GCG

GOODWIN CONSULTING GROUP

City of Merced
Community Facilities District No. 2003-2
(Services)
Senate Bill 165 Reporting Requirements for Fiscal Year 2008-09

February 1, 2010

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Community Facilities District No. 2003-2
Senate Bill 165 Reporting Requirements
Fiscal Year 2008-09

TABLE OF CONTENTS

Section ***Page***

I. Introduction 1

II. Senate Bill 165 Reporting Requirements 2

Appendix A: CFD No. 2003-2 Balance Sheet as of June 30, 2009

I. INTRODUCTION

City of Merced Community Facilities District No. 2003-2 (Services)

The City of Merced Community Facilities District No. 2003-2 (the "CFD" or "CFD No. 2003-2") is located in the City of Merced (the "City"), in Merced County, in the State of California, approximately 132 miles south of Sacramento. On January 5, 2004, the City passed Resolution No. 2004-3, forming CFD No. 2003-2. A successful landowner election was then held, authorizing the levy of the special tax. The special tax funds general services authorized under the Mello-Roos Act which include, but are not limited to:

1) Public safety services, including police and fire protection.
2) Landscaping, sidewalk, park, and parkway maintenance (including lighting).
3) Flood control services.
4) Miscellaneous administrative fees and expenses.

CFD No. 2003-2 currently is made up of 31 separate improvement areas throughout the City. As additional new areas within the City apply for development approval, those development areas will annex to CFD No. 2003-2.

The Mello-Roos Community Facilities Act of 1982

The California State Legislature approved the Mello-Roos Community Facilities Act of 1982 that provides for the levy of a special tax within a defined geographic area, namely a community facilities district, if such a levy is approved by two-thirds of the qualified electors in the area. Community facilities districts can generate funding for a broad range of facilities and eligible services. These services include police protection services, fire protection and suppression services, library services, recreation program services, maintenance of roads, parks, parkways and open space, and flood and storm protection services. Special taxes can be allocated to property in any reasonable manner other than on an ad valorem basis.

II. SENATE BILL 165 REPORTING REQUIREMENTS

On September 18, 2000, former Governor Gray Davis approved Senate Bill 165 which enacted the "Local Agency Special Tax and Bond Accountability Act". In approving the bill, the Legislature declared that local agencies need to demonstrate to the voters that special taxes and bond proceeds are being spent on the facilities and services for which they were intended. To further this objective, the Legislature added Section 50075.3 to the California Government Code setting forth annual reporting requirements relative to special taxes collected by a local public agency. The amount of special taxes collected and expended for the fiscal year 2008-09 special tax levy is set forth in the table below:

Fiscal Year 2008-09 Revenues

Intergovernmental	$49,102
Charges for Services	48,189
Other:	
CFD Assessments	1,664,017
Investment Earnings	28,682
Miscellaneous	290,131
Total Revenues Collected	**2,080,121**

Fiscal Year 2008-09 Expenditures

Current Operating:	
General Government	1,427,793
Administrative Shared Expenses	179,857
Total Current Operating	1,607,650
Capital Outlay	36,620
Total Expenditures	**1,644,270**
Revenues Over (Under) Expenditures	**435,851**

Other Financing Sources (Uses)

Transfer In	122,203
Transfer Out	(225,052)
Total Other Financing Sources	**(102,749)**
Net Change in Fund Balance	**333,102**
Beginning Fund Balance (07/01/2008)	**(698,003)**
Ending Fund Balance (06/30/2009)	**($364,901)**

APPENDIX A

CFD No. 2003-2 Balance Sheet
as of June 30, 2009

City of Merced
Balance Sheet
June 30, 2009

		CFD Services
ASSETS		
Cash, cash equivalents, and investments	$	1,064,352
Receivables:		
Accounts Receivable		105,890
Interest		3,480
Due from other governments		256,165
Total Assets	$	1,429,887
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$	35,919
Other Payables		37,877
Advances from other funds		1,720,992
Total Liabilities	$	1,794,788
Fund Balance		(364,901)
Total Liabilities and fund balance	$	1,429,887