

Annual Report

Poway Unified School District
Series 2007 Special Tax Bonds of
Community Facilities District No. 2

January 31, 2008

Prepared For:

Poway Unified School District
13626 Twin Peaks Road
Poway, CA 92064-3098
T 858.748.0010

Prepared By:

Dolinka Group, LLC
1301 Dove Street, Suite 700
Newport Beach, CA 92660
T 949.250.8300
F 949.250.8301

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Exhibits

Exhibit A: Detailed Direct and Overlapping Debt Report

Exhibit B: 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 2007 Special Tax Bonds ("Bonds") by Community Facilities District ("CFD") No. 2 of the Poway Unified School District ("School District") in the amount of \$1,598,847.12. The Bonds were issued under the Mello-Roos Community Facilities Act of 1982, as amended ("Act"), and pursuant to a 2007 Revenue Bond Indenture dated April 1, 2007 by and between Poway Unified School District Public Financing Authority ("Authority") and Zions First National Bank, as trustee ("Trustee"). Dolinka Group, LLC has been retained by the School District to act as dissemination agent ("Dissemination Agent"). The Bonds were issued to (i) finance the acquisition and construction of certain school facilities, (ii) pay interest on the Bonds through September 15, 2007 and (iii) pay the cost of issuing the Bonds. The Bonds, along with the (i) 2007 Special Tax Bonds of CFD No. 4 of the School District, (ii) 2007 Special Tax Bonds of Improvement Area ("IA") B of CFD No. 8 of the School District, (iii) 2007 Special Tax Bonds of CFD No. 9 of the School District, (iv) 2007 Special Tax Bonds of CFD No. 10 of the School District, and (v) 2007 Special Tax Bonds of CFD No. 12 (each a "Series of Special Tax Bonds") were purchased by the Authority. The Special Tax Bonds were purchased through funds generated from the issuance of the 2007 Revenue Bonds of the Authority on June 20, 2007.

I. Audited Financial Statements

A copy of the School District's annual audited financial statements for Fiscal Year 2006/2007 is available online at www.disclosureusa.org.

II. Principal Amount of Bonds Outstanding

As of January 1, 2008, the outstanding principal amount of (i) the Series 2003 Bonds was \$11,930,000 and (ii) the Series 2007 Bonds was \$1,598,847.12.

III. Bond Service Fund Balance

The Bond Fund is a composite of the Principal Account, Interest Account and the Capitalized Interest Subaccount; as of January 1, 2008, the balances within these accounts totaled \$0.00.

IV. Reserve Requirement and Reserve Fund Balance

A proportionate share of the proceeds from the sale of the Bonds was deposited into the Authority Reserve Fund to satisfy the Reserve Requirement. For more information regarding the balance in the Reserve Fund and statement of the Reserve Requirement, please refer to the Continuing Disclosure Annual Report for the 2007 Revenue Bonds of the Authority issued June 20, 2007.

V. Fund and Account Balances

The balance of each fund and account of CFD No. 2 as of January 1, 2008, is listed in Table 1.

**Table 1
Fund and Account Balances (As of 1/01/08)**

Funds and Account	Balance
2003 Administrative Expense Fund	\$149,832.54
2003 Bond Interest Account	\$0.00
2003 Bond Principal Account	\$0.00
2003 School Facilities Fund	\$29.97
2007 Administrative Expense Fund	\$0.00
2007 Bond Interest Account	\$0.00
2007 Bond Principal Account	\$0.00
2007 Capitalized Appreciation Payment	\$0.00
2007 Purchase Transfer Account	\$0.00
2007 Surplus Special Tax	\$0.00
Special Tax Fund	\$978,246.84

VI. Assessed Value and Value-to-Lien of Parcels within CFD No. 2

Table 2 shows the assessed values, direct and overlapping debt, and value-to-lien ratio for all parcels within CFD No. 2. Due to an error of the County of San Diego, two (2) parcels that fall within the boundaries of CFD No. 2 are being levied against to satisfy the Poway School Facilities Improvement District 2002-1 debt obligation.

**Table 2
Assessed Value to Lien**

Land Use Class	Land Use	Assessed Value ^[1]	Total Direct and Overlapping Debt ^[2]	Assessed Value-to-Lien Ratio
1	Detached Unit	\$386,887,378.00	\$14,628,438.69	26.45:1
2	Attached Unit	\$0.00	\$0.00	NA
3	Senior Citizen Housing Unit	\$0.00	\$0.00	NA
NA	Undeveloped Property	\$9,520,817.00	\$27,059.58	351.85:1
NA	Exempt Property ^[3]	\$20,214,887.00	\$57,453.73	351.85:1
Total ^[4]	NA	\$416,623,082.00	\$14,712,952.00	28.32:1

[1] Total assessed value reported on the County of San Diego Fiscal Year 2007/2008 equalized tax roll.
 [2] Source: Detailed Direct and Overlapping Debt Report, National Tax Data, Inc. dated November 1, 2007 (attached as Exhibit A).
 [3] This property has been exempted from the CFD No. 2 Special Tax, however, may be subject to ad valorem taxes.
 [4] Numbers may not reflect the total amounts listed on the Detailed Direct and Overlapping Debt Report provided by National Tax Data, Inc. due to rounding.

VII. Fiscal Year 2006/2007 Special Tax Levy and Delinquencies

There were nine (9) parcels delinquent in paying their Fiscal Year 2006/2007 Special Taxes in an amount of \$16,065.40. The total Special Taxes levied by CFD No. 2 for Fiscal Year 2006/2007 was \$877,255.20. Therefore, the delinquency rate within CFD No. 2 for Fiscal Year 2006/2007 was 1.83%.

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 2006/2007 did not exceed five percent (5.00%), CFD No. 2 has not initiated any foreclosure proceedings to date.

IX. Major Taxpayers

"Major Taxpayers" are those property owners responsible for more than five percent (5.00%) of the Special Tax levy for a given Fiscal Year. Based on the County of San Diego (the "County") Fiscal Year 2007/2008 equalized tax roll, there are no Major Taxpayers in CFD No. 2 for Fiscal Year 2007/2008.

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 Act is included as Exhibit B.

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.

XII. Bond Authorization Information

As of the date of this report the maximum authorized District Bond amount for CFD No. 2 is \$80,000,000. CFD No. 2 has issued \$12,635,000 in Bonds with the 2003 Authority on March 20, 2003 and \$1,598,847.12 with the 2007 Authority on June 20, 2007.

Bonds issued by CFD No. 2 are intended to provide for the construction, purchase, expansion and/or modernization of any real or tangible property with an estimated useful life of five (5) years or longer, and which is necessary to meet the increased demands placed upon the District as a result of development occurring in CFD No. 2. The school facilities described below are all facilities which the School Board creating CFD No. 2 is authorized to own, construct or finance.

- Elementary School – site purchase, facility construction (including appurtenant improvements, such as landscaping, access roadways, drainage, sidewalks and gutters, and utility lines), furnishings, computers, and related equipment.
- Middle School – site purchase, facility construction (including appurtenant improvements, such as landscaping, access roadways, drainage, sidewalks and gutters, and utility lines), furnishings, computers, and related equipment.
- High School – site purchase, facility construction (including appurtenant improvements, such as landscaping, access roadways, drainage, sidewalks and gutters, and utility lines), furnishings, computers, and related equipment.
- Central Support and Administrative Facilities – site purchase, facility construction (including appurtenant improvements, such as landscaping, access roadways, drainage, sidewalks and gutters, and utility lines), furnishings, computers, and related equipment.
- Interim Housing – purchase and/or lease of portable/relocatables.
- Maintenance and Services – maintenance, ongoing services, landscaping, and facility security at all campuses which are constructed to meet the needs generated by development of real property located in CFD No. 2 and other parts of the District.

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Exhibit A

Detailed Direct and Overlapping Debt Report

**POWAY UNIFIED SCHOOL DISTRICT
Community Facilities District No. 2
Special Tax Bonds**

Detailed Direct and Overlapping Debt

**Report Date: 11/01/2007
Report Time: 12:00:00 PM**

I. Assessed Value

2007-2008 Secured Roll Assessed Value

\$416,623,082

II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	950,118	\$3,650,367,867.72	0.11117%	475	\$4,058,142.92
City of San Diego Penasquitos East Maintenance District	LMD	10,157	\$203,391.60	1.80272%	48	\$3,666.58
City of San Diego Torrey Highlands Maintenance District	LMD	1,694	\$346,236.46	36.60528%	345	\$126,740.84
County of San Diego Mosquito / Disease Control	VECTOR	936,177	\$5,224,121.54	0.05307%	474	\$2,772.48
County of San Diego Vector Control, Zone A	VECTOR	520,634	\$1,414,558.44	0.07602%	471	\$1,075.32
County of San Diego Vector Control, Zone B	VECTOR	349,284	\$729,076.08	0.00125%	4	\$9.12
Metropolitan Water District of Southern California Standby Charge	STANDBY	350,274	\$4,324,969.50	0.19146%	475	\$8,280.74
Poway Unified School District CFD No. 2	CFD	521	\$894,801.18	100.00000%	437	\$894,801.18
Poway Unified School District SFID No. 2002-1, Series A	GOB	42,887	\$3,033,161.04	0.00960%	2	\$291.28
Poway Unified School District SFID No. 2002-1, Series B	GOB	42,887	\$5,390,187.90	0.00960%	2	\$517.63
San Diego County Water Authority Standby Charge	STANDBY	358,277	\$3,807,007.22	0.18859%	475	\$7,179.50
Voter Approved Debt	VOTER	949,909	\$244,143,504.52	0.03412%	475	\$83,308.89

2007-2008 TOTAL PROPERTY TAX LIABILITY

\$5,186,786.48

TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2007-2008 ASSESSED VALUATION

1.24%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Poway Unified School District CFD No. 2	CFD	\$14,233,847	\$13,528,847	100.00000%	437	\$13,528,847
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						\$13,528,847
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						\$13,528,847

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
City of San Diego Public Safety Communication System Debt Service	GOB	\$25,500,000	\$8,170,000	0.25380%	521	\$20,735
Metropolitan Water District of Southern California Debt Service	GOB	\$850,000,000	\$359,115,000	0.11803%	521	\$423,863
Palomar Community College District Debt Service	GOB	\$160,000,000	\$160,000,000	0.45159%	521	\$722,544
Poway Unified School District SFID No. 2002-1 Debt Service	GOB	\$194,300,766	\$176,685,766	0.00960%	2	\$16,962
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$1,184,105
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$1,184,105

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT

\$14,712,952

VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT

28.32:1

(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/MARKS ROOS
YEARLY STATUS FISCAL REPORT
FOR LOCAL OBLIGATORS**

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-001
(916) 653-3269 FAX (916) 654-7440

For Office Use Only	
CDIAC # _____	
Fiscal Year _____	

I. General Information

This issue is subject to the Mello-Roos Fiscal Status Reporting Requirements only Yes No
 This issue is subject to the Marks-Roos Yearly Fiscal Status Reporting Requirements Yes No
 for local obligation/loan issues only
 This issue is subject to both Marks/Mello-Roos Yearly Fiscal Status Reporting Requirements Yes

A. Issuer Poway Unified School District
 B. Community Facilities District Number (Mello-Roos only) Community Facilities District No. 2
 C. Name/Title/Series of Bond Issue Series 2007 Public Financing Authority Local Obligation
 D. Indicate Credit Rating Rating Agency S&P, Fitch Rating AAA, AAA Not Rated _____
 E. Date of Bond Issue June 20, 2007
 F. Original Principal Amount of Bonds \$ 1,598,487.12
 G. Reserve Fund Minimum Balance Required Yes Amount \$ _____ No
 Percent of Authority Reserve Fund (Marks-Roos only) Yes % of Reserve Fund 2.33%
 H. Name of Authority that purchased debt (Marks-Roos only) Poway Unified School District Public Financing Authority Series 2007
 Was this a Senior/Subordinate Authority Bond? Yes No (If yes, list Senior and Subordinate below)

Poway Unified School District Public Financing Authority Series 2003

(Senior Authority bond issue)

Poway Unified School District Public Financing Authority Series 2007

(Subordinate Authority bond issue)

I. Date of Authority Bond(s) Issuance June 20, 2007 (Marks-Roos only)

II. FUND BALANCE FISCAL STATUS

Balances Reported as of fiscal year ending June 30, 2007 (Year)
 A. Principal Amount of bonds Outstanding \$ 1,598,847.12
 B. Bond Reserve Fund \$ 0.00
 C. Capitalized Interest Fund \$ 0.00
 D. Construction Fund(s) (Mello-Roos only) \$ 29.31

III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX (Mello-Roos only)

A. Assessed Value Reported as of: June 30, 2007 (Date) (Check one)
(Most recent tax roll) From 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 \$ 416,623,082.00

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2007 (Year)
 A. Total Amount of Taxes Due \$ 877,255.20
 B. Total Amount of Unpaid Taxes \$ 16,065.40
 C. Taxes are Paid Under the County's Teeter Plan Yes No

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of the current Tax Roll of June 30, 2007 (Date)
 A. Total Number of Delinquent Parcels 9
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 20,000.48
 C. Percent of Delinquency Rate 1.83%
(Percent)

**STATE OF CALIFORNIA
YEARLY STATUS FISCAL REPORT**

(Continued)

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR *(Mello-Roos only)*

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

<i>Date Foreclosure Commenced</i>	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
N/A	N/A	\$ N/A
		\$
		\$
		\$
		\$
		\$
		\$

(Attach additional sheets if necessary)

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 If yes, indicate final maturity date: _____
- B. Refunded Entirely: Yes No If yes, state refunding bond title: _____
and issue date: _____
- C. Other: _____

VIII. NAME OF PARTY COMPLETING THIS FORM

Name: Benjamin Dolinka
 Title: President
 Firm/Agency: Dolinka Group, Inc.
 Address: 1301 Dove Street, Suite 700
 City/State/Zip: Newport Beach, CA 92660
 Phone No.: (949) 250-8300 Date of Report: October 30, 2007

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.

Section 6599.1 of the California Government Code requires that all issuers selling Mark-Roos bonds, which is part of the Mark-Roos Local Bond Pooling Act of 1985, after January 1, 1996 are required to report specific information to the Commission by October 30th of the current year and each year thereafter.