

Annual Report

Poway Unified School District
Series 2003 Special Tax Bonds of
Community Facilities District No. 1

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 ("Disclosure Agreement") executed in connection with the issuance of Series 2003 Special Tax Bonds ("Bonds") by Community Facilities District ("CFD") No. 1 of the Poway Unified School District ("School District") in the amount of \$5,815,835.10. The Bonds were issued pursuant to a Bond Indenture dated January 1, 1998 ("Master Bond Indenture"), by and between the District and Zions First National Bank, successor to First Trust of California, N.A., as fiscal agent ("Fiscal Agent") as supplemented by a First Supplemental Bond Indenture dated January 1, 2003, by and between the CFD and the Fiscal Agent ("Supplemental Bond Indenture" together with the Master Bond Indenture, the "Bond Indentures"). Dolinka Group, LLC has been retained by the School District to act as dissemination agent ("Dissemination Agent"). The Bonds were issued (i) to finance the acquisition and construction of certain school facilities ("School Facilities"), (ii) to acquire a Debt Service Reserve Fund Surety Bond in an amount equal to the Reserve Requirement for the Bonds, (iii) to pay interest on the Bonds through October 1, 2003 and (iv) to pay the costs of issuing the 2003 Bonds.

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 Series 1998 and Series 2003 Bonds Outstanding

As of January 1, 2008 the outstanding principal amount of the Series 1998 and Series 2003 Bonds was \$56,450,000.00 and \$5,765,835.10, respectively.

III. Bond Fund Balance

As of January 1, 2008, the balance in the Bond Fund was \$0.00.

IV. Reserve Fund Balance

A Debt Service Reserve Fund Surety Bond has been acquired and is currently being held by the MBIA insurance company in an amount equal to the Reserve Requirement for the Bonds. The Reserve Requirement, is an amount equal to the lesser of (i) ten percent (10%) of the original proceeds of the Bonds (ii) one hundred percent (100%) of the remaining maximum annual debt service on the Bonds (iii) one hundred and twenty-five percent (125%) of the average annual debt service on the Bonds. As of January 1, 2008, the Reserve Requirement of the Bonds was \$581,583.51.

V. Fund and Account Balances

The balance in each fund account and subaccount of the Bonds 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	Balance
Special Tax Fund	\$5,481,798.04
Series 2003 Administrative Expense Fund	\$106,121.74
Improvement Fund	\$0.00
Series 2003 Cost of Issuance Account of the Improvement Fund	\$0.00
Series 2003 Improvement Subaccount of the Improvement Fund	\$12.81
Bond Fund	\$0.00
Series 2003 Principal Account of the Bond Fund	\$0.00
Series 2003 Interest Account of the Bond Fund	\$0.00
Redemption Fund	\$0.00
Series 2003 Optional Redemption Account of the Redemption Fund	\$0.00
Series 2003 Sinking Fund Redemption Account of the Redemption Fund	\$0.00
Series 2003 Reserve Fund ^[1]	\$2.00
Rebate Fund	\$0.00
Series 2003 Rebate Account of the Rebate Fund	\$0.00
Special Revenue Fund	\$0.00
[1] Reserve Requirement for the Bonds is satisfied in full by a Debt Service Surety Bond held by MBIA insurance company. The \$2.00 held in the Series 2003 Reserve Fund represents the cost to hold the Debt Service Surety Bond and the MBIA insurance policy.	

VI. Total Assessed Value and Value-to-Lien of Parcels within CFD No. 1

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

Table 2
Assessed Value to Lien

Unit Type/ Land Use	Building Square Footage	Fiscal Year 2007/2008 Assessed Value ^[1]	Total Direct and Overlapping Debt ^[2]	Assessed Value-to-Lien
Single Family Detached	>2,100	\$1,774,124,133.00	\$34,548,027.31	51.35:1
Single Family Detached	1,901 – 2,100	\$409,806,977.00	\$8,464,894.35	48.41:1
Single Family Detached	1,701 – 1,900	\$356,551,149.00	\$7,245,743.18	49.21:1
Single Family Detached	1,401 – 1,700	\$204,185,234.00	\$4,064,185.13	50.24:1
Single Family Detached	1,251 – 1,400	\$30,078,018.00	\$545,706.90	55.12:1
Single Family Detached	≤1,250	\$8,581,779.00	\$182,842.69	46.94:1
Single Family Attached	>1,400	\$150,215,683.00	\$2,955,819.42	50.82:1
Single Family Attached	1,251 – 1,400	\$86,542,392.00	\$1,680,795.63	51.49:1
Single Family Attached	1,101 – 1,250	\$48,795,846.00	\$916,417.65	53.25:1
Single Family Attached	901 – 1,100	\$239,967,480.00	\$4,536,909.82	52.89:1
Single Family Attached	751 – 900	\$28,184,065.00	\$570,795.26	49.38:1
Single Family Attached	≤750	\$34,777,954.00	\$679,196.95	51.20:1
Apartments/Mobile	>900	\$263,595,585.28	\$4,339,962.26	60.74:1
Apartments/Mobile	751 - 900	\$62,683,660.28	\$1,032,053.40	60.74:1
Apartments/Mobile	≤750	\$96,099,066.44	\$1,582,220.43	60.74:1
Undeveloped Property ^[3]	NA	\$801,098,389.00	\$3,599,850.64	222.54:1
Exempt Property ^[4]	NA	\$0.00	\$0.00	NA
Total ^[5]	NA	\$4,595,287,411.00	\$76,945,421.00	59.72:1

[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 27, 2007 (attached as Exhibit A).

[3] There were no Special Taxes levied on Undeveloped Property within CFD No. 1 for Fiscal Year 2007/2008.

[4] This Property has been exempted from the CFD No. 1 Special Tax, however, may be subject to ad valorem taxes.

[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 Levy and Delinquencies

There were one hundred and forty-nine (149) parcels delinquent in the payment of their Fiscal Year 2006/2007 Special Taxes in an amount of \$89,656.27. The total Special Taxes levied by CFD No. 1 in Fiscal Year 2006/2007 was \$7,712,333.30. Therefore, the delinquency rate within CFD No. 1 for Fiscal Year 2006/2007 was 1.16%.

VIII. Foreclosure Proceedings

Since no parcel is delinquent in the payment of Special Taxes in an amount greater than \$10,000 and the overall delinquency rate within CFD No. 1 for Fiscal Year 2006/2007 did not exceed five percent (5.00%), CFD No. 1 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 in a given Fiscal Year. There are no Major Taxpayers in CFD No. 1 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 the Rate and Method of Apportionment for CFD No. 1

No changes have been made to the Rate and Method of Apportionment for CFD No. 1 as of the date of the Annual Report.

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Exhibit A

Detailed Direct and Overlapping Debt Report

**POWAY UNIFIED SCHOOL DISTRICT
Community Facilities District No. 1
Special Tax Bonds**

Detailed Direct and Overlapping Debt

Report Date: 11/27/2007
Report Time: 12:00:00 PM

I. Assessed Value

2007-2008 Secured Roll Assessed Value

\$4,595,287,411

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	1.24275%	8,817	\$45,364,821.69
Voter Approved Debt	VOTER	949,909	\$244,143,504.52	0.43011%	8,817	\$1,050,089.38
City of San Diego Carmel Mountain Ranch Maintenance District	LMD	3,879	\$273,565.62	81.64696%	2,648	\$223,358.02
City of San Diego Miramar Ranch North Maintenance District	LMD	4,357	\$1,029,084.18	1.93171%	11	\$19,878.90
City of San Diego Park Village Maintenance District	LMD	3,114	\$237,492.78	65.03225%	1,624	\$154,446.90
City of San Diego Penasquitos East Maintenance District	LMD	10,157	\$203,391.60	10.27116%	1,441	\$20,890.68
City of San Diego Rancho Bernardo Maintenance District	LMD	12,510	\$346,227.88	3.87490%	614	\$13,416.00
City of San Diego Sabre Spring Maintenance District	LMD	3,285	\$89,270.96	79.79764%	2,346	\$71,236.12
County of San Diego Mosquito / Disease Control	VECTOR	936,177	\$5,224,121.54	1.00354%	8,819	\$52,426.00
County of San Diego Vector Control, Zone A	NT-MOSQUITO	520,634	\$1,414,558.44	1.37358%	8,522	\$19,430.16
County of San Diego Vector Control, Zone B	VECTOR	349,284	\$729,076.08	0.09194%	294	\$670.32
Metropolitan Water District of Southern California Standby Charge	STANDBY	350,274	\$4,324,969.50	2.47972%	8,815	\$107,247.30
Palomar Pomerado Health Debt Service	GOB	187,831	\$10,772,209.98	5.72820%	6,290	\$617,053.34
Poway Unified School District CFD No. 1	CFD	9,118	\$7,917,147.02	100.00000%	9,118	\$7,917,147.02
San Diego County Water Authority Standby Charge	STANDBY	358,277	\$3,807,007.22	2.45224%	8,821	\$93,357.10
2007-2008 TOTAL PROPERTY TAX LIABILITY						\$55,730,316.06
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2007-2008 ASSESSED VALUATION						1.21%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Poway Unified School District CFD No. 1	CFD	\$85,815,835	\$58,440,835	100.00000%	9,118	\$58,440,835
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						\$58,440,835
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						\$58,440,835

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	2.79920%	9,117	\$228,695
Metropolitan Water District of Southern California Debt Service	GOB	\$850,000,000	\$359,115,000	1.30176%	9,117	\$4,674,815
Palomar Community College District Debt Service	GOB	\$160,000,000	\$160,000,000	4.23550%	7,522	\$6,776,800
Palomar Pomerado Health Debt Service	GOB	\$80,000,000	\$68,360,000	5.79689%	6,542	\$3,962,754
San Diego Community College District Debt 2002	GOB	\$349,999,901	\$288,464,901	0.55730%	1,595	\$1,607,615
San Diego Community College District Debt 2006	GOB	\$224,996,823	\$224,996,823	0.55730%	1,595	\$1,253,907
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$18,504,586
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$18,504,586

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	\$76,945,421
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	\$9,721

(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. 1		
C. Name/Title/Series of Bond Issue	Series 2003 Special Tax Bonds		
D. Indicate Credit Rating	Rating Agency	Moody's, S&P	Rating <u>Aaa, AAA</u> Not Rated
E. Date of Bond Issue	February 13, 2003		
F. Original Principal Amount of Bonds	\$ 5,815,835.10		
G. Reserve Fund Minimum Balance Required	Yes <input checked="" type="checkbox"/>	Amount \$ 581,583.51	No <input type="checkbox"/>
Percent of Authority Reserve Fund (Marks-Roos only)	Yes <input type="checkbox"/>	% of Reserve Fund _____	
H. Name of Authority that purchased debt (Marks-Roos only)	_____		
Was this a Senior/Subordinate Authority Bond?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	(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	\$ 5,790,835.10
B. Bond Reserve Fund	\$ 0.00 [1]
C. Capitalized Interest Fund	\$ 0.00
D. Construction Fund(s) (Mello-Roos only)	\$ 12.52

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 \$ 4,595,287,411.00

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2007 (Year)

A. Total Amount of Taxes Due	\$ 7,712,333.30
B. Total Amount of Unpaid Taxes	\$ 89,656.27
C. Taxes are Paid Under the County's Teeter Plan	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

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	153
B. Total Amount of Taxes Due on Delinquent Parcels	\$ 115,766.19
C. Percent of Delinquency Rate	1.16%

(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.