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Associates, Inc.

COUNTY OF SANTA BARBARA
COMMUNITY FACILITIES DISTRICT
No. 2004-1

June 28, 2007

Public Finance
Facilities Planning
Urban Economics

Newport Beach
Riverside
San Ramon

**COUNTY OF SANTA BARBARA
COMMUNITY FACILITIES DISTRICT
No. 2004-1**

June 28, 2007

**ADMINISTRATION REPORT
FISCAL YEAR 2007-2008**

**COUNTY OF SANTA BARBARA
COMMUNITY FACILITIES DISTRICT NO. 2004-1**

Prepared for

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Table of Contents

<i>Section</i>	<i>Page</i>
<i>Introduction</i>	<i>1</i>
<i>I. Special Tax Classifications and Development Update</i>	<i>2</i>
Special Tax Classifications.....	<i>2</i>
Development Update.....	<i>2</i>
<i>II. Fiscal Year 2006-2007 Special Tax Levy</i>	<i>3</i>
<i>III. Fiscal Year 2007-2008 Special Tax Requirement</i>	<i>4</i>
<i>IV. Method of Apportionment</i>	<i>5</i>
Maximum Special Taxes.....	<i>5</i>
Apportionment of Special Taxes.....	<i>5</i>

EXHIBITS

Exhibit A: Fiscal Year 2007-2008 Special Tax Levy

Introduction

This Mello-Roos Community Facilities District Administration Report presents the findings of the research and financial analysis performed by David Taussig & Associates, Inc. to determine the special tax requirement for Community Facilities District No. 2004-1 (Providence Landing) ("CFD No. 2004-1") of the County of Santa Barbara ("the County") for fiscal year 2007-2008.

CFD No. 2004-1 is a legally constituted governmental entity established under the Mello-Roos Community Facilities Act of 1982, (the "Act") as amended. The Act provides an alternative method for the financing of certain public facilities and services. Specifically, CFD No. 2004-1 is authorized to levy an annual special tax to finance public park maintenance and operation.

The authorized services are funded through the annual levy and collection of special taxes from all property subject to the tax within the community facilities district. In calculating the special tax liability for fiscal year 2007-2008, this report examines the financial obligations of the current fiscal year and analyzes the level of development within CFD No. 2004-1.

This report is organized into the following sections:

Section I

Section I provides an update of the development status of property within CFD No. 2004-1.

Section II

Section II analyzes the fiscal year 2006-2007 special tax levy.

Section III

Section III determines the financial obligations of CFD No. 2004-1 for fiscal year 2007-2008.

Section IV

Section IV reviews the methodology used to apportion the special tax requirement to Homeowner Property and Residential Property. A table of the 2007-2008 special taxes for each classification of property is included.

I. Special Tax Classifications and Development Update

Special Tax Classifications

The methodology employed to calculate and apportion the special tax is contained in a document entitled the Rate and Method of Apportionment. The Rate and Method of Apportionment defines two categories of taxable property, namely "Homeowner Property" and "Residential Property."

Homeowner Property is defined as parcels, not including Public Property and Property Owner Association Property, which has been sold and transferred title to a homeowner. Specifically, Homeowner Property for which escrow closed as of May 1 of the previous Fiscal Year will be classified as Homeowner Property in the following fiscal year. Residential Property is defined as all residentially zoned parcels not including Homeowner Property, Public Property, and Property Owner Association Property. Specifically, for each fiscal year after the opening and conveyance of the Providence Landing Park to the County, all residentially zoned parcels in CFD No. 2004-1 will be classified as Residential Property.

Development Update

The table below indicates the cumulative Homeowner Property and Residential Property within CFD No. 2004-1. According to the developer, 120 lots had closed escrow within CFD No. 2004-1 prior to May 1, 2007. According to the County of Santa Barbara, the Providence Landing Park had not yet been conveyed to the County and therefore there will be no property classified as Residential Property for fiscal year 2007-2008.

**Community Facilities District No. 2004-1
Fiscal Year 2007-2008
Homeowner Property and Residential Property**

Land Use	Number of lots
Homeowner Property	120 lots
Residential Property	0 lots

II. Fiscal Year 2006-2007 Special Tax Levy

The aggregate special tax levy for fiscal year 2006-2007 equaled \$58,464. As of June 25, 2007, \$57,792 in special taxes had been collected by the County. A total of \$672 in special taxes are delinquent, resulting in a delinquency rate of approximately 1.15 percent.

III. Fiscal Year 2007-2008 Special Tax Requirement

Pursuant to the Rate and Method of Apportionment, the fiscal year 2007-2008 total Special Tax Requirement is levied to pay for the operation and maintenance of parks, reserves, and administrative expenses eligible to be funded by CFD No. 2004-1.

Currently, the County of Santa Barbara does not own the Providence Landing Park, but it is expected that the park will be conveyed to the County in the Fall of 2007. As outlined in the Rate and Method of Apportionment, CFD No. 2004-1 may levy the Special Tax in order to establish a reserve of funds for the operation and maintenance of the Providence Landing Park.

For fiscal year 2007-2008, the special tax requirement is equal to \$80,639.10 and is calculated as follows:

Community Facilities District No. 2004-1 Fiscal Year 2007-2008 Special Tax Requirement

CFD Administrative Expenses	\$10,000.00
Reserves/Maintenance of Public Park [1]	\$243,750.00
Less: Adjustment [2]	(\$75,000.00)
Expected Developer Contribution [3]	(\$98,110.90)
FISCAL YEAR 2007-2008 SPECIAL TAX REQUIREMENT	\$80,639.10

[1] Reduced annual maintenance amount to fund operations and maintenance of the park as determined by the County of Santa Barbara.
[2] One time contribution from the County's General Fund.
[3] Per the County, the Developer will make up the difference between the total cost and amount collected from homeowners. Costs allocated to homeowners based on expected number of units at buildout.

IV. Method of Apportionment

Maximum Annual Special Taxes

The amount of special taxes that CFD No. 2004-1 may levy is strictly limited by the maximum special taxes set forth in the Rate and Method of Apportionment. The Maximum Special Taxes for each classification of property are specified in Section C of the Rate and Method of Apportionment. The initial Maximum Special Tax will escalate each Fiscal Year by the greater of the change in the Los Angeles Urban Consumer Price Index ("CPI") during the twelve months prior to December of the previous fiscal year or 2%, commencing July 1, 2006 and continuing every July 1 thereafter. For fiscal year 2007-2008, the annual increase in the CPI was 3.29%.

The maximum annual Special Tax for Homeowner Property and Residential Property is specified in Section C.1 of the Rate and Method of Apportionment.

Apportionment of Annual Special Taxes

The annual special tax that is apportioned to each parcel is determined through the application of Section D of the Rate and Method of Apportionment

The first step states that the Maximum Special Tax shall be levied against each Assessor's Parcel of Homeowner Property at up to 100% of the applicable Maximum Special Tax until the amount of the Special Taxes equals the Special Tax Requirement.

If the special taxes raised pursuant to the first step are less than the special tax requirement, then the second step will be applied as well. The second step states that the special tax shall be levied on Residential Property at up to 100% of the applicable maximum rate.

Application of the maximum special taxes under the first step generates special tax revenues of \$168,307 from Homeowner Property, which is more than sufficient to meet the fiscal year 2007-2008 Special Tax Requirement as outlined in Section III. Therefore, the fiscal year 2007-2008 special tax for Homeowner Property is equal to \$672.00 per unit, which is approximately 48 percent of the maximum special tax. The fiscal year 2007-2008 maximum and actual special taxes are shown for each classification of property in the following table.

**Community Facilities District No. 2004-1
Fiscal Year 2007-2008 Annual Special Taxes
For Homeowner Property and Residential Property**

Description	FY 2007-2008 Maximum Special Tax	FY 2007-2008 Actual Special Tax
Homeowner Property	\$1,402.56 per lot	\$672.00 per lot
Residential Property	\$1,402.56 per lot	\$0.00 per lot

A list of the actual special tax levied against each parcel in CFD No. 2004-1 is included in Exhibit A.

EXHIBIT A

*CFD No. 2004-1 of
County of Santa Barbara*

*Special Tax Levy
Fiscal Year 2007-2008*

Exhibit A

County of Santa Barbara
Community Facilities District 2004-1
FY 2007-2008 Special Tax Levy

<u>APN</u>	<u>FY 2007-2008 SPECIAL TAX</u>
097-077-08	\$672.00
098-001-01	\$672.00
098-001-02	\$672.00
098-001-03	\$672.00
098-001-04	\$672.00
098-001-05	\$672.00
098-001-06	\$672.00
098-001-07	\$672.00
098-001-08	\$672.00
098-001-09	\$672.00
098-001-10	\$672.00
098-001-11	\$672.00
098-001-12	\$672.00
098-001-14	\$672.00
098-001-15	\$672.00
098-001-16	\$672.00
098-001-17	\$672.00
098-001-18	\$672.00
098-001-19	\$672.00
098-001-20	\$672.00
098-001-21	\$672.00
098-001-22	\$672.00
098-001-23	\$672.00
098-001-24	\$672.00
098-001-25	\$672.00
098-001-26	\$672.00
098-001-27	\$672.00
098-001-28	\$672.00
098-001-29	\$672.00
098-001-31	\$672.00
098-002-02	\$672.00
098-002-03	\$672.00
098-002-04	\$672.00
098-002-05	\$672.00
098-002-06	\$672.00
098-002-07	\$672.00
098-002-08	\$672.00
098-002-09	\$672.00
098-002-10	\$672.00
098-002-11	\$672.00
098-002-12	\$672.00
098-002-13	\$672.00
098-002-14	\$672.00
098-002-15	\$672.00
098-003-01	\$672.00
098-003-02	\$672.00
098-003-03	\$672.00
098-003-04	\$672.00
098-003-05	\$672.00
098-003-06	\$672.00

Exhibit A

County of Santa Barbara
Community Facilities District 2004-1
FY 2007-2008 Special Tax Levy

<u>APN</u>	<u>FY 2007-2008 SPECIAL TAX</u>
098-003-07	\$672.00
098-003-08	\$672.00
098-003-09	\$672.00
098-003-10	\$672.00
098-003-11	\$672.00
098-003-12	\$672.00
098-003-13	\$672.00
098-003-14	\$672.00
098-003-15	\$672.00
098-003-16	\$672.00
098-003-17	\$672.00
098-003-18	\$672.00
098-003-19	\$672.00
098-003-20	\$672.00
098-004-01	\$672.00
098-004-02	\$672.00
098-004-03	\$672.00
098-004-04	\$672.00
098-004-05	\$672.00
098-004-06	\$672.00
098-004-07	\$672.00
098-004-08	\$672.00
098-004-09	\$672.00
098-004-10	\$672.00
098-004-11	\$672.00
098-004-12	\$672.00
098-004-13	\$672.00
098-004-14	\$672.00
098-004-15	\$672.00
098-004-16	\$672.00
098-004-17	\$672.00
098-004-18	\$672.00
098-004-19	\$672.00
098-004-20	\$672.00
098-004-21	\$672.00
098-004-22	\$672.00
098-004-23	\$672.00
098-004-24	\$672.00
098-004-25	\$672.00
098-011-36	\$672.00
098-011-43	\$672.00
098-011-47	\$672.00
098-011-51	\$672.00
098-011-57	\$672.00
098-012-01	\$672.00
098-012-02	\$672.00
098-012-04	\$672.00
098-012-05	\$672.00
098-012-06	\$672.00
098-012-08	\$672.00

Exhibit A

County of Santa Barbara
Community Facilities District 2004-1
FY 2007-2008 Special Tax Levy

<u>APN</u>	<u>FY 2007-2008 SPECIAL TAX</u>
098-012-09	\$672.00
098-012-12	\$672.00
098-012-13	\$672.00
098-013-01	\$672.00
098-013-02	\$672.00
098-013-03	\$672.00
098-013-04	\$672.00
098-013-06	\$672.00
098-013-07	\$672.00
098-013-08	\$672.00
098-013-09	\$672.00
098-013-10	\$672.00
098-013-13	\$672.00
098-013-14	\$672.00
098-013-15	\$672.00
098-013-16	\$672.00
098-013-18	\$672.00
098-013-19	\$672.00
098-013-20	\$672.00
098-013-21	\$672.00
Total Number of Parcels Taxed	120
Total FY 2007-2008 Special Tax	\$80,640.00