

Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located):

COMMUNITY FACILITIES DISTRICT NO. 2 (SANTALUZ) (STATE: CALIFORNIA)

**COMMUNITY FACILITIES DISTRICT NO. 2 (SANTALUZ) IMPROVEMENT AREA
NO. 3 SPECIAL TAX BONDS SERIES B OF 2000**

Other Obligated Person's Name (if any): _____
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer:

Community Facilities District No. 2 CUSIP: 802808

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

Electronic

Paper (no. of pages attached)

If information is also available on the Internet, give URL: NOT AVAILABLE _____

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. Annual Report for the Fiscal Years Ended June 30, 2005 and June 30, 2004
(Financial information and operating data should not be filed with the MSRB.)

B. Financial Statements or CAFR pursuant to Rule 15c2-12

C. Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

- | | |
|---|---|
| 1. Principal and interest payment delinquencies | 6. Adverse tax opinions or events affecting the tax-exempt status of the security |
| 2. Non-payment related defaults | 7. Modifications to the rights of security holders |
| 3. Unscheduled draws on debt service reserves reflecting financial difficulties | 8. Bond calls |
| 4. Unscheduled draws on credit enhancements reflecting financial difficulties | 9. Defeasances |
| 5. Substitution of credit or liquidity providers, or their failure to perform | 10. Release, substitution, or sale of property securing repayment of the securities |
| | 11. Rating changes |

D. Notice of Failure to Provide Annual Financial Information as Required

See the Annual Report, Section 1(a).

E. Other Secondary Market Information (Specify): _____

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name: **JAY M. GOLDSTONE**

Title: **CHIEF FINANCIAL OFFICER**

Employer: **CITY OF SAN DIEGO**

Address: **202 C STREET, MAIL STATION 9B**

City: **SAN DIEGO** State: **CA** Zip Code: **92101**

Dissemination Agent Contact, if any:

Name: **JAY M. GOLDSTONE**

Title: **CHIEF FINANCIAL OFFICER**

Employer: **CITY OF SAN DIEGO**

Address: **202 C STREET, MAIL STATION 9B**

City: **SAN DIEGO** State: **CA** Zip Code: **92101**

Relationship to Issuer: **DISSEMINATION AGENT**

Investor Relations Contact, if any:

Name: **JAY M. GOLDSTONE**

Title: **CHIEF FINANCIAL OFFICER**

Telephone: **(619) 236-5941**

Email Address: **JGoldstone@sandiego.gov**

**ANNUAL REPORTS FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND JUNE 30, 2004
RELATING TO**

**\$4,350,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 3
SPECIAL TAX BONDS SERIES B OF 2000**

(CUSIP Number 802808)

The following two separate Annual Reports are being provided by the City of San Diego (the "City") for the above stated issue (the "Bonds"), pursuant to the Continuing Disclosure Agreement requirements and in compliance with Securities and Exchange Commission Rule 15c2-12 for the fiscal years ended June 30, 2005 (the "2005 Report") and June 30, 2004 (the "2004 Report" and collectively with the 2005 Report, the "Annual Reports"). Information provided in the 2004 Report generally relates to the 2004 calendar year or 2003-04 fiscal year period. New or updated information may appear in the 2005 Report that was not included in the 2004 Report.

The Annual Reports, including any amendment or supplement hereto, will be electronically transmitted to the CENTRAL POST OFFICE by the Dissemination Agent for retransmission by the CENTRAL POST OFFICE to each of the Nationally Recognized Municipal Securities Information Repositories (the "NRMSIRs"), approved by the Securities and Exchange Commission, set forth in Exhibit A and with each of the Participating Underwriters, set forth in Exhibit B.

The Annual Reports are provided in accordance with the terms of the Continuing Disclosure Agreement, and do not purport to provide full and complete information on the terms of the Bonds. The filing of the Annual Reports does not constitute or imply any representation that no changes, circumstances or events have occurred since the end of the fiscal year to which the Annual Reports relate (other than as contained in the Annual Reports), or that no other information exists which may have a bearing on the security for the Bonds, or an investor's decision to buy, sell or hold the Bonds. Certain information and data provided herein was obtained from sources other than the City (the "Outside Information"), as indicated by the source citations. Although the information contained in the Annual Reports has been obtained from sources which are believed to be reliable, the City has not independently verified such Outside Information, and the City cannot guarantee its completeness or accuracy. No statements in this annual report should be construed as a prediction or representation about future financial performance of the City or Community Facilities District No. 2 (Santaluz).

The Community Facilities District Funds are considered part of the City's reporting entity and can be found in the fund level financial statements in the Nonmajor Governmental Funds – Capital Projects (Other Construction) and Nonmajor Governmental Funds - Debt Service (Other Special Assessments) of the City of San Diego's Comprehensive Annual Financial Report. However these Annual Reports do not include the audited financial statements of the City for the

fiscal years ended June 30, 2003, June 30, 2004 and June 30, 2005, because such audits are not yet complete. In addition, in light of certain errors with respect to the audited financial statements of the City for the fiscal year ended June 30, 2002, which were reported to the Nationally Recognized Municipal Securities Information Repositories on January 27, 2004 and March 12, 2004, the City has determined that it would not be prudent to file unaudited financials at this time.

The City is acting as the Dissemination Agent for the above stated issuance. The City does not have any obligation to update this report other than as expressly provided in the Continuing Disclosure Agreement for the above stated issuance.

Any statements regarding the above stated issuance, other than a statement made by the City in an official release or subsequent notice or annual report, published in a financial newspaper of general circulation and/or filed with the Municipal Securities Rulemaking Board or the NRMSIRs, are not authorized by the City. The City shall not be responsible for the accuracy, completeness or fairness of any such unauthorized statement.

DATED: April 1, 2006

CITY OF SAN DIEGO

By:


Jay M. Goldstone
Chief Financial Officer

Distribution: Union Bank of California, N.A. (Trustee)
UBS Financial Services (Participating Underwriter)
Morgan Stanley Dean Witter (Participating Underwriter)
E.J. De la Rosa & Co., Inc. (Participating Underwriter)

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission:

Bloomberg Municipal Repository

100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

DPC Data Inc.

One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

FT Interactive Data

Attn:NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: 212-771-6999; 800-689-8466
Fax: 212-771-7390
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.

55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

EXHIBIT B

Participating Underwriters

UBS Financial Services, Inc.
Attn: Los Angeles Municipal Securities Group
777 South Figueroa Street, 50th Floor
Los Angeles, California 90017

Morgan Stanley Dean Witter
Attn: Celeste Davis, Principal
555 California Street, Suite 2200
San Francisco, CA 94104
Phone: (415) 576-2087
FAX: (415) 576-2091
e-mail: celeste.davis@msdw.com

E.J. De la Rosa & Co., Inc.
Attn: Brian Richman, Principal
706 Mission, Suite 502
San Francisco, CA 94103
Phone: (415) 495-8863
FAX: (415) 495-8864
e-mail: Brichman@ejdelarosa.com

\$4,350,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 3
SPECIAL TAX BONDS SERIES B OF 2000

Annual Report Under the Continuing Disclosure Agreement

Fiscal Year Ending June 30, 2005

This Annual Report includes information required by the Continuing Disclosure Agreement for Community Facilities District No. 2 (Santaluz) Improvement Area No. 3 Special Tax Bonds, Series B of 2000 except for the Comprehensive Annual Financial Report of the City of San Diego (the “CAFR”) for the Fiscal Year ended June 30, 2005 (see item 1(a) below):

1. Annual Report For Community Facilities District No. 2 (Santaluz):

(a) Financial Statements.

The Community Facilities District Funds are considered part of the City’s reporting entity and can be found in the fund level financial statements in the Nonmajor Governmental Funds – Capital Projects (Other Construction) and Nonmajor Governmental funds - Debt Service (Other Special Assessments) of the City of San Diego’s Comprehensive Annual Financial Report. However this Annual Report does not include the audited financial statements of the City for the fiscal year ended June 30, 2003, June 30, 2004, or June 30, 2005, because such audits are not yet complete. In addition, in light of certain errors with respect to the audited financial statements of the City for the fiscal year ended June 30, 2002, which were reported to the Nationally Recognized Municipal Securities Information Repositories on January 27, 2004 and March 12, 2004, the City has determined that it would not be prudent to file unaudited financials at this time.

Source: City Treasurer, City Auditor and Comptroller

(b) Financial and Operating Data:

(i) Principal amount of Bonds outstanding as of September 2, 2005:

\$4,210,000

Source: City Treasurer - Special Districts Administration

- (ii) Fund balances for each fund under the Bond Indenture, as of September 2, 2005, are as follows:

Special Tax Fund	\$239,145
Interest Account	\$87
Capitalized Interest Subaccount	\$0
Principal/Redemption Account	\$33
Reserve Account	\$343,692
Administrative Expense Account	\$4,424
Rebate Fund	
Rebate Account	\$0
Alternative Penalty Account	\$0
Acquisition & Construction Fund	
Cost of Issuance Account	\$1,400
Project Account	\$49,017
Surplus Fund	\$205,162

Source: Union Bank of California Trustee Statements, City Treasurer - Special Districts Administration

- (iii) A list of the public improvements in Table 1 in the Official Statement which have been acquired by the City with proceeds of the Bonds, as of June 30, 2005, is attached as Exhibit 1.

Source: City Treasurer - Special Districts Administration

- (iv) Any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a summary of the facts related to the collection of any Backup Special Tax and a description of any parcels for which the Special Taxes have been prepaid, including the amount prepaid, since the date of the last Annual Report:

- No changes to the Rate and Method of Apportionment of the Special Taxes have been submitted for approval, no Backup Special Taxes have been levied, and no Special Taxes have been prepaid.

Source: City Treasurer - Special Districts Administration

- (v) An update of Table 6 of the Official Statement setting forth the estimated assessed value-to-lien ratios for Developed Property as a group and for each owner of Undeveloped Property based upon the most recent Special Tax levy preceding the date of the Annual Report, the most recent assessed values of the property and the principal amount of the Bonds and any other land secured debt allocable to parcels within the District. See Exhibit 2.

Source: David Taussig & Associates; City Treasurer - Special Districts Administration

- (vi) An update of Table 4 of the Official Statement, including a list of all taxpayers within the District which own property in the District upon which 5% or more of the total Special Taxes for the current fiscal year have been levied, and a statement as to whether any of such taxpayers is delinquent in the payment of Special Taxes. As of September 2, 2005, there were no taxpayers within the District owning property upon which 5% or more of the total Special Taxes for the 2005-2006 fiscal year have been levied. See Exhibit 3.

Source: David Taussig & Associates; City Treasurer - Special Districts Administration

- (vii) Any event known to the Issuer which reduces the number of residential units permitted to be constructed within the District or which results in a moratorium on future building within the District:

None

Source: City Treasurer - Special Districts Administration, Planning Dept., Development Services Dept.

- (viii) A table setting forth for the five most recent fiscal years in which Special Taxes were levied, the amount of Special Taxes levied in each fiscal year and the percentage delinquent as of June 30 of such fiscal year and as of the date of the Annual Report, and a description of the status of any foreclosure actions being pursued by the Issuer with respect to delinquent Special Taxes. See Exhibit 4.

Source: San Diego County Delinquency Reports; City Treasurer - Special Districts Administration

- (ix) The date of issuance and the principal amount of any Parity Bonds and a copy of any appraisal delivered in connection with such issuance:

No Parity Bonds have been issued as of the date of this Report.

Source: City Treasurer - Special Districts Administration

- (x) Any information not already included under (i) through (ix) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended:

The applicable California Debt and Investment Advisory Commission Yearly Fiscal Status Report for Fiscal Year 2004-2005 is attached. See Exhibit 5.

Source: City Treasurer - Special Districts Administration

\$4,350,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 3
SPECIAL TAX BONDS SERIES B OF 2000

FACILITIES ACQUIRED BY THE CITY OF SAN DIEGO
WITH PROCEEDS OF THE BONDS: *

Carmel Valley Road from Via Abertura to Black Mountain Road and Black Mountain Road from Carmel Valley Road southerly to existing Black Mountain Road⁽¹⁾

Carmel Valley Road Segments 1, 2 and 3 from North SR56 to Via Abertura

Camino Ruiz South⁽¹⁾

Camino Ruiz from CR South Northerly to San Dieguito and Extension of Stn. 213⁽¹⁾

San Dieguito Road from Camino Ruiz to existing San Dieguito Road⁽¹⁾

Median and Parkway Landscaping of Carmel Valley Road from Via Abertura to Black Mountain Road and Black Mountain Road from Carmel Valley Road southerly to existing Black Mountain Road.

Sewer Trunk Line from Existing Carmel Valley Sewer Trunk Line to Fairbanks Highlands Intercept

Trunk Sewer from Pump Station No. 3 Intercept to Pump Station No. 2 Intercept

Trunk Sewer from Pump Station No. 2 Intercept to northerly end of Project

Pump Station No. 3 and Force Main to Trunk Sewer

Pump Station No. 2 and Force Main to Trunk Sewer

36" Water Line from Reservoir to Black Mountain Road, including construction of initial Carmel Valley Road Segment BB improvements (land bridge, grading and encasement of existing water facilities)

25 Million Gallon Reservoir

South Fire Station and Equipment (Portion)

Offsite Traffic Signals and Intersection Improvements

Regional Park Land Acquisition and Grading (Fair Share)

Preliminary Design Costs for Public Improvements

Landscaping of San Dieguito Road

Landscaping of Camino Ruiz

⁽¹⁾ Roadway projects include street improvements, water and sewer improvements as indicated, utilities (joint trench, electric, gas, cable TV, telephone) included within the roadway right-of-way or within a designated easement, if eligible for funding by the District.

* Facilities acquired with proceeds of Improvement Area No. 3 Bonds in conjunction with Improvement Area No. 1 Special Tax Bonds Series A of 2000 and Series A of 2004.

EXHIBIT 2
CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2
IMPROVEMENT AREA NO. 3
CONTINUING DISCLOSURE STATEMENT
DIRECT AND OVERLAPPING DEBT SUMMARY

Overlapping District	FY 2005-2006 Total Levy	Amount of Levy on Parcels in the District	Percent of Levy on Parcels in the District	Total Debt Outstanding [1]	District Share of Total Debt Outstanding
Poway Unified School District CFD No. 7	\$120,413	\$120,413	100.0000%	\$1,515,000	\$1,515,000
Metropolitan Water District G.O. Bond	\$104,530,707	\$7,279	0.0070%	\$418,190,000	\$29,120
City of San Diego Public Safety Communication System	\$2,076,313	\$2,030	0.0978%	\$11,520,000	\$11,261
				Estimated Share of Overlapping Debt Allocable to the District	\$1,555,380
				Plus: Series B of 2000 Bonds	\$4,210,000
				Estimated Share of Direct and Overlapping Debt Allocable to the District	\$5,765,380

Source: David Taussig & Associates, Inc.; Metropolitan Water District; County of San Diego

[1] As of September 2, 2005.

**EXHIBIT 2
CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2
IMPROVEMENT AREA NO. 3
CONTINUING DISCLOSURE STATEMENT
ESTIMATED ASSESSED VALUE-TO-LIEN RATIOS**

Property Owner [1]	FY 2005-2006 Special Tax	Percentage of FY 2005-2006 Special Tax	Series B of 2000 Bonds Outstanding [2]	Metropolitan Water District G.O. Bonds Outstanding [2]	City of San Diego Public Communication Systems G.O. Bonds Outstanding [2]	Poway Unified School District CFD No. 7 Bonds Outstanding [2]	Total Direct and Overlapping Debt	Net Assessed Value [3]	Estimated Assessed Value- to-Lien Ratios [4]
Developed Property [5]	\$430,412	100.00%	\$4,210,000	\$28,392	\$10,980	\$1,515,000	\$5,764,372	\$136,477,594	23.68
Undeveloped Property [6]									
Corporation of Presiding Bishop Church	\$0	0.00%	\$0	\$728	\$281	\$0	\$1,009	\$3,497,419	3,466.39
TOTAL	\$430,412	100.00%	\$4,210,000	\$29,120	\$11,261	\$1,515,000	\$5,765,380	\$139,975,013	24.28

Source: David Taussig & Associates, Inc.; Metropolitan Water District; County of San Diego

[1] Reflects ownership as of January 1, 2005 provided by the San Diego County Assessor.

[2] Allocated based on fiscal year 2005-2006 levy.

[3] Fiscal year 2005-2006 assessed values provided by the San Diego County Assessor, as of January 1, 2005.

[4] Represents Assessed Values column divided by the Total Direct and Overlapping Debt Column.

[5] Includes property for which a building permit was issued as of March 1, 2005.

[6] Includes property for which a building permit was not issued as of March 1, 2005.

EXHIBIT 3
CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2
IMPROVEMENT AREA NO. 3
CONTINUING DISCLOSURE STATEMENT
FISCAL YEAR 2005-2006 TAXPAYER SUMMARY

Property Owner [1]	Parcels Taxed	FY 2005-2006 Special Tax Levied	Due December 10, 2005	Percent of Total Special Tax Levied	FY 2005-2006 Delinquent Amount [2]	Percent of Total Special Tax Levied [3]
Individual Owners	93	\$430,412	\$215,206	100.00%	\$13,789	6.41%
TOTAL	93	\$430,412	\$215,206	100.00%	\$13,789	6.41%

Source: David Taussig & Associates, Inc.

[1] Reflects ownership as of January 1, 2005.

[2] Based on first installment delinquency information provided by City as of 1/9/2006 (San Diego County Delinquency Report ST28-0090-02).

[3] Percent delinquent calculated based on amount due for first installment only.

Exhibit 4

**Community Facilities District No. 2 (Santaluz)
Improvement Area No. 3
Five Year Delinquency History ^(a)**

Fiscal Year	Parcels Levied	Total Levy	Delinquent Installments As Of 6/30	Percent Delinquent As Of 6/30	Amount Remaining Delinquent As Of 1/9/06	Percent Remaining Delinquent As Of 1/9/06
2004-05	93	\$426,736	\$4,361	1.02%	\$4,361	1.02%
2003-04	93	\$418,369	\$10,789	2.58%	\$6,639	1.59%
2002-03	93	\$410,166	\$12,426	3.03%	\$0	0.00%
2001-02	93	\$403,912	\$5,801	1.44%	\$0	0.00%
					<u>\$11,000</u>	

The District has covenanted that it will commence judicial foreclosure proceedings against parcels with delinquent special taxes in excess of \$10,000 by the October 1 following the close of each fiscal year in which such special taxes were due. One parcel, included above and representing \$4,275 in delinquent special taxes for Fiscal Year 2003-04 and \$4,361 in delinquent special taxes for Fiscal Year 2004-05, when coupled with additional delinquencies in the subsequent fiscal year, meets the foreclosure threshold, and has been referred to outside foreclosure counsel for collection.

^(a) No Special Taxes were levied prior to Fiscal Year 2001-2002.

**STATE OF CALIFORNIA
MELLO-ROOS/MARKS-ROOS
YEARLY FISCAL STATUS REPORT
FOR LOCAL OBLIGORS**

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
(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	Community Facilities District No. 2
B. Community Facilities District Number/Name (Mello-Roos only)	CFD No. 2 (Santaluz) Improvement Area No. 3
C. Name/Title/Series of Bond Issue	Special Tax Bonds, Series B of 2000
D. Indicate Credit Rating	Rating Agency: _____ Rating: _____ Not Rated: <input checked="" type="checkbox"/>
E. Date of Bond Issue	October 18, 2000
F. Original Principal Amount of bonds	\$ 4,350,000
G. Reserve Fund Minimum Balance Required	Yes <input checked="" type="checkbox"/> Amount \$ 341,980 No <input type="checkbox"/>
Percent of Authority Reserve Fund (Marks-Roos only)	Yes <input type="checkbox"/> % of Reserve Fund _____
H. Name of Authority that purchased debt (Marks-Roos only)	
Was this a Senior/Subordinate Authority Bond?	Yes <input type="checkbox"/> No <input type="checkbox"/> (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, 2005 (Year)
A. Principal Amount of Bonds Outstanding	\$ 4,255,000
B. Bond Reserve Fund	\$ 346,971
C. Capitalized Interest Fund	\$ -0-
D. Construction Fund(s) (Mello-Roos only)	\$ 44,404

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

A. Assessed Value Reported as of July 1, 2005 (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 \$ 139,975,013

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2005 (Year)

A. Total Amount of Taxes Due	\$ 426,737
B. Total Amount of Unpaid Taxes	\$ 4,361
C. Taxes are Paid Under the County's Teeter Plan	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of the current Tax Roll of June 30, 2005 (Date)

A. Total Number of Delinquent Parcels	<u>2</u>
B. Total Amount of Taxes Due on Delinquent Parcels	\$ <u>11,000</u>
C. Percent of Delinquency Rate	<u>2.57%</u> <small>(Percent)</small>

**STATE OF CALIFORNIA
YEARLY FISCAL STATUS 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
Not applicable		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$

(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: Chuck Wilcox

Title: Special Districts Supervisor

Firm/Agency: City of San Diego

Address: 202 "C" Street, 7th floor, M.S. 7B

City/State/Zip: San Diego, CA 92101

Phone No.: (619) 533-4519 Date of Report: September 28, 2005

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.

\$4,350,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 3
SPECIAL TAX BONDS SERIES B OF 2000

Annual Report Under the Continuing Disclosure Agreement

Fiscal Year Ending June 30, 2004

This Annual Report includes information required by the Continuing Disclosure Agreement for Community Facilities District No. 2 (Santaluz) Improvement Area No. 3 Special Tax Bonds, Series B of 2000 except for the Comprehensive Annual Financial Report of the City of San Diego (the "CAFR") for the Fiscal Year ended June 30, 2004 (see item 1(a) below):

1. Annual Report For Community Facilities District No. 2 (Santaluz):

(a) Financial Statements.

The Community Facilities District Funds are considered part of the City's reporting entity and can be found in the fund level financial statements in the Nonmajor Governmental Funds – Capital Projects (Other Construction) and Nonmajor Governmental funds - Debt Service (Other Special Assessments) of the City of San Diego's Comprehensive Annual Financial Report. However this Annual Report does not include the audited financial statements of the City for the fiscal year ended June 30, 2003, or for the fiscal year ended June 30, 2004, because such audits are not yet complete. In addition, in light of certain errors with respect to the audited financial statements of the City for the fiscal year ended June 30, 2002, which were reported to the Nationally Recognized Municipal Securities Information Repositories on January 27, 2004 and March 12, 2004, the City has determined that it would not be prudent to file unaudited financials at this time.

Source: City Treasurer, City Auditor and Comptroller

(b) Financial and Operating Data:

(i) Principal amount of Bonds outstanding as of September 2, 2004:

\$4,255,000

Source: City Treasurer - Special Districts Administration

- (ii) Fund balances for each fund under the Bond Indenture, as of September 2, 2004, are as follows:

Special Tax Fund	\$122,944
Interest Account	\$0
Capitalized Interest Subaccount	\$0
Principal/Redemption Account	\$2
Reserve Account	\$342,486
Administrative Expense Account	\$4,737
Rebate Fund	
Rebate Account	\$0
Alternative Penalty Account	\$0
Acquisition & Construction Fund	
Cost of Issuance Account	\$1,372
Project Account	\$43,830
Surplus Fund	\$201,092

Source: Union Bank of California Trustee Statements, City Treasurer - Special Districts Administration

- (iii) A list of the public improvements in Table 1 in the Official Statement which have been acquired by the City with proceeds of the Bonds, as of June 30, 2004, is attached as Exhibit 1.

Source: City Treasurer - Special Districts Administration

- (iv) Any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a summary of the facts related to the collection of any Backup Special Tax and a description of any parcels for which the Special Taxes have been prepaid, including the amount prepaid, since the date of the last Annual Report:

- No changes to the Rate and Method of Apportionment of the Special Taxes have been submitted for approval, no Backup Special Taxes have been levied, and no Special Taxes have been prepaid.

Source: City Treasurer - Special Districts Administration

- (v) An update of Table 6 of the Official Statement setting forth the estimated assessed value-to-lien ratios for Developed Property as a group and for each owner of Undeveloped Property based upon the most recent Special Tax levy preceding the date of the Annual Report, the most recent assessed values of the property and the principal amount of the Bonds and any other land secured debt allocable to parcels within the District. See Exhibit 2.

Source: David Taussig & Associates; City Treasurer - Special Districts Administration

- (vi) An update of Table 4 of the Official Statement, including a list of all taxpayers within the District which own property in the District upon which 5% or more of the total Special Taxes for the current fiscal year have been levied, and a statement as to whether any of such taxpayers is delinquent in the payment of Special Taxes. As of September 2, 2004, there were no taxpayers within the District owning property upon which 5% or more of the total Special Taxes for the 2004-2005 fiscal year have been levied. See Exhibit 3.

Source: David Taussig & Associates; City Treasurer - Special Districts Administration

- (vii) Any event known to the Issuer which reduces the number of residential units permitted to be constructed within the District or which results in a moratorium on future building within the District:

None

Source: City Treasurer - Special Districts Administration, Planning Dept., Development Services Dept.

- (viii) A table setting forth for the five most recent fiscal years in which Special Taxes were levied, the amount of Special Taxes levied in each fiscal year and the percentage delinquent as of June 30 of such fiscal year and as of the date of the Annual Report, and a description of the status of any foreclosure actions being pursued by the Issuer with respect to delinquent Special Taxes. See Exhibit 4.

Source: San Diego County Delinquency Reports; City Treasurer - Special Districts Administration

- (ix) The date of issuance and the principal amount of any Parity Bonds and a copy of any appraisal delivered in connection with such issuance:

No Parity Bonds have been issued as of the date of this Report.

Source: City Treasurer - Special Districts Administration

- (x) Any information not already included under (i) through (ix) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended:

The applicable California Debt and Investment Advisory Commission Yearly Fiscal Status Report for Fiscal Year 2003-2004 is attached. See Exhibit 5.

Source: City Treasurer - Special Districts Administration

\$4,350,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 3
SPECIAL TAX BONDS SERIES B OF 2000

FACILITIES ACQUIRED BY THE CITY OF SAN DIEGO
WITH PROCEEDS OF THE BONDS: *

Carmel Valley Road from Via Abertura to Black Mountain Road and Black Mountain Road from Carmel Valley Road southerly to existing Black Mountain Road⁽¹⁾

Carmel Valley Road Segments 1, 2 and 3 from North SR56 to Via Abertura

Camino Ruiz South⁽¹⁾

Camino Ruiz from CR South Northerly to San Dieguito and Extension of Stn. 213⁽¹⁾

San Dieguito Road from Camino Ruiz to existing San Dieguito Road⁽¹⁾

Median and Parkway Landscaping of Carmel Valley Road from Via Abertura to Black Mountain Road and Black Mountain Road from Carmel Valley Road southerly to existing Black Mountain Road.

Sewer Trunk Line from Existing Carmel Valley Sewer Trunk Line to Fairbanks Highlands Intercept

Trunk Sewer from Pump Station No. 3 Intercept to Pump Station No. 2 Intercept

Trunk Sewer from Pump Station No. 2 Intercept to northerly end of Project

Pump Station No. 3 and Force Main to Trunk Sewer

Pump Station No. 2 and Force Main to Trunk Sewer

36" Water Line from Reservoir to Black Mountain Road, including construction of initial Carmel Valley Road Segment BB improvements (land bridge, grading and encasement of existing water facilities)

25 Million Gallon Reservoir

South Fire Station and Equipment (Portion)

Offsite Traffic Signals and Intersection Improvements

Regional Park Land Acquisition and Grading (Fair Share)

Preliminary Design Costs for Public Improvements

⁽¹⁾ Roadway projects include street improvements, water and sewer improvements as indicated, utilities (joint trench, electric, gas, cable TV, telephone) included within the roadway right-of-way or within a designated easement, if eligible for funding by the District.

* Facilities acquired with proceeds of Improvement Area No. 3 Bonds in conjunction with Improvement Area No. 1 Special Tax Bonds Series A of 2000 and Series A of 2004.

**CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2
IMPROVEMENT AREA NO. 3
CONTINUING DISCLOSURE STATEMENT
DIRECT AND OVERLAPPING DEBT SUMMARY**

Overlapping District	FY 2004-2005 Total Levy	Amount of Levy on Parcels in the District	Percent of Levy on Parcels in the District	Total Debt Outstanding [1]	District Share of Total Debt Outstanding
Poway Unified School District CFD No. 7	\$118,052	\$118,052	100.0000%	\$1,530,000	\$1,530,000
Metropolitan Water District G.O. Bond	\$100,114,039	\$7,711	0.0077%	\$447,475,000	\$34,467
City of San Diego Public Safety Communication System	\$1,999,055	\$2,260	0.1131%	\$13,010,000	\$14,709
				Estimated Share of Overlapping Debt Allocable to the District	\$1,579,176
				Plus: Series B of 2000 Bonds	\$4,255,000
				Estimated Share of Direct and Overlapping Debt Allocable to the District	\$5,834,176

Source: David Taussig & Associates, Inc.; Metropolitan Water District; City of San Diego

[1] As of September 1, 2004.

**CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2
IMPROVEMENT AREA NO. 3
CONTINUING DISCLOSURE STATEMENT
ESTIMATED ASSESSED VALUE-TO-LIEN RATIOS**

Property Owner [1]	FY 2004-2005 Special Tax	Percentage of FY 2004-2005 Special Tax	Series B of 2000 Bonds Outstanding [2]	Metropolitan Water District G.O. Bonds Outstanding [3]	City of San Diego Public Communication Systems G.O. Bonds Outstanding [3]	Poway Unified School District CFD No. 7 Bonds Outstanding [3]	Total Direct and Overlapping Debt	Net Assessed Value [4]	Estimated Assessed Value- to-Lien Ratios [5]
Developed Property [6]	\$426,737	100.00%	\$4,255,000	\$33,578	\$14,330	\$1,530,000	\$5,832,908	\$129,524,797	22.21
Undeveloped Property [7]									
Corporation of Presiding Bishop Church	\$0	0.00%	\$0	\$889	\$379	\$0	\$1,268	\$3,428,843	2,703.63
TOTAL	\$426,737	100.00%	\$4,255,000	\$34,467	\$14,709	\$1,530,000	\$5,834,176	\$132,953,640	22.79

Source: David Taussig & Associates, Inc.; Metropolitan Water District; City of San Diego

[1] Reflects ownership as of January 1, 2004 provided by the San Diego County Assessor.

[2] Allocated based on fiscal year 2004-2005 Special Tax.

[3] Allocated based on fiscal year 2004-2005 levy.

[4] Fiscal year 2004-2005 assessed values provided by the San Diego County Assessor.

[5] Represents Assessed Values column divided by the Total Direct and Overlapping Debt Column.

[6] Includes property for which a building permit was issued as of March 1, 2004.

[7] Includes property for which a building permit was not issued as of March 1, 2004.

J:\CLIENTS\SanDiego\Admin\black_mtn\2004-05\contdisc\disctables_3.123

**CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2
IMPROVEMENT AREA NO. 3
CONTINUING DISCLOSURE STATEMENT
FISCAL YEAR 2004-2005 TAXPAYER SUMMARY**

Property Owner [1]	Parcels Taxed	FY 2004-2005 Special Tax Levied	Percent of Total Special Tax Levied	FY 2004-2005 Delinquent Amount [2]	Percent of Total Special Tax Levied [3]
Individual Owners	93	\$426,737	100.00%	\$15,365	7.20%
TOTAL	93	\$426,737	100.00%	\$15,365	7.20%

Source: David Taussig & Associates, Inc.

[1] Reflects ownership as of January 1, 2004.

[2] Based on first installment delinquency information provided by City as of 1/25/2005 (San Diego County Delinquency Report ST28-0090-02).

[3] Percent delinquent calculated based on amount due for first installment only.

Exhibit 4

**Community Facilities District No. 2 (Santaluz)
Improvement Area No. 3
Five Year Delinquency History ^(a)**

Fiscal Year	Parcels Levied	Total Levy	Delinquent Installments As Of 6/30	Percent Delinquent As Of 6/30	Amount Remaining Delinquent As Of 1/25/05	Percent Remaining Delinquent As Of 1/25/05
2003-04	93	\$418,369	\$10,789	2.58%	\$6,639	1.59%
2002-03	93	\$410,166	\$12,426	3.03%	\$0	0.00%
2001-02	93	\$403,912	\$5,801	1.44%	\$0	0.00%
					<u>\$6,639</u>	

The District has covenanted that it will commence judicial foreclosure proceedings against parcels with delinquent special taxes in excess of \$10,000 by the October 1 following the close of each fiscal year in which such special taxes were due. One parcel, included above and representing \$4,275 in delinquent special taxes for Fiscal Year 2003-04, when coupled with additional delinquencies in subsequent fiscal years, meets the foreclosure threshold, and has been referred to outside foreclosure counsel for collection.

^(a) No Special Taxes were levied prior to Fiscal Year 2001-2002.

**STATE OF CALIFORNIA
MELLO-ROOS/MARKS-ROOS
YEARLY FISCAL STATUS REPORT
FOR LOCAL OBLIGORS**

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
(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 Community Facilities District No. 2
 B. Community Facilities District Number/Name (Mello-Roos only) CFD No. 2 (Santaluz) Improvement Area No. 3
 C. Name/Title/Series of Bond Issue Special Tax Bonds, Series B of 2000
 D. Indicate Credit Rating Rating Agency: _____ Rating: _____ Not Rated: X
 E. Date of Bond Issue October 18, 2000
 F. Original Principal Amount of bonds \$ 4,350,000
 G. Reserve Fund Minimum Balance Required Yes Amount \$ 341,980 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, 2004 (Year)
 A. Principal Amount of Bonds Outstanding \$ 4,295,000
 B. Bond Reserve Fund \$ 342,644
 C. Capitalized Interest Fund \$ -0-
 D. Construction Fund(s) (Mello-Roos only) \$ 43,749

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

A. Assessed Value Reported as of July 1, 2004 (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 \$ 132,953,640

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2004 (Year)
 A. Total Amount of Taxes Due \$ 418,369
 B. Total Amount of Unpaid Taxes \$ 10,789
 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 July 1, 2004 (Date)
 A. Total Number of Delinquent Parcels 4
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 10,789
 C. Percent of Delinquency Rate 2.58%
 (Percent)

**STATE OF CALIFORNIA
YEARLY FISCAL STATUS 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
Not applicable		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$

(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: Chuck Wilcox

Title: Special Districts Supervisor

Firm/Agency: City of San Diego

Address: 202 "C" Street, 7th floor, M.S. 7B

City/State/Zip: San Diego, CA 92101

Phone No.: (619) 533-4519 Date of Report: October 18, 2004

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.