

Annual Report

Poway Unified School District
Community Facilities District No. 14

January 31, 2008

Prepared For:

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Exhibits

Exhibit A: Detailed Direct and Overlapping Debt Report

Exhibit B: Report to the California Debt and Investment Advisory Commission

Introduction

This Annual Report ("Report") has been prepared pursuant to the Continuing Disclosure Agreement ("Disclosure Agreement") executed in connection with the issuance of the 2006 Special Tax Bonds ("Bonds") of Community Facilities District ("CFD") No. 14 of the Poway Unified School District ("School District") in the amount of \$51,515,000 on June 22, 2006. The Bonds were issued under the Mello-Roos Community Facilities Act of 1982, as amended ("Act"), and pursuant to the Bond Indenture dated May 1, 2006 by and between the School District and Zions First National Bank ("Fiscal Agent"). Dolinka Group, LLC has been retained by the School District to act as Dissemination Agent ("Dissemination Agent"). The Bonds were issued (i) to finance , either directly or indirectly the acquisition and construction of certain school facilities ("School Facilities"), (ii) to establish a reserve fund for the 2006 CFD Bonds, (iii) to fund capitalized interest on the 2006 CFD Bonds through September 1, 2007, and Administrative Expenses, and (iv) to pay the costs of issuing the 2006 CFD Bonds.

I. Audited Financial Statements

A copy of the School District's annual audited financial statements for Fiscal Year 2006/2007 is available online at www.disclosureusa.org.

II. Principal Amount of Bonds Outstanding

As of January 1, 2008 the principal amount of Bonds outstanding was \$51,515,000.

III. Bond Service Fund Balance

The Bond Fund is a composite of the Principal Account, Interest Account and the Capitalized Interest Subaccount; as of January 1, 2008 the balances within these accounts totaled \$129,607.06.

IV. Reserve Fund Balance

The Reserve Requirement for the Bonds is an amount equal to the lesser of (i) ten percent (10%) of the original principal amount of the Bonds (ii) one hundred percent (100%) of the remaining maximum annual debt service on the Bonds (iii) one hundred and twenty-five percent (125%) of the average annual debt service on the Bonds. As of January 1, 2008, the Reserve Requirement of the Bonds was \$4,566,679.27. As of January 1, 2008, the balance of the Reserve Fund was \$4,584,320.66; therefore the Reserve Requirement was satisfied as of this date.

V. Fund and Account Balances

The balance in each fund, account, and subaccount of the Bonds as of January 1, 2008, is listed in Table 1.

**Table 1
Fund, Account, and Subaccount Balances (As of 01/01/08)**

Funds, Accounts or Subaccounts	Balances
Special Tax Fund	\$690,032.98
Bond Service Fund	\$0.00
Interest Account of the Bond Service Fund	\$0.00
Capitalized Interest Subaccount of the Interest Account	\$129,607.06
Principal Account of the Bond Service Fund	\$0.00
Costs of Issuance Fund	\$138,798.51
School Facilities Account	\$22,564,094.84
Reserve Fund	\$4,584,320.66
Rebate Fund	\$0.00
Redemption Fund	\$0.00
Administrative Expense Fund	\$343.18

VI. Total Assessed Value and Value-to-Lien of Parcels within CFD No. 14

Table 2 shows the total assessed value, total direct and overlapping debt, and total value-to-lien ratio for all parcels within CFD No. 14.

Table 2
Assessed Value to Lien

Tax Class		Fiscal Year 2007/2008 Assessed Value ^[1]	Total Direct and Overlapping Debt ^[2]	Assessed Value-to- Lien
Unit Type/ Land Use	Building Square Footage			
Developed Property - Detached	< 1,800	\$16,483,925.00	\$3,247,820.04	5.08:1
Developed Property - Detached	1,801 – 2,000	\$31,108,785.00	\$6,213,815.12	5.01:1
Developed Property - Detached	2,001 – 2,200	\$4,604,631.00	\$775,058.83	5.94:1
Developed Property - Detached	2,201 – 2,400	\$9,400,812.00	\$1,788,183.02	5.26:1
Developed Property - Detached	2,401 – 2,600	\$47,851,076.00	\$9,549,719.33	5.01:1
Developed Property - Detached	2,601 – 2,800	\$14,293,424.00	\$4,041,526.63	3.54:1
Developed Property - Detached	2,801 – 3,000	\$16,262,679.00	\$3,199,688.78	5.08:1
Developed Property - Detached	3,001 – 3,200	\$20,927,902.00	\$5,428,999.24	3.85:1
Developed Property - Detached	3,201 – 3,450	\$0.00	\$0.00	NA
Developed Property - Detached	> 3,450	\$2,729,604.00	\$1,229,153.23	2.22:1
Developed Property - Attached	< 1,900	\$0.00	\$0.00	NA
Developed Property - Attached	1,901 – 2,100	\$2,370,700.00	\$402,247.58	5.89:1
Developed Property - Attached	> 2,100	\$13,404,309.00	\$2,324,638.13	5.77:1
Affordable Unit	NA	\$0.00	\$0.00	NA
Senior Citizen Unit	NA	\$0.00	\$0.00	NA
Exempt Property ^[3]	NA	\$394,739.00	\$1,550.45	254.60:1
Undeveloped Property	NA	\$48,897,555.00	\$65,706,004.62	0.74:1
Total ^[4]	NA	\$228,730,141.00	\$103,908,405.00	2.20:1

[1] Total Assessed value reported on the County of San Diego Fiscal Year 2007/2008 equalized tax roll. The FY 2007/2008 total assessed value amounts above are understated due to the lapse of time occurring between the development of the land within CFD No. 14 and the recording of the assessed value amounts by the County of San Diego Office of the Assessor. The aggregate market value of the land and existing improvements for the development within CFD No. 14, as reported in the Appraisal dated April 21, 2006 was \$330,500,000 which translates into a value-to-lien ratio of 3.18:1.

[2] Source: Detailed Direct and Overlapping Debt Report, National Tax Data, Inc. dated November 11, 2007 (attached as Exhibit A).

[3] Property is exempt from the CFD No. 14 Special Tax, but may be subject to ad valorem taxes.

[4] Numbers may not sum due to rounding.

VII. Fiscal Year 2006/2007 Special Tax Levy and Delinquencies

There were six (6) parcels delinquent in paying their Fiscal Year 2006/2007 Special Taxes in an amount of \$11,356.69. The total Special Taxes levied by CFD No. 14 for Fiscal Year 2006/2007 was \$598,734.62. Therefore, the delinquency rate within CFD No. 14 for Fiscal Year 2006/2007 was 1.90%.

VIII. Foreclosure Proceedings

Since no single parcel is delinquent in the payment of Special Taxes in an amount greater than \$5,000, no single parcel or parcels under common ownership is delinquent in the payment of Special Taxes in an amount greater than \$10,000 and the overall delinquency rate within CFD No. 14 for Fiscal Year 2006/2007 did not exceed five percent (5.00%), CFD No. 14 has not initiated any foreclosure proceedings to date.

IX. Major Taxpayers

"Major Taxpayers" are those property owners responsible for more than five percent (5.00%) of the Special Tax levy in a given Fiscal Year. The Major Taxpayer's assessed value and their respective share of the Special Tax obligation for Fiscal Year 2007/2008 are shown in Table 3.

**Table 3
Major Taxpayers**

Major Taxpayer	Fiscal Year 2007/2008 Assessed Value ^[1]	Percentage of Total Levy
Shea Homes	\$15,721,870.00	6.38%
William Lyon Homes	\$24,600,800.00	7.06%
Standard Pacific Corp	\$15,505,865.00	9.34%
Black Mountain Ranch LLC	\$19,504,455.00	52.05%
Total	\$75,332,990.00	74.83%

[1] Includes only taxable property.

X. Report to the California Debt and Investment Advisory Commission

A copy of the report prepared and filed with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act is included as Exhibit B.

XI. Changes to the Rate and Method of Apportionment for CFD No. 14

No changes have been made to the Rate and Method of Apportionment for CFD No. 14 as of the date of the Annual Report.

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Exhibit A

Detailed Direct and Overlapping Debt Report

POWAY UNIFIED SCHOOL DISTRICT
Community Facilities District No. 14
Special Tax Bonds

Detailed Direct and Overlapping Debt

Report Date: 11/01/2007

Report Time: 12:00:00 PM

I. Assessed Value

2007-2008 Secured Roll Assessed Value

\$228,730,141

II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	950,118	3650367868	0.06251%	1,003	\$2,282,023.41
Black Mountain Ranch North Maintenance Assessment District	LLMD	1,181	181398.16	70.74751%	998	\$128,334.68
County of San Diego Mosquito / Disease Control	VECTOR	936,177	5224121.54	0.04886%	984	\$2,552.36
County of San Diego Vector Control, Zone A	VECTOR	520,634	1414558.44	0.00016%	1	\$2.28
County of San Diego Vector Control, Zone B	VECTOR	349,284	729076.08	0.25425%	813	\$1,853.64
Metropolitan Water District of Southern California Standby Charge	STANDBY	350,274	4324969.5	0.29268%	1,003	\$12,658.12
Palomar Pomerado Health Debt Service	GOB	187,831	10772209.98	0.37603%	1,003	\$40,506.33
Poway Unified School District CFD No. 14	CFD	1,117	2399971.62	100.00000%	998	\$2,399,971.62
Poway Unified School District CFD No. 14 Impv Area A	CFD	1,117	2314924.3	100.00000%	998	\$2,314,924.30
San Diego County Water Authority Standby Charge	STANDBY	358,277	3807007.22	0.28910%	1,003	\$11,006.10
Voter Approved Debt	VOTER	949,909	\$244,143,504.52	0.01919%	1,003	\$46,839.74

2007-2008 TOTAL PROPERTY TAX LIABILITY

\$7,240,672.58

TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2007-2008 ASSESSED VALUATION

3.17%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Poway Unified School District CFD No. 14	CFD	\$51,515,000	\$51,515,000	100.00000%	998	\$51,515,000
Poway Unified School District CFD No. 14 Impv Area A	CFD	\$51,495,000	\$51,495,000	100.00000%	998	\$51,495,000
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						\$103,010,000
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						\$103,010,000

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
City of San Diego Public Safety Communication System Debt Service	GOB	\$25,500,000	\$8,170,000	0.13934%	1,117	\$11,384
Metropolitan Water District of Southern California Debt Service	GOB	\$850,000,000	\$359,115,000	0.06480%	1,117	\$232,707
Palomar Community College District Debt Service	GOB	\$160,000,000	\$160,000,000	0.24792%	1,117	\$396,672
Palomar Pomerado Health Debt Service	GOB	\$80,000,000	\$68,360,000	0.37689%	1,117	\$257,642
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$898,405
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						\$898,405

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	\$103,908,405
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	2.20:1

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: National Tax Data, Inc.

Exhibit B

**Report to the California Debt and Investment
Advisory Commission**

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

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-001
(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 Poway Unified School District
 B. Community Facilities District Number (Mello-Roos only) Community Facilities District No. 14
 C. Name/Title/Series of Bond Issue 2006 Special Tax Bonds
 D. Indicate Credit Rating Rating Agency _____ Rating _____ Not Rated _____ X _____
 E. Date of Bond Issue June 22, 2006
 F. Original Principal Amount of Bonds \$ 51,515,000.00
 G. Reserve Fund Minimum Balance Required Yes Amount \$ 4,609,198.54 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, 2007 (Year)
 A. Principal Amount of bonds Outstanding \$ 51,515,000.00
 B. Bond Reserve Fund \$ 4,775,143.39
 C. Capitalized Interest Fund \$ 1,437,222.32
 D. Construction Fund(s) (Mello-Roos only) \$ 34,050,634.97

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

A. Assessed Value Reported as of: Fiscal Year 2007-2008 (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 \$ 228,730,141.00

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2007 (Year)
 A. Total Amount of Taxes Due \$ 598,734.62
 B. Total Amount of Unpaid Taxes \$ 11,356.69
 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, 2007 (Date)
 A. Total Number of Delinquent Parcels 6
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 11,356.69
 C. Percent of Delinquency Rate 1.90%
 (Percent)

**STATE OF CALIFORNIA
YEARLY STATUS FISCAL REPORT**

(Continued)

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR *(Mello-Roos only)*

(Aggregate totals, if foreclosure commenced on the same date)

<i>Date Foreclosure Commenced</i>	<i>Total Number of Foreclosure Parcels</i>	<i>Total Amount of Tax Due on Foreclosure Parcels</i>
N/A	N/A	\$ N/A
		\$
		\$
		\$
		\$
		\$
		\$

(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: Benjamin Dolinka
 Title: President
 Firm/Agency: Dolinka Group, Inc.
 Address: 1301 Dove Street, Suite 700
 City/State/Zip: Newport Beach, CA 92660
 Phone No.: (949) 250-8300 Date of Report: October 30, 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.

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.