

**Continuing Disclosure
Annual Report
Fiscal Year Ending June 30, 2013**

Poway Unified School District
School Facilities Improvement District No. 2002-1
Series B, Series C, and
2011 General Obligation Refunding Bonds
Base CUSIP: 738850

January 31, 2014

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Introduction

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreements ("Disclosure Agreements") executed in connection with the issuance of the 2002 Election, Series B General Obligation Bonds of School Facilities Improvement District ("SFID") SFID No. 2002-1 ("Series B Bonds"), the 2002 Election, Series C General Obligation Bonds of SFID No. 2002-1 ("Series C Bonds"), and the 2002 Election, 2011 General Obligations Refunding Bonds ("Refunding Bonds") of the Poway Unified School District ("School District"), in the amount of \$119,300,766.00, \$3,698,553.90 and \$53,285,000.00, respectively (collectively, the "Bonds"). The Bonds, were authorized at a special election of the registered voters within SFID No. 2002-1 held on November 5, 2002. The Series B Bonds and Series C Bonds were originally issued to finance (i) the construction of new facilities and (ii) the renovation and improvement of existing school facilities. The Refunding Bonds were issued to refund the outstanding bonds of the 2002 Election, Series A General Obligation Bonds of SFID No. 2002-1. All capitalized terms not defined herein shall have the meaning ascribed to them in the Disclosure Agreements.

I. Audited Financial Statements and Approved Annual Budget

A copy of the School District's annual audited financial statements for Fiscal Year 2012/2013 and the School District's approved annual budget report for Fiscal Year 2013/2014 is available online at <http://emma.msrb.org/>.

II. Assessed Value

The assessed value of taxable property within SFID No. 2002-1 as shown on the equalized tax roll of the County of San Diego ("County") for Fiscal Year 2013/2014 is shown in the table below.

Assessed Valuation

Local Secured	Utility	Unsecured	Total
\$20,365,420,444	\$0	\$1,064,573,007	\$21,429,993,451

Source: California Municipal Statistics, Inc.

III. Principal Amount and Accreted Value of Bonds Outstanding

The outstanding principal amounts of the Bonds and the accreted interest on any outstanding Capital Appreciation Bonds of the Bonds as of February 1, 2014 are shown in the table below.

Serial Bonds

Bond	Outstanding Principal
Series B Bonds	\$109,285,000.00
Series C Bonds	\$0.00
2011 Refunding Bonds	\$49,300,000.00
Total	\$158,585,000.00

Capital Appreciation Bonds

Bond	Outstanding Principal	Accreted Interest	Total
Series B Bonds	\$3,080,766.00	\$2,171,890.50	\$5,252,656.50
Series C Bonds	\$3,698,553.90	\$964,446.00	\$4,662,999.90
2011 Refunding Bonds	\$0.00	\$0.00	\$0.00
Total	\$6,779,319.90	\$3,136,336.50	\$9,915,656.40

IV. Balance in the Debt Service Fund

The taxes collected by the County are pooled in a Debt Service Fund with the General Obligation Bonds of SFID No. 2007-1 of the School District. The total balance in the Debt Service Fund as of December 1, 2013 is \$5,019,154.52.

V. Balance in the Improvement Fund

Proceeds of the Bonds are pooled in a "Building Fund" with the proceeds of the General Obligation Bonds of SFID No. 2007-1 of the School District, 2008 Election Series A Bonds. The Building Fund is held at the County. As of January 1, 2014 the balance in the Building Fund was \$0.00.

VI. The Teeter Plan

The County has implemented an alternative method for the distribution of secured property taxes to local agencies known as the "Teeter Plan", with provisions set forth in Section 4701 to 4717 of the California Revenue and Taxation Code. Under the Teeter Plan, the School District will receive 100% of the ad valorem property taxes levied to pay the debt service on the Bonds irrespective of actual delinquencies in the collection of the taxes by the County.

VII. Top Ten Property Owners

The "Top Ten" property owners, as measured by their secured assessed valuation, in Fiscal Year 2013/2014 are listed in the table below, along with their respective valuation and their percentage of the total assessed value of SFID No. 2002-1.

Top Ten Property Owners

Property Owner	Primary Land Use	Assessed Valuation	Percentage of Total Assessed Value ^[1]
Sorrento West Properties Inc.	Industrial	\$281,351,371	1.38%
Cymer Inc.	Office Building	\$184,799,079	0.91%
SMBC Leasing and Finance Inc.	Office Building	\$150,000,000	0.74%
Hewlett-Packard Co.	Industrial	\$146,863,668	0.72%
Kilroy Realty LP	Office Building	\$114,831,001	0.56%
Carmel Medical Office LLC	Medical Buildings	\$112,200,000	0.55%
Point Office Partners LLC	Office Building	\$97,919,825	0.48%
BAE Systems Information Solutions Inc.	Industrial	\$78,405,321	0.38%
Ventas Inc.	Medical Buildings	\$76,048,361	0.37%
Benardo Summit LLC	Industrial	\$75,825,000	0.37%
Total	NA	\$1,318,243,626	6.46%

[1] 2013-14 Local Secured Assessed Valuation: \$21,429,993,451
Source: California Municipal Statistics, Inc.

VIII. Listed Events

Pursuant to the Disclosure Agreements, the School District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders;
- (viii) Contingent or unscheduled bond calls;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities; and
- (xi) Rating changes.

On January 17, 2013, Moody's Investors Service downgraded the Insurance Financial Strength (IFS) rating of Assured Guaranty Municipal Corporation to A2 from Aa3 and the IFS rating of Assured Guaranty Corporation to A3, from Aa3. The outlook for the ratings is stable. A copy of the Notice of Material Event is attached as Exhibit B.

For more information regarding this rating change please refer to www.moodys.com.

IX. Additional Information

In addition to any of the information expressly required to be provided by the Disclosure Agreement, SFID No. 2002-1 shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

After careful review it has been determined that there is no such information for Fiscal Year 2012/2013.

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Exhibit A

Material Event Notice



**NOTICE OF MATERIAL EVENT
UNDER SEC RULE 15c2-12**

\$119,300,766.00
Poway Unified School District
General Obligation Bonds, 2002 Election, Series B
Base CUSIP No. 738850
January 22, 2013

The General Obligation Bonds, 2002 Election, Series B and all other issues insured by Assured Guaranty Corporation and Assured Guaranty Municipal Corporation (formerly FSA) have had their insured ratings downgraded by the following rating agency:

Moody's Investors Service

- January 17, 2013 – downgraded the Insurance Financial Strength (IFS) rating of Assured Guaranty Municipal Corporation to A2 from Aa3 and the IFS rating of Assured Guaranty Corporation to A3, from Aa3. The outlook for the ratings is stable.

The rating downgrade qualifies as a material event as to which the Poway Unified School District ("Issuer") is required to file notice to satisfy the Issuer's continuing disclosure requirements under Rule 15c2-12 of the Securities and Exchange Commission with respect to the Issuer's obligations listed above. An explanation of the significance of the new rating may be obtained from the rating agency. The new ratings reflect only the views of the rating agency and are not recommendations to buy sell, or hold the obligations. The Issuer makes no representation as to the appropriateness of the new rating.

There is no assurance that the new rating will be maintained for any given period of time or that they will not be lowered or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. The Issuer has not undertaken any responsibility to oppose any proposed revision or withdrawal of either such rating. Any change in or withdrawal of either such rating could have an adverse effect on the market price or marketability of the above referenced obligations.

The information in this Material Event Notice is provided solely to comply with the Issuer's contractual commitment to provide notice of changes in ratings assigned to the obligations. This Material Event Notice is not made by the Issuer in connection with a purchase or sale of the obligations and accordingly is not intended to contain all information material to a decision to purchase or sell the obligations.