

CITY OF MORGAN HILL

Community Facilities District No. 2014-1 (Fisher Creek)

2018/19 Annual Report

January 2019

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1. DISTRICT ANALYSIS

District

In 2014, the City of Morgan Hill (the “City”) formed Community Facilities District No. 2014-1 (Fisher Creek) (the “District”) to fund all or a portion of the costs of the maintenance and monitoring required by the San Francisco Bay Regional Water Quality Control Board for the realignment of Fisher Creek. The special tax will be levied as long as necessary to fund the cost of maintenance, monitoring and reporting of the Fisher Creek Realignment project; pay for administrative expenses; pay for any amounts required to establish or replenish capital improvement funds, repair or contingency funds, or reserve funds; and pay for reasonably anticipated delinquent special taxes.

Levy

The special tax for Fiscal Year 2018/19 was levied on 108 developed residential parcels for a total of \$44,366.40.

As defined in the Rate and Method of Apportionment (the “RMA”), residential parcels are levied at the Expected Special Tax which is \$410.81 per residential lot for Fiscal Year 2018/19. The Maximum Special Tax per residential parcels for Fiscal Year 2018/19 is \$844.13.

The Expected Special Tax and Maximum Special Tax increase annually by 3.0%. Public property, open space and parcels designated as public or utility easements are exempt from the special tax.

Funds

The June 30, 2018 balance in the Special Tax Fund is sufficient to cover administrative costs of the District through December 31, 2018 with approximately \$73,000 available for maintenance and services associated with the District.

Annually, a portion of the special tax revenues are used to pay for administrative expenses related to the District and maintain a reserve balance in the event additional funds are needed to cover the replacement cost of capital improvements and services to be maintained by the District.

Delinquencies

As of June 30, 2018, the Fiscal Year 2017/18 delinquency rate was 0.00%. All prior year delinquencies have been cured and there are currently no delinquencies. NBS will continue to monitor delinquencies and discuss any necessary delinquency management options with the City.

NBS

Kristin Harvey, Senior Consultant

Greg Davidson, 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 or 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 only applies to any local special tax measure or local bond measure adopted on or after January 1, 2001 in accordance with Section 50075.1 or Section 53410 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 Section of this report intends to comply with Section 50075.3 or Section 53411 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 or Section 53410.”

The requirements of the Act apply to the Funds for the following District:

City of Morgan Hill
Community Facilities District No. 2014-1 (Fisher Creek)
Formed September 17, 2014

Purpose of Special Tax

The District was formed to fund all or a portion of the costs of the maintenance and monitoring required by the San Francisco Bay Regional Water Quality Control Board for the realignment of Fisher Creek. The special tax funds the cost of maintenance, monitoring and reporting of the Fisher Creek Realignment project; pay for administrative expenses; pay for any amounts required to establish or replenish capital improvement funds, repair and contingency funds or reserve funds; and pay for reasonable anticipated delinquent special taxes.

Collections & Expenditures

Fund	7/1/2016 Balance	Total Amount Collected ⁽¹⁾	6/30/2018 Balance ⁽²⁾	Amount Expended ⁽³⁾	Service Status
Special Tax Fund	\$60,575.35	\$43,423.00	\$82,638.00	\$21360.00	Ongoing

(1) Figure represents the total amount levied for Fiscal Year 2017/18, less County Collection Fees of 1.0% of the total levy amount and delinquencies.

(2) Includes interest earned.

(3) As reported by the City.

3. FINANCIAL STATUS

Special Tax Fund

6/30/2018 Balance	Estimated Administrative Expenses ⁽¹⁾	Amount Remaining
\$82,638.00	\$9,600.00	\$73,038.00

(1) Represents six months of estimated administrative expenses.

Special Tax Spread

Property Classification	FY 2018/19 Total Amount Levied ⁽¹⁾	Maximum Special Tax for FY 2018/19	Percentage of Maximum
Developed Residential (Single Family)	\$44,366.40	\$91,166.04	48.67%

(1) Parcels were levied at the Fiscal Year 2018/19 Expected Special Tax of \$410.81 per residential lot.

Special Tax Rates

Expected Special Tax for FY 2018/19	Maximum Special Tax for FY 2018/19	Special Tax Levied for FY 2018/19
\$410.81 per parcel	\$844.13 per parcel	\$410.81 per parcel

Value to Maximum Special Tax Ratio

Total Assessed Value ⁽¹⁾	Maximum Special Tax for FY 2018/19	Value to Maximum Special Tax Ratio
\$84,555,815.00	\$91,166.04	927.49:1

(1) Total assessed value of all parcels within the District, as of January 1, 2018. Assessed value includes both land and structure values.

Delinquency Summary

FY 2017/18 Total Amount Levied	FY 2017/18 Delinquencies	FY 2017/18 Delinquency Rate
\$43,074.72	\$0.00	0.00%

4. APPENDIX A – FINAL BUDGET FOR FISCAL YEAR 2018/19

The following page shows the Final Budget for Fiscal Year 2018/19.

5. APPENDIX B – FINAL BILLING DETAIL REPORT FOR FISCAL YEAR 2018/19

The following pages show the Final Billing Detail Report for Fiscal Year 2018/19.