

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. 4 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, 2007
(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: **MARY LEWIS** 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: **MARY LEWIS** 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: **DISCLOSURE REPRESENTATIVE**

Investor Relations Contact, if any:

Name: _____ Title: _____
Telephone: _____

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2007
RELATING TO**

**\$9,965,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 4
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 issuance (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, 2007 (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 and Assessment 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").

On March 12, 2007, the City received an unqualified opinion from KPMG, the City's outside auditors, on its fiscal year 2003 financial statements. On May 11, 2007, the City received an unqualified opinion from Macias, Gini and O'Connell ("Macias"), the City's new outside auditors, on the City's financial statements for fiscal year 2004. Those audited financial statements were recently filed with the Central Post Office for transmission to the NRMSIRs.

On October 26, 2007, Macias released an unqualified opinion on the City's financial statements for fiscal year 2005. Subsequently, on December 13, 2007, the City's Chief Operating Officer announced that the City was reopening the 2005 financial statements for the limited purpose of revising Note 18 of such financial statements with respect to issues related to the City's pension system. On February 8, 2008, Macias issued an unqualified audit opinion on the City's 2005 financial statements incorporating the opinion of October 26 and covering the subsequent revisions to the 2005 financial statements. The 2005 financial statements were reviewed by the City's Audit Committee and were received and filed by the City Council on March 26, 2008. The 2005 financial statements will be filed with the Central Post Office for transmission to the NRMSIRs when published for release. On March 21, 2008, Macias issued an unqualified opinion on the City's 2006 financial statements. The 2006 financial statements are awaiting review by the Audit Committee and the City Council. It is unknown at this time when the City's financial statements for fiscal year 2007 will be completed.

This Annual Report does not include the audited financial statements of the City for the fiscal years ended June 30, 2006 and June 30, 2007, because they have either not been completed or have not been received and filed by the City Council. Once the audited financial statements for fiscal years 2006 and 2007 are reviewed and filed by the City Council, they will be filed with the Central Post Office for transmission to the NRMSIRs.

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.

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, 2008

CITY OF SAN DIEGO

By:



Mary Lewis
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 08558-3629
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.MuniFilings.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.interactivedata-prd.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

\$9,965,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 4
SPECIAL TAX BONDS SERIES A OF 2004

Annual Report Under the Continuing Disclosure Certificate
Fiscal Year Ending June 30, 2007

This Annual Report includes information required by the Continuing Disclosure Agreement for Community Facilities District No. 2 (Santaluz) Improvement Area No. 4 Special Tax Bonds, 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, 2007 (see item 1(a) below):

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

(a) Financial Statements.

The Community Facilities District and Assessment 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").

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Source: City of San Diego, Debt Management and City Comptroller

(b) Financial and Operating Data:

- (i) Principal amount of Bonds outstanding as of September 4, 2007:

\$9,585,000

Source: City of San Diego, Debt Management

- (ii) Fund balances for each fund under the Bond Indenture, as of September 4, 2007 are as follows:

Special Tax Fund	\$1,731
Interest Account	\$0
Principal Account	\$0
Reserve Fund ^(a)	\$ 716,862
Administrative Expense Account	\$ 7,307
Capitalized Interest Account	\$0
Project Account ^(b)	\$5,505,833
Cost of Issuance Account	\$ 0
Surplus Fund	\$432,460

Source: City of San Diego, Debt Management; Union Bank of California Trustee Statements

- (iii) A list of the public improvements in Table 1 of the Official Statement which have been paid for by the Issuer with proceeds of the Bonds, as of the date of this report, is attached as Exhibit 1.
- (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

^(a) Reserve Requirement: \$711,065

^(b) Construction of the El Camino Real project has been delayed. While the City is currently working with the Developer to resolve certain issues related to the construction delays, there is currently no timeline available for completion of the El Camino Real project.

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.

- No Special Taxes have been prepaid subsequent to the filing of the previous Annual Report and prior to the filing of this Annual Report.

Source: City of San Diego, Debt Management

- (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; provided, however, that, if the Special Taxes are being levied only on Developed Property and the estimated assessed value-to-lien ratio for all parcels is greater than 7 to 1, then such table need not be reproduced, and a statement to that effect will be included in the Annual Report.

As of September 4, 2007, the estimated assessed value-to-lien ratio for all parcels is greater than 7 to 1.

Source: City of San Diego, Debt Management; David Taussig & Associates

- (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 4, 2007, there were no properties within the District upon which 5% or more of the total Special Taxes for the current fiscal year have been levied.

Source: City of San Diego, Debt Management; David Taussig & Associates

- (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 of San Diego, Debt Management; Citywide Planning and Community Investment Department; Development Services Department

(viii) A table setting forth for the five most recent fiscal years in which Special Taxes were levied, the total number of parcels taxed, 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 which is 30 days prior to 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 2.

(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 of San Diego, Debt Management

(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 2006-2007 is attached. See Exhibit 3.

Source: City of San Diego, Debt Management

\$9,965,000
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 4
SPECIAL TAX BONDS SERIES A OF 2004

List of the public improvements in Table 1 of the Official Statement which have been paid for by the Issuer with proceeds of the Bonds.

<u>Project</u>	<u>Construction Status</u>	<u>Payment Status</u>	<u>Payments As Of March 30, 2008</u>
Offsite Water and Sewer Improvements	Complete	Paid	\$820,006
Community Park Improvements	Complete	Partially Paid	\$3,000,000
El Camino Real Improvements	Incomplete	Unpaid	\$0
			\$3,820,006

Source: City of San Diego - Debt Management and Engineering Departments, Developer

Exhibit 2

**Community Facilities District No. 2 (Santaluz)
Improvement Area No. 4
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 3/7/08	Percent Remaining Delinquent As Of 3/7/08
2006-07	215	\$739,946	\$29,618	4.00%	\$15,010	2.03%
2005-06	215	\$729,972	\$16,428	2.25%	\$1,758	0.24%
2004-05	216	\$642,187	\$10,752	1.67%	\$0	0.00%
2003-04	52	\$177,051	\$3,469	1.96%	\$0	0.00%
			Total Amount Delinquent		\$16,768	

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. No parcels included in the data above have met the foreclosure threshold.

^(a) No Special Taxes were levied prior to Fiscal Year 2003-2004.

**STATE OF CALIFORNIA
MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT**

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 Fiscal Year _____

I. GENERAL INFORMATION

A. Issuer Community Facilities District No. 2
 B. Community Facilities District Number/Name CFD No. 2 (Santaluz) Improvement Area No. 4
 C. Name/Title/Series of Bond Issue Special Tax Bonds, Series A of 2004
 D. Indicate Credit Rating Ratings Agency: Rating _____ Not Rated X
 E. Date of Bond Issue February 11, 2004
 F. Original Principal Amount of Bonds \$ 9,965,000
 G. Reserve Fund Minimum Balance Required \$ 711,065

II. FUND BALANCE FISCAL STATUS

Balances Reported as of: June 30 2007 (Year)
 A. Principal Amount of Bonds Outstanding \$ 9,705,000
 B. Bond Reserve Fund \$ 743,661
 C. Capitalized Interest Fund \$ -0-
 D. Construction Fund(s) \$ 5,407,306

III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX

A. Assessed Value Reported as of: July 1, 2007 (Date) (Check one)
 From Equalized 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 \$ 226,117,294

IV. TAX COLLECTION INFORMATION

A. Total Amount of Special Taxes Due \$ 739,946.
 * B. Total Amount of Unpaid Special Taxes \$ 29,618.
 C. The Special Taxes are Paid Under the County's Teeter Plan. Yes: No:

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of Equalized Tax Roll of: June 30, 2007 (Date)
 * A. Total Number of Delinquent Parcels: 11
 * B. Total Amount of Special Taxes Due on Delinquent Parcels: \$ 31,377

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR

(Aggregate totals, if foreclosure commenced on same date)

* *PER SAN DIEGO COUNTY DELINQUENCY REPORT #ST280190, DATED AUGUST 8, 2007.*

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
<u>Not applicable</u>		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____

(Attach additional sheets if necessary.)

**STATE OF CALIFORNIA
MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT**

(Continued)

VII. ISSUE RETIRED

This issue is retired and not 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, MS 7B _____.

City/State/Zip San Diego, CA 92101 _____.

Phone No. (619) 533-4519 E-mail: CWilcox@sandiego.gov _____.

Date Of Report October 26, 2007 _____.

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.

