

Annual Report

Poway Unified School District
Series 2003 Special Tax Bonds
Community Facilities District No. 2

January 31, 2009

Prepared For:

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

Prepared By:

Dolinka Group, LLC
20 Pacifica, Suite 900
Irvine, CA 92618
T 949.250.8300
F 949.250.8301

Table of Contents

<u>Section</u>	<u>Page</u>
Introduction	1
I. Audited Financial Statements	1
II. Principal Amount of Bonds Outstanding	1
III. Bond Service Fund Balance.....	1
IV. Reserve Requirement and Reserve Fund Balance	1
V. Fund and Account Balances	2
VI. Assessed Value and Value-to-Lien of Parcels within CFD No. 2.....	3
VII. Fiscal Year 2007/2008 Special Tax Levy and Delinquencies	3
VIII. Foreclosure Proceedings	3
IX. Major Taxpayers.....	3
X. Special Tax Delinquency History of CFD No. 2	4
XI. Report to the California Debt and Investment Advisory Commission	4
XII. Changes to the 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 2003 Special Tax Bonds ("Bonds") by Community Facilities District ("CFD") No. 2 of the Poway Unified School District ("School District") in the amount of \$12,635,000. The Bonds were issued under the Mello-Roos Community Facilities Act of 1982, as amended ("Act"), and pursuant to a Bond Indenture dated February 1, 2003 by and between CFD No. 2 and Zions First National Bank, the successor to U.S. Bank National Association, 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 (i) finance the acquisition and construction of certain school facilities, (ii) pay interest on the Bonds through September 1, 2003 and (iii) pay the cost of issuing the Bonds. The Bonds, along with the (i) 2003 Special Tax Bonds of CFD No. 3, (ii) 2003 Special Tax Bonds of CFD No. 5 and (iii) 2003 Special Tax Bonds of CFD No. 7 (each a "Series of Local Obligations") were purchased by the Poway Unified School District Public Financing Authority ("Authority"). The Local Obligations were purchased through funds generated from the issuance of the 2003 Revenue Bonds of the Authority on March 20, 2003.

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.

II. Principal Amount of Bonds Outstanding

As of January 1, 2009, the outstanding principal amount of (i) the Series 2003 Bonds was \$11,705,000.00 and (ii) the Series 2007 Bonds was \$1,598,847.12.

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 \$0.00.

IV. Reserve Requirement and Reserve Fund Balance

A proportionate share of the proceeds from the sale of the Bonds was deposited into the Authority Reserve Fund to satisfy the Reserve Requirement. For more information regarding the balance in the Reserve Fund and statement of the Reserve Requirement, please refer to the Continuing Disclosure Annual Report for the 2003 Revenue Bonds of the Authority issued March 20, 2003.

V. Fund and Account Balances

The balance of each fund and account of CFD No. 2 as of January 1, 2009, is listed in Table 1.

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

Funds and Account	Balance
2003 Administrative Expense Fund	\$135,435.46
2003 Bond Interest Account	\$0.00
2003 Bond Principal Account	\$0.00
2003 School Facilities Fund	\$0.00
2007 Administrative Expense Fund	\$0.00
2007 Bond Interest Account	\$0.00
2007 Bond Principal Account	\$0.00
2007 Capitalized Appreciation Payment	\$0.00
2007 Purchase Transfer Account	\$0.00
2007 Surplus Special Tax	\$0.00
Special Tax Fund	\$1,050,285.36

VI. Assessed Value and Value-to-Lien of Parcels within CFD No. 2

Table 2 shows the assessed values, direct and overlapping debt, and value-to-lien ratio for all parcels within CFD No. 2. Due to an error of the County of San Diego, two (2) parcels that fall within the boundaries of CFD No. 2 are being levied to satisfy the Poway School Facilities Improvement District 2002-1 debt obligation.

Table 2
Assessed Value to Lien

Land Use	Total Assessed Value ^[1]	CFD Bonds		Other		Total Burden	Value-to-Lien Ratio
		Principal Amount Outstanding	Value-to-Lien Ratio for CFD	Overlapping Debt ^[2]	General Obligation Debt ^[2]		
Tax Class 1 N/A	\$364,106,779.00	\$13,303,847.12	27.37:1	\$0.00	\$697,971.99	\$14,001,819.11	26.00:1
Tax Class 2 N/A	\$0.00	\$0.00	0.00:1	\$0.00	\$0.00	\$0.00	0.00:1
Tax Class 3 N/A	\$0.00	\$0.00	0.00:1	\$0.00	\$0.00	\$0.00	0.00:1
Tax Class U UNDEV	\$65,051,480.00	\$0.00	0.00:1	\$0.00	\$124,699.99	\$124,699.99	0.00:1
Subtotal for Taxable Parcels ^[3]	\$429,158,259.00	\$13,303,847.12	32.26:1	\$0.00	\$822,671.98	\$14,126,519.10	30.38:1
Tax Class E EXEMPT	\$18,482,561.00	\$0.00	0.00:1	\$0.00	\$35,430.02	\$35,430.02	0.00:1
Total ^[3]	\$447,640,820.00	\$13,303,847.12	33.65:1	\$0.00	\$858,102.00	\$14,161,949.12	31.61:1

[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 sixteen (16) parcels delinquent in paying their Fiscal Year 2007/2008 Special Taxes in an amount of \$23,556.57. The total Special Taxes levied by CFD No. 2 for Fiscal Year 2007/2008 was \$894,801.18. Therefore, the delinquency rate within CFD No. 2 for Fiscal Year 2007/2008 was 2.63%.

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 2007/2008 did not exceed five percent (5.00%), CFD No. 2 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 a given Fiscal Year. Based on the County of San Diego (the "County") Fiscal Year 2008/2009 equalized tax roll, there are no Major Taxpayers in CFD No. 2 for Fiscal Year 2008/2009.

X. Special Tax Delinquency History of CFD No. 2

Table 3 shows the Special Tax delinquency history of CFD No. 2 for Fiscal Year 2007/2008 and prior Fiscal Years.

**Table 3
Community Facilities District No. 2
Special Tax Delinquency History**

Fiscal Year	Parcels Delinquent	Aggregate Special Tax Levy	Fiscal Year Amount Delinquent ^[1]	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent as of 1/10/2008	Remaining Delinquency Rate as of 1/10/2008
2000/2001	NA	NA	NA	NA	NA	NA	NA
2001/2002	3	\$229,030.20	\$2,726.55	1.19%	0	\$0.00	0.00%
2002/2003	7	\$767,572.56	\$9,270.20	1.21%	0	\$0.00	0.00%
2003/2004	6	\$826,662.42	\$7,564.56	0.92%	0	\$0.00	0.00%
2004/2005	8	\$843,194.08	\$9,644.80	1.14%	0	\$0.00	0.00%
2005/2006	7	\$860,058.34	\$8,853.93	1.03%	1	\$0.00	0.00%
2006/2007	9	\$877,255.20	\$16,065.40	1.83%	3	\$0.00	0.00%
2007/2008	16	\$894,801.18	\$23,556.57	2.63%	5	\$7,169.85	0.80%

[1] Source: County of San Diego. Reflects Fiscal Year delinquencies on or about June 30th of the indicated Fiscal Year.

XI. 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.

XII. 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.

S:\Clients\Poway Unified SD\SADM\CFDs\CFD No. 2\FY0708\Reports\Continuing Disclosure\Poway_2_Cont_disclosure_2003authority_CFD2_0708_Fn.doc

Exhibit A

Detailed Direct and Overlapping Debt Report

**POWAY UNIFIED SCHOOL DISTRICT
Community Facilities District No. 2
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

\$447,640,820

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	0.11532%	473	\$4,397,210.83
City of San Diego Penasquitos East Maintenance District	LMD	10,156	\$203,391	1.80272%	48	\$3,666.58
City of San Diego Torrey Highlands Maintenance District	LMD	1,695	\$346,441	36.58367%	345	\$126,740.84
County of San Diego Vector Control, Zone A	VECTOR	530,324	\$1,486,679	0.09464%	469	\$1,407.00
County of San Diego Vector Control, Zone B	VECTOR	358,847	\$748,016	0.00122%	4	\$9.12
County of San Diego Vector Disease Control	VECTOR	943,568	\$5,256,250	0.05274%	473	\$2,771.90
Metropolitan Water District of Southern California Standby Charge	STANDBY	353,385	\$4,356,825	0.18643%	473	\$8,122.48
Poway Unified School District CFD No. 2	CFD	519	\$912,697	100.00000%	437	\$912,697.24
Poway Unified School District SFID No. 2002-1, Series A	GOB	43,282	\$3,278,080	0.00950%	2	\$311.53
Poway Unified School District SFID No. 2002-1, Series B	GOB	43,282	\$5,703,547	0.00950%	2	\$542.04
Poway Unified School District SFID No. 2002-1, Series C	GOB	43,282	\$175,200	0.00950%	2	\$16.65
San Diego County Water Authority Standby Charge	STANDBY	361,328	\$3,834,233	0.18366%	473	\$7,042.00
Voter Approved Debt	VOTER	957,329	\$250,644,468	0.04140%	473	\$103,769.53
2008-2009 TOTAL PROPERTY TAX LIABILITY						\$5,564,307.74
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2008-2009 ASSESSED VALUATION						1.24%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Poway Unified School District CFD No. 2	CFD	\$14,233,847	\$13,303,847	100.00000%	437	\$13,303,847
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						\$13,303,847
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						\$13,303,847

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	0.24503%	519	\$17,177
City of San Diego GOB 1990 (Public Safety Communication System)	GOB	\$25,500,000	\$6,315,000	0.24503%	519	\$15,474
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$327,215,000	0.02111%	519	\$69,075
Palomar Community College District GOB 2006	GOB	\$160,000,000	\$158,000,000	0.46816%	519	\$739,693
Poway Unified School District SFID 2002-1	GOB	\$194,300,766	\$175,620,766	0.00950%	2	\$16,684
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$858,102
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$858,102

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	\$14,161,949.11
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	31.61:1

(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) Community Facilities District No. 2
 C. Name/Title/Series of Bond Issue Series 2003 Public Financing Authority Local Obligation
 D. Indicate Credit Rating Rating Agency Moody's, S&P Rating Aaa, AAA Not Rated _____
 E. Date of Bond Issue March 20, 2003
 F. Original Principal Amount of Bonds \$ 12,635,000.00
 G. Reserve Fund Minimum Balance Required Yes Amount \$ _____ No
 Percent of Authority Reserve Fund (Marks-Roos only) Yes % of Reserve Fund _____
 H. Name of Authority that purchased debt (Marks-Roos only) Poway Unified School District Public Financing Authority Series 2003
 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 March 20, 2003 (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 \$ 11,930,000.00
 B. Bond Reserve Fund \$ 0.00
 C. Capitalized Interest Fund \$ 0.00
 D. Construction Fund(s) (Mello-Roos only) \$ 30.32

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

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 \$ 429,158,259.00

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2008 (Year)
 A. Total Amount of Taxes Due \$ 894,801.18
 B. Total Amount of Unpaid Taxes \$ 23,556.57
 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, 2008 (Date)
 A. Total Number of Delinquent Parcels 16
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 29,065.66
 C. Percent of Delinquency Rate 2.63%
 (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>	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 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, 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.