

**ANNUAL REPORT
FOR
IMPROVEMENT AREA B OF
COMMUNITY FACILITIES DISTRICT No. 10
OF
POWAY UNIFIED SCHOOL DISTRICT**

January 20, 2003

**FISCAL YEAR 2001-02
ANNUAL REPORT**

\$6,345,000

**IMPROVEMENT AREA B
COMMUNITY FACILITIES DISTRICT NO. 10
OF POWAY UNIFIED SCHOOL DISTRICT
IMPROVEMENT AREA B SPECIAL TAX BONDS**

Prepared for:

**POWAY UNIFIED SCHOOL DISTRICT
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January 20, 2003

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EXHIBITS

Exhibit A - Report to the California Debt and Investment Advisory Commission

INTRODUCTION

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreement ("Agreement") executed in connection with the issuance of the Improvement Area B Special Tax Bonds ("Bonds") by Improvement Area ("IA") B of Community Facilities District ("CFD") No. 10 of the Poway Unified School District ("School District") in the amount of \$6,345,000. The Bonds were issued under the Mello-Roos Community Facilities Act of 1982, as amended ("Act"), and pursuant to a Fiscal Agent Agreement, dated September 1, 2001, by and among the School District on behalf of CFD No. 10 and State Street Bank and Trust Company of California, N.A. as Fiscal Agent ("Fiscal Agent"). The Bonds were issued to fund (i) the acquisition and construction of certain road improvements ("Facilities"), (ii) a reserve fund for the Bonds, (iii) interest on the Bonds, (iv) administrative expenses, and (v) the costs of issuing the Bonds.

The following information is provided pursuant to Section 3 and 4 of the Agreement:

I. Audited Financial Statements

For a copy of the School District's annual audited financial statements, please refer to the Continuing Disclosure Annual Report for Community Facilities District No. 1 Series 1998 Special Tax Bonds of the Poway Unified School District issued February 4, 1998.

II. Principal Amount of Bonds Outstanding

As of January 1, 2003, the principal amount of Bonds outstanding was \$6,345,000.

III. Special Tax Fund and Bond Fund Balances

As of January 1, 2003, the balances in the Special Tax and Bond Funds were \$124,233.69 and \$0, respectively.

IV. Reserve Fund Balance

The Reserve Requirement for the Bond is equal to the lesser of (i) ten percent (10%) of the original principal amount of the Bond, (ii) one hundred percent (100%) of the remaining maximum annual debt service on the Bond, or (iii) one hundred and twenty-five percent (125%) of the remaining average annual debt service on the Bonds. As January 1, 2003 the Reserve Requirement of the Bonds was \$621,417. As of January 1, 2003, the balance in the Reserve Fund was \$626,255.76; therefore, the Reserve Requirement was satisfied as of this date.

V. Funds and Accounts

The balance in each fund, account, and subaccount of IA B of CFD No. 10 as of January 1, 2003, is listed in Table 1.

TABLE 1

FUND AND ACCOUNT BALANCES (As of 1/1/03)

| Fund, Account, or Subaccount | Balances |
|-------------------------------------|-----------------|
| Administrative Expense Fund | \$32,973.97 |
| Special Tax Fund | \$124,233.69 |
| Bond Fund | \$0.00 |
| Reserve Fund | \$626,255.76 |
| Interest Account | \$0 |
| Improvement Fund | \$40,780.72 |
| Letter of Credit Fund | \$0.00 |
| Capitalized Interest Subaccount | \$233.26 |
| Rebate Fund | \$0.00 |
| Redemption Fund | \$0.00 |

VI. Total Assessed Value and Value-to-Lien of all Parcels within CFD No. 10 IA B

Table 2 shows total assessed values, total direct and overlapping debt, and total value-to-lien ratios for all parcels subject to Special Taxes within IA B of CFD No. 10 as of January 1, 2003.

TABLE 2

ASSESSED VALUE-TO-LIEN

| Land Use | Fiscal Year 2002-03 Assessed Value¹ | Total Direct and Overlapping Debt | Assessed Value-to-Lien |
|---------------------------|---|--|-------------------------------|
| Developed Property | \$31,961,785 | \$5,586,472 | 6:1 |
| Undeveloped Property | \$9,470,969 | \$1,191,060 | 8:1 |
| Total All Property | \$41,432,754 | \$6,777,532 | 6:1 |

¹ Assessed value reported on the San Diego County Assessor's 2002-03 tax roll. Total shown here varies from the value reported to the California Debt and Investment Advisory Commission due to the exclusion of Exempt Property.

VII. Fiscal Year 2001-02 and Prior Year's Special Tax Levies and Delinquencies

There were no Special Taxes levied in IA B of CFD No. 10 for Fiscal Year 2001-02 and prior Fiscal Years; therefore, there were no Special Tax delinquencies in Fiscal Year 2001-02.

VIII. Foreclosure Proceedings

Since no parcel is delinquent in the payment of Special Taxes in an amount greater than \$5,000 and the overall delinquency rate for Fiscal Year 2001-02 did not exceed five percent (5.00%), IA B of CFD No. 10 has not initiated any foreclosure proceedings to date.

IX. Major Tax Payer Information

"Major Taxpayers" are those property owners responsible for more than five percent (5.00%) of the Special Tax levy in a given Fiscal Year. The Major Taxpayers assessed value and their respective share of the Special Tax obligation for Fiscal Year 2002-03 are shown in Table 3.

TABLE 3**MAJOR TAXPAYERS**

| Major Taxpayer | Fiscal Year 2002-03 Assessed Value¹ | Percentage of Levy |
|--|---|-------------------------------|
| Greystone Homes Inc. | \$4,446,314 | 20.26% |
| Len-Greystone Torrey Highlands L.L.C. | \$6,412,836 | 29.26% |
| Standard Pacific Corp. | \$15,101,468 | 28.12% |
| ¹ Source: San Diego County Assessor's 2002-03 tax roll. | | |

X. 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 A.

XI. 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

*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 # |
| Fiscal Year |

I. GENERAL INFORMATION

A. Issuer Poway Unified School District

B. Community Facilities District Number/Name Improvement Area B of Community Facilities District No. 10

C. Name/Title/Series of Bond Issue Improvement Area B Special Tax Bonds

D. Indicate Credit Rating Ratings Agency _____ Rating _____ Not Rated X

E. Date of Bond Issuance October 25, 2001

F. Original Principal Amount of Bonds \$6,345,000

G. Reserve Fund Minimum Balance Required \$621,417

II. FUND BALANCE FISCAL STATUS

Balances Reported as of: June 30, 2002 (Year)

A. Principal Amount of Bonds Outstanding \$6,345,000

B. Bond Reserve Fund \$631,711

C. Capitalized Interest Fund \$176,713

D. Construction Fund(s) \$823,546

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

A. Assessed Value Reported as of: Fiscal Year 2002-2003 (DATE) (Check one)
X From Equalized Tax Roll
____ From Appraisal of Property
(Use only in first year or before annual tax roll billing commences)
\$44,476,734

B. Total Assessed Value of All Parcels \$44,476,734

IV. TAX COLLECTION INFORMATION

A. Total Amount of Special Taxes Due \$0 (fiscal year 2001-2002)

B. Total Amount of Unpaid Special Taxes \$0

C. The taxes are paid under the county's Teeter Plan Yes: _____ No: X

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of Equalized Tax Roll of 6/30/02 (Date)

A. Total Number of Delinquent Parcels: 0

B. Total Amount of Taxes due on Delinquent Parcels: \$0

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 of Foreclosure Parcels |
|----------------------------|-------------------------------------|--|
| <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

VII. ISSUE RETIRED

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

A. Matured Yes: _____ No: X If yes, indicate final maturity date: _____

B. Refunded Entirely Yes: _____ No: X If yes, state refunding bond title: _____
and issue date _____

C. Other: _____

VIII. NAME OF PARTY COMPLETING THIS FORM

NAME Benjamin Dolinka

TITLE Vice President

FIRM/AGENCY David Taussig & Associates, Inc.

ADDRESS 1301 Dove Street, Suite 600

CITY/STATE/ZIP Newport Beach, California, 92660

PHONE (949) 955-1500 DATE OF REPORT 10-8-02

Completion and submittal of this form to the California Debt and Investment Advisory Commission will assure your compliance with California State law. Section 53359.5 of the California Government Code requires that all agencies issuing Mello-Roos Community Facilities bonds after January 1, 1993 to report specific information to the Commission by October 30th of each year.