

Annual Report

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

January 31, 2008

Prepared For:

Poway Unified School District
13626 Twin Peaks Road
Poway, CA 92064-3098
T 858.742.0010

Prepared by:

Dolinka Group, Inc.
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 ("Disclosure Agreement") executed in connection with the issuance of the Improvement Area ("IA") B Special Tax Bonds ("Bonds") of Community Facilities District ("CFD") No. 10 of the Poway Unified School District ("School District") in the amount of \$6,345,000 on October 25, 2001. 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, 2001 by and between the School District and Zions First National Bank ("Fiscal Agent"), successor to State Street Bank and Trust Company of California, N.A. Dolinka Group, LLC has been retained by the School District to act as Dissemination Agent ("Dissemination Agent"). The Bonds were issued (i) to finance, either directly or indirectly, the acquisition and construction of certain road improvements (the "City Facilities"), (ii) to fund a reserve fund for the IA B Bonds, (iii) to pay interest on the IA B Bonds through September 1, 2002, (iv) to pay certain administrative expenses of the CFD, and (v) to pay the costs of issuing the 2001 Bonds.

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

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 Bonds was \$6,255,000.

III. Bond 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 \$16,499.12.

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 of January 1, 2008 the Reserve Requirement of the Bonds was \$634,500.00. As of January 1, 2008, the balance in the Reserve Fund was \$636,706.19; therefore, the Reserve Requirement was satisfied as of this date.

V. Fund and Account Balances

The balance in each fund, account, and subaccount of IA B of CFD No. 10 as of January 1, 2008, is listed in Table 1.

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

Fund, Account, or Subaccount	Balances
Special Tax Fund	\$396,594.05
Bond Service Fund	\$0.00
Interest Account of the Bond Service Fund	\$16,499.12
Capitalized Interest Subaccount of the Interest Account	\$0.00
Principal Account of the Bond Service Fund	\$0.00
Cost of Issuance Fund	\$0.00
Improvement Fund	\$64,383.47
Reserve Fund	\$636,706.19
Rebate Fund	\$0.00
Administrative Expense Fund	\$23,010.46
Redemption Fund	\$0.00
Letter of Credit Fund	\$0.00

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

Table 2 shows the total assessed value, total direct and overlapping debt, and total value-to-lien ratios for all parcels within IA B of CFD No. 10 as of January 1, 2008.

Table 2
Assessed Value to Lien

Zone	Unit Type/ Land Use	Building Square Footage	Assessed Value ^[1]	Total Direct and Overlapping Debt ^[2]	Assessed Value-to-Lien
1	Detached/Attached Unit	≤ 3,600	\$819,950.00	\$73,826.92	11.11:1
1	Detached/Attached Unit	3,601 – 3,900	\$2,310,416.00	\$227,670.72	10.15:1
1	Detached/Attached Unit	>3,900	\$49,694,224.00	\$4,837,249.15	10.27:1
2	Detached/Attached Unit	<2,600	\$0.00	\$0.00	NA
2	Detached/Attached Unit	2,601 – 3,000	\$2,201,989.00	\$184,564.48	11.93:1
2	Detached/Attached Unit	>3,000	\$46,099,232.00	\$4,301,186.22	10.72:1
3	Detached/Attached Unit	<2,450	\$0.00	\$0.00	NA
3	Detached/Attached Unit	2,451 – 2,650	\$17,614,728.00	\$1,703,869.79	10.34:1
3	Detached/Attached Unit	>2,650	\$44,736,899.00	\$4,111,897.74	10.88:1
NA	Undeveloped Property ^[3]	NA	\$5,309,832.00	\$14,874.91	356.96:1
NA	Exempt Property ^[4]	NA	\$12,581,280.00	\$35,245.07	356.96:1
Total ^[5]		NA	\$181,368,550.00	\$15,490,385.00	11.71:1

[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] There were no IA B of CFD No. 10 Special Taxes levied on Undeveloped Property for Fiscal Year 2007/2008.

[4] Exempt property is exempt from the IA B of CFD No. 10 Special Tax, however, these properties may be subject to ad valorem taxes imposed by the County of San Diego.

[5] 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 Levies and Delinquencies

There were six (6) parcels delinquent in paying their Fiscal Year 2006/2007 Special Taxes in a total amount of \$12,430.81. The Special Tax levied in Fiscal Year 2006/2007 totaled \$495,574.02. Therefore, the delinquency rate in IA B of CFD No. 10 for Fiscal Year 2006/2007 was 2.51%.

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%), IA B of CFD No. 10 has not initiated any foreclosure proceedings to date.

IX. Major Taxpayer 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. There are no Major Taxpayers in IA B of CFD No. 10 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.

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Exhibit A

Detailed Direct and Overlapping Debt Report

POWAY UNIFIED SCHOOL DISTRICT
Community Facilities District No. 10
Improvement Area B
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

\$181,368,550

II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	950,118	3650367868	0.04681%	237	\$1,708,681.75
City of San Diego Torrey Highlands Maintenance District	LMD	1,694	346236.46	7.50637%	171	\$25,989.78
County of San Diego Mosquito / Disease Control	VECTOR	936,177	5224121.54	0.02919%	238	\$1,524.98
County of San Diego Vector Control, Zone A	VECTOR	520,634	\$1,414,558.44	0.03820%	237	\$540.36
County of San Diego Vector Control, Zone B	VECTOR	349,284	\$729,076.08	0.00031%	1	\$2.28
Metropolitan Water District of Southern California Standby Charge	STANDBY	350,274	\$4,324,969.50	0.06905%	240	\$2,986.42
Poway Unified School District CFD No. 10	CFD	1,411	\$2,101,425.88	22.82841%	234	\$479,722.12
Poway Unified School District CFD No. 10, Impv Area B	CFD	252	\$505,485.56	100.00000%	235	\$505,485.56
San Diego County Water Authority Standby Charge	STANDBY	358,277	\$3,807,007.22	0.06820%	240	\$2,596.30
Voter Approved Debt	VOTER	949,909	\$244,143,504.52	0.01437%	237	\$35,076.73
2007-2008 TOTAL PROPERTY TAX LIABILITY						\$2,762,606.28
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2007-2008 ASSESSED VALUATION						1.52%

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	\$38,230,000	22.82841%	234	\$8,727,301
Poway Unified School District CFD No. 10, Impv Area B	CFD	\$6,345,000	\$6,255,000	100.00000%	235	\$6,255,000
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						\$14,982,301
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						\$14,982,301

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	0.11049%	252	\$9,027
Metropolitan Water District of Southern California Debt Service	GOB	\$850,000,000	\$359,115,000	0.05138%	252	\$184,513
Palomar Community College District Debt Service	GOB	\$160,000,000	\$160,000,000	0.19659%	252	\$314,544
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$508,084
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$508,084

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	\$15,490,385
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	11.71:1

(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 for local obligation/loan issues only Yes No
 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) 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 Rating Agency _____ Rating _____ Not Rated _____ X _____
 E. Date of Bond Issue October 25, 2001
 F. Original Principal Amount of Bonds \$ 6,345,000.00
 G. Reserve Fund Minimum Balance Required Yes Amount \$ 634,500.00 No
 Percent of Authority Reserve Fund (Marks-Roos only) Yes % of Reserve Fund _____
 H. Name of Authority that purchased debt (Marks-Roos only) _____
 Was this a Senior/Subordinate Authority Bond? Yes No (If yes, list Senior and Subordinate below)

(Senior Authority bond issue)

(Subordinate Authority bond issue)

I. Date of Authority Bond(s) Issuance _____ (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 \$ 6,290,000.00
 B. Bond Reserve Fund \$ 635,724.26
 C. Capitalized Interest Fund \$ 0.00
 D. Construction Fund(s) (Mello-Roos only) \$ 62,979.68

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

A. Assessed Value Reported as of: Fiscal Year 2007-2008 (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 \$ 181,368,550.00

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2007 (Year)
 A. Total Amount of Taxes Due \$ 495,574.02
 B. Total Amount of Unpaid Taxes \$ 12,430.81
 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 7
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 14,099.93
 C. Percent of Delinquency Rate 2.51%
 (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>	<i>Total Number of Foreclosure Parcels</i>	<i>Total Amount of Tax Due on Foreclosure Parcels</i>
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.