

## **Annual Report**

Poway Unified School District  
Improvement Area A of  
Community Facilities District No. 11

January 31, 2007

**Prepared For:**

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## **Exhibits**

**Exhibit A:** Detailed Direct and Overlapping Debt Report

**Exhibit B:** Report to the California Debt and Investment Advisory Commission

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## **Introduction**

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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") A 2004 Special Tax Bonds ("Bonds") by IA A of Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("School District") in the amount of \$11,000,000. The Bonds were issued pursuant to a Bond Indenture dated March 1, 2004 by and between the School District and Zions First National Bank, as fiscal agent ("Fiscal Agent"). The Bonds were issued to fund (i) the acquisition and construction of certain public improvements of the City of San Diego ("City Facilities"), including street, water and other public works improvements, (ii) a reserve fund for the Bonds, (iii) interest on the Bonds through October 1, 2005, (iv) certain administrative expenses associated with IA A of CFD No. 11 and (v) the costs of issuing the Bonds.

### **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 the date of the Report, the principal amount of Bonds outstanding was \$10,970,000.

### **III. Bond Service Fund Balance**

As of January 1, 2007, the balance in the Bond Service Fund was \$33,453.24.

### **IV. Reserve Fund Balance**

The Reserve Requirement for the Bonds, is an amount 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 (iii) one hundred and twenty-five percent (125%) of the average annual debt service on the Bonds. As of January 1, 2007, the Reserve Requirement of the Bonds was \$1,014,681.81. 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 \$1,022,836.31; therefore, the Reserve Requirement was satisfied as of this date.

## V. Fund and Account Balances

The balance in each fund, account, and subaccount of the Bonds as 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	\$167,861.66
Bond Service Fund	\$0.00
Interest Account of the Bond Fund	\$33,451.84
Capitalized Interest Subaccount of the Bond Fund	\$1.40
Principal Account of the Bond Fund	\$0.00
Costs of Issuance Fund	\$0.00
Infrastructure Improvement Fund	\$0.00
Reserve Fund [1]	\$1,010,594.17
Rebate Fund	\$0.00
Administrative Expense Fund	\$19,919.25
Redemption Fund	\$0.00
Letter of Credit Fund [2]	\$1.00
[1] This amount identifies the cost basis value in the Reserve Fund. The actual market value of the Reserve Fund is \$1,022,836.31.	
[2] Represents amount to hold Letters of Credit posted by Brookfield 8, LLC	

## VI. Total Assessed Value and Value-to-Lien of Parcels within IA A of CFD No. 11

Table 2 shows the total assessed value, total direct and overlapping debt, and total value-to-lien ratio for all parcels within IA A of CFD No. 11.

**Table 2**  
**Assessed Value to Lien**

Tax Class		Fiscal Year 2005/2006	Total Direct and Overlapping Debt [2]	Assessed Value-to- Lien
Unit Type/ Land Use	Building Square Footage	Assessed Value [1]		
Developed Property	≤ 2,650	\$0.00	\$0.00	NA
Developed Property	2,651 – 3,000	\$33,151,186.00	\$2,328,010.64	14.24:1
Developed Property	3,001 – 3,250	\$52,986,610.00	\$3,927,094.60	13.49:1
Developed Property	3,251 – 3,500	\$41,910,607.00	\$3,187,298.59	13.15:1
Developed Property	3,501 – 3,750	\$38,127,436.00	\$3,375,380.92	11.30:1
Developed Property	3,751 – 4,000	\$46,133,416.00	\$4,442,000.89	10.39:1
Developed Property	4,001 – 4,250	\$0.00	\$0.00	NA
Developed Property	4,251 – 4,500	\$5,523,142.00	\$930,905.34	5.93:1
Developed Property	4,501 – 4,750	\$2,377,147.00	\$380,601.46	6.25:1
Developed Property	> 4,750	\$8,254,689.00	\$1,457,679.12	5.66:1
Exempt Property [3]	NA	\$427,557.00	\$157.15	2,720.73:1
Undeveloped Property	NA	\$4,027,450.00	\$1,480.28	2,720.73:1
<b>Total [4]</b>	<b>NA</b>	<b>\$232,919,240.00</b>	<b>\$20,030,609.00</b>	<b>11.63:1</b>

[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 10, 2007 (attached as Exhibit A).

[3] Property is exempt from the IA A of CFD No. 11 Special Tax, but may be subject to ad valorem taxes.

[4] Numbers may not sum due to rounding.

## VII. Fiscal Year 2005/2006 Special Tax Levy and Delinquencies

There were eight (8) parcels delinquent in paying their Fiscal Year 2005/2006 Special Taxes in the amount of \$13,582.35. The total Special Taxes levied by IA A of CFD No. 11 for Fiscal Year 2005/2006 was \$443,100.24. Therefore, the delinquency rate within IA A of CFD No. 11 for Fiscal Year 2005/2006 was 3.07%.

## VIII. Foreclosure Proceedings

Since no single parcel is delinquent in the payment of Special Taxes in an amount greater than \$5,000, no single parcel or parcels under common ownership is delinquent in the payment of Special Taxes in an amount greater than \$10,000 and the overall delinquency rate within IA A of CFD No. 11 for Fiscal Year 2005/2006 did not exceed five percent (5.00%), IA A of CFD No. 11 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. The Major Taxpayer's assessed value and their respective share of the Special Tax obligation for Fiscal Year 2005/2006 are shown in Table 3.

**Table 3**  
**Major Taxpayers**

<b>Major Taxpayer</b>	<b>Fiscal Year 2005/2006 Assessed Value [1]</b>	<b>Percentage of Total Levy</b>
Brookfield 8 LLC	\$13,160,722.00	14.50%
<b>Total</b>	<b>\$13,160,722.00</b>	<b>14.50%</b>

[1] Includes only taxable property.

## 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 IA A of CFD No. 11

No changes have been made to the Rate and Method of Apportionment for IA A of CFD No. 11 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. 11**  
**Improvement Area A**  
**Special Tax Bonds**

**Detailed Direct and Overlapping Debt**

**Report Date: 01/10/2007**

**Report Time: 12:00:00 PM**

**I. Assessed Value**

**2006-2007 Secured Roll Assessed Value**

**\$232,919,240**

**II. Secured Property Taxes**

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	936,149	3319441070	0.06979%	294	\$2,316,518.26
Voter Approved Debt	VOTER	926,227	211399574.7	0.01199%	294	\$25,340.52
County of San Diego Mosquito / Disease Control	VECTOR	923,027	5553287.52	0.03207%	286	\$1,780.72
County of San Diego Vector Control, Zone A	VECTOR	519,414	1411012.72	0.04573%	283	\$645.24
County of San Diego Vector Control, Zone B	VECTOR	349,291	729043.12	0.00094%	3	\$6.84
Maintenance Assessment District (Rancho Encantada/Stonebridge Estates)	LLMD	830	171370.92	32.97409%	277	\$56,508.00
Metropolitan Water District of Southern California Standby Charge	STANDBY	345,709	\$4,277,808.96	0.09383%	293	\$4,013.90
Palomar Pomerado Health Debt Service	GOB	184,909	\$9,862,559.98	0.00000%	2	\$0.24
Poway Unified School District CFD No. 11, Impv Area A	CFD	327	\$706,912.18	100.00000%	327	\$706,912.18
Poway Unified School District CFD No. 11, Zone 1 (1)	CFD	1,013	\$800,137.56	70.10615%	267	\$560,945.64
San Diego County Water Authority Standby Charge	STANDBY	353,015	\$3,758,810.14	0.09311%	294	\$3,499.90

**2006-2007 TOTAL PROPERTY TAX LIABILITY**

**\$3,676,171.44**

**TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2006-2007 ASSESSED VALUATION**

**1.58%**

**III. Land Secured Bond Indebtedness**

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Poway Unified School District CFD No. 11, Impv Area A	CFD	\$11,000,000	\$10,970,000	100.00000%	327	\$10,970,000
Poway Unified School District CFD No. 11, Zone 1	CFD	\$9,000,000	\$8,975,000	100.00000%	267	\$8,975,000

**TOTAL LAND SECURED BOND INDEBTEDNESS (2)**

**\$19,945,000**

**TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (2)**

**\$19,945,000**

**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	0.15457%	327	\$20,867
City of San Diego Public Safety Communication System Debt Service	GOB	\$25,500,000	\$9,905,000	0.15457%	327	\$15,310
Metropolitan Water District of Southern California Debt Service	GOB	\$850,000,000	\$389,600,000	0.01266%	327	\$49,323
Palomar Pomerado Health Debt Service	GOB	\$80,000,000	\$73,815,000	0.00001%	2	\$10
San Diego Unified School District Debt Service	GOB	\$1,510,000,000	\$1,455,999,179	0.00001%	2	\$99

**TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (2)**

**\$85,609**

**TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (2)**

**\$85,609**

**TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT**  
**VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT**

**\$20,030,609**

**11.63:1**

(1) For Fiscal Year 2006/2007 the levy for CFD 11 Zone 1 included all the parcels for CFD 11 Zone 2 and CFD 11 Zone 3; of these parcels 108 had a levy of \$239,191.92 within to CFD 11 Zone 2.

(2) 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 A of Community Facilities District No. 11  
 C. Name/Title/Series of Bond Issue Improvement Area A 2004 Special Tax Bonds  
 D. Indicate Credit Rating Rating Agency \_\_\_\_\_ Rating \_\_\_\_\_ Not Rated \_\_\_\_\_ X \_\_\_\_\_  
 E. Date of Bond Issue April 1, 2004  
 F. Original Principal Amount of Bonds \$ 11,000,000.00  
 G. Reserve Fund Minimum Balance Required Yes  Amount \$ 1,005,665.58 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 \$ 11,000,000.00  
 B. Bond Reserve Fund \$ 1,016,183.99  
 C. Capitalized Interest Fund \$ 334.08  
 D. Construction Fund(s) (Mello-Roos only) \$ 0.00

**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 \$ 232,919,240.00

**IV. TAX COLLECTION INFORMATION**

Reported as of fiscal year ending of: June 30, 2006 (Year)  
 A. Total Amount of Taxes Due \$ 443,100.24  
 B. Total Amount of Unpaid Taxes \$ 13,582.35  
 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 8  
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 13,582.35  
 C. Percent of Delinquency Rate 3.07%  
 (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.