

**ANNUAL REPORT
FOR
COMMUNITY FACILITIES DISTRICT NO. 1
OF
POWAY UNIFIED SCHOOL DISTRICT**

December 10, 2002

**FISCAL YEAR 2001-02
ANNUAL REPORT**

\$80,000,000

**COMMUNITY FACILITIES DISTRICT NO. 1
OF POWAY UNIFIED SCHOOL DISTRICT
SERIES 1998 SPECIAL TAX BONDS**

Prepared for:

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EXHIBITS

Exhibit A - Delinquent Parcel Report

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INTRODUCTION

This Annual Report ("Report") has been prepared pursuant to Sections 3 and 4 of the Continuing Disclosure Agreement ("Disclosure Agreement") executed in connection with the issuance of Series 1998 Special Tax Bonds ("Bonds") for Community Facilities District ("CFD") No. 1 of the Poway Unified School District ("District") in the amount of \$80,000,000. The Bonds were issued pursuant to a Bond Indenture dated as of January 1, 1998 ("Indenture"), by and between the District and First Trust of California, N.A., as fiscal agent ("Fiscal Agent").

I. Principal Amount of Bonds Outstanding

As of the date of the Report, the principal amount of the Bonds outstanding was \$68,710,000.

II. Fund Balances

The balance in each fund and account of CFD No. 1 as of August 2, 2002, is listed in Table 1.

TABLE 1**FUND AND ACCOUNT BALANCES (As of 8/2/02)**

Fund or Account	Account Balances
Administrative Expense Fund	\$14
Bond Fund	\$0
Bond Reserve Fund	\$6,237,956
Optional Redemption	\$0
Rebate Fund	\$444,589
Redemption Fund	\$0
Special Revenue Fund	\$0
Special Tax Fund	\$6,907,468
Cost of Issuance Account	\$0
Improvement Account	\$1
Interest Account	\$0
Principal Account	\$0
Sinking Fund/Redemption Account	\$0

III. Newly Categorized Parcels

Table 2 shows the number of parcels classified as Developed Property for Fiscal Years 2001-02 and 2002-03 by land use class, as well as the corresponding number of new parcels of Developed Property for Fiscal Year 2002-03.

TABLE 2

NEWLY CATEGORIZED PARCELS

Land Use Class	Fiscal Year 2001-02 Developed Property	Fiscal Year 2002-03 Developed Property	Fiscal Year 2002-03 New Developed Property
SFD (>2,100 s.f.)	3,559	3,617	58
SFD (1,901 - 2,100 s.f.)	981	989	8
SFD (1,701 - 1,900 s.f.)	908	910	2
SFD (1,401 - 1,700 s.f.)	550	550	0
SFD (1,251 - 1,400 s.f.)	82	82	0
SFD (<1,251 s.f.)	30	30	0
SFA (>1,400 s.f.)	444	444	0
SFA (1,251 - 1,400 s.f.)	285	285	0
SFA (1,101 - 1,250 s.f.)	136	136	0
SFA (901 - 1,100 s.f.)	913	913	0
SFA (751 - 900 s.f.)	128	128	0
SFA (<751 s.f.)	160	160	0
AMH (>900 s.f.)	1,164	1,164	0
AMH (751 - 900 s.f.)	381	381	0
AMH (<751 s.f.)	665	665	0
Total	10,386	10,454	68

IV. Fiscal Year 2001-02 Special Tax Levy

Table 3 shows the Fiscal Year 2002-03 Special Tax levy by land use class.

TABLE 3

FISCAL YEAR 2002-03 SPECIAL TAX LEVY

Land Use Class	Fiscal Year 2002-03 Applied Tax Rate	Units Levied	Dollars Levied	Average Special Tax Rate	Fiscal Year 2002-03 Levy as % of Total
SFD (>2,100 s.f.)	100.00%	3,617	\$3,327,819	\$920.05	47.74%
SFD (1,901 - 2,100 s.f.)	100.00%	989	\$830,353	\$839.59	11.91%
SFD (1,701 - 1,900 s.f.)	100.00%	910	\$710,560	\$780.84	10.19%
SFD (1,401 - 1,700 s.f.)	100.00%	550	\$397,805	\$723.28	5.71%
SFD (1,251 - 1,400 s.f.)	100.00%	82	\$52,099	\$635.35	0.75%
SFD (<1,251 s.f.)	100.00%	30	\$18,195	\$606.51	0.26%
SFA (>1,400 s.f.)	100.00%	444	\$264,105	\$594.83	3.79%
SFA (1,251 - 1,400 s.f.)	100.00%	285	\$163,481	\$573.62	2.35%
SFA (1,101 - 1,250 s.f.)	100.00%	136	\$76,839	\$565.00	1.10%
SFA (901 - 1,100 s.f.)	100.00%	913	\$438,127	\$479.88	6.29%
SFA (751 - 900 s.f.)	100.00%	128	\$56,115	\$438.40	0.81%
SFA (<751 s.f.)	100.00%	160	\$66,157	\$413.48	0.95%
AMH (>900 s.f.)	100.00%	1,164	\$326,366	\$280.38	4.68%
AMH (751 - 900 s.f.)	100.00%	381	\$95,665	\$251.09	1.37%
AMH (<751 s.f.)	100.00%	665	\$146,663	\$220.55	2.10%
Total	NA	10,454	\$6,970,350	NA	100.00%

V. Special Tax Delinquency History of CFD No. 1

Table 4 shows the Special Tax delinquency history of CFD No. 1 for the previous four (4) Fiscal Years, plus Fiscal Year 2001-02. The delinquency information for each Fiscal Year is as of August 13, 2002.

TABLE 4**SPECIAL TAX DELINQUENCY HISTORY**

Fiscal Year	Aggregate Special Tax	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Amount Delinquent	Remaining Delinquency Rate
1997-98	\$5,922,147	\$29,200	0.49%	\$441	0.01%
1998-99	\$6,422,527	\$160,303	2.50%	\$1,822	0.03%
1999-00	\$6,701,643	\$53,559	0.80%	\$5,731	0.09%
2000-01	\$6,773,559	\$31,750	0.47%	\$11,208	0.17%
2001-02	\$6,972,351	\$33,178	0.48%	\$33,178	0.48%
Total	\$32,792,227	\$307,990	0.94%	\$52,380	0.16%

VI. Additional Special Tax Delinquency Information

Delinquencies for Fiscal Year 2001-02 and prior Fiscal Years as of August 13, 2002, totaled \$53,449. Exhibit A contains an itemized list of delinquent parcels including the number of years delinquent and amount delinquent for each parcel. Since no parcel is delinquent in the payment of Special Taxes in an amount greater than \$10,000 and the delinquency rate for Fiscal Year 2001-02 did not exceed 5.00%, CFD No. 1 has not initiated any foreclosure proceeding to date.

VII. Total Assessed Value of Parcels Within CFD No. 1

Based on the equalized tax roll of the County of San Diego ("County"), the total assessed value of parcels on which a Special Tax was levied by CFD No. 1 in Fiscal Year 2002-03 is \$2,550,759,837¹.

¹ This value differs from the total assessed value shown on the California Debt and Investment Advisory Commission Report by \$509,350,821, of which the entire amount is attributable to Undeveloped Property. No Special Taxes were levied upon Undeveloped Property in Fiscal Year 2002-03 because the Special Taxes levied on Developed Property was sufficient to meet the Special Tax Requirement for Fiscal Year 2002-03.

VIII. Estimated Assessed Value-to-Lien Ratios and Tax Burdens

The ad valorem rates applicable to the property within CFD No. 1 have increased from the ad valorem rates specified in the Official Statement. The majority of the property owners have an ad valorem rate of 1.01456%. However, due to the annexation of property into CFD No. 1, which occurred after January 1, 1998, there are 15 parcels with an ad valorem rate of 1.01765%. No new taxes or assessments have been levied on the property within CFD No. 1 since the issuance of the Bonds.

IX. Estimated Debt Service Coverage

Table 5 shows the revised estimated debt service coverage pursuant to the maximum Special Tax rates on Developed Property as specified in the Revised Rate and Method of Apportionment.

TABLE 5
ESTIMATED DEBT SERVICE COVERAGE

Bond Year Ending (October 1)	Annual Debt Service	Estimated Special Tax ¹	Estimated Debt Service Coverage
2003	\$6,005,314	\$7,495,064	124.81%
2004	\$6,126,814	\$7,644,967	124.78%
2005	\$6,245,564	\$7,797,870	124.85%
2006	\$6,371,064	\$7,953,822	124.84%
2007	\$6,497,314	\$8,112,899	124.87%
2008	\$6,628,564	\$8,275,158	124.84%
2009	\$6,763,814	\$8,440,662	124.79%
2010	\$6,897,064	\$8,609,482	124.83%
2011	\$7,037,564	\$8,781,670	124.78%
2012	\$7,174,744	\$8,957,297	124.84%
2013	\$7,053,288	\$8,838,731	125.31%
2014	\$6,298,488	\$8,026,859	127.44%
2015	\$5,096,725	\$6,716,411	131.78%
2016	\$3,885,025	\$5,395,529	138.88%
2017	\$3,327,319	\$4,798,979	144.23%
2018	\$2,899,113	\$4,254,661	146.76%
2019	\$2,213,225	\$3,600,409	162.68%
2020	\$1,489,175	\$2,829,418	190.00%
2021	\$855,050	\$2,150,889	251.55%
2022	\$648,000	\$1,942,439	299.76%
2023	\$199,025	\$1,482,561	744.91%

¹ Estimated Special Taxes reflect building permits issued through March 1, 2002.

X. *Changes to Revised Rate and Method of Apportionment of the Special Tax*

No changes to the Revised Rate and Method of Apportionment of the Special Tax have been approved or submitted to the qualified electors for approval since the date of the Official Statement.

XI. *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 Mello-Roos Community Facilities Act of 1982, as amended, is included as Exhibit B.

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EXHIBIT A

***CFD No. 1 of the
Poway Unified School District***

Delinquent Parcel Report

EXHIBIT B

*CFD No. 1 of the
Poway Unified School District*

*Report to the California Debt and
Investment Advisory Commission*
