

Annual Report

Poway Unified School District
Community Facilities District No. 14

January 31, 2007

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 Bonds ("Bonds") by Community Facilities District ("CFD") No. 14 of the Poway Unified School District ("School District") in the amount of \$51,515,000. The Bonds were issued pursuant to a Bond Indenture dated May 1, 2006 by and between the School District and Zions First National Bank, as fiscal agent ("Fiscal Agent"). The Bonds were issued to fund (i) the acquisition and construction of certain School Facilities ("School Facilities"), (ii) a reserve fund for the Bonds, (iii) Capitalized Interest on the Bonds through September 1, 2007, (iv) certain administrative expenses associated with CFD No. 14 and (v) the costs of issuing the Bonds.

I. Audited Financial Statements

For a copy of the School District's annual audited financial statements, please refer to the Continuing Disclosure Annual Report for the Series 2003 Special Tax Bonds for CFD No. 1 of the School District issued January 2003 ("Series 2003 Bonds").

II. Principal Amount of Bonds Outstanding

As of January 1, 2007, the principal amount of Bonds outstanding was \$51,515,000.

III. Bond Service Fund Balance

As of January 1, 2007, the balance in the Bond Service Fund was \$2,713,941.78.

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, 2007, the Reserve Requirement of the Bonds was \$4,609,198.54. As of January 1, 2007, the balance of the Reserve Fund was \$4,643,409.71; 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, 2007, is listed in Table 1.

Table 1
Fund, Account, and Subaccount Balances (As of 01/01/07)

Funds, Accounts or Subaccounts	Balances
Special Tax Fund	\$54,394.86
Bond Service Fund	\$0.00
Interest Account of the Bond Service Fund	\$0.00
Capitalized Interest Subaccont of the Interest Account	\$2,713,941.78
Principal Account of the Bond Service Fund	\$0.00
Costs of Issuance Fund	\$142,272.98
School Facilities Account	\$43,013,610.94
Reserve Fund	\$4,643,409.71
Rebate Fund	\$0.00
Redemption Fund	\$0.00
Administrative Expense Fund	\$29,791.02

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

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

**Table 2
Appraised Value to Lien**

Owner	Units	CFD Special Taxes [1]	Imp. Area Special Taxes [1]	Total Appraised Value [2]	CFD No. 14 2006 Bonds [3]	IA A of CFD No. 14 2006 Bonds [3]	Additional Land Secured Debt [4]	Total Lien	Value to Lien [5]
Standard Pacific	1B,2B	\$73,720.75	\$73,694.75	\$10,250,000.00	\$1,243,688.12	\$1,243,205.27	\$461.20	\$2,487,354.59	4.12:1
	1D	\$151,876.80	\$151,807.80	\$22,300,000.00	\$2,562,200.89	\$2,561,206.15	\$1,223.96	\$5,124,631.00	4.35:1
	1F,2F	\$88,536.62	\$88,498.62	\$13,800,000.00	\$1,493,635.67	\$1,493,055.79	\$674.07	\$2,987,365.53	4.62:1
Subtotal Standard Pacific		\$314,134.17	\$314,001.17	\$46,350,000.00	\$5,299,524.68	\$5,297,467.21	\$2,359.23	\$10,599,351.12	4.37:1
Davidson	1A,2A	\$212,545.92	\$212,475.92	\$28,150,000.00	\$3,585,704.63	\$3,584,312.53	\$1,241.70	\$7,171,258.86	3.93:1
Shea Homes	1C	\$183,297.65	\$183,219.65	\$31,750,000.00	\$3,092,278.75	\$3,091,078.22	\$1,383.61	\$6,184,740.58	5.13:1
William Lyon Homes, Inc.	1E,2E	\$222,190.52	\$222,107.52	\$32,500,000.00	\$3,748,411.53	\$3,746,956.26	\$1,472.30	\$7,496,840.09	4.34:1
Black Mountain Ranch, LLC	9A-C,9F,2C-D,3B-E,3C,4A,5A-E	\$2,121,430.46	\$2,120,646.46	\$191,750,000.00	\$35,789,080.42	\$35,775,185.79	\$13,907.03	\$71,578,173.24	2.68:1
Total		\$3,053,598.72	\$3,052,450.72	\$330,500,000.00	\$51,515,000.00 [6]	\$51,495,000.00 [6]	\$20,363.87	\$103,030,363.89	3.21:1

[1] Annual Special Taxes shown here are based on projected development and do not reflect the levy of Special Taxes in Fiscal Year 2006/2007.

[2] Source: Summary Appraisal Report dated April 21, 2006.

[3] Debt has been allocated based on planned development, actual allocation of debt may vary depending on pace of development.

[4] Source: Detailed Direct and Overlapping Debt Report provided by National Tax Data, Inc. Debt has been allocated equally to each Lot planned to be developed, based on the Appraisal; actual allocation of debt per lot may vary.

[5] Average value to lien per Lot; Actual value to lien may vary by Lot.

[6] Totals may not total due to rounding.

VII. Fiscal Year 2005/2006 Special Tax Levy and Delinquencies

There were no Special Taxes levied in CFD No. 14 in Fiscal Year 2005/2006; therefore, there were no Special Tax delinquencies in Fiscal Year 2005/2006.

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 2005/2006 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 2006/2007 are shown in Table 3.

Table 3
Major Taxpayers

Major Taxpayer	Fiscal Year 2006/2007 Assessed Value [1]	Percentage of Total Levy
Standard Pacific Corp	\$30,148,061.00	39.42%
Shea Homes Limited Partnership	\$17,352,176.00	24.13%
DW La Jolla Valley LP	\$14,856,542.00	22.60%
William Lyon Homes, Inc.	\$10,308,430.00	13.85%
Total	\$72,665,209.00	100.00%
[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: 01/10/2007

Report Time: 12:00:00 PM

I. Assessed Value

2006-2007 Secured Roll Assessed Value

\$120,466,799

II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	936,149	3319441070	0.03629%	846	\$1,204,667.99
Voter Approved Debt	VOTER	926,227	211399574.7	0.00623%	846	\$13,176.28
County of San Diego Mosquito / Disease Control	VECTOR	923,027	5553287.52	0.02393%	842	\$1,328.90
County of San Diego Vector Control, Zone A	VECTOR	519,414	1411012.72	0.00016%	1	\$2.28
County of San Diego Vector Control, Zone B	VECTOR	349,291	729043.12	0.26301%	841	\$1,917.48
Metropolitan Water District of Southern California Standby Charge	STANDBY	345,709	4277808.96	0.27190%	846	\$11,631.16
Palomar Pomerado Health Debt Service	GOB	184,909	9862559.98	0.21676%	846	\$21,377.91
Poway Unified School District CFD No. 14	CFD	935	598734.62	100.00000%	935	\$598,734.62
Poway Unified School District CFD No. 14 Impv Area A	CFD	935	598512.62	100.00000%	935	\$598,512.62
San Diego County Water Authority Standby Charge	STANDBY	353,015	\$3,758,810.14	0.26903%	846	\$10,112.50

2006-2007 TOTAL PROPERTY TAX LIABILITY

\$2,461,461.74

TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2006-2007 ASSESSED VALUATION

2.04%

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%	935	\$51,515,000
Poway Unified School District CFD No. 14 Impv Area A	CFD	\$51,495,000	\$51,495,000	100.00000%	935	\$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 Open Space Park Facilities District No. 1	GOB	\$35,000,000	\$13,500,000	0.07995%	935	\$10,793
City of San Diego Public Safety Communication System Debt Service	GOB	\$25,500,000	\$9,905,000	0.07995%	935	\$7,919
Metropolitan Water District of Southern California Debt Service	GOB	\$850,000,000	\$389,600,000	0.00655%	935	\$25,519
Palomar Pomerado Health Debt Service	GOB	\$80,000,000	\$73,815,000	0.21280%	935	\$157,078

TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)

\$201,309

TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)

\$201,309

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	\$103,211,309
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	1.17:1

(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 \$ 4,481,015.32 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 \$ 51,515,000.00
 B. Bond Reserve Fund \$ 4,600,987.30
 C. Capitalized Interest Fund \$ 3,161,015.00
 D. Construction Fund(s) (Mello-Roos only) \$ 42,559,639.62

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

A. Assessed Value Reported as of: April 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 \$ 330,500,000.00

IV. TAX COLLECTION INFORMATION

Reported as of fiscal year ending of: June 30, 2006 (Year)
 A. Total Amount of Taxes Due \$ 0.00
 B. Total Amount of Unpaid Taxes \$ 0.00
 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 0
 B. Total Amount of Taxes Due on Delinquent Parcels \$ 0.00
 C. Percent of Delinquency Rate 0.00%
 (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>	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
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, 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.