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## Annual Disclosure Report FY 2009/10

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Sweetwater Union High School District  
Election of 2006 General Obligation Bonds  
Series 2008A - \$180,000,000

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February 23, 2011

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Secondary-Market Disclosure Information  
as Required by SEC Rule 15c2-12

**Sweetwater Union High School District**  
1130 Fifth Avenue  
Chula Vista, CA 91911  
Tel: (619) 691-5550 Fax: (619) 425-3394  
Contact: *Dianne Russo*

**Special District Financing & Administration**  
437 West Grand Avenue  
Escondido, CA 92025  
Tel: (760) 233-2635 Fax: (760) 233-2631  
Contact: *Jeffery A. Hamill*

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## Annual Report - Sweetwater Union High School District Election of 2006 General Obligation Bonds, Series 2008A

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Section

**Two**


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# Annual Disclosure Report

Sweetwater Union High School District  
Election of 2006 General Obligation Bonds, Series 2008A

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## ISSUER STATEMENT REGARDING REPORT CONTENTS

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### *Data Disclosed in this Report*

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This Report has been prepared by Special District Financing & Administration (SDFA), on behalf of Sweetwater Union High School District (the "Issuer" or "District"). It has been produced in accordance with the Continuing Disclosure Agreements (CDAs) executed in connection with the issuance of the Election of 2006 General Obligation Bonds, Series 2008A (the "Bonds"). The information included was deemed to be pertinent in evaluating the market value of the securities at the time that the Bonds were issued. It has been prepared solely for the purpose of complying with the requirements of the Continuing Disclosure Agreements. This information is not to be used or referenced for any other purpose without the written consent of the Issuer.

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### *Reliability and Verification of Data*

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A portion of the information contained in this Report may have been provided or compiled by independent third-parties including, in some cases, obligated parties that may have an interest that is in conflict with the interest of potential purchasers of the securities. Additionally, some of the information may have been extracted from data provided and compiled by other entities including the trustee/fiscal agent, issuing agency, property owners, other municipal agencies, the County Auditor and the Treasurer/Tax Collector. SDFA and the Issuer have not independently verified the accuracy of the data provided by such parties and make no representations to its accuracy.

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### *Review of Information*

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A qualified representative of the Sweetwater Union High School District has reviewed the contents of this Report and certifies that to the best of his/her knowledge the information contained herein is factually correct.

/s/ \_\_\_\_\_ Dianne Russo

Dianne Russo, Chief Financial Officer

# Annual Disclosure Report

Sweetwater Union High School District  
Election of 2006 General Obligation Bonds, Series 2008A

## SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The Continuing Disclosure Agreements (the "CDAs") establish that, for the benefit of Bond holders, the Issuer has agreed to make specific information available and update the information annually. This information is intended to assist current and potential Bond holders in making an informed purchase decision. The CDAs set forth the date by which information is to be provided, the specific information that must be provided each year, and the means for making this information available in the market place.

### **Reporting Dates**

By March 31<sup>st</sup> of each year the Issuer shall cause to be provided to each Repository (all NRMSIRs and any SID) the Annual Report.

### **Contents of the Annual Report**

The Annual Report primarily includes the Audited Financials of the Issuer and "relevant financial and operating data". The specific financial and operating data to be included are set forth in the CDAs. Additionally, an ongoing reporting obligation applies to the occurrence of certain material or "listed" events as set forth in the CDAs. Each of these reporting components is more fully described as follows:

- ***Audited Financials:*** Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

- Other Financial Information: To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following: (i) A summary of the District's approved annual budget for the then-current fiscal year; (ii) Updated information on average daily attendance, pension plans, and non-certificated lease obligations; (iii) Assessed value of taxable property in the District as shown on the most recent equalized assessment roll; Property tax levies, collections, and delinquencies for the District for the most recently completed fiscal years; and (iv) Top ten property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value, if material.
- Reporting of Significant Events: Pursuant to Section 5 of the Continuing Disclosure Agreement, the Issuer will give notice of the occurrence of any of the following events, if material:
  1. Delinquency in payment when due of any principal or interest on the Bonds.
  2. Occurrence of any Event of Default under and as defined in the Resolution (other than as described in clause (1) above.
  3. Amendment to the Resolution, Lease Agreement, Assignment Agreement, Pledge Agreement, Ground Lease or this Disclosure Certificate modifying the rights of the holders of the Bonds.
  4. Giving of a notice of optional or unscheduled redemption or any Bonds.
  5. Defeasance of the bonds or any portion thereof.
  6. Any change in the rating, if any, on the Bonds.
  7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
  8. Any unscheduled draw on the Reserve Fund reflecting financial difficulties.
  9. Any unscheduled draws on any credit enhancement reflecting financial difficulties.
  10. Any change or substitution in the provider of any credit enhancement, or any failure by the credit enhancer to perform on the credit enhancement.
  11. The release, substitution or sale of property securing repayment of the Bonds (including property leased, mortgaged or pledged as such security).

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**Dissemination of the Annual Report**

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The Dissemination Agent for the Election of 2006 General Obligation Bonds, Series 2008A is **Special District Financing & Administration**.

Section

**Three**

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# Annual Disclosure Report

Sweetwater Union High School District  
Election of 2006 General Obligation Bonds, Series 2008A

## REPORT SYNOPSIS - MATERIAL CHANGES FROM LAST REPORT

The Sweetwater Union High School District Election of 2006 General Obligation Bonds, Series 2008A, are dated and were delivered on March 27, 2008. Please see Exhibit F regarding the occurrence of a Significant Event.

The information contained in this report relates to the fiscal year ending June 30, 2010.

Section

**Four**


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# Annual Disclosure Report

Sweetwater Union High School District  
Election of 2006 General Obligation Bonds, Series 2008A

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## APPENDICES

<b>Exhibit Number</b>	<b>CDA Information Item No.</b>	<b>Exhibit Item</b>
<i>Exhibit A</i>	<i>4(a)</i>	<b>School District Audited Financials (FY 2009/10) &amp; Adopted Budget</b>
<i>Exhibit B</i>	<i>4(b)</i>	<b>Average Daily Attendance</b>
<i>Exhibit C</i>	<i>4(b)</i>	<b>Assessed Values and Property Tax Levy</b>
<i>Exhibit D</i>	<i>4(b)</i>	<b>Largest Taxpayers</b>
<i>Exhibit E</i>	<i>4(b)</i>	<b>Non-Certificated Lease Obligations &amp; Retirement</b>
<i>Exhibit F</i>	<i>5(a)</i>	<b>Reporting of Significant Events</b>

**Exhibit A: Audited Financials for FY 2009/10 and Operating Data**

The audited financials for Sweetwater Union High School District for FY 2009/10 are:

- Attached**
- Included Under Separate Cover**
- Will be Provided When Available**
- Incorporated by Reference as Noted**

**The Audited Financial Report of the Sweetwater Union High School District was included in the FY 2009/10 Annual Disclosure Report for the 2005 Series A Special Tax Revenue Bonds.**

**A summary of the Adopted Budget is included on the following page.**



**Sweetwater Union High School District  
General Fund  
First Interim Budget  
Fiscal Year 2010/11**

	<b>2009/10 First Interim Budget</b>	<b>2010/11 First Interim Budget</b>
<b>BEGINNING BALANCE</b>	\$42,015,885	\$39,118,432
<b>REVENUES</b>		
Revenue Limit	\$227,782,046	\$225,785,207
Federal Revenues	36,483,393	36,376,344
Lottery	6,609,676	5,006,515
Other State revenues	46,454,371	42,608,859
Local Revenues	31,686,658	28,072,757
Other Transfers In	<u>0</u>	<u>0</u>
Total Revenues	<u>\$349,016,144</u>	<u>\$337,849,682</u>
<b>EXPENDITURES</b>		
Certificated Salaries	\$172,853,518	\$172,026,438
Classified salaries	61,976,033	58,164,741
Employee benefits	61,290,244	56,682,673
Books and supplies	32,037,424	19,869,105
Contracted Services	27,320,114	29,263,901
Capital Outlay	1,070,356	234,165
Other Outgo	<u>18,050,206</u>	<u>15,062,013</u>
Total Expenditures	<u>\$374,597,895</u>	<u>\$351,303,036</u>
<b>Net Surplus/(Deficit)</b>	(\$25,581,751)	(\$13,453,354)
<b>ENDING BALANCE:</b>		
Restricted - Categoricals	\$1,081,242	\$3,571,615
Restricted - Stores/Rev Cash	307,661	228,971
Reserve for Fiscal Stability	0	0
Reserve for Site Carryover	1,807,045	1,889,385
Reserve Education Jobs	0	7,925,935
Reserve for Technology Plan	<u>1,560,000</u>	<u>0</u>
Total Restrictions/Reserves	<u>\$4,755,948</u>	<u>\$13,615,906</u>
Unrestricted Reserve	<u>\$11,678,186</u>	<u>\$12,049,172</u>
<b>AS A % OF EXPENSE</b>	<b>3.1%</b>	<b>3.4%</b>

*Source: Sweetwater Union High School District*

**Exhibit B: Average Daily Attendance**

## Sweetwater Union High School District Enrollment and Average Daily Attendance

*Table 1, page 17 of the Official Statement*

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Change</u>	<u>Average Daily Attendance*</u>	<u>Change</u>	<u>Funded Revenue Limit</u>
1991/92	28,306	---	25,736	---	\$3,529
1992/93	28,748	1.6%	26,218	1.9%	\$3,595
1993/94	28,818	0.2%	26,168	-0.2%	\$3,582
1994/95	28,945	0.4%	26,378	0.8%	\$3,584
1995/96	29,596	2.2%	27,205	3.1%	\$3,750
1996/97	30,791	4.0%	28,245	3.8%	\$4,003
1997/98	31,760	3.1%	29,227	3.5%	\$4,105
1998/99	33,027	4.0%	30,580	4.6%	\$4,458
1999/00	34,004	3.0%	31,372	2.6%	\$4,611
2000/01	35,330	3.9%	32,634	4.0%	\$5,127
2001/02	37,208	5.3%	34,716	6.4%	\$5,317
2002/03	38,138	2.5%	35,356	1.8%	\$5,425
2003/04	38,710	1.5%	36,309	2.7%	\$5,527
2004/05	40,688	5.1%	37,949	4.5%	\$5,691
2005/06	41,926	3.0%	38,620	1.8%	\$5,934
2006/07	42,101	0.4%	38,891	0.7%	\$6,369
2007/08	42,288	0.4%	39,568	2.5%	\$6,660
2008/09	42,443	0.8%	39,814	3.1%	\$6,486
2009/10	42,209	-0.2%	39,359	1.2%	\$5,992
Increase between 1991/92 & 2009/10		49.1%		52.9%	
2010/11 (projected)	41,909	-0.7%	39,249	-0.3%	\$5,997

\* Excluding excused absences.

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Source: Sweetwater Union High School District

**Exhibit C: Assessed Values and Property Tax Levy**

**Sweetwater Union High School District  
Secured Tax Charges and Delinquencies**

<b>Fiscal Year</b>	<b>Secured Tax Charge</b>	<b>Amt. Delinquent June 30<sup>(3)</sup></b>
1994/95 <sup>(1)</sup>	\$18,811,936	-
1995/96 <sup>(1)</sup>	\$19,091,526	-
1996/97 <sup>(1)</sup>	\$19,265,167	-
1997/98 <sup>(1)</sup>	\$19,734,672	-
1998/99 <sup>(1)</sup>	\$20,738,791	-
1999/00 <sup>(2)</sup>	\$22,680,650	-
2000/01 <sup>(2)</sup>	\$25,228,076	-
2001/02	\$28,545,989	-
2002/03	\$31,844,528	-
2003/04	\$36,651,941	-
2004/05	\$42,322,160	-
2005/06	\$50,093,123	-
2006/07	\$57,373,302	-
2007/08	\$64,814,474	-
2008/09	\$66,715,954	-
2009/10	\$59,884,647	-

<sup>(1)</sup> 1% General Fund Apportionment

<sup>(2)</sup> Reflects 1% basic levy and debt service increment as reported by the County of San Diego in the Annual Property Tax Valuation & Tax Rate Report.

<sup>(3)</sup> Beginning in 1993-94 San Diego County utilized the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest. The County may, at any time, discontinue use of the Teeter Plan.

**Sweetwater Union High School District  
Gross Assessed Value of All Taxable Property**

*Table 2, page 26 of the Official Statement*

<b>Fiscal Year</b>	<b>Total Secured</b>	<b>Unsecured</b>	<b>Total</b>
1995/96	\$11,464,054,066	\$608,149,181	\$12,072,203,247
1996/97	11,506,502,769	404,424,125	11,910,926,894
1997/98	11,512,116,139	558,124,979	12,070,241,118
1998/99	12,347,744,281	456,382,908	12,804,127,189
1999/00	13,500,945,106	737,394,368	14,238,339,474
2000/01	14,889,695,611	560,881,985	15,450,577,596
2001/02	16,701,385,276	689,129,409	17,390,514,685
2002/03	18,637,621,607	747,228,217	19,384,849,824
2003/04	21,305,881,024	709,398,904	22,015,279,928
2004/05	24,416,104,786	704,834,150	25,120,938,936
2005/06	28,854,280,722	768,467,520	29,622,748,242
2006/07	33,013,009,272	1,042,430,416	34,055,439,688
2007/08	38,048,632,024	1,100,539,100	39,149,171,124
2008/09	38,076,097,229	1,070,765,027	39,146,862,256
2009/10	36,322,031,204	936,940,387	37,258,971,591
2010/11	33,961,672,862	1,076,921,988	35,038,594,850

Source: California Municipal Statistics, Inc. & San Diego County Assessor

## **Exhibit D: Largest Taxpayers**

The aggregate net assessed value that appears on the following page reflects the "unequalized" assessed value provided to Special District Financing & Administration by the County of San Diego as of July 1, 2010. This amount differs slightly from the assessed value shown in Exhibit "C".

**SWEETWATER UNION HIGH SCHOOL DISTRICT**

*Top Taxpayer Listing for 2010/11*

<b>Taxpayer</b>	<b>Property Owner Name</b>	<b>Taxable Parcels</b>	<b>Assessed Land Value</b>	<b>Assessed Improvement Value</b>	<b>Other Assessed Value</b>	<b>Exempt Amount</b>	<b>Net Assessed Value</b>
1	Chelsea San Diego	5	\$69,259,722	\$195,164,872			\$264,424,594
2	San Diego Expressway	3	\$210,000,000	\$50,000,000			\$260,000,000
3	Ggp-otay Ranch L P	5	\$34,794,948	\$140,540,740			\$175,335,688
4	Centermark Properties Inc	1	\$5,554,234	\$123,013,803			\$128,568,037
5	Village li Of Otay Hb S U	3	\$124,887,319				\$124,887,319
6	Regulo Place Apartments	5	\$50,879,127	\$64,362,096	\$595,715		\$115,836,938
7	O V Three Two L L C	6	\$92,539,199				\$92,539,199
8	E Q R-missions At Sunbow	1	\$35,572,081	\$54,408,345	\$559,692		\$90,540,118
9	S V Portfolio L P	12	\$27,401,460	\$52,513,568			\$79,915,028
10	Corrections Corp Of	2	\$15,235,187	\$60,030,307	\$1,171,674		\$76,437,168
11	Chula Vista Center L L C	2	\$14,973,448	\$57,156,870			\$72,130,318
12	Rancho Mesa L P	2	\$64,100,000				\$64,100,000
13	Casoleil L P	1	\$17,149,795	\$46,768,165			\$63,917,960
14	Village li Of Otay L P	2	\$63,472,239				\$63,472,239
15	CAMDEN USA INC	1	\$17,952,452	\$44,275,241	\$318,682		\$62,546,375
16	Kreutzkamp Revocable	30	\$24,398,762	\$35,738,953	\$128,469		\$60,266,184
17	Shea Homes Limited	435	\$54,586,657	\$4,449,569			\$59,036,226
18	PPF SADBERRY OCEAN	10	\$12,143,046	\$42,312,810			\$54,455,856
19	Otay Ranch li Sun 12 L L	2	\$50,100,000				\$50,100,000
20	B R E-f M C A L L C	2	\$12,173,478	\$36,936,720			\$49,110,198
21	Remaining Owners	107,773	\$13,382,570,539	\$18,337,344,756	\$42,818,261	1,484,440,298	\$30,278,293,258
<b>Totals:</b>		<b>108,303</b>	<b>\$14,379,743,693</b>	<b>\$19,345,016,815</b>	<b>\$45,592,493</b>	<b>\$1,484,440,298</b>	<b>\$32,285,912,703</b>

**Exhibit E: Non-Certificated Lease Obligations & Retirement**



**Sweetwater Union High School District  
Capital Leases**

*page 31 of the Official Statement, Series 2008A*

The District's leases for facilities and equipment under agreements with options to purchase are summarized below:

<b>Fiscal Year</b>	<b>Lease Payments</b>
2010-11	\$2,107,970
2011-12	1,781,531
2012-13	1,053,727
2012-13	572,938
2014-15	301,896
2015-2020	<u>885,310</u>
Total	\$6,703,372
Less: Amount Representing Interest	(605,401)
Present Value of Minimum Lease Payments	<u><u>6,097,971</u></u>

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*Source: SUHSD Audited Financial Report FY 09/10*

**Sweetwater Union High School District  
Retirement System**

The District participates in STRS. This plan cover Full-time certificated employees. The District also participates in PERS, which covers all classified personnel who are employed more than four hours per day. The District's contribution to STRS for Fiscal Years ending June 30, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, and 2002 were \$15,352,587, \$16,233,633, \$16,235,480, \$15,171,480, \$13,717,115, \$12,795,172, \$12,265,801, \$12,404,816, and \$10,439,007. The District's contribution to PERS for Fiscal Years ending June 30, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, and 2002 were \$6,330,891, \$6,268,843, \$6,105,360 \$5,722,255, \$5,089,238, \$5,190,317, \$5,141,410, \$1,361,633, and \$0.

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*Source: Sweetwater Union High School District*

## **Exhibit F: Reporting of Significant Events**

A notice of Material Event was filed regarding a ratings change to the Insurer of the Bonds. Please see the following page for a copy of the filing.

To the best of the Issuer's knowledge, none of the other listed significant events identified in the Continuing Disclosure Agreement have occurred.

**NOTICE TO REPOSITORIES OF MATERIAL EVENT  
(CHANGE IN INSURER RATING)**

NAME OF ISSUER: Sweetwater Union High School District  
NAME OF ISSUE: \$96,999,415.35  
Sweetwater Union High School District  
Election of 2000 General Obligation Bonds, Series C  
DATE OF ISSUANCE: November 4, 2004

**NOTICE IS HEREBY GIVEN** pursuant to Section 5(a)(11) of that certain Continuing Disclosure Certificate, dated as of November 1, 2004, by the Issuer, as dissemination agent, of a rating change with respect to Assured Guaranty Municipal Corp (the “Insurer”, formerly Financial Security Assurance, Inc), the Insurer for the above entitled Bonds, by Fitch Ratings (Fitch). Fitch has withdrawn the rating for the Insurer at its current “AA” level.

NAME OF ISSUER: Sweetwater Union High School District  
NAME OF ISSUE: \$180,000,000  
Sweetwater Union High School District  
Election of 2006 General Obligation Bonds, Series 2008A  
DATE OF ISSUANCE: March 27, 2008

**NOTICE IS HEREBY GIVEN** pursuant to Section 5(a)(11) of that certain Continuing Disclosure Certificate, by the Issuer, as dissemination agent, of a rating change with respect to the Insurer for the above entitled Bonds, by Fitch Ratings (Fitch). Fitch has withdrawn the rating for the Insurer at its current “AA” level.

NAME OF ISSUER: Sweetwater Union High School District  
NAME OF ISSUE: \$66,385,000.00  
Sweetwater Union High School District  
2005 Series A Special Tax Revenue Bonds  
DATE OF ISSUANCE: March 10, 2005

**NOTICE IS HEREBY GIVEN** pursuant to Section 5(a)(6) of that certain Continuing Disclosure Agreement, dated as of March 10, 2005, by the Issuer, as dissemination agent, of a rating change with respect to the Insurer for the above entitled Bonds, by Fitch Ratings (Fitch). Fitch has withdrawn the rating for the Insurer at its current “AA” level.

Dated: April 9, 2010

SWEETWATER UNION HIGH SCHOOL  
DISTRICT

**NOTICE TO REPOSITORIES OF MATERIAL EVENT  
(CHANGE IN INSURER RATING)**

NAME OF ISSUER: Sweetwater Union High School District  
NAME OF ISSUE: \$96,999,415.35  
Sweetwater Union High School District  
Election of 2000 General Obligation Bonds, Series C  
DATE OF ISSUANCE: November 4, 2004

**NOTICE IS HEREBY GIVEN** pursuant to Section 5(a)(11) of that certain Continuing Disclosure Certificate, dated as of November 1, 2004, by the Issuer, as dissemination agent, of a rating change with respect to Assured Guaranty Municipal Corp (the "Insurer", formerly Financial Security Assurance, Inc), the Insurer for the above entitled Bonds, by Standard and Poor's Ratings Services (S&P). S&P has downgraded the rating for the Insurer from "AAA" to "AA+".

NAME OF ISSUER: Sweetwater Union High School District  
NAME OF ISSUE: \$180,000,000  
Sweetwater Union High School District  
Election of 2006 General Obligation Bonds, Series 2008A  
DATE OF ISSUANCE: March 27, 2008

**NOTICE IS HEREBY GIVEN** pursuant to Section 5(a)(11) of that certain Continuing Disclosure Certificate, by the Issuer, as dissemination agent, of a rating change with respect to the Insurer for the above entitled Bonds by S&P. S&P has downgraded the rating for the Insurer from "AAA" to "AA+".

NAME OF ISSUER: Sweetwater Union High School District  
NAME OF ISSUE: \$66,385,000.00  
Sweetwater Union High School District  
2005 Series A Special Tax Revenue Bonds  
DATE OF ISSUANCE: March 10, 2005

**NOTICE IS HEREBY GIVEN** pursuant to Section 5(a)(6) of that certain Continuing Disclosure Agreement, dated as of March 10, 2005, by the Issuer, as dissemination agent, of a rating change with respect to the Insurer for the above entitled Bonds by S&P. S&P has downgraded the rating for the Insurer from "AAA" to "AA+".

Dated: October 29, 2010

SWEETWATER UNION HIGH SCHOOL  
DISTRICT