

2009 ANNUAL REPORT
\$2,355,000
HEBER PUBLIC UTILITY DISTRICT
COMMUNITY FACILITIES DISTRICT 2005-1
(HEBER MEADOWS)
SPECIAL TAX BONDS, SERIES 2005

Summary: Annual Report for Fiscal Year ending June 30, 2009 (due December 31, 2009). The following information is being provided by the Heber Public Utility District (the “Agency”) in accordance with the Continuing Disclosure Agreement dated November 1, 2005 (the “Disclosure Agreement”). The report is subject to more complete information in the Official Statement dated November 8, 2005 relating to the 2005 Series Bonds (the “Official Statement”).

All information for the Annual Report is for the period ending June 30, 2009 unless specifically stated. A description of the information presented in the Annual Report is presented.

CUSIP NUMBERS:

CUSIP	Maturity	Amount
42249 AA 2	2007	\$45,000
42249 AB 0	2008	\$45,000
42249 AC 8	2009	\$45,000
42249 AJ 3	2015	\$60,000
42249 AK 0	2016	\$60,000
42249 AL 8	2017	\$65,000
42249 AM 6	2018	\$65,000
42249 AN4	2019	\$70,000
42249 AF 1	2012	\$145,000
42249 AH 7	2014	\$110,000
42249 AP 9	2025	\$480,000
42249 AQ7	2035	\$1,165,000

Purpose: This Continuing Disclosure Report is being provided by the Heber Public Utility District, the Dissemination Agent and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule 15c2-12(b)(5).

Content of this Annual Report (Continuing Disclosure Section 4):

(a) The audited financial statements of the Heber Public Utility District as of fiscal year June 30, 2009 prepared in accordance with generally accepted accounting principles: A copy of audited General Fund financial statements are on file with the Clerk of the Board of the Heber Public Utility District.

“The Heber Public Utility District (the “District”) annual financial statements are provided solely in view of the Securities Exchange Commission staff’s interpretation of rule 15c2-12. The Bonds are secured by principal and interest payments on bonds issued by the community facilities district, (the “CFD Bonds”) issued by the Heber Public Utility District Community Facilities District No. 2005-1 (Heber Meadows) (the “District CFD”). The District CFD Bonds are limited obligations of the District CFD secured by special taxes levied by the District CFD on taxable property in the District CFD. The District is not obligated to advance any of the District’s funds to cover any default of the

District CFD Bonds or the Bonds. Investors should not rely on the financial condition of the District in evaluating whether to buy, hold or sell Bonds.”

(b) Updates of the information:

- (i) The principal amount of the Bonds outstanding as of the September 2, 2009 is \$2,220,000;
- (ii) the balances in the Reserve Account of the Special Fund, the Project Account of the Acquisition and Construction Fund, and the HPUD Account of the Acquisition and Construction Fund as of the June 30 preceding the filing of the Annual Report:

<u>Account Balances</u>	<u>Original or Requirement</u>	<u>June 30, 2009 Balance</u>
<u>Account Name</u>		
Special Tax Fund	n/a	\$ 222,534.58
Capitalized Interest	n/a	\$ -0-
Reserve	\$ 163,410.00	\$ 161,372.82
Redemption	n/a	\$ -0-
Prepay	n/a	\$ -0-
Project Fund	n/a	\$ -0-
Acquisition & Construction	n/a	\$ 2,716.04
Cost of Issuance	n/a	\$ -0-
Bonds Outstanding	\$ 2,355,000	\$ 2,265,000

- (iii) Any changes to the Rate and Method approved or submitted to the qualified electors for approval prior to the filing of the Annual Report: **(None)**
- (iv) 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: **(None)**
- (v) An updated table in substantially the form of Table 3 in the Official Statement under the caption “THE DISTRICT—Direct and Overlapping Debt”:

<u>Overlapping District (1)</u>	Percent of Levy on Parcels in the District	<u>Estimated Total Levy</u>		
		<1,800 sf Home	1,800-2,000 sf Home	>2,000 sf Home
General Tax (1%)	1.0000%	\$ 2,275.67	\$ 2,394.89	\$ 2,560.76
HPUD G.O. Bond Debt Service 1968 (0.0089%)	0.0089%	\$ 20.25	\$ 21.31	\$ 22.79
HPUD G.O. Bond Debt Service 1972 (0.0108%)	0.0108%	\$ 24.58	\$ 25.86	\$ 27.66
CUHSD G.O. Bond Debt Service 1993 (0.0808%)	0.0808%	\$ 183.87	\$ 193.51	\$ 206.91
HESD G.O. Bond Debt Service 1998 (0.0589%)	0.0589%	\$ 134.04	\$ 141.06	\$ 150.83
HESD School Building Renovation (0.0530%)	0.0530%	\$ 120.61	\$ 126.93	\$ 135.72
Mosquito Abatement Service Fee	100.0000%	\$ 9.00	\$ 9.00	\$ 9.00
HPUD CFD 2005-1 (Facilities)	100.0000%	\$ 832.00	\$ 871.00	\$ 974.00
HPUD CFD 2005-1 (Services)	100.0000%	\$ 56.00	\$ 56.00	\$ 56.00
HESD CFD 2005-1 Special Tax A (HESD)	100.0000%	\$ -	\$ -	\$ -
HESD CFD 2005-1 Special Tax B (CUHSD)	100.0000%	<u>\$ 390.00</u>	<u>\$ 408.00</u>	<u>\$ 455.00</u>
Total		<u>\$ 4,046.02</u>	<u>\$ 4,247.56</u>	<u>\$ 4,598.67</u>
Imputed Home Price		\$ 227,567	\$ 239,489	\$ 256,076
Total Tax Rate		1.78%	1.77%	1.80%

- (vi) A table setting forth the estimated assessed value-to-lien ratios for all Taxable Property (as defined in the Rate and Method) within the District based upon (A) the most recent Special Taxes levy preceding the date of the Annual Report, (B) the assessed values of the Taxable

Property in the District based on the Imperial County Assessor's most recent equalized tax roll, (C) the amount of direct and overlapping debt consistent with the table provided pursuant to item (v) above:

Assessed Value to Lien Summary

Fiscal Year	County Assessed Value (1)	Special Tax Levy	Value-to-Lien	Outstanding Debt	Value-to-Lien
2005-2006	\$14,516,281	\$ -0-	n/a :1	\$2,355,000	6 :1
2006-2007	\$13,507,292	\$ 138,681	97.40 :1	\$2,355,000	6 :1
2007-2008	\$43,598,006	\$ 210,853	206.77 :1	\$2,310,000	19 :1
2008-2009	\$41,505,824	\$ 222,566	186.49 :1	\$2,265,000	18 :1

(vii) A table including a list of all taxpayers within the District which own property the District upon which five percent or more of the total Special Taxes for the most recently completed Fiscal Year have been levied, including (A) the assessor's parcel number of such taxpayer's property, (B) the percentage of Special Taxes payable by each taxpayer, and (C) a statement as to whether any of such taxpayers is delinquent in the payment of Special Taxes:

<u>Ownership >5%</u> <u>APN</u>	2009-2010 Special Tax Levy	% of Special Tax Levy	<u>Delinquent</u>
<u>Vineyard Bank NA</u>			
054601019	\$ 927	0.4%	\$ -
054601021	\$ 51,925	23.3%	\$ -
054605053	\$ 888	0.4%	\$ -
054605055	\$ 927	0.4%	\$ -
054605057	\$ 927	0.4%	\$ -
054605059	\$ 927	0.4%	\$ -
054605060	\$ 888	0.4%	\$ -
054605062	\$ 927	0.4%	\$ -
054605063	\$ 927	0.4%	\$ -
054605064	\$ 888	0.4%	\$ -
054605065	\$ 927	0.4%	\$ -
054605066	\$ 927	0.4%	\$ -
054605068	\$ 5,357	2.4%	\$ -
Vineyard Bank NA	\$ 67,362	30.2%	\$ -
Total Levy	\$ 222,951		

- (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 District with respect to delinquent Special Taxes:

Historical Levy and Delinquency History

Fiscal Year Ending June 30	Annual Special Tax Levy	Amount Late or Delinquent June 30, 2009	Original Percent Delinquent	Amount Late or Delinquent December 2009	December 2009 Percent Delinquent
2005-2006	\$ -0-	\$ -0-	0.0%	\$ -0-	0.0%
2006-2007	\$138,681	\$ 12,792.50	9.2%	\$ 2,917.50	2.1%
2007-2008	\$210,853	\$ 93,952.75	44.6%	\$ 8,883.25	4.2%
2008-2009	\$222,566	\$ 17,020.60	7.6%	\$ 15,672.40	7.0%

On September 30, 2008, the Heber Public Utility District, for itself and on behalf of CFD 2005-1, filed a complaint in the Superior Court of Imperial County with respect to APN 054-601-021 (Case No. ECU04720), as required by the foreclosure covenant set forth in the indenture with respect to the Bonds, since the delinquent installments on this parcel (an undeveloped developer parcel) exceeded \$10,000. The delinquencies with respect to this parcel were paid on November 18, 2008, and the request for dismissal of Case No. ECU04720 was granted by the court on November 26, 2008.

The amount on deposit in the Reserve Account has been, and currently is, at least equal to the Reserve Requirement, so the Heber Public Utility District and CFD 2005-1 currently have no obligation under such indenture to commence foreclosure proceedings with respect to any of the parcels in CFD 2005-1 with delinquent Special Taxes.

With respect to 2006-07 and 2007-08 delinquencies on parcels other than APN 054-601-021, the Heber Public Utility District, for itself and on behalf of CFD 2005-1, commenced in late 2008 certain delinquency management actions with respect to such other parcels. The delinquencies as to a majority of such parcels was paid relatively quickly after such actions, and with respect to approximately 8 of such parcels, foreclosure cases to collect the delinquencies are still pending.

- (ix) the date of issuance and the principal amount of any Parity Bonds (as defined in the Indenture) and a copy of any appraisal delivered in connection with such issuance: **(None)**
- (x) any information not already included under (i) through (ix) above that the District 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: **(None Reportable)**

Reporting of Significant Events (Continuing Disclosure Section 5): The Heber Public Utility District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Heber Public Utility District Bonds, if material:

- (a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:
 - (i) Principal and interest payment delinquencies **(None)**;
 - (ii) Non-payment related defaults **(None)**;

- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties **(None)**;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties **(None)**;
- (v) Substitution of credit or liquidity providers, or their failure to perform **(None)**;
- (vi) Adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds **(None)**;
- (vii) Modifications to rights of security holders **(None)**;
- (viii) Unscheduled bond calls **(None)**;
- (ix) Defeasances **(None)**;
- (x) Release, substitution or sale of property securing repayment of the securities **(None)**; and
- (xi) Rating changes **(None)**.

Notices: Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing:

District: Heber Public Utility District
 1078 Dogwood Road
 Suite 103
 P.O. Box "H"
 Heber, California 92249
 (760) 482-2440 (760) 353-9951 Fax

Dissemination Agent: Wells Fargo Bank, National Association
 707 Wilshire Boulevard
 17th Floor
 Los Angeles, California 90017
 (213) 614-3328 (213) 614-3355 Fax

Trustee: Wells Fargo Bank, National Association
 707 Wilshire Boulevard
 17th Floor
 Los Angeles, California 90017
 (213) 614-3328 (213) 614-3355 Fax

Any subsequent statements regarding the Heber Public Utility District 2005 Series Special Tax Bonds other than a statement made by Heber Public Utility District, or the Trustee in an official release or subsequent notice or annual report, published in a financial newspaper or other publication general circulation and/or filed with the municipal securities rulemaking board or a nationally recognized municipal securities information repository, are not authorized by Heber Public Utility District or the Trustee. Neither the Heber Public Utility District nor the Trustee shall be responsible for the accuracy, completeness or fairness of any such unauthorized statement.

This report is being filed pursuant to the Disclosure Agreement and does not purport to contain all material information with respect to the 2005 Series Bonds or the financial condition of Heber Public Utility District. Neither Heber Public Utility District nor the Trustee has any obligation to update this report other than as expressly provided in the Disclosure Agreement.

Heber Public Utility District