

Annual Report

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

January 31, 2007

Prepared For:

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

Prepared By:

Dolinka Group, Inc.
1301 Dove Street, Suite 700
Newport Beach, California 92660
T 949.250.8300
F 949.250.8301

Table of Contents

Section	Page
Introduction -----	1
I. Audited Financial Statements-----	1
II. Principal Amount of Bonds Outstanding -----	1
III. Bond Fund Balance -----	1
IV. Reserve Fund Balance -----	1
V. Fund and Account Balances -----	2
VI. Total Assessed Value and Value-to-Lien of all Parcels within IA C of CFD No. 10 -----	3
VII. Fiscal Year 2005/2006 and Prior Years Special Tax Levies and Delinquencies-----	3
VIII. Foreclosure Proceedings -----	3
IX. Major Taxpayer Information-----	4
X. Report to California Debt and Investment Advisory Commission -----	4
XI. Changes to First Amended Rate and Method of Apportionment -----	4

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 Improvement Area C Special Tax Bonds ("Bonds") by Improvement Area ("IA") C of Community Facilities District ("CFD") No. 10 of the Poway Unified School District ("School District") in the amount of \$3,000,000. The Bonds were issued under the Mello-Roos Community Facilities Act of 1982, as amended ("Act"), and the Bond Indenture dated as of September 1, 2003, by and between the School District on behalf of CFD No. 10 and Zions First National Bank, as Fiscal Agent ("Fiscal Agent"). The Bonds were issued to (i) finance the acquisition and construction of certain school and road improvements ("Facilities"), (ii) to fund a reserve fund for the Bonds, (iii) to pay interest on the Bonds through September 1, 2004, (iv) to pay certain administrative expenses, and (v) to pay 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 the Series 2003 Special Tax Bonds for CFD No. 1 of the School District issued January 2003 ("Series 2003 Bonds").

II. Principal Amount of Bonds Outstanding

As of January 1, 2007, the outstanding principal amount of Bonds was \$2,985,000.

III. Bond Fund Balance

As of January 1, 2007, the balance in the Bond Fund was \$0.01.

IV. Reserve Fund Balance

The Reserve Requirement for the Bonds, as of any date of calculation, is equal to the lesser of (i) ten percent (10%) of the original principal amount of the Bonds, (ii) one hundred percent (100%) of the remaining maximum annual debt service on the Bonds, or (iii) one hundred and twenty-five percent (125%) of the remaining average annual debt service on the Bonds. As of January 1, 2007, the Reserve Requirement for the Bonds was \$288,900.93. Pursuant to Section 3.06 of the Bond Indenture, all Authorized Investments in the Reserve Fund are to be valued at their fair market value. As of January 1, 2007, the market valuation of the funds and investments in the Reserve Fund totaled \$291,189.73; 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 C of CFD No. 10 of January 1, 2007, is listed in Table 1.

Table 1
Fund, Account, and Subaccount Balances (As of 01/01/07)

Fund, Account, and Subaccount	Balances
Special Tax Fund	\$208,340.23
Bond Service Fund	\$0.00
Interest Account of the Bond Service Fund	\$0.00
Capitalized Interest Subaccount of the Interest Account	\$0.00
Principal Account of the Bond Service Fund	\$0.00
Costs of Issuance Fund	\$0.00
Improvement Fund	\$0.00
School Facilities Account of the Improvement Fund	\$555,524.66
City Improvement Account of the Improvement Fund	\$12,439.36
Reserve Fund [1]	\$287,771.22
Rebate Fund	\$0.00
Administrative Expense Fund	\$4,269.46
Redemption Fund	\$0.00
Letter of Credit Fund	\$0.00
[1] This amount identifies the cost basis value in the Reserve Fund. The actual market value of the Reserve Fund is \$291,189.73.	

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

Table 2 shows the total assessed value, total direct and overlapping debt, and total value-to-lien ratio for all parcels within IA C of CFD No. 10 as of January 1, 2007.

Table 2
Assessed Value and Value to Lien Ratio

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	≤1,150	\$10,045,376.00	\$433,473.98	23.17:1
1	Detached/Attached Unit	1,151 – 1,400	\$10,969,226.00	\$491,591.73	22.31:1
1	Detached/Attached Unit	>1,400	\$12,295,680.00	\$533,357.52	23.05:1
2	Detached/Attached Unit	≤1,850	\$13,332,155.00	\$322,813.76	41.30:1
2	Detached/Attached Unit	1,851 – 2,000	\$13,270,756.00	\$347,419.56	38.20:1
2	Detached/Attached Unit	2,001 – 2,250	\$14,326,955.00	\$415,009.29	34.52:1
2	Detached/Attached Unit	>2,250	\$15,474,648.00	\$474,282.16	32.63:1
NA	Undeveloped Property	NA	\$0.00	\$0.00	NA
NA	Exempt Property [3]	NA	\$0.00	\$0.00	NA
Total [4]		NA	\$89,714,796.00	\$3,017,948.00	29.73:1

[1] Total assessed value reported on the County of San Diego Fiscal Year 2006/2007 equalized tax roll.

[2] Source: Detailed Direct and Overlapping Debt Report, National Tax Data, Inc. dated January 9, 2007 (attached as Exhibit A).

[3] This property has been exempted from the IA C of CFD No. 10 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 2005/2006 Special Tax Levies and Delinquencies

There were four (4) parcels delinquent in paying their Fiscal Year 2005/2006 Special Taxes in a total amount of \$4,935.57. The Special Tax levied in Fiscal Year 2005/2006 totaled \$253,177.22. Therefore, the delinquency rate in IA C of CFD No. 10 for Fiscal Year 2005/2006 was 1.95%.

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 2005/2006 did not exceed five percent (5.00%), IA C 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 C of CFD No. 10 for Fiscal Year 2006/2007.

X. Report to the California Debt and Investment Advisory Commission

A copy of the report has been 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 First Amended Rate and Method of Apportionment

No changes have been made to the First Amended Rate and Method of Apportionment since the date of the Official Statement.

J:\CLIENTS\POWAY.USD\CFD No. 10 - Torrey Highlands I\IA C\Cont_Disc\05-06\cont_disc0506.doc

Exhibit A

Detailed Direct and Overlapping Debt Report

POWAY UNIFIED SCHOOL DISTRICT
Community Facilities District No. 10
Improvement Area C
Special Tax Bonds

Detailed Direct and Overlapping Debt

Report Date: 01/09/2007

Report Time: 12:00:00 PM

I. Assessed Value

2006-2007 Secured Roll Assessed Value

\$89,714,796

II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	936,149	3319441070	0.02672%	191	\$887,011.96
Voter Approved Debt	VOTER	926,227	211399574.7	0.00459%	191	\$9,701.96
City of San Diego Torrey Highlands Maintenance District	LMD	1,684	337909.92	5.33778%	191	\$18,036.90
County of San Diego Mosquito / Disease Control	VECTOR	923,027	\$5,553,287.52	0.01897%	191	\$1,053.48
County of San Diego Vector Control, Zone A	VECTOR	519,414	\$1,411,012.72	0.03086%	191	\$435.48
Metropolitan Water District of Southern California Standby Charge	STANDBY	345,709	\$4,277,808.96	0.05135%	191	\$2,196.50
Poway Unified School District CFD No. 10	CFD	1,181	\$2,201,151.06	13.24148%	191	\$291,465.04
Poway Unified School District CFD No. 10, Impv Area C	CFD	220	\$258,239.84	100.00000%	220	\$258,239.84
San Diego County Water Authority Standby Charge	STANDBY	353,015	\$3,758,810.14	0.05081%	191	\$1,910.00
2006-2007 TOTAL PROPERTY TAX LIABILITY						\$1,470,051.16
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2006-2007 ASSESSED VALUATION						1.64%

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	TBD	TBD	13.24148%	191	\$0
Poway Unified School District CFD No. 10, Impv Area C	CFD	\$3,000,000	\$2,985,000	100.00000%	220	\$2,985,000
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						\$2,985,000
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						\$2,985,000

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
City of San Diego Open Space Park Facilities District No. 1	GOB	\$35,000,000	\$13,500,000	0.05954%	219	\$8,038
City of San Diego Public Safety Communication System Debt Service	GOB	\$25,500,000	\$9,905,000	0.05954%	219	\$5,897
Metropolitan Water District of Southern California Debt Service	GOB	\$850,000,000	\$389,600,000	0.00488%	219	\$19,012
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$32,948
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$32,948

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	\$3,017,948
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	29.73:1

(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 C of Community Facilities District No. 10
 C. Name/Title/Series of Bond Issue Improvement Area C 2003 Special Tax Bonds
 D. Indicate Credit Rating Rating Agency _____ Rating _____ Not Rated _____ X
 E. Date of Bond Issue October 16, 2003
 F. Original Principal Amount of Bonds \$ 3,000,000.00
 G. Reserve Fund Minimum Balance Required Yes Amount \$ 286,326.45 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, 2006 (Year)
 A. Principal Amount of bonds Outstanding \$ 2,995,000.00
 B. Bond Reserve Fund \$ 289,465.45
 C. Capitalized Interest Fund \$ 1.83
 D. Construction Fund(s) (Mello-Roos only) \$ 545,245.73

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

A. Assessed Value Reported as of: Fiscal Year 2006-2007 (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 \$ 89,714,796.00

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2005 (Year)
 A. Total Amount of Taxes Due \$ 253,177.22
 B. Total Amount of Unpaid Taxes \$ 4,935.57
 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, 2006 (Date)
 A. Total Number of Delinquent Parcels 4
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 4,935.57
 C. Percent of Delinquency Rate 1.95%
 (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, 2006

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.