



Financial Statements
June 30, 2024

Community Facilities District No. 09-1
of the Irvine Unified School District

ORGANIZATION

At a special election held on July 14, 2009, the owners of the property within the boundaries of the Community Facilities District authorized the Community Facilities District to incur a bonded indebtedness in an amount not to exceed \$1,200,000,000 and approved the Rate and Method to pay the principal of and interest on all bonds issued by the Community Facilities District. On August 25, 2009, the School Board, acting as the legislative body of the Community Facilities District, adopted Ordinance No. 09/10-1 authorizing the levy of the Special Taxes within the Community Facilities District. The Community Facilities District is a legally constituted governmental entity established pursuant to the Act for the sole purpose of financing school facilities.

BOARD OF DIRECTORS

MEMBER

OFFICE

Cyril Yu

Chairperson

Paul Bokota

Vice-Chairperson

Loren Brooks

Director

Jeff Kim

Director

Katie McEwen

Director

ADMINISTRATION

Terry Walker

Executive Director

John Fogarty

Treasurer

Community Facilities District No. 09-1
of the Irvine Unified School District
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Independent Auditor's Report

To the Board of Directors
Community Facilities District No. 09-1
of the Irvine Unified School District
Irvine, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major funds of the Community Facilities District No. 09-1 of the Irvine Unified School District (the Community Facilities District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Community Facilities District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Community Facilities District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community Facilities District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Community Facilities District are intended to present the financial position and the changes in financial position attributable to the transactions of the Community Facilities District. They do not purport to, and do not, present fairly the financial position of the Irvine Unified School District as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Facilities District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Facilities District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Facilities District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2025 on our consideration of the Community Facilities District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Community Facilities District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community Facilities District’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
February 10, 2025

Community Facilities District No. 09-1
of the Irvine Unified School District
Statement of Net Position
June 30, 2024

Assets	
Investments	\$ 112,829,606
Accounts receivable	3,278
Due from other funds	56
Long-term receivables	
Current portion of community facilities bonds receivable	7,630,000
Noncurrent portion of community facilities bonds receivable	<u>393,245,000</u>
Total long-term receivables	<u>400,875,000</u>
Total assets	<u><u>\$ 513,707,940</u></u>
Liabilities and Net Position	
Liabilities	
Accounts payable	\$ 445,857
Due to other funds	182,039
Long-term liabilities	
Current portion of long-term liabilities	7,630,000
Noncurrent portion of long-term liabilities	<u>431,619,011</u>
Total long-term liabilities	<u>439,249,011</u>
Total liabilities	<u><u>439,876,907</u></u>
Net Position	
Restricted for	
Capital projects	86,580,946
Debt service	25,624,098
Unrestricted deficit	<u>(38,374,011)</u>
Total net position	<u>73,831,033</u>
Total liabilities and net position	<u><u>\$ 513,707,940</u></u>

Community Facilities District No. 09-1
of the Irvine Unified School District
Statement of Activities
Year Ended June 30, 2024

	Expenses	Program Revenue	Net (Expenses) Revenues and Changes in Net Position <u>Governmental Activities</u>
Governmental Activities			
Facility acquisition and construction	\$ 11,765,958	\$ -	\$ (11,765,958)
General administration	1,067,555	-	(1,067,555)
Interest on long-term liabilities	16,846,623	-	(16,846,623)
Total governmental activities	\$ 29,680,136	\$ -	(29,680,136)
General Revenues			
Special tax revenues			27,021,736
Installment payment from CFD No. 08-1			919,000
Interest and investment earnings			5,239,880
Total general revenues			33,180,616
Change in Net Position			3,500,480
Net Position - Beginning			70,330,553
Net Position - Ending			\$ 73,831,033

Community Facilities District No. 09-1
of the Irvine Unified School District
Balance Sheet – Governmental Funds
June 30, 2024

	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets			
Investments	\$ 87,205,508	\$ 25,624,098	\$ 112,829,606
Accounts Receivable	3,278	-	3,278
Due from other funds	56	-	56
Total assets	<u>\$ 87,208,842</u>	<u>\$ 25,624,098</u>	<u>\$ 112,832,940</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 445,857	\$ -	\$ 445,857
Due to other funds	182,039	-	182,039
Total liabilities	<u>627,896</u>	<u>-</u>	<u>627,896</u>
Fund Balances			
Restricted	<u>86,580,946</u>	<u>25,624,098</u>	<u>112,205,044</u>
Total liabilities and fund balances	<u>\$ 87,208,842</u>	<u>\$ 25,624,098</u>	<u>\$ 112,832,940</u>

Community Facilities District No. 09-1
of the Irvine Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds	\$ 112,205,044
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following	
Special tax bonds	(400,875,000)
Unamortized net premium on issuance of special tax bonds	(38,374,011)
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>400,875,000</u>
Total net position - governmental activities	<u>\$ 73,831,033</u>

Community Facilities District No. 09-1
of the Irvine Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Other local sources			
Tax revenue	\$ -	\$ 34,316,736	\$ 34,316,736
Interest earnings	4,550,921	688,959	5,239,880
Total revenues	<u>4,550,921</u>	<u>35,005,695</u>	<u>39,556,616</u>
Expenditures			
General administration	144,664	922,891	1,067,555
Facility acquisition and construction	11,765,958	-	11,765,958
Interest on long-term liabilities	-	18,186,256	18,186,256
Principal payments	-	7,295,000	7,295,000
Total expenditures	<u>11,910,622</u>	<u>26,404,147</u>	<u>38,314,769</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(7,359,701)</u>	<u>8,601,548</u>	<u>1,241,847</u>
Other Financing Sources (Uses)			
Transfers in	6,222,774	-	6,222,774
Installment payment from CFD No. 08-1	-	919,000	919,000
Transfers out	-	(6,222,774)	(6,222,774)
Net financing sources (uses)	<u>6,222,774</u>	<u>(5,303,774)</u>	<u>919,000</u>
Net Change in Fund Balances	(1,136,927)	3,297,774	2,160,847
Fund Balances - Beginning	<u>87,717,873</u>	<u>22,326,324</u>	<u>110,044,197</u>
Fund Balances - Ending	<u>\$ 86,580,946</u>	<u>\$ 25,624,098</u>	<u>\$ 112,205,044</u>

Community Facilities District No. 09-1
of the Irvine Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2024

Net Change in Fund Balances - Governmental Funds	\$ 2,160,847
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because	
Governmental funds report the effect of premiums when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these related items.	
Premium amortization	1,339,633
Proceeds received from long-term receivables is a revenue in the governmental funds, but it reduces long-term receivables in the Statement of Net Position and does not affect the Statement of Activities.	
Special tax revenue bonds	(7,295,000)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
Special tax revenue bonds	<u>7,295,000</u>
Change in net position of governmental activities	<u><u>\$ 3,500,480</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

On July 14, 2009, the Board of Education approved Resolution #09-10-12, and authorized the Community Facilities District to incur a bonded indebtedness in an amount not to exceed \$1,200,000,000 and approved the Rate and Method to pay the principal of and interest on all bonds issued by the Community Facilities District. On August 25, 2009, the School Board, acting as the legislative body of the Community Facilities District, adopted Ordinance No. 09/10-1 authorizing the levy of the Special Taxes within the Community Facilities District. The Community Facilities District is a legally constituted governmental entity established pursuant to the Act for the sole purpose of financing school facilities. These financial statements of CFD 09-1 are not intended to present fairly the financial position and results of operations of the Irvine Unified School District in compliance with accounting principles generally accepted in the United States of America.

The Community Facilities District is governed by an appointed Board of Directors. The Board of Directors is comprised of five members. The Community Facilities District's significant accounting policies are described below.

Basis of Presentation – Fund Accounting

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 Community Facilities District 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 Community Facilities District's major governmental funds:

- **Capital Project Fund** The Capital Project Fund accumulates proceeds from Bond issuance to be used for acquisition, construction, or improvement of major capital facilities.
- **Debt Service Fund** The Debt Service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term liabilities.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide 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 Community Facilities District does not have program revenues, the 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 Community Facilities District. 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 governmental funds are aggregated and presented in a single column. The Community Facilities District only has two funds of which both are considered major governmental funds.

- **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 are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances report 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 reconciliations with brief explanations to better identify the relationship between the government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. 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. The Community Facilities District considers revenues to be available if they are collected within one year after year-end, except for special tax assessments, which are considered available if collected within 60 days.

Non-exchange transactions, in which the Community Facilities District 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 special 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. Principal and interest on general long-term liabilities, which has not matured, are recognized when paid in the governmental funds.

Investments

Investments 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, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The Community Facilities District's investment in the Orange County Treasury Investment Pool is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities 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 liabilities of the funds.

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

Debt Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities. Debt premiums are amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In governmental fund financial statements, bond premiums are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Fund Balances - Governmental Funds

As of June 30, 2024, 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 Community Facilities District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Community Facilities District 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

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Community Facilities District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Community Facilities District 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 \$112,205,044.

Budgets and Budgetary Accounting

Annually, the Community Facilities District'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 Community Facilities District'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.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, and those differences could be material.

Note 2 - Investments

Policies and Practices

The Community Facilities District 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.

Investment in County Treasury – The Community Facilities District is considered to be an involuntary participant in an external investment pool. The fair value of the Community Facilities District’s investment in the pool is reported in the accounting financial statements at amounts based upon the Community Facilities District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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 Community Facilities District 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 Community Facilities District manages its exposure to interest rate risk by primarily investing in the Orange County Treasury Investment Pool and short-term money market funds.

Information about the sensitivity of the fair values of the Community Facilities District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the Community Facilities District's investment by maturity:

Investment Type	Amount	Weighted Average Days to Maturity
Money Market Funds - Federated Treasury Obligation Funds	\$ 112,289,123	N/A
Orange County Treasury Investment Pool	540,483	405
	\$ 112,829,606	

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 Community Facilities District's investment in the Orange County Treasury Investment Pool and the Money Market Funds - Federated Treasury Obligation Funds were not required to be rated. However, the Community Facilities District's investment in the Orange County Treasury Investment Pool and the Money Market Funds – Federated Treasury Obligation Funds were rated AAAm by S & P Global Ratings at June 30, 2024.

Note 3 - Accounts Receivable

Long-Term Accounts Receivable

The Community Facilities District has covenanted in the Indenture that so long as any of its Bonds are outstanding it will levy the Special Taxes each year up to the maximum permitted rates in an amount which, together with other amounts on deposit in the Special Tax Fund and available to the Community Facilities District for such purpose, will be sufficient to pay (a) the principal of, and interest on, the Bonds when due, (b) the amount required for any necessary replenishment of the Reserve Fund, and (c) the Administrative Expenses of the Community Facilities District during such year.

The collection of the long-term accounts receivable is as follows:

Due within 1 year	\$ 7,630,000
Due after 1 to 5 years	29,340,000
Due after 5 to 10 years	37,940,000
Due after 10 to 15 years	47,215,000
Due after 15 to 20 years	54,495,000
Due after 20 to 25 years	67,225,000
Due after 25 to 30 years	82,805,000
Due after 30 to 34 years	<u>74,225,000</u>
Total	<u><u>\$ 400,875,000</u></u>

Note 4 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2024, was as follows:

The Irvine Unified School District’s Capital Facilities Fund owes the Community Facilities District Capital Project Fund \$56 for construction related expenditures.

A balance of \$182,039 is due to the Irvine Unified School District’s General Fund for reimbursement of payroll expenditures.

Operating Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

The Debt Service Fund transferred to the Capital Project Fund for the Penultimate Day of December.	<u><u>\$ 6,222,774</u></u>
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Note 5 - Fund Balances

Fund balances are composed of the following:

	Capital Project Fund	Debt Service Fund	Total
Restricted			
Capital projects	\$ 86,580,946	\$ -	\$ 86,580,946
Debt service	<u>-</u>	<u>25,624,098</u>	<u>25,624,098</u>
Total	<u><u>\$ 86,580,946</u></u>	<u><u>\$ 25,624,098</u></u>	<u><u>\$ 112,205,044</u></u>

Community Facilities District No. 09-1
of the Irvine Unified School District
Notes to Financial Statements
June 30, 2024

Note 6 - Long-Term Liabilities

Summary

A schedule of changes in long-term liabilities for the year ended June 30, 2024, is shown below:

<u>Community Facilities District Bonds</u>	<u>Balance July 1, 2023</u>	<u>Additions/ Adjustments</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>	<u>Due in One Year</u>
Special Tax Bonds, Series 2017 A	\$ 42,295,000	\$ -	\$ (5,630,000)	\$ 36,665,000	\$ 5,900,000
Net premium on issuance	6,984,507	-	(289,014)	6,695,493	-
Special Tax Bonds, Series 2017 B	41,445,000	-	(710,000)	40,735,000	735,000
Net premium on issuance	4,554,395	-	(161,694)	4,392,701	-
Special Tax Bonds, Series 2017 C	32,135,000	-	(540,000)	31,595,000	560,000
Net premium on issuance	1,908,887	-	(63,278)	1,845,609	-
Special Tax Bonds, Series 2017 D	73,170,000	-	(415,000)	72,755,000	435,000
Net premium on issuance	3,650,094	-	(106,832)	3,543,262	-
Special Tax Bonds, Series 2018 A	38,260,000	-	-	38,260,000	-
Net premium on issuance	2,638,734	-	(79,550)	2,559,184	-
Special Tax Bonds, Series 2019 A	86,385,000	-	-	86,385,000	-
Net premium on issuance	12,349,748	-	(395,192)	11,954,556	-
Special Tax Bonds, Series 2020 A	94,480,000	-	-	94,480,000	-
Net premium on issuance	7,627,279	-	(244,073)	7,383,206	-
	<u>\$ 447,883,644</u>	<u>\$ -</u>	<u>\$ (8,634,633)</u>	<u>\$ 439,249,011</u>	<u>\$ 7,630,000</u>

Note 7 - Community Facilities District Bonds

On June 29, 2017, the Community Facilities District issued \$53,040,000 CFD No. 09-1 Special Tax Bonds, Series 2017 A to purchase and amend the Community Facilities District's outstanding Adjustable Rate Special Tax Bonds, Series 2012 A, to fixed rate bonds, purchase a policy to satisfy the Fixed Rate Reserve Requirement for the Bonds, and to pay the costs associated with issuance of the Bonds. The interest rate on the Series 2017 A Bonds is 5.00% per annum. On March 1, 2023 the Community Facilities District called CFD No. 09-1 Special Tax Bonds, Series 2017 A in the amount of \$225,000. At June 30, 2024, the principal outstanding was \$36,665,000. Unamortized net premium received on issuance of the Bonds amount to \$6,695,493 as of June 30, 2024.

Community Facilities District No. 09-1
of the Irvine Unified School District
Notes to Financial Statements
June 30, 2024

The annual debt service requirements to amortize the Special Tax Bonds, Series 2017 A, outstanding as of June 30, 2024, are as follows:

Year Ending June 30,	Principal
2025	\$ 5,900,000
2026	6,200,000
2027	6,510,000
2028	2,080,000
2029	2,135,000
2030-2034	5,565,000
2035-2039	5,385,000
2040-2044	2,215,000
2045-2048	675,000
Total	\$ 36,665,000

On June 29, 2017, the Community Facilities District issued \$43,010,000 CFD No. 09-1 Special Tax Bonds, Series 2017 B to purchase and amend the Community Facilities District's outstanding Adjustable Rate Special Tax Bonds, Series 2012 B, to fixed rate bonds, purchase a policy to satisfy the Fixed Rate Reserve Requirement for the Bonds, and to pay the costs associated with issuance of the Bonds. The interest rate on the Series 2017 B Bonds ranges from 4.00 - 5.00% per annum. On March 1, 2023 the Community Facilities District called CFD No. 09-1 Special Tax Bonds, Series 2017 B in the amount of \$220,000. At June 30, 2024, the principal outstanding was \$40,735,000. Unamortized net premium received on issuance of the Bonds amount to \$4,392,701 as of June 30, 2024.

The annual debt service requirements to amortize the Special Tax Bonds, Series 2017 B, outstanding as of June 30, 2024, are as follows:

Year Ending June 30,	Principal
2025	\$ 735,000
2026	775,000
2027	810,000
2028	850,000
2029	895,000
2030-2034	5,185,000
2035-2039	6,615,000
2040-2044	7,765,000
2045-2049	9,910,000
2050-2052	7,195,000
Total	\$ 40,735,000

Community Facilities District No. 09-1
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Notes to Financial Statements
June 30, 2024

On June 29, 2017, the Community Facilities District issued \$33,325,000 CFD No. 09-1 Special Tax Bonds, Series 2017 C to purchase and amend the Community Facilities District's outstanding Adjustable Rate Special Tax Bonds, Series 2014 A, to fixed rate bonds, purchase a surety insurance policy to satisfy the Fixed Rate Reserve Requirement for the Bonds, and to pay the costs associated with issuance of the Bonds. The interest rate on the Series 2017 C Bonds ranges from 4.00 - 5.00% per annum. On March 1, 2023 the Community Facilities District called CFD No. 09-1 Special Tax Bonds, Series 2017 C in the amount of \$170,000. At June 30, 2024, the principal outstanding was \$31,595,000. Unamortized net premium received on issuance of the Bonds amount to \$1,845,609 as of June 30, 2024.

The annual debt service requirements to amortize the Special Tax Bonds, Series 2017 C, outstanding as of June 30, 2024, are as follows:

Year Ending June 30,	Principal
2025	\$ 560,000
2026	575,000
2027	600,000
2028	630,000
2029	660,000
2030-2034	3,845,000
2035-2039	4,695,000
2040-2044	5,360,000
2045-2049	6,830,000
2050-2054	7,840,000
Total	\$ 31,595,000

On June 29, 2017, the Community Facilities District issued \$74,440,000 CFD No. 09-1 Special Tax Bonds, Series 2017 D to pay the cost of facilities to be owned and operated by the District including costs of land acquisition and construction of a kindergarten through 8th grade school to be located in Portola Springs, purchase a surety insurance policy to satisfy the Fixed Rate Reserve Requirement for the Bonds, and to pay the costs associated with issuance of the Bonds. The interest rate on the Series 2017 D Bonds ranges from 3.00 - 5.00% per annum. On March 1, 2023 the Community Facilities District called CFD No. 09-1 Special Tax Bonds, Series 2017 D in the amount of \$390,000. At June 30, 2024, the principal outstanding was \$72,755,000. Unamortized net premium received on issuance of the Bonds amount to \$3,543,262 as of June 30, 2024.

Community Facilities District No. 09-1
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June 30, 2024

The annual debt service requirements to amortize the Special Tax Bonds, Series 2017 D, outstanding as of June 30, 2024, are as follows:

Year Ending June 30,	Principal
2025	\$ 435,000
2026	455,000
2027	475,000
2028	495,000
2029	510,000
2030-2034	2,780,000
2035-2039	3,280,000
2040-2044	3,535,000
2045-2049	4,405,000
2050-2054	6,020,000
2055-2058	50,365,000
Total	\$ 72,755,000

On June 21, 2018, the Community Facilities District issued \$38,465,000 CFD No. 09-1 Special Tax Bonds, Series 2018 A to purchase and amend the Community Facilities District's outstanding Adjustable Rate Special Tax Bonds, Series 2016 A, to fixed rate bonds, purchase a policy to satisfy the Fixed Rate Reserve Requirement for the 2018 Bonds, bond insurance, and to pay the costs associated with issuance of the Bonds. The interest rate on the Series 2018 A Bonds is 5.00% per annum. On March 1, 2023 the Community Facilities District called CFD No. 09-1 Special Tax Bonds, Series 2018 A in the amount of \$205,000. At June 30, 2024, the principal outstanding was \$38,260,000. Unamortized net premium received on issuance of the Bonds amount to \$2,559,184 as of June 30, 2024.

The annual debt service requirements to amortize the Special Tax Bonds, Series 2018 A, outstanding as of June 30, 2024, are as follows:

Year Ending June 30,	Principal
2025	\$ -
2026	-
2027	-
2028	-
2029	-
2030-2034	1,895,000
2035-2039	3,190,000
2040-2044	5,085,000
2045-2049	7,505,000
2050-2054	14,705,000
2055-2057	5,880,000
Total	\$ 38,260,000

Community Facilities District No. 09-1
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Notes to Financial Statements
June 30, 2024

On September 18, 2019, the Community Facilities District issued \$86,845,000 CFD No. 09-1 Special Tax Bonds, Series 2019 A to purchase and amend the Community Facilities District's outstanding Adjustable Rate Special Tax Bonds, Series 2014 C, to fixed rate bonds, purchase a policy to satisfy the Fixed Rate Reserve Requirement for the 2019 Bonds, bond insurance, and to pay the costs associated with issuance of the Bonds. The interest rate on the Series 2019 A Bonds is 4.00 - 5.00% per annum. On March 1, 2023 the Community Facilities District called CFD No. 09-1 Special Tax Bonds, Series 2019 A in the amount of \$460,000. At June 30, 2024, the principal outstanding was \$86,385,000. Unamortized net premium received on issuance of the Bonds amount to \$11,954,556 as of June 30, 2024.

The annual debt service requirements to amortize the Special Tax Bonds, Series 2019 A, outstanding as of June 30, 2024, are as follows:

Year Ending June 30,	Principal
2025	\$ -
2026	-
2027	-
2028	440,000
2029	515,000
2030-2034	7,870,000
2035-2039	10,905,000
2040-2044	14,680,000
2045-2049	18,955,000
2050-2054	24,370,000
2055	8,650,000
Total	\$ 86,385,000

On May 14, 2020, the Community Facilities District issued \$94,985,000 CFD No. 09-1 Special Tax Bonds, Series 2020 A to purchase and amend the Community Facilities District's outstanding Adjustable Rate Special Tax Bonds, Series 2014 B, to fixed rate bonds, purchase a policy to satisfy the Fixed Rate Reserve Requirement for the 2020 Bonds, bond insurance, and to pay the costs associated with issuance of the Bonds. The interest rate on the Series 2020 A Bonds is 4.00 – 5.00% per annum. On March 1, 2023 the Community Facilities District called CFD No. 09-1 Special Tax Bonds, Series 2020 A in the amount of \$505,000. At June 30, 2024, the principal outstanding was \$94,480,000. Unamortized net premium received on issuance of the Bonds amount to \$7,383,206 as of June 30, 2024.

Community Facilities District No. 09-1
of the Irvine Unified School District
Notes to Financial Statements
June 30, 2024

The annual debt service requirements to amortize the Special Tax Bonds, Series 2020 A, outstanding as of June 30, 2024, are as follows:

Year Ending June 30,	Principal
2025	\$ -
2026	-
2027	-
2028	1,835,000
2029	1,895,000
2030-2034	10,800,000
2035-2039	13,145,000
2040-2044	15,855,000
2045-2049	18,945,000
2050-2054	22,675,000
2055	9,330,000
Total	\$ 94,480,000

Note 8 - Governmental Activities Expenses

The following are a detail of expenses for facility acquisition and construction and general administration fees for June 30, 2024:

Facility Acquisition and Construction

Direct construction cost	\$ 11,765,958
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General Administration Fees

Annual administration fees	\$ 1,067,555
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Independent Auditor's Report
June 30, 2024

**Community Facilities District No. 09-1
of the Irvine Unified School District**



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Community Facilities District No. 09-1
of the Irvine Unified School District
Irvine, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and the major funds of the Community Facilities District No. 09-1 of the Irvine Unified School District (the Community Facilities District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Community Facilities District's basic financial statements and have issued our report thereon dated February 10, 2025.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Community Facilities District are intended to present the financial position and the changes in financial position attributable to the transactions of the Community Facilities District. They do not purport to, and do not, present fairly the financial position of the Irvine Unified School District as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by the missing information.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Community Facilities District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Community Facilities District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Facilities District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Community Facilities District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Community Facilities District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Community Facilities District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community Facilities District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
February 10, 2025



Schedule of Findings and Questioned Costs
June 30, 2024

Community Facilities District No. 09-1 of the Irvine Unified School District

Community Facilities District No. 09-1
of the Irvine Unified School District
Financial Statement Findings
Year Ended June 30, 2024

None reported.

Community Facilities District No. 09-1
of the Irvine Unified School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.