

## **Annual Report**

Poway Unified School District  
Improvement Area E of  
Community Facilities District No. 10

January 31, 2011

**Prepared For:**

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### Exhibits

**Exhibit A:** Detailed Direct and Overlapping Debt Report

**Exhibit B:** Report to the California Debt and Investment Advisory Commission

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## Introduction

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This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreement ("Disclosure Agreement") executed in connection with the issuance of the Improvement Area ("IA") E 2002 Special Tax Bonds ("Bonds") by IA E of Community Facilities District ("CFD") No. 10 of the Poway Unified School District ("School District") in the amount of \$5,750,000 on October 23, 2002. The Bonds were issued under the Mello-Roos Community Facilities Act of 1982, as amended ("Act"), and pursuant to the Bond Indenture, dated September 1, 2002, by and among the School District on behalf of IA E CFD No. 10 and Zions First National Bank, successor to State Street Bank and Trust Company of California, N.A. as Fiscal Agent ("Fiscal Agent"). Dolinka Group, LLC has been retained by the School District to act as dissemination agent ("Dissemination Agent"). The Bonds were issued to fund, (i) either directly or indirectly, the acquisition and construction of certain road improvements ("City Facilities"), (ii) a reserve fund for the Bonds, (iii) interest on the Bonds through September 1, 2003, (iv) administrative expenses and (v) the costs of issuing the Bonds. All capitalized terms not defined herein shall have the meaning ascribed to them in the Disclosure Agreement.

### I. Audited Financial Statements

A copy of the School District's annual audited financial statements for Fiscal Year 2009/2010 is available online at <http://emma.msrb.org/>.

### II. Principal Amount of Bonds Outstanding

As of January 1, 2011 the outstanding principal amount of Bonds was \$5,545,000.

### III. Fund and Account Balances

The balance in each fund and account of IA E of CFD No. 10 as of January 1, 2011 is listed in the table below.

**Fund and Account Balances**

| <b>Funds and Accounts</b>   | <b>Amount</b>         |
|-----------------------------|-----------------------|
| Administrative Expense Fund | \$39,808.08           |
| Interest Account            | \$28.98               |
| Letter of Credit Fund       | \$394,051.54          |
| Principal Account           | \$0.00                |
| Reserve Fund                | \$575,031.59          |
| Special Tax Fund            | \$159,074.21          |
| <b>Total</b>                | <b>\$1,167,994.40</b> |

#### IV. Reserve Requirement

As of January 1, 2011 the Reserve Requirement for the Bonds was \$575,000.00; therefore the Reserve Requirement was satisfied.

#### V. Assessed Values and Value-to-Lien Ratios

The assessed values and value-to-lien ratios for all parcels within IA E of CFD No. 10 are shown in the table below.

#### Assessed Values and Value-to-Lien Ratios

##### Zone A

| Land Use                    | Total Assessed Value <sup>[1]</sup> | 2002 Special Tax Bonds       |                             | Other <sup>[2]</sup>  |                         | Total Lien            | Value-to-Lien Ratio |
|-----------------------------|-------------------------------------|------------------------------|-----------------------------|-----------------------|-------------------------|-----------------------|---------------------|
|                             |                                     | Principal Amount Outstanding | Value-to-Lien Ratio for CFD | Overlapping Debt      | General Obligation Debt |                       |                     |
| Tax Class 1<br><= 1,850     | \$35,953,833.00                     | \$1,791,532.84               | 20.07:1                     | \$1,716,518.84        | \$65,961.78             | \$3,574,013.45        | 10.06:1             |
| Tax Class 2<br>> 1,850      | \$17,888,325.00                     | \$933,168.79                 | 19.17:1                     | \$739,378.85          | \$32,818.36             | \$1,705,365.99        | 10.49:1             |
| <b>Total <sup>[3]</sup></b> | <b>\$53,842,158.00</b>              | <b>\$2,724,701.63</b>        | <b>19.76:1</b>              | <b>\$2,455,897.68</b> | <b>\$98,780.13</b>      | <b>\$5,279,379.44</b> | <b>10.20:1</b>      |

[1] Total Assessed Value as reported on the Fiscal Year 2010/2011 equalized tax roll of the County of San Diego.

[2] Source: Detailed Direct and Overlapping Debt Report, National Tax Data, Inc. (attached as Exhibit A).

[3] Totals may not sum due to rounding.

##### Zone B

| Land Use   | Total Assessed Value <sup>[1]</sup> | 2002 Special Tax Bonds       |                             | Other <sup>[2]</sup>  |                         | Total Lien            | Value-to-Lien Ratio |
|--|-------------------------------------|------------------------------|-----------------------------|-----------------------|-------------------------|-----------------------|---------------------|
|  |                                     | Principal Amount Outstanding | Value-to-Lien Ratio for CFD | Overlapping Debt      | General Obligation Debt |                       |                     |
| Tax Class 3<br><= 1,250                            | \$1,925,000.00                      | \$92,056.33                  | 20.91:1                     | \$148,065.51          | \$3,531.65              | \$243,653.49          | 7.90:1              |
| Tax Class 4<br>1,251 - 1,550                       | \$32,428,436.00                     | \$1,775,780.59               | 18.26:1                     | \$1,933,127.76        | \$59,494.00             | \$3,768,402.34        | 8.61:1              |
| Tax Class 5<br>> 1,550                             | \$18,887,677.00                     | \$952,461.46                 | 19.83:1                     | \$955,987.77          | \$34,651.79             | \$1,943,101.02        | 9.72:1              |
| Tax Class 6  | \$8,606,324.00                      | \$0.00                       | 0.00:1                      | \$0.00                | \$15,789.37             | \$15,789.37           | 0.00:1              |
| <b>Subtotal for Taxable Parcels <sup>[3]</sup></b> | <b>\$61,847,437.00</b>              | <b>\$2,820,298.37</b>        | <b>21.93:1</b>              | <b>\$3,037,181.04</b> | <b>\$113,466.81</b>     | <b>\$5,970,946.22</b> | <b>10.36:1</b>      |
| Tax Class E<br>EXEMPT                              | \$43,212,515.00                     | \$0.00                       | 0.00:1                      | \$79,665.65           | \$79,278.73             | \$158,944.38          | 271.87:1            |
| <b>Total <sup>[3]</sup></b>                        | <b>\$105,059,952.00</b>             | <b>\$2,820,298.37</b>        | <b>37.25:1</b>              | <b>\$3,116,846.69</b> | <b>\$192,745.54</b>     | <b>\$6,129,890.60</b> | <b>17.14:1</b>      |

[1] Total Assessed Value as reported on the Fiscal Year 2010/2011 equalized tax roll of the County of San Diego.

[2] Source: Detailed Direct and Overlapping Debt Report, National Tax Data, Inc. (attached as Exhibit A).

[3] Totals may not sum due to rounding.

## VI. Special Tax Delinquencies

The Special Tax delinquencies for Fiscal Year 2009/2010 and prior Fiscal Years within IA E of CFD No. 10 are shown in the table below.

### Historical Special Tax Delinquencies

| Fiscal Year | Subject Fiscal Year <sup>[1]</sup> |                    |                               |                              | June 30, 2010               |                            |
|-------------|------------------------------------|--------------------|-------------------------------|------------------------------|-----------------------------|----------------------------|
|             | Aggregate Special Tax              | Parcels Delinquent | Fiscal Year Amount Delinquent | Fiscal Year Delinquency Rate | Remaining Amount Delinquent | Remaining Delinquency Rate |
| 2005/2006   | \$395,222.02                       | 11                 | \$9,949.15                    | 2.52 %                       | \$1,547.10                  | 0.39 %                     |
| 2006/2007   | \$403,126.42                       | 14                 | \$17,714.02                   | 4.39 %                       | \$1,578.04                  | 0.39 %                     |
| 2007/2008   | \$419,915.76                       | 20                 | \$24,053.72                   | 5.73 %                       | \$4,633.72                  | 1.10 %                     |
| 2008/2009   | \$437,011.04                       | 22                 | \$29,023.13                   | 6.64 %                       | \$6,091.26                  | 1.39 %                     |
| 2009/2010   | \$445,752.32                       | 15                 | \$19,137.93                   | 4.29 %                       | \$19,137.93                 | 4.29 %                     |

[1] Delinquencies as of June 30<sup>th</sup>.

Since the overall delinquency rate for Fiscal Year 2009/2010 did not exceed five percent (5.00%), no parcel was delinquent in an amount greater than \$5,000.00 and no single owner of multiple parcels had a combined delinquency greater than \$10,000.00, foreclosure proceedings were not initiated.

## VII. Major Taxpayer Information

"Major Taxpayers" are those property owners responsible for more than five percent (5.00%) of the Special Tax levy for Fiscal Year 2010/2011. There are no property owners responsible for more than five percent (5.00%) of the Special Taxes levied in Fiscal Year 2010/2011.

## VIII. Report to the California Debt and Investment Advisory Commission

A copy of the report prepared and filed with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act for Fiscal Year 2009/2010 is included as Exhibit B.

## IX. Changes to Rate and Method of Apportionment

No changes have been made to the Rate and Method of Apportionment since the date of the Official Statement.

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**Exhibit A**

**Detailed Direct and Overlapping Debt Report**

**POWAY UNIFIED SCHOOL DISTRICT**  
**Community Facilities District No. 10**  
**Improvement Area E**  
**Special Tax Bonds**

**Detailed Direct and Overlapping Debt**

**Report Date: 10/27/2010**

**Report Time: 12:00:00 PM**

**I. Assessed Value**

**2010-2011 Secured Roll Assessed Value**

**\$158,902,110**

**II. Secured Property Taxes**

| Description on Tax Bill   | Type    | Total Parcels | Total Levy      | % Applicable | Parcels | Levy                  |
|---|---------|---------------|-----------------|--------------|---------|-----------------------|
| Basic Levy  | PROP13  | 960,237       | \$3,644,126,367 | 0.04095%     | 280     | \$1,492,422.49        |
| Voter Approved Debt   | VOTER   | 960,045       | \$300,179,811   | 0.01222%     | 280     | \$36,681.71           |
| County of San Diego Vector Control, Zone A  | VECTOR  | 532,144       | \$1,492,436     | 0.05628%     | 280     | \$840.00              |
| County of San Diego Vector Disease Control  | VECTOR  | 946,162       | \$5,545,004     | 0.02610%     | 280     | \$1,447.20            |
| Metropolitan Water District of Southern California Standby Charge                   | STANDBY | 354,918       | \$4,364,877     | 0.07560%     | 280     | \$3,300.00            |
| Poway Unified School District CFD No. 10  | CFD     | 1,240         | \$2,363,969     | 14.68057%    | 276     | \$347,044.18          |
| Poway Unified School District CFD No. 10, Impv Area E                               | CFD     | 282           | \$454,667       | 100.00000%   | 275     | \$454,667.18          |
| San Diego County Water Authority Standby Charge                                     | STANDBY | 362,771       | \$3,841,350     | 0.07470%     | 280     | \$2,869.50            |
| <b>2010-2011 TOTAL PROPERTY TAX LIABILITY</b>                                       |         |               |                 |              |         | <b>\$2,339,272.26</b> |
| <b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2010-2011 ASSESSED VALUATION</b> |         |               |                 |              |         | <b>1.47%</b>          |

**III. Land Secured Bond Indebtedness**

| Outstanding Direct and Overlapping Bonded Debt              | Type | Issued       | Outstanding  | % Applicable | Parcels | Amount                 |
|---|------|--------------|--------------|--------------|---------|------------------------|
| Poway Unified School District CFD No. 10                    | CFD  | \$38,230,000 | \$37,960,000 | 14.68057%    | 276     | \$5,572,744.37         |
| Poway Unified School District CFD No. 10, Impv Area E       | CFD  | \$5,750,000  | \$5,545,000  | 100.00000%   | 275     | \$5,545,000.00         |
| <b>TOTAL LAND SECURED BOND INDEBTEDNESS (1)</b>             |      |              |              |              |         | <b>\$11,117,744.37</b> |
| <b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)</b> |      |              |              |              |         | <b>\$11,117,744.37</b> |

**IV. General Obligation Bond Indebtedness**

| Outstanding Direct and Overlapping Bonded Debt                    | Type | Issued        | Outstanding   | % Applicable | Parcels | Amount              |
|---|------|---------------|---------------|--------------|---------|---------------------|
| City of San Diego GOB 1990 (Public Safety Communication System)   | GOB  | \$25,500,000  | \$2,240,000   | 0.09332%     | 280     | \$2,090.28          |
| Metropolitan Water District of Southern California GOB 1966       | GOB  | \$850,000,000 | \$252,740,000 | 0.00775%     | 280     | \$19,599.67         |
| Palomar Community College District GOB 2006                       | GOB  | \$160,000,000 | \$149,845,000 | 0.18008%     | 280     | \$269,835.72        |
| <b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)</b>             |      |               |               |              |         | <b>\$291,525.67</b> |
| <b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)</b> |      |               |               |              |         | <b>\$291,525.67</b> |

|  |                        |
|--|------------------------|
| <b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>        | <b>\$11,409,270.04</b> |
| <b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b> | <b>13.93:1</b>         |

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: National Tax Data, Inc.

**Exhibit B**

**Report to the California Debt and Investment  
Advisory Commission**

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

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 |           |
| CDIAC #             | 2002-1747 |
| Fiscal Year         | _____     |

**I. GENERAL INFORMATION**

|   |   |
|---|---|
| A. Issuer<br>B. Community Facilities District Number/Name<br>C. Name/Title/Series of Bond Issue<br>D. Date of Bond Issue<br>E. Original Principal Amount of Bonds<br>F. Reserve Fund Minimum Balance Required | Poway Unified School District CFD No 10<br>_____<br>Torrey Highlands Subarea IV IA E<br>_____<br>2002 Special Tax Bonds<br>_____<br>10-21-2002<br>_____<br>\$ 5,750,000.00<br>_____<br>\$ 575,000.00<br>_____ |
|---|---|

**II. FUND BALANCE FISCAL STATUS**

|  |                           |
|--|---------------------------|
| Balances Reported as of:                 | June 30 2010 _____ (Year) |
| A. Principal Amount of Bonds Outstanding | \$ 5,600,000.00           |
| B. Bond Reserve Fund                     | \$ 575,014.49             |
| 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 Value Reported as of: 07-01-2010 (Date) (Check One)

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 \$ 115,689,595.00

**IV. TAX COLLECTION INFORMATION**

A. Total Amount of Special Taxes Due \$ 445,752.32

B. Total Amount of Unpaid Special Taxes \$ 19,137.93

C. The Taxes are Paid Under the County's Teeter Plan. 
 Yes     No

**V. DELINQUENT REPORTING INFORMATION**

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 06-30-2010 (Date)

A. Total Number of Delinquent Parcels: 16

B. Total Amount of Taxes Due on Delinquent Parcels: \$ 32,988.05

**VI. FORECLOSURE INFORMATION FOR FISCAL YEAR**

*(Aggregate totals, if foreclosure commenced on same date)*

| Date Foreclosure Commenced | Total Number of Foreclosure Parcels | Total Amount of Tax Due on Foreclosure Parcels |
|----------------------------|-------------------------------------|--|
|                            |                                     |  |

