

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. 1 SPECIAL TAX BONDS SERIES A OF 2000**

**COMMUNITY FACILITIES DISTRICT NO. 2 (SANTALUZ) IMPROVEMENT AREA
NO. 1 SPECIAL TAX BONDS SERIES A OF 2004**

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 Year Ended June 30, 2006
(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**

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2006
RELATING TO**

**\$56,020,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS SERIES A OF 2000**

**\$5,000,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS SERIES A OF 2004**

(CUSIP Number 802808)

The following Annual Report is being provided by the City of San Diego (the "City") for the above stated issuances (the "Bonds"), pursuant to the Continuing Disclosure Certificate requirements and in compliance with Securities and Exchange Commission Rule 15c2-12 for the fiscal year ending June 30, 2006 (the "Annual Report").

The Annual Report, 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.

The Annual Report is provided in accordance with the terms of the Continuing Disclosure Agreement and Continuing Disclosure Certificate, and does not purport to provide full and complete information on the terms of the Bonds. The filing of the Annual Report 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 Report relates (other than as contained in the Annual Report), 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 Report 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 supplementary information section, under the headings Nonmajor Governmental Funds - Debt Service (Other Special Assessments), and Nonmajor Governmental Funds - Capital Projects (Other Construction), of the City of San Diego's Comprehensive Annual Financial Report ("CAFR"). The City received, from the auditor for its fiscal year 2003 financial statements, an unqualified audit opinion dated March 12, 2007. Those financial statements, once reviewed and accepted by the City Council of the City of San Diego, will be filed with the Central Post Office for transmission to the NRMSIRs. This Annual Report does not include the audited financial statements of the City for the fiscal years ended June 30, 2004 through June 30, 2006, because those audits are not yet complete. In addition, the City has determined that it would not be prudent to file unaudited financials for fiscal years 2004-2006 at this time.

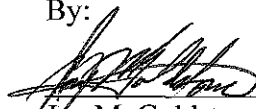
The City is acting as the Dissemination Agent for each of the above stated issuances. The City does not have any obligation to update this report other than as expressly provided in the Continuing Disclosure Agreement and the Continuing Disclosure Certificate for each of the above stated issuances.

Any statements regarding the above stated issuances, 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, 2007

CITY OF SAN DIEGO

By:



Jay M. Goldstone
Chief Financial Officer

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
<http://www.bloomberg.com/markets/rates/municontacts.html>
Email: Munis@Bloomberg.com

DPC Data Inc.

One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
<http://www.dpcdata.com>
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
<http://www.ftid.com>
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
<http://www.disclosuredirectory.standardandpoors.com/>
Email: nrmsir_repository@sandp.com

\$56,020,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS SERIES A OF 2000

Annual Report Under the Continuing Disclosure Agreement

\$5,000,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS SERIES A OF 2004

Annual Report Under the Continuing Disclosure Certificate

Fiscal Year Ending June 30, 2006

This Annual Report includes information required by the Continuing Disclosure Agreement and Certificate for Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 Special Tax Bonds, Series A of 2000 and Series A of 2004, except for the Comprehensive Annual Financial Report of the City of San Diego (the "CAFR") for the Fiscal Year ended June 30, 2006 (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 supplementary information section, under the headings Nonmajor Governmental Funds - Debt Service (Other Special Assessments), and Nonmajor Governmental Funds - Capital Projects (Other Construction), of the City of San Diego's Comprehensive Annual Financial Report ("CAFR"). The City received, from the auditor for its fiscal year 2003 financial statements, an unqualified audit opinion dated March 12, 2007. Those financial statements, once reviewed and accepted by the City Council of the City of San Diego, will be filed with the Central Post Office for transmission to the NRMSIRs. This Annual Report does not include the audited financial statements of the City for the fiscal years ended June 30, 2004 through June 30, 2006, because those audits are not yet complete. In addition, the City has determined that it would not be prudent to file unaudited financials for fiscal years 2004-2006 at this time.

Source: Debt Management, City Auditor and Comptroller

(b) Financial and Operating Data:

(i) Principal amount of Bonds outstanding as of September 2, 2006:

<u>Series A of 2000</u>	<u>Series A of 2004</u>
\$53,820,000	\$4,760,000

Source: Debt Management - Special Districts Administration

- (ii) Fund balances for each fund under the Bond Indenture as of September 2, 2006, are as follows:

	<u>Series A of 2000</u>	<u>Series A of 2004</u>
Special Tax Fund	\$220,375	
Interest Account	\$80,563	\$49
Capitalized Interest Subaccount	\$0	
Principal Account	\$134	\$46
Redemption Account	\$9,645	
Backup Special Tax Account	\$0	
Reserve Account	\$5,095,125 ^(a)	\$357,071 ^(b)
Administrative Expense Account	\$29,299	
Rebate Fund:		
Rebate Account	\$0	
Alternative Penalty Account	\$0	
Acquisition & Construction Fund:		
Cost of Issuance Account	\$10,484	\$16,860
Project Account	\$15,483	\$1,156,425
Surplus Fund	\$732,235	
Escrow Fund:		
Escrow Principal Account	\$0	
Escrow Interest Account	\$0	

^(a) Reserve Requirement: \$4,493,606

^(b) Reserve Requirement: \$356,800

Source: Union Bank of California Trustee Statements; Debt Management - Special Districts Administration

- (iii) A list of the public improvements in Table 1 in the Official Statement which have been acquired by the City (“paid for by the Issuer”, with respect to the Series 2004 A Bonds Continuing Disclosure Certificate) with proceeds of the Bonds, as of June 30, 2006, is attached as Exhibit 1.

Source: Debt Management - 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 Special Taxes have been approved or submitted to the qualified electors for approval subsequent to the filing of the previous Annual Report and prior to the filing of this Annual Report.

- No Backup Special Taxes have been levied.

- Subsequent to the filing of the previous Annual Report and prior to the filing of this Annual Report, the Special Tax lien on Assessor's Parcel Number 269-213-30-00 was prepaid and permanently satisfied, in the amount of \$94,799, in accordance with the Rate and Method of Apportionment of Special Taxes.

Source: Debt Management - Special Districts Administration

- (v) A table 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 is attached as Exhibit 2.

Source: David Taussig & Associates; Debt Management - Special Districts Administration

- (vi) A table 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 is attached as Exhibit 3.

Source: David Taussig & Associates; Debt Management - 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: Debt Management - 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 is attached as Exhibit 4.

Source: San Diego County Delinquency Reports; Debt Management - 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:

As referenced in previous Annual Reports, on February 25, 2004, the District issued \$5,000,000 of Improvement Area No. 1 Series A of 2004 Parity Bonds. In conjunction with this issuance, the Appraiser delivered a self-contained appraisal to the District. This appraisal, with the exception of certain of the appendices deemed not to be material to the offering, was reproduced in the Official Statement for the issuance of the parity bonds.

That Official Statement was filed in conjunction with the initial Annual Report for the \$5,000,000 Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 Special Tax Bonds Series A of 2004, dated March 30, 2004. Data pertaining to the Series A of 2004 bonds is incorporated in this Annual Report.

Source: Debt Management - Special Districts Administration

- (x) The date of release and amount released from the Escrow Fund and a copy of any appraisal delivered in connection with such release:

As referenced in the Annual Report for Fiscal Year 2002, the entire balance of the Escrow Fund established in conjunction with the Series A of 2000 bonds, in the amount of \$28,295,266, was released on April 11, 2002, in accordance with the applicable indenture provisions. A copy of the appraisal delivered in connection with such release was included with the above referenced Annual Report.

Source: Debt Management - Special Districts Administration

- (xi) In the Annual Report due on April 1, 2001, a copy of the Original Report and any Updated Report submitted under Section D.1 and Section D.2, respectively, of the Rate and Method of Apportionment of Special Taxes for the District and in each Annual Report thereafter, a copy of any additional Updated Reports not included in a previous Annual Report.

Pursuant to the above referenced provisions of the Rate and Method of Apportionment of Special Taxes, Updated Reports are no longer required to be filed. All previously filed Updated Reports have been included in previous Annual Reports.

Source: Debt Management - Special Districts Administration

- (xii) Any information not already included under (i) through (xi) 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 Reports for Fiscal Year 2005-2006 are attached as follows:

<u>Issue:</u>	<u>Exhibit</u>
Series A of 2000	5a
Series A of 2004	5b

Source: Debt Management - Special Districts Administration

\$56,020,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS SERIES A OF 2000

\$5,000,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS SERIES A OF 2004

FACILITIES ACQUIRED BY THE CITY OF SAN DIEGO (AND PAID FOR BY THE ISSUER)
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 and paid for with proceeds of Improvement Area No. 1 Special Tax Bonds Series A of 2000 and Series A of 2004 in conjunction with Improvement Area No. 3 Special Tax Bonds Series B of 2000.

EXHIBIT 2
CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2
IMPROVEMENT AREA NO. 1
CONTINUING DISCLOSURE STATEMENT
DIRECT AND OVERLAPPING DEBT SUMMARY

Overlapping District	FY 2006-2007 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. 4 [2]	NA	NA	NA	\$0	NA
Metropolitan Water District G.O. Bond	\$103,904,001	\$48,352	0.0465%	\$389,565,000	\$181,286
City of San Diego Public Safety Communication System	\$1,868,494	\$12,757	0.6827%	\$9,905,000	\$67,624
Palomar Pomerado Health 2005A	\$10,048,084	\$38,356	0.3817%	\$73,815,000	\$281,773
				Estimated Share of Overlapping Debt Allocable to the District	\$530,683
				Plus: CFD No. 2 IA No. 1 Bonds [3]	\$58,580,000
				Estimated Share of Direct and Overlapping Debt Allocable to the District	\$59,110,683

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

[1] As of September 2, 2006.

[2] Authorized to issue up to \$32 million based on authorization at the time the CFD was formed on 12/15/1997.

[3] Reduced by \$440,000 based upon prepayments.

**EXHIBIT 2
CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2
IMPROVEMENT AREA NO. 1
CONTINUING DISCLOSURE STATEMENT
ESTIMATED ASSESSED VALUE-TO-LIEN RATIOS**

Property Owner [1]	FY 2006-2007 Special Tax	Percentage of FY 2006-2007 Special Tax	CFD No. 2 IA No. 1 Bonds Outstanding [2]	Metropolitan Water District G.O. Bonds Outstanding [2]	City of San Diego Public Safety Bonds Outstanding [2]	Palomar Pomerado Health 2005A Bonds Outstanding [2]	Total Direct and Overlapping Debt	Net Assessed Value [3]	Estimated Assessed Value- to-Lien Ratios [4]
Developed Property [5]	\$4,752,388	100.00%	\$58,580,000	\$177,816	\$66,329	\$274,871	\$59,099,016	\$1,009,072,758	17.07
Undeveloped Property [6]									
Saint Demiana Coptic Orthodox Church	\$0	0.00%	\$0	\$336	\$125	\$0	\$461	\$1,906,645	4,133.29
Santaluz LLC	\$0	0.00%	\$0	\$442	\$165	\$2,427	\$3,034	\$2,506,473	826.20
Other Undeveloped Property Owners [7]	\$0	0.00%	\$0	\$2,693	\$1,004	\$4,474	\$8,172	\$15,281,006	1,870.03
Subtotal	\$0	0.00%	\$0	\$3,471	\$1,294	\$6,902	\$11,667	\$19,694,124	1,688.08
TOTAL	\$4,752,388	100.00%	\$58,580,000	\$181,286	\$67,624	\$281,773	\$59,110,683	\$1,028,766,882	17.40

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

[1] Reflects ownership as of January 1, 2006 provided by the San Diego County Assessor.

[2] Allocated based on fiscal year 2006-2007 levy.

[3] Fiscal year 2006-2007 assessed values provided by the San Diego County Assessor, as of January 1, 2006.

[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, 2006, or in the case of custom lot property, close of escrow by March 1, 2006.

[6] Includes property for which a building permit was not issued as of March 1, 2006.

[7] Includes property that will be classified as Custom Lot Property in the future.

EXHIBIT 3
CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2
IMPROVEMENT AREA NO. 1
CONTINUING DISCLOSURE STATEMENT
FISCAL YEAR 2006-2007 TAXPAYER SUMMARY

Property Owner [1]	Parcels Taxed	FY 2006-2007 Special Tax Levied	Due December 10, 2006	Percent of Total Special Tax Levied	FY 2006-2007 Delinquent Amount [2]	Percent of Total Special Tax Levied [3]
Santaluz Club	19	\$125,265	\$62,633	2.64%	\$0	0.00%
Warmington SL Associates LP	12	\$56,886	\$28,443	1.20%	\$2,270	0.10%
Rubenstein Robert A Trust 02	7	\$56,706	\$28,353	1.19%	\$0	0.00%
Canyon Reserve Partners LP	6	\$48,605	\$24,302	1.02%	\$0	0.00%
Others	960	\$4,464,926	\$2,232,463	93.95%	\$219,561	9.24%
TOTAL	1,004	\$4,752,388	\$2,376,194	100.00%	\$221,831	9.34%

Source: David Taussig & Associates, Inc.

[1] Reflects ownership as of January 1, 2006 provided by the San Diego County Assessor.

[2] Based on first installment delinquency information provided by City as of 1/5/2007.

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

Exhibit 4

**Community Facilities District No. 2 (Santaluz)
Improvement Area No. 1
Five Year Delinquency History ^(a)**

<u>Fiscal Year</u>	<u>Parcels Levied</u>	<u>Total Levy</u>	<u>Delinquent Installments</u>	<u>Percent Delinquent</u>	<u>Amount Remaining Delinquent As of 1/5/2007</u>	<u>Percent Remaining Delinquent As of 1/5/2007</u>
2005-06	953	\$5,330,313	\$192,278	3.61%	\$126,520	2.37%
2004-05	982	\$4,562,820	\$163,034	3.57%	\$12,717	0.28%
2003-04	905	\$4,013,899	\$61,800	1.54%	\$0	0.00%
2002-03	866	\$3,644,487	\$16,009	0.44%	\$0	0.00%
2001-02	487	\$931,527	\$7,341	0.79%	\$0	0.00%
					<u>\$139,237</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. As of January 5, 2007, delinquencies associated with six parcels, covering Fiscal Years 2005 through first installment 2007, and totaling \$79,620, now meet the foreclosure threshold, and have been referred to outside foreclosure counsel for collection. Previous delinquencies associated with fourteen parcels, covering Fiscal Years 2003 through 2006, and totaling \$117,280, were referred to outside foreclosure counsel at various times, and were subsequently paid.

^(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. 1
 C. Name/Title/Series of Bond Issue Special Tax Bonds, Series A 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 \$ 56,020,000
 G. Reserve Fund Minimum Balance Required Yes Amount \$ 4,499,025 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 \$ 54,545,000
 B. Bond Reserve Fund \$ 4,948,509
 C. Capitalized Interest Fund \$ -0-
 D. Construction Fund(s) (Mello-Roos only) \$ 16,759

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

A. Assessed Value Reported as of July 1, 2006 (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 \$ 1,032,830,388

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2006 (Year)
 A. Total Amount of Taxes Due \$ 5,330,313
 B. Total Amount of Unpaid Taxes \$ 192,278
 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 43
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 240,217
 C. Percent of Delinquency Rate 4.51%
(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)

Table with 3 columns: Date Foreclosure Commenced, Total Number of Foreclosure Parcels, Total Amount of Tax Due on Foreclosure Parcels. Row 1: Complaint Filed August 7, 2006, 1, \$ 19,539.

(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 10, 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.

**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. 1
 C. Name/Title/Series of Bond Issue Special Tax Bonds, Series A of 2004 (Parity Bonds)
 D. Indicate Credit Rating Rating Agency: Rating: Not Rated: X
 E. Date of Bond Issue February 11, 2004
 F. Original Principal Amount of bonds \$ 5,000,000
 G. Reserve Fund Minimum Balance Required Yes Amount \$ 357,350 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	\$ <u>4,885,000</u>
B. Bond Reserve Fund	\$ <u>367,080</u>
C. Capitalized Interest Fund	\$ <u>-0-</u>
D. Construction Fund(s) (Mello-Roos only)	\$ <u>1,128,618</u>

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

A. Assessed Value Reported as of July 1, 2006 (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 \$ 1,032,830,388

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2006 (Year)

A. Total Amount of Taxes Due	\$ <u>5,330,313</u>
B. Total Amount of Unpaid Taxes	\$ <u>192,278</u>
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, 2006 (Date)

A. Total Number of Delinquent Parcels	<u>43</u>
B. Total Amount of Taxes Due on Delinquent Parcels	\$ <u>240,217</u>
C. Percent of Delinquency Rate	<u>4.51%</u>

**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
Complaint Filed August 7, 2006	1	\$ 19,539
		\$
		\$
		\$
		\$
		\$
		\$

(Attach additional sheets if necessary)

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and issue date: _____
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