



Annual Disclosure Report Fiscal Year Ending June 30, 2022

**Eastern Municipal Water District
Community Facilities District No. 2005-43
(Kona Road/Holiday)
Improvement Area B**

2016 Special Tax Bonds

Prepared For



February 2023



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The information herein for the Eastern Municipal Water District's (the "District") Community Facilities District No. 2005-43 Improvement Area B ("CFD 2005-43 IA B") was prepared by Webb Municipal Finance, LLC and Eastern Municipal Water District, as Administrators. Except as otherwise noted all information is current as of September 2, 2022.

Community Facilities District No. 2005-43 (Kona Road/Holiday) Improvement Area B

Project Location

Improvement Area B is located east of Murrieta Road, north of McCall Boulevard, south of Rouse Road and west of the Interstate 215, in the City of Menifee. Improvement Area B is coterminous with a development called "Holiday," a community planned for 174 single family detached units at build-out.

Project Description

The Improvement Area B project includes the acquisition or construction of certain water and sewer system improvements by or for the District that are required in order to provide water and sewer service to the property within Improvement Area B and payments to the District of the Improvement Area B's proportionate share of the costs of the District's water, sewer and sewer treatment facilities.

Improvement Area B 2016 Special Tax Bonds

The Bonds of Improvement Area B are secured only by the Net Special Taxes of such Improvement Area and amounts on deposit in the Special Tax Fund established by the Indenture relating to such Improvement Area. *The Net Special Taxes of the Improvement Area B are not pledged to secure the Bonds issued on behalf of the other Improvement Areas.*

Improvement Area B 2016 Special Tax Bonds (the "Bonds") in the amount of \$945,000 with interest rates ranging from 2.000% to 3.750% were issued on January 27, 2016. As of September 2, 2022, \$750,000 remains outstanding. Interest on the Bonds is payable semi-annually on March 1 and September 1. The final maturity of the Bonds is September 1, 2045.

Eastern Municipal Water District was authorized to issue bonds in an aggregate principal amount of up to \$4,000,000. An additional \$2,415,000 in Parity Bonds was issued by CFD 2005-43 IA B in December 2018.

CUSIP Numbers – Improvement Area B 2016 Special Tax Bonds

| Year | CUSIP | Year | CUSIP | Year | CUSIP | Year | CUSIP |
|------|-----------|------|-----------|------|-----------|------|-----------|
| 2023 | 27627MKW6 | 2028 | 27627MLB1 | 2033 | 27627MLG0 | 2045 | 27627MLL9 |
| 2024 | 27627MKX4 | 2029 | 27627MLC9 | 2034 | 27627MLH8 | | |
| 2025 | 27627MKY2 | 2030 | 27627MLD7 | 2035 | 27627MLJ4 | | |
| 2026 | 27627MKZ9 | 2031 | 27627MLE5 | 2036 | 27627MLM7 | | |
| 2027 | 27627MLA3 | 2032 | 27627MLF2 | 2040 | 27627MLK1 | | |

Table 2-1
Fund Balances as of September 2, 2022

| Fund Description | Fund Balance |
|------------------------|---------------------|
| Special Tax Fund | \$51,063.19 |
| Interest Account | \$481.02 |
| Principal Account | \$4.79 |
| Reserve Fund | \$53,584.33 |
| Redemption Account | \$706.60 |
| Improvement Fund | \$0.00 |
| Special Tax Holding | \$0.00 |
| Administrative Expense | \$10,099.22 |
| Total | \$115,939.15 |

Special Tax Fund

The Special Tax Revenues deposited in the Special Tax Fund will be held in trust and deposited into the following funds and accounts in the following order of priority:

1. Administrative Expense Fund in an amount equal to the Administrative Expense Requirement
2. Interest Account
3. Principal Account
4. Redemption Account
5. Reserve Account
6. Administrative Expenses in excess of the Administrative Expense Requirement
7. Rebate Fund
8. Special Tax Holding Fund

Reserve Account of the Special Tax Fund

The Reserve Account must be maintained at the Reserve Requirement which is defined as, an amount equal to the least of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, (ii) Maximum Annual Debt Service on the then Outstanding Bonds, or (iii) 125% of Average Annual Debt Service on the then Outstanding Bonds and any Parity Bonds, or (iv) until such time that Parity Bonds are issued, \$53,868.76, the initial Reserve Requirement for the Bonds. In the event that special tax revenue is insufficient to pay debt service, money may be transferred from this Account to the Special Tax Fund. The Reserve Account will then be replenished by increasing the next annual special tax levy to the extent permitted by law.

As of September 2, 2022, the Reserve Requirement for the Bonds is \$53,493.75. The balance in the Reserve Fund for the Bonds, as of September 2, 2022, is \$53,584.33. The Reserve Fund is fully funded.

Improvement Fund

The Improvement Fund was established under the Indenture as a separate fund. The moneys in the Capacity and Improvement Account have been disbursed.

A Special Tax is levied and collected each year to pay the principal and interest obligations on the Bonds. The amount levied each year is determined by the Rate and Method of Apportionment (the "RMA") and can vary from year to year but shall not exceed the maximum authorized (or permitted) Special Tax rates. The amounts levied for Improvement Area B are detailed in the table below.

Improvement Area B Special Taxes

The amount levied for the 2022-23 tax year was \$225,984.02 and is based on 151 building permits being issued within the following tax classes. The Special Tax rates for the 2022-23 tax year are:

**Table 3-1
Special Tax Rates
Fiscal Year 2022-23**

| Land Use Category | Description | FY 2022-23 Amount Levied Per Category | Assigned Tax Rate | Number of Parcels Charged |
|-------------------|--|---------------------------------------|-------------------|---------------------------|
| D1 | Single Family (2,101 sq. ft. or greater) | \$17,575.36 | \$1,799.00 | 11 |
| D2 | Single Family (1,901 sq. ft. to 2,100 sq. ft.) | \$63,614.78 | \$1,747.00 | 41 |
| D3 | Single Family (1,701 sq. ft. to 1,900 sq. ft.) | \$65,807.28 | \$1,684.00 | 44 |
| D4 | Single Family (1,700 sq. ft. or less) | \$78,986.60 | \$1,617.00 | 55 |
| MFR | Multifamily Residential | \$0.00 | \$13,011.00 | 0 |
| NR | Non-Residential | \$0.00 | \$13,011.00 | 0 |
| APP | Approved Property | \$0.00 | N/A | 0 |
| Total | | \$225,984.02 | | 151 |

Rate and Method of Apportionment

There have been no changes to the Rate and Method of Apportionment of the Special Tax for CFD 2005-43 IA B.

Development Status

The table below presents the development status for CFD 2005-43 IA B.

Table 4-1
Development Status

| Development Status ¹ | Parcels | Total Special Tax FY 2022-23 | % of Total Special Tax | Total AV FY 2022-23 | % of Total AV |
|---------------------------------|------------|---------------------------------|---------------------------|------------------------|------------------|
| Developed | 151 | \$225,984.02 | 100.00% | \$52,427,241 | 100.00% |
| Approved | 0 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| Total | 151 | \$225,984.02 | 100.00% | \$52,427,241 | 100.00% |

Assessed Value-to-Lien

An update of the assessed value-to-lien ratio based on the outstanding principal amount of the Bonds and on the assessed values of property for the current fiscal year is shown in Table 4-2 below.

Table 4-2
Assessed Value-to-Lien

| District | Total AV FY 2022-23 | Outstanding Bonds | Value-to-Lien Ratio |
|------------------|---------------------|-------------------|---------------------|
| CFD 2005-43 IA B | \$52,427,241 | \$750,000 | 69.90:1 |

Building Permit Status

Improvement Area B is fully developed. All Final Maps have been recorded and include 174 parcels. As of April 1, 2022, 174 building permits have been issued for single family residential units, 23 of which have prepaid as of FY 2021-22.

Construction Status of Public Improvements

The improvements are complete. Reimbursements for completed and accepted public facilities were processed as requests were made. There were no changes in the types of public facilities constructed or acquired from those described in the Official Statement.

¹ "Developed" is defined as any parcel that is classified as Developed Property pursuant to the Rate and Method of Apportionment and which has not prepaid its special tax.

Information Concerning Delinquent Parcels

CFD 2005-43 IA B's Special Tax delinquency information is illustrated below.

Table 5-1
Special Tax Delinquency Information

| | | | Delinquencies as of June 30 of Fiscal Year in which Special Taxes were Levied | | | Delinquencies as of November 30, 2022 | | |
|----------------|-----------------------|-------------------|---|----------------------|-----------------------|--|----------------------|-----------------------|
| Fiscal Year | Amount Levied | Parcels Levied | Parcels Delinquent | Amount Delinquent | Percent Delinquent | Parcels Delinquent | Amount Delinquent | Percent Delinquent |
| 2015/16 | \$77,265.00 | 45 | 0 | \$0.00 | 0.00% | 0 | \$0.00 | 0.00% |
| 2016/17 | \$71,050.10 | 44 | 0 | \$0.00 | 0.00% | 0 | \$0.00 | 0.00% |
| 2017/18 | \$112,534.00 | 66 | 1 | \$1,799.00 | 1.60% | 0 | \$0.00 | 0.00% |
| 2018/19 | \$195,819.00 | 116 | 0 | \$0.00 | 0.00% | 0 | \$0.00 | 0.00% |
| 2019/20 | \$228,674.36 | 149 | 2 | \$2,352.34 | 1.03% | 0 | \$0.00 | 0.00% |
| 2020/21 | \$226,333.66 | 151 | 2 | \$1,496.16 | 0.66% | 2 | \$1,496.16 | 0.66% |
| 2021/22 | \$228,722.94 | 151 | 1 | \$785.19 | 0.34% | 1 | \$785.19 | 0.34% |
| Total | \$1,140,399.06 | | | | | 3 | \$2,281.35 | 0.20% |

Foreclosure Covenant

Pursuant to Section 53356.1 of the Mello-Roos Act, the Community Facilities District has covenanted in the Indenture, with and for the benefit of the Bond owners, that it will order and cause to be commenced, on or before October 1 of the Fiscal Year immediately following the Fiscal Year in which a delinquency in the payment of the Special Tax occurs, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due, provided that the Community Facilities District need not commence or pursue such proceedings with respect to any property owned by a single property owner who is delinquent in the payment of Special Taxes in an amount less than \$5,000 if both (i) the aggregate amount of such delinquent Special Taxes does not exceed 5% of the total Special Taxes due and payable for the Fiscal Year in question and (ii) the balance on deposit in the Reserve Account is not less than the Reserve Requirement (except the Community Facilities District will nevertheless be required to commence and pursue such proceedings with respect to any property owned by a single property owner who is delinquent in the payment of the Special Taxes in the amount of \$5,000 or more).

Collection and Foreclosure Actions

As of September 30, 2022, no foreclosure actions have been filed with the Superior Court.

Financial Statements

PLEASE NOTE: Audited financial statements of the Eastern Municipal Water District are available at the following internet address: www.emwd.org

The following events as described in Section 5 of the Disclosure Certificate and set forth in Rule 15c2-12 promulgated by the Securities and Exchange Commission are considered material by the District.

Section 5a

| Significant Events | Occurred in FY 2021-22 | Date of Event |
|---|-----------------------------------|----------------------|
| 1. Principal and interest payment delinquencies; | No | Not Applicable |
| 2. Unscheduled draws on debt service reserves reflecting financial difficulties; | No | Not Applicable |
| 3. Unscheduled draws on credit enhancements reflecting financial difficulties; | No | Not Applicable |
| 4. Substitution of credit or liquidity providers, or their failure to perform; | No | Not Applicable |
| 5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds; | No | Not Applicable |
| 6. Defeasances; | No | Not Applicable |
| 7. Tender offers; | No | Not Applicable |
| 8. Bankruptcy, insolvency, receivership or similar proceedings; and | No | Not Applicable |
| 9. Rating changes; | No | Not Applicable |

Section 5b

| Significant Events | Occurred in FY 2021-22 | Date of Event |
|---|-----------------------------------|----------------------|
| 1. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination; | No | Not Applicable |
| 2. Appointment of a successor or additional fiscal agent, or the change of name of a fiscal agent; | No | Not Applicable |
| 3. Non-payment related defaults; | No | Not Applicable |
| 4. Modifications to rights of Bondholders; | No | Not Applicable |
| 5. Bond calls; and | No | Not Applicable |
| 6. Release, substitution, or sale of property securing repayment of the Bonds; | No | Not Applicable |

APPENDIX A

Debt Service Schedule



Eastern Municipal Water District

685919 - CFD 2005-43 IA B (Current)

| Payment Date | Interest Rate | Principal | Principal Outstanding | Interest | Semi-Annual Debt Service | Annual Debt Service | Call Premium |
|--------------|---------------|-------------|-----------------------|-------------|--------------------------|---------------------|--------------|
| 3/1/2016 | | | \$945,000.00 | \$2,707.01 | \$2,707.01 | | 0.0000% |
| 9/1/2016 | 2.0000% | \$35,000.00 | \$910,000.00 | \$14,331.25 | \$49,331.25 | | 0.0000% |
| *9/1/2016 | | \$5,000.00 | \$905,000.00 | 0.00 | \$5,000.00 | \$57,038.26 | 0.0000% |
| 3/1/2017 | | | \$905,000.00 | \$13,887.50 | \$13,887.50 | | 0.0000% |
| *3/1/2017 | | \$5,000.00 | \$900,000.00 | 0.00 | \$5,000.00 | | 0.0000% |
| 9/1/2017 | 2.0000% | \$25,000.00 | \$875,000.00 | \$13,793.75 | \$38,793.75 | \$57,681.25 | 0.0000% |
| 3/1/2018 | | | \$875,000.00 | \$13,543.75 | \$13,543.75 | | 0.0000% |
| 9/1/2018 | 2.0000% | \$25,000.00 | \$850,000.00 | \$13,543.75 | \$38,543.75 | \$52,087.50 | 0.0000% |
| 3/1/2019 | | | \$850,000.00 | \$13,293.75 | \$13,293.75 | | 0.0000% |
| 9/1/2019 | 2.0000% | \$25,000.00 | \$825,000.00 | \$13,293.75 | \$38,293.75 | \$51,587.50 | 0.0000% |
| 3/1/2020 | | | \$825,000.00 | \$13,043.75 | \$13,043.75 | | 0.0000% |
| 9/1/2020 | 2.0000% | \$25,000.00 | \$800,000.00 | \$13,043.75 | \$38,043.75 | \$51,087.50 | 0.0000% |
| 3/1/2021 | | | \$800,000.00 | \$12,793.75 | \$12,793.75 | | 0.0000% |
| 9/1/2021 | 2.0000% | \$25,000.00 | \$775,000.00 | \$12,793.75 | \$37,793.75 | \$50,587.50 | 0.0000% |
| 3/1/2022 | | | \$775,000.00 | \$12,543.75 | \$12,543.75 | | 0.0000% |
| 9/1/2022 | 2.0000% | \$25,000.00 | \$750,000.00 | \$12,543.75 | \$37,543.75 | \$50,087.50 | 0.0000% |
| 3/1/2023 | | | \$750,000.00 | \$12,293.75 | \$12,293.75 | | 0.0000% |
| 9/1/2023 | 2.1250% | \$25,000.00 | \$725,000.00 | \$12,293.75 | \$37,293.75 | \$49,587.50 | 0.0000% |
| 3/1/2024 | | | \$725,000.00 | \$12,028.13 | \$12,028.13 | | 0.0000% |
| 9/1/2024 | 2.2500% | \$25,000.00 | \$700,000.00 | \$12,028.13 | \$37,028.13 | \$49,056.25 | 0.0000% |
| 3/1/2025 | | | \$700,000.00 | \$11,746.88 | \$11,746.88 | | 0.0000% |
| 9/1/2025 | 2.3750% | \$30,000.00 | \$670,000.00 | \$11,746.88 | \$41,746.88 | \$53,493.75 | 0.0000% |
| 3/1/2026 | | | \$670,000.00 | \$11,390.63 | \$11,390.63 | | 0.0000% |
| 9/1/2026 | 2.5000% | \$30,000.00 | \$640,000.00 | \$11,390.63 | \$41,390.63 | \$52,781.25 | 0.0000% |
| 3/1/2027 | | | \$640,000.00 | \$11,015.63 | \$11,015.63 | | 0.0000% |
| 9/1/2027 | 2.7500% | \$30,000.00 | \$610,000.00 | \$11,015.63 | \$41,015.63 | \$52,031.25 | 0.0000% |
| 3/1/2028 | | | \$610,000.00 | \$10,603.13 | \$10,603.13 | | 0.0000% |
| 9/1/2028 | 3.0000% | \$30,000.00 | \$580,000.00 | \$10,603.13 | \$40,603.13 | \$51,206.25 | 0.0000% |
| 3/1/2029 | | | \$580,000.00 | \$10,153.13 | \$10,153.13 | | 0.0000% |
| 9/1/2029 | 3.0000% | \$30,000.00 | \$550,000.00 | \$10,153.13 | \$40,153.13 | \$50,306.25 | 0.0000% |
| 3/1/2030 | | | \$550,000.00 | \$9,703.13 | \$9,703.13 | | 0.0000% |
| 9/1/2030 | 3.0000% | \$30,000.00 | \$520,000.00 | \$9,703.13 | \$39,703.13 | \$49,406.25 | 0.0000% |
| 3/1/2031 | | | \$520,000.00 | \$9,253.13 | \$9,253.13 | | 0.0000% |
| 9/1/2031 | 3.1250% | \$30,000.00 | \$490,000.00 | \$9,253.13 | \$39,253.13 | \$48,506.25 | 0.0000% |
| 3/1/2032 | | | \$490,000.00 | \$8,784.38 | \$8,784.38 | | 0.0000% |
| 9/1/2032 | 3.2500% | \$30,000.00 | \$460,000.00 | \$8,784.38 | \$38,784.38 | \$47,568.75 | 0.0000% |
| 3/1/2033 | | | \$460,000.00 | \$8,296.88 | \$8,296.88 | | 0.0000% |
| 9/1/2033 | 3.2500% | \$30,000.00 | \$430,000.00 | \$8,296.88 | \$38,296.88 | \$46,593.75 | 0.0000% |
| 3/1/2034 | | | \$430,000.00 | \$7,809.38 | \$7,809.38 | | 0.0000% |
| 9/1/2034 | 3.3750% | \$30,000.00 | \$400,000.00 | \$7,809.38 | \$37,809.38 | \$45,618.75 | 0.0000% |
| 3/1/2035 | | | \$400,000.00 | \$7,303.13 | \$7,303.13 | | 0.0000% |
| 9/1/2035 | 3.3750% | \$35,000.00 | \$365,000.00 | \$7,303.13 | \$42,303.13 | \$49,606.25 | 0.0000% |
| 3/1/2036 | | | \$365,000.00 | \$6,712.50 | \$6,712.50 | | 0.0000% |
| 9/1/2036 | 3.5000% | \$35,000.00 | \$330,000.00 | \$6,712.50 | \$41,712.50 | \$48,425.00 | 0.0000% |
| 3/1/2037 | | | \$330,000.00 | \$6,100.00 | \$6,100.00 | | 0.0000% |
| 9/1/2037 | 3.6250% | \$35,000.00 | \$295,000.00 | \$6,100.00 | \$41,100.00 | \$47,200.00 | 0.0000% |
| 3/1/2038 | | | \$295,000.00 | \$5,465.63 | \$5,465.63 | | 0.0000% |

Eastern Municipal Water District

685919 - CFD 2005-43 IA B (Current)

| Payment Date | Interest Rate | Principal | Principal Outstanding | Interest | Semi-Annual Debt Service | Annual Debt Service | Call Premium |
|---------------|---------------|---------------------|-----------------------|---------------------|--------------------------|-----------------------|--------------|
| 9/1/2038 | 3.6250% | \$35,000.00 | \$260,000.00 | \$5,465.63 | \$40,465.63 | \$45,931.25 | 0.0000% |
| 3/1/2039 | | | \$260,000.00 | \$4,831.25 | \$4,831.25 | | 0.0000% |
| 9/1/2039 | 3.6250% | \$35,000.00 | \$225,000.00 | \$4,831.25 | \$39,831.25 | \$44,662.50 | 0.0000% |
| 3/1/2040 | | | \$225,000.00 | \$4,196.88 | \$4,196.88 | | 0.0000% |
| 9/1/2040 | 3.6250% | \$35,000.00 | \$190,000.00 | \$4,196.88 | \$39,196.88 | \$43,393.75 | 0.0000% |
| 3/1/2041 | | | \$190,000.00 | \$3,562.50 | \$3,562.50 | | 0.0000% |
| 9/1/2041 | 3.7500% | \$40,000.00 | \$150,000.00 | \$3,562.50 | \$43,562.50 | \$47,125.00 | 0.0000% |
| 3/1/2042 | | | \$150,000.00 | \$2,812.50 | \$2,812.50 | | 0.0000% |
| 9/1/2042 | 3.7500% | \$40,000.00 | \$110,000.00 | \$2,812.50 | \$42,812.50 | \$45,625.00 | 0.0000% |
| 3/1/2043 | | | \$110,000.00 | \$2,062.50 | \$2,062.50 | | 0.0000% |
| 9/1/2043 | 3.7500% | \$40,000.00 | \$70,000.00 | \$2,062.50 | \$42,062.50 | \$44,125.00 | 0.0000% |
| 3/1/2044 | | | \$70,000.00 | \$1,312.50 | \$1,312.50 | | 0.0000% |
| 9/1/2044 | 3.7500% | \$40,000.00 | \$30,000.00 | \$1,312.50 | \$41,312.50 | \$42,625.00 | 0.0000% |
| 3/1/2045 | | | \$30,000.00 | \$562.50 | \$562.50 | | 0.0000% |
| 9/1/2045 | 3.7500% | \$30,000.00 | \$0.00 | \$562.50 | \$30,562.50 | \$31,125.00 | 0.0000% |
| Totals | | \$945,000.00 | | \$511,157.01 | \$1,456,157.01 | \$1,456,157.01 | |

Bond Issue Date 1/27/2016
 Original Bond Principal \$945,000.00
 Bond Calls \$10,000.00

* Denotes Bond Call



3788 McCray Street
Riverside, CA 92506
951.200.8600



www.webbfinance.com