
**COMMUNITY FACILITIES DISTRICT NO. 87-4
OF THE COUNTY OF ORANGE (FOOTHILL RANCH)
SERIES A OF 1997 SPECIAL TAX BONDS
ANNUAL REPORT
FOR
FISCAL YEAR ENDED JUNE 30, 2016**

Dated February 22, 2017

1997 Series A CUSIP Numbers

68423PPM6, 68423PPN4, 68423PPP9, 68423PPQ7, 68423PPR5, 68423PPS3, 68423PPT1,
68423PPU8, 68423PPV6, 68423PPW4, 68423PPX2, 68423PPY0, 68423PPZ7, 68423PQA1,
68423PQB9, 68423PQC7

Prepared at the direction of and on behalf of:

County of Orange

333 West Santa Ana Boulevard, Third Floor
Santa Ana, CA 92701-4062

Prepared by:

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5000 Birch Street, Suite 6000
Newport Beach, CA 92660

**Community Facilities District No. 87-4
of the County of Orange (Foothill Ranch)
Series A of 1997 Special Tax Bonds
Annual Report
For Fiscal Year Ended June 30, 2016**

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- Attachment A – Annual Report to the California Debt and Investment Advisory Commission
- Attachment B – Comprehensive Annual Financial Report

INTRODUCTION

The Community Facilities District No. 87-4 of the County of Orange (Foothill Ranch) (the “District”) hereby provides its annual report (the “Annual Report”) for the fiscal year ended June 30, 2016 in connection with the following Bonds:

Bond Issue:

1. Community Facilities District No. 87-4 of the County of Orange (Foothill Ranch), Series A of 1997 Special Tax Bonds.

Annual Report:

The District’s Annual Report required by the Continuing Disclosure Certificate (the “Disclosure Certificate”) dated June 25, 1997 with respect to the Bonds for the Fiscal Year ended June 30, 2016 are included herein as Attachment B.

Other Matters:

This Annual Report is provided solely for purposes of the Disclosure Certificate. The filing of this Annual Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the County, the District or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the Fiscal Year to which this Annual Report relates (other than as contained in this Annual Report), or that no other information exists, which may have a bearing on the District’s financial condition, the security for the Bonds, or an investor’s decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Annual Report should be construed as a prediction or representation about future financial performance of the District.

While the financial statements of the County (which includes the District) for Fiscal Year ended June 30, 2016 have been incorporated herein by reference in order to comply with SEC Rule 15c2-12, the Bonds are a limited obligation of the District and neither the faith and credit nor the taxing power of the County is pledged to the payment of the Bonds. No income, receipts, funds (including the County general fund) or moneys of the County are pledged to the repayment of the Bonds.

SECTION A

1. Audited Financial Statements for Fiscal Year Ended June 30, 2016.

The County of Orange’s Audited Financial Statements for Fiscal Year 2015-2016 were filed with the Municipal Securities Rulemaking Board Electronic Municipal Market Access on February 8, 2017 (Submission ID: ES792504) and are included herein as Attachment B.

While the financial statements of the County (which includes the District) for Fiscal Year ended June 30, 2016 have been incorporated herein by reference in order to comply with SEC Rule 15c2-12, the Bonds are a limited obligation of the District and neither the faith and credit nor the taxing power of the County is pledged to the payment of the Bonds. No income, receipts, funds (including the County general fund) or moneys of the County are pledged to the repayment of the Bonds.

2. Principal amount of Bonds outstanding as of June 30, 2016

Principal amount of bonds outstanding as of June 30, 2016 was \$3,720,000.

3. Balance in each fund under the Resolution as of June 30, 2016

Community Facilities District No. 87-4 (Foothill Ranch) Account Balances as of June 30, 2016	
Fund	Balance
Special Tax Fund	\$1,670,536
Rebate Fund	\$0
Special Reserve Fund	\$0
Reserve Fund	\$1,081,500
Acquisition and Construction Fund	\$0

Source: County of Orange, Public Finance Accounting

4. Number of parcels that were newly categorized under the Rate and Method of Apportionment for the Special Tax as residential Developed Property or nonresidential Developed Property for the most recent Special Tax levy.

The number of parcels newly categorized under the Rate and Method of Apportionment for the Special Tax as Residential Developed Property and Nonresidential Developed Property are as follows:

Residential Developed: 3,521 parcels; change from 2015-2016 is 118.
 Non-Residential Developed: 237 parcels; no changes from 2015-2016.

5. An update of Table 2 in the Official Statement for the Bonds setting forth the information based on assessed valuation only for the most recent Special Tax levy preceding the filing of the Annual Report, but only if additional direct and overlapping debt secured by a tax or assessment levied on parcels within the District has been issued during such fiscal year.

Table 2 Community Facilities District No. 87-4 (Foothill Ranch) Value to Debt Ratio for Fiscal Year 2016-17		
Assessed Value¹	Total Direct and Overlapping Debt	Value to Debt Ratio
\$2,620,718,269	\$26,991,831	97.09

Source: David Taussig & Associates, Inc.

¹ Assessed values are calculated using gross assessed value for all parcels that are subject to the special tax, as shown on the County of Orange 2016-2017 Assessor's Roll.

SECTION B

6. Update of Tables in the Official Statement under the caption “The Community Facilities District – Special Tax Levies, Collections and Charges”

Table 3 – Special Tax Rates and Special Tax Levy

Table 3 Community Facilities District No. 87-4 (Foothill Ranch) Maximum Special Tax Rates and Special Tax Levy for Fiscal Year 2016-17				
Class	Land Use	Square Footage of Improvements	"Table 1" Special Tax Rate ²	Levied Special Tax
1	Single Family Detached	More than 2,700	\$6,461.34 /unit	\$1,121.29 /unit
2	Single Family Detached	2,200 to 2,699	\$5,840.36 /unit	\$1,013.53 /unit
3	Single Family Detached	1,900 to 2,199	\$5,043.83 /unit	\$875.30 /unit
4	Single Family Detached	1,500 to 1,899	\$4,071.75 /unit	\$706.61 /unit
5	Single Family Detached	Less than 1,500	\$3,275.21 /unit	\$568.38 /unit
6	Condominium	Not Applicable	\$1,771.24 /unit	\$307.38 /unit
7	Apartment	Not Applicable	\$1,328.43 /unit	\$230.53 /unit
8	Commercial / Industrial	Not Applicable	the greater of: \$8,408.13 /acre \$0.5502 /sf of improvements	\$1,459.13 /acre \$0.0955 /sf of improvement
0	Undeveloped	Not Applicable	\$12,500.00 /acre	\$71.81 /acre

Source: David Taussig & Associates, Inc.

² Based on the special tax rates per Table 1 of the Rate and Method escalated pursuant to Section C of the Rate and Method. The Maximum Special Tax for a parcel of Developed Property for fiscal year 2016-2017 would be the greater of this amount or the Base Maximum Special Tax multiplied by the square footage of such parcel. See Appendix C of the Official Statement – Rate and Method of Apportionment of Special Tax.

Table 4 – Special Tax Levy and Delinquencies

Table 4 Community Facilities District No. 87-4 (Foothill Ranch) Special Tax Levy and Delinquencies					
Fiscal Year (FY) Ended June 30	Total Special Tax Levy	Delinquent at FY End	Percent Delinquent at FY End	Delinquent as of 6/30/2016	Percent Delinquent as of 6/30/2016
2011	\$6,909,466	\$90,230	1.31%	\$3,242	0.05%
2012	\$6,908,462	\$72,134	1.04%	\$3,055	0.04%
2013	\$7,138,791	\$58,576	0.82%	\$7,175	0.10%
2014	\$7,013,783	\$39,401	0.56%	\$6,055	0.09%
2015	\$6,347,228	\$27,657	0.44%	\$6,055	0.10%
2016	\$3,475,134	\$11,304	0.33%	\$11,304	0.33%

Sources:

County of Orange Auditor-Controller's Office for fiscal year ending figures.

County of Orange Treasurer Tax Collector data for amounts remaining unpaid as of June 30, 2016.

Table 5 – Special Tax Revenue at Maximum Special Tax Rate

Table 5 Community Facilities District No. 87-4 (Foothill Ranch) Special Tax Revenue at Maximum Special Tax Rate				
Category	Number of Developed Units, Square Feet or Acres³	Maximum Special Tax⁴	Special Tax Revenue	
Single Family Detached (More than 2,700 SF)	226 Units	\$6,461.34	\$1,460,262.84	
Single Family Detached (2,200 to 2,699 SF)	598 Units	\$5,840.36	\$3,492,535.28	
Single Family Detached (1,900 to 2,199 SF)	607 Units	\$5,043.83	\$3,061,604.81	
Single Family Detached (1,500 to 1,899 SF)	806 Units	\$4,071.75	\$3,281,830.50	
Single Family Detached (Less than 1,500 SF)	185 Units	\$3,275.21	\$605,913.85	
Condominium	1,106 Units	\$1,771.24	\$1,958,991.44	
Apartment	938 Units	\$1,328.43	\$1,246,067.34	
Commercial / Industrial (charged at bldg sf rate)	3,608,191 BSF	\$0.5502	\$1,985,226.69	
Commercial / Industrial (charged at acre rate)	241.364 Acres	\$8,408.13	\$2,029,419.89	
Undeveloped	11.376 Acres	\$12,500.00	\$142,125.00	
Grand Total:			\$19,263,977.64	

Source: David Taussig & Associates, Inc.

³ Based on building permits as of March 1, 2016.

⁴ Based on the Special Tax rates set forth in Table 1 and escalated pursuant to Section C of the Rate and Method. See Appendix C of the Official Statement – Rate and Method of Apportionment of Special Tax.

Table 6 – Estimated Debt Service Coverage

Table 6 Community Facilities District No. 87-4 (Foothill Ranch) Estimated Debt Service Coverage				
Bond Year Ending August 15	Estimated Maximum Special Tax Revenues⁵	Series 1997 Bonds Debt Service⁶	Series 2004 Bonds Debt Service⁶	Estimated Debt Service Coverage
2017	\$19,264,000	\$1,047,000	\$3,799,000	3.98
2018	\$19,933,000	\$1,065,000	\$3,576,000	4.29
2019	\$20,626,000	\$1,089,000	\$700,000	11.53

Source: David Taussig & Associates, Inc.

⁵ The Bond Year Ending 2017 figures reflect actual Fiscal Year 2016-17 Maximum Special Tax Revenues. Amounts in years Bond Year Ending 2018 and 2019 reflect projected Maximum Special Tax Revenues based on development as of March 1, 2016, escalated in accordance with the Rate and Method.

⁶ Amounts are rounded to the nearest thousand dollar.

Table 7 – Top Ten Taxpayers

Table 7 Community Facilities District No. 87-4 (Foothill Ranch) Top Ten Taxpayers for Fiscal Year 2016-17		
Property Owner	Total Levy	Percent of Total Levy
EQR-Sombra 2008 LTD	\$69,160.04	2.08%
Avalon Baker Ranch LP	\$59,941.79	1.81%
Oakley Inc.	\$50,306.78	1.52%
Sequoia Equities Paloma	\$46,106.69	1.39%
Comref Southern CA Industrial	\$43,294.58	1.30%
Baker Ranch Affordable LP	\$41,034.96	1.24%
AEW LT 50 Icon LLC	\$29,389.16	0.89%
LBA/PPF Industrial-Towne	\$29,095.34	0.88%
Town Centre Properties LLC	\$28,865.99	0.87%
Taylor Morrison of California LLC	\$26,072.19	0.79%
All Other Taxpayers	\$2,895,958.31	87.25%
Total	\$3,319,225.83	100.00%

Source: David Taussig & Associates, Inc. and County of Orange 2016-2017 Assessor's Roll

7. Changes to the Rate and Method of Apportionment of the Special Tax approved or submitted to the qualified electors for approval prior to the filing of the Annual Report.

There were no changes to the Rate and Method of Apportionment of the Special Tax.

8. Any information not already included above that is required to be filed in the annual report to the California Debt and Investment Advisory Commission.

The Mello-Roos Yearly Fiscal Status Report filed with the California Debt and Investment Advisory Commission is included herein as Attachment A.

Certain Disclaimers

The information contained in this Annual Report expresses only the views of the applicable party. An explanation of the significance of any such information may be obtained from the applicable party; provided, however, that no information provided by any party is incorporated in this Annual Report. The County of Orange undertakes no responsibility to oppose any revision or withdrawal of such information contained in this Annual Report.

To the extent the County of Orange provides information in this Annual Report, the County of Orange is not obligated to present or update information in future Annual Reports. Investors are advised to refer to the Official Statement for the Bonds for information concerning the initial delivery of and security for the Bonds.

By providing the information in this Annual Report, the County of Orange does not imply or represent (a) that all information provided in this Annual Report is material to investors' decisions regarding investment in the Bonds, (b) the completeness or accuracy of any financial, operational or other information not included herein or in the Official Statement, (c) that no changes, circumstances or events have occurred since the date of this Annual Report (other than as contained herein), or (d) that no other information exists which may have a bearing on the County's financial condition, the security for the Bonds or an investor's decision to buy, sell or hold the Bonds.

The information set forth in this Annual Report or incorporated in this Annual Report has been furnished by the County of Orange is believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in or incorporated by this Annual Report which involves estimates, forecasts or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Annual Report or incorporated in this Annual Report are subject to change without notice and the delivery of this Annual Report will not, under any circumstances, create any implication that there has been no change in the affairs of the County of Orange.

No statement contained in this Annual Report should be construed as a prediction or representation about future financial performance of the County of Orange. Historical results presented herein may not be indicative of future operating results.

The information set forth herein, including information provided by others or incorporated by reference, is believed by the County of Orange to be reliable but has not been independently verified by the County of Orange and is not guaranteed as to accuracy by the County of Orange.

ATTACHMENT A

**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
YEARLY FISCAL STATUS REPORT**

STATE OF CALIFORNIA

**MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT**

Submitted:
Friday, October 28, 2016
4:00:07PM
CDIAC #: 1997-0155

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
(916) 653-3269 Fax (916) 654-7440

For Office Use Only
Fiscal Year _____

I. GENERAL INFORMATION

A. Issuer Orange County CFD No 87-4

B. Project Name Foothill Ranch

C. Name/ Title/ Series of Bond Issue

D. Date of Bond Issue 6/11/1997

E. Original Principal Amount of Bonds \$10,815,000.00

F. Reserve Fund Minimum Balance Required Yes Amount \$1,081,500.00 No

II. FUND BALANCE FISCAL STATUS

Balances Reported as of: 6/30/2016

A. Principal Amount of Bonds Outstanding \$3,720,000.00

B. Bond Reserve Fund \$1,081,500.00

C. Capitalized Interest Fund \$0.00

D. Construction Fund(s) \$0.00

III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX

A. Assessed or Appraised Value Reported as of: 1/1/2016

From Equalized Tax Roll

From Appraisal of Property
(Use only in first year or before annual tax roll billing commences)

B. Total Assessed Value of All Parcels \$2,618,512,670.00

IV. TAX COLLECTION INFORMATION

A. Total Amount of Special Taxes Due Annually \$3,475,133.93

B. Total Amount of Unpaid Special Taxes Annually \$11,303.97

C. Taxes are Paid Under the County's Teeter Plan? Y

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 6/30/2016

A. Total Number of Delinquent Parcels: 26

B. Total Amount of Taxes Due on Delinquent Parcels: \$11,303.97
(Do not include penalties, penalty interest, etc.)

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR

(Aggregate totals, if foreclosure commenced on same date) *(Attach additional sheets if necessary.)*

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
		\$0.00
		\$0.00
		\$0.00
		\$0.00
		\$0.00

STATE OF CALIFORNIA

MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT

For Office Use Only
Fiscal Year _____

Submitted:
Friday, October 28, 2016
4:00:07PM
CDIAC #: 1997-0155

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
(916) 653-3269 Fax (916) 654-7440

VII. ISSUE RETIRED

This issue is retired and no longer subject to the Yearly Fiscal Status report filing requirements.
(Indicate reason for retirement)

Matured Redeemed Entirely Other

If Matured, indicate final maturity date:

If Redeemed Entirely, state refunding bond title & CDIAC #:
and redemption date:

If Other:
and date:

VIII. NAME OF PARTY COMPLETING THIS FORM

Name Gina Kim
Title Public Finance Accountant
Firm/ Agency Orange County
Address 10 Civic Center Plaza 3rd Fl
City/ State/ Zip Santa Ana, CA 92701
Phone Number (714) 834-3749 Date of Report 10/28/2016
E-Mail Gina.Kim@ocgov.com

IX. ADDITIONAL COMMENTS:

ATTACHMENT B
COMPREHENSIVE ANNUAL FINANCIAL REPORT