

## **Annual Report**

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

January 31, 2009

**Prepared For:**

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# Table of Contents

<b>Section</b>	<b>Page</b>
<b>Introduction</b> -----	<b>1</b>
<b>I. Audited Financial Statements</b> -----	<b>1</b>
<b>II. Principal Amount of Bonds Outstanding</b> -----	<b>1</b>
<b>III. Bond Service Fund Balance</b> -----	<b>1</b>
<b>IV. Reserve Fund Balance</b> -----	<b>1</b>
<b>V. Fund and Account Balances</b> -----	<b>2</b>
<b>VI. Total Assessed Value and Value-to-Lien of Parcels within IA B of CFD No. 11</b> -----	<b>3</b>
<b>VII. Fiscal Year 2007/2008 Special Tax Levy and Delinquencies</b> -----	<b>3</b>
<b>VIII. Foreclosure Proceedings</b> -----	<b>4</b>
<b>IX. Major Taxpayers</b> -----	<b>4</b>
<b>X. Report to the California Debt and Investment Advisory Commission</b> -----	<b>4</b>
<b>XI. Changes to the Rate and Method of Apportionment of IA B of CFD No. 11</b> -----	<b>4</b>

## 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") B 2005 Special Tax Bonds ("Bonds") by IA B of Community Facilities District ("CFD") No. 11 of the Poway Unified School District ("School District") in the amount of \$9,035,000 on June 16, 2005. The Bonds were issued pursuant to a Bond Indenture dated June 1, 2005 by and between the School District and Zions First National Bank, as fiscal agent ("Fiscal Agent"). Dolinka Group, LLC has been retained by the School District to act as dissemination agent ("Dissemination Agent"). The Bonds were issued to fund (i) the acquisition and construction of certain public improvements of the City of San Diego ("City Facilities"), (ii) a reserve fund for the Bonds, (iii) interest on the Bonds through March 1, 2007, (iv) certain administrative expenses associated with IA B of CFD No. 11 and (v) the costs of issuing the Bonds.

### **I. Audited Financial Statements**

A copy of the School District's annual audited financial statements for Fiscal Year 2007/2008 is available online at [www.disclosureusa.org](http://www.disclosureusa.org).

### **II. Principal Amount of Bonds Outstanding**

As of January 1, 2009, the principal amount of Bonds outstanding was \$8,955,000.

### **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, 2009, the balances within these accounts totaled \$18.45.

### **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, 2009, the Fiscal Agent calculated the Reserve Requirement of the Bonds to be \$809,484.84. 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, 2009, the fair market valuation of the funds in the Reserve Fund was \$794,222.02. This has been brought to the attention of the Fiscal Agent; as of the date of this report, the Reserve Requirement was satisfied.

**V. Fund and Account Balances**

The balance in each fund, account, and subaccount of the Bonds as of January 1, 2009, is listed in Table 1.

**Table 1  
Fund, Account, and Subaccount Balances (As of 01/01/09)**

<b>Funds, Accounts or Subaccount</b>	<b>Balances</b>
Special Tax Fund	\$127,140.08
Bond Service Fun	\$0.00
Interest Account of the Bond Service Fund	\$18.45
Capitalized Interest Subaccount of the Interest Account	\$0.00
Principal Account of the Bond Service Fund	\$0.00
Cost of Issuance Fund	\$0.00
Infrastructure Improvement Fund	\$0.00
Reserve Fund <sup>[1]</sup>	\$794,222.02
Redemption Fund	\$0.00
Administrative Expense Fund	\$13,779.68
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 also \$794,222.02.	

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

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

Land Use	Total Assessed Value <sup>[1]</sup>	CFD Bonds		Other		Total Burden	Value-to-Lien Ratio
		Principal Amount Outstanding	Value-to-Lien Ratio for CFD	Overlapping Debt <sup>[2]</sup>	General Obligation Debt <sup>[2]</sup>		
Tax Class 1 <=2,650	\$0.00	\$0.00	0.00:1	\$0.00	\$0.00	\$0.00	0.00:1
Tax Class 2 2,651 - 3,000	\$0.00	\$0.00	0.00:1	\$0.00	\$0.00	\$0.00	0.00:1
Tax Class 3 3,001 - 3,250	\$0.00	\$0.00	0.00:1	\$0.00	\$0.00	\$0.00	0.00:1
Tax Class 4 3,251 - 3,500	\$0.00	\$0.00	0.00:1	\$0.00	\$0.00	\$0.00	0.00:1
Tax Class 5 3,501 - 3,750	\$0.00	\$0.00	0.00:1	\$0.00	\$0.00	\$0.00	0.00:1
Tax Class 6 3,751 - 4,000	\$7,268,461.00	\$474,135.07	15.33:1	\$0.00	\$14,000.02	\$488,135.09	14.89:1
Tax Class 7 4,001 - 4,250	\$11,754,345.00	\$521,429.04	22.54:1	\$0.00	\$22,640.42	\$544,069.46	21.60:1
Tax Class 8 4,251 - 4,500	\$14,916,429.00	\$780,493.12	19.11:1	\$0.00	\$28,731.01	\$809,224.13	18.43:1
Tax Class 9 4,501 - 4,750	\$23,842,219.00	\$1,113,422.50	21.41:1	\$0.00	\$45,923.26	\$1,159,345.77	20.57:1
Tax Class 10 > 4,750	\$107,972,263.00	\$5,575,046.91	19.37:1	\$0.00	\$207,968.85	\$5,783,015.76	18.67:1
Tax Class U UNDEV	\$19,914,838.00	\$490,473.35	40.60:1	\$0.00	\$38,358.61	\$528,831.96	37.66:1
<b>Subtotal for Taxable Parcels <sup>[3]</sup></b>	<b>\$185,668,555.00</b>	<b>\$8,955,000.00</b>	<b>20.73:1</b>	<b>\$0.00</b>	<b>\$357,622.17</b>	<b>\$9,312,622.17</b>	<b>19.94:1</b>
Tax Class E EXEMPT	\$14,351,469.00	\$0.00	0.00:1	\$0.00	\$27,642.83	\$27,642.83	0.00:1
<b>Total <sup>[3]</sup></b>	<b>\$200,020,024.00</b>	<b>\$8,955,000.00</b>	<b>22.34:1</b>	<b>\$0.00</b>	<b>\$385,265.00</b>	<b>\$9,340,265.00</b>	<b>21.41:1</b>

[1] Total Assessed Value as reported on the Fiscal Year 2008/2009 equalized tax roll of the County.

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

[3] Totals may not sum due to rounding.

## VII. Fiscal Year 2007/2008 Special Tax Levy and Delinquencies

There were twelve (12) parcels delinquent in paying their Fiscal Year 2007/2008 Special Taxes in the amount of \$31,607.26. The total Special Taxes levied by IA B of CFD No. 11 for Fiscal Year 2007/2008 was \$475,201.52. Therefore, the delinquency rate within IA B of CFD No. 11 for Fiscal Year 2007/2008 was 6.64%. As of the foreclosure commencement date, as stated in the Covenant of Foreclosure in the Bond Indenture, the delinquency rate in CFD No. 6 IA B has dropped below the five percent (5.00%) threshold; as a result, CFD No. 6 IA B did not initiate foreclosure proceedings.

**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 B of CFD No. 11 for Fiscal Year 2007/2008 did not exceed five percent (5.00%), IA B 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 for Fiscal Year 2008/2009. The Major Taxpayer's assessed value and their respective share of the Special Tax obligation for Fiscal Year 2008/2009 is shown in Table 3.

**Table 3  
Major Taxpayers**

<b>Major Taxpayer</b>	<b>Assessed Value <sup>[1]</sup></b>	<b>Percentage of Levy</b>
Shea Homes LTD	\$19,540,827.00	13.09%
Brookfield LLC	\$26,299,158.00	17.97%
<b>Total</b>	<b>\$53,856,107.00</b>	<b>31.06%</b>

[1] Source: Total assessed value reported on the County of San Diego Fiscal Year 2008/2009 equalized tax roll.

**X. Report to the California Debt and Investment Advisory Commission**

A copy of the report prepared and filed with the California Debt and Investment 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 B of CFD No. 11**

No changes have been made to the Rate and Method of Apportionment for IA B 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 B  
Special Tax Bonds**

**Detailed Direct and Overlapping Debt**

Report Date: 11/01/2008  
Report Time: 12:00:00 PM

**I. Assessed Value**

2008-2009 Secured Roll Assessed Value **\$200,020,024**

**II. Secured Property Taxes**

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	957,523	\$3,813,203,012	0.04856%	220	\$1,851,830.24
County of San Diego Vector Control, Zone B	VECTOR	358,847	\$748,016	0.06523%	214	\$487.92
County of San Diego Vector Disease Control	VECTOR	943,568	\$5,256,250	0.01809%	214	\$950.74
Metropolitan Water District of Southern California Standby Charge	STANDBY	353,385	\$4,356,825	0.08659%	221	\$3,772.40
Poway Unified School District CFD No. 11, Impv Area B	CFD	265	\$489,464	100.00000%	212	\$489,463.62
Poway Unified School District CFD No. 11, Zone 2	CFD	212	\$516,856	100.00000%	212	\$516,855.86
San Diego County Water Authority Standby Charge	STANDBY	361,328	\$3,834,233	0.08527%	220	\$3,269.40
Voter Approved Debt	VOTER	957,329	\$250,644,468	0.01744%	220	\$43,701.08
<b>2008-2009 TOTAL PROPERTY TAX LIABILITY</b>						<b>\$2,910,331.26</b>
<b>TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2008-2009 ASSESSED VALUATION</b>						<b>1.46%</b>

**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 B	CFD	\$9,035,000	\$8,955,000	100.00000%	212	\$8,955,000
<b>TOTAL LAND SECURED BOND INDEBTEDNESS (1)</b>						<b>\$8,955,000</b>
<b>TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)</b>						<b>\$8,955,000</b>

**IV. General Obligation Bond Indebtedness**

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
City of San Diego GOB 1978 (Open Space Park Facilities District No. 1)	GOB	\$35,000,000	\$7,010,000	0.11430%	220	\$8,012
City of San Diego GOB 1990 (Public Safety Communication System)	GOB	\$25,500,000	\$6,315,000	0.11430%	220	\$7,218
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$327,215,000	0.00943%	220	\$30,860
Palomar Community College District GOB 2006	GOB	\$160,000,000	\$158,000,000	0.21467%	220	\$339,176
<b>TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)</b>						<b>\$385,265</b>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)</b>						<b>\$385,265</b>

<b>TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT</b>	<b>\$9,340,265.48</b>
<b>VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT</b>	<b>21.41:1</b>

(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) Community Facilities District No. 11 Improvement Area B  
 C. Name/Title/Series of Bond Issue Improvement Area B 2005 Special Tax Bonds  
 D. Indicate Credit Rating Rating Agency \_\_\_\_\_ Rating \_\_\_\_\_ Not Rated X  
 E. Date of Bond Issue June 16, 2005  
 F. Original Principal Amount of Bonds \$9,035,000.00  
 G. Reserve Fund Minimum Balance Required Yes  Amount \$802,095.09 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, 2008 (Year)  
 A. Principal Amount of bonds Outstanding \$ 8,995,000.00  
 B. Bond Reserve Fund \$ 789,555.60  
 C. Capitalized Interest Fund \$ 0.00  
 D. Construction Fund(s) (Mello-Roos only) \$ 0.00

**III. FUND BALANCE FISCAL STATUS**

A. Assessed Value Reported as of: July 1, 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 \$ 185,668,555.00

**IV. TAX COLLECTION INFORMATION**

Reported as of fiscal year ending of: June 30, 2008 (Year)  
 A. Total Amount of Taxes Due \$ 475,701.52  
 B. Total Amount of Unpaid Taxes \$ 31,607.26  
 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 June 30, 2008 (Date)  
 A. Total Number of Delinquent Parcels 12  
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 38,458.61  
 C. Percent of Delinquency Rate 6.64%  
 (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)

Date Foreclosure Commenced	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 requirement (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, LLC \_\_\_\_\_  
Address:                                20 Pacifica, Suite 900 \_\_\_\_\_  
City/State/Zip:                       Irvine, CA 92618 \_\_\_\_\_  
Phone No.:                              (949) 250-8300 \_\_\_\_\_  
Date of Report:                       October 30, 2008 \_\_\_\_\_

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.