

**ANNUAL REPORT
FOR
IMPROVEMENT AREA D OF
COMMUNITY FACILITIES DISTRICT NO. 10
OF
POWAY UNIFIED SCHOOL DISTRICT**

January 20, 2003

**FISCAL YEAR 2001-02
ANNUAL REPORT**

\$5,125,000

**IMPROVEMENT AREA D
COMMUNITY FACILITIES DISTRICT NO. 10
OF POWAY UNIFIED SCHOOL DISTRICT
IMPROVEMENT AREA D 2002 SPECIAL TAX BONDS**

Prepared for:

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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 D 2002 Special Tax Bonds ("Bonds") by Improvement Area ("IA") D of Community Facilities District ("CFD") No. 10 of the Poway Unified School District ("School District") in the amount of \$5,125,000. 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, 2002, 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 \$5,125,000.

III. Special Tax Fund and Bond Fund Balances

As of January 1, 2003, the balances in both the Special Tax and Bond Fund were \$0.

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 \$480,885. As of January 1, 2003, the balance in the Reserve Fund was \$483,182; therefore, the Reserve Requirement was satisfied as of this date.

V. Funds and Accounts Balances

The balance in each fund, account, and subaccount of IA D 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	\$14,524.68
Special Tax Fund	\$0.00
Bond Fund	\$0.00
Reserve Fund	\$483,181.95
Interest Account	\$0.00
Improvement Fund	\$0.00
Letter of Credit Fund	\$0.00
Capitalized Interest Subaccount	\$242,742.58
Costs of Issuance Fund	\$87,040.80
Rebate Fund	\$0.00
Redemption Fund	\$0.00

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

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 D 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
Undeveloped Property	\$10,650,000	\$5,131,450	2:1
Total All Property	\$10,650,000	\$5,131,450	2:1

¹ Assessed value reported on the San Diego County Assessor's 2002-03 tax roll.

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

There were no Special Taxes levied in IA D 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 D 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 for fiscal year 2002-03. As a result of IA D of CFD No. 10 not levying Special Taxes in Fiscal Year 2002-03, there are no Major Taxpayers at this time.

X. Report to the California Debt and Investment Advisory Commission

Since the Bonds were issued after June 30, 2002, no report for Fiscal Year 2001-02 has been filed with the California Debt and Investment Advisory Commission for IA D of CFD No. 10. Pursuant to Section 53359.5(b) of the Act, the School District will prepare and file a report for the Bonds beginning Fiscal Year 2002-03.

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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