately \$308,000. The City should review the District balances and work with NBS to address the surplus funds in accordance with the district documents.

As of June 30, 2019, the Reserve Fund balance exceeds the Reserve Requirement with a surplus of approximately \$9,000. The surplus should be transferred to the Bond Fund in accordance with the Fiscal Agent Agreement.

1.4 Special Issues

There are currently no delinquencies for Fiscal Year 2018/19. NBS works with the City to monitor delinquencies and take any necessary action after each property tax installment date. Delinquency letters were sent and subsequently delinquencies were cured.

The last arbitrage rebate calculation was prepared for the district was completed as of September 2018 and resulted in a negative liability.

NBS

Kristin Harvey, Senior Consultant
Greg Davidson, Project Manager
Tim Seufert, Client Services Director

2. SENATE BILL 165

Senate Bill 165, filed with the Secretary of State on September 19, 2000, enacted the Local Agency Special Tax and Bond Accountability Act. This Act requires that any local special tax/local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The Act applies to local bond measures adopted on or after January 1, 2001 in accordance with Section 50075.1 of the California Government Code.

Some of the requirements of the Act are handled at the formation of the Special Tax District and others are handled through annual reports. This report intends to comply with Section 50075.3 of the California Government Code that states:

“The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all of the following:

- a) The amount of funds collected and expended.
- b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1.”

The requirements of the Act are as follows for the District:

Date of Formation	Initial Amount Deposited to Improvement Fund or Project Costs	6/30/2019 Balance	Expended Amount	Project Status
Oct. 2003	\$6,096,532.33	\$0.00	\$6,096,532.33	Complete

3. FINANCIAL STATUS

3.1 Bond Fund

6/30/2019 Balance ⁽¹⁾	9/1/2019 Payment	9/1/2019 Bond Call	Administrative Expenses ⁽²⁾	Surplus / (Deficit)
\$698,384.87	\$381,075.00	\$0.00	\$9,250.00	\$308,059.87

(1) The funds may be contained within a subaccount of the district Redemption or Bond Fund. Includes cash on hand.

(2) Represents six months of estimated administrative expenses.

3.2 Reserve Fund

Initial Proceeds	6/30/2019 Balance	Reserve Requirement ⁽¹⁾	Surplus / (Deficit)
\$753,500.00	\$725,851.60	\$716,900.00	\$8,951.60

(1) The Reserve Requirement is the least of (a) the maximum annual debt service on the outstanding bonds, (b) 125% of the average annual debt service on the outstanding bonds, or (c) 10% of the total proceeds of the bonds.

3.3 Special Tax Levy Breakdown

Improvement Area	Number of Parcels	Total Amount Levied ⁽¹⁾	Maximum Special Tax ⁽¹⁾	Levied Percentage of Maximum
1	15	\$598,571.00	\$732,963.87	81.66%
2	2	8,235.50	10,084.59	81.66%
3	1	1,372.76	1,680.98	81.66%

(1) Amounts are for the Wastewater Quality Control Facility Special Tax levy. The McKinley and Wynona Special Taxes are not required to be levied in Fiscal Year 2019/20.

(2) This amount includes installment rounding for tax roll purposes, where applicable.

3.4 Maximum Special Tax

Parcel	WQCF Maximum Special Tax ⁽¹⁾	McKinley Maximum Special Tax ⁽¹⁾	Wynona Maximum Special Tax ⁽¹⁾	Total Maximum Special Tax ⁽¹⁾
196-500-010-000	\$5,882.79	N/A	\$8,221.90	\$14,104.69
196-500-050-000	4,201.80	N/A	5,872.02	10,073.82
198-040-010-000	565,613.28	\$261,608.54	N/A	827,221.82
198-060-020-000	80,797.85	37,370.72	N/A	118,168.57
198-060-040-000	4,621.71	2,137.23	N/A	6,758.94
198-060-050-000	4,621.71	2,137.23	N/A	6,758.94
198-060-060-000	4,621.71	2,137.23	N/A	6,758.94
198-060-090-000	4,621.71	2,137.23	N/A	6,758.94
198-060-100-000	4,621.71	2,137.23	N/A	6,758.94
198-060-120-000	18,486.84	8,550.30	N/A	27,037.14
198-060-160-000	13,865.13	6,413.06	N/A	20,278.19
198-060-170-000	13,865.13	6,413.06	N/A	20,278.19
198-060-180-000	13,865.13	6,413.06	N/A	20,278.19
198-080-210-000	411.83	191.11	N/A	602.94
198-080-260-000	571.99	263.79	N/A	835.78
198-080-270-000	1,344.52	621.79	N/A	1,966.31
198-080-300-000	1,033.62	477.78	N/A	1,511.40
198-100-050-000	1,680.98	N/A	N/A	1,680.98

(1) The annual Special Tax increases by 2.00%.

3.5 Delinquency and Foreclosure Status

2018/19 Levy	2018/19 Delinquencies	2018/19 Delinquency Rate	Delinquency Management Steps Taken
\$599,552.48	\$0.00	0.00%	Demand letters sent

3.6 Foreclosure Covenant

The City may order the institution of a court action to foreclose the lien on a parcel within specified time limits if any payment of the special tax is delinquent. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Pursuant to Bond covenants signed by the City, on or about March 30 and July 30 of each fiscal year, the Director of Finance shall compare the amount of special taxes levied in the CFD to the amount of special tax revenue received and proceed as follows:

- (a) Individual Delinquencies: If the Director of Finance determines that any single parcel subject to the special tax is delinquent in the payment of the special taxes in the aggregate amount of \$6,000 or more, then the Director of Finance shall send or cause to be sent a notice of delinquency to the property owner within 60 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City within 120 days of such determination; or

(b) Aggregate Delinquencies: If the Director of Finance determines that the total amount of delinquent special taxes for the prior fiscal year for CFD No. 2003-2 exceeds 5% of the total special taxes due for the prior fiscal year, the City shall notify or cause to be notified property owners who are then delinquent in the payment of special taxes within 60 days of such determination, and shall commence foreclosure proceedings within 120 days of such determination against each parcel of land with a special tax delinquency.

4. APPENDIX A – CURRENT DEBT SERVICE SCHEDULE

The following pages show the Current Debt Service Schedule.

City of Lathrop
CFD No. 2003-2 (Joint Wastewater Project) Special Tax Bonds, Series 2003
Current Debt Service Schedule

Bonds Dated: 12/12/2003
Bonds Issued: \$7,535,000.00

Payment Date	CUSIP	Interest Rate	Balance	Principal	Interest	Payment Total	Annual Total	Call Premium	Status
03/01/2004		7.0000%	\$7,535,000.00	\$0.00	\$115,745.97	\$115,745.97	\$0.00	3.0000%	Paid
09/01/2004		7.0000	7,535,000.00	.00	263,725.00	263,725.00	379,470.97	3.0000	Paid
03/01/2005		7.0000	7,535,000.00	.00	263,725.00	263,725.00	.00	3.0000	Paid
09/01/2005		7.0000	7,535,000.00	10,000.00	263,725.00	273,725.00	.00	3.0000	Paid
09/01/2005		0.0000	7,525,000.00	735,000.00	.00	735,000.00	1,272,450.00	0.0000	Bond Call
03/01/2006		7.0000	6,790,000.00	.00	237,650.00	237,650.00	.00	3.0000	Paid
09/01/2006		7.0000	6,790,000.00	20,000.00	237,650.00	257,650.00	495,300.00	3.0000	Paid
03/01/2007		7.0000	6,770,000.00	.00	236,950.00	236,950.00	.00	3.0000	Paid
09/01/2007		7.0000	6,770,000.00	25,000.00	236,950.00	261,950.00	498,900.00	3.0000	Paid
03/01/2008		7.0000	6,745,000.00	.00	236,075.00	236,075.00	.00	3.0000	Paid
09/01/2008		7.0000	6,745,000.00	35,000.00	236,075.00	271,075.00	507,150.00	3.0000	Paid
03/01/2009		7.0000	6,710,000.00	.00	234,850.00	234,850.00	.00	3.0000	Paid
09/01/2009		7.0000	6,710,000.00	40,000.00	234,850.00	274,850.00	509,700.00	3.0000	Paid
03/01/2010		7.0000	6,670,000.00	.00	233,450.00	233,450.00	.00	3.0000	Paid
09/01/2010		7.0000	6,670,000.00	50,000.00	233,450.00	283,450.00	516,900.00	3.0000	Paid
03/01/2011		7.0000	6,620,000.00	.00	231,700.00	231,700.00	.00	3.0000	Paid
09/01/2011		7.0000	6,620,000.00	65,000.00	231,700.00	296,700.00	528,400.00	3.0000	Paid
03/01/2012		7.0000	6,555,000.00	.00	229,425.00	229,425.00	.00	3.0000	Paid
09/01/2012		7.0000	6,555,000.00	70,000.00	229,425.00	299,425.00	528,850.00	3.0000	Paid
03/01/2013		7.0000	6,485,000.00	.00	226,975.00	226,975.00	.00	3.0000	Paid
09/01/2013		7.0000	6,485,000.00	90,000.00	226,975.00	316,975.00	543,950.00	2.0000	Paid
03/01/2014		7.0000	6,395,000.00	.00	223,825.00	223,825.00	.00	2.0000	Paid
09/01/2014		7.0000	6,395,000.00	105,000.00	223,825.00	328,825.00	552,650.00	1.0000	Paid
03/01/2015		7.0000	6,290,000.00	.00	220,150.00	220,150.00	.00	1.0000	Paid
09/01/2015		7.0000	6,290,000.00	115,000.00	220,150.00	335,150.00	555,300.00	0.0000	Paid
03/01/2016		7.0000	6,175,000.00	.00	216,125.00	216,125.00	.00	0.0000	Paid
09/01/2016		7.0000	6,175,000.00	130,000.00	216,125.00	346,125.00	562,250.00	0.0000	Paid
03/01/2017		7.0000	6,045,000.00	.00	211,575.00	211,575.00	.00	0.0000	Paid
09/01/2017		7.0000	6,045,000.00	140,000.00	211,575.00	351,575.00	563,150.00	0.0000	Paid
03/01/2018		7.0000	5,905,000.00	.00	206,675.00	206,675.00	.00	0.0000	Paid
09/01/2018		7.0000	5,905,000.00	160,000.00	206,675.00	366,675.00	573,350.00	0.0000	Paid
03/01/2019		7.0000	5,745,000.00	.00	201,075.00	201,075.00	.00	0.0000	Paid
09/01/2019		7.0000	5,745,000.00	180,000.00	201,075.00	381,075.00	582,150.00	0.0000	Paid
03/01/2020		7.0000	5,565,000.00	.00	194,775.00	194,775.00	.00	0.0000	Unpaid
09/01/2020		7.0000	5,565,000.00	200,000.00	194,775.00	394,775.00	589,550.00	0.0000	Unpaid
03/01/2021		7.0000	5,365,000.00	.00	187,775.00	187,775.00	.00	0.0000	Unpaid
09/01/2021		7.0000	5,365,000.00	215,000.00	187,775.00	402,775.00	590,550.00	0.0000	Unpaid
03/01/2022		7.0000	5,150,000.00	.00	180,250.00	180,250.00	.00	0.0000	Unpaid
09/01/2022		7.0000	5,150,000.00	245,000.00	180,250.00	425,250.00	605,500.00	0.0000	Unpaid
03/01/2023		7.0000	4,905,000.00	.00	171,675.00	171,675.00	.00	0.0000	Unpaid
09/01/2023		7.0000	4,905,000.00	270,000.00	171,675.00	441,675.00	613,350.00	0.0000	Unpaid

City of Lathrop
CFD No. 2003-2 (Joint Wastewater Project) Special Tax Bonds, Series 2003
Current Debt Service Schedule

Bonds Dated: 12/12/2003
Bonds Issued: \$7,535,000.00

Payment Date	CUSIP	Interest Rate	Balance	Principal	Interest	Payment Total	Annual Total	Call Premium	Status
03/01/2024		7.0000	4,635,000.00	.00	162,225.00	162,225.00	.00	0.0000	Unpaid
09/01/2024		7.0000	4,635,000.00	295,000.00	162,225.00	457,225.00	619,450.00	0.0000	Unpaid
03/01/2025		7.0000	4,340,000.00	.00	151,900.00	151,900.00	.00	0.0000	Unpaid
09/01/2025		7.0000	4,340,000.00	320,000.00	151,900.00	471,900.00	623,800.00	0.0000	Unpaid
03/01/2026		7.0000	4,020,000.00	.00	140,700.00	140,700.00	.00	0.0000	Unpaid
09/01/2026		7.0000	4,020,000.00	355,000.00	140,700.00	495,700.00	636,400.00	0.0000	Unpaid
03/01/2027		7.0000	3,665,000.00	.00	128,275.00	128,275.00	.00	0.0000	Unpaid
09/01/2027		7.0000	3,665,000.00	390,000.00	128,275.00	518,275.00	646,550.00	0.0000	Unpaid
03/01/2028		7.0000	3,275,000.00	.00	114,625.00	114,625.00	.00	0.0000	Unpaid
09/01/2028		7.0000	3,275,000.00	425,000.00	114,625.00	539,625.00	654,250.00	0.0000	Unpaid
03/01/2029		7.0000	2,850,000.00	.00	99,750.00	99,750.00	.00	0.0000	Unpaid
09/01/2029		7.0000	2,850,000.00	470,000.00	99,750.00	569,750.00	669,500.00	0.0000	Unpaid
03/01/2030		7.0000	2,380,000.00	.00	83,300.00	83,300.00	.00	0.0000	Unpaid
09/01/2030		7.0000	2,380,000.00	515,000.00	83,300.00	598,300.00	681,600.00	0.0000	Unpaid
03/01/2031		7.0000	1,865,000.00	.00	65,275.00	65,275.00	.00	0.0000	Unpaid
09/01/2031		7.0000	1,865,000.00	570,000.00	65,275.00	635,275.00	700,550.00	0.0000	Unpaid
03/01/2032		7.0000	1,295,000.00	.00	45,325.00	45,325.00	.00	0.0000	Unpaid
09/01/2032		7.0000	1,295,000.00	625,000.00	45,325.00	670,325.00	715,650.00	0.0000	Unpaid
03/01/2033		7.0000	670,000.00	.00	23,450.00	23,450.00	.00	0.0000	Unpaid
09/01/2033	51825PAA8	7.0000	670,000.00	670,000.00	23,450.00	693,450.00	716,900.00	0.0000	Unpaid
Grand Total:			\$7,535,000.00	\$10,698,520.97	\$18,233,520.97	\$18,233,520.97			

5. APPENDIX B – FINAL BUDGET FOR FISCAL YEAR 2019/20

The following page shows the Final Budget for Fiscal Year 2019/20.

City of Lathrop
CFD No. 2003-2 (Joint Wastewater Project) Special Tax Bonds, Series 2003
Final Budget for Fiscal Year 2019/20

Category/Item	FY 2019/20	FY 2018/19	Increase / (Decrease)
Debt Service	\$589,550.00	\$582,150.00	\$7,400.00
Admin. Expenses	18,507.09	17,402.54	1,104.55
Miscellaneous	122.17	(0.06)	122.23
Grand Total:	\$608,179.26	\$599,552.48	\$8,626.78
Total Accounts:	18	18	0

6. APPENDIX C – FINAL BILLING DETAIL REPORT FOR FISCAL YEAR 2019/20

The following page shows the Final Billing Detail Report for Fiscal Year 2019/20.

City of Lathrop
CFD No. 2003-2 (Joint Wastewater Project) Special Tax Bonds, Series 2003
Final Billing Detail Report for Fiscal Year 2019/20

Account ID	Property ID	DB	Levy	Other	Total
196-500-010-000	196-500-010-000		\$4,804.15	(\$0.01)	\$4,804.14
196-500-050-000	196-500-050-000		3,431.37	(0.01)	3,431.36
198-040-010-000	198-040-010-000		461,905.17	(0.01)	461,905.16
198-060-020-000	198-060-020-000		65,983.14	0.00	65,983.14
198-060-040-000	198-060-040-000		3,774.29	(0.01)	3,774.28
198-060-050-000	198-060-050-000		3,774.29	(0.01)	3,774.28
198-060-060-000	198-060-060-000		3,774.29	(0.01)	3,774.28
198-060-090-000	198-060-090-000		3,774.29	(0.01)	3,774.28
198-060-100-000	198-060-100-000		3,774.29	(0.01)	3,774.28
198-060-120-000	198-060-120-000		15,097.18	0.00	15,097.18
198-060-160-000	198-060-160-000	Y	11,322.88	0.00	11,322.88
198-060-170-000	198-060-170-000	Y	11,322.88	0.00	11,322.88
198-060-180-000	198-060-180-000		11,322.88	0.00	11,322.88
198-080-210-000	198-080-210-000		336.31	(0.01)	336.30
198-080-260-000	198-080-260-000		467.11	(0.01)	467.10
198-080-270-000	198-080-270-000		1,097.99	(0.01)	1,097.98
198-080-300-000	198-080-300-000		844.10	0.00	844.10
198-100-050-000	198-100-050-000		1,372.76	0.00	1,372.76
18 Accounts			\$608,179.37	(\$0.11)	\$608,179.26